

Royal Bank of Scotland Report on Jobs

Hiring activity weakens again in November

Scotland Permanent Placements Index



Key findings

Downturn in permanent staff hires accelerates

Vacancy growth continues to soften

Starting pay continues to rise sharply

According to the latest Royal Bank of Scotland Report on Jobs survey, hiring activity fell across Scotland again in November amid greater economic uncertainty and strong cost pressures. For the second month running, both permanent staff hires and temp billings fell, with the former recording the quickest reduction since June 2020. While staff availability continued to deteriorate, demand for labour expanded at a softer, but still strong rate. The ongoing imbalance of labour demand and supply led to further rises in both starting salaries and short-temp pay.

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

"Following the post-pandemic hiring boom, the latest Report on Jobs survey indicates that recruitment activity lost further momentum in November amid a slowdown across the economy. Greater uncertainty around the outlook and candidate shortages have taken a toll on staff hiring across Scotland. Latest data indicated a notably steeper contraction in permanent placements, while temp billings fell for the second consecutive month."

"At the same time, labour scarcity resulted in strong growth in pay, with both starting salaries and hourly wages rising at sharper rates during November. The steeper drop in candidate availability across Scotland, which was often blamed on a generally low unemployment rate, fewer foreign workers, worries over the economic climate and cost of living crisis, is likely to add further upwards pressure on pay in the months ahead, particularly if firms want to attract and secure the skilled workers they need."

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?".

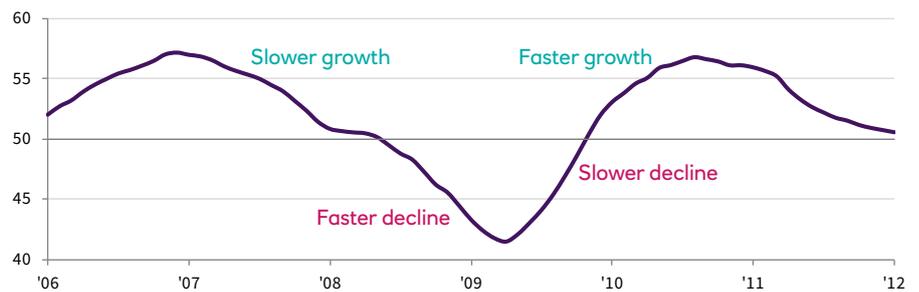
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

November data were collected 11-24 November 2022.

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

Index interpretation

50.0 = no change since previous month



Staff placements

Downturn in permanent placements gathers pace

For the second successive month, permanent placements fell across Scotland in November. The rate of reduction quickened from October to the fastest since the initial phase of the pandemic in June 2020 and was sharp overall. Increased market uncertainty and candidate shortages were blamed for the latest drop in permanent staff appointments.

Permanent placements also fell across the UK as a whole for the second month in a row, albeit at a softer pace than that seen in Scotland.

Temp billings fall for the second month running

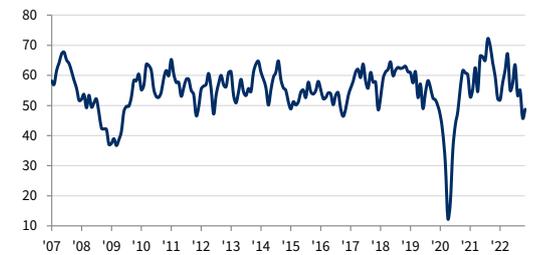
November data highlighted a fall in temp billings across Scotland for the second consecutive month. Adjusted for seasonality, the respective index pointed to a slower and modest pace of decrease. According to anecdotal evidence, concerns about the outlook weighed on labour market activity.

In contrast to the trend seen for Scotland, temp billings expanded modestly at the UK level.

Permanent Placements Index
sa, >50 = growth since previous month
40.6
Nov '22



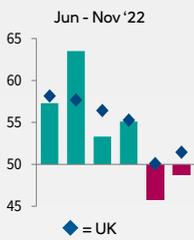
Temporary Billings Index
sa, >50 = growth since previous month
48.8
Nov '22



Permanent Placements Index
Jun - Nov '22



Temporary Billings Index
Jun - Nov '22



Labour supply

Supply of permanent staff falls steeply in November

As has been the case since February 2021, the supply of permanent staff across Scotland contracted during November. Furthermore, the rate of deterioration was the most severe since May and among the fastest on record. Recruiters stated that a combination of labour and skill shortages, Brexit and economic uncertainty reduced the supply of candidates.

Notably, the downturn in permanent staff supply across Scotland outstripped the UK average for the eighth month in a row.

