

Royal Bank of Scotland Report on Jobs

Fastest drop in permanent placements since January 2017

Key Findings

Permanent placements fall for third month running

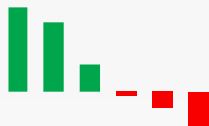
Broad-based deterioration in labour supply

Vacancy growth eases

Scotland Permanent Placements Index



Last six months



According to the latest Royal Bank of Scotland Report on Jobs, permanent staff appointments fell for the third consecutive month in September, and at the fastest rate since January 2017. Temp billings grew sharply, and for the third month in a row, as there were further signs of employers taking on short-term staff to fulfil roles.

Meanwhile, permanent and temporary candidate availability deteriorated sharply. Falling labour supply continued to place upward pressure on pay. However, vacancy growth slowed in September.

Staff placements

Recruitment agencies in Scotland highlighted a solid fall in permanent placements in September, which extended the current sequence of contraction to three months. Furthermore, the latest reduction was the fastest for over two-and-a-half years. At the national level, permanent placements fell at a modest pace.

Meanwhile, temporary staff billings across Scotland rose at a softer, albeit still sharp, rate during September. Furthermore, Scotland continued to outperform the UK as a whole.

Demand for staff

Permanent vacancy growth eased to the softest since March 2013 during the latest survey period. The rise in Scotland was broadly in line with the UK average, where

the expansion in permanent job openings also slowed to a modest rate.

Temporary staff vacancies in Scotland also increased in September, although here a softer expansion was also apparent. Though sharp overall, the rate of growth softened to a five-month low.

Pay pressures

Demand and supply imbalances continued to push up pay in September, as salaries awarded to permanent new joiners and temp wages rose. However, weaker growth in starting salaries contrasted with stronger temp pay inflation. The rate of starting salary growth was the slowest since December 2016, while temporary wages increased at the fastest rate in three months.

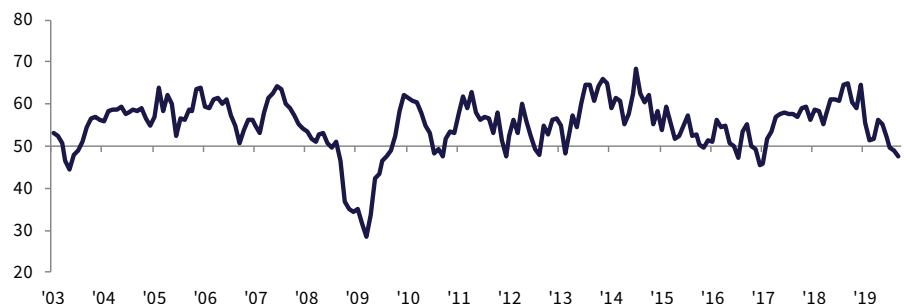
Candidate supply

Latest data signalled a further deterioration in the supply of labour in Scotland. Permanent candidate availability fell sharply, with the decline in Scotland markedly quicker than the UK average.

Meanwhile, the supply of temporary candidates in Scotland also declined, although the pace of deterioration was the slowest in four months. Nonetheless, the reduction was solid overall and continued to outpace the UK wide trend.

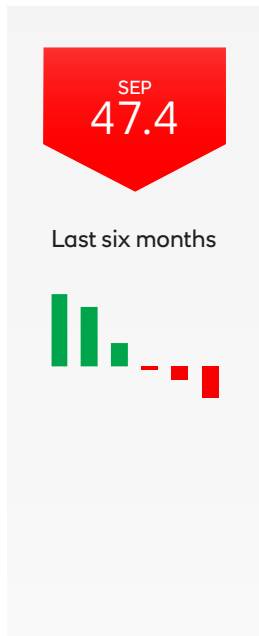
Scotland Permanent Placements Index

sa, >50 = growth since previous month



Staff Placements

Permanent Placements Index



Permanent placements fall at the fastest rate since January 2017

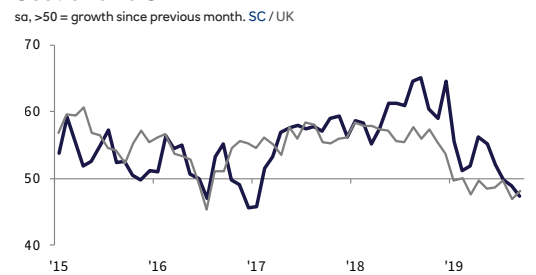
Scottish recruiters signalled a fall in permanent staff appointments in September, stretching the current sequence of contraction to three months. Moreover, the rate of decline quickened from August and was the fastest since January 2017. A number of panellists mentioned that uncertainty, particularly surrounding Brexit, had weighed on hiring decisions.

