

Royal Bank of Scotland Report on Jobs

Permanent placements growth remains marginal in December

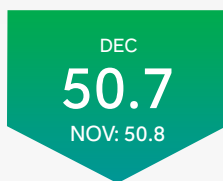
Key Findings

Permanent appointments rise slightly for second month running

First fall in temp billings for six months

Pay pressures weaken

Scotland Permanent Placements Index



Last six months



According to the latest Royal Bank of Scotland Report on Jobs, permanent staff appointments increased for the second consecutive month in December, although growth remained historically subdued. Meanwhile, temp billings declined for the first time since June, albeit only fractionally. At the same time, pay pressures softened, with permanent starters' pay rising only slightly, amid weaker reductions in candidate availability.

Staff placements

Recruitment agencies in Scotland highlighted a further increase in permanent placements in December, extending the current sequence of expansion to two months. That said, the latest uptick was little-changed from November and only marginal. At the UK level, permanent placements rose for the first time in a year. The increase, albeit moderate, outpaced the upturn recorded in Scotland.

Meanwhile, temporary staff billings across Scotland fell for the first time since June in December, although the rate of decline was only fractional. The trend in Scotland contrasted with the UK as a whole, however, with temp billings at the national level expanding at the quickest rate for three months.

Demand for staff

Permanent vacancy growth across Scotland was sustained during the latest survey period, thereby extending the current sequence of increase to over nine years. The rise was the softest for two months, however, and only mild.

Demand for permanent staff also rose across the UK as a whole, though the pace of vacancy growth also remained modest.

Concurrently, demand for temporary staff increased during December, as has been the case in each month since November 2009. Moreover, the rate of growth was the quickest for three months and sharp overall.

Pay pressures

Latest data indicated that pay pressures weakened at the end of 2019. Starting salaries awarded to permanent joiners increased at the softest rate for 82 months during the latest survey period, rising only fractionally overall.

Meanwhile, average hourly pay rates for temporary staff continued to increase. The uptick was the softest since October 2016 and only mild, however. At the UK level, temp wages also increased during the latest survey period, with the rate of inflation outpacing that seen in Scotland.

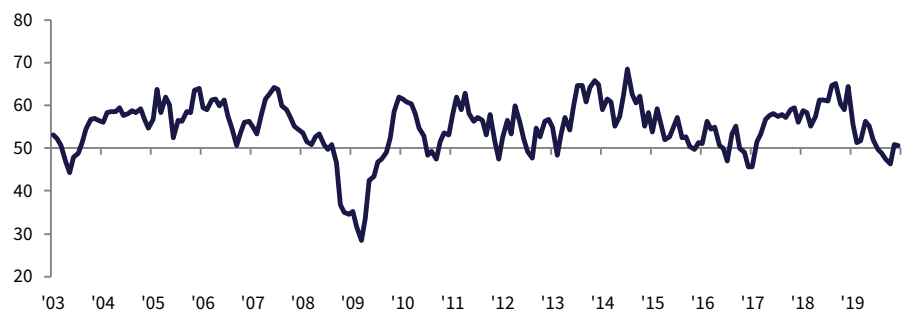
Candidate supply

December data highlighted a further reduction in the availability of permanent candidates. Although sharp overall, the fall was the softest recorded since April 2017.

Short-term staff supply also contracted, although at a slower rate than in November. Nonetheless, the reduction remained sharp overall and outpaced that seen across the UK as a whole.

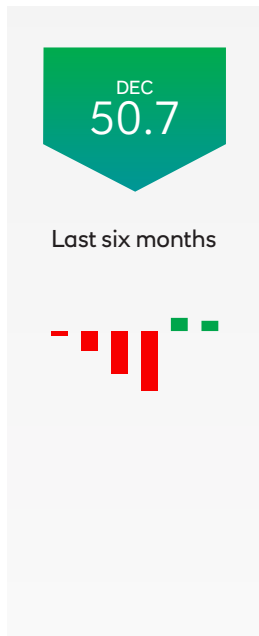
Scotland Permanent Placements Index

sa, >50 = growth since previous month



Staff Placements

Permanent Placements Index



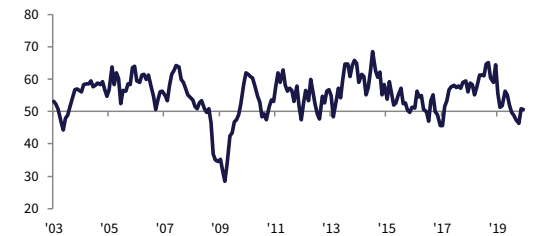
Permanent placements continue to rise only slightly

Scottish recruiters reported an increase in permanent staff appointments in December, extending the current sequence of growth to two months. However, the rise was little-changed from November and only marginal overall.

