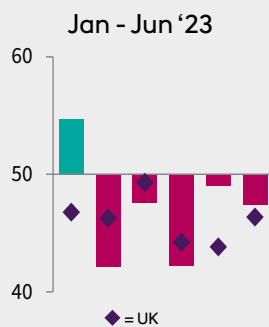


Royal Bank of Scotland Report on Jobs

Recruitment activity remains weak amid ongoing economic uncertainty

Scotland Permanent Placements Index



Key findings

Permanent placements and temp billings continue to contract

Growth in starting salaries accelerates

Temp vacancies rise for the first time in 2023 so far

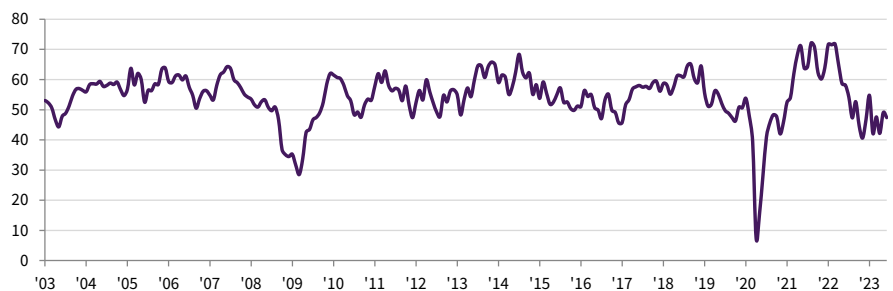
According to the latest Royal Bank of Scotland Report on Jobs survey, hiring activity fell again across Scotland during June amid reports that economic uncertainty and candidate shortages had dampened recruitment. The downturn in permanent staff appointments quickened on the month, while temp billings dropped at a softer but still sharp rate. Nevertheless, recruiters signalled a further rise in vacancies at the end of the second quarter. Moreover, the upturn in demand for permanent staff was the strongest in six months, corresponding with a sharper rate of growth in starting salaries. Additionally, temp vacancies increased for the first time since December 2022. However, candidate availability continued to deteriorate, with temp staff supply falling at a sharper rate than that seen for permanent workers.

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

"The latest recruitment survey data for Scotland pointed to further falls in hiring activity across both permanent and temporary jobs markets at the end of the second quarter. Permanent staff appointments fell solidly, while the downturn in temp billings eased but remained historically marked, with panel members linking weakness to the subdued economic climate and hesitancy to commit to new hires. Despite vacancies increasing, and notably a fresh rise in temp vacancies, this caution around the outlook combined with candidate shortages meant that recruiters struggled to fill roles. A tight labour market also meant that firms raised their starting salaries and wages further in order to attract suitable candidates."

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?".

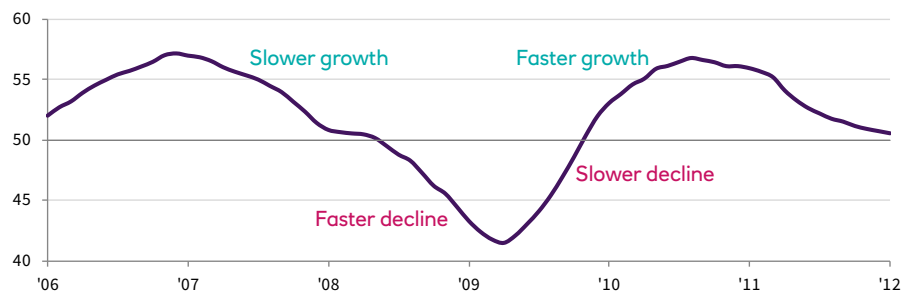
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

June data were collected 12-26 June 2023.

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

Index interpretation

50.0 = no change since previous month



Staff placements

Quicker contraction in permanent staff appointments

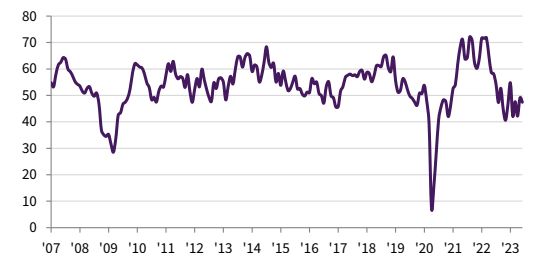
June data signalled a further fall in permanent staff appointments across Scotland, thereby extending the current sequence of contraction to five months. The rate of decrease quickened from May and was solid overall. Subdued business confidence and candidate hesitancy to seek new roles due to the weaker economic climate hindered recruitment, anecdotal evidence suggested.

That said, the rate at which permanent placements decreased in Scotland was weaker than that seen across the UK as a whole.

