

4 June 2019

Economic Inactivity in Northern Ireland

Theme: Labour Market
Frequency: Topic Paper

This topic paper seeks to provide clarity around the population of economically inactive persons in Northern Ireland and to examine the ways in which this population differs from the (proportionally smaller) population of economically inactive persons in the United Kingdom (UK), through an analysis of the trends found within these populations. The paper is divided into three parts: the first is a brief examination of economic inactivity in Northern Ireland (NI) as it currently stands; the second examines the reasons cited by respondents for their economic inactivity; and the third is a comparative section between the Local Government Districts of NI in the first instance, and NI and the government office regions of the UK in the second.

Key Points

- In 2018, there were 318,000 economically inactive people of working age in NI, accounting for over a quarter of the working age population (27.2%).
- Students and retirees account for almost two-fifths (38.8%) of all economically inactive persons. Excluding these students and retirees brings down the number of economically inactive people to 195,000 in 2018.
- There has consistently been a higher number of inactive females than males, with approximately three-fifths (58.2%) of those inactive identifying as female.
- Economic inactivity rates are highest for those at either end of the working age range, i.e. under 25 years or over 50 years.
- NI has had the highest rate of working age (16-64) economic inactivity in the UK for the past 30 years. NI's economic inactivity rate is 27.2%, while the economic inactivity rate for the UK as a whole is 21.7%.
- Long term sickness and disability were the most common reasons for economic inactivity in the UK and NI. At 31.3% for 2018, the proportion citing this as the main reason for inactivity in NI was 6 percentage points higher than the UK as a whole (24.8%).
- The number of individuals citing sickness and disability as their reasons for inactivity has been the most frequently given reason over the past decade (it held this position in 8 out of the past 10 years).
- The higher incidence of economic inactivity in NI is not limited to those citing sickness and disability as their main reason for not working or looking for work. The proportion of working age population who are inactive due to looking after family/home, due to study and due to retirement are also higher in NI than the UK as a whole.

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NATIONAL STATISTICS STATUS

National Statistics status means that our statistics meet the highest standards of trustworthiness, quality and public value, and it is our responsibility to maintain compliance with these standards.

These statistics were designated as National Statistics in August 2010 following a full [assessment](#) against the [Code of Practice](#).

Since the assessment by the UK Statistics Authority, we have continued to comply with the Code of Practice for Statistics, and have made the following improvements:

- Improved quality of the LFS data by boosting the sample size and improving precision around headline estimates

1 Economic Inactivity in Northern Ireland

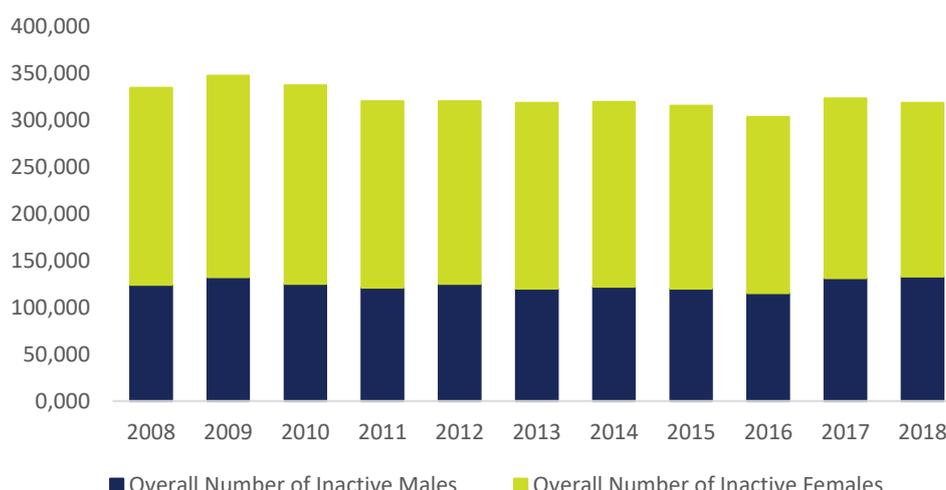
Economic inactivity is defined as people who are neither in employment nor unemployed as determined by the International Labour Organisation (ILO) measure. This economic status includes all those who are looking after a home, are long term sick or disabled, are students and are retired.

Over the past ten years, economic inactivity in Northern Ireland has been consistently higher than the UK average.¹ Yet, this is just the latest decade in a longer trend – high levels of economic inactivity in NI have persisted over the past thirty years, irrespective of other changes within the economy. This persistence can be seen most basically in the *numbers* of economically inactive individuals in NI, in which there has only been a decrease of 16,000 in economically inactive persons between 2008 and 2018 (there were 334,000 working age economically inactive persons in 2008 and 318,000 working age economically inactive persons in 2018), despite broader improvements in the labour market during that time.

1.1 Current Levels of Economic Inactivity

As of January – December 2018, there were 318,000 economically inactive people of working age in NI, which accounts for over a quarter of the working age population (27.2%). While there were some fluctuations at the beginning of the decade, the number of inactive persons has been within 5 per cent of the 2018 level since 2011. If 2016 is excluded, the number of inactive persons has been within 1.4 per cent of the 2018 level since 2011. Within these levels, there has consistently been a higher number of inactive females than males, with approximately three-fifths of those inactive identifying as female. The level of economically inactive females has seen a 12 per cent decrease (from 210,000 in 2008 to 185,000 in 2018) and the level of economically inactive males has seen a 7 per cent increase (from 124,000 in 2008 to 133,000 in 2018) from levels a decade ago.

