

Royal Bank of Scotland Report on Jobs

Growth in permanent placements slows to modest pace in February

Key Findings

Permanent appointments increase at notably slower rate

Demand for staff continues to rise strongly

Pay pressures remain elevated

Scotland Permanent Placements Index



Last six months



According to the latest Royal Bank of Scotland Report on Jobs, the Scottish labour market remained strong during February, with permanent staff appointments and temp billings both expanding. Although the rates of increase slowed in both cases, growth momentum was stronger than recorded for the UK as a whole. Furthermore, demand for temporary and permanent staff rose strongly, despite easing since January. Amid a further deterioration in labour supply, pay pressures remained elevated in February.

Staff placements

Latest survey data extended the current period of growth in permanent appointments in Scotland to 25 months. This contrasted with the UK, where permanent placements stagnated. However, the expansion in Scotland eased notably from the historically marked rates seen towards the end of 2018 and was only modest overall. Furthermore, it was the slowest increase seen across the current sequence of growth.

Temp billings also rose further during February, although the rate of increase slowed. The expansion was strong overall, despite softening to the weakest since January 2018.

Candidate supply

As has been apparent since March 2012, permanent staff availability in Scotland declined, albeit at a pace that was the softest

in four months. Nevertheless, the fall was steep overall and markedly stronger than seen for the UK on average.

Short-term candidate supply in Scotland also deteriorated in February. However, the drop in availability was the weakest for almost one year. Temporary staff shortages were also apparent across the UK as a whole.

Demand for staff

A healthy appetite for new hires in Scotland was signalled by further growth in demand for both permanent and temporary staff during the latest survey period. In each instance, however, vacancies expanded at softer rates. Permanent job openings increased at the weakest pace in just over two years, while growth in temporary roles was the slowest since January 2018 and below the long-run average.

Pay pressures

Scottish recruitment agencies pointed to further growth in pay during February. Salaries awarded to permanent starters in Scotland rose sharply, despite the rate of inflation easing to the slowest since March 2017.

Short-term pay rates in Scotland also increased in the latest survey period, thereby extending the trend seen over the past four years. Though strong, the rate of temp wage inflation slowed to a six-month low.

Scotland Permanent Placements Index

sa, >50 = growth since previous month



Staff Placements

Permanent Placements Index



Growth in permanent appointments slows markedly

Scottish recruitment agencies signalled further growth in the number of people placed into permanent roles during February. However, the rate of increase eased notably to a modest pace, contrasting strongly with the sharp expansions seen on average across the current 25-month upturn.

Meanwhile, permanent appointments stagnated at the UK level, as signalled by the respective seasonally adjusted index posting exactly at the 50.0 mark.

Permanent Placements Index



Scotland vs UK



Temporary Billings Index



Short-term staff billings also rise at weaker pace

As has been the case in each of the past 14 months, latest survey data pointed to growth in temporary staff billings in Scotland. Although the rate of expansion was sharp, it eased for a third successive month to the slowest since January 2018.

In contrast, UK level data indicated a sharper rate of growth in temp billings, rebounding from January's recent low. Nonetheless, the UK-wide increase was weaker than recorded for Scotland.

Temporary Billings Index



Scotland vs UK



Labour Supply

Permanent Candidate Availability Index



Permanent staff supply continues to shrink sharply in February

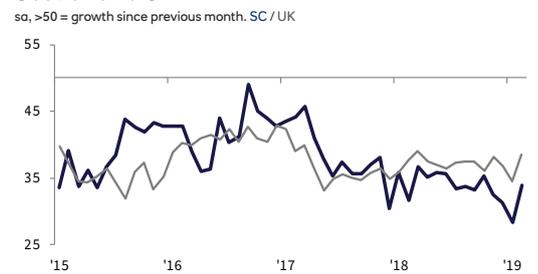
The deterioration in permanent candidate availability in Scotland that has been observed since March 2012 continued in the latest survey period. The contraction in permanent labour supply was steep overall, despite softening since January.

Candidate shortages were also apparent across the UK as a whole in February. The drop in permanent staff availability was weaker than seen for Scotland, but sharp nonetheless.

