

Labour Market Statistics

UUEPC Briefing Paper, 23rd March 2021

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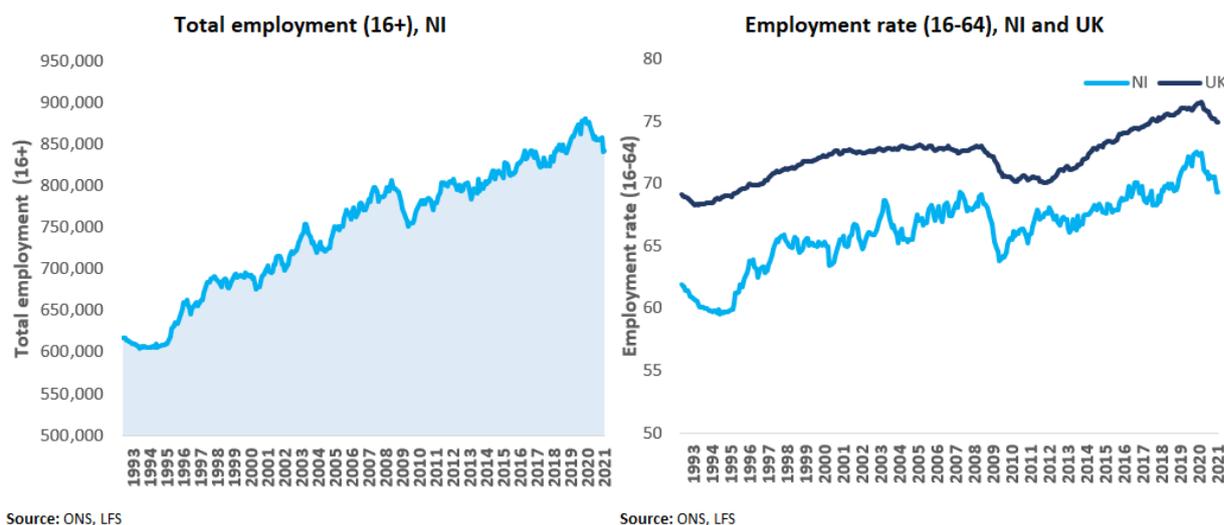
Introduction

1. This briefing note sets out analysis of the headline labour market statistics published on the 23rd March by the Office for National Statistics (ONS) and the Northern Ireland Statistics and Research Agency (NISRA). This includes data from the Labour Force Survey (LFS) related to the employment rate, inactivity rate and unemployment rate. The briefing also provides an analysis of the workforce jobs series published by ONS (jobs-based). The most recent release for the LFS relates to the three-month rolling quarter covering November 2020 -January 2021. The most recent data for the workforce jobs series relates to Q4 2020.
2. This is supplemented by data from HMRC Pay as You Earn Real Time Information (PAYE RTI) data, which reports on the number of payrolled employees (people-based). The briefing also reviews data relating to Universal Credit (UC). The most recent release for both data series relates to February 2020.
3. The paper will also draw upon data that has been extracted from the LFS microdata file. UUEPC track several derived metrics from the LFS to monitor the health of the NI economy. These indicators are presented using dashboards in UUEPC's Labour Market Intelligence (LMI) portal. A limited number of these indicators have been used within this report. To explore the UUEPC LMI portal further, please visit the UUEPC website (<https://www.ulster.ac.uk/epc>) where the portal will be available from April 2021.

Headline employment

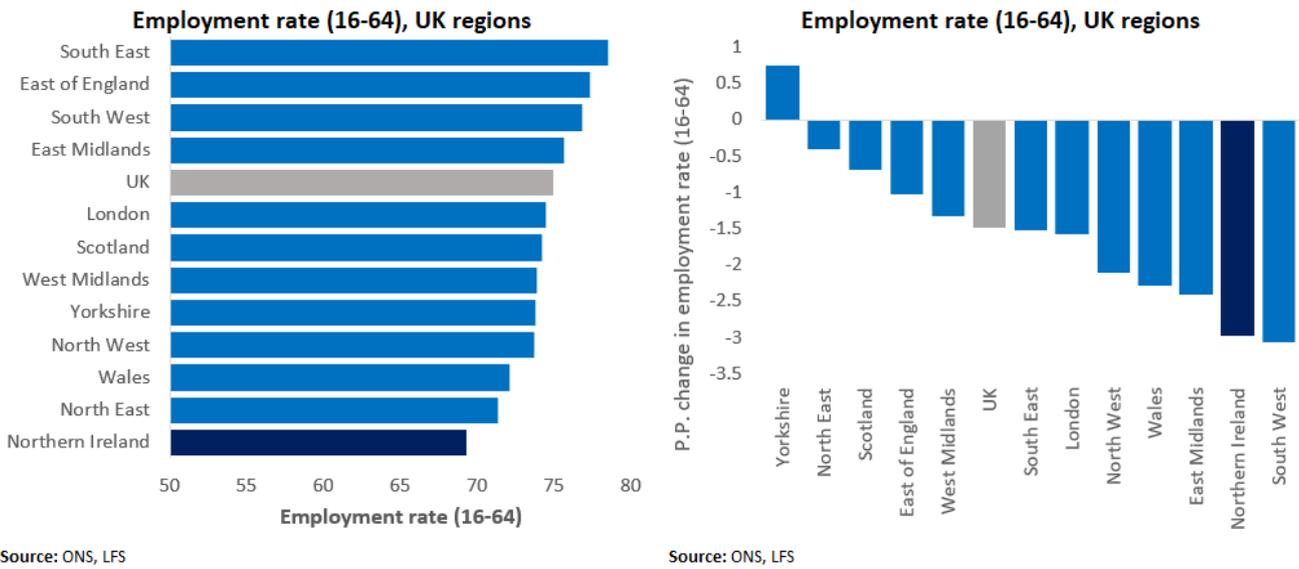
4. The latest month of data has indicated a further deterioration of the NI labour market. **Total employment has fallen by 32.5k to 843k over the past 12 months.** The 16-64 employment rate has fallen to 69.3%, the **lowest employment rate recorded in the NI labour market since 2017.**

Figure 1: Total employment (16+) and the employment rate (16-64), 1992-2021, seasonally adjusted



5. NI currently has the lowest 16-64 employment rate of any UK region although this was also the case pre-pandemic. In percentage point terms the NI employment rate has recorded the 2nd largest fall in the employment rate over the past 12 months amongst the 12 UK Government Office Regions (GOR's). **This has widened NI's lagging gap with the UK employment rate.**

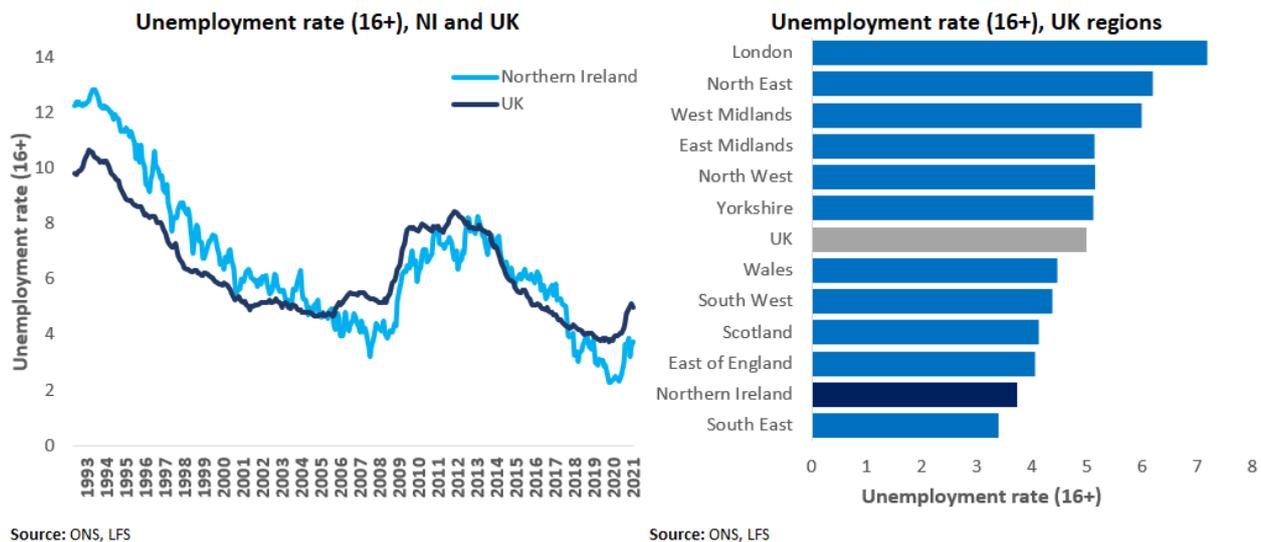
Figure 2: Employment rate (16-64) and the annual percentage point change in employment rate (16-64), UK regions, November 2020-January 2021, seasonally adjusted



Headline unemployment

- At 3.7% NI's unemployment rate is the 2nd lowest amongst UK regions,** losing the pre-pandemic ranking of having the lowest unemployment rate in the UK. In total there are 31.7k people officially counted as unemployed using the internationally recognised International Labour Organisation (ILO) labour market accounting framework. This represents a year-on-year increase of 52%.