Figure 1.1: Number of Inactive Persons in Northern Ireland (aged 16-64), 2008-2018



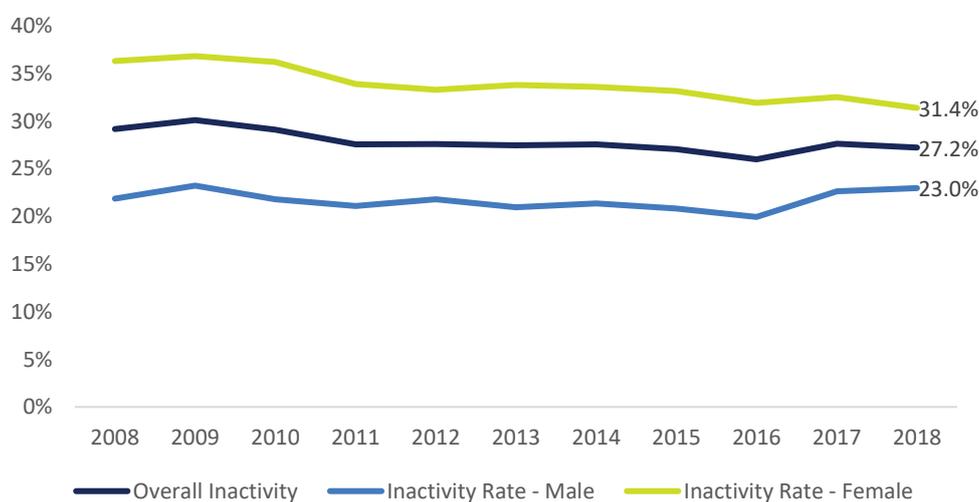
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¹ Long-term historical UK data is available on NOMIS at <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=59>.

1.2 Current Rates of Economic Inactivity

While the current economic inactivity rate (27.2%) is consistently lower than rates from a decade ago (-2.0pps from 2008 and -2.9pps from 2009), it has remained relatively constant over the last seven years with a maximum variation of 1.6pps between the highest and lowest rates during that time, in a similar trend to that seen within the levels. The rate of female economic inactivity similarly has decreased (by 4.9pps between 2008 and 2018 rates) and the rate of male economic inactivity has increased (1.1pps between 2008 and 2018 rates). As such, the gap between the rates of female and male inactivity has almost halved from 2008 (decreasing from 14.5pps difference to an 8.4pps difference in 2018). The story over the last 10 years has been somewhat different for males and females, with males experiencing an overall increase in economic inactivity rates while females have been experiencing a decrease in economic inactivity.

Figure 1.2: Economic Inactivity Rates by Gender, 2008 - 2018



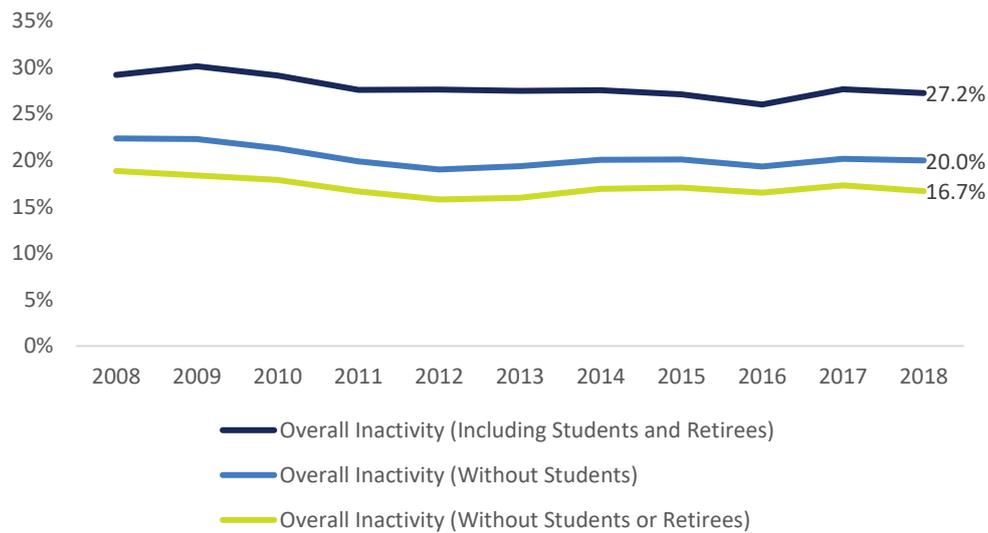
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1.3 Economic Inactivity Excluding Students and Retirees

Students and retirees account for almost two-fifths of all working age (16-64) economically inactive persons. For the purposes of policy addressing inactivity, these two groups are considered to be slightly different than all other inactive groups. For example, the Outcome Delivery Plan for NI has an indicator on economic inactivity and this indicator focuses on economic inactivity excluding students. Students are inactive as they are not available for work while studying and will most likely become economically active when their studies are completed. Similarly, retirees have often intentionally left the workforce permanently and will likely not return to economically active status. As such, it is useful to also remove both students and retirees from the analysis on economic inactivity, in order to gain a better understanding of the demographics of the group targeted by the government for policies to assist in accessing employment.

When adjusted to exclude students or students and retirees from the economic inactivity rates,² for the 2018 calendar year, the number of economically inactive persons decreases by 85,000 (to 233,000) when students are excluded and decreases by 123,000 (to 195,000) without students and retirees. This translates into decreases in the overall rates as a proportion of the working age population from 27.2% to 20.0% (without students – a decrease of 7.3pps) and 16.7% (without students and without retirees – a decrease of 10.6pps). These decreases across the categories are consistent over the past decade.

