

# A guide to labour market statistics

Explanation of the major concepts that exist within the labour market and their relationship to each other.

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# 1 . Introduction

Labour market statistics measure many different aspects of work and jobs and provide an insight into the economy. They are also very much about people, including their participation in the labour force, the types of work they do, the earnings and benefits they receive and their working patterns.

We have developed a framework for labour market statistics to describe the major concepts that exist within the labour market and their relationship to each other. The framework is based on the concepts of labour supply and demand. This approach has wide international acceptance, including by the International Labour Organisation (ILO). Labour supply consists of people who are employed, as well as those people defined as unemployed or economically inactive, who can be considered as potential labour supply. Our framework distinguishes between these three categories of worker, and also between the different working arrangements of those in employment, such as employees, the self-employed and those on government schemes. Labour demand is represented by employers, who have a need for work to be done, and who offer compensation for this work to the employees who undertake it. This work is grouped by employers to form jobs. Users of labour market statistics include central and local government, economists, financial analysts, journalists, businesses, trade unions, employer associations, students, teachers, industrial tribunals, academic researchers and lobby groups.

These groups use statistics for the analysis, evaluation, monitoring and planning of the labour market and economy. Labour market statistics are also used for social analysis and help inform a range of government policies towards population groups of particular concern (women, young people, older people and jobless households).

## 2 . Earnings

Estimates of earnings and pay generally cover three main areas: basic pay, overtime and bonuses.

Earnings exclude non-standard ways of being paid as an employee (for example, share offers in the company, benefits in kind, and compensation for expenses incurred for travelling and subsistence while carrying out the employer's business).

Earnings statistics can be classified into two categories:

- structural statistics
- short-term indicators

Structural statistics tend to be more detailed and are used to analyse trends in earnings over long periods. The Annual Survey of Hours and Earnings (ASHE), and before it the New Earnings Survey, is the recommended source of employees' pay levels. Data are published on an annual basis for the UK, and also broken down by industry, occupation, region, small area, gender and full- or part-time status. ASHE data are published annually in October, using data from the previous April. Average Weekly Earnings estimates appear monthly in the labour market statistics releases.

### Average Weekly Earnings

For estimates of short-term pay or earnings growth, the Average Weekly Earnings (AWE) statistic is the source we recommend, providing estimates of monthly and annual change for the main industrial sectors.

AWE was accredited a National Statistic in November 2009, and replaced the Average Earnings Index (AEI) as the lead measure of short-term earnings growth in January 2010.

It measures the changes in employees' average weekly earnings. AWE is based solely on the Monthly Wages and Salaries Survey (MWSS), which covers employees working in businesses with 20 or more employees in all industrial sectors in Great Britain (an adjustment is made for smaller businesses).

As well as tracking changes in earnings, AWE makes an explicit estimate of earnings in pounds. Separate estimates are made of bonus and arrears pay. AWE uses employment weights that are recalculated every month. This means that AWE reflects the composition of the workforce at any given time, and that changes between months capture shifts in the workforce as well as changes in earnings within industries. These are both advantages over the former AEI measure, and two of the main reasons for the switch between the measures.

AWE is used to produce figures for the economy as a whole, and by sector and industry. The AWE uses the number of employees on an employer's payroll as its denominator, so changes in the number of paid hours worked (assuming the pay rate per hour stays the same) will show as an increase or decrease in average earnings as appropriate.

## **Annual Survey of Hours and Earnings**

In terms of structural statistics, the Annual Survey of Hours and Earnings (ASHE) is the main measure. ASHE measures the average level and distribution of earnings and paid hours for employee jobs. Estimates are presented by a number of breakdowns, including gender, occupation, industry and region.

The survey is a sample survey of employee jobs, although information is collected from employers. It is based on a 1% random sample of jobs on the HM Revenue and Customs Pay As You Earn (HMRC PAYE) register. It covers all employee jobs in all industries and occupations across the UK. It has a reference date in April, asking about individuals who are employees at that time. This reference date changes each year depending on when Easter falls.

## **Index of Labour Costs per Hour (ILCH)**

The Index of Labour Costs per Hour (ILCH) is published quarterly and is available for both the UK and Great Britain. This is an experimental statistic, developed to meet the EU Regulation EC 450/2003.

It is a more widely defined measure than AWE, going beyond wages and salaries to include non-wage costs – such as employer National Insurance and pension contributions, sickness, maternity and paternity payments and benefits in kind – that are not considered by the other indicators. However, in terms of movements in the index, the inclusion of non-wage costs has a relatively small impact since they account for a small and relatively stable proportion of total pay.

