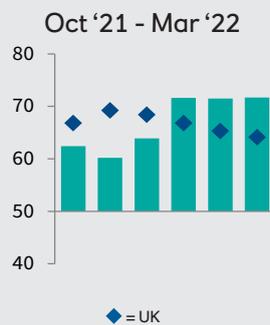


Royal Bank of Scotland Report on Jobs

Recruitment activity continues to rise sharply despite labour shortages

Scotland Permanent Placements Index



Key findings

Permanent placements increase at second-fastest rate on record

Candidate availability continues to decline markedly

Starting salary inflation accelerates to fresh series high

Recruiters across Scotland saw another robust uplift in hiring activity in March, according to the latest Royal Bank of Scotland Report on Jobs survey. Panellists noted steep and accelerated increases in both permanent placements and temp billings amid reports of greater market confidence and increased activity at clients. However, the growing imbalance between demand for staff and supply of labour resulted in further marked increases in starting pay. Notably, the latest rise in permanent starting salaries was the fastest on record.

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

"Latest survey data pointed to a further marked improvement in labour market conditions in March, fuelled by robust demand for staff. Permanent placements increased at the second-fastest rate on record, and temp billings growth quickened to the sharpest for five months.

"Furthermore, as overall demand for staff continued to increase, the data suggest that there will likely be further strong rises in recruitment activity in the months ahead. However, ongoing labour shortages do raise the question of how strong future increases in permanent placements and temp billings will be, as skill shortages limit firms' ability to fill roles. Nevertheless, the competitive and tight labour market plays in favour of job seekers, with starting salary inflation hitting a fresh survey high in March."

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?".

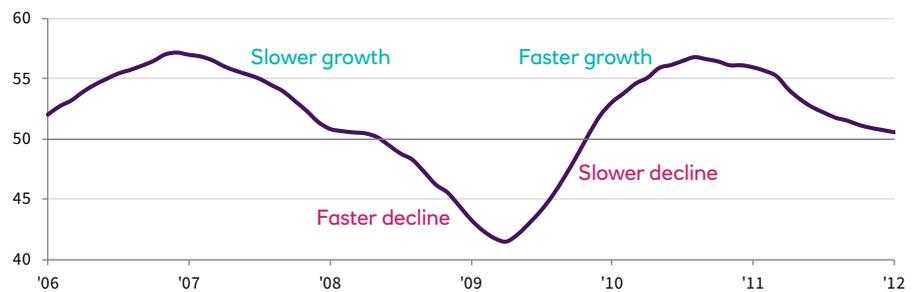
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

March data were collected 11-25 March 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 hits near-record pace

The seasonally adjusted Permanent Placements Index signalled a further rise in permanent staff appointments across Scotland in March. The rate of growth quickened slightly since February and was the second-sharpest on record. Anecdotal evidence suggested that stronger market conditions and surge in client demand drove the latest increase in permanent placements. Notably, the rate of growth outpaced the UK-wide average for the third consecutive month.

Permanent Placements Index
sa, >50 = growth since previous month
71.7
Mar '22



Temp billings increase at quickest rate for five months

Recruiters across Scotland recorded a further uplift in temporary billings in March. Furthermore, the rate of growth gathered momentum, accelerating to a five-month high, and was sharp overall. Recruiters indicated that the latest expansion was supported by rising business activity at clients as COVID-19 disruption subsided.

In contrast, temp billings growth slowed to an 11-month low across the UK as a whole, and was not quite as sharp as that seen in Scotland.

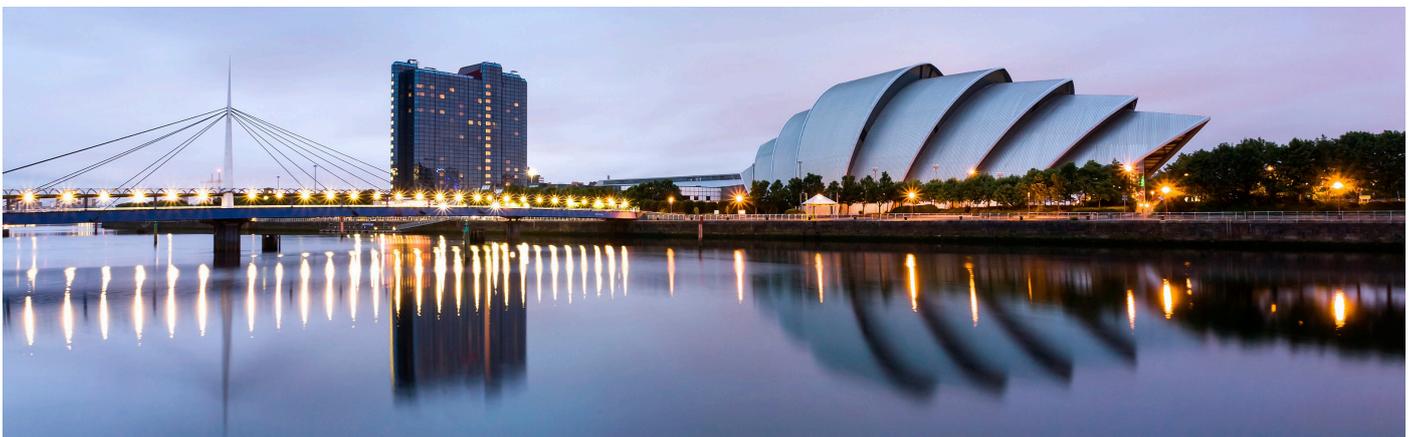
Temporary Billings Index
sa, >50 = growth since previous month
61.7
Mar '22



