



COVID-19 and the NI Economy:

Which jobs are vulnerable
and how do social
distancing relaxations
help?

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1. Executive summary

1.1 COVID-19: Unprecedented shocks and policy responses

The global COVID-19 pandemic has resulted a healthcare crisis in many countries around the world. NI has been impacted significantly, with 5,772¹ cases and 835² deaths recorded in NI to the 10th July 2020. The policy response to the pandemic was necessarily, to restrict travel, to limit contact with other people and to implement social distancing requirements of two-metres in order to reduce transmission of the virus, smooth the demands on the healthcare sector and minimise the number of cases and deaths . These restrictions, in combination with the behavioural response of the population have resulted in a significant economic shock in NI with output estimated to have contracted by 21.5% during April and unemployment more than doubling as 35,000 individuals joined the claimant register from March – May².

The result is that a range of jobs have become vulnerable through two main transmission channels, firstly through reduced demand and secondly as a result of social distancing requirements. As policy and decision makers seek to appropriately balance the healthcare and economic risks to society, this paper examines the potential impact of social distancing requirements and demand reductions on job vulnerabilities in NI at both two-metres and one, which is the minimum social distance required in NI since 29 June, albeit with acceptable mitigations in place³.

The policy interventions that are in place to support individuals, enterprises and the economy are also unprecedented. An additional £1.3bn⁴ has been allocated to the Executive as part of the Government’s response and Barnett consequential of £43m⁴ are forthcoming as a result of the summer Budget on the 8th of July. 212,000 jobs were being supported in NI via the Coronavirus Job Retention Scheme (CJRS) and it is estimated that the share of UK wide supports such as the CJRS, the Self Employment Scheme and Business Interruption Loan Schemes etc have resulted in £1.5bn of additional income to enterprises and individuals in NI so far⁵.

1.2 Almost one third of jobs are vulnerable as a result of COVID-19

The research estimated that 240,000 - 280,000 or 28 - 33% of jobs in NI were vulnerable as a result of the COVID-19 induced restrictions including the two-metre rule, with a larger proportion as a result of demand reductions than social distancing requirements. This is less than the official CJRS and job loss estimates since the onset of the crisis, with 381,000 furloughed, supported through the Self Employment Income Support Scheme or claiming unemployment benefits since March 2020.

¹ Department of Health

² NI Statistics & Research Agency, Fraser of Allander Institute at University of Strathclyde

³ <https://www.nidirect.gov.uk/articles/coronavirus-covid-19-regulations-guidance-and-what-they-mean-you>

⁴ Department of Finance

⁵ HM Revenue and Customs & UUEPC estimates

1.3 Around 30,000 jobs are no longer vulnerable as a result of the social distancing relaxation

The introduction of social distancing regulations had an immediate impact on the NI economy, like many others. The impacts varied by occupation, gender, geography, income group, qualification level and sector, with those able to work at home less vulnerable than those dependent on being physically present in the workplace, requiring direct interaction with the public or both, such as those in hospitality and retail.

Easing social distancing requirements to one metre is estimated to reduce the number of vulnerable jobs by c30,000 or 12% of the total number of vulnerable jobs. This policy change is estimated to reduce the total number of jobs that are vulnerable from 30% of total to 27%.

Table 1 – Estimates of vulnerable jobs in NI by category, July 2020

Category	2m social distancing requirement % of NI total employment		1m social distancing requirement % of NI total employment	
	Number of vulnerable jobs	% of NI total employment	Number of vulnerable jobs	% of NI total employment
Social distancing	110,000 Range = 100,000 - 120,000	13% Range = 12 - 14%	90,000 Range = 80,000 – 95,000	10% Range = 9 - 11%
Demand reductions	150,000 Range = 140,000 - 160,000	17% Range = 16 - 18%	140,000 Range = 135,000 - 155,000	17% Range = 15 - 18%
Total	260,000 Range = 240,000 - 280,000	30% Range = 27 - 33%	230,000 Range = 215,000 – 250,000	27% Range = 24 - 29%

Source: UUEPC

Note: Not all figures may add exactly due to rounding

1.4 Reducing economic risks for the most vulnerable groups in society

This research suggests that those who have lower levels of formal qualification, lower incomes, younger workers, males and work part-time workers were the most heavily impacted by the restrictions but will correspondingly benefit most from the relaxation of social distancing regulations.

In general, however, the key findings in terms of distributional impacts is that these vulnerable groups;

- Were the some of the most vulnerable in society prior to the recession;
- Were most negatively impacted by the recession and economic restrictions;
- Are most likely to benefit from the relaxation of social distancing restrictions; but they
- Remain the most vulnerable groups in society and are more at risk than prior to the recession.

These groups comprise of large numbers of individuals that will require additional policy support to assist them through the recession, minimise future scarring effects on individuals and the labour market and increase their resilience to future economic shocks.

Table 2 – Most vulnerable groups, NI

Most vulnerable groups / sector / occupation	No. of jobs no longer vulnerable as a result of Social Distancing reduction	Number of vulnerable jobs (1m social distancing)	% that remain vulnerable (1m social distancing)
Elementary admin' & services occupations	3,000 – 10,000	30,000 – 40,000	46 – 56%
Retail and wholesale	4,000 – 12,000	60,000 – 75,000	46 – 54%
Below level 2 NQF	4,000 – 13,000	60,000 – 70,000	34 – 40%
16-24-year-olds	2,000 – 8,000	30,000 – 40,000	32 – 38%
Low income (< £15,000 p.a)	4,000 – 17,000	55,000 – 70,000	29 – 36%
Males	6,000 – 23,000	130,000 – 145,000	29 – 33%
Part-Time workers	3,000 – 15,000	55,000 – 70,000	26 – 32%
Councils outside Belfast & commuter belt	6,000 – 29,000	140,000 – 165,000	26 – 30%
NI average	15,000 – 45,000 Average of c30,000	215,000 – 250,000 Average of 230,000	24 – 29%

Source: UUEPC

Note: individual rows do not sum to the total, as there are significant overlaps between categories

1.5 Social distancing reductions are most helpful in urban areas

As might be expected, the reductions in social distancing are most helpful in urban and industrially based occupations. On a geographical basis, social distancing relaxations are estimated to benefit areas including Belfast, Lisburn & Castlereagh and Ards & North Down the most. In economic terms, these are the relatively stronger sub-regions of NI, and are estimated to suffer less significant impacts as a result of the COVID-19 crisis due to the

proportion of residents that can work from home or are in public sector employment. They also stand to gain most from relaxations in social distancing in retail and hospitality.

1.6 Restoration of demand will be key to the economic recovery

This research finds that reductions in social distancing requirements are helpful in reducing the overall level of economic risk in NI, supporting the recovery by removing c3% of jobs from vulnerability. Importantly, this policy change provides a greater boost for some of the most vulnerable groups in society.

However, it is also clear that demand reductions are the key driver of job vulnerabilities rather than social distancing. As such, policies and programmes aimed at boosting demand will be key to the economic recovery, especially for sectors such as retail and wholesale, as support schemes unwind and end in July and October. A number of policies have been announced at a UK wide level and include the Kickstarter programme, CJRS returners bonus, VAT reductions for the most impacted sectors, a Stamp Duty holiday for house buyers and the “Eat Out to Help Out” voucher scheme to boost demand for restaurants and hotels. Local policy makers could also consider a range of options to boost demand including;

- An NI based voucher scheme to further encourage spending in the most impacted areas of the economy;
- Expedited planning for economically significant investments, especially in rural areas;
- Investments that focus on infrastructure, technological and competitiveness;
- Locally focussed procurement of goods and services;
- Reductions in domestic rates, or rates holidays to free up household income for consumption expenditure;
- Further reductions of social distancing when the balancing of healthcare risks permit; and
- Focussing on emerging sectors that can generate employment and income in the future.

Each of these options have a range of pros and cons, including what are known as deadweight effects, which would need to be carefully analysed on a cost-benefit basis. However, it is now evident that it will take a number of years for NI to recover the economic ground lost to COVID-19 and a range of complementary policies will be required to support economic growth and ensure that it is shared across society.

The healthcare situation remains fluid, as illustrated by localised outbreaks and the social distancing policy will undoubtedly be kept under review as policy and decision makers seek to balance the economic and healthcare risks to society.

2. Introduction

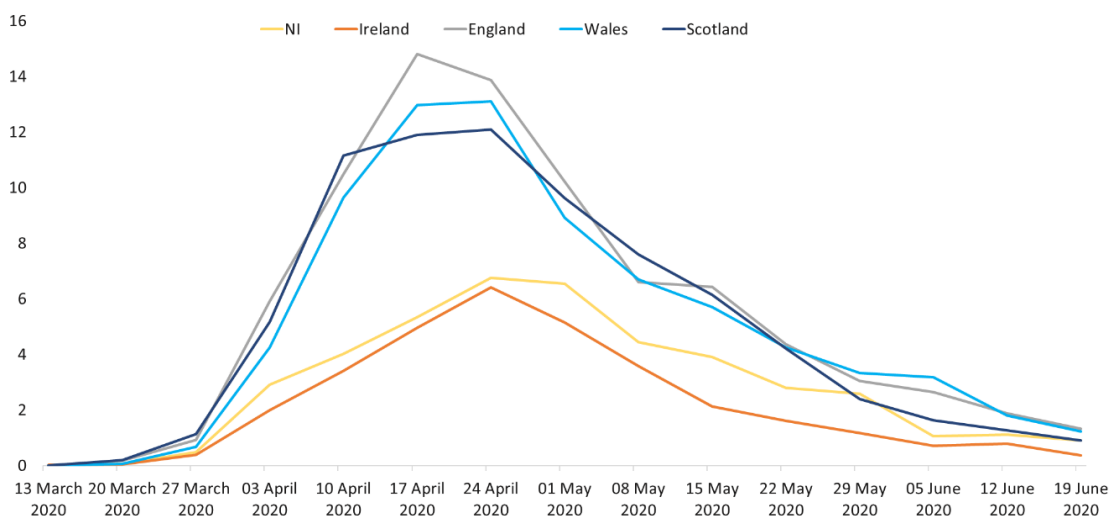
This paper provides a point in time estimate of vulnerable jobs in Northern Ireland (NI) as a result of the health impacts and associated economic restrictions as a result of COVID-19. It;

- Estimates the proportion of jobs in NI that are vulnerable on the basis of demand reductions and social distancing requirements.
- Illustrates the reduction in employment vulnerabilities as social distancing requirements are reduced from two metres to one metre;
- Outlines those groups and geographies that are impacted most by the restrictions and then those that are likely to benefit most as a result of the reduction in social distancing requirements; and
- Provides an estimate of those occupations and groups in society that remain vulnerable and may require further support.

