

Royal Bank of Scotland Report on Jobs

Permanent placements growth accelerates in January

Key Findings

Solid rise in permanent staff appointments

Temp billings fall for the second month running

Candidate availability continues to deteriorate

Scotland Permanent Placements Index



Last six months



According to the latest Royal Bank of Scotland Report on Jobs, permanent staff appointments continued to rise during January. Notably, the increase was the fastest in the current three-month sequence of expansion and solid overall. Meanwhile, temp billings fell for the second month running, with the pace of decline the sharpest since October 2016. At the same time, candidate availability continued to deteriorate markedly, and permanent starters pay rose at a much quicker pace.

Staff placements

Permanent staff appointments continued to rise during January, with the latest uptick the sharpest seen for eight months and solid overall. The trend in Scotland was mirrored at the UK level, where permanent placements also rose at a faster rate than December. Nonetheless, the increase in Scotland outpaced that seen across the UK as a whole.

Concurrently, temporary staff billings declined for the second month running in January, marking the first back-to-back fall in over three years. Moreover, the decline was the fastest since October 2016 and quicker than that recorded at the national level.

Demand for staff

As has been the case in each month since October 2010, recruitment agencies across Scotland signalled an increase in the number of permanent vacancies during January. The rise was the sharpest since last August and solid overall. The uptick in Scotland was also

broadly similar to that recorded at the UK level.

Demand for temporary staff also increased in January, extending the current sequence of growth to over ten years. Despite softening from the previous survey period, the uptick was marked overall and sharper than the rise reported at the aggregate UK level.

Pay pressures

Demand and supply imbalances continued to push up pay in January, as salaries awarded to permanent new starters increased at the quickest rate for three months. That said, the rate of salary inflation remained subdued in the context of historical data.

Wages for temporary workers rose further during January, although the rate of inflation was the softest since October 2016 and below the series average. Moreover, the increase reported for Scotland was softer than that seen across the UK as a whole.

Candidate supply

January data signalled a faster deterioration in the supply of labour in Scotland. Permanent staff availability fell markedly, with the decline in Scotland outstripping the fall recorded at the UK level.

Meanwhile, temp staff numbers also fell during January. The reduction quickened from December and was sharp overall, outpacing that seen at the UK level for the eighth consecutive month.

Scotland Permanent Placements Index

sa, >50 = growth since previous month



Staff Placements

Permanent Placements Index



Permanent placements rise at quicker rate

The number of permanent staff appointments in Scotland rose further during January, extending the current sequence of growth to three months. Moreover, the rate of increase was the quickest in the aforementioned sequence and solid overall. Some panel members indicated that client demand for staff had improved following December's general election.

A similar trend was reported at the UK level, where permanent staff appointments increased for the second month running and at a faster rate than in December. Overall, the rise in Scotland was sharper than that seen at the national level.

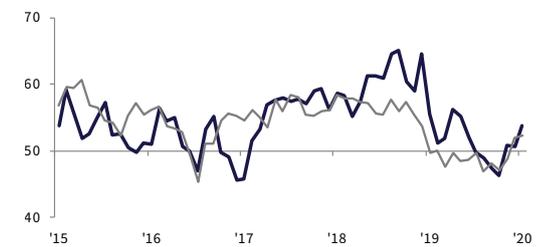
Permanent Placements Index

sa, >50 = growth since previous month



Scotland vs UK

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



Temporary Billings Index



Temp billings fall for second month in a row

Scottish recruiters signalled a second successive monthly fall in temporary staff billings during January. Moreover, the pace of reduction was the quickest since October 2016 and solid overall.

At the aggregate UK level, short-term staff billings fell for the first time since April 2013 in January. The decline at the national level was only slight and softer than that seen in Scotland, however.

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



Marked fall in permanent staff supply

Recruitment agencies across Scotland signalled a further reduction in the availability of permanent staff during January, stretching the current sequence of contraction to 95 months. The rate of decline quickened from December and remained much quicker than the historical trend.

The decline in permanent candidate numbers was part of a wider UK trend, with national level data highlighting a further sharp fall in labour supply. Nonetheless, the reduction in Scotland was notably quicker than that seen across the UK as a whole.

