



Department for the

Economy

An Roinn

Geilleagair

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**Analytical
Services**



Economic Commentary

SPRING 2024

Economic Commentary

Spring 2024



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Labour Market

Employment Rate



71.7%

Unemployment Rate



2.2%

Economic Inactivity Rate



26.7%

Dec-Feb 2024. Source: NISRA LMR

Pay and Prices



NI Employee
Median Pay
+2.3%



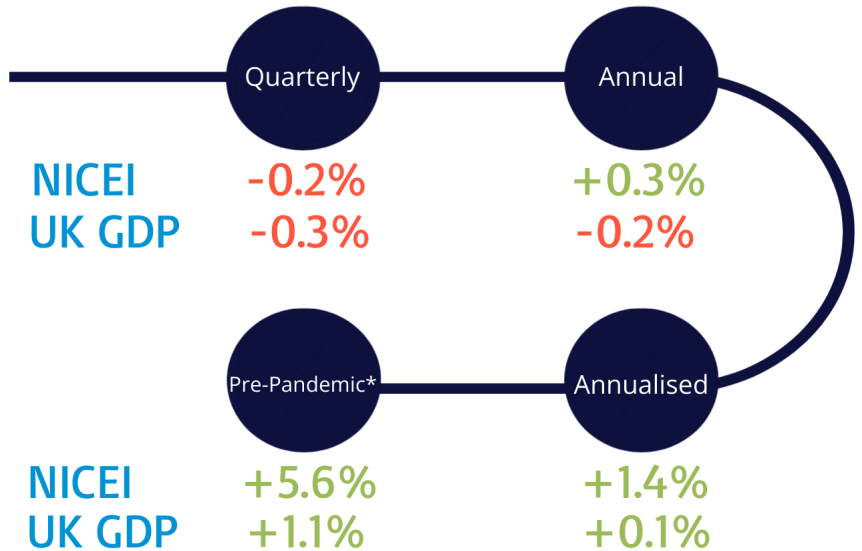
UK Employee
Median Pay
+5.6%



UK Inflation
Rate (CPIH)
+3.8%

Annual changes to Mar 2024. Sources: NISRA LMR & ONS CPIH

Economic Growth



*Growth from Q4 2019

Q4 2023. Source: NISRA NICEI & ONS GDP Quarterly National Accounts

Exports and Imports of Goods 2023



Total Exports
£10.9 bn
Up 16.6%



Total Imports
£9.6 bn
Up 0.5%

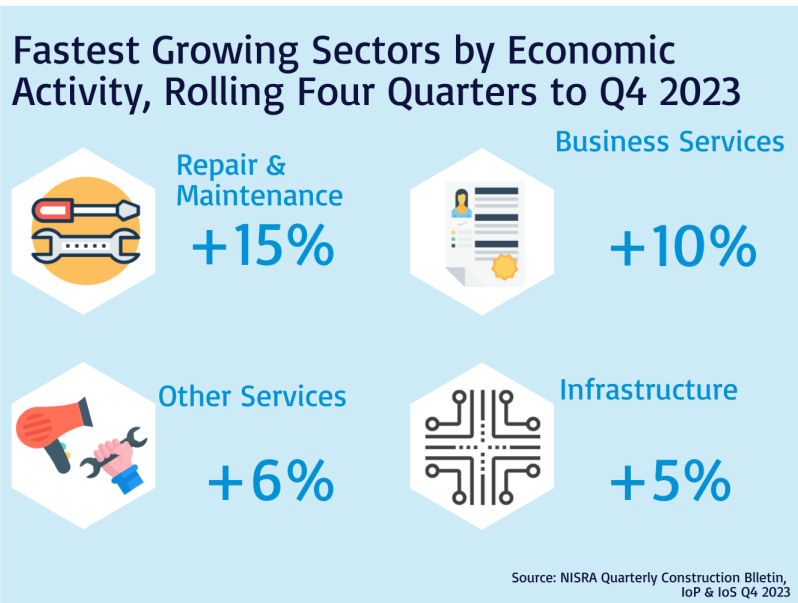
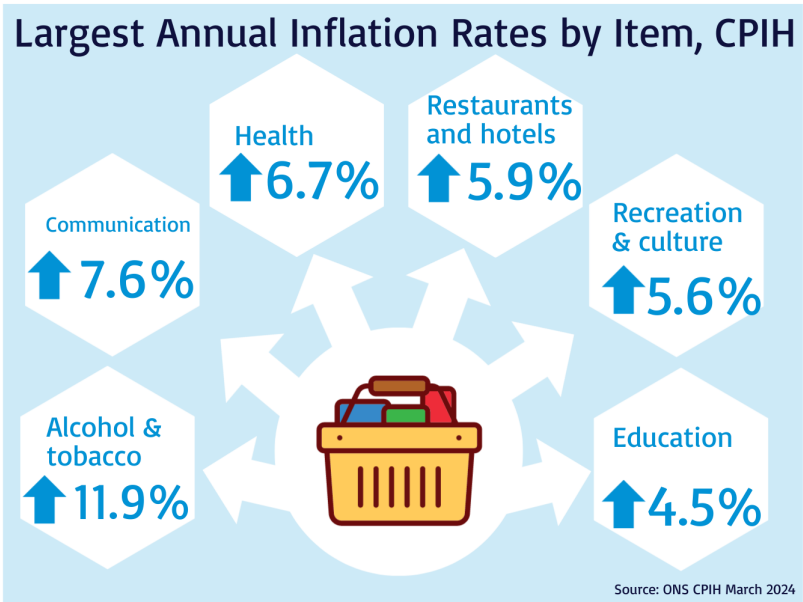
Source: HMRC UK Regional Trade in Goods Statistics

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The Economy

Business activity increased significantly in March, with new orders expanding at the fastest rate in two years and job creation remaining robust. Around three-quarters of businesses reported that they were happy with current trading conditions, and business confidence was at its highest level in nearly six years. While the export climate improved through Q1 2024, new export orders contracted. In March, the Monetary Policy Committee held interest rates steady for the fifth consecutive time and while inflation is expected to fall further in 2024, it currently remains above the Bank of England’s target with many businesses in the North reporting that inflationary pressures remain a concern.



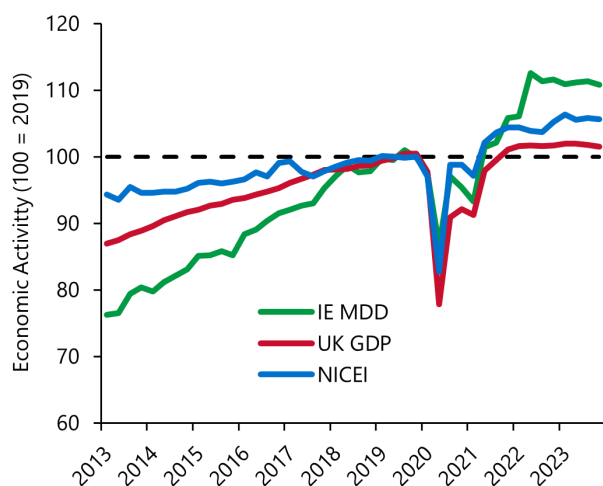
Economic Activity

The latest Northern Ireland Composite Economic Index indicated that local economic output decreased by 0.2% over the quarter but increased by 0.3% (in real terms) over the year to Q4 2023. This quarterly contraction was largely driven by decreased activity in the Services and Public sectors, with both contracting at the same rate (-0.2 pps). The Production and Agriculture sectors had a marginal positive contribution of 0.1 pps each in the same period.

While not produced on a fully equivalent basis, UK GDP decreased by 0.3% over the quarter, and by 0.2% over the year to Q4 2023. Over the last 10 years, the UK has reported increases in GDP in 32 of the last 40 quarters, whereas the NICEI has reported increases in economic activity in 22 of the last 40 quarters.

Figure 1: Economic Growth

Economic output in NI (NICEI), Ireland (IE MDD) (note 1) and the UK overall (UK GDP) from 2013 to 2023, indexed to 2019 levels. Note: non-zero axis. Source: NISRA, ONS and CSO.



Economic activity in NI is now 5.6% above the pre-pandemic level of Q4 2019, while UK GDP is estimated to be 1.1% above its pre-pandemic level of Q4 2019. Not only did output in NI and the UK decline over the quarter to Q4 2023, but declines in activity were also reported for both Scotland and the Republic of Ireland (ROI) (-0.6% and -3.4% respectively).

The Private Sector

Private sector output, as measured by the NICEI, was unchanged over the quarter as 2023 drew to a close. However, local business intelligence indicates that the North's private sector has made a strong start to 2024, with the Ulster Bank PMI's Business Activity Index posting 56.6 in March 2024, a significant increase from the previous month's figure of 53.6. This marked the

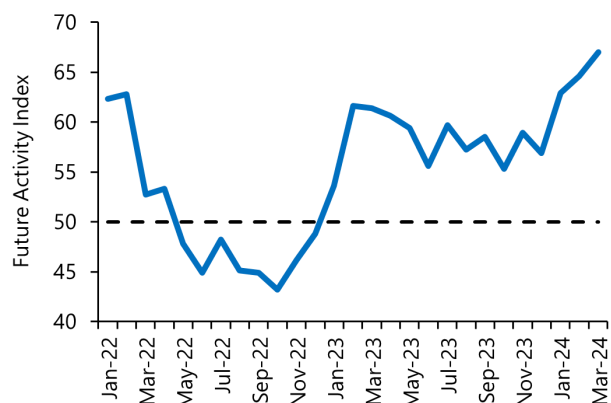
fastest rate of growth in over two years and all four monitored sectors registered increased activity, with the manufacturing and services sectors recording the sharpest rises. Increases in new orders and the preparation for future projects underpinned the continuation of solid job creation, which hit a seven-month high in March, outpacing UK performance.

Inflationary pressures and supply chain disruptions continued to impact businesses however, and reported inflation increased at the fastest pace since May 2023. Higher wages were cited as the main factor behind these rising costs, with the uplift in the National Living Wage to £11.44 at the start of April mentioned by businesses across a range of surveys.

As a result of rising input costs, output prices increased at their steepest rate in 10 months, but despite these ongoing challenges, business confidence strengthened in March, with local firms reporting their highest levels of optimism in almost six years. This solid business sentiment was underpinned by anticipated new product launches and firms' expectations that continued improvements in demand will bolster new order volumes. Expectations of a fall in interest rates were also noted.

Figure 2: Future Activity Index

The Future Activity Index measures the level of business activity that private sector respondents expect over the next 12 months, with an index value of 50 representing an expectation of no change. Source: Ulster Bank PMI.



Employee Jobs

The latest estimates from NISRA show that the number of seasonally adjusted employee jobs recorded a slight dip in December 2023 (-0.6%), which was the first quarterly decrease following 10 consecutive increases. Whilst the number of jobs decreased over the quarter, it increased over the year (+0.8%) compared to December 2022.

