

Royal Bank of Scotland Report on Jobs

Scotland defies overall UK trend to signal solid permanent placements growth

Key Findings

Permanent appointments fall at wider UK level...

...but solid growth recorded across Scotland

Permanent job openings rise at weakest rate since January 2017

Scotland Permanent Placements Index



Last six months



According to the latest Royal Bank of Scotland Report on Jobs, there were further positive signs for Scotland's labour market during May, with permanent placements rising amid declines across the UK as a whole. Temp billings also grew at an accelerated rate, while pay pressures remained elevated. That said, permanent staff demand increased at the weakest pace since January 2017, while temp vacancy growth remained weaker than seen during last year.

Staff placements

Permanent staff appointments continued to increase in Scotland, sustaining the current upturn that started in February 2017. Furthermore, the rise was broadly in line with the series long-run average, showing further signs of recovery from the soft patch seen at the start of the year. This was a marked contrast to the trend seen for the UK overall, which showed a third successive monthly decline in permanent placements.

Temp billings in Scotland rose at a sharp and accelerated pace during May, growing above the long-run trend rate and outpacing that seen for the UK as a whole.

Candidate supply

Labour supply continued to deteriorate in Scotland during the latest survey period. The rate of decline was the most pronounced for permanent staff. The fall in permanent candidate numbers was sharp overall,

albeit the weakest for one-and-a-half years. Meanwhile, short-term staff supply contracted at the second-weakest rate since January 2018.

Pay pressures

By historical standards, salaries awarded to permanent new joiners in Scotland increased strongly during May, broadly matching the UK-wide trend. That said, the rate of salary inflation was little-changed from those seen since February and was notably weaker than the 2018 average.

Wage rates for short-term staff increased sharply during the latest survey period, with the pace of increase holding close to April's seven-month high.

Demand for staff

Permanent and short-term job openings across Scotland increased in May and at much quicker rates than for the UK overall. That said, growth in both cases was subdued relative to those seen throughout last year. Permanent staff demand increased at the weakest rate for nearly two-and-a-half years. Temporary vacancy growth did improve following April's 15-month low, but only marginally.

Scotland Permanent Placements Index

sa, >50 = growth since previous month



Staff Placements

Permanent Placements Index



Permanent appointments rise markedly in May

Latest survey data indicated another strong month-on-month gain in permanent staff placements in Scotland, sustaining a run of growth that started in February 2017. Furthermore, the expansion was in line with the long-run trend rate.

This was in stark contrast to data for the UK overall, which signalled a third successive monthly decline in permanent staff appointments.

Permanent Placements Index



Scotland vs UK



Temporary Billings Index



Short-term billings growth accelerates

Scottish recruitment agencies recorded a strong rise in billings received from the employment of temporary workers in May. The rate of growth picked up since April and was quicker than the historical series average.

Expansion was also observed at the UK level, however the increase was only marginal and eased to the weakest seen across the current 73-month upturn.

Temporary Billings Index



Scotland vs UK



Labour Supply

Permanent Candidate Availability Index



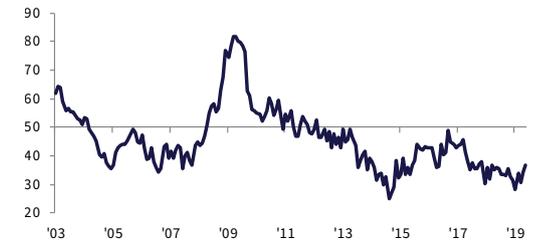
Permanent labour supply deteriorates at softer pace

The availability of candidates to fulfil permanent roles in Scotland declined during May, as has been the case since March 2012. That said, the pace of deterioration softened for a second straight month and was the weakest in one-and-a-half years.

The fall in permanent candidate availability in Scotland was broadly similar to that seen across the UK as a whole, with rates of decline converging since April.

