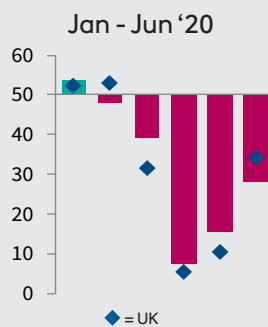


Royal Bank of Scotland Report on Jobs

Further substantial drop in hiring activity during June

Scotland Permanent Placements Index



Key findings

Slower, but marked, falls in permanent placements and temp billings

Vacancies continue to decline at substantial rate

Permanent starting salaries drop at quickest pace on record

Hiring activity across Scotland continued to decline during June, with both permanent staff appointments and temporary billings falling amid reports of further delays to hiring decisions. Although rates of contraction did ease from May, they remained marked and among the quickest in the survey's history. At the same time, demand for staff continued to fall substantially. Reports of redundancies led to a sharp increase in candidate availability, which added further downward pressure on pay. Notably, starting salaries dropped at the quickest rate on record.

Sebastian Burnside, Chief Economist at Royal Bank of Scotland, commented:

"Labour market conditions in Scotland remained weak during June, with the latest Report on Jobs data highlighting further marked reductions in both permanent placements and temporary billings. That said, the rates of decline did soften slightly as parts of the economy look to reopen as a result of easing lockdown restrictions.

"Meanwhile, vacancies continued to decline substantially, with the falls in both permanent and temporary vacancies surpassing their respective pre-coronavirus records despite softening from May. As demand for candidates dropped again, starting pay came under further pressure, with starting salaries declining at the sharpest rate in over 17 years of data collection.

"Overall the short-term outlook for the Scottish labour market remains extremely challenging with the biggest uncertainty being firms' responses to the closure of the furlough scheme."

Scotland Permanent Placements Index

sa, >50 = growth since previous month



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About the Scotland Report on Jobs

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?".

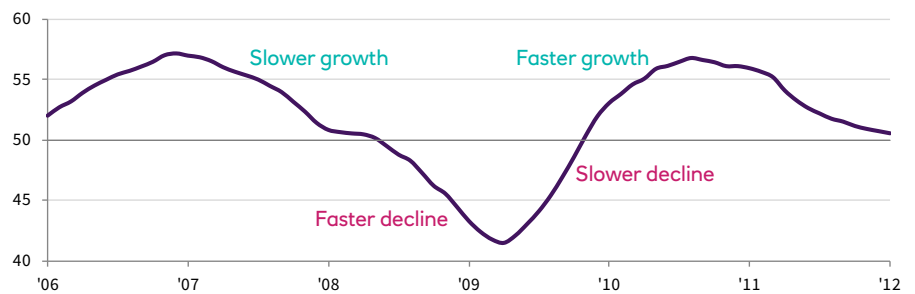
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

June data were collected 12-24 June 2020.

For further information on the survey methodology, please contact economics@ihsmarkit.com.

Index interpretation

50.0 = no change since previous month



Staff placements

Softer, but still marked, fall in permanent placements

June data highlighted another reduction in permanent placements across Scotland, extending the current sequence of decline to five months. The pace of contraction softened notably from May but remained rapid overall and quicker than the pre-coronavirus record. According to panellists, firms continued to postpone hiring decisions amid the COVID-19 pandemic.

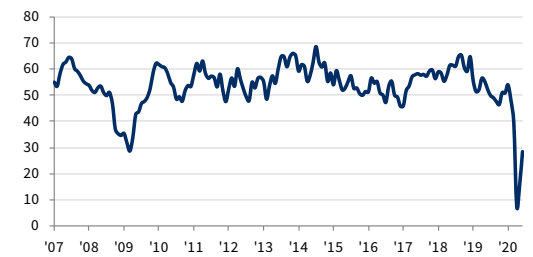
By comparison, the fall in permanent placements at the UK level eased markedly since May and was slower than that recorded in Scotland.

Temp billings drop at slowest rate since February

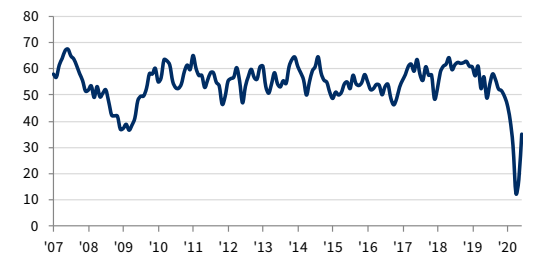
Recruitment consultancies across Scotland recorded a seventh consecutive monthly reduction in temporary billings during June. Panellists frequently linked the reduction to the coronavirus pandemic and subsequent dip in demand for staff. The rate of decline eased to the slowest since February, but was nonetheless sharp overall.

