

Royal Bank of Scotland Report on Jobs

Labour market conditions remain robust during December

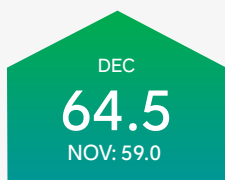
Key Findings

Staff placements continue to rise markedly

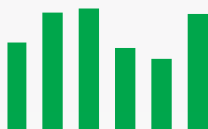
Labour supply falls, pushing up rates of pay

Sharp growth in temporary and permanent vacancies

Scotland Permanent Placements Index



Last six months



According to the latest Royal Bank of Scotland Report on Jobs, permanent staff appointments increased at a historically marked rate at the end of 2018, while temporary billings also rose sharply. In both cases, expansions were faster than noted on average for the UK as a whole. Meanwhile, permanent and temporary job openings increased again in December. However, falling labour supply led to further pressure on pay.

Staff placements

Scottish recruitment agencies pointed to a further increase in permanent staff appointments during December. The rate of growth accelerated and was among the sharpest recorded since data collection began over two decades ago. Furthermore, the rise outpaced that recorded for the UK overall, where growth slowed to a 20-month low.

Temporary staff billings in Scotland also rose, continuing the upward trend which started one year ago. The pick-up was sharp and as with permanent placements, was stronger than the UK average.

Demand for staff

Job vacancies rose further in the latest survey period. Although permanent staff demand increased at a weaker pace than seen in November, the expansion was marked overall. Growth was also stronger than seen

at the national level, continuing a trend which has been apparent for nearly one year. Similarly, recruiters registered higher vacancies for temporary staff in Scotland during December. Across the monitored sectors, demand was strongest for short-term Nursing/Medical/Care workers.

Candidate supply

Despite marked growth in staff demand, survey data suggested that the availability of candidates to fill vacant roles continued to decline in Scotland. The supply of permanent labour deteriorated substantially and at the quickest rate in one year during December.

Shortages of temporary staff were also apparent during the latest survey period. Although the decline in temp worker supply was weaker than seen in November, it was sharp overall and more severe than seen at the UK level.

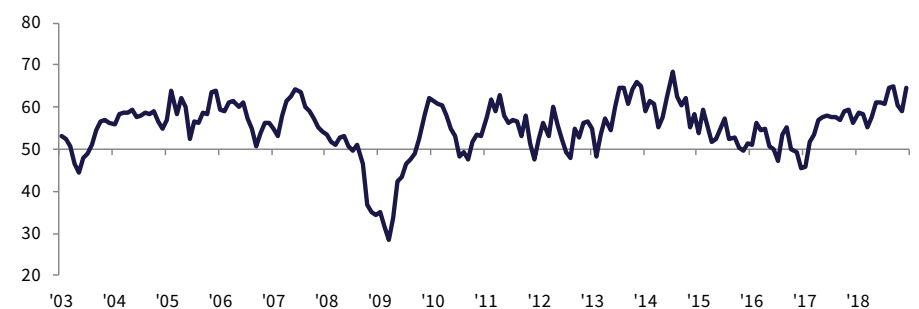
Pay pressures

The supply and demand imbalance for staff across the Scottish labour market contributed to another month of increasing pay. Salaries awarded to permanent starters rose sharply in December, despite the rate of inflation moderating for a second month running.

Short-term staff also received higher wage rates during the latest survey period. The up-tick in pay was strong and unchanged from that recorded in November.

Scotland Permanent Placements Index

sa, >50 = growth since previous month



Staff Placements

Permanent Placements Index



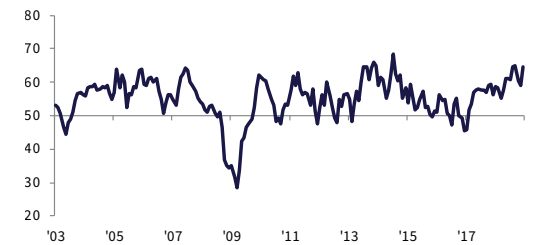
Historically marked rise in appointments of permanent staff

December survey data indicated a sharp and accelerated rise in staff placed into permanent roles in Scotland. The expansion was among the strongest recorded since data collection began over two decades ago.