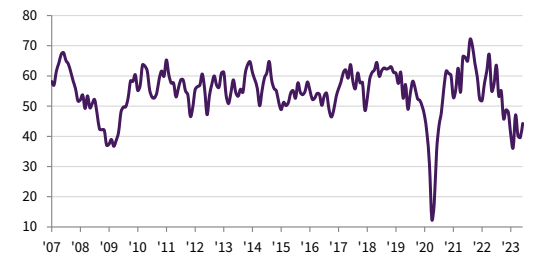
Softest drop in temp billings for three months

Going against the broader UK trend, temp billings across Scotland fell for the ninth successive month in June. The pace of reduction was sharp overall, despite moderating to the softest in three months. Panellists reported that candidate scarcity, reduced amounts of new work and hiring delays were key factors driving the latest reduction in billings.

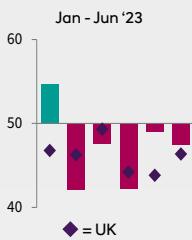
Permanent Placements Index
sa, >50 = growth since previous month
47.4
Jun '23



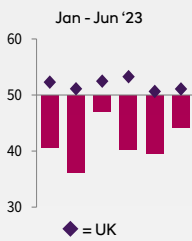
Temporary Billings Index
sa, >50 = growth since previous month
44.2
Jun '23



Permanent Placements Index
Jan - Jun '23



Temporary Billings Index
Jan - Jun '23



Labour supply

Solid decrease in permanent candidate availability

Recruitment consultancies across Scotland signalled a further decrease in the number of candidates available for permanent jobs during June. Though much softer than the average recorded over the current 29-month sequence of contraction, the pace of decline was the strongest in three months. Recruiters noted that skill shortages and lingering market uncertainty had impacted candidate numbers.

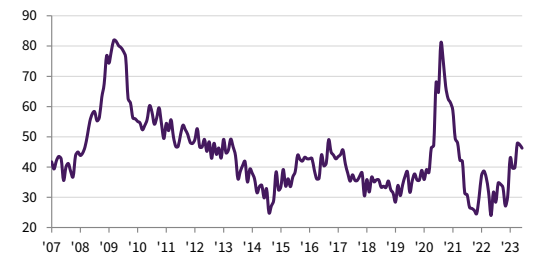
Additionally, the trend seen in Scotland compared to the UK as a whole continued to diverge, as candidate availability improved at the UK level and at the quickest pace in two-and-a-half years.

Slightly softer, but still sharp contraction in temp staff supply

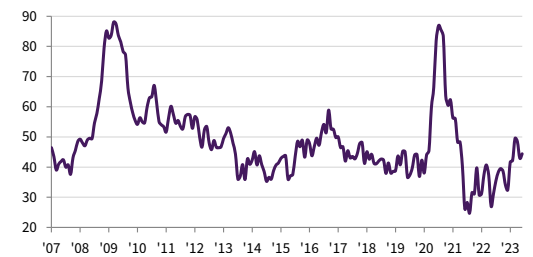
Short-term staff availability fell across Scotland in June, with contractions noted in each month since March 2021. The decrease, though weaker than that seen in May and much softer than this time last year, remained rapid overall. According to recruitment agencies, given the uncertain economic outlook, candidates were often reluctant to switch roles, with many favouring permanent jobs over short-term contracts.

While Scotland signalled a decrease in short-term staff availability, the UK on average registered a further expansion in temp candidate numbers during June.

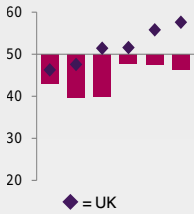
Permanent Candidate Availability Index 46.2
Jun '23
sa, >50 = growth since previous month



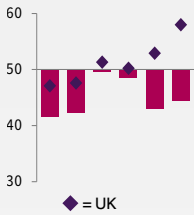
Temporary Candidate Availability Index 44.4
Jun '23
sa, >50 = growth since previous month



Permanent Candidate Availability Index
Jan - Jun '23

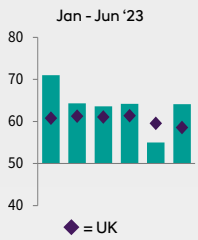


Temporary Candidate Availability Index
Jan - Jun '23



Pay pressures

Permanent Salaries Index
Jan - Jun '23



Starting salary inflation intensifies in June

Permanent starting salaries increased again across Scotland at the end of the second quarter. The rate of growth quickened from May's 27-month low and was historically sharp overall. According to panellists, shortages of skilled candidates and competition for labour drove up pay.

