Spare capacity in Belfast City Region's labour market.

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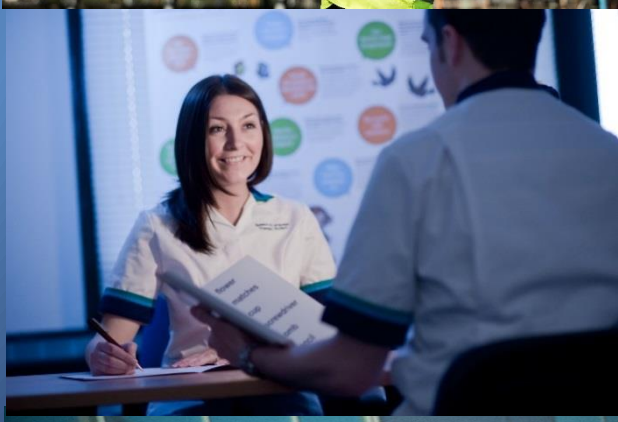

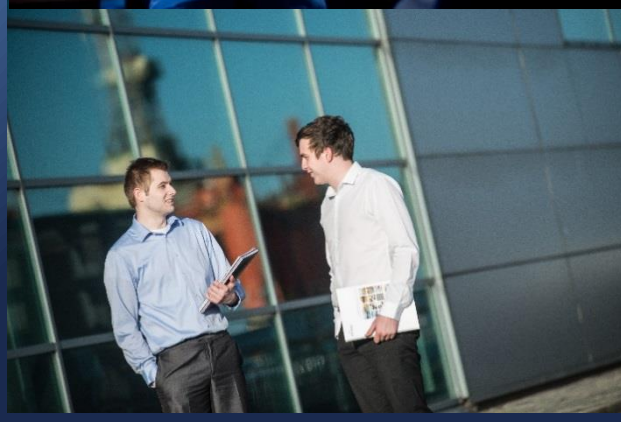

Abstract
This report seeks to analyse labour market trends of residents within Belfast City Region's (BCR) economy. This report outlines headline labour market trends, the structure and type of resident employment within BCR, the nature of worklessness, gender dynamics, demographic labour market trends and an analysis of spare capacity within the BCR resident labour market.

Ulster University

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Acronyms

Acronym	Full title
UUEPC	Ulster University Economic Policy Centre
BCC	Belfast City Council
BCR	Belfast City Region
NI	Northern Ireland
JSA	Job Seekers Allowance
ESA	Employment and Support Allowance
DLA	Disability Living Allowance
NIMDM	Northern Ireland Multiple Deprivation Measure
LADB	Local Area Database
DfE	Department For Economy
LGD's	Local Government Districts
GTS	Government Training Schemes
S2S	Steps 2 Success
TfS	Training for Success
ESF	European Social Fund
EMA	Education and Maintenance Allowance
WRAG	Work Related Support Group
EHRC	Equality and Human Rights Commission
FSM	Free School Meals
AME	Annually Managed Expenditure
LFS	Labour Force Survey

Key terms

Acronym	Definition
Hidden unemployment	People who are currently out of work, who would like to work, but are excluded from the ILO definition of unemployment. For example, the economically inactive who would like to work, and participants on Government Training schemes.
Potential labour supply	The total supply of available labour. It is quantified as ILO unemployment plus hidden unemployment.
Underemployment	A situation where a person in employment is working fewer hours than they wish. For example, a person may wish to work 38 hours a week but their employer can only offer 32 hours per week.
Spare capacity	This is an hours based measurement of the total available labour within the economy. It includes those who are out of work and want a job and the extra labour underemployed workers are willing to supply.

1. Overview of Belfast City Region's labour market

Introduction

1. Ulster University Economic Policy Centre (UUEPC) were commissioned by BCC to provide an overview of the Belfast City Region's (BCR) labour market. The BCR is defined by six Local Government Districts (LGDs)[1]. This report outlines headline labour market statistics, an analysis of gender and demographic trends within the labour market and empirical research to analyse the levels of spare capacity within the labour market.

2. All data presented in this report relates to BCR residents. Further analysis relating to BCR workplace employment is available in a separate research paper which accompanied this research[2].

Background

3. This section sets out a broad headline overview of BCR's labour market using key metrics of employment, unemployment and economic inactivity, identifying recent changes within these headline indicators.

Employment

4. Since 2009 total resident employment in BCR has increased by 50k to 508k. This represents growth of 10% over the period, which is marginally above employment growth in NI as a whole (8%). Overall, BCR has accounted for just under three quarters (74%) of the overall increase in NI employment since 2009.

Table 1.1: Resident employment change (aged 16-64) by LGD (2009-2017)

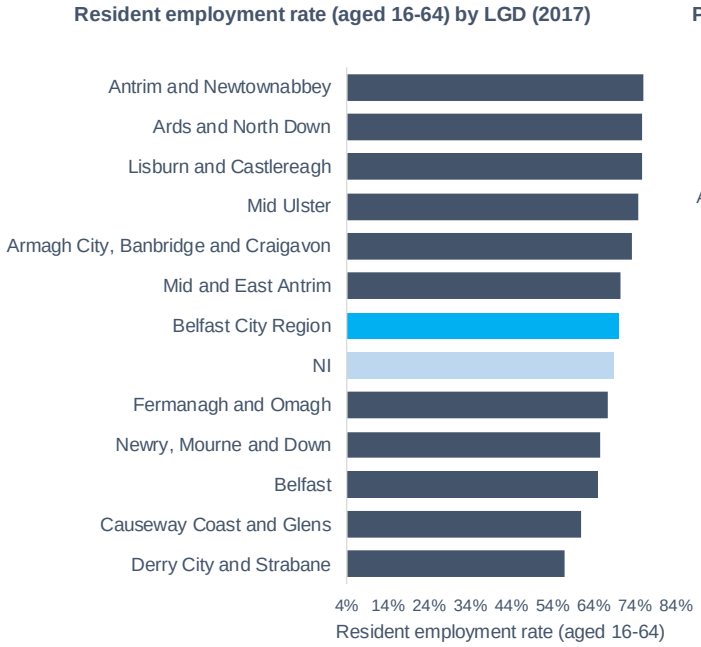
LGD	Total employment, 000's (2017)	% of total employment	Employment growth, 000's (2009-17)	% of NI employment growth (2009-17)	% growth in employment (2009-17)
Antrim and Newtownabbey	71	9%	7	10%	10%
Ards and North Down	79	9%	6	9%	8%
Armagh City, Banbridge and Craigavon	98	12%	12	18%	12%
Belfast	145	17%	20	29%	14%
Causeway Coast and Glens	53	6%	-4	-6%	-8%
Derry City and Strabane	54	6%	-2	-3%	-4%
Fermanagh and Omagh	52	6%	5	7%	10%
Lisburn and Castlereagh	71	9%	11	16%	15%
Mid and East Antrim	64	8%	-1	-1%	-2%
Mid Ulster	68	8%	7	10%	10%
Newry, Mourne and Down	78	9%	7	10%	9%
Belfast City Region	508	61%	50	74%	10%
NI	**835**	**100%**	**68**	**100%**	**8%**

Source: NISRA, LADB
Note: Figures may not sum due to rounding.

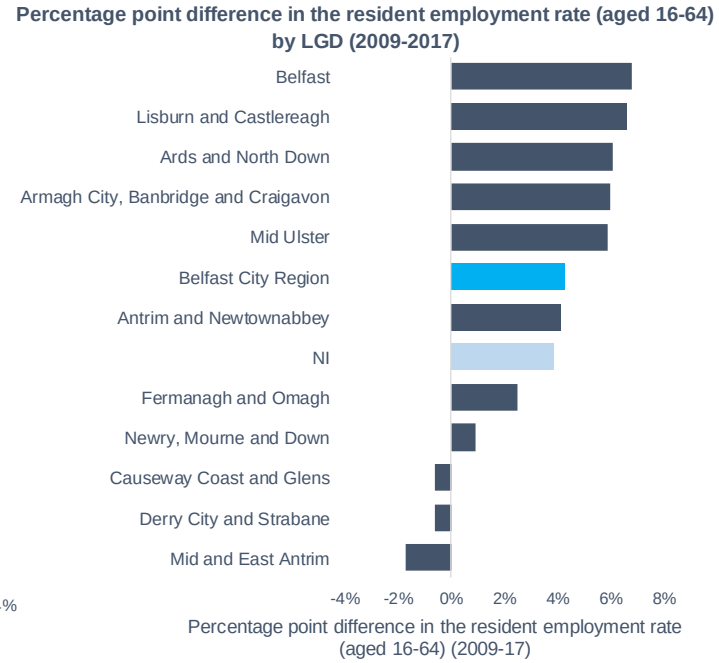
1 Antrim and Newtownabbey; Mid and East Antrim; Belfast; Lisburn and Castlereagh; Ards and North Down; and Newry, Mourne and Down.
[2] Magill, M. & McPeake, M. (2018) Belfast City Region – future skills needs. Ulster University Economic Policy Centre. A report for Belfast City Council.

5. Consisting of six of the eleven NI LGD's BCR accounted for over three fifths (61%) of total NI employment. **When standardised, BCR's working-age employment rate is 70%, marginally above the NI employment rate (69%).** The employment rate across BCR LGD's ranges from a high of 76% in Antrim and Newtownabbey to a low of 65% in Belfast. Since 2009 BCR has recorded a 4 percentage point increase in its working age employment rate, driven by relatively strong improvements in Belfast (a 6.8 percentage point increase) and Lisburn and Castlereagh (a 6.6 percentage point increase).

Figure 1.1: Resident employment rate (aged 16-64) by LGD (2017) and change in resident employment rate (aged 16-64) by LGD (2009-2017)



Source: NISRA, LADB



Source: NISRA, LADB

Worklessness

Unemployment

6. There are two separate measures of unemployment:

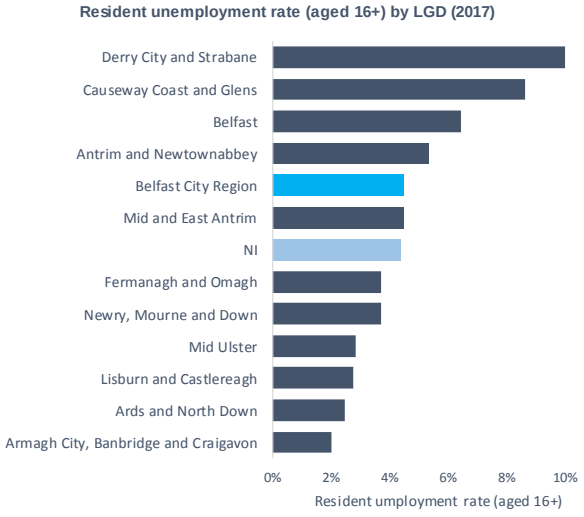
- **ILO unemployment:** This is the UK and NI Government's preferred measure of unemployment, consistent with international standards. The ILO unemployment rate defines an unemployed person as anyone without a job who is able to start employment within two weeks, had looked for work in the previous four weeks or were waiting to start a job they had already obtained. The ILO unemployment rate refers to the percentage of economically active people aged 16 and over who are unemployed.
- **Claimant count unemployment:** The number of people out of work and claiming unemployment benefit. Claimant count rates are calculated by expressing the number of claimants (aged 16-64) who are resident in each area as a percentage of the resident population (aged 16-64).

7. This report concentrates on the ILO definition of unemployment. The figure below highlights that BCR has an unemployment rate of 4.5%, similar to the NI average (4.4%). However, the relatively low headline unemployment rate masks worklessness in other parts of the economy such as economic inactivity and out of work training programmes.

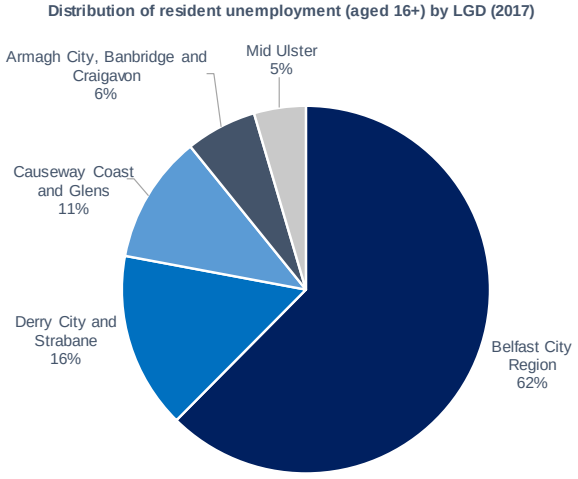
8. The unemployment rate varies across LGD's which comprise BCR, from a high of 6.5% in Belfast to a low of 2.5% in Ards and North Down. Overall, **BCR accounts for 62% of unemployed people in NI.**

9. The unemployment rate has decreased by 1.6 percentage points in BCR since 2009. The largest fall in the unemployment rate over the period among BCR LGD's was experienced in Newry, Mourne and Down (4.1 percentage points) followed by Belfast (3 percentage points).

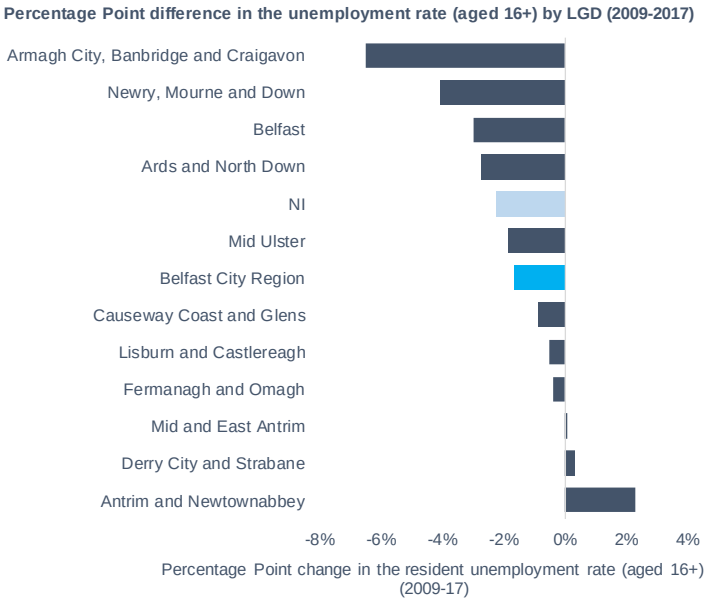
Figure 1.2: Resident unemployment rate and distribution of resident unemployment, (aged 16+) by LGD (2017)



Source: NISRA, LADB



Source: NISRA, LADB

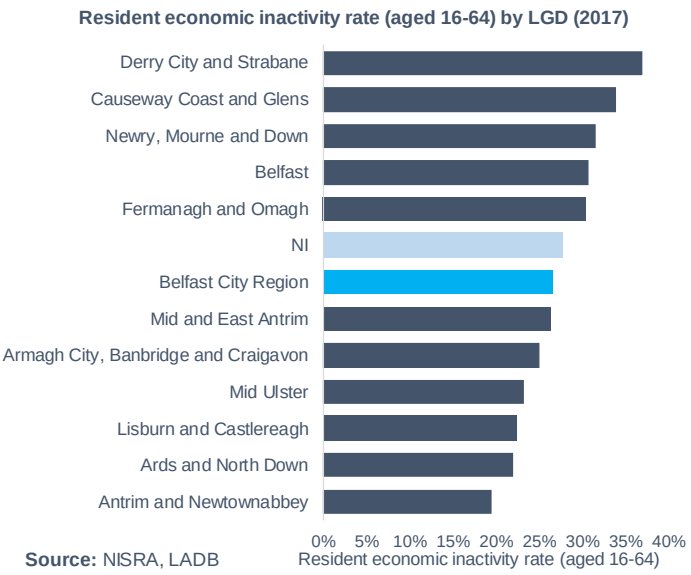


Source: NISRA, LADB

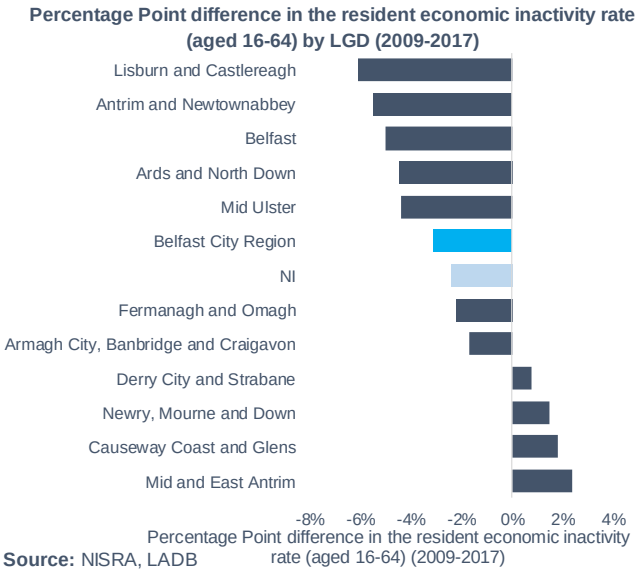
Economic inactivity

10. Despite improvements in employment and unemployment, economic inactivity in BCR remains high. **The current working age economic inactivity rate in BCR is 27%, marginally below the NI average (28%).** Since 2009 BCR has recorded a three-percentage point improvement in the working age economic inactivity rate, driven by relatively strong improvements in Lisburn and Castlereagh (6.1 percentage points) and Antrim and Newtownabbey (5.5 percentage points).

Figure 1.3: Resident economic inactivity rate and change in resident economic inactivity rate, (aged 16-64) by LGD (2009-2017)



Source: NISRA, LADB



Source: NISRA, LADB

Structure of this report

11. The remainder of this report is structured as follows:

- **The nature of employment:** This chapter provides an overview of sectoral structure, employment type, changes in non-standard forms of employment (temporary contracts, part-time employment) and an analysis of spare capacity within the labour market.
- **The nature of worklessness:** This chapter provides an analysis of unemployment and economic inactivity patterns, labour market flows, and an analysis of the 'potential labour supply' within BCR.
- **Gender dynamics within the labour market:** This chapter provides an analysis of differences in the local labour market by gender, including differences in the 'potential labour supply'.
- **Age dynamics within the labour market:** This chapter provides an analysis of differences in the local labour market by age, including differences in the 'potential labour supply'.
- **Labour market capacity and job quality:** This chapter provides a summary of the spare capacity in BCR by characteristic, indicative numbers relating to job

quality and an estimate of the gap between 'existing employment' and 'full employment'.

- **Summary and policy remarks:** This chapter provides a summary of findings and policy remarks where appropriate.

2. The nature of employment

Introduction

1. This chapter provides an overview of sectoral structure of employment, type of employment, changes in non-standard forms of employment (temporary contracts, part-time) and an analysis of spare capacity within the labour market.

Sector structure of employment

2. BCR covers six of the eleven NI LGD's including NI's employment hub Belfast and its surrounding council areas. Given the scale and composition of the region it is not surprising that **BCR residents largely work within BCR, meaning there is limited commuting outside the region.** Of the 508k BCR residents in employment, it is estimated that 97% work within BCR. Therefore, the structure of resident employment in BCR follows largely the same pattern as the structure of workforce jobs with BCR[3].

Table 2.1: Resident employment (aged 16+) by sector (1-digit), BCR (2011 and 2017)

Sector	2011		2017		2011-17 growth	
	Number	%	Number	%	Number	%
Agriculture, forestry & fishing	6,050	1%	6,210	1%	160	3%
Mining & quarrying	720	0%	590	0%	-130	-18%
Manufacturing	39,170	8%	43,480	9%	4,310	11%
Electricity & gas	2,340	0%	5,380	1%	3,040	130%
Water supply & waste	3,510	1%	4,540	1%	1,030	29%
Construction	32,690	7%	30,950	6%	-1,740	-5%
Wholesale & retail trade	82,540	17%	81,590	16%	-950	-1%
Transport & storage	20,220	4%	22,040	4%	1,820	9%
Accommodation & food service activities	26,000	6%	32,270	6%	6,270	24%
Information & communication	14,280	3%	17,620	3%	3,340	23%
Financial & insurance activities	17,870	4%	17,410	3%	-460	-3%
Real estate activities	4,780	1%	3,680	1%	-1,100	-23%
Professional, scientific & technical activities	23,710	5%	28,910	6%	5,200	22%
Administrative & support service activities	20,610	4%	28,520	6%	7,910	38%
Public administration & defence	42,920	9%	38,530	8%	-4,390	-10%
Education	43,270	9%	44,470	9%	1,200	3%
Human health & social work activities	68,630	15%	73,360	14%	4,730	7%
Other	22,710	5%	28,450	6%	5,740	25%
All usual residents in employment	**472,000**	**100%**	**508,000**	**100%**	**36,000**	**8%**

Source: NISRA, Census 2011; LADB; Census of employment; UUEPC

Note: Resident employment by sector is estimated by applying growth in BCR workplace jobs to resident employment from the 2011 Census. Numbers are then scaled to match LADB control totals.

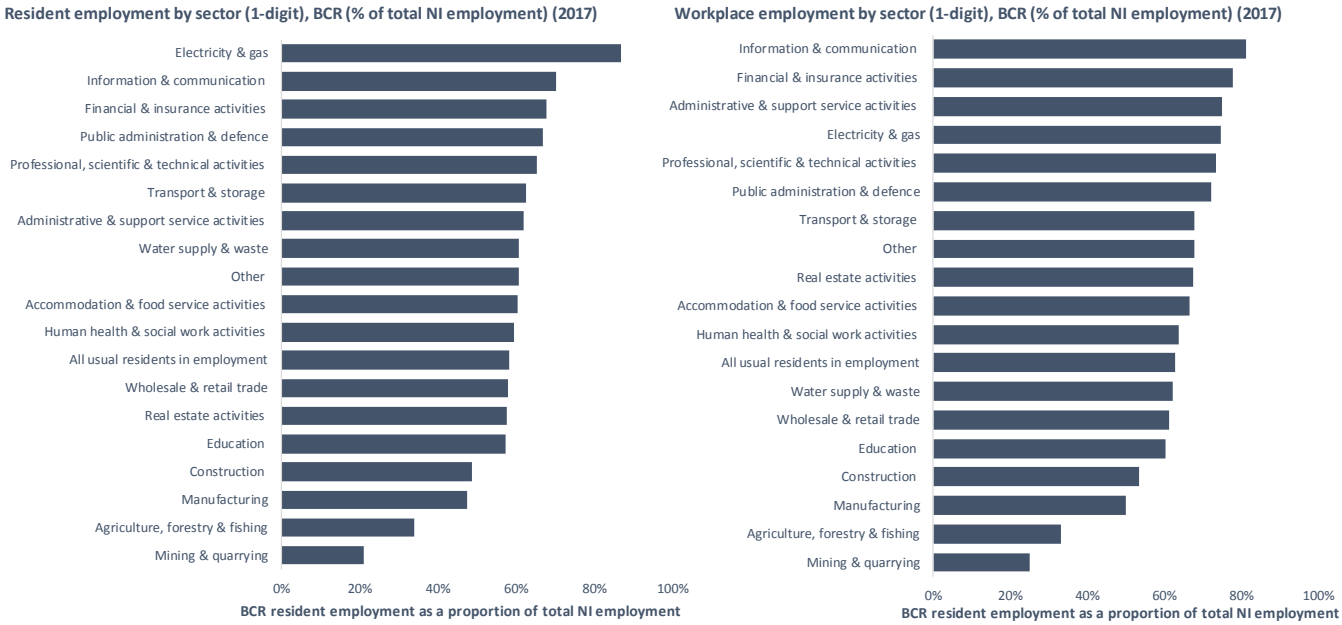
3. In BCR 82% of employed residents were in service sectors, followed by 8% in manufacturing, 7% in construction and 3% in other sectors. The largest service sectors are: retail (16%); health (14%); education (9%); and public administration (8%).

4. It is useful to understand the concentration of employment in specific sectors within the region. The figure overleaf illustrates that BCR accounts for over three quarters of total

[3] Workforce jobs is a count of the number of jobs based on the location of the job. Resident employment is a count of the number of individuals in employment based on their home address.

workforce jobs in a number of sectors including: ICT (81%); finance (78%); and administrative services (75%). Given the scale of BCR, by comparison resident employment accounts for only a marginally lower proportion of total NI employment, due to in-commuters. For example, resident employment accounts for 70% of total ICT employment, 68% of total finance employment and 67% of public administration employment.

Figure 2.1: Resident and workplace employment by sector (1-digit), BCR (% of NI total) (2017)



Source: NISRA, Census 2011; LADB; Census of employment; UUEPC
Note: Resident employment by sector is estimated by applying growth in BCC workplace jobs to resident employment from the 2011 Census. Numbers are then scaled to match LADB control totals.

Source: NISRA, Census of employment; Quarterly employment survey

5. **Approximately 7% of people working in BCR's workplace live outside BCR**. Therefore, the challenges facing BCR's workplace typically reflect the labour market challenges relating to BCR's residents.

Employment type

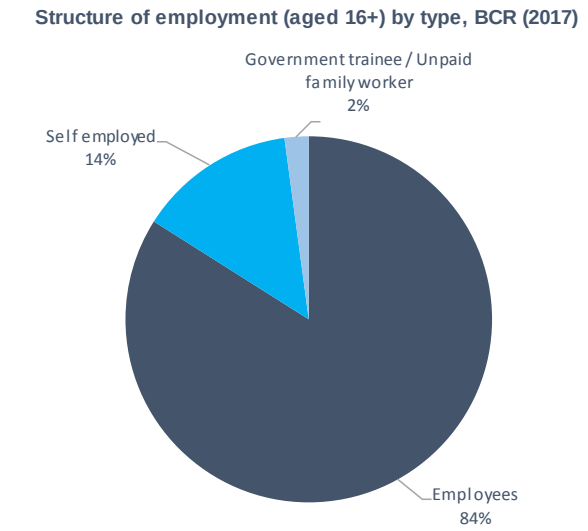
6. The post-recession decade following the 2008 recession has been characterised by growth in less secure types of employment. Namely self-employment, part-time jobs and temporary contracts. This has led to a debate surrounding the quality of jobs created in more recent years. This section takes each in turn to examine recent trends.

Self-employment

7. Between 2009-2017 self-employment in BCR increased by 9,600, an increase of 16%. This compares to an increase of 31,600 employees, an increase of 8%. In other words, **self-employment has risen faster than persons employed as employees, but from a much lower base**.

Figure 2.3: Employment growth by employment type (2009=100) BCR (2009-2017) and the structure of employment by type, BCR (2017)

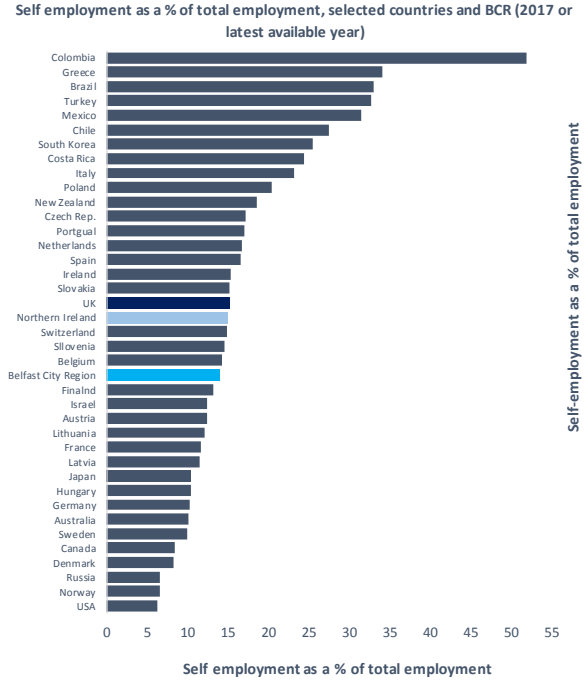
Source: NISRA, LADB



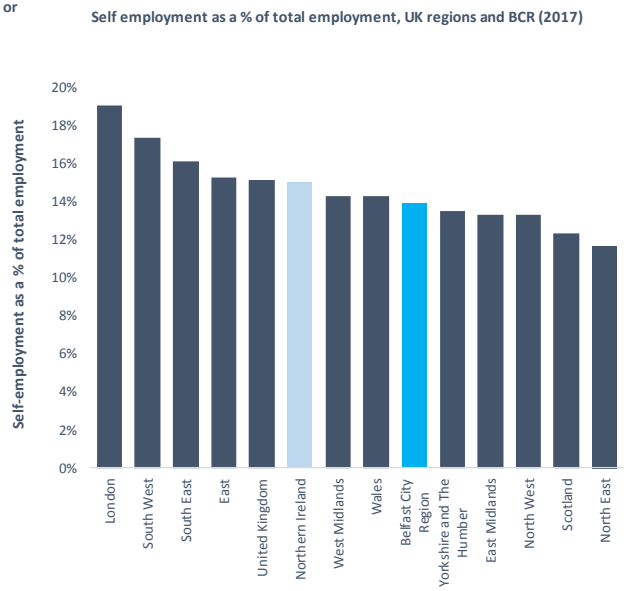
Source: NISRA, LADB

8. **The self-employment rate amongst BCR residents (13.9%) is marginally below the national level (UK equates 15.1%) and international levels.** The self-employment rate in BCR is lower than eight of the twelve UK regions, and slightly lower than the NI average (15.0%). This is due to the structure of self-employment in NI, whereby 18% of self-employed people work in agriculture and 21% in construction. In BCR the proportion of residents employed in agriculture and construction is lower than the NI average rate.

Figure 2.4: Self-employment (% of total employment) selected countries and UK regions (2017 or latest available year)



Source: OECD; NISRA, LADB; NOMIS, APS

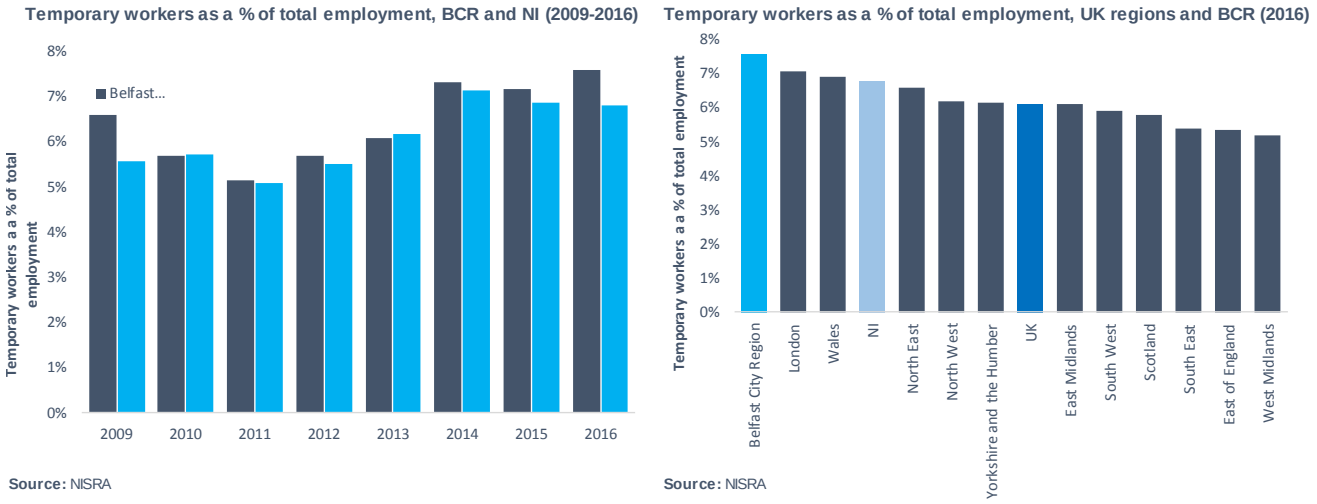


Source: NISRA, LADB; NOMIS, APS

Temporary contracts

9. **The proportion of employees in BCR who have an employment contract that is not permanent in some way is 7.6%, which is slightly above the NI average (6.8%)**. Since 2009[4], BCR has remained relatively consistent with the NI average. In 2016, the proportion of employees in BCR who were working on temporary contracts was also above the UK average (6.1%), and higher than in any UK region.

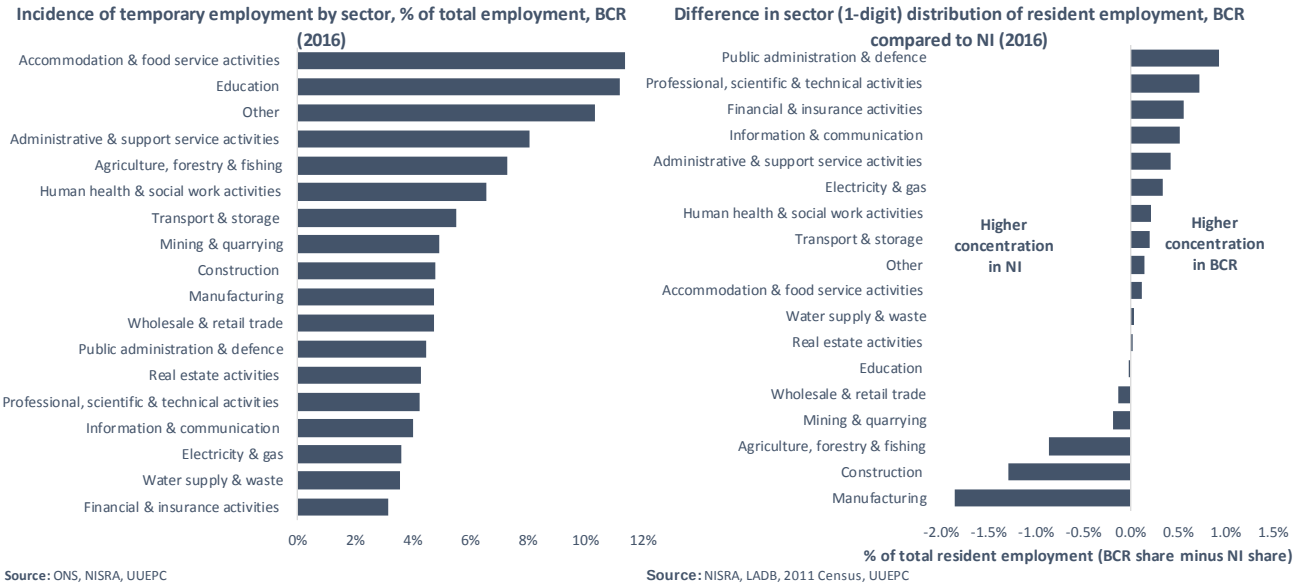
Figure 2.5: Resident based temporary workers as % of total resident workers, BCR and UK regions (2009-2016)



10. **The higher incidence of temporary working in BCR relative to NI is, in part explained by the composition of the region**. That is, in Belfast (which is part of BCR) there is a relatively high volume of residents working in sectors that have a higher proportion of workers on temporary contracts, influencing the overall BCR rate. For example, accommodation, education, administration and other services.