The main difference in movements between ILCH and AWE is that ILCH gives estimates per hour actually worked, whereas AWE gives earnings per employee.

## **3 . Employment**

The number of people in employment in the UK is measured by the Labour Force Survey (LFS) and consists of people aged 16 years and over who did one hour or more of paid work per week and those who had a job that they were temporarily away from (for example, because they were on holiday or off sick). The largest two categories within employment are employees and self-employed people; in recent years these two categories have accounted for over 99% of all people in employment.

These categories are defined as:

- employees are those who are in employment and paid a wage by an employer for the work that they do; this category may be further sub-divided into permanent and temporary employees
- self-employed are those people who regard themselves as self-employed, that is, who in their main employment work on their own account, whether or not they have employees

There are also two minor categories which, in recent years, have accounted for less than 1% of all people in employment. Those categories are:

- unpaid family workers are those who work in a family business who do not receive a formal wage or salary but benefit from the profits of that business; this series does not include unpaid family carers – they are not included in the employment statistics at all
- people on government-supported training programmes are classified as in employment only if they are engaging in any form of work, work experience or work-related training; if they are not engaging in such activities they are classified as unemployed or economically inactive

Employment is a different, but similar, concept to jobs. Employment is a measure of people and a person with more than one job would therefore be counted once in the employment estimates.

The LFS provides the best measure of employment at whole economy level as it is a more comprehensive measure than jobs. The LFS, unlike the jobs estimates, provides a coherent picture of the labour market as a whole, as it is used to produce estimates of unemployment and economic inactivity as well as employment.

Employment levels and rates are published each month. Estimates are available by sex, by age and for full-time, part-time and temporary workers. Employment levels measure the total number of people estimated to be in employment while employment rates allow changes in the labour market to be interpreted in a wider context by allowing for changes in the population. The headline measure of employment for the UK is the employment rate for those aged from 16 to 64 years.

Estimates of employment are also available for former Government Office Regions (GORs) and at local area level. Regional estimates of total employment are measured by the LFS while more disaggregated regional employment estimates and local area estimates are measured by the Annual Population Survey (APS).

Estimates of total employment levels and rates for the UK are available from 1971. Most other employment estimates are available from 1992. The concept of employment lies on the supply side of the labour market framework, as it measures those people who supply their labour.

Temporary workers are those employees who say that their main job is not permanent in one of the following ways:

- fixed period contract
- agency temping
- casual work
- seasonal work
- other temporary work

This is based on respondents' self-assessment.

Employment is classified by occupation and industry. The LFS also allows analysis of the personal characteristics of those in employment, such as their sex, age, ethnic group and highest qualification.

## 4 . Hours of work

Estimates of weekly hours of work, including paid and unpaid hours, for the UK are measured by the Labour Force Survey (LFS).

Actual hours worked statistics measure how many hours were actually worked. These statistics are affected directly by changes in the number of people in employment and in the number of hours that people work. The figures are seasonally adjusted to take account of calendar-related absences from work during the reference period, such as public holidays and time off work for school holidays. The figures are also affected by other absences from work, such as those due to sickness.

Average hours worked measure the average number of hours worked per week for all workers, for full- and part-time workers and for workers in second jobs.

Usual hours worked measure how many hours people usually work per week. Compared with actual hours worked, they are not affected by absences and so can provide a better measure of normal working patterns. Estimates of hours worked are published each month in the labour market statistical bulletin. When conducting analysis of hours, there are three main elements to consider:

- whether to use usual or actual hours worked
- whether to include paid and unpaid overtime
- whether to include hours worked in further jobs

Estimates of total actual hours worked for the UK are available from 1971. Other hours worked estimates are available from 1992. Estimates are available by sex and also for former government office regions (GORs). Regional estimates of hours worked are measured by the Annual Population Survey (APS). Estimates of paid hours worked are measured by the Annual Survey of Hours and Earnings (ASHE).

## 5 . Labour disputes

The Labour Disputes Inquiry collects information on the number of working days lost and the number of workers involved in strike action in the UK on a monthly basis. The inquiry is different to most of our other business surveys in that it is conducted on a voluntary basis and it covers all known strikes in the period.

The inquiry tries to record all strike action that has taken place, except for those disputes involving fewer than 10 workers or lasting less than a day unless the total number of working days lost in the dispute is 100 or more. Disputes are picked up from reports in the mainstream media and newspapers, with news and union websites also being a primary source of information. Where possible, the data are collected directly from the employer involved in the dispute. There are also centralised returns from large companies, public bodies and trade unions.

