

Economic inactivity

Who, what, where, why?

A briefing paper on economic inactivity & inclusive labour markets in Belfast & Northern Ireland



UUEPC
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Introduction

This research was commissioned by Belfast City Council (BCC) with the aim of better understanding economic inactivity trends in the Council area, within the wider context of the Northern Ireland (NI) labour market. While economic inactivity has been a long-standing issue in NI, changes to the inactive population throughout the UK following the Covid-19 pandemic has once again brought the issue to the forefront. In addition, wider economic and demographic challenges have pointed to the economically inactive as a potential labour supply. This research aims to highlight the types of economic inactivity within Belfast and how this structurally differs not only from the NI average but also the UK average. The paper discusses the social, economic and policy implications of high inactivity rates and offers some place-based policy questions to be addressed in any striving towards more inclusive labour markets in Belfast and NI.

Headline findings

- Within Belfast, almost one third (32.1%) of the working age population are economically inactive, above the NI average (26.3%). This is the second highest rate within local government districts across NI. When students are excluded (as they are unavailable for skills development reasons) the respective rates are 26% and 23%.
- Analysis of long-term trends (since 1951) shows that headline rates of economic inactivity have declined as female participation in the labour market has increased. However, the trend in more recent years has seen improvement be replaced first by stagnation and, more recently since 2022, then by reversal.
- Record levels of economic inactivity due to long-term sickness and disability have been experienced recently across NI in the aftermath of the Covid-19 pandemic. Thus a longer-term issue has worsened further, with more than half (55%) of all inactive giving the reason as long-term illness. This issue is spatially concentrated, with areas in the inner North and West part of the city where economic inactivity due to ill-health impacting as many as one in every two adults.
- Traditional patterns, such as females having relatively higher inactivity rates due to looking after the family/home, are still very much evident today. For males the key reason for economic inactivity is long-term sickness (though this also impacts females).
- Although older people (50-64) are increasingly accounting for a larger proportion of the economically inactive, young people (16-24) also need to be paid attention to. In Belfast 13% of this age group are economically inactive (after removing students), hampering their long-term labour market prospects.
- There is a strong correlation between areas across NI (and Belfast) with no qualifications and high levels of economic inactivity, most of which have seen little change in either metric over the past decade suggesting entrenched inactivity and barriers to the labour market.
- Approx. 48,000 of those who are inactive (15% of the total) across NI would like to work, pointing to the need for the best possible understanding of the barriers these people face and need to overcome to unlock their labour market potential.
- Barriers to (re)entering the labour market are easy to identify by those who are inactive but much more complicated to overcome, not least because they are rarely one-off in nature or single barriers for an individual. Improving qualifications is certainly a key step to be taken but difficult to take without support to overcome other challenges (financial, health-led and/or childcare).

Understanding economic inactivity

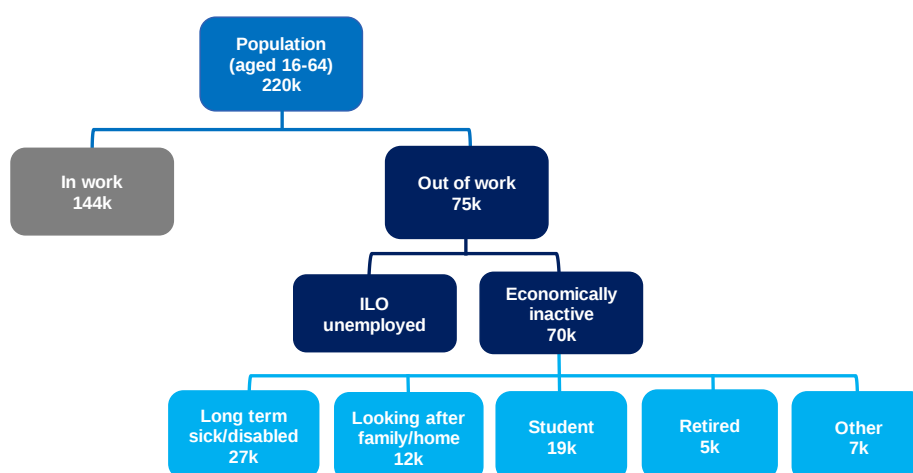
The economically inactive are a subset of the out-of-work population, differing from the unemployed in that they are not actively seeking and/or not available for employment. The term is an administrative one, used for statistical purposes, and unlikely to be one that people would ever use to describe themselves. Our purpose here is to provide a better understanding of the diversity of the inactive population, including the actual numbers included under the term, and point to the issues raised as barriers for actually seeking employment or being ready to re-enter the labour market.¹

For the local economy a relatively high proportion of working age individuals who are economically inactive can lead to adverse social and economic consequences. For example, a higher proportion of people not participating in the labour market restricts the capacity of the economy to grow, unless they are offset by increases in productivity or immigration. This highlights the significant potential labour supply represented by the economically inactive population, most notably those who report they would like to work. A focus on accessing and mobilising this group is vital for facilitating economic growth, especially during periods where labour markets are tight and there is a backdrop of demographic challenges.

At an individual level, participating in good quality work can have positive benefits to health and well-being, and maximises quality of life through societal participation and financial security. A society where everyone who wants to work can secure and retain employment in a good quality job should be an aspiration for all stakeholders seeking to achieve sustainable and inclusive labour market growth.

The inactive population covers a broad range of groups from students and early retirees, to individuals with family or caregiving responsibilities, and those dealing with long-term sickness or disability. A final group is 'Other', including those discouraged from labour market participation, believing there are no available jobs, have given no reason or those who don't require employment. In NI the 2022 annual figures showed 308,000 people economically inactive in NI, 26.3% of those of working age (16-64 year olds). Figure 1 shows that, in Belfast,² 71,000 working age individuals were classified as economically inactive, that is one third (32%) of the working age population.

Figure 1: Population structure, Belfast, 2022



Source: Labour Force Survey, NISRA

¹ This builds on earlier UUEPC research including Magill, M & McPeake, M. (2016), *An anatomy of economic inactivity in Northern Ireland* and Magill, M. & McPeake, M. (2019), *Spare capacity in Belfast City Council's labour market*.

² For the purposes of this paper Belfast refers to the Belfast City Council LGD geography

The implications of higher economic inactivity varies depending on the underlying reasons. A higher or increasing number of full-time students not participating in the labour force increases the number of the economically inactive population, yet this signifies a group of individuals investing in their future human capital that will have long-term benefits to the economy. **For this reason, this paper seeks, where possible, to exclude students from economic inactivity rates. Where students are included, there will be additional notation.**

Figure 2: Economic inactivity rate by reason, Belfast & NI, 2022

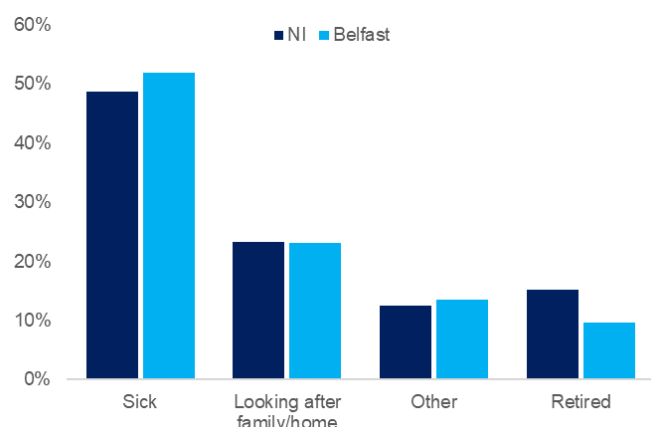
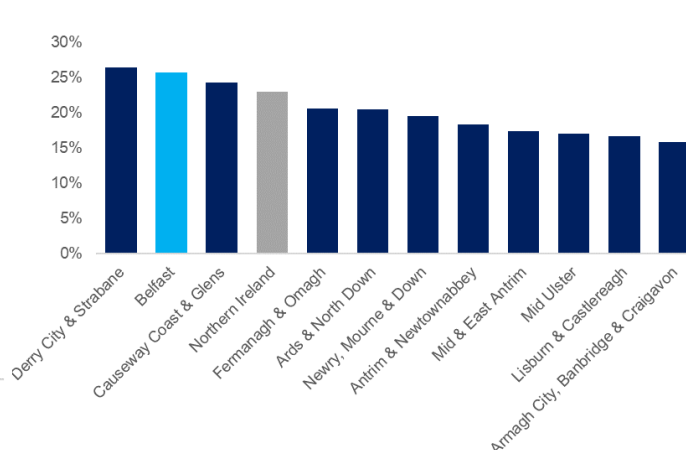


Figure 3: Economic inactivity rate, NI LGDs, 2022



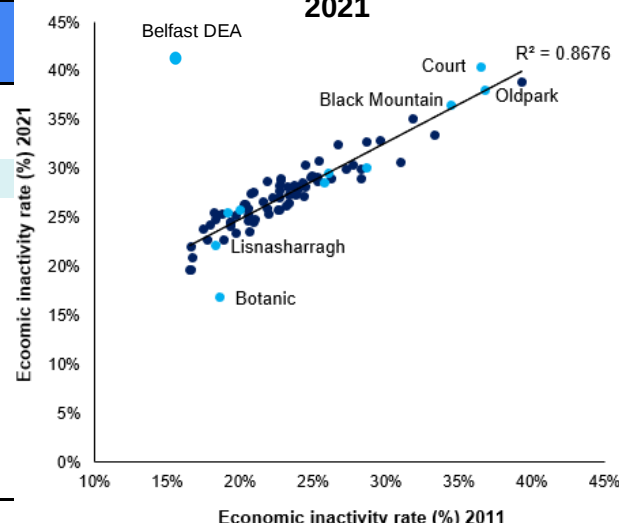
Source: Labour Force Survey, NISRA

Figure 2 shows the comparative composition of economic inactivity for Belfast and NI and highlights a higher incidence of sickness, and lower incidence of early retirees. When the 19,000 students are excluded from the economic inactivity numbers for Belfast, the inactivity rate for the city is 26%, above the NI average (23%) and the second highest of all NI LGD's as shown in Figure 3.

