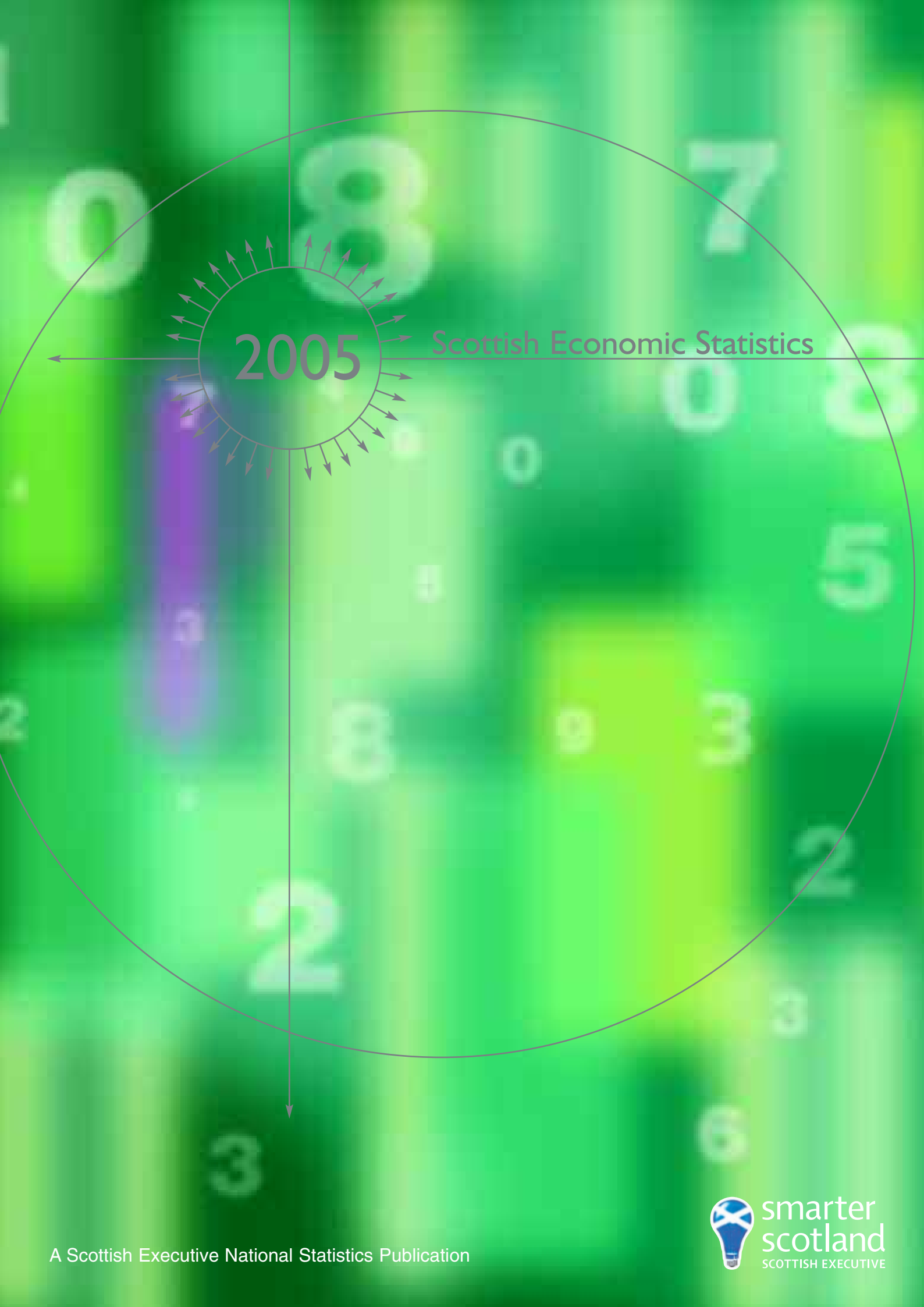

A Scottish Executive National Statistics Publication

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Scottish Economic Statistics

The Executive, many Parliamentarians and commentators have continued to stress the importance of robust economic statistics in monitoring economic progress and in underpinning economic policy decisions and development. *Scottish Economic Statistics* seeks to maximise the accessibility of statistical information on the Scottish economy[1], its key objectives being to present the primary economic data for Scotland, and to share some of the thinking that surrounds the preparation of these data. Its sister publication, the bi-annual *Scottish Economic Report*, presents a wider review of the progress and prospects for the Scottish Economy, together with analysis of the broader context in which the Scottish economy is set.

As with previous editions, *Scottish Economic Statistics 2005* is split into two parts:

Part A – Articles. This section provides a variety of articles on developments in statistics on the Scottish economy. In summary, this year's articles are:

- ***Implementing the Atkinson Review in Scotland.*** This article outlines our approach to the improved measurement of public sector productivity in the light of the plans to implement the recommendations of the Atkinson Review.
- ***Detailed results from the Annual Survey of Hours and Earnings.*** This article describes Scottish information from the new survey of hours and earnings.
- ***Issues with the estimation of Scottish trade.*** This article outlines some issues relating to the estimation of exports and imports for Scotland.
- ***Ownership of firms in Scotland.*** This article describes a new analysis of employment, productivity and other indicators for companies in Scotland that are owned abroad.

Part B – Tables and Commentary. This section is organised into six chapters, each with a short introductory text followed by tables. While sub-Scotland data have been kept within the topic chapters to which they relate, a new index of sub-Scotland tables should enable readers to find these more easily.

- *Economic Accounts:* summary macro-economic indicators;
- *Enterprises:* businesses in Scotland, Regional Selective Assistance, knowledge economy;
- *Industry Sectors:* primary industries, manufacturing, energy, chemicals, services and tourism;
- *Labour Market:* information on demographics, employment, earnings, unemployment, training;
- *Household Sector:* income and expenditure of Scottish households;
- *Public Sector:* income and expenditure, public sector employment.

[1] As well as being available in paper form, SES can be found on the Scottish Executive website at www.scotland.gov.uk/stats/ses.

Changes to this edition

As part of a rolling programme, and in recognition of the fact that Scottish Economic Statistics can not be expanded indefinitely, the content of this edition varies to a small degree from earlier editions. Where tables are no longer included, it is likely that the information is still available, either from the Scottish Executive website via www.scotland.gov.uk/statistics or on request. New tables this year include those on foreign ownership of firms, and exports by Local Enterprise Company area. The new tourism GVA index is also shown in chapter 3.

The Development of Economic Statistics in Scotland

The Scottish Economic Statistics Plan for 2005/06 was published on the Scottish Executive's website in May 2005. It can be accessed using the following link: http://www.scotland.gov.uk/Topics/Statistics/15572/SESP0506html

The Scottish Economic Statistics Consultative Group (SESCG) has continued to advise us on the priorities for, and approach to, the development of economic statistics. This group also serves as the economics committee within the wider SCOTSTAT framework. The Group meets to advise on both the technical questions involved in enhancing our statistical knowledge and on where our efforts might be most appropriately directed.

Recent developments

In the course of 2004 - 2005, there were several important developments in enhancing Scottish economic statistics in Scotland, including:

- Working with the Office for National Statistics to improve the quality of regional economic statistics following on from the recommendations of the Allsopp Review.
- Conducting the initial stages of the project to integrate the Scottish macro-economic statistics systems.
- Re-introducing an Index of Manufactured Exports.
- Chain-linking the quarterly Scottish GDP.
- Assessing and reporting on the initial results derived from the first sets of boosted data for Scotland from the Labour Force Survey (LFS) and the Family Resources Survey (FRS).

Priority developments for 2005-06

There is a wide range of areas in which enhancements are being made, but the priorities that have been identified for the coming year are:

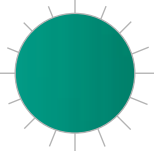
- Continuing to improve the quality of the quarterly GDP estimates – chain-linking to 2002 weights, refreshing the sample panels and improving the underpinning methodologies.
- Improving trade flow information by continuous improvements to the Global Connections Survey and by harmonising exports data more fully from various sources.
- By following the recommendations of the Atkinson Review, we shall introduce a programme of work to improve the quality of our measurement of government activity in Scotland.
- Further harmonisation of the Input-Output system, GDP, Index of Manufactured Exports and the Global Connections Survey.
- Working with ONS on the Allsopp Review and the Business Surveys Integration Project (BSIP) to improve the scope, quality and coherence of regional statistics for economic policy making.
- Provide more analysis from the boosted Labour Force Survey and publish an integrated set of quarterly public sector workforce figures.

Acknowledgements

Finally, I would acknowledge the major contribution made to the preparation and compilation of this report by Catriona Hayes in the Office of the Chief Economic Adviser. In addition to those named authors in Part A of this edition, I would also acknowledge the contribution of the statistical staff in the Enterprise, Transport and Lifelong Learning Department, the Environment and Rural Affairs Department, and in the Finance and Central Services Department, together with the continuing contributions and advice from officials in other UK Government Departments, including, most notably, the Office for National Statistics, the Department for Education and Employment, and the Department for Work and Pensions.

DR ANDREW W GOUDIE
Chief Economic Adviser

November 2005



2005 part A

- Implementing the Atkinson Review in Scotland
- Pay in Scotland – Annual Survey of Hours and Earnings
- Issues with the Estimation of Trade Statistics for Scotland
- Ownership of Firms in Scotland 2002

A1 Implementing the Atkinson Review in Scotland

Dermot Rhatigan, Scottish Executive

Introduction

The Atkinson Review was commissioned by the United Kingdom's National Statistician in December 2003 to consider the future development of government output, productivity and associated price indices for the UK national accounts – recognising important related factors, such as the quality of outputs. The Final Report of the Atkinson Review[1], which was published in January this year, is an extremely thorough analysis of the complex methodological issues surrounding the measurement of government outputs. The Final Report yielded recommendations for new statistical approaches rather than any new figures.

Over one-third of the review's recommendations make some reference to work that is expected to be advanced jointly between the Office for National Statistics (ONS) and the Devolved Administrations.

Conventional Approach

In many countries, including the UK and Scotland, the conventional approach to measuring the volume of government output has been to assume that output equals the volume of inputs (the latter being proxied, for example, by employee numbers), rather than measure outputs directly (e.g. the number of GP consultations). This approach is not ideal in two key respects: (i) it does not quantify outputs or their quality directly, and (ii) it assumes constant productivity.

Prior to the Atkinson Review the ONS had already begun to move increasingly towards the replacement of the conventional (output = input) approach by direct output indicators, though the shift towards direct measures of UK public sector output had not been comprehensive. The Atkinson Review sought to build on and extend this initial development work.

Significance of the Review

Implementation of the Atkinson Review is important, not only in providing better measures of government output and productivity from a National Accounts perspective, but also in the context of Scottish Ministers' commitments on growing the economy and public service delivery. These are not mutually exclusive, but are interrelated commitments on the basis that the public sector in Scotland is an important part of the economy in its own right, accounting for around 20 per cent of Scottish economic output. The Executive has acknowledged that efficiency and productivity improvements are required across the public and private sectors to realise its ambitions for growth, as outlined in the Executive's long-term strategy, *The Framework for Economic Development in Scotland*[2].

Scottish Ministers are strongly committed to efficiency gains which are clear and auditable – and they must therefore be measurable. While the implementation of the Atkinson Review will not deliver a complete tool kit for the management and audit of government activities, it will help to establish the wider economic context for the interpretation of other performance indicators. The improved data on government output and productivity that follow will be comprehensive in their coverage and consistent over time, and will complement existing measures of public sector performance. The Executive is already making real progress in measuring better the activities and value for money of central government and the wider public sector through initiatives such as Efficient Government[3].

[1] Atkinson, T, 2005, Atkinson Review: Final Report – Measurement of Government Output and Productivity for the National Accounts. This is available from the ONS's website – http://www.statistics.gov.uk/CCI/nugget.asp?ID=663&Pos=&ColRank=1&Rank=224

[2] Available at http://www.scotland.gov.uk/library5/government/fedsm-00.asp

[3] The Efficient Government Plan, Building a Better Scotland: Efficient Government – Securing Efficiency, Effectiveness and Productivity was published on 29 November 2004.

Implementing the Review

The Executive welcomed the publication of the Final Report of the Atkinson Review, recognising that it represents a major advance in our understanding of the issues surrounding the measurement of public sector services.

In response to the review, the Executive published a Scotland-focused implementation strategy[4] in June this year to serve as a public statement of its intentions in this important area of statistics. The strategy sets out exactly how the principles and recommendations of the Atkinson Review will be taken forward within Executive Departments.

Analytical Services Divisions (ASDs) in relevant Departments of the Executive have now formulated action plans with indicative timetables for the production of reliable direct output measures for Scottish public services. These plans have been coordinated with the action plans of the new UK Centre for the Measurement of Government Activity[5] to identify the scope for relevant joint work.

Initially, the bulk of the statistical development work will be concentrated in those areas that account for the largest shares of the public budget in Scotland – that is, in Health & Personal Social Services, Education and Public Order & Safety. The same approach is being taken in the UK. Although the majority of public sector output will be covered by the initial action plans mentioned above, there will be other public sector activities not covered by the first tranche of the Executive's Atkinson Review work (e.g. defence, the Civil Service, and housing). The intention is to focus on these topics at a later stage.

Another element of the Executive's efforts to advance the Atkinson Review agenda in Scotland is to consider the input costs (at current and constant prices) of public services – that is, the resources the Executive devotes to the delivery of public services. This work is fundamental to the eventual production of meaningful productivity numbers; accurate estimates can be derived only if we can attribute particular parcels of spending to the correct output categories in a consistent manner. The intention of the Executive (in parallel with the UK approach) is to adopt the internationally agreed Classification of Functions of Government (COFOG) system to identify and attribute Executive spending (inputs) by sub-programme.

Making the links with GDP statistics

As the Atkinson Review work programme progresses, the Executive will consider the suitability of the new output measures for inclusion in Scotland's GVA (gross value added) estimates. To make this step, the Executive will need to be satisfied that the data are robust, the methodologies are sound and the results are meaningful. Moreover, for measures of public sector output to be acceptable to key external users of the data the rationale and methodology underpinning any 'quality' adjustments they will need to be clearly justified.

Maintaining comparability between Scottish and UK national accounts estimates will be a significant consideration in the development of the new methodologies. The Executive and users of official statistics will want to be confident that Scottish and UK estimates of public sector GVA are calculated on a broadly consistent basis for the purposes of Scotland-UK comparisons.

The final decisions on changing the methodology behind Scotland's GVA calculations will be made by the Chief Economic Adviser to the First Minister and the Chief Statistician, reflecting the considered views of the UK's National Statistician.

[4] The Executive's Atkinson Review strategy for Scotland can be accessed from the Executive's website via the following link – http://www.scotland.gov.uk/Publications/2005/06/27134246/42491

[5] The creation of the Centre within the ONS was announced in January 2005 by the National Statistician in response to the Final Report of the Atkinson Review.

Reporting progress

The Executive's Atkinson Review action plans for Scotland are available now from the Scottish Executive's website (http://www.scotland.gov.uk/Topics/Statistics/15572/Atkinson). Updates to the plans and progress against them will be posted on this website at quarterly intervals – the first updates were posted in October 2005.

A2 Pay in Scotland – Annual Survey of Hours and Earnings

Marina Hughes, Scottish Executive

Introduction

The publication of the results of the Annual Survey of Hours and Earnings (ASHE) by the Office for National Statistics (ONS), on 28th October 2004, introduced a major change to the methodology and reporting for earnings estimates. This article explains the new methodology underpinning ASHE and provides a summary of results for Scotland.

Background

ASHE, carried out by ONS, replaces the New Earnings Survey (NES) as the official source of earnings estimates. NES was introduced in 1970 as a survey to provide detailed information on earnings. The survey has a large sample size, based on a one per cent sample of employees. Earnings and hours information is sourced from employers. It does not cover people who are self employed.

The earnings information collected relates to gross pay before tax, national insurance or other deductions, and excludes payments in kind. It is restricted to earnings relating to the survey period, and any payments due as a result of a pay settlement but not yet paid at the time of the survey are excluded. In 2004 information related to the pay period which included the 21st of April.

The development of ASHE is part of the ONS statistical modernisation programme to improve methodologies and to make use of new statistical tools. The improvements in methodology caused a discontinuity between the previously published NES figures and the 2004 ASHE results. However, ONS reworked the NES data, for 1998 to 2003, using the new ASHE methodology. Revised earnings estimates for 1998 to 2003 were published by ONS on 15 October 2004, which applied the new ASHE methodology to the NES data. Results from the 2004 survey were published on 28th October 2004.

New methodology

The new ASHE methodology addresses the weaknesses in the NES design, which led to the production of biased earnings estimates. The main changes to the methodology are:

Weighting

The NES results were not weighted to a population. The ASHE results are calibrated to employee totals from the Labour Force Survey (LFS). Deciding on the calibration groups (or strata) depends on which variables are best associated with pay. Analyses carried out by ONS showed that occupation was the dominant factor. In order to calculate the weights the ASHE responses are divided into a cross section of the following:

- Occupation – Standard Occupation Classification 2000 (SOC 2000) – 9 Major Groups
- Gender – 2 Groups
- Region – (London and South East) and Other in UK – 2 Groups
- Age – 16 to 21, 22-19 and 50+ - 3 Groups.

This gives 108 strata (9 Occupations * 2 Genders * 2 Regions * 3 Age Groups). The region split reflects the fact that the earnings are much higher in London and the South East compared to the rest of the UK (see Table A2.4). The age split reflects the National Minimum Wage age bands.

Weights are available from the LFS only back to 1992 so NES is the definitive source for earnings between 1970 and 1991. As yet ASHE data has only been published for 1998 to 2004, quality assurance of the earlier data has to be completed before publication of estimates for 1992 to 1997.

Improved coverage

The NES sample captured only those jobs registered on the Pay As You Earn (PAYE) scheme, which meant that those who earned below the PAYE threshold (low earners) were not represented. There was also an issue around not including people who had changed or started new jobs between sample selection and the survey reference period.

To improve coverage and hence make the survey more representative, supplementary surveys were carried out for the 2004 ASHE. One survey to capture employees working for companies with turnover below the PAYE threshold and/or earning below the PAYE threshold. And another survey to capture those who had changed jobs between the survey dates.

The 2004 ASHE results are therefore discontinuous with the previous years' results, for which no supplementary information was collected. However, for 2004 two sets of results were published; the headline results that include supplementary information and results that exclude this information. The latter are given solely for comparison to earlier results.

Imputation

In the NES design, if a respondent had not answered one question (or item) then this would not be an issue since the statistics were not weighted. However, the ASHE is weighted thus problems occur with item non-response. This is because item non-response requires the derivation of different weights for different variables in the survey (which would be possible but time consuming). To keep things simple, imputation is used to fill in the missing information thereby allowing just one weight to be used. Specifically, donor imputation is used where values from respondents with similar characteristics to the respondent with the item non-response are used to derive an estimate of the missing value.

Median

The median replaces the mean as the headline average statistic. The median is the value below which 50 per cent of employees fall. It is preferred over the mean for earnings data as it is influenced less by large or extreme values. The median earnings figures are significantly lower than the mean earnings figures because the median is less influenced by high earners.

Reporting ASHE results

NES estimates were suppressed on quality grounds if they were based on a sample of less than 30 or the coefficient of variation (standard error of an estimate as a percentage of the estimate) was above 5 per cent, which ensured confidentiality too. For the ASHE results, however, the suppression for confidentiality and quality are separate. Confidentiality is ensured by using standard ONS rules to have a minimum of three respondents contributing, while no one employer is dominant. Outside of this, all estimates are publishable but are given alongside quality criteria whereby estimates are presented with their coefficient of variation (cv). This allows more detailed analysis but also increases the chances of the data being stretched or misused. The quality criteria are as follows:

Quality Criteria
Precise CV <= 5%
Reasonably precise CV > 5% and <= 10%
Acceptable CV > 10% and <= 20%
Unreliable CV > 20%

The above colour coding is used in the presentation of tables of Scottish results later in this article.

Impact of new methodology on NES data

The impact of the new methodology can be assessed by comparing the old NES estimates to the revised estimates (ASHE methodology applied to the NES data) for 1998 to 2003.

As Table A2.1 shows, the revised ASHE estimates are higher than the previous NES estimates. This is mainly the result of the weighting pulling the estimates up. This is because those in the SOC 2000 major groups 1-3 (Managers and Senior Officials, Professionals, Associate Professionals), which tend to have higher earnings, are poor responders to the survey but with the weighting they are given proportional representation.

Table A2.1: Mean gross weekly earnings and growth (year on year) for full-time employees[1] in Scotland, April 1998 to 2003

Year	NES Estimate (£)	Revised ASHE (£)	Difference (%)	NES Growth (%)	Revised ASHE Growth (%)
1998	350.00	360.20	2.9	-	-
1999	370.10	377.00	1.9	5.7	4.7
2000	383.00	388.60	1.5	3.5	3.1
2001	404.90	411.10	1.5	5.7	5.8
2002	427.00	434.60	1.8	5.5	5.7
2003	436.90	446.10	2.1	2.3	2.6

Source: Annual Survey of Hours and Earnings

[1] Full-time employees on adult rates whose pay for the survey period was not affected by absence.

Impact on estimates by gender

Tables A2.2 and A2.3 show that for men the increase in estimates of earnings is, generally, more than the increase for women. This is connected to the weighting push up, since men are more likely than women to be in the high earning-low responding group (SOC 2000 major groups 1-3).

Table A2.2: Mean gross weekly earnings and growth (year on year) for full-time male employees[1] in Scotland, April 1998 to 2003

Year	NES Estimate (£)	Revised ASHE (£)	Difference (%)	NES Growth (%)	Revised ASHE Growth (%)
1998	394.60	406.90	3.1	-	-
1999	411.80	421.70	2.4	4.4	3.6
2000	423.00	434.50	2.7	2.7	3.0
2001	448.50	457.20	1.9	6.0	5.2
2002	473.70	485.10	2.4	5.6	6.1
2003	483.70	497.10	2.8	2.1	2.4

Source: Annual Survey of Hours and Earnings

[1] Full-time employees on adult rates whose pay for the survey period was not affected by absence.

Table A2.3: Mean gross weekly earnings and growth (year on year) for full-time female employees[1] in Scotland, April 1998 to 2003

Year	NES Estimate (£)	Revised ASHE (£)	Difference (%)	NES Growth (%)	Revised ASHE Growth (%)
1998	276.70	290.20	4.9	-	-
1999	306.80	311.60	1.6	10.9	7.4
2000	316.10	318.90	0.9	3.0	2.3
2001	342.30	344.40	0.6	8.3	8.0
2002	360.10	360.20	<0.1	5.2	4.6
2003	372.40	374.50	0.6	3.4	4.0

Source: Annual Survey of Hours and Earnings

[1] Full-time employees on adult rates whose pay for the survey period was not affected by absence.

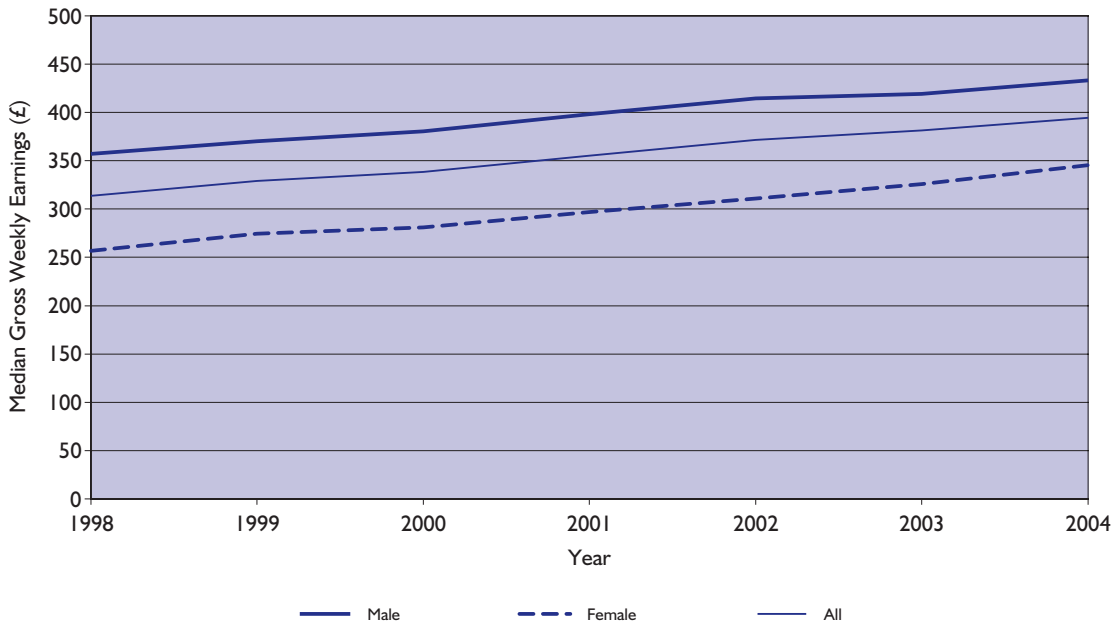
ASHE results for Scotland

Throughout the following analysis, headline results for 2004 include the supplementary surveys but for time series analyses the 2004 data excluding the supplementary surveys are used to ensure comparability. Annual earnings are rounded to the nearest pound, weekly earnings are rounded to the nearest 10 pence and hourly earnings are rounded to the nearest penny.

Gross weekly full-time earnings – Scotland

The median gross weekly earnings of full-time employees in Scotland, in April 2004, were £392.70. Gross weekly earnings of full-time employees increased by 3.5 per cent over the year to April 2004. Women's median full-time weekly earnings increased by 6.0 per cent, which was higher than the increase for men at 3.3 per cent.

Chart A2.1: Median gross weekly full-time earnings by gender, Scotland, April 1998 to 2004



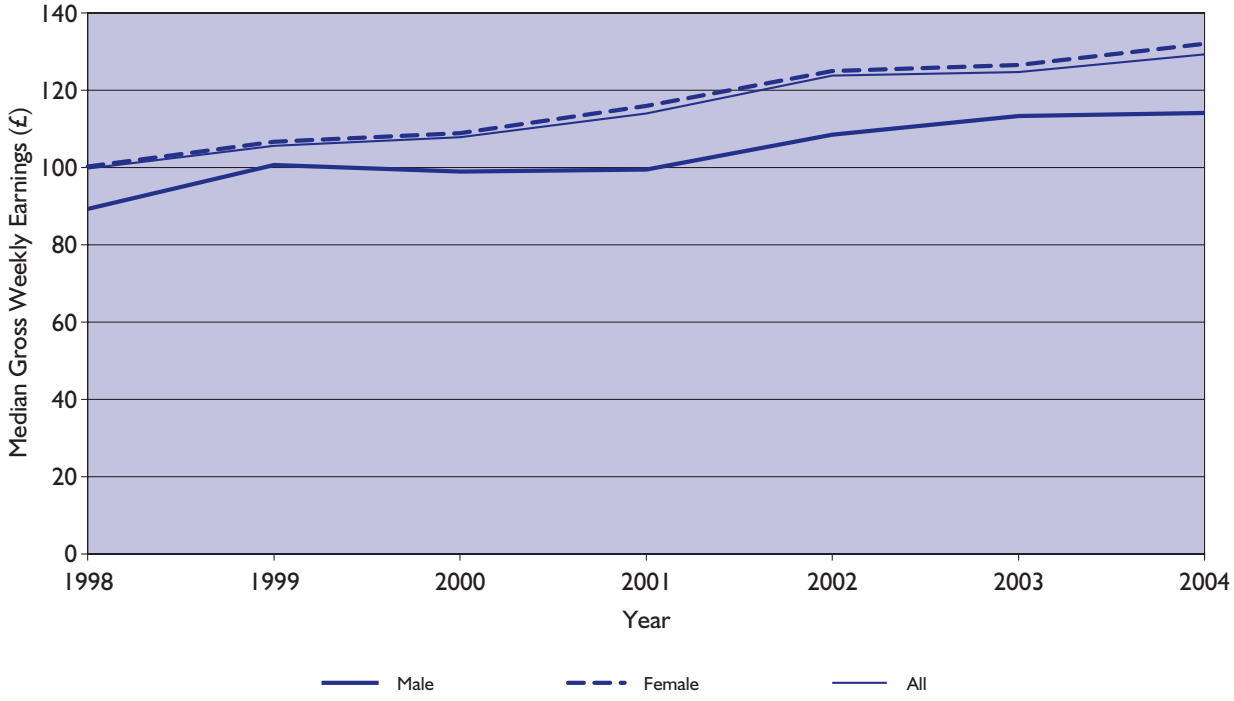
Source: Annual Survey of Hours and Earnings

Full-time employees on adult rates whose pay for the survey period was not affected by absence.

Gross weekly part-time earnings – Scotland

The median gross weekly earnings of part-time employees in Scotland, in April 2004, were £126.90. Gross weekly earnings for part-time employees increased by 3.7 per cent over the year to April 2004. Gross weekly earnings for part-time female employees were £129.70 in April 2004 compared to £113.50 for men. Part-time female pay tends to be higher than part-time male pay (Chart A2.2). This is partly due to a higher proportion of females working part-time in their careers, whereas for men the majority of part-time jobs are filled by students or those over 50. The ASHE 2004 employee job figures revealed that 82.7 per cent of part-time jobs were filled by women, which is reflected in Chart A2.2 with the trend for earnings of all part-time employees shadowing that of female part-time employees.

Chart A2.2: Median gross weekly part-time earnings by gender, Scotland, April 1998 to 2004



Source: Annual Survey of Hours and Earnings

Full-time employees on adult rates whose pay for the survey period was not affected by absence.

Regional earnings – Scotland's position in the UK

The median gross weekly earnings of full-time employees in Scotland, in April 2004, were £392.70. This was £29.40 per week (7.0 per cent) less than the UK figure. Scotland was ranked eighth amongst the 12 standard government office regions of the UK, in terms of median gross weekly earnings for full-time employees (Table A2.4). The differences between the regions ranked fifth to eighth are very small; there is only a 90 pence difference between the eighth placed region (Scotland) and the fifth placed region (West Midlands). London was the region with the highest median gross weekly earnings per week (£540.80), £91.70 higher than the second placed South East.

Table A2.4: Median gross weekly earnings of full-time employees[1], UK, April 2004

Region	Median Gross Weekly Earnings (£)	Rank
United Kingdom	422.10	
London	540.80	1
South East	449.10	2
East	422.30	3
North West	397.10	4
West Midlands	393.60	5
South West	393.00	6
Yorkshire and Humberside	392.90	7
Scotland	**392.70**	**8**
East Midlands	385.50	9
Wales	383.20	10
North East	372.60	11
Northern Ireland	372.30	12

Source: Annual Survey of Hours and Earnings 2004

[1] Full-time employees on adult rates whose pay for the survey period was not affected by absence.

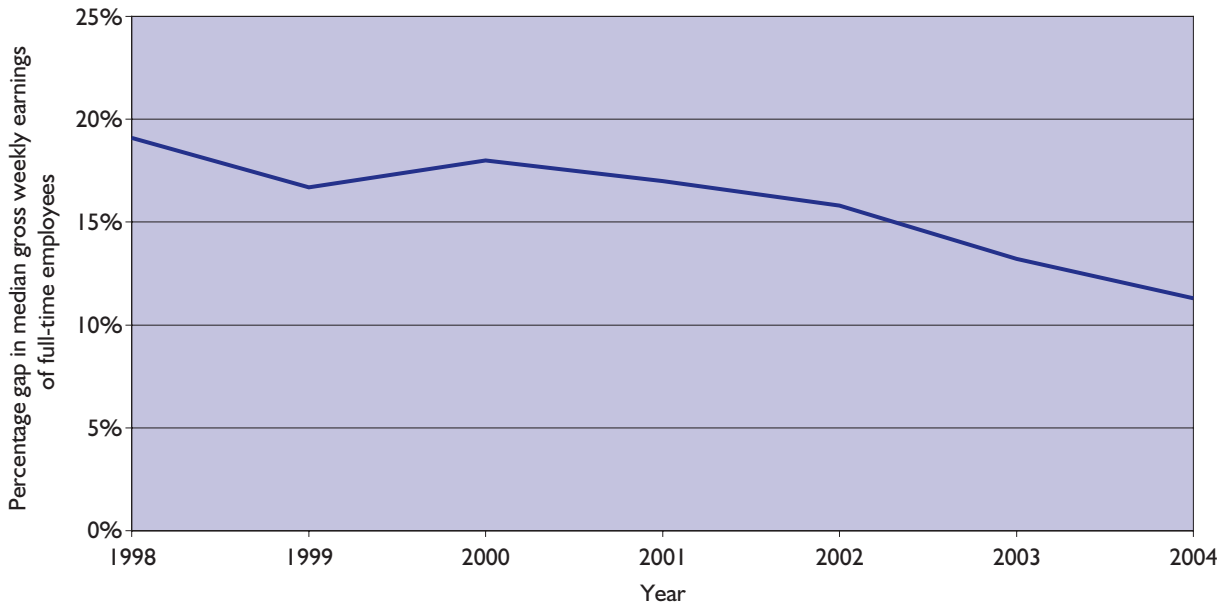
Table A2.4 shows there is wide gap between the earnings of employees working in the rest of the UK compared to London. However, these comparisons do not consider the cost of living in each region thus standard of living cannot be assessed. Also it is not a like with like comparison since the occupational and/or industrial make-up of each region is not the same. For example, London has a stronger financial sector (a high paying sector) than any other region. The 2004 ASHE employee jobs figures reveal that 11.6 per cent of all full-time employee jobs in London are in the financial sector compared to 4.6 per cent in the rest of the UK (Scotland at 5.1 per cent).

Gender Pay Gap

The gender pay gap is measured by comparing the average (mean or median) hourly pay of full-time employees, excluding overtime, for men and women. Including overtime would bias the results since men work relatively more overtime than women. Using the earnings of full-time employees is preferred since women are much more likely to work part-time compared to men.

Median hourly earnings, excluding overtime, for full-time women on adult rates was £9.13 in April 2004, which was 88.7 per cent of that for men. This represents a gender pay gap of 11.3 per cent in Scotland, which is lower than the gender pay gap for the UK at 14.4 per cent. Chart A2.3 shows that the gender pay gap has been decreasing for the past few years.

Chart A2.3: Pay gap between women's and men's hourly earnings, excluding overtime, Scotland, April 1998 to 2004



Source: Annual Survey of Hours and Earnings

Full-time employees on adult rates whose pay for the survey period was not affected by absence.

Although the gender pay gap provides a useful comparison between the earnings of men and women, it does not necessarily indicate differences in rates of pay for comparable jobs. Pay medians are affected by the different work patterns of men and women, such as the proportions in different occupations, industries and their length of time in job.

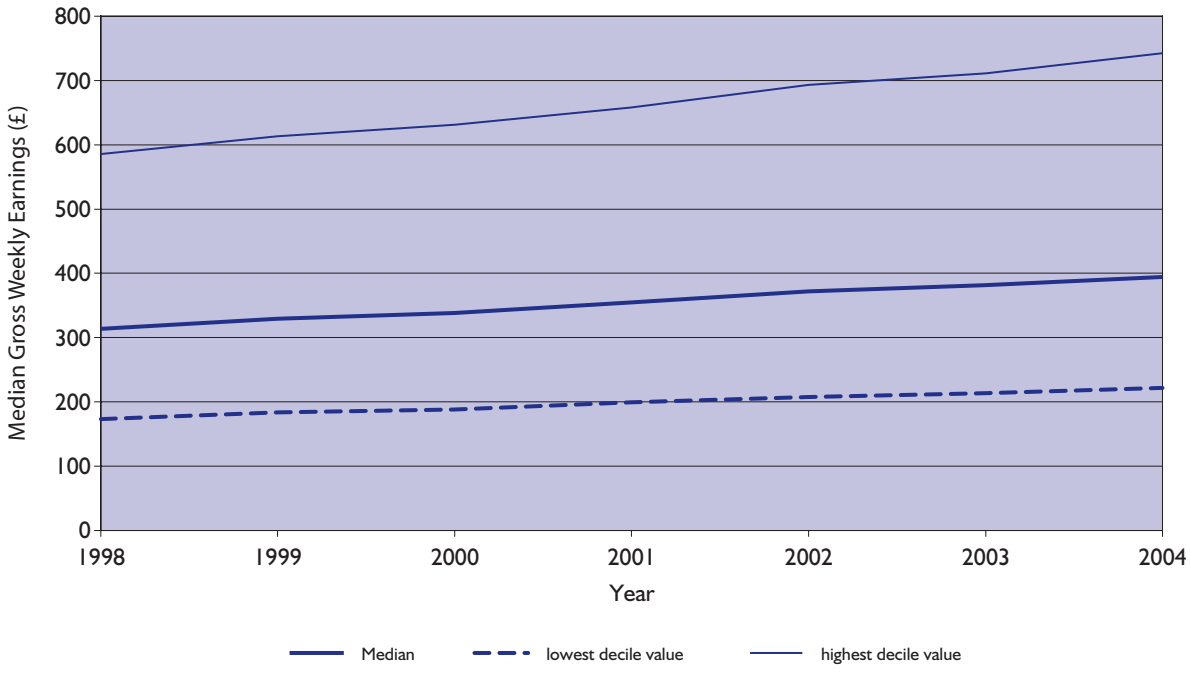
Distribution of earnings

In Scotland, in April 2004, the median gross weekly earnings for full-time employees were £392.70. At the bottom end of the distribution, a tenth of full-time employees earned less than £220.90 per week, whereas at top end of the distribution a tenth earned more than £742.40 per week (Chart A2.4). Over the period 1998 to 2004, the lowest decile value grew faster than the highest decile value (28.4 per cent compared to 26.9 per cent). This could be a result of the National Minimum Wage being implemented in 1999 (which benefits the lower paid). The ratio of the highest decile to lowest decile value, which measures the dispersion of earnings, has not changed much over the period 1998 to 2004 (3.4 in April 2004).

Age

The 2004 ASHE estimates of median gross weekly earnings for full-time employees increased with age to reach a maximum of £445.70 for those aged 40 to 49 but dropped back down for those 50 and over. However, considering the results by gender, women's median gross weekly pay peaked earlier than that of men. Full-time women's gross weekly pay increased with age to reach a maximum of £380.90 for those aged 30 to 39, whereas men's earnings peaked at £490.70 for those aged 40 to 49 (Chart A2.5).

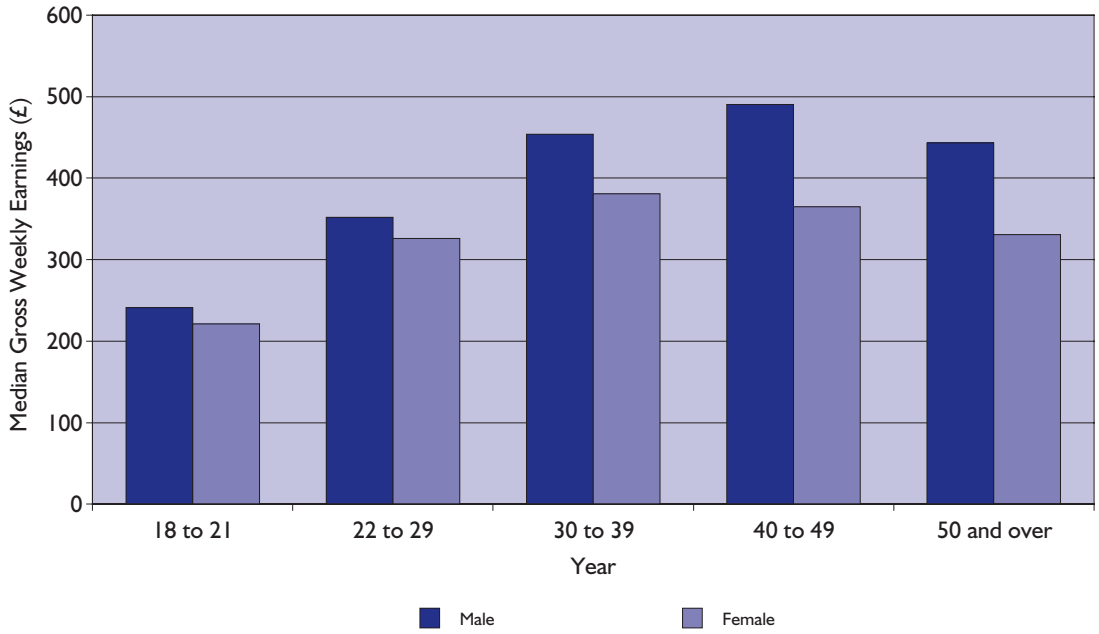
Chart A2.4: Distributions of gross weekly full-time earnings, Scotland April 1998 to 2004



Source: Annual Survey of Hours and Earnings

Full-time employees on adult rates whose pay for the survey period was not affected by absence.

Chart A2.5: Median gross weekly full-time earnings by gender and age, Scotland, 2004



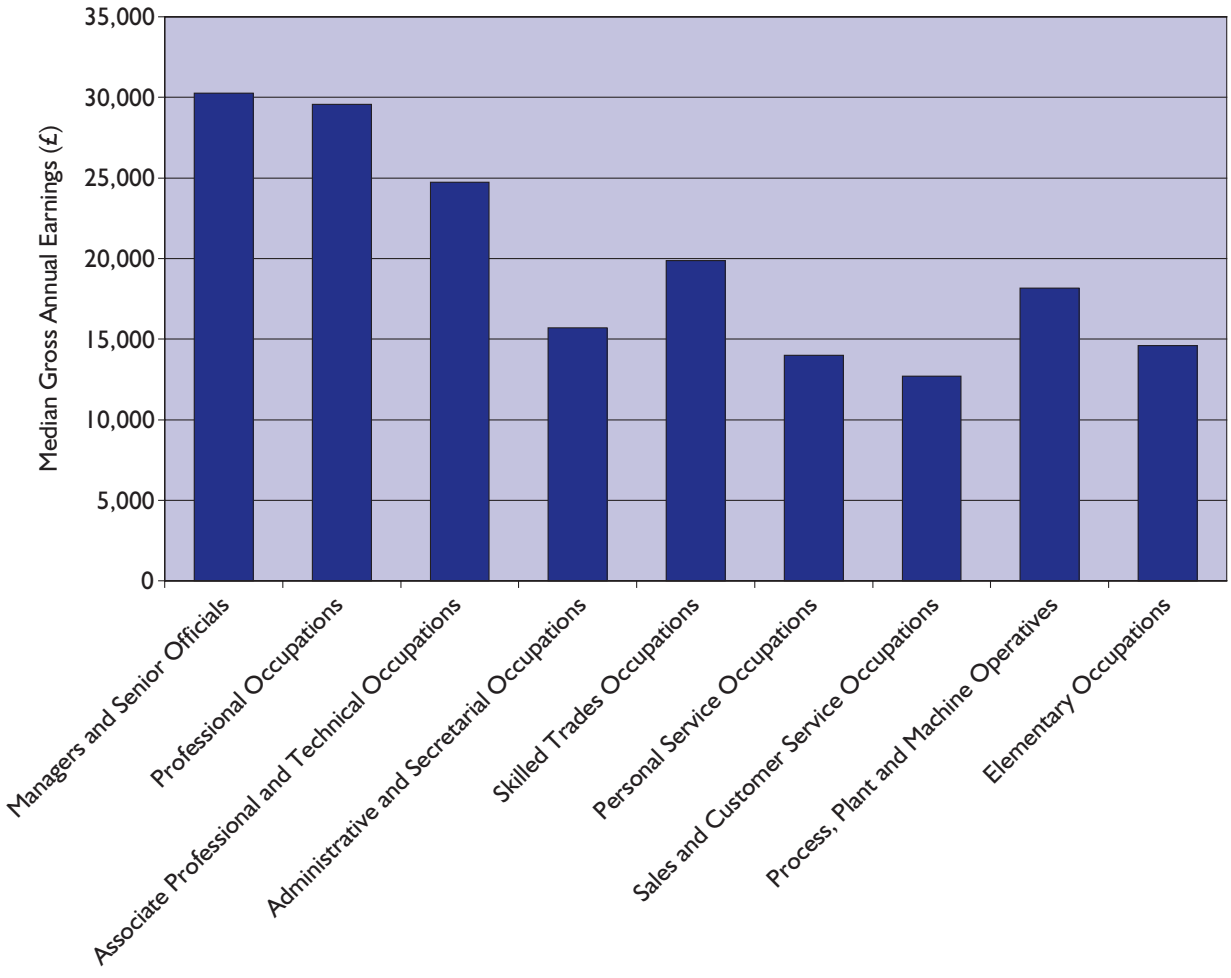
Source: Annual Survey of Hours and Earnings 2004

Full-time employees on adult rates whose pay for the survey period was not affected by absence.

Occupation

The ASHE 2004 data for occupation are coded to Standard Occupational Classification (SOC) 2000. In 2004, the occupation group with the highest median gross annual earnings for full-time employees was managers and senior officials at £30,273 per year, followed by professional occupations at £29,582 per year (Chart A2.6). However, those in professional occupations had the highest median hourly earnings (£16.10), higher than the median for managers and senior officials (£14.69) (Chart A2.7). The change in position between annual earnings and hourly earnings is a result of managers and senior officials receiving higher annual incentives and working longer hours than those employees in professional occupations.

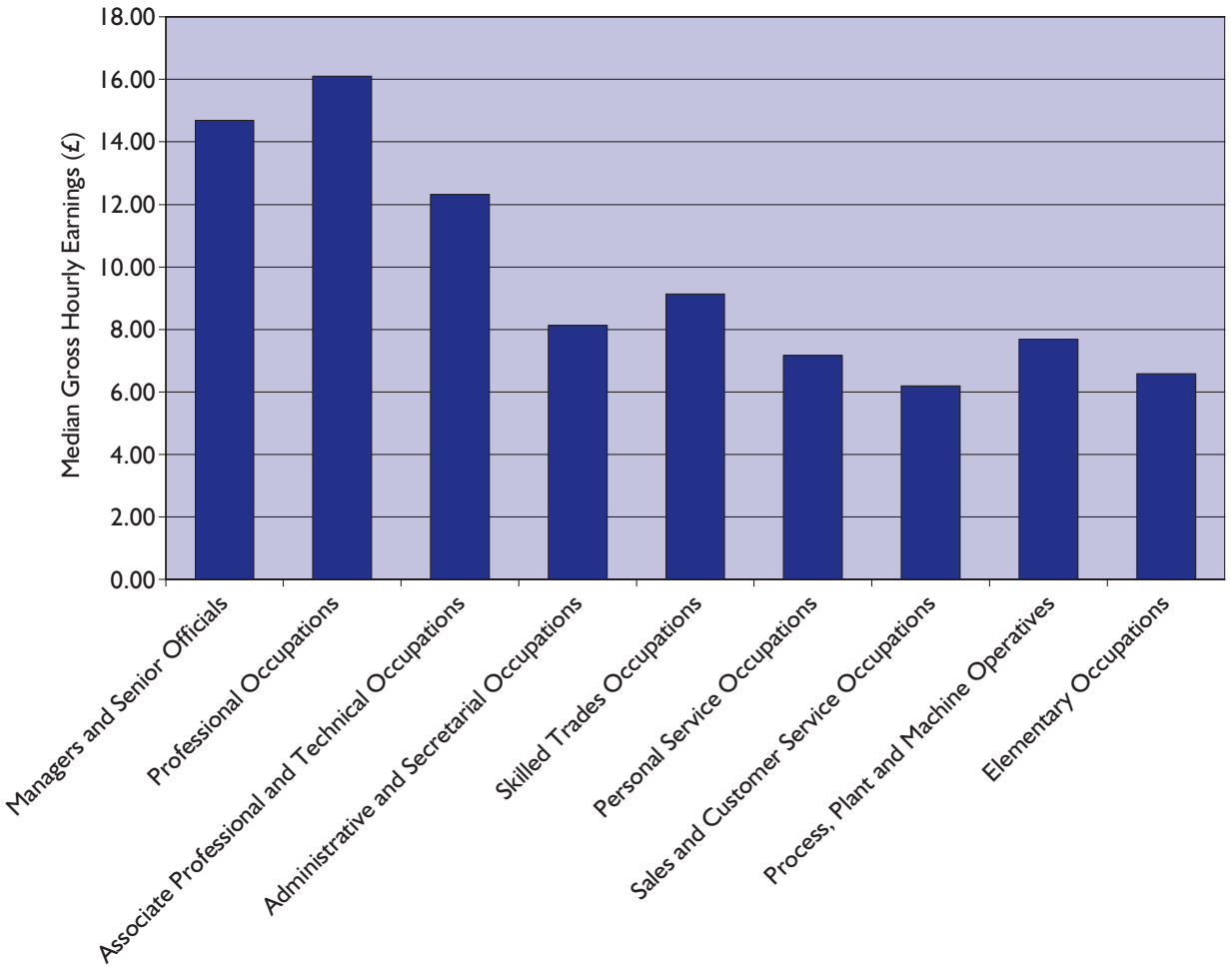
Chart A2.6: Median gross annual full-time earnings by occupation, Scotland, 2004



Source: Annual Survey of Hours and Earnings 2004

Full-time employees on adult rates who have been in the same job for over a year.

Chart A2.7: Median gross hourly full-time earnings by occupation, Scotland, 2004



Source: Annual Survey of Hours and Earnings 2004

Full-time employees on adult rates whose pay for the survey period was not affected by absence.

Industry

The ASHE 2004 data for industry is coded to Standard Industrial Classification (SIC) 2003. In Scotland, in 2004, median gross weekly earnings for full-time employees was highest in the Electricity, Gas and Water Supply sector at £517.30 per week, followed by the Mining and Quarrying sector at £498.60 per week (Table A2.5). However, the mean gross weekly earnings for full-time employees was highest in the Mining and Quarrying sector at £635.20 per week, indicating that there is a number of high earners in this sector that skew the distribution. The median gross weekly earnings for full-time employees was lowest in the Hotels and Restaurants sector at £241.30 per week, less than half the median earnings for the highest paying sector.

Table A2.5: Median and Mean gross weekly earnings of full-time employees[1] by industry, Scotland, April 2004

Industry	Median (£)	Mean (£)
Agriculture, Forestry, Hunting and Fishing	323.20	375.70
Mining and Quarrying	498.60	635.20
Manufacturing	397.80	472.20
Electricity, Gas and Water Supply	517.30	570.80
Construction	421.40	490.90
Wholesale and Retail Trade	313.40	395.50
Hotels and Restaurants	241.30	279.10
Transport, Storage and Communication	387.60	449.60
Financial Intermediation	431.90	520.10
Real Estate, Renting and Business Activities	392.50	499.40
Public Administration and Defence; Compulsory Social Security	465.70	491.90
Education	444.20	467.10
Health and Social Work	392.70	454.20
Other Community, Social and Personal Service Activities	316.40	407.90

Source: Annual Survey of Hours and Earnings 2004

[1] Full-time employees on adult rates whose pay for the survey period was not affected by absence.

Public and Private Sector

In Scotland, in April 2004, private sector median gross weekly earnings were £366.90, lower than the public sector earnings of £438.10 (a gap of £71.20). Private sector mean gross weekly earnings (£451.20) were also lower than those for the public sector (£475.50) but the gap was smaller (£24.40). This reduction in the gap when using the mean is because of the skewed distribution of high earners in the private sector.

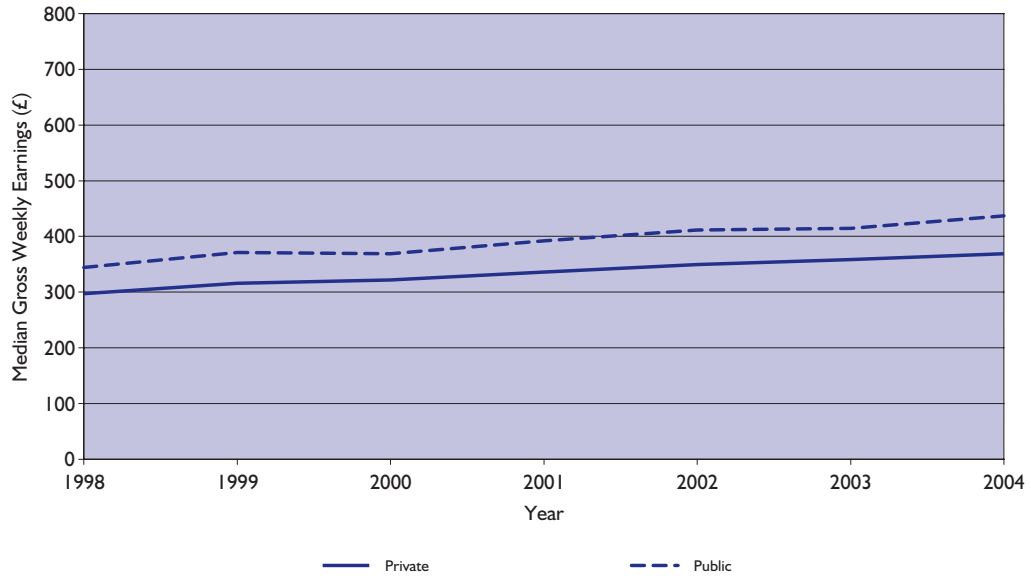
Chart A2.8 shows public and private sector median gross weekly earnings over the time period April 1998 to April 2004. Over the period public sector median gross weekly earnings grew quicker than private sector median gross weekly earnings (27.0 per cent compared to 24.0 per cent). Thus the pay gap between the private sector and public sector has increased over the period from 13.6 per cent in 1998 to 15.6 per cent in 2004 (the pay gap is measured as the percentage difference between public sector earnings and private sector earnings so in 2004 employees in the private sector earned 15.6 per cent less than employees in the public sector).

