



Skills
Development
Scotland

Economy, People and Skills

October 2024



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

This report is part of a wider suite of labour market information products published by Skills Development Scotland, including Regional and Sectoral Skills Assessments. **New updates to these reports will be published in late October.**

The latest forecasts for Scotland's economy are more optimistic for the near-term, though mid-term estimates remain relatively subdued. This reflects weaker economic growth compared to early 2024. More positively, inflation fell below the 2% target in September.

The divergence between the LFS and other labour market data continues

Similar to last month, the latest LFS data suggests an alternative trajectory in the labour market compared to other sources. The LFS remains declassified from Official Statistics status due to ongoing challenges with its response rate and the ONS recommends reviewing other sources alongside the LFS.

Whilst LFS data shows an increase in employment and a decrease in unemployment, PAYE data suggests the number of employees in Scotland was flat (-0.02%) in September compared with August, and claimant count data shows a small rate increase (+0.1 pp). Over a longer period, the claimant count rate has increased from 3.6% in April to 4.0% in September.

Online job postings declined compared with the previous month and the same point last year

Online job postings continue to cool, and postings in September fell compared with the previous month, and the same point last year. Compared with August, job postings in September fell by 15% or 7,200 postings. There was an even more substantial decline compared with the previous year (September 2023) of more than one quarter (26%), or 14,200 postings.

Inflation falls to lowest rate in over three years

Inflation (CPI) fell to 1.7% in September, down from

2.2% in August, a greater decline than had been anticipated. As a result, inflation is now below the 2% target, and at its lowest level since April 2021. Alongside headline inflation, core and service inflation (key indicators for the Bank of England) also fell. Similarly, annual growth in regular pay (another key indicator for the Bank of England) fell to 4.9% in June to August 2024, its lowest rate in over two years.

Businesses' outlook remains positive but some signs of slowing economic growth

Businesses continue to lean towards more positive expectations, although the latest monthly GDP data for the UK and Scotland indicate that economic growth may be slowing from early 2024.

Purchasing Managers' Index data indicates that private sector activity in Scotland continued to grow for the ninth month in a row in September. However, the rate of increase was the weakest in this sequence of growth, reflecting cooling in the services sector.

Softening sentiment is also shown in Scotland's latest business confidence data, which found that sentiment remained historically positive in Q3 2024, but slightly down from Q2.

Near-term outlook improves but mid-term forecasts remain relatively subdued

The latest forecasts for Scotland from the Fraser of Allander Institute (FAI) saw an increase in the projection for 2024, reflecting the higher rates of growth seen earlier in the year. However, forecasts for 2025 and 2026 remained the same at just over 1%, reflecting slower growth and, whilst they remain positive, the cooling in business and consumer sentiment.

UK and Scotland Economy - Gross Domestic Product (GDP)

UK GDP

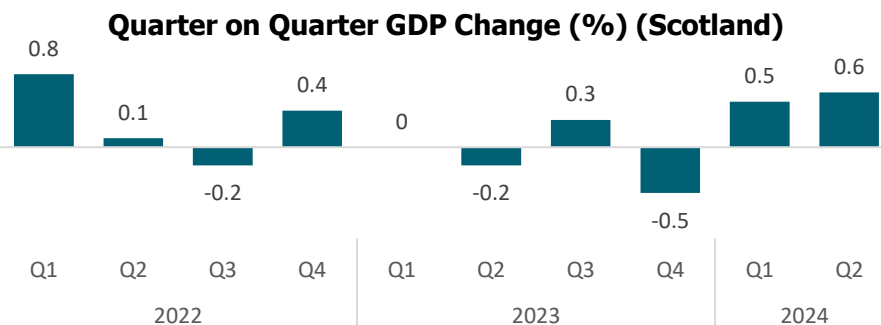
Revised annual GDP figures estimate the UK economy grew slightly in 2023 (0.3%); this is an upward revision from an initial estimate of 0.1% growth.¹ Following a short recession at the end of 2023, the latest figures for the UK estimate 0.5% GDP growth in Q2 2024, and 0.7% growth in Q1.¹

The latest monthly UK data shows 0.2% growth in August, following no growth (0.0%) in June and July.² Whilst the return to growth in August is positive, at 0.2% it indicates a slow-down from the level of growth seen in early 2024.