3. The economic context – NI and COVID-19

The NI economy has suffered a rapid and severe contraction as a result of restrictions imposed to slow the transmission of COVID-19. While the rate of the virus's transmission – and accordingly, number of attributable deaths - is substantially lower in NI compared with the other UK countries, the nationwide lockdown mandated across the UK has not spared the NI economy. It is positive to note that the steady decline in the number of cases and deaths across the UK suggests the peak of the virus has passed for now, and hopefully that society is better prepared for future surges than in the initial phases of transmission.

Figure 3.1 – Weekly deaths with COVID-19 in UK and Ireland. Per 100,000 population – March-June 2020



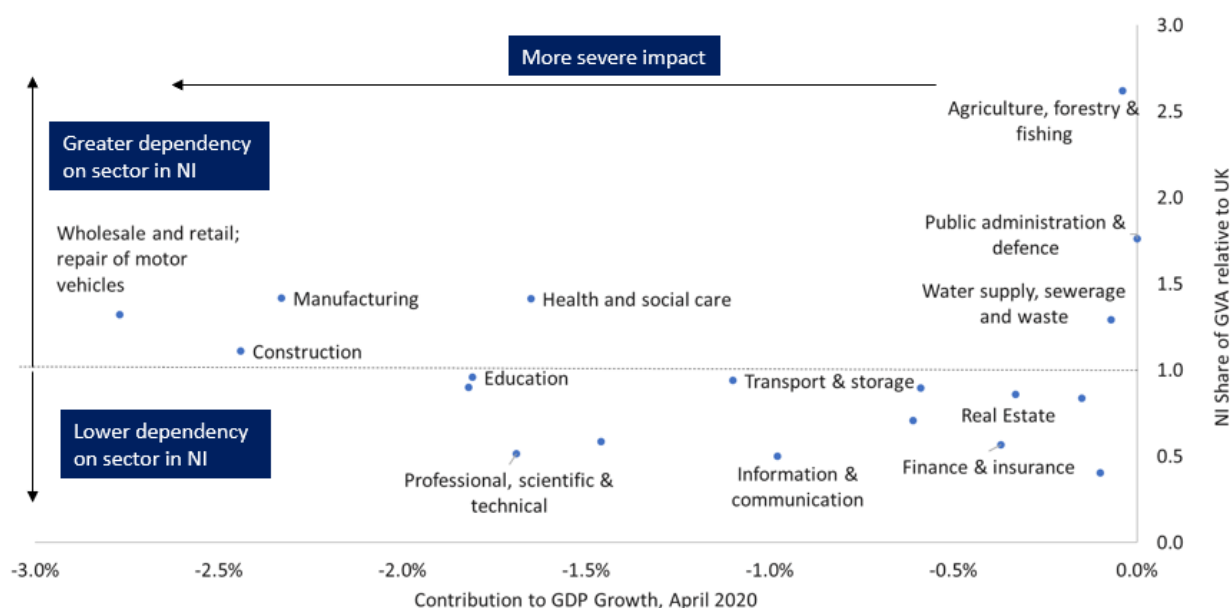
Source: NISRA, ONS, NRS

3.1 Severe economic contraction

Provisional figures suggest the UK economy shrank by more than 25% between March and April 2020⁶, the largest fall in GDP in living memory. Early economic indicators suggest this initial downturn impacted on NI to a greater extent than other regions of the UK. The Economic Statistics Centre of Excellence’s ‘nowcasting’ analysis predicts that the NI economy shrank by 3.9% in Q1 2020, 1.9 percentage points deeper than the UK average and the largest fall of the UK regions.⁷ Recent analysis by the Fraser of Allander Institute for NI’s Department for the Economy (DfE) reinforces this, estimating that GDP contraction for NI was 21.5% in April, compared to a reduction of 20.4% for the UK.

Some of the explanation is that NI has greater shares of employment and GVA in the hardest hit sectors (retail, manufacturing and construction). Whilst public services represent a slightly larger proportion of the economy in NI and elements of the private sectors believed to be better safeguarded from the crisis due to worker characteristics, such as professional services, ICT and finance & insurance are considered in aggregate, they are a relatively smaller proportion than the UK average.

Figure 3.2 – Sectoral contributions to GDP growth and relative share in NI, April 2020



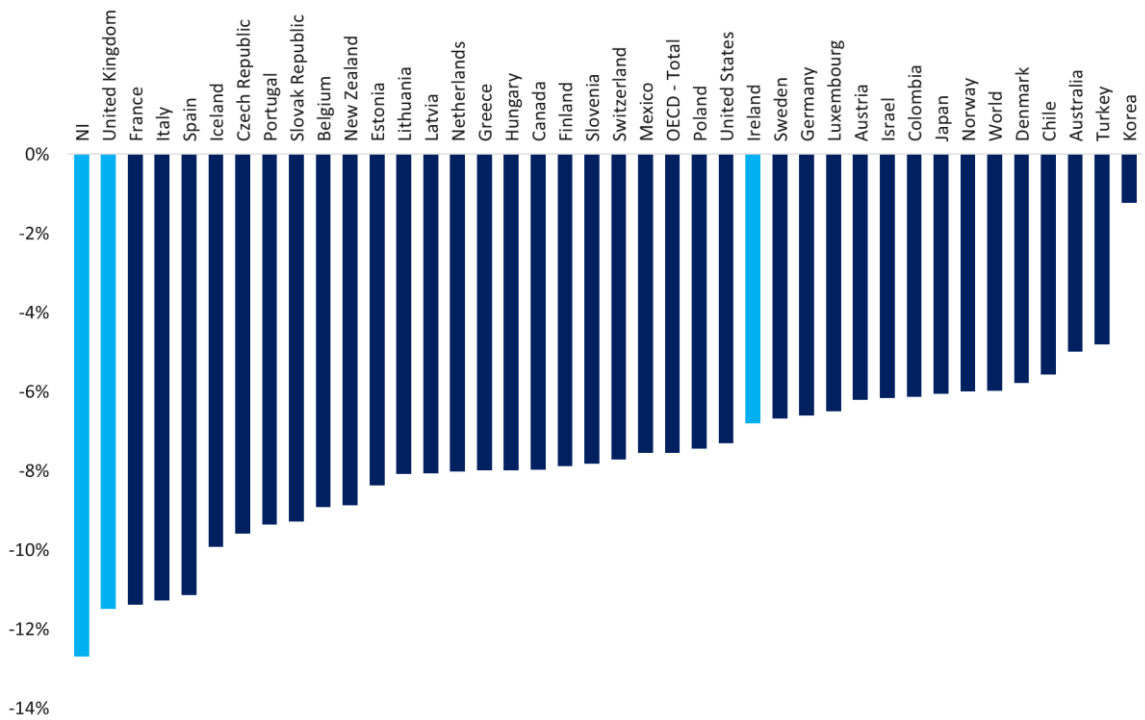
Source: ONS

The latest outlook from UUEPC projects that the NI economy will shrink by 12.7% in 2020. This is a deeper contraction than the latest OECD estimates for the UK (-11.5%), which is the deepest contraction amongst developed countries.

⁶ ONS monthly GDP estimates, May 2020

⁷ <https://www.escoe.ac.uk/uk-in-q1-2020/>

Figure 3.3 - GDP & GVA forecasts for OECD members and NI, 2020

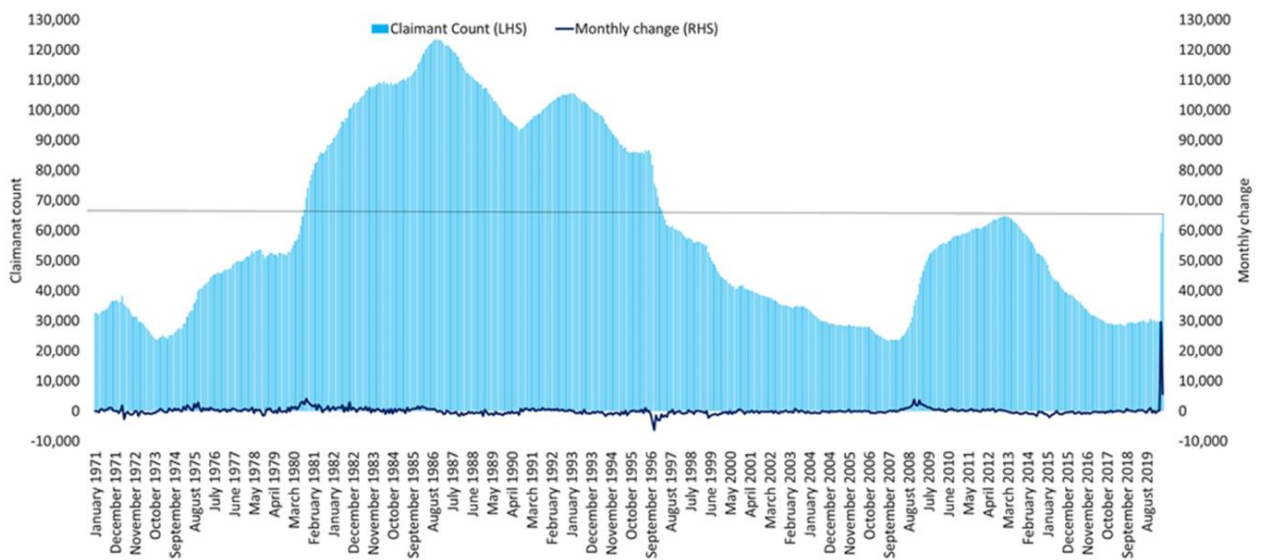


Sources: OECD, UUEPC
 Note: Based on OECD 'Single-Hit' scenario

3.2 Labour demand reduces

COVID-19 has had an immediate and significant impact on the UK and NI labour force. Claimant count unemployment has risen from 30,000 (3.2%) to 65,000 (7.0%) between March and May 2020, returning unemployment levels last seen in the late 1990's.

