

# Economic Scrutiny Workshop Series

## Module 2:

## Labour Market – Why be aware of Northern Ireland's labour market performance?

Research and Information Service  
Finance and Economics Research Team

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# Economic Scrutiny Workshop Series

## Overall Aim:

To better equip Members of the Legislative Assembly (MLAs) and those who support them (staffers, political party researchers, Assembly officials and others) in Northern Ireland Assembly plenaries and committees

## Related Objectives:

Through accessible explanation, reducing complexity and confusion, the themed modules seek to:

1. Increase knowledge and understanding of economics
2. Raise awareness of good practice in economic development
3. Nurture applied learning amongst MLAs and those who support them
4. Strengthen Northern Ireland Assembly scrutiny in plenaries and committees
5. Support delivery of efficient, transparent and accountable governance in Northern Ireland through informed scrutiny and oversight

## Four themed modules:

### 1. Economic Performance:

Why measure economic performance (overall economic output and growth) in Northern Ireland, and how is that done?

### 2. The Labour Market:

Why be aware of Northern Ireland's labour market performance?

### 3. Sectors and Productivity:

What are key groups of institutions in the NI economy and how is their economic activity categorised?

### 4. Economic Impact:

What are key impacts of individual economic events and how do those impacts subsequently affect the wider economy?

# Themes for today:

- ❖ **Why measure labour market performance?**
- ❖ **An overview of the labour market structure**
- ❖ **Available sources of governmental labour market data for Northern Ireland**
- ❖ **Key labour market policy challenges for Northern Ireland**
- ❖ **Key takeaways**

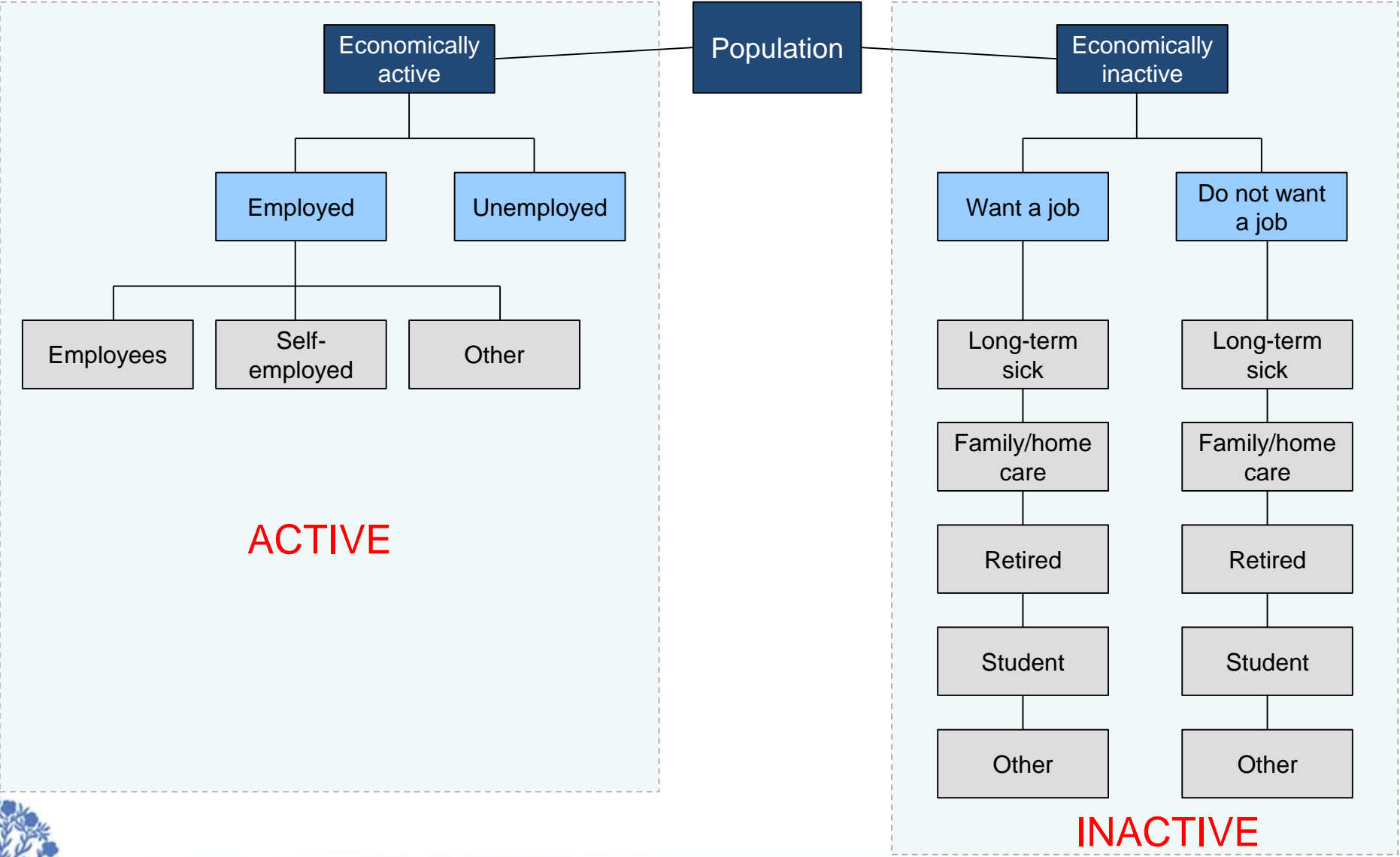
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# Why measure labour market performance?

