



UK Finance and Business Services jobs Outlook plummets to nine-year low

- **Negative business & financial services data suggests firms will cut jobs**
- **2018 on track to be most downbeat year for hiring prospects since 2012**
- **UK manufacturing optimism surges - buoyed by weak pound and home-grown investment**

12 JUNE 2018: Hiring confidence in the UK's business and financial services sector has sunk into negative territory for the first time in nearly a decade, according to ManpowerGroup, the world's workforce experts. Their latest data reveals a Net Employment Outlook of -1% in the sector, suggesting job cuts may be on the way over the summer. The weakness amongst finance and business services employers has helped to drag down the overall national Outlook for Q3 2018 to +4%, equal with its lowest level since 2012.

The ManpowerGroup Employment Outlook Survey is based on responses from 2,107 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: "This is the first quarter since 2009 – when Britain was in the depths of the financial crisis – that we've seen business and financial services employers record a negative outlook. As the UK is a global centre for financial and professional services, if the sector's shrinking, it's not good news for UK plc. While financial services only employ 3.5% of workers, it generates about 11% of Government tax receipts."

Many of the factors behind this fall are structural changes in the sector. Hick continues: "Technological innovations mean banks are now more automated, and we've already seen branch closures announced by the likes of RBS and Lloyds, which will cause significant job losses. Banks have also had to significantly increase hiring in recent years by taking on extra staff to deal with a raft of new compliance rules. Now those rules are in place, many of those roles are no longer required and compliance departments are shrinking. Credit Suisse is planning to automate a large number of compliance jobs, contributing to a reduction of up to 45% of its total compliance and control headcount."

"The business services sector is hugely important to the UK's economy, accounting for £186 billion (11%) of the UK's total goods and services produced¹ and employing 4.6 million people – 13% of the UK's total workforce – in a range of businesses comprising everything

¹ Parliament UK, [Professional and Business Services Sector Report](#)

from outsourcing companies and estate agents to law firms and accountants. We have seen countless negative headlines about the sector recently, and these are undoubtedly hitting hiring intentions. The shockwaves from Carillion's collapse are still being felt, and outsourcing company Capita recently carried out an emergency £700m rights issue to pay down its debts and provide some much-needed investment. Elsewhere, the big professional services firms are facing an even greater fight for international talent in the face of Brexit, while the lacklustre property market and increased online competition has hit estate agents such as Countrywide and Foxtons."

The weak performance of sectors such as business and financial services (-1%), public sector (-3%) and construction (flat) contributes to a national Employment Outlook of +4%, down one point from the previous quarter. That means 2018 is on track to be the most downbeat year for hiring prospects since 2012. Hick again: "With the Brexit uncertainty, lower-than-expected economic growth and consumer confidence falling, it's no surprise that hiring confidence is tapering off. But despite concerns in sectors such as business and financial services, Britain is still hiring."

Manufacturing is a particular bright spot. Its Outlook has increased to +7%, and the sector has typically out-performed the national Outlook over the last year. Hick again: "The weak pound may be bad news for UK holiday makers, but it's proving to be good news for British factories exporting overseas. Some British manufacturers have even been investing in expansion to cope with strong demand. Dairy Crest, the company behind the mature cheddar brands Cathedral City and Davidstow, recently announced plans to invest £85m in the expansion of its cheese factory in Cornwall, with a focus on expanding production to meet growing demand in markets as far afield as the US, China and the Far East. With the company planning to work with hundreds of local dairy farmers to increase milk production to satisfy the demand for cheddar, this is an example of how British manufacturers are investing in exports to the benefit of their UK operations. That tallies with Bank of England survey data, which shows investment intentions in the sector have hit a four-year high²."

Despite the large contribution of business and financial services, London is holding up, in line with the national Outlook of +4%. Yorkshire and the Humber employer hiring confidence has swung from being the least upbeat region to being one of the most optimistic, now at +8%, a seven point increase. The biggest faller this quarter is the West Midlands, down ten points from +9% to -1%, the region's first negative Outlook since 2012. Employer confidence in the East Midlands is also easing and is now +6%, from +10% last quarter. A picture of declining confidence across the middle of the country is completed by the East of England, with the Outlook at +1%, a nine point drop quarter on quarter, its lowest level in a year. Northern Ireland and Scotland have slipped into negative territory, both sit on -2%. Wales is down one point to +3%.

² Bank of England, [Agents' summary of business conditions](#)

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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 organisations 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 hundreds of thousands of organisations every year, providing them with skilled talent while finding meaningful, sustainable employment for millions of people 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 70 years. In 2018, ManpowerGroup was named one of the World's Most Ethical Companies for the ninth year and one of Fortune's Most Admired Companies for the sixteenth year, 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