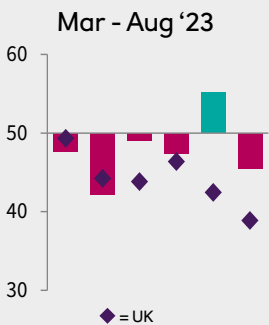


Royal Bank of Scotland Report on Jobs

Fresh decline in permanent placements in August

Scotland Permanent Placements Index



Key findings

Permanent staff appointments contract solidly

Demand for permanent labour deteriorates

Pay pressures remain elevated amid efforts to secure skilled staff

According to the latest Royal Bank of Scotland Report on Jobs survey, hiring conditions across Scotland deteriorated during August, with surveyed recruiters signalling sharp decreases in both permanent placements and temp billings. Moreover, vacancies fell for permanent staff and stagnated for short-term roles. Nonetheless, pay pressures picked up slightly from July, as shortages of skilled candidates continued to drive up starting salaries and wages.

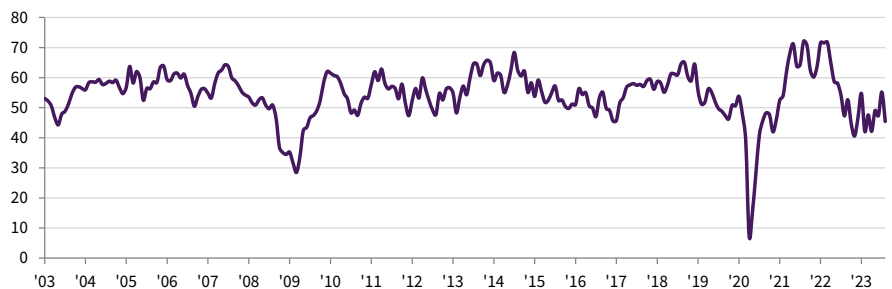
Sebastian Burnside, Chief Economist at Royal Bank of Scotland, commented:

"The latest survey data highlighted renewed weakness across the Scottish labour market. A smaller pool of desirable and skilled candidates and the muted economic climate meant that hiring activity remained subdued during August, with both permanent placements and temp billings falling sharply. Moreover, fewer work opportunities translated into a reduction in permanent vacancies. Nonetheless, both starting salaries and wages continued to rise at historically strong rates. Competition for scarce and skilled candidates often meant that firms had to pay more to secure the right talent."

"Going forward, with fewer vacancies in the market, and firms already limiting their hiring, the survey suggests a weaker outlook for the Scottish labour market in the remaining months of 2023."

Scotland Permanent Placements Index

sa, >50 = growth since previous month



Contents

- [About the report](#)
- [Placements](#)
- [Labour supply](#)
- [Pay pressures](#)
- [Demand for permanent staff](#)
- [Demand for temporary staff](#)
- [Contact](#)

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 70 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?".

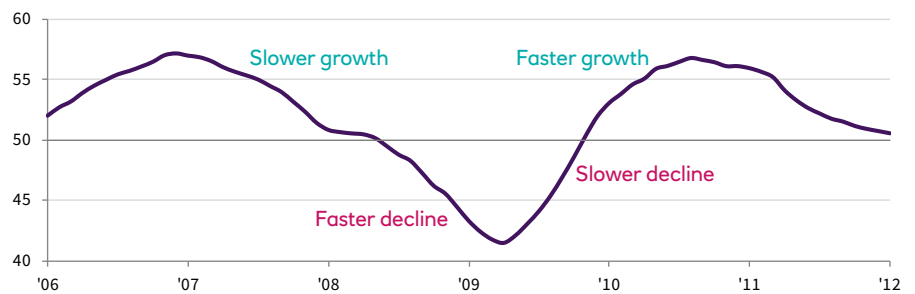
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

August data were collected 10-24 August 2023.

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

Index interpretation

50.0 = no change since previous month



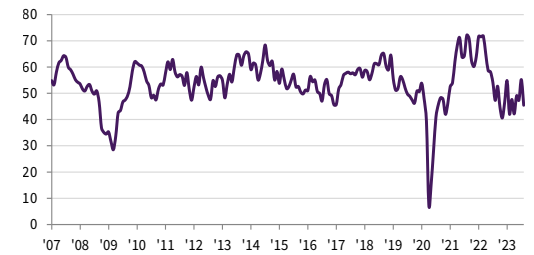
Staff placements

Fresh contraction in permanent placements

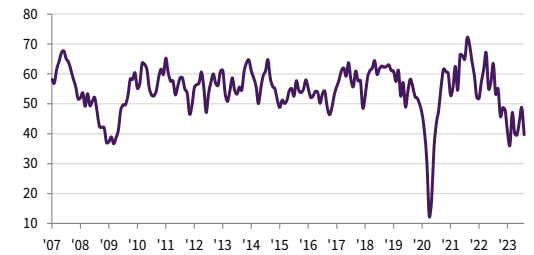
Following a brief rise in July, latest survey data signalled a renewed fall in permanent placements across Scotland during August. Moreover, the rate of contraction was the strongest since April, with recruiters often linking the reduction to weaker economic conditions and a shortage of skilled and desirable candidates.

