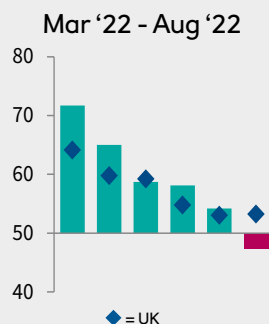


Royal Bank of Scotland Report on Jobs

Permanent staff hires fall for first time in 20 months

Scotland Permanent Placements Index



Key findings

Permanent placements fall for the first time since December 2020

Temp billings growth softens to seven-month low

Sustained pressure on pay amid candidate shortages

August data revealed a renewed fall in permanent staff hires across Scotland, according to the latest Royal Bank of Scotland Report on Jobs survey. The seasonally adjusted Permanent Placements Index fell below the 50.0 no-change mark, to signal a modest drop in permanent staff appointments that ended a 19-month period of expansion. Growth in temp billings meanwhile moderated to a seven-month low in August. According to panellists, skills and candidate shortages weighed on hiring activity. However, some recruiters also noted that an economic slowdown and rising market uncertainty added to the loss of momentum across the Scottish labour market. At the same time, demand for staff continued to rise, which drove further increases in both starting salaries and hourly wages.

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

"Since April, growth in permanent placements had softened, and now the latest data finally recorded the first fall in permanent staff hires in 20 months during August. A loss of momentum was also observed for temp billings, which rose at the softest pace since January. The weaker trends were accompanied by reports that rising economic uncertainty had limited recruitment activity."

"Moreover, labour supply and demand imbalances persisted. Acute skill and labour shortages weighed on the availability of candidates, while demand for labour continued to rise, albeit not as quickly as earlier in the year. With firms competing for labour, this resulted in further steep increases in starting salaries and temp wages during August."

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?".

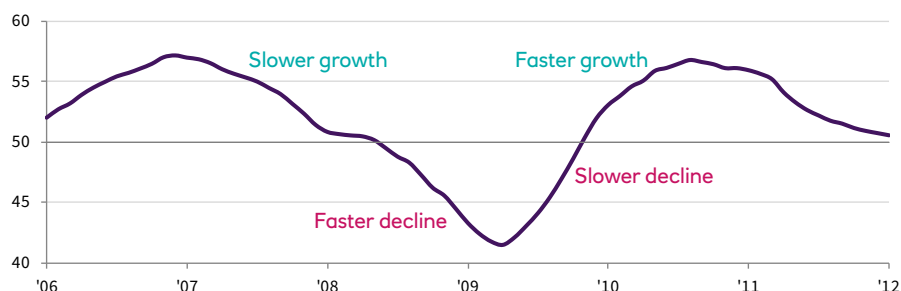
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

August data were collected 12-24 August 2022.

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

Index interpretation

50.0 = no change since previous month



Staff placements

Permanent placements fall for first time since December 2020

Scottish recruiters reported a fall in permanent staff appointments during August, thereby ending a 19-month period of expansion. Anecdotal evidence suggested that the contraction stemmed from a slowdown in market conditions and candidate shortages.

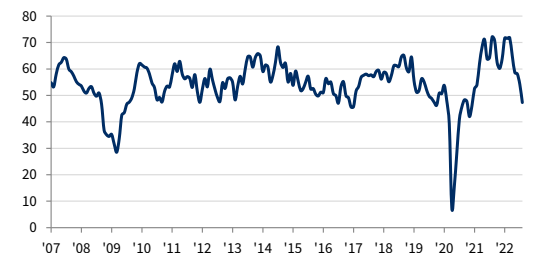
Though only modest, the reduction in Scotland contrasted with the trend seen across the UK as a whole, which saw a slightly quicker increase in permanent placements in August.

