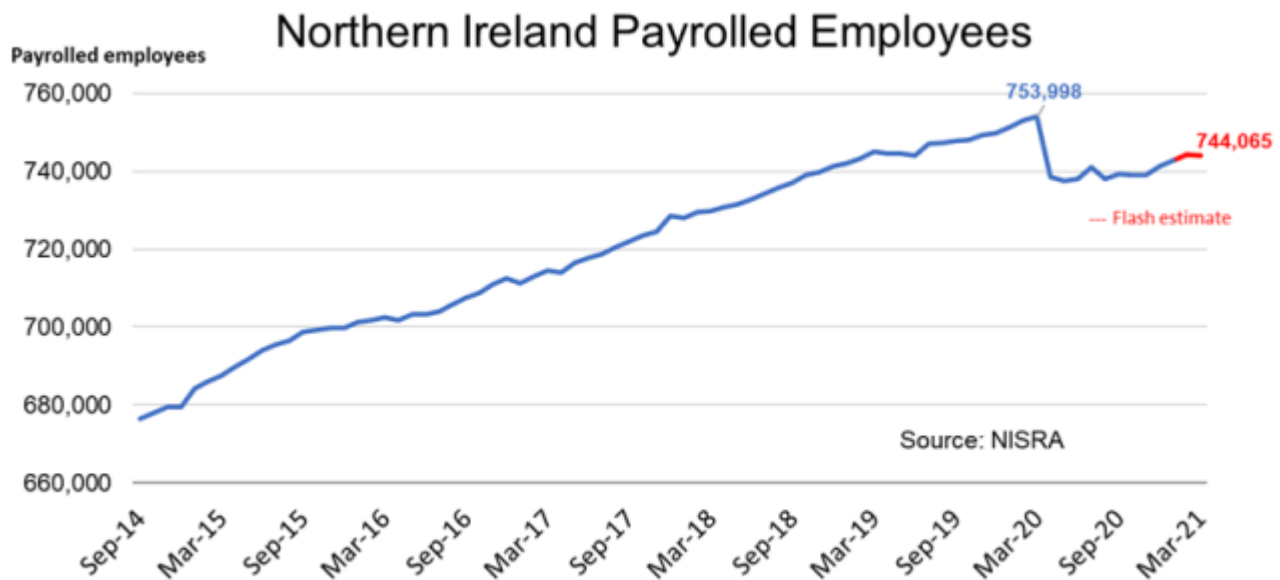


Even hospitality firms turning on recruitment taps... but furlough  
end will see unemployment surge | 1

2020 witnessed the fastest and deepest recession on record. But unlike output, the labour market has not followed the usual recession playbook. Unprecedented employment support has kept unemployment surprisingly low. Indeed, 2021 has already seen some encouraging signs on the labour market front. For example, proposed redundancies in Q1 have slowed to a trickle. Meanwhile the Ulster Bank Northern Ireland PMI for March revealed the first increase in employment levels in 13 months. Given the successful rollout of the vaccine, business optimism has returned to levels not seen since before the pandemic. As a result, firms are gearing up for the recovery and hiring the right people is a key part of that.

**Levelling-off.** The best indicator of employee numbers is the HMRC PAYE data. This highlights the actual number of employees on payrolls. Having peaked at just under 754,000 in March employment fell by 16,500 to a post-pandemic low of 737,508 (-2.2%) in May. Since then however, over 40% of these losses, some 6,800 jobs had been clawed back by February 2021. Over three-quarters of this jobs recovery occurred in the three months to February. However, the flash estimate for March suggests this recovery may have stalled with payrolls slipping back by over 200 jobs to 744,065. The latter is almost 10,000 fewer than last March's peak.

