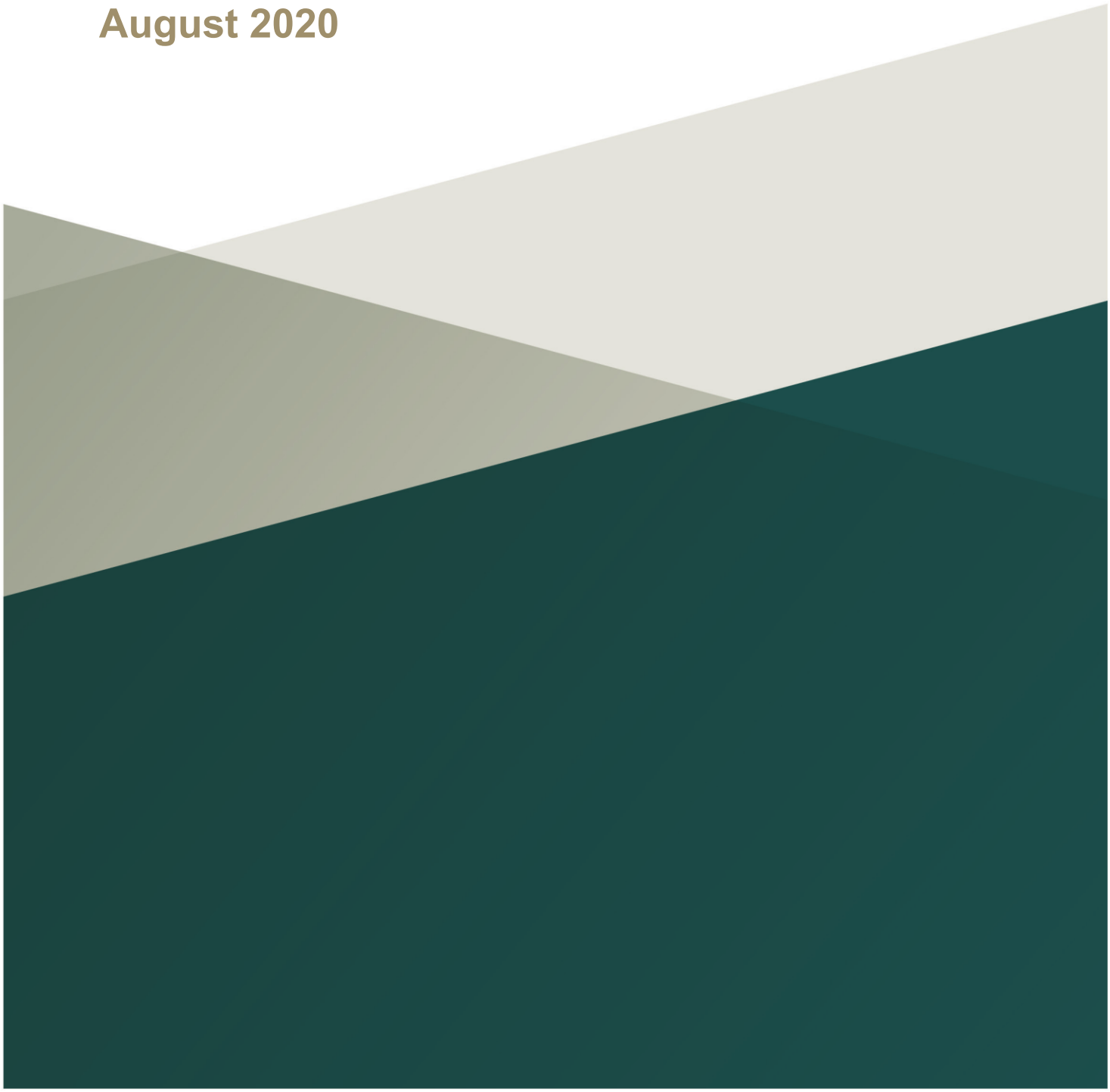
An Roinn Gnóthaí Fostaíochta
agus Coimirce Sóisialaí
Department of Employment Affairs
and Social Protection

Quarterly Labour Market Bulletin

August 2020



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1 Key Points

Background and context

- Labour Force Survey release Q2 2020:
  - Using the standard ILO classification, there has been a large fall in employment (-77,600) over the year to Q2 2020
  - The number of people classified as 'employed' but 'away from work' increased from 146,600 in Q2 2019 to 552,300 in Q2 2020 (an increase of 276.7%)
  - Even where people are classified as 'employed', actual hours worked decreased by over one fifth, compared to the same quarter last year
  - The loss of employment was concentrated in those with lower educational qualifications
  - Employment Rate: this ranges between 65.7% and 52.2% depending on how it is calculated (i.e. standard ILO classification versus the Covid-19 adjusted rate). This is a decrease from 69.1% in Q2 2019.
  - Unemployment Rate: the results for the standard ILO criteria and the upper bound calculated by the CSO range between 5.1% (down from 5.4% in Q2 2019) and 23.1%, respectively.
  - Participation rate: 58.9%, the lowest since 1998
- Some 230,400 people are in receipt of PUP, which has slightly wider eligibility than Live Register.
- There are now 229,090 claims on the Live Register, up from 205,209 in March. There has been an increase in the number of non-recipients, which comprises a larger share than usual.
- This is also affected by movements between PUP and the LR but it is expected to stabilise following the introduction of rates of payment based on previous earnings and the requirement to confirm eligibility as well as the work closing pending claims (non-recipients) where there has been a subsequent exit from PUP.

Note: the definition of 'unemployed' as it relates to current restrictions on activity means the unemployment rate is not as meaningful as it usually is; the calculation of its denominator (the labour force) is also less robust in these specific circumstances; in contrast, the denominator is not in question in the case of the employment rate, which may be a better measure for now.

2 Labour market analysis

The considerable effect of the imposition of public health measures is visible across all labour market indicators. The policy response to the requirement to restrict interaction in March was to curtail economic activity. To mitigate the employment effects of that, the Temporary Wage Subsidy Scheme (TWSS) and the Pandemic Unemployment Payment (PUP) were introduced.

