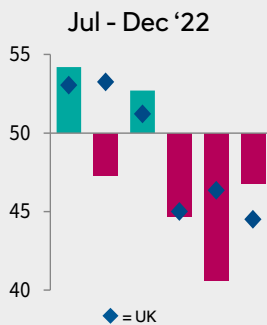


Royal Bank of Scotland Report on Jobs

Downturn in permanent hiring activity eases during December

Scotland Permanent Placements Index



Key findings

Recruitment activity falls for the third month running

Growth of demand for labour softens during December

Starting salaries rise at quickest pace since June

According to the latest Royal Bank of Scotland Report on Jobs survey, Scottish recruiters reported a decline in permanent placements during December. The rate of contraction eased considerably over the month, however, with the respective index climbing from 40.6 in November to 46.8 in December. Nevertheless, placements fell for the third month running overall, as recession fears and market uncertainty dampened recruitment activity. Temp billings likewise fell for the third successive month. Growth of demand for labour continued to soften during the final month of the year. Permanent and temp vacancies expanded at the weakest rates in 22 and 27 months, respectively. Nonetheless, in efforts to attract and secure candidates amid ongoing reports of labour shortages, firms across Scotland continued to raise starting salaries and temp wages sharply.

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

"The final Report on Jobs survey of the year concluded with a further downturn in hiring activity across Scotland, with recruiters noting a third monthly contraction in both permanent placements and temp billings. According to panel members, greater market uncertainty and fears over a recession led clients to maintain a cautious approach to staff hiring at the end of 2022. Demand for labour also softened, adding to the likelihood that challenges across the labour market will persist as we enter the new year. Nonetheless, with difficulties sourcing suitable candidates, firms continued to raise rates of starting pay. Thus, the data overall suggest that firms are becoming more selective and guarded with their hiring decisions, but willing to offer competitive pay to candidates to secure them."

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?".

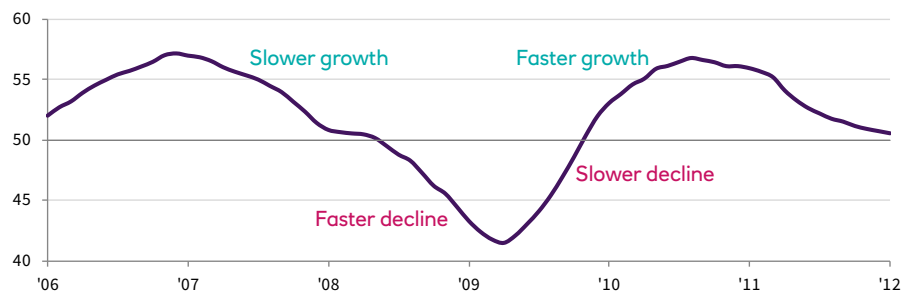
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

December data were collected 06-19 December 2022.

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

Index interpretation

50.0 = no change since previous month



Staff placements

Softer reduction in permanent placements

The number of permanent staff appointments across Scotland fell in December, thereby extending the current run of contraction to three months. The downturn eased from November's 29-month record, but was nonetheless solid overall. According to panellists, reduced market confidence and the cost of living crisis weighed on recruitment.

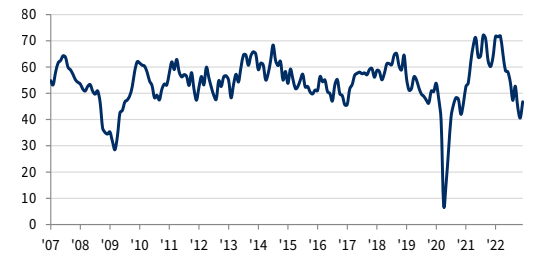
Though strong, the reduction in permanent placements across Scotland was softer than the UK-wide average.

