

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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August 2016

Recruiters report fall in permanent staff placements in July

Key findings:

- Permanent placements down to greatest extent since July 2009
- Temporary billings continue to rise, albeit modestly
- Salary inflation eases to 35-month low

Recruitment consultancies in Scotland reported the steepest drop in permanent placements for seven years in July, according to the latest Report on Jobs. Meanwhile, salary growth slowed to the weakest for almost three years. It was a different story in the temporary job space, with billings rising and consultancies noting an improvement in the availability of candidates for temp vacancies.

Permanent placements drop in July

July's decrease in permanent placements was the second in successive months, following a fractional fall in June, and just the third recorded since March 2013. Although only moderate relative to those seen at the nadir of the financial crisis of 2008/9, the latest decrease in permanent appointments was the most marked since July 2009.

Billings received from temporary staff rose for the eighteenth month running in July. The rate of growth was faster than the marginal pace seen in June but still slower than the historical series trend.

Similarly, across the UK as a whole, falling permanent appointments contrasted with a slight rise in temp billings.

Pay growth slows

Permanent salaries showed the slowest increase for almost three years in July, with the rate of inflation down for a second successive month from the sharp pace in May.

There was a similar pattern in hourly rates of pay for temporary staff, growth in which, having hit a survey-record high in April, slowed to near stagnation at the start of the third quarter.

Temp candidate numbers improve

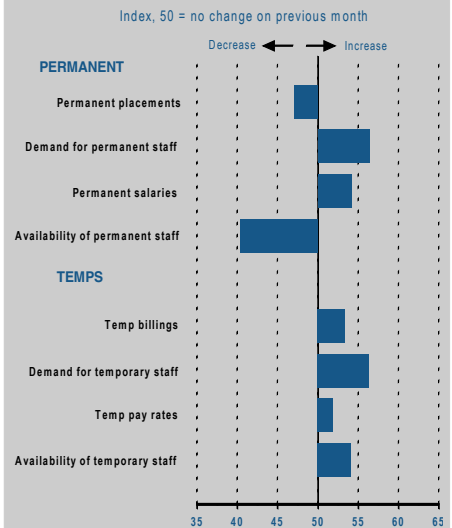
Permanent candidate availability continued to deteriorate across Scotland during July. However, the availability of candidates for temporary vacancies increased for the second month running and the greatest extent since February 2012.

Growth in staff demand slows

July's survey showed a rise in demand for permanent staff across Scotland. That said, the increase was slower than in June, which mirrored a UK-wide trend.

On the other hand, growth in temporary vacancies was slightly faster than in June, with particularly strong increases seen in the Nursing/Medical/Care and Engineering & Construction sectors.

Summary of survey indicators



DEMAND FOR PERMANENT STAFF Types of staff ranked by strength of demand in Scotland in July 2016

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

DEMAND FOR TEMP/CONTRACT STAFF Types of staff ranked by strength of demand in Scotland in July 2016

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

1 Employment

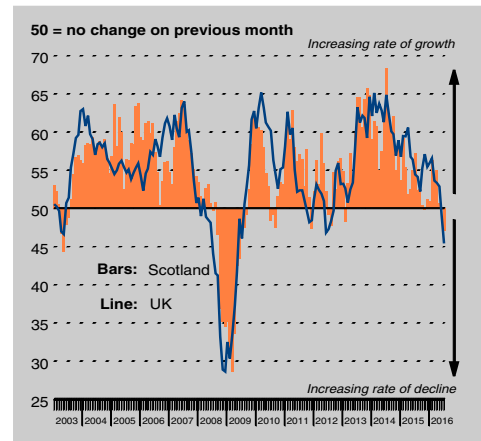
Permanent Staff Placements

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

July sees fall in permanent placements.

Scotland's recruitment consultancies recorded a drop in the number of people placed in permanent jobs in July. Furthermore, the rate of contraction was solid and the fastest seen for seven years, with around 37% of survey participants noting a decline.