The number of private and public sector jobs both decreased over the quarter to December 2023, falling by

3,630 jobs (-0.6%) and 1,710 jobs (-0.8%) respectively. However, in both sectors, employee jobs increased over the year rising by 5,310 (+0.9%) in the private sector and by 1,110 (+0.5%) in the public sector.

Quarterly increases in employee jobs were recorded in the Construction (+350) and Other Industries (+20) sectors in December 2023. However, quarterly decreases were recorded in the Services (-5,030) and Manufacturing (-380) sectors, contributing to the headline employee jobs contraction.

In December 2023, the North's public sector accounted for 27.4% of total employee jobs, while the private sector made up 72.5%. In the South of Ireland, public service employment as a percentage of total employment was 14.4% in 2023. NI has consistently had a higher proportion of public sector jobs per population than the UK, exceeding the UK's proportion of 8.8% by 2.9 pps.

Part-time jobs currently account for around a third of the North's total employee jobs, and over the year, the number of part-time employee jobs has increased more rapidly than the number of full-time (+2.0% and +0.1% respectively).

Vacancies

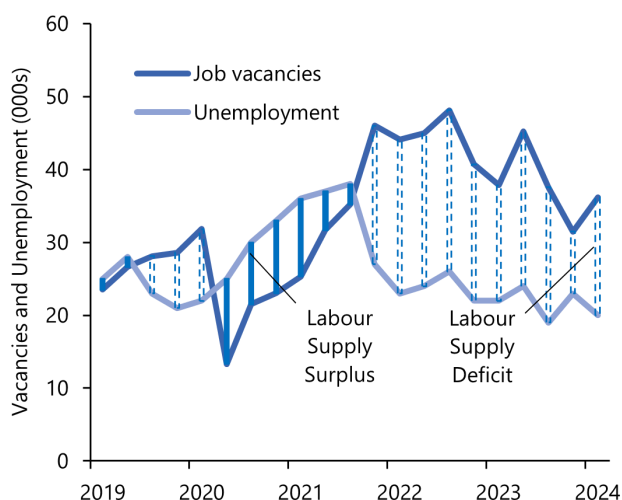
Information gathered using Lightcast Labour Insights reveals that there were 12,600 new job postings in March 2024 in the North. This was a decrease of 17% over the year but a 5% increase on the previous month. Finance represented the top specialised skill mentioned in job postings in March, being cited in 6% of postings followed by Project Management which was mentioned in 4% of job postings. UK job postings also increased 5% over the month, decreasing by 22% over the year.

Administrative and Support Service Activities was the largest sector in terms of new job postings in March, followed by Wholesale and Retail Trade. The top occupations posted included Sales related occupations (4% of all postings); Programmers and Software Development Professionals (3%); and Care Workers and Home Carers (3%).

Recruitment activity remained stable according to the latest NI Chamber & BDO Quarterly Employment Survey (QES) for Q1 2024, with over 60% of respondents reporting that they had recruited in the previous three months. While there were signs that recruitment difficulties are easing, 7 in 10 members still reported challenges filling vacancies. This continues to indicate a tight and competitive labour market which, along with continuing inflationary pressure, likely contributed to wages continuing to be the primary cost issue reported by local firms in both the QES and PMI.

Figure 3: The Labour Supply Gap

The difference between the number of job vacancies (online job postings) and the estimated number of unemployed people in NI from Q1 2019 to Q1 2024. Sources: Lightcast, NISRA.



Prices and the Cost of Living

While inflation has eased in the first two months of this year, elevated prices continue to have an impact on local businesses and households.

Inflation remains above the Bank of England's 2% target and at its most recent meeting in March, the Bank's Monetary Policy Committee maintained the Bank Rate at 5.25%, the same level it has been at since August last year. The Bank now expects inflation to temporarily fall to the 2% target in quarter two of 2024, before increasing again in quarters three and four.

The Consumer Prices Index (CPI) rose by 3.2% in the 12 months to March 2024, down from 3.4% in February and the recent peak of 11.1% in October 2022, which was the highest annual inflation rate since 1981 according to ONS. The annual rate in March was the lowest since September 2021, when it was 3.1%.

The largest downward contributions to the monthly change in the annual rate came from food and non-alcoholic beverages, furniture and household goods, and clothing and footwear. The latest NatWest Regional PMI indicated that input price inflation eased almost everywhere in March, with only Northern Ireland seeing a faster rise in costs – the steepest seen for ten months. This is broadly corroborated by the ONS Business Insights and Conditions Survey (BICS) for the month of March 2024, where 23% of NI business (higher than any UK region) reported increases in costs compared to the previous month. The UK average was around 20% of businesses.

The latest Irish CPI figures from CSO show that prices for consumer goods and services in the South in March

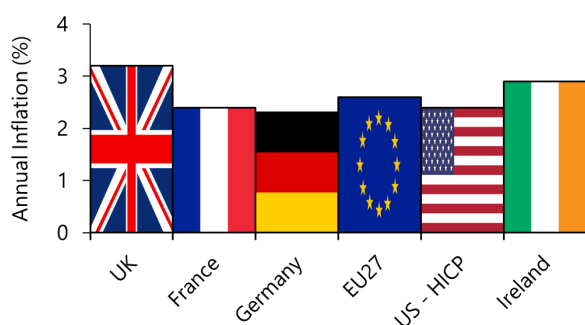
2024 rose by 2.9% on average when compared with March 2023, down from an annual increase of 3.4% in the 12 months to February 2024.

The UK continues to experience a higher rate of inflation than international comparators, with UK CPI above all available monthly figures in 2024 for France, Germany, the EU27, the US and Ireland.

Electricity and gas prices have fallen over the month and the year, however their prices are still high in comparison to recent years. The price of UK gas in March 2024 has fallen by 27% compared to the same month in 2023, while the price of UK electricity has fallen by a smaller but still notable 13%.

Figure 4: International Inflation

A comparison of selected G7 and EU annual inflation rates, March 2024. See [notes 2-4](#).



Productivity

Productivity remains a long-standing challenge for the local economy and the new Economy Minister has made raising productivity levels one of the key objectives of his recently announced Economic Mission.

While the NIESR's recent Economic Outlook report stated that the North's productivity growth remains one of the strongest across the UK, productivity levels remain below those in neighbouring jurisdictions - around 11% lower than the UK average, and almost 40% below the South of Ireland. (ESRI). It is worth noting however that GDP figures in the South have been volatile over recent years, with the Central Statistics Office (CSO) highlighting the impacts that globalisation and the activities of multinational enterprises have had on Ireland's GDP.

Nevertheless, closing the North's productivity gap with neighbouring jurisdictions is considered to be a key factor in stimulating economic growth and providing to driving improvements in economic and social welfare.

NI Economic Outlook

Following muted growth of 0.3% in the local economy in 2023, EY forecast growth of 0.7% in 2024, rising to 1.6% in 2025. Similarly, Ulster University Economic Policy Centre (UUEPC) project growth of 0.8% in 2024 and 1.1% in 2025. Danske Bank's latest forecasts project the lowest growth for 2024 at 0.4%, before increasing to 1.2% for 2025. All outlooks published in the first quarter of 2024 expect inflationary pressure to recede and interest rates to fall in the year ahead.

The NIESR Winter 2024 economic outlook highlights that economic output in the North (as measured by GVA) remains above pre-covid levels and is expected to stay above the UK-average. However, NIESR also predict that employment in the North is to stagnate at below pre-pandemic levels over the next two years.

In terms of business and demand outlooks, the latest Ulster Bank PMI reported that business confidence around output over the coming twelve months reached its highest level in almost six years. Consumer confidence is returning as well, but in a much more cautious manner than for businesses, and to a lesser extent in the North than in neighbouring jurisdictions. More consumers reported that they felt their household financial position would worsen over the coming twelve months (42%) than those reporting that it would improve (24%), while the proportion of those planning to postpone major purchases remained steady at around a third (31%).

Businesses

The private sector element of the NICEI grew by 0.3% in 2023, though no growth was reported over the quarter to Q4 2023. The most recent results from the Ulster Bank PMI however indicate that the North's private sector has had a strong start to 2024, with output accelerating in March at a rate not observed since February 2022. For the first time in 25 months, all four monitored sectors reported an expansion in activity and business confidence surged to a near six-year high. Inflation remains a persistent challenge for local businesses however, with rising input prices and prices charged being reported. Respondents linked these to increased labour costs and to a lesser extent, shipping costs.

+1.9%

Annual change in services output in Q4 2023

-3.3%

Annual change in production output in Q4 2023

-1.4%

Annual change in construction output in Q4 2023

-2.5%

Annual change in UK producer input prices in March 2024

+0.6%

Annual change in UK factory gate prices in March 2023

Construction Output



Construction output growth over the year:



1.4%

of which:
New work



5.5%



Repair & maintenance



6.5%



Source: NISRA Construction Output Statistics Q4 2023

Services - Annual Output Changes

Services Output



1.9%



Wholesale, Retail, Accommodation & Food



1.3%



Transport, Storage, Information & Communication



3.7%



Business Services & Finance



8.9%



Other Services

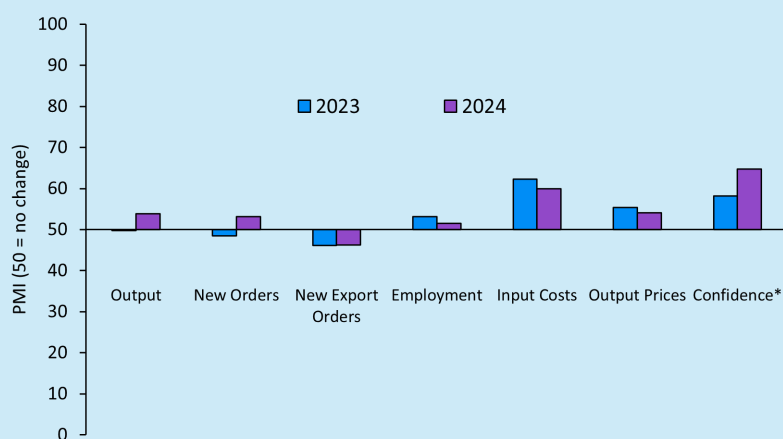


0.7%

Source: NISRA IoS Q4 2023

Ulster Bank PMI

Average Monthly Change

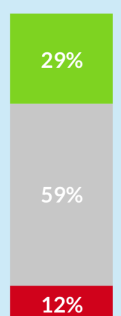


Source: Ulster Bank PMI

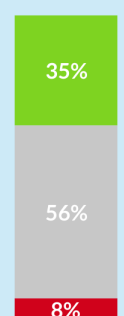
InterTradeIreland

Business Position of NI firms

Q3 2023



Q4 2023



Decline Stable Growth

Source: InterTradeIreland All-Island Business Monitor Q4 2023

Business Environment

While interest rates remain high and continue to weigh on business investment and consumer spending alike, the Ulster Bank PMI has indicated that business activity expanded strongly in Q1 2024, and that business confidence improved to the second highest reading on record, with the latter partially linked to the return of the Executive and a recent pick-up in demand. However, increasing labour costs and disruption caused by the ongoing crisis in the Red Sea are resulting in accelerated input costs with many firms stating they have had little choice but to pass these onto their customers.