A similar trend was reported at the UK level, where a marginal drop in permanent staff appointments was signalled. That said, the pace of decline eased from the previous survey period. Overall, the fall in Scotland was quicker than that seen at the national level.

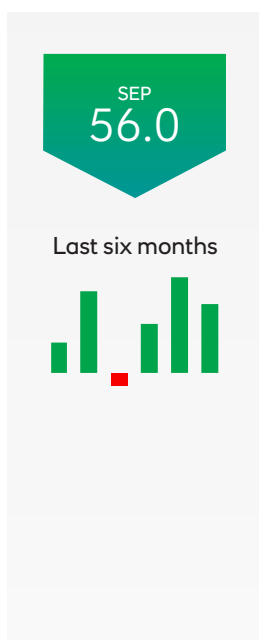
Permanent Placements Index



Scotland vs UK



Temporary Billings Index

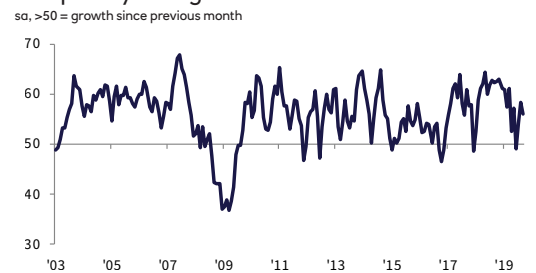


Sharp rise in temp billings in September

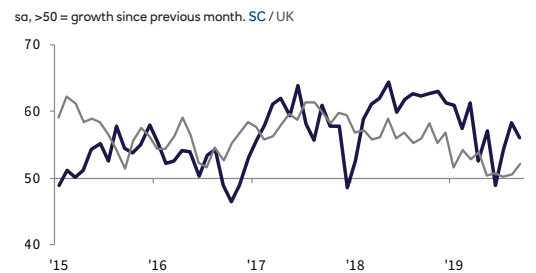
Recruitment agencies in Scotland signalled growth of temporary staff billings in September, as has been the case since July. The latest rise was sharp overall, despite softening since August.

At the national level, temp billings expanded at a modest pace. As a result, growth in Scotland outpaced that recorded across the UK as a whole, as has been the case in every month since July.

Temporary Billings Index



Scotland vs UK



Labour Supply

Permanent Candidate Availability Index



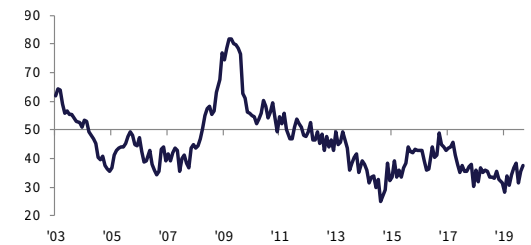
Permanent staff supply deteriorates sharply

The availability of permanent staff across Scotland continued to deteriorate in September, as has been the case for over seven-and-a-half years. The rate of decline eased for a second consecutive month, but remained sharp overall.

Low candidate supply was also apparent at the UK level in September. The reduction in permanent staff availability was weaker than seen in Scotland, but sharp nonetheless.

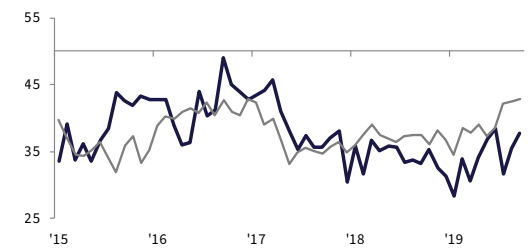
Permanent Candidate Availability Index

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 eases

Scottish recruitment consultants reported a further drop in the supply of temporary staff in September. Though sharp and quicker than the historical trend, the rate of deterioration softened for the third month running.

Meanwhile, the UK as a whole reported a slightly quicker fall in the availability of temporary candidates in September. However, the reduction at the UK level was slower than that seen in Scotland.