The decline in Scotland was less marked than across the UK as a whole, however, where permanent placements fell for the second month running and at the sharpest pace since May 2009.



		Scotland				All UK			
		Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2016	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
	Apr	41.7	26.7	31.7	10.0	55.0	55.0	55.2	53.4
	May	33.9	30.6	35.5	-1.6	49.2	50.7	52.9	52.9
	Jun	41.9	23.0	35.1	6.8	53.4	49.9	50.8	49.3
	Jul	29.2	33.8	36.9	-7.7	46.2	47.1	45.1	45.4

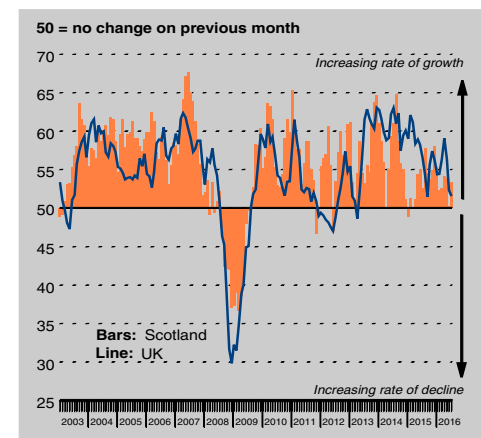
Temporary/Contract Staff Billings

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

Growth in temp billings picks up.

Contrasting with the trend in permanent appointments, billings received from temporary/contract staff continued to rise at the start of the third quarter. Moreover, the pace of growth accelerated from the marginal pace seen in June and was solid.

The UK as a whole also saw an increase in temp billings in July, although the rate of growth was slower than in Scotland, having eased to a marginal pace that was the weakest in ten months.



		Scotland				All UK			
		Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2016	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
	Apr	33.3	41.7	25.0	8.3	54.2	54.2	56.7	59.1
	May	29.4	45.1	25.5	3.9	52.0	53.9	56.5	56.4
	Jun	35.1	40.4	24.6	10.5	55.3	50.3	55.4	52.3
	Jul	34.6	46.2	19.2	15.4	57.7	53.4	54.8	51.6

2 Vacancies

Growth in demand for permanent staff slows.

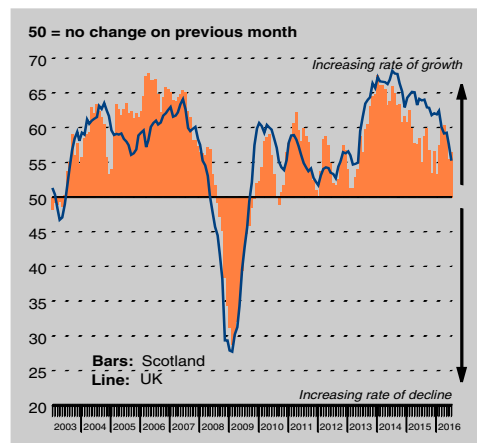
Demand for Permanent Staff at recruitment/employment consultancies

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.

July saw a rise in demand for permanent staff in Scotland, as has been a consistent theme every month since October 2010. However, the rate of growth eased to a six-month low and was among the slowest seen over the past three years.

Meanwhile, the increase in demand for permanent staff across the UK as a whole was the weakest seen since May 2013 and less marked than in Scotland.

By job type, Scottish recruiters noted that the strongest rise in demand for permanent staff was across IT & Computing, followed by Engineering & Construction.