- ❖ To understand a key element of a country's overall economic performance, which in turn helps to:
  - Enable comparison of economic performance between individual countries, including their regions
  - Identify relevant issues
  - Formulate evidence-informed solutions in policy and law to economic and social problems, with clear aim and related objectives, along with relevant indicators
  - Measure the country's progress towards those objectives - such as:
    - Reduce inactivity
    - Decrease underemployment
    - Improve regional labour market imbalances
    - Close the employment rate gap between: disabled/non-disabled; men/women; less deprived areas/more deprived areas
  - Inform a legislature's oversight and scrutiny of the executive arm of government, including its departments

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# An overview of the labour market structure





# Economically active in Northern Ireland

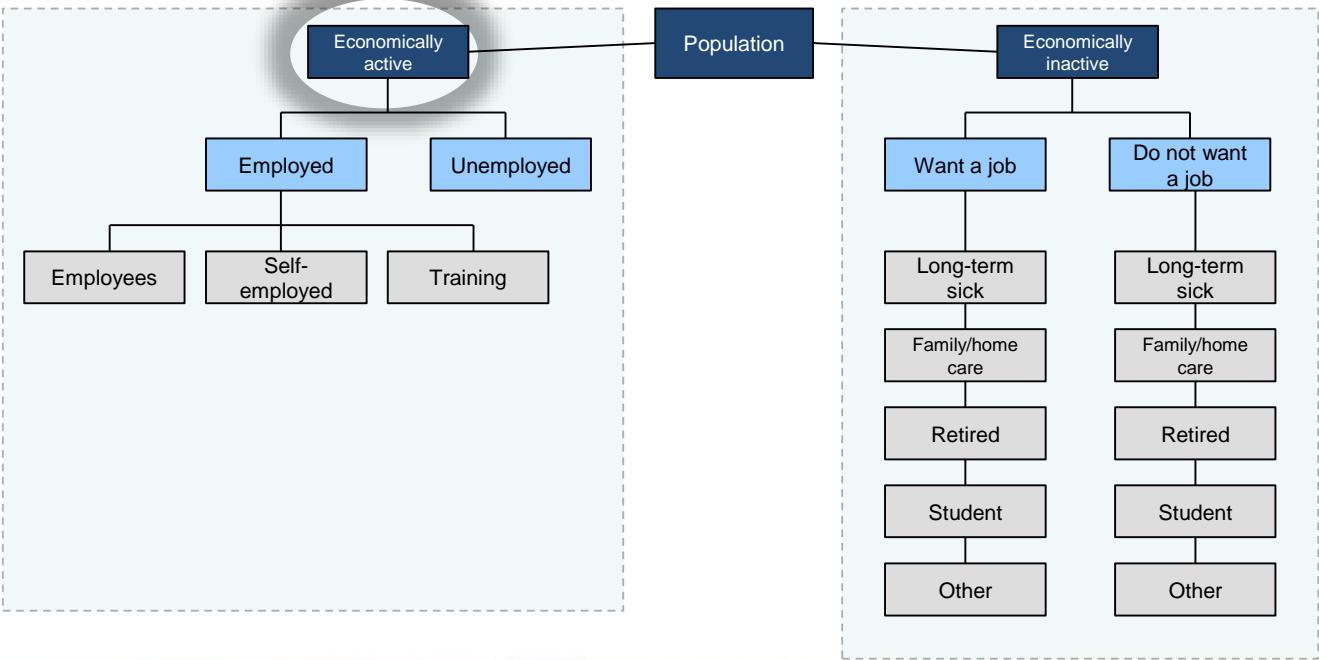
**Definition:** The total number of people employed + unemployed (16+)