Figure 3: Unemployment rate (16+), NI vs UK, 1992-2021, UK regions, November 2020-January 2021, seasonally adjusted

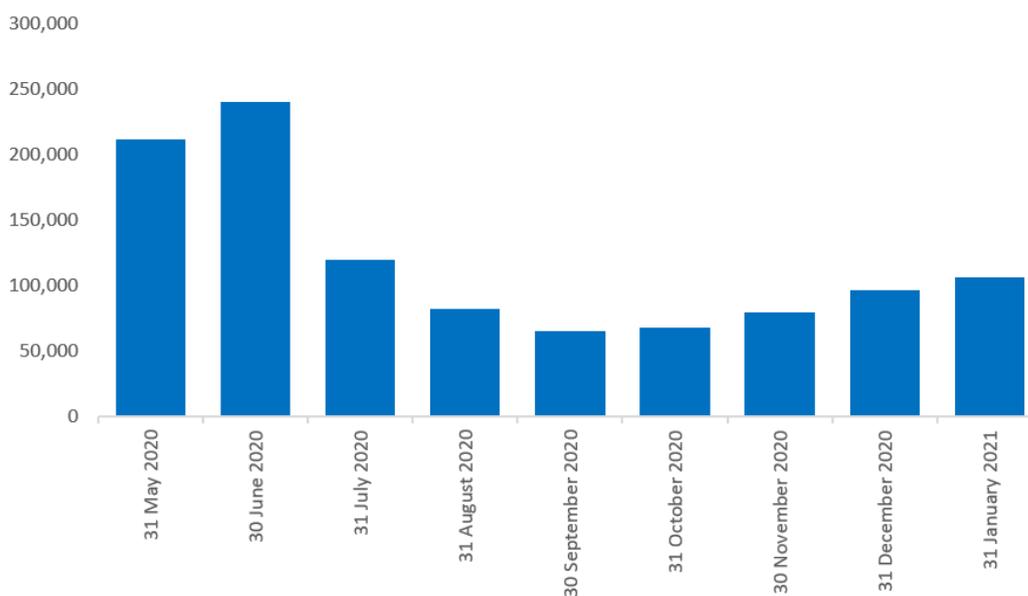


- It is important to recognise that the pre-COVID unemployment rate was at a historic low.** The recent increase has taken the unemployment rate back to rates equivalent to those recorded as recently as 2018. The unemployment rate has only been lower than the current rate in 34 of the last 345 months¹, illustrating the position of relative strength from which NI began the crisis. Other nations have not been as fortunate. For example, the Eurozone (8.4%) and Irish (7.5%) unemployment rates are more than double NI's rate.

¹ This refers to the ONS 3 month rolling quarters used in the monthly LFS statistics release.

8. However, **the unemployment rate is artificially low in NI**, UK regions, and international comparators due to the employment support provided under the UK Coronavirus Job Retention Scheme (CJRS) and international equivalents. Persons who are currently on furlough are counted as being employed under the ILO framework. Although most of this group are expected to return to their jobs once restrictions are lifted, there will be a proportion who will become unemployed or economically inactive.
9. The latest published data for the number of employments furloughed indicates that in NI on the 31st January 2021 106k people were either partially or fully furloughed. This represents approximately 14% of all employees. However, it is important to note that NI remained under strict lockdown restrictions on the 31st January 2021, and this figure is understandably high. The number of employments furloughed in NI peaked at 240k during the first lockdown in Q2 2020, but had fallen to 65k by the end of September.
10. The CJRS was originally due to end on the 31st October 2020, but the announcement of its extension was made three weeks prior to its original end date. Therefore, it is likely that if the scheme had not been extended, the number of furloughed workers returning to work would have continued to rise throughout October. Therefore, **the number of people at risk of unemployment once the CJRS support is removed is likely to be considerably less than the 65k low point in the series** when health restrictions were more limited.

Figure 4: Furloughed employments, NI, May 2020-January 2021



Source: HMRC

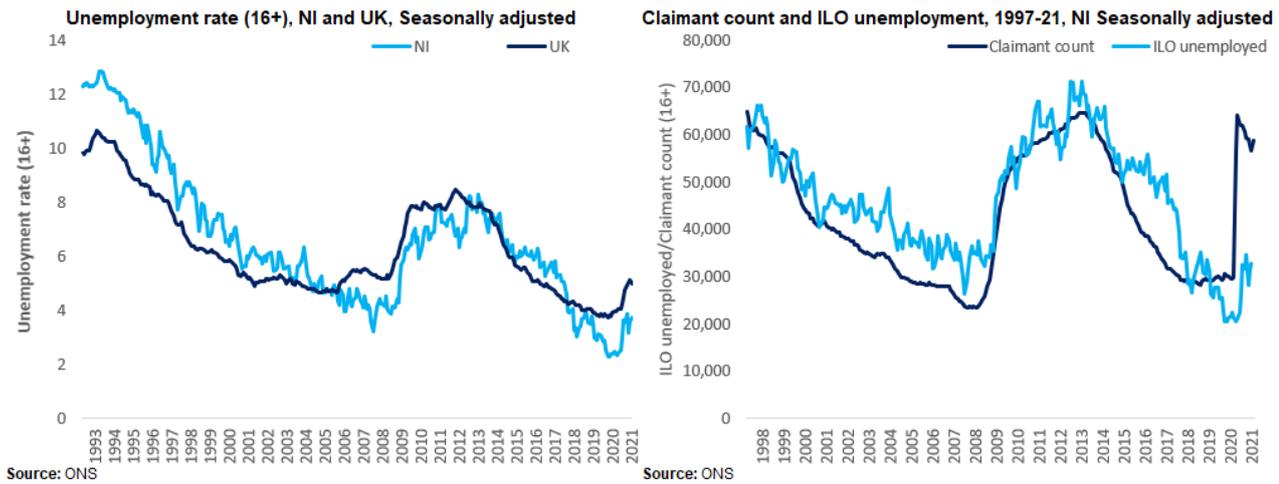
11. A further commonly used indicator to monitor unemployment is the Claimant Count. From October 1996, the Claimant Count simply reported the number of people claiming Jobseeker's Allowance (JSA). However, since the introduction of Universal Credit (UC) in September 2017, some unemployment benefit claimants began claiming UC instead of JSA. Under UC a broader span of claimants are required to look for work than under JSA. The difference in the claimant count measurement and the ILO unemployment accounting framework has caused the two series to diverge significantly since the onset of the pandemic.
12. The NI claimant count currently stands at 58.9k people, compared to 31.7k unemployed persons using the ILO accounting framework. There has always been a gap in the reported levels of unemployment between the two series due to

methodology differences. However, recent changes in the welfare system and characteristics unique to the pandemic have caused the two series to diverge to a much greater extent than at any point in the past.

13. ILO unemployment counts anyone who is jobless, currently seeking work and is available to start within two weeks. The claimant count measures the number of people claiming JSA and the number of UC claimants placed in the 'Searching for Work' conditionality group. This latter group includes two groups of people that would not be counted as unemployed under the ILO measure²:
 - 1) **Employed persons:** People who are in work, but on low incomes (either to a low wage and/or lack of available hours). Prior to the introduction of UC, this group would have had their incomes supported via other parts of the welfare system (e.g. income support or tax credits). Within UC, a proportion within this group are assigned to the 'Searching for Work' conditionality group and are thus included within the claimant count despite being employed.
 - 2) **Furloughed workers:** Persons furloughed as part of the CJRS can also be included within the claimant count. Furloughed workers are still technically employed and receiving 80% of their usual earnings. The reduction in pay will have moved some low-paid workers into the eligibility for income support under UC.
14. **The claimant count no longer solely quantifies unemployment. It is also capturing issues of low pay, underemployment and in-work poverty.** In Great Britain (GB) the proportion of persons on the claimant count who were in employment peaked at 20% in April 2020. Equivalent data for direct comparison is not available for NI. However, structural features of NI's economy relative to GB indicate that the proportion is likely higher than in GB. For example, NI has a higher proportion of low-wage jobs and had a relatively higher take up of income support and tax credits relative to other UK regions under the legacy welfare system. The UC statistical release relating to November 2020 indicated that there were 17k UC claimants who were 'working with requirements' and therefore likely to be picked up in the claimant count measure of unemployment. This represented 29% of the number of people counted by the claimant count measure. Therefore, once an adjustment is made for this group the gap between the two measures is significantly reduced.

