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Royal Bank of Scotland Report on Jobs

Unprecedented drop in permanent placements amid COVID-19 lockdown

- Permanent placements and temp billings both decline at quickest rates on record
- Vacancies fall at quickest rate in series history
- Substantial reduction in starting salaries

According to the latest Royal Bank of Scotland Report on Jobs, permanent staff appointments and temporary billings across Scotland declined at the most marked rates on record during April, as the coronavirus disease 2019 (COVID-19) pandemic continued to adversely impact the Scottish jobs market. At the same time, vacancies continued to decline, with demand for both permanent and temporary staff falling at the most marked rates on record. Pay for both permanent and temporary staff declined amid weaker demand conditions, with the reduction in the former the most marked since data collection began in 2003.

Permanent staff appointments across Scotland declined for the third month running in April, with the respective index falling a substantial 31.8 points from March to signal the most severe reduction since the survey’s inception in January 2003. Panellists reported that many firms had stopped hiring amid the COVID-19 pandemic.

Concurrently, temporary staff billings across Scotland fell further, with the rate of decline hitting a new record in April. As was the case with permanent appointments, respondents linked the drop to the coronavirus outbreak.

April data signalled a sustained fall in demand for permanent staff in Scotland. Permanent vacancies fell at the most marked rate in more than 17 years of data collection, with the drop in Scotland outstripping that recorded at the UK level.

Temporary vacancies followed a similar trend, falling for the second month running and at the quickest rate on record.

Pay pressures across Scotland weakened notably during April. Salaries awarded to permanent new joiners dropped for the first time in over seven-and-a-half years, with the rate of decline the fastest in the series history.
Average hourly rates for short-term staff meanwhile declined for the first time since February 2013. That said, the reduction in temp wages was only mild and softer than that reported at the UK level.

Permanent candidate availability continued to deteriorate in April, extending the current sequence of reduction to over eight years. Although still solid, the latest fall was the softest since September 2016.

Meanwhile, the supply of temporary staff in Scotland increased for the first time since late-2016 during April. Panellists associated the rise to lay-offs stemming from the COVID-19 pandemic. Moreover, the rate of increase was the quickest recorded in over nine years and sharp.

COMMENT

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

“April data laid bare the unprecedented damage that the COVID-19 pandemic is inflicting on the Scottish jobs market. Both permanent placements and temporary billings declined at the most marked rates in over 17 years of data collection, with recruiters often blaming hiring freezes, redundancies and company closures.

“Consequently, vacancies for both permanent and short-term staff declined at historic rates. Pay pressures eased notably, as permanent starting salaries fell at the quickest pace on record while hourly wages for temp staff declined for the first time in over seven years.

“The impact of Covid-19 on the jobs market would be even worse were it not for the Job Retention Scheme supporting 6.3 million people. Policymakers are now weighing the delicate task of how to lift elements of the lockdown safely but it may be some time before we see the rising tide of redundancies turn.”

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
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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.

April data were collected 07-24 April 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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