November Labour Market Statistics for Scotland 2015

The Scottish unemployment rate is 6.0 per cent, which is above the rate of 5.3% as for the whole of the UK, according to Office for National Statistics (ONS) data released today.

The Secretary of State for Scotland David Mundell said:

> The labour market performance in Scotland is mixed with the number of people in employment at historically high levels but unemployment starting to move upwards.
>
> We will monitor the gap with the UK unemployment rate while continuing to pursue our policies for a low tax and higher wage economy that will benefit Scottish workers.

Headline Statistics for the July to September 2015 quarter:

- Employment in Scotland increased by 3,000 over the quarter, and by 9,000 over the year, to stand at 2,614,000
- The Scots employment rate remained unchanged over the quarter at 74.1 per cent. The rate is just above the UK average of 73.7 per cent
- Unemployment in Scotland increased by 11,000 over the quarter and increased by 2,000 over the year. The level now stands at 166,000
- At 6.0 per cent, the Scots unemployment rate is above the UK's rate of 5.3 per cent
- Economic Activity increased by 14,000 over the quarter and now stands at 2,780,000. Also, the Economic Activity rate increased over the quarter to stand at 78.9 per cent
- In October 2015, the number of people out of work and claiming Jobseeker's Allowance (JSA) was 68,800

Latest Data for Scotland

Employment

The Labour Force Survey (LFS) indicates that the number of people in employment in Scotland from July to September 2015 was 2,614,000. Employment was up by 3,000 compared to the previous three months, and was up by 9,000 compared to the same quarter last year. The employment rate was unchanged on the previous quarter, and it was up by 0.3 p.p. compared to the same quarter last year, at 74.1 per cent. In comparison, the Scottish employment rate is above the UK average.

Unemployment

Unemployment in Scotland was up by 11,000 over the quarter July to September

2015 at 166,000. The level was up 2,000 compared to the same quarter last year. The unemployment rate was up 0.4 p.p. on the previous quarter at 6.0 per cent, which is up 0.1 p.p. over the year.

Jobseeker's Allowance

The number of people claiming Job Seeker's Allowance (JSA), decreased by 1,700 from September to 68,800 in October 2015. The level is down by 20,200 on October 2014. The claimant count rate (JSA and Universal Credit) is unchanged over the month at 2.8 per cent, and is down 0.4 p.p. over the year.

Economic Activity

The number of economically active (defined as those in employment or ILO unemployed, and seasonally adjusted) in Scotland in the July to September 2015 quarter was 2,780,000. This was up 14,000 on the previous quarter, and up 11,000 on the same point a year ago. Among those aged 16-64 the economic activity rate was 78.9 per cent, up 0.3 p.p. on the previous quarter, and up 0.4 p.p. over the year.

Former waste bosses admit neglect by flouting permit rules

Colin Carr and David Bircher, former directors of Carr and Bircher Ltd, were declared "negligent" for not ensuring a suitable waste testing regime and disposing of the wrong type of waste into an Essex landfill from October 2012 to March 2015.

Carr, 60, of High Street, Newport, Saffron Walden, and Bircher, 64, formerly of Olmstead Green, Castle Camps, Cambridgeshire, both pleaded guilty and were sentenced at Chelmsford Crown Court on 11 September.

The court heard how the company had failed to carry out testing on waste or reject waste that was not suitable for their site despite several warnings by the Environment Agency.

The landfill was only permitted to accept inert waste, which means it is neither chemically nor biologically reactive and will not decompose.

In August 2013, Environment Agency officers visited the site of the landfill and waste transfer station at Widdington Pit, Hollow Road, Saffron Walden, and discovered large quantities of waste that were not permitted to be deposited into the landfill.

Despite assurances that the waste would be removed, a subsequent visit in October found that the waste remained on the site in stockpiles.

During the investigation it was found that, over a number of years, the company had avoided both the costs of testing the waste and the cost of sending the unsuitable waste to an alternative site.

The court was told that disposing the wrong type of waste into the landfill has a “significant” impact on the environment as it can lead to hydrogen sulphide gas being produced.