Permanent Candidate Availability Index



Scotland vs UK



Temporary Candidate Availability Index



Decline in temp candidate numbers eases further

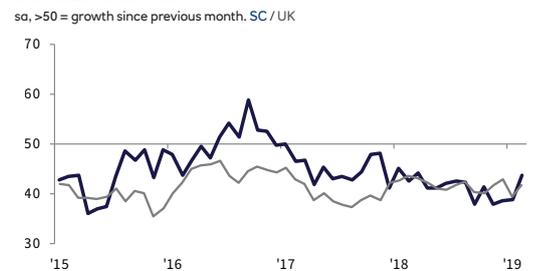
According to Scottish recruitment consultancies, there was a further drop in temp staff supply during February. However, for a third month running, the rate of deterioration eased and was the least marked for almost one year.

Temp candidate availability also continued to deteriorate at the wider UK-level in February. As was the case in Scotland, the rate of decline slowed since the turn of the year.

Temporary Candidate Availability Index



Scotland vs UK



Pay Pressures

Permanent Salaries Index



Starting salary inflation eases to near two-year low

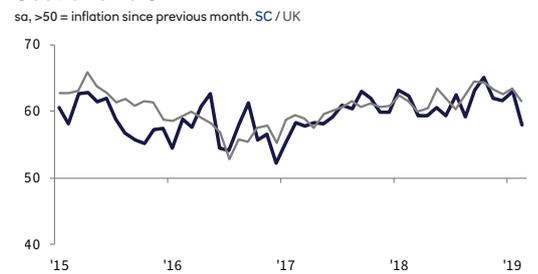
Pay pressures remained elevated for permanent new joiners in Scotland during February. Overall, the rate of starting salary inflation was sharp and stronger than the long-run average. That said, pay growth softened to the weakest since March 2017.

Remuneration awarded to permanent starters across the UK overall also rose at a sharp pace during the latest survey period. The rate of inflation also eased, but was quicker than seen for Scotland for a fourth successive month.

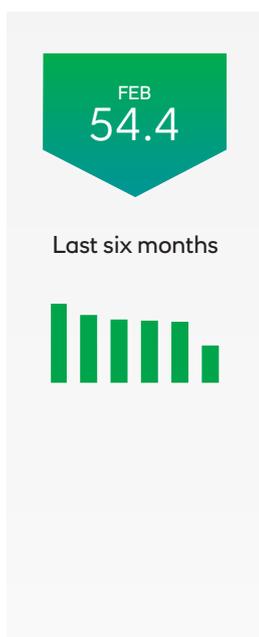
Permanent Salaries Index



Scotland vs UK



Temporary Wages Index



Short-term pay rates rise solidly in February

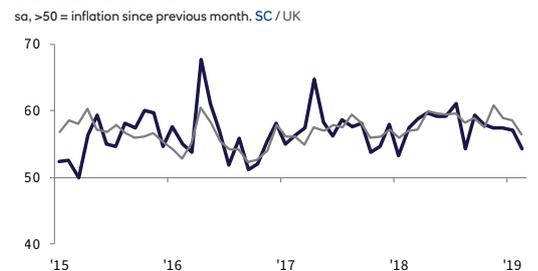
Temporary wages in Scotland increased in February, as has been the case for nearly four years. The rate of pay growth was solid overall, but eased to a six-month low and was slightly softer than the survey average.

Wage rates for short-term staff across the UK as a whole increased strongly in February and, as was the case with starting salaries, the rate of inflation remained stronger than seen in Scotland.

Temporary Wages Index



Scotland vs UK



Demand for Permanent Staff

Permanent Vacancies Index



Permanent job openings increase markedly in February

The Permanent Vacancies Index is derived from eight sectoral indices of the demand for permanent staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

Demand for permanent staff in Scotland increased at a marked rate during February, despite the expansion easing to a 25-month low. Nevertheless, the rise was stronger than the UK average, as has been the case for the last 13 months. By sector, it was IT & Computing roles which were the most in-demand, while permanent Hotel & Catering vacancies continued to fall.