At the UK level, temp billings fell for the sixth month running during June, with the pace of contraction quicker than that seen in Scotland.

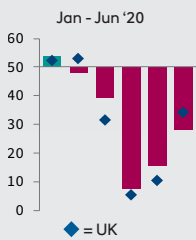
Permanent Placements Index
sa, >50 = growth since previous month
28.3
Jun '20



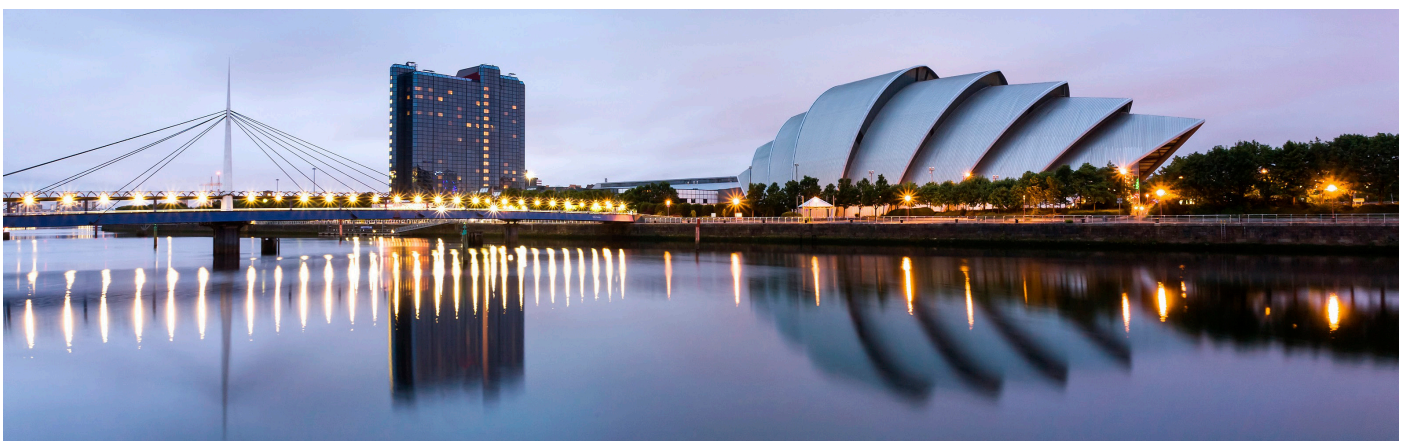
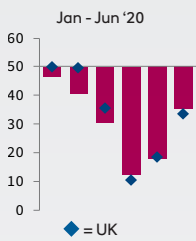
Temporary Billings Index
sa, >50 = growth since previous month
35.2
Jun '20



Permanent Placements Index
Jan - Jun '20



Temporary Billings Index
Jan - Jun '20



Labour supply

Permanent labour supply increases for first time in over eight years

Latest data highlighted the first rise in permanent candidate availability since February 2012 in June. Moreover, the rate of increase was the quickest since August 2009 and steep overall, with panellists commonly reporting COVID-19 induced redundancies.

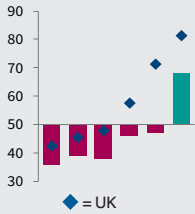
At the UK level, permanent candidate availability also rose, with the rate of increase accelerating from June and much quicker than that seen in Scotland.

Fastest rise in temp candidate availability since May 2009

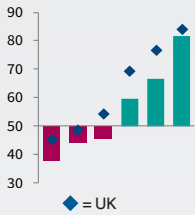
Recruiters in Scotland signalled a further increase in the availability of temporary candidates during June, stretching the current sequence of expansion to three months. Anecdotal evidence linked the increase to a high number of employee layoffs and contract terminations, leaving candidates searching for work. Moreover, the latest uptick was the fastest for just over 11 years and substantial.

Temp labour supply also rose at the UK level in June, where the rate of growth was the quickest on record and outpaced that seen in Scotland.

