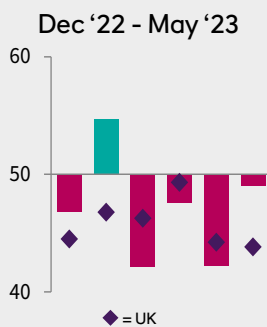


Royal Bank of Scotland Report on Jobs

Downturn in permanent placements softens in May

Scotland Permanent Placements Index



Key findings

Slowest drop in permanent placements for four months

Temp vacancies fall for the fifth month running

Starting salary inflation eases to 27-month low

The Scottish labour market saw a further drop in hiring activity during May, according to the latest RBS Report on Jobs survey. Linger economic uncertainty continued to discourage both workers and firms alike. That said, the latest survey signalled a softer downturn in permanent placements as some recruiters were able to fill long-standing vacancies and organise hires for new projects. However, temp billings fell at a sharper pace. Moreover, demand trends weakened, with growth in permanent vacancies slipping to a 27-month low, and temp vacancies falling for the fifth straight month. As a result, pay pressures showed signs of easing in May.

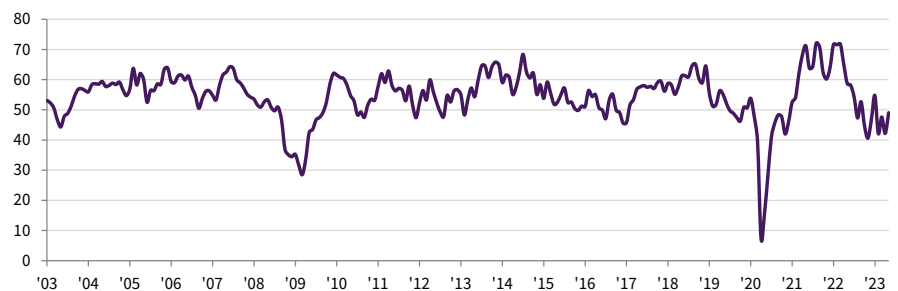
Sebastian Burnside, Chief Economist at Royal Bank of Scotland, commented:

"The latest survey data indicate that labour market conditions across Scotland continued to cool as economic uncertainty weighed on hiring activity and limited worker movement. At the same time, growth of demand for permanent workers weakened, while temp vacancies dropped further. In terms of pay, starting salaries and hourly wages rose as firms increased their pay offers to secure high calibre workers. However, in line with the weaker demand trends, latest data signalled an easing of overall pay pressures, with both starting salary and hourly wage inflation moderating in May."

"However, it's also worth noting that the downturn in permanent placements eased notably on the month. There were some reports of successful recruitment which helped soften the pace of decline, providing some encouragement. Whether this relative improvement is short-lived, or an indication of future growth, is hard to gauge, but greater confidence in the market will be required to support a sustained recovery."

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 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?".

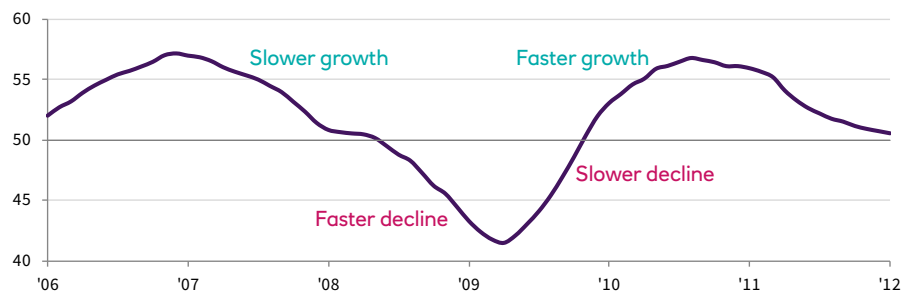
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

May data were collected 11-24 May 2023.