The Labour Disputes inquiry collects data on the number of working days lost and the number of workers involved in strike action from all UK employers who have been involved in strike action.

Data from the Labour Disputes inquiry are used by a wide range of users, including both internal and external customers. The figures are used by the Department of Business, Energy and Industrial Strategy (BEIS) to provide ministers with a monthly brief on labour disputes. The figures are also used by the Department for Education (DfE), HM Treasury, and the Advisory, Conciliation and Arbitration Service (ACAS).

Outside government, the data attract interest from the media, researchers, local authorities, development corporations, academics and private industry. In accordance with the International Labour Organisation (ILO) "Resolution on Strikes and Lockouts: 1993", the UK provides the ILO with data covering working days lost, number of workers involved and the number of stoppages by industry for each calendar year.

The Labour Disputes inquiry, on a voluntary basis, requests the minimum amount of detail to produce the analyses required by users. The overwhelming majority of employers rarely experience labour disputes stoppages and consequently do not have formal mechanisms for recording the data.

Information is not available on the completeness of coverage so, consequently, it is not known what proportion of all stoppages is included in the statistics. Data are not collected for those disputes involving fewer than 10 workers or lasting less than one day. However, data are collected if 100 working days are lost due to a single dispute, regardless of the amount of workers involved.

Estimates for labour disputes are published each month in the labour market statistical bulletin. An article providing a more in depth look at labour disputes is published annually in late May.

The time lag between publication and the reference period to which the data refer are as follows:

- monthly results release: 6 weeks after the reference period
- annual results release: 12 weeks after the reference period
- annual in-depth analysis: 6 months after the reference period

Data on UK labour disputes are held going back as far as 1891. Analysis can be provided on various combinations, for example, by industry groups, by Standard Statistical Region from 1958 to 1995, by former government office region (GOR) from 1996 and by cause (from 1959). Data are also published on a public and private split, with data available going back to 1996.

## **6 . Economic inactivity**

The number of economically inactive people in the UK is measured by the Labour Force Survey (LFS) and consists of people aged 16 and over without a job who have not sought work in the last four weeks and/or are not available to start work in the next two weeks. The main economically inactive groups are students, people looking after family and home, long-term sick and disabled, temporarily sick and disabled, retired people and discouraged workers.

The headline measure of inactivity for the UK is the inactivity rate for those aged from 16 to 64. Estimates of inactivity are also available for former government office regions (GORs) and at local area level. Regional estimates of total inactivity are measured by the LFS while more disaggregated regional inactivity estimates and local area estimates are measured by the Annual Population Survey (APS).

The characteristics of people who are economically inactive vary depending on their reason for inactivity. For example, students tend to be young and at the start of their working lives. Those looking after the family and home tend to be female and of child-rearing age and retirees tend to be close to retirement age.

Inactivity levels and rates are published each month in the labour market statistical bulletin. Estimates are available by sex, by age and by reason for inactivity. Inactivity levels measure the total number of people estimated to be economically inactive while inactivity rates allow changes in the labour market to be interpreted in a wider context by allowing for changes in the population.

Estimates of inactivity levels and rates for the UK are available from 1971. Most other inactivity estimates are available from 1993.

## 7 . Redundancies

Redundancies are measured by the Labour Force Survey (LFS). The estimates measure the number of people, whether working or not working, who reported that they had been made redundant or had taken voluntary redundancy in the month of the reference week or in the two calendar months prior to this.

Redundancy levels and rates are published each month in the UK labour market statistical bulletin. The redundancy rate is based on the ratio of the redundancy level for the given three-month average time period to the number of employees in the previous quarter.

Estimates of redundancy levels and rates for the UK are available seasonally adjusted by sex, for rolling three-monthly average time periods.

## 8 . Claimant Count

The Claimant Count measures the number of people claiming unemployment related benefits:

- between January 1971 (when comparable estimates start) and September 1996 it is an estimate of the number of people who would have claimed unemployment-related benefits if Jobseeker's Allowance (JSA) had existed at that time
- between October 1996 and April 2013 the Claimant Count is a count of the number of people claiming JSA
- between May 2013 and March 2015 the Claimant Count includes all out of work Universal Credit claimants as well as all JSA claimants
- from April 2015 the Claimant Count includes all Universal Credit claimants who are required to seek work as well as all JSA claimants. Most of the Universal Credit claimants in the Claimant Count will be unemployed but a small number will be in work with very low earnings.