Scotland GDP

Like the UK, Scotland has returned to growth in 2024, with the latest figures showing the economy expanded by 0.6% in Q2 and 0.5% in Q1.³

This followed a contraction of 0.5% in Q4 2023, although, unlike the UK, Scotland did not enter a recession. GDP growth across 2023 was estimated to be broadly flat at 0.1%, although a revised estimate (the equivalent of which saw upward revision for the UK) is yet to be released.³ The latest monthly data for Scotland is for July, it estimates the economy grew by 0.3%, following an upwardly revised estimate of no change (0.0%) in June.⁴



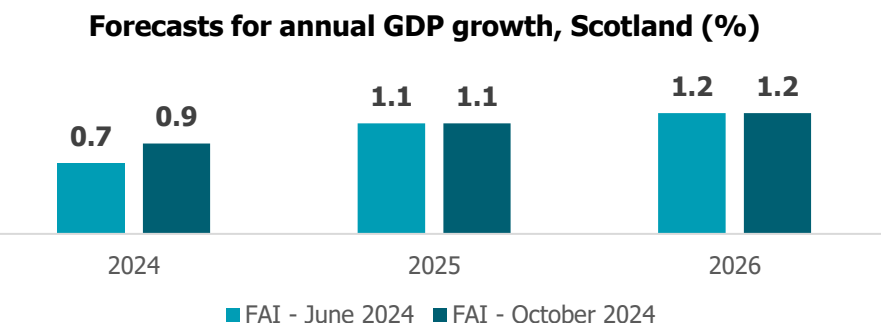
Economic Outlook⁵

The Fraser of Allander Institute (FAI) released their latest economic forecasts for Scotland in early October. Similar to other forecasters, FAI have improved their outlook for 2024. However, projections for 2025 and 2026 have remained the same.

Early 2024 saw a considerable upturn in GDP growth for the UK and Scotland. Reflecting this upturn, similar to other forecasters, FAI have increased their forecast for 2024 to 0.9%, up from 0.7%.

Despite this upgrade, at 0.9% the projection remains relatively muted. Following the improvement seen in early 2024, growth over the summer months appears to have stalled slightly, with monthly GDP growth becoming more inconsistent.

This inconsistency combined with continued positive but reduced sentiment for businesses and consumers, has led to FAI forecasting unchanged estimates for 2025 and 2026. The estimates are relatively muted at just over 1% (1.1% and 1.2% respectively).



¹ ONS. [GDP Quarterly National Accounts, UK: April to June 2024](#) (September 2024).

² ONS. [GDP monthly estimate, UK: August 2024](#) (October 2024).

³ Scottish Government. [GDP First Quarterly Estimate: 2024 Q2](#) (August 2024).

⁴ Scottish Government. [GDP Monthly Estimate: July 2024](#) (September 2024).

⁵ FAI. [FAI Economic Commentary Q3 2024](#) (October 2024).

Inflation and the Cost of Living



Slight dip in business sentiment in Q3 but confidence remains above average

The latest Business Confidence Monitor from the Institute of Chartered Accountants found that **business confidence in Scotland fell slightly from +15.6 in Q2 2024 to +14.2 in Q3 2024**. However, sentiment remains **above the historical average**.¹

Annual growth in domestic sales increased to 3.5% in Q3, the first increase since Q1 2023 and above the historical average of 3.0%. Looking ahead, domestic sales growth is expected to increase to 4.3% in the coming year, but this is lower than most other UK countries/regions.¹



Around one in four children in Scotland are living in poverty

The latest Poverty in Scotland report from the Joseph Rowntree Foundation reports that **around one in four (24%) children**, one in five working-age adults (21%) and 15% of pensioners in Scotland were **in poverty** in 2020-2023.²

Children were the most likely age group to be living in poverty, and **some children have even higher poverty rates**. For example, over half (53%) of children in minority ethnic families were in poverty. Poverty rates were also elevated for children in single parent families (31%), large families (38%) and families with a baby (37%).²



Inflation falls below target

Inflation (CPI) in the UK fell to 1.7% in September 2024, down from 2.2% in August. This was a greater decline than had been anticipated. As a result, inflation fell back below the 2% target and is at its lowest level since April 2021.³

The main drivers of the decline were air fares and fuel, whilst food prices rose for the first time since March 2023.

The fall in the headline rate was also accompanied by decreases in core and services inflation (key measures for the Bank of England in its interest rate setting decisions).³

Inflation forecast

UK inflation forecasts were released by the Bank of England in early August.⁴ Similar to their May forecast, inflation is predicted to temporarily increase in the second half of 2024, reaching around 2.75%. This increase reflects the fall in energy prices coming out of the annual calculation. Following this increase, CPI is expected to start to decrease again from around mid 2025, falling back to the 2% target in Q1 2026.