Permanent Candidate Availability Index
Jan - Jun '20



Temporary Candidate Availability Index
Jan - Jun '20



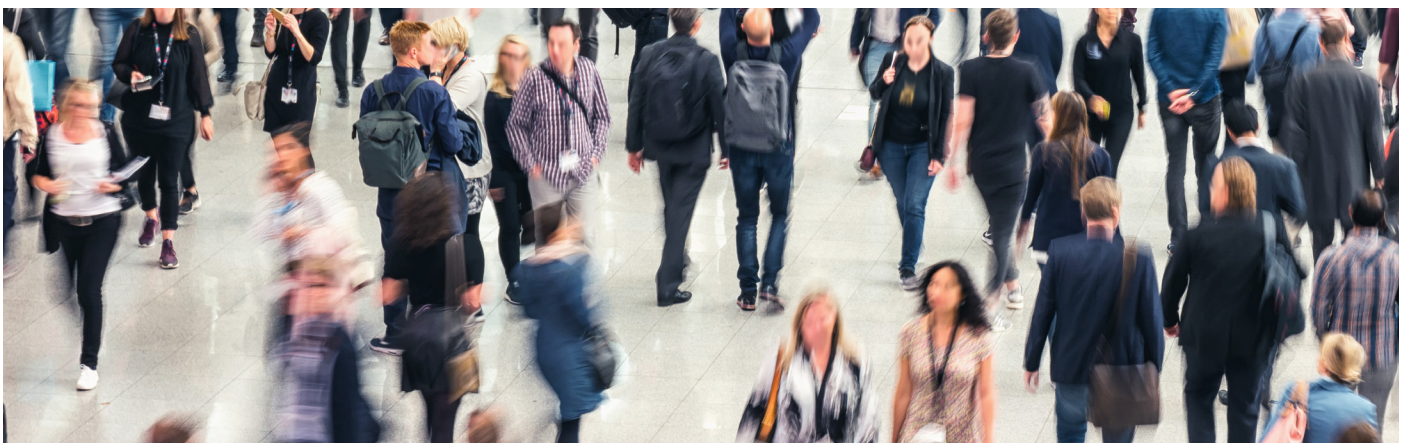
Permanent Candidate Availability Index
sa, >50 = growth since previous month

67.9
Jun '20



Temporary Candidate Availability Index
sa, >50 = growth since previous month

81.8
Jun '20



Pay pressures

Fastest reduction in permanent starting salaries on record

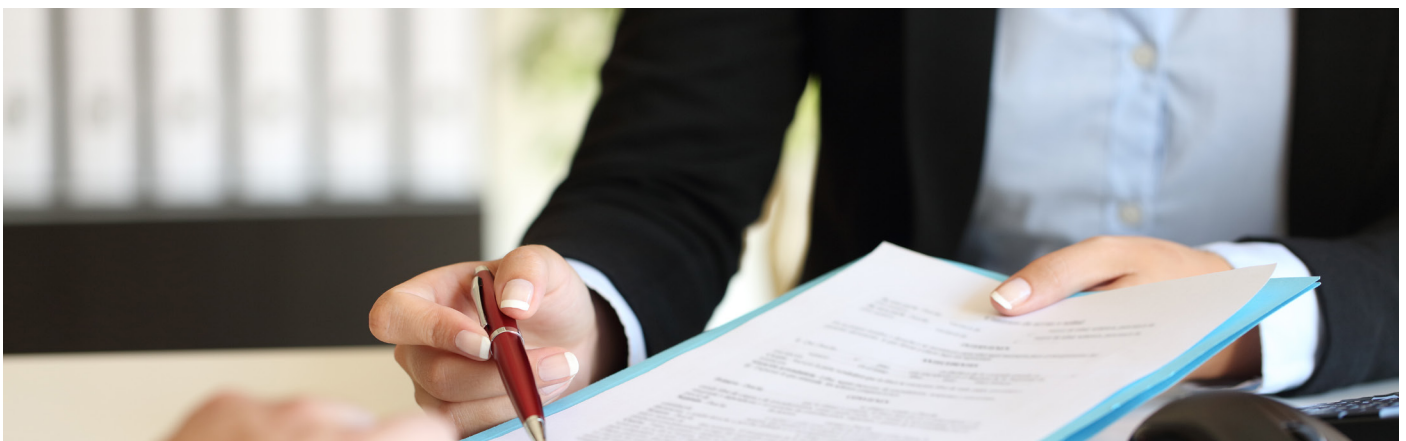
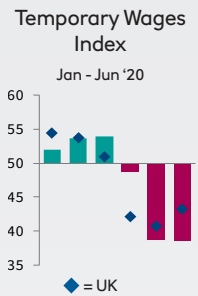
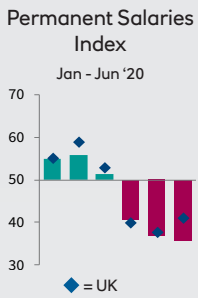
Recruitment consultancies across Scotland signalled a fall in salaries awarded to permanent new joiners in June, as has been the case in each month since April. The rate of decline was the quickest recorded since the series began in January 2003 and rapid overall.