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

Index interpretation

50.0 = no change since previous month



Staff placements

Downturn in permanent placements eases in May

For the fourth successive month, Scottish recruiters registered a drop in permanent staff appointments in May. According to anecdotal evidence, employers were less confident in the economic outlook, which dampened overall hiring activity. That said, the rate of contraction was the softest in the aforementioned sequence and only marginal, as some recruiters noted the fulfilment of long-standing vacancies and the initiation of new projects in the latest survey period.

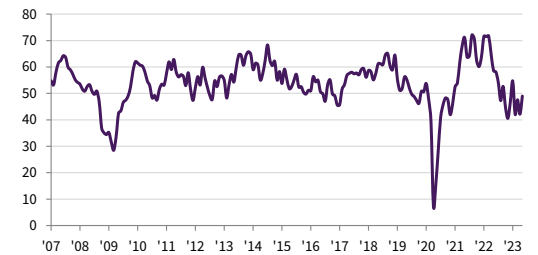
The drop in permanent placements in Scotland was also less pronounced than that seen on average across the UK as a whole.

Steep reduction in temp billings

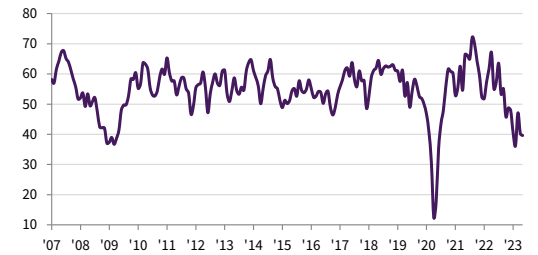
Temp billings fell markedly across Scotland in May, thereby extending the current run of reduction to eight months. The pace of contraction accelerated from April and was the strongest since February. Respondents widely linked the drop in temp billings to a lack of available work, while there were also mentions that the additional Bank Holiday weighed on staff hiring.

In contrast, temp billings rose further at the UK level, albeit only slightly.

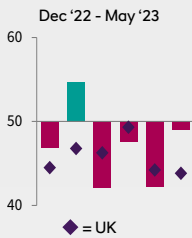
Permanent Placements Index
sa, >50 = growth since previous month
49.0
May '23



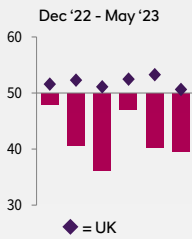
Temporary Billings Index
sa, >50 = growth since previous month
39.6
May '23



Permanent Placements Index
Dec '22 - May '23



Temporary Billings Index
Dec '22 - May '23



Labour supply

Sustained fall in permanent staff availability

Permanent candidate availability across Scotland continued to worsen in May, the twenty-eighth consecutive month that a fall has been recorded. A reluctance among workers to change or seek out new roles due to uncertainty over the economic outlook was widely blamed for the latest downturn. Though solid overall, the rate of contraction was amongst the weakest in the current sequence, however.

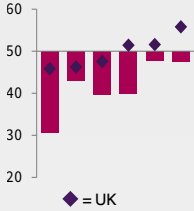
Despite the deterioration in permanent labour supply across Scotland, staff availability improved across the UK as a whole.

Quickest contraction in temp staff supply in three months

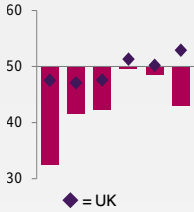
For the twenty-seventh month in a row, temporary staff availability in Scotland fell in May. The seasonally adjusted index indicated the quickest contraction in three months and one which was sharp overall. According to recruiters, a preference among workers for permanent roles had reduced the pool of available candidates.

The decrease in temp worker supply in Scotland contrasted with a solid expansion at the UK level.

