

# Spare capacity in Belfast City Council's labour market.

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## Abstract

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

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## Acronyms

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

## Key terms

Acronym	Definition
<b>Hidden unemployment</b>	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.
<b>Potential labour supply</b>	The total supply of available labour. It is quantified as ILO unemployment plus hidden unemployment.
<b>Underemployment</b>	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.
<b>Spare capacity</b>	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's labour market

### Introduction

1. Ulster University Economic Policy Centre (UUEPC) were commissioned by Belfast City Council (BCC) to provide an overview of the BCC labour market. 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 BCC residents. Further analysis relating to BCC workplace employment is available in a separate research paper which accompanied this research<sup>1</sup>.

### Background

3. This section sets out a broad headline overview of BCC'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 Belfast has increased by 20k to 145k. This represents growth of 14%, which is the fastest rate of growth amongst Local Government Districts (LGD's). Overall, BCC has accounted for over one quarter (29%) 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%
<b>Belfast</b>	<b>145</b>	<b>17%</b>	<b>20</b>	<b>29%</b>	<b>14%</b>
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%
<b>NI</b>	<b>835</b>	<b>100%</b>	<b>68</b>	<b>100%</b>	<b>8%</b>

Source: NISRA, LADB

Note: Figures may not sum due to rounding.

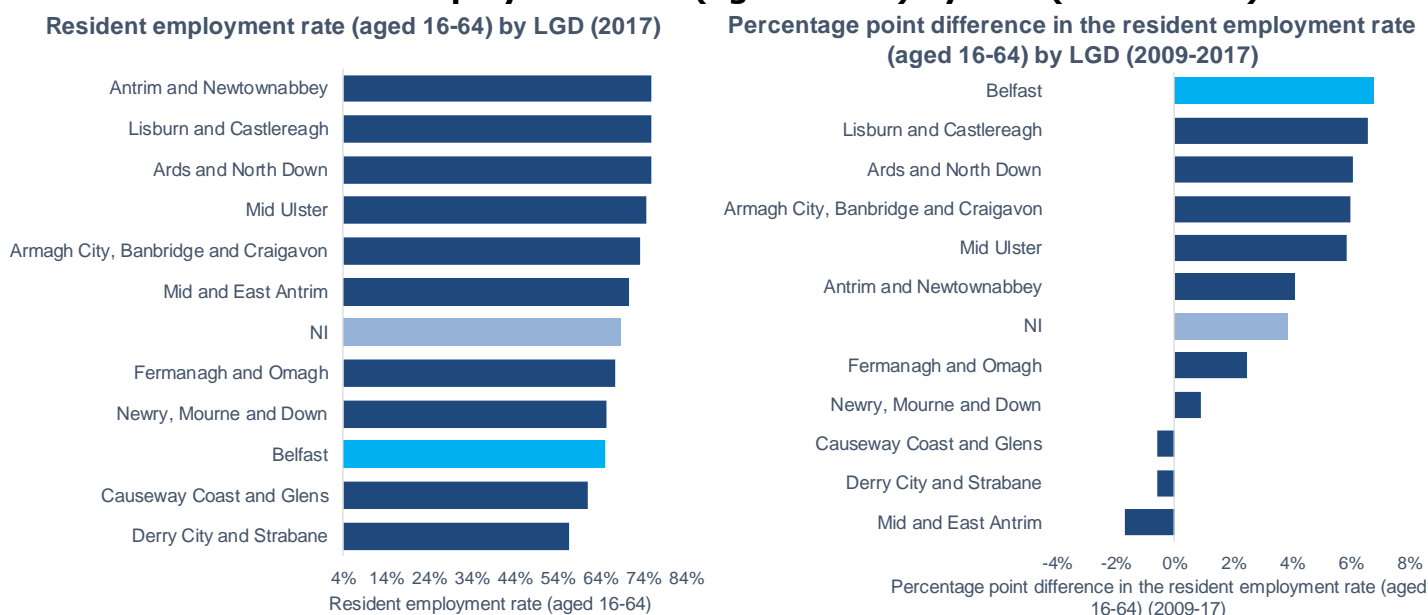
<sup>1</sup> Magill, M. & McPeake, M. (2018) Belfast City Council – future skills needs. Ulster University Economic Policy Centre. A report for Belfast City Council.

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5. Although BCC has accounted for a high proportion of employment (17%), this is expected given its population size relative to other NI LGD's. **When standardised, BCC's working age employment rate ranks 9th of NI's 11 LGD's.** However, since 2009 BCC has recorded a 6.8 percentage point increase in its working age employment rate. This is the largest increase recorded amongst NI LGD's over the period.

**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:

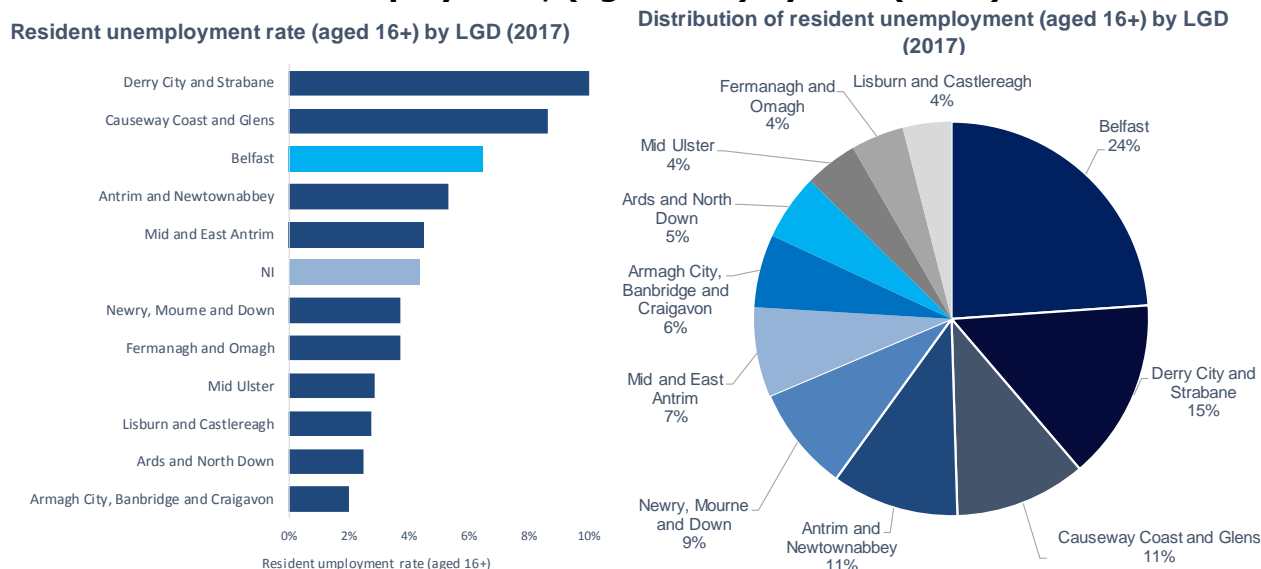
- **ILO unemployment:** This is the UK and NI Government's preferred measure of unemployment, consistent with international standards. The ILO unemployment rate defines an unemployed person as anyone without a job who is able to start employment within two weeks, had looked for work in the previous four 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 overleaf highlights that BCC has an unemployment rate of 6.5%, the 3<sup>rd</sup> highest unemployment rate amongst NI LGD's. Overall, **BCC accounts for almost one in four unemployed people in NI.** 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.

- Despite the relatively higher rate of unemployment in BCC, the unemployment rate has decreased by 3.3 percentage points since 2009. This is the third largest decrease amongst NI LGD's.

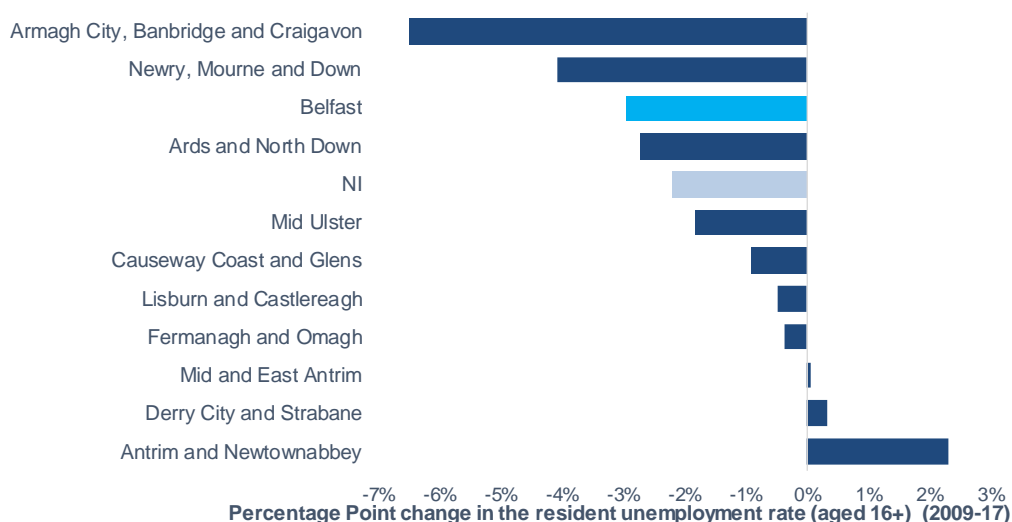
**Figure 1.2: Resident unemployment rate and distribution of resident unemployment, (aged 16+) by LGD (2017)**



Source: NISRA, LADB

Source: NISRA, LADB

**Percentage Point difference in the unemployment rate (aged 16+) by LGD (2009-2017)**



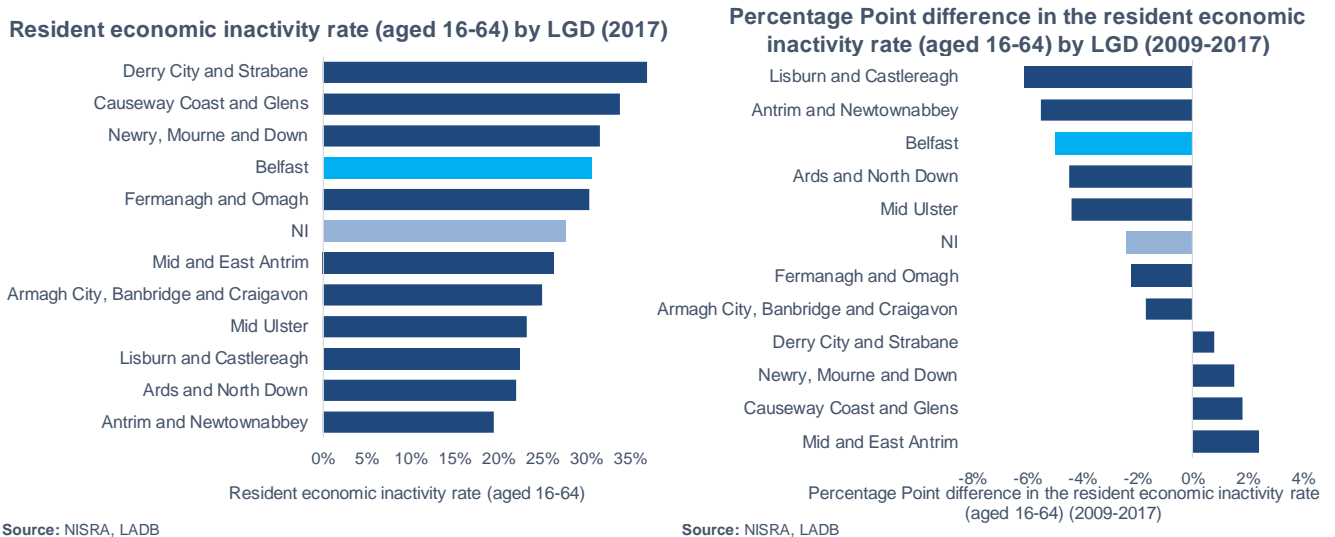
Source: NISRA, LADB

## Economic inactivity

- Despite improvements in employment and unemployment, economic inactivity in BCC remains stubbornly high. **The current working age economic inactivity rate in BCC is 31%, the 4<sup>th</sup> highest amongst NI LGD's.** Since 2009 BCC has recorded a five

percentage point improvement in the working age economic inactivity rate, the 3<sup>rd</sup> largest percentage point improvement amongst NI LGD's.

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



## Structure of this report

10. 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 BCC.
- **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 BCC 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. **Residents in BCC largely work within BCC, meaning there is limited out-commuting.** Of the 145k BCC residents in employment it is estimated that 84% work within BCC. Therefore, the structure of resident employment in Belfast follows largely the same pattern as the structure of workforce jobs with BCC<sup>2</sup>.

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

Sector	2011		2017		2001-17 growth	
	Number	%	Number	%	Number	%
Agriculture, forestry and fishing	165	0%	111	0%	-54	-33%
Mining and quarrying	77	0%	30	0%	-47	-61%
Manufacturing	7,923	6%	8,188	6%	265	3%
Electricity, gas, steam and air conditioning supply	557	0%	1,046	1%	490	88%
Water supply; sewerage, waste management and remediation activities	925	1%	1,789	1%	864	93%
Construction	5,704	4%	5,015	3%	-689	-12%
Wholesale and retail trade; repair of motor vehicles and motor cycles	22,622	17%	22,220	15%	-403	-2%
Transport and storage	5,370	4%	5,479	4%	109	2%
Accommodation and food service activities	9,165	7%	11,505	8%	2,340	26%
Information and communication	5,533	4%	7,397	5%	1,864	34%
Financial and insurance activities	5,864	4%	5,930	4%	66	1%
Real estate activities	1,557	1%	1,443	1%	-115	-7%
Professional, scientific and technical activities	7,974	6%	10,926	8%	2,952	37%
Administrative and support service activities	6,116	5%	9,049	6%	2,933	48%
Public administration and defence; compulsory social security	11,689	9%	10,481	7%	-1,207	-10%
Education	13,083	10%	14,227	10%	1,144	9%
Human health and social work activities	20,607	16%	21,659	15%	1,052	5%
Other	7,070	5%	8,506	6%	1,435	20%
<b>All usual residents in employment</b>	<b>132,000</b>	<b>100%</b>	<b>145,000</b>	<b>100%</b>	<b>13,000</b>	<b>10%</b>

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.

3. As the table above confirms, **BCC functions as a service centre, which leads to 88% of residents' employment working in services.** Despite Belfast's industrial heritage, only 6% of BCC residents work in the manufacturing sector.
4. The largest service sectors are: retail (15%); health (15%); education (10%); accommodation and food services (8%); professional services (8%); public administration (7%); and administration and support activities (6%).

<sup>2</sup> 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.

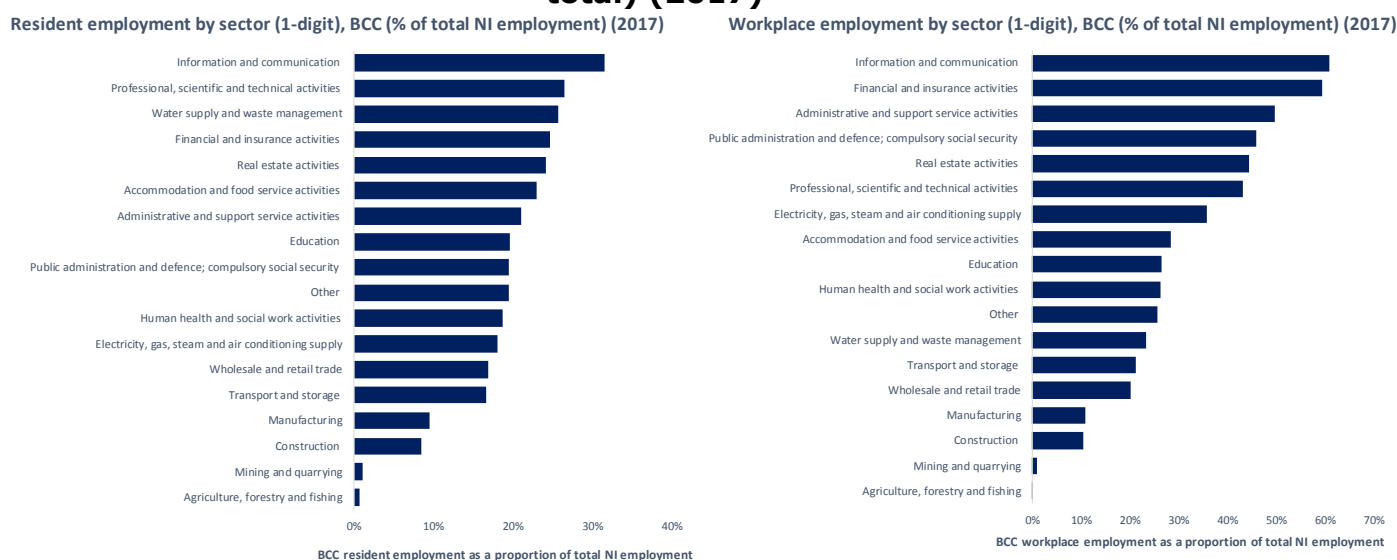


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- Having established that BCC residents are largely employed in services, driven by BCC's role as a service centre for NI, it is useful to take this one step further by exploring the regional concentration of employment in specific sectors.
- The figure below illustrates that BCC dominates total workforce jobs in a number of sectors including: ICT; finance; administrative services; and public administration. However, BCC resident employment accounts for a much lower proportion of total employment due to the high number of in-commuters working in BCC who are resident in other council areas.
- Approximately 47% of people working in the BCC workplace live outside BCC.** Therefore, the challenges facing BCC's workplace do not always reflect the labour market challenges relating to BCC's residents.

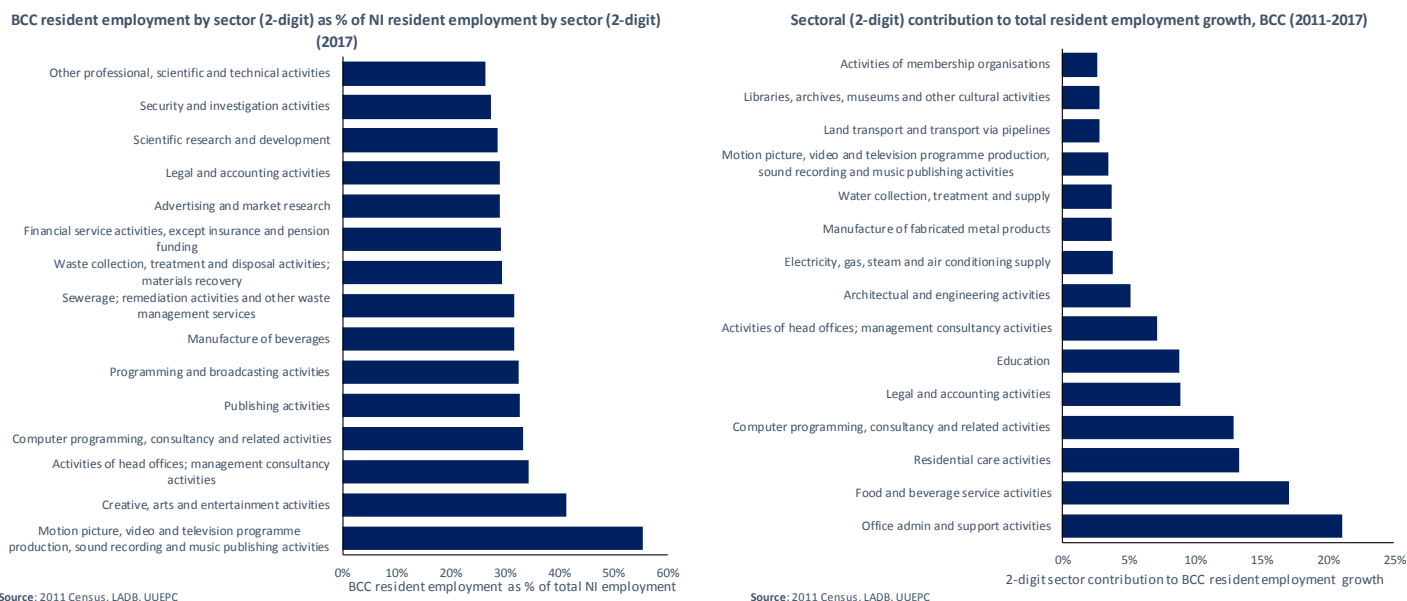
**Figure 2.1: Resident and workplace employment by sector (1-digit), BCC (% of NI total) (2017)**



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

- The figure overleaf analyses sub-regional shares in resident employment in more detail (i.e. 2-digit SIC level). This shows **that BCC residents have a very high proportion of NI's jobs in creative sectors** such as: film, TV and music (55%); creative arts and entertainment (41%); publishing activities (33%); programming and broadcasting activities (33%); advertising and market research (29%); and scientific research and development (29%). It is important to remember that BCC has 17% of NI's population therefore any sectoral concentration above this is indicative of a degree of 'specialisation'.

**Figure 2.2: BCC resident employment by sector (2-digit) as % of NI resident employment (2017) and BCC sectoral (2-digit) contribution to resident employment growth (2011-2017)**



9. The largest increase in BCC resident employment over the period 2011-2017 is estimated to be in the office administration and support sector. This accounted for 21% of the increase in resident employment in BCC. This is followed by food and beverage service activities (17%), residential care activities (13%) and computer programming, consultancy and related activities (13%).

## Employment type

10. 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 we take each in turn to examine recent trends.

### Self-employment

11. Between 2009-2017 self-employment in BCC increased by 4,700, an increase of 45%. This compares to an increase of 13,200 employees, an increase of 12%. In other words, **self-employment has risen faster than persons employed as employees, but from a much lower base.**

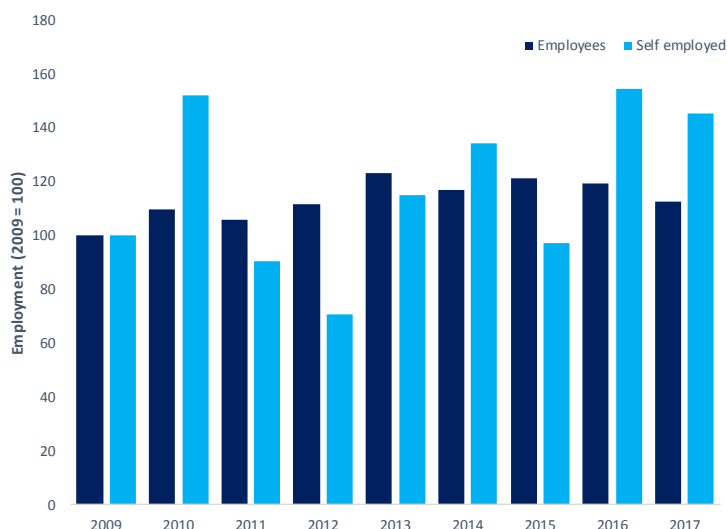
# Spare capacity in Belfast City Council's labour market



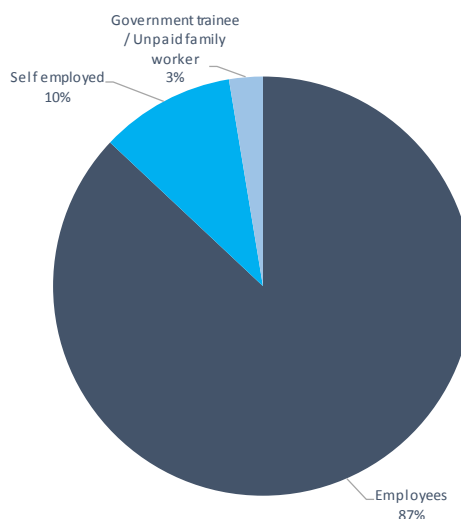
**Figure 2.3: Employment growth by employment type (2009=100) BCC (2009-2017) and the structure of employment by type, BCC (2017)**

Employment index (2009=100), employees versus self employment (aged 16+), BCC (2009-17)

Structure of employment (aged 16+) by type, BCC (2017)



Source: NISRA, LADB



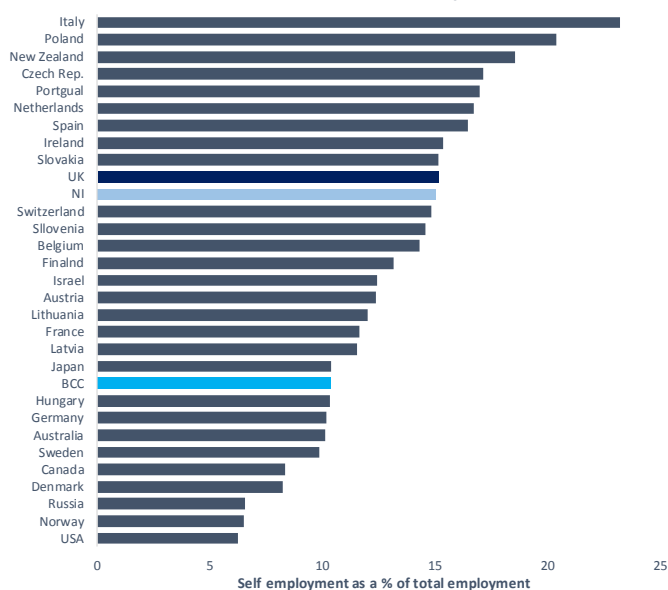
Source: NISRA, LADB

**12. The self-employment rate amongst BCC residents is low (10.4%) compared to the national level (UK equates 15.1%) and international level.** The self-employment rate is lower in BCC than in any UK region, and significantly 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. As BCC is an urban area agriculture employment is lower relative to NI thus influence a lower overall rate.

