



Northern Ireland
Assembly

Committee for Employment and Learning

OFFICIAL REPORT (Hansard)

NISRA Quarterly Labour Market Statistics:
DEL/DFP Briefing

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"Well, what about the Christmas jobs? Sure that happens every year. This isn't a real drop". The seasonal adjustment tries to take out those effects that we know will happen every month or quarter, so that we can say that, as best we can judge, these are the real changes. The unadjusted figures are available as well. I do not have them with me, but if you want to go in and look at them you can.

Mr F McCann: That would be interesting.

Dr Gillan: For the second quarter in a row, we have had an increase in employee jobs based on the quarterly employee jobs, which is the survey of businesses measure of employee jobs that relates to September. It is a fairly modest increase of about 260 jobs over the quarter. The last time around, I think that we had an increase of over 1,700 or 1,600, so the rate of growth has slowed, but, at the same time, it is the second successive quarter of growth in employee jobs since the series peaked in quarter 2 of 2008. Over the year, public sector jobs are down by 1,760 and private sector jobs are down by 1,740, so there has been no recovery of the jobs lost over the annual period.

The Chairperson: Can I just check that the figure of 260 jobs is not a net figure?

Dr Gillan: That is the net figure. Some jobs were lost and some were created, and the net figure is an increase of 260.

The Chairperson: How can we lose — what is the third line?

Dr Gillan: The third line is the annual figure. The top line is the quarterly figure. It is just to illustrate that, even though it is up 260, we have not captured the net jobs lost over the year. It is fairly marginal.

I was going to leave the headline figures for employment and unemployment there and talk a little bit more about the target groups that might be of particular —

The Chairperson: Just before you move on, I want to ask you something. A 500 increase in claimants — a 0.8% increase on a month-by-month basis — seems to be quite a significant move.

Dr Gillan: Yes. We had 500 the month before. I think that, at the peak of the downturn, we were getting monthly increases of about 2,000 or 2,500. Yes, it is big compared with the earlier part of the year, when it tended to be around 100 or 200 for quite a period of time. It is the second month in a row that we are seeing numbers of that scale, so there is some suggestion that there is an increase in the rate of growth of claimant count unemployment, but it is not at the level it was at at the peak of the downturn.

The Chairperson: OK.

Dr Gillan: I was going to go through some of the individual subgroups and look at the trends over time, but, more importantly, I got the impression the last time around that we were grappling as much as you were with how the long-term unemployed relate to the youth unemployed, those who are NEET and the inactive who want work. Are we double counting all of those people each time we show you something? I will go through them individually and then try to bring them together to see them in relation to each other.

I will start with unemployment and the labour force survey versus claimant count. If you were to look at the labour force survey results over time for Northern Ireland versus the UK, you would see that the Northern Ireland level has been consistently below that of the UK but that, in the most recent period — August to October — we are exactly the same. So, you might be left thinking that there is little cause for concern there on the basis of the LFS unemployment measure. However, when you go on to look at the claimant count for Northern Ireland versus the UK, you will see that the rate in Northern Ireland is significantly higher than the average rate for the UK. We are up at 7.1% as a percentage of the workforce, whereas the UK is at 4.8%. We are second highest of the UK regions and have been for quite a while. So, there is obviously quite a disparity, which the Committee raised the last time around.

My next slide is an attempt to separate that out slightly and to look at where any double counting is going on. The red circle shows those persons who are classified as unemployed on the labour force survey measure of unemployment. The blue circle represents those people who are registered for

jobseeker's allowance (JSA) on the claimant count. They are not to scale, so do not let that distract you. The red circle represents about 68,000 people and the blue circle about 64,700 in November. You have to remember that, to be able to do this, when we go out to interview people, we ask them if they are seeking work, available for work and in receipt of jobseeker's allowance benefit. It is via the labour force survey, so the numbers will not exactly tally.