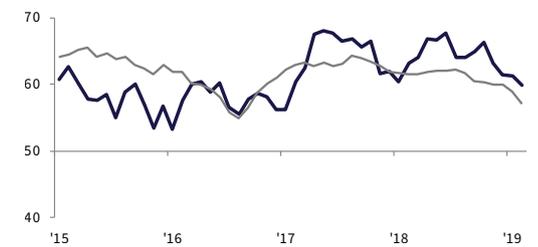
Permanent Vacancies Index

sa, >50 = growth since previous month



Scotland vs UK

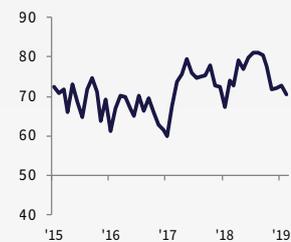
sa, >50 = growth since previous month. SC / UK



By Sector

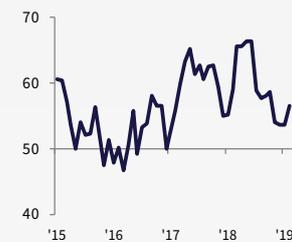
IT & Computing

sa, >50 = growth since previous month



Executive & Professional

sa, >50 = growth since previous month



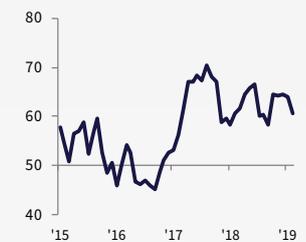
Accounting & Financial

sa, >50 = growth since previous month



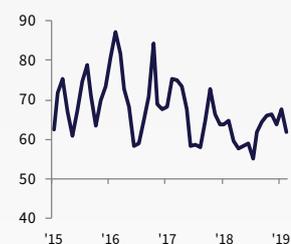
Secretarial & Clerical

sa, >50 = growth since previous month



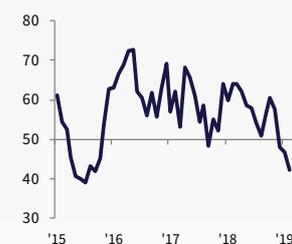
Nursing, Medical & Care

sa, >50 = growth since previous month



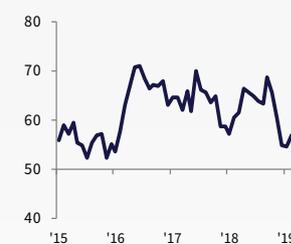
Hotel & Catering

sa, >50 = growth since previous month



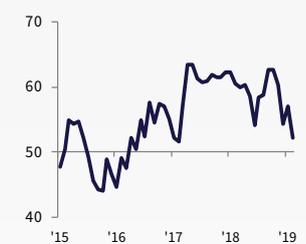
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for Temporary Staff

Temporary Vacancies Index



Temp staff demand growth continues to ease

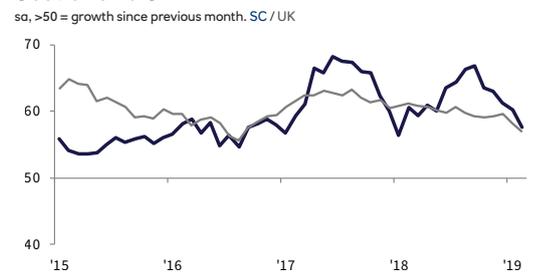
The Temporary Vacancies Index is derived from eight sectoral indices of the demand for temporary staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

Latest survey data pointed to further growth in temporary job vacancies in Scotland. Although the increase was strong, it was below the long-run average. Furthermore, growth slowed for the fifth consecutive month to the weakest since January 2018. Nursing/Medical/Care staff topped the temporary staff demand rankings, followed by IT & Computing.

