



Northern Ireland
Assembly

Committee for Employment and Learning

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NISRA Quarterly Labour Market Statistics:
Briefing from DFP and DEL

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unemployment and then some peaks and troughs. Over the most recent period, we have been falling from that point. The most recent peak was in November 2012 to January 2013, when it was at 8.5%, and we have fallen back to 6.9%. So, there is evidence of a marked improvement in unemployment, but there is still a considerable way to go.

The next slide shows the other measure of unemployment, which is the number of people who are in receipt of jobseeker's allowance (JSA) or other unemployment-related benefits. That is also showing a decline in the most recent period. This is always a slightly more up-to-date measure. There was a fall of 300 over the month to August 2013. Indeed, that is the continuation of a trend over the past seven months, when there has been a total fall of 2,700. Despite that fall, Northern Ireland continues to have either the highest or the second highest unemployment rate of the UK regions.

Mr P Ramsey: Although it is most welcome that we have consistency in unemployment levels, I and a number of the key players in my constituency fail to understand why the level of unemployment in the Derry City Council area is increasing, given the activity around the City of Culture. Are there any statistics or evidence to show how that has come about?

Dr Gillan: We can look at the flows of people off the claimant count.

Mr P Ramsey: The overall rate is 6.9%, and, in the Derry City Council area, I understand that it is close to 9%.

Dr Gillan: There is quite a range of variability across the district council areas, and, traditionally, that has always been an area of high numbers of people in receipt of benefit.

Mr P Ramsey: I accept that, but, given the amount of cultural and musical activity and the amount of work in the hospitality sector, you would have thought that there would be a decrease rather than an increase in unemployment. Is there a way of homing in and trying to ascertain how that came about, maybe for the future?

Dr Gillan: The claimant count is the measure to try to look at, so we could look at the flows of the claimant count in that area to see where people are going to and how that compares to other areas. We could look at whether there are fewer people in the north-west region who are flowing into employment off the claimant count or going on to other benefits. Something like that might be helpful.

Mr P Ramsey: That would be helpful.

The Chairperson: Is that something that you can do for us, James?

Dr Gillan: Yes.

The Chairperson: Pat is trying to see whether the UK City of Culture year created employment or not.

Mr P Ramsey: It was said that its legacy would be the creation of huge employment opportunities, and no one can understand these figures.

Dr Tracy Power (Department for Employment and Learning): I will come in on the vacancy figures, which are notified to jobs and benefits offices. This will come up later in the presentation at a Northern Ireland level. Derry City Council shows the highest increase in vacancies available to be filled by people at jobs and benefits offices. There is a 78% increase in 2012-13 compared with 2011-12, so there is no doubt that there has been an impact on the creation of opportunities for people in Derry. I guess that the issue is that we need to think about how many people are moving into those jobs.

Dr Gillan: The next slide shows the Northern Ireland claimant count rate relative to the UK claimant count rate. Northern Ireland's rate is 6.9%, and the UK rate is 4.2%. This presents a different picture and is consistent with Northern Ireland being either the highest or the second highest of the UK regions. As we have explained to the Committee before, they are measuring slightly different aspects of unemployment, and it depends on the definition. So, again, the low point was 2007, and you will notice that there was a rapid increase in unemployment up to about August 2009 and then a more gradual increase up to about January 2013. In the past seven months, there has been more of a decline. In the seven months from February to August, we were seeing about 200 people a month, on

average, coming off the register. In the more recent period, that has increased to about 500 a month, on average, coming off the register. So, there are some signs that the improvement has been accelerating recently.

We will move on the next slide. Members will be familiar with this breakdown, but I thought that I would illustrate the extent to which there is an overlap between the two different measures. The red circle is the labour force survey measure of unemployment. That is people who have not worked for an hour in the reference week and were available or were seeking to take up work. That is our unadjusted estimate of about 63,000. That is the 22,000 plus 41,000.

The blue circle is the claimant count measure of people who are unemployed. When you add the 41,000, plus 6,000, plus 12,000, you get a total of 59,000. The point is that there are 41,000 people who are getting counted twice on both measures. So, there is a fair degree of overlap between the two measures. Some 65% of the labour force survey unemployed are in receipt of jobseeker's allowance, and if you turn it the other way around, about 69% of those on claimant count would meet the household survey definition of unemployment. There is also a subgroup of people who are in receipt of JSA and are employed, as they are entitled to be employed if they are working fewer than 18 hours, who would not be counted in the labour force survey because they are employed. The labour force survey is a measure of unemployment. Also, there will be some people who are in receipt of JSA who, in labour-force-survey terms, would be deemed inactive. I hope that explains some of the differences between the two measures.