By comparison, the UK as a whole registered the slowest reduction in permanent salaries for three months, with the fall softer than that seen in Scotland.

Temp wages fall at quickest rate since April 2009

June data highlighted a further reduction in average hourly pay for short-term staff across Scotland, extending the current sequence of decline to three months. Moreover, the rate of decline was the quickest since April 2009 and marked.

Temp wages also dropped at the UK level in June, although the reduction at the national level eased from May and was slower than that seen in Scotland.



Demand for permanent staff

Permanent staff demand falls rapidly in June

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.

Scottish recruitment consultancies registered a drop in permanent vacancies in June, as has been the case in each of the past four months. The respective seasonally adjusted index posted well below the 50.0 no-change mark to signal a further rapid reduction, despite the rate of contraction easing since May. Notably, the figure remained below the pre-coronavirus low of 28.7 in February 2009.

At the UK level, demand for permanent staff also declined, although the rate of reduction was not as severe as that seen in Scotland.

Permanent Vacancies Index
sa, >50 = growth since previous month
21.0
Jun '20



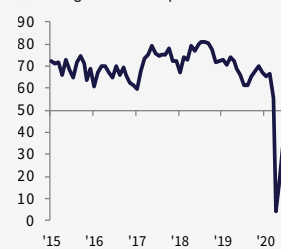
Permanent Vacancies Index by sector

Rank	Sector	May-20	Jun-20
1	IT & Computing	19.0	35.9
2	Nursing/Medical/Care	60.0	35.6
3	Engineering & Construction	13.8	34.7
4	Blue Collar	29.9	26.9
5	Executive & Professional	9.7	18.7
6	Hotel & Catering	2.2	13.3
7	Accounts & Financial	17.1	13.1
8	Secretarial & Clerical	14.3	11.0

Permanent vacancies by sector

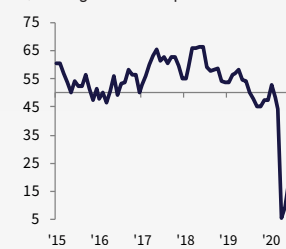
IT & Computing

sa, >50 = growth since previous month



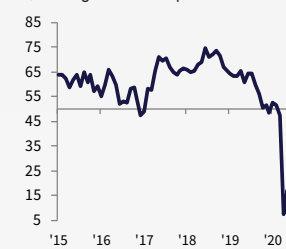
Executive & Professional

sa, >50 = growth since previous month



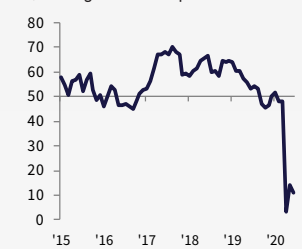
Accounting & Financial

sa, >50 = growth since previous month



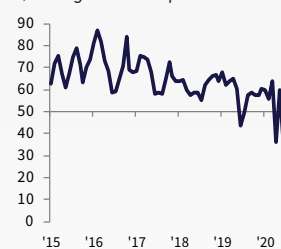
Secretarial & Clerical

sa, >50 = growth since previous month



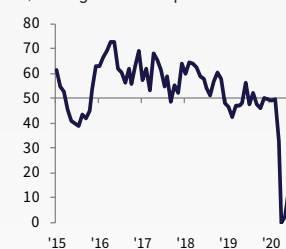
Nursing, Medical & Care

sa, >50 = growth since previous month



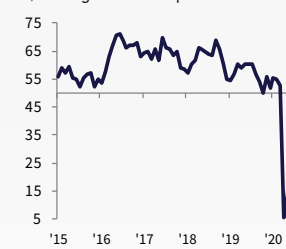
Hotel & Catering

sa, >50 = growth since previous month



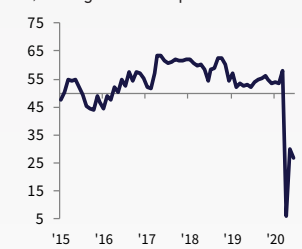
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Downturn in temporary vacancies eases 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.

