

Concepts and definitions

A

Actual hours: (see also **Basic hours, Total hours, Usual hours**). The number of hours actually worked in the reference week including (and excluding) paid overtime. This is measured in the Labour Force Survey (LFS) and Annual Survey of Hours and Earning (ASHE). Unpaid overtime can only be included if the Labour Force Survey is being used.

Average (Mean): The result obtained by adding two or more amounts together and dividing the total by the number of amounts.

B

Base year: (see also **Index**). The time period from which relative levels are measured usually allocated the value of 100 in an index.

Basic hours: (see also **Actual hours, Total hours, Usual hours**). Collected through the LFS and the ASHE. In ASHE, basic hours are the number of guaranteed hours worked at the base rate of pay in the reference week, regardless of whether the hours were actually worked. LFS collects basic hours in two ways, usual hours and actual hours. For actual hours, the respondent is asked how many hours they have worked over the reference week excluding meal breaks. For usual hours, the respondent is asked how many hours they usually work excluding meal breaks and overtime. Respondents can be employees or self-employed and the questions are asked for all jobs undertaken by the respondent.

C

Children: Children refers to everyone aged under 16.

Civilian workforce jobs: Workforce jobs excluding those in HM Forces.

Claimant count: The number of people claiming Jobseeker's Allowance benefits.

Claimant count rate at national or regional level: The number of claimants resident in an area as a percentage of the sum of claimants and workforce jobs in the country or region.

Claimant count proportion: The number of claimants resident in an area as a percentage of the working age population resident in that area.

Consumer Prices Index: (see also **Retail Price Index**). The Consumer Prices Index (CPI) is the main UK domestic measure of inflation for macroeconomic purposes. It measures the average change from month to month in the prices of consumer goods and services purchased in the UK. The CPI is similar to the Retail Prices Index (RPI), but there are differences in coverage and methodology. Since December 2003 the inflation target for the UK is defined in terms of the CPI measure of inflation.

D

Dependent children: Those aged under 16 and those aged 16–18 who have not married and are in full-time education.

Disability: Labour Force Survey respondents defined as having a current long-term disability covered by the Disability Discrimination Act (DDA) or a work-limiting disability, or both. DDA disabled (current disability) includes people who have a long-term disability that substantially limits their day-to-day activities. Work-limiting disability is a long-term problem that affects the kind of work and the amount of work that a person can do.

Discouraged worker: A sub-group of the economically inactive population who said although they would like a job their main reason for not seeking work was because they believed there were no jobs available.

E

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. Figures are shown both including and excluding bonuses and are seasonally adjusted.

Economically active: People aged 16 or over who are either in employment or unemployed.

Economically inactive: People who are neither in employment nor unemployed. These include those who want a job but have not been seeking work in the last four weeks, those who want a job and are seeking work but not available to start, and those who do not want a job.

Employment and jobs: There are two ways of looking at employment: the number of people with jobs, or the number of jobs. The two concepts are not the same as a person can have more than one job.

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

The number of jobs is measured by workforce jobs and is the sum of employee jobs (as measured by surveys of employers), self-employment jobs from the LFS, those in HM Forces, and government-supported trainees. Vacant jobs are not included.

Employment rate: (see also **Rates**). The number of people in employment expressed as a percentage of the relevant population. For example, the working-age employment rate is the number of people in employment aged 16–59/64 as a percentage of the population aged 16–59/64).

EU-12 or Eurozone: European member states that have adopted the Euro currency – Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal and Spain.

EU-15: Eurozone plus Denmark, Sweden and the UK.

EU-25: All of the European Union member states, that is the EU15 plus Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic and Slovenia.

F

Frictional unemployment: This type of unemployment reflects job turnover in the labour market. Even when there are plenty of vacancies, it takes time to search and find new employment and workers will remain frictionally unemployed between jobs.

Full time: In the LFS, the respondents classify themselves as either full time or part-time. However, people on government supported training and employment programmes that are at college in the reference survey week are classified, by convention, as part time. In employer surveys, people are generally classed as part time if they work for less than 30 hours per week.

Full-time education: In the LFS, this is defined to include people over the age of 16 who state that they are still at school or in some other form of full-time education, including sandwich courses. People on part-time courses, day or block-release courses, or government employment and training schemes are not included.

G

Government-supported trainees: Those on government supported training programmes are included in the employee jobs estimate, within Workforce Jobs, if they have a contract of employment– otherwise they are included in the Workforce Jobs estimate as Government Supported Trainees.

