



ManpowerGroup™

## **UK JOBS OUTLOOK SLIPS TO THREE-YEAR LOW**

### **MANPOWERGROUP WARNS NATIONAL LIVING WAGE IS FUELLING JOBS UNCERTAINTY**

- **New legislation could see boost for young workers and self-employed**
- **London hiring on all cylinders, in contrast to stuttering north**
- **Public sector confidence plunges after May election**

**8 SEPTEMBER 2015:** The UK jobs market stands at its least optimistic level in three years, according to ManpowerGroup, the world's workforce experts. After three consecutive quarters at +6%, job prospects are dwindling in the run up to Christmas and have reached their weakest point since the final quarter of 2012. The national Seasonally Adjusted Net Employment Outlook has dropped two percentage points to +4%.

The Manpower Employment Outlook Survey is based on responses from 2,101 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.

ManpowerGroup's data suggests employers are already feeling the impact of the National Living Wage, scaling back their recruitment plans in the fourth quarter of 2015. The policy will see six million people receive a 6% pay rise each year until 2020, but the Office for Budget Responsibility estimates that the extra costs could mean up to 60,000 job losses.

James Hick, ManpowerGroup Solutions UK Managing Director: "The National Living Wage is sending shockwaves through the UK labour market. Support services firm Interserve has announced that the extra annual wage bill for its 15,000 cleaners could amount to as much as £15 million, or 12% of its annual profits. This sentiment was echoed by social care company Mears Group, which estimates the cost of meeting the wage hikes for its 4,000 care workers will be £5 million, or 10% of its annual profits. Faced with a wage bill of this size, some employers are thinking twice about taking on new workers."

"An unintended consequence of the introduction of the new Living Wage is that firms might try to bypass the legislation altogether. We anticipate that some employers may look to mitigate the extra costs by taking on more younger or self-employed workers, who are not entitled to the National Living Wage. While on the surface this could be good news for youth unemployment, which currently stands at 16%, it could push a greater proportion of young people into low skilled jobs, resulting in an influx of less experienced workers into social care and other sectors hardest hit by the new legislation. Meanwhile, candidates under the age of 25 have been asking us why it is they will be paid less despite doing equal work," adds Hick.

At +8%, optimism in the capital is twice the national average, despite the fact that employers in its largest industry – finance and business services – record their weakest Outlook for three years, at +4%. Hick comments: "It may be a surprise to see London thriving given the relatively

lacklustre performance in finance and business services. But this is thanks to a number of growth industries in the capital where firms are keen to take on more talent, particularly in technology and the creative industries. It's not just East London start-ups creating these jobs. New opportunities are being generated elsewhere in the capital in places like the old BBC Television Centre in White City which is to become a creative sector hub."

The job prospects in the north stand in stark contrast to London, with the North East (-2%), North West (0%) and Yorkshire and Humberside (+3%) all lagging behind the UK average. Hick continues: "There is a marked divide between job prospects in the north and those in London – a clear sign that the Government's plans to rebalance the economy through the creation of a Northern Powerhouse have so far failed to ignite. We also see a connection between the drop in employment prospects in the north and the gloomy Outlook of -1% in the public sector, following the May election and the government's renewed commitment to cuts. A fifth of North East workers are employed by the public sector, the highest proportion in England, closely followed by Yorkshire and the Humber and the North West. It follows that recruitment in these regions is bearing the brunt of public sector pessimism."

It is not just the total public sector headcount which is being affected. Job reductions in the civil service, for example, have radically reshaped its age profile, storing up potential issues for the future. From 2010 to 2014 the proportion of civil service workers aged 20-29 fell from 14% to 9% whereas the percentage of 50-59 year-olds increased from 26% to 31%.<sup>1</sup> Hick again: "As recruitment wanes, there is a risk that increasingly few younger workers will enter the public sector. If this trend continues then the sector faces a future without the talent and skills that it needs to cope with the changing nature of work in an increasingly digital world."

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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](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 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](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 Manpower Employment Outlook Survey quarterly to measure employers' intentions to increase or decrease the number of employees in their workforce during the next

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<sup>1</sup> National Audit Office report: *Central Government Staff Costs*, June 2015

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](http://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](http://www.manpower.co.uk)