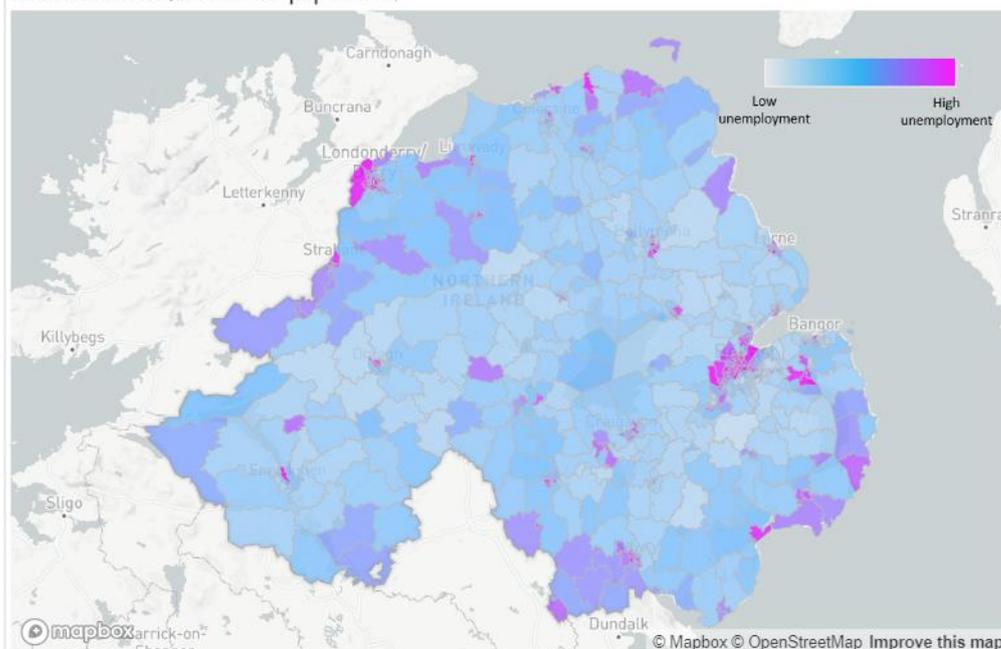
² There are further methodology differences between the two measures. In this discussion we have focussed solely on the key inconsistencies that are driving the current divergence. For further information on the key methodological differences please see <https://www.nisra.gov.uk/publications/differences-between-ilo-unemployment-and-claimant-count>

Figure 5: Claimant count (16+), NI Vs UK, 1992-2021, and Claimant Count vs ILO unemployment, 1997-2021, NI, seasonally adjusted



15. In the current labour market, although the claimant count cannot be considered solely as a measure of unemployment it remains a useful indicator to monitor. It is particularly useful at a sub-regional level, where NI lacks regularly published timely economic indicators.
16. The map below illustrates the claimant count across NI wards, highlighting clusters of high claimant rates in inner city areas in Belfast and Derry. The variance in labour market outcomes across NI is evident, with the claimant count rate ranging from 13.7% in The Diamond in Derry to just 1.7% in Jordanstown in Antrim and Newtownabbey.

Figure 6: Sub-regional claimant count, NI wards, February 2021, not seasonally adjusted
Claimant count (% of 16-64 population)

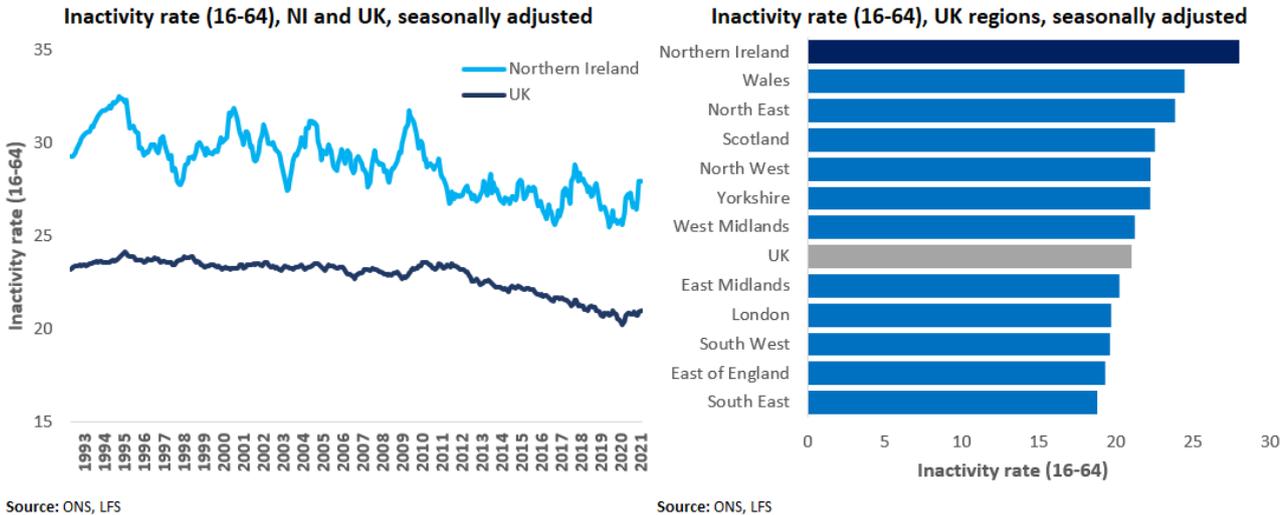


17. A large variance in outcomes across sub-regions within NI is not a new feature of the NI labour market. It provides a useful reminder of the risks associated with a pandemic where the effects are not uniformly distributed. **An uneven distribution of the negative consequences of the pandemic carry a risk of existing spatial inequalities and gaps in the standard of living becoming further entrenched, or widening.**

Headline economic inactivity

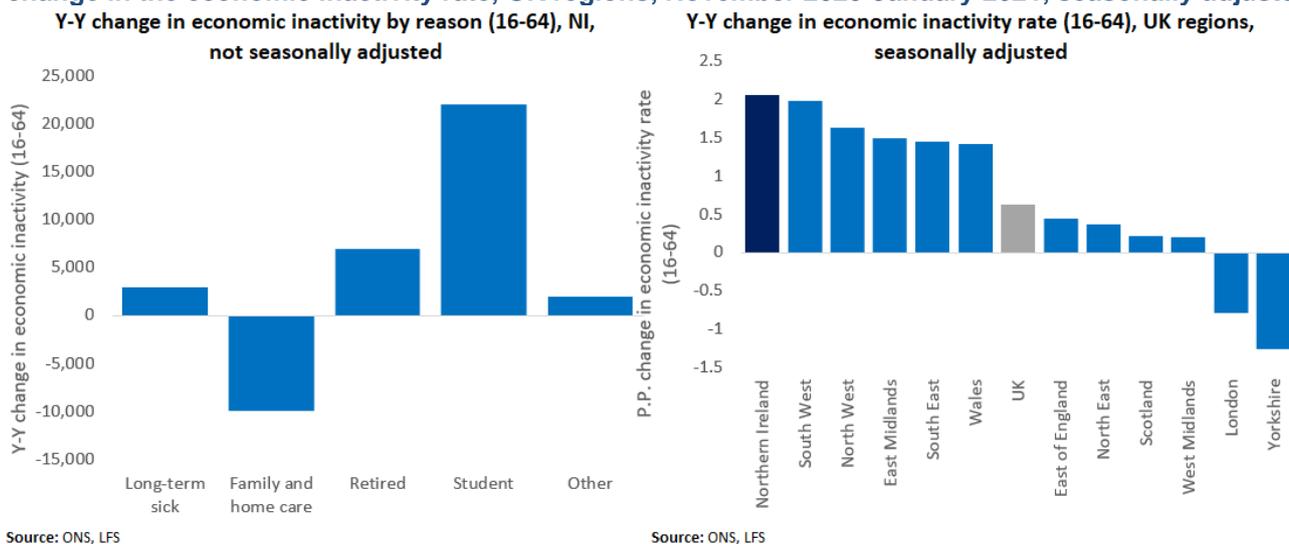
18. **Working age economic inactivity increased to 28.0%, the highest rate amongst UK regions.** This is not a recent development and reflects a long-standing structural weakness in NI's labour market. NI has recorded the highest regional economic inactivity rate in 317 of the past 345 months³.

Figure 7: Economic inactivity rate (16-64), NI Vs UK, 1992-2021, and economic inactivity rate (16-64), UK regions, November 2020-January 2021, seasonally adjusted



19. **In the past 12 months NI has registered the largest percentage point increase in its economic inactivity rate amongst UK regions,** and has widened the gap with the UK rate. The key driver of the increase in the economic inactivity rate has been amongst **full-time students who are not working**, which has increased by 22k. This is likely to be driven by a reduction in work opportunities for students to complement their studies. This is a reflection that the sectors most impacted have in the past provided significant employment opportunities for young people.

Figure 8: Year on Year change in economic inactivity by reason, (16-64), NI, and year on year percentage point change in the economic inactivity rate, UK regions, November 2020-January 2021, seasonally adjusted



20. **The number of people economically inactive (16-64) due to reasons of long-term sickness has increased by 3k over the past year.** This is an unwelcome

³ This refers to the ONS 3 month rolling quarters used in the monthly LFS statistics release.