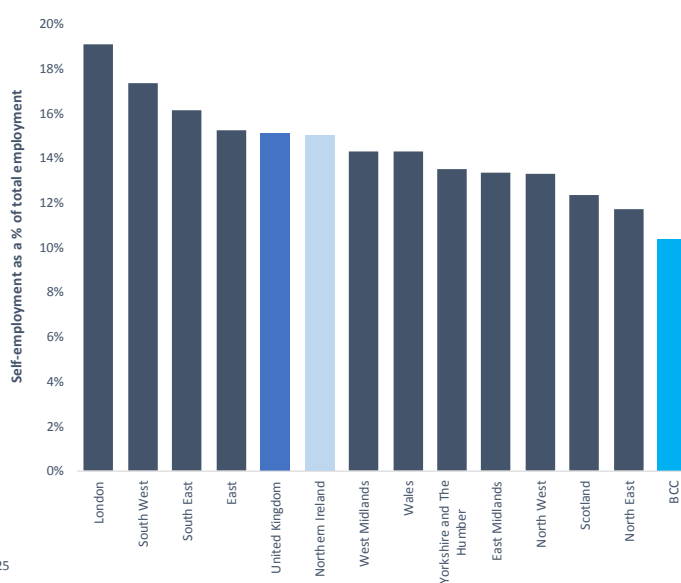
**Figure 2.4: Self-employment (% of total employment) selected countries and UK regions (2017 or latest available year)**

Self employment as a % of total employment, selected countries and BCC (2017 or latest available year)

Self employment as a % of total employment, UK regions and BCC (2017)



Source: OECD; NISRA, LADB; NOMIS, APS



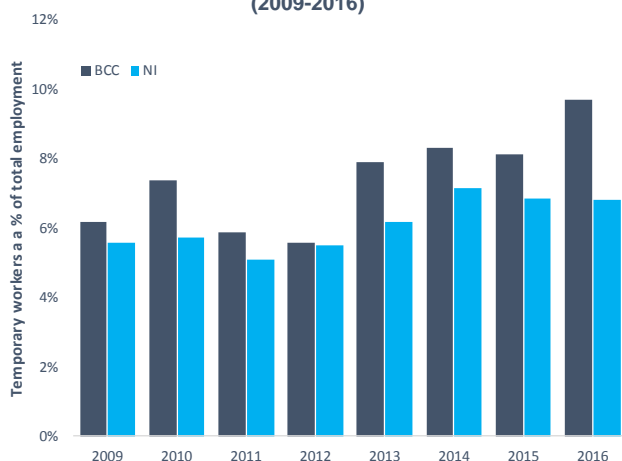
Source: NISRA, LADB; NOMIS, APS

## Temporary contracts

13. **The proportion of employees in BCC who have an employment contract that is not permanent in some way is 9.7%, which is higher than the NI average (6.8%).** BCC has remained consistently above the NI average since 2009<sup>3</sup>. In 2016, the proportion of employees in BCC who were working on temporary contracts was also significantly 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, BCC and UK regions (2009-2016)**

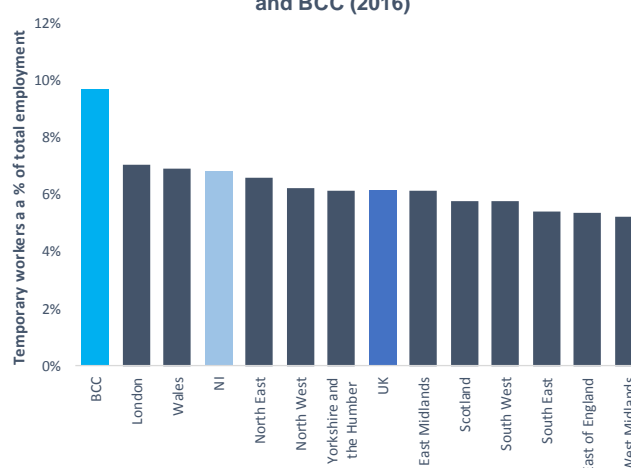
Temporary workers as a % of total employment, BCC and NI (2009-2016)



Source: NISRA

Note: Latest available data relating to the rate of temporary workers is 2016.

Temporary workers as a % of total employment, UK regions and BCC (2016)



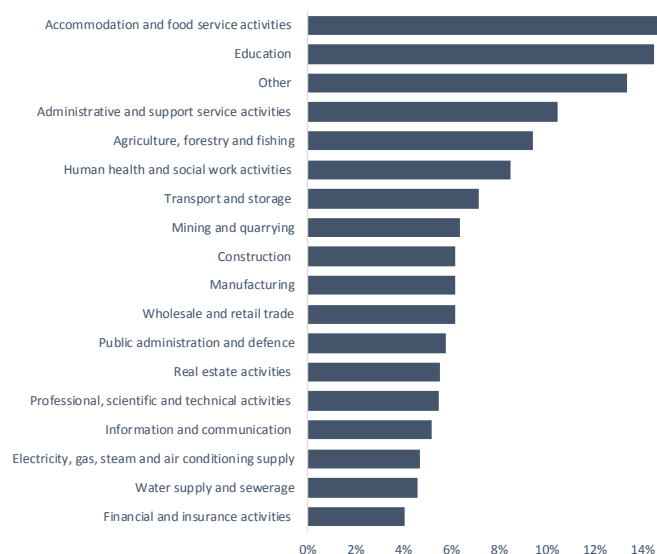
Source: NISRA

14. **The higher incidence of temporary working in BCC relative to NI is, in part explained by the industrial structure of BCC's economy.** BCC has a relatively high proportion of residents working in sectors such as accommodation, education, administration and other services which have a higher proportion of people working on temporary contracts compared to other sectors.

<sup>3</sup> 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.

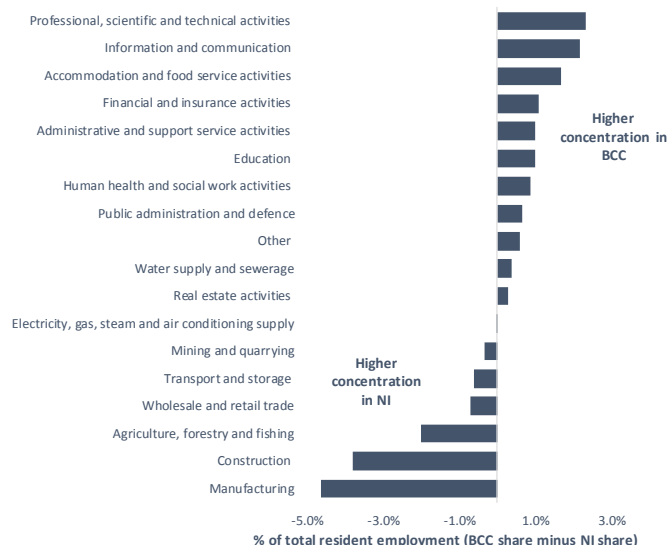
**Figure 2.6: Temporary workers by sector (1-digit), BCC (2016) and difference in sector (1-digit) distribution of resident employment, BCC minus NI (2016)**

Temporary workers as a % of total employment, by sector (1-digit) BCC (2016)



Source: ONS, NISRA, UUEPC

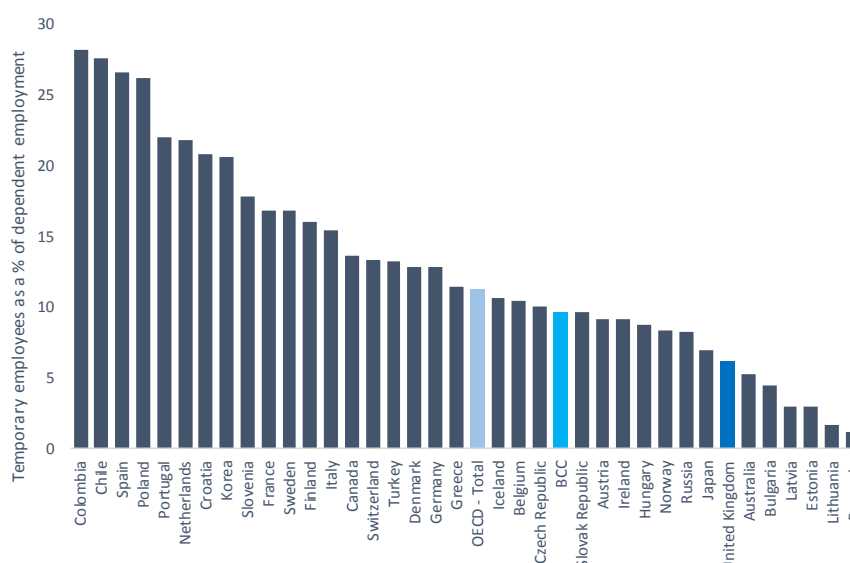
Difference in sector (1-digit) distribution of resident employment, BCC compared to NI (2016)



Source: NISRA, LADB, 2011 Census, UUEPC

15. 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 BCC (9.7%) 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 BCC (2017, or latest available data)**

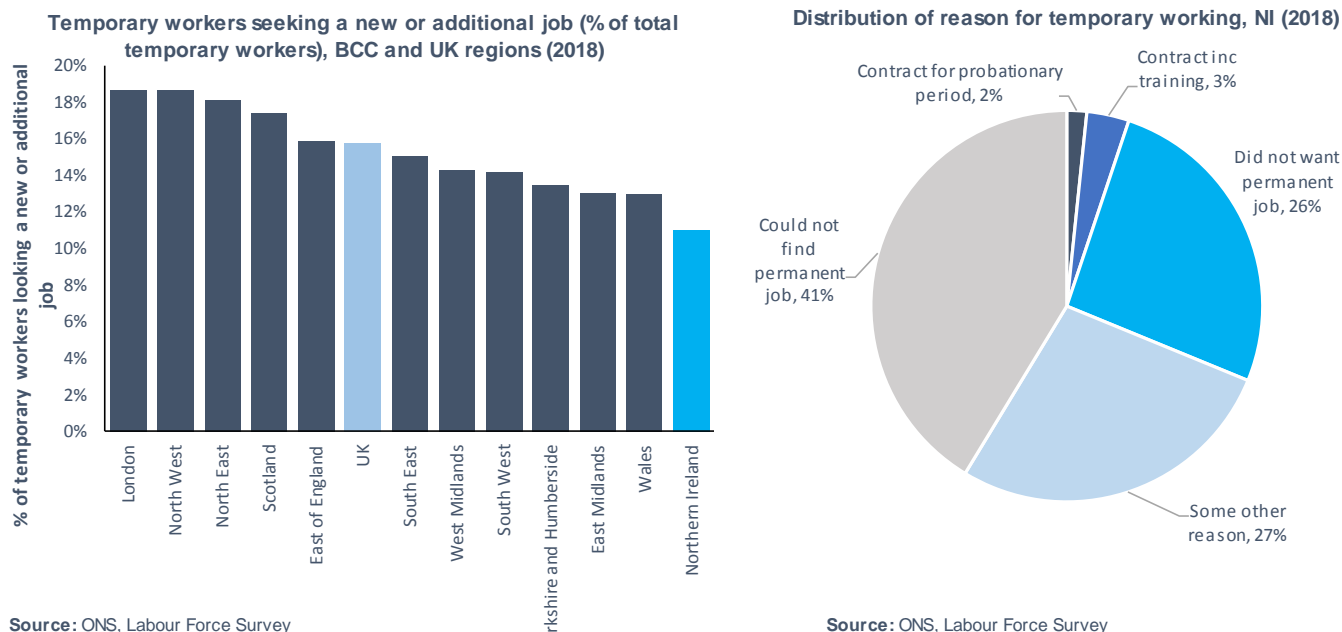


Source: ONS, NISRA, OECD

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

16. 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.**

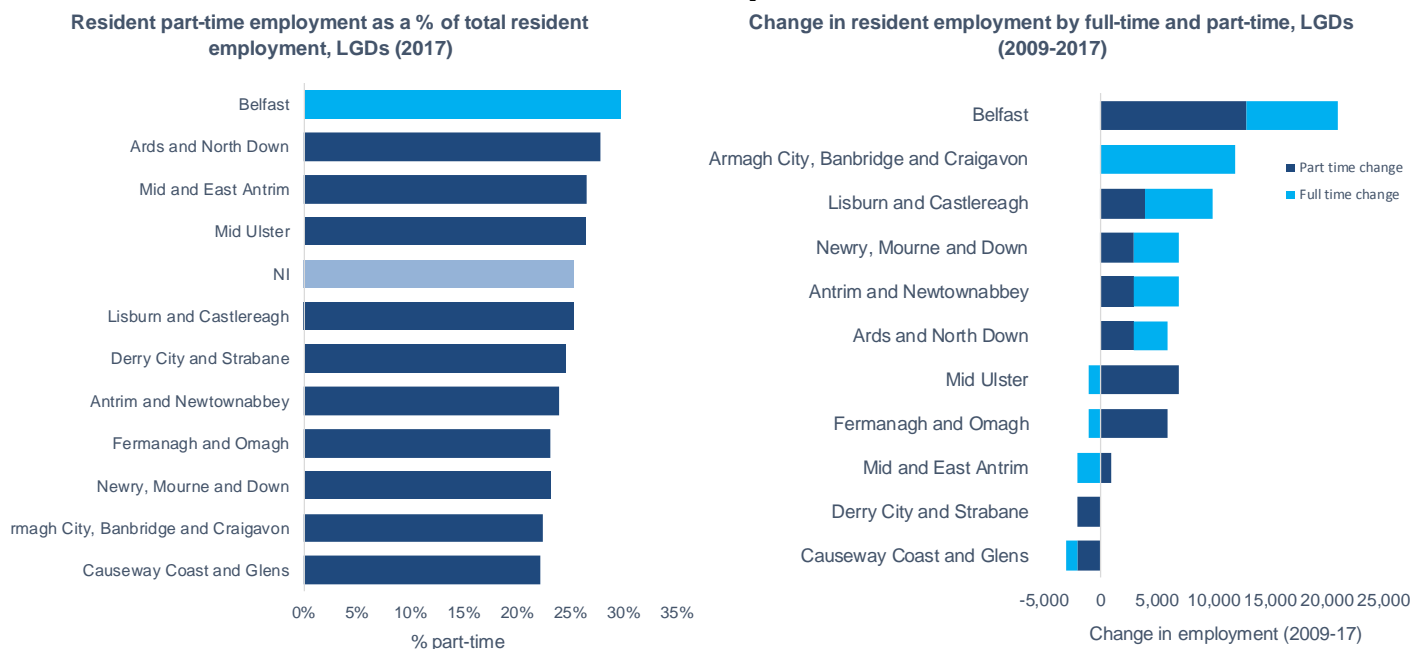
**Figure 2.8: Temporary workers seeking a new or additional job and reasons for temporary job (2018)**



## Working hours

17. **Almost one third of people employed in BCC (30%) work on a part-time basis, the highest proportion amongst NI LGD's.** 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 BCC part-time employment growth between 2009-2017 accounted for almost two-thirds (65%) 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

18. 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.**

19. 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%).

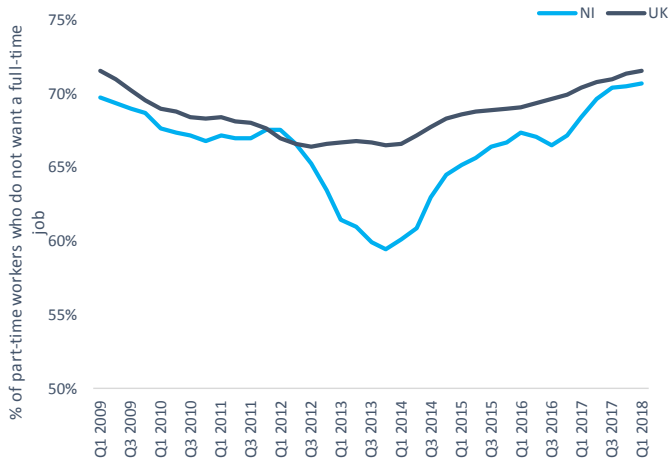
20. The proportion of part-time workers who do not want a full-time job in the UK (72%) is relatively similar to NI (71%). However, in 2012 the proportion of part-timers not wanting a full time job diverged below the UK average in 2012, suggesting higher levels of 'forced' part-time working. The past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

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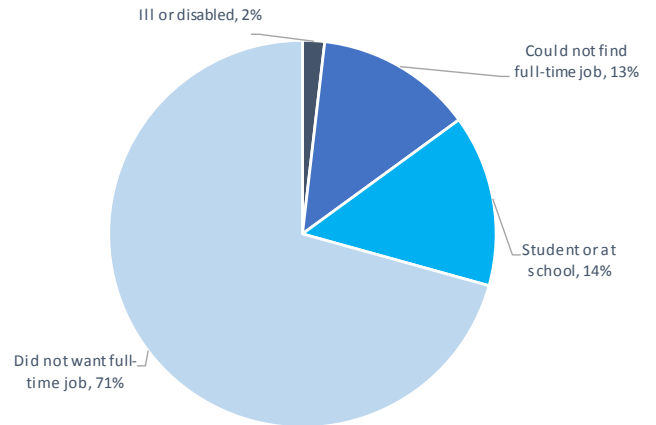
**Figure 2.10: Part-time workers who did not want full-time job, NI and UK (Q1 2009-Q1 2018) and reason for part-time work, NI (2018)**

Proportion of part-time workers who do not want a full time job, NI and UK (Q1 2009-Q1 2018)



Source: ONS, Labour Force Survey

Reason for part-time working, NI (2018)

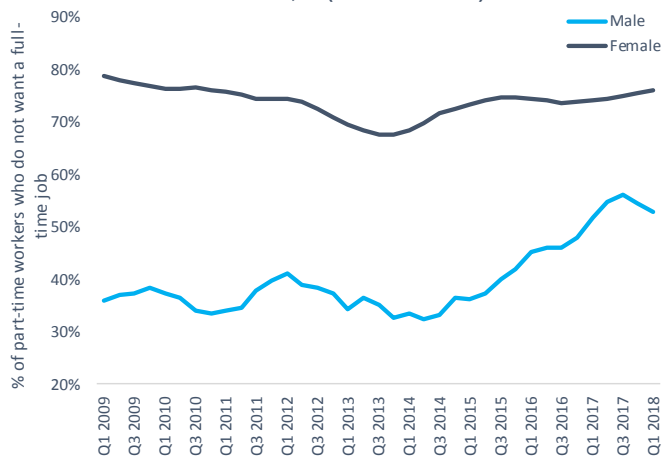


Source: ONS, Labour Force Survey

21. 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).**

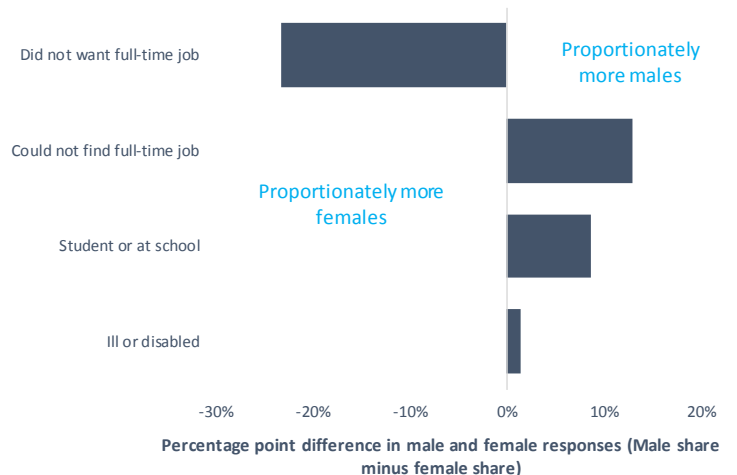
**Figure 2.11: Reasons for part-time working in NI by gender (Q1 2009-Q1 2018)**

Proportion of part-time workers who do not want a full-time job, male versus female, NI (Q1 2009-Q1 2018)



Source: ONS, Labour Force Survey

Difference in reason for part-time working, male versus female, NI (Q1 2018)



Source: ONS, Labour Force Survey

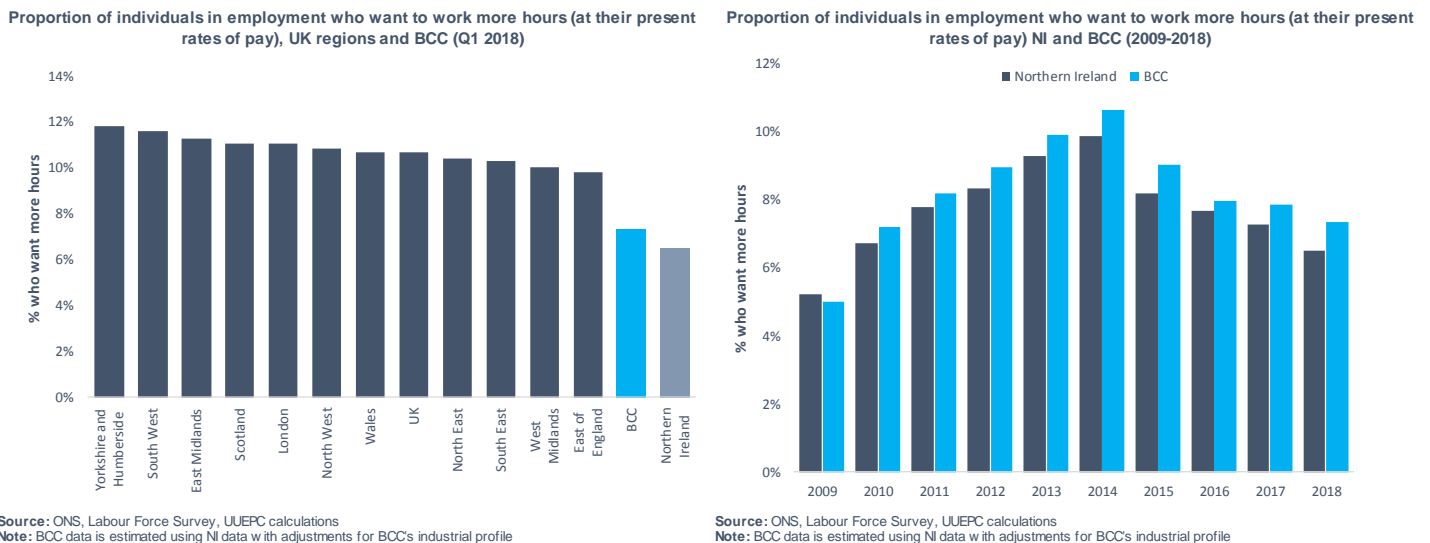
## Underemployment

22. An 'underemployed' worker is defined as 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.



23. It is estimated that **7.3% of employed BCC residents would like to be working more hours compared to 6.5% in NI**. BCC has a higher proportion of people seeking more hours due to its sector structure. Relatively high proportions of people in the hospitality, education, and distribution sectors would prefer to be working more hours. BCC has a relatively higher proportion of employment in these sectors compared to the NI as a whole.

**Figure 2.12: Proportion of people in employment wanting to work more hours at current rates of pay (2009-2018)**



24. Although underemployment is estimated to be slightly higher in BCC 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 BCC was much higher in the 2013-2014 period, but has since fallen in each of the past four years**.

25. An analysis to understand the profile of underemployed people is highlighted in the Table overleaf, which highlights differences across a number of key characteristics:

- Job type:** Approximately 16.2% of part-time workers want more hours than are currently available. This represents 5.8k people and 61% of all employed people who want to work more hours. In contrast, only 2.8% of full-time workers would like to work more hours. Although this percentage is relatively low, a higher number of full-time workers overall results in this equating to 2.7k people (28% of all employed people who want to work more hours). Approximately 6.8% of self-employed people would like to work more hours. This equates to 1.1k people and represents 11% of all employed persons who want to work more hours.
- Gender:** A higher proportion of females (7.2%) would like to work more hours compared to males (5.7%). This results in females accounting for 58% of persons wanting to work longer hours and males comprising the remaining 42%.

- **Contract status:** A person on a non-permanent contract is more likely to demand more hours (14.1%) compared to a permanent worker (5.7%). However, permanent workers overall represent 79% 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 (7.4%) and at NQF level 2-3 (7.9%). The proportion of people who are qualified to tertiary level (i.e. NQF level 4+) is lower at 4.7%. However, as people qualified to tertiary level comprise over two-fifths (42%) of employment in BCC, 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 3.2% of people over 50 want to work more hours compared to 6.4% of people aged between 25-49 and 13.4% of people 16-24. This equates to 1.2k individuals aged over 50, 5.8k individuals aged 25-49 and 2.6k individuals aged under 25.

**Table 2.2: Underemployment by characteristic (2018)**

Category	Variable	2018		
		% wanting more hours	Number wanting more hours (000's)	% of total wanting more hours
Job type	Full-time	2.8%	2,680	28%
	Part-time	16.2%	5,790	61%
	Self-employment	6.8%	1,080	11%
Gender	Male	5.7%	4,030	42%
	Female	7.2%	5,520	58%
Contract status	Permanent	5.7%	7,540	79%
	Not permanent	14.1%	2,010	21%
Highest level of qualification	Below NQF level 2	7.4%	2,560	27%
	NQF level 2-3	7.9%	4,250	45%
	NQF level 4+	4.7%	2,740	29%
Age	16-24	13.4%	2,560	27%
	25-49	6.4%	5,790	61%
	50-64	3.3%	1,120	12%
	65+	2.7%	80	1%

Source: ONS, Labour Force Survey, UUEPC

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

Note: Figures may not sum due to rounding.

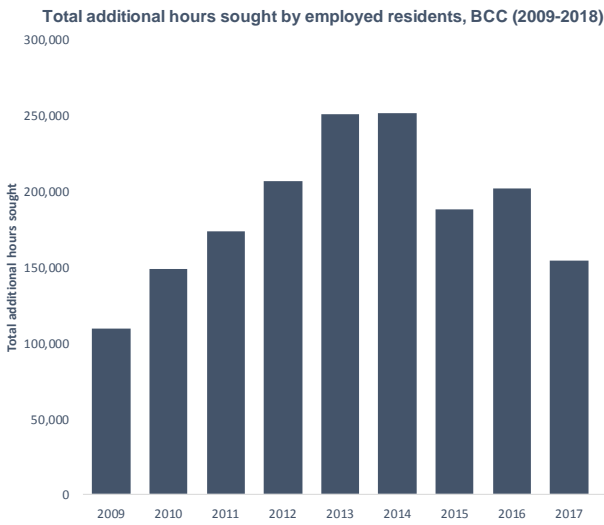
26. The analysis in the table above has a number of striking features. Firstly, young people have a high probability of being underemployed. This sits alongside higher unemployment rates amongst young people. For example, in 2017 in BCC the unemployment rate amongst people under 25 is 19.5%, compared to 4.8% in the 25-49 age group.