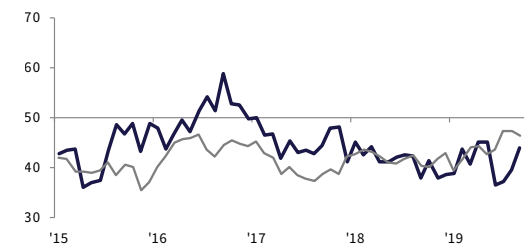
Temporary Candidate Availability Index

sa, >50 = growth since previous month



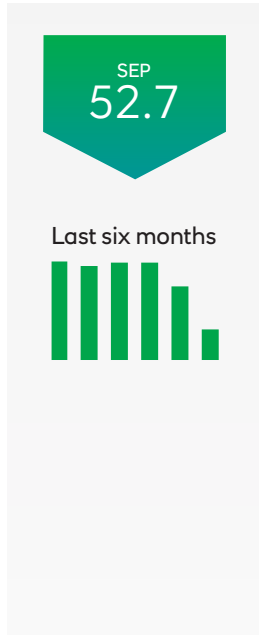
Scotland vs UK

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



Pay Pressures

Permanent Salaries Index



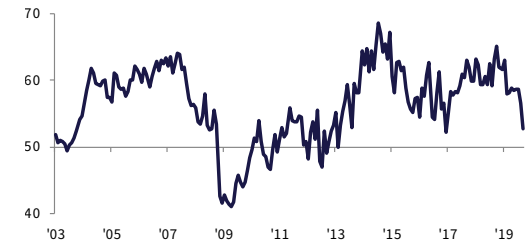
Softest growth in starting salaries since December 2016

Permanent starters' salaries continued to increase across Scotland in September, extending the current sequence of growth that began in March 2013. That said, the rate of inflation eased to the softest since December 2016.

Trends between Scotland and the UK as a whole diverged in September, with the rate of pay growth accelerating to a sharp pace at the national level.

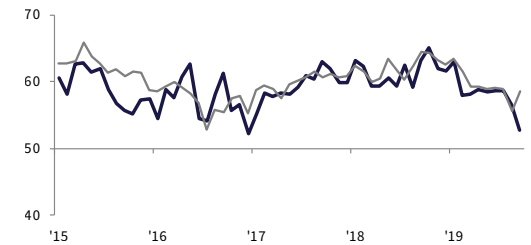
Permanent Salaries Index

sa, >50 = inflation since previous month

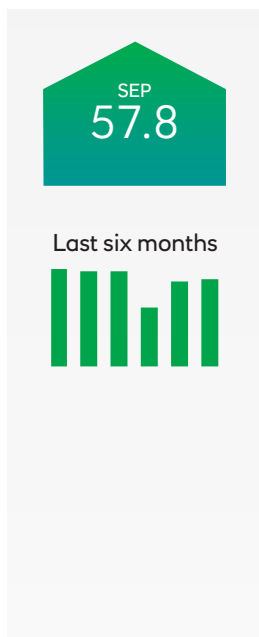


Scotland vs UK

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



Temporary Wages Index



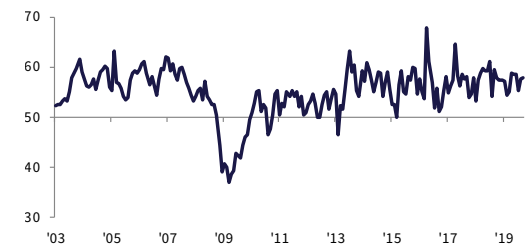
Temporary wages rise markedly in September

Rates of pay for temporary workers in Scotland continued to increase in the latest survey period, extending the current run of wage inflation to four-and-a-half years. The increase in September gathered pace from that seen in August and was sharp overall.

At the UK level, temp pay rates also rose further, albeit at the softest pace since November 2016. Scotland saw a steeper increase in temporary wages compared to the UK average for a second straight month.