Temporary Vacancies Index

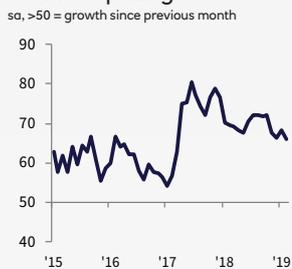


Scotland vs UK

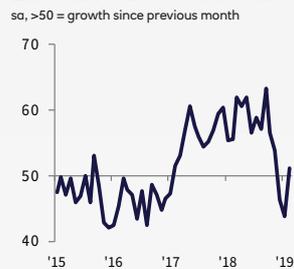


By Sector

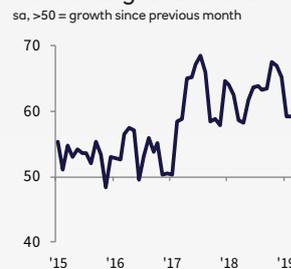
IT & Computing



Executive & Professional



Accounting & Financial



Secretarial & Clerical



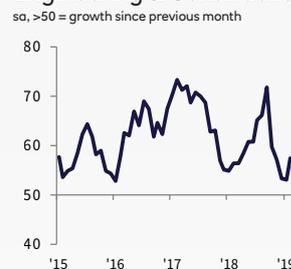
Nursing, Medical & Care



Hotel & Catering



Engineering & Construction



Blue Collar



Permanent Vacancies Index by Sector

| Rank | Sector | Jan-19 | Feb-19 |
|------|----------------------------|--------|--------|
| 1 | IT & Computing | 72.8 | 70.5 |
| 2 | Accounts & Financial | 64.3 | 63.4 |
| 3 | Nursing/Medical/Care | 67.6 | 61.9 |
| 4 | Secretarial & Clerical | 63.8 | 60.5 |
| 5 | Engineering & Construction | 54.6 | 56.9 |
| 6 | Executive & Professional | 53.6 | 56.5 |
| 7 | Blue Collar | 57.1 | 52.1 |
| 8 | Hotel & Catering | 46.7 | 42.3 |

Temporary Vacancies Index by Sector

| Rank | Sector | Jan-19 | Feb-19 |
|------|----------------------------|--------|--------|
| 1 | Nursing/Medical/Care | 73.3 | 68.0 |
| 2 | IT & Computing | 68.1 | 66.1 |
| 3 | Accounts & Financial | 59.2 | 59.1 |
| 4 | Secretarial & Clerical | 57.9 | 58.3 |
| 5 | Engineering & Construction | 53.1 | 57.4 |
| 6 | Hotel & Catering | 72.2 | 57.1 |
| 7 | Blue Collar | 60.5 | 51.5 |
| 8 | Executive & Professional | 43.9 | 51.2 |

Contact

Royal Bank of Scotland

Jonathan Rennie
Regional PR Manager
07769 932 102
jonathan.ennie@rbs.co.uk

IHS Markit

Joe Hayes
Economist
+44 1491 461 006
joseph.hayes@ihsmarkit.com

Joanna Vickers
Corporate Communications
+44 207 260 2234
joanna.vickers@ihsmarkit.com

Methodology

The Royal Bank of Scotland Report on Jobs is compiled by IHS Markit from responses to questionnaires sent to a panel of around 100 Scottish recruitment and employment consultancies.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Permanent Placements Index, calculated from responses to the question "Is the number of people placed in permanent jobs higher, the same or lower than one month ago?".

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the survey methodology, please contact economics@ihsmarkit.com.

About Royal Bank of Scotland

Royal Bank of Scotland has paved the way in banking ever since it was established in 1727. From the world's first overdraft, and the first house purchase loan by a UK bank, to the first fully-fledged internet banking service and mobile banking app the bank has a history of making life easier for its customers.

The bank has commitment to retain its close connections with the Scottish communities it serves.

About IHS Markit

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.

About REC

Jobs transform lives, which is why we are building the best recruitment industry in the world. As the professional body for recruitment we're determined to make businesses more successful by helping them secure the people they need. We are absolutely passionate and totally committed in this pursuit for recruiters, employers, and the people they hire. Find out more about the Recruitment & Employment Confederation at www.rec.uk.com.

Disclaimer

The intellectual property rights to the Royal Bank of Scotland Report on Jobs provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Royal Bank of Scotland uses the above marks under licence. IHS Markit is a registered trademark of IHS Markit Ltd and/or its affiliates.