

Redundancy data sources in Northern Ireland – LFS and HR1s

Theme: Labour Market

First Published July 2020. Reviewed October 2021.

Background

There are two potential sources on the number of redundancies made in Northern Ireland. One is from a survey source, the Labour Force Survey (LFS), and the other an administrative data source - HR1 forms – forms submitted by employers when making collective redundancies. This short paper details the definitional differences between the two measures and provides a comparison of the two counts over a 15 year period.

Explaining the difference between LFS redundancies and HR1 returns

Table 1 provides a comparison of the LFS redundancy count and the HR1 returns received, including background information, reporting periods, definitions, and coverage. It also gives details of the main uses for each.

Further information is available on the NISRA and DfE websites.

Labour Force Survey:

<https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/labour-force-survey>

HR1s

<https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/redundancies>

<https://www.economy-ni.gov.uk/publications/redundancy-information>

<https://www.economy-ni.gov.uk/publications/advance-notification-redundancies-hr1-form>

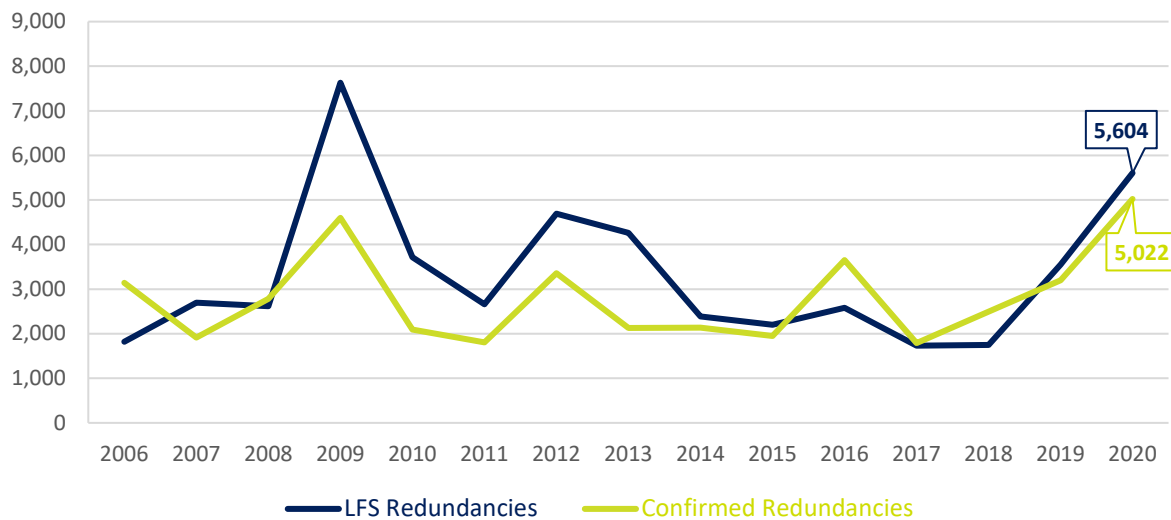
Table 1: At a glance - LFS and collective redundancy (HR1s) sources explained

	LFS Redundancies	HR1s
Overview	The NI LFS is a sample survey of around 4,000 households quarterly, carried out by interviewing individuals about their personal circumstances and work.	It is a statutory requirement for businesses to report collective redundancies and this must be done using an HR1 form. It is an administrative data source that is held centrally.
Reporting Period	The LFS can be used to derive both rates and levels of redundancies on a monthly basis , based on rolling three month data.	Redundancy outputs provide data on the number of individuals proposed and made redundant in a particular month. Monthly and annual data is published each month.
Definitions	The LFS states that redundancy includes those respondents who were not in employment and who had been made redundant within the last two months plus those who were recently employed but had been made redundant in the past three months. Further information on the derived variable, REDUND, which was used to produce these estimates can be found in Volumes 3 (Details of LFS Variables) and 4 (LFS Standard Derived Variables) of the LFS User guidance .	Under the Employment Rights (Northern Ireland) Order 1996 (Amended 8 October 2006) companies are only legally required to notify the Department of impending redundancies of 20 or more employees. Companies who propose fewer than 20 redundancies are not included in the statistics.
Rates	The LFS redundancy rates refer to the percentage of people aged 16 and over who were made redundant in the last three months .	Redundancy data collected from HR1 returns are not used to calculate rates.
Coverage	The LFS is based on statistical samples and is therefore subject to sampling variability , such that if many samples were drawn, each would give a slightly different result. A confidence interval is a range of values, defined by a lower and upper bound, which indicates the variability of an estimate. ELMS publish 95% confidence intervals around key estimates on a monthly basis to show the range within which the true value will lie in 95 out of 100 samples.	Since it is a statutory requirement, businesses across all of NI are required to comply. This allows for all redundancies of 20 or more employees to be recorded across the country. Outputs are then published by geographical area and industry in the Labour Market Report and on the NISRA website each month.
Key Uses	Redundancy estimates from the NI LFS are not routinely produced. The LFS is widely used for comparisons at regional level for labour market statistics, due to adherence to internationally agreed definitions.	The information collected from HR1 forms is the official measure of redundancies used in NI. It is used by a number of government departments to assist businesses and employees, as well as assess the current economic climate.

Comparison of LFS Redundancies and HR1 Returns

Figure 1 below helps to give a clearer understanding of how the outputs from the two different measures of redundancy compare. The most recent 15 years of data from both sources has been plotted alongside each other allowing the differences to be tracked and quantified.

Figure 1: LFS redundancies and confirmed redundancies, 2006 – 2020



Notes:

1. LFS redundancies data is based on aged 16 and over

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Figure 1 shows the similarities between the annual redundancy counts from the LFS and the HR1s, with a similar overall trend over the last 15 years. LFS redundancies peaked in 2009 while confirmed redundancies peaked in 2020. Both series recorded their lowest figures in 2017. The most recent figures show that, in 2020 there were 5,022 confirmed redundancies notified to the Department, whilst the LFS reported 5,604 redundancies.