Demand for temporary staff fell further during June, thereby extending the current sequence of contraction to four months. The rate of decline softened from May, but nonetheless remained marked and continued to outpace the pre-coronavirus record.

Across the monitored job categories, Nursing/Medical/Care and Hotel & Catering registered the most severe drops in short-term vacancies. Blue Collar was the only sector to report higher demand for temp staff.

Temporary Vacancies Index
sa, >50 = growth since previous month Jun '20



Temporary Vacancies Index by sector

Rank	Sector	May-20	Jun-20
1	Blue Collar	30.8	57.5
2	Engineering & Construction	17.3	36.7
3	IT & Computing	20.8	25.9
4	Executive & Professional	13.7	19.0
5	Secretarial & Clerical	7.9	13.1
6	Accounts & Financial	11.2	12.2
7	Nursing/Medical/Care	6.7	0.0
8	Hotel & Catering	5.6	0.0

Temporary vacancies by sector

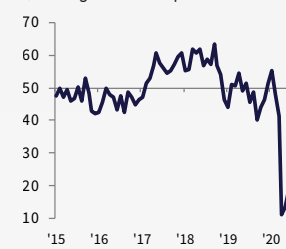
IT & Computing

sa, >50 = growth since previous month



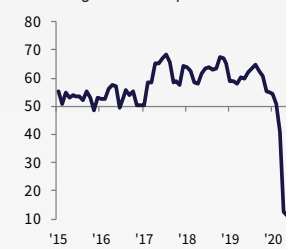
Executive & Professional

sa, >50 = growth since previous month



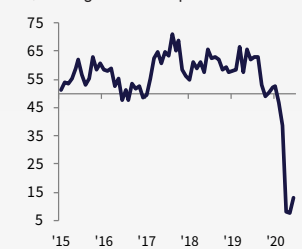
Accounting & Financial

sa, >50 = growth since previous month



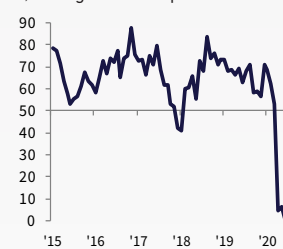
Secretarial & Clerical

sa, >50 = growth since previous month



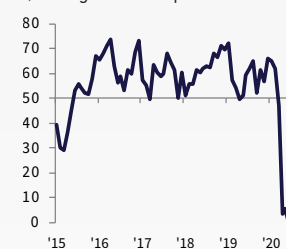
Nursing, Medical & Care

sa, >50 = growth since previous month



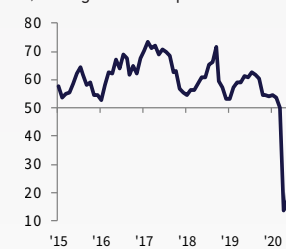
Hotel & Catering

sa, >50 = growth since previous month



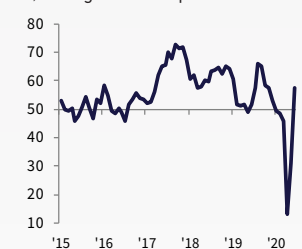
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Index summary

Scotland

sa, 50 = no change over previous month

	Permanent Placements	Temporary Placements	Permanent Availability	Temporary Availability	Permanent Salaries	Temporary Wages	Permanent Vacancies	Temporary Vacancies
Jan '20	53.8	46.6	35.9	38.0	55.0	52.0	54.7	55.7
Feb 20	48.0	40.7	39.2	44.1	55.9	53.6	52.7	52.0
Mar '20	39.3	30.7	38.2	45.5	51.4	53.9	49.2	45.8
Apr '20	7.5	12.5	46.4	59.6	40.6	48.7	6.2	10.6
May '20	15.5	17.8	47.2	66.5	36.8	38.8	16.5	16.8
Jun '20	28.3	35.2	67.9	81.8	35.8	38.6	21.0	27.7

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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.

About REC

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