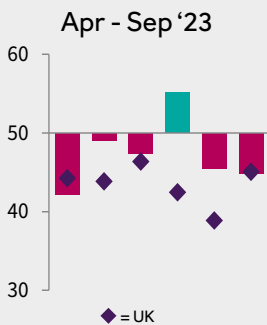
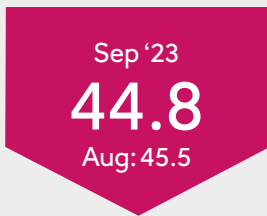


Royal Bank of Scotland Report on Jobs

Sustained decline in permanent placements

Scotland Permanent Placements Index



Key findings

Sharper fall in permanent staff appointments in September

Downturn in temp billings softens, but remains marked

Starting salary inflation ticks up to three-month high

According to the latest Royal Bank of Scotland Report on Jobs survey, both permanent staff appointments and temp billings contracted sharply in September. Panellists linked reduced hiring activity to fewer vacancies, weaker confidence around the outlook, and shortages of suitably-skilled candidates that made it harder to fill any outstanding roles. Notably, demand for staff weakened again, while the supply of both permanent and temp candidates deteriorated in September, with some workers hesitant to move roles given lingering uncertainty around the economic outlook. As a result, competition for skilled and scarce labour led to further increases in starting pay. Trends diverged, however, as permanent salaries grew at the sharpest pace since June, while temp wage inflation slipped to a three-month low and was modest overall.

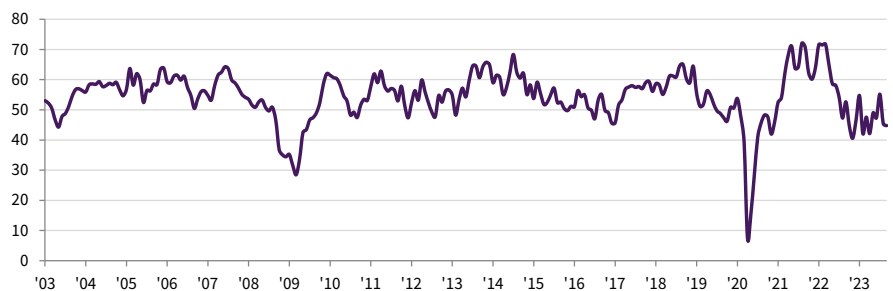
Sebastian Burnside, Chief Economist at Royal Bank of Scotland, commented:

"Recruitment activity across the Scottish labour market deteriorated as the third quarter drew to a close. Both permanent staff appointments and temp billings fell at sharp rates, with panellists linking the reductions to candidate shortages and falling demand for labour amid concerns over the wider economic climate."

"Uncertainty around the outlook also meant that workers were more hesitant to risk a job move, leading to further falls in staff availability. Moreover, ongoing candidate shortages and the increasing cost of living prompted employers to raise their pay offer to attract and secure workers."

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?".

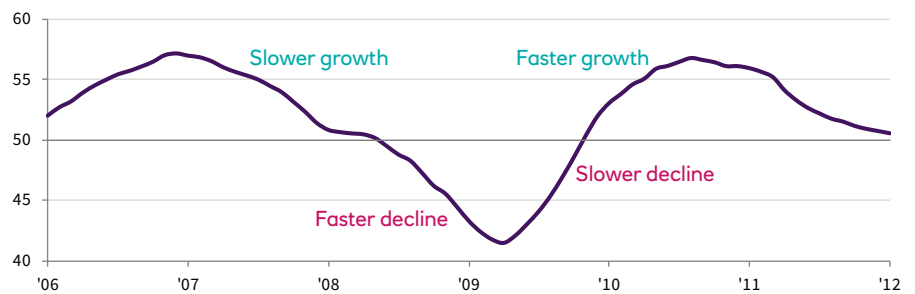
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

September data were collected 12-25 September 2023.

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

Index interpretation

50.0 = no change since previous month



Staff placements

Sustained fall in new permanent hires

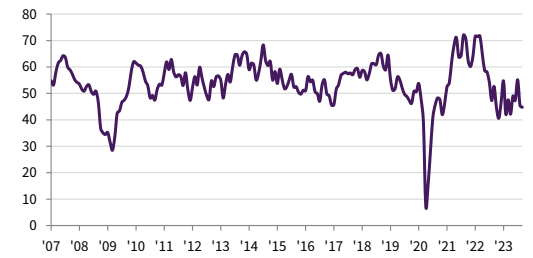
Scottish recruiters recorded a second successive monthly fall in permanent placements during September. The rate of contraction quickened from August and was sharp overall. According to panellists, the downturn was linked to fewer vacancies as well as some reports of difficulties in sourcing and securing candidates.