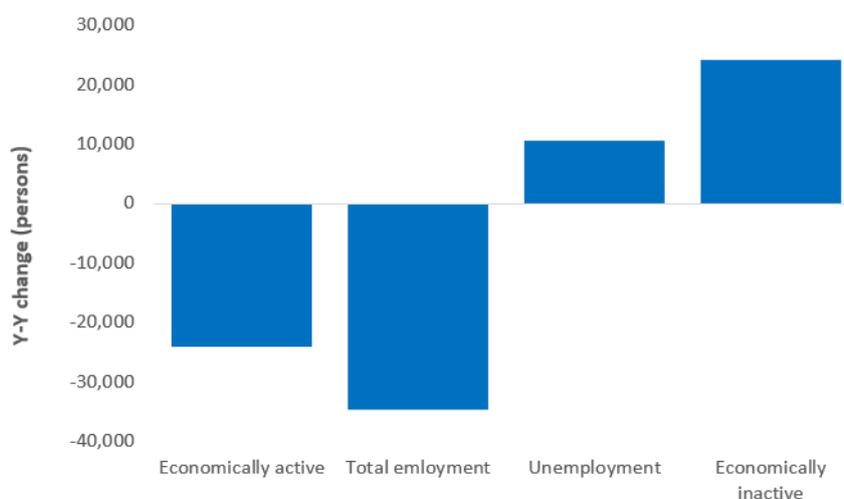
development as NI already has the highest proportion of the population who are inactive due to reasons of sickness than any other UK region. A working age person in NI is almost twice as likely to be economically inactive due to sickness compared to the UK. The return to work rate is very low after a period of long-term sickness, therefore it is important that NI does not allow the relative underperformance in this area to widen.

21. The number of people who are economically inactive for other reasons has increased by 2k over the past year. The 'other' category includes discouraged workers, temporary sick or injured, waiting for a reply to job application, not yet looking for work and not looking for work. The remaining increase in economic inactivity is accounted for by 7k increase in early retirees. However, there has not been an increase in the number of 16-64 retirees who want a job. Therefore, the majority of this increase is likely to represent planned retirement.

Labour market structure

22. There have been some high-level changes in the NI labour market over the past year. The furlough scheme has supported a large proportion of the NI workforce to varying degrees over the course of the past 12 months. However, the scheme has not been able to save every job. **Employment (16-64) has fallen by 32.5k compared to 12 months ago, the largest year on year decline in employment recorded since 2009.**

Figure 9: Year on year change in labour market status (16-64), NI, November 2020-January 2021, seasonally adjusted



Source: ONS, LFS

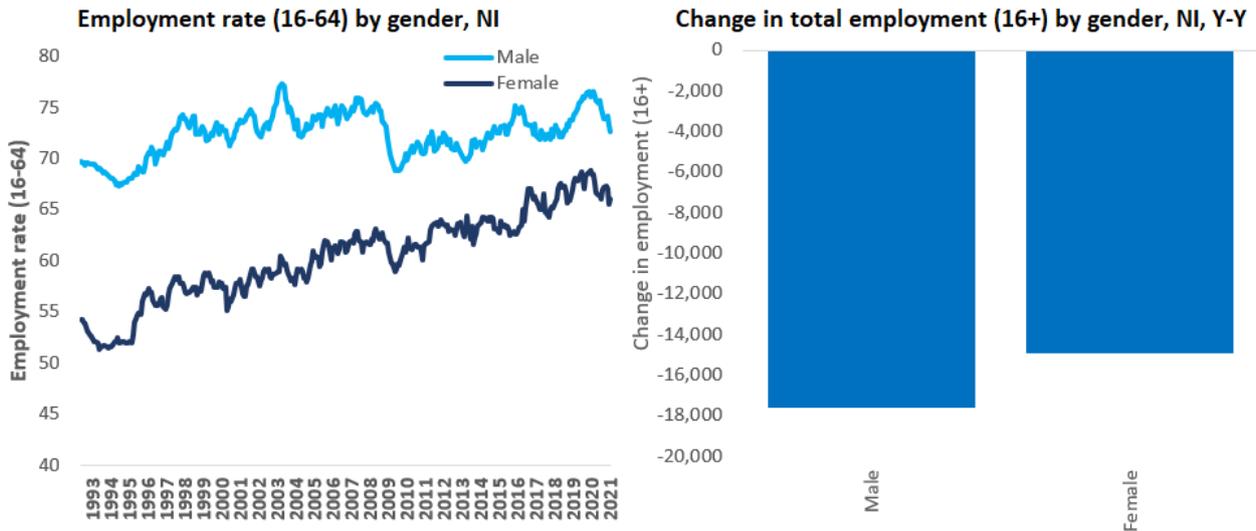
23. The fall in employment has not translated into a commensurate rise in unemployment, which has increased by 10.6k over the past year. The largest rise has been recorded amongst the economically inactive, which has increased by 24k over the past year.
24. This represents an important nuance in understanding the labour market statistics. The unemployment rate is calculated as the number of unemployed people as a proportion of the economically active population (employed plus unemployed). The increase in economic inactivity decreases the size of the economically active population and places upward pressure on the unemployment rate. For example, over the past 12 months the decrease in the economically active population would have increased the unemployment rate by 0.1 percentage points in the absence of any rise in absolute unemployment.

Amongst which groups has the employment falls occurred?

Gender

25. **The fall in employment recorded over the past 12 months has been slightly larger amongst males (-17.6k) than females (-14.9k).** The male employment rate has fallen by 3.5 percentage points to 72.7% over the past year compared to a fall in the female employment rate of 2.5 percentage points to 66.0%.

Figure 10: Employment rate (16-64) by gender, 1992-21, NI, and annual change in total employment (16+) by gender, November-January 2020, NI, seasonally adjusted



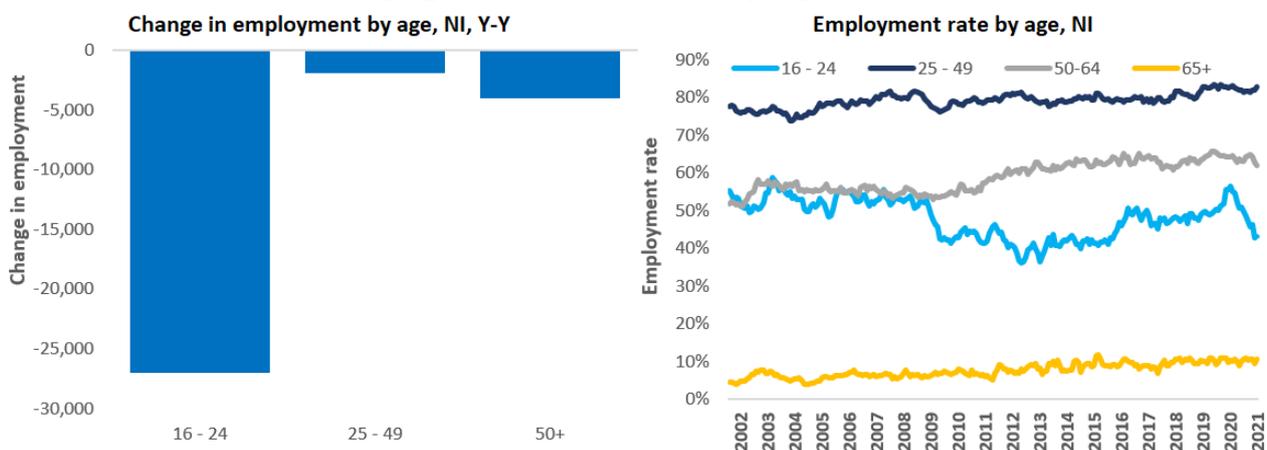
Source: ONS, LFS

Source: ONS, LFS

Age

26. **The largest falls in employment over the past year are amongst the under 25 age group. Employment has fallen by 27k, which equates to a decrease of 24%.** Young people are being squeezed from two sides. Firstly, existing young people in the labour market are more likely to be working in sectors which have been adversely affected during the crisis (e.g. retail and hospitality). Secondly, full-time students have been unable to find employment opportunities to supplement their study. This is a partial reason why the increase in unemployment has remained small. This group are recorded as economically inactive students, which has been the major driver of rising economic inactivity.