That said, the downturn in permanent staff appointments at the UK level was much quicker than that seen in Scotland.

Permanent Placements Index
sa, >50 = growth since previous month
45.5
Aug '23



Temporary Billings Index
sa, >50 = growth since previous month
39.7
Aug '23

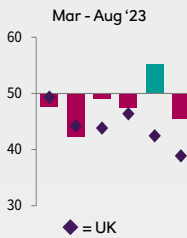


Steeper drop in temp billings

Recruiters across Scotland signalled an eleventh successive monthly reduction in temp billings midway through the third quarter. After having eased in July, the rate of decrease quickened notably to the fastest since May and was marked overall. According to anecdotal evidence, a lack of new work at clients was behind the latest reduction.

Furthermore, the rate at which temp billings contracted in Scotland was much faster than that seen across the UK as a whole. The latter saw a marginal reduction following a three-year period of growth.

Permanent Placements Index
Mar - Aug '23



Temporary Billings Index
Mar - Aug '23



Labour supply

Quicker deterioration in permanent staff supply

August data revealed a deterioration in permanent candidate availability across Scotland, thereby stretching the current run of decrease that began in February 2021. The rate of contraction picked up from July and was the fastest in eight months. Increased hesitancy among people to move roles amid the current economic climate as well as skill shortages were linked to the latest reduction in permanent labour supply.

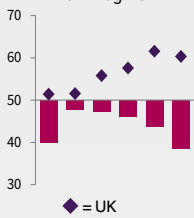
Moreover, the downturn across Scotland contrasted with a rapid increase in permanent candidate numbers at the UK level.

Temp labour supply falls modestly in August

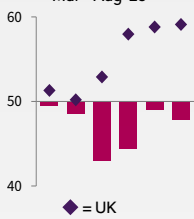
As has been the case in each month since March 2021, the availability of candidates for temporary roles across Scotland deteriorated during August. Recruiters often commented on a general shortage of skilled labour. While the rate of reduction picked up from July, it remained much softer than those recorded a year ago and was broadly in line with the series average.

In contrast, the supply of short-term workers increased at the UK level and at a rapid and accelerated pace.

Permanent Candidate Availability Index
Mar - Aug '23

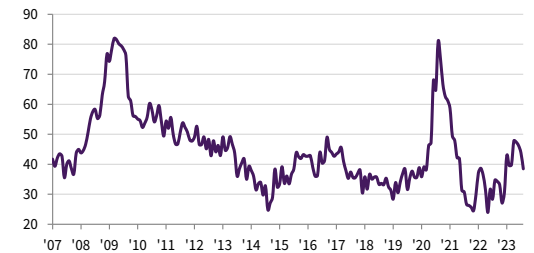


Temporary Candidate Availability Index
Mar - Aug '23



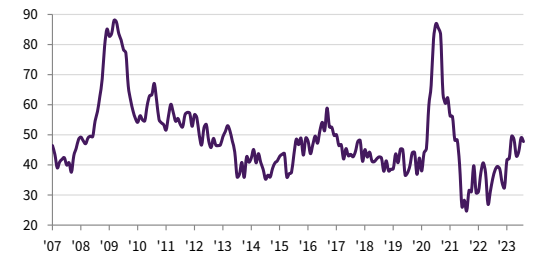
Permanent Candidate Availability Index
sa, >50 = growth since previous month

38.5
Aug '23



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

47.8
Aug '23



Pay pressures

Starting salary inflation remains marked

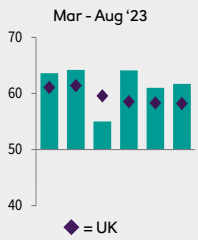
Salaries awarded to permanent new joiners in Scotland continued to increase during August, extending the current sequence of pay growth that began in December 2020. The rate of salary inflation accelerated from July and was faster than the historical average. Recruiters often attributed higher pay to efforts to secure sought-after and skilled labour.

Scotland recorded a stronger rate of growth in permanent salaries than compared to the UK-wide trend.

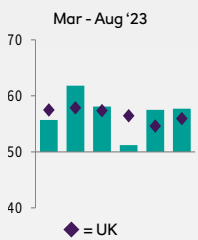
Temp pay growth quickens for second straight month

As has been the case in each of the last 33 months, average wages for short-term staff increased across Scotland during August. The pace of temp wage inflation quickened for the second successive month, to signal a sharp rise that was once again stronger than the UK-wide average. A number of surveyed recruiters commented that an ongoing shortage of skilled candidates had pushed up hourly pay rates.