Environment Agency officers advised the company that the landfill should be capped due to levels of sulphates measured across the site. However, they did not take this action.

Phil Henderson, Environment Agency enforcement team leader, said: “This is the type of activity that grossly undermines the regulatory regime that is in place to protect the environment.

“We are committed to investigating criminal waste operators where we suspect they are not following the rules put in place to protect the environment and create a level playing field for businesses.”

In mitigation, Carr previously told officers that neither the Environment Agency nor the company’s consultants instructed him to test the waste more regularly, until April 2014. Once he became aware of that requirement, the waste was tested on a more regular basis.

When interviewed, Bircher, who acted as a driver for the company, thought the business was complying with the permit but he was unaware of the specific conditions attached to it.

Both defendants denied that the waste had not been tested in order to save money.

Carr and Bircher ceased to be directors of the company in May 2015 and the company subsequently entered administration in August 2017.

Special feature: GAD support for McCloud remedy

In 2018 the Court of Appeal ruled that the transitional protection provisions in the government’s 2015 public service pension reforms were discriminatory. This ruling is commonly known as the McCloud judgment and the government is currently consulting on options to remedy this.

As advisers to all the main public service schemes, GAD has provided support in navigating this complex situation. This will continue throughout the remedy design and implementation processes, helping ensure the discrimination will be ultimately remedied.

How we got here

Public service pension schemes were reformed following the final report of the Independent Public Service Pensions Commission in 2011. New career-average revalued earnings schemes were put in place from April 2015.

Pension scheme members who were within 10 years of their scheme's 'normal pension age' in 2012 qualified for transitional protection. This meant they continued to build up benefits in legacy final salary schemes. Some schemes also provided 'tapered protection' for members who were slightly more than 10 years from their normal pension age.

Following claims brought by judges and firefighters, in December 2018 the Court of Appeal ruled that transitional protection was unlawful on the grounds of age discrimination. The Courts required that this unlawful discrimination be remedied by the government.

In response, the government announced its intention to remedy the difference in treatment across all the main public service pension schemes. The government is currently consulting on options to achieve this. While some scheme specific consultations are taking place, the majority of schemes are covered by HM Treasury's consultation.

stock image of parties reaching agreement

Consultation process

The current consultations form an important step towards addressing the discrimination. They set out the government's plans for remedy and seek views from members, unions and other stakeholders.

These views will aid the government in designing a final remedy approach to discrimination and ensure fair outcomes for affected members. GAD has supported many schemes throughout the consultation process, for example GAD's support for the LGPS consultation.

Remedy goal – a member choice

Under each of the 2 options set out in HM Treasury's consultation, members will be able to choose whether they receive reformed scheme or legacy scheme benefits. This choice will cover the benefits they accrued in the period between 1 April 2015 and 31 March 2022.

There are some key differences between benefits in the reformed and legacy schemes. Some members in scope for remedy are likely to be better off in the reformed schemes, while others are likely to be better off in the legacy schemes. Where the member is 'better off' can be very complicated to assess and will depend on several factors and individual characteristics as illustrated below.

The first graphic illustrates a number of factors which are relevant to member choice. These factors are: which workforce the member belongs to, importance of dependant’s benefits to individual member’s, the member’s age, expected pay growth, exit / retirement plans, and the differences between the reformed and legacy schemes. The second graphic summarises some of the factors which can vary between the legacy and reformed schemes, namely: retirement ages, how fast benefits build up, ill health and death benefits, how much members pay, and career average vs final salary

Remedy implementation

Once the consultation has ended and the overall remedy approach has been decided, schemes will need to implement that remedy across all affected members. The broad steps for the implementation process are shown in the graphic below.

The graphic illustrates four stages expected to form part of the remedy implementation process. These stages are: 1) identify affected members and relevant schemes, 2) calculate member benefits in reformed and legacy schemes, 3) communicate options to members and 4) implement member choices

Scheme managers and their pensions administrators face a significant task to plan and execute this process. They will require support from a range of specialists, including GAD, to do this effectively. Most of the implementation tasks required are not strictly actuarial. However, GAD’s actuaries possess versatile skillsets which are being used by schemes to provide support at every stage.

