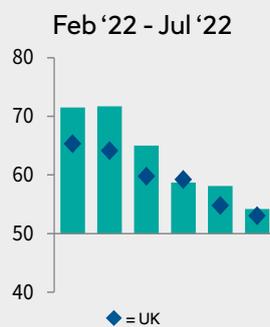


Royal Bank of Scotland Report on Jobs

Slowest increase in permanent placements since February 2021

Scotland Permanent Placements Index



Key findings

Permanent staff hires rise at weakest rate in 17 months

Permanent vacancy growth softens to 16-month low

Pay pressures ease

According to the latest Royal Bank of Scotland Report on Jobs survey, recruitment activity across the Scottish labour market increased again in July. That said, permanent placements expanded at the softest pace in 17 months as greater economic uncertainty dampened overall hiring plans. Temp billings rose sharply, however, with growth picking up from June. At the same time, demand for permanent staff softened, as growth in vacancies hit a 16-month low. Although rates of starting pay continued to rise sharply, recruiters noted softer rises in both starting salaries and temp wages compared to June.

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

"July survey data pointed to a rise in hiring activity across Scotland. However, there was a notable slowdown in permanent staff hires, which expanded at the weakest rate since February 2021 amid reports of some businesses becoming more hesitant to push forward with recruitment plans due to the gloomier economic outlook."

"Additionally, while demand for labour remained strong, growth of both permanent and temporary vacancies softened for the third month in a row. Latest data also pointed to a slight waning of pressure on starting pay. Nevertheless, starting salaries and temp wages continued to rise sharply overall as many firms competed for scarce staff."

"Overall, the drop in market confidence around the outlook and ongoing difficulties sourcing and securing candidates could dampen recruitment activity in the months ahead."

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?".

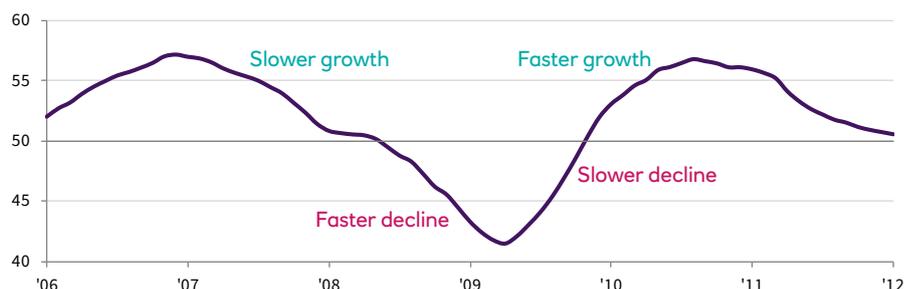
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

July data were collected 12-25 July 2022.

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

Index interpretation

50.0 = no change since previous month



Staff placements

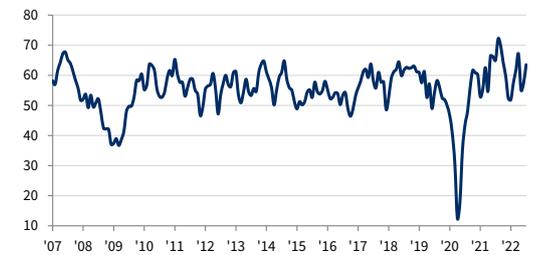
Rise in permanent placements weakest in 17 months

July data highlighted a nineteenth successive monthly increase in permanent staff appointments across Scotland. However, the rate of expansion softened for the fourth month running, with the latest upturn the slowest since February 2021. Where a rise was seen, recruiters mentioned high demand for workers. That said, there were also reports that candidate shortages and hiring freezes at some clients amid increased economic uncertainty had weighed on growth.

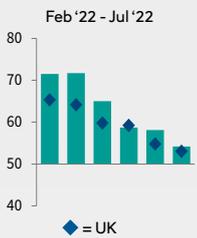
Permanent Placements Index 54.2
sa, >50 = growth since previous month Jul '22



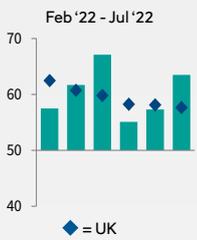
Temporary Billings Index 63.5
sa, >50 = growth since previous month Jul '22



Permanent Placements Index



Temporary Billings Index



Temp billings rise at fastest pace in three months

A further rise in temp billings was signalled by Scottish recruiters in July, thereby extending the current run of expansion to 23 months. The latest uptick was the quickest seen in three months and sharp overall. Greater client activity and new contract wins prompted firms to hire additional short-term staff, according to panellists.

Moreover, the rate of increase across Scotland outpaced the UK-wide average, which in contrast eased slightly since June.



Labour supply

Steeper deterioration in permanent candidate availability

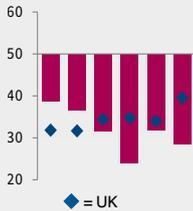
As has been the case in each month since February 2021, the availability of permanent candidates shrank across Scotland during July. The rate of contraction picked up from June and was among the sharpest in the survey history. The drop in availability was linked to skill shortages, a competitive labour market and economic uncertainty dampening worker movement.

The decline in permanent candidate numbers across Scotland was noticeably stronger than that seen across the UK as a whole.

Fall in temp staff supply softens

Latest data signalled a continued reduction in temp candidate availability across Scotland during July. Scottish recruiters linked the fall to fewer European workers, competition from permanent roles and skill shortages. However, the rate of decrease did soften from June to the weakest in three months.

