

# Royal Bank of Scotland Report on Jobs

## Sharp growth in permanent staff appointments continues in July

### Key Findings

Step increase in permanent placements

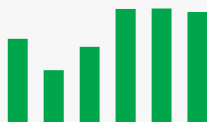
Availability of workers continues to deteriorate

Pay pressures intensify amid strong demand for staff

### Scotland Permanent Placements Index



Last six months



According to the latest Royal Bank of Scotland Report on Jobs for Scotland, permanent staff placements increased sharply during July. Similarly, recruitment agencies signalled marked growth in billings for short-term staff. Demand for permanent and temporary labour remained robust, however the availability of both types of candidates deteriorated markedly. Tight labour market conditions fed through to greater pay pressures, with starting salaries and temp wages rising at stronger rates in July.

### Staff placements

Another sharp monthly rise in permanent staff placements was observed in Scotland during July. The pace of expansion, despite easing slightly, was close to June's 44-month high. Furthermore, growth in Scotland outpaced the UK average, which was the softest since last October. Recruitment agencies in Scotland also signalled strong growth in contract staff billings, extending the current sequence of increase to seven months.

### Demand for staff

Permanent job vacancies rose substantially during July, despite the pace of expansion slipping from June's 13-month peak. Nonetheless, permanent staff demand was greater in Scotland than across the UK as a whole. There was also marked growth in temporary job openings across Scotland at

the beginning of the third quarter. The rate of expansion was the quickest for nine months and noticeably outpaced that seen at the national level.

### Candidate supply

As has been the case since March 2012, the supply of permanent labour in Scotland declined in the latest survey period. The rate of deterioration was steep overall and accelerated to a five-month record. This contrasted with a softer rate of decrease at the national level. Temporary candidate availability also worsened during July, albeit to the weakest extent in four months.

### Pay pressures

Amid rising staff vacancies and shrinking candidate supply, pay pressures intensified in July. Salaries awarded to permanent starters in Scotland increased at the fastest pace in six months, with inflation outpacing that seen for the UK overall. Meanwhile, temp pay rates in Scotland rose at the sharpest degree since April 2017.

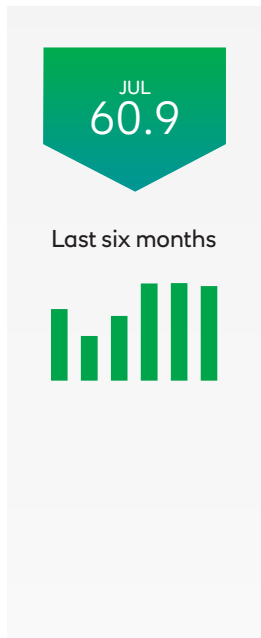
### Scotland Permanent Placements Index

sa, >50 = growth since previous month



# Staff Placements

## Permanent Placements Index



### Permanent staff appointments rise sharply

Permanent staff continued to be hired at a sharp pace during July. Although the rate of expansion softened for the first time since March, it remained close to June's 44-month high.

In comparison to the rise in permanent placements at the national level, the rate of expansion in Scotland remained noticeably stronger. Growth for the UK as a whole eased to a nine-month low.

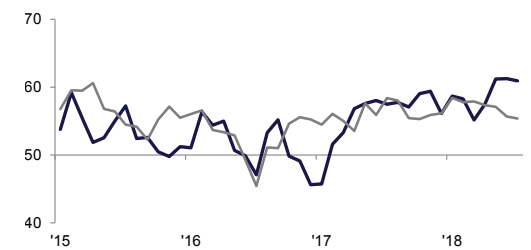
### Permanent Placements Index

sa, >50 = growth since previous month

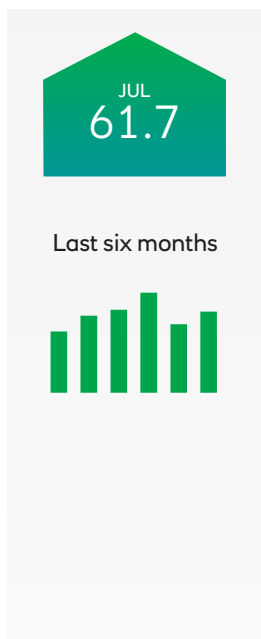


### Scotland vs UK

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



## Temporary Billings Index



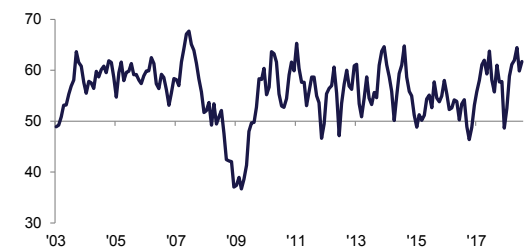
### Contract staff billings increase at faster rate

Scottish recruitment agencies pointed to a further marked increase in billings received for temporary employees during July. Notably, the rate of expansion picked up since June, extending the current period of upturn to seven months.