The uptick in Scotland supported the wider UK trend, with permanent placements across the UK as a whole increasing for the first time in a year. The upturn at the national level was modest overall, outpacing that seen in Scotland.

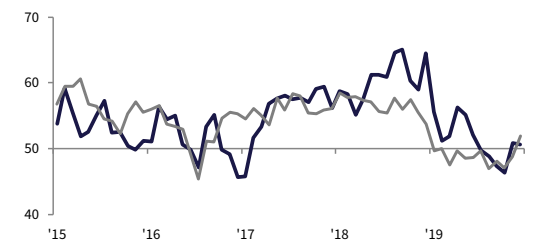
Permanent Placements Index

sa, >50 = growth since previous month

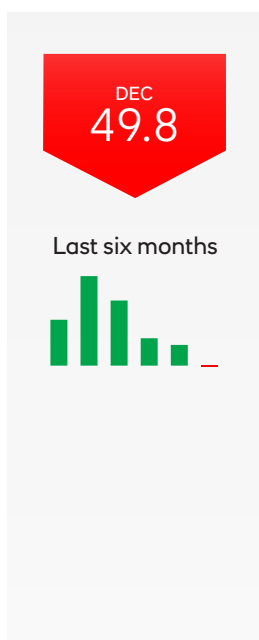


Scotland vs UK

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



Temporary Billings Index



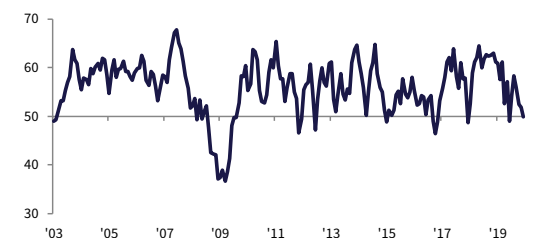
Temp billings fall for first time since June

Recruitment agencies in Scotland signalled a fall in temporary billings for the first time in six months in December. The reduction was only fractional, however.

At the UK level, temp billings increased at the end of the year, as has been the case in each month since May 2013. The rate of expansion, though moderate, was the quickest recorded for three-months.

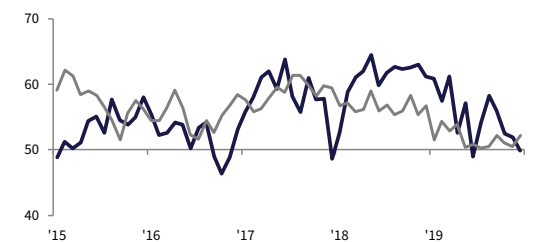
Temporary Billings Index

sa, >50 = growth since previous month



Scotland vs UK

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



Labour Supply

Permanent Candidate Availability Index



Slowest fall in permanent staff supply for over two-and-a-half years

As has been the case in each month since March 2012, recruiters across Scotland signalled a reduction in the availability of permanent candidates during December. Albeit still sharp, the decline was the softest since April 2017.

The UK as a whole also reported a deterioration in permanent staff availability in December. The decline was the slowest for three months and softer than that seen in Scotland.

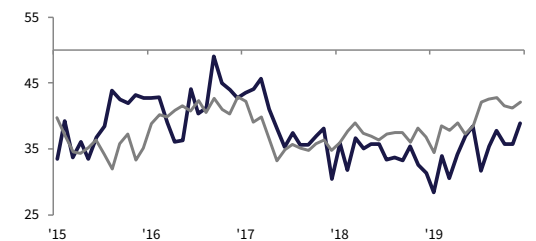
Permanent Candidate Availability Index

sa, >50 = growth since previous month



Scotland vs UK

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



Temporary Candidate Availability Index



Decline in temp candidate numbers remains sharp

Scottish recruitment consultancies reported a further deterioration in the availability of temporary candidates in December, as has been the case in each month for nearly three years. Despite softening from November, the decline was sharp overall and quicker than the long-run series average.