Gross domestic product (GDP): A measure of the total economic activity occurring in the UK. It can be measured in three ways:

1. Production: Measures the gross domestic product as the sum of all the value added by all activities that produce goods and services, (see also **Gross value added**).
2. Income: Gross domestic product (income) (GDP(I)) measures GDP as the total of incomes earned from the production of goods and services.
3. Expenditure: Gross domestic product (expenditure) (GDP(E)) measures GDP as the total of all expenditures made either in consuming finished goods and services or adding to wealth, less the cost of imports.

Gross value added: Gross value added is the difference between the value of the output produced by a sector or industry and its intermediate consumption. Intermediate consumption is the cost of raw materials and other inputs that are used up in the production process.

G7: The group of seven major economies: Canada, France, Germany, Italy, Japan, UK, and United States.

G8: The group of eight major economies: The G7 plus Russia.

H

Household: A household is defined as a single person or a group of people living at the same address who have the address as their only or main residence and either share one main meal a day or share living accommodation (or both).

Household reference person: Sometimes it is necessary to select one person in a household to indicate general characteristics of the household. For this purpose the household reference person (HRP) has replaced the head of household in all government-sponsored household surveys after 2000–01. The HRP is the person who owns, or is legally responsible for the rent of, the household accommodation; or whose employer provides the accommodation; or has the accommodation by virtue of some relationship to the owner who is not a member of the household. If there are joint householders the HRP will be the one with the higher income. If their incomes are the same, then the eldest householder is taken as the HRP.

I

Inactivity: (see **Economically inactive**).

Index: A number giving the value of a quantity relative to a base year, where the value of the base year is set at 100. Index numbers are used to indicate trends in prices, production, employment and other economic variables.

Inflows (and Outflows): The claimant count records are analysed to provide information about inflows onto the count and outflows from the count on a monthly basis. To make comparisons over time consistent, these figures are standardised to a 4 and a third week month before seasonal adjustment. These figures for people starting to or ceasing to claim Jobseeker's Allowance can be helpful towards interpreting changes in the claimant count.

Involuntary job separation: (see also **Job separation, Voluntary job separation**). The termination, by the employer, of the relationship between employee and employer. This includes both voluntary and involuntary redundancies and temporary jobs ending.

J

Jobs density: The total number of filled jobs in an area divided by the resident working-age population in that area.

Job separation: The termination of the relationship between an employee and employer, either by the employee or the employer.

L

Labour costs: The whole range of costs that employers incur when employing workers. These include wages and salaries paid to employees, social contributions, redundancy payments, benefits in kind and other non-wage components.

Labour demand: The demand side of the labour market comprises the number of jobs and vacancies.

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 market attachment: A concept relating to a person's proximity to the labour force. It covers a spectrum from fully attached workers, those in employment at the one extreme, to those who do not want a job at the other extreme. The latter group, which includes economically inactive retired people, might be considered to be completely detached from the labour market.

Labour supply: People who are employed or unemployed form the actual labour supply. Economically inactive people are considered a potential source of labour supply.

M

Mean (Average): The result obtained by adding two or more amounts together and dividing the total by the number of amounts.

Median: Describes the value that is the middle one in a set of values arranged in order of size.

N

National minimum wage: An employer must pay their employees a minimum amount as defined by law.

NUTS areas: The classification of areas for European Union (EU) purposes is known as the 'Nomenclature des Unites Territoriales Statistique' (NUTS). They provide a breakdown of the EU territory for producing regional statistics.

O

Outflows: (see [Inflows and Outflows](#)).

Overtime (paid): The ASHE asks employers to report the number of employee hours worked at overtime rates of pay during the reference week. The LFS requests information on actual and usual paid overtime on the same basis as basic pay.

Overtime (unpaid): This is only measured in the LFS. Respondents are asked about their actual and usual unpaid overtime in the same way as basic pay and paid overtime.

P

Part time: (see [Full time](#))

Productivity: Whole economy output per worker is the ratio of Gross Value Added (GVA) at basic prices and LFS total employment. Manufacturing output per filled job is the ratio of manufacturing output (from the Index of Production) and productivity jobs for manufacturing (constrained to LFS jobs at the whole economy level).

Private sector employment: (see [Public sector/private sector employment](#)).

Public sector/private sector employment: Public sector employment comprises employment in central government, local government and public corporations as defined for the UK National Accounts. Data are collected from public sector organisations via the ONS Quarterly Public Sector Employees Survey and other sources. Employment estimates for the private sector are derived as the difference between LFS employment estimates for the whole economy (not seasonally adjusted) and the public sector employment estimates.