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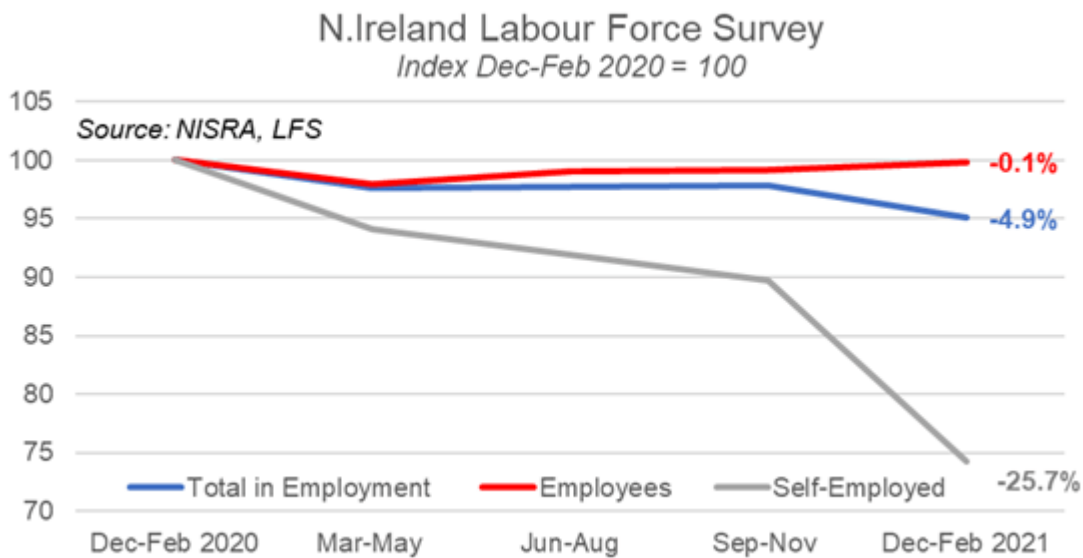


**Flat calm.** 2020 saw a record number of redundancies proposed in Northern Ireland some of which were confirmed in January (410), February (420) and March (250). Encouragingly the number of new redundancies proposed has slowed to a trickle with just 170 jobs in Q1. That represents the lowest three month total since 2007. All is quiet on the unemployment front too. Northern Ireland’s claimant count - which includes Jobseeker’s Allowance Claimants and those claimants of Universal Credit who were claiming principally for the reason of being unemployed - fell marginally in March to 58,100. This follows January’s mini-surge of 1,500. Meanwhile NI’s headline unemployment rate remains below 4% as it has done throughout the pandemic. The ILO unemployment rate stood at 3.7% in the three months to February 2021. That compares with 4.9% for the UK and a pre-pandemic record low of 2.3%. Unprecedented employment support has kept unemployment surprisingly low. When the support measures are eventually lifted, unemployment will surge, but nowhere near the double-digit levels anticipated a year ago.

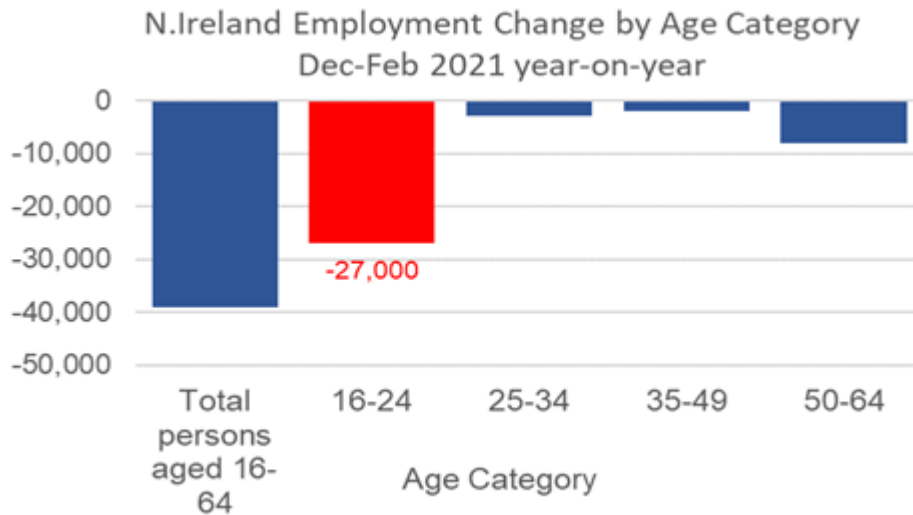
**Same storm, different boats.** Some aspects of the economy have weathered the pandemic better than others and that is also evident within the labour market. Employees have fared