Permanent Salaries Index



Temporary Wages Index

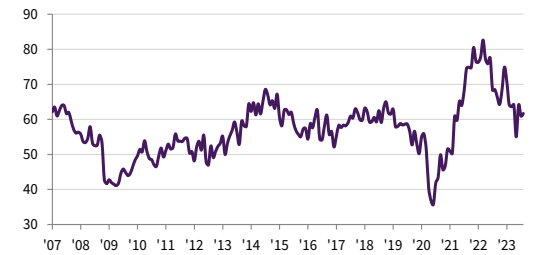


Permanent Salaries Index

sa, >50 = inflation since previous month

61.7

Aug '23

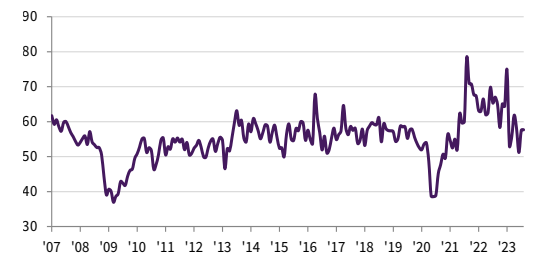


Temporary Wages Index

sa, >50 = inflation since previous month

57.7

Aug '23



Demand for permanent staff

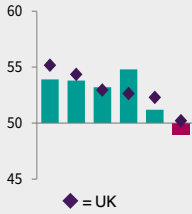
Fresh fall in permanent vacancies

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.

Following a two-and-a-half-year period of expansion, permanent vacancies in Scotland declined during August. However, the rate of contraction was modest overall. Meanwhile, growth of demand for permanent labour cooled across the UK as a whole, with vacancies rising only fractionally overall.

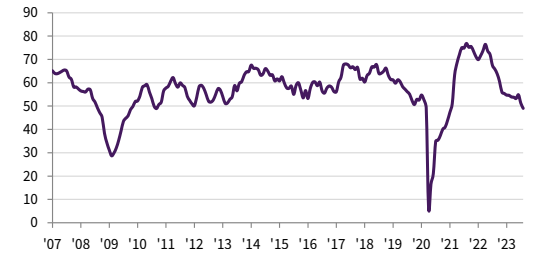
Executive & Professional saw the steepest drop in permanent vacancies, followed by Hotel & Catering.

Permanent Vacancies Index
Mar - Aug '23



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

49.0
Aug '23



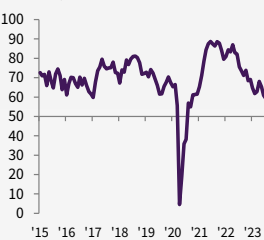
Permanent Vacancies Index by sector

Rank	Sector	Jul-23	Aug-23
1	IT & Computing	59.2	56.1
2	Blue Collar	59.3	55.1
3	Nursing/Medical/Care	55.6	54.1
4	Engineering & Construction	50.6	51.1
5	Accounts & Financial	52.3	48.2
6	Secretarial & Clerical	51.0	46.6
7	Hotel & Catering	50.6	45.6
8	Executive & Professional	40.0	41.4

Permanent vacancies by sector

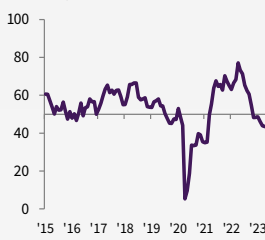
IT & Computing

sa, >50 = growth since previous month



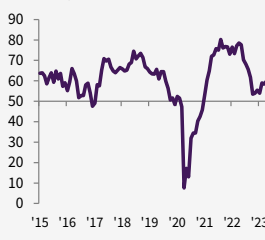
Executive & Professional

sa, >50 = growth since previous month



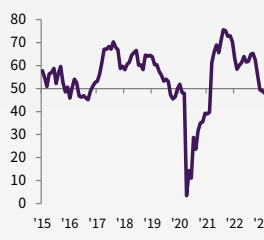
Accounting & Financial

sa, >50 = growth since previous month



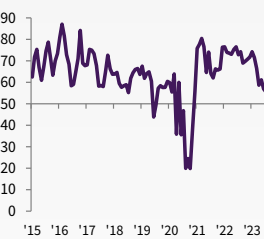
Secretarial & Clerical

sa, >50 = growth since previous month



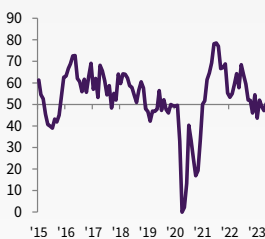
Nursing, Medical & Care

sa, >50 = growth since previous month



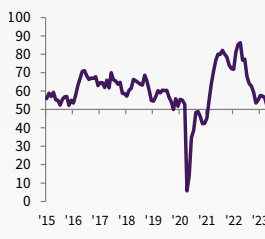
Hotel & Catering

sa, >50 = growth since previous month



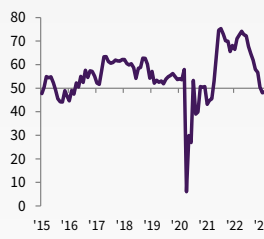
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