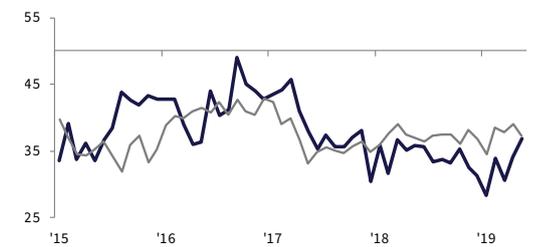
Permanent Candidate Availability Index

sa, >50 = growth since previous month



Scotland vs UK

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



Temporary Candidate Availability Index



Temp candidate numbers dip again during May

Latest survey data pointed to a twenty-eighth straight monthly reduction in short-term staff availability in Scotland during May. Overall, the decline was marked and little-changed from that seen in April.

Meanwhile, the UK as a whole observed a quickened rate of deterioration in short-term staff supply during May that outpaced Scotland's decline.

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



Pay pressures remain historically elevated for permanent new joiners

According to latest survey data, permanent starting salaries in Scotland increased at a marked rate in May. Although the rate of pay inflation was stronger than the long-run average, it remained off the steep pace seen throughout 2018.

Compared to the wider UK trend, growth in pay awarded to new joiners was broadly similar to that seen in Scotland.

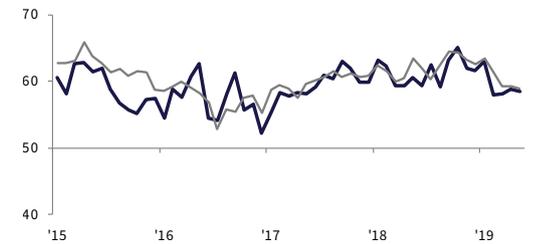
Permanent Salaries Index

sa, >50 = inflation since previous month



Scotland vs UK

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



Temporary Wages Index



Temp pay rates increase strongly during May

Wage rates for short-term staff in Scotland increased strongly during the latest survey period, with the rate of increase holding close to April's seven-month high.

As was the case with permanent salaries, the rate of inflation was broadly in line with that recorded for the UK overall.

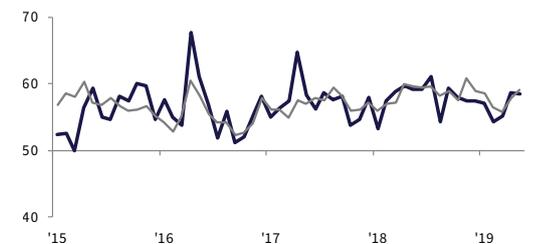
Temporary Wages Index

sa, >50 = inflation since previous month



Scotland vs UK

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



Demand for Permanent Staff

Permanent Vacancies Index



Last six months



Permanent staff demand rises at weakest pace since January 2017

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.

While growth in permanent job vacancies was maintained across Scotland in May, the rise lost momentum and was the slowest in nearly two-and-a-half years. Of the monitored sub-sectors, permanent staff demand fell in Hotel & Catering, while rates of vacancy growth eased in the remaining industries with the exception of Engineering & Construction and Blue Collar.