In the months since then, it has become clear that the resumption of activity has been a more gradual process than the rapid onset of emergency measures.

Measuring the return to employment as economic activity resumes is particularly challenging. The effect of previous recessions has been most clearly identifiable via the Unemployment Rate. This time, inactivity and the number of hours worked are more important indicators (see Box 1).

Many of those whose employment has been affected by Covid-19 will still show up as having the ILO status of 'employed', as will those who are unable to work due to sectoral restrictions on activity but who expect to return to the same employer within three months or those whose employer is paying at least 50 per cent of their wage or salary.

The *'Away from work (not working)'* category shows the extent of Covid-19, where people are categorised as 'employed' but have not worked in the reference week. Table 1 outlines the dramatic increase in those classified as 'away from work'. Employees of firms in receipt of the TWSS are examples of people in this category, as are PUP recipients who have been given a date by their employer when they can return to work.

The large decrease in hours worked also reflects the labour market impact of current restrictions.

Table 1: Annual changes in employment, away from work, and hours worked

	Q2 2019	Q2 2020	Annual Change
No of people in employment	2,300,000	2,222,500	-77,600 (-3.4%)
'Away' from work (not working)	146,600	552,300	+405,700 (+276.7%)
Actual Hours (millions)	76.0	59.2	-16.8 (-22.1%)

Source: CSO Labour Market Insights, LFS data

2.1 Employment

Employment fell sharply in Q2 with a decrease of 5.6 per cent (131,000) since Q1 2020. There was also a year-on-year decrease of 3.4 per cent (or 77,600). The Covid-19 adjusted estimate for Q2 2020, the lower bound estimate, is 1,783,567.

Notwithstanding the fact that the number of people classified as 'employed' includes people who have not worked in the reference week and the sharp quarterly drop, the annual

average of the number of people in employment is now close to the 2018 value (Table 2). The 2020 value is, of course, taking only the first two quarters into account and subsequent quarters may well serve to decrease the 2020 average. The economic forecasts published to date, however, tend to suggest we have already experienced the peak in unemployment.

Table 2: Number of people in employment, annual averages quarters

Year	Number of people in employment – average of four quarters
2006	2,130.20
2007	2,221.35
2008	2,199.00
2009	2,015.15
2010	1,925.57
2011	1,888.47
2012	1,880.45
2013	1,937.78
2014	1,988.77
2015	2,057.35
2016	2,132.25
2017	2,194.15
2018	2,257.55
2019	2,322.50
2020 (to date)	2,288.00

Note: shaded rows show mean values similar to the 2020 values

2.2 Composition of change in employment: education level and sector

The number of people in employment decreased by 126,800 between Q1 and Q2 2020. This sub-section examines who are the people who are no longer in employment across two dimensions: the highest level of education they have achieved and the sector in which they were employed. Given the role the Public Employment Service will play in response to the drop in employment, the levels of education and sector in which people were working is critical in terms of the opportunities for reskilling or increasing clients' level of education.

Table 3 shows the stark difference between in employment for people of varying levels of educational qualification. The largest decrease, in absolute terms, was those whose qualification is higher secondary, with a large decrease in employment also for people with post-secondary non-tertiary qualifications. However, the largest relative change is for those with primary education or below – a much smaller group where the number in employment has dropped by one quarter (see table in 'Background Notes and additional tables').

There were also cohorts for whom the number in employment increased – those with qualifications from any stage of third level increased in number by 30,300.

Table 3: Quarter on quarter change in the number of people in employment, by level of education ('000s), Q2 2019 to Q2 2020

Quarter	Higher secondary	Lower secondary	Other/not stated	Post-secondary non-tertiary	Primary or below	Third level honours degree or higher	Third level non-honours degree
2019Q2	2.4	-3.7	-5.3	15.5	2.9	-14.5	5.3
2019Q3	2.8	4.9	8.2	-15.0	3.7	21.9	-7.5
2019Q4	6.0	-6.7	-0.2	17.0	-1.8	12.1	0.8
2020Q1	-5.8	-5.6	-1.3	-3.6	-2.0	8.4	4.6
2020Q2	-87.1	-15.5	-18.2	-22.8	-13.5	22.4	7.9

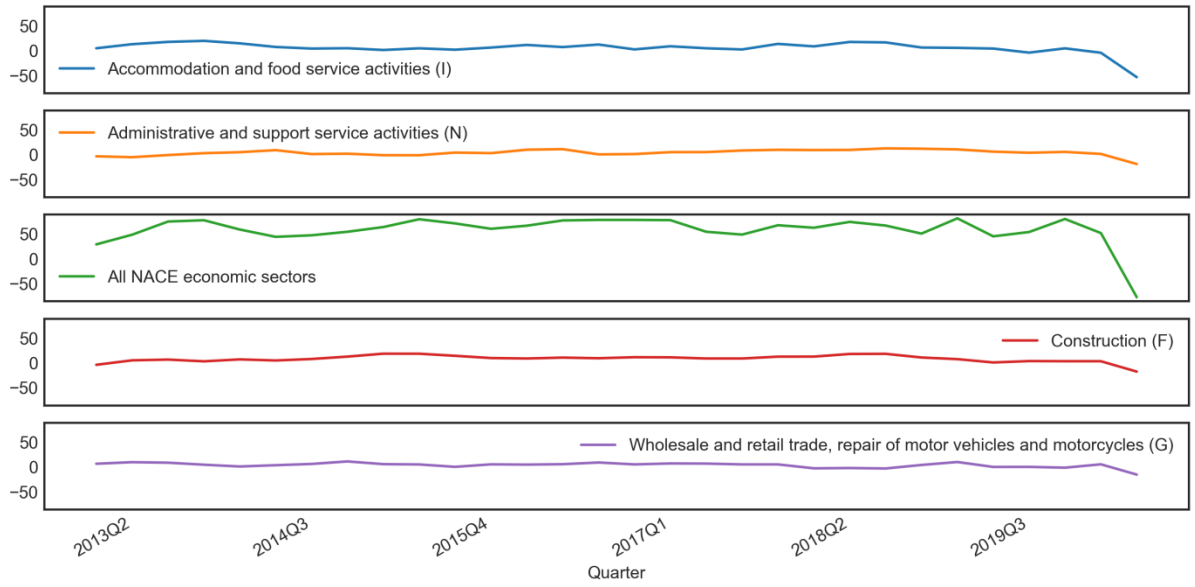
Table 4 shows the four-quarter change in the number of people employed in the most affected sectors (defined as those sectors in which highest number of PUP recipients were previously employed), compared to the same quarter one year ago. These are also the four sectors that consistently have the highest number of weekly PUP closures.

