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Scottish Economic Statistics
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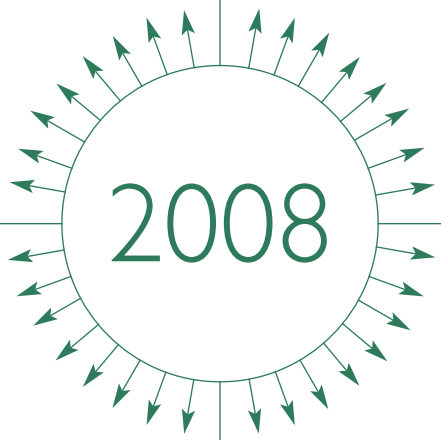
The Scottish Government



Scottish Economic Statistics

The Scottish Government, Edinburgh 2008

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Scottish Economic Statistics

Robust economic statistics are at the heart of understanding economic progress and underpin economic policy decisions and development. Scottish Economic Statistics seeks to maximise the accessibility of statistical information on the Scottish economy.[1] Its key objectives are to present the primary economic data for Scotland, and to share some of the thinking that surrounds the preparation of these data.

As with previous editions, Scottish Economic Statistics 2008 is split into two parts:

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

- ***Producing current price GDP estimates for Scotland:*** this article builds on the work carried out to estimate Scottish cash GDP estimates under various scenarios for the review of the Government Expenditure and Revenue Scotland (GERS) publication.
- ***Low pay and in-work poverty in Scotland:*** this article discusses people living in in-work poverty and explores the often complex relationship between different factors such as low pay, benefit income and family type.
- ***Financial Intermediation Services Indirectly Measured (FISIM):*** this article explains methodological improvements in the calculation and allocation of FISIM, summarises the reasons for the changes and reviews the methodology and effects of the change.

Part B – Tables and Commentary. This section is organised into six chapters, each with a short introductory text followed by tables. Sub-Scotland tables and charts have been indexed within the contents page to enable readers to find these more easily.

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

Changes to this edition

This publication of Scottish Economic Statistics 2008, reverts to the publication schedule adopted before the 2007 edition. This is simply to fit with rescheduling of other publications.

As 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 Government website via http://www.scotland.gov.uk/statistics or on request.

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

The Development of Economic Statistics in Scotland

The Scottish Economic Statistics Plan for 2008-09 can be accessed on the Scottish Government's website using the following link: http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/ScotStat/SEFSP0809.

The Scottish Economic Statistics Consultants Group (SESCG) – established in 2001 to advise on the priorities for, and approach to, the development of economic statistics – has continued to meet on a six monthly basis. 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 efforts might be most appropriately directed. Further details about the activity of SESCG, including minutes of the meetings, can be found using the following link: http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/ScotStat.

In addition to these bi-annual meetings, an Input-Output Expert Users Group (IOEUG) has been established to discuss issues specific to the development of Input-Output tables. The minutes and papers of this group are available on the web.

Readers who wish to be kept up to date with current developments in methodology and data sources, SESCG activity and publication schedules may register their interests at the ScotStat website. http://www.scotland.gov.uk/Topics/Statistics/scotstat.

The register allows users and providers of Scottish Statistics to be consulted on specific topics of interest.

Recent developments

In the course of 2007-08, there were several important developments in enhancing Scottish economic statistics in Scotland.

Macro-economic statistics

- Incorporation of improved measures of public sector output in the quarterly GDP system (published in October 2007);
- Publication of a feasibility study into the future production of a quarterly expenditure measure of GDP;
- Major re-write of the Global Connections Survey (GCS) system;
- Improvements to Input-Output methodology, especially relating to the treatment of taxes and margins.

Public Sector Finance statistics

- More focus on producing and understanding total public sector financial statistics in Scotland;
- Inter-governmental review of the data sources and methodologies used for the Government Expenditure and Revenue Scotland (GERS) publication;
- Review of capital returns (part 2007-08 to be completed 2008-09);
- Development of non-domestic rates (NDR) properties/business linkage analysis (part – to be completed 2008-09).

Business and Enterprise statistics

- Scottish Remote Virtual Microdata Laboratory (RVML) established in Glasgow to provide researchers with controlled access to government microdata for analysis;
- Initial development of a proxy measure for the Scottish Government's national indicator on turnover of the Social Economy;
- Obtained access to Scottish business Research and Development (R&D) micro data to facilitate more detailed analysis of Scottish performance.

Labour Market statistics

- Achieved National Statistics status for the Public Sector Employment series – first National Statistics version of the publication in June 2008.

Priority developments for 2008-09

There is a wide range of areas in which enhancements are being made, but the priorities that are being pursued in 2008 and 2009 are:

- Publication of GERS, following an extensive review of data sources, methodology and presentation in June 2008. This advances the timetable by six months.
- Working towards publishing a consistent set of Scottish Input-Output tables for 1998 to 2004. This project involves multiyear balances to harmonise the tables with ONS regional accounts publications and UK Blue Book revisions over time.
- The launch of the Scottish National Accounts Project (SNAP) in October 2008. Further details may be found here: http://www.scotland.gov.uk/SNAP/.

Acknowledgements

Finally, I would acknowledge the major contribution made to the preparation and compilation of this report by Richard Morrison and Kenny Grant 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 Business Enterprise Statistics, Labour Market Statistics and the Rural and Environment Research and Analysis Directorate, together with the continuing contributions and advice from officials in other UK Government Departments, including, most notably, the Office for National Statistics.

DR ANDREW W GOUDIE
Chief Economic Adviser

December 2008

Producing current price GDP estimates for Scotland

Low pay and in-work poverty in Scotland

Financial Intermediation Services Indirectly Measured (FISIM)

A1

Producing current price GDP estimates for Scotland

Sandy Stewart, Scottish Government

Introduction

There are currently no official statistics for Gross Domestic Product (GDP) in cash terms for Scotland. The Office for National Statistics (ONS) produces an annual estimate for Gross Value Added (GVA) for onshore activity in Scotland as part of the Regional GVA exercise. These figures are used in Scotland to constrain the Scottish Input-Output tables which, in turn, provide the weights for the Scottish Government's own production-based GVA estimates in real terms.

This article sets out how a Scottish cash GDP estimate may be derived by adding the appropriate product taxes less subsidies to the official GVA figures. It draws on work carried out by Sandy Stewart (SG) and Martin Kellaway (ONS), as part of the 2006-07 Government Expenditure and Revenue Scotland (GERS) exercise, isolating individual detailed revenue streams to form a basic price adjustment for Scotland. Moreover, the article considers how the value added from the Extra Regio area, as defined by ONS, might be reasonably assigned to Scotland. The figures in this paper are "experimental" and not official national statistics.

This work forms part of a wider exercise to attempt to produce balanced National Accounts estimates for Scotland based on data collected for Scotland and UK apportionments. For more information see SNAP – Scottish National Accounts Project – web link: http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/nationalaccountsproject.

Adjusted Gross Value Added (GVA) from the ONS Regional GVA estimates

The starting point for this exercise is the ONS Regional GVA estimates, last published in December 2007. These figures, which are consistent with the 2007 Blue Book, can be seen in Table A1.1.

Table A1.1: Annual GVA cash estimates for Scotland

		1998	1999	2000	2001	2002	2003	2004	2005	2006
Scotland	Reg GVA	63,899	65,211	66,074	70,103	74,183	77,696	82,443	86,292	91,355
Extra Regio	Reg GVA	12,656	14,249	21,905	20,635	19,907	20,166	20,581	23,708	26,709
Statistical Discrepancy	Reg GVA	0	0	0	0	0	0	0	-916	-551
UK	Reg GVA	768,594	805,989	846,683	889,063	937,323	993,507	1,051,934	1,096,629	1,154,959
Scotland	Adjusted GVA	63,899	65,211	66,074	70,103	74,183	77,696	82,443	86,220	91,311
Extra Regio	Adjusted GVA	12,656	14,249	21,905	20,635	19,907	20,166	20,581	23,688	26,696

The regional GVA figures were estimated using an income-based approach. These, however, were not balanced to the expenditure-based GVA estimates and the differences (seen in 2005 and 2006) were presented as accounting adjustments (labelled statistical discrepancy). For this exercise, the statistical discrepancies were re-allocated across all regions and countries, including Extra Regio, pro-rated by GVA. The bottom two rows of the table show the adjusted GVA estimates for Scotland and Extra Regio.

Note, the figures presented above are the raw GVA figures, not the smoothed headline figures often quoted.

Link between Gross Value Added (GVA) and Gross Domestic Product (GDP)

Gross Domestic Product (GDP) differs from Gross Value Added (GVA) as it includes taxes on products and excludes subsidies on products. GVA is conventionally used to make comparisons between industries within a country, and GDP for comparisons at an aggregate level between countries.

Table A2.2 shows the link between GVA at basic prices and GDP at market prices. The link applies to both current prices and constant prices – only current prices is considered in this paper.

Table A1.2: Link between Gross Value Added and Gross Domestic Product

	Gross Value Added at basic prices
plus	Taxes on products
less	Subsidies on products
equals	**Gross Domestic Product** at market prices.

Taxes on products

The ESA 95 definition of taxes on products is:

"Taxes on products are taxes that are payable per unit of some good or service produced or transacted. The tax may be a specific amount of money per unit or quantity of a good or service, or it may be calculated ad valorem as a specified percentage of the price per unit or value of the goods and services produced or transacted. As a general principle, taxes in fact assessed on a product, irrespective of which institutional unit pays the tax, are to be included in taxes on products, unless specifically included in another heading."

Currently, the range of taxes on products includes, for example:

- value added tax (VAT) (introduced 1 April 1973)
- aggregates levy (introduced 1 April 2002)
- air passenger duty (introduced 1 October 1994)
- excise duties, covering oil, alcohol and tobacco
- import duties
- levies on products such as fossil fuels and sugar
- betting duties, which include the lottery duty and payments to the National Lottery Distribution Fund (introduced 19 November 1994)
- insurance premium tax (introduced 1 October 1994)
- landfill tax (introduced 1 October 1996)
- climate change levy (introduced 1 April 2001)
- stamp duties, covering property, stocks and shares
- renewable obligation certificates (introduced 1 June 2002)

Two distinct apportionment methodologies might be considered to be appropriate: product taxes raised throughout the UK on products made in or supplied from Scotland; and, product taxes raised in Scotland from products consumed in Scotland. The former assumes, for instance, that taxes raised from whisky produced in Scotland would accrue to Scotland but no tobacco based taxes would accrue to Scotland reflecting nil production. The latter assumes, for example, that only the whisky taxes raised by consumption in Scotland would accrue to Scotland, but taxes relating to tobacco consumption would also accrue to Scotland despite nil production. Both methods probably show broadly similar results – it is important, however, not to confuse the two concepts, or to cherry-pick from both methods inappropriately.

The GERS methodology adopts the consumption-based approach. This has also been used in this paper. Some of the assumptions used are set out in Table A1.3 below.

Table A1.3: Methodology for apportioning UK product taxes to Scotland

Revenue	Apportionment Methodology	Source
VAT	Scotland's share of UK household VAT expenditure	Expenditure and Food Survey, ONS
Import duties	Scotland's share of UK less Extra Regio GVA	Regional Accounts: ONS
Beer	Scotland's share of UK household Beer expenditure	Expenditure and Food Survey, ONS
Wines, cider, perry and spirits	Scotland's share of UK household Wines and Spirits expenditure	Expenditure and Food Survey, ONS
Tobacco	Scotland's share of UK household Tobacco expenditure	Expenditure and Food Survey, ONS
Hydrocarbon oils	Scotland's share of UK road traffic fuel consumption	Fuel Consumption Statistics, BERR
Betting, gaming and lottery	Spend on betting and gaming in Scotland/UK	Expenditure and Food Survey, ONS
Air passenger duty	Scotland/UK population	ONS & GROS
Insurance premium tax	Scotland/UK population	ONS & GROS
Landfill tax	Scotland's share of UK tonnage of waste sent to landfill	SEPA, Environment Agency, Dept of Environment Northern Ireland.
Stamp duties	Land and property stamp duty: actual outturns for Scotland Stocks and shares: Scottish/UK ratio of adults owning shares	Land and property stamp duty: HMRC Stocks and shares: Family Resources Survey: DWP
Camelot payments to National Lottery Distribution Fund	Spend on betting and gaming in Scotland/UK	Expenditure and Food Survey, ONS
Hydro-benefit	100% to Scotland	
Aggregates levy	Scotland's share of UK aggregates production	UK Minerals Yearbook: BGS
Climate change levy	Electricity: Scotland's share of UK electricity consumption Gas: Scotland's share of UK gas sales to commercial and industrial users Solid and other fuels: Scotland's share of UK (less Extra Regio) GVA	Electricity: BERR Gas: BERR Solid and other fuels: Regional Accounts: ONS
Other product taxes	various	various

Tables A1.4a and A1.4b below show the Scottish element of the UK product tax streams, based on the above assumptions, for calendar year and financial year respectively. These are derived using the same methodology that was used in the GERS 2006-07 publication. GERS, however, differs slightly in that the revenue estimates were taken from the Budget 2007 snapshot whereas the above reconciles with the Blue Book 2007 snapshot. GERS also uses the smoothed headline figures, whereas this analysis uses the raw estimates analysed on a quarterly, not annual, basis. Future estimates will be produced on a quarterly basis using the latest quarterly National Accounts estimates.

Table A1.4a – Scottish taxes on products – calendar year

Taxes on products	1998	1999	2000	2001	2002	2003	2004	2005	2006
VAT	4,787	5,198	5,365	5,596	5,897	6,391	6,815	7,026	7,434
Import duties	175	167	167	167	155	155	171	180	189
Beer	202	217	243	244	241	241	258	264	272
Wines, cider, perry and spirits	349	376	398	410	408	403	429	444	453
Tobacco	932	942	967	910	988	1,010	1,077	1,045	990
Hydrocarbon oils	1,718	1,810	1,877	1,797	1,790	1,836	1,927	1,930	1,945
Betting, gaming and lottery	150	154	149	135	98	92	89	88	95
Air passenger duty	71	76	81	71	69	66	73	76	81
Insurance premium tax	108	123	147	159	182	195	200	198	197
Landfill tax	38	49	52	52	51	57	62	67	73
Fossil fuel levy	15	9	4	7	3	0	0	0	0
Stamp duties	264	356	503	428	403	378	467	528	679
Camelot payments to National Lottery Distribution Fund	165	160	156	142	143	127	138	137	143
Hydro-benefit	32	35	42	46	44	44	40	10	0
Aggregates levy	0	0	0	0	30	48	49	50	50
Milk super levy	0	0	0	1	4	6	7	2	0
Climate change levy	0	0	0	60	85	85	78	77	74
Renewable energy obligations	0	0	0	0	21	38	45	24	22
Sugar levy	4	5	5	3	3	2	3	3	0
Total taxes on products	**9,012**	**9,676**	**10,155**	**10,230**	**10,616**	**11,175**	**11,927**	**12,148**	**12,695**

Table A1.4b – Scottish taxes on products – financial year

Taxes on products	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
VAT	4,897	5,246	5,407	5,700	5,931	6,541	6,869	7,038	7,630
Import duties	172	168	169	163	153	156	177	182	189
Beer	203	223	247	243	241	243	260	267	274
Wines, cider, perry and spirits	362	378	407	410	411	402	434	444	461
Tobacco	927	953	974	889	1,021	1,007	1,102	1,021	981
Hydrocarbon oils	1,764	1,813	1,851	1,785	1,795	1,865	1,922	1,939	1,958
Betting, gaming and lottery	149	154	146	126	97	89	90	89	94
Air passenger duty	73	76	82	69	68	68	74	77	94
Insurance premium tax	108	130	150	164	186	196	200	199	196
Landfill tax	37	51	54	50	50	60	63	69	76
Fossil fuel levy	14	7	4	7	1	0	0	0	0
Stamp duties	275	410	492	403	403	390	473	584	686
Camelot payments to National Lottery Distribution Fund	167	164	148	146	138	130	140	141	135
Hydro-benefit	32	38	44	44	44	43	40	0	0
Aggregates levy	0	0	0	0	41	48	49	50	50
Milk super levy	0	0	0	2	4	6	8	0	0
Climate change levy	0	0	0	85	84	83	77	76	74
Renewable energy obligations	0	0	0	0	29	42	45	17	23
Sugar levy	4	5	4	3	3	2	3	3	0
Total taxes on products	**9,183**	**9,816**	**10,181**	**10,289**	**10,700**	**11,372**	**12,025**	**12,196**	**12,921**

Tables A1.5a and A1.5b below show how VAT and other product taxes raised in Scotland compare with the equivalent UK figures. These are shown for both calendar year and financial year.

Table A1.5a – Scotland and UK taxes on products – calendar year

Taxes on products	1998	1999	2000	2001	2002	2003	2004	2005	2006
VAT – Scotland	4,787	5,198	5,365	5,596	5,897	6,391	6,815	7,026	7,434
Other product taxes – Scotland	4,225	4,478	4,790	4,634	4,720	4,783	5,112	5,122	5,261
Total taxes on products – Scotland	9,012	9,676	10,155	10,230	10,616	11,175	11,927	12,148	12,695
VAT – UK	56,541	61,512	64,189	67,097	71,059	77,335	81,540	83,382	87,679
Other product taxes – UK	46,999	50,512	54,086	52,845	53,945	54,813	58,102	59,076	62,752
Total taxes on products – UK	103,540	112,024	118,275	119,942	125,004	132,148	139,642	142,458	150,431
VAT – Scot as % of UK	8.47%	8.45%	8.36%	8.34%	8.30%	8.26%	8.36%	8.43%	8.48%
Other product taxes – Scot as % of UK	8.99%	8.87%	8.86%	8.77%	8.75%	8.73%	8.80%	8.67%	8.38%
Total taxes on products – Scot as % of UK	8.70%	8.64%	8.59%	8.53%	8.49%	8.46%	8.54%	8.53%	8.44%

Table A1.5b – Scotland and UK taxes on products – financial year

Taxes on products	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
VAT – Scotland	4,897	5,246	5,407	5,700	5,931	6,541	6,869	7,038	7,630
Other product taxes – Scotland	4,286	4,570	4,773	4,589	4,769	4,831	5,156	5,158	5,291
Total taxes on products – Scotland	9,183	9,816	10,181	10,289	10,700	11,372	12,025	12,196	12,921
VAT – UK	57,845	62,127	64,908	68,322	71,599	79,201	81,869	83,421	89,855
Other product taxes – UK	47,655	51,863	53,528	52,602	54,404	55,600	58,196	60,209	63,381
Total taxes on products – UK	105,500	113,990	118,436	120,924	126,003	134,801	140,065	143,630	153,236
VAT – Scot as % of UK	8.47%	8.44%	8.33%	8.34%	8.28%	8.26%	8.39%	8.44%	8.49%
Other product taxes – Scot as % of UK	8.99%	8.81%	8.92%	8.72%	8.77%	8.69%	8.86%	8.57%	8.35%
Total taxes on products – Scot as % of UK	8.70%	8.61%	8.60%	8.51%	8.49%	8.44%	8.59%	8.49%	8.43%

Subsidies on products

The ESA 95 definition of subsidies on products is:

"Subsidies on products are subsidies payable per unit of a good or service produced or imported. The subsidy may be a specific amount of money per unit of quantity of a good or service, or it may be calculated *ad valorem* as a specific percentage of the price per unit. A subsidy may also be calculated as the difference between a specified target price and the actual market price actually paid by a buyer. A subsidy on a product usually becomes payable when the good is produced, sold or imported. By convention, subsidies on products can only pertain to market output or to output for own final use."

A similar apportionment methodology is used to allocate UK subsidies on products to Scotland.

For subsidies from Central Government relating to housing, transport, coal, electricity, recreation and economic affairs, the ratio of Scottish GVA to UK less Extra Regio was used. The GVA ratios for the appropriate industry grouping was used for agriculture, construction and health. For subsidies from Local Government (transport and other economic affairs), the figures provided by the Scottish Government to ONS for the UK National Accounts were used directly.

The methodology equates broadly to that used by ONS in the Regional Accounts for taxes and subsidies on production. Further refinements will be considered in due course as part of the SNAP exercise.

Tables A1.6a and A1.6b below show the estimated Scottish and UK subsidies on products for both calendar year and financial year respectively.

Table A1.6a – Subsidies on products – calendar year

Subsidies on products	1998	1999	2000	2001	2002	2003	2004	2005	2006
Subsidies – Scotland	621	582	572	526	580	622	580	338	400
Subsidies – UK	6,424	6,068	6,027	5,708	6,534	7,410	7,280	5,111	5,768
Total subsidies on products – Scot as % of UK	9.66%	9.59%	9.48%	9.22%	8.88%	8.40%	7.97%	6.62%	6.94%

Table A1.6b – Subsidies on products – financial year

Subsidies on products	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Subsidies – Scotland	621	580	555	520	596	611	542	343	373
Subsidies – UK	6,414	6,030	5,958	5,563	6,796	7,400	7,042	5,145	5,480
Total subsidies on products – Scot as % of UK	9.69%	9.62%	9.31%	9.35%	8.76%	8.25%	7.69%	6.67%	6.80%

Calculating GDP from GVA

Using the definition in Table A1.2, the GVA figure from Regional Accounts may now be adjusted to include the estimates of taxes less subsidies on products to form an estimate of GDP for onshore Scotland.

Tables A1.7a and A1.7b show the Scottish and UK GVA and GDP disaggregation for both calendar year and financial year respectively.

Table A1.7a – Scottish and UK GVA and GDP disaggregation – calendar year

	1998	1999	2000	2001	2002	2003	2004	2005	2006
UK – GVA	768,594	805,989	846,683	889,063	937,323	993,507	1,051,934	1,096,629	1,154,959
UK – taxes on products	103,540	112,024	118,275	119,942	125,004	132,148	139,642	142,458	150,431
UK – subsidies on products	-6,424	-6,068	-6,027	-5,708	-6,534	-7,410	-7,280	-5,111	-5,768
UK – GDP	865,710	911,945	958,931	1,003,297	1,055,793	1,118,245	1,184,296	1,233,976	1,299,622
Scotland – GVA	63,899	65,211	66,074	70,103	74,183	77,696	82,443	86,220	91,311
Scotland – taxes on products	9,012	9,676	10,155	10,230	10,616	11,175	11,927	12,148	12,695
Scotland – subsidies on products	-621	-582	-572	-526	-580	-622	-580	-338	-400
Scotland – GDP	72,290	74,304	75,658	79,806	84,219	88,249	93,790	98,030	103,606
GVA – Scotland/UK	8.31%	8.09%	7.80%	7.89%	7.91%	7.82%	7.84%	7.86%	7.91%
GDP – Scotland/UK	8.35%	8.15%	7.89%	7.95%	7.98%	7.89%	7.92%	7.94%	7.97%

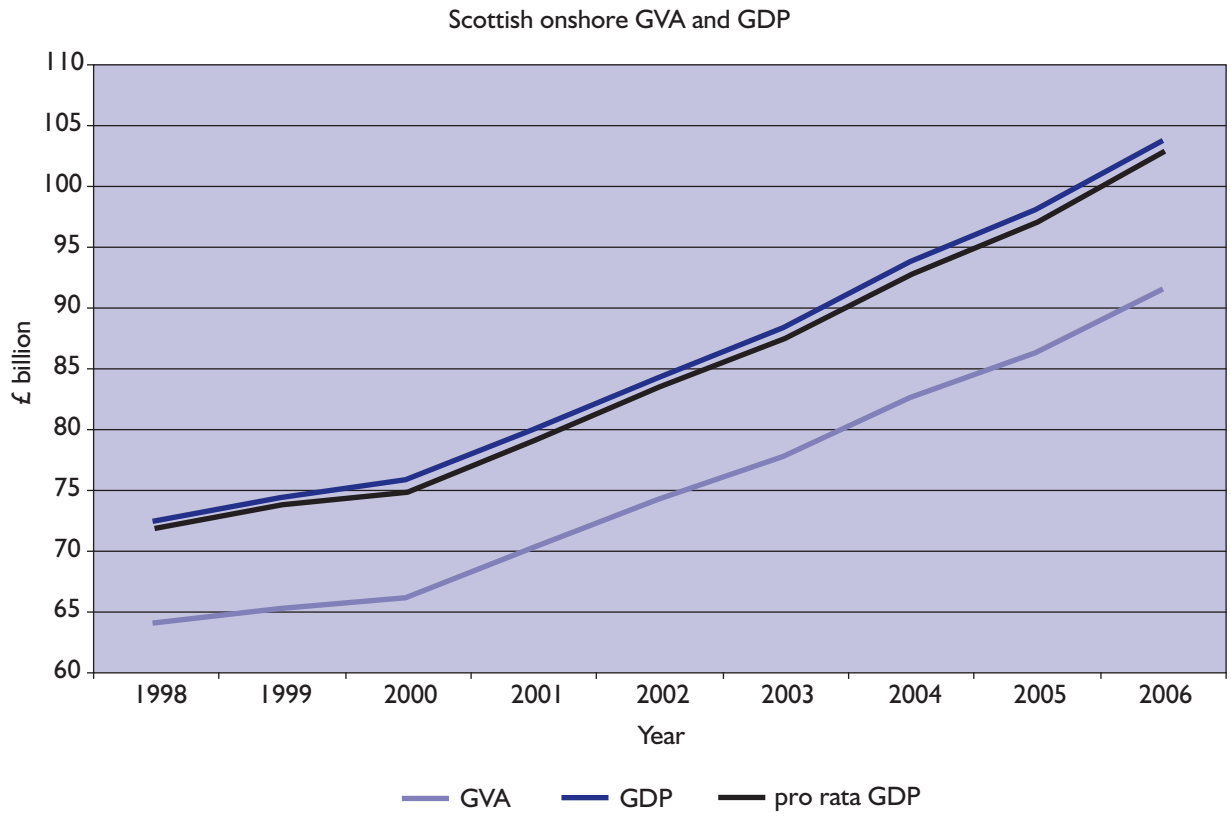
Table A1.7b – Scottish and UK GVA and GDP disaggregation – financial year

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
UK – GVA	777,185	819,370	858,844	898,007	952,262	1,008,792	1,062,495	1,109,993	1,172,855
UK – taxes on products	105,500	113,990	118,436	120,924	126,003	134,801	140,065	143,630	153,236
UK – subsidies on products	-6,414	-6,030	-5,958	-5,563	-6,796	-7,400	-7,042	-5,145	-5,480
UK – GDP	876,271	927,330	971,322	1,013,368	1,071,469	1,136,193	1,195,518	1,248,478	1,320,611
Scotland – GVA	64,179	65,696	67,202	70,875	75,136	78,935	83,338	87,395	92,726
Scotland – taxes on products	9,183	9,816	10,181	10,289	10,700	11,372	12,025	12,196	12,921
Scotland – subsidies on products	-621	-580	-555	-520	-596	-611	-542	-343	-373
Scotland – GDP	72,740	74,932	76,828	80,645	85,241	89,697	94,822	99,248	105,274
GVA – Scotland/UK	8.26%	8.02%	7.82%	7.89%	7.89%	7.82%	7.84%	7.87%	7.91%
GDP – Scotland/UK	8.30%	8.08%	7.91%	7.96%	7.96%	7.89%	7.93%	7.95%	7.97%

The methodology described above is more sophisticated than the conventional, and more limited but internationally-accepted approach, which applies a national GDP/GVA scaling factor to all regions uniformly within a nation. This new approach is possible, because a basic price adjustment may be derived from the GERS calculations (not generally available regionally); and desirable as it helps us to move to a more coherent set of economic accounts for Scotland. More work of this nature will appear as part of the SNAP programme of work.

The difference between the two approaches is small as can be seen in Chart A1.1 below.

Chart A1.1: Scottish GVA and GDP estimates



Inclusion of Extra Regio

The calculations in this paper so far have only considered onshore Scottish activity.

In the GERS 2006-07 publication, Scotland's capital and current budgets were shown as a percentage of GDP. Care was taken to adopt the same assumptions in estimating GDP as those made in the corresponding budget calculations.

Two distinct assumptions were made relating to Scotland's share of the value added from Extra Regio. The first assumption simply allocates to Scotland a population share of all components of Extra Regio. The second assumption assumes Scotland has a population share of the public administration and defence elements of the Extra Regio, and a Continental Shelf apportionment based on a hypothetical share based on Scotland's geographical share of the North Sea. This was based on academic research carried out by Professor Alex Kemp and Linda Stephen from the University of Aberdeen. For further details refer to Chapter 5 of GERS 2006-07.

Scotland's geographical share of the North Sea sector, used in this article, is highlighted in the following diagram. Demarcation by the median line is shown by the dark shaded area in Figure A1.1. All value added from oil and gas fields located in this region were apportioned to Scotland under the assumption of 'geographical share'.

Figure A1.1: UK Continental Shelf and Scottish boundary

Source: Scottish Government Marine Directorate

Tables A1.8a and A1.8b below show the decomposition of Extra Regio into the two components: Public Administration & Defence (PAD); and Continental Shelf activity (CS); and, how these may then be attributed to Scotland following the two assumptions detailed above. Estimates of Scottish GDP including Extra Regio are then derived for these two scenarios.

Table A1.8a: Estimates of Scottish GDP including Extra Regio using a (i) population and (ii) geographical assumption – calendar year

	1998	1999	2000	2001	2002	2003	2004	2005	2006
UK – Extra Regio	12,656	14,249	21,905	20,635	19,907	20,166	20,581	23,688	26,696
UK – ER – PAD	917	928	965	1,009	1,051	1,147	1,218	1,267	1,332
UK – ER – CS activity	11,739	13,321	20,940	19,626	18,856	19,019	19,363	22,421	25,364
Pop – ER – PAD	80	80	83	86	90	97	103	107	113
Pop – ER – CS activity	1,019	1,151	1,800	1,681	1,607	1,615	1,643	1,896	2,142
Geog – ER – CS activity	9,075	10,583	17,085	15,856	15,730	15,575	16,106	18,935	20,760
Scot – GDP – excl ER	72,290	74,304	75,658	79,806	84,219	88,249	93,790	98,030	103,606
GDP + pop ER	73,389	75,536	77,541	81,574	85,916	89,961	95,537	100,033	105,861
GDP + geog ER	81,445	84,968	92,826	95,748	100,038	103,921	110,000	117,072	124,479

Table A1.8b: Estimates of Scottish GDP including Extra Regio using a (i) population and (ii) geographical assumption – financial year

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
UK – Extra Regio	13,034	16,192	21,633	20,390	19,995	20,286	21,338	24,406	27,110
UK – ER – PA & Def	919	941	978	1,016	1,076	1,165	1,229	1,282	1,353
UK – ER – CS activity	12,115	15,251	20,655	19,374	18,919	19,121	20,108	23,124	25,757
Pop – ER – PAD	80	81	84	87	92	99	104	108	114
Pop – ER – CS activity	1,051	1,316	1,774	1,658	1,611	1,623	1,705	1,955	2,175
Geog – ER – CS activity	9,434	12,227	16,814	15,774	15,710	15,719	16,796	19,366	21,082
Scot – GDP – excl ER	72,740	74,932	76,828	80,645	85,241	89,697	94,822	99,248	105,274
GDP + pop ER	73,871	76,329	78,686	82,389	86,943	91,419	96,630	101,311	107,564
GDP + geog ER	82,254	87,240	93,725	96,505	101,043	105,515	111,722	118,722	126,470

Conclusions

The figures presented in this paper are "experimental" and the methodologies are still being developed. The figures will shortly be updated when the ONS issue the next release of Regional Accounts on 12 December 2008. These figures will incorporate an adjustment due to new methodology relating to Financial Intermediation Services Indirectly Measured (FISIM) – for more information, see Article 3 (Mortimer and Croasdale).

Further details about the development of this exercise will be made available on the web in due course. Updates are likely to be quarterly.

Tom Spencer, Scottish Government

In 2006-07 seventeen per cent of the Scottish population (840 thousand people) lived in relative poverty before housing costs. One third of these people (33 per cent) were in families containing working members whose wages were not enough to lift the family out of poverty. The number of people in in-work poverty has been a persistent problem in Scotland and has not changed dramatically over the last ten years. Despite this, three quarters of low-paid workers are not poor. This statement may seem slightly contradictory at first. How is it possible, if such a high proportion of poor people are in working families, that the majority of low-paid workers escape poverty?

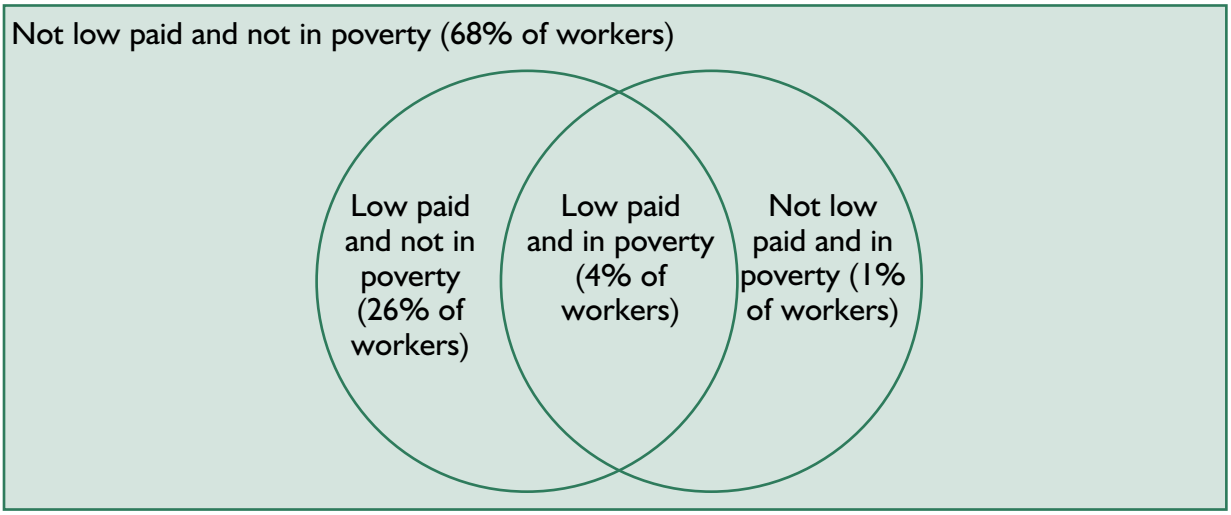
The 280 thousand people in working poverty are members of those households which are in poverty despite the fact that one, or more, members of the household are working. The income from these workers is not enough to raise the household income above the poverty line. This group therefore contains many non-workers including children and non-working partners of these workers.

There are 2.2 million people in work in Scotland and estimates from the Family Resources Survey suggest that up to thirty per cent of these are low paid. These are workers receiving low hourly pay who are living in not-in-poverty households. This means that income from sources other than their basic salary, perhaps from second jobs, over-time, extra hours, benefits or the wages of other household members, lifts the household income above the poverty line. Who are these people and how do they escape poverty? What contribution to their income is made by the state and to what extent do they rely on the income of other household members? What are the factors which make workers more likely to fall below the poverty line? These are the questions which this article will discuss.

Sources of income for low-paid workers

In examining how low-paid workers escape poverty we are looking at two over-lapping groups which workers can fall into: those in low paid work and those whose households are in relative poverty. The relationships between these groups and the proportion of the workforce falling into each one are presented in Chart A2.1 below.

Chart A2.1: Proportion of workers that are low paid and in poverty: 2006-07[1]



Source: DWP Family Resources Survey, Households Below Average Income dataset

1 Unless otherwise stated all of the figures in this article, including in Chart A2.1 above, are from the Family Resources Survey (FRS). These figures do not match official estimates of the number of employees in low-paid work which come from the Annual Survey of Hours and Earnings (ASHE). The FRS is thought to over-estimate the number of people in low-paid work but is a useful source for examining the characteristics of low paid workers as we are doing here.

Chart A2.2 examines the sources of household income for the 2.2 million workers in Scotland according to which of these groups they belong. The wages of low paid workers who escape poverty make up a much lower proportion of their household income than the wages of workers in other groups. Only one quarter of the household income for these workers comes from their wages compared to more than half for workers in the largest group: 'not low paid and not in poverty'.

Chart A2.2: Sources of household income for workers by low pay and relative poverty (before housing costs)

Source: DWP Family Resources Survey, Households Below Average Income dataset

Comparing the household incomes for the groups of low-paid workers who do and do not escape poverty the difference is striking. The earnings of workers that do not escape poverty make up almost half of their total household income with only a twenty-two per cent contribution from the wages of other household members. The remaining quarter of their income comes mainly from benefit payments made to them or other household members.

For low-paid workers who are not in poverty sixty-one per cent of household income comes from the wages of other household members. Less than fifteen per cent comes from benefit, pension and investment income. Income from other household members clearly plays a much larger part in bringing low-paid workers out of poverty than income from state benefits or pensions.

Although they only make up four per cent of the workforce, low-paid workers who are in poverty are much more dependent on their own incomes and state benefits than those who escape poverty.

Definitions used in this article

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.

Relative poverty: This article defines families or households as being in poverty if their equivalised household income before housing costs is below sixty per cent of the UK median equivalised household income before housing costs for that year. This is a common measure of relative poverty and is in line with UK and Scottish Government, as well as international, statistics. Relative poverty is a measure of how well the incomes of the poorest in society are keeping up with growth in the wider economy. In 2006-07 the relative poverty threshold for a couple with two children was £332 per week.

Absolute poverty: Individuals living in households whose equivalised income is below sixty per cent of the inflation adjusted median income from 1998-99. This is a measure of whether those in the lowest income households are seeing their incomes rise in real terms.

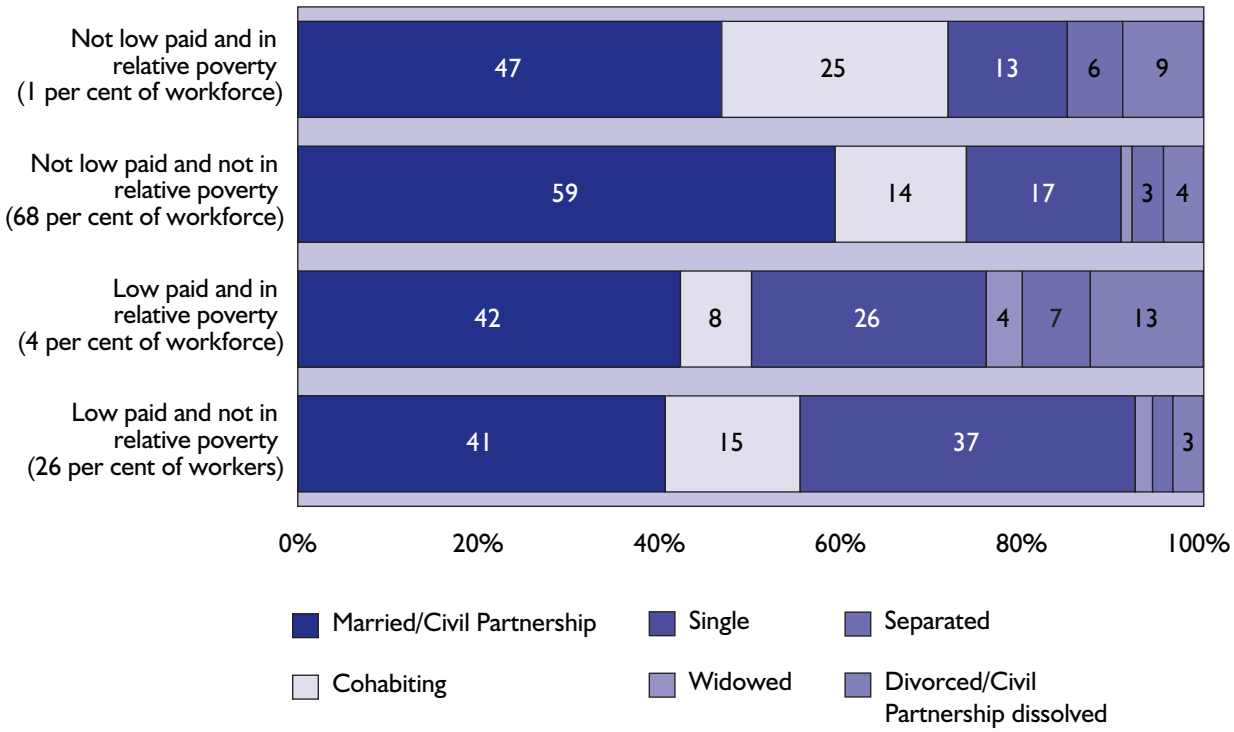
Low-pay: A worker is defined as being low-paid if their hourly wage is below sixty per cent of the 2006 UK median hourly wage, £11.03 per hour. This produces a low pay threshold of £6.62 per hour. If workers have more than one job, they are defined as low paid if their highest hourly wage is below the low pay threshold.

Family structure

One possible interpretation of Chart A2.2 would be that family structure plays an important role in bringing low-paid people out of poverty. If contributions from other household members make up sixty-one per cent of household income for those low-paid workers that escape poverty, perhaps many of those that do not escape live alone and so are unable to benefit from other incomes? A closer examination of the data however, reveals that the situation is more complex than this. Chart A2.3 shows that fifty-six per cent of low-paid workers that escape poverty are married or cohabiting compared with fifty per cent of those that do not. This is a slight difference and is probably not dramatic enough to explain the differences in Chart A2.2.

Chart A2.3 shows that higher paid workers are more likely to be married or cohabiting than lower paid workers regardless of whether they are in poverty. This is perhaps unsurprising as wages tend to increase with age and so lower paid workers are likely to be younger and to have had less time to find partners and settle down.

Chart A2.3: Marital status of worker by low pay and relative poverty (before housing costs) 2006-07



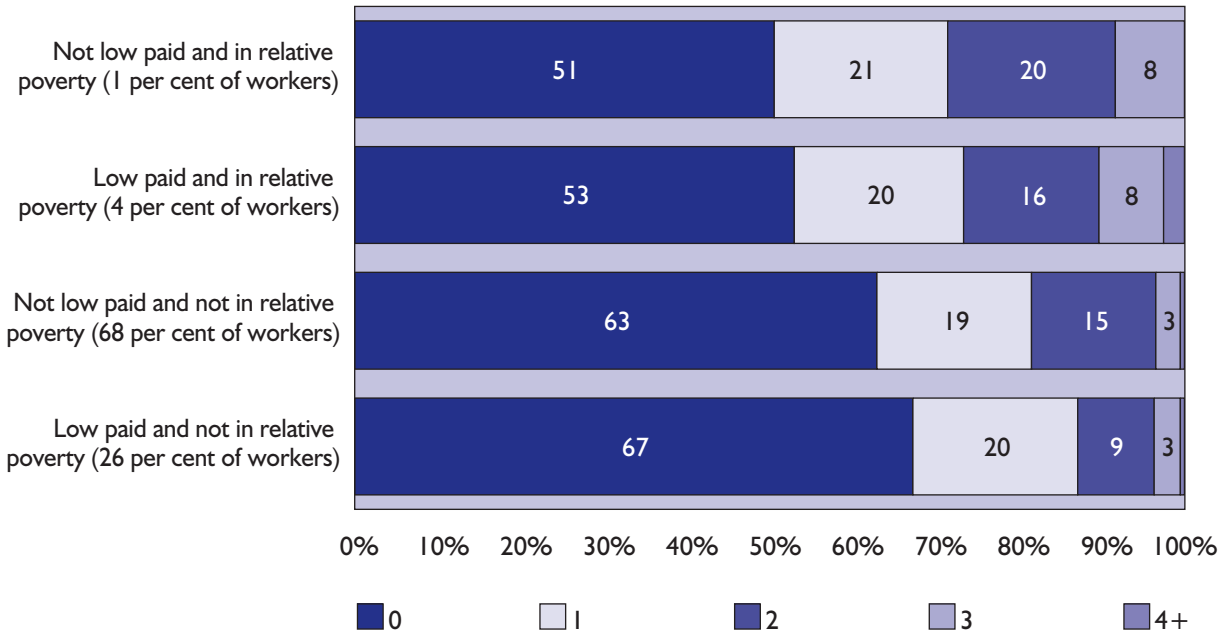
Source: DWP Family Resources Survey, Households Below Average Income dataset

One notable difference between the two groups of low-paid workers is that the proportion of 'widowed, separated or divorced' people is around three times higher among those in poverty (twenty-four per cent) than those outside poverty (seven per cent). This supports the theory that, after a relationship ends, the lower income partner in a relationship will often fall into poverty as they can no longer benefit from the income of the higher earner.[2]

One area in which family structure has a clear impact on a workers ability to avoid poverty is number of children. As well as 'extra mouths to feed' workers with children may have more limited job opportunities than those without, as their caring responsibilities reduce the distance they can travel and the number of hours they can work. Chart A2.4 below shows a clear pattern which suggests that the workers which most successfully avoid poverty are more likely to have fewer children.

2 For further analysis of the relationship between household breakdown and poverty entry, see Noel Smith and Sue Middleton (2007) 'A Review of Poverty Dynamics Research in the UK', published by the Joseph Rowntree Foundation and available at: http://www.crsp.ac.uk/downloads/publications/poverty_dynamics_findings.pdf

Chart A2.4: Number of children of worker by low pay and relative poverty (before housing costs) 2006-07



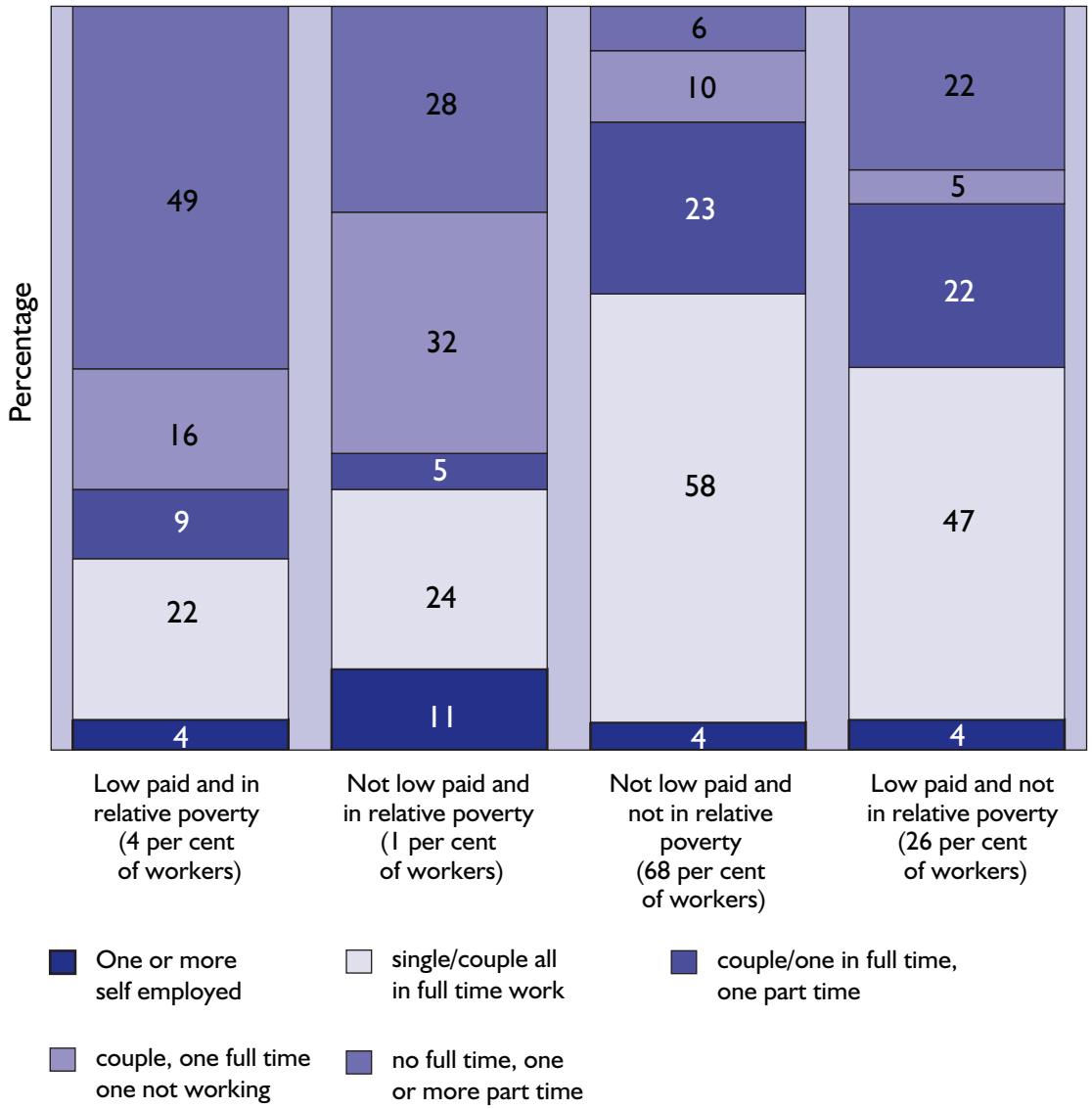
Source: DWP Family Resources Survey, Households Below Average Income dataset

Half of workers who are in poverty despite not being low-paid have children. For low-paid workers who escape poverty this figure is under one third. Only twelve per cent of low-paid workers who escape poverty have more than one child.

Economic status of family

Although marital status does not differ dramatically between poor and non-poor workers there are differences in the working patterns across families in these groups. Chart A2.5 breaks down some of these trends and shows that the proportion of workers from families with no full-time workers is higher among those in relative poverty. If workers' families do contain a full- time earner then trends differ according to the working pattern of the second partner. Full- time workers from couples where the other partner is not working are over-represented among poor workers, especially among those that are in relative poverty despite not being low-paid. Workers from couples with one full-time and one part-time worker are over-represented among the non-poor workers.

Chart A2.5: Economic status of worker's family by low pay and relative poverty (before housing costs) 2006-07



Source: DWP Family Resources Survey, Households Below Average Income dataset

3 2007 Low-pay threshold defined as: 60 per cent of UK full-time gross median hourly pay excluding overtime.

Part-time workers are particularly at risk of low income poverty because, as well as working fewer hours, they tend to receive a lower hourly wage than full-time workers. Figures from the Annual Survey of Hours and Earnings suggest that in 2007 forty-four per cent of part-time jobs paid less than £6.80[3] per hour compared with fourteen per cent of full-time jobs. There are actually more low-paid part-time jobs in Scotland than low-paid full-time jobs despite the fact that almost three quarters of jobs are full-time. Taking this into account, it is unsurprising that the proportion of workers in families with either no full-time workers, or headed by a couple with one partner working full-time and the other not working, is higher among those in poverty. The difference is striking however, over sixty per cent of workers in poverty come from these types of families compared with twenty-six per cent of low paid workers that escape poverty and sixteen per cent of those in the 'not low paid and not in poverty' group.

