



ManpowerGroup™

**UNDER STRICT EMBARGO:**

**NOT FOR PUBLICATION BEFORE 00.01 TUESDAY 14 MARCH 2017**

## **HIRING CONFIDENCE TUMBLES IN ‘REMAIN’ HEARTLANDS OF LONDON AND SCOTLAND**

- **Private sector hiring confidence falls to weakest level in three years**
- **Small businesses report hiring slump as costs rocket**
- **Demand for construction workers at a 10 year high**

**14 MARCH 2017:** Hiring confidence has dived in London and Scotland, the two strongest remain-supporting regions of the UK, as the government prepares to trigger Article 50, according to ManpowerGroup, the world’s workforce experts. Business hiring has dropped to its weakest level since Q1 2014. Employers in six of the nine sectors surveyed reported a falling Outlook. The overall Net Employment Outlook, which includes both public and private sector employers, has dropped two points to +5%.

The ManpowerGroup Employment Outlook Survey is based on responses from 2,119 UK employers. It asks whether employers intend to hire additional workers or reduce the size of their workforce in the coming quarter. It is the most comprehensive, forward-looking employment survey of its kind and is used as a key economic statistic by both the Bank of England and the UK Government.

Mark Cahill, ManpowerGroup UK Managing Director: “The impending trigger of Article 50 is clearly affecting confidence in the jobs market. The private sector plans to hire at its slowest rate since 2014 (+4%), with only construction, manufacturing and transport and communications planning to hire at previous levels. The employment rate is at its highest level since records began in 1971, but if you lift the bonnet to look at the engine of the economy, job creation has slowed and employers are becoming more cautious. The companies which have powered Britain’s economy through the immediate post-referendum period are easing off the gas.”

London and Scotland, the strongest Remain-supporting regions, are the biggest fallers this quarter, down 5 and 11 points respectively. Hiring intentions in Scotland stand at their weakest level since 2012, while London is the least optimistic region in England for the first time in almost three years. Cahill: “With huge uncertainty surrounding sectors like banking and financial services – critical to the economy in London and Edinburgh – it’s no surprise that confidence in these regions is suffering. We’re seeing increasing numbers of London-based professionals giving up their city careers to become self-employed, go freelance, or move into the not-for-profit sector, where hiring has remained strong at +7%. Lucy Kellaway’s Now Teach project has inspired lots of young professionals to think about a change of career, while alternative websites like Escape The City or freelancer hub Upwork are also attracting lots of dissatisfied professionals.”

The survey also underlines the powerful headwinds that Britain’s smallest businesses face in 2017. Those employing fewer than 10 people report their weakest jobs outlook since 2014 at just +1%. Cahill again: “Many small employers would have hoped for a new dawn post-Brexit, but today’s survey results show that’s not being borne out in reality. Hiring plans are at their lowest level in three years – with the rise in business rates and the latest increase to the National Living Wage major factors in this squeeze.” Retailers have also reported a fall in hiring intentions, down two points to +4%. Cahill continues: “With the costs of hiring increasing all the time, big retailers like Tesco and Waitrose are turning to automation or

reviewing their staffing levels in order to cut costs. The double whammy of business rate changes and National Living Wage increases means we can expect the hollowing out of the high street to continue in 2017.”

Construction and manufacturing, two industries where the government has given more guidance on its post-Brexit intentions, have bucked the overall hiring slide. The construction Outlook is up two points to +12%, the strongest level in a decade, while manufacturing remains steady at +6%. Cahill: “The soaring prospects in the construction industry show what happens when employers have the clarity they need to invest in jobs. With flagship projects such as the £50bn High Speed 2 rail link, Hinkley Point and Wylfa nuclear power stations in the pipeline, along with the recent government white paper promising a fresh wave of house building, the construction industry has the mandate to keep hiring. Likewise, companies in industrial sectors like car manufacturing, which have received post-Brexit guarantees from the government, have remained keen to bring in new talent.”

The strong demand in the construction sector is driven, in part, by the chronic talent shortage building and skilled trades firms have faced for years. Employers warn that this shortage could hamper some of the flagship projects that are needed to keep Britain working. Cahill again: “Industries like construction, healthcare and finance have, for a long time, relied on EU workers to provide the skills they need. Employers are increasingly concerned that the UK will be unable to attract the EU workers we depend on to plug the gaps on our jobs market. With Brexit looming large on the horizon, some employers are even rushing to bring in staff before the talent drawbridge is pulled up.”

#### **For further information, please contact:**

Brunswick – Anita Scott / Helen Smith / Charlie Booth                      020 7404 5959

Email: [manpower@brunswickgroup.com](mailto:manpower@brunswickgroup.com)

Twitter: [#MEOSUK](https://twitter.com/MEOSUK)

#### **NOTES TO EDITORS**

A 'Net Employment Outlook' is calculated by subtracting those employers who plan to reduce staffing levels from those who plan to hire staff. A positive result indicates that more employers plan to increase rather than decrease staffing levels; a negative result reflects the opposite. [% increase - % decrease]

Commentary and full details on every sector and region can be found in the survey report at [manpowergroup.co.uk/meos](http://manpowergroup.co.uk/meos), or by calling the Press Office on 0207 404 5959/ [manpower@brunswickgroup.com](mailto:manpower@brunswickgroup.com)

For international comparisons and visual library with graphs, visit [manpowergroup.com](http://manpowergroup.com)

Commentary is based on seasonally adjusted data where available. Full survey results for each of the 43 countries and territories included in this quarter's survey, plus regional and global comparisons, can be found in the ManpowerGroup Press Room at [www.manpowergroup.com/meos](http://www.manpowergroup.com/meos). In addition, all tables and graphs from the full report are available to be downloaded for use in publication or broadcast from the ManpowerGroup Web site at: <http://www.manpowergroup.com/press/meos.cfm>

Note that in Quarter 2 2008, the Survey adopted the TRAMO-SEATS model for seasonal adjustment of data. As a result, you may notice some seasonally adjusted data points change slightly from previous reports. This model is recommended by the Eurostat department of the European Union and the European Central Bank, and is widely used internationally.

#### **About the Survey**

The world leader in innovative workforce solutions, ManpowerGroup releases the ManpowerGroup Employment Outlook Survey quarterly to measure employers' intentions to increase or decrease the number of employees in their workforce during the next quarter. It is the longest running, most extensive, forward-looking employment survey in the world, polling over 58,000 employers in 43 countries and territories. The survey serves as a bellwether of labour market trends and activities and is regularly used to inform the Bank of England's Inflation Reports, as well as a regular data source for the European Commission, informing its EU Employment Situation and Social Outlook report the *Monthly Monitor*. ManpowerGroup's independent survey data is also sourced by financial analysts and economists around the world to help determine where labour markets are headed.

## **About ManpowerGroup**

ManpowerGroup® (NYSE: MAN) is the world's workforce expert, creating innovative workforce solutions for nearly 70 years. As workforce experts, we connect more than 600,000 people to meaningful work across a wide range of skills and industries every day. Through our ManpowerGroup family of brands – Manpower®, Experis®, Right Management® and ManpowerGroup® Solutions – we help more than 400,000 clients in 80 countries and territories address their critical talent needs, providing comprehensive solutions to resource, manage and develop talent. In 2016, ManpowerGroup was named one of the World's Most Ethical Companies for the sixth consecutive year and one of Fortune's Most Admired Companies, confirming our position as the most trusted and admired brand in the industry. See how ManpowerGroup makes powering the world of work humanly possible: [www.manpowergroup.com](http://www.manpowergroup.com).