The Claimant Count estimates are currently designated as experimental statistics because the Universal Credit estimates are still being developed by the Department for Work and Pensions. However, the Claimant Count estimates do provide the best available estimates of the number of people claiming unemployment-related benefits in the UK.

The Claimant Count does not meet the internationally agreed definition of unemployment specified by the International Labour Organisation (ILO). The estimates are sourced from the Jobcentre Plus administrative system.

The Claimant Count includes people who claim Jobseeker's Allowance but who do not receive payment. For example, some claimants will have had their benefits stopped for a limited period of time by Jobcentre Plus. Some people claim Jobseeker's Allowance in order to receive National Insurance Credits.

As well as numbers of people claiming benefits, estimates are also available for Claimant Count rates. Claimant Count rates for the UK as a whole, and for the regions and countries of the UK, are calculated as the Claimant Count level divided by the sum of the Claimant Count plus the total number of jobs.

Claimant Count estimates for the UK as a whole, and for the regions and countries of the UK, are available seasonally adjusted by sex. Claimant Count estimates for the UK are available on a comparable basis from 1971. Claimant Count levels and rates are published each month on the [NOMIS website](#).

People who qualify for JSA through their National Insurance contributions are eligible for a personal allowance for a maximum of six months. This is contribution-based JSA. People who do not qualify for contribution-based JSA can claim a means-tested allowance. This is income-based JSA, which is being gradually replaced by Universal Credit. Those claiming JSA enter into a Jobseeker's agreement. This sets out the action they will take to find work and to improve their prospects of finding employment.

Claimant Count rates for the UK as a whole, and for the regions and countries of the UK, are calculated as the number of claimants who are resident in each area as a percentage of workforce jobs plus the Claimant Count.

There is a large degree of overlap between the Claimant Count and unemployment, although the latter figures are generally much higher. People who are not claimants can appear among the unemployed if they are not entitled to unemployment-related benefits. For example:

- people who are only looking for part-time work
- young people under 18 are not usually eligible to claim JSA
- students looking for vacation work
- people who have left their job voluntarily

Some people recorded in the Claimant Count would not be counted as unemployed. For example, in certain circumstances people can claim Jobseeker's Allowance or Universal Credit while they have relatively low earnings from part-time work. These people would not be unemployed.

## 9 . Unemployment

The number of unemployed people in the UK is measured by the Labour Force Survey (LFS) and includes people who meet the international definition of unemployment specified by the International Labour Organisation (ILO). This ILO definition defines unemployed people as being:

- without a job, have been actively seeking work in the past four weeks and are available to start work in the next two weeks
- out of work, have found a job and are waiting to start it in the next two weeks

This definition is used by most other countries, by the Statistical Office of the European Union (Eurostat), and by the Organisation for Economic Co-operation and Development.

Unemployment levels and rates are published each month in the labour market statistical bulletin. Estimates are available by sex, by age and by duration of unemployment.

Unemployment levels measure the total number of people estimated to be unemployed while unemployment rates allow changes in the labour market to be interpreted in a wider context by allowing for changes in the population. The headline measure of unemployment for the UK is the unemployment rate for those aged 16 and over. Unemployment rates are calculated, in accordance with international guidelines, as the number of unemployed people divided by the economically active population (those in employment plus those who are unemployed).

Estimates of unemployment are also available for former government office regions (GORs) and at local area level. Regional estimates of unemployment are measured by the Labour Force Survey (LFS) while more disaggregated regional unemployment estimates and local area estimates are measured by the Annual Population Survey (APS).

Estimates of total unemployment levels and rates for the UK are available from 1971. Most other unemployment estimates are available from 1992.

Unemployment data are useful for various reasons. Government departments use unemployment estimates along with other labour market indicators for macro-economic and labour market management. Data are also supplied to a range of international organisations such as the European Central Bank. In the social policy domain, unemployment is used as an indicator of relative hardship.

Unemployment is different from the Claimant Count, which measures only those people who are claiming unemployment-related benefits. The Claimant Count is normally the lower measure because some unemployed people are not entitled to claim unemployment-related benefits, or choose not to do so.

## 10 . Jobs

The number of people with jobs is not the same as the number of jobs. This is because a person can have more than one job. The number of people with jobs is measured by the Labour Force Survey (LFS). The LFS also provides an estimate of the number of jobs by adding main and second jobs, but the industry breakdown is less reliable than that provided by Workforce Jobs (WFJ). WFJ provides estimates of the number of jobs in the economy and is the preferred measure of short-term change in jobs by industry, but the employment estimates sourced from the LFS are the preferred measure of whole economy employment as the LFS provides a more comprehensive measure of employment.