In the Accommodation and food service activities (I) sector, the number in Q2 2020 had decreased by 53,600 compared to Q2 2019. Figure 1 shows the change in the number of people employed in each of the four most affected sectors as well as the overall change (All NACE economic sectors).

Table 4: Annual change in the number of people in employment, selected sectors ('000s)

Quarter	Accommodation and food service activities (I)	Administrative and support service activities (N)	Construction (F)	Wholesale and retail trade, repair of motor vehicles and motorcycles (G)
2019Q1	5.4	10.5	7.3	9.7
2019Q2	4.0	6.0	0.6	-0.2
2019Q3	-4.2	3.8	3.4	-0.1
2019Q4	4.4	5.5	3.1	-1.7
2020Q1	-4.4	1.4	3.1	5.1
2020Q2	-53.6	-18.9	-77.5	-17.8

Figure 1: Change ('000s) on same quarter previous year, selected sectors and all sectors



2.3 Unemployment

Unemployment increased by 4,300 (3.8%) from the previous quarter but decreased over the year to Q2 2020, with total unemployment at 118,700 persons (-9.2%). For reasons outlined in Box 1 below, measuring and interpreting unemployment according to ILO definitions is problematic in the specific circumstances of 2020. The Covid-19 Adjusted Estimate for the number of unemployed persons aged 15-74 years is 531,412, corresponding to an Unemployment Rate of 23.1%.

2.4 Underemployment

Table 5 outlines the number of people underemployed, a category identifying those working part-time who are both willing and available to work additional hours. As a share of the labour force, which has itself decreased in the year to Q2 2020, the underemployed make up 4.6% (3.5% for men and 5.9% for women).

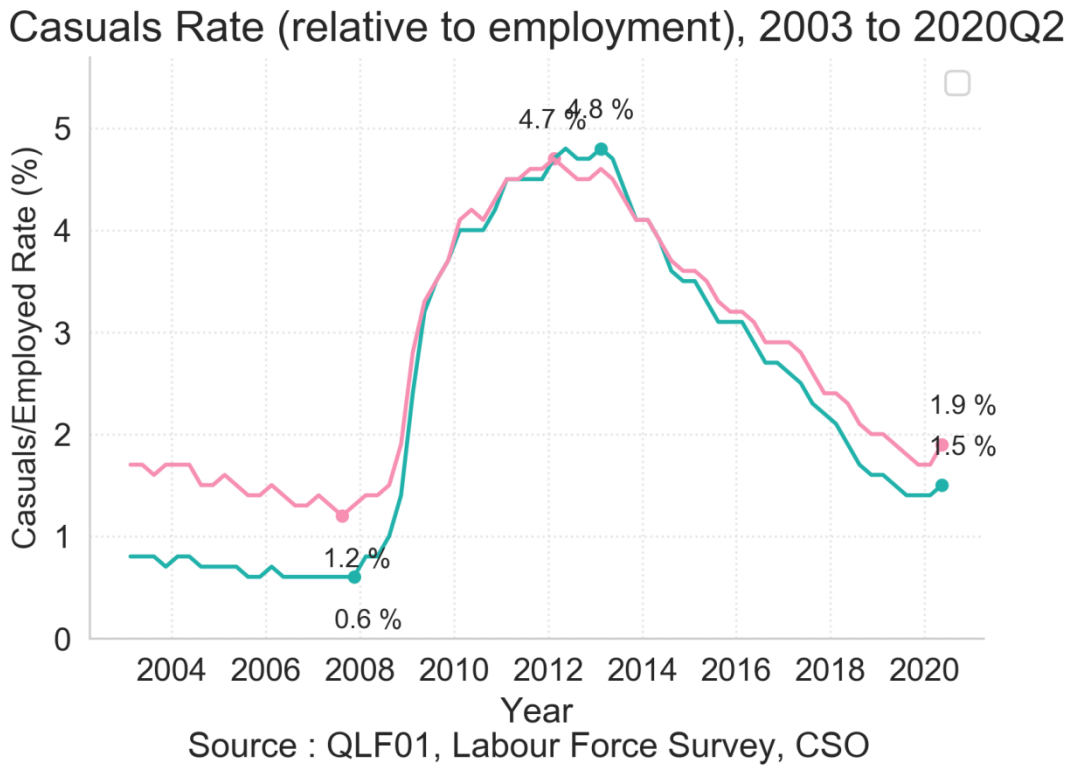
Underemployment may become an important indicator of the effect of the Covid-19 restrictions, as public health and distancing requirements may mean fewer people in the workplace at any one time and, consequently, more people working fewer hours than they would like. As yet, the impact is not yet seen in Q2 2020 LFS data, with the values for lower than previous quarters, particularly for women who are underemployed (Table 5). However, this appears to be largely explained by the overall decrease in women working part-time, with the number down by 14.7%, from 331,600 in Q2 2019 to 282,700 in Q2 2020.