27. Rates of underemployment are also higher amongst lower qualified people compared to tertiary qualified workers. Three-fifths of the unemployed stock in BCC 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.**
28. Type of job is a significant influence on underemployment rates. For example, 14.1% 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 (16.2%) compared to people in full-time employment (2.8%).
29. The analysis in the table on the previous page suggests that **a much higher proportion of self-employed (6.8%) people sought longer hours compared to full-time employees (2.8%).** 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.
30. 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 BCC it is estimated that the average number of additional hours sought is 14.2, which compares to 15.2 in NI and 15.8 in the UK.
31. The total amount of additional hours sought by BCC residents in a typical week was 163k in 2018, roughly equivalent to an additional 4,900 workers<sup>4</sup>. However, in 2013 and 2014 the total additional hours sought in BCC was much higher, at 250k and 251k respectively. The majority of additional hours sought were in the following sectors: wholesale and retail (41k); accommodation and food services (29k); education (20k); and administrative services (16k). These sectors account for 70% of additional hours sought.

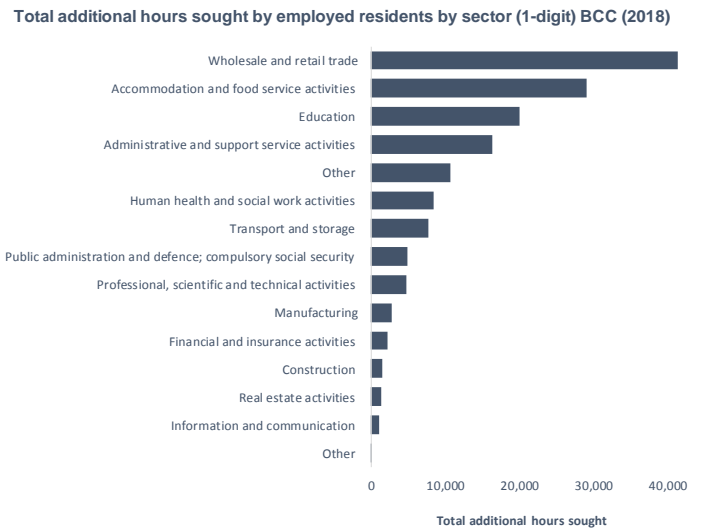
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<sup>4</sup> This estimate is based upon the average number of hours worked by an employed person.

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



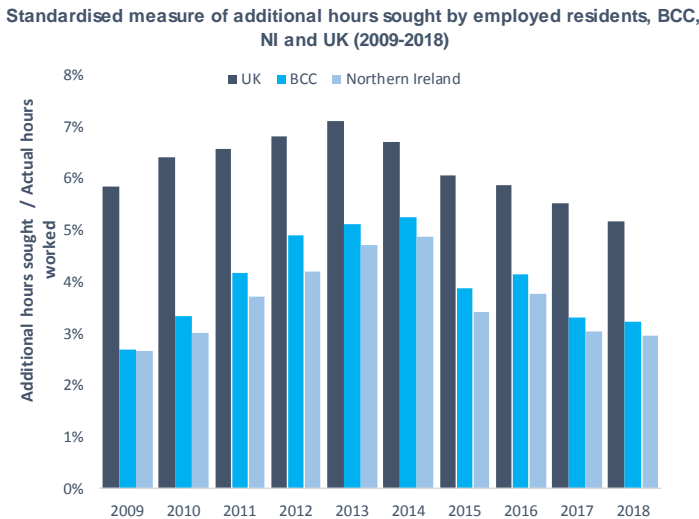
Source: ONS, Labour Force Survey, UUEPC



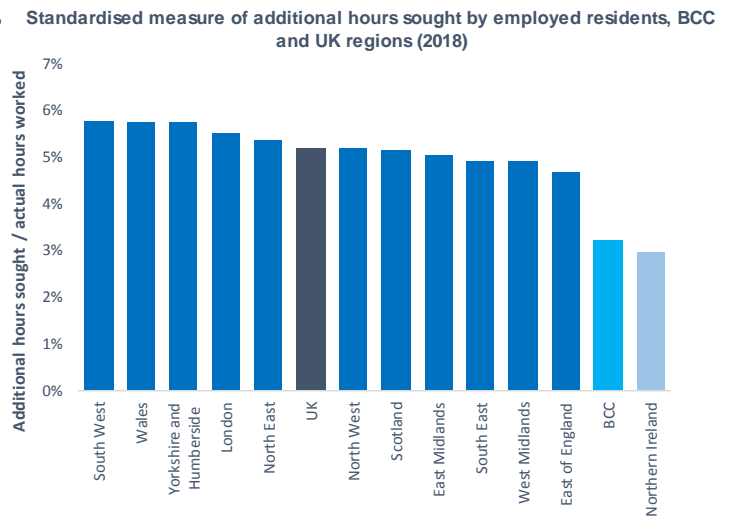
Source: ONS, Labour Force Survey, UUEPC

32. On a standardised basis the extent of underemployment in terms of hours is much lower in BCC (3.2%) and NI (3.0%) relative to the UK average (5.2%), and the lowest amongst UK regions. **The extent of underemployment amongst employed BCC residents has been consistently lower than the UK average over the past decade.**

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



Source: ONS, Labour Force Survey, UUEPC



Source: ONS, Labour Force Survey, UUEPC

## Non-standard employment<sup>5</sup>

33. Overall, the proportion of people in employment working as either part-time, self-employed or on a non-permanent contract increased from 34% to 42% between 2009

<sup>5</sup> Non-standard employment is defined as any form of employment other than full-time employment.

and 2017. This represents 96% of the net change in employment over the 2009-17 period.

34. The number of temporary workers almost doubled between 2009 and 2017, and represented one-third (32%) of employment growth over the period. Part-time employment increased by over two-fifths (42%), and accounted for almost two-thirds (64%) of employment growth. The number of self-employed increased by a similar proportion (45%), and represented almost one-quarter (24%) of 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, BCC (2009 and 2017)**

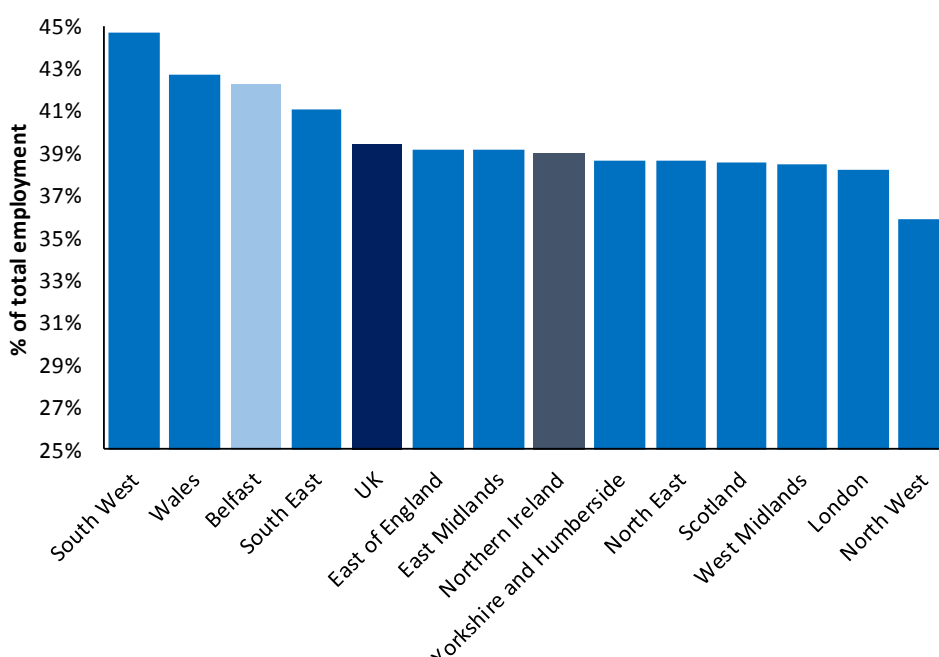
Category of employment	2009		2017		2009-2017		
	000's	%	000's	%	000's	% of total employment change	Percentage Point change of share
Part-time worker	30,240	24%	43,000	30%	12,760	64%	5.5
Self-employment	10,360	8%	15,060	10%	4,700	24%	2.1
Temporary worker	7,740	6%	14,070	10%	6,330	32%	3.5
<b>Total non-standard workers</b>	<b>41,960</b>	<b>34%</b>	<b>61,240</b>	<b>42%</b>	<b>19,280</b>	<b>96%</b>	<b>8.7</b>

Source: NISRA, LADB, UUEPC.

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

35. 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 Belfast (2018)**



Source: NISRA, LADB, Labour Force Survey, UUEPC

36. 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. BCC accounts for the third highest rate of non-standard employment (42%) across UK regions, 3 percentage points above the UK average 39%.

### *A holistic view of non-standard employment*

37. Recent evidence from the UK labour market suggests 25% of workers report they think the current economy is not working well for them<sup>6</sup>. 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 difficult to effectively measure job quality. This information could only be gathered by developing a new employee survey to gather the necessary data.

38. 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:

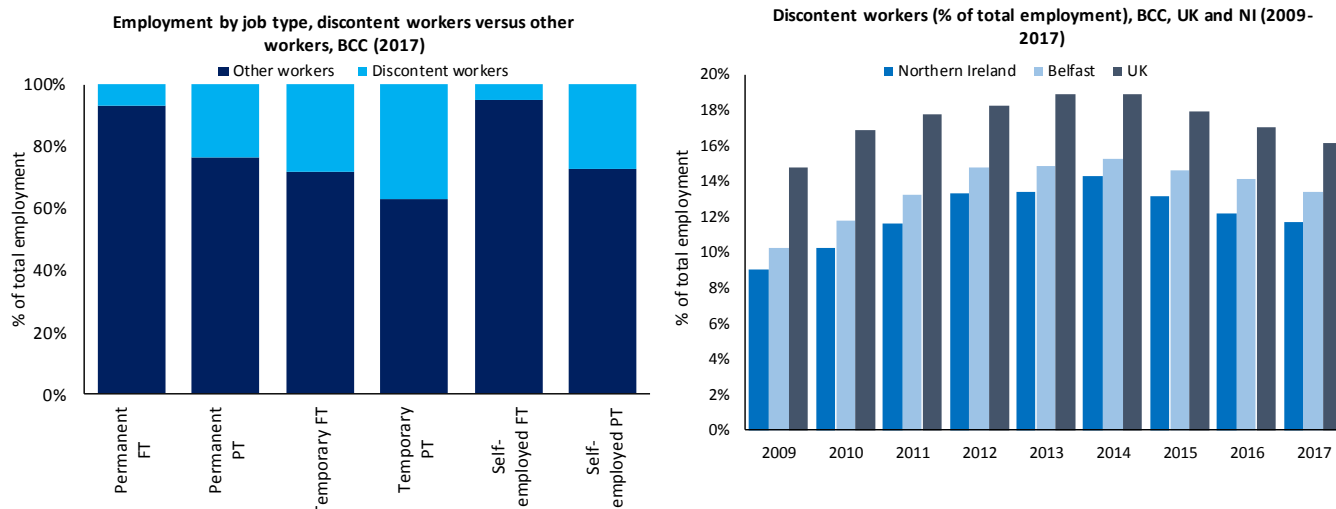
- A worker who wants more hours than are being offered in their current job;
- A worker on a temporary contract who stated that they work in their position due to an inability to find a permanent job;
- A part-time worker who stated that they work in their position due to an inability to find a full-time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

39. Although in BCC the share of employment that are full-time permanent positions has fallen from 65% to 59% between 2009 and 2017, the corresponding rise has not been accompanied by a proportionate increase in discontent workers. The number of workers who are discontent within their current job has risen from 10% of total employment to 13% between 2009 and 2017.

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<sup>6</sup> 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](http://classonline.org.uk/docs/Labour_Market_Realities_Workers_on_the_Brink_final_3.pdf)

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



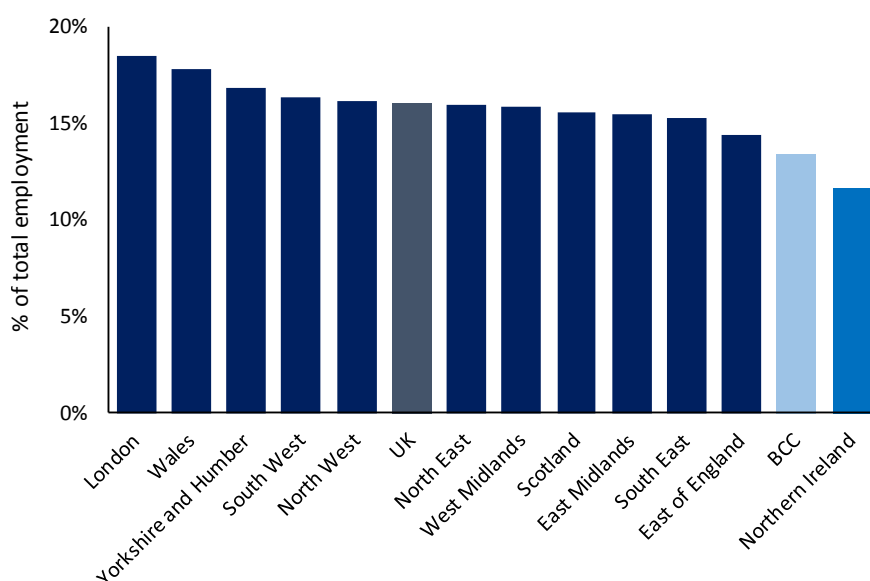
Source: LADB, Labour Force Survey, UUEPC

Source: LADB, Labour Force Survey, UUEPC

40. 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%).

41. The proportion of discontent workers in BCC represents approximately 13% of people employed. This is marginally above the NI average (12%), 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 BCC (2017)**



Source: LADB, Labour Force Survey, UUEPC

42. 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<sup>7</sup>. Academic studies have demonstrated that job insecurity and the threat of unemployment are strongly linked to health and well-being<sup>8</sup>. 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

43. In summary, the majority of BCC residents work within BCC alongside a high number of in-commuters (47% of the workforce). This highlights the role of BCC as an employment hub for NI, particularly within services based sectors. Employment growth in recent years has been characterised by non-standard forms of employment accounting for 96% of employment growth:

- **Self-employment** increased at a higher rate than total employees over the 2009-2017 period. However, the self-employment rate in BCC remains low compared to the national and international levels.
- **Non-permanent workers** account for almost one in ten employed residents. This is above the NI average due to 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 BCC and has increased by one fifth 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.

44. The level of underemployment (i.e. workers who would like more hours) is estimated to be 7.3% of employed BCC residents, which is above the NI average (6.5%). The extent of underemployment amongst employed BCC 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 50s.

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<sup>7</sup> Eurofound (2012) Health and Well-being at Work: A Report based on the Fifth European Working Conditions Survey. Dublin: Eurofound.

<sup>8</sup> De Witte, H. Vander Elst, T. & De Cuyper, N. (2015) Job insecurity, health and well being.



- **Qualifications** –The incidence of underemployment increases with lower qualification levels. Therefore, young people with low qualifications face the highest probability of being both unemployed and underemployed.

45. It is estimated over one in ten employed residents (13%) are discontent in their current job in BCC, marginally above the NI average. 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

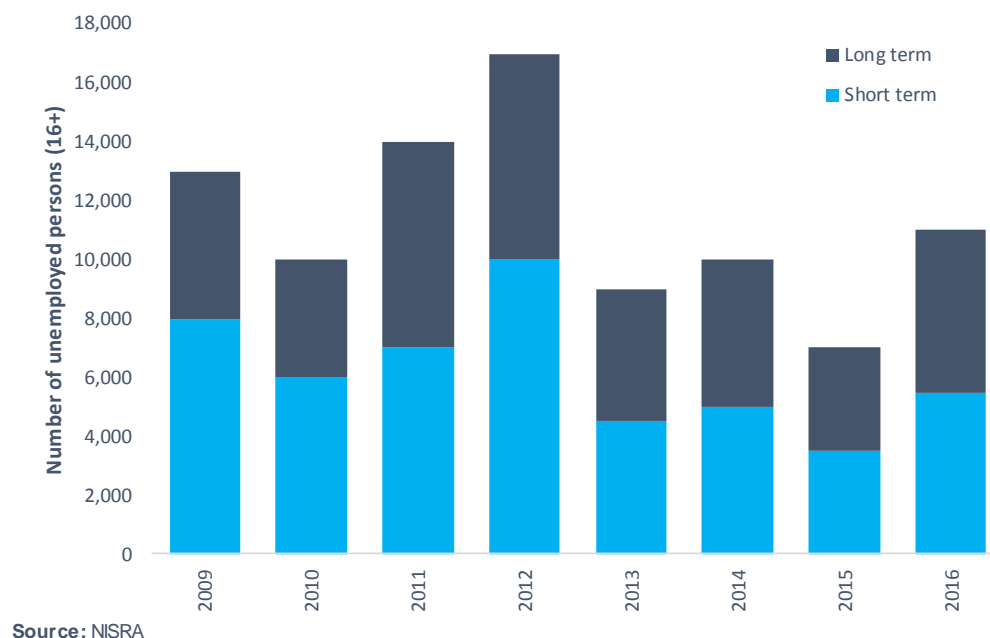
### Introduction

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

### Unemployment

2. Unemployed people comprise a minority of workless people in BCC, representing approximately 13% of working age workless people in BCC 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<sup>9</sup>. 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, BCC (2009-2016)**

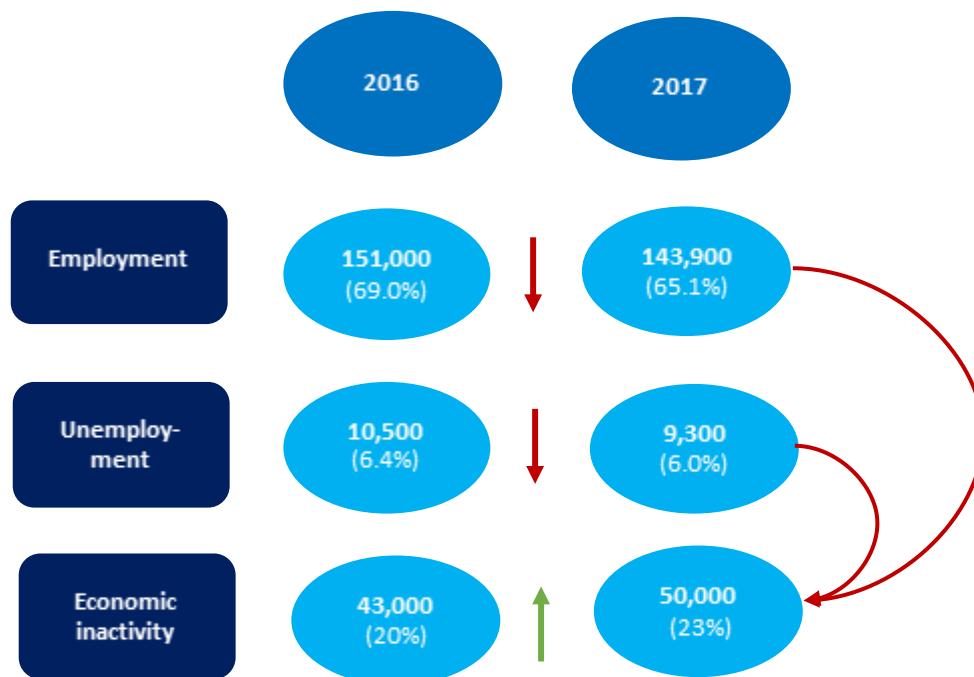


<sup>9</sup> Participation on Steps 2 Success is mandatory for all Jobseeker’s Allowance (JSA) claimants who are: aged between 18 and 24 and have been claiming JSA for 9 months and; aged 25 and over claiming JSA for 12 months or more.

## Labour market transitions

- 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.
- The number of employed individuals (aged 16-64 and excluding students) in BCC declined between 2016 and 2017 from 151,100 (69.0%) to 143,900 (65.1%). However, over the same period the number of ILO unemployed individuals also declined from 10,500 (6.4%) in 2016 to 9,280 (6.0%) in 2017. These trends are illustrated in the figure below.

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

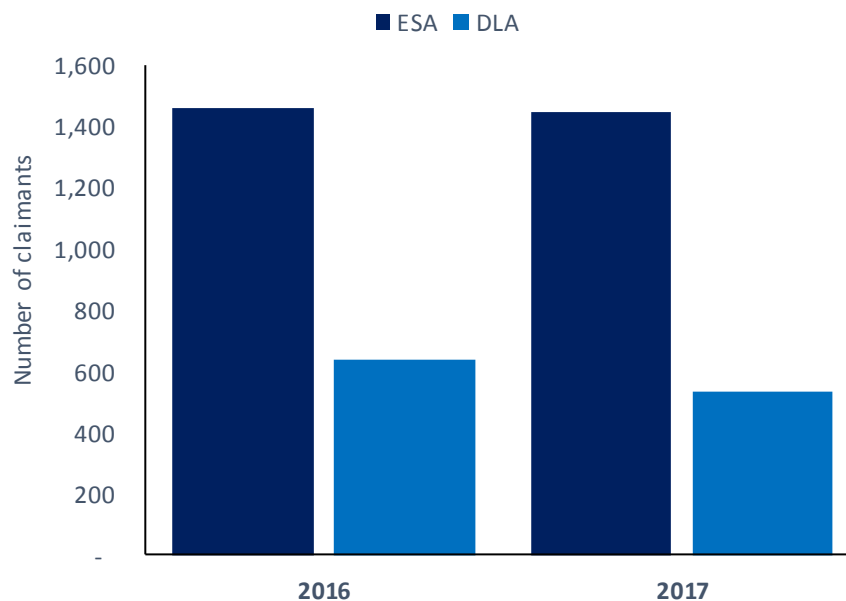


**Note:** Figures refer to the 16-64 population and for economic inactivity exclude students. Thus economic inactivity figures refer only to sick/disabled, looking after the family/home and early retirees.

**Source:** LADB, Labour Force Survey

- 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 1,450 ESA on-flows had claimed unemployment benefit (JSA) within 28 days of entering or leaving the ESA caseload. Similarly, 530 DLA claimants had claimed unemployment benefit within 28 days of entering or leaving the DLA caseload.
- Overall, 1,980 ESA and DLA on-flows had recently claimed JSA, which represents 21% of unemployed stock in 2017.

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



Source: DfC

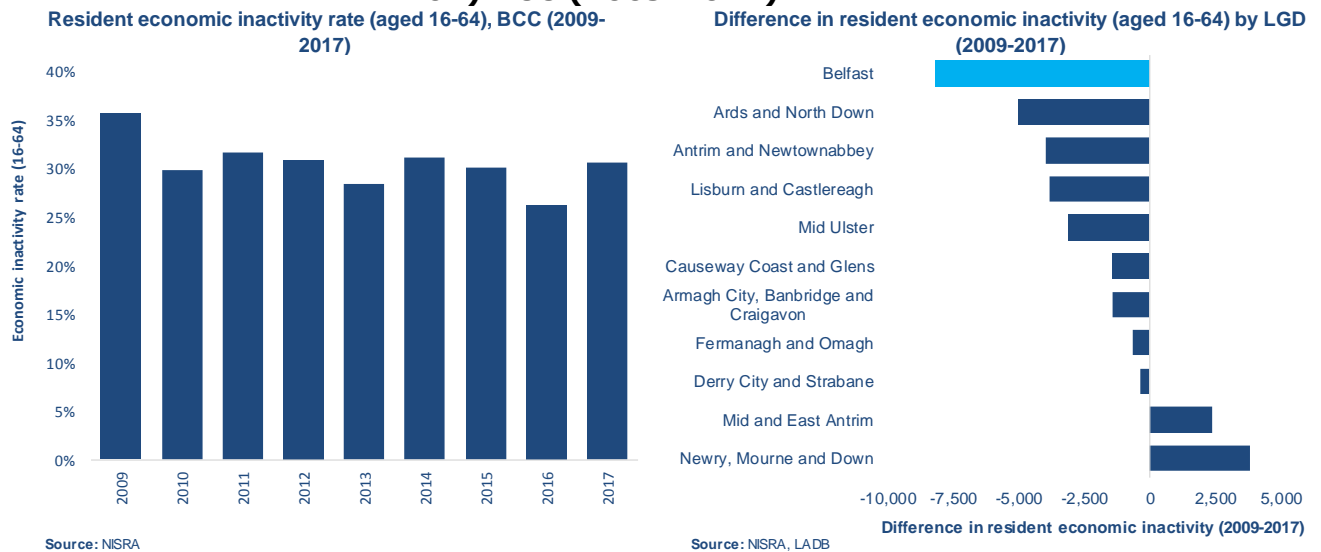
8. **It is concerning that such a large number of applicants to incapacity related benefits have already been claiming employment support through JSA.** The deterioration in the health of these claimants suggests that the programme of interventions through JSA have not been effective for these claimants.

## Economic inactivity

### Headline economic inactivity

9. In BCC in 2017 there was an average of 67,850 economically inactive persons of working age. **This represents 31% of the working age population in BCC, and 88% of the workless working age population in BCC.**
10. Working age economic inactivity has decreased since 2009 from 36% to 31% translating to a decrease of 3,500 inactive persons. This has occurred during a period where working age employment has increased by 19,700 and unemployment fell by 3,500. 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) BCC (2009-2017)**

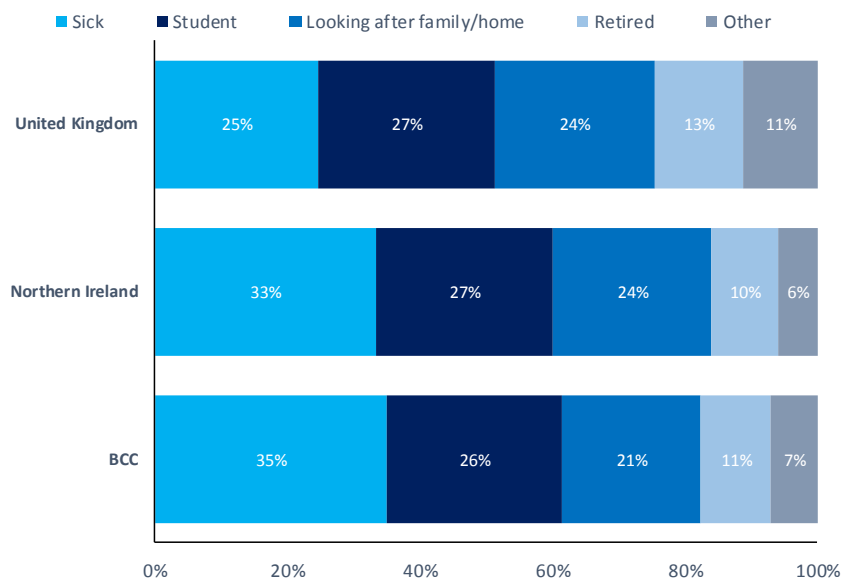


11. **The working age inactivity rate in BCC is the 4th highest of the 11 NI LGD's**, ranking behind Derry City and Strabane (37%); Causeway Coast and Glens (34%); and Newry, Mourne and Down (32%). However, BCC recorded the largest fall in absolute terms amongst LGD's over the 2009-2017 period as working age economic inactivity fell by 8.2k representing 37% of the net reduction in NI as a whole.