Figure 12: Year on year change in employment by age, NI, November 2020-January 2021, and employment rate by age, NI, 2001-21, seasonally adjusted

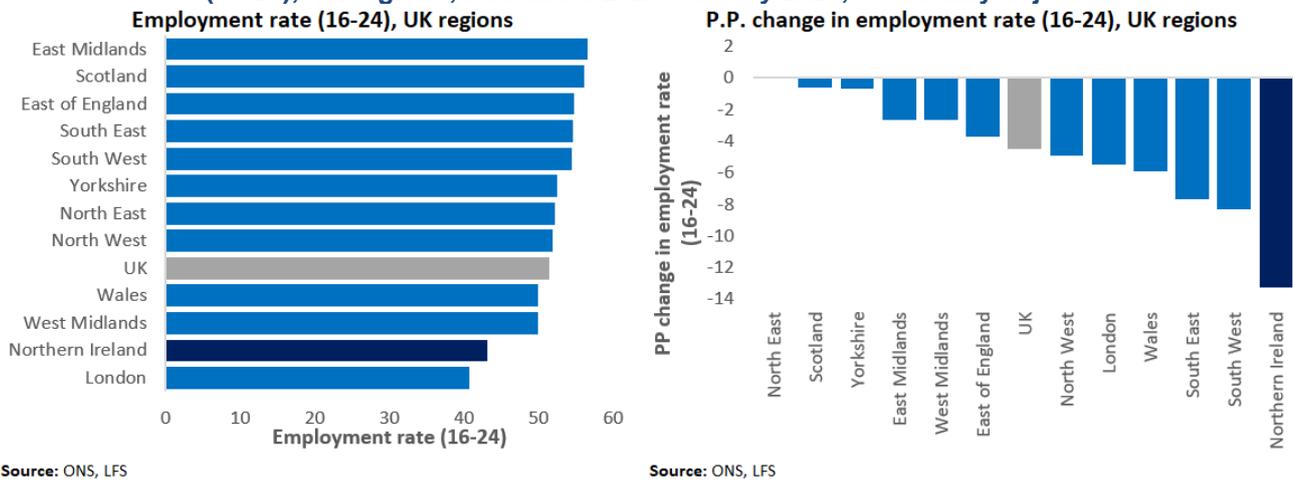


Source: ONS, LFS

Source: ONS, LFS

27. The fall in employment amongst the under 25's has led to a steep decline in the 16-24 employment rate over the past 12 months from 56.4% to 43.2%. The 16-24 employment rate is equivalent to rates last recorded in 2015, and only London records a lower youth employment rate. **The annual percentage point fall in the 16-24 employment rate in NI was the largest recorded amongst UK regions (13.2 p.p.).**

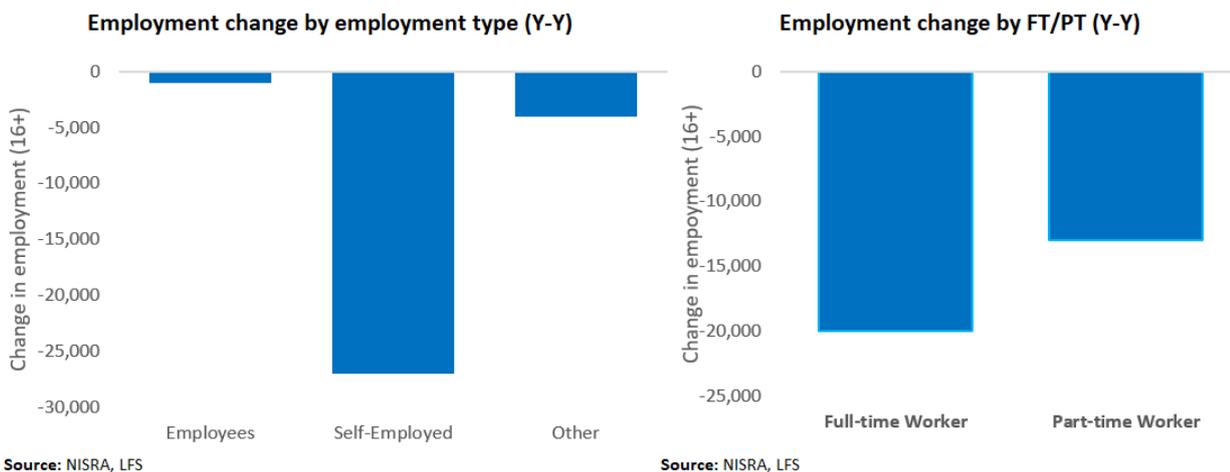
Figure 13: Employment rate (16-64), UK regions, and annual percentage point change in the employment rate (16-24), UK regions, November 2020-January 2021, seasonally adjusted



Employment type

28. **The self-employed account for a disproportionate share of the fall in employment, accounting for four-fifths of the total decrease.** Or, put another way, employees have fallen by 0.1% relative to one year earlier, whereas the self-employed have decreased in number by 19.9% over the same period.

Figure 14: Year on year change in employment by type (16+), NI, November 2020-January 2021, seasonally adjusted



29. **The year on year decrease in employment is larger amongst full-time workers in net terms.** However, the scale of part-time job loss is likely to be much larger in gross terms. It is probable that there has been an increase in underemployment, and some workers will have transitioned from working full-time to part-time which has prevented further falls in part time workers in net terms.

30. There has also been a fall in the number of people working in temporary jobs over the past two years. However, the decrease occurred in 2018 and 2019 and is therefore unrelated to the pandemic. **The number of workers with second jobs**

fell significantly over the past 12 months, by 5k representing a 16% decrease. A significant component of this will be related to the large recorded fall in self-employment.

Figure 15: Employment by employment type (16+), NI, 1995-21, not seasonally adjusted

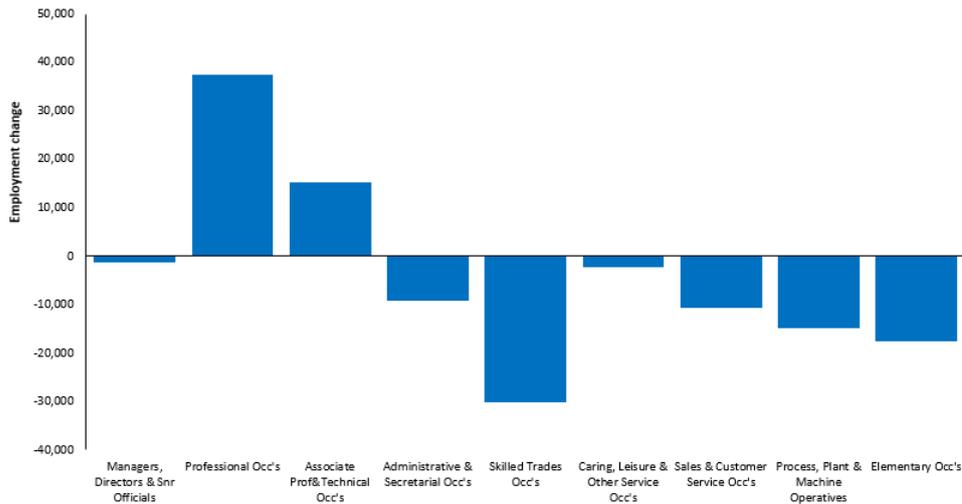


Source: NISRA, LFS

Occupation

31. The unequal nature of the crisis is further demonstrated by the occupation distribution of the decrease in employment recorded over the past 12 months. The largest fall is recorded amongst skilled trades, where employment has fallen by around one quarter on a year on year basis. The skilled trades occupation is much wider than the name suggests. Alongside vocations related to manufacturing (metal and electronic trades) and construction (builders, painters, plumbers, plasterers etc.) the occupation also includes skilled agricultural and related trades (farmers, gardeners, groundsmen etc.); vehicle trades (mechanics etc.); food preparation and hospitality trades (butchers, bakers, fishmongers, chefs, cooks, catering and bar managers etc.); and other skilled trades (woodworkers, florists, craft workers etc.).
32. Significant employment falls were also recorded amongst elementary occupations; process, plant and machine operatives; sales and customer services; and administrative and secretarial occupations. In contrast, **employment in professional occupations and associate professional occupations have recorded strong growth during 2020.**
33. It is important to stress that even if total employment were unchanged, there would still be a shift in the occupation distribution. This is because the labour market operates as a stocks and flows system. Two of the major flows are old and young people – older workers represent an outflow from the stock when they retire, and young people represent an inflow to the stock when they join the labour force. Older workers are more likely to work in non-professional occupations, whilst young people are more likely to work in professional occupations. This drives a net change in the stock of employed people in favour of professional occupations. The unequal nature of the crisis has exacerbated this naturally occurring structural change in favour of professional occupations.

Figure 16: Year on year change in employment (16+) by occupation, NI, (Q4 19 – Q4 2020), not seasonally adjusted



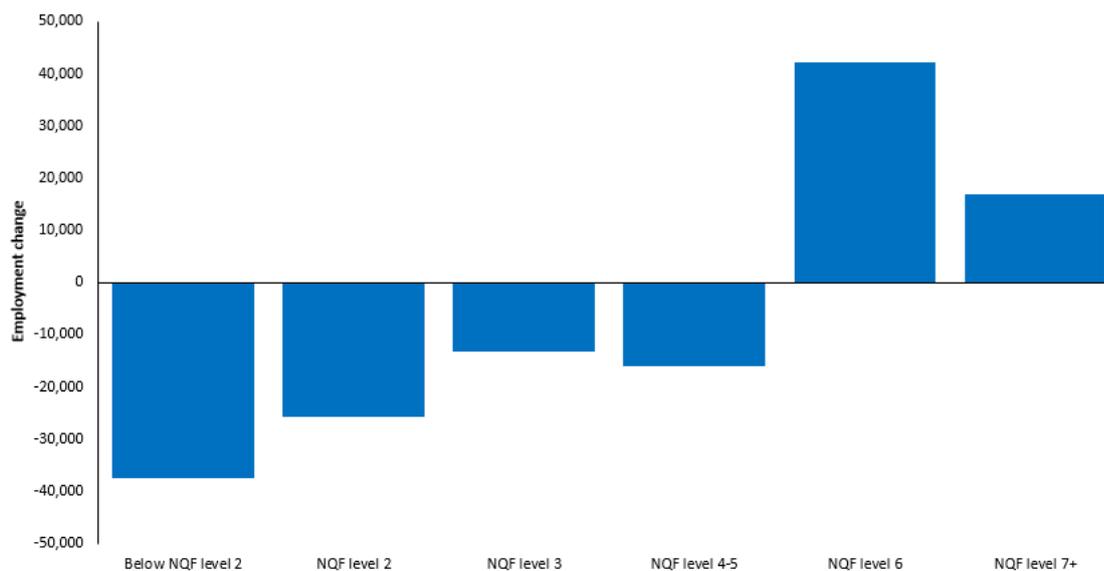
Source: ONS, LFS, UUEPC

34. The profile of occupation change will impact the equity of labour market outcomes. Although the net change in total employment has been relatively small (given the circumstances), masking a significant deterioration in certain parts of the economy.
35. The profile of occupation change paints a picture of declining employment in occupations which traditionally provide opportunities across the qualification's spectrum (i.e. including those with low level qualifications), and growth concentrated in occupations which typically require high level qualifications. **This will create challenges in matching workless individuals to employment opportunities in the absence of a swift recovery amongst the most affected sectors in the post-COVID restrictions era.**

