



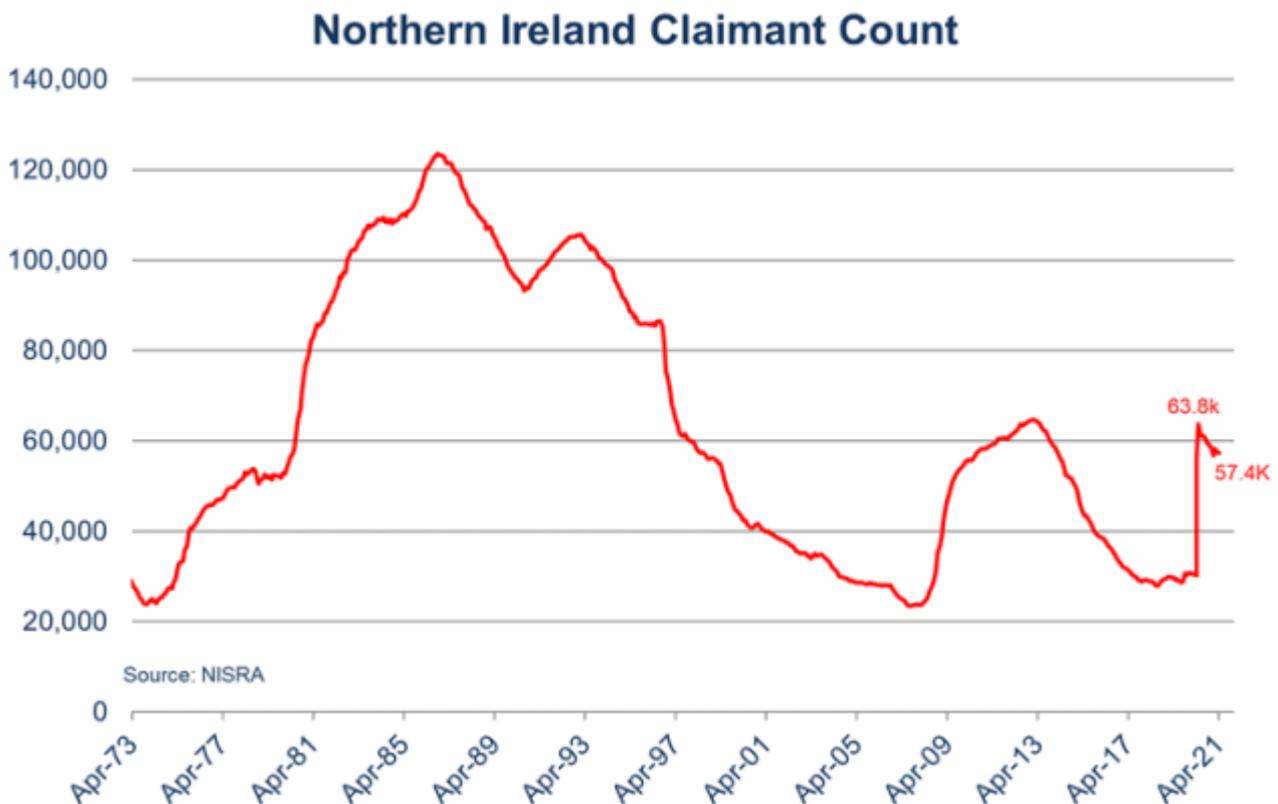
Twelve months have passed since the labour market reacted to the pandemic induced slump in economic activity. The initial impact was most noticeable on the claimant count (the numbers claiming unemployment related benefit) and the HMRC's payrolls data. The former posted a record monthly rise in April and peaked at 63,800 in May. That was more than double March's figure of 30,500. Meanwhile the number of employees on the HMRC's payrolls data tumbled by almost 12,000 over the same period. Unprecedented employment support measures, such as the Job Retention Scheme (JRS), steadied the ship, but 2020 was still a record year for redundancies.

So far 2021's labour market has been pretty calm relative to last year's turbulence. Redundancies remain muted, employee numbers are trending upwards and the unemployment rate remains anchored below 4% at 3.6%. Meanwhile surveys such as the Ulster Bank's Northern Ireland PMI reported that private sector firms increased their

staffing levels in April at the fastest pace in 40 months. While there are some signs that a labour market recovery is a work in progress, a full recovery remains some way off. And in the meantime, we can expect further turbulence in the months ahead whenever the furlough scheme ends, and more redundancies inevitably come.

