

Markit UK Report on Jobs: Scotland

The Markit UK Report on Jobs: Scotland is a publication produced by Markit.

The report is designed to provide the most up-to-date picture of labour market trends in Scotland. The report is based on a monthly questionnaire survey of around 100 recruitment and employment agencies operating in Scotland.

The report uses an identical methodology to the highly regarded UK survey of recruitment consultancies conducted by Markit on behalf of the REC.

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1 Employment

2 Vacancies

3 Sectoral demand: perm

4 Sectoral demand: temp

5 Staff availability

6 Pay pressures

7 UK regional summary

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April 2016

Permanent placements show further solid rise in March

Key findings:

- Permanent staff appointments increase for fourth month running
- Growth in demand for candidates strengthens
- Staff pay continues to rise, but at a slower rate

The number of people placed in permanent jobs by recruitment agencies in Scotland increased for the fourth straight month in March, according to the latest Markit Report on Jobs: Scotland, with data also showing a pick-up in demand for staff. Pay rewards continued to rise, albeit at a slower rate than the month before, while the availability of candidates for vacancies was reported to have worsened.

Permanent appointments rise solidly

In line with the trend observed since last December, recruiters operating in Scotland recorded a rise in permanent placements during March. The rate of increase was solid and faster than the UK-wide average, despite having eased since February when it reached a seven-month high.

Meanwhile, growth in temporary billings north of the border remained only modest and was slower than the average across the UK as a whole.

Strong growth in demand for staff

One factor leading placements and billings to rise was a strengthening of demand for staff among Scottish businesses. March saw the sharpest growth in demand for permanent staff for six months, while the latest increase in temporary job openings was the most marked since December 2014.

The job-types which exhibited the strongest growth in demand were Nursing/Medical/Care, IT & Computing and Hotel & Catering. In contrast, there were falls in demand for Executive & Professional and Blue Collar workers.

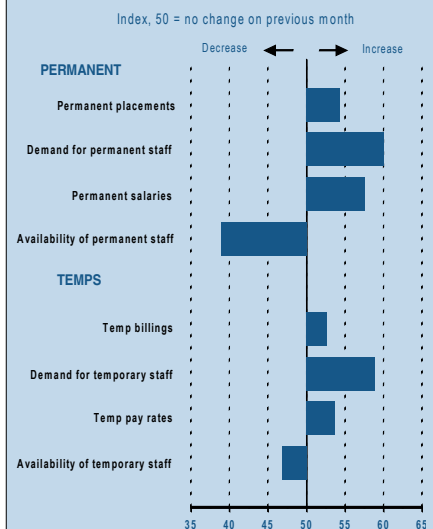
Salary inflation eases slightly

Permanent salaries showed a further increase in March, as did hourly rates of pay for temporary staff. However, on both fronts the rates of inflation were slightly slower than the month before and below the respective UK-wide averages.

Downturn in candidate availability worsens

March's survey meanwhile pointed to a tightening of the Scottish labour market, with the availability of candidates deteriorating further. Moreover, the extent to which permanent candidate numbers decreased in March was the most marked since July last year. The availability of candidates for temp vacancies likewise deteriorated during the month, albeit to a lesser degree than in February.

Summary of survey indicators



DEMAND FOR PERMANENT STAFF

Types of staff ranked by strength of demand in Scotland in March 2016

- 1 Nursing/Medical/Care
- 2 IT & Computing
- 3 Hotel & Catering
- 4 Accounts & Financial
- 5 Engineering & Construction
- 6 Secretarial & Clerical
- 7 Blue Collar
- 8 Executive & Professional

DEMAND FOR TEMP/CONTRACT STAFF

Types of staff ranked by strength of demand in Scotland in March 2016

- 1 Nursing/Medical/Care
- 2 Hotel & Catering
- 3 IT & Computing
- 4 Engineering & Construction
- 5 Secretarial & Clerical
- 6 Accounts & Financial
- 7 Executive & Professional
- 8 Blue Collar

1 Employment

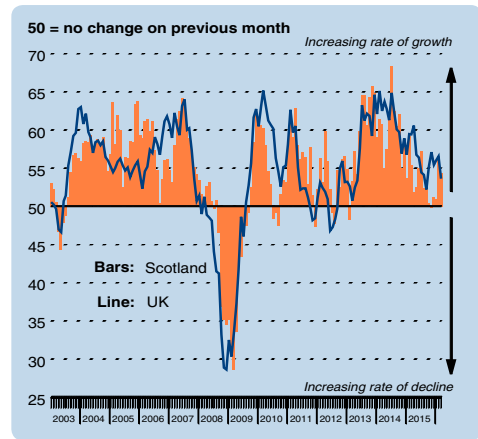
Permanent placements rise solidly.