Permanent staff appointments across Scotland fell at a slightly quicker rate than that seen on average across the UK.

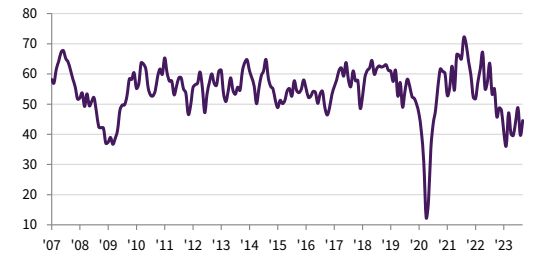
Softer, albeit still sharp fall in temp billings

September data signalled a sharp drop in temp billings across Scotland, thereby extending the current run of decrease to a year. While the pace of reduction eased from August, it contrasted with a fresh expansion at the UK level. Recruiters attributed the drop to weaker demand conditions and candidate shortages in certain sectors.

Permanent Placements Index 44.8
 sa, >50 = growth since previous month Sep '23



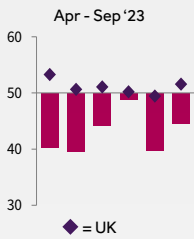
Temporary Billings Index 44.5
 sa, >50 = growth since previous month Sep '23



Permanent Placements Index



Temporary Billings Index



Labour supply

Downturn in permanent staff supply remains marked

The availability of candidates to fill permanent job roles in Scotland decreased during September, thereby stretching the current period of decline that began in February 2021. Despite easing to a three-month low, the rate of contraction remained sharp and was broadly in line with the survey average. Recruitment consultancies noted that generally tight labour market conditions and skills shortages had weighed on candidate numbers.

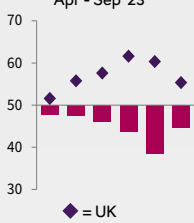
Meanwhile, permanent labour supply expanded across the UK as a whole in September.

Quickest contraction in temp staff supply since June

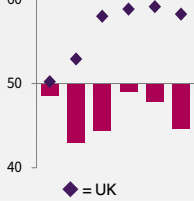
Recruiters based in Scotland signalled a further fall in temp staff supply during September, continuing a trend which has been apparent for just over two-and-a-half years. Moreover, the rate of contraction was the quickest in three months and was strong in the context of historical data. Recruitment agencies often highlighted an increased reluctance among workers to move roles amid concerns over job security.

At the UK level, the availability of temporary candidates continued to rise during September.

Permanent Candidate Availability Index
Apr - Sep '23

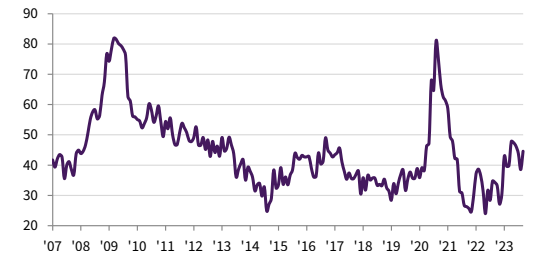


Temporary Candidate Availability Index
Apr - Sep '23



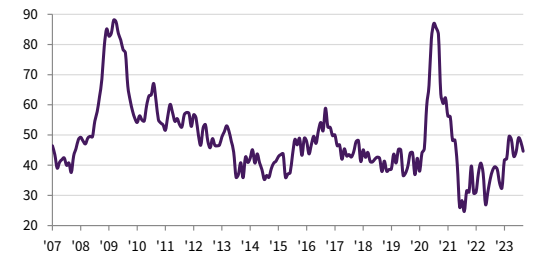
Permanent Candidate Availability Index
sa, >50 = growth since previous month

44.6
Sep '23



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

44.6
Sep '23



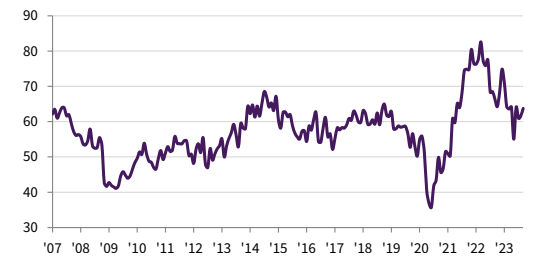
Pay pressures

Marked rise in salaries for permanent workers

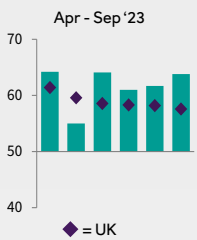
September data pointed to a rise in salaries awarded to permanent new joiners across Scotland. Moreover, the upturn was the fastest since June and marked overall. According to anecdotal evidence, stronger competition for skilled labour pushed up starting pay.