The latest data shows that inflation fell more than economists had anticipated in September 2024. New inflation forecasts accounting for this will be published by the OBR at the end of October (accompanying the UK budget) and by the Bank of England in early November.

BoE – Modal CPI Inflation Projection (%)



¹ ICAEW. [ICAEW Business Confidence Monitor: Scotland](#) (October 2024).

² Joseph Rowntree Foundation. [Poverty in Scotland 2024](#) (October 2024).

³ ONS. [CPI, UK: September 2024](#) (October 2024).

⁴ Bank of England. [Monetary Policy Report – August 2024](#) (August 2024).

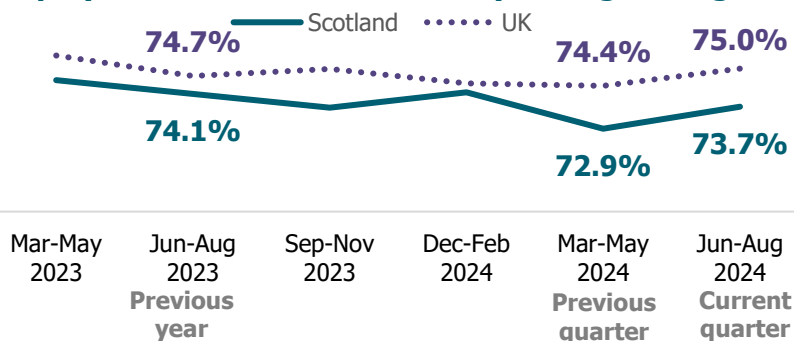
The LFS returned in February, and the ONS have published new, reweighted estimates from 2011 for the UK and from 2022 for Scotland. This reweighting incorporates UK population changes, helping to make LFS estimates more representative. Reweighted and non-reweighted data is not comparable and therefore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

Employment Rate (16-64)¹

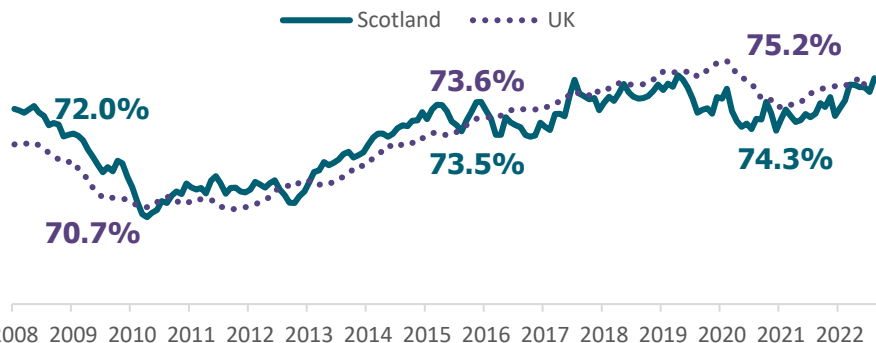
➤ **Scotland's employment rate was estimated to be 73.7%**

- The latest data suggests Scotland's employment rate was **73.7%** in the period covering June to August 2024. The rate is estimated to have increased by 0.8 pp compared with the previous quarter.*

Employment Rate: 2023 onwards (re-weighted figures)