Figure 4: Economic inactivity rate, DEA, 2021

Local Government District	% of total DEAs (%)	% of DEAs in the worst performing quintile
Antrim and Newtownabbey	9%	6%
Armagh City, Banbridge and Craigavon	9%	0%
Belfast	13%	25%
Causeway Coast and Glens	9%	13%
Derry City and Strabane	9%	31%
Fermanagh and Omagh	9%	6%
Lisburn and Castlereagh	9%	0%
Mid and East Antrim	9%	6%
Mid Ulster	9%	0%
Newry, Mourne and Down	9%	13%
Ards and North Down	9%	0%

Figure 5: Economic inactivity rate, DEA, 2011 vs 2021



Source: Census 2011 & Census 2021

Note: The worst performing quintile refers to those areas with the highest rates of economic inactivity

The picture *within* Belfast is one of longer-term concentrations of economic inactivity. Figure 4 shows how Belfast accounts for a disproportionate number of District Electoral Areas (DEAs) with high rates of economic inactivity. Belfast accounts for 13% of total DEAs but one-quarter

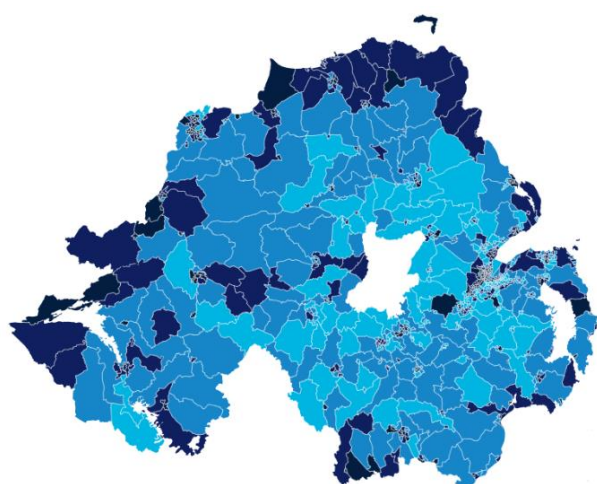
(25%) of those in the worst performing quintile. This finding is consistent across Census data (see Figure 5), with areas of high inactivity rates tending to remain high and vice versa.

A review of spatial data from Census2021 highlights these concentrations at both the NI and Belfast levels (see Figure 6). Belfast is certainly a vibrant economy currently, but not all localities within the Council have benefitted equally from such success. There is a clear North-West to East-South divide across the city in relation to economic inactivity. Pockets of high inactivity rates in the inner North and West areas of the City see rates among working age adults as high as 45%-50%. These areas run geographically back-to-back, for example New Lodge, Shankill, Lower Falls, Carrick Hill and Ardoyne. The highest economic inactivity rate across NI, where one in every two (50%) working age adults are inactive, is recorded in 'Oldpark_Q', situated within the Ardoyne area. Although the East and South of the City are less impacted, there are still some small areas here too with high inactivity rates.

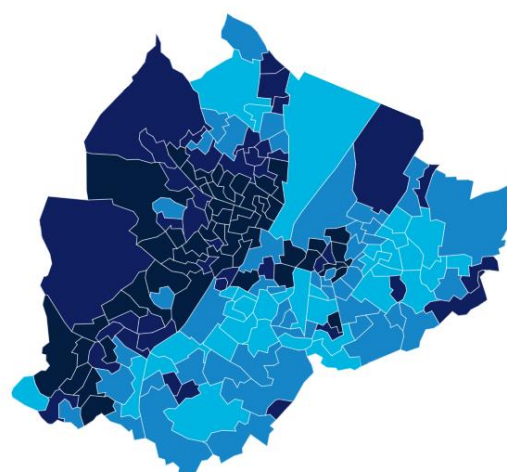
Figure 6: Economic inactivity rate, Super Data Zone, 2021

Below 18% Above 18% but below 22% Above 22% but below 28% Equal to and above 28%

Northern Ireland



Belfast



Source: Census 2021

This supports the view from a recent study³ reviewing deprivation rates in Belfast over several decades. This highlights both the “*compelling picture of persistent disadvantage*” among areas in the North and West of the City, and the importance of accounting for local histories in understanding this pattern. These histories emphasise the often-entrenched nature of worklessness, the levels of employment deprivation and an understanding that the labour market is inaccessible, in terms of the opportunities on offer.

This remains the case despite multiple policy efforts within Belfast and wider NI for many decades to combat elevated rates of economic inactivity. This goes to highlight the complexity of barriers people face and the intricacies of individuals' lifestyles which can make the current labour market inaccessible to them. Equally, it points to the importance of understanding the experiences, characteristics, lifestyles and specifically the local dimensions of this group to inform and support tailored interventions and solutions from both policy makers and employers.

³ Lloyd, C.D. (2022) 'Neighbourhood change, deprivation, and unemployment in Belfast' Available at: <https://rgs-ibg.onlinelibrary.wiley.com/doi/pdf/10.1111/geoj.12424>

Changing trends in economic inactivity and the post-pandemic picture

Although a relatively high economic inactivity rate has long been a feature of the NI economy, the composition of the inactive population has changed considerably. This has both positive and negative connotations for addressing the issue.

In 1981, almost one-fifth (18%) of the NI population were inactive due to reasons of looking after the family/home, in the latest Census 2021 this figure had fallen to just 6% for NI and a similar level for Belfast. This is largely linked to the increasing educational attainment and labour force participation for women over the same period, which has been vital in expanding the workforce over the last number of decades. As we shall see, however, major challenges remain within this group: affordable childcare, flexible positions, availability of part-time work

Figure 7: Economic inactivity by reason (inc students) (% of pop), NI, 1981 & 2021

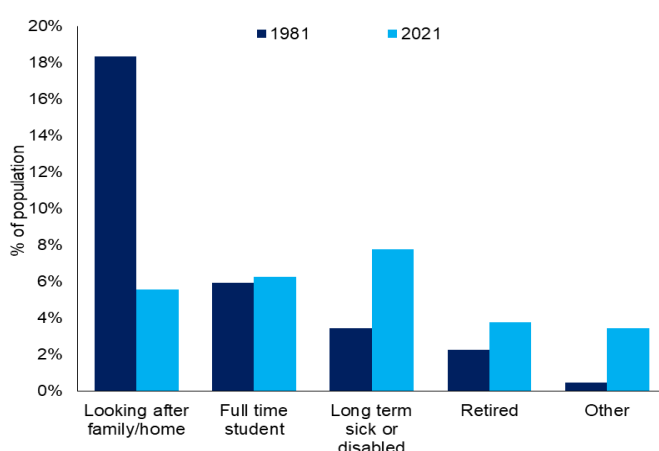
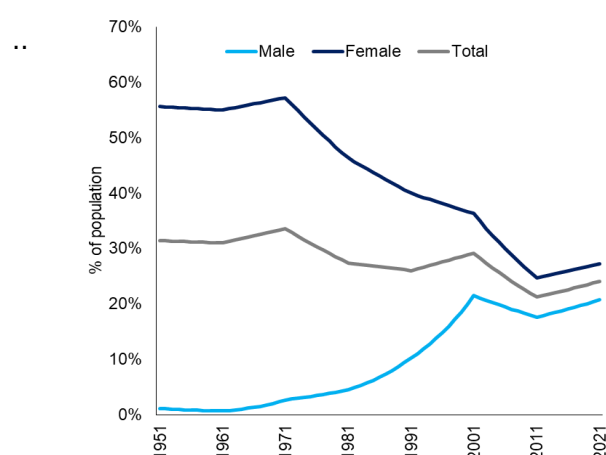


Figure 8: Economic inactivity rate (exc retirees & students) by gender, Belfast, 1951-2021



Source: Labour Force Survey 1981, Census 1951⁴ – 2021⁵

At the same time Figure 7 shows the rising rates of self-reported long-term sickness and disability over the period, increasing from 3% in 1981 to 8% in 2021 across NI. This has been largely associated with a higher incidence among older men with a number of contributing factors. Firstly, skills-biased technological changes hollowed out the traditional labour market, with a disproportionately large impact on lower-skilled workers, particularly males. Second, a move towards a stricter unemployment benefit regime over the longer term saw many individuals transfer to more passive incapacity-related benefits. Finally, improvements in diagnosis coupled with reduced stigma around issues such as mental health may have contributed to an increased propensity to self-report illness.