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much better than the self-employed while younger workers have borne the brunt of the recession. The number of self-employed fell by 35,000 over the year to December - February 2021. That represents a fall of 25.7% y/y - a record rate of decline. Almost 9 out of 10 job losses over the last year have been self-employed people with the number in this category (101,000) at its lowest since Q2 2002. Part of this will have been people switching from self-employment to employment, both in real terms and also technical terms, as people sought to redesignate themselves for employment support purposes. Nevertheless, it has not been a good year to be self-employed. Similarly, those aged under 25 years of age have fared much worse than their older counterparts. Employment amongst 16-24 year olds has fallen by almost one-quarter over the last year - which is a record decline - and compares to less than 5% (4.6%) for all age groups. Meanwhile the youth unemployment rate is 11.5% whereas those over 35 years of age have an unemployment rate below 3%.



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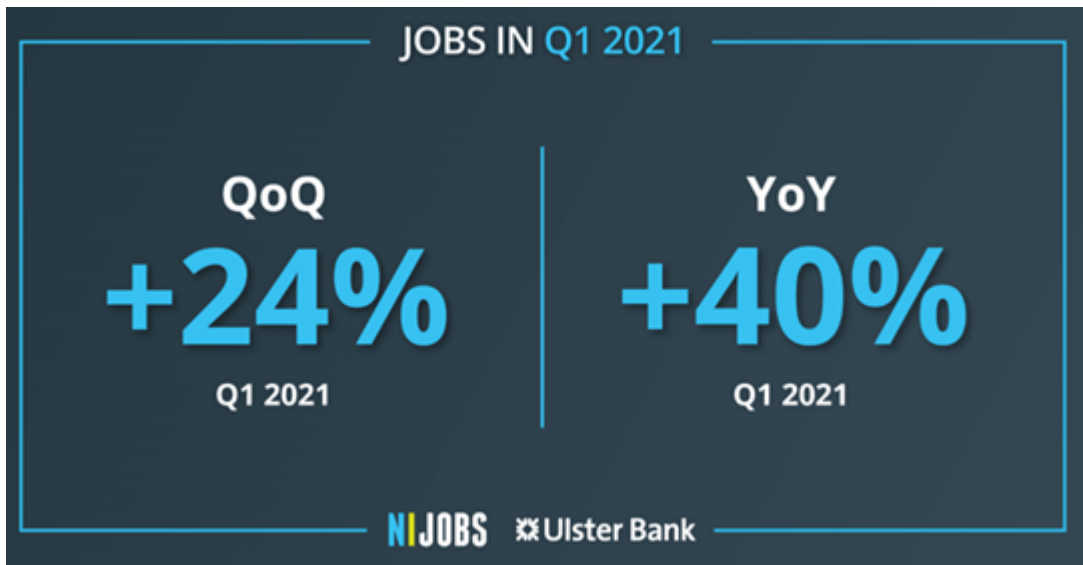
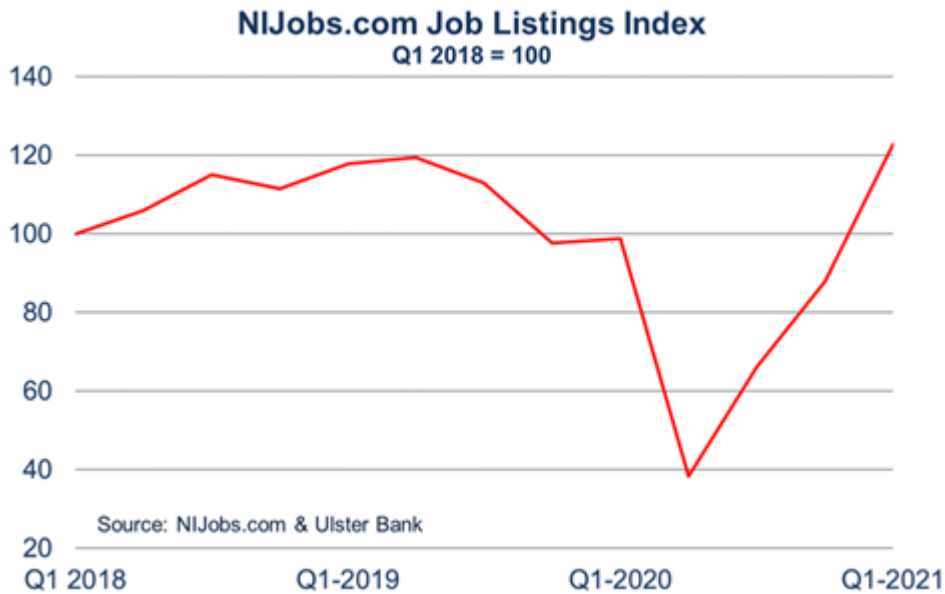


