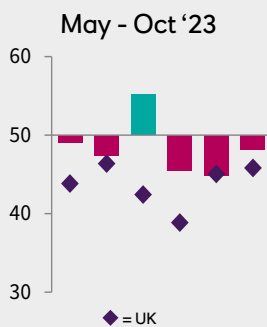


Royal Bank of Scotland Report on Jobs

Further decline in hiring activity across Scotland as demand for labour slumps

Scotland Permanent Placements Index



Key findings

Permanent placements fall again, albeit at softer rate

Vacancies decline at quicker rates

Candidate shortages continue to place upward pressure on pay

According to the latest Royal Bank of Scotland Report on Jobs survey, recruitment activity continued to weaken across Scotland at the start of the final quarter of 2023. Sustained downturns were recorded for both permanent staff placements and temp billings in October, although rates of decline were the softest seen in three months. The reduction in hiring activity was accompanied by a steep deterioration in vacancies. Turning to pay, starting salaries and temp wages rose for the thirty-fifth month running in October. According to panellists, clients raised their pay offers due to efforts to secure scarce and suitably-skilled candidates.

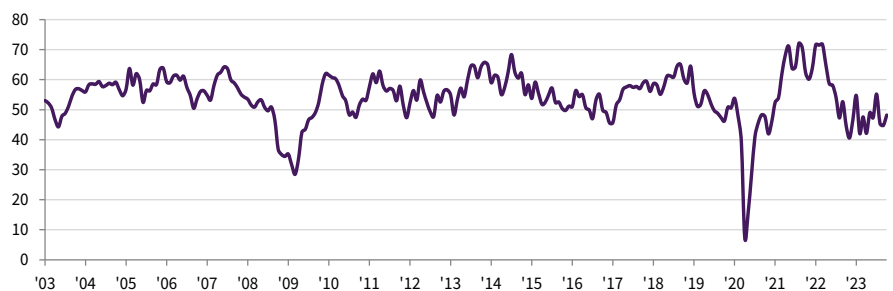
Sebastian Burnside, Chief Economist at Royal Bank of Scotland, commented:

"The latest data highlighted ongoing weakness across the Scottish jobs market. Hiring activity was cutback, with recruiters noting softer demand for both permanent and temporary staff in October. Moreover, souring demand for labour could lead to further reductions in recruitment in the months ahead. The data therefore suggest that the post-lockdown hiring boom is long over, and that increased uncertainty surrounding the economic climate is weighing on business decisions and candidate movement.

"Another prominent feature of the survey is skills shortages, which make it difficult for employers to fill roles. As a result, pay pressures remain elevated by historical standards, as clients have to raise their starting salaries and wages in order to attract and secure suitable staff."

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 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?".

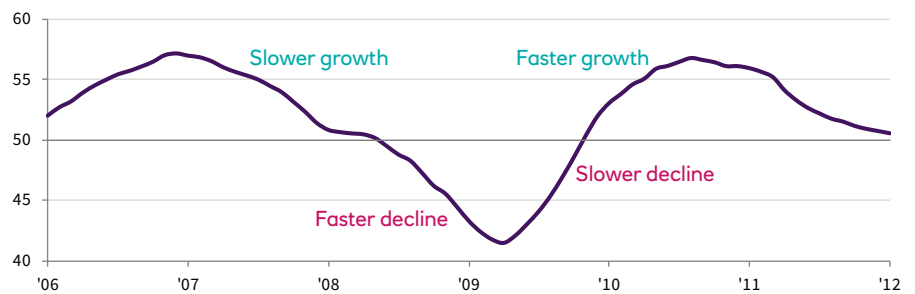
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

October data were collected 12-25 October 2023.

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

Index interpretation

50.0 = no change since previous month



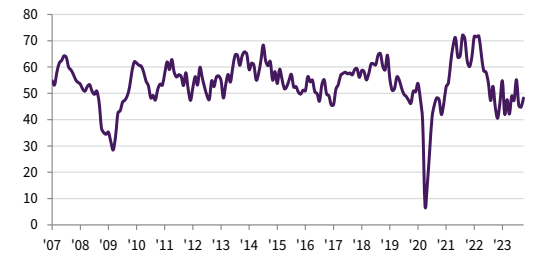
Staff placements

Decline in permanent placements softens

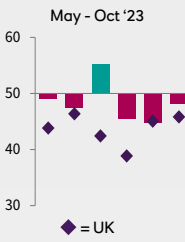
Permanent staff placements continued to fall across Scotland in October. The rate of contraction was the weakest in the current three-month sequence of decline, however, and only modest overall. According to anecdotal evidence, weaker demand for staff drove the latest reduction.