### Reasons for economic inactivity

12. **Approximately 35% of the 16-64 economically inactive are people claiming long-term sickness benefits.** The second largest category of economically inactive people are full-time students (26%), followed by people who are looking after their family and home (21%). There are a relatively small number of people who have retired (11%) before the age of 65. The smallest category within the economically inactive population are people who are inactive for other reasons such as temporarily sick, injured and discouraged workers (7%).

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



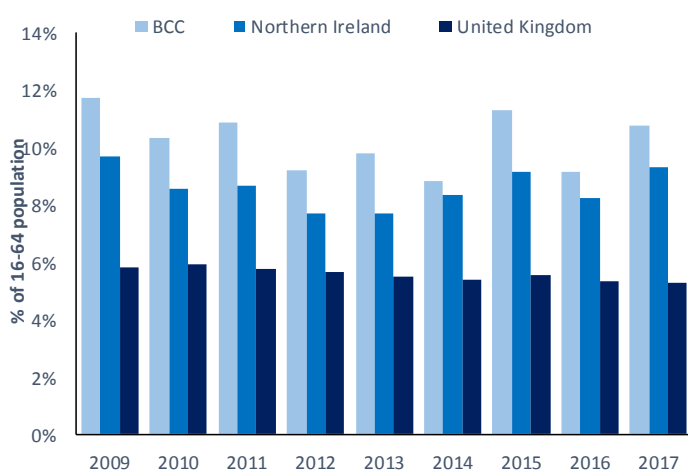
Source: Labour Force Survey, LADB

13. The proportion of economically inactive that are classified as sick in both BCC (35%) and NI (33%) is significantly higher than UK (25%). In the UK the reason which accounts for the highest proportion of economically inactive is students (27%).

14. On a per head of population basis, the differences between BCC and NI economic inactivity relative to other UK regions become apparent. **A person of working age in BCC is more than twice as likely as their UK counterpart to be an inactive person due to sickness (10.8% 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.

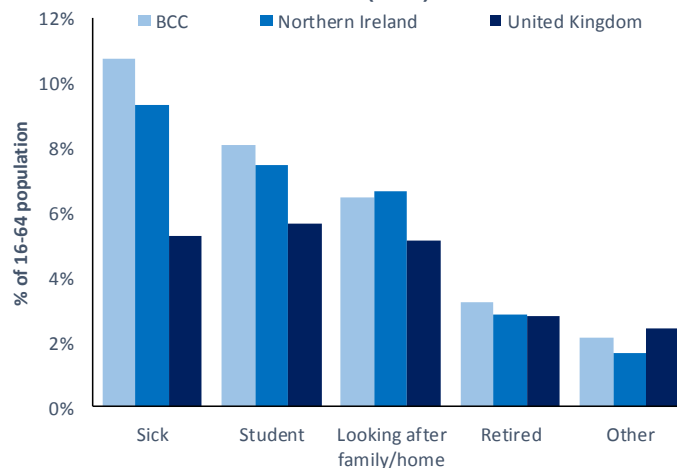
**Figure 3.6: Long-term sickness as reason for inactivity (2009-2017) and economic inactivity by reason (2017), BCC, NI and UK**

Long-term sick as reason for economic inactivity (% of population aged 16-64), BCC, NI and UK (2009-2017)



Source: Labour Force Survey, LADB

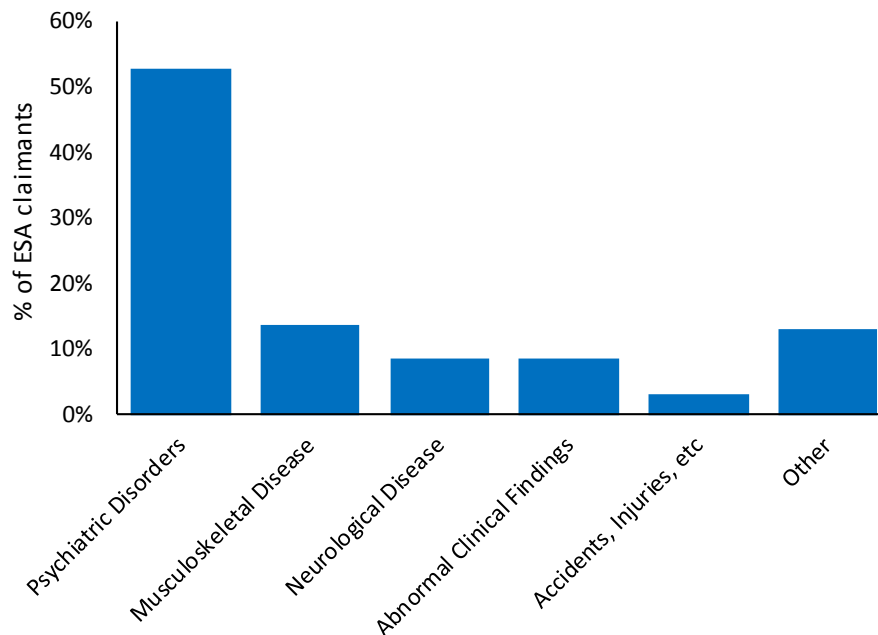
Economic inactivity by reason (% of 16-64 population), BCC, NI and UK (2017)



Source: Labour Force Survey, LADB

15. The top two specific health problems that are reported among the long-term sick relate to psychiatric disorders (52%) and musculoskeletal disease (14%), accounting for two-thirds (66%) 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<sup>10</sup>.

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

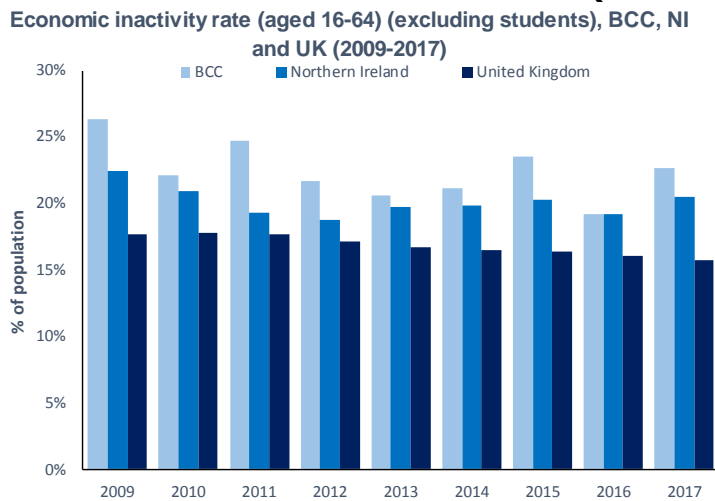


Source: DfC

16. NI also has a higher number of inactive students per head of population compared to other UK regions. As students investing in their intellectual capital represents positive economic activity we have calculated an economic activity rate for BCC which excludes students, this is summarised in the figure overleaf.

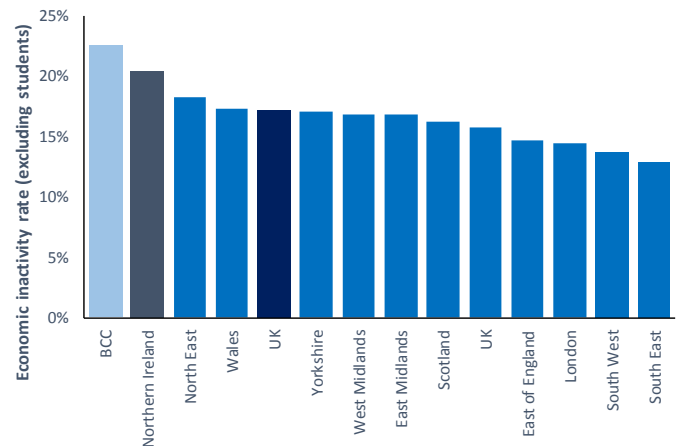
<sup>10</sup> Magill, M. and McPeake, M. (2016) An anatomy of economic inactivity in Northern Ireland: Working Paper. University of Ulster Economic Policy Centre. [https://www.ulster.ac.uk/\\_data/assets/pdf\\_file/0004/181435/UUEPC-Inactivity-Discussion-Paper-Final-Report.pdf](https://www.ulster.ac.uk/_data/assets/pdf_file/0004/181435/UUEPC-Inactivity-Discussion-Paper-Final-Report.pdf)

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



Source: Labour Force Survey, LADB

Economic inactivity rate (aged 16-64) (excluding students), UK regions, 2017



Source: Labour Force Survey, LADB

17. Excluding students, the working age economic inactivity rate in BCC is 23%, higher than any UK region. This is two percentage points higher than the NI average and seven percentage points higher than the UK average. **Although the economic inactivity rate remains stubbornly high, it should be noted that the BCC economic inactivity rate has decreased marginally over time.**

## Spatial dynamics to worklessness

18. There is an important spatial dynamic to labour market patterns within BCC. This relates to BCC's role as a commuter hub in addition to socio-economic differences across the city.

19. 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.

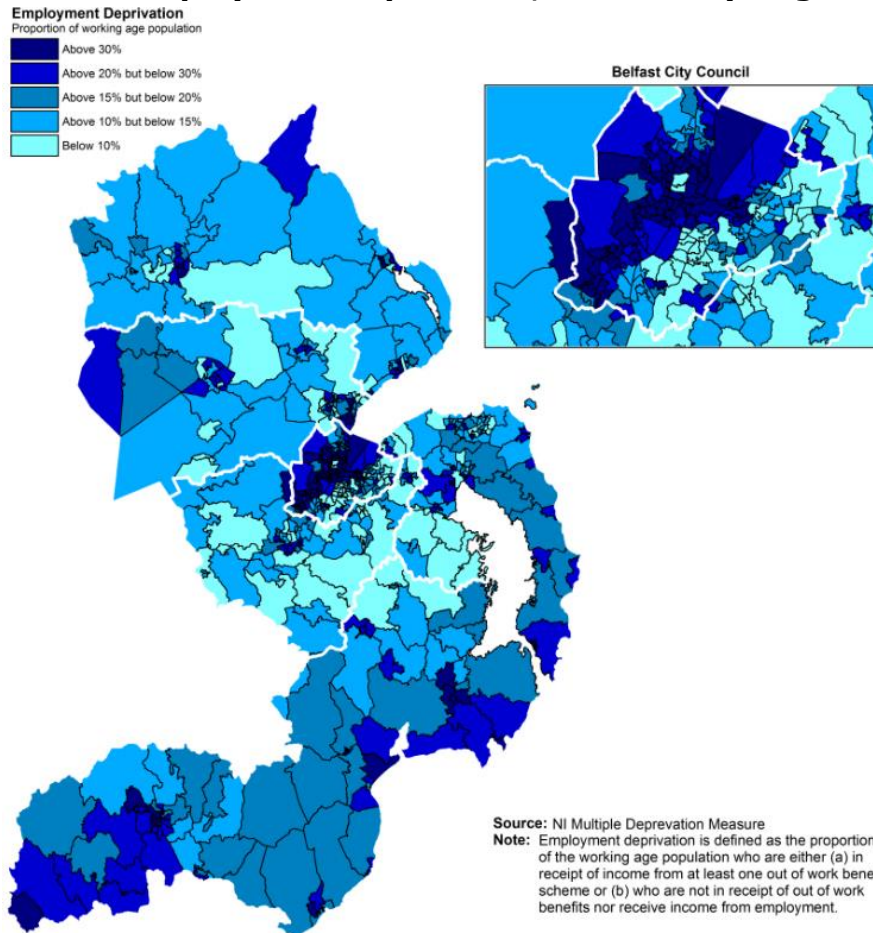
20. The figure overleaf highlights that a high level of employment deprivation is concentrated within the BCC administrative boundaries. The surrounding areas in BCC's commuter belt tend to be associated with lower levels of employment deprivation, reflecting the high levels of in-commuting to BCC. The qualification profile of BCC's residents is much lower relative to the jobs located in BCC and supply side data indicates a weaker performance in BCC across education statistics compared to other NI LGD's.

21. Therefore, **although BCC has a vibrant and expanding workplace economy, a high proportion of these jobs are not available to poorly qualified residents living within BCC.** Labour mobility also tends to be lower amongst people with low



levels of qualifications. Therefore, travelling long distances to find employment opportunities better aligned to their skills profile is often not a viable option amongst the out of work population with a skills deficit.

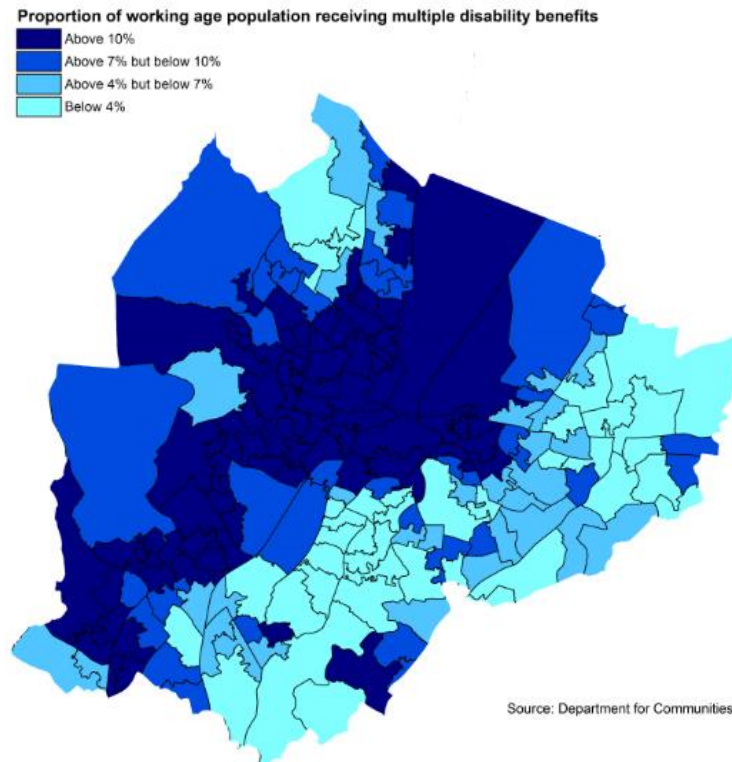
**Figure 3.9: Employment deprivation, Belfast City Region<sup>11</sup> (2017)**



22. In addition to differences between BCC and the wider commuter belt, there are also spatial disparities within BCC. 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.

<sup>11</sup> Belfast City Region refers to the following LGD's: Belfast; Mid and East Antrim; Antrim and Newtonabbey; North Down and Ards; Lisburn and Castlereagh; and Newry, Mourne and Down.

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



23. This pattern holds across multiple social and economic statistics, reflecting greater levels of social disadvantage concentrated in some localities within the city<sup>12</sup>. 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

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

### Economically inactive: hidden unemployment

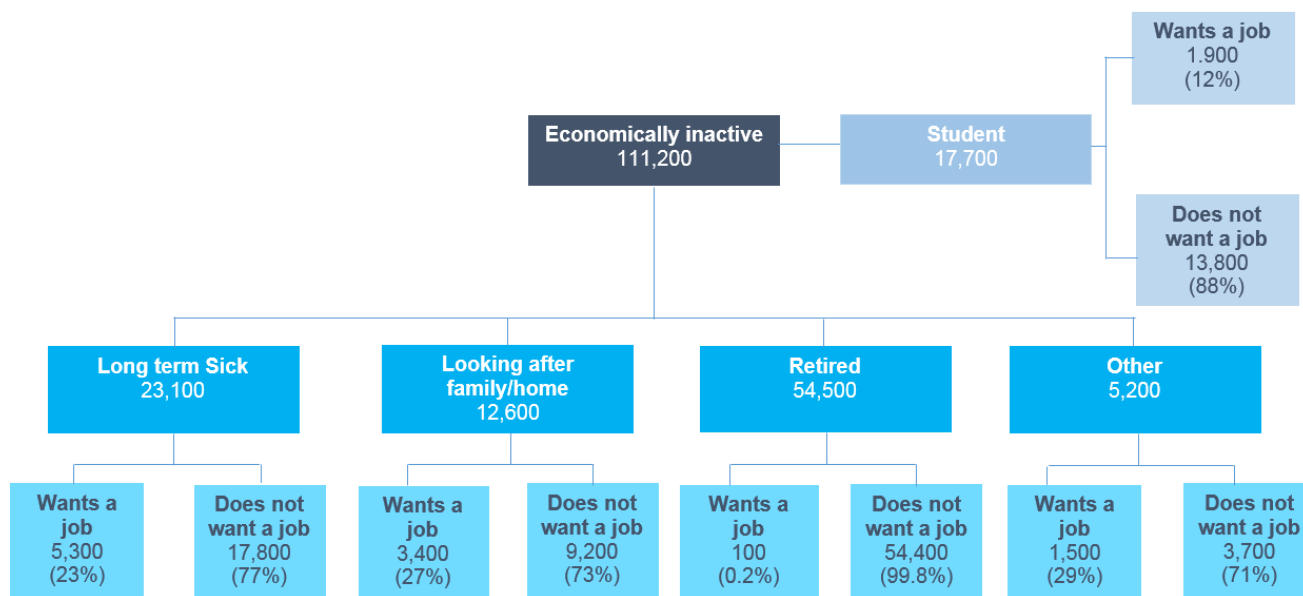
25. The analysis of labour market flows presented earlier in this chapter highlighted a high proportion of people flowing from an economically active status (employed or

<sup>12</sup> 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].

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.

26. 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+), BCC (2017)**



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

27. Overall, there are 12,200 inactive people in BCC who stated that they 'want to work', representing 11% of the economically inactive population aged 16 and above. If retired individuals aged over 65 are excluded the proportion of economically inactive people who want to work rises to almost one-fifth (19%). 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<sup>13</sup> (37.5%) compared to the UK (52.5%), and is considerably lower than any other UK region.

<sup>13</sup> Figures are based on people who are either disabled according to the Equality Act or have self-reported a work-limiting illness.

- **Looking after the family/home:** There are approximately 12,600 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<sup>14</sup>.
- **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 15,700 economically inactive students in BCC, 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.

28. Overall, the number of unemployed people in BCC according to the ILO definition of unemployment is approximately 10k. **It is a reasonable assumption to consider those who 'want to work' as 'hidden unemployment'. This doubles the overall number of unemployed people in BCC to 22,200.**

### Employed: Hidden unemployment

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

30. 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.

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

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<sup>14</sup> 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](https://www.equalityhumanrights.com/sites/default/files/mothers_report_-_bis-16-146-pregnancy-and-maternity-related-discrimination-and-disadvantage-experiences-of-mothers_1.pdf)

- **Steps 2 Success (S2S)<sup>15</sup>**- 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.

32. 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*

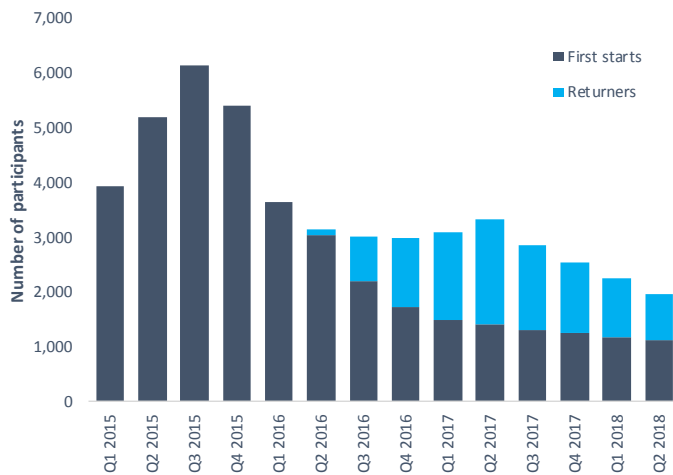
33. **There are currently approximately 2.2k participants on S2S in BCC, which translates to the 2<sup>nd</sup> highest participation rate amongst NI LGD's, following Derry City and Strabane.** The two highest participation rates in Derry City and Strabane and BCC is indicative of higher unemployment in urban areas. **In BCC approximately half (49%) of participants are returners to the programme.**

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<sup>15</sup> 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.

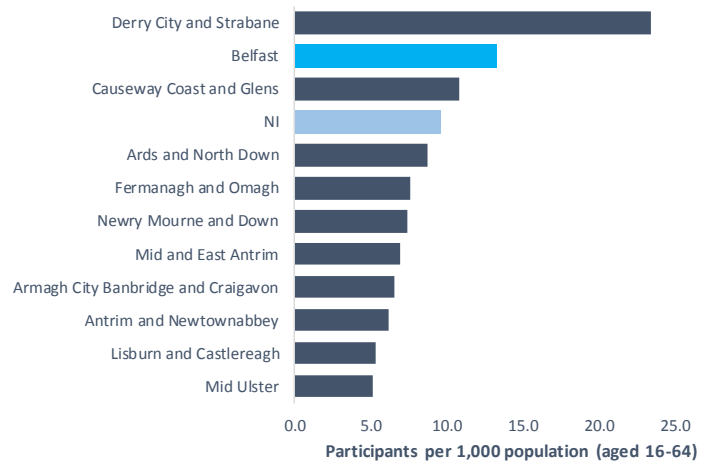
**Figure 3.12: S2S occupancy by first starts and returners, BCC (Q1 2015-Q2 2018) and S2S participation rate, LGD (2017)**

Steps 2 Success occupancy by first starts and returners, BCC (Q1 2015-Q2 2018)



Source: DfC, UUEPC

Steps 2 Success participants (per 1,000 16-64 population), LGDs (2017)



Source: DfC, UUEPC

- 34. 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.**
- 35. 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<sup>16</sup>.
- 36. 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.
- 37. 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.

<sup>16</sup> 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	463	847	28%	606
Armagh City Banbridge and Craigavon	385	479	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	1,477	2,246	23%	1,723
Fermanagh and Omagh	237	314	551	27%	403
Lisburn and Castlereagh	222	257	479	31%	332
Mid and East Antrim	264	330	594	27%	430
Mid Ulster	230	242	472	35%	308
Newry Mourne and Down	343	488	831	30%	580
<b>NI</b>	<b>4,836</b>	<b>6,520</b>	<b>11,356</b>	<b>29%</b>	<b>8,084</b>

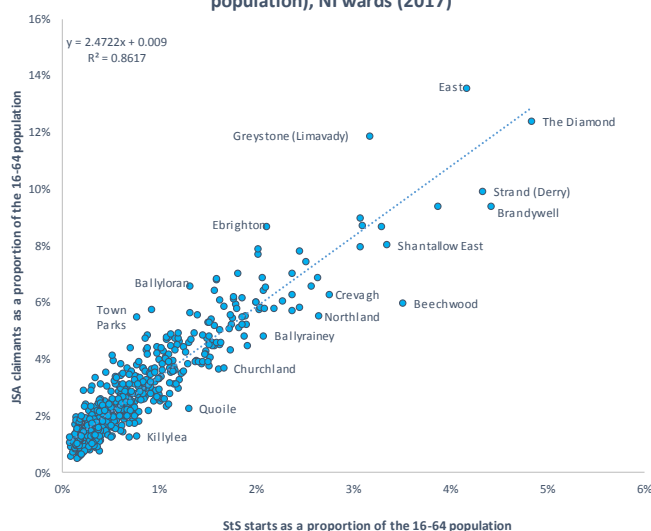
Source: DfC, UUEPC

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

38. 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 BCC and across NI as a whole, thus implying a **more unequal labour market across NI communities and within BCC**.

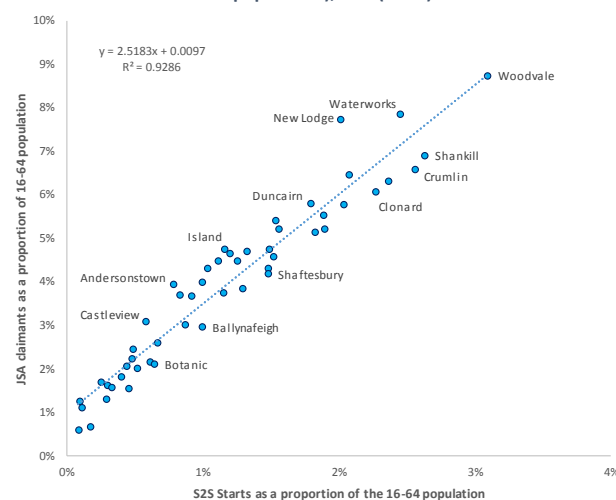
**Figure 3.13: Claimant count unemployment rate versus S2S participation rate (% of 16-64 population), NI and BCC (2017)**

Claimant count unemployment rate versus S2S participation rate (% of 16-64 population), NI wards (2017)



Source: NISRA  
Note: Based on 1992 ward boundaries.