More recently, the lasting labour market implications from Covid-19 are still not fully understood. The aftermath of the pandemic did not result in the anticipated high unemployment rates as feared in 2020, rather there has been a notable rise in economic inactivity across the UK, especially in NI.

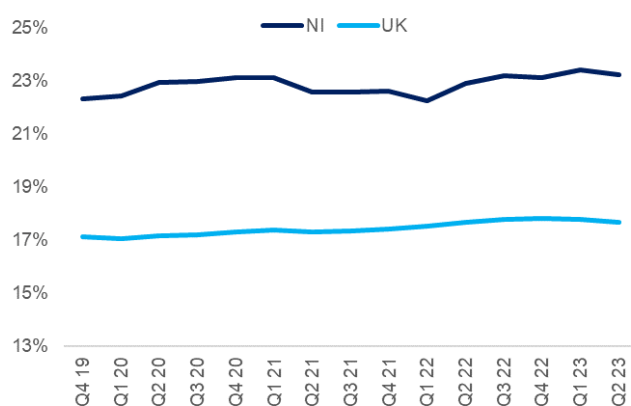
However, the structure of these increases following the pandemic have differed across the UK. The Resolution Foundation reported two significant drivers of economic inactivity during

⁴ **Note:** Census1951, Census1961 and Census1971 figures are based on County Borough of Belfast geography. Census1981 and Census1991 figures are based on Belfast LGD1991 geography. Census 2001, Census2011 and Census 2021 figures are based on Belfast LGD2014 geography. Therefore figures are not directly comparable across the timeseries, but provide a reasonable indication of broad labour market trends.

⁵ Census data uses 16-65 population.

the pandemic.⁶ The first, across the UK, was in inactivity due to early retirement which increased from 17.7% in Q4 2019 to 18.6% in Q4 2021. A similar trend was also experienced in NI, though the levels have now receded to below pre-pandemic levels. The report also highlighted that the longer-term issue of economic inactivity due to sickness had been exacerbated as a result of the pandemic. Across the UK, over 500,000 more people are now classified as economically inactive due to long-term sickness compared to 2019. Numbers in NI due to long term sickness and disability also increased by a third since Q2 2019 and Figure 10 shows how this reason is, by far, the most prevalent reason for inactivity.

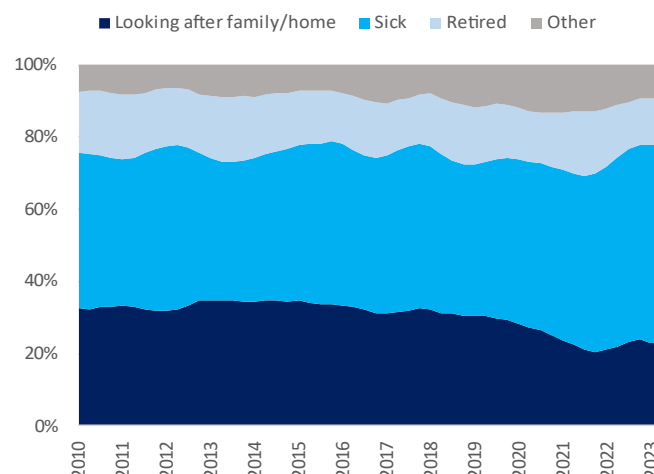
Figure 9: Economic inactivity rate, NI & UK, Q1 2019 - Q2 2023



Source: Labour Force Survey, ONS

Note: Figures refer to a 4-quarter rolling average

Figure 10: Economic inactivity rate, NI, Q1 2010 - Q2 2023



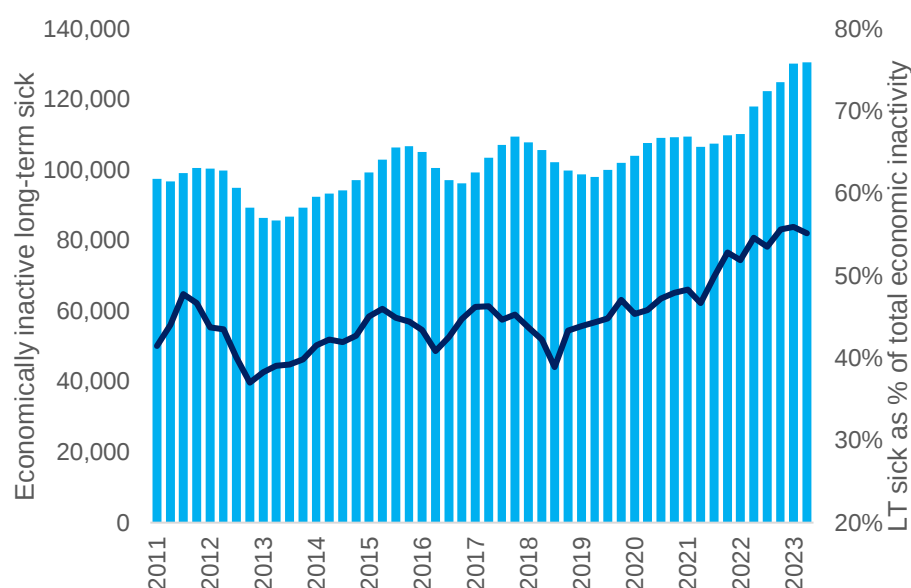
Trends in long term sick/disabled

As mentioned above, elevated levels of long-term sickness at the UK level, particularly since the pandemic, have generated an ongoing national policy debate around the need to improve employment support services and for reforms to the benefits system. This mirrors, to some degree, what has been a longer-term debate in NI about the persistently lower levels of employment rates for those with long term sickness and disability in NI, with this trend affecting Belfast to an even greater extent.

Figure 11 over depicts how there has been a similar recent trend in NI for further increases in the numbers of long-term sick who are inactive. Since 2022 NI long-term sickness levels have reached record highs, to the point that over one in ten (11%) of all working age individuals are economically inactive due to ill health. Long-term sickness as a proportion of total economic inactivity has also been rising in tandem and, in Q2 2023, accounted for 55% of total NI inactivity, significantly higher than equivalent levels in the UK (41%).

⁶ Resolution Foundation (2023) Post-pandemic participation. Available at <https://www.resolutionfoundation.org/publications/post-pandemic-participation/>

Figure 11: Economic inactivity due to long-term sick/ disabled & long-term sick/ disabled as % of total economic inactivity, Q1 2011 – Q2 2023, NI

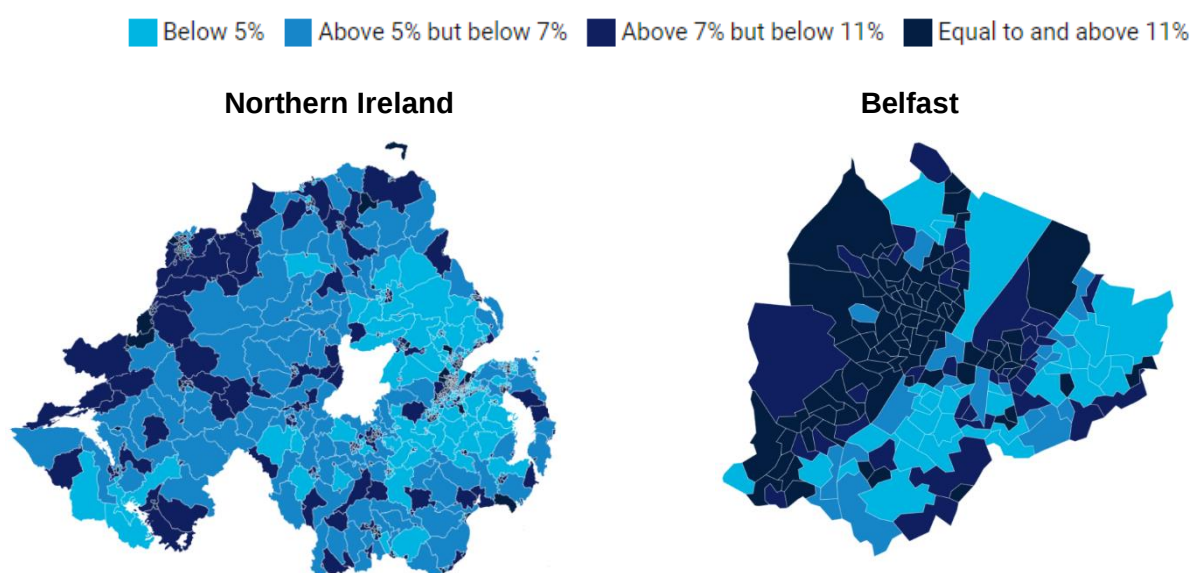


Source: ONS, Labour Force Survey, UUEPC analysis

Note: Figures are based on a 4-quarter rolling average

The numbers who are inactive for long-term sickness reasons are not only growing but are also spatially concentrated within geographic pockets of NI and Belfast (see Figure 12). When compared to 2011 Census data the rates are higher in similar places, indicating the difficulties in re-engaging those who are long-term sick back into the labour market. This highlights how challenging this work can be, as long-term sickness is associated with a ‘sticky’ form of inactivity wherein the flows of long-term sickness into employment are relatively low.