Permanent Candidate Availability Index
Feb '22 - Jul '22



Temporary Candidate Availability Index
Feb '22 - Jul '22



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

28.4
Jul '22



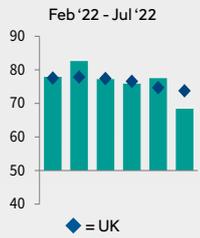
Temporary Candidate Availability Index
sa, >50 = growth since previous month

35.4
Jul '22



Pay pressures

Permanent Salaries Index



Slowest increase in starting salaries for a year

Salaries awarded to permanent new joiners in Scotland increased for the twentieth successive month in July. Companies raised pay to attract and secure workers amid severe labour shortages, according to recruiters. That said, the rate of increase eased on the month, registering the softest upturn in starting salaries for a year.

Additionally, starting salary inflation across Scotland was slower than that seen across the UK as a whole.

Permanent Salaries Index

sa, >50 = inflation since previous month

68.4

Jul '22



Temporary Wages Index



Temp wage inflation eases from June's eight-month high

Temp wages rose sharply across Scotland in July, stretching the current run of inflation that began in December 2020. The respective seasonally adjusted index, while historically elevated, slipped from the eight-month high seen in June. Panellists primarily linked the latest rise in wages to the fact that demand for labour outstripped supply.

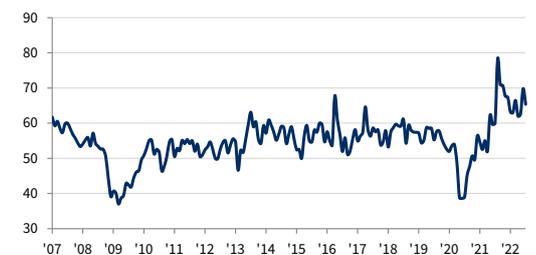
Temp pay also increased at the UK level during July. However, the rate of increase was slower than that seen for Scotland.

Temporary Wages Index

sa, >50 = inflation since previous month

65.4

Jul '22



Demand for permanent staff

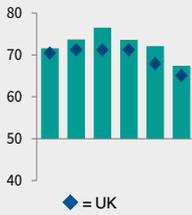
Demand for permanent staff softens again in July

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 in Scotland continued to expand during July, marking an eighteenth successive monthly rise. However, the rate of growth decelerated for the third month running and was the slowest since March 2021.

IT & Computing topped the rankings for permanent staff demand at the start of the third quarter, followed by Nursing/Medical/ Care.

Permanent Vacancies Index
Feb '22 - Jul '22



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

67.4
Jul '22



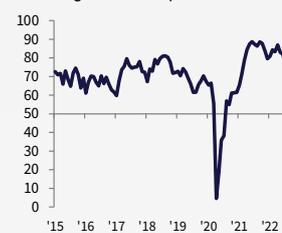
Permanent Vacancies Index by sector

Rank	Sector	Jun-22	Jul-22
1	IT & Computing	82.1	75.6
2	Nursing/Medical/Care	76.5	72.9
3	Accounts & Financial	70.2	68.1
4	Engineering & Construction	77.4	67.8
5	Blue Collar	72.2	67.7
6	Executive & Professional	71.3	65.4
7	Hotel & Catering	68.4	63.8
8	Secretarial & Clerical	61.6	61.9

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



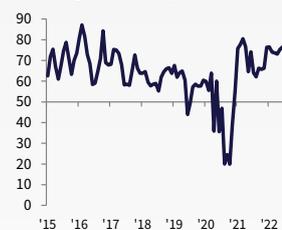
Secretarial & Clerical

sa, >50 = growth since previous month



Nursing, Medical & Care

sa, >50 = growth since previous month



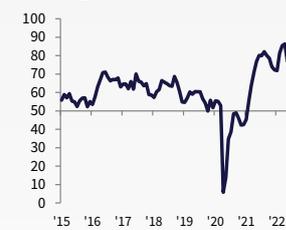
Hotel & Catering

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 staff vacancies slows further in July

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.

As has been the case for the last 22 months, recruiters across Scotland reported a rise in temporary vacancies during July. While the rate of increase was the softest for five months, the upturn across Scotland was quicker than that observed for the UK as a whole.

Engineering & Construction and IT & Computing posted the joint-fastest upturns in temp staff demand during July.

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

66.6
Jul '22



Temporary Vacancies Index by sector

Rank	Sector	Jun-22	Jul-22
1	Engineering & Construction	79.6	73.0
2	IT & Computing	79.1	73.0
3	Blue Collar	72.9	68.1
4	Nursing/Medical/Care	64.0	63.6
5	Accounts & Financial	65.6	63.3
6	Secretarial & Clerical	55.1	60.6
7	Hotel & Catering	54.6	60.3
8	Executive & Professional	57.4	55.6

Temporary vacancies by sector

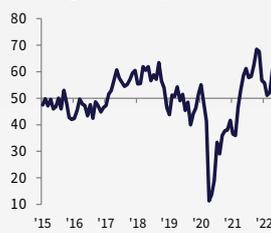
IT & Computing

sa, >50 = growth since previous month



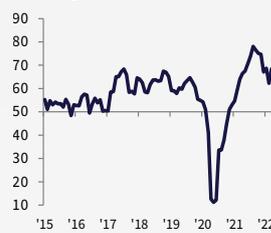
Executive & Professional

sa, >50 = growth since previous month



Accounting & Financial

sa, >50 = growth since previous month



Secretarial & Clerical

sa, >50 = growth since previous month



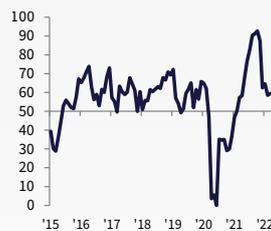
Nursing, Medical & Care

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
Feb '22	71.5	57.5	38.7	37.4	77.9	63.0	71.6	65.0
Mar '22	71.7	61.7	36.5	40.7	82.6	66.5	73.7	68.8
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

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

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