Permanent Staff Placements

Q. Is the number of people placed in permanent jobs higher, the same or lower than one month ago?

March saw another solid increase in the number of people placed in permanent jobs by recruitment consultancies in Scotland, following the sharpest rise for seven months in February. This stretched the current sequence of growth to four months.

Moreover, for the first time since September last year, the increase in permanent appointments north of the border was more marked than across the UK as a whole, where growth slowed to a six-month low.



Scotland					All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2015 Oct	35.7	32.1	32.1	3.6	51.8	50.4	56.4	55.2
Nov	30.2	41.3	28.6	1.6	50.8	49.8	55.6	57.1
Dec	31.5	33.3	35.2	-3.7	48.1	51.2	46.0	55.5
2016 Jan	31.6	26.3	42.1	-10.5	44.7	51.1	56.9	56.0
Feb	45.6	38.6	15.8	29.8	64.9	56.4	59.4	56.6
Mar	47.5	18.6	33.9	13.6	56.8	54.4	55.7	53.7

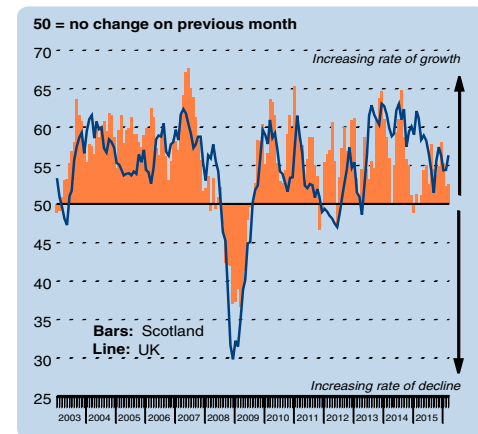
Temporary/Contract Staff Billings

Q. Are average weekly billings from temporary/contract staff higher, the same or lower than one month ago?

Billings received by recruiters from temporary/contract staff increased during March, continuing the trend observed every month since February 2015. However, picking up only slightly from February's ten-month low, the rate of growth remained modest in the context of historical survey data.

For the UK as a whole, temp billings increased at the fastest rate since November last year, and one that was considerably stronger than that recorded in Scotland.

Growth in temp billings remains subdued.



Scotland					All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2015 Oct	39.1	39.1	21.7	17.4	58.7	53.8	57.4	55.6
Nov	37.0	38.9	24.1	13.0	56.5	54.9	57.4	57.4
Dec	31.1	51.1	17.8	13.3	56.7	58.0	54.8	56.2
2016 Jan	24.4	31.1	44.4	-20.0	40.0	55.3	40.7	54.4
Feb	22.7	54.5	22.7	0.0	50.0	52.3	54.8	54.4
Mar	32.6	37.0	30.4	2.2	51.1	52.6	62.0	56.4

2 Vacancies

Demand for Permanent Staff at recruitment/employment consultancies

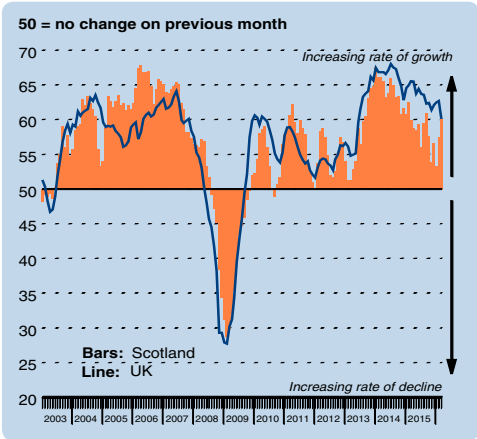
The Vacancy Index, shown by the bars in the chart on the right, is derived from the sectoral indexes of the demand for permanent staff at recruitment consultancies (shown on page 4). The Permanent Staff Vacancy Index is a weighted average of the eight individual sector indexes. The line in the chart shows the comparable index for the UK as a whole.