**Rising.** High rates of economic inactivity has been a persistent economic problem for Northern Ireland. In recent years improvements had been made with the employment and inactivity rates hitting record highs and lows respectively. Rising economic inactivity has been a key labour market response to the pandemic. NI’s economic inactivity rate - defined as the percentage of working-age population neither in work or looking for work - has jumped by 2.7pp to 28.3% over the last year. That marks the highest economic inactivity rate since Q4 2017. Conversely, the employment rate has fallen to its lowest rate (69.0%) since the same time period. The 16-24 year olds have been swelling the ranks of the economically inactive by moving into education. Over the year to December - February 2021, there was a 37% increase in the number of individuals citing their student status as the reason for their economic inactivity. As in previous recessions, going into or extending education is viewed as an economic safe haven.

**V-shaped recovery complete.** While the output recovery may have lapsed in Q4 and Q1 2021, the recruitment recovery has continued to build. In fact the local recruitment market’s ‘V-shaped’ recovery is now complete - at least in terms of the overall job listings. According to NIJobs.com, job listings - which are viewed as a leading indicator of labour market performance - posted their third consecutive quarterly in Q1 2021. The latest

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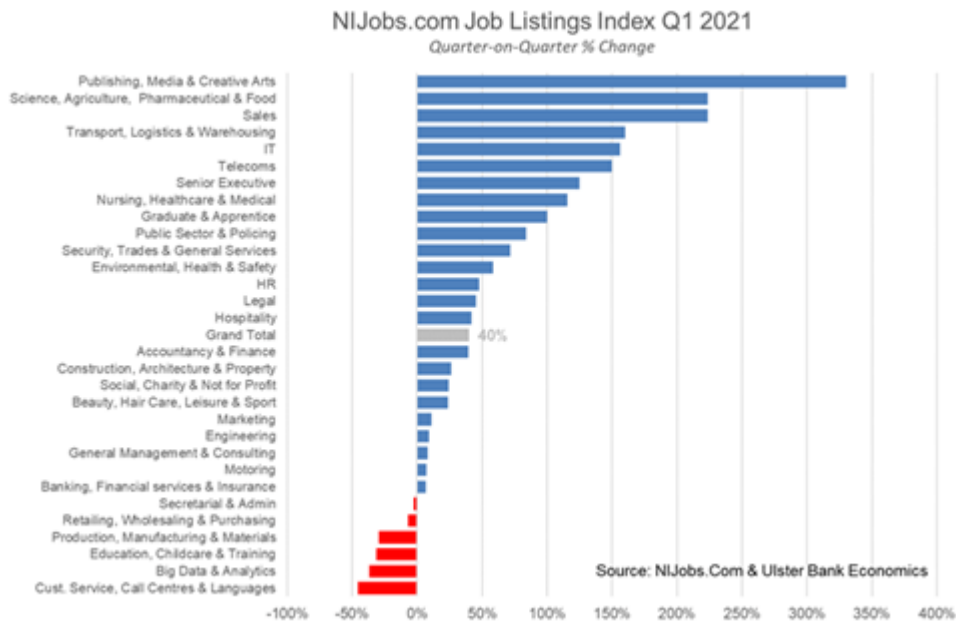
quarterly increase in job postings (+40% q/q) means listings have more than trebled since Q2 2020's 'lockdown low' when advertised vacancies on the NIJobs.com website plunged by 61% q/q. Indeed, the first quarter of 2021 saw more jobs advertised than at any time during the last three years.