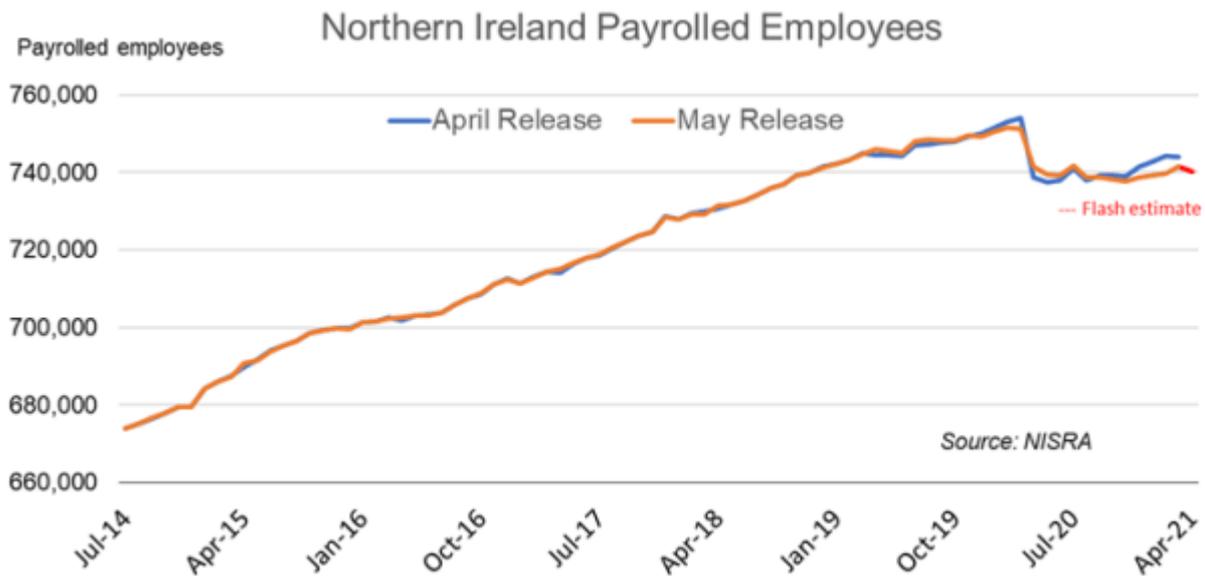
So what is the latest batch of labour market statistics from NISRA telling us?

**Muted** - 2020 was a record year for redundancies and some of those proposed job losses are continuing to land in 2021 with almost 1,100 during the first quarter. But the pace of confirmed redundancies continues to ease with just 110 in April. Proposed redundancy numbers, however, remain very subdued with just 140 in the three months to April 2021. That represents the lowest three month total since 2007 and follows the record high of 5,120 proposed redundancies in June - August 2020. An additional 150 redundancies were proposed during the first two weeks of May.

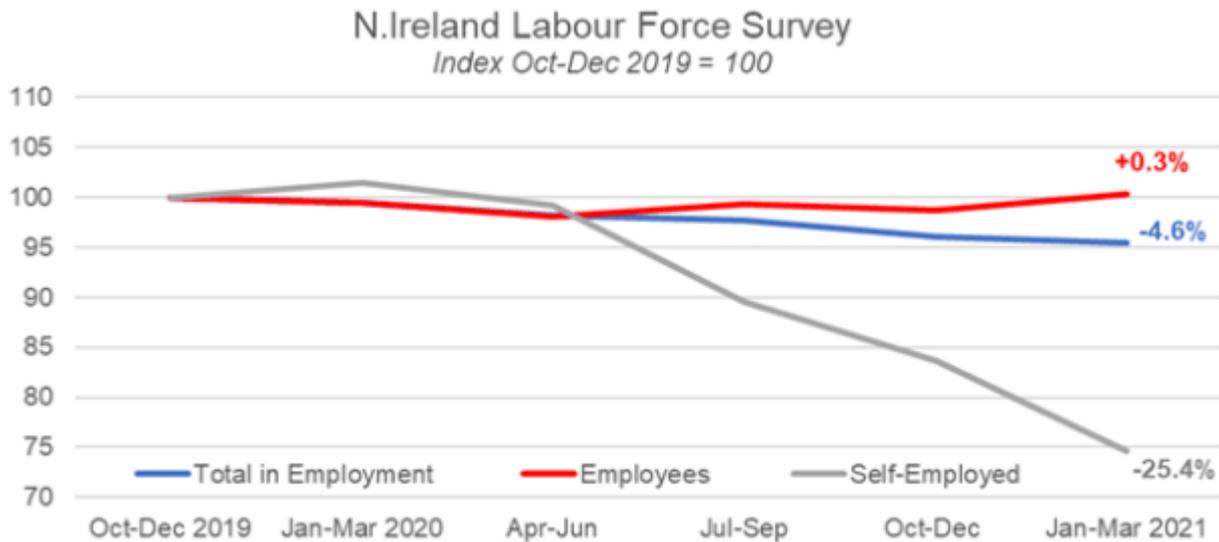


**Trending downwards** - Northern Ireland's claimant count - which includes those on Jobseekers Allowance (JSA) and Universal Credit claimants who were claiming principally for the reason of being unemployed - has generally been following a downward trend since May 2020's peak of 63,800. The count fell by a further 200 in April, which makes a cumulative decline of 6,300 (or 10%) relative to last year's pandemic high.

