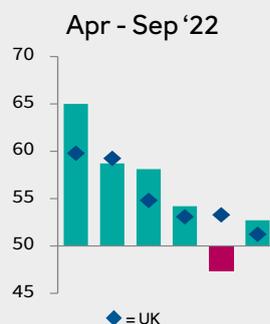


Royal Bank of Scotland Report on Jobs

Permanent placements increase in September

Scotland Permanent Placements Index



Key findings

Fresh uplift in permanent staff appointments, but growth only mild

Temp billings rise at quicker pace

Pay pressures ease, but remain historically sharp

Scotland's labour market saw an improvement in overall hiring activity in September, according to the latest Royal Bank of Scotland Report on Jobs survey, with recruiters reporting a fresh rise in permanent placements and stronger temp billings growth. The seasonally adjusted Permanent Placements Index rose back above the neutral 50.0 mark, rising from 47.3 in August to 52.7 in September, to signal a mild uplift in permanent staff appointments, while temp billings increased at a strong and accelerated rate. At the same time, sustained growth of vacancies, combined with another deterioration in candidate availability, led to further upwards pressure on pay. Notably, both starting salaries and temp wages increased at historically sharp rates, despite easing since August.

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

"Permanent staff appointments across Scotland rose during September following a moderate fall in August, amid reports of improved hiring activity at clients in some sectors and strong demand for workers. The rate of growth was only mild, but nonetheless outpaced the UK-wide average. Temp billings also increased, with growth ticking up since August to a solid pace."

"The imbalance between staff demand and supply continued to place upwards pressure on pay in September. The latest survey showed that both permanent and temporary staff availability continued to decline sharply, which drove further increases in temp pay and starting salaries at rates seldom seen in the history of the survey."

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?".

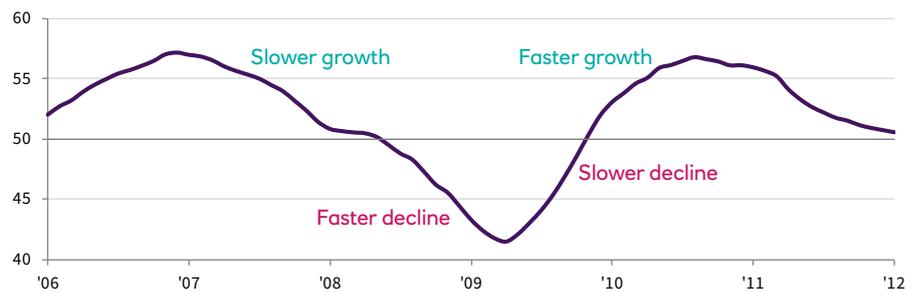
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

September data were collected 12-26 September 2022.

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

Index interpretation

50.0 = no change since previous month



Staff placements

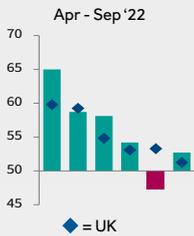
Permanent placements return to growth

Adjusted for seasonal variation, the Permanent Placements Index rose back above the neutral level of 50.0 in September to signal a fresh rise in permanent staff appointments across Scotland. Panellists attributed the upturn to strong demand for staff and increased hiring activity amongst clients in some sectors. That said, the pace of increase was only mild.

Permanent Placements Index **52.7**
sa, >50 = growth since previous month
 Sep '22



Permanent Placements Index
Apr - Sep '22



Growth in temp billings ticks up in September

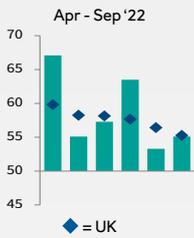
September data pointed to sustained growth of temp billings across Scotland, extending the current sequence of upturn that began two years ago. The rate of expansion ticked up from August's seven-month low and was solid overall.

The pace of increase in temp billings in Scotland was broadly in line with the trend seen for the UK as a whole.

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



Temporary Billings Index
Apr - Sep '22



Labour supply

Further marked drop in permanent candidate availability

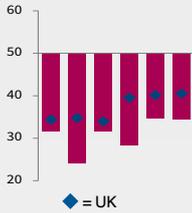
The supply of permanent staff across Scotland continued to decrease in September, stretching the current sequence of contraction to 20 months. Skills shortages and high demand for staff reportedly drove the latest fall. Notably, the rate of decline quickened slightly on the month and was marked overall.

Scotland recorded a much sharper fall in permanent staff supply than that seen on average across the UK, with the pace of decline slowing slightly on the month at the national level.

Permanent Candidate Availability Index **34.3**
 sa, >50 = growth since previous month
 Sep '22



Permanent Candidate Availability Index
 Apr - Sep '22



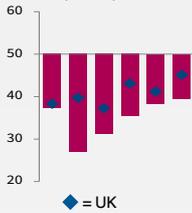
Temp staff supply falls at weakest pace for six months

Adjusted for seasonal variation, the Temporary Candidate Availability Index remained below the neutral 50.0 mark in September, signalling a nineteenth straight monthly deterioration in the supply of temp staff across Scotland and one that was rapid overall. Panellists cited strong demand for short-term workers and a reluctance among candidates to move roles. Although it remained much sharper than that seen at the national level, the pace of contraction was the slowest for six months.