Qualifications

36. The uneven socioeconomic impact of the crisis is further illustrated by the change in employment by qualification level. **All categories of qualification below an undergraduate degree qualification (NQF L6) have experienced a fall in employment.** Conversely, there has been an increase in employment amongst people with undergraduate degrees (NQF L6) and postgraduate qualifications (NQF L7+).
37. This is a partial reflection of the occupations that are most acutely impacted by the COVID restrictions. Professional occupations, which are associated with high qualifications, are much more likely to be suited to remote working. Although it is important to note that this pattern is also naturally occurring. As more highly qualified young people enter the stock of employment at the expense of older less qualified retiring workers the average education attainment will trend upwards.

Figure 17: Year on year change in employment (16+) by qualification (NQF), NI, Q4 19 – Q4 2020⁴, not seasonally adjusted



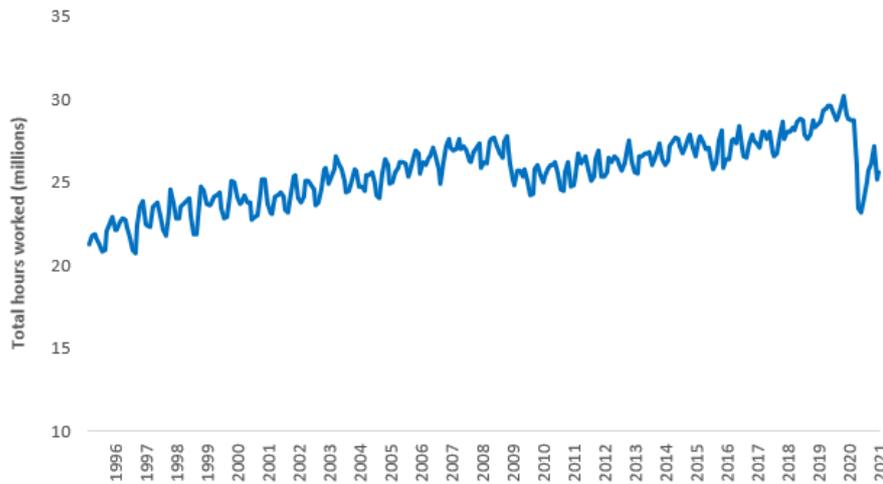
Source: ONS, LFS, UUEPC

Measuring total labour market activity

38. The usual barometer of labour market activity is the total number of people who are employed in an economy. However, in an economy operating under restrictions total employment is inflated by jobs which are currently furloughed. This group of workers are either not working at all or working below their usual number of hours. They are still technically employed, and counted as such, despite many contributing no labour input by way of hours worked.
39. Total actual hours worked is one of the most meaningful labour market indicators in an economy in partial lockdown as it only counts hours actually worked. **The total number of hours worked per week currently stands at 25.6m. This is 89% of the number of hours worked in the same period one year ago.** This level of labour input is roughly equivalent to levels 10 years ago.
40. The most recent data covers a period when the NI economy is under strict lockdown restrictions. The fact that economic activity has not fallen to the very low levels of activity recorded in spring 2020 is a positive development and illustrates the ability of local businesses to adapt to maintain operations.

⁴ Below NQF level 2 - No qualifications/ Below NQF level 1 / 5 GCSEs D-G (or equivalent); NQF level 2 - 5 GCSEs A*-C (or equivalent); NQF level 3 - A-level (or equivalent); NQF level 4-5 - Foundation degree / HND / HNC (or equivalent); NQF level 6 - Undergraduate degree (or equivalent) ; NQF level 7 - Masters (or equivalent); NQF level 8 - PhD (or equivalent)

Figure 18: Total hours worked (16+, millions), NI, 1995-21, not seasonally adjusted

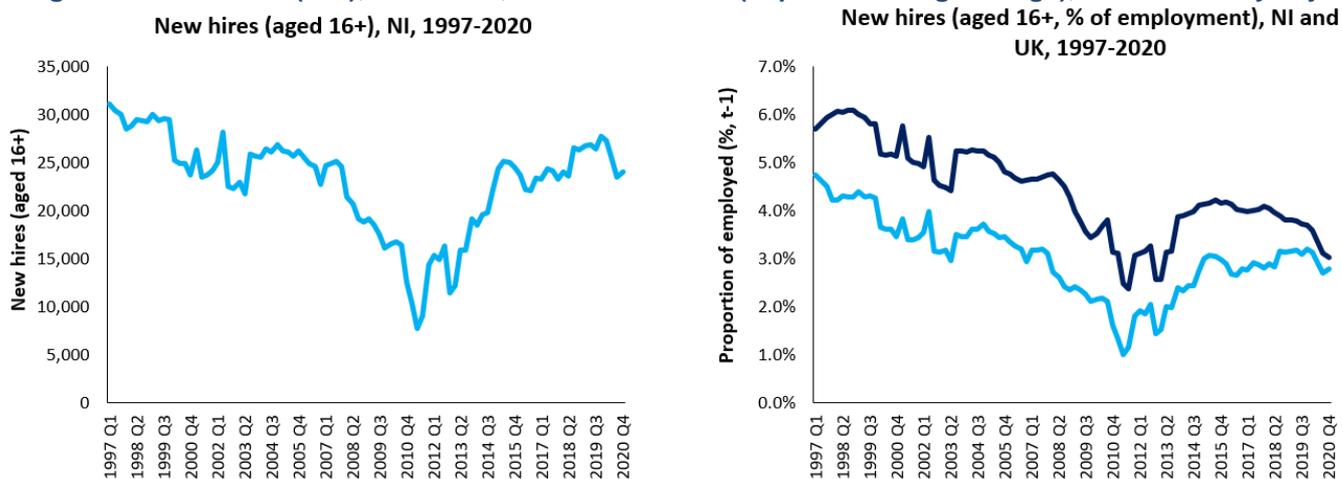


Source: NISRA

Hiring trends

41. Throughout 2020 the NI labour market has proven to be impressively resilient. Given the circumstances unemployment and economic inactivity could have been expected to be significantly higher, and employment significantly lower. The CJRS has been rightly lauded as a successful intervention to retain jobs, however, the low net fall in employment is not simply a product of the furlough scheme. **Throughout the past year businesses hiring rates have defied expectations**, providing a welcome boost to a wounded labour market.
42. Although the number of new hires⁵ is down compared to 12 months ago, the fall has not been of a comparable scale to that observed following the 2007/08 financial crisis. The number of new hires is currently 13% below levels recorded 12 months earlier, whereas in 2010 hiring levels were less than half of pre-recession levels. With the vaccine rollout continuing apace there is now a pathway towards lifting restrictions. As businesses return to normal trading this is likely to spur some hiring. Therefore, although hiring may fall further in the first half of 2021, **the return to pre-crisis hiring levels is unlikely to mirror the sluggish recovery observed following the 2007/08 financial crisis.**

Figure 19: New hires (16+), NI and UK, Q4 1997-Q4 2020 (4 quarter rolling average), not seasonally adjusted



Source: ONS, LFS, UUEPC

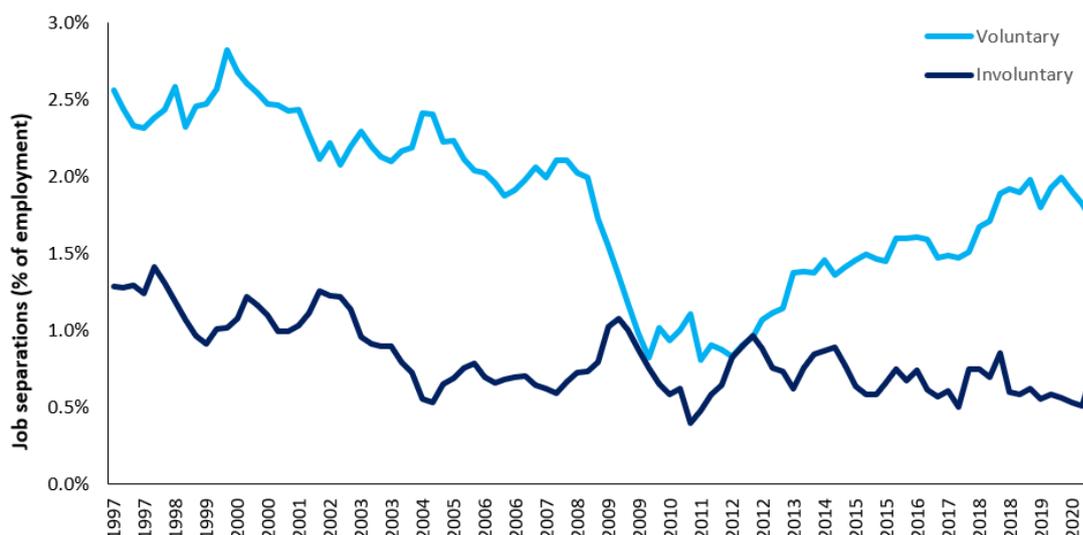
Source: ONS, LFS, UUEPC

⁵ New hires are defined as a worker who has started a new job within the previous three months, and persons currently classed as unemployed that have secured a new job that they are waiting to start.