The trend in Scotland diverged from that recorded across the UK as a whole, where permanent appointments grew only moderately and at the softest pace since April 2017.

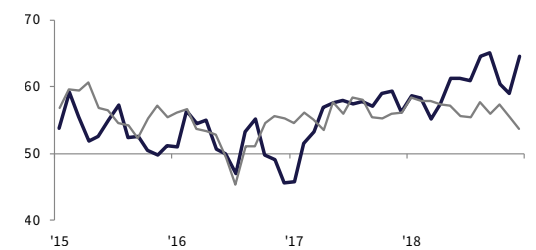
Permanent Placements Index

sa, >50 = growth since previous month

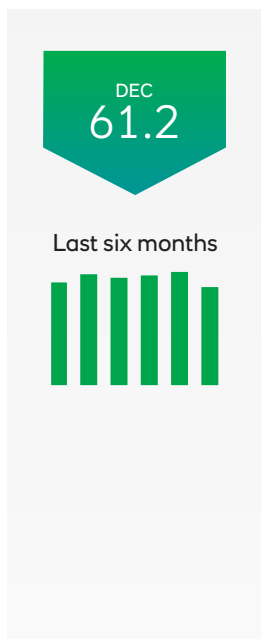


Scotland vs UK

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



Temporary Billings Index



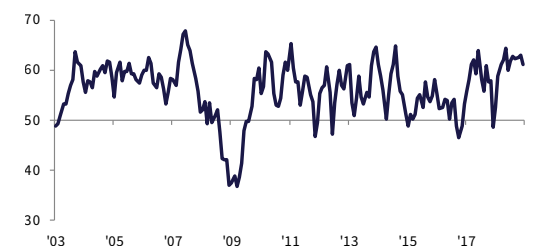
Temp billings continues to rise strongly

Recruitment agencies in Scotland continued to record growth of temporary staff billings in December. The increase was slightly weaker than in November, but remained strong overall and extended the current upturn to one year.

As was the case with permanent staff placements, the rate of expansion was faster than seen across the UK as a whole.

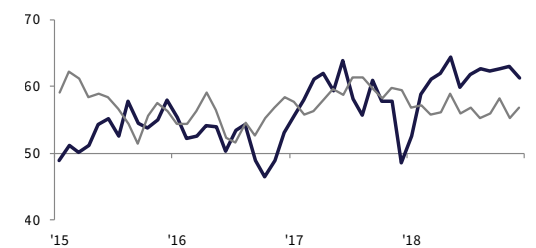
Temporary Billings Index

sa, >50 = growth since previous month



Scotland vs UK

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



Labour Supply

Permanent Candidate Availability Index



Permanent staff supply falls at quickest rate for one year

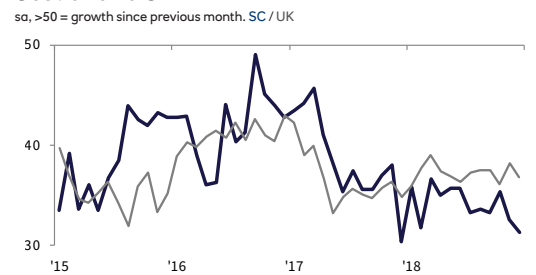
As has been the case since March 2012, the availability of candidates to fulfil permanent roles in Scotland worsened at the end of last year. The extent to which labour supply deteriorated was severe and the most pronounced in one year.

The decline in permanent staff availability in Scotland was part of a UK-wide trend. The supply of permanent staff at the national level also worsened in comparison to November.

Permanent Candidate Availability Index



Scotland vs UK



Temporary Candidate Availability Index



Temporary labour supply shrinks further in December

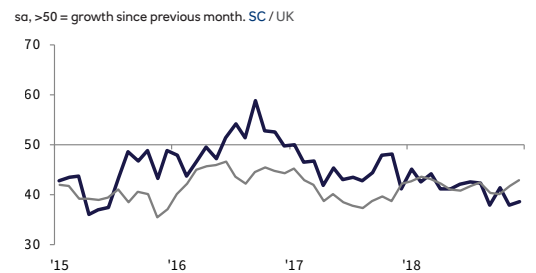
December survey data pointed to another monthly drop in temporary candidate availability in Scotland, extending the current run of falling supply to close to two years. Overall, the deterioration was sharp and notably stronger than seen across the survey's history.