Growth in temp billings softens to seven-month low

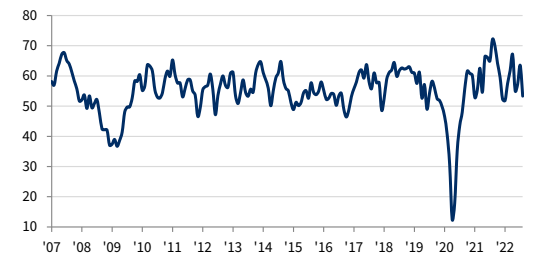
Temporary staff billings across Scotland increased for the twenty-fourth successive month during August. Though solid, the rate of expansion eased to the slowest since January and was below its long-run average. The uptick in temp billings was in part attributed to increased activity at clients. Where a reduction was reported, panellists cited, lingering COVID-19 impacts and rising economic uncertainty.

Moreover, the rate of increase in Scotland was weaker than that seen across the UK as a whole.

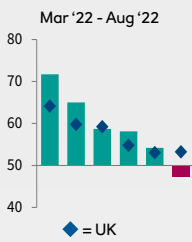
Permanent Placements Index
sa, >50 = growth since previous month
47.3
Aug '22



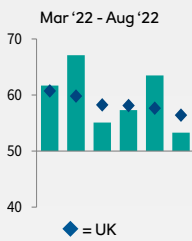
Temporary Billings Index
sa, >50 = growth since previous month
53.3
Aug '22



Permanent Placements Index
Mar '22 - Aug '22



Temporary Billings Index
Mar '22 - Aug '22



Labour supply

Permanent Candidate Availability Index
Mar '22 - Aug '22



Decline in permanent candidate availability weakest since March

August data highlighted a further reduction in the supply of permanent candidates across Scotland. The respective seasonally adjusted index has now posted below the neutral 50.0 threshold for the nineteenth month running. Acute skill and candidate shortages were linked to the latest decline.

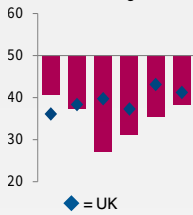
However, though the extent to which permanent staff availability contracted was the slowest in five months, it remained sharper than the UK-wide trend.

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

34.7
Aug '22



Temporary Candidate Availability Index
Mar '22 - Aug '22



Temp staff supply contracts at softest rate in five months

The availability of candidates to fill temporary roles in Scotland continued to decline during August, stretching the current run of contraction that began in March 2021. However, the rate of deterioration eased for the third month running and was the slowest since March.

Compared to the UK-wide average, Scotland registered a faster fall in temp candidate availability for the fifth successive month.

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

38.3
Aug '22



Pay pressures

Starting salary inflation remains elevated in August

Recruitment agencies across Scotland reported a twenty-first consecutive monthly rise in salaries awarded to new permanent joiners during August. The rate of starting salary inflation quickened fractionally from July and was sharp, albeit the second-softest in 13 months. According to Scottish recruiters, labour shortages drove up salaries.

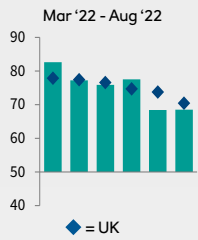
However, Scotland continued to record a softer rate of increase in starting salaries than that seen at the UK level.

Temp wage growth accelerates

August data revealed yet another sharp increase in average hourly pay for short-term staff across Scotland. The latest uptick extended the current run of expansion to 21 months. Moreover, the rate of growth picked up from July and was the second-fastest since December 2021. According to anecdotal evidence, firms continued to raise wages to attract workers amid labour and skill shortages.

Temp pay also increased at a quickened rate at the UK level during August, albeit one that remained weaker than that seen in Scotland.

Permanent Salaries Index

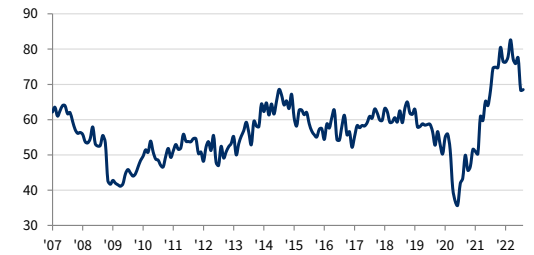


Permanent Salaries Index

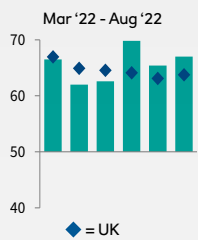
sa, >50 = inflation since previous month