Areas where people in GAD are providing support include:

- General consultancy – using our knowledge of the public service pensions landscape and our experience managing large projects to help scheme managers plan the overall remedy process. This includes stakeholder management, project planning, scheme co-ordination, identifying issues and helping scheme managers implement practical solutions.

- Data analytics – data analytics techniques are used to estimate numbers of affected cases for planning purposes, such as using scheme membership data to project the numbers of members affected, their status (still employed, retired etc) and how many are expected to change status in future.

- Modelling and quality assurance – appropriate modelling is essential to support the evidence base for decisions made and to undertake the significant number of calculations required as efficiently as possible. Whilst the remedy method has not yet been decided, GAD’s analytical expertise has allowed us to design models to help scheme managers and administrators determine benefits for individuals in reformed and legacy schemes. These can be used to illustrate outcomes for different member profiles and support the final implementation of member choice. We are also providing advice and independent quality assurance on calculations produced by scheme administrators, for example their scheme comparison calculations. This helps provide reassurance that models are robust and producing correct results.

- Communicating uncertainty – effective communications to members is also essential to ensure they can make informed choices around the options available to them. Schemes draw on GAD’s experience in explaining complex issues and managing uncertainty. These skills are used by schemes to support the drafting of communication materials for members, including the use of benefit comparison graphics.

Some examples of GAD’s work (with details obscured to protect client confidentiality) are shown in the illustration below.

The graphic includes two sets of data visualisations from GAD’s work supporting public service pension schemes. The first visualisation is a graphical illustration of outcomes (ie whether members are expected to receive benefits of greater value from either the reformed or legacy schemes) resulting from a particular modelling scenario. The second visualisation illustrates differences in the expected value of benefits provided to members of different schemes, depending on the assumptions made about future salary progression and retirement age. This has allowed stakeholders to understand the key factors potentially affecting member choice.

Beyond McCloud

The government is committed to remedying the discrimination, but, as noted above, doing so is a complex process, which requires co-ordinated action from a range of stakeholders. GAD is proud to have supported schemes with the progress made to date and is committed to continuing this support until the discrimination is remedied for all affected members.

Whilst across government steps are rightly being taken to avoid a repeat of McCloud, our actuaries have nevertheless gained valuable skills and experience in supporting schemes’ response to this situation. These transferable skills can be used to help GAD in our work supporting government through many future challenges.

Ofsted seeks to make oversight of subcontractors more comprehensive and transparent

New research by Ofsted finds that subcontractors in the further education and skills (FES) sector often have overall control of the day-to-day quality of a learner’s education and training. However, directly-funded providers do not always exert enough influence to manage the subcontracted provision well. For example, they might not have the necessary subject or industry expertise to review provision meaningfully.

The research also found that the current approach to inspection means that some subcontractors are visited more than once, while others are not visited at all.

While Ofsted is not funded to directly inspect subcontractors, the research proposes a more comprehensive and transparent approach to improve oversight.

Today’s report, ‘Subcontracting in further education and skills’, recognises the acute economic challenges FES providers are facing as a result of COVID-19, as well as the broader decline in subcontracted provision over recent years. It explores what makes for high-quality FES provision delivered through subcontracting and asks how inspection and regulation might need to adapt as a result of a rapidly evolving landscape.

Ofsted is responsible for inspecting the quality of education offered by directly-funded FES providers, but inspectors do not report on all subcontracted provision. However, the inspectorate has increased its focus on subcontracting over the past 2 years, in response to concerns about the quality of some subcontractors.

Currently, Ofsted inspections give a rounded judgement of a directly- funded provider by sampling activities across the provision. The choice of subcontractors to sample is made within practical constraints, such as their location. These activities then inform the leadership and management judgement of the directly- funded provider and, where appropriate, the quality of education judgement.