At the UK level, the supply of short-term staff declined, albeit to a less severe extent than seen in Scotland and that recorded in November.

Temporary Candidate Availability Index

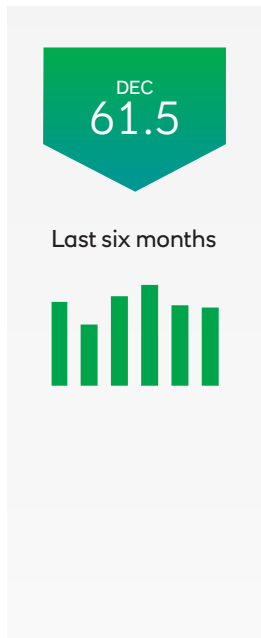


Scotland vs UK



Pay Pressures

Permanent Salaries Index



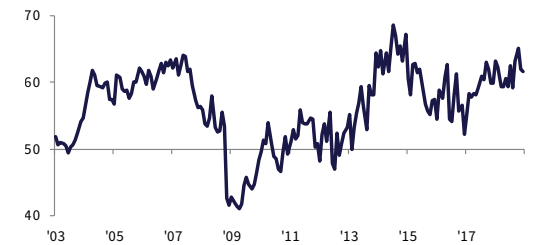
Permanent staff pay continues to grow sharply

Recruitment consultancies registered further growth in starting salaries awarded to permanent starters in Scotland. The rate of inflation was sharp overall, despite moderating slightly since November.

The increase in starting salaries across the UK as a whole during December was also sharp. In fact, salary inflation was faster than seen in Scotland.

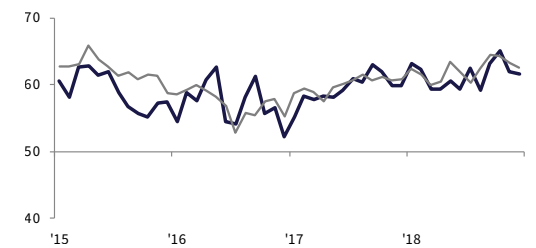
Permanent Salaries Index

sa, >50 = inflation since previous month



Scotland vs UK

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



Temporary Wages Index



Temp pay rates increase markedly during December

Employers in Scotland paid higher wage rates to temporary staff during the latest survey period. The rate of inflation was marked overall and unchanged from that seen during November.

Meanwhile, national level data signalled a strong, albeit slightly weaker, rate of increase in temporary staff pay. That said, wage inflation was faster than seen in Scotland for a second consecutive month.

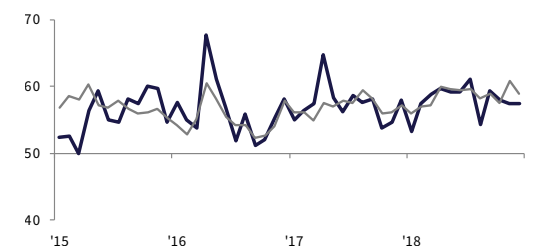
Temporary Wages Index

sa, >50 = inflation since previous month



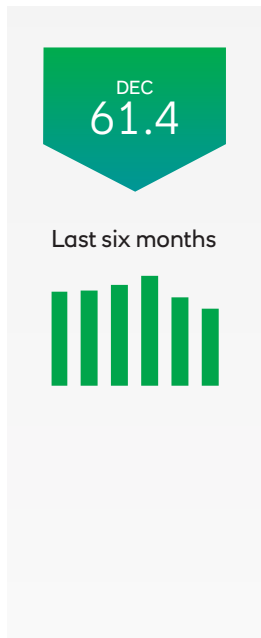
Scotland vs UK

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



Demand for Permanent Staff

Permanent Vacancies Index



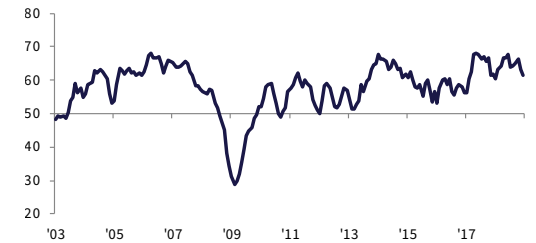
Permanent job openings continue to rise in December