Figure 1.3: Economic Inactivity Rates, 2008 - 2018



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² The revised calculation of inactivity—that excluding students and excluding students and retirees—removed the total number of students/retirees from the numerator. The denominator remained unaffected (i.e. the rate is still calculated based on the total population aged 16-64).

2 Reasons for Economic Inactivity

2.1 Entire Cohort (aged 16-64)

The LFS categorises five main reasons for inactivity—the inactive person is a student, is caring for family or the home, is sick or disabled, is retired or is inactive for some other reason – illustrated by the chart below. The most common reason given for inactivity is that of sickness or disability, which was cited 31.3% of the time. This was also the most common reason for men to be inactive, though a substantial percentage of women cited it as well (39.1% of men and 25.7% of women). Inactivity due to caring for the family or home had the largest gender divide—while it was the most common reason cited by women for their inactivity, it was the second least common reason cited by men (34.7% of women and 7.4% of men). Retired and other were relatively evenly split in their gender division.

Figure 2.1: Reason for Economic Inactivity by Gender (%), 2018

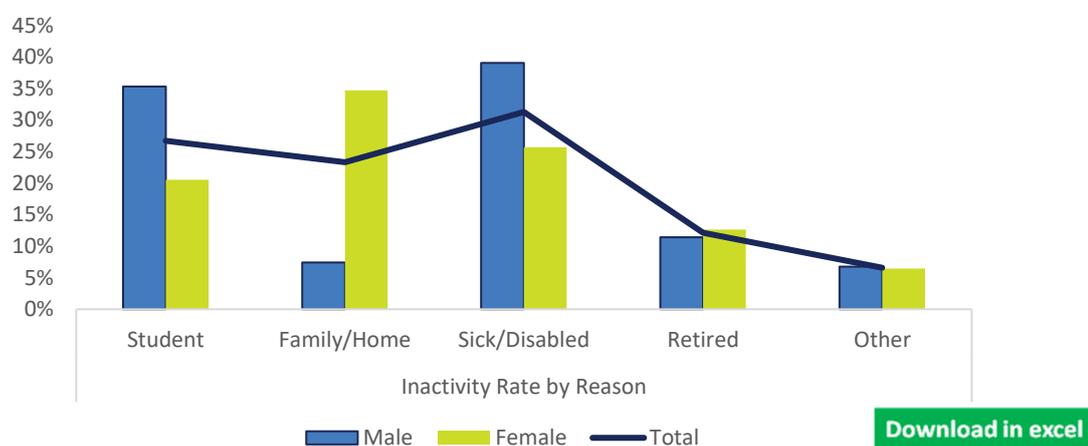
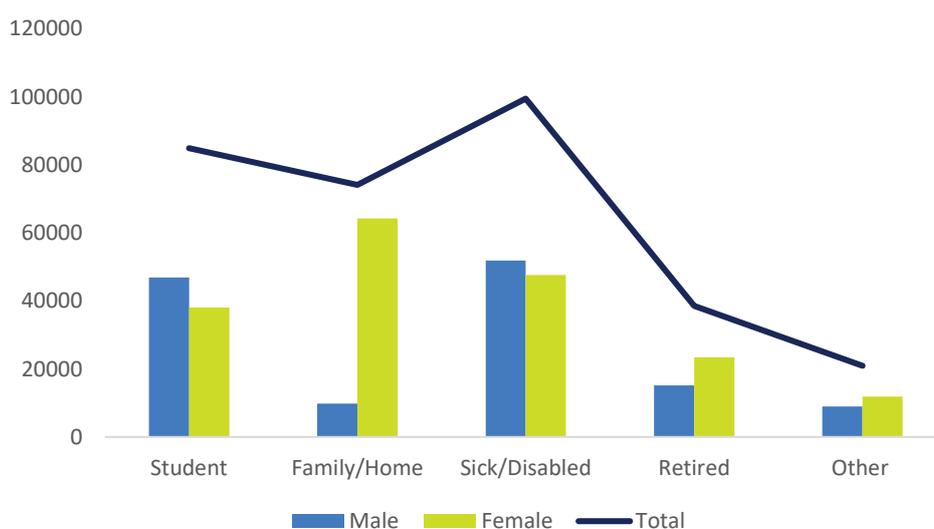


Figure 2.2: Reason for Economic Inactivity by Gender (numbers), 2018



2.2 Reasons for Inactivity Excluding Students and Retirees (aged 16-64)

When adjusted to exclude students (removing 47,000 males and 38,000 females for 2018), the gap between males and females grows in all categories. For example, while removing students caused a jump of 9pps and 7pps for women in the caring for family/home and sick/disabled categories respectively, the impact for men was 4pps and 21pps respectively.

The disparity between women and men becomes even more pronounced when both students and retirees are removed from the analysis, accounting for approximately 60,000 people in both cases. While the percentage of women caring for the family/home climbs to over half (or 51.9%), 13.9% of men are inactive for that reason. Similarly, while nearly three-quarters (73.3%) of non-retired, non-student men are inactive due to sickness or disability, a much smaller proportion of women are (38.5%). Proportionally, the percentages of women and men in the 'other' category remained consistent.