Permanent Candidate Availability Index **27.1**
sa, >50 = growth since previous month Nov '22



Permanent Candidate Availability Index
Jun - Nov '22



Quickest fall in temp candidate numbers for five months

A twenty-first successive monthly fall in temporary candidates across Scotland was recorded during November. The rate of reduction accelerated on the month, and was the sharpest since June. The decline also exceeded that seen across the UK as a whole. Recruiters blamed the fall on a stronger preference for permanent roles, candidate shortages and economic uncertainty.

Temporary Candidate Availability Index **34.0**
sa, >50 = growth since previous month Nov '22



Temporary Candidate Availability Index
Jun - Nov '22



Pay pressures

Upward pressure on starting salaries intensifies in November

Latest survey data signalled a further rise in salaries awarded to permanent new joiners in Scotland for the twenty-fourth successive month in November. The rate of pay inflation ticked up from October's 16-month low, and was rapid overall. The latest rise in salaries was attributed to competition for labour amid staff and skill shortages.

For the second month running, Scotland noted a quicker rise in starting salaries than recorded at the UK level.

Permanent Salaries Index
sa, >50 = inflation since previous month
68.4
Nov '22



Temp wages increase rapidly

Average hourly wages increased further across Scotland in November, thereby stretching the current sequence of inflation to two years. The rate of pay growth accelerated from October's 18-month low and was sharp overall. Scottish recruiters commonly noted that acute skill and candidate shortages continued to exert upward pressures on wages.

Temporary Wages Index
sa, >50 = inflation since previous month
65.0
Nov '22



Permanent Salaries Index
Jun - Nov '22



Temporary Wages Index
Jun - Nov '22



Demand for permanent staff

Further slowdown in growth of demand for permanent staff in 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.

November data pointed to another monthly increase in the number of permanent vacancies across Scotland, extending the current run of expansion that began in February 2021. That said, while growth remained strong, the rate of increase weakened to the second-slowest in the aforementioned sequence.

Across the monitored job categories, Nursing/Medical/Care reported the quickest rise in vacancies. Executive & Professional and Hotel & Catering reported reduced demand for permanent staff.

Permanent Vacancies Index
Jun - Nov '22



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

55.9
Nov '22



Permanent Vacancies Index by sector

Rank	Sector	Oct-22	Nov-22
1	Nursing/Medical/Care	69.8	70.8
2	IT & Computing	73.8	68.4
3	Blue Collar	58.0	56.7
4	Secretarial & Clerical	62.5	55.6
5	Accounts & Financial	53.5	53.9
6	Engineering & Construction	59.4	53.5
7	Executive & Professional	54.8	48.2
8	Hotel & Catering	51.9	46.0

Permanent vacancies by sector

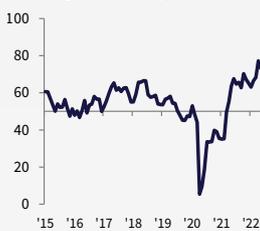
IT & Computing

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



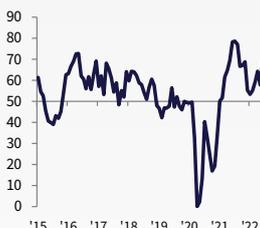
Nursing, Medical & Care

sa, >50 = growth since previous month



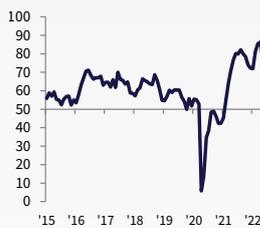
Hotel & Catering

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
Jun - Nov '22



Temp vacancy growth eases but remains strong

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 twenty-sixth successive monthly rise in temporary vacancies during November. However, the rate of expansion cooled since the previous month and was the softest seen since February 2021.

IT & Computing registered the quickest upturn in short-term vacancies, followed by Accounts & Financial.

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

57.1
Nov '22



Temporary Vacancies Index by sector

Rank	Sector	Oct-22	Nov-22
1	IT & Computing	71.3	73.8
2	Accounts & Financial	70.5	67.7
3	Nursing/Medical/Care	58.4	64.3
4	Blue Collar	60.1	55.1
5	Hotel & Catering	50.8	53.7
6	Executive & Professional	50.5	53.4
7	Engineering & Construction	60.8	52.5
8	Secretarial & Clerical	48.8	48.5

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



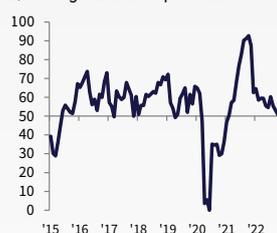
Nursing, Medical & Care

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
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
Nov '22	40.6	48.8	27.1	34.0	68.4	65.0	55.9	57.1

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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

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