News Release

Royal Bank of Scotland

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Royal Bank of Scotland Report on Jobs

Permanent placements increase in September

- **Fresh uplift in permanent staff appointments, but growth only mild**
- **Temp billings rise at quicker pace**
- **Pay pressures ease, but remain historically sharp**

Scotland's labour market saw an improvement in overall hiring activity in September, according to the latest Royal Bank of Scotland Report on Jobs survey, with recruiters reporting a fresh rise in permanent placements and stronger temp billings growth. The seasonally adjusted Permanent Placements Index rose back above the neutral 50.0 mark, rising from 47.3 in August to 52.7 in September, to signal a mild uplift in permanent staff appointments, while temp billings increased at a strong and accelerated rate.

At the same time, sustained growth of vacancies, combined with another deterioration in candidate availability, led to further upwards pressure on pay. Notably, both starting salaries and temp wages increased at historically sharp rates, despite easing since August.

Permanent placements return to growth

Adjusted for seasonal variation, the Permanent Placements Index rose back above the neutral level of 50.0 in September to signal a fresh rise in permanent staff appointments across Scotland. Panellists attributed the upturn to strong demand for staff and increased hiring activity amongst clients in some sectors. That said, the pace of increase was only mild.

September data pointed to sustained growth of temp billings across Scotland, extending the current sequence of upturn that began two years ago. The rate of expansion ticked up from August's seven-month low and was solid overall.

The pace of increase in temp billings in Scotland was broadly in line with the trend seen for the UK as a whole.

Further marked drop in permanent candidate availability

The supply of permanent staff across Scotland continued to decrease in September, stretching the current sequence of contraction to 20 months. Skills shortages and high demand for staff reportedly drove the latest fall. Notably, the rate of decline quickened slightly on the month and was marked overall.

Scotland recorded a much sharper fall in permanent staff supply than that seen on average across the UK, with the pace of decline slowing slightly on the month at the national level.

Adjusted for seasonal variation, the Temporary Candidate Availability Index remained below the neutral 50.0 mark in September, signalling a nineteenth straight monthly deterioration in the supply of temp staff across Scotland and one that was rapid overall. Panellists cited strong demand for short-term workers and a reluctance among candidates to move roles. Although it remained much sharper than that seen at the national level, the pace of contraction was the slowest for six months.

Rate of starting salary inflation eases to 15-month low

September data signalled a sustained uplift in salaries awarded to permanent new joiners in Scotland, amid reports that strong demand for staff led to upwards pressure on pay. Though historically sharp, the rate of salary inflation was the slowest for 15 months, and weaker than that recorded for the UK as a whole.

A twenty-second monthly increase in hourly rates for short-term staff in Scotland was recorded in September. According to survey respondents, skills shortages were the primary cause of the latest rise. The rate of temp wage inflation softened to a four-month low, but was nonetheless sharp and outpaced the UK-wide average.

Permanent vacancies rise at slower rate

As has been the case in each month since February 2021, demand for permanent staff in Scotland increased in September. The rate of expansion was the softest seen for a year-and-a-half, albeit sharp by historical standards.

IT & Computing recorded the fastest rise in permanent vacancies, followed by Nursing/Medical/Care, while Hotel & Catering saw the slowest.

Temporary vacancies across Scotland continued to rise in September, extending the current sequence of growth to two years. The rate of increase was the slowest since February 2021, but still sharp overall.

Across the monitored sectors, demand for temp staff was strongest in IT & Computing, followed by Accounts & Financial.

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COMMENT

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

“Permanent staff appointments across Scotland rose during September following a moderate fall in August, amid reports of improved hiring activity at clients in some sectors and strong demand for workers. The rate of growth was only mild, but nonetheless outpaced the UK-wide average. Temp billings also increased, with growth ticking up since August to a solid pace.

"The imbalance between staff demand and supply continued to place upwards pressure on pay in September. The latest survey showed that both permanent and temporary staff availability continued to decline sharply, which drove further increases in temp pay and starting salaries at rates seldom seen in the history of the survey.”

ENDS

Royal Bank of Scotland is supporting civil and corporate customers affected by COVID-19. For advice or support visit: https://www.business.rbs.co.uk/business/support-centre/service-status/coronavirus.html

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Notes to Editors

This report, compiled by S&P Global, is based on a monthly survey of around 100 recruitment and employment consultants, and provides up-to-date information on Scottish labour market trends and is seasonally adjusted.

The information in this report is directly comparable with the KPMG and REC, Report on Jobs survey for the UK, which uses an identical methodology. The KPMG and REC index for the UK has a strong track record of accurately anticipating changes in unemployment, employment and average earnings.

All Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with reading of exactly 50.0 signalling no change on the previous month. Readings above 50 signal an increase or improvement; readings below 50 signal a decline or deterioration. Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices and are also used to adjust for expected seasonal variations.

September data were collected 12-26 September 2022.

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global. Please contact economics@ihsmarkit.com.

A regional Report on Jobs series is now available comprising five regional reports tracking labour market trends across the Midlands, the North of England, the South of England, Scotland and London. The reports are designed to provide a comprehensive and up-to-date guide to labour market trends and the data are directly comparable with the UK Report on Jobs.

About the Recruitment & Employment Confederation
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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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