



Northern Ireland  
Assembly

Committee for Employment and Learning

# OFFICIAL REPORT (Hansard)

NISRA Quarterly Labour Market Statistics:  
Briefing by Department for Employment and  
Learning and Department of Finance and  
Personnel

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The graph that is now on your screens refers to the period from 1993 to 2014. The blue line shows Northern Ireland and the red line the UK. I will draw your attention first to the trough, which is the lowest point — 2007 — when we had an unemployment rate of 3.3%. Over the past four years, it has been a bit of mixed bag. In November 2010 to January 2011, our unemployment rate reached a peak of 8%. It then fell back to 6.5% in 2012. It then shot up above the previous peak to 8.5% one year ago, and it has now fallen back to 7.5%. So, it has kind of been steps and stairs and one step down and two steps forward. That is one key measure that is showing that, for the minute, we are still above the overall UK figure, but there is an improvement throughout most of 2013.

We will move on to jobseeker's allowance or the claimant count measure, which, as you know, is the more timely measure. It is a census of everybody who is in receipt of unemployment benefit. We had an estimated 57,800 people receiving that benefit, which went down 700 over the month to February 2014. Again, one month on its own is not terribly illuminating, but this is the 13th consecutive month in which there has been a fall in the jobseeker's measure of unemployment, and we are down 7,100 over the period. That said, of the UK regions, we still have the second highest rate, and, from memory, that has not changed for four years. The next graph shows you that picture relative to the UK. We have seen some tailing off, but there is still quite a gap. If we ask how much have we recovered from the low of about 23,500 in about August or September 2007, we can say that 41,400 people have been added to the high point in January 2013. When you compare the low point to now, you can see that about 34,000 have been added. So, we have recovered about 7,000 people from the 41,000 who went on to the claimant count, and about 17% of those people who went onto the claimant count since 2007 have now gone off it and into jobs. So, in those terms, there is quite a long way to go to reach recovery.

We usually get asked why the two unemployment measures are telling us such different stories, particularly in relation to the UK. On one, we are just slightly above the overall UK rate and were below it for quite a while. On the other measure, we are second highest of the UK regions. The question is this: which one should we be? It is about believing, I guess. The next graph attempts to explain that. The short answer that I have given to the Committee previously is that they are both measuring different aspects of unemployment. One is the internationally recognised measure, and the other comes from administrative sources. The administrative sources criteria might change, whereas, on the international measure, the criteria stay the same; it is objective.

I will draw your attention to the red circle, which is our LFS unemployed. The international measure has a total of 63,000, which is the 27,000 that one of the arrows is pointing to, plus the 36,000. That whole red circle is what the labour force unemployed is measuring, and the blue circle is what the claimant count unemployed is measuring. You can see that half the people, 46%, in the claimant count are measured in the LFS unemployment. However, the LFS unemployment measure picks up some people who are not in the claimant count. So, it captures a dimension of the unemployed that the claimant count measure would not normally capture. In a similar way, the claimant count measure picks up those who are employed but who are in receipt of jobseeker's allowance. There is an income threshold that allows you to do that. The measure also picks up about 7,000 people who are inactive but in receipt of jobseeker's allowance.

I suppose that the answer is that they both measure different aspects of unemployment. We tend to have more employed people who are in receipt of jobseeker's allowance. That could be related to more part-time work or to lower-paid jobs that are inflating our claimant count figures.

I will move on to the business survey. There are two measures that deal with falling unemployment. The third measure deals with the employee job survey, for which we go to businesses. It gives a similar picture. I will concentrate on the period between December 2012 and December 2013, during which there was a 12,300 increase in jobs. Some 85% of that increase was driven by the private sector, with 10,490 out of the overall increase of 12,300.

It might be easier to see that graphically relative to the UK. You can see that we have lost about 26,000 jobs from the peak that we reached in quarter 2 of 2008, and we still remain about 3.6% below that level. It looks broadly similar to the UK profile. Obviously, we had a much greater acceleration of jobs and lost proportionately more, but the trends are similar. It is worth noting that UK jobs have almost fully recovered to pre-downturn levels and are just 1% below their peak, whereas we are 3.6% below. So, again, we have more to do relative to the UK.

The next graph shows public and private jobs. I will just pass over that fairly quickly. It just shows that private sector jobs are increasing more rapidly than public sector jobs.

The next two graphs bring in a fourth measure of the output of industry, and, with it, we looked mainly at manufacturing. The graph predominantly indicates that the manufacturing sector here seems to be doing better than the manufacturing sector in the UK. Indeed, most of the growth in jobs was in the manufacturing sector and was up by about 0.3%. It was only about 2,500 jobs, but it was relatively better.