Downturn in temp billings enters its third successive month

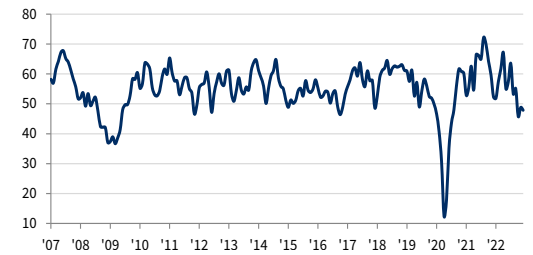
For the third month running, recruitment consultancies across Scotland reported a decrease in billings received from the employment of short-term staff during December. Adjusted for seasonality, the Temporary Billings Index ticked down from November, to signal a quicker rate of contraction, albeit one that remained mild overall. Skill shortages and difficulties sourcing candidates were in part blamed for the latest decrease.

While a further reduction in temp billings was recorded across Scotland at the end of 2022, the UK as a whole registered a modest expansion.

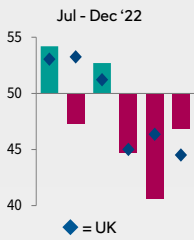
Permanent Placements Index
sa, >50 = growth since previous month
46.8
Dec '22



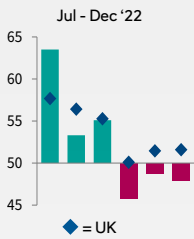
Temporary Billings Index
sa, >50 = growth since previous month
47.9
Dec '22



Permanent Placements Index
Jul - Dec '22



Temporary Billings Index
Jul - Dec '22



Labour supply

Marked fall in permanent labour supply in December

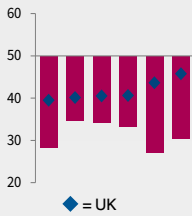
The availability of candidates to fill permanent positions across Scotland worsened for the twenty-third consecutive month during December. Although easing from November, the rate of decline remained marked overall and among the fastest on record. Acute skill and candidate shortages limited the supply of workers, according to recruiters. Furthermore, the cost of living crisis, recession fears and greater market uncertainty also restrained labour movement.

The pace of reduction in permanent candidate availability across Scotland outstripped the UK-wide average.

Temp labour supply falls at quickest pace in six months

As has been the case in each of the last 22 months, Scottish recruiters reported a fall in temp candidate numbers during December. The rate of reduction gathered pace for the third month running and was the sharpest since June. The latest reduction in temp staff availability was attributed to a slowdown in market conditions, Brexit and a general scarcity of labour.

Permanent Candidate Availability Index
Jul - Dec '22



Temporary Candidate Availability Index
Jul - Dec '22



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

30.5
Dec '22



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

32.5
Dec '22



Pay pressures

Starting salaries rise rapidly in December

December data revealed another sharp rise in starting salaries awarded to permanent joiners during December. Notably, the pace of growth continued to quicken from October's 16-month low, with the latest upturn the steepest since June and above the historical average. According to anecdotal evidence, labour and skill scarcity continued drive up salaries.

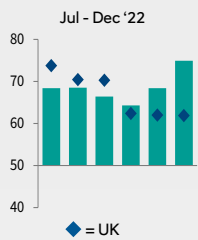
Starting salaries across Scotland rose at a much faster pace than that recorded at the UK level.

Temp pay continues to rise at historically elevated pace

Pay rates for temp staff across Scotland rose during December, thereby stretching the current run of wage inflation to 25 months. While the rate of growth eased slightly from November, it remained stronger than the survey average and signalled a sharp rise in hourly wages overall. Recruiters indicated that companies raised their pay rates as part of efforts to attract staff amid ongoing labour shortages.

As was the case with permanent starting salaries, temp wages across Scotland grew at a much stronger rate than that seen across the UK as a whole.