In the labour force survey, 68,000 are classified as unemployed and 60,000 are on the claimant count, and if you put those two together, you get 128,000. However, the difficulty is that you are double counting. Double counting happens where there is an overlap between the blue circle and the red circle, and those people are, what I described as, LFS unemployed claimants. So, about 40,000 of the 128,000 are double-counted. If you take out that 40,000, you have about 88,000 people who are either registered unemployed in the labour force survey and/or who are in receipt of jobseeker's allowance. Those are mutually exclusive groups. I have put in percentages, and those relate to the 88,000. So, you can see that 45% are classified as unemployed in the LFS and are in receipt of JSA; 32%, which is about 28,000 people, are classified as unemployed in the labour force survey but are not in receipt of jobseeker's allowance — that is people whose spouse is employed, so they do not meet the criteria for the claimant count, or those who, for some reason, have not applied for claimant count — 45%, which is about 40,000 people, are on both systems; and 13%, which is about 11,000 people, are in employment but are getting jobseeker's allowance. Those people are low wage earners and are, therefore, below the threshold.

Mr F McCann: Would they get tax credits?

Dr Gillan: Yes. People getting tax credits would be in that group.

Mr Dave Rogers (Department for Employment and Learning): If they earn anything below the disregard for JSA, they can continue to claim it.

The Chairperson: What is the number of hours that you are allowed to work and still get JSA?

The Committee Clerk: I think that it is 14 hours.

Mr D Rogers: There is also an amount, but I cannot remember what that is off the top of my head. You can earn a relatively low amount before you start to lose JSA. There is clawback with JSA. Once you reach a certain point, JSA is clawed back, and you cannot claim it.

Dr Gillan: The final group is those who are in receipt of jobseeker's allowance but who have not met the criteria. These are people who, if somebody turned up at their door to interview them, would not meet the criteria for unemployment in the labour force survey because they were not actively seeking work in the previous four weeks or were not available to start work in the next two weeks. So, in some respects, they are discouraged workers. They are unemployed because they are on JSA, in claimant count terms.

Mr F McCann: How many are in that group?

Dr Gillan: An estimated 9,000.

So, in the LFS, we have reported 68,000 —

The Chairperson: I have not got my head round that last bit. They are claiming benefits but are not looking for work.

Dr Gillan: They are claiming benefit but were not actively seeking work in the four weeks prior to the interview, when an interviewer went to interview them. The interviewer might have said to them, "Were you looking for work in the previous four weeks?", to which they might have replied, "What is the point of looking for work?" So, they would fall under the discouraged worker category.

Mr F McCann: They are the people who would be sanctioned.

The Chairperson: They should not admit it in the benefits office; you are right, Fra.

Dr Gillan: So, when you add together the 28,000 who are not on JSA; the 40,000 who are on both; the 11,000 who are employed and on JSA; and the 9,000 who are inactive, you get 88,000. That helps to bridge that gap between —

The Chairperson: Run that past me again. How many does the 32% represent?

Dr Gillan: Twenty-eight thousand.

The Chairperson: Forty-five per cent.

Dr Gillan: Forty thousand.

The Chairperson: Thirteen per cent.

Dr Gillan: Eleven thousand.

The Chairperson: And then you have the 9,000. So, that totals 88,000.

Dr Gillan: Yes. As you know, these are estimates.

The Chairperson: Absolutely, but it is useful.

Dr Gillan: In the next slide, the red bar shows the percentage of those who are on jobseeker's allowance who are counted as unemployed in the labour force survey. It illustrates that, in the UK, 73% of the people who are on jobseeker's allowance are counted in the labour force survey as unemployed, while in Northern Ireland it is 66%. Therefore, we have fewer people from the claimant count who meet the criteria in the labour force survey as being unemployed. You will see that the blue bar on the slide is higher, showing that Northern Ireland has proportionately more JSA claimants in employment than in the UK. The green bar is slightly bigger as well. It shows that we have proportionately more JSA claimants who are "inactive" in labour force survey terms. That helps to explain the disparity between the claimant count measure and the LFS measure, relative to the UK.