Figure 3.4 - NI Claimant Count, January 1971 – May 2020



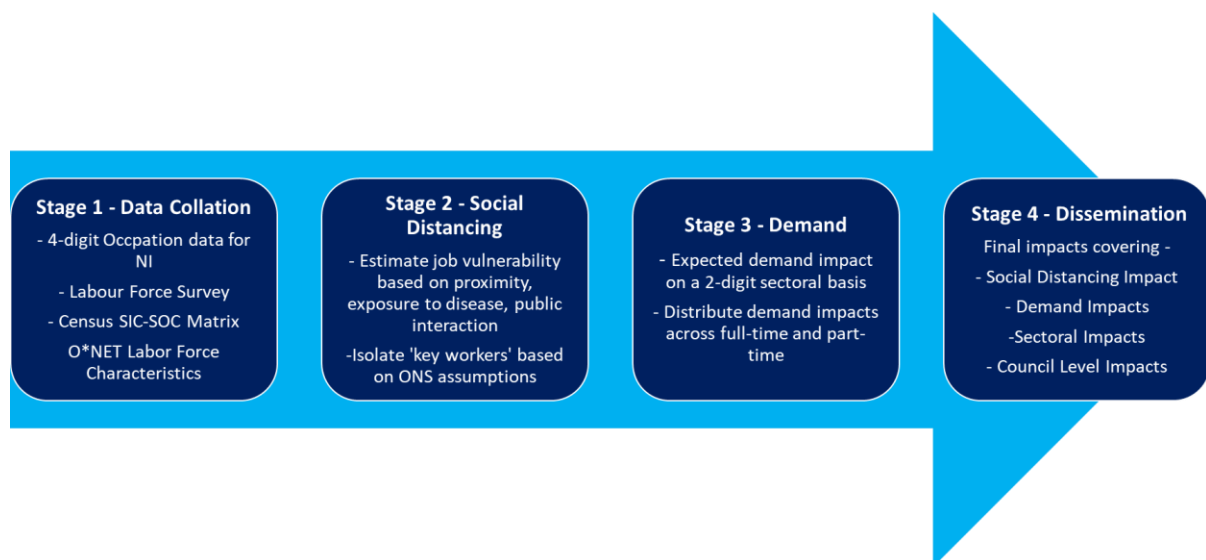
Source: NISRA

In addition to high levels of unemployment, a significant minority of the NI labour force is now supported through the Coronavirus Job Retention Scheme (CJRS) or are “on furlough” in more common parlance. At 30%, this is the largest share of employment across the UK regions, well above the UK average of 25%.

4. Methodology

This study takes an occupation and residence-based approach to estimating which are the most vulnerable jobs in society. The occupational data are very granular (369 occupations), allowing for detailed “bottom-up” modelling. The key worker categories are excluded as - quite obviously - their jobs are not vulnerable as a result of restrictions although they are more likely to be at a greater healthcare risk.

Figure 4.1 – Vulnerable Jobs Flow Chart



Source: UUEPC

The modelling of occupational impacts for the remainder of the workforce is, in part, based on research published by McKinsey on COVID impacts in the United States, using US Department of Labor O*NET occupational characteristics data⁸ to estimate the vulnerability 967 occupations to the impacts of social distancing measures. The key characteristics included for analysis – on a scale from 0 to 100 – are proximity to others in the workplace, level of interaction with the public, and potential of exposure to the virus.⁹ This study applies the US occupations to the UK’s Standard Occupational Classification framework on a best fit

⁸ <https://www.onetonline.org/search/>

⁹ <https://www.mckinsey.com/industries/public-sector/our-insights/lives-and-livelihoods-assessing-the-near-term-impact-of-COVID-19-on-us-workers>

basis to utilise the 369 4-digit occupations available for NI. Estimates of proximity, interaction and probability of exposure are based on both the US focussed research and knowledge of the local economy.

Demand impacts are then estimated on a sectoral basis, using emerging evidence from surveys and knowledge of the local economy. A central, or most likely scenario provides the baseline and upper and lower bounds are provided to illustrate the most likely optimistic and pessimistic outcomes. Social distancing and demand impacts are modelled at a 2-metre social distancing requirement and then at a 1-metre requirement in line with current policy.

The model outputs are reported on an occupational, sectoral, part-time & full time, geographical, gender, income and qualifications basis using Labour Force Survey baseline evidence and an Office of Budget Responsibility analysis of CJRS claimants to model how demand side shocks have impacted part-time and full-time employees, both positively and negatively, in different sectors.¹⁰

¹⁰ OBR CJRS Analysis

5. Job vulnerabilities in NI

5.1 Context of the job crisis

Between March and May 2020, there was a steep rise in the number of people not employed in their previously “normal” roles. This took the form of unemployment (now at 65,000) or registering on the CJRS – which is currently supporting 80% of the salaries of up to 212,000 employees in NI. Accounting for those already receiving out of work benefits, that means there were 247,000 people not employed in what were previously “normal” forms in NI between March and May.

Identifying how and why jobs might have become vulnerable in specific occupations is necessary to understand the likelihood of persistence, probability of recovery and in turn what form the appropriate policy response may be required to take.

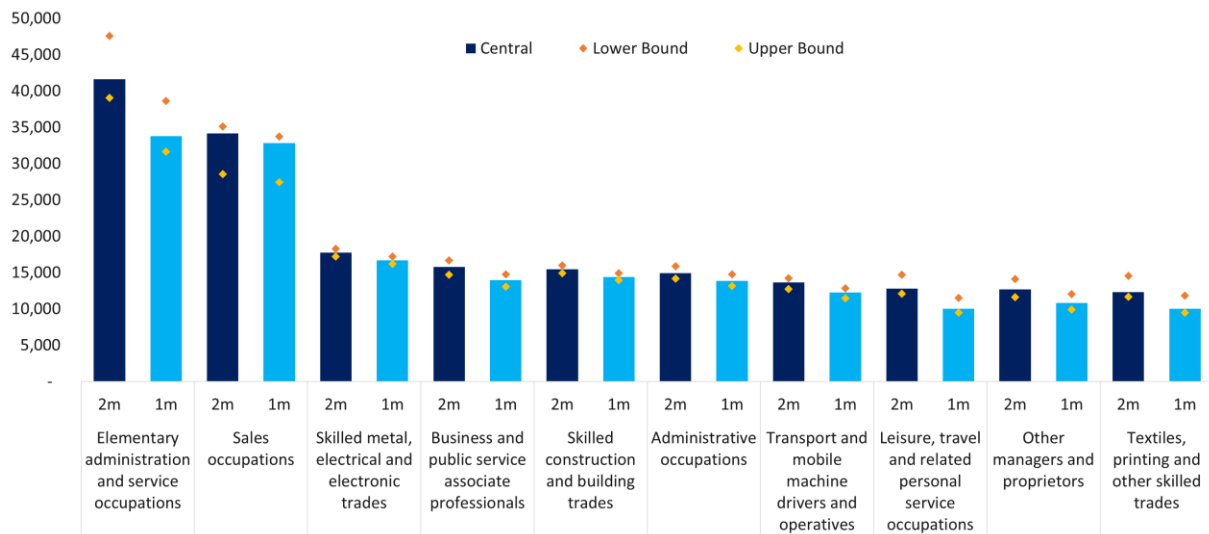
This research estimates that there were 240,000 – 280,000 vulnerable jobs in NI (27% - 33%) with the two-metre social distancing rule in place and there are now 215,000 - 250,000 vulnerable jobs (24% - 29%) with the one-metre rule in place. Almost two-thirds are vulnerable as a result of demand reductions and more than one third are as a result of social distancing requirements.

5.2 The one-metre rule

The most significant recent policy development was the relaxation of social distancing measures from a minimum distance of two-metres to one-metre with acceptable mitigations on 29 June 2020. It is estimated that this change reduces the number of vulnerable jobs from c260,000 to c230,000 (-12%). Section five of the paper focuses on the reduction in the total number vulnerable jobs on this basis, taking account of both social distancing reductions and linked to that, increases in demand.

This has logistical implications for a number of sectors, both from a labour and customer perspective. In production or customer facing sectors, halving of the two-metre social distancing rule increases the number of people that can work on a factory floor, shop or office, aiding those deemed as non-essential workers. This change will provide a reduction in CJRS support requirements and a boost to output (or GVA). In retail and hospitality, loosening of social distancing provides a dual benefit – the aforementioned labour market impact, as well as the ability to grow capacity within the retail and hospitality sectors, improving the potential for these places to generate revenues that are closer to pre-pandemic levels and demand as some level of normality returns.