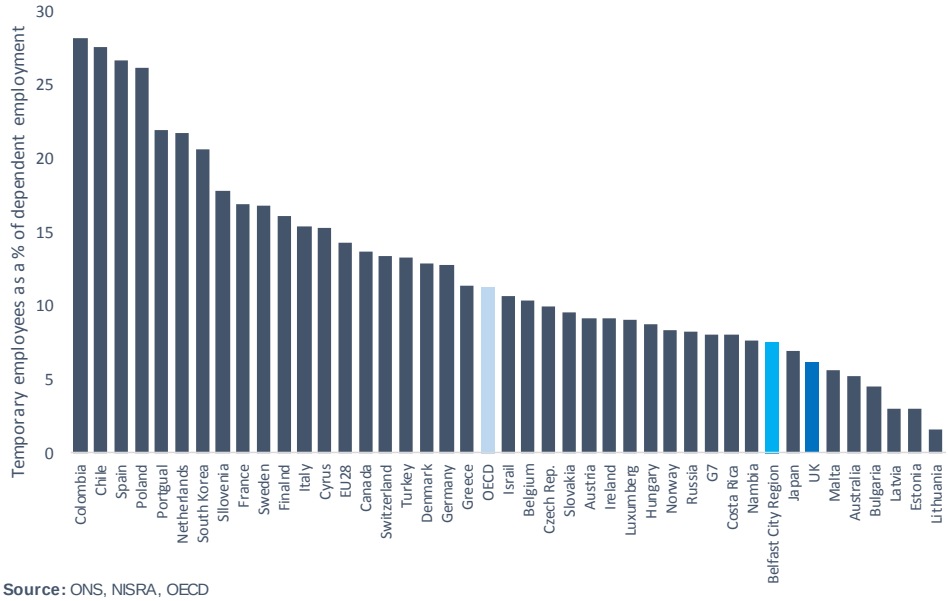
[4] Data from the LADB on an LGD 2014 basis has been backdated to 2009. Data for earlier years on a consistent geographical boundary is currently unavailable.

Figure 2.6: Temporary workers by sector (1-digit), BCR (2016) and difference in sector (1-digit) distribution of resident employment, BCR minus NI (2016)



11. The UK labour market has a relatively low proportion of temporary workers by international standards, 6.1% of dependent employment (i.e. wage and salary employees) in the UK compared to an average of 11.2% amongst OECD countries. Although NI (6.8%) and BCR (7.6%) have slightly higher rates of temporary workers relative to the UK, **the incidence of temporary contracts amongst the workforce remains low by international standards.**

Figure 2.7: Temporary employment as a proportion of dependent employment, selected countries and BCR (2017, or latest available data)



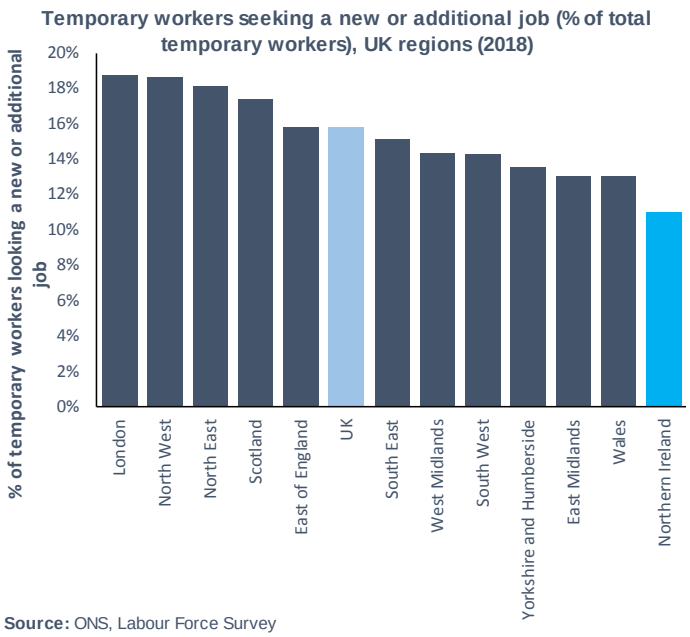
Source: ONS, NISRA, OECD

Note: For the UK data relates to 2016. Although 2017 data is available, 2016 data is used to remain consistent with BCR.

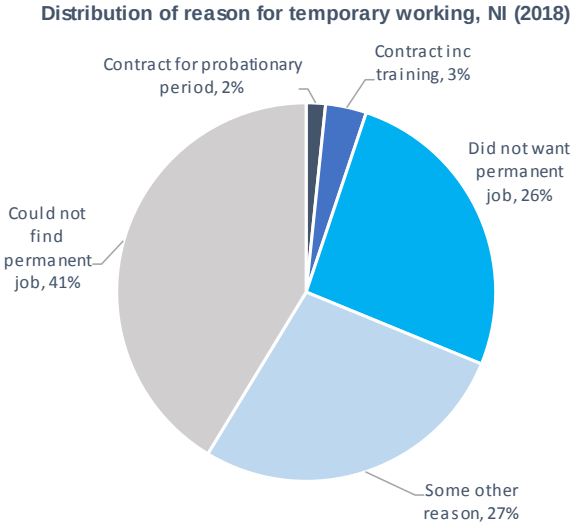
1. Within NI approximately two-fifths (41%) of temporary workers stated that the reason for their temporary job is that they were unable to find a permanent job, which is higher

than the UK average (33%). However, **only 11% of people working in a temporary job in NI were seeking a new or additional job, the lowest rate amongst the UK regions**.

Figure 2.8: Temporary workers seeking a new or additional job and reasons for temporary job (2018)



Source: ONS, Labour Force Survey

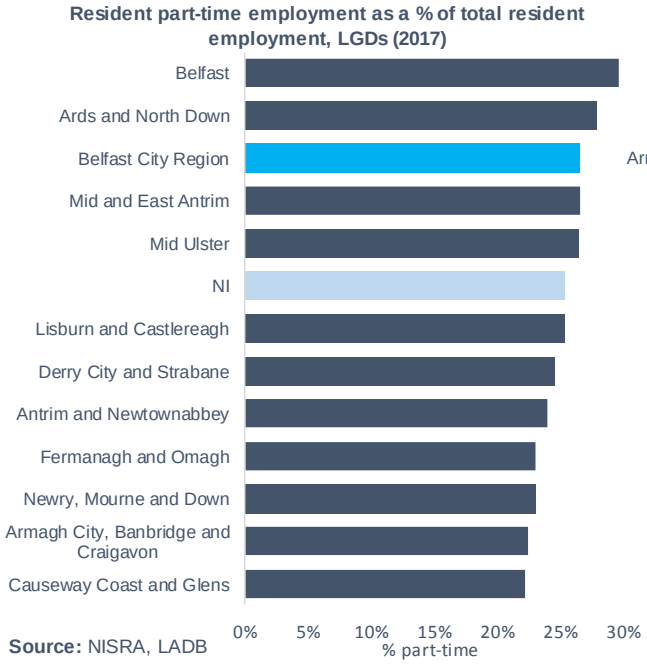


Source: ONS, Labour Force Survey

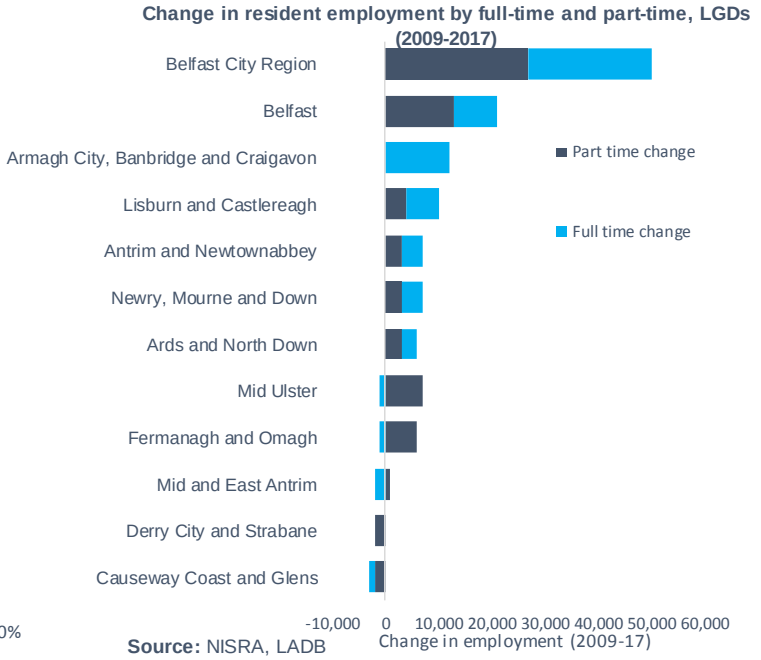
Working hours

12. **Over one quarter of people employed in BCR (27%) work on a part-time basis, which is above the NI average (25%)**. The post-recession years have been characterised by an increase in part-time employment in NI. The number of part time workers in NI has increased by 20% over the past decade, compared to a 2% increase in full-time workers. **In BCR part-time employment growth between 2009-2017 accounted for over half (54%) of employment growth**, compared to 51% in NI as a whole.

Figure 2.9: Resident part-time employment as percentage of total resident employment, LGDs (2017) and change in resident employment, LGDs (2009-2017)



Source: NISRA, LADB
Note: Excludes those on government training schemes and unpaid family worker



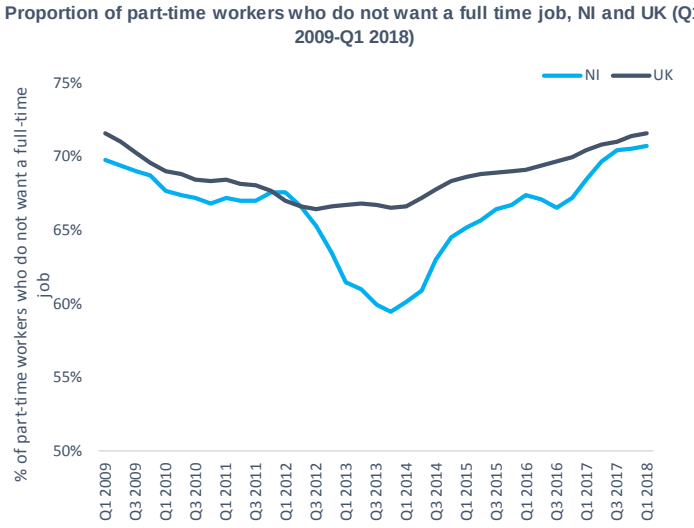
Source: NISRA, LADB
Note: Excludes those on government training schemes and unpaid family worker

13. The important contribution that part-time work has made to employment growth in recent years is not necessarily a reflection of deteriorating labour market opportunities for full-time work. In many cases, **part-time work provides a flexible and convenient form of employment for people unable to commit to regular full-time hours**.

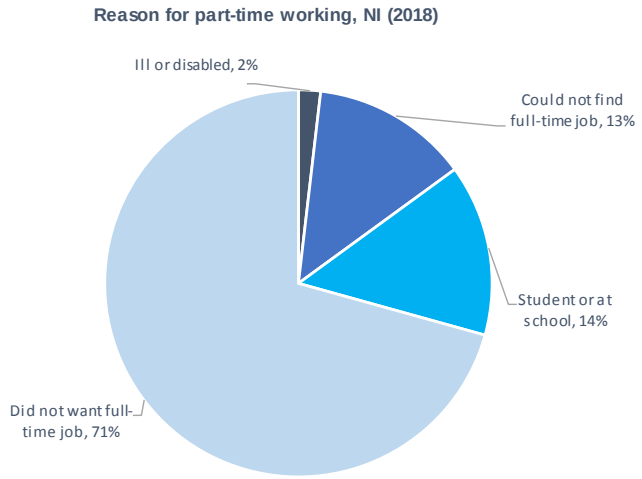
14. Indeed, only 13% of part-time workers stated that the reason for working part-time was an inability to find full-time employment. The majority of part-time workers did not want to work full-time (71%) or were working part-time alongside academic study (14%).

15. The proportion of part-time workers who do not want a full-time job in the UK (72%) is relatively similar to NI (71%). However, in 2012 the proportion of part-timers not wanting a full time job diverged below the UK average in 2012, suggesting higher levels of 'forced' part-time working. The past five years have seen this trend converge back towards the UK average.

Figure 2.10: Part-time workers who did not want full-time job, NI and UK (Q1 2009-Q1 2018) and reason for part-time work, NI (2018)



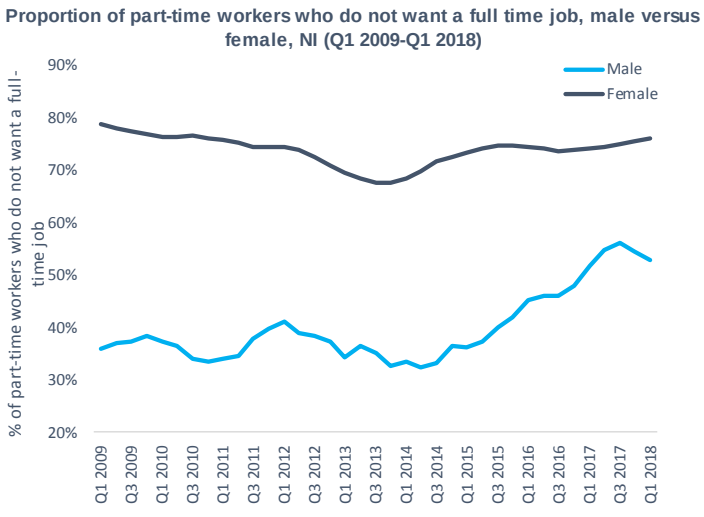
Source: ONS, Labour Force Survey



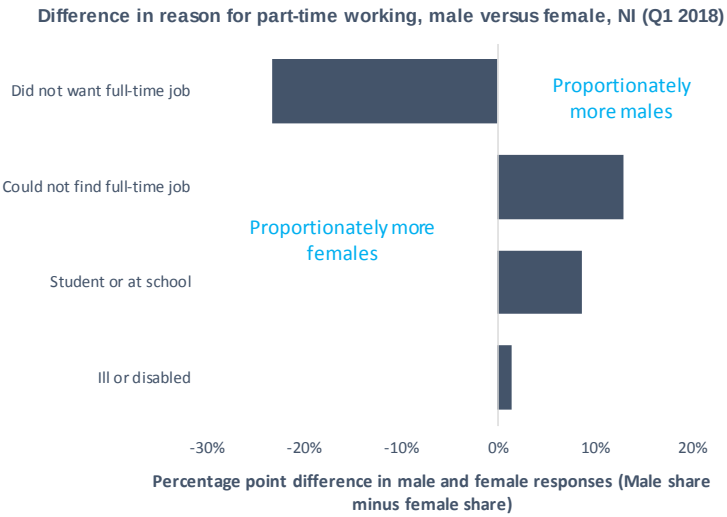
Source: ONS, Labour Force Survey

16. However, there are some differences between male and female part-time workers. Over three-quarters (76%) of female part-time workers did not want a full-time job compared to slightly over half (53%) of male part time workers. **The proportion of male part-time workers who do not want a full time job has steadily increased** from approximately one-third (32% in Q2 2014).

Figure 2.11: Reasons for part-time working in NI by gender (Q1 2009-Q1 2018)



Source: ONS, Labour Force Survey

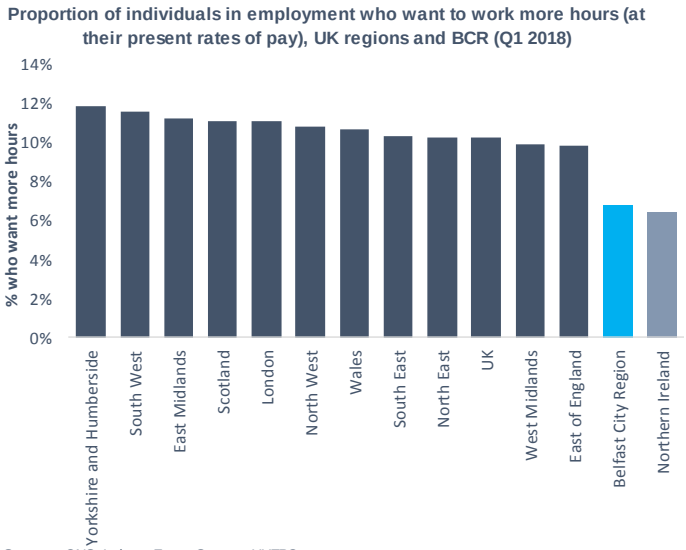


Source: ONS, Labour Force Survey

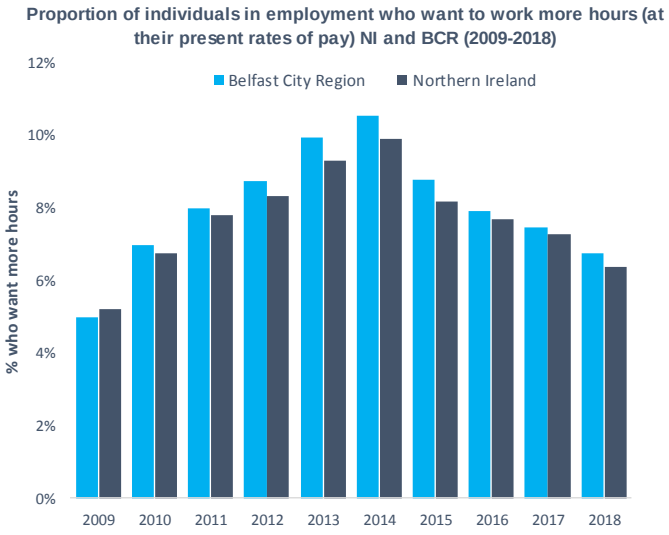
Underemployment

17. **It is estimated that 6.8% of employed BCR residents would like to be working more hours, similar to 6.5% in NI**. The proportion of people seeking more hours in BCR peaked in 2014 at 10.6% which was above the NI average peak of 9.9% in the same year, but has fallen each year since.

Figure 2.12: Proportion of people in employment wanting to work more hours at current rates of pay, BCR and UK regions (2009-2018)



Source: ONS, Labour Force Survey, UUEPC
Note: BCR data is estimated using NI data with adjustments for BCR's industrial profile



Source: ONS, Labour Force Survey, UUEPC
Note: BCR data is estimated using NI data with adjustments for BCR's industrial profile

18. Although underemployment is estimated to be slightly higher in BCR compared to NI as a whole, **the proportion of people employed who would like more hours is relatively low compared to other UK regions**. NI has the lowest proportion of people in employment reporting a deficit in preferred working hours amongst UK regions. Although it should be noted that **the incidence of underemployment in NI and BCR was slightly higher in the 2014 period, but has since fallen in each of the past four years**. This is reflective of the strong record job creation in the region over the past four years.

19. An analysis to understand the profile of underemployed people is highlighted in the table overleaf, which outlines differences across a number of key characteristics:

    - **Job type:** Approximately 16.8% of part-time workers want more hours than are currently available. This represents 20.4k people and 59% of all employed people who want to work more hours. In contrast, only 2.9% of full-time workers would like to work more hours. Although this percentage is relatively low, a higher number of full-time workers overall equals 9.4k people (27% of all employed people who want to work more hours). Approximately 7.0% of self-employed people would like to work more hours. This equals to 5.1k people and represents 15% of all employed persons who want to work more hours.
    - **Gender:** A higher proportion of females (7.3%) would like to work more hours compared to males (5.8%). This results in females accounting for 53% of persons wanting to work longer hours and males comprising the remaining 47%.
    - **Contract status:** A person on a non-permanent contract is more likely to demand more hours (14.3%) compared to a permanent worker (5.7%). However, permanent workers overall represent 83% of people wanting to work more hours due to the much larger quantum of permanent workers overall.

- **Highest level of qualification:** There is little difference between in the proportion of people who want more hours who are qualified below NQF level 2 (7.3%) and at NQF level 2-3 (7.8%). The proportion of people who are qualified to tertiary level (i.e. NQF level 4+) that want more hours is lower at 4.7%. However, as people qualified to tertiary level comprise two-fifths (40%) of employment in BCR, they still comprise a significant proportion (29%) of the number of people wanting to work more hours.
- **Age:** The older an employed person is the less likely they are to demand more hours. For example, only 3.4% of people over 50 want to work more hours compared to 6.6% of people aged between 25-49 and 13.9% of people 16-24. This equates to 5.1k individuals aged over 50, 20.8k individuals aged 25-49 and 9.0k individuals aged under 25.

Table 2.2: Underemployment by characteristic, BCR (2018)

Category	Variable	2018		
		% wanting more hours	Number wanting more hours (000's)	% of total wanting more hours
Job type	Full-time	2.9%	9,390	27%
	Part-time	16.8%	20,390	59%
	Self-employment	7.0%	5,060	15%
Gender	Male	5.8%	16,300	47%
	Female	7.3%	18,540	53%
Contract status	Permanent	5.7%	28,950	83%
	Not permanent	14.3%	5,900	17%
Highest level of qualification	Below NQF level 2	7.3%	9,330	27%
	NQF level 2-3	7.8%	15,520	45%
	NQF level 4+	4.7%	10,000	29%
Age	16-24	13.9%	8,970	26%
	25-49	6.6%	20,790	60%
	50-64	3.4%	4,620	13%
	65+	2.8%	460	1%

Source: ONS, Labour Force Survey, UUEPC

Note: NI data has been applied to BCR control totals.

Note: Figures may not sum due to rounding.

20. The analysis in the table above has a number of striking features. Firstly, young people have a high probability of being underemployed. This sits alongside higher unemployment rates amongst young people. For example, in 2017 in BCR the unemployment rate amongst people under 25 is 15.1%, compared to 3.0% in the 25-49 age group.

21. Rates of both unemployment and underemployment are also higher amongst lower qualified people compared to tertiary qualified workers. Three-fifths (60%) of the unemployed stock in BCR is comprised of people with qualifications below NQF level 3. Therefore, **young people with low qualifications face the highest probability of being both unemployed and underemployed**.

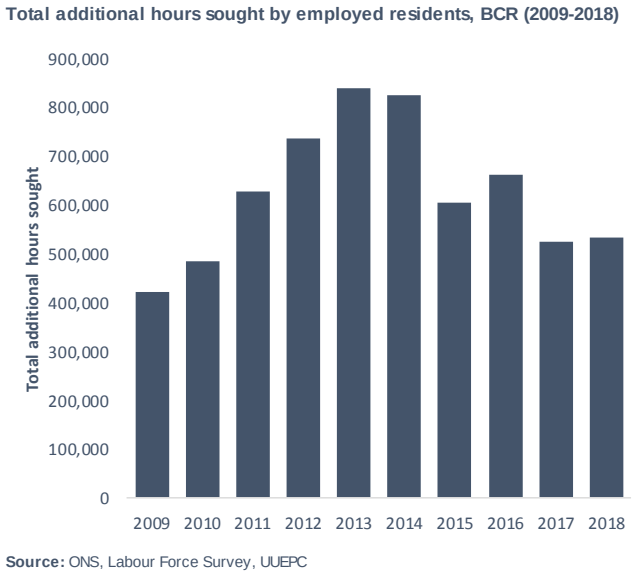
22. Type of job is a significant influence on underemployment rates. For example, 14.3% of non-permanent workers would like to work more hours compared to only 5.7% of permanent workers. Similarly, part-time workers are much more likely to be underemployed (16.8%) compared to people in full-time employment (2.9%).

23. The analysis in the table on the previous page suggests that **a much higher proportion of self-employed (7.0%) people sought longer hours compared to full-time employees (2.9%).** This is surprising since the self-employed work similar hours to people in full time employment (39 hours and 37 hours respectively). Since self-employed people are in control of how many hours they work each week, this is indicative of a lack of sufficient demand to sustain employment amongst this group at desired income levels.

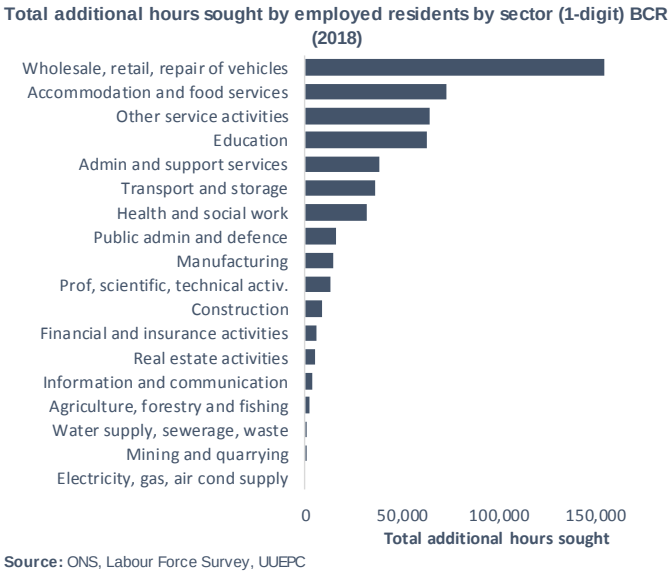
24. Underemployment exists to various degrees. For example, **a worker can be marginally underemployed** whereby they wish to work a small number of additional hours. **Other workers can be severely underemployed**, with relatively few hours available to them in their existing job. In BCR it is estimated that the average number of additional hours sought is 15.3, which compares to 15.1 in NI and 15.8 in the UK.

25. The total amount of additional hours sought by BCR residents in a typical week was 532k in 2018, roughly equivalent to an additional 16,100 workers[5]. However, in 2013 and 2014 the total additional hours sought in BCR was much higher, at 839k and 824k respectively. The majority of additional hours sought were in the following sectors: wholesale and retail (155k); accommodation and food services (73k); other service activities (65k); and education (63k). These sectors account for 67% of additional hours sought.

Figure 2.13: Additional hours sought by employed residents, BCR (2009-2018) and additional hours sought by employed residents by sector, BCR (2018)



Source: ONS, Labour Force Survey, UUEPC

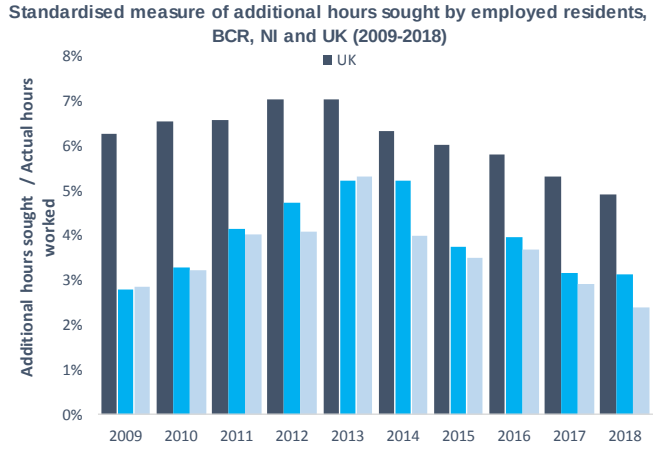


Source: ONS, Labour Force Survey, UUEPC

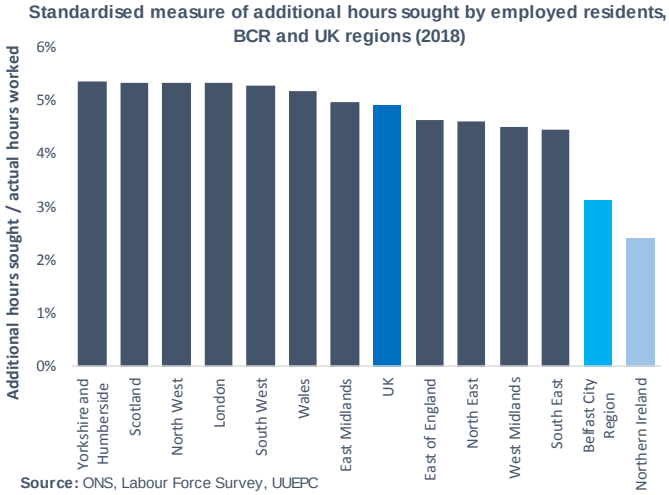
[5] This estimate is based upon the average number of hours worked by an employed person.

26. On a standardised basis the extent of underemployment in terms of hours is lower in BCR (3.1%) and NI (2.4%) relative to the UK average (4.9%). **The extent of underemployment amongst employed BCR residents has been consistently lower than the UK average over the past decade.**

Figure 2.14: Standardised measure of underemployment by employed residents, BCR and UK regions (2009-2018)



Source: ONS, Labour Force Survey, UUEPC



Source: ONS, Labour Force Survey, UUEPC

Non-standard employment[6]

27. Overall, the proportion of people in employment working as either part-time, self-employed or on a non-permanent contract increased from 31% in 2009 to 41% in 2017. This represented over two-thirds (67%) of the net change in employment over the 2009-17 period.

28. The number of temporary workers increased by 8.4k over the 2009 to 2017 period, and represented nearly one-fifth (17%) of employment growth over the period. Part-time employment increased by one-quarter (25%), and accounted for over half (54%) of employment growth. The number of self-employed increased by 16% over the 2009-2017 period, and represented 19% of total employment growth over the period. This analysis implies only minor growth in full-time positions of a permanent nature.

Table 2.3: Non-standard employment, BCR (2009 and 2017)

Category of employment	2009		2017		2009-2017		
	000's	%	000's	%	000's	% of total employment change	Percentage point change of share
Part-time worker	108,000	24%	135,000	27%	27,000	54%	3.0
Self-employment	61,000	13%	70,610	14%	9,610	19%	0.6
Temporary worker	30,150	7%	38,540	8%	8,390	17%	1.0
Total non-standard workers	**176,340**	**39%**	**209,950**	**41%**	**33,610**	**67%**	**2.8**

Source: NISRA, LADB, UUEPC.

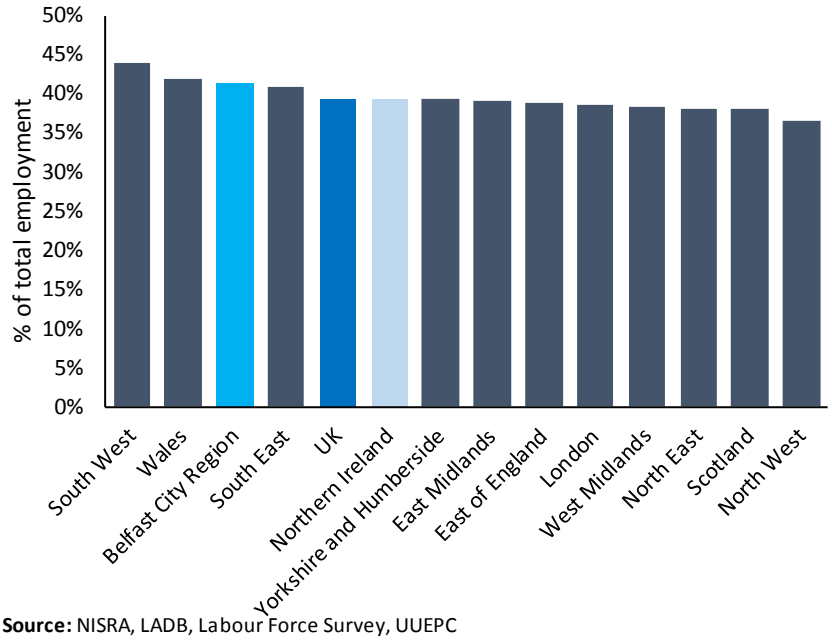
Note: The total number of non-standard w orkers has been adjusted to reflect double counting across categories.

[6] Non-standard employment is defined as any form of employment other than full-time employment.

29. It is worth highlighting that there is a considerable 'Belfast effect' within the above table. Excluding Belfast, non-standard workers increased by 14,300 (an 11% increase). Whereas, in BCR (including Belfast) the equivalent figure has risen by 33,600 (growth of 19%).

30. Non-standard employment is a difficult concept to define. Growth in self-employment, people working on temporary contracts and part-time workers are often portrayed as a negative trend in media reporting. However, **these flexible forms of employment provide employment opportunities for many people who are unable to commit to regular full-time working hours.** Therefore, they are an important component within the labour market to contribute to rising labour force participation.

Figure 2.15: Non-standard employment, UK regions and BCR (rolling average to Q2 2018)



Source: NISRA, LADB, Labour Force Survey, UUEPC

31. On a regional basis, non-standard employment ranges from a high of 45% of total employment in South West to a low of 36% in North West. BCR accounts for the third highest rate of non-standard employment (41%) across UK regions, 2 percentage points above the UK average 39%.

A holistic view of non-standard employment

32. Recent evidence from the UK labour market suggests 25% of workers report they think the current economy is not working well for them[7]. This is an unsurprising concept as real wages are at a similar level to a decade ago. Defining and measuring 'good quality jobs' is a notoriously difficult concept. Without detailed data on the nature of job activities matched alongside the qualifications, skills and ambitions of the individual it is

[7] Class (2018) *Labour Market Realities: Workers on the Brink.* London.
http://classonline.org.uk/docs/Labour_Market_Realities_Workers_on_the_Brink_final_3.pdf

difficult to effectively measure job quality. This information could only be gathered by developing a new employee survey to gather the necessary data.

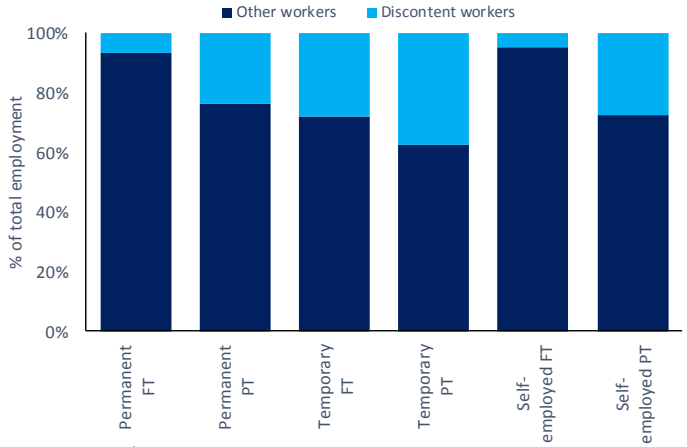
33. In the absence of such a survey, we have developed a proxy metric to track the proportion of 'discontent workers' within the workplace. We have defined a 'discontent worker' as:

    - A worker who wants more hours than are being offered in their current job;
    - A worker on a temporary contract who stated that they work in their position due to an inability to find a permanent job;
    - A part-time worker who stated that they work in their position due to an inability to find a full-time job; or
    - A worker who is currently seeking alternative employment.