The contraction in Scotland was part of a wider UK trend, with the supply of temporary staff falling further at the UK level and at a solid rate. However, the reduction in Scotland continued to outpace the UK as a whole.

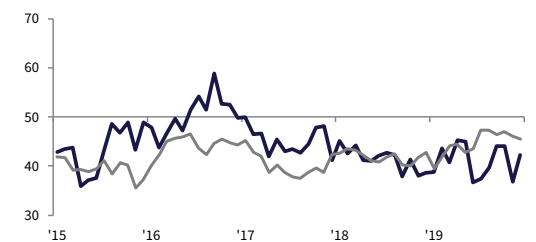
Temporary Candidate Availability Index

sa, >50 = growth since previous month



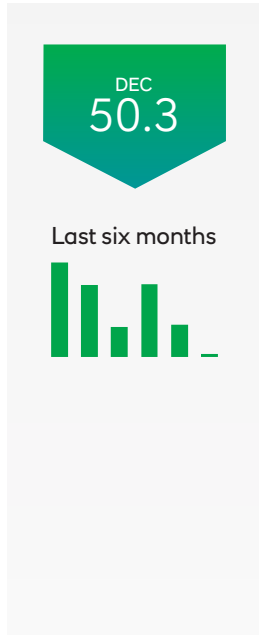
Scotland vs UK

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



Pay Pressures

Permanent Salaries Index



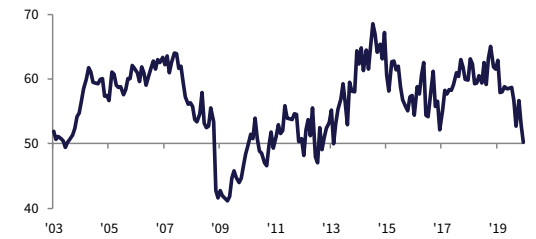
Permanent starting salary inflation weakens to 82-month low

As has been the case in each month since early-2013, recruiters across Scotland signalled an increase in salaries awarded to permanent new joiners in December. The rate of salary growth was the softest seen in this sequence, however, and only fractional.

In contrast, permanent salary growth accelerated at the national level. The uptick in pay across the UK as a whole was sharper than that seen in Scotland for the fourth month running.

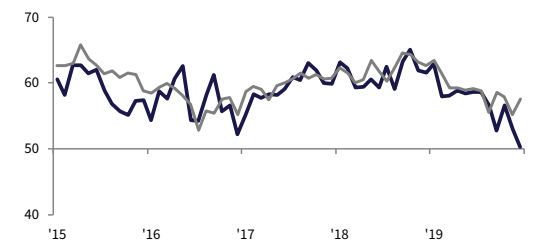
Permanent Salaries Index

sa, >50 = inflation since previous month

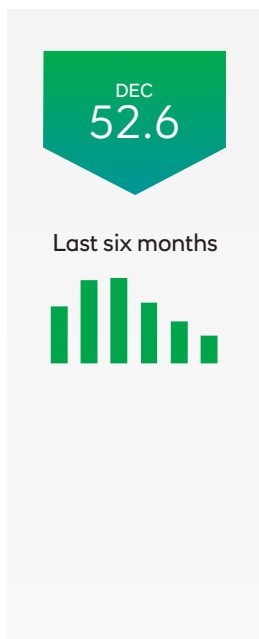


Scotland vs UK

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



Temporary Wages Index



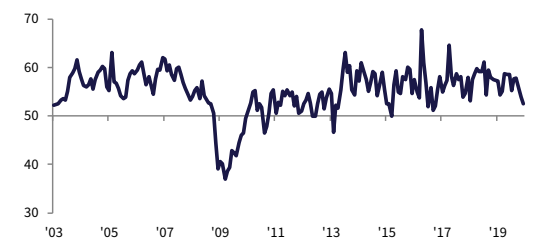
Slowest rate of temp wage inflation for over three years

Recruiters across Scotland continued to signal an increase in average hourly wage rates for short-term staff in December, stretching the current sequence of inflation to over four-and-a-half years. That said, the upturn was the softest since October 2016 and only modest overall.

At the UK level, the rate of temp pay growth quickened from November and was solid overall, outpacing that seen in Scotland.

