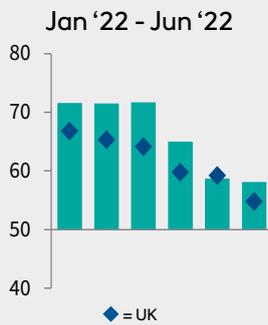


Royal Bank of Scotland Report on Jobs

Permanent placement growth softens amid ongoing staff shortages

Scotland Permanent Placements Index



Key findings

Softest increase in permanent staff hires since February 2021

Vacancy growth moderates for second month running...

...but rates of starting pay inflation quicken

Scottish recruiters recorded a further expansion in hiring activity during June, according to the latest Royal Bank of Scotland Report on Jobs survey. Permanent placements and temp billings both rose at historically sharp rates. That said, the latest upturn in permanent staff appointments was the softest in 16 months. Latest data also signalled a further fall in staff availability, while demand for workers rose at a reduced, but still marked rate. As a result, both starting salaries and temp pay rose sharply in June.

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

"For the second month running we have seen a slowdown in permanent staff hiring across Scotland in June. While the latest upturn was only slightly softer than that seen in May, it was nonetheless the weakest increase in permanent staff appointments since February 2021. However, temp billings grew at an accelerated rate during June, after the respective index hit a four-month low in May."

"June data also highlighted that demand for labour increased strongly, though rates of vacancy growth did ease compared to May. As a result, increases in starting pay remained sharp, with both salaries and wages rising at a faster rate than compared to the preceding month."

"Low staff availability and skills shortages meant that the labour market remained unfavourable for the employer during June, who are having to increasingly up pay offers in order to attract and secure staff with the right skills."

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?".

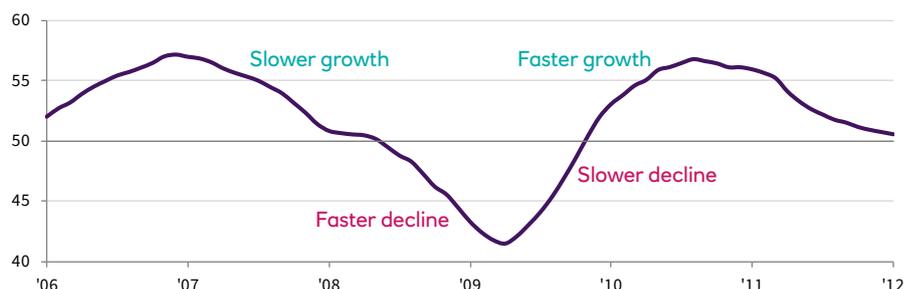
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

June data were collected 13-24 June 2022.

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

Index interpretation

50.0 = no change since previous month



Staff placements

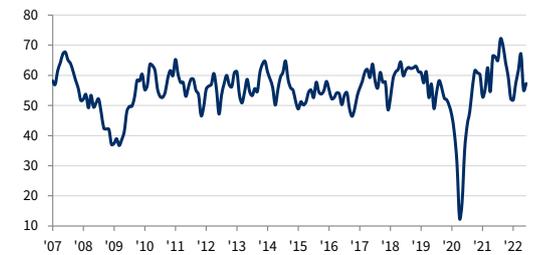
Permanent placement growth slows further in June

June data revealed a rise in permanent placements, thereby extending the current run of expansion to one-and-a-half years. Panellists noted that greater client activity and growth in vacancies had driven the latest upturn in permanent staff appointments. Though sharp, the rate of expansion eased for the third month running and was the softest in 16 months.

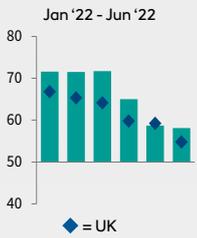
Permanent Placements Index 58.1
sa, >50 = growth since previous month Jun '22



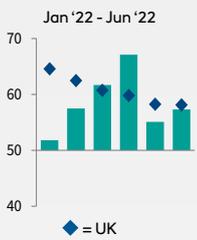
Temporary Billings Index 57.3
sa, >50 = growth since previous month Jun '22



Permanent Placements Index



Temporary Billings Index



Expansion in temp billings reaccelerates during June

Scottish recruitment agencies indicated a twenty-second monthly rise in temp staff billings during June. The pace of increase quickened from May's four-month low, to signal strong growth overall. However, compared to the UK-wide average, the Temporary Billings Index reading for Scotland underperformed for the second month running.



Labour supply

Permanent staff availability contracts severely in June

Another drop in permanent staff availability across Scotland was recorded in June. While the downturn eased considerably from May's all-time record, the rate of contraction remained sharp overall. Ongoing skill shortages, a competitive labour market and Brexit were all linked to the latest decrease.

Labour shortages were also apparent across the UK as whole during June, though the drop in permanent staff availability was not as severe as that seen for Scotland.

Permanent Candidate Availability Index **31.7**
sa, >50 = growth since previous month Jun '22



Drop in temp labour supply remains historically sharp

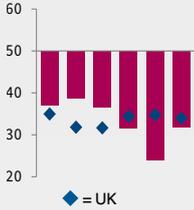
The availability of temporary candidates shrank further during the latest survey period. The rate of decline softened from May's recent low but remained marked overall. Some recruiters mentioned that staff supply had fallen as a number of companies were raising pay in efforts to retain staff and some people had a preference for permanent roles.