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 workers in Scotland improved further in December, extending the current run of rising vacancies which started over eight years ago. Growth of demand was strong and outpaced that for the UK as a whole, but eased slightly for a second month running. Demand for IT & Computing staff rose the fastest in December, while Hotel & Catering was the only sector to record a decline in vacancies.

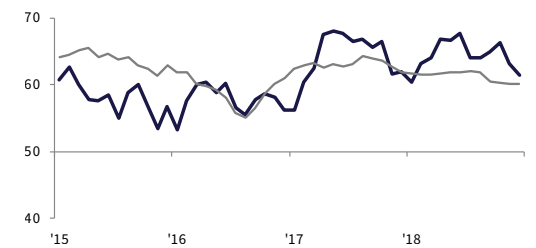
Permanent Vacancies Index

sa, >50 = growth since previous month



Scotland vs UK

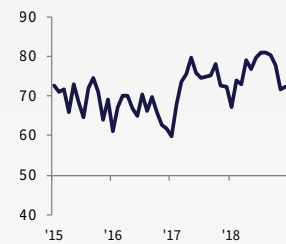
sa, >50 = growth since previous month. SC / UK



By Sector

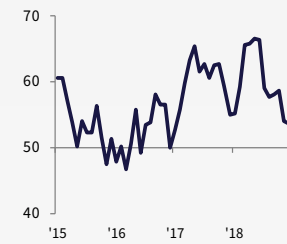
IT & Computing

sa, >50 = growth since previous month



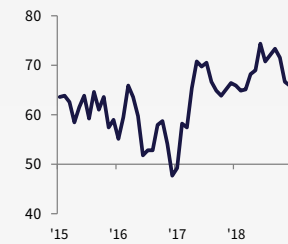
Executive & Professional

sa, >50 = growth since previous month



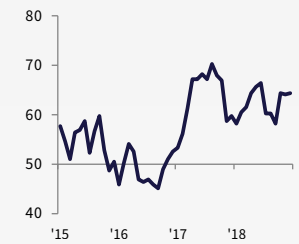
Accounting & Financial

sa, >50 = growth since previous month



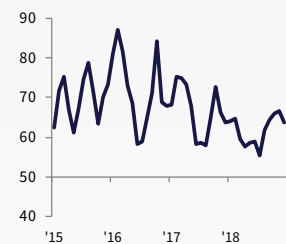
Secretarial & Clerical

sa, >50 = growth since previous month



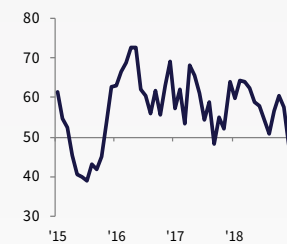
Nursing, Medical & Care

sa, >50 = growth since previous month



Hotel & Catering

sa, >50 = growth since previous month



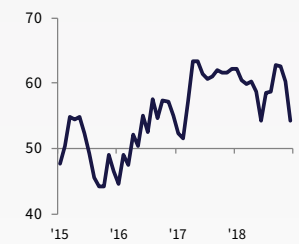
Engineering & Construction

sa, >50 = growth since previous month



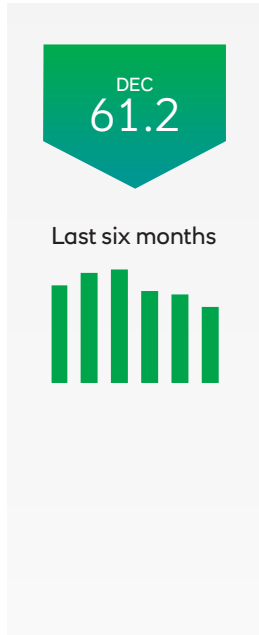
Blue Collar

sa, >50 = growth since previous month



Demand for Temporary Staff

Temporary Vacancies Index



Demand for temp workers improves sharply

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.