Temporary Candidate Availability Index **39.5**
 sa, >50 = growth since previous month
 Sep '22



Temporary Candidate Availability Index
 Apr - Sep '22



Pay pressures

Permanent Salaries Index
Apr - Sep '22



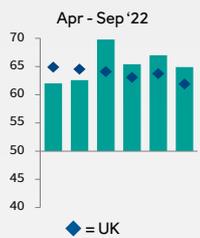
Rate of starting salary inflation eases to 15-month low

September data signalled a sustained uplift in salaries awarded to permanent new joiners in Scotland, amid reports that strong demand for staff led to upwards pressure on pay. Though historically sharp, the rate of salary inflation was the slowest for 15 months, and weaker than that recorded for the UK as a whole.

Permanent Salaries Index
sa, >50 = inflation since previous month
66.4
Sep '22



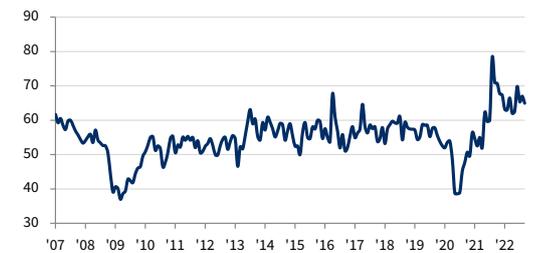
Temporary Wages Index
Apr - Sep '22



Sustained, but slower, uplift in temp wages

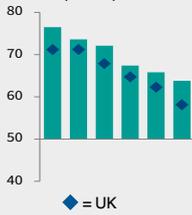
A twenty-second monthly increase in hourly rates for short-term staff in Scotland was recorded in September. According to survey respondents, skills shortages were the primary cause of the latest rise. The rate of temp wage inflation softened to a four-month low, but was nonetheless sharp and outpaced the UK-wide average.

Temporary Wages Index
sa, >50 = inflation since previous month
64.9
Sep '22



Demand for permanent staff

Permanent Vacancies Index
Apr - Sep '22



Permanent vacancies rise at slower rate

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.

As has been the case in each month since February 2021, demand for permanent staff in Scotland increased in September. The rate of expansion was the softest seen for a year-and-a-half, albeit sharp by historical standards.

IT & Computing recorded the fastest rise in permanent vacancies, followed by Nursing/Medical/Care, while Hotel & Catering saw the slowest.

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

63.8
Sep '22



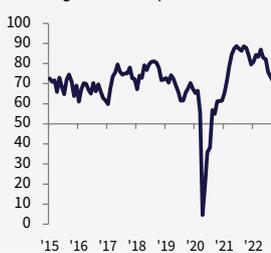
Permanent Vacancies Index by sector

Rank	Sector	Aug-22	Sep-22
1	IT & Computing	73.4	71.2
2	Nursing/Medical/Care	74.2	69.0
3	Secretarial & Clerical	64.9	65.3
4	Engineering & Construction	64.0	62.7
5	Blue Collar	64.5	61.9
6	Accounts & Financial	65.6	61.7
7	Executive & Professional	62.4	60.6
8	Hotel & Catering	59.5	52.1

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



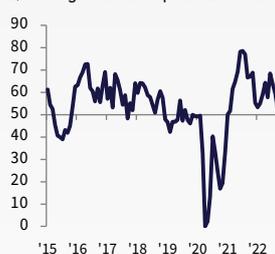
Nursing, Medical & Care

sa, >50 = growth since previous month



Hotel & Catering

sa, >50 = growth since previous month



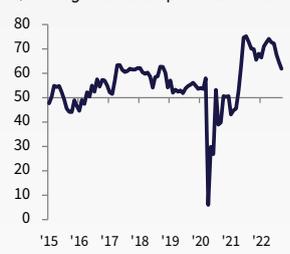
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Weakest rise in temp vacancies since February 2021

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.

Temporary vacancies across Scotland continued to rise in September, extending the current sequence of growth to two years. The rate of increase was the slowest since February 2021, but still sharp overall.

Across the monitored sectors, demand for temp staff was strongest in IT & Computing, followed by Accounts & Financial.

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

62.9
Sep '22



Temporary Vacancies Index by sector

Rank	Sector	Aug-22	Sep-22
1	IT & Computing	70.8	72.7
2	Accounts & Financial	64.3	70.3
3	Blue Collar	66.8	65.7
4	Engineering & Construction	75.4	63.5
5	Secretarial & Clerical	59.9	57.9
6	Nursing/Medical/Care	66.4	56.9
7	Executive & Professional	56.9	55.1
8	Hotel & Catering	55.5	53.1

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



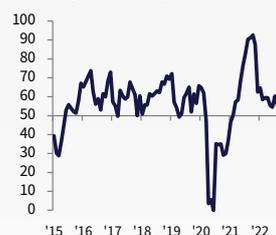
Nursing, Medical & Care

sa, >50 = growth since previous month



Hotel & Catering

sa, >50 = growth since previous month



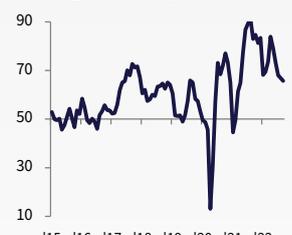
Engineering & Construction

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
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
Sep '22	52.7	55.1	34.3	39.5	66.4	64.9	63.8	62.9

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The bank has commitment to retain its close connections with the Scottish communities it serves.

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