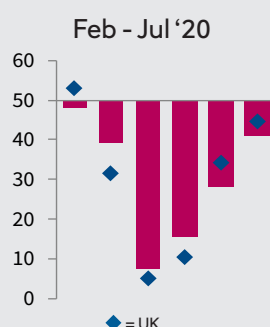


Royal Bank of Scotland Report on Jobs

Hiring activity falls at softer rate in July

Scotland Permanent Placements Index



Key findings

Permanent staff appointments contract at softer, but still marked, rate

Slowest reduction in temp billings since January

Rising staff supply adds further downward pressure on pay

Scottish labour market conditions remained challenging in July, with hiring activity continuing to contract substantially overall. That said, the pace of the downturn softened further, with permanent appointments and temporary billings falling at the slowest rates since February and January, respectively. Meanwhile, there was further downward pressure on pay, as the number of available candidates rose again amid ongoing job cuts. Permanent starting salaries fell rapidly during July, despite the rate of decline easing since June, while the reduction in temp wages was among the quickest on record.

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

"Latest survey data continue to highlight the immensely challenging conditions encompassing the Scottish labour market at present. Permanent appointments and temporary billings declined further, with the reductions remaining substantial despite easing.

"Although there were frequent mentions that looser restrictions around the COVID-19 pandemic had allowed businesses to reopen, substantial uncertainty and excess capacity is stifling firms' appetite to take on additional staff. Where they do, feisty competition among candidates for roles is driving pay down further, as both permanent salaries and short-term wages declined markedly again.

"Overall, data are moving in the right direction, with signs that the labour market is edging towards stabilisation, but it is likely that it will take more time before any meaningful recovery takes place."

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?".

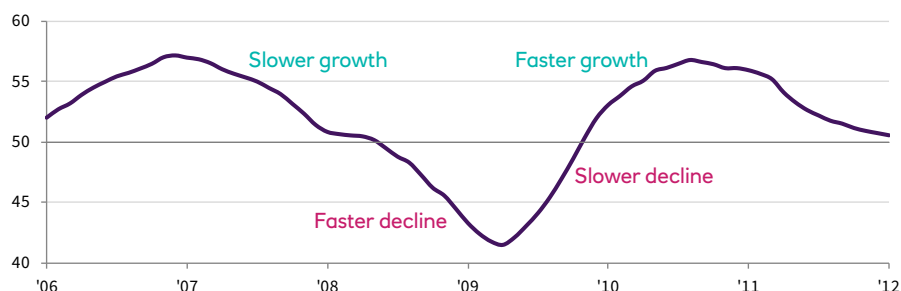
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

July data were collected 13-27 July 2020.

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

Index interpretation

50.0 = no change since previous month



Staff placements

Slower, but still marked, drop in permanent appointments

The seasonally adjusted Permanent Placements Index posted well below the crucial 50.0 neutral mark in July to signal a further marked drop in permanent staff appointments in Scotland. That said, the index made up a further 12.6 points from June and indicated the softest reduction since February. Some panellists reported that looser COVID-19 related restrictions had led more companies to reopen and resume hiring, but that the pandemic continued to suppress overall recruitment

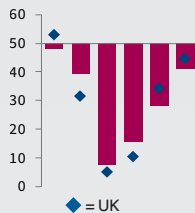
A similar trend was observed at the UK level in July, where the decline in permanent placements also eased. The fall in Scotland continued to outpace that at the national level, however.

Temp billings fall at softest pace since January

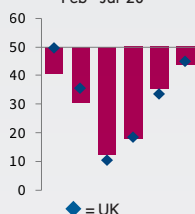
Latest survey data highlighted an eighth successive monthly reduction in temp billings across Scotland. The latest decline was the softest since January, albeit still sharp overall. Although there were still frequent mentions of delaying hiring decisions, some respondents noted that the easing of restrictions had led firms to take on additional short-term staff.

The fall in temp billings also eased at the UK level in July, with the overall reduction softer than that seen in Scotland.

Permanent Placements Index
Feb - Jul '20



Temporary Billings Index
Feb - Jul '20



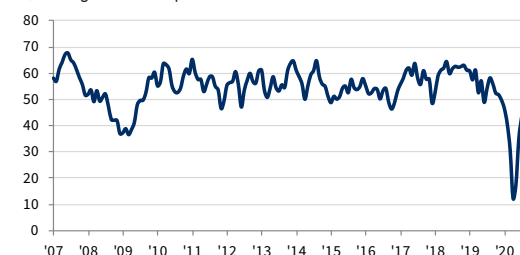
Permanent Placements Index
sa, >50 = growth since previous month

40.9
Jul '20



Temporary Billings Index
sa, >50 = growth since previous month

43.5
Jul '20



Labour supply

Further substantial increase in permanent candidate availability

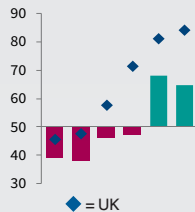
Recruiters in Scotland signalled a back-to-back monthly increase in the supply of permanent staff during July, with the rate of expansion remaining among the quickest on record, despite slowing from June. Panellists frequently associated the uptick to redundancies as a result of the coronavirus pandemic.