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

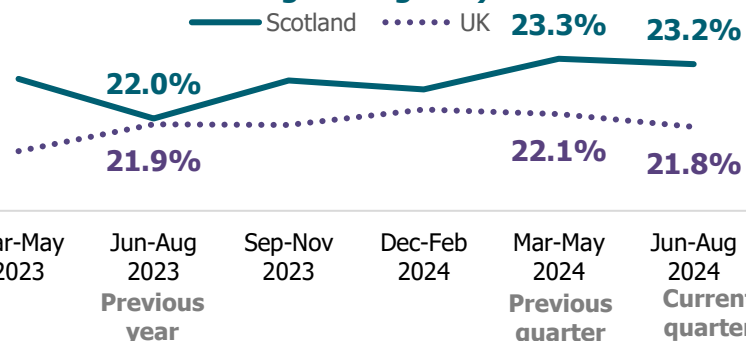


Economic Inactivity (16-64)¹

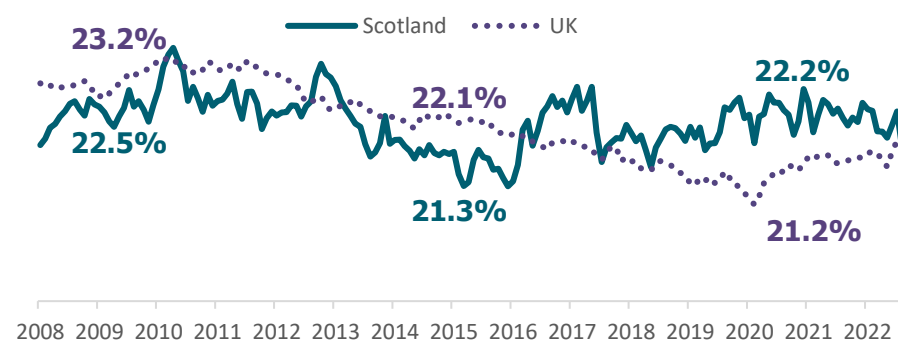
➤ **The 16-64 Scottish economic inactivity rate was estimated to be 23.2%**

- The latest data suggests that Scotland's economic inactivity rate was **23.2%** in June to August 2024. The economic inactivity rate was 0.1 pp lower than last quarter.*

Economic Inactivity Rate: 2023 onwards (re-weighted figures)



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



¹ ONS, Labour Force Survey (15th October 2024).

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

Economy, People and Skills

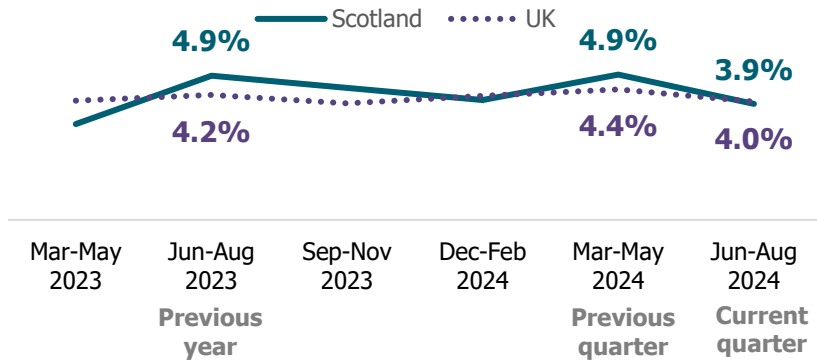
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Unemployment (16+)¹

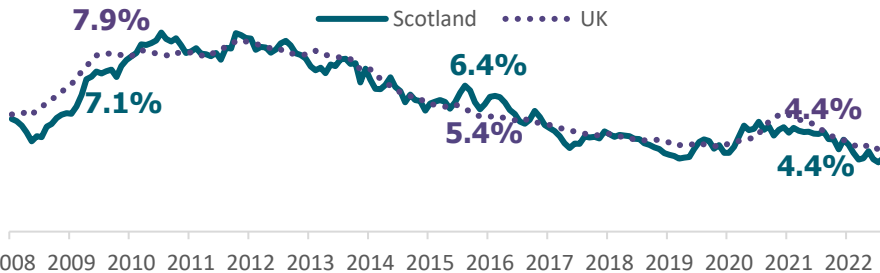
➤ **Unemployment in Scotland was estimated to be 3.9%**

- The latest data suggests Scotland's unemployment rate was **3.9%** in the period covering June to August 2024. This is a decrease compared with the last quarter (0.9 pp change).*

Unemployment Rate: 2023 onwards (re-weighted figures)



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

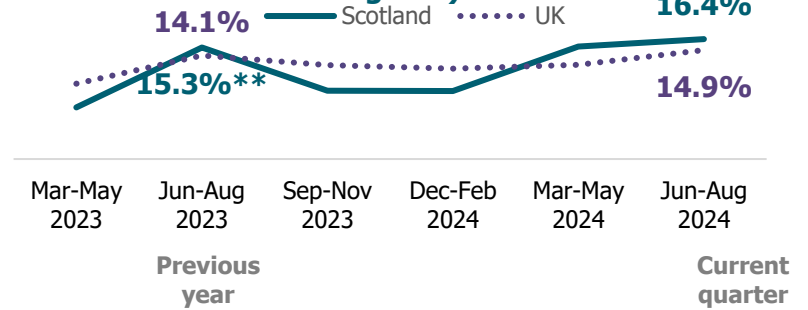


Youth Unemployment (16-24)^{1,2}

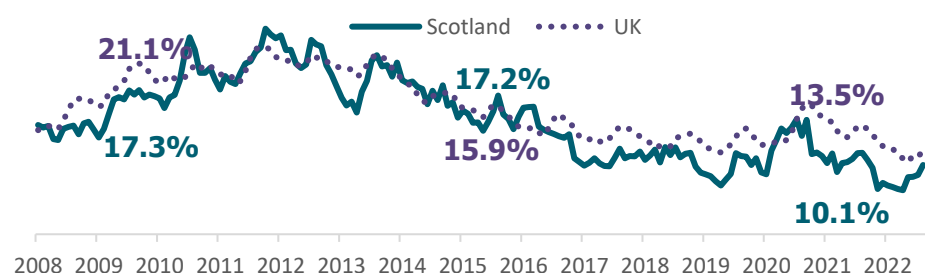
➤ **16-24 youth unemployment in Scotland was estimated to be 16.4%**