WFJ is a compound measure and draws upon a range of sources:

- employee jobs estimated from a range of employer surveys
- self-employment jobs estimated from the LFS
- HM Forces from administrative sources
- government-supported trainees from administrative sources

WFJ is published in the national and regional labour market statistical bulletins and on the [NOMIS website](#). Long-run quarterly time series by industry, region, gender and full- or part-time are available. The LFS and WFJ measures are reconciled each quarter. Job vacancies are measured separately by the Vacancy Survey.

WFJ estimates are subject to various sources of error that can be categorised into sampling error and non-sampling error.

Sampling errors occur for survey estimates that are based on samples rather than a census. Since March 2013, we have published approximate sampling variability information for workforce jobs that are updated on an annual basis.

Non-sampling errors include errors of coverage, measurement, processing and non-response and are difficult to quantify. The employer surveys usually exceed a monthly response rate of 80%. Reliability can be assessed by analysing the revisions between subsequent releases.

Revisions are standard practice when producing official statistics and can occur if more information becomes available, if errors are corrected or methods changed.

The revisions policy for WFJ is to open at least the previous quarter for revision. All periods are usually open in the December release to coincide with the annual benchmarking exercise and seasonal adjustment review. Revisions articles are published to explain the revisions. The various WFJ sources use different reference points. The reference point for short-term employment surveys (STES) is linked to the Claimant Count date and is the Friday following the second Thursday of the last month in the quarter (March for Quarter 1, June for Quarter 2, September for Quarter 3 and December for Quarter 4).

The Quarterly Public Sector Employment Survey uses the last working day of the last month in the quarter. The self-employment jobs series from the LFS are three-month averages centred on the employment month, for example, February to April for the first quarter.

Quarterly WFJ estimates are published in the labour market statistics release approximately 2.5 months after the reference month.

## **11 . Vacancies**

Our Vacancy Survey provides comprehensive estimates of the number of job vacancies across the UK economy. This monthly survey asks employers how many job vacancies they have in total for which they are actively seeking recruits from outside their organisation, for example, by advertising or interviewing. The survey began in April 2001 and the results were designated as National Statistics in June 2003. The results are published in the labour market statistical bulletin. The headline series are seasonally adjusted three-month rolling averages. Analysis is available by industry and by size of enterprise, but no regional analysis is available.

Approximately 6,000 enterprises in Great Britain are surveyed on a specific date each month. Employers are asked to return just one number by telephone data entry using their keypad.

In common with most of our business surveys, the sample is obtained from the Inter-Departmental Business Register (IDBR), stratified by industry and number of people employed.

A quarter of the sample consists of large businesses or organisations that are included every month. The remaining 4,500 are smaller and are sampled randomly on a quarterly basis. Smaller businesses remain in the survey for five or nine quarters (depending on the size of the business).

The survey covers all industrial sectors except agriculture, forestry and fishing. This is because of the disproportionate additional costs involved and the difficulties of measuring vacancies in these industry sectors, which mainly consist of very small firms (mostly with no vacancies). It is common practice to exclude these sectors from vacancy surveys in other countries. The UK approach is consistent with EU requirements.

Completion of the survey is compulsory under the Statistics of Trade Act 1947. The survey covers businesses in Great Britain only, although estimates for the UK are derived by grossing up the data for Great Britain, along with information about employment in Northern Ireland businesses.

Businesses in Northern Ireland are not surveyed because of the risk of overlap with responses to other surveys conducted by Northern Ireland departments.

## **12 . Glossary**

### **Actual hours worked**

Statistics for actual weekly hours worked measure how many hours were actually worked. These statistics are affected directly by changes in the number of people in employment and in the number of hours that individuals work. The figures are seasonally adjusted to take account of calendar- related absences from work during the reference period. Examples of such absences are public holidays and time off work for family or school holidays. The figures are also affected by other absences from work such as those due to sickness.

### **Allowance**

An allowance is an entitlement granted by the employer to an employee and intended to cover a specific expense, not work-related, incurred by the employee. It is often stipulated in workplace agreements and is normally paid at the time of entitlement.

### **Annual Population Survey**

The Annual Population Survey (APS), which began in 2004, is compiled from interviews for the Labour Force Survey (LFS), along with additional regional samples. The APS comprises the main variables from the LFS, with a much larger sample size. Consequently, the APS supports more detailed breakdowns than can be reliably produced from the LFS. Estimates are produced every quarter for a rolling annual period; for example, January to December data will be followed by data for April to March when they are next updated.