Permanent Salaries Index



Temporary Wages Index

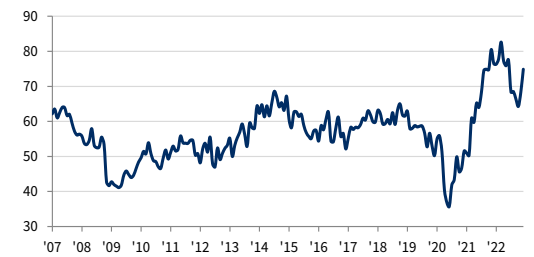


Permanent Salaries Index

sa, >50 = inflation since previous month

74.9

Dec '22

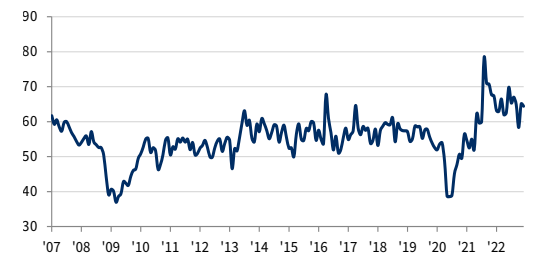


Temporary Wages Index

sa, >50 = inflation since previous month

64.4

Dec '22



Demand for permanent staff

Growth of demand for permanent staff eases in December

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.

Growth of demand for permanent staff moderated for the eighth successive month during December. Though strong, the latest upturn was the softest seen since the current run of expansion began in February 2021. Moreover, the rate of increase was weaker than the survey average.

The strongest upturns in demand for permanent staff were seen across the Nursing/Medical/Care and IT & Computing sectors.

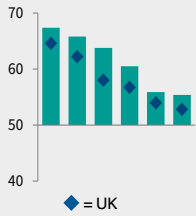
Permanent Vacancies Index
sa, >50 = growth since previous month
55.4
Dec '22



Permanent Vacancies Index by sector

Rank	Sector	Nov-22	Dec-22
1	Nursing/Medical/Care	70.8	71.8
2	IT & Computing	68.4	69.0
3	Accounts & Financial	53.9	55.4
4	Engineering & Construction	53.5	55.0
5	Hotel & Catering	46.0	54.5
6	Blue Collar	56.7	50.4
7	Secretarial & Clerical	55.6	49.4
8	Executive & Professional	48.2	48.4