Table 5: Underemployed, both sexes, Male and Female, 2018-2020

Quarter	Both sexes	Male	Female
2018Q2	128.7	55.3	73.4
2018Q3	111.5	48.4	63.1
2018Q4	108.5	45.2	63.3
2019Q1	106.9	39.2	67.6
2019Q2	113.0	44.2	68.8
2019Q3	111.8	44.3	67.5
2019Q4	108.4	45.2	63.1
2020Q1	111.8	42.1	69.7
2020Q2	107.4	44.5	62.9

Figure 2 outlines trends in the number of casual claimants, those who work fewer than three days in a seven-day period. Casual claimants should be considered a subset of the underemployed, as the days-based restriction excludes some part-time workers who are also underemployed but whose work is spread over more days. They are presented here as the share of all in employment, disaggregated by sex.

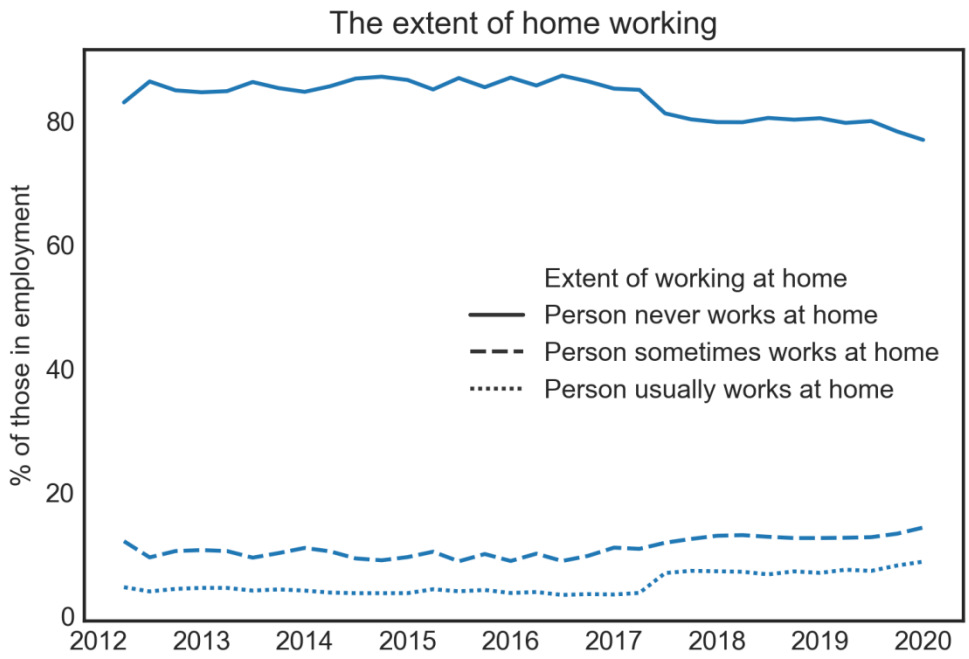
Figure 2: Casual claimants as a share of all in employment, 2003-2020



2.5 Long-term trend in working from home, before Covid-19

Figure 3 shows the extent to which people have changed their working habits, presenting the share of all those in employment who either sometimes, always or never work from home. Although in the minority, the number of people who either sometimes or always work from home has increased over the past three years. The latest data in the series relate to Q1 2020 so even before the recent requirement from more people to work from home, the trend of remote work was increasing.

Figure 3: Extent of home working prior to Covid-19 restrictions



Box 1: Measuring unemployment when absences from work may be temporary

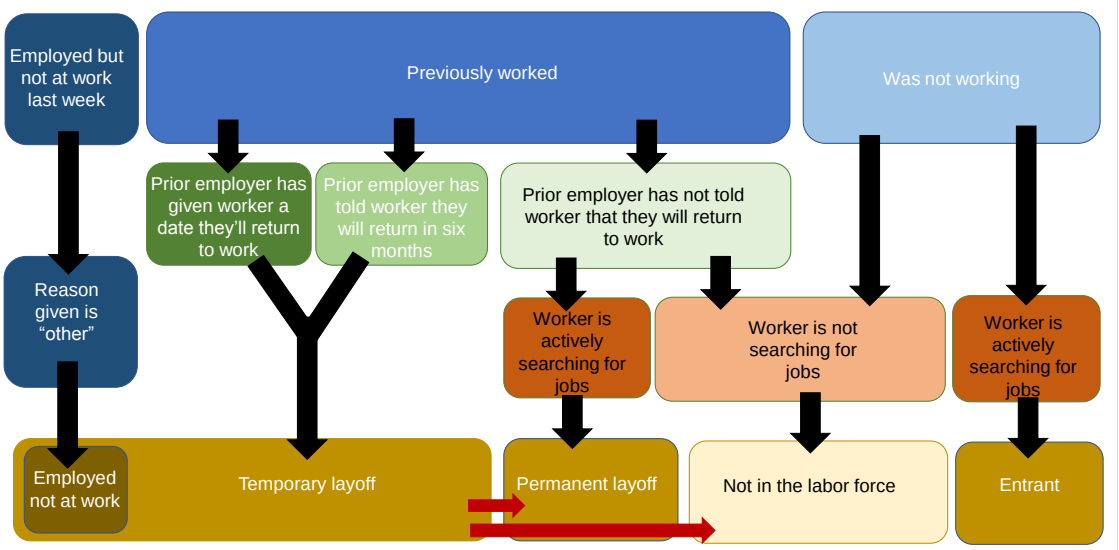
The Labour Force Survey is the official measure of unemployment in Ireland. Under metrics agreed by the International Labour Organization (ILO), Labour Force Survey respondents are classified as employed, unemployed or inactive. Uncertainty about how economic activity will rebound, as well as characteristics of the measures brought in to stabilise the labour market, mean the full impact of Covid-19 on unemployment, as it usually corresponds to unemployment claims, may not be fully captured in the LFS figures.

Employed persons are those who worked for at least one hour during the reference week or who had a job from which they were temporarily absent. The 'temporarily absent' aspect of this definition may well apply to many people affected by Covid-19 restrictions. More worryingly from the perspective of consistency of the statistics, the way in which people answer this question may vary over the quarters in 2020.