Permanent Placements Index
Oct '21 - Mar '22



Temporary Billings Index
Oct '21 - Mar '22



Labour supply

Permanent Candidate Availability Index
Oct '21 - Mar '22



Sharpest decline in permanent candidate availability for three months

Latest survey data indicated that the availability of permanent staff declined again in Scotland during March, thereby extending the current sequence of reduction that began in February 2021. The respective seasonally adjusted index posted well below the 50.0 no-change threshold, to signal a severe contraction that was the quickest for three months. Recruiters often commented on tight labour market conditions and acute skill shortages when explaining the latest fall. That said, the rate of decline in Scotland remained softer than that seen across the UK as a whole.

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

36.5
Mar '22



Temporary Candidate Availability Index
Oct '21 - Mar '22



Downturn in temp candidate availability eases in March

The supply of short-term staff across Scotland fell for the thirteenth month running in March. Recruiters blamed the latest decrease in availability to a generally low unemployment rate and reluctance among some workers to seek new roles. However, the respective seasonally adjusted index signalled the slowest rate of deterioration since April 2021, as the pace of decline eased for the third successive month. Furthermore, the latest fall in temp candidate numbers across Scotland was not as sharp as the UK-wide average.

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

40.7
Mar '22



Pay pressures

Permanent starters' salaries increase at record pace

March data signalled a sixteenth consecutive monthly rise in permanent starting salaries across Scotland. Moreover, the rate of increase was the fastest since the survey began in January 2003 and marked. Recruitment agencies linked higher starting salaries to efforts to attract candidates amid ongoing labour shortages.

The rate of salary inflation across the UK as a whole also hit a fresh series high in March but remained slower than that seen in Scotland.

Steep increase in temp wages in March

Latest survey data highlighted a rise in temporary staff wages in Scotland in March. Furthermore, the rate of inflation quickened to a three-month high and was sharp overall. Anecdotal evidence suggested that short-term pay increased as part of efforts to attract applicants. The rate of wage growth in Scotland was only slightly softer than that seen at the UK level.

Permanent Salaries Index



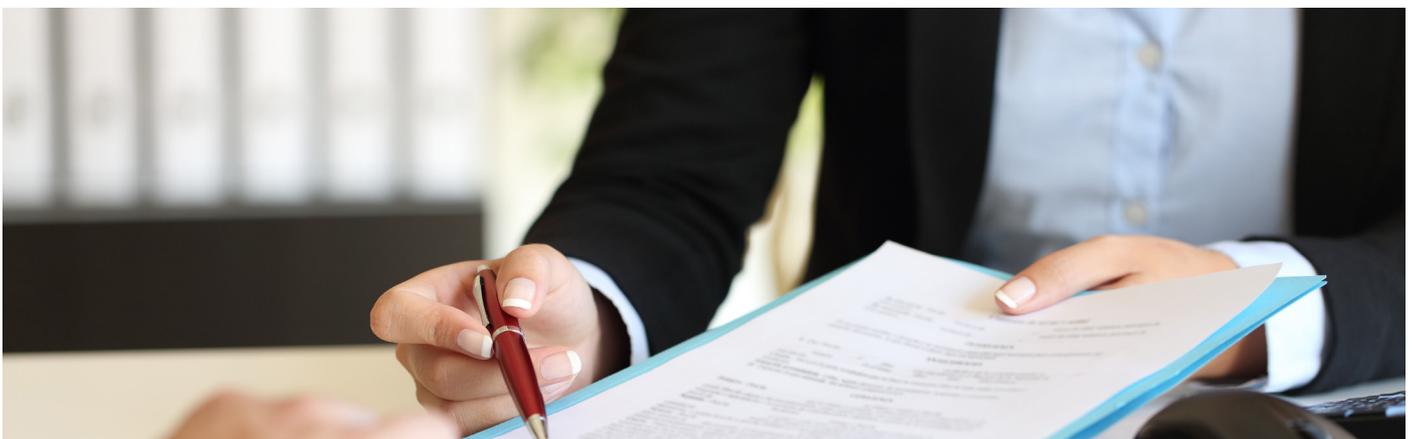
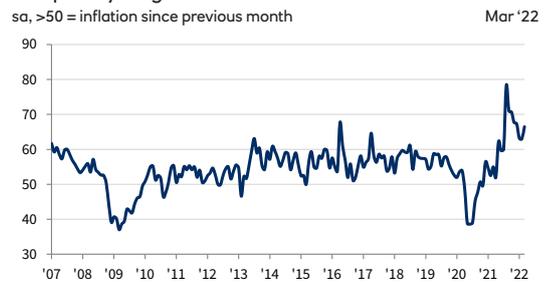
Permanent Salaries Index