**Rate (%):** Total economically active / total population (16-64)

Level (NI):  
900,000

Rate (NI):  
73.3%

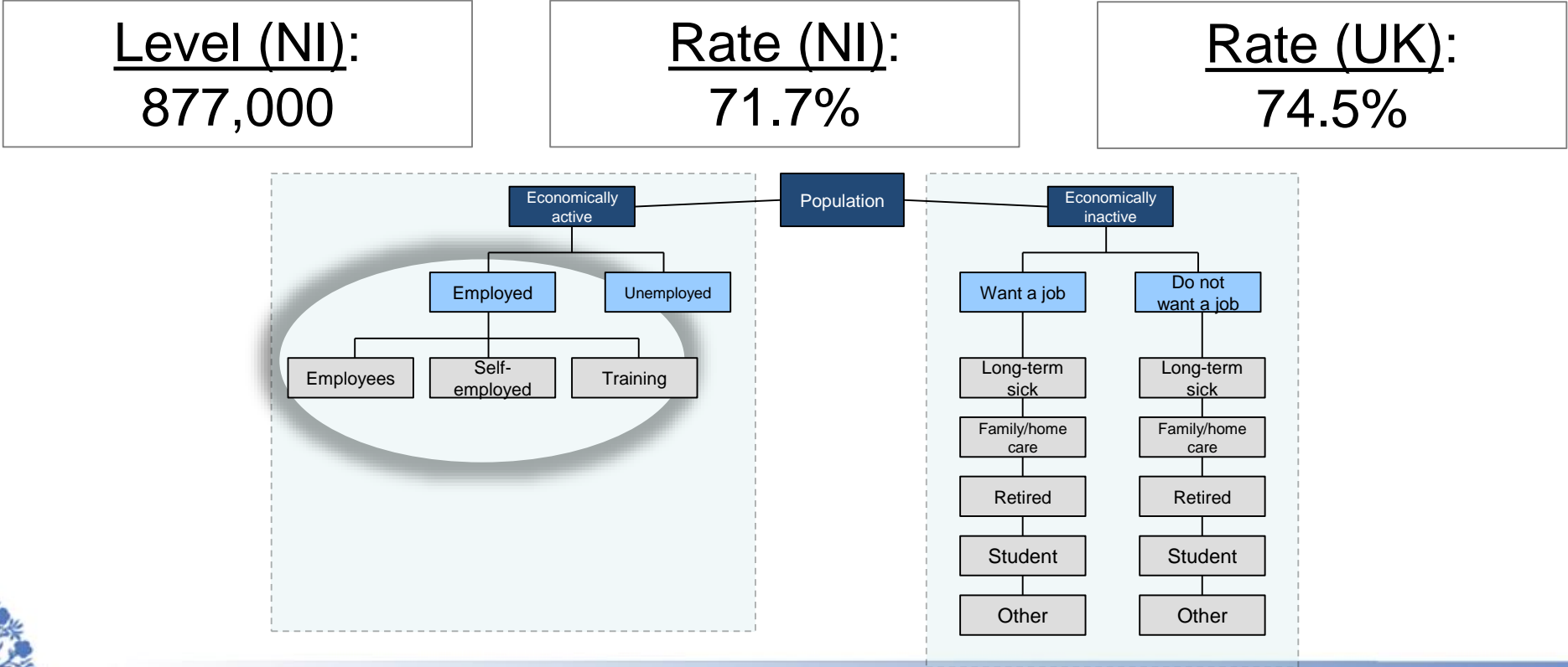
Rate (UK):  
77.8%



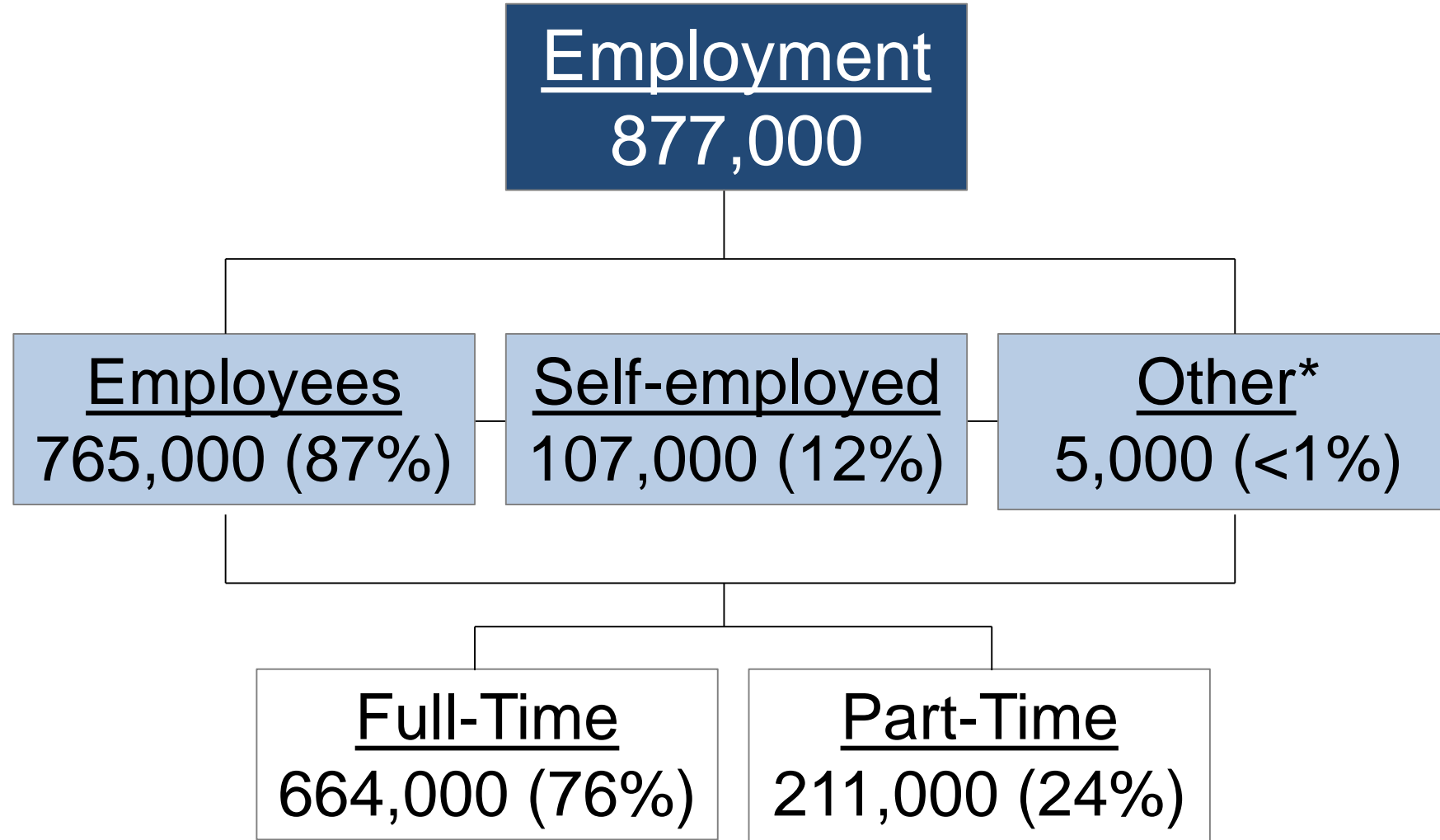
# Employment in Northern Ireland

**Definition:** Anyone aged 16+ who has carried out at least one hour's paid work in the week prior. Also includes those in unpaid work in a family business, and people on Government-supported employment training schemes

**Rate (%):**  $\text{Employment (16-64)} / \text{population (16-64)}$



# Employment – a breakdown of Northern Ireland



\* Includes those on government-supported training programmes, and those in unpaid work in a family business