The Q1 2024 NI Chamber of Commerce and Industry's Quarterly Economic Survey (QES) found that the trading environment was mixed, with a strong quarter reported for Services and a challenging quarter reported for Manufacturers. Inflationary pressure remains a significant concern, and combined with pressure on labour costs, resulted in most respondents stating that they expect to raise prices. The Survey also reported that although businesses remained confident that their turnover will grow in the next year, respondents were far less confident (though still positive) about their prospective profitability growth.

The local labour market remains relatively tight, and while easing, recruitment difficulties persist for many firms because of a smaller labour pool, limited migration inflows and existing skills gaps. Near-record low unemployment rates place further upward pressure on already elevated payrolls though the PMI indicated that the rate of job creation reached a seven-month high in March, while the QES reported that recruitment activity was relatively stable with 62% of respondents indicating they had hired in the last three months.

Despite the slowdown in inflationary pressure from its October 2022 peak (11.1%), consumers continue to face elevated prices and interest rates, with the Bank of England maintaining bank rate at its 16-year high of 5.25%. Recent robust UK wage data coupled with inflation exceeding the consensus forecast in March will be considerations for the MPC in deciding the extent and timing of any reduction in the base rate.

Recent survey results from ONS BICS suggested that overall, local businesses were more likely to consider not raising prices in May 2024 compared to the same month a year previously. (Figure 5).

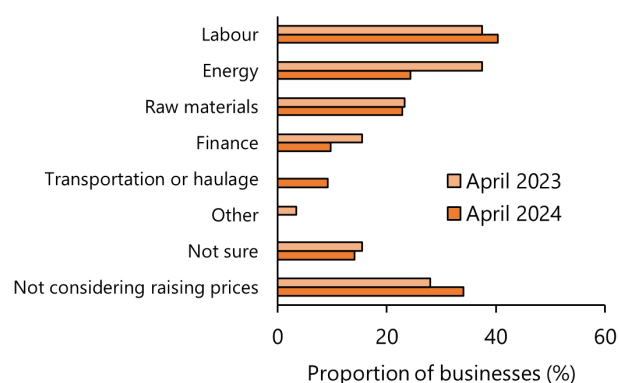
The most recent All-Island Business Monitor (AIBM) from Intertrade Ireland (Q4 2023) reported a relatively stable picture in terms of trading position with businesses across the island with around 60% (61% in Q3 2023) reporting that their business position was "Stable" and around 32% (29% in Q3 2023) reporting that they were in "Growth", with 35% of firms in the

North reporting growth compared to 31% in the South.

Decarbonising the economy has been highlighted by the new Economy Minister as one of the 4 key priorities of his new economic vision, with a target of achieving Net Zero by 2050 (a target shared by the South of Ireland). The Q4 2023 AIBM found that two-thirds of respondents across the island of Ireland rated the area of sustainability and Net-Zero as quite, very or extremely important in their business priorities. 63% of respondents however reported that they did not have a Sustainability / Net-Zero plan in place, while 70% of this cohort did not envisage having a plan in place within the next 5 years.

Figure 5: The Costs Driving Inflation

Responses from NI businesses to the question 'Which of the following factors, if any, are causing your business to consider raising prices in May?' (Note 5). Source: ONS BICS.



Production

Local production output was 1.1% above pre-Pandemic levels in Q4 2023, having increased by 0.4% over the quarter, breaking a run of four consecutive quarterly contractions. The quarterly expansion was driven by the Manufacturing and Mining & Quarrying sectors though partially offset by decreases in the Electricity, Gas, Steam & Air Conditioning and the Water Supply, Sewerage & Waste Management sectors. However, over the year, output from all four broad industry groups contracted.

Manufacturing

Following two consecutive quarterly declines, manufacturing output in the North increased by 0.7% over the quarter. The latest growth was mainly driven by Engineering & Allied Industries (+3.1%) and Food Products, Beverages & Tobacco (+2.6%), with Manufacturing of Chemical & Pharmaceutical Products and Textiles, Leather & Related Products also increasing their output.

The latest QES indicated that while most key indicators were positive, there was a mixed trading environment, with weak domestic trading (among the weakest in the

UK) only marginally surpassed by export performance. Only 19% of local manufacturers reported that they were operating at full capacity, compared to 35% in the UK. Employment expectations remain positive and whilst recruitment difficulties persisted, they are easing. Confidence around profitability growth dipped further, coinciding with an uptick in the number of respondents intending to raise prices (up 9 pps since Q4 2023).

The Q1 2024 editions of the Ulster Bank PMI indicate that the sector's output continues to expand, with new orders surging. However, input prices have picked up and in turn, the sector has been forced to pass these higher costs on to customers, increasing output prices for the first time in 10 months.

Construction

Construction output increased by 0.8% over the quarter to Q4 2023, with output now increasing in four of the last five quarters and 6.1% above the pre-pandemic level. The increase in overall output was driven by an increase within New Work (0.2%), offset by a decrease in Repair and Maintenance (2.1%). After nearly a year of reported contractions, the April PMI indicated that the sector's output had returned to growth.

Services

Following a strong rebound after a second quarter contraction in output, NI services output contracted again in the final quarter of 2023, but increased by 1.9% over the year and remained around 7% above pre-pandemic levels. In the UK overall, services output contracted over both the quarter and the year (-0.2%).

The QES found that the sector's trading performance remains robust, and almost all key balances were positive in Q1 2024. The weakest indicators were around employment expectations, investment intentions and confidence around profitability though, in contrast, there was strong confidence around turnover growth in the next year. While around two in every three services firms continue to find it difficult to recruit, this is lower than reported in previous surveys.

Retail and Hospitality

Overall output in the Wholesale, Retail, Accommodation & Food Services sector decreased slightly in Q4 2023 - this was 4.6% below the series high of Q3 2021, which was largely driven by the rebound from the Pandemic.

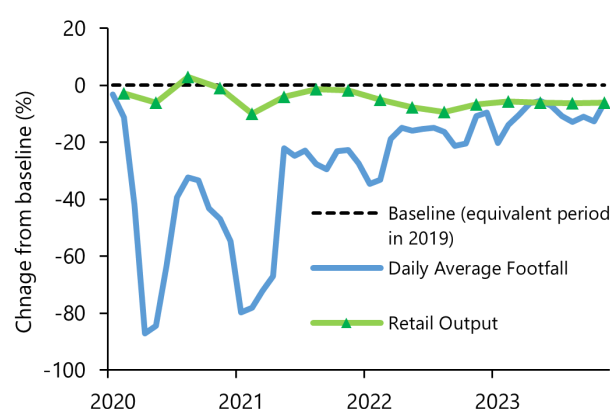
According to the Retail Sales Index, NI retail output contracted in Q4 2023 (-0.7%) but grew over the year (+0.6%). The PMI however indicates that overall business activity in the NI retail sector expanded in Q1 2024, a marked contrast to the second half of 2023. Increasing

cost pressures (a one-year high and highest of the four monitored sectors in March) have resulted in higher prices being charged to customers. Despite the potential impact of this on future demand, retailers were more optimistic about the year ahead than the local private sector on average.

Another potential measure of consumer demand is high street footfall which serves as an indicator of the number of potential retail and hospitality customers - like retail output, footfall has yet to return to pre-Pandemic levels (Figure 6).

Figure 6: Footfall and Retail Sales

Percentage changes in average daily footfall and the NI Retail Sales Index (RSI) from a baseline of equivalent periods in 2019. Sources: MRI OnLocation Footfall Analytics and NISRA IOS.

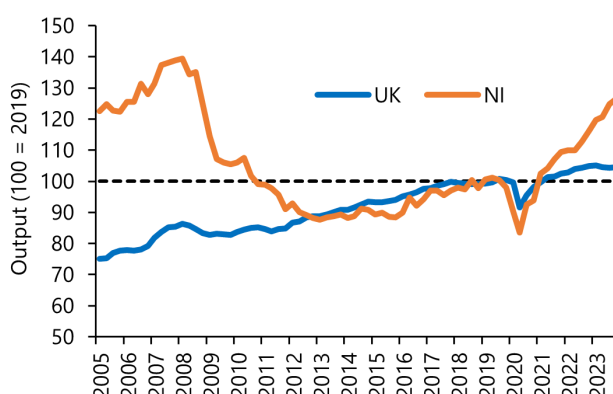


Business Services

In Q4 2023, output in the local Business Services & Finance sector reached the highest level since the end of 2008 and it was the only sector to increase its output over the quarter to Q4 2023 (Figure 7). Output in the Other Services sector, (including Education, Health & Social Work and Arts, Entertainment & Recreation) decreased by 5.5% from its Q3 2023 series high.

Figure 7: Business Services & Finance Sector Output

Output of the business services & finance sector in NI and the UK from Q1 2005 to Q4 2023, indexed to 2019. Note: non-zero axis. Source: NISRA IOS.



International Engagement

Despite some gloomy predictions, the global economy has demonstrated a notable degree of resilience and maintained an overall growth trajectory. These projections however mask a level of divergence across countries. Inflationary pressures continue to ease, with the latest forecasts indicating that inflation will return to target levels in 2025, following widespread tightening of monetary policy. Nevertheless, OECD highlight the need for monetary policy to remain prudent to ensure that inflated prices are contained. Continuing geopolitical tensions, particularly within the Middle East, present an ongoing risk of energy trade disruptions which could add to inflationary pressure. Despite economic and geopolitical challenges, global tourism continues to show resilience with the outlook positive for international travel in 2024.