- The latest data estimates Scotland's youth unemployment rate was **16.4%** in the period covering June to August 2024.* This is higher than the same period of the previous year (1.2 pp increase), but it is important to note the declassification of LFS data and the small sample sizes that youth unemployment is based on.**

Youth Unemployment Rate: 2023 onwards (re-weighted figures)



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



¹ ONS, Labour Force Survey (15th October 2024). ² Please note: Youth Unemployment should only be compared to the previous year.

*Figures may not sum due to rounding. Please also see the opening statement about the most up-to-date LFS data. **Figures marked with ** have been flagged by the ONS as based on small sample sizes. More generally age breakdowns of regions will be subject to smaller sample sizes, creating greater volatility and less precision. As a result the Annual Population Survey (APS), which has a larger timeframe and the Scottish LFS boost, is the Accredited Official Statistics source for labour market indicators by region and age. Please find analysis of the youth labour market using APS data [here](#).

Universal Credit¹ and Claimant Count Rate²

573,600

people claiming Universal Credit in Scotland in September 2024

Between August and September 2024, 11,800 additional people in Scotland claimed Universal Credit, an increase of 2.1%. This continues a trend of increase from June 2022. The overall rise has been driven by an increase in claimants not in work.¹ Since January 2022 the proportion of claimants in work has ranged from 35% to 38%. As noted in last month's spotlight, migration from legacy benefits is likely to be a factor in the increase in people claiming Universal Credit.

4.0%

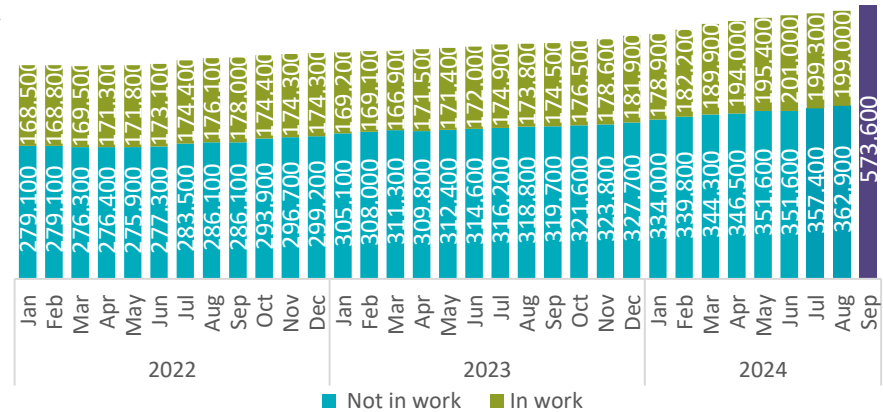
Claimant Count rate in Scotland in September 2024

Between August and September 2024, the Claimant Count rate in Scotland increased by 0.1 pp to 4.0%. The Claimant Count rate has fallen from 4.7% in January 2022, but there has been a slight uptick in recent months. This trend of increase started from April 2024 when the Claimant Count rate was 3.6%.

Universal Credit claimants in Scotland by employment status

65% 35%

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



Redundancies³ and Company Insolvencies⁴

3,000*

Redundancies in the three months to August 2024 in Scotland

1.5*

Redundancies per 1,000 people (2.8 in the UK)

Scotland's latest redundancy figure cannot be compared with the previous year as data for June to August 2023 was suppressed on disclosure grounds. For the UK as a whole, redundancies fell by 11,000 or 12% compared with the previous year.

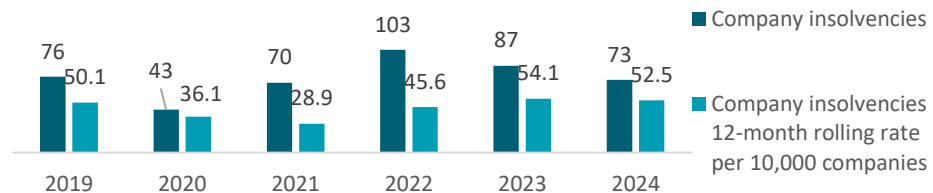
*Please note estimates are based on a small sample and should be used with caution.