**Spring surge.** The Spring surge in hiring reflects the pent-up demand for ongoing skills

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shortages and investment plans that have been put on hold due to the pandemic. The pick-up in recruitment activity was broad based with 19 of the 31 employment categories (including hospitality) listed more employment positions in Q1 than during the previous quarter. Furthermore, nine of the thirty-one employment categories posted their highest number of listings to date in the first quarter. These included: *Nursing, Healthcare & Medical; Telecoms; Environmental, Health & Safety; General Management & Consultancy; and Construction, Architecture & Property.*

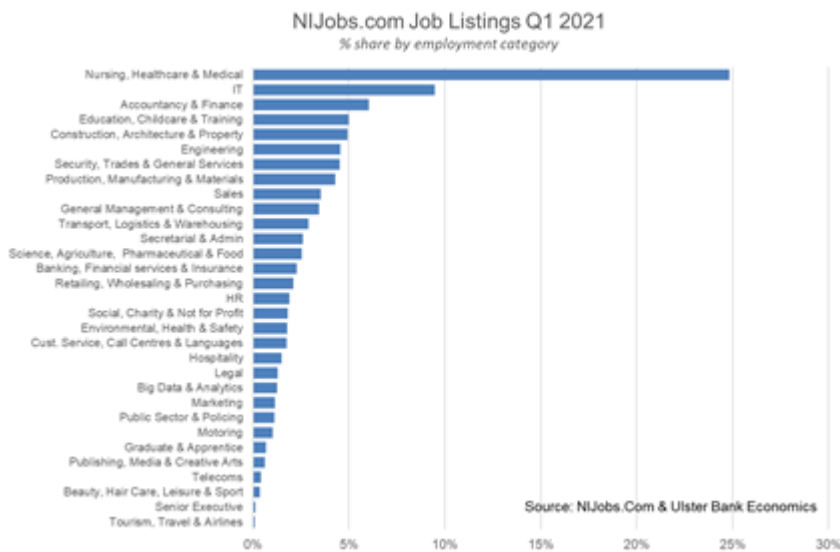
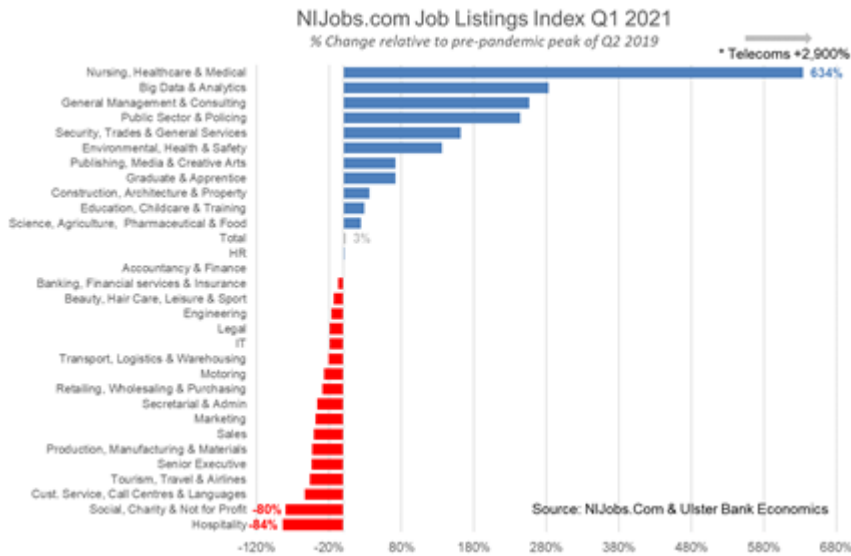


