

Royal Bank of Scotland Report on Jobs

Upturn in permanent placements gains momentum in December

Scotland Permanent Placements Index



Key findings

Fastest upturn in permanent staff appointments since September

Temp billings rise at weakest rate in 16 months

Vacancy growth eases, but remained marked

Hiring activity across Scotland continued to increase in December, according to the latest Royal Bank of Scotland Report on Jobs. Permanent placements rose at the steepest pace for three months amid reports of strong demand for staff, however, pandemic-related concerns weighed on the amount of work available for short-term staff, according to survey respondents, with the rate of increase in temp billings easing to the weakest since the current period of expansion began in September 2020. At the same time, vacancy growth slowed further, although demand for staff continued to rise at a marked pace by historical standards, while candidate availability dropped steeply again. Subsequently, pay pressures remained intense.

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

"December data provided some mixed signals for the Scottish labour market. Permanent staff appointments rose at the steepest rate for three months, but the upturn in temporary billings eased significantly from November, with the rate of increase the weakest in the current 16-month sequence of growth."

"Following a survey-record upturn in hiring activity during the third quarter, the data suggests a cooling of momentum at the end of 2021. Nonetheless, recruitment activity remains robust by historical standards and demand for staff remains marked. Although in a strong position at the turn of the year, the possibility of stricter lockdown measures is a key concern for the labour market, and we are already seeing hints that the Omicron variant has weighed on hiring as we enter 2022."

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 IHS Markit 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?".

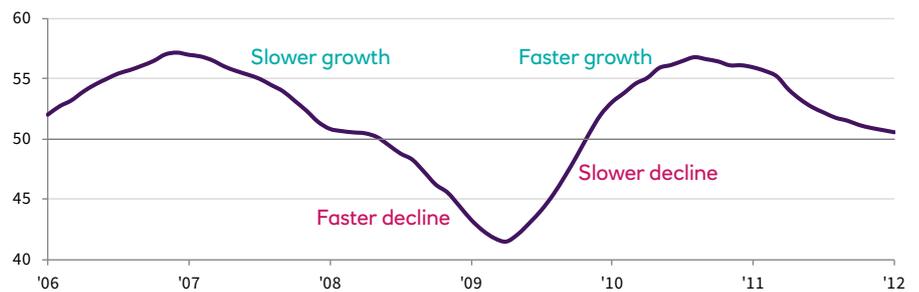
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

December data were collected 06-17 December 2021.

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

Index interpretation

50.0 = no change since previous month



Staff placements

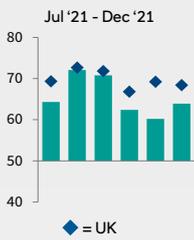
Fastest rise in permanent placements since September

December data pointed to a further rise in the number of permanent staff appointments across Scotland, stretching the current sequence of expansion which began in January 2021. Improved confidence and stronger demand for staff were cited by respondents as drivers of the latest uplift. Moreover, the rate of increase accelerated to a three-month high and was sharp overall, and outpaced the UK-wide average.

Permanent Placements Index
sa, >50 = growth since previous month
63.9
Dec '21



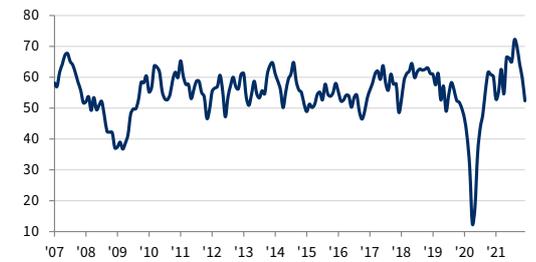
Permanent Placements Index
Jul '21 - Dec '21



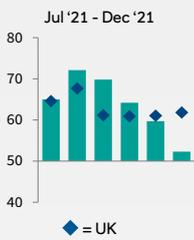
Upturn in temp billings eases sharply in December

Recruiters across Scotland recorded another uplift in temp billings during December, amid reports of strong demand for candidates. That said, the rate of increase slowed sharply to the weakest in the current 16-month sequence and was modest overall, with some panellists noting that COVID-19 had weighed on the amount of short-term work available.