UK level data also indicated a faster rate of growth in temp billings, albeit one which continued to be weaker than that seen for Scotland. Nonetheless, the pace of expansion remained historically strong.

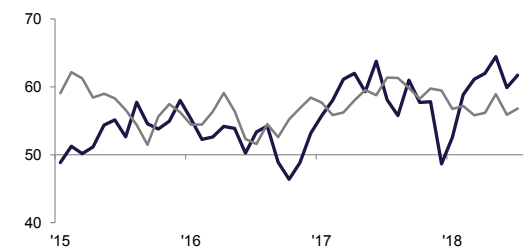
### Temporary Billings Index

sa, >50 = growth since previous month



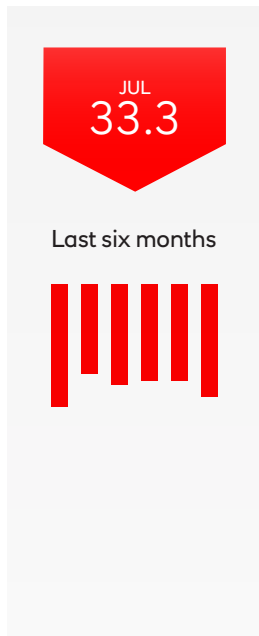
### Scotland vs UK

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



# Labour Supply

## Permanent Candidate Availability Index



### Permanent candidate supply declines further in July

The availability of candidates for permanent roles in Scotland deteriorated substantially and at the fastest pace for five months in July. Permanent labour supply has continually worsened in each month since March 2012.

In contrast, permanent staff availability decreased to a softer extent for the UK as a whole. Nevertheless, the rate of deterioration was marked overall.

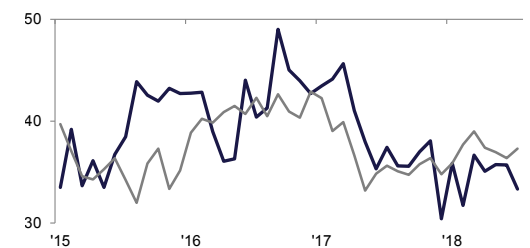
### Permanent Candidate Availability Index

sa, >50 = growth since previous month



### Scotland vs UK

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



## Temporary Candidate Availability Index



### Temporary staff supply continues to shrink in July

The availability of short-term candidates also declined during the latest survey period. Although the rate of deterioration slowed for a second month running to the weakest since March, it remained sharp overall.

Worsening temporary staff supply was also apparent at the national level in July. Similar to the trend seen for Scotland, the rate of decline softened from that seen in June.

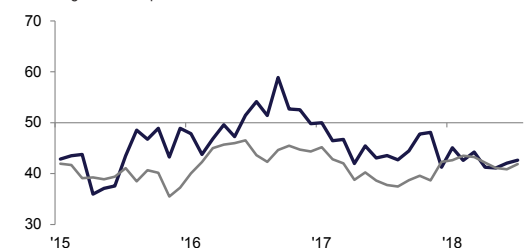
### Temporary Candidate Availability Index

sa, >50 = growth since previous month



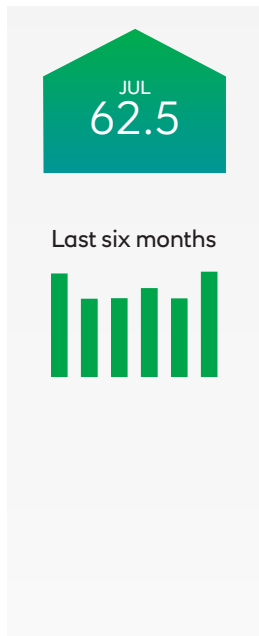
### Scotland vs UK

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



# Pay Pressures

## Permanent Salaries Index



### Starting salary inflation edges higher in July

Starting salaries awarded to permanent staff in Scotland rose further in July, sustaining a trend which has been observed for almost five-and-half years. In fact, the rate of inflation was sharp and accelerated to a six-month high.