		Scotland		All UK	
		Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2016	Jan	49.9	53.2	61.7	61.9
	Feb	65.9	57.6	63.1	62.4
	Mar	62.2	60.1	61.6	60.1
	Apr	59.6	60.3	59.6	59.2
	May	57.9	58.7	58.2	59.3
	Jun	53.8	60.2	57.3	57.6
	Jul	56.0	56.0	54.5	55.3

Demand for Temporary Staff at recruitment/employment consultancies

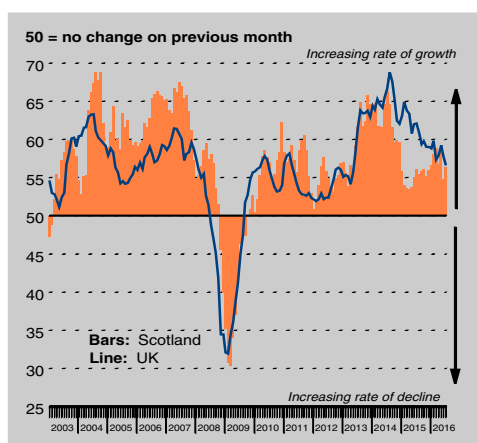
The Vacancy Index, shown by the bars in the chart on the right, is derived from the sectoral indexes of the demand for temporary and contract staff (shown on page 5). The Temporary Staff Vacancy Index is a weighted average of the eight individual sector indexes. The line in the chart shows the comparable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

After slowing to a 13-month low in June, growth in demand for temporary staff quickened slightly in July. That said, the corresponding seasonally adjusted index was still at its second-lowest level in 2016 so far and below its historical series average.

At the UK level, the rate of increase in temporary vacancies slowed to the weakest for over three years, albeit remaining slightly faster than that recorded in Scotland.

Nursing/Medical/Care led growth in temporary staff demand north of the border, ahead of Engineering & Construction. However, there were decreases seen in Executive & Professional and Blue Collar.

Faster rise in demand for temp staff.



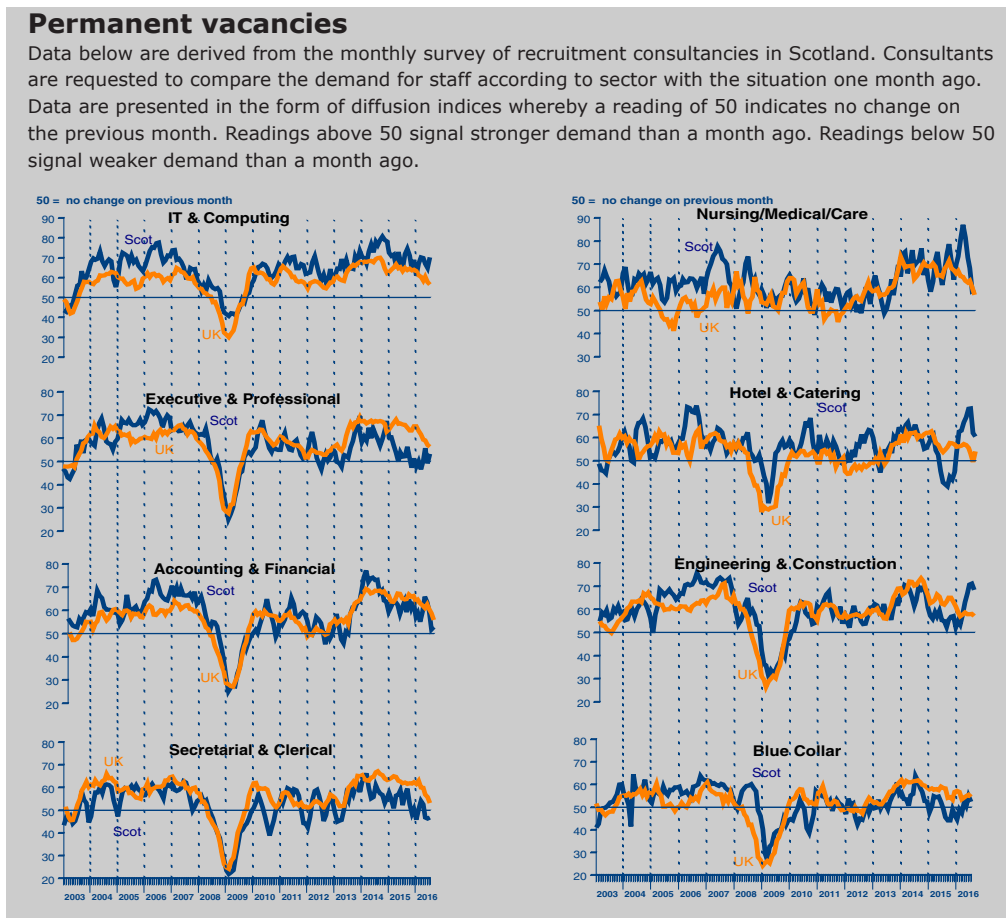
		Scotland		All UK	
		Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2016	Jan	52.3	56.6	53.0	58.8
	Feb	59.6	58.1	58.1	59.9
	Mar	61.3	58.8	57.7	57.4
	Apr	53.3	56.7	58.0	57.9
	May	57.6	58.4	60.6	59.3
	Jun	56.0	54.8	58.4	57.9
	Jul	59.5	56.4	56.5	56.6