34. In BCR the share of employment that are full-time permanent positions has fallen from 62% to 60% between 2009 and 2017 and the number of workers who are discontent within their current job has risen from 10% of total employment to 12% between 2009 and 2017.

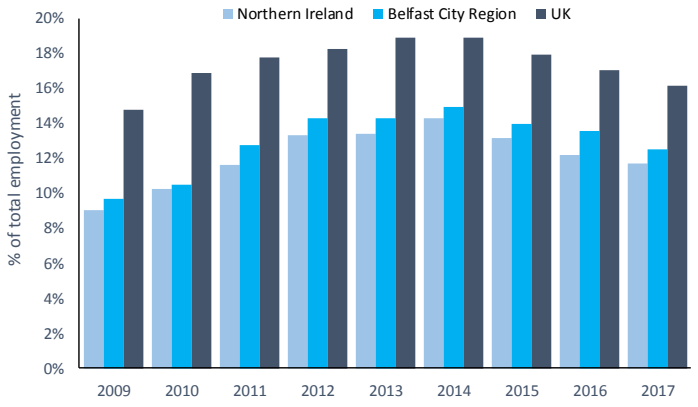
Figure 2.16: Discontent workers by job type, UK, NI and BCR (2009-2017)

Employment by job type, discontent workers versus other workers, BCR (2017)



Source: LADB, Labour Force Survey, UUEPC

Discontent workers (% of total employment), BCR, UK and NI (2009-2017)

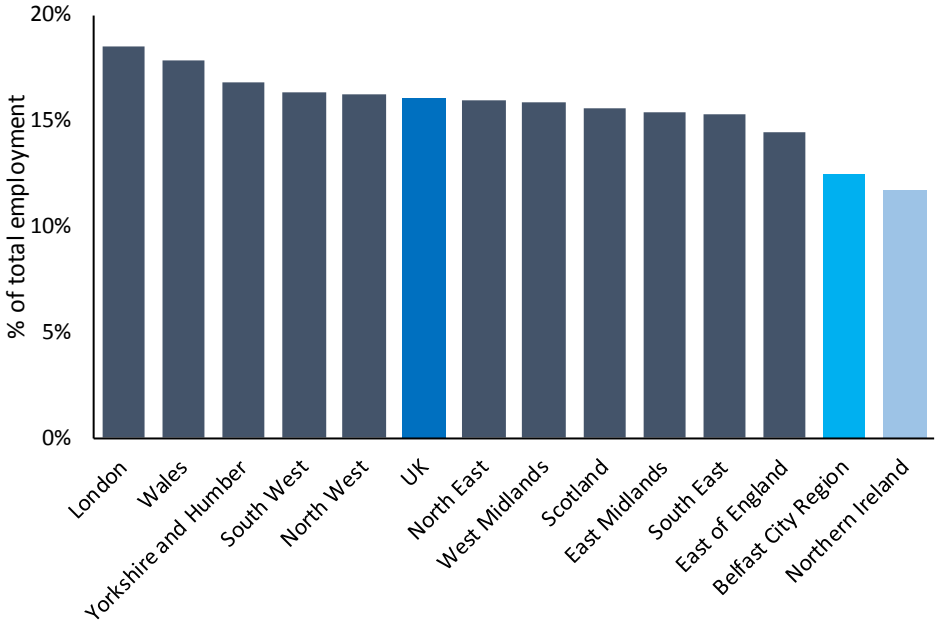


Source: LADB, Labour Force Survey, UUEPC

35. The highest incidence of discontent workers is among temporary part-time workers where 37% of workers are classified as discontent. This is followed by temporary full-time workers (28%) and self-employed part-time workers (27%). Self-employed full-time workers have the lowest incidence of 'discontent workers' (5%).

36. The proportion of discontent workers in BCR represents approximately 12% of people employed, a rate equal to the NI average but is relatively low when compared to the UK average (16%). The UK average is driven by high rates of discontent workers in London (19%), Wales (18%) and Yorkshire and Humber (17%). NI represents the UK region with the lowest proportion of 'discontent workers'.

Figure 2.17: Discontent workers (% of total employment), UK regions and BCR (2017)



Source: LADB, Labour Force Survey, UUEPC

37. Although the overall proportion of workers in this form of employment is relatively small relative to other UK regions, it remains an important labour market issue. In particular, there is a growing body of evidence outlining the positive relationship between job quality and well-being[8]. Academic studies have demonstrated that job insecurity and the threat of unemployment are strongly linked to health and well-being[9]. Thus, despite the lesser scale of non-standard employment in NI, for those individuals who are discontent with their position there is a risk of experiencing detrimental negative health effects. Therefore, ensuring high levels of labour demand in the economy and that workers have qualifications aligned to employer demands to enable job-to-job moves can provide an escape route from low quality employment.

Summary

38. In summary, the majority of BCR employed residents work within BCR (97%). Employment growth in recent years has been characterised by non-standard forms of employment accounting for 67% of employment growth:

    - **Self-employment** increased at a higher rate than total employee's over the 2009-2017 period. However, the self-employment rate in BCR remains low compared to the national and international levels.
    - **Non-permanent workers** account for 7.6% of employed residents. This is above the NI average reflecting the impact of Belfast within the region where

[8] Eurofound (2012) Health and Well-being at Work: A Report based on the Fifth European Working Conditions Survey. Dublin: Eurofound.
[9] De Witte, H. Vander Elst, T. & De Cuyper, N. (2015) Job insecurity, health and well being.

there is a higher concentration of employment in sectors where temporary contracts are more prevalent.

- **Part-time** employment accounts for almost one-third of resident employment in BCR and has increased by one quarter since 2009. Part-time work in many cases provides flexible and convenient employment for those who are not able to commit to a permanent full-time job evidenced by over two thirds of part-time workers reporting that they did not want a full-time job.

39. The level of underemployment (i.e. workers who would like more hours) is estimated to be 6.8% of employed BCR residents, which is above the NI average (6.5%). The extent of underemployment amongst employed BCR residents has been significantly and consistently lower than the UK average over the past decade. However it varies by characteristic:

    - **Job type –** The level of underemployment among part-time and self-employed workers is above the average full-time worker.
    - **Age –** The under 25's report the highest incidence of underemployment across age cohorts followed by those aged 25-49 and over 50's.
    - **Qualifications –** Workers without tertiary level qualifications experience a higher incidence of underemployment relative to those with such qualifications. Therefore, young people with low qualifications face the highest probability of being both unemployed and underemployed.

40. It is estimated over one in ten employed residents (12%) are discontent in their current job in BCR. The incidence is most prevalent in temporary workers and has the lowest concentration among self-employed full-time workers. Although the rate is below other UK regions it remains an important labour market issue as academic studies increasingly evidence a positive relationship between job quality and well-being.

3. The nature of worklessness

Introduction

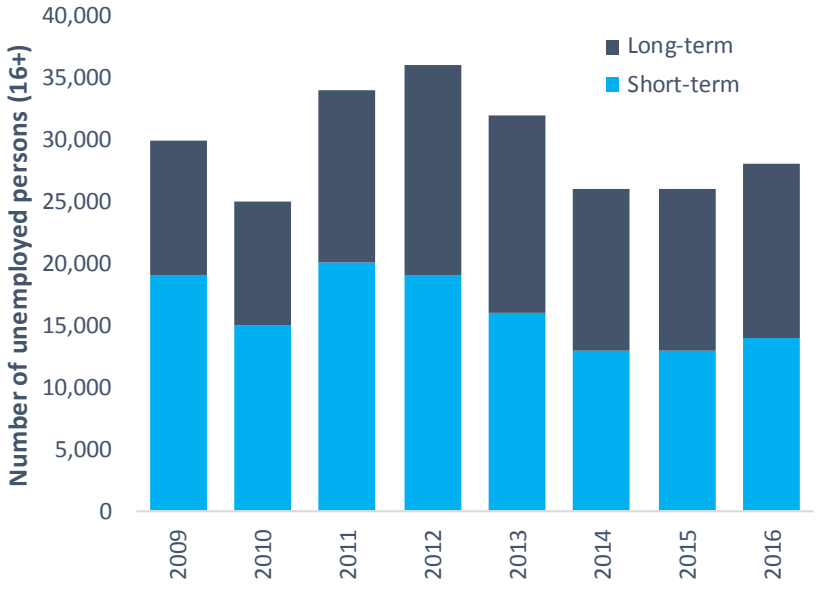
1. This chapter provides an analysis of worklessness in the BCR economy. In particular, this chapter focuses on unemployment and economic inactivity patterns, labour market flows, and an analysis of the 'potential labour supply' within BCR.

Unemployment

2. Unemployed people comprise a minority of workless people in BCR, representing approximately 11% of working age workless people in BCR in 2017.

3. **Around half (50%) of unemployed people are long-term unemployed (i.e. people who have been unemployed for 12 months or more).** However, it is important to recognise that this will underestimate the true extent of long-term unemployment. The eligibility criteria for NI's major out of work employability and training programme is that an individual is a long-term unemployed person[10]. Once a long-term unemployed individual joins the programme they are no longer classified as long-term unemployed, but rather employed under a government employment and training scheme.

Figure 3.1: Unemployment (aged 16+) by long-term and short-term, BCR (2009-2016)



Source: NISRA

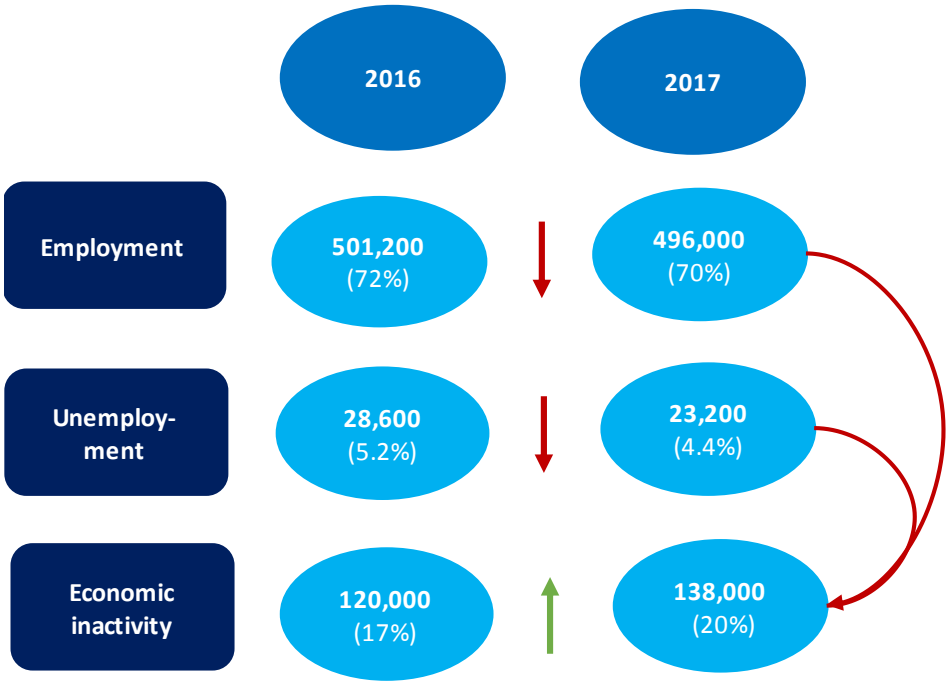
[10] Participation on Steps 2 Success is mandatory for all Jobseeker's Allowance (JSA) claimants who are: aged between 18 and 24 and have been claiming JSA for 9 months and; aged 25 and over claiming JSA for 12 months or more.

Labour market transitions

4. The behaviour of flows between employment, unemployment and economic inactivity drives movements in key economic indicators such as the employment and unemployment rate. These flows are critical to our understanding of labour market dynamics.

5. The number of employed individuals (aged 16-64 and excluding students) in BCR declined between 2016 and 2017 from 501,200 (72%) to 496,000 (70%). However, over the same period the number of ILO unemployed individuals also declined from 28,600 (5.2%) in 2016 to 23,200 (4.4%) in 2017. These trends are illustrated in the figure below.

Figure 3.2: BCR labour market dynamics, 16-64 population (excluding students), BCR (2016-2017)



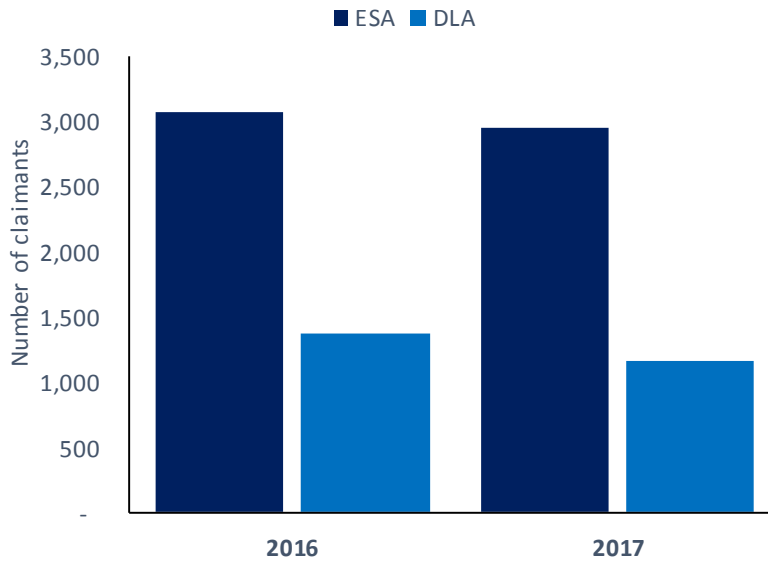
Note: Figures refer to the 16-64 population and for economic inactivity exclude students. Thus economic inactivity figures refer only to sick/disabled, looking

Source: LADB, Labour Force Survey

6. **The figure above implies there is a net flow of individuals from employment and unemployment into economic inactivity**. In particular, analysis of benefit flows i.e. Job Seekers Allowance (JSA) to Employment Support Allowance (ESA) or Disability Living Allowance (DLA) emphasises the flow between unemployment and economic inactivity. For example, in 2017 2,950 ESA on-flows had claimed unemployment benefit (JSA) within 28 days of entering or leaving the ESA caseload. Similarly, 1,160 DLA claimants had claimed unemployment benefit within 28 days of entering or leaving the DLA caseload.

7. Overall, 4,110 ESA and DLA on-flows had recently claimed JSA, which represents 18% of unemployed stock in 2017.

Figure 3.3: ESA and DLA on-flows from JSA off-flow within the preceding or following 28 days, BCR (2016-2017)



Source: DfC

8. **It is concerning that such a large number of applicants to incapacity related benefits have already been claiming employment support through JSA**. The deterioration in the health of these claimants suggests that the programme of interventions through JSA have not been effective for these claimants.

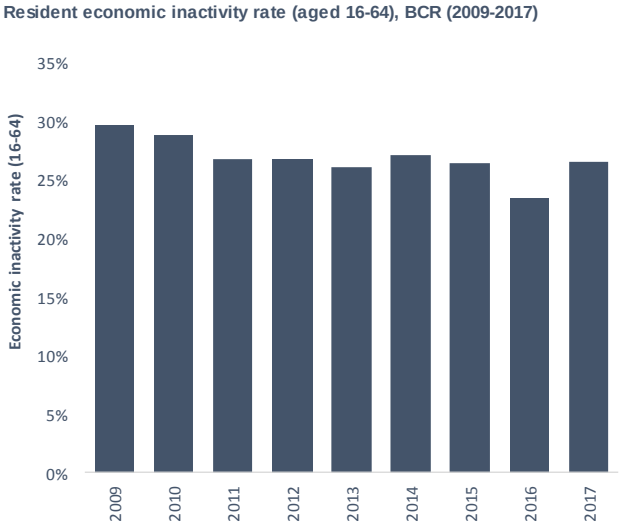
Economic inactivity

Headline economic inactivity

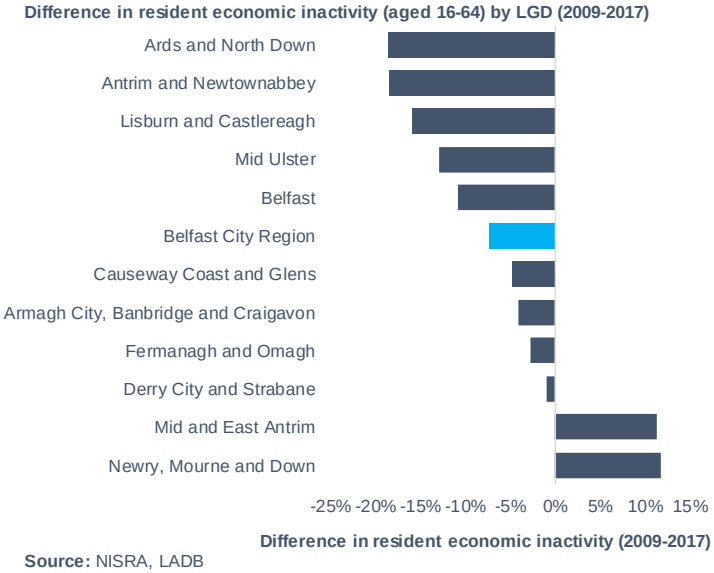
9. In BCR in 2017 there was an average of 187,840 economically inactive persons of working age. **This represents 27% of the working age population in BCR, and 89% of the workless working age population in BCR.**

10. Working age economic inactivity has decreased since 2009 from 30% to 27% in 2017, translating to a decrease of 14,790 inactive persons. This has occurred during a period where working age employment has increased by 45,000 and unemployment fell by 7,000. Therefore, it can be inferred that persons who were previously economically inactive have accounted for a relatively small proportion of rising employment.

Figure 3.4: Economic inactivity rate and change in economic inactivity (aged 16-64) BCR (2009-2017)



Source: NISRA



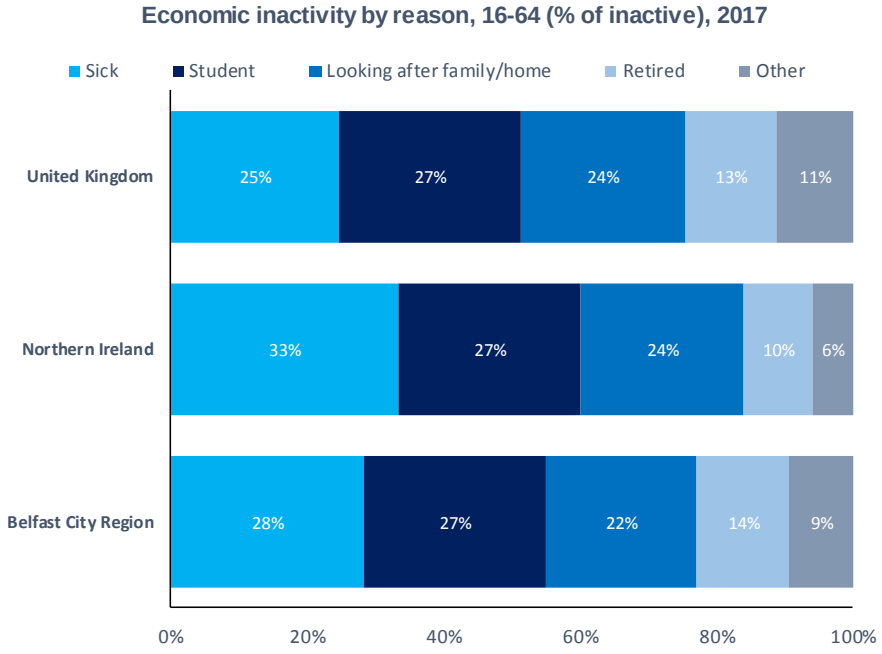
Source: NISRA, LADB

11. The working age economic inactivity rate in BCR (27%) is marginally below the NI average (28%). In the LGD's that comprise BCR the economic inactivity rate ranges from a high of 32% in Newry, Mourne and Down to a low of 20% in Antrim and Newtownabbey. Over the 2009 to 2017 period the economic inactivity rate has declined by 3 percentage points in BCR, translating to a decline of 14.k people.

Reasons for economic inactivity

12. **People claiming long-term sickness benefits (28%) account for the largest proportion of working age economic inactivity in BCR and NI (33%).** These proportions are above the rate in the UK (25%), where students (27%) account for the largest proportion of working age economic inactivity. Individuals looking after family/home account for just over one-fifth (22%) of working age economically inactive in BCR and under one-quarter (24%) in NI and UK. Within the working age population there are few early retirees, accounting for 14% of the economically inactive in BCR, 10% in NI and 14% in the UK.

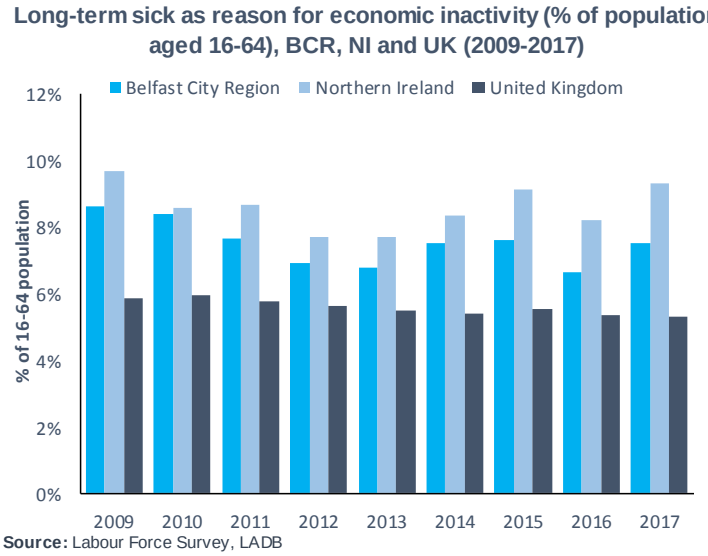
Figure 3.5: Economic inactivity (aged 16-64) by reason (% of total economically inactive), BCR, NI and UK (2017)



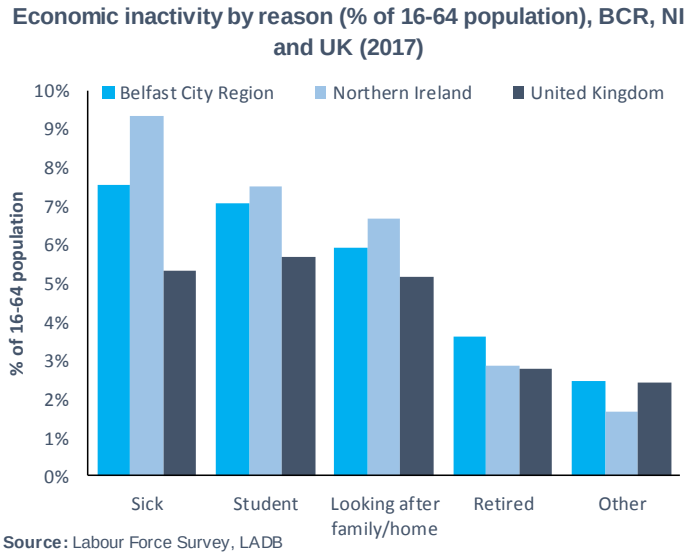
Source: Labour Force Survey, LADB

13. Although the composition of economic inactivity is not vastly different across BCR, NI and UK, analysis on a per head of population basis highlights differences between the three geographies. For example, **a person of working age in BCR is more likely than their UK counterpart to be economically inactive due to sickness, 7.5% and 5.3% respectively**. This is a key driver which explains the higher economic inactivity rates across NI sub-regions compared to other UK regions.

Figure 3.6: Long-term sickness as reason for inactivity (2009-2017) and economic inactivity by reason (2017), BCR, NI and UK



Source: Labour Force Survey, LADB

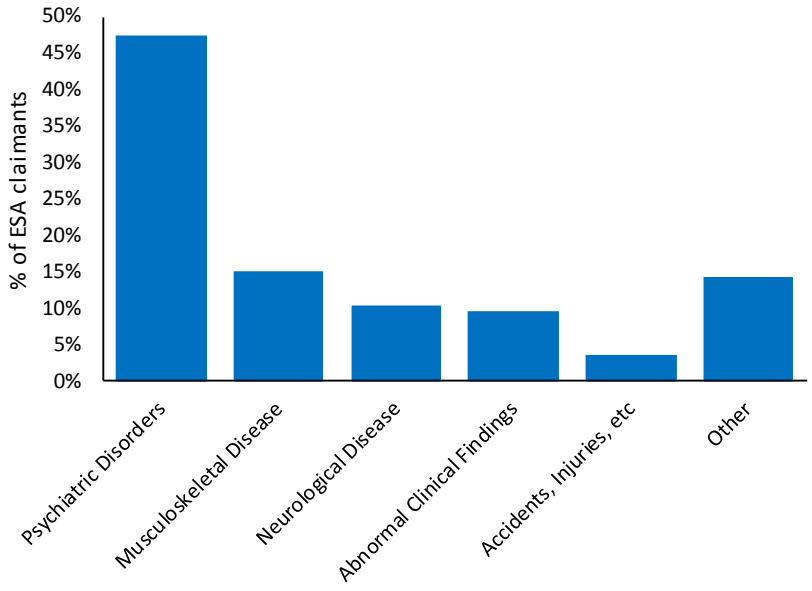


Source: Labour Force Survey, LADB

14. More specifically, the top two health problems that are reported among the long-term sick in BCR relate to psychiatric disorders (47%) and musculoskeletal (15%), accounting

for over half (63%) of total. The proportion of musculoskeletal is more prevalent among an older population, partly related to a decline in manual labour within industrial sectors. However, the rate of psychiatric disorders has experienced increases over a similar period and there is little difference across age cohorts[11].

Figure 3.7: ESA long-term sickness by reason, BCR (2018)

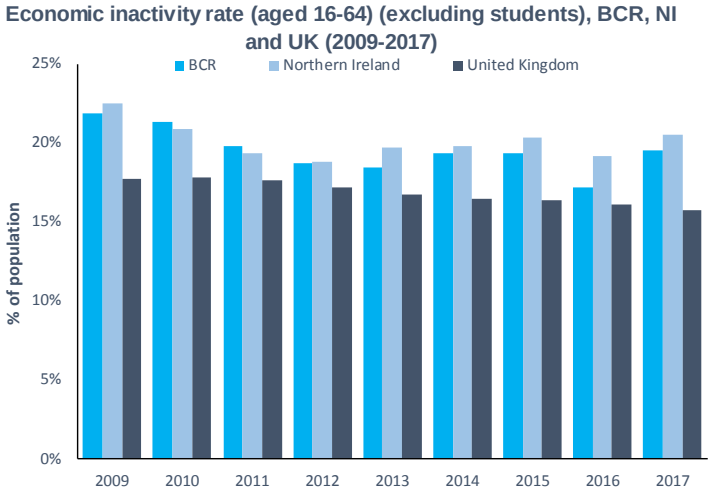


Source: DfC

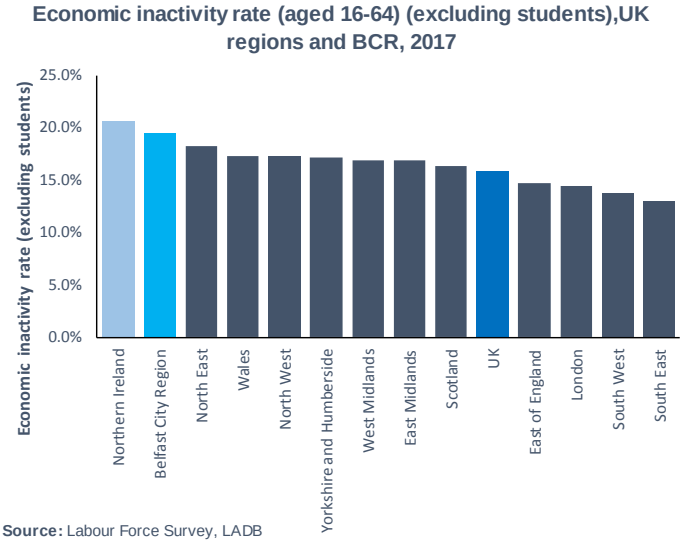
15. Although students account for a significant proportion (27%) of economic inactivity across BCR, NI and UK they are seen as a benign form of economic inactivity. This is because they are investing in their intellectual capital and so represent positive economic inactivity. Therefore, an economic inactivity rate that excludes students is summarised in the figure overleaf.

[11] Magill, M. and McPeake, M. (2016) An anatomy of economic inactivity in Northern Ireland: Working Paper. University of Ulster Economic Policy Centre. https://www.ulster.ac.uk/__data/assets/pdf_file/0004/181435/UUEPC-Inactivity-Discussion-Paper-Final-Report.pdf

Figure 3.8: Economic inactivity rate (excluding students), BCR, NI and UK regions (2009-2017)



Source: Labour Force Survey, LADB



Source: Labour Force Survey, LADB

16. Excluding students, the working age economic inactivity rate in BCR (20%) is marginally below the NI rate (21%) and above any other UK region (excluding NI). **Although the economic inactivity rate remains stubbornly high, it should be noted that the BCR economic inactivity rate has largely been below the NI average**.

Spatial dynamics to worklessness

17. There is an important spatial dynamic to labour market patterns within BCR. This relates to the role of Belfast's surrounding LGD's acting as a commuter belt for the city and the socio-economic challenges across Belfast.

18. The 2017 Northern Ireland Multiple Deprivation Measure (NIMDM) defines employment deprivation as the proportion of the working age population who are either:

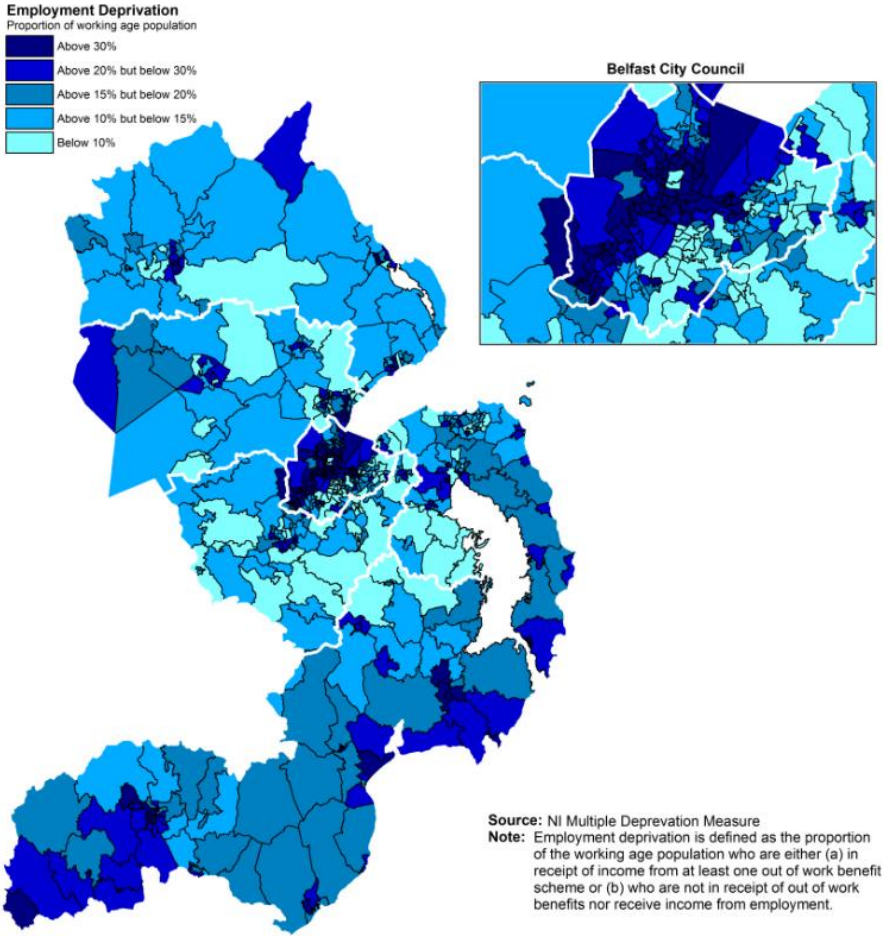
    - In receipt of income from at least one out of work benefit scheme; or
    - Who are not in receipt of out of work benefits nor receive income from employment.

19. The figure overleaf highlights that a high level of employment deprivation is concentrated within BCC's administrative boundaries. The surrounding areas, that together with BCC comprise BCR, tend to be associated with lower levels of employment deprivation, reflecting the high levels of commuting to BCC. In addition, the qualification profile of BCC's residents is much lower relative to the jobs located in BCC. This further explains commuting patterns from BCR LGD's where supply side metrics indicate education performance is relatively stronger.

20. Therefore, **although Belfast has a vibrant and expanding workplace economy, a high proportion of these jobs are not available to poorly qualified residents living within the city. These jobs tend to attract workers from surrounding LGD's which comprise the commuter belt (and BCR),** as labour mobility tends to be higher amongst people with higher levels of qualifications. For the lower qualified unable

to take a high proportion of new job opportunities, travelling long distances to find employment better aligned to their skills profile is often not a viable option, leading to higher concentrations of employment deprivation within the city.

