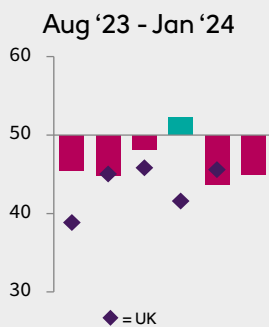


Royal Bank of Scotland Report on Jobs

Hiring activity declines across Scotland in January

Scotland Permanent Placements Index



Key findings

Sustained downturn in permanent staff appointments

Temp billings fall for first time in three months

Starting salaries rise at weakest pace in nearly three years

The latest Royal Bank of Scotland Report on Jobs survey signalled a drop in recruitment activity across Scotland at the start of 2024. Both permanent staff placements and temp billings fell sharply in January, with the latter posting the first decline in three months. Subdued levels of business activity and ongoing uncertainty around the outlook reportedly discouraged companies from taking on additional staff and made workers more hesitant to seek out new roles. At the same time, vacancies fell at marked and accelerated rates. In terms of pay, subdued demand conditions contributed to the softest rise in starting salaries for nearly three years. Meanwhile, temp wage inflation quickened, which was linked to the rising cost of living and reports of skills shortages.

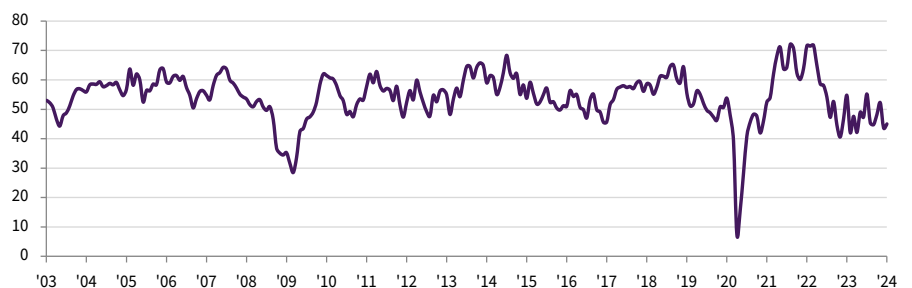
Sebastian Burnside, Chief Economist at Royal Bank of Scotland, commented:

"The health of the Scottish labour market weakened at the start of the year, with recruitment agencies revealing notable declines for both permanent placements and temp billings. The subdued economic climate, high costs and uncertainty over the year ahead all contributed to muted hiring activity at businesses. Starting salary inflation also moderated again in January, with pay awarded to permanent new joiners rising at the weakest pace in nearly three years."

"The downturn in hiring activity in Scotland reflected the trends seen across the UK as a whole, with many employers pausing recruitment decisions until the economic environment improves and market confidence revives."

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?".

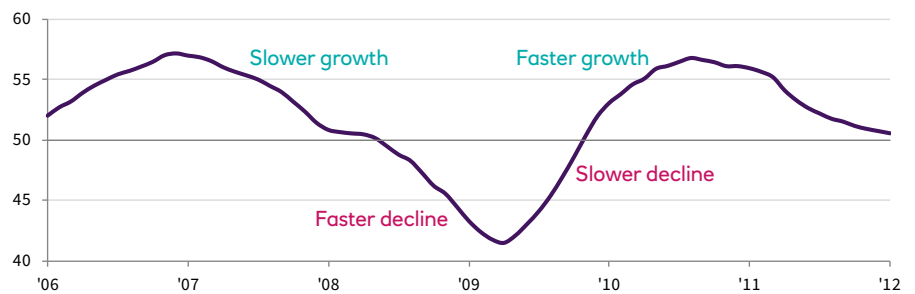
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

January data were collected 11-25 January 2023.

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

Index interpretation

50.0 = no change since previous month



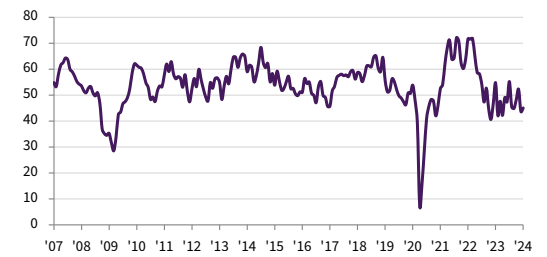
Staff placements

Sustained decline in permanent placements

Scottish recruitment agencies recorded a second consecutive monthly decline in permanent placements during January. The rate of contraction moderated from December but was sharp overall. Panellists linked the latest reduction to a decrease in business activity and lingering uncertainty over the outlook.

Permanent staff appointments also fell at the UK level and at a stronger rate than observed in Scotland.