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Company insolvencies in Scotland, September 2024

Following a reduction during the pandemic, company insolvencies have since increased. In general, the trend has shown that company insolvencies in 2024 outstripped the number seen in 2019. However, for September, the number of insolvencies was slightly lower in 2024 than in 2019, although the rate of insolvencies was slightly higher.

Company Insolvencies (Scotland), September



¹ Department for Work and Pensions (October 2024). The breakdown of Universal Credit claimants by employment status is not available for September. September data is provisional. Figures for 'not in work' could include both those unemployed or economically inactive.

² ONS. Claimant Count (October 2024). *Experimental statistics*. September data is provisional.

³ ONS. Labour Force Survey (15th October 2024).

⁴ The Insolvency Service. [Monthly Insolvency Statistics, September 2024](#) (October 2024).

Job Postings in Scotland^{1,2}

At 40,500, online job postings in September continued their cooling trend as postings decreased compared with the previous month and the same point last year.

Online job postings in September decreased by 15% or 7,200 compared with August. Postings also decreased compared with the previous year (September 2023), falling by over a quarter (26%) or 14,200 postings. The three-month-rolling average also decreased (by 1% for July to September compared with June to August).

The highest demand in September was for occupations such as:

- Sales Related Occupations;
- Cleaners and Domestic;
- Care Workers and Home Carers;
- Sales and Retail Assistants; and
- Programmers and Software Development Professionals.

The occupations in highest demand remain similar to last month.

The following occupations had the largest change in job postings in September compared with August:

Decrease:

- Customer Service Occupations (-300);
- Large Goods Vehicle Drivers (-200); and
- Cleaners and Domestic (-200).

Increase:

The only occupation that saw an increase of more than 50 postings was Roundspersons and Van Salespersons (+100).

The skills in highest demand in September were:

Common skills

- Communication;
- Management; and
- Customer Service.

Specialised skills

- Project Management;
- Finance; and
- Auditing.

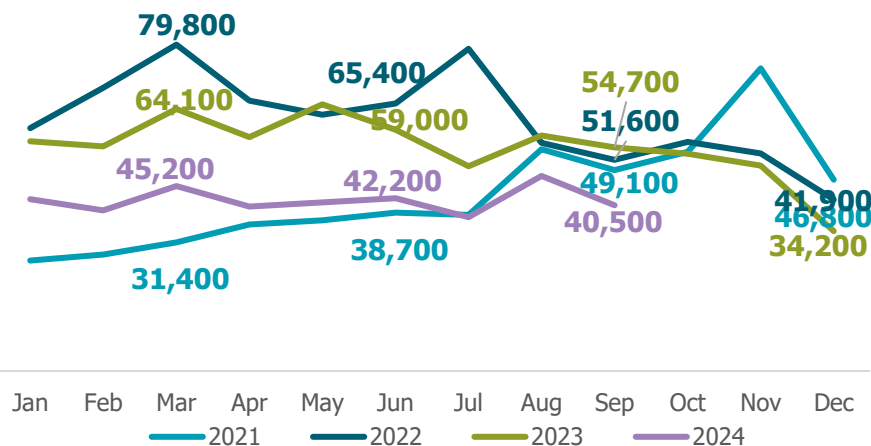
Public and private sector postings in September:

- In September, the top 10 organisations with the most job postings were mainly private sector organisations.

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

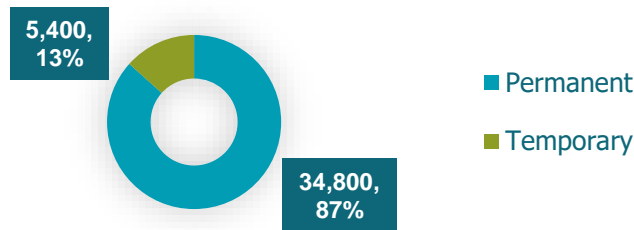
² Numbers rounded to the nearest 100.

Job Postings

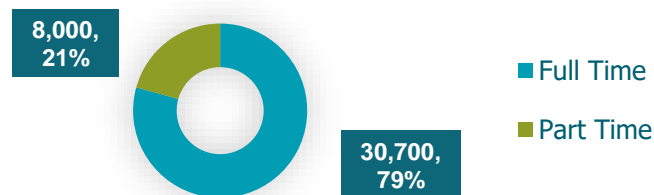


Job Postings in Scotland, September 2024

Permanent and Temporary*



Full Time and Part Time*



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

Spotlight: Care Experience

Care Experienced Week is held annually at the end of October. Our spotlight this month therefore focuses on care experienced individuals and the labour market. It includes analysis of school and labour market transitions for care experienced people and how this has changed over time.