This suggests that number of hours worked by all family members, as well as hourly wage, are important in bringing people out of poverty. Almost half of low-paid workers that escape poverty are in families where every adult is working full-time, only one fifth of low paid workers in poverty are in this type of family. For many couples of course, particularly those with caring responsibilities, full-time jobs for both partners may not be an option.

Conclusion

The relationships between low-pay, hours worked, family structure and economic status and in-work poverty are more complex than may be expected. It may surprise some people for example, that the majority of low paid workers are not in relative poverty. Income from other household members plays a crucial part in this, as do family structure and the number of hours worked by both partners.

It is certainly the case however, that for many low paid workers escaping poverty is not easy and income from part-time work or from only one worker is not sufficient to raise the family income above the poverty line. This article has highlighted several factors which put workers at greater risk of poverty, among these are part-time work, having children and being widowed, divorced or separated. Working poverty has been a persistent problem in Scotland and the UK and remains a challenging issue for government and wider society to tackle.

A3 Financial Intermediation Services Indirectly Measured (FISIM)

Stevan Croasdale and Andrew Mortimer, Scottish Government

Introduction

This paper seeks to explain the major methodological improvements that are being carried out in the calculation and allocation of Financial Intermediation Services Indirectly Measured (FISIM). These changes are planned to come into effect with the publication of the Scottish Supply and Use tables time series data for 1998-2004, due to be published in early 2009; and the Scottish Quarterly GDP index for 2008 quarter 3, due to be published in January 2009.

Valuation of an industry's output and value added

Before exploring the particular challenges associated with valuing the contribution of financial institutions to the economy, it is perhaps useful to cover briefly how a 'typical' industry is valued in the National Accounts. The diagram shows the key measures taken from an aggregate 2004 Input-Output 'use' matrix.

Figure A3.1: Excerpt from Aggregate Combined Use Matrix 2004 (Purchasers' Prices)[1]

		Industries' intermediate consumption		
Product		Agriculture Forestry & Fishing	Mining	Manu-facturing
Agriculture, forestry and fishing		819	0	1,160
Mining		0	328	1,716
Manufacturing		821	383	12,171
Energy and water		24	106	778
Construction		48	136	136
Distribution and catering		100	52	97
Transport and communication		130	416	981
Finance and business		209	915	2,120
Public admin		4	9	34
Education, health and social work		29	18	75
Other services		23	42	192
Total intermediate consumption	B	2,207	2,406	19,459
Taxes less subsidies on production		-104	19	229
Compensation of employees		520	773	7,919
Gross operating surplus		912	138	4,044
Gross value added at basic prices	C	1,328	930	12,192
Total output at basic prices	A	3,535	3,336	31,651

Using agriculture, forestry and fishing as an example, we can see from "A" that its total output in 2004 was £3,535 million, that is, the total value of the goods and services produced by this industry. Item "B" shows the intermediate consumption of agriculture, forestry and fishing (£2,207 million), that is the goods and services purchased by the industry from other industries (and itself) in producing their output. The residual "C" (£1,328 million) is equal to output "A" less intermediate inputs "B" and is known as Gross Value Added (GVA) – literally the value added to raw materials and other goods and services by the agriculture, etc industry.

1 Please see http://www.scotland.gov.uk/input-output for further information on the Scottish Input-Output tables and their uses.

The above calculations, in theory, could be repeated for every other industry to form a measure of whole economy GVA or Gross Domestic Product at Basic Prices. However, the process is complicated by the financial services sector due to the nature of its output. If we were to value financial services output "A" in the same way as shown above – very broadly as the value of their sales – then we would find that the financial services sales, despite the obvious size of the sector, would be very small. Once their intermediate inputs were subtracted, would leave an industry with a value of GVA which was exceptionally small, possibly even negative. However, "sales" doesn't accurately measure the scale and scope of the services provided by the financial services sector.

What is FISIM?

Financial institutions do make explicit charges for some services, such as commission on foreign exchange, account charges and flat rate fees for overdrafts. However, many of the services provided by financial institutions are ostensibly free: they often provide current account facilities to households free of charge, along with a large number of other services like financial advice.

Instead, and unlike any other industry, financial institutions rely extensively on revenues accruing from interest flows. This is the interest differential between the amounts paid by financial institutions to depositors and that charged to borrowers in the form of interest. To use a simple example: person "A" deposits a sum of money into their savings account and, over time, receives interest on these savings amounting to £1,000, the bank lends person "A"s money to person "B" who is charged a higher rate of interest, amounting to £2,000 over the same period. In doing so, the bank is providing a service to both persons even though there are no explicit charges to either person; the total value of the services provided by the bank is equal to the interest differential (£1,000).

In order to measure accurately the size of the financial services sector, National Accounts must incorporate an indirect measure of the value of the services provided where there is no explicit charge - this is FISIM – this indirect measure is added to the explicit charges to form a figure of total output for financial institutions.

The inherent problem associated with the incorporation of FISIM is imbalance – the known supply of banking services (direct + indirect output, reported by financial institutions) does not equal the known demand for the financial services in the economy (reported by businesses and final consumers). In fact, customers of financial institutions may not be aware that a transaction has taken place (e.g. Person "A" did not pay an overt charge for the security provided by the bank for their savings) and, if they are aware, they are very unlikely to be able to place a figure on the value of the services provided to them – beyond those services which attract an overt charge.

This imbalance manifests itself in the form of artificially increasing the level of Gross Value Added (or GDP at basic prices). As shown above, GVA in its simplest form is calculated as the total value of goods and services produced, less intermediate purchases: the total value of goods and services required by firms to produce their output (raw materials, components, energy; and services, e.g. accountancy, advertising, banking, etc). The problem with FISIM is that it is earned by financial institutions, and contributes to their GVA, but there is no corresponding purchase of FISIM by other industries – which would, if enumerated, increase the other industries' intermediate purchases and, by association, reduce their GVA.

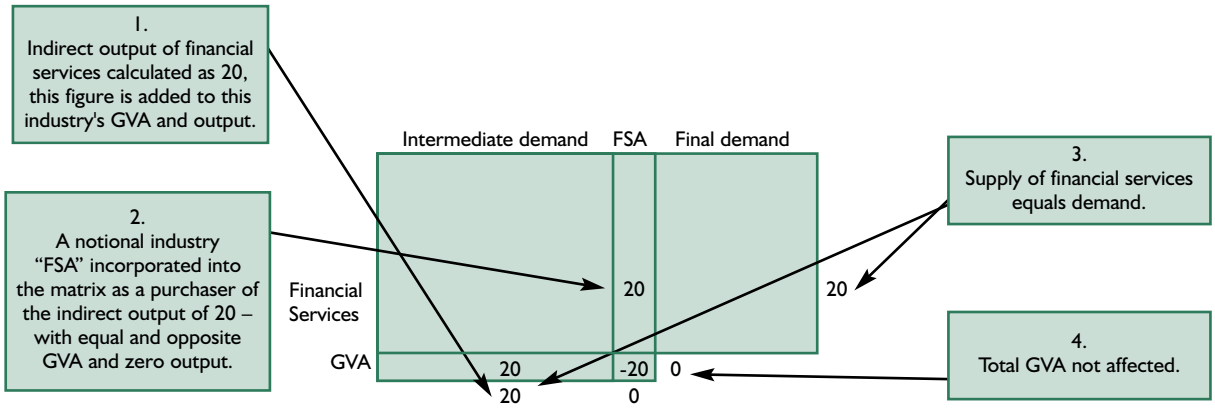
Given that, by definition, supply must equal demand within National Accounts supply/use balances, it is necessary to compensate for indirect output by imputing purchases of indirect financial products into the economy. There are two means to achieve this: a single

"whole economy" adjustment; or to formally enumerate the amount of FISIM 'purchased' by each industry/sector in the economy and adjust each individually.

Approach 1 – The Financial Services Adjustment

The current Scottish Supply and Use tables and Quarterly GDP indices use the simplified approach, where (by convention) FISIM output (or Financial Services Adjustment (FSA)) is not allocated between users, but is treated as absorbed by the intermediate consumption of a notional industry, purely as a balancing item used to reconcile supply and demand within the economy. No attempt is made to apportion any FISIM out to the specific industries or final demand sectors that use the services. The FISIM (or FSA) industry is shown as purchasing all FISIM output attributed to the financial services industry. The FSA also contains a measure of GVA of equal and opposite value to its purchases of FISIM, resulting in zero output. As a result the full estimate of FISIM is allocated to intermediate demand, reduces overall GVA by the same amount added to the financial services industry, resulting in no change in Gross Value Added (GVA).

Figure A3.2 Simplified diagram showing the effect of incorporating approach 1 into a Use matrix[1]



Although simple, the key limitation of the Financial Services Adjustment is that FISIM added to financial services and the compensatory effect of the FSA occurs only within intermediate demand (trade between industries). Clearly, the financial services sector also profits from its interactions with households and other final consumers – this is ignored by the FSA. Another, minor, limitation of the FSA approach is presentational: the proportion of each "real" industry to total GDP at basic prices sums to more than 100%.

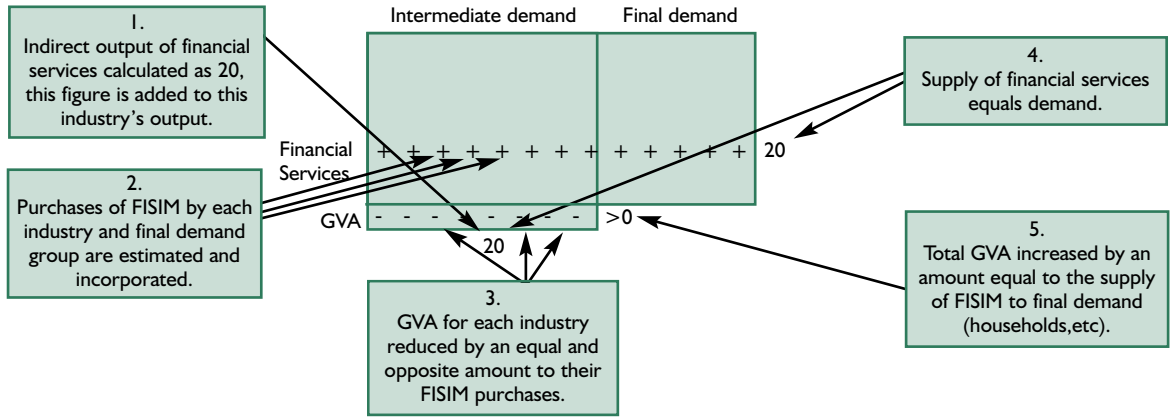
1 See http://www.scotland.gov.uk/input-output for more details on the Scottish Input-Output Supply & Use tables.

Approach 2 – The allocation of FISIM across sectors

The approach recommended in the System of National Accounts 1993, and the related European System of Accounts 1995, involves a full allocation of the use of FISIM across the Supply and Use tables within intermediate consumption, final consumption expenditure or exports according to which sector incurs the expenditure, rather than assuming FISIM is a nominal industry within intermediate demand. As a result, one effect of the second approach is to increase the level of GVA.

The diagram below shows the effects of incorporating approach 2 in the Use matrix of the Scottish Input-Output tables. It should be noted that this is a simplified version of the actual steps involved in the estimation, and there are complexities, particularly with regard to interactions between financial institutions and non-market producers, e.g. central government.

Figure A3.3 Simplified diagram showing the effect of incorporating approach 2 into a Use matrix[1]



1 See http://www.scotland.gov.uk/input-output for more details on the Scottish Input-Output Supply & Use tables.

Applying approach 2 in the UK National Accounts and Scottish GDP estimates

Within the UK National Accounts, the simplified nominal industry approach has traditionally been used. UK Regional Accounts provided an estimate of the size of the Financial Services Adjustment published alongside GVA for 32 broad industry groups for Scotland. In turn these have been used as constraining totals within the Scottish Supply and Use tables. The Scottish tables allow these estimates to be further split to 128 industry categories from which the detailed weights for the component series used in the compilation of the quarterly GDP series are derived.

In light of revised ESA95 guidelines and improvements in data availability from the Bank of England, the UK has incorporated approach 2 – the full FISIM adjustment – within their Supply and Use framework. As a result, detailed data are available on purchases of FISIM by each sector of the economy which allows the implementation of approach 2 in the Scottish Supply and Use tables also.

The impact of this new approach was to increase the absolute value of the UK GDP at current prices by around 1.5 percent. A similar increase for Scotland is likely to appear in the next round of Regional Accounts, due to be published on 12 December 2008.

Timing

The first UK GDP estimates based on approach 2 were published on the 30 September 2008 and related to Quarter 2 2008. The first Scottish GDP estimates based on approach 2, relating to Quarter 3 2008, are expected to be published on 28 January 2009.

Conclusion

The incorporation of the full FISIM adjustment – approach 2 – into Scotland's economic statistics represents a significant improvement in the measurement of the interactions between the financial services sector and other sectors. The approach acknowledges the full scope of the industry by recognising, for the first time, the value generated in the economy through financial services' interactions with final consumers, notably households, government and exports. Through incorporation of the full FISIM adjustment we will improve compliance with international National Accounts guidance and maintain, once again, comparability with economic statistics produced for the United Kingdom as a whole.

chapter one: **Economic Accounts**

GDP growth

In the calendar year 2007, Scottish GDP (Gross Domestic Product at Basic Prices) grew by 1.8 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 0.9 per cent over the same period and construction also fell by 2.1 per cent. Within production, the manufacturing sector grew by 1.0 per cent. Mining & quarrying declined by 6.8 per cent and electricity, gas & water supply fell by 8.7 per cent.

Industry sectors with largest annual growth in 2007*

- Real Estate & Business Services (+3.9 %)
- Transport, Storage & Communication (+9.8%)
- Retail and Wholesale (+3.4%)
- Other services (+4.6%)
- Financial Services (+1.9%)

Industry sectors with largest negative annual growth in 2007*

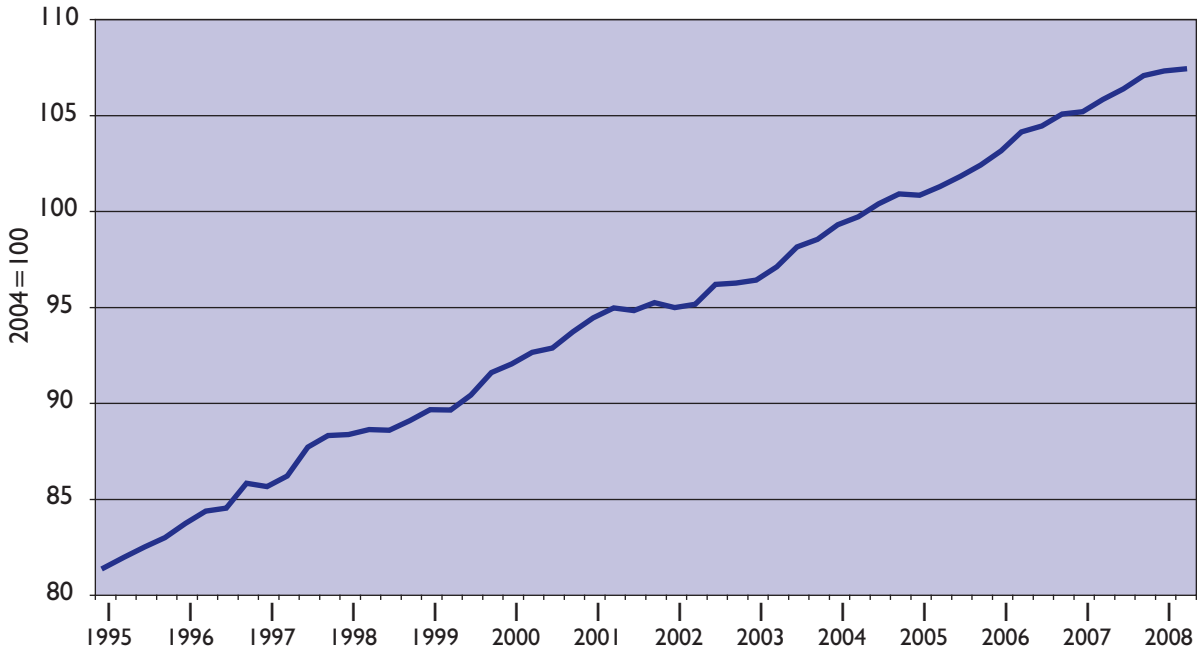
- Electricity, Gas and Water Supply (-8.7%)
- Construction (-2.1%)
- Mining & Quarrying (-6.8%)
- Paper Printing & Publishing (-5.0%)
- Hotels & Catering (-1.7%)

* in terms of influence on overall GDP growth; i.e. growth x weight.

Between 2000 and 2007, Scottish GDP grew by 14.3 per cent, equating to an average annual growth rate of 1.9 per cent. Chart 1.2 shows the change in annual growth rate since 1998 for Production, Services and overall GDP. The growth rate for GDP as a whole has grown within a range of around 1.5 to 2.5 per cent. Since the end of 2000, the production sector has experienced negative annual growth for the most part, largely due to the contraction of the electronics sector. The rate of decline in production exceeded 7 per cent. Chart 1.2 in the first three quarters of 2002 but in more recent quarters has settled into a range between -2 per cent. Chart 1.2 and +0.5 per cent. Chart 1.2 . 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 5.2 per cent. Chart 1.2 during the start of 2002.

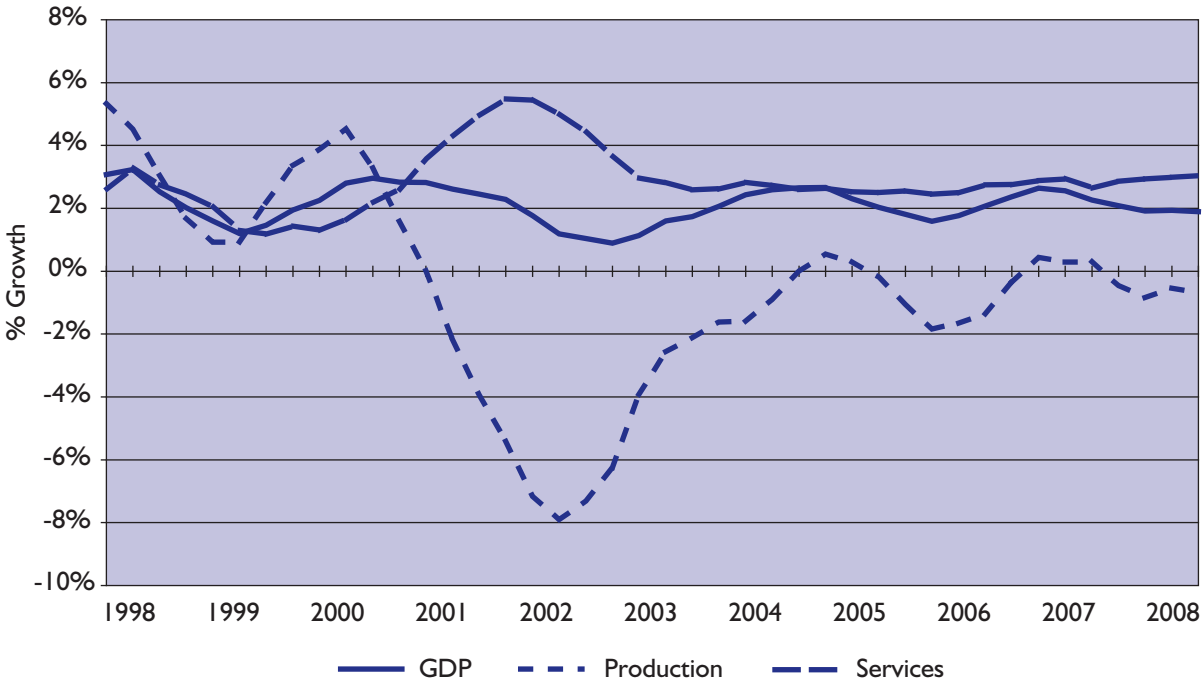
The service sector is the largest sector in the Scottish economy, accounting for 73.8 per cent of GDP, while production accounts for 17.8 per cent. Construction and agriculture, forestry & fishing contribute the least to the overall GDP (6.8 and 1.8 per cent respectively). The relative importance of 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.

Chart 1.1: Scottish GDP index 1995 Q1 – 2008 Q2



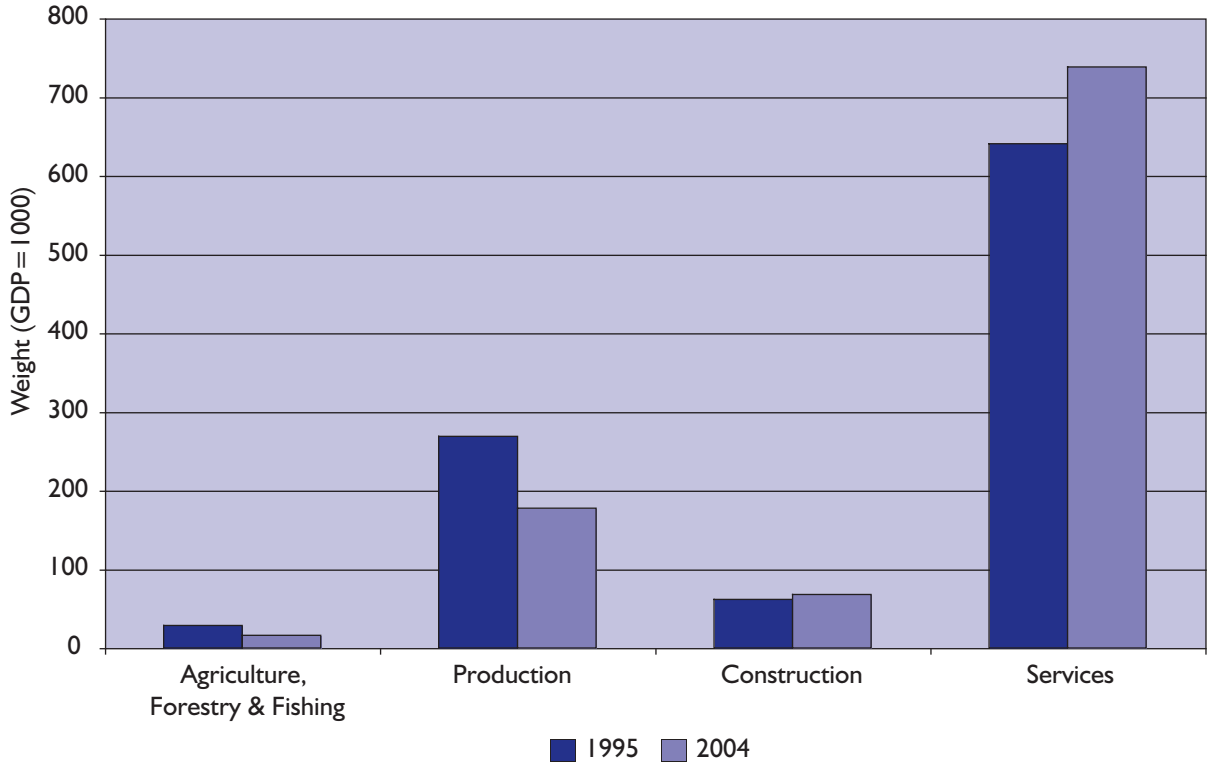
Source: Scottish Government

Chart 1.2: Year on year GDP growth, 1998 Q1 to 2008 Q2



Source: Scottish Government

Chart 1.3: GDP weights of main industries, 1995 and 2004



Source: Scottish Government

Value of GDP

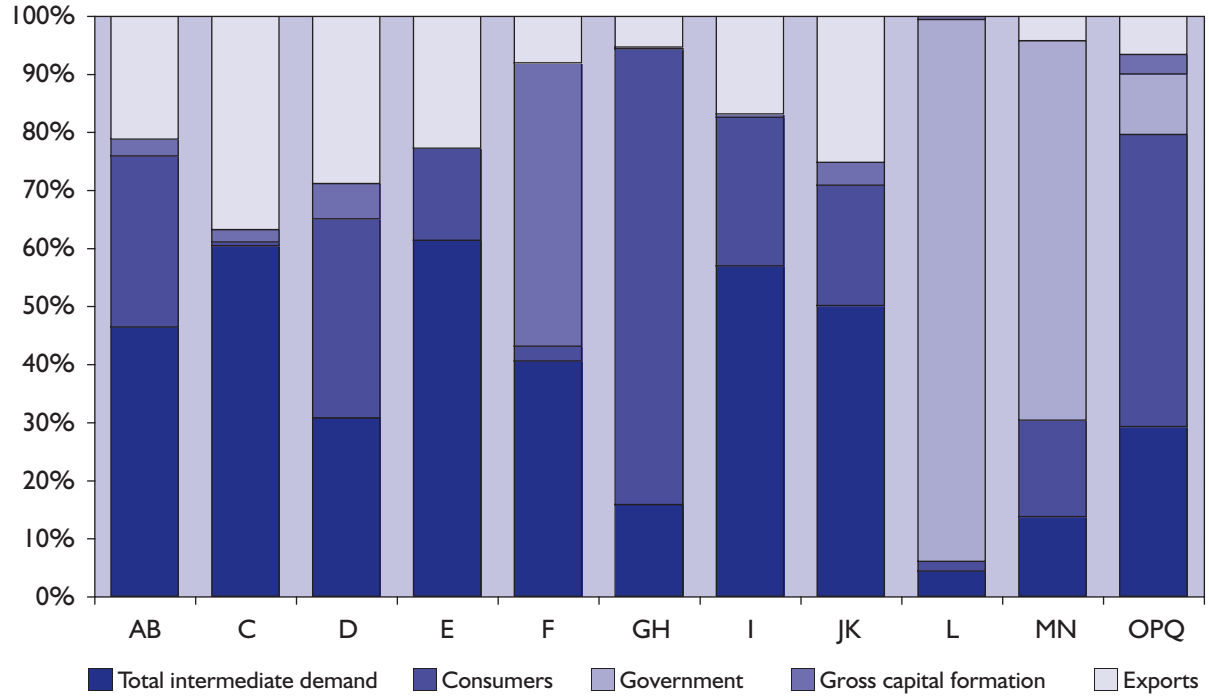
The above section describes the quarterly index of Scottish GDP at basic prices (known as Gross Value Added (GVA) under ESA 95). This is produced by the Scottish Government 17 weeks after the end of the relevant quarter, and provides an indicator of economic growth. It does not, however, provide a monetary 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 £91 billion in 2006. Estimates for 1995 to 2006 are shown in Table 1.2. Table 1.3 gives a breakdown by geographical (NUTS 3) area comparing 1995 to 2005. The next release of Regional Accounts GVA data by ONS will be on 12th December 2008, and can be found on the ONS website at http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=7359.

Supply and Demand

The Scottish input-output tables provide a detailed snapshot of the supply and demand linkages that exist within the economy. For the latest set of input-output tables, for 2004, a number of methodological changes have been made. Some new taxes, such as Climate Change Levy, Aggregates Levy, and Renewable Obligations Certificates, have been incorporated into product tax estimation and, as far as possible, these figures have been constrained to Government Expenditure and Revenue Scotland figures.

Table 1.4 shows that total supply at purchaser's prices for 2004 was £236 billion. Of this, 36 per cent (£84 billion) was consumed by Scottish industries during their production process, 27 per cent (£63 billion) by consumers, 20 per cent (£47 billion) was exported from Scotland and 11 per cent (£26 billion) was consumed by government. Chart 1.4 shows that the picture is different for individual industries, with around 30 per cent of manufacturing products being exported, while almost 65 per cent of Education, Health and Social Work products are consumed by government.

Chart 1.4: Demand for commodities, 2004



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
L	Public Admin etc
MN	Education, Health & Social work
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 2004, 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 and Catering are more diversified.

The Combined 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 product by final markets. In 2004, the input-output GVA and Compensation of Employees were both constrained to the Office for National Statistics 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 one 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 "Computing Services" industry (IOC 107), employing 100 people on a full-time basis. The creation of the 100 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 (100 FTE) by the "Computing Services" Type I employment multiplier (1.280), giving 128 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 28 (FTE).
- The increase in jobs due to direct, indirect and induced effects is calculated by multiplying the direct increase in jobs (100 FTE) by the "Computing Services" Type II employment multiplier (1.617) giving 162 FTE jobs. As 128 FTE jobs are as a result of direct and indirect effects, it is estimated that 34 further jobs will be created as a result of this induced demand.

Example 2

The following example looks at the effect of an additional £5 million of exports to the Rest of the World by the "Manufacturing of Other Inorganic Basic Chemicals" industry (IOC 37). The direct impact on the industry is an increase in total output by £5 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 (£5m) by the Type I output multiplier for this industry (1.620), giving an increased output of £8.1 million (of which £3.1 million would be due to indirect effects).
- The change in employment resulting from this additional output is calculated by multiplying the direct output change (£5m) by the Type I employment effect (8.068) for this industry, giving 40 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 (£5m) by the Type I income effect for this industry (0.300) to give an estimate of £1.5m 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 Scottish Input-Output Supply and Use tables and associated analyses rely heavily on the UK Supply and Use tables and are constrained to the Regional Accounts based estimates of Gross Value Added (GVA) at the 31 industry level (and financial intermediation services indirectly measured). Due to the re-engineering programme currently being carried out by the Office for National Statistics (ONS) a number of their products have been temporarily suspended, including the production of the 2005 UK Supply and Use tables and Regional Accounts industry level GVA.

As a result of these changes, publication of the 2005 Scottish Input-Output tables, scheduled for December 2008, will also be delayed. However, a full set of revised tables for 1998-2004 will be published in early 2009, which will allow users to perform analyses on a consistent time series of input-output tables. Further information about the Scottish input-output tables is available at http://www.scotland.gov.uk/Input-Output or from 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 (GCS) and the quarterly index of Scottish manufactured exports. The GCS provides cash estimates of the value of export sales across all sectors of the Scottish economy, whereas the quarterly index serves as a time series of the changes in the level of manufactured export sales.

GCS estimates are available for the period 2002-2006, with the results of the 2007 survey planned for publication in January 2009. Tables 1.8 and 1.9 show the results from the 2006 survey by industry and destination.

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 1.10 gives data on this by industry.

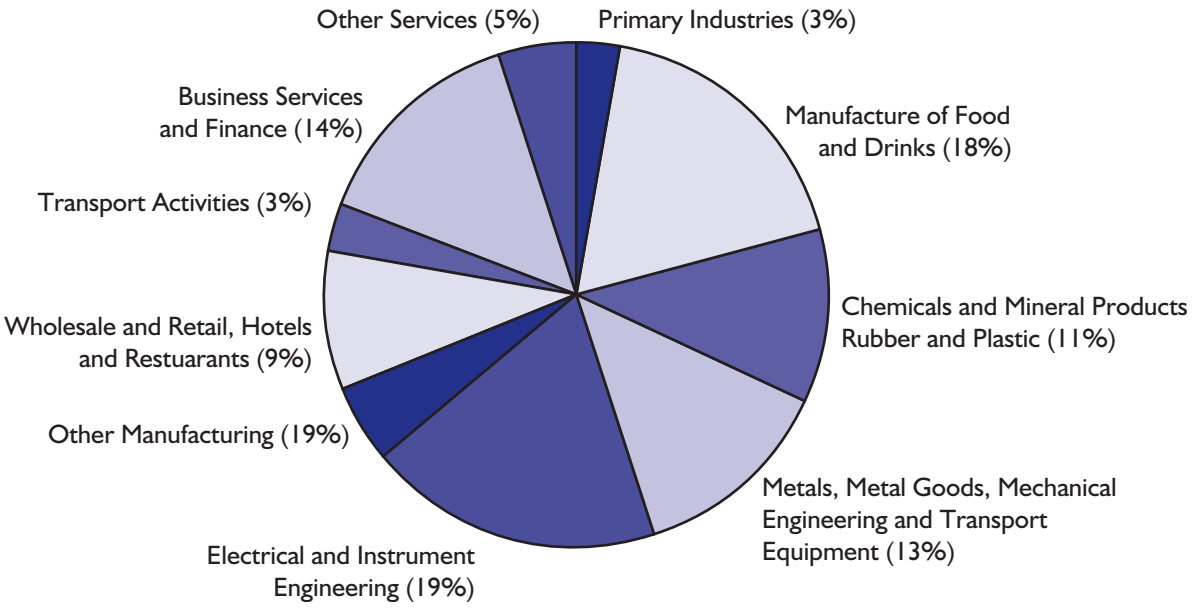
A full range of export statistics from both sources can be found on the Scottish Government web-site at www.scotland.gov.uk/exports along with background on estimation methodology.

All exports

- In 2006, total Scottish exports were estimated to be £20.6 billion, of which nearly two-thirds (£13.6 billion) were attributable to manufacturing companies.
- The top five exporting industries in 2006 were food and beverages (£3.7 billion – of which alcoholic beverages accounted for over 88 per cent), chemicals (including refined petroleum products) (£1.9 billion), the wholesale, retail and accommodation sector (£1.8 billion), business services (£1.8 billion), and office machinery (£1.6 billion). Together these industries accounted for more than half of total exports.
- Manufactured exports were estimated at £13.6 billion (66 per cent of total exports). Within the manufacturing sector, the electronics industry as a whole (defined as SIC divisions 30-33) had estimated exports of £3.9 billion, accounting for 29 per cent of manufactured exports and 19 per cent of total exports.

- The top exporting service sectors were wholesale, retail and accommodation (£1.8 billion – 30 per cent of total service exports), business services (£1.8 billion – 29 per cent of total services exports), financial intermediation (£1.1 billion – 19 per cent of total service exports) and transport (£0.6 billion – 10 per cent of total service exports).
- The top destination country for Scottish exports was USA, which accounted for an estimated £1.8 billion of exports (9 per cent of total exports). The second largest exports destination was France which accounted for an estimated £1.6 billion of exports (8 per cent of total exports) closely followed by Germany which accounted for an estimated £1.5 billion of exports (7 per cent of total exports).
- The top five export markets (USA, France, Germany, Netherlands, and Eire) accounted for £7.3 billion of exports (35% of all exports) from Scotland.

Chart 1.5: Scottish exports by grouped industry sector, 2006



Source: Scottish Government

Manufactured Exports

The Index of Manufactured Exports is published quarterly and provides information on the change in the volume of overseas exports (in constant prices) for each quarter from 1995 Q1.

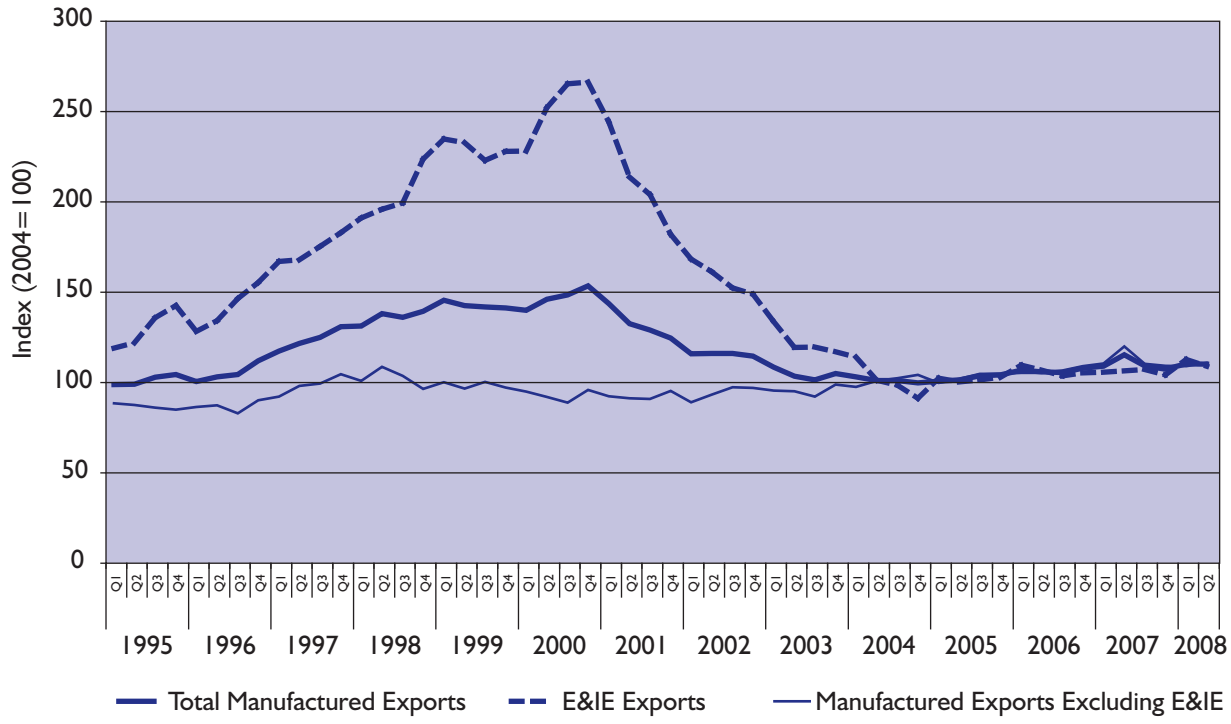
The latest figures, published on 1st October 2008, cover the period from 1995 Q1 to 2008 Q2 and are available here: http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/TrendManufacturedExports

Over 1995 Q1 to 2000 Q4, the index of manufactured exports exhibited a period of strong growth (1.9% average quarterly growth) which was followed by a sustained period of decline from 2000 Q4 to 2004 Q4 (2.7% average quarterly decline). Thereafter there has been some evidence of modest trend growth in export sales.

The growth and decline in manufactured exports over the period 1995-2004 is largely explained by the electrical and instrument engineering sector which grew by 95.7 per cent between 1995 and 2000 and fell by 66.0 per cent between 2000 Q4 and 2004 Q4.

At its peak, in 2000, the electrical and instrument engineering sector accounted for 58 per cent of Scotland's manufactured exports. This industry remains Scotland's largest exporting sector and accounted for 33 per cent of Scotland's total manufactured exports in 2007.

Chart 1.6 Index of Scottish Manufactured Exports, 1995 Q1 – 2008 Q2



Source: Scottish Government

Table 1.1: Gross Value Added at basic prices by category of output, 1995 to 2007

2004 = 100

Group	2004 weight	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Annual Growth 2006-07
All Industries	**1000.0**	**82.2**	**84.5**	**86.9**	**88.6**	**90.3**	**92.7**	**94.8**	**95.6**	**97.5**	**100.0**	**101.5**	**104.1**	**106.0**	**1.8%**
Agriculture, Forestry & Fishing	**16.2**	**90.2**	**90.9**	**88.0**	**91.9**	**93.1**	**97.7**	**93.1**	**94.0**	**96.1**	**100.0**	**93.3**	**95.3**	**93.3**	**-2.1%**
Agriculture & Forestry	13.5	88.6	88.3	84.0	88.4	90.8	96.7	91.3	92.5	95.1	100.0	92.8	96.1	92.0	-4.3%
Fishing	2.7	96.9	105.0	112.1	112.6	106.6	103.5	102.5	102.2	101.3	100.0	95.5	91.2	99.9	9.5%
Production	**177.7**	**99.5**	**102.0**	**107.3**	**109.0**	**112.6**	**114.3**	**108.1**	**101.2**	**99.5**	**100.0**	**98.1**	**98.4**	**97.5**	**-0.9%**
Mining & Quarrying	**11.3**	**99.7**	**102.7**	**107.1**	**105.9**	**111.2**	**113.8**	**110.6**	**109.2**	**106.8**	**100.0**	**90.7**	**82.8**	**77.2**	**-6.8%**
Deep coal, opencast and other mining	2.9	76.3	84.5	95.2	100.7	106.7	113.3	118.8	104.6	103.8	100.0	97.3	97.0	104.5	7.7%
Extraction of oil and gas	8.4	105.6	107.2	110.1	107.4	112.7	114.3	108.8	110.5	107.7	100.0	88.5	78.0	67.9	-12.9%
Manufacturing	**139.3**	**100.9**	**103.4**	**108.5**	**110.6**	**113.4**	**116.0**	**109.5**	**101.1**	**99.2**	**100.0**	**99.2**	**99.6**	**100.6**	**1.0%**
Food, Drink & Tobacco	**31.8**	**109.8**	**107.8**	**103.6**	**96.3**	**96.3**	**97.4**	**101.3**	**98.8**	**99.6**	**100.0**	**100.5**	**100.4**	**103.3**	**3.0%**
Meat and fish processing	5.8	86.5	85.1	80.5	80.9	79.7	85.4	90.4	92.2	95.1	100.0	102.6	101.1	102.5	1.3%
Miscellaneous foods	9.1	135.6	137.2	122.8	103.4	103.0	102.9	106.3	106.1	101.1	100.0	99.3	93.6	92.5	-1.1%
Drink	16.9	106.5	102.0	104.3	99.7	100.7	99.8	103.4	97.1	100.4	100.0	100.4	103.7	109.4	5.5%
Spirits	14.4	99.0	95.9	99.7	94.7	95.6	98.2	102.5	94.7	99.5	100.0	101.5	106.3	114.0	7.2%
Brewing and soft drinks	2.6	136.5	126.8	126.2	122.4	123.6	110.4	110.8	110.5	104.5	100.0	93.9	89.2	83.6	-6.2%
Textiles, Footwear, Leather etc.	**4.5**	**180.9**	**187.4**	**192.0**	**175.1**	**160.6**	**151.4**	**135.3**	**115.1**	**106.7**	**100.0**	**89.1**	**82.6**	**76.5**	**-7.4%**
Textiles	3.2	148.3	152.9	148.8	140.1	130.6	124.9	117.2	104.3	103.1	100.0	91.6	85.0	76.9	-9.6%
Footwear, leather and clothing	1.3	267.1	278.1	296.2	262.4	237.3	219.7	181.6	144.0	115.5	100.0	82.9	76.6	75.5	-1.4%
Paper Printing & Publishing	**14.5**	**111.2**	**110.6**	**119.5**	**122.1**	**120.9**	**116.2**	**108.0**	**103.8**	**99.2**	**100.0**	**99.2**	**89.4**	**85.0**	**-5.0%**
Pulp, paper and paper products	4.5	115.6	110.4	114.4	103.8	101.9	110.9	101.8	98.7	94.6	100.0	105.7	94.1	93.0	-1.2%
Publishing and printing	9.9	109.9	113.1	125.4	135.7	135.1	119.2	111.6	106.7	101.8	100.0	96.3	87.3	81.3	-6.8%
Refined Petroleum and Nuclear Fuels	**2.5**	**81.0**	**86.4**	**83.7**	**84.5**	**88.3**	**84.3**	**81.3**	**89.6**	**92.9**	**100.0**	**92.2**	**92.1**	**83.4**	**-9.4%**
Chemicals & Manmade Fibres	**13.6**	**73.0**	**83.5**	**93.4**	**94.3**	**100.4**	**97.6**	**105.6**	**107.6**	**100.6**	**100.0**	**102.8**	**105.7**	**111.9**	**5.8%**
Basic chemicals and pesticides	7.1	70.9	67.9	80.9	80.2	77.7	85.8	94.5	106.3	102.1	100.0	104.9	105.2	109.6	4.2%
Pharmaceutical products, soap and detergents	3.6	83.8	118.3	128.7	132.4	149.8	129.8	131.6	121.2	108.0	100.0	90.7	96.8	118.1	21.9%
Other chemical products (including paints, varnishes and printing inks)	2.8	64.7	73.3	63.2	60.5	61.9	76.4	95.2	96.2	90.0	100.0	112.7	118.3	109.6	-7.3%
Metals & Metal Products	**12.2**	**113.1**	**116.6**	**119.9**	**133.4**	**122.1**	**107.5**	**102.2**	**105.2**	**99.3**	**100.0**	**102.2**	**109.2**	**111.8**	**2.4%**
Basic metals	1.6	145.7	137.5	141.4	141.5	131.7	128.7	123.4	125.8	117.2	100.0	92.7	94.1	101.0	7.3%
Fabricated metal products	10.5	107.5	113.7	116.8	133.6	121.8	104.4	99.1	102.2	96.6	100.0	103.7	111.6	113.5	1.7%
Mechanical Engineering	**10.9**	**128.7**	**119.4**	**118.2**	**121.9**	**118.6**	**122.1**	**115.4**	**106.2**	**99.4**	**100.0**	**100.6**	**101.0**	**109.6**	**8.4%**
Electrical & Instrument Engineering	**21.0**	**87.0**	**91.1**	**108.0**	**119.4**	**136.8**	**157.1**	**131.1**	**104.1**	**101.4**	**100.0**	**89.9**	**86.2**	**83.9**	**-2.7%**
Office equipment and computers	1.5	106.4	116.5	143.1	171.1	205.3	223.3	215.7	144.0	118.0	100.0	96.4	78.8	59.9	-24.0%
Other electrical machinery	5.1	97.3	107.7	115.6	108.6	110.5	143.8	125.8	104.2	98.1	100.0	97.1	99.3	101.1	1.8%
Radio, television and communications equipment	9.1	107.7	106.9	135.0	148.8	179.7	221.6	151.1	108.6	106.7	100.0	79.6	76.1	69.1	-9.1%
Medical, precision and optical equipment	5.4	85.0	90.0	90.0	94.8	95.7	91.7	90.0	91.0	93.0	100.0	98.9	93.0	99.2	6.7%

Table 1.1: (continued)

Group	2004 weight	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Annual Growth 2006-07
Transport equipment	**10.3**	**118.2**	**133.4**	**114.6**	**117.0**	**124.3**	**124.8**	**109.3**	**86.5**	**90.1**	**100.0**	**101.1**	**111.7**	**108.8**	**-2.7%**
Other Manufacturing Industries	**18.1**	**106.1**	**103.1**	**103.0**	**98.2**	**95.1**	**97.8**	**97.2**	**95.3**	**99.6**	**100.0**	**104.2**	**108.1**	**109.7**	**1.5%**
Wood and wood products	4.0	99.6	90.1	93.4	93.2	92.3	92.2	92.1	97.3	97.2	100.0	100.7	108.7	117.2	7.8%
Rubber and plastic products	5.7	109.6	101.9	95.3	94.8	95.8	98.1	94.3	93.8	92.7	100.0	104.9	104.1	103.2	-0.8%
Other non-metallic mineral products	4.7	115.0	116.4	117.8	108.9	96.7	94.1	97.8	102.5	104.0	100.0	109.3	110.8	110.3	-0.5%
Micellaneous manufacturing	3.8	102.4	110.3	116.1	101.5	99.7	113.3	111.7	89.8	108.9	100.0	100.3	110.3	110.8	0.5%
Electricity Gas and Water Supply	**27.0**	**91.9**	**94.7**	**102.0**	**103.6**	**110.6**	**105.7**	**98.6**	**98.4**	**97.9**	**100.0**	**95.6**	**99.1**	**90.5**	**-8.7%**
Construction	**68.1**	**82.8**	**88.4**	**88.3**	**85.4**	**86.3**	**93.6**	**91.9**	**86.5**	**91.8**	**100.0**	**104.8**	**112.0**	**109.7**	**-2.1%**
Services	**738.1**	**77.8**	**80.0**	**81.7**	**83.7**	**84.8**	**87.0**	**91.7**	**95.0**	**97.5**	**100.0**	**102.4**	**105.3**	**108.3**	**2.9%**
Retail & Wholesale	**111.7**	**89.7**	**91.4**	**90.9**	**89.8**	**91.1**	**91.2**	**94.0**	**96.4**	**96.7**	**100.0**	**100.0**	**104.5**	**108.0**	**3.4%**
Sale, maintainence and repair of motor vehicles; sale of fuel"	17.4	80.2	82.1	87.7	86.6	87.8	84.0	85.6	87.2	93.3	100.0	98.1	95.7	97.1	1.4%
Wholesale	39.3	105.9	112.5	113.9	106.4	106.4	108.2	108.2	109.5	100.6	100.0	103.8	111.1	116.0	4.4%
Retail	55.0	84.9	83.4	78.9	81.7	83.9	84.6	89.0	92.3	95.6	100.0	98.0	102.5	105.7	3.2%
Hotels & Catering	**35.3**	**92.6**	**95.2**	**98.8**	**98.6**	**94.2**	**93.1**	**97.1**	**99.8**	**99.7**	**100.0**	**102.5**	**99.5**	**97.8**	**-1.7%**
Hotels & accommodation	13.2	101.8	107.4	107.2	110.0	102.4	96.4	99.1	99.3	99.5	100.0	105.5	103.3	104.7	1.3%
Restaurants, canteens and catering	13.2	80.2	78.6	85.1	85.3	82.0	89.9	99.1	102.7	101.4	100.0	105.5	101.8	101.7	-0.1%
Bars	8.8	98.2	103.6	107.1	102.1	100.2	92.6	91.4	96.2	97.4	100.0	93.3	90.4	81.7	-9.6%
Transport, Storage & Communication	**73.5**	**64.5**	**67.2**	**72.5**	**75.5**	**78.6**	**81.3**	**90.5**	**93.8**	**93.7**	**100.0**	**105.6**	**111.5**	**122.4**	**9.8%**
Land & Water transport	25.2	106.6	107.0	117.8	117.5	116.5	111.3	103.8	98.9	97.1	100.0	103.0	101.8	104.0	2.2%
Air transport	4.7	59.0	62.3	68.3	72.4	76.7	80.9	84.3	89.2	93.9	100.0	103.7	105.3	106.2	0.9%
transport support activities (inc. travel agencies)	16.4	70.6	70.6	71.4	70.5	65.2	72.0	84.5	91.6	88.2	100.0	104.6	116.5	133.2	14.4%
Post and courier activites	6.7	93.3	92.6	94.4	93.5	94.2	94.0	98.0	96.1	97.1	100.0	100.2	97.7	96.9	-0.8%
Telecommunications	20.4	24.8	29.7	34.8	41.4	55.1	59.6	80.6	89.0	93.8	100.0	111.9	125.4	148.5	18.4%
Financial Services	**83.2**	**53.0**	**53.9**	**57.3**	**59.3**	**64.9**	**74.5**	**84.8**	**88.8**	**93.8**	**100.0**	**104.4**	**111.1**	**113.2**	**1.9%**
Banks and building societies	53.6	53.6	56.1	59.0	62.4	69.3	71.9	76.1	85.4	91.2	100.0	108.3	114.6	119.9	4.6%
Insurance and pension funding	29.6	54.9	53.4	57.7	57.6	61.9	78.8	100.1	94.7	98.5	100.0	97.3	104.8	101.0	-3.6%
Real Estate & Business Services	**193.1**	**70.5**	**73.4**	**75.5**	**79.8**	**79.8**	**83.5**	**88.3**	**93.9**	**97.7**	**100.0**	**104.4**	**109.8**	**114.1**	**3.9%**
Real estate	87.8	89.5	89.6	92.8	93.9	94.4	95.3	96.1	98.5	99.7	100.0	100.6	102.8	104.7	1.9%
Renting of machinery and equipment	8.3	101.2	102.3	100.9	94.1	104.5	97.5	105.7	106.3	106.3	100.0	109.0	116.9	121.9	4.3%
Other business services (inc. computer services and R&D)	97.1	54.3	58.9	60.6	67.5	66.6	72.9	80.6	88.9	95.3	100.0	107.4	115.6	121.9	5.5%
Public Admin, Education & Health	**230.2**	**85.8**	**87.3**	**88.0**	**88.8**	**90.4**	**90.4**	**92.7**	**94.7**	**97.7**	**100.0**	**101.6**	**103.3**	**103.5**	**0.2%**
Public administration and defence	72.9	89.2	89.3	90.5	90.4	91.1	91.2	92.3	95.0	96.9	100.0	101.5	102.6	100.4	-2.1%
Education	63.5	89.8	90.8	92.4	94.0	95.5	96.9	98.3	98.9	99.9	100.0	99.1	98.6	98.0	-0.6%
Health and social work	93.8	80.5	83.6	83.2	84.2	86.4	85.6	89.2	91.8	96.7	100.0	103.4	106.9	109.6	2.5%
Other Services	**57.7**	**77.5**	**81.4**	**80.8**	**85.0**	**86.4**	**87.3**	**90.5**	**96.6**	**101.9**	**100.0**	**100.5**	**95.3**	**99.7**	**4.6%**
Recreational, cultural and sporting activities	29.1	81.1	83.7	81.9	84.6	80.0	83.8	86.6	95.7	99.8	100.0	101.6	95.2	95.5	0.3%
Other service activies (including waste diposal)	28.7	72.4	78.5	80.2	86.5	95.8	92.7	96.4	97.8	104.6	100.0	99.4	95.5	104.0	8.9%
Financial Services Adjustment	**-46.5**	**53.9**	**56.4**	**59.7**	**62.8**	**70.8**	**73.1**	**75.2**	**84.4**	**91.2**	**100.0**	**107.6**	**115.3**	**119.5**	**3.6%**

Table 1.2: Gross Value Added by type of income[1,2,3], 1995 to 2006

£ million (current prices)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005[4]	2006[4]
Total GVA	**55,308**	**57,932**	**60,620**	**63,178**	**65,109**	**67,186**	**69,994**	**73,689**	**78,066**	**82,538**	**86,321**	**91,024**
By type of income												
Compensation of employees	33,800	34,719	36,301	38,701	40,749	43,644	46,259	48,285	50,671	53,244	56,440	59,420
Other income (gross operating surplus/mixed income)	21,508	23,213	24,319	24,476	24,360	23,542	23,735	25,404	27,395	29,294	29,881	31,605
GVA per head, Scotland	10,837	11,377	11,925	12,444	12,837	13,270	13,821	14,578	15,436	16,253	16,943	17,789
Scottish GVA as a % share of UK GDP (less continental shelf)	8.8	8.7	8.5	8.4	8.2	8.1	8.1	8.0	8.0	8.0	8.0	8.1
Scottish GVA per head; Indices (UK less continental shelf=100)	100.0	99.0	98.0	96.0	95.0	95.0	94.0	94.0	94.0	94.0	95.0	95.0

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

Note: ONS are currently carrying out their National Accounts re-engineering programme, which has meant that some of their products have been suspended temporarily. As a result there are no industry level GVA data published by ONS this year.

