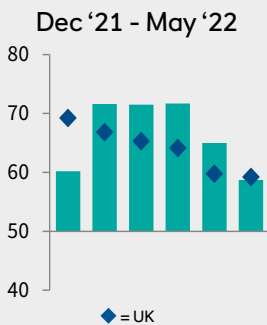


# Royal Bank of Scotland Report on Jobs

## Hiring activity slows notably amid steep decline in staff availability

### Scotland Permanent Placements Index



### Key findings

Slowest increase in permanent placements since February 2021

Temp billings growth falls to four-month low

Permanent candidate availability contracts at record rate

May data signalled a further increase in recruitment activity across Scotland, according to the latest Royal Bank of Scotland Report on Jobs survey. However, the rate of expansion slowed noticeably on the month, with permanent placements and temp billings rising at the weakest rates in 15 and four months, respectively. This coincided with a further rapid decline in candidate availability, with permanent staff supply falling at an unprecedented pace in May, while vacancies continued to rise strongly. As a result, wage pressures remained intense.

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

*"Scotland's job market saw a further marked increase in recruitment activity during the latest survey period. However, hiring momentum eased for both permanent and temporary staff to the slowest in 15 and four months, respectively, as the supply of staff deteriorated rapidly. Moreover, permanent candidate availability fell at the quickest rate on record in May. Additionally, rising living costs and the growing imbalance between the supply and demand of labour exerted strong and sustained upward pressure on wages."*

*"While the loss of hiring momentum was inevitable following the sharp rebounds in activity seen after the easing of pandemic-related restrictions, it is hoped that any slowdown will be limited as overall demand for staff remains robust."*

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 S&P Global 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?".

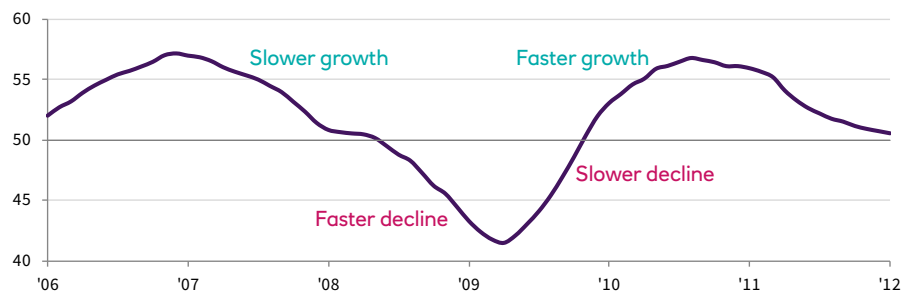
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

May data were collected 12-25 May 2022.

For further information on the survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Index interpretation

50.0 = no change since previous month



## Staff placements

### Permanent placement growth slips to 15-month low in May

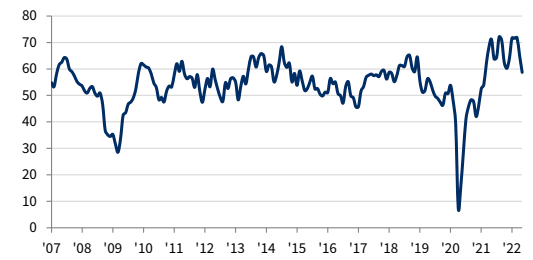
The number of permanent staff appointments across Scotland rose for the seventeenth successive month in May. Anecdotal evidence indicated that increased client activity and improved market conditions resulted in higher permanent placements. Though sharp and comfortably above the series average, the rate of growth eased for the second month running to the weakest since February 2021.

Moreover, the latest upturn in permanent staff appointments across Scotland was slower than that seen at the UK level for the first time in five months.

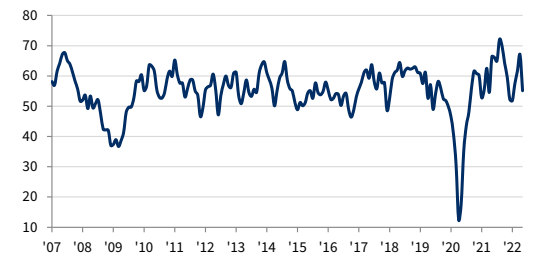
### Temp billings rise at a softer pace

Scottish recruiters noted a marked rise in temp billings during May, thereby extending the current sequence of growth to 21 months. Recruiters often attributed the latest increase to strengthening client demand and the resumption of projects previously on hold due to the pandemic. However, the respective seasonally adjusted index declined from a seven-month high in April, to signal the slowest upturn in four months. The expansion was also softer than the UK average.