Chart A2.9 shows the gap between the public sector and private sector for all employees, men employees and women employees. The gap is clearly wider for women than men. In April 2004, median gross weekly earnings for full-time women private sector employees was £292.80 compared £414.40 for women public sector employees, that is private sector women's earnings were 70.7 per cent that of public sector women's earnings (representing a gap of 29.3 per cent). In fact, the 2004 ASHE results show that the median gross weekly earnings for full-time women public sector employees was higher than those for full-time men private sector employees, though earlier years show the converse.

The differences in gross weekly earnings do not reveal differences in rates of pay for

comparable jobs. The types of occupations in the private sector differ considerably to those in the public sector. For example, the ASHE 2004 results show that 38 per cent of employee jobs in the private sector are in the top three high earning occupation groups (Managers and Senior Officials, Professionals and Associate Professional and Technical) compared to 59 per cent of employee jobs in the public sector.

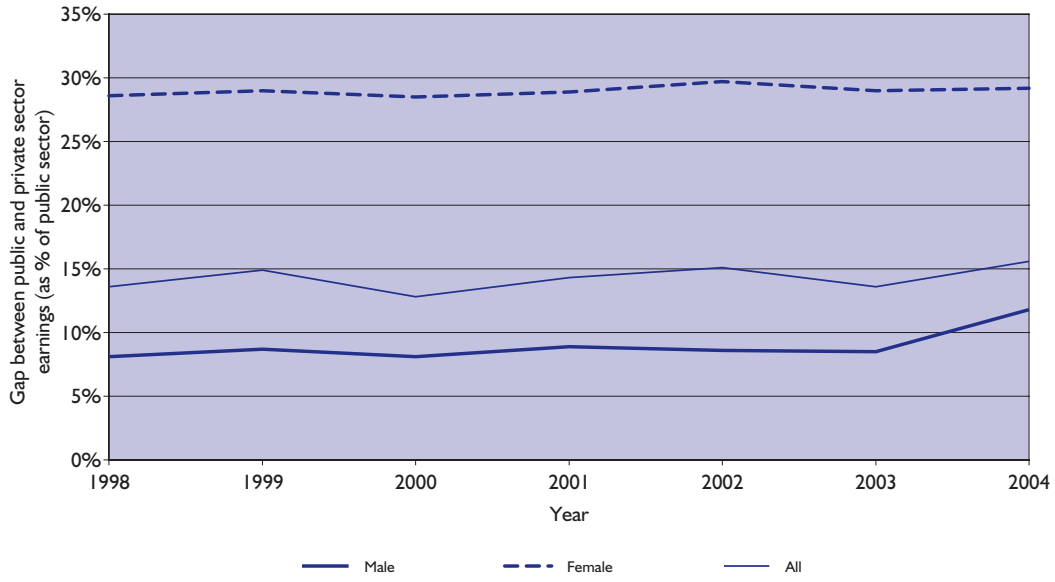
Chart A2.8: Median gross weekly full-time earnings by sector, Scotland, April 1998 to 2004



Source: Annual Survey of Hours and Earnings

Full-time employees on adult rates whose pay for the survey period was not affected by absence.

Chart A2.9: Public/Private sector pay gap of median gross weekly earnings of full-time employees, Scotland, April 1998 to 2004



Source: Annual Survey of Hours and Earnings

Full-time employees on adult rates whose pay for the survey period was not affected by absence.

Conclusion

The new ASHE earnings estimates are more representative of the workforce and there is more detailed information available at all levels than was available from the New Earnings Survey. Previous estimates have been revised upwards; for men the increase in estimates of earnings is greater than the increase for women.

Further analyses

Earnings by local authority areas in Scotland can be found in Chapter 4 of this publication (Table 4.19).

More detailed information and results on ASHE are available on the National Statistics web site at: http://www.statistics.gov.uk/STATBASE/Product.asp?vlnk=13101

The Scottish Executive has access to the ASHE micro-data for 1998 to 2004 so ad hoc analyses can be carried out on request from:

Labour Market Statistics Branch
Analytical Services Division
Enterprise and Lifelong Learning Department
Scottish Executive
5 Cadogan Street
Glasgow
G2 6AT
Tel: 0141 242 5446
Email: labour-market.statistics@scotland.gsi.gov.uk

A3 Issues with the estimation of trade statistics for Scotland

Catriona Hayes, Scottish Executive

Summary

This article describes the official data sources on Scottish trade, and discusses some of the issues connected with estimating the value of exports from and imports to Scotland.

Introduction

There is considerable demand for information on Scottish trade, from industry, government and from economic development agencies. This can inform strategies on industry promotion, trade development and other international relationships. There are several sources of information on exports available, but less on imports which are more difficult to quantify for Scotland because it is very difficult to track the final destination of goods that enter the UK.

This article introduces the different official estimates of trade information. The differing estimates available from the various sources reflect the practical and theoretical difficulties involved in measuring Scotland's trade. The main difficulty arises because taxes are collected at the UK level, and also since Scotland is a region of the UK in terms of National Accounts there is no legal requirement for companies to report financial information at a sub-UK level.

This, and other issues affecting exports statistics are discussed in this article. The approaches adopted to address these issues, and so produce the best possible trade estimates given the information available, are also outlined. Ongoing work to reconcile the different exports estimates that are produced by the Scottish Executive is also discussed.

Data sources for trade information

Global Connections Survey

The Executive currently produces annual estimates of the value of exports of all goods and services based on its Global Connections Survey (GCS). These estimates are available by industry and by destination. Estimates for 2004 will be published in December 2005, along with revised figures for 2002 and 2003. The results will be available on the Scottish Executive website at www.scotland.gov.uk/exports. The estimates for 2002 and 2003 published last year can be found in chapter 1 of this publication.

Estimates of exports are produced from the survey data, supplemented with information for non-responding companies (the GCS is a voluntary survey) from UK surveys supplied by the Office for National Statistics. They are grossed up for all companies on the Inter-Departmental Business Register (IDBR) based on turnover using iterative stratification by company size, industrial classification, location and whether they were sampled as a known or potential exporter. Estimates from UK surveys take a share of UK exports based on Scottish employment, unless additional information is available to adjust for Scottish activity.

Destinations of exports are estimated in a similar way, but there is little supplementary information available. Where data are missing from major companies in a sector, the reliability of the destination results can be compromised. Because of this, only estimates of exports to the top 20 destinations are published.

The Global Connections Survey also requests information on sales of goods and services to the rest of the UK – information that is not available elsewhere. This information, however, often proves difficult for companies to provide, for both practical and conceptual reasons. Companies trading throughout the UK often have no reason to consider Scotland separately, and destination of sales within the UK for a large company is often not recorded. Additionally, the destination may not be clear. For example, sales of food manufactured in Scotland might be sold to a supermarket chain based in England but be sold in Scottish branches.

The international exports estimates produced from the GCS can be supplemented with other data, but there is no other source of information on trade with the rest of the UK. Therefore, these estimates are likely to be less reliable because they are based on fewer companies. Experimental estimates for 2002 and 2003 have been published for comment on the Scottish Executive website at www.scotland.gov.uk/exports/RUKexport. These are summarised in the table below.

Table A3.1: Experimental estimates of exports from Scotland to the rest of the UK

£million

	2002	2003
Agriculture, Forestry & Fishing	**340**	**300**
Mining, Quarrying & Extraction of Petroleum	**1,230**	**1,590**
Manufacturing	**11,070**	**10,200**
Of which		
Food & drink	2,660	2,610
Metals, metal goods, mechanical engineering & transport equipment	2,650	2,080
Electrical and instrument engineering	2,270	2,070
Electricity, Gas & Water Supply, Construction	**2,350**	**2,650**
Services	**18,370**	**21,060**
Of which		
Financial services	7,320	7,500
Wholesale, retail, hotels & restaurants	4,220	5,140
Business services	3,660	4,830
Total	**33,910**	**36,380**

Quarterly Index of Manufactured Exports

The Scottish Executive produces a quarterly index of manufactured exports (IME), which is adjusted for price changes and is designed to provide a timely short-term indicator of growth. It is based on the ONS Monthly Production Inquiry, and the analysis includes all companies falling within manufacturing industry classifications. Estimates for companies operating throughout the UK tend to be based on the Scottish share of employment, although adjustments have been made to large companies where the Global Connections Survey provided different results. Work is underway to further align the estimates underlying the index with the Global Connections Survey data. This involves ensuring that sales and exports information for individual companies corresponds between the two sources, as well as making some adjustments to the methodology. For example, the IME data has historically categorised companies based on their industry classification at the UK level, whereas the GCS considers the main activity in Scotland when allocating to an industry. Harmonising classification processes will ensure that all companies are included in the same SIC and remove some anomalies.

Quarterly Index of Manufactured Exports figures that are aligned with the GCS are scheduled for publication on 11 January 2006. (www.scotland.gov.uk/exports.)

HM Revenue and Customs

HM Revenue & Customs (HMRC) produce estimates of trade in goods with the rest of the world for the UK countries (which include Scotland) and regions. In contrast with the quarterly exports series described above, which covers the manufacturing industries, HMRC figures include trade in all tangible products regardless of industry sector. The estimates are produced by allocating UK totals to a country or region where possible. The UK totals are reliable, as these are based on imports/exports declaration data, which traders or their agents are legally obliged to return. However, regionalisation can be problematic, especially for large companies that operate throughout the UK.

Companies operating over more than one UK country or region may make a trade declaration from their national head office on behalf of the whole company. For estimates of exports, an adjustment is made to correct for this head office distortion based on extra data gained from surveys of the top 200 traders (by value of exports). These surveys provide information on the values and proportions of trade generated by each branch of the company, which is then used to split UK totals into regions where possible. Such adjustments are not made for imports because it is very difficult to produce a reasonable assessment of the final regional location of goods. This is especially the case for finished goods, which are disseminated to sales sites all over the UK, many of which are different to the locations of the importing company.

The HMRC regional figures include a large 'unknown' category where trade cannot be allocated to a UK region. Included in this category, amongst others, are all trade by private individuals, overseas traders registered in the UK and the UK government. For both imports and exports the unknown total is larger than the Scotland total – these are shown in tables A3.2 and A3.3 below. In addition, table A3.3 shows that the unknown region imports and the UK imports have increased each year, whilst the Scottish imports have decreased. It is possible that this is not actually the case, but that more imports to Scotland have remained unidentified.

Table A3.2: Exports of goods to the rest of the world, 2000 - 2004

£million

	2000	2001	2002	2003	2004
Scotland	20,228	16,686	15,616	13,200	11,932
UK total	187,159	189,376	186,978	188,382	190,548
Scottish % of UK	10.8%	8.8%	8.4%	7.0%	6.3%
Unknown region	24,562	28,685	26,362	22,828	22,564
% unknown	13.1%	15.1%	14.1%	12.1%	11.8%

Source: HMRC

Table A3.3: Imports of goods from the rest of the world, 2000 - 2004

£million

	2000	2001	2002	2003	2004
Scotland	11,388	10,405	8,911	8,274	8,634
UK total	221,665	227,630	227,798	236,364	252,728
Scottish % of UK	5.1%	4.6%	3.9%	3.5%	3.4%
Unknown region	15,951	16,482	18,693	19,671	24,332
% unknown	7.2%	7.2%	8.2%	8.3%	9.6%

Source: HMRC

Scottish input-output tables

The Scottish input-output (IO) tables provide an account of supply and demand within the Scottish economy. As part of this, estimates of the value of imports and exports of all goods and services between Scotland and the rest of the UK and rest of the world are shown.

In the 2001 IO tables (and earlier years), information on exports to the rest of the world was gathered from a variety of sources, including the Scottish Council for Development and Industry (SCDI)[1] manufacturing and service exports surveys, IO Trade Flow Surveys and other industry sources. The Trade Flow Surveys were carried out to obtain information about the purchasing patterns of Scottish businesses and to measure the extent of trade between Scotland, the rest of the UK and the rest of the world. Information on exports to the rest of the UK and on imports was derived mainly from these surveys. Different sectors were surveyed each year on a rolling programme – the last survey was for 2000 and surveyed the Scottish Services and Transport & Communications sectors. Due to the need to release resources for the redevelopment of the input-output system, the more recent tables have rolled forward trade flow survey information.

The exports data in the IO tables for 2002 will be based on detailed analysis of the Global Connections Survey. However, the exports estimates used in the IO tables do not necessarily correspond with the GCS estimates due to differences in definitions. GCS data are collected on an industry basis, but the IO tables require the exports data on a commodity basis, and therefore the GCS data are converted before any further analysis is carried out. In addition, there is a separate column for tourism in the IO tables, so the GCS exports estimates are also adjusted for tourism before being incorporated within the tables. Due to the fact that the IO tables are based on the Annual Business Inquiry, on occasion companies are classified differently than in the GCS data. A method has been set up to adjust the GCS figures to account for this. The method to estimate imports in the 2002 IO tables will combine trade flow information with data from the 2002 UK Input-Output tables and adjusted HMRC data on imports of goods from the rest of the world.

The 2002 input-output tables, containing new exports estimates based on the Global Connections Survey, will be published on 30 November 2005 (www.scotland.gov.uk/input-output).

[1] SCDI was the only source available before the Global Connections Survey was introduced, and they still produce annual estimates of manufactured exports. This year's report can be accessed here: http://www.scdi.org.uk/file.php?id=2255

Issues with estimating Scottish international trade

Scotland is part of the UK

Most large companies that operate throughout the UK do not record activity separately for Scotland; all that is legally required is for them to report for the UK as a whole. It can be very difficult, if not impossible, to extract financial information for Scotland from their UK figures. This means they often cannot provide information about the trade of goods and services (i.e. imports and exports) between Scotland and the rest of the UK and rest of the world, and do not need to for UK taxation or National Accounting purposes, and so some do not provide information for the Global Connections Survey. In these cases, data from the ONS Monthly Production Inquiry and International Trade in Services Inquiry are used to supplement the Scottish information. Scottish employment share can be applied to the UK export figures to get the best Scottish estimate, although these are adjusted if information is available to suggest that either all, or none, of a company's UK exports originate in Scotland.

An additional related definitional issue with trade figures can arise if the situation exists that companies produce goods in Scotland, but sell them on to a trading company in England, say, who then export them. For imports, a company based near one of the main English ports might do the actual importing, but sell the goods on directly to Scotland. In both cases, these might be picked up as intra-UK trade but not as international trade from Scotland. The GCS requests information on first destination of sales, as this is easier for companies to provide, so the resulting figures cover direct exports only. It should therefore be borne in mind that exports figures from Scotland for a particular sector may not cover all goods that are eventually exported – depending on the exporting mechanisms for that sector.

Globalisation

Many international companies no longer function on a geographical basis and the trend is towards multinational teams working on projects. This is particularly an issue in the business services sectors (e.g. management consultants) where large companies are less able to disaggregate their activity geographically – either where it takes place or where the customers are based. The concept of an export from Scotland is therefore not clear in a practical sense for some sectors, although it still exists theoretically.

Additionally some large companies produce goods in Scotland which are transferred at internally determined prices to the parent company elsewhere. The level of this type of activity – and the transfer prices set – can influence the value of exports, while volume estimates would be less affected. Likewise, if companies engage in 'toll processing' (produce products for a fee with ownership of the inputs and outputs remaining with the customer) for overseas companies, the value of exports will be the total charges received for the processing activity as opposed to the full value of the goods. Changes from manufacturing using purchased raw materials to this type of activity could affect the overall value of exports while the products being exported remained unchanged.

Standard Industrial Classifications (SIC)

The sampling and analysis in the Global Connections Survey is done on the basis of SICs as provided on the IDBR. Where a company has various premises performing different functions, it is classified to the industry under which it has the most employees in Scotland. As mentioned above, this is different from other surveys, which can result in different results for some industries. Work is now underway to align the classifications in the IME with the GCS.

Much of the interest in exports tends to be in products and not in industries. GCS respondents are asked to separate goods and services, but apart from that no information is gathered on a product basis, and reporting is done by SIC. This is the usual approach to economic statistics. However, for the input-output analysis the GCS data has to be transformed from an industry to a commodity basis. This is done using known relationships between industries and products, as well as accounting for differences in the classifications used in different surveys as mentioned above.

The SIC basis also means that it is under the SIC of the exporting company rather than the producing company that the exports are counted. This results, for example, in large exports for the wholesale sector and very small amounts attributed to agriculture. Therefore the wholesale sector is a fairly large exporter. In the case of the whisky industry, companies in the GCS are reclassified to the spirits manufacturing sector, but for other sectors the companies are currently left within wholesale. The retail sector has exports either due to visitors to Scotland (tourists) or mail order sales. As with wholesale, this does not give an indication of the types of product being exported. For the 2002 input-output tables, the detailed SICs are used to allocate the wholesale and retail industries back to commodities.

Tourism

Expenditure by visitors to Scotland is included in exports, as it involves the sale of goods and/or services to non-residents and thus represents a flow of income to Scotland. Likewise, Scottish tourists will buy products abroad (including in the rest of the UK) and thus will import goods and services into Scotland. In the GCS, businesses are asked to identify their sales to customers from overseas and the rest of the UK. However, many companies cannot for obvious reasons do this. In the case of hotels and restaurants, retail and car rental, adjustments are made based on information from the International Passenger Survey and UK Tourism Survey to account for this. The estimates in these sectors are therefore a combination of actual company data and imputed data from tourism surveys. No adjustments for tourism spending are currently made in other sectors, as the relative impact of tourist expenditure is likely to be small.

Finance sector

It is difficult to estimate financial sector estimates due to some of the issues outlined above, for example companies have activity throughout the whole UK and there are definitional issues due to globalisation. In addition, financial variables for this sector are difficult to measure accurately and are not provided via the usual ONS business surveys (ABI and IDBR). Data provided by the Scottish Clearing Banks are used as the basis for the banking sector estimates in the GCS, however they cannot provide details about the international destinations, and so banking is not included in the country analysis. Various sources of information including the Clearing Banks, published company reports and actual survey returns are used to provide best estimates of turnover and exports for the rest of the financial sector. Although international trade in, for example, insurance, is not as high as in banking, the sales to the rest of the UK

are significant. Again, however, the large companies do not record information on this basis so assumptions are made about sales patterns based on talking to companies, and other published industry information.

Conclusion

Estimates of the imports and exports of goods and services are widely used. This article provides users with background information about the different data sources available on the trade of products to and from Scotland, together with an understanding of the issues which should be considered when using trade estimates. While a range of practical and conceptual difficulties are acknowledged, it is also the case that the estimates published by the Scottish Executive are the best currently available which follow the framework of the System of National Accounts. They are derived from the same business register as other Scottish economic statistics therefore providing some consistency. Revisions do occur, however, due to new information on companies becoming available, as well as more detailed analysis after publication highlighting areas for improvement.

There is an ongoing programme of work to improve exports statistics, along with all economic statistics in the Scottish Executive. Inclusion of Global Connections results in the input-output system improves the estimates in the IO tables and consistency between the sources, and also provides valuable feedback to the exports estimation process in GCS resulting in improved estimates there. The reconciliation of GCS and IME has also been described, and this also benefits both sources. This triangulation of the three official sources means that a more coherent set of statistics will be available, each with its own purpose but all derived from compatible underlying sources.

A4

Ownership of firms in Scotland 2002

Fiona Roberts, Scottish Executive

Summary

This article analyses figures on the ownership of firms in Scotland, which are available for the first time for 2002. These enable comparisons of performance and profile to be made according to ownership.

Main points

- Foreign owned firms in Scotland are generally larger than other firms. Thus foreign owned companies in Scotland account for only 3% of business sites in Scotland, but 13% of employees, and around 25% of gross value added (GVA). (Figures exclude agriculture, the financial sector and part of the public sector).
- Productivity (gross value added per employee) in foreign owned manufacturing firms is over 60% higher than in Scottish owned firms. Productivity in foreign owned service sector firms is more than 20% higher than in Scottish owned firms.
- Labour costs per employee are 27% higher in foreign owned manufacturing firms compared to Scottish owned firms (23% higher in service sector firms). So jobs in foreign owned manufacturing plants do not appear to be mainly assembly jobs (or if they are, they are well paid).
- USA owned firms account for 12% of gross value added.
- The proportion of manufacturing jobs in foreign-owned firms has remained stable or increased slightly over recent years, despite the fall in absolute numbers of foreign owned manufacturing jobs, and in manufacturing jobs overall.

Background and methodology

Information is available on the country of ownership of companies on the Inter-Departmental Business Register (IDBR). However, previous concerns about the reliability of the ownership information meant that it was not generally used or published. Therefore in 2003, the Office for National Statistics carried out a review and update of this information in conjunction with Dunn and Bradstreet, and it has now been deemed of sufficient quality to use.

The Scottish Executive has also carried out some further analysis of ownership data. Ownership information from Companies House has been added for a small number of companies where this provided a better source than the IDBR. In addition, for companies which the IDBR identifies as UK owned, a subset has been identified which are assumed to be Scottish owned. Companies are assumed to be Scottish owned where their main address is in Scotland.

Data on the number, employment and turnover of registered enterprises in Scotland by country of ownership (Scotland, UK excluding Scotland, and abroad) were published based on the IDBR for the first time in 2004. These figures showed that in the economy as a whole, in 2003 there were 1,665 foreign owned registered enterprises (1.1% of the total), employing 215,000 people (12.4% of the total).

This article builds on these figures by analysing data from the Scottish Annual Business Statistics by country of ownership. Scottish Annual Business Statistics do not cover the whole economy – they exclude parts of

agriculture, the financial sector, and some of the public sector. However, they provide details of additional variables such as gross value added, labour costs and net capital expenditure which are not available from other sources, and which enable us to begin to look at productivity and related issues. This article looks at figures for 2002 which were the latest available at the time of writing. Figures for 2003 have recently become available – a summary table of ownership in 2003 is included in Chapter 3.

Most of this article concentrates on the manufacturing, construction, and services sectors (although as explained above, please note that references to the service sector in this paper exclude financial services. Some information on the extent of foreign ownership in the financial sector is given below).

Ownership by broad sector

In manufacturing, foreign owned firms account for 27% of employees, but 40% of turnover and 36% of gross value added. However, in 2002 they only accounted for a relatively modest 24% of net capital expenditure in the sector, partially as a consequence of the problems in the electronics industry around this time.

Around 25% of activity in the services sector is generated by firms owned in the UK excluding Scotland – a higher proportion than in either the manufacturing or construction sectors.

Over 70% of activity in the construction sector is generated by Scottish owned firms. Again this is a higher proportion than in the other two sectors.

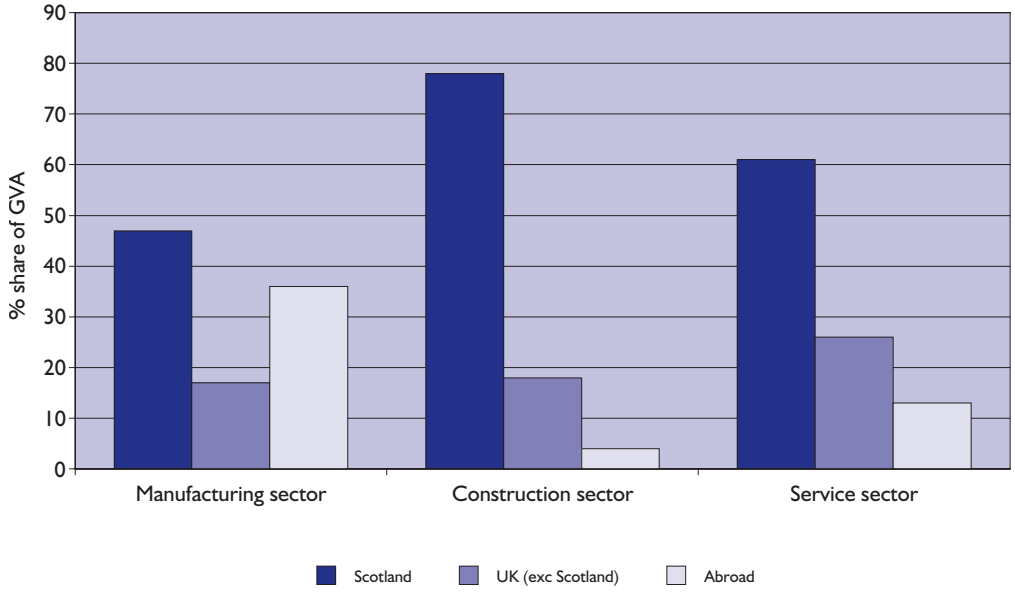
Table A4.1 : Company ownership by sector, 2002

	Total Employees			Total Labour Costs		
	Scotland	UK[2]	Abroad	Scotland	UK[2]	Abroad
		000's			£m	
Manufacturing	156	37	70	3,199	1,045	1,846
Construction	100	16	5	1,959	428	97
Service sector [1]	719	313	121	10,615	4,372	2,199
		%			%	
Manufacturing	59	14	27	53	17	30
Construction	83	13	4	79	17	4
Service sector [1]	62	27	10	62	25	13

	Total Turnover			Gross Value Added at Basic Prices			Net Capital Expenditure		
	Scotland	UK[2]	Abroad	Scotland	UK[2]	Abroad	Scotland	UK[2]	Abroad
		£m			£m			£m	
Manufacturing	14,477	6,687	13,837	5,533	1,986	4,162	560	248	251
Construction	7,786	2,058	443	3,177	740	147	159	52	16
Service sector [1]	47,418	23,532	13,276	17,959	7,595	3,676	3,121	1,277	485
		%			%				
Manufacturing	41	19	40	47	17	36	53	23	24
Construction	76	20	4	78	18	4	70	23	7
Service sector [1]	56	28	16	61	26	13	64	26	10

Source: Office for National Statistics, Annual Business Inquiry (compiled by Scottish Executive)
Totals may not sum due to rounding.
[1] Service Sector coverage excludes the financial sector and some of the public sector.
[2] UK excluding Scotland.

Chart A4.1: Shares of gross value added by sector and ownership, 2002



Source: Office for National Statistics, Annual Business Inquiry (compiled by Scottish Executive)

Productivity (GVA per employee) and other indicators by ownership and sector

Within manufacturing, productivity and labour costs per employee are lowest in Scottish owned businesses. In the service sector, productivity and labour costs per employee are highest in foreign-owned firms. This is not the case in the construction sector, where there are relatively few foreign-owned firms. In construction, productivity and labour costs per employee are highest for firms owned in the UK (excluding Scotland).

Net capital expenditure per employee in manufacturing was highest in firms owned in the UK excluding Scotland in 2002. Given this, it is slightly unexpected that the figure for labour productivity for these firms is not higher. Normally firms with a higher capital stock would be expected to have higher labour productivity, as the marginal productivity of labour is improved. However, the figures here are for capital expenditure in a single year rather than total capital stock, so may not be telling the whole story. In the mid 1990s, when this data was last available, both net capital expenditure per employee and labour productivity was highest in foreign owned firms. Until data are available for future years it is not possible to tell if the 2002 figures are atypical or indicate a sustained change in behaviour. In the service sector, there is relatively little difference in net capital expenditure per employee between the different ownership groups.

Table A4.2: Productivity and other per employee measures, by sector and ownership, 2002

	Gross Value Added at Basic Prices (£ per employee)			Total Labour Costs (£ per employee)			Net Capital Expenditure (£ per employee)		
	Scotland	UK[2]	Abroad	Scotland	UK[2]	Abroad	Scotland	UK[2]	Abroad
Manufacturing	35,600	53,900	59,000	20,600	28,400	26,200	3,600	6,700	3,600
Construction	31,700	46,000	30,200	19,500	26,600	19,900	1,600	3,300	3,300
Services[1]	25,000	24,300	30,500	14,800	14,000	18,200	4,300	4,100	4,000

Source: Office for National Statistics, Annual Business Inquiry (compiled by Scottish Executive)
Totals may not sum due to rounding.
[1] Service Sector coverage excludes the financial sector and some of the public sector.
[2] UK excluding Scotland.

Variations in industry sectors

When the data are analysed at a two digit SIC level, it is clear that some sectors are relatively more dependent than others on particular categories of ownership. The level of dependency has been assessed in terms of the percentage of GVA, turnover and net capital expenditure that each category of ownership contributes to the sector as a whole.

Sectors with high levels of foreign ownership

- SIC 11 Oil and gas extraction
- SIC 30 Manufacture of office machinery and computers
- SIC 32 Manufacture of radio, television and communications equipment

Sectors with high levels of UK excluding Scottish ownership

- SIC 23 Manufacture of coke, refined petroleum products, nuclear fuel
- SIC 35 Manufacture of transport equipment (other than motor vehicles)
- SIC 62 Air Transport
- SIC 64 Post and communications

Sectors with high levels of Scottish ownership

- SIC 41 Water
- SIC 70 Real estate activities
- SIC 80 Education (excluding local and central government)
- SIC 90 Sewage and refuse disposal
- SIC 93 Other service activities

The financial sector

As noted above, these figures exclude the financial sector, which is not covered by the Scottish Annual Business Statistics. Other work by the Scottish Executive suggests that there are around 80 foreign-owned enterprises in this sector (accounting for 6% of enterprises in financial services, and 5% of all foreign owned enterprises in Scotland). These enterprises have around 16,700 employees (15% of total employees in financial services, and 8% of employees in all foreign owned enterprises in Scotland). The financial sector has a higher than average proportion of employees in foreign owned firms. However, the proportion is not as high as in some other sectors, particularly manufacturing and mining and quarrying.

Out of the top 100 firms in Scotland, around 15 are in the financial sector, and of these around one third are foreign owned.

Variations in ownership within Scotland

In terms of the percentage of overall GVA, turnover, and net capital expenditure that they contribute, some local authority areas within Scotland are relatively more dependent on firms within one category of ownership than others. This in turn is influenced by the mix of industries within each local authority area.

Local authority areas with high levels of foreign ownership

- Aberdeen (influenced by oil and gas sector)
- Orkney Islands (influenced by oil and gas sector)
- Renfrewshire (influenced by computer sector)
- Inverclyde (influenced by computer sector)

Local authority areas with high levels of UK excluding Scottish ownership

- Dumfries and Galloway
- Edinburgh
- Falkirk

Local authority areas with high levels of Scottish ownership

- East Lothian
- Moray
- Perth and Kinross
- Scottish Borders

Country of ownership

Of the overall GVA produced by companies covered by the Scottish Annual Business Statistics, the largest contribution by non-UK owned firms is made by USA-owned firms (12%). This is about 3 times the contribution of the next largest contributor (the Netherlands), and about 6 times the contribution of each of the third and fourth largest contributors (France and Canada).

Historic comparisons

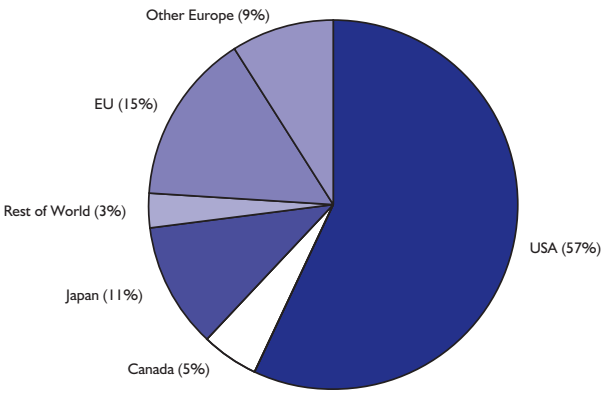
Some historic figures on ownership are available. In most cases, these cover the manufacturing sector only, and the longest time series available relate to employment. Some of these figures are given below.

Employment in foreign-owned manufacturing firms: 1996 and 2002

The charts below show the share of foreign owned employment accounted for by individual countries and groups of countries in 1996 and 2002. These relate to manufacturing firms only, with 11 or more employees (the basis on which the figures for 1996 are available). The EU proportions shown relate to the countries in the EU at these dates, i.e. before enlargement in 2004.

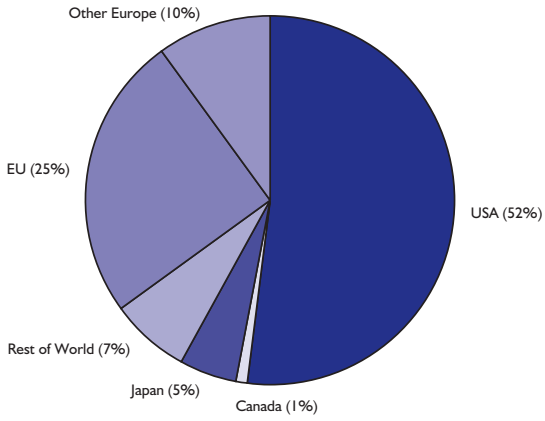
Overall manufacturing employment fell between 1996 and 2002, with employment in foreign owned firms falling from 81,750 to 69,630. Within the smaller total, the USA remains by far the most important country in terms of employment, but its share has fallen between 1996 and 2002, as have the shares of Canada and Japan. EU-owned companies now account for a quarter of employment, up from 15% in 1996.

Chart A4.2: Scottish employment in foreign-owned companies, by country 1996



Source: Scottish Register of Employment

Chart A4.3: Scottish employment in foreign-owned companies, by country 2002



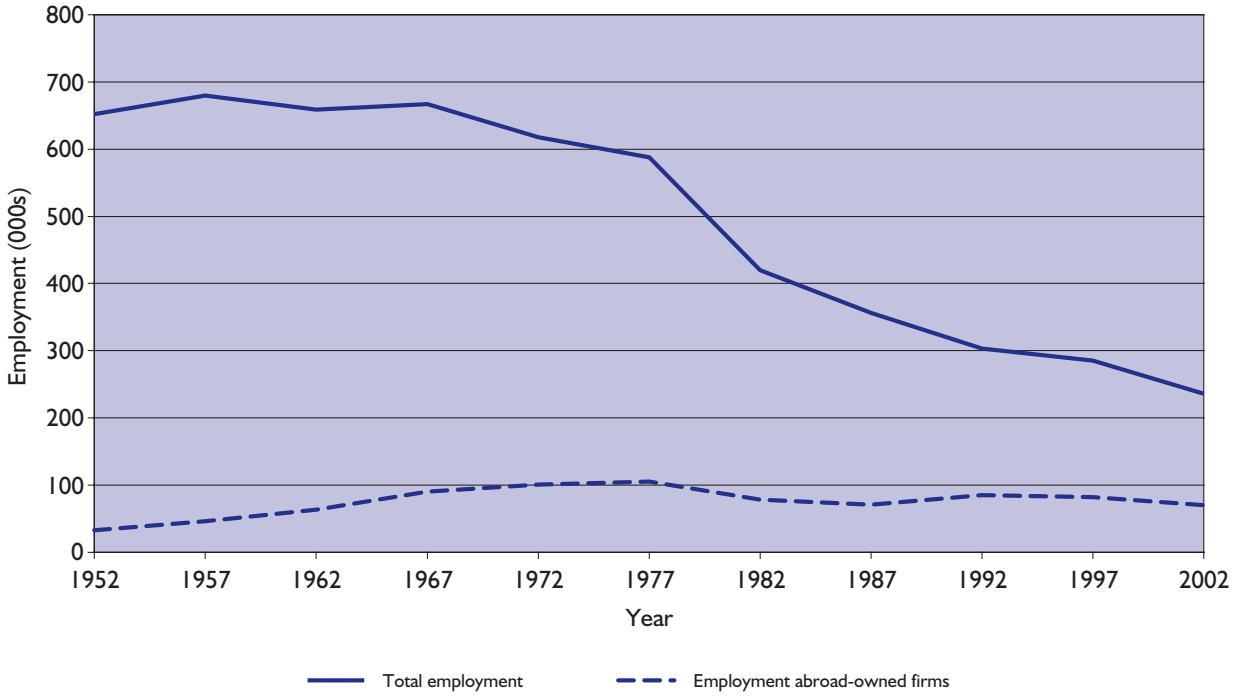
Source: Office for National Statistics, Annual Business Inquiry (compiled by the Scottish Executive)

Employment in foreign-owned manufacturing firms: 1952 to 2002

The chart below shows the trend in employment in manufacturing units with 11 or more employees from 1952 to 2002. Overall employment has fallen markedly over this period, particularly since the early 1970s. Employment in foreign-owned manufacturing firms peaked in 1974 before falling back. The resurgence in the late 1980s and early 1990s was due to the growth in the electronics sector, with employment falling again from the late 1990s.

The decline in manufacturing employment has been much less severe in foreign owned firms than in the sector as a whole. The proportion of manufacturing employment in foreign owned firms has risen relatively steadily from around 5% in the early 1950s to around 30% in 2002. This may suggest that more productive foreign owned firms can survive difficult market conditions better than less productive UK owned firms.

Chart A4.4: Employment in Scottish manufacturing industry, 1952-2002



Sources: Scottish Register of Employment (for 1952-1997) &
Office for National Statistics, Annual Business Inquiry (for 2002) (compiled by Scottish Executive)
Note: only includes units with more than 10 employees.


2005
part B
Economic Accounts
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Public Sector

chapter one: **Economic Accounts**

GDP growth

Over the year ending in June 2005, Scottish GDP (Gross Domestic Product at Basic Prices) grew by 2.1 per cent against the previous year. The Service sector was largely responsible for the overall growth, demonstrating an annual growth of 2.9 per cent. The production sector declined by 0.8 per cent over the same period, largely due to a sustained fall in Mining & Quarrying output, although this industry exhibited growth in the latest quarter. Table 1.1 shows the annual values of the GDP index since 1995 by detailed industry, along with the latest annual growth estimates.

Industry sectors with largest annual growth (to 2005 Q2)

- Banking 15.0%
- Transport Equipment 10.5%
- Chemicals and Manmade Fibres 7.0%
- Communications 5.5%
- Real Estate & Business 4.6%
- Financial Services 4.6%

Industry sectors with largest annual negative growth (to 2005 Q2)

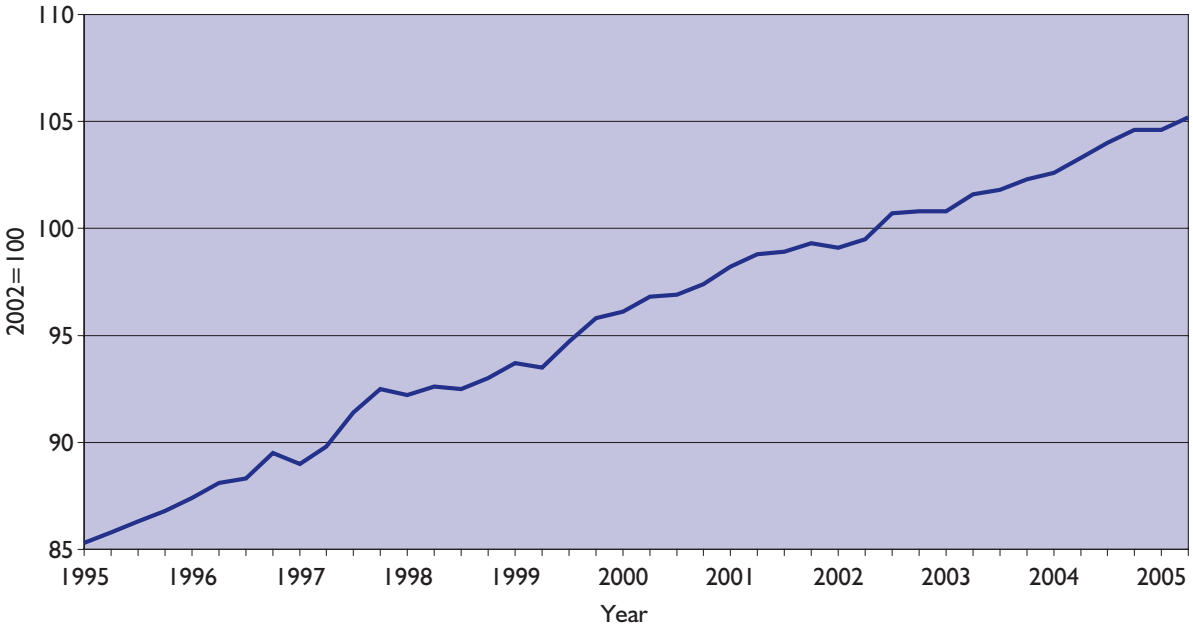
- Textiles, Footwear, Leather etc. -15.4%
- Mining & Quarrying -8.1%
- Electrical & Instrument Engineering -8.0%
- Drink -1.5%

Since 2000, Scottish GDP has grown by 8.7 per cent equating to an average annual growth rate of 2.4 per cent. Chart 1.2 shows the change in annual growth rate since 1998 for production, services and overall GDP. Since 1999, the growth rate for GDP as a whole has remained essentially constant at around 1.5 to 2 per cent. Since the end of 2000, the production sector has experienced negative annual growth consistently over the period, largely due to the contraction of the electronics sector. The rate of decline in production exceeded 7% in 2002 Q2 and is now showing signs of stability. Conversely, the service sector has acted to offset the decline in the production sector by showing strong annual growth consistently over the period reaching a peak of 5.3% in 2002 Q2.

The service sector is the largest sector in the Scottish economy, accounting for 68.8 per cent of GDP, while production accounts for 23.5 per cent. Construction and Agriculture, Forestry & Fishing contributing the least to the overall GDP (5.8 and 1.8 per cent respectively). The relative importance of industries to the economy as a whole has changed over time, with the service sector growing in importance and production, construction and agriculture, forestry & fishing reducing – see chart 1.3.

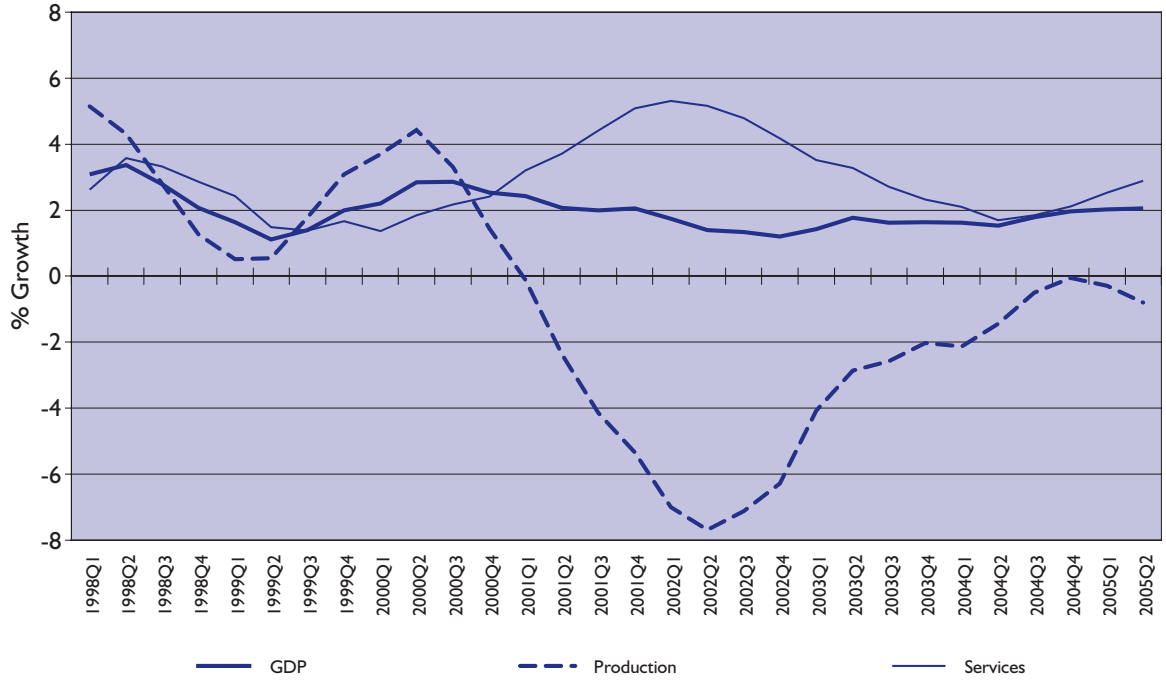
Further analysis of recent trends can be found in the current Scottish Economic Report.

Chart 1.1: Scottish GDP Index 1995 Q1 - 2005 Q2



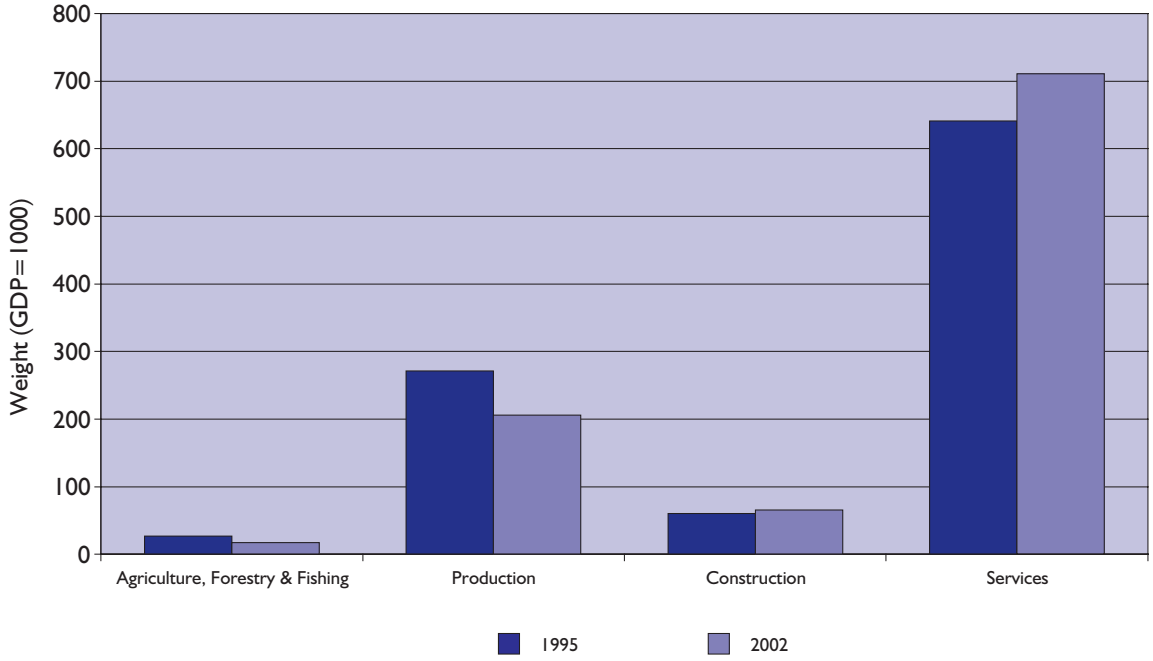
Source: Scottish Executive

Chart 1.2: Year on Year GDP Growth, 1998 Q1 to 2005 Q2



Source: Scottish Executive

Chart 1.3: GDP Weights of Main Industries, 1995 and 2002



Source: Scottish Executive

Value of GDP

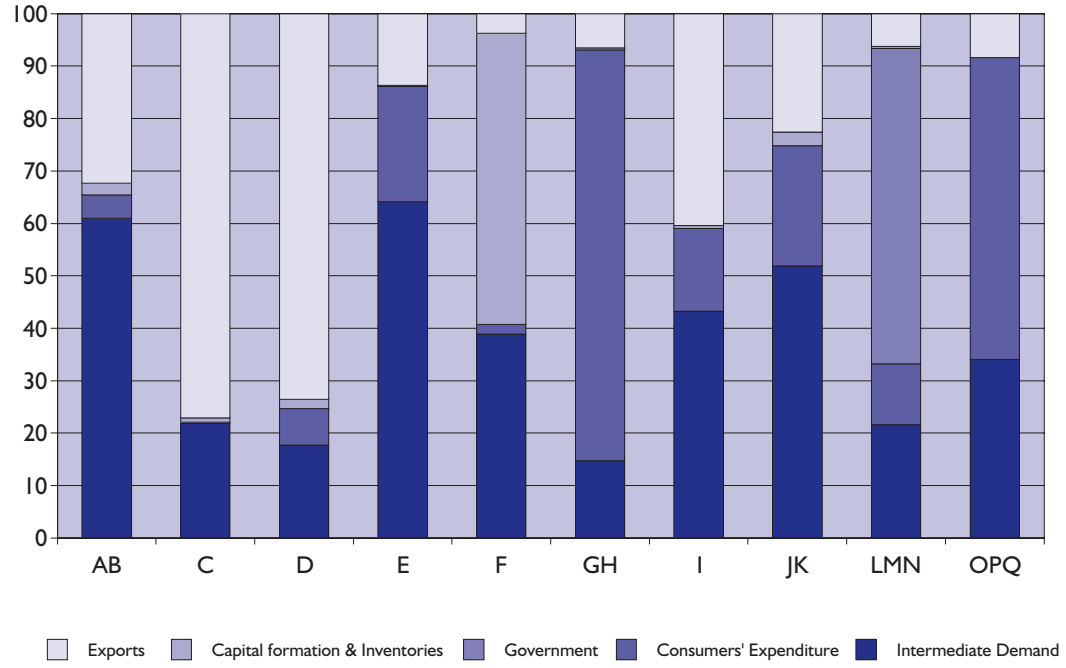
The above section describes the quarterly index of Scottish GDP at basic prices (known as Gross Value Added (GVA) under ESA 95). This is produced by the Scottish Executive 17 weeks after the end of the relevant quarter, and provides an indicator of economic growth. It does not, however, provide a monetary value for GDP. An estimate of this in current prices is provided by the Office for National Statistics Regional Accounts. The Regional Accounts take UK totals from the National Accounts, and apportion these to the regions of the UK. Scottish GVA was estimated as **£78 billion** in 2003. Estimates for 1995 to 2003 are shown in table 1.2. Table 1.3 gives a breakdown by geographical (NUTS 3) area for 1995 to 2002. The next release of Regional Accounts GVA data by ONS is expected in December 2005, and can be found on the ONS website at http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=7359.

The Scottish Economic Report discusses comparisons of Scotland with the other parts of the UK.

Supply and Demand

The Scottish input-output tables provide a detailed snapshot of the supply and demand linkages that exist within the economy. Table 1.4 shows that total Scottish output at purchaser's prices for 2001 was £152 billion. Of this, one third (£50 billion) was exported from Scotland, one third (£50 billion) was consumed by Scottish industries during their production process, 16 per cent (£24 billion) by consumers and 13 per cent (£20 billion) by government. Chart 1.4 shows that the picture is different for individual industries, with around three-quarters of mining & quarrying and manufacturing products being exported, while over 90 per cent of distribution & catering products were consumed within Scotland.

Chart 1.4: Demand for Domestic Commodities



Source: Scottish input-output tables, 2001

Key to commodities shown in chart 1.4

AB	Agriculture, Forestry & Fishing
C	Mining & Quarrying
D	Manufacturing
E	Energy & Water
F	Construction
GH	Distribution & Catering
I	Transport, Storage & Communications
JK	Financial & Business
LMN	Public Admin etc
OPQ	Other Services

The primary purpose of the Supply table (table 1.5) is to show the monetary value of goods and services (commodities) produced by each industry in Scotland in 2001, along with the supply of commodities through imports. The supply of commodities is presented in the rows while the columns show the industries responsible for the output of these commodities. The distinction between industries and commodities is important; individual firms and organisations are classified according to the products they make. If an industry produces more than one product, it is classified according to whichever product accounts for the largest proportion of its output. Each industry produces what is termed to be its principal product (shown in the diagonal elements in the table 1.5) and many industries also produce a range of other commodities referred to as secondary production (shown in the off-diagonal cells). Some industries such as Public Admin almost exclusively produce their principal product, whereas industries such as Distribution & Catering are more diversified.

The Domestic Use matrix (table 1.6) shows the purchases of commodities made by each industry required in order to produce its output, as well as the purchases of each domestic product by final markets. In previous years, the input-output GVA was constrained to the Office for National Statistics Regional Accounts GVA at the Scotland level. However, in 2001, the input-output GVA and

Compensation of Employees were both constrained to Regional Accounts at the 32 industry group level.

For the analysis of industry linkages and economic impacts, it is more meaningful to represent the Use matrix in Industry by Industry (IxI) (table 1.7) form, although a Commodity by Commodity matrix is also produced. The columns of the IxI matrix show purchases made by industries from each industry, and final demand for each Scottish industry's output arising from both principal and secondary production.