Table 1.3: Headline[1,2,3] GVA at current basic prices, by NUTS 3 regions, 1995 and 2005[4]

	£ million		£ per head		per head index (UK = 100)	
	1995	2005[4]	1995	2005[4]	1995	2005[4]
Scotland	**55,308**	**86,321**	**10,837**	**16,943**	**100**	**95**
North Eastern Scotland	7,739	11,247	15,141	22,315	139	125
Aberdeen City, Aberdeenshire and North East Moray	7,739	11,247	15,141	22,315	139	125
Eastern Scotland	21,263	33,674	11,283	17,416	104	98
Angus and Dundee City	2,745	3,894	10,399	15,506	96	87
Clackmannanshire and Fife	3,337	5,027	8,379	12,401	77	70
East Lothian and Midlothian	1,247	2,001	7,536	11,704	69	66
Scottish Borders	969	1,291	9,144	11,763	84	66
Edinburgh, City of	7,254	13,017	16,343	28,432	150	159
Falkirk	1,566	2,203	10,976	14,768	101	83
Perth & Kinross and Stirling	2,231	3,399	10,348	15,073	95	85
West Lothian	1,913	2,841	12,867	17,348	118	97
South Western Scotland	23,268	36,428	9,967	15,958	92	90
East & West Dunbartonshire and Helensburgh & Lomond	1,641	2,421	7,044	10,819	65	61
Dumfries & Galloway	1,356	1,833	9,127	12,355	84	69
East Ayrshire and North Ayrshire Mainland	2,207	2,892	8,674	11,634	80	65
Glasgow City	7,964	14,108	13,183	24,375	121	137
Inverclyde, East Renfrewshire and Renfrewshire	3,821	4,790	10,836	14,017	100	79
North Lanarkshire	2,525	4,356	7,806	13,469	72	76
South Ayrshire	1,128	1,674	9,925	14,974	91	84
South Lanarkshire	2,627	4,354	8,616	14,215	79	80
Highlands and Islands	3,038	4,973	8,136	13,276	75	74
Caithness & Sutherland and Ross & Cromarty	617	1,023	6,866	11,374	63	64
Inverness & Nairn and Moray, Badenoch & Strathspey	943	1,777	8,610	15,570	79	87
Lochaber, Skye & Lochalsh and Argyll and the Islands	827	1,179	8,086	11,497	74	64
Eilean Siar (Western Isles)	198	344	6,886	13,060	63	73
Orkney Islands	206	278	10,389	14,176	96	80
Shetland Islands	246	372	10,694	16,899	98	95

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.

4 Provisional.

Table 1.4: Aggregate Supply and Demand Balance for Products 2004

	Product											(£ million)
	Agriculture, Forestry & Fishing	Mining	Manufacturing	Energy and Water	Construction	Distribution & Catering	Transport & Communication	Finance & business	Public Administration	Education, Health and Social Work	Other Services	Total
Supply												
Domestic Ouput	3,380	3,167	29,302	7,014	12,319	20,737	11,597	40,145	13,716	18,046	8,027	**167,450**
Imports	1,129	950	31,386	1,276	1,099	3,402	5,378	10,485	39	956	1,631	**57,730**
Distribution trading margins	489	96	13,874	0	0	-14,459	0	0	0	0	0	**0**
Taxes less subsidies on products	-467	61	7,047	281	682	822	281	1,435	0	114	510	**10,766**
Total Supply	**4,532**	**4,273**	**81,609**	**8,570**	**14,100**	**10,501**	**17,256**	**52,065**	**13,756**	**19,116**	**10,168**	**235,946**
Demand												
Intermediate Demand	2,101 *46%*	2,581 *60%*	25,085 *31%*	5,257 *61%*	5,718 *41%*	1,657 *16%*	9,823 *57%*	26,077 *50%*	596 **4%**	2,629 *14%*	2,973 *29%*	84,497 *36%*
Final Demand												
Consumers' Expenditure	1,337 *29%*	27 *1%*	27,959 *34%*	1,357 *16%*	356 *3%*	8,248 *79%*	4,411 *26%*	10,784 *21%*	231 *2%*	3,172 *17%*	5,117 *50%*	62,999 *27%*
Government	0 *0%*	0 *0%*	0 *0%*	0 *0%*	0 *0%*	0 *0%*	0 *0%*	0 *0%*	12,837 *93%*	12,499 *65%*	1,057 *10%*	26,393 *11%*
Capital formation & Inventories	131 *3%*	91 *2%*	4,998 *6%*	0 *0%*	6,883 *49%*	30 *0%*	106 *1%*	2,052 *4%*	91 *1%*	1 *0%*	344 *3%*	14,728 *6%*
Exports to Rest of UK	756 *17%*	1,126 *26%*	12,577 *15%*	1,931 *23%*	1,067 *8%*	462 *4%*	2,278 *13%*	10,712 *21%*	0 *0%*	663 *3%*	654 *6%*	32,225 *14%*
Exports to Rest of World	207 *5%*	448 *10%*	10,991 *13%*	25 *0%*	75 *1%*	104 *1%*	639 *4%*	2,440 *5%*	0 *0%*	151 *1%*	23 *0%*	15,104 *6%*
Total Demand	**4,532** ***100%***	**4,273** ***100%***	**81,609** ***100%***	**8,570** ***100%***	**14,100** ***100%***	**10,501** ***100%***	**17,256** ***100%***	**52,065** ***100%***	**13,756** ***100%***	**19,116** ***100%***	**10,168** ***100%***	**235,946** ***100%***

Source: Scottish Government, Input-Output tables 2004

Table 1.5: Aggregate Supply Table 2004 (Output at basic prices and Supply at purchasers' prices)

£ million

Product	Output												Supply = Output + Imports				
	Agriculture, Forestry & Fishing	Mining	Manufacturing	Energy and Water	Construction	Distribution & Catering	Transport & Communication	Finance & Business	Public Administration	Education, Health and Social Work	Other Services	Total Output at basic prices	RUK Imports	RoW imports	Taxes less subsidies on products	Distributors' trading margins	Total supply at purchasers' prices
Agriculture, forestry and fishing	3,380	0	0	0	0	0	0	0	0	0	0	**3,380**	581	548	-467	489	**4,532**
Mining	2	3,156	9	0	0	0	0	0	0	0	0	**3,167**	754	196	61	96	**4,273**
Manufacturing	33	22	29,246	0	0	0	0	0	0	0	2	**29,302**	18,169	13,217	7,047	13,874	**81,609**
Energy and water	0	0	0	7,014	0	0	0	0	0	0	0	**7,014**	1,222	53	281	0	**8,570**
Construction	20	9	18	89	11,886	15	104	138	23	0	17	**12,319**	1,071	28	682	0	**14,100**
Distribution and catering	20	41	1,460	54	54	18,628	123	177	0	10	170	**20,737**	2,096	1,306	822	-14,459	**10,501**
Transport and communication	6	44	119	60	2	0	11,345	21	0	0	0	**11,597**	3,950	1,428	281	0	**17,256**
Finance and business	59	64	799	131	94	330	208	37,865	12	28	556	**40,145**	7,206	3,279	1,435	0	**52,065**
Public administration	0	0	0	0	0	0	0	0	13,716	0	0	**13,716**	36	4	0	0	**13,756**
Education, health and social work	0	0	0	0	1	0	0	45	0	17,999	1	**18,046**	648	308	114	0	**19,116**
Other services	16	0	0	0	0	19	1	4	0	0	7,986	**8,027**	1,128	503	510	0	**10,168**
Total	**3,535**	**3,336**	**31,651**	**7,348**	**12,037**	**18,992**	**11,781**	**38,250**	**13,752**	**18,036**	**8,732**	**167,450**	**36,861**	**20,869**	**10,766**	**0**	**235,946**

Source: Scottish Government, Input-Output tables 2004

Further information on the 2004 Input-Output tables and their uses can be found at www.scotland.gov.uk/input-output

Table 1.6: Aggregate Domestic Use Matrix 2004 (Purchasers' Prices)

£ million

Product	Input of Industry													Final Expenditure						
	Agriculture, forestry & fishing	Mining	Manufacturing	Energy and water	Construction	Distribution & catering	Transport & communication	Finance & business	Public administration	Education, health and social work	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	819	0	1,160	0	17	93	0	2	2	3	6	0	**2,101**	1,337	0	131	756	207	**2,431**	**4,532**
Mining	0	328	1,716	195	285	41	7	2	3	0	4	0	**2,581**	27	0	91	1,126	448	**1,692**	**4,273**
Manufacturing	821	383	12,171	107	1,918	1,982	939	1,511	2,979	1,601	672	0	**25,085**	27,959	0	4,998	12,577	10,991	**56,524**	**81,609**
Energy and water	24	106	778	3,837	15	83	36	78	141	127	33	0	**5,257**	1,357	0	0	1,931	25	**3,313**	**8,570**
Construction	48	136	136	209	2,613	78	128	1,415	628	286	41	0	**5,718**	356	0	6,883	1,067	75	**8,382**	**14,100**
Distribution and catering	100	52	97	64	82	307	150	373	216	152	64	0	**1,657**	8,248	0	30	462	104	**8,844**	**10,501**
Transport and communication	130	416	981	103	106	1,587	3,053	2,140	649	384	274	0	**9,823**	4,411	0	106	2,278	639	**7,433**	**17,256**
Finance and business	209	915	2,120	522	1,370	2,606	1,226	8,784	2,302	848	1,348	3,825	**26,077**	10,784	0	2,052	10,712	2,440	**25,989**	**52,065**
Public administration	4	9	34	9	14	7	25	452	37	1	5	0	**596**	231	12,837	91	0	0	**13,159**	**13,756**
Education, health and social work	29	18	75	38	11	39	61	349	365	1,573	71	0	**2,629**	3,172	12,499	1	663	151	**16,487**	**19,116**
Other services	23	42	192	44	11	88	113	423	438	129	1,469	0	**2,973**	5,117	1,057	344	654	23	**7,195**	**10,168**
Total intermediate consumption at purchasers prices	**2,207**	**2,406**	**19,459**	**5,128**	**6,441**	**6,911**	**5,738**	**15,530**	**7,761**	**5,104**	**3,987**	**3,825**	**84,497**	**62,999**	**26,393**	**14,728**	**32,225**	**15,104**	**151,449**	**235,946**
Taxes less subsidies on production	-104	19	229	154	45	537	79	162	0	2	88	0	**1,211**							
Compensation of employees	520	773	7,919	653	3,262	7,500	4,043	9,595	4,566	11,492	2,802	0	**53,125**							
Gross operating surplus	912	138	4,044	1,413	2,289	4,044	1,921	12,963	1,425	1,438	1,855	-3,825	**28,617**							
Gross value added at basic prices	1,328	930	12,192	2,220	5,596	12,081	6,043	22,720	5,991	12,932	4,745	-3,825	**82,953**							
Output at basic prices	**3,535**	**3,336**	**31,651**	**7,348**	**12,037**	**18,992**	**11,781**	**38,250**	**13,752**	**18,036**	**8,732**	**0**	**167,450**							

Source: Scottish Government, Input-Output tables 2004

Further information on the 2004 Input-Output tables and their uses can be found at www.scotland.gov.uk/input-output

Table 1.7: Aggregate Industry by Industry 2004 (Basic Prices)

£ million

Industry	Input of Industry												Final Expenditure						
	Agriculture, forestry & fishing	Mining	Manufacturing	Energy and water	Construction	Distribution & catering	Transport & communication	Finance & business	Public administration	Education, health and social work	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	600	2	824	1	20	84	3	12	6	3	8	**1,564**	790	2	119	855	205	**1,971**	**3,535**
Mining	1	180	1,098	123	166	30	7	12	3	3	4	**1,627**	21	0	62	1,159	467	**1,709**	**3,336**
Manufacturing	214	111	3,031	32	675	459	270	425	414	258	166	**6,055**	2,858	0	642	11,942	10,154	**25,596**	**31,651**
Energy and water	23	90	611	3,156	13	75	30	64	110	91	27	**4,291**	1,046	0	0	1,985	26	**3,057**	**7,348**
Construction	37	123	111	148	2,384	74	118	1,255	499	223	35	**5,008**	272	0	5,653	1,032	72	**7,029**	**12,037**
Distribution and catering	182	67	1,081	24	209	320	130	303	113	186	81	**2,696**	14,320	2	294	733	946	**16,296**	**18,992**
Transport and communication	85	207	621	66	87	1,063	1,910	1,347	430	237	171	**6,223**	2,570	0	108	2,252	626	**5,558**	**11,781**
Finance and business	249	637	1,804	598	1,280	1,984	936	5,404	1,426	601	802	**15,720**	9,033	25	1,256	10,044	2,171	**22,530**	**38,250**
Public administration	4	9	33	9	18	8	25	450	38	2	5	**602**	223	12,820	101	5	1	**13,150**	**13,752**
Education, health and social work	10	10	46	24	8	30	50	279	296	1,241	53	**2,045**	2,705	12,453	5	672	157	**15,992**	**18,036**
Other services	18	35	160	38	14	78	94	361	327	94	1,189	**2,409**	4,205	1,090	270	712	46	**6,323**	**8,732**
Total domestic purchases at basic prices	**1,423**	**1,469**	**9,422**	**4,220**	**4,874**	**4,205**	**3,572**	**9,912**	**3,662**	**2,940**	**2,541**	**48,240**	**38,042**	**26,393**	**8,511**	**31,393**	**14,872**	**119,210**	**167,450**
Imports from Rest of UK	606	656	6,334	963	1,386	1,977	1,602	3,706	2,030	1,316	991	**21,567**	12,226	0	3,068	0	0	**15,294**	**36,861**
Imports from Rest of World	371	337	4,379	171	565	910	648	1,691	1,502	659	557	**11,791**	7,319	0	1,760	0	0	**9,079**	**20,869**
Total intermediate consumption at basic prices	**2,400**	**2,463**	**20,135**	**5,354**	**6,825**	**7,092**	**5,821**	**15,310**	**7,195**	**4,914**	**4,089**	**81,597**	**57,587**	**26,393**	**13,339**	**31,393**	**14,872**	**143,583**	**225,180**
Taxes less subsidies on products	-76	64	97	120	16	164	209	903	866	431	106	**2,900**	5,413	0	1,389	832	232	**7,865**	**10,766**
Taxes less subsidies on production	-104	19	229	154	45	537	79	162	0	2	88	**1,211**							
Compensation of employees	520	773	7,919	653	3,262	7,500	4,043	9,595	4,566	11,492	2,802	**53,125**							
Gross operating surplus	796	18	3,271	1,067	1,889	3,700	1,628	12,280	1,125	1,197	1,647	**28,617**							
Gross value added at basic prices	1,211	810	11,420	1,874	5,196	11,736	5,750	22,037	5,691	12,691	4,537	**82,953**							
Output at basic prices	**3,535**	**3,336**	**31,651**	**7,348**	**12,037**	**18,992**	**11,781**	**38,250**	**13,752**	**18,036**	**8,732**	**167,450**							

Source: Scottish Government, Input-Output tables 2004

Further information on the 2004 Input-Output tables and their uses can be found at www.scotland.gov.uk/input-output

Table 1.8: Total exports[1] by industry, 2002[r] – 2006

Industry Groupings (2 Digit SIC Division Groups)		Total Exports (£m)				
		2002[r]	2003[r]	2004[r]	2005[r]	2006
01, 02, 05	Agriculture, Forestry & Fishing	190	165	155	135	115
10, 11, 13, 14	Mining, Quarrying & Extraction of Petroleum	355	335	445	580	575
15	Manufacture of Food Products and Beverages	2,780	2,880	3,030	3,510	3,740
15.91	Of Which Manufacture of Distilled Potable Alcoholic Beverages	*2,305*	*2,450*	*2,600*	*3,070*	*3,300*
17	Manufacture of Textiles & Textile Products	265	275	275	270	280
18	Manufacture of Wearing Apparel; Dressing and Dyeing of Fur	50	40	45	30	30
19	Tanning and Dressing of Leather; Manufacture of Luggage; Handbags, Saddlery, Harness & Footwear	60	50	55	50	65
20	Manufacture of Wood & of Products of Wood & Cork, Except Furniture; Manufacture of Articles of Straw & Plaiting Materials	55	45	55	55	80
21	Manufacture of Pulp, Paper & Paper Products	280	315	350	330	330
22	Publishing, Printing and Reproduction of Recorded Media	95	95	60	85	95
23, 24	Manufacture of Coke, Refined Petroleum Products & Nuclear Fuel, Manufacture of Chemicals & Chemical Products	1,575	1,725	1,710	1,780	1,875
25	Manufacture of Rubber & Plastic Products	325	350	335	365	360
26	Manufacture of Other Non-Metallic Mineral Products	90	100	125	105	90
27	Manufacture of Basic Metals	150	120	95	85	100
28	Manufacture of Fabricated Metal Products, Except Machinery & Equipment	335	305	335	395	510
29	Manufacture of Machinery & Equipment Not Elsewhere Specified	940	1,000	945	1,020	1,065
30	Manufacture of Office Machinery & Computers	3,745	2,245	1,660	1,710	1,630
31	Manufacture of Electrical Machinery & Apparatus Not Elsewhere Specified	445	425	360	360	420
32	Manufacture of Radio, Television & Communication Equipment & Apparatus	1,740	1,775	1,380	1,295	1,295
33	Manufacture of Medical, Precision & Optical Instruments, Watches & Clocks	515	530	645	580	570
34	Manufacture of Motor Vehicles, Trailers & Semi-Trailers	90	70	75	95	80
35	Manufacture of Other Transport Equipment	625	730	760	745	855
36	Manufacture of Furniture; Manufacturing Not Elsewhere Specified	75	55	30	35	40
37	Recycling	80	65	75	85	95
40, 41, 45	Electricity, Gas & Water Supply, Construction	80	190	105	195	255
50, 51, 52, 55	Wholesale[1], Retail & Repairs, Hotels & Restaurants	1,640	1,565	1,610	1,605	1,805
60, 61, 62, 63	Land, Water & Air Transport & Auxiliary Transport Acitivities	500	520	510	420	620
64	Post & Telecommunication	45	75	105	165	235
65, 66, 67	Financial Intermediation	835	850	815	1,060	1,140
70, 71	Real Estate & Renting	145	155	145	115	170
72, 73, 74	Business Services[2]	1,590	1,730	1,655	1,680	1,780
80	Education	130	145	130	135	170
85, 90, 92, 93	Other Services[3]	120	75	75	80	85
	Total Exports	**19,940**	**19,000**	**18,145**	**19,155**	**20,550**

Source: Scottish Government

[r] Revised

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

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

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

Table 1.9: Total exports by destination, 2002[r] - 2006, (£million)

Destination	Total Exports (£m)						
	2002	2003	2004	2005	2006	Absolute change (2006-2005)	Per cent change (2006-2005)
European Union 25	10,520	9,635	9,105	9,450	10,365	*915*	*10*
of which							
Austria	215	115	115	100	115	*15*	*15*
Belgium	505	575	540	560	500	*-60*	*-11*
Denmark	415	365	330	350	430	*80*	*23*
Eire	970	955	790	980	1,090	*110*	*11*
Finland	215	290	240	475	210	*-265*	*-56*
France	1,665	1,400	1,300	1,280	1,610	*330*	*26*
Germany	2,020	1,785	1,725	1,465	1,475	*10*	*1*
Greece	175	145	210	140	415	*275*	*196*
Italy	985	695	590	620	720	*100*	*16*
Luxembourg	35	55	25	30	60	*30*	*100*
Netherlands	1,450	1,480	1,370	1,500	1,305	*-195*	*-13*
Portugal	185	155	160	175	285	*110*	*63*
Spain	745	835	900	820	840	*20*	*2*
Sweden	555	420	420	470	485	*15*	*3*
Rest of Europe	1,965	1,660	1,415	1,500	1,480	*-20*	*-1*
North America (USA and Canada)	2,690	2,665	2,790	3,015	2,120	*-895*	*-30*
Central and South America	510	575	530	650	840	*190*	*29*
Middle East	825	960	780	805	970	*165*	*20*
Asia	1,725	1,835	2,010	2,050	2,835	*785*	*38*
Africa	680	630	650	640	710	*70*	*11*
Australasia	280	290	260	240	335	*95*	*40*
Unallocable[1]	800	800	645	850	940	*90*	*11*
Total	**19,940**	**19,000**	**18,145**	**19,155**	**20,550**	***1,395***	***7***

Source: Scottish Government

[r] Revised

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 Index of Scottish Manufactured Exports, in constant prices, by industry, 1995-2008 Q2

2004 = 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
2004 Weights [1,2]	**100.0%**	**3.2%**	**20.6%**	**3.1%**	**3.9%**	**13.6%**	**3.4%**	**7.0%**	**33.7%**	**7.1%**	**4.3%**
1995	100.0	100.9	74.3	94.7	91.8	67.3	90.6	135.4	128.6	62.4	124.3
1996	103.8	80.7	75.0	110.9	92.7	81.3	85.8	114.2	139.8	57.2	125.3
1997	122.5	86.1	101.9	135.9	89.8	81.9	88.3	114.0	172.0	77.3	123.8
1998	135.0	84.1	108.0	122.3	104.0	80.1	129.5	106.2	201.3	92.7	113.7
1999	141.5	88.1	91.4	121.1	106.9	83.8	124.4	107.1	228.3	96.0	114.0
2000	145.7	97.5	81.6	113.1	101.2	80.5	104.5	106.6	251.7	90.2	113.9
2001	131.2	88.5	82.5	105.1	98.7	94.3	99.3	102.3	209.7	73.3	112.9
2002	114.4	83.6	87.2	102.2	88.6	95.7	110.4	101.2	156.4	81.1	108.1
2003	103.3	87.8	86.5	89.5	90.9	99.2	105.0	107.5	121.2	92.3	99.4
2004	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2005	101.2	105.1	111.0	91.8	101.9	89.1	98.7	106.1	100.5	99.7	97.6
2006	105.3	91.2	115.8	95.9	92.3	89.7	124.2	111.8	105.1	112.3	97.7
2007	109.0	82.3	121.0	94.3	112.0	84.9	140.1	*	104.6	*	92.8
Latest Quarterly Indices[3]											
2006 Q1	105.6	97.4	110.9	95.5	87.6	92.7	115.8	112.1	108.3	109.3	103.7
2006 Q2	104.6	94.6	113.5	101.3	93.3	88.0	122.1	105.7	105.6	108.7	103.7
2006 Q3	104.3	90.2	113.6	102.3	93.0	91.8	128.9	111.4	102.4	112.7	92.2
2006 Q4	106.6	82.7	125.0	84.5	95.3	86.1	130.0	117.9	104.0	118.5	91.1
2007 Q1	107.7	87.7	122.4	100.8	110.4	87.6	127.8	121.4	104.5	113.9	94.4
2007 Q2	114.1	85.3	110.3	94.7	109.4	87.3	138.5	*	105.2	*	96.3
2007 Q3	108.0	77.9	130.7	91.6	114.3	76.7	141.0	134.5	105.9	98.9	88.6
2007 Q4	106.2	78.3	120.7	90.3	114.0	87.9	153.2	126.2	102.9	96.4	92.0
2008 Q1	109.0	69.8	120.6	91.7	115.2	83.4	148.1	150.4	111.4	86.6	90.4
2008 Q2	109.0	76.5	116.2	85.6	121.4	79.1	150.4	159.9	107.8	105.0	98.2
% Growth, latest Q on previous Q	0.0%	9.6%	-3.6%	-6.6%	5.4%	-5.2%	1.6%	6.3%	-3.2%	21.3%	8.7%
% Growth, latest 4Qs on previous 4Qs	-0.1%	-12.5%	3.6%	-6.1%	13.9%	-7.3%	12.9%	*	2.8%	*	-1.3%

Source: Scottish Government

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

* To avoid the disclosure of company level information, the indices for the mechanical engineering and transport equipment industries have been suppressed for 2007Q2.


2008
chapter two: Enterprises

Introduction

This chapter presents data on Scottish business stock and innovation activity. The first section provides an analysis of the Scottish Corporate Sector which is based on a March 2008 extract of the Inter Departmental Business Register (IDBR).

Structure of the Economy

The total number of public and private enterprises active in Scotland in March 2008 was 282,330. The associated employment and turnover of these enterprises was 2.5 million and £243 billion respectively. Table 2.A shows a breakdown of these figures by legal status.

Table 2.A: Legal status of enterprises in Scotland, 2008

Legal Status	Number of enterprises	Total Scottish employment
Companies (incl. Building Societies)	71,310	1,323,010
Sole proprietors	47,135	131,730
Partnerships	28,410	169,650
Public Corporation/nationalised body	35	25,590
Central and local government	205	588,580
Non-profit making bodies and mutual associations	7,750	157,570
Total registered[1]	**154,840**	**2,396,130**
Unregistered enterprises	127,490	145,620
Total	**282,330**	**2,541,750**

Source: Scottish Government, ONS (IDBR)

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

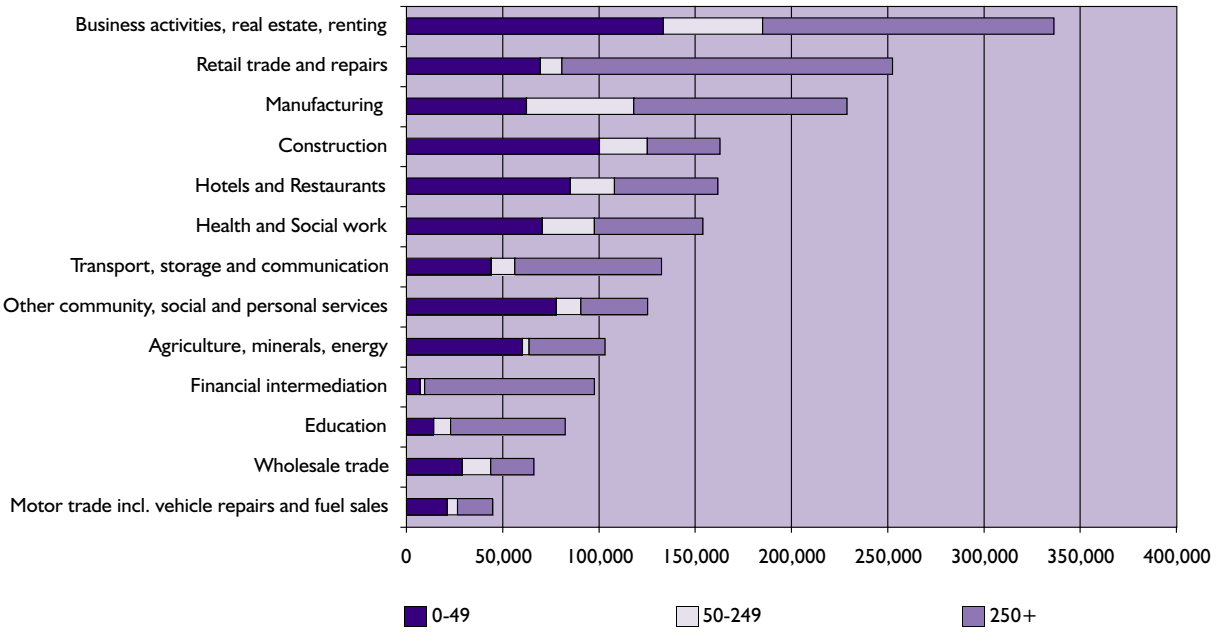
1 Registered for VAT and/or PAYE

Private Sector

The estimated number of enterprises in the private sector in Scotland (excluding central and local government) was 282,125 in March 2008 (up 0.9% since 2007) (Table 2.1). The associated employment and turnover of these enterprises was 1.95 million and £225 billion respectively.

The sector with the highest proportion of all enterprises was the 'Business Activities, Real Estate and Renting' sector (18%) followed by the 'Construction' sector (17%). The sector with smallest proportion of all enterprises was 'Financial Intermediation' (1%) (Table 2.2a). The 'Business Activities, Real Estate and Renting' sector also had the most employment in 2008 (17%) followed by the 'Retail trade and repairs sector' (13%) and the Manufacturing sector (12%) (Table 2.2b). The 'Mining, Quarrying, and Utilities' sector generated the greatest proportion of turnover (19%) (Table 2.2c). Chart 2.1 shows employment by employee size band for each industry group.

Chart 2.1: Employment in small, medium and large enterprises, by industry group, 2008



Source: Scottish Government, ONS (IDBR)

Registered Enterprises

The figures above relate to all enterprises operating in Scotland. This includes registered enterprises (i.e. those registered for VAT and/or PAYE) and unregistered enterprises (enterprises with no employees, estimated from a combination of surveys). Information on the location of enterprises is, however, only available for registered firms, and Table 2.3 shows the location of the registered enterprises by Local Authority area. The areas with the most registered enterprises and employment were Glasgow City (11% of enterprises and 16% of employment) and the City of Edinburgh (10% of enterprises and 13% of employment).

Box 2.1 Introduction of a new Standard Industrial Classification system (SIC 2007)

The UK Standard Industrial Classification of Economic Activities (SIC) was first introduced into the United Kingdom in 1948 for use in classifying business establishments and other statistical units by the type of economic activity in which they are engaged. The classification provides a framework for the collection, tabulation, presentation and analysis of data and its use promotes uniformity across business and economic statistics.

The introduction of SIC 2007 represents the first major revision of the Standard Industrial Classification system since 1992. These revisions are motivated by the need to adapt the classifications to changes in the world economy. The revised classifications reflect the growing importance of service activities in the economies over the last fifteen years, mainly due to the developments in information and communications technologies (ICT).

The SIC is a hierarchical five digit system. SIC 2007 is divided into 21 sections, each denoted by a single letter from A to U. The letters of the sections can be uniquely defined by the next breakdown, the divisions (denoted by two digits). The divisions are then broken down into groups (3 digits), then into classes (4 digits) and, in several cases, again into subclasses (5 digits). So for example we have:

Section C – Manufacturing (comprising divisions 10 to 33)

Division 13 – Manufacture of textiles

Group 13.9 – Manufacture of other textiles

Class 13.93 – Manufacture of carpets and rugs

Subclass 13.93/1 – Manufacture of woven or tufted carpets and rugs

Full details of the SIC 2007 structure are available at the following web address:
http://www.statistics.gov.uk/methods_quality/sic/downloads/SIC2007explanatorynotes.pdf.

The introduction of SIC 2007 is a fundamental change to the existing classification system and the areas which have been affected most include 'Business Activities', 'Retail Sale of Automotive Fuel', 'Recycling', and 'Manufacturing'. There are a number of new categories, the majority of which relate to service activities: for example, there are almost three times as many divisions for 'Real estate, professional and administrative' service activities under SIC 2007 as under SIC 2003. Also, the expansion of ICT activities is well reflected in the new Section J 'Information and Communication', which includes 'publishing', 'film and broadcasting activities' and 'news agencies', in addition to 'telecommunication' and 'computer related activities'.

The SIC 2007 changes came into effect on the 1st January 2008 with all units on the Office for National Statistics' business register dual coded to SIC 2003 and SIC 2007. The table below outlines when the main Scottish Government outputs will be published using SIC 2007:

Table 1: SIC 2007 Implementation Timetable for Scottish Government Outputs

Output	Estimated Year of Implementation
Labour Force Survey	2009 (Quarter 1)
Scottish Corporate Sector Statistics	2009
Global Connections Survey	2010
Annual Business Inquiry (Financial Data)	2010
National Accounts (GDP, Input Output Tables)	2012

For more information on the implementation of SIC 2007 within the Scottish Government please email industrystatistics@scotland.gsi.gov.uk.

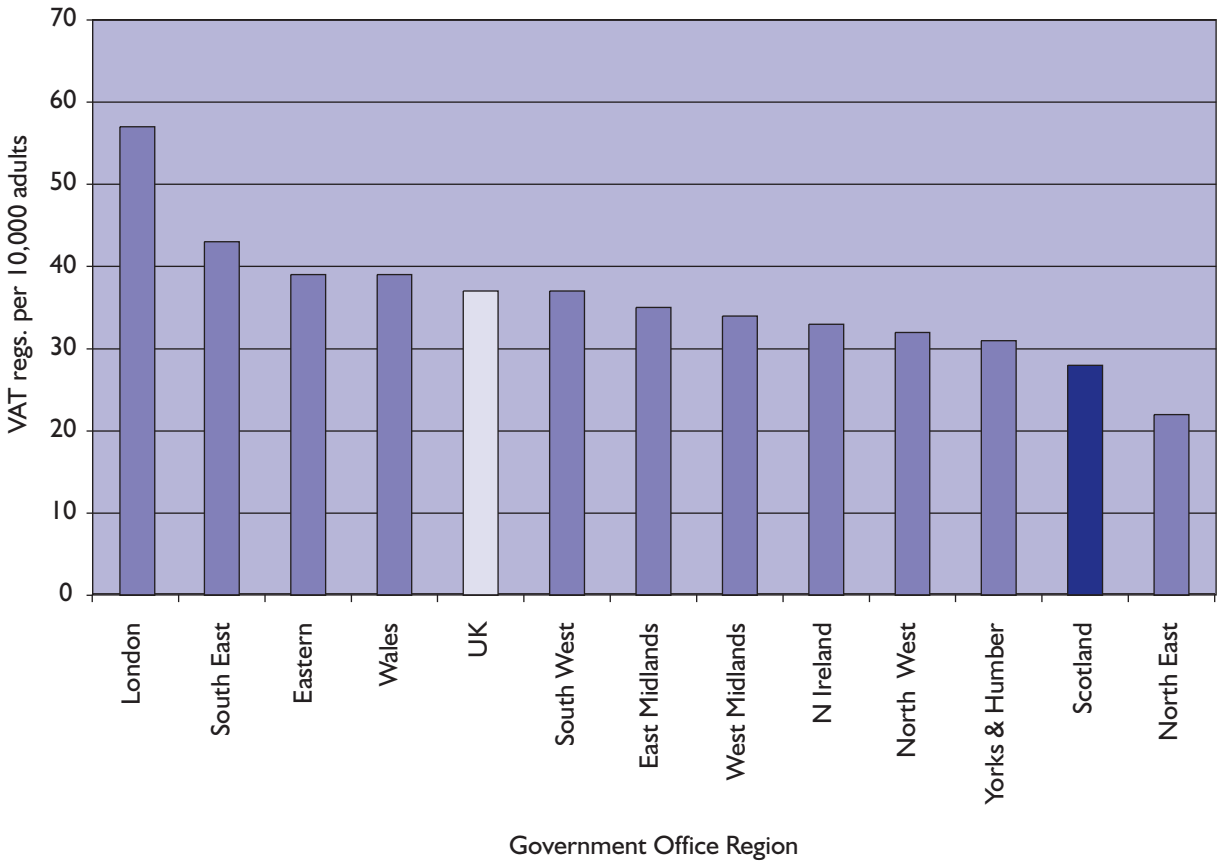
VAT Statistics

Statistics on VAT registrations and de-registrations, as well as the start-of-year stocks of all VAT registered businesses, are released annually by the Department for Business Enterprise and Regulatory Reform (BERR).[1] This is a useful secondary source for data on Scottish businesses as it allows direct comparison with the UK and other regions. The data do not provide a complete picture of business activity as only companies with an annual turnover of £61,000 or more (VAT threshold for 2006-07), are required to register for VAT. The figures consequently exclude around half of all firms.

It is important to note that the BERR data differ from the Scottish Government Corporate Sector statistics because they only include enterprises who have their headquarters in Scotland and who are registered for VAT. The Scottish Government figures additionally include enterprises which are based outside Scotland but have business units in Scotland, and also those enterprises which are not registered for VAT but are registered for PAYE.

Although the stock of VAT registered enterprises has increased steadily since 1997, Scotland has one of the lowest VAT registration rates of all the UK regions (Chart 2.2).

Chart 2.2: VAT Registrations per 10,000 resident adults by Government Office Region/Country 2006



Source: Department for Business Enterprise & Regulatory Reform

1 The latest figures (for 2007) were published by BERR on 28 November 2008 as this publication was going to press. All figures in this chapter refer to the 2007 publication. The updated BERR publication can be found here: http://stats.berr.gov.uk/ed/vat/

Business Registrations and De-registrations

The BERR statistics on VAT registrations and de-registrations are the best official source for estimating business start-ups and closures. However, it should be noted that the number of business de-registrations is not a direct measure for the number of business "failures". Businesses can de-register for VAT for a number of reasons, e.g. de-registration could be associated with a merger with another firm to form a new business.

Increasing the business start-up rate in Scotland is one of 45 National Indicators used to monitor how the Scottish Government is progressing towards achieving its National Outcomes. The VAT registration rate (per 10,000 resident adults) is used to measure this indicator as it provides a sign of new firm formation and entrepreneurship, and gives an indication of how conducive the business environment is for encouraging new ventures and increased demand for businesses.

The number of business start-ups in Scotland is relatively stable and has been for the last ten years. The latest figures[2] show 28 registrations per 10,000 population in 2006, which was the same level as 2005.

Table 2.4 shows the stock of enterprises, new registrations and de-registrations, along with per head figures to allow comparisons across areas. Scotland has a lower rate of both registrations and de-registrations (28 and 22 per 10,000 population respectively) compared to the UK (37 and 29 per 10,000 population respectively). However, these rates vary across Scotland. For example, Aberdeenshire, Stirling, and Highland all have registration and de-registration rates that are well above the average for Scotland. Meanwhile, West Dunbartonshire and Dundee City have registration and de-registration rates that are well below the Scottish average. This is reflected by the business stock figures; of all the mainland Local Authorities, business density (VAT registered stocks per 10,000 population) is highest in Aberdeenshire and Highland, and low in both West Dunbartonshire and Dundee City. This highlights the correlation between the level of registration and de-registration and business density.

Business Survival Rates

Business survival rates can be calculated using the BERR VAT statistics and are published every two years. The survival rate is the proportion of businesses that register for VAT in a given year that have not de-registered within a certain timescale. Businesses that are registered for VAT can be tracked from the time they first register until the time that they notify HM Revenues & Customs that they have ceased trading or that their turnover has fallen below the VAT threshold. The turnover threshold for VAT registration in November 1995 was £47,000, rising each year to £60,000 in April 2005.

Table 2.5 shows the survival rates in Scotland up to 10 years after registration. These figures suggest that since 1995, survival rates in Scotland have been rising, despite levelling off in recent years. For example, of all the businesses who registered in 1995, 88.5 per cent were still registered one year later. This one year survival figure had risen to 91.4 per cent by 2004.

Innovation in Scottish Industry

Introduction

Innovation is central to productivity and competitiveness and is a key factor in the growth of the Scottish Economy. For any business, innovation is crucial to maintaining profitability, meeting competition and providing customers with high value products and services. Such innovation activity is broad, extending beyond the development of new technology and knowledge, to include the dissemination and use of such knowledge, and the improvement of organisation and

2 Scotland Performs National Indicator: Business Start-ups
http://www.scotland.gov.uk/About/scotPerforms/indicators/startUp

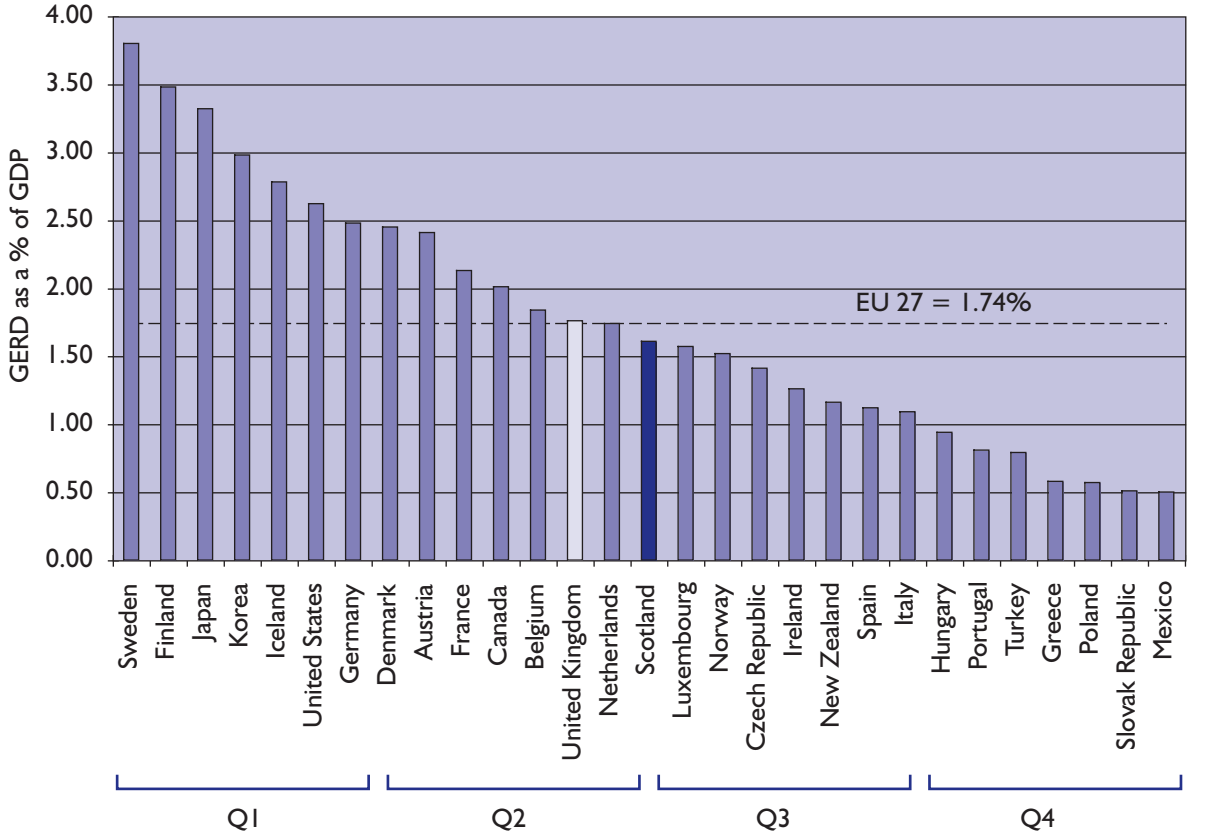
management strategies. The remainder of this chapter considers Scotland's performance across the different aspects of innovation, including:

- Research and development
- Innovative products and processes
- Commercialisation of academic knowledge
- Patents
- Use of e-commerce

Research and Development

Gross Expenditure on Research and Development (GERD) is comprised of R&D undertaken by the business, government and higher education sectors. The latest data for 2005 found that Scottish GERD was £1,582 million, which is 7.5 per cent of the total UK figure and represented 1.61 per cent of Scottish GDP, compared to 1.76 per cent in the UK. Looking at GERD on an international level, Scottish GERD as a percentage of GDP is in the third quartile of OECD countries, as illustrated in Chart 2.3. Additionally shown in Chart 2.3 is the EU 27 mean GERD expenditure which is 1.74 per cent of GDP. Scottish GERD falls below this level by 0.13 per cent. The importance of R&D is recognised by the government's National Indicator on GERD, with a target to at least halve the gap between Scottish and EU GERD as a percentage of GDP by 2011. Further information on this target can be found on the Scotland Performs website.[3]

Chart 2.3: GERD as a % of GDP for Scotland and OECD countries that reported in 2005



Source: Scottish Government, OECD (MSTI 2008/1)

3 Scotland Performs National Indicator: GERD
http://www.scotland.gov.uk/About/scotPerforms/indicators/ind1

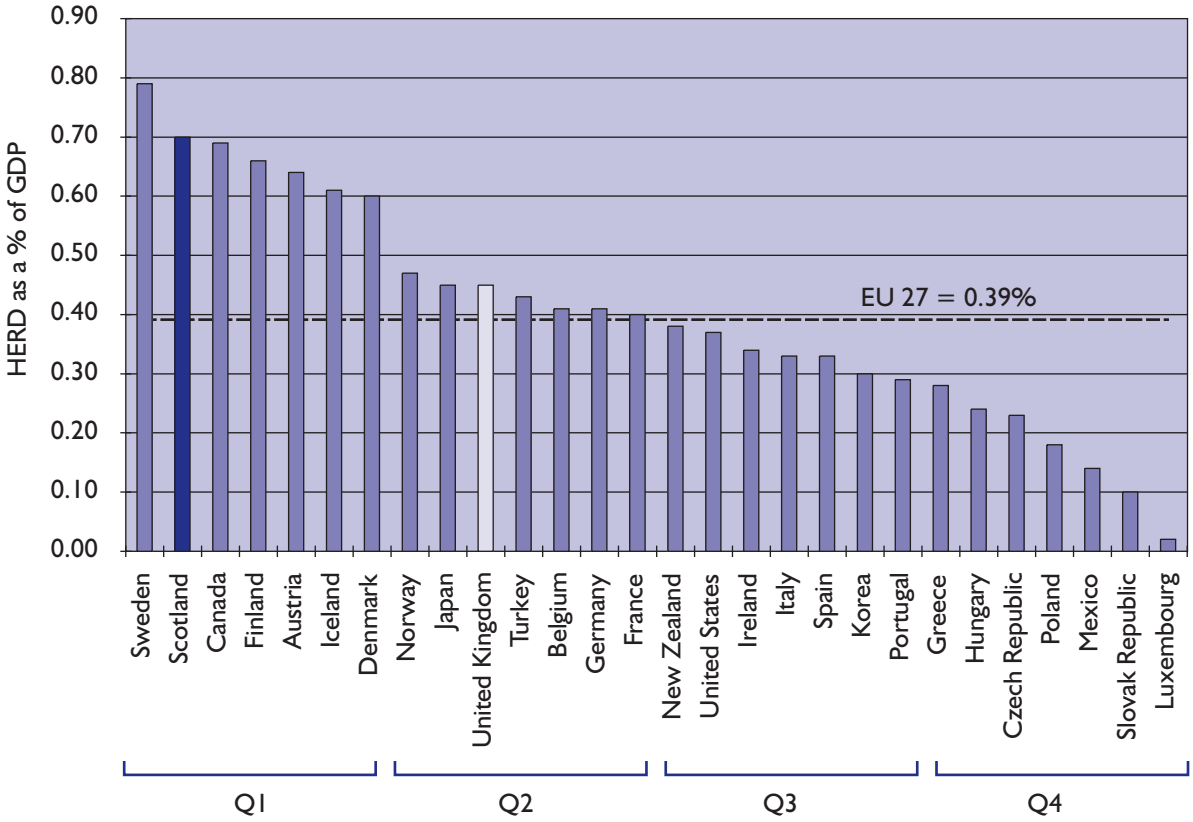
Business Enterprise Research and Development (BERD) expenditure is measured annually through an Office of National Statistics (ONS) survey. The ONS publishes BERD figures annually and are due to publish the 2007 data in early 2009. With each new release of data, back figures are often subject to some revision, and therefore the following figures may be subject to change. The most recent survey in 2006,[4] found that BERD expenditure in Scotland was £579 million, which represents 4 per cent of the UK total. Expenditure decreased from £586 million in the previous year (a 4% decrease in real terms). Compared to the size of Scotland's economy, BERD expenditure is relatively low, reaching only 0.56 per cent of GDP, nearly half of the UK equivalent figure (1.08%). When the level of Scottish BERD is compared to the other regions of the UK it lies in the third quartile. The level of business R&D in Scotland is also relatively low when compared to the OECD average, as illustrated in Table 2.6.

R&D 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. Table 2.7 shows how expenditure for broad product groups has changed over time. Three quarters of R&D undertaken by businesses in Scotland was funded by UK businesses. The largest companies (400 employees and over) accounted for 75 per cent of BERD expenditure, while companies employing 100 to 399 employees accounted for a further 12 per cent. American owned firms undertook 53 per cent of BERD in Scotland, followed by Scottish based firms (25%).