Permanent Candidate Availability Index
Dec '22 - May '23

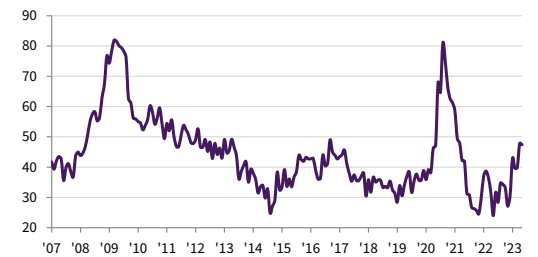


Temporary Candidate Availability Index
Dec '22 - May '23



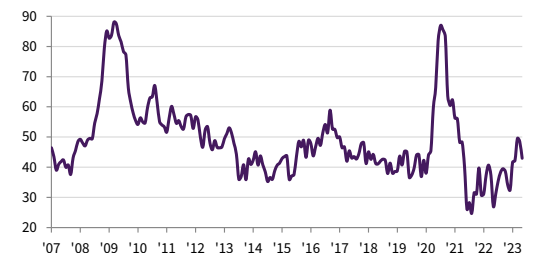
Permanent Candidate Availability Index
sa, >50 = growth since previous month

47.4
May '23



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

43.0
May '23



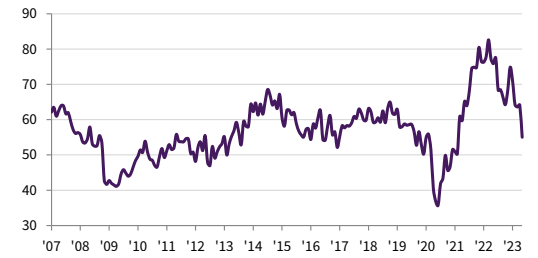
Pay pressures

Starting salary inflation cools to 27-month low

As has been the case since December 2020, average starting salaries awarded to candidates in permanent roles rose in Scotland midway through the second quarter. Increased efforts to secure talent drove the latest upturn in pay, anecdotal evidence suggested. That said, the pace of salary inflation was the softest in 27 months and below the historical average.

Additionally, the rate of growth in permanent salaries across the UK as a whole outstripped that seen in Scotland.

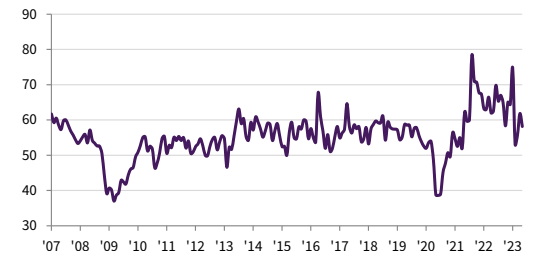
Permanent Salaries Index 55.0
sa, >50 = inflation since previous month May '23



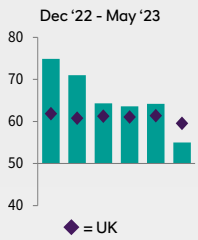
Temp wage growth eases from April, but remains sharp

Hourly pay rates for temp workers across Scotland rose during the latest survey period. The respective seasonally adjusted index fell slightly after having hit a three-month high in April, but continued to signal a sharp rise in pay overall. The rate of temp wage growth was also slightly quicker than that seen across the UK as a whole.

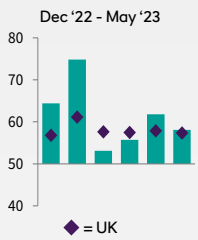
Temporary Wages Index 58.1
sa, >50 = inflation since previous month May '23



Permanent Salaries Index



Temporary Wages Index



Demand for permanent staff

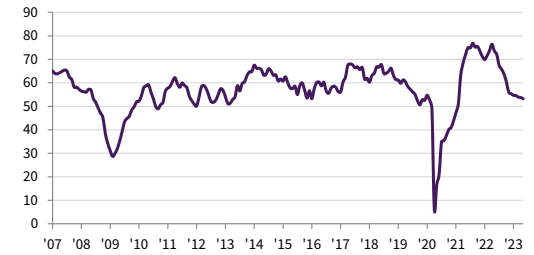
Slowdown in growth of demand for permanent staff

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.