Figure 12: Economically inactive – long-term sick or disabled, Super Data Zone, 2021

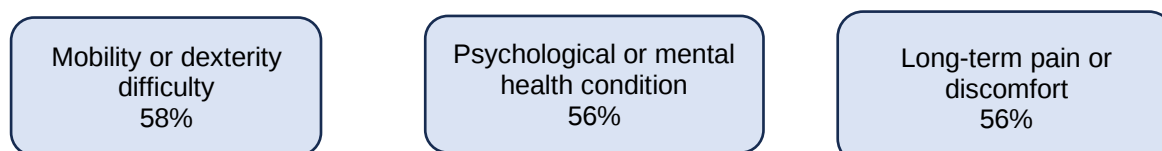


Source: Census 2021

In terms of the long term sick there is a dual challenge to doing more to ebb the flow of people onto long term sickness, while at the same time keeping a focus on reducing the overall stock of long sick by developing inclusive and accessible labour market opportunities for those with long-term illnesses who report they would like to work. As of Q2 2023, 19% of those across

NI who are economically inactive due to long term sickness/disabled would like to work if the opportunity presented itself. In relation to developing more inclusive labour markets, it will be important for employers to have an understanding of the challenges associated with long-term health conditions and the need for flexibility within the workplace. Recent research has identified the increasing “*need for individuals and businesses to invest in their own/employee health and wellbeing to support the prevention of ill health*”. To achieve this businesses need to create sickness absence and well-being policies to maintain employee health and manage absences, thereby limiting the numbers moving out of the labour market due to ill-health.⁷

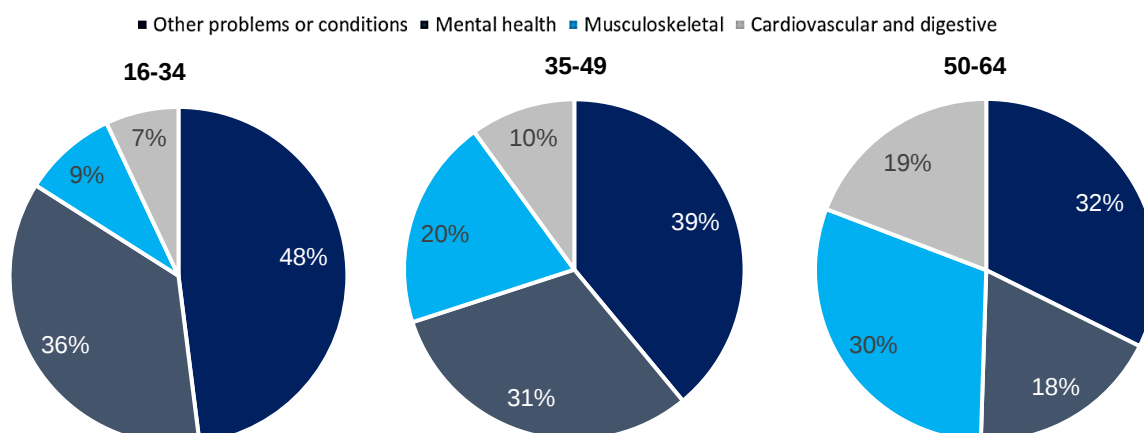
The primary reasons given in Census2021 for inactivity due to long-term sickness in NI tend to fall into one or more of the following conditions:



Note: Figures refer to % of economically inactive due to long-term sickness/disability. Figures may sum to more than 100% as individuals may experience more than 1 condition.

The evidence points to the type of long-term health conditions faced by the economically inactive differing by age group. Without robust NI data⁸, we use GB figures which show the higher prevalence of Mental health conditions as a long-term health condition among under 35s (36%), compared to less than a fifth (18%) for over 50s. In contrast, musculoskeletal and cardiovascular and digestive conditions become more common as you move up the age categories.⁹

Figure 13: Economic inactivity due to long-term sick/ disabled by age group and health condition, 2023, GB



Source: ONS

From an economic perspective, over the longer term there will be a growing focus to keep people in good general health to prevent them unnecessarily leaving the labour force. The challenge is clear with the proportion of people reporting a ‘limiting longstanding illness’ increasing since 2010/11 to affect 30% of the population in 2021/22. This, too, is not equal to all areas as within the most deprived areas of Northern Ireland, which are associated with high levels of economic inactivity, 17% have very/bad general health, a level significantly higher than the NI average of 10%.¹⁰

⁷ Martin, G (2023) Sickness Absence: Lessons for Northern Ireland businesses and managers.

⁸ Census data is reported by a Household Reference Person (HRP) and has “unavoidable limitations”.

⁹ ‘Other problems or conditions’ Includes progressive illnesses, autism, sight & hearing difficulties, allergies etc

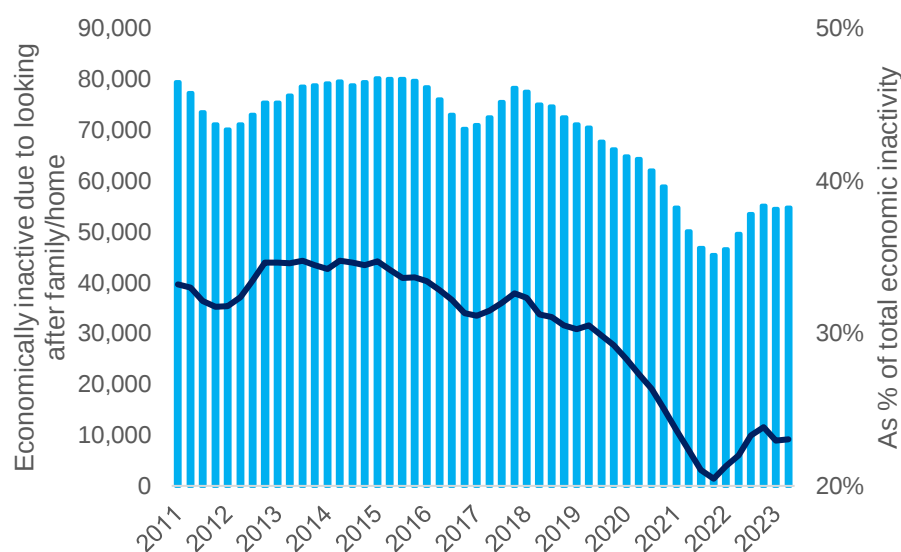
¹⁰ Northern Ireland Health Survey – Department of Health

There are a range of support mechanisms business and policy makers can employ to help bridge (or keep open) the path to the labour market for many individuals facing a long-term illness. However, there is also a need for timely access to healthcare to manage long-term conditions and stem the outflow of people from the labour market due to ill health. Outpatient waiting lists in Northern Ireland have increased considerably over the past five years with the latest figures showing over 410,000 people on outpatient waiting lists. This marks an increase of over 50% since 2018/19. Arguably more alarming, almost 123,000 people have been waiting upwards of two years on waiting lists, a situation certainly worsened by the pandemic though the figures have shown consistent increases over the long term since 2015. Almost 70% of adults in GB on NHS waiting lists report that waiting for treatment has impacted their life with 46% experiencing their condition worsening or developing another condition and 31% reporting negative effects to well-being due to anxiety, stress and loneliness.¹¹

Trends in looking after family or home

Over time the numbers who are economically inactive due to looking after the family or home has fallen significantly from 103,000 across NI in Q2 1996 to 55,000 in Q2 2023. This has meant that those who give this reason for inactivity have fallen from 34% of the total inactive to 18%. However, there is a recent upward turn in the numbers since Q4 2021 with an additional 10,000 added to this category in NI since then.

Figure 14: Economic inactivity due to looking after family/home and looking after family/home as % of total economic inactivity (exc. Students), Q1 2011 – Q2 2023, NI



Source: ONS, Labour Force Survey, UUEPC analysis

Note: Figures are based on a 4-quarter rolling average

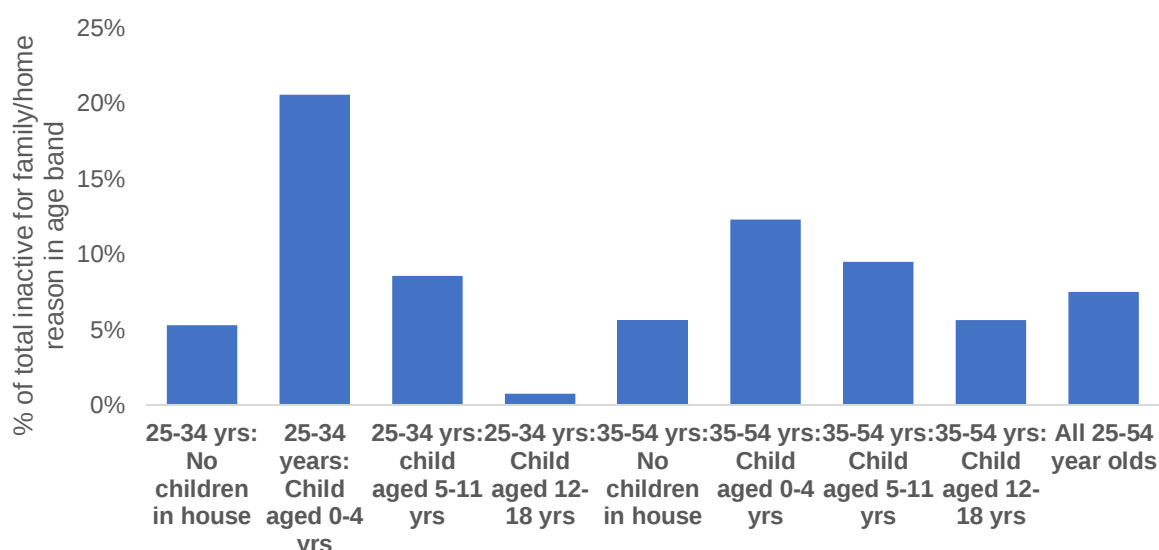
Looking to Belfast, the 2021 Census identified 14,358 persons deemed economically inactive for looking after family or home, 19% of the total inactive in the city. The Census figure is higher than those provided by the LFS (12,000 in 2022 or 17% of the total inactive), though the latter also shows a fall in the past decade which points to a similar longer-term trend.