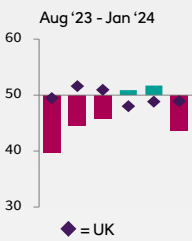
Permanent Placements Index
sa, >50 = growth since previous month



Permanent Placements Index
Aug '23 - Jan '24



Temporary Billings Index
Aug '23 - Jan '24

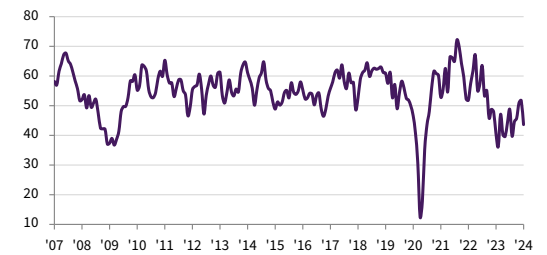


Fresh and sharp fall in temp billings

January survey data pointed to a fresh fall in temporary billings across Scotland. The latest reduction, which ended a two-month sequence of growth, was the most pronounced since last August and marked overall.

Temp billings also fell across the UK as a whole at the start of 2024. However, the rate of decrease was only slight and notably weaker than seen for Scotland.

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



Labour supply

Permanent staff supply drops at quicker pace

A marked deterioration in permanent candidate availability was recorded in Scotland during January, thereby extending the current run of contraction to three years. Moreover, the rate of decrease quickened from the previous survey period to the fastest since December 2022. Anecdotal evidence noted that reduced market confidence deterred candidates from seeking new job opportunities.

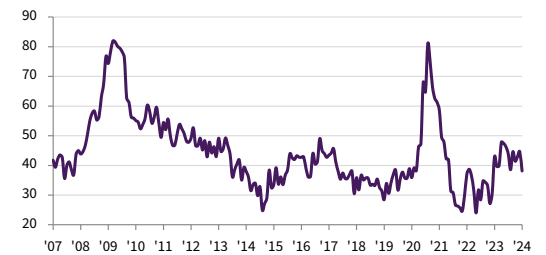
In contrast, an eleventh successive monthly expansion in permanent staff supply was seen at the UK level in January. The rate of growth did soften to a four-month low, however.

Sustained, albeit slower rise in temp staff availability

As observed in each of the last four months, the availability of temporary candidates across Scotland improved in January. The pace of expansion eased slightly from December but was strong overall. Temp staff supply also expanded at a softer pace across the UK as a whole, albeit one that remained sharp overall.

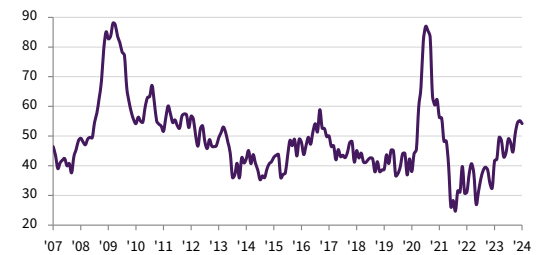
Permanent Candidate Availability Index
sa, >50 = growth since previous month

38.1
Jan '24

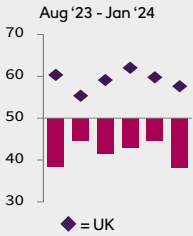


Temporary Candidate Availability Index
sa, >50 = growth since previous month

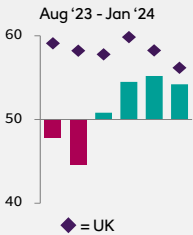
54.2
Jan '24



Permanent Candidate Availability Index
Aug '23 - Jan '24

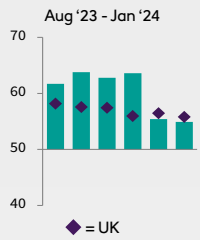


Temporary Candidate Availability Index
Aug '23 - Jan '24



Pay pressures

Permanent Salaries Index



Starting salary inflation eases further

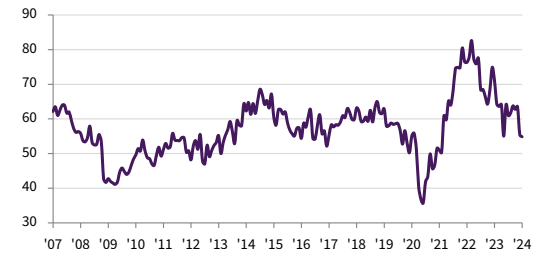
While candidate shortages fuelled higher starting salaries in Scotland, the rate of inflation moderated again during January. Furthermore, the rate of pay growth was the weakest in nearly three years and slower than the historical average.

The rate of salary inflation at the UK level also moderated in January, but remained quicker than that seen in Scotland.