Figure 5.1 – Vulnerable jobs by occupation, 2 metre and 1 metre social distancing requirements, top ten occupations, NI, June 2020



Source: UUEPC

Note: Chart illustrates vulnerability reduction from 260,000 to 230,000 jobs including both social distancing and demand reductions

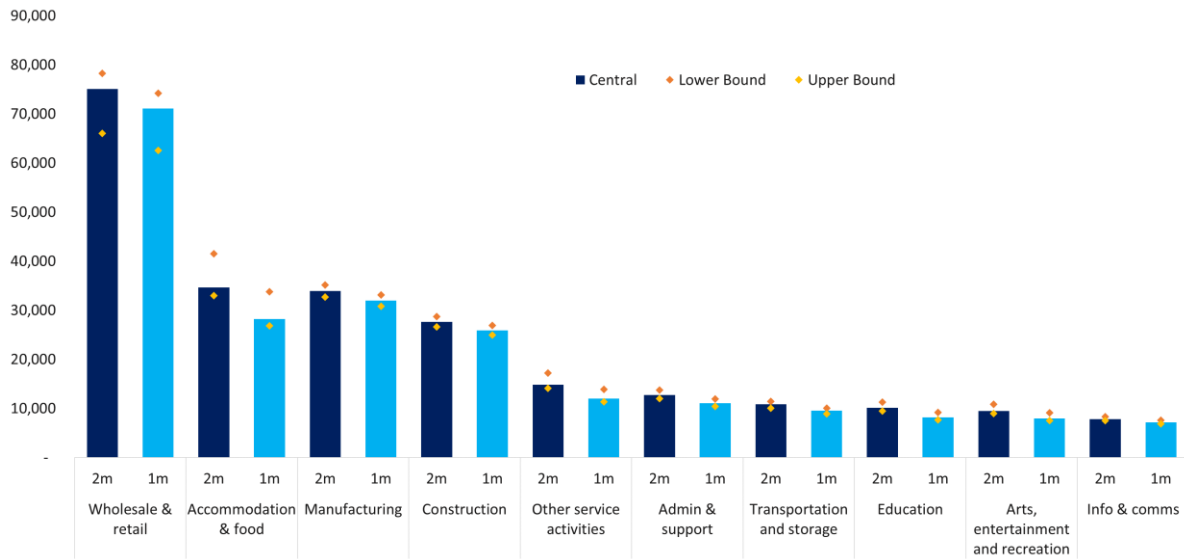
The largest relative impacts are expected to occur in those occupations such as leisure, travel and related personal services, where up to one-in-five posts will no longer be considered to be vulnerable. This is equivalent to approximately 3,000 jobs, slightly more than textiles, printing and other skilled trades (2,500), which could also remove about one fifth of its workforce from vulnerability as a result of the reduction in social distancing.

5.3 Sectoral perspective

The vulnerability reductions are a transposition of the occupational trends using a SOC : SIC matrix, with those working in hospitality and sales occupations more heavily represented in the accommodation & food and wholesale & retail sectors respectively. Indeed, at the last census elementary administration and services occupations made up 44% of all jobs in the accommodation & food and wholesale & retail sectors.

While social distancing measures disproportionately impacted these sectors at the outset, they also are expected to see the most significant gains from social distancing relaxations.

Figure 5.2 Vulnerable jobs by sector, 2 metre and 1 metre social distancing requirements, top ten sectors, NI, June 2020

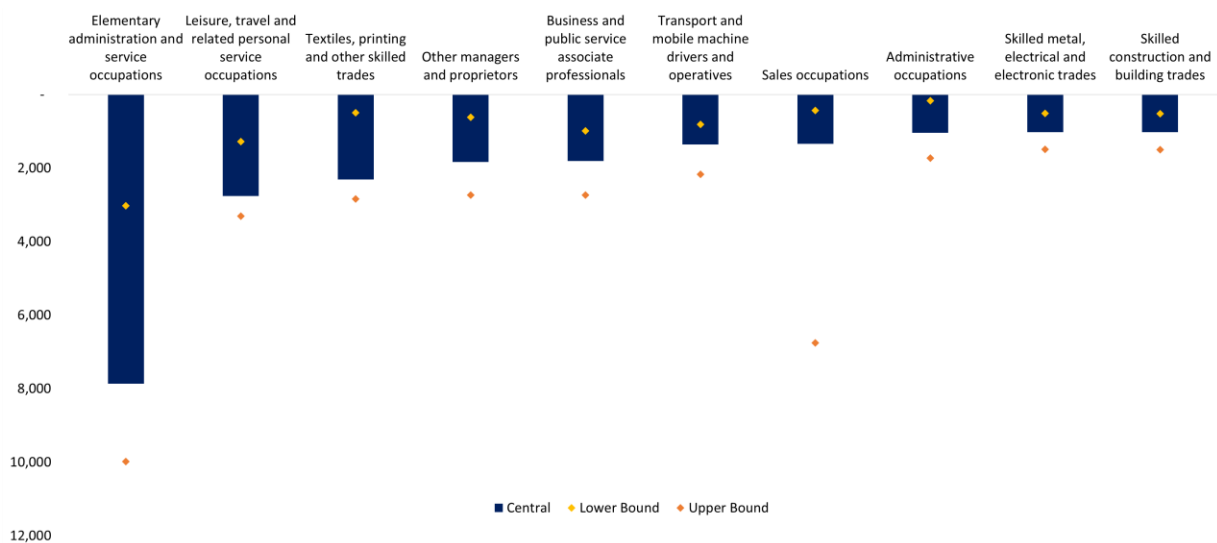


Source: UUEPC

Note: Chart illustrates vulnerability reduction from 260,000 to 230,000 jobs including both social distancing and demand reductions

Accommodation & food services, in which approximately 59% of employee jobs were supported via the CJRS across the UK¹¹, is the key sectoral beneficiary of the reduction in social distancing with 10% - 30% of the jobs that are no longer classed as vulnerable under a one-metre rule. Wholesale & retail is expected to account for 10% - 23% of jobs that are no longer classed as vulnerable and other services account for a further 8% - 10%.

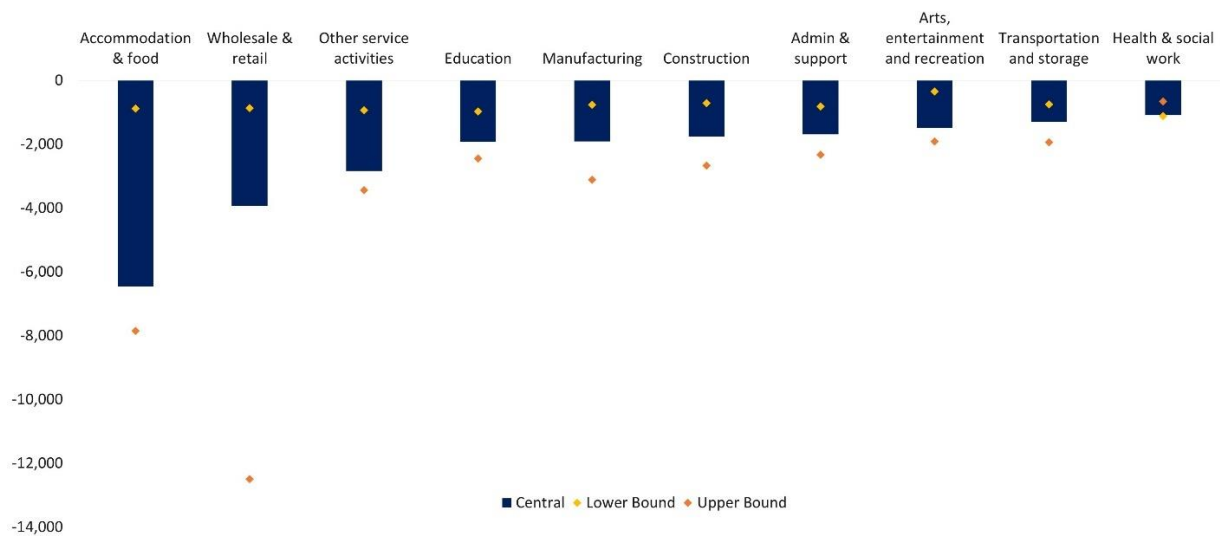
Figure 5.3 – Reduction in job vulnerabilities as a result of reducing social distancing requirements from two-metres to one-metre, top ten occupations, June 2020, NI



Source: UUEPC

¹¹ HMRC

Figure 5.4 – Reduction in job vulnerabilities as a result of reducing social distancing requirements from two-metres to one-metre, top ten sectors, June 2020, NI