3

Sectoral demand – permanent

IT & Computing leads growth in permanent staff demand...

...ahead of Engineering & Construction.



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
Feb'16	67.1	61.3	50.2	63.2	59.5	62.2	50.3	63.0	87.1	64.6	66.6	57.3	57.7	57.8	49.0	56.8
Mar	70.2	60.6	46.7	61.7	66.0	61.1	54.1	60.1	81.7	62.9	68.9	56.8	63.0	58.7	47.5	53.5
Apr	69.9	58.5	50.5	59.4	63.5	62.6	52.5	59.9	72.9	62.1	72.5	55.6	66.9	57.9	52.2	54.2
May	67.0	60.5	55.8	59.1	59.8	60.7	46.8	56.9	68.4	62.9	72.7	53.2	70.7	57.9	50.5	54.9
Jun	65.0	57.8	49.2	57.1	51.8	58.9	46.3	55.8	58.4	60.1	62.1	49.6	71.1	58.1	55.0	55.5
Jul	70.3	56.7	53.4	56.4	52.8	55.9	46.9	53.2	59.0	56.8	60.5	54.2	68.4	57.2	52.5	54.5

The strongest rise in demand for permanent staff was in the IT & Computing sector, where growth picked up to the fastest seen since October last year.

Engineering & Construction saw the

second-steepest increase in permanent vacancies in July, although the rate of expansion was at a three-month low.

The third-best performing jobs category was Hotel & Catering. However, again, the rate of growth slowed since June, reaching the weakest in eight months.

Nursing/Medical/Care and Executive & Professional were ranked fourth and fifth respectively in terms of growth in demand for permanent staff (see table), with the latter's increase reversing a fall in June.

Accounts & Financial and Blue Collar both recorded only modest increases in permanent vacancies, while there was a further solid decrease in the Secretarial & Clerical jobs space.

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

Rank	Sector	Index
1	IT & Computing	70.3
2	Engineering & Construction	68.4
3	Hotel & Catering	60.5
4	Nursing/Medical/Care	59.0
5	Executive & Professional	53.4
6	Accounts & Financial	52.8
7	Blue Collar	52.5
8	Secretarial & Clerical	46.9