Claimant count unemployment rate versus StS participation rate (% of 16-64 population), BCC (2017)

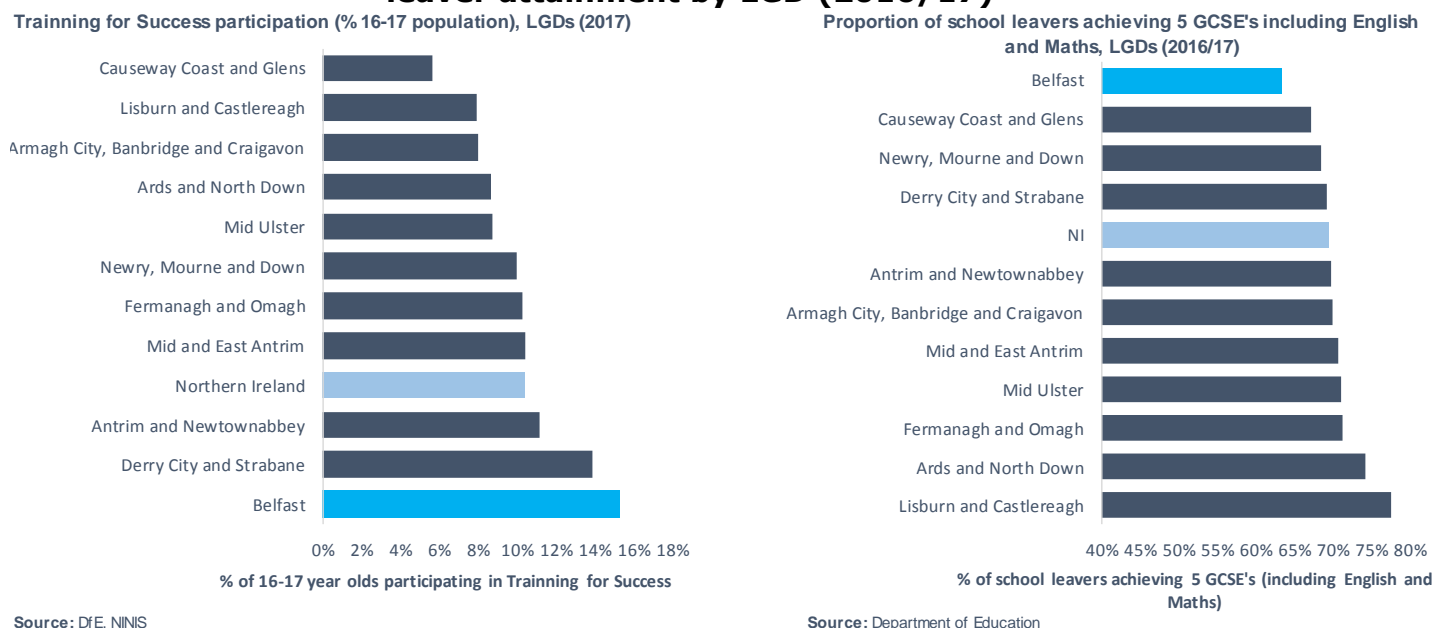


Source: NISRA  
Note: Based on 1992 ward & LGD boundaries.

## Training for Success

39. 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 5 GCSE's at grades A\*-C (including English and maths). **On a per capita basis, BCC has the highest participation rate in NI amongst LGD's, which is likely to be directly correlated to a higher proportion of low achievers in BCC.**

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



40. 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.

41. **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 unemployment, BCC (2017)**

	Number of participants	% gaining a qualification	Hidden unemployment
Skills for Your Life	110	53%	50
Skills for Work Level 1	470	64%	170
Skills for Work Level 2	640	64%	230
Skills for Work Level 3	0	64%	0
<b>Total</b>	<b>1,220</b>	<b>63%</b>	<b>450</b>

Source: DfE Client management System, UUEPC

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

42. Of the 1,220 BCC participants on TfS in 2017, it is estimated 450 will not achieve a qualification. This represents approximately 6% of 16-17 year olds in BCC<sup>17</sup>.

43. Across the two main GTS namely StS and TfS there are a total of 3,410 participants on GTS who could reasonably be considered to represent hidden unemployment.

### Potential labour supply: The real unemployment rate

44. 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), BCC (2015-2017)**

	2015	2016	2017
ILO Unemployed	7,000	10,000	10,000
Economically active	159,000	164,000	155,000
ILO unemployment rate	4.4%	6.1%	6.5%
Hidden: Long-term sick	5,550	5,210	5,250
Hidden: Looking after family or home	3,600	2,700	3,380
Hidden: Student	1,620	1,600	1,920
Hidden: Retired	340	270	110
Hidden: Government Training Schemes	5,730	3,720	3,410
Hidden: Other	1,390	1,570	1,510
Total hidden unemployment	18,240	15,070	15,590
ILO unemployed + hidden unemployed	25,240	25,070	25,590
Real unemployment rate	<b>14.2%</b>	<b>14.0%</b>	<b>15.0%</b>

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: Total s may not add due to rounding.

<sup>17</sup> 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).

45. The real BCC unemployment rate has been calculated to be 15.0% in 2017, 2.3 times the ILO unemployment rate. This equates to a difference of 15.6k persons. The largest gap between ILO unemployment and the alternative measure of real unemployment was in 2015 when the real unemployment rate was 3.3 times the ILO rate, a difference of 19.2k people.

46. 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 city 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.**

### Summary

47. In BCC the unemployed account for a minority of the workless (12%). The majority of workless individuals are the economically inactive (88%). There are a number of key points which can be taken from an analysis of workless BCC residents:

- **Economic inactivity** - BCC has the fourth highest economic inactivity among NI LGD's (31%). A working age individual is twice as 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 BCC residents doubles from 10,000 to 22,000.
- **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 3,400 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 BCC is estimated to be 15.0%, a significantly higher rate than indicated by the ILO measure of unemployment (6.5%).

48. 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

## Spare capacity in Belfast City Council's labour market



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 BCC's out of work population.

## 4. Gender dynamics within the labour market

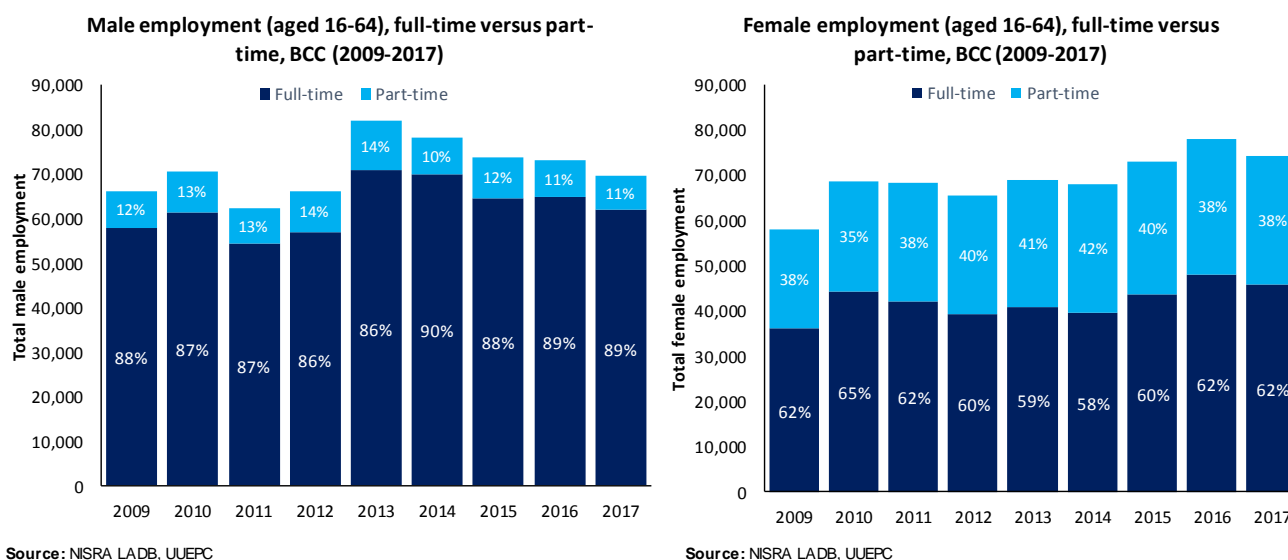
### Introduction

1. This chapter provides an overview of recent labour market trends among males and females within BCC. 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 BCC was 144k in 2017. Males represented 48% of employment and females 52%. The working age female employment rate is five percentage points below the male employment rate, 63% and 68% respectively. However, females have accounted for 82% of growth in working age resident employment in BCC from 2009-2017.
3. Female full-time employment increased by an annual growth rate of 3.0% over the past 8 years, compared to 0.8% for full-time males over the same period. Female part-time employment increased by an annual growth rate of 3.3% per annum from 2009-2017, compared to a decline of -0.6% for part-time males.

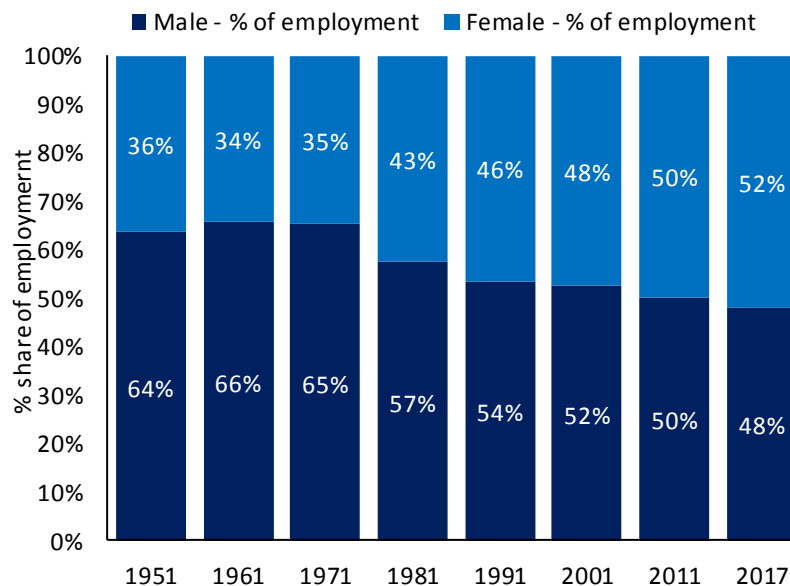
**Figure 4.1: Employment composition by gender, full-time versus part-time, BCC (2009-2017)**



4. A much higher proportion of females work part-time compared to males. Part-time employment accounts for almost two-fifths (38%) of female employment and women account for almost four-fifths (79%) of part-time employment. This compares to just over one-tenth (11%) 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 36% of

Belfast’s<sup>18</sup> employed residents. By 1981 the figure had increased by seven percentage points to 43%<sup>19</sup> and the figure has now grown to a current rate of over half (52%<sup>20</sup>) BCC 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+), BCC (1951-2017)**



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

**Note:** Census 1951, Census 1961 and Census 1971 figures are based on County Borough of Belfast geography. Census 1981 and Census 1991 figures are based on Belfast LGD1991 geography. Census 2001, Census 2011 and 2017 figures are based on Belfast 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 full-time employment and self-employment and reduced their proportion of part-time employment over the past twenty years.
7. The share of females in full-time employment increased from 38% in 2001 to 42% in 2017. Females accounted for 23% of self-employment in 2001 this had increased to 31% by 2017. The share of females in part-time female employment over the 2001-2017 period decreased from 85% to 76%.

<sup>18</sup> This refers to County Borough of Belfast geography.  
<sup>19</sup> This figure refers to the Belfast LGD1981 geography.  
<sup>20</sup> This figure refers to the Belfast LGD2014 geography.

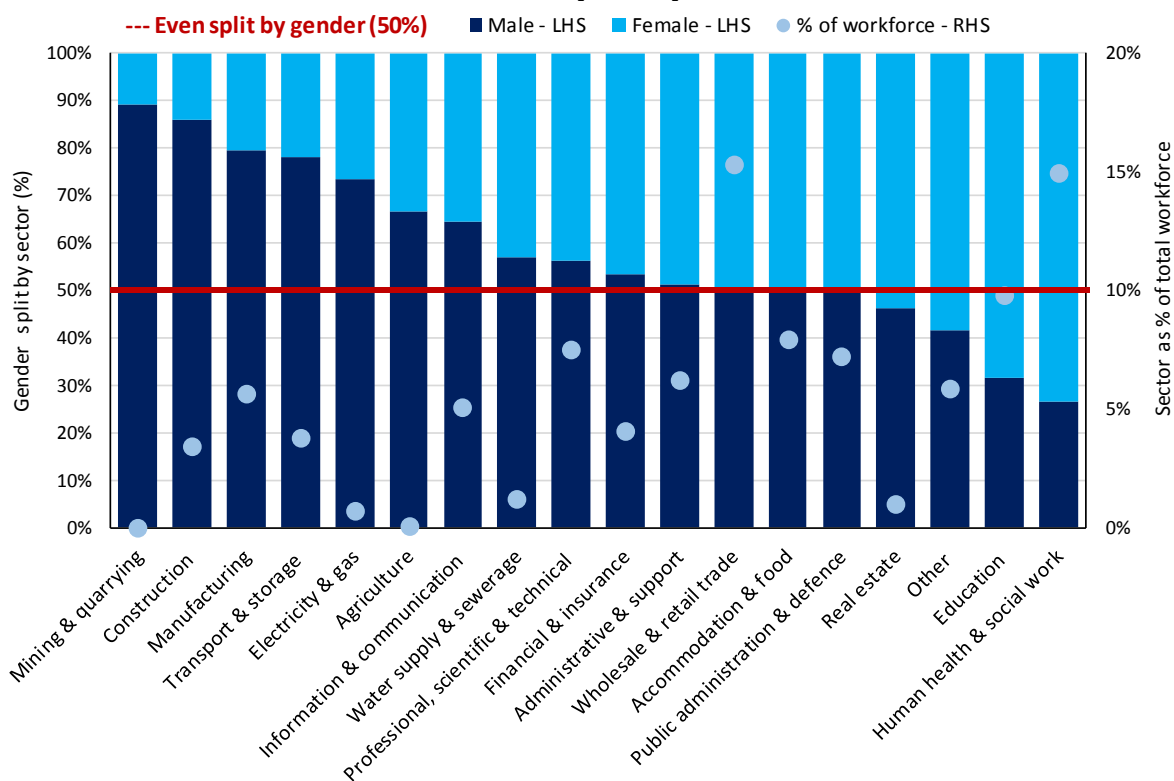
**Table 4.1: Employment share (%) by gender (aged 16+), BCC (2001-2017)**

	2001	2011	2017
Male - % of employment	52%	50%	48%
Female - % of employment	48%	50%	52%
Male - % of full-time employment	62%	58%	59%
Female - % of full-time employment	38%	42%	42%
Male - % of part-time employment	15%	21%	23%
Female - % of part-time employment	85%	79%	76%
Male - % of self-employed	77%	72%	69%
Female - % of self-employed	23%	28%	31%

Source: Census 2001, Census 2011, NISRA LADB

- 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 (74%) and education (69%). These two sectors account for a considerable proportion of the total BCC resident workforce, 15% and 10% respectively.
- In the same period BCC resident males accounted for over two thirds of employment in the following sectors: mining and quarrying (89%); construction (86%); manufacturing (80%); transport and storage (78%); electricity and gas (74%); and agriculture (67%). These male dominated sectors currently account for 14% of total BCC resident workforce and over one fifth (22%) of the male BCC resident workforce.

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



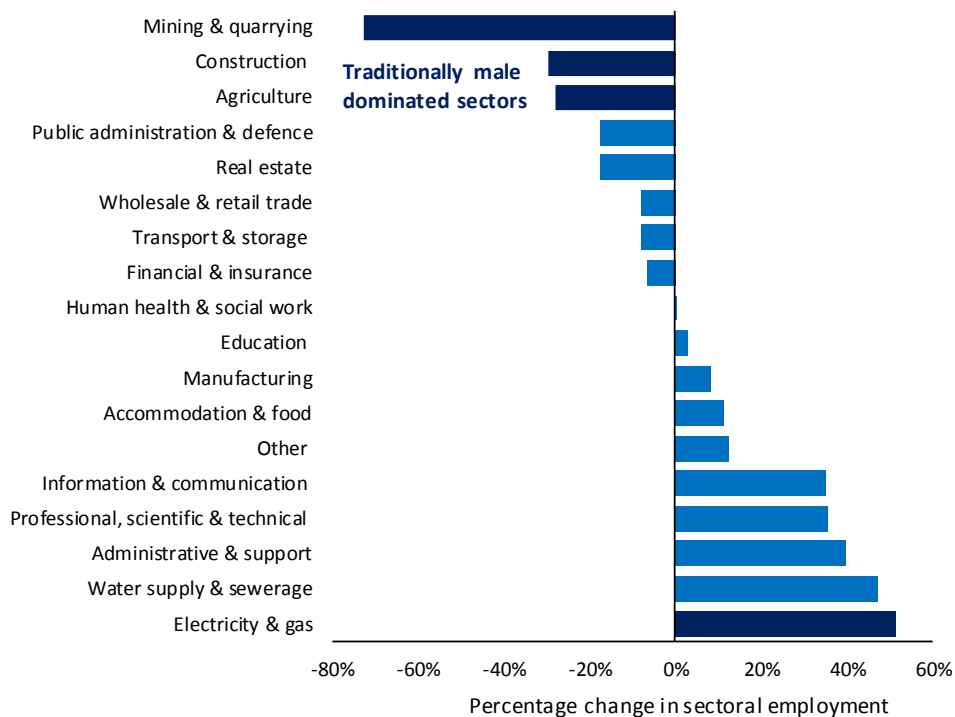
Source: NISRA, Census 2011, LADB, Census of Employment, UUEPC

10. Sectors that have experienced a significant decline in jobs since the mid-20<sup>th</sup> century have been predominantly male dominated. For example, according to the 1951 Census the 'manufacturing industries' sector accounted for 57% of total jobs in Belfast<sup>21</sup>, employing over half (56%) of all working males. This compares to the manufacturing sector today accounting for only 6% of BCC resident workforce, employing under one in ten (9%) working males. Although the figures are not directly comparable due to industrial classifications and LGD boundary differences over the period, this analysis presents some indication of 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 BCC declined by 30% since 2010. This equates to a loss of 2,100 resident jobs in construction, approximately 86% of which are males.

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), BCC (2010-2017)<sup>22</sup>**



Source: NISRA, LADB, UUEPC

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

<sup>21</sup> This refers to County Borough of Belfast geography.

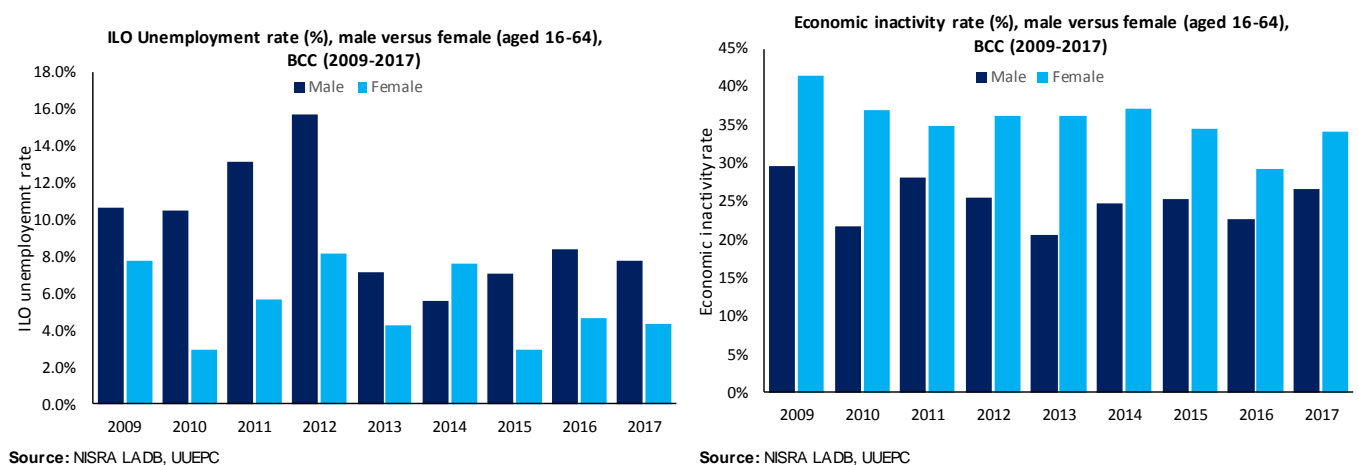
<sup>22</sup> It is important to note the scale of industrial change is difficult to illustrate over the 2010-2017 period as the trend occurs over a much longer time series. However, data constraints have meant it is not possible to replicate this analysis over a longer time series.

administration and support sector has increased by 40% since 2010 creating 2,600 jobs, approximately 49% accounted for by females and 51% males.

## Worklessness

14. In 2017, within the working age population males and females make up 63% and 37% respectively of unemployed people in BCC. This equates to an unemployment rate of 7.8% for males and 4.4% for females. Over the 2009-2017 period, the male unemployment rate reached a high of 15.7% in 2012 and a low of 5.6% in 2014. This compares to a high of 7.8% in 2009 for females and a low of 2.9% in 2015.

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



15. The most sought after occupation by unemployed males is sales assistants and retail cashiers, accounting for almost one-fifth (17%) 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 BCC, 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 (15% of total) followed by; elementary personal services occupations (6%); transport drivers and operatives (6%); and elementary construction occupations (6%). Together the top five occupations sought after by unemployed males account for half (50%) of the male total.



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

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

Occupation	Percent of total occupation sought (%)
Sales Assistants And Retail Cashiers	17%
Elementary Goods Storage Occupations	15%
Elementary Personal Services Occupations	6%
Transport Drivers And Operatives	6%
Elementary Construction Occupations	6%
Administrative Occupations: General	5%
Elementary Cleaning Occupations	4%
Building Trades	3%
Construction Trades	3%
Customer Service Occupations	2%
Food Preparation Trades	2%
Elementary Security Occupations	2%
Assemblers And Routine Operatives	2%
Elementary Process Plant Occupations	2%
Agricultural Trades	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, BCC (2017-2018)**

Occupation	Percent of total occupation sought (%)
Sales Assistants And Retail Cashiers	36%
Elementary Cleaning Occupations	13%
Elementary Personal Services Occupations	9%
Administrative Occupations: General	8%
Healthcare And Related Personal Services	6%
Childcare And Related Personal Services	5%
Hairdressers And Related Occupations	3%
Teaching Professionals	2%
Secretarial And Related Occupations	2%
Customer Service Occupations	2%
Artistic And Literary Occupations	1%
Housekeeping Occupations	1%
Administrative Occupations: Government And Related Organisations	1%
Assemblers And Routine Operatives	1%
Social Welfare Associate Professionals	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 (36%) of the total.

18. The second largest sought after occupation by females are elementary cleaning occupations (13%) followed by elementary personal services occupations (9%). The top three most sought after occupations by female's together account for 58% of the female total and the top five for over 73% of the female total.

19. Importantly, **occupations which have experienced rapid growth in the 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.

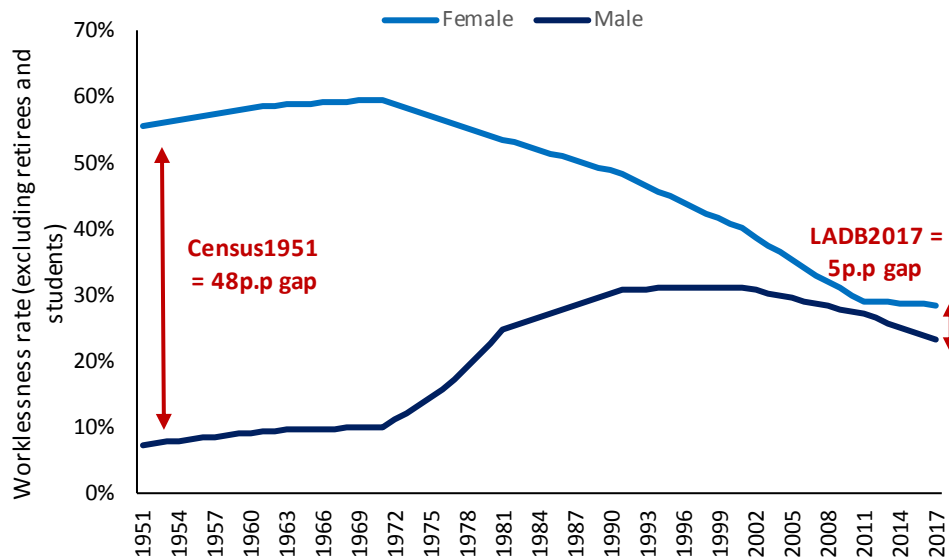
20. Male unemployment rates are consistently above female rates. However, the gap between male and female worklessness widens once economic inactivity is considered. In 2017, the working age economic inactivity rate is 27% and 34% for males and females respectively.

21. Overall, the female worklessness rate<sup>23</sup> 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 forty-eight percentage points. That is, the worklessness rate was 56% for females and only

<sup>23</sup> Worklessness rate refers to the unemployed plus economically inactive as a proportion of the total population

7% for males. Today the gap is five percentage points as the female worklessness rate (excluding students and retirees) is 29% compared to 23% for males.

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

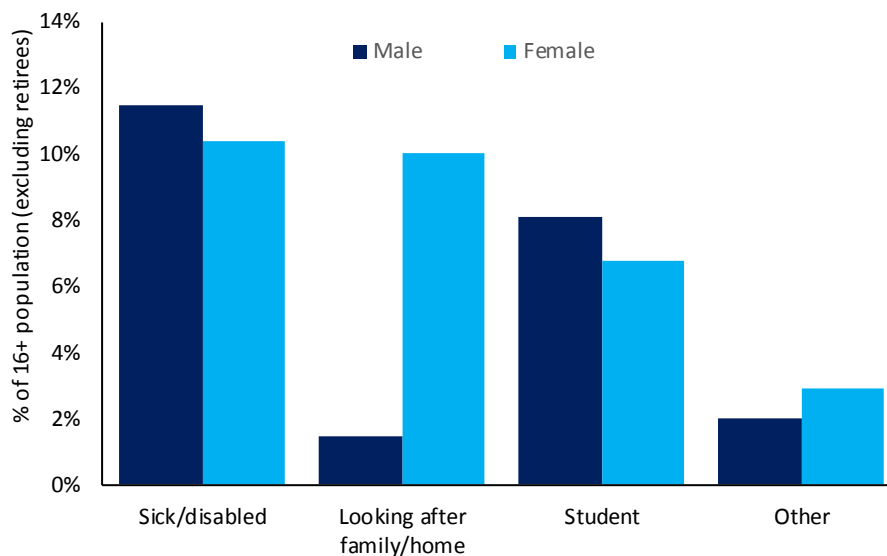


**Source:** Census 1951, Census 1961, Census 1971, Census 1981, Census 1991, Census 2001, Census 2011, LADB, UUEPC

**Note:** Census 1951, Census 1961 and Census 1971 figures are based on County Borough of Belfast geography. Census 1981 and Census 1991 figures are based on Belfast LGD 1991 geography. Census 2001, Census 2011 and 2017 figures are based on Belfast LGD 2014 geography. Therefore figures are not directly comparable across the timeseries, but provide a reasonable indication of broad labour market trends.