Although business expenditure on R&D is relatively low, Scotland performs better on other measures of R&D. Scotland performs very well in terms of Higher Education R&D (HERD). In 2005 Scottish HERD stood at £688 million, which is 12.4 per cent of the UK figure and 0.70 per cent of GDP. In comparison to other regions in the UK, Scotland is ranked first in terms of HERD as a percentage of GDP. At an international level, Scottish HERD as a percentage of GDP is in the first quartile of OECD countries, as illustrated in Chart 2.4, below only that of Sweden. The level of Scottish HERD is well above the EU 27 mean of 0.39 per cent. Scotland also performs well in terms of Government expenditure on R&D (GovERD) as a percentage of GDP Scotland comes 3rd in 2005 compared to other regions of the UK.

4 Scottish Government "Business Enterprise Research and Development Scotland 2006" http://www.scotland.gov.uk/Publications/2008/01/BERD06

Chart 2.4: HERD as a % of GDP for Scotland and OECD countries that reported in 2005



Source: Scottish Government, OECD (MSTI 2008/1)

Innovative Products or Processes

The Community Innovation Survey (CIS) provides a regular snapshot of innovation inputs, outputs and the constraints faced by businesses in their innovation activities, across the range of industries and business enterprises. The fifth UK Innovation Survey[5] (CIS5) was conducted by the Department for Innovation, Universities and Skills (DIUS) in 2007 and provides information on the period 2004-2006.

The CIS5 found that 63 per cent of Scottish firms were innovation active, this is an increase of 7 percentage points since the last survey, which covered the period 2002-2004. This is the same rate of increase as the UK, which increased from 57 per cent to 64 per cent over the same period (Table 2.8).

Commercialisation of Research by Higher Education Institutes

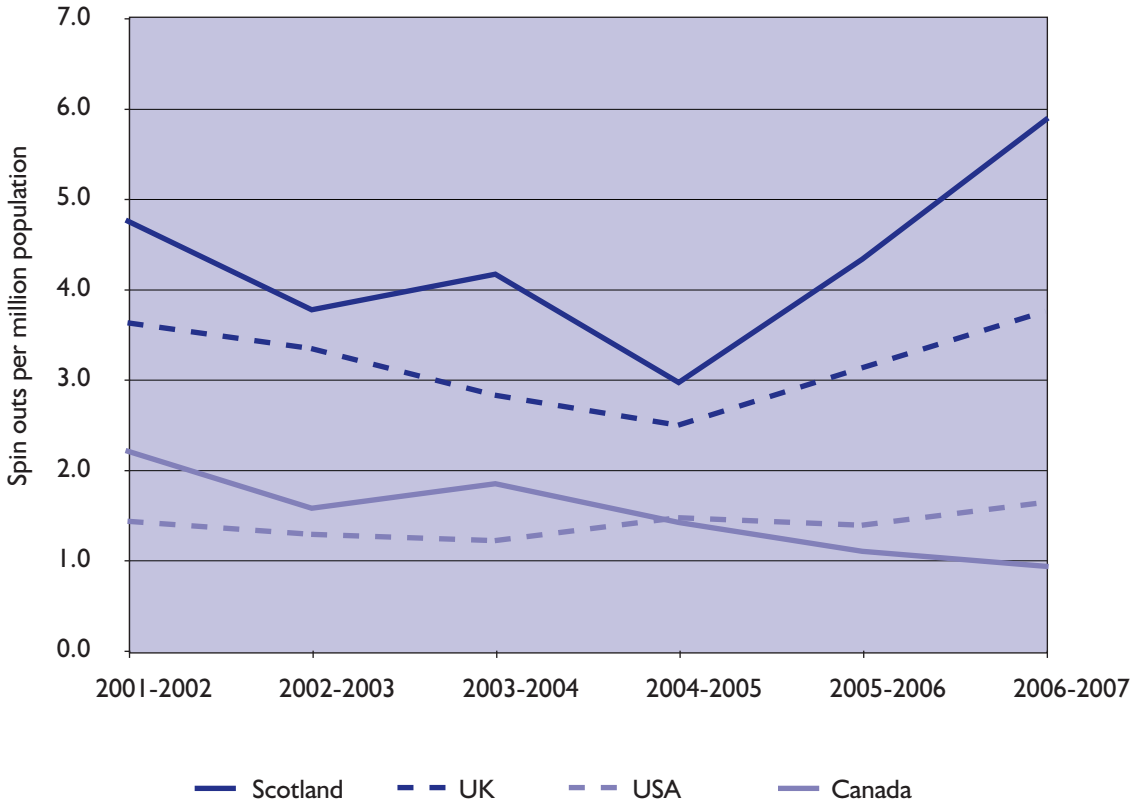
Universities and colleges contribute to the competitiveness of Scotland's Economy through the commercialisation and transfer of knowledge. This activity is more intensive in Scotland than would be expected on the basis of its population size; this is, in part, due to the relatively higher number of Higher Education Institutes (HEIs) in Scotland.

The Higher Education-Business and Community Interaction survey (HE-BCI)[6] covers the strategies and activities undertaken by HEIs on the commercialisation of knowledge. Table 2.9 shows some selected results from the survey. Scotland performs well compared to other countries on measures of knowledge transfer, including spin offs per million population (Chart 2.5).

5 ONS "First findings from the UK Innovation Survey 2007"
http://www.statistics.gov.uk/elmr/04_08/downloads/ELMR_Apr08_Robson.pdf

6 Scottish Government "Higher Education-Business Community Interaction Survey 2006-2007"
http://www.scotland.gov.uk/Topics/Statistics/Browse/Business/PubHEBCIS2003-04

Chart 2.5: Number of University spin out companies per million population 2001-02 to 2006-07

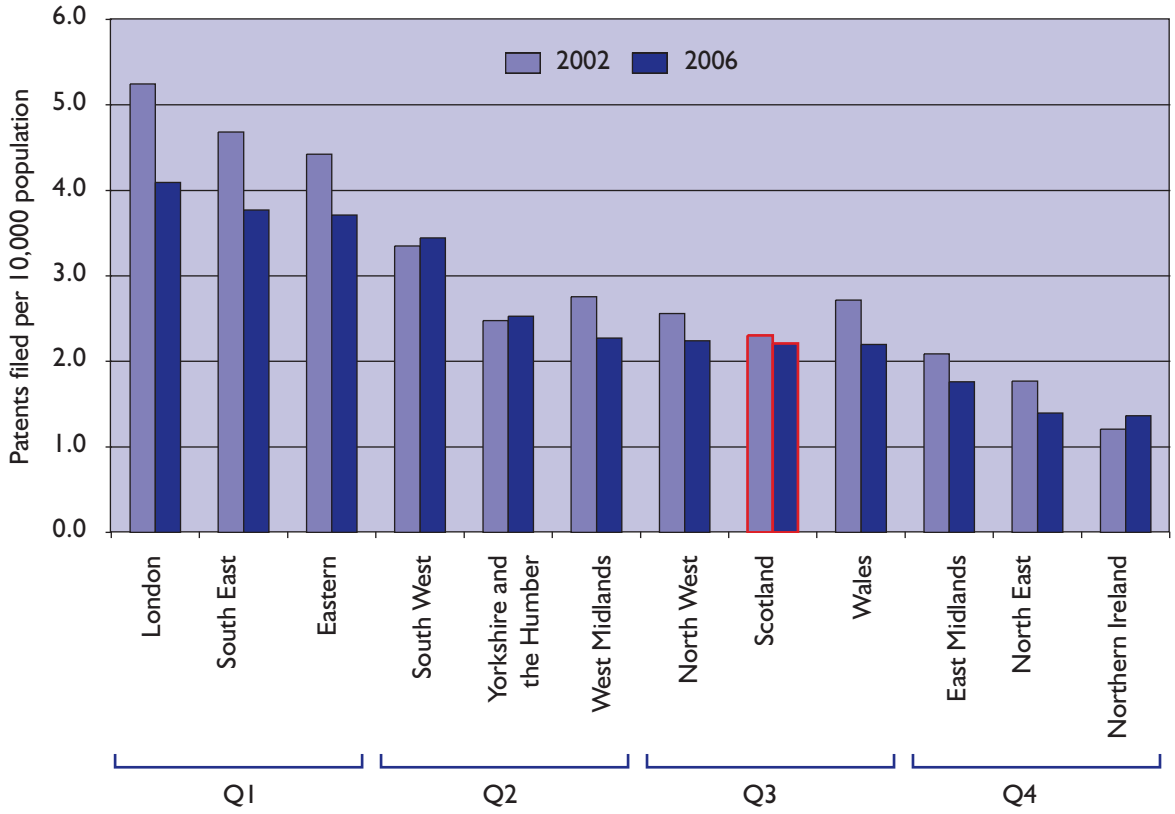


Source: HEFCE (2007), AUTM (2006), ONS (2007)

Patents Filed and Granted

Patents represent an outcome of technologically oriented innovation. The UK Intellectual Property Office[7] (formerly The Patent Office) publishes statistics on a regional basis, which are derived from the postcode of the applicant. In 2006 Scottish applicants filed 1,131 patents, which is 6.5 per cent of the UK total. Chart 2.6 shows that Scotland is in the third quartile of UK regions with 2.2 patents filed per 10,000 population, below the UK average of 2.9.

Chart 2.6: Patents filed per 10,000 population, 2002 and 2006



Source: UK Intellectual Property Office (2007) and ONS

7 The UK Intellectual Property Office "Annual Review 2007"
http://www.ipo.gov.uk/about/about-ourpublications/about-review.htm

E-Business

E-business processes are important to businesses, for improving and maintaining efficiency and competitiveness in the Scottish Economy. Adoption of these processes are currently measured via various surveys, within and out with Scotland.

Results from the latest Scottish E-Business Survey (SEBS),[8] carried out by Scottish Enterprise and Highlands and Islands Enterprise, were published in January 2008. The survey captured information from over 4,000 companies of all sizes and types across Scotland on their attitudes to e-business, levels of ownership, usage and preferred support services. Table 2.10 shows the percentage of businesses that consider e-business to be important to their needs decreased by 1 per cent to 67 per cent in 2007. The percentage of businesses that have their own website increased from 46 per cent to 51 per cent in 2007, which is the highest level since the survey began. Furthermore, trading online is becoming more popular with 55 per cent of connecting businesses placing orders over the internet and 39 per cent of connecting businesses receiving orders via the internet in 2007.

Broadband is potentially one of the major facilitators of e-commerce in both new and old enterprises, offering access to major new market opportunities and re-engineering existing processes to reduce costs and/or improve customer service. It is therefore encouraging to see that of all those businesses with an internet connection, the proportion using Broadband has increased significantly each year since 2002 to reach 89 per cent in 2007.

Box 2.2 Useful References

Scottish Corporate Sector Statistics 2008:
http://www.scotland.gov.uk/Topics/Statistics/Browse/Business/Corporate

'UK Business: Activity, Size and Location', 2008 publication:
http://www.statistics.gov.uk/downloads/theme_commerce/PA1003_2008/UK_Business_2008_optimized.pdf

Inter Departmental Business Register:
http://www.statistics.gov.uk/CCI/nugget.asp?ID=195

VAT Registrations/De-registrations 2006:
http://stats.berr.gov.uk/ed/vat/

Business Survival Rates 2005:
http://stats.berr.gov.uk/ed/survival/

Scottish Business Enterprise Research and Development (BERD) 2006
http://www.scotland.gov.uk/Topics/Statistics/Browse/Business/BERD

Scottish Results of the Higher Education - Business and Community Interaction Survey 2006-2007
http://www.scotland.gov.uk/Topics/Statistics/Browse/Business/PubHEBCIS2003-04

Higher Education Funding Council for England (HEFCE) Website
http://www.hefce.ac.uk/

The UK Intellectual Property Office Website
http://www.ipo.gov.uk/home.htm

Organisation for Economic Co-operation and Development (OECD) Website
http://www.oecd.org/home/

8 Scottish Enterprise "Scottish e-Business Survey 2007"
http://www.scottish-enterprise.com/publications/scottish_ebusiness_survey_2007.pdf.

Table 2.1: Number of enterprises[1,2] in Scotland and their total Scottish employment 2002-2008

Employee size-band (total UK employees)	Number of enterprises in Scotland							Total Scottish employment						
	2002	2003	2004	2005	2006	2007	2008	2002	2003	2004	2005	2006	2007	2008
0	158,400	169,300	176,225	172,520	172,590	184,605	184,460	190,550	201,130	211,300	206,170	203,930	214,830	213,040
1 - 4	58,405	58,490	58,905	57,855	57,880	59,010	61,105	174,610	171,820	171,760	168,060	167,170	169,430	174,940
5 - 9	15,835	15,695	16,125	15,915	15,925	16,180	16,580	114,980	112,790	115,290	113,620	113,340	114,970	117,790
10 - 19	8,915	8,430	8,370	8,290	8,225	8,705	8,870	123,920	117,520	117,030	115,940	115,260	121,790	123,930
20 - 49	4,750	4,940	5,035	4,965	5,080	5,245	5,250	137,770	142,200	144,120	142,090	146,160	150,830	150,400
50 - 99	2,000	1,830	1,805	1,780	1,930	1,960	2,010	111,530	101,500	99,830	98,490	105,550	107,620	110,730
100 - 199	1,145	1,270	1,225	1,210	1,240	1,235	1,250	99,800	109,220	101,830	100,190	103,380	104,410	107,270
200 - 249	345	315	315	305	310	295	315	38,320	34,150	35,520	34,370	34,870	31,180	34,810
250 - 499	770	755	745	760	745	745	760	107,820	103,720	106,940	108,060	104,130	104,640	109,140
500+	1,525	1,515	1,495	1,490	1,510	1,520	1,525	850,510	764,390	776,840	774,260	794,250	789,750	811,120
Total	**252,085**	**262,545**	**270,245**	**265,090**	**265,435**	**279,495**	**282,125**	**1,949,790**	**1,858,430**	**1,880,450**	**1,861,240**	**1,888,030**	**1,909,440**	**1,953,170**
0-49 Employees	246,300	256,855	264,660	259,545	259,695	273,740	276,265	741,820	745,460	759,500	745,870	745,850	771,850	780,100
50-249 Employees	3,490	3,415	3,345	3,300	3,480	3,490	3,575	249,640	244,870	237,170	233,050	243,800	243,210	252,810
250+ Employees	2,295	2,270	2,240	2,250	2,255	2,265	2,285	958,330	868,100	883,780	882,320	898,380	894,390	920,260
1+ Employees	93,685	93,245	94,020	92,570	92,845	94,890	97,665	1,759,240	1,657,300	1,669,160	1,655,070	1,684,100	1,694,610	1,740,130

Source: Scottish Government, ONS (IDBR)

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

1. Excludes central and local government.
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 based on the 2001 Census.

Table 2.2a: Total number of enterprises[1] in Scotland by industry and employee size band, March 2008

Industry	Total	0 Employees	1-49 Employees	50-249 Employees	250+ Employees
Agriculture, forestry and fishing	21,405	12,770	8,605	25	5
Mining and quarrying, utilities	2,745	2,475	205	25	45
Manufacturing	18,155	11,470	5,675	700	310
Construction	47,600	36,905	10,250	310	135
Motor trade incl. vehicle repairs and fuel sales	4,880	1,635	3,115	80	50
Wholesale trade	6,880	2,960	3,430	300	190
Retail trade and repairs	20,960	9,305	11,150	205	295
Hotels and restaurants	16,825	5,210	11,220	270	130
Transport, storage and communication	23,480	19,735	3,325	220	200
Financial intermediation	2,520	1,280	1,035	70	130
Business activities, real estate, renting	51,145	31,680	18,215	765	490
Education	8,065	6,955	935	100	75
Health and social work	20,150	14,440	5,275	325	110
Other community, social and personal services	37,315	27,640	9,365	190	120
Total	**282,125**	**184,460**	**91,805**	**3,575**	**2,285**

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

Table 2.2b: Total Scottish employment of enterprises[1] in Scotland by industry and employee size band, March 2008

Industry	Total	0 Employees	1-49 Employees	50-249 Employees	250+ Employees
Agriculture, forestry and fishing	60,120	18,100	38,400	*	*
Mining and quarrying, utilities	43,410	2,590	1,580	*	*
Manufacturing	229,260	13,240	49,480	55,740	110,800
Construction	163,300	39,540	61,160	24,840	37,760
Motor trade incl. vehicle repairs and fuel sales	45,210	1,950	19,630	5,360	18,270
Wholesale trade	66,620	3,440	26,030	14,720	22,420
Retail trade and repairs	252,950	12,100	57,820	11,190	171,840
Hotels and restaurants	162,050	7,340	78,200	22,850	53,670
Transport, storage and communication	132,900	21,160	23,280	12,180	76,270
Financial intermediation	98,040	1,470	5,850	2,560	88,170
Business activities, real estate, renting	336,670	35,220	98,660	51,530	151,270
Education	82,790	7,330	7,260	8,670	59,530
Health and social work	154,270	19,130	51,820	27,010	56,300
Other community, social and personal services	125,600	30,430	47,890	12,710	34,570
Total	**1,953,170**	**213,040**	**567,060**	**252,810**	**920,260**

Source: Scottish Government, ONS (IDBR)
Note: Totals may not equal the sum of the constituent parts due to rounding.
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, March 2008

£ million

Industry	Total	0 Employees	1-49 Employees	50-249 Employees	250+ Employees
Agriculture, forestry and fishing	4,007	677	2,853	*	*
Mining and quarrying, utilities	41,823	238	2,136	*	*
Manufacturing	35,795	543	4,577	6,625	24,051
Construction	18,148	2,022	5,761	2,913	7,451
Motor trade incl. vehicle repairs and fuel sales	10,896	233	3,169	1,441	6,053
Wholesale trade	18,698	1,028	6,858	4,363	6,449
Retail trade and repairs	24,535	795	4,617	850	18,273
Hotels and restaurants	6,288	251	3,116	875	2,046
Transport, storage and communication	14,669	909	2,826	1,604	9,330
Financial intermediation[3]	-	-	-	-	-
Business activities, real estate, renting	32,823	2,701	10,484	4,135	15,504
Education	1,976	192	377	378	1,029
Health and social work	5,336	515	2,574	1,141	1,106
Other community, social and personal services	10,145	923	2,674	1,504	5,043
Total	**225,140**	**11,028**	**52,022**	**27,897**	**134,193**

Source: Scottish Government, ONS (IDBR)

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

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.

* not available due to confidentiality constraints.

Table 2.3: Number of registered enterprises[1] in Scotland and their total Scottish employment and turnover[2] by local authority area, March 2008

Local Authority	Total			0 to 49 employees			50 to 249 employees			250 or more employees		
	Number of enterprises	Scottish employment	Turnover £ millions	Number of enterprises	Scottish employment	Turnover £ millions	Number of enterprises	Scottish employment	Turnover £ millions	Number of enterprises	Scottish employment	Turnover £ millions
Aberdeen City	8,155	129,750	41,802	7,030	32,060	6,195	440	21,940	3,944	685	75,750	31,663
Aberdeenshire	12,380	74,060	10,677	11,950	42,230	4,276	215	11,260	1,647	210	20,570	4,753
Angus	3,795	27,200	2,595	3,555	14,970	1,320	90	4,630	441	155	7,600	834
Argyll & Bute	4,215	26,390	2,031	3,990	15,480	899	75	2,760	261	155	8,150	871
Clackmannanshire	1,200	10,230	1,000	1,050	4,280	323	30	990	82	125	4,960	594
Dumfries & Galloway	6,990	47,790	4,455	6,550	26,630	1,853	130	5,860	552	310	15,300	2,049
Dundee City	3,455	52,380	4,164	2,855	14,450	1,037	185	8,670	760	420	29,260	2,366
East Ayrshire	3,220	27,750	2,654	2,900	11,900	957	90	4,580	487	230	11,260	1,210
East Dunbartonshire	2,650	19,270	3,510	2,425	8,630	668	55	2,160	185	175	8,480	2,657
East Lothian	2,740	20,130	2,030	2,550	10,680	827	65	3,660	278	125	5,790	925
East Renfrewshire	2,235	13,190	1,157	2,080	7,030	628	40	1,580	134	110	4,580	396
Edinburgh, City of	15,975	239,650	19,901	14,335	60,240	6,150	660	28,320	2,315	980	151,090	11,436
Eilean Siar	1,145	6,790	554	1,080	4,090	259	20	*	*	50	*	*
Falkirk	3,635	42,560	9,278	3,130	13,010	1,212	165	6,830	632	340	22,720	7,434
Fife	8,815	97,220	9,125	8,140	36,720	2,764	255	13,550	1,385	420	46,950	4,975
Glasgow City	16,265	298,110	29,871	14,340	70,320	7,693	810	37,120	4,264	1,115	190,670	17,914
Highland	10,690	77,590	6,933	9,990	38,520	2,590	260	10,900	983	435	28,180	3,361
Inverclyde	1,735	21,320	2,414	1,495	6,530	497	50	2,470	192	190	12,320	1,724
Midlothian	2,190	20,100	1,740	1,975	9,470	705	65	2,070	165	150	8,560	871
Moray	3,270	26,590	4,199	2,980	12,470	860	100	3,760	366	190	10,360	2,973
North Ayrshire	3,280	30,230	3,524	2,955	12,310	892	100	4,520	391	225	13,400	2,241
North Lanarkshire	6,790	90,320	10,803	5,985	26,010	2,445	310	14,680	1,475	495	49,630	6,883
Orkney Islands	1,555	7,240	514	1,490	5,690	316	25	*	*	40	*	*
Perth and Kinross	6,310	49,710	6,576	5,795	23,570	1,958	180	7,460	675	335	18,680	3,944
Renfrewshire	4,540	64,900	8,496	3,895	17,620	1,638	205	9,620	1,630	440	37,650	5,229
Scottish Borders, The	5,320	33,870	2,688	5,025	19,960	1,499	115	5,800	456	180	8,110	733
Shetland Islands	1,365	7,960	1,311	1,285	5,120	445	35	1,220	200	40	1,630	666
South Ayrshire	3,780	36,200	3,841	3,325	14,550	1,082	140	6,260	606	315	15,390	2,152
South Lanarkshire	8,300	91,560	10,254	7,540	32,050	2,790	285	12,590	1,268	470	46,910	6,196
Stirling	3,960	35,900	3,440	3,500	13,520	1,204	145	4,640	682	315	17,740	1,555
West Dunbartonshire	1,770	20,560	2,321	1,500	7,110	745	75	3,610	451	195	9,840	1,125
West Lothian	4,400	61,070	6,744	3,790	17,280	1,783	190	7,820	886	415	35,970	4,074
Scotland Total	**154,635**	**1,807,550**	**220,601**	**148,770**	**634,480**	**58,511**	**3,575**	**252,810**	**27,897**	**2,285**	**920,260**	**134,193**

Source: Scottish Government, ONS (IDBR)

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

1. Excludes central and local government.

2. Turnover figures quoted are in £ millions.

* not available due to confidentiality constraints.

Table 2.4: Stock of VAT registered enterprises[1] and VAT registrations & de-registrations[2], 2006

	Total			Per 10,000 population			Registrations by sector as a % of all registrations			
Local Authority	Stocks	Registrations	De-registrations	Stocks	Registrations	De-registrations	Agriculture, forestry & fishing, energy & water	Manufacturing	Construction	Services
UK	**1,917,615**	**182,205**	**143,070**	**394**	**37**	**29**	**2.2%**	**5.1%**	**12.6%**	**80.1%**
SCOTLAND	**134,295**	**11,825**	**9,230**	**322**	**28**	**22**	**4.9%**	**4.5%**	**12.7%**	**77.9%**
Aberdeen City	6,475	600	420	380	35	24	2.5%	4.2%	9.2%	84.2%
Aberdeenshire	10,355	785	580	549	41	31	12.1%	5.1%	12.7%	69.4%
Angus	3,025	240	175	340	27	20	6.3%	6.3%	10.4%	75.0%
Argyll and Bute	3,515	205	200	470	27	26	17.1%	2.4%	9.8%	70.7%
Clackmannanshire	850	90	70	217	23	17	0.0%	5.6%	16.7%	77.8%
Dumfries and Galloway	5,830	325	270	477	26	22	10.8%	6.2%	16.9%	66.2%
Dundee City	2,460	225	190	208	19	16	0.0%	2.2%	11.1%	86.7%
East Ayrshire	2,610	190	170	269	20	18	5.3%	5.3%	18.4%	73.7%
East Dunbartonshire	2,100	185	160	245	21	19	0.0%	5.4%	13.5%	81.1%
East Lothian	2,255	210	155	308	28	21	2.4%	4.8%	14.3%	78.6%
East Renfrewshire	1,775	180	145	249	26	20	0.0%	2.8%	11.1%	86.1%
Edinburgh, City of	13,465	1,460	1,070	348	37	27	0.7%	3.1%	6.5%	89.7%
Eilean Siar	1,000	55	75	462	26	35	45.5%	0.0%	18.2%	36.4%
Falkirk	2,690	255	195	223	21	16	2.0%	5.9%	21.6%	70.6%
Fife	7,070	615	500	243	21	17	3.3%	4.1%	13.0%	78.9%
Glasgow City	13,445	1,505	1,215	280	31	25	0.3%	4.3%	8.6%	87.4%
Highland	8,850	620	540	509	35	31	15.3%	6.5%	14.5%	64.5%
Inverclyde	1,210	145	90	181	22	14	0.0%	3.4%	6.9%	89.7%
Midlothian	1,715	155	100	270	24	16	0.0%	6.5%	22.6%	71.0%
Moray	2,600	150	135	364	21	19	13.3%	6.7%	16.7%	63.3%
North Ayrshire	2,585	220	175	235	20	16	4.5%	4.5%	20.5%	70.5%
North Lanarkshire	5,215	630	375	201	24	14	0.8%	5.6%	21.4%	70.6%
Orkney Islands	1,435	55	75	904	35	45	36.4%	0.0%	9.1%	54.5%
Perth and Kinross	5,225	345	325	461	30	28	7.2%	5.8%	11.6%	75.4%
Renfrewshire	3,340	345	275	241	25	20	1.4%	4.3%	14.5%	76.8%
Scottish Borders	4,515	325	220	505	36	25	10.8%	4.6%	13.8%	70.8%
Shetland Islands	1,290	75	95	736	44	53	26.7%	6.7%	13.3%	53.3%
South Ayrshire	2,980	250	230	322	27	25	8.0%	4.0%	12.0%	78.0%
South Lanarkshire	6,710	645	460	270	26	18	1.6%	4.7%	17.1%	75.2%
Stirling	3,145	280	215	448	39	30	5.4%	1.8%	12.5%	80.4%
West Dunbartonshire	1,250	110	80	167	15	11	0.0%	4.5%	18.2%	81.8%
West Lothian	3,305	350	250	255	27	19	0.0%	7.1%	12.9%	78.6%

Source: Department for Business Enterprise and Regulatory Reform, 2007

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 and de-registrations are the number of enterprises registering and de-registering for VAT each year. This is an indicator of business start-ups and closures.
3. The population figure is at mid 2006.
4. All counts have been rounded to the nearest 5 to avoid disclosure. This means the totals may not equal the sum of the data in rows and columns, and counts of less than 3 will be shown as zero.

Table 2.5: Survival rates of VAT registered enterprises[1] in Scotland[2] up to 10 years after registration, 1995-2005

Months After Registration	Year of Registration										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
6 months	94.9	94.3	94.9	95.5	94.8	95.8	96.9	97.9	97.9	97.9	98.5
12 months	88.5	87.0	88.5	89.3	88.8	90.4	91.4	91.9	92.6	91.4	-
18 months	80.9	80.8	82.9	83.0	82.7	84.7	85.9	86.3	86.3	86.1	-
24 months	75.1	75.0	76.6	76.9	76.8	78.9	79.4	80.1	80.9	-	-
30 months	69.5	69.5	71.7	70.9	71.2	73.0	73.9	74.8	76.5	-	-
36 months	65.2	64.7	67.3	65.7	66.5	68.0	69.4	70.3	-	-	-
42 months	60.6	60.5	63.1	61.3	62.1	63.3	64.6	66.6	-	-	-
48 months	57.3	56.8	59.2	57.4	58.0	59.6	60.7	-	-	-	-
54 months	53.9	53.7	55.8	53.7	54.5	56.1	57.9	-	-	-	-
60 months	50.9	50.7	52.2	50.4	51.5	52.6	-	-	-	-	-
66 months	48.3	47.9	49.3	47.6	48.5	50.5	-	-	-	-	-
72 months	45.7	45.5	46.6	45.3	46.5	-	-	-	-	-	-
78 months	43.4	43.2	44.3	42.9	44.8	-	-	-	-	-	-
84 months	41.5	41.0	42.3	40.9	-	-	-	-	-	-	-
90 months	39.3	39.1	40.2	39.3	-	-	-	-	-	-	-
96 months	37.6	37.3	38.5	-	-	-	-	-	-	-	-
102 months	35.9	35.7	37.2	-	-	-	-	-	-	-	-
108 months	34.5	34.3	-	-	-	-	-	-	-	-	-
114 months	33.2	33.1	-	-	-	-	-	-	-	-	-
120 months	31.8	-	-	-	-	-	-	-	-	-	-

Source: DTI Small Business Service, February 2007

1. Survival rate figures are calculated using the stock of VAT registered enterprises. The stock of VAT registered enterprises is the number of enterprises registered for VAT at the start of a given year.
2. Only enterprises which are based (i.e. have their headquarters) in Scotland are included in the analysis.

Table 2.6: Expenditure on R&D performed in businesses in selected OECD countries, as a percentage of GDP, 1999-2006

Percentage

	1999	2000	2001	2002	2003	2004	2005	2006
Scotland	**0.53**	**0.52**	**0.67**	**0.65**	**0.57**	**0.53**	**0.60**	**0.56**
UK	**1.22**	**1.18**	**1.18**	**1.16**	**1.12**	**1.06**	**1.07**	**1.08**
Germany	1.67	1.73	1.72	1.72	1.76	1.73	1.72	1.77
France	1.37	1.34	1.39	1.41	1.36	1.36	1.33	1.34
Italy	0.51	0.52	0.53	0.54	0.52	0.52	0.55	0.54
Japan	2.10	2.12	2.31	2.36	2.40	2.38	2.54	2.62
Canada	1.08	1.17	1.29	1.17	1.16	1.16	1.12	1.06
USA	1.98	2.05	2.01	1.86	1.84	1.79	1.83	1.84
Denmark	1.41	..	1.64	1.73	1.78	1.69	1.67	1.62
Iceland	1.11	1.54	1.75	1.70	1.46	..	1.43	..
Ireland	0.88	0.81	0.77	0.76	0.79	0.81	0.82	0.89
Norway	0.92	..	0.95	0.95	0.98	0.87	0.82	0.82
Finland	2.19	2.40	2.35	2.34	2.42	2.42	2.47	2.46
Sweden	2.74	..	3.28	..	2.86	2.67	2.81	2.79
EU 27	1.12	1.13	1.12	1.12	1.11	1.09	1.09	1.11
OECD	1.51	1.55	1.57	1.51	1.51	1.49	1.53	1.56

Source: Scottish Government and OECD MSTI 2008/1

1 .. Data not available

2. The EU expanded from 25 nations to 27 in 2007. These figures are for the 27 nations.

Table 2.7: Expenditure on R&D performed in Scottish businesses, 1996-2006

£ thousands

Broad product group	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Manufacturing: Total	**233,850**	**214,076**	**254,829**	**315,498**	**359,350**	**478,932**	**470,186**	**434,518**	**423,133**	**497,051**	**500,922**
Chemicals	44,333	36,397	61,429	134,984	131,767	209,950	220,020	222,064	217,058	254,844	254,462
Mechanical Engineering	45,421	45,270	53,641	55,623	55,989	51,434	63,345	49,689	53,665	54,698	53,408
Electrical Machinery	116,229	103,521	115,040	96,062	136,156	57,149	66,086	49,624	56,770	66,638	62,132
Transport Equipment & Aerospace	2,421	2,409	4,455	3,342	3,543	3,727	4,916	6,267	6,998	6,528	5,031
Other manufactured Products	25,446	26,480	20,264	25,488	31,896	156,671	115,819	106,874	88,642	114,345	125,890
Services	**60,531**	**69,891**	**90,961**	**65,157**	**33,679**	**39,892**	**60,287**	**56,789**	**56,017**	**69,812**	**59,178**
Other Total	**7,324**	**6,869**	**11,724**	**12,753**	**6,829**	**12,861**	**19,286**	**16,730**	**13,570**	**19,227**	**18,405**
Agriculture, hunting & forestry; Fishing	..	..	..	..	..	..	547	..	..	..	..
Extractive industries	2,982	2,879	6,389	8,688	4,540	11,149	17,651	13,706	10,991	17,239	15,794
Electricity, gas & water supply	..	1,023	..	..	657	..	..	..	..	..	..
Construction	212	..	..	..	..	..	..	1,341	1,556	1,085	1,161
Grand Total	**301,705**	**290,835**	**357,514**	**393,408**	**399,858**	**531 686**	**549,760**	**508,037**	**492,720**	**586,091**	**578,505**

Source: Scottish Government, ONS

1 .. denotes disclosive value

2 Expenditure in current prices

Table 2.8: Innovation active firms in the UK by region and activity 2004-2006

Percent of all respondents

	North East	North West	Yorks & the Humber	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland	Northern Ireland	UK Total
Innovation active	**61**	**67**	**65**	**68**	**64**	**69**	**55**	**64**	**66**	**65**	**63**	**57**	**64**
Product innovator	22	23	20	25	24	27	20	23	25	21	20	20	22
of which, new to market	*33*	*32*	*33*	*34*	*38*	*34*	*37*	*40*	*31*	*35*	*30*	*22*	*34*
Process innovator	13	11	12	12	14	13	9	11	12	12	12	11	12
of which, new to industry	*30*	*30*	*16*	*25*	*20*	*28*	*33*	*32*	*17*	*26*	*24*	*17*	*26*
Innovation-related expenditure	52	58	57	59	54	61	46	56	56	54	54	47	55
Training	38	36	37	36	36	38	35	37	35	35	35	32	36
Either product or process innovators	25	25	25	28	28	30	22	26	27	24	23	22	26
Both product and process innovators	10	9	8	9	10	9	7	9	9	9	9	8	9

Source: DIUS (2008), UK Community Innovation Survey

Table 2.9: Higher Education Institutions: Selected Commercialisation Activities, 2006-2007

Activity	Scotland (number)	Scotland as % of UK
Total UK patents filed, including renewals	1,547	15%
New UK patents filed	173	9%
New UK patents granted	61	9%
Licences, including software licences	160	5%
Spin-offs with some HE ownership: Number established in 2006/2007	23	13%
Other spin-offs/start-ups: Number established in 2006/2007	63	4%
Spin-offs with some HE ownership: number still alive which have lasted more than 3 years	117	16%
Other spin-offs/start-ups: number still alive which have lasted more than 3 years	105	8%

Source: Scottish Government, HE-BCI survey (not National Statistics)

Table 2.10: Selected results of Scottish E-Business Survey, 2001-2007

Business Process	2001[1]	2002	2003	2004	2005	2006	2007
Have and use e-mail	52%	61%	66%	65%	-	-	-
Have a website	35%	39%	43%	41%	45%	46%	51%
Have and use internet access	50%	67%	72%	70%	73%	83%	79%
of which have Broadband access	-	*6%*	*17%*	*39%*	*61%*	*79%*	*89%*
Receive orders over the internet[2]	16%	21%	14%	17%	28%	37%	39%
Place orders over the internet[2]	32%	33%	32%	40%	44%	56%	55%
Consider e-commerce to be important to their current needs	37%	51%	55%	56%	60%	68%	67%

Source: Scottish Enterprise

1. Scottish Enterprise area only
2. Derived from results in SEBS and the percentage of businesses operating in Scotland who have internet access

chapter three: Industry Sectors


2008

Introduction

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

Scottish Annual Business Statistics

This chapter includes information on the sectors of the economy covered by the Office for National Statistics' Annual Business Inquiry (ABI). Data are published by the Scottish Government under the heading Scottish Annual Business Statistics. Figures quoted for the services sector do not cover the financial sector or some of the public sector. This is referred to as the service sector for simplicity. For more detailed information, please visit the following web site: http://www.scotland.gov.uk/Topics/Statistics/16170/4363.

Trends and Comparisons

In 2006, turnover in the industries covered by the Annual Business Inquiry (ABI) in Scotland amounted to £196 billion. Of this, £107 billion related to services, £38 billion to manufacturing, £26 billion to oil & gas and £14 billion to construction. The two industries making the largest contributions to these totals were both within services; wholesale and retail with a turnover of £21 billion each. (Tables 3.1 and 3.3)

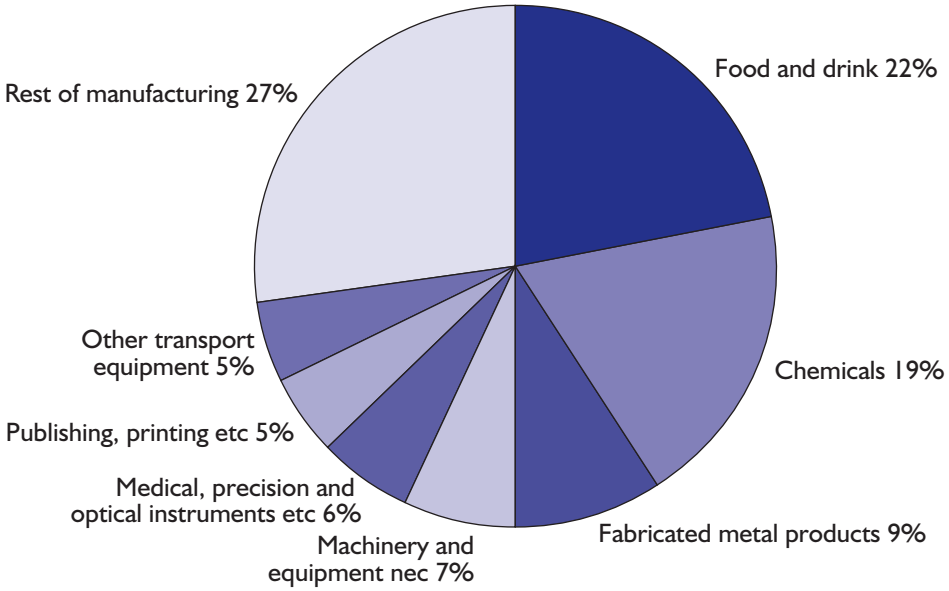
Gross value added (GVA) is a measure of the income generated by businesses after the subtraction of input costs, but before costs such as wages and capital investment are paid prior to arriving at figure for profit. In 2006, GVA for ABI covered businesses in Scotland amounted to £76 billion. Of this, £38 billion related to services, £15 billion to oil & gas, £13 billion to manufacturing and £6 billion to construction.

The latest figures show an increase in GVA[1] and turnover figures between 2005 and 2006 in manufacturing, construction and services sectors. Since 2005, the main sectors saw the following rises in GVA: services up by £4.5 billion (14%), manufacturing up by £1.1 billion (9%) and construction up by £0.6 billion (12%). In terms of turnover, between 2005 and 2006, main sectors all increased as follows: services up by £10.7 billion (11%), manufacturing up by £2 billion (6%) and construction increased by £1.1 billion (8%).

Within the manufacturing sector, in 2006, the top industry contributors in terms of GVA were food & drink industry (£3.0 billion) followed by chemicals sector (£2.6 billion) and manufacture of fabricated metal products (£1.2 billion). Within the services sector, the top industry contributors in terms of GVA were 'other business activities' (£9.0 billion) (includes legal activities, architectural & engineering activities, labour recruitment and advertising) followed by retail (£5.4 billion) and wholesale (£4.7 billion). (Charts 3.1 & 3.2)

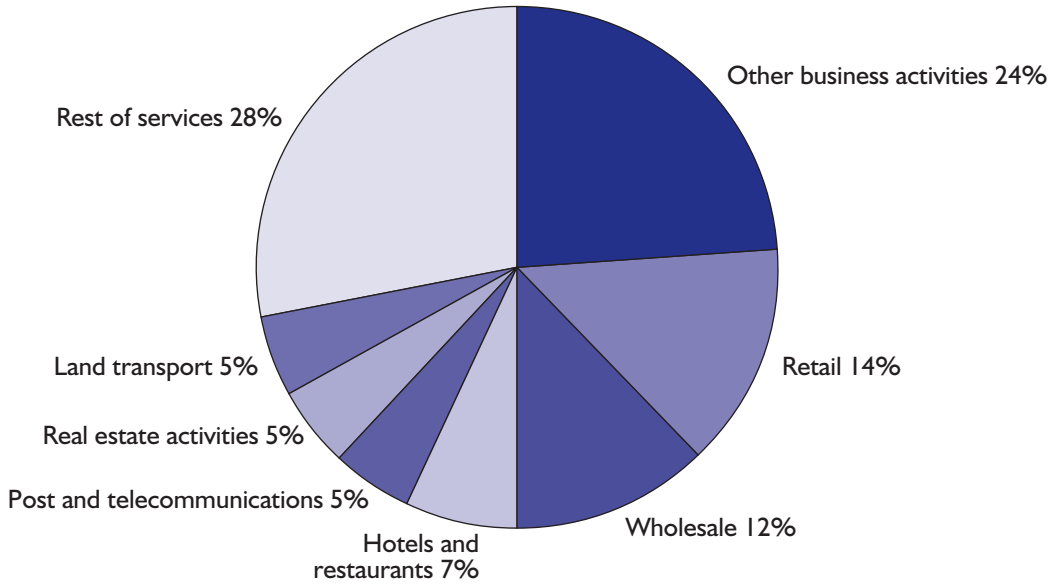
1 The rates of change discussed in this paragraph refer to current price changes and are not comparable with the rates of change implied by the Scottish GDP index, which is discussed in Chapter 1 and is compiled in constant basic prices.

Chart 3.1: Shares of Gross Value Added in Manufacturing sector, 2006



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

Chart 3.2: Shares of Gross Value Added in Services sector[1], 2006



Office for National Statistics, Annual Business Inquiry (compiled by Scottish Government)
Note: 1. Services coverage excludes certain areas such as the financial sector and some of the public sector.

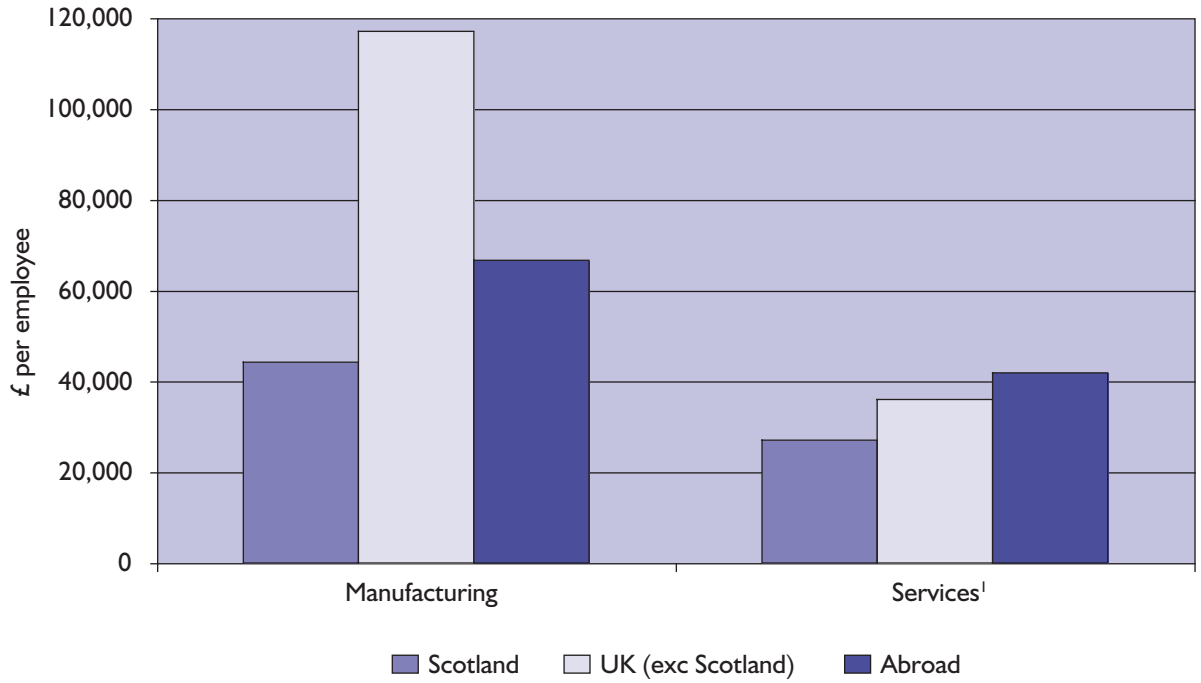
In 2006, GVA per employee (a measure of productivity) in manufacturing (£60,700) was nearly twice as high as that in services sector (£30,900). Whilst labour costs per employee in manufacturing (£28,200) were over 50% higher than in services (£18,400). The lower levels found in services partly reflects the higher level of part time working in this sector. (Table 3.3)

Falkirk, Glasgow City, Fife and South Lanarkshire were the Local Authority areas with the highest gross value added in the manufacturing sector in 2006. In the services sector, the highest gross value added figures were found in Glasgow City, Edinburgh City, Aberdeen City and North Lanarkshire. (Tables 3.4 & 3.5)

In 2006, within manufacturing, foreign-owned companies accounted for 29 per cent of GVA and 27 per cent of employees, whilst Scottish-owned firms contributed 43 per cent of GVA and 59 per cent of employees. Within services, foreign-owned companies accounted for 16 per cent of GVA and 12 per cent of employees, whilst Scottish-owned firms contributed 57 per cent of GVA and 65 per cent of employees. (Table 3.7)

GVA per employee indicates that foreign manufacturing companies (£66,600) were around 50% more productive than Scottish-owned firms (£44,200) in 2006. UK-owned (excluding Scotland) manufacturing companies had a higher GVA per employee figure of £117,100. GVA per employee indicates that foreign services firms (£42,000) were also around 50% more productive than Scottish-owned companies (£27,100). (Chart 3.3)

Chart 3.3: Gross Value Added Per Employee by sector and ownership, 2006



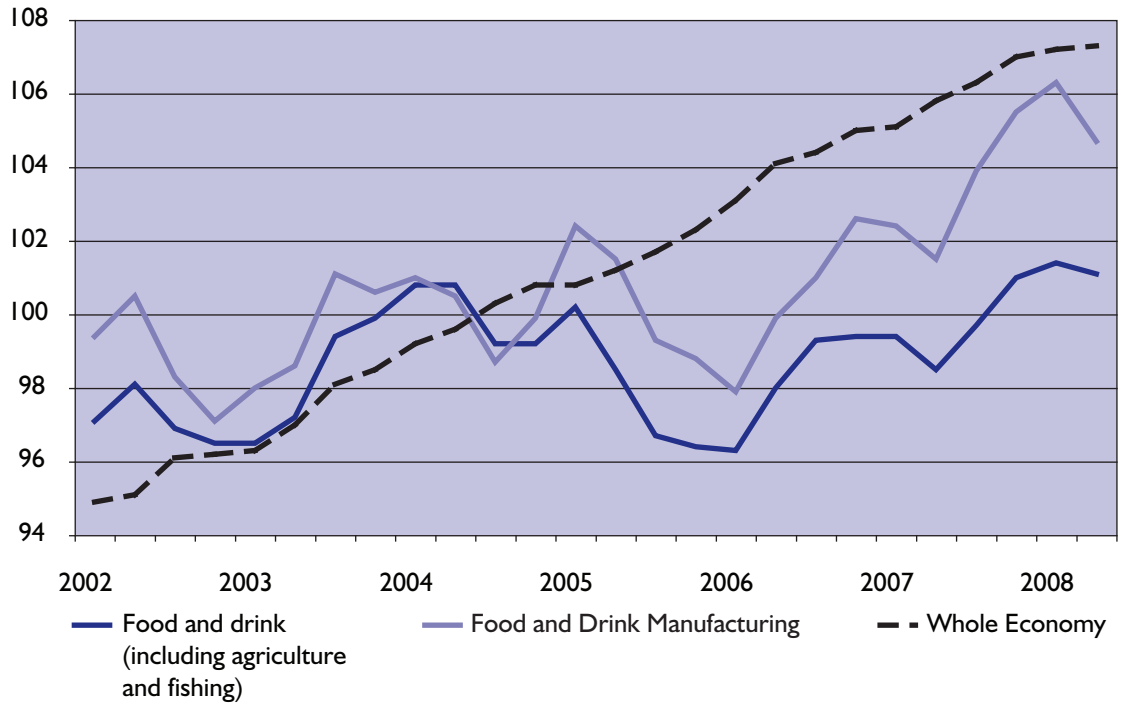
Source: Office for National Statistics, Annual Business Inquiry (compiled by Scottish Government)
Note: 1. Services coverage excludes certain areas such as the financial sector and some of the public sector and it has higher levels of part-time working.

Box 3.1: Focus on Food & Drink sector in Scotland – SIC 01, 05 and 15

Scotland's food and drink industry was identified in the Government Economic Strategy (GES)[2] as one of the key sectors in which Scotland can build on existing comparative advantage and increase productivity and growth. The GES defines the Scottish food and drink industry as spanning the activities of agriculture (SIC 01), fishing (SIC 05) and food and drink manufacturing (SIC 15).

Production performance in the food and drink sector, as measured by the Quarterly GDP Index, has fluctuated over time. However, output is currently 6.4 per cent greater than it was in the same quarter a decade ago. The most recent GDP data (2008 Q2) shows that food and drink (including agriculture and fishing) experienced a fall in output of 0.3 per cent in the latest quarter, but growth of 1.7 per cent in year on year terms. For food and drink manufacturing alone, output fell by 1.5 per cent in 2008 Q2, but grew by 3.2 per cent in the latest four quarters compared to the previous four quarters.

Chart 3A: GDP Index, 1998-2008 Q2



Source: Scottish Quarterly GDP Index, 2008 Q2 (2004=100)

Statistics from the Annual Business Inquiry show that in 2006 Gross Value Added (GVA), a measure of an industry's contribution to the economy, in the food and drink manufacturing sub-sector stood at £3 billion. In the same year, GVA in the fishing sub-sector was considerably less at £235 million. Data from the Rural and Environment Research and Analysis Directorate (RERAD) show that in 2006 GVA in the agriculture sub-sector stood at £675 million.[3]

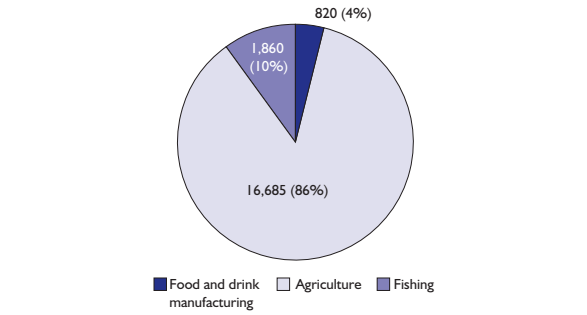
In 2008, there were approximately 19,360 businesses, 13 per cent of all registered Scottish businesses, operating in the food and drink sector according to the Inter-Departmental Business Register (IDBR). Of these enterprises, 86 per cent operated in the agriculture sub-sector. The fishing and food and drink manufacturing sub-sectors accounted for 10 per cent and 4 per cent of enterprises respectively in 2008. Virtually all enterprises in the agriculture (99.9 per cent) and fishing (99.5 per cent) sub-sectors are small, with less than 50 employees. Small enterprises account for a lesser proportion of the food and drink manufacturing sub-sector, accounting for 80 per cent of businesses.