Strongest increase in permanent staff demand for six months.

Rebounding further from January's recent low, the rate of growth in demand for permanent staff reached the strongest for six months in March. This was highlighted by the respective seasonally adjusted index rising for the second month running, to a level that was well above its long-run series average of 56.9.

The increase in permanent staff demand in Scotland matched that seen across the UK as a whole, where growth eased to the slowest in over two-and-a-half years.

Nursing/Medical/Care saw the strongest rise in demand for permanent staff at the sector level in Scotland, while decreases in demand were recorded for Executive & Professional and Blue Collar workers.



	Scotland		All UK	
	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2015 Sep	63.0	60.9	62.5	62.5
Oct	52.6	57.7	62.0	62.5
Nov	51.3	53.9	60.0	61.5
Dec	57.1	56.6	58.8	61.9
2016 Jan	49.9	53.2	61.7	61.8
Feb	65.9	57.6	63.1	62.2
Mar	62.2	60.1	61.6	60.1

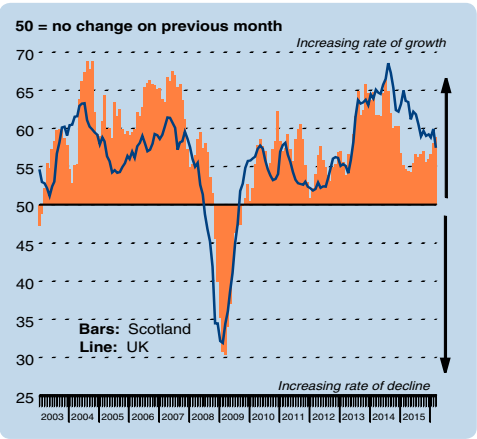
Demand for Temporary/Contract Staff at recruitment/employment consultancies

The Vacancy Index, shown by the bars in the chart on the right, is derived from the sectoral indexes of the demand for temporary and contract staff (shown on page 5). The Temporary Staff Vacancy Index is a weighted average of the eight individual sector indexes. The line in the chart shows the comparable index for the UK overall.

Temp staff demand shows sharpest rise since December 2014.

March's survey showed a sharp and accelerated increase in demand for temporary staff among businesses in Scotland, the most marked since December 2014. That contrasted with the trend seen at the UK level, where growth eased to the weakest in almost three years and was slower than in Scotland for the first time since February 2014. The current sequence of growth north of the border now extends to 77 months.

Demand for temporary staff rose in six out of the eight jobs categories monitored by the survey, led by strong growth in Nursing/Medical/Care and Hotel & Catering. Executive & Professional and Blue Collar both saw modest decreases.



	Scotland		All UK	
	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2015 Sep	55.0	56.6	59.2	59.0
Oct	61.1	57.0	61.1	59.6
Nov	53.8	55.6	58.1	58.9
Dec	54.4	56.0	59.7	59.0
2016 Jan	52.3	56.6	53.0	59.0
Feb	59.6	58.1	58.1	59.9
Mar	61.3	58.8	57.7	57.5