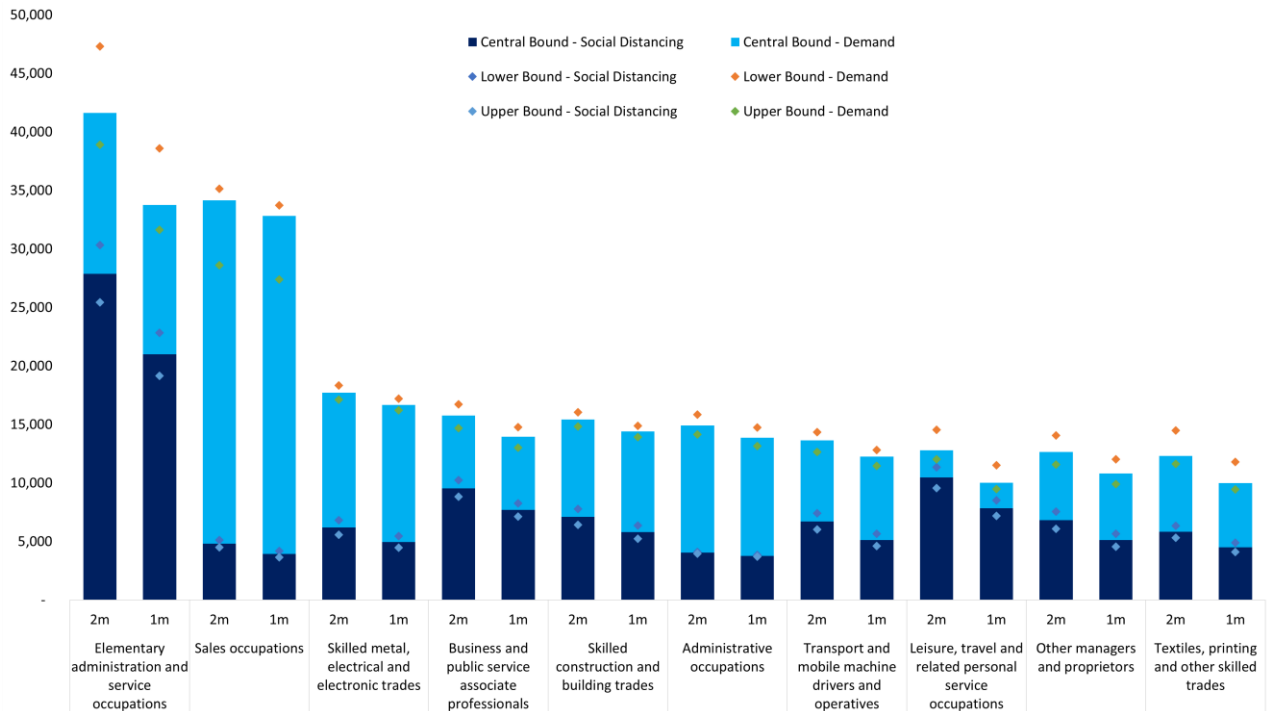


Source: UUEPC

5.4 Demand reductions and social distancing

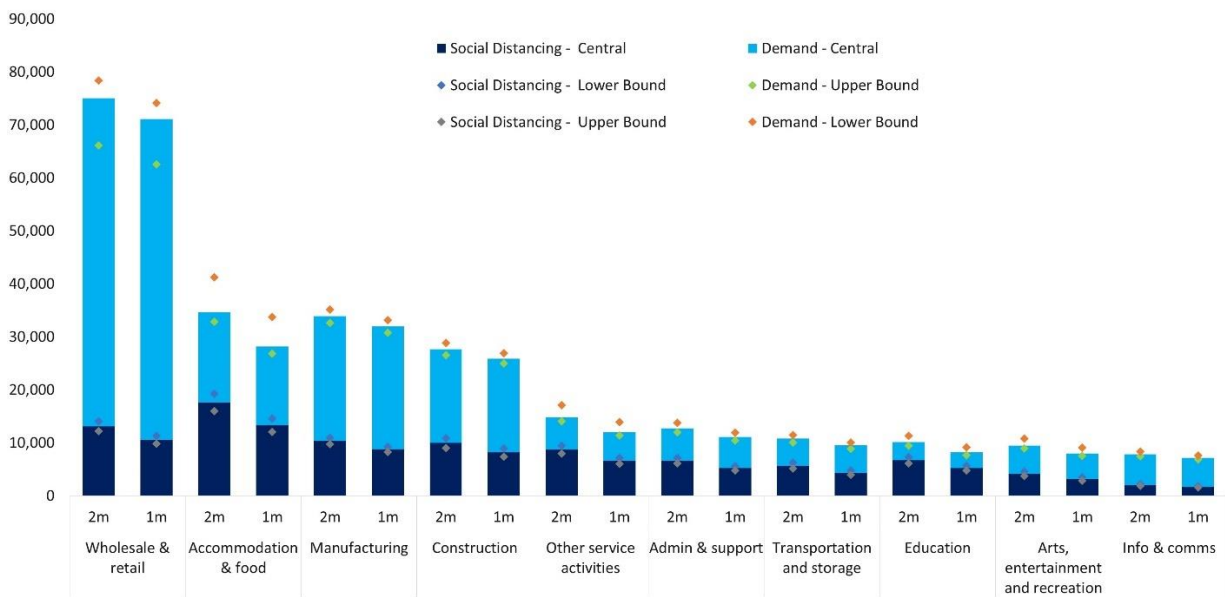
Demand reductions are, on average, the most significant driving factor of vulnerability (almost two thirds : one third ratio of demand to social distancing). However, patterns differ markedly by occupation and sector, illustrated by the 90:10 relationship in sales occupations and retail and wholesale and 20:80 relationship in leisure and travel. This illustrates how individual sectors will be influenced differently by demand stimulating or social distancing policy (retail and hospitality respectively). It illustrates clearly that retail and wholesale accounts for the largest numbers of vulnerable jobs, but also that whilst social distancing relaxations will be welcomed, demand is much more important and therefore, the key risk. As such, other supports may be necessary for those occupations and sectors that are less sensitive to changes in social distancing requirements and also for those workers that are not returned from furlough.

Figure 5.5 Top 10 vulnerable occupations, one-metre and two-metre social distancing, June 2020, NI



Source: UUEPC

Figure 5.6 Top 10 vulnerable sectors, one-metre and two-metre social distancing, June 2020, NI



Source: UUEPC

6. Social distancing and supporting vulnerable groups

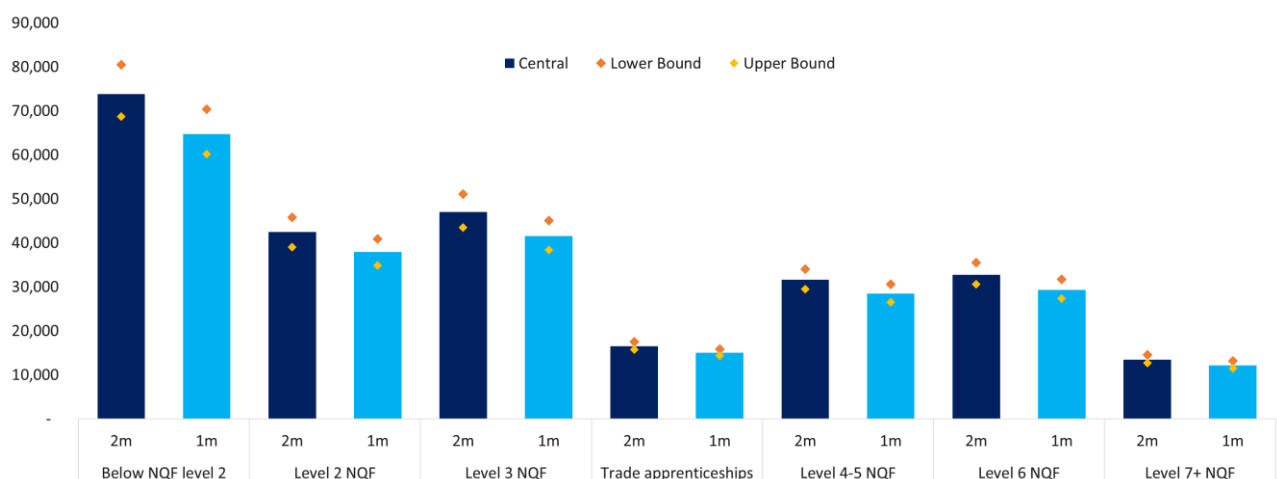
6.1 Vulnerable groups

At the outset of the COVID-19 crisis, it quickly became apparent that the impacts were unequal across society. These differentials were evident in terms of part-time/full-time workers, gender, geography, qualifications, income and age. Those in the most at-risk occupations and sectors are generally younger, had lower levels of formal qualification and below average earnings and were more likely to be in part-time work.

6.2 Formal qualifications

Those individuals who have lower levels of formal qualification are estimated to be the most negatively impacted group in society. They are more likely to be in occupations that have been supported through the CJRS, or have become unemployed or economically inactive. In addition, the qualification levels of those who are economically inactive or unemployed are skewed towards those with lower skills levels, on average¹². As such those with lower levels of formal qualification were likely to find it more difficult to secure employment prior to the COVID-19 crisis and if employed, are more likely to have been in vulnerable occupations and sectors as the crisis unfolded.

Figure 6.1 Job vulnerability by qualification level



Source: UUEPC

As those with lower levels of qualifications were disproportionately impacted, it is unsurprising that the largest proportion of jobs that are removed from vulnerability by

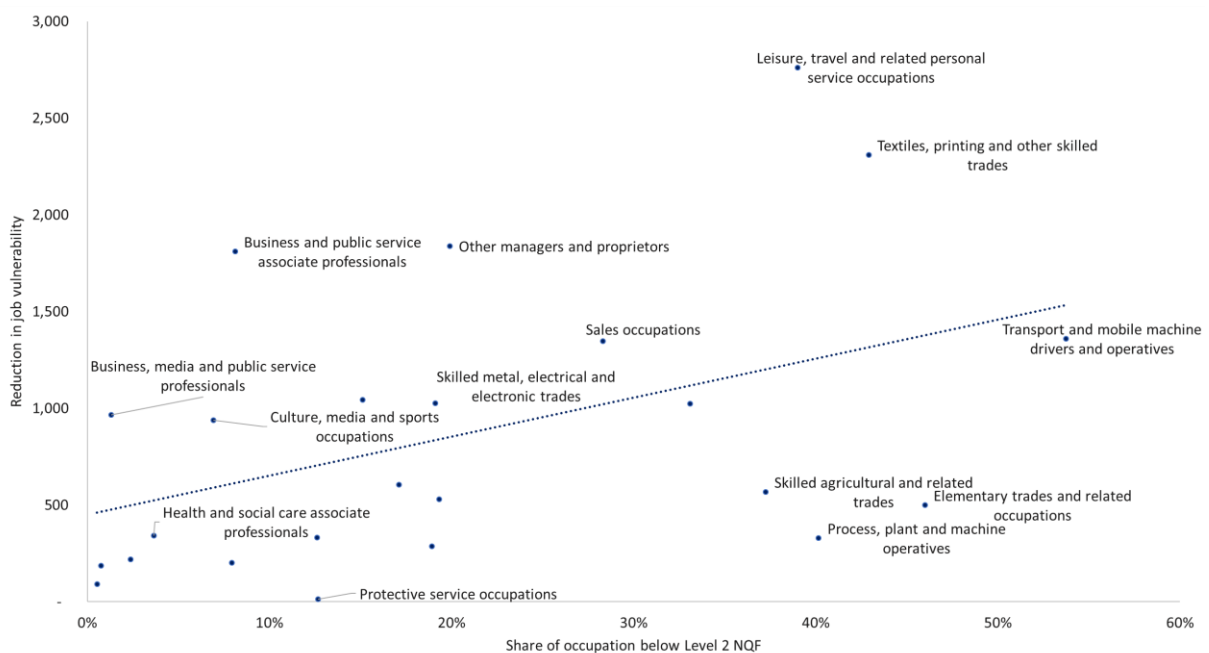
¹² Magill, M. and McPeake, M; An anatomy of economic inactivity in Northern Ireland; 2016

reducing the two-metre social distancing rule to one-metre are those with, on average, lower qualifications. Occupations that benefit include;

- Elementary administration and services sector (47% of workers possess less than level 2 qualifications under the NQF);
- Textiles & printing (43% of workers possess less than level 2 qualifications); and
- Leisure & travel (39% of workers possess less than level 2 qualifications).