Moving on to the quarterly employment series, which relates to June 2013, which is the midpoint of the labour force survey measure, it shows that, over the quarter, jobs increased by 0.5% or 3,000 employee jobs over the quarter, and over the year, it was up by 5,000 jobs. It is noteworthy that 62% of the increase in jobs over the past year occurred in the past quarter, which suggests that there is some pick up in vacancies and people moving into employment. That also points out that 74% of the jobs growth has been in the private sector.

I am trying not to place too much reliance on one quarter's figure, so the next slide places this in the longer term. You will see the peak in jobs activity on the blue line, which occurred in quarter 2 of 2008. We fall into a minimum in quarter 1 of 2012. So, over those four years, there has been a fairly continuous decline in employee jobs. Overall, we would have lost about 34,650 jobs on a net basis. Since the low point in quarter 1 of 2012, we have picked up some 6,800 jobs, which is about 20% of the jobs lost from that peak of activity. You will hear people arguing about whether that peak was ever sustainable and whether we should always be comparing back to that peak level of employee jobs. If it was artificial, that is not where you would necessarily want to get back to in those terms. So, if you look at it in another way, we are back to levels that were last reported in quarter 3 of 2005.

The next slide takes you on to look at the private sector, which is so dependent on the public sector, separately. That is basically a very similar profile to that of the overall jobs measure that I showed you. In the past five quarters we have seen about an extra 5,880 jobs added in the private sector.

The next slide is just a summary of those points. I am not going to go over them again. The main point I will make is that they are all broadly pointing in the same direction of falling unemployment and some pick-up in employee jobs. The composite index, which is the measure of business sales — the last row on the slide — shows that there have been two increases in the past four quarters, but the last quarter, quarter 1 of 2013, was negative. The figures for quarter 2 of 2013 will be out in October, so we await them with interest to see if we pick up the signs of growth there as well.

I am just going to stop there for any questions that members may have at this point. I have another section that refers to the unemployed, the inactive and NEETs, but I will give members a chance to ask any questions.

The Chairperson: James, do you see the change in shift from private sector to public sector continuing? I know that the slide referred to the 4,000 jobs that shifted from the banks that were nationalised, but, from your indications and your feeling, is there still a trend going that way?

Dr Gillan: Public sector jobs are picking up as well. I think they peaked in quarter 3, 2009, but your question is whether we see —

The Chairperson: Is your feeling that there is still an increase in private sector jobs? Is there growth potential?

Dr Gillan: Certainly, over the past five quarters, the private sector dominates, as you would expect, but most of the jobs coming on are coming from the private sector. We do not forecast what we expect it to do. I think that is related more to the vacancy statistics, which are not a bad lead indicator. Perhaps Tracy wants to say a word there. I think we have a slide on that.

Dr Power: The annual publication was released recently showing the 2012-13 vacancies, which are notified to jobs and benefits offices (JBOs), so it is not all of the vacancies in Northern Ireland, because some of them will be advertised directly in the papers and not put into the JBO systems. Nevertheless, the number of vacancies at JBOs has increased by 25% overall in Northern Ireland in the past year, so that does show that there is a growth in opportunities for people who are going to the offices. Hearteningly, also, the number of vacancies has increased proportionately more in deprived areas, so there are lots of opportunities coming on stream for people who are going to those offices to find work. Again, as a lead indicator of translating opportunities into actual employees, it looks like there is still plenty of potential for growth.

The Chairperson: Is any work done on tracking those vacancies to see whether there are jobs that stay vacant for long periods of time, and why, or is it just a count at a specific time?

Dr Power: It is just a count at a point in time of how many vacancies are available. At the moment, we do not actually have information about the individuals who fill specific vacancies, but, in future, with the new universal credit IT systems, it is hoped that we will be able to track the individuals and what specific jobs they go into down the line.

Ms McGahan: Thank you for your presentation. Given the recent changes in the labour market, with more people working part-time and the increasing use of zero-hour contracts, how do you see those impacting on the employment statistics?

Dr Gillan: The zero-hour contracts are interesting in that we have a bit of difficulty measuring them. We only ask people whether they are on zero-hours contracts if they are in employment. If they are, we then ask them whether they are on a zero-hours contract. You could see the situation where people who are on a zero-hours contract and do not happen to be working at that time will report themselves as either unemployed or inactive. We have a bit of difficulty getting a handle on that. There is evidence that part-time working is increasing and is doing so at a faster rate than full-time jobs.

Ms McGahan: Also, your report considers and compares growth in public sector and private sector jobs, but it does not give us an accurate picture of publicly funded jobs. It would be useful to have those stats to measure genuine job creation as opposed to job transfers.

