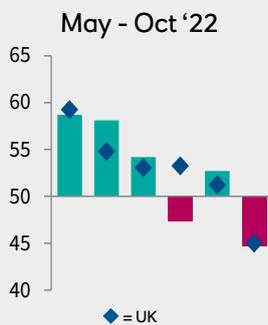


Royal Bank of Scotland Report on Jobs

Renewed downturn in permanent placements during October

Scotland Permanent Placements Index



Key findings

Permanent placements fall amid growing economic uncertainty

Temp billings decline for first time in 26 months

Pay pressures soften, but remain strong overall

Hiring activity across Scotland fell into decline during October, with both permanent staff appointments and temporary billings contracting, according to the latest Royal Bank of Scotland Report on Jobs survey. Permanent placements have now fallen in two of the past three months, while the downturn in temp billings was the first seen since August 2020. Moreover, the rates of contraction were strong overall amid reports of growing economic uncertainty, softening demand conditions and the deepening cost of living crisis. October data also revealed further increases in starting salaries and temp wages. However, rates of inflation continued to ease, signalling a mild waning of pressure on pay.

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

"Labour market conditions across Scotland deteriorated in October, as for the first time since August 2020, both permanent placements and temporary billings contracted.

"At the same time, rates of vacancy growth for both permanent and short-term staff continued to ease. Candidate and skill shortages meanwhile stretched the supply of labour thin, with recr

uiters also noting that increased economic uncertainty had impacted candidate numbers. Though it does seem that market imbalances are becoming less pronounced, the effect on pay remains strong.

"The data therefore suggest that growing uncertainty about the economy and the cost of living crisis are already affecting the labour market, and could weigh

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?".

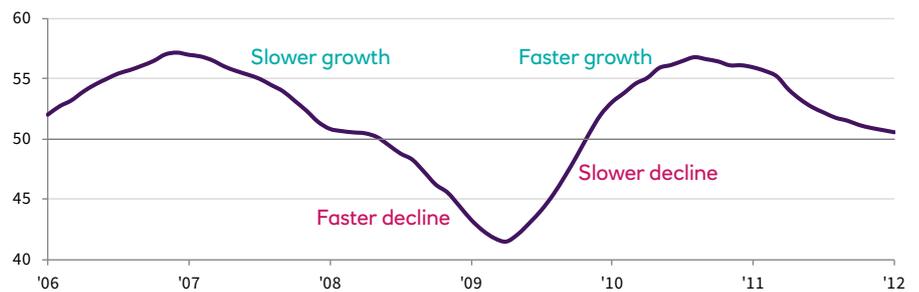
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

October data were collected 12-25 October 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 staff placements fall solidly

October data highlighted a fall in permanent staff placements across Scotland. After a month of growth in September, the respective seasonally adjusted index reverted below the neutral 50.0 threshold to signal the second reduction in three months. The rate of contraction was the fastest seen in nearly two years and solid, with recruiters often linking the fall to growing economic uncertainty and the cost of living crisis.

At the UK level, a fall in permanent staff hires was also noted, with the rate of decline similar to that seen in Scotland.

First decline in temp billings since August 2020

Scottish recruitment consultancies signalled a reduction in temp billings during October, thereby ending a 25-month run of expansion. The rate of contraction was the quickest seen since July 2020 during the initial wave of the pandemic and strong overall. According to panellists, the latest fall was driven by reduced activity at clients.

Across the UK as a whole, temp billings were broadly stagnant after rising in each of the prior 26 months.

Permanent Placements Index
sa, >50 = growth since previous month
44.7
Oct '22



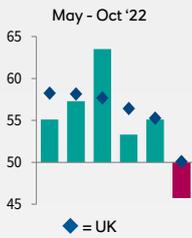
Temporary Billings Index
sa, >50 = growth since previous month
45.8
Oct '22



Permanent Placements Index
May - Oct '22



Temporary Billings Index
May - Oct '22



Labour supply

Downturn in permanent staff supply fastest in three months

Recruiters across Scotland noted a twenty-first successive monthly fall in permanent candidate availability during October. The pace of decline quickened on the month and was marked overall. Panellists generally linked the latest downturn to skill shortages and increased hesitancy to seek out new roles due to rising economic uncertainty.

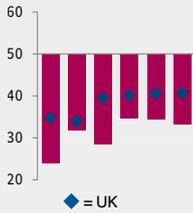
The pace of reduction across Scotland was more rapid than that recorded for the UK as a whole.