Collectively, these occupations account for the removal of c13,000 jobs from vulnerability under the central scenario as a result of the reduction in social distancing. While these lower qualified workers are likely to have other skills, experience and aptitudes not captured by a formal qualification, these can be difficult to capture formally in a job application process, increasing the risk that low skilled workers may find it difficult to secure employment as policy supports unwind.

Figure 6.2 Reduction in job vulnerability by share of qualifications below level 2 NQF, central scenario



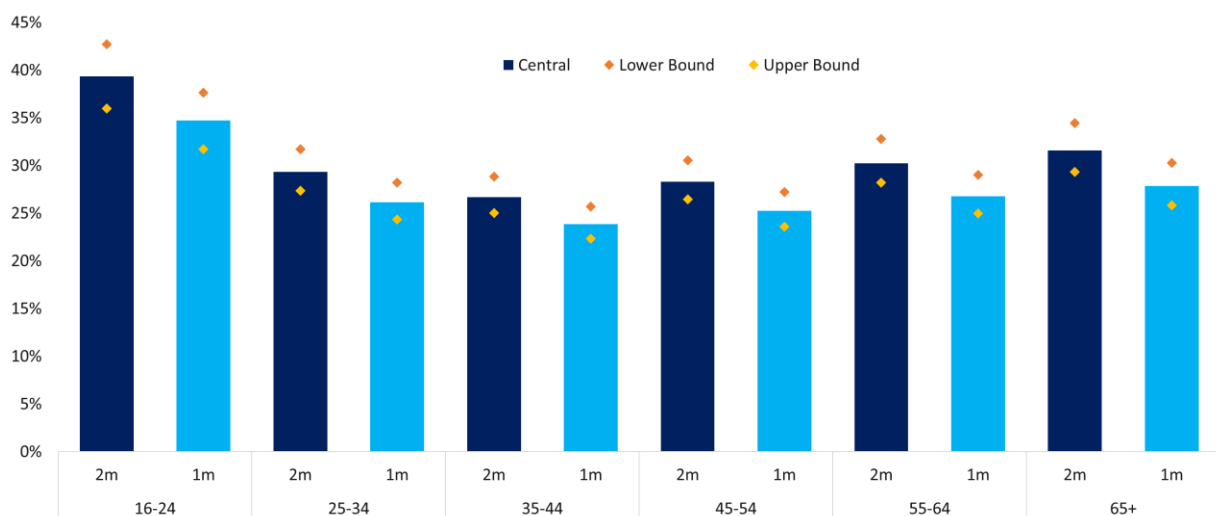
Source: UUEPC

6.3 Age

In terms of age groups, it is estimated that 32 - 38% of 16 - 24 year-old workers are vulnerable to the impacts of COVID-19, compared to 22 - 26% of 35 - 44 year-olds – the least affected age band. Official data indicates that 29% of elementary administration and services occupations were carried out by 16 - 24 year-olds, while one-in-three people working in sales were in this age band.¹³

Social distancing relaxations are expected to benefit the 16 - 24 year-old age group by removing 2 - 8% or 2,000 – 8,000 individuals from vulnerability.

Figure 6.3 Job vulnerability by age band



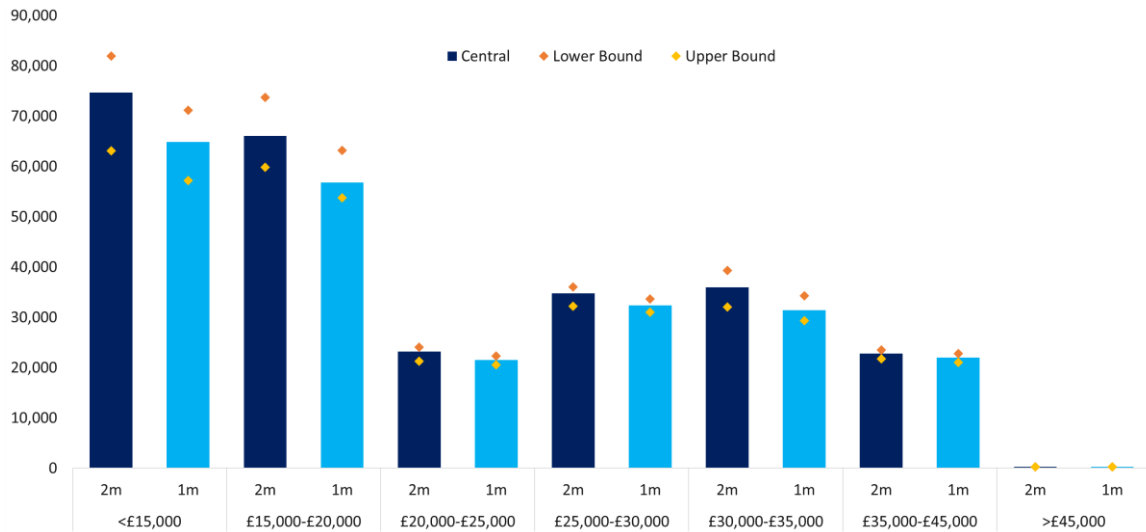
Source: UUEPC

6.4 Impact on income groups

Higher levels of formal qualifications and average earning power are positively correlated. Similar to the pattern for those who have low levels of formal qualification, the lowest earners were disproportionately impacted by job vulnerabilities and are correspondingly most likely to become less vulnerable due to the reduction in social distancing requirements. Around two thirds of the jobs that are no longer estimated to be vulnerable are in occupations in which the median wage is less than £20,000.

¹³ ONS Annual Population Survey, May 2019

Figure 6.4 Vulnerable jobs by salary band – one-metre and two-metre social distancing requirements

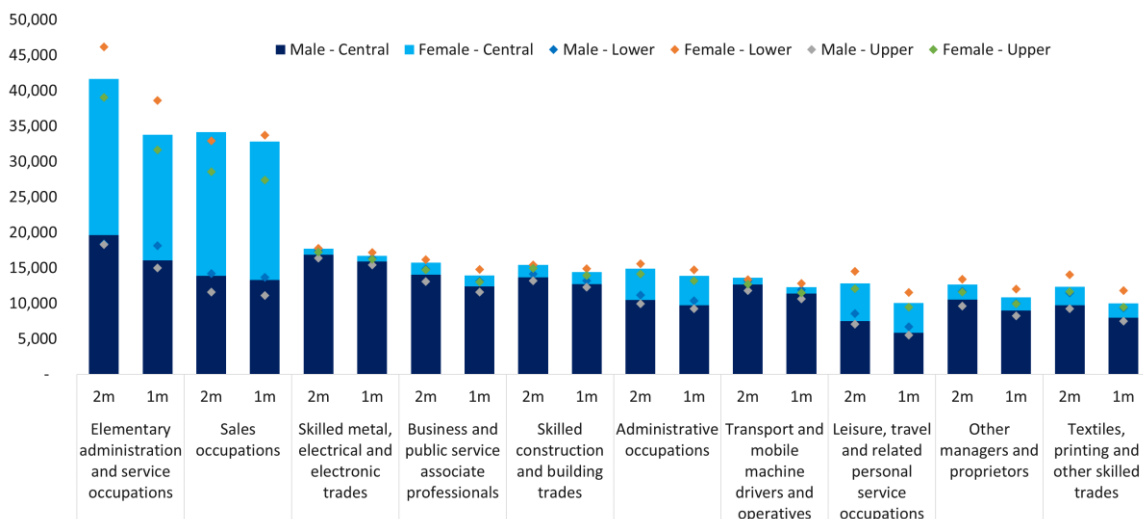


Source: UUEPC

6.5 Gender

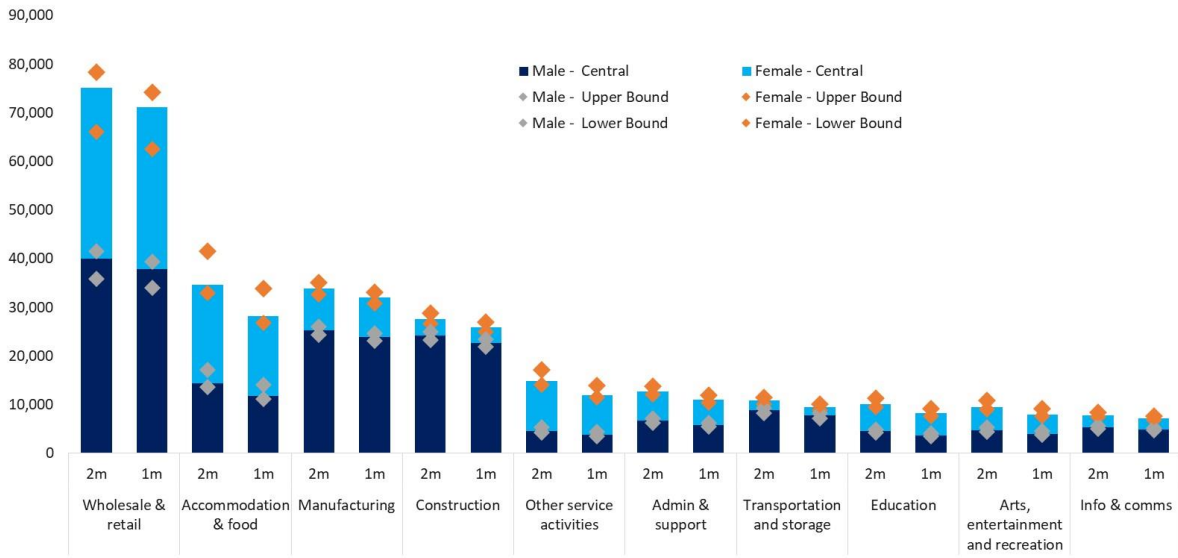
This research indicates that males were more likely to suffer the negative economic impacts of COVID as 29 - 33% of male-occupied jobs were considered to be vulnerable, compared to 20 - 25% of female-occupied jobs. Recent upticks in health worker demand, which is generally female dominated, has helped ease the impact for females although conversely, male dominated sectors such as Manufacturing and Construction are some of the early returners from CJRS. Interestingly, when the impact of social distancing relaxations are considered, females are slightly more likely to be removed from vulnerability than males. 5% - 20% of female held jobs are likely to see vulnerability reduce, compared to 5 - 15% for male held jobs. This is a product of the two occupations that benefit most from the reduction in social distancing (elementary administration and services and sales) comprising mainly of female employees.