Industry Multipliers

The input-output model provides the tools to follow the final demand changes through the whole economy and estimate the total effect on the Scottish economy. It enables analysis of the effect of different types of changes in final demand, for example, the closure or opening of a company, an increase in consumer spending due to a change in (for example) disposable income, or an increase in exports. In addition, the input-output model includes sets of industry level multipliers, to reflect that the total impact on output will vary according to the industry which experiences the initial change in demand.

There are different types of effects; direct, indirect and induced. If there is an increase in final demand for a particular commodity, it can be assumed that there will be an increase in the output of that commodity, as producers react to meet the increased demand; this is the direct effect. As these producers increase their output, there will also be an increase in demand on their suppliers and so on down the supply chain; this is the indirect effect. As a result of the direct and indirect impacts, the level of household income throughout the economy will increase as a result of increased employment. A proportion of this increased income will be re-spent on final goods and services: this is the induced effect. The industry multipliers measure these impacts on each industry – Type I multipliers measure the direct and indirect effects, Type II multipliers also measure the induced effect.

Separate multipliers measure the effect of change in industry output, employment (number of FTE jobs) and income from employment. The output multiplier, and employment and income effects show the impact which a change in an industry's final demand would have on the total output, number of jobs, and income from employment throughout the Scottish economy. The income multiplier shows the increase in income from employment resulting from a unit increase in income from employment (i.e. compensation of employees). The employment multiplier shows the increase in employment resulting from an increase in final demand sufficient to create 1 additional job (FTE) in that industry.

There are a number of assumptions which are made in the production of industry multipliers. When looking at the effects of changes on the Scottish economy, the model assumes that output would be reduced in line with the reduction in demand. However, it is possible that, following the decrease in final demand for a product, an industry would use its spare resource to increase output of another product. In addition, the industry multipliers provide an estimate of the impact of change by assuming that the industries and consumers will follow current purchasing patterns.

The following hypothetical examples illustrate the effect which a change in the number of jobs and the final demand would have on two industries.

Example 1

A company opens in the "Insurance and Pension Funding" industry (IOC 101), employing 80 people on a full-time basis. The creation of the 80 full time jobs is the direct impact, the number of jobs created by indirect and induced effects are calculated below.

- The increase in jobs due to direct and indirect effects is calculated by multiplying the direct increase in jobs (80 FTE) by the "Insurance and Pension Funding" Type I employment multiplier (3.092), giving 247 new full-time equivalent jobs. Subtracting the initial direct job increase gives the increase in jobs throughout the Scottish economy due to indirect effects as 167 (FTE).
- The increase in jobs due to direct, indirect and induced effects is calculated by multiplying the direct increase in jobs (80 FTE) by the "Insurance and Pension Funding" Type II employment multiplier (3.619) giving 290 FTE jobs. As 247 FTE jobs are as a result of direct and indirect effects, it is estimated that 43 further jobs will be created as a result of this induced demand.

Example 2

The following example looks at the effect of an additional £7 million of exports to the Rest of the World by the "Manufacturing of Ceramic Goods" industry (IOC 50). The direct impact on the industry is an increase in total output by £7 million to meet this additional final demand. The other effects are calculated as follows:

- The change in output due to direct and indirect impacts is calculated by multiplying the direct output change (£7m) by the Type I output multiplier for this industry (1.369), giving an increased output of £9.58 million (of which £2.58 million would be due to indirect effects).
- The change in employment resulting from this additional output is calculated by multiplying the direct output change (£7m) by the Type I employment effect for this industry, giving 118 FTE jobs created directly and indirectly throughout the Scottish economy.
- If employment were to rise, it is expected that there would be an associated rise in household income as these new posts are filled. The income effects estimate the effect of the direct change in output upon household income in Scotland – this is calculated by multiplying the direct output change (£7m) by the Type I income effect for this industry (0.49) to give an estimate of £3.4m of the direct + indirect income changes resulting from this additional output.

Direct, indirect and induced effects can be estimated using the Type II multiplier, rather than the Type I multiplier in the above calculations.

The 2002 Input-output Tables are scheduled to be published on 30th November 2005. These tables will be available at http://www.scotland.gov.uk/Topics/Statistics/14713/484. Further information about the Scottish Input-output tables can be obtained from Maria Melling (maria.melling@scotland.gsi.gov.uk) or Donna Hosie (donna.hosie@scotland.gsi.gov.uk).

Scottish Exports

Introduction

The two main sources of published data on Scottish exports are the annual results from Scotland's Global Connections Survey (SGCS) and the quarterly index of Scottish manufactured exports. Based on SGCS results, estimates of the value of Scottish exports for 2002 were first published in February 2004, followed by publication of 2003 estimates in December 2004. The results of the most recent survey for 2004 are planned for publication in December 2005. These export estimates cover all sectors of the economy. Tables 1.8, 1.9 and 1.10 show results from the 2003 survey by industry, destination and Local Enterprise Company (LEC) area.

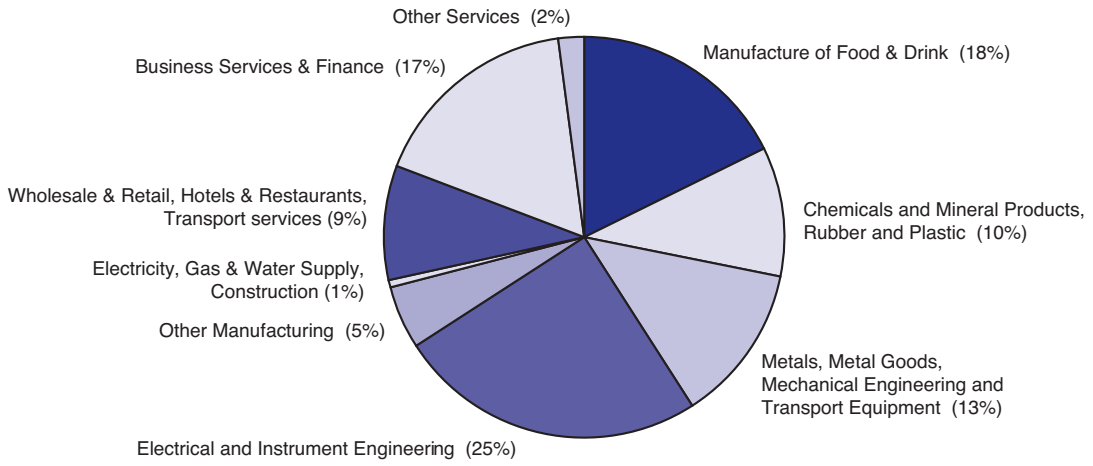
The quarterly index of Scottish manufactured exports provides estimates of changes in the level of exports from manufacturing industries over time, adjusted for inflation. Table 1.11 gives data on this by industry.

A full range of export statistics from both sources can be found on the Scottish Executive web-site at www.scotland.gov.uk/exports, along with background on estimation methodology. More detail on these and other sources is also given in article A4 of this publication which explores some of the issues around estimation of Scottish trade.

All exports

- In 2003, total Scottish exports were estimated to be £18.8 billion, of which 70 per cent (£13.1 billion) were attributable to the production and construction sector, including manufacturing. It was estimated that the service sector accounted for £5.2 billion exports (28 per cent) with an additional £0.4 billion (2 per cent) being generated by primary sector industries.
- The top five exporting industries were food and beverages (£3.3 billion – of which alcoholic beverages accounted for 80 per cent), business services (£2.4 billion), radio/television and communication equipment (£1.8 billion), office machinery (£1.6 billion) and chemicals (£1.5 billion). Overall these accounted for 56 per cent of total exports.
- Manufactured exports were estimated at £12.8 billion (68 per cent of total exports) and accounted for nearly all exports in the production and construction sector. Within the manufacturing sector, the electronics industry as a whole (defined as SIC divisions 30 - 33) had estimated exports of £4.6 billion, accounting for 36 per cent of manufactured exports (24 per cent of total exports).
- The top exporting service sectors were business services (£2.4 billion – 48 per cent of total service exports), wholesale/retail & repairs and hotels & restaurants (£1.1 billion – 22 per cent of total services exports), transport (£0.5 billion – 10 per cent of total service exports) and financial intermediation (£0.8 billion – 15 per cent of total service exports).
- The value of exports to the European Union was estimated at £10.1 billion (54 per cent) with the remaining £8.6 billion (46 per cent) going to the rest of the world. The top destination for Scottish exports was USA, which accounted for an estimated £2.5 billion exports (15 per cent of total exports). The second largest exports destination was Germany which accounted for an estimated £1.9 billion exports (10 per cent of total exports) and thirdly, France which accounted for an estimated £1.2 billion exports (7 per cent of total exports).

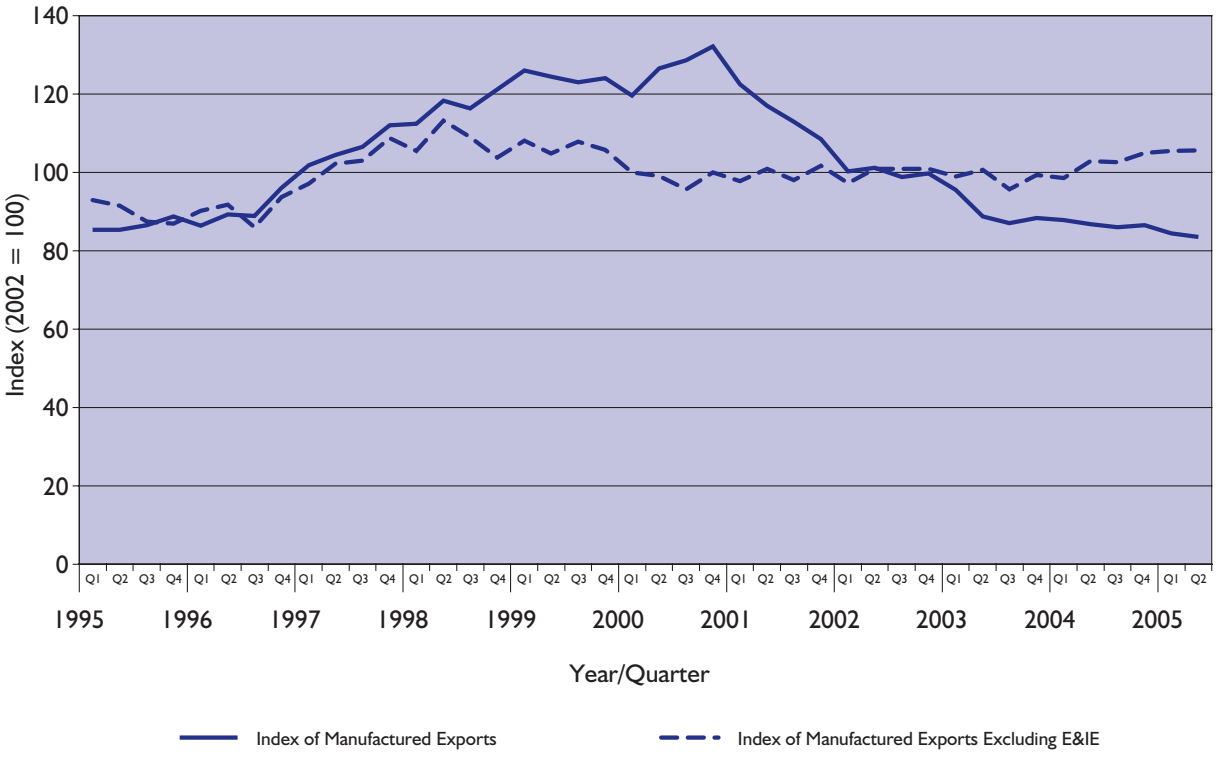
Chart 1.5: Scottish Exports by Industry, 2003 P



Source: Scottish Executive

Note: PFigures are based on provisional data

Chart 1.6: Index of Manufactured Exports 1995 Q1 - 2005 Q2



Manufactured exports growth

Scottish manufactured export sales fell by 1.0 per cent in real terms in 2005 Q2 and decreased by 2.7 per cent over the year to 2005 Q2. Over the year the main industry driving the decline in exports sales was electrical and instrument engineering (E&IE) with an annual fall of 16.8 per cent, followed by chemicals (-3.3%) and textiles, fur and leather (-3.5%). The main growth industries were transport equipment (+19.6%) and drink (+4.6%). Over the quarter the main industries driving the decline were E&IE (-3.6%), chemicals (-8.5%) and food and tobacco (-12.7%). The main industries showing growth in real terms were drink (+2.3%), metals (+6.5%) and mechanical engineering (+4.4%).

Since the exports peak of 2000 Q4, the level of manufactured export sales has fallen by 36.8 per cent in real terms. This represents an average quarterly decline of 2.5 per cent. Chart 1.6 displays the scale of the decline since this point and indicates that in recent quarters the rate of decline has slowed. Without E&IE, the level of manufactured exports displays greater stability, as shown in Chart 1.6, and has increased by 7.0 per cent since 2000.

Table 1.1: Gross Value Added at basic prices by category of output, 1995 to 2005 Q2 — 2002 = 100

Industry	2002 weights	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 (first 2 quarters)	Percentage change latest 4 quarters on preceding 4 quarters
All Industries	**1000.0**	**86.0**	**88.3**	**90.7**	**92.6**	**94.4**	**96.8**	**98.8**	**100.0**	**101.6**	**103.6**	**105.2**	**2.1**
Agriculture, Forestry & Fishing	**16.9**	**93.4**	**93.5**	**92.5**	**95.8**	**97.2**	**98.8**	**97.5**	**100.0**	**101.9**	**106.6**	**106.6**	**2.2**
Agriculture & Forestry	14.1	93.0	91.6	89.5	93.2	96.0	98.8	96.4	100.0	103.8	109.0	110.0	2.9
Fishing	2.8	95.4	103.5	110.0	111.2	103.3	98.8	102.2	100.0	92.4	94.6	89.7	-2.2
Production	**205.9**	**98.4**	**101.2**	**106.5**	**107.8**	**111.1**	**112.7**	**106.7**	**100.0**	**98.0**	**97.9**	**96.1**	**-0.8**
Mining & Quarrying	**16.8**	**92.2**	**95.2**	**99.1**	**97.5**	**101.5**	**104.5**	**101.4**	**100.0**	**97.6**	**91.5**	**85.1**	**-8.1**
Deep coal, opencast and other mining	3.1	78.1	86.3	97.3	100.0	101.4	110.9	115.6	100.0	98.4	96.3	98.2	1.8
Extraction of oil and gas	13.7	95.4	97.1	99.5	97.1	101.8	103.3	98.4	100.0	97.4	90.4	82.1	-10.3
Manufacturing	**161.2**	**100.1**	**102.9**	**108.0**	**109.6**	**112.2**	**114.7**	**108.5**	**100.0**	**97.7**	**98.0**	**97.3**	**-0.5**
Food, Drink & Tobacco	**31.8**	**110.5**	**108.5**	**104.5**	**96.8**	**96.7**	**97.8**	**102.6**	**100.0**	**101.1**	**101.9**	**102.0**	**-0.7**
Meat and fish processing	6.1	93.8	92.4	87.3	87.8	86.5	92.7	98.1	100.0	103.3	108.5	108.1	4.7
Miscellaneous foods	10.2	126.3	128.2	115.0	95.9	94.9	94.6	100.4	100.0	95.8	94.7	95.0	-3.1
Drink	**15.6**	**109.6**	**104.6**	**107.3**	**102.4**	**103.5**	**102.8**	**106.6**	**100.0**	**103.7**	**104.0**	**104.3**	**-1.5**
Spirits	13.1	104.5	101.3	105.3	99.9	100.9	103.6	108.2	100.0	105.1	105.4	106.6	-0.8
Brewing and soft drinks	2.5	122.8	113.1	113.4	109.4	111.1	100.0	100.6	100.0	96.6	96.7	92.3	-4.9
Textiles, Footwear, Leather etc.	**6.8**	**159.2**	**164.9**	**168.5**	**153.1**	**140.5**	**132.5**	**117.9**	**100.0**	**92.6**	**84.1**	**74.2**	**-15.4**
Textiles	4.6	146.0	148.7	144.4	134.8	126.3	120.6	113.0	100.0	98.5	93.8	84.1	-12.5
Footwear, leather and clothing	2.2	185.6	195.1	207.4	184.0	165.8	153.8	126.1	100.0	80.0	63.3	53.1	-23.9
Paper Printing & Publishing	**17.2**	**106.7**	**106.2**	**115.7**	**117.5**	**116.4**	**111.7**	**103.9**	**100.0**	**95.9**	**96.8**	**101.0**	**2.9**
Pulp, paper and paper products	7.0	115.6	110.7	115.0	104.8	103.1	111.7	102.9	100.0	96.7	101.9	107.0	8.9
Publishing and printing	10.2	103.0	106.0	118.9	127.3	126.5	111.8	104.7	100.0	95.4	93.3	96.9	-1.5
Refined petroleum and nuclear fuels	**2.6**	**90.5**	**96.3**	**93.4**	**94.3**	**98.5**	**94.0**	**90.7**	**100.0**	**103.7**	**111.5**	**104.5**	**0.2**
Chemicals & Manmade Fibres	**14.9**	**66.6**	**76.3**	**85.4**	**86.2**	**91.9**	**89.1**	**98.4**	**100.0**	**93.3**	**93.5**	**97.0**	**7.0**
Basic chemicals and pesticides	7.8	66.3	63.4	75.6	75.0	72.4	80.1	88.6	100.0	96.1	94.2	98.7	6.4
Pharmaceutical products, soap and detergents	4.5	67.1	94.9	103.6	106.5	121.4	104.3	109.9	100.0	88.7	85.6	87.5	1.9
Other chemical products (including paints, varnishes and printing inks)	2.7	67.6	77.1	66.4	63.7	63.2	78.8	99.1	100.0	93.0	104.7	108.0	16.4
Metals & Metal Products	**14.4**	**111.4**	**114.7**	**117.9**	**131.2**	**119.5**	**105.1**	**99.0**	**100.0**	**92.8**	**91.8**	**93.0**	**0.3**
Basic metals	2.1	115.9	109.4	112.4	112.4	104.7	101.9	98.3	100.0	93.3	81.8	77.1	-7.5
Fabricated metal products	12.3	109.8	116.0	119.2	136.3	123.5	105.7	99.1	100.0	92.7	93.5	95.8	1.5
Mechanical engineering	**11.6**	**125.5**	**119.1**	**117.7**	**115.3**	**111.6**	**115.0**	**108.7**	**100.0**	**93.6**	**94.7**	**96.7**	**2.4**
Electrical & Instrument Engineering	**32.5**	**82.6**	**87.3**	**103.3**	**114.2**	**130.7**	**150.1**	**125.2**	**100.0**	**95.5**	**92.6**	**84.9**	**-8.0**
Office equipment and computers	7.7	71.1	80.4	98.7	117.9	140.7	154.5	149.2	100.0	81.6	68.6	63.1	-18.1
Other electrical machinery	7.1	96.1	105.8	112.9	106.0	108.0	139.0	121.2	100.0	95.1	96.9	86.4	-2.1
Radio, television and communications equipment	9.1	97.7	97.1	122.4	134.9	163.0	200.9	136.9	100.0	101.7	97.6	81.7	-12.3
Medical, precision and optical equip	8.6	93.6	98.9	99.1	104.6	105.5	101.1	99.1	100.0	101.9	105.3	106.5	-1.4
Transport equipment	**10.8**	**139.8**	**156.8**	**134.3**	**139.2**	**147.6**	**147.3**	**126.8**	**100.0**	**104.8**	**119.5**	**123.3**	**10.5**

Table 1.1: (continued)

Industry	2002 weights	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 (first 2 quarters	Percentage change latest 4 quarters on preceding 4 quarters
Other Manufacturing Industries	**18.5**	**112.0**	**108.6**	**108.1**	**102.9**	**99.7**	**102.7**	**101.9**	**100.0**	**104.3**	**103.0**	**104.1**	**-0.5**
Wood and wood products	3.9	102.6	92.7	95.9	96.0	94.8	94.9	94.6	100.0	100.0	103.0	107.9	3.0
Rubber and plastic products	6.1	117.1	108.9	102.0	101.3	102.4	104.9	100.8	100.0	98.5	103.4	104.3	1.3
Other non-metallic mineral products	4.6	115.2	115.8	116.3	106.5	94.5	92.0	95.5	100.0	101.2	97.3	94.7	-3.5
Miscellaneous manufacturing	3.9	114.0	123.0	128.6	113.0	111.1	127.1	124.5	100.0	121.4	109.2	110.8	-3.2
Electricity gas and water supply	**27.9**	**93.3**	**96.3**	**103.5**	**105.5**	**112.3**	**107.0**	**100.1**	**100.0**	**99.6**	**101.5**	**95.4**	**1.6**
Construction	**65.9**	**96.4**	**100.3**	**101.8**	**98.2**	**99.2**	**108.0**	**105.7**	**100.0**	**105.6**	**111.4**	**113.1**	**1.6**
Services	**711.2**	**81.6**	**83.7**	**85.3**	**87.7**	**89.2**	**91.3**	**96.0**	**100.0**	**102.3**	**104.5**	**107.1**	**2.9**
Retail & Wholesale	**115.9**	**91.3**	**93.2**	**92.8**	**93.9**	**98.2**	**96.8**	**96.9**	**100.0**	**100.5**	**102.5**	**104.7**	**2.8**
Sale, maintenance and repair of motor vehicles; sale of fuel	18.8	91.8	94.1	101.2	98.9	100.0	96.2	98.8	100.0	105.6	113.9	114.8	4.6
Wholesale	39.7	98.7	104.2	104.9	97.8	98.0	99.6	99.5	100.0	91.4	90.6	90.5	2.5
Retail	57.5	85.9	85.3	80.9	88.7	97.7	95.3	94.7	100.0	105.1	106.9	111.2	2.4
Hotels & Catering	**38.9**	**92.2**	**95.1**	**99.2**	**99.4**	**94.9**	**93.6**	**97.6**	**100.0**	**100.0**	**100.6**	**103.5**	**1.8**
Hotels & accommodation	14.9	101.7	107.9	107.8	111.0	103.3	97.4	100.1	100.0	100.3	101.0	108.6	4.4
Restaurants, canteens and catering	14.6	76.2	75.5	82.7	83.2	79.9	87.5	96.7	100.0	98.9	97.8	102.2	1.6
Bars	9.4	104.5	109.4	113.1	108.2	106.1	97.4	95.3	100.0	101.4	104.3	97.3	-1.9
Transport, Storage & Communications	**77.0**	**69.1**	**72.6**	**77.5**	**81.3**	**84.4**	**86.6**	**96.3**	**100.0**	**100.8**	**102.8**	**106.5**	**4.3**
Land & water transport	24.5	110.8	111.9	118.9	115.2	114.1	109.6	102.5	100.0	97.9	104.5	107.3	5.6
Air transport	3.7	67.2	71.0	77.9	82.5	86.4	91.1	94.8	100.0	105.0	111.8	116.7	5.5
Transport support activities (inc. travel agencies)	23.5	70.4	72.0	77.2	81.2	74.2	80.3	93.8	100.0	101.7	96.6	99.0	1.2
Post and courier activities	6.8	96.9	96.2	98.3	97.2	98.0	98.1	101.3	100.0	101.1	103.9	102.7	2.4
Telecommunications	18.6	30.5	36.5	39.7	47.1	62.7	66.7	90.3	100.0	102.6	106.1	114.3	6.7
Financial Services	**63.5**	**59.8**	**60.7**	**64.5**	**66.7**	**73.1**	**84.0**	**95.5**	**100.0**	**103.0**	**109.7**	**111.4**	**4.6**
Banks and building societies	29.0	63.0	63.7	66.1	70.3	76.5	80.5	89.3	100.0	103.9	115.0	127.2	15.0
Insurance and pension funding	34.5	57.8	58.9	64.2	64.4	71.1	87.0	101.5	100.0	102.2	105.2	98.0	-4.3
Real Estate & Business Services	**180.4**	**74.6**	**78.0**	**79.9**	**84.0**	**83.5**	**87.1**	**92.8**	**100.0**	**104.1**	**107.2**	**111.7**	**4.6**
Real estate	83.1	90.0	90.2	93.4	94.6	95.0	96.1	97.3	100.0	101.3	101.9	102.6	0.7
Renting of machinery and equipment	8.1	95.2	96.2	94.8	88.4	98.4	91.8	99.4	100.0	100.1	94.6	101.3	4.2
Other business services (inc. computer services and R&D)	89.2	60.8	66.4	67.8	74.7	72.7	79.1	88.4	100.0	107.1	113.2	121.2	8.0
Public Admin, Education & Health	**219.1**	**90.0**	**90.5**	**90.9**	**91.8**	**93.7**	**94.9**	**97.2**	**100.0**	**103.0**	**106.1**	**107.9**	**2.7**
Public administration and defence	73.4	92.9	92.2	93.8	94.9	97.0	98.1	98.6	100.0	101.5	104.5	106.1	2.4
Education	65.9	85.7	84.8	85.9	87.5	90.7	93.3	96.3	100.0	102.4	105.3	107.4	2.6
Health and social work	79.8	91.2	94.1	92.5	92.5	93.0	93.5	96.8	100.0	104.9	108.2	110.0	3.0
Other Services	**54.7**	**76.6**	**80.6**	**80.3**	**86.3**	**87.9**	**88.4**	**92.4**	**100.0**	**105.7**	**104.9**	**108.3**	**-0.4**
Recreational, cultural and sporting activities	29.8	85.2	87.8	86.0	89.3	83.8	87.7	90.6	100.0	103.7	104.9	107.0	1.2
Other service activities (including waste disposal)	24.9	66.1	71.8	74.2	83.6	93.7	89.8	94.9	100.0	108.0	104.9	109.9	-2.3
Financial Services Adjustment	**-38.3**	**58.1**	**61.8**	**66.5**	**71.0**	**81.0**	**84.2**	**87.7**	**100.0**	**109.8**	**122.1**	**130.3**	**8.8**

Table 1.2: Gross Value Added by type of income and by industry[1], 1995 to 2003

£ million (current prices)

	1995	1996	1997	1998	1999	2000	2001	2002	2003[4]
All industries (total GVA)	**55,555**	**58,196**	**60,898**	**63,344**	**65,340**	**67,670**	**70,440**	**74,058**	**77,929**
By type of income									
Compensation of employees	33,861	34,871	36,580	38,688	40,748	43,684	46,438	48,791	50,967
Other income (gross operating surplus/mixed income)	21,694	23,325	24,319	24,656	24,593	23,986	24,002	25,266	26,963
By industry									
Agriculture, hunting, forestry and fishing	**1,517**	**1,454**	**1,275**	**1,208**	**1,208**	**1,225**	**1,189**	**1,253**	
All production industries	**15,053**	**16,068**	**16,802**	**16,583**	**16,304**	**16,140**	**15,705**	**15,252**	
Mining, quarrying incl oil and gas extraction	1,278	1,415	1,420	1,333	1,285	1,427	1,329	1,245	
Manufacturing	12,045	12,665	13,310	13,191	13,027	12,711	12,359	11,937	
Electricity, Gas and Water Supply	1,730	1,988	2,072	2,059	1,992	2,002	2,017	2,070	
Construction	**3,395**	**3,386**	**3,491**	**3,621**	**3,815**	**4,130**	**4,425**	**4,880**	
All services	**35,590**	**37,290**	**39,329**	**41,933**	**44,015**	**46,176**	**49,120**	**52,674**	
Wholesale and retail trade (including motor trade)	5,720	6,002	6,396	6,789	7,234	7,571	8,138	8,585	
Hotels and restaurants	1,982	2,169	2,323	2,458	2,553	2,679	2,763	2,880	
Transport, storage and communication	4,203	4,359	4,562	4,818	4,881	5,205	5,369	5,703	
Financial intermediation	2,881	2,928	2,902	3,217	2,898	3,070	3,239	4,703	
Real estate, renting and business activities	8,392	8,820	9,487	10,600	11,232	11,878	12,794	13,364	
Public administration and defence[5]	3,770	4,013	4,072	4,185	4,516	4,842	5,189	5,434	
Education	3,654	3,688	3,759	3,786	3,930	4,158	4,520	4,879	
Health and social work	4,151	4,244	4,450	4,733	5,081	5,400	5,610	5,910	
Other services	2,320	2,497	2,783	3,097	3,368	3,546	3,750	4,051	
FISIM[6]	- 1,483	- 1,430	- 1,405	- 1,750	- 1,678	- 2,173	- 2,252	- 2,835	
GVA per head, Scotland	10,885	11,428	11,980	12,476	12,883	13,366	13,909	14,651	15409
Scottish GVA as a % share of UK GDP (less continental shelf)	8.9	8.8	8.6	8.5	8.3	8.3	8.2	8.2	8.2
Scottish GVA per head; Indices (UK less continental shelf=100)	100.9	100.2	99.1	97.4	96.6	96.4	95.6	95.9	96.4

Source: Office for National Statistics, Regional Accounts

[1] The headline regional GVA series for this publication have been calculated using a five-period moving average.

[2] Estimates of regional GVA in this table are on a residence basis, where the income of commuters is allocated to where they live rather than their place of work.

[3] Components may not sum due to rounding.

[4] Provisional

[5] Public administration, national defence and compulsory social security.

[6] Financial Intermediation Services Indirectly Measured

Table 1.3: Headline[1,2,3] GVA at current basic prices, by NUTS 3 regions, 1995 and 2002

	£ million		£ per head		per head index (UK = 100)	
	1995	2002	1995	2002	1995	2002
Scotland	**55,555**	**74,058**	**10,885**	**14,651**	**101**	**96**
North Eastern Scotland	7,724	10,130	15,112	20,234	140	132
Aberdeen City, Aberdeenshire and North East Moray	7,724	10,130	15,112	20,234	140	132
Eastern Scotland	21,359	28,243	11,334	14,829	105	97
Angus and Dundee City	2,767	3,214	10,480	12,737	97	83
Clackmannanshire and Fife	3,367	4,339	8,453	10,884	78	71
East Lothian and Midlothian	1,262	1,630	7,628	9,518	71	62
Scottish Borders	983	1,111	9,278	10,345	86	68
Edinburgh, City of	7,322	10,761	16,496	24,016	153	157
Falkirk	1,546	1,908	10,837	13,106	100	86
Perth & Kinross and Stirling	2,240	2,833	10,388	12,801	96	84
West Lothian	1,872	2,448	12,588	15,301	117	100
South Western Scotland	23,413	31,811	10,029	13,943	93	91
East & West Dunbartonshire and Helensburgh & Lomond	1,645	2,105	7,060	9,246	65	61
Dumfries & Galloway	1,360	1,690	9,154	11,476	85	75
East Ayrshire and North Ayrshire Mainland	2,224	2,500	8,743	10,043	81	66
Glasgow City	8,024	11,879	13,284	20,575	123	135
Inverclyde, East Renfrewshire and Renfrewshire	3,813	4,703	10,815	13,624	100	89
North Lanarkshire	2,540	3,563	7,854	11,088	73	73
South Ayrshire	1,143	1,594	10,059	14,277	93	93
South Lanarkshire	2,663	3,776	8,733	12,500	81	82
Highlands and Islands	3,059	3,874	8,193	10,524	76	69
Caithness & Sutherland and Ross & Cromarty	626	795	6,968	9,004	65	59
Inverness & Nairn and Moray, Badenoch & Strathspey	945	1,320	8,621	11,819	80	77
Lochaber, Skye & Lochalsh and Argyll and the Islands	834	1,002	8,155	9,948	76	65
Eilean Siar (Western Isles)	201	261	6,991	9,961	65	65
Orkney Islands	205	206	10,325	10,716	96	70
Shetland Islands	248	290	10,787	13,197	100	86

Source: Office for National Statistics, Regional Accounts

[1] The headline regional GVA series for this publication have been calculated using a five-period moving average.

[2] Estimates of regional GVA in this table are on a workplace basis, where the income of commuters is allocated to the region in which they work.

[3] Components may not sum to total due to rounding.

Table 1.4: Aggregate Supply and Demand Balance for Domestic Products 2001

	Domestic Product										(£ millions)
	Agriculture Forestry & Fishing	Mining	Manufacturing	Energy & Water	Construction	Distribution & Catering	Transport & Communication	Finance & Business	Public Admin etc.	Other Services	**Total**
Supply											
Domestic Ouput	3,162	2,681	33,709	5,307	9,673	19,905	11,657	35,114	32,814	1,025	155,047
Distribution trading margins	262	71	4,930	-	-	- 5,263	-	-	-	-	-
Taxes less subsides on products	- 523	- 18	2,638	91	771	532	175	1,430	365	82	5,544
Total Supply	2,901	2,734	41,277	5,398	10,445	6,347	11,832	36,544	33,179	1,108	151,764
Demand											
Intermediate Demand	1,768 61%	599 22%	7,306 18%	3,460 64%	4,060 39%	937 15%	5,117 43%	18,975 52%	7,183 22%	378 34%	49,782 33%
Final Demand											
Consumers' Expenditure	131 5%	4 0%	2,902 7%	1,187 22%	200 2%	4,970 78%	1,872 16%	8,383 23%	3,845 12%	637 57%	24,131 16%
Government	0%	0%	0%	0%	0%	0%	0%	0%	19,9 60%	- 0%	19,971 13%
Capital formation & Inventories	65 2%	23 1%	691 2%	14 0%	5,794 55%	23 0%	58 0%	932 3%	98 0%	0 0%	7,699 5%
Exports to Rest of UK	482 17%	762 28%	11,643 28%	737 14%	307 3%	416 7%	4,141 35%	5,672 16%	1,701 5%	91 8%	25,952 17%
Exports to Rest of World	455 16%	1,347 49%	18,736 45%	- 0%	83 1%	- 0%	644 5%	2,582 7%	381 1%	1 0%	24,229 16%
Total Demand	**2,901 100%**	**2,734 100%**	**41,277 100%**	**5,398 100%**	**10,445 100%**	**6,347 100%**	**11,832 100%**	**36,544 100%**	**33,179 100%**	**1108 100%**	**151,764 100%**

Source: Scottish Executive, Input-Output tables 2001

* Domestic output includes distributors' trading margins of imports, therefore the margin of £8,827 is deducted from the total supply.

Table 1.5: Aggregate Supply Table 2001 (Output at basic prices and Supply at purchasers' prices)

£ millions

Product	Output														Supply = Output + Imports				
	Agriculture forestry & fishing	Mining	Manufacturing	Energy & water	Construction	Distribution & catering	Transport & communication	Finance & business	Public admin etc.	Other services	Total Output at basic prices	Taxes less subsidies on products (domestic)	Distributors' trading margins on Scottish output	Total Scottish output at purchasers' prices	RUK Imports	RoW Imports	Taxes less subsidies on products (imports)	Distributors' trading margins on imports	Total supply at purchasers' prices
Agriculture, forestry and fishing	3,162	-	-	-	-	-	-	-	-	-	**3,162**	- 523	262	**2,901**	546	543	20	188	**4,196**
Mining	-	2,677	4	-	-	-	-	-	-	-	**2,681**	- 18	71	**2,734**	904	145	4	43	**3,830**
Manufacturing	28	23	33,659	-	-	-	-	-	-	-	**33,709**	2,638	4,930	**41,277**	21,162	15,608	4,104	8,597	**90,749**
Energy and water	0	-	-	5,306	-	-	-	-	-	-	**5,307**	91	-	**5,398**	538	5	9	-	**5,949**
Construction	17	17	25	55	9,393	19	94	16	38	0	**9,673**	771	-	**10,445**	701	65	64	-	**11,274**
Distribution and catering	51	- 31	1,466	19	61	18,040	77	194	27	0	**19,905**	532	- 5,263	**6,347**	1,446	857	337	- 8,827	**8,987**
Transport and communication	4	56	176	91	3	0	11,308	19	-	0	**11,657**	175	-	**11,832**	3,992	1,098	169	-	**17,091**
Finance and business	54	83	1,296	224	86	314	203	32,528	305	20	**35,114**	1,430	-	**36,544**	5,110	837	366	-	**42,856**
Public admin etc	12	-	-	-	-	21	2	9	32,770	0	**32,814**	365	-	**33,179**	726	461	147	-	**34,512**
Other services	-	-	-	-	-	-	-	-	-	1,025	**1,025**	82	-	**1,108**	390	36	72	-	**1,606**
Total	**3,328**	**2,825**	**36,626**	**5,695**	**9,543**	**18,395**	**11,684**	**32,766**	**33,140**	**1,045**	**155,047**	**5,544**	**0**	**151,764**	**35,515**	**19,653**	**5,291**	**0**	**221,050**

Domestic output includes distributors' trading margins of imports. The margin of -£8,227 million is therefore included in Total Scottish Output at purchasers' prices.

Further information on the Input-Output tables and their uses can be found at www.scotland.gov.uk/input-output

Table 1.6: Aggregate Domestic Use Matrix 2001 (purchasers' prices)

£ million

	Input of Industry												Final expenditure						
Product	**Agriculture Forestry & Fishing**	**Mining**	**Manufacturing**	**Energy & water**	**Construction**	**Distribution & catering**	**Transport & communication**	**Finance & business**	**Public admin etc.**	**Other services**	**FISIM**	**Total intermediate consumption**	**Consumers' expenditure**	**Government**	**Capital formation & inventories**	**Exports RUK**	**Exports RoW**	**Total final demand**	**Total demand for products**
Agriculture, forestry and fishing	664	-	1,017	-	5	65	9	2	7	-	-	**1,768**	131	-	65	482	455	**1,133**	**2,901**
Mining	1	47	310	119	109	4	0	4	5	0	-	**599**	4	-	23	762	1,347	**2,135**	**2,734**
Manufacturing	356	71	2,783	44	649	721	602	1,109	951	20	-	**7,306**	2,902	-	691	11,643	18,736	**33,971**	**41,277**
Energy and water	30	14	335	2,362	14	178	54	207	265	1	-	**3,460**	1,187	-	14	737	-	**1,937**	**5,398**
Construction	53	61	43	65	1,985	66	67	1,146	572	1	-	**4,060**	200	-	5,794	307	83	**6,385**	**10,445**
Distribution and catering	94	31	42	20	27	176	111	290	143	3	-	**937**	4,970	-	23	416	-	**5,410**	**6,347**
Transport and communication	126	154	465	46	70	775	1,152	1,861	454	14	-	**5,117**	1,872	-	58	4,141	644	**6,716**	**11,832**
Finance and business	128	547	1,368	397	1,194	2,024	613	7,765	2,134	126	2,679	**18,975**	8,383	-	932	5,672	2,582	**17,569**	**36,544**
Public admin etc	41	6	142	41	16	44	52	723	6,108	12	-	**7,183**	3,845	19,971	98	1,701	381	**25,996**	**33,179**
Other services	12	0	1	1	3	19	18	176	133	15	-	**378**	637	-	0	91	1	**730**	**1,108**
Total domestic purchases at purchasers' prices	**1,503**	**931**	**6,506**	**3,096**	**4,070**	**4,072**	**2,679**	**13,283**	**10,771**	**193**	**2,679**	**49,782**	**24,131**	**19,971**	**7,699**	**25,952**	**24,229**	**101,981**	**151,764**
Imports from Rest of UK	471	381	9,310	572	905	2,755	3,074	3,065	3,100	8	-	**23,639**	17,549	-	3,306	-	-	**20,855**	**44,494**
Imports from Rest of World	227	187	8,617	6	151	818	597	296	1,102	-	-	**12,002**	10,942	-	1,849	-	-	**12,790**	**24,792**
Total intermediate consumption at purchasers' prices	**2,202**	**1,499**	**24,434**	**3,674**	**5,126**	**7,644**	**6,349**	**16,645**	**14,972**	**201**	**2,679**	**85,424**	**52,622**	**19,971**	**12,853**	**25,952**	**24,229**	**135,626**	**221,050**
Taxes less subsidies on production	- 96	17	235	146	42	543	98	162	53	19	-	**1,219**							**1,219**
Compensation of employees	441	737	8,713	607	2,620	6,738	3,463	7,135	14,697	544	-	**45,694**							**45,694**
Gross operating surplus	781	572	3,244	1,268	1,755	3,470	1,775	8,824	3,418	282	- 2,679	**22,710**							**22,710**
Gross value added at basic prices	1,126	1,326	12,193	2,021	4,417	10,751	5,335	16,121	18,168	845	- 2,679	**69,623**	-	-	-	-	-	**-**	**69,623**
Output at basic prices	**3,328**	**2,825**	**36,626**	**5,695**	**9,543**	**18,395**	**11,684**	**32,766**	**33,140**	**1,045**	**-**	**155,047**	**-**	**-**	**-**	**-**	**-**	**-**	**290,674**

Further information on the Input-Output tables and their uses can be found at www.scotland.gov.uk/input-output

Table 1.7: Aggregate Industry by Industry 2001 (Basic Prices)

£ millions

Industry	Input of Industry											Final expenditure						
	Agriculture forestry & fishing	Mining	Manufacturing	Energy & water	Construction	Distribution & catering	Transport & communication	Finance & business	Public admin etc.	Other services	Total intermediate consumption	Consumers' expenditure	Government	Capital formation & inventories	Exports RUK	Exports RoW	Total final demand	Total demand for products
Agriculture, forestry and fishing	724	2	1,162	1	15	94	12	21	17	0	**2,048**	155	1	90	587	447	**1,280**	**3,328**
Mining	2	54	321	131	125	12	4	24	13	0	**686**	14	-	38	790	1,297	**2,139**	**2,825**
Manufacturing	341	68	2,779	44	653	680	481	1,138	1,075	21	**7,279**	1,393	-	636	10,588	16,731	**29,347**	**36,626**
Energy and water	33	16	348	2,456	15	202	57	228	289	1	**3,644**	1,288	-	14	748	-	**2,051**	**5,695**
Construction	43	58	34	39	1,890	66	62	1,072	530	1	**3,795**	174	-	5,262	250	62	**5,748**	**9,543**
Distribution and catering	167	50	927	50	123	371	156	326	366	4	**2,540**	12,943	3	341	863	1,705	**15,855**	**18,395**
Transport and communication	121	155	440	37	86	832	1,138	1,903	450	14	**5,178**	1,892	0	106	3,970	538	**6,507**	**11,684**
Finance and business	207	548	1,498	437	1,219	1,897	659	7,386	2,399	124	**16,374**	7,818	3	846	5,451	2,274	**16,392**	**32,766**
Public admin etc	40	6	142	42	27	57	57	785	6,118	13	**7,287**	3,861	19,856	125	1,639	372	**25,853**	**33,140**
Other services	10	0	1	1	3	19	17	169	124	14	**359**	603	0	1	82	2	**686**	**1,045**
Total domestic purchases at basic prices	**1,688**	**958**	**7,652**	**3,238**	**4,157**	**4,230**	**2,642**	**13,051**	**11,381**	**194**	**49,190**	**30,142**	**19,864**	**7,458**	**24,967**	**23,426**	**105,857**	**155,047**
Imports from Rest of UK	427	351	8,661	525	800	2,480	2,787	2,828	2,757	6	**21,623**	10,932	-	2,960	-	-	**13,892**	**35,515**
Imports from Rest of World	196	174	8,062	5	131	720	507	268	908	-	**10,973**	7,024	-	1,656	-	-	**8,679**	**19,653**
Total intermediate consumption at basic prices	**2,311**	**1,483**	**24,376**	**3,768**	**5,088**	**7,430**	**5,937**	**16,147**	**15,046**	**199**	**81,786**	**48,098**	**19,864**	**12,074**	**24,967**	**23,426**	**128,429**	**210,215**
Taxes less subsidies on products	- 12	71	500	93	278	458	565	1,088	584	12	**3,638**	4,524	107	780	985	802	**7,198**	**10,835**
Taxes less subsidies on production	- 96	17	235	146	42	543	98	162	53	19	**1,219**							**1,219**
Compensation of employees	441	737	8,713	607	2,620	6,738	3,463	7,135	14,697	544	**45,694**							**45,694**
Gross operating surplus	684	516	2,802	1,081	1,515	3,225	1,622	8,233	2,761	270	**22,710**							**22,710**
Gross value added at basic prices	1,029	1,271	11,750	1,834	4,177	10,506	5,182	15,530	17,510	834	**69,623**	-	-	-	-	-	**-**	**69,623**
Output at basic prices	**3,328**	**2,825**	**36,626**	**5,695**	**9,543**	**18,395**	**11,684**	**32,766**	**33,140**	**1,045**	**155,047**	**-**	**-**	**-**	**-**	**-**	**-**	**290,674**

Further information on the Input-Output tables and their uses can be found at www.scotland.gov.uk/input-output

Table 1.8: Total exports by industry, 2002r - 2003p[1]

Industry Groupings (2 Digit SIC Division Groups)[2]		Total Exports (£m) 2002r	2003p
01, 02, 05	Agriculture, Forestry & Fishing[3]	125	110
10, 11, 13,14	Mining, Quarrying & Extraction of Petroleum[4]	125	310
15	Manufacture of Food Products and Beverages	3,020	3,250
15.91	*Of Which Manufacture of Distilled Potable Alcoholic Beverages*	*2,310*	*2,590*
17	Manufacture of Textiles & Textile Products	295	295
18	Manufacture of Wearing Apparel; Dressing and Dyeing of Fur	55	40
19	Tanning and Dressing of Leather; Manufacture of Luggage; Handbags, Saddlery, Harness & Footwear	60	50
20	Manufacture of Wood & of Products of Wood & Cork, Except Furniture; Manufacture of Articles of Straw & Plaiting Materials	40	35
21	Manufacture of Pulp, Paper & Paper Products	295	285
22	Publishing, Printing and Reproduction of Recorded Media	100	115
23, 24	Manufacture of Coke, Refined Petroleum Products & Nuclear Fuel, Manufacture of Chemicals & Chemical Products	1,565	1,530
25	Manufacture of Rubber & Plastic Products	305	275
26	Manufacture of Other Non-Metallic Mineral Products	115	110
27	Manufacture of Basic Metals	200	200
28	Manufacture of Fabricated Metal Products, Except Machinery & Equipment	370	350
29	Manufacture of Machinery & Equipment Not Elsewhere Specified	895	965
30	Manufacture of Office Machinery & Computers	3,530	1,555
31	Manufacture of Electrical Machinery & Apparatus Not Elsewhere Specified	520	445
32	Manufacture of Radio, Television & Communication Equipment & Apparatus	1,870	1,800
33	Manufacture of Medical, Precision & Optical Instruments, Watches & Clocks	660	780
34	Manufacture of Motor Vehicles, Trailers & Semi-Trailers	105	60
35	Manufacture of Other Transport Equipment	750	765
36	Manufacture of Furniture; Manufacturing Not Elsewhere Specified	100	70
37	Recycling	30	45
40,41, 45	Electricity, Gas & Water Supply, Construction	65	105
50, 51, 52, 55	Wholesale[5], Retail & Repairs, Hotels & Restaurants	1,080	1,095
60, 61, 62, 63	Land, Water & Air Transport & Auxiliary Transport Acitivities	315	480
64	Post & Telecommunication	90	115
65,66,67	Financial Intermediation	590	750
70, 71	Real Estate & Renting	70	45
72, 73, 74	Business Services[6]	1,630	2,350
80	Education	200	205
85, 90, 91, 92, 93	Other Services[7]	75	180
	Total Exports	**19,250**	**18,760**

Source: Scottish Executive Global Connections Survey

r Revised

p Provisional

1 Figures have been rounded and may not sum to total.

2 Figures for 2002 are based the 1992 UK Standard Industrial Classification (SIC). Figures for 2003 are based on the 2003 UK SIC

3 The value of export of fishing (SIC 5.01) relating to direct lands of fish abroad has been provided by the Scottish Executive Environment and Rural Affairs Department (SEERAD) and is not derived from Scotland's Global Connections Survey (GCS).

4 In accordance with National Accounting principles figures for the 'Extraction of Petroleum' do not include the value of oil and gas extracted from the UK Continental Shelf and so companies in SIC 11.1 have not been included. Exports of services provided to the oil and gas industry by companies classified under SIC 11.2 are included.

5 Wholesale figures include the wholesale of agricultural products, fish and crustaceans & molluscs.

6 Business Services include the following activities: computer and related activities; research & development; legal-, accounting-, booking-keeping- and auditing activities; tax consultancy; market research; public opinion polling; business and management consultancy.

7 'Other Services' includes the following activities: Health and Other community activities, social and personal service activities.

Table 1.9: Top 20 destinations for Scottish exports, 2002[r], 2003[P], (£million)[1]

Destination	Total Exports[2] (£m) 2002[r]	2003[P]
European Union	10,775	9,900
of which		
Austria	195	140
Belgium	590	680
Denmark	455	350
Eire	800	1,230
Finland	195	345
France	1,815	1,245
Germany	2,270	1,935
Greece	210	185
Italy	1,040	800
Luxembourg	100	55
Netherlands	1,380	1,190
Portugal	180	140
Spain	990	1,135
Sweden	555	470
Rest of Europe	1,870	1,990
North America	2,420	2,715
Cental/South America	490	505
Middle East	805	740
Asia	1,650	1,670
Australasia	280	215
Africa	555	440
Total	**18,845**	**18,175**

Source: Scottish Executive Global Connections Survey

[r] Revised

[P] Provisional

[1] Figures have been rounded and may not sum to total.

[2] Total exports excludes the value of Financial Intermediation (SIC 61) and Water Transport (SIC 65). Currently, it is not possible to allocate exports for these sectors to detailed trade areas.

Table 1.10: Total Exports by Local Enterprise Company (LEC) area, 2002[r] & 2003[P], (£million)[1]

Local Enterprise Companies	Total Exports[2] (£m) 2002[r]	2003[P]
Argyll & the Islands	100	120
Ayrshire	1,590	1,505
Borders	240	230
Caithness & Sutherland	30	55
Dumfries & Galloway	350	340
Dunbartonshire	650	705
Edinburgh & Lothian	2,460	2,590
Fife	1,335	1,195
Forth Valley	1,065	1,205
Glasgow	1,615	1,860
Grampian	1,580	1,920
Inverness & Nairn	195	85
Lanarkshire	2,325	2,645
Lochaber	65	75
Moray, Badenoch & Strathspey	385	480
Orkney	20	25
Renfrewshire	3,890	2,645
Ross & Cromarty	150	100
Shetland	95	65
Skye & Lochalsh	25	25
Tayside	1,035	845
Western Isles	40	45
Total Exports	**19,250**	**18,760**

Source: Scottish Executive Global Connections Survey

[r] Revised

[P] Provisional

[1] Figures have been rounded and may not sum to total.

Table 1.11: Index of Scottish Manufactured Exports, in constant prices, by industry, 1995 - 2005 Q2

2000=100

SIC 2003	Total Manufacturing D	Food & Tobacco DA 15.1-15.8 & DA 16	Drink DA 15.9	Textiles, Fur & Leather DB, DC	Wood, Pulp, Paper, Publishing & Printing DD, DE	Chemicals, Coke, Refined Petroleum Products & Nuclear Fuel DF, DG	Metals & Metal Products DJ	Mechanical Engineering DK	Electrical & Instrument Engineering DL	Transport Equipment DM	Other Manufacturing DH, D1, DN
2002 Weights [1,2]	**100.0%**	**1.7%**	**15.8%**	**2.8%**	**4.2%**	**11.7%**	**4.8%**	**6.2%**	**44.5%**	**4.7%**	**3.6%**
Annual indices											
1995	86.5	122.4	84.8	88.3	99.4	61.4	77.9	136.9	82.4	77.9	126.2
1996	90.2	105.7	85.8	105.7	96.0	80.2	73.4	112.8	89.9	71.9	125.7
1997	106.2	109.6	116.9	130.3	106.1	77.4	77.0	111.8	110.4	96.8	120.5
1998	117.1	104.4	123.5	116.7	114.7	78.3	112.0	103.2	128.5	115.8	114.2
1999	124.4	103.7	104.1	117.4	115.5	97.8	107.5	103.8	146.6	120.3	114.2
2000	126.7	121.1	93.5	111.7	113.8	86.7	88.4	103.2	161.7	113.4	108.7
2001	115.2	111.8	94.7	105.9	110.8	103.5	90.7	100.6	134.7	91.6	105.7
2002	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2003	89.9	107.5	101.1	93.8	98.9	88.3	100.1	96.7	79.0	110.9	106.1
2004	86.8	128.7	101.9	97.0	99.5	86.7	104.5	98.5	67.6	128.4	117.8
Latest quarterly indices [3]											
2004 Q1	87.9	118.6	99.1	99.0	100.6	85.9	99.0	93.7	74.7	108.6	118.1
2004 Q2	86.8	122.1	104.5	98.0	97.6	90.5	106.4	94.8	66.8	124.2	117.8
2004 Q3	86.0	134.4	101.6	96.8	97.8	86.5	105.9	98.9	65.4	132.4	116.8
2004 Q4	86.6	139.6	102.3	94.0	102.0	84.1	106.9	106.6	63.6	148.4	118.5
2005 Q1	84.4	154.1	106.8	94.1	97.1	88.1	104.6	99.9	58.1	132.9	126.3
2005 Q2	83.5	134.6	109.3	94.3	99.1	80.6	111.3	104.3	56.0	137.3	126.1
% Growth, latest Q on previous Q	-1.0%	-12.7%	2.3%	0.3%	2.1%	-8.5%	6.5%	4.4%	-3.6%	3.4%	-0.2%
% Growth, latest 4Qs on previous 4Qs	-2.7%	21.8%	4.6%	-3.5%	0.0%	-3.3%	8.8%	7.8%	-16.8%	19.6%	10.9%

Source: Scottish Executive

[1] Weights vary on a quarterly basis – base year weights are shown here as an illustration of relative industry importance.

