UNDER STRICT EMBARGO:

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UK HIRING CONFIDENCE SLUMPS TO A FIVE YEAR LOW

- **Employer confidence now at the weakest level since 2012**
- **Hiring in London on ice, capital now bottom of UK regional league table**
- **Transport Outlook soars ten points as employers "stockpile" drivers to avoid skills exodus**

12 DECEMBER 2017: As uncertainty about the direction and outcome of Brexit negotiations continues, ManpowerGroup reveals that employers have recorded their weakest level of confidence since 2012, with a national Outlook of +4%. Pessimism is particularly acute in London, where the Outlook has fallen three percentage points to 0%, and the wider South East, where the Outlook is just +3%. However, Brexit fears have actually boosted the transport sector by 10 points, to +12%, as employers "stockpile" permanent employees to avoid the pressure of a Brexit exodus on an aging workforce.

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.

Mark Cahill, ManpowerGroup UK Managing Director: "The national Outlook hasn't dipped below +5% since the final quarter of 2012, yet this quarter we are seeing the worrying double whammy of a fall in confidence nationwide and flatlining hiring in London. This makes for a pretty bleak midwinter considering it comes at a time when Brexit talks are on a knife-edge. It will no doubt prompt fears that our high-flying jobs market might be cooling off. The key indicator sectors of Finance and Business Services and the Public Sector have both seen a fall this quarter which could bear out this slowing-down."

Cahill again: "In the aftermath of Brexit people predicted that London would suffer a "capital flight" as major financial institutions relocated to the likes of Paris and Frankfurt. While we haven't seen a mass exit so far, we are starting to see tangible signs of London's pre-eminence fading with the capital reporting its weakest outlook in four years. Take the commercial property sector, where the price of renting real estate in the City of London is down five per cent year on year[1]. London's poor performance this quarter reflects a lack of confidence in the capital's future prospects as the reality of the divorce from Europe looms closer."

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[1] According to research by Savills obtained by Reuters for an article "*Brexit and the City - Taking London's financial pulse*", 20 November 2017

While clouds are gathering at the national level, not every sector is experiencing a winter of discontent. The Transport, Storage and Comms sector, has seen a 10-point leap in confidence to +12%. Mark Cahill again: “Online purchases account for £2 in every £5 of spending over the festive period, so the role of the transport sector is ever more important. While the recent Budget pledged to have fully driverless cars on UK roads by 2021, there is an immediate pressing need for professional drivers. The Freight Transport Association reported that the driver shortage in 2017 rocketed by 49% to 52,000[2] and this quarter demand is more acute than ever, thanks to a shrinking pool of talent. Combined with the skyrocketing demand, it is driving up pay significantly in some areas – many companies are having to pay premiums of up to 20% on their standard rates for drivers, with some able to earn more than £20 per hour for certain shifts. Firms are even offering bonuses of a hundred pounds per completed shift to reward reliable drivers.”

Cahill continues: “We are seeing companies in the transport sector “stockpiling” drivers by signing them up for permanent contracts ahead of May 2019. With so many EU workers employed in driving and logistics roles, employers are already mindful of the cliff edge scenario of exiting EU workers that may accompany Brexit. This is also a sector with a rapidly aging workforce, with a significant proportion of drivers entering their sixties. Employers therefore need to counteract the driving skills crunch caused by the twin pressures of retiring drivers and the Brexit exodus. One method is upskilling existing employees rather than relying on external hires. We have already put thousands of drivers through their Driver CPC training[3] to help companies get their workforces on the road.”

The concentration of Transport and Haulage jobs in the “golden triangle” of Northampton, Milton Keynes and Daventry has helped propel the West Midlands and East Midlands to the top of the regional table with Outlooks of +12% and +11% respectively. This positivity radiates to Yorkshire and the Humber, which has built on a positive 2017 and is up one point to +8%. Looking further north, the North East and North West have seen contrasting fortunes this quarter. The North East is up four points to +6%, its most optimistic level since Q1, 2017. However, the North West is down to +3%, a two-point quarterly fall.

Across the nations, Wales is riding high on +7%, its best start to a year since 2013 and four-point quarterly rise. Despite a one point fall from last quarter, Scotland is slightly above the national outlook on +5%. After a strong end to 2017, the outlook in Northern Ireland has fallen three points so the region will begin 2018 in line with the national average of +4%.

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[2] FTA Skills Shortage Report, November 2017
http://www.fta.co.uk/export/sites/fta/_galleries/downloads/campaigns/skills-shortage-report-1117.pdf

[3] Driver Certificate of Professional Competence is a qualification for professional bus, coach and lorry drivers. Drivers must do a 35 hours of periodic training every five years to keep their Driver CPC in order to drive a lorry, bus or coach

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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