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UK HIRING INTENTIONS AT 18 MONTH HIGH AS EMPLOYERS PLUG BREXIT HOLES

- **“Leaking bucket” jobs market drives highest Outlook since summer 2017**
- **Churn pushes retail sector Outlook to seven-year high**
- **Despite talk of Dublin and Frankfurt, no sign of UK finance jobs outflow**

11 DECEMBER 2018: Hiring intentions among UK employers have climbed to their highest level in 18 months, despite huge uncertainty around Britain’s post-Brexit economic environment, ManpowerGroup’s latest Employment Outlook Survey reveals. The national Outlook for the first quarter of 2019 has hit +6%, as the war for talent hots up in an increasingly tight labour market. But while the buoyant hiring intentions should be read as a positive indicator in some sectors such as finance, in other areas it is a symptom of dwindling supply of the right people, akin to a leaking bucket that employers are struggling to fill.

The ManpowerGroup Employment Outlook Survey is based on responses from 2,102 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.

James Hick, Managing Director for ManpowerGroup Enterprise: “As we enter the Brexit home straight, the picture in the jobs market is very mixed. Overall, hiring intentions have risen, but this masks an interesting phenomenon in some sectors that we can best describe in terms of a leaking bucket, where employers are hiring to plug leaks in the workforce rather than to grow.”

Despite well-publicised turmoil on our high streets, employer hiring intentions in the retail and hospitality sector reached the strongest level in over a decade with an Outlook of +7%, with retail alone hitting a thirteen-year high of +12%.

Hick continues: “On the face of it, it’s hard to square numbers with turbulence on our high streets with the likes of House of Fraser, New Look and Jamie’s Italian struggling, and reports of up to 85,000 retail jobs being cut from Britain’s high streets in 2018. However, with an employee churn rate of 30 - 40%, retail has an ongoing need for new talent, and this demand has been exacerbated by a dramatic fall in the numbers of incoming migrants from the EU. This continuing demand has also been seen in recent pay rises in the sector, from Aldi boosting its pay by an inflation-beating 4% earlier in the year and a pay rise for Lidl’s 17,000 employees set to add an extra £8m to next year’s wage bill.

Another example of this pattern this quarter is the Public Sector, where hiring intentions have surpassed the private sector with an Outlook of +8%, the highest level in over seven years. The Government recently announced that austerity is over, pledging to spend an additional £20.5bn a year on the National Health Service by 2023-4.

Hick: “After so many years of austerity, the Public Sector has been crying out for investment, and we have already seen hiring intentions jump this quarter. However, we are also seeing the leaking bucket phenomenon play out here too. Take the NHS, which has borne the brunt of years of austerity, and which is experiencing dramatic outflows in the numbers of critical workers. A recent report¹ found that over the 12 months since the Brexit Referendum, the number of European² joiners in the NHS fell by 17.6% while the number of leavers rose by 15.3%. With such huge leaks to plug, it’s no surprise that we’ve hit the highest level of hiring intentions since 2011.”

The impact of Brexit on Britain’s critical financial services sector has been a point of much debate, but, with an Outlook of +8%, hiring intentions are holding up well for the three months leading up to 29 March 2019. Hick again: “The Financial Services sector is such a vital part of the UK economy that all eyes are on it as we approach Brexit. Despite talk of institutions moving their operations to Dublin, Frankfurt and Paris, there’s no sense yet that the brakes have been put on hiring in the UK.”

Looking at the UK’s regions, there is also a mixed picture. There is an interesting pattern playing out across the UK’s regions this critical quarter. The Remain heartlands are the least optimistic regions. London is on +3%, the South East is down eight points to -2%, its lowest level in over five years, and Scotland is on +2%.

In a turnaround from last quarter, Northern Ireland and Wales are riding high on +7% and +10% respectively. Wales is up a remarkable 18 points on the quarter, and Northern Ireland is up 10 points. The East of England is on +12%, an eight-point increase on the quarter that takes it to the top of the regional league table. The East Midlands remains on +11%, one point above the West Midlands, which is on +10%. Yorkshire and the Humber is down four points but is still in firmly optimistic territory on +8%. The South West has dipped by a point and also stands at +8%. The North West (+7%) and the North East (+5%) are either side of the national +6% Outlook.

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¹ BREXIT AND THE HEALTH & SOCIAL CARE WORKFORCE IN THE UK, National Institute of Economic and Social Research, November 2018 [link](#)

² European Economic Area (EEA): economic and political union of 28 EU countries and Iceland, Liechtenstein and Norway.

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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, or by calling the Press Office on 0207 404 5959/ manpower@brunswickgroup.com

For international comparisons and visual library with graphs, visit 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. 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), the leading global workforce solutions company, helps organizations transform in a fast-changing world of work by sourcing, assessing, developing and managing the talent that enables them to win. We develop innovative solutions for over 400,000 clients and connect 3+ million people to meaningful, sustainable work across a wide range of industries and skills. Our expert family of brands – Manpower®, Experis®, Right Management® and ManpowerGroup® Solutions – creates substantially more value for candidates and clients across 80 countries and territories and has done so for nearly 70 years. In 2017, ManpowerGroup was named one of the World's Most Ethical Companies for the seventh 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 is powering the future of work: www.manpowergroup.com