### **Annual Survey of Hours and Earnings**

Our Annual Survey of Hours and Earnings (ASHE) is a survey that provides information about the levels, distribution and make-up of earnings and paid hours for employees in all industries and occupations.

### **Average Weekly Earnings**

Average Weekly Earnings (AWE) is the lead monthly measure of average weekly earnings per employee. It is calculated using information based on the Monthly Wages and Salaries Survey (MWSS), which samples around 8,500 employers in Great Britain. It provides a key measure of wage inflation and replaced the Average Earnings Index as our headline measure of short-term earnings growth in January 2010.

The estimates are not just a measure of pay rises as they do not, for example, adjust for changes in the proportion of the workforce who work full-time or part-time, or other compositional changes within the workforce. The estimates do not include earnings of self-employed people.

Estimates are available for both total pay (which includes bonuses) and for regular pay (which excludes bonus payments). Estimates are available in both nominal terms (not adjusted for consumer price inflation) and real terms (adjusted for consumer price inflation).

## **Benefits in kind**

These are benefits, excluding salaries, given to employees that include cars and car fuel, medical insurance and gifts, which are taxed as employment income.

## **Bonus**

A bonus is a form of reward or recognition granted by an employer. When an employee receives a bonus payment, there is no expectation or assumption that the bonus will be used to cover any specific expense. The value and timing of a bonus payment can be at the discretion of the employer or stipulated in workplace agreements.

## **Claimant Count**

The number of people claiming unemployment-related benefits. Between 1996 and 2013, the Claimant Count was measured using claimants of Jobseeker's Allowance. In 2013 a new benefit, Universal Credit, which will replace a number of means-tested benefits, including the means-tested element of Jobseeker's Allowance, began to be rolled out. From the introduction of Universal Credit, those claimants who were receiving the benefit for unemployment reasons have been included in the Claimant Count.

## **Claimant Count rate**

The number of claimants resident in an area as a percentage of the sum of claimants and workforce jobs in the country or region.

## **Discouraged worker**

A small subgroup of the economically inactive population who said their main reason for not seeking work was because they believed there were no jobs available.

## **Duration of employment (job tenure)**

Duration of employment, often referred to as job tenure, can be viewed in two ways. Firstly, it can refer to the length of time an individual spends in continuous employment, regardless of whether they are with the same employer. Alternatively, it can refer to the length of time the individual remains with the same employer, either in the same job or in different positions within the organisation. The Labour Force Survey (LFS) asks a number of questions to collect the time periods for which respondents have been with their current and/or previous employer.

## **Earnings**

A measure of the money people receive in return for work done, gross of tax. It includes salaries and, unless otherwise stated, bonuses but not unearned income, benefits in kind or arrears of pay.

## **Economically active**

People aged 16 and over who are either in employment or unemployed.

## **Economically inactive**

See Inactivity.

## **Employment**

The number of people in employment is measured by the Labour Force Survey (LFS) and consists of people aged 16 and over who did paid work (as an employee or self-employed), those who had a job that they were temporarily away from, those placed with employers on government-supported training and employment programmes, and those doing unpaid family work.

## **Employment and jobs**

The number of people with jobs is not the same as the number of jobs. This is because a person can have more than one job. The number of people with jobs is measured by the Labour Force Survey (LFS). The number of jobs is measured by Workforce Jobs (WFJ) and is the sum of employee jobs from employer surveys, self-employment jobs from the LFS, those in HM Forces and government-supported trainees. The LFS also provides an estimate of the number of jobs, by adding main and second jobs, but the industry breakdown is less reliable. The LFS and WFJ measures are reconciled each quarter in an article published on our website. Jobs vacancies are measured separately by the Vacancy Survey.

## **Employment rate**

The headline employment rate is calculated by dividing the employment level for those aged from 16 to 64 by the population for that age group.

## **Full-time and part-time**

In the Labour Force Survey (LFS), respondents are asked to self-classify their main job as either full-time or part-time.

## **Hours worked**

See Actual hours worked and Usual hours worked.

## **Inactivity**

Economically inactive people are those without a job who have not actively sought work in the last four weeks, and/or are not available to start work in the next two weeks.

## **Inactivity rate**

The headline inactivity rate is calculated by dividing the inactivity level for those aged from 16 to 64 divided by the population for that age group.

## **Index of Labour Costs per Hour**

The Index of Labour Costs per Hour (ILCH) is an experimental quarterly measure to estimate the changes in the cost incurred for an hourly unit of labour provided by an employee to an employer. It is calculated using information based on the Monthly Wages and Salaries Survey (MWSS), which samples around 8,500 firms in Great Britain.