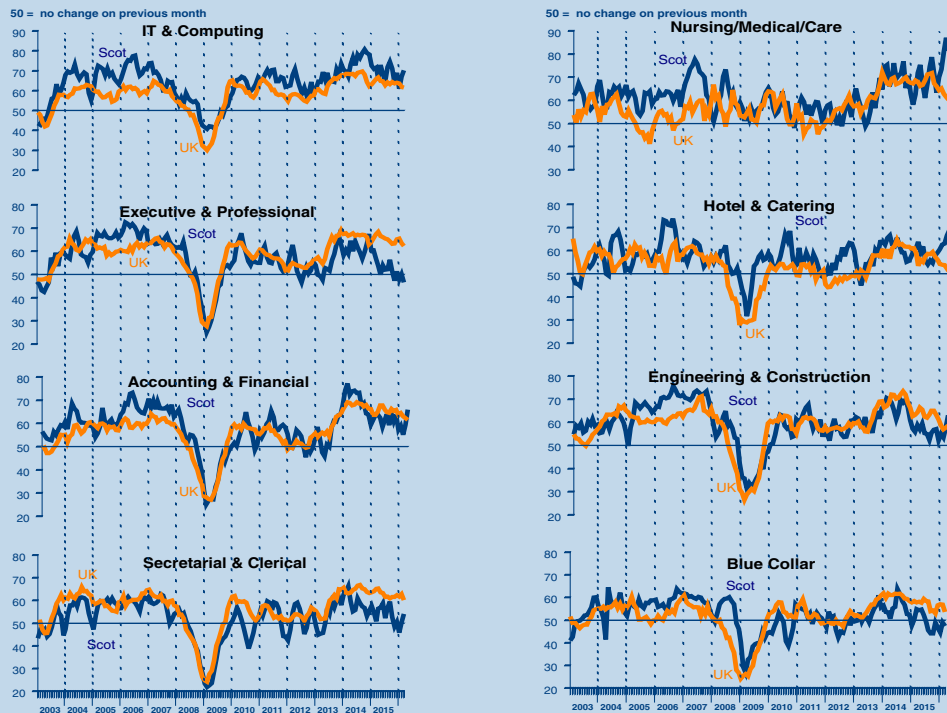
3 Sectoral demand – permanent

Permanent vacancies

Data below are derived from the monthly survey of recruitment consultancies in Scotland. Consultants are requested to compare the demand for staff according to sector with the situation one month ago. Data are presented in the form of diffusion indices whereby a reading of 50 indicates no change on the previous month. Readings above 50 signal stronger demand than a month ago. Readings below 50 signal weaker demand than a month ago.

Nursing/Medical/ Care leads growth in demand for permanent staff...

...ahead of IT & Computing.



Demand for permanent staff (Seasonally adjusted, 50 = no change on previous month)

	IT & Computing		Executive & Professional		Accounts & Financial		Secretarial & Clerical		Nursing/ Medical/Care		Hotel & Catering		Engineering & Construction		Blue Collar	
	Scot	UK	Scot	UK	Scot	UK	Scot	UK	Scot	UK	Scot	UK	Scot	UK	Scot	UK
Oct'15	71.1	64.3	51.4	63.2	63.6	65.9	52.8	61.6	63.3	66.0	59.1	56.2	57.1	63.2	44.1	54.2
Nov	63.9	63.7	47.5	63.4	57.3	63.7	48.6	61.6	70.0	64.3	60.7	54.3	52.3	61.3	48.9	53.1
Dec	69.1	64.1	51.3	65.2	59.0	64.4	50.6	62.4	73.5	65.2	62.6	54.0	55.0	58.6	46.6	56.7
Jan'16	61.1	63.7	47.9	65.5	55.2	63.0	45.9	61.8	80.9	62.9	63.1	53.8	53.5	57.0	44.6	57.2
Feb	67.1	61.9	50.2	63.6	59.5	62.4	50.3	62.9	87.1	61.5	66.6	52.2	57.7	57.8	49.0	57.0
Mar	70.2	61.5	46.7	62.3	66.0	61.6	54.1	60.3	81.7	60.3	68.9	53.3	63.0	58.7	47.5	53.6

Demand for permanent staff in Scotland increased in all but two of the eight jobs categories monitored by the survey in March, led by strong growth in the Nursing/Medical/ Care sector. The two areas where demand decreased were Executive & Professional

and Blue Collar, with the former seeing the more marked decline in vacancies.

IT & Computing recorded the second-strongest growth in demand for permanent staff ahead of Hotel & Catering (see table), and in both cases rates of increase were faster than the month before.

Accounts & Financial (ranked fourth) and Engineering & Construction (fifth) likewise saw accelerated expansions in permanent vacancies that were the sharpest for 19 and 17 months respectively.

