

The background is a solid teal color. In the upper left quadrant, there is a large, rough-cut gemstone. Below it and to the left are two smaller, faceted oval diamonds. To the right of the large gemstone is a small, clear, faceted diamond. The text 'The Tate Report' is centered in the upper half of the image. 'The' is in a simple sans-serif font. 'Tate' is in a large, white, cursive script font with a small diamond icon above the 'e'. 'Report' is in a simple sans-serif font to the right of 'Tate'.

The *Tate* Report

Secretarial Drain – London's loss as House Prices Spiral

Are house prices driving and indeed dominating workforce distribution across the regions in the UK? Have we reached the point where the difficulty to source candidates is as much about where they can afford to live as it is about any real skill shortages?

The wrong skills 'on the bench' – apologies for the football terminology – have led to many portrayals of a country bereft of the skills it needs to prosper its economy as companies are forced to outbid for existing staff and look at new methods of sourcing, perhaps from overseas. Is it really true or are the skills simply living in the wrong region? We have taken a fact-based look at the *office* workforce and narrowed it down to *secretaries* only. The evidence is quite startling but supports much of what you may hear anecdotally from those on the ground dealing daily with secretarial recruitment issues.

20% decline in UK secretaries over 10 years...

There were around 576,000 secretaries working in the UK in 2006, following a drop of one fifth in their numbers over the previous ten year period. Since 1996, 145,000 secretaries have been shed from the workforce with a combination of increasing technological development, non-replacement of retirees, staff re-organisation, changing and merging of roles and substantial adjustments to the way that their previous 'bosses' now work.

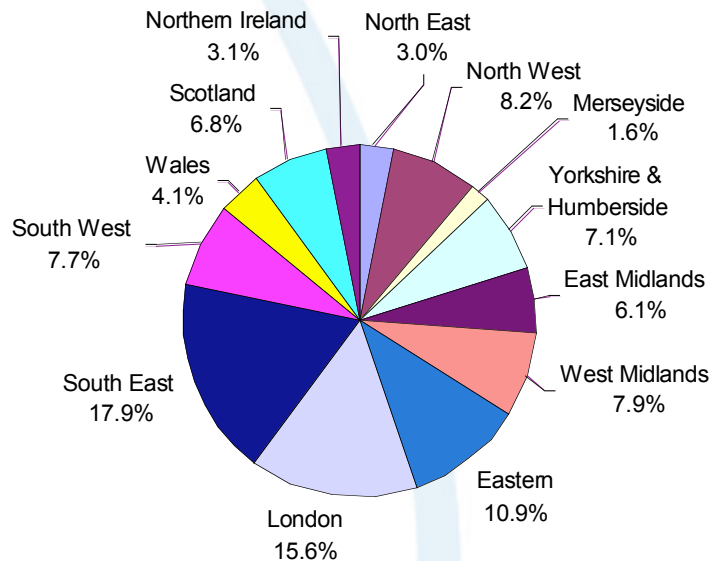
Many people type their own reports reducing the need for specialist typists yet the skills required from those that remain have often increased substantially as multi-purpose office software packages are now the norm and, at the higher end of the secretarial market place, staff are expected to be expert users. The reasons are pretty clear, therefore, for the overall decline and changing skill base of secretaries but what about the supposed shortages? To determine how difficult is the task of recruitment it is important to look at the regional breakdown.



...far worse in London where 33,000 secretarial jobs lost over 10 years

Back in 1996 London accounted for 17% and the South East 15.8% of all secretaries. By 2006 this had completely turned around as seen in the pie chart below. Over ten years London hasn't just lost a fifth of its secretaries, in line with the national average, it has seen a massive 27% or almost 33,000 disappear compared with the South East's mere 9% decline, **strongly illustrating a switch towards Southern-based secretaries choosing to work outside London and companies switching jobs to the Home Counties.**