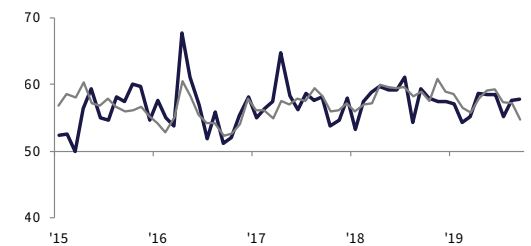
Temporary Wages Index

sa, >50 = inflation since previous month



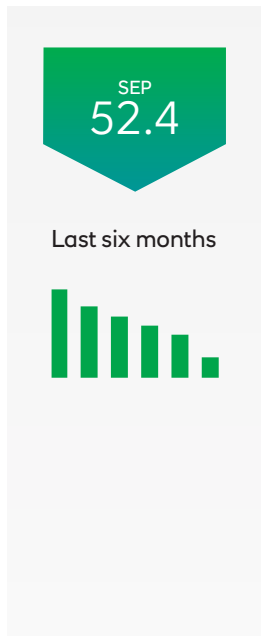
Scotland vs UK

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



Demand for Permanent Staff

Permanent Vacancies Index



Softest increase in permanent job openings since March 2013

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.

September data highlighted another rise in permanent staff demand. That said, the increase was the slowest in six-and-a-half years and modest. However, this was broadly in line with the trend seen across the UK as a whole.

IT & Computing saw the quickest increase in demand for permanent staff, followed by Nursing/Medical/Care.

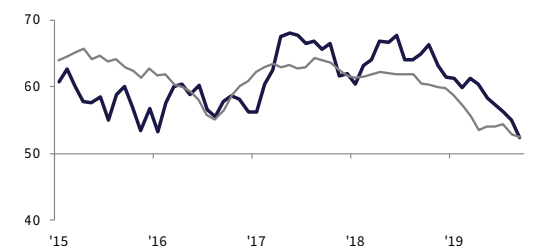
Permanent Vacancies Index

sa, >50 = growth since previous month



Scotland vs UK

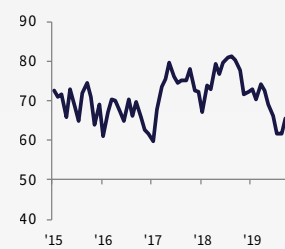
sa, >50 = growth since previous month. SC / UK



By Sector

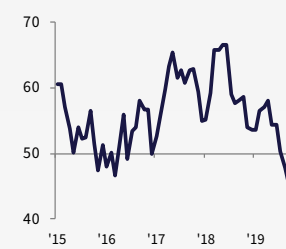
IT & Computing

sa, >50 = growth since previous month



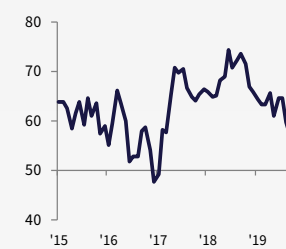
Executive & Professional

sa, >50 = growth since previous month



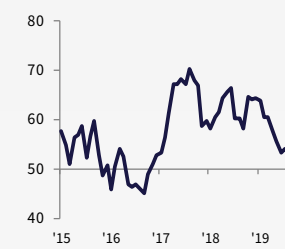
Accounting & Financial

sa, >50 = growth since previous month



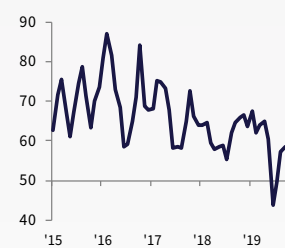
Secretarial & Clerical

sa, >50 = growth since previous month



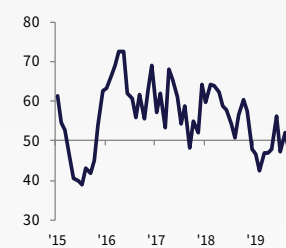
Nursing, Medical & Care

sa, >50 = growth since previous month



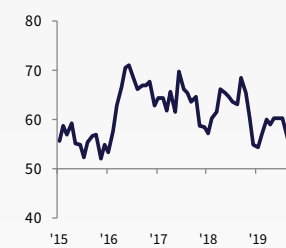
Hotel & Catering

sa, >50 = growth since previous month



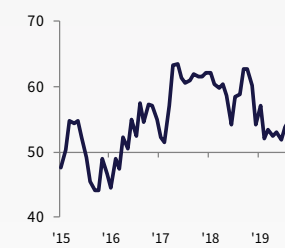
Engineering & Construction

sa, >50 = growth since previous month



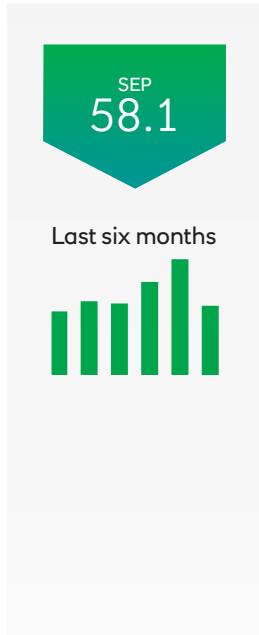
Blue Collar

sa, >50 = growth since previous month



Demand for Temporary Staff

Temporary Vacancies Index



Temp vacancy growth eases to five-month low

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.