2 See GES document at http://www.scotland.gov.uk/Publications/2007/11/12115041/0

3 The Annual Business Inquiry does not cover SIC 1.1 – 1.3 of the agriculture sub-sector. As a result, the GVA figure for agriculture has been taken from data held by RERAD. Data across the sub-sectors are therefore not directly comparable.

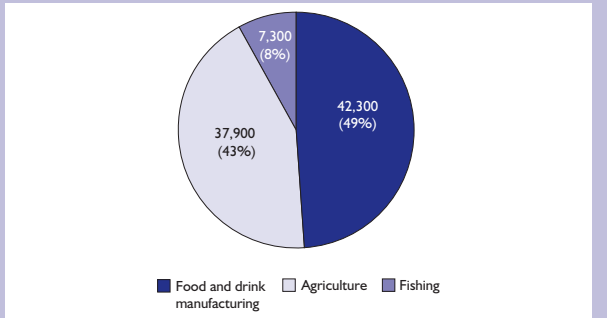
Box 3.1: Focus on Food & Drink sector in Scotland – SIC 01, 05 and 15 (continued)

Chart 3B: Enterprises by sub-sector, 2008



Source: Inter-Departmental Business Register, 2008

Chart 3C: Employment by sub-sector, 2007



Source: Labour Force Survey, 2007 (Jan-Dec)

Data from the Labour Force Survey shows that in 2007 total employment in the food and drink industry stood at 87,400, accounting for around 3.5 per cent of total Scottish employment. Employment in the food and drink manufacturing sub-sector stood at 42,300 in 2007, accounting for almost half of employment in the sector. Employment in the agriculture sub-sector accounted for a similar proportion of jobs in the overall sector at 43 per cent (37,900 jobs), whilst the fishing sub-sector accounted for only 8 per cent of jobs (7,300 jobs).

Self-employment in the food and drink sector accounted for 27 per cent of employment, at 23,400 jobs. Self-employment in the agriculture and fishing sub-sectors accounted for a significant proportion of jobs at 50 per cent and 48 per cent respectively.

Employment in the food and drink sector has decreased substantially over the period 1998 to 2007, falling by 22 per cent overall. This was driven by manufacturing activity which saw a decline of 39 per cent in employment since 1998. Conversely, employment in agriculture increased over the period, rising by 11 per cent on its 1998 level.

Gross weekly pay (full time jobs) in the food and drink sector stood at £377.4 in 2007. This compares poorly to an average weekly wage of £441.5 in the wider Scottish economy. The food and drink manufacturing sub-sector paid slightly better than the agriculture sub-sector with a weekly wage of £378.8 compared to £365.5.

The latest Global Connections Survey shows that exports from the Scottish food and drink sector stood at approximately £3,855 million in 2006, accounting for 19% of all Scottish exports. Exports in the sector are dominated by manufacture of food and drink, of which the whisky industry is estimated to have exported around £3,300 million in 2006, accounting for 86% of total food and drink sector exports and 16% of all Scottish exports.

Food and drink accounted for just 1.5 per cent, or £8.9 million worth of Scottish business expenditure on research and development in 2006.[4]

Table 3A: Main Industries related to food and drink sector in 2004

Input – Output Category	Output (£m)	Employment (FTE)	GVA (£m)
TOTAL	**3,308**	**33,309**	**1,607**
Wholesale distribution	419	5,009	238
Banking	428	4,169	261
Other land transport	160	2,537	97

Source: 2004 Scottish Input-Output Tables and Multipliers

The food and drink sector impacts upon other sectors of the Scottish economy through the purchases and sales it makes. The 2004 Input-Output tables show that in addition to the employment in the food and drink sector, there were a further 33,309 full time equivalent (FTE) jobs related to purchases by the food and drink sector. The industries with the largest dependencies are shown above.

4 BERD cannot split forestry (SIC 2) out from the food and drink sector.

Tourism

A profile of the Scottish Tourism-Related Sector, from the most recent Scottish Annual Business Statistics (SABS) 2006 publication, can be accessed via the following link. http://www.scotland.gov.uk/Topics/Statistics/16170/Tourism. Table 3.6 in this chapter also provides figures on Tourism-Related Sector at local authority level from the same source. Whilst, Map 3.1 shows Tourism-Related employees as percentage of all employees in local authorities, providing an indication of the importance of this sector to the economy in different areas of Scotland.

Two national surveys provide the main data on tourism: the ONS International Passenger Survey (IPS), which surveys visitors to the UK at the point of exit from the UK, and the United Kingdom Tourism Survey (UKTS) which asks UK residents about trips they have made. The Office for National Statistics (ONS) publishes information on international tourism. For domestic tourism, the UKTS data are collected on behalf of the National Tourism Boards.

Due to changes in the ONS IPS and the UKTS, statistics for 2005 to 2007 are not directly comparable with previous years. Prestwick airport was introduced into the IPS sample in January 2005 and there was also a subsequent modification to the IPS system of calculating weights for contacts at UK regional airports. The new methodology prevents overestimates of traffic volumes to any particular UK region and additionally it prevents changes in traffic at remote locations in, for example, the south of England from affecting results in Scotland, and vice versa. Further details are available via the following link: http://www.statistics.gov.uk/about/methodology_by_theme/gini/Int_passenger_survey.asp.

Following an extensive review of tourism data, the UKTS underwent a methodology change in May 2005, with the survey moving from a telephone survey methodology to a face-to-face survey methodology. The change was brought about as a result of doubts in the validity of the survey data produced by the telephone survey methodology. Further details on the new methodology and the reasons for this change are available via the following link: http://www.scotexchange.net/research_and_statistics/new_methodology.htm.

Table 3.8 shows the estimates for the volume and value of tourism in Scotland in 2007. It can be seen from this that approximately half of overnight expenditure in Scotland was from other parts of the UK.

Further information on tourist trends and attitudes for Scotland is available from Tourism in Scotland 2007, which can be accessed via the following link: http://www.scotexchange.net/tourism_in_scotland_2007.pdf.

The Scottish E-Business Survey (SEBS) (as discussed in Chapter 2) is carried out by Scottish Enterprise and Highland and Islands Enterprise, collates information on adoption of e-business applications and also attitudes to e-business and its perceived relevance to tourism-related businesses. Analysis of this has been done for tourism-related businesses and the results are published by Scottish Enterprise. This shows that the perceived importance of e-business continues to increase and this is reinforced by 87 per cent of e-business adopters stating that they have found some benefit, particularly increased efficiency. The main barrier to e-business adoption is that organisations do not believe it to be relevant.

Access to the internet (74%) has continued to rise amongst Tourism organisations. Within the last 12 months, broadband adoption has also seen substantial increases as more companies upgrade their existing dial up connections. 90 per cent of connected Tourism companies now have broadband which is slightly greater than the Scottish average.

Adoption of e-business technologies such as websites (62%) and Local Area Networks (36%) have shown an increase in 2007. Website adoption in particular is above average for businesses across Scotland. e-Business practices such as trading online (75%) have shown increases, again above the Scottish average.

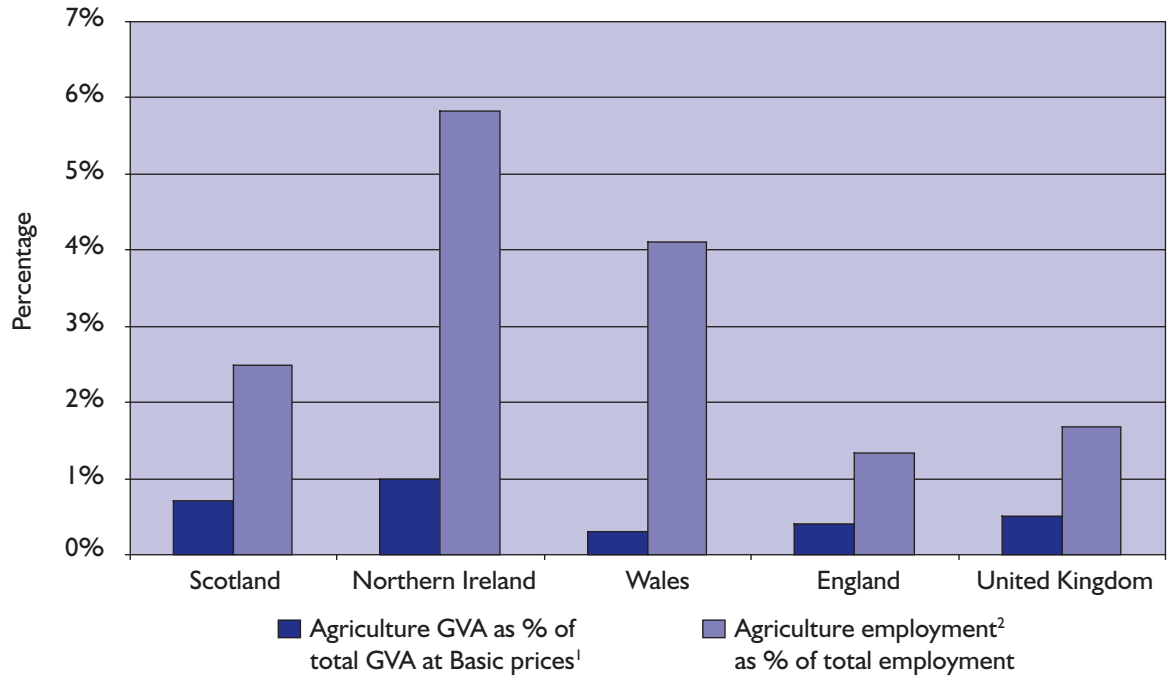
Further information on the SEBS can be found on the Scottish Enterprise website: http://www.scottish-enterprise.com/economicresearch.

Agriculture and Fisheries

Agriculture accounted for 0.7 per cent of Scottish Gross Value Added in 2007 (at a UK level, agriculture contributes 0.5 per cent to total GVA). Comparisons for the countries of the UK can be seen in Chart 3.5 below. This also shows that agriculture accounted for around 2.5 per cent of employment in Scotland. More details on agriculture employment based on the annual agricultural census can be found in Table 4.7.

The Scottish Government Rural and Environment Research and Analysis Directorate (RERAD) 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/2008/05/22090130/0). Total Income from Farming is calculated as net value added plus other subsidies minus the sum of hired labour, interest and rent. This was £628 million for Scotland in 2007.

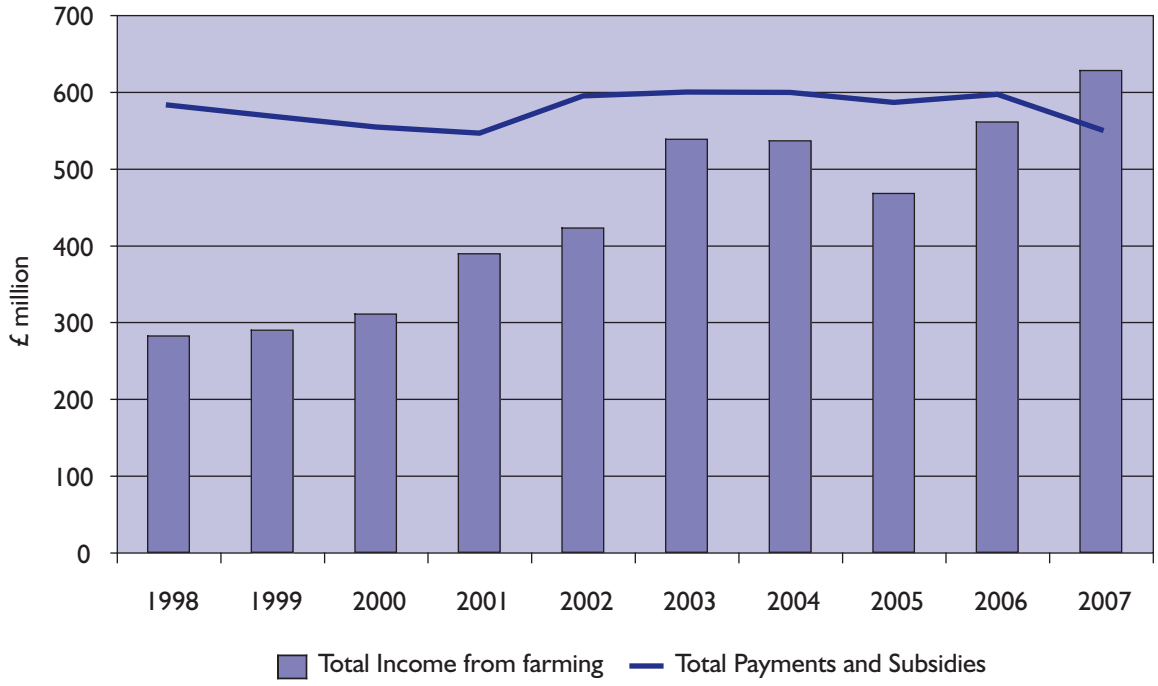
Chart 3.4: Agriculture in the economy, 2007



1 From 2005 onwards, Single Farm Payment is excluded from GVA

2 Source: (a) June Agriculture Census & (b) Labour Force Survey, Spring quarter 2007. Not seasonally adjusted.

Chart 3.5: Total Income From Farming (TIFF) & Other Payments and Subsidies 1998-2007 in real terms (2007 prices)



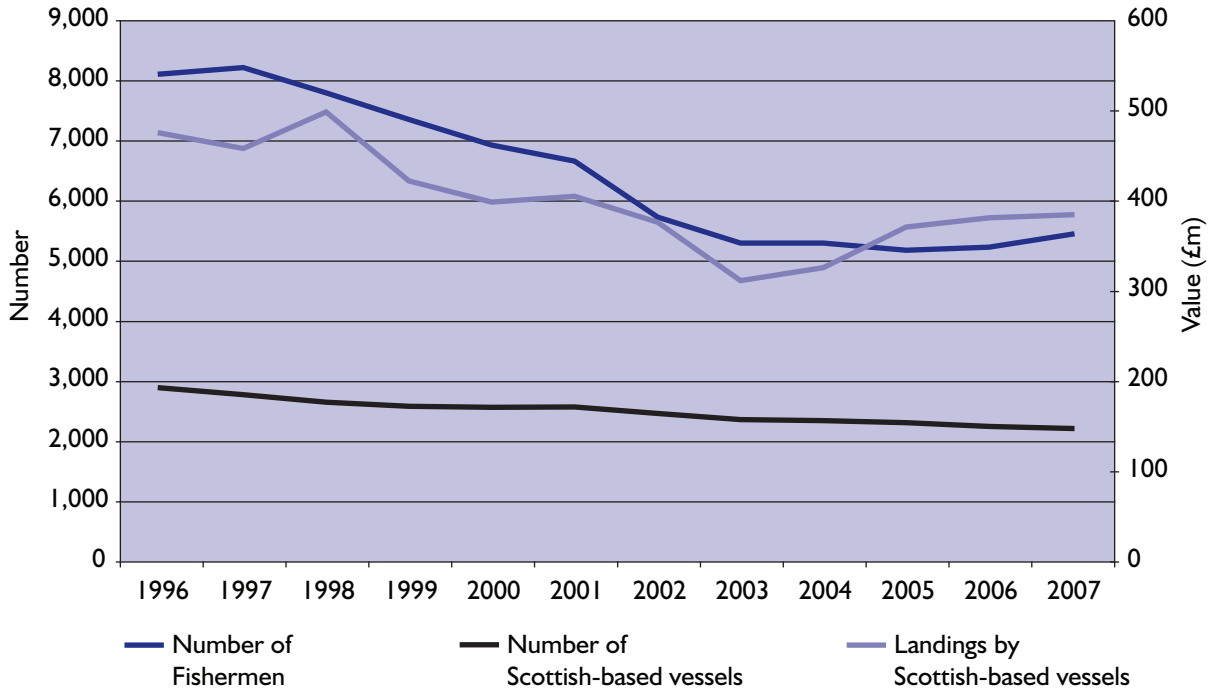
Source: Scottish Government, Rural Environment Research and Analysis Directorate.

Notes

1. From 2005 'Other Payments and Subsidies' includes Single Farm Payment (SFP) which replaces most production related subsidies

The number of Scottish-based sea-fishing vessels has fallen from almost 3,000 in the early 1990s to just under 2,200 in 2007. This is largely as a result of decommissioning due to reduced fishing quotas. The corresponding number of fishermen employed has fallen from 9,420 in 1993 to a low of 5,155 in 2005, but has risen over the last 2 years to 5,424 in 2007. This rise in employment corresponds to the steady increase of total landings value since 2003. Chart 3.6 illustrates these trends. Detailed information on Scottish fisheries can be found in *Scottish Fisheries Statistics* (http://www.scotland.gov.uk/Publications/2008/09/04090427/0).

Chart 3.6: The Scottish sea-fishing industry, 1996-2007



Source: Scottish Government Marine Directorate

Box 3.2: Useful references

UK & Regional Annual Business Inquiry
http://www.statistics.gov.uk/abi/

For UK & Regional Annual Business Inquiry statistics produced by the Office for National Statistics, please use link above.

Scottish Neighbourhood Statistics
http://www.sns.gov.uk/

For the latest edition of Scottish Neighbourhood Statistics, which includes data on a wide range of topics at detailed geographic levels, please use the link above.

The Virtual Microdata Laboratory
http://www.ons.gov.uk/about/who-we-are/our-services/vml/index.html

The Virtual Microdata Laboratory (VML) is a facility within the Office for National Statistics (ONS) which enables access to restricted microdata for research purposes. Researchers from government and academia use the VML to carry out research on ONS surveys and other confidential datasets.

Table 3.1: Total outputs and costs by industry, 2006

Division (SIC03)	Description	No. of Local Units	Total Turnover £m	Purchases of Goods and Services £m	Gross Value Added at Basic Prices £m	Total Labour Costs £m
ALL	**TOTAL**	**150,770**	**196,490**	**119,890**	**75,970**	**34,090**
1.4/1.5	Agriculture (hunting and related services activities only)	1,730	250	150	100	70
2	Forestry, logging and related service activities	810	200	170	90	60
5	Fishing	1,930	480	280	230	50
10	Mining of coal and lignite; extraction of peat	30	230	180	60	40
11	Extraction of crude petroleum and natural gas; service activities etc.	260	26,250	9,720	15,310	1,680
14	Other mining and quarrying	240	580	350	200	90
15	Manufacture of food products and beverages	1,200	7,410	4,550	3,000	1,120
17	Manufacture of textiles	440	760	480	270	170
18	Manufacture of wearing apparel; dressing and dyeing of fur	190	210	120	80	50
19	Manufacture of leather and leather products	30	*	*	30	10
20	Manufacture of wood and of products of wood	670	1,170	810	360	190
21	Manufacture of pulp, paper and paper products	130	1,110	850	270	170
22	Publishing, printing and reproduction of recorded media	1,350	1,590	870	720	400
23	Manufacture of coke, refined petroleum products and nuclear fuel	40	310	210	80	60
24	Manufacture of chemicals, chemical products and man-made fibres	270	9,300	6,920	2,560	530
25	Manufacture of rubber and plastic products	360	1,240	780	470	260
26	Manufacture of other non-metallic mineral products	440	*	*	350	200
27	Manufacture of basic metals	90	510	320	220	80
28	Manufacture of fabricated metal products, except machinery & equipment	1,710	2,750	1,530	1,240	640
29	Manufacture of machinery and equipment nec	900	2,450	1,560	930	580
30	Manufacture of office machinery and computers	80	680	370	300	180
31	Manufacture of electrical machinery and apparatus nec	290	790	520	280	180
32	Manufacture of radio, television and communication equipment & apparatus	140	1,650	1,230	380	210
33	Manufacture of medical, precision & optical instruments, watches & clocks	350	1,580	850	750	380
34	Manufacture of motor vehicles, trailers and semi-trailers	110	570	400	160	110
35	Manufacture of other transport equipment	210	1,980	1,350	680	520
36	Manufacture of furniture; manufacturing nec	820	700	460	250	150
37	Recycling	160	200	140	60	30
40	Electricity, gas, steam and hot water supply	160	*	*	*	*
41	Collection, purification and distribution of water	130	*	*	*	*
45	Construction	15,350	14,340	8,590	5,900	2,940
50	Sale, maintenance & repair of motor vehicles & motorcycles; retail sale of automotive fuel	5,400	9,450	8,190	1,280	820
51	Wholesale trade and commission trade, except of motor vehicles & motorcycles	7,860	20,690	15,990	4,660	1,900
52	Retail trade, except of motor vehicles & motorcycles; repair of personal & household goods	25,410	20,590	15,140	5,400	2,590
55	Hotels and restaurants	14,360	5,290	2,570	2,740	1,360
60	Land transport; transport via pipelines	3,650	3,400	1,960	1,780	1,000
61	Water transport	210	490	250	280	80
62	Air transport	90	790	450	320	150
63	Supporting and auxiliary transport activities; activities of travel agencies	1,990	5,590	3,300	1,290	890
64	Post and telecommunications	1,790	4,300	2,400	1,970	1,160
70	Real estate activities	7,200	3,170	1,730	1,900	770
71	Renting of machinery and equipment without operator & of personal & household goods	1,970	1,700	770	940	370
72	Computer and related activities	5,910	2,570	940	1,610	980
73	Research and development	360	650	320	330	310
74	Other business activities	24,150	16,110	7,050	9,030	5,450
80	Education	2,080	1,560	1,020	560	1,930
85	Health and social work	4,670	1,400	490	900	1,010
90	Sewage and refuse disposal, sanitation and similar activities	350	1,180	290	860	200
91	Activities of membership organisations nec	2,080	440	230	210	180
92	Recreational, cultural and sporting activities	5,640	6,340	5,130	1,010	930
93	Other service activities	5,000	830	390	440	290

Source: Office for National Statistics, Annual Business Inquiry (Compiled by Scottish Government)
* denotes disclosive data.
Totals may not sum due to rounding.
Annual Business Inquiry coverage excludes certain areas such as the financial sector and some of the public sector.
Please see Definitions, Methodologies and Sources chapter for background information on Annual Business Inquiry data.

Table 3.2: Total employees and employee ratios by industry, 2006

Division (SIC03)	Description	Total Employees '000s	Gross Value Added per Employee £	Total Labour Costs per Employee £
ALL	**TOTAL**	**1,610**	**47,200**	**21,200**
1.4/1.5	Agriculture (hunting and related services activities only)	2	53,100	35,800
2	Forestry, logging and related service activities	3	28,600	17,200
5	Fishing	5	50,700	9,700
10	Mining of coal and lignite; extraction of peat	1	45,200	33,500
11	Extraction of crude petroleum and natural gas; service activities etc.	22	699,900	77,000
14	Other mining and quarrying	3	67,700	30,100
15	Manufacture of food products and beverages	46	65,200	24,300
17	Manufacture of textiles	7	36,700	22,400
18	Manufacture of wearing apparel; dressing and dyeing of fur	2	36,400	22,100
19	Manufacture of leather and leather products	1	43,300	17,600
20	Manufacture of wood and of products of wood	9	40,400	20,700
21	Manufacture of pulp, paper and paper products	7	41,600	26,900
22	Publishing, printing and reproduction of recorded media	17	41,700	23,500
23	Manufacture of coke, refined petroleum products and nuclear fuel	2	52,700	38,200
24	Manufacture of chemicals, chemical products and man-made fibres	14	181,700	37,800
25	Manufacture of rubber and plastic products	10	48,600	27,100
26	Manufacture of other non-metallic mineral products	7	52,600	30,200
27	Manufacture of basic metals	3	81,400	31,800
28	Manufacture of fabricated metal products, except machinery & equipment	23	53,300	27,600
29	Manufacture of machinery and equipment nec	19	50,400	31,500
30	Manufacture of office machinery and computers	6	50,600	31,200
31	Manufacture of electrical machinery and apparatus nec	8	37,000	24,100
32	Manufacture of radio, television and communication equipment & apparatus	7	54,800	30,200
33	Manufacture of medical, precision & optical instruments, watches & clocks	11	67,500	34,200
34	Manufacture of motor vehicles, trailers and semi-trailers	4	42,600	28,800
35	Manufacture of other transport equipment	12	56,500	43,100
36	Manufacture of furniture; manufacturing nec	7	34,400	20,600
37	Recycling	1	46,300	23,500
40	Electricity, gas, steam and hot water supply	*	*	*
41	Collection, purification and distribution of water	*	*	*
45	Construction	126	46,800	23,300
50	Sale, maintenance & repair of motor vehicles & motorcycles; retail sale of automotive fuel	45	28,400	18,100
51	Wholesale trade and commission trade, except of motor vehicles & motorcycles	73	63,900	26,100
52	Retail trade, except of motor vehicles & motorcycles; repair of personal & household goods	234	23,000	11,100
55	Hotels and restaurants	169	16,200	8,000
60	Land transport; transport via pipelines	45	39,400	22,300
61	Water transport	2	148,400	40,600
62	Air transport	4	75,500	35,000
63	Supporting and auxiliary transport activities; activities of travel agencies	30	42,900	29,600
64	Post and telecommunications	37	52,700	31,000
70	Real estate activities	36	52,400	21,300
71	Renting of machinery and equipment without operator & of personal & household goods	14	65,000	25,500
72	Computer and related activities	23	69,000	41,700
73	Research and development	11	31,400	29,400
74	Other business activities	232	38,900	23,500
80	Education	76	7,400	25,500
85	Health and social work	78	11,500	12,900
90	Sewage and refuse disposal, sanitation and similar activities	6	151,400	35,200
91	Activities of membership organisations nec	12	17,300	15,000
92	Recreational, cultural and sporting activities	62	16,200	14,900
93	Other service activities	23	19,000	12,300

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

* denotes disclosive data.

Totals may not sum due to rounding.

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

Please see Definitions, Methodologies and Sources chapter for background information on Annual Business Inquiry data.

Table 3.3: Total outputs, costs and employees by sector, 1998-2006

Sector	Year	No. of Local Units	Total Turnover £m	Purchases of goods & services £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 £
Manufacturing	**1998**	11,500	41,000	27,900	12,700	6,700	320	39,000	20,600
SIC 15-37	**1999**	11,400	41,100	29,200	11,400	6,600	310	36,500	21,000
	2000	11,000	41,100	29,800	11,300	6,500	300	37,800	21,800
	2001	11,000	40,000	28,500	11,100	6,600	280	39,000	23,400
	2002	10,700	34,700	23,200	11,500	6,200	260	43,600	23,500
	2003	10,300	32,900	21,300	11,300	6,000	240	46,700	24,600
	2004	10,000	33,600	21,300	12,200	6,100	240	52,000	26,000
	2005	10,100	35,900	23,300	12,400	6,200	230	54,100	27,100
	2006	10,000	37,900	24,900	13,500	6,200	220	60,700	28,200
Construction	**1998**	14,200	8,400	5,300	3,200	2,000	140	23,200	14,800
SIC 45	**1999**	14,200	9,500	6,100	3,600	2,300	130	27,000	17,100
	2000	14,300	9,800	6,100	3,900	2,400	130	29,000	17,800
	2001	14,100	9,600	5,900	3,800	2,400	120	31,500	20,000
	2002	14,000	9,900	6,100	3,900	2,400	120	32,700	19,900
	2003	14,000	11,000	6,700	4,400	2,600	120	37,500	22,400
	2004	14,200	11,900	7,500	4,700	2,800	120	38,000	22,700
	2005	15,000	13,300	8,200	5,300	3,000	130	40,600	23,400
	2006	15,300	14,300	8,600	5,900	2,900	130	46,800	23,300
Services	**1998**	110,200	68,500	44,300	23,300	12,900	1,040	22,400	12,400
SIC 50-93	**1999**	112,800	70,100	46,600	22,500	13,500	1,060	21,200	12,700
(Exc 65-67, 75	**2000**	114,300	72,800	48,500	24,000	14,700	1,110	21,700	13,300
and parts of SIC85)	**2001**	115,500	83,800	54,800	28,900	16,800	1,170	24,700	14,300
	2002	115,500	83,400	53,600	29,500	17,300	1,160	25,500	15,000
	2003	115,500	87,800	57,100	30,000	18,600	1,170	25,600	15,800
	2004	114,900	93,900	59,500	34,000	19,300	1,190	28,500	16,200
	2005	118,200	95,900	62,100	33,000	21,000	1,230	26,900	17,100
	2006	120,100	106,500	68,600	37,500	22,400	1,210	30,900	18,400

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

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

Please see Definitions, Methodologies and Sources chapter for background information on Annual Business Inquiry data.

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/Topics/Statistics/16170/4363

Table 3.4: Manufacturing sector – key indicators by local authority, 2006

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	**37,920**	**13,460**	**6,250**	**222**	**60,700**	**28,200**
Aberdeen City	1,710	690	370	12	56,900	30,100
Aberdeenshire	1,850	610	310	12	49,900	25,600
Angus	640	260	130	5	49,900	24,300
Argyll & Bute	170	80	40	2	52,700	25,100
Clackmannanshire	250	80	50	2	49,300	31,600
Dumfries & Galloway	990	320	160	7	42,500	21,500
Dundee City	940	350	260	9	39,300	29,000
East Ayrshire	580	310	130	5	68,500	28,400
East Dunbartonshire	300	130	70	3	52,400	25,500
East Lothian	240	90	50	2	42,800	20,800
East Renfrewshire	100	40	20	1	46,700	24,100
Edinburgh, City of	1,720	780	350	13	62,500	27,600
Eilean Siar	70	10	10	1	22,100	14,600
Falkirk	8,030	2,070	330	9	240,200	37,700
Fife	2,530	960	500	18	54,700	28,500
Glasgow City	3,050	1,230	680	23	53,200	29,500
Highland	1,230	500	250	9	53,700	26,900
Inverclyde	220	100	50	2	46,700	25,900
Midlothian	190	100	50	2	48,900	24,100
Moray	660	370	120	5	72,700	23,600
North Ayrshire	1,120	330	190	6	56,600	32,400
North Lanarkshire	1,900	680	370	15	46,000	24,800
Orkney Islands	70	30	10	1	53,500	17,800
Perth & Kinross	500	150	90	4	37,000	21,500
Renfrewshire	1,720	770	340	10	74,500	32,900
Scottish Borders	470	190	120	6	30,300	19,900
Shetland Islands	130	20	10	1	27,200	17,900
South Ayrshire	1,100	290	180	5	54,000	33,000
South Lanarkshire	2,750	910	550	17	55,200	33,000
Stirling	480	190	90	3	63,000	30,900
West Dunbartonshire	590	260	100	3	87,700	32,400
West Lothian	1,630	560	300	11	49,600	26,700

Source: Office for National Statistics, Annual Business Inquiry (Compiled by Scottish Government)
Please see Definitions, Methodologies and Sources chapter for background information on Annual Business Inquiry data.

Table 3.5: Service sector[1] – key indicators by local authority, 2006

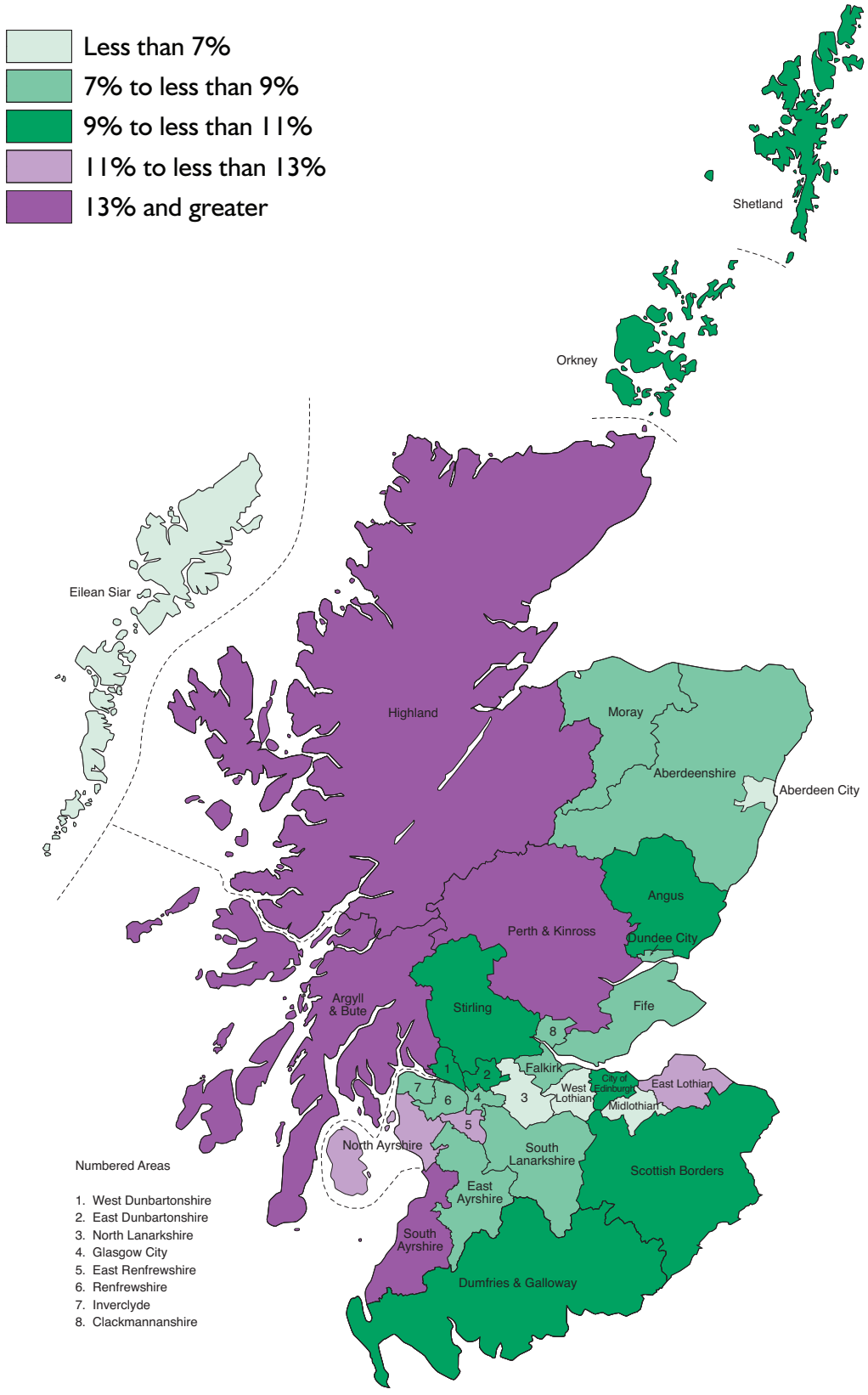
Local Authority	Total Turnover £m	Gross Value Added at Basic Prices £m	Total Labour Costs £m	Total Employees '000s	Gross Value Added per Employee £	Total Labour Costs per Employee £
SCOTLAND	**106,520**	**37,500**	**22,360**	**1,214**	**30,900**	**18,400**
Aberdeen City	11,360	4,600	2,610	89	51,500	29,200
Aberdeenshire	4,620	1,650	770	38	43,800	20,300
Angus	1,260	410	240	16	26,200	15,300
Argyll & Bute	1,170	460	270	18	24,800	14,700
Clackmannanshire	450	190	100	6	29,900	16,200
Dumfries & Galloway	2,000	690	380	27	26,100	14,500
Dundee City	2,970	980	660	37	26,400	17,900
East Ayrshire	1,390	460	260	17	26,400	14,800
East Dunbartonshire	1,060	330	180	13	25,800	13,800
East Lothian	970	400	200	12	32,400	15,900
East Renfrewshire	730	240	130	10	25,200	13,100
Edinburgh, City of	13,180	5,870	3,410	170	34,500	20,100
Eilean Siar	280	110	60	4	25,500	13,500
Falkirk	3,310	210	460	28	7,800	16,600
Fife	4,590	1,360	960	64	21,300	15,100
Glasgow City	18,330	6,700	4,220	217	30,900	19,400
Highland	3,610	1,140	700	53	21,700	13,400
Inverclyde	1,830	660	330	16	42,700	21,300
Midlothian	1,100	370	230	14	26,900	16,600
Moray	1,440	540	280	16	34,400	17,600
North Ayrshire	1,440	480	270	19	24,900	14,000
North Lanarkshire	6,120	1,960	1,130	60	32,600	18,900
Orkney Islands	270	80	50	4	21,700	13,700
Perth & Kinross	2,600	980	520	33	29,800	15,800
Renfrewshire	4,710	1,670	850	45	37,000	18,700
Scottish Borders	1,380	470	280	18	25,800	15,100
Shetland Islands	420	150	70	5	29,900	14,800
South Ayrshire	1,950	650	380	25	25,800	15,200
South Lanarkshire	4,860	1,720	990	64	26,900	15,400
Stirling	2,000	660	400	25	26,700	16,400
West Dunbartonshire	1,310	530	220	14	37,400	15,700
West Lothian	3,830	790	780	39	20,500	20,000

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

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

Please see Definitions, Methodologies and Sources chapter for background information on Annual Business Inquiry data.

Map 3.1: Tourism-related employees as % of all employees, 2006



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

Table 3.6: Tourism-related sector[1] – key indicators by local authority, 2006

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	**12,640**	**4,040**	**2,019**	**207**	**19,600**	**9,800**
Aberdeen City	840	290	123	11	26,400	11,400
Aberdeenshire	290	140	69	7	19,500	9,900
Angus	170	60	36	3	18,600	10,800
Argyll & Bute	170	70	45	6	13,200	8,100
Clackmannanshire	50	10	7	1	15,200	7,600
Dumfries & Galloway	250	90	49	6	13,800	7,700
Dundee City	430	120	61	5	22,000	11,200
East Ayrshire	150	40	21	3	15,800	7,500
East Dunbartonshire	140	40	19	2	18,800	8,300
East Lothian	200	90	30	3	30,200	10,300
East Renfrewshire	110	30	17	2	15,300	8,600
Edinburgh, City of	1,990	810	370	31	26,300	12,100
Eilean Siar	10	10	4	1	8,500	5,000
Falkirk	440	80	42	4	19,100	9,900
Fife	510	180	89	11	15,600	7,700
Glasgow City	2,680	590	297	29	20,300	10,300
Highland	500	220	143	14	16,000	10,300
Inverclyde	140	40	19	2	16,700	8,300
Midlothian	130	50	16	2	30,800	9,500
Moray	110	60	30	3	18,700	9,900
North Ayrshire	230	70	36	4	14,800	8,100
North Lanarkshire	640	140	62	7	18,900	8,400
Orkney Islands	20	10	6	1	11,100	6,700
Perth & Kinross	340	140	91	8	18,500	11,700
Renfrewshire	370	100	47	6	17,300	8,000
Scottish Borders	150	70	32	4	16,900	8,200
Shetland Islands	20	10	10	1	8,400	7,600
South Ayrshire	320	110	57	6	17,900	9,100
South Lanarkshire	600	160	82	10	15,600	8,200
Stirling	170	70	37	5	14,300	7,500
West Dunbartonshire	160	50	26	3	15,300	8,800
West Lothian	300	100	45	4	23,900	10,400

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

1. Tourism-related figures are compiled from the following Standard Industrial Classification (SIC) codings: SIC55.1-55.4/SIC63.3/SIC92.5-92.7

Annual Business Inquiry coverage excludes certain areas such as the financial sector and some of the public sector.
Please see Definitions, Methodologies and Sources chapter for background information on Tourism-related definition and Annual Business Inquiry data.

Table 3.7: Business Ownership by sector, 2006

Sector	Owner	No. of Local Units	Total Turnover £m	Purchases of goods and services £m	Gross Value Added at Basic Prices £m	Total Labour Costs £m	Total Employees '000s
Manufacturing SIC 15-37	Scotland	8,830	14,600	8,830	5,760	3,090	130
	UK (exc Scotland)	560	11,700	8,210	3,750	1,170	32
	Abroad	580	11,620	7,830	3,950	1,990	59
Construction SIC 45	Scotland	14,940	10,550	6,060	4,600	2,200	104
	UK (exc Scotland)	290	2,760	1,800	990	520	17
	Abroad	110	1,030	720	320	220	5
Services SIC 50-93 (Exc 65-67, 75 and parts of SIC85)	Scotland	102,760	57,380	37,020	21,320	14,000	787
	UK (exc Scotland)	12,660	32,520	20,990	10,330	5,240	287
	Abroad	4,730	16,620	10,600	5,850	3,120	140

Sector	Owner	No. of Local Units %	Total Turnover %	Purchases of goods and services %	Gross Value Added at Basic Prices %	Total Labour Costs %	Total Employees %
Manufacturing SIC 15-37	Scotland	89	39	36	43	49	59
	UK (exc Scotland)	6	31	33	28	19	15
	Abroad	6	31	32	29	32	27
Construction SIC 45	Scotland	97	74	71	78	75	82
	UK (exc Scotland)	2	19	21	17	18	14
	Abroad	1	7	8	5	7	4
Services SIC 50-93 (Exc 65-67, 75 and parts of SIC85)	Scotland	86	54	54	57	63	65
	UK (exc Scotland)	11	31	31	28	23	24
	Abroad	4	16	16	16	14	12

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

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

Please see Definitions, Methodologies and Sources chapter for background information on Annual Business Inquiry data.

Table 3.8: Volume and value of tourism, and average length of stay and spend in Scotland, by origin, 2007

	Origin			All
	Scottish residents[1]	Rest of UK residents	Overseas residents	
Total number of trips (millions)	6.23	6.89	2.76	15.88
Total spending (£ million)	815	2,020	1,343	4,178
Total number of nights (millions)	17.81	29.64	24.2	71.65
Average length of stay (nights)	2.9	4.3	8.8	4.5
Average spend per trip (£)	131	293	487	263
Average spend per night (£)	46	68	55	58

Source: UK Tourism Survey (UKTS) and International Passenger Survey (IPS) / VisitScotland
(http://www.scotexchange.net/tourism_in_scotland_2007.pdf)
1 Not National Statistics

Table 3.9: Scottish Agricultural Output, Input and Income, 2001-2007[1]

£ million

	2001[2]	2002	2003	2004	2005[3]	2006	2007
Output							
Agricultural activities	1,793	1,828	1,977	2,065	1,665	1,745	1,969
Non-agricultural activities	107	104	113	115	125	129	142
Total Gross Output (basic prices)	1,901	1,932	2,090	2,180	1,790	1,874	2,111
Input	1,032	1,044	1,094	1,141	1,161	1,199	1,310
Gross Value Added	869	888	996	1,039	629	675	801
Consumption of Fixed Capital	300	301	302	302	302	284	276
Net Value Added	569	587	694	737	326	391	526
Other Subsidies	110	112	125	111	496	542	525
Hired Labour	244	241	247	255	275	276	284
Interest	92	84	84	93	101	105	126
Net rent	17	14	15	15	12	13	13
Total Income from Farming	**326**	**360**	**472**	**484**	**435**	**538**	**628**

Source: Scottish Government Rural and Environment Analytical Services
1. 2006 & 2007 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.
3. From 2005 Other Payments and Subsidies includes Single Farm Payment (SFP) which replaces most production related subsidies.

Table 3.10: Net Farm Income and direct subsidies per farm, by type of farming, 2005-06 and 2006-07[1]

	2005-06				2006-07			
	Net Farm Income £/farm	Direct and Other Subsidies* £/farm	Subsidies as % of Output %	Subsidies as % of NFI %	Net Farm Income £/farm	Single Farm Payment and Other Payments £/farm	Payments as % of Output %	Payments as % of NFI %
LFA Sheep	4,800	24,400	48	513	1,500	22,700	47	1,539
LFA Beef	12,600	44,900	43	357	14,400	43,900	40	304
LFA Mixed Cattle & Sheep	11,700	51,600	45	442	11,300	48,900	42	431
Cereals	3,100	33,500	26	1,098	22,300	34,700	25	156
General Cropping	8,200	33,700	21	412	36,500	35,200	17	96
Dairy	21,300	24,600	12	115	33,500	30,800	14	92
Lowland Cattle and Sheep	9,800	32,400	39	331	21,200	40,000	34	189
Mixed	14,400	46,500	33	323	20,500	46,500	32	227
All	**10,800**	**37,900**	**31**	**351**	**18,900**	**38,400**	**29**	**203**

* Includes Less Favoured Areas Support Scheme (LFASS).

1 All NFI and Direct Subsidy figures are shown to the nearest hundred £'s. Percentages are calculated from the unrounded figures and shown to the nearest 1%.

chapter four: Labour Market

Population

The latest estimate of Scotland's population published by the General Register Office for Scotland (GROS) is 5,144,200 (as at 30 June 2007). This is an increase of 27,300 on the previous year and an increase of 80,000 since mid-2001.

Scotland's population has been increasing over the past five years. This follows from a period of population decline since the mid-1970s (where the population peaked at 5.24 million in 1974) falling to a low of 5.05 million in 2002. Since 2002, the population has been increasing although the increases are relatively small (averaging less than 0.5 per cent per year).

Looking forward, the population is projected to rise to 5.37 million in 2031 before changing direction and slowly declining, falling below 5 million in 2076. These population projections are based on the estimate of Scotland's population at 30 June 2006.

In 2007, 18 per cent of Scotland's population was below working age (aged under 16 years), 63 per cent were of working age (16-59 for females and 16-64 for males) and the remaining 19 per cent of pensionable age. Population projections indicate that the number of younger people (aged under 16 years) is projected to decrease by 7 per cent between 2006 and 2031 whilst the number of people of pensionable age is projected to increase significantly by around 31 per cent. These projected demographic changes will have implications for the labour market in Scotland, with the number of people of working age projected to increase slightly by around 0.4 per cent during the same period. These figures take into account the increases in the state pension age.

Table 4.1 shows the variation in the age structure across Scotland's Local Authority areas. In Edinburgh City 68.0 per cent of the population are of working age whereas in Dumfries & Galloway only 58.1 per cent of the population are of working age.

Employment

The official source for estimating the number of people in employment is the Labour Force Survey (LFS). LFS estimates from 1992 onwards have recently been revised by the Office for National Statistics following a reweighting exercise and the annual seasonal adjustment review (see Box 4.1 for further details).

In 2008 (April to June) there were 2.54 million people aged 16 and above in employment, a decrease of 0.5 per cent on the same period a year earlier, but an increase of 7.8 per cent since 2001.

The proportion of working age people in employment varies geographically across Scotland. This is illustrated in Map 4.1 using the Annual Population Survey (APS). The APS combines results from the annual Labour Force Survey (LFS) with a boost to the sample in Scotland, providing more reliable Local Authority level data.

The data provided in Map 4.1 is used to measure the Scottish Government's Purpose Target on Cohesion which is to narrow the gap in participation between Scotland's best and worst performing regions by 2017. Latest estimates from the 2007 APS (Jan-Dec) show that the gap between the average employment rates for the best performing three local authority areas and the three worst performing local authority areas was 16.2 percentage points. The gap has narrowed from 2001 when it was 21.8 percentage points. Last year, the gap was 15.5 percentage points so there has been a slight increase over the year.

Box 4.1: Labour Force Survey Reweighting 2008

As the Labour Force Survey (LFS) is a sample survey, the responses reflect only a small proportion of the total population. Each respondent is given a weight relating to the proportion of the total population that he or she represents. The sum of all the weights equals the total household population for the survey.

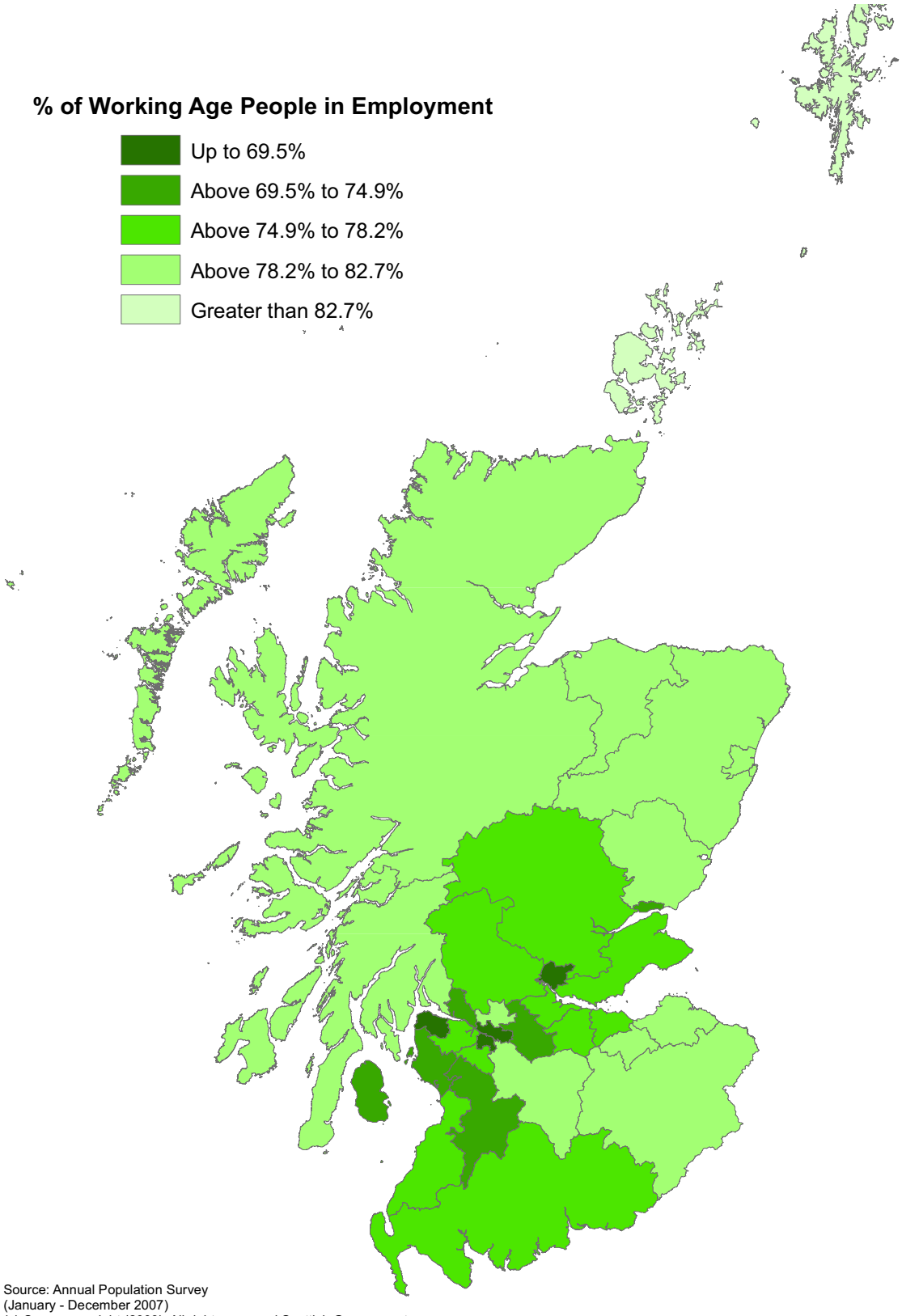
Reweighting means assigning different weights that are derived from more up-to-date population estimates. Prior to the current reweighting exercise, the LFS data were last reweighted using population estimates published in Spring 2003. Since then the population estimates have been revised every year when the latest mid-year estimates are published in August. This causes revisions to the population projections for the most recent years.