[2] Columns may not sum to totals due to rounding.

[3] Quarterly estimates are seasonally adjusted


2005
chapter two: Enterprises

Structure of the economy

The total number of enterprises active in Scotland increased by 3%, since 2003, to 270,430 in November 2004. The associated employment of these enterprises was 2,429,420, an increase of 54,310 over the year. These enterprises also generated turnover of £198 billion. Table 2.A shows a breakdown of these figures by legal status. It can be seen that most enterprises registered for VAT or PAYE are companies; their associated employment accounts for half of total employment.

Table 2.A: Legal status of enterprises in Scotland, 2004

Legal Status	Number of enterprises	Total Scottish employment
Companies (incl. Building Societies)	57,980	1,232,030
Sole proprietors	51,375	145,490
Partnerships	31,985	180,500
Public Corporation/nationalised body	30	32,030
Central and local government	185	548,970
Non-profit making bodies and mutual associations	7,655	147,260
Total registered[1]	**149,210**	**2,286,280**
Unregistered enterprises	121,220	143,140
Total	**270,430**	**2,429,420**

Source: Scottish Executive, ONS (IDBR)

Note: Totals may note equal the sum of the constituent parts due to rounding.

[1] Registered for VAT and/or PAYE

Details of data sources, calculation methods and reclassifications since last year can be found in the Definitions, Methodologies and Sources section. More detailed tables (including the public sector and local authority areas) and tables for previous years are available on the internet at http://www.scotland.gov.uk/stats/scs-00.asp.

Private Sector

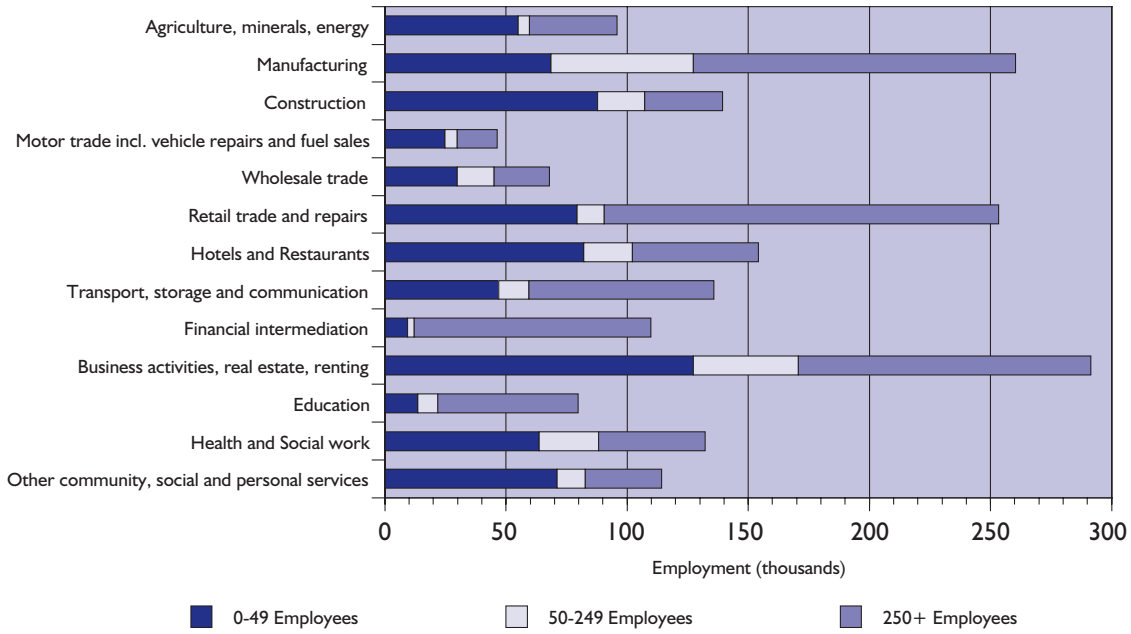
Tables 2.1-2.5 exclude the public sector (i.e. local and central government). Table 2.1 shows the estimated number of enterprises in the private sector is 270,245, an increase of 7,700 since 2003. There has been an increase in employment of 22,020, since 2003, to 1,880,450.

The majority of enterprises (65%) have 0 employees (i.e. only comprise of the proprietors). Overall, 93 per cent of enterprises are classed as micro (0-9 employees) and 98 per cent are small (0-49 employees). However, the sizeband with the greatest share of employment is the 500+ employee sizeband, with 41 per cent of employment. Enterprises in the private sector generated a total annual turnover of £182 billion in 2004, an increase of £17 billion from 2003.

Table 2.2a shows that the sector with the most enterprises was the Business Activities, Real Estate and Renting sector (17%) followed by the Construction sector (16%). The sector with the least number of enterprises was the Mining, Quarrying and Utilities sector (0.9%). The number of businesses in the financial intermediation sector rose by 43% from 3,020 to 4,320. The number of enterprises in the education sector decreased by 2,730 from 2003, a drop of 29%.

The Business Activities, Real Estate and Renting sector had the most employment in 2004 (16%) followed closely by the Manufacturing sector (13.8%) and the Retail Trade and Repairs sector (13.5%). The Business Activities, Real Estate and Renting sector (+11,570) and Health and Social Work (+10,720) both experienced the greatest increases in employment since 2003. Chart 2.1 shows the data by employee sizeband for 2004.

Chart 2.1: Employment in small, medium and large enterprises, by industry group



Source: Scottish Executive

Manufacturing generated the greatest proportion (19%) of turnover of all the sectors.

Registered enterprises

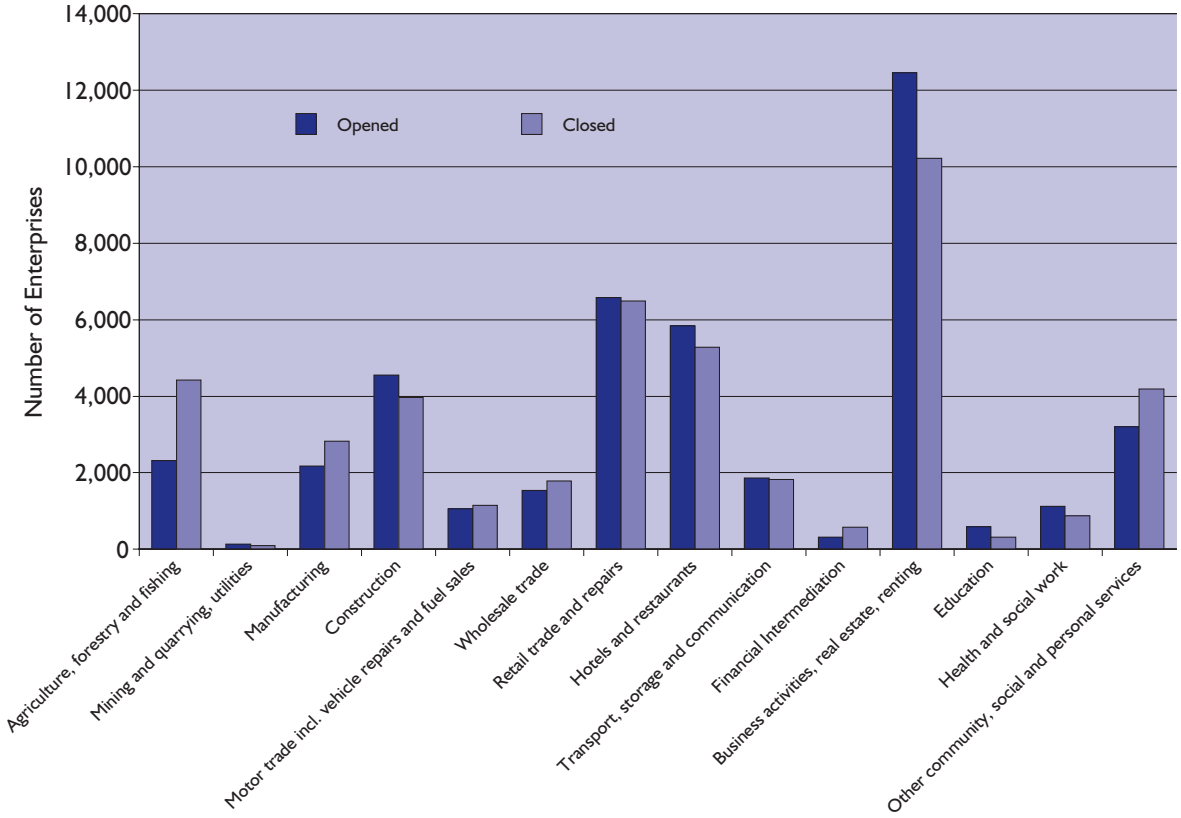
Registered enterprises are enterprises that appear on the Inter-Departmental Business Register (IDBR) which indicates that they have registered for VAT and/or PAYE. The number of unregistered enterprises is estimated annually, but it is not possible to determine the location of these enterprises. Table 2.3 shows the location of the registered enterprises by Local Enterprise Company area.

Table 2.3 shows that the areas with the most registered enterprises were Edinburgh and Lothian (16%), Grampian (12%) and Glasgow (11%). Also, the areas with the most employment were Edinburgh and Lothian (19%), Glasgow (16%) and Grampian (11%). Despite the fact that there are more enterprises in Grampian than Glasgow there is more employment in Glasgow, indicating that there are more small enterprises in Grampian, as can be seen in the table.

Changes over time

Chart 2.2 shows the spread of openings and closures between 2001 and 2004 by industry sector. It shows that the Business Activities, Real Estate and Renting sector is the most turbulent of all sectors, followed by Retail Trade and Repairs and the Hotel and Restaurants sector. The Mining, Quarrying and Utilities sector experienced the least number of closures and openings – but this sector also has the smallest number of enterprises in Scotland.

Chart 2.2: Number of enterprises that opened or closed between 2001 and 2004, by industry



Source: Scottish Executive ONS (IDBR)

Tables 2.4a, 2.4b and 2.5 show analysis of change in stock and size of enterprises over the 3 year period 2001-2004.

Table 2.4a shows that fewer businesses in the 10-14 size band stayed in the same sizeband (42%) compared to other businesses. A fifth of these businesses moved from this size band to the 0-9 size band between 2001 and 2004.

Table 2.4b shows change in stock of enterprises between 2001 and 2004 for those enterprises first registered in 2001. Table 2.4b shows nearly half of all businesses first registered in 2001 closed by 2004. Also, many new registrations (48%) with over 10 employees moved into the 0-9 employee size band by 2004.

Table 2.5 shows enterprises that have increased or decreased their actual level of employment, not just those that have moved employee sizeband. During this period 43,730 enterprises opened and 44,020 closed (29% of the stock in 2001). 16 per cent of enterprises increased employment while 14% experienced a decrease in employment. 41 per cent of enterprises that were in existence in 2001 and 2004 had the same level of employment in both years.

VAT Registrations

Table 2.6 shows the stock of enterprises and new businesses based on the Department of Trade and Industry's VAT registration statistics. These figures are an indication of the size of the business population and the number of new business start-ups, but differ from the Scottish Executive data because only enterprises which have their headquarters in Scotland and are registered for VAT are included. VAT statistics are also available for the rest of the UK, allowing comparisons with Scotland.

Regional Selective Assistance (RSA)

RSA is the main national scheme of financial assistance to industry. It provides discretionary grants to firms creating or safeguarding employment in the Assisted Areas (AAs) – areas designated for regional aid under European Community law. The current AA map will be in place until end December 2006.

The scheme's purpose is to encourage firms to implement projects that will enhance the competitiveness, employment prospects and overall prosperity of the AAs, which cover some 48% of Scotland's population. It is operated in Scotland by the Enterprise and Lifelong Learning Department of the Scottish Executive.

Over the last 5 financial years 2000/01 to 2004/05, the Executive received 1,133 applications for RSA totalling £508 million (Table 2.7). Over the same period 844 offers of RSA were accepted totalling £333 million, linked to planned capital investment of £1.5 billion and the proposed creation and safeguarding of 48,004 jobs. £238 million was paid out to companies in these years.

Of the above figures, UK-owned firms accounted for £168.5 million of the accepted offers of RSA, relating to projects with planned investment of £770 million and the anticipated creation or safeguarding of 24,180 jobs (Table 2.8). UK firms therefore represented 79 per cent of the total number of cases, 50 per cent of the total value of offers accepted and 50 per cent of potential jobs.

Seventy per cent of RSA offers accepted are from manufacturing companies (Table 2.9). Of these, the largest number relate to companies manufacturing electrical and optical equipment. These accounted for 29 per cent of the total value of RSA offers accepted over the last 5 years.

Payment of RSA is made in instalments, typically over several years as job and project expenditure targets are met. Not all accepted offers result in full payment, as projects are sometimes scaled down or abandoned before payments are made: experience suggests that, overall, less than two-thirds of the value of offers accepted is ultimately paid out. The accepted offer figures quoted in the tables, therefore, represent the maximum amount potentially payable, and **not** the total actually paid to date. All job numbers given in this report are based on firms' forecast figures, and are subject to change depending on future economic conditions and other factors affecting the businesses concerned.

All RSA grant agreements include legally enforceable conditions under which the department can seek full or partial recovery of grant monies paid, should breaches of the agreement arise. Over the period 2000/01 to 2004/05, £43.2 million was recovered from projects that had not fully met their grant agreement obligations.

Further information on the RSA scheme can be found at www.rsascotland.gov.uk.

Innovation in Scottish Industry

Introduction

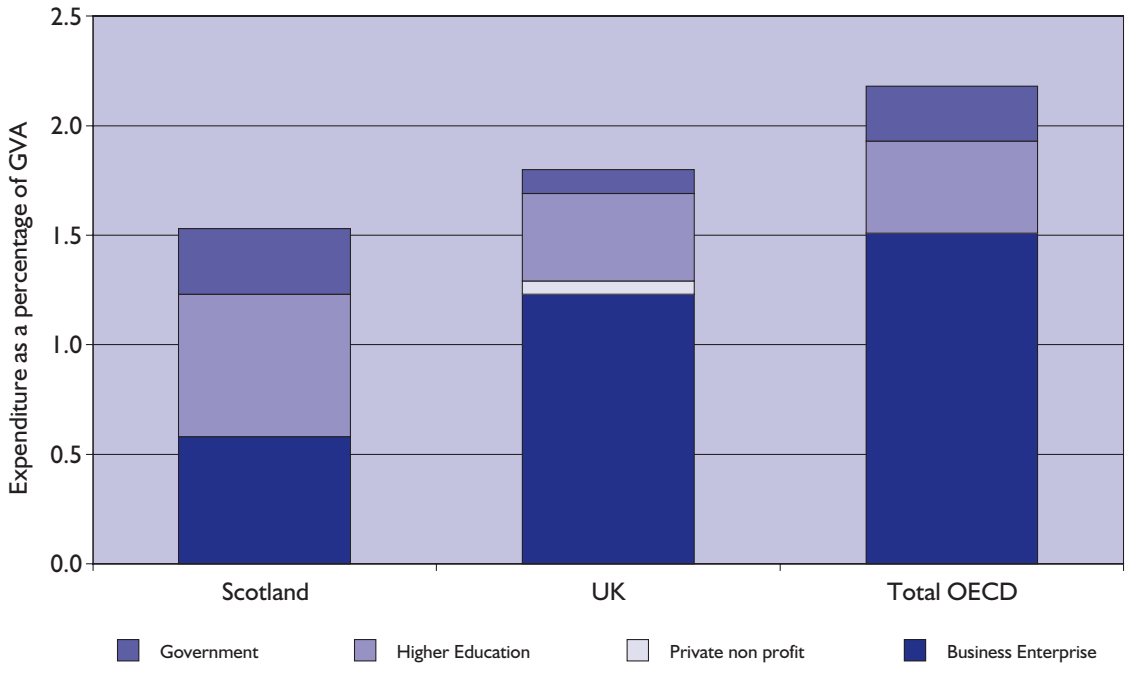
The Framework for Economic Development in Scotland recognises innovation as a key driver of productivity. Competitiveness increasingly depends on the ability to generate and exploit knowledge. The remainder of the chapter looks at direct measures of innovation inputs and outputs, including:

- Research and Development
- Commercialisation of academic knowledge
- Patents
- Innovative products and processes
- Use of e-business techniques.

Research and Development

Scottish Gross Expenditure on R&D (GERD) was £1,367 million in 2003. Higher Education Institutions accounted for the largest part of this at £575 million, followed by research undertaken by businesses costing £521 million and Government research expenditure of £271 million. GERD was 1.53% of GDP in Scotland, 82% of the UK ratio and two thirds of the OECD average, as illustrated in chart 2.3.

Chart 2.3: Breakdown of gross expenditure on R&D as a percentage of GDP 2003



Source: Scottish Executive, ONS

Note: Gross expenditure on R&D of private non-profit organisations is not available for Scotland.

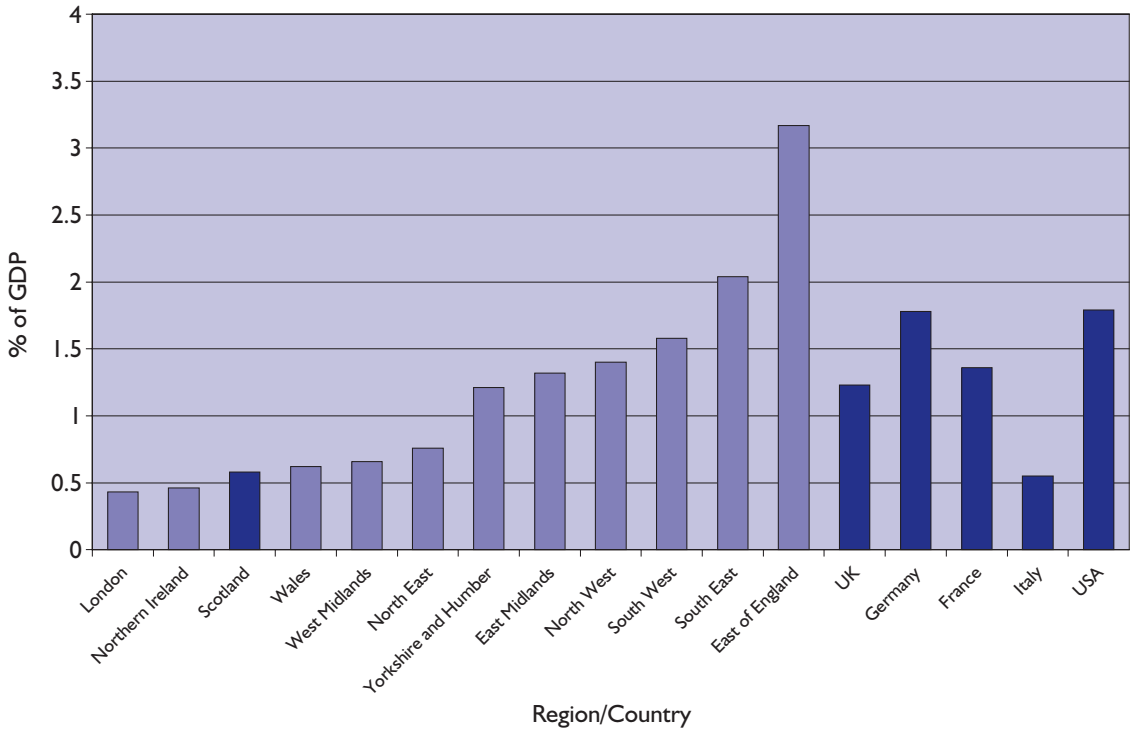
Business Enterprise Research and Development (BERD) expenditure is measured annually through an ONS survey. Respondents are asked to allocate enterprise R&D to a plant and Scottish data have been extracted on this basis.

The 2003 BERD expenditure in Scotland of £521 million represents 3.8 per cent of the UK total. This works out at £319 per employee in Scotland, compared to the UK figure of £702. Expenditure decreased from £640 million in the previous year (21 percent in real terms). However, over the longer term, BERD in Scotland has increased by 54% in real terms in the 6 years between 1997 and 2003, compared to a real terms increase of 24 per cent in the UK.

Nearly two thirds of Scottish BERD supported just three product groups: Pharmaceuticals; Radio, TV and communication equipment; and Precision instruments. The main contributor to the drop in BERD in 2003 was the 'Radio, TV and communications equipment' product group which decreased by 55 per cent from 2002.

Compared to the size of Scotland's economy, BERD expenditure is relatively low; in 2003 reaching 0.58 per cent, nearly half of the UK equivalent figure and less than a fifth of the rate in the highest region (Chart 2.4).

Chart 2.4: Business Enterprise R&D as a percentage of GDP



Source: Scottish Executive, ONS

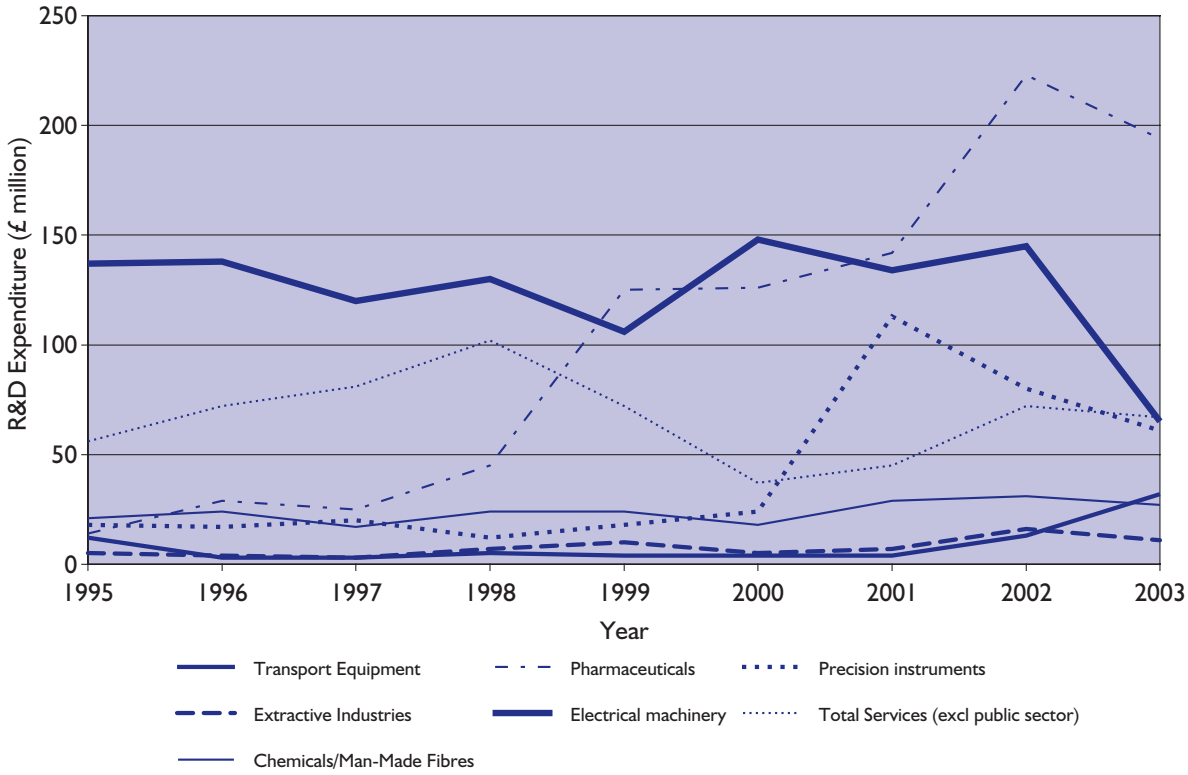
Over 7,000 people work in R&D in enterprises in Scotland, 4,000 of them as scientists and engineers. R&D provided employment for 6 per cent of all scientists and engineers that work in Scottish businesses, compared to 11 per cent in the UK.

Around 750 enterprises undertake significant R&D in Scotland, half of them in manufacturing. Two thirds of expenditure is due to the 49 largest firms (i.e. those employing over 400 in the UK).

Research expenditure is analysed by the product that benefits from the research, thus ensuring that R&D contracted out is allocated to the final product. This is different to the analysis by industrial sector used elsewhere in this publication. Chart 2.5 shows how expenditure for important product groups has changed over time. The chart illustrates that there was a substantial increase in R&D expenditure in Scotland over the past few years. Adjusted for inflation, R&D undertaken in enterprises was worth £330 million in 1995, £436 million in 2000 and £521 million in 2003. Table 2.10 shows the research intensity of selected industries in Scotland, combining information on product groups with employment in the corresponding sectors.

The BERD expenditure in Scotland in 2003 funds largely the development of pharmaceuticals, which accounts for over a third of the total Scottish R&D expenditure in businesses. Pharmaceuticals are also the highest spender in the UK, followed by aerospace.

Chart 2.5: Expenditure on R&D 1995 - 2003 (constant prices)



Source: Scottish Executive, ONS

Commercialisation of Research by Higher Education Institutions

As well as teaching, Higher Education Institutions (HEIs), such as universities and colleges, also enable the use of their intellectual property (IP) to benefit the economy. This is done via spin-off companies (companies being set up with some ownership by the university) or start-ups, where HEIs allow staff and graduates to use IP to set up new business ventures. Patenting and licensing as well as consultancy and placement of academics in enterprises are other important forms of commercialising intellectual property. Table 2.11 shows that 17 spin-off companies were established by Scottish HEIs in 2002/03, and that Scottish HEIs filed 212 new patent and granted 131 licences for the use of their intellectual property. These commercialisation activities amounted to between 10% and 17% of the UK total.

Patents filed and granted

The Patent Office publishes statistics on a regional basis. These are derived from the postcode of the applicant. Scottish applicants filed 1,220 UK patents in 2003, 6% of the UK total. The number of patents granted to Scottish applicants was 183, being 5% of the UK total in 2003.

Table 2.12 shows the number of patents filed by UK region. The filing of patents relative to the amount of Business R&D spending varies considerable between the regions; the number of Scottish patent applications is slightly above the UK level on that measure.

E-commerce

E-business processes are increasingly becoming more important for businesses, for improving and maintaining efficiency and competitiveness in the Scottish Economy. Adoption of these processes is currently measured via various surveys, within and outwith Scotland.

The Scottish E-Business Survey (SEBS) is in its fifth year and is carried out by Scottish Enterprise and Highlands and Islands Enterprise. The survey samples around 10,000 businesses each year and takes the form of a voluntary telephone survey. This survey collates information on adoption of e-business applications and but also attitudes to e-business and its perceived relevance to businesses. Table 2.13 shows that the percentage of businesses that consider e-commerce to be important to their needs has increased steadily since 2001, reaching a level of 56 per cent in 2004. However, fewer businesses seem to utilise e-business technologies as the number that use e-mail, the internet and have their own website have all fallen slightly. Trading online increased since 2003 as the number of businesses ordering products online and allowing their customers to order online has increased on the previous year.

The International Benchmarking Survey (IBS) has been running for 8 years and is sponsored by the Department of Trade and Industry (DTI). Around 8,000 businesses in 11 countries worldwide contribute to it, namely the UK, Australia, Canada, France, Germany, Italy, Japan, the Republic of Ireland, South Korea, Sweden, the USA and some results are available by UK region. Survey results are weighted by employee distribution to allows more meaningful comparisons between countries. Selected results are shown in Table 2.14. This shows that Scotland is not far behind the rest of the UK in its use of e-business and is, in fact, ahead of some of its European counterparts. Businesses accounting for 83% in Scotland have and use a website compared to 80% in Ireland and 82% in Germany.

The International Benchmarking Survey has been running longer than the Scottish e-Business Survey and therefore provides a longer times series. It also provides comparative data for some EU and non-EU countries. Results between surveys vary because results from IBS are employment weighted whereas SEBS results are based on number of firms irrespective of size. SEBS has a much larger sample size in Scotland and also presents results at a sub-Scotland level.

Table 2.1: Number of enterprises[1,2] in Scotland, and their total Scottish employment 2000-2004

Employee size-band (total UK employees)	Number of enterprises in Scotland					Total Scottish employment				
	2000	2001	2002	2003	2004	2000	2001	2002	2003	2004
0	142,660	149,245	158,400	169,300	176,225	173,820	181,600	190,550	201,130	211,300
1 - 4	57,490	58,925	58,405	58,490	58,905	173,940	176,060	174,610	171,820	171,760
5- 9	17,130	15,610	15,835	15,695	16,125	125,430	113,680	114,980	112,790	115,290
10 - 19	9,170	8,935	8,915	8,430	8,370	127,670	123,840	123,920	117,520	117,030
20 - 49	4,420	4,835	4,750	4,940	5,035	129,280	140,080	137,770	142,200	144,120
50 - 99	1,820	2,010	2,000	1,830	1,805	100,610	111,780	111,530	101,500	99,830
100 - 199	1,210	1,180	1,145	1,270	1,225	102,630	100,950	99,800	109,220	101,830
200 - 249	320	315	345	315	315	35,750	35,370	38,320	34,150	35,520
250 - 499	765	830	770	755	745	106,880	112,290	107,820	103,720	106,940
500+	1,475	1,515	1,525	1,515	1,495	868,460	847,500	850,510	764,390	776,840
Total	**236,460**	**243,400**	**252,085**	**262,545**	**270,245**	**1,944,460**	**1,943,160**	**1,949,790**	**1,858,430**	**1,880,450**
0-49 Employees	230,865	237,555	246,300	256,855	264,660	730,140	735,260	741,820	745,460	759,500
50-249 Employees	3,350	3,500	3,490	3,415	3,345	238,980	248,100	249,640	244,870	237,170
250+ Employees	2,245	2,345	2,295	2,270	2,240	975,340	959,790	958,330	868,100	883,780
1+ Employees	93,800	94,155	93,685	93,245	94,020	1,770,640	1,761,550	1,759,240	1,657,300	1,669,160

Note: Totals may not equal the sum of the constituent parts due to rounding.

Source: Scottish Executive. ONS (IDBR).

[1] Excludes central and local government. Primary Care Trusts were reclassified to central government in 2001 and are therefore excluded from 2001 onwards. This led to a decrease in employment of 54,200 in 2001. NHS Trusts were reclassified to central government in 2003 and are therefore excluded from 2003 onwards. This led to a decrease in employment of 95,530 in 2003.

[2] There was an increase of 8,760 enterprises between 2002 and 2003. There was a further increase of 1,700 enterprises, not included in 2002, following recent revisions to LFS data based on the 2001 Census.

Table 2.2a: Total number of enterprises[1] in Scotland by industry and employee size band, November 2004

Industry	Total	0 Employees	1-49 Employees	50-249 Employees	250+ Employees
Agriculture, forestry and fishing	21,265	13,930	7,310	15	15
Mining and quarrying, utilities	2,500	2,255	165	35	45
Manufacturing	19,450	12,520	5,865	705	360
Construction	42,740	34,365	8,000	250	130
Motor trade incl. vehicle repairs and fuel sales	6,370	3,050	3,185	75	55
Wholesale trade	6,625	2,655	3,465	330	180
Retail trade and repairs	24,440	10,725	13,235	190	290
Hotels and restaurants	16,280	4,660	11,285	225	110
Transport, storage and communication	24,960	21,190	3,330	235	205
Financial intermediation	4,320	3,240	895	60	125
Business activities, real estate, renting	45,965	28,820	16,040	655	445
Education	6,700	5,495	1,035	90	75
Health and social work	17,500	11,945	5,160	295	100
Other community, social and personal services	31,130	21,375	9,465	180	110
Total	**270,245**	**176,225**	**88,435**	**3,345**	**2,240**

Note: Totals may not equal the sum of the constituent parts due to rounding.
Source: Scottish Executive. ONS (IDBR).
[1] Excludes central and local government.

Table 2.2b - Total Scottish employment of enterprises[1] in Scotland by industry and employee size band, November 2004

Industry	Total	0 Employees	1-49 Employees	50-249 Employees	250+ Employees
Agriculture, forestry and fishing	56,100	20,780	30,650	*	*
Mining and quarrying, utilities	39,710	2,260	1,360	*	*
Manufacturing	260,340	14,920	53,690	58,670	133,060
Construction	139,480	37,580	50,240	19,470	32,190
Motor trade incl. vehicle repairs and fuel sales	46,410	3,910	20,900	5,140	16,470
Wholesale trade	67,850	3,130	26,650	15,370	22,700
Retail trade and repairs	253,270	14,100	65,320	11,090	162,760
Hotels and restaurants	154,160	6,500	75,640	20,090	51,930
Transport, storage and communication	135,720	23,650	23,360	12,390	76,310
Financial intermediation	109,810	3,740	5,620	2,760	97,690
Business activities, real estate, renting	291,490	35,640	91,750	43,210	120,890
Education	79,820	5,850	7,680	8,230	58,070
Health and social work	132,170	15,590	48,010	24,590	43,980
Other community, social and personal services	114,140	23,650	47,340	11,670	31,480
Total	**1,880,450**	**211,300**	**548,200**	**237,170**	**883,780**

Note: Totals may not equal the sum of the constituent parts due to rounding.
Source: Scottish Executive. ONS (IDBR).
[1] Excludes central and local government.
* not available due to confidentiality constraints.

Table 2.2c: Total Scottish turnover[1] of enterprises[2] in Scotland by industry and employee size band, November 2004

Industry	Total	0 Employees	1-49 Employees	50-249 Employees	250+ Employees
Agriculture, forestry and fishing	4,206	936	2,812	*	*
Mining and quarrying, utilities	26,639	92	353	*	*
Manufacturing	35,183	462	4,188	5,626	24,907
Construction	13,287	2,288	4,059	1,820	5,120
Motor trade incl. vehicle repairs and fuel sales	8,941	312	3,229	1,524	3,876
Wholesale trade	20,477	409	5,507	3,986	10,575
Retail trade and repairs	20,985	804	4,863	810	14,508
Hotels and restaurants	5,631	241	2,826	677	1,888
Transport, storage and communication	12,329	846	2,289	1,423	7,772
Financial intermediation[3]	-	-	-	-	-
Business activities, real estate, renting	20,650	2,109	7,439	3,036	8,066
Education	1,675	142	363	298	872
Health and social work	4,738	332	2,263	1,075	1,068
Other community, social and personal services	7,538	719	2,289	440	4,091
Total	**182,279**	**9,693**	**42,478**	**23,438**	**106,670**

Note: Totals may not equal the sum of the constituent parts due to rounding.

Source: Scottish Executive, ONS (IDBR)

* not available due to confidentiality constraints

[1] Turnover figures quoted are in £ millions.

[2] Excludes central and local government.

[3] Turnover data for financial intermediation enterprises are not provided on a comparable basis.

Table 2.3: Number of registered enterprises[1] in Scotland and their total Scottish employment and turnover[2] by Local Enterprise Company area, November 2004

Local Enterprise Company[3]	Total			0 to 49 employees			50 to 249 employees			250 or more employees		
	Number of enterprises	Total Scottish employment	Turnover in £ millions	Number of enterprises	Total Scottish employment	Turnover in £ millions	Number of enterprises	Total Scottish employment	Turnover in £ millions	Number of enterprises	Total Scottish employment	Turnover in £ millions
Argyll and the Islands	3,825	20,240	1,510	3,655	13,690	864	55	1,780	176	115	4,770	469
Ayrshire	9,515	92,680	10,101	8,850	37,930	2,610	245	13,430	1,202	420	41,320	6,290
Borders	5,285	32,220	2,319	5,020	19,510	1,367	100	5,540	333	165	7,180	619
Caithness and Sutherland	2,160	12,110	818	2,040	6,760	424	45	1,560	108	70	3,800	286
Dumfries and Galloway	7,085	45,360	3,784	6,685	25,800	1,814	125	5,280	472	280	14,280	1,499
Dunbartonshire	4,875	44,800	3,749	4,445	18,320	1,273	125	5,720	513	305	20,760	1,962
Edinburgh and Lothian	23,630	330,310	27,122	21,640	94,470	7,738	845	38,860	3,274	1,145	196,980	16,111
Fife	8,460	95,480	8,225	7,805	35,810	2,453	260	13,840	1,258	400	45,840	4,514
Forth Valley	8,045	86,370	10,811	7,255	29,680	2,315	290	11,320	1,178	505	45,370	7,318
Glasgow	15,960	282,120	24,381	14,135	71,920	6,511	755	34,560	2,833	1,065	175,640	15,038
Grampian	18,560	194,060	35,134	17,255	69,90	6,445	570	32,120	5,154	735	91,960	23,535
Inverness and Nairn	3,370	32,060	2,863	2,895	12,230	819	140	4,150	326	335	15,680	1,718
Lanarkshire	13,855	168,710	17,323	12,605	54,710	4,400	540	26,640	2,670	710	87,360	10,253
Lochaber	1,035	6,890	553	920	3,760	210	40	800	48	80	2,330	295
Moray, Badenoch and Strathspey	3,945	29,190	2,233	3,650	14,720	907	110	3,880	296	190	10,590	1,030
Orkney	1,580	6,580	555	1,520	5,180	310	25	660	65	35	740	180
Renfrewshire	7,650	98,470	11,845	6,885	29,750	2,207	265	12,450	1,594	500	56,270	8,044
Ross and Cromarty	2,545	13,550	1,086	2,400	8,250	519	60	2,130	244	90	3,170	323
Shetland	1,415	8,890	1,743	1,335	5,030	474	40	1,710	161	40	2,150	1,109
Skye and Lochalsh	875	4,720	235	835	2,760	143	10	*	*	30	*	*
Tayside	12,830	125,580	10,940	11,925	51,850	3,768	360	19,520	1,420	545	54,210	5,752
Western Isles	1,155	6,930	604	1,090	4,230	255	15	*	*	45	*	*
Total registered enterprises	**149,025**	**1,737,310**	**177,935**	**143,440**	**616,360**	**47,827**	**3,345**	**237,170**	**23,438**	**2,240**	**883,780**	**106,670**
Unallocable[4]	121,220	143,140	4,344	121,220	143,140	4,344	-	-	-	-	-	-
Total	**270,245**	**1,880,450**	**182,279**	**264,660**	**759,500**	**52,171**	**3,345**	**237,170**	**23,438**	**2,240**	**883,780**	**106,670**

Source: Scottish Executive, ONS (IDBR)

Note: Totals may not equal the sum of the constituent parts due to rounding.

*not available due to confidentiality constraints

1 Excludes central and local government.

2 Turnover data for financial intermediation enterprises are not available. Totals exclude turnover of such enterprises.

3 Counts of the number of enterprises operating within each LEC area have been included. These do not sum to the total for Scotland, as the same enterprise may operate in more than one area.

4 Unallocable enterprises are those not registered on the IDBR. Unregistered are estimated using other data sources. Please refer to 'Definitions, Methodologies and Sources' for further details.

Table 2.4a: Enterprises[1] changing employment size band between 2001 and 2004

Size-band in November 2001			Size-band in November 2004					Closures	Total
			Small			Medium	Large		
			0-9	10-14	15-49	50-249	250+		
SMALL	0-9	Number of Enterprises	87,480	1,410	690	50	5	40,070	**129,705**
		Percentage of total	67%	1%	1%	0%	0%	31%	**100%**
	10-14	Number of Enterprises	1,205	2,500	965	30	0	1,235	**5,940**
		Percentage of total	20%	42%	16%	1%	0%	21%	**100%**
	15-49	Number of Enterprises	450	530	5,025	360	5	1,460	**7,830**
		Percentage of total	6%	7%	64%	5%	0%	19%	**100%**
MEDIUM	50-249	Number of Enterprises	30	10	340	2,210	185	725	**3,500**
		Percentage of total	1%	0%	10%	63%	5%	21%	**100%**
LARGE	250+	Number of Enterprises	5	0	10	125	1,660	525	**2,330**
		Percentage of total	0%	0%	0%	5%	71%	23%	**100%**
	Openings	Number of Enterprises	40,855	925	1,005	560	385	0	**43,730**
		Percentage of total	93%	2%	2%	1%	1%	0%	**100%**
	Total	**Number of Enterprises**	**130,025**	**5,380**	**8,025**	**3,345**	**2,240**	**44,020**	**193,030**
		Percentage of total	**67%**	**3%**	**4%**	**2%**	**1%**	**23%**	**100%**

Source: Scottish Executive, ONS (IDBR)

[1] Excludes public sector enterprises

* not available due to confidentiality constraints

Table 2.4b: Number of enterprises[1] first registered in 2001, and their Scottish employment by size band in 2001 and 2004

Size-band in Nov 2001		Size-band in November 2004			Closures	Total
		0-9	10-14	15+		
0-9	Number of Enterprises	4,835	130	80	4,090	**9,135**
	Percentage of total	53%	1%	1%	45%	**100%**
10-14	Number of Enterprises	60	25	25	95	**205**
	Percentage of total	29%	12%	12%	46%	**100%**
15+	Number of Enterprises	20	5	30	50	**105**
	Percentage of total	19%	5%	29%	48%	**100%**
Total	**Number of Enterprises**	**4,915**	**165**	**135**	**4,230**	**9,445**
	Percentage of total	**52%**	**2%**	**1%**	**45%**	**100%**

Sources: Scottish Executive, ONS (IDBR)

1 Excludes local and central government

* not available due to confidentiality constraints

Table 2.5: Changes in employment between 2001 and 2004

Size-band 2001		Change by 2004				
		Closed	Decreased Employment	No Change	Increased Employment	Total
0-9 employees	Enterprises	40,070	14,295	57,495	17,840	**129,705**
	Actual change in employment	-97,630	-25,120	-	54,080	**-68,680**
	Percentage change in employment	-	-40%	-	102%	**-19%**
10-14 employees	Enterprises	1,235	1,710	1,340	1,650	**5,940**
	Actual change in employment	-14,910	-7,420	-	11,080	**-11,250**
	Percentage change in employment	-	-35%	-	54%	**-15%**
15-49 employees	Enterprises	1,460	2,460	1,730	2,180	**7,830**
	Actual change in employment	-33,490	-18,500	-	22,020	**-29,970**
	Percentage change in employment	-	-29%	-	40%	**-16%**
50-249 employees	Enterprises	725	1,170	370	1,235	**3,500**
	Actual change in employment	-40,850	-26,030	-	42,950	**-23,930**
	Percentage change in employment	-	-28%	-	45%	**-10%**
250+ employees	Enterprises	525	810	110	885	**2,330**
	Actual change in employment	-130,110	-106,790	-	159,710	**-77,190**
	Percentage change in employment	-	-27%	-	46%	**-9%**
Total	**Enterprises**	**44,020**	**20,445**	**61,045**	**23,790**	**149,305**
	Actual change in employment	**-316,990**	**-183,860**	**-**	**289,830**	**-211,010**
	Percentage change in employment	**-**	**-29%**	**-**	**51%**	**-12%**

Sources: Scottish Executive, ONS (IDBR)

Excludes local and central government

Table 2.6: Stock of VAT Registered Enterprises[1] and VAT registrations[2], 2003

Local Authority	Total				Registrations by sector as a % of all registrations			
	Stocks	Registrations	Population[3] age 16+	Registrations per 10,000 population	Agriculture, forestry & fishing, energy & water	Manufacturing	Construction	Services
SCOTLAND	**126,025**	**11,915**	**4,114,200**	**29**	**4.5%**	**5.0%**	**11.0%**	**79.5%**
Aberdeen City	6,120	570	173,400	33	3.5%	4.4%	7.9%	84.2%
Aberdeenshire	9,790	725	182,600	40	14.5%	4.8%	9.0%	70.3%
Angus	2,870	200	87,500	23	10.0%	5.0%	10.0%	77.5%
Argyll & Bute	3,365	220	74,700	29	11.4%	2.3%	11.4%	75.0%
Clackmannanshire	770	90	38,100	24	0.0%	0.0%	11.1%	83.3%
Dumfries & Galloway	5,575	355	120,500	29	18.3%	2.8%	9.9%	67.6%
Dundee City	2,365	250	118,400	21	0.0%	4.0%	14.0%	84.0%
East Ayrshire	2,585	210	96,500	22	4.8%	4.8%	11.9%	76.2%
East Dunbartonshire	2,025	185	85,900	22	0.0%	2.7%	13.5%	81.1%
East Lothian	2,105	205	72,600	28	2.4%	9.8%	17.1%	75.6%
East Renfrewshire	1,700	165	70,900	23	0.0%	6.1%	9.1%	84.8%
Edinburgh, City of	12,245	1,400	377,100	37	0.7%	4.6%	7.1%	87.5%
Eilean Siar	945	60	21,300	28	41.7%	8.3%	8.3%	33.3%
Falkirk	2,475	270	117,900	23	0.0%	7.4%	16.7%	79.6%
Fife	6,725	685	285,100	24	1.5%	4.4%	14.6%	78.8%
Glasgow City	12,480	1,535	475,900	32	0.3%	4.9%	7.2%	87.0%
Highland	8,290	600	169,500	35	13.3%	5.0%	10.8%	71.7%
Inverclyde	1,120	130	67,500	19	0.0%	3.8%	11.5%	88.5%
Midlothian	1,525	155	63,500	24	3.2%	3.2%	19.4%	77.4%
Moray	2,500	180	70,400	26	8.3%	2.8%	19.4%	63.9%
North Ayrshire	2,445	225	109,400	21	0.0%	6.7%	13.3%	80.0%
North Lanarkshire	4,775	585	257,200	23	0.0%	6.8%	15.4%	76.9%
Orkney Islands	1,415	45	15,600	29	22.2%	11.1%	11.1%	55.6%
Perth & Kinross	4,980	415	110,800	37	7.2%	3.6%	9.6%	78.3%
Renfrewshire	3,170	325	138,900	23	1.5%	6.2%	12.3%	80.0%
Scottish Borders	4,275	305	88,000	35	11.5%	6.6%	13.1%	68.9%
Shetland Islands	1,250	65	17,300	38	30.8%	7.7%	15.4%	46.2%
South Ayrshire	2,805	290	92,000	32	3.4%	5.2%	10.3%	81.0%
South Lanarkshire	6,265	695	244,700	28	1.4%	7.2%	12.9%	78.4%
Stirling	2,870	315	69,900	45	3.2%	3.2%	11.1%	82.5%
West Dunbartonshire	1,165	130	74,600	17	0.0%	7.7%	15.4%	76.9%
West Lothian	3,040	330	126,700	26	1.5%	4.5%	12.1%	81.8%

Source: DTI, SBS 2003

[1] The stock of VAT registered enterprises is the number of enterprises registered for VAT at the start of the year. This is an indicator of the size of the business population.

[2] VAT registrations is the number of enterprises registering for VAT each year. This is an indicator of business start-ups.

[3] The population figure is at mid-2003

[4] All counts have been rounded to the nearest 5 to avoid disclosure. This means that the total may not equal the sum of the data in rows and columns and counts of less than 3 will be shown as zero.

Table 2.7: Regional Selective Assistance 2000/01 to 2004/05

	Applications		Offers Accepted				Payments[2]
Year	Number	Value	Number	Value	Associated Project costs	Associated Jobs[1]	Value
2000/01	211	£83,804,153	180	£100,143,000	£490,010,350	13,591	£70,054,355
2001/02	235	£145,756,350	160	£58,954,500	£321,039,517	9,983	£44,204,850
2002/03	253	£81,831,235	183	£58,239,875	£271,584,336	7,226	£36,381,856
2003/04	210	£71,275,695	157	£46,025,500	£209,090,871	7,129	£41,992,800
2004/05	224	£126,157,083	164	£69,941,498	£242,476,403	10,075	£45,482,300
Total	**1,133**	**£508,824,516**	**844**	**£333,304,373**	**£1,534,201,477**	**48,004**	**£238,116,161**

Scottish Executive, RSA Scotland (Not National Statistics)

[1] Job figures are based on firms' projections at the time grant offers are made, and not the actual number of jobs ultimately created and safeguarded.

[2] The payment figures are given as gross i.e. they are not adjusted to account for any subsequent grant recoveries.

[3] Figures may differ from those previously published as the RSA database is updated continually and historic information could be revised.

Table 2.8: Regional Selective Assistance Offers Accepted 2000/01 to 2004/05

	Number of Offers Accepted	Value of Offers Accepted	Associated Project Costs	Associated Jobs[1]
UK	663	£168,503,374	£770,491,289	24,180
USA	92	£110,794,500	£439,005,173	15,466
EUROPE	55	£38,340,499	£265,474,500	5,878
REST OF WORLD	34	£15,666,000	£59,230,515	2,480
Total	**844**	**£333,304,373**	**£1,534,201,477**	**48,004**

Source: Scottish Executive, RSA Scotland (Not National Statistics)

[1] Job figures are based on firms' projections at the time grant offers are made, and not the actual number of jobs ultimately created and safeguarded.

Table 2.9: Regional Selective Assistance Offers Accepted 2000/01 to 2004/05, by Industry

SIC Description	Number of Offers Accepted	Value of Offers Accepted	Associated Project Costs	Associated Jobs[1]
MANUFACTURING	**595**	**£251,804,500**	**£1,267,511,226**	**32,760**
Chemicals & man made fibres	39	£16,281,000	£126,885,500	1,482
Electrical and optical equipment	131	£98,087,200	£458,577,256	13,734
Food and Drink	67	£26,414,400	£144,653,000	4,113
Leather Products	3	£3,340,000	£8,864,000	405
Machinery & equipment n.e.s	49	£16,410,000	£88,491,519	1,756
Manufacture of coke, refined petroleum products and nuclear fuel	1	£1,200,000	£8,300,000	83
Metals and metal products	96	£15,584,500	£78,441,387	2,134
Other manufacturing n.e.s	29	£5,718,000	£27,634,900	661
Other non metalic mineral products	22	£5,835,000	£37,271,000	925
Paper, printing and publishing	37	£7,846,000	£36,838,295	1,168
Rubber and plastic products	31	£10,981,000	£57,236,634	1,578
Textiles	33	£6,225,900	£26,168,241	1,005
Transport equipment	26	£33,138,000	£139,478,494	3,119
Wood Products	31	£4,743,500	£28,671,000	600
OTHER INDUSTRIES	**249**	**£81,499,873**	**£266,690,251**	**15,244**
Agriculture, hunting and forestry	1	£100,000	£490,000	14
Construction	19	£2,073,000	£9,956,000	303
Education	1	£25,000	£101,000	3
Financial intermediation	11	£8,354,375	£40,221,000	2,267
Health and Social Work	3	£1,080,000	£7,151,000	74
Mining & Quarrying	5	£610,000	£2,860,000	60
Other community, social and personal services	12	£1,113,000	£5,546,000	127
Real Estate, renting and business services	148	£40,674,499	£128,892,336	7,293
Transport, storage and communications	24	£14,047,999	£54,162,900	2,977
Wholesale and retail trades	25	£13,422,000	£17,310,015	2,126
TOTAL	**844**	**£333,304,373**	**£1,534,201,477**	**48,004**

Source: Scottish Executive, RSA Scotland (Not National Statistics)

[1] Job figures are based on firms' projections at the time grant offers are made, and not the actual number of jobs ultimately created and safeguarded.