Finally, demand for permanent staff in the Secretarial & Clerical sector also strengthened, in line with the trend seen in three of the past four months. Following only a negligible increase in February, the latest rise was the most marked since last September.

Sectors ranked by demand for permanent staff in Scotland in March 2016

Rank	Sector	Index
1	Nursing/Medical/Care	81.7
2	IT & Computing	70.2
3	Hotel & Catering	68.9
4	Accounts & Financial	66.0
5	Engineering & Construction	63.0
6	Secretarial & Clerical	54.1
7	Blue Collar	47.5
8	Executive & Professional	46.7

4

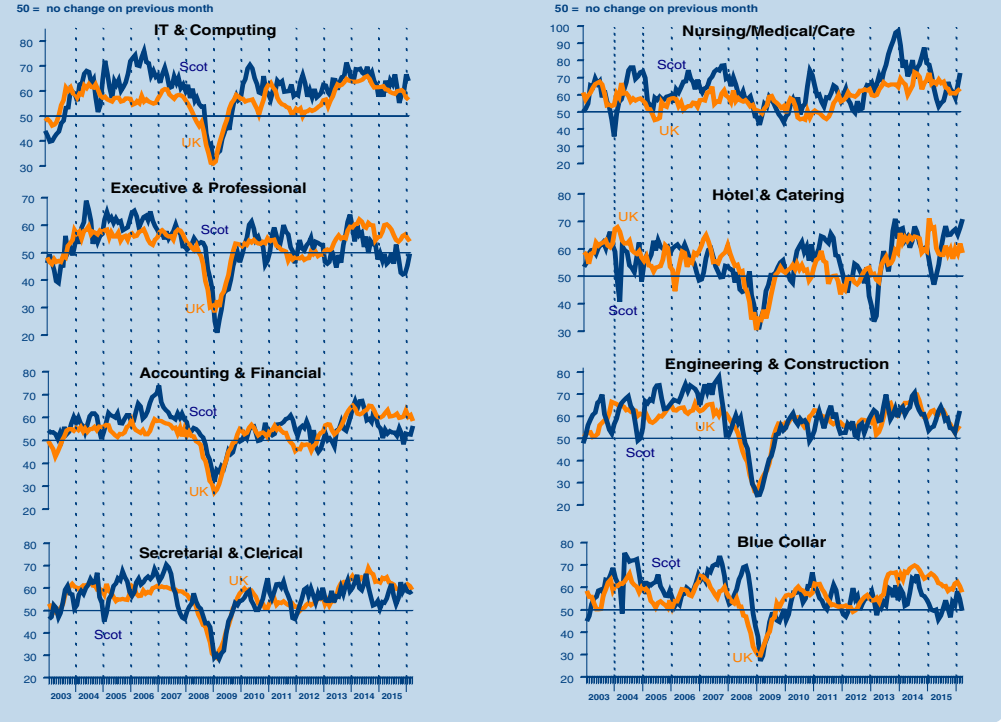
Sectoral demand – temporary

Temp staff demand rises in all sectors...

...barring Executive & Professional and Blue Collar.

Temporary/contract vacancies

Data below are derived from the monthly survey of recruitment consultancies in Scotland. Consultants are requested to compare the demand for staff according to sector with the situation one month ago. Data are presented in the form of diffusion indices whereby a reading of 50 indicates no change on the previous month. Readings above 50 signal stronger demand than a month ago. Readings below 50 signal weaker demand than a month ago.



Demand for temporary/contract staff (Seasonally adjusted, 50 = no change on previous month)