Permanent starters' pay also rose at the UK level, though the rate of increase remained softer than that seen for Scotland.

Permanent Salaries Index
sa, >50 = inflation since previous month
63.8
Sep '23



Permanent Salaries Index
Apr - Sep '23

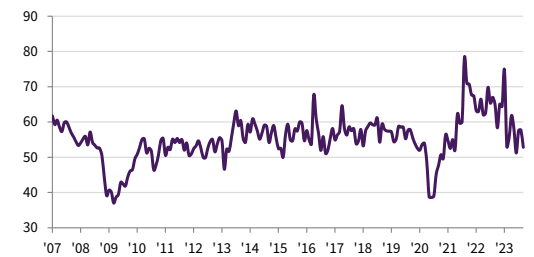


Temp wage growth moderates from August

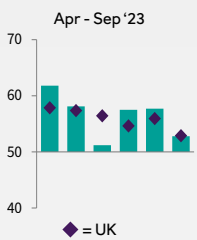
Temp wages rose modestly across Scotland during September. Some clients were willing to increase hourly pay rates to secure candidates, according to recruiters. That said, the rate of growth moderated notably from August, and was much softer than compared to this time last year. Some panel members indicated that increases in pay had moderated amid signs of inflationary pressures subsiding.

Nevertheless, the rate of temp wage inflation seen for Scotland was broadly in line with the UK trend.

Temporary Wages Index
sa, >50 = inflation since previous month
52.8
Sep '23



Temporary Wages Index
Apr - Sep '23



Demand for permanent staff

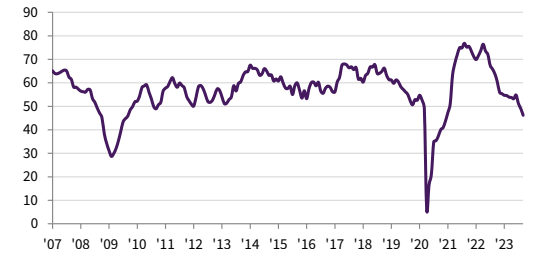
Quicker fall in permanent vacancies

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.

After falling for the first time in over two-and-a-half years in August, demand for permanent staff deteriorated further across Scotland in September. Moreover, the rate of decrease was the most pronounced since December 2020 and outpaced the UK-wide average.

Of the eight monitored sectors, Executive & Professional registered the sharpest drop in vacancies, followed by Secretarial & Clerical.

Permanent Vacancies Index
sa, >50 = growth since previous month
46.2
Sep '23



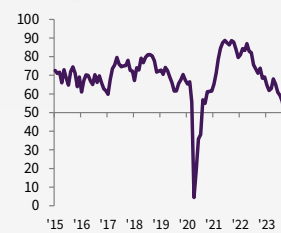
Permanent Vacancies Index by sector

Rank	Sector	Aug-23	Sep-23
1	Blue Collar	55.1	57.5
2	Nursing/Medical/Care	54.1	53.7
3	Hotel & Catering	45.6	51.4
4	IT & Computing	56.1	49.6
5	Accounts & Financial	48.2	48.1
6	Engineering & Construction	51.1	45.2
7	Secretarial & Clerical	46.6	43.8
8	Executive & Professional	41.4	38.6