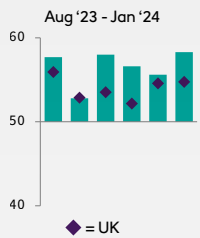
Permanent Salaries Index

sa, >50 = inflation since previous month

54.9
Jan '24



Temporary Wages Index



Steeper rise in temp wages

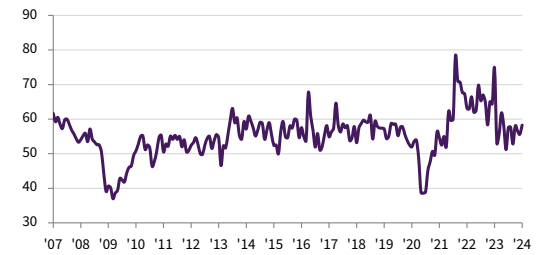
Temporary wages increased rapidly across Scotland in January, thereby extending the current sequence of growth that began in December 2020. Moreover, the rate of inflation quickened to a nine-month high. The growing cost of living and competition for skilled staff were said to have driven up temp pay.

Temp wages across Scotland rose at a sharper pace than that seen at the UK level for the fourth month running.

Temporary Wages Index

sa, >50 = inflation since previous month

58.3
Jan '24



Demand for permanent staff

Downturn in permanent job openings gathers pace

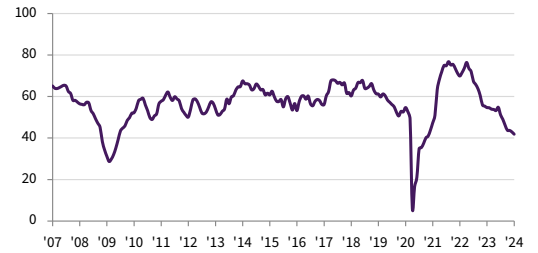
The Permanent Vacancies Index is derived from eight sectoral indices of the demand for permanent staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

Permanent staff demand weakened again across Scotland in January. The pace at which vacancies contracted quickened for the fifth straight month to the strongest since November 2020. Recruiters across the UK as a whole also noted a further drop in permanent vacancies, albeit only marginal.

With the sole exception of Nursing/Medical/Care, all of the eight monitored job sectors recorded a fall in permanent vacancies during January, with Executive & Professional leading the decline.

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

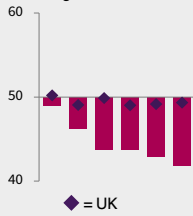
41.9
Jan '24



Permanent Vacancies Index by sector

Rank	Sector	Dec-23	Jan-24
1	Nursing/Medical/Care	56.1	57.0
2	Hotel & Catering	44.6	45.2
3	Engineering & Construction	40.2	43.6
4	Secretarial & Clerical	42.9	43.3
5	Accounts & Financial	43.2	41.4
6	Blue Collar	40.2	41.0
7	IT & Computing	44.3	40.7
8	Executive & Professional	41.4	33.5

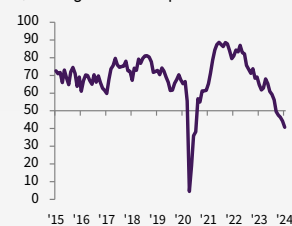
Permanent Vacancies Index
Aug '23 - Jan '24



Permanent vacancies by sector

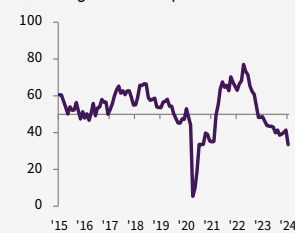
IT & Computing

sa, >50 = growth since previous month



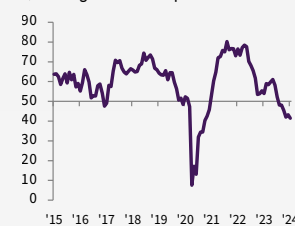
Executive & Professional

sa, >50 = growth since previous month



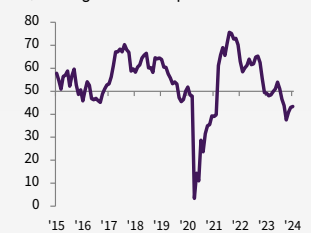
Accounting & Financial

sa, >50 = growth since previous month



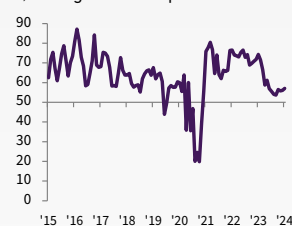
Secretarial & Clerical

sa, >50 = growth since previous month