	IT & Computing		Executive & Professional		Accounts & Financial		Secretarial & Clerical		Nursing/ Medical/Care		Hotel & Catering		Engineering & Construction		Blue Collar	
	Scot	UK	Scot	UK	Scot	UK	Scot	UK	Scot	UK	Scot	UK	Scot	UK	Scot	UK
Oct'15	61.0	60.0	48.4	54.1	53.3	60.0	62.7	60.1	67.6	63.6	65.1	59.9	59.0	57.8	46.7	59.4
Nov	55.3	60.1	42.8	54.9	48.4	60.5	58.4	60.1	63.4	60.8	66.4	56.4	54.7	56.7	53.5	59.1
Dec	58.6	60.4	42.0	56.2	53.1	63.1	60.6	60.7	61.5	61.1	67.2	60.1	54.4	54.6	52.2	61.8
Jan'16	60.1	59.6	42.4	56.7	52.7	60.3	58.6	61.7	58.4	60.9	65.3	58.3	52.7	52.7	58.4	62.5
Feb	66.8	57.4	45.4	55.2	52.6	61.1	58.0	61.0	65.3	62.3	67.8	61.9	58.0	54.3	54.9	60.7
Mar	64.1	56.4	49.6	54.1	56.4	58.5	58.7	59.2	72.7	63.6	70.9	58.6	62.5	55.8	49.6	57.9

The same three sectors that led growth in demand for permanent staff in March also saw the sharpest rises in temporary vacancies. Nursing/Medical/Care was the top-performing category, recording the fastest increase in temp staff demand for 13 months,

while Hotel & Catering was ranked second ahead of IT & Computing. For the former, growth in the number of contract vacancies was the strongest seen for almost two-and-a-half years.

There were also marked and accelerated increases in demand for temporary staff in the Engineering & Construction (eight-month high), Secretarial & Clerical (three-month high) and Accounts & Financial (16-month high) sectors, which ranked fourth, fifth and sixth respectively.

Elsewhere, data showed marginal decreases in temporary job openings in the Executive & Professional and Blue Collar categories. In the case of the former, it was the sixth monthly decrease in a row, albeit the least marked in that sequence.

Rank	Sector	Index
1	Nursing/Medical/Care	72.7
2	Hotel & Catering	70.9
3	IT & Computing	64.1
4	Engineering & Construction	62.5
5	Secretarial & Clerical	58.7
6	Accounts & Financial	56.4
7=	Executive & Professional	49.6
7=	Blue Collar	49.6

5 Staff availability

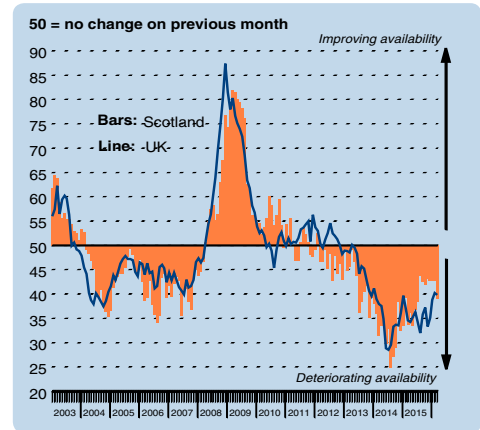
Permanent candidate availability drops at faster rate.

Availability of Permanent Staff

Q. Is the availability of candidates for permanent vacancies better, the same or worse than one month ago?

Scottish recruiters recorded a further sharp decrease in the availability of candidates for permanent vacancies in March, the most marked since July 2015. Over 37% of survey participants noted a reduction in availability, against 15% that registered an improvement.

The UK as a whole also saw a faster decrease in the availability of permanent candidates than one month before, though the rate of decline was slower than that recorded in Scotland for the first time in ten months.



Scotland					All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2015 Oct	21.4	41.1	37.5	-16.1	42.0	42.0	38.1	37.3
Nov	19.4	41.9	38.7	-19.4	40.3	43.2	31.0	33.3
Dec	21.4	35.7	42.9	-21.4	39.3	42.7	32.5	35.1
2016 Jan	33.9	35.7	30.4	3.6	51.8	42.7	49.7	38.9
Feb	21.1	42.1	36.8	-15.8	42.1	42.8	43.3	40.2
Mar	15.3	47.5	37.3	-22.0	39.0	39.0	38.5	39.9

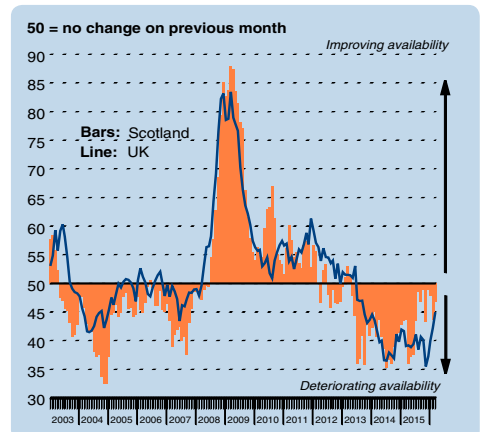
Availability of Temporary/Contract Staff

Q. Is the availability of candidates for temporary vacancies better, the same or worse than one month ago?

As has been the case in every month since May 2013, the availability of candidates for temporary vacancies in Scotland decreased during March. However, having eased since February, the rate of decline was considerably slower than the average recorded over this period.