The age of both the youngest dependent child and that of the parent(s) impact on the levels of economic inactivity. Figure 15 below draws on the Census2021 data to show how having a

¹¹ Source: ONS. The impact of winter pressures on different population groups in Great Britain: NHS waiting lists, Feb 2023

dependent child (of any age) increases the inactivity rate of those aged between 25 and 54 when compared to those without children. However, the age of the youngest child is a key differentiator with higher rates of inactivity for those with a youngest child less than 4 years old (or primary school age). This is much higher than for a child between 5 and 11 years, if the adult is in the 25-34 age band and with a shorter employment history and lower wages to access childcare. The NI data is similar to that for Belfast, though the inactivity rates for the 25-34 year olds are higher in the city, perhaps pointing to less access to affordable childcare.

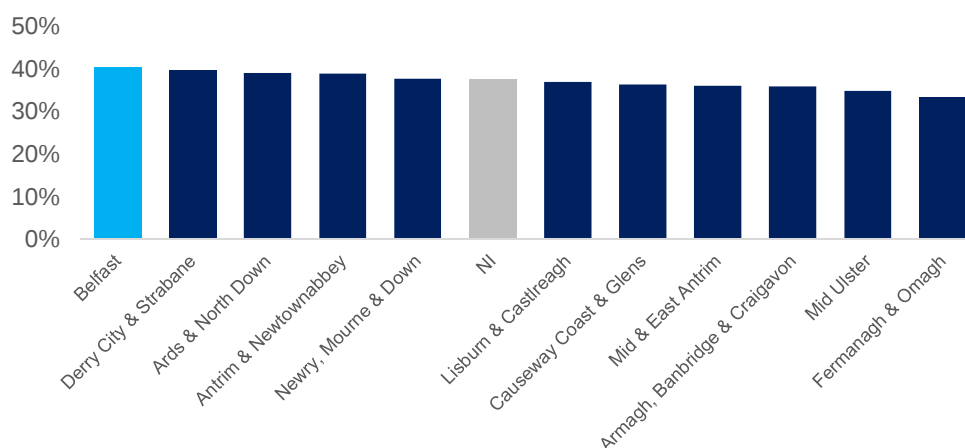
Figure 15: Economically inactive due to looking after family/home by adult life stage and age of youngest dependent child, 2021, Belfast



Source: Census 2021 ; UUEPC analysis

Another area of concern is the reversal of the longer term trends with the numbers becoming economically inactive to look after family or home increasing for six consecutive quarters since the beginning of 2022. Whether this is a temporary trend (as was seen in 2013 and again in 2018), or a more permanent reversal is unclear. However, it has been suggested by the Institute for Employment Studies (IES) that this may point to unpaid carers finding it more and more difficult to combine work and caring, something that will affect women and older workers more than most.

Figure 16: Unpaid carers as % of the economically inactive due to looking after family/home, 2021, NI and LGDs



Source: Census 2021

The IES highlighted the role of unpaid carers (looking after ill or elderly relatives) and Census2021 allows us to identify them as a cohort within the working age population. The first point is that it is very likely that a significant number of respondents who identify themselves as unpaid carers are also looking after children. Allowing for that caveat, Figure 16 above shows how 38% of those who are inactive due to looking after the family or home are also unpaid carers, with Belfast having the largest share (40%). The data also points to a significant difference in inactivity rates depending on the number of hours engaged in unpaid care, with this increasing from rates of 28% for those doing less than 19 hours, to rates of 58% for those providing more than 50 hours of unpaid care.

The recent increase in numbers who are inactive for reasons of looking after family or home does raise a question of how difficult or easy it is to combine caring responsibilities and work. An important reason for this challenge can be the difficulty of finding part-time work with 15,000 fewer jobs in Q2 2023 than Q4 2019, a majority of these lost by women. However, on top of this, part-time jobs tend to be less available in higher-paying occupations which have a greater degree of career progression, further eroding the attractiveness of a return to work.

There is emerging qualitative evidence where mothers with young dependent children will take reduced hours in jobs below their skill set in a different sector to the one they were qualified for or previously worked in. The reasons given include a lack of part-time opportunities within their skill set/sector, which, in turn, has the potentially impact of locking out lower-skilled individuals from those jobs they take. One possible solution to this is for employers to consider possibility of part-time work across more sectors than those they are currently concentrated in.

The increase in level of remote working or hybrid working – in some sectors and occupations if not all – does offer a fresh opportunity to look at greater levels of flexibility for those who are combining caring responsibilities with work. Other research has shown that rates of remote working tend to be lower in NI than in other UK regions or the Republic of Ireland and that the flexibility on offer needs to avoid being at the cost of an ‘invisibility’ at work.¹²

Finally, a question arises about where returners to the labour market from being inactive due to looking after the family or home would look for advice. The increasing visibility of ‘returners’ initiatives, especially for women, is certainly welcome but there remain issues around accessibility to these supports and the questions people will have about the potential impact on benefits that they may be entitled to.

¹² UUEPC (2023), *Is remote working, working in Northern Ireland?*; UUEPC (2023), *Remote working on the island of Ireland*.

Who are the economically inactive in Belfast?

The paper aims to add some further detail to the socio-demographic characteristics of the inactive population in Belfast. This is in order to aid a deeper understanding of the barriers such groups may encounter when attempting to access the current local labour market and, in turn, assist any further development of targeted support and interventions from policy makers, third-sector organisations, employers and all those with a stake in improving individuals' economic outcomes across the city.

Gender

While the gender composition of economic inactivity has changed drastically over time, the rate of inactivity for females (29%) in Belfast remains above males (23%), translating to 32,000 and 24,000 people respectively. The gap has closed over the decade – as female rates have fallen slightly while male rates have risen – but they represent one of several gender gaps within the labour market, including pay, hours worked, employment rates all of which have seen some improvement but still reflect structural differences in gender responsibilities and the policies (including affordable childcare) needed to address these.

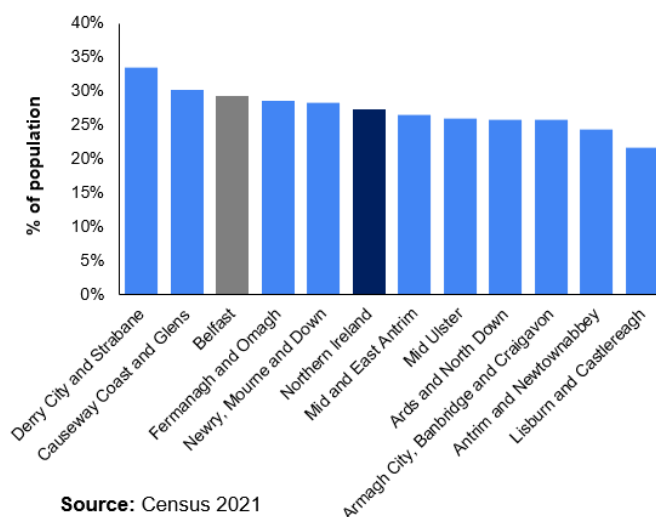
The different strengths of reasons for inactivity across gender reflect the different pictures of barriers to participation in the labour market. Almost one in ten (9%) working aged women in Belfast are inactive for reasons of looking after the family or home, compared to just 3% of the male population, a trend mirrored across the rest of NI. This rate reaches as high as 14% in the North/North-West of the City, namely Oldpark¹³ and Court¹⁴ and over 11% the West of the City, namely, Black Mountain¹⁵ and Collin¹⁶.