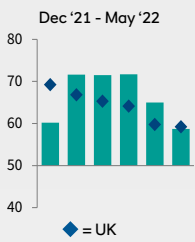
Permanent Placements Index  
sa, >50 = growth since previous month  
58.7  
May '22



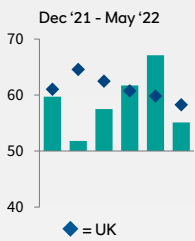
Temporary Billings Index  
sa, >50 = growth since previous month  
55.1  
May '22



Permanent Placements Index  
Dec '21 - May '22



Temporary Billings Index  
Dec '21 - May '22



## Labour supply

### Record contraction in permanent staff availability

As has been the case since February 2021, permanent staff availability decreased across Scotland during May. Furthermore, the rate of reduction was the fastest on record and rapid. Panellists blamed skill shortages and a competitive labour market for the latest downturn.

Permanent candidate numbers declined at a quicker rate in Scotland than that seen across the UK as a whole.

Permanent Candidate Availability Index **24.0**  
sa, >50 = growth since previous month May '22



### Substantial decline in temp candidate numbers

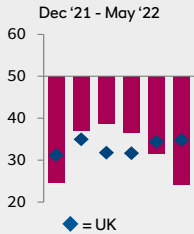
Latest data signalled a sustained fall in temp candidate availability across Scotland in May. Moreover, the pace of contraction quickened for the second month running to the fastest since August 2021. Recruiters stated that robust demand for staff, workforce shrinkage (particularly a drop in European workers), and skills shortages had all reduced temp staff availability.

The rate of decline across Scotland outpaced the UK-wide average, which in contrast eased slightly during May.

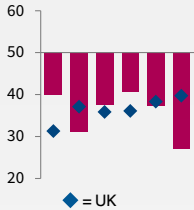
Temporary Candidate Availability Index **27.0**  
sa, >50 = growth since previous month May '22



Permanent Candidate Availability Index  
Dec '21 - May '22



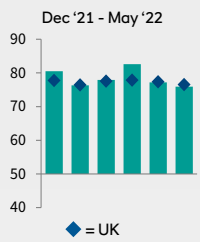
Temporary Candidate Availability Index  
Dec '21 - May '22





## Pay pressures

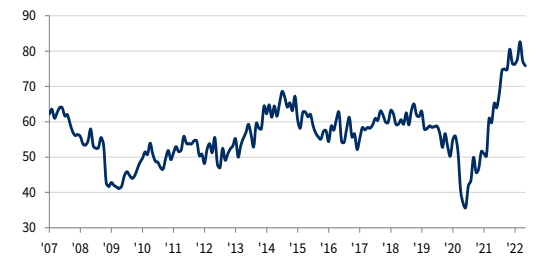
Permanent Salaries Index  
Dec '21 - May '22



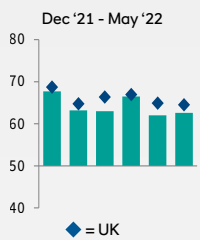
### Starting salary inflation eases to seven-month low

Starting salaries for permanent joiners in Scotland rose for the eighteenth consecutive month in May. The pace of wage inflation eased to the slowest since October 2021 but remained steep and historically elevated. Recruiters often mentioned that a tight labour market and increased competition for staff had driven up starting pay.