There was also a slower deterioration in temporary candidate availability at the UK level. Although indicative of a solid rate of decline overall, the respective seasonally adjusted index was at its highest level for two-and-a-half years and well above last November's near survey-record low.

Slower fall in temp candidate availability.



Scotland					All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2015 Oct	26.7	40.0	33.3	-6.7	46.7	48.9	38.1	40.2
Nov	21.2	44.2	34.6	-13.5	43.3	43.3	34.9	35.5
Dec	33.3	37.8	28.9	4.4	52.2	48.9	36.6	37.2
2016 Jan	38.6	45.5	15.9	22.7	61.4	47.8	49.9	40.0
Feb	25.0	50.0	25.0	0.0	50.0	43.8	47.2	42.3
Mar	23.4	46.8	29.8	-6.4	46.8	46.8	44.7	45.0

6 Pay pressures

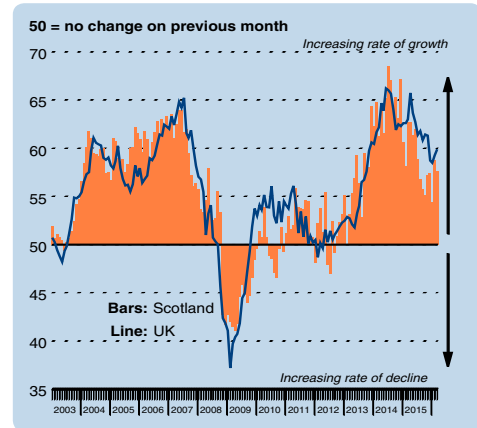
Salary inflation remains firm.

Permanent Salaries

Q. Are average salaries for permanent staff higher, the same or lower than one month ago?

Average starting salaries for people placed in permanent jobs increased in March. The pace of salary inflation was faster than the long-run series average, albeit slightly slower than February's seven-month high. Over one-quarter of panellists noted higher average permanent salaries, versus only 7% that recorded a decrease.

March saw a further rebound in permanent salary inflation at the UK level, to the fastest for four months. Moreover, the rate of increase outstripped that recorded in Scotland.



	Scotland				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2015 Oct	17.5	71.9	10.5	7.0	53.5	55.1	61.2	61.5
Nov	22.6	69.4	8.1	14.5	57.3	57.3	60.9	61.3
Dec	18.5	75.9	5.6	13.0	56.5	57.4	57.2	58.7
2016 Jan	14.0	80.7	5.3	8.8	54.4	54.4	57.0	58.5
Feb	26.3	66.7	7.0	19.3	59.6	58.8	59.0	59.3
Mar	25.4	67.8	6.8	18.6	59.3	57.6	60.0	59.9

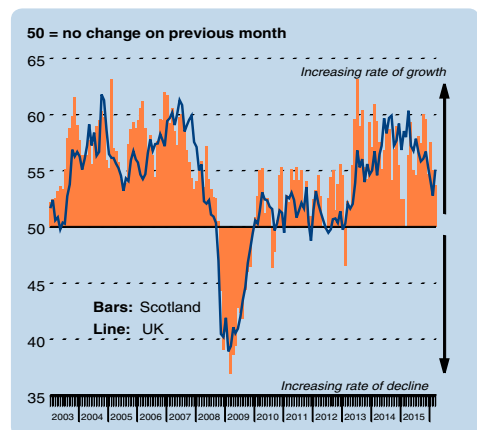
Temporary/Contract Staff Hourly Pay Rates

Q. Are average hourly rates of pay for temporary and contract staff higher, the same or lower than one month ago?

Adjusted for the influence of seasonal factors, the index tracking hourly rates of pay for temporary/contract staff dipped to its lowest level for 12 months in March, thereby signalling a further slowdown in growth of temp wages.