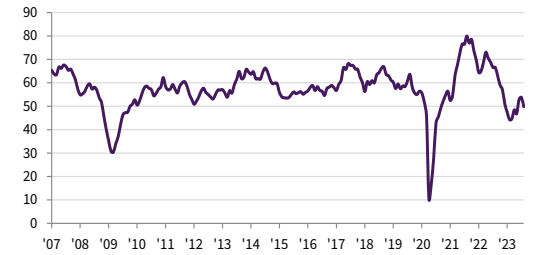
Temp vacancies stagnate in August

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.

After expanding for two consecutive months, demand for temporary workers across Scotland was broadly unchanged during the latest survey period. In contrast, short-term vacancies at the UK level continued to increase solidly overall.

Executive & Professional and Secretarial & Clerical categories registered the strongest drops in demand for temporary staff.

Temporary Vacancies Index
sa, >50 = growth since previous month
49.9
Aug '23



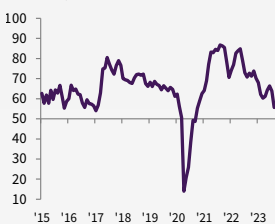
Temporary Vacancies Index by sector

Rank	Sector	Jul-23	Aug-23
1	Blue Collar	63.5	63.5
2	IT & Computing	63.8	55.7
3	Hotel & Catering	55.0	50.1
4	Accounts & Financial	56.0	47.0
5	Nursing/Medical/Care	48.8	46.4
6	Engineering & Construction	47.7	44.0
7	Secretarial & Clerical	45.5	40.6
8	Executive & Professional	45.6	39.6

Temporary vacancies by sector

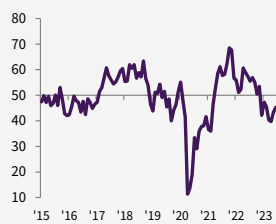
IT & Computing

sa, >50 = growth since previous month



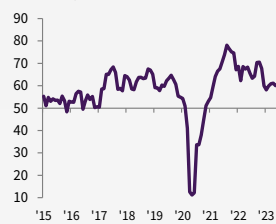
Executive & Professional

sa, >50 = growth since previous month



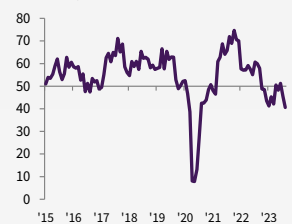
Accounting & Financial

sa, >50 = growth since previous month



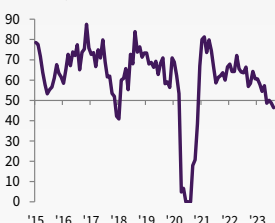
Secretarial & Clerical

sa, >50 = growth since previous month



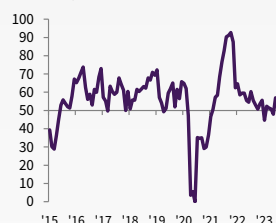
Nursing, Medical & Care

sa, >50 = growth since previous month



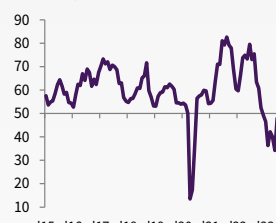
Hotel & Catering

sa, >50 = growth since previous month



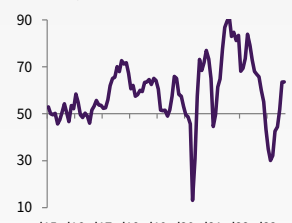
Engineering & Construction

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 Billings	Permanent Availability	Temporary Availability	Permanent Salaries	Temporary Wages	Permanent Vacancies	Temporary Vacancies
Mar '23	47.6	47.1	39.9	49.5	63.6	55.7	53.9	44.7
Apr '23	42.2	40.3	47.8	48.5	64.2	61.8	53.8	48.5
May '23	49.0	39.6	47.4	43.0	55.0	58.1	53.2	46.8
Jun '23	47.4	44.2	46.2	44.4	64.1	51.2	54.8	52.9
Jul '23	55.2	48.8	43.8	49.0	61.0	57.5	51.2	53.8
Aug '23	45.5	39.7	38.5	47.8	61.7	57.7	49.0	49.9

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About Royal Bank of Scotland

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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