The number of people placed into permanent job roles also contracted at the UK level, and at a sharper pace than that recorded in Scotland.

Permanent Placements Index **48.2**
sa, >50 = growth since previous month Oct '23



Permanent Placements Index

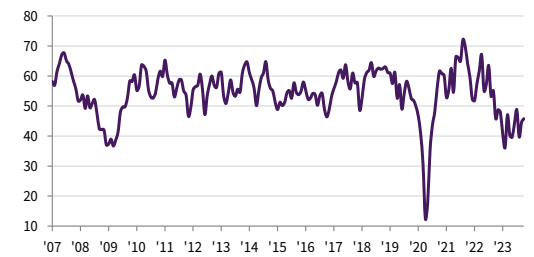


Downturn in temp billings eases, but remains solid

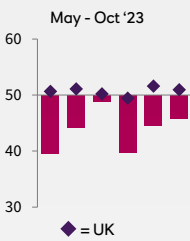
Billings received from the employment of short-term staff decreased across Scotland in October, thereby stretching the current period of decline to just over a year. Despite ticking up to a three-month high, the respective seasonally adjusted index indicated a solid reduction in billings overall.

The downturn in temp billings across Scotland contrasted with a marginal increase at the UK level.

Temporary Billings Index **45.8**
sa, >50 = growth since previous month Oct '23



Temporary Billings Index



Labour supply

Sustained deterioration in permanent candidate availability

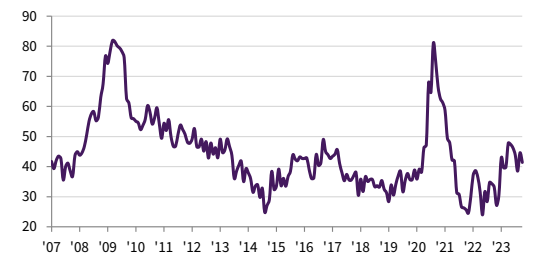
Permanent candidate availability contracted rapidly across Scotland during October, thereby extending the current sequence of deterioration that began in February 2021. The rate of reduction quickened from September and remained faster than the series average. Recruiters commonly noted reluctance among potential candidates to move roles given the uncertain economic climate.

In contrast, a rapid and accelerated expansion in permanent staff supply was recorded across the UK as a whole.

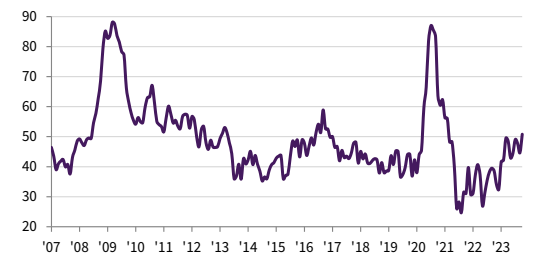
Renewed growth in temp candidate availability

For the first time since February 2021, Scottish recruiters signalled a rise in temp staff supply during October. According to anecdotal evidence, recruiters noted that clients had a reduced preference for contingent workers, which helped free up temporary labour. That said, the rate of expansion was mild overall, and muted when compared to the UK-wide average, in part reflecting hesitancy among workers to seek new roles.

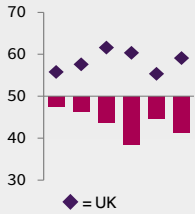
Permanent Candidate Availability Index
sa, >50 = growth since previous month
41.4 Oct '23



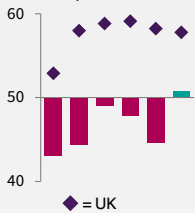
Temporary Candidate Availability Index
sa, >50 = growth since previous month
50.8 Oct '23



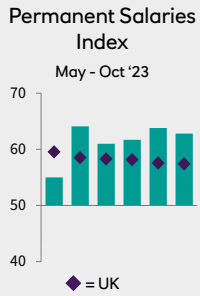
Permanent Candidate Availability Index
May - Oct '23



Temporary Candidate Availability Index
May - Oct '23



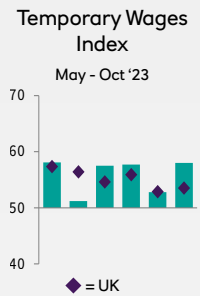
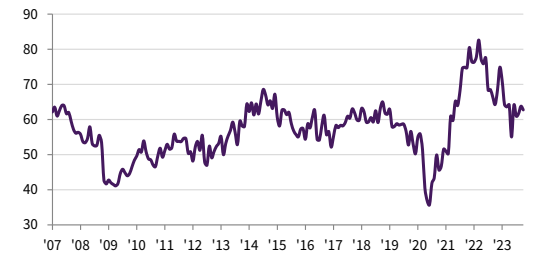
Pay pressures



Rapid rise in permanent starting salaries

Salaries paid to newly-placed permanent staff in Scotland continued to increase at a marked pace in October. The rate of permanent salary inflation remained historically elevated and outpaced the UK-wide average for the fifth successive month. Survey respondents linked higher salaries to ongoing candidate shortages and efforts to attract suitably-skilled staff.