# Unemployment in Northern Ireland

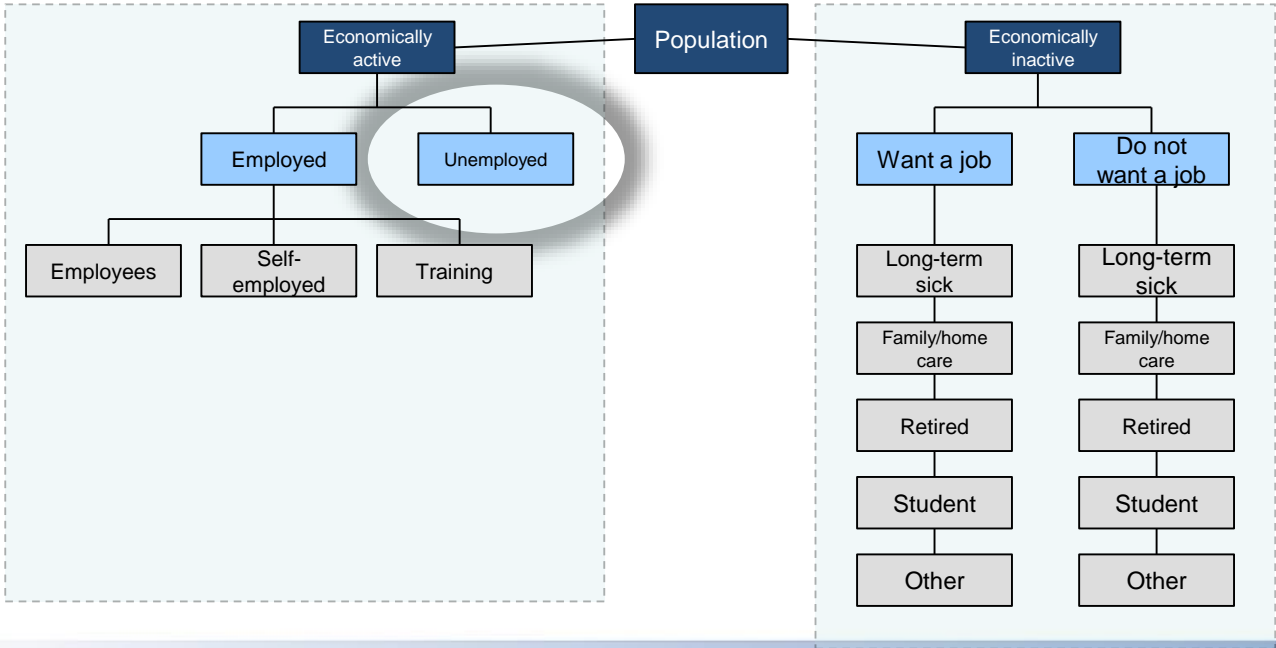
**Definition:** Those without a job who are able to start work in the next two weeks and have either looked for work in the four weeks prior, or are waiting to start a job they have already obtained