Today’s report suggests there are limitations to this approach and concludes that the oversight of subcontracted education could be improved by sampling more subcontracted provision. Therefore, Ofsted is seeking to make inspecting and reporting on subcontracted provision more comprehensive and transparent by:

- working with the Education and Skills Funding Agency (ESFA) to improve access to timely and accurate data on the number and size of subcontracting arrangements held by a directly-funded provider
- increasing awareness among inspectors of Ofsted’s available inspection

resource, in order to investigate more subcontractors
- changing the way evidence is recorded to systematically and consistently include information about all subcontractors visited
- where appropriate, highlighting more subcontractors in inspection reports

In particular, more accurate data from the ESFA would allow Ofsted to arrange to visit subcontracted provision that was far away, because out-of-region resources could be factored into planning.

Her Majesty's Chief Inspector, Amanda Spielman, said:

> The financial stresses of the COVID-19 pandemic and ESFA's tighter regulations around subcontracting make this an important and timely report. Over the past two years we have increased our focus on the management of subcontracted provision. However, this new research has highlighted the importance of reviewing subcontractors within our current model.
>
> We are open to exploring how we could directly inspect subcontractors in the future, but that would need significantly more financial resource and better data. So, for now we will continue to inspect subcontractors as part of our inspections of directly-funded providers. But I'm confident that the changes set out in today's report will make our oversight more meaningful and transparent.

Today's report is based on visits to 14 subcontractors in November and December last year; focus groups with 38 inspectors; and desk-based analysis of inspection reports and evidence bases, as well as other publicly available data on subcontracting.

UK House Price Index for June 2020

This is the third publication of the UK House Price Index since May 2020 following the decision to suspend the index as a result of the effect the coronavirus (COVID-19) pandemic had on the reporting of the data.

Between now and 21 October, we will be publishing the reports that were meant to be published during the period of suspension to enable the August data to be released on 21 October, as originally scheduled before the disruption earlier this year. The June index was originally scheduled to be released in August. See the full calendar of release dates.

The June data shows:

- on average, house prices have risen by 2.7% since May 2020
- there has been an annual price rise of 3.4%, which makes the average property in the UK valued at £237,834

England

In England, the June data shows on average, house prices have risen by 2.8% since May 2020. The annual price rise of 3.5% takes the average property value to £254,423.

The regional data for England indicates that:

- the North West experienced the greatest monthly price rise, up by 4.3%
- the South East saw the lowest monthly price growth, with a rise of 1.6%
- the East Midlands experienced the greatest annual price rise, up by 4.5%
- the North East saw the lowest annual price growth, with a rise of 1.7%

Price change by region for England

Region	Average price June 2020	Monthly change % since May 2020
East Midlands	£200,682	2.6
East of England	£295,856	2.0
London	£490,495	3.6
North East	£131,742	2.9
North West	£170,939	4.3
South East	£327,558	1.6
South West	£263,474	2.9
West Midlands	£204,664	3.0
Yorkshire and the Humber	£169,020	2.7

Repossession sales by volume for England

The lowest number of repossession sales in April 2020 was in the East of England.

The highest number of repossession sales in April 2020 was in the North West.

Repossession sales	April 2020
East Midlands	16
East of England	4
London	22
North East	32
North West	42
South East	16
South West	10
West Midlands	22
Yorkshire and The Humber	33

Repossession sales	April 2020
England	197

Average price by property type for England

Property type	June 2020	June 2019	Difference %
Detached	£386,090	£372,097	3.8
Semi-detached	£240,826	£231,082	4.2
Terraced	£207,304	£199,166	4.1
Flat/maisonette	£226,342	£224,000	1.0
All	£254,423	£245,846	3.5

Funding and buyer status for England

Transaction type	Average price June 2020	Annual price change % since June 2019	Monthly price change % since May 2020
Cash	£238,507	3.0	3.0
Mortgage	£262,388	3.7	2.7
First-time buyer	£213,180	3.4	2.8
Former owner occupier	£289,092	3.6	2.7

Building status for England

Building status*	Average price April 2020	Annual price change % since April 2019	Monthly price change % since March 2020
New build	£322,936	5.9	1.4
Existing resold property	£242,263	0.7	-1.3

*Figures for the two most recent months are not being published because there are not enough new build transactions to give a meaningful result.