Dr Gillan: That is a tricky one. We get enquiries such as this, and our response is that we cannot measure the number of jobs created. What we are able to tell you is the net change in jobs. When we say that there are an additional 6,000 jobs, it could be that an additional 10,000 jobs were added but 4,000 jobs were netted off, so the balance is 6,000. I think that the best route for that is to ask Invest NI how many jobs it has either supported or created. We have difficulty measuring that, but the overall effect is there in the form of the balance.

Mr P Ramsey: I am diverting somewhat but keeping it to my constituency. The Department ran a hugely and immensely successful jobs fair in the Millennium Forum. One cannot have any doubt that young people want work or about their passion, because thousands upon thousands of them are seeking employment. Can the Department tell us how many employers and companies had a stand? How many at the trade fair were seeking full-time employment, which is separate from the seasonal work that retailers clearly want? That is similar to Robin's point about tracking. There is absolutely no doubt — I am complimenting the Department significantly here — that it was a fantastic day. I think that it took place on the same day as our Committee meeting here. There was a lot of media attention around it. It will be good to see the outputs from that.

Mr Douglas: Thank you for your presentation. This is in line with Pat's earlier question. Is there a good time to come here to make an upbeat presentation? I am not saying that you are doing that, but there must be times of the year when things are much more upbeat. For example, I have been going down to the Titanic Quarter two or three times a week and have seen Titanic Belfast, the shops and all the cruise ships, but I have noticed recently that the numbers have dwindled a bit. They will continue

to decrease, I imagine, over the winter months. Is there a time of year when you can say, "Here is a snapshot of what is happening: we are starting to make progress on decreasing unemployment"?

Dr Gillan: We have been coming to you as soon as we can after each quarterly publication. As you know, we put information out monthly, but that tends to get a bit repetitive. The value of the quarterly one is that you get the employee jobs measure as well, and, indeed, in subsequent quarters, you will get the picture from the business sales side of the house. Are you saying that you want a wider picture of economic activity or that you would like to see more of the good news stories?

Mr Douglas: We all want to hear good news stories; there is no doubt about that. What I am saying is that, in six months' time, could we say, "This is a better picture. This is a good time of the year"? It is a very positive time now, given that all the restaurants are busy and jobs are being created, but, obviously, there is a decrease, particularly in the whole tourism industry.

Dr Gillan: To answer your question directly: we try to take out the seasonal effect. At Christmas, you will find a natural increase in employee jobs, but that in itself can be misleading because you get that every Christmas. If I was to say to you that there was a 10% increase in employee jobs in quarter 4 and not adjust for the fact that that happens every year, I could be misleading people. So, we try to avoid that. We also publish the unadjusted figures so that, if you want to see what is underlying, you can refer to those.

In the area of tourism, we have been doing a fair bit of work on measuring the number of visitors who leave Northern Ireland to come in from overseas. We use information from the Republic of Ireland on people who visit Northern Ireland but leave through the Republic. There are also domestic Northern Ireland visitors who stay overnight in Northern Ireland, and we get ROI residents who come up to Northern Ireland. We hope to publish quarter 1 figures on tourism before the end of September.

Mr Douglas: In your next presentation, will you talk about long-term unemployment?

Dr Gillan: I have a couple of slides on that; it might be helpful to run through them.

The Chairperson: That leads nicely on to the next part.

Dr Gillan: We will move to slide 13. The blown-up pie chart on the right-hand side shows the figure of 63,000 unemployed, which is the unadjusted figure. That comprises 34,000 long-term unemployed and 29,000 who are not long-term unemployed. Fifty-four per cent of the unemployed are long-term unemployed.

Mr Douglas: I was thinking more of the NEETs category, but you will speak about that later.

Dr Gillan: I have a couple of slides on NEETs.

The next slide looks at a longer time period and shows how Northern Ireland's long-term unemployment rate compares with that in the UK. You can see that there is evidence that it has fallen back a little recently, but it has been increasing at a much faster rate than in the UK. That is a point to note: there is an issue with long-term unemployment in Northern Ireland.

The Chairperson: James, just to clarify for the Committee, what period of time is defined as "long-term"?

Dr Gillan: People who have been unemployed on the labour force survey for a year or more.

The next slide shows how we compare with the UK regions. We are second highest after the West Midlands with our rate of 4.0%. That is everybody: the 16 to 64 category.