+17%

Annual change in goods exported in 2023

+1%

Annual change in goods imported in 2023

+2.9%

OECD global economic growth forecast 2024

+0.7%

UK 2024 OECD growth forecast

+2.8%

UK Q1 2025 modal CPI forecast - Bank of England

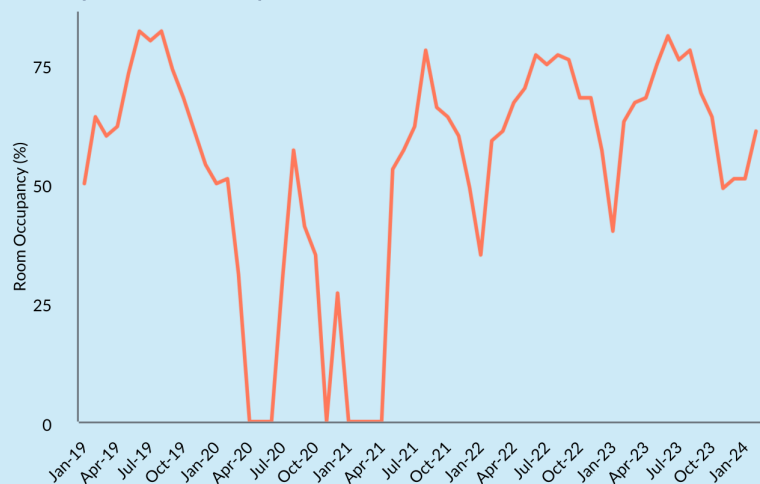
NI's Top 5 Exporting Commodities

- 1** Machinery & Transport equipment 34%
- 2** Food & live animals 17%
- 3** Chemicals & related products 14%
- 4** Miscellaneous manufactures 12%
- 5** Manufactured material goods 11%

Percentage of all exports. Year to Q4 2023. Source: HMRC RTS

NI Hotel Room Occupancy Rates

January 2019 - February 2024



NI's Top Trading Partners

as a proportion of total NI trade in goods

Exports

 Ireland 38%

 USA 14%

 Canada 5%

 Germany 5%

Imports

Ireland  35%

China  9%

USA  9%

Germany  6%

Year to Q4 2023. Source: HMRC RTS

Nation Brands Index 2023

Rank:

 **25th**
(out of 60)

(Down one position from 2023)

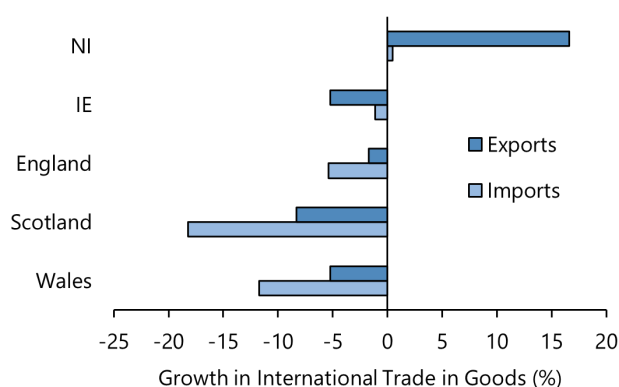
Source: The Anholt Ipsos Nation Brands Index 2023

International Trade

The latest HMRC Regional Trade Statistics for the year ending December 2023, reported that goods exports from the North increased by +17% between 2022 and 2023 with £10.9bn worth of goods exports recorded in 2023. In 2023 goods imports to the North were valued at £9.6bn, resulting in a trade surplus (the balance of exports relative to imports) of £1.2bn. Compared to England, Scotland and Wales, NI was the only region that experienced growth in exports and imports.

Figure 8: Growth in International Trade in Goods

A comparison of the percentage changes in international trade in goods in Northern Ireland (NI), Ireland (IE), England, Scotland and Wales. Sources: HMRC and CSO.



Comparing the year ending 2023 to 2022, NI's goods exports to EU countries were worth £6.8bn (up £0.8bn, +13%). The largest increase in EU exports was in Non metallic mineral manufactures (up £0.2bn, more than 2.5 times the value). The largest increase in EU exports by country was to Ireland (up £0.3bn, +7%).

Over the same period, NI's goods exports to non-EU countries were worth £4.0bn (up £0.8bn, 23%). The largest increase in non-EU exports was in Medicinal & pharmaceutical products (up £0.3bn, 75%). In terms of trade partners the largest increase in non-EU exports was to the USA (up £0.3bn, 46%).

Furthermore, NI's goods imports from EU countries were worth £6.6bn (up £0.1bn, 0.8%). The largest increase in EU imports was in Meat & meat preparations (up £0.1bn, 22%). The largest increase in EU imports by partner was from Germany (up £0.1bn, 15%). NI's goods imports from non-EU countries increased (though only minimally) to £3.0bn. The largest increase in non-EU imports was in Electrical machinery, apparatus & appliances (up £0.1bn, 44%). The largest increase in non-EU imports was from the USA (up £0.2bn, 31%).

The most recent reports from the Ulster Bank PMI (March 2024) showed some signs of demand improving in international markets and while new export orders continued to decline, the reduction was the least

pronounced in the current 11-month sequence of contraction.

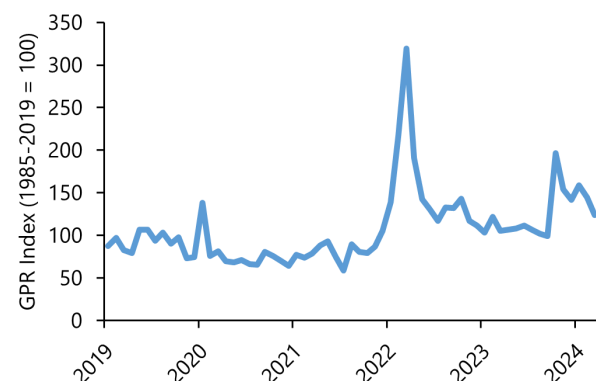
The latest NI Chamber Quarterly Economic Survey (Quarter 1 2024) from NI Chamber and BDO reported a mixed trading environment, with Services reporting a strong performance compared to a more challenging time for the Manufacturing sector. In the survey, local businesses were asked for their opinion on the top priorities for Westminster. While a 'New Fiscal Framework for funding public services in NI' was the top priority, 30% of respondents stated that there should be a revised trade and co-operation deal with the EU while 20% mentioned new trade deals and better support for international trade.

Global Outlook

The IMF's World Economic Outlook published in April 2024 estimated that the world economy grew at a rate of 3.2% and is projected to continue to grow at the same pace in both 2024 and 2025. While these estimates indicate a degree of resilience in the face of economic headwinds, the rate of growth remains below the historical average of 3.8% from 2000 to 2019. This is reflective of economic challenges such as the supply-chain disruptions caused by the pandemic, the food and energy crisis triggered by the Russian invasion of Ukraine and the subsequent tightening of monetary policies to maintain price stability.

Figure 9: Geopolitical Risk Index

The Geopolitical Risk Index from January 2019 to March 2024. Source: GPR Index (Caldara, Dario and Matteo Iacoviello).



Growth in advanced economies is expected to rise slightly from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025. On the other hand, growth in emerging market and developing economies is expected to fall marginally, from an estimated 4.3% in 2023 to a projected 4.2% in both 2024 and 2025.

The IMF forecasts that global inflation is on a downward trajectory and set to decline from 6.8% in 2023 to 5.9% in 2024 and further to 4.5% in 2025. For advanced

economies it is projected that inflation rates are expected to return to target levels sooner.

The OECD's Economic Outlook Report published in February 2024, estimated that the global economy grew at a rate of 3.1% in 2023, similar to IMF estimates. However, OECD project growth to ease in 2024 to 2.9% before an uptick in 2025 to 3.0%.

Divergence continues to be observed across countries and regions, with growth in the Euro Area expected to pick up in 2024 and 2025 from a low in 2023, while growth is projected to ease in China and the United States from the highs experienced in 2023. The OECD states that geopolitical risks remain high, particularly in the Middle East which has the potential to disrupt global energy trade and add to inflationary pressures.

Table 1: International Economic Growth Forecasts

The OECD and IMF's latest economic growth (in Real GDP) forecasts for selected countries in 2023, 2024 and 2025, in percentage terms.

Region	IMF			OECD		
	2023	2024	2025	2023	2024	2025
UK	0.1	0.5	1.5	0.3	0.7	1.2
Euro Area	0.4	0.8	1.5	0.5	0.6	1.3
US	2.5	2.7	1.9	2.5	2.1	1.7
China	5.2	4.6	4.1	5.2	4.7	4.2
World	3.2	3.2	3.2	3.1	2.9	3.0

International Perception

NI ranked 25th on the Anholt-Ipsos Nation Brand Index (NBI) in 2023. The NBI measures the global perception for each of 60 nations, based on survey results from 20 major economies. Though dropping a rank from 2022, the North's score increased to an all-time high of 61.62 out of 100. The South retained the 18th spot, while the UK came fourth, returning to the top-five.

Favourability (overall opinion) scores suggest a consistently positive perception of the North by all countries surveyed. Relative to other nations, governance has consistently been NI's highest-perceived aspect, ranking 22nd in 2023. However, of the six aspects measured, this was the only area in which the North's score decreased, with all other scores increasing and those for exports and culture increasing by more than the 60-nation average.

Tourism

Despite economic and geopolitical challenges, global tourism continues to show resilience, with the outlook positive for international travel in 2024. Scheduled air

capacity to the island of Ireland is forecasted to be 104% (2.5m seats) of April 2023 levels, with the North of Ireland scheduled at 114% (512,000 seats). Belfast City Airport and Belfast International Airport filed at 126% and 110% of April 2023 levels respectively.

Accommodation statistics from NISRA for the period January to December 2023 suggest that room sales in the North's small service accommodation (guesthouses, guest accommodation and B&B's) and hotels remain below pre-pandemic levels. In 2023 an estimated 2.1 million rooms were sold across hotels in the North, down 10% when compared to 2019. Small service accommodation on the other hand, saw an estimated 533,500 rooms sold in 2023, 16% higher than 2019. However, latest statistics for the period January to February 2024 indicate a promising start to the year with small service accommodation up 58% and hotel room sales marginally above (0.3%) 2019 levels.

According to the 2023 Anholt-Ipsos NBI report, 35% of respondents said they were likely to visit NI in the next five years for business or leisure, an increase of 4pps from 2022. In terms of being a likely travel destination, NI's highest rankings were from respondents in the UK, Italy and the US.

Business Ownership Investment

In 2023, there were 930 foreign owned businesses (defined as European or rest of world) operating in the local economy, a figure which has grown by 25% in the last five years. Foreign owned businesses employed just over 89,000 individuals in 2023, this equates to 96 individuals employed on average per foreign owned business; well above the local economy average of 8 individuals employed. Employment by foreign owned businesses is most prominent within industries such as Finance & Insurance (39%), Information and Communication (33%) and Production (29%). In terms of countries of origin, the United States followed by France and Luxembourg are the most significant employers.

In March 2024, a Northern Ireland Net Zero Exchange mission led by Invest Northern Ireland visited Malaysia and Singapore to promote the region's green manufacturing and innovation sector. It was an opportunity to open new doors for the region's businesses and promote the region as a destination for investment and source of exports.

Recent investment announcements to the local economy have included United States fintech company, DailyPay which announced it will be creating 293 jobs as part of a £24 million investment; roles are expected to have an annual salary of £42,500. Dublin based IT company Qualcomm also announced eight new jobs for the region.

Households

NI households continue to exhibit spending power below the UK average, while discretionary incomes continue to be adversely impacted by the cost-of-living crisis. 90% of consumers remain concerned about the rising cost of basics, with home energy, food and transport costs being the top three issues listed. Latest labour market statistics show that there is some encouraging news for households with the labour market continuing to perform well and both payrolled employees and earnings increasing. Additionally, the latest statistics note improvements for the employment, unemployment, and economic inactivity rates compared to a year ago. The North's housing market displayed continued pressure in the final quarter of 2023, with prices continuing to edge higher, reflecting a tight demand and supply picture.