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. However, it is worth noting the proportion of the female population in BCC today looking after the family/home is still 10%, compared to 2% 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. The largest contributor to economic inactivity is the high levels of sick/disabled. Approximately 12% of the 16+ male population (excluding retirees) are sick/disabled, marginally above the female rate of 10%.

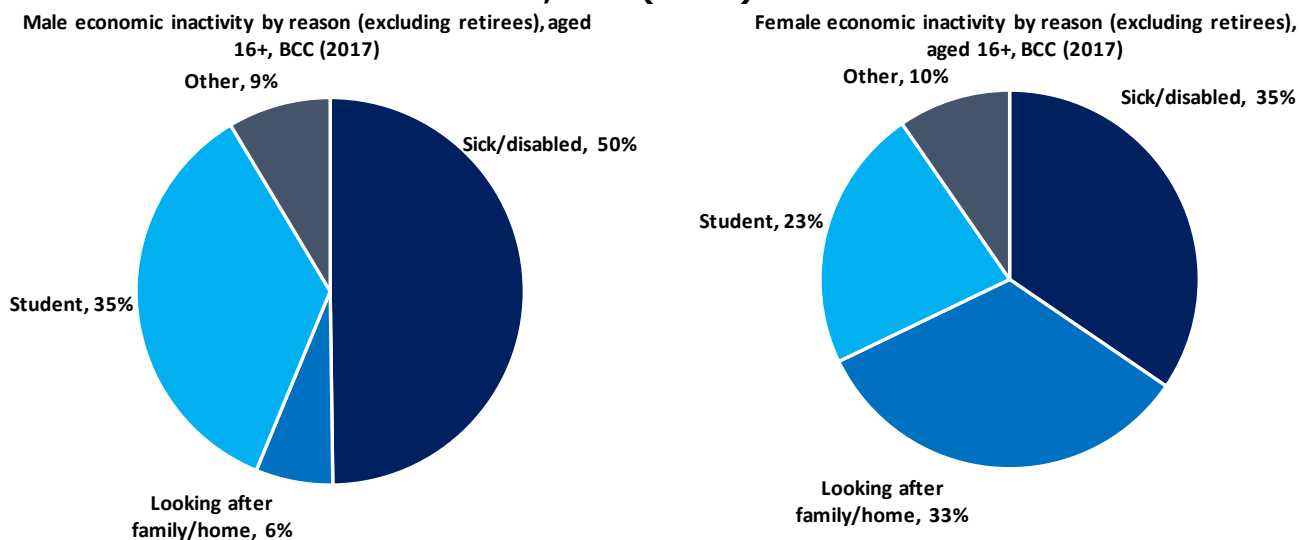
**Figure 4.7: Economic inactivity by reason (% of 16+ population) excluding retirees, BCC (2017)**



Source: NISRA LADB, UUEPC

24. The spread of reasons for economic inactivity emphasises the differences across genders. For example, half (50%) of economically inactive males aged 16+ (excluding retirees) are sick/disabled compared to just over one third (35%) of economically inactive females. A further 6% of males are economically inactive for reasons of looking after family/home, compared to one-third (33%) of females<sup>24</sup>.

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



Source: NISRA LADB, UUEPC

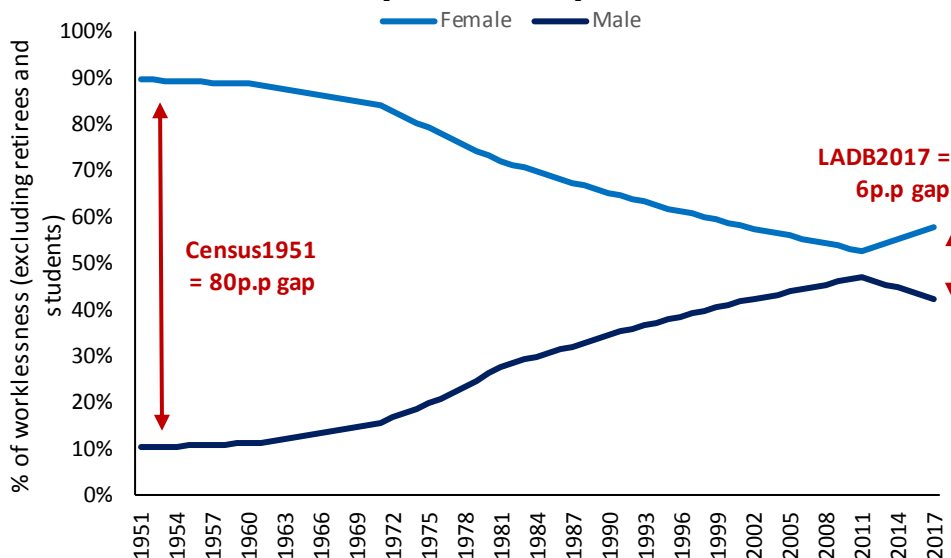
Source: NISRA LADB, UUEPC

25. Worklessness (i.e. economic inactivity plus unemployment) has converged between males and females in Belfast since the 1950s. For example, in 1951 90% of out of work individuals were female (excluding retirees and students), an 80 percentage

<sup>24</sup> 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.

point gap between males and females. The proportion fell to 72% by 1981 and 58% by 2001, driven by rising sickness levels and a large reduction in females looking after the family and/or home. In 2017, worklessness was more evenly spread between males and females (58% female and 42% male).

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



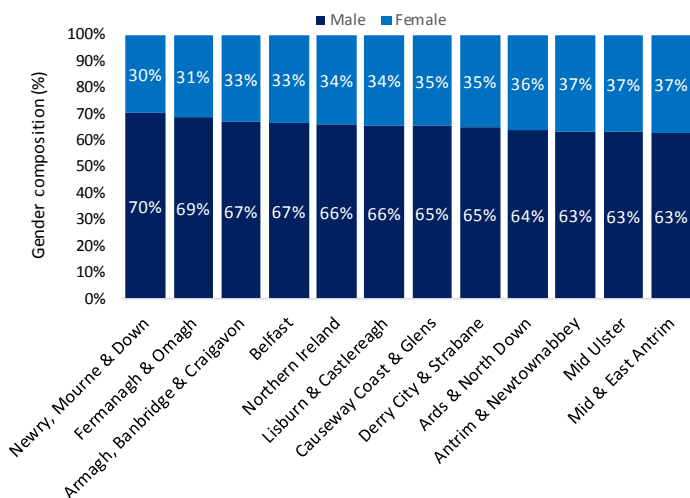
**Source:** Census 1951, Census 1961, Census 1971, Census 1981, Census 1991, Census 2001, Census 2011, LADB, UUEC

**Note:** Census 1951, Census 1961 and Census 1971 figures are based on County Borough of Belfast geography. Census 1981 and Census 1991 figures are based on Belfast LGD 1991 geography. Census 2001, Census 2011 and 2017 figures are based on Belfast LGD 2014 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 composition by gender, LGD (2011)



S2S starts by gender, NI (2014-2018)

Gender	JSA (18-24 months)	JSA (25+ months)	Other	Total
Male	8,323	25,503	1,570	35,396
% of total males	24%	72%	4%	-
Female	3,277	10,198	555	14,030
% of total females	23%	73%	4%	-
% male participation	72%	71%	74%	72%

Source: DfC

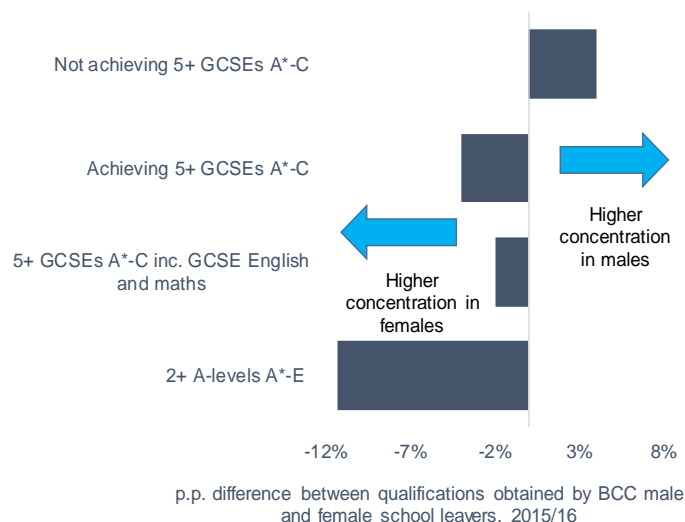
Note: Figures refer to NI as a breakdown by gender is not available by LGD.

Source: Census 2011

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 BCC (2015/16) and TfS participation by gender NI (2014-2017)**

Difference in proportion of male and female school leavers achieving qualifications, BCC (2015/16)



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.

Source: NI school leavers survey

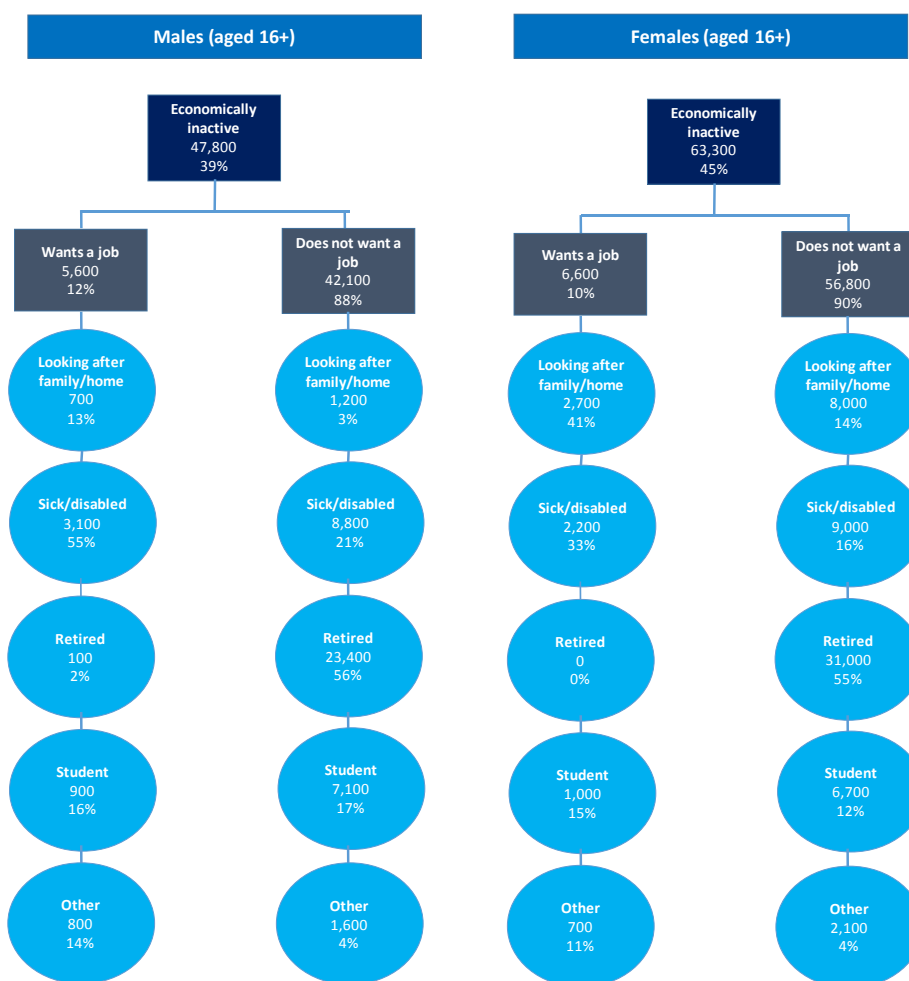
## Potential labour supply

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. Over one in ten (12%) males aged 16+ self-report they would like a job, compared to 10% of females. 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 (33%) of females.

**Figure 4.12: Economic inactivity (aged 16+) by gender and reason, BCC (2017)<sup>25</sup>**



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 just over two-fifths (41%) of the total. This compares to looking after family/home representing just 13% of males who would like a job. The 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.

<sup>25</sup> A detailed labour market overview for males and females is available in Annex A

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 17.1% and 12.9% for males and females respectively.

**Table 4.3: Potential labour supply – Components of hidden unemployment by gender, BCC (2017)**

	Male	Female
ILO unemployed	6,400	3,600
Economically active	76,100	78,900
ILO unemployment rate	8.4%	4.6%
Hidden: Long-term sick	3,100	2,200
Hidden: Looking after family or home	400	3,000
Hidden: Student	1,000	900
Hidden: Retired	100	0
Hidden: Government Training Schemes	2,400	1,000
Hidden: Other	500	1,000
Total hidden unemployment	7,500	8,100
ILO unemployed + hidden unemployed	13,900	11,700
<b>Real unemployment rate</b>	<b>16.6%</b>	<b>13.4%</b>

**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.

32. The higher real unemployment rate for males is driven by a number of factors:

- Higher initial unemployment rate (8.4% compared to females 4.6%);
- High numbers of males on GTS (2,400 compared to 1,000 females); and
- Higher overall proportion of economically inactive males reporting they would like a job (12% compared to 10% for females).

## Summary

33. The labour market has experienced increased female participation over the longer term. In 1951 females accounted for 36% of Belfast's workforce, compared to 52% in BCC 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 BCC females tend to have a high concentration in human health and social work and education, which account for 10% and 15% 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 (4.6%) relative to males (8.4%). The most sought after occupation by unemployed males

and females is 'sales assistants and retail cashiers', 17% and 36% of unemployed respectively. Occupations sought after by the unemployed do not coincide with occupations that have experienced growth in recent years.

- **Economic inactivity** - The gap between male and female economic inactivity has converged from forty-eight 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 12% for males. Accounting these individuals as hidden unemployment increases the official unemployment figure by 8,000 males and 7,600 females.
- **The real unemployment rate** - After considering hidden unemployment the real unemployment rate in BCC for males increases to 17.1% and 12.9 % for females, from 8.4% and 4.6% respectively.

34. 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

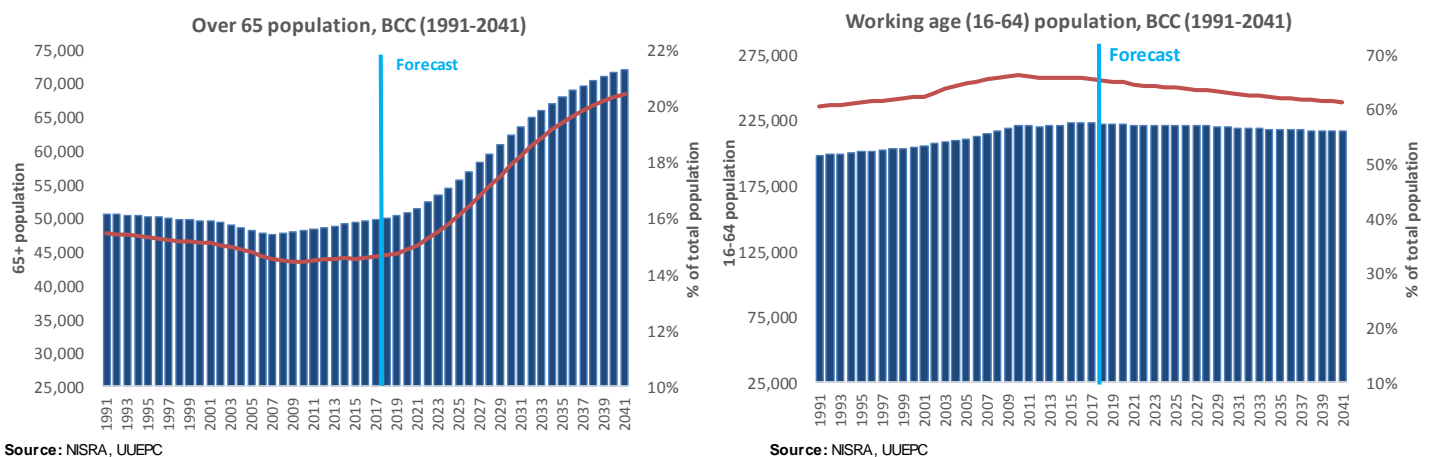
### Introduction

1. This chapter provides an analysis of the changing structure of BCC'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.

### An ageing population

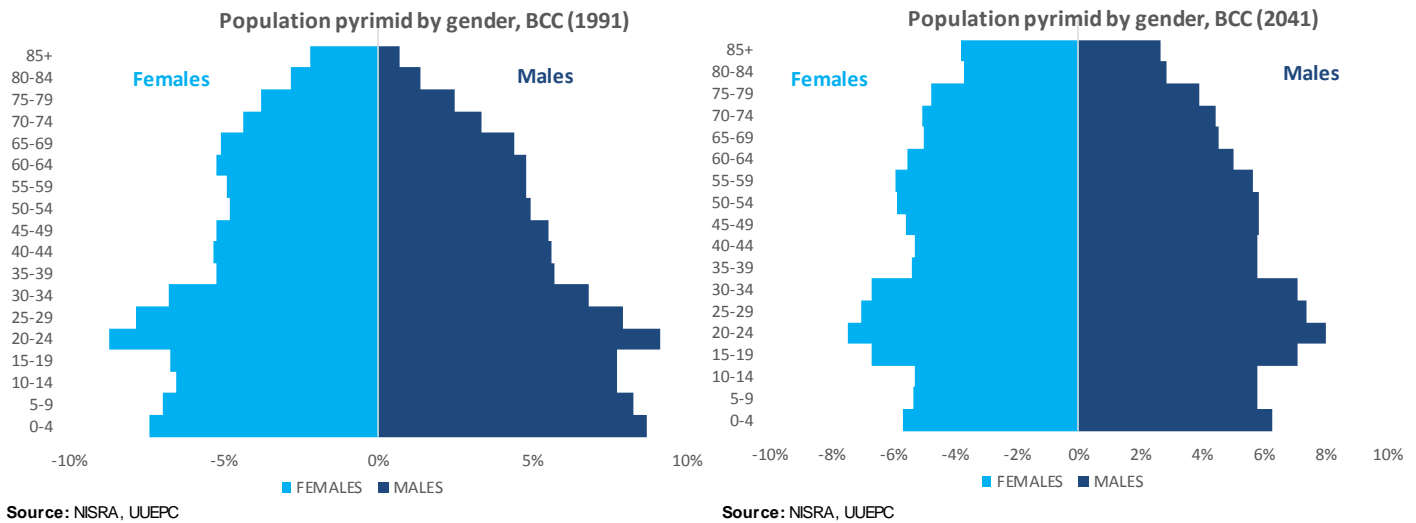
2. Over the period, 1991-2018 the number of individuals aged over 65 in BCC has fallen from 51,000 to 50,000. However, by 2041 this figure is expected to rise by 45% to 72,000, increasing the over 65's population share from 15% to 20% by 2041. The working age population is forecast to decline by 3% over the 2018-2041 period. These trends are consistent with an overall population decline within BCC and increasing life expectancy.

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



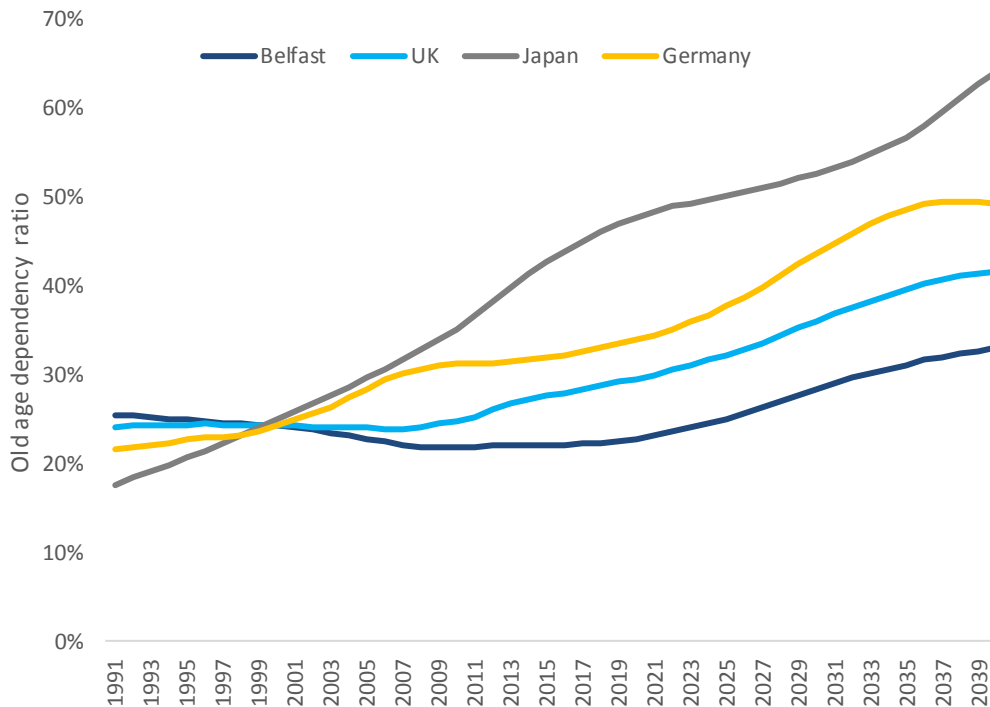
3. **With an increasingly 'top heavy' population structure a greater burden is exerted on the productive population to support the elderly.** Ideally, the age structure of the population should be pyramid shaped with a large foundation of young and working age people, supporting a relatively smaller 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, BCC (1991 and 2041)**



4. The old age dependency ratio, defined as the ratio of over 65s to the working age population is a measure of inter-generational dependency.
5. As the share of over 65s are forecast to progressively increase in coming decades and the working age population is forecast to marginally decline, the old age dependency ratio is expected to increase. In 1991, the old age dependency ratio was 26% in BCC, this has fallen to 22% in 2018 but is projected to be 33% by 2041. Expressed differently, **in 2018 there were 4.5 people of working age to support every individual over 65, but by 2041 this is expected to drop dramatically to just 3.0.**
6. It should be noted that these challenges are not confined to the BCC 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 BCC. Therefore, BCC 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, BCC, UK, Japan and Germany (1991-2039)**



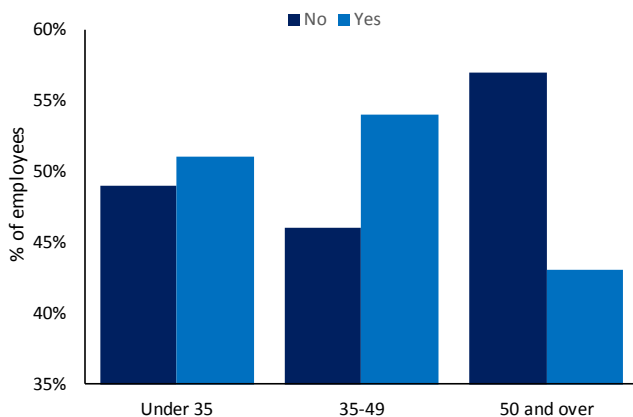
Source: UUEPC, NISRA, Oxford Economics

7. **The changing age structure in BCC 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. While BCC has a relatively lower dependency ratio compared to the UK, its economic inactivity rate is much higher than the UK average (31% aged 16-64 in BCC, compared to 22% in the UK). This means BCC has a relatively large 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<sup>26</sup> and less willing to adapt to change, particularly in relation to technological changes<sup>27</sup>. In addition, employers are less willing to invest in training for older workers, relative to younger workers<sup>28</sup>.

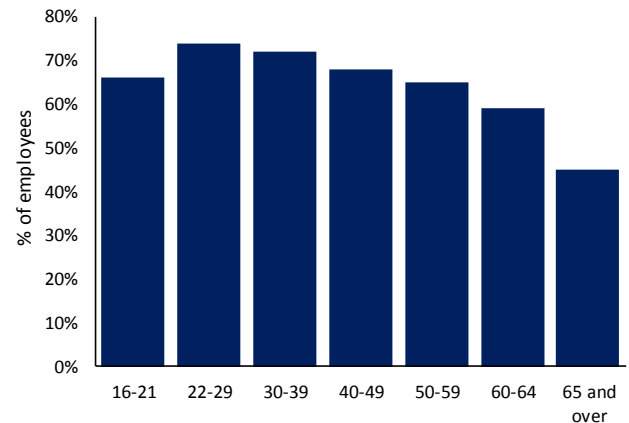
**Figure 5.4: Employee training by age, NI (2017 and 2011)**

**Have you had training paid for by your employer in the last 12 months, by age, UK (2017)**



Source: Eurofound

**Percentage of employees receiving at least one day of training in the last 12 months, NI (2011)**



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<sup>29</sup> 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<sup>30</sup>

<sup>26</sup> 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](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/584727/older-workers-and-the-workplace.pdf)

<sup>27</sup> 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](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/584448/employer-experiences-of-recruiting-retaining-and-retraining-older-workers.pdf)

<sup>28</sup> 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](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/584727/older-workers-and-the-workplace.pdf)

<sup>29</sup> 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/fittingitalinworkingcaringandhealthinlaterlife>

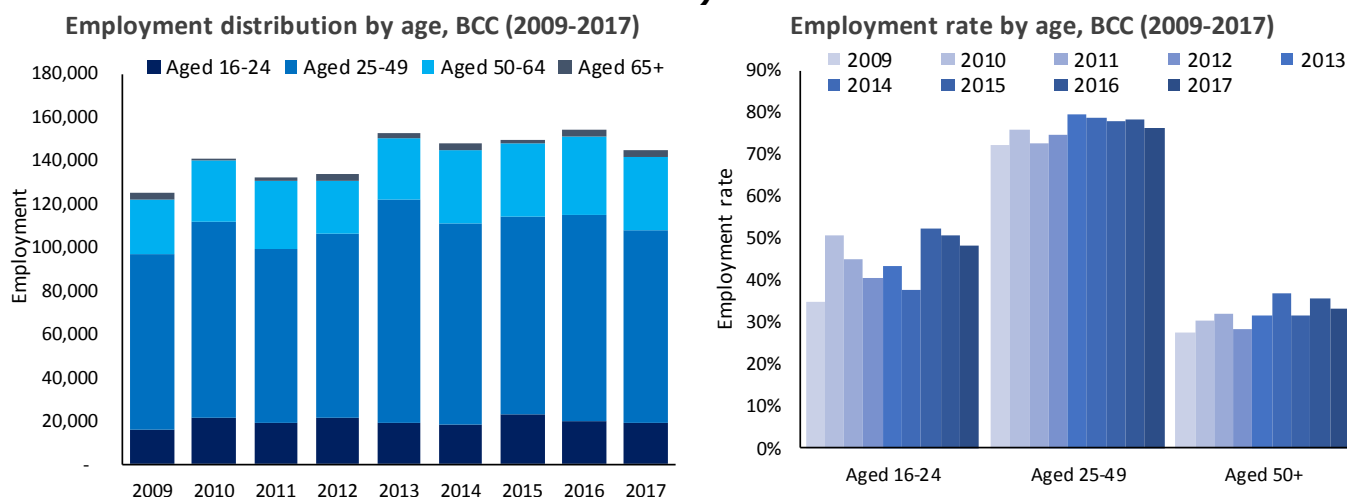
<sup>30</sup> Prime (2014) *The missing million: Illuminating the employment challenges of the over 50s*. London. The Princes Charities. [https://age.bitc.org.uk/system/files/research/prime\\_report\\_the\\_missing\\_million\\_0.pdf](https://age.bitc.org.uk/system/files/research/prime_report_the_missing_million_0.pdf)

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.**

## Employment

- In BCC residents aged under 25 account for 13% of total employment, over three-fifths (62%) are accounted for by individuals aged 25-49 and one quarter (25%) 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 (76%) followed by individuals aged 50-64 (61%).
- The younger resident workforce (aged 16-24) in BCC has experienced a 13 percentage point increase in their employment rate over the past 8 years, increasing from 35% in 2009 to 48% in 2017, peaking at 52% in 2015.