The Chairperson: I understand the figures, but will you explain what that means?

Dr Gillan: This gives you the position relative to the UK. The previous slide showed you that we have a lot of people who are not unemployed but are in receipt of JSA. This slide shows that, in the UK, 73% of JSA claimants are unemployed in LFS terms, whereas we have a smaller share of JSA claimants that meet the labour force survey's unemployment criteria.

The Chairperson: The red bit on the slide is the result of the green and the blue, rather than the red being a thing in itself. The argument is that we have more people getting benefits who also have employment, so we are a low-wage economy. The green bit says that we have more discouraged workers. People have got benefits and have —

Dr Gillan: Given up.

The Chairperson: Or whatever.

Mr D Rogers: The difference on the green bit, showing inactive claimants, is only marginal. It is a difference of a couple of percentage points, which is not a huge difference.

Mr F McCann: I take it that that does not include people who are in receipt of employment and support allowance (ESA) and others?

Dr Gillan: They could be on multiple benefits.

Mr F McCann: Some of the benefits may say that the claimant is not eligible for work at that time in their life.

Dr Gillan: These figures are all based on claimants of jobseeker's allowance.

Mr D Rogers: They are all aged between 18 and 62, or whatever the top age for claiming jobseeker's allowance is.

The Chairperson: Are the figures for people over 16, people of working age or people aged between 18 and 64?

Mr D Rogers: In general, only people over 18 may claim JSA, but there are limited circumstances in which a 16-year-old or a 17-year-old can claim JSA: for example, if both of their parents are not alive. If they are single householders and that is not due to choice, they can claim JSA. There are only around 50 such people in Northern Ireland.

Dr Gillan: I move to the next slide. Chairman, you asked me on the previous occasion which is the best measure of unemployment, and I said that they are measuring different things. We illustrated that earlier. The fact that the measures are in broad agreement is, in some respects, more of a coincidence than anything. You can see that the measures overlap only to a partial extent.

The next slide shows, in the red lines, unemployment measured by the LFS criteria and, in the blue lines, the claimant count, to put it in an historical context. The blue line shows that, using the claimant count, at the peak in October 1986, 123,500 people were out of work. There are now 64,700 people out of work by that measure. Although the current position is serious, the slide illustrates the historical context. The second peak was in February 1993, when the claimant count was around 105,000.

Still on the unemployed, I will look at the long-term unemployed and youth unemployed as a share of the total unemployed. In the next slide, I have taken the figure of 68,000 unemployed from the labour force survey and broken it down into the long-term unemployed and the people who are not long-term unemployed. The purple share of the expanded pie chart represents the 55% of unemployed people who are long-term unemployed.

The next slide tries to factor youth unemployment into that as well. Altogether, 21,000 of the 68,000 people are between 16 and 24 years of age. So, 31% of the unemployed are young people who are between 16 and 24 years of age. The light purple part of the graph represents, if you like, the young long-term unemployed. Previously, 37,000 were long-term unemployed. Of them, 9,000 were young people between 16 and 24 years of age. Of the 31,000, 12,000 are young people who are not long-term unemployed. Sometimes, we talk about the long-term unemployed as a single figure. Other times, we talk about the youth unemployed as a single figure.

The Chairperson: That is useful.

Dr Gillan: The attempt here is to try to bring them together and show you the relationship.

Our long-term unemployment rate is higher than that of the UK when it is expressed as a percentage of the economically active. Our rate is 4.1%; the UK rate is 2.8%, so there is an issue with long-term unemployment here.

The Chairperson: The 4.8% is what sort of quantum of number? What is that about? How many people —

Dr Gillan: That is 37,000 people.

The Chairperson: So, 37,000 people are long-term unemployed?

Dr Gillan: Of the 68,000, which is the estimated total number of unemployed people.

The Chairperson: Sorry, I was not listening. There are 48,000 long-term, and the total —

Dr Gillan: There are 37,000 long-term —

The Chairperson: And the total is?

Dr Gillan: The total is 68,000, so it is 55%.