On 14 May 2008, the Office for National Statistics (ONS) released labour market statistics based on LFS and APS[1] datasets weighted to population estimates published in 2007. The LFS and APS estimates published in Scottish Economic Statistics are consistent with the reweighted microdata.

Further information on the reweighting and its impact on headline labour market indicators can be found at the link below:
http://www.statistics.gov.uk/elmr/06_08/downloads/elmr_jun08_palmer.pdf

1 Annual Population Survey (boosted annual version of the Labour Force Survey).

Map 4.1: Employment rates by Scottish Local Authority area, 2007



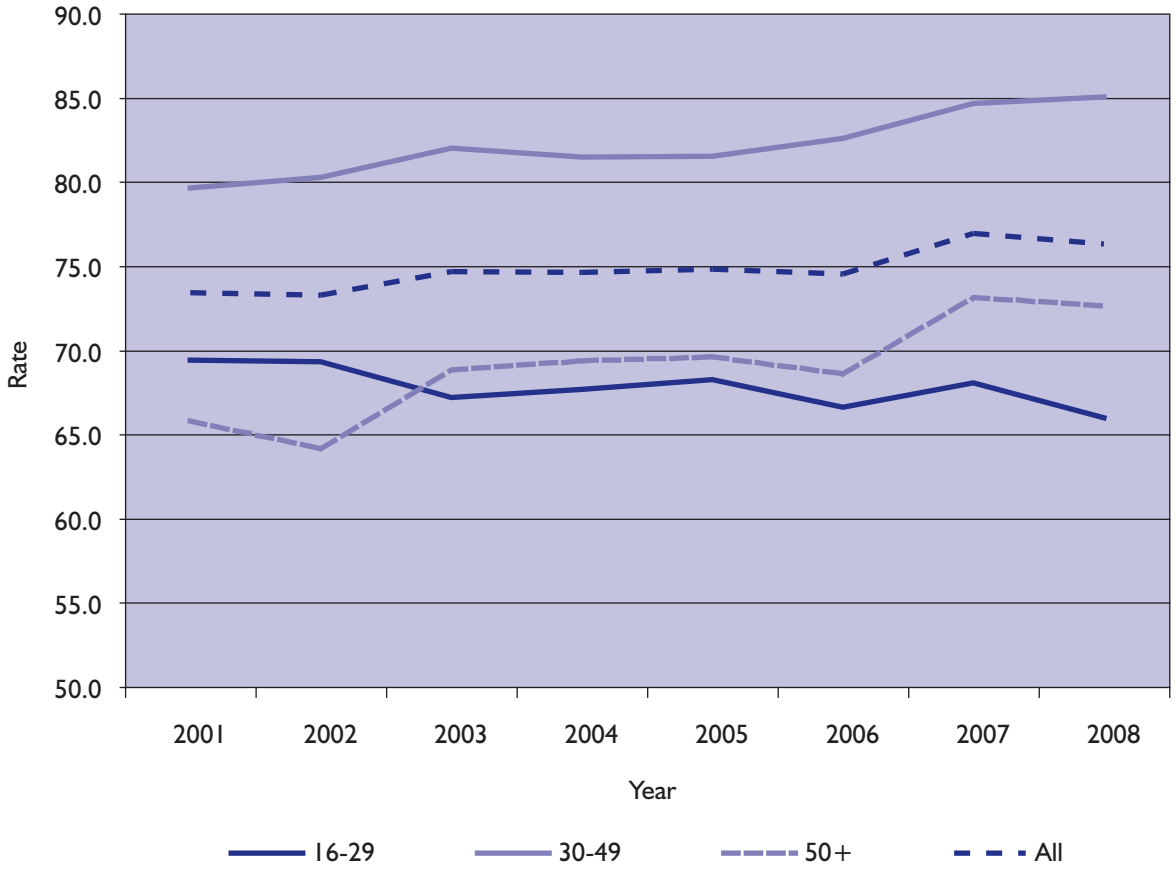
Source: Annual Population Survey
(January - December 2007)

Gender and Age

Table 4.2 shows that the employment rate for both males and females has increased since 2001 although there has been a slight decline over the past year. In 2008 (April to June), there were 1.21 million females in employment, an increase of 7.7 per cent since 2001 but a decrease of 0.2 per cent over the year. The number of males in employment in the three months to June 2008 was 1.33 million, up 7.7 per cent since 2001 but down 0.8 per cent over the year.

Chart 4.1 shows that the proportion of people in employment aged 30-49 and 50+ has increased since 2001. However, there has been a decline in the employment rate for younger people aged 16-29.

Chart 4.1 Employment rate by age group, Scotland, 2001-2008



Source: Labour Force Survey, Office for National Statistics
Calendar Quarter 2 (April-June), Not Seasonally Adjusted
Note: Working age is 16-59 for females and 16-64 for males.

Work Pattern

Employment comprises of employees, self-employed, unpaid family workers and government supported trainees. Full-time employment has increased by a greater amount for females (13.1 per cent) than for males (5.0 per cent) since 2001. The number employed on a part-time basis has also increased since 2001, but fallen slightly in the last couple of years before showing an increase again over the last year.

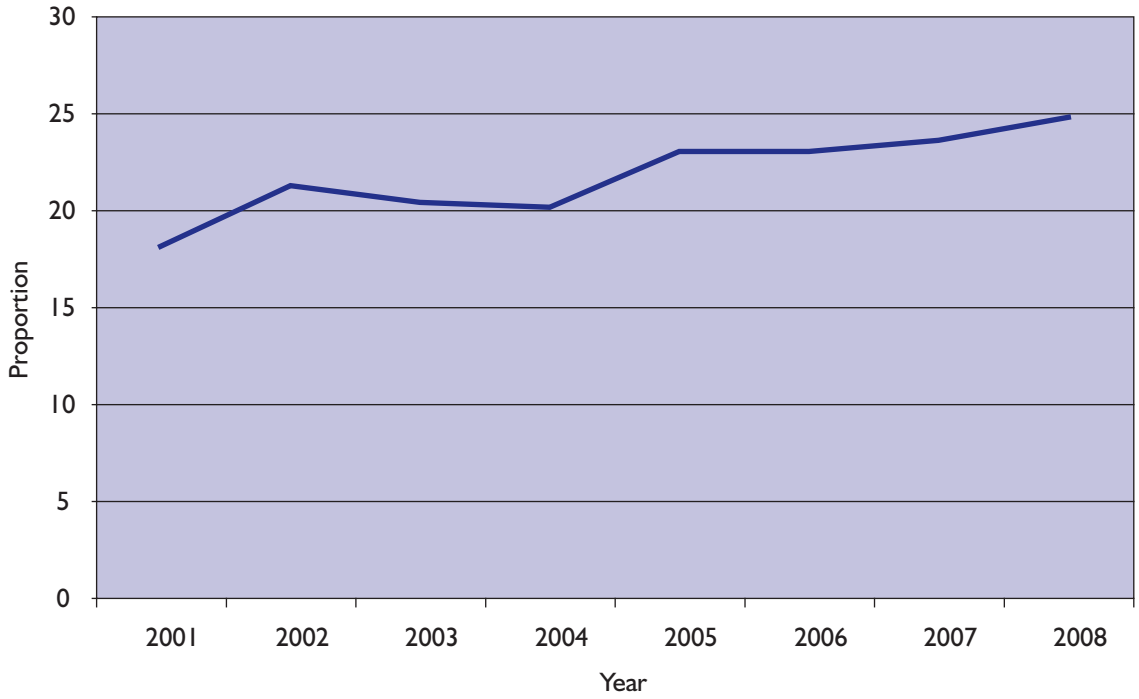
This increase in part-time working has been greater for men than for women. Number of part-time men has increased by 39.0 per cent since 2001 whereas for women, the increase is 1.1 per cent. Overall, in 2008, part-time workers accounted for a quarter of all people in employment.

Since 2001 self-employment has increased by 21.2 per cent. Female self-employment increased by 53.3 per cent and male self-employment increased by 10.9 per cent over the period. The majority (69.5 per cent) of self-employed workers are male.

Qualifications and Job Training

In 2008 (April to June) 28.6 per cent of people had received job-related training in the last three months. This compares with 27.1 per cent in 2001. The proportion of people in the workforce who have a degree has also been increasing in Scotland (Chart 4.2). In 2008 (April to June), 24.7 per cent of people in employment aged 25 to state pension age held a degree level qualification or above. This compares with 18.1 per cent in 2001.

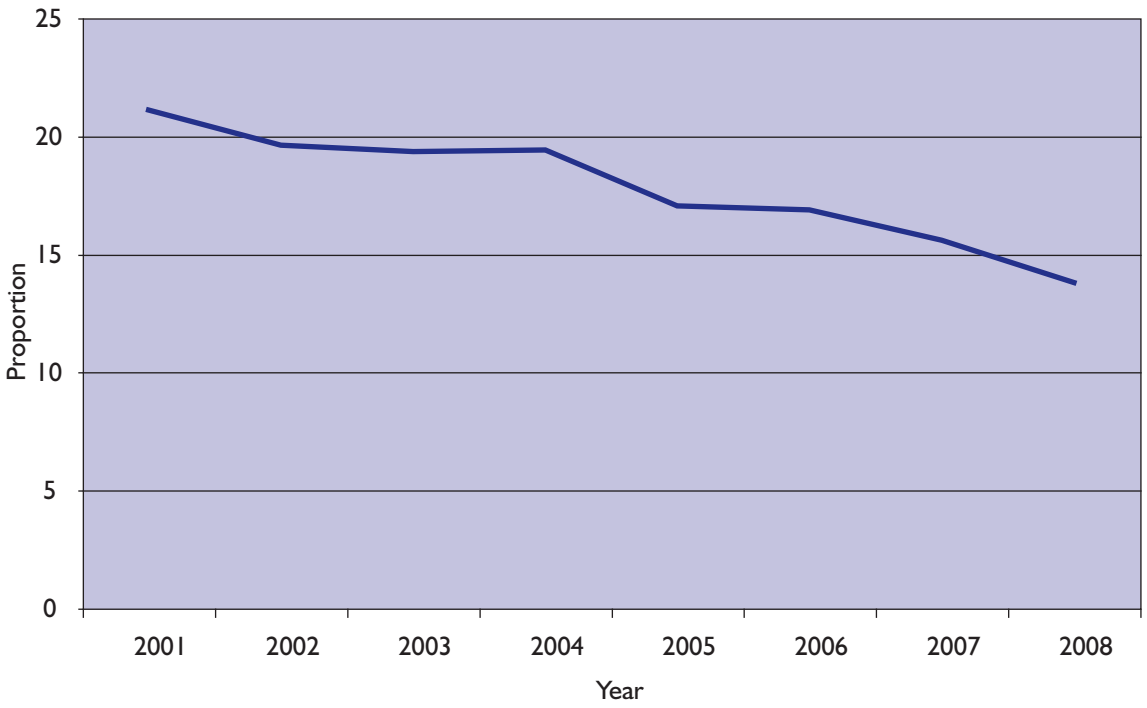
Chart 4.2: Percentage of people aged 25-59/64 in employment with degree level qualifications or above, Scotland, 2001-2008



Source: Labour Force Survey, Office for National Statistics
Calendar Quarter 2 (April-June), Not Seasonally Adjusted

Chart 4.3 shows that the proportion of working age people in employment with low or no qualifications (SCQF level 4 qualifications or below) is decreasing. These data are used as a proxy measure to inform the Scottish Government's National Indicator on literacy and numeracy as they are currently developing a new national survey to collect data on working age people with severe literacy and numeracy problems. The indicator aims to reduce the number of working age people with severe literacy and numeracy problems. The latest figures for the April to June quarter show a reduction in the proportion of working age people with low or no qualifications from 21.1 per cent in 2001 to 13.8 per cent in 2008.

Chart 4.3: Percentage of working age people with SCQF level 4 qualifications or below, Scotland, 2001-2008



Source: Labour Force Survey, Office for National Statistics
Calendar Quarter 2 (April-June), Not Seasonally Adjusted
Note: Working age is 16-59 for females and 16-64 for males.

Jobs

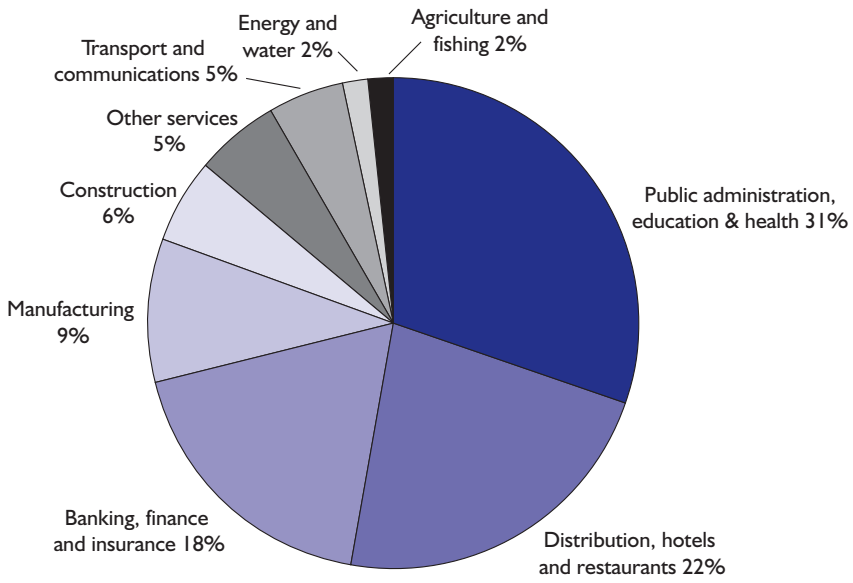
Official sources of workforce jobs are the Annual Business Inquiry and the Quarterly Employee Jobs series. These are surveys of employers carried out by the Office for National Statistics (ONS). These surveys measure number of jobs, whereas the Labour Force Survey primarily measures the number of people in employment. Employment and jobs are not the same as a person can have more than one job.

Industry

Chart 4.4 shows the distribution of employee jobs by broad industry sector in 2006. The highest proportion of employee jobs in Scotland were in Public Administration, Education & Health (30.4 per cent).

Comparisons with earlier years are not possible as the Annual Business Inquiry data for 2006 are subject to three discontinuities. Further details are available from NOMIS; a web database providing information and access to a range of official labour market statistics: www.nomisweb.co.uk.

Chart 4.4: Distribution of employee jobs by industry, Scotland, 2006



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 (ILO) measure 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 Jobcentre Plus administrative system. These are currently the Jobseeker's Allowance (JSA) and National Insurance credits, claimed at Jobcentre Plus 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 preferred measure of unemployment. The unemployment rate is less reliable for small areas and therefore the claimant count unemployment rate is also a key indicator of unemployment. However, in July 2006, ONS published, for the first time, modelled unemployment rates. These provide unemployment rates under the preferred ILO definition for local authority areas (see Box 4.2).

Estimates of modelled based unemployment by local authority area are provided in Table 4.4.

Box 4.2: Model-Based Estimates of Unemployment

For small areas, for example local authorities, even the annual LFS or APS has small samples. This means that estimates from the LFS/APS for these areas are likely to be less reliable than those for larger areas since the sampling variability is high. In particular, this will affect estimates of events which are not common. An example of this is unemployment (formerly International Labour Organisation (ILO) unemployment).

A statistical model has been developed to provide reliable unemployment estimates for all local authorities. The model is a multilevel model that uses annual LFS/APS data, by age and sex, but also uses counts of claimants of Jobseeker's Allowance (claimant count) to calculate the estimates. The claimant count is an administrative measure, and so is known accurately for all areas. Also, it is highly correlated with unemployment. The model is said, therefore, to borrow strength from the claimant count. The model also includes a socio-economic area indicator and a 'random' area effect.

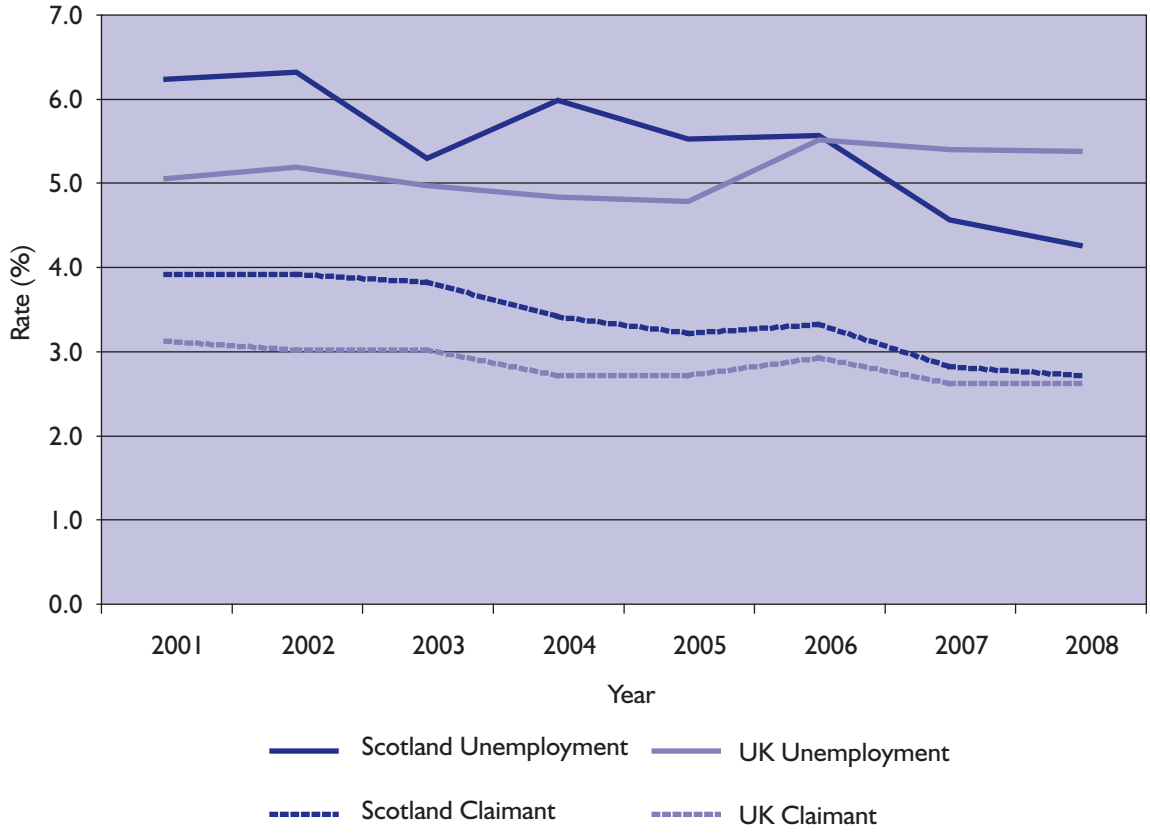
The relationship between claimant count and the number of unemployed may be different in two areas in spite of them sharing the same factors in the model. The random area effect is included in order to model these random local differences. The inclusion of the random effect gives the model-based estimates the property that, under sufficiently large sample conditions, they will coincide with the direct survey estimates.

APS data are published quarterly (but covering a year's data) for the periods January to December, April to March, July to June, and October to September. The model-based estimates, using APS data and claimant count data referring to the same periods, are similarly produced quarterly.

Further information, and detailed user guidance on the model-based estimates, are given at http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=13574&Pos=&ColRank=1&Rank=272

Chart 4.5 shows that the unemployment rate obtained from the LFS is higher than the claimant count rate for Scotland and the UK. Between 2001 and 2005, Scotland's unemployment rate was above that of the UK. However the gap was closed in 2006 and Scotland now has a lower unemployment rate (at 4.2 per cent) compared to the UK (5.4 per cent) (April to June 2008). Scotland's claimant count rate remains above the UK's however the gap has narrowed considerably in recent years.

Chart 4.5: Claimant Count and Unemployment Rate, Scotland & UK, 2001-2008



Source (1): Unemployment, Labour Force Survey, Office for National Statistics
Calendar Quarter 2 (April-June), Seasonally Adjusted
Source (2): Claimant Count Rate, Office for National Statistics
June each year, Seasonally Adjusted

Economic Activity & Inactivity

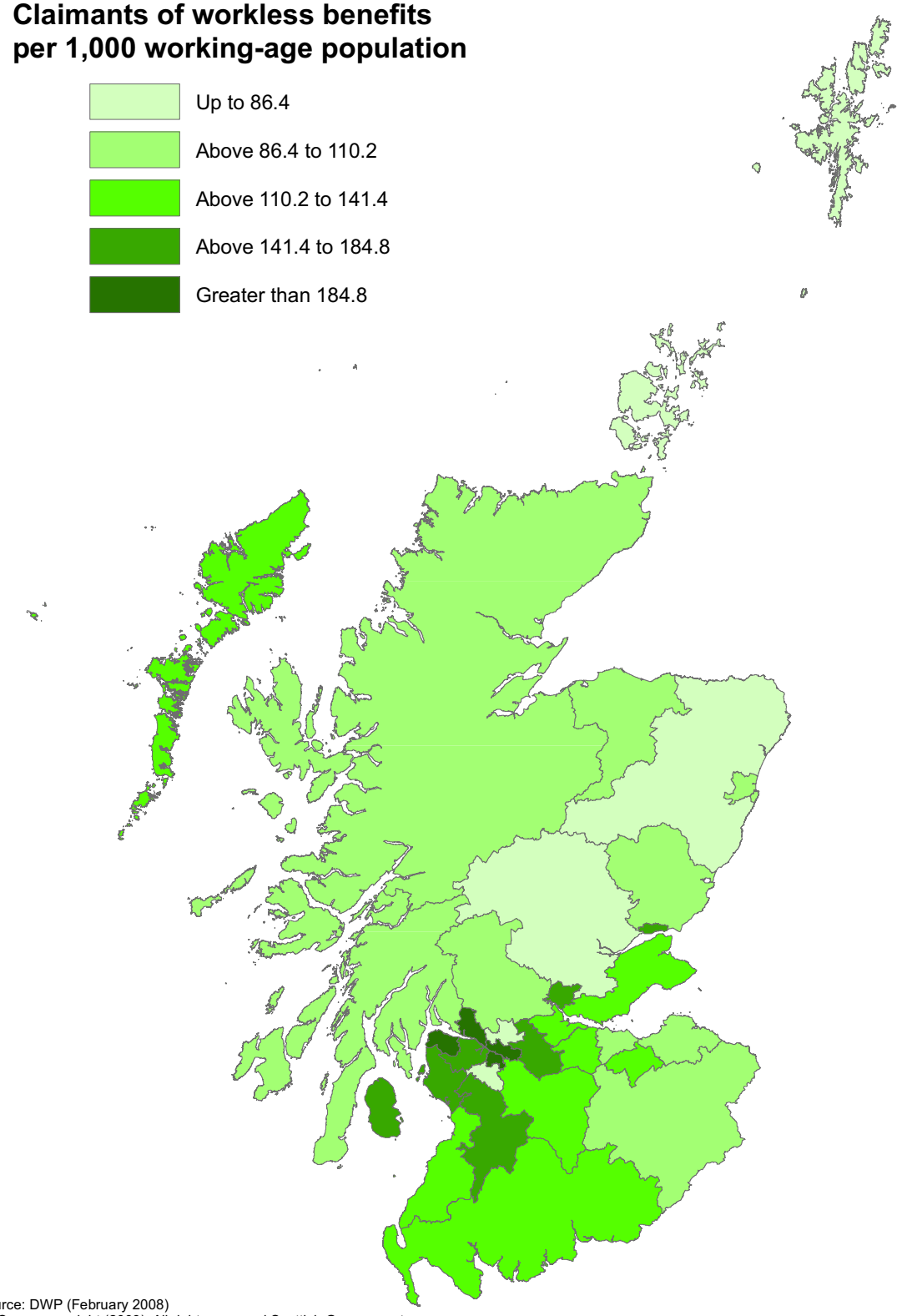
The labour market can be divided into two groups, the economically active and inactive. The economically active population are people who are either in employment (employee, self-employed, unpaid family worker or on a government supported training programme) or unemployed and actively seeking work. The economically inactive are people who are not in work, but who do not satisfy all the criteria for unemployment, such as those not actively seeking work or those not available for work. Reasons for economic inactivity include looking after the family/home, being a student, being sick/disabled, retirement etc.

Table 4.2 provides estimates of the levels of economic activity and inactivity for males and females over the past few years.

Benefits

The claimant count is the number of people in receipt of Jobseeker's Allowance (JSA). Analyses of the number of claimants of Incapacity Benefit and those claiming Income Support can identify those who would be classified as inactive. JSA is mutually exclusive from Incapacity Benefit and Income Support. Using all these benefit figures captures people who are not working and includes people who are looking for work and those not looking for work. Benefit figures are sourced from the Work and Pensions Longitudinal Study, which is maintained by the Department for Work and Pensions. Map 4.2 shows the distribution of number of claimants of workless benefits (JSA, Incapacity Benefit and Income Support) throughout Scotland. Using benefits information in addition to LFS information gives a more detailed picture of the labour market in Scotland.

Map 4.2: Claimants of workless benefits (Jobseeker's Allowance, Incapacity Benefit and Income Support) by Local Authority, February 2008



Source: DWP (February 2008)

Source: DWP, GROS

Earnings

The Annual Survey of Hours and Earnings (ASHE), which replaced the New Earnings Survey (NES), is the official source of earnings information. Median gross weekly earnings in Scotland, in April 2007, for full-time employees were £441.50. Scotland was ranked fourth out of the twelve government office regions in the UK. In Scotland, in April 2007, median gross weekly earnings for full-time employees were 96.7 per cent of earnings for the UK.

The increase in median weekly earnings for full-time employees in Scotland in the year to April 2007 was 3.1 per cent; this was higher than the UK increase of 2.9 per cent. Scotland was ranked fifth amongst the twelve government office regions of the UK, in terms of the annual percentage growth in median weekly earnings for full-time employees over the period to April 2007.

In April 2007 median earnings in Scotland were highest for those living in East Renfrewshire (£522.60) and lowest for those living in Moray (£377.30).

Gender Pay Gap

In April 2007, median full-time hourly earnings (excluding overtime) for women at £10.22 were lower than that for men at £11.61. That is female earnings were 88 per cent of male earnings giving a gender pay gap of 12 per cent. Table 4.20 shows that the gender pay gap in Scotland has been narrower than that for the UK since 2003.

Table 4.1: 2007 Mid-year population estimates by age group and gender, Scotland and Residence Local Authority Areas

	Male				Female				All People			
	Less than working age %	Working Age %	Greater than working age %	Total %	Less than working age %	Working Age %	Greater than working age %	Total %	Less than working age %	Working Age %	Greater than working ge %	Total %
Scotland	**18.9**	**66.9**	**14.2**	**2,485,599**	**16.8**	**58.8**	**24.3**	**2,658,601**	**17.8**	**62.7**	**19.5**	**5,144,200**
Aberdeen City	16.4	70.7	12.9	103,203	15.0	62.1	22.9	106,057	15.7	66.3	18.0	209,260
Aberdeenshire	20.1	65.8	14.1	118,484	18.6	58.1	23.3	120,676	19.4	61.9	18.7	239,160
Angus	19.1	63.8	17.1	53,120	17.2	54.7	28.0	56,750	18.1	59.1	22.8	109,870
Argyll & Bute	17.1	65.2	17.7	45,504	16.7	53.1	30.3	45,846	16.9	59.1	24.0	91,350
Clackmannanshire	19.9	66.6	13.4	24,301	18.3	58.5	23.1	25,599	19.1	62.5	18.4	49,900
Dumfries & Galloway	18.1	62.7	19.2	71,791	16.3	53.8	30.0	76,509	17.2	58.1	24.7	148,300
Dundee City	18.0	66.3	15.7	67,411	15.3	59.1	25.5	74,739	16.6	62.6	20.9	142,150
East Ayrshire	19.3	65.8	14.9	57,731	17.1	57.8	25.1	61,839	18.2	61.7	20.1	119,570
East Dunbartonshire	20.0	64.2	15.7	50,494	17.3	56.5	26.2	54,356	18.6	60.2	21.2	104,850
East Lothian	21.0	63.3	15.6	45,333	18.7	55.8	25.5	49,107	19.8	59.4	20.8	94,440
East Renfrewshire	21.8	63.5	14.7	42,572	18.8	55.8	25.4	46,688	20.2	59.5	20.3	89,260
Edinburgh, City of	16.1	71.7	12.2	225,926	14.0	64.5	21.5	242,144	15.0	68.0	17.0	468,070
Eilean Siar	17.7	64.6	17.6	12,922	17.3	52.3	30.4	13,378	17.5	58.4	24.1	26,300
Falkirk	19.8	66.3	13.9	72,981	17.6	58.9	23.4	77,739	18.7	62.5	18.8	150,720
Fife	19.1	66.2	14.7	173,957	17.1	57.8	25.1	186,543	18.1	61.8	20.1	360,500
Glasgow City	17.7	70.8	11.5	279,865	15.7	63.0	21.3	302,075	16.6	66.8	16.6	581,940
Highland	18.9	65.3	15.8	106,453	17.2	56.3	26.5	110,987	18.0	60.7	21.2	217,440
Inverclyde	19.1	66.3	14.5	38,686	16.5	57.4	26.1	42,394	17.8	61.7	20.6	81,080
Midlothian	20.7	64.7	14.6	37,698	18.2	58.0	23.7	41,812	19.4	61.2	19.4	79,510
Moray	18.8	65.6	15.6	43,725	17.6	55.4	27.0	43,145	18.2	60.6	21.2	86,870
North Ayrshire	19.8	64.6	15.6	64,331	17.1	56.9	26.0	71,429	18.4	60.5	21.1	135,760
North Lanarkshire	20.8	66.5	12.6	156,107	18.3	59.7	22.0	168,573	19.5	63.0	17.5	324,680
Orkney Islands	18.3	65.1	16.6	9,779	17.3	55.3	27.5	10,081	17.7	60.1	22.1	19,860
Perth & Kinross	18.5	64.4	17.2	69,135	16.8	55.2	28.1	73,005	17.6	59.6	22.8	142,140
Renfrewshire	19.4	66.5	14.1	80,991	17.1	58.9	24.0	88,609	18.2	62.5	19.3	169,600
Scottish Borders	18.9	63.6	17.4	53,998	17.2	54.7	28.1	57,432	18.0	59.0	23.0	111,430
Shetland Islands	20.2	65.9	14.0	11,037	19.6	56.4	24.0	10,913	19.9	61.2	19.0	21,950
South Ayrshire	17.8	64.2	18.0	53,299	15.8	54.7	29.5	58,391	16.7	59.2	24.0	111,690
South Lanarkshire	19.7	66.4	13.9	148,052	17.5	58.5	24.0	161,448	18.6	62.3	19.1	309,500
Stirling	20.1	65.4	14.5	42,065	17.5	58.2	24.2	46,125	18.8	61.6	19.6	88,190
West Dunbartonshire	19.7	67.0	13.3	43,219	16.6	59.1	24.2	47,871	18.1	62.9	19.0	91,090
West Lothian	21.7	66.9	11.4	81,429	19.7	60.7	19.6	86,341	20.7	63.7	15.7	167,770

Source: General Register Office for Scotland (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, Scotland, 2001-2008

	Total 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 rate Age 16-59/64[1] Rate (%)	Employment rate Age 16-59/64[2] Rate (%)	Unemployment rate All aged 16+[3] Rate (%)
ALL								
2001	4,029	2,517	2,360	157	1,513	78.5	73.6	6.2
2002	4,036	2,514	2,356	158	1,522	78.4	73.4	6.3
2003	4,050	2,546	2,412	134	1,504	79.0	74.8	5.3
2004	4,078	2,594	2,439	155	1,484	79.6	74.8	6.0
2005	4,100	2,589	2,447	143	1,510	79.4	75.0	5.5
2006	4,127	2,599	2,454	144	1,529	79.1	74.7	5.5
2007	4,155	2,677	2,556	122	1,478	80.9	77.1	4.5
2008	4,181	2,655	2,543	113	1,525	79.9	76.4	4.2
MALE								
2001	1,908	1,334	1,239	95	574	82.7	76.7	7.1
2002	1,914	1,327	1,233	95	587	82.0	76.2	7.1
2003	1,923	1,353	1,273	81	570	83.2	78.4	6.0
2004	1,938	1,369	1,273	96	569	83.4	77.5	7.0
2005	1,951	1,380	1,297	83	571	83.6	78.5	6.0
2006	1,967	1,362	1,277	84	606	82.2	77.0	6.2
2007	1,983	1,409	1,345	63	574	84.0	80.2	4.5
2008	1,997	1,396	1,335	62	600	83.0	79.3	4.4
FEMALE								
2001	2,121	1,183	1,121	61	939	74.2	70.3	5.2
2002	2,122	1,187	1,123	64	935	74.7	70.6	5.4
2003	2,127	1,193	1,139	53	935	74.6	71.1	4.5
2004	2,139	1,225	1,166	58	915	75.6	72.0	4.8
2005	2,149	1,209	1,150	59	939	75.0	71.2	4.9
2006	2,160	1,237	1,177	60	923	75.9	72.2	4.8
2007	2,172	1,269	1,210	59	904	77.5	73.8	4.6
2008	2,184	1,259	1,208	51	925	76.7	73.5	4.0

Source: Labour Force Survey, Office for National Statistics
Calendar Quarter 2 (April-June), 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, economic inactivity and employment, Scotland and Residence Local Authority Areas, 2007

	Total aged 16+ (000s)	Total economically active 16+ (000s)	Total in employment 16+ (000s)	Economically Inactive 16-59/64 (000s)	Economic activity 16-59/64[1] Rate (%)	Employment 16-59/64[2] Rate (%)
Scotland	**4,157**	**2,646**	**2,521**	**644**	**79.9**	**76.0**
Aberdeen City	172	118	113	24	82.6	79.1
Aberdeenshire	189	130	128	23	84.4	82.7
Angus	88	56	53	10	83.8	79.2
Argyll & Bute	72	45	44	8	83.6	80.0
Clackmannanshire	39	24	22	8	74.7	69.5
Dumfries & Galloway	121	73	70	16	81.0	77.5
Dundee City	117	71	66	20	77.6	72.1
East Ayrshire	96	59	55	16	78.5	73.1
East Dunbartonshire	84	53	52	12	81.1	79.0
East Lothian	74	48	46	10	82.1	79.3
East Renfrewshire	70	45	43	10	81.0	77.3
Edinburgh, City of	392	258	248	62	80.3	77.2
Eilean Siar	15	13	12	3	82.3	79.4
Falkirk	121	78	75	17	81.5	78.1
Fife	292	188	176	42	81.2	75.9
Glasgow City	479	282	262	109	71.7	66.7
Highland	174	115	112	21	84.1	82.0
Inverclyde	65	39	36	12	75.2	68.5
Midlothian	63	43	41	7	84.9	80.7
Moray	69	45	44	9	82.8	80.5
North Ayrshire	109	64	60	19	76.5	71.6
North Lanarkshire	258	162	153	46	77.4	73.2
Orkney Islands	16	11	11	1	88.8	86.4
Perth & Kinross	114	71	68	15	81.3	78.2
Renfrewshire	137	86	82	22	79.1	75.0
Scottish Borders	90	57	55	10	83.9	81.5
Shetland Islands	17	12	12	1	89.6	88.1
South Ayrshire	91	56	53	12	81.2	77.2
South Lanarkshire	248	161	156	35	81.5	78.9
Stirling	71	46	44	10	80.8	76.8
West Dunbartonshire	74	47	44	12	79.2	73.9
West Lothian	132	90	85	19	82.3	77.9

Source: Annual Population Survey (January to December 2007), Office for National Statistics

Figures may not sum due to rounding.

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.

Table 4.4: Model-based estimates of unemployment, Scotland and Residence Local Authority Areas, 2007

	Unemployment			
	Total 16+	Sampling Variability[1] (+/-)	Rate[2] (%)	Sampling Variability[1] (%) (+/-)
Scotland	**124,900**		**4.7%**	
Aberdeen City	4,400	500	3.8	0.4
Aberdeenshire	3,200	300	2.4	0.3
Angus	2,500	200	4.5	0.4
Argyll & Bute	1,800	200	4.0	0.4
Clackmannanshire	1,200	100	5.4	0.7
Dumfries & Galloway	3,000	300	4.1	0.4
Dundee City	4,600	400	6.6	0.6
East Ayrshire	3,600	300	6.2	0.6
East Dunbartonshire	1,700	200	3.1	0.3
East Lothian	1,600	200	3.4	0.3
East Renfrewshire	1,500	200	3.4	0.4
Edinburgh, City of	11,200	1100	4.3	0.4
Eilean Siar	600	100	4.6	0.6
Falkirk	3,600	300	4.5	0.4
Fife	10,600	1000	5.7	0.5
Glasgow City	19,100	1700	6.8	0.6
Highland	3,800	400	3.3	0.4
Inverclyde	2,800	300	7.2	0.7
Midlothian	1,800	200	4.2	0.4
Moray	1,600	100	3.5	0.3
North Ayrshire	4,100	400	6.4	0.6
North Lanarkshire	8,800	800	5.4	0.5
Orkney Islands	300	0	2.8	0.4
Perth & Kinross	2,400	200	3.5	0.3
Renfrewshire	4,400	400	5.1	0.5
Scottish Borders	1,800	200	3.1	0.3
Shetland Islands	400	0	2.8	0.4
South Ayrshire	2,800	200	5.0	0.5
South Lanarkshire	6,800	600	4.2	0.4
Stirling	1,800	200	3.9	0.4
West Dunbartonshire	3,000	300	6.4	0.6
West Lothian	4,200	400	4.7	0.5

Source: Model-based estimates of unemployment (January to December 2007), Office for National Statistics

Figures may not sum due to rounding.

1 95% Confidence level.

2 Total unemployed aged 16 and above as a percentage of all economically active persons aged 16 and above.

Table 4.5: Employee jobs by detailed industry and percentage of female employees, Scotland, 2001-2008

Thousands

	Total Employee Jobs	Agriculture Forestry and Fishing	Production and Construction			Services				
			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
2001	2,277	37	41	295	126	526	125	375	622	129
% female	51.2	24.4	20.8	31.3	14.9	57.0	24.7	51.8	71.6	50.8
2002	2,273	35	43	274	118	538	126	375	637	128
% female	51.7	19.6	27.4	30.9	15.3	56.9	27.6	50.6	72.3	50.1
2003	2,276	32	40	252	129	528	124	388	657	128
% female	51.1	19.5	16.5	28.5	12.2	56.6	26.8	50.5	71.8	49.7
2004	2,296	30	37	239	120	527	126	407	683	127
% female	51.4	22.7	21.9	28.6	10.6	55.4	26.5	50.3	71.8	51.0
2005	2,358	32	37	233	118	537	130	428	713	129
% female	51.3	24.7	20.7	27.8	10.8	55.1	26.3	49.9	71.3	50.7
2006	2,379	30	37	226	141	536	123	440	717	129
% female	51.7	21.7	20.1	27.5	17.4	54.8	26.2	49.2	72.3	51.9
2007	2,377	32	39	221	138	539	118	442	720	128
% female	50.2	21.9	20.0	25.8	7.8	53.1	24.7	48.1	72.1	49.9
2008	2,385	33	39	217	130	537	119	455	725	130
% female	50.7	21.3	18.9	25.2	12.0	53.3	24.9	48.3	72.3	50.0

Source: Employee Job estimates, Office for National Statistics

June Quarter, Not Seasonally Adjusted

Figures may not sum due to rounding.

Table 4.6: Persons in employment by status, Scotland, 2001-2008

Thousands

Gender & type of employment	2001	2002	2003	2004	2005	2006	2007	2008
ALL								
All in employment	**2,354**	**2,349**	**2,405**	**2,433**	**2,442**	**2,450**	**2,551**	**2,540**
Employees	2,095	2,095	2,144	2,171	2,200	2,185	2,274	2,237
Self-employed	234	231	244	249	229	247	256	284
Unpaid Family Workers and	..	..	..	..	..	..	11	10
Government Supported Trainees	16	16	..	..	..	12	..	..
Full-time workers	1,769	1,754	1,776	1,814	1,836	1,825	1,931	1,909
Part-time workers	583	593	629	617	605	623	620	628
MALE								
All in employment	**1,234**	**1,228**	**1,268**	**1,268**	**1,291**	**1,272**	**1,340**	**1,330**
Employees	1,043	1,044	1,079	1,076	1,118	1,089	1,143	1,127
Self-employed	178	170	179	185	166	173	185	197
Unpaid Family Workers and	..	..	..	..	..	..	..	..
Government Supported Trainees	..	10	..	..	..	..	..	..
Full-time workers	1,133	1,113	1,133	1,133	1,160	1,149	1,194	1,190
Part-time workers	101	114	134	134	132	122	145	140
FEMALE								
All in employment	**1,120**	**1,121**	**1,137**	**1,165**	**1,150**	**1,178**	**1,211**	**1,209**
Employees	1,051	1,051	1,065	1,095	1,082	1,096	1,131	1,110
Self-employed	57	62	65	65	63	73	71	87
Unpaid Family Workers and	..	..	..	..	..	..	..	..
Government Supported Trainees	..	..	..	..	..	..	..	..
Full-time workers	636	641	643	681	676	676	736	719
Part-time workers	483	479	494	483	474	501	475	488

Source: Labour Force Survey, Office for National Statistics

Calendar Quarter 2 (April-June), Not Seasonally Adjusted

.. Data supressed as estimate below reliability threshold of 10,000.

Figures may not sum due to rounding.

Table 4.7: Labour in Scottish Agriculture, 1999-2007

	1999	2000	2001	2002	2003	2004	2005	2006	2007
Working Occupiers:									
Full-time	12,472	11,931	11,639	11,377	11,167	11,041	10,972	10,571	10,212
Part-time: Half-time or more	3,892	3,969	3,963	3,888	3,788	3,851	3,855	3,754	3,732
Less than half-time	12,393	12,935	13,014	12,987	13,256	13,350	13,312	13,478	13,234
Total working occupiers	**28,757**	**28,835**	**28,616**	**28,252**	**28,211**	**28,242**	**28,139**	**27,803**	**27,178**
Working wife/husband of occupier	**13,849**	**13,879**	**13,840**	**14,051**	**14,298**	**14,415**	**14,311**	**14,284**	**14,036**
Full-time employees:									
Male: Partners	2,428	2,251	2,275	2,323	2,197	2,142	2,118	2,134	2,158
Hired	9,954	9,603	9,179	8,812	8,403	8,238	7,823	7,751	7,418
Family	2,980	3,067	2,959	2,581	2,582	2,473	2,284	2,203	2,126
Female: Partners	198	190	194	254	258	248	210	243	240
Hired	737	774	814	823	739	807	815	844	983
Family	342	390	364	336	331	345	349	325	344
Total full-time employees	**16,639**	**16,275**	**15,785**	**15,129**	**14,510**	**14,253**	**13,599**	**13,500**	**13,269**
Part-time employees:									
Male: Partners	494	468	464	553	568	563	608	578	556
Hired	2,024	2,125	2,192	2,146	2,236	2,192	2,188	2,237	2,418
Family	1,842	1,847	1,879	1,868	1,864	1,841	1,958	1,891	1,869
Female: Partners	277	242	265	279	274	294	245	244	234
Hired	1,116	1,170	1,196	1,115	1,118	1,114	994	1,016	1,135
Family	985	1,016	990	961	979	918	950	926	850
Total part-time employees	**6,738**	**6,868**	**6,986**	**6,922**	**7,039**	**6,922**	**6,943**	**6,892**	**7,062**
Casual and seasonal employees:									
Male	2,795	2,914	2,840	3,049	3,184	3,155	3,333	3,238	3,826
Female	639	751	749	898	1,039	1,072	1,301	1,294	1,781
Total casual and seasonal employees	**3,434**	**3,665**	**3,589**	**3,947**	**4,223**	**4,227**	**4,634**	**4,532**	**5,607**
Total employees	**26,811**	**26,808**	**26,360**	**25,998**	**25,772**	**25,402**	**25,176**	**24,924**	**25,938**
Total occupiers, spouses and employees	**69,417**	**69,522**	**68,816**	**68,301**	**68,281**	**68,059**	**67,626**	**67,011**	**67,152**

Source: Scottish Government Rural Environment Research and Analysis Directorate

Note: Main and minor holdings

Table 4.8: Persons in employment receiving job-related training, Scotland, 2001-2008

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	
2001	47	1,554	72.9	148	153	294	27.1	2,196
2002	66	1,512	72.0	142	160	314	28.0	2,194
2003	70	1,547	72.7	159	147	302	27.3	2,225
2004	62	1,541	71.8	156	161	312	28.2	2,234
2005	62	1,527	70.3	157	170	344	29.7	2,259
2006	60	1,556	71.9	141	164	326	28.1	2,247
2007	63	1,640	72.3	144	176	327	27.5	2,350
2008	55	1,608	71.4	155	167	343	28.6	2,328

Source: Labour Force Survey, Office for National Statistics

Calendar Quarter 2 (April-June), Not Seasonally Adjusted

Table 4.9: Claimant count unemployment, Scotland, 2001-2007

Year	Unemployed					
	Number (thousands)			Rate (%)		
	Total	Male	Female	Total	Male	Female
2001	108.0	83.6	24.4	4.0	5.9	1.9
2002	104.5	80.7	23.8	3.9	5.8	1.8
2003	102.3	78.4	23.9	3.7	5.5	1.8
2004	94.8	72.2	22.6	3.5	5.1	1.7
2005	88.5	66.7	21.7	3.2	4.7	1.6
2006	89.8	67.3	22.4	3.3	4.8	1.7
2007	78.1	58.2	19.9	2.8	4.1	1.5

Source: Claimant count, Office for National Statistics

Annual Average

Notes:

1 The claimant count consists of the people who are claiming unemployment-related benefits.

2 Rate is number of claimants as a percentage of the number of claimants plus workforce jobs.

Table 4.10: Claimant count unemployment by gender, age and duration of unemployment, Scotland, 2001-2008

Age group	Male				Female			
	<3 months	3-6 months	6-12 months	1 year +	<3 months	3-6 months	6-12 months	1 year +
Under 24 years								
2001	14,135	5,735	2,670	225	5,840	2,090	1,050	95
2002	13,265	5,905	2,685	150	5,690	2,050	1,050	95
2003	13,555	5,385	2,280	200	5,920	1,995	945	115
2004	12,975	5,630	2,745	235	5,840	2,080	1,160	145
2005	12,315	4,935	2,455	330	5,415	1,985	1,030	175
2006	12,200	5,565	2,890	455	5,615	2,145	1,135	190
2007	11,250	4,755	2,455	445	5,275	2,040	1,050	190
2008	10,570	3,900	1,770	260	4,780	1,650	760	125
25-34 years								
2001	10,400	5,710	4,435	4,890	2,560	1,145	780	650
2002	10,235	5,535	4,185	3,450	2,450	1,000	700	415
2003	10,015	5,220	4,000	2,775	2,445	1,090	635	365
2004	9,065	4,915	3,980	2,685	2,125	925	670	370
2005	8,145	4,090	3,275	2,335	1,945	900	595	370
2006	7,980	4,520	3,445	2,235	1,915	855	605	370
2007	7,460	3,855	3,040	2,470	1,885	805	555	365
2008	7,420	3,580	2,495	1,725	1,650	665	465	310
35-49 years								
2001	9,335	5,105	4,555	7,770	3,075	1,510	1,075	1,350
2002	9,765	5,720	4,385	5,210	2,990	1,475	1,030	870
2003	9,585	5,535	4,830	4,355	3,330	1,520	1,095	775
2004	8,875	5,265	4,705	4,285	3,015	1,470	1,110	805
2005	8,080	4,545	3,855	4,085	2,835	1,360	1,015	785
2006	7,745	4,875	4,140	3,820	2,860	1,430	1,140	800
2007	7,180	4,125	3,605	3,950	2,735	1,250	1,040	810
2008	6,920	3,880	3,075	2,900	2,465	1,085	795	620
50 years +								
2001	4,630	2,740	2,265	4,925	1,695	950	725	1,155
2002	4,895	3,020	2,120	4,080	1,615	915	695	910
2003	4,715	2,985	2,275	4,275	1,665	950	665	930
2004	4,175	2,775	2,270	4,380	1,595	885	635	960
2005	3,825	2,275	1,890	4,070	1,465	885	640	925
2006	3,600	2,355	1,885	3,925	1,565	935	685	945
2007	3,130	1,930	1,615	3,895	1,460	740	600	1,020
2008	3,245	1,690	1,165	1,950	1,395	680	425	545

Source: Claimant count, Office for National Statistics

March, Not Seasonally Adjusted

Notes:

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.

3 Approximately 1 percent of all claims are clerical and therefore not included in this dataset.

4 Data have been rounded to nearest 5.

Table 4.11: Claimant count unemployment – Percentage of total shown by gender and duration, Scotland, 2001-2008

	Men				Women			
	<3 months	3-6 months	6-12 months	1 year +	<3 months	3-6 months	6-12 months	1 year +
2001	38,495	19,290	13,925	17,815	13,170	5,695	3,625	3,250
% of all durations	43.0	21.5	15.6	19.9	51.2	22.1	14.1	12.6
2002	38,165	20,180	13,380	12,890	12,745	5,445	3,480	2,295
% of all durations	45.1	23.8	15.8	15.2	53.2	22.7	14.5	9.6
2003	37,865	19,120	13,385	11,605	13,365	5,550	3,340	2,185
% of all durations	46.2	23.3	16.3	14.2	54.7	22.7	13.7	8.9
2004	35,090	18,590	13,700	11,580	12,575	5,360	3,575	2,280
% of all durations	44.4	23.5	17.4	14.7	52.9	22.5	15.0	9.6
2005	32,365	15,840	11,475	10,820	11,660	5,135	3,280	2,255
% of all durations	45.9	22.5	16.3	15.3	52.2	23.0	14.7	10.1
2006	31,530	17,310	12,360	10,430	11,945	5,360	3,570	2,300
% of all durations	44.0	24.2	17.3	14.6	51.5	23.1	15.4	9.9
2007	29,020	14,665	10,710	10,760	11,355	4,835	3,245	2,380
% of all durations	44.5	22.5	16.4	16.5	52.1	22.2	14.9	10.9
2008	28,155	13,050	8,505	6,830	10,290	4,080	2,445	1,600
% of all durations	49.8	23.1	15.0	12.1	55.9	22.1	13.3	8.7

Source: Claimant count, Office for National Statistics

March, Not Seasonally Adjusted

Notes:

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.