Unemployed persons are those who are currently available for work and actively seeking work. It may be that people who have lost their jobs in recent months do not fulfil these criteria because of the public health restrictions associated with the Covid-19 outbreak.

A person on lay-off has had his or her employment suspended by the employer for a specified or unspecified period at the end of which there is a right or recognised expectation to resume employment with that employer. Lay–offs are classified as employed if they have an assurance of return to work within a period of three months or receive at least 50% of their wage or salary from their employer.

Lay–offs are classified as unemployed if they receive less than 50% of their wage or salary from their employer, don't have assurance of return to work or have an agreed date but this date falls after a period of three months. (see figure below with minor definitional differences, source: https://www.rand.org/blog/2020/08/what-unemployment-statistics-obscure-about-temporary-layoffs.html)

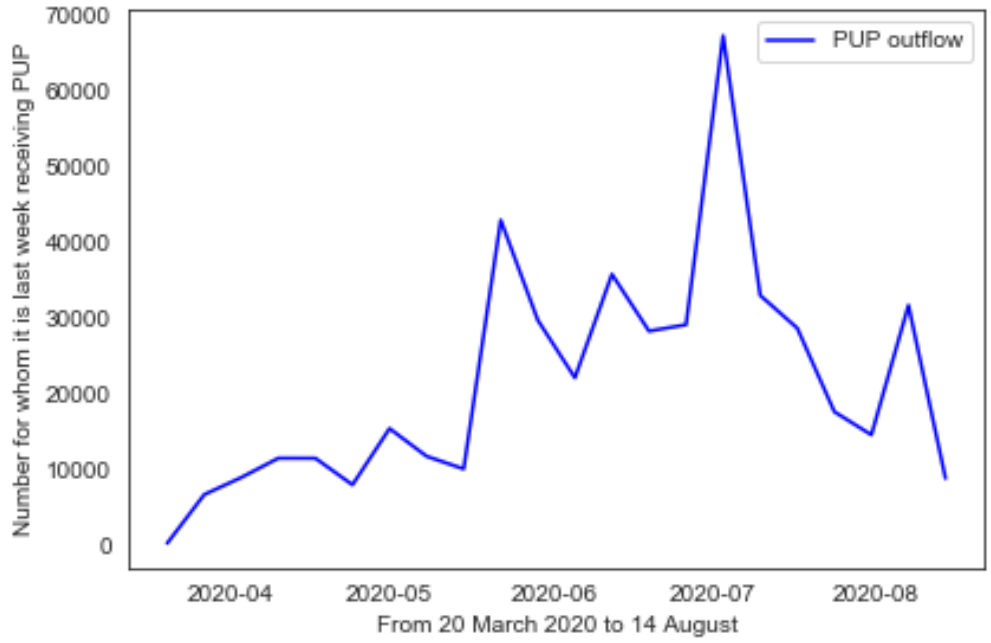


3 Pandemic Unemployment Payment

The Covid-19 Pandemic Unemployment Payment (PUP) is a payment available to workers who were laid-off on or after 13 March 2020 due to the pandemic, and will be paid at €350 or €203 per week depending on previous earnings. On 25 August, PUP issued to 230,400 people.

As the gradual reopening of the economy unfolded, people in receipt of the PUP shifted to other statuses. The outflow from PUP, and their destinations, is a key indicator of the speed of recovery of the labour market, as well as an indicator of imminent demand on the Public Employment Service. Figure 4 shows the sum of all those who received their last PUP, by week and showing only most recent exit in the case of multiple exits. The outflow peaked over the summer months as the economy moved through Phases 2 and 3.

Figure 4: Those who received their last PUP, by week



4 Other labour market metrics

Traditional indicators such as Gross Domestic Product and Labour Force Survey releases are only available after substantial lags. The LFS is particularly difficult to interpret as an indicator of economic recovery for the reasons outlined in Box 1. Similarly, although available more frequently, with a shorter lag and making more use of administrative data, the adjusted monthly estimates of unemployment have the same difficulty.

Consequently, it is worth exploring what other indicators are available to gauge the strength and scope of the recovery in economic activity and, more specifically, how this translates to employment.

The first is using the administrative DEASP data on the number of claims (see: Section 3, Pandemic Unemployment Payment, and Section 7, Live Register). This outlines the extent to which people have sought to access payments related to the loss of employment.

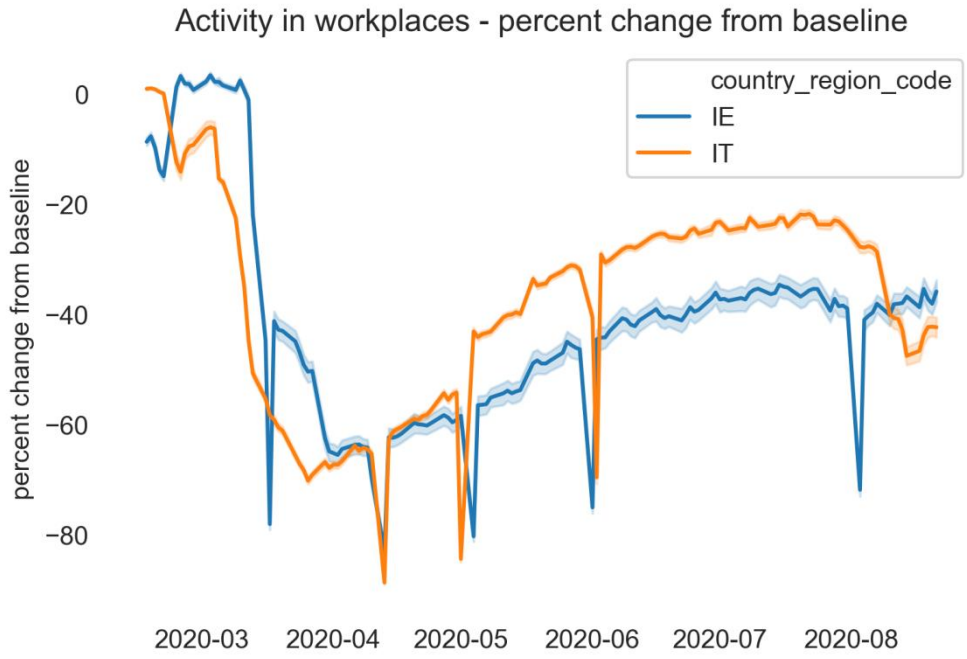
After the large reduction in employment evidenced by trends in PUP and the Live Register, two other publically available data sources may provide timely indicators of the next phases: the return to economic activity and, consequently, an increase in employment – Google's location data and recruitment companies' job postings.