Mr D Rogers: It is more than half.

Dr Gillan: The next slide switches to youth unemployment, where our rate is broadly the same as that of the UK. Of economically active 18- to 24-year-olds, 18.9% are unemployed. In the UK, the rate is 18.7%. So, our youth unemployment is broadly similar to that of the UK.

The next slide illustrates economic inactivity. I think that you are all familiar with this. We are switching now to the population who are between 16 and 64 years of age. We are leaving out those who are over 64 years of age. The blue share on the left-hand side represents people who are employed. The 309,000 people who are inactive are represented by the pastel colour. There are 68,000 unemployed people. We have taken the 309,000 inactive people and broken that number into its respective elements. So, you can see that 30% of those who are inactive are students, represented by orange; 26% are sick or disabled, represented by blue; 24% are looking after their home or family, represented by green; 12% are retired; and 8% are in the "other" category. Just to set the context —

The Chairperson: So, 24% are carers or housewives who stay at home? What is it?

Dr Gillan: The 24% are people who look after the family or home. That is their primary reason for —

The Chairperson: OK. I have two questions on that. You could argue that 30% being students is not a bad thing. How does that 30% compare with the rate in the rest of the UK? Do we have more students?

Mr D Rogers: Yes.

Dr Gillan: We have more students than the rest of the UK.

The Chairperson: As a percentage. What is the UK figure approximately?

Dr Gillan: I am sorry, I do not have it to hand, but we can provide that.

The Chairperson: OK. What I am saying is that, if you were to strip out students on the basis that that is not a bad thing, and consider those who are looking after the family, there are, probably, two categories. Which has more people? One is, probably, people who used to be called "housewives". I am sure that there is a more gender-appropriate term. Housewives are one group, and carers for dependants is another. That is, people who have someone to look after. Is that the right divide?

Mr D Rogers: I cannot remember the precise figures, but, when looking at that before, we saw that our inactivity rate is almost always four or five percentage points — usually about four percentage points — higher than that in the UK. That is largely due to students, who account for about one percentage point. The other big group is people who are sick and disabled. We have a slightly lower rate of people who retire early than the rest of the UK and a slightly higher proportion of people looking after the family. However, my recollection is that it is not a big number. The two main reasons are students and people who are out of the labour market for reasons of sickness or disability.

Mr F McCann: Does that take in all aspects of sick? At one stage, it was said that people on incapacity benefit, who will now be going on ESA, although economically inactive, did not appear on the unemployment scales.

Dr Gillan: If incapacity was the main reason for not working, they would be considered inactive due to sickness or disability and counted in there. That is the regional picture.

The proportion of those economically inactive due to long-term sickness or disability refers to people between 16 and 24. The one before that shows Northern Ireland in red. I cannot see the rates from here but —

Mr D Rogers: It is 27.1% compared to 33%. The two columns on the right demonstrate the four percentage point difference. So, we are higher than the average although we are not the highest.

The Chairperson: Those are better figures than I expected. We are beating Scotland, Wales and the north-east. You are a bit off the south-east and London, which is maybe to be expected because they suck in younger people. It is a better story for Northern Ireland than I expected.

Dr Gillan: We will go back to number 21.

Mr D Rogers: Do not worry; we do not have to go through all these.

The Chairperson: Tom was getting disappointed there.

Mr F McCann: I have to leave for another meeting at 1.30 pm.

The Chairperson: I know that. I will close this session fairly promptly.

Dr Gillan: This slide is about the inactive, which comprises the purple slice of the pie and the green slice of the pie. The green slice of the pie is the inactive who want work — estimated to be at about 52,000. Those are the discouraged workers, some of whom may be in receipt of jobseeker's allowance. That is another part of the labour market that is a potential part of the labour supply but is not included in the unemployment figures.

The Chairperson: James, we are a wee bit tight for time here. I wanted to finish by 1.00 pm, but I took a wee bit longer earlier. If you need to talk about more detail, do so, but I want to get you to talk to us about the overall picture.