In line with the trend for permanent roles, temporary job vacancies in Scotland increased when compared to November. Although the expansion slowed for a third straight month, it was stronger than recorded for the UK overall. On a temporary basis, Nursing/Medical/Care roles topped the rankings for demand growth, followed by Hotel & Catering.

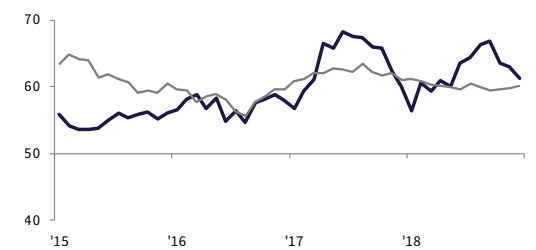
Temporary Vacancies Index

sa, >50 = growth since previous month



Scotland vs UK

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



By Sector

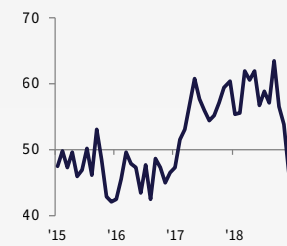
IT & Computing

sa, >50 = growth since previous month



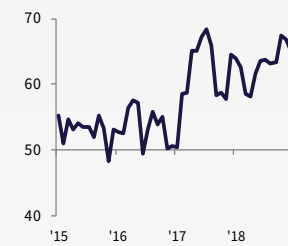
Executive & Professional

sa, >50 = growth since previous month



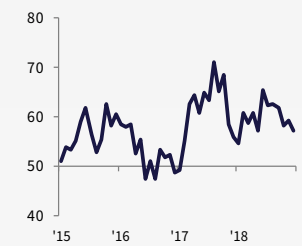
Accounting & Financial

sa, >50 = growth since previous month



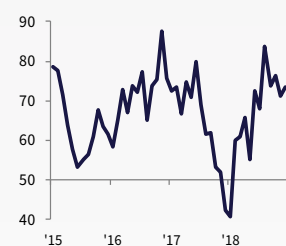
Secretarial & Clerical

sa, >50 = growth since previous month



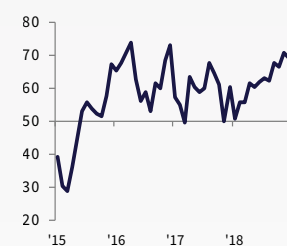
Nursing, Medical & Care

sa, >50 = growth since previous month



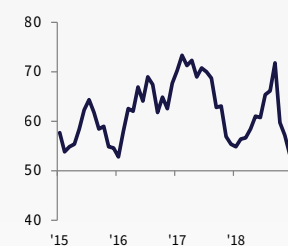
Hotel & Catering

sa, >50 = growth since previous month



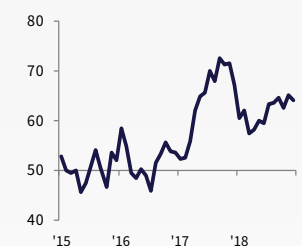
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Permanent Vacancies Index by Sector

Rank	Sector	Nov-18	Dec-18
1	IT & Computing	71.7	72.2
2	Accounts & Financial	66.8	66.0
3	Secretarial & Clerical	64.1	64.5
4	Nursing/Medical/Care	66.4	63.7
5	Engineering & Construction	60.6	54.9
6	Blue Collar	60.2	54.2
7	Executive & Professional	54.0	53.7
8	Hotel & Catering	57.6	48.0

Temporary Vacancies Index by Sector

Rank	Sector	Nov-18	Dec-18
1	Nursing/Medical/Care	71.3	73.3
2	Hotel & Catering	70.9	69.4
3	IT & Computing	67.6	66.2
4	Accounts & Financial	66.9	65.1
5	Blue Collar	65.1	64.1
6	Secretarial & Clerical	59.3	57.4
7	Engineering & Construction	57.1	53.2
8	Executive & Professional	53.9	46.4

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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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