+500

Annual change in claimant count (March 2024)

-0.2pps

Annual change in unemployment rate

+1.4%

Annual change in house prices

+2.3%

Annual change in median monthly PAYE pay

+8.9%

Annual change in NI discretionary income Q1 2024 (ASDA)

Pay - November 2023

Annual Change in Median Gross Weekly Earnings

NI **UK**
↑ **7.4%** ↑ **6.2%**

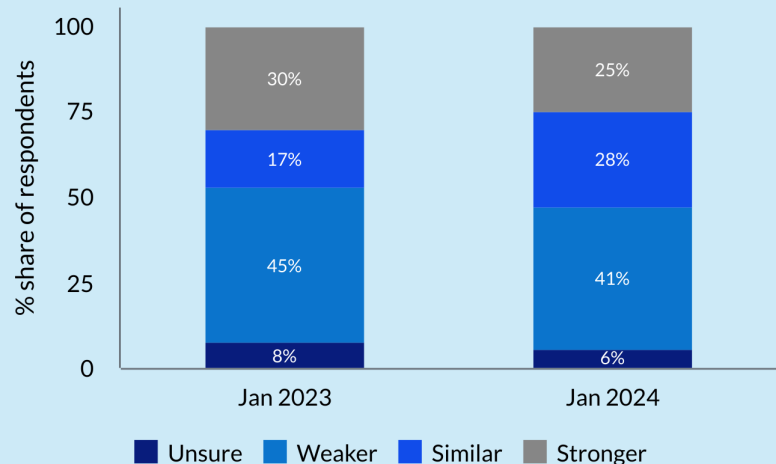
Payrolled Employees

Annual Change in number of payrolled employees

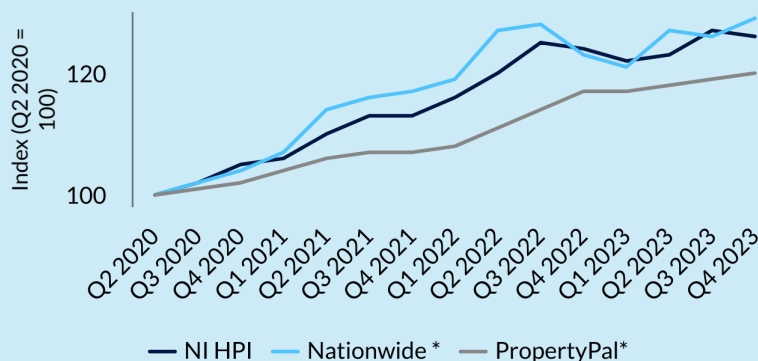
NI **UK**
↑ **1.3%** ↑ **0.7%**

Consumer Sentiment

Expectations for NI economy in 5 years time



NI House Prices



* a different methodology is used for these sources from the official government endorsed house price index for NI, which is produced by NISRA and LPS.

Source: NISRA HPI, Nationwide HPI, PropertyPal

New Car Sales - February 2024

Annual Increase in New Car Registrations

NI **IE**
+6.1% **+5.0%**



Source: SMMT, CSO

Home Energy Costs

At the end of March 2024, the Consumer Council's Home Energy Index (HEI) was 240.45 – this was a decrease of 7.72 points compared to the previous month and marks the third consecutive monthly decrease. Home heating oil was primarily responsible for this decrease as prices have largely been falling since October 2023. Electricity has also fallen over the month, while gas prices have remained unchanged.

In late-March, 500L of home heating oil cost just over £330 on average – this was the lowest level since July 2023, though prices started to rise again in the first few weeks of April. Power NI have announced price cuts of 6.3% for NI customers from 1 April 2024, in line with SSE Airtricity who cut their prices by the same amount a month prior. Price cuts are also planned for natural gas, as SSE Airtricity announced a cut of 22.8% from April, with Firmus Energy cutting their prices by 15.6%.

Pay and Consumer Confidence

HMRC PAYE Real Time Information

Median monthly pay in NI was £2,158 in March 2024, a 0.2% increase on the previous month. Pay in the North remains the lowest of all UK regions and while earnings in the North have increased by 23.8% since March 2020, this was 3.0pps lower than the overall UK increase and represented the slowest growth in the UK.

New Car Sales

New car sales for February 2024 in the North totalled 3,690, up 6.1% when compared to the same period last year. This is below UK growth (14.2%) but above growth experienced in the South of Ireland (5.0%). UK car sales reached 84,700 in February 2024 which was reported to be the strongest February performance in two decades. The number of new cars licensed in February 2024 in the South of Ireland increased by 5% from the same period last year.

Consumer Sentiment

Continuing the gradually rising trend of the past twelve months, NI consumer confidence improved marginally between November 2023 and January 2024 according to the Credit Union Consumer Sentiment Index. While the survey found that the mood of consumers in the North was not as nervous as it had been in January 2023, the limited pick-up in confidence suggests continued consumer concern. In response to special questions on longer-term prospects, consumers were evenly divided as to whether the North's economy will be stronger or weaker in 5 years' time. Consumer sentiment in the South mirrored the general caution

towards spending, with consumers recognising that while the worst of the cost-of-living issues may be over, pressures remain.

New research from the Consumer Council published in April 2024, found that 90% of consumers are concerned about the rising cost of basics. Home energy was the main concern for 91% of consumers, followed by food and non-alcoholic drinks (80%), transport costs (71%), telephone/mobile and broadband costs (67%) and mortgage/rent/rates (64%). The research also revealed that around a third (34%) are struggling with debts as a result of higher costs. Over half (54%) agreed with the statement "I try to hide my struggle to cope with the cost of basics from friends, family and children".

Household Income

In March 2024, the ASDA Income Tracker for NI indicated that discretionary income in the North was £113 per week – in terms of how this compares to neighbouring jurisdictions, the same measure was £190 in Wales, £236 in Scotland, and £233 for the UK overall.

Discretionary income for NI increased by 8.9% in Q1 2024 compared to Q1 2023. This represented the third highest reading across all regions, and exceeded the wider UK growth figure of 7.9%. Despite continued growth, the North's spending power value in Q1 (£112) lagged the UK average (£231), and was the weakest of the 12 measured regions. Discretionary income in the North is 22.3% below its pre-cost-of-living crisis peak, again the weakest of all measured regions.

The Consumer Council's Household Expenditure Tracker reported that discretionary income for the North's lowest earning households increased from £26.58 in Q2 2023 to £31.31 in Q3 (+17.8%). Although discretionary income for this group has risen over the past three quarters, the increase is worth less than £12 for an entire household, and despite these increases it has more than halved since the peak seen in Q1 2021 (£64.02).

A report by the Financial Conduct Authority found that in January 2024, 34% of adults in the North were not coping financially or were finding it difficult to cope, one of the highest rates across the UK, with Scotland (22%), Wales (31%) and England (28%) all reporting lower figures for the same measure.

Housing Market and Prices

NI's housing market continued to display pressure, with prices continuing to edge higher reflecting a tight demand and supply picture. The NI House Price Index (HPI) reported a quarterly fall of 0.9% and an annual increase of 1.4%, with the average house price reaching almost £180K in Q4 2023. All property types decreased

over the quarter, with apartment properties reporting the greatest decrease at 1.7%. A contributing factor to the resilient housing market is the lack of new supply. In Q4 2023, there were 5,320 verified property sales, with semi-detached properties accounting for the greatest proportion (31.1%) of properties sold (Note: figures due to be revised upwards in the next publication due to late notifications of additional sales).

The price of renting is also increasing, with average private rental rates in the North (in the year to January 2024) posting the highest annual increase (10.1%) since the series began in 2016, according to the ONS.

Looking to other sources, PropertyPal's Q4 2023 Housing Market Update noted both quarterly (0.6%) and annual increases (4.2%), with the average property price reported at just over £203K. Ulster University's HPI also recorded increases both quarterly (0.4%) and annually (2.9%) in Q4 2023, bringing the average property price to around £207K. Nationwide's Regional HPI found that NI had the strongest annual price change compared to any UK region, with an increase of 4.6% over the year and reaching an average property price of over £181k.

Ulster University's NI HPI suggests that the market continued to slow at the end of 2023 as transactions reached their lowest level of the year, despite signs of an increase in new listings.

Unemployment and Inactivity

The Labour Force Survey (LFS) ([note 6](#)) NI unemployment rate (16+) for December to February 2024 decreased over both the quarter (0.4pps) and the year (0.2pps) to 2.2%. NI's unemployment rate is 2.0pps below the latest estimate for the UK (4.2%) and is the lowest of all 12 UK regions.

In March 2024, the claimant count in the North represented 3.8% of the workforce, increasing by 600 (1.7%) over the month to 36,700. There was an increase of 1.6% in males and 1.8% in females. While the claimant count remains considerably below its recent peak in May 2020, it is still 22.8% above the pre-pandemic count in March 2020. Over the year, the largest increases were seen in Armagh City, Banbridge and Craigavon, and Mid Ulster, which were both 6% above the NI average. In contrast, the largest decreases over the year were seen in Mid and East Antrim (-2.3%) and Newry, Mourne and Down (-1.0%).

The economic inactivity rate in the local economy for December to February 2024 decreased over both the quarter (0.8pps) and the year (0.8pps) to 26.7%. 'Long-term sick' was the most cited reason for economic inactivity during this period, accounting for 38.1% of the

total economically inactive (aged 16-64). Compared to the pre-pandemic figures in December-February 2020, there has been an increase in the number of 'long-term sick' (+20,000) and 'student' (+16,000), however the totals for 'family and home care' fell (-18,000) while the total for 'retired' stayed the same.

The number of young people (aged 16-24) in the North who were not in employment, education, or training (NEET) during October to December 2023 was 15,000 – which equates to a NEET rate of 7.6%. The UK had a NEET rate of 11.7% for the same period.

Employment

Recruitment activity within the local economy remains strong, with the latest Ulster Bank PMI reporting that job creation rose at its fastest rate in seven months and was stronger than any UK region. The NI Chamber QES for Q1 2024, reported that while recruitment difficulties remain high in the private sector there continue to be signs of easing. The number of people aged 16+ in employment for the period December to February 2024 was estimated at 880,000, representing a rise of 16,000 from the previous quarter and from the same quarter in 2022/23.

The overall NI employment rate (for 16–64-year-olds) was 71.7% - a 1.1pps increase over the quarter and a 0.9pps increase over the year. The NI employment rate remains below the overall UK rate of 74.5%.

Both the male and female employment rates increased over the year, with the former increasing by 0.8pps while the latter rose 1.0pps.

In December-February 2024, there were 107,000 self-employed, 17,000 more than a year ago, though 29,000 lower (21.2%) than the pre-pandemic figure of December-February 2020. The proportion of self-employed people in the North (12.2%) remains below the pre-pandemic proportion (15.5%).