**Rate (%):** Total unemployment (16+) / economically active (16+)

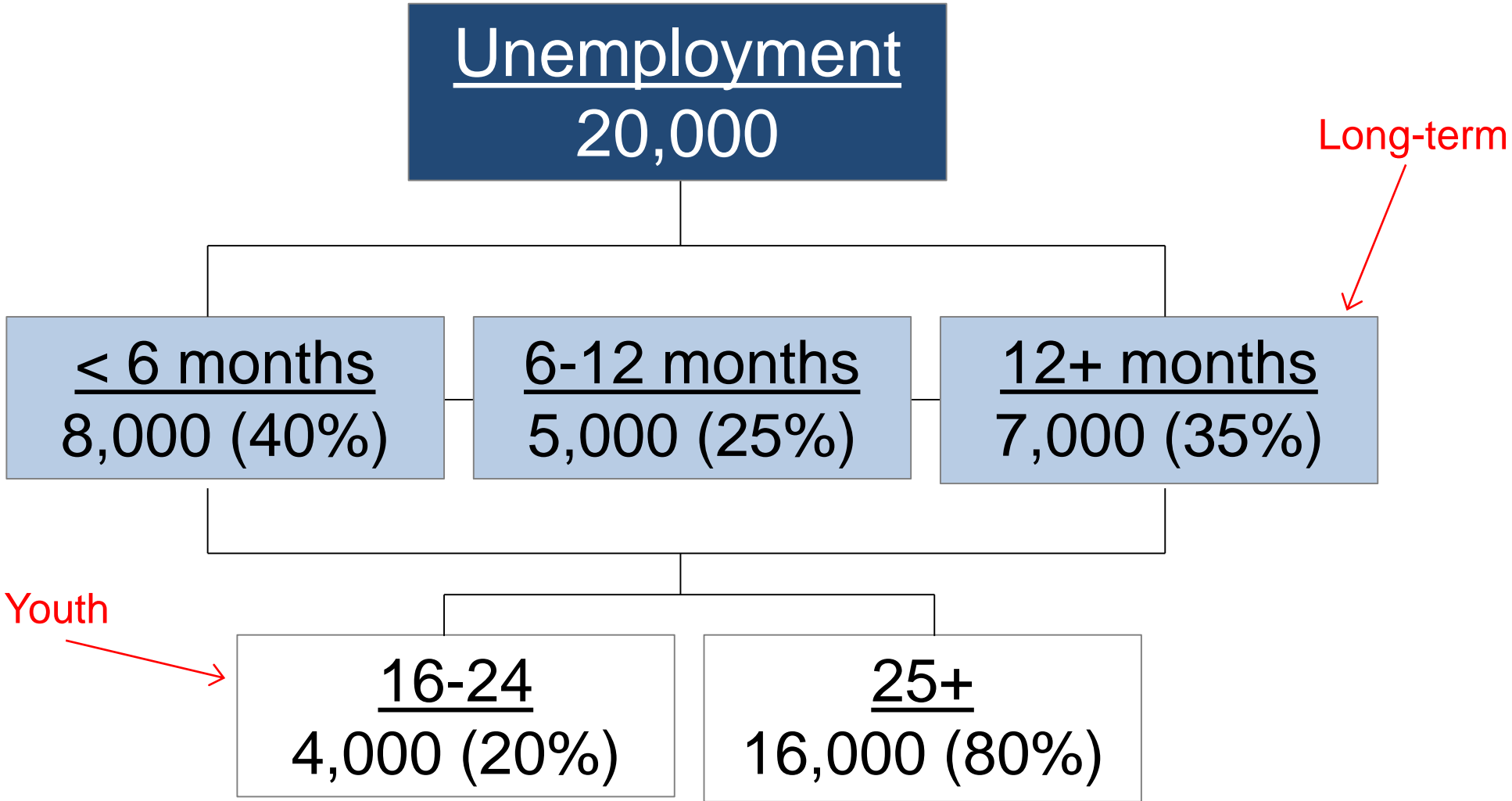
Level (NI):  
20,000

Rate (NI):  
2.2%

Rate (UK):  
4.3%



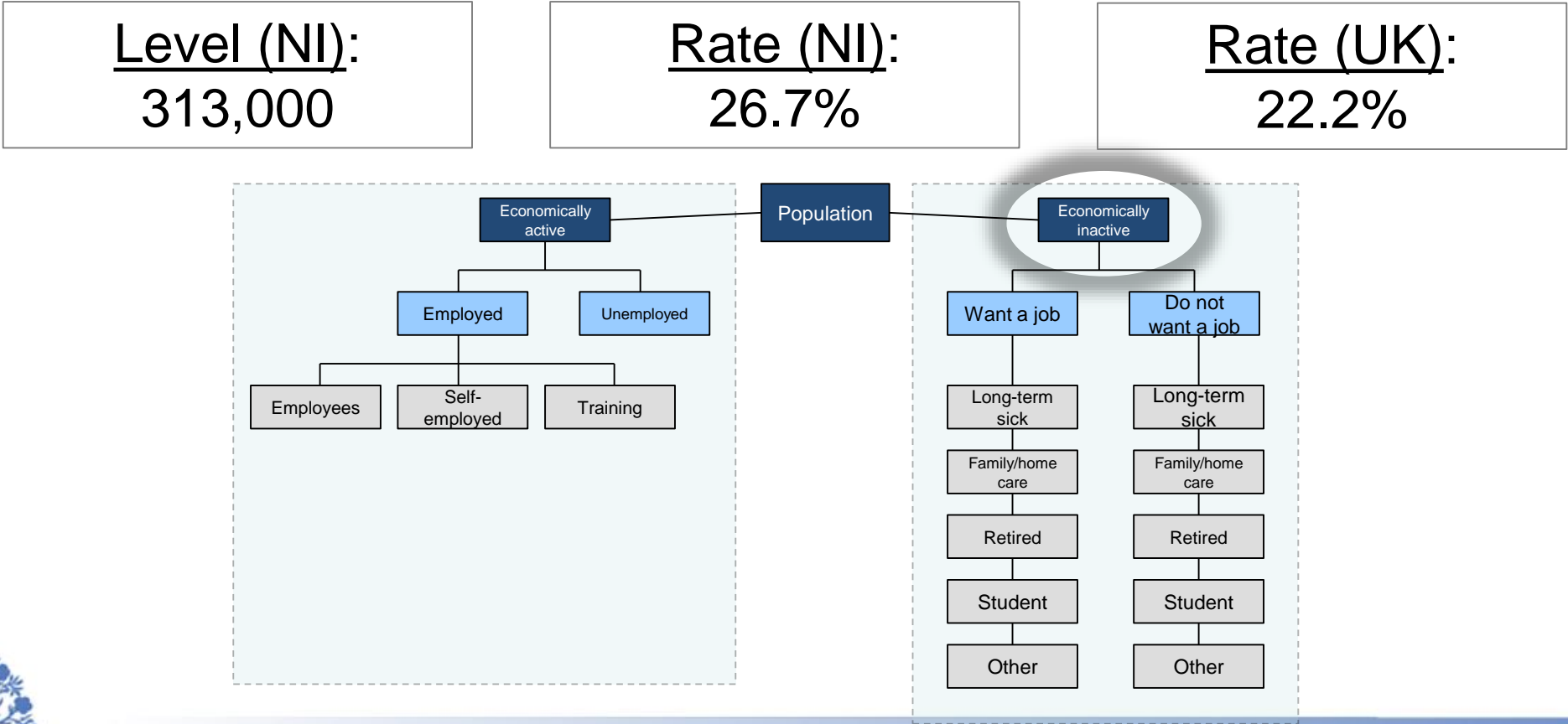
# Unemployment – a breakdown of Northern Ireland