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



Source: LADB

Source: LADB

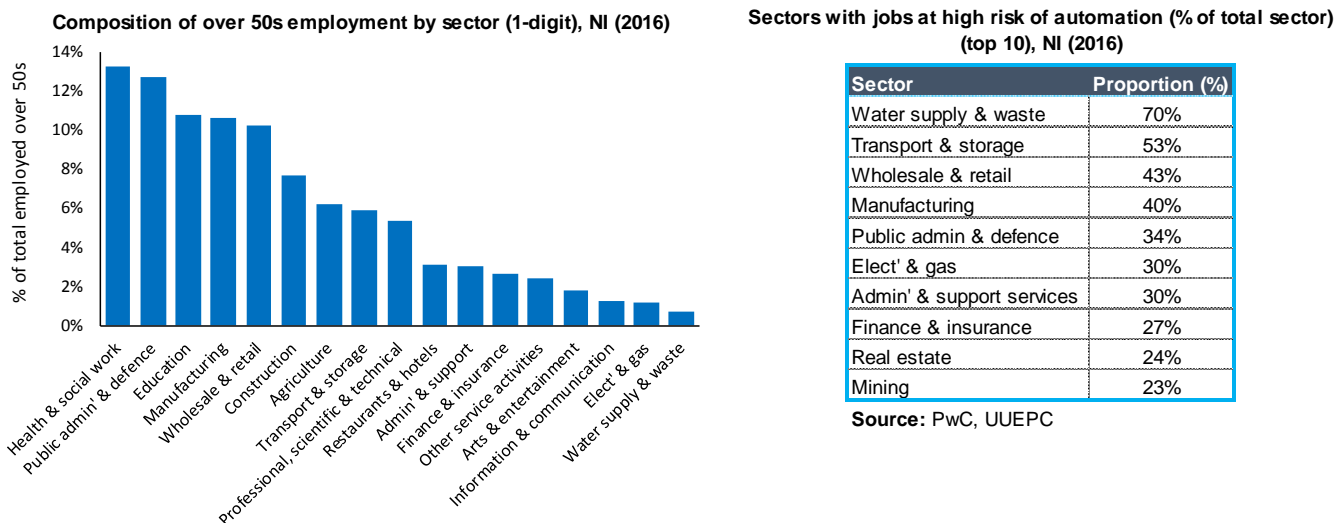
- BCC residents aged over 50 currently account for one quarter (25%) jobs in BCC, which has risen from 18% at the time of the 2001 Census.** Although older workers represent a significant proportion of employment, their employment rate is much lower compared to younger workers. For example, the employment rate amongst under 50's is 69% compared to 33% 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 50s within the workforce.

- 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 50s appear in the top five sectors with jobs at high risk of automation.

# Spare capacity in Belfast City Council's labour market



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

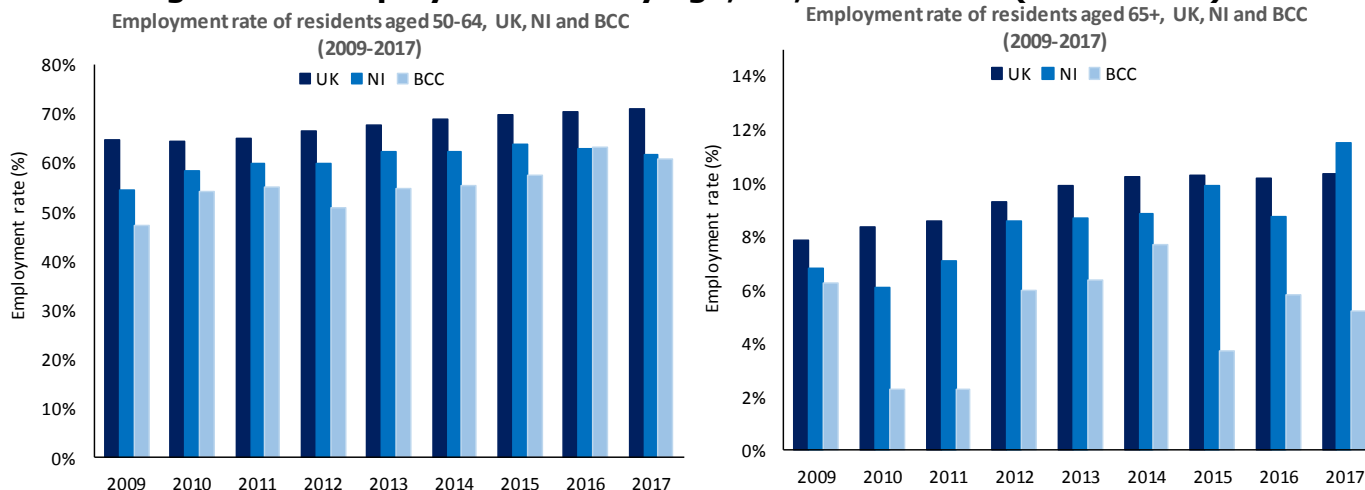


Source: Labour Force Survey

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 BCC was 61% compared to 5% for the over 65s. **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 BCC (2009-2017)**

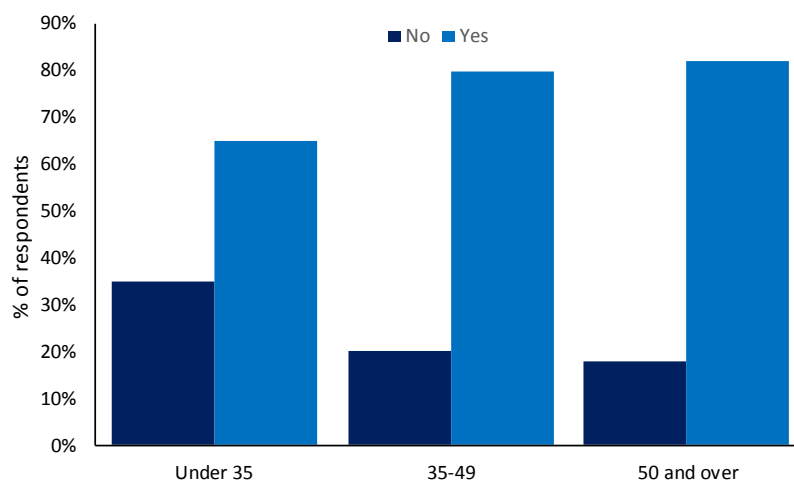


Source: Labour Force Survey, NOMIS, LADB, NISRA

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 BCC 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 50s workforce of the late 2030s. Therefore, 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 person's 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 BCC residents aged 16-24 was 19%, declining from 26% in 2009. For those aged 25-49 the current unemployment rate is 5% (the lowest across age bands), having fallen from a peak of 11% in 2012.

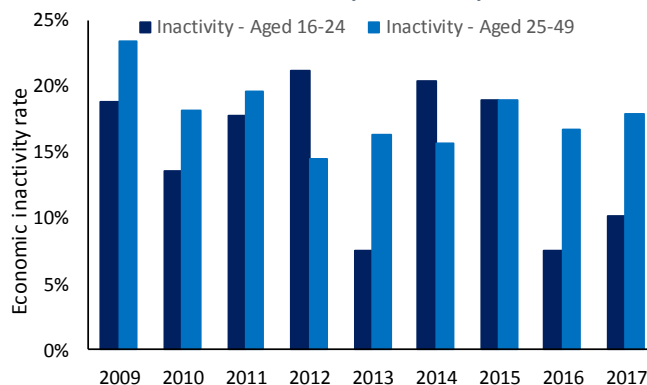
**Figure 5.9: Unemployment rate and economic inactivity rate (excluding students), BCC (2009-2017)**

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



Source: NISRA, LADB

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

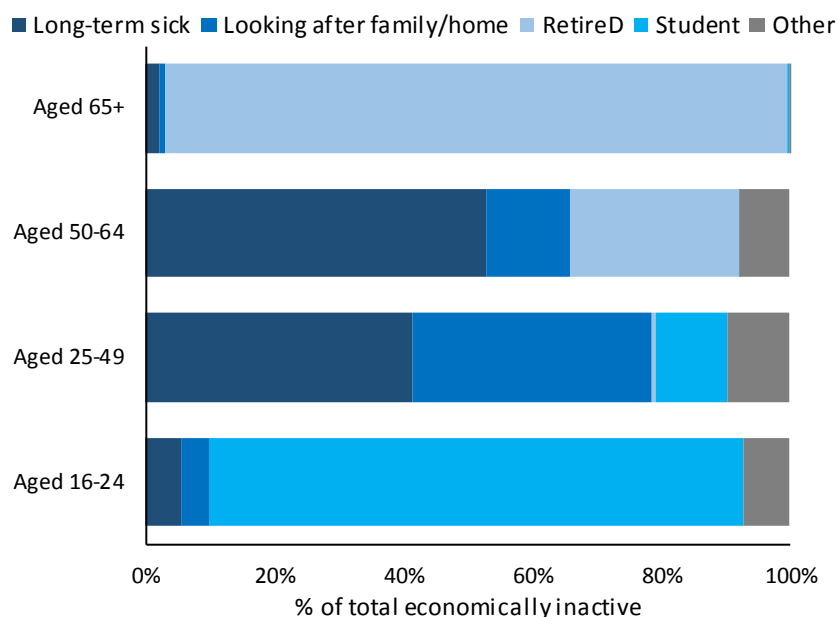


Source: NISRA, LADB

22. A second indicator of worklessness is the economic inactivity rate. The average economic inactivity rate of the working age population in BCC is 31%, for those aged 16-24 the economic inactivity rate increases to 40% and for those aged 25-49 it falls to 20%. It should be noted that approximately 83% of the economically inactive 16-24 year olds are classified as students, compared to 10% 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 BCC working age economic inactivity rate to 23%, 10% for the under 25’s (30 percentage point decline) and 18% for those aged 25-49.

23. **The economic inactivity rate for those aged 50+ is 66%, over double the working age average (31%).** The reasons for economic inactivity in older age bands are most predominantly retirement and long-term sick/disabled. In the over 50s 75% of economically inactive individuals are retired. **Relative to the UK, BCC’s over 50s are more likely to be economically inactive due to long-term sickness** (33% of total inactive in BCC compared to 10% in UK).

**Figure 5.10: Reasons for economic inactivity by age category, BCC (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, 15% 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. The reasons for economic inactivity by each age band indicates that over two-fifths (41%) of long-term sick individuals aged 16-24 report they would like a job, compared to one-third (31%) of those aged 25-49 and under one-fifth (18%) of individuals aged 50+.
27. 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 4.8% to 12.4% for those aged 25-49 when considering hidden unemployment.** The largest proportion of hidden unemployment is accounted for by long-term sick/disabled (34%) followed by looking after the family/home (28%). Similarly, when considering the hidden unemployed aged 50+ the rate increases from 2.4% to 12.2%, over half (52%) of which are long-term sick.

**Table 5.1: Potential labour supply - components of hidden unemployment, BCC (2017)**

	Aged 16-24	Aged 25-49	Aged 50+	Aged 16-64
ILO unemployed	4,545	4,545	909	9,100
Economically active	23,345	93,945	37,609	151,200
ILO unemployment rate	19.5%	4.8%	2.4%	6.0%
Hidden: Long-term sick	330	2,770	2,160	5,340
Hidden: Looking after family or home	220	2,240	500	3,110
Hidden: Student	1,390	960	0	2,480
Hidden: Retired	0	0	230	120
Hidden: Government Training Schemes	1,090	1,490	650	3,230
Hidden: Other	270	660	630	1,580
Total hidden unemployment	3,300	8,120	4,170	16,030
ILO unemployed + hidden unemployed	7,845	12,665	5,079	25,130
<b>Real unemployment rate</b>	<b>29.4%</b>	<b>12.4%</b>	<b>12.2%</b>	<b>15.0%</b>

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<sup>31</sup>).

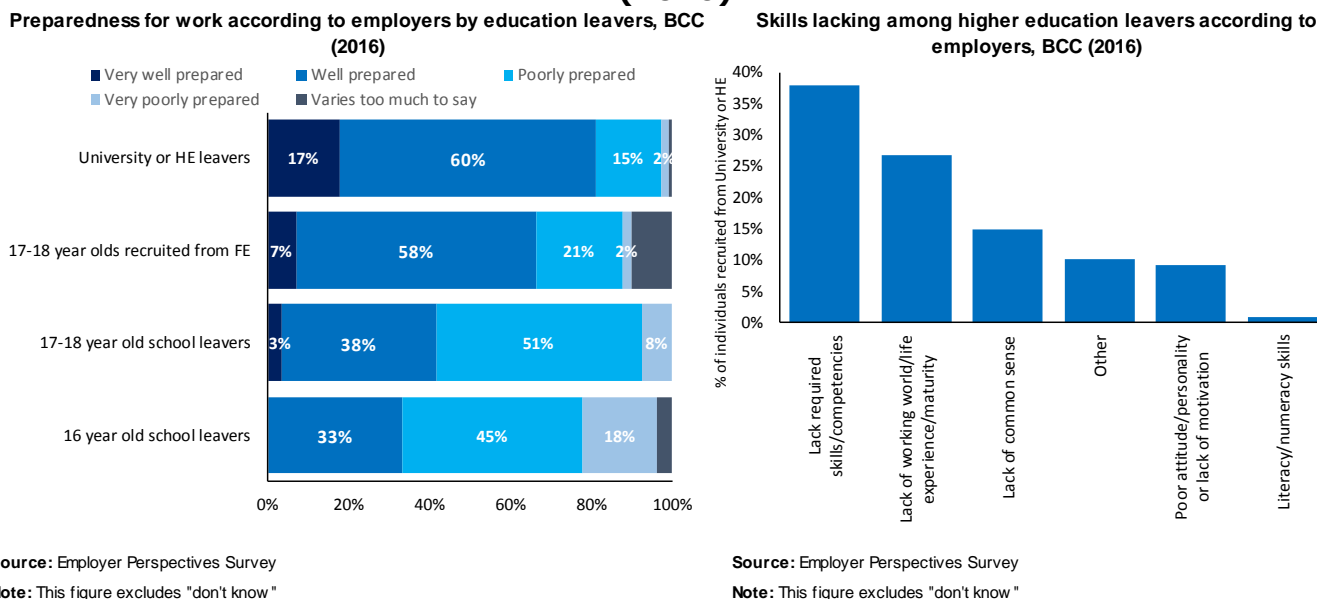
31. **The unemployment rate of individuals aged 16-24 would increase by 10 percentage points from 19.5% to 29.4%**, the largest percentage point difference across all age bands. Economically inactive students self-reporting they would like a job are the largest category of hidden labour for this category (42% of total hidden unemployment).
32. GTS account for one-third (33%) 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 11% 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<sup>32</sup>.
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 (65% very well prepared or well prepared) compared to the same age cohort recruited from school (39%). 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.

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<sup>31</sup> 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>

<sup>32</sup> 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\\_DOTs\\_1\\_Report\\_design\\_final\\_EDIT.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/435285/15.06.15_DOTs_1_Report_design_final_EDIT.pdf)

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



35. At higher skill levels employers also have concerns relating to work readiness of qualifiers with tertiary level qualifications. For example, employers state that 27% 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 is expected to increase to 20% of the population share 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 have increased since 2009 to 72% to 76% respectively. The older age (over 50s) employment rate (33%) is significantly below both the under 50s and below the UK average. Policy should consider reducing the gap between BCC and the UK average as higher projected dependency ratios indicate a need for longer working lives.
- **Economic inactivity** - The youth economic inactivity rate (40%) reduces to 10% when students are removed. At prime age, the rate is 20% predominantly comprised of long-term sick/disabled (41%) and looking after the family/home (37%). The over 50's has the highest economic inactivity rate (66%) 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 BCC 15% of the economically inactive aged 16-24 report they would like a job, 30% of those aged 25-49 and 5% of the over 50s. 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 10 percentage points to 29.4%, prime age increases by eight percentage points to 12.4% and the over 50s increases by ten percentage points to 12.1%.

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 50s to offset some fiscal impacts of an ageing population.

## 6. Labour market capacity

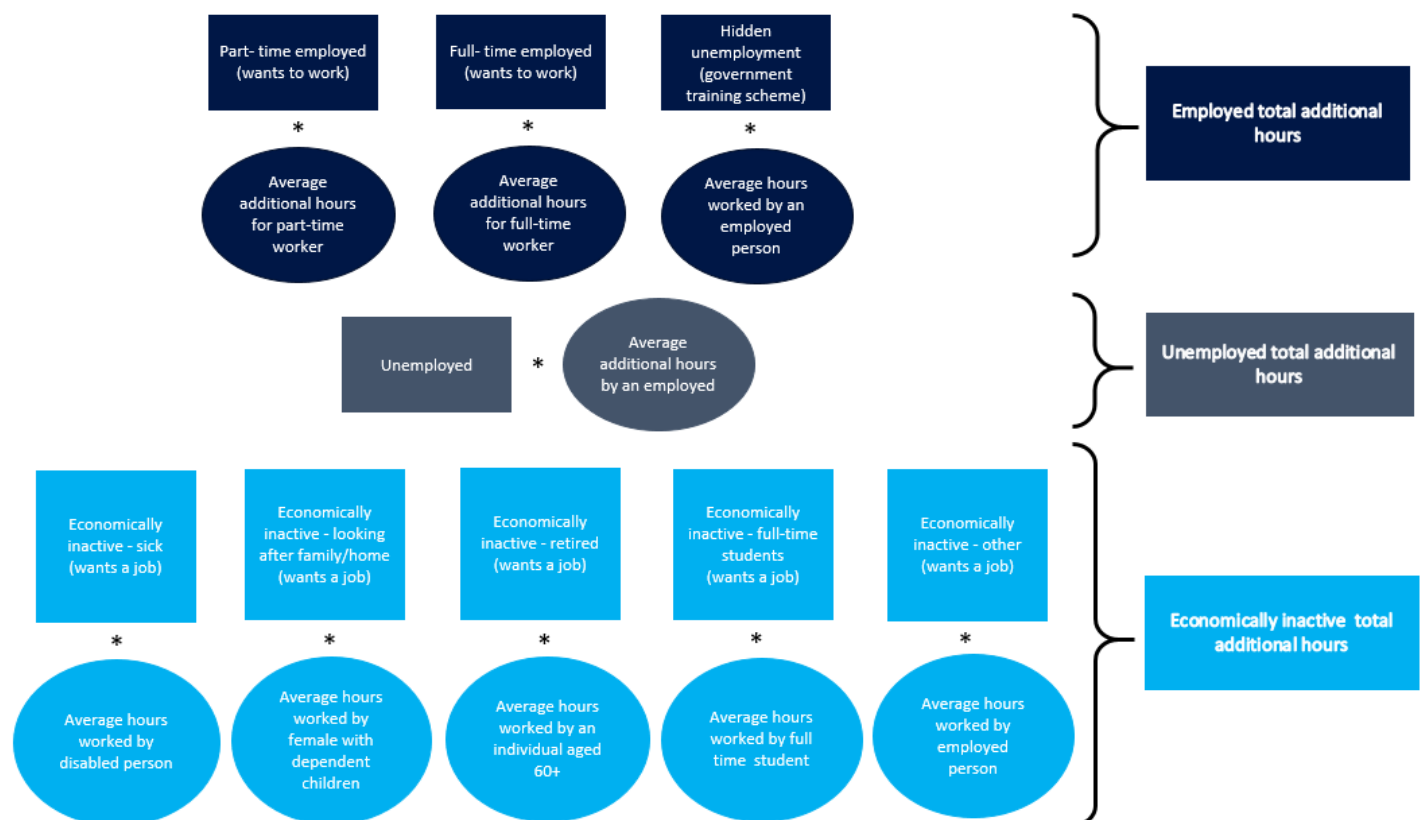
### Introduction

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, but 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 (11% of the economically inactive population);
  - Hidden unemployment within GTS (equates to approximately 34% of ILO unemployment);
  - The unemployed (6.5% 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:

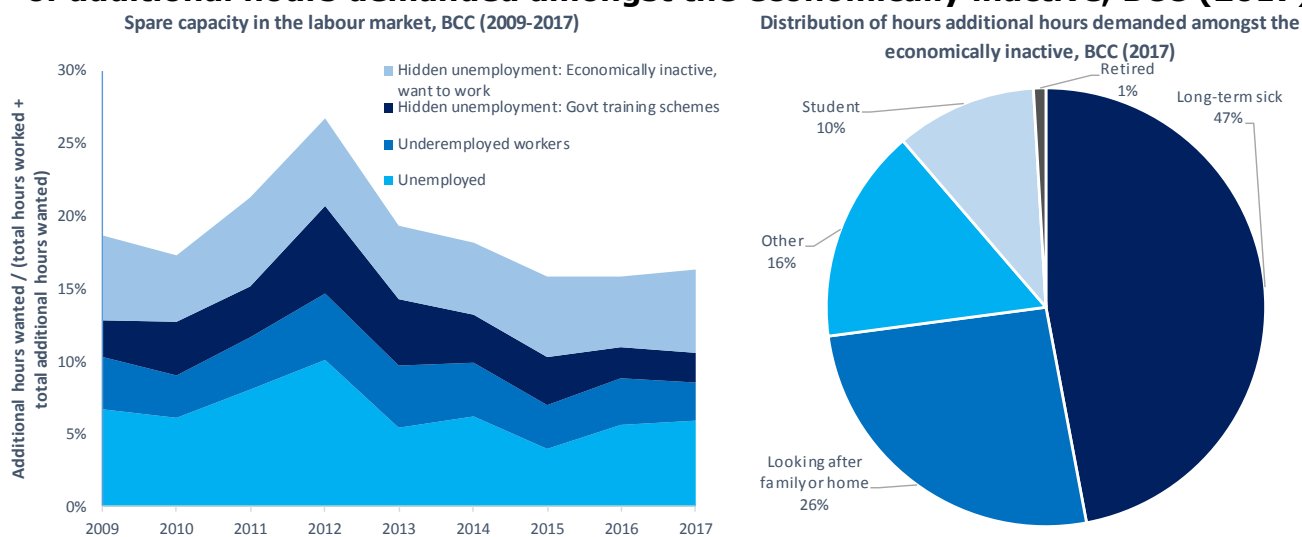
$$\text{Spare capacity (\%)} = \frac{\text{Total additional hours wanted (employed, inactive and unemployed)}}{\text{Total hours worked + total additional hours wanted}}$$

6. This measure indicates spare capacity in the BCC economy in 2017 was approximately 16.3% 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 (6.0% of total potential hours);
- the inactive who want to work (5.7% of total potential hours);
- Hidden unemployed within government training programmes (2.0% of total potential hours); and
- Underemployed workers (2.6% of total potential hours).

7. The unemployed represent slightly over one-third (37%) of the overall spare capacity in the BCC 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, BCC (2009-2017) and distribution of additional hours demanded amongst the economically inactive, BCC (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 6 times that of the number of ILO unemployed and the economically inactive who want to work are only 1.2 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 37% of total spare capacity in the labour market, compared to 35% from the unemployed. Almost half of labour resource from the economically is accounted for by people classed as being long-term sick (47%), and just over one quarter is from people currently looking after the family or home (26%). 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 (27.5%). This is unsurprising as 2012 represented the largest reduction in the number of jobs within BCC 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<sup>33</sup>. 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 BCC'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 BCC (2017)**

	Total population	Employed*	Employment rate* (%)	ILO Unemployment	Unemployment rate (%)	Hidden unemployment	Full employment	Full employment rate (%)	Difference (percentage points)
Total (aged 16+)	266,000	141,600	53%	10,000	6.6%	15,590	167,190	63%	9.6
Male (aged 16+)	124,100	67,300	54%	6,400	8.7%	7,500	81,200	65%	11.2
Female (aged 16+)	141,900	74,300	52%	3,600	4.6%	8,100	86,000	61%	8.2
Aged 16-24	39,045	17,710	45%	4,545	20.4%	3,300	25,555	65%	20.1
Aged 25-49	116,945	87,910	75%	4,545	4.9%	8,120	100,575	86%	10.8
Aged 50+	109,909	36,050	33%	909	2.5%	4,170	41,129	37%	4.6
Aged 16-64	211,891	140,670	66%	9,300	6.2%	16,030	166,000	78%	12.0
Below NQF level 2	84,300	32,700	39%	4,400	11.9%	7,800	44,900	53%	14.5
NQF level 2	48,800	25,100	51%	1,600	6.0%	3,300	30,000	61%	10.0
NQF level 3	49,100	27,400	56%	2,000	6.8%	3,000	32,400	66%	10.2
NQF level 4+	83,700	56,400	67%	2,000	3.4%	1,400	59,800	71%	4.1

Source: LADB, Labour Force Survey, UUEPC analysis

\* Employed excludes the proportion of individuals classified as hidden unemployment

<sup>33</sup> 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 66% for 16-64 year olds in BCC would need to increase by 12 percentage points to reach a full-employment rate of 78%**. The difference between current employment rates and the calculated full-employment rates vary by both gender, age and highest level of qualification.
13. If males were to reach full-employment in BCC it would generate an 11 percentage point increase in the 16+ employment rate from 54% to 65%. The female 16+ employment rate would increase from 52% to 61% to meet full-employment. The largest percentage point difference is among those aged 16-24, as full-employment would require a 20 percentage point increase in the employment rate from 45% 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 14.5 percentage points, from 39% to 53%. At NQF level 2 and NQF level 3 the increase in the employment rate required to meet full-employment is 10.0 percentage points and 10.2 percentage points respectively. For individuals qualified to tertiary level, to reach full employment the employment rate would need an increase of 4 percentage points from 67% to 71%. 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 half (50%) of hidden unemployment. Whereas individuals with a tertiary level of qualification account for less than one tenth (9%).