Temporary Wages Index



Temporary Wages Index



Demand for permanent staff

Another strong uplift in permanent staff demand in March

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.

Vacancies for permanent staff across Scotland expanded for the fourteenth successive month in March. The rate of growth was the quickest since last October and marked overall. Furthermore, the upturn in demand for permanent workers remained quicker than the UK-wide average.

By sector, Engineering & Construction recorded the steepest increase in permanent vacancies, followed closely by IT & Computing.

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



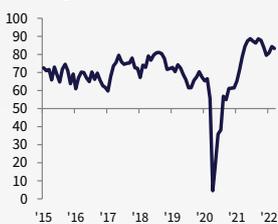
Permanent Vacancies Index by sector

Rank	Sector	Feb-22	Mar-22
1	Engineering & Construction	81.4	85.4
2	IT & Computing	84.3	83.3
3	Accounts & Financial	73.4	77.1
4	Nursing/Medical/Care	74.0	73.6
5	Blue Collar	71.1	72.7
6	Executive & Professional	66.5	68.3
7	Secretarial & Clerical	58.4	60.1
8	Hotel & Catering	55.1	59.2

Permanent vacancies by sector

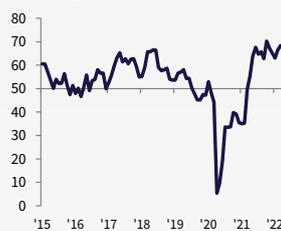
IT & Computing

sa, >50 = growth since previous month



Executive & Professional

sa, >50 = growth since previous month



Accounting & Financial

sa, >50 = growth since previous month



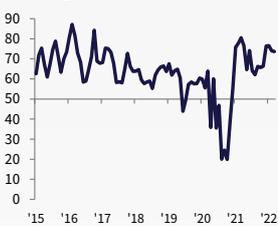
Secretarial & Clerical

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

Temp vacancy growth improves to three-month high

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.

Recruitment consultancies signalled an eighteenth straight monthly rise in temp vacancies across Scotland. The rate of expansion was sharp, having accelerated to a three-month high, but was not as steep as that seen across the UK as a whole.

All monitored job sectors reported a stronger increase in temp vacancies in March. IT & Computing topped the rankings, followed by Engineering & Construction.

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



Temporary Vacancies Index by sector

Rank	Sector	Feb-22	Mar-22
1	IT & Computing	77.0	82.7
2	Engineering & Construction	66.3	73.8
3	Blue Collar	69.4	73.6
4	Accounts & Financial	62.2	68.5
5	Nursing/Medical/Care	64.2	64.3
6	Hotel & Catering	58.5	59.4
7	Secretarial & Clerical	57.1	57.2
8	Executive & Professional	51.1	52.2

Temporary vacancies by sector

IT & Computing

sa, >50 = growth since previous month



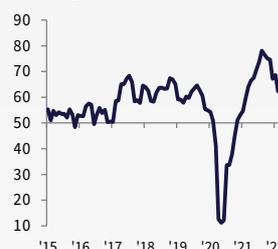
Executive & Professional

sa, >50 = growth since previous month



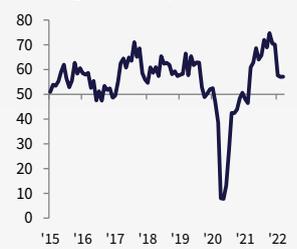
Accounting & Financial

sa, >50 = growth since previous month



Secretarial & Clerical

sa, >50 = growth since previous month



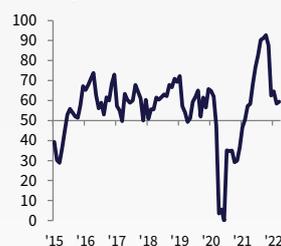
Nursing, Medical & Care

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
Oct '21	62.4	64.2	25.7	31.1	74.8	70.7	75.5	78.5
Nov '21	60.2	59.7	24.6	39.8	80.5	67.7	73.5	73.5
Dec '21	63.9	52.3	30.0	30.8	76.5	67.3	71.2	69.6
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

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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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