Figure 17: Looking after family/home (% of pop) by gender, Belfast DEA's, 2021

District Electoral Area	Female	Male
Oldpark	14%	5%
Court	14%	4%
Black Mountain	12%	5%
Collin	11%	3%
Titanic	10%	3%
Castle	9%	2%
Balmoral	8%	2%
Ormiston	6%	2%
Lisnasharragh	6%	2%
Botanic	6%	1%
NI average	10%	2%

Source: Census 2021

Figure 18: Female economic inactivity rate, LGD, 2021



Source: Census 2021

The reasons for this are nuanced; the gendered division of unpaid work has long contributed to constraining the opportunities for women in paid employment¹⁷; a higher likelihood to require flexible employment, often necessitated by an opportunity closer to home, which isn't always

¹³ Oldpark DEA includes New Lodge, Waterworks, Ardoyne, Cliftonville, Ballysillan and Ligonell

¹⁴ Court DEA includes Falls, Shankill, Clonard, Woodvale, Ballygomartin, and Forthriver

¹⁵ Black Mountain DEA includes Ballymurphy, Beechmount, Falls Park, Turf Lodge, Shaws Road, Colin Glena and Andersonstown

¹⁶ Collin DEA includes Dunmurray, Ladybrook, Twinbrook, Poleglass, Lagmore and Stewartstown

¹⁷ Women's Budget Group (2021) "Spirals of Inequality: How unpaid care is at the heart of gender inequalities" Access via: <https://wbg.org.uk/wp-content/uploads/2020/04/Accompanying-paper-FINAL.pdf>

readily available within local geography or sector of previous working experience. Further, affordable childcare remains close to the top of the policy agenda, especially in a cost of living crisis, when discussing female labour force participation. Although affordability in this area is unlikely on its own to be a transformative policy for female participation in the labour market, wider reforms to childcare support should address many of the broader complexities.

For males across NI, the top reason for economic inactivity is long-term sick or disabled. Belfast is no exception with one in ten (10%) males reporting long-term sickness or disability, in turn accounting for half (50%) of the economically inactive male population. The concentration of long-term sickness among males in the Belfast area is concerning, especially as the recent economic inactivity increases at the NI level have been associated with ill health. There are also areas, as shown in Figure 19 below, within Belfast that have male long-term sickness or disability rates closer to one-fifth of the male population.

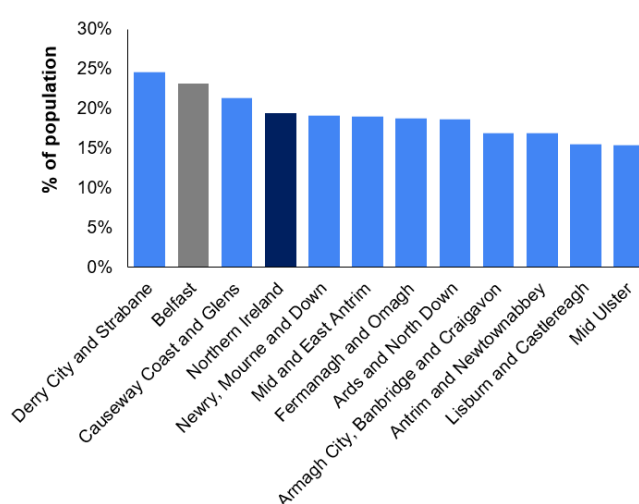
It is also important to note, whilst not the most prevalent issues within the female population, long-term sickness still affects a similar proportion of females to males.

Figure 19: Long-term sick or disabled (% of pop) by gender, Belfast DEA's, 2021

District Electoral Area	Female	Male
Oldpark	15%	18%
Court	16%	17%
Black Mountain	15%	16%
Collin	13%	11%
Titanic	12%	11%
Castle	9%	10%
Botanic	5%	6%
Balmoral	7%	6%
Lisnasharragh	6%	6%
Ormiston	6%	5%
NI average	8%	8%

Source: Census 2021

Figure 20: Male economic inactivity rate, LGD, 2021 (16-65 yr olds)



Age

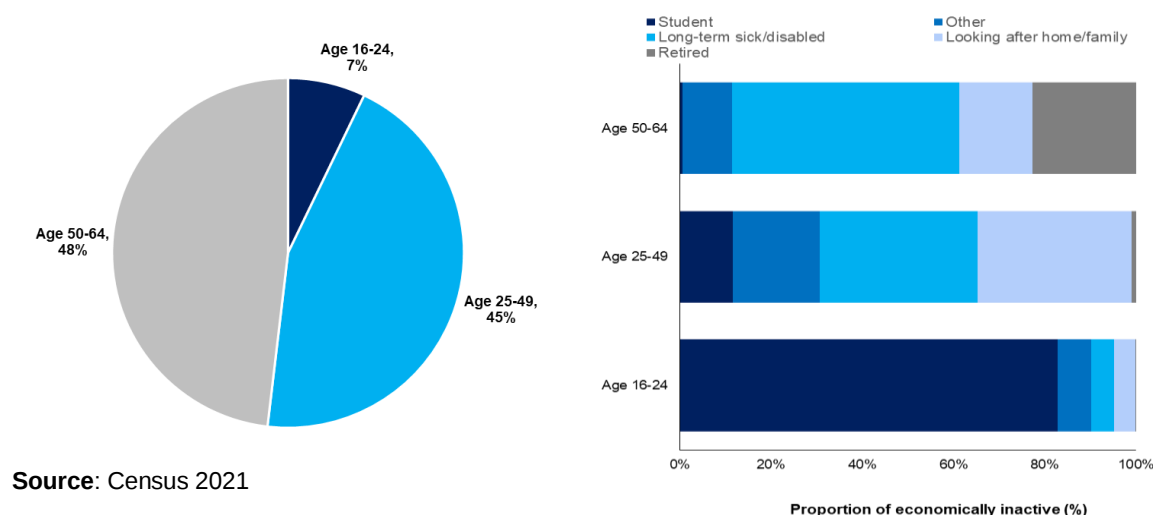
Older people are increasingly accounting for a larger proportion of the inactive population. At a UK level the flow of older people into economic inactivity post-pandemic, coined the 'Great Resignation', caught significant attention. Recent LFS data (Q2 2023) shows that the share of the inactive population comprised of 50-64 year olds was as high as 54% in NI. This increasing share can also be seen in Belfast, where almost half (48%) of the working age economically inactive were aged 50-64 at the time of Census2021, compared to 32% in 2011.

An older age profile of the inactive population is a concern as they are less likely to return to the labour market. Whilst it is important to understand the flows onto economic inactivity, it is less likely that those who have retired 'early' will be seeking a return to the workforce. Rather, any improvements aimed at an inclusive labour market should focus on ebbing the flow of older people to economic inactivity and attracting older workers over the coming decade by creating good quality jobs, supporting life-long learning and workplace conditions that support their needs.

The likelihood of participation among older people is particularly tied to maintaining good health. In Belfast the most predominant reason for economic inactivity among the 50-64 cohort

is long-term sickness or disability, reported by half (50%), compared to two in five (41%) across NI as a whole. More recent LFS data shows this increasing to 58% for NI as a whole in Q2 2023.

Figure 21: Economic inactivity by age (exc students) and reason (inc students), Belfast, 2021



For young people, after removing students, the economic inactivity rate is 13%, marginally higher than the NI average (12%), and translating to 3,800 young people who are inactive in Belfast. Any spell of worklessness for young people can lead to long-term labour market scarring impacts (e.g. lower earnings prospects, repeated unemployment, reduced employment potential). Policy should work to support young people to participate in the labour market following education and ensure any barriers – in particular health-related and caring responsibility ones – are tackled early to ensure every young person has the opportunity to achieve at least the minimum standard education level required to enter the labour market, received tailored careers advice with context to the wider labour market and where possible have the opportunity to take part in some work experience.

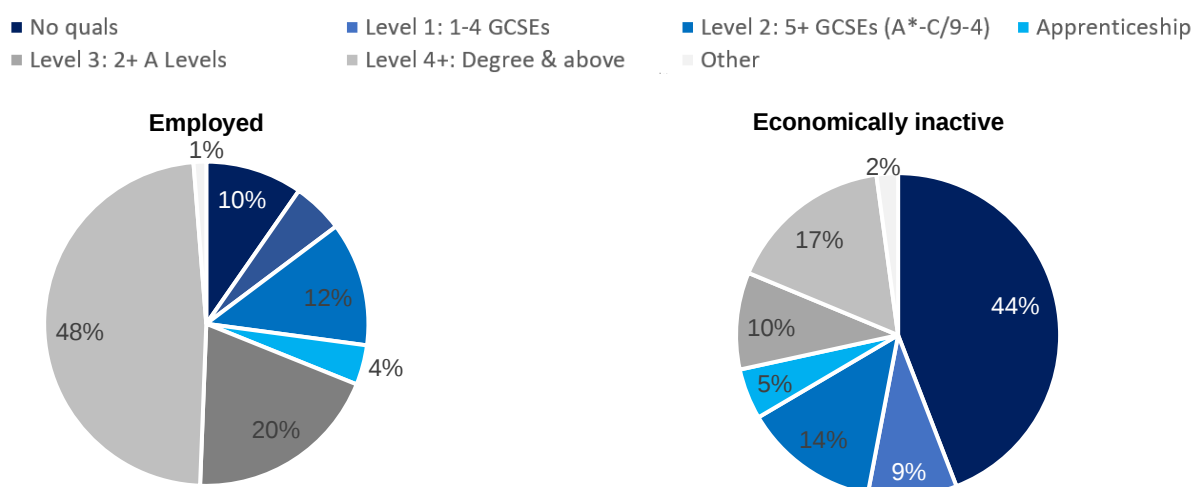
Qualification profile

A crucial element in answering who is inactive is the qualification profile. This differs greatly when the economically inactive are compared to the employed population. Figure 22 show how 15% of the employed have less than 5 GCSE's A*-C, compared to 53% of the inactive population.