Flicking on to the index of services, you can see that we are lagging behind the UK for growth in our service sector. Our fall from peak to minimum levels was about 15%. The UK index is currently at its peak of 106%, whereas the Northern Ireland index remains at 12.6% below its peak. Both measures — index of production and index of services — showed increases in three of the last four quarters, albeit that they were slightly different quarters. So, those five measures, all independent, show that there has been progress throughout 2013. There has been growth in employee jobs in eight quarters, going all the way back, but three quarters of that growth has occurred in the past three or four quarters. If you look at the unemployment claimant count, you will see that the rate of growth in the past six months has been many times the rate of growth in the first six months, so there seems to be some acceleration in growth.

I was going to flick briefly on to a publication that came out in November that relates to the earnings picture. I will not go through this in detail; I just wanted to draw members' attention to it. Our rate of increase for gross weekly earnings for all employees in Northern Ireland was 1.7% to £367, compared with a UK increase of 2.6% to £417. Our full-time growth was lower than the UK at 0.5% compared with 2.2% over the year, whereas our part-time growth was higher, and the growth in public and private was broadly the same.

That is a bit of a whirlwind tour, Mr Chairman, but I was going to stop and take a breath there and see whether there were any questions that you wanted to raise at this stage. I have a couple more slides that go into the groups that might be of more particular interest — on the long-term unemployed and so on.

**The Chairperson:** Do members have any questions at this stage?

**Mr Hilditch:** I have just one issue, and I do not know whether it falls into this category or not, but it is about agency workers who potentially have been laid off and are advised not to sign on for benefits because it would break their term with the employer. It is a practice that happens in some of our bigger companies. I take it that they do not turn up anywhere. They could be out of work for a month but they do not turn up anywhere in the statistics.

**Dr Gillan:** On the business surveys, we go to the agencies and ask how many agency workers they have on their books, so they are being covered. The household survey will go to individual households, and it will ask the people there whether they have been working in the reference week or whether they have been available for work and have been searching for work, so it will measure their actual status in that week. Irrespective of whether they are on somebody's books, it will ask them whether they are working or whether they did any paid work. If they are on somebody's books, and they did not do any paid work and were available and looking for work, they will be counted as unemployed. However, there is evidence that, when the Office for National Statistics (ONS) was trying to measure the zero-hours contracts, there was almost a reporting effect. It tried to measure that through the labour force survey, and the numbers on zero-hours contracts shot up, but it was almost a reporting effect. The Office for National Statistics is looking at better ways to measure that in order to try to separate out this effect. There are plans afoot, and we are keeping abreast of those.

**The Chairperson:** OK, members? James, please continue.

**Dr Gillan:** This slide refers to what percentage of the unemployed are long-term unemployed, which means that they have been unemployed for a year or more. The peak of long-term unemployment was reached in January to March 2013, which is consistent with what we said previously. Since then, things have tended to improve. At that time, 60% of the unemployed were long-term unemployed. That percentage has now fallen to 47.5%, which means that just under half of the unemployed are long-term unemployed. That is still quite a significant number, and the situation in the UK as a whole is that just over a third of the unemployed are long-term unemployed. So there has been an improvement, but the proportion here is still very high.

Let us look at long-term unemployment rate by regions of the UK. It shows the percentage of the economically active population which is long-term unemployed. In Northern Ireland, that figure is 3.5%, which is the third worst among the regions of the UK. Therefore, it remains an issue.

Youth unemployment is the next issue. The Northern Ireland rate of youth unemployment is 23.2%, which compares to 17.6% for the UK as a whole. So it is still higher than the UK rate, but it has come down slightly from the previous period, which was July to September 2013.

I should always make the point that the figure of 23.2% sometimes gets misrepresented. It is often wrongly asserted that one quarter of all 18- to 24-year-olds are out of work. However, that is not what the figure refers to; rather, it means that 23.2% of 18- to 24-year-olds who are economically active — that is either employed or unemployed — are unemployed. So that figure is sometimes picked up wrongly by the press as one quarter of all 18- to 24-year-olds. If we were taking as our base all the 18- to 24-year-olds, it would be much lower figure.

The distribution of youth unemployment is measured by the claimant counter jobseeker's allowance measure. It shows that the north-west — Derry, Limavady and Strabane — has the highest rates, and they are up around 14% in Derry.

I turn to rates of economic inactivity. As you will be well aware, our rate is one of the highest of the UK regions. Economic inactivity tends to be a permanent feature of the Northern Ireland situation, and the rate remains very high. However, there has been some decrease. Among 16- to 64-year-olds, during February to April 2009, we had an estimated 355,000. That was when rates of economic inactivity were highest. Since then, the figure has fallen to 311,000. So there has been some improvement. However, if people are leaving the category of economic inactivity, some of them are becoming economically active, and part of that flow will be into unemployment, which is not a particularly good sign.

