

# Royal Bank of Scotland Report on Jobs

## Permanent placements fall for first time in four months

### Key Findings

Temp billings fall at quickest rate for over a decade

Vacancy growth softens

Staff availability deteriorates further

### Scotland Permanent Placements Index



Last six months



According to the latest Royal Bank of Scotland Report on Jobs, permanent staff appointments declined for the first time since last October in February, amid reports of candidate shortages and muted demand for staff. Temp billings also fell and at the quickest rate since April 2009. At the same time, growth of demand for staff softened, while candidate availability deteriorated at a weaker pace.

### Staff placements

Recruitment agencies in Scotland highlighted the first drop in permanent placements for four months in February. Some panellists linked the reduction, which was mild, to subdued client demand and a lack of suitable candidates.

Moreover, the fall in Scotland contrasted with the trend seen for the UK as a whole, where permanent appointments rose at the quickest rate since December 2018.

Meanwhile, temporary staff billings across Scotland declined at the quickest for over a decade. Temp billings also fell at the UK level in February, although the rate of decline was softer than that seen in Scotland and only fractional.

### Demand for staff

February data signalled a further increase in demand for permanent staff across Scotland. That said, the rate of vacancy growth was among the softest since early-2013 and only modest, with the increase at the UK level

quicker than that seen in Scotland.

Temporary vacancies also expanded again during February. However, the increase was the softest since January 2012 and only mild.

### Pay pressures

Pay pressures across Scotland strengthened during February. Salaries awarded to permanent new starters increased at the fastest rate for four months and sharply overall. Nonetheless, the rate of inflation at the UK level outpaced that recorded in Scotland.

At the same time, average hourly pay rates also rose at a quicker pace midway through the first quarter. Moreover, the rate of wage inflation was the quickest for three months, albeit softer than that seen across the UK as a whole.

### Candidate supply

As has been the case in each month since March 2012, the availability of permanent candidates fell during February. Despite easing to the least marked in nearly three years, the rate of decline remained sharp overall.

The supply of temp candidates also fell in February, extending the current sequence of contraction to just over three years. The latest fall, albeit solid, was the softest for four months.

In both cases, the supply of candidates in Scotland fell more quickly than across the UK as a whole.

### Scotland Permanent Placements Index

sa, >50 = growth since previous month



# Staff Placements

## Permanent Placements Index



### First drop in permanent placements since last October

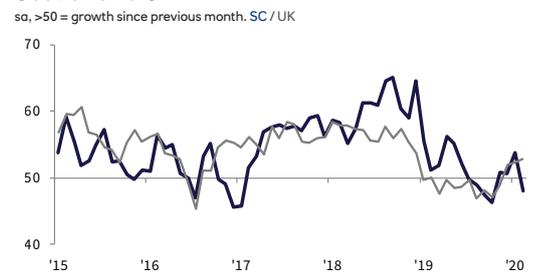
The number of permanent staff appointments in Scotland declined for the first time in four months during February, with panellists linking the reduction to subdued demand for workers and a lack of candidates. That said, the fall was only mild overall.

In contrast, permanent placements rose for the third consecutive month across the UK as a whole during February, and at the fastest rate since December 2018.

### Permanent Placements Index



### Scotland vs UK



## Temporary Billings Index



### Temp billings fall at quickest rate for more than a decade

Recruitment agencies in Scotland signalled a third consecutive reduction in temporary billings during February. Moreover, the fall was the quickest since April 2009 and marked overall. Some panel members linked the decline to a lack of suitable candidates, while others cited upcoming IR35 changes.

At the UK level, temporary billings fell for the second month running during February. The rate of decline was only fractional, however, and notably softer than that seen in Scotland.

### Temporary Billings Index



### Scotland vs UK



# Labour Supply

## Permanent Candidate Availability Index



### Fall in permanent staff numbers softens, but remains sharp

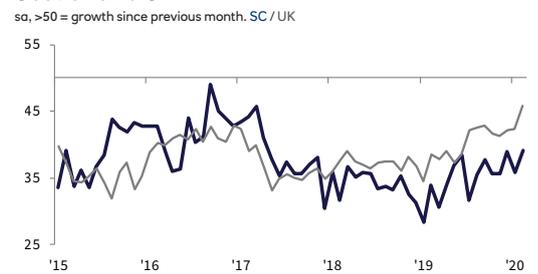
As has been the case in each month since March 2012, Scottish recruitment firms recorded a reduction in the availability of permanent candidates in February. The rate of decline was the least marked in 34 months, but remained sharp overall.

Permanent staff supply also contracted at a softer pace at the UK level in February, with the fall the slowest recorded since mid-2013 and notably weaker than that reported for Scotland.