London

London shows, on average, house prices have risen by 3.6% since May 2020. An annual price rise of 4.2% takes the average property value to £490,495.

Average price by property type for London

Property type	June 2020	June 2019	Difference %
Detached	£925,651	£892,527	3.7
Semi-detached	£606,137	£579,285	4.6
Terraced	£520,336	£491,488	5.9
Flat/maisonette	£424,377	£410,734	3.3
All	£490,495	£470,519	4.2

Funding and buyer status for London

Transaction type	Average price June 2020	Annual price change % since June 2019	Monthly price change % since May 2020
Cash	£515,584	4.5	4.8
Mortgage	£482,940	4.2	3.3
First-time buyer	£427,166	4.0	3.5
Former owner occupier	£556,931	4.6	3.6

Building status for London

Building status*	Average price April 2020	Annual price change % since April 2019	Monthly price change % since March 2020
New build	£508,392	4.3	-1.0
Existing resold property	£472,457	0.9	-1.9

*Figures for the two most recent months are not being published because there are not enough new build transactions to give a meaningful result.

Wales

Wales shows, on average, house prices have risen by 2.7% since May 2020. An annual price rise of 2.8% takes the average property value to £167,505.

There were 46 repossession sales for Wales in April 2020.

Average price by property type for Wales

Property type	June 2020	June 2019	Difference %
Detached	£250,905	£244,265	2.7
Semi-detached	£162,632	£157,580	3.2
Terraced	£130,967	£126,735	3.3
Flat/maisonette	£114,698	£115,229	-0.5
All	£167,505	£162,908	2.8

Funding and buyer status for Wales

Transaction type	Average price June 2020	Annual price change % since June 2019	Monthly price change % since May 2020
Cash	£162,333	2.8	3.1
Mortgage	£170,575	2.8	2.6
First-time buyer	£144,930	2.9	2.7
Former owner occupier	£193,697	2.7	2.7

Building status for Wales

Building status*	Average price April 2020	Annual price change % since April 2019	Monthly price change % since March 2020
New build	£223,787	3.7	-1.7
Existing resold property	£156,744	-0.9	-4.6

*Figures for the two most recent months are not being published because there are not enough new build transactions to give a meaningful result.

Access the full UK HPI

The UK HPI is based on completed housing transactions. Typically, a house purchase can take 6 to 8 weeks to reach completion. The price data feeding into the June 2020 UK HPI will mainly reflect those agreements that occurred after the government measures to reduce the spread of coronavirus (COVID-19) took hold.

UK house prices

UK house prices increased by 3.4% in the year to June 2020, up from 1.1% in May 2020. On a non-seasonally adjusted basis, average house prices in the UK increased by 2.7% between May 2020 and June 2020, compared with a rise of 0.4% during the same period a year earlier (May 2019 and June 2019).

The UK Property Transactions Statistics for June 2020 showed that on a seasonally adjusted basis, the estimated number of transactions of residential properties with a value of £40,000 or greater was 61,780. This is 37.4% lower than a year ago. Between May 2020 and June 2020, transactions increased by 28.4%.

House price growth was strongest in England where prices increased by 3.5% over the year to June 2020. The highest annual growth within the English regions was in the East Midlands where average house prices grew by 4.5%. The lowest annual growth was in the North East, where prices increased by 1.7% over the year to June 2020.

See the economic statement.

Background

1. The UK House Price Index (HPI) is published on the second or third Wednesday of each month with Northern Ireland figures updated quarterly. The July 2020 UK HPI will be published at 9.30am on Wednesday 7 October 2020. See calendar of release dates.