The total weekly hours worked in the local economy in December-February 2024 was estimated at 27.7 million hours per week, denoting a 0.3% increase on the same period in 2022/23, with hours worked in December-February 2024 8.2% below their previous peak of 30.2 million hours registered in September-November 2019. The average weekly hours worked for males and females in full-time employment in the North differed by almost 5 hours with males on average working 37.8 hours, whereas females worked 32.9 hours.

Energy, Emissions and the Economy

As part of international efforts to limit global warming to 1.5°C above pre-industrial levels, the NI Executive is committed to reach Net Zero emissions in NI by 2050. The local economy, which remains largely fossil fuel dependent and relatively greenhouse gas intensive, must transition to Net Zero to ensure the wellbeing and prosperity of future generations. As legislated for in the NI Climate Change Act, the Department for the Economy has a significant role to play in ensuring this target is met and the Economy Minister has made decarbonisation a key objective of his new Economic Mission.

45.8%

Electricity generated from renewable sources

-23.2%

Change in net emissions since 1990

+400%

Change in number of electric cars since 2020

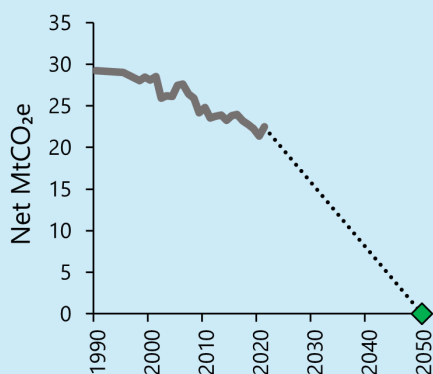
5,000

FTE employment in Green Jobs in 2022

£1.6bn

LCREE turnover in 2022

The Path to Net Zero



Source: DAERA Greenhouse Gas Inventory

Renewable Electricity Sources

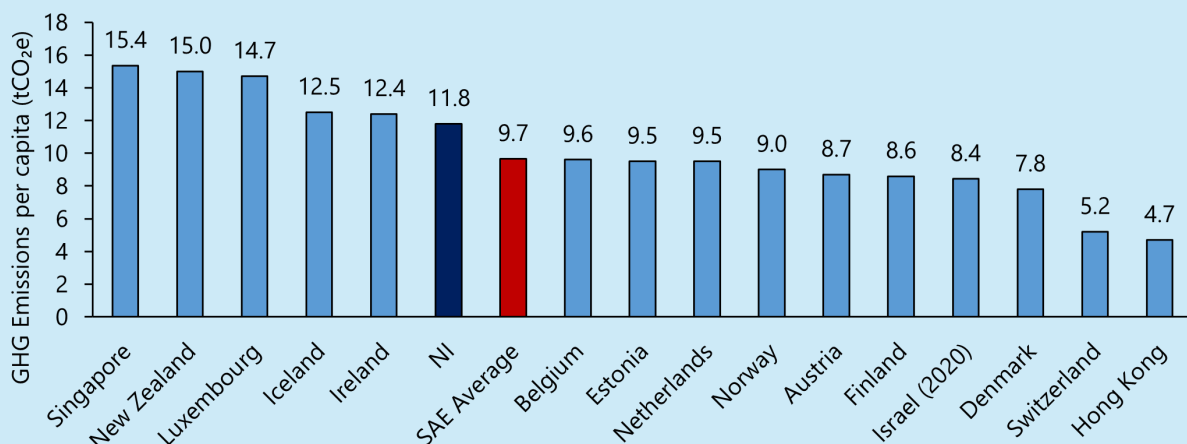
2023



Source: NISRA Electricity Consumption and Renewable Generation Statistics

Greenhouse Gas Emissions per capita

Small Advanced Economies, 2021



Sources: OECD GHG Emissions, DAERA Greenhouse Gas Inventory, Hong Kong Government, Singapore Dept. of Statistics

The Path to Net Zero

In 2021, *The Path to Net Zero Energy* – the Executive’s Energy Strategy for the North – set the long-term interdepartmental vision of net zero carbon and affordable energy. The following year, the Climate Change Act (Northern Ireland) 2022 legislated emission targets to be met by 2030, 2040 and 2050.

DfE’s new Energy Strategy Action Plan, published in March 2024, outlines five strategic priorities in achieving Net Zero: Replacing Fossil Fuels, Improving Energy Efficiency, Growing Renewable Electricity, Supporting the Electricity Grid and Growing the Green economy. Reducing carbon emissions is also a critical objective of the Economy Minister’s Economic Mission.

Emissions

The local economy is relatively greenhouse gas (GHG) intensive, with 0.4kg of carbon dioxide equivalent (CO₂e) being emitted for every £1 of economic output in 2021. This equates to around 11.8 tonnes of CO₂e per person. As shown in the infographic on the previous page, NI is more GHG intensive than the average for Small Advanced Economies. If compared to EU countries, we would be the 3rd highest emitter per capita.

The NI Climate Change Act requires carbon budgets to be set in order to limit the total amount of net emissions allowed in NI within 5-year periods that are in line with the 2030, 2040 and 2050 targets. All departments are required to provide policies and proposals for NI’s first Climate Action Plan, which will set out the approach to meeting the carbon budget for 2023 to 2027 and establish a pathway towards the net zero target. Policies and proposals are also required to reduce emissions in specified sectors. DfE are leading on developing and implementing emissions reduction policies and proposals within the Business & Industrial Processes, Energy Production & Supply and Public Buildings sectors.

Renewable Energy

NI is still dependent on fossil fuels such as natural gas for electricity. From 2013 to 2020, the proportion of electricity consumption that was renewably generated grew from 17.3% to 49.2%. However, this growth has not been sustained in recent years, with renewable consumption averaging 46.8% between 2020 and 2023.

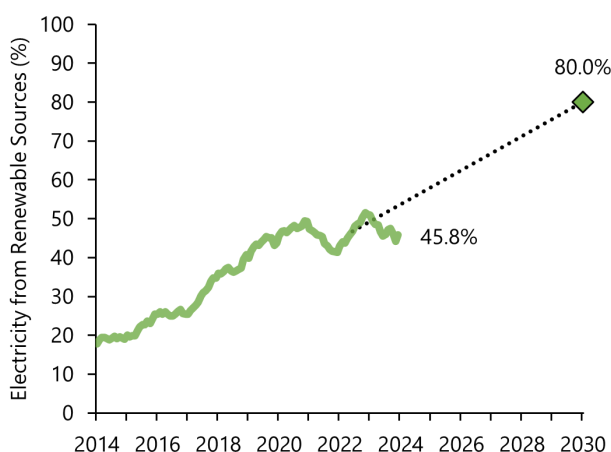
Section 15 of the Climate Change Act states that DfE must ensure that at least 80% of electricity consumption is from renewable sources by 2030. Figure 10 shows the progress towards this statutory obligation. In April 2024, DfE published the High-Level Design for a new Renewable Electricity Support Scheme for NI, which will establish a mechanism for encouraging investment in

renewable electricity.

As shown in the infographic on the previous page, wind energy is by far the largest source of renewable energy in the local economy, generating around 83% of renewable electricity in 2023. The same year, wind displaced around £176m worth of fossil gas with additional savings of almost £70m in carbon credits.

Figure 10: Renewable Electricity Consumption

The proportion of electricity consumed that was generated from indigenous renewable sources since 2014 and the path to the 2030 target (from 2022).



Green Jobs and LCREE

Although the Green Economy is yet to be fully defined, estimates of Green Jobs and the Low Carbon and Renewable Energy Economy (LCREE) may provide some indication of the current situation.

ONS defines a ‘Green Job’ as employment in an activity that contributes to protecting or restoring the environment, including those that mitigate or adapt to climate change. Local employment in Green Jobs is estimated to have been around 5,000 full-time equivalents in 2022.

The LCREE refers to economic activities that deliver goods and services that are likely to help lower emissions of GHG, predominantly CO₂. As of 2022, the local LCREE was comprised of an estimated 4,500 businesses, with a combined turnover of £1.6bn. The majority of businesses were involved in solar power, onshore wind and energy efficient lighting, with onshore wind accounting for over a third of turnover.

Part of the DfE Energy Strategy is to foster growth in the Green Economy by encouraging the creation of good jobs, investment and growth in the skills base for the low carbon economy. DfE will work with the Strategic Investment Board to develop the Net Zero Accelerator Fund, which will facilitate the development of innovative net zero technologies, intellectual property and solutions.

FOCUS: The Circular Economy – Developing the evidence base for Northern Ireland

Jennifer McLoughlin, Analytical Services Division

What is the circular economy?

The circular economy is a system where materials never become waste and nature is regenerated. In a circular economy, products and materials are kept in circulation through processes like maintenance, reuse, refurbishment, remanufacture, recycling, and composting. The circular economy tackles climate change and other global challenges, like biodiversity loss, waste, and pollution, by decoupling economic activity from the consumption of finite resources. The circular economy is based on three principles, driven by design:

- Eliminate waste and pollution;
- Circulate products and materials (at their highest value); and
- Regenerate nature.

This is an alternative model to the traditional 'take-make-use-dispose' model, known as the linear economy, which is unsustainable, costly and takes no consideration of the environmental and societal damage that it causes. Figure 11 demonstrates the differences between both models.

Minister's Economic Vision and the Circular Economy

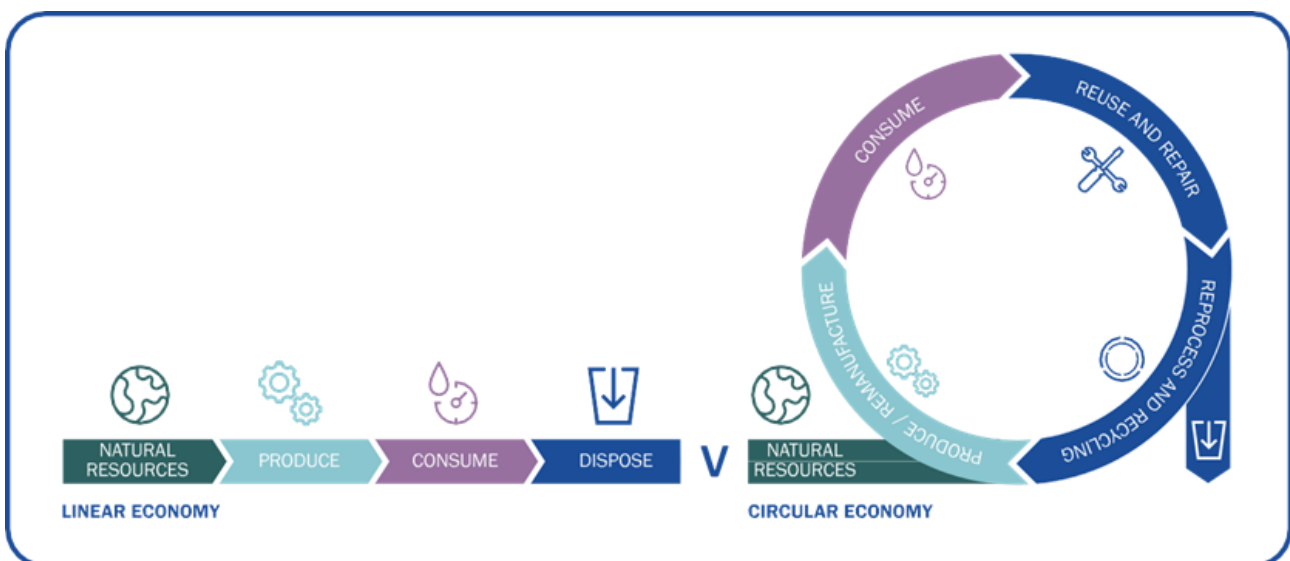
Following the return of the NI Executive in February 2024, the Economy Minister set out his Economic Vision statement, which outlined four key objectives:

- Increase the proportion of working age people in **Good Jobs**;
- Promote **Regional Balance**;
- Raise **Productivity**; and
- Reduce **Carbon Emissions**.

