

**EUROPEAN LABOUR COSTS
SURVEY – NORTHERN
IRELAND RESULTS 2000**

This bulletin provides details of the Northern Ireland results from the UK element of the most recent European Labour Costs Survey (2000) carried out every 4 years and released by ONS in March 2003. Labour costs refer to the expenditure by employers in order to employ workers and this report includes information on the structure of labour costs, the profile by industry and Northern Irelands position relative to other UK regions.

Main Points

- Total labour costs per hour were £13.09 in Northern Ireland as compared to £14.18 in the UK as a whole, ranked 6th (lowest to highest) out of the 12 UK regions.
- However Northern Ireland has a total labour cost per employee of £19,603, (the third lowest ranking of the regions), reflecting the lower hours worked in Northern Ireland.
- Northern Ireland labour costs were generally lower than the equivalent UK averages for all industry groups with exception of financial intermediation, real estate, renting and business activities, health and social work, community and personal services.
- The region with the lowest vocational training expenditure per employee was Northern Ireland with costs of £364.
- In Northern Ireland 82% of overall labour costs are made up of wages and salaries, 16% of employers social contributions and the remaining 2% on vocational training costs, similar to that for the UK as a whole.

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European Labour Costs Survey 2000

Northern Ireland Results

Statistics Research Branch DETI

Introduction

In line with EU regulations ONS produces, once every four years, the UK element of the European Labour Cost Survey (ELCS). The results for the UK were released on 11th March 2003 and are available on the ONS web site. This article summarises the results for Northern Ireland (NI) and includes some EU and GB regional information for comparison purposes.

The purpose of the survey is to provide information about total labour costs and its components. In particular the non-wage elements of labour costs is not readily available from other sources. Labour costs are particularly important both as a macro-economic variable, and to employers in their assessment of overall costs.

Figure 1 illustrates that the UK is ranked 8th in terms of hourly labour costs across the EU.

Structure of Labour Costs

Examining the structure of UK labour costs indicates that approximately 82.5% of the overall labour costs are made up of wages and salaries, while the remaining 17.5% are non-wage costs. As might be expected, in NI, the situation is very similar with 82.4% of total labour costs being made up of wages and salaries while the remaining 17.6% is accounted for by non-wage costs.

Table 2 and 3 show that total labour costs can vary across industry depending on the structure of the labour market. While wage levels may vary considerably labour costs remain quite constant across industries in both NI and the UK with respect to the share of social contributions relative to wages.

However the proportion of labour costs spent on training can vary considerably from 7.9% (NI) and 5.4% (UK) in the mining and quarrying section to 1.5% in both NI and UK in hotels and restaurants.

