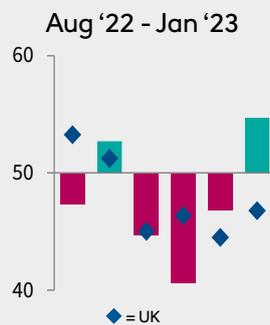


Royal Bank of Scotland Report on Jobs

Permanent placements return to growth at the start of 2023

Scotland Permanent Placements Index



Key findings

Fresh rise in permanent placements during January

Decline in temp billings quickens markedly from December

Pressure on starting salaries remains elevated

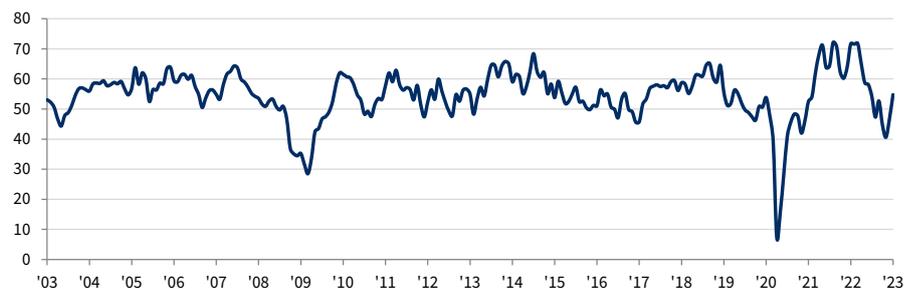
The latest data from the Royal Bank of Scotland Report on Jobs survey revealed a rebound in the number of people placed in permanent jobs during January. At 54.7, the seasonally adjusted Permanent Placements Index rose from 46.8 in December to post above the neutral 50.0 threshold and signal an upturn in permanent staff hires for the first time in four months. According to Scottish recruiters, improved demand for permanent staff and new projects supported the upturn at the start of the year. However, a sharp and accelerated fall in temp billings was also recorded in January. Turning to vacancies, growth of permanent roles slipped to a two-year low, while demand for temp staff fell for the first time in 28 months. Nonetheless, pressures on pay remained strong as the cost-of-living crisis and skill shortages drove further increases in salaries and wages.

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

"The bounce back in permanent staff hiring across Scotland was a positive start to 2023, after having declined throughout the last quarter of 2022. Mentions of higher client activity and new projects suggest perhaps a brighter prospect for the year ahead than previously expected. However, while firms have been successful in securing new permanent starters in January, total demand for permanent staff moderated further, with vacancies rising at the softest pace in nearly two years. At the same time, demand for temporary workers fell for the first time in 28 months. The data indicates a shift in the market with a preference for permanent staff. However, lingering concerns over the economic outlook and intense cost pressures at firms indicate that recruitment decisions may be under more pressure in the months ahead."

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?".

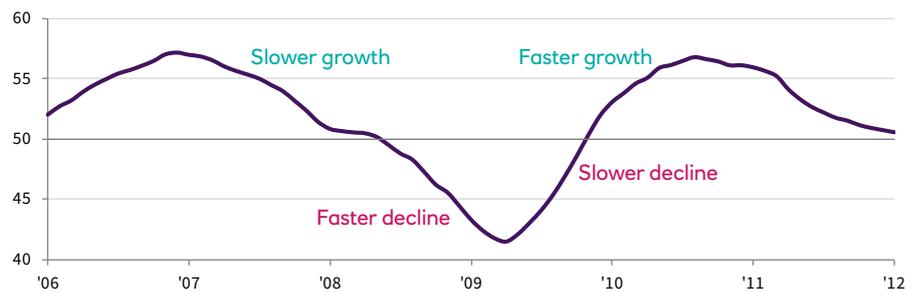
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

January data were collected 12-25 January 2023.

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

Index interpretation

50.0 = no change since previous month



Staff placements

Rebound in permanent placements

Following monthly contractions throughout the last quarter of 2022, latest data pointed to a notable rebound in permanent staff appointments across Scotland in January. The respective seasonally adjusted index increased further from November's recent low, indicating a solid rate of growth that was broadly in line with the historical average. The fresh upturn in permanent staff hires was attributed to improved client demand and new projects.

Scotland went against the broader UK trend, which recorded a fourth successive monthly decline in permanent placements at the start of 2023.

Temp billings fall at the fastest pace in 31 months

Temp billings fell across the Scottish private sector again in January, thereby extending the current sequence of reduction to four months. Moreover, the rate of decline quickened markedly from the preceding survey period and was the fastest since June 2020. Recruiters linked the downturn to relatively subdued market conditions and weaker-than-expected activity levels at clients.

The decrease in temp billings in Scotland contrasted with a modest upturn across the UK as a whole.

Permanent Placements Index
sa, >50 = growth since previous month
54.7
Jan '23



Temporary Billings Index
sa, >50 = growth since previous month
40.6
Jan '23



Permanent Placements Index
Aug '22 - Jan '23



Temporary Billings Index
Aug '22 - Jan '23



Labour supply

Softest fall in permanent labour supply for 22 months

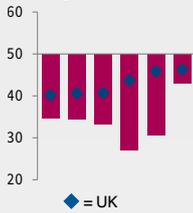
Permanent staff availability fell in January, thereby extending the trend which has been observed since February 2021. Recruiters indicated that uncertainty around the outlook and the cost-of-living crisis had damped staff availability. However, while the rate of decline was marked overall and faster than the historical average, the seasonally adjusted index did improve to a 22-month high.

A drop in permanent staff availability was also recorded across the UK as a whole, but the downturn was softer than that seen in Scotland.