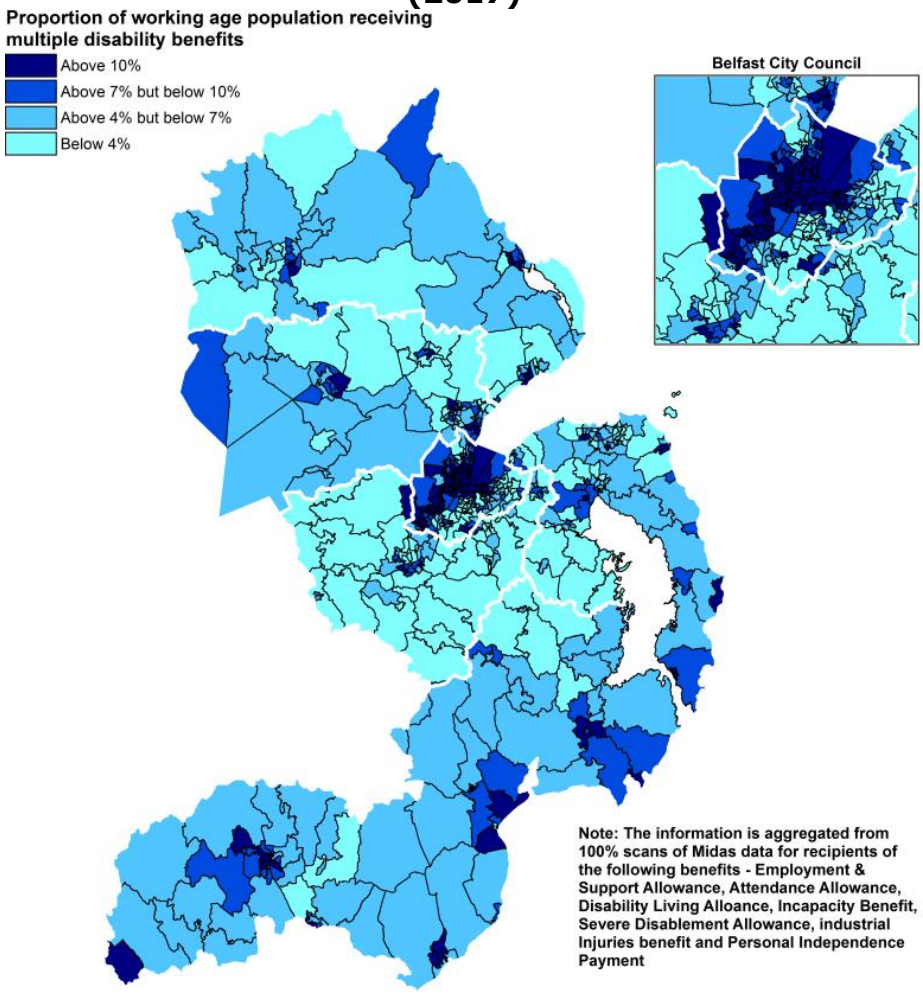
Figure 3.9: Employment deprivation, Belfast City Region[12] (2017)



21. In addition to differences between Belfast and the wider BCR, there are also spatial disparities within Belfast. The majority of the 16-64 workless population are economically inactive. Within the economically inactive population, the largest category of inactivity is long-term sickness. The figure overleaf highlights **higher levels of inactivity due to disability/sickness concentrated in inner city areas and the north and west of the city.** The rate of multiple disability claimants tends to be lower in the south and east of the city.

[12] Belfast City Region refers to the following LGD's: Belfast; Mid and East Antrim; Antrim and Newtownabbey; North Down and Ards; Lisburn and Castlereagh; and Newry, Mourne and Down.

Figure 3.10: Multiple disability benefit recipients (% of 16-64 population), BCR (2017)



22. This pattern holds across multiple social and economic statistics, reflecting greater levels of social disadvantage concentrated in some localities within the city[13]. These localities have remained amongst the lowest performers within NI for a sustained period, and often have a disproportionately high number of harder to reach groups. Therefore, **locally targeted interventions may be the most appropriate route to reach those furthest from the labour market, and act as a vehicle within which new initiatives and programmes can be tested.**

Potential labour supply

23. The ILO unemployment rate does not include all labour within the economy who are not in employment, but would like to work. In other words, there is a component of unemployment hidden by the statistical classification system used. Notably, a proportion of people who are economically inactive who would like to work, and out of work people participating in Government Training Schemes (GTS), who are classified as employed

[13] A further analysis of small spatial units within BCC is available in a separate research paper, which accompanied this research. [Magill, M. & McPeake, M. (2018) Belfast City Council – future skills needs. Ulster University Economic Policy Centre. A report for Belfast City Council].

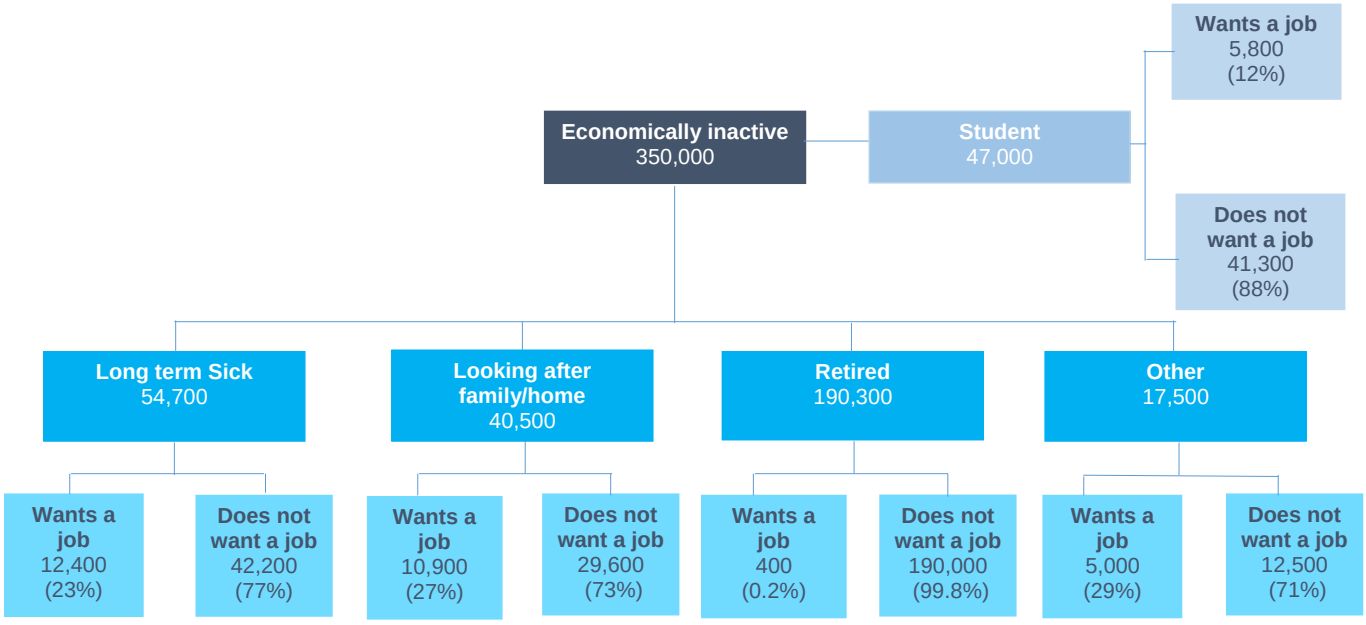
within the ILO framework. By accounting for all hidden unemployment, we can more realistically assess the potential labour supply.

Economically inactive: hidden unemployment

24. The analysis of labour market flows presented earlier in this chapter highlighted a high proportion of people flowing from an economically active status (employed or unemployed) to become economically inactive. From this it can be inferred that after a period of unemployment a cohort of the unemployed become discouraged and flow into inactivity, and most likely a status of long-term sickness. This is partly related to the structure of the welfare state, and the passive nature of out of work sickness benefits. This has led to a significant component of economic inactivity being classed as economically inactive who are willing to work.

25. There are also people who would like to work who are not engaged with the welfare state. For example, those with caring responsibilities, discouraged workers, temporarily sick people, students etc. These hidden forms of unemployment are summarised in the figure below.

Figure 3.11: Economically inactive by those who want to work and do not want to work (aged 16+), BCR (2017)



Source: NISRA, LADB, ONS, Labour Force Survey, UUEPC
Note: Figures may not sum due to rounding

26. **Overall, there are 34,500 inactive people in BCR who stated that they 'want to work'**, representing 10% of the economically inactive population aged 16 and above. Taking each of the reasons for economic inactivity in turn:

- **Long-term sickness:** Almost one-quarter (23%) of people who are long-term sick want to work. This is likely to be a combination of people who have transferred from JSA to more passive sickness benefits and disabled people. NI

has a particularly low employment rate for disabled people[14] (37.5%) compared to the UK (52.5%), and is considerably lower than any other UK region.

- **Looking after the family/home:** There are approximately 40,500 people who are inactive to look after their family or home. However, a significant proportion of this group would like to work (27%). They are likely to face a number of barriers to returning to employment. For example, a recent UK survey highlighted that over half (52%) of mothers did not return to work after maternity leave due to an inability to find a job with suitable financial incentive after childcare costs. Almost half (48%) could not find suitable childcare available to them, over one-third (36%) could not find a job with the right hours and almost one-quarter (24%) could not find a job in a suitable location[15].
- **Early retirees:** Overall only 0.2% of retirees stated that they wanted to work, implying that there are few people who should be considered to be unemployed who are hidden within retirement statistics.
- **Students:** There are 47,000 economically inactive students in BCR, only 12% of which stated that they wanted to work. This group are likely to be seeking either flexible or part-time positions to complement their studies.
- **Other:** The other category represent the smallest component of economic inactivity and includes a number of different types of people (e.g. temporarily sick people and discouraged workers). Within this category 29% of people stated that they wanted to work.

27. Overall, the number of unemployed people in BCR according to the ILO definition of unemployment is approximately 24k. **It is a reasonable assumption to consider those who 'want to work' as 'hidden unemployment'. This more than doubles the overall number of unemployed people in BCR to 58,500.**

Employed: Hidden unemployment

28. In the LFS the measure of employment includes people in work, unpaid family workers and people on GTS.

29. Data relating to the number of participants on GTS has limitations from the LFS. If the training has a work related element a trainee is counted as employed, if it does not they are counted as unemployed or economically inactive. Therefore, administrative data is a more reliable source to quantify the number of participants on GTS.

30. Conceptually, a consideration of the eligibility criteria of GTS and whether they represent 'hidden unemployment' is an important issue. These programmes are a form of training. Therefore, intuitively a reasonable question may be to ask why this group should be treated any different to people in post-compulsory education since they are improving their skills. However, the nature of participants is very different to those in the post-

[14] Figures are based on people who are either disabled according to the Equality Act or have self-reported a work-limiting illness.
[15] IFF research (2018) Pregnancy and maternity related discrimination and disadvantage: Experiences of mothers. https://www.equalityhumanrights.com/sites/default/files/mothers_report_-_bis-16-146-pregnancy-and-maternity-related-discrimination-and-disadvantage-experiences-of-mothers_1.pdf

compulsory education, this is demonstrated by the eligibility criteria of the two key programmes. Taking each programme in turn:

- **Steps 2 Success (S2S)[16]-** Participation on S2S is mandatory for all JSA claimants who are:
  - aged between 18 and 24 and have been claiming JSA for 9 months; or
  - aged 25 and over claiming JSA for 12 months or more.

- **Training for Success (TfS)-** A person eligible to enter TfS is as follows:
  - one who has attained the minimum school leaving age;
  - one who is under 18 years of age and unemployed;
  - one who has a disability, is under 22 years of age and is unemployed; or
  - one who is in the category of "young people who qualify under the Children (Leaving Care) Act (NI) (2002)", is under 24 years of age and is unemployed.

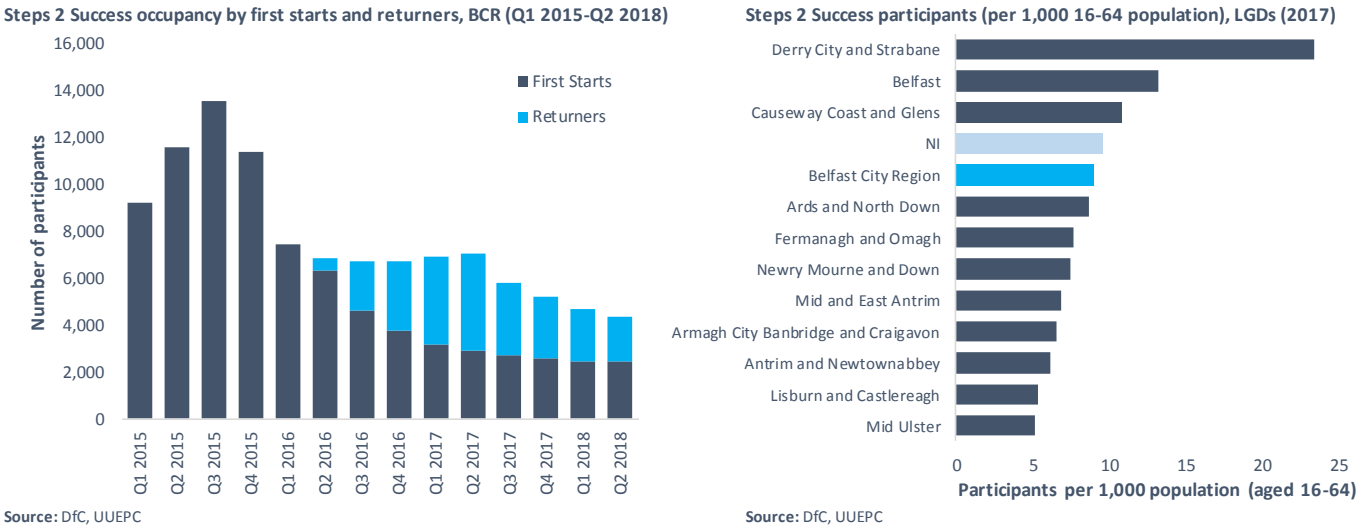
31. There are also participants on employment and training schemes funded via the European Social Fund (ESF). Unfortunately, no official Government statistics exist in relation to ESF participants. However, it is likely that the number of participants on ESF programmes are small in comparison to TfS and S2S.

Steps to success

32. **In 2017 there was an average 6.3k participants on S2S programme in BCR,** which translates to a participation rate marginally below the NI average. **In BCR over half (47%) of participants are returners to the programme.**

[16] There are some exceptions to the main eligibility criteria. Firstly, individuals claiming ESA benefit who are part of the Work Related Activity Group that are deemed eligible following the outcome of a Work Capability Assessment. Secondly, claimants of Income Support, ESA, Carers Allowance or Pension Credit that come to an agreement with their Employment and Service Advisor that voluntary entry to the programme is the most cost-effective option for them. Finally, JSA clients who in the opinion of the Employment Service Advisor face significant barriers to work are deemed eligible to the programme via early entry.

Figure 3.12: S2S occupancy by first starts and returners, BCR (Q1 2015-Q2 2018) and S2S participation rate, LGD (2017)



33. In the case of S2S the programme is largely comprised of people who are long-term unemployed. Only 0.1% of total starts on the programme since 2014 have been from a source other than a referral from JSA. In other words, **in the absence of the programme it is likely that the vast majority of participants would have remained on the unemployment register**.

34. Although there are a proportion of participants who leave the programme to employment, it is not clear whether these participants would have gained employment in the absence of the programme[17].

35. Considering that over half of the current occupancy is comprised of returners to the programme and that a participant will have been long-term unemployed immediately prior to joining the programme it is a reasonable assumption to consider all S2S participants represent hidden unemployment.

36. There is an important sub-local dimension to the pattern of participation in S2S. Areas that have the highest unemployment rate also tend to be the same areas with the highest participation rates in S2S.

[17] In other words, whether all positive outcomes can be considered as a 'net' additional outcome that can be attributed to the programme. At the time of writing no evaluation evidence exists relating to the programme which estimates the net impact.

Table 3.1: S2S occupancy and leavers characteristics, LGD (2017)

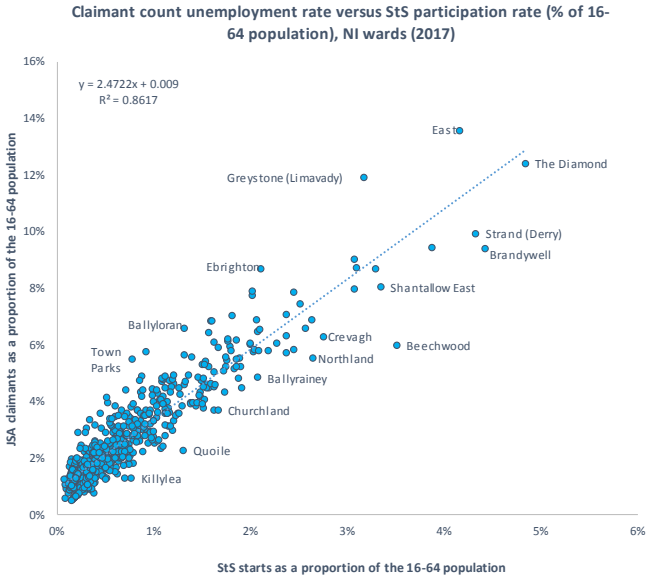
	First Starts	Returners	Total participants	% entering employment	Number not entering employment
Antrim and Newtownabbey	250	296	546	32%	373
Ards and North Down	384	462	847	28%	606
Armagh City Banbridge and Craigavon	385	478	864	35%	564
Belfast	1,364	1,591	2,955	31%	2,053
Causeway Coast and Glens	388	583	971	27%	712
Derry City and Strabane	769	1,476	2,246	23%	1,723
Fermanagh and Omagh	237	313	551	27%	403
Lisburn and Castlereagh	222	256	479	31%	332
Mid and East Antrim	264	329	594	27%	430
Mid Ulster	230	241	472	35%	308
Newry Mourne and Down	343	487	831	30%	580
Belfast City Region	2,826	3,425	6,251	35%	4,035
NI	4,836	6,512	11,356	29%	8,084

Source: DfC, UUEPC

Note: The proportion of people who leave to employment is based upon alll starts up to March 2017

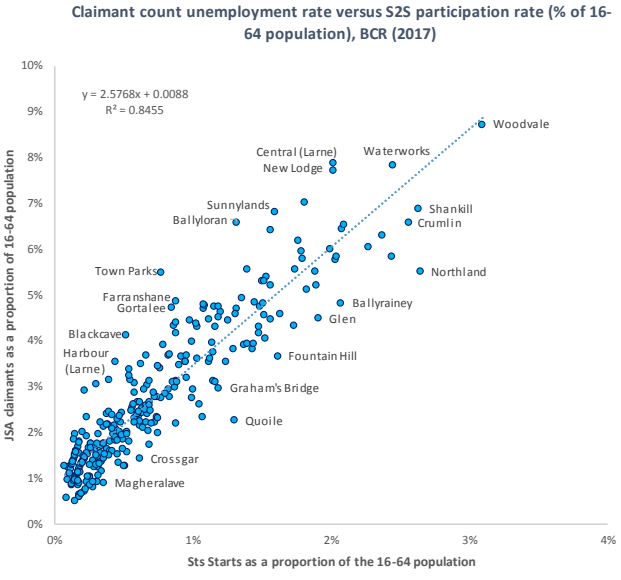
37. If we accept the notion that participants on GTS mandatory for long-term unemployed people represent hidden unemployment, it implies that **the gap between the best and worst performing localities is larger than suggested by headline unemployment statistics**. This finding holds both within BCR and across NI as a whole, thus implying a **more unequal labour market across NI communities and within BCR**.

Figure 3.13: Claimant count unemployment rate versus S2S participation rate (% of 16-64 population), NI and BCR (2017)



Source: NISRA

Note: Based on 1992 ward & LGD boundaries.



Source: NISRA

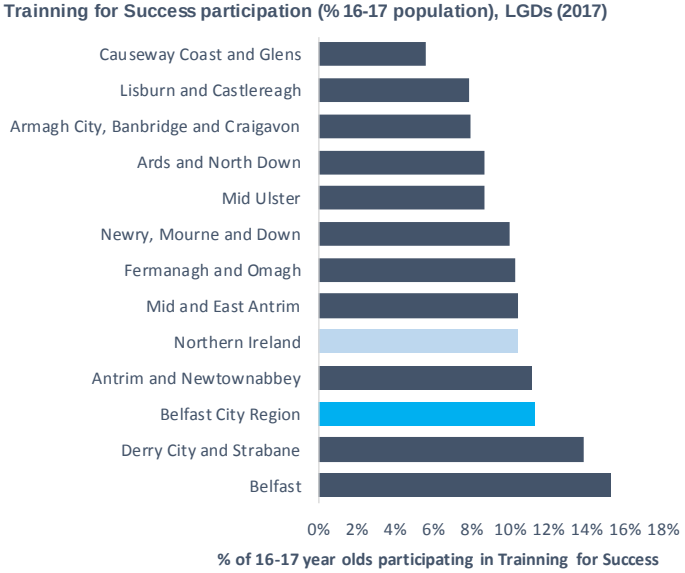
Note: Based on 1992 ward boundaries.

Training for Success

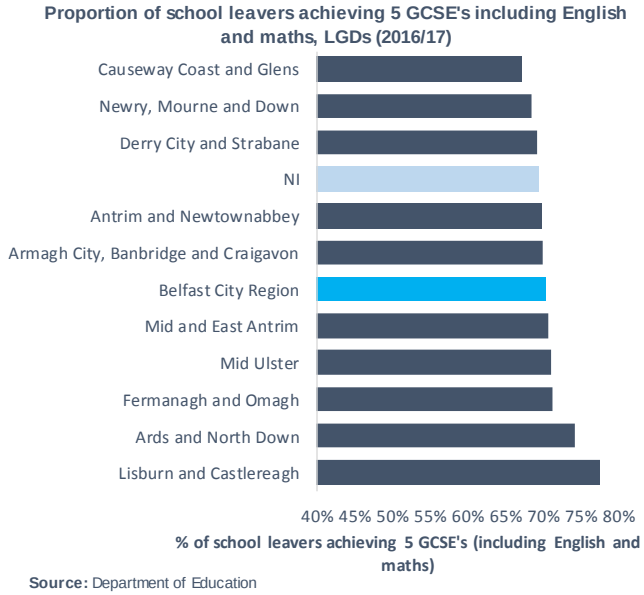
38. TfS relates to young people under the age of 18, thus this cohort are not eligible for unemployment benefits. However, participants are entitled to a non-means tested

Education and Maintenance Allowance (EMA) of £40 per week. Programme participants tend to be low achievers at school and a significant proportion have not achieved five GCSE's at grades A*-C (including English and maths). **On a per capita basis, BCR has an 11% participation rate, which is above the participation rate across NI as a whole (10%).** This is driven by a higher participation rate in Belfast (15.2%).

Figure 3.14: TfS participation (% of 16-17 population) by LGD (2017) and school leaver attainment by LGD (2016/17)



Source: DfE, NINIS



Source: Department of Education

39. Employment rates have traditionally been low amongst young people with low levels of academic achievement, and in the absence of the scheme it is likely that a high proportion of this group would be unemployed.

40. **A plausible assumption is that the number of people who leave the programme without having achieved a qualification represent 'hidden unemployment'**. In other words, without achieving a qualification there is limited evidence of additionality from the participants' time on the programme. This is a conservative estimate as it implicitly assumes all people who achieve a qualification have their employability improved after achieving this qualification through TfS.

Table 3.2: TfS occupancy, proportion gaining a qualification and hidden unemployed, BCR (2017)

	Number of participants	% gaining a qualification	Hidden unemployed
Skills for Your Life	300	53%	140
Skills for Work Level 1	930	64%	330
Skills for Work Level 2	1,820	64%	650
Skills for Work Level 3	0	64%	0
Total	**3,050**	63%	**1,130**

Source: DfE Client management System, UUEPC

Note: Proportion gaining a qualification is based on all leavers up to April 2017

41. Of the 3,050 BCR participants on TfS in 2017, it is estimated 1,130 will not achieve a qualification. This represents approximately 4% of 16-17 year olds in BCR[18].

42. Across the two main GTS namely StS and TfS there are a total of 7,380 participants on GTS who could reasonably be considered to represent hidden unemployment.

Potential labour supply: The real unemployment rate

43. By combining the components of hidden unemployment (i.e. proportion of economically inactive that want to work and proportion of GTS) it is possible to estimate an alternative measure of unemployment, which accounts for hidden labour reserves. The table overleaf outlines an estimation of the 'real' unemployment rate.

Table 3.3: Potential labour supply - Components of hidden unemployment (aged 16-64), BCR (2015-2017)

	2015	2016	2017
ILO Unemployed	26,000	28,000	24,000
Economically active	516,000	546,000	532,000
ILO unemployment rate	5.0%	5.1%	4.5%
Hidden: Long-term sick	11,520	11,850	12,440
Hidden: Looking after family or home	9,390	8,350	10,880
Hidden: Student	5,550	4,610	5,750
Hidden: Retired	1,120	900	390
Hidden: Government Training Schemes	12,440	7,770	7,380
Hidden: Other	3,840	5,020	5,030
Total Hidden unemployment	43,860	38,490	41,880
ILO unemployed + Hidden unemployed	69,860	66,490	65,880
Real unemployment rate	**12.5%**	**11.4%**	**11.5%**

Source: LADB, Labour Force Survey, UUEPC analysis

Note: Denominator to calculate the real unemployment rate is the sum of the economically active population plus hidden unemployment.

Note: Totals may not add due to rounding.

44. The real BCR unemployment rate has been calculated to be 11.5% in 2017, 2.5 times the ILO unemployment rate. This equates to an increase of 42k persons.

45. Considering unemployment in this way highlights some of the most difficult policy challenges facing NI. This is not just a labour market issue, and cuts across key policy areas such as: social policy; employability and skills; education; and inclusive growth. By illustrating the true extent of worklessness in the region it is hoped that this provides an impetus to bring stakeholders together to test programme interventions. **Although hidden unemployment represents some of the hardest to reach groups, their lack of presence in the official measure of unemployment should not mean that they fall outside the influence of active labour market policies.**

[18] This figure is calculated by applying the proportion of leavers who achieve a qualification to the current participation, across qualification categories (e.g. proportion of leavers qualified from skills for work level 3 applied to total skills for work level 3 participation).

Summary

46. In BCR the unemployed account for a minority of the workless (11%). The majority of workless individuals are the economically inactive (89%). There are a number of key points which can be taken from an analysis of workless BCR residents:

    - **Economic inactivity -** BCR economic inactivity rate (27%) is marginally below the NI economic inactivity rate (28%). A working age individual is more likely to be economically inactive due to long-term sickness/disability as their UK counterparts.
    - **Labour market flows -** There is a net flow of individuals from economic activity into economic inactivity. This is a concerning trend as it suggests the suite of programmes available to job seekers have not been successful.
    - **Hidden unemployment -** There are people classified as economically inactive who are not engaged with the welfare state (e.g. carers, students, discouraged workers etc.) that express they would like to work. Assuming all individuals who state they want to work represent hidden unemployment, the number of unemployed BCR residents more than doubles from 24k to 58k.
    - **Government training schemes -** Considering the nature and eligibility criteria of participants on the two main GTS (i.e. S2S, TfS) it is assumed a proportion of these individuals can be considered as hidden unemployment. That is, in the absence of the programme they would have remained on, or moved onto, the unemployment register. These individuals add a further 7,380 people to the unemployment figures.
    - **The real unemployment rate –** After considering all individuals who are hidden from the ILO measure of unemployment the real unemployment rate in BCR is estimated to be 11.5%, a significantly higher rate than indicated by the ILO measure of unemployment (4.5%).

47. The characteristics of out of work individuals and the range of reasons for worklessness suggest that barriers to labour force participation are multifaceted. Therefore, any intervention to move the workless towards employment should consider the unique cases across cohorts of individuals. For example, an individual looking after the family home may face a lack of financial incentive to enter the labour force due to high childcare costs. Whereas, a discouraged worker may face a lack of suitable employment opportunities to meet their skills or qualification profile. Locally targeted programmes with flexibility to adapt to each individuals' circumstances are required to compliment the diversity of BCR's out of work population.

4. Gender dynamics within the labour market

Introduction

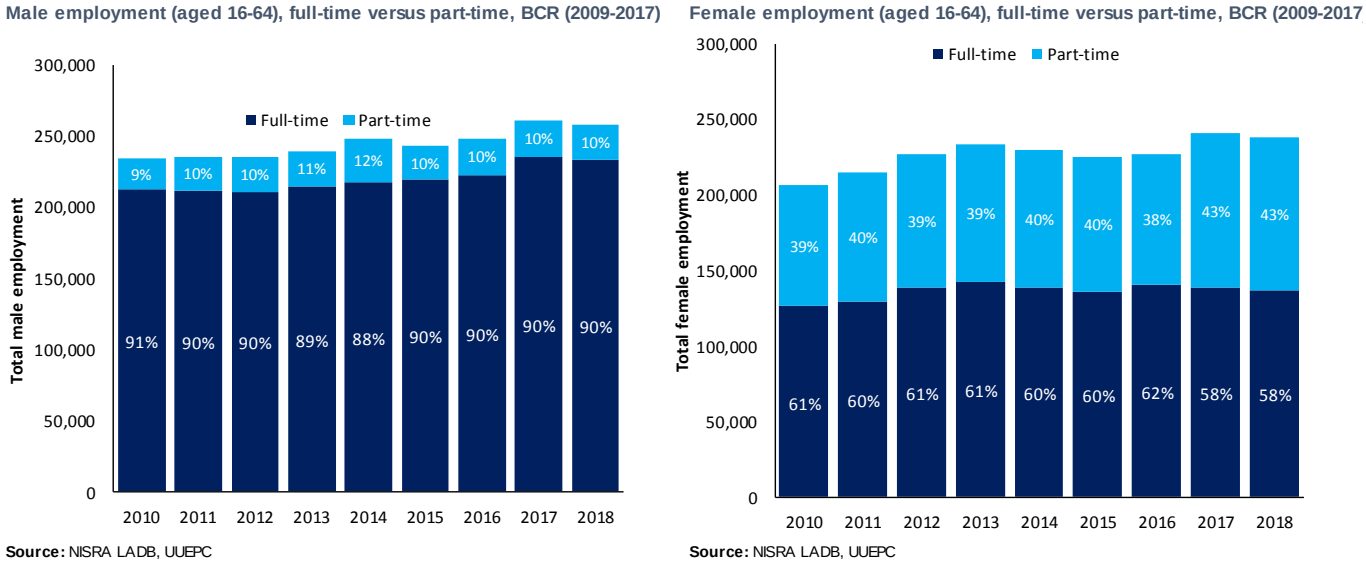
1. This chapter provides an overview of recent labour market trends among males and females within BCR. The chapter aims to focus on the changing gender structure within the labour market, gender concentrations among sectors, the composition of worklessness by gender and an analysis of the 'potential labour supply'.

Employment

2. The total working age employment in BCR was 501k in 2017. Males represented 53% of employment and females 47%. The working age female employment rate is eight percentage points below the male employment rate, 66% and 74% respectively. However, females have accounted for just over half (57%) of growth in working age resident employment in BCR from 2009-2017.

3. Female full-time employment increased by an annual growth rate of 1.0% over the past 8 years, similar to 1.2% for full-time males over the same period. Female part-time employment increased by an annual growth rate of 2.9% per annum from 2009-2017, compared to a decline of 1.7% for part-time males.

Figure 4.1: Employment composition by gender, full-time versus part-time, BCR (2009-2017)

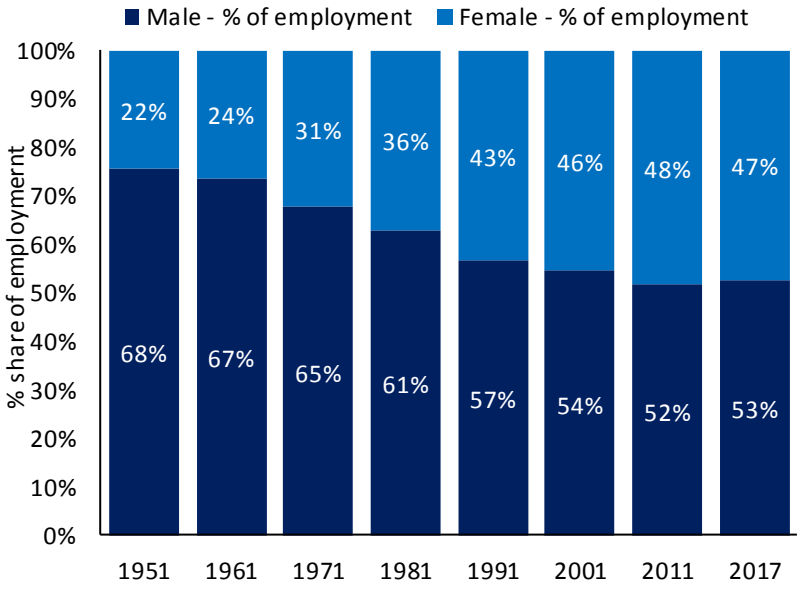


4. A much higher proportion of females work part-time compared to males. Part-time employment accounts for over two-fifths (43%) of female employment and overall women account for four-fifths (80%) of part-time employment. This compares to just one-tenth (10%) of employed males working part-time.

5. Over the longer term, females have increasingly accounted for higher proportions of the workforce. According to the 1951 Census females aged 16+ represented 22% of Belfast

City Region's[19] employed residents. By 1981 the figure had increased by fourteen percentage points to 36%[20] and the figure has now grown to a current rate of almost half (47%[21]) BCR resident workforce. The changing gender composition of the workforce reflects the equalisation of male and female status within the workplace.

Figure 4.2: Employment share (%) by gender (aged 16+), BCR (1951-2017)



Source: Census 1951, Census 1961, Census 1971, Census 1981,Census 1991, Census 2001, Census 2011, NISRA LADB

Note: Census1951 and Census1961 figures are based on County Borough of Belfast, Country Down and County Antrim of geography. Census 1971, Census1981, Census1991 and Census2001 figures are based on the following LGD1991: Belfast; Larne; Carrickfergus; Newtownabbey; Ballymena; Lisburn; Castlereagh; North Down; Ards; Down; and Newry and Mourne geography. Census2011 and 2017 figures are based on the BCR LGD2014 geography. Therefore figures are not directly comparable across the timeseries, but provide a reasonable indication of broad labour market trends.

6. This societal change has led to an increase in the number of women developing their own careers, as opposed to playing a supporting role to their partners, in the form of part-time work. Females have increased their share of employment, driven by increases in self-employment and reduced their proportion of part-time employment over the past twenty years.

7. Overall, the share of females in employment increased marginally from 46% in 2001 to 47% in 2017. However, the share of self-employed females grew from 21% of self-employment in 2001 to 28% by 2017. At the same time, the share of females in part-time female employment over the 2001-2017 period decreased from 87% to 77%.

[19] This refers to County Borough of Belfast, County Down and County Antrim geography.

[20] This figure refers to the following LGD1991: Belfast; Larne; Carrickfergus; Newtownabbey; Ballymena; Antrim; Lisburn; Belfast; Castlereagh; North Down; Ards; Down; and Newry and Mourne geography.

[21] This figure refers to the BCR LGD2014 definition, previously outlined in the report.