Figure 1 – Hourly Labour Costs in Industry and Services Across EU Member States

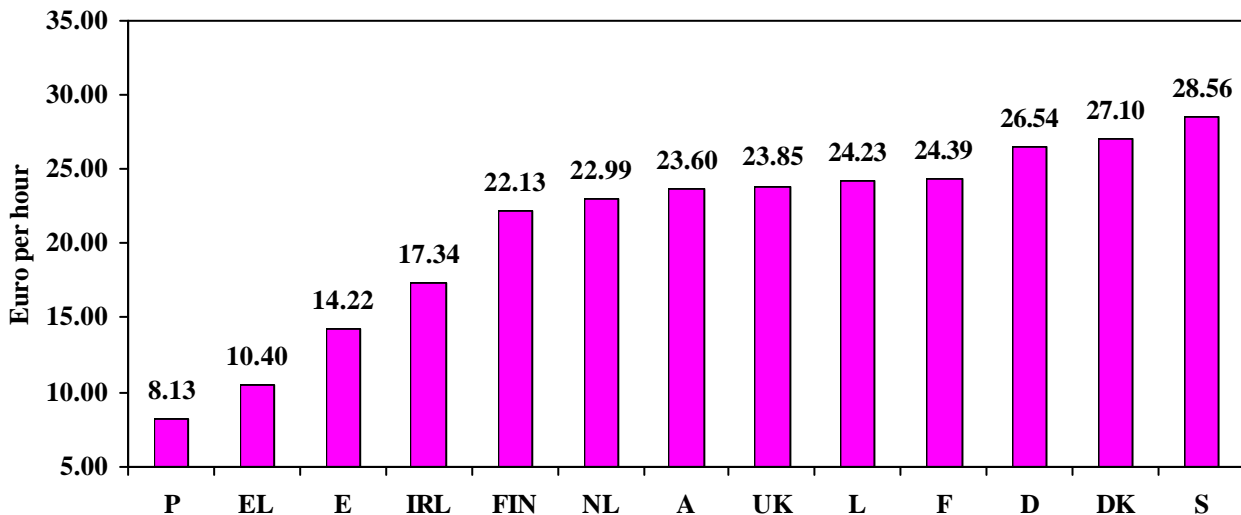
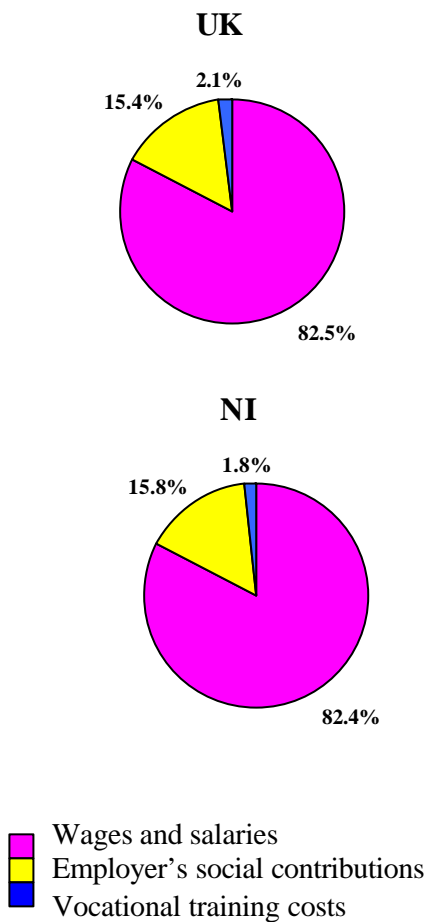


Figure 1 – Structure of Labour Costs NI and UK



Cost per Employee

The total cost per employee is calculated by dividing total labour costs by the total number of employees.