3 Approximately 1 percent of all claims are clerical and therefore not included in this dataset.

4 Data have been rounded to nearest 5.

Table 4.12: Claimant count unemployment by gender, Scotland and Residence Local Authority Areas, 2007

	Unemployment: numbers (thousands)			Unemployment rates (%)		
	Male	Female	Total	Male	Female	Total
Scotland	**58.2**	**19.9**	**78.1**	**4.1**	**1.5**	**2.8**
Aberdeen City	1.4	0.4	1.8	1.9	0.7	1.3
Aberdeenshire	0.8	0.4	1.2	1.2	0.6	0.9
Angus	1.1	0.4	1.5	3.2	1.4	2.3
Argyll & Bute	0.9	0.3	1.2	3.3	1.4	2.3
Clackmannanshire	0.6	0.2	0.8	4.8	1.9	3.3
Dumfries & Galloway	1.5	0.6	2.1	3.6	1.6	2.6
Dundee City	2.7	0.8	3.5	7.1	2.2	4.7
East Ayrshire	1.9	0.7	2.6	5.7	2.4	4.1
East Dunbartonshire	0.7	0.2	0.9	2.1	0.7	1.4
East Lothian	0.5	0.2	0.7	2.1	0.8	1.4
East Renfrewshire	0.5	0.2	0.6	1.9	0.7	1.3
Edinburgh, City of	4.4	1.5	5.9	3.5	1.2	2.3
Eilean Siar	0.4	0.1	0.4	4.4	1.3	3.0
Falkirk	1.6	0.6	2.2	4.0	1.6	2.8
Fife	4.8	1.7	6.5	5.0	1.9	3.4
Glasgow City	11.1	3.3	14.4	8.2	2.5	5.3
Highland	1.8	0.7	2.4	2.8	1.2	2.0
Inverclyde	1.6	0.4	2.0	7.1	1.9	4.5
Midlothian	0.6	0.2	0.8	2.5	1.0	1.8
Moray	0.7	0.3	1.0	2.7	1.5	2.1
North Ayrshire	2.4	0.9	3.4	6.6	2.7	4.7
North Lanarkshire	4.0	1.4	5.3	4.6	1.7	3.1
Orkney Islands	0.1	0.0	0.1	1.6	0.9	1.2
Perth & Kinross	0.9	0.3	1.2	2.2	0.9	1.9
Renfrewshire	2.1	0.7	2.7	4.1	1.4	2.7
Scottish Borders	0.6	0.3	0.9	2.1	0.9	1.5
Shetland Islands	0.1	0.0	0.2	1.5	0.6	1.1
South Ayrshire	1.4	0.4	1.8	4.4	1.5	3.0
South Lanarkshire	3.0	1.1	4.1	3.6	1.4	2.5
Stirling	0.7	0.3	1.0	2.8	1.1	2.0
West Dunbartonshire	1.6	0.6	2.2	6.4	2.3	4.3
West Lothian	1.7	0.6	2.4	3.8	1.4	2.6

Source: Claimant count, Office for National Statistics

Annual Average

Notes:

1 The claimant count consists of the people who are claiming unemployment-related benefits.

2 Rate is number of claimants as a percentage of economically active working age residents.

Table 4.13: Notified Vacancies by Industry, Scotland, 2003-2008

Industry	March 2003	March 2004	March 2005	March 2006	March 2007	March 2008
Agriculture, Hunting, Forestry & Fishing	310	319	208	346	318	233
Energy & Water	168	140	406	146	655	681
Manufacturing	2,064	1,925	1,535	1,358	1,680	1,235
Construction	1,463	1,255	1,262	1,242	1,435	1,438
Distribution, Hotels & Restaurants	7,228	8,188	7,756	6,438	6,904	6,909
Transport, Storage & Communication	1,935	2,645	1,350	745	890	913
Banking, Finance & Insurance etc	6,599	8,556	8,528	9,705	14,085	16,121
Public Administration, Education & Health	5,841	6,285	5,136	4,802	5,173	4,748
Other Services	2,000	2,092	1,734	1,349	1,456	1,255
All	**27,608**	**31,405**	**27,915**	**26,131**	**32,596**	**33,533**

Source: Jobcentre Plus Vacancy Series (Not National Statistics)

Notes:

1 Changes to Jobcentre Plus vacancy handling procedures have lead to a major discontinuity in the vacancy statistic pre and post May 2006. As a result, the March 2007 & March 2008 data are not comparable with data for earlier years. See http://www.nomisweb.co.uk/articles/177.aspx#may06 before comparing data over this period.

2 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.

3 Data for March 2006 onwards are based on the 2003 Standard Industrial Classification. Prior to this, it was based on SIC 1992. Though the codes are similar, comparisons across the divide may be affected by discontinuities. A more detailed explanation is available on the nomis web site. See http://www.nomisweb.co.uk/articles/ref/vacs/LMT%20200506-363.pdf

Table 4.14: Vacancies by Industry, Scotland, March 2008

Industry	Notified (Inflow)	Live Unfilled	Total Outflow
Agriculture, Hunting, Forestry & Fishing	233	235	120
Energy & Water	681	457	344
Manufacturing	1,235	1,080	1,220
Construction	1,438	1,646	929
Distribution, Hotels & Restaurants	6,909	6,835	5,401
Transport, Storage & Communication	913	1,163	715
Banking, Finance & Insurance etc	16,121	13,861	15,418
Public Administration, Education & Health	4,748	3,787	5,165
Other Services	1,255	1,695	1,091
All	**33,533**	**30,759**	**30,403**

Source: Jobcentre Plus Vacancy Series (Not National Statistics)

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 or withdrawn.

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.

4 Data for March 2006 onwards are based on the 2003 Standard Industrial Classification. Prior to this, it was based on SIC 1992. Though the codes are similar, comparisons across the divide may be affected by discontinuities. A more detailed explanation is available on the nomis web site. See http://www.nomisweb.co.uk/articles/ref/vacs/LMT%20200506-363.pdf

Table 4.15: Vacancies by Occupation, Scotland, March 2008

Occupation	Notified (Inflow)	Live Unfilled	Total Outflow
Managers & Senior Officials	1,138	1,115	794
Professional Occupations	1,000	712	852
Associate Professional & Technical Occupations	2,889	2,643	2,631
Administrative & Secretarial Occupations	3,325	2,049	3,248
Skilled Trades Occupations	4,102	3,815	3,495
Personal Service Occupations	2,608	3,600	2,641
Sales & Customer Service Occupations	6,639	6,535	6,252
Process, Plant & Machine Operatives	2,893	2,486	2,532
Elementary Occupations	8,939	7,804	7,958
All	**33,533**	**30,759**	**30,403**

Source: Jobcentre Plus Vacancy Series (Not National Statistics)

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 or withdrawn.

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.

Table 4.16: Median gross weekly earnings of full-time employees by occupation group and gender, Scotland and UK, April 2007

Occupational Group	Median Earnings (£/week)						Scotland as percentage of United Kingdom
	Scotland			United Kingdom			
	Male	Female	All	Male	Female	All	All (%)
Managers and Senior Officials	715.6	530.2	651.5	739.8	555.8	672.1	96.9
Professional Occupations	663.0	607.7	631.3	702.1	623.2	666.2	94.8
Associate Professional and Technical Occupations	550.3	471.3	507.2	554.3	479.1	517.5	98.0
Administrative and Secretarial Occupations	360.0	324.7	330.6	382.5	337.9	348.0	95.0
Skilled Trades Occupations	425.0	275.6	416.1	437.4	299.2	429.8	96.8
Personal Service Occupations	362.4	305.2	318.9	342.1	291.4	302.3	105.5
Sales and Customer Service Occupations	277.9	258.7	268.8	293.6	264.3	276.9	97.1
Process, Plant and Machine Operatives	415.5	282.3	399.1	414.5	288.0	398.6	100.1
Elementary Occupations	321.9	240.0	294.0	330.3	254.4	307.4	95.6
All Occupations	**482.2**	**382.0**	**441.5**	**498.3**	**394.0**	**456.7**	**96.7**

Source: Annual Survey of Hours and Earnings, Office for National Statistics

Notes:

1 Employees on adult rates whose pay for the survey pay-period was not affected by absence.

2 Workplace based estimates.

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%

Table 4.17: Median gross weekly earnings of full-time employees by industry group and gender, Scotland and UK, April 2007

Industry Group	Median Earnings (£/week)						Scotland as percentage of United Kingdom
	Scotland			United Kingdom			
	Male	Female	All	Male	Female	All	All (%)
Agriculture, Hunting and Forestry	381.9	323.7	373.5	367.6	311.2	351.7	106.2
Fishing	x		x	238.4		x	x
Mining and Quarrying	626.0	x	587.8	608.2	481.8	589.4	99.7
Manufacturing	495.4	317.2	449.8	489.3	355.5	460.7	97.6
Electricity, Gas and Water Supply	604.4	418.6	563.8	622.8	410.1	574.6	98.1
Construction	516.3	378.8	496.9	510.8	370.8	498.1	99.8
Wholesale and Retail Trade	378.4	263.0	329.6	404.6	305.7	365.4	90.2
Hotels and Restaurants	300.0	250.0	269.6	304.9	266.3	287.5	93.8
Transport, Storage and Communication	460.7	396.2	442.5	486.2	396.2	468.0	94.6
Financial	586.1	408.3	487.5	722.0	421.8	556.8	87.6
Real Estate, Renting and Business Activities	510.7	364.7	450.4	556.6	413.8	498.3	90.4
Public Administration and Defence; Compulsory Social Security	555.4	446.2	504.4	566.1	420.8	503.1	100.3
Education	540.4	467.7	509.4	556.6	473.5	509.9	99.9
Health and Social Work	494.0	401.7	423.3	538.0	414.8	441.2	95.9
Other Services	379.3	323.1	350.7	438.3	360.8	404.3	86.7
All Industries	**482.2**	**382.0**	**441.5**	**498.3**	**394.0**	**456.7**	**96.7**

Source: Annual Survey of Hours and Earnings, Office for National Statistics

Notes:

1 Employees on adult rates whose pay for the survey pay-period was not affected by absence.

2 Workplace based estimates.

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%

Table 4.18: Median gross weekly earnings of full-time employees, Scotland and UK, 1997-2007

Year	Median Earnings (£/week)						Scotland as percentage of United Kingdom
	Scotland			United Kingdom			
	Male	Female	All	Male	Female	All	All (%)
1997	340.8	247.0	301.3	356.9	265.2	320.5	94.0
1998	357.1	256.9	313.8	372.7	276.5	334.9	93.7
1999	370.0	274.6	329.0	383.9	288.5	345.5	95.2
2000	380.5	280.9	338.4	397.7	298.1	359.0	94.3
2001	398.2	296.7	355.1	415.7	314.3	375.9	94.5
2002	414.4	311.0	371.7	430.1	330.7	390.9	95.1
2003	419.2	326.0	381.3	444.6	343.0	404.0	94.4
2004[3]	431.7	345.5	394.6	463.0	360.8	422.8	93.3
2004[4]	427.4	341.6	390.4	460.0	356.7	419.2	93.1
2005	444.6	360.0	408.6	471.0	371.4	431.2	94.8
2006[5]	467.3	376.3	432.2	487.1	385.8	446.4	96.8
2006[6]	464.5	372.6	428.1	484.3	383.3	443.6	96.5
2007	482.2	382.0	441.5	498.3	394.0	456.7	96.7

Source: Annual Survey of Hours and Earnings, Office for National Statistics

Notes:

1 Employees on adult rates whose pay for the survey pay-period was not affected by absence.

2 Workplace based estimates.

3 Excluding supplementary information.

4 Including supplementary information.

5 Methodology consistent with 2005.

6 Methodology consistent with 2007.

7 To improve coverage and hence make the survey more representative, supplementary information was collected from the 2004 ASHE survey onwards on businesses not registered for VAT and for people who changed or started new jobs between sample selection and the survey reference period. The 2004-2006 ASHE results are therefore discontinuous with the results for 2003 and previous years, for which no supplementary information was collected. However, for 2004 two sets of results are given; the headline results that include supplementary information and results that exclude this information. These second set of results are given solely for comparison to earlier years.

8 2007 results take account of a small number of methodological changes which will improve the quality of results. These include changes to the sample design itself, as well as the introduction of an automatic coding tool, ACTR. Therefore, these results are only continuous with the 2006 results that have been produced using this methodology and are discontinuous with results from previous years. A second set of results is also provided for 2006 which is based on the old methodology to allow comparisons with earlier years.

Table 4.19: Median gross weekly earnings of full-time employees on adult rates, UK, Scotland and Residence Local Authority Areas, April 2007

Full-time employees	Median Earnings (£)			Median Earnings (% of Scotland)		
	Male	Female	All	Male	Female	All
Aberdeen City	502.8	401.0	457.3	104.4	105.2	103.7
Aberdeenshire	529.5	371.1	473.1	110.0	97.4	107.3
Angus	483.5	381.3	447.5	100.4	100.1	101.5
Argyll & Bute	486.9	309.4	406.1	101.1	81.2	92.1
Clackmannanshire	470.3	315.9	421.2	97.7	82.9	95.5
Dumfries & Galloway	451.3	354.6	415.8	93.7	93.1	94.3
Dundee City	431.3	363.4	413.4	89.6	95.4	93.7
East Ayrshire	468.6	436.6	456.1	97.3	114.6	103.4
East Dunbartonshire	591.4	406.4	498.3	122.8	106.7	113.0
East Lothian	461.2	485.9	476.8	95.8	127.5	108.1
East Renfrewshire	543.4	447.2	522.6	112.9	117.4	118.5
Edinburgh, City of	530.8	470.4	502.4	110.2	123.5	113.9
Eilean Siar	x	x	445.2	x	x	101.0
Falkirk	493.9	402.3	429.6	102.6	105.6	97.4
Fife	480.3	364.7	437.7	99.8	95.7	99.3
Glasgow City	438.7	382.8	415.1	91.1	100.5	94.1
Highland	467.4	357.5	412.1	97.1	93.8	93.4
Inverclyde	456.3	329.0	381.7	94.8	86.4	86.6
Midlothian	473.3	359.6	412.4	98.3	94.4	93.5
Moray	436.7	292.4	377.3	90.7	76.7	85.6
North Ayrshire	480.1	327.5	409.7	99.7	86.0	92.9
North Lanarkshire	445.7	366.7	411.5	92.6	96.2	93.3
Orkney Islands	508.0	x	x	105.5	x	x
Perth & Kinross	496.0	330.9	429.1	103.0	86.9	97.3
Renfrewshire	481.6	381.4	435.6	100.0	100.1	98.8
Scottish Borders	478.1	332.5	423.8	99.3	87.3	96.1
Shetland Islands	479.8	x	446.0	99.6	x	101.1
South Ayrshire	536.8	426.5	474.5	111.5	111.9	107.6
South Lanarkshire	500.3	384.4	460.0	103.9	100.9	104.3
Stirling	477.0	469.3	478.9	99.1	123.2	108.6
West Dunbartonshire	469.2	346.6	414.0	97.4	91.0	93.9
West Lothian	465.4	345.2	399.4	96.7	90.6	90.6
Scotland	**481.5**	**381.0**	**441.0**	**100.0**	**100.0**	**100.0**
UK	**498.3**	**394.0**	**456.7**	**103.5**	**103.4**	**103.6**

Source: Annual Survey of Hours and Earnings, Office for National Statistics

Notes:

1 Employees on adult rates whose pay for the survey pay-period was not affected by absence.

2 Residence based estimates.

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%

Table 4.20: Gender Pay Gap, Scotland and UK, 1997-2007
Gross hourly pay excluding overtime for full-time employees

Year	Scotland			UK		
	Median Hourly Pay		Pay Gap	Median Hourly Pay		Pay Gap
	Male	Female	(%)	Male	Female	(%)
1997	7.90	6.45	18.4	8.40	6.94	17.4
1998	8.34	6.75	19.1	8.74	7.22	17.4
1999	8.64	7.20	16.7	9.07	7.58	16.4
2000	8.93	7.32	18.0	9.35	7.83	16.3
2001	9.35	7.76	17.0	9.84	8.23	16.4
2002	9.84	8.29	15.8	10.26	8.67	15.5
2003	9.93	8.62	13.2	10.58	9.04	14.6
2004[3]	10.34	9.14	11.6	11.09	9.53	14.1
2004[4]	10.24	9.05	11.6	10.96	9.37	14.5
2005	10.49	9.55	9.0	11.29	9.82	13.0
2006[5]	11.13	10.01	10.1	11.71	10.23	12.6
2006[6]	11.06	9.88	10.7	11.64	10.14	12.9
2007	11.61	10.22	12.0	11.96	10.46	12.5

Source: Annual Survey of Hours and Earnings, Office for National Statistics

Notes:

1 Employees on adult rates whose pay for the survey pay-period was not affected by absence.

2 Workplace based estimates.

3 Excluding supplementary information.

4 Including supplementary information.

5 Methodology consistent with 2005.

6 Methodology consistent with 2007.

7 To improve coverage and hence make the survey more representative, supplementary information was collected from the 2004 ASHE survey onwards on businesses not registered for VAT and for people who changed or started new jobs between sample selection and the survey reference period. The 2004-2006 ASHE results are therefore discontinuous with the results for 2003 and previous years, for which no supplementary information was collected. However, for 2004 two sets of results are given; the headline results that include supplementary information and results that exclude this information. These second set of results are given solely for comparison to earlier years.

8 2007 results take account of a small number of methodological changes which will improve the quality of results. These include changes to the sample design itself, as well as the introduction of an automatic coding tool, ACTR. Therefore, these results are only continuous with the 2006 results that have been produced using this methodology and are discontinuous with results from previous years. A second set of results is also provided for 2006 which is based on the old methodology to allow comparisons with earlier years.

Box 4.3: Useful References

Labour Market Statistics website:
http://www.scotland.gov.uk/Topics/Statistics/Browse/Labour-Market

Office for National Statistics website:
http://www.statistics.gov.uk/

General Register Office for Scotland:
http://www.gro-scotland.gov.uk/

NOMIS (database of official labour market statistics):
https://www.nomisweb.co.uk/Default.asp

Scottish Neighbourhood Statistics website (small area statistics):
http://www.sns.gov.uk/

Department for Work and Pensions Tabulation Tool (WPLS):
http://www.dwp.gov.uk/asd/tabtool.asp

Scotland Performs (Cohesion Target and Adult Literacy and Numeracy Indicator):
http://www.scotland.gov.uk/About/scotPerforms

Any comments for future editions or questions on the Labour Market chapter can be sent to labour-market.statistics@scotland.gsi.gov.uk or 0141 242 5446.

2008

chapter five: Household income and expenditure

This chapter explores the distribution of household income across Scotland. Household spending is also examined and compared to the United Kingdom average.

Families in Scotland

There are 2.8 million families in Scotland and Table 5.1 breaks these down into the different family types which live together. In this table a family is defined as 'a single adult or couple living together "as married" together with any dependent children'. This means that there can be more than one family living in a household. A retired pensioner living with his adult daughter and her husband for example, would be defined as two families.

Table 5.1: Number of family units and persons in each family type, 2006-07

Family type	Persons[1]		Families	
	Frequency (000s)	Percentage of persons	Frequency (000s)	Percentage of persons
Pensioner couple	600	12	300	11
Single pensioner	400	8	400	15
Couple with dependent children	1,580	32	430	15
Single with dependent children	440	9	170	6
Couple without dependent children	1,040	21	520	19
Single without dependent children	950	19	950	34
All	**5,010**	**100**	**2,760**	**100**

Source: DWP Family Resources Survey, Households Below Average Income 2006-07 datasets

1 Persons in private households. Does not include, for example, people living in prisons, student halls of residence or homeless shelters.

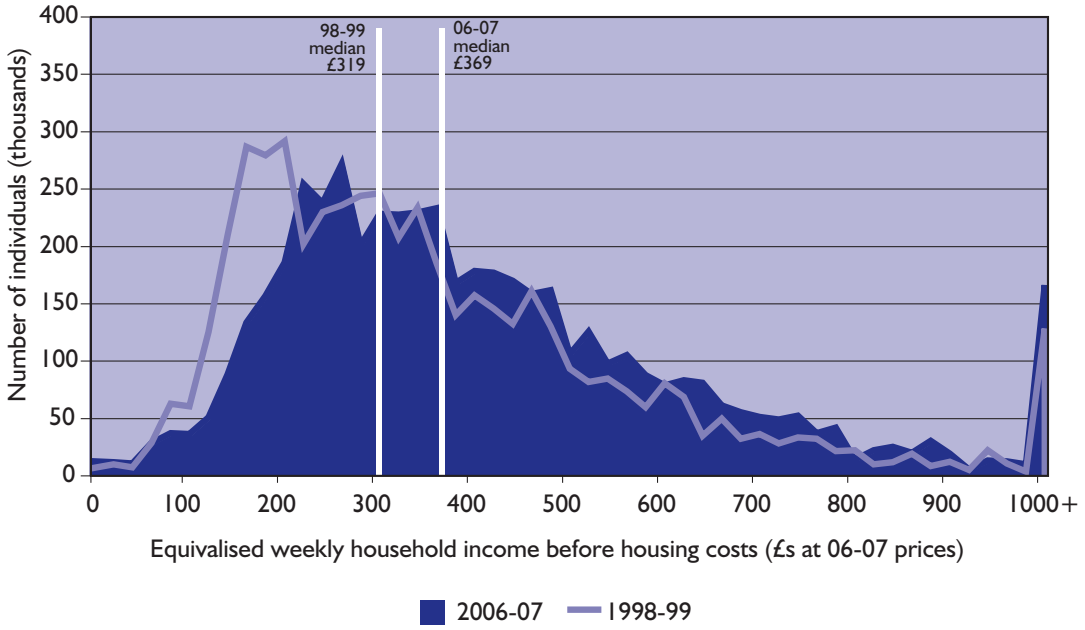
In terms of number of people, couples with children make up the largest family type in Scotland. Almost a third of people live in this type of family. The next largest family types are adult couples or single people living without children. These two family types both contain around a fifth of the population.

Equivalisation

In many of the income statistics published by the Scottish Government and other bodies, family incomes are adjusted through a process known as equivalisation. This allows incomes to be compared across family groups of different sizes and types. Equivalisation adjusts for the fact that different families require different incomes to achieve a comparable standard of living. A couple living together, for example, require a higher income than a single person, but not double the single person's income. The equivalised income for a large family would therefore be less than their actual income. This adjustment has been carried out on the equivalised incomes which are presented in this chapter.

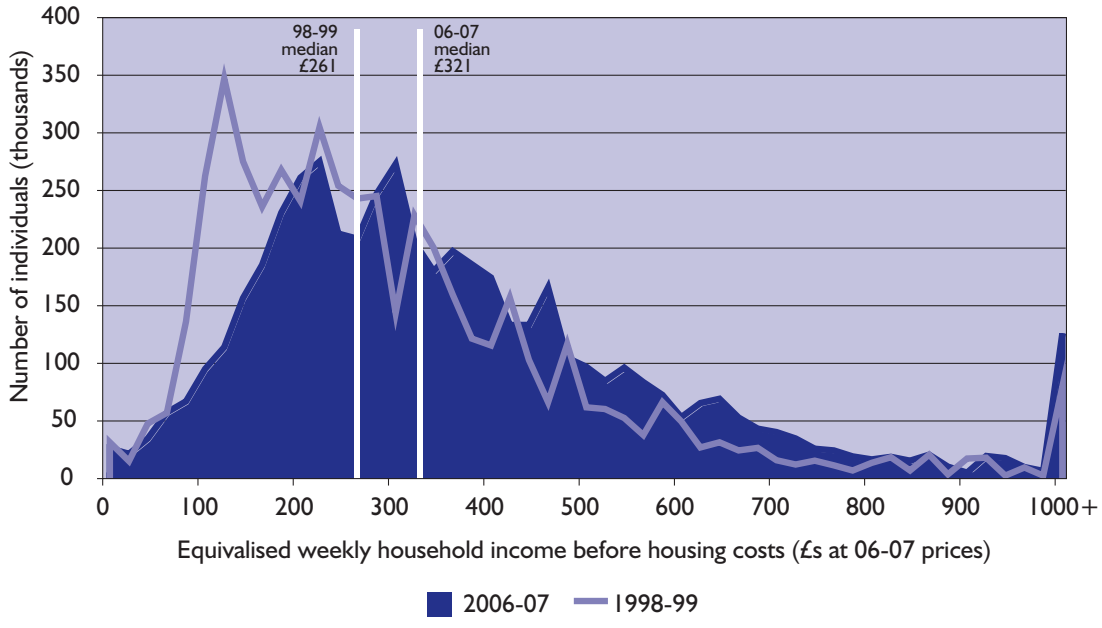
Income Distribution

Chart 5.1: Equivalised household net disposable income distribution (before housing costs), 1998-99 and 2006-07



Source: DWP, Family Resources Survey, Households Below Average Income datasets

Chart 5.2: Equivalised household net disposable income distribution (after housing costs), 1998-99 and 2006-07



Source: DWP, Family Resources Survey, Households Below Average Income datasets

Charts 5.1 and 5.2 show how the distribution of household income in Scotland has changed between 1998-99 and 2006-07. The 1998-99 figures have been adjusted for inflation and are in 2006-07 prices. In Chart 5.1 the 1998-99 line has a peak around the range £170-£200 which by 2006-07, rose by about £50. This shows that the incomes for many of the poorest people in the 2006-07 distribution were higher than the incomes of the poorest in 1998-99. By examining the graph it is not possible to say whether incomes rose for specific groups of people over this period as it only shows the general distribution of income over the entire population. Tracking of individuals is not possible with these data. It is only possible to say that many of those at the lower end of the income distribution received more in 2006-07 than those at the bottom in 1998-99. This is reflected in the fact that absolute poverty levels, which compare the incomes of the poorest now against what they had in 1998-99 have fallen. In 1998-99, 980 thousand people in Scotland (around twenty per cent of population) were in absolute poverty before housing costs. By 2006-07, this figure had fallen to 510 thousand people (around ten per cent of the population).

However, as well as the increase in incomes of the poorest, the rest of the income distribution has also shifted 'to the right' and the number of people earning over £1,000 per week has increased. This means that the median income has increased by £60 since 1998-99 so the poorest would need more money to 'keep up with' the rest of society. Relative poverty levels which compare individuals' incomes against the contemporary UK medians have shown some reduction, particularly in child poverty, but this has been less dramatic than that in absolute poverty. The proportion of individuals in relative poverty (before housing costs) fell from twenty to seventeen per cent over this period. The fall in the proportion of children in relative poverty was more dramatic, from twenty-eight to twenty-one per cent, but still less than the corresponding fall in absolute poverty.

Chart 5.2 which presents the after housing costs (AHC) income distributions shows a similar pattern to that for before housing costs income. For most groups, trends in before and after housing costs poverty are similar. The exception to this is pensioners for whom reductions in after housing costs poverty have been more dramatic than for before housing costs (BHC). Between 1998-99 and 2006-07 the proportion of pensioners in BHC relative poverty fell from twenty-six to twenty per cent, over the same period the proportion of pensioners in AHC relative poverty fell from twenty-seven to fifteen per cent.[1]

Income analysis by decile

Another way of looking at the income distribution is to examine the characteristics of each of the ten income deciles. The deciles are formed by sorting the entire population by their incomes and then splitting them into ten equally sized groups. The first decile then contains the tenth of the population with the lowest incomes, the second contains those with the next lowest incomes and the tenth decile contains the tenth of the population with the highest incomes.

Table 5.2 presents information about each of the deciles in the income distribution such as the median income and the cut off point (i.e. the highest income in each decile).

1 To find out more about poverty in Scotland see the Scottish Government publication 'Households Below Average Income 2006-07' at the following link: http://www.scotland.gov.uk/Publications/2008/06/09143258/0

Table 5.2: Median equivalised net disposable annual incomes before housing costs, total incomes and thresholds by decile: 2006-07

Decile	Decile median annual income	Cut off point	Total income for decile (£ million)	Cumulative percentage of total national income
1	£7,920	£10,070	£3,450	3
2	£11,390	£12,416	£5,670	8
3	£13,550	£14,512	£6,770	14
4	£15,770	£17,009	£7,910	21
5	£18,100	£19,203	£9,030	29
6	£20,600	£22,043	£10,330	38
7	£23,590	£25,312	£11,800	48
8	£27,310	£29,783	£13,720	60
9	£32,970	£37,128	£16,500	75
10	£45,190	none	£28,750	100

Source: DWP Family Resources Survey, Households Below Average Income 2006-07 datasets

The decile median is the 'middle' income for each decile. Half the incomes in the decile will be higher than it and half will be lower. For example, half of the people in the second decile (which by definition contains one tenth of the population, roughly 500,000 people) will have annual equivalised incomes below £11,390 (before housing costs).

As would be expected the total amount of income received by the people in each decile increases as we examine higher deciles. Those in the top three deciles receive £59 billion annually, equivalent to over half of the total national household income. In comparison, those in the bottom three deciles receive £16 billion between them, fourteen per cent of total income.

The Scottish Government's solidarity target[2] directly concerns the lowest three deciles in the income distribution. It is *'To increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017'*. This means that, as well as increasing incomes across the income distribution as a whole, the government plans to increase the proportion of total income received by those at the bottom of the distribution.

2 To find out more about the Scottish Government Solidarity target see the 'Scotland Performs' website: http://www.scotland.gov.uk/About/scotPerforms/purposes/solidarity

Box 5.1: UK and Scottish Government household income targets

There are several UK and Scottish Government targets and indicators related to household income.

Scottish Government targets and indicators

The Scottish Government national performance framework contains a number of interlinked targets and indicators which support the Government's purpose of *increasing sustainable economic growth*. Improving performance in many of the indicators would be expected to have an influence on household income, the following three measures however are directly related to the income distribution:

Solidarity Purpose Target: *'To increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017'*. The small, independent countries which neighbour Scotland have greater equality of income and significantly lower rates of poverty with higher rates of economic growth. The Solidarity target is designed to ensure that, while meeting the Scottish Government's Purpose of increasing sustainable economic growth, income inequality is also reduced in order to ensure that all of Scotland benefits from increased prosperity. The Government is clear that Scotland will only do better when more people in Scotland do better.

National Outcome: *'We have tackled the significant inequalities in Scottish society'*.

National Indicator: *'Decrease the proportion of individuals living in poverty'*.

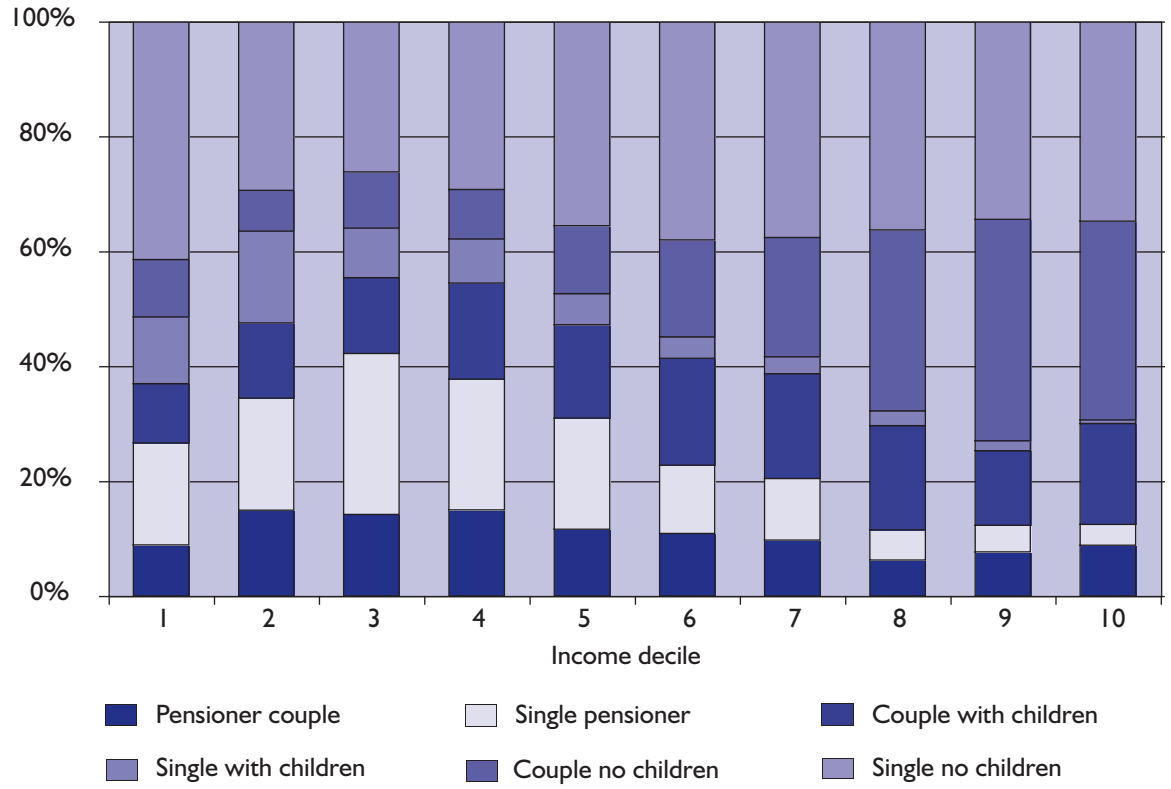
For more detail on the measures above and the Scottish Government performance framework see the Scotland Performs website: http://www.scotland.gov.uk/About/scotPerforms

UK Government child poverty target: In 1999, the UK Government made a commitment to *'halve child poverty by 2010, on the way to eradicating it by 2020'*. The Scottish Government are committed to doing everything that they can within the powers available to them to meet this target.

Types of families by income decile

Chart 5.3 breaks down the people in each income decile by the type of families that they live in. There are several notable features in this chart, for example the proportion of people in childless couples is much higher among the higher deciles than the lower ones. Between thirty and forty per cent of people in the top three deciles are in this type of family compared with seven to ten per cent in the bottom three. The reverse is true of single people with children and pensioner families which are more common towards the bottom of the distribution.

Chart 5.3: Family composition by equivalised income decile – 2006-07



Source: DWP Family Resources Survey, Households Below Average Income 2006-07 datasets

Breaking down the deciles by family economic status again reveals interesting features. As would be expected, Chart 5.4 shows that the proportion of people from families which are workless either because of retirement, unemployment or economic inactivity (people who are neither in work nor looking for work) is much higher towards the bottom end of the income distribution. At the top end of the distribution, the largest group of people come from single or couple families where every adult is working full-time. Over half the people in the top three deciles come from this type of family. It should be noted, however that there are some working families in the bottom decile, and retired and workless families at the top of the distribution.

Chart 5.4: Economic status of family by equivalised income decile – 2006-07

Box 5.2: Income definitions used in this chapter[3]

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 licences for over 75s. BHC income is net of income tax, national insurance and council tax as well as certain other payments such as child maintenance.

After housing costs: Net disposable 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.

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).

Relative low income: Households are in relative poverty if their equivalised income is below sixty per cent of the UK median income of the same year. This is a measure of whether those in the lowest income households are keeping pace with the growth of incomes in the economy as a whole.

Absolute low income: Households are in absolute poverty if their equivalised income is below sixty per cent of the GB median in the baseline year, 1998-99, adjusted to remove the effects of inflation. This is a measure of whether those in the lowest income households are seeing their incomes rise in real terms.

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.

Decile: The income values which divide the population into ten equal groups when ranked by income. The upper limit of the fifth decile is the median value.

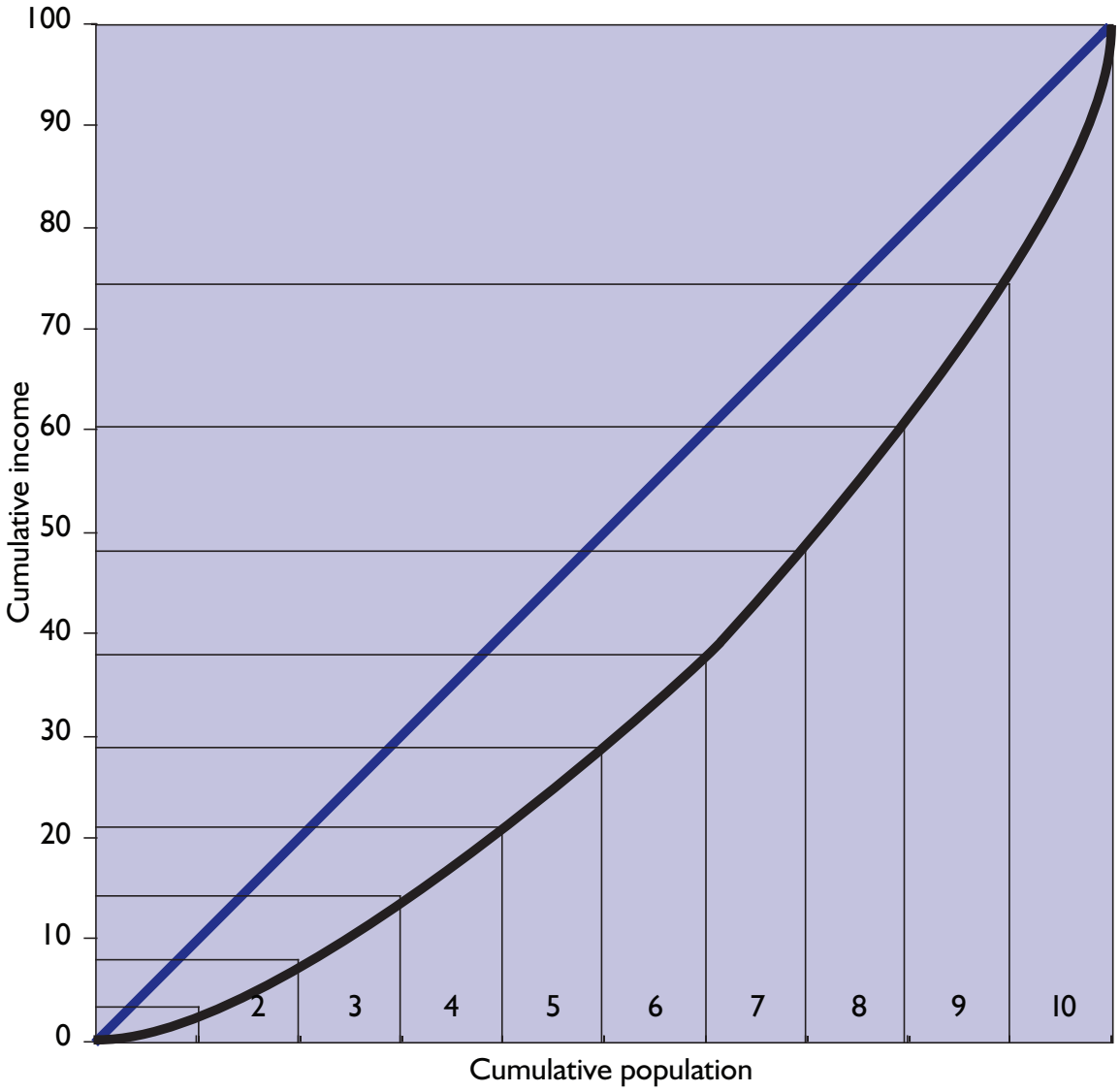
Use of GB and UK medians: Since 2002-03 the Family Resources Survey has included Northern Ireland. As a result all relative low income figures from 2002-03 will be calculated using the UK median. Absolute measures utilise a base year prior to the inclusion of Northern Ireland and will therefore continue to use the GB median as the basis for the low income threshold. In practice the change from GB to UK median has little impact on the figures; in 2005-06 the estimated UK median income for a couple with no children is £1 less than the GB estimate for the same year.

3 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)

Lorenz curve and Gini coefficient

Another way of examining the distribution of income across a population is by drawing a Lorenz curve. This is a method of graphically presenting the income distribution for an entire population. The cumulative share of total income is plotted against the cumulative share of the corresponding household population. Chart 5.5 presents the Lorenz curve for Scotland in 2006-07. The diagonal line across the centre of the graph represents 'perfect equality of income'. If every household had the same equivalised income then the Lorenz curve would follow this line.

Chart 5.5: Lorenz curve with deciles – 2006-07



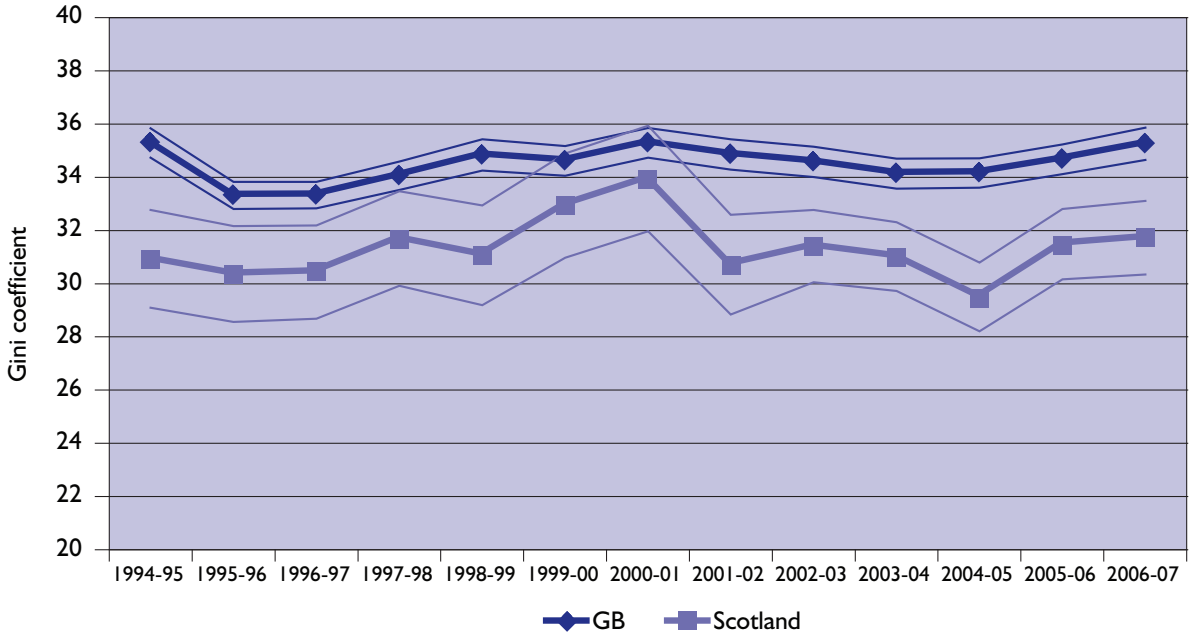
Source: DWP Family Resources Survey, Households Below Average Income 2006-07 datasets

The ten income deciles are marked along the bottom of the graph. The proportion of income received by households in each decile is the height at which the line from each decile intersects the black Lorenz curve. As the Lorenz curve gets steeper towards the top end of the distribution the proportion of income received by those households is larger. The top two deciles receive almost forty per cent of total income while the bottom two receive less than ten per cent.

Another common measure of income equality which is related to the Lorenz curve is the Gini coefficient. This is a figure, which can be derived from the Lorenz curve, that summarises the level of income equality across a population. It ranges from 0 to 100 with 0 representing 'perfect equality' and 100 representing 'perfect inequality' (if one household had all of the income). Chart 5.6 presents the Gini coefficients for Great Britain and Scotland from 1994-95 to 2006-07. Over this period the income has been more equally distributed in Scotland than in GB as a whole. This difference has been slight but consistent since 1994-95.

Historic figures[4] show that the UK Gini coefficient was lower than its current level, and was around 30, towards the end of the 1970s. It then rose throughout the mid to late 1980s and has been at its current level, around 34 to 36, since then. This indicates that at a UK level income was distributed more equally in the late 1970s and early 1980s than it is now. Relative poverty levels were also lower than contemporary levels during this period. Absolute poverty levels however, which compare incomes against the (inflation adjusted) 1998-99 median income, were higher. Thirty-three per cent of the UK population were in absolute poverty before housing costs in 1979 compared with twelve per cent in 2006-07. This indicates that, although income was more evenly distributed in 1979 total income was lower than it is now and many households had lower incomes in real terms.

Chart 5.6: Income inequality as measured by the Gini coefficient (smaller figures signify greater equality) – GB and Scotland 1994-95 to 2006-07



Thin lines show 95% Confidence Intervals.

Source: DWP Family Resources Survey, Households Below Average Income 2006-07 datasets

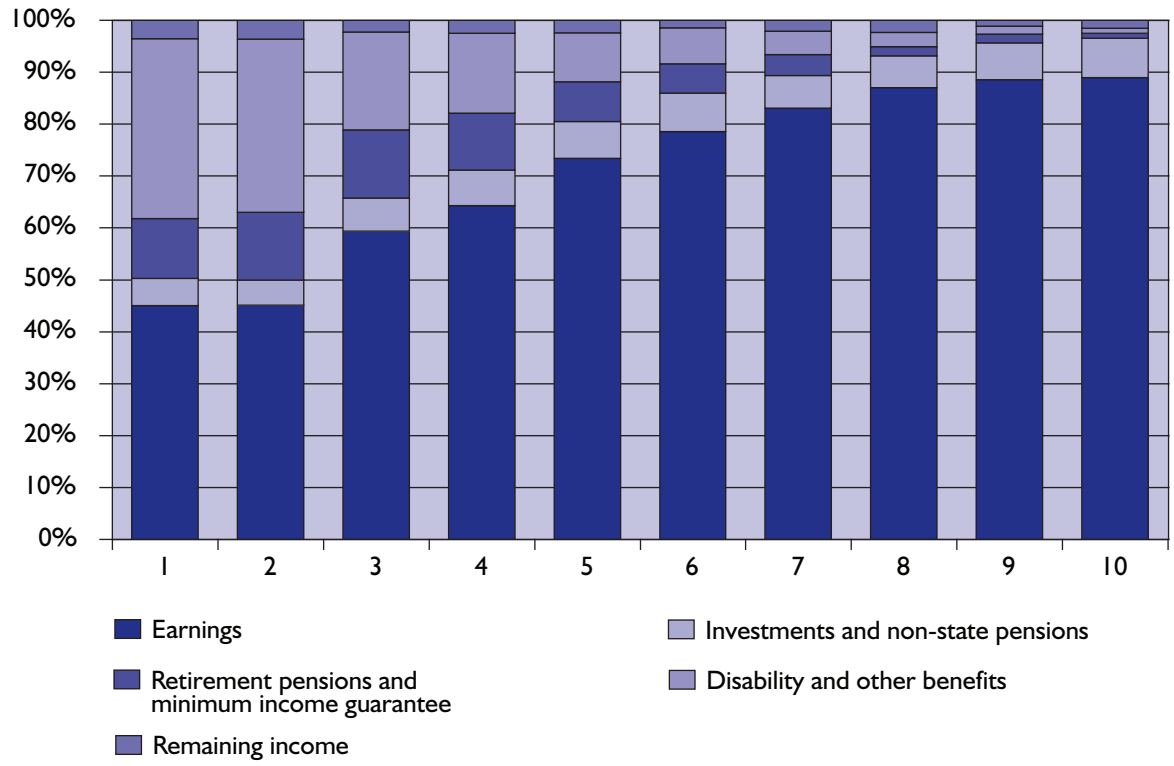
4 For further details see Jones, F – *The effects of taxes and benefits on household income, 2006-07* – http://www.statistics.gov.uk/elmr/07_08/downloads/ELMR_Jul08_Jones.pdf

Income source and household assets by income decile

Chart 5.7 below breaks down the various sources of household income by decile. It shows that, as higher deciles in the income distribution are examined, the contribution to household income of earnings increases. This may not be a surprising finding to many people but none-the-less the increase is dramatic.

In the bottom three income deciles between forty-five and sixty per cent of household income comes from the earnings of the householders. In the top three, this proportion rises to almost ninety per cent. In contrast, the contribution of state benefits becomes increasingly unimportant in higher deciles. These make up between nineteen and thirty-five per cent of income in the bottom three deciles and less than three per cent in the top three.

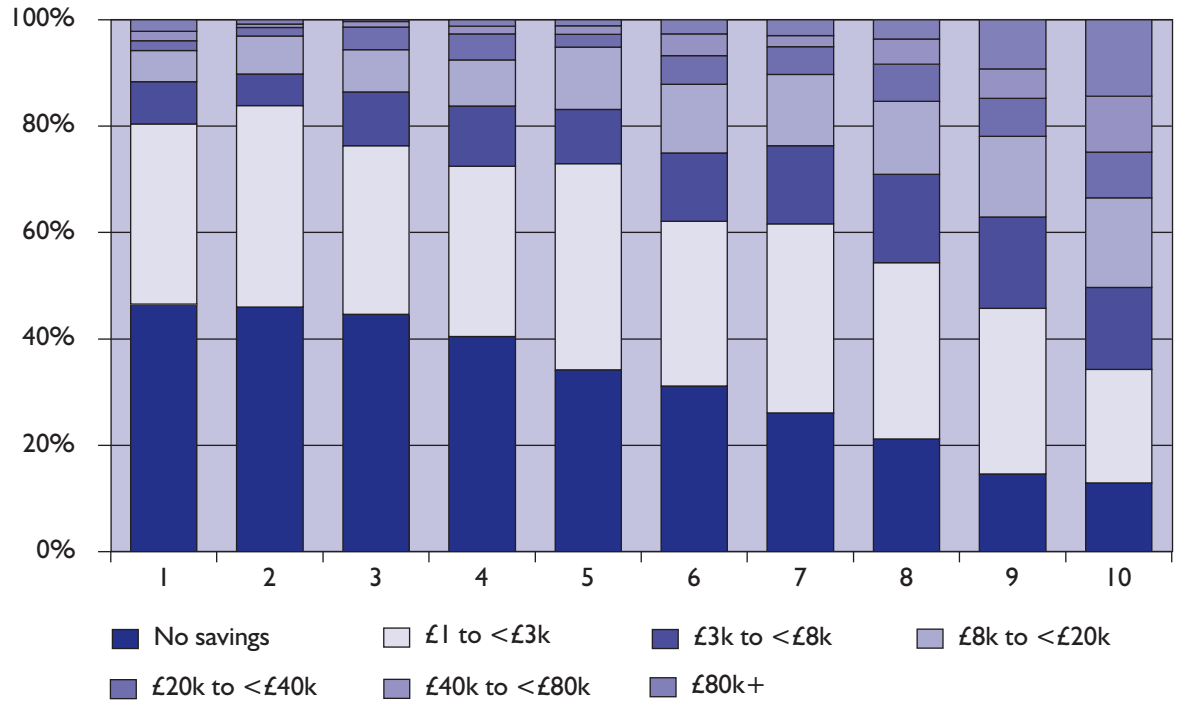
Chart 5.7: Sources of household income by equivalised income decile – 2006-07



Source: DWP Family Resources Survey, Households Below Average Income 2006-07 datasets

Chart 5.3 shows that the proportion of pensioners is highest in the bottom deciles, but particularly the second, third and fourth. It is notable that the proportion of income from state pensions is also highest in these deciles, as shown in Chart 5.7.