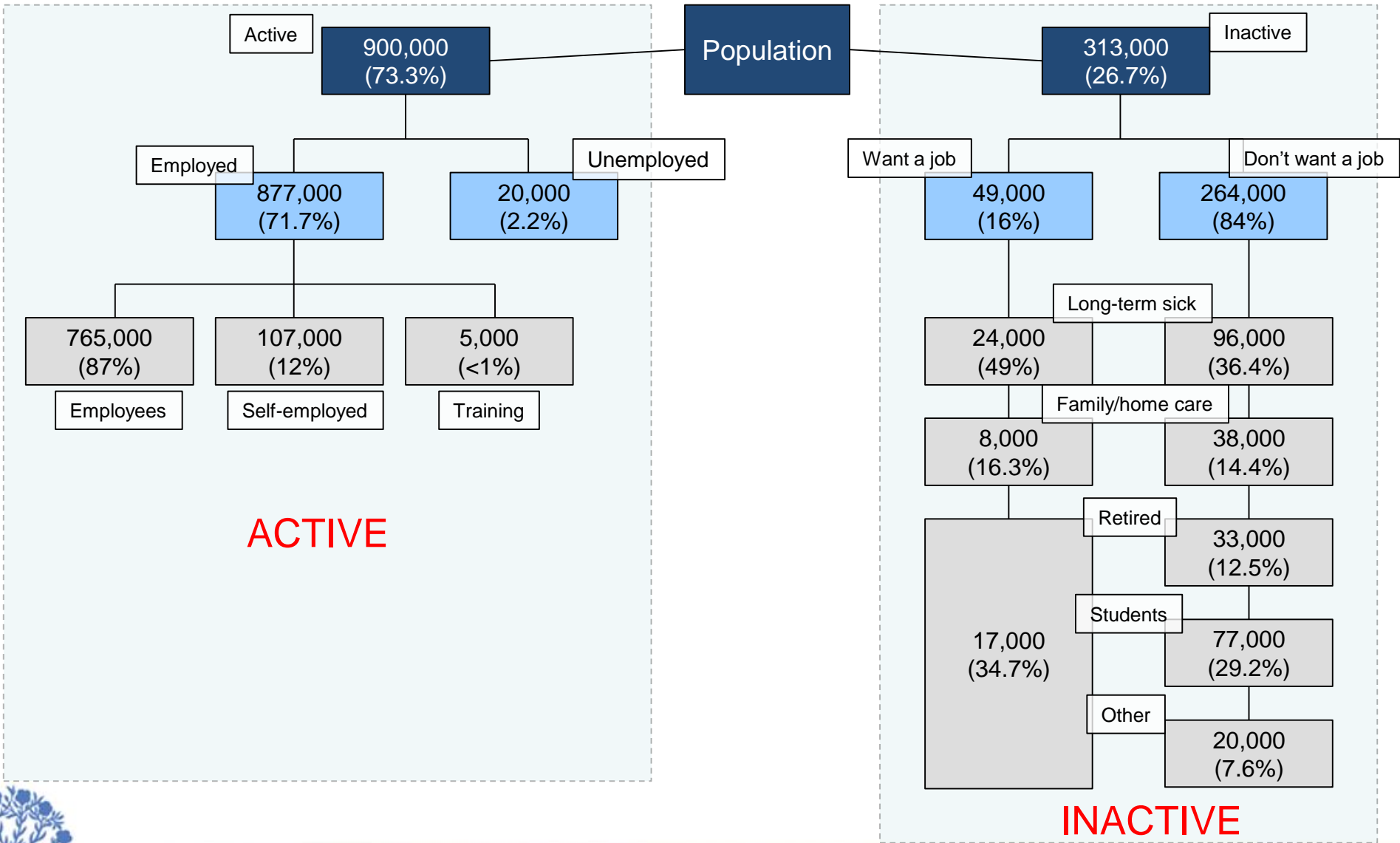
# Economic inactivity in Northern Ireland