Table 4.1: Employment share (%) by gender (aged 16+), BCR (2001-2017)

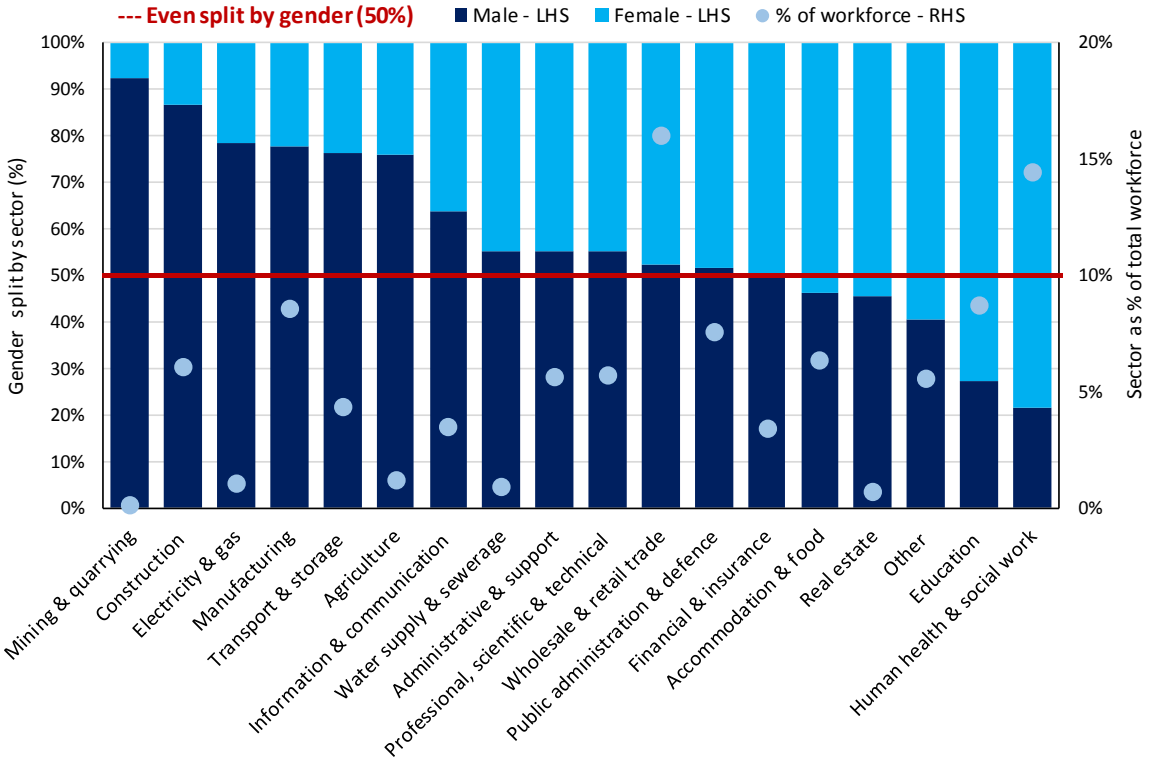
	2001	2011	2017
Male - % of employment	54%	52%	53%
Female - % of employment	46%	48%	47%
Male - % of full-time employment	61%	59%	63%
Female - % of full-time employment	39%	41%	37%
Male - % of part-time employment	13%	19%	23%
Female - % of part-time employment	87%	81%	77%
Male - % of self-employed	79%	74%	72%
Female - % of self-employed	21%	26%	28%

Source: Census 2001, Census 2011, NISRA LADB

8. The sectoral composition of employment differs across males and females. In 2017, females accounted for over two thirds of total employment in human health and social work (78%) and education (73%). These two sectors account for a considerable proportion of the total BCR resident workforce, 14% and 9% respectively.

9. In the same period BCR resident males accounted for over two thirds of employment in the following sectors: mining and quarrying (92%); construction (87%); electricity and gas (79%); manufacturing (78%); transport and storage (77%); and agriculture (76%). These male dominated sectors currently account for over one fifth (21%) of total BCR resident workforce and over one third (34%) of the male BCR resident workforce.

Figure 4.3: Gender composition of sectors (1-digit) and % of total workforce, BCR (2017)



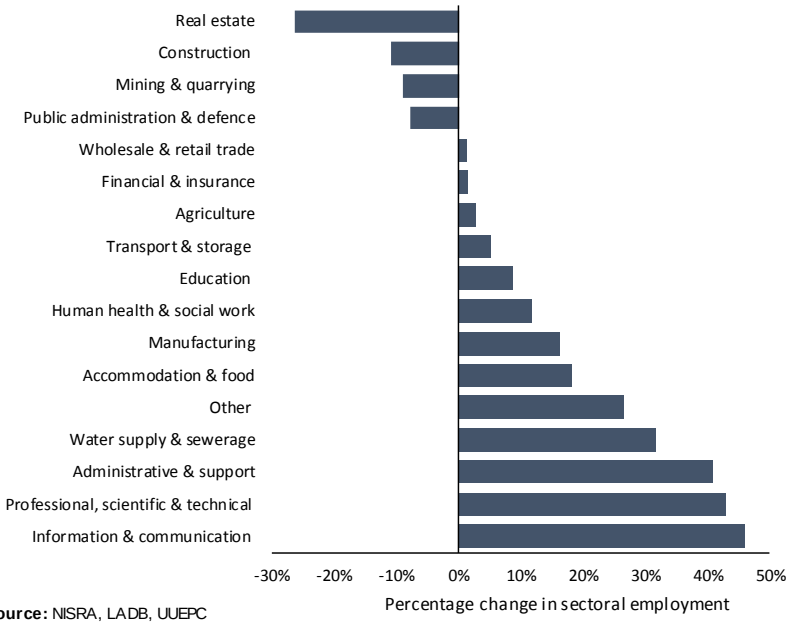
Source: NISRA, Census 2011, LADB, Census of Employment, UUEPC

10. Sectors that have experienced a significant decline in jobs since the mid-20th century have been predominantly male dominated. For example, according to the 1951 Census the 'manufacturing industries' sector accounted for 45% of total jobs in Belfast City Region[22], employing almost half (46%) of all working males. This compares to the manufacturing sector today accounting for only 9% of BCR resident workforce, employing 13% of working males. Although the figures are not directly comparable due to industrial classifications and LGD boundary differences over the period, this analysis indicates the scale of decline within the traditionally male dominated manufacturing sector.

11. In recent years the declining trend in male dominated sectors has continued. The construction sector in BCR declined by 11% since 2010. This equates to a loss of 3,800 resident jobs in construction, approximately 87% of which are males. Other male dominated sectors such as agriculture have experienced relatively low growth over the period (2.7%), contributing an increase of only 160 jobs over the eight-year period.

12. Therefore, over both the longer term males have been more adversely affected by industrial decline and more recently by economic shocks stemming from the global recession, at the beginning of the decade.

Figure 4.4: Employment change (%) by sector (1-digit), BCR (2010-2017)[23]



Source: NISRA, LADB, UUEPC

Note: This chart excludes electricity and gas which exerienced a 141% increase in employment over the 2010-2017 period.

13. Although electricity and gas experienced the highest growth rate and is male dominated, it is relatively small in employment numbers. Larger sectors that have experienced high growth rates typically have a more even distribution across genders. For example,

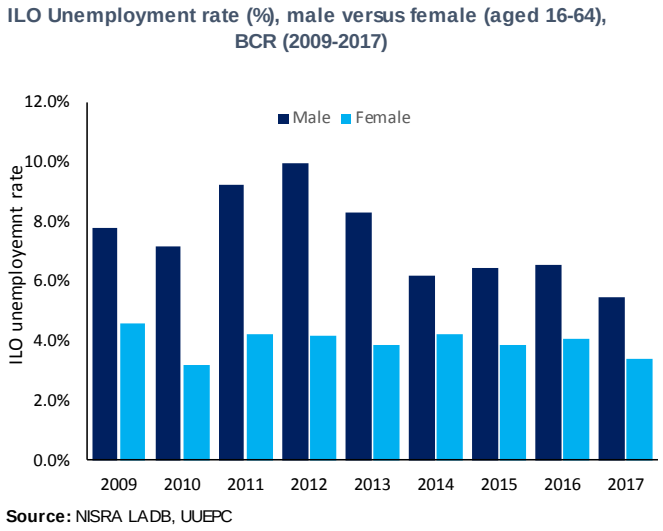
[22] This refers to County Borough of Belfast, County Down and County Antrim geography.
[23] It is important to note the scale of industrial change is difficult to illustrate over the 2010-2017 period as the trend occurs over a much longer time series. However, data constraints have meant it is not possible to replicate this analysis over a longer time series.

professional services increased by 43% since 2010 creating 8,700 jobs, approximately 45% accounted for by females and 55% males.

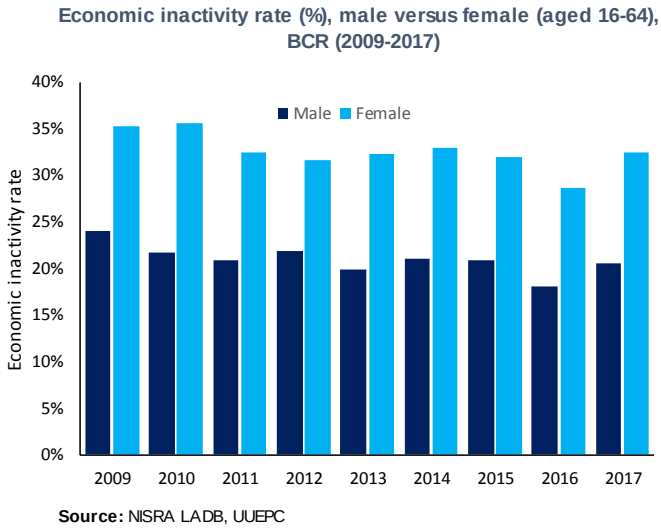
Worklessness

14. In 2017, within the working age population males and females make up 64% and 36% respectively of unemployed people in BCR. This equates to an unemployment rate of 5.5% for males and 3.4% for females. Over the 2009-2017 period, the male unemployment rate reached a high of 9.9% in 2012 and is currently at its lowest rate. This compares to a high of 4.6% in 2009 for females and a low of 3.1% in 2011.

Figure 4.5: Unemployment rate and economic inactivity rate (%), male versus female (aged 16-64), BCR (2009-2017)



Source: NISRA LADB, UUEPC



Source: NISRA LADB, UUEPC

15. The most sought after occupation by unemployed males is sales assistants and retail cashiers, accounting for 16% of the male total. According to the 2011 Census only one third (32%) of this occupation are males and the parent occupation (sales and customer service occupations) accounts for only 7% of total male employment. This indicates it is not a typical occupation route for males in the labour market. Rather, the attractiveness for unemployed males may stem from declining availability for entry-level jobs within traditionally male dominated sectors with entry-level requirements. Therefore, 'sales assistants and retail cashiers' presents an alternative route. It is important to note this occupation aligns to the wholesale and retail sector and although there are a high number of jobs in BCR, the sector has experienced limited jobs in recent years.

16. The second most sought after occupation by unemployed males is elementary goods and storage occupations (13% of total) followed by; transport drivers and operatives (7%); elementary construction occupations (6%); and elementary personal services occupations (5%). Together the top five occupations sought after by unemployed males account for almost half (47%) of the male total.

Table 4.2: Top 15 sought after occupations by unemployed, male versus female, BCR (2017-2018)

Top 15 occupations sought after by unemployed males, BCR (2017-2018)

Occupation	Percent of total occupation sought (%)
Sales Assistants And Retail Cashiers	16%
Elementary Goods Storage Occupations	13%
Transport Drivers And Operatives	7%
Elementary Construction Occupations	6%
Elementary Personal Services Occupations	5%
Administrative Occupations: General	4%
Assemblers And Routine Operatives	3%
Construction Trades	3%
Building Trades	3%
Elementary Cleaning Occupations	3%
Agricultural Trades	3%
Food Preparation Trades	2%
Elementary Security Occupations	2%
Elementary Process Plant Occupations	2%
Process Operatives	2%

Source: NOMIS, UUEPC

Note: Figures are based on a 12 month average from Sep 2017-Oct 2018

Top 15 occupations sought after by unemployed females, BCR (2017-2018)

Occupation	Percent of total occupation sought (%)
Sales Assistants And Retail Cashiers	35%
Elementary Cleaning Occupations	10%
Administrative Occupations: General	10%
Elementary Personal Services Occupations	8%
Healthcare And Related Personal Services	6%
Childcare And Related Personal Services	6%
Hairdressers And Related Occupations	3%
Secretarial And Related Occupations	3%
Teaching Professionals	2%
Assemblers And Routine Operatives	1%
Animal Care Services	1%
Customer Service Occupations	1%
Housekeeping Occupations	1%
Food Preparation Trades	1%
Elementary Sales Occupations	1%

Source: NOMIS, UUEPC

Note: Figures are based on a 12 month average from Sep 2017-Oct 2018

17. The female composition of sought after occupations is also highly concentrated in sales assistants and retail cashiers, accounting for over one third (35%) of the total.

18. The second largest sought after occupation by females are elementary cleaning occupations (10%) followed by administrative occupations (10%). The top three most sought after occupations by female's together account for 55% of the female total and the top five for 69% of the female total.

19. Importantly, **occupations which have experienced rapid growth in recent years are not evidenced in the occupations which sought after by the unemployed**. Rather, the unemployed (particularly males) are seeking jobs within occupations that have below average or declining growth.

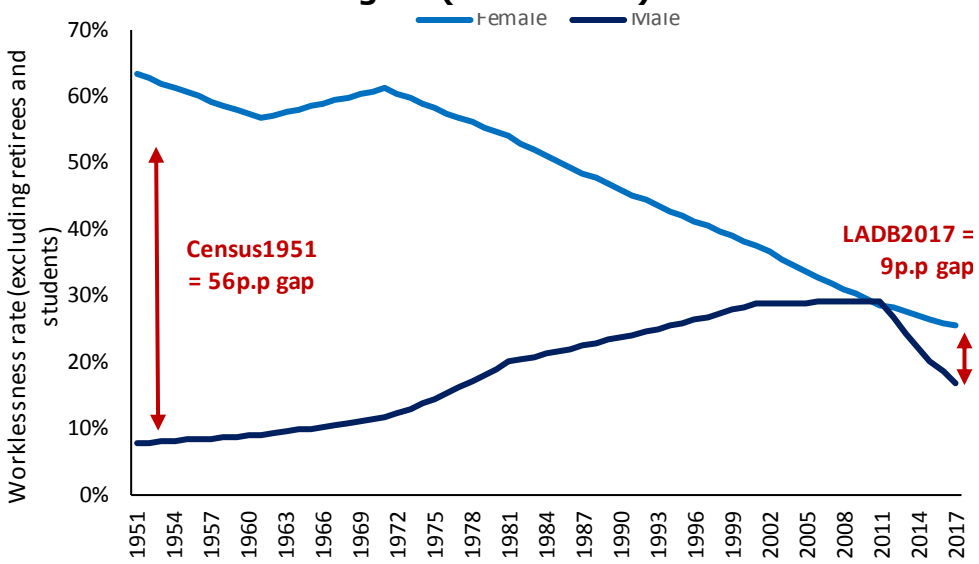
20. Male unemployment rates are consistently above female rates. However, the gap between male and female worklessness widens once economic inactivity is considered. In 2017, the working age economic inactivity rate is 20% for males and 32% for females.

21. Overall, the female worklessness rate[24] has long been above the male rate. However, the gap has narrowed significantly in recent decades. For example, in 1951 the gap between male and female worklessness (excluding students and retirees) was fifty-six percentage

[24] Worklessness rate refers to the unemployed plus economically inactive as a proportion of the total population

points. That is, the worklessness rate was 64% for females and only 8% for males. Today the gap is nine percentage points as the female worklessness rate (excluding students and retirees) is 25% compared to 17% for males.

Figure 4.6: Worklessness rate (excluding retirees and students), Belfast City Region (2009-2017)

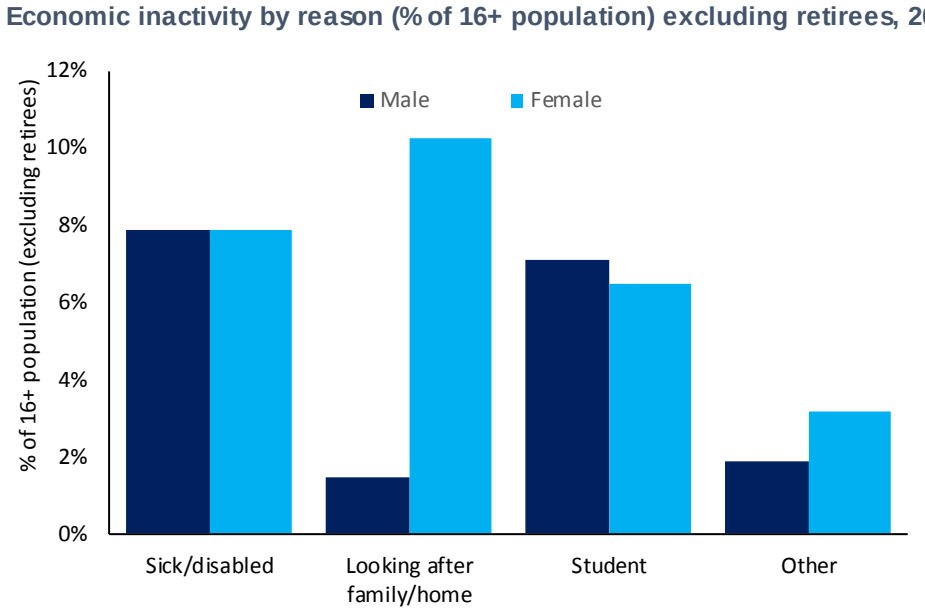


Source: Census 1951, Census 1961, Census 1971, Census 1981,Census 1991, Census 2001, Census 2011, LADB, UUPEC
Note: Census1951 and Census1961 figures are based on County Borough of Belfast, Country Down and County Antrim of geography. Census 1971, Census1981, Census1991 and Census2001 figures are based on the following LGD1991: Belfast; Larne; Carrickfergus; Newtownabbey; Ballymena; Lisburn; Castlereagh; North Down; Ards; Down; and Newry and Mourne geography. Census2011 and 2017 figures are based on the BCR

22. The key difference has been a long-term societal trend of higher proportions of the female population looking after the family/home, relative to males. In recent decades, however the perception of women in the labour market has changed. This has contributed to higher female labour force participation. Although, it is worth noting the proportion of the female population in BCR today looking after the family/home is still 17%, compared to 3% for males.

23. The increasing male worklessness rate is often cited as a consequence of de-industrialisation and falling demand for workers with low level qualifications in an increasingly services based economy. For males the largest contributor to economic inactivity is the high levels of sick/disabled. Approximately 8% of the 16+ male and female population (excluding retirees) are sick/disabled. For females, the largest contributor is looking after the family home (10% of 16+ population, excluding retirees).

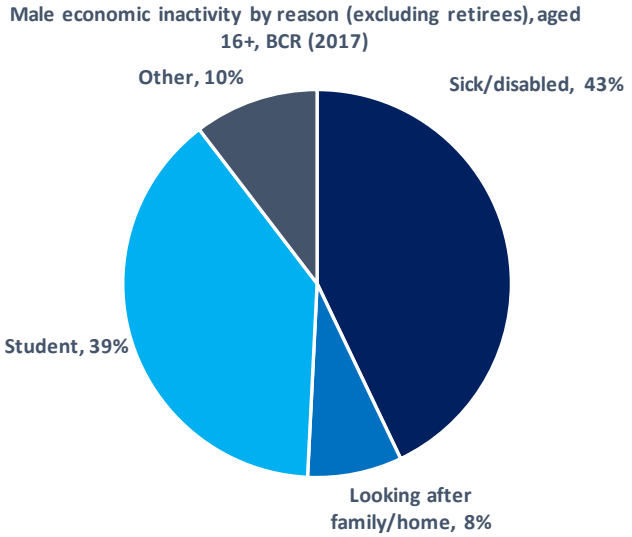
Figure 4.7: Economic inactivity by reason (% of 16+ population) excluding retirees, BCR (2017)



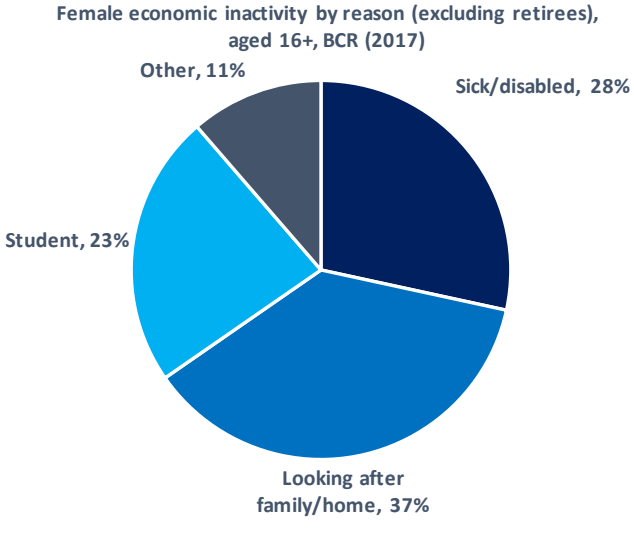
Source: NISRA LADB, UUEPC

24. The spread of reasons for economic inactivity emphasises the differences across genders. For example, over two-fifths (43%) of economically inactive males aged 16+ (excluding retirees) are sick/disabled compared to just 28% of economically inactive females. A further 8% of males are economically inactive for reasons of looking after family/home, compared to almost two-fifths (37%) of females[25].

Figure 4.8: Economic inactivity by reason and gender (excluding retirees) aged 16+, BCR (2017)



Source: NISRA LADB, UUEPC



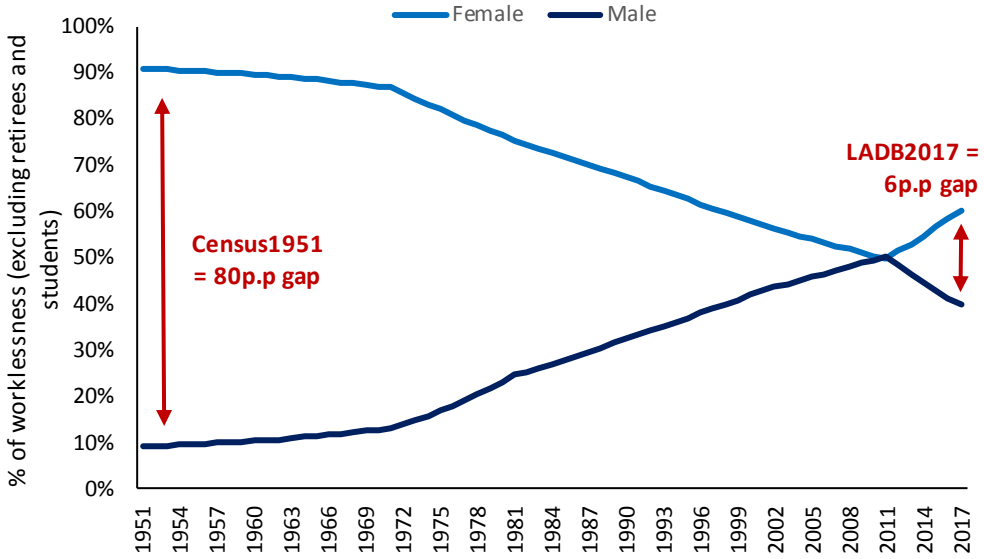
Source: NISRA LADB, UUEPC

25. Worklessness (i.e. economic inactivity plus unemployment) has converged between males and females since the 1950s. For example, in 1951 91% of out of work individuals

[25] This highlights that despite significant change made by females in the labour market in recent decades, there has been little societal change with regard to caring responsibilities within the family unit.

were female (excluding retirees and students), an 82 percentage point gap between males and females. The proportion fell to 75% by 1981 and 57% by 2001, driven by rising male sickness levels and a large reduction in females looking after the family/home. The composition of worklessness reached an equal divide in 2011 but has since began to diverge. In 2017, worklessness was 57% female and 43% male.

Figure 4.9: Worklessness (excluding students and retirees) aged 16+, Belfast City Region (1951-2017)



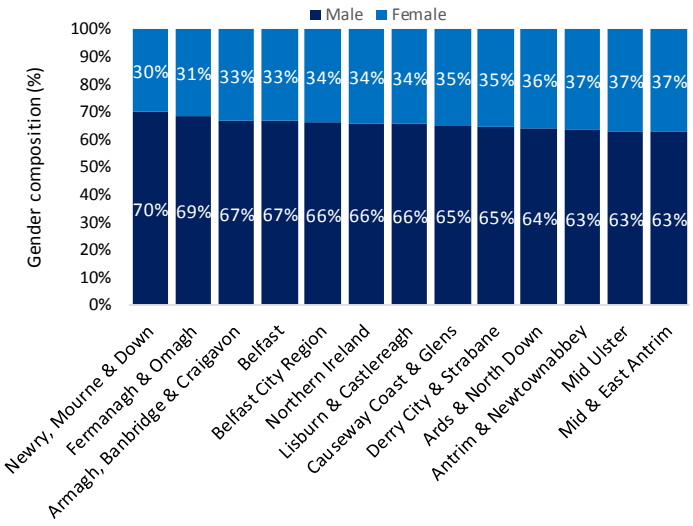
Source: Census 1951, Census 1961, Census 1971, Census 1981,Census 1991, Census 2001, Census 2011, LADB, UUPEC

Note: Census1951 and Census1961 figures are based on County Borough of Belfast, Country Down and County Antrim of geography. Census 1971, Census1981, Census1991 and Census2001 figures are based on the following LGD1991: Belfast; Larne; Carrickfergus; Newtownabbey; Ballymena; Lisburn; Castlereagh; North Down; Ards; Down; and Newry and Mourne geography. Census2011 and 2017 figures are based on the BCR LGD2014 geography. Therefore figures are not directly comparable across the timeseries, but provide a reasonable indication of broad labour market trends.

26. Participation on GTS is a route towards the labour force for out of work individuals. The gender composition on GTS is heavily weighted towards male participation. Starts on S2S in NI over the accumulated period October 2014-March 2018 was comprised of 72% males, compared to 28% females. This can be linked to a higher concentration of males in long-term unemployment meaning more males are eligible for the training scheme. Although current data is not available for long-term unemployment by gender for LGD's, the 2011 Census provides some indication of the male higher concentration.

Figure 4.10: Long-term unemployment by LGD (2011) and S2S participation NI (2014-2017)

Long-term unemployment conposition by gender, LGD (2011)



Source: Census 2011

S2S starts by gender, NI (2014-2018)

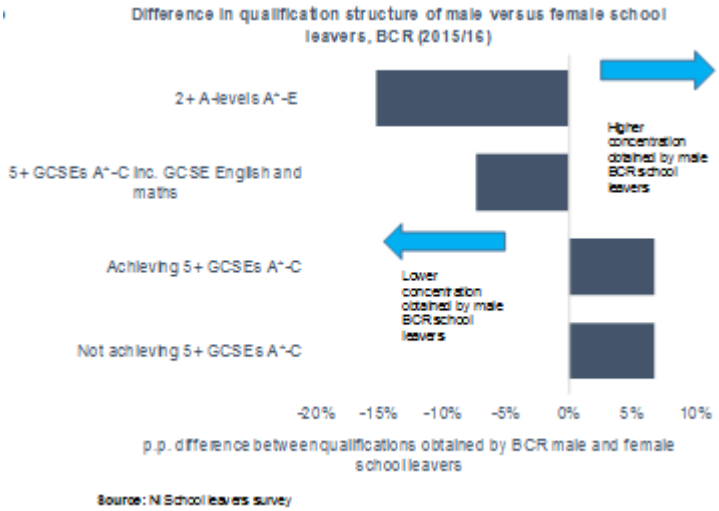
Gender	JSA 18 - 24	JSA 25+	Other	Total
Male	8,896	26,961	1,725	37,582
% of total males	24%	72%	5%	100%
Female	3,534	11,072	668	15,274
% of total females	23%	72%	4%	100%
Males as % of total participation	72%	71%	72%	71%

Source: DfE

Note: Figures refer to NI as a breakdown by gender is not available by LGD.

27. Approximately 72% of participants on TfS are males, according to the latest figures (February-April 2018). The higher concentration of males participating on TfS can be linked to poorer educational attainment of young males, relative to females. That is, poorer educational attainment among young males acts as a barrier to labour force participation increasing the likelihood of participation on TfS.

Figure 4.11: Educational attainment by gender BCR (2015/16) and TfS participation by gender NI (2014-2017)



Source: NI School leavers survey

TfS starts by gender, NI (Feb-Apr 2018)

Gender	Skills for Your Life	Skills for Work Level 1	Skills for Work Level 2	Skills for Work Level 3	Total
Male	186	760	1,989	7	2,942
% of total males	6%	26%	68%	0%	100%
Female	131	403	611	1	1,146
% of total females	11%	35%	53%	0%	100%
Males as % of total participation	59%	65%	77%	88%	72%

Source: DfE

Note: This analysis excludes participants not assigned to a qualification.

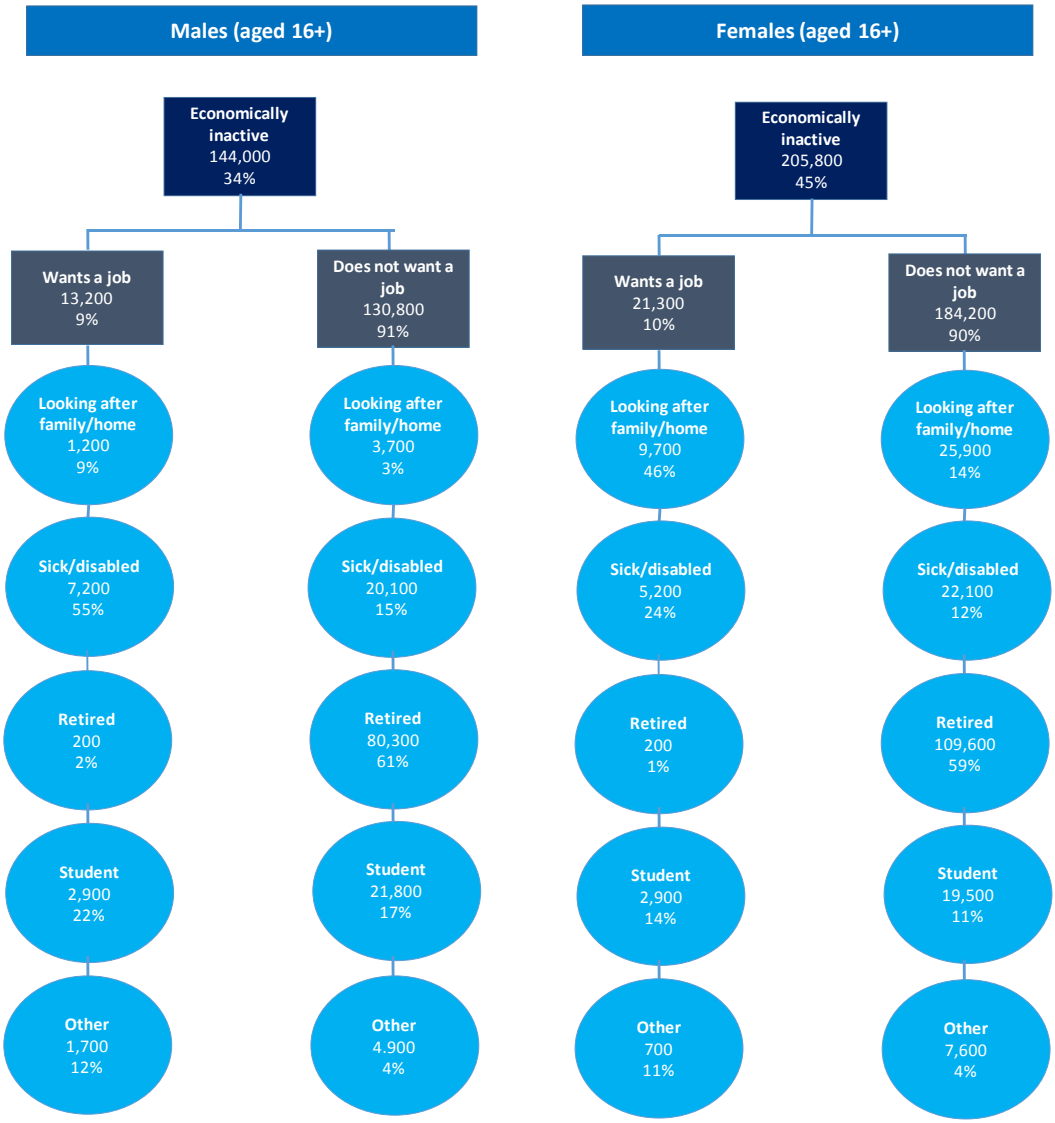
Potential labour supply

28. The proportion of economically inactive self-reporting they would like a job providing a suitable opportunity becomes available differs between males and females, and varies across reasons for economic inactivity. One in ten (10%) females aged 16+ self-report

they would like a job, compared to 9% of males. As discussed in the previous chapter, it is a reasonable assumption to consider these individuals as hidden unemployment.

29. It is interesting to note the long-term sick/disabled account for the largest proportion of economically inactive males who would like a job. They represent over half (55%) of males wanting a job, compared to sick/disabled accounting for only one-third (24%) of females.

Figure 4.12: Economic inactivity (aged 16+) by gender and reason, BCR (2017)[26]



Source: Local Area Database, Labour Force Survey, UUEPC
Note: Figures may not sum due to rounding

30. Looking after the family/home represents the largest group of economically inactive females reporting they would like a job, accounting for 46% of the total. This compares to looking after family/home representing just 9% of males who would like a job. The

[26] A detailed labour market overview for males and females is available in Annex A

distribution of those who would like to work across other reasons for economic inactivity (i.e. student, retired, other) is broadly similar in each gender.

31. As discussed in chapter three, a proportion of individuals participating on GTS (i.e. TfS and S2S) represent hidden unemployment. After accounting for the potential labour supply the 'real' unemployment rate rises to 11.2% and 11.8% for males and females respectively.

Table 4.3: Potential labour supply - Components of hidden unemployment by gender, BCR (2017)

	Male	Female
ILO unemployed	15,400	8,600
Economically active	283,500	248,500
ILO unemployment rate	5.4%	3.5%
Hidden: Long-term sick	7,200	5,200
Hidden: Looking after family or home	1,200	9,700
Hidden: Student	2,900	2,900
Hidden: Retired	200	200
Hidden: Government Training Schemes	5,300	2,100
Hidden: Other	1,700	3,300
Total hidden unemployment	18,500	23,400
ILO unemployed + hidden unemployed	33,900	32,000
Real unemployment rate	**11.2%**	**11.8%**

Note: Denominator used to calculate the real unemployment rate is the sum of the economically active population plus hidden unemployment.