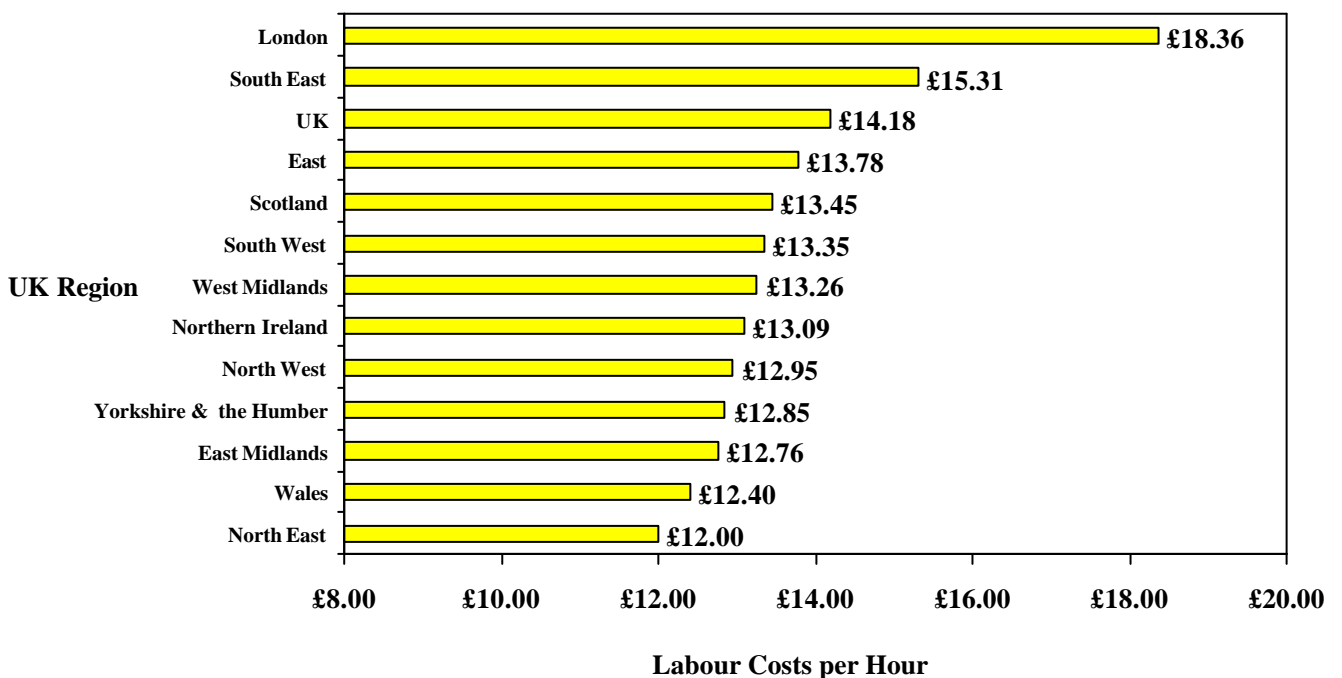
- Northern Ireland has a total labour cost per employee of £19,603. (The third lowest ranking of the regions.)
- Total cost per employee is highest in London at £27,089, while the cost is lowest in the North East at £18,589.
- The average for the UK as a whole is £21,707.

Regional Comparisons – Labour Costs per Hour

Table 4 provides an analysis of the results by region for the UK.

However lower labour costs per employee does not translate into lower labour costs per hour as can be seen in figure 2. NI is ranked 6th (lowest to highest) in terms of labour costs per hour, reflecting the lower number of hours worked in NI.

Figure2 – Regional Labour Costs per Hour



Thus other UK regions may have higher total labour costs but work more hours than NI resulting in a lower labour cost per hour.

- In Northern Ireland total labour costs per hour were £13.09 ranked 6th (lowest to highest) across the 12 UK regions, while for the UK as a whole the figure was £14.18 (see figure 2).
- Total labour costs per hour were highest in London at £18.36, followed by the South East at £15.31.
- The North East region had the lowest total labour costs per hour at £12.00.

Regional Comparisons – Vocational Training Costs

Vocational training costs per employee are calculated by dividing vocational training costs by the total numbers of full time and part time employees. (Apprentices are not included in the calculation).

- The region with the lowest vocational training expenditure per employee was NI with costs of £364.
- The South West region had the highest vocational training expenditure per employee for 2000 at £482.

Labour Costs by Industrial Sector

More detailed results for Northern Ireland by NACE category are available in table 5.