The next slide looks at whether there is an issue with long-term youth unemployment. That slide is a little bit complicated — apologies for that — but the purple, whether it is dark purple or light purple, shows the long-term unemployed on the right side, and the green, whether it is dark or light, shows the non-long-term unemployed. That shows the relative share of long-term youth unemployment; that is, 16 to 24. The figure for long-term youth unemployment is 9,000, and the total number of long-term unemployed is 34,000. That means that 39% of the long-term unemployed are youths.

Mr P Ramsey: How does that compare with other regions?

Dr Gillan: The next slide gives you an illustration. Relative to the UK average, we are not that bad. It was only between April and June 2012 that we were higher than the UK rate. When you take into account the confidence intervals, you see that long-term unemployment is probably more of an issue than youth unemployment per se. It is high in both regions; I am not saying that it is not an issue, but we do not seem to be markedly different from the rest of the UK. Its rate is 19%; ours is 20.3%.

Mr Ramsey made the point that those averages hide quite a range of unemployment rates, so next we turn to the claimant count, not the labour force survey, by district council area. This is the youth claimant count by district council area. Londonderry/Derry has the highest rate, Strabane has the next highest and Limavady the next. That ties in with Mr Ramsey's earlier point that not only is the claimant rate high overall but young people are badly affected.

I will say a little more about inactivity and then move to NEETs. This slide is just to remind you of the definitions that we use when we break up the population into categories. The employed are represented by the blue section of the chart and the unemployed by the red section. They are the economically active parts of the population. We are interested in the economically inactive — represented by the green and purple slices of the pie chart — those who are not available for work. They were not seeking work in the previous four weeks and were not available in the following two weeks. Of those, there are those who are inactive but who have said that they would like to work. Sometimes, they are called "discouraged workers". That gives you a feel for the size of that aspect of the population.

The next slide gives the reasons for inactivity, which will be fairly familiar material to you. Twenty-nine per cent are inactive because they are students, which many of us might see as a good thing. Twenty-eight per cent say that they are inactive due to long-term sickness or disability. Twenty-four per cent are looking after the home or family. Thirteen per cent are retired. Six per cent are categorised as "other".

How does that fare relative to the UK? The point that I am making is that, as most people are aware, we have relatively high rates of long-term sickness or disability. We have the second highest rate of long-term sickness or disability of the 16 to 64 population. That is not just the inactive; that is of the whole economically active and inactive population.

The next slide shows the proportion of those aged 16 to 64 whose reason for inactivity is that they are students. We also have a very high rate in that category. The next slide shows that we have the highest rate of people who are looking after the family or home. So, my point is that, irrespective of the reasons for inactivity, we have high rates across the board. We have more students, more people looking after the home and more who are sick or disabled. So, in addressing inactivity, we are probably thinking of the best way to address all those target populations. With respect to students, we could probably do with a few more.

NEETs is the next topic. This slide places it in the context of how it sits with the rest of the population, and it spans the inactive and the unemployed populations. People who are inactive due to full-time education are represented by the blue section on the chart. The green represents those who are in employment, and the dark green represents those who are on government-supported training programmes. It is the cyan and orange sections of the pie chart that are of interest regarding the NEETs population. They show that there are 21,000 people who are unemployed and 25,000 who are inactive and not in full-time education. So, in the most recent quarter, there is a group of about 46,000 NEETs among the population aged 16 to 24.

A later slide compares the number of Northern Ireland NEETs with the number of UK NEETs. The Northern Ireland rate is 21% of 16- to 24-year-olds, and the UK rate is 18.3%. As Mr Ramsey pointed out the last time, it can be quite a variable measure. That said, you can see that there is some evidence of a decline over the past three years or so. There were 46,000 in the relevant period in 2009, 42,000 in 2010 and 41,000 in 2011 before an increase to 54,000 in 2012 and a fall back to 46,000 for the most recent period.

The Chairperson: Thanks, James. The UK average seems to have plateaued, whereas we have had a spike again despite all the programmes that have been implemented by the Minister and all the work that has been done. Do you have any more data that explains where that spike has come from, or is it solely numbers that you have?

Dr Gillan: In 2012, the figure was 54,000. In the fourth quarter of 2012, it was 51,000; in the first quarter of 2013, it was 42,000; and, in the second quarter of 2013, it was 46,000. My sense is that that is in and around the margin of error that we talked about the last time and that, if there is a change, it is within the statistical variation that you get off the survey. We can look at the change in the components. For example, is it due to increased unemployment or inactivity? However, my sense is that a lot of that will still be buried within the margin of error. We are drilling down into the population aged 16 to 24 and then the unemployed number among those people, so we do not have big numbers to play with in disaggregating it further.

The Chairperson: A previous slide gave the numbers on government-supported training programmes. Is it when a majority of those schemes or programmes come to an end that the NEETs figures increase again?