Permanent Salaries Index 62.8
sa, >50 = inflation since previous month Oct '23

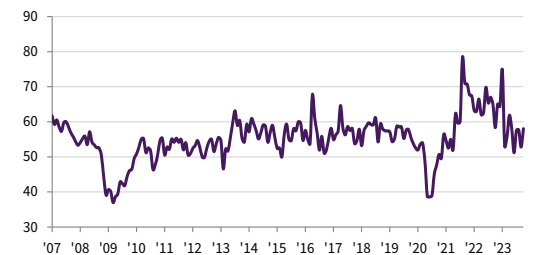


Temp wages rise at quickest pace in five months

October data highlighted a sharp rise in contract pay across Scotland, thereby extending the current run of wage inflation to nearly three years. Moreover, the rate of increase quickened from September and was the strongest since May.

The rate of temp wage growth across Scotland outstripped that recorded for the UK as a whole.

Temporary Wages Index 58.0
sa, >50 = inflation since previous month Oct '23



Demand for permanent staff

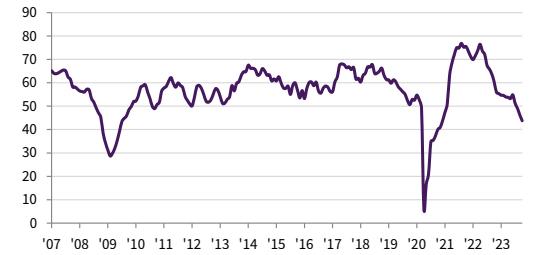
Demand for permanent staff deteriorates in October

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.

A third consecutive monthly contraction in permanent vacancies was reported across Scotland in October. Demand for permanent staff deteriorated sharply, and at a pace that was the most pronounced since December 2020.

The strongest fall in vacancies was recorded across Secretarial & Clerical, followed by Executive & Professional.

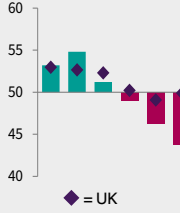
Permanent Vacancies Index **43.8**
sa, >50 = growth since previous month Oct '23



Permanent Vacancies Index by sector

Rank	Sector	Sep-23	Oct-23
1	Nursing/Medical/Care	53.7	56.5
2	Blue Collar	57.5	48.9
3	IT & Computing	49.6	47.5
4	Hotel & Catering	51.4	47.2
5	Accounts & Financial	48.1	45.5
6	Engineering & Construction	45.2	44.7
7	Executive & Professional	38.6	39.3
8	Secretarial & Clerical	43.8	37.5