Permanent Candidate Availability Index **42.9**
sa, >50 = growth since previous month Jan '23



Permanent Candidate Availability Index
Aug '22 - Jan '23



Drop in temp candidate numbers eases notably, but remains marked

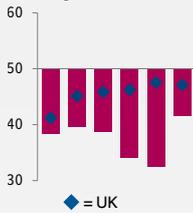
Scottish recruiters registered a fall in temp staff supply for the twenty-third month running in January. Greater availability and interest in permanent roles was linked to the reduction in the supply of temp workers. Though the rate of decline eased to the softest in 21 months, it remained rapid overall.

At the UK level, the supply of temp staff declined at a softer pace in January and one that was slower than that seen in Scotland.

Temporary Candidate Availability Index **41.6**
sa, >50 = growth since previous month Jan '23

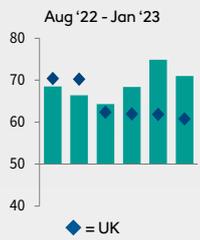


Temporary Candidate Availability Index
Aug '22 - Jan '23



Pay pressures

Permanent Salaries Index



Steep increase in permanent salaries

Permanent starting salaries in Scotland continued to rise sharply in January. Though the respective seasonally adjusted index ticked down from December's six-month high, the latest reading was comfortably above the survey average and signalled a much faster upturn than the UK average. Candidate shortages and increased living costs were the main drivers of pay growth in the latest survey, according to recruiters.

Permanent Salaries Index

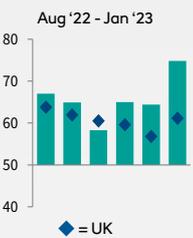
sa, >50 = inflation since previous month

71.0

Jan '23



Temporary Wages Index



Temp wages rise at accelerated pace in January

January data revealed an accelerated rise in average hourly pay rates for temporary staff in Scotland. Temp wages rose markedly and at the second-fastest pace on record with recruiters linking the latest rise to the cost-of-living crisis and skill shortages.

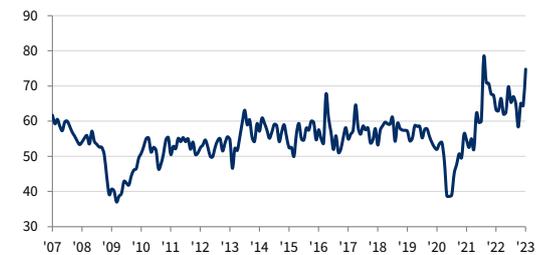
While temp wages across the UK as a whole also rose at a quicker pace, the upturn remained slower than that seen in Scotland.

Temporary Wages Index

sa, >50 = inflation since previous month

74.8

Jan '23



Demand for permanent staff

Softest upturn in demand for permanent staff in nearly two years

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 rose across Scotland in January, thereby extending the current sequence of increase to two years. However, the upturn in demand continued to weaken from the near-record pace registered last April and was weaker than the historical average.

Of the eight monitored sectors, demand for permanent staff was strongest for Nursing/Medical/Care, with IT & Computing coming in second.

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

54.7
Jan '23



Permanent Vacancies Index by sector

Rank	Sector	Dec-22	Jan-23
1	Nursing/Medical/Care	71.8	74.3
2	IT & Computing	69.0	64.7
3	Engineering & Construction	55.0	57.5
4	Accounts & Financial	55.4	54.0
5	Secretarial & Clerical	49.4	49.2
6	Executive & Professional	48.4	48.5
7	Blue Collar	50.4	48.1
8	Hotel & Catering	54.5	43.7

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



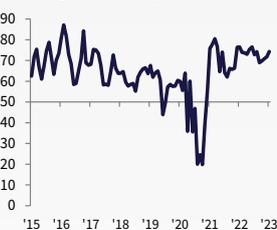
Secretarial & Clerical

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 job openings fall for the first time in 28 months

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.

Latest data for Scotland revealed the first fall in temp vacancies in 28 months during January. The pace of contraction was modest overall but contrasted with a strong upturn across the UK as a whole.

The downturn was led by a sharp fall in demand for Blue Collar staff, followed by Secretarial & Clerical.

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

47.5
Jan '23



Temporary Vacancies Index by sector

Rank	Sector	Dec-22	Jan-23
1	IT & Computing	70.2	68.0
2	Nursing/Medical/Care	60.7	60.6
3	Accounts & Financial	60.0	58.1
4	Executive & Professional	42.2	47.3
5	Engineering & Construction	49.1	46.6
6	Hotel & Catering	55.6	44.7
7	Secretarial & Clerical	43.5	41.3
8	Blue Collar	43.4	35.0

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



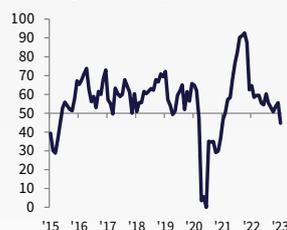
Nursing, Medical & Care

sa, >50 = growth since previous month



Hotel & Catering

sa, >50 = growth since previous month



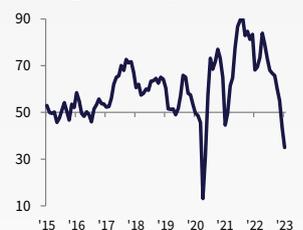
Engineering & Construction

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
Aug '22	47.3	53.3	34.7	38.3	68.5	67.0	65.8	66.6
Sep '22	52.7	55.1	34.3	39.5	66.4	64.9	63.8	62.9
Oct '22	44.7	45.8	33.2	38.6	64.3	58.3	60.5	59.1
Nov '22	40.6	48.8	27.1	34.0	68.4	65.0	55.9	57.1
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

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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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