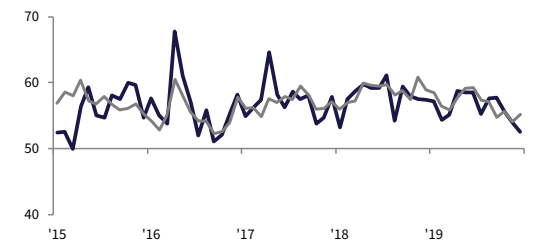
Temporary Wages Index

sa, >50 = inflation since previous month



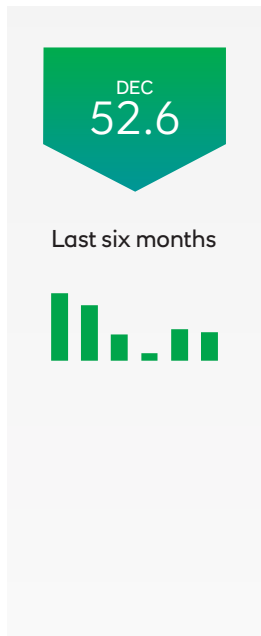
Scotland vs UK

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



Demand for Permanent Staff

Permanent Vacancies Index



Permanent vacancy growth eases in December

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.

Recruiters across Scotland signalled an increase in permanent vacancies during December, as has been the case in each month since October 2010. The rate of vacancy growth softened from November and was only mild, however.

By sector, IT & Computing recorded the sharpest increase in vacancies in December, followed by Nursing/Medical/Care.

At the UK level, demand for permanent staff rose at the fastest rate for three months, albeit mildly overall.

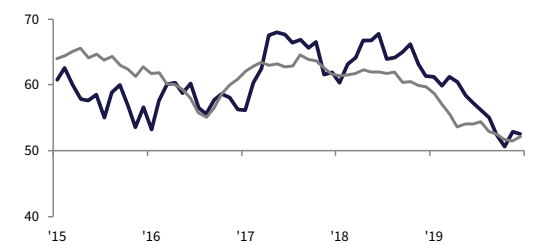
Permanent Vacancies Index

sa, >50 = growth since previous month



Scotland vs UK

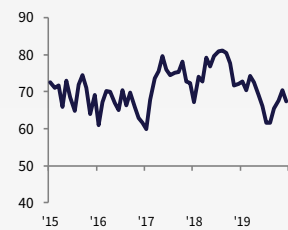
sa, >50 = growth since previous month. SC / UK



By Sector

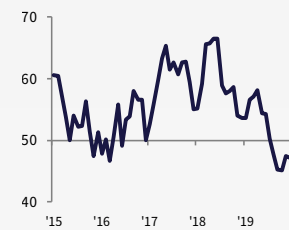
IT & Computing

sa, >50 = growth since previous month



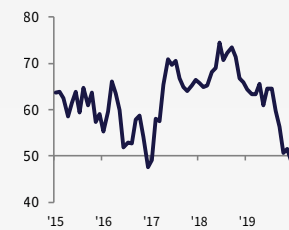
Executive & Professional

sa, >50 = growth since previous month



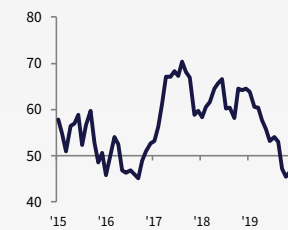
Accounting & Financial

sa, >50 = growth since previous month



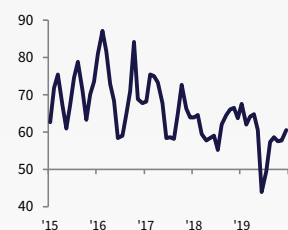
Secretarial & Clerical

sa, >50 = growth since previous month



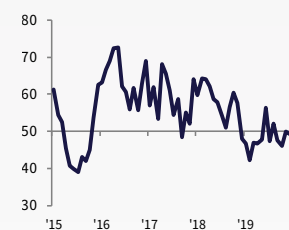
Nursing, Medical & Care

sa, >50 = growth since previous month



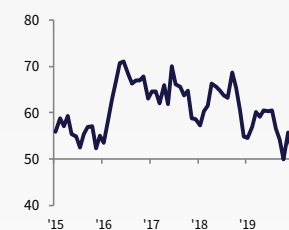
Hotel & Catering

sa, >50 = growth since previous month



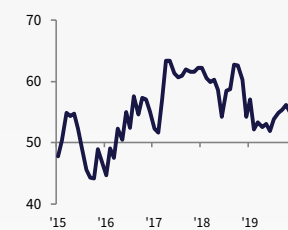
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for Temporary Staff

Temporary Vacancies Index



Fastest growth in temp vacancies for three months

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 December, stretching the current sequence of expansion to over a decade. Moreover, the rise was the fastest for three months and sharp overall. By sector, Nursing/Medical/Care topped the rankings, which saw a sharp increase in vacancies during the latest survey period.