In line with the trend for permanent roles, temporary job vacancies in Scotland increased in September, as has been the case in every month since November 2009. The latest rise was in line with its historical average and sharp, despite easing to the softest since April.

Meanwhile, temp vacancy growth across the UK as a whole was among the weakest seen for seven years.

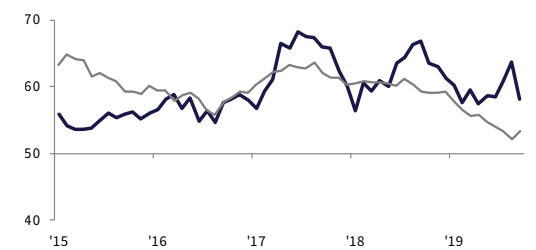
Temporary Vacancies Index

sa, >50 = growth since previous month



Scotland vs UK

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



By Sector

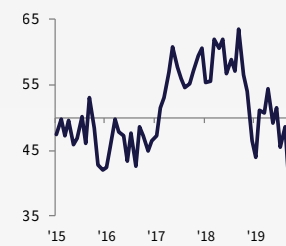
IT & Computing

sa, >50 = growth since previous month



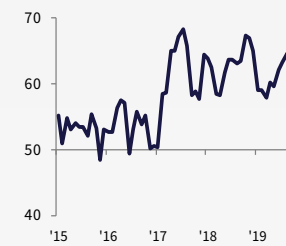
Executive & Professional

sa, >50 = growth since previous month



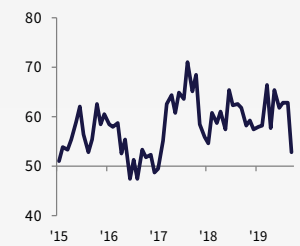
Accounting & Financial

sa, >50 = growth since previous month



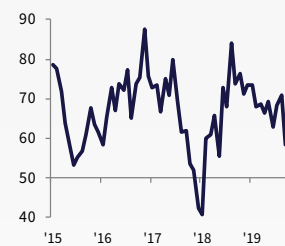
Secretarial & Clerical

sa, >50 = growth since previous month



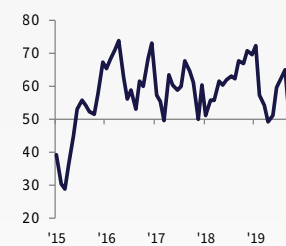
Nursing, Medical & Care

sa, >50 = growth since previous month



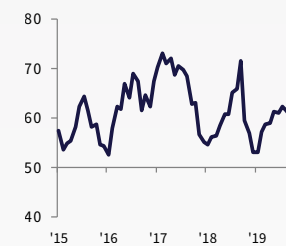
Hotel & Catering

sa, >50 = growth since previous month



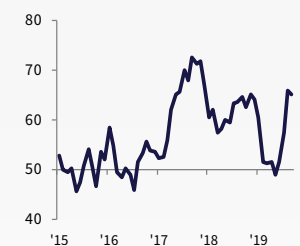
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Permanent Vacancies Index by Sector

Rank	Sector	Aug-19	Sep-19
1	IT & Computing	61.7	65.6
2	Nursing/Medical/Care	57.2	58.5
3	Accounts & Financial	59.8	56.4
4	Blue Collar	54.8	55.4
5	Engineering & Construction	56.6	54.2
6	Hotel & Catering	52.1	47.6
7	Secretarial & Clerical	53.1	47.2
8	Executive & Professional	47.8	45.2

Temporary Vacancies Index by Sector

Rank	Sector	Aug-19	Sep-19
1	Blue Collar	65.9	65.1
2	IT & Computing	65.3	64.0
3	Accounts & Financial	64.6	62.8
4	Engineering & Construction	61.6	60.3
5	Nursing/Medical/Care	70.9	58.3
6	Secretarial & Clerical	62.8	52.8
7	Hotel & Catering	65.0	52.0
8	Executive & Professional	48.5	40.0

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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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