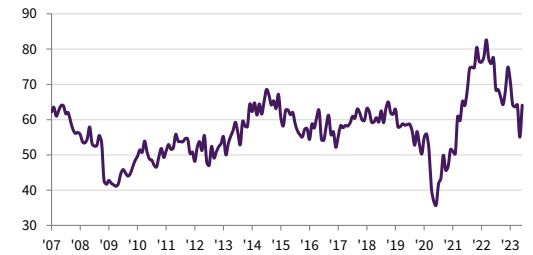
The rate at which starting salaries increased across Scotland outpaced the UK-wide average.

Permanent Salaries Index

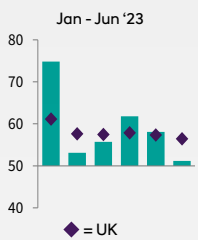
sa, >50 = inflation since previous month

64.1

Jun '23



Temporary Wages Index
Jan - Jun '23



Growth in temp wages softest in 31 months

Scottish recruitment agencies signalled a rise in temp pay rates in June, thereby stretching the current run of inflation to 31 months. That said, the pace of increase softened for the second month in a row to the weakest recorded in the aforementioned sequence.

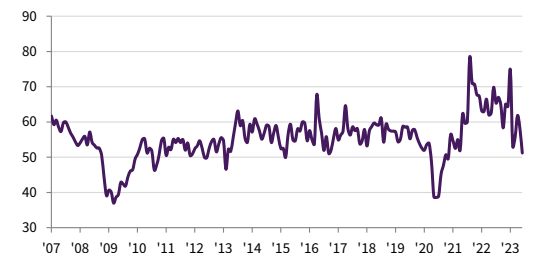
The pace of wage growth eased slightly across the UK as a whole, but remained stronger than that seen for Scotland.

Temporary Wages Index

sa, >50 = inflation since previous month

51.2

Jun '23



Demand for permanent staff

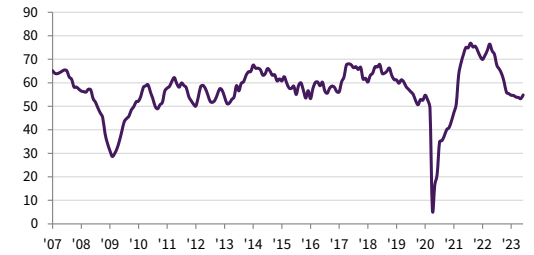
Stronger rise in permanent vacancies

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.

Demand for permanent staff increased across Scotland in June. Moreover, after having slowed for 13 months straight, the rate of expansion accelerated at the end of the quarter and outpaced that seen at the UK level.

Supporting the upturn were sharp rises in permanent vacancies across IT & Computing and Blue Collar sectors.

Permanent Vacancies Index **54.8**
 sa, >50 = growth since previous month Jun '23



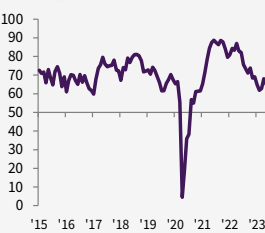
Permanent Vacancies Index by sector

Rank	Sector	May-23	Jun-23
1	IT & Computing	65.3	60.9
2	Blue Collar	52.3	58.6
3	Accounts & Financial	61.0	58.2
4	Engineering & Construction	47.9	57.1
5	Nursing/Medical/Care	61.2	56.9
6	Secretarial & Clerical	51.0	54.0
7	Hotel & Catering	50.4	51.4
8	Executive & Professional	43.4	43.0

Permanent vacancies by sector

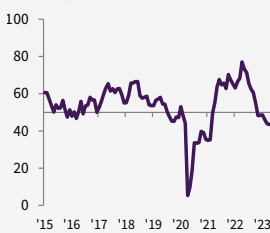
IT & Computing

sa, >50 = growth since previous month



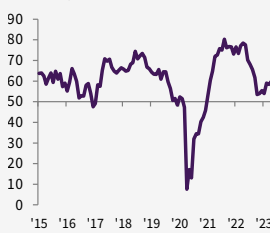
Executive & Professional

sa, >50 = growth since previous month



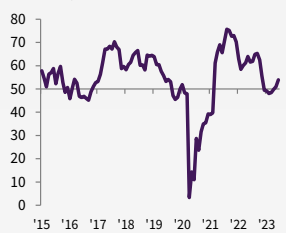
Accounting & Financial

sa, >50 = growth since previous month



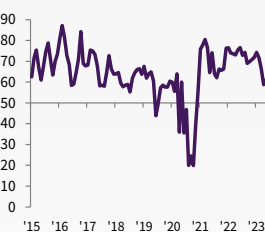
Secretarial & Clerical

sa, >50 = growth since previous month



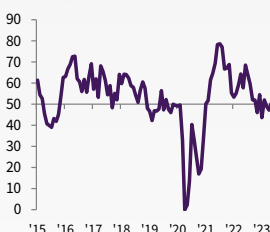
Nursing, Medical & Care

sa, >50 = growth since previous month



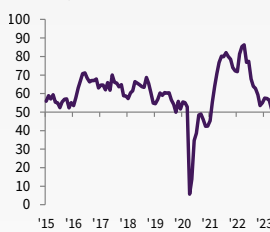
Hotel & Catering

sa, >50 = growth since previous month



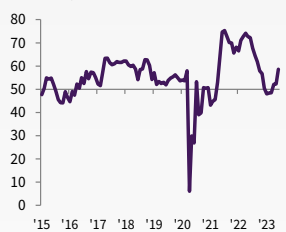
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Fresh upturn in temp vacancies