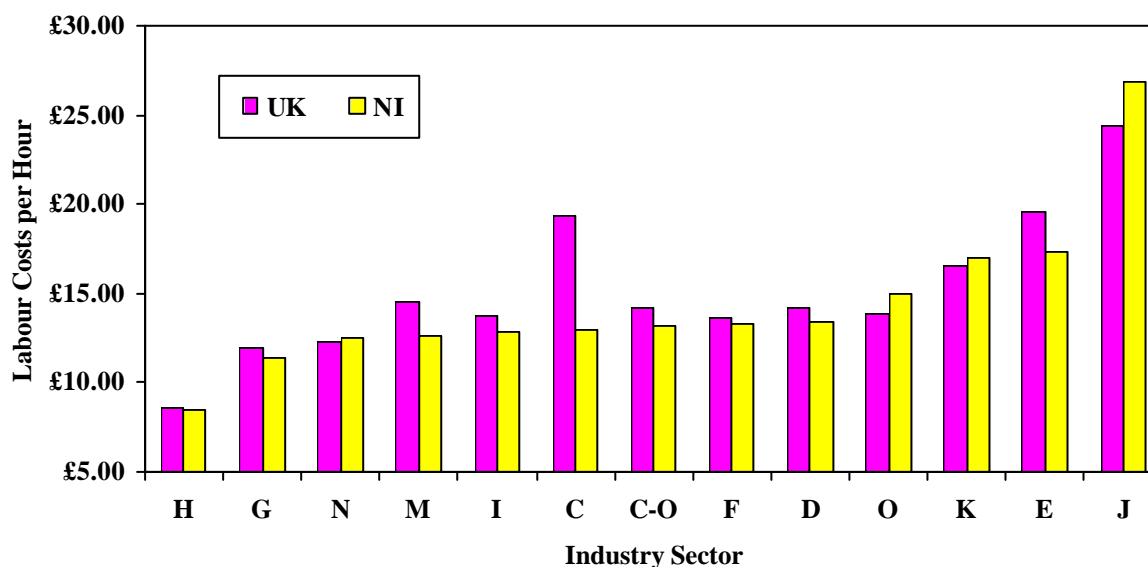
- In Northern Ireland the sector with the highest total labour costs per hour in 2000 was financial intermediation with costs of £26.86, followed by the electricity, gas and water supply sector with costs of £17.35 per hour.

Table 1 – Labour Costs per Hour by Industry NI and UK

NACE*	UK	NI
H	£8.56	£8.40
G	£11.93	£11.39
N	£12.24	£12.52
M	£14.44	£12.62
I	£13.68	£12.79
C	£19.36	£12.90
C-O	£14.18	£13.09
F	£13.64	£13.24
D	£14.22	£13.36
O	£13.79	£14.97
K	£16.50	£16.91
E	£19.56	£17.35
J	£24.43	£26.86

* see note 5 for key to NACE

Figure 3 – Hourly Labour Costs by Industry NI and UK



- The lowest total labour costs per hour were in the hotels and restaurant sector at £8.40.
- Labour costs per hour are generally higher for all industry groups in UK than in NI with the exceptions of J (financial intermediation), K (real estate renting and business activities), N (health and social work) and O (other social community and personal service activities) where costs are higher in NI.
- In terms of costs per employee, the sector with the highest costs per employee was financial intermediation with costs of £40,623 per annum.
- The lowest costs per employee were recorded for the hotels and restaurants sector, £10,505.

Notes

1. The estimates for the UK ELCS are produced by combining information from existing sources, rather than running a dedicated survey. In nearly all European countries, surveys are carried out for the express purpose of producing ELCS results. In the UK, however, the cost and burden on businesses of running such a survey is deemed prohibitive.
2. **All estimates in the results are for businesses with 10 or more employees.** This is to allow comparison of the UK ELCS with those for other EU countries (in a number of these countries the data for small businesses is not available).
3. All of the data relate to labour costs of employees in the calendar year 2000.
4. A previous European Labour Costs Survey was carried out in 1996, however no regional information is available for comparison over time.

5. NACE - NACE is the Nomenclature Generale des Activities economiques dans les Communautés Europeenes and it is equivalent, at 2-digit level to the UK SIC92 (Standard Industrial Classification 1992).