A similarly-marked rate of permanent pay growth was noted for the UK as a whole for July. This was despite the rate of inflation softening to a four-month low.

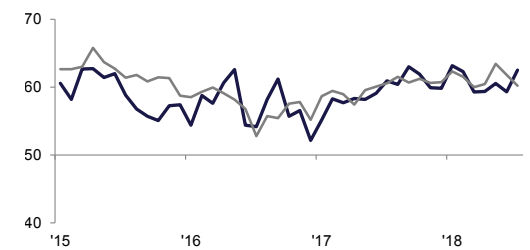
### Permanent Salaries Index

sa, >50 = inflation since previous month

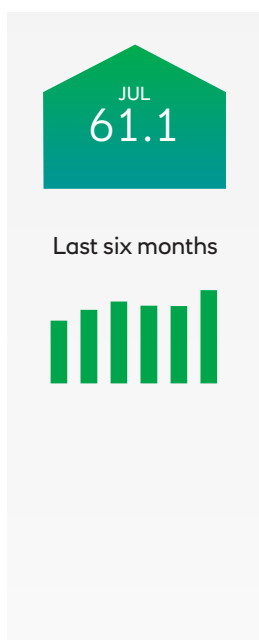


### Scotland vs UK

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



## Temporary Wages Index



### Temporary wages rise at fastest pace for 15 months

Latest survey data signalled sharp growth in hourly pay rates for temporary staff in Scotland. Furthermore, the pace of increase quickened to a 15-month high.

A marginally faster rise in temp wages was recorded at the UK level during July. However, for the first time since March, the rate of inflation was outpaced by that seen for Scotland.

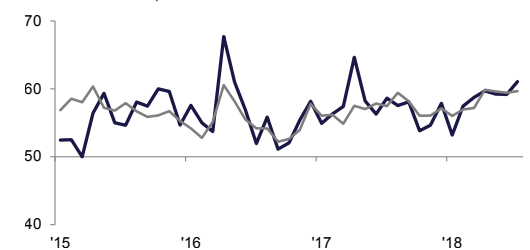
### Temporary Wages Index

sa, >50 = inflation since previous month



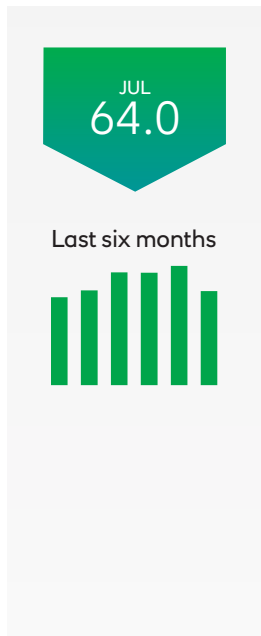
### Scotland vs UK

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



# Demand for Permanent Staff

## Permanent Vacancies Index



### Permanent staff demand improves markedly in July

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.

Permanent staff demand in Scotland continued to strengthen during July, as signalled by the Permanent Vacancies Index posting above the neutral 50.0 mark. The rate of improvement was substantial, despite easing to a five-month low. Sector data indicated that permanent IT & Computing roles observed the greatest increase in staff vacancies.

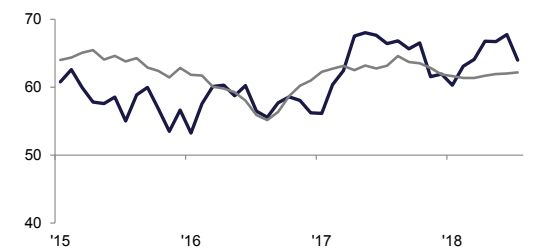
### Permanent Vacancies Index

sa, >50 = growth since previous month



### Scotland vs UK

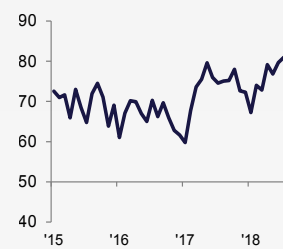
sa, >50 = growth since previous month. SC / UK