Table 2.10: Expenditure on R&D per industry employee 2003

Scotland Product or Industry	Expenditure[3] £ million	Expenditure[3] Scotland/UK UK £ million	Expenditure[3] %	Expenditure per Employee[2,3] Scotland £	Expenditure per Employee[2,3] UK £
Total[1]	**521**	**13687**	**3.8%**	**319**	**702**
Total Manufacturing of which:	**440**	**10535**	**4.2%**	**1807**	**3166**
Pharmaceuticals	194	3241	6.0%	41917	48153
Chemicals/Man Made Fibres	27	552	4.9%	2833	3686
Office Machinery and Computers	5	58	8.1%	623	1756
Electrical Machinery and Apparatus	12	443	2.7%	1379	3386
Radio, Television and Communication Equipment	48	948	5.1%	5226	12438
Precision Instruments	61	400	15.2%	5261	3291
Motor Vehicles and Parts	11	1173	1.0%	2133	5783
Other Transport Equipment and Aerospace	21	1825	1.1%	1915	12335
Extractive Industries	**11**	**56**	**19.6%**	**487**	**948**
Total Services[1] **of which:**	**67**	**2876**	**2.3%**	**125**	**417**
Computer and Related Activities	30	1323	2.3%	1135	2692
Research and Development	18	465	3.8%	1967	4669

Source ONS/SE Analysis Table 2 and ABI

[1] Excluding public administration, education and health (SIC 75, 80, 85)

[2] UK employment data calculated using ABI employment data for GB + Northern Ireland COE employment

[3] At current prices

Table 2.11: Higher Education Institutions: Selected Commercialisation Activities 2002/03

Activity	Scotland (number)	Scotland as % of UK
Total UK patents filed, including renewals	797	20%
New UK patents filed	212	17%
New UK patents granted	69	19%
Licences including software licences	131	17%
Spin-offs with some HE ownership: Number established in 2002/2003	17	10%
Other spin-offs/ start-ups: number established in 2002/2003	35	6%
Spin-offs with some HE ownership: number still alive which have lasted more than 3 years	73	14%
Other spin-offs/ start-ups: number still alive which have lasted more than 3 years	31	6%

Source: HE-BI Survey 2002/03 (not NS)

Table 2.12: Patent Applications and R&D Expenditure by Region 2003

	Patent Applications Filed	Region as % of UK	R&D Expenditure £ million	Region as % of UK	Patents per £ million R&D exp.
Scotland	**1,220**	**6%**	**521**	**4%**	**2.3**
Wales	841	4%	264	2%	3.2
Northern Ireland	217	1%	116	1%	1.9
North East	438	2%	281	2%	1.6
North West	1,731	9%	1,559	11%	1.1
East Midlands	793	4%	929	7%	0.9
West Midlands	1,395	7%	587	4%	2.4
South West	1,948	10%	1,359	10%	1.4
London	3,794	19%	771	6%	4.9
South East	3,591	18%	3,464	25%	1.0
East of England	2,445	12%	3,453	25%	0.7
Yorkshire	1,272	6%	382	3%	3.3
UK[1]	**20,064**	**100%**	**13,687**	**100%**	**1.5**

Source: The Patent Office Annual Facts and Figures http://www.patent.gov.uk/about/reports/anrep2004/facts2004.pdf
Business Enterprise Research and Development 2003
[1] Includes patents which could not be allocated to a region

Table 2.13: Selected results of Scottish E-Business Survey 2001-2004

Business Process	2001[1]	2002	2003	2004
Have and use e-mail	52%	61%	66%	65%
Have a website	35%	39%	43%	41%
Have and use internet access	50%	67%	72%	70%
Allow customers to order products and services online[2]	16%	21%	14%	17%
Order products and services online from suppliers[2]	32%	33%	32%	40%
Consider e-commerce to be important to their current needs	37%	51%	55%	56%

[1] Scottish Enterprise area only
[2] Derived from SEBS results and number of registered businesses operating in Scotland for 2001 and 2002

Table 2.14: Selected results[1] of International Benchmarking Survey 2003-2004

Business Process	2003					2004				
	Scotland	UK	Ireland	France[2]	Germany	Scotland	UK	Ireland	France[2]	Germany
Have and use internet access	84%	91%	99%	85%	96%	93%	95%	99%	88%	96%
Have and use a website	76%	81%	79%	57%	81%	83%	86%	80%	55%	82%
Have and use internal e-mail	72%	77%	81%	54%	74%	81%	83%	84%	52%	74%
Have and use external e-mail	84%	89%	97%	81%	93%	91%	94%	97%	77%	88%
Have and use EDI	24%	32%	33%	27%	23%	28%	33%	30%	22%	18%
Allow customers to order online	26%	32%	41%	21%	46%	33%	37%	34%	22%	39%
Order online from suppliers	49%	54%	54%	36%	62%	64%	59%	53%	33%	59%

[1] As data is employment weighted, results should read as 'businesses accounting for 84% of employment in Scotland have and use internet access', for example.
[2] Figures for France exclude Minitel

chapter three: **Industry Sectors**

Introduction

This chapter describes information on various industrial sectors of the economy – agriculture, fisheries, manufacturing, construction, services and tourism.

Scottish Annual Business Statistics

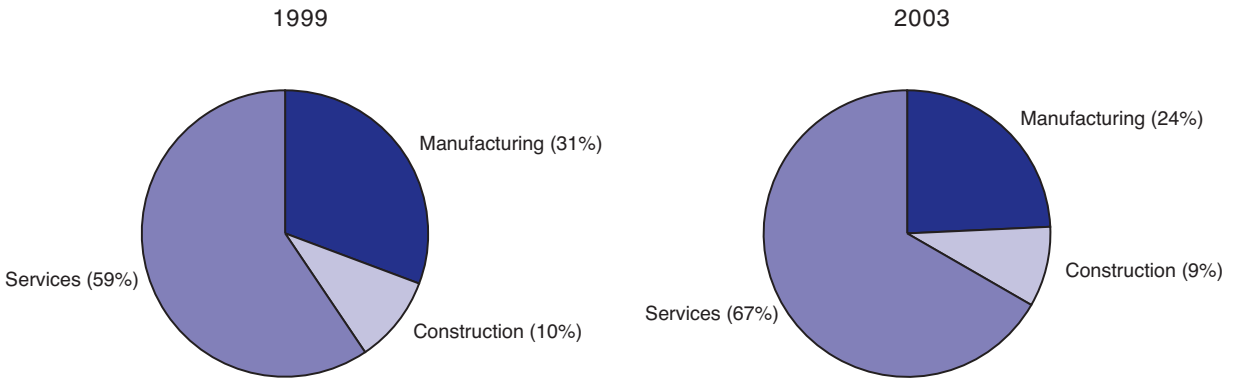
The annual business statistics cover the sectors of the economy covered by the Annual Business Inquiry (ABI). The figures quoted for the service sector therefore do not include the financial sector and some of the public sector, as they are not covered by the ABI. For more detailed information, please visit the following web site: http://www.scotland.gov.uk/about/ELLD/EI/00016170/Introduction.aspx

Trends and Comparisons

In 2003, turnover in the industries covered by the Annual Business Inquiry in Scotland amounted to £153 billion. Of this, £88 billion related to services, £32 billion to manufacturing, £15 billion to oil & gas and £11 billion to construction. The two industries making the largest contributions to these totals were both within services; retail at £19 billion and wholesale at £15 billion. (See table 3.1.)

Table 3.3 shows summary variables for industry groups from 1998 to 2003. (More detailed information is available on the above website.) Gross value added (GVA) is a measure of the income generated by businesses after the subtraction of input costs, but before costs such as wages and capital investment are paid prior to arriving at figure for profit. Chart 3.1 shows that the overall share of GVA accounted for by manufacturing fell between 1999 and 2003 (from 31% to 24%). Services' share rose in the same period (from 59% to 67%). In 2003, gross value added per employee in the manufacturing sector was £46,000 - 77 per cent greater than the value of £26,000 found in the service sector. This difference in part this reflects the higher level of part time working in the service sector.

Chart 3.1: Shares of gross value added by sector in 1999 and 2003



Source: Office for National Statistics, Annual Business Inquiry (compiled by Scottish Executive)

Service Sector coverage excludes certain areas such as the financial sector and some of the public sector

The largest GVA figure in manufacturing is in the food & drink industry (£2 billion). In services, 'other business activities' (which includes accounting, labour recruitment, industrial cleaning etc.) has the largest GVA total at £6.3 billion. (Table 3.1.)

Labour costs per employee are 35 per cent lower on average in the service sector compared to manufacturing. Overall, the highest costs can be found in the oil industry (£60,200 per employee), whilst the lowest can be found in hotels and restaurants (£7,900 per employee), a sector where there is a high level of part-time working. (Table 3.2.)

Renfrewshire, Glasgow City and South Lanarkshire are the local authority areas with the highest gross value added in the manufacturing sector. In the services sector, the highest gross value added can be found in Glasgow City, Edinburgh City and Aberdeen City. Within manufacturing, Falkirk has the highest labour costs (£32,900 per employee) whilst Aberdeen City has the highest costs in services (£22,600 per employee). (See Tables 3.4 & 3.5.)

Article A4 in this publication, on company ownership, describes information from the 2002 Annual Business Inquiry. To complement this article, a 2003 table on ownership by sector (manufacturing, construction and services) has been included in this chapter. (see Table 3.7).

Tourism

Two national surveys provide the main data on tourism: the International Passenger Survey, which surveys visitors to the UK at their point of exit from the UK, and the UK Tourism Survey (UKTS) which asks UK residents about trips they have made. The Office for National Statistics publishes information on international tourism. For domestic tourism, the UKTS data are collected on behalf of the National Tourism Organisations. Following a review of tourism statistics, it has been decided that the methodology for this survey should be changed. It has been recommended that the 2004 UK data be treated with caution, and the figures have not been published for Scotland. Table 3.8 shows the estimates for the volume and value of tourism in Scotland in 2003. It can be seen from this that just over half of overnight expenditure in Scotland was by tourists from other parts of the UK.

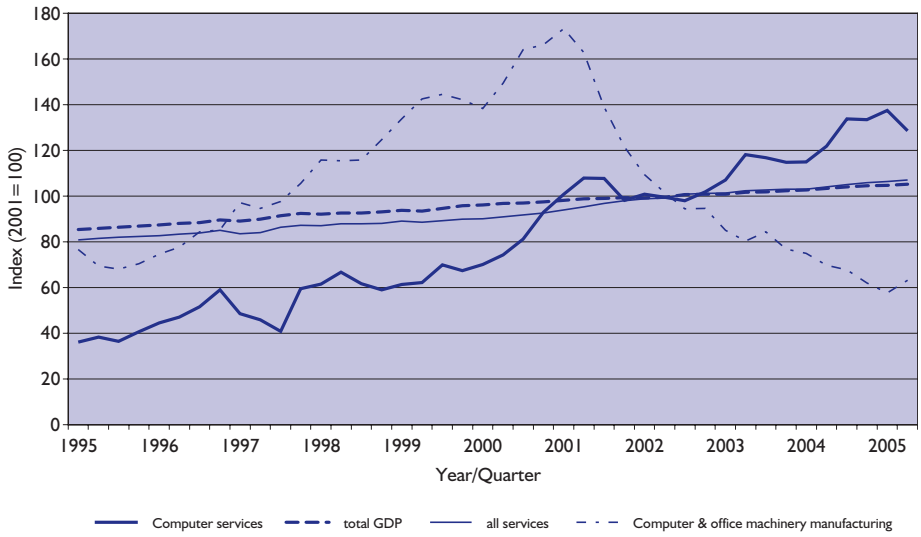
Last year's Scottish Economic Statistics contained an article introducing an experimental Tourism Satellite Account for Scotland. From this, it was estimated that 5 per cent of employment in Scotland is related to tourist expenditure – equating to around 130,000 jobs. This covers all industries and is based on the ratio of tourist expenditure (including day visitors) to output in each industry. Around 99,000 of these jobs are due to overnight tourism. The figure of around 200,000 jobs that is often quoted relates to employment in tourism – related industries, that is all employment in selected industry types such as hotels, bars, restaurants, travel agencies, museums, libraries and sporting venues.

Tourism ratios as described above can be applied at an industry level to the weights that make up the Scottish quarterly GVA index to derive a tourism index. The index derived in this way is shown in chart 3.2 – this covers overnight tourism only, so uses different ratios to the employment figures. It can be seen from this that tourism GVA has in general been increasing in recent years – the average annual growth rate of the index since 1995 is 2.8 per cent, compared with 2 per cent in GVA overall (based on the 2005 Q1 release of GDP). There was strong growth from 1995 to 1998, which may in part be attributable to Scotland's increase in popularity as a tourism destination after the release of the film "Braveheart" in 1995. This period of fast growth was followed by a decline in 1999-2000, before the growth of budget airlines from 2001 onwards resulted in Scotland being more accessible from London and the Southeast, and a change in marketing focus again increased its popularity – particularly as a weekend break destination.

Box 3.1: Focus on the computer services industry

Much analysis has been done on the decline of electrical and instrument engineering (E&IE or electronics manufacturing) in Scotland, and the current Scottish Economic Report provides some background to this. The main contributor to this drop is the manufacture of office machinery (mainly computers and related items). In contrast, Scottish GVA in computer related services (as defined by Standard Industrial Classification (SIC) category 72) has in real terms grown by an average of over 13 per cent each year since 1995. Chart 3A shows that the industry grew much faster than all services over that time, and shows for comparison the trend in manufacture of office machinery (SIC 30).

Chart 3A: Scottish quarterly GVA index for computer services, 1995 - 2005



Source: Scottish Executive Quarterly GDP Index

The overall value of Gross Value Added in current prices from 1998 to 2003 for computer services can be seen in table 3A. In 2003, GVA for manufacture of office machinery was similar, at almost £1.4 billion, approximately half of E&IE total GVA (table 3.1). In 2003, just over half (52%) of the total GVA of £1.3 billion in the computer services industry was created by the software consultancy and supply category. Maintenance and repair of computers and other office machinery along with other computer related services contributed £500 million, with the remaining £150 million being accounted for by hardware consultancy, database management and data processing.

Table 3A: Summary of major indicators in the computer services sector, 1998 - 2003

Year	Total Employees '000s	Total Turnover £m	Purchases of goods & services £m	Gross Value Added £m	Net Capital Expenditure £m	Total Labour Costs £m
1998	15	1,159	514	649	73	395
1999	17	1,505	690	832	82	498
2000	24	1,817	879	964	97	652
2001	26	1,884	969	989	106	818
2002	26	2,176	927	1,294	82	929
2003	26	2,335	1,009	1,330	96	855

Source: Office for National Statistics, Annual Business Inquiry (compiled by Scottish Executive)

Box 3.1: Focus on the computer services industry (continued)

It can also be seen in table 3A that the total value of purchases of goods and services by computer services companies was £1 billion in 2003. Analysis of the 2001 Scottish input-output tables[1] shows that 77 per cent of their purchases were from within Scotland. In comparison, for example, domestic purchases by the office machinery manufacturing companies amounted to less than 1 per cent of their total purchases (under £50 million), with the remaining 99 per cent being imports to Scotland. This implies that demand for inputs by the computer services industry has a greater knock-on effect on the domestic economy than the computer manufacturing industry.

Further analysis of the input-output tables and multipliers provides estimates of the total economic impact of the purchases of goods and services by the computer services sector. It is estimated that, in 2001, 22,000 jobs were related to these purchases, and £645m of Gross Value Added. The largest impact was in 'other business services', where almost 9,500 jobs were related to computer services. This covers a range of services including recruitment services, cleaning, security, photography and design. Purchases of other computer services resulted in the second highest impact. The total impact on the six industries that provide most inputs to the computer services sector are shown in table 3B below. In addition, 1,100 jobs in manufacturing creating £44m of GVA were related to computer services industry purchases.

Table 3B: Total economic impact of the computer services industry in Scotland, showing main industries

	Output (£m)	Employment (FTE)	Gross Value Added (£m)
TOTAL	**1,389**	**22,000**	**645**
Other Business Services	413	9,460	170
Computing Services	79	1,080	37
Retail Distribution	39	1,020	22
Architectural Activities and Technical Consultancy	76	940	37
Banking	79	810	29
Recreational Services	37	680	28

Source: Scottish input-output tables and multipliers, 2001

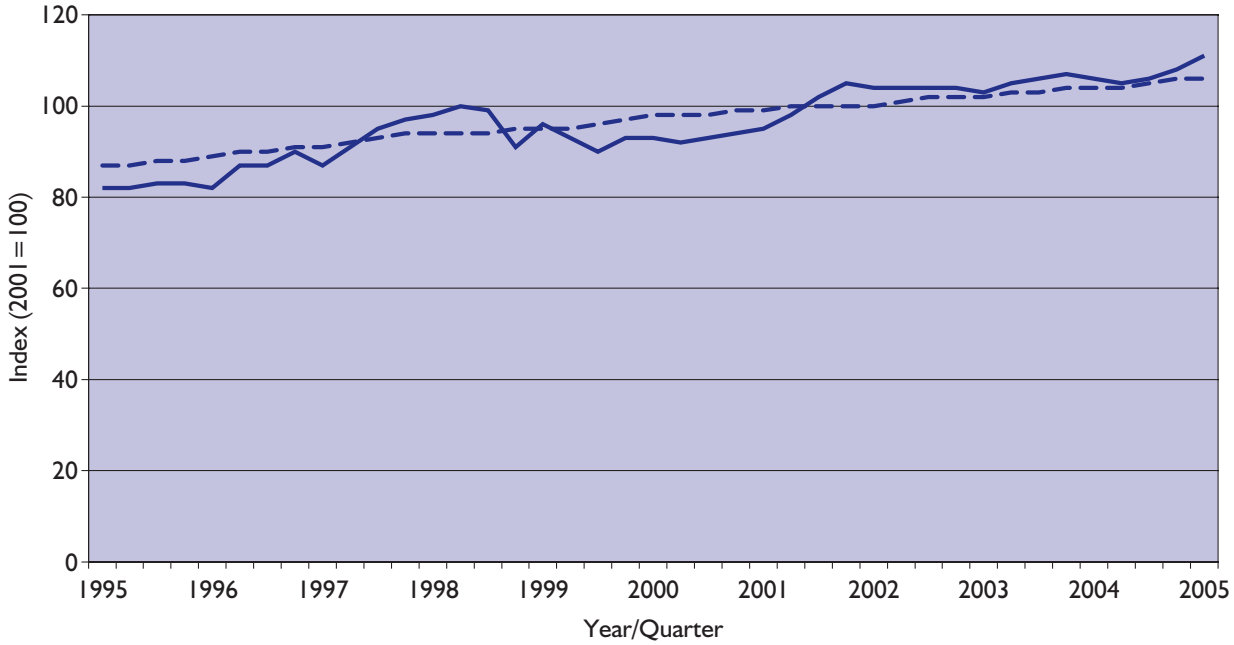
Provisional estimates from Scotland's Global Connections Survey indicated that around £400m of computer services industry sales in 2003 were to overseas customers, with more than £1 billion being to customers in the UK outside Scotland. This industry is therefore an important source of income to Scotland.

The majority of companies in the computer services industry are micro-businesses and the self-employed (with less than 10 employees), which accounted for 94 per cent of companies in 2004. These small companies were less predominant in 2004 than in 1999 however, when they made up 96 per cent of computer service businesses. In 1999, 49 per cent of the computer services industry worked in micro businesses, while in 2004 this figure was 32 per cent. Growth in the industry has seen an increase in numbers of larger companies and a corresponding increase in employment. The numbers employed in large companies (250 or more employees) increased by 7,000 from 1999 to 2004 while overall employment increased by around 10,000.

Business Enterprise Research and Development (BERD) in the computer and related activities product group represented 6 per cent (£30 million) of the total BERD (£521 million) for Scotland in 2003. This is an increase of 3 percentage points from the previous year, when the total expenditure was £18m. BERD expenditure increased rapidly from a value of £3 million in 1994 to £58 million in 1998 with the initial growth of the industry. It then dropped off slightly in 1999, and reached a low of £10 million in 2000 and 2001 before picking up again. There were 448 R&D employees working on computer services in Scotland in 2003.

[1] More information on the Scottish input-output tables can be found in chapter 1, or online at www.scotland.gov.uk/input-output

Chart 3.2: Tourism GVA index, 1995 - 2005



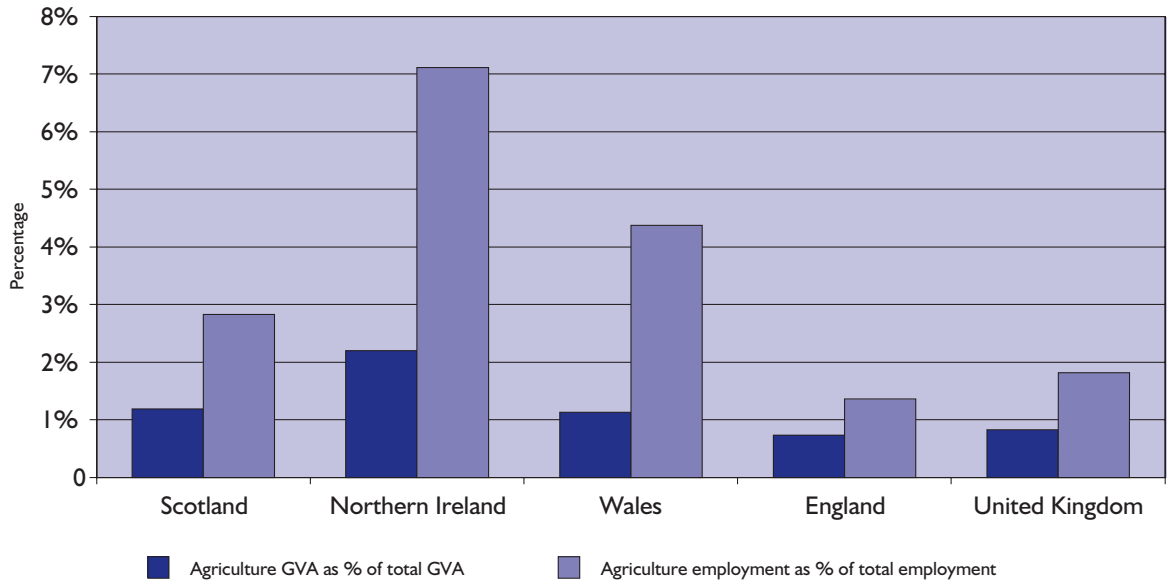
Source: Scottish Executive

Chapter 2 contains information on the Scottish e-business survey. Analysis of this has been done for tourism related businesses and the results are published at http://www.scottish-enterprise.com/publications/tourism_scottish_ebusiness_survey_04_tourism.pdf. This shows that although an increasing percentage of tourism organisations are convinced of the importance of e-business, access to the internet and the adoption of e-business technologies have if anything fallen back over the last year which the report states is perhaps related to a wider trend across Scottish organisations. It also shows, however, that companies working in tourism have increased their use of online sales and purchasing due to the suitability of products (e.g. accommodation, travel tickets, etc.).

Agriculture and fisheries

Agriculture accounted for 1.2 per cent of Scottish Gross Value Added in 2003, which was higher than the UK average of 0.8 per cent. Comparisons for the countries of the UK can be seen in chart 3.3 below. This also shows that agriculture accounted for just under 3 per cent of employment. More details on agriculture employment based on the annual agricultural census can be found in table 4.6.

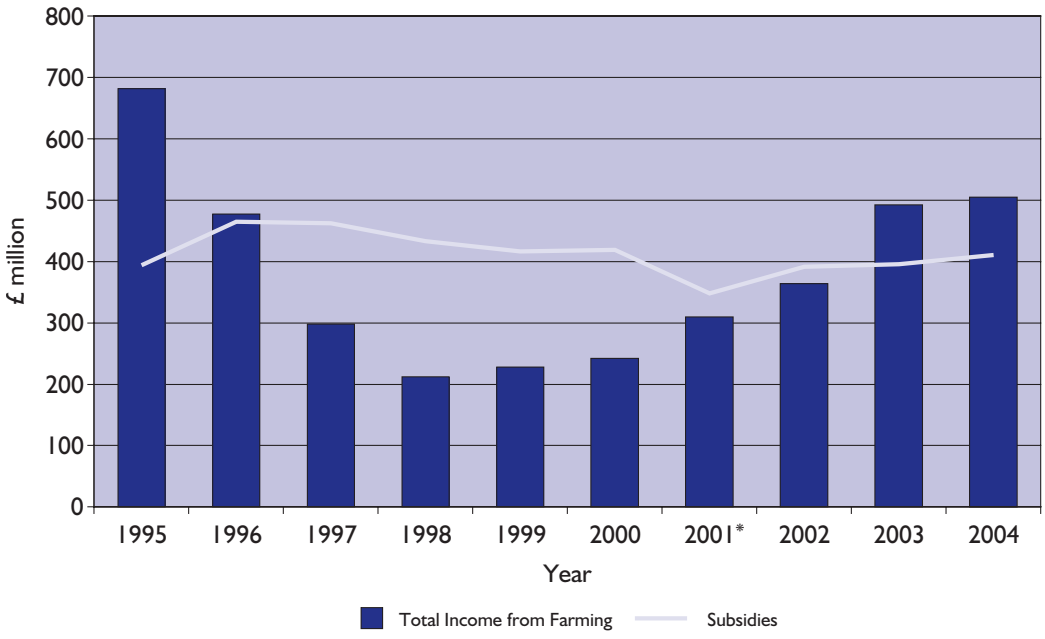
Chart 3.3: Agriculture in the economy, 2004



Source: Scottish Executive Environmental and Rural Affairs Department

The Scottish Executive Environment and Rural Affairs Department (SEERAD) collect detailed information on farms' incomes and outputs. Table 3.9 summarises this data, details by type of farm can be found in the *Economic Report on Scottish Agriculture* (http://www.scotland.gov.uk/Publications/2005/06/2290402/04046). Total Income from Farming is calculated as net value added plus other subsidies minus the sum of hired labour, interest and rent. This was £505m for Scotland in 2004. It can be seen from chart 3.5 that this has increased yearly since 1998 but that it has not returned to its 1995 level.

Chart 3.4: Total income from Farming and direct subsidies, 1995 - 2004

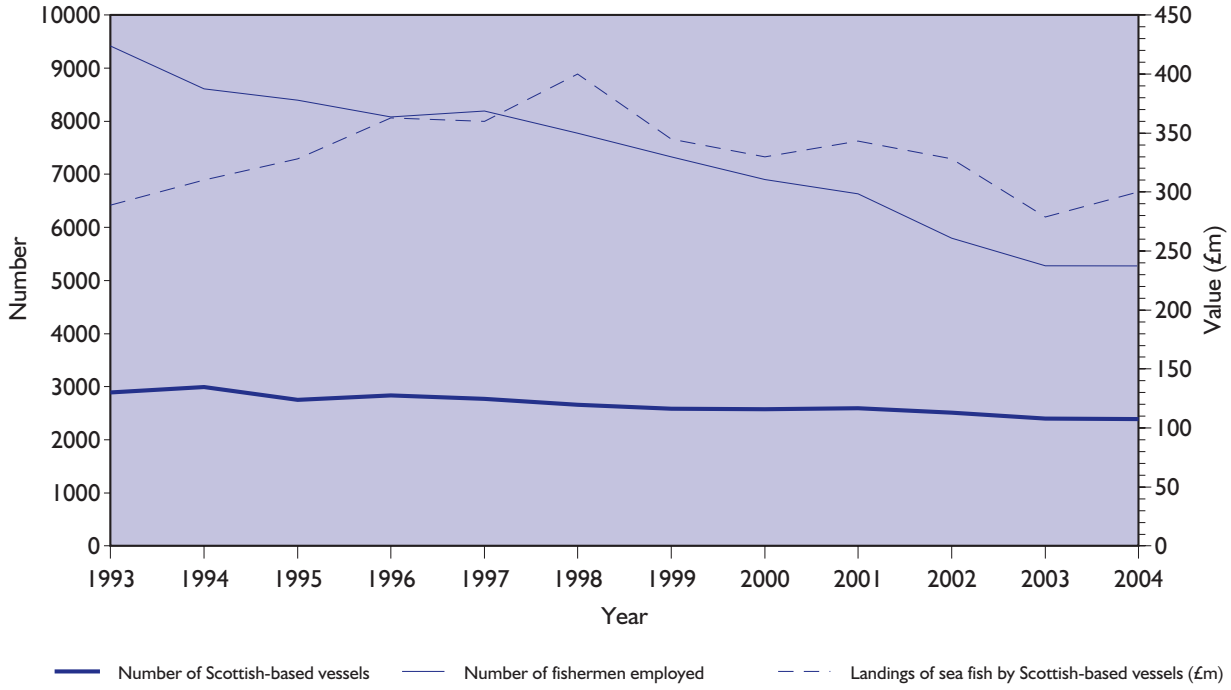


Source: Scottish Executive Environmental and Rural Affairs Department

*2001 Direct subsidies decreased partly as a result of Hill Livestock Compensatory Allowances being replaced by the new Less-Favoured Areas Support Scheme which is paid on an area basis rather than headage basis and as such is not classified as a direct subsidy.

The number of Scottish-based sea-fishing vessels has fallen from almost 3,000 in the mid 1990's to around 2,400 in 2004. This is largely as a result of decommissioning and decreased fishing opportunities. The corresponding number of fishermen employed has fallen from 9,420 in 1993 to 5,275 in 2004, due to the fact that it was the larger vessels employing several people that were usually decommissioned. Chart 3.5 illustrates these trends, and shows the corresponding total landings of fish. Detailed information on Scottish fisheries can be found in Scottish Fisheries Statistics. www.scotland.gov.uk/publications/2005/09/27174541/45420

Chart 3.5: The Scottish sea-fishing industry, 2003 - 1994



Source: SEERAD

Table 3.1: Total outputs and costs by industry, 2003

Division (SIC92)	Description	No. of Local Units	Total Turnover £m	Purchases of goods and services £m	Gross Value Added at Basic Prices £m	Net Capital Expenditure £m	Total Labour Costs £m
ALL	**TOTAL**	**145,840**	**152,590**	**94,440**	**57,890**	**8,950**	**29,090**
1.4/1.5	Agriculture (hunting and related services activities only)	1,510	50	30	30	0	20
2	Forestry, logging and related service activities	840	130	120	60	10	50
5	Fishing	1,870	600	410	190	10	60
10	Mining of coal and lignite; extraction of peat	50	200	140	60	10	40
11	Extraction of crude petroleum and natural gas; service activities etc.	210	14,790	5,450	9,340	2,830	1,100
14	Other mining and quarrying	260	440	240	170	40	70
15	Manufacture of food products and beverages	1,310	6,420	4,250	1,960	280	1,020
17	Manufacture of textiles	480	780	500	280	20	190
18	Manufacture of wearing apparel; dressing and dyeing of fur	220	260	170	100	10	70
19	Manufacture of leather and leather products	30	90	60	30	0	10
20	Manufacture of wood and of products of wood	660	*	*	*	*	*
21	Manufacture of pulp, paper and paper products	150	1,190	860	330	50	210
22	Publishing, printing and reproduction of recorded media	1,410	1,520	850	680	50	410
23	Manufacture of coke, refined petroleum products and nuclear fuel	40	*	*	*	*	*
24	Manufacture of chemicals, chemical products and man-made fibres	250	3,440	2,440	990	130	480
25	Manufacture of rubber and plastic products	370	1,140	680	470	30	250
26	Manufacture of other non-metallic mineral products	480	780	430	340	*	180
27	Manufacture of basic metals	140	440	290	150	*	90
28	Manufacture of fabricated metal products, except machinery & equipment	1,740	1,950	1,090	860	80	560
29	Manufacture of machinery and equipment nec	860	1,940	1,150	790	60	530
30	Manufacture of office machinery and computers	110	2,730	1,360	1,360	20	220
31	Manufacture of electrical machinery and apparatus nec	290	790	520	270	10	200
32	Manufacture of radio, television and communication equipment & apparatus	170	2,380	1,800	530	40	280
33	Manufacture of medical, precision & optical instruments, watches & clocks	350	1,300	660	600	40	360
34	Manufacture of motor vehicles, trailers and semi-trailers	130	440	340	100	10	100
35	Manufacture of other transport equipment	200	1,320	700	570	10	390
36	Manufacture of furniture; manufacturing nec	920	670	440	240	20	150
37	Recycling	120	110	70	30	0	20
40	Electricity, gas, steam and hot water supply	150	*	*	*	*	*
41	Collection, purification and distribution of water	240	*	*	*	*	*
45	Construction	14,140	10,870	6,660	4,350	230	2,620
50	Sale, maintenance & repair of motor vehicles & motorcycles; retail sale of automotive fuel	5,500	9,270	7,930	1,440	200	740
51	Wholesale trade and commission trade, except of motor vehicles & motorcycles	7,770	15,180	12,040	2,800	210	1,400
52	Retail trade, except of motor vehicles & motorcycles; repair of personal & household goods	25,980	19,030	14,510	4,580	580	2,410
55	Hotels and restaurants	13,960	4,370	2,190	2,190	260	1,270
60	Land transport; transport via pipelines	3,680	3,150	1,830	1,550	240	910
61	Water transport	170	300	*	*	*	*
62	Air transport	90	670	*	*	*	*
63	Supporting and auxiliary transport activities; activities of travel agencies	2,070	5,080	3,430	1,040	410	830
64	Post and telecommunications	1,890	4,100	1,720	2,480	370	980
70	Real estate activities	5,400	2,340	1,450	900	300	500
71	Renting of machinery and equipment without operator & of personal & household goods	1,840	1,250	540	710	190	300
72	Computer and related activities	6,080	2,340	1,010	1,330	100	860
73	Research and development	290	470	250	230	50	250
74	Other business activities	21,510	10,600	4,290	6,300	330	4,240
80	Education	1,630	1,180	820	380	230	1,630
85	Health and social work	3,570	810	180	630	50	570
90	Sewage and refuse disposal, sanitation and similar activities	250	690	260	410	260	130
91	Activities of membership organisations nec	2,010	460	270	200	30	180
92	Recreational, cultural and sporting activities	5,430	5,310	2,970	2,310	210	800
93	Other service activities	7,090	1,090	580	510	80	480

Source: Office for National Statistics, Annual Business Inquiry (Compiled by Scottish Executive)

*denotes disclosive data

Annual Business Inquiry coverage excludes certain areas such as the financial sector and some of the public sector.

Table 3.2: Total employees and employee ratios by industry, 2003

Division (SIC92)	Description	Total Employees Ths	Gross Value Added Per Employee £	Net Capital Expenditure Per Employee £	Total Labour Costs per Employee £
ALL	**TOTAL**	**1,577**	**36,700**	**5,670**	**18,400**
1.4/1.5	Agriculture (hunting and related services activities only)	2	14,000	1,610	11,300
2	Forestry, logging and related service activities	3	18,100	1,510	14,300
5	Fishing	4	47,000	3,460	14,600
10	Mining of coal and lignite; extraction of peat	1	41,200	3,610	27,000
11	Extraction of crude petroleum and natural gas; service activities etc.	18	513,700	155,570	60,200
14	Other mining and quarrying	3	60,500	14,690	25,100
15	Manufacture of food products and beverages	50	39,000	5,480	20,300
17	Manufacture of textiles	11	26,900	1,850	18,200
18	Manufacture of wearing apparel; dressing and dyeing of fur	4	26,800	1,320	17,000
19	Manufacture of leather and leather products	1	40,700	3,510	20,000
20	Manufacture of wood and of products of wood	8	*	*	*
21	Manufacture of pulp, paper and paper products	8	40,600	6,440	25,700
22	Publishing, printing and reproduction of recorded media	19	36,500	2,590	22,100
23	Manufacture of coke, refined petroleum products and nuclear fuel	2	*	*	*
24	Manufacture of chemicals, chemical products and man-made fibres	14	71,600	9,170	34,700
25	Manufacture of rubber and plastic products	11	42,900	3,200	23,500
26	Manufacture of other non-metallic mineral products	8	44,200	*	22,900
27	Manufacture of basic metals	3	43,900	*	26,400
28	Manufacture of fabricated metal products, except machinery & equipment	23	37,100	3,260	24,000
29	Manufacture of machinery and equipment nec	20	40,300	3,140	27,100
30	Manufacture of office machinery and computers	7	181,600	2,080	29,500
31	Manufacture of electrical machinery and apparatus nec	8	31,300	1,390	23,700
32	Manufacture of radio, television and communication equipment & apparatus	9	57,900	3,830	30,300
33	Manufacture of medical, precision & optical instruments, watches & clocks	11	52,400	3,350	31,200
34	Manufacture of motor vehicles, trailers and semi-trailers	4	25,300	1,840	24,200
35	Manufacture of other transport equipment	11	54,000	1,110	37,100
36	Manufacture of furniture; manufacturing nec	8	30,300	2,920	19,300
37	Recycling	1	35,000	3,190	19,600
40	Electricity, gas, steam and hot water supply	*	*	*	*
41	Collection, purification and distribution of water	*	*	*	*
45	Construction	118	36,900	1,970	22,200
50	Sale, maintenance & repair of motor vehicles & motorcycles; retail sale of automotive fuel	46	31,400	4,300	16,100
51	Wholesale trade and commission trade, except of motor vehicles & motorcycles	69	40,800	3,020	20,300
52	Retail trade, except of motor vehicles & motorcycles; repair of personal & household goods	256	17,900	2,250	9,400
55	Hotels and restaurants	161	13,600	1,640	7,900
60	Land transport; transport via pipelines	43	35,900	5,600	20,900
61	Water transport	2	*	*	*
62	Air transport	4	*	*	*
63	Supporting and auxiliary transport activities; activities of travel agencies	32	33,100	13,110	26,500
64	Post and telecommunications	39	64,100	9,520	25,400
70	Real estate activities	26	34,400	11,410	19,000
71	Renting of machinery and equipment without operator & of personal & household goods	14	51,200	13,980	21,800
72	Computer and related activities	26	52,100	3,740	33,500
73	Research and development	8	29,300	6,640	31,700
74	Other business activities	201	31,300	1,620	21,000
80	Education	76	5,000	3,030	21,500
85	Health and social work	66	9,500	690	8,500
90	Sewage and refuse disposal, sanitation and similar activities	5	82,000	52,040	25,400
91	Activities of membership organisations nec	13	14,700	2,210	13,900
92	Recreational, cultural and sporting activities	55	42,100	3,900	14,700
93	Other service activities	29	17,400	2,770	16,100

Source: Office for National Statistics, Annual Business Inquiry (Compiled by Scottish Executive)

*denotes disclosive data

Annual Business Inquiry coverage excludes certain areas such as the financial sector and some of the public sector.

Table 3.3: Total outputs, costs and employees by sector, 1998 - 2003

Sector	Year	Total Turnover £m	Purchases of goods & services £m	Gross Value Added at Basic Prices £m	Net Capital Expenditure £m	Total Labour Costs £m	Total Employees Ths	Gross Value Added Per Employee £	Net Capital Expenditure Per Employee £	Total Labour Costs Per Employee £
Manufacturing	**1998**	41,000	27,900	12,700	1,900	6,700	320	39,000	5,800	20,500
SIC 15-37	**1999**	41,100	29,200	11,400	1,390	6,600	310	36,500	4,400	21,000
	2000	41,100	29,800	11,300	1,580	6,500	300	37,800	5,300	21,800
	2001	40,000	28,500	11,100	1,460	6,600	280	39,000	5,100	23,400
	2002	34,700	23,200	11,500	1,020	6,200	260	43,600	3,900	23,500
	2003	32,200	20,900	11,100	980	6,000	240	46,000	4,000	24,700
Construction	**1998**	8,400	5,300	3,200	180	2,000	140	23,200	1,300	14,800
SIC 45	**1999**	9,500	6,100	3,600	180	2,300	130	26,900	1,400	17,100
	2000	9,800	6,100	3,900	180	2,400	130	29,000	1,300	17,800
	2001	9,600	5,900	3,800	170	2,400	120	31,500	1,400	20,000
	2002	9,900	6,100	3,900	220	2,400	120	32,700	1,900	19,900
	2003	10,900	6,700	4,400	230	2,600	120	36,900	2,000	22,200
Services	**1998**	68,500	44,300	23,300	4,340	12,900	1,040	22,400	4,200	12,400
SIC 50-93	**1999**	70,100	46,600	22,500	4,170	13,500	1,060	21,200	3,900	12,700=
(Exc 65-67, 75	**2000**	72,800	48,500	24,000	4,140	14,700	1,110	21,700	3,700	13,300
and parts of	**2001**	83,800	54,800	28,900	4,250	16,800	1,170	24,700	3,600	14,300
SIC85)	**2002**	83,400	53,600	29,500	4,820	17,300	1,160	25,500	4,200	15,000
	2003	87,700	56,800	30,400	4,130	18,700	1,170	26,000	3,500	16,000

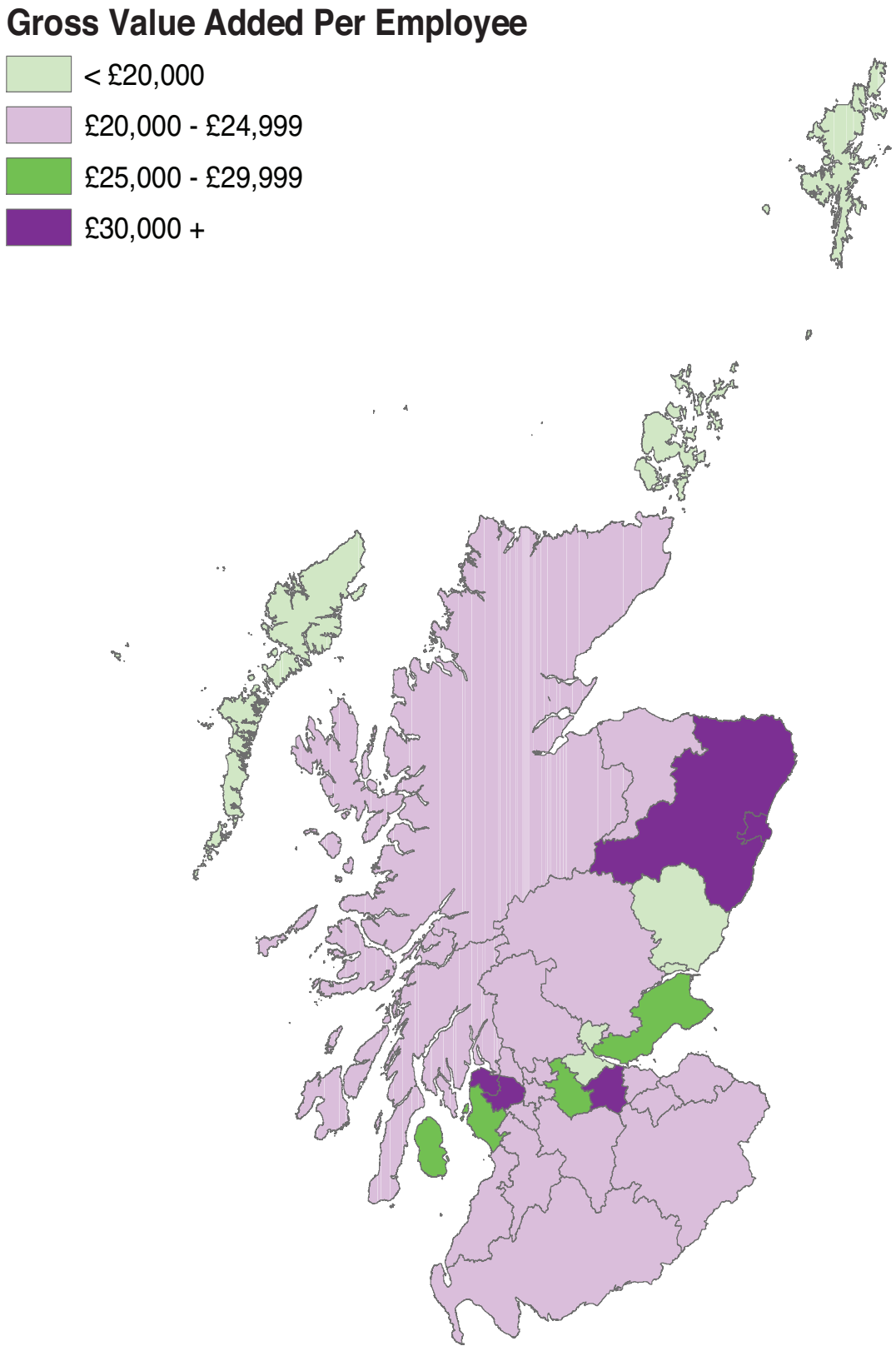
Source: Office for National Statistics, Annual Business Inquiry (Compiled by Scottish Executive)
This table provides figures at broad sectoral level only. More detailed time series data, at 2-digit SIC level, is available at:
http://www.scotland.gov.uk/about/ELLD/EI/00016170/Introduction.aspx

Table 3.4: Manufacturing sector - key indicators by local authority, 2003

Local Authority	Total Turnover £m	Gross Value Added at Basic Prices £m	Total Labour Costs £m	Total Employees '000s	Gross Value Added Per Employee £	Total Labour Costs Per Employee £
SCOTLAND	**32,250**	**11,110**	**5,960**	**241**	**46,000**	**24,700**
Aberdeen City	1,300	530	340	12	45,700	29,700
Aberdeenshire	1,270	420	250	11	36,900	21,700
Angus	610	200	130	6	33,800	21,100
Argyll & Bute	110	50	30	1	33,600	17,700
Clackmannanshire	200	60	50	2	33,200	26,000
Dumfries & Galloway	1,010	290	170	8	34,800	19,900
Dundee City	920	410	260	10	42,100	26,600
East Ayrshire	490	150	120	6	27,100	21,100
East Dunbartonshire	230	100	50	3	39,300	21,100
East Lothian	280	130	60	2	58,600	27,200
East Renfrewshire	110	40	30	1	28,400	19,900
Edinburgh, City of	1,990	810	430	14	56,100	30,000
Eilean Siar	50	20	10	1	24,700	17,600
Falkirk	3,710	510	310	9	55,300	32,900
Fife	2,660	790	530	22	36,600	24,500
Glasgow City	2,370	930	620	25	37,300	24,900
Highland	860	350	220	10	35,000	22,300
Inverclyde	790	250	90	3	82,800	30,100
Midlothian	260	110	70	3	40,800	25,100
Moray	560	220	110	5	44,000	21,400
North Ayrshire	1,120	460	180	7	62,000	24,200
North Lanarkshire	1,520	520	330	15	33,600	21,400
Orkney Islands	40	10	10	1	27,100	17,300
Perth & Kinross	470	140	80	4	30,500	18,500
Renfrewshire	2,790	1,410	280	11	123,200	24,500
Scottish Borders	400	160	120	7	23,700	17,800
Shetland Islands	50	20	10	1	23,900	17,200
South Ayrshire	870	260	130	5	50,700	25,500
South Lanarkshire	2,950	870	500	18	48,900	28,100
Stirling	280	90	50	2	41,900	23,600
West Dunbartonshire	580	310	90	3	93,000	25,400
West Lothian	1,410	470	300	12	39,200	25,100

Source: Office for National Statistics, Annual Business Inquiry (Compiled by Scottish Executive)

Map 3.1: Service sector[1] – gross value added per employee by local authority, 2003



Source: Office for National Statistics, Annual Business Inquiry (compiled by Scottish Executive). Service sector coverage excludes certain areas such as the financial sector and some of the public sector.

Table 3.5: Service sector[1] – key indicators by local authority, 2003

Local Authority	Total Turnover £m	Gross Value Added at Basic Prices £m	Total Labour Costs £m	Total Employees '000s	Gross Value Added Per Employee £	Total Labour Costs Per Employee £
SCOTLAND	**87,700**	**30,410**	**18,690**	**1,172**	**26,000**	**16,000**
Aberdeen City	7,440	3,140	2,090	93	33,900	22,600
Aberdeenshire	3,450	1,310	690	40	32,800	17,300
Angus	1,130	310	180	16	19,500	11,500
Argyll & Bute	960	340	200	17	20,200	11,900
Clackmannanshire	410	120	80	6	19,800	13,600
Dumfries & Galloway	1,520	490	290	23	21,800	12,600
Dundee City	2,570	740	560	38	19,500	14,900
East Ayrshire	1,170	370	210	17	21,900	12,200
East Dunbartonshire	860	250	160	12	20,500	12,600
East Lothian	860	290	160	12	24,400	13,800
East Renfrewshire	650	200	120	10	20,500	12,700
Edinburgh, City of	11,360	4,180	2,900	170	24,700	17,100
Eilean Siar	220	80	50	4	17,900	12,300
Falkirk	3,000	220	400	27	7,900	14,600
Fife	4,840	1,720	910	60	28,700	15,300
Glasgow City	14,040	5,070	3,520	208	24,400	16,900
Highland	3,200	1,070	810	49	21,800	16,400
Inverclyde	1,380	520	280	16	32,600	17,800
Midlothian	920	280	190	13	21,300	14,900
Moray	1,070	390	230	16	24,500	14,700
North Ayrshire	1,270	460	230	18	25,500	12,900
North Lanarkshire	4,350	1,390	900	56	25,000	16,100
Orkney Islands	180	60	40	3	18,000	11,500
Perth & Kinross	2,320	720	420	31	23,200	13,400
Renfrewshire	3,830	1,280	660	43	30,100	15,400
Scottish Borders	1,410	430	220	19	22,300	11,800
Shetland Islands	250	70	50	5	13,200	11,000
South Ayrshire	1,470	480	310	23	20,900	13,400
South Lanarkshire	3,710	1,150	660	49	23,300	13,400
Stirling	1,720	460	320	22	20,700	14,500
West Dunbartonshire	1,060	360	180	18	20,200	10,200
West Lothian	5,080	2,470	660	39	63,400	16,900

Source: Office for National Statistics, Annual Business Inquiry (Compiled by Scottish Executive)

[1] Service sector coverage excludes certain areas such as the financial sector and some of the public sector.

Table 3.6: Service sector[1] - ranking of local authority sectors in terms of their share of turnover in 2003

Local Authority	Total Turnover £m	Motor Trades Ranking	Wholesale Ranking	Retail Ranking	Catering & Allied Trades Ranking	Transport, storage & communication Ranking	Real estate, renting & business activities Ranking	Education & Health Ranking	Social & personal service activities Ranking
Aberdeen City	7,440	29	18	31	25	12	1	17	31
Aberdeenshire	3,450	24	6	27	22	20	3	27	20
Angus	1,130	9	9	7	12	28	29	12	15
Argyll & Bute	960	25	25	12	1	17	6	23	25
Clackmannanshire	410	16	27	11	30	18	5	3	7
Dumfries & Galloway	1,520	18	30	3	2	10	21	15	27
Dundee City	2,570	14	13	8	17	19	26	2	5
East Ayrshire	1,170	10	21	4	21	22	15	20	8
East Dunbartonshire	860	3	19	1	26	30	18	10	10
East Lothian	860	27	10	14	6	31	7	7	11
East Renfrewshire	650	20	26	2	23	16	8	8	12
Edinburgh, City of	11,360	23	24	26	11	21	2	1	18
Eilean Siar	220	13	32	15	10	4	23	26	9
Falkirk	3,000	5	15	28	32	3	24	25	29
Fife	4,840	11	17	21	16	27	20	19	2
Glasgow City	14,040	22	16	29	24	14	4	4	4
Highland	3,200	8	14	22	3	23	13	28	13
Inverclyde	1,380	32	29	30	29	1	9	21	28
Midlothian	920	26	5	6	20	26	12	5	19
Moray	1,070	2	12	13	14	25	11	16	30
North Ayrshire	1,270	30	20	5	13	13	14	11	14
North Lanarkshire	4,350	21	7	25	27	8	17	22	16
Orkney Islands	180	4	28	16	4	9	32	31	3
Perth & Kinross	2,320	7	8	24	5	24	28	9	6
Renfrewshire	3,830	15	11	23	28	5	16	24	32
Scottish Borders	1,410	6	1	19	8	29	25	14	23
Shetland Islands	250	17	31	17	9	2	31	30	17
South Ayrshire	1,470	12	22	9	7	11	27	13	21
South Lanarkshire	3,710	19	2	18	18	15	22	18	22
Stirling	1,720	1	3	20	19	32	19	6	26
West Dunbartonshire	1,060	28	23	10	15	7	10	29	24
West Lothian	5,080	31	4	32	31	6	30	32	1

Source: Office for National Statistics, Annual Business Inquiry (Compiled by Scottish Executive)

[1] Service Sector coverage excludes certain areas such as the financial sector and some of the public sector.

Explanatory note: The first column in this table shows the total turnover in each local authority area in the service industries (excluding the financial sector and some of the public sector). Subsequent columns relate to specific sectors within the service sector as a whole (e.g. the retail sector, or transport, storage and communication). A ranking is given indicating the relative importance to each local authority area of that sector to total service sector turnover, compared to its importance in other local authority areas.

Example: There is a total turnover of £1,720m in service industries in Stirling. Of this, 19% is accounted for by the motor trades industry. As this is the highest percentage in any of the local authority areas, Stirling has a ranking of 1 under motor trades. Conversely, in Inverclyde, out of a total turnover of £1,380m in service industries, only 4.9% is accounted for by motor trades. This is the lowest percentage in any of the local authority areas, so Inverclyde has a ranking of 32 under motor trades.