Chart 5.8: Household savings and assets by equivalised income decile – 2006-07



Source: DWP Family Resources Survey, Households Below Average Income 2006-07 datasets

When examining the income distribution it is important to consider savings and assets as well as household income to obtain a more complete understanding of household wealth. The DWP Family Resources Survey asks respondents about their types of accounts and investments. This is used to calculate their total savings and these figures broken down by decile are presented in Chart 5.8. The chart shows that as well as having higher incomes, those at the top end of the income distribution also have more savings to draw upon.

Around forty-five per cent of people in the bottom three deciles have no savings and another thirty per cent have between £1 and £3,000. In the top three deciles thirteen to twenty-one per cent of people have no savings. Around half of people in the top three deciles have savings of more than £3,000 compared with less than a quarter in the bottom three.

Household expenditure

Like assets, household spending is another component of a family's standard of living which is not considered when looking at family income alone. The following table breaks down average weekly spend by commodity group across the four UK nations.

Table 5.3: Household weekly expenditure by commodity and country: 2006

	Scotland		England		Wales		Northern Ireland		United Kingdom	
Commodity or service	£s/ week	% of weekly spend	£s/ week	% of weekly spend	£s/ week	% of weekly spend	£s/ week	% of weekly spend	£s/ week	% of weekly spend
1 Food & non-alcoholic drinks	46.90	11	47.00	10	42.30	10	53.60	12	46.90	10
2 Alcoholic drinks, tobacco & narcotics	13.90	3	10.70	2	12.50	3	14.10	3	11.10	2
3 Clothing & footwear	25.90	6	22.60	5	23.50	6	33.50	7	23.20	5
4 Housing(net),[1] fuel & power	39.40	9	48.50	11	46.00	11	46.20	10	47.60	10
5 Household goods & services	30.10	7	30.50	7	26.20	6	31.10	7	30.30	7
6 Health	3.10	1	6.30	1	4.20	1	4.20	1	5.90	1
7 Transport	60.20	14	62.40	14	58.60	14	61.50	14	62.00	14
8 Communication	11.60	3	11.70	3	10.90	3	13.80	3	11.70	3
9 Recreation & culture	63.70	14	58.60	13	52.60	13	47.50	11	58.50	13
10 Education	5.70	1	7.70	2	3.70	1	3.80	1	7.20	2
11 Restaurants & hotels	40.30	9	37.70	8	35.40	9	40.70	9	37.90	8
12 Miscellaneous goods & services	34.50	8	36.50	8	30.50	8	34.60	8	36.00	8
13 Other expenditure items	68.60	15	80.10	17	58.30	14	63.00	14	77.60	17
Total expenditure	444.00	100	460.30	100	404.70	100	447.50	100	455.90	100
Average weekly expenditure per person (£)										
Total expenditure	**188.00**		**195.40**		**171.70**		**168.60**		**192.80**	

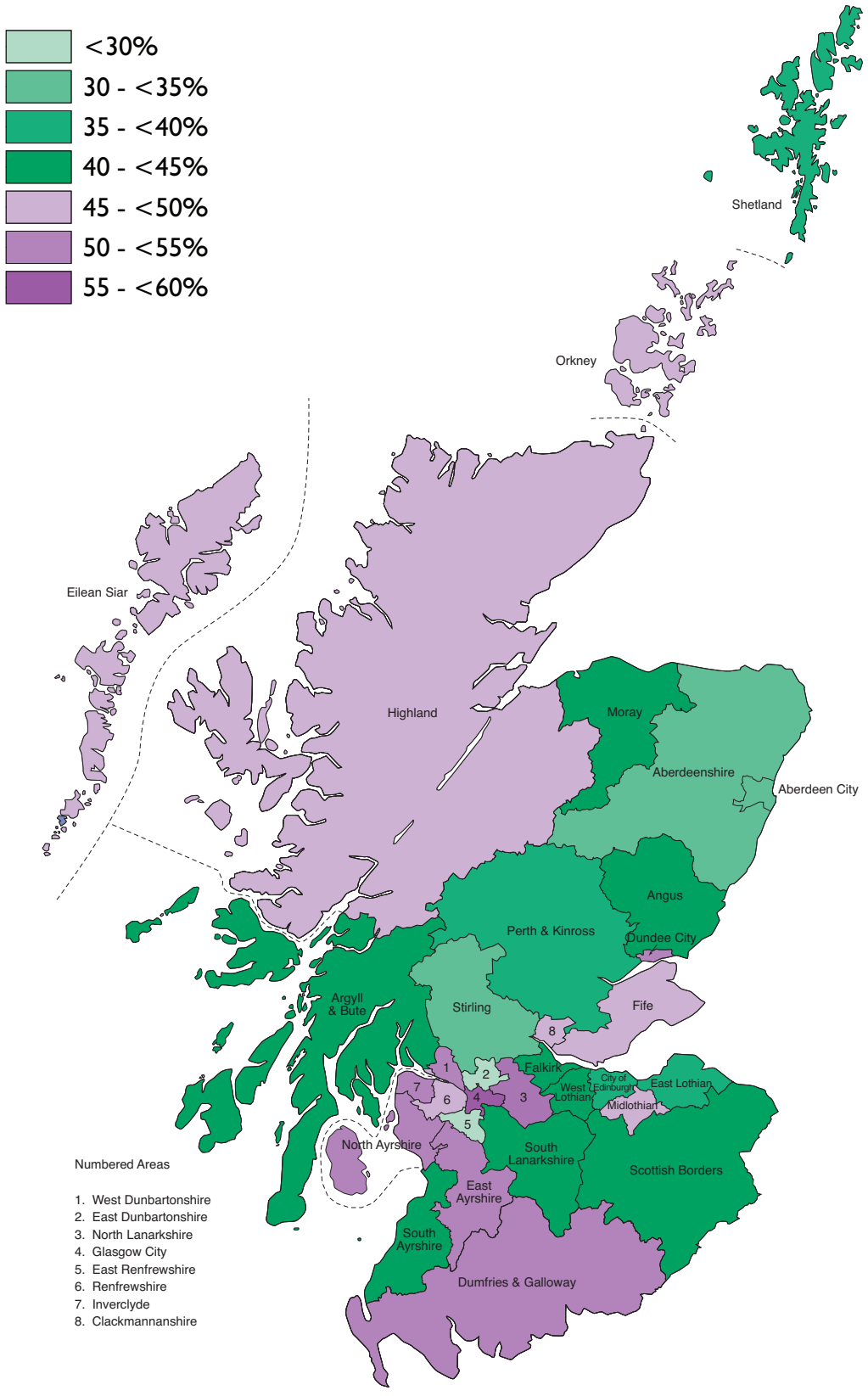
1 Excluding mortgage interest payments, council tax and Northern Ireland rates.
ONS, Family Spending 2006

The average weekly household expenditure for Scotland in 2006 was £444, slightly lower than the UK average of £456. In terms of percentages spent on different commodities, spending is broadly similar across the four countries. There are some minor differences however: spending on fuel and power, housing and education is slightly lower in Scotland as a percentage of total expenditure than the UK average. Scottish households spend a slightly higher proportion of their money on restaurants and hotels; recreation and culture; alcohol and food.

Children in workless or tax credit dependent families

The DWP Family Resources Survey is the main source of poverty estimates in Scotland and the rest of the UK. Figures from the survey cannot be broken down to local authority level and because of this it is difficult to find reliable estimates of poverty across local authorities. Some proxy indicators are used however and one of these is presented below in Chart 5.9. HMRC figures about benefit and tax credit receipt have been combined with population data to produce estimates of the proportion of children living in households that are dependent on out of work benefits or where child tax credit is more than the family element. This is used as a proxy indicator for estimating the proportion of children in low income homes.

Map 5.1: Percentage of children living in households that are dependent on out of work benefits OR child benefit more than the family element – 2006-07



Source: HM Revenue and Customs and the General Registry Office of Scotland.[5]

5 These data available at http://www.scotland.gov.uk/Topics/Statistics/Browse/Social-Welfare/IncomePoverty/LAdata

In all but two local authorities over thirty per cent of children are living in the low income households described in Map 5.1. This is higher than published estimates of child poverty (in 2006-07 twenty-one per cent of children were in relative poverty before housing costs) and so it is advisable not to make direct comparisons between these figures and the national poverty estimate. These figures are useful however for making comparisons between local authorities and over time within the same local authority.

According to these figures Glasgow City has the highest proportion of low income children, followed by West Dunbartonshire, North Ayrshire and Dundee City. Fifty-eight per cent of children in Glasgow are estimated to be living in workless or tax credit dependent households.

Box 5.3: Useful references

Income and Poverty statistics website (includes Scottish Households Below Average Income 2006-07, presentations from the recent income statistics user day and other income and poverty data).
www.scotland.gov.uk/stats/incomepoverty

Scottish Neighbourhood Statistics website (includes small area benefits data):
www.sns.gov.uk

For further information on all Scottish Government statistics: www.scotland.gov.uk/topics/statistics/

Department for Work and Pensions websites:

Benefits Tabulation Tool:
www.dwp.gov.uk/asd/tabtool.asp

Family Resources Survey and Households Below Average Income methodology and GB statistics:
www.dwp.gov.uk/asd/frs/

HM Revenue and Customs website (Tax Credits information and statistics):
www.hmrc.gov.uk

Office for National Statistics website (includes expenditure statistics):
www.statistics.gov.uk

Information on equivalisation (including the equivalence scale used in producing these figures)
http://www.oecd.org/dataoecd/61/52/35411111.pdf

For any information on Scottish income statistics, or comments or suggestions about this publication, please contact the Social Justice Statistics team on 0131 244 0794 or social-justice-analysis@scotland.gsi.gov.uk.


2008
chapter six: Public Sector

Public Sector Accounts

The amount of money raised from taxes and other sources in Scotland and the amount of government expenditure for Scotland is estimated in the annual Government Expenditure and Revenue Scotland (GERS) exercise. GERS 2006-07 is the first edition following a full statistical review of methodologies and data sources which was conducted between January 2007 and the publication of the report. The timetable for the GERS publications has been brought forward by six months and the results published in line with the UK Public Sector Finances statistics.

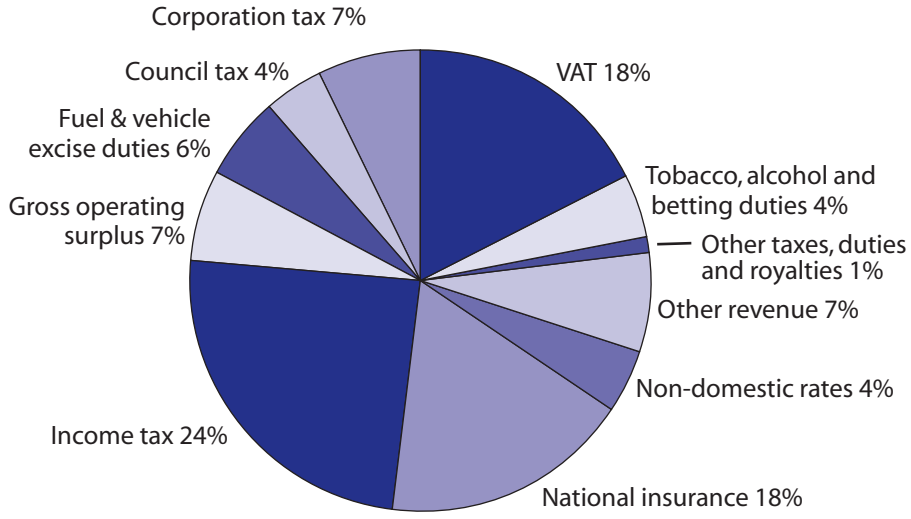
Full details of the methodologies adopted and the review can be found in the GERS 2006-07 publication which is available at: http://www.scotland.gov.uk/News/Releases/2008/06/20102910.

Public Sector Receipts

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 excluding North Sea Revenue, Scotland contributed £42.4 billion in the financial year 2006-07, which amounted to 8.3 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.

Chart 6.1: Estimated government revenue from Scotland, by source 2006-07



Source: Government Expenditure and Revenue Scotland 2006-2007, Scottish Government

Table 6.2 presents a summary of Local Authority revenue and capital income and expenditure for 2006-07 from the Scottish Local Government Finance Statistics 2006-07 publication. The Scottish Local Authorities collected a total of £3.7 billion in Council Tax and Non-domestic rates in 2006-07. Table 6.3 summarises Council Tax by Local Authority for 2007.

Government Expenditure

The GERS report produces estimates of Total Expenditure on Services for Scotland by considering source data from the HM Treasury publication: *Public Expenditure Statistical Analysis 2008 (PESA)*. Expenditure which HM Treasury can directly attribute to individual regions of the UK is termed as identifiable. Other expenditure is made at the UK level and cannot be assigned directly to a particular geographical region. Defence is the main example of such "non-identifiable" expenditure. GERS adopts a number of methodologies to attribute a share of these expenditures to Scotland. For example, defence expenditure is apportioned using the population share, 8.4% for 2006-07.

Table 6.4 gives the estimates of identifiable and non-identifiable expenditure on different services in 2006-07.

Total Expenditure on Services (TES) in Scotland estimates include both identifiable expenditure and the estimates of non-identifiable expenditure. In 2006-07, this amounted to an estimated £49.9 billion, which was 9.5 per cent of the UK total. The largest category of spending was social protection, which accounted for £16.2 billion or 32.4 per cent of total spending.

Table 6.5 details Local Authority current expenditure for 2006-07.

In GERS, three estimates of Scotland's public sector accounts are presented, (i) an estimate excluding North Sea Revenue, (ii) an estimate based on the per capita share of North Sea Revenue and (iii) an estimate based on an illustrative geographical share of North Sea revenue. Table 6.7 provides a full breakdown of the current and capital budgets for Scotland from 2002-03 to 2006-07.

Public Sector Employment

The quarterly series of *Public Sector Employment in Scotland* provides official estimates of public sector employment, which are consistent with the UK series published quarterly by the Office for National Statistics (ONS). The series is published in the months of March, June, September and December with data relating to the previous quarter. A full quarterly series back to 1999 Q1 is available. The latest publication available can be found at: http://www.scotland.gov.uk/Publications/2008/09/17083742/0.

The 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 and the Scottish Government. Further details of Local Government Employment Statistics in Scotland can be found at: http://www.scotland.gov.uk/Topics/Statistics/Browse/Labour-Market/JointStaffingWatchSurvey.

Public/Private Sector

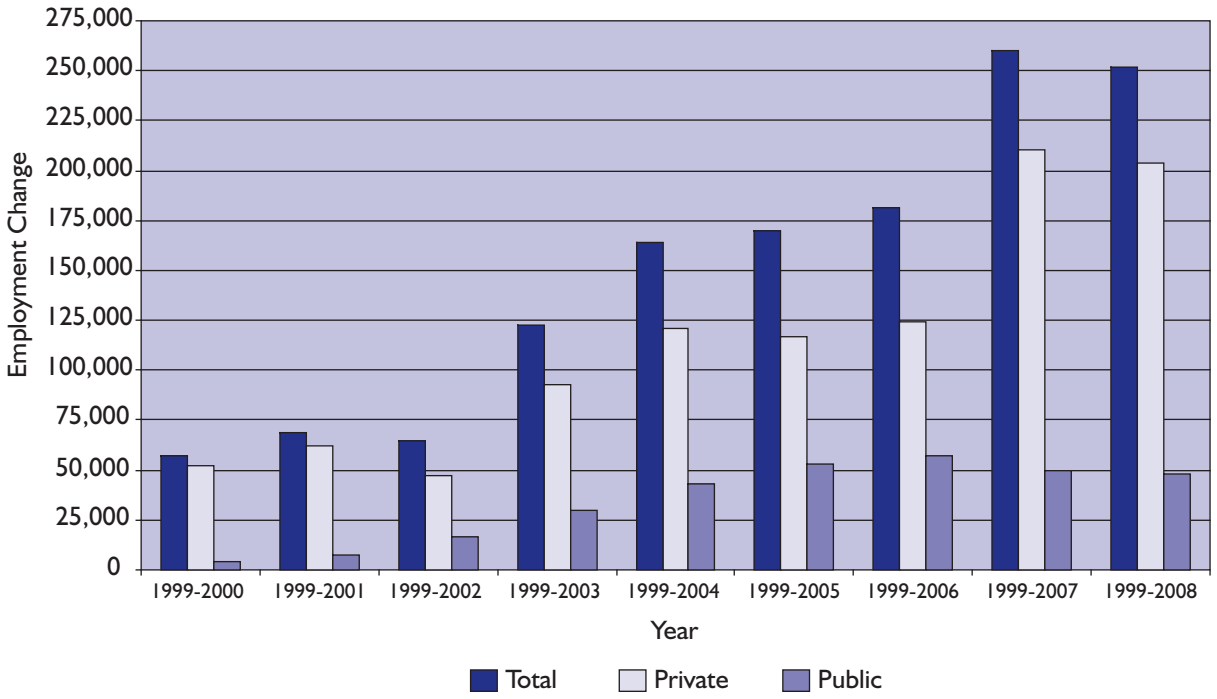
Estimates of the split between those employed in the public and private sectors have in the past been sourced from the Labour Force Survey (LFS). However, ONS, who carry out the survey, acknowledge that the LFS tends to over-estimate numbers working in the public sector. Using the new quarterly public sector employment estimates, 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 2008 Q2, 22.7 per cent of employees were employed in the public sector and 77.3 per cent in the private sector.

Between 1999 Q2 and 2008 Q2, total employment in Scotland increased by 252,000. The public sector accounted for 19.2 per cent of this increase and the private sector accounted for 80.8 per cent. Chart 6.2 shows the changes in public and private sector employment in Scotland since 1999.

Components of Public Sector Employment

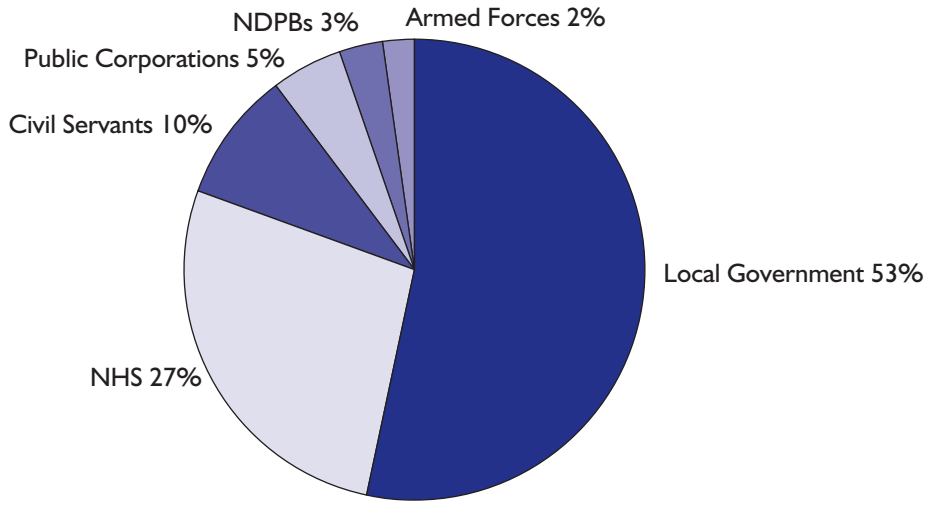
Table 6.6 provides a breakdown of the public sector employment estimate for 2008 Q2 into the component parts. This data is for Full Time Equivalents (FTE) which provides a better indicator of total labour input than a simple headcount. Local Government, which employs teachers, police, social work and fire services, employs 256,000 people and accounts for 52.7 per cent of public sector employment. The National Health Service (NHS) is the next largest public sector employer, employing 132,100, and accounting for 27.1 per cent of the public sector. The Civil Service accounts for 9.4 per cent, Public Corporations 4.6 per cent and Non-Departmental Public Bodies 3.0 per cent of public sector employment. Armed forces accounts for 2.5 per cent of the public sector. Chart 6.3 illustrates the component share of public sector employment in Scotland.

Chart 6.2: Changes in public and private sector employment since 1999



Source: Public Sector Employment in Scotland

Chart 6.3: Components of public sector in Scotland, 2008 Q2



Source: Public Sector Employment in Scotland Series
Note: Based on Full-Time Equivalents

Table 6.1: Current fiscal revenue: 2006-07

	Scotland	% of total non-North Sea revenue	UK	Scotland as % of UK non-North Sea revenue
	£ million		£ million	
Income tax	10,338	24.4%	141,142	7.3%
Corporation tax (excl North Sea)	3,019	7.1%	37,156	8.1%
Capital gains tax	308	0.7%	3,812	8.1%
Other taxes on income and wealth	248	0.6%	2,992	8.3%
National insurance contributions	7,464	17.6%	90,976	8.2%
VAT	7,449	17.6%	87,728	8.5%
Fuel duties	1,958	4.6%	23,585	8.3%
Stamp duties	686	1.6%	13,393	5.1%
Tobacco duties	981	2.3%	8,146	12.0%
Alcohol duties	768	1.8%	7,914	9.7%
Betting and gaming and duties	95	0.2%	961	9.9%
Air passenger duty	94	0.2%	1,112	8.4%
Insurance premium tax	195	0.5%	2,305	8.4%
Landfill tax	75	0.2%	825	9.1%
Climate change levy	73	0.2%	696	10.4%
Aggregates levy	50	0.1%	324	15.3%
Inheritance tax	228	0.5%	3,618	6.3%
Vehicle excise duty	400	0.9%	5,139	7.8%
Non-domestic rates[1]	1,833	4.3%	19,904	9.2%
Council tax	1,812	4.3%	22,340	8.1%
Other taxes and royalties[2]	492	1.2%	5,965	8.2%
Interest and dividends	628	1.5%	6,318	9.9%
Gross operating surplus	2,757	6.5%	22,452	12.3%
Rent and other current transfers	403	1.0%	1,812	22.2%
Total current revenue (excluding North Sea revenue)	**42,353**	**100.0%**	**510,615**	**8.3%**
North Sea revenue[3]				
Per capita share	766		9,075	
Geographical share	7,563		9,075	
Total current revenue (including North Sea revenue)				
Per capita share	**43,119**		**519,690**	
Geographical share	**49,915**		**519,690**	

Source: GERS, Scottish Government

Notes:

1 Excludes non-domestic rates that local authorities pay themselves.

2 Although this group includes some 14 separate revenues, the two largest – TV Licences and National Lottery Distribution Fund – account for 77% (£379 million) of this estimate for Scotland.

3 A full discussion of North Sea Revenue is provided in Chapter 5 of the GERS report.

Table 6.2 Summary of Local Authorities' Revenue and Capital Income and Expenditure by category[1] 2006-07

£ million

Gross Expenditure		Income		Net Expenditure
Total Gross Expenditure	**18,879**	**Total Income**	**20,167**	**-1,288**
Revenue Expenditure	**16,927**	**Revenue Income**	**19,120**	**-2,193**
Employee costs	6,804	Non-domestic rates[5]	1,884	
Operating expenses[2]	8,730	Council tax	1,812	
Revenue contributions to capital	168	Government grants		
General fund contributions to housing and trading services[3]	22	Revenue Support Grant (RSG)[6]	5,777	
Support service costs	616	Council tax rebate grants[7]	359	
Other	266	Other grants and subsidies[8]	3,147	
Adjustment for inter account and inter authority transfers[4]	-680	Sales, fees and charges	2,047	
Loan charges	1,001	Other income	4,058	
		Contributions from General Fund	20	
		Increase on revenue balances	15	
Capital Expenditure[9]	**1,952**	**Capital Income**	**1,047**	**905**
Acquisition of land leases, existing buildings or works	49	Proceeds of asset sales	451	
New construction and the purchase of vehicles, plant machinery and equipment	1,831	Repayment of loans by private sector	2	
Capital grants to private sector	69	Private sector contributions	73	
Gross lending to private sector	2			
Capital grants to public corporations	–	Public sector contributions	520	

Source: Scottish Government – Scottish Local Government Financial Statistics 2006-07

1 Excludes water and sewerage. Revenue and capital figures are on an accruals 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 2006.
6 Re-determined as per Local Government Finance (Scotland) Order 2007.
7 Council tax rebate paid by DWP.
8 As listed in Appendix A of the Report to the Local Government Finance (Scotland) Order 2006 and as returned by local authorities.
9 Excludes capital expenditure which is financed from revenue.

Table 6.3: Council Tax by Local Authority, 2007

	Number of dwellings in each council tax band on the valuation list[1] (as at September 2007)									Number of Band D equivalent subjects for council tax purposes[2]	Council Tax Band D 2007-08 £	Council tax income 2006-07 (£'000s)[3]
	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total			
Scotland	**527,173**	**562,793**	**368,617**	**294,173**	**302,139**	**164,044**	**105,695**	**11,256**	**2,335,890**	**1,988,112**	**1,149**	**2,170,736**
Aberdeen City	19,237	25,520	16,505	11,463	12,823	7,674	6,788	780	100,790	87,191	1,230	102,638
Aberdeenshire	19,673	15,178	12,990	15,456	18,537	12,858	7,914	469	103,075	98,807	1,141	106,769
Angus	14,549	12,046	6,520	7,565	6,740	2,656	1,337	138	51,551	42,272	1,072	43,702
Argyll & Bute	7,401	9,249	8,725	5,560	6,755	3,736	2,531	213	44,170	38,155	1,178	44,353
Clackmannanshire	6,100	6,925	1,826	2,300	2,990	1,609	719	36	22,505	18,670	1,148	19,940
Dumfries & Galloway	10,858	22,155	10,791	9,075	9,671	4,325	2,107	153	69,135	58,489	1,049	57,712
Dundee City	25,760	15,272	7,243	7,656	5,905	1,931	910	32	64,709	48,035	1,211	56,661
East Ayrshire	25,954	9,227	4,333	5,647	5,500	2,545	592	36	53,834	41,001	1,189	45,217
East Dunbartonshire	1,226	3,644	7,836	6,890	10,708	6,438	5,746	482	42,970	46,467	1,142	50,458
East Lothian	1,111	9,094	13,604	5,100	5,294	3,998	3,325	523	42,049	40,026	1,118	43,150
East Renfrewshire	1,230	5,000	3,753	5,973	7,850	5,813	5,690	667	35,976	39,571	1,126	42,576
Edinburgh, City of	21,470	42,262	38,377	31,514	33,314	21,387	18,789	3,314	210,427	196,003	1,169	216,798
Eilean Siar	4,442	3,518	2,607	1,504	889	132	29	4	13,125	9,418	1,024	9,530
Falkirk	21,690	18,490	5,933	7,944	7,799	4,403	1,886	54	68,199	55,632	1,070	57,200
Fife	39,618	46,601	20,013	17,593	20,316	11,006	5,405	355	160,907	132,703	1,118	142,240
Glasgow City	65,978	71,927	60,921	35,768	24,475	10,580	5,664	590	275,903	214,638	1,213	242,597
Highland	18,678	21,809	20,633	15,969	15,802	7,371	3,522	299	104,083	89,361	1,163	99,791
Inverclyde	20,172	4,973	2,842	2,977	3,248	1,686	1,324	196	37,418	28,446	1,198	33,120
Midlothian	960	11,525	9,547	3,871	3,917	2,100	1,428	151	33,499	29,793	1,210	35,025
Moray	11,266	9,497	5,632	5,336	4,751	1,622	517	54	38,675	31,003	1,135	34,880
North Ayrshire	21,153	18,081	6,052	6,019	8,298	3,137	1,091	46	63,877	49,771	1,152	54,947
North Lanarkshire	52,996	36,029	17,520	14,229	14,037	6,016	2,207	114	143,148	112,062	1,098	115,544
Orkney Islands	2,378	2,570	1,916	1,466	972	188	16	3	9,509	7,384	1,037	7,214
Perth & Kinross	8,665	14,106	10,601	9,376	10,643	6,463	4,799	585	65,238	60,764	1,158	67,635
Renfrewshire	12,949	24,948	12,473	10,104	9,747	5,385	3,078	182	78,866	66,959	1,165	72,779
Scottish Borders	15,634	12,151	6,127	5,321	5,678	4,001	3,458	392	52,762	44,956	1,084	46,729
Shetland Islands	2,924	1,708	2,482	1,537	1,061	193	41	0	9,946	7,761	1,053	7,860
South Ayrshire	7,038	12,124	8,214	7,708	9,175	4,446	2,814	242	51,761	47,006	1,154	50,517
South Lanarkshire	35,287	28,495	23,190	17,705	16,863	9,494	4,854	371	136,259	115,756	1,101	120,819
Stirling	5,655	8,107	3,754	3,806	5,669	4,686	4,366	592	36,635	35,846	1,223	42,868
West Dunbartonshire	7,885	16,795	7,255	4,730	4,412	1,469	527	30	43,103	34,137	1,163	37,091
West Lothian	17,236	23,767	8,402	7,011	8,300	4,696	2,221	153	71,786	60,031	1,128	62,376

Source: As reported to Scottish Government by Local Authorities

1 Excludes exempt dwellings.

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 and discounts. 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).

3 Includes council tax benefit.

Table 6.4 Identifiable and non-identifiable expenditure on services[1] in Scotland, 2006-07

£ million

	Identifiable	Non-identifiable[2]	Total
General public services			
Public and common services	943	473	1,417
International services	19	499	518
Public sector debt interest	–	2,415	2,415
Defence	7	2,722	2,729
Public order and safety	2,145	147	2,292
Economic Affairs			
Enterprise and economic development	959	44	1,002
Science and technology	197	88	285
Employment policies	298	1	299
Agriculture, forestry and fisheries	678	–	678
Transport	2,551	13	2,563
Environment protection	775	129	904
Housing and community amenities	1,395	–	1,395
Health	9,064	45	9,108
Recreation, culture and religion	1,021	328	1,349
Education & Training			
Education	6,929	3	6,932
Training	175	–	175
Social protection	15,979	204	16,183
EU Transactions	–	-350	-350
Total	**43,134**	**6,761**	**49,895**

Source: GERS, Scottish Government

Notes:

1 Includes Scottish share of identifiable spending outside the UK.

2 UK non-identifiable expenditure allocated to Scotland using various methodologies.

Table 6.5: Local Authority current expenditure by service, General Fund[1], 2000-01 to 2006-07

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

£ million

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Education	2,788	3,001	3,343	3,659	3,917	4,112	4,252
Social work	1,261	1,352	1,611	1,766	1,915	2,054	2,212
Police, fire and emergency planning	950	1,008	1,035	1,133	1,175	1,296	1,347
Roads and transport[2]	391	373	456	487	499	535	432
Environmental services	329	369	397	425	450	476	502
Culture and related services	446	457	488	529	554	575	592
Planning and economic development	115	126	137	148	146	159	160
Central services	228	302	351	338	379	551	392
Loan charges	709	739	739	773	773	792	782
Total	**7,217**	**7,726**	**8,557**	**9,259**	**9,808**	**10,551**	**10,671**

Source: Scottish Government – Scottish Local Government Financial Statistics 2006-07

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).

Table 6.6: Public Sector Employment in Scotland, 2008 Q2

	Number of employees (Full-time equivalent)
Armed Forces[3]	12,000
Civil Servants	46,100
Public Corporations	22,400
NDPBs	14,800
Local Government	256,900
NHS	132,100
Total	**484,300**

Sources: Joint Staffing Watch Survey
Information Services Division, NHS National Services Scotland
Quarterly Public Sector Employees Survey
Inter-Departmental Business Register, Office for National Statistics
Ministry of Defence
HM Revenue and Customs
Department for Work and Pensions
Department for International Development
Civil Service Statistics

Notes:

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. Data based on National Accounts definition.

Table 6.7: Current and capital budgets: Scotland 2002-03 to 2006-07

	(£ million)				
	2002-03	2003-04	2004-05	2005-06	2006-07
CURRENT BUDGET					
Current revenue					
Excluding North Sea revenue	32,664	34,760	37,263	39,854	42,353
Including North Sea revenue (per capita share)	33,098	35,124	37,703	40,675	43,119
Including North Sea revenue (geographical share)	36,896	38,282	41,591	47,985	49,915
Current expenditure	36,036	39,062	40,587	43,046	45,317
Current expenditure accounting adjustment	1,662	1,593	2,063	2,222	2,367
Capital consumption	1,117	1,174	1,202	1,298	1,395
Balance on current budget (surplus is positive, deficit is negative)					
Excluding North Sea revenue	-6,150	-7,069	-6,589	-6,711	-6,72
Including North Sea revenue (per capita share)	-5,716	-6,705	-6,149	-5,890	-5,960
Including North Sea revenue (geographical share)	-1,918	-3,547	-2,261	1,420	837
CAPITAL BUDGET					
Capital expenditure	2,877	2,870	3,486	3,910	4,579
Capital expenditure accounting adjustment	136	121	177	297	305
Capital consumption	-1,117	-1,174	-1,202	-1,298	-1,395
Net Investment	**1,895**	**1,817**	**2,461**	**2,910**	**3,489**
Net Fiscal Balance (surplus is positive, deficit is negative)					
Excluding North Sea revenue	**-8,046**	**-8,886**	**-9,050**	**-9,620**	**-10,215**
Including North Sea revenue (per capita share)	**-7,611**	**-8,522**	**-8,610**	**-8,800**	**-9,449**
Including North Sea revenue (geographical share)	**-3,813**	**-5,364**	**-4,722**	**-1,490**	**-2,652**

Source: GERS, Scottish Government

2008

Definitions, Methodologies and Sources

Industrial Groupings

At the end of 2002, the UK moved from the 1992 Standard Industrial Classification (SIC92) to SIC2003. Data that apply to 2002 and before are coded to SIC92, while later data use SIC2003. The quarterly GDP index is all on a SIC2003 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 this publication, by SIC code and Scottish input-output category. Where other groupings have been used, these are shown in individual tables. Details of the SIC92, SIC2003 and progress on the major re-coding exercise SIC2007 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
Hotels & Catering	55	H	92
Transport, Storage and Communication	60-64	I	93-99
Financial Intermediation[2]	65-67	J	100-102
Real estate, Renting & Business activities	70-74	K	103-114
Public Administration & Defence[2]	75	L	115
Education & Health	80, 85		116-118
Education	80	M	116
Health & Social Work[3]	85	N	117, 118
Social & Personal Service Activities	90-93	O	119-122
Tourism-related sector			
Hotels	55.1		
Camping sites and other provision of short-stay accommodation	55.2		
Restaurants	55.3		
Bars	55.4		
Activities of travel agencies & tour operators; tourist assistance activities nec	63.3		
Library, archives, museums and other cultural activities	92.5		
Sporting activities	92.6		
Other recreational activities	92.7		

1. Input-Output tables for 2002 are summarised in Tables 1.4 and 1.5. Full tables can be found at http://www.scotland.gov.uk/Topics/Statistics/14713/484

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. Experimental figures are available in Article 1.

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. Further information on this and other methodological issues are available on the Scottish Government internet site http://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 Government 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 Table A.

Further information on the construction and use of the Input-Output tables can be found on the Input-Output website at: http://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 2006 was circulated to a representative sample of approximately 10,500 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, International Trade In Services survey 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 Government website via http://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 Government 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 http://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 2008): 126,000 private enterprises were registered for VAT and 29,000 for PAYE only; to this 127,500 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 March of each year (prior to 2005 the November extract was used). 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, with a turnover change of -£4.7 billion.

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 2.3 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 Government.

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_2006.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 ABI figures in this publication are at current prices unless otherwise stated. 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 Government has paid for an enhanced Annual Business Inquiry sample in Scotland, to improve the quality of Scottish figures. In 2006, around 3,000 extra firms in Scotland were sampled as a result of this "boost", giving a total sample size in Scotland of around 8,200 firms.

Annual Business Inquiry data relating to Oil & Gas extraction (SIC11.1) is allocated to UK regions (including Scotland) according to the address at which the business is registered. Such offshore activity is excluded from Scottish National Account figures (e.g. ONS Regional Accounts, where it is assigned to an "Extra-regio" category and counted separately).

For changes which affect Total Employees and Per Employee variables from 2006, please go to following link: http://www.scotland.gov.uk/Topics/Statistics/16170/4441.

The manufacturing, construction and service sectors are based on the Standard Industrial Classifications (SIC). 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. The 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.

Company revisions which affect 2005-06 data

Within industry 23.20 (Manufacture of refined petroleum products) and 24.14 (Manufacture of other basic organic chemicals) there have been significant revisions to Turnover, Purchases and GVA for both 2005 and 2006. This is due to a large reclassification of a business from Class 23.20 to Class 24.14 that came to light during the processing of the 2006 ABI inquiry. Further, for both 2005 and 2006, there has been an additional upward revision to Class 24.14 to correct underestimation.

Within industry 92.20 (Radio and television activities) a significant revision has been made to 2005 Turnover and GVA data after some overestimation was identified. The overestimation has also been identified for earlier years but in conjunction with current Annual Business Inquiry (ABI) revision policy there will be no revision to published data for years prior to 2005.

For additional Tables not included in this publication, please visit the following website: http://www.scotland.gov.uk/Topics/Statistics/16170/4363.

Definition of Terms – Scottish Annual Business Statistics

Number of Local Units	This relates to the number of individual business sites 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 at Basic Prices	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). For a fuller GVA definition, please go to the following link: http://www.statistics.gov.uk/abi/variable_info.asp.
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.

Labour Market (Chapter 4)

Sources

Population data. Table 4.1 shows 2007 mid-year estimates of population. Population estimates are provided by the 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 4.6, Chart 4.1 and 4.2, are from the Labour Force Survey (LFS). Figures in Table 4.2 and 4.6 are from calendar quarter 2 (April-June) of the survey. Figures in Table 4.3 are from the Annual Population Survey (APS) data set (January-December 2007). The LFS is a survey of individuals and is subject to sampling error, with information for local areas based on relatively small samples. 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 and 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 4.4. This is obtained from the Labour Force Survey. The ILO unemployment rates for Local Authority areas shown in Table 4.4 are modelled from APS ILO unemployment and claimant count unemployment data.

Qualifications and training information shown in Table 4.8 and Chart 4.3 are obtained from calendar quarter 2 (April-June) of the Labour Force Survey. Details of the qualifications at each SVQ level are provided in Table A below.

Table A: Scottish Credit and Qualifications Framework

SCQF Levels	School and College Qualifications	College and University Qualifications	Scottish Vocational Qualifications
12		Doctorate	
11		Masters	SVQ 5
10		Honours Degree	
		*Graduate Diploma/Certificate	
9		Ordinary Degree	
		*Graduate Diploma/Certificate	
8		Higher National Diploma	SVQ 4
		Diploma of Higher Education	
7	Advanced Higher	Higher National Certificate	
		Certificate of Higher Education	
6	Higher		SVQ 3
5	Intermediate 2		SVQ 2
	Credit Standard Grade		
4	Intermediate 1		SVQ 1
	General Standard Grade		
	Access 3		
	Foundation Standard Grade		
2	Access 2		
1	Access 1		

All estimates from the Labour Force Survey were revised in 2008. This is because the information has been re-weighted to be consistent with the latest population estimates. This means some information will be inconsistent with what has been published in previous editions of SES.

Estimates of **employee jobs**, as shown in Table 4.5 are from the June quarter of the quarterly employee jobs series, data are not seasonally adjusted. Estimates in Chart 4.4 are taken from the 2006 Annual Business Inquiry. Data in Table 4.5 and Chart 4.4 are shown by industry groups based on the SIC2003 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 Tables 4.10 and 4.11 are for March in each year and are not seasonally adjusted.

Table 4.12 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 Annual Population Survey (APS), 2001 Census of Population and General Register Office for Scotland (GROS) mid-year population estimates. The number of economically active people of working age is obtained from the calendar year APS. This information is combined with population data at 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 4.20 are from the Annual Survey of Hours and Earnings (ASHE). This is a business survey carried out by the Office for National Statistics.

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 http://www.nomisweb.co.uk/articles/ref/vacs/LMT%20200506-363.pdf. Data are from Jobcentre Plus vacancies (extracted from Nomis). Changes to Jobcentre Plus vacancy handling procedures have lead to a major discontinuity in the vacancy statistic pre and post May 2006. As a result, data post May 2006 is not comparable with data for earlier years. Industry groups are based on SIC2003 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, student, sick/disabled, looking after family/home.
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 (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.

Public Sector (Chapter 6)

Employment

The employment estimates in Table 6.6, Chart 6.2 and Chart 6.3 are sourced from the quarterly Public Sector Employment in Scotland series.

Public Sector Employment Data Sources

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.

Local Government Sources

Local Government data are sourced from the quarterly Joint Staffing Watch Survey, which has been carried out since 1996.[1] This provides the number of Local Authority employees by service group; these are: Education teaching staff, Education other staff, Social Work, Police & Related, Fire & Related and Other staff. Local Government also includes national parks staff. 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.

1 More details on the Joint Staffing Watch Survey are available at: http://www.scotland.gov.uk/Topics/Statistics/Browse/Labour-Market/JointStaffingWatchSurvey

Central Government Sources

Armed Forces

Armed forces data are sourced from the Ministry of Defence's quarterly publication of UK Regular Forces.[2]

Civil Servants

Data for the Civil Servants are collected directly from the organisations themselves. The organisations included are:

Scottish Government (excl. Agencies)

Agencies

Communities Scotland

Courts Group

Fisheries Research Services

Historic Scotland

HM Inspectorate of Education

Office of Accountant in Bankruptcy

Scottish Housing Regulator

Scottish Agricultural Science Agency

Scottish Court Service

Scottish Fisheries Protection Agency

Scottish Prison Service

Scottish Public Pensions Agency

Student Awards Agency for Scotland

Crown Office and Procurator Fiscal

General Register Office

National Archive Scotland

Registers of Scotland

Transport Scotland

Scottish Building Standards Agency

Social Work Inspection Agency

Office for the Scottish Charity Regulator

The Mental Health Tribunal Scotland

UK departments with staff in Scotland

Ministry of Defence

Department for Work and Pensions

Department for International Development

HM Revenue and Customs

Scotland Office

Other Civil Service

2 More details on the UK Regular Forces by Region are available at: http://www.dasa.mod.uk/

Public Corporations

Public corporations are companies or quasi-corporations controlled by government. These companies receive more than half their income from sales of goods or services into the market place. Public Corporations within the Public Sector Employment in Scotland series include Scottish Public Corporations and UK Public Corporations with a presence in Scotland. Data for the Scottish Public Corporations are collected directly from the organisations themselves. The Scottish Public Corporations included are:

Audit Scotland
Caledonian MacBrayne Ltd
Highlands & Islands Airports Ltd
Scottish Water
Strathclyde Passenger Transport
Aberdeen Harbour Board
Northern Lighthouse Board

Data for the UK Public Corporations with a presence in Scotland are estimated based on UK data and business survey information. The **UK Public Corporations** currently included are:

Civil Aviation Authority
British Waterways
The Crown Estate Commissioners
Post Office Ltd
Horse Race Totalisator Board
Driving Standards Agency
Vehicle and Operator Services
Ordinance Survey
Defence Aviation Repair Agency
The British Council
Remploy Ltd
OFCOM
Channel Four Television Corporation
British Energy Ltd
British Energy Generation (UK) Ltd
Crown Estate Commissioners
Northern Rock PLC

Non-Departmental Bodies

Non-Departmental Bodies (NDPBs) within this publication are those defined within National Accounts as NDPBs and include both Scottish NDPBs and UK NDPBs with employees in Scotland. Advisory NDPBs are also included in this publication. Data for the Scottish NDPBs are collected directly from the organisations themselves. The Scottish NDPBs currently included are:

Crofters Commission

Deer Commission

Highlands & Islands Enterprise

Learning & Teaching Scotland

National Galleries of Scotland

National Library of Scotland

National Museums of Scotland

Scottish Children's Reporter

Scottish Environment Protection Agency

Scottish Enterprise

Scottish Funding Councils (Higher & Further Education)

Scottish Legal Aid Board

Scottish Natural Heritage

Scottish Police Services Authority

Scottish Parliament Corporate Body

Scottish Public Services Ombudsman

Scottish Qualifications Authority

SportScotland

The Royal Botanic Garden Edinburgh

The Royal Commission on the Ancient and Historical Monuments of Scotland

The Scottish Arts Council

The Scottish Commission for the Regulation of Care

Scottish Social Services Council

The Water Industry Commissioner for Scotland

VisitScotland

Highland RFC Association

Careers Scotland

Bord Gaidhlig Naa H-Alba (The Gaelic Development Agency)

Local Government Boundary Commission for Scotland

Additional Support Needs Tribunals for Scotland

Architecture and Design Scotland

Passengers View Scotland

General Teaching Council for Scotland

Lands Tribunal for Scotland

Mobility & Access Committee for Scotland

Private Rented Housing Panel

Risk Management Authority

Scottish Criminal Cases Review Commission

Scottish University for Industry

Learndirect Scotland

Loch Lomond & The Trossachs National Park Authority

Cairngorms National Park Authority

Data for the UK NDPBs with a presence in Scotland are estimated based on UK data and business survey information. The UK Public NDPBs currently included are:

Student Loans Company

Construction Industry Training Board

Medical Research Council

Sea Fish Industry Authority

United Kingdom Atomic Energy Authority

Community Development Foundation

Commission for Equality and Human Rights

Disability Rights Commission

NHS

NHS employment in Scotland is available for Q3 each year, the other quarters data are estimated.[3]

Miscellaneous

The following organisations are not included in any sub-sector of the public sector but are included in the total:

BBC

Forestry Commission

Electoral Commission

3 Information on employment in the NHS in Scotland can be found on the Information Services Division, NHS National Services Scotland's website at: http://www.isdscotland.org/isd/info3.jsp?pParentID=799&pContentID=1346&p_applic=CCC&p_service=Content.show&

Our Aim

To provide relevant and reliable information, analysis and advice that meet the needs of government, business and the people of Scotland.

Objectives

1. To produce statistics and analysis relevant to user needs by

- Developing our understanding of customer requirements to ensure statistics are kept relevant and analysis is well targeted;
- Developing the range of statistics and analysis we produce;
- Where practicable improving timeliness;
- Providing more statistics disaggregated by age, gender and ethnicity;
- Developing more data for small areas through the Neighbourhood Statistics project;
- Contributing to production of comparable statistics across the UK and internationally.

2. To ensure effective use of our statistics by

- Contributing more directly to policy processes inside and where possible outside government;
- Improving access to and presentation of data and analysis;
- Improving the advice provided on statistics.

3. To work effectively with users and providers by

- Maintaining arrangements to consult and involve users and providers;
- Involving users and providers in planning developments in outputs and processes;
- Minimising the burden on data providers through dropping or streamlining collections as appropriate, to ensure the benefits of the information justify the costs of collection.

4. To develop the quality of statistics by

- Assuring and improving quality as an integral part of data collection and analysis and through regular reviews in line with National Statistics quality strategy;
- Developing statistical methods, systems and classifications;
- Working with the rest of the Government Statistical Service to develop joint approaches/ solutions where appropriate.

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- Safeguarding the confidentiality of data subjects.

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- Working with other analysts to maximise the contribution of our own and other analysts' work;
- Ensuring value for money;
- Making best use of Information and Communications Technology;
- Ensuring effective communication within the Statistician Group.

7. To develop our workforce and competences by

- Ensuring recruitment of staff with the necessary skills and potential;
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Details of pre-release access will be provided in the Scottish Government Statistics Website under 'Forthcoming Releases'.

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e-mail: statistics.enquiries@scotland.gsi.gov.uk

Advice on specific areas of Scottish Government statistical work can be obtained from staff at the telephone numbers given below:

Scottish Government Statistics contacts

Agricultural census and labour force	(0131) 244 6150
Business	(0141) 242 5446
Community Care	(0131) 244 3777
Courts and law	(0131) 244 2227
Economy	(0131) 244 3330
Environment	(0131) 244 0445
Equality	(0131) 244 0324
Fisheries	(0131) 244 6441
Further and Higher Education	(0141) 242 0273
Health	(0131) 244 3432
Housing	(0131) 244 7236
Income, Tax and Benefits	(0131) 244 2583
Labour market	(0141) 242 5446
Local government finance	(0131) 244 7033
Planning	(0131) 244 0439
Prisons	(0131) 244 2147
Recorded crime	(0131) 244 2635
Schools – pupils and teachers	(0131) 244 1689
Schools – qualifications	(0131) 244 0315
Scottish Government personnel	(0131) 244 3926
Scottish Neighbourhood Statistics	(0131) 244 0442
Transport	(0131) 244 7255

Other contacts for Scottish statistics

Forestry Commission	(0131) 314 6337
General Register Office for Scotland – Vital statistics and publications	(0131) 314 4243
– Population statistics, census statistics or digital boundary products	(0131) 314 4254
The Scottish Funding Councils for Higher and Further Education	(0131) 313 6575

For **general enquiries about National Statistics** in the United Kingdom Government contact the National Statistics Public Enquiry Service on

020 7533 5888

minicom: 01633 812399

Email: info@statistics.gov.uk

Fax: 01633 652747

Letters: room DG/18, 1 Drummond Gate, London SW1V 2QQ

You can also find National Statistics on the internet – go to www.statistics.gov.uk

If you would like to be consulted about new or existing statistical collections or receive notification of forthcoming statistical publications, please register your interest on the Scottish Government ScotStat website at www.scotland.gov.uk/Topics/Statistics/scotstat

Current contact points, e-mail addresses and the publications listed below as well as a range of other statistical publications can be found on the Scottish Government Web site at www.scotland.gov.uk/stats

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

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e-mail: economic.statistics@scotland.gsi.gov.uk.

Complaints and suggestions

If you are not satisfied with our service, please write to the Chief Statistician, Mr Rob Wishart, 3R.01, St Andrew's House, Edinburgh EH1 3DG, Telephone: (0131) 244 0302, e-mail rob.wishart@scotland.gsi.gov.uk. We also welcome any comments or suggestions that would help us to improve our standards of service.

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SCOTTISH ECONOMIC STATISTICS 2008

This is the ninth edition of the annual publication Scottish Economic Statistics, which is produced by statisticians in the Scottish Government. It presents a range of official statistics relevant to the Scottish economy. In addition it contains articles on

- Producing current price GDP estimates for Scotland
- Low pay and in work poverty in Scotland
- Financial Intermediation Services Indirectly Measured (FISIM)

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Labour Market
Labour Market
Population
Employment and Unemployment
Earnings
Vacancies
Training in the workplace

Households
Household income
Household expenditure

Public Sector
Revenue and expenditure
Local Authority income and expenditure
Council Tax
Employment

The Scottish Government

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