## By Sector

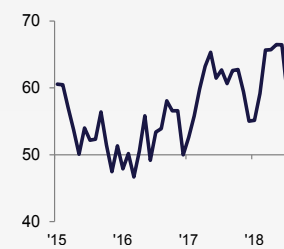
### IT & Computing

sa, >50 = growth since previous month



### Executive & Professional

sa, >50 = growth since previous month



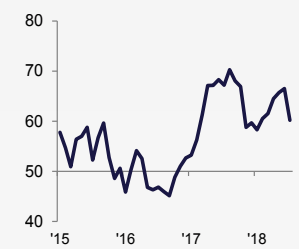
### Accounting & Financial

sa, >50 = growth since previous month



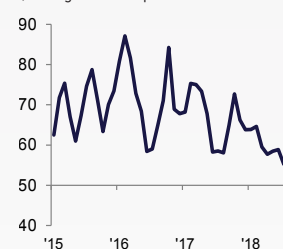
### Secretarial & Clerical

sa, >50 = growth since previous month



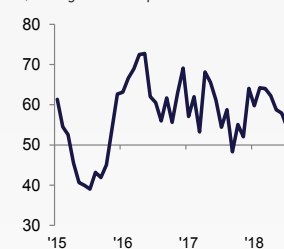
### Nursing, Medical & Care

sa, >50 = growth since previous month



### Hotel & Catering

sa, >50 = growth since previous month



### Engineering & Construction

sa, >50 = growth since previous month



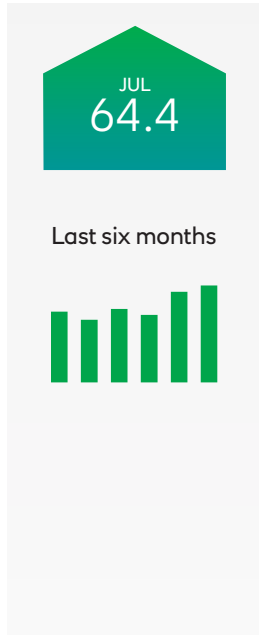
### Blue Collar

sa, >50 = growth since previous month



# Demand for Temporary Staff

## Temporary Vacancies Index



### Temporary job openings rise at quickest pace in nine months

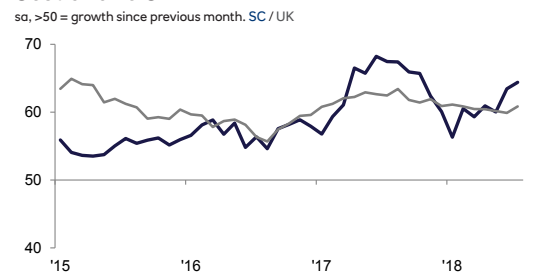
The Temporary Vacancies Index is derived from eight sectoral indices of the demand for temporary staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

Temporary staff demand in Scotland improved in July, sustaining a trend which has been apparent since November 2009. Moreover, the rate of growth in temporary job openings was the fastest for nine months and outpaced that seen at the national level.

### Temporary Vacancies Index

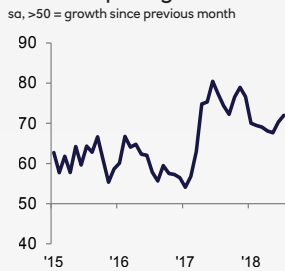


### Scotland vs UK



## 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	Jun-18	Jul-18
1	IT & Computing	79.6	80.9
2	Accounts & Financial	74.4	70.8
3	Engineering & Construction	64.8	63.7
4	Secretarial & Clerical	66.5	60.2
5	Executive & Professional	66.4	58.9
6	Blue Collar	54.2	58.4
7	Nursing/Medical/Care	58.9	55.2
8	Hotel & Catering	57.9	54.3

### Temporary Vacancies Index by Sector

Rank	Sector	Jun-18	Jul-18
1	IT & Computing	70.3	72.0
2	Nursing/Medical/Care	72.7	68.1
3	Engineering & Construction	60.8	65.2
4	Accounts & Financial	63.7	63.7
5	Blue Collar	59.5	63.4
6	Hotel & Catering	61.7	63.0
7	Secretarial & Clerical	65.4	62.4
8	Executive & Professional	56.6	58.8

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#### 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](mailto: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.

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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.

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