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**Uneven.** Not only has the economic recovery been uneven, so too has the hiring recovery. While the pick-up in recruitment activity was broad-based, two-thirds of the quarterly increase was due to just two sectors - *Nursing, healthcare and medical* & *IT*. Indeed the former accounted for close to half (47%). Looking at the year-on-year increases *IT* and *Nursing, healthcare and medical* accounted for almost all of the net gain in job listings. These two sectors have clearly benefitted from the health emergency and the accelerated move towards working from home and shopping online. Cybersecurity is more important than ever and dozens of Northern Ireland firms in this field are expanding and hiring. More than one-third of all NIJobs.com job listings fall within either *IT* or *Nursing, healthcare & medical*, with the latter accounting for 1 in 4 of all posts in Q1 2021.

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**Not hiring on all cylinders.** Not surprisingly, those employment categories most affected by lockdown restrictions are still experiencing very subdued levels of demand. *Hospitality* saw a 42% q/q rise in listings albeit from historically low levels. Vacancies in this category were 72% lower than Q1 2020 and 85% below Q3 2019’s peak. Back in Q3 & Q4 2019, the *Hospitality* sector had the most job listings of all 31 employment categories and accounted for almost 1 in 9 of all online vacancies. But in Q1 2021 the hospitality sector accounted for just 1% of all advertised vacancies. Similarly, *Social*,



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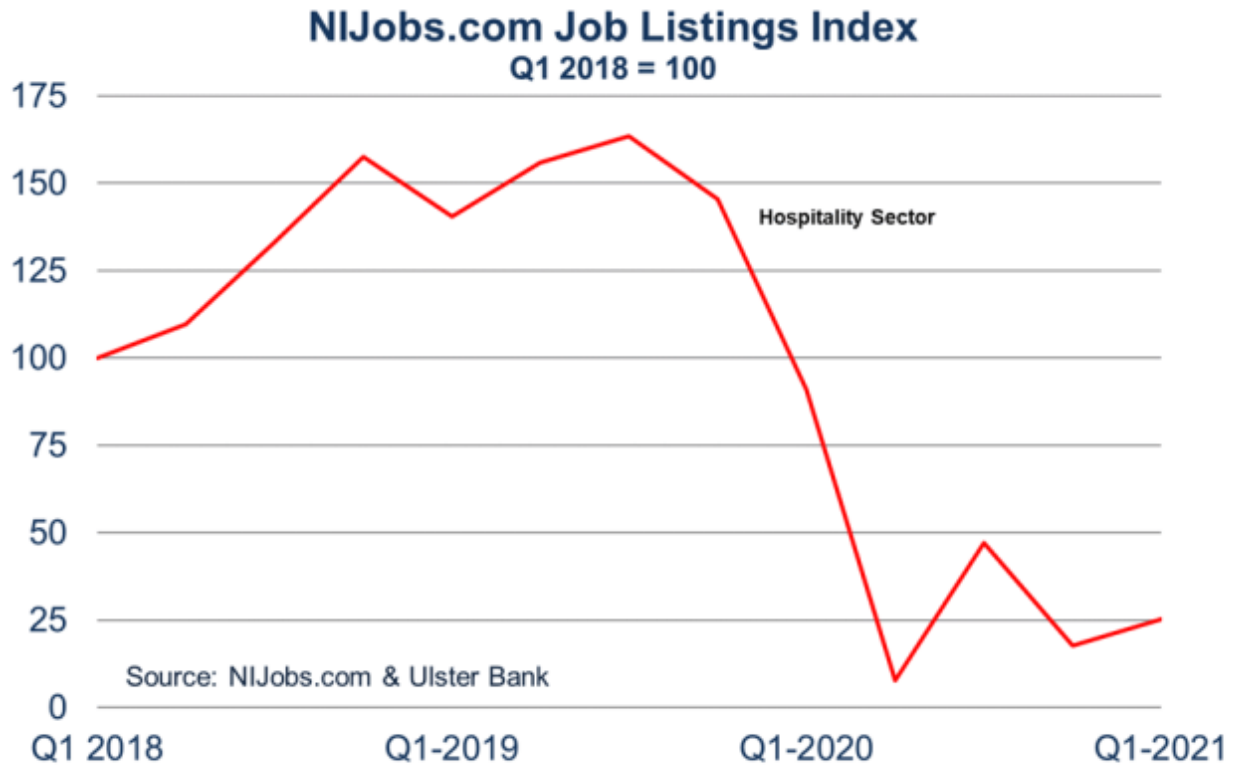
*Charity & Not For Profit* was regularly in the top three categories for the most listings in 2018 and 2019. Despite a steady improvement in recent quarters, *Social, Charity & Not For Profit* listed one-third fewer listings in Q1 2021 than a year ago and around 80% fewer than its Q3 2019 peak.

