Royal Bank of Scotland Report on Jobs

Permanent placements drop at quickest pace since 2009

- Substantial fall in permanent placements as temp billings decline at sharpest pace on record
- Demand for staff falls
- Candidate availability continues to deteriorate

According to the latest Royal Bank of Scotland Report on Jobs, permanent staff appointments declined at the steepest rate since April 2009 in March, while temp billings fell at the quickest pace on record, as the Coronavirus Disease 2019 (COVID-19) pandemic hit the Scottish jobs market. Meanwhile, demand for both permanent and temporary staff declined, with the fall in permanent vacancies the first since September 2010, while the contraction in temp demand was the quickest since June 2009. At the same time, candidate availability continued to deteriorate.

Recruitment consultancies in Scotland signalled a rapid decline in permanent staff appointments during March. The rate of contraction was the most marked since the depths of the global financial crisis in April 2009. According to panellists, firms had stopped hiring amid the outbreak of the COVID-19 pandemic.

Temporary staff billings across Scotland also fell, with the reduction the steepest recorded since data collection began in January 2003. As was the case with permanent placements, respondents linked the reduction to the coronavirus outbreak.

Demand for permanent staff in Scotland fell for the first time since September 2010 during March. That said, the rate of decline was only mild overall, and softer than that recorded at the UK level.

Temporary staff vacancies also fell during March, thereby ending a record 124-month sequence of growth. Moreover, the reduction was the quickest since June 2009 and solid overall. The decline in Scotland was part of a wider UK trend, although the fall in Scotland outstripped that seen at the UK level.
Starting salaries awarded to permanent joiners in Scotland continued to increase during March, as has been the case in each month for over seven years. That said, the rate of salary inflation was the softest for three months and only mild.

Concurrently, average hourly pay rates for temporary staff rose further, with the uptick the quickest since last October and solid. The rate of wage inflation remained softer than the long-run series average, however.

March data highlighted a further reduction in the availability of permanent candidates. The rate of decline quickened from February and remained much sharper than the UK-wide trend.

Similarly, temp staff supply declined during March, as has been the case in each month for over three years. The reduction was the softest since November 2017, however.

COMMENT

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

“The COVID-19 pandemic weighed heavily on the Scottish labour market in March. Permanent staff placements fell at the steepest rate since the global financial crisis over a decade ago, while temp billings declined at the sharpest rate since data collection began over 17 years ago.

“At the same time, demand for both permanent and short-term staff declined, with panellists reporting that firms had stopped hiring amid the coronavirus pandemic. The reduction in permanent vacancies was the first since September 2010, while the fall in temp staff demand was the fastest since mid-2009.

“Overall, latest data highlighted the substantial impact of emergency measures and shutdowns that have taken place due to the COVID-19 outbreak and the vital importance of the government schemes put in place to safeguard livelihoods during this exceptional time.”

ENDS

Royal Bank of Scotland is supporting civil and corporate customers affected by COVID-19. For advice or support visit:  https://www.business.rbs.co.uk/business/support-centre/service-status/coronavirus.html
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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Notes to Editors
This report, compiled by IHS Markit, is based on a monthly survey of around 100 recruitment and employment consultants, and provides up-to-date information on Scottish labour market trends and is seasonally adjusted.

The information in this report is directly comparable with the KPMG and REC, Report on Jobs survey for the UK, which uses an identical methodology. The KPMG and REC index for the UK has a strong track record of accurately anticipating changes in unemployment, employment and average earnings.

All index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with reading of exactly 50.0 signalling no change on the previous month. Readings above 50 signal an increase or improvement; readings below 50 signal a decline or deterioration. Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices and are also used to adjust for expected seasonal variations.

March data were collected 12-25 March 2020.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

A regional Report on Jobs series is now available comprising five regional reports tracking labour market trends across the Midlands, the North of England, the South of England, Scotland and London. The reports are designed to provide a comprehensive and up-to-date guide to labour market trends and the data are directly comparable with the UK Report on Jobs.

About the Recruitment & Employment Confederation
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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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