Temporary Billings Index
sa, >50 = growth since previous month
52.3
Dec '21



Temporary Billings Index
Jul '21 - Dec '21

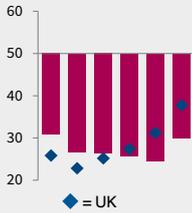


The latest rise in temp billings in Scotland was also noticeably weaker than the UK average in December.



Labour supply

Permanent Candidate Availability Index
Jul '21 - Dec '21



Permanent staff supply drops markedly again, but rate of decline slows noticeably

Scottish recruiters signalled another reduction in the availability of permanent candidates in December, extending the current sequence of decline to 11 months. Although among the fastest on record, the rate of decrease in permanent staff supply slowed notably from November's record and was the weakest since July. Panellists attributed the latest fall to strong demand for staff, Brexit, COVID-19 and uncertainty around the outlook.

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

30.0
Dec '21



Temporary Candidate Availability Index
Jul '21 - Dec '21



Fastest fall in temp candidate availability since August

For the tenth time in as many months, the supply of temp candidates across Scotland declined in December. Strong demand for staff, Brexit, IR35 and the COVID-19 pandemic were all cited by survey respondents as drivers of the latest fall. Notably, the rate of reduction was the quickest for four months and marked, and also outpaced the average seen for the UK as a whole.

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

30.8
Dec '21



Pay pressures

Rapid increase in permanent starters' salaries in December

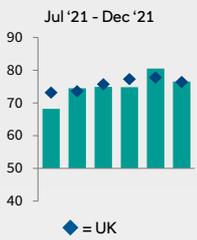
A thirteenth straight monthly rise in permanent starting salaries across Scotland was recorded in December. Skills shortages led firms to raise their salary offerings, according to anecdotal evidence. Moreover, the rate of salary inflation eased only slightly from November's all-time peak and was rapid.

Salaries awarded to permanent new joiners across the UK also rose in December, with the rate of increase broadly similar to that seen in Scotland.

Permanent Salaries Index
sa, >50 = inflation since previous month
76.5
Dec '21



Permanent Salaries Index
Jul '21 - Dec '21



Temp wage inflation slows, but remains sharp overall

As has been the case in each month since December 2020, recruiters across Scotland reported an increase in average hourly pay rates for short-term staff during the final month of 2021. According to respondents, a shortage of available candidates had driven up rates of pay. The rate of increase was the slowest since July, albeit still sharp overall and similar to that seen at the UK level.

Temporary Wages Index
sa, >50 = inflation since previous month
67.3
Dec '21

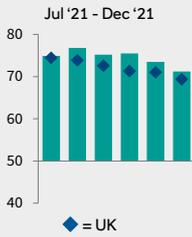


Temporary Wages Index
Jul '21 - Dec '21



Demand for permanent staff

Permanent Vacancies Index
Jul '21 - Dec '21



Demand for permanent staff rises further, but rate of increase weakens since November

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.

December data highlighted a further increase in permanent vacancies across Scotland, stretching the current sequence of growth that began in February 2021. Though still marked by historical standards, the latest rise was the slowest since April.

IT & Computing recorded the sharpest upturn in permanent vacancies across the monitored job categories in December, followed by Nursing/Medical/Care.

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

71.2
Dec '21



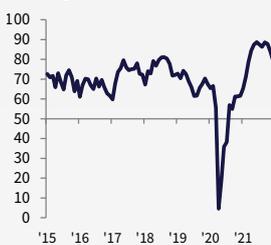
Permanent Vacancies Index by sector

Rank	Sector	Nov-21	Dec-21
1	IT & Computing	84.0	79.5
2	Nursing/Medical/Care	66.3	76.3
3	Accounts & Financial	76.6	73.1
4	Engineering & Construction	74.0	72.2
5	Secretarial & Clerical	73.0	70.2
6	Blue Collar	65.6	68.1
7	Executive & Professional	67.3	65.1
8	Hotel & Catering	68.8	55.3