Job separations

43. Job separations are defined as the number of people who left their job in the previous three months. Job separations can be voluntary (e.g. job to job moves, looking after family, returning to study, retirement etc), or involuntary (fired, made redundant or not having a temporary contract renewed).
44. A key feature of recessions is a sharp decline in voluntary job separations, mostly representing a reduction in job to job moves. In recessions workers tend to be either unable or unwilling to move. Unable due to the decline in job opportunities, and unwilling due to fear of an uncertain economic climate. **The number of job to job moves is an important gauge of labour market health and is a key driver of wage growth in the economy.**
45. The 2007/08 financial crisis was associated with a steep decline in voluntary job separations, which only returned to pre-crisis levels relatively recently. Throughout 2020 the rate of voluntary job separations has fallen only slightly. **It is anticipated that it will fall further into 2021 before recovering once COVID restrictions end.** It is also likely that an increase will be observed in the rate of involuntary separations as the CJRS is phased out later in the year.

Figure 20: Job separations (aged 16+, % of employment), voluntary and involuntary, NI, 1997-2020 (4 quarter rolling average), not seasonally adjusted



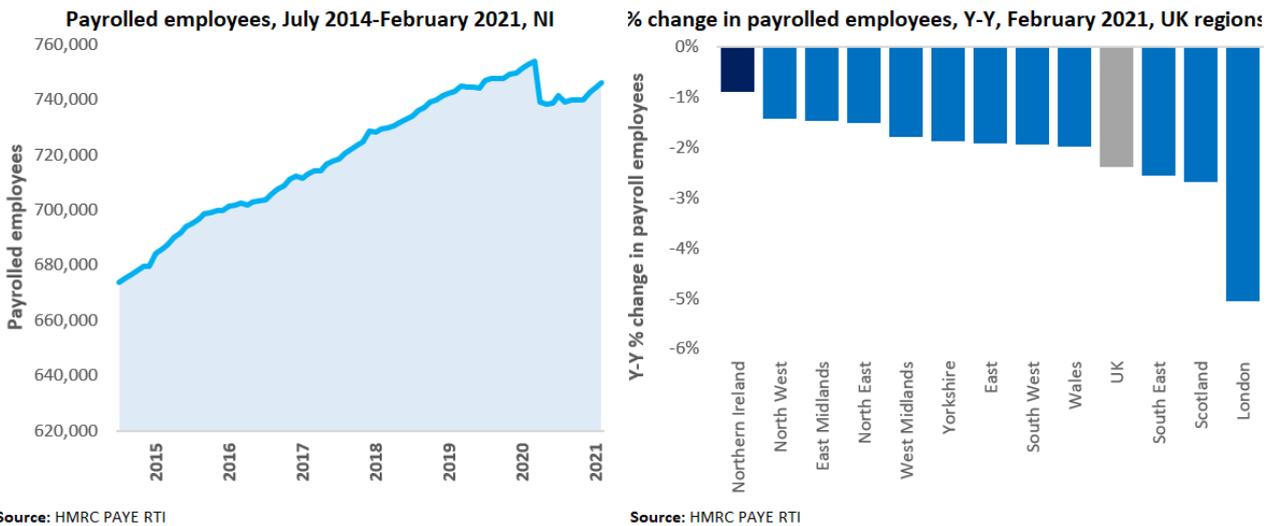
Source: ONS, LFS, UUEPC

What is data from the tax records telling us?

46. A recent addition to the labour market data has been the introduction of real time PAYE data from HMRC. As the data is drawn from an administrative database it is both robust and timely. The HMRC PAYE RTI provides data as recently as February 2021. Although it should be noted that the most recent month is based upon approximately 85% of PAYE records. This provides a robust leading indicator, that is marginally revised in the following months statistical release when the vast majority (98-99%) of the PAYE records are included in the analysis.
47. The PAYE RTI provides a snapshot of the total number of individuals working as employees and being paid through the PAYE system. In February the number of payrolled employees in NI was 746k, representing a decrease of 6.8k over the past 12 months. **This equates to a decrease in payrolled employees of 0.9%, which is the lowest proportionate decline amongst the UK's 12 GOR's.** The

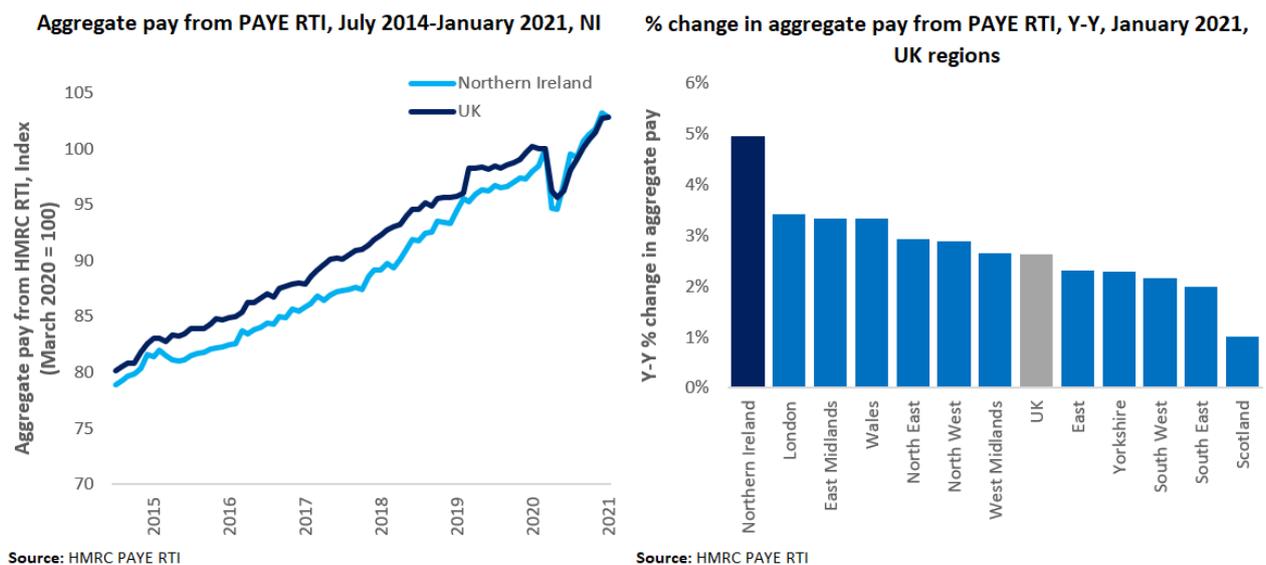
data has also provided positive recent signals, recording monthly growth in December 2020, January 2021 and February 2021.

Figure 21: Payrolled employees on PAYE RTI, NI, 2014-21, and UK regions, February 2021, seasonally adjusted



- 48. The HMRC RTI data also provides data on aggregate pay – the sum of all the wages paid to employees through the PAYE system – see Figure 22. Aggregate pay fell dramatically in March 2020, but recovered quickly and returned to pre-COVID levels by September 2020. In all 12 UK regions aggregate pay is now higher compared to 12 months earlier.
- 49. **NI has recorded the largest increase in aggregate pay over the past 12 months, growing by 4.9% compared to 2.6% in the UK.** This reflects the relatively small fall in employees in NI compared to other UK regions. The trend in aggregate pay alongside a historically high savings rate provide a positive signal towards a rapid recovery in consumer orientated sectors once COVID restrictions have ended.