As the economy reopens, Google's location data may provide an early indicator of economic activity, particularly as it shows the change in the number of visits and length of stay from a pre-Covid-19 baseline (Figure 5). It compares this measure in certain types of places (here, workplaces are selected) compared to activity in the period 3 January to 6 February 2020.

Of course, a return to economic activity does not necessitate a return to a workplace location in all cases, particularly where technology can facilitate remote working, which will be more prevalent where services make up a larger share of economic activity. These data highlight only the change in the volume of activity as measured by physical presence in workplaces. Also, the data is collated from users who opt in to Google accessing location history for their Google Account, so that the data represents a sample of the population and may not be representative.

Figure 5 compares Ireland's change from the baseline relative to Italy, the EU country where restrictions on activity were imposed earliest. As fewer people visit workplaces on the weekend, all weekend values have been dropped – the sharp drop in time spent in the workplace is also visible at Easter and on the bank holidays in May, June and August (Ireland only). The report on Ireland, and the full dataset, are available at the links below.

Figure 5: Activity in workplaces – change from pre-Covid-19 baseline



The recruitment website indeed.ie tracks trends in job postings for the Irish market and publishes a 7-day moving average of the number of job postings on Indeed Ireland, as well as the underlying data. As well as providing an early indicator of increases in labour demand, the trends may also be of use as the PES advises jobseekers on current opportunities and reskilling options. While postings overall have decreased compared to one year previously, there have been increases in childcare, legal, construction, education and driving job advertisements over the summer months, with a particular increase in childcare postings in recent weeks.

Links:

Google mobility data:

https://www.gstatic.com/covid19/mobility/2020-08-21_IE_Mobility_Report_en-GB.pdf

https://www.google.com/covid19/mobility/

Indeed/Hiring Lab data:

https://www.hiringlab.org/uk/blog/2020/08/26/irish-job-postings-through-aug-21/

https://github.com/hiring-lab/data/tree/master/IE

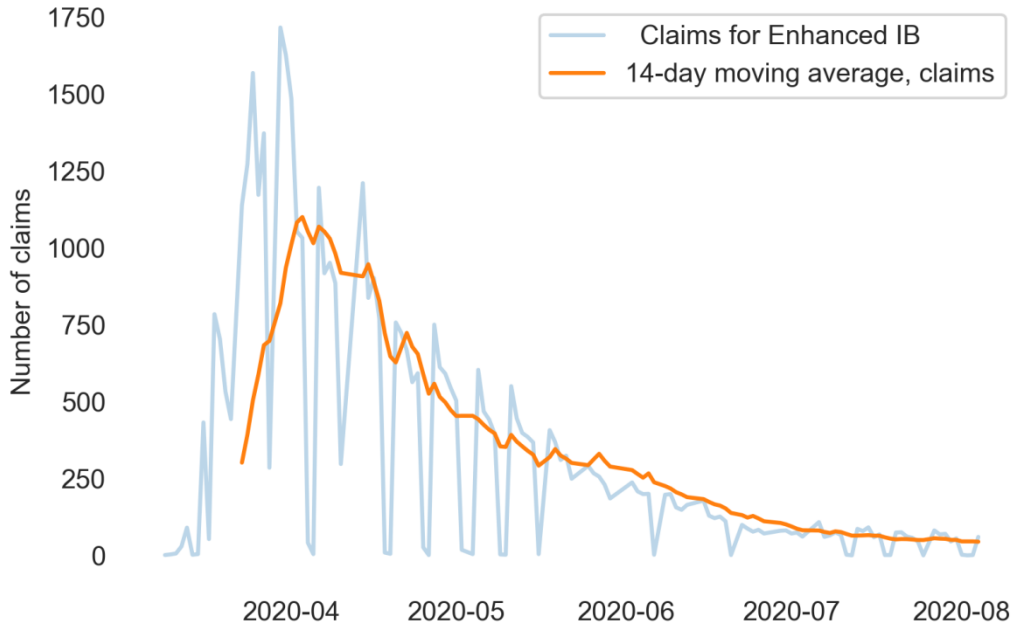
5 Other impacts of Covid-19

Thus far, the focus of the Covid-19 impact on the labour market has been on how the imposition of public health measures has frozen activity across a number of sectors, with a gradual reopening still underway.

However, there are further indirect consequences for the labour market in the longer term, such as the increase in mortality and morbidity. Increases in morbidity and mortality will lead to a reduction in the labour force and an increase in inactivity. Indirectly, the loss of time and income by carers will have an effect. It is worth identifying these as potential consequences but the scale of the impact depends on the trajectory of the virus in the coming months.

While the longer-term impact is unknown, the immediate impact on health was evident in the number of claims for the enhanced Covid-19 Illness Benefit payment. This has decreased from the peak in late March and reflects not only those certified as having Covid-19 but also those who took preventative measures in self-isloating. Figure 6 shows the number of claim commencements for Enhanced Illness Benefit, along with the 14-day moving average of claim commencements since March. Table 7 outlines the sectors of employment associated with the claimants.

Figure 6: Claim commencements for Enhanced Illness Benefit by date



A related, and more positive, point is that the increase in remote working (see 2.5 Working from home) may serve to improve the prospects of people with disabilities accessing the labour market. Recent months have been a large-scale test of how people can work remotely. As more evidence becomes available on the roles that are suited to remote working, the relative disadvantage of at least some people with dsiabilities should decrease.