Permanent Salaries Index  
sa, >50 = inflation since previous month  
75.9  
May '22



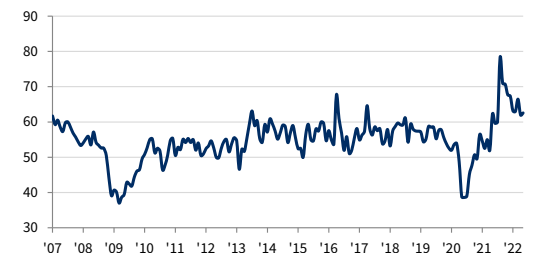
Temporary Wages Index  
Dec '21 - May '22



### Temp wage inflation picks up slightly in May

Average hourly pay rates for short-term staff across Scotland rose during May. The latest upturn extended the current run of temp wage inflation that has been observed since December 2020. According to panellists, some staff had negotiated higher pay due to the increased cost of living. Though the rate of inflation accelerated slightly since April, it was nonetheless the second softest in ten months.

Temporary Wages Index  
sa, >50 = inflation since previous month  
62.6  
May '22



## Demand for permanent staff

### Softest rise in permanent vacancies for three months

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.

Scottish recruiters noted a further rise in permanent vacancies during May. The pace of growth softened to a three-month low but remained robust overall and was quicker than the UK-wide average.

Across the monitored sectors, IT & Computing saw the fastest rise in permanent vacancies, followed by Accounts & Financials. However, the rate of increase for both eased from the preceding survey period.

Permanent Vacancies Index  
sa, >50 = growth since previous month  
73.6  
May '22



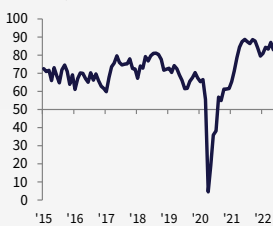
Permanent Vacancies Index by sector

Rank	Sector	Apr-22	May-22
1	IT & Computing	87.0	82.9
2	Accounts & Financial	78.4	77.6
3	Engineering & Construction	86.3	76.9
4	Nursing/Medical/Care	73.0	75.3
5	Executive & Professional	77.1	73.3
6	Blue Collar	74.1	72.8
7	Secretarial & Clerical	61.3	64.0
8	Hotel & Catering	64.3	57.8

## Permanent vacancies by sector

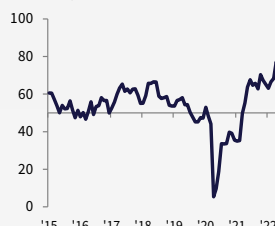
### IT & Computing

sa, >50 = growth since previous month



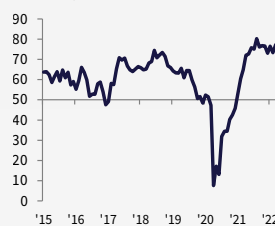
### Executive & Professional

sa, >50 = growth since previous month



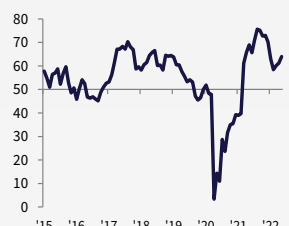
### Accounting & Financial

sa, >50 = growth since previous month



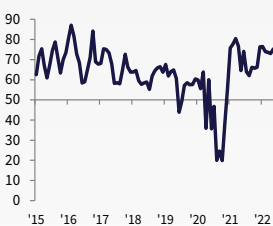
### Secretarial & Clerical

sa, >50 = growth since previous month



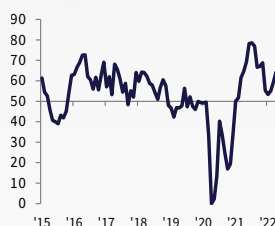
### Nursing, Medical & Care

sa, >50 = growth since previous month



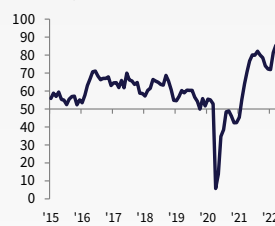
### Hotel & Catering

sa, >50 = growth since previous month



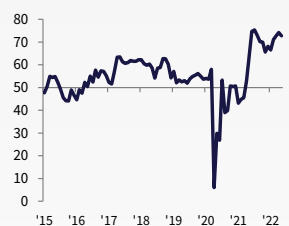
### Engineering & Construction

sa, >50 = growth since previous month



### Blue Collar

sa, >50 = growth since previous month



## Demand for temporary staff

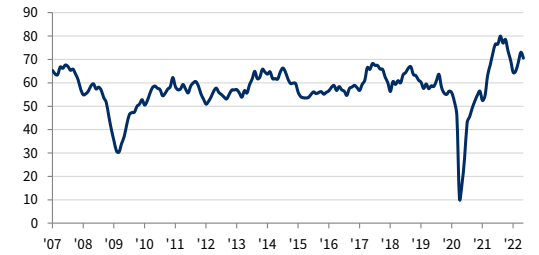
### Sharp rise in demand for temp staff

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.