Table 3.7: Ownership by sector, 2003

Sector	Owner	No. of local units	Total Turnover £m	Gross Value Added at Basic Prices £m	Net Capital Expenditure £m	Total Labour Costs £m	Total Employees £m
Manufacturing SIC 15-37	Scotland	8,910	13,680	5,120	470	3,030	144
	UK (exc Scotland)	890	7,130	1,950	260	1,150	39
	Abroad	600	11,440	4,040	240	1,780	59
Construction SIC 45	Scotland	13,310	7,840	3,270	170	1,950	95
	UK (exc Scotland)	720	2,320	800	40	470	18
	Abroad	110	710	280	10	200	5
Services SIC 50-93 (Exc 65-67, 75 and parts of SIC85)	Scotland	96,330	47,970	17,910	2,540	11,180	723
	UK (exc Scotland)	15,960	26,420	8,150	1,220	4,940	327
	Abroad	3,900	13,300	4,340	370	2,580	122

Sector	Owner	No. of local units %	Total Turnover %	Gross Value Added at Basic Prices %	Net Capital Expenditure %	Total Labour Costs %	Total Employees %
Manufacturing SIC 15-37	Scotland	86	42	46	48	51	59
	UK (exc Scotland)	9	22	18	27	19	16
	Abroad	6	35	36	25	30	24
Construction SIC 45	Scotland	94	72	75	75	74	81
	UK (exc Scotland)	5	21	18	19	18	15
	Abroad	1	7	6	6	8	4
Services SIC 50-93 (Exc 65-67, 75 and parts of SIC85)	Scotland	83	55	59	61	60	62
	UK (exc Scotland)	14	30	27	29	26	28
	Abroad	3	15	14	9	14	10

Source: Office for National Statistics, Annual Business Inquiry (Compiled by Scottish Executive)

Table 3.8: Volume and value of tourism, and average length of stay and spend, by origin, 2003

	Origin			
	Scottish residents[1]	Rest of UK residents[1]	Overseas residents	All[1]
Total number of trips (millions)	8.0	8.5	1.6	18.1
Total spending (£ million)	1,347	2,248	839	4,435
Total number of nights (millions)	26	36.0	14.9	76.9
Average length of stay (nights)	3	4	9	4
Average spend per trip (£)	150	264	524	231
Average spend per night (£)	49	62	56	56

Source: VisitScotland

[1] Not National Statistics

Table 3.9: Scottish Agricultural Output, Input and Income, 1999 - 2004[1]

£ million

	1999	2000	2001[2]	2002	2003	2004
Output						
Agricultural activities	1,806	1,789	1,783	1,820	1,974	2,048
Non-agricultural activities	84	95	104	107	109	116
Total Gross Output (basic prices)	1,890	1,884	1,888	1,927	2,083	2,164
Input	1,058	1,039	1,034	1,032	1,060	1,121
Gross Value Added	832	845	854	895	1,023	1,043
Consumption of Fixed Capital	293	287	300	302	303	296
Net Value Added	539	558	554	592	720	748
Other Subsidies	38	38	110	112	123	121
Hired Labour	239	236	244	240	248	254
Interest	93	99	92	84	86	95
Net rent	17	18	18	16	17	16
Total Income from Farming	**228**	**242**	**309**	**364**	**492**	**505**

Source: Scottish Executive Environment and Rural Affairs Department

[1] 2002 to 2004 figures are provisional

[2] Increase in other subsidies is the result of the introduction of the new Less-Favoured Areas Support Scheme which was worth £61m in 2001. This replaces Hill Livestock Compensatory Allowances for cattle and sheep which were paid on headage basis and therefore considered as direct subsidies and included under agriculture activities.

Table 3.10: Net Farm Incomes and average direct subsidies by farm type, 2002/03 to 2004/05[1]

Farm Type	2002/03		2003/04		2004/05 (forecast)	
	Net Farm Income £/farm	Direct Subsidies £/farm	Net Farm Income £/farm	Direct Subsidies* £/farm	Net Farm Income £/farm	Direct Subsidies* £/farm
LFA Sheep	8900	24,100	9,900	24,300	6,600	24,500
LFA Beef	20,700	43,000	20,900	41,300	16,900	38,900
LFA Mixed Cattle & Sheep	14,000	43,100	20,900	45,400	15,600	43,800
Lowland Cattle and Sheep	19,400	29,800	18,500	31,600	16,900	30,300
Cereals	500	32,300	17,300	38,800	-4,200	36,700
General Cropping	-1,400	31,300	27,600	32,800	-600	30,900
Dairy	8,800	14,700	23,500	13,800	25,100	12,700
Mixed	9,100	43,000	20,300	47,600	9,600	44,200
All	10,400	34,300	19,800	35,800	10,400	34,000

[1] All NFI and Direct Subsidy figures are shown to the nearest hundred.

* Includes Less Favoured Areas Support Scheme (LFASS).

2005

chapter four: **The Labour Market**

Population

The General Register Office for Scotland (GROS) is responsible for the publication of population estimates for Scotland. They carry out the census, the latest of which was carried out in 2001, and produce annual population estimates. A range of demographic statistics can be found on the GROS website at www.gro-scotland.gov.uk/statistics. The 2001 census estimates showed that the population of Scotland had decreased in the last 10 years, while the mean age of the population increased. These changes are predicted to continue in future years. Chart 4.1 illustrates these changes. The projected demographic changes will have implications for the labour market in Scotland in future.

Table 4.1 summarises the mid-year population estimates for 2004 by local authority area. The total population of Scotland was estimated as 5,078,400 of which 52 per cent were female. There is considerable geographic variation in the age distribution of the population across Scotland. For example in Edinburgh, 67 per cent of the population are of working age, compared with only 58 per cent in Eilean Siar. In Dumfries and Galloway, 24 per cent of the population are older than working age whereas in West Lothian the figure is only 15 per cent.

Chart 4.1a: Number of females, by age, 1994, 2004 & 2014

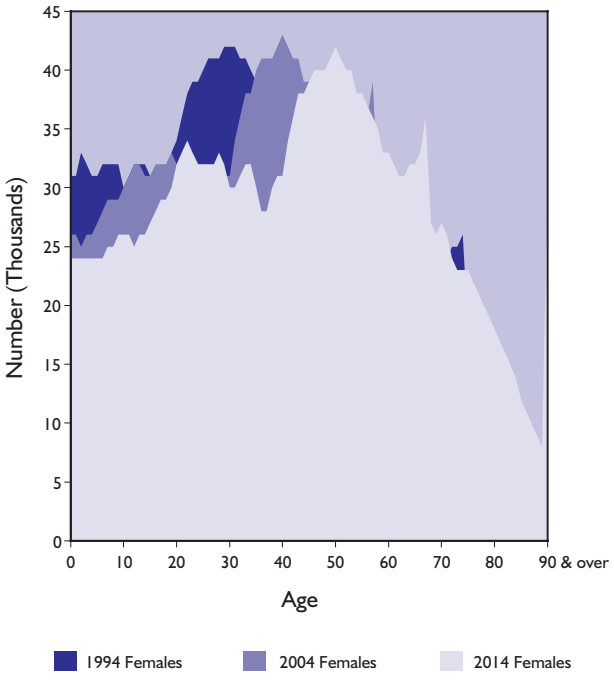


Chart 4.1b: Number of males, by age 1994, 2004 & 2014

Source: GROS 1994, 2004 mid-year population estimates
Government Actuaries Department, 2014 projection (2003-based)

Employment

The official source for estimating numbers of people in employment is the Labour Force Survey (LFS). In spring 2005, there were 2.4 million people aged 16 and above in employment, an increase of 7 per cent since 1997. The proportion of working age people in employment is varied geographically across Scotland. This is illustrated in Map 4.1 using the Annual Population Survey (APS) (see box 4.1 for more information about this survey).

Box 4.1: The Labour Force Survey / Annual Population Survey

The Labour Force Survey (LFS) is a survey of households living at private addresses in the UK. Its purpose is to provide information on the UK Labour Market which can be used to develop, manage, evaluate and report on labour market policies. The survey is carried out by the Office for National Statistics (ONS). Topics covered in the survey include: employment, full-time, part-time, industry of employment, hours worked, occupation of employment, earnings and qualifications.

Information is available for Spring 1992 onwards for the UK and Scotland and for Spring 1998 onwards for local authority areas in Scotland. Prior to recent developments, the survey covered 60,000 households in the UK each quarter.

Information derived from the survey is subject to some sampling error, and therefore numbers below certain thresholds are not considered reliable enough to publish. With the above sample size this applied to annual estimates of less than 6,000 and quarterly estimates less than 10,000.

Labour Force Survey Boost

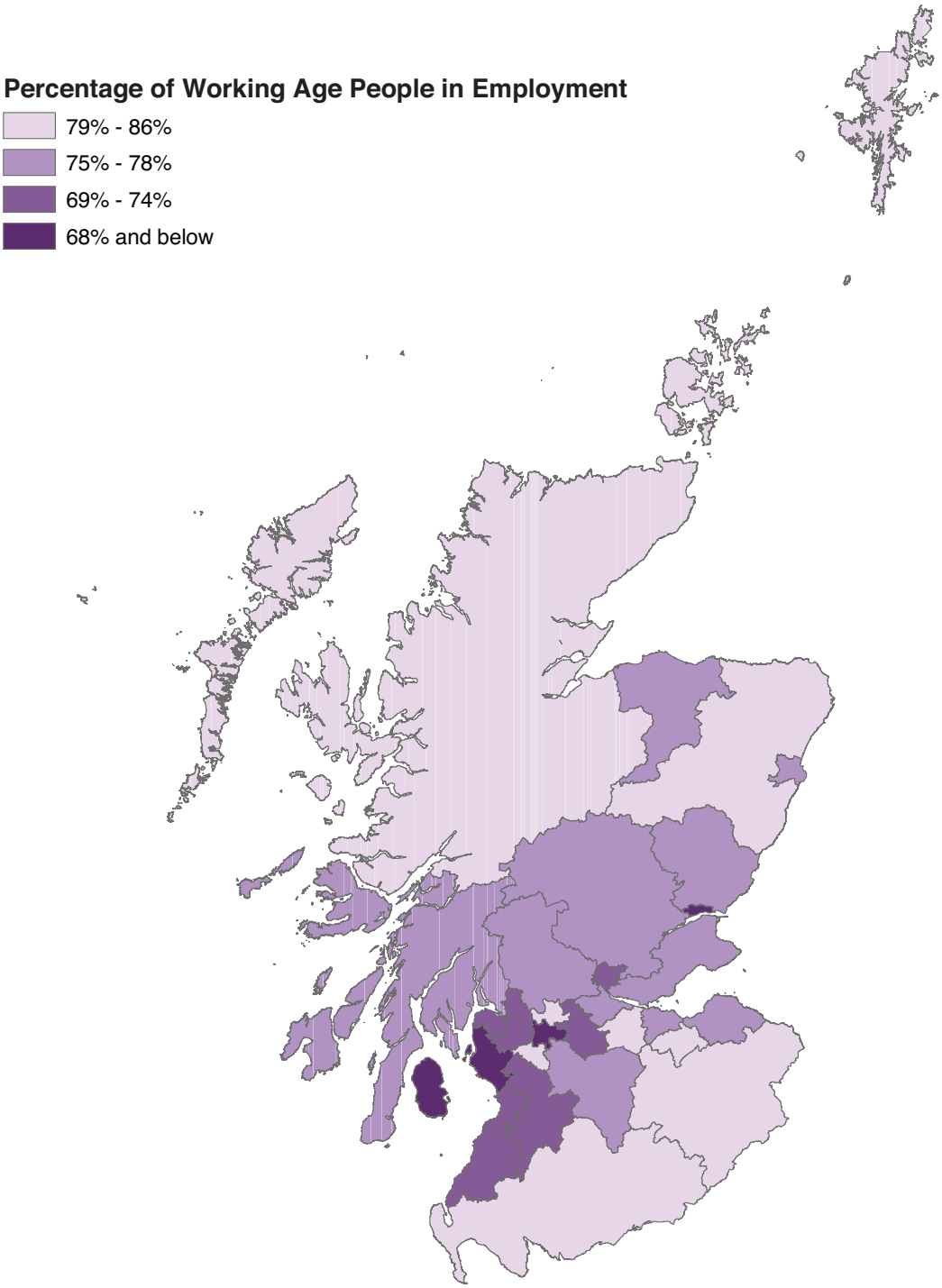
The Labour Force Survey sample in Scotland was boosted for the first time in 2003 to provide more reliable estimates for Scotland and local authority areas in Scotland. The LFS sample for Scotland was increased from 8,800 households to 20,000 households. As a result of this, publication thresholds were reduced to 3,000 for Scotland and as low as 1,000 for some local authority areas in Scotland.

The first results from the boost for Scotland were published in November 2004 and covered the period March 2003 to February 2004. The second set of annual boosted results were published in July 2005 and covered the period March 2004 to February 2005. The Scottish boost was officially named the Annual Scottish Labour Force Survey, which formed a part of the UK Annual Local Area Labour Force Survey. The Scottish Executive has a large amount of input regarding the design of the boost for Scotland.

Annual Population Survey

In August 2005, the ONS published, for the first time, the Annual Population Survey (APS) which is the new name for the Annual Local Area Labour Force Survey. The differences between the two are the changed reporting periods and increased coverage in England and Wales. The first APS to be published covered the period January 2004 to December 2004. The series will then be published quarterly on a rolling annual basis covering the time periods April to March, July to June and October to September. The APS still includes the Scottish boost to the survey.

Map 4.1: Employment Rates by Scottish Local Authority area, 2004



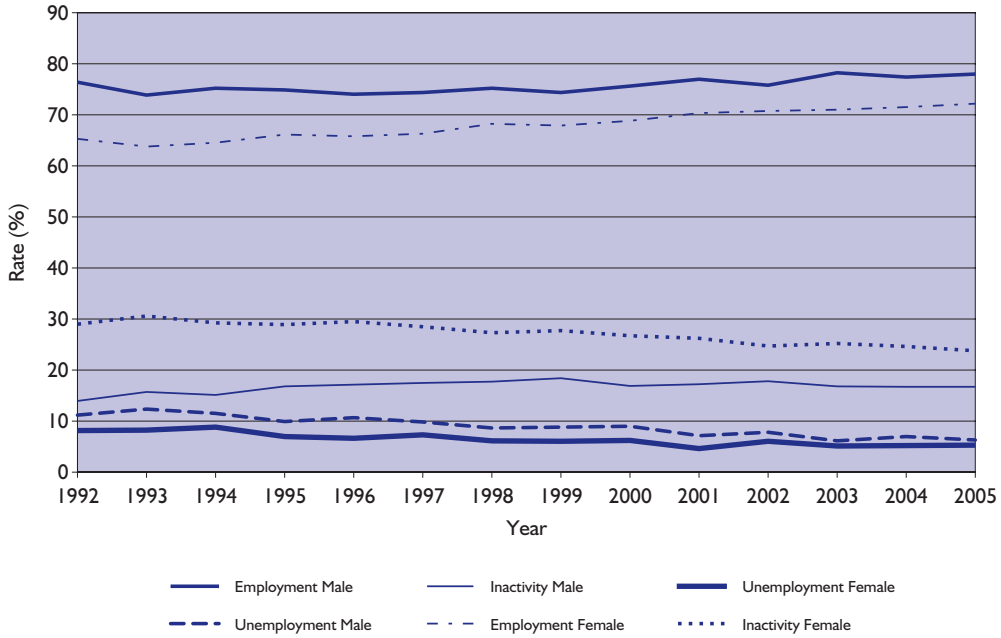
Source: Annual Population Survey, National Statistics

Local Authority boundaries extracted from Ordinance Survey Boundaryline

Gender and age

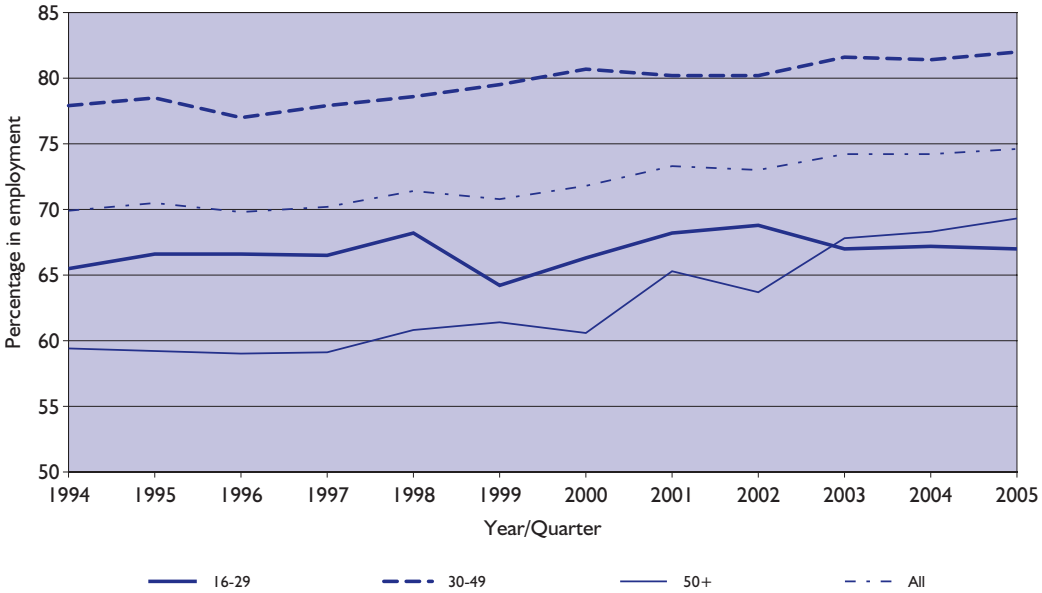
Chart 4.2 shows that the employment rate for both males and females has increased. Since 1997 there has been a greater increase in the proportion of females in employment compared with males. The total number of females in employment has increased by 10 per cent, whereas the number of males in employment has only increased by 6 per cent. Chart 4.3 shows that the proportion of people in employment has increased across most age bands. The greatest increase can be seen in the 50 years plus age group.

Chart 4.2: Employment, unemployment and economic inactivity rates by gender in Scotland, 1992-2005



Source: Labour Force Survey, Spring Quarter, Seasonally Adjusted
Employment – Number of working age employed as a proportion of all working age
Inactive – Number inactive of working age as a proportion of all working age
Unemployment – Number unemployed aged 16 and above as a proportion of all economically active aged 16 and above

Chart 4.3: Employment rate by age group, 1994 - 2005



Work patterns

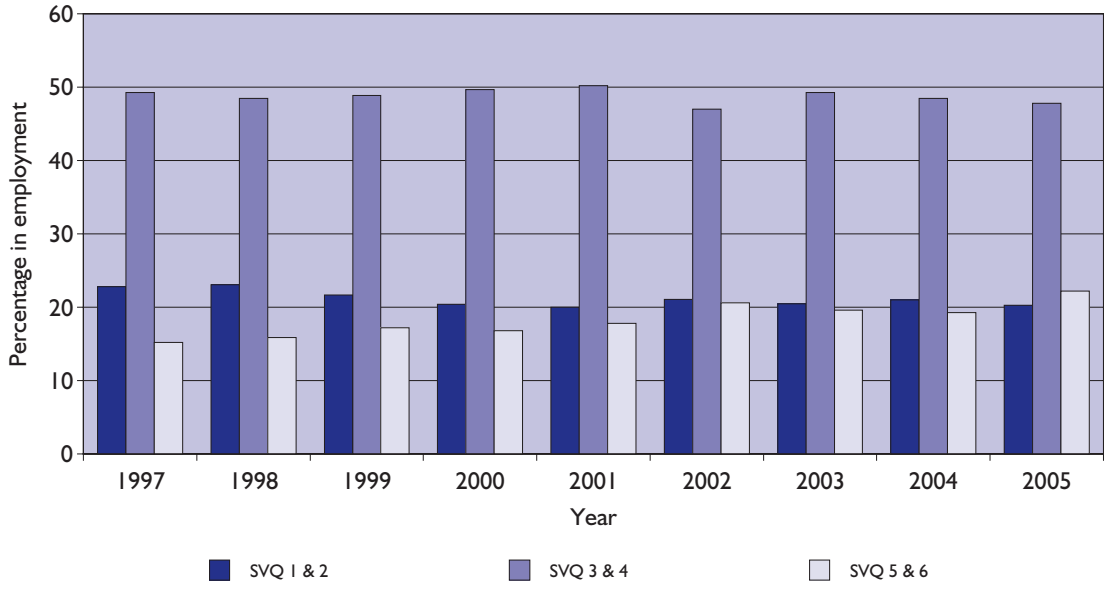
The total number in employment comprises employees, self-employed, unpaid family workers and government supported trainees. Number in full-time employment has increased by a greater amount for females (11 per cent) than for males (3 per cent) since 1997. Numbers employed on a part-time basis have also increased since 1997, but fallen slightly since 2004. This increase has been greater for men than for women. The number of part-time men has increased by 32 per cent whereas for women, the increase is 6 per cent. Overall in 2004 part-time workers accounted for 26 per cent of all people in employment and 25 per cent in 2005.

Since 1997 the number of self-employed has decreased by 3 per cent. This has decreased by a greater amount for females (-8%), compared to males (-2%). Numbers of unpaid family workers and government supported trainees have also decreased.

Qualifications and job training

The proportion of people who had received on the job training in the last 3 months has increased since 1997. In spring 2005, 29 per cent of people had received job related training in the last three months. This compares with 24 per cent in 1997. The proportion of people in the workforce who have a degree has also been increasing in Scotland. In 2005, 23 per cent of people in employment held a degree level qualification or above. This compares with 15 per cent in 1997. The information in chart 4.4 indicates that Scotland has a more qualified workforce than in previous years. It can be seen that that the proportion of working age people in employment who possess SVQ level 5&6 qualification has increased, while the proportion of people who possess SVQ level 1&2 qualifications has decreased.

Chart 4.4: Employment rates by level of qualification, 1997 - 2005



Source: Labour Force Survey, Spring Quarter, not seasonally adjusted
Note: This information relates to around 90 per cent of all people. Approximately 10 per cent of people responded 'don't know' or 'other' to questions regarding qualifications

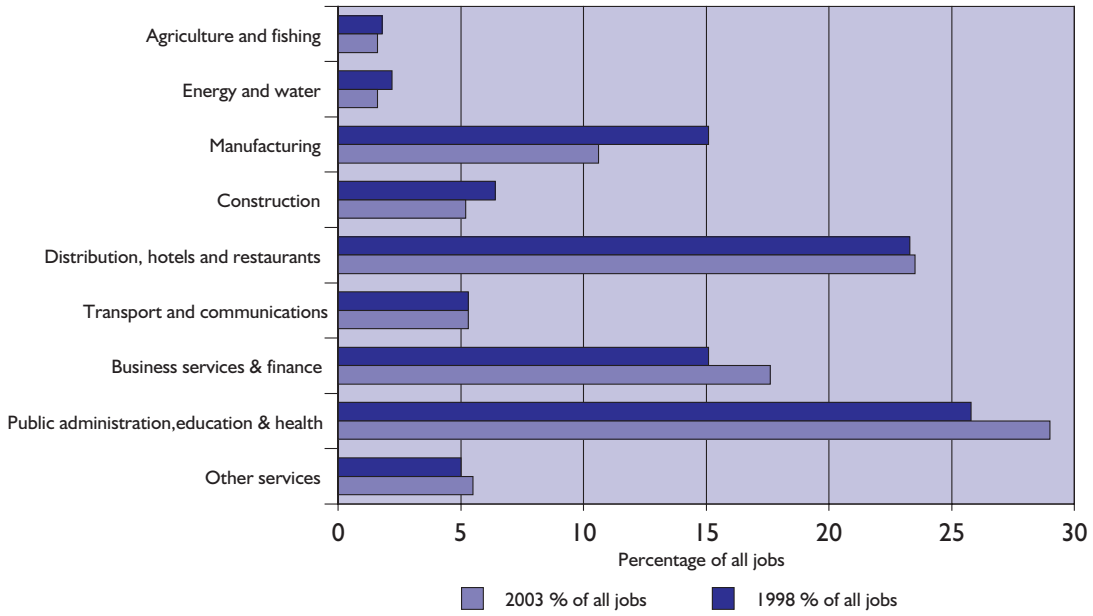
Jobs

Official sources of workforce jobs are the Annual Business Inquiry and the Quarterly Employee Jobs series. These are surveys of employers carried out by the Office for National Statistics. These surveys measure number of jobs, whereas the Labour Force Survey measures numbers of people in employment.

Industry

Chart 4.5 shows the split of employee jobs by broad industry sector in 2003 and 1998. In both years, the highest share of employee jobs in Scotland was in Public Administration, Education & Health, with the proportion increasing between the two years. The percentage in financial and business services also increased, while the proportion of jobs in manufacturing has decreased by the largest amount.

Chart 4.5: Distribution of employee jobs by industry 1998 and 2003



Source: Annual Business Inquiry

Unemployment

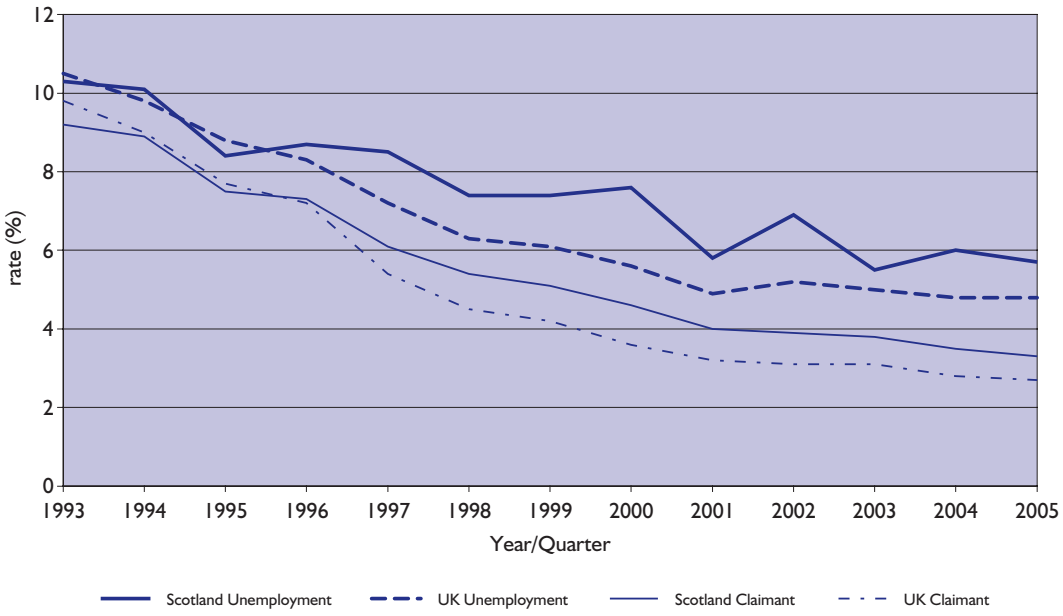
There are two measures of unemployment used in the UK:

- **Unemployment** (previously known as ILO unemployment). This International Labour Organisation definition of unemployment is derived from Labour Force Survey data. It covers people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight.
- **Claimant count** counts the number of claimants of unemployment-related benefits on the Benefits Agency administrative system. These are currently the Jobseeker's Allowance (JSA) and National Insurance credits claimed at Employment Service local offices. People claiming JSA must declare that they are out of work, capable of, available for and actively seeking work during the week in which the claim is made. They enter into a Jobseeker's Agreement setting out the action they will take to find work and to improve their prospects of finding employment.

The unemployment rate obtained from the Labour Force Survey is the Government's preferred measure of unemployment. However it is currently less reliable for geographical areas lower than Scotland level and therefore the claimant count unemployment rate is also a key indicator of unemployment.

Chart 4.6 shows that the unemployment rate obtained from the LFS is higher than the claimant count rate for Scotland and the UK. The unemployment rate in Scotland and in the UK overall has decreased since 1993. After 1996 the gap in unemployment between Scotland and the UK widened. This gap has narrowed again slightly in recent years.

Chart 4.6 Claimant Count and Unemployment Rate in Scotland and UK, 1993 - 2005



Source: Unemployment, Labour Force Survey, Spring Quarter, seasonally adjusted
Claimant Count Rate, Office for National Statistics, May each year, seasonally adjusted

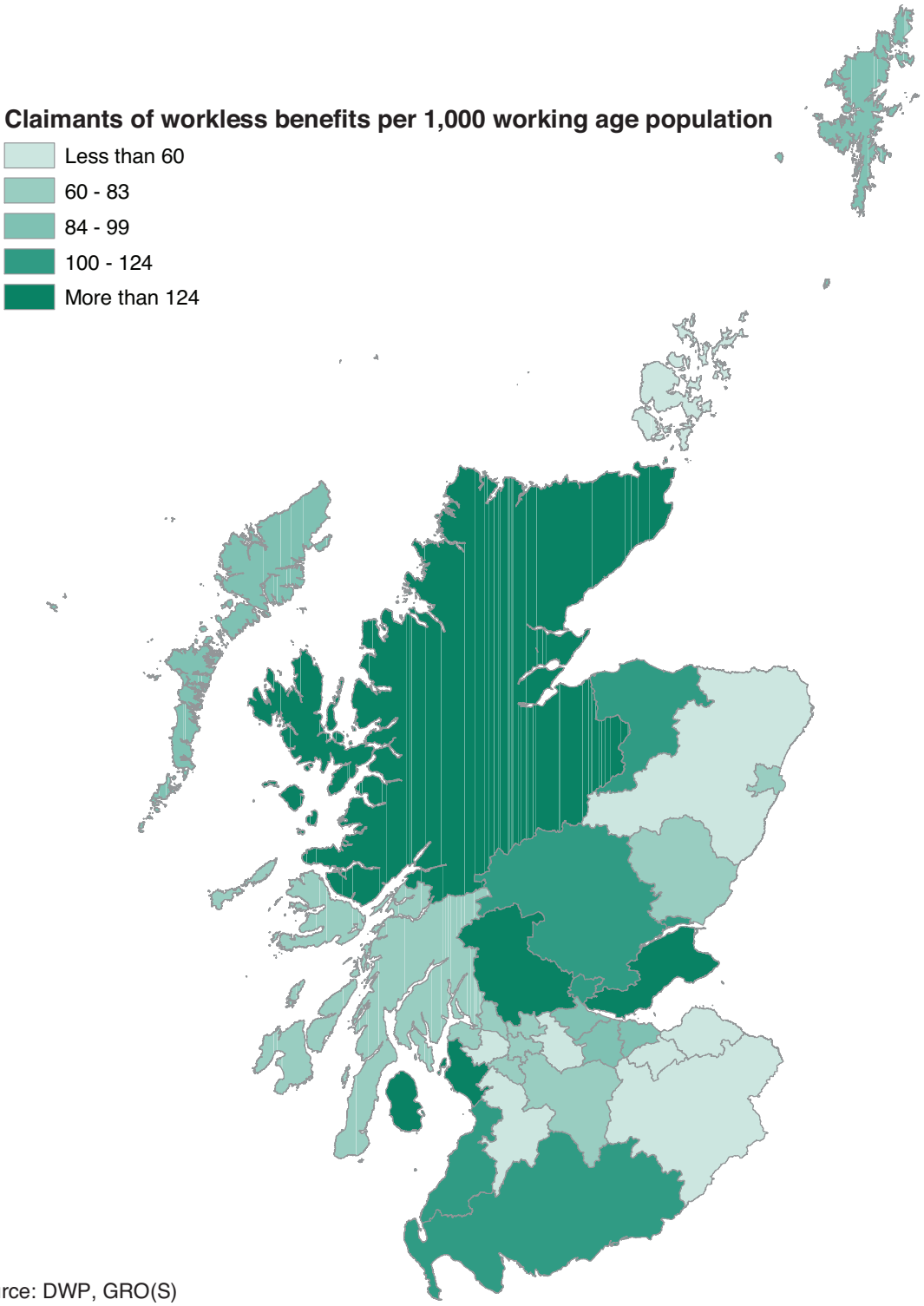
Economic activity and inactivity

The labour market can be divided into two groups, the economically active and inactive. The economically active population are people who are either in employment (employee, self-employed, unpaid family worker or on a government supported training programme) or unemployed and actively seeking work. The economically inactive are people who are not in work, but who do not satisfy all the criteria for unemployment, such as those in retirement and those not actively seeking work. Chart 4.2 shows that there has been no change in economic inactivity for males in the past two years, whereas there has been a slight decrease in economic inactivity for females.

Worklessness

The number of claimants of Jobseeker's Allowance is tracked by the claimant count. Analyses of the number of claimants of Incapacity Benefit and those claiming Income Support can identify those claimants who would be classified as inactive. Combining these benefits figures captures people who are not working, and includes people who are looking for work and those not looking for work. Map 4.2 shows the distribution of number of claimants of workless benefits throughout Scotland. Using benefits information in addition to LFS information gives further insight into the labour market in Scotland. More detailed information on benefit recipients is provided in chapter 5.

Map 4.2: Claimants of workless benefits (Jobseeker's Allowance and Incapacity Benefit and Income Support) by Local Authority, February 2005



Source: DWP, GRO(S)

Vacancies

In September 2001 the Office for National Statistics (ONS), with the agreement of the Department of Work and Pensions (DWP), deferred the publication of Jobcentre Plus vacancy statistics because of distortions in the data from May 2001 onwards. In September 2002 information on notified vacancies (inflow) only was made available. In June 2005 publication of some Jobcentre Plus vacancy data was restored including inflows, unfilled stocks and outflows (see Table 4.13 to Table 4.15) by industry, occupation and an enhanced range of geographies (including datazones and intermediate geographies). Notified vacancies data are available as far back as May 2002, and unfilled stocks and outflows from November 2004.

These statistics are not being reinstated in the ONS labour market statistics First Release because of concerns over their appropriateness as a labour market indicator. Interpretation of the data needs to take account of significant changes to Jobcentre Plus procedures for dealing with employers' vacancies. Not all vacancies are notified to a Jobcentre Plus office. The Vacancy Survey carried out by ONS is used to estimate the total level of vacancies in the UK, but a breakdown at Scotland level is not available.

Earnings

The Annual Survey of Hours and Earnings (ASHE), which replaces the New Earnings Survey (NES), is now the official source of earnings information. Detailed information on this survey is given in Article A2 of this publication.

Median gross weekly earnings in Scotland, in April 2004, for full time employees were £392.70. Scotland was ranked 8th out of the twelve government office regions in the United Kingdom. In Scotland, in April 2004, earnings were 93.0 per cent of earnings for the United Kingdom. Since April 2003 earnings in Scotland have increased by 3.5 per cent. Female earnings were lower than males at £345.50, they were 79.9 per cent of male earnings (£432.20). Median earnings in Scotland were highest in the Shetland Islands local authority area (£448.40) and lowest in the Scottish Borders (£326.30).

16-19 Year Olds Not in Employment, Education or Training (NEET)

The proportion of 16-19 year olds who are not in education, employment or training (NEET) has been a key measure used to monitor progress in a number of key policy areas for the Scottish Executive including A Smart, Successful Scotland, Building a Better Scotland and Life Through Learning; Learning Through Life and Social Justice – A Scotland Where Everyone Matters. The reduction of the proportion of NEET is also now a Closing the Opportunity Gap target.

The official data source for this measure is the Annual Population Survey (APS) (see box 4.1). The latest data available show that there are approximately 35,000 16-19 year olds who are NEET, which is around 13.2 per cent of the population of that age group. This proportion has not changed significantly for the last 10 years.

Only a relatively small number of people aged 16-19 are surveyed within the APS so this means that any analysis on the NEET group using the APS is limited. To help develop measures for NEET other sources of information have been considered. These possible sources include the Scottish School Leavers Destinations Survey, the Scottish School Leavers Survey, Department for Work and Pensions benefits data and Careers Scotland management information. Other information which are related to NEET have also been investigated such as school attendance data, school exclusion data and education tariff scores.

All of these sources provide some information on those who are NEET and help to provide an insight into the characteristics of the NEET group. However none of these sources capture the whole of the NEET group so at present the APS is the best source for measuring the total level.

Table 4.1: 2004 Mid-year population estimates by age group and gender for Scotland and Local Authority Areas

	Male				Female			
	Less than working age	Working Age	Greater than working age	Total	Less than working age	Working Age	Greater than working age	Total
Scotland	**478,706**	**1,626,860**	**340,682**	**2,446,248**	**456,750**	**1,548,526**	**626,876**	**2,632,152**
Aberdeen City	16,707	70,303	13,181	100,191	15,684	63,536	24,039	103,259
Aberdeenshire	23,956	75,909	15,312	115,177	22,769	68,987	25,917	117,673
Angus	10,304	33,498	8,608	52,410	9,823	31,321	15,006	56,150
Argyll & Bute	8,275	29,207	7,518	45,000	8,117	24,835	13,238	46,190
Clackmannanshire	4,776	15,540	3,092	23,408	4,692	14,536	5,604	24,832
Dumfries & Galloway	13,437	45,090	12,978	71,505	12,857	41,533	22,035	76,425
Dundee City	12,405	44,365	10,404	67,174	11,751	43,933	19,012	74,696
East Ayrshire	11,686	37,738	8,238	57,662	11,185	35,864	15,009	62,058
East Dunbartonshire	10,784	32,905	7,637	51,326	9,930	31,721	13,573	55,224
East Lothian	9,309	27,746	6,747	43,802	9,163	26,602	12,013	47,778
East Renfrewshire	9,666	27,049	5,990	42,705	9,023	26,531	11,351	46,905
Edinburgh, City of	36,578	153,874	27,556	218,008	34,195	149,949	51,518	235,662
Eilean Siar	2,425	8,274	2,164	12,863	2,388	7,064	3,945	13,397
Falkirk	14,402	47,116	9,685	71,203	13,756	44,860	17,641	76,257
Fife	3,901	112,443	24,263	170,607	32,642	106,817	44,534	183,993
Glasgow City	50,854	191,138	33,101	275,093	48,645	186,815	67,117	302,577
Highland	20,417	67,310	15,607	103,334	19,266	61,021	27,719	108,006
Inverclyde	7,823	25,870	5,508	39,201	7,420	24,918	10,891	43,229
Midlothian	8,107	24,457	5,282	37,846	7,828	24,529	9,407	41,764
Moray	8,780	28,797	6,402	43,979	8,121	24,519	11,101	43,741
North Ayrshire	13,345	41,476	9,522	64,343	12,771	41,119	17,787	71,677
North Lanarkshire	32,880	103,173	18,877	154,930	31,326	100,467	36,067	167,860
Orkney	1,885	6,237	1,501	9,623	1,790	5,484	2,603	9,877
Perth & Kinross	12,964	42,525	11,185	66,674	12,282	39,095	19,469	70,846
Renfrewshire	16,159	54,154	11,117	81,430	15,569	52,811	20,800	89,180
Scottish Borders	10,332	33,431	9,048	52,811	9,939	31,069	15,451	56,459
Shetland	2,329	7,348	1,376	11,053	2,259	6,144	2,484	10,887
South Ayrshire	9,831	34,370	9,177	53,378	9,495	32,411	16,566	58,472
South Lanarkshire	29,533	96,701	19,642	145,876	28,509	93,828	37,197	159,534
Stirling	8,494	26,939	5,789	41,222	8,159	26,329	10,660	45,148
West Dunbartonshire	8,897	28,993	5,702	43,592	8,377	28,481	11,520	48,378
West Lothian	17,465	52,884	8,473	78,822	17,019	51,397	15,602	84,018

Source: GROS

Note: Working age is 16 to 59 for females and 16 to 64 for males.

Table 4.2: Economic activity and inactivity, employment and unemployment, by gender, 1992 to 2005

	Total aged All aged 16+ (000s)	Total economically active All aged 16+ (000s)	Total in employment All aged 16 + (000s)	Unemployed All aged 16+ (000s)	Economically Inactive All aged 16+ (000s)	Economic activity Age 16-59/64[1] Rate (%)	Employment Age 16-59/64[2] Rate (%)	Unemployment All aged 16+[3] Rate (%)
All persons								
1992	**3,992**	2,522	2,282	240	1,470	79	71	10
1993	**3,994**	2,457	2,208	249	1,537	77	69	10
1994	**3,999**	2,495	2,247	248	1,504	78	70	10
1995	**4,005**	2,471	2,266	205	1,534	77	71	8
1996	**4,006**	2,448	2,237	211	1,559	77	70	9
1997	**4,007**	2,466	2,258	208	1,541	77	70	8
1998	**4,009**	2,462	2,281	181	1,547	77	71	7
1999	**4,012**	2,448	2,269	179	1,564	77	71	7
2000	**4,015**	2,485	2,298	187	1,530	78	72	8
2001	**4,028**	2,487	2,345	143	1,540	78	73	6
2002	**4,035**	2,510	2,341	169	1,525	78	73	7
2003	**4,040**	2,527	2,390	136	1,514	79	74	5
2004	**4,047**	2,553	2,402	151	1,493	79	74	6
2005	**4,052**	2,558	2,411	147	1,494	79	75	6
Males								
1992	**1,893**	1,403	1,248	155	490	86	76	11
1993	**1,894**	1,366	1,201	165	528	84	74	12
1994	**1,896**	1,374	1,219	155	522	85	75	11
1995	**1,899**	1,345	1,215	131	554	83	75	10
1996	**1,899**	1,342	1,200	142	557	83	74	11
1997	**1,899**	1,333	1,204	129	566	82	74	10
1998	**1.899**	1,326	1,213	113	572	82	75	9
1999	**1,900**	1,315	1,199	116	585	81	74	9
2000	**1,901**	1,337	1,217	120	564	83	75	9
2001	**1,908**	1,327	1,234	93	581	82	77	7
2002	**1,913**	1,325	1,222	103	588	82	75	8
2003	**1,917**	1,343	1,262	81	574	83	78	6
2004	**1,921**	1,347	1,253	94	575	83	77	7
2005	**1,925**	1,348	1,264	84	577	83	78	6
Females								
1992	**2,099**	1,119	1,034	85	980	71	65	8
1993	**2,100**	1,091	1,007	84	1,008	69	64	8
1994	**2,103**	1,121	1,028	93	982	71	65	8
1995	**2,106**	1,126	1,051	74	981	71	66	7
1996	**2,108**	1,106	1,037	68	1,002	70	66	6
1997	**2,108**	1,133	1,054	78	976	71	66	7
1998	**2,110**	1,136	1,068	67	974	72	68	6
1999	**2,112**	1,133	1,070	63	979	72	67	6
2000	**2,114**	1,148	1,081	67	966	73	68	6
2001	**2,119**	1,160	1,111	49	959	73	70	4
2002	**2,122**	1,185	1,119	66	937	75	70	6
2003	**2,123**	1,184	1,129	55	939	74	71	5
2004	**2,125**	1,207	1,149	58	919	75	71	5
2005	**2,127**	1,210	1,147	63	917	76	72	5

Source: Labour Force Survey, Office for National Statistics

Spring Quarter, not seasonally adjusted

[1] Total working age economically active as a percentage of all persons of working age.

[2] Total working age in employment as a percentage of all persons of working age.

[3] Total unemployed aged 16 and above as a percentage of all economically active persons aged 16 and above.

Table 4.3: Economic activity and inactivity, employment and unemployment, Scotland and local Authority Areas, 2004

	Total aged 16+ (000s)	Total economically active 16+ (000s)	Total in employment 16+ (000s)	Unemployed All aged 16+ (000s)	Economically Inactive 16-59/64 (000s)	Economic activity 16-59/64[1] Rate (%)	Employment 16-59/64[2] Rate (%)	Unemployment All aged 16+[3] Rate (%)
Scotland	**4,048**	**2,546**	**2,410**	**136**	**656**	**79.0**	**74.7**	**5.4**
Aberdeen City	167	109	103	6	25	81.0	76.2	5.9
Aberdeenshire	181	124	118	6	23	83.6	79.3	4.9
Angus	86	53	51	2	13	79.7	76.1	4.6
Argyll & Bute	72	45	43	2	10	81.1	77.6	4.2
Clackmannanshire	38	23	21	1	6	77.5	72.3	6.6
Dumfries & Galloway	119	72	69	3	15	82.0	78.8	3.8
Dundee City	114	66	60	6	21	75.4	68.3	9.0
East Ayrshire	95	57	53	4	17	76.6	71.6	6.4
East Dunbartonshire	87	57	55	1	11	83.2	81.3	2.4
East Lothian	74	47	44	2	11	80.5	76.3	5.1
East Renfrewshire	73	48	46	2	10	82.6	79.3	4.0
Edinburgh, City of	369	241	229	12	60	79.7	75.5	5.1
Eilean Siar	21	13	12	1	2	83.7	79.2	5.1
Falkirk	117	75	71	3	17	80.7	76.9	4.5
Fife	284	183	174	9	39	81.9	77.9	4.9
Glasgow City	462	267	246	21	110	70.4	64.9	7.8
Highland	164	111	107	4	17	86.1	82.8	3.7
Inverclyde	66	38	35	3	13	74.6	68.7	7.6
Midlothian	64	44	42	2	9	83.0	80.0	3.5
Moray	68	43	41	2	10	80.4	77.6	3.5
North Ayrshire	108	64	57	6	21	75.0	67.7	9.7
North Lanarkshire	255	155	145	10	49	75.5	70.6	6.3
Orkney	15	10	10	*	2	86.5	85.1	*
Perth & Kinross	108	67	64	2	15	81.1	78.2	3.4
Renfrewshire	135	84	80	4	23	78.0	74.5	4.4
Scottish Borders	88	54	53	1	11	82.0	79.7	2.7
Shetland	17	12	12	*	2	87.3	85.8	*
South Ayrshire	90	54	50	4	13	79.7	74.1	6.8
South Lanarkshire	241	153	146	7	39	79.3	75.5	4.6
Stirling	69	45	43	2	10	80.9	76.5	5.3
West Dunbartonshire	73	45	41	3	13	76.4	70.8	7.3
West Lothian	129	90	86	4	19	82.4	79.1	4.0

Source: Annual Population Survey 2004

[1] Total working age economically active as a percentage of all persons of working age.

[2] Total working age in employment as a percentage of all persons of working age.

[3] Total unemployed aged 16 and above as a percentage of all economically active persons aged 16 and above.

* Data suppressed as estimate below reliability threshold

Figures may not sum due to rounding

Table 4.4: Employee jobs by detailed industry and percentage of female employees, Scotland 1999 to 2005

Thousands

	Total Employee Jobs	Production and Construction				Services				
		Agriculture Forestry and Fishing	Energy and Water Supply	Manufacturing	Construction	Distribution, Hotels and Catering: Repairs	Transport and Communication	Banking, Finance and Insurance etc	Public Administration Education & Health	Other Services
	A to Q	A,B	C,E	D	F	G,H	I	J,K	L,M,N	O to Q
1999	2,141	40	46	318	130	495	116	328	559	108
% female	49.9%	20.3%	20.0%	31.0%	14.0%	57.4%	24.6%	52.2%	71.0%	50.5%
2000	2,166	40	42	309	136	498	116	335	568	123
% female	49.2%	20.9%	25.6%	30.4%	16.3%	55.7%	25.6%	50.5%	69.9%	47.9%
2001	2,219	35	40	297	129	511	120	371	594	124
% female	50.7%	21.8%	20.4%	31.2%	14.2%	57.2%	24.8%	51.7%	71.1%	50.2%
2002	2,248	35	44	277	125	537	126	379	599	126
% female	51.1%	19.6%	27.6%	29.9%	15.5%	56.9%	28.0%	50.7%	72.4%	48.7%
2003	2,227	32	40	257	131	529	125	379	610	123
% female	50.7%	18.9%	17.3%	28.3%	11.5%	56.1%	26.5%	50.5%	72.8%	51.1%
2004	2,249	29	37	239	151	521	122	404	621	126
% female	50.9%	21.0%	18.2%	27.5%	19.0%	55.4%	24.5%	50.3%	72.9%	50.8%
2005	2,275	30	37	234	154	523	122	414	629	132
%female	49.5%	22.7%	18.4%	27.3%	8.6%	54.6%	23.7%	49.2%	71.5%	50.6%

Source: Employee Job estimates, Office for National Statistics
Data for Standard Statistical Region (Scotland)
March quarter in each year
Figures shown may not sum due to rounding

Table 4.5: Persons in employment by status, Scotland 1997 to 2005

Thousands

Gender type of employment	1997	1998	1999	2000	2001	2002	2003	2004	2005
All persons									
All in employment	**2,258**	**2,281**	**2,269**	**2,298**	**2,345**	**2,341**	**2,390**	**2,402**	**2,411**
Employees[1]	2,019	2,043	2,045	2,082	2,115	2,111	2,148	2,158	2,179
Self-employed	239	238	224	217	230	230	242	244	232
Full time workers	1,716	1,722	1,691	1,709	1,767	1,756	1,767	1,776	1,811
Part time workers	542	559	576	587	577	585	623	624	600
Men									
All in employment	**1,204**	**1,213**	**1,199**	**1,217**	**1,234**	**1,222**	**1,262**	**1,253**	**1,264**
Employees[1]	1,031	1,039	1,034	1,056	1,058	1,054	1,084	1,075	1,095
Self-employed	172	174	165	161	175	168	178	178	169
Full time workers	1,105	1,107	1,087	1,109	1,136	1,112	1,128	1,112	1,135
Part time workers	98	107	111	108	98	110	133	140	129
Women									
All in employment	**1,054**	**1,068**	**1,070**	**1,081**	**1,111**	**1,119**	**1,129**	**1,149**	**1,147**
Employees[1]	988	1,004	1,011	1,026	1,057	1,057	1,065	1,083	1,084
Self-employed	67	64	58	55	54	62	64	66	62
Full time workers	611	615	605	600	632	644	639	664	676
Part time workers	444	453	465	479	479	474	490	484	470

Source: Labour Force Survey, Office for National Statistics

Labour Force Survey Spring Quarter, not seasonally adjusted

[1] Government Supported Trainees and Unpaid Family Workers have been included with employees

Totals may not equal the sum of the individual parts due to rounding

Table 4.6: Labour in Scottish Agriculture, 1999 - 2004

		1999	2000	2001	2002	2003	2004
Working Occupiers:							
Full-time		12,472	11,931	11,639	11,377	11,167	11,041
Part-time:	Half-time or more	3,892	3,969	3,963	3,888	3,788	3,851
	Less than half time	12,393	12,935	13,014	12,987	13,256	13,350
Total working occupiers		**28,757**	**28,835**	**28,616**	**28,252**	**28,211**	**28,242**
Working wife/husband of occupier		**13,849**	**13,879**	**13,840**	**14,051**	**14,298**	**14,415**
Full-time employees:							
Male:	Partners	2,428	2,251	2,275	2,323	2,197	2,142
	Hired	9,954	9,603	9,179	8,812	8,403	8,238
	Family	2,980	3,067	2,959	2,581	2,582	2,473
Female:	Partners	198	190	194	254	258	248
	Hired	737	774	814	823	739	807
	Family	342	390	364	336	331	345
Total full-time employees		**16,639**	**16,275**	**15,785**	**15,129**	**14,510**	**14,253**
Part-time employees:							
Male:	Partners	494	468	464	553	568	563
	Hired	2,024	2,125	2,192	2,146	2,236	2,192
	Family	1,842	1,847	1,879	1,868	1,864	1,841
Female:	Partners	277	242	265	279	274	294
	Hired	1,116	1,170	1,196	1,115	1,118	1,114
	Family	985	1,016	990	961	979	918
Total part-time employees		**6,738**	**6,868**	**6,986**	**6,922**	**7,039**	**6,922**
Casual and seasonal employees:							
Male		2,795	2,914	2,840	3,049	3,184	3,155
Female		639	751	749	898	1,039	1,072
Total casual and seasonal employees		**3,434**	**3,665**	**3,589**	**3,947**	**4,223**	**4,227**
Total employees		**26,811**	**26,808**	**26,360**	**25,998**	**25,772**	**25,402**
Total occupiers, spouses and employees		**69,417**	**69,522**	**68,816**	**68,301**	**68,281**	**68,059**

Source: SEERAD

Main and minor holdings

Table 4.7: Persons in employment receiving job related training, Scotland 1997-2005

Thousands

Year	No job-related training in the last 3 months			Received job-related training in the last 3 months				Total number of working age persons in employment
	No job training but studying for a qualification	No job training and not studying for a qualification	% of working age persons in employment	Received training in last week	Received training in last month, but not in last week	Received training in last 3 months, but not in last month	% of working age persons in employment	
1997	48	1,555	76%	142	123	229	24%	2,096
1998	39	1,575	76%	147	133	239	24%	2,133
1999	44	1,509	74%	147	143	268	26%	2,110
2000	50	1,530	74%	165	139	259	26%	2,143
2001	52	1,548	73%	147	151	293	27%	2,191
2002	68	1,500	72%	146	159	305	28%	2,178
2003	72	1,525	73%	155	147	303	27%	2,202
2004	60	1,527	72%	165	152	299	28%	2,202
2005	57	1,523	71%	151	169	321	29%	2,221

Source: Labour Force Survey, Office for National Statistics
Spring Quarter

Table 4.8: Graduates aged 25-59/64 as a proportion of those in employment, Scotland 1997 to 2005

Thousands

Year		Male	Female	Total
1997	Total employment	1,004	827	1,832
	Number of graduates	171	109	280
	Percentage	17.0%	13.2%	15.3%
1998	Total employment	1,011	858	1,870
	Number of graduates	178	116	294
	Percentage	17.6%	13.6%	15.7%
1999	Total employment	1,006	871	1,877
	Number of graduates	187	133	320
	Percentage	18.6%	15.3%	17.1%
2000	Total employment	1,009	877	1,885
	Number of graduates	180	139	319
	Percentage	17.8%	15.9%	16.9%
2001	Total employment	1,043	897	1,939
	Number of graduates	195	150	345
	Percentage	18.7%	16.7%	17.8%
2002	Total employment	1,021	900	1,921
	Number of graduates	225	189	414
	Percentage	22.1%	21.0%	21.6%
2003	Total employment	1,055	910	1,965
	Number of graduates	225	174	398
	Percentage	21.3%	19.1%	20.3%
2004	Total employment	1,040	915	1,954
	Number of graduates	215	178	393
	Percentage	20.7%	19.5%	20.1%
2005	Total employment	1,047	919	1,966
	Number of graduates	241	202	443
	Percentage	23.1%	22.0%	22.5%

Source: Labour Force Survey, Office for National Statistics
Spring Quarter
Graduate possess degree level qualification or abov

Table 4.9: Claimant unemployment, Scotland 1998 to 2004

	Unemployed					
	Number (Thousands)			Rate (per cent of workforce)		
	Total	Males	Females	Total	Males	Females
1998	141.5	108.5	32.9	5.5	8.0	2.7
1999	133.8	103.1	30.7	5.2	7.5	2.6
2000	119.4	92.1	27.3	4.7	6.5	2.4
2001	108.0	83.6	24.4	4.1	6.0	2.0
2002	104.5	80.7	23.8	4.0	5.9	1.9
2003	102.3	78.4	23.9	3.9	5.6	1.9
2004	94.8	72.2	22.6	3.6	5.2	1.8

Source: Office for National Statistics
Annual Average.
The claimant count consists of the people who are claiming unemployment-related benefits
Approximately 1 percent of all claims are clerical and therefore not included in this dataset.
Rate is number of claimants as a percentage of the number of claimants plus workforce jobs

Table 4.10: Claimant unemployment by gender, age and duration of unemployment, 2000 - 2005

Age group	Duration of unemployment							
	Men				Women			
	<3 months	3-6 months	6-12 months	1 year +	<3 months	3-6 months	6-12 months	1 year +
Under 24 years								
2000	12,565	5,440	3,325	285	5,395	2,140	1,145	125
2001	12,605	5,120	2,770	205	5,690	1,970	985	90
2002	12,110	4,845	2,885	175	5,660	2,060	985	110
2003	12,495	5,130	2,560	185	5,650	2,170	965	120
2004	11,045	4,620	2,710	260	5,130	2,045	1,105	140
2005	10,855	4,725	2,610	355	4,930	2,010	1,025	165
25-34 years								
2000	9,735	5,125	5,195	5,930	2,540	1,120	905	805
2001	9,300	4,585	4,590	4,505	2,390	965	740	600
2002	9,720	4,665	4,320	3,090	2,415	960	665	405
2003	9,330	4,555	4,175	2,645	2,360	945	700	355
2004	7,940	3,900	3,730	2,620	1,985	815	625	380
2005	7,515	3,655	3,295	2,225	1,795	785	595	370
35-49 years								
2000	8,775	4,785	5,055	8,710	3,085	1,500	1,265	1,605
2001	8,055	4,290	4,360	7,290	2,840	1,230	1,020	1,255
2002	9,260	4,675	4,750	4,840	2,965	1,330	1,065	850
2003	9,055	4,650	5,045	4,150	3,045	1,490	1,170	735
2004	7,685	4,175	4,550	4,225	2,650	1,355	1,100	815
2005	7,110	3,870	3,910	3,915	2,640	1,225	1,030	775
50 years +								
2000	4,590	2,460	2,595	5,605	1,695	865	835	1,395
2001	3,845	2,080	2,155	4,615	1,440	750	635	1,060
2002	4,605	2,405	2,385	4,035	1,555	775	695	890
2003	4,555	2,250	2,385	4,250	1,515	775	680	900
2004	3,890	1,925	2,250	4,325	1,490	735	620	915
2005	3,395	1,795	1,835	4,050	1,520	715	675	925

Source: Office for National Statistics
June of each year.
The claimant count consists of the people who are claiming unemployment-related benefits
Approximately 1 percent of all claims are clerical and therefore not included in this dataset

Table 4.11: Claimant unemployment[1] - percentage of total shown by gender and duration, 2000-2005[2]

	Men				Women			
	<3 months	3-6 months	6-12 months	1 year +	<3 months	3-6 months	6-12 months	1 year +
2000	35,665	17,810	16,170	20,530	12,715	5,625	4,150	3,930
% of all durations	40.0	19.8	17.9	22.8	48.1	21.3	15.7	14.9
2001	33,805	16,075	13,875	16,615	12,360	4,915	3,380	3,005
% of all durations	42.1	20.0	17.3	20.7	52.2	20.8	14.3	12.7
2002	35,695	16,590	14,340	12,140	12,595	5,125	3,410	2,255
% of all durations	45.3	21.1	18.2	15.4	53.9	21.9	14.6	9.6
2003	35,435	16,585	14,165	11,230	12,570	5,380	3,515	2,110
% of all durations	45.8	21.4	18.3	14.5	53.3	22.8	14.9	9.0
2004	30,560	14,620	13,240	11,430	11,255	4,950	3,450	2,250
% of all durations	43.8	20.9	19.0	16.4	51.4	22.6	15.7	10.3
2005	28,875	14,045	11,650	10,545	10,885	4,735	3,325	2,235
% of all durations	44.3	21.6	17.9	16.2	51.4	22.4	15.7	10.6

Source: Office for National Statistics
June in each year.
[1] The claimant count consists of the people who are claiming unemployment-related benefits
[2] Claimants by age and duration is available for computerised claims only.
Approximately 1 percent of all claims are clerical and therefore not included in this dataset.