Table 1: Economic Inactivity by Reason (profile by gender %)

| | With Students/Retirees | | | Without Students | | | Without Students/Retirees | | |
|-------------------------------|------------------------|------|-------|------------------|------|-------|---------------------------|------|-------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| Caring for Family/Home | 34.7 | 7.4 | 23.3 | 43.7 | 11.5 | 31.8 | 51.9 | 13.9 | 38.1 |
| Sick/Disabled | 25.7 | 39.1 | 31.3 | 32.3 | 60.4 | 42.7 | 38.5 | 73.3 | 51.1 |
| Student | 20.5 | 35.3 | 26.7 | - | - | - | - | - | - |
| Retired | 12.6 | 11.4 | 12.1 | 15.9 | 17.7 | 16.5 | - | - | - |
| Other | 6.4 | 6.8 | 6.6 | 8.1 | 10.5 | 9 | 9.6 | 12.7 | 10.8 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

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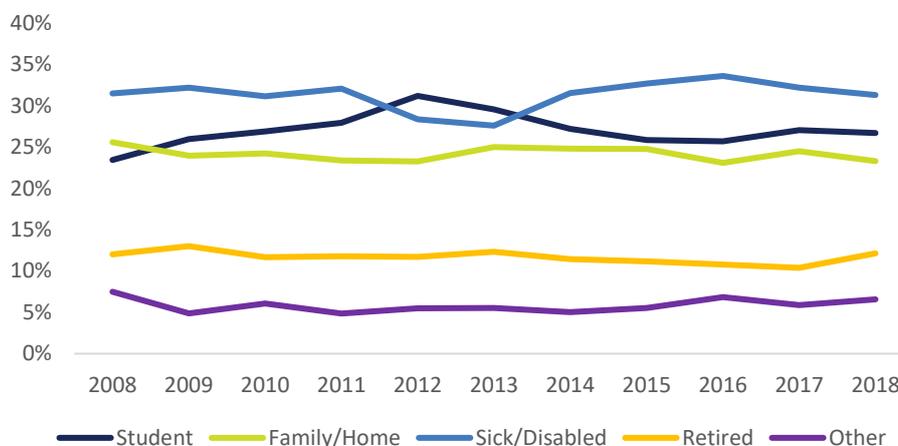
2.3 Time Trend

The top three reasons for inactivity over the last decade have been sickness/disability, looking after the family/home and being a student, although there was variation in the order in 2012 and 2013. Being retired and those reasons defined as 'other' have consistently been the most infrequently-cited reasons, counting for less than a fifth of all those who are economically inactive.

While inactivity due to sickness or disability was initially the most common reason for inactivity, the proportion of inactive due to this reason decreased in 2012 and 2013, increased sharply from 2014-2016 and has been decreasing since. Students have had the opposite trend—while the proportion of inactive due to reasons of student status was increasing from 2008 to 2012, it sharply declined after 2012 and has remained fairly constant since 2015. The proportion of those who cited caring for family/home, retired and other as reasons for inactivity stayed relatively constant, though caring for family/home has had a slight decrease in the last year and retired has shown a slight increase.

Overall, while the levels of inactivity were at their highest in 2009 (with 347,000 inactive) and lowest in 2016 (with 303,000 inactive), the relative contributions of each reason within each gender remained the same.

Figure 2.3: Reasons for Economic Inactivity (%), 2008 - 2018



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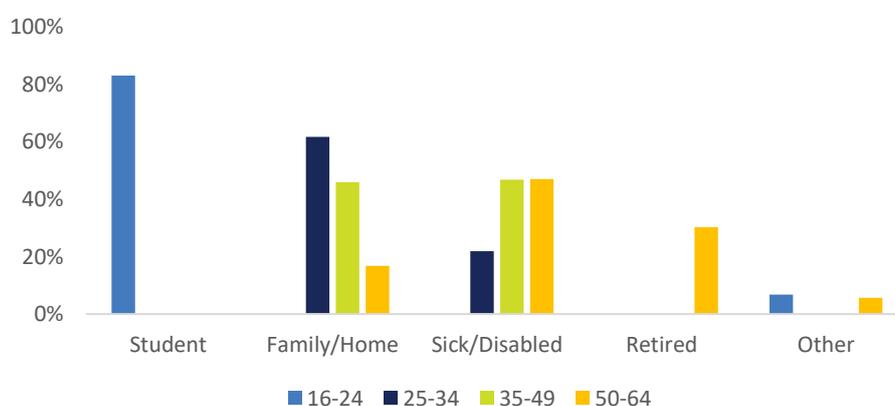
2.4 Reasons for Economic Inactivity by Age (16-64)

Economic inactivity rates are highest for those at either end of the working age range, i.e. under 25 years and over 50 years. The following analysis looking at reason for economic inactivity can help to explain this.

The distribution of age ranges of inactivity, as shown in Figure 2.4, is much as one would expect. Two categories – students and retirees – are, as expected, composed primarily of one age band (16-24 for students and 50-64 for retirees). Those who cited caring for family and home, sick/disabled and ‘other’ reasons for inactivity were concentrated within two or three age groups. For those aged 25-34 years, looking after the family/home dominated as a reason for inactivity, while for those aged 35-49 years the main reason for inactivity was almost evenly split between looking after the family/home and being sick or disabled.

Although almost all of the retired were in the 50-64 age group, the main reason for economic inactivity among this age group was sickness or disability. Unsurprisingly, the proportion of those who list caring for family and home was highest in the 25-34 year old age band, followed by 35-49 year olds. Those who list long-term illness or disability as the main reason for their economic inactivity are more frequently in the older age bands (35-49 and 50-64 year olds). The ‘other’ category was more or less consistent across all age bands.