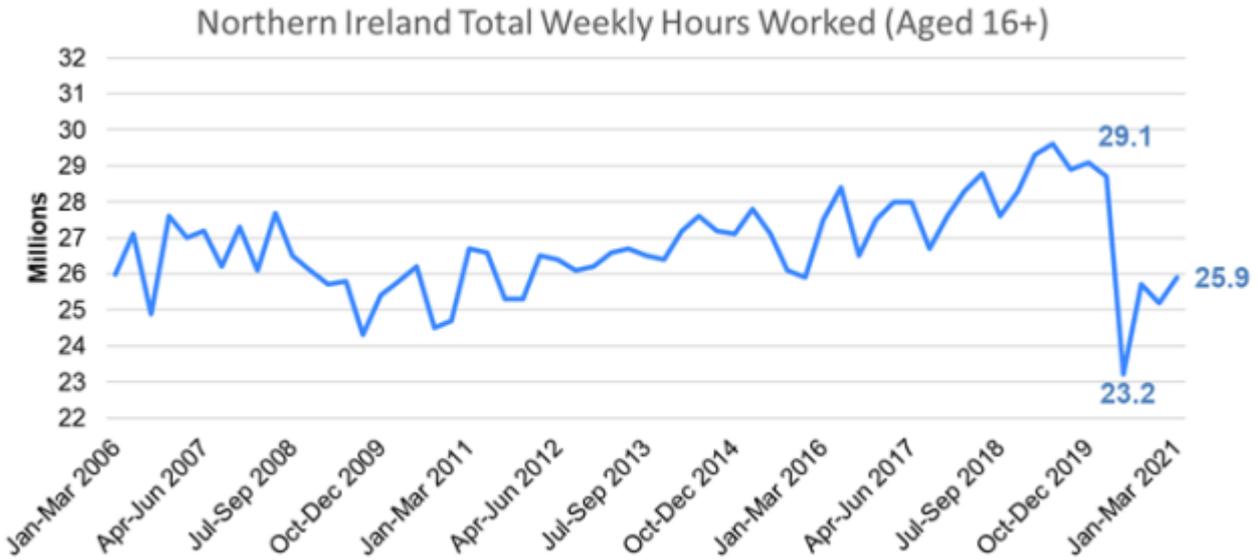
**Wrong direction** - Northern Ireland's unemployment rate may look encouraging but its employment and economic inactivity rates continue to move in the wrong direction. The employment rate (*i.e. the percentage of 16-64 year olds in work*) fell to 69.1% in Q1 2021 which compares with 75.2% for the UK. Meanwhile the number of economically inactive (*i.e. those people neither in work or looking for work*) continued to push higher with the economic inactivity rate hitting 28.3%.



**Jobs recovery weaker than previously thought** – The best indicator of employees in employment is the HMRC PAYE Real Time Information System data. This covers employees on payrolls. The latest figures provide significant revisions to earlier estimates which provide both good and bad news. The good news is the scale of the decline in employment last spring was not as large as previously thought. The bad news is the recovery now appears to have been much weaker. Last month’s data suggested that the peak to trough fall in payrolls was 16,490 between March and May 2020. This month’s data reveals that the peak to trough fall was 13,800 over a longer period (Feb-20 to Nov-20). Since November 2020 (737,565), payrolls numbers have followed an upward trajectory with four consecutive months of growth to March 2021 (741,550). However the flash estimate for April reveals a 1,399 fall (-0.2%) in the payroll numbers. That means less than one-fifth of the 13,800 jobs lost have been recouped so far. Last month’s data had suggested that over 40% of the fall in employee numbers had been recovered. As of April 2021, the total number of employees on the HMRC payrolls was 740,151. That is over 11,200, or 1.5%, below the pre-pandemic high of 751,309 in February 2021. These employee figures include individuals on furlough.



**Two directions** - The latest Labour Force Survey from NISRA reveals a bigger decline in employment than the HMRC data. For example, total employment in Q1 2021 was 4.6% below the pre-pandemic level of Q4 2019. But this larger decline conceals contrasting fortunes for self-employed and employees. According to the Labour Force Survey there were 733,000 employees in employment in Q1 2021. That is back at the pre-pandemic level in the three-months to February 2020 and follows a 1.7% q/q gain. Yet the number of self-employed has slumped by close to 11% q/q and is 26% below its pre-pandemic levels. As previously reported part of this fall is due to a reclassification of people as employees rather than self-employed. But is also highlights a significant move from self-employment to jobs with employers.



**More hours** - Signs of a labour market recovery are evident in the hours worked data. There were 25.9 million of weekly hours worked during the first quarter of 2021. That is up 2.8% q/q Northern Ireland is still working 11% fewer hours than occurred in Q4 2019 before the pandemic hit. Clearly the fact that around 100,000 individuals are on furlough is impacting on this figure.

**Share this:**

- [Twitter](#)
- [Facebook](#)
- [LinkedIn](#)
- [Email](#)