Across the UK as a whole, temp vacancies rose at only a modest pace.

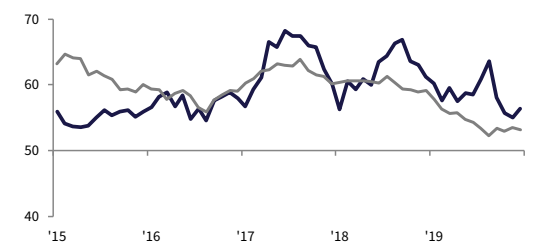
Temporary Vacancies Index

sa, >50 = growth since previous month



Scotland vs UK

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



By Sector

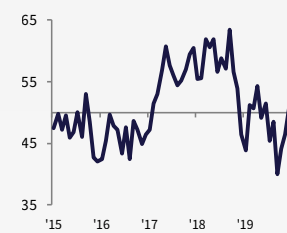
IT & Computing

sa, >50 = growth since previous month



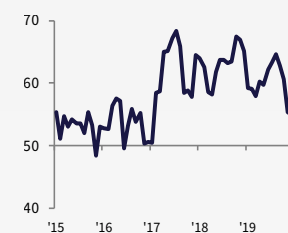
Executive & Professional

sa, >50 = growth since previous month



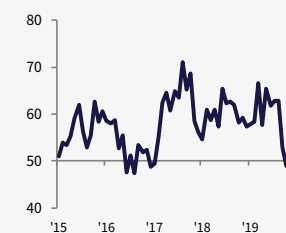
Accounting & Financial

sa, >50 = growth since previous month



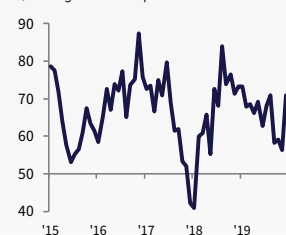
Secretarial & Clerical

sa, >50 = growth since previous month



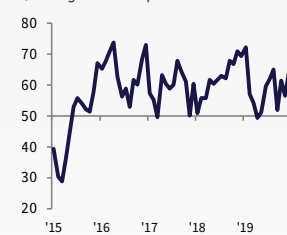
Nursing, Medical & Care

sa, >50 = growth since previous month



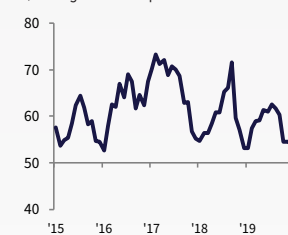
Hotel & Catering

sa, >50 = growth since previous month



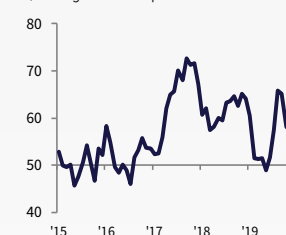
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Permanent Vacancies Index by Sector

Rank	Sector	Nov-19	Dec-19
1	IT & Computing	70.4	67.4
2	Nursing/Medical/Care	57.7	60.4
3	Blue Collar	55.0	53.7
4	Engineering & Construction	55.8	51.7
5	Secretarial & Clerical	46.4	50.0
6	Hotel & Catering	50.0	49.4
7	Accounts & Financial	51.6	48.4
8	Executive & Professional	47.5	47.2

Temporary Vacancies Index by Sector

Rank	Sector	Nov-19	Dec-19
1	Nursing/Medical/Care	56.4	70.9
2	Hotel & Catering	56.5	65.7
3	IT & Computing	64.6	61.2
4	Accounts & Financial	55.4	54.9
5	Engineering & Construction	54.6	54.0
6	Blue Collar	57.5	53.2
7	Secretarial & Clerical	50.3	52.1
8	Executive & Professional	46.4	51.5

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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.

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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