Figure 2.4: Reasons for Economic Inactivity by Age, 2018



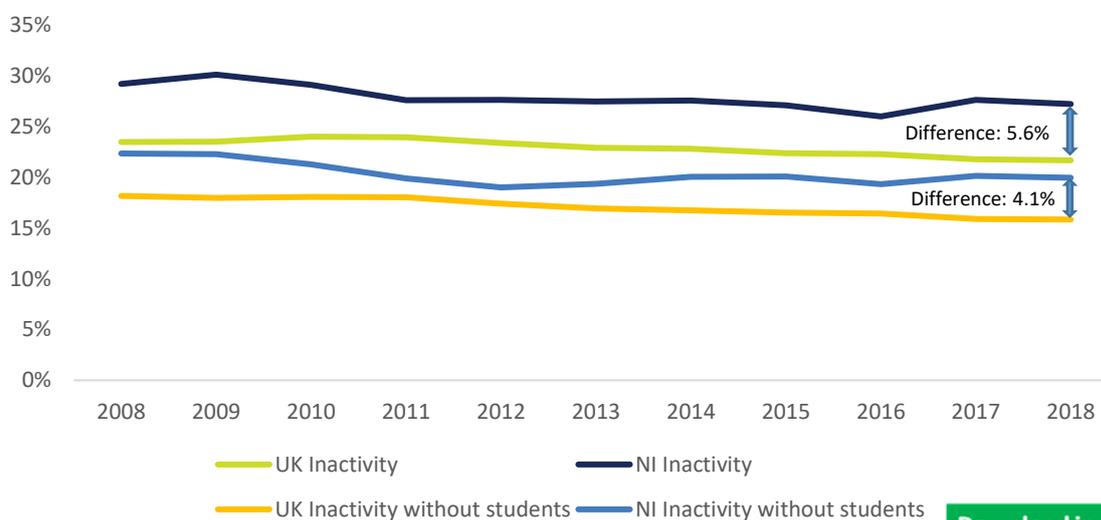
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3 NI Economic Inactivity in a UK Context

3.1 Economic Inactivity in Comparison with UK

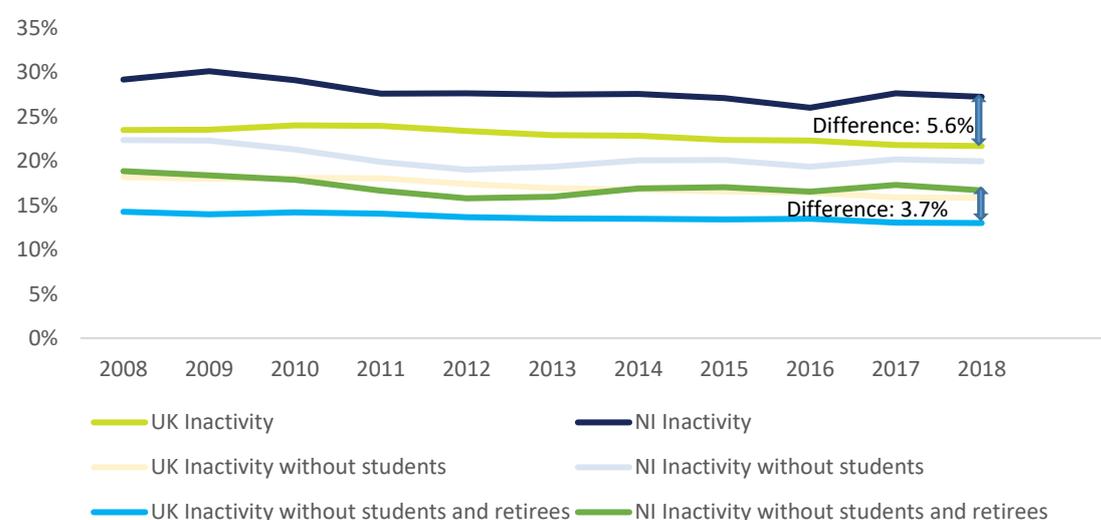
Northern Ireland has had the highest economic inactivity in the UK for the past 30+ years. The latest decade of this trend can be seen in Figure 3.1 below, in which NI's economic inactivity rate has remained consistently higher than that of the rest of the UK in recent years. Of note, however, is that this gap closes slightly with the exclusion of students from the analysis. While the difference between the NI inactivity rate and the UK inactivity rate is 5.6pps in 2018, when students are excluded, the difference is reduced to 4.1pps. When both students and retired persons are excluded, the difference between the NI and UK inactivity rates decreases to 3.7pps.

Figure 3.1: Economic Inactivity Rates, UK and NI, 2008 - 2018



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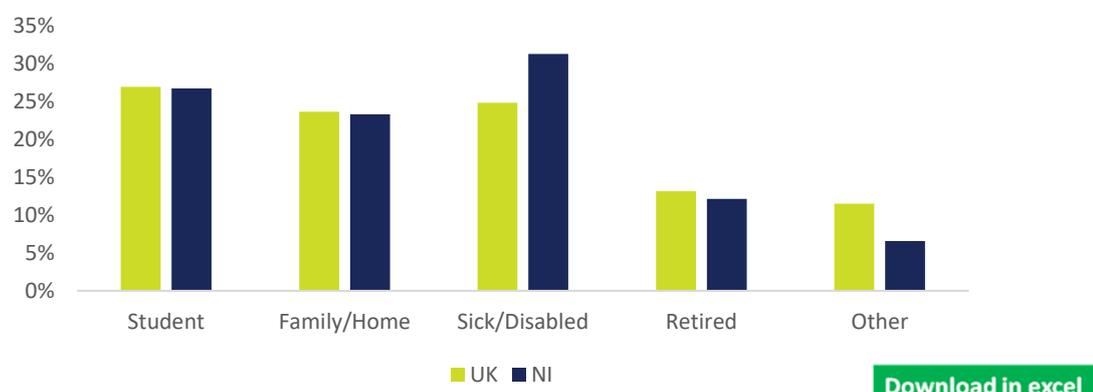
Figure 3.2: Economic Inactivity Rates, UK and NI, 2008 – 2018 (including inactivity rates excluding students and retired)