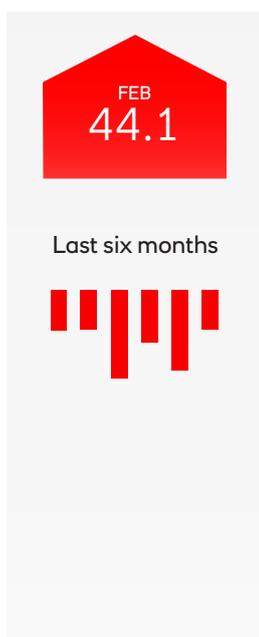
### Permanent Candidate Availability Index



### Scotland vs UK



## Temporary Candidate Availability Index



### Temp staff supply declines at softest rate since last October

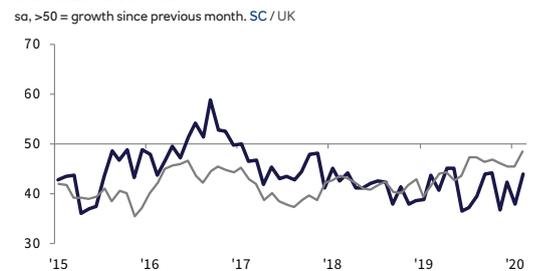
Scottish recruitment consultancies reported a further deterioration in the availability of temporary candidates in February, as has been the case in each month since early-2017. The latest reduction, albeit solid, was the for four months.

At the national level, temp staff supply fell at the softest pace in the current 80-month sequence of decline and only mildly overall. Moreover, the reduction at the UK level was slower than in Scotland for the ninth consecutive month.

### Temporary Candidate Availability Index



### Scotland vs UK



# Pay Pressures

## Permanent Salaries Index



### Permanent salary inflation accelerates to four-month high

February data highlighted a further rise in salaries awarded to permanent new joiners in Scotland, extending the current sequence of increase to seven years. Moreover, the latest uptick was the quickest since October last year and sharp overall.

The increase in Scotland was part of a wider UK trend in February. Permanent salary inflation across the UK as a whole was the strongest for eight months and outstripped that recorded in Scotland.

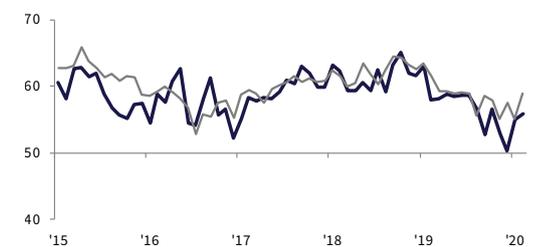
### Permanent Salaries Index

sa, >50 = inflation since previous month



### Scotland vs UK

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



## Temporary Wages Index



### Fastest increase in temp wages since last November

Recruitment consultancies across Scotland reported an increase in average hourly rates for short-term staff during February, as has been the case in each month since April 2015. Moreover, the rate of pay inflation was the quickest for three months and solid.

By comparison, temp wage growth at the national level was the softest for over three years. Nonetheless, the increase across the UK as a whole was slightly quicker than that seen for Scotland.

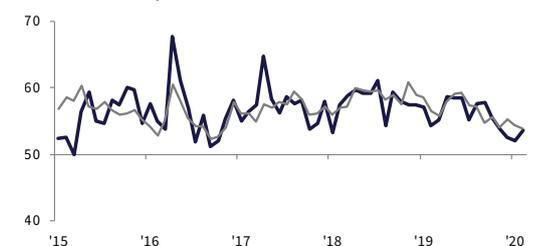
### Temporary Wages Index

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 vacancy growth eases in February

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.

Recruitment agencies across Scotland reported a further rise in permanent job vacancies during February. That said, the rate of increase was among the softest seen since early-2013 and only modest. The upturn was also weaker than that seen across the UK as a whole.

Of all the monitored sectors, demand for permanent staff was most marked in IT & Computing.