The demand for low level qualifiers in the labour market has been and continues to be significantly reduced due to skills-biased technological advancements and increasing educational attainment of the population more generally. Therefore, many current jobs available within Belfast are inaccessible for those with low or no qualification levels, restricting local opportunities. Further, labour mobility tends to be lower among those with low level qualifications.¹⁸ That is, commuting long distances to access employment aligned to their skill set is increasingly not a viable option.

¹⁸ Fernandes, C., Heras, R. (2007) Sectoral Structure, Qualification Characteristics and Patterns of Labour Mobility

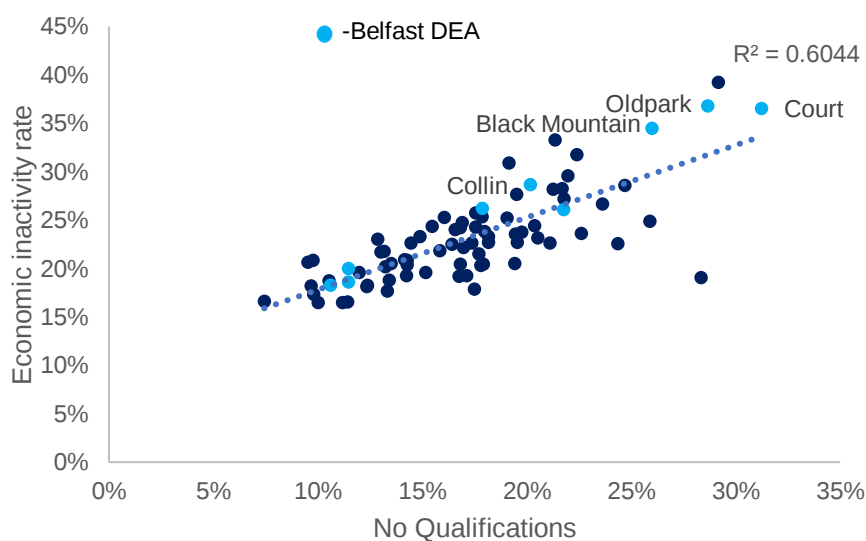
Figure 22: Qualification profile of employed & economically inactive, Belfast, 2021



Source: Census 2021

These factors combine act to lock out low-skilled (or qualified) individuals from local labour market opportunities. This contributes strongly to higher inactivity rates in areas which are strongly associated with having low levels of formal qualifications among the population, as shown in Figure 23.

Figure 23: Economic inactivity rate vs no qualifications (% of pop), DEA, 2021



Source: Census 2021

If individuals within this group are to access the local labour market, it is likely they will require upskilling and or reskilling in order to meet labour market demands. These can be set at a place-based level tailored to the businesses and key industries within the city. This work has begun with the academy models bringing skills needs and individual skillsets closer into alignment.

However, upskilling alone is again unlikely to be a one-size-fits-all solution. Often these individuals face multiple barriers to labour market participation and even with higher skill sets, still may struggle to enter (and remain within) the current labour market. It important policy makers and business leaders can co-create an inclusive labour market with flexible, non-traditional, employment opportunities to help support those with more complex needs. More

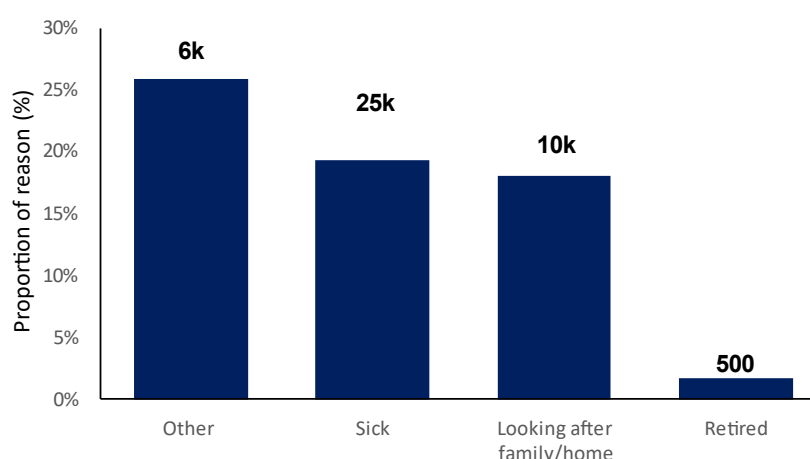
can be done in this space by looking at the potential for competence/aptitude-based recruitment where possible to replace the traditional qualification-only based approach.

Likelihood of (re)entering the labour market

People may choose or be forced to leave the workforce due to a number of the reasons discussed above. However, there is a significant proportion of the inactive who have never worked. Census data shows that this is as high as one third in Northern Ireland, rising to 40% in Belfast, approximately 28,000 people and perhaps a third of that number being aged 50 and over. Many of the individuals who have never worked are likely to be ‘furthest from the labour market’, without the relevant qualifications and/or experience to readily enter employment and wider research points to need to prevent this becoming an issue early. This problem can be particularly associated with young people who do not engage with the labour market and can lead to additional ‘adverse social consequences’ (ie social exclusion) and financial deprivation.¹⁹

A further 11% of the inactive in Belfast & NI have worked within the last 12 months, translating to 30,000 individuals in NI (possibly 7,500 in Belfast). Given their recent experience and likely availability of relevant qualifications, they could potentially be a group to target towards labour market re-integration. For this group factors influencing job quality such as job security, progression and satisfaction as well as the nature of the post (permanency), will all have shaped the relationship these individuals have with work, affecting their desire to return to the labour market.

Figure 24: Economically inactive, would like to work by reason, NI, Q2 2023



Source: Labour Force Survey, ONS, UUEPC analysis

Although NI has consistently reported the lowest rate of economically inactive who would like to work (17%) compared to other parts of the UK (21%), this translates to approximately 41,400 individuals in 2023. It can also be estimated that approximately 9,300 inactive individuals within Belfast want to work. Breaking this down by reason for inactivity, Figure 24 shows that one-fifth of those experiencing long term sickness/disability express that they would like to work, a large cohort of 25,000 individuals or potential labour supply. Any progression towards a more inclusive labour market will need to tackle those issues of flexibility and additional supports that are often cited as being necessary to successfully (re) enter and remain in employment.

¹⁹ Bell, D. & Blanchflower, D.G (2011), ‘Young people and the Great Recession’, *Oxford Review of Economic Policy* <https://doi.org/10.1093/oxrep/grr011>

Of those with caring responsibilities, almost 10,000 (18%), state they would like to work. However, when asked if they would like to return to work in the long-term a much higher proportion state they “definitely/probably” intend to. This is unique from other categories such as the long-term sick where intentions to return to work are similar under both short and long-term perspectives.

Barriers to (re) entering the labour market

When dissecting the reasons why these individuals do not return to employment, much of the research points to the many barriers to re-entering the labour market which individuals identify, but also increasingly that these are multiple barriers being faced simultaneously, as opposed to a singular issue which can be easily removed.²⁰ Some of these barriers that are often mentioned by those identified as economically inactive include but are not limited to:

**Previous/ recent
work experience**

**Household
finances**

Qualifications

**Access to child
care**

Age

Benefits system

**Local
opportunities**

**Access to health
care**

Given the diverse nature of these barriers, it is little surprise that the current UK Commission into the Future of Employment Services seems likely to point to current methods needing to be augmented with greater levels of personalised support and greater agency passing to the user of these services. There is also likely to be a need for greater levels of partnership, in NI terms meaning a cross-departmental approach including the engagement with the third sector, who often already work closely with those individuals who are inactive and with business who have the strongest influence on labour market opportunities.²¹

The incidence of long-term sickness is a particular contributing factor for economic inactivity in Belfast, with rates for this reason consistently above the NI average. This, coupled with increasing rates in the recent national level data and the geographic concentrations of individuals that have consistently reported higher levels of ill health, particularly among men, points to the need for holistic support programmes in order to successfully re-integrate individuals back into the labour force on a long-term basis. The potential for health-led approaches whereby work coaching and mentoring is accompanied by healthcare professionals may be one area worthy of consideration.

The benefits system is one fraught with perceived and actual difficulties for the inactive individuals. Worries around loss of benefits or delays if there is a break in Universal Credit remain central to what many see as traps associated with attempting to enter the labour market. A further issue can arise with the conditionality regime and how much individuals will know about where to go to get support/coaching should they want to.

One final point surrounds the ‘localness’ or ‘accessibility’ of job opportunities. There is evidence from consultations that distance from these opportunities is not just a question of close proximity (even allowing for the political geography of Belfast) but also how far people’s aspirations about jobs being suitable for them (in terms of qualifications, experience and what the job might involve) match what is on offer.