That contrasted with the trend recorded for the UK as a whole, where temporary pay inflation recovered from a 33-month low in February to the strongest since last December. It also marked the first time in the year-to-date that temp wage growth in Scotland was below the UK average.

Temp wage growth continues to slow.



	Scotland				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2015 Oct	31.1	66.7	2.2	28.9	64.4	60.0	58.5	56.1
Nov	26.9	65.4	7.7	19.2	59.6	59.6	57.6	56.7
Dec	11.1	80.0	8.9	2.2	51.1	54.7	53.2	55.3
2016 Jan	18.6	74.4	7.0	11.6	55.8	57.6	52.9	54.2
Feb	14.0	79.1	7.0	7.0	53.5	55.0	52.5	52.8
Mar	12.8	76.6	10.6	2.1	51.1	53.7	55.9	55.1

7 UK regional summary

The number of people in the UK claiming out-of-work benefits decreased by 18,009 in February, according to the latest available figures from the Office for National Statistics, leaving the total at 716,705. That was the lowest since early-1975 and equated to a claimant count rate* of 2.1%, which was unchanged from January. Claimant numbers have fallen every month since last September, albeit February's decrease was less marked than that seen during the opening month of the year.

By region, the lowest claimant count rates were recorded in the South East and South West of England respectively. Northern Ireland registered the highest rate and, at 4.3%, one that was more than double the UK average.

Scotland's claimant count rate dropped to 2.5% in February, its lowest since May 2008. The number of people claiming out-of-work benefits north of the border fell by 2,043 during the month, following similar solid reductions in both December and January.

Region	Claimant counts (Feb '16)		
	'000s	Rate (%)*	Rank
South East	54	1.1	(1)
South West	34	1.2	(2)
East	43	1.4	(3)
London	105	1.8	(4)
East Midlands	42	1.9	(5)
Scotland	70	2.5	(6)
West Midlands	73	2.5	(6)
NW & Merseyside	99	2.6	(8)
Yorks & Humberside	71	2.7	(9)
Wales	40	2.7	(9)
North East	47	3.9	(11)
Northern Ireland	38	4.3	(12)
United Kingdom	717	2.1	

Source: Department for Work & Pensions and National Statistics.

* As a percentage of Claimant Count + Workforce Jobs.

Survey methodology

The Markit UK Report on Jobs: Scotland Survey

The Markit UK Report on Jobs: Scotland survey of recruitment and employment consultancies is based on information provided by a panel of around 100 consultancies operating in Scotland. Data are collected monthly and converted into a seasonally adjusted series. Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

The information from the survey panel is also used in the compilation of the REC monthly survey for the UK, which appears in the monthly Report on Jobs and which uses an identical survey methodology. (The contribution of the Scotland data to the UK data is weighted to reflect Scotland's share of the total labour market.)

The REC UK Survey

The monthly survey features original research data collected via questionnaire by Markit from a panel of 400 UK recruitment and employment consultancies. In 2013/14, 1,155,932 people were employed in either temporary or contract work through consultancies and 634,608 people were placed in permanent positions through

consultancies. Monthly survey data were first collected in October 1997 and are collected in the end of each month, with respondents asked to specify the direction of change in a number of survey variables.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

Index numbers

Index numbers shown in the report are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with readings of exactly 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below 50.0 signal a decline or deterioration.

Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices.

REC and Markit

The Recruitment and Employment Confederation

The REC is the professional body for the UK's £28.7 billion recruitment industry. The REC represents 3,349 corporate members who have branches across all regions of the UK. In addition, the REC represents 5,759 individual members within the Institute of Recruitment Professionals (IRP). All members must abide by a code of professional practice. Above all, the REC is committed to raising standards and highlighting excellence throughout the industry. Find out more on www.rec.uk.com.

Markit

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our

customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ approximately 4,000 people in 11 countries. Markit shares are listed on NASDAQ under the symbol MRKT. For more information, see www.markit.com.

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