



Royal Bank  
of Scotland

EMBARGOED UNTIL 00:01 (UK) 7 August 2023

# Royal Bank of Scotland Report on Jobs

## *Fresh expansion in permanent new starters across Scotland in July*

- **Permanent placements rise for first time since January...**
- **...but temp billings fall further**
- **Competition for skilled staff continues to drive salary inflation**

There was a fresh expansion in permanent placements across Scotland at the start of the third quarter, according to the latest Royal Bank of Scotland Report on Jobs survey. The upturn marked the first rise since January amid reports of improved confidence at clients and business expansion plans. However, recruitment consultancies recorded a contraction in temp billings for the tenth successive month, albeit one that was mild overall. Turning to pay, rates of starting salary and temp wage inflation were sharp in July, with recruiters often mentioning that competition for scarce and skilled candidates had pushed up pay.

### **Renewed growth in permanent placements**

Recruitment agencies in Scotland signalled a fresh expansion in permanent staff appointments in July, thereby marking the first month of growth since January. Moreover, the rate of increase was the fastest in 13 months. According to panellists, greater confidence at clients and increased demand for staff supported the renewed upturn in permanent new joiners.

Furthermore, the expansion in Scotland compared with a sharper drop in permanent placements at the UK level that was the quickest for just over three years.

Temp billings across Scotland fell in July for the tenth month running. Recruiters noted that delays in project start dates hindered hiring activity for short-term workers. However, the overall pace of reduction slowed to the joint-weakest in the aforementioned sequence.

In contrast, temp billings continued to rise across the UK as a whole, albeit only fractionally.

### **Quicker reduction in permanent staff availability**

The availability of candidates to fill permanent positions across Scotland deteriorated sharply during July, thereby stretching the current run of reduction to two-and-a-half years. The rate of decrease was the most pronounced in four months amid reports that people were more hesitant to seek new roles. In contrast, candidate availability expanded at an accelerated and rapid pace at the UK level.

The availability of temporary staff in Scotland fell in July for the twenty-ninth successive month. Recruiters linked the drop to more people looking to stay in their current roles due to concerns over the outlook, as well as a general lack of suitably-



**Royal Bank  
of Scotland**

skilled candidates. That said, the rate of contraction was the softest since March and marginal overall.

Contrary to the contraction seen across Scotland, temp candidate supply expanded at the quickest pace since December 2020 across the UK as a whole.

### **Growth in starting salaries remains rapid**

July data signalled a rise in salaries awarded to permanent new starters in Scotland. Though the rate of salary inflation cooled slightly on the month, it remained rapid overall and extended the current sequence of growth that began in December 2020. Competition for scarce and skilled workers was said to have driven up salaries.

Moreover, the rate of increase in salaries offered to permanent new joiners across Scotland was sharper than the UK-wide average.

Latest survey data highlighted greater wage pressures across Scotland for short-term workers. Moreover, the rate of temp pay growth picked up from June's 31-month low and was sharp overall. Efforts to attract and secure suitably-skilled staff was commonly attributed to the latest uptick in hourly pay rates.

The upturn in wages across Scotland outpaced that recorded for the UK as a whole.

### **Growth in permanent vacancies softens to 29-month low**

Demand for permanent staff in Scotland increased in July. However, the rate of growth cooled to a 29-month low and was only mild overall. Moreover, the upturn was weaker than that seen at the UK level.

Of the eight monitored sectors, Blue Collar and IT & Computing signalled the strongest expansions in vacancies during July.

Back-to-back expansions in temporary job openings were recorded across Scotland in July. The rate of growth quickened on the month and was faster than the UK-wide average.

IT & Computing posted the strongest upturn in temp vacancies, followed by Blue Collar.



**Royal Bank  
of Scotland**

## **COMMENT**

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

*“While the fresh expansion in permanent placements signals a positive sign for Scottish labour market conditions at the start of the second half of the year, the continued slowdown in the growth of vacancies does warrant some caution. Nonetheless, the rise in new permanent hires, following five consecutive months of decline, highlighted the return of confidence across businesses and the successful filling of long-standing vacancies amid the ongoing deterioration in staff availability.*

*“In terms of salary and wage inflation, growth rates were sharp. The historically strong increases in starting pay were often linked to a lack of suitable candidates, therefore businesses were keen to offer higher pay to secure talent.”*

## **ENDS**

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. Across Scotland, the Royal Bank of Scotland has teams offering customers the support and the skills to make the most of online and mobile banking.

### **Royal Bank of Scotland**

Jonathan Rennie  
Regional Media & Campaigns Manager  
+44 7769 932102  
[jonathan.rennie@natwest.com](mailto:jonathan.rennie@natwest.com)

### **S&P Global**

Maryam Baluch  
Economist  
S&P Global Market Intelligence  
+44 134 432 7213  
[maryam.baluch@spglobal.com](mailto:maryam.baluch@spglobal.com)

Sabrina Mayeen  
Corporate Communications  
S&P Global Market Intelligence  
+44 796 744 7030  
[sabrina.mayeen@spglobal.com](mailto:sabrina.mayeen@spglobal.com)



**Royal Bank  
of Scotland**

## 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.

July data were collected 12-25 July 2023.

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](mailto: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**

Dorset House, First Floor, 27-45 Stamford Street, London, SE1 9NT. Tel: 020 7009 2100

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](http://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.