The rate of decrease in Scotland was faster than the UK average, despite the latter having quickened on the month.

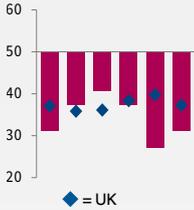
Temporary Candidate Availability Index **31.2**
sa, >50 = growth since previous month Jun '22



Permanent Candidate Availability Index
Jan '22 - Jun '22

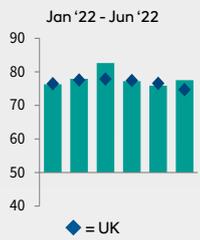


Temporary Candidate Availability Index
Jan '22 - Jun '22



Pay pressures

Permanent Salaries Index



Starting salary inflation quickens to three-month high

According to the latest survey data, starting salaries rose across Scotland in June. This extended the current period of pay inflation to 19 months. The latest upturn was the fastest since March, when inflation hit a record high. The surge in pay reflected ongoing candidate and skills shortages amid greater demand for staff, which all placed upward pressure on pay.

The rate of increase across Scotland was faster than that seen for the UK as a whole.

Permanent Salaries Index

sa, >50 = inflation since previous month

77.5

Jun '22



Temporary Wages Index



Temp wages rise at quickest rate in a year

Recruiters across Scotland noted a robust rise in average hourly wages during June. The respective seasonally adjusted index increased from May to post an eight-month high. The latest rise was driven by skills shortages and companies bumping pay to attract workers amid staff shortages.

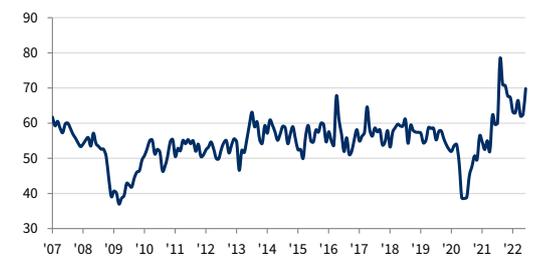
For the first time since September 2021, the rate of temp wage inflation across Scotland was quicker than that seen across the UK as a whole.

Temporary Wages Index

sa, >50 = inflation since previous month

69.8

Jun '22



Demand for permanent staff

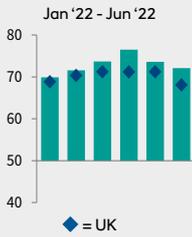
Demand for permanent staff rises at softer pace in June

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.

Permanent vacancies across Scotland expanded for the seventeenth month running during June. That said, the pace of increase eased for the second consecutive month to the slowest recorded since February.

At a sectoral level, the strongest upturns in demand were seen across IT & Computing and Engineering & Construction.

Permanent Vacancies Index
Jan '22 - Jun '22



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

72.1
Jun '22



Permanent Vacancies Index by sector

Rank	Sector	May-22	Jun-22
1	IT & Computing	82.9	82.1
2	Engineering & Construction	76.9	77.4
3	Nursing/Medical/Care	75.3	76.5
4	Blue Collar	72.8	72.2
5	Executive & Professional	73.3	71.3
6	Accounts & Financial	77.6	70.2
7	Hotel & Catering	57.8	68.4
8	Secretarial & Clerical	64.0	61.6

Permanent vacancies by sector

IT & Computing

sa, >50 = growth since previous month



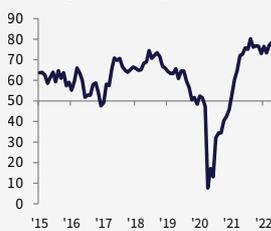
Executive & Professional

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 again

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 21 months, recruiters across Scotland reported another rise in temporary vacancies. While the rate of increase was the softest for three months, the upturn across Scotland was quicker than that seen for the UK as a whole.

Engineering & Construction and IT & Computing posted the fastest rises in temp staff demand in June.

Temporary Vacancies Index **68.8**
sa, >50 = growth since previous month Jun '22



Temporary Vacancies Index by sector

Rank	Sector	May-22	Jun-22
1	Engineering & Construction	73.4	79.6
2	IT & Computing	84.8	79.1
3	Blue Collar	79.2	72.9
4	Accounts & Financial	68.3	65.6
5	Nursing/Medical/Care	65.6	64.0
6	Executive & Professional	58.9	57.4
7	Secretarial & Clerical	57.5	55.1
8	Hotel & Catering	55.5	54.6

Temporary vacancies by sector

IT & Computing

sa, >50 = growth since previous month



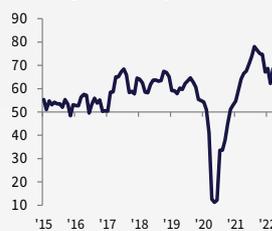
Executive & Professional

sa, >50 = growth since previous month



Accounting & Financial

sa, >50 = growth since previous month



Secretarial & Clerical

sa, >50 = growth since previous month



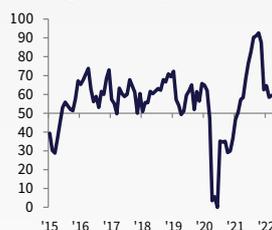
Nursing, Medical & Care

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
Jan '22	71.6	51.8	37.1	31.2	76.3	63.2	69.9	64.4
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

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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.

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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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