Table 4.12: Claimant unemployment by gender, Scotland and local authority areas, 2004

	Unemployment: numbers (thousands)			Unemployment rates (per cent)		
	Males	Females	Total	Males	Females	Total
Scotland	**72.2**	**22.6**	**94.8**	**5.1%**	**1.7%**	**3.5%**
Aberdeen City	2.0	0.6	2.7	3.4%	1.1%	2.3%
Aberdeenshire	1.4	0.6	2.0	2.2%	1.0%	1.7%
Angus	1.4	0.5	2.0	4.4%	1.7%	3.1%
Argyll & Bute	1.1	0.4	1.5	4.2%	1.6%	2.9%
Clackmannanshire	0.8	0.3	1.1	5.9%	2.1%	4.1%
Dumfries & Galloway	1.6	0.7	2.3	3.6%	1.6%	2.7%
Dundee City	3.0	0.8	3.8	7.5%	2.1%	4.8%
East Ayrshire	2.3	0.8	3.2	6.5%	2.4%	4.6%
East Dunbartonshire	0.9	0.3	1.1	2.6%	0.8%	1.8%
East Lothian	0.7	0.2	0.9	3.0%	1.0%	2.1%
East Renfrewshire	0.7	0.2	0.9	3.0%	1.0%	2.1%
Edinburgh, City of	5.3	1.7	7.1	4.8%	1.5%	3.2%
Eilean Siar	0.5	0.1	0.6	4.7%	1.4%	3.3%
Falkirk	2.2	0.7	2.8	5.3%	1.7%	3.6%
Fife	6.0	2.0	7.9	6.2%	2.3%	4.4%
Glasgow City	13.0	3.4	16.4	7.9%	2.3%	5.3%
Highland	2.5	0.8	3.4	4.2%	1.5%	3.0%
Inverclyde	2.0	0.5	2.6	8.0%	2.1%	5.1%
Midlothian	0.7	0.2	1.0	3.0%	1.0%	2.1%
Moray	0.8	0.3	1.1	3.1%	1.5%	2.4%
North Ayrshire	2.9	1.0	3.8	7.4%	2.8%	5.3%
North Lanarkshire	5.1	1.6	6.7	5.4%	1.9%	3.8%
Orkney	0.1	0.1	0.2	2.4%	1.3%	1.9%
Perth & Kinross	1.1	0.4	1.6	3.4%	1.2%	2.3%
Renfrewshire	2.8	0.8	3.5	5.5%	1.5%	3.6%
Scottish Borders	0.8	0.3	1.1	2.8%	1.0%	1.9%
Shetland	0.2	0.1	0.2	2.7%	0.9%	1.9%
South Ayrshire	1.8	0.5	2.3	5.5%	1.8%	3.8%
South Lanarkshire	3.8	1.2	5.0	4.5%	1.5%	3.1%
Stirling	0.9	0.3	1.2	4.5%	1.5%	3.0%
West Dunbartonshire	2.0	0.6	2.5	7.2%	2.1%	4.8%
West Lothian	1.8	0.6	2.5	4.4%	1.5%	3.0%

Source: Office for National Statistics and the Labour Force Survey
Annual Average
The claimant count consists of the people who are claiming unemployment-related benefits
Rate is number of claimants as a percentage of economically active working age residents

Table 4.13: Notified Vacancies by industry, 2002 to 2005[1]

Industry	Number of vacancies			
	June 2002	June 2003	June 2004	June 2005
Agriculture and fishing	355	369	267	217
Energy and water	264	143	324	302
Manufacturing	3,131	2,433	2,363	1,757
Construction	1,855	1,702	1,468	1,176
Distribution, hotels and restaurants	10,223	9,520	8,308	6,746
Transport and Communications	1,047	1,002	989	871
Banking, finance and insurance etc	7,870	9,372	9,673	9,156
Public administration, education and health	6,314	7,474	5,564	5,029
Other Services	2,459	1,920	1,416	1,332
All	**33,518**	**33,935**	**30,372**	**26,586**

Source: Job centre vacancies series, Data extracted from NOMIS (Not NS)
Notes:
[1] Interpretation of these data need to take account of changes in recent years to Jobcentre Plus procedures for taking and handling vacancies. These figures are not fully comparable over time and may not indicate developments in the labour market.
A more detailed explanation is available here: www.nomisweb.co.uk/articles/ref/vacs/LMT 200506-363.pdf

Table 4.14: Vacancies by industry, June 2005[3]

Industry	Number of vacancies		
	Notified (Inflow)	Live Unfilled[1]	Filled (Outflow)[2]
Agriculture and fishing	217	207	105
Energy and water	302	469	104
Manufacturing	1,757	1,984	905
Construction	1,176	2,276	431
Distribution, hotels and restaurants	6,746	11,933	2,539
Transport and Communications	871	1,881	373
Banking, finance and insurance etc	9,156	20,199	1,967
Public administration, education and health	5,029	4,789	1,142
Other Services	1,332	2,745	428
All	**26,586**	**46,483**	**7,994**

Source: Job centre vacancies series, Data extracted from NOMIS (Not NS)
Notes:
[1] Live unfilled vacancies are those for which a jobseeker can actively apply.
[2] Data relate to the number of vacancies that have either been filled by Jobcentre Plus between the count date in the month requested and the count date.
[3] Interpretation of these data need to take account of changes in recent years to Jobcentre Plus procedures for taking and handling vacancies. These figures are not fully comparable over time and may not indicate developments in the labour market.
A more detailed explanation is available here: www.nomisweb.co.uk/articles/ref/vacs/LMT 200506-363.pdf

Table 4.15: Vacancies by occupation, June 2005[3]

Occupation	Number of vacancies		
	Notified (Inflow)	Live Unfilled[1]	Filled (Outflow)[2]
Managers and Senior Officials	751	1,147	100
Professional Occupations	504	613	65
Associate Professional and Technical Occupations	2,096	4,148	214
Administrative and Secretarial Occupations	2,775	2,880	703
Skilled Trades Occupations	3,281	6,503	901
Personal Service Occupations	1,915	3,737	656
Sales and Customer Service occupations	4,648	10,268	1,682
Process, Plant and Machine Operatives	2,783	5,048	1,079
Elementary Occupations	7,833	12,139	2,594
All	**26,586**	**46,483**	**7,994**

Source: Job centre vacancies series, Data extracted from NOMIS (Not NS)
Notes:
[1] Live unfilled vacancies are those for which a jobseeker can actively apply.
[2] Data relate to the number of vacancies that have either been filled by Jobcentre Plus between the count date in the month requested and the count date.
[3] Interpretation of these data need to take account of changes in recent years to Jobcentre Plus procedures for taking and handling vacancies. These figures are not fully comparable over time and may not indicate developments in the labour market.
A more detailed explanation is available here: www.nomisweb.co.uk/articles/ref/vacs/LMT 200506-363.pdf

Table 4.16: Medium gross weekly earnings of full-time employees by occupational group, Scotland and UK, April 2004

Occupational Group	Median Earnings (£/week)						Scotland as percentage of United Kingdom All
	Scotland			United Kingdom			
	Males	Females	All	Males	Females	All	
Managers and senior officials	614.20	479.60	575.80	670.60	504.10	614.20	93.7
Professional occupations	617.70	551.00	589.10	639.00	571.40	603.90	97.5
Associate professional and technical occupations	500.40	442.40	467.90	512.40	448.10	484.90	96.5
Administrative and secretarial occupations	332.30	291.80	299.50	348.80	308.90	317.10	94.4
Skilled trade occupations	386.50	265.60	380.20	403.10	271.50	396.70	95.8
Personal service occupations	307.40	269.00	275.50	298.90	263.50	269.70	102.2
Sales and customer service occupations	250.60	230.70	239.40	277.00	241.70	256.20	93.4
Process, plant and machine operatives	353.40	261.90	343.40	369.80	265.00	356.40	96.4
Elementary occupations	300.00	219.00	278.40	305.10	228.90	285.00	97.7
All Occupations	**432.20**	**345.50**	**392.70**	**462.00**	**358.00**	**422.10**	**93.0**

Source: Office for National Statistics, Annual Survey of Hours and Earnings
Employees on adult rates whose pay for the survey pay-period was not affected by absence.
Key: The colour coding indicates the quality of each estimate.
The quality of an estimate is measured by its coefficient of variation (CV), which is the ratio of the standard deviation of an estimate to the estimate.
Precise: CV<=5%
Reasonably precise: CV>5% and <=10%

Table 4.17: Median gross weekly earnings of full-time employees by industry group, Scotland and UK, April 2004

Industry	Median Earnings (£/week)						Scotland as percentage of United Kingdom All
	Scotland			United Kingdom			
	Males	Females	All	Males	Females	All	
Agriculture, Hunting and Forestry	317.90	287.00	316.20	318.70	270.30	312.70	101.1
Fishing	..	..	x	x	199.10	x	..
Mining and Quarrying	x	450.70	498.60	506.20	398.40	495.90	100.5
Manufacturing	430.10	298.70	397.80	452.70	328.10	426.30	93.3
Electricity, Gas and Water Supply	529.40	433.20	517.30	579.00	407.40	549.30	94.2
Construction	427.10	338.30	421.40	460.70	345.50	450.00	93.6
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	358.00	249.40	313.40	386.30	277.00	345.50	90.7
Hotels and Restaurants	257.10	230.20	241.30	287.90	245.60	266.20	90.6
Transport, Storage and Communication	410.80	355.10	387.60	449.00	369.50	430.80	90.0
Financial	532.10	359.40	431.90	671.80	392.10	512.10	84.3
Real Estate, Renting and Business Activities	450.40	331.10	392.50	514.90	371.60	460.70	85.2
Public Administration and Defence; Compulsory Social Security	532.90	390.60	465.70	512.00	372.40	460.20	101.2
Educatio	462.10	424.80	444.20	506.10	437.30	464.50	95.6
Health and Social Work	473.30	373.20	392.70	481.60	370.20	399.60	98.3
Other Community, Social and Personal Service Activities	345.50	287.90	316.40	412.20	332.00	371.00	85.3
Private Households with Employed Persons	:	209.60	209.60	404.40	247.80	271.70	77.1
Territorial Organisations and Bodies	:	:	:	570.10	409.40	456.00	:
All Industries	**432.20**	**345.50**	**392.90**	**462.00**	**358.00**	**422.10**	**93.1**

Source: Office for National Statistics, Annual Survey of Hours and Earnings
Employees on adult rates whose pay for the survey pay-period was not affected by absence.
Key: The colour coding indicates the quality of each estimate.
The quality of an estimate is measured by its coefficient of variation (CV), which is the ratio of the standard deviation of an estimate to the estimate.

Precise: CV<=5%
Reasonably precise: CV>5% and <=10%
Acceptable: CV>10% and <=20%
x - unreliable: CV>20%
.. data unavailable
: not applicable

Table 4.18: Median gross weekly earnings of full-time employees, Scotland and UK, 1998 - 2004

Year	Median Earnings (£/week)						Scotland as percentage of United Kingdom All
	Scotland			United Kingdom			
	Males	Females	All	Males	Females	All	
1998	357.10	256.90	313.80	372.70	276.50	334.90	93.7%
1999	370.00	274.60	329.00	383.90	288.50	345.50	95.2%
2000	380.50	280.90	338.40	397.70	298.10	359.00	94.3%
2001	398.20	296.70	355.10	415.70	314.30	375.90	94.5%
2002	414.40	311.00	371.70	430.10	330.70	390.90	95.1%
2003	419.20	326.00	381.30	444.60	343.00	404.00	94.4%
2004	432.20	345.50	394.50	463.70	360.50	423.00	93.3%

Source: Office for National Statistics, Annual Survey of Hours and Earnings
Employees on adult rates whose pay for the survey pay-period was not affected by absence.
The quality of an estimate is measured by its coefficient of variation (CV), which is the ratio of the standard deviation of an estimate to the estimate.
All estimates in the table have a CV<=5%.

Table 4.19: Average gross weekly earnings of full-time employees on adult rates, Scotland and Local Authority areas, 2004

All full-time employees	Median Earnings (£)			Median Earnings (% of Scotland)		
	Males	Females	All	Males	Females	All
Aberdeen City	497.1 0	366.00	432.70	115.0	105.9	110.2
Aberdeenshire	425.50	346.80	392.00	98.4	100.4	99.8
Angus	365.80	329.70	359.40	84.6	95.4	91.5
Argyll & Bute	420.40	308.40	369.70	97.3	89.3	94.1
Scottish Borders, The	358.80	283.40	326.30	83.0	82.0	83.1
Clackmannanshire	446.50	x	354.60	103.3	x	90.3
Dumfries & Galloway	375.40	293.00	350.90	86.9	84.8	89.4
Dundee City	436.20	355.20	408.10	100.9	102.8	103.9
East Ayrshire	431.80	363.10	396.20	99.9	105.1	100.9
East Dunbartonshire	385.70	x	377.10	89.2	x	96.0
East Lothian	369.60	448.80	393.50	85.5	129.9	100.2
East Renfrewshire	384.40	361.80	382.90	88.9	104.7	97.5
Edinburgh, City of	475.20	365.10	423.50	109.9	105.7	107.8
Falkirk	438.10	344.20	388.10	101.4	99.6	98.8
Fife	405.90	304.90	368.30	93.9	88.2	93.8
Glasgow City	442.10	357.80	403.60	102.3	103.6	102.8
Highland	399.70	320.00	369.40	92.5	92.6	94.1
Inverclyde	384.20	301.60	347.50	88.9	87.3	88.5
Midlothian	406.80	391.40	406.30	94.1	113.3	103.5
Moray	409.70	269.50	326.60	94.8	78.0	83.2
North Ayrshire	416.70	304.60	373.10	96.4	88.2	95.0
North Lanarkshire	394.70	333.70	380.10	91.3	96.6	96.8
Orkney Islands	x	x	x	x	x	x
Perth & Kinross	419.20	307.20	357.90	97.0	88.9	91.1
Renfrewshire	460.50	325.00	413.50	106.5	94.1	105.3
Shetland Islands	457.50	342.30	448.40	105.9	99.1	114.2
South Ayrshire	449.20	380.80	426.40	103.9	110.2	108.6
South Lanarkshire	447.60	345.10	405.10	103.6	99.9	103.2
Stirling	405.30	388.80	391.60	93.8	112.5	99.7
West Dunbartonshire	419.60	334.70	364.60	97.1	96.9	92.8
West Lothian	410.80	336.90	390.30	95.0	97.5	99.4
Western Isles	x	x	368.00	x	x	93.7
Scotland	432.20	345.50	392.70	100.0	100.0	100.0
U.K	462.00	358.00	422.1	106.9	103.6	107.5

Source: Office for National Statistics, Annual Survey of Hours and Earnings
Employees on adult rates whose pay for the survey pay-period was not affected by absence.
Key: The colour coding indicates the quality of each estimate.
The quality of an estimate is measured by its coefficient of variation (CV), which is the ratio of the standard deviation of an estimate to the estimate.

Precise: CV<=5%
Reasonably precise: CV>5% and <=10%
Acceptable: CV>10% and <=20%
x - unreliable: CV>20%

chapter five: **Household Sector**

Households

There are around 2.2 million households in Scotland. Table 5.1 shows the numbers of each type of family unit[1] and numbers of persons living in households of each type. In this breakdown, a family unit is defined as a single adult or couple together with any dependent children, so a household can contain more than one family unit. For example, a married couple and their 20-year-old son would be counted as separate "couple without dependent children" and "single without dependent children" units.

Table 5.1: Number of family units and persons in each family type, 2003/04

Family type	Families		Persons[1]	
	Number (000s)	Percentage of	Number	Percentage of
Pensioner couple	278	10	559	11
Single pensioner	420	15	420	8
Couple with dependent children[2]	421	15	1580	32
Couple without dependent children[2]	498	18	996	20
Single with dependent children[2]	175	6	466	9
Single without dependent children[2]	932	34	932	19
All	**2,724**	**100**	**4,953**	**100**

Source: Department for Work and Pensions, Households Below Average Income (HBAI).
[1] Persons in private households.
[2] Children aged under 16, or unmarried 16-18 year olds in full-time non-advanced education

Over a third of family units consist of one person (of non-pensionable age) without dependent children while just under a fifth are non pensioner couples without dependents. Families consisting of couples with dependent children account for around 15 percent of all family units, but around one third of all persons living in households. Single parent families account for 6 percent of all family units, but 29 percent of all families with children.

Income

Chart 5.1 shows the distribution of household income in Scotland in both 1996/97 and 2003/04. The general distribution for both years is skewed towards lower incomes, with a long tail to the right containing a small number in households with very high incomes. However, compared with 1996/97, the distribution in 2003/04 contains a noticeably smaller peak at the lower end, with more households having been moved further along the distribution. The median weekly equivalised income in Scotland rose by £69 in real terms over this period, from £237 to £306 (at 2003/04 prices).

[1] This is also sometimes referred to as a 'benefit unit', as defined by the Department for Work and Pensions.

Chart 5.1: Household income distribution, 1996/97 and 2003/04

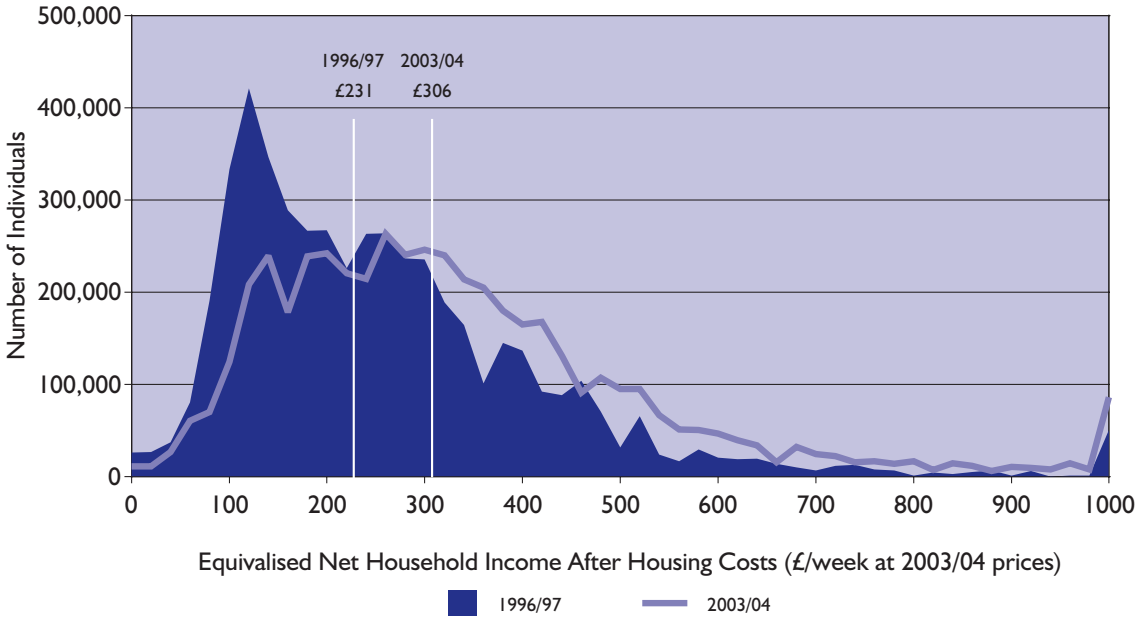
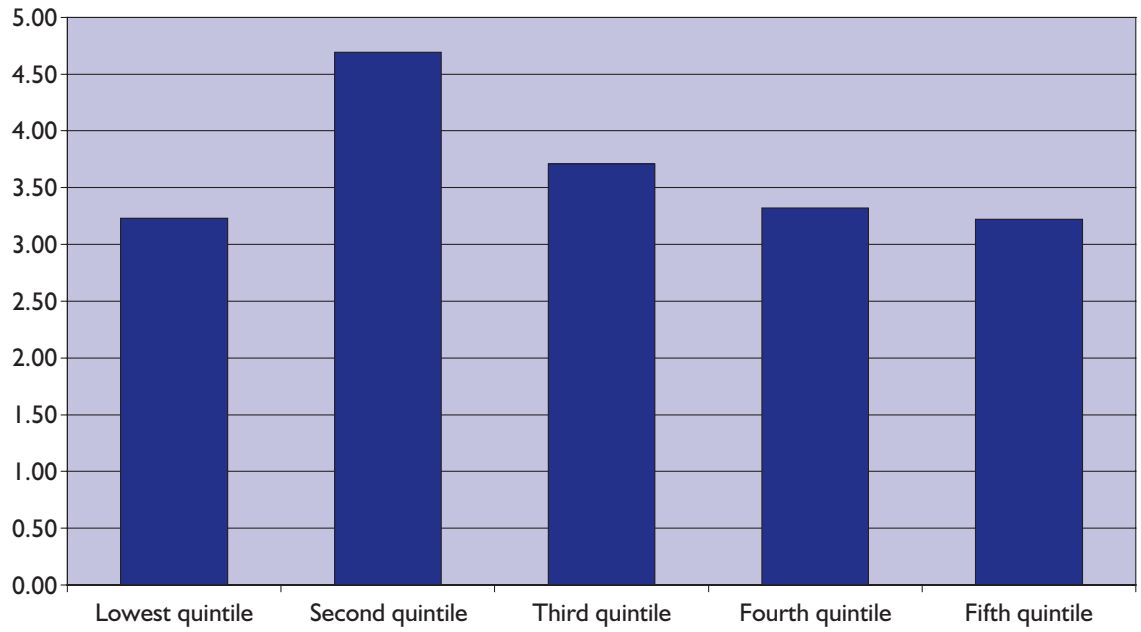


Chart 5.2: Real Median household income[1], average annual growth by quintile, after housing costs, 1996/97 - 2003/04



Source: Department for Work and Pensions, Households Below Average Income (HBAI).
[1] Real net equivalised median household income (after housing costs)

While overall median income in Scotland has risen by 3.7% per annum in real terms since 1996/97, the rate of growth varied for different levels of income. Chart 5.2 illustrates that the income of individuals in households in the lowest and highest 20% of the income distribution rose by an average of around 3.2% per annum, whilst the income growth in the second quintile saw the highest growth at 4.7% per annum.

Box 5.1: Income definitions used in this chapter[1]

Total income: Total income from all sources including from Tax Credits, *before* deductions of income tax and National Insurance.

Net Income: Total income *after* deductions for income tax and National Insurance contributions.

Net disposable income: Total income *after* deductions for income tax, National Insurance Contributions, council tax, pension contributions and maintenance payments.

Equivalised net disposable income: 'Equivalised' Income is used to allow comparisons of living standards between different household types. Income is adjusted to take into account variations in the size and composition of the household. This adjustment reflects the fact that a family of several people requires a higher income than a single person in order for both households to enjoy a comparable standard of living. The key assumption is that all individuals in the household benefit equally from the combined (equivalised) income of the household. There are distinct equivalence scales used for income before housing costs (BHC) and income after housing costs (AHC).

Before housing costs: Net disposable income, equivalised using the before housing costs equivalisation scale. Certain incomes in kind are included such as free school meals and TV licenses for over 75s.

After housing costs: Net disposable income with income as for BHC but with rent/mortgage payments, water charges, structural insurance premiums, ground rent and service charges deducted. This is equivalised using the after housing costs equivalisation scale.

Relative low income: Compares against the Great Britain median in the same year.

Absolute low income: Compares against the Great Britain median in the baseline year, 1996/97, adjusted to remove the effects of inflation.

Median: the income value which divides a population, when ranked by income, into two equal-sized groups. This measure is most commonly used to represent average income due to the highly skewed nature of the income distribution, which leads to the very high incomes of a few having a disproportionate impact on the mean.

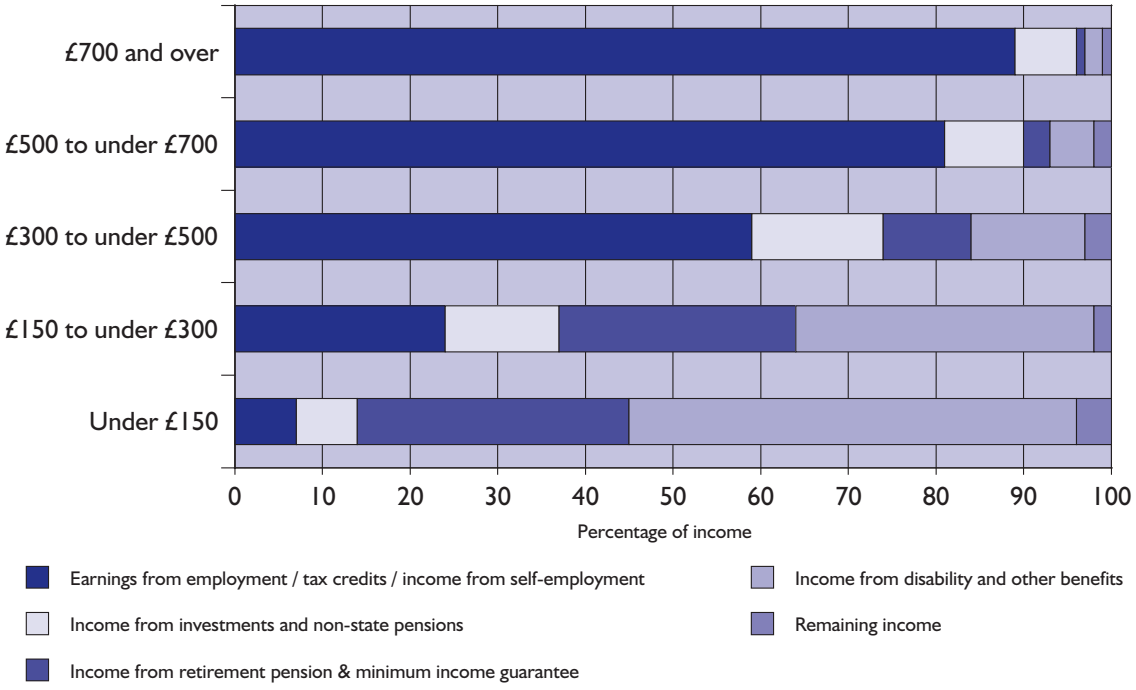
[1] For further information on Income definitions and sources of income please see the 'Guide To Income Statistics', Scottish Economic Statistics 2004 (http://www.scotland.gov.uk/library5/finance/ses04-00.asp)

Low Income

Table 5.2 shows that 19% of people in Scotland lived in relative low income households in 2003/04 – defined as having an equivalised net household income after housing costs (AHC) below 60% of the Great Britain median -which is lower than the 25% in 1996/97. The chance of being below the low income threshold varies by family type. In particular, children in lone parent families are far more likely to live in low incomes households (47%) than children living in couple families (16%). The most significant change since 1996/97 was among single pensioners on the AHC measure. The proportions with low incomes fell from 35% in 1996/97 to 14% in 2003/04.

These figures refer to the relative income poverty measure, which benchmarks household income against the GB median for the year in question. There is an alternative measure – absolute income poverty – which compares income against the GB median for 1996/97 (up-rated to account for inflation). The absolute indicator complements the relative indicator by allowing for the effect of rises in inflation over time. For all individuals, the relative indicator shows a drop in the proportion with low incomes between 1996/97 and 2003/04. However, the absolute indicator fell even more from 25% to 12% over the same period. This is because the income levels of those at the lower end of the distribution rose at a greater rate than inflation. However, there was also an overall increase in prosperity between 1996/97 and 2003/04. Therefore a number of families moved above the absolute threshold but stayed below the relative threshold.

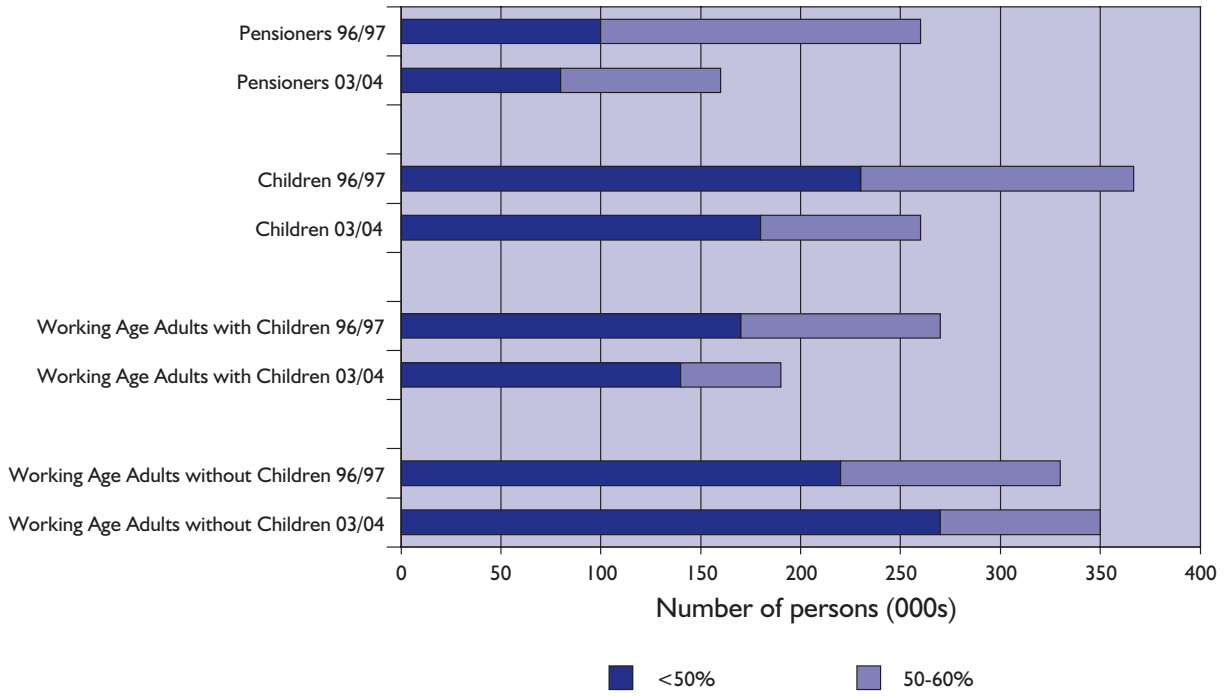
Chart 5.3: Components of gross household income by income band, 2003/04



Source: Department for Work and Pensions, Family Resources Survey

Chart 5.3 shows how the proportion of income which comes from different sources varies according to the level of a household's gross income. In 2003/04, for households with gross weekly income of £700 or more, 89% of all income came from earnings and tax credits, 7% from investments and non-state pensions and the remaining 4% came from retirement pensions (and Minimum Income Guarantee), benefits and remaining other 'sources'. The composition for those with gross weekly income of less than £150 differed greatly, with only 7% of their income coming from earnings but 45% coming from benefits and 31% from retirement pension and MIG.

Chart 5.4: Number of persons living in households with income below the 50% and 60% relative median income[1] thresholds, after housing costs, 1996/97 and 2003/04



Source: Department for Work and Pensions, Family Resources Survey
[1] Equivalised median income after housing costs
Note: Persons are living in low income if the equivalised after housing costs net income falls below 60% of the GB median

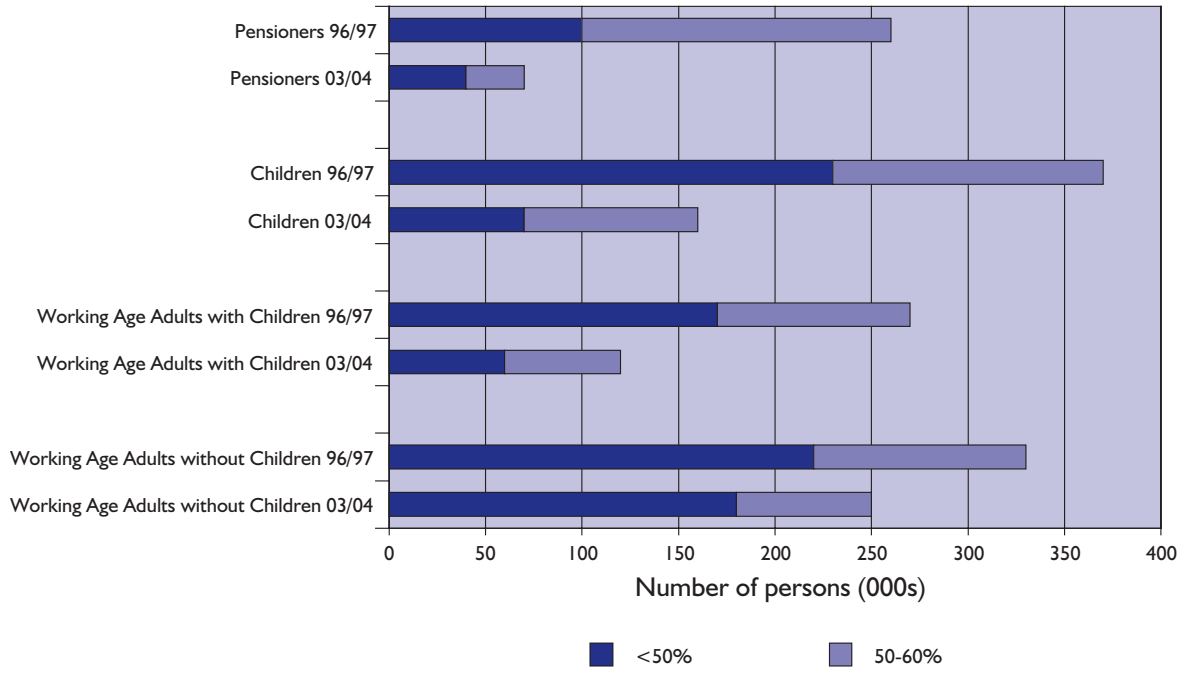
Chart 5.4 gives an indication of the change in depth of poverty between 1996/97 and 2003/04, by showing the number of persons living in households below the 50% and 60% of relative median AHC income thresholds.

The number of pensioners living in low income fell over the period, the reduction being largely in those living just below the main 60% threshold.

The numbers of children living in low income also fell over the period, however for this group the decrease was largely for those living below the 50% threshold. There was little change in the numbers of those just above the threshold. However, for working aged adults **with** dependent children there were decreases below both the 50% threshold and between the 50-60% threshold.

The numbers of working age adults **without** children living in low income increased over the period. Most of this increase was in the number living below the 50% threshold.

Chart 5.5: Number of persons living in households with income below the 50% and 60% absolute median income[1] thresholds, after housing costs, 1996/97 and 2003/04



Source: Department for Work and Pensions, Family Resources Survey
[1] Equivalised median income after housing costs
Note: Persons are living in low income if the equivalised after housing costs net income falls below 60% of the GB median

Chart 5.5 demonstrates the change in low income levels between 1996/97 and 2003/04 using the absolute measure. Pensioners have seen a large reduction in the number living in low income, both below the 50% and 60% thresholds.

Children have also seen a large reduction living in low income using the absolute measure, especially below 50% but also between the 50-60% threshold. Overall, the number of children living in low income (below 60% of GB median) fell from 370 thousand to 160 thousand. Similarly, households with working age adults who have children have seen their figures drop for both the 50% and 60% thresholds.

Households with working aged adults but without children have seen a decline in the numbers living in low income but not to the same extent as those with children.

Benefits and Tax credits

Table 5.3 shows that 530 thousand people (17% of the working age population) in Scotland were in receipt of **one or more** of a range of key benefits at February 2005. Within Scotland, Glasgow had the highest rate of recipients of key benefits at 27% of the working-age population, with Orkney and Aberdeenshire having the lowest rates (9%). The largest group of claimants (66%) were claiming benefits because of sickness and/or disability – 351.6 thousand, 11% of the working-age population. 17% of all working age claimants were claiming unemployment-related benefits – 3% of all working age people. Table 5.4 shows the number of recipients of the main individual benefits and tax credits in Scotland, together with the proportion of the population.

The introduction of tax credits in recent years has extended state support to working people, in particular to those with children or in low-paid jobs. At April 2005, 418.5 thousand families were receiving the Child Tax Credit or Working Tax Credit or both compared to 369.4 thousand families in July 2003. Out of the total families in work, with children, the number receiving both Child Tax Credit and Working Tax Credit has increased from 135.7 thousand families in July 2003 to 139 thousand families in April 2005. The number of families in work but without children and receiving Working Tax Credit has increased from 14.5 thousand in July 2003 to 35.5 thousand in April 2005.

Household Expenditure

Average household expenditure in Scotland was £370.30 per week in 2003/04 (Table 5.6), around £36 lower than for the United Kingdom as a whole. In most categories, spending was higher for the UK, including housing, fuel and power on which weekly spending was almost £5 higher than in Scotland. The UK average expenditure on transport was just over £8 higher than in Scotland. However, spending on alcoholic drinks and tobacco was nearly £3 a week higher in Scotland than in the UK. Expenditure on clothing and footwear was also slightly higher in Scotland than for UK at £24.10 compared to £22.60.

Table 5.2: Percentage of individuals below 60% GB median income[1] by family type, before and after housing costs, 1996/97 and 2003/04

	1996/97[2]		2003/04			
			Relative		Absolute	
	BHC	AHC	BHC	AHC	BHC	AHC
All individuals	**20**	**25**	**17**	**19**	**10**	**12**
All children	**29**	**33**	**22**	**25**	**11**	**15**
in lone parent families	47	60	40	47	16	27
in couple families	24	27	15	16	9	10
All working-age adults	**16**	**20**	**15**	**18**	**10**	**13**
with children	21	25	17	19	9	12
without children	13	17	15	17	10	13
All pensioners	**26**	**30**	**19**	**18**	**9**	**8**
single	24	35	17	14	7	6
couple	27	26	21	22	11	9

Source: Department for Work and Pensions, Households Below Average Income (HBAI).

[1] Equivalised Net Household Income. The table presents the anlysis on the basis of income before housing costs (BHC) and also where income is after housing costs (AHC)

[2] Figures for 1996/97 may differ from those previously published due to a revision in the methodology used by the Department for Work and Pensions.

Table 5.3: Working age claimants of key benefits[1] by statistical group and Local Authority, Scotland, February 2005[2]

Population[3]	All claimants		Unemployed		Sick and Disabled		Lone Parents		Other
	Number 000's	% of population	Number 000's	% of population	Number 000's	% of population	Number 000's	% of population	Number 000's
Scotland	**530.0**	**17**	**91.6**	**3**	**351.6**	**11**	**65.7**	**2**	**21.1**
Aberdeen City	18.1	13	2.5	2	12.7	9	2.3	2	0.5
Aberdeenshire	13.2	9	2.0	1	9.5	7	1.1	1	0.6
Angus	8.8	14	2.1	3	5.2	8	1.0	2	*0.5
Argyll and Bute	7.2	13	1.4	3	4.9	9	0.5	1	*0.4
Clackmannanshire	5.4	18	1.0	3	3.6	12	0.6	2	*0.1
Dumfries and Galloway	12.5	14	2.1	2	8.4	10	1.4	2	0.6
Dundee City	18.8	21	4.1	5	11.2	13	2.8	3	0.6
East Ayrshire	14.8	20	2.9	4	9.3	13	2.1	3	0.6
East Dunbartonshire	6.2	10	0.8	1	4.6	7	0.6	1	*0.2
East Lothian	7.3	14	0.9	2	5.4	10	0.8	1	*0.2
East Renfrewshire	5.7	11	0.9	2	3.9	7	0.7	1	*0.2
Edinburgh, City of	36.7	12	6.3	2	24.5	8	4.5	1	1.3
Eilean Siar	2.2	15	0.5	4	1.4	9	*0.1	1	*0.2
Falkirk	14.8	16	2.5	3	10.0	11	1.7	2	0.7
Fife	35.1	16	8.1	4	21.5	10	4.1	2	1.4
Glasgow City	101.4	27	15.7	4	66.9	18	14.6	4	4.2
Highland	17.1	13	3.3	3	11.2	9	1.9	1	0.8
Inverclyde	11.9	23	2.3	5	7.6	15	1.6	3	*0.4
Midlothian	6.7	14	0.9	2	4.7	10	1.0	2	*0.2
Moray	5.2	10	1.0	2	3.4	6	0.6	1	*0.2
North Ayrshire	17.6	21	4.0	5	10.5	13	2.4	3	0.7
North Lanarkshire	43.4	21	6.4	3	30.1	15	5.5	3	1.5
Orkney Islands	1.0	9	*0.2	2	0.6	5	*0.1	1	*0.1
Perth and Kinross	8.8	11	1.4	2	6.3	8	0.7	1	*0.4
Renfrewshire	21.0	20	3.3	3	13.9	13	3.0	3	0.9
Scottish Borders	7.0	11	1.4	2	4.8	7	0.6	1	*0.3
Shetland Islands	1.4	10	*0.3	2	1.0	7	*0.1	1	*0.1
South Ayrshire	10.6	16	2.1	3	7.0	11	1.2	2	*0.3
South Lanarkshire	34.2	18	5.0	3	24.0	13	3.7	2	1.5
Stirling	7.5	14	1.4	3	5.0	9	0.9	2	*0.3
West Dunbartonshire	12.4	22	2.5	4	7.7	13	1.6	3	0.6
West Lothian	15.9	15	2.4	2	10.8	10	2.1	2	0.6

Source: Department for Work and Pensions, Information Directorate

[1] Key benefits are Jobseeker's Allowance (JSA), Incapacity Benefit (IB), Severe Disablement Allowance, Disability Living Allowance, Income Support and National Insurance credits only (through JSA or IB).

[2] The figures in this table are based on a 5% sample of cases and are thus subject to sampling error. Where figures are preceded with an asterisk, they are based on a small number of sample cases and greater care should be taken with their interpretation.

[3] Based on mid-2004 estimate for population aged 16-59/64

Table 5.4 : Recipients of the main benefits, Scotland, 2005[1,2]

Type of Benefit	Number (000s)	Percentage of population[3]
Incapacity Benefit[4]	174	5
Severe Disablement Allowance[4]	34	1
Attendance Allowance	139	17
Disability Living Allowance	297	6
Housing Benefit[5]	447	20
Council Tax Benefit[6]	545	24
Income Support:		
Claimants	229	
Partners	25	
Dependant children	162	
All beneficiaries	416	8
Income-based Jobseeker's Allowance:		
Claimants	69	
Partners	7	
Dependant children	11	
All beneficiaries	87	2
Child Benefit:		
Families	590	N/A
Children	992	N/A
State Pension (at September 04)	935	N/A

Source: Department for Work and Pensions, Information Directorate

[1] All figures are based on a 5% sample except Housing Benefit and Council Tax Benefit which are 100%.

[2] All data is at February 2005, apart from the State Pension figures which are at September 2004.

[3] Population figures used are from mid-2004 and are for the following age groups:
a. All ages – Disability Living Allowance,beneficiaries of Income Support, beneficiaries of Income-based Jobseeker's Allowance
b. Age 16 and over – Severe Disablement Allowance
c. Age 16 up to retirement age – Incapacity Benefit
d. Age 65 and over – Attendance Allowance
e. All households (2004) – Housing Benefit, Council Tax Benefit

[4] Incapacity Benefit and Severe Disablement Allowance figures exclude credits only cases.

[5] Housing Benefit recipients exclude extended payment cases.

[6] Council Tax Benefit recipients do not include second adult rebates.

N/A=Not Available

Table 5.5: Recipients of Tax Credits, Scotland, July 2003-April 2005

Thousands

	Jul-03	Oct-03	Jan-04	Apr-04	Dec-04	Apr-05
Total families in work	**379.5**	**407.0**	**419.2**	**431.1**	**450.1**	**463.2**
With children	**358.3**	**377.6**	**385.4**	**384.5**	**383.5**	**391.7**
Working Tax Credit and Child Tax Credit	135.7	141.0	145.1	144.8	136.5	139
Child Tax Credit only	219.2	232.7	236.3	235.6	238.7	244
Zero award	3.4	3.9	4.0	4.1	8.3	8.7
Without Children	**21.3**	**29.4**	**33.9**	**46.7**	**66.6**	**71.4**
Working Tax Credit	14.5	20.0	23.2	28.6	32.5	35.5
Zero award	6.8	9.4	10.7	18.1	34.1	35.9
Total families in work with positive awards	**369.4**	**393.7**	**404.6**	**409.0**	**407.7**	**418.5**

Source: HM Revenue and Customs

Table 5.6: Average weekly household expenditure, Scotland and UK, 2001/02-2003/04

	Scotland		UK	
	Average £	%	Average £	%
Total (per household)	**370.30**	**100**	**406.20**	**100**
Food and non-alcoholic drinks	42.80	12	42.60	10
Alcoholic drinks, tobacco and narcotics	14.10	4	11.40	3
Clothing and footwear	24.10	7	22.60	6
Housing[1], fuel and power	32.40	9	37.30	9
Household goods and services	28.10	8	30.40	7
Health	3.60	1	4.80	1
Transport	50.90	14	59.10	15
Communication	9.90	3	10.70	3
Recreation and leisure	50.10	14	55.80	14
Education	4.10	1	5.30	1
Restaurants and hotels	31.00	8	34.40	8
Miscellaneous goods and services	27.90	8	32.40	8
Other expenditure items	51.30	14	59.40	15

Source: Office for National Statistics, Expenditure and Food Survey

[1] Excluding mortgage interest payments, council tax and Northern Ireland rates.

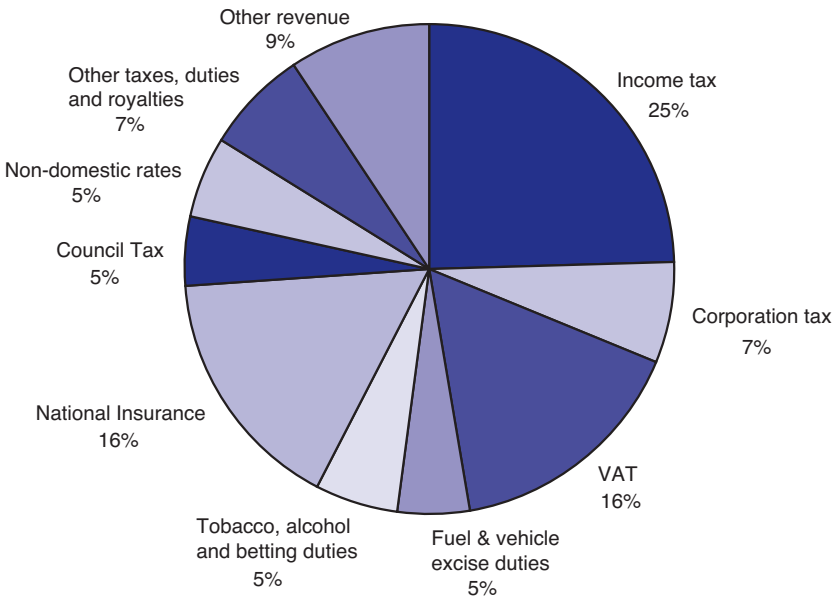

2005
chapter six: Public Sector

Public Sector Receipts

The amount of money raised from taxes and other sources in Scotland is estimated in the annual Government Expenditure and Revenue in Scotland (GERS) exercise. Most UK taxes are collected centrally, and so information on the source region is often unavailable. In these cases proxies are used in order to estimate the amounts of taxes collected from Scotland, although there are several practical and theoretical difficulties that arise in doing this. It is estimated, however, that Scotland contributed £31.6 billion in the financial year 2002/03, which amounted to 8.1 per cent of the total UK revenue (excluding North Sea).