Rates

Rates: (see also [Employment rate, Unemployment rate, and Working-age inactivity rate](#)). Rates represent the proportion of the population or subgroup of the population with a certain characteristic. They are used to interpret changes in the labour market in a wider context, allowing for changes in the overall population or the number of people who are economically active. Rates can be calculated for different age groups. For employment, economic activity and economic inactivity, the most widely quoted rates are those for the working-age population (males aged 16–64 and females aged 16–59). These are shown on the front page of the releases. For unemployment, headline rates are expressed as a percentage of the economically active population aged 16 and over. Those over retirement age who continue to be economically active will therefore be included in the base while those who are economically inactive will not.

Redundancies: The number of people who were not in employment during the LFS interview reference week and who reported that they had been made redundant in the month of the reference week or in the two-calendar months prior to this; plus the number of people who were in employment during the reference week who started their job in the same calendar month as, or the two calendar months prior to, the reference week, and who reported that they had been made redundant in the month of the reference week or in the two calendar months prior to this.

Redundancy rate: The ratio of the number of redundancies in one quarter to the number of employees in the previous quarter, measured as redundancies per 1,000 employees.

Retail Price Index: (see also **Consumer Price Index**). An important domestic indicator of inflation in the UK. It measures the average change from month to month in the prices of goods and services purchased in the UK. In addition, there are two commonly used RPI aggregates:

1. RPIX – All items excluding mortgage interest payments
2. RPIY – All items excluding mortgage interest payments and indirect taxes

S

Sampling variability: Data based on statistical samples are subject to sampling variability. If many samples were drawn, each would give a different result. The ranges shown for ONS' series typically represent 95 per cent confidence intervals; that is, it is expected that in 95 per cent of samples the range would contain the true value.

Seasonal adjustment: A process of estimating regularly occurring seasonal effects and removing them from the data.

Second jobs: Jobs which LFS respondents hold in addition to a main full-time or part-time job.

Self-employed people: Those who, in their main job, work on their own account, whether or not they have employees.

Self-employment jobs: Part of the total workforce jobs, includes self-employed people in their main job and people who are employees in their main job who are self-employed in their second job. This is taken from the LFS.

Skill gap: (see also **Skill shortage**). Deficiencies in skills of an employer's existing workforce, both at the individual level and overall, which prevent the firm from achieving its business objectives.

Skill shortage: (see also **Skill gap**). Recruitment difficulties caused by a shortage of individuals with the required skills in the accessible labour market.

Standard Industrial Classification (SIC): A Standard Industrial Classification was first introduced into the UK in 1948 for use in classifying business establishments and other statistical units by the type of economic activity in which they are engaged. The SIC was last revised in 2003 and is due for further revision in 2007.

Standard Occupational Classification (SOC): The classification system used to provide a consistent occupational breakdown for UK official statistics. This system was introduced in 1991 and was updated in 2000.

T

Temporary employees: In the LFS these are defined as those employees who say that their main job is non-permanent in one of the following ways: fixed period contract, agency temping, casual work, seasonal work, other temporary work.

Total hours: (see also **Actual hours**, **Basic hours**, **Usual hours**). The hours worked plus any paid and unpaid overtime.

Trends: Trends are used to describe the long-term movement in a time series.

U

Underemployment: This is usually defined as when someone wants to work extra hours, is available to start within two weeks and has worked less than an average number of hours for their sex.

Unemployment: The number of unemployed people in the UK is measured through the LFS following the internationally agreed definition recommended by the International Labour Organisation (ILO), an agency of the United Nations.

Unemployed people are:

1. Without a job, want a job, have actively sought work in the last four weeks and are available to start work in the next two weeks or
2. Out of work, have found a job and are waiting to start it in the next two weeks.

Unemployment rate: (see also **Rates**). The percentage of economically active people who are unemployed. A rate can be calculated for any population group.

Unit wage costs: A measure of the cost of wages and salaries per unit of output.

Unpaid family workers: Persons doing unpaid work for a business they own or for a business that a relative owns.

Usual hours: (see also **Actual hours**, **Basic hours**, **Total hours**). The number of hours usually worked each week including (and excluding) paid and unpaid overtime.

V

Vacancies: The number of positions for which an employer is actively seeking a recruit from outside their business or organisation.

Voluntary job separation: (see also **Job separation**, **Involuntary job separation**). An employee choosing to terminate their relationship with an employer, for example through resignations or retirement.

W

Working age: A female aged 16–59 or a male aged 16–64.

Working-age household: A working-age household is a household that includes at least one person of working age.

Working-age inactivity rate: (see also **Rates**). People who are economically inactive as a percentage of the working-age population.

Workless household: A workless household is a household that includes at least one person of working age where no one aged 16 or over is in employment.