4

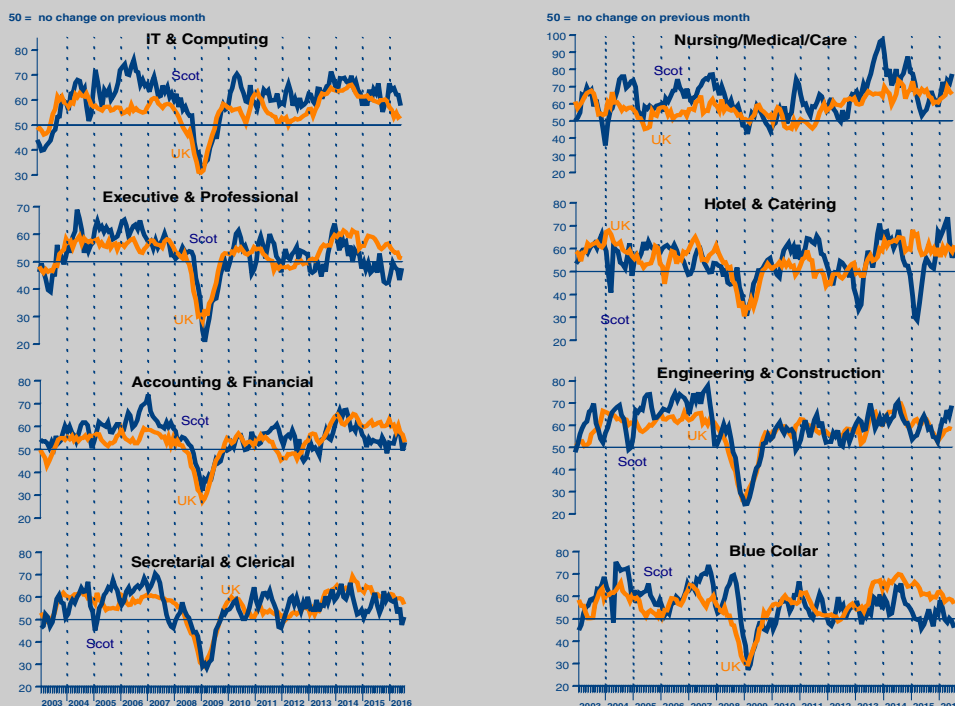
Sectoral demand – temporary

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.

Nursing/
Medical/Care
sees steepest
rise in temp
vacancies...

...while Blue
Collar records
sharpest fall.



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
Feb'16	66.8	57.2	45.4	55.2	52.6	60.9	58.0	61.1	65.3	62.8	67.8	60.7	58.0	54.3	54.9	60.8
Mar	64.1	56.1	49.6	54.0	56.4	57.9	58.7	59.3	72.7	63.8	70.9	58.4	62.5	55.8	49.6	57.8
Apr	64.8	53.2	47.9	53.2	57.5	60.5	52.7	59.4	67.2	65.1	73.8	60.9	62.0	57.7	48.4	58.7
May	62.3	54.8	47.2	53.3	57.1	57.4	55.4	59.7	73.9	69.7	62.7	60.1	67.0	57.9	50.2	59.0
Jun	62.0	53.0	43.4	51.5	49.5	56.5	47.6	59.1	72.1	67.2	56.1	58.7	64.1	58.7	49.0	58.5
Jul	57.8	53.7	47.6	51.2	53.2	53.2	51.2	56.8	77.4	65.7	58.9	61.6	69.0	58.4	46.0	56.8

Six out of the eight jobs categories monitored by the survey recorded rises in demand for temporary staff, led by Nursing/Medical/Care. The increase in the sector was the sharpest since February last year.

Engineering & Construction and Hotel & Catering – the second- and third-best performing categories respectively – also recorded faster increases in temporary vacancies, with the former’s being its sharpest since August 2014.

There was also a marked increase in demand for temp staff within IT & Computing, despite the rate of growth having eased to an eight-month low.

More modest increases were seen in Accounts & Financial and Secretarial & Clerical, though in both cases growth was an improvement on the declines recorded in June.

Finally, both Executive & Professional and Blue Collar saw further solid falls in temporary vacancies, the fastest for 14 months in the case of the latter.