Chart 6.1 illustrates the proportions of the estimated total revenue originating from various sources. It can be seen from table 6.1 that compared with the UK as a whole, Scotland pays more local taxes relative to its population, but contributes less to income tax revenue. The Scottish Local Authorities collected a total of £3.2 billion in Council Tax and non-domestic rates in 2002/03.

Chart 6.1: Estimated Government revenue from Scotland, by source 2002/03

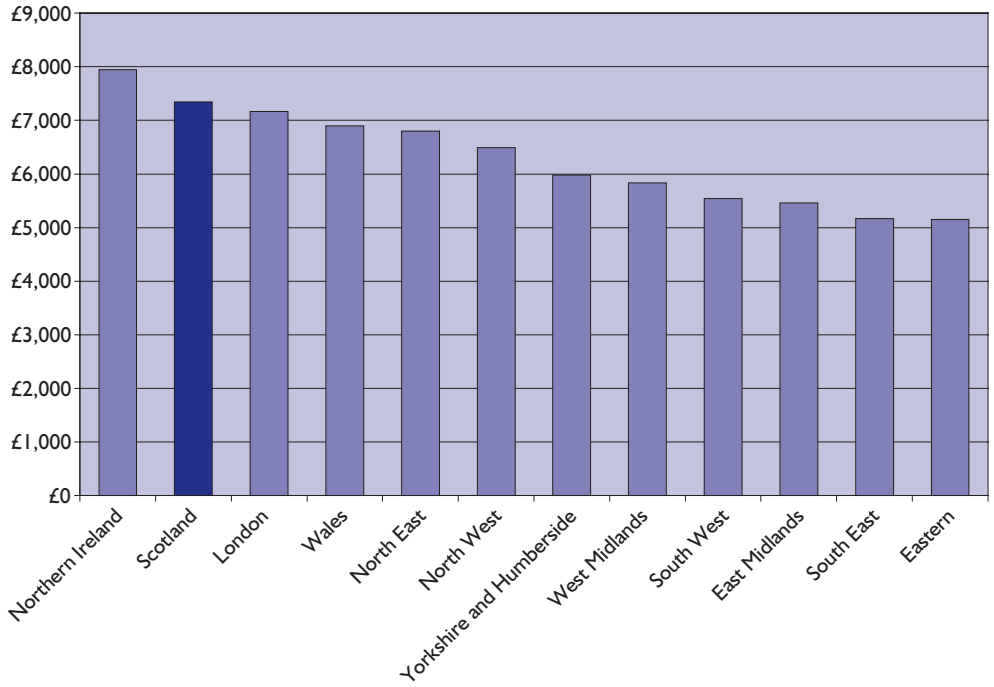


Source: Government Expenditure and Revenue in Scotland 2002-2003, Scottish Executive

Government Expenditure

Expenditure which HM Treasury can directly attribute to individual regions of the UK is termed as identifiable. Information on this is published in the *Public Expenditure Statistical Analyses (PESA)*. Scotland tends to have relatively higher expenditure per head than other parts of the UK, and had a total expenditure per head in 2003/04 of £7,346 compared with a UK average of £6,164 per head. Chart 6.2 shows total expenditure per head for the regions of the UK. It can be seen that only Northern Ireland had higher expenditure than Scotland.

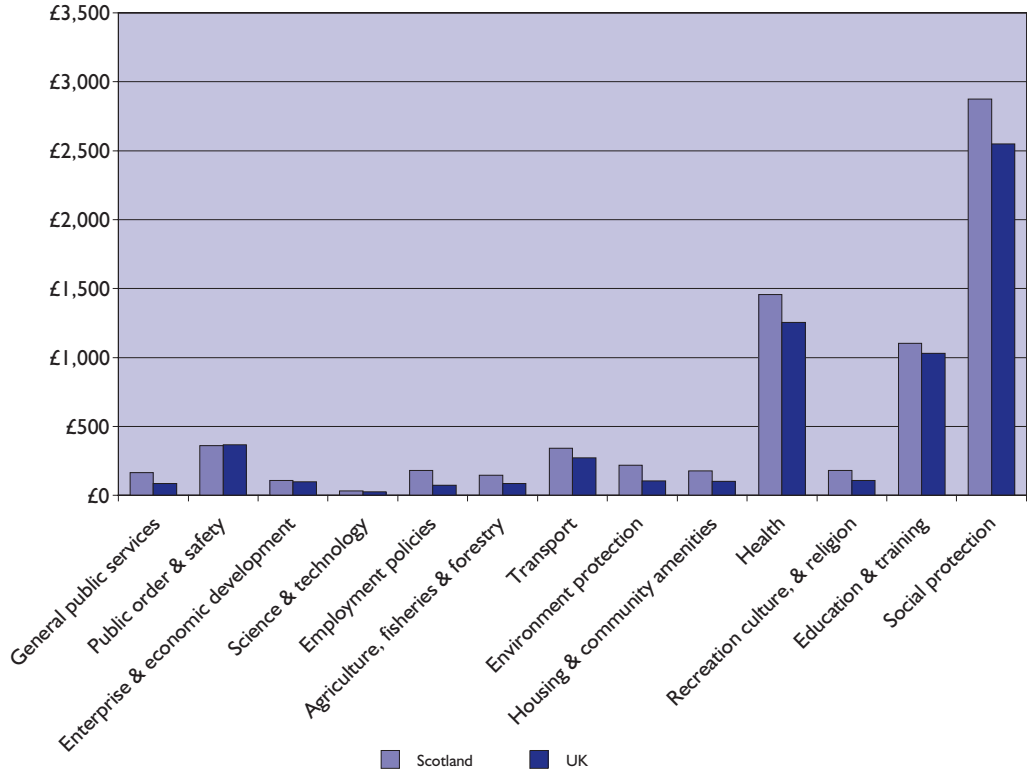
Chart 6.2: Identifiable expenditure per head, UK regions 2003/04



Source: HM Treasury, Public Expenditure Statistical Analyses 2005

Chart 6.3 shows the distribution of identifiable expenditure per head among various services in Scotland, compared with UK identifiable expenditure on those services in 2003/04. Expenditure per head was highest on social protection, at £2,874. This was the fourth highest of the 12 UK regions, and compares with a UK average of £2,550 per head.

Chart 6.3: Identifiable expenditure per head on Services, Scotland and UK 2003/04



Source: HM Treasury, Public Expenditure Statistical Analyses 2005

Other expenditure is made at the UK level, and cannot be assigned directly to a particular geographical region. Defence is the main example of this 'non-identifiable' expenditure. Allocation of Scotland's share of non-identifiable expenditure can be done in different ways. GERS estimates the Scottish share of this UK-wide expenditure. For some items Scotland's proportion of UK GDP is used, and for others, including defence which is the largest item, Scotland's share of the UK population is taken (based on a 'who benefits' principle). Table 6.4 gives the estimates of identifiable and non-identifiable expenditure on different services in 2002/03.

Total expenditure on services (TES) in Scotland estimates include both identifiable expenditure and the estimates of non-identifiable expenditure. In 2002/03 this amounted to an estimated £38.6 billion, which was 10 per cent of the UK total. The largest category of spending was social protection, which accounted for £13.4 billion or 35 per cent of total spending. Note that is different from the 'social security' category shown last year as it also includes personal social services, which were previously counted with health. This is due to the change by HM Treasury to the use of internationally comparable Classification of Functions of Government (COFOG) categories in the expenditure analyses.

Public Sector Employment

New Public Sector Employment publication

In previous editions of Scottish Economic Statistics, an estimate of public sector employment was published using available administrative data. These statistics were not always available on a consistent and timely basis. However, in July 2005, a new quarterly series of Public Sector Employment in Scotland was published. This provides more comprehensive estimates than were previously available, which are consistent with the UK series published quarterly by the Office for National Statistics (ONS). It is intended in future to publish the series quarterly in the months of March, June, September and December with data relating to the previous quarter. The latest publication available can be found at: http://www.scotland.gov.uk/Publications/2005/09/29151019/10199.

This new series is based on the National Accounts definition of public sector, more information on which can be found at: http://www.statistics.gov.uk/CCI/SearchRes.asp?term=ma23. This definition does not include those employed as GPs or Dentists, as they are defined as self-employed and are in the private sector. It also excludes employment in Higher Education, which is in the Non-Profit Institutions Serving Households sector.

The data in the series are taken from Departmental returns (including the Armed Forces), a Survey of Local Government in Scotland and surveys of Public Corporations and Non-Departmental Public Bodies carried out by ONS. Further details of Local Government Employment Statistics in Scotland can be found at www.scotland.gov.uk/jointstaffingwatch .

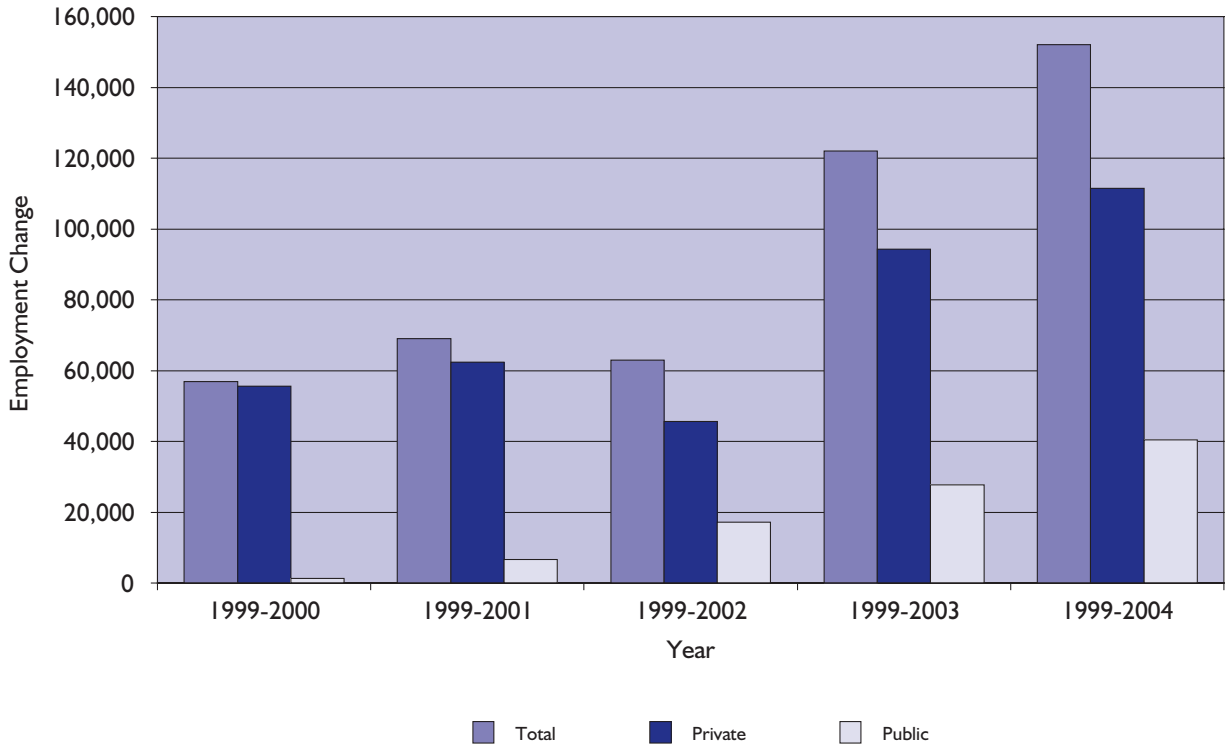
Public Sector Employment in Scotland is a relatively new publication and is still in the process of development. Work is ongoing to ensure that the series is as timely and up to date as possible. It is also intended that the time series for the data will extend back to 1999 rather than 2003 when work has been completed to provide historical data. There are however some data that can be used for illustrative purposes going back to 1999 although any comparisons made should be treated with caution at present. Later sections in this chapter use this illustrative data to gain an insight into changes in public sector employment.

Public and Private Sector Employment

Estimates of the split between those employed in the public and private sector have in the past been sourced from the Labour Force Survey (LFS). However, ONS, who carry out the survey, acknowledge that the LFS tends to overestimate numbers working in the public sector. The new quarterly public sector estimates mean a more accurate split between public and private sector employment can now be produced. Private sector employment is now calculated as total employment taken from the Labour Force Survey (not seasonally adjusted) minus the estimate for public sector employment. For Quarter 2, 2005, 23.6 per cent of employees were employed in the public sector and 76.4 per cent in the private sector. These proportions have in general remained constant since 1999.

Since 1999, employment in Scotland has increased by 150,000. The public sector accounts for 26.5 per cent of this increase and the private sector accounts for 73.5 per cent. Chart 6.4 below shows that employment in both the public and private sectors in Scotland has been increasing gradually since 1999.

Chart 6.4: Changes in Public and Private Sector Employment since 1999

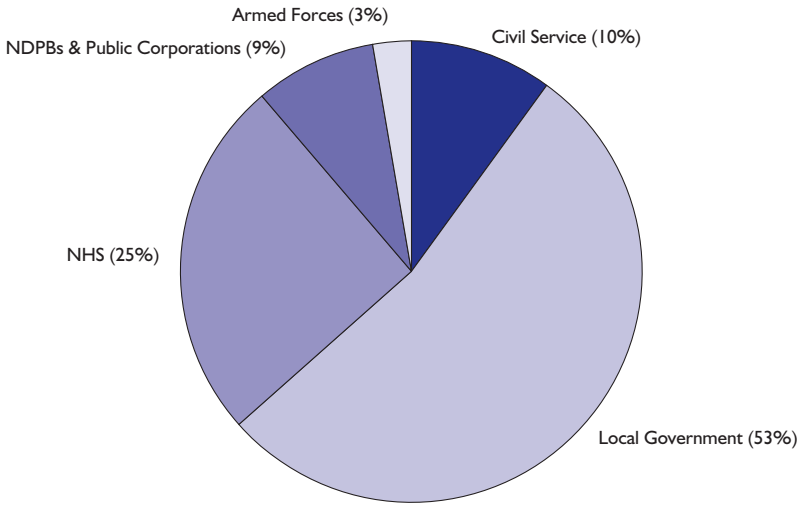


Components of Public Sector employment

Table 6.6 provides a breakdown of the public sector employment estimate for Quarter 2 2005 into the component parts. This shows Full Time Equivalents (FTE) which provides a better indicator of total labour input than a simple headcount. Local Government, which employs teachers, police, social care and fire services employs 260,000 people and accounts for 53.4 per cent of public sector employment.

The National Health Service is the next largest public sector employer, employing 123,000 and accounting for just over a quarter of the public sector. The Civil Service accounts for 10.0%, and other Non-Departmental Public Bodies and Public Bodies account for 8.5% of public sector employment. Chart 6.5 illustrates how public sector employment is split in Scotland.

Chart 6.5: Split of Public Sector in Scotland, Q2 2005



Public Sector Gross Value Added

Article A1 describes ongoing work to improve the estimates of public sector GVA that make up the quarterly Scottish GVA index, as a response to the Atkinson review of Government output and productivity for the UK National Accounts.

Scottish GVA is derived on an industry basis and not on a sectoral basis, so a 'public sector' estimate is not produced. The Office for National Statistics produce industry values of GVA, which are shown in table 1.2. The total for the public administration and defence, education, health & social work industries in 2002 was £16,223 million. However, although the majority of output from these industries is from the public sector there is also private and non-profit sector output included within the total. Likewise, some amount of public sector activity will be accounted for in other industries, for example transport and other services. It is generally assumed that the Public Sector accounts for around 20% of GVA, but this figure is approximate and an official estimate is not currently available.

Table 6.1: General Government Revenues, 2002/03

	UK £billion	Scottish estimate, £billion	Estimated % share of UK
Income tax (after tax credits)	109.5	7.9	7.2
VAT	63.5	5.2	8.2
Social Security contributions	64.6	5.2	8.1
Local Authority revenues	35.8	3.2	8.9
Corporation Tax (excluding North Sea)	26.1	2.1	8.2
All Other revenues[1]	89.1	8.0	9.0
Total Receipts[2]	**388.6**	**31.6**	**8.1**
Population 2002 (millions)	*59.2*	*5.1*	*8.5*

Source: GERS, Scottish Executive

[1] The figures for the individual items in the table are on a cash basis; an accruals adjustment is included in all other revenues. Includes estimates of all taxes and duties not specified above, plus accounting adjustments and other receipts.

[2] Excluding North Sea revenues.

Table 6.2: Summary of Local Authorities' Revenue and Capital Income and Expenditure by category[1], 2003/04

£ million

Gross Expenditure		Income		Net Expenditure
Total Gross Expenditure	**15,962**	**Total Income**	**15,792**	**170**
Revenue Expenditure	**14,929**	**Revenue Income**	**15,461**	**-533**
Employee Costs	5,571	Non-domestic rates[5]	1,804	
Operating expenses[2]	7,579	Council Tax	1,532	
Revenue contributions to capital	227	Government Grants		
General fund contributions to housing and trading services[3]	21	Revenue Support Grant (RSG)[6]	5,037	
Support service costs	502	Council Tax rebate grants[7]	308	
Other	447	Other grants and subsidies[8]	2,479	
Adjustment for inter account and inter authority transfers[4]	-550	Sales, Fees and charges	1,792	
Loan Charges	1,131	Other income	2,355	
Contributions from General Fund	164	Increase on revenue balances	-11	
Capital Expenditure[9]	**1,033**	**Capital Income**	**331**	**703**
Acquisition of land leases, existing buildings or works	24	Sale of fixed assets	217	
New construction and the purchase and sale of vehicles, plant machinery and equipment	929	Repayment of loans by private sector	10	
Capital grants to private sector	76	Private sector contributions	50	
Gross lending to private sector	4			
Capital grants to public corporations	1	Public sector contributions	53	

1 Excludes water and sewerage. Revenue figures are on an accruals basis; capital on a cash basis.
2 Including transfer payments.
3 Excluding contributions to transport undertakings. Including reserve fund contributions in respect of trading services.
4 All inter account and inter authority transfers are deducted from expenditure.
5 This is the Distributable Amount as per the Local Government Finance (Scotland) Order 2003.
6 Re-determined as per Local Government Finance (Scotland) Order 2004.
7 Council tax rebate paid by DWP.
8 As defined in Appendix B of the Report to the Local Government Finance (Scotland) Order 2003 and as returned by local authorities.
9 Excludes capital expenditure which is financed from revenue.

Table 6.3: Council Tax by Local Authority, 2004

	Number of chargeable dwellings in each council tax band on the valuation list[1] (as at September 2004)									Number of band D equivalent subjects for council tax purposes[2]	Council tax Band D 2004/05 £	Council tax income 2003-04 (£'000s)[3]
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total			
Scotland	**541,643**	**561,753**	**358,209**	**279,584**	**286,389**	**148,365**	**97,546**	**10,613**	**2,284,102**	**1,925,225**	**1,053**	**1,839,804**
Aberdeen City	19,173	25,447	16,311	10,446	12,448	7,272	6,503	710	98,310	84,472	1,108	83,594
Aberdeenshire	19,798	15,115	12,763	15,078	17,413	11,233	7,087	425	98,912	93,248	1,014	87,020
Angus	14,756	11,949	6,396	7,262	6,330	2,266	1,157	128	50,244	40,699	985	36,543
Argyll & Bute	7,691	9,253	8,655	5,406	6,550	3,450	2,344	214	43,563	37,720	1,075	36,582
Clackmannanshire	6,229	6,911	1,729	2,197	2,644	1,202	618	35	21,565	17,516	1,043	16,213
Dumfries & Galloway	10,898	22,112	10,542	8,855	9,196	3,990	1,923	148	67,664	56,731	964	48,681
Dundee City	27,341	15,472	7,049	7,521	5,407	1,828	780	29	65,427	47,579	1,135	49,832
East Ayrshire	26,360	9,279	4,105	5,176	5,085	2,267	481	36	52,789	39,663	1,064	37,604
East Dunbartonshire	1,266	3,695	7,838	6,873	10,656	6,268	5,538	471	42,605	46,041	1,033	42,996
East Lothian	1,121	8,981	13,367	4,805	4,989	3,480	3,008	490	40,241	37,708	1,043	35,373
East Renfrewshire	1,278	4,983	3,759	5,822	7,861	5,742	5,640	662	35,747	39,326	1,003	36,809
Edinburgh, City of	22,513	42,498	37,844	30,253	32,074	20,575	18,069	3,132	206,958	192,736	1,083	187,980
Eilean Siar	4,488	3,498	2,583	1,419	786	121	29	4	12,928	9,183	911	7,537
Falkirk	21,938	18,589	5,780	7,526	7,332	3,583	1,454	47	66,249	53,011	951	46,108
Fife	40,381	46,563	19,298	16,439	19,391	9,678	4,986	339	157,075	128,686	1,015	122,051
Glasgow City	72,167	71,162	58,700	33,798	22,661	8,867	5,056	599	273,010	209,267	1,185	221,668
Highland	18,873	21,804	19,743	15,194	14,739	6,510	3,032	298	100,193	84,516	1,039	78,801
Inverclyde	21,486	4,864	2,790	2,784	3,091	1,608	1,215	176	38,014	28,585	1,143	30,974
Midlothian	966	11,539	9,517	3,777	3,862	1,915	1,291	143	33,010	29,242	1,126	30,157
Moray	11,321	9,178	5,402	4,968	4,404	1,443	489	52	37,257	30,808	996	26,825
North Ayrshire	21,307	18,084	5,875	5,792	7,857	2,583	1,029	42	62,569	48,519	1,025	44,314
North Lanarkshire	53,129	35,978	16,737	13,362	12,666	4,763	1,841	95	138,571	106,879	1,006	98,298
Orkney Islands	2,492	2,563	1,835	1,395	856	171	17	2	9,331	7,094	940	6,229
Perth & Kinross	8,698	14,122	10,449	8,796	10,303	6,026	4,386	544	63,324	57,956	1,037	54,302
Renfrewshire	13,275	24,804	11,924	9,368	9,510	5,219	2,902	184	77,186	65,827	1,039	61,287
Scottish Borders	15,676	12,103	6,012	5,025	5,349	3,624	2,980	364	51,133	42,921	985	38,358
Shetland Islands	3,046	1,684	2,427	1,463	955	169	36	1	9,781	7,560	936	6,375
South Ayrshire	7,118	12,169	8,075	7,567	8,957	4,295	2,657	223	51,061	46,256	1,012	42,788
South Lanarkshire	35,760	28,564	22,318	16,794	15,722	8,248	4,305	306	132,017	110,564	1,005	101,783
Stirling	6,121	8,004	3,607	3,650	5,504	4,512	4,229	554	36,181	35,122	1,105	37,267
West Dunbartonshire	7,899	16,939	7,176	4,326	4,378	1,413	483	30	42,644	33,473	1,089	33,831
West Lothian	17,078	23,847	7,603	6,447	7,413	4,044	1,981	130	68,543	56,316	1,028	51,624

Source: As reported to Scottish Executive by Local Authorities

[1] Excludes exempt dwellings. For a list of exemptions, see www.scotland.gov.uk/library3/localgov/ctlde-00.asp#18

[2] This is the number of dwellings in each area expressed as a 'Band D equivalent'. This takes into account dwellings exempt from council tax, disabled relief, discounts and adjustments for contributions in lieu. The ratio to Band D for the other bands is A 6/9; B 7/9; C 8/9; E 11/9; F 13/9; G 15/9 and H 18/9. For example, a Band A dwelling with no discounts etc contributes '2/3' to the Band D equivalent figure, while a band H dwelling contributes '2'. A band D dwelling with a single person discount contributes 0.75 (the single person discount is 25 per cent). From SES 2005 onwards the band D equivalent figure includes adjustments for contributions in lieu.

[3] Includes council tax benefit

Table 6.4 Identifiable and non-identifiable expenditure on services[1] in Scotland, 2002/03

£ million

	Identifiable	Non-Identifiable[2]	Total
Social protection	13,290	135	13,425
Health	6,378	39	6,417
Education and training	5,247	0	5,247
Public order and safety	1,829	412	2,241
Defence	3	2,229	2,232
Debt interest	-	1,743	1,743
General public services	777	539	1,316
Transport	1,168	11	1,179
Environment protection	1,010	44	1,054
Recreation, culture and religion	827	14	841
Housing and community amenities	724	-	724
Employment policies	685	1	686
Agriculture, fisheries and forestry	665	16	681
Enterprise and economic development	531	43	574
International services	-	418	418
Science and technology	118	51	169
EU transactions	-	- 355	- 355
Total	**33,254**	**5,341**	**38,595**

[1] Excludes privatisation proceeds and accounting adjustments which are not allocated to territories.
[2] Includes Scottish share of identifiable spending outside the UK

Table 6.5: Local Authority Current Expenditure by Service, General Fund[1], 1998/99 to 2003/04

(Net expenditure financed from grants, non-domestic rates, council tax and balances)

£ million

	1998-99	1999-2000	2000-01	2001-02	2002-03	2003/04
Education	2,499	2,661	2,788	3,001	3,343	3,659
Social work	1,135	1,200	1,261	1,352	1,611	1,766
Police, fire and emergency planning	882	916	950	1,008	1,035	1,133
Roads and transport[2]	378	383	391	373	456	487
Environmental services	288	312	329	369	397	425
Culture and related services	417	435	446	457	488	529
Planning and Economic Development	100	122	115	126	137	148
Other services[3]	309	296	228	302	351	338
Loan Charges	710	702	709	739	739	773
Total	6,719	7,028	7,217	7,726	8,557	9,259

[1] Excluding general fund contributions to housing, trading services and interest on revenue balances.
[2] Including general fund contributions to transport (LA and non LA).
[3] Includes district courts, consumer protection, non-road lighting, homelessness, refistration of vital events, collection of council tax and non-domestic rates, administration of council tax and housing benefits, corporate management and other services.

Table 6.6: Public Sector Employment in Scotland, Quarter 2 2005[1,2]

	Number of employees (Full-time equivalent)
Armed Forces[3]	13,300
Civil Servants	48,700
Public Corporations	29,100
NDPBs	12,400
Local Government	259,600
NHS[4]	122,900
Total	**486,000**

Sources:
Joint Staffing Watch Survey Q1 and Q2
Information Services Division, NHS National Services Scotland Q3
Quarterly Public Sector Employees Survey
Inter-Departmental Business Register, Office for National Statistics
Civil Service Statistics
Note:
[1] All figures have been rounded to the nearest hundred
[2] Totals may not add to the sum of the parts due to rounding
[3] Figures for Armed forces are headcount figures rather than Full-Time equivalent. Armed Forces data are for April 2005.
[4] NHS workforce data are estimates based on the time series of actual data.


2005
Definitions, Methodologies
and Sources

Industrial Groupings

At the end of 2002 the UK moved from the 1992 Standard Industrial Classification (SIC 92) to SIC2003. Data that apply to 2002 and before are coded to SIC92, while later data use SIC2003. The quarterly GVA index is all on a SIC 2003 basis. The coding changes (72 new codes to provide additional detail, 1 deletion and 74 changes) mainly affect the fourth and fifth digit of the coding system.

The first two digits of the classification (2 digit SIC), which are used in much of this report, are not affected by the change, with two exceptions: the tiny sector of coin-operated photocopying machines and the new code 7415 for head office activities. The effect on the overall business register statistics of these changes is detailed in the methodological notes below (under corporate sector).

The table below summarises the groupings used in the publication, by SIC code and Scottish input-output category. Where other groupings have been used, these are shown in individual tables. Details of the SIC 92, SIC2003 and progress on the major re-coding exercise planned for 2007 can be found at http://www.statistics.gov.uk/methods_quality/sic/contents.asp.

Table A: Standard Industrial Classifications used in Scottish Economic Statistics

	SIC	SIC section	Scottish Input-Output Categories[1]
Agriculture, Forestry and Fishing [3]	01, 02, 05	A, B	1, 2, 3
Production	10 - 41		
Mining and Quarrying (incl oil & gas extraction)	10 - 14	C	
Mining of coal and lignite; extraction of peat	10		4
Extraction of crude petroleum and natural gas etc.	11		5
Mining & Quarrying except energy producing materials	13, 14		6, 7
Manufacturing	15 - 37	D	8 - 84
Food, Drink and Tobacco	15, 16		8 - 20
Textiles, Footwear, Leather & Clothing	17 - 19		21 - 30
Petroleum Products, Nuclear Fuel, Chemicals and Mineral Products	23, 24, 26		35 - 46, 49 - 53
Metals, Metal Goods, Mechanical Engineering & Transport Equipment	27 - 29, 34, 35		54 - 68, 77 - 80
Electrical and Instrument Engineering	30 - 33		69 - 76
Other Manufacturing	20-22, 25, 36, 37		31-34, 47, 48, 81-84
Electricity, Gas and Water Supply	40 - 41	E	85 - 87
Construction	45	F	88
Services	50 - 99		
Wholesale, retail and repairs		G	
Motor Vehicle Retail & Wholesale	50		89
Wholesale	51		90
Retail	52		91
Catering & Allied Trades	55	H	92
Transport, storage and communication	60 - 64	I	93 - 99
Financial intermediation[2]	65 - 67	J	100 - 102
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[1] Input output tables for 2001 are summarised in tables 1.4 and 1.5. Full tables can be found at http://www.scotland.gov.uk/input-output

[2] Not included in Scottish Annual Business Statistics

[3] Scottish Annual Business Statistics excludes SIC 1.1-1.3,85.111,85.12,85.13,85.311,85.321

Scottish quarterly GDP (chapter 1)

Gross Domestic Product (GDP) is a measure of the value of goods and services produced by residents, before allowing for depreciation or capital consumption. Net receipts from interest, profits and dividends abroad are excluded. There are two measures of GDP, market prices and basic prices. The Scottish quarterly index is measured in basic prices, which excludes taxes less subsidies on products (taxes on products include VAT and excise duties). Gross Value Added (GVA) is another term for GDP at basic prices.

GDP at market prices is the headline measure used by the UK but they also produce estimates of GVA for their industry breakdown as it is difficult to break down taxes and subsidies below whole economy level. GDP at market prices is not produced for Scotland due to the same difficulty of allocating taxes and subsidies below national level.

Information is compiled for over 260 industries in Scotland. For each industry an index is created representing the volume of Gross Value Added (GVA) created by that industry over time. It can be difficult to get value added figures on a quarterly basis so proxy indicators are used where value added data are not available. Examples of proxies used include: deflated turnover, deflated production, the volume of a good or service sold or produced and, for some parts of the public sector, employee numbers. These data come from a range of sources including monthly and quarterly turnover inquiries carried out by the Office for National Statistics; published data sources (e.g. on employment levels or activity levels in certain industries); and data received directly from companies and other organisations.

In February 2004 on publication of results for 2003 Q3, the Scottish GDP estimates moved to annually weighted and chained estimates of volume measures – referred to as "annual chainlinking" – as recommended in the System of National Accounts 1993. This is consistent with the UK where this approach was introduced on 30 September 2003 in respect of the 2003 Q2 results.

The main difference between chainlinking and the previous "fixed base" methodology is that the weights applied to each industry (reflecting importance in the Scottish economy) are updated on an annual basis, instead of a 5-yearly basis. The major effect of chainlinking has been to more accurately reflect the changing importance of sectors. The impact of chainlinking the Scottish GDP series to 2000 weights was to reduce the negative effect of the low/declining growth in some sectors, while simultaneously increasing the importance of those which had been performing well. Both of these changes had a positive effect on the overall level of growth estimated by the Scottish GDP series. However, updating weights does not necessarily result in a positive impact on GDP. For example, if prices in an industry fall over time, despite high growth in the volume of output (as measured by the GDP index), the industry's relative value can decrease. This would result in a fall in the weight, and a reduction in the impact of high growth in that industry. A more detailed explanation of the new methodology and its effects is contained in article A1 and further information is available on the Scottish Executive internet site www.scotland.gov.uk/gdp.

Scottish GDP estimates will generally be less reliable than the estimates for the UK, primarily because the equivalent UK figures are produced by balancing 3 independent sets of estimates (Output (GVA), Income & Expenditure-based approaches). Furthermore, the survey data tend to be based on smaller numbers of units, making figures for Scotland more likely to be subject to small random fluctuations.

Scottish Input-output tables (chapter 1)

A wide variety of data sources are used in the construction of the Scottish Input-Output tables. Wherever possible, Scottish data from ONS inquiries have been used, in addition to data from Scottish Executive surveys or other official sources. The tables are constructed in accordance with national guidance, as given in the European System of Accounts 1995. The industrial classifications are based on Standard Industrial Classifications, as shown in the table above.

Further information on the construction and use of the Input-Output tables can be found on the Input-Output website at: www.scotland.gov.uk/input-output.

Total exports (chapter 1)

Exports by industry and destination have been estimated from Scotland's Global Connections Survey. The survey in 2003 was circulated to a representative sample of just over 10,000 companies with operations in Scotland. The companies were selected using stratified random sampling from the Inter-Departmental Business Register.

The response rate was 33 per cent (including nil responses). The information provided was supplemented with data from the ONS UK Monthly Production Inquiry, and was then grossed up to cover all companies on the IDBR using turnover. Adjustments were also made to the data for some industries based on other available information.

More information on the sampling and grossing methodology is available on the Scottish Executive website via www.scotland.gov.uk/exports.

Index of Manufactured Exports (chapter 1)

The estimates that make up the quarterly index of manufactured exports are derived from data on sales of goods produced by the Scottish manufacturing industry for export outwith the UK. The Office for National Statistics collects the data used to produce these figures in their Monthly Production Inquiry.

The data are then deflated to 2000 prices using UK export producer price indices, which are also produced by the ONS. Deflated export sales of the companies covered by the survey are then grossed up to represent the manufacturing business population using the Inter Departmental Business Register (IDBR). The data are then seasonally adjusted where appropriate. The Scottish Executive has developed systems to seasonally adjust the series in line with standard National Statistics practice.

The index of Scottish manufactured exports is based on a sample of around 1,000 Scottish manufacturing companies per quarter. This sample covers all sizes of unit across the manufacturing sector.

Further information about the methodology of the Index of Manufactured Exports can be found on the website www.scotland.gov.uk/exports

Corporate Sector (chapter 2)

The estimates given have been constructed using data from the Inter Departmental Business Register (IDBR), Labour Force Survey (LFS), the Family Resources Survey (FRS) and the Survey of Personal Incomes (SPI). The IDBR extract provides an estimate of the number of enterprises registered for VAT and/or PAYE. A modelling procedure that combines data from the IDBR with estimates derived from the LFS, FRS and SPI is used to calculate the number of unregistered enterprises. The principles of the model were developed by economic consultants working with the Department of Trade and Industry (DTI) and Eurostat.

It should be borne in mind that the number of enterprises with no employees which are not registered on the IDBR is significant. These are estimated from a combination of sample surveys which are all subject to sampling error. For example a yearly estimate of 6,000 taken from the LFS has a 95% confidence interval of +/- 2,640. It is the nature of sampling variability that the smaller the group whose size is being estimated, the proportionately less precise that estimate is. Very small estimates are subject to larger standard errors, which can result in fluctuation between years. For this reason year on year comparisons containing the smallest size band (enterprises with no employees) should be regarded with caution.

The estimates:

- Include enterprises that operate in Scotland irrespective of whether their head office is located in Scotland or elsewhere;
- Count enterprises only once (in tables 2.1 and 2.2) or once each in each of the local areas they operate in (in table 2.3), irrespective of the number of local units they maintain;
- Cover enterprises in the business sector – that is companies, sole traders, partnerships, public corporations/ nationalised bodies and not for profit organisations – and exclude central and local government;
- Include enterprises from the sources described above, as follows (in 2004): 118,620 enterprises were registered for VAT and 30,405 for PAYE only; to this 121,220 enterprises with zero employees are added, estimated on the basis of LFS, FRS and SPI figures.

Employment and turnover values were calculated for all enterprises, however turnover values for Financial Intermediation enterprises have been excluded, as these are not available on a comparable basis.

Registered Enterprises

These are estimated from Scottish extracts of the IDBR taken in November of each year. Enterprises with no UK activity or dummy enterprises created to help with clerical procedures are excluded. Enterprises which have zero employment and zero turnover are also excluded as they are holding companies whose activity is recorded elsewhere or are enterprises not contributing to the economy at the time of the estimates.

Companies with only one employee (who is also the employer) are treated as a self-employed person working in a firm with zero employees unless the enterprise is part of an enterprise group. As these companies provide no employment for others it is more consistent to classify them as enterprises with no employees.

Most tables report on the business sector, excluding central or local government. The tables are therefore affected by the decision by ONS to re-classify Primary Health Care Trusts to the government sector in 2001 and subsequently in 2003 to re-classify the remaining NHS trusts to the government sector: While this effects relatively few large enterprises the discontinuity in the employment and turnover tables is considerable: in 2001 the re-classification removed employment of 54,200 from the business sector; in 2003 the effect on business sector employment was -95,530[G C1] with a turnover change of -£4.7 billion.

The Scottish Corporate Sector Statistics 2004 tables are the second set of Corporate Sector tables to be produced to the new SIC2003 industrial classification. The change from SIC92 affects the tiny sector of coin operated photocopying machines – effect on count of enterprises and employment was less than 10 between 2002 and 2003 – and the new coding for head office activities (7415). As a result of the head office coding change, 30 enterprises changed coding to division 74 between 2002 and 2003, with combined employment of 580.

Unregistered Enterprises

The LFS provides data on self-employment without employees (as first or second job). The figure for second jobs is augmented by data from the FRS on self-employment in third jobs. This estimate of the total number of self-employed jobs (with no employees) is compared to the self-employment registered on the IDBR in enterprises with no employees. As many self-employed people are not required to pay VAT or register for PAYE, the figure from the LFS is generally higher.

The difference between the two figures, self-employed jobs in unregistered enterprises, can be used as a starting point to estimate the additional sole traders or partners with no employees. The ratio between sole traders and partners is different for each industry and can be obtained from the SPI. Scottish ratios are calculated where statistically reliable, otherwise UK ratios are used to derive the number of unregistered enterprises from the number of self-employed jobs in unregistered enterprises. Each of these unregistered enterprises is assumed to provide employment for one (if sole trader) or two (if partnership).

Turnover in unregistered businesses will generally be lower than that of registered businesses of the same size, as turnover in the former would usually be below the VAT threshold. Turnover for the unregistered enterprises was imputed from turnover per head of registered enterprises with zero employment in that industry division and then scaled down by a factor of a half. For a few 2-digit industry divisions, this still left average annual turnover per unregistered business above the VAT threshold. In these cases, the unregistered turnover total was adjusted until turnover per unregistered business was under the VAT threshold for that year.

Geographical Analyses

The geographical analyses now use a postcode index file from the General Register Office for Scotland. Unregistered enterprises are not included in the geographical analyses. Hence, the allocable total for Scottish employment and turnover in Table 2.3 does not equate to those in the tables containing full estimates for the zero employee size band.

Size bands

Enterprises in Table 2.1 to Table 2.5 are classified by employment size bands on the basis of their total UK employment. The rationale behind this approach is that the size of the overall enterprise determines its behaviour as an economic agent. An enterprise with a large number of employees in the UK as a whole is likely to behave like a large enterprise, irrespective of its level of Scottish employment.

An alternative approach involving the allocation of enterprises to employment size bands based on their total Scottish employment has not been included. This type of analysis is available on request from the Scottish Executive.

In Tables 2.4a, 2.4b and 2.5, the enterprises were matched between years by their enterprise reference or by some extra measures such as name and postcode and industry to minimise the number of enterprises that are classified as closures or openings as an error. Some enterprises may have changed their enterprise reference between years, this can be caused by enterprises changing relocating or restructuring. Such enterprises appear as closures and re-openings, which means that these enterprises could not be included in the analysis of consistent growth or high growth, and that there may be some overstatement of the degree of churning (of enterprises and jobs). It is not currently possible to quantify the numbers of such enterprises.

In addition, enterprises that opened in Scotland after November 2001 but closed before November 2004 are not included in this analysis.

The section on R&D classifies expenditure by product group. Details of these can be found at http://www.statistics.gov.uk/downloads/theme_commerce/MA14_2002.pdf

Scottish Annual Business Statistics (chapter 3)

Scottish Annual Business Statistics are sourced from the Annual Business Inquiry (ABI) conducted by the Office for National Statistics (ONS). All figures in this publication are at current prices. For information on the methodology used to compile regional ABI statistics, please visit the following ONS site: http://www.statistics.gov.uk/abi/background_info.asp

Since 1998, the Scottish Executive has paid for an enhanced Annual Business Inquiry sample in Scotland, to improve the quality of Scottish figures. Around 3,000 extra firms in Scotland are sampled annually as a result of this "boost", giving a total annual sample size in Scotland of around 9,000 firms.

The manufacturing, construction and service sectors are based on the Standard Industrial Classifications (SIC92) classifications. Although the tables refer to the service sector for simplicity, it should be noted that the figures quoted do not relate to the entire service sector, but only to those sectors covered by the Office for National Statistics' Annual Business Inquiry. This SICs that are excluded from the ABI are 1.1 - 1.3 (part of agriculture), 65-67 (Financial Intermediation), 75 (Public Administration) and the following sub-classes of SIC 85 (Health and Social Work): 85.111, 85.12, 85.13, 85.311, 85.321.

In 2000 for the first time, the Forestry (SIC 2) and Fishing (SIC 5) sectors were surveyed as part of the ABI. Parts of Agriculture (SIC1.4 & 1.5) were surveyed for the first time in 2001. Figures for these sectors have been included in this publication. However, caution should be exercised in their use, until fuller comparison and validation is possible when several years' data become available.

For additional Tables not included in this publication, please visit the following website: http://www.scotland.gov.uk/about/ELLD/EI/00016170/Introduction.aspx

Definition of Terms – Annual Business Statistics

Number of Units	This relates to the number of individual business units e.g. a plant, factory, shop etc.
Total turnover	Turnover is defined as Total sales and work done. This is calculated by adding to the value of Sales of goods produced, Goods purchased and resold without further processing, Work done and industrial services rendered and Non industrial services rendered.
Purchases of goods & services	This represents the value of all goods and services purchased during the year.
Gross Value Added	Approximate gross value added represents the income generated by businesses out of which is paid wages and salaries, the cost of capital investment and financial charges, before arriving at a figure for profit. It includes taxes on production (e.g. business rates), net of subsidies but excludes subsidies and taxes on products (e.g. VAT and excise duty).
Net Capital Expenditure	This is calculated by adding to the value of new building work, acquisitions less disposals of land and existing buildings, vehicles and plant and machinery.
Total Labour Costs	This represents the total cost to employers of employing staff. This includes gross wages & salaries and also employers' National Insurance contributions and contributions to other pension and welfare schemes.
Total employees	This is the point in time estimate of full and part time employees on the payroll on a set day in December.

Labour Market (chapter 4)

Sources

Population data. Table 4.1 shows 2004 mid-year estimates of population. Chart 4.1 shows 2004 mid-year estimates and 2003 based population projections. Population estimates are provided by General Register Office for Scotland and are based on the 2001 census.

Estimates for **economic activity, unemployment and total employment**, as shown in tables 4.2, 4.3 and 4.5, chart 4.2, 4.3 and 4.4, are from the Labour Force Survey (LFS). Figures in table 4.2 and 4.5 are from the spring quarter of the survey and are not seasonally adjusted. Figures in table 4.3 are from the Annual Population Survey (APS) data set. The LFS is a survey of individuals and is subject to sampling error, with information for local areas based on relatively small samples. For example from the Spring quarter of the LFS estimates of 10,000 have approximate 95% confidence intervals of +/-4,000. However, the APS, used in table 4.3, has a larger survey sample since it is comprised of 4 quarters of LFS data and has a boost to the survey in Scotland. Thus confidence intervals are much smaller for data from the APS, this is why it is used for Local Authority area analyses.

Unemployment The Government's preferred measure of unemployment is the International Labour Organisation (ILO) definition. Unemployment calculated on this basis is shown in tables 4.2 and 4.3. This is obtained from the Labour Force Survey. However the Labour Force Survey is not a large enough sample to give reliable estimates of unemployment at small geographical areas such as ward level and some local authorities.

Qualifications and training information shown in table 4.7 and 4.8 and Chart 4.4 are obtained from the Spring quarter of the Labour Force Survey.

It should be noted that all estimates produced from the Labour Force Survey were revised in 2004. This is because the information has been re-weighted to be consistent with the 2001 census. This means some information will be inconsistent with what was published in SES 2003.

Estimates of **employee jobs**, as shown in table 4.4 are from the June quarter of the quarterly employee jobs series, data are not seasonally adjusted. Estimates in chart 4.5 are taken from the 1998 and 2003 Annual Business Inquiry. Data in table 4.4 and chart 4.5 are shown by industry groups based on the SIC 92 and SIC 2003 classification systems as outlined in table A above. Both data sources are surveys of employers and are subject to sampling error, with information for local areas based on relatively small samples. Figures should therefore be treated with caution.

The source of data for tables 4.9, 4.10, 4.11 and 4.12 showing **unemployment** figures, is the **claimant count**. This measures the number of people claiming unemployment-related benefits. Only information on computerised claims is available for **age and duration** analysis (table 4.10 and 4.11), however these make up 99 per cent of all claims nationally. Data in table 4.10 & 4.11 are for June in each year and are not seasonally adjusted.

Table 4.10 shows annual **claimant count rates** for Local Authority areas. The claimant count data are used to estimate the numerator of the claimant count unemployment rate. The denominator is a measure of economic activity for working aged people (ages 16 to 59 for females and 16 to 64 for males), which is a residence-based rate. **Economic activity** is derived using three sources of data: The Labour Force Survey (LFS), 2001 Census of Population and General Register's Office for Scotland (GROS) mid-year population estimates. The number of economically active people of working age is obtained from combining the four quarters of the LFS for each year. This information is combined with population data at 1991 ward boundary level from the 2001 Census population and updated using GROS population data at Local Authority area level for each year. Rates are then scaled so that the Scotland rate equals the rate shown in table 4.9. Table 4.9 shows annual average claimant count unemployment level and work-based rate.

Figures on **earnings** shown in tables 4.16 to 4.19 are from the Annual Survey of Hours and Earnings. This is carried out by the Office for National Statistics. Due to sample sizes the Annual Survey of Hours and Earnings cannot give reliable information for all local authority areas in Scotland.

Vacancies data shown in tables 4.13 to 4.15 are not national statistics, details on the limitations of the data can be found at www.nomisweb.co.uk/articles/ref/vacs/LMT 200506-363.pdf. Data are from Jobcentre plus vacancies (extracted from Nomis). Industry groups are based on the SIC 92 and SIC 2003 classification systems as outlined in table A above. Occupation groups are based on the SOC (Standard Occupational Classification) 2000 system, details of which can be found at http://www.statistics.gov.uk/methods_quality/ns_sec/downloads/SOC2000_Vol1_V5.pdf

Definition of Terms – Labour Market

Working age	16 to 64 for men and 16 to 59 for women
Employment	People in employment means those working for at least one hour in a typical week.
Employment rate	Proportion of working aged people who are in employment.
Economic activity rate	Proportion of working aged people who are economically active.
Economically active	In employment or actively seeking work (i.e. unemployed).
Economically inactive	Not economically active, e.g. retired or student
Full time workers	Persons employed for 30 hours or more during a typical week.
Part time workers	Persons employed between 1 and 30 hours a week.
Unemployment	International Labour Organisation (ILO) definition of unemployment. This counts people who are either 1)Out of work and want a job, have actively sought work in the last 4 weeks and are available to start work in the next 2 weeks or 2) Out of work, have found a job and are waiting to start in the next two weeks.
Claimant count	Number of people claiming unemployment related benefits (Jobseeker's Allowance or National Insurance Credits).

Household Income and Benefits (chapter 5)

Household income

Source

The household income measures and percentages below median income are derived from the Department for Work and Pensions' Households Below Average Income (HBAI) analyses, which are derived from data from the Family Resources Survey.

Definitions

The income measure used in HBAI is weekly net equivalised household income. Income is the total income of all members of the household, including dependants. Income is adjusted for household size and composition by equivalisation, which reflects the common sense notion that a household of five adults will need a higher income than a person living alone to enjoy a comparable standard of living. The adjusted income is referred to as equivalised income.

HBAI employs two measures of income: Before Housing Costs (BHC) and After Housing Costs (AHC). The need for both measures arises from the variation in housing costs: in part this reflects variations in the quality of housing, but there are also significant cost variations that do not reflect quality variations. The growth in BHC income is likely to overstate improvements in the living standards of low-income groups, because it counts, as an income rise, higher Housing Benefit which merely offsets higher rents. Conversely, income growth AHC will tend to understate improvements in living standards where higher housing costs reflect improved housing. Because of this each measure has imperfections as a guide to differences in, and changes in, living standards, but the two are complementary.

Income Before Housing Costs (BHC) includes the following main components: – usual net earnings from employment; profit or loss from self-employment; all Social Security benefits; income from occupational and private pensions; investment income; maintenance payments (if a person receives them directly); income from educational grants and scholarships (including, for students, top up loans and parental contributions); the cash value of certain forms of income in kind.

Housing Costs include rent; water rates and community water charges; mortgage interest payments; structural insurance premiums; ground rent and service charges.

Income is net of the following: – income tax payments; National Insurance contributions; domestic rates/ council tax; contributions to occupational pension schemes; all maintenance and child support payments, which are deducted from the income of the person making the payment; parental contributions to students living away from home.

Benefits

Table 5.3 concentrates on working age people who are in receipt of one or more of a range of key benefits and tax credits. The range of benefits included in this analysis are: Jobseeker's Allowance (JSA); Incapacity Benefit (IB); Severe Disablement Allowance (SDA); Disability Living Allowance (DLA); and Income Support (IS).

Statistical group, this is defined as follows:

Claimant of at least one of:

Unemployed	JSA
Sick & disabled	IB, SDA, DLA or IS with a disability premium
Lone parent	Single people with children on IS and not receiving a disability related premium
Other	IS claimant not in other groups, e.g. carers, asylum seekers, pensioners (Pension Credit) (Men aged 60-64)

Public Sector (chapter 6)

Income and expenditure

The data in tables 6.1 and 6.4 and chart 6.1 are taken from the Scottish Executive's Government Expenditure and Revenue in Scotland (GERS) 2002/03 publication. More details on the estimation methods can be found in the publication, which is available at http://www.scotland.gov.uk/library5/government/gers05-00.asp.

Charts 6.2 and 6.3 take data directly from the HM Treasury Public Expenditure Statistical Analyses (PESA) 2005. This information will feed into GERS 2003/04. The entire PESA publication can be accessed via http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_publications/pespub_index.cfm.

Tables 6.2, 6.3 and 6.5 are based on Scottish Local Government Financial Statistics 2003/04, which was published by the Scottish Executive in June 2005. Further information is available via the Local Government Finance Statistics website www.scotland.gov.uk/stats/lgfstats.

Employment

The employment estimates in table 6.6 are based on a new collection of data. Estimates for 2005 Q1 and Q2 are not consistent with data from previous time periods. Work is ongoing to provide a consistent time series of total public sector employment in Scotland back to 1999. It is hoped that this consistent time series will be available by January 2006. Data on NHS employment and Civil Service employment prior to Quarter 1 2005 are National Statistics.

The public sector comprises central government, local government and public corporations, as defined for the UK National Accounts. The Sector Classifications Guide (MA23) provides information on the classification of organisations and institutions in the National Accounts. http://www.statistics.gov.uk/CCI/SearchRes.asp?term=ma23.

Central government includes all administrative departments of government and other central agencies and non-departmental public bodies. This sector also includes HM Forces and the NHS. Sources of Central Government data are Department for Work and Pensions , Department for International Development, HM revenue and Customs, Other Central Government – Quarterly Public Sector Employees Survey, Information Services Division, NHS, Ministry of Defence, Non-Departmental Public Bodies – Office for National Statistics Inter-Departmental Business Register.

Local government comprises all government units with a local remit. It includes: Education teaching staff and Education other staff; Social Workers; Police and related services; Fire and related services; and other staff. Other staff comprises: corporate services; central support; planning and economic development; housing; roads and transport; arts, sports and leisure; libraries, museums and galleries; trading standards; staff of district court; environmental services; and Direct Labour Organisation (DLO) Direct Service Organisation (DSO) staff. The source of information on this is the Joint Staffing Watch Survey. Due to definitional issues, this data may differ from other sources of information for the individual sectors of Local Government. More information on these definitional issues can be found at: http://www.scotland.gov.uk/Publications/2005/03/20889/55029.

Public corporations are companies or quasi-corporations controlled by government. Examples include British Nuclear Fuels plc and the BBC. These companies receive more than half their income from sales of goods or services into the market place. Estimates are obtained from the Office for National Statistics Inter-Departmental Business Register.

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Further information on the General Register Office for Scotland is available on the website www.gro-scotland.gov.uk

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