Note: Totals may not sum due to rounding.

Summary

32. The labour market has experienced increased female participation over the longer term. In 1951 females accounted for 22% of BCR's workforce, compared to 47% in BCR in 2017. On the other hand, males have experienced adverse labour market conditions due to the decline of industry. There are a number of key points which can be taken from changing gender dynamics within the workforce:

- **Sectors –** Resident BCR females tend to have a high concentration in human health and social work and education, which account for 14% and 9% of the workforce respectively. Males are concentrated in construction and manufacturing. Therefore, males have been more adversely effected by structural changes towards a service based economy and the economic shocks stemming from the 2008 recession.
- **Unemployment -** ILO unemployment rates are lower among females (3.5%) relative to males (5.4%). The most sought after occupation by unemployed males and females is 'sales assistants and retail cashiers', 16% and 35% of unemployed respectively. Occupations sought after by the unemployed do not coincide with occupations that have experienced growth in recent years.

- **Economic inactivity and worklessness -** The gap between male and female worklessness has converged from fifty-six percentage points in 1951 to nine percentage points in 2017 (excluding students and retirees). The change has been driven by societal trends of less females looking after the family/home. However, the proportion of the female population looking after the family/home is still high (12%) compared to their male counterparts (2%). Almost half (49%) of the economically inactive male population are long-term sick/disabled compared to one-third (35%) of females.
- **Government training schemes -** Participation on GTS is heavily male dominated (72% males), linked to higher concentrations of male long-term employment and poorer educational attainment.
- **Hidden unemployment -** Approximately one in ten (10%) economically inactive females self-report they would like a job, providing a suitable opportunity became available, compared to 9% for males. Accounting these individuals as hidden unemployment increases the official unemployment figure by 13,200 males and 21,300 females.
- **The real unemployment rate -** After considering hidden unemployment the real unemployment rate in BCR for males increases to 11.2% and 11.8 % for females, from 5.4% and 3.5% respectively.

33. Males experiences of adverse labour market conditions in recent decades has meant discouraged males have flowed into economic inactivity, likely to be in the form of long-term sick/disabled. On the other hand, females have increased labour force participation in recent decades, but are still significantly over-represented among those looking after family/home. To inform any policy aiming to transition both cohorts of individuals towards employment it is vital to understand the characteristics and needs of the various diverse groups within the economically inactive population.

5. Demographics and the labour market

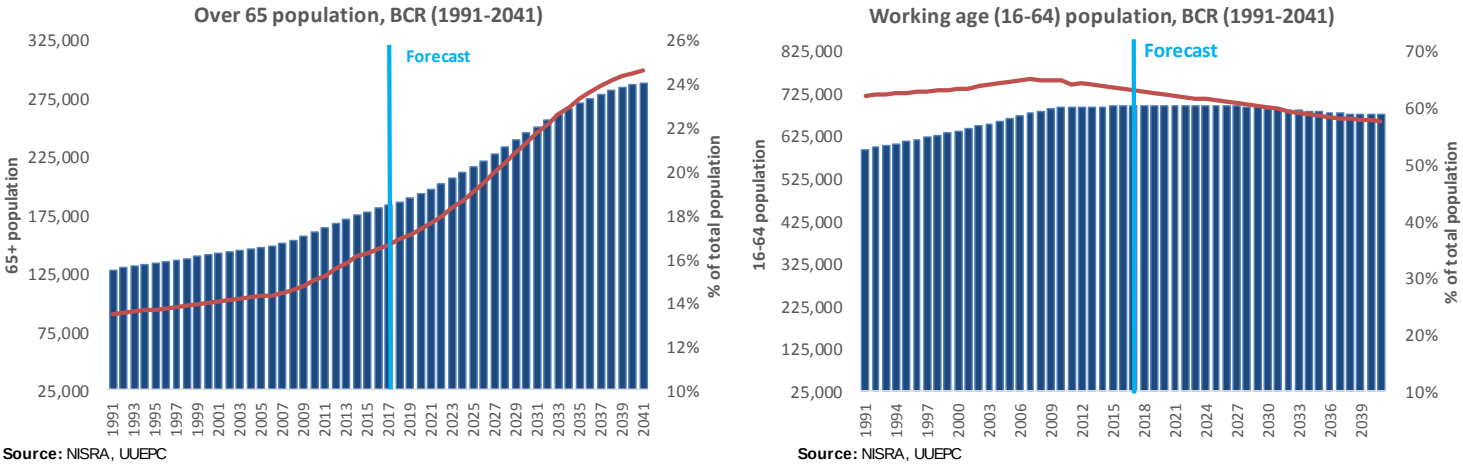
Introduction

1. This chapter provides an analysis of the changing structure of BCR's demographics, the trends in employment and out of work individuals across age cohorts and an overview of hidden unemployment and spare capacity in the labour market, across age bands.

An ageing population

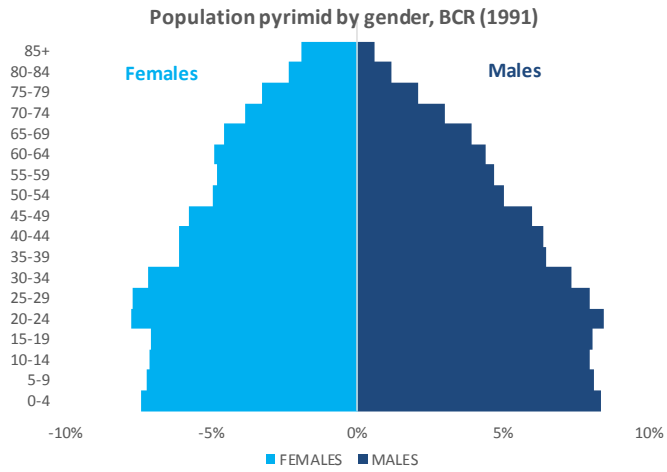
2. Over the period, 1991-2018 the number of individuals aged over 65 in BCR has increased from 128,300 to 186,600. This figure is expected to rise a further 55% by 2041 to 288,700, increasing the over 65's population share from 17% to 25%. The working age population is forecast to decline by 3% over the 2018-2041 period. These trends are consistent with an overall population decline within BCR and increasing life expectancy.

Figure 5.1: Population age bands, BCR (1991-2041)

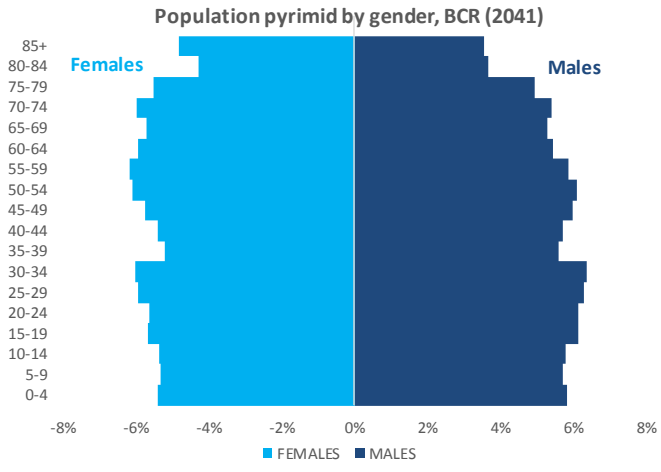


3. **With an increasingly 'top heavy' population structure a greater burden is exerted on the productive population to support the elderly.** Ideally, the age structure of the population should be pyramid shaped with a large foundation of young and working age people, supporting a relatively smaller group of old age dependents. However, in NI (and other advanced nations) lower birth rates and higher life expectancies mean that the age structure of the population is becoming increasingly symmetrical.

Figure 5.2: Population pyramid by gender, BCR (1991 and 2041)



Source: NISRA, UUEPC



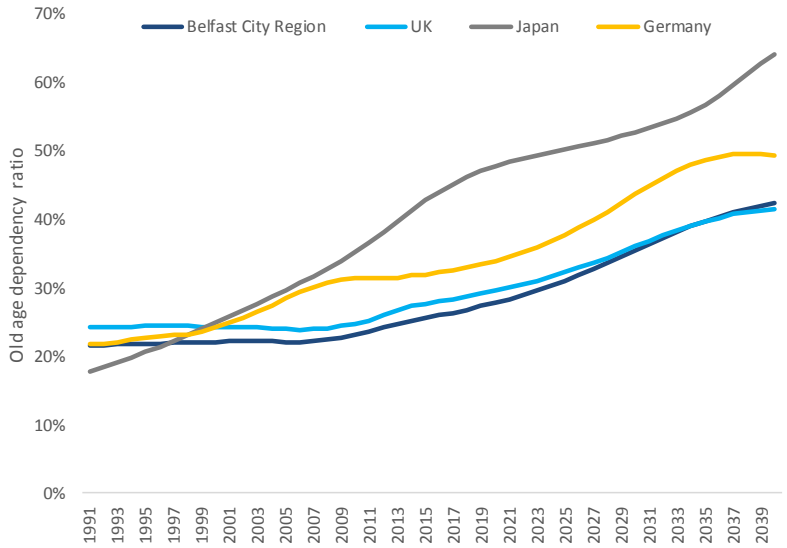
Source: NISRA, UUEPC

4. The old age dependency ratio, defined as the ratio of over 65's to the working age population is a measure of inter-generational dependency.

5. As the share of over 65's are forecast to progressively increase in coming decades and the working age population is forecast to marginally decline, the old age dependency ratio is set to increase. In 1991, the old age dependency ratio was 26% in BCR, this has fallen to 22% in 2018 but is projected to be 43% by 2041. Expressed differently, **in 2018 there were 4.6 people of working age to support every individual over 65, but by 2041 this is expected to half to just 2.3.**

6. It should be noted that these challenges are not confined to the BCR population. Ageing populations and workforces will form a key global economic issue over the coming decades. The scale of the challenge appears much greater in countries such as Germany and Japan where the old age dependency ratio is considerably higher and forecast to rise much more rapidly than in BCR. Therefore, BCR should look to such nations to gather insight on best practice policy that will mitigate pressure on future generations that will have to support a much higher proportion of older age individuals.

Figure 5.3: Old age dependency ratio, BCR, UK, Japan and Germany (1991-2039)



Source: UUEPC, NISRA, Oxford Economics

7. **The changing age structure in BCR will inevitably place heightened pressure upon public finances** as ageing implies an increasing demand for health and care services, alongside growing expenditure on state pensions and public sector pension liabilities.

8. Although the old age dependency ratio of BCR and UK converge it should be noted that BCR has a higher economic inactivity rate relative to the UK average (27% aged 16-64 in BCR, compared to 22% in the UK). This means BCR has a larger proportion of working age individuals in economically unproductive activity (e.g. claiming sickness benefits, looking after the home). **This high rate of economic inactivity exacerbates the scale of the challenge to generate the financial resources required to meet future age-related spending needs.**

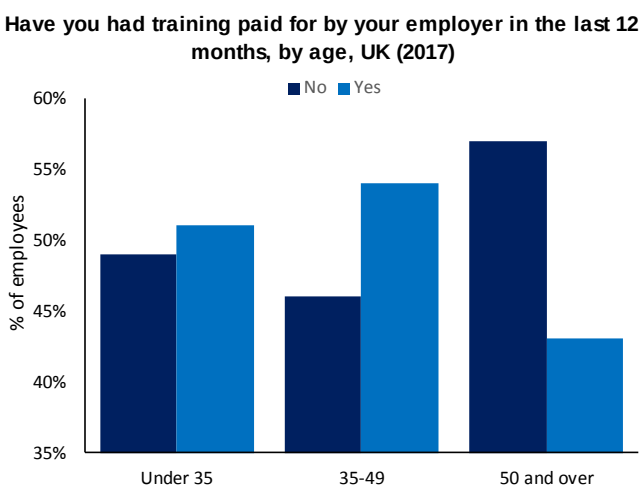
9. There will be a need to equip the economy with structures and mechanisms that compliment with the changing demographics of the labour market**. Investment is required to enable labour market participants to adapt to the changing skills requirements**. For example, initiatives to transform human capital and provide education over a person's working life, with a particular emphasis on older members of society who will be required to work longer to finance their retirement.

10. This will require a societal change towards life-long learning where both employee and employer attitudes can act as barriers, with reference to older workers. Studies suggest older employees are less motivated to engage in training[27] and less willing to adapt to

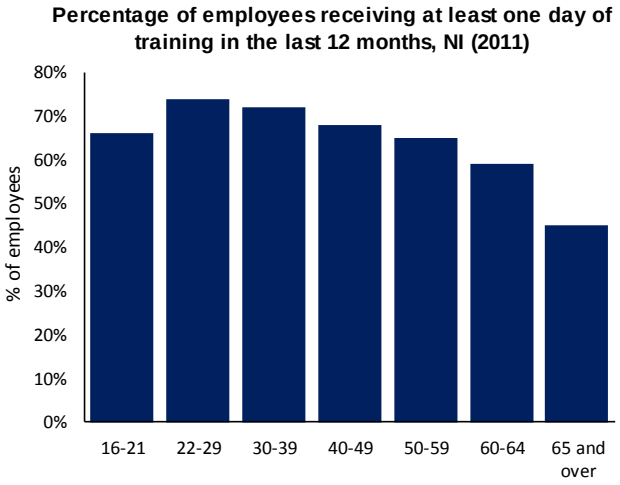
[27] National Institute of Economic and Social Research (2017) *Older workers and the workplace*, London: Department for Work and Pensions. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/584727/older-workers-and-the-workplace.pdf

change, particularly in relation to technological changes[28]. In addition, employers are less willing to invest in training for older workers, relative to younger workers[29].

Figure 5.4: Employee training by age, UK and NI (2017 and 2011)



Source: Eurofound



Source: Work Employment Relations Survey

11. This is evidenced by a declining trend in employee training as age increases. In particular, the gap in training across age cohorts widens when considering training paid for by employers. This tends to be targeted at specific skill requirements, as opposed to more general unpaid training.

12. It will be important not only to train older workers to adapt to changing skill requirements but also to encourage older workers to remain within the workforce for longer. According to recent research by the ONS[30] in 1960 there was little difference between life expectancy and age of exit from the labour force. However, today the difference is on average 15 years for males and 19 years for females. This presents fiscal challenges to government and policy makers.

13. Encouraging a longer working life will form part of the solution. Working longer can have positive effects on individuals in the form of financial stability and increased well-being, dependent upon the quality of job. However, survey evidence from England[31] indicates those who work past the state pension age are more likely to so for voluntary reasons (e.g. feeling that their work is important) as opposed to involuntary (e.g. cannot afford to retire). **Therefore ensuring good quality jobs within the economy will be essential moving forward.**

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[28] IFF Research (2017) *Employer experiences of recruiting, retaining and retraining older workers*, London: Department for Work and Pensions. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/584448/employer-experiences-of-recruiting-retaining-and-retraining-older-workers.pdf

[29] National Institute of Economic and Social Research (2017) *Older workers and the workplace*, London: Department for Work and Pensions. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/584727/older-workers-and-the-workplace.pdf

[30] Office for National Statistics (2018) *Living longer: Fitting it all in – working, caring and health in later life, United Kingdom. Office for National Statistics.* *https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/ageing/articles/livinglongerhowourpopulationischangingandwhyitmatters/fittingitallinworkingcaringandhealthinlaterlife*

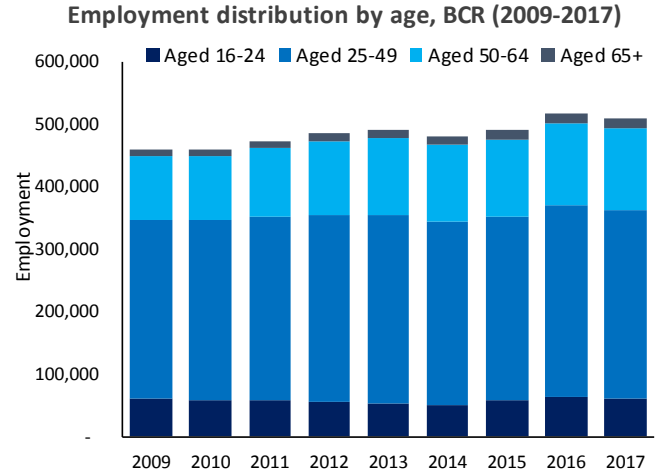
[31] Prime (2014) *The missing million: Illuminating the employment challenges of the over 50's*. London. The Princes Charities. https://age.bitc.org.uk/system/files/research/prime_report_the_missing_million_0.pdf

Employment

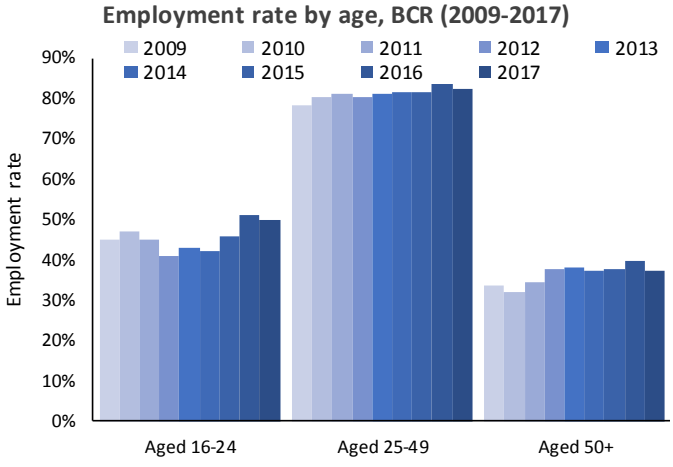
14. In BCR residents aged under 25 account for 12% of total employment, almost three-fifths (59%) are accounted for by individuals aged 25-49 and over one quarter (29%) aged over 50. Although, the distribution is indicative of the size of the age bands, the 25-49 age category also has the highest employment rate (82%) followed by individuals aged 50-64 (63%).

15. The younger resident workforce (aged 16-24) in BCR has experienced a 5 percentage point increase in their employment rate over the past 8 years, increasing from 45% in 2009 to 50% in 2017, peaking at 51% in 2016.

Figure 5.5: Employment distribution and employment rates by age, BCR (2009-2017)



Source: LADB



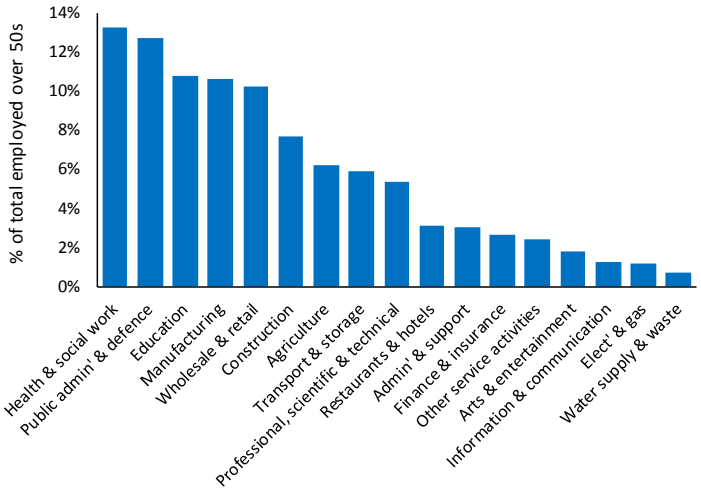
Source: LADB

16. **BCR residents aged over 50 currently account for 29% of jobs in BCR, which has risen from 24% at the time of the 2001 Census.** Although older workers represent a significant proportion of employment, their employment rate is much lower compared to younger workers. For example, the employment rate amongst under 50's is 74% compared to 37% amongst the over 50's. Considering the fiscal challenges arising from an ageing population, it will be important to raise the participation rate of the over 50's within the workforce.

17. This will be a particular challenge in the context of a more automated society, as older workers tend to be associated with sectors with a relatively higher risk of automation. For example, three of the top five employment sectors for over 50's appear in the top five sectors with jobs at high risk of automation.

Figure 5.6: Over 50's employment and jobs at high risk of automation, NI (2016)

Composition of over 50s employment by sector (1-digit), NI (2016)



Sectors with jobs at high risk of automation (% of total sector) (top 10), NI (2016)

Sector	Proportion (%)
Water supply & waste	70%
Transport & storage	53%
Wholesale & retail	43%
Manufacturing	40%
Public admin & defence	34%
Elect' & gas	30%
Admin' & support services	30%
Finance & insurance	27%
Real estate	24%
Mining	23%

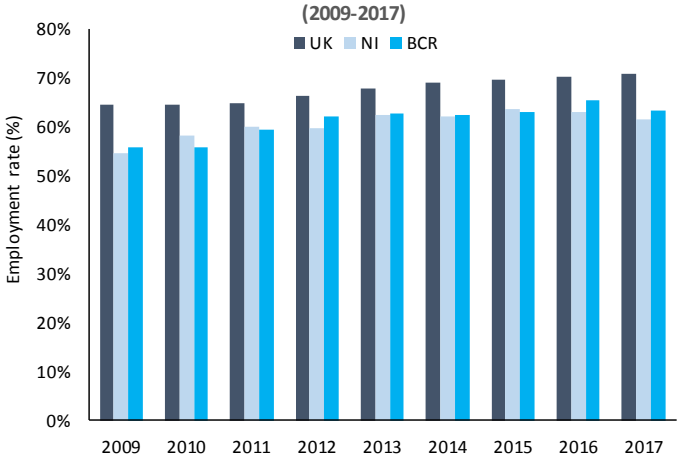
Source: PwC, UUEPC

Source: Labour Force Survey
Note: This chart excludes mining, extraterritorial organisations, real estate activities and households as employers

18. There are also significant differences between the 50-64 population (i.e. pre-retirement age) and those aged over 65. For example, in 2017 the employment rate of 50-64 year olds in BCR was 63% compared to 8% for the over 65's. **However, both of these older age employment rates are significantly below the UK average at 71% and 10% respectively.**

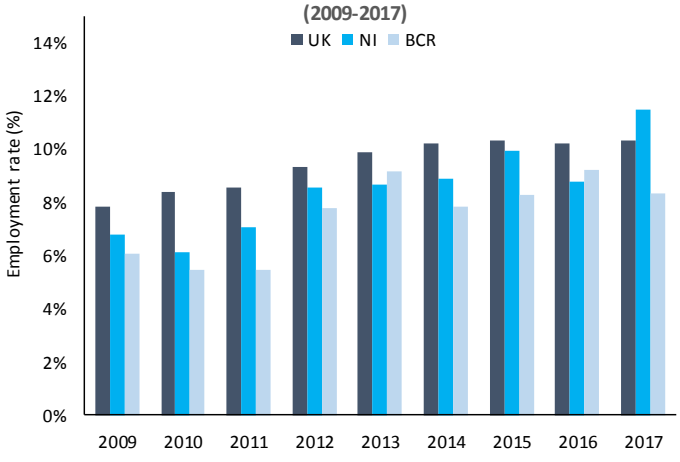
Figure 5.7: Employment rate by age, UK, NI and BCR (2009-2017)

Employment rate of residents aged 50-64, UK, NI and BCR (2009-2017)



Source: Labour Force Survey, NOMIS, LADB, NISRA

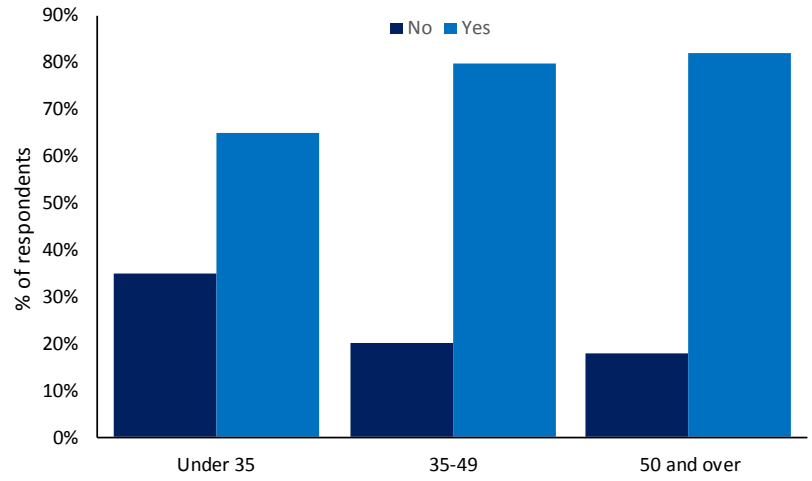
Employment rate of residents aged 65+, UK, NI and BCR (2009-2017)



Source: Labour Force Survey, NOMIS, LADB, NISRA

19. Employment rates will typically be lower amongst older people, as the likelihood of long-term illness and early retirement increases. However **reducing the gap in older age employment rates when comparing BCR to the UK should be a policy consideration in an era of an ageing population.** This remains a long-term challenge particularly emphasised by over one-third (35%) of under 35s reporting they could not complete tasks in their current job or a similar job at 60 years old.

Figure 5.8: Ability to complete current job or similar job at age 60 by age, UK (2017)



Source: Eurofound

20. The under 35 workforce of today will become the over 50's workforce of the late 2030s. This is an important policy consideration for the future. It will be important to ensure the ability to access good quality jobs to allow for changing roles throughout a persons' career. Ensuring there are jobs that can be undertaken by older workers where they consider their contribution to be valuable will encourage workers to remain within the workforce for longer.

Worklessness

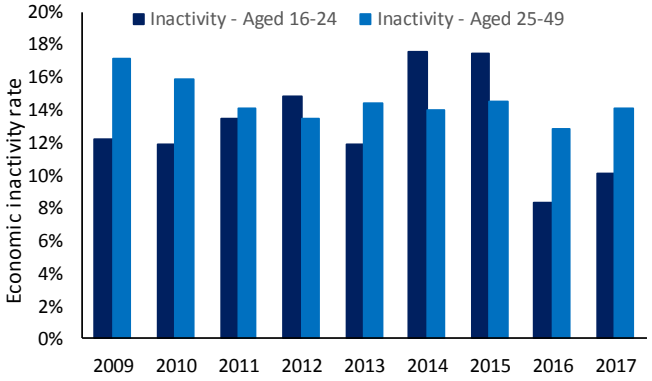
21. In 2017, the unemployment rate of BCR residents aged 16-24 was 15%, declining from a peak of 20% in 2012. For those aged 25-49 the current unemployment rate is 3%, having fallen from a peak of 6% in 2012.

Figure 5.9: Unemployment rate and economic inactivity rate (excluding students), BCR (2009-2017)

Unemployment rate by age band, BCR (2009-2017)

Source: NISRA, LADB

Economic inactivity rate (excluding students) by age band, BCR (2009-2017)

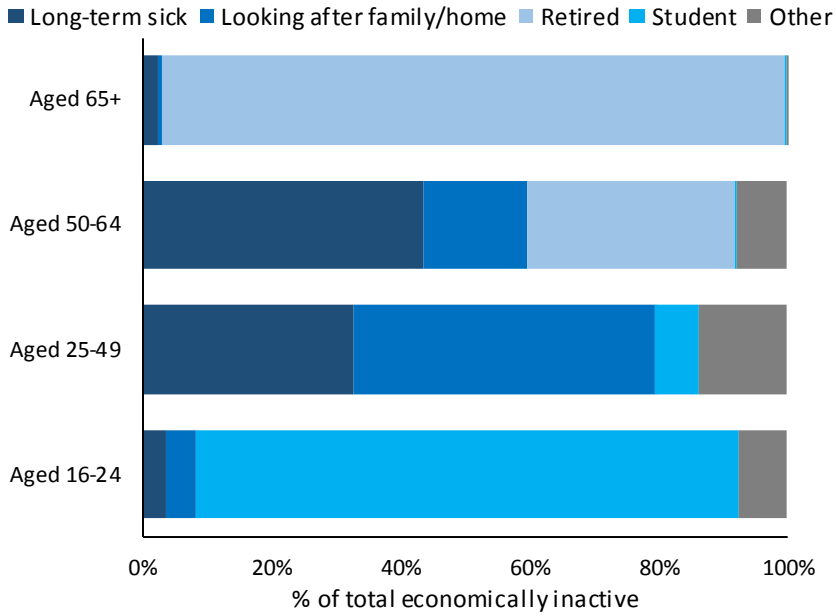


Source: NISRA, LADB

22. A second indicator of worklessness is the economic inactivity rate. The average economic inactivity rate of the working age population in BCR is 26%, for those aged 16-24 the economic inactivity rate increases to 41% and for those aged 25-49 it falls to 15%. It should be noted that approximately 85% of the economically inactive 16-24 year olds are classified as students, compared to 6% of those aged 25-49. As students are investing in their intellectual capital, it is reasonable to exclude them from figures of economic inactivity. This reduces the BCR working age economic inactivity rate to 23%, 10% for the under 25's (32 percentage point decline) and 14% for those aged 25-49.

23. **The economic inactivity rate for those aged 50+ is 62%, over double the working age average (26%).** The reasons for economic inactivity in older age bands are most predominantly retirement and long-term sick/disabled. In the over 50's 78% of economically inactive individuals are retired. **Relative to the UK, BCR's over 50's are more likely to be economically inactive due to long-term sickness** (14% of total inactive in BCR compared to 10% in UK).

Figure 5.10: Reasons for economic inactivity by age category, BCR (2017)



Source: NISRA, LADB

24. The composition of economic inactivity varies significantly across different age categories. Therefore, any initiative to reduce high rates of economic inactivity must fully understand and consider the composition across age bands and the consequential diverse barriers facing each age cohort.

Potential labour supply

25. The composition of hidden unemployment varies across age bands. Overall, 14% of those aged 16-24 self-report they would like a job. This compares to 30% for those aged 25-49 and 5% for those aged over 50.

26. Looking at the reasons for economic inactivity by age, over two-fifths (41%) of long-term sick individuals aged 16-24 report they would like a job, compared to just under one-third (31%) of those aged 25-49 and under one-fifth (18%) of individuals aged 50+.

27. At an NI level participation on GTS (i.e. TfS and S2S) are concentrated among the 25-49 age group, accounting for 53% of total S2S starts. However, under 25's account for all of participants on TfS (due to eligibility criteria) and almost one quarter (24%) of S2S starts.

28. If hidden unemployment (i.e. relevant GTS participants and economically inactive who would like to work) were to be included as part of the unemployed the real unemployment rate increases significantly across all age bands.

29. **The unemployment rate increases from 3.0% to 8.7% for those aged 25-49 when considering hidden unemployment.** The largest proportion of hidden unemployment is accounted for by looking after the family/home (36%) followed by long-term sick/disabled (28%). Similarly, when considering the hidden unemployed aged 50+ the rate increases from 2.3% to 10.0%, almost half (48%) of which are long-term sick.

Table 5.1: Potential labour supply - Components of hidden by age, BCR (2017)

	Aged 16-24	Aged 25-49	Aged 50+	Aged 16-64
ILO unemployed	11,140	9,430	3,430	24,000
Economically active	72,940	309,530	149,530	516,300
ILO unemployment rate	15.3%	3.0%	2.3%	4.6%
Hidden: Long-term sick	720	5,380	6,250	11,780
Hidden: Looking after family or home	830	6,910	2,040	9,920
Hidden: Student	4,740	1,440	10	6,310
Hidden: Retired	0	0	870	470
Hidden: Government Training Schemes	2,560	3,260	1,420	7,240
Hidden: Other	980	2,250	2,200	5,320
Total hidden unemployment	9,830	19,240	12,790	41,170
ILO unemployed + hidden unemployed	20,970	28,670	16,220	65,170
Real unemployment rate	**25.3%**	**8.7%**	**10.0%**	**11.7%**

Source: LADB, Labour Force Survey, UUEPC analysis

Note: Denominator used to calculate the real unemployment rate is the sum of the economically active population plus hidden unemployment.

30. The prevention of labour force participation for these individuals aligns to a range of labour market barriers. They are likely to include, lack of flexibility in the labour market (e.g. working hours suited to caring responsibilities) inappropriate jobs, lower qualification levels relative to employer demand and higher likelihood of adverse characteristics associated with discouraged workers (e.g. lack of confidence, relatively lower levels of well-being and health outcomes[32]).

[32] Carter, E. and Whitworth, A. (2017) Work Activation Regimes and Well-being of Unemployed People: Rhetoric, Risk and Reality of Quasi-Marketization in the UK Work Programme. Social Policy and Administration, 51 (5). pp. 796-816. ISSN 0144 5596 https://doi.org/10.1111/spol.12206

31. **The unemployment rate of individuals aged 16-24 would increase by 10 percentage points from 15.3% to 25.3%,** the largest percentage point difference across all age bands. Economically inactive students self-reporting they would like a job are the largest category of hidden labour for this category (48% of total hidden unemployment).

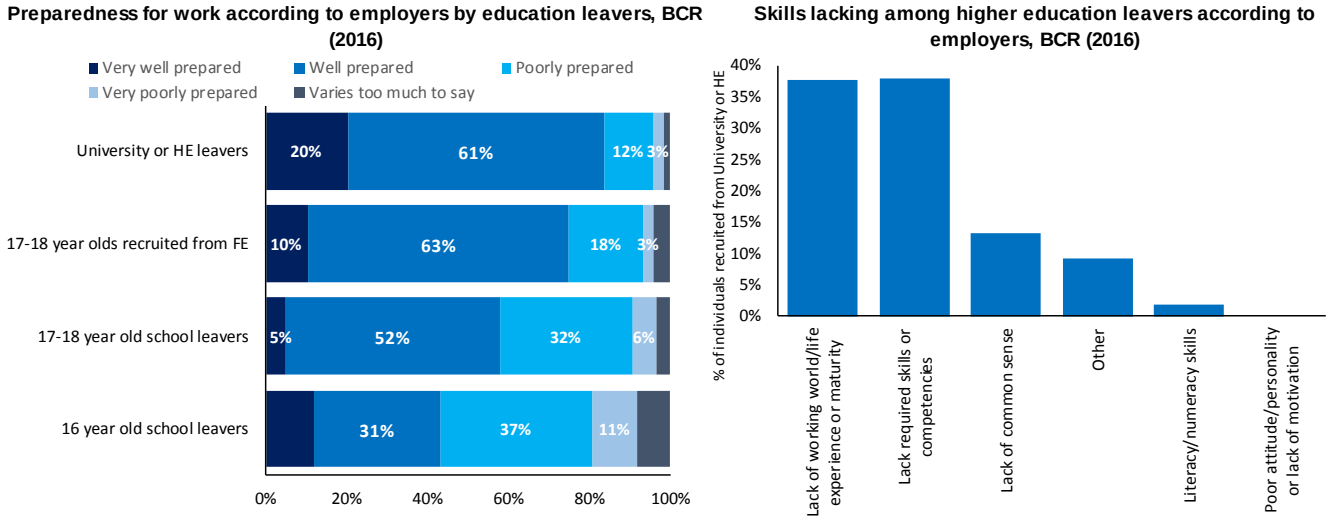
32. GTS account for a further one-quarter (26%) of under 25's hidden unemployment, significantly larger than other age categories. The high concentration is can be linked to TfS eligibility aged under 18.