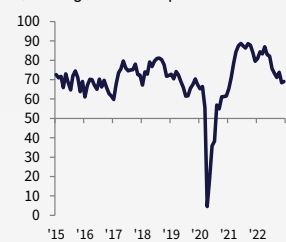
Permanent Vacancies Index
Jul - Dec '22



Permanent vacancies by sector

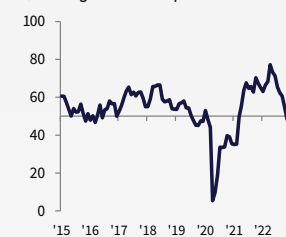
IT & Computing

sa, >50 = growth since previous month



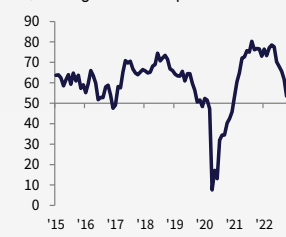
Executive & Professional

sa, >50 = growth since previous month



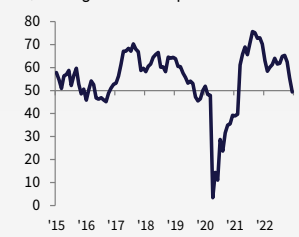
Accounting & Financial

sa, >50 = growth since previous month



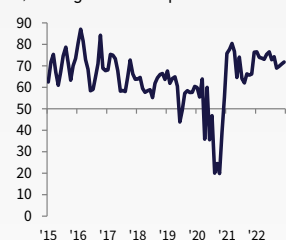
Secretarial & Clerical

sa, >50 = growth since previous month



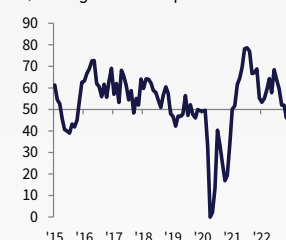
Nursing, Medical & Care

sa, >50 = growth since previous month



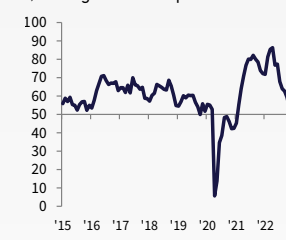
Hotel & Catering

sa, >50 = growth since previous month



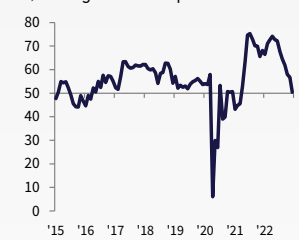
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Temp vacancy growth eases markedly

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.

Scottish recruiters reported a marked slowdown in growth of demand for temp staff during December. Notably, the respective seasonally adjusted index fell to its lowest level in 27 months and pointed to only a marginal rate of growth.

Of the eight monitored sectors, IT & Computing reported the strongest increase in demand, with Nursing/Medical/Care ranking second.

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



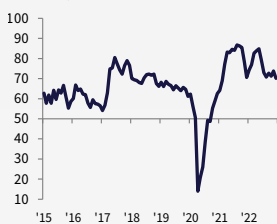
Temporary Vacancies Index by sector

Rank	Sector	Nov-22	Dec-22
1	IT & Computing	73.8	70.2
2	Nursing/Medical/Care	64.3	60.7
3	Accounts & Financial	67.7	60.0
4	Hotel & Catering	53.7	55.6
5	Engineering & Construction	52.5	49.1
6	Secretarial & Clerical	48.5	43.5
7	Blue Collar	55.1	43.4
8	Executive & Professional	53.4	42.2

Temporary vacancies by sector

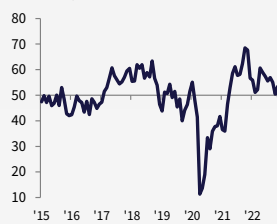
IT & Computing

sa, >50 = growth since previous month



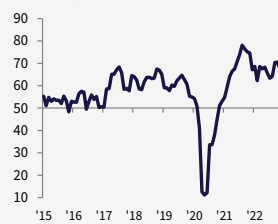
Executive & Professional

sa, >50 = growth since previous month



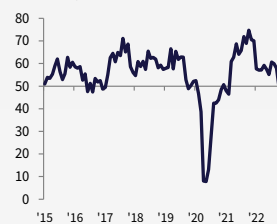
Accounting & Financial

sa, >50 = growth since previous month



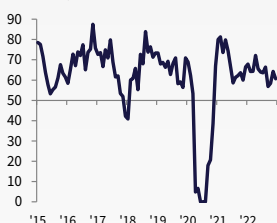
Secretarial & Clerical

sa, >50 = growth since previous month



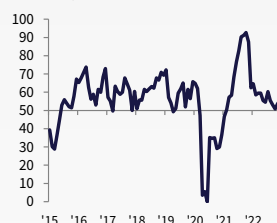
Nursing, Medical & Care

sa, >50 = growth since previous month



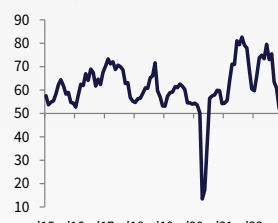
Hotel & Catering

sa, >50 = growth since previous month



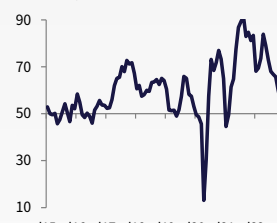
Engineering & Construction

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
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
Sep '22	52.7	55.1	34.3	39.5	66.4	64.9	63.8	62.9
Oct '22	44.7	45.8	33.2	38.6	64.3	58.3	60.5	59.1
Nov '22	40.6	48.8	27.1	34.0	68.4	65.0	55.9	57.1
Dec '22	46.8	47.9	30.5	32.5	74.9	64.4	55.4	51.0

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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

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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