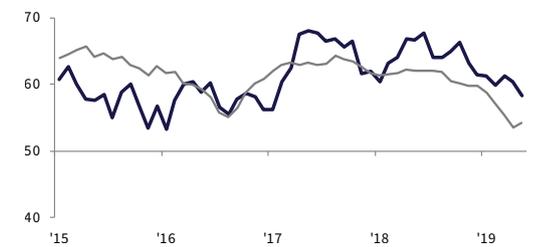
Permanent Vacancies Index

sa, >50 = growth since previous month



Scotland vs UK

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



By Sector

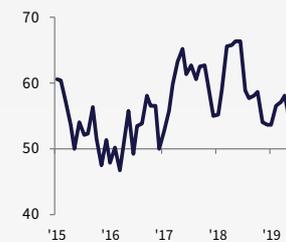
IT & Computing

sa, >50 = growth since previous month



Executive & Professional

sa, >50 = growth since previous month



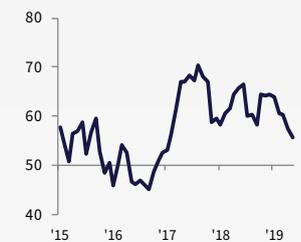
Accounting & Financial

sa, >50 = growth since previous month



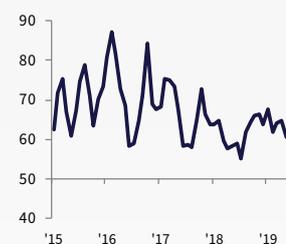
Secretarial & Clerical

sa, >50 = growth since previous month



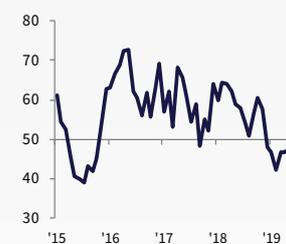
Nursing, Medical & Care

sa, >50 = growth since previous month



Hotel & Catering

sa, >50 = growth since previous month



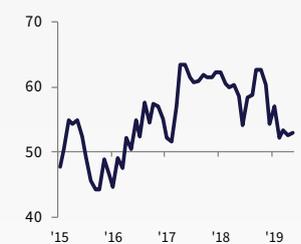
Engineering & Construction

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 edges up slightly

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.

A further monthly rise in short-term staff demand was registered during the latest survey period. Although growth was strong overall, it remained subdued relative to the 2018 average. Nursing/Medical/Care overtook IT/Computing to top the temp staff vacancy growth rankings.

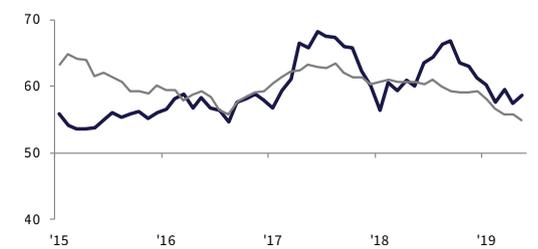
Temporary Vacancies Index

sa, >50 = growth since previous month



Scotland vs UK

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



By Sector

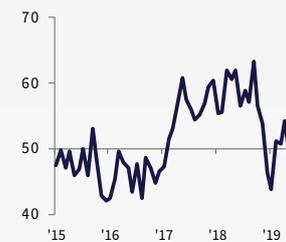
IT & Computing

sa, >50 = growth since previous month



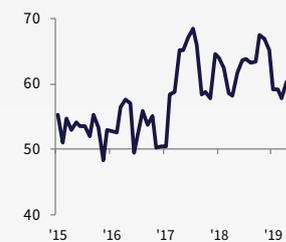
Executive & Professional

sa, >50 = growth since previous month



Accounting & Financial

sa, >50 = growth since previous month



Secretarial & Clerical

sa, >50 = growth since previous month



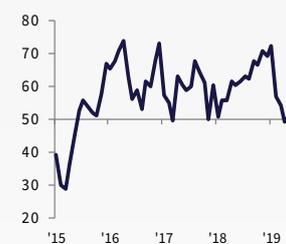
Nursing, Medical & Care

sa, >50 = growth since previous month



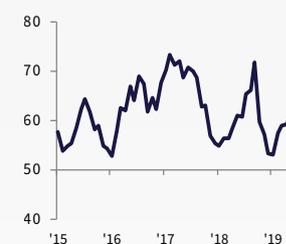
Hotel & Catering

sa, >50 = growth since previous month



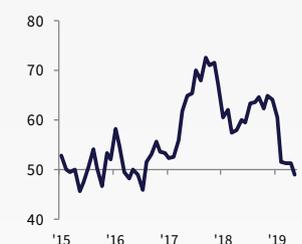
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Permanent Vacancies Index by Sector

Rank	Sector	Apr-19	May-19
1	IT & Computing	72.4	69.0
2	Accounts & Financial	65.6	60.9
3	Nursing/Medical/Care	64.9	60.6
4	Engineering & Construction	59.0	60.5
5	Secretarial & Clerical	57.6	55.7
6	Executive & Professional	58.1	54.4
7	Blue Collar	52.5	53.0
8	Hotel & Catering	46.8	47.8

Temporary Vacancies Index by Sector

Rank	Sector	Apr-19	May-19
1	Nursing/Medical/Care	66.3	69.2
2	IT & Computing	67.2	66.5
3	Secretarial & Clerical	57.7	65.4
4	Engineering & Construction	59.2	61.4
5	Accounts & Financial	60.3	59.7
6	Hotel & Catering	49.3	51.1
7	Executive & Professional	54.3	49.1
8	Blue Collar	51.5	49.0

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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.

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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