### 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 BCC labour market was 16.3% of total potential hours in BCC. This is comprised of 37% of hours from unemployment, 35% of hours from the economically inactive who want to work, 16% from unemployed workers and 12% from individuals on GTS.
  - **Full-employment** - If BCC were to reach a situation of full-employment, the employment rate would need to increase from 66% to 78% for those aged 16-64. For young people (aged 16-24) the current employment rate would need to increase from 45% to 65%, a 20 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



## Spare capacity in Belfast City Council's labour market



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 BCC 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 BCC has accounted for almost one-third (29%) of total employment growth in NI, and grew at a faster rate than the NI average (14% and 8% respectively). Despite robust employment growth in recent years BCC maintains an employment rate (65.1%) ranking 9<sup>th</sup> of NI's 11 LGD's.
3. BCC's unemployment rate (6.1%) has decreased in recent years yet remains the 3<sup>rd</sup> highest amongst NI LGD's. Working age economic inactivity in BCC remains high at 31% compared to 28% in NI as a whole. Overall BCC accounts for 21% of NI's workless population of working age, compared to 19% of its working age population. In other words, **despite recent improvements in BCC's resident labour market, it continues to underperform on a number of indicators**.

### The structure of employment

4. The BCC workplace acts as a service centre for the NI economy. Almost half (47%) of people with jobs located in BCC live outside the council boundary. BCC residents largely work within BCC.
5. Over four-fifths (84%) of BCC residents work within BCC, therefore the pattern of employment for BCC residents is similar to the BCC workplace. However, **BCC residents do tend to have a degree of specialism in a number of creative industries** including film, TV and radio and creative arts and entertainment.
6. It is important that BCC residents can benefit from BCC's role as a hub for specialist industries 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

7. 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 34% of all people in employment, a relatively high proportion relative to other UK regions. This had risen to 43% by 2017, and **non-standard employment has accounted for 96% employment growth over the 2009-17 period**.

8. 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 discontented**. These workers are defined as people who are in employment and have an hour's deficit, temporary workers who could not get permanent positions and any worker currently seeking a different job.
9. Within certain categories of employment the proportion of discontent workers is high. For example, almost two-fifths (37%) of part-time temporary workers are classified as discontent. A high proportion of temporary-full-time (28%), self-employed part time (27%) and permanent part-time (24%) are classified as discontent. However, only 13% of all people employed are 'discontent workers', which is a lower proportion than all regions in Great Britain.
10. **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 BCC employed in this type of contract grew by 82% over the 2009-17 period, and represented almost one-third (32%) 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.
11. 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.).
12. 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<sup>34</sup> identified a number of areas that

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<sup>34</sup> 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.
13. 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 BCC 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

14. **Almost one-third of people employed in BCC (30%) work on a part-time basis**, the highest proportion amongst NI LGD's. Growth in part-time working in BCC contributed almost two-thirds (65%) of employment growth between 2009-17. 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 12% of part-time workers indicated that their reason for working part time was an inability to find full-time work.**
15. 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.
16. Amongst the employed population, 7.3% 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 BCC residents sought an additional 163k hours, which is roughly equal to a 5k increase in employment at the average number of hours worked by an employed person. Therefore, **although the extent of underemployment is much lower in BCC relative to other UK regions, the level of spare capacity available within the existing workforce is not insignificant.**

### Worklessness

17. **Unemployed people represent a minority of workless people in BCC**, and account for approximately 13% of working age workless people in BCC. The majority of workless

people in BCC are economically inactive, and BCC has the 4<sup>th</sup> highest economic inactivity rate (31%) amongst NI LGD's. This rate is above the NI average (28%), and higher than any UK region.

18. Rates of employment deprivation tend to be relatively concentrated in BCC relative to the surrounding LGD's comprising Belfast's commuter belt. This is due to the **mismatch of skills** between lowly qualified residents and the recent trend in BCC of 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.
19. **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 within the city.

### Long-term sickness

20. The largest component within BCC's economically inactive population are long-term sick individuals (35%). **A person of working age is more than twice as likely as their UK counterpart be inactive due to sickness** (10.8% and 5.3% respectively of the population). An analysis of programme data highlights that over half (53%) of ESA claimants in BCC 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.
21. **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 BCC. 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.
22. 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.

23. 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 person's 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 BCC were able to increase the disabled employment rate to match the UK rate it would equate to an additional 7,500 people in employment.

### Labour market transitions

24. Headline labour market indicators reported a fall in employment and unemployment between 2016 and 2017, with a commensurate rise in economic inactivity. This implies a net flow of people into economic inactivity.
25. Administrative data indicates that **a high proportion of people on JSA flow onto the ESA or DLA caseloads**, a quantum roughly equivalent 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

26. The unemployment rate (6.5%) 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.
27. There are a number of areas in the labour market where unemployment is hidden by headline labour market statistics. 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 23,100 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 12,600 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 100 people.
- **Economically inactive – students:** Just over one-tenth (12%) of BCC's 15,700 inactive full-time students would like to work. Therefore, this is likely to be a demand for part-time and/or flexible positions.
- **Employed – Government Training Schemes (GTS):** There are a number of people are 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 we estimate that 3,410 programme participants could reasonably be considered to represent hidden unemployment.

28. Summing the various components of hidden unemployment indicates there are 15,590 who could reasonably be considered to be unemployed. However, they are not included in the official unemployment statistics, which indicate 10,000 people in BCC are unemployed. Therefore, **the 'real' number of unemployed persons in BCC is 26,590**, approximately 2.6 times as many people as indicated by the official unemployment statistics. **The ILO measure indicates an unemployment rate of 6.5%, which is significantly lower than the 15.0% 'real unemployment rate' once hidden unemployment is accounted for.**

### Assessing hours based capacity using an hours based approach

29. 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.
30. After accounting for the hours preferences of different groups who comprise hidden unemployment, and in-work underemployment, we estimate that there are currently 905k hours demanded by people within the BCC labour market. This compares against 4.6m hours currently worked, thus indicating **spare capacity in the economy to be 16.3% of total potential hours available** amongst BCC residents.
31. The unemployed represent just over one third (36%) of overall spare capacity in BCC'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

32. The pattern of job creation in BCC 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 almost two-thirds (65%) of job growth**, reflecting these structural economic shifts.

33. This process is accompanied by an underlying skills dynamic. Poorer academic performance, on average, amongst men across all levels of the education system creates a larger pool of poorly qualified males relative to females. In Belfast'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.
34. 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

35. Demographic shifts will change the landscape of the labour market over the coming decades. Over the 2018-41 period the 65+ population in BCC is forecast to grow by 45%, 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 five 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 4.5 people of working age to support every individual over 65. By 2041 this is expected to drop dramatically to just 3.0.
36. 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 BCC 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.
37. 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 12.2%, compared to a rate of 2.4% 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

38. The underperformance of BCC residents within the education system is discussed in detail in UUEPC's *future skill needs* paper which accompanies this report<sup>35</sup>. However, this paper has provided further insight on the legacy of this underperformance in the form of labour market outcomes.
39. The ILO unemployment rate for the under 25's is 19.5%, but after accounting for hidden unemployment this rises to 29.4%. 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

40. 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

41. The skills system in NI has not responded well to structural shifts in the economy. At the time of the 1981 Census around three in ten employed males in BCC were employed in the manufacturing sector, which compares to less than one in ten today. 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 four-fifths of employers (41%) in Belfast reported having staff who were overqualified for their job. This is higher than any EU nation, and represents approximately one in ten employees in BCC.
  - **Reduced opportunities for young people with low qualifications.** In our report for BCC to forecast the city's future skills needs we estimate that a mere 10% of labour demand from the education system will be for people with qualifications below NQF level 2<sup>36</sup>.

### A skills ecosystem – participation over the life course

42. Given the structural shifts that have occurred in the economy, and likely future disruption due to automation and globalisation, **lifelong learning is more important**

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<sup>35</sup> Magill, M. & McPeake, M. (2018) Belfast City Council – future skills needs. Ulster University Economic Policy Centre. A report for Belfast City Council.

<sup>36</sup> Magill, M. & McPeake, M. (2018) Belfast City Council – future skills needs. Ulster University Economic Policy Centre. A report for Belfast City Council.

**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 Belfast only 9.5% of staff in Belfast 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.

43. 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

44. Non-standard employment has accounted for the majority of employment growth in BCC since 2009, 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.).
45. 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

46. The number of discontent workers in BCC 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 be a function of BCC's industrial structure with 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.

47. 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 add 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.<sup>37</sup>).
48. 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.
49. 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<sup>38</sup> 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**<sup>39</sup>.
50. 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 BCC 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

51. 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 responsibilities disproportionately affects women,** who are more likely than men to care for children and adults with care needs.
52. **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

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<sup>37</sup> Ton Z (2014) The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits, New York: Amazon Publishing

<sup>38</sup> 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](http://classonline.org.uk/docs/Labour_Market_Realities_Workers_on_the_Brink_final_3.pdf)

<sup>39</sup> Ibid.

jobs fulfilling these requirements combined with suitable flexibility. This restricts the number of career options for people with caring responsibilities.

53. 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%<sup>40</sup>. 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<sup>41</sup>. Scandinavian countries with this type of parental leave system have amongst the highest female labour force participation rates in the world<sup>42</sup>, 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<sup>43</sup> 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 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

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<sup>40</sup> BBC (2018) Shared parental leave take up may be as low as 2%. <https://www.bbc.co.uk/news/business-43026312>

<sup>41</sup> Apolitical (2017) How parental leave changed the way Sweden sees fatherhood [https://apolitical.co/solution\\_article/parental-leave-policy-changed-way-sweden-sees-fatherhood/](https://apolitical.co/solution_article/parental-leave-policy-changed-way-sweden-sees-fatherhood/)

<sup>42</sup> 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>

<sup>43</sup> House of Commons Women and Equalities Committee (2016) Gender Pay Gap, Second Report of Session 2015–16, HC 584, 22 March 2016.

'flexible' basis would improve labour market participation and help combat the gender pay gap according to the EHRC<sup>44</sup>.

### Tackling the motherhood pay penalty

54. 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.
55. 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.
56. **This occupational downgrading represents an obvious underutilisation of skills**. A recent survey<sup>45</sup> 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.
57. 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).

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

58. People need to be motivated to work. As our analysis 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 unsuccessful job

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<sup>44</sup> 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>

<sup>45</sup> Resolution Foundation (2012) The price of motherhood: women and part-time work.  
<https://www.resolutionfoundation.org/publications/price-motherhood-women-part-time-work/>

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 the mandatory S2S programme.

59. The proportion of participants achieving successful employment outcomes 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.
60. 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

61. 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

62. 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.
63. 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.
64. **Temporary jobs accounted for one-third of employment growth in BCC 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<sup>46</sup>. Further research in this area to monitor employee wellbeing is particularly important in these types of jobs.

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<sup>46</sup> 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>

## Integrating youth into the labour market

65. 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 exceptionally 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 cognitive 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<sup>47</sup>. 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<sup>48</sup>. 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.**
- **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

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<sup>47</sup> O'Higgins N (2012) 'This Time It's Different? Youth Labour Markets During the Great Recession', IZA, Discussion Paper No. 6434, Bonn: IZA

<sup>48</sup> 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](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=delsa/elsa/wd/sem(2009)18)

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.

66. 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

67. 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 BCC's over 65 population is forecast to grow by almost 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%.
68. **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<sup>49</sup>. 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<sup>50</sup>. Given that NI has an age structure similar to the UK, a similar upward 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%).

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<sup>49</sup> 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>

<sup>50</sup> BBC (2017) Death of retirement: Can the UK afford the state pension? <https://www.bbc.co.uk/news/business-40826562>



69. 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.**
70. The employment rate of those aged over 50 is currently 33%. Within this age category there are rightly huge differences between pre and post retirement age. The employment rate of people aged 50-64 is 61% compared to just 5% amongst the over 65's. However, the proportion of people aged 50-64 who are in employment is much lower in BCC 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.**
71. 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<sup>51</sup> 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<sup>52</sup>.
  - 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.
  - Employers should continue to adopt technologies that enable **remote working practices.** In particular, changing businesses culture to substitute physical travel

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<sup>51</sup> 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](https://www.ulster.ac.uk/_data/assets/pdf_file/0004/181435/UUEPC-Inactivity-Discussion-Paper-Final-Report.pdf)

<sup>52</sup> 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-work-what-do-older-workers-value-about-work-and-why>

(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<sup>53</sup>. The older you are the less likely you are to want or expect workplace training, with funding heavily weighted towards younger groups<sup>54</sup>. 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

72. 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 BCC.
73. 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?
  - How successful are initiatives to encourage sick employees to return to work?
  - Are there procedures to keep in contact with mothers on maternity leave?

<sup>53</sup> 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](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/584727/older-workers-and-the-workplace.pdf)

<sup>54</sup> 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](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/463059/gs-15-9-future-ageing-lifelong-learning-er02.pdf)

- 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'?

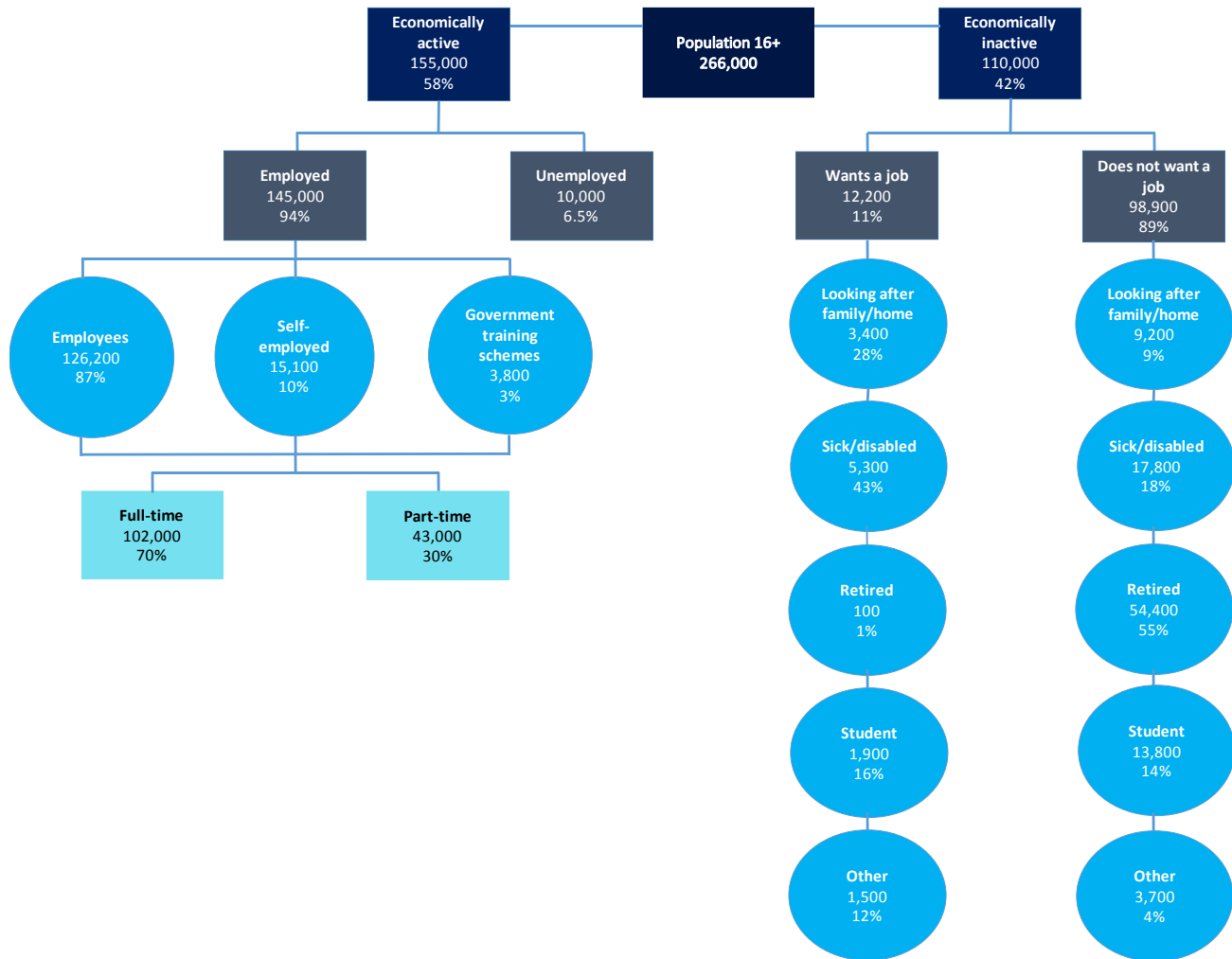
74. In many instances the answer to the above questions will be positive. The central message is to ensure that public sector bodies act as an example of best practice in relation to organisations adapting to a changing labour market. By leading from the front this can contribute towards the adoption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

### Where do we want to be?

75. Despite recent improvements in the labour market there remain a cohort of workless people. By identifying the true level of unemployment in BCC, 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 25,590 people moving from worklessness to employment, increasing the 16+ employment rate in BCC from 53% to 63% (on a 16-64 basis the rate would change from 66% to 78%).
76. 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.

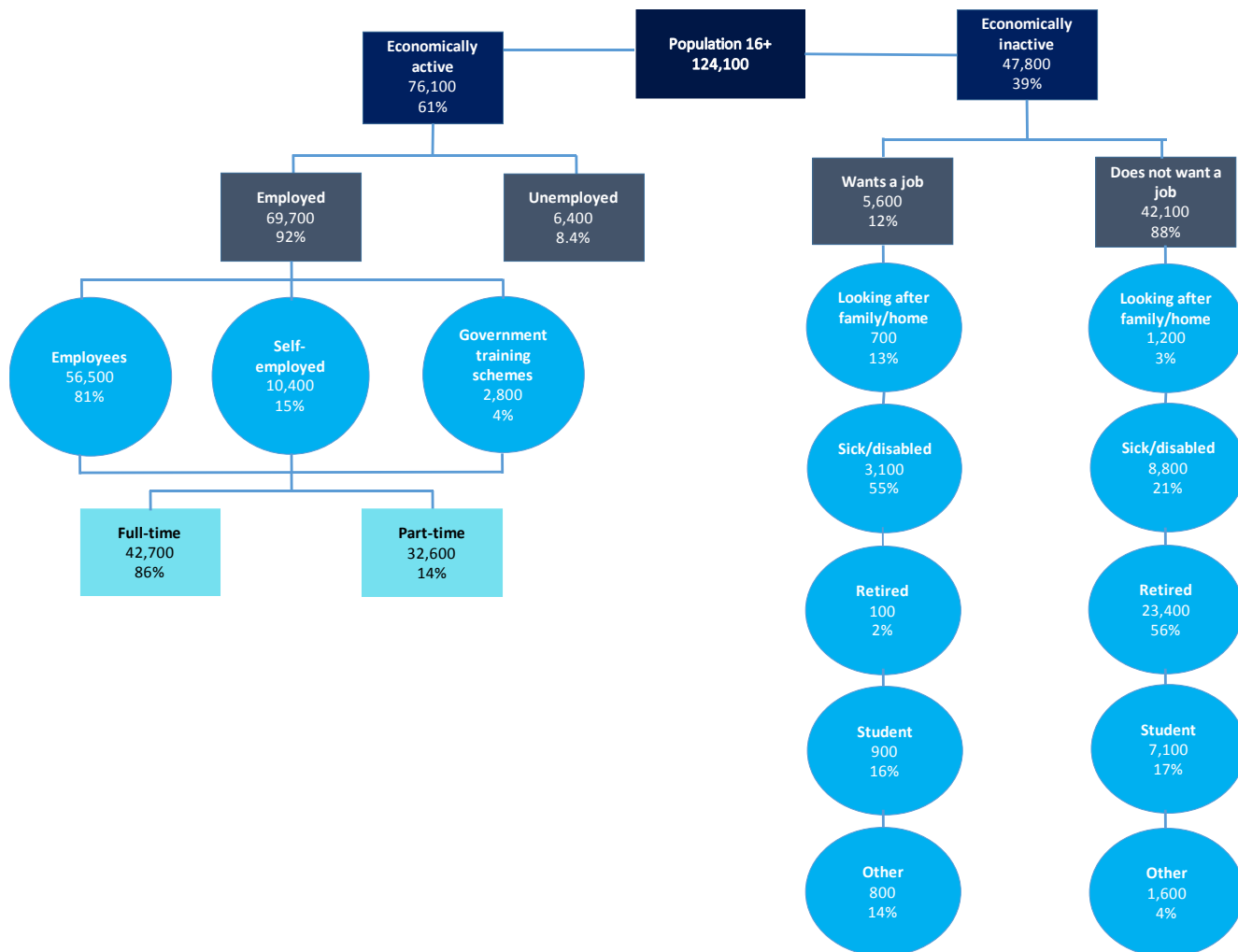
## Annex A: BCC labour market structure

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



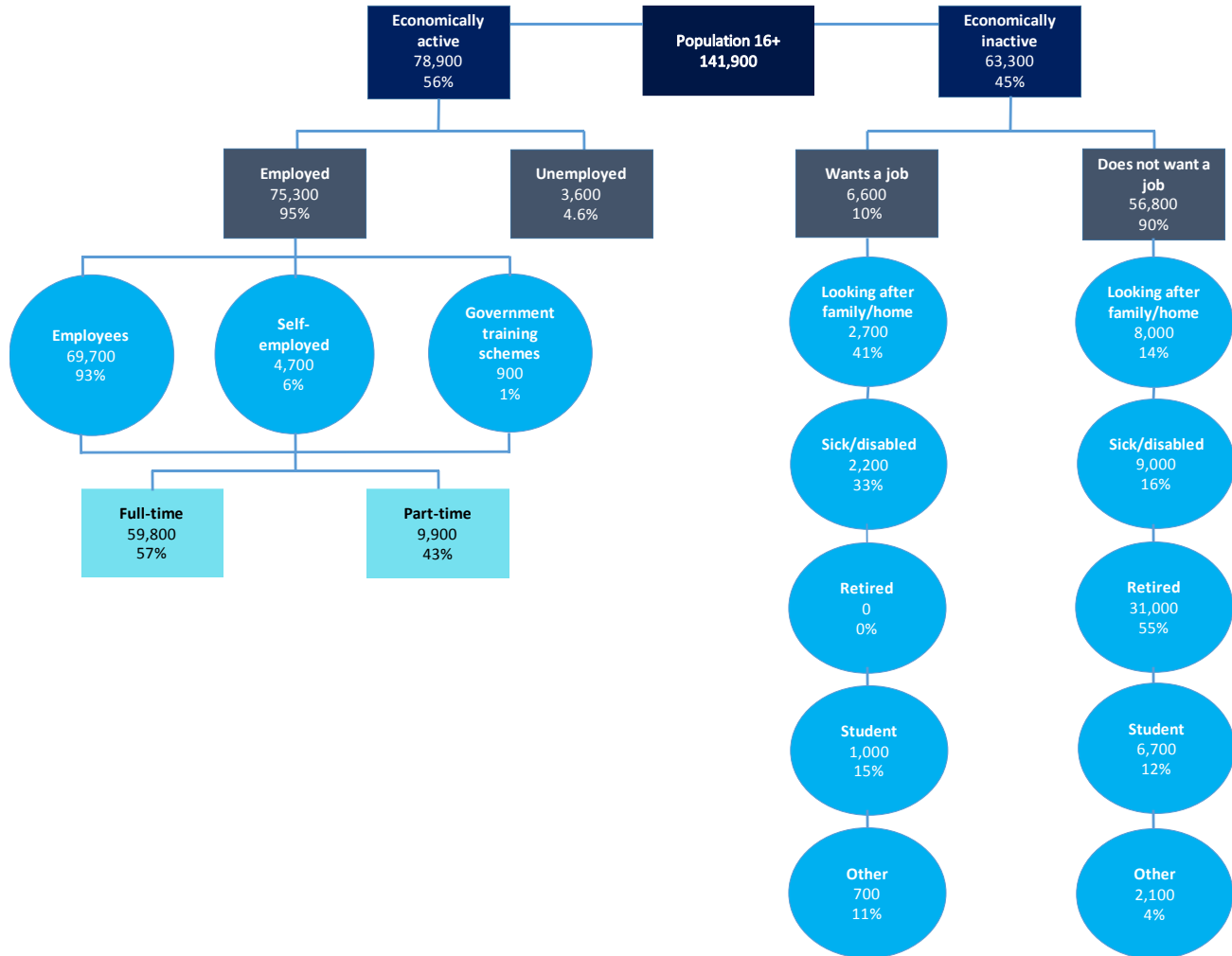
Source: NISRA LADB; ONS Labour Force Survey; UUEPC

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



Source: NISRA LADB; ONS Labour Force Survey; UUEPC

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



Source: NISRA LADB; ONS Labour Force Survey; UUEPC