The Minister recognises the need to develop a circular economy as part of building a green economy that will decarbonise industry and help us reach Net Zero by 2050. It is considered that this will present opportunities to reduce waste, reduce cost and increase both collaboration and competitiveness across the island.

This link between the circular economy and reducing emissions is backed up in research from the Ellen MacArthur Foundation, which shows that 45% of global emissions result from the way we produce and use products and materials. Therefore, transitioning to a more circular economy by transforming how we make and use products and services will play a fundamental role in achieving net zero targets and meeting key departmental objectives.

Figure 11: Linear and circular economy models



Where are we now with the Circular Economy Strategy?

The Department has taken steps towards transitioning to a circular economy and launched a public consultation on the Draft Circular Economy Strategy for NI in January 2023, and the response report was published in August 2023. The draft strategy contains twelve proposals for change, across five overarching policy goals. The Department is working towards publishing the Circular Economy Strategy in the coming months. However, it will require the Executive's approval before publication due to its cross-cutting nature.

Call for evidence

In 2021 the Department issued a call for evidence to its Circular Economy Coalition Stakeholder Group to understand what current barriers existed to prevent the uptake of circular business models. The responses provided useful insights and some of the issues raised included: a lack of data collection and measurement to understand material flows and management of waste; current attitudes; lack of knowledge and skills; and inadequate research and development (R&D). A number of responses also mentioned the restrictive nature of the current waste regulations as a barrier.

Circular Economy Metrics

One of the proposals for change in the draft Circular Economy Strategy is to develop an outcomes focused monitoring framework. The NI Circularity Gap Report (CGR) included baseline data for a range of metrics including material footprint, carbon footprint, domestic material extraction, circularity of materials and circular jobs. Figure 12 shows how NI compares with the UK and global averages in tonnes per capita per year across a number of metrics.

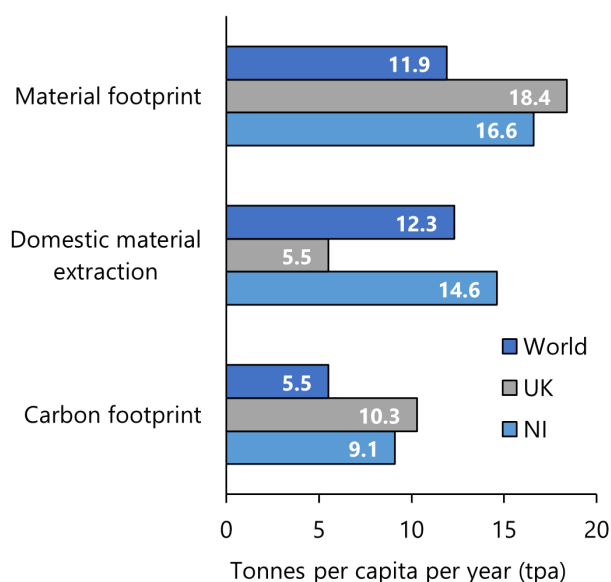
Material footprint is a measure of the domestic and foreign (global) extraction of raw materials needed to meet the final demand for goods and services. As shown in Figure 12, NI's material footprint is 16.6 tonnes per capita per year (tpa), which is considerably higher than the global average (11.9 tpa) but slightly less than the UK average (18.4 tpa). The draft Circular Economy Strategy includes a target for material footprint: **'Our target is that, by 2050 we will have reduced our annual material footprint to 8 tonnes per person.'** This is based on evidence from the UN which advises that a sustainable level of consumption would be between 6-8 tonnes per person per year.

Carbon footprint or 'consumption-based emissions' is a measure that takes into account the emissions

associated with the consumption spending of residents on goods and services, wherever in the world these emissions arise along the supply chain. NI's carbon footprint is estimated to be 9.1 tonnes of CO₂e per person (carbon dioxide equivalent), which is lower than the UK average but almost double the global average (5.5 tonnes of CO₂e per person). Carbon footprint differs to territorial emissions, which are based on the emissions associated with production within the borders of NI and is the focus of the Net Zero targets in the Climate Change Act. It is therefore essential that we consider both emissions metrics.

Domestic extraction measures the amount of raw material, in physical weight, extracted from the natural environment within NI for use in the economy. On a per capita basis, domestic extraction in NI equals 14.6 tonnes per person per year, well above the UK average (5.5tpa) and higher than the global average (12.3tpa).

Figure 12: NI Circularity Gap report comparisons



NI is also heavily dependent on imports, where it is estimated that more than two thirds (21.5 million tonnes) of our raw materials are extracted elsewhere and imported into NI. This extraction has a significant environmental impact on these countries.

In terms of where the material is used, the CGR identified construction, agriculture and manufacturing as the most materially intensive sectors which are responsible for 70% of the material footprint in NI and nearly half of its carbon footprint. These sectors will be the focus of future action plans.

The CGR also estimated that the NI economy is 7.9% circular, meaning that less than 10% of the material we use is being kept in use. This is made up of recycled

mineral construction and demolition waste, animal and mixed food waste and a small portion of metal, paper, and glass. It also means 92% of the economy is dependent on materials from virgin sources.

The CGR also estimated that there were 69,600 jobs in NI that contribute to the circular economy (less than one tenth of total NI jobs).

In terms of its conclusions, the CGR recommended raising the material-use agenda on a par with emissions reductions targets and suggests that we address our current barriers with the right economic incentives.

Developing the evidence base - research

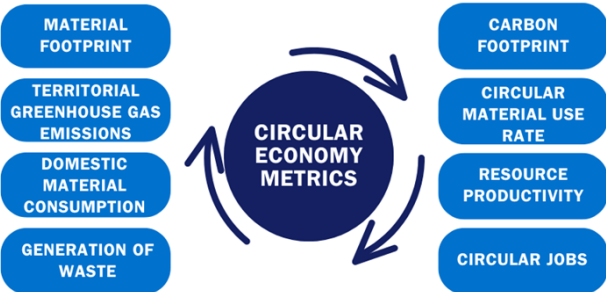
The Department has taken steps over the last six months to progress research across several circular economy areas, which will build upon the existing evidence base and are summarised in Table 2.

Development of metrics

An overview has been provided of baseline data that was included within the CGR, which has helped inform the development of the draft Circular Economy Strategy. The CGR also highlighted the gaps in our information sources and the measurement and reporting of key data. The internal research explores a range of metrics, including sub-metrics, that may align with this work and help track interim progress given that some potential high-level metrics are complex and will take time to develop for NI. Some potential metrics may also not show any significant change for a considerable time

period (due to time lags with potential input data). The range of metrics which are being explored further are displayed in Figure 13.

Figure 13: Circular economy metrics being explored further



Next steps

Research will continue to develop and inform the way forward for the development of an outcomes focused monitoring framework including metrics, indicators and potential targets. The Department will continue to engage with other experienced stakeholders across the UK and Ireland. We will consider the findings from all current and future research to assist in shaping the monitoring element of the transition to a circular economy.

The Circular Economy Strategy will set out the next steps for implementing and delivering a circular economy in NI. In addition, the Department will keep users informed of relevant metrics work, working collaboratively to maximise learning and effectiveness.

Table 2: Summary of circular economy related research

CONSUMERS' KNOWLEDGE, EXPERIENCE AND ATTITUDES	INTERVENTIONS	METRICS
<p>The Department collaborated with the Consumer Council for NI to develop a survey to better understand consumers' knowledge, experience and attitudes in relation to sustainability and the circular economy.</p> <p>The work will be finalised in the coming weeks. The findings will help increase understanding and be useful in the design of any consumer focused interventions going forward.</p>	<p>The Department commissioned research to examine the design, delivery and outcomes of successful interventions that have been delivered worldwide to support the transition to a more circular economy and identify a shortlist of interventions most appropriate for NI.</p> <p>The final report is due in the coming weeks and the Department will consider the learnings from the identified successful interventions as it designs its plans for future delivery of the Circular Economy Strategy.</p>	<p>Internal departmental research has been ongoing into various circular economy metrics, following on from the NI CGR. In preparation for delivering on proposal 3, the Department is considering options for the development of an outcomes focused monitoring framework.</p> <p>This has involved desk-based research alongside engagement with experienced stakeholders to review a range of metrics which may assist in monitoring the environmental, economic and social wellbeing impact of interventions to support the transition to a more circular economy.</p>

FOCUS: Good Jobs

Vangelis Marangudakis, Analytical Services Division

What is meant by work quality, the state of work quality in NI, how this compares to other countries, the cost of childcare in NI compared to other countries, and the state of apprenticeships in NI.

What is work quality and why does this matter?

The Minister for the Department for the Economy, Conor Murphy, has made Good Jobs one of the Department's four key priorities as part of the new Economic Mission. This entails workers and their families having a decent standard of living, with the Minister drawing particular attention to investments in affordable childcare, strengthening unions, creating more and better paid apprenticeships, and supporting industries that provide Good Jobs as means to improve this.

Jobs form an integral part of working people's lives. In Northern Ireland, the average number of hours worked for all workers is 33 hours a week and for full time workers 37 hours a week. This means that the quality of people's work forms a significant component of the quality of their lives. The better paid and less stressed people are in work the better their quality of life will be.

What is the state of work quality in NI?

Recent statistics released by NISRA shed light on the state of job quality in Northern Ireland.

These statistics indicate that job security has consistently been the most attainable indicator, while the hardest indicator to achieve was being neither under nor over skilled, with approximately half of employees saying they had the appropriate level of skills for their current job. As Table 3 below shows, over 19 in 20 workers in NI report having job security. Slightly less than four out of five workers report having job satisfaction while only three out of five workers report having good opportunities for career progression. A significantly higher proportion of employees aged 18 to 39 reported good opportunities for career progression (65%) in comparison to those aged 40 and over (54%).