Dr Gillan: We will skip to slide 28.

Mr F McCann: That is a huge number of inactive people who said that they want to work.

Dr Gillan: That is people who are either looking after the home, are sick, disabled or retired, or are students who have said that they want to work.

I have tried to separate out the groups into mutually exclusive parts. The top two rows show the figures for the unemployed: 48,000 plus 20,000, which is 68,000. Of the unemployed, 20,000 are NEETs, that is, not in education, training or employment. The figure for those who are inactive and want work is 52,000. Of those, 7,000 are people who are inactive, want work and aged between 16 and 24.

Mr F McCann: I have a wee problem with the terminology. The figure for those who are inactive and do not want to work covers a whole cross-section of people: those who are ill, etc. It is not that they do not want to work; many of them cannot work. That terminology sends out the wrong message.

Dr Gillan: That is a fair point. I was trying, for briefness, to contrast those who want work with those who said that they do not want work.

The Chairperson: Remember, Fra, this is a special presentation for us.

Mr F McCann: I appreciate that, Chair.

The Chairperson: But you are quite right.

Dr Gillan: The question in the labour force survey is actually: do you want to work? However, there is no implication that those who do not are —

The Chairperson: — unable to work, or feel unable to work. I agree.

Dr Gillan: The third and the fourth column are the inactive who want work, which is the 52,000 figure that we talked about. Of those, 7,000 are young people aged 16 to 24 who are not in employment, education or training. The 45,000 are, for the most part, older people who want work. Of the inactive who indicated at the interview that they did not want to work, about 23,000 are the discouraged

NEETs group. If you add together all the NEETs — that 23,000, the 7,000 who are inactive and want work, and the 20,000 of the unemployed — it brings you back to the 50,000 figure. So, the NEETs are spread among the unemployed and the inactive.

Mr D Rogers: One of the things to remember is that all the NEETs here are aged between 16 and 24. Even if they are excluded from the labour market at that early age, it is a factor that we have to take into account.

Dr Gillan: For the very first slide that we showed you about the relationship between the labour force survey and the claimant count, we calculated how many who were not in any of the other groups were on the claimant count. So, that was kind of mopping up the remainder who might be of interest. The third last row gives the figure of 470,000 for non-NEETs. We have greyed that out, because those are mainly people who do not want work. They may be retired, inactive or unable to work, and they are over the age of 24. They have not featured in any of our target groups.

When you use that very broad definition, you come up with a total figure of 155,000. That definition goes way beyond the formal international guidelines of what it means to be unemployed; namely, being available or actively looking for work. It was an attempt to give you an overall feel for the scale of the issue and segment it into non-overlapping groups.

Mr F McCann: It says 150,000. Do we keep track of how many jobs are available?

Mr D Rogers: We have two pieces of information on the total number of jobs in the economy. One is, in effect, the quarterly employment survey, which maps the total number of jobs at a particular time or the total number of people who are in employment at a particular time. The other one is the vacancies reported to jobcentres and jobs and benefits offices. We know that that is not a full count of the number of vacancies that are available, but it is probably somewhere between 30% and 45% of them. That will not tell us what jobs are immediately available. The other bit is the jobs that may become available if employers could expand.

The other thing to remember is that these figures relate to people who are unemployed or had whatever status at a particular point in time. Some of the vacancies at a particular point in time will be filled and then replaced with other vacancies. They are both dynamic in different ways. If the vacancies are filled, that is a good thing. More vacancies will be notified next week. You have to add up the vacancies over a year to get a reasonable indication of the number of vacancies in the economy. At the moment, we are running at about 60,000 or 70,000 a year. Those are notified to jobcentres. That is not —

The Chairperson: I want to pull it to a conclusion now. If we need to do more, Fra, we will have to do it.

Mr F McCann: I appreciate that.

The Chairperson: We will have to just do it, not least for you. Was that the final headline?

Dr Gillan: The next one is a summary of what I was saying —

The Chairperson: Right. Just finish with that, then.