At the UK level, the rise in permanent candidate availability accelerated in July, with the latest increase the most marked since December 2008 and noticeably faster than in Scotland.

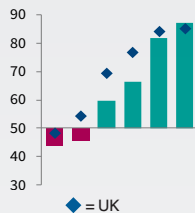
Temp staff supply rises at quickest rate since April 2009

July data highlighted a further rise in the availability of temporary candidates in Scotland, extending the current sequence of increase to four months. According to respondents, further lay-offs and company closures resulted in a greater number of job seekers. Moreover, the rate of expansion was the quickest for over 11 years and marked, with growth in Scotland also outpacing that seen at the UK level.

Permanent Candidate Availability Index
Feb - Jul '20



Temporary Candidate Availability Index
Feb - Jul '20



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

64.8
Jul '20



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

86.9
Jul '20



Pay pressures

Reduction in permanent starting salaries eases

A fourth successive monthly fall in salaries awarded to permanent new joiners was recorded in July as a greater number of available candidates continued to put downwards pressure on pay. The latest decline in starting salaries was the softest for three months, but still marked.

Permanent starters' pay also fell for the fourth month in a row at the UK level in July, with the rate of decline broadly similar to that seen in Scotland.

Temp wages fall again in July

Recruitment consultancies across Scotland signalled a reduction in average hourly wage rates for short-term staff during July, extending the current sequence of decline to four months. Albeit still rapid, the rate of wage deflation was the softest since April.

Temp wages also fell at the UK level during July. The rate of reduction was softer than that seen for Scotland but solid nonetheless.

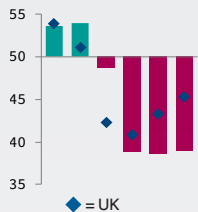
Permanent Salaries Index

Feb - Jul '20



Temporary Wages Index

Feb - Jul '20

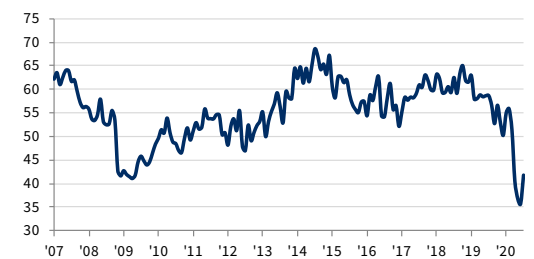


Permanent Salaries Index

sa, >50 = inflation since previous month

41.8

Jul '20

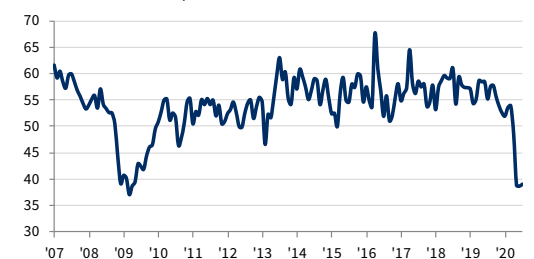


Temporary Wages Index

sa, >50 = inflation since previous month

39.0

Jul '20



Demand for permanent staff

Further marked drop in permanent vacancies

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.

The seasonally adjusted Permanent Vacancies Index registered well below the neutral 50.0 mark in July and signalled a fifth successive monthly reduction in demand for permanent staff. The latest drop in vacancies was the softest since March, but marked nonetheless.

At the sector level, Secretarial & Clerical registered the quickest fall in vacancies, followed by Accounts & Financial. Notably, demand for Blue Collar workers rose for the first time since March.

Permanent Vacancies Index
sa, >50 = growth since previous month



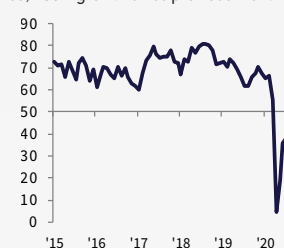
Permanent Vacancies Index by sector

Rank	Sector	Jun-20	Jul-20
1	Blue Collar	26.9	53.3
2	Nursing/Medical/Care	35.6	46.8
3	Hotel & Catering	13.3	40.3
4	Engineering & Construction	34.7	38.5
5	IT & Computing	35.9	38.2
6	Executive & Professional	18.7	33.6
7	Accounts & Financial	13.1	31.9
8	Secretarial & Clerical	11.0	28.7