Table 7: Sectors of employment associated with current claim for Enhanced Illness Benefit

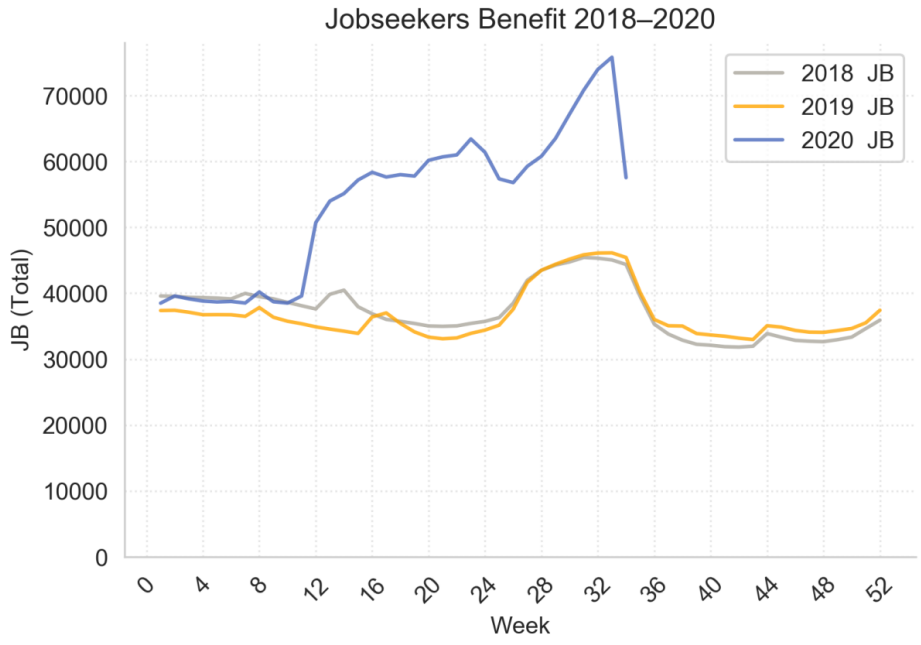
Industrial Sector	Number of people medically certified to receive Enhanced Illness Benefit on 25th August
Agriculture, Forestry and Fishing; Mining and Quarrying	500
Manufacturing	7,800
Electricity, gas, steam supply; Water supply; Sewerage, waste management	300
Construction	2,200
Wholesale and Retail Trade; Repair of Motor Vehicles and motorcycles	11,900
Transportation and storage	2,200
Accommodation and food service activities	2,400
Information and communication activities	900
Financial and insurance activities	2,300
Real Estate activities	500
Professional, Scientific and Technical activities	1,800
Administrative and support service activities	5,500
Public Administration And Defence; Compulsory Social Security	2,200
Education	900
Human Health And Social Work activities	12,200
Arts, entertainment and recreation	400
Other Sectors	1,700
Unclassified or unknown	500
Total	56,200

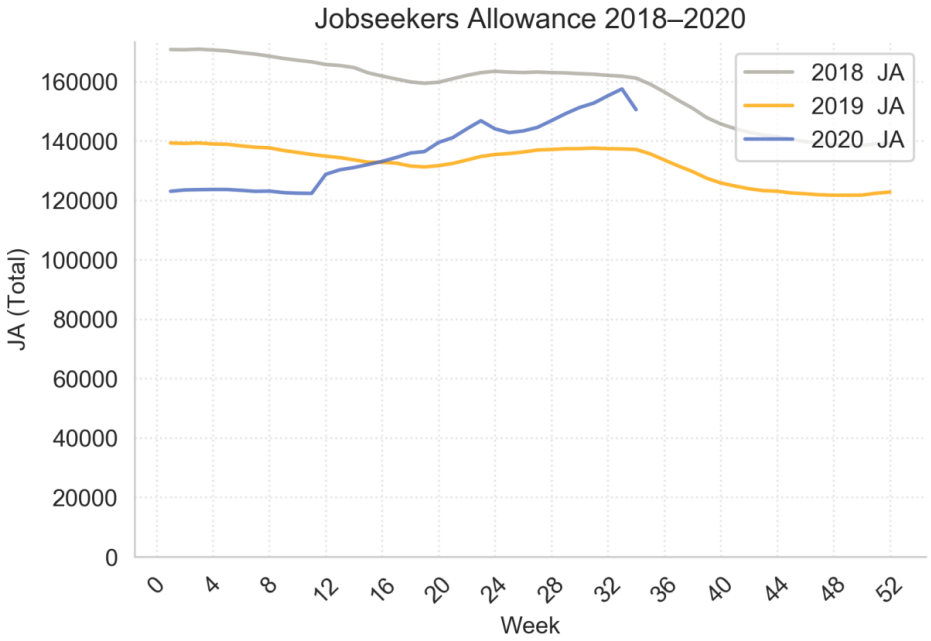
6 Live Register

6.1 Live Register – developments over 2020

	July	June	May	April	March	February	January
LTU	58,465	55,372	53,596	52,056	50,496	50,183	50,875
STU	127,892	108,144	114,960	105,585	97,185	74,523	75,118
Credits	20,984	20,699	20,590	20,803	20,921	21,304	21,407
Casuals	37,221	36,656	36,516	36,297	36,607	36,606	36,355
	244,562	220,871	225,662	214,741	205,209	182,616	183,755

As a result of the Covid-19 pandemic, there was a sharp increase in the Live Register beginning in mid-March. This can be seen in the large number of short-term claims (STU) at the end of July (excluding credits and casuals) and the increase coming mainly through Jobseekers Benefit claims rather than Jobseekers Allowance. Those claims would be significantly higher were it not for PUP and TWSS (though not all recipients of each scheme would have joined the Live Register in their absence). The sharp decrease in the most recent week relates to the removal of long-term pending claims, which were not in payment.