The latest survey data signalled a solid rise in demand for permanent staff in Scotland. IT & Computing registered the strongest increase in permanent vacancies across the monitored sectors, followed by Nursing/Medical/Care.

However, similar to the trend observed at the UK level, overall growth of demand across Scotland cooled as permanent job openings grew at the softest pace in 27 months.

Permanent Vacancies Index
sa, >50 = growth since previous month
53.2
May '23



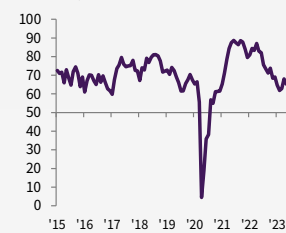
Permanent Vacancies Index by sector

Rank	Sector	Apr-23	May-23
1	IT & Computing	68.0	65.3
2	Nursing/Medical/Care	58.7	61.2
3	Accounts & Financial	59.8	61.0
4	Blue Collar	52.1	52.3
5	Secretarial & Clerical	49.9	51.0
6	Hotel & Catering	47.2	50.4
7	Engineering & Construction	51.9	47.9
8	Executive & Professional	43.5	43.4

Permanent vacancies by sector

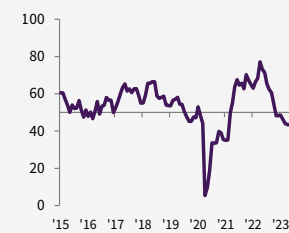
IT & Computing

sa, >50 = growth since previous month



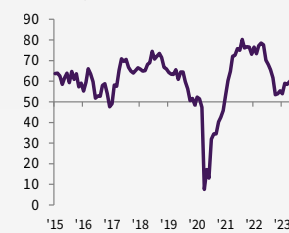
Executive & Professional

sa, >50 = growth since previous month



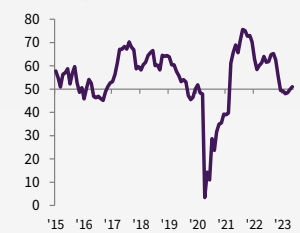
Accounting & Financial

sa, >50 = growth since previous month



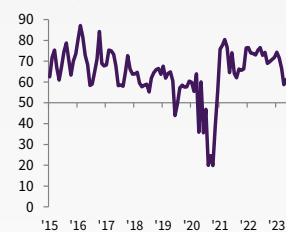
Secretarial & Clerical

sa, >50 = growth since previous month



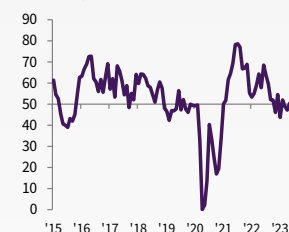
Nursing, Medical & Care

sa, >50 = growth since previous month



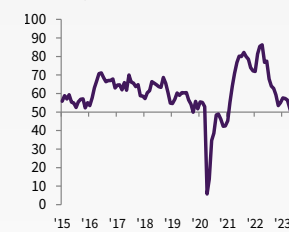
Hotel & Catering

sa, >50 = growth since previous month



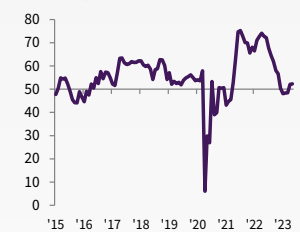
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Strong decrease in temp vacancies

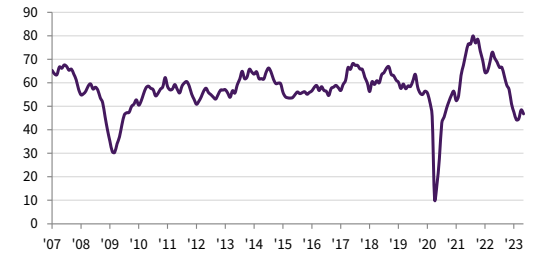
The Temporary Vacancies Index is derived from eight sectoral indices of the demand for temporary staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

Demand for temporary workers fell solidly in Scotland during May, with the rate of decrease accelerating from that seen in April. This extended the current run of contraction to five months. Moreover, the reduction contrasted with a slight improvement in demand across the UK as a whole.

