



NORTHERN POWERHOUSE “RISKS BECOMING NORTHERN POWER CUT”

MANPOWERGROUP WARNS THAT ACUTE TALENT SHORTAGE JEOPARDISES GOVERNMENT JOBS TARGETS

- **Reliance on foreign workers in NHS looks set to rise steeply as demand outpaces supply**
- **Scotland’s performance out of step with the broader national picture**
- **ManpowerGroup UK warns “No” vote on EU referendum will threaten British jobs**

9 JUNE 2015: The UK jobs market is facing a critical shortfall of qualified workers, with the north of England particularly vulnerable, according to ManpowerGroup, the world’s workforce experts. Whilst on the surface employment stands at a 40-year record high and unemployment continues to fall, the official statistics fail to show the struggle many employers are having filling vacancies, especially in the north of England.

The Manpower Employment Outlook Survey is based on responses from 2,100 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. The national Seasonally Adjusted Net Employment Outlook of +6%¹ for the fourth successive quarter indicates that employers remain keen to hire even as the UK jobs market faces a critical lack of supply of candidates.

The supply problem is most acute in the north of England. Jobs optimism in the North West and North East stand above the national average (+7% and +10% respectively), but a rapidly worsening skills shortage means northern employers can’t fill vacant roles. James Hick, ManpowerGroup Solutions UK Managing Director: “While many employers in the south can rely on a steady supply of workers, there are far fewer qualified candidates in the north. With a shortage of skilled trades, IT and engineering skills and employers looking to increase hiring in the coming quarter, skills shortages threaten to hamper business’ growth plans. George Osborne may dream of a Northern Powerhouse, but the reality will be a Northern power cut if we don’t see more talent coming into the market. Take our client NewDay, one of the largest issuers of credit cards in the UK. It’s a fast-growing business in need of hundreds of new employees this year to deliver against rising customer demand, but getting the right people is a real challenge. We see skills shortages as the single biggest barrier to the north’s growth across all sectors.”

“Nationwide, the government is committed to creating two million jobs over the next five years. But though our findings show employers intend to recruit in the coming months, it doesn’t mean that the roles will be filled. Unless urgent action is taken, there is no hope of achieving this ambitious target. Nowhere is this more apparent than in the health sector. David Cameron has

¹ Unless otherwise stated, all figures reported are based on seasonally adjusted data.

pledged to recruit 5,000 new GPs to extend surgery opening hours. That will improve care for millions, but it's hard to see where those doctors will come from. As a major recruiter of GPs, we see that there are not enough homegrown new clinicians. There's no simple fix - even if we were to double the number of medical school graduates from British universities, it still wouldn't solve the problem. We're already reliant on doctors and nurses from abroad. Twenty six percent are non-British and that number could rise by 50% over the next five years," Hick continues.

The current skills shortages are also a major concern when it comes to the EU referendum, ManpowerGroup argues. Hick again: "The EU referendum is the perfect opportunity for a proper debate about the impacts of free movement and immigration on UK jobs. But our position on Europe is clear: leaving the EU would threaten jobs and harm Britain's prospects. Brexit would create a vast amount of uncertainty and instability in the UK economy, making companies less willing to invest in new jobs and developing their staff. It would also reduce the flexibility of the UK workforce, with companies less able to attract talent from abroad. At a time when we face serious skills shortages in key areas of the economy, that could have a very negative effect on our economic health."

Whilst the north of England has a problem finding candidates to fill all the available roles, over the border in Scotland, the problem is lack of demand. With a score of 0%, Scotland is flatlining when it comes to job creation and is the worst-performing part of the UK. Hick comments: "Downbeat hiring intentions and a waning oil and gas industry are casting a shadow over Scotland. With skills shortages in the oil and gas industry well-known, it's important that employers track the skills required, in order to ensure growth for the long-term."

In the rest of the country, the jobs market looks positive going into the third quarter. The North East tops the regional figures, at +10%, closely followed by the South West, London and the East Midlands, at +9%. Wales (+8%), the North West (+7%) and the East (+7%) also beat the national average, while the West Midlands (+5%), the South East (+4%), Yorkshire and Humberside (+3%) and Northern Ireland (+2%) also record optimistic Outlooks.

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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 42 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 Manpower 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 nearly 59,000 employers in 42 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) has been the world's workforce expert, creating innovative workforce solutions, for more than 65 years. As workforce experts, we connect more than 600,000 men and women 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 2015, ManpowerGroup was named one of the World's Most Ethical Companies for the fifth 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.

About Manpower UK

Manpower is the global leader in contingent and permanent recruitment workforce solutions. It is part of ManpowerGroup, the world's workforce expert, which creates and delivers high-impact solutions that enable clients to achieve their business goals and enhance their competitiveness.

With a network of 300 offices in cities across the country, Manpower has provided organisations in the UK with a continuum of staffing solutions from the incidental to the strategic for nearly 60 years, working with businesses such as BT, IBM, Royal Mail and Xerox to help them win.

In the Human Age, where talent has replaced access to capital as the key competitive differentiator, Manpower UK leverages its trusted brand to develop a deep talent pool, providing clients with access to the people they need, fast.

Manpower UK creates powerful connections between organisations and the talent they need to enhance their competitiveness and unleash their workforce potential. By creating these powerful connections, we help everybody achieve more than they imagined, and power the world of work.

For more information, see www.manpower.co.uk