Figure 6.5 Top 10 vulnerable occupations by gender



Source: UUEPC

Figure 6.6 Top 10 vulnerable sectors by gender

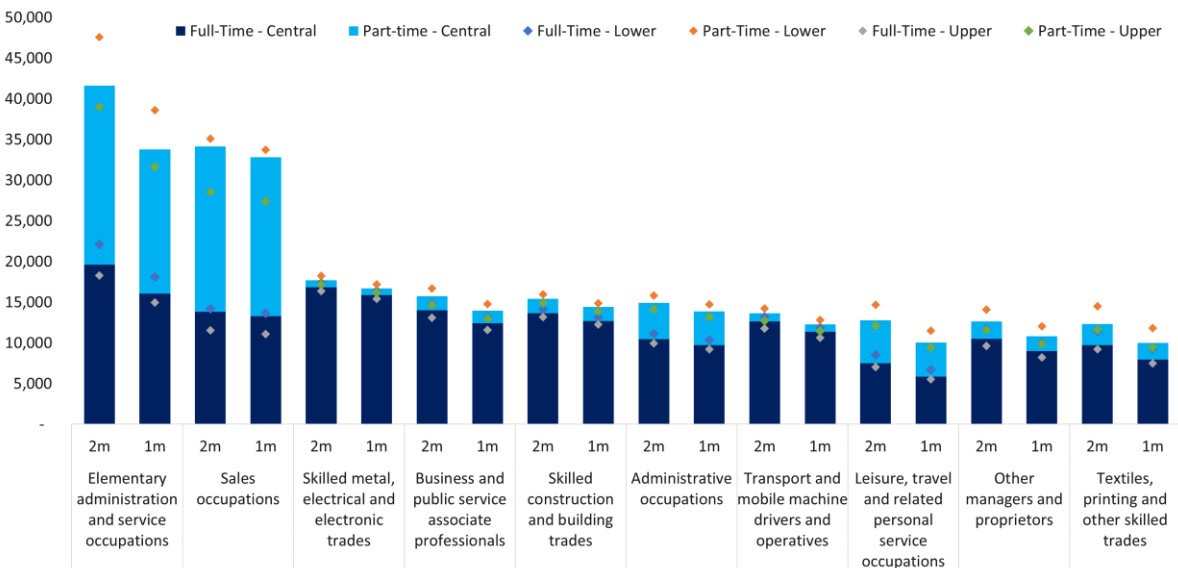


Source: UUEPC

6.6 Part-time workers

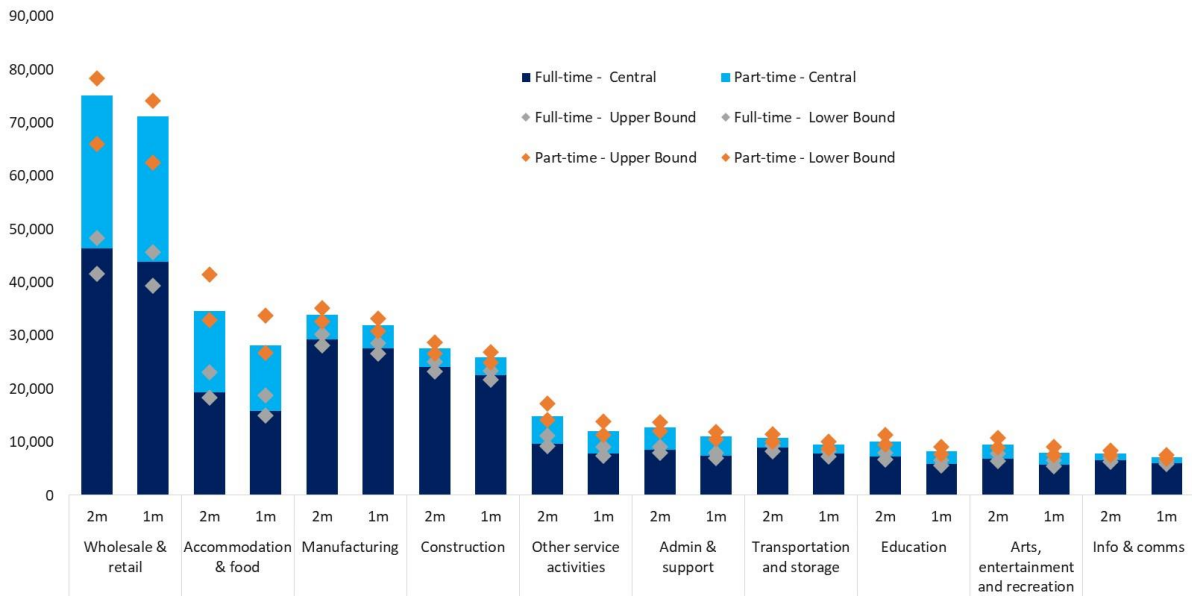
This is driven by the fact that they are more likely to work in the two occupations that are considered to be most vulnerable - elementary administration and services and sales (55% vs 45% for full time workers) and linked to that, they make up a large proportion of workers in wholesale & retail and accommodation & foods services, two of the most heavily impacted sectors. Relaxations to social distancing could also benefit these part-time workers to a greater extent too; job vulnerability among part-time workers could reduce by 5 - 20% as a result of the measures, compared to 5–15% for full-time workers. In addition, it is likely that employers will favour flexible or phased return to work, to try to align labour availability with lower levels of demand in the short to medium term.

Figure 6.7 Top 10 vulnerable occupations by full-time, part-time



Source: UUEPC

Figure 6.8 Top 10 vulnerable sectors by full-time, part-time

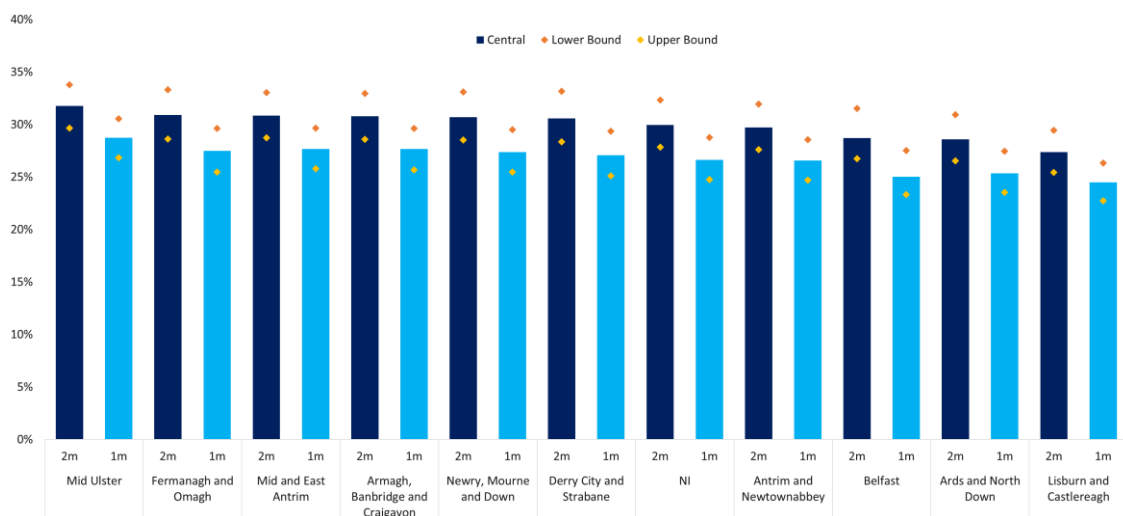


Source: UUEPC

6.7 Geographical perspective

The benefits of reducing social distancing requirements are relatively even across NI's council areas, ranging from a 10% to 13% reduction in the proportion of vulnerable jobs. Mid Ulster remains the most vulnerable council, with 29% of jobs considered vulnerable under the one-metre rule and 32% under the two-metre rule. Lisburn & Castlereagh remains the least vulnerable council area, with 24% of jobs considered vulnerable under the one-metre rule and 27% under the two-metre rule.

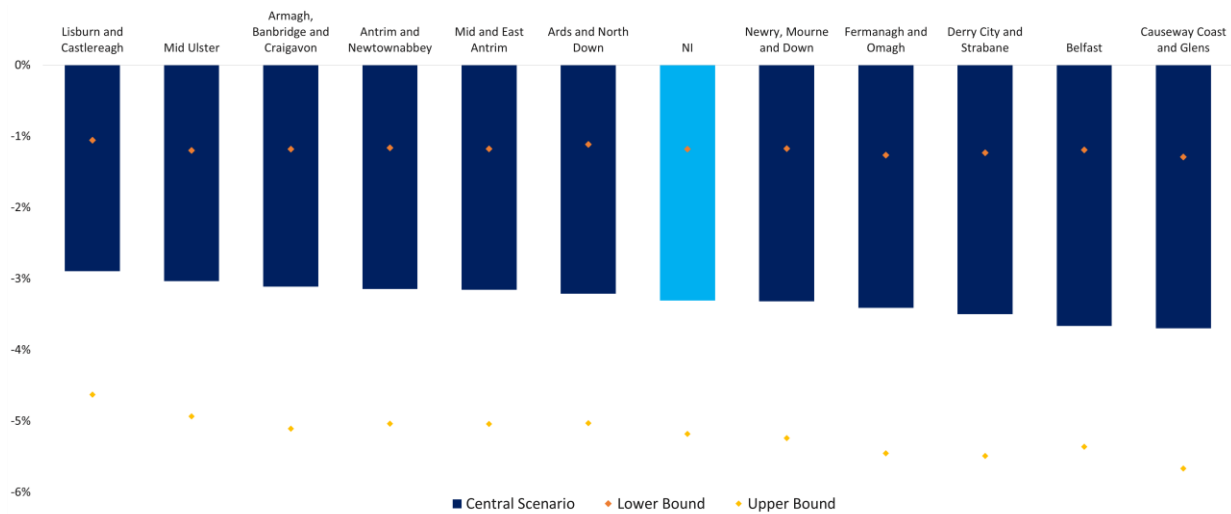
Figure 6.9 Vulnerable jobs by Council area as share of employment, two-metres and one-metre



Source: UUEPC

Importantly, and unlike trends exhibited in earnings and qualifications, the reduction in social distancing results in larger proportions of jobs remaining vulnerable in peripheral areas. Belfast, which was the third least vulnerable council area at the onset of the pandemic, with 29% of jobs considered vulnerable, is expected to see the greatest gains from reduction of social distancing requirements, with the number of vulnerable jobs falling by 13%. In contrast, Mid Ulster, the most vulnerable council area at the start of the pandemic, is expected to see the smallest reduction in vulnerable jobs, of 10%.