2. We have made some changes to improve the accuracy of the UK HPI. We are not publishing average price and percentage change for new builds and

existing resold property as done previously because there are not currently enough new build transactions to provide a reliable result. This means that in this month's UK HPI reports, new builds and existing resold property are reported in line with the sales volumes currently available.

3. The UK HPI revision period has been extended to 13 months, following a review of the revision policy (see calculating the UK HPI section 4.4). This ensures the data used is more comprehensive.

4. Sales volume data is also available by property status (new build and existing property) and funding status (cash and mortgage) in our downloadable data tables. Transactions involving the creation of a new register, such as new builds, are more complex and require more time to process. Read revisions to the UK HPI data.

5. Revision tables have been introduced for England and Wales within the downloadable data. Tables will be available in csv format. See about the UK HPI for more information.

6. Data for the UK HPI is provided by HM Land Registry, Registers of Scotland, Land & Property Services/Northern Ireland Statistics and Research Agency and the Valuation Office Agency.

7. The UK HPI is calculated by the Office for National Statistics (ONS) and Land & Property Services/Northern Ireland Statistics and Research Agency. It applies a hedonic regression model that uses the various sources of data on property price, in particular HM Land Registry's Price Paid Dataset, and attributes to produce estimates of the change in house prices each month. Find out more about the methodology used from the ONS and Northern Ireland Statistics & Research Agency.

8. The UK Property Transaction statisticsare taken from HM Revenue and Customs (HMRC) monthly estimates of the number of residential and non-residential property transactions in the UK and its constituent countries. The number of property transactions in the UK is highly seasonal, with more activity in the summer months and less in the winter. This regular annual pattern can sometimes mask the underlying movements and trends in the data series so HMRC also presents the UK aggregate transaction figures on a seasonally adjusted basis. Adjustments are made for both the time of year and the construction of the calendar, including corrections for the position of Easter and the number of trading days in a particular month.

9. UK HPI seasonally adjusted series are calculated at regional and national levels only. See data tables.

10. The first estimate for new build average price (April 2016 report) was based on a small sample which can cause volatility. A three-month moving average has been applied to the latest estimate to remove some of this volatility.

11. Work has been taking place since 2014 to develop a single, official HPI that reflects the final transaction price for sales of residential property in the UK. Using the geometric mean, it covers purchases at market value for owner-occupation and buy-to-let, excluding those purchases not at market value (such as re-mortgages), where the 'price' represents a valuation.

12. Information on residential property transactions for England and Wales, collected as part of the official registration process, is provided by HM Land Registry for properties that are sold for full market value.

13. The HM Land Registry dataset contains the sale price of the property, the date when the sale was completed, full address details, the type of property (detached, semi-detached, terraced or flat), if it is a newly built property or an established residential building and a variable to indicate if the property has been purchased as a financed transaction (using a mortgage) or as a non-financed transaction (cash purchase).

14. Repossession sales data is based on the number of transactions lodged with HM Land Registry by lenders exercising their power of sale.

15. For England, this is shown as volumes of repossession sales recorded by Government Office Region. For Wales, there is a headline figure for the number of repossession sales recorded in Wales.

16. The data can be downloaded as a .csv file. Repossession sales data prior to April 2016 is not available. Find out more information about repossession sales.

17. Background tables of the raw and cleansed aggregated data, in Excel and CSV formats, are also published monthly although Northern Ireland is on a quarterly basis. They are available for free use and re-use under the Open Government Licence.

18. HM Land Registry's mission is to guarantee and protect property rights in England and Wales.

19. HM Land Registry is a government department created in 1862. It operates as an executive agency and a trading fund and its running costs are covered by the fees paid by the users of its services. Its ambition is

to become the world's leading land registry for speed, simplicity and an open approach to data.

20. HM Land Registry safeguards land and property ownership worth in excess of £7 trillion, including over £1 trillion of mortgages. The Land Register contains more than 25 million titles showing evidence of ownership for some 87% of the land mass of England and Wales.

21. For further information about HM Land Registry visit www.gov.uk/land-registry.

22. Follow us on Twitter, our blog, LinkedIn and Facebook.