Rank	Sector	Index
1	Nursing/Medical/Care	77.4
2	Engineering & Construction	69.0
3	Hotel & Catering	58.9
4	IT & Computing	57.8
5	Accounts & Financial	53.2
6	Secretarial & Clerical	51.2
7	Executive & Professional	47.6
8	Blue Collar	46.0

5

Staff availability

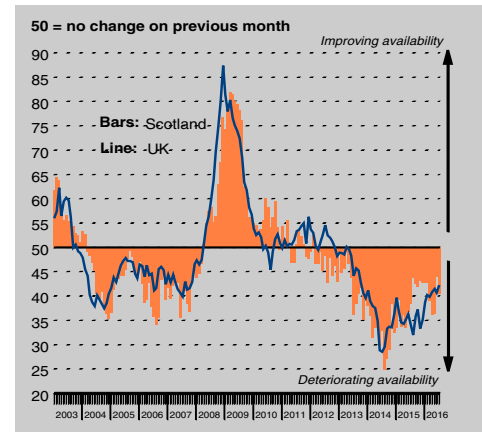
Sharp drop in permanent candidate numbers.

Availability of Permanent Staff

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

Recruiters reported a further sharp deterioration in the availability of candidates for permanent vacancies in July. Furthermore, the rate at which availability declined was sharper than in the preceding survey period. Lower availability has been recorded in each of the past 53 months.

Although remaining marked, the rate of decline in permanent candidate numbers at the UK level was the slowest seen since October 2013 and weaker than that recorded north of the border.



Scotland					All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2016 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
Apr	14.8	42.6	42.6	-27.9	36.1	36.1	41.7	40.9
May	12.9	46.8	40.3	-27.4	36.3	36.3	40.4	41.5
Jun	17.6	44.6	37.8	-20.3	39.9	44.0	38.6	40.7
Jul	20.3	42.2	37.5	-17.2	41.4	40.4	38.2	42.3

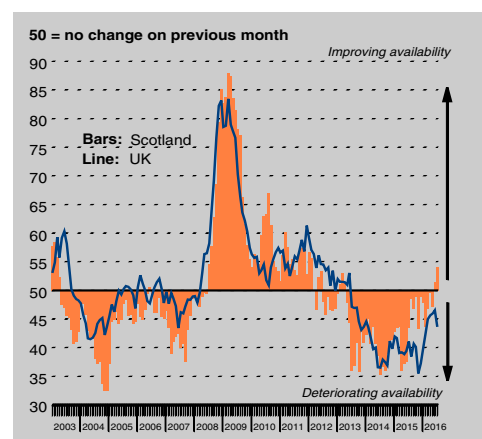
Availability of Temporary/Contract Staff

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

Adjusted for seasonal factors, latest data showed a second straight monthly improvement in the availability of candidates for temporary vacancies in Scotland. The degree to which candidate numbers increased was the most marked in almost four-and-a-half years.

There was a contrasting trend in temp availability across the UK a whole, however, with the rate of decline having accelerated from the previous month to the fastest since February.

Temp candidate availability continues to improve.



Scotland					All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2016 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
Apr	29.2	43.8	27.1	2.1	51.0	49.6	45.1	45.7
May	18.4	55.1	26.5	-8.2	45.9	47.2	44.3	46.0
Jun	23.2	53.6	23.2	0.0	50.0	51.5	45.8	46.5
Jul	18.9	54.7	26.4	-7.5	46.2	54.2	41.2	43.6

6 Pay pressures

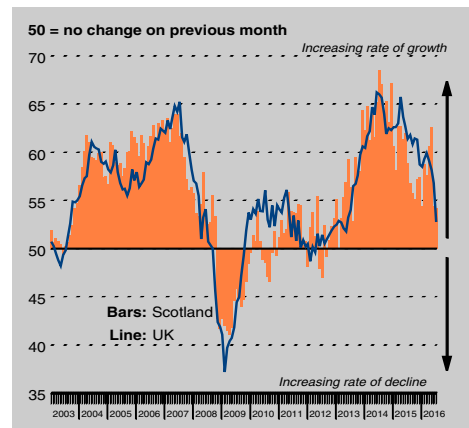
Salary inflation at 35-month low.