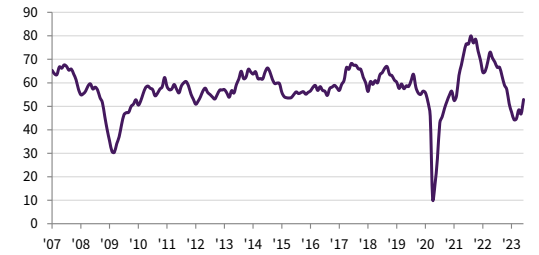
The Temporary Vacancies Index is derived from eight sectoral indices of the demand for temporary staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

Following a five-month period of contraction, temp vacancies rose across Scotland during June. The respective seasonally adjusted index signalled a solid rise in demand for temporary workers, albeit one that was slightly softer than that recorded for the UK as a whole.

Of the eight monitored job categories, IT & Computing topped the temporary staff demand rankings, followed by Accounts & Financial.

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

52.9
Jun '23



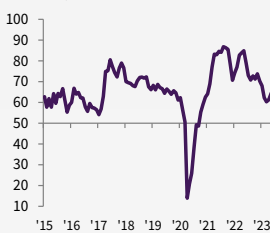
Temporary Vacancies Index by sector

Rank	Sector	May-23	Jun-23
1	IT & Computing	64.3	66.4
2	Accounts & Financial	60.1	60.3
3	Hotel & Catering	48.0	56.9
4	Blue Collar	44.4	51.9
5	Secretarial & Clerical	48.2	51.2
6	Nursing/Medical/Care	48.6	50.0
7	Engineering & Construction	34.3	48.0
8	Executive & Professional	43.3	45.2

Temporary vacancies by sector

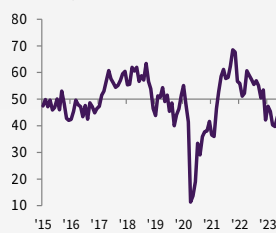
IT & Computing

sa, >50 = growth since previous month



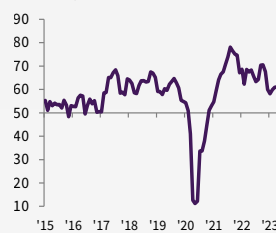
Executive & Professional

sa, >50 = growth since previous month



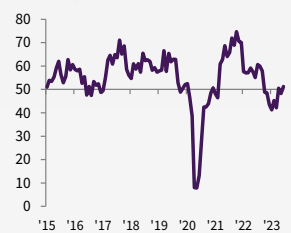
Accounting & Financial

sa, >50 = growth since previous month



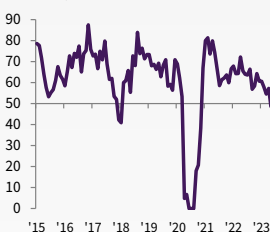
Secretarial & Clerical

sa, >50 = growth since previous month



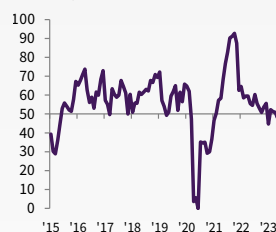
Nursing, Medical & Care

sa, >50 = growth since previous month



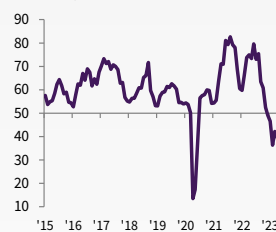
Hotel & Catering

sa, >50 = growth since previous month



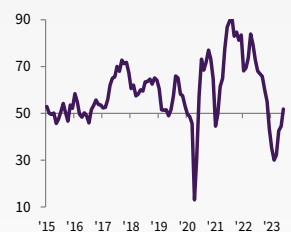
Engineering & Construction

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 Billings	Permanent Availability	Temporary Availability	Permanent Salaries	Temporary Wages	Permanent Vacancies	Temporary Vacancies
Jan '23	54.7	40.6	42.9	41.6	71.0	74.8	54.7	47.5
Feb '23	42.1	36.2	39.6	42.2	64.3	53.1	54.6	44.3
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

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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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