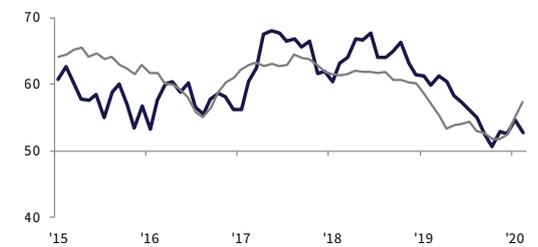
### Permanent Vacancies Index

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



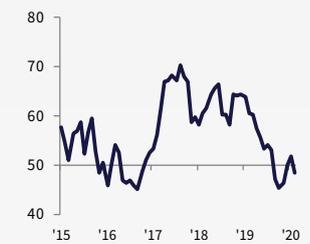
### Accounting & Financial

sa, >50 = growth since previous month



### Secretarial & Clerical

sa, >50 = growth since previous month



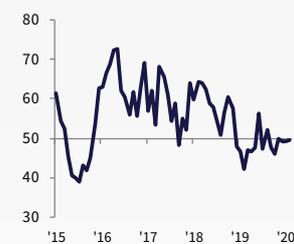
### Nursing, Medical & Care

sa, >50 = growth since previous month



### Hotel & Catering

sa, >50 = growth since previous month



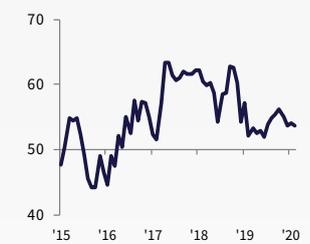
### Engineering & Construction

sa, >50 = growth since previous month



### Blue Collar

sa, >50 = growth since previous month



# Demand for Temporary Staff

## Temporary Vacancies Index



### Slowest growth in temp vacancies for over eight years

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.

Growth in temporary vacancies was sustained during February, extending the current sequence of expansion to over a decade. That said, the increase was the softest since January 2012 and only mild. At the sector level, Nursing/Medical/Care reported the sharpest increase in temp vacancies.

Across the UK as a whole, temporary vacancies rose solidly in February, with the rate of increase quicker than in Scotland.

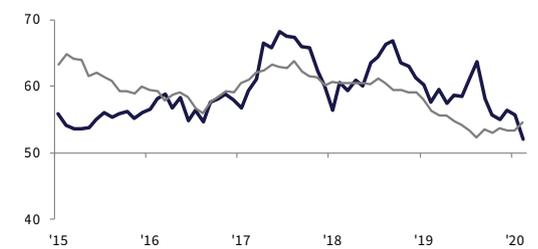
### Temporary Vacancies Index

sa, >50 = growth since previous month



### Scotland vs UK

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



## By Sector

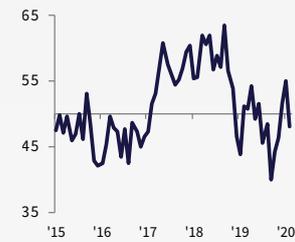
### IT & Computing

sa, >50 = growth since previous month



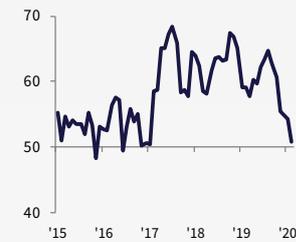
### Executive & Professional

sa, >50 = growth since previous month



### Accounting & Financial

sa, >50 = growth since previous month



### Secretarial & Clerical

sa, >50 = growth since previous month



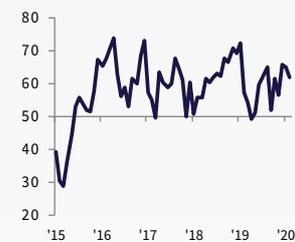
### Nursing, Medical & Care

sa, >50 = growth since previous month



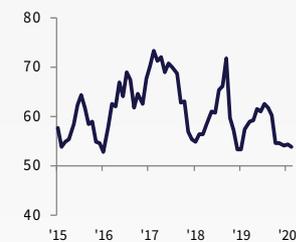
### Hotel & Catering

sa, >50 = growth since previous month



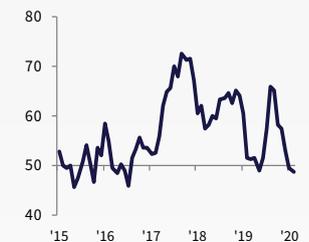
### Engineering & Construction

sa, >50 = growth since previous month



### Blue Collar

sa, >50 = growth since previous month



## Permanent Vacancies Index by Sector

Rank	Sector	Jan-20	Feb-20
1	IT & Computing	65.4	66.5
2	Nursing/Medical/Care	59.9	55.6
3	Engineering & Construction	55.5	55.1
4	Blue Collar	54.0	53.6
5	Accounts & Financial	52.3	51.5
6	Hotel & Catering	49.2	49.5
7	Secretarial & Clerical	51.8	48.3
8	Executive & Professional	52.9	48.2

## Temporary Vacancies Index by Sector

Rank	Sector	Jan-20	Feb-20
1	Nursing/Medical/Care	68.9	62.2
2	Hotel & Catering	64.8	62.0
3	IT & Computing	62.3	56.2
4	Engineering & Construction	54.4	53.7
5	Accounts & Financial	54.3	50.9
6	Blue Collar	49.6	48.7
7	Executive & Professional	55.1	48.0
8	Secretarial & Clerical	52.5	46.7

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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.

February data were collected 12-24 February 2020.

For further information on the survey methodology, please contact [economics@ihsmarkit.com](mailto: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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