33. Ensuring the labour market has appropriate flexible forms of employment would alleviate some of this pressure by meeting student needs encouraging them into the labour market. In turn, **students would develop a range of work-ready attributes, which employers often cite is lacking of among education leavers**. However, it is worth noting students aged 16-24 self-reporting they would like a job account for only 13% of total students aged 16-24. This is indicative of a general fall in the number of students working while studying. Recent research has highlighted a strong perception amongst young people that working while learning could hinder their performance at school or college, and a majority of students report their main reason for not earning and learning was a preference to focus on their studies[33].

34. Employability skills amongst young people is an important labour market issue. The views of employers are a good barometer to gauge youth employability. There is a higher level of work readiness amongst 17-18 year olds recruited from Further Education (73% very well prepared or well prepared) compared to the same age cohort recruited from school (57%). This implies the experience of Further Education for young people is likely to be more similar to a working environment allowing for a smoother transition into the workplace.

[33] Conlon, G. Patrignani, P. & Mantovani, I (2015) The death of the Saturday job. The decline of earning and learning amongst young people in the UK. A paper for the UK Commission for Employment and Skills. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/435285/15.06.15._DOTSJ_Report_design_final_EDIT.pdf

Figure 5.11: Preparedness of education leavers for work by employers, BCR (2016)



Source: Employer Perspectives Survey

Note: This figure excludes "don't know"

Source: Employer Perspectives Survey

Note: This figure excludes "don't know"

Note: Belfast City Region is based on Northern WDF, Belfast WDF,South Eastern WDF and Southern WDF.

35. At higher skill levels employers also have concerns relating to work readiness of qualifiers with tertiary level qualifications. For example, employers state that 38% of higher education or university leavers lack working world/life experience or maturity. This emphasises the need for work-based activities within the curriculum alongside a plentiful supply of student internship and placement opportunities, as they have not expanded at the same rate as higher education participation.

Summary

36. Increased life expectancy and reduced birth rates in recent decades has fuelled an ageing population, presenting policy with demographic labour market challenges. A number of key demographic trends can be drawn from the analysis:

- **Ageing population -** Individuals aged over 65 are expected to increase to 25% of the population by 2041. Over the same period, the working-age population share is projected to decline by 3%. This trend increases the dependency ratio putting pressure on a declining working age population to support the increasing elderly population.
- **Employment –** Youth (aged 16-24) and prime age (25-49) employment rates have increased since 2009, to 50% to 82% respectively. The older age (over 50's) employment rate (37%) is significantly below both the under 50's (74%) and below the UK average. Policy should consider reducing the gap between BCR and the UK average as higher projected dependency ratios indicate a need for longer working lives.
- **Economic inactivity -** The youth economic inactivity rate (41%) reduces to 9% when students are removed. At prime age the economic inactivity rate is 15%, predominantly comprised of looking after the family/home (46%) and long-term sick/disabled (36%). The over 50's has the highest economic inactivity rate

(62%) given the inclusion of retired individuals. If targets seek to reduce the rate of economic inactivity, they must consider the composition (e.g. students, retired).

- **Hidden unemployment –** In BCR 14% of the economically inactive aged 16-24 report they would like a job, 30% of those aged 25-49 and 5% of the over 50's. Participation on GTS is concentrated among prime age individuals (53% of S2S starts) and those aged 16-24 (100% of TfS starts) due to eligibility criteria.
- **The real employment rate -** If hidden unemployed individuals are considered as unemployed the youth unemployment rate increases by ten percentage points to 25.5%, prime age increases by five percentage points to 8.8% and the over 50's increases by eight percentage points to 10.1%.

37. The analysis of hidden unemployment suggests headline unemployment figures understate the volume of potential labour supply. Future incentives should seek to encourage these individuals into employment through uniquely tailored interventions which adheres the individual needs of different age cohorts. In addition, it will be important to raise the employment rate of the over 50's to offset some fiscal impacts of an ageing population.

6. Labour market capacity

Introduction

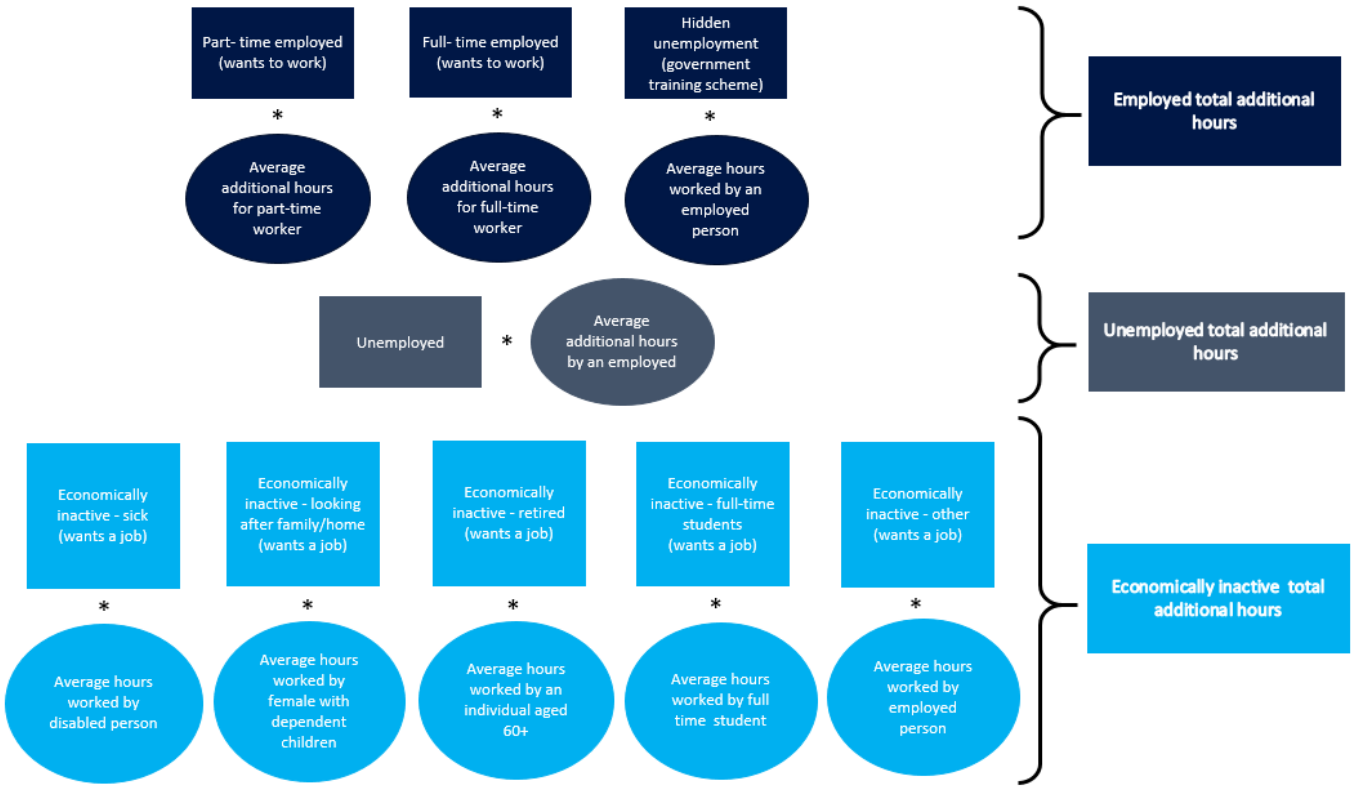
1. In previous chapters, this report discussed the concepts of hidden unemployment and underemployment. Data relating to these two concepts have been calculated separately, but they are not mutually exclusive. For example, hidden unemployment did not include people in employment who would like to work more hours. On the other hand, underemployment only accounts for the additional hours an employed person would like to work. It does not account for the hours an unemployed person would like to work nor does it account for the hours an economically inactive person would like to work, providing they have reported they would like a job.

2. In this chapter, the concepts of hidden unemployment and underemployment are combined to estimate a more holistic measure of spare capacity in the labour market.

A holistic measure of spare capacity in the labour market

3. To develop a methodology of spare capacity combining hidden unemployment and underemployment, an hour's based approach is adopted. This is summarised in the figure below.

Figure 6.1: Conceptual model to calculate spare capacity in the labour market



4. The holistic measure of spare capacity includes:

   - The inactive who self-report they would like a job (10% of the economically inactive population);
   - Hidden unemployment within GTS (equates to approximately 31% of ILO unemployment);
   - The unemployed (4.5% of the economically active population); and
   - Underemployed workers (8% of total employment).

5. Spare capacity is measured using an hours' based equation similar to how the ILO unemployment rate is calculated in people based terms. The proportion of spare capacity available in the labour market is calculated by the following formula:

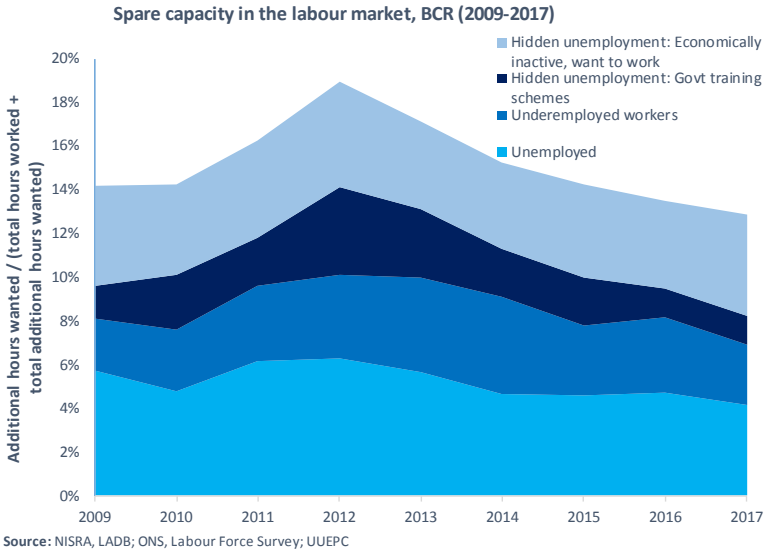
$$\text{Spare capacity (\%)} = \frac{\text{Total additional hours wanted (employed, inactive and unemployed)}}{\text{Total hours worked + total additional hours wanted}}$$

6. This measure indicates spare capacity in the BCR economy in 2017 was approximately 12.9% of total potential hours available in the economy. On an hours basis the contribution to the spare capacity in the economy was as follows:

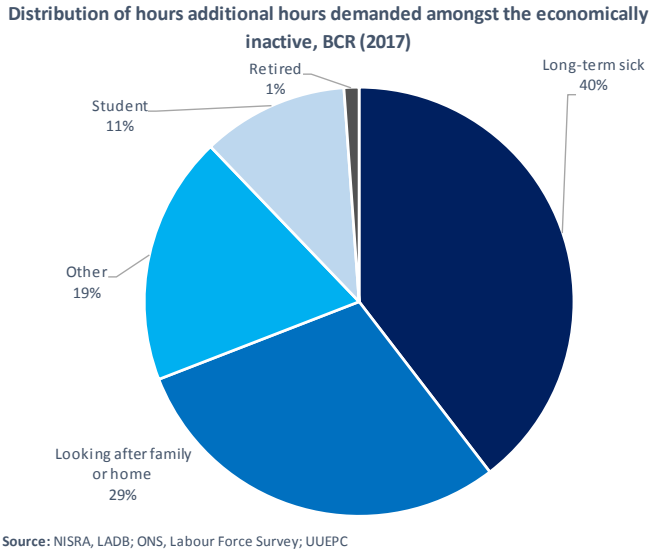
   - The unemployed (4.2% of total potential hours);
   - The inactive who want to work (4.7% of total potential hours);
   - Hidden unemployed within government training programmes (1.3% of total potential hours); and
   - Underemployed workers (2.8% of total potential hours).

7. The unemployed represent almost one-third (32%) of the overall spare capacity in the BCR labour market. This demonstrates that **the unemployment rate alone no longer represents a reliable barometer of the genuine level of worklessness in the local economy**.

Figure 6.2: Spare capacity in the labour market, BCR (2009-2017) and distribution of additional hours demanded amongst the economically inactive, BCR (2017)



Source: NISRA, LADB; ONS, Labour Force Survey; UUEPC



Source: NISRA, LADB; ONS, Labour Force Survey; UUEPC

8. The total number of working age economically inactive people is 8 times that of the number of ILO unemployed and the economically inactive who want to work are only 1.4 times the number of ILO unemployed. However **the economically inactive who want to work are likely to demand a smaller number of hours than an unemployed person**. The economically inactive who want to work account for 36% of total spare capacity in the labour market, compared to 32% from the unemployed. People classed as being long-term sick (40%) account for two-fifths of the labour resource from the economically inactive, and 30% accounted for by people looking after the family or home. Thus, **the people within these specific categories are likely to face significantly different labour market barriers and a one-size fits all policy approach is unlikely to be suitable.**

9. Although levels of spare capacity are much higher than indicated by unemployment statistics alone, the estimated level of spare capacity is significantly lower relative to 2012 (18.9%). This is unsurprising as 2012 represented the largest reduction in the number of jobs within BCR in the period following the Great Recession, and levels of job creation have been strong in the post 2012 period.

What does full employment look like?

10. Recent commentary has stated that the NI economy is close to full employment due to the current historically low unemployment rates[34]. However, as our analysis of hidden unemployment and spare capacity in the existing labour market has highlighted the official unemployment rate significantly understates the level of underutilised labour.

11. This research has estimated BCR's full-employment rate by adding the total number of employed individuals and unemployed individuals with the number of individuals identified as hidden unemployment (i.e. inactive who want to work and relevant participants on GTS).

Table 6.1: Measuring full-employment by gender, age and qualification, BCR (2017)

	Total population	Employed*	Employment rate* (%)	ILO Unemployment	Unemployment rate (%)	Hidden unemployment	Full employment	Full employment rate (%)	Difference (percentage points)
Total (aged 16+)	884,000	500,600	57%	24,000	4.6%	41,880	566,480	64%	7.5
Male (aged 16+)	428,200	262,400	61%	15,400	5.5%	18,500	296,300	69%	7.9
Female (aged 16+)	455,800	238,200	52%	8,600	3.5%	23,400	270,200	59%	7.0
Aged 16-24	124,100	59,200	48%	11,100	15.8%	9,800	80,100	65%	16.8
Aged 25-49	364,000	296,800	82%	9,400	3.1%	19,200	325,400	89%	7.9
Aged 50+	393,800	144,700	37%	3,400	2.3%	12,800	160,900	41%	4.1
Aged 16-64	694,000	485,100	70%	24,000	4.7%	41,200	550,300	79%	9.4
Below NQF level 2	280,100	116,900	42%	10,400	8.2%	21,200	148,500	53%	11.3
NQF level 2	162,300	88,500	55%	3,700	4.0%	9,300	101,500	63%	8.0
NQF level 3	163,300	96,700	59%	4,900	4.8%	7,900	109,500	67%	7.8
NQF level 4+	278,300	198,500	71%	4,900	2.4%	3,500	206,900	74%	3.0

Source: LADB, Labour Force Survey, UUEPC analysis

* Employed excludes the proportion of individuals classified as hidden unemployment

[34] BBC (2018) *Northern Ireland 'effectively at full employment'*. Available from https://www.bbc.co.uk/news/uk-northern-ireland-43796546 [Accessed 25th October 2018).

12. The table above detailing a full-employment scenario highlights **the current working-age employment rate of 70% for 16-64 year olds in BCR would need to increase by 9 percentage points to reach a full-employment rate of 79%**. The difference between current employment rates and the calculated full-employment rates vary by gender, age and highest level of qualification.

13. If males were to reach full-employment in BCR it would generate an 8 percentage point increase in the 16+ employment rate from 61% to 69%. The female 16+ employment rate would increase from 52% to 59% to meet full-employment. The largest percentage point difference is among those aged 16-24, as full-employment would require a 17 percentage point increase in the employment rate from 48% to 65%.

14. For individuals with a highest level of qualification below NQF level 2 to reach full employment, their employment rate would need to increase by 11 percentage points, from 42% to 53%. At NQF level 2 and NQF level 3 the increase in the employment rate required to meet full-employment is 8 percentage points and 7.8 percentage points respectively. For individuals qualified to tertiary level, to reach full employment the employment rate would need an increase of 3 percentage points from 71% to 74%. This pattern highlights those with lower qualifications are more likely to be caught within some form of hidden unemployment, compared to those with higher levels of qualifications. Indeed, those with a highest level of qualification below NQF level 2 account for over half (51%) of hidden unemployment. Whereas individuals with a tertiary level of qualification account for less than one tenth (8%).

Summary

15. An analysis of spare capacity in the labour market suggests the official unemployment measure no longer represents a reliable barometer of the potential labour supply. There are a number of key points which can be taken from an analysis of spare capacity in the labour market:

    - **Potential hours -** Spare capacity within the BCR labour market was 12.9% of total potential hours in BCR. This is comprised of 32% of hours from unemployment, 36% of hours from the economically inactive who want to work, 21% from underemployed workers and 10% from individuals on GTS.
    - **Full-employment -** If BCR were to reach a situation of full-employment, the employment rate would need to increase from 70% to 79% for those aged 16-64. For young people (aged 16-24) the current employment rate would need to increase from 48% to 65%, a 17 percentage point increase.

16. The characteristics of the individuals that constitute the measure of spare capacity vary widely from underemployed and unemployed individuals who are close to the labour market, to long-term sick/disabled or looking after the family/home individuals facing an array of complex labour force barriers. Therefore the people that constitute spare capacity are likely to face significantly different barriers and a one size fits all policy is unlikely to be suitable for both groups.

7. Conclusions and policy remarks

Introduction

1. This report has provided an overview of the BCR resident labour market. Headline indicators highlight a picture of mixed success. However, a more detailed analysis of key metrics indicates a number of **'beneath the surface' labour market challenges**.

Recent labour market performance

2. Since 2009 BCR has accounted for almost three-quarters (74%) of total employment growth in NI, and grew at a faster rate than the NI average (10% and 8% respectively). BCR's working-age employment rate has increased by 4 percentage points in recent years and is now marginally above the NI employment rate (70% and 69% respectively).

3. The unemployment rate (4.5%) in BCR has is similar to the unemployment rate for NI as a whole (4.4%). Working age economic inactivity in BCR remains marginally below the NI average (27% and 28% respectively). Overall BCR accounts for 58% of NI's working age workless population and 60% of its working age population. In other words**, the region performs at a similar standard to NI as a whole across a number of labour market indicators.** This is not surprising given the geographical scale of BCR.

The structure of employment

4. Given the geographic composition of BCR (i.e. BCC and the surrounding LGD's) it is not surprising that almost all (97%) of BCR residents work within BCR. Therefore the pattern of employment for BCR residents is similar to the BCR workplace. Only 7% of people with jobs located in BCR live outside the region's boundary. BCR residents largely work within BCR.

5. It is important that BCR residents can benefit from the wide range of specialist industries across the region including creative industries, digital services, financial services and professional services. For residents to benefit, local education providers should ensure linkages with key firms in growth sectors to develop opportunities for placements and explore opportunities for collaboration in curriculum design and work-based learning initiatives.

Growth of non-standard forms of employment

6. Non-standard forms of employment (self-employment, temporary workers and part-time workers) have become increasingly important to job growth in recent years. In 2009 these categories of employment accounted for 39% of all people in employment and increased to 41% by 2017, a high proportion relative to other UK regions. **Overall, non-standard employment has accounted for two thirds (67%) employment growth over the 2009-2017 period**.

7. Non-standard forms of employment represent employment opportunities for many people who are unable to commit to regular full-time working hours. Therefore, they are a useful addition to the labour market to help raise the overall employment rate. However, **a proportion of non-standard workers are discontent**. These workers are defined as people who are in employment and either have an hour's deficit, are temporary workers who could not get permanent positions or any worker currently seeking a different job.

8. Within certain types of employment, the proportion of discontent workers is high. For example, almost two-fifths (37%) of part-time temporary workers are classified as discontent. Further, a high proportion of temporary full-time (28%), self-employed part time (27%) and permanent part-time (24%) are classified as discontent. However, overall only 12% of people employed are 'discontent workers', which is a lower proportion than all regions in Great Britain.

9. **Despite the overall number of workers who are discontent with their current job being relatively low, the high proportions within some categories of employment are concerning**. The number of temporary workers who are discontented merits monitoring. The number of people in BCR employed in this type of contract grew by 28% over the 2009-2017 period, and represented almost one-fifth (17%) of employment growth. It is important to ensure that these temporary jobs are 'stepping stones' into more stable employment, rather than a series of precarious situations that raise the risk of unemployment.

10. A high proportion of self-employed part-time people are reported as discontent, this is likely to be driven by three factors:

    - Self-employed people facing a **demand deficit** for their product or service, hence there is an hours deficit.
    - **Forced self-employment** whereby people working as self-employed would prefer to work as an employee but have failed to secure a job.
    - **Bogus self-employment** whereby in practice the employment relationship is characterised by the same subordinate relationship which exists between an employer and an employee. However, on paper the individual is classified as an independent self-employed contractor. Employers arguably use this form of employment as a cost saving measure to avoid certain employment rights which apply to employees but not the self-employed (e.g. sick pay, minimum wage, holiday entitlements, working time protections etc.).

11. Employees with temporary contracts and jobs with irregular hours tend to be negatively affected if the design of the job is based on one-sided flexibility in favour of an employer. The recent Taylor review of modern working practices[35] identified a number of areas that

[35] Taylor Review (2018) Good work: the Taylor Review of modern working practices. https://www.gov.uk/government/publications/good-work-the-taylor-review-of-modern-working-practices

should be addressed in an effort to ensure good work for all. The report's recommendations, *inter alia,* included:

- The right to switch to a contract which reflects an employees normal hours;
- A right to a reasonable notice of work schedule;
- Compensation for shift cancellation or curtailment without reasonable notice;
- A need to be clearer about how to distinguish workers from those who are legitimately self-employed;
- Ensure transparency in pay arrangements for those working as agency workers;
- Ensure transparency amongst larger firms with regard to their model of employment; and
- To ensure the same basic principles apply across all models of employment.

12. Although the number of discontent non-standard workers is much lower when compared to other UK regions, it is no less important that these workers receive the same rights afforded to other employees. The measures in the Taylor Review should be implemented locally, ensuring that the BCR economy can benefit from the positive outcomes which flexible employment brings, while also providing protection and fairness for non-standard workers.

Spare capacity within the workforce

13. **Over one-quarter of people employed in BCR (27%) work on a part-time basis**, which is two percentage points above the NI average (25%). Growth in part-time working in BCR contributed over half (54%) of employment growth between 2009-2017. This is an interesting trend, and in some cases indicates an inability to obtain a full-time position. However, for others part-time work provides a flexible and convenient form of employment for people unable to commit to regular full-time hours. **Only 13% of part-time workers indicated that their reason for working part time was an inability to find full-time work**.

14. In an economy where part-time employment is more prevalent, and more people work in non-standard forms of employment, it becomes important to monitor the potential labour supply of those in work as well as the workless population.

15. Amongst the employed population, 6.8% of workers would like to be working more hours. This is significantly lower than other UK regions, and has fallen in each year since 2014. Employed BCR residents sought an additional 532k hours, which is roughly equal to a 16.1k increase in employment at the average number of hours worked by an employed person. Therefore, **although the extent of underemployment is much lower in BCR relative to other UK regions, the level of spare capacity available within the existing workforce is not insignificant**.

Worklessness

16. **Unemployed people represent a minority of workless people in BCR**, accounting for approximately 11% of working age workless people in BCR. The majority of workless

people in BCR are economically inactive, and BCR's economic inactivity rate (27%) although marginally below the NI average (28%) it is higher than any GB region.

17. Rates of employment deprivation tend to relatively concentrated in BCC relative to the surrounding LGD's comprising BCR. This is due to the **mismatch of skills** between lowly qualified BCC residents and the recent trend in high rates of job creation in roles requiring tertiary education. Labour mobility tends to be much lower amongst people with low qualifications. This group tend to be associated with low remuneration occupations, which decreases the financial incentive to work if travel costs are significant.

18. **The spatial pattern of disadvantage holds across multiple economic and social indicators**. The pattern is engrained within the social fabric of Belfast as a city, and has changed little over the past three decades. During this time period multiple locally targeted initiatives have come and gone. On the surface these appear to have had little impact in bridging the long term prosperity gap between areas of social and economic disadvantage and more affluent neighbourhoods across the region.

Long-term sickness

19. The largest component within BCR's economically inactive population are long-term sick individuals (28%). **In BCR a person of working age is more likely than their UK counterpart to be inactive due to sickness** (7.5% and 5.3% of the population respectively). An analysis of programme data highlights that almost half (47%) of ESA claimants in BCR have a psychiatric disorder. This highlights the significant challenges that are faced locally relating to a high proportion of the population who have a condition related to mental illness.

20. **The data relating to sickness levels is concerning, and runs counter to wider health and economic trends**. In recent decades' society has become wealthier and healthcare systems improved, over this period **a counterintuitive trend has been observed regarding increasing levels of sickness through the benefit system**. In recent years sickness has not reduced by levels commensurate to the level of job creation within BCR. As our understanding of mental health improves one reason to explain high numbers of people who are mentally ill is a significant improvement in the diagnosis of mental health conditions. However, the data suggests that our ability and support and re-integrate this group is failing and represents wasted potential.

21. This is a difficult issue to resolve due to the passive nature of out of work sickness benefits. For example, ESA claimants are placed in a 'Support Group' or a 'Work Related Activity Group' (WRAG). In the former claimants are under no obligation to participate in labour market activation programmes, and in the latter claimants are expected to participate in work focussed interviews and work related activities. Unfortunately, the vast majority of claimants are in the support group (94% of post-assessment claimants) receiving little support to improve their employability.

22. An unintended consequence of the design of welfare programmes is to encourage the claimants to express how sick they are, rather than have an honest conversation about their work capability. **The ability to work is not a binary 'can work' or 'can't work' outcome**. A persons' ability to work is at a point on a wide scale. The working age disabled employment rate in NI is significantly lower than the UK (35% versus 51%). The scale of this gap is indicative of a lack of progress in helping people with illness or disability overcome the barriers to participate in the labour force which they face. If BCR were able to increase the disabled employment rate to match the UK rate it would equate to an additional 23,800 people in employment.

Labour market transitions

23. Headline labour market indicators reported a fall in employment and unemployment between 2016 and 2017, and a rise in economic inactivity. This implies a net flow of people into economic inactivity.

24. Administrative data indicates that **a high proportion of people on JSA flow onto the ESA or DLA caseloads**, a quantum roughly equivalent to one-fifth of the JSA caseload in 2017. The deterioration in health of these individuals following a period on JSA is concerning. When considering labour market interventions for workless people policy must consider the entire welfare system and how unemployment and inactivity programmes are interlinked. NI's social security ecosystem should be composed of a series of supporting parts, and not interventions which act as a 'feeder programme' to other aspects of the social protection network.

The fallacy of low unemployment

25. The unemployment rate (4.5%) is extremely low by historical standards, and far removed from the double-digit unemployment rates observed throughout most of the 1980's. However**, beneath the veneer of the buoyant labour market indicated by the headline unemployment rate are a number of structural weaknesses**. These limit the usefulness of the unemployment rate as an accurate measure of spare capacity within the labour force.

26. There are a number of areas in the labour market where unemployment is hidden. In other words, there are people who would like to work but are not included within the official unemployment rate. These include:

    - **Economically inactive - long-term sick/disabled**: This group contains a diverse mix of people. It includes sick and disabled people who are incapable of work; sick and disabled people capable of some form of work; and discouraged workers who prefer a passive benefit associated with no conditionality. Within the 54,700 people included in this group almost one-quarter (23%) want a job.
    - **Economically inactive – looking after family/home:** This group is predominately female, and over one-quarter (27%) of the 40,500 people with this status want a job.

- **Economically inactive - retirees:** There are very few people who have retired that want a job (0.2%), representing just 400 people.
- **Economically inactive – students:** Just over one-tenth (12%) of BCR's 47,000 inactive full-time students would like to work. Therefore, this is likely to be a demand for part-time and/or flexible positions.
- **Employed – GTS:** There are a number of people counted as employed in government statistics who could reasonably be considered as unemployed. For example, people on out of work training programmes such as TfS and S2S. The eligibility criteria for the programmes are strongly associated with the characteristics of unemployed people. The proportion of participants either gaining a recognised qualification or gaining employment tends to be low, and the experience for the participants is that the programme acts as a holding area during a spell of worklessness. Across TfS and S2S it is estimated that 7,380 programme participants could reasonably be considered to represent hidden unemployment.

27. Summing the various components of hidden unemployment indicates there are 41,880 who could reasonably be considered to be unemployed. However, they are not included in the official unemployment statistics, which indicate 24,000 people in BCR are unemployed. Therefore, **the 'real' number of unemployed persons in BCR is 65,880**, approximately 2.7 times as many people as indicated by the official unemployment statistics**. The ILO measure indicates an unemployment rate of 4.5%, which is significantly lower than the 11.5% 'real unemployment rate' once hidden unemployment is accounted for**.

Assessing hours based capacity using an hours based approach

28. An important point to note is that hidden labour reserves are unlikely to demand traditional roles in the economy. **A large proportion of the hidden unemployed will demand flexible roles**. For example, sick or disabled people will be restricted from certain occupations and are more likely to want to work shorter hours. A mother with childcare commitments is more likely to want to work part time or on flexible contracts.

29. After accounting for the hours preferences of different groups who comprise hidden unemployment, and in-work underemployment, it is estimated that there are currently 2.5m hours demanded by people within the BCR labour market. This compares against 16.6m hours currently worked, thus indicating **spare capacity in the economy to be 12.9% of total potential hours available,** amongst BCR residents.

30. The unemployed represent just under one-third (32%) of overall spare capacity in BCR's labour market. Therefore, **the unemployment rate alone no longer represents a reliable barometer the potential labour supply**.

A labour market that works for both genders

31. The pattern of job creation in BCR over much of the past twenty years has favoured females relative to males. Roles that were traditionally undertaken by men such as basic manufacturing and construction jobs have been displaced by numerous factors – not

least automation and globalisation. **Since 2009 females have accounted for over half (57%) of job growth**, reflecting these structural economic shifts.

32. This process is accompanied by an underlying skills dynamic. Poorer academic performance, on average, amongst males across all levels of the education system creates a larger pool of poorly qualified males relative to females. Historically in NI's industrial past manufacturing provided a route to employment for poorly qualified young men. However, **in a service driven economy with an increasingly qualifications hungry labour market the opportunities for smooth school-to-work transitions are limited.** The labour market is also challenging for poorly qualified young women. However, superior academic performance and less exposure to structural shifts in the economy has somewhat limited women from labour market disruption in comparison to men.

33. The differential between the ILO unemployment rate and the 'real unemployment rate' is relatively similar for males and females. However, the mix of 'hidden' unemployment is different. Women are more likely to represent hidden unemployment due to caring commitments. In contrast, men are more likely to be on GTS or be out of work due to a long-term illness.

Extending working lives

34. Demographic shifts will change the landscape of the labour market over the coming decades. Over the 2018-2041 period the 65+ population in BCR is forecast to grow by 55%, whilst the working age population is expected to decline by 3% over the same period. By 2041 people over 65 will account for one in four people in the population. **With an increasingly top-heavy population structure a greater burden is exerted on the productive population to support the elderly**. In 2018 there are 4.6 people of working age to support every individual over 65. By 2041 this is expected to drop dramatically to just 2.3.

35. The changing age structure will inevitably place heightened pressure upon public finances. The high economic inactivity rate in the local economy exacerbates the scale of the challenge to generate the financial resources required to meet future age-related spending needs. In particular, **the employment rate in BCR for people aged 50-64 is significantly lower than in the UK**. Thus reducing the employment rate gap amongst older age categories should be a policy consideration in an economy with an ageing population.

36. This report has highlighted that amongst the over 50's there are **four times as many unemployed people hidden from the ILO measure of unemployment compared to the ILO measure itself**. This implies a real unemployment rate of 10%, compared to a rate of 2.3% using the ILO methodology. Therefore, the willingness to participate in the labour market is higher than suggested by official statistics amongst the over 50's.

Young people

37. The underperformance of BCR residents within the education system is discussed in detail in UUEPC's *future skill needs* paper which accompanies this report[36]. However, this paper has provided further insight on the legacy of this underperformance in the form of labour market outcomes.

38. The ILO unemployment rate for the under 25's is 15.3%, but after accounting for hidden unemployment this rises to 25.3%. Low academic achievers have a high probability of experiencing a period of unemployment and/or economic inactivity. **The economic, social and fiscal cost stemming from the long tail of underachievement at school manifests itself in periods of worklessness and participation in GTS in later years**. Engaging with this group at the earliest stage is vital, as intervention at a later stage is more difficult after young people have become detached after a spell, or multiple spells, of worklessness.

Policy remarks and further research

39. This paper has not been written to provide specific policy and programme recommendations. However, a number of high-level policy remarks and areas for further research are provided in the sub-sections below.

A shifting demand and supply side

40. The skills system in NI has not responded well to structural shifts in the economy. At the time of the 1951 Census around half (46%) employed males in BCR[37] were employed in "manufacturing industries", which compares to less than one in ten (9%) today. Over the past 30 years the decline of manufacturing jobs, alongside the rise of the service sector over the past 30 years has contributed to a shift towards academic education. With a more plentiful supply of higher level qualifications amongst the labour force employers have shifted preferences towards tertiary qualifications. This has had two effects:

    - **An ineffective use of the skills of the local labour force.** According to the Employer Skills Survey over one-third of employers (36%) in BCR[38] reported having staff who were overqualified for their job. This is marginally higher than the UK average (35%).
    - **Reduced opportunities for young people with low qualifications.** In UUEPC's future skills needs report for BCR we estimate that a mere 10% of labour demand from the education system will be for people with qualifications below NQF level 2[39].