68.5

Aug '22



Temporary Wages Index

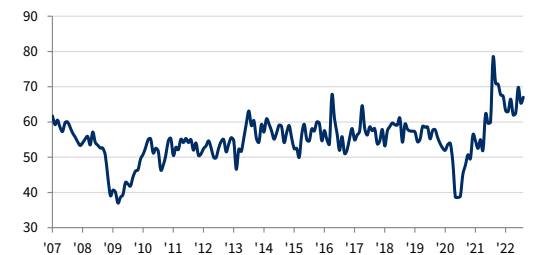


Temporary Wages Index

sa, >50 = inflation since previous month

67.0

Aug '22



Demand for permanent staff

Softest increase in demand for permanent staff for 17 months

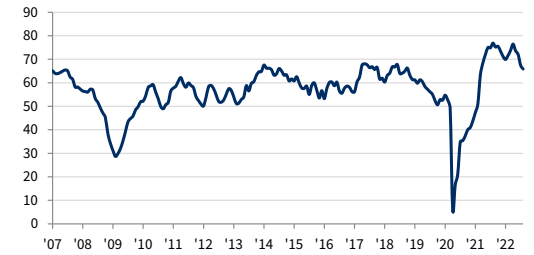
The Permanent Vacancies Index is derived from eight sectoral indices of the demand for permanent staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

Adjusted for seasonal variation, the Permanent Vacancies Index posted above the neutral 50.0 level to signal a nineteenth successive monthly increase in demand for permanent workers across Scotland during August. Though sharp and well above the series average, the rate of growth was the weakest since March 2021.

Of the eight monitored sectors, Nursing/Medical/Care saw the strongest upturn in permanent staff vacancies, followed by IT & Computing.

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

65.8
Aug '22



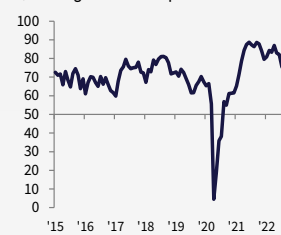
Permanent Vacancies Index by sector

Rank	Sector	Jul-22	Aug-22
1	Nursing/Medical/Care	72.9	74.2
2	IT & Computing	75.6	73.4
3	Accounts & Financial	68.1	65.6
4	Secretarial & Clerical	61.9	64.9
5	Blue Collar	67.7	64.5
6	Engineering & Construction	67.8	64.0
7	Executive & Professional	65.4	62.4
8	Hotel & Catering	63.8	59.5