6.2 Non-recipients

The Live Register is a count of applications for jobseeker claims. It has always included pending claims (those that will subsequently be awarded or disallowed). It also includes claims where payment has been suspended, which can occur for a number of reasons, such as where jobseekers on casual claims are working for more than three days in a seven-day period. All claims where people are not receiving a payment (awaiting processing or suspended) can be classified as non-recipient claims. Since 2018, non-recipients have accounted for, on average, one in eight claims; having grown to one in four over the summer, it has since fallen back to one in five claims.

Figure 7: Live Register, 2018-2020, by recipients and non-recipients

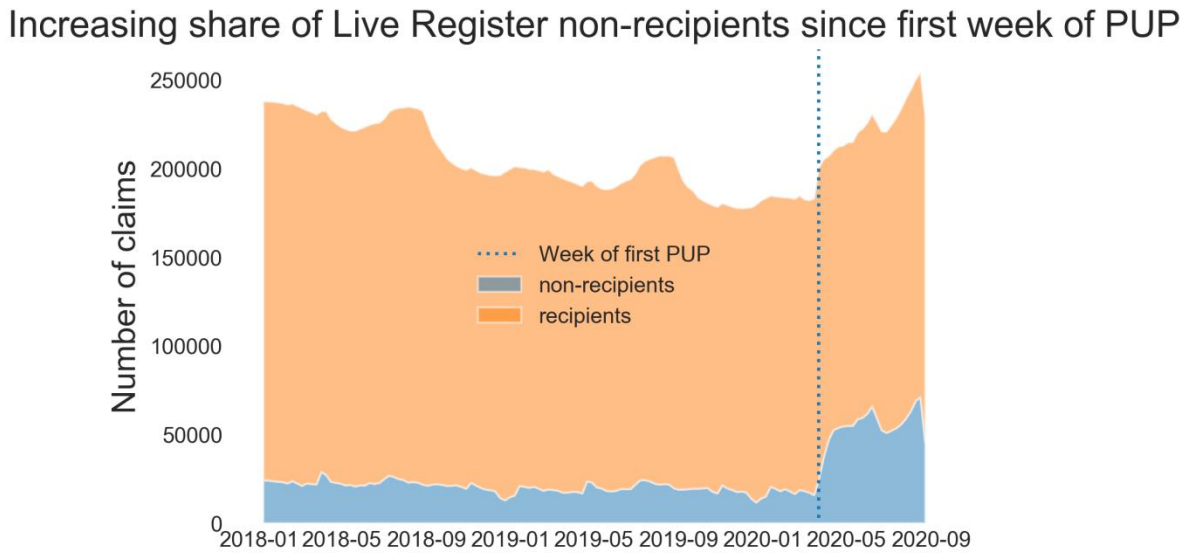


Figure 7 shows the number of non-recipients decreasing through 2018 and 2019 and then a sudden increase in line with advice to register jobseeker claims as soon as a PUP claim was submitted. In cases where PUP claims transfer to the Live Register, this will mean a decrease in the number of PUP claims without an equivalent increase in the Live Register. For PUP exits to employment, non-recipient Live Register claims are being identified and closed where appropriate.

6.3 Live Register Duration

Table 8: Live Register by Duration, quarterly averages

	<1 year	>1 year	Total	Percent >1 year
Q1 2018	138,350	96,848	235,198	41.17
Q2 2018	131,059	93,905	224,965	41.74
Q3 2018	134,390	91,897	226,288	40.65
Q4 2018	117,084	81,754	198,839	41.11
Q1 2019	119,697	78,119	197,817	39.49
Q2 2019	115,695	75,748	191,444	39.56
Q3 2019	124,327	75,557	199,885	37.83
Q4 2019	110,609	68,730	179,339	38.32
Q1 2020	119,225	67,310	186,535	36.86
Q2 2020	149,140	68,450	218,416	31.87
Q3 2020 to date	163,731	74,325	237,416	31.30

Table 8 shows the number of people on the Live Register for under a year and over a year over in 2018, 2019, and to date in 2020. The absolute number of long-term unemployed people was decreasing until Q2. The share of the total they account for continues to decrease due to the increase in new claims. The number of long- term unemployed people on the Live Register is lower today than in 2009, the beginning of the CSO data series.

7 Background Notes and additional tables

Labour Force Survey (formerly Quarterly National Household Survey), monthly unemployment, and historical Live Register figures are sourced from the Central Statistics Office.

Unless noted otherwise in the text, all other data are sourced from DEASP.

Weekly Live Register data are produced by DEASP using the same data sources and methodology as used by the Central Statistics Office for production of the published monthly Live Register.

Quarter on quarter percentage change in employment, by educational qualification

Quarter	Higher secondary	Lower secondary	Other/not stated	Post-secondary non-tertiary	Primary or below	Third level honours degree or higher	Third level non-honours degree
2019Q1	0.04	0.02	0.03	-0.05	0.06	0.02	-0.03
2019Q2	0.0	-0.02	-0.09	0.05	0.06	-0.02	0.02
2019Q3	0.01	0.03	0.15	-0.05	0.07	0.03	-0.03
2019Q4	0.01	-0.03	-0.0	0.05	-0.03	0.01	0.0
2020Q1	-0.01	-0.03	-0.02	-0.01	-0.03	0.01	0.02
2020Q2	-0.17	-0.08	-0.3	-0.07	-0.24	0.03	0.03

Number of people in employment, ('000s), selected sectors

Quarter	Accommodation and food service activities (I)	Administrative and support service activities (N)	Construction (F)	Wholesale and retail trade, repair of motor vehicles and motorcycles (G)
2017Q4	168.7	94.7	133.4	308.1
2018Q1	169.6	99.9	137.3	295.0
2018Q2	177.1	103.7	145.7	298.1
2018Q3	181.2	105.4	146.5	301.0
2018Q4	174.8	106.6	144.0	311.9
2019Q1	175.0	110.4	144.6	304.7
2019Q2	181.1	109.7	146.3	297.9
2019Q3	177.0	109.2	149.9	300.9
2019Q4	179.2	112.1	147.1	310.2
2020Q1	170.6	111.8	147.7	309.8

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