May data signalled a strong uplift in temp vacancies across Scotland. While outpacing the UK-wide trend, the rate of vacancy growth eased from April's recent high but remained marked. The upturn also extended the current sequence of rising demand to 20 months.

IT & Computing noted the sharpest rise in vacancies, with Blue Collar posting in second place.

Temporary Vacancies Index  
sa, >50 = growth since previous month **70.5**  
May '22



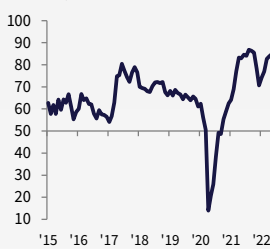
Temporary Vacancies Index by sector

Rank	Sector	Apr-22	May-22
1	IT & Computing	83.8	84.8
2	Blue Collar	83.9	79.2
3	Engineering & Construction	74.9	73.4
4	Accounts & Financial	67.5	68.3
5	Nursing/Medical/Care	72.1	65.6
6	Executive & Professional	60.6	58.9
7	Secretarial & Clerical	59.2	57.5
8	Hotel & Catering	59.5	55.5

## Temporary vacancies by sector

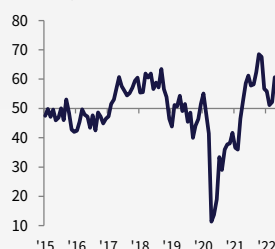
### IT & Computing

sa, >50 = growth since previous month



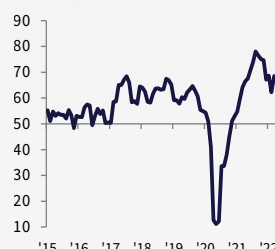
### Executive & Professional

sa, >50 = growth since previous month



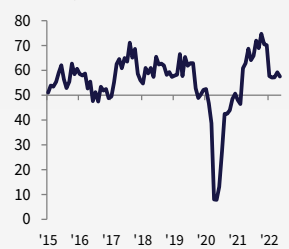
### Accounting & Financial

sa, >50 = growth since previous month



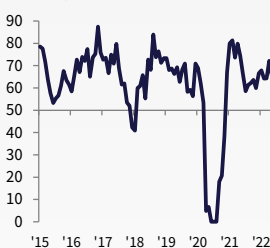
### Secretarial & Clerical

sa, >50 = growth since previous month



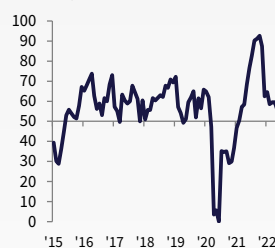
### Nursing, Medical & Care

sa, >50 = growth since previous month



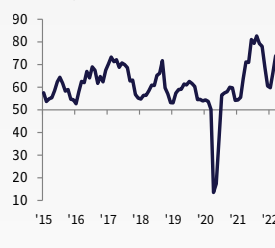
### Hotel & Catering

sa, >50 = growth since previous month



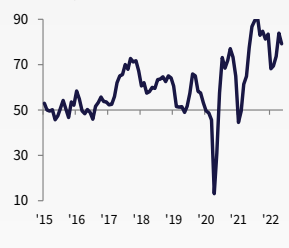
### Engineering & Construction

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
Dec '21	60.2	59.7	24.6	39.8	80.5	67.7	73.5	73.5
Jan '22	71.6	51.8	37.1	31.2	76.3	63.2	69.9	64.4
Feb '22	71.5	57.5	38.7	37.4	77.9	63.0	71.6	65.0
Mar '22	71.7	61.7	36.5	40.7	82.6	66.5	73.7	68.8
Apr '22	65.0	67.1	31.5	37.3	77.2	62.0	76.5	73.0
May '22	58.7	55.1	24.0	27.0	75.9	62.6	73.6	70.5

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### 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

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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