Permanent vacancies by sector

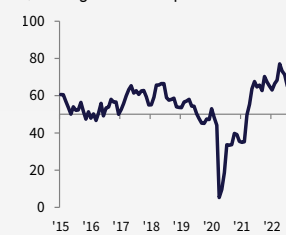
IT & Computing

sa, >50 = growth since previous month



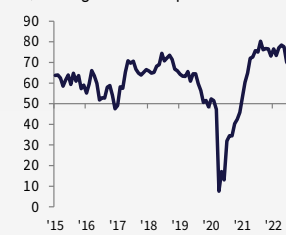
Executive & Professional

sa, >50 = growth since previous month



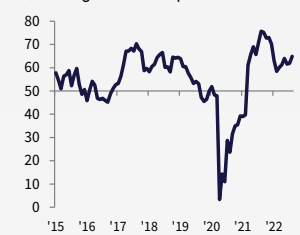
Accounting & Financial

sa, >50 = growth since previous month



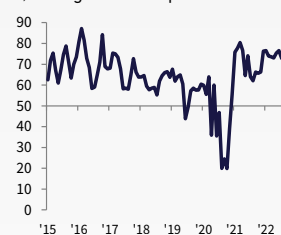
Secretarial & Clerical

sa, >50 = growth since previous month



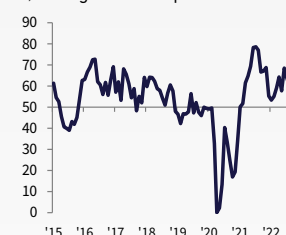
Nursing, Medical & Care

sa, >50 = growth since previous month



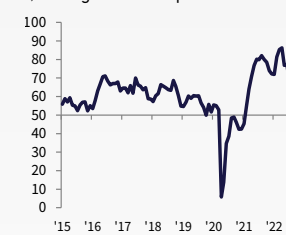
Hotel & Catering

sa, >50 = growth since previous month



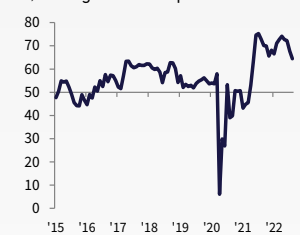
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Growth in temp staff vacancies remains marked

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.

Demand for temporary staff in Scotland rose for the twenty-third month in a row during August. The respective index indicated a strong increase demand overall that was unchanged from July. Notably, the rate of expansion continued to outpace that seen across the UK as a whole.

Engineering & Construction recorded the fastest rise in temp vacancies across the monitored sectors, followed by IT & Computing.

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

66.6
Aug '22



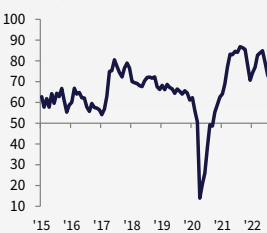
Temporary Vacancies Index by sector

Rank	Sector	Jul-22	Aug-22
1	Engineering & Construction	73.0	75.4
2	IT & Computing	73.0	70.8
3	Blue Collar	68.1	66.8
4	Nursing/Medical/Care	63.6	66.4
5	Accounts & Financial	63.3	64.3
6	Secretarial & Clerical	60.6	59.9
7	Executive & Professional	55.6	56.9
8	Hotel & Catering	60.3	55.5

Temporary vacancies by sector

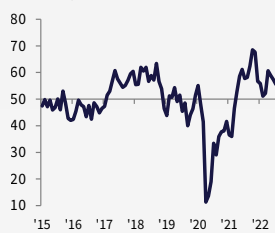
IT & Computing

sa, >50 = growth since previous month



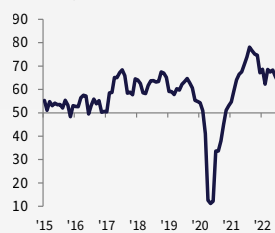
Executive & Professional

sa, >50 = growth since previous month



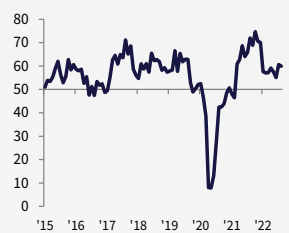
Accounting & Financial

sa, >50 = growth since previous month



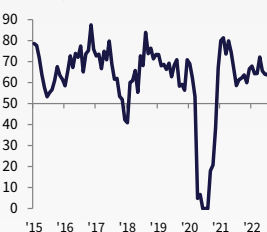
Secretarial & Clerical

sa, >50 = growth since previous month



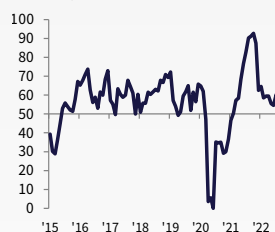
Nursing, Medical & Care

sa, >50 = growth since previous month



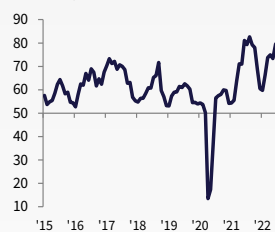
Hotel & Catering

sa, >50 = growth since previous month



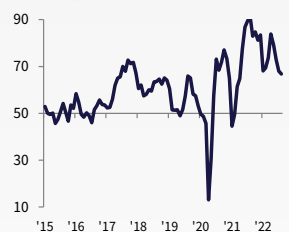
Engineering & Construction

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
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
Jun '22	58.1	57.3	31.7	31.2	77.5	69.8	72.1	68.8
Jul '22	54.2	63.5	28.4	35.4	68.4	65.4	67.4	66.6
Aug '22	47.3	53.3	34.7	38.3	68.5	67.0	65.8	66.6

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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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