- *C – mining and quarrying
- D – manufacturing
- E – electricity, gas and water supply
- F – construction
- G- wholesale and retail trade
- H- hotels and restaurants
- I- transport, storage and communication
- J- financial intermediation
- K- real estate, renting and business activities
- L- public administration and defence, compulsory social security
- M- education
- N- health and social work
- O- other community, social and personal service activities

Table 2 – UK Labour Costs 2000

(b) - billions

	NACE	C	D	E	F	G	H	I	J	K	M	N	O	C-O
Total number of employees (thousand)	A1	70	3,487	131	759	3,555	1,207	1,373	1,024	2,918	2,103	2,485	921	20,032
Hours worked by all employees (millions)	B1	141	6,346	227	1,517	5,106	1,560	2,552	1,561	4,541	2,446	3,340	1,325	30,663
Total labour costs £ (b) = D11+D12+D2		£3	£90	£4	£21	£61	£13	£35	£38	£75	£35	£41	£18	£435
Wages and salaries, total (b)	D11	£2	£73	£4	£17	£50	£11	£29	£32	£62	£31	£36	£15	£359
Employers social contributions, total (b)	D12	£0	£15	£1	£3	£10	£2	£6	£5	£11	£5	£5	£3	£67
Vocational training costs excluding apprentices (b)	D2	£0	£2	£0	£1	£2	£0	£1	£1	£2	NA	NA	£0	£9

Table 3 – NI Labour Costs 2000

	NACE	C	D	E	F	G	H	I	J	K	M	N	O	C-O
Total number of employees	A1	1,233	91,842	5,181	23,187	83,661	51,539	17,453	12,217	34,291	43,332	94,326	23,160	481,422
Hours worked by all employees (millions)	B1	2.6	167.1	9.0	46.8	115.7	64.5	32.7	18.5	51.8	57.2	121.9	33.3	721.1
Total labour costs £ (millions) = D11+D12+D2		£34	£2,232	£156	£619	£1,317	£541	£418	£496	£876	£722	£1,526	£499	£9,438
Wages and salaries, total (m)	D11	£25	£1,789	£122	£498	£1,065	£443	£342	£416	£725	£624	£1,325	£399	£7,773
Employers social contributions, total (m)	D12	£5	£392	£30	£99	£220	£90	£68	£69	£127	£98	£201	£91	£1,490
Vocational training costs excluding apprentices (m)	D2	£3	£52	£4	£23	£32	£8	£9	£11	£24	N/A	N/A	£8	£174

(m) - millions

Table 4 – Labour Costs by UK Region 2000

Region	Total number of employees ('000)	Total labour costs £ (billions)	Hours worked by all employees (millions)	Total cost per employee	Vocational training costs per employee ¹	Total labour costs per hour (Total labour costs/B1)
	A1		B1			
North East	617	11	956	£18,589	£380	£12.00
North West	2,146	42	3,278	£19,787	£397	£12.95
Yorkshire & the Humber	1,475	29	2,281	£19,864	£431	£12.85
East Midlands	1,124	23	1,779	£20,193	£455	£12.76
West Midlands	1,707	35	2,673	£20,765	£448	£13.26
East	4,223	90	6,507	£21,237	£462	£13.78
London	3,340	90	4,928	£27,089	£457	£18.36
South East	1,311	30	1,978	£23,098	£454	£15.31
South West	1,361	28	2,127	£20,861	£482	£13.35
Wales	624	12	961	£19,126	£385	£12.40
Scotland	1,623	33	2,475	£20,502	£447	£13.45
Northern Ireland	481	9	721	£19,603	£364	£13.09
UK	20,032	435	30,663	£21,707	£443	£14.18

¹ Training cost calculation based on full time employees plus part time.

