

Northern Ireland's latest claimant count figures provide some encouraging headlines. The number of people claiming unemployment benefits (Jobseekers Allowance) fell by 1,000 last month to 42,000 – the lowest reading since January 2009. The number of people claiming unemployment benefit has fallen by an impressive 10,400 over the last year and is some 22,700 below the recent peak in February 2013 (64,700).

Jobseekers falling but other benefit claimants rising

On the face of it, this claimant count trend is encouraging. However, it is worth pointing out that while the number of claimants of Jobseekers Allowance (JSA) has been falling, the number of individuals claiming other benefits has been rising. In particular, the Employment & Support Allowance, which has recently replaced Incapacity Benefit & Income Support, continues to rise. Therefore part of the decline in the “falling unemployment” headline has been due to individuals moving off one benefit register onto another. Quantifying the exact number would be an extremely useful piece of research.

Clearly, though, a sizeable proportion of the decline in JSA claimant numbers is due to people finding work and not jumping onto another welfare benefit. For instance, over the 12 months to August 2015, 44% of those individuals flowing off the JSA register found work. However, this doesn't necessarily mean that work is in Northern Ireland. Indeed, it would appear from the latest Labour Force Survey that much of this work is increasingly being found elsewhere.

Labour Force Survey disappointing

Unlike the claimant count, the latest Labour Force Survey (*3-months to July*) provides a number of disappointing headlines. Employment is down, average hours worked are down,

and economic inactivity is up. These are just three negative trends that leap off the spreadsheets. Also, in case you needed reminding, Northern Ireland's youth unemployment rate (18-24 years of age) remains stuck at 20%.

Employment rate fell

Northern Ireland's employment rate, defined as the percentage of the working-age population in employment, fell to 67.8% in the latest quarter, down from 68.4% in the previous quarter. Northern Ireland's employment rate has also fallen over the last year, whereas the UK's employment rate (73.5%) has never been higher.

Economic inactivity rate rose

Unlike the employment rate, Northern Ireland's economic inactivity rate (*those neither in work nor looking for work expressed as a percentage of the working-age population*) increased over the latest quarter and over the last year. Northern Ireland's economic inactivity rate currently stands at 27.5%, which remains the highest of all UK regions and compares with 22.1% for the UK. The number of economically inactive aged 16-64 years of age has increased for the last two successive quarters and has increased by 6,000 in the latest quarter. It is noted that the number of people of working-age in Northern Ireland who don't want a job as they are long-term sick, has increased by 20,000 or 30% during the last six quarters (*August - October 2013 to May-July 2015*). In the latest period (*3-months to July*) there were 86,000 people who did not want work as they were classed as long-term sick. Meanwhile the number of people who *do want work* but aren't looking for work as they are long-term sick (23,000) has more than doubled since the middle of last year.

Overall, employment is up a modest 0.7% (+5,000) over the last year. However, it fell by 12,000 (1.2%) in the three-months to July. This is concerning, as it comes ahead of

significant reductions in the public sector headcount.

Hours worked has fallen

Alongside falling employment and rising economic inactivity, the latest labour market figures show that the total number of hours worked in Northern Ireland has fallen by 3.3% over the latest quarter and by 2.6% over the last year. In the latest three-month period the total weekly hours worked in Northern Ireland was 26.6 million, down 5% from last autumn's peak of 28.0 million hours. The average number of hours worked by individuals has also fallen for both full-time and part-time workers. During the 3-months to July, the average individual worked a 32.6 hour week. This was a reduction of 1.1 hours relative to the same period a year ago. The average full-time worker has seen their working week shorten from 38.4 hours in the period (May-July 2014) to 36.9 hours during the three-months to July 2015. Meanwhile part-time employment has fallen marginally from 17.4 hours to 17.1 hours over the same period.

NI labour market not as healthy as headlines suggest

Overall, Northern Ireland's labour market is not as healthy as the falling claimant count unemployment headlines suggest. The number of economically inactive and the number of long-term sick are growing at a faster rate than employment. Indeed the latter is now falling according to the latest figures. This, in a nut shell, highlights Northern Ireland's biggest economic challenges: the need to create more jobs and to reduce welfare dependency.

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