Attainment of looked after school leavers is improving

Levels of educational attainment have a key relationship with employment outcomes and care experienced people tend to leave school earlier and with lower levels of qualifications. In 2022/23, of school leavers who had been looked after within the year*, over a third (34%) left school in S4 or earlier, compared to 14% of all school leavers. However, whilst this remains a significant gap, data indicates that there are more care experienced school leavers staying at school for longer, as in 2009/10 nearly two-thirds (63%) of school leavers who had been looked after in that year left school in S4 or earlier.

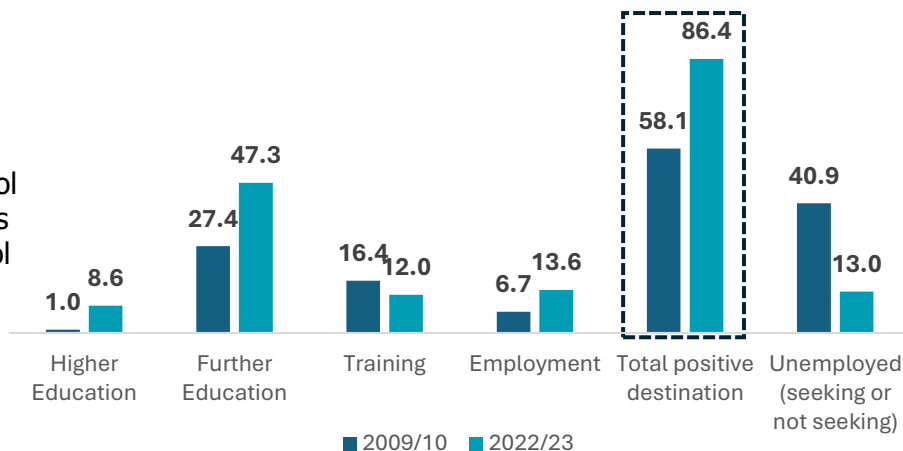
Looking at attainment, around one in six (16%) school leavers who had been looked after within the year left school with at least one qualification at SCQF Level 6 (equivalent to a Higher) or better, compared with nearly three in five (58%) for all school leavers.¹ However, as with the stage of leaving, the gap has lessened. In 2009/10, just 2% of school leavers who had been looked after in that year had at least one qualification at SCQF Level 6 or better. This improvement over time may also reflect that more looked after school leavers are staying at school for longer.

More looked after school leavers are entering positive destinations**

There has also been a considerable increase in the proportion of looked after school leavers entering positive destinations.** Nearly nine in ten (86%) 2022/23 school leavers who had been looked after within year entered a positive initial destination, compared with 58% in 2009/10 (Figure 1). In particular, the proportion entering

Higher and Further Education has increased substantially, and this may reflect the impact of policies including the [Guaranteed Offer](#) and [Care Experienced Students' Bursary](#).

Figure 1: Initial Destinations of School Leavers Looked After within the Year (2009/10 and 2022/23, %)



Source: Scottish Government. Please note not all destinations have been included.

Further work needed to support looked after school leavers

Whilst the improvement in the proportion of looked after school leavers entering positive destinations is progress, the data does indicate the need for further work to close persisting attainment gaps. For example, despite substantial improvement, school leavers who were looked after within the year remained far less likely to enter Higher Education and were more likely to become unemployed, compared with the average across all school leavers (Figure 2). This could reflect the particular challenges faced by care experienced school leavers. As noted, they still tend to leave school earlier and have lower levels of attainment, which further reflects challenges, including disruptions to their education.²

¹ Scottish Government. [Education Outcomes for Looked After Children 2022/23](#) (2024).

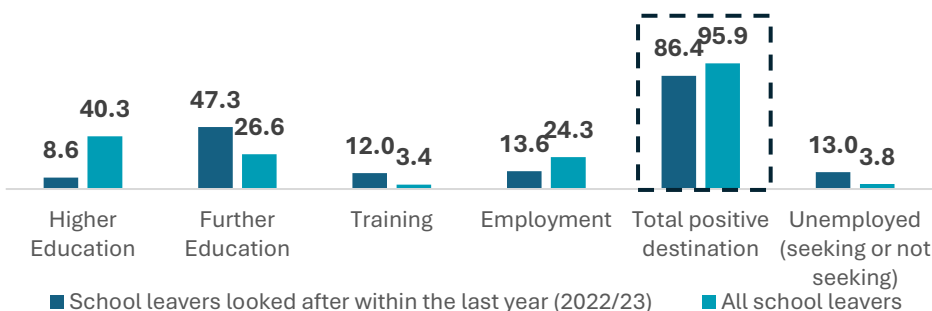
*Looked after within that year for 2022/23 school leavers refers to school leavers looked after at any point between August 2022 and July 2023.