Of the people flowing from inactivity, about one third have gone into work and about two thirds have gone into a form of unemployment. The numbers remain, I think, reasonably constant. In 2011, we had 558,000 inactive and, from November 2013 to January 2014, we had about 559,000 inactive. The thing to remember is that our 16- to 64-year-old population is increasing year on year. So, in some ways, to keep the number of economically inactive stable is an achievement of sorts.

The next slide highlights the relative share of those who are economically inactive and those who are employed. It also draws members' attention to the fact that a share of the economically inactive would like to work but are currently unavailable to do so. Sometimes we describe them as potentially discouraged workers, and they are a part of the labour market that we should be able to draw on.

I will quickly slip over the next slide, which gives the main reasons for economic inactivity. You will be familiar with our student population, which represents about 27% of those who are inactive. They are followed closely by those who describe themselves as sick or disabled, and they are then followed by people looking after the family and home.

In the next slide, we try to compensate by taking the student population out of the data, irrespective of the fact that we tend to have a younger population and a bigger share of students. Doing so allows us to look at how the other reasons for inactivity affect how we fare relative to other regions. In the fourth column from the right of the graph, the blue share represents the number of people in Northern Ireland who are inactive because they are sick or disabled. So, of the UK countries and regions shown, we are fourth worst, with Scotland, the north-east and the north-west, including Merseyside, behind us. We still have a relatively large share looking after the family.

**Mr Lyttle:** What exactly does that mean?

**Dr Gillan:** It is those people who, if asked why they are not available to look for a job or are not employed, would say that they have to look after their family. They could be a carer or minding their children or they could be a housewife or househusband.

This puts it into perspective. Sometimes, it depends on which way you cut it. If it is economic inactivity as a percentage of the whole working-age population, our numbers can look quite marked. However, I think that this puts it into proportion.

The next area is NEETs. I will hand over to Tracy, who is a DEL statistician, to talk you through that.

**Dr Tracy Power (Department for Employment and Learning):** I will talk you through some important changes that have happened to NEETs numbers since we were last here six months ago. I know that you heard from officials in the Department who deal with the Pathways to Success strategy on NEETs specifically. There has been a lot of work on the definition of NEETs. As you know, NEETs are those not in education, employment or training. The education issue was difficult to pin down for a while, because part-time students were included when counting NEETs here, as was the case elsewhere, because of the difficulty in separating them out. In the past year or so, the Office for National Statistics did a bit of work and a consultation on the definition of NEET. We are now at what we consider to be a closer definition to what was originally intended in the pathways strategy. Now, we are counting people who are definitely not in employment, education or training. That means that part-time students are no longer in danger of being included in the NEET category. I know that the Committee is interested in the NEETs numbers, and you will be familiar with the magnitude, which, on the old definition, was running at about 40,000 to 50,000. So, I do not want you to be surprised now when you start to see the figures that we will publish.

In February 2014, James' team published the first official statistics in Northern Ireland based on that definition. The number in Northern Ireland is now 29,000. That is the number of people who we know to be definitely not in education, employment or training. You can see from that pie diagram that around two thirds of them are unemployed and the other one third are economically inactive, which will include the people whom James talked about earlier.

The real benefits of that definitional change is that we have a tighter grip on the magnitude, which is around 30,000. It also means that we can do better analysis. The Committee would sometimes have asked us about lower-level geographies of NEETs, and I would have been frustrated that we were unable to supply that information. Because of the LFS figures having a large confidence interval of plus or minus around 8,000, on the old definition we could only ever disaggregate NEETs numbers by nomenclature of territorial units for statistics (NUTS) 3 areas, which are aggregations of district councils and not particularly useful at lower level geographies. So, the important point about the new definition is that we can now match up to the census data by removing those part-time students. They are out of the equation.

The Department plans, and it has already started, to do a little bit of work on that to look at lower-level geographies with regard to Assembly constituencies and district council areas. It will then move on to look at the socio-economic aspects of those individuals. So, the kinds of things that we would be able to tell you are the qualifications that they have and the kind of areas that they live in with regard to the deprived quintiles. So, hopefully, we would be able to start that work and give you some detailed information on NEETs that we have never been able to have before.

The other thing about using the census of course is that people will say that it is out of date. We do not intend to move away from the LFS with regard to the overall number. We will continue to come to the Committee and give you the number. Today, it is 29,000. The census will give us that extra breakdown, which will enable analysis of NEETs at a finer grain, which is a real benefit to the monitoring of the policy.