Figure 6.10 Reduction in vulnerable jobs as share of total by Council area



Source: UUEPC

6.8 Summary of distributional impacts

The initial economic impact of COVID-19 varied widely across different groups, including gender, income, qualifications, geography and by age. Service based occupations such as ICT and Finance that weren't directly, or entirely directly customer facing were able to adjust to home-based working, while those in sectors such as hospitality and retail that, on average, require relatively lower levels of formal qualification and have a more youthful and part-time worker profile were much more likely to have become vulnerable. In contrast, there were enterprises that were subject to increased demand, such as those that were actively engaged in e-commerce or the manufacture of food products, providing employment opportunities, which in some cases would match the skills profile of the most vulnerable.

Up to 10,000 job holders in the elementary administration & services and sales occupations could be removed from the vulnerable classification as a result of the relaxation. Young workers will benefit significantly, along with those who are lower earners and those with lower levels of formal qualification. Demand for part-time workers is also likely to increase as a result of the social distancing reduction and as employers seek to encourage flexibility and demand matching as employees return to work.

Interestingly however, the reduction in social distancing requirements favours Belfast and surrounding council areas, with a base of professional workers already less impacted than the rest of NI and the return of many hospitality and retail workers. While all council areas benefit and the differences are reasonably small, the analysis would suggest that peripheral regions are likely to benefit by a lesser degree as a result of the policy change.

In general, however, the key findings in terms of distributional impacts is that these vulnerable groups;

- Were the some of the most vulnerable in society prior to the recession;
- Were most negatively impacted by the recession and economic restrictions;
- Are most likely to benefit from the relaxation of social distancing restrictions; but they
- Remain the most vulnerable groups in society and are more at risk than prior to the recession.

Therefore, additional policy focus and support will be required in order to help individuals within to get back to work safely if possible and if not, support them to find other forms of employment and retrain or upskill where possible in order to open up new opportunities. Skills and training supports will be a key strand of the recovery strategy, given the structural shift in the economy and demand for online focussed versus face-to-face roles.

7. Conclusions

COVID-19 induced restrictions have had a significant economic impact in NI so far, adding 35,000 individuals to the unemployment register, 240,000 to the CJRS support register, 76,000 self-employed supported through the SEISS and estimates of GVA contractions ranging from 6 – 13%.

It is the largest shock that the NI economy has experienced in its history. In the longer term, the unwinding of support policies later in 2020 represent a significant economic risk and could potentially increase the numbers of vulnerable jobs. As such, the economic environment is dynamic as is the healthcare situation. Policy and decision makers are actively trying to balance the healthcare and economic risks at present and as both will continue to evolve over time and with any further outbreaks of COVID-19 the balance could shift either way.

7.1 Measuring vulnerabilities

This research suggests that 240,000 - 280,000 jobs were considered to be vulnerable as a result of the restrictions under a two-metre social distancing requirement, which reduces to 215,000 - 250,000 under the one-metre requirement introduced on the 29th of June. This policy change removes around 30,000 jobs, on average, from vulnerability and is therefore a significant strand in terms of economic recovery policy for NI.

7.2 Social distancing reductions help the most vulnerable - mostly

Those individuals that have lower levels of formal qualification and linked to that, lower incomes, young people, males and part-time workers were most vulnerable prior to the recession, and much more likely to be impacted negatively by the COVID-19 induced restrictions. Whilst these groups were most impacted by the restrictions, they are also the groups that benefit most from the reduction in social distancing requirements. However, they remain the most vulnerable groups in society and are at relatively more risk now than prior to the recession.

It is noteworthy that Council areas in and around Belfast, which were relatively more robust in economic terms prior to COVID-19, are those that benefit most from the reduction in social distancing, due to the concentration of retail and hospitality in those areas. More peripheral areas that already lagged in economic terms benefit less from the reduction in social distancing and therefore it is apparent that the recovery could widen the economic gap between with strongest and weakest sub-regions of NI.

Therefore, additional policy focus and support will be required in order to help individuals in vulnerable roles to get back to work safely if possible and if not, support them to find other forms of employment and retrain or upskill where possible in order to open up new opportunities.

Table 7.1 Distributional vulnerabilities of COVID-19, two-metres and one-metre

Category	Most Vulnerable group / area	2 Metre	% of group	1 Metre	% of group
Occupation	Elementary Admin' & services ¹⁴	40,000 – 50,000	56 – 69%	30,000 – 40,000	46 - 56%
Sector	Wholesale & retail	65,000 – 80,000	48 – 57%	60,000 – 75,000	46 – 54%
Qualification	Below level 2 NQF	70,000 – 80,000	39 – 45%	60,000 – 70,000	34 – 40%
Age	16 – 24-year-olds	40,000 – 45,000	36 – 43%	30,000 – 40,000	32 – 38%
Income	<£15,000 per annum	65,000 – 80,000	32 – 41%	55,000 – 70,000	29 – 36%
Gender	Males	145,000 – 150,000	32 – 34%	130,000 – 145,000	29 – 33%
Council Area	Mid Ulster	19,000 – 22,000	30 – 34%	17,000 – 20,000	27 – 31%
Part-Time / Full-Time	Part-Time	65,000 – 80,000	30 – 37%	55,000 – 70,000	26 – 32%
Total		240,000 - 280,000	27 - 33%	215,000 – 250,000	24 - 29%

Source: UUEPC

Note: individual rows do not sum to the total, as there are significant overlaps between categories.

7.3 Demand remains the key issue

Whilst job vulnerabilities and the associated risk to the economy is mitigated partially by the reduction in social distancing requirements, it is clear that demand is the key driver of vulnerability and therefore crucial to the ability of the economy to recover in the longer term.

To illustrate this risk, if just 10% of those vulnerable posts do not have the demand to sustain them, the outcome would translate to a claimant unemployment rate of 10%. As such, there remain significant downside risks to the economy. Those working in elementary administration or the retail and wholesale sector face elevated risks relative to other elements of the economy.

The Summer Budget saw unprecedented UK wide policies are being implemented to boost demand and these including the Kickstarter programme, CJRS returners bonus, VAT reductions for the most impacted sectors, a Stamp Duty holiday for house buyers and the “Eat Out to Help Out” voucher scheme. Local policy makers could also consider a range of options to boost demand including;

¹⁴ Figures refer to proportion of employees in the sector

- An NI based voucher scheme to encourage consumption in the hardest hit areas;
- Rates relief for domestic ratepayers to increase disposable household income and boost consumption;
- Expedited planning for economically significant investments, especially in rural areas;
- Investments that focus on infrastructure, technological and competitiveness;
- Locally focussed procurement of goods and services;
- Further reductions of social distancing when the balancing of healthcare risks permit; and
- Focussing on emerging sectors that can generate employment and income in the future.

7.4 Vulnerable groups will require further support

It is clear from the research that vulnerable groups, in general, will benefit most from the relaxation of social distancing requirements. However, these were;

- The most vulnerable groups before the recession,
- More vulnerable under the two-metre social distancing rule;
- Remain relatively more vulnerable under the one-metre rule; and
- Will remain more vulnerable in the recovery stages than prior to the recession.

There are significant numbers of individuals within these groups in society and they remain vulnerable to demand gaps and any future economic shock. Policy and resource reallocations are likely to be required to be required to support vulnerable groups in order to provide support for those most in need and minimise the risks of longer-term damage and scarring effects as a result of non-employment. These include redistribution supports, skills and training (especially in digital technologies) and labour market access supports to help individuals get back into work in an economy that has experienced a rapid structural change as the recession accelerated existing trends associated with the fourth industrial revolution.

7.5 Conclusion

This paper has illustrated that 240,000 - 280,000 jobs (27 - 32%) were vulnerable in NI as a result of the COVID-19 crisis and associated restrictions. As the healthcare risks reduced, the NI Executive made the decision to reduce social distancing from two-metres to one-metre on the 29th of June 2020, which helped to mitigate the economic risk by removing c30,000 jobs from vulnerability. Whilst 24 – 29% of jobs remain vulnerable, this is a welcome step and the policy decision provided most support to those in part-time roles, those with lower levels of formal qualification and on lower incomes the most. However, whilst the reduction in social distancing benefits all Council areas, it is more effective in urban areas and brings with it the risk that the gap between urban and rural areas could widen.

The balancing of healthcare and economic risks will continue to evolve over time, and potentially until a vaccine is available or until an effective treatment to lessen the severity of the virus is obtained. Either way, an effective solution could be some time away and

mitigating the economic damage where possible will be essential, especially as initial policy supports unwind.

The policy focus has moved towards recovery policies and those are focused on supporting a return to economic growth through the relaxation of restrictions and demand boosting policies. Allied to that, supporting the most vulnerable through the recession and beyond will require additional capacity and resource. A policy focus on growth coupled with fairness will be supported from many perspectives.

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