Permanent vacancies by sector

IT & Computing

sa, >50 = growth since previous month



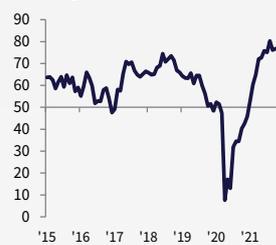
Executive & Professional

sa, >50 = growth since previous month



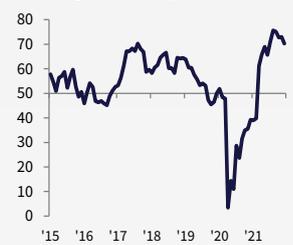
Accounting & Financial

sa, >50 = growth since previous month



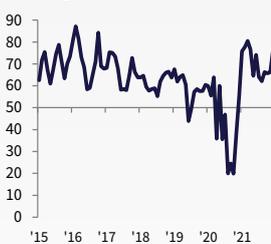
Secretarial & Clerical

sa, >50 = growth since previous month



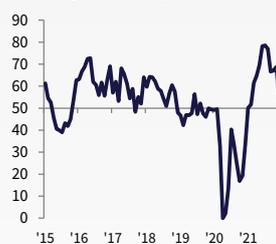
Nursing, Medical & Care

sa, >50 = growth since previous month



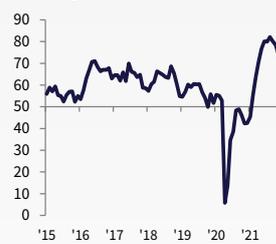
Hotel & Catering

sa, >50 = growth since previous month



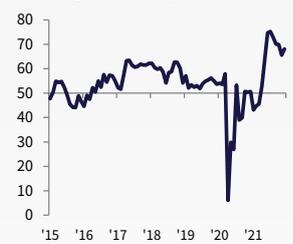
Engineering & Construction

sa, >50 = growth since previous month



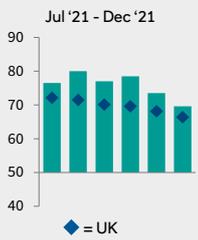
Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Temporary Vacancies Index
Jul '21 - Dec '21



Temp vacancy growth cools to eight-month low in December

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.

Recruiters across Scotland signalled a further uplift in demand for temporary staff during December, extending the current sequence of increase to 15 months. The latest increase was marked overall and outpaced the UK average, but was nonetheless the slowest since April.

Across the monitored sectors, Blue Collar recorded the fastest increase in demand for temp staff in December, followed by IT & Computing.

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

69.6
Dec '21



Temporary Vacancies Index by sector

Rank	Sector	Nov-21	Dec-21
1	Blue Collar	81.3	83.4
2	IT & Computing	78.3	70.6
3	Secretarial & Clerical	70.6	70.1
4	Accounts & Financial	74.7	67.1
5	Nursing/Medical/Care	60.0	66.5
6	Hotel & Catering	87.5	62.5
7	Engineering & Construction	68.8	60.5
8	Executive & Professional	67.6	56.7

Temporary vacancies by sector

IT & Computing

sa, >50 = growth since previous month



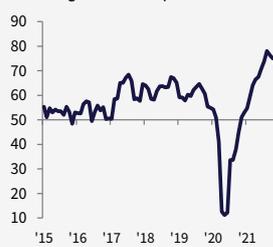
Executive & Professional

sa, >50 = growth since previous month



Accounting & Financial

sa, >50 = growth since previous month



Secretarial & Clerical

sa, >50 = growth since previous month



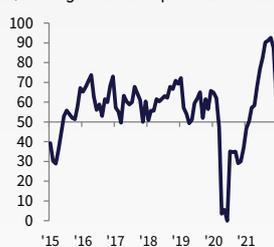
Nursing, Medical & Care

sa, >50 = growth since previous month



Hotel & Catering

sa, >50 = growth since previous month



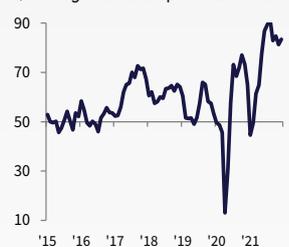
Engineering & Construction

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 '21	64.3	65.0	30.8	28.3	68.2	60.0	74.9	76.5
Aug '21	72.1	72.1	26.7	24.7	74.5	78.3	76.8	80.0
Sep '21	70.8	69.8	26.3	31.5	74.9	71.0	75.2	77.0
Oct '21	62.4	64.2	25.7	31.1	74.8	70.7	75.5	78.5
Nov '21	60.2	59.7	24.6	39.8	80.5	67.7	73.5	73.5
Dec '21	63.9	52.3	30.0	30.8	76.5	67.3	71.2	69.6

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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

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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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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