At the sector level, Engineering & Construction and Executive & Professional reported the strongest decreases in temp vacancies.

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

46.8
May '23



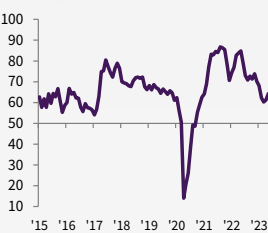
Temporary Vacancies Index by sector

Rank	Sector	Apr-23	May-23
1	IT & Computing	61.2	64.3
2	Accounts & Financial	61.1	60.1
3	Nursing/Medical/Care	57.2	48.6
4	Secretarial & Clerical	50.5	48.2
5	Hotel & Catering	50.8	48.0
6	Blue Collar	42.6	44.4
7	Executive & Professional	39.8	43.3
8	Engineering & Construction	40.0	34.3

Temporary vacancies by sector

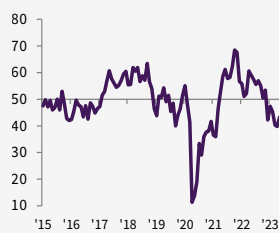
IT & Computing

sa, >50 = growth since previous month



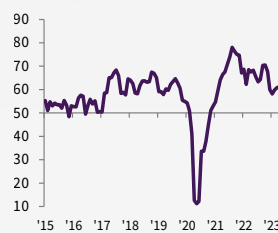
Executive & Professional

sa, >50 = growth since previous month



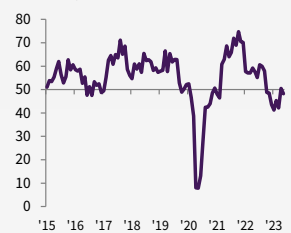
Accounting & Financial

sa, >50 = growth since previous month



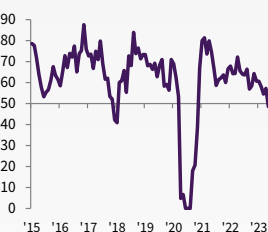
Secretarial & Clerical

sa, >50 = growth since previous month



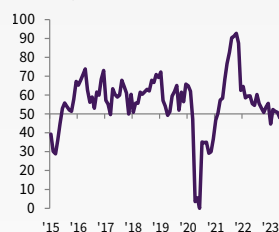
Nursing, Medical & Care

sa, >50 = growth since previous month



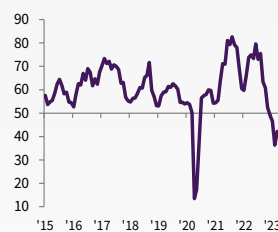
Hotel & Catering

sa, >50 = growth since previous month



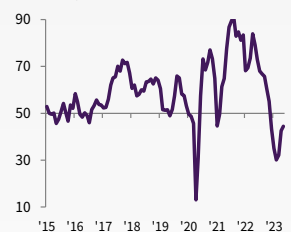
Engineering & Construction

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
Dec '22	46.8	47.9	30.5	32.5	74.9	64.4	55.4	51.0
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

Contact

Jonathan Rennie
Regional Media & Campaigns Manager
Royal Bank of Scotland
+44 7769 932 102
jonathan.ennie@natwest.com

Maryam Baluch
Economist
S&P Global Market Intelligence
+44 134 432 7213
maryam.baluch@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global Market Intelligence
+44 796 744 7030
sabrina.mayeen@spglobal.com

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.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Royal Bank of Scotland uses the above marks under licence.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.