Regional Distribution of Secretaries 2006

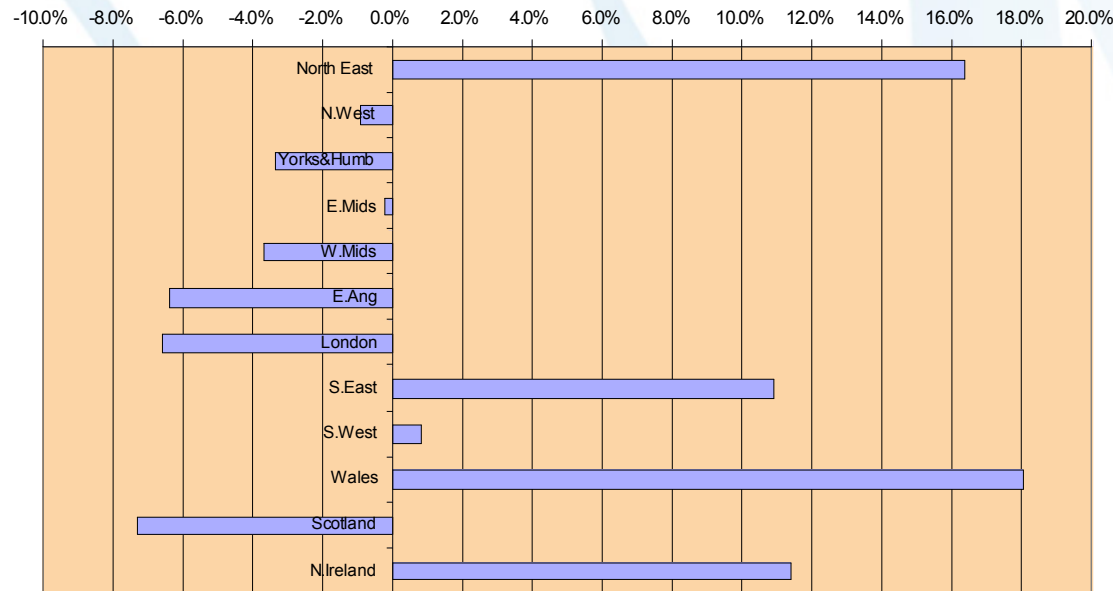


Furthermore, the government data shows us that some regions of the UK have recorded only a minimal decline in secretaries – the North East and Wales, for example, have benefited from the re-location of government departments with the public sector by far the largest employer in those regions while the North West now accounts for 8.2% of secretaries compared with 7.7% a decade ago, in part due to the Manchester rejuvenation. Can we prove that any of this regional shift, even amidst an overall decline, relates not only to public sector re-location and local business development but crucially to the cost of living, primarily house prices?



How house prices have shaped the regional shift

Regional Battle for Secretarial Talent



The chart shows those regions out-performing and under-performing against the 20% national average decline in secretaries. Is there a direct relationship between house prices, average salaries and staff numbers? To find out we have compared regional jobs with the change in the ratio of house prices to salaries.



The larger the change in this ratio the worse is the effect of house prices on a secretary's standard of living and it seems for many regions, the worse the decline in jobs.

Region: 2006 versus 1996	Decrease in Staff	House Price: Salary Ratio Increase
Staff Winners (< 20% actual decline)		
Wales	2.0%	53.9%
North East	3.7%	32.5%
Northern Ireland	8.7%	77.3%
South East	9.2%	80.3%
South West	19.3%	99.7%
Staff Losers (> 20% actual decline)		
North West	21.0%	67.9%
All Midlands	22.3%	95.1%
Yorkshire & Humberside	23.4%	114.5%
East Anglia	26.5%	86.7%
London	26.7%	118.4%
Scotland	27.3%	55.1%

WINNERS:

Amongst those regions shown as 'winners' the increase in house prices relative to salary was especially low for the North East (+32.5%) and Wales (+53.9%) and this clearly helped the decision to re-locate and the availability of staff. The South East, despite its own rising house prices saw an absolute drop of only 10,000 or so and was a major 'winner' with direct evidence of a shift away from London. There also appears to be some slight migration into the South West, helped by a strong local economy around Bristol.

LOSERS:

While Scotland seems determined to continue to drive young workers South of the Border (Edinburgh property prices have exploded since devolution and are the second highest in the UK), the other major 'loser' was London and data shows that the ratio of house price to secretarial salaries there has increased by a massive 118% over 10 years. While the Midlands losses are due both to rising house prices relative to salaries and the demise of some large employers such as Rover, the relative under-performance of Yorkshire & Humberside almost certainly relates to the more than doubling of their house price / salary ratio, with East Anglia similarly affected.



It is not a hard and fast rule, there is some overlap in the middle, but it seems clear that where salaries have been least able to keep pace with house prices that region has lost more of its secretarial workers. Areas with lower house prices are actively attracting employers and are better able to find candidates.

Nowhere is this best illustrated than in London but here we can also see that there has been a switch from London to the South East, presumably driven by the *relative* affordability of salaries, housing and commuting costs. Undoubtedly the cost of commuting from further and further afield, as the affordable housing boundary retreats away from the Capital, has driven people out. Companies have certainly assisted this switch with re-location into other parts of the South East along with the relative growth of the regional economy. However, Tate's own salary and employment surveys show that within key South Eastern towns *now*, the labour market is especially tight with vacancies even out-stripping job claimants in some instances, implying an increasing shortage of suitable candidates. The situation in London is equally difficult. In short, secretaries have done their sums and voted with their feet. The question now is how do we address the shortages in the South East as the bulge of secretarial talent and jobs has migrated outwards?

Stop thinking Cheap, Start thinking Quality

It seems inevitable that areas such as the South West, along the M4 corridor, and perhaps North towards the Midlands will be the next areas to benefit from any shift in pro-active company recruitment but what about attracting candidates to those jobs that cannot be re-located? Here are a few simple thoughts that may help to counter the evidence presented.

- Government already offers affordable housing in London to front line public service staff such as teachers and nurses. **Do the same via a housing allowance for your office talent in high priced areas**
- For staff needing to commute longer distances **pay for the season ticket**
- Operate **staggered working times** where possible – travel is much cheaper after 9.30am across the UK
- Where practical, encourage some **flexible and home working** – not always practical but with careful management many companies can make it work



Unless this shifting trend is addressed, London jobs especially will become increasingly the domain of the second income earner and unattainable for all others. A lot of talent will be lost if that were to be the case since second income earners are often the key family carer and increasingly long distance commuting will take its toll. Commuting from cheaper to dearer parts of the South East also presents difficulties and is increasingly linked to shortages. All for the price of a train ticket or a mortgage subsidy...

The only way to attract and even retain, is to stop thinking cheap and start thinking quality.