Dr Power: No, those programmes are ongoing, so it is not as if they come to an end. They are not like an academic year.

We are doing some work in the Department to look at the 2011 census results and see how they compare with the survey results, because the census will obviously not have this margin of error. One of the things that we have come up with in the very early days of looking at the numbers is the feeling that there might be an issue with part-time students. Part-time students are included in the NEETs definition. You are excluded from the NEETs definition only if you are in full-time education, as the definition explains. There is a discussion to be had around whether we feel that students who are in part-time study should be included in the NEETs category. Once we have those kinds of thoughts around what definition could get to the core of the NEETs issues, we can look at measuring that, analysing it in the census at greater disaggregated geographies and using the social data that the census gives us. So, hopefully, in the very near future, there will be a rich source there to enable us to answer some of the questions that you would be interested in, which the survey, because of the numbers, does not allow you to do.

Mr P Ramsey: There are some interesting figures, and I take your point that there is a margin of error that will always be relevant in these cases. I can recall the NEETs inquiry that we held, and one of the criticisms to come forward was the lack of data and tracking of young people. I am not sure whether that has improved. I am not seeing any evidence of that, given that we have huge margins of error. I thought that we would get to the stage where we would be doing it in a much smarter way. Maybe we are, and I may be saying something out of place.

I was also reflecting on youth unemployment. As the Chair rightly said, given the youth employment opportunities with the NEETs strategy and all the rest, we are not seeing the changes or the reduction in numbers that we thought that we would see. As a result of getting these figures today, there are questions that I want to ask. However, you are not the civil servants I need to be asking. For example, in my constituency, not only do we have the highest unemployment rates, we have, unfortunately, the highest youth unemployment rate, which is much higher than any other region.

My question is very simple. What are we doing about those regional disparities to focus on and prioritise areas of targeting social need to make sure that we are making a difference? I am not seeing when those figures are increasing. As a scrutiny Committee, we need to be absolutely certain that, when we are investing a huge amount of money in the NEETs strategy, collaboration and everything else, there will be a meaningful output. Unfortunately, given these figures today, I do not see it.

Dr Power: I believe that you will be getting a more general update next week about NEETs, when we will be able to update you on what is happening with the tracking system and the thinking around it.

The Chairperson: Tracy, next week's briefing will be useful. You will have had a sense of the frustration of some of the members, so you can be prepared for what is to come.

Ms McGahan: On the back of Pat's point, another important angle is that I do not believe that figures are collected on those who immigrate, which, obviously, would have an impact on those seeking employment and would probably skew the figures. I do not know whether you collect those figures.

Dr Power: We have figures on students from Northern Ireland who study in England and so on, so that would give you a sense of the cohort of people who would perhaps want to come back and work here once they have graduated. Those figures are published.

Dr Gillan: At one of the earlier sessions, we provided information on the inward and outward migration for Northern Ireland. If it would be helpful, we could provide you with an update on those figures.

Ms McGahan: In some of the categories, it talks about "other", which, potentially, could be those who immigrate. There is a lack of clarity on that.

Mr Douglas: Do you analyse any data from the Republic of Ireland? Obviously, it is our neighbour, and there is a fair amount of trade between us and the Republic of Ireland. I heard the Lord Mayor of Dublin say recently that they were creating quite a number of jobs in Dublin. It is a bit like ourselves, in that they are trying to get people from disadvantaged communities into those jobs. However, he said that there was also a shortage of skills. Is it possible to get some sort of analysis, as you did with the rest of the UK?

Dr Gillan: We do compare our unemployment rate with that of the Republic of Ireland. Our rate was 6.9%, and it had a rate of 13.5% for June 2013, so we are quite a way off that. As to the identification of what percentage of people who are employed in the South are from Northern Ireland, I suppose —

Mr Douglas: That takes in people who live in Newry, for example.

Dr Gillan: Their census or their quarterly national household survey may have something on that. We can take that question away.

Mr Buchanan: The figures that have been mentioned today raise further concern around the table that, despite all the programmes that we have in place to deal with youth unemployment, the NEETS category, and so on, we are not making a dent in it at all. The figures seem to be fairly level since three years ago, so it does not seem that we are making much of a dent in this and addressing the issue as we thought we should be doing. That is something that we have to look at as a Committee to see whether there is anything that the Department should be doing differently to try to address this particular issue.

Mr P Ramsey: That is a fair point.

The Chairperson: I think that the Committee is in agreement on that. James or Tracy, did you want to add anything else?

Dr Gillan: No, I think we will leave it there.

The Chairperson: Thank you very much for your time and your presentation.