Permanent Salaries

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

After slowing sharply in June, growth in permanent salaries eased further still at the start of the third quarter, to the lowest since August 2013. The rate of inflation was below the average recorded since the survey began in January 2003.

Permanent salaries also increased at a slower rate across the UK as a whole, the weakest seen for over three years. Furthermore, the rise was slower than that recorded in Scotland for the third time in the past four months.



	Scotland				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2016 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
Apr	32.2	64.4	3.4	28.8	64.4	60.6	60.4	59.1
May	35.5	61.3	3.2	32.3	66.1	62.6	59.1	58.2
Jun	21.9	67.1	11.0	11.0	55.5	54.4	56.8	56.8
Jul	20.3	65.6	14.1	6.3	53.1	54.2	53.6	52.8

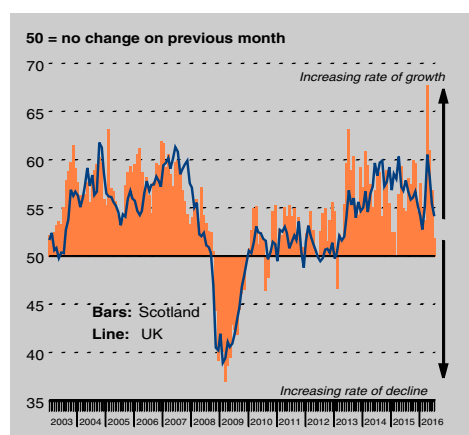
Temporary/Contract Staff Hourly Pay Rates

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

Hourly rates of pay for temporary/contract staff increased only marginally in July, with the pace of inflation having eased to the weakest in the current 16-month sequence of rising wages. Around 15% of recruiters reported an increase in temp pay, versus 12% that noted a reduction.

There was likewise a slowdown in temp wage growth at the UK level, though to a lesser extent than in Scotland. The rise across the UK as a whole was indeed solid in comparison.

Temp wages rise only marginally.



	Scotland				All UK			
	Higher %	Same %	Lower %	Net +/-	Index 50 = no chg	S.Adj. Index	Index 50 = no chg	S. Adj. Index
2016 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
Apr	41.7	52.1	6.3	35.4	67.7	67.7	60.1	60.5
May	30.0	62.0	8.0	22.0	61.0	61.0	57.3	58.2
Jun	20.7	72.4	6.9	13.8	56.9	56.9	54.7	55.5
Jul	15.4	73.1	11.5	3.8	51.9	51.9	53.9	54.2

7 UK regional summary

Latest data from the Office for National Statistics showed a further rise in the number of people claiming out-of-work benefits across the UK. June's increase was only marginal (+418), but it followed a cumulative gain of +33,281 across the three previous months. The corresponding claimant count rate* remained unchanged at 2.2% for the fourth month running, up from 2.1% at the start of the year.

The healthiest picture was seen in the South East, where the claimant count rate registered 1.2%, followed by the South West (1.4%). Northern Ireland's 4.1% was the highest overall but only just above the 4.0% seen in the North East of England.

Scotland's claimant count rate held steady at 2.7%, reflecting only a marginal rise in the number of those receiving out-of-work benefits north of the border (+153). That said, that was the fourth increase in as many months.

Region	Claimant counts (Jun '16)		
	'000s	Rate (%)*	Rank
South East	59	1.2	(1)
South West	39	1.4	(2)
East	46	1.5	(3)
London	105	1.8	(4)
East Midlands	45	2.0	(5)
Scotland	75	2.7	(6)
Yorks & Humberside	73	2.7	(6)
West Midlands	80	2.8	(8)
Wales	43	2.9	(9)
NW & Merseyside	109	2.9	(9)
North East	49	4.0	(11)
Northern Ireland	37	4.1	(12)
United Kingdom	759	2.2	

Source: Department for Work & Pensions and National Statistics.

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 IHS 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.

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