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Despite the marked difference in inactivity rates between NI and the UK, the proportion citing each reason for inactivity were, for three of the five categories, remarkably similar. The biggest difference was seen in the sick/disabled category, in which NI was 6.5ppps higher than the UK in terms of the proportion of the economically inactive citing sickness/disability as their reason for inactivity. NI and the UK had similar proportions of the inactive citing caring for the family/home, student status and retirement as reasons for their inactivity.

Figure 3.3: Economic Inactivity by Reason, NI and UK, 2018



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Presenting the number of economically inactive as a proportion of the working age population for each reason (as in Table 2) shows that NI has a higher proportion of economically inactive than the UK for each of the main inactivity reasons. For example, although sickness/disability stands out as the main reason for economic inactivity in NI in the comparison of economic inactivity by reason for the UK and NI, the proportions of people inactive due to looking after family/home, due to study and due to retirement are also higher in NI than in the UK when calculated from the working age.

Table 2: Economic Inactivity as a Proportion of the Working Age Population

| | Total Working Age Population | Economic Inactivity Rate (%) | Student (%) | Family/Home (%) | Sick/Disabled (%) | Retired (%) | Other (%) |
|----|------------------------------|------------------------------|-------------|-----------------|-------------------|-------------|-----------|
| NI | 1,168,000 | 27.2 | 7.3 | 6.3 | 8.5 | 3.3 | 1.8 |
| UK | 41,250,000 | 21.7 | 5.8 | 5.1 | 5.4 | 2.9 | 2.5 |

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3.2 Inactivity in Comparison with Individual Regions

To better understand the overall NI inactivity rate in context, Figures 3.4 and 3.5 illustrate the inactivity rates of individual local government districts. Of note are the three main urban centres of NI—Belfast, Derry City and Strabane, and Newry, Mourne and Down—which all have inactivity rates over 30% (32.7%, 34.1% and 31.0% respectively, as of January-December 2018). This puts these districts in the top 2% of economically inactive districts in the UK. (Of the 386 Local Area Districts in Great Britain, only 5 have economic inactivity rates of 31% or higher,³ whereas three out of the 11 LGDs in NI have economic inactivity rates of 31% or higher.)

³ Economically Inactive – Area Comparison, Nomis Official Labour Market Statistics (2019) available at https://www.nomisweb.co.uk/reports/lmp/la/1946157252/subreports/einact_compared/report.aspx?

Figure 3.4: Inactivity Map by LGD

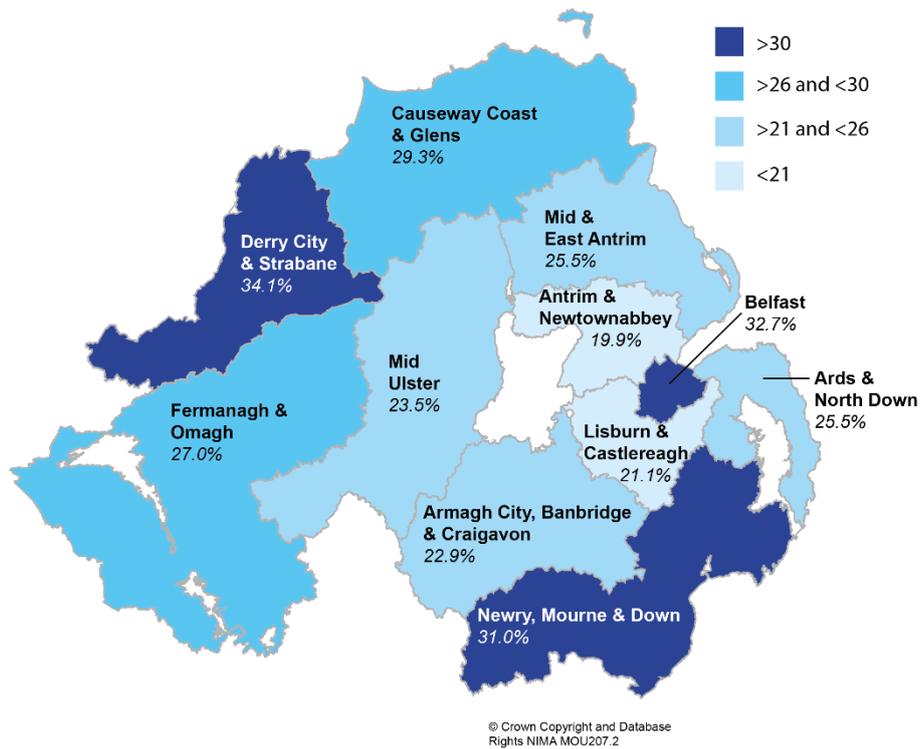
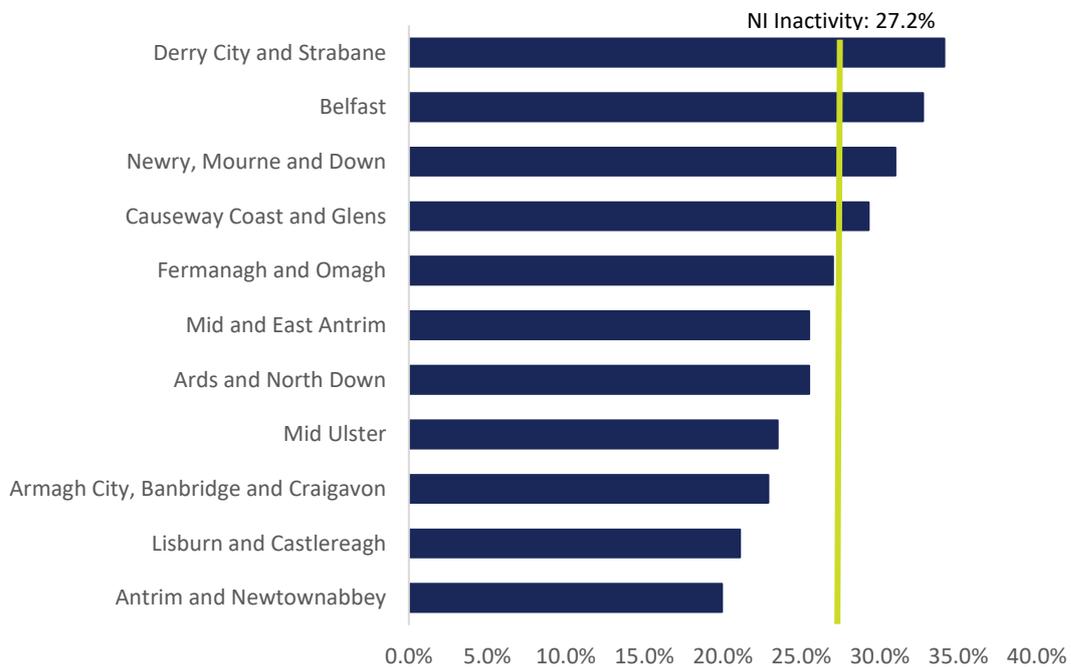