Table 3: Work Quality in Northern Ireland 2022/23

Secure Employment 97%	Neither Under/Over Employed 89%
Job Satisfaction 78%	Career progression 60%
Neither Bullied or harassed 89%	Involvement in Decision making 58%
Meaningful Work 86%	Flexible Work 54%
Line Manager Support 82%	Neither under nor over skilled 49%

How does NI compare to other countries?

- In 2021 workers in NI had the highest proportion of employees working satisfactory hours (88%) compared with any GB country or region (the UK average was 82%).
- NI ranked fifth out of twelve UK regions for good opportunities for career progression for women and fourth for men.
- NI employees were the least likely to be in low pay when using the local measure of low pay (low pay being two-thirds of the median hourly pay for that area) but ranked sixth least likely when using the UK measure of low pay.
- In 2021 NI ranked second out of twelve UK regions for Trade Union density (31.4%), significantly above the UK employee average of 23.1%. However, the share of NI employees who were trade union members fell by 2 percentage points between 2020 and 2021.

In 2020 the World Economic Forum reported on a survey from Randstad which polled 13,600 employees in 34 countries about their job satisfaction. According to this survey, Northern Ireland would rank joint third in job satisfaction beside the U.S. and ahead of China, the U.K., Germany, and France.

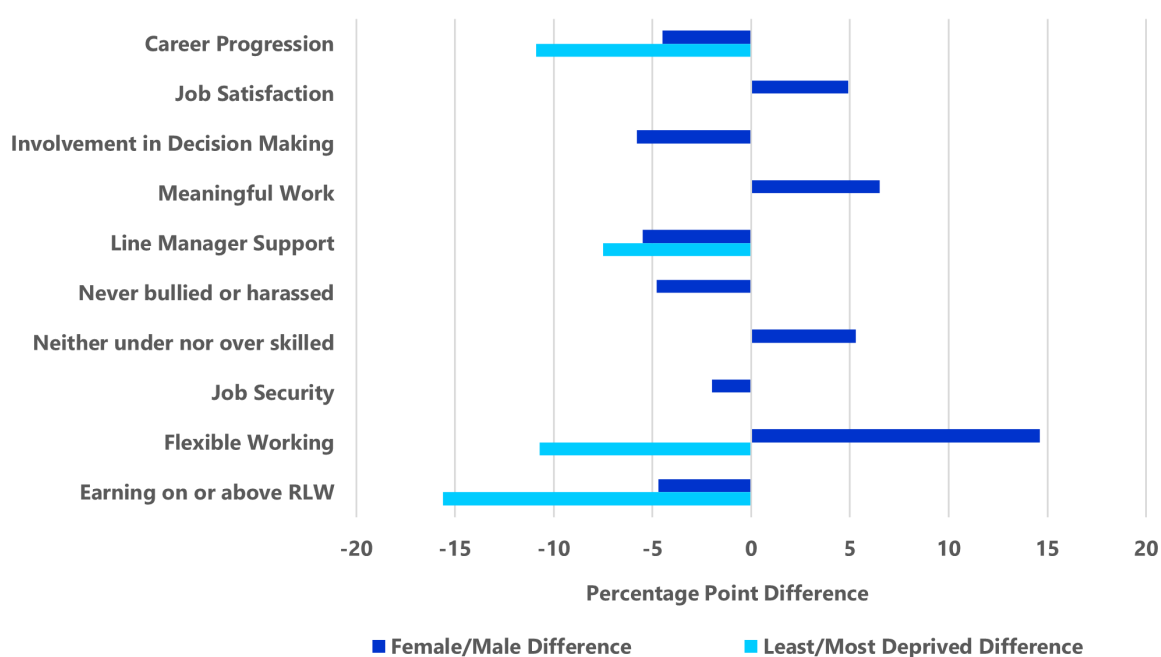
Work Quality Differences between the sexes and deprivation levels

Figure 14 below shows the differences between males and females, and the differences between the least and most deprived areas in NI (only statistically significant results are presented).

Males reported higher scores for work quality across six indicators while females reported higher scores for four indicators. The indicator displaying the largest difference between males and females was involvement in decision making, with 61% of males indicating a positive response, compared to 55% of females. A greater proportion of females reported having meaningful work, feeling job satisfaction, being able to work flexibly, and being correctly skilled (neither under nor over skilled) for their current duties than males. Higher reported levels of flexible working for females are likely linked to more women working part-time to facilitate differential uptake of child care responsibilities.

Employees living in the most deprived areas reported considerably lower proportions in four of the eleven indicators. These were: earning at least the RLW (-16pps), career progression (-11pps), flexible work (-11pps), and having line manager support (-8pps).

Figure 14: Work Quality in Northern Ireland 2022/23 - Sex and Deprivation Differences



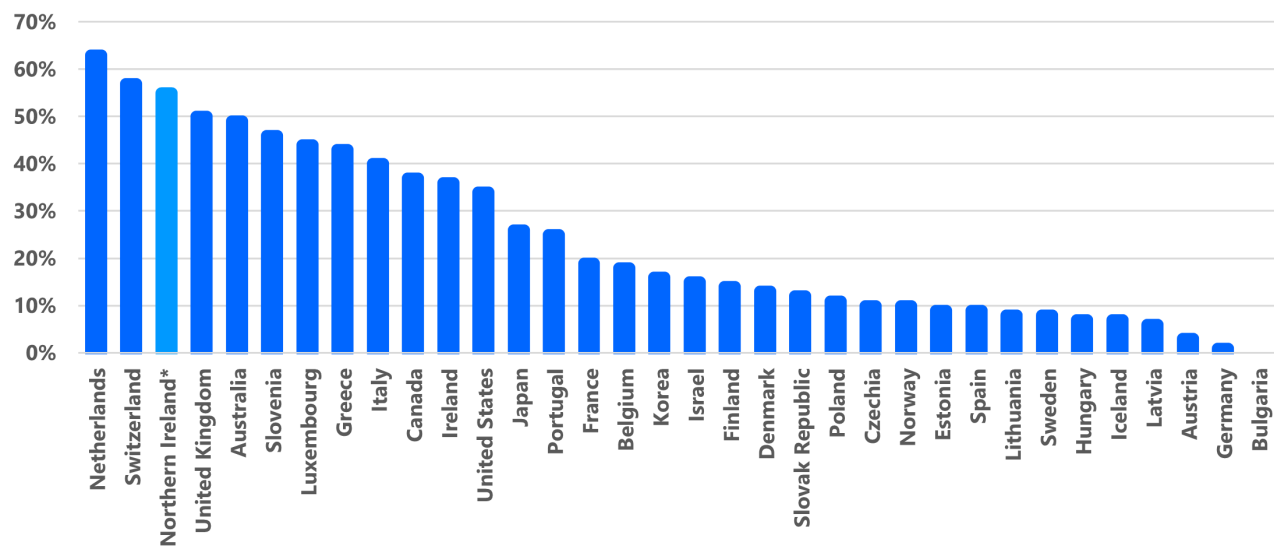
What is the current state of childcare costs in NI?

Using figures from the Department of Education Review of Childcare Services in NI, published in 2023, it is estimated the average annual cost for two children in full time childcare in 2022 was £17,400. This makes NI rank among the most expensive places for childcare compared to OECD countries. More recent reports from Employers for Childcare and Melted Parents NI, two childcare advocacy groups in NI, state that in 2024 this figure has risen to over £20,000. The Department of Education reported that around half of respondents to their survey reported that lack of access to formal childcare had prevented them or their partner from increasing their hours of work (49%, rising to 77% for very low-income households).

The affordability of childcare in NI

Figure 15 shows the cost of childcare as a share of the average income across the selected range of countries ([note 7](#)). This figure highlights the Department for Education finding that childcare is considered unaffordable by the majority of parents on low and middle incomes. Childcare provision is a devolved matter in NI. The First Minister stated in February that she was "focused on ensuring the Executive delivers a childcare strategy that puts the needs of working families front and centre". In terms of potential budgetary impacts, the Education Minister has stated that when fully implemented the annual and recurring costs of a meaningful childcare policy could potentially be up to £400m.

Figure 15: Cost of having two children in full-time childcare relative to average wage



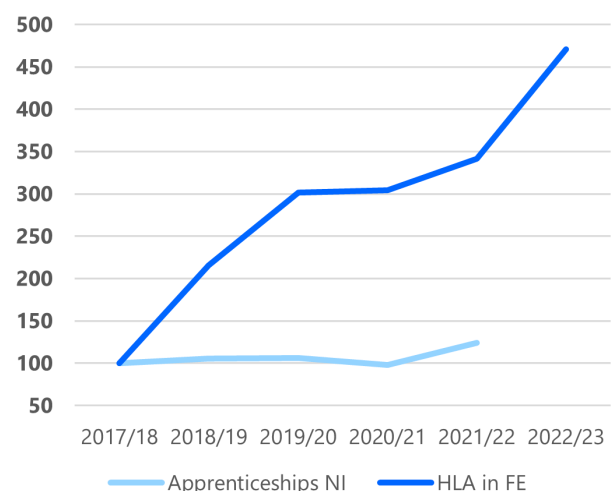
Apprenticeships in NI

The Minister for the Department for the Economy (DfE) has highlighted creating more and better paid apprenticeships and skills academies; and improving careers advice, including in schools, so that people are fully informed about the opportunities available to them as ways in which more people can work in good jobs.

In terms of DfE funded apprenticeships, in 2021/22 there were 9,881 people in an ApprenticeshipsNI programme, an increase of 27% from 2020/21. In 2022/23 there were 1,530 people in a Higher Level Apprenticeship (HLA) programme in FE which was up 38% from 2021/22.

The faster growth in HLAs can be attributed to it being a much more recent programme whereas ApprenticeshipsNI has had more time to approach its equilibrium position. Furthermore, HLAs can attract people from the supply of mainstream Higher Education goes in a way that ApprenticeshipsNI can't because it is a lower level of study

Figure 16: Growth of Apprenticeships Participation in NI funded by DfE, Baseline 2017/18 = 100



Notes, Sources and Contact

Notes

1. [Modified Domestic Demand](#) (MDD) removes the distorting effects of globalisation on GDP.
2. There are some differences in the definition of the US HICP that may limit comparison; more information is available at [Comparing US and European inflation: the CPI and HICP \(US Bureau of Labor Statistics\)](#).
3. The latest Euro area inflation estimates can be found at [Harmonised Indices of Consumer Prices \(Eurostat\)](#).
4. The international data in this figure are sometimes revised.
5. In April 2023, respondents did not have the option of selecting *transportation or haulage costs*.
6. Due to increased uncertainty around Labour Force Survey (LFS) estimates in GB, the methodology for calculating Unemployment and Claimant Count has been amended. However, LFS data is still considered reliable in NI and is still used as the basis for these calculations. The UK has suspended publication of NEET data until further notice. The Office for National Statistics have developed a comprehensive plan to address these concerns and reintroduce LFS estimates.
7. All countries, except NI, use OECD data on incomes and childcare costs. The NI figure uses the Department of Education figure for childcare costs and uses NISRA ASHE data for incomes.

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Contact

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