### **Index number**

A measure of the average level of prices, quantities or other quantifiable characteristics relative to their level for a defined reference period or location. It is usually expressed as relative to 100 (for example, 105 would be an increase of 5%) where 100 is the value for the reference period or location.

### **Industrial classification or breakdown**

This is the internationally standardised method for classifying the extensive range of industrial sectors in an economy. At the highest level, the economy can be divided into the private and public sectors. It can also be broken down by industrial sector. We use the Standard Industrial Classification 2007 (SIC 2007) for industrial breakdowns of labour market statistics.

### **Inter-Departmental Business Register (IDBR)**

The UK register for business surveys. The IDBR is used to select businesses to be included in the surveys, mail forms, enable estimates to be made for businesses that do not respond, or who were not asked to participate in any particular survey, and to produce analyses.

### **Jobs**

A job is an activity performed for an employer or customer by a worker in exchange for payment, usually in cash, or in kind, or both. Agreement is reached through the provision and negotiation of a contract, stipulating what an employer or customer demands and what is to be supplied by the worker. Estimates of jobs are published in the workforce jobs series, which is mainly sourced from employer surveys.

### **Jobcentre Plus**

Jobcentre Plus is a government agency supporting working-age people with the move from welfare into work, and helping employers to fill their vacancies. It is part of the Department for Work and Pensions (DWP) and it administers Jobseeker's Allowance benefit, Universal Credit and a number of other benefits.

### **Job-related training**

Job-related training is a combination of work and preparing for work. It includes on-the-job training, training away from the job and pre-employment training.

### **Jobseeker's Allowance**

Jobseeker's Allowance (JSA) is a benefit for people of working age who are out of work or work less than 16 hours per week on average. If you're eligible it is paid while you're looking for work. To get JSA you must be:

- available for, capable and actively seeking work
- aged 18 or over but below State Pension age (JSA is only paid to 16 or 17 year olds in special cases)
- working less than 16 hours per week on average

People who qualify for JSA through their National Insurance contributions are eligible for a personal allowance for a maximum of six months. This is contribution-based JSA. People who do not qualify for contribution-based JSA can claim a means-tested allowance. This is income-based JSA. The income-based element of JSA is being gradually replaced by Universal Credit.

The JSA estimates continue to provide an accurate measure of the number of people claiming JSA but, due to the roll-out of Universal Credit, they no longer provide an estimate of the number of people claiming unemployment related benefits. The UK Statistics Authority therefore decided, in June 2015, that the JSA estimates should no longer be designated as National Statistics.

## **Job tenure**

See Duration of employment.

## **Labour disputes**

Disputes connected with terms and conditions of employment. These statistics relate to persons both directly and indirectly involved at the establishments where the disputes occurred.

## **Labour Force Survey**

The Labour Force Survey (LFS) is the largest regular household survey in the UK. The survey covers people resident in private households, National Health Service (NHS) accommodation and student halls of residence. It does not cover any other communal establishments. LFS interviews are conducted continuously throughout the year. In any three-month period, a nationally representative sample of approximately 100,000 people aged 16 and over in around 40,000 households is interviewed. Each household is interviewed five times, at three-monthly intervals. The initial interview is conducted face-to-face by an interviewer visiting the address, except for residences north of the Caledonian Canal in Scotland (where face-to-face interviews would be prohibitively expensive).

The other interviews are conducted by telephone wherever possible. The survey asks a series of questions about respondents' personal circumstances and their labour market activity. The survey is conducted in five "waves" so that in any one quarter, one wave will be receiving their first interview, one wave their second, and so on, with one wave receiving their fifth and final interview. Therefore, there is an 80% overlap in the samples for each successive quarter.

## **Labour market statistics**

A measure of many different aspects of the labour market that provide an insight into the economy. They are also very much about people, including: their participation in the labour force; the types of work they do; earnings and benefits they receive; their educational qualifications; and their working patterns.

## Monthly Wages and Salaries Survey (MWSS)

A survey through which we collect information on wages and salaries. The survey is distributed monthly to over 8,800 employers covering around 12.8 million employees.

## NOMIS

[Official website for local area labour market statistics](#), run by the University of Durham on our behalf.

## Part-time

See full-time and part-time.

## Private sector

All people in employment are classified to the private sector except those employed by central government, local government and public corporations.