**Definition:** Those who are neither in employment nor unemployed. Includes those looking after a home, long term sick, students and retired

**Rate (%):** Economically inactive (16-64) / working age population (16-64)



# Labour market structure – the numbers for Northern Ireland



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# Available sources of governmental labour market data for Northern Ireland

## ❖ Labour Force Survey (LFS):

- Based on survey of a random sample of around 800 addresses, on a rolling three month basis
- Undertaken by the Northern Ireland Statistics and Research Agency (NISRA), and published monthly
- Provides the primary labour market data source for Northern Ireland

## ❖ Quarterly Employment Survey (QES):

- Based on survey of specified jobs in 6,000 businesses, for a particular day (not over whole quarter)
- Undertaken by NISRA, and published every quarter
- Provides an estimate of employee jobs in Northern Ireland

## ❖ HMRC Real Time Information (RTI):

- Based on number of people paid through PAYE systems; excludes self-employed
- Undertaken by HMRC (His Majesty's Revenue and Collection), and published monthly
- Provides monthly estimates of payrolled employees and their pay

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# Key labour market policy challenges for Northern Ireland

## ❖ Economic inactivity:

- **Persistent problem** – Northern Ireland has underperformed relative to the rest of the United Kingdom for the past 20+ years, for a variety of possible reasons – but particularly due to much higher rates of people who are long-term sick or disabled
  - That has resulted in, for example:
    - **Adverse socio-economic impacts that are of cross-departmental concern** – such as:
      - Limited economic growth
      - Increased likelihood of poverty
      - Educational underachievement
      - Reduced social inclusion
      - Lower tax revenues to contribute to the funding and delivery of public services for Northern Ireland society
    - **Adverse departmental budgetary impacts that concern more than one department** – such as:
      - Increased Executive/departmental spending on incapacity, disability benefits; accounts; accounting for a large share of the Executive Budget that relates to social protection in Northern Ireland

## ❖ Long-term unemployment:

- **Public problem** – Causes significant socio-economic challenges in Northern Ireland, including:
  - Making it increasingly difficult to re-enter the labour force
  - Deteriorating a person's skills and confidence
  - Reducing their earning potential – they tend to earn less when they eventually find jobs
- That has resulted in, for example:
  - **Adverse socio-economic impacts of cross-departmental concern** – such as:
    - Poor health
    - Educational underachievement
    - Poverty
  - **Adverse departmental budgetary impacts that concern more than one department** – such as:
    - Increased Executive/departmental spending on unemployment benefits, training related to re-skilling and up-skilling

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# Key takeaways

## ❖ Labour market – what is it?

- Concerns the levels of employment, unemployment, activity, and inactivity in a country
- Highlights the inter-relationships between the above

## ❖ Why measure the labour market?

- Helps to:
  - Formulate evidence-informed solutions to economic and social problems
  - Enable comparison of economic performance between countries and regions
  - Inform a legislature's oversight and scrutiny of the executive arm of government, including its departments
- **How to measure the labour market?**
  - Rely on the key indicators of the labour market: economic activity; employment; unemployment; economic inactivity

# Any Questions