²⁰ This is expressed in the qualitative analysis in UUEPC, *Analysis of the labour market in Newry, Mourne & Down* (May 2023) and Hastings, T, Devlin, A. & Shuttleworth, I. (2023), *Economic inactivity in Northern Ireland Part 2: Qualitative insights*.

²¹ Commission into the Future of Employment Services (2022), *Interim Report*.

Concluding remarks

A failure to achieve higher rates of labour market participation across Belfast has contributed to a range of personal and broader societal issues, including increased risk of poverty, financial difficulty, loss of human capital, social exclusion, and higher dependence on income replacement benefits. The link between greater levels of labour participation across all groups and higher levels of economic growth are also clear.

In spite of the best efforts and individual successes of those engaged in assisting people (back) into the labour market these failures have been longstanding ones.²² This briefing paper is intended as a contribution towards a better shared understanding of the issues surrounding these elevated levels of economic inactivity from which any strategic approach might be developed.

Ebbing the flow of people into economic inactivity seems to be a key area where early preventative measures are crucial. Looking at two areas of recent increase – among older workers and the long-term sick and now 52% of the total inactive – a number of elements or approaches suggest themselves:

- **Retaining older workers** – ebbing the flow of older individuals onto economic inactivity will be vital in reducing the stock of economic inactivity. Employers must communicate with their workforce to understand conditions that would encourage older people to remain in the workforce, including the availability of more flexible conditions, hybrid working arrangements, reduced hours, part-time contracts, etc. Policy has/can intervene from the retirement age perspective
- **Promoting well-being in work** – promoting well-being in work may help reduce the flow of individuals onto inactivity for reasons of long-term sickness, ensuring employers remain in contact/early intervention with temporarily sick and returns to work, will reduce flow of people moving from temporary sick to long-term sick. Other interventions by policy and employers to address the issue of a 'right to return' for those coming back off sickness absence and greater access to occupational health assistance also need to be considered.
- **Preventative approaches for young people at risk of inactivity** – in general the numbers of young people not in work or education has fallen over time but the evidence points to too many young women and, increasingly, men who are economically inactive. Early prevention – in terms of adding to skills and qualifications, helping with careers advice and work experience – are all of key importance but researchers are pointing to the need to supplement these with increasing provision of psychological supports and the continued tackling of childcare barriers.²³

In terms of bringing people closer to the labour market or re-entering the workforce there is an ongoing debate about what does and does not work in the area of activation. This paper is intended to open up this discussion and a number of areas that invite a conversation include:

- **Benefits system to facilitate work** – the evidence increasingly suggests that the conditionality system delivers some people back into employment but has two counter-effects of increasing the likelihood of unemployed individuals becoming inactive alongside problems with job quality and longer-term sustainability. The current drive towards welfare reform will be judged on how far it enables more people to return to work.

²² A useful review of this can be found in Machin, S. & Wadsworth, J. (2023), *The trouble with inactivity*. Available at <https://cep.lse.ac.uk/pubs/download/occasional/op059.pdf>

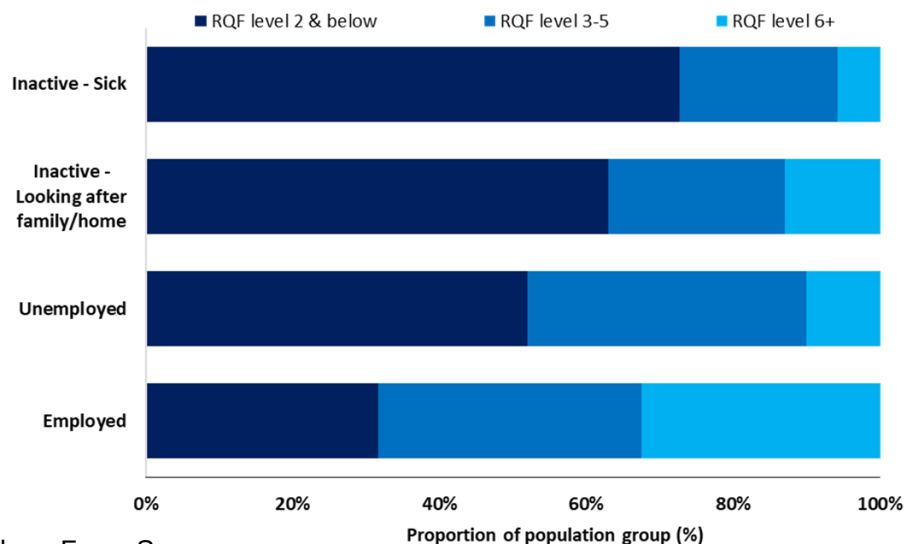
²³ Resolution Foundation, *Not Working: Changing trends in youth worklessness in the UK* (2022) online at <https://www.resolutionfoundation.org/app/uploads/2022/06/Not-working.pdf>; Holmes, C, Murphy, E. & Mayhew, K. (2021), 'What accounts for changes in the chances of being NEET in the UK?', *Journal of Education and Work*, 34:4, 389-413. Available at <https://doi.org/10.1080/13639080.2021.1943330>

- **Personalised / tailored interventions** – this is particularly relevant in the employment services area either delivered via Jobs & Benefits Offices or through the contracted-out services tackling the needs of particular groups or geographies/communities. The report of the UK Commission should provide food for thought which hopefully will be allied to resources being directed to best practice.
- **Need for a strategic approach to tackling inactivity** – this point is often made on a number of policy questions but the need for agreement on what the priorities are, who it is to be helped, how this can be done in a joined-up fashion and how creative solutions might be evaluated and best practice shared is critically important because economic inactivity has been at such a consistently high level in Belfast and NI. Above all, such a strategic approach would need to be targeted (at the groups and areas most in need) and focused, in terms of where resources should go and over what period.
- **Localisation is likely to be a part of the solution** – economic inactivity does not affect everywhere equally (as evidenced by the geographic concentrations) and this may point to the need for creative solutions at a more granular level, perhaps via the Labour Market Partnerships.

An **understanding of future labour market expectations and demand is important when considering the need for skills interventions for those who are economically inactive.**

Figure 25 shows how the current skills profile of those in economic inactivity differs significantly from that of the employed. This implies that if someone who is economically inactive was able to and wanted to rejoin the labour market, they could struggle to do so with their current level of qualifications. Other research²⁴ indicates that employers' demand for formal qualifications is set to remain strong, with almost three-quarters (73%) of jobs created between 2020-2030 requiring mid-high level skills (RQF level 3+). This further highlights the need for up-skilling of the inactive to ensure their skillset aligns with future labour market requirements.

Figure 25: Qualification profile by economic status (16-64), NI, Q2 2023



Source: Labour Force Survey

Finally, there is a necessary discussion on what success might look like beyond reducing the headline rates of economic inactivity. These might include:

- **An adoption of inclusive approaches by employers** – the success of any strategic approach will be tied to how well employers understand and pick up on the development of an inclusive labour market in Belfast and NI more generally. This will certainly involve an openness towards showing greater flexibility over the needs of

²⁴ UAEPC, Northern Ireland Skills Barometer 2021 (2022).

different employees, to think and act differently about how they recruit (and through which channels), what employers require from new staff, etc.

- **A greater visibility of opportunities and the support system** – there is strong evidence to suggest that many of the people who want to get back into work are not sure where they should go to access support. Equally importantly, the need for a better understanding of the future areas, sectors and skills in demand in the labour market, tied to the kinds of qualifications that can be achieved by individuals will create more visibility of what opportunities are likely to be 'out there'.
- **It's not just about a job** – The personalised intervention approach highlighted above includes the need to find roles that are both suitable and sustainable for an individual in the long run. Employment opportunities that are not suited to the current skills and qualifications of individuals are unlikely to 'stick'. Equally, job roles lacking flexibility and understanding for someone that is (re)entering the labour market are also unlikely to be suitable beyond a short period. This points to the need for greater consideration in all parts of the economy, public and private sector, about how employment opportunities can be 'good quality'. This may be an offer of job security in relation to contracts, hours of work and pay. It can also vary by role and sector but include some of the following: transparency of working hours; flexibility around how/where these are done; acknowledgement of holiday entitlements; support in managing high workload intensity; and ensuring safe working conditions.

About UUEPC

UUEPC is an independent research centre focused on producing evidence based research to inform policy development and implementation. It engages with all organisations that have an interest in enhancing the Northern Ireland economy. The UUEPC's work is relevant to Government, business and the wider public with the aim of engaging those who may previously have been disengaged from economic debate.

Contact Us

Principal Economist: Dr Eoin Magennis

✉ e.magennis@ulster.ac.uk

Senior Economist: Marguerite Shannon

✉ m.shannon1@ulster.ac.uk

Senior Economist: Ana Desmond

✉ a.desmond@ulster.ac.uk

Assistant Economist: Sarah Perry

✉ s.perry@ulster.ac.uk

Student Economist: Edward Hawkins

✉ e.hawkins@ulster.ac.uk

Centre Administrator: Danielle McKee

✉ d.mckee@ulster.ac.uk

Ulster University Economic Policy Centre

✉ economicpolicycentre@ulster.ac.uk

☎ (028) 90 3 66561

📧 @UlsterUniEPC

🌐 <https://www.ulster.ac.uk/epc>