



THE ADECCO GROUP

Labour Market Outlook: North viewpoint

Based on research from the Labour Market Outlook,
Spring 2017, produced in partnership with the CIPD



North viewpoint

Organisations in the North demonstrated slightly lower confidence in their financial situation than the UK as a whole. While slightly more people in the UK believe that their financial situation has got better (+2), this is reversed in the North (-5).

The North has slightly more confidence about the future than the past 12 months, with 32% expecting the situation to improve and only 28% expecting it to get worse. This overall score of +4 is, however, still lower than the +11% for the UK average.

Recruitment intentions

At first glance, it would seem that this slightly lower confidence translates into lower recruitment intentions. While the majority (63%) expect to hire in the next three months, this is again lower than the UK average (68%).

However, there is also a slightly lower expectation of redundancies and overall this makes the Net Employment Score (the difference between those expecting to increase and those expecting to decrease their workforce) actually slightly higher in the North.

More than four in ten (41%) of Northern organisations expect an overall increase in staff level during the next three months, compared to only 17% which expect a fall. This gives a balance of +24%, higher than the +20% seen over the whole country.

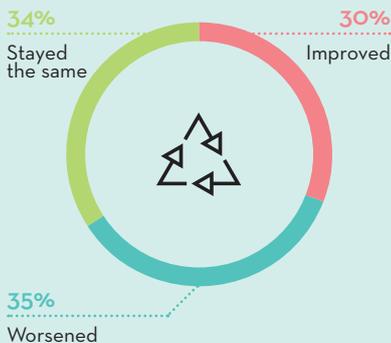
This said, the North does seem to have less current vacancies (6.95) than the rest of the UK (10) but a higher proportion of them are newly-created in the North than the UK on the whole. This suggests lower levels of staff turnover than the South.

Recruitment challenges and skills acquisition

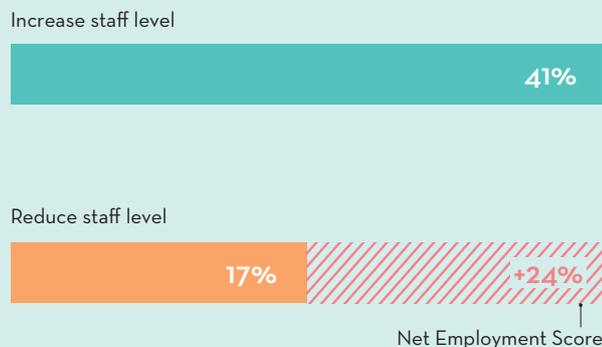
Although hiring fewer roles, Northern organisations are still finding that half of roles are proving 'hard-to-fill' - a similar level to the UK average. The difference is that a far higher percentage of these roles cannot be filled due to a lack of skills (75%) as opposed to a lack of available labour. While a lack of skills is also the dominant reason across the UK it only accounts for around 60% of the vacancies.

As an area with more prominent skills gaps, it would be expected that the North

Overall, during the past 12 months, has your organisation's financial situation improved, stayed the same or worsened?



What is the overall effect of recruiting and making redundancies in your company over the next three months (North)?





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would be more likely to attempt to invest and grow the existing workforce. There is a higher proportion of organisations with an established training budget in the region but the difference is marginal compared to the UK average; 75% of those in the North compared to 73% in the rest of the UK.

Slightly more organisations in the North also reported that these training budgets have increased over recent times and expect them to in the future than in the UK overall, but again the difference is negligible. It should also be noted that the majority of firms in both the North and UK overall don't expect the training budget to increase soon, despite the apparent lack of available skills.

One method the North is employing more regularly than the rest of the UK to address these gaps is apprenticeships; nearly half (45%) of organisations offer them. This figure may even rise further in the coming months/years with the introduction this year of the Apprenticeship Levy.

In line with the rest of the UK however, one in five organisations in the North are not undertaking any policy to improve future talent pipelines.

Outlook for pay growth

Overall the outlook for wage growth in the North is slightly less favourable than the rest of the UK. The average wage growth for the next pay award is 1%, the same as the UK average, but a slightly lower proportion of organisations are actually expecting to raise wages at all (30% in the North compared to 38% in the whole of the UK).

That said, an even higher proportion (31%) said that they were unable to provide an estimate of pay awards as it would depend on organisational performance.

As with the rest of the UK, those who are suggesting their pay increases will be relatively

modest this year say that a cap on public sector pay is the most common reason, so the private sector might well be considerably more positive (nearly one in five said they expected a pay award of 3% or more).

The 'Brexit' effect

According to the survey, organisations in the North have a slightly lower dependency on non-UK nationals to form their workforce. One in three organisations (34%) in the region employ only UK nationals compared to 30% in the country overall. The proportion of non-UK national workforce is also slightly lower as well, with UK nationals accounting for 85% of the Northern workforce as opposed to 80% across the whole country.

One area of difference is the reason for hiring EU nationals into the workforce.

Across the country the most common reason was that organisations found it difficult to attract UK nationals to lower-skilled roles. In the North, this reason only ranks fifth and only accounts for 16% of respondents, instead a belief that EU nationals offer a better work ethic is most prominent (26%).

The other difference in this list is the suggestion that EU nationals harbour lower expectations around pay and employment conditions; only a factor for one in 14 companies around the UK but nearly one in eight in the North.

Organisations in the North did not demonstrate any higher intentions to consider moving operations outside of the UK than the rest of the country; 83% are not currently considering it.

Why do you employ EU nationals?

We have difficulty attracting UK nationals to lower-skilled roles

UK

25%

North

16%

Lower expectations around pay and working conditions

UK

7%

North

12%

Read the full Labour Market Outlook, Spring 2017 report and find out how the research was conducted [here](#)