**2021 Q1 NIJobs.Com**

| <b>Rank</b> | <b>Employment Category</b>                  | <b>Share of Vacancies</b> | <b>% Q/Q</b> | <b>%Y/Y</b> |
|-------------|---|---------------------------|--------------|-------------|
| 1           | Nursing, Healthcare & Medical               | 25%                       | 116%         | 214%        |
| 2           | IT  | 9%                        | 156%         | 35%         |
| 3           | Accountancy & Finance                       | 6%                        | 39%          | 3%          |
| 4           | Education, Childcare & Training             | 5%                        | -32%         | 38%         |
| 5           | Construction, Architecture & Property       | 5%                        | 26%          | 24%         |
| 6           | Engineering                                 | 5%                        | 9%           | -5%         |
| 7           | Security, Trades & General Services         | 5%                        | 72%          | 116%        |
| 8           | Production, Manufacturing & Materials       | 4%                        | -29%         | -28%        |
| 9           | Sales                                       | 4%                        | 223%         | 21%         |
| 10          | General Management & Consulting             | 3%                        | 8%           | 218%        |
| 11          | Transport, Logistics & Warehousing          | 3%                        | 160%         | 77%         |
| 12          | Secretarial & Admin                         | 3%                        | -3%          | 13%         |
| 13          | Science, Agriculture, Pharmaceutical & Food | 3%                        | 224%         | 117%        |
| 14          | Banking, Financial services & Insurance     | 2%                        | 7%           | -13%        |
| 15          | Retailing, Wholesaling & Purchasing         | 2%                        | -7%          | -6%         |
| 16          | HR  | 2%                        | 48%          | 40%         |
| 17          | Social, Charity & Not for Profit            | 2%                        | 25%          | -33%        |
| 18          | Environmental, Health & Safety              | 2%                        | 58%          | 76%         |
| 19          | Cust. Service, Call Centres & Languages     | 2%                        | -46%         | -64%        |
| 20          | Hospitality                                 | 1%                        | 42%          | -72%        |
| 21          | Legal                                       | 1%                        | 45%          | 2%          |
| 22          | Big Data & Analytics                        | 1%                        | -37%         | -41%        |
| 23          | Marketing                                   | 1%                        | 11%          | -38%        |
| 24          | Public Sector & Policing                    | 1%                        | 84%          | 76%         |
| 25          | Motoring                                    | 1%                        | 7%           | -22%        |

Source: NIJobs.com and Ulster Bank

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Overall, 2021 has got off to a very good start as far as the recruitment market is concerned. However, the overall strong performance conceals some very weak activity in areas such as the hospitality sector. But even hospitality is poised for a rebound as and when the lockdown restrictions are progressively eased. Indeed, many of the 106,500 people in Northern Ireland on furlough at the end of February will be encouraged that significant hiring has begun. We should therefore see labour market statistics continue to improve over the months ahead, until the furlough scheme comes to an end. When the support measures are eventually lifted, unemployment will surge, but not to anywhere near the levels that were anticipated a year ago.

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