Dr Gillan: The slide is on employee jobs. Sorry, I had forgotten the following was included. The service sector increased by 0.1%. In manufacturing, there was no change. Construction is still shedding jobs. The private sector is up 140 jobs, and the public sector decreased by 130 jobs. That is just to give you a feel for where the change is happening in the sector. The service sector is obviously the biggest share of jobs, which is why it has the biggest increase.

The next slide illustrates that graphically: NI versus UK employee jobs. We peaked earlier. We have fallen more sharply. Our recovery has not been evident. We have had two quarters of marginal growth, whereas the UK has had a stronger recovery in jobs.

The next slide shows the private sector versus the public sector. That is —

The Chairperson: Is that for Northern Ireland?

Dr Gillan: For Northern Ireland. The red line represents the public sector and the blue line represents the private sector. You can see that there is a very sharp decline initially, but the decline tails off and there are some signs of growth.

The Chairperson: Are you expecting the public sector to go further?

Dr Gillan: If public sector job cuts continue, yes.

The Chairperson: We have more of a handle of public sector jobs because we are the public sector, really. The cuts that were expected in the public sector services have not yet been fully played out. We expect that number to fall. Is that —

Mr D Rogers: Yes. The budget savings were over the period of the comprehensive spending review. That has not yet finished.

The Chairperson: If I recall correctly, year 3 was where the real hit in savings was coming through. Presumably, that was on the basis that we hoped that the economy might reflate by that stage so that we would not have to do it. Do you go into the detail of that? Do you look at the departmental budgets or the overall government budgets? I expect a significant downturn in year 3 of the comprehensive spending review.

Dr Gillan: We tend to do the past; we do not do the future very well.

The Chairperson: Welcome to politics.

Dr Gillan: We did not factor that in.

Mr F McCann: My understanding is that there is an embargo on recruitment. You have a continuous fall; jobs are not being replaced.

The Chairperson: You might want to look at what I tell you. This is me speaking on an individual basis: I remember seeing the comprehensive spending review budgets coming out, and they were all rear-end loaded. We did not take the pain in year 1 or year 2, so we are going to fall off a cliff in year 3 unless more money comes in from somewhere. I think that they hoped that we might have turned the corner by year 3 and then we would not have had to make people redundant. That does not look likely at the moment. Have analysts done any work on what the public sector downturn would look like? That is still quite a dramatic reduction in public sector employment. It is done, as Fra said, on the basis of natural wastage and non-recruitment.

Mr F McCann: There is an embargo on recruitment.

Mr D Rogers: The precise impact will depend on the budgets of a range of organisations and on what attitude they take towards pay policy, because it is the budgets that have been cut, or, at least, probably restricted, in real terms. So there will be an interaction between pay —

The Chairperson: Dave, I love the way you throw a big boulder in the pond, just as we finish. I agree; it is a discussion between wage rates and employment.

I am interested, and I would like a proper presentation. We have a few slides, but I need to get time to get my head round the various things. I find the quarterly updates really useful, because they build up a picture, and we get to understand. I know that you have gone to a lot of effort, presumably, for other people, but the work that you have done is fantastic. It is really important for us in planning the way forward. Thank you for that.

Does anyone have any burning questions, before I wind up the meeting?

Mr Buchanan: If these folk come before the Committee with another report, I think we will need to slot them in earlier and give them more time. Each time they come, they are being cut short, and we are not getting the full monty.

The Committee Clerk: We can put them on first.

The Chairperson: I agree; put that down as a chastisement. *[Laughter.]* We tried to get quite a few sessions in, and that is the problem. Tom, we were not looking at this issue before —

The Committee Clerk: We have correspondence to do, but David is leaving.

The Chairperson: David, just hang on for one second.

Mr Hilditch: I am chairing a meeting in Ballymena at 2.00 pm. I am sorry, but I have hung on for as long as I can.

The Chairperson: There we go. That is fair enough. Thank you for that. We are now inquorate. Thank you very much.