**Positive destinations include higher education, further education, employment, training, personal skills development and voluntary work.

² IRISS. [Care Experience and Employment](#) (2021).

Spotlight: Care Experience

Figure 2: Initial School Leaver Destinations (2022/23, %)



Source: Scottish Government. Please note not all destinations have been included.

Beyond school transitions, challenges continue for care experienced people when entering the labour market

Research indicates that care experienced people can face challenges in the labour market beyond school transitions, although understanding this is limited by a lack of available data relating to care experienced people. Data for England shows that just under two in five (38%) 19 to 21 year old care leavers were not in education, employment or training (NEET) in 2023.³ This compares with 14.5% across the entire UK 18-24 year old population in April to June 2024.⁴

There are a number of factors that contribute to the greater likelihood of those who are care experienced being NEET. In addition to care experienced people tending to have lower educational attainment and disruptions to their education, the potential impact of traumatic experiences, mental and physical health issues and stigma are also important challenges.^{2,5} The lack of a family 'safety net' can also mean that young care experienced people are subject to greater precarity in the labour market.⁶ Research suggests that transition support could be a key area for supporting care experienced people in areas including the labour market. For example, The Positive Transition for Care Leavers project, which provided individualised,

bespoke support to young care leavers in the West of Scotland, found that participants' self-assessment scores in their ability to self-manage employment improved by 43% over the course of their engagement with the programme. Positive case studies included an individual who, with the support of the transitions team, started a full-time childcare role, and others who started part-time roles alongside education.⁵ This is just one example of a positive initiative set up to support care-experienced people in Scotland.

More care experienced people are starting and completing Modern Apprenticeships

The latest full year of data shows that 2.3% of Modern Apprenticeship (MA) starts self-identified as care experienced in 2023/24, the highest proportion since data collection started in 2017/18.⁷ There has also been an increase in the proportion of care experienced MAs completing their apprenticeship, with the 64.8% achievement rate in 2023/24 up from 59.9% in 2022/23 and 58.6% in 2021/22. Whilst this indicates progress, the achievement rate for care-experienced MAs remains lower than the rate for MAs who are not care experienced (76.3%).⁷

A recent report from the Scottish Advisory Apprenticeship Board (SAAB)⁸ provides further considerations on the barriers faced by care experienced people in taking up an MA and how new initiatives could help overcome these. Initiatives proposed include widening the Care Experienced Students' Bursary (which has been recognised as creating greater equity for Care Experienced people in education⁹) to offer care experienced people undertaking MAs some financial support, and providing greater support to care experienced young people starting work.⁸

Care Experienced Week offers an important opportunity to celebrate the Care Experienced community. This year's theme is 'Belonging and Connection'. More information is available [here](#).

³ Department for Education. [Children Looked after in England](#) (2023).

⁴ ONS. [Young People not in Education, Employment or Training](#) (2024).

⁵ Kibble. [Evaluation Of Supportive Transitions Project For Young Care Leavers](#) (2020).

⁶ Harrison et al. [Care leavers' transition into the labour market in England](#) (2023).

⁷ SDS. [Modern Apprenticeship Statistics: Financial Year 2023/24](#) (2024).

⁸ SAAB Employer Equalities Group. [How do we make apprenticeships more accessible and attractive to care experienced young people?](#) (2024).

⁹ Scottish Funding Council. [Supporting Care Experienced Leavers – What Next?](#) (2023).

LMI resources



Regional Skills Assessments and Sectoral Skills Assessments

provide a coherent evidence base to inform future investment in skills.

New updates will be released late October 2024. A series of webinars on the new publications will be available from November.



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

The Data Matrix is updated Monthly.



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

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

Apprenticeships

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

Find Business Support

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

PACE

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

Skills for Growth

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

Career Information, Advice and Guidance

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

Online Learning Portal

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

My World of Work Job Search

Helping employers advertise opportunities through SDS's careers website.

Green Jobs Workforce Academy

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

Contact us:

rsa@sds.co.uk