Figure 3.5: Inactivity Rates by LGD



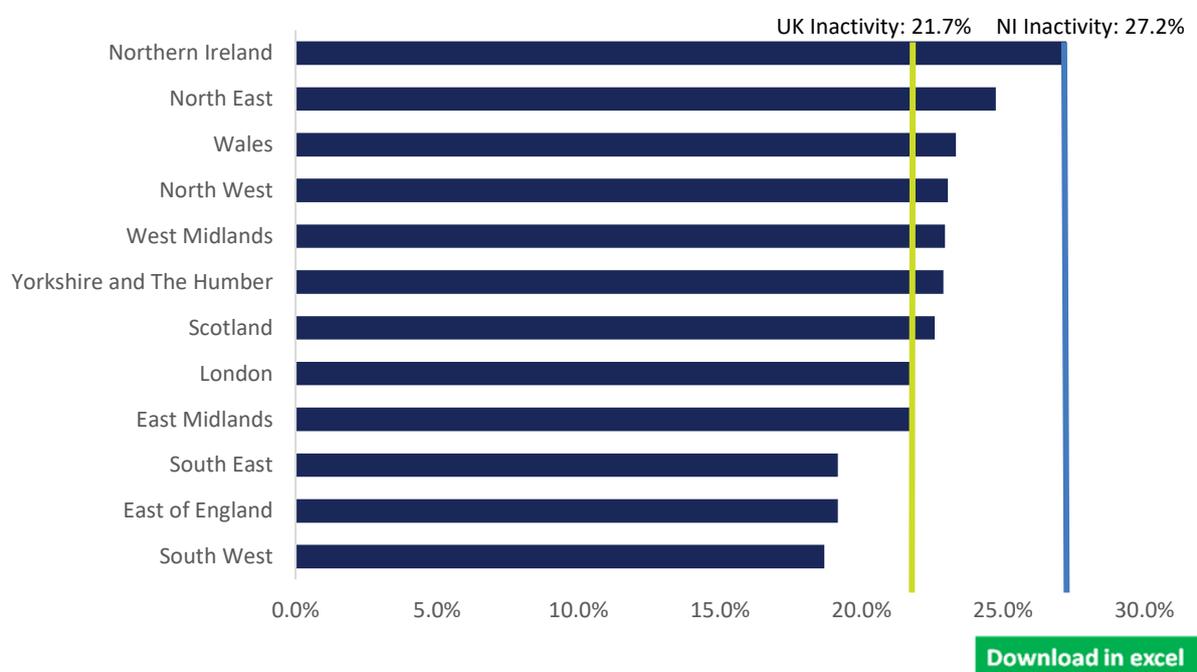
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Inactivity in NI can further be compared against inactivity rates in the regions delineated by UK Government Offices. When doing so, three groups emerge.

While inactivity in NI is 5.6pps higher than inactivity in the UK as a whole, there is a smaller gap between NI and some of the individual regions. The North East similarly has an inactivity

rate of 24.7pps (-2.5pps in comparison to NI) and Wales has an inactivity rate of 23.3 (-3.9 in comparison to NI). So, though inactivity in NI has been notably higher than that of the UK, it is not the only jurisdiction in which around a quarter are economically inactive.