[36] Magill, M. & McPeake, M. (2018) Belfast City Region – future skills needs. Ulster University Economic Policy Centre. A report for Belfast City Council.
[37] This refers to County Borough of Belfast, County Down and County Antrim geography.
[38] BCR excluding Newry, Mourne and Down due to data constraints.
[39] Magill, M. & McPeake, M. (2018) Belfast City Region – future skills needs. Ulster University Economic Policy Centre. A report for Belfast City Council.

A skills ecosystem – participation over the life course

41. Given the structural shifts that have occurred in the economy, and likely future disruption due to automation and globalisation, **lifelong learning is more important now than ever**. To insulate from the effects of having jobs displaced by external forces workers should continue to develop their skills and qualifications throughout their careers. **In NI only 10.3% of staff have participated in training towards a nationally recognised qualification within the past 12 months**. However, the number of staff 'upskilling' is likely to be much lower than this. In other words, the levels of the qualifications achieved via in-work training will not always supersede the prior attainment of participants.

42. One option to consider is **a personal training account** similar to that used in France. The system ensures that every individual has **a right to a set number of hours training per year, and this right is portable between employers**. The courses available must award a **nationally recognised qualification**, meet the anticipated needs of the economy and benefit the employee by safeguarding their employment. Additional funding for re-training could be targeted at workers at risk of becoming detached from the labour market. For example, those in companies with announced redundancies.

Business reporting in a transformational labour market

43. The rate of non-standard employment in BCR is above that of NI as a whole and the UK average. Non-standard employment has accounted for two-thirds of employment growth in BCR since 2009 and there are many positives to having an increased number of positions with some degree of flexibility. Namely, **increasing labour market participation amongst those who are unable to commit to regular full-time hours** (e.g. working mothers, students, people with health conditions etc.).

44. However, there are examples where employers have taken advantage of employees in non-standard employment. Indeed, as there are for many standard full-time positions. It is **important to monitor business practices to ensure workers are not being treated unfairly**. Equally, the many positive contributions employers make to civic society should be celebrated. One potential method would involve a mandatory requirement for any firm in receipt of public funding to report on their contribution to the local economy and society. Reporting metrics could include the number of apprenticeships provided; number of new recruits previously workless; number of qualifications delivered via training, number of internships and work placements provided; staff days devoted to charitable work etc. The transparency of this type of reporting has the potential to increase participation in initiatives of local economic and social value.

Ensuring a good job for everyone

45. The number of discontent workers in BCR overall appears to be much lower compared to the rest of the UK. A discontent worker is a person who is unhappy with either their hours, contract type or is looking for an alternative job. However, it is important to note

that the proportion of people looking for an alternative job is considerably lower compared to the rest of the UK. This may represent less discontent amongst the workforce. Equally, however, it may a function of the industrial structure of a large public sector which is associated with low exit rates, lower occupational mobility due to skills deficits and a perception of lower opportunities which discourages job search.

46. The question of 'good jobs' is very difficult to answer with the current labour market information available. **An employee survey to track aspects of what constitutes a good job would be a useful addition to the existing suite of local labour market indicators**. There is a growing evidence base of employer practices which are considered to improve the quality of jobs for employees (e.g. empowerment, cross disciplinary training; not planning to operate at full capacity, clear career paths, fair wages etc.[40]).

47. However, there is **no available data in NI to assess how employees view the quality of their jobs**. For example, there is a data gap relating to how highly employees regard the quality and usefulness of the training they have received in the workplace. There is also a lack of evidence relating to employee's views on management and leadership practices, or their organisational culture.

48. Some firms and occupations have a culture of working long hours (often unpaid). This can interfere with the personal goals of employees affecting productivity and well-being. For example, a recent survey[41] of 2,000 UK workers found that one in four employees worked in excess of their contracted hours on a weekly basis. In the same survey, over half of respondents noticed an increase in stress and workload in their workplace. Alongside a real wage squeeze for much of the past decade, it can be of little surprise that **as few as one in four employees feel that the UK economy works for them**[42].

49. Levels of discontent amongst employees are more intense in non-standard forms of employment. As locally there is a higher proportion of this type of employment relative to the UK, the negative effects on employee well-being may be more severe. Further, higher proportions of UK workers in lower pay brackets reported that the economy did not work for them, and the local labour market has a relatively high proportion of low earners. In the absence of a statistical evidence base, it is not possible to accurately gauge perceptions amongst the BCR workforce. **An annual survey of employees would provide an avenue for the concerns of local workers to be heard**.

Flexible working and labour force participation

50. There is no doubt that the growth of different types of jobs involving more flexibility and shorter working hours have boosted labour market participation, particularly amongst women. **The balancing act combining work with leisure and caring**

[40] Ton Z (2014) The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits, New York: Amazon Publishing
[41] Centre for Labour and Social Studies (2018) Labour market realities – workers on the brink. http://classonline.org.uk/docs/Labour_Market_Realities_Workers_on_the_Brink_final_3.pdf
[42] Ibid.

responsibilities disproportionately affects women, who are more likely than men to care for children and adults with care needs.

51. **The number of vacancies for flexible jobs significantly influences how women participate in the labour market**. The pay, skill level and quality of such roles are also significant determinants of female labour market participation. It is often difficult to find jobs fulfilling these requirements combined with suitable flexibility. This restricts the number of career options for people with caring responsibilities.

52. Finding a solution to this is difficult. The most common reason for worklessness amongst women who want a job is that they have commitments to look after the family/home. A significant barrier often cited by survey evidence is the cost and availability of childcare. Thus an obvious policy intervention relates to subsidising the costs of childcare. However, a cost-benefit analysis of a highly subsidised system of childcare for NI concluded that the costs outweighed the benefits and that "*the economic case for subsidised childcare is not strong*". Having an impact in this area is difficult, but there are potential interventions which can have a positive influence:

    - **Societal change**: Changing the dynamics on how families make choices relating to the allocation of paid and unpaid work is outside the sphere of policy. However, without a societal change the number of people outside the labour market for caring reasons will continue to be predominately female. One option is to change the allocation of maternity leave. The current system allows parental leave to be shared by both parents. However, men's take up of leave is extremely low at approximately 2%[43]. A public policy option is to remove the element of choice which would involve specific paternity leave, that would be lost if not used. This approach is similar to that used in Norway, Sweden and Iceland. In Sweden, fathers now take 25% of parental leave, compared to 0.5% in 1974 when changes to maternity pay were first introduced[44]. Scandinavian countries with this type of parental leave system have amongst the highest female labour force participation rates in the world[45], and compare favourably on other indicators such as the gender pay gap. Although there are other factors which contribute to this, the system of parental leave is undoubtedly a causal factor.
    - **Flexible hiring:** More flexible forms of hiring would benefit not only female labour force participation, but also people with health conditions and disabilities and older people. The House of Commons Women and Equalities Select Committee[46] recommended that "*the Equality and Human Rights Commission (EHRC) should update its guidance to employers explaining legal requirements to offer flexible work; the benefits of flexible hiring; and the potential risk of indirect discrimination if*

[43] BBC (2018) Shared parental leave take up may be as low as 2%. https://www.bbc.co.uk/news/business-43026312
[44] Apolitical (2017) How parental leave changed the way Sweden sees fatherhood https://apolitical.co/solution_article/parental-leave-policy-changed-way-sweden-sees-fatherhood/
[45] Winkler, A. (2016) Women's labour force participation. IZA world of labour. https://wol.iza.org/uploads/articles/289/pdfs/womens-labor-force-participation.pdf
[46] House of Commons Women and Equalities Committee (2016) Gender Pay Gap, Second Report of Session 2015–16, HC 584, 22 March 2016.

employers do not consider whether newly advertised roles and existing positions could be worked flexibly. EHRC guidance should make clear that flexible working is not just about part-time working but can include working remotely, adjusted hours and job-sharing" A mandatory requirement for all jobs to be advertised on a 'flexible' basis would improve labour market participation and help combat the gender pay gap according to the EHRC[47].

Tackling the motherhood pay penalty

53. A parent staying at home to focus on unpaid caring responsibilities rather than formal work is not necessarily a labour market problem. Indeed, if the household has sufficient income where a good lifestyle can be supported by the income one parent, a mother staying at home can have significantly positive benefits on child development.

54. However, **after a period out of the labour market in the early years of a child's life the career prospects for mothers significantly change**. These women may be relegated to lower-tier positions in different sectors of the labour market that offer a lower likelihood of career mobility and wage growth.

55. **This occupational downgrading represents an obvious underutilisation of skills**. A recent survey[48] highlighted that almost half of mothers on low to middle incomes take on a lower-skilled part time job on their return to work after having children. This finding is consistent across the skills spectrum, with over two-fifths of degree holders stating that they had taken on a less skilled job because of working time.

56. There are a number of actions which could contribute to a more effective use of skills amongst mothers:

- Employers should reassess how to evaluate a candidates potential to **avoid negative bias towards CV gaps**. A career gap does not necessarily mean a deterioration in skills. Personnel specifications should avoid language that excludes experienced professionals. For example, a necessity for a particular experience to have been gained within the past two years.
- **Returnships can act as a useful route back to employment after a career break**. These are internships aimed at women following a career break, and provide a bridge back to more senior roles. The returnships are organised around a specific project that the candidate can take ownership of, and combined with support systems to allow participants to develop their professional network.
- Initiatives to encourage mothers to continue to develop their skills during career breaks could also be effective. For example, **subsidised courses in subject areas where there are skill shortages taught on a flexible basis** (e.g. distance learning).

[47] The Guardian (2017) Advertise all UK jobs with flexible working to tackle pay gap https://www.theguardian.com/society/2017/aug/15/uk-jobs-flexible-working-gender-pay-gap-paternity-leave-equality-human-rights-commission

[48] Resolution Foundation (2012) The price of motherhood: women and part-time work. https://www.resolutionfoundation.org/publications/price-motherhood-women-part-time-work/

Active labour market programmes - Do we know what works and what does not?

57. People need to be motivated to work. This report has illustrated, **many jobless people are keen to find work**. However, some become disillusioned with the prospect of finding an appropriate job, especially after an extended period of an unsuccessful job search. For policy, this means tackling disincentives and barriers to work. Where a rapid return to employment is unlikely, additional support is required to increase employability. The main active labour market policy used in NI is S2S programme (mandatory for long-term unemployed individuals).

58. The proportion of participants achieving successful employment outcomes through this programme is relatively low, and the proportion of participants who are transitioning through the programme for a second time is concerning. S2S has been running since 2014, and an evaluation should be taken to calculate the net impact of the programme (with an appropriate counterfactual). It is important to evaluate training programmes by tracking employment outcomes for a sustained period to provide evidence on whether the intervention has had a long-term positive impact on participants' labour market status.

59. Future funding decisions should be allocated towards initiatives that have demonstrated net additional outcomes over the long term and value for money. Appropriate monitoring and reporting systems to measure the net impact of any pilot labour market programmes will provide an evidence base upon which to determine future funding decisions.

Identifying those most in need of assistance

60. There may be scope to better **identify at risk groups using public datasets for a targeted offer of services**. For example, youths not in employment (using administrative school data), inactive spouses (using tax and benefit records alongside Census or electoral records), future unemployed (through redundancy announcements).

Understanding career prospects for temporary workers

61. This paper has highlighted that the proportion of temporary workers seeking a new or additional job in the local labour market is relatively low compared to other UK regions. However, amongst temporary workers in NI a relatively high proportion (41%) stated they had been unable to find a permanent position. This suggests that in a reasonable number of cases the individual employed on a temporary basis has given up actively searching for another position.

62. Temporary jobs are a useful addition to the labour market where they act as stepping-stones to more stable and rewarding work. However, a minority represent a job of last resort which offers little prospect of moving into a good quality job.

63. **Temporary jobs accounted for nearly one-fifth of employment growth in BCR since 2009, and are an increasingly important feature of the labour market**. Research evidence which highlights a negative association between being in a poor

quality temporary position and well-being[49]. Further research in this area to monitor employee wellbeing is particularly important in these types of jobs.

Integrating youth into the labour market

64. Demographic trends indicate ageing populations and shrinking youth cohorts. Therefore, **tomorrow's economy will become even more dependent on successful outcomes for youth and for future fiscal sustainability and growth**. Ensuring youth across all skills categories can gain access to meaningful and rewarding employment is of critical importance. The analysis in this report has highlighted high levels of unemployment amongst youth. To better foster youth employability there are a number of issues to consider:

- Youth often lack certain social and emotional skills (e.g. teamwork), which can undermine their use of cogitative skills. It is important that education systems are inclusive and **encourage skills development in these softer skills across all skill levels**.
- The education attainment gap between children from deprived and affluent households has narrowed little over the past decade. Although the performance of pupils receiving free school meals (FSM) has improved, so has the performance of non-FSM pupils leaving the gap relatively unchanged. **Alternative pathways to academic qualifications should exist to provide flexibility and choice in the education system**. Higher quality vocational education and training has been associated with less polarised outcomes between graduates and those who do not choose an academic route[50]. Vocational education pathways can help engage youth who have become disaffected with academic education, improve graduation rate, ensure smooth transitions from school to work and create a workforce with a more diverse range of skills[51]. This can help insulate from economic shocks. For example, countries with strong vocational routes such as Austria and Germany were relatively successful in maintaining stable employment rates amongst young people during the post-recession years since the 2008 crisis.
- The recent policy move to develop higher-level apprentices and re-vamp youth training provides routes for youth who would prefer an alternative option to an academic tract. For this to provide a different option to university it is important that the apprenticeships provide a clear upward path within the organisation to achieve a higher level qualification. **Marketing success stories from the programme thus far is important to encourage employer participation. For the programme to provide a range of work based learning opportunities across a variety of sectors and occupations maintaining high levels of employer engagement is essential.**

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[49] Dawson, C., Veliziotis, M. and Hopkins, B. (2017) Temporary employment, job satisfaction and subjective well-being. Economic and Industrial Democracy, 38 (1). pp. 69-98. ISSN 0143-831X Available from: http://eprints.uwe.ac.uk/26836

[50] O'Higgins N (2012) 'This Time It's Different? Youth Labour Markets During the Great Recession', IZA, Discussion Paper No. 6434, Bonn: IZA

[51] Quintini, G. and Manfredi, T. (2009) Going separate ways? School to work transitions in the United States and Europe. *OECD Social, Employment and Migration Working Papers.* *http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=delsa/elsa/wd/sem(2009)18*

- **Skills friendly tax policies** to foster employment of low skilled youth would provide an incentive for employers to recruit low skilled youth.
- Even highly qualified youth can face labour market challenges gaining access to high quality employment. In many cases, internships and work placements have provided an effective gateway to employment for many young graduates. However, **the number of opportunities for internship and work placements has not expanded at the same pace as the number of higher education placements**. This has created a highly competitive environment for work placements, particularly as part of sandwich degree programmes involving an industrial placement. A frequently cited complaint amongst employers is that graduates lack employability skills. These skills are most effectively acquired via on-the-job training. Without an increase in employer provision of industrial placements, a cohort of graduates enter the labour market without having had the chance to develop their employability skills within a professional environment.

65. Ultimately, the relative difficulty of young peoples' transitions into work is a function of how the economic, education and employment opportunities interact with one another. This involves many stakeholders including schools, universities, FE colleges, businesses, policy institutions, parents and young people themselves. Therefore, **the successful integration of youth into today's labour market is the responsibility of everyone and a successful implementation of policy requires cohesion amongst all levels of education, training and wider stakeholders**.

Increasing labour force participation amongst the over 50's

66. In recent years, vastly improved healthcare and lifestyle choices have increased life expectancies both within the UK and globally. Despite the fact that NI has the youngest population in the UK, and a relatively young population in European terms, it is set to face significant challenges presented by an ageing population. Official projections indicate that over the coming twenty-five years BCR's over 65 population is forecast to grow by over half. This salient demographic trend presents a set of key challenges in itself. However, the scale of the issue is compounded by the fact that during the same period, the working age population within NI is forecast to fall by 3%.

67. **Financing the costs of old age is an expensive business. A key element of this is healthcare costs, which account for 43% of department spending in NI.** Approximately two-fifths of healthcare spending is spent on the over 65's, thus an ageing population will continue to place health budgets under increasing strain in future years[52]. The second key element where an ageing population will generate significant fiscal costs is pension provision. The official retirement age has failed to keep pace with rising life expectancy. At the UK level pension costs are estimated to cost over £100bn. This is projected to double to £200bn by the mid-2030s and double again to £400bn in the 2050's[53]. Given that NI has an age structure similar to the UK, a similar upward

[52] The Guardian (2016) Ageing Britain: two fifths of the NHS budget is spent on over 65's. https://www.theguardian.com/society/2016/feb/01/ageing-britain-two-fifths-nhs-budget-spent-over-65s
[53] BBC (2017) Death of retirement: Can the UK afford the state pension? https://www.bbc.co.uk/news/business-40826562

trend in pension provision is expected. Thus, pension are expected to increase their current share of Annual Managed Expenditure (AME), which currently stands at approximately one-quarter (24%).

68. With these impending fiscal challenges, it is important that the local labour market maximises the proportion of the working age population in employment. This will require **more people working for longer to minimise the funding challenges associated with a rising dependency ratio.**

69. The employment rate of those aged over 50 is currently 37%. Within this age category there are rightly huge differences between pre and post retirement age. The employment rate of people aged 50-64 is 63% compared to just 8% amongst the over 65's. However, the proportion of people aged 50-64 who are in employment is much lower in BCR relative to the UK average of 71%. Therefore, **the local labour market is not as successful in retaining older people in the workplace relative to Great Britain**.

70. There are a number of issues to consider as part of any aspiration to improve labour force participation amongst the over 50's:

- Ill health is one of the most common reasons why over 50's exit the labour market. In an earlier research paper[54] UUEPC identified low return rates to work once an employee had become sick or disabled. This highlighted the importance of the **role of employers to support sick employees to return to work after a period of extended illness**. Some countries (e.g. the Netherlands and Finland) have introduced legislation to transfer some of the financial responsibility to employers to increase their incentives to help tackle inactivity due to ill health.
- According to the European Working Conditions Survey almost a quarter (24%) of workers in the UK do not believe they will be able to do their current job or a similar one until they are 60 years old. This rises to one-third (33%) amongst low-skilled manual workers. **Improving the job quality and role design can help to retain older workers**. Older workers are more likely to stay in work if they believe that their work matters, their employer supports them and their needs are taken seriously[55].
- All employees (apart from agency workers) have a statutory right to request flexible working. This can include part-time work; flexi-time; annualised hours; compressed hours; job sharing; and home working. However, **awareness of these rights many not be well known to all employees** and additional options may encourage more people to stay in work for longer.
- An employers **use of soft benefits** has the potential to keep people in work for longer. For example, a private health care plan is an attractive benefit, particularly amongst older people, that can impact an individuals' incentive to work.

[54] Magill, M. and McPeake, M. (2016) An anatomy of economic inactivity in Northern Ireland: Working Paper. University of Ulster Economic Policy Centre. https://www.ulster.ac.uk/__data/assets/pdf_file/0004/181435/UUEPC-Inactivity-Discussion-Paper-Final-Report.pdf

[55] Centre for Ageing Better and IES (2017), 'Fulfilling Work: What do older workers value about work and why?'. Available at: https://www.ageing-better.org.uk/publications/fulfilling-workwhat-do-older-workers-value-about-work-and-why

- Employers should continue to adopt technologies that enable **remote working practices**. In particular, changing businesses culture to substitute physical travel (such as regular meetings in other office locations) for meetings with other technologies such as videoconferencing.
- The Resolution Foundation has recommended that government and the pensions industry could jointly explore ways in which older workers can benefit from **part-payment of pensions to maintain current income levels while reducing working hours**. The ability to combine flexible employment with some pension income will increase the incentive for older people to remain in work for longer.
- Unemployment interventions for the over 50's are the same as the under 50's, despite the labour market challenges relating to an unemployed 55 year old being very different to that of a 25 year old. **A specific programme targeted at the over 50's which involves scope to test a variety of approaches** would allow the identification of successful interventions for this group. Internationally employment support has paid little attention to this group and has tended to focus on younger people, and as a result there is relatively little evidence of good practice in getting the over 50's to return to work.
- Older workers tend to receive less access to training compared to younger employees[56]. The older you are the less likely you are to want or expect workplace training, with funding heavily weighted towards younger groups[57]. As older workers tend to be less well qualified, they are at particular risk of being displaced by forces such as globalisation or automation in the workplace. Priority support to higher risk sectors and industries may be an appropriate policy approach to encourage skill development in older workers. **Lifelong learning initiatives to encourage people to continue to develop their skills throughout their working life can improve occupational mobility, reducing the risk of unemployment**.

Leading from the front

71. Many of the initiatives mentioned throughout this report focus on the role of employers, and adapting to how the supply of labour has evolved in recent decades. Public sector bodies are some of the largest employers in NI, with a high concentration in BCR.

72. As a first step large employers in the public sector should examine current practices to ensure that job opportunities have the appropriate flexibility and equality of opportunity for the diverse range of people within the local labour supply. To do this a number of key questions should be asked:

    - Are jobs being advertised on a flexible basis?
    - Are there pathways for professionals to return to work after a period out of the labour market?

[56] DWP (2017) Older workers and the workplace. Evidence from the workplace employment relations survey. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/584727/older-workers-and-the-workplace.pdf

[57] Hyde, M & Phillipson, C (2014), 'How can lifelong learning, including continuous training within the labour market, be enabled and who will pay for this?', Foresight, Government Office for Science. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/463059/gs-15-9-future-ageing-lifelong-learning-er02.pdf

- How successful are initiatives to encourage sick employees to return to work?
- Are there procedures to keep in contact with mothers on maternity leave?
- Are public bodies providing sufficient opportunities with regard to work placements, internships and apprenticeships?
- Are all groups appropriately represented across the spectrum of employment (young people, older workers etc.)
- Do staff receive sufficient in work training opportunities?
- Do staff value their job as a 'good job'?

73. In many instances the answer to the above questions will be positive. The central message is to ensure that public sector bodies act as an example of best practice in relation to organisations adapting to a changing labour market. By leading from the front this can contribute towards the adoption of flexible and inclusive practices throughout the wider economy.

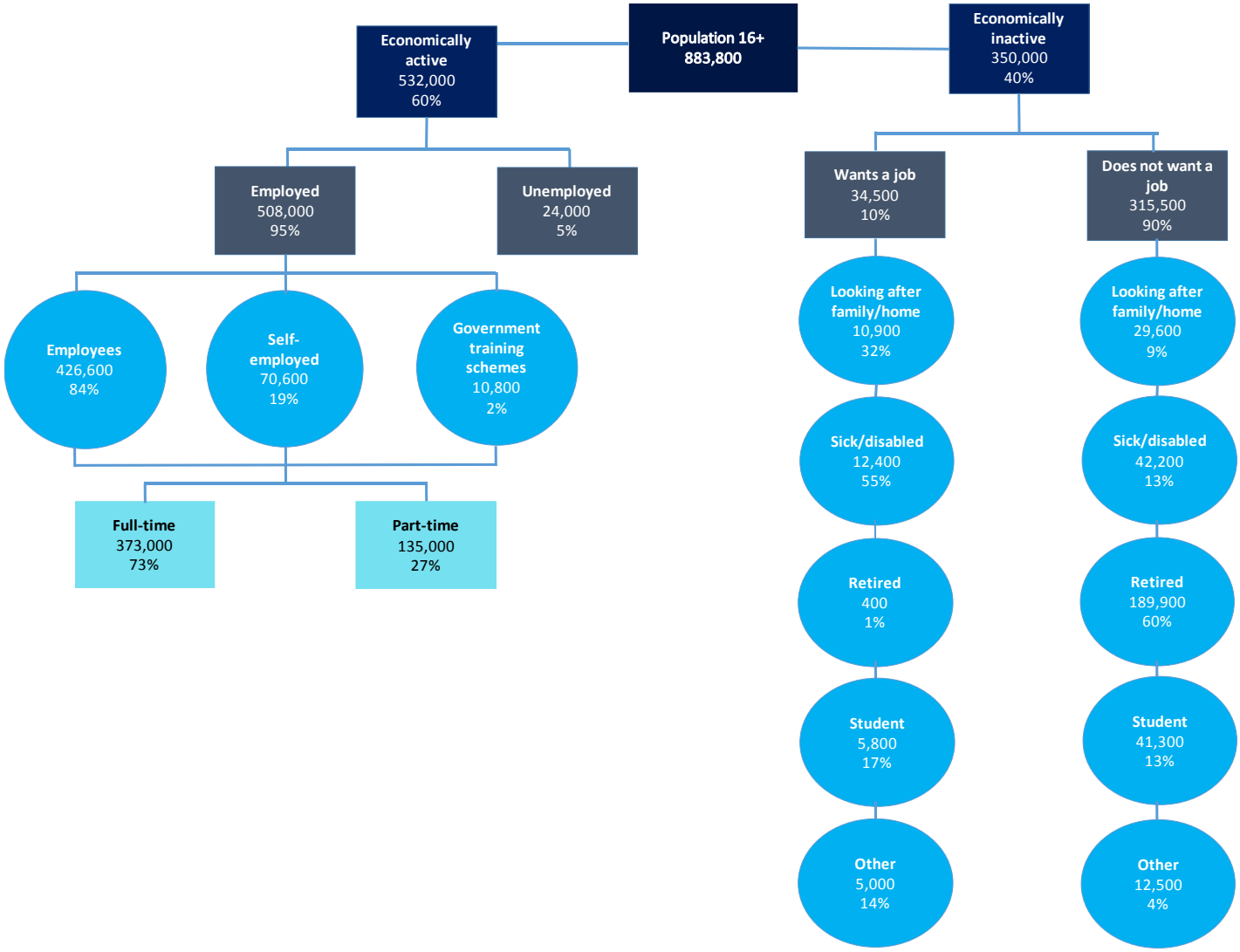
Where do we want to be?

74. Despite recent improvements in the labour market there remain a cohort of workless people. By identifying the true level of unemployment in BCR, we can identify how the labour market would look if everyone who wanted a job was able to get a job. In other words, the rate of full employment in the economy. This would involve people moving from worklessness to employment, increasing the 16+ employment rate in BCR from 57% to 64% (on a 16-64 basis the rate would change from 70% to 79%).

75. Achieving this will require a wide array of programmes and initiatives, some of which have been touched upon in this report. These will include interventions targeted at individuals in-work; out of work; vulnerable groups such as the sick and disabled; age, gender and skill specific interventions. With such cross cutting challenges the policy actions would require co-ordination across multiple government departments. It is arguable that achieving a goal of full employment should be the central aim of all economic strategies across government. A society where everyone who wants to work is able to secure employment in 'good jobs', and where no disadvantaged groups are excluded from the labour market is an admirable aim. Such an objective should be central to any aspiration to achieve inclusive and sustainable growth.

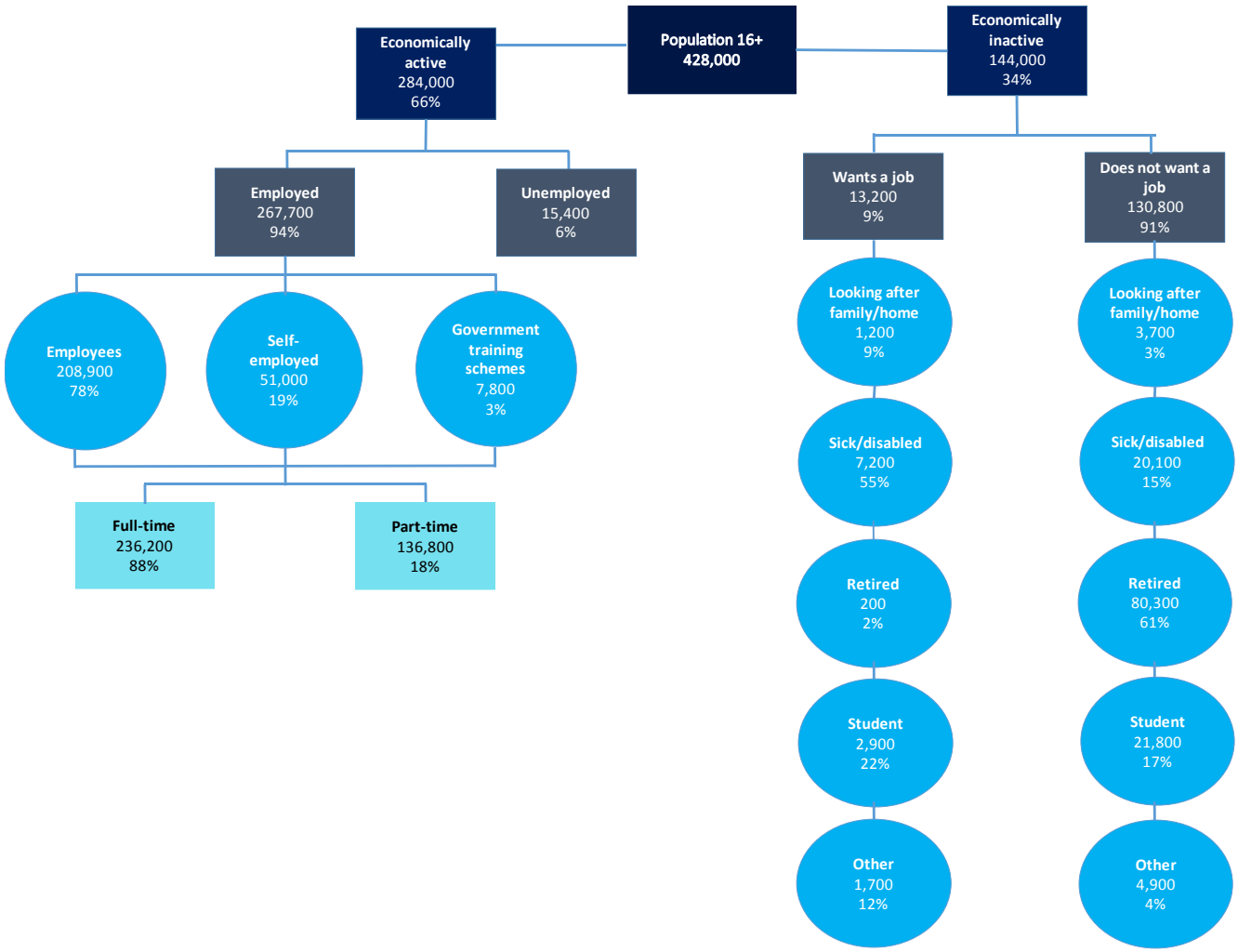
Annex A: BCR labour market structure

Figure A1: Labour market structure in BCR (16+, 2017)



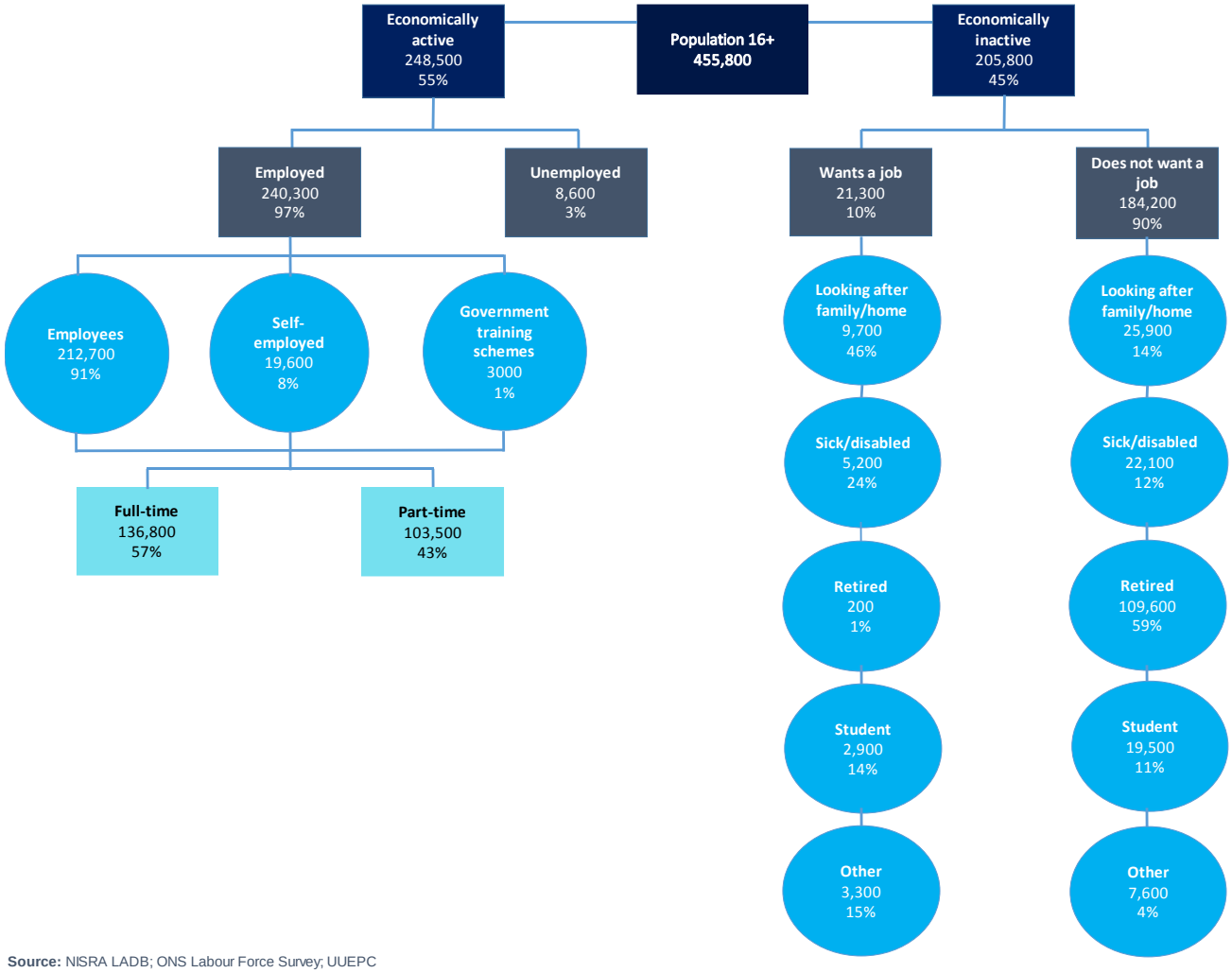
Source: NISRA LADB; ONS Labour Force Survey; UUEPC
Note: Figures may not sum due to rounding

Figure A2: Male labour market structure in BCR (16+, 2017)



Source: NISRA LADB; ONS Labour Force Survey; UUEPC

Figure A3: Female labour market structure in BCR (16+, 2017)



Source: NISRA LADB; ONS Labour Force Survey; UUEPC