The next slide shows the breakdown of NEETs. The next graph explains how that compares with the UK. One of the issues was that, under the old definition, Northern Ireland never looked particularly positive in comparison with other countries of the UK. Under the new definition, by removing part-time students, we are on a par with the rest of the UK. In fact, in the last quarter, we were slightly lower. What that means, if you think about it, is that Northern Ireland had a higher proportion of its 16- to 24-year olds in the part-time student category than the other countries. The removal of that has equalised us to the UK rate of around 13.5%.

We are now at the end of the presentation and will take questions.

**The Chairperson:** On that last point, have we changed the definition to improve our figures?

**Dr Power:** Yes.

**The Chairperson:** Have we changed the definition just to improve our figures?

**Dr Power:** We changed the methodology by which the LFS delivers the figures. No official statistics had been published before. You were given figures that were kind of our best guess. The ONS has come up with a new methodology that allows a finer-grained analysis of the LFS to take out part-time

students. So, the methodology is definitely better and has been agreed by the four countries. The ONS publishes data on that basis. It has done so for around three quarters now.

So, it is an improvement in the methodology. The fact that it has reduced the figures is a by-product of that. As long as we all understand that it is an artefact of the methodological change and is not necessarily, in those first few quarters, an actual change, as time goes on, we will have that baseline information and will be able to see when there are real changes.

**The Chairperson:** Have the other three — England, Scotland and Wales — introduced the same methodology at the same time?

**Dr Power:** ONS published the UK-wide figures, but not by country. Wales has introduced that methodology. Scotland is still considering it.

**The Chairperson:** So, when we are compared with the UK —

**Dr Power:** The ONS figures are used.

**The Chairperson:** OK. Thank you.

James, in one of the previous presentations, we were given a comparison with the over-45s as a different sector. Is it possible to get that?

**Dr Gillan:** Yes, that is no problem. I do not have the relevant figures with me, but we can make that available to the Committee.

**The Chairperson:** The Older People's Commissioner published a report this morning on the availability of older people for the workforce, so those figures would be quite a handy tool to have when looking at that.

**Mr Buchanan:** I am looking at your figures for claimant count rate among 18- to 24-year-olds. It is good to get the figures broken down by district council area. Looking at Omagh, which is the area that I am most familiar with, do you have any indication of the number of young people who have left that area in the past 12 months to two years and gone to the likes of Australia to look for employment? If those who have left had not done so, it would make a difference to the claimant count figure. Do you have any record of the number of young people from the various council areas who have headed away to look for work?

**Dr Gillan:** Yes, we have a record of the reason for going off the count. The options for the reason include, "Found Work", "Training/Education", "Other Benefits" "Abroad" and "Other". So, we could break down the figures to find out how many have left. I am not sure of the level of geographical disaggregation that we can break the numbers down to, but I anticipate the figures you ask for being available. The only limitation of this particular measure is that one third of those people who go off or do not come back onto the register do not give a reason. So, on the slide, you can see the blue segment, and that is for Northern Ireland as a whole. The people in the jobs and benefits offices simply do not know why those people have not re-registered for the claimant count. I can certainly have a look at that for Omagh and other district council areas.

**The Chairperson:** So, 4% of the 37,000 went abroad?

**Dr Gillan:** Yes, 4% went abroad. That may vary by district council area. You might be getting into very low numbers at district council level, so much so that it could potentially breach privacy to say how many left.

**Mr Douglas:** Apologies for being late, James. There was a report published by the Joseph Rowntree Trust this week — I do not know whether you alluded to it or not — entitled, "Monitoring Poverty and Social Exclusion 2013". The New Policy Institute produced the report. Have you read it yet?

**Dr Gillan:** No.

**Mr Douglas:** I was shocked by some of the figures in it. It also talks about the total number of people in unemployment rising with the rise in population. On the issue of people in employment, it says that there were 27,000 more part-time workers in Northern Ireland between 2007 and 2013. Does that bear out in your figures?

**Dr Gillan:** We have two ways of measuring it. One is the labour force survey, and the other is the quarterly employment survey. So, since the decline, we have had a 4.3% decline in full-time jobs — 20,500 — since 2007 and a fall of about 1,450. So, the number of part-time jobs remained relatively steady at 34% between 2002 and 2008, they increased to 36% in 2009 and the current level is 34.6%. Full-time work is defined as being 30 hours or more. There can be a lot happening below that 30 hours that we might not pick up. The labour force survey will give us the number of hours worked, so I can pick that up for you.

**The Chairperson:** James and Tracy, thank you very much once again.