Figure 3.6: Inactivity Rates by UK Region



With the understanding that inactivity in NI is higher than that of other UK regions, this topic paper finally turns to a brief consideration of the reasons for NI inactivity in comparison to the reasons for inactivity in the other two regions in the top three, as well as with the South West (the subnational region with the lowest inactivity). The reasons for this further analysis can be illustrated by returning to the detail on local area districts with economic inactivity rates of 31% or higher. Of local area districts and local government districts, Kensington and Chelsea has the highest economic inactivity rate at 35.2%, while Derry City and Strabane (the highest in NI) comes in second with a rate of 34.1%. When examined in more detail, however, economic inactivity in Kensington and Chelsea is high with the main reason for economic inactivity being looking after the family or home, whereas this is not the case in Derry City and Strabane, where inactivity is high as a result of a high level of sick/disabled. Thus, it is not just the rates of inactivity that are important, but also the reasons behind that inactivity.

A comparison of the three areas with the highest inactivity shows that inactivity in NI due to sickness, looking after family, and student status is generally 1pps higher when compared with the North East, and 1.5pps higher when compared with Wales across all 3 reasons. Levels of inactivity due to retirement are similar in the three regions while NI has lower levels of those citing 'other' reasons for inactivity as the main reason.

When compared to the South West (a region with low inactivity at 18.7%), levels of inactivity in NI are higher in four of the five main reasons for inactivity, with only those citing 'other' showing a higher level in the South West than NI. Notably, it is the low levels of inactivity due to sickness/disability in the South West that stand out.

Thus overall it can be concluded that, the profile of economically inactive in Northern Ireland is similar to other regions of the UK with relatively high inactivity, with sickness/disability the

main reason for inactivity. However it is not only the high level of inactivity due to sickness/disability that accounts for the higher rates in Northern Ireland, rather the combination of higher levels across the three most common reasons for inactivity.

Table 3: Inactivity Reasons by UK Region (3 Regions with Highest Inactivity + Region with Lowest Inactivity)

| | Economic Inactivity Rate (%) | Student (%) | Family/Home (%) | Sick/Disabled (%) | Retired (%) | Other (%) |
|------------|------------------------------|-------------|-----------------|-------------------|-------------|-----------|
| NI | 27.2 | 7.3 | 6.3 | 8.5 | 3.3 | 1.8 |
| North East | 24.7 | 6.3 | 5.5 | 7.4 | 3.1 | 2.4 |
| Wales | 23.3 | 5.8 | 4.7 | 6.9 | 3.5 | 2.4 |
| South West | 18.7 | 4.7 | 3.9 | 4.5 | 3.0 | 2.6 |

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Please note, an error was detected in the data in section 3.2 published on 4th June. Data affected was the comparison of inactivity across UK regions. As a result changes have been made to Figure 3.6, Table 3 and associated paragraphs in this section which now shows the 3 areas in the UK with the highest economic inactivity rate are Northern Ireland, North East and Wales and republished on 3rd July 2019. The previously published data showed Northern Ireland, Yorkshire and Humber, and North East as the 3 regions with the highest economic inactivity rates.

4 Further Information

Labour Force Survey

The Labour Force Survey (LFS) is a sample survey carried out by interviewing individuals about their personal circumstances and work. It is the biggest regular household survey in Northern Ireland and provides a rich source of information on the labour force using internationally agreed concepts and definitions. The sample of addresses for the LFS is obtained from the Valuation & Lands Agency list of domestic properties in Northern Ireland (only private household addresses are eligible as the LFS is a survey of the private household population).

The results of the LFS are usually quoted to the nearest 1,000 following the grossing of sample numbers to population levels. This process involves assigning a weight or “grossing factor” to each individual participating in the survey in accordance with that person’s age and sex. In this way the final grossed results give the population total for Northern Ireland and reflect the distributions by sex and age shown by the population figures.

Because the LFS is a sample survey, results are subject to sampling error, i.e. the actual proportion of the population in private households with a particular characteristic may differ from the proportion of the LFS sample with that characteristic. If we drew many samples each would give a different result. The ranges shown for the LFS data in the table below represent 95% confidence intervals. We would expect that in 95% of samples the range would contain the true value.

It is the nature of a sampling variability that the smaller the group whose size is being estimated, the (proportionately) less precise that estimate is. LFS estimates of under 6,000 are not published as they are likely to be unreliable.

Notes and Definitions

Economically Inactive: People who are neither in employment nor unemployed. Specifically, this includes people not in employment who have not been seeking work within the last 4 weeks and/or are unable to start work within the next 2 weeks. For example, those who were looking after a home or who are students are considered economically inactive. (Note: students who were working in addition to their studies are not considered inactive.)

Economic Inactivity Rate: The proportion of the working age (16-64) population who are not active in the labour market.

Reason for inactivity ‘other’: The ‘other’ category includes all of the reasons that are not included in the categories for analysis (student, looking after family/home, sick or disabled or retired). In addition to those who gave an ‘other’ or ‘no reason given’ response, this category includes those who are inactive due to: waiting on the results of a job application, the belief that no jobs are available, has not yet started looking and/or does not need or want employment.

Working Age: Working age is taken as ages 16 to 64 for both males and females. (The ‘working age’ definition was changed in August 2010 to include those aged from 16 to 64 for both men and women. Previously these rates were based on upper age limits of 59 for women and 64

for men, reflecting the state pension ages in the UK. The change in definition follows a UK wide public consultation on the issue and the approach being applied to Northern Ireland labour market statistics mirrors the approach that the Office for National Statistics (ONS) are applying to other UK regions.)

Further information

If you require further information about the figures contained in this publication or the accompanying tables, please contact the Labour Force Survey team using the details below:

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