Figure 22: Aggregate pay from PAYE RTI, NI and UK, July 2014-January 2021, and annual % change in aggregate pay, UK regions, January 2021, seasonally adjusted



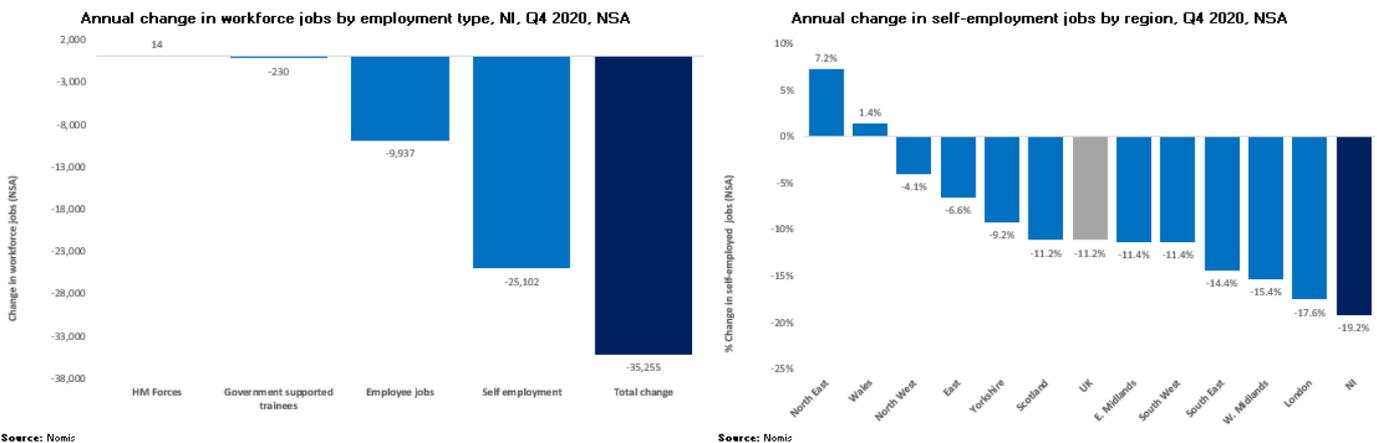
What is data from workforce jobs telling us?

50. The workforce jobs series is the recommended data source for sector trends in the UK labour market. The data presented so far in this briefing has been on a 'people' basis. The workforce jobs series is on a 'jobs' basis, whereby one individual with two jobs will be counted twice in the data series. Therefore, workforce jobs data is not directly comparable with data presented earlier in this paper from the LFS or PAYE RTI.

Job type

51. Workforce jobs decreased by 35k over the past year to 887k in Q4 2020. **Falling self-employed jobs account for the majority of the decline (-25k, or 71% of the total fall in jobs).** This mirrors the broad trend in the LFS data whereby self-employment represents a disproportionate share of the job loss throughout 2020. In comparison to other UK regions NI recorded the largest percentage decrease in self-employed jobs.

Figure 23: Change in workforce jobs, NI, and % change in self-employment, UK regions, Q4 2019-Q4 2020, not seasonally adjusted



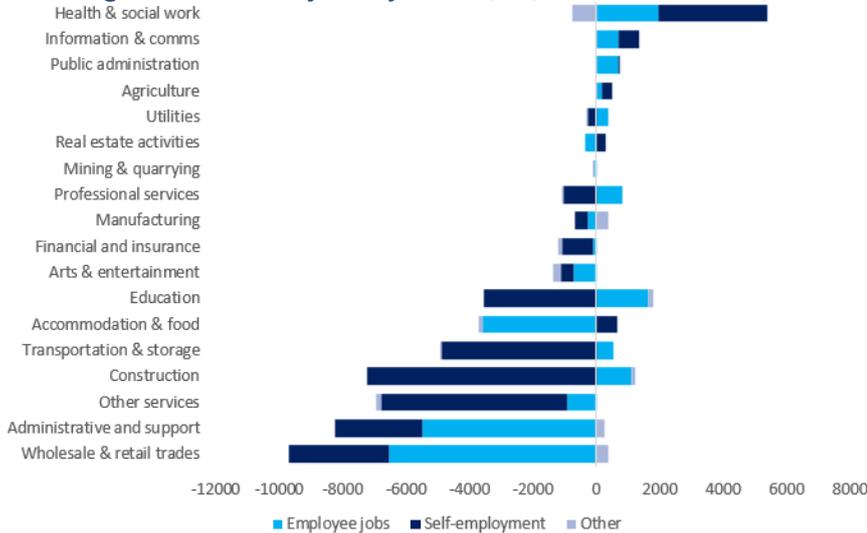
Source: Nomic

Source: Nomic

Sector

52. The largest number of job losses have been recorded in the wholesale and retail sector (-9.3k) and the administration and support sector (-8k). Other services (-6.9k), construction (-6k) and transport (-4.4k) recorded sizable falls in employment, primarily driven by falling self-employment. In proportionate terms the largest falls were recorded in other services (-25%) and administration and support (-13%).

Figure 24: Change in workforce jobs by sector, NI, Q4 2019-Q4 2020, not seasonally adjusted

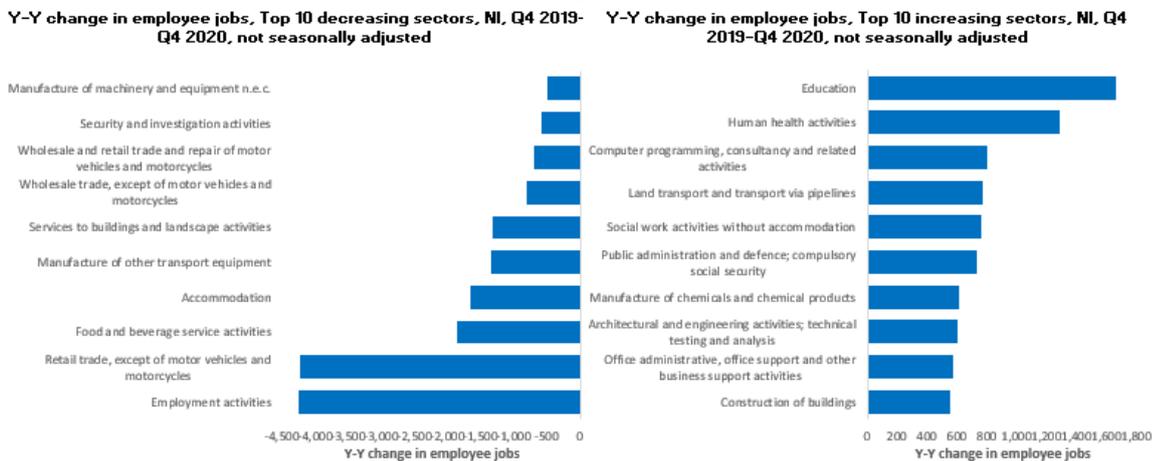


Source: Nomis

53. The types of jobs included in these sectors are those most closely aligned with restrictions on trading through the pandemic:

- **Wholesale and retail:** Non-essential retail has been forced to remain closed through much of the pandemic. There are many small and medium sized enterprises in this sector that will have been unable to absorb ongoing costs, resulting in some job losses.
- **Administration and support:** This sector includes the 'employment activities' sub-sector (which incorporates agency workers) and has faced challenges with hiring below normal levels. The sector also includes 'services to buildings and landscape activities', which have been impacted by the work from home Government guidance.
- **Other services:** Includes many close contact services which have been forced to close for long spells throughout the pandemic (e.g. hairdressers, beauty salons etc.).

Figure 25: Change in employee jobs by sector, top 10 and bottom 10, NI, Q4 2019-Q4 2020, not seasonally adjusted



Source: NISRA

Source: NISRA

54. There has been some employee job creation over the past year. However, a number of jobs appear to be directly related to the pandemic (e.g. recruitment in the health sector). A number of sub-sectors linked to professional services and IT have also performed well over the past year, demonstrating an impressive ability to adapt to 2020's challenges.

Concluding remarks

55. The NI labour market has been severely impacted by the Coronavirus pandemic, and associated restrictions. The decline in total labour input to the NI economy measured by total hours worked was the sharpest on record in spring 2020. The impact of the current lockdown has not been as severe, with total hours worked currently standing at 89% of the level one year ago.

56. The sharp decline in labour inputs has not been reflected in a similar fall in employment due to the high take-up of the CJRS. However, even with the CJRS and Self Employment Income Support Scheme (SEIS) in place employment has still fallen by 32.5k over the past year.

57. The unequal nature of the crisis is evident in the latest labour market statistics release:

- The self-employed account for a disproportionate share of the year on year decline in employment.
- The young have been squeezed on two fronts. Firstly, job losses in sectors which have a relatively youthful workforce and a lack of opportunities for new entrants such as education leavers.
- Graduate employment has increased over the past year, with job losses concentrated amongst those further down the qualifications ladder.
- Professional and associate professional occupations have recorded annual growth, while occupations that typically provide opportunities to those with lower level qualifications have experienced a decline.

58. The statistics are not without good news. The CJRS and SEISS have been effective, and limited growth in unemployment. Hiring levels have remained robust, and job-to-job moves have not fallen as sharply as in previous recessions. The HMRC PAYE RTI highlights that NI has experienced the smallest year on year fall in payrolled employees of any UK region, and aggregate pay through the PAYE system is 4.9% higher than it was 12 months ago.

59. Looking ahead, with the vaccine rollout an end to restrictions is in sight. As we move into the summer months and plan for a gradual easing of restrictions it is important that we begin to plan for a jobs recovery. The statistics paint a picture whereby some groups will require more support than others – notably those with low level qualifications, the self-employed and the young.