## Public sector

The public sector comprises central government, local government and public corporations as defined for the UK National Accounts. The national accounts are compiled based on an internationally comparable accounting framework and describe the activities in a national economy.

## Rates

Generally, rates are the preferred measure of labour market statistics as they allow changes in the labour market to be interpreted in a wider context by allowing for changes in the overall population.

## Redundancies

The number of people, whether working or not working, who had been made redundant or had taken voluntary redundancy in the month of the Labour Force Survey (LFS) reference week or in the two previous calendar months.

## Sampling variability

Most labour market statistics come from surveys of households or businesses. Surveys gather information from a sample rather than from the whole population. The sample is designed to allow for this, and to be as accurate as possible given practical limitations such as time and cost constraints, but results from sample surveys are always estimates, not precise figures. This means that they are subject to some uncertainty. This can have an impact on how changes in the estimates should be interpreted, especially for short-term comparisons.

We can illustrate the level of uncertainty (also called “sampling variability”) around a survey estimate by defining a range around the estimate (known as a “confidence interval”) within which we think the real value that the survey is trying to measure lies. Confidence intervals are typically defined so that we can say we are 95% confident the true value lies within the range – in which case we refer to a “95% confidence interval”.

For example, the number of people unemployed in the UK for August to October 2017 (derived from the Labour Force Survey and published in December 2017) was estimated at 1,429,000, with a stated 95% confidence interval of plus or minus 72,000. This means that we are 95% confident that the true number of unemployed people was between 1,357,000 and 1,501,000. Again, the best estimate from the survey was that the number of unemployed people was 1,429,000.

As well as calculating precision measures around the numbers and rates obtained from the survey, we can also calculate them for changes in the numbers.

## **Seasonal adjustment**

Seasonal movements can occur in labour market data for a number of reasons, including holidays and recruitment patterns. For example, a large number of people leave full-time education and enter the labour market in the summer and some employers take on additional temporary staff in the run-up to Christmas. To make it easier to identify the underlying movements in the labour market, changes due solely to seasonal influences are removed from many series. This process is known as seasonal adjustment. Labour Force Survey (LFS) estimates are seasonally adjusted using the X-12 ARIMA package developed by Statistics Canada. The seasonal adjustment of LFS data is usually reviewed annually.

## **Stoppages**

The statistics cover stoppages of work in progress in the UK during a year caused by labour disputes between employers and workers, or between workers and other workers, connected with the terms and conditions of employment. These include “unlawful” or “unofficial” strikes. The statistics exclude disputes that do not result in a stoppage of work, for example, work-to-rules and go-slows.

## **Unemployment**

The number of unemployed people in the UK is measured through the Labour Force Survey (LFS) following the internationally agreed definition recommended by the International Labour Organisation (ILO) – an agency of the United Nations. Unemployed people are without a job, have actively sought work in the last four weeks and are available to start work in the next two weeks; or are out of work, have found a job and are waiting to start it in the next two weeks.

## **Unemployment rate**

The headline unemployment rate is calculated by dividing the unemployment level for those aged 16 and over by the total number of economically active people aged 16 and over. Economically active is defined as those in employment plus those who are unemployed.

## **Universal credit**

Universal Credit is a new benefit, which began to be rolled out in 2013, which will replace a number of means-tested benefits, including the means-tested element of Jobseeker's Allowance (JSA). Those Universal Credit claimants who are required to be seeking work are included in the Claimant Count estimates along with all claimants of JSA.

## **Usual hours worked**

Statistics for usual hours worked measure how many hours people usually work per week. Compared with actual hours worked, they are not affected by absences and so can provide a better measure of normal working patterns.

## **Vacancies**

Vacancies are defined as positions for which employers are actively seeking recruits from outside their business or organisation. The estimates are based on the Vacancy Survey – a survey of businesses designed to provide estimates of the stock of vacancies across the economy, excluding agriculture, forestry and fishing (a small sector for which the collection of estimates would not be practical).

## **Workers involved**

The figures for workers involved in labour disputes are for workers both directly and indirectly involved at the establishment where the dispute occurred. Workers indirectly involved are those who are not themselves parties to the dispute but are laid off because of the dispute. Workers involved in more than 1 stoppage during the year are counted in the statistics for each stoppage in which they take part. Part-time workers are counted as whole units.

## **Workforce jobs**

See Employment and Jobs.

## **Working days lost**

Working days lost are defined as the number of days not worked by people involved in a dispute at their place of work. In measuring the number of working days lost, account is taken only of the time lost in the basic working week. Overtime work is excluded, as is weekend working where it is not regular practice.