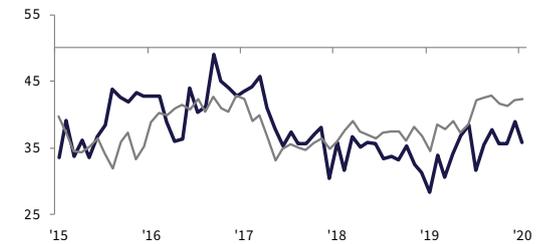
Permanent Candidate Availability Index

sa, >50 = growth since previous month



Scotland vs UK

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



Temporary Candidate Availability Index



Drop in temp candidate availability accelerates

January data highlighted a further drop in the supply of temporary staff in Scotland, extending the current sequence of contraction to three years. The rate of decline accelerated from December and was sharp overall.

The supply of temporary staff also fell at the UK level in January. The pace of reduction at the national level was solid, but not as steep as the decline signalled for Scotland.

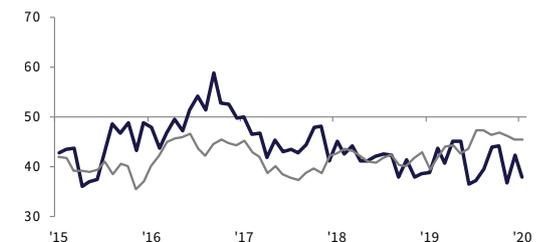
Temporary Candidate Availability Index

sa, >50 = growth since previous month



Scotland vs UK

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



Pay Pressures

Permanent Salaries Index



Permanent salary inflation strengthens to three-month high

Recruitment agencies across Scotland signalled an increase in starting salaries for permanent staff in January, as has been the case in each month since early-2013. The rate of salary inflation was the fastest for three months and solid overall. That said, the uptick was slightly subdued in the context of historical data.

In contrast to the trend seen in Scotland, the rate of starting salary inflation eased at the UK level and was the softest since July 2016. Nonetheless, the increase in Scotland was slower than the UK average for the fifth month in a row.

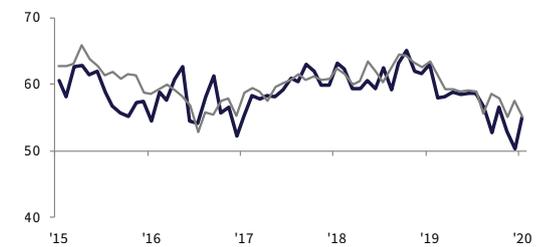
Permanent Salaries Index

sa, >50 = inflation since previous month



Scotland vs UK

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



Temporary Wages Index



Temp wages rise at softest rate since October 2016

January data highlighted a further rise in average hourly wage rates for short-term staff across Scotland, stretching the current sequence of increase to 58 months. The rate of pay inflation was the softest since October 2016, however, and only modest overall.

Across the UK as a whole, temp wage growth also eased during January, although the uptick was solid overall and outpaced that recorded in Scotland.

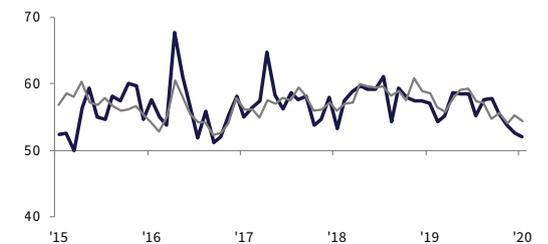
Temporary Wages Index

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 job openings rise at fastest rate for five months

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 in Scotland recorded an increase in permanent job vacancies in January, as has been the case in each month since October 2010. Moreover, the latest rise was the quickest since August last year and robust overall.

Of all the monitored jobs categories, demand for permanent staff was most marked in IT & Computing, followed by Nursing/Medical/Care.