Downturn in temp staff supply quickens from September

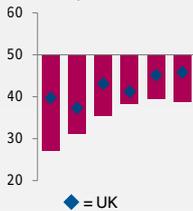
The supply of temp labour across Scotland fell again during October. Despite being severe overall, the rate of decline was the second-slowest in seven months (after September). Recruiters highlighted a lack of European workers and ongoing skill shortages as factors constraining supply.

As has been the case for the last seven months, the rate of contraction in temp staff availability in Scotland was sharper than that seen at the UK level.

Permanent Candidate Availability Index
May - Oct '22



Temporary Candidate Availability Index
May - Oct '22



Permanent Candidate Availability Index
sa, >50 = growth since previous month
33.2
Oct '22



Temporary Candidate Availability Index
sa, >50 = growth since previous month
38.6
Oct '22



Pay pressures

Starting salary inflation softens further in October

Latest survey data indicated that average starting salaries for permanent staff in Scotland increased at the slowest pace since June 2021 during October. That said, the pace of wage inflation remained elevated in comparison to the historical average. According to anecdotal evidence, skill and candidate shortages continued to drive up rates of pay.

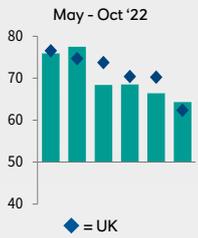
Data for the UK as a whole also signalled a softer rise in starting salaries during October. Moreover, the pace of inflation was softer than that seen for Scotland for the first time in four months.

Temp wage growth eases to 18-month low

As has been the case for the past 23 months, temp wages rose across Scotland during October. While the respective seasonally adjusted index hit an 18-month low, it signalled a sharp rise overall. Greater competition for scarce candidates was cited as a key driver of the latest increase in temp pay.

At the national level, wages also increased at a much slower rate during October. However, the rate of inflation was quicker than that registered in Scotland.

Permanent Salaries Index



Temporary Wages Index



Permanent Salaries Index

sa, >50 = inflation since previous month

64.3

Oct '22



Temporary Wages Index

sa, >50 = inflation since previous month

58.3

Oct '22



Demand for permanent staff

Demand for permanent staff expands at slowest pace in 20 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.

Demand for permanent staff grew sharply during October, thereby extending the current period of expansion to 21 months. However, the respective seasonally adjusted index fell for the sixth month running, with the latest reading edging down to a 20-month low.

Across the monitored job categories, IT & Computing registered the steepest rate of expansion, followed by Nursing/Medical/Care.

Permanent Vacancies Index
sa, >50 = growth since previous month **60.5**
Oct '22



Permanent Vacancies Index by sector

Rank	Sector	Sep-22	Oct-22
1	IT & Computing	71.2	73.8
2	Nursing/Medical/Care	69.0	69.8
3	Secretarial & Clerical	65.3	62.5
4	Engineering & Construction	62.7	59.4
5	Blue Collar	61.9	58.0
6	Executive & Professional	60.6	54.8
7	Accounts & Financial	61.7	53.5
8	Hotel & Catering	52.1	51.9

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



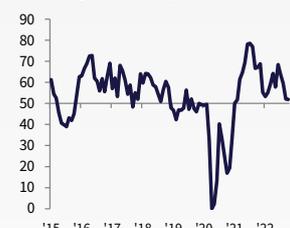
Nursing, Medical & Care

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

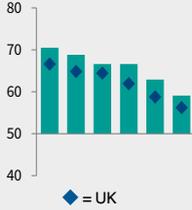
Growth in temp vacancies weakens during October

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 noted a twenty-fifth successive monthly rise in temp staff demand during October. While the rate of growth was the weakest since February 2021, it was quicker than that seen across the UK as a whole.

At the sector level, IT & Computing saw the quickest growth in short-term vacancies, followed by Accounts & Financial.

Temporary Vacancies Index
May - Oct '22



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

59.1
Oct '22



Temporary Vacancies Index by sector

Rank	Sector	Sep-22	Oct-22
1	IT & Computing	72.7	71.3
2	Accounts & Financial	70.3	70.5
3	Engineering & Construction	63.5	60.8
4	Blue Collar	65.7	60.1
5	Nursing/Medical/Care	56.9	58.4
6	Hotel & Catering	53.1	50.8
7	Executive & Professional	55.1	50.5
8	Secretarial & Clerical	57.9	48.8

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



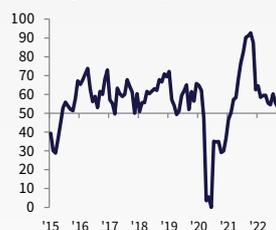
Nursing, Medical & Care

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
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
Oct '22	44.7	45.8	33.2	38.6	64.3	58.3	60.5	59.1

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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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