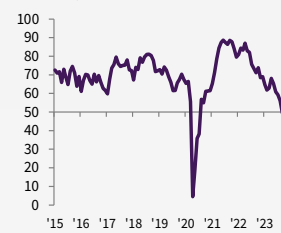
Permanent Vacancies Index
May - Oct '23



Permanent vacancies by sector

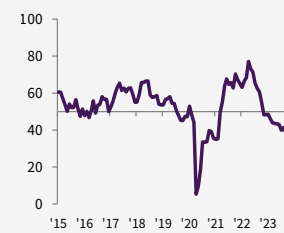
IT & Computing

sa, >50 = growth since previous month



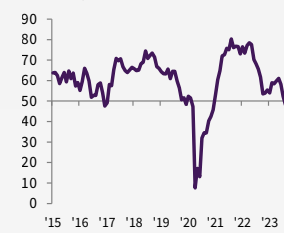
Executive & Professional

sa, >50 = growth since previous month



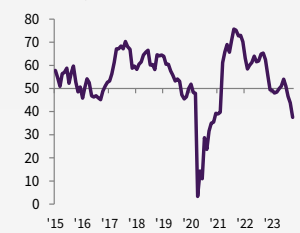
Accounting & Financial

sa, >50 = growth since previous month



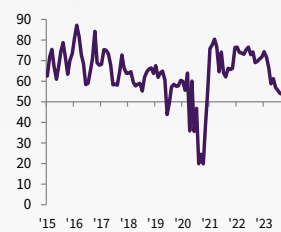
Secretarial & Clerical

sa, >50 = growth since previous month



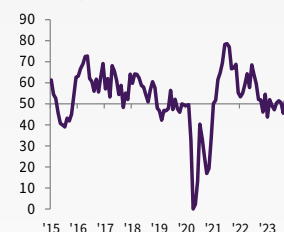
Nursing, Medical & Care

sa, >50 = growth since previous month



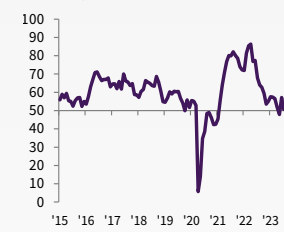
Hotel & Catering

sa, >50 = growth since previous month



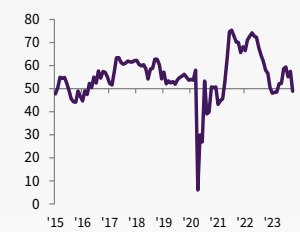
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Stronger fall in temp vacancies

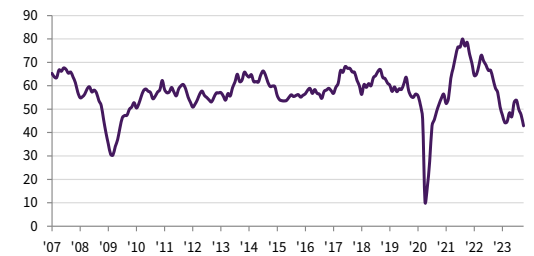
The Temporary Vacancies Index is derived from eight sectoral indices of the demand for temporary staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

Recruiters based in Scotland recorded a steep contraction in demand for temp staff in October. Moreover, the downturn was the quickest in 39 months. Meanwhile, temp vacancies grew at the UK level, though at a moderate pace.

Across the eight monitored job categories, Engineering & Construction posted the strongest reduction in temp vacancies, followed by Executive & Professional.

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

42.9
Oct '23



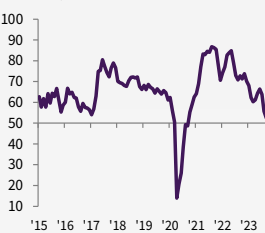
Temporary Vacancies Index by sector

Rank	Sector	Sep-23	Oct-23
1	IT & Computing	52.5	51.2
2	Blue Collar	58.4	50.6
3	Nursing/Medical/Care	49.1	47.4
4	Hotel & Catering	47.9	47.2
5	Secretarial & Clerical	38.3	38.4
6	Accounts & Financial	38.4	38.1
7	Executive & Professional	43.2	35.6
8	Engineering & Construction	43.0	33.5

Temporary vacancies by sector

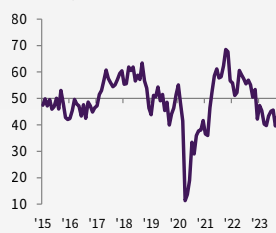
IT & Computing

sa, >50 = growth since previous month



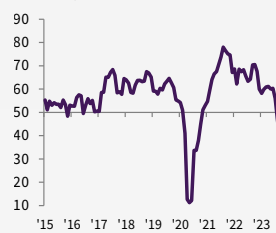
Executive & Professional

sa, >50 = growth since previous month



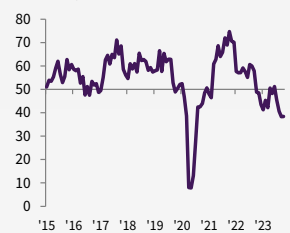
Accounting & Financial

sa, >50 = growth since previous month



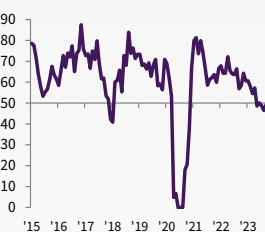
Secretarial & Clerical

sa, >50 = growth since previous month



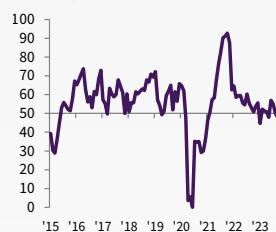
Nursing, Medical & Care

sa, >50 = growth since previous month



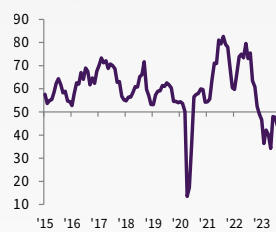
Hotel & Catering

sa, >50 = growth since previous month



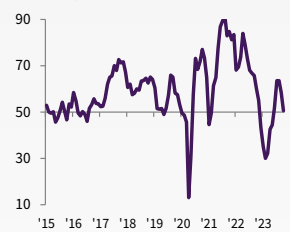
Engineering & Construction

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
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
Sep '23	44.8	44.5	44.6	44.6	63.8	52.8	46.2	47.5
Oct '23	48.2	45.8	41.4	50.8	62.8	58.0	43.8	42.9

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

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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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