Permanent vacancies by sector

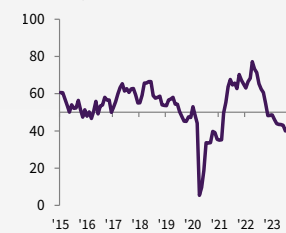
IT & Computing

sa, >50 = growth since previous month



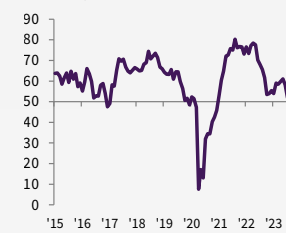
Executive & Professional

sa, >50 = growth since previous month



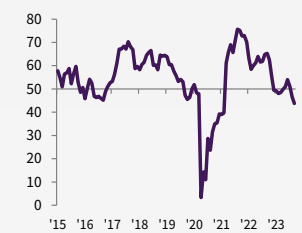
Accounting & Financial

sa, >50 = growth since previous month



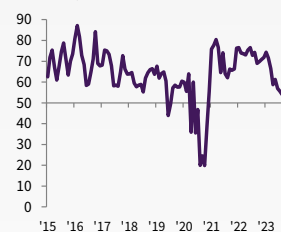
Secretarial & Clerical

sa, >50 = growth since previous month



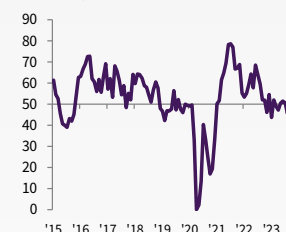
Nursing, Medical & Care

sa, >50 = growth since previous month



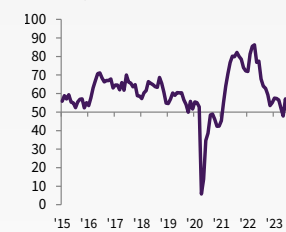
Hotel & Catering

sa, >50 = growth since previous month



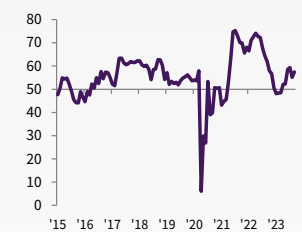
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

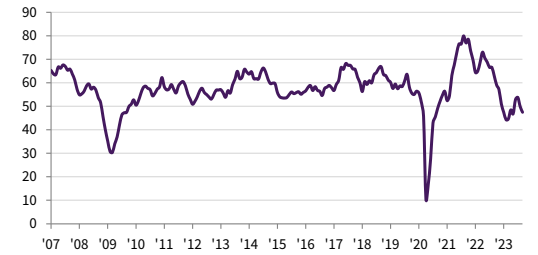
Modest reduction in temp vacancies

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.

After broadly stagnating in the previous survey period, temp vacancies fell across Scotland in September. The pace of contraction was modest overall but contrasted with a sustained rise at the UK level.

Secretarial & Clerical recorded the strongest drop in temp vacancies, followed closely by Accounts & Financial.

Temporary Vacancies Index **47.5**
sa, >50 = growth since previous month **Sep '23**



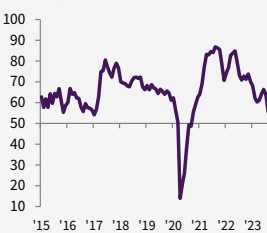
Temporary Vacancies Index by sector

Rank	Sector	Aug-23	Sep-23
1	Blue Collar	63.5	58.4
2	IT & Computing	55.7	52.5
3	Nursing/Medical/Care	46.4	49.1
4	Hotel & Catering	50.1	47.9
5	Executive & Professional	39.6	43.2
6	Engineering & Construction	44.0	43.0
7	Accounts & Financial	47.0	38.4
8	Secretarial & Clerical	40.6	38.3

Temporary vacancies by sector

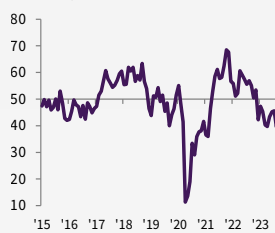
IT & Computing

sa, >50 = growth since previous month



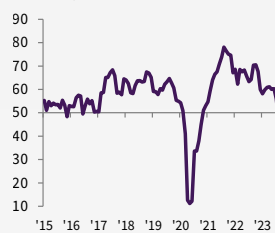
Executive & Professional

sa, >50 = growth since previous month



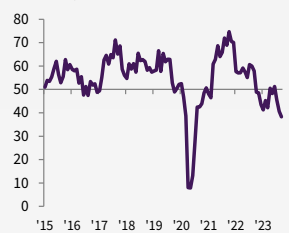
Accounting & Financial

sa, >50 = growth since previous month



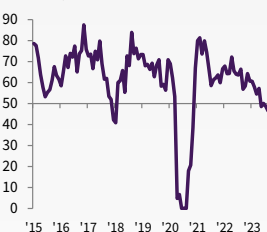
Secretarial & Clerical

sa, >50 = growth since previous month



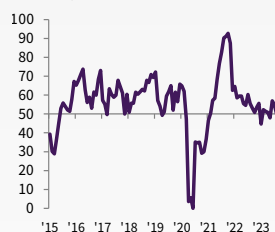
Nursing, Medical & Care

sa, >50 = growth since previous month



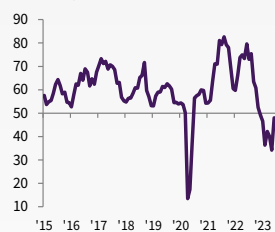
Hotel & Catering

sa, >50 = growth since previous month



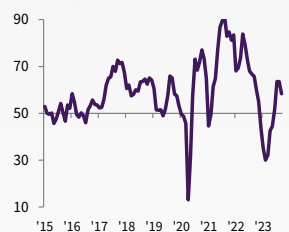
Engineering & Construction

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
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
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

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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

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