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The bank has commitment to retain its close connections with the Scottish communities it serves.

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Royal Bank of Scotland Report on Jobs

Fastest drop in permanent placements since January 2017

- Permanent placements fall for third month running
- Broad-based deterioration in labour supply
- Vacancy growth eases

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.

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.

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.

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.

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.

COMMENT

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

“Latest survey data highlighted a decline in permanent placements in Scotland for the third month in a row, with the fall accelerating to the sharpest since January 2017. Growth of demand for permanent staff eased further; the increase in September was the slowest in six-and-a-half years, indicating further softening of the labour market. Meanwhile, temporary staff billings continued to rise, with growth in Scotland outperforming the UK as a whole for the third month running.

“Overall, September data showed little signs of a recovery, with the Scottish labour market registering a relatively subdued performance in the context of historical data. Moreover, uncertainty continues to weigh on hiring decisions, with firms turning to short-term staff to fill vacancies until there is greater clarity around Brexit.”

ENDS

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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.

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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