Permanent vacancies by sector

IT & Computing

sa, >50 = growth since previous month



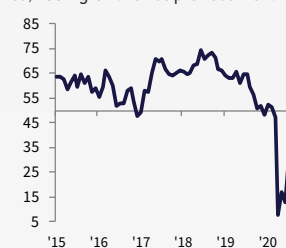
Executive & Professional

sa, >50 = growth since previous month



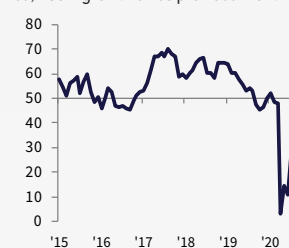
Accounting & Financial

sa, >50 = growth since previous month



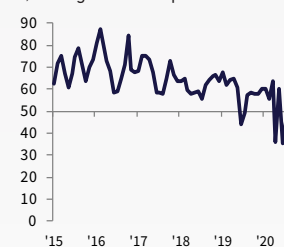
Secretarial & Clerical

sa, >50 = growth since previous month



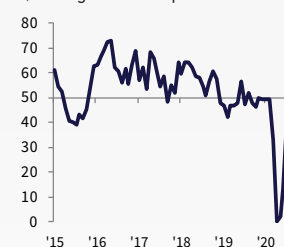
Nursing, Medical & Care

sa, >50 = growth since previous month



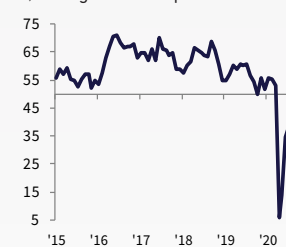
Hotel & Catering

sa, >50 = growth since previous month



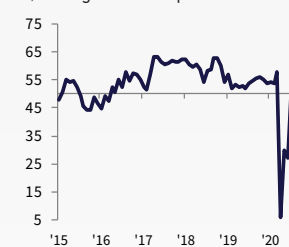
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Downturn in temp staff demand eases further

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.

Scottish recruiters highlighted a fifth successive monthly reduction in temporary vacancies during July. That said, the rate of contraction softened further and was the slowest since March. Nonetheless, the reduction in Scotland again outpaced that recorded at the UK level.

Across the monitored job categories, Nursing/Medical/Care registered the most severe drop in short-term vacancies, while increases were seen for Blue Collar and Engineering roles.

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



Temporary Vacancies Index by sector

Rank	Sector	Jun-20	Jul-20
1	Blue Collar	57.5	73.2
2	Engineering & Construction	36.7	56.5
3	IT & Computing	25.9	38.5
4	Hotel & Catering	0.0	35.1
5	Accounts & Financial	12.2	33.6
6	Executive & Professional	19.0	33.4
7	Secretarial & Clerical	13.1	27.4
8	Nursing/Medical/Care	0.0	0.0

Temporary vacancies by sector

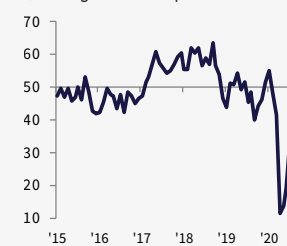
IT & Computing

sa, >50 = growth since previous month



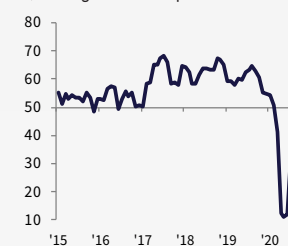
Executive & Professional

sa, >50 = growth since previous month



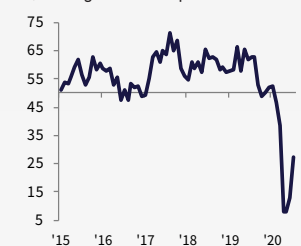
Accounting & Financial

sa, >50 = growth since previous month



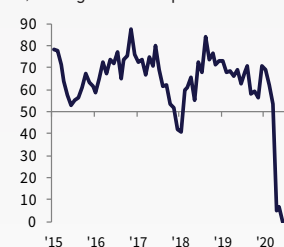
Secretarial & Clerical

sa, >50 = growth since previous month



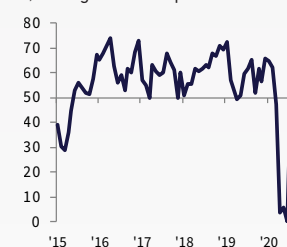
Nursing, Medical & Care

sa, >50 = growth since previous month



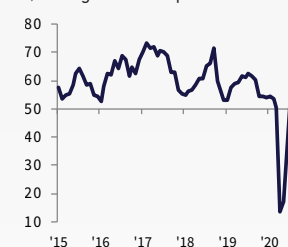
Hotel & Catering

sa, >50 = growth since previous month



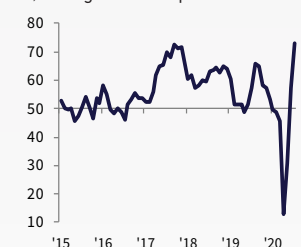
Engineering & Construction

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
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
Jul '20	40.9	43.5	64.8	86.9	41.8	39.0	34.8	42.9

Contact

Jonathan Rennie
Regional PR Manager
Royal Bank of Scotland
07769 932 102
jonathan.ennie@rbs.co.uk

Lewis Cooper
Economist
IHS Markit
+44 1491 461 019
lewis.cooper@ihsmarkit.com

Katherine Smith
Public Relations
IHS Markit
+1 (781) 301-9311
katherine.smith@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.

About REC

The REC is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy. Find out more about the Recruitment & Employment Confederation at www.rec.uk.com.

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