Table 5 – Northern Ireland Labour Costs by NACE category 2000

		Total number of employees	Hours worked by all employees (millions)	Compensation of employees (£m)	Wages and salaries, total (£m)	Employers social contributions, total £(m)	Vocational training costs excluding apprentices £(m)	Total labour costs (D1 + D2) £(m)	Total labour costs per hour (Total labour costs/B1)	Cost per employee
NACE		A1	B1	D1	D11	D12	D2			
RC	Mining and quarrying	1,233	3	£31	£25	£5	£3	£34	£12.90	£27,267
RD	Manufacturing	91,842	167	£2,180	£1,789	£392	£52	£2,232	£13.36	£24,304
RE	Electricity, gas and water supply	5,181	9	£152	£122	£30	£4	£156	£17.35	£30,108
RF	Construction	23,187	47	£597	£498	£99	£23	£619	£13.24	£26,715
RG	Wholesale and retail	83,661	116	£1,285	£1,065	£220	£32	£1,317	£11.39	£15,746
RH	Hotels and restaurants	51,539	64	£533	£443	£90	£8	£541	£8.40	£10,505
RI	Transport storage and communication	17,453	33	£409	£342	£68	£9	£418	£12.79	£23,936
RJ	Financial intermediation	12,217	18	£485	£416	£69	£11	£496	£26.86	£40,623
RK	Real estate, renting and business activities	34,291	52	£852	£725	£127	£24	£876	£16.91	£25,559
RM	Education	43,332	57	£722	£624	£98	NA	£722	£12.62	£16,660
RN	Health and social work	94,326	122	£1,526	£1,325	£201	NA	£1,526	£12.52	£16,180

		Total number of employees	Hours worked by all employees (millions)	Compensation of employees (£m)	Wages and salaries, total (£m)	Employers social contributions, total £(m)	Vocational training costs excluding apprentices £(m)	Total labour costs (D1 + D2) £(m)	Total labour costs per hour (Total labour costs/B1)	Cost per employee
NACE		A1	B1	D1	D11	D12	D2			
RO	Other community, social and personal service activities	23,160	33	£490	£399	£91	£8	£499	£14.97	£21,542
RC-O	Industry and services	481,422	721	£9,264	£7,773	£1,490	£174	£9,438	£13.09	£19,603
RC-K	Industry and services	320,605	509	£6,525	£5,425	£1,100	£165	£6,690	£13.15	£20,868
RC-F	Industry including construction	121,442	225	£2,960	£2,434	£526	£81	£3,041	£13.49	£25,043
RC-E	Industry	98,255	179	£2,364	£1,936	£427	£58	£2,422	£13.55	£24,648
RG-I	Wholesale and retail, hotels and restaurants, transport and communications	152,654	213	£2,227	£1,850	£377	£49	£2,277	£10.70	£14,913
RJ-K	Financial, real estate, renting and business activities	46,509	70	£1,337	£1,141	£196	£35	£1,373	£19.52	£29,516
RG-O	Services G-O	359,980	496	£6,304	£5,340	£964	£93	£6,396	£12.91	£17,769
RG-K	Services G-K	199,162	283	£3,565	£2,991	£574	£84	£3,649	£12.89	£18,323
NI Total		481,422	721	£9,264	£7,773	£1,490	£174	£9,438	£13.09	£19,603

Sources

The main source of the data for the ELCS were:

- The ONS's New Earnings Survey (NES), for
 - wages and salaries (excluding bonuses);
 - hours worked;
 - paid hours;
 - payments to employee saving schemes;
 - payments for days not worked;
 - guaranteed remuneration in the event of sickness.
- A trailer survey to the NES in 2000 for payments for days not worked and guaranteed remuneration in the event of sickness;
- ONS's Annual Business Inquiry (ABI) for estimates of numbers of employees;
- The Inland Revenue Survey of Personal Income for wages and salaries in kind;
- The ONS's Monthly Wages and Salaries Survey for bonus payments to employees;
- The Department for Education and Skills provided data for vocational training costs;
- Data for statutory social security contributions were calculated using details provided by the Inland Revenue regarding the amount of National Insurance paid in conjunction with NES data for gross wages;
- A study by Incomes Data Services (IDS) on maternity.

It should be noted that the estimates in the ELCS have been synthesised from the NES data and other sources and all results have been scaled to the population of all employees in firms with 10 or more employees (based on ABI data).

Further Information

Further information on the European Labour Costs Survey can be obtained from

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More information for the UK and other regions can be accessed on the National Statistics web-site at <http://www.statistics.gov.uk/cci/nugget.asp?id=315>. Further details on the European regulations surrounding this are also available.