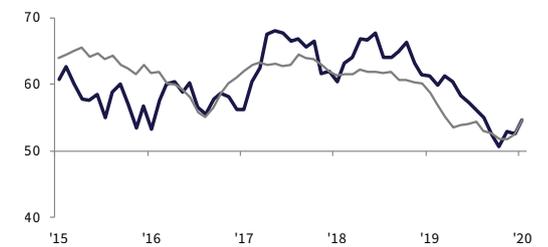
Permanent Vacancies Index

sa, >50 = growth since previous month



Scotland vs UK

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



By Sector

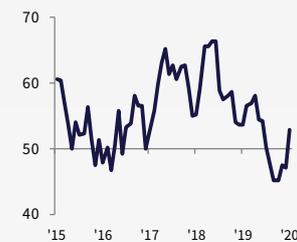
IT & Computing

sa, >50 = growth since previous month



Executive & Professional

sa, >50 = growth since previous month



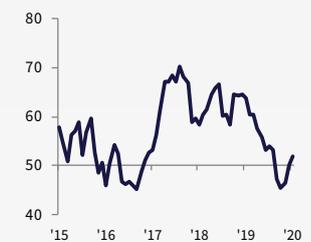
Accounting & Financial

sa, >50 = growth since previous month



Secretarial & Clerical

sa, >50 = growth since previous month



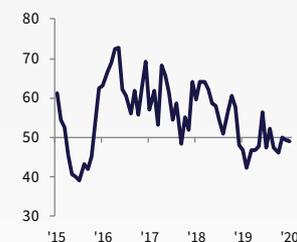
Nursing, Medical & Care

sa, >50 = growth since previous month



Hotel & Catering

sa, >50 = growth since previous month



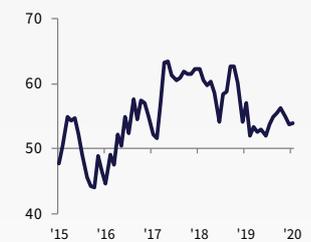
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for Temporary Staff

Temporary Vacancies Index



Growth of demand for temp staff softens, but remains solid

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.

January data pointed to further growth in demand for short-term workers in Scotland, extending the current sequence of growth to over ten years. Though strong, the latest increase softened from December and was below the series long-run average. At the sector level, Nursing/Medical/Care recorded the sharpest uptick in temp vacancies.

By comparison, temp vacancies increased moderately across the UK as a whole, with the rate of increase unchanged from December and slower than that seen in Scotland.

Temporary Vacancies Index

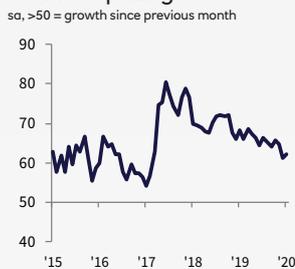


Scotland vs UK



By Sector

IT & Computing



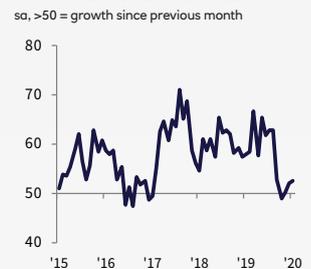
Executive & Professional



Accounting & Financial



Secretarial & Clerical



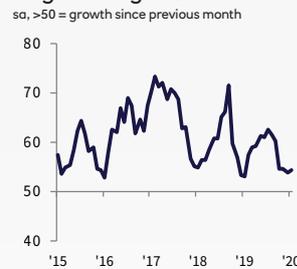
Nursing, Medical & Care



Hotel & Catering



Engineering & Construction



Blue Collar



Permanent Vacancies Index by Sector

Rank	Sector	Dec-19	Jan-20
1	IT & Computing	67.4	65.4
2	Nursing/Medical/Care	60.4	59.9
3	Engineering & Construction	51.7	55.5
4	Blue Collar	53.7	54.0
5	Executive & Professional	47.2	52.9
6	Accounts & Financial	48.4	52.3
7	Secretarial & Clerical	50.0	51.8
8	Hotel & Catering	49.4	49.2

Temporary Vacancies Index by Sector

Rank	Sector	Dec-19	Jan-20
1	Nursing/Medical/Care	70.9	68.9
2	Hotel & Catering	65.7	64.8
3	IT & Computing	61.2	62.3
4	Executive & Professional	51.5	55.1
5	Engineering & Construction	54.0	54.4
6	Accounts & Financial	54.9	54.3
7	Secretarial & Clerical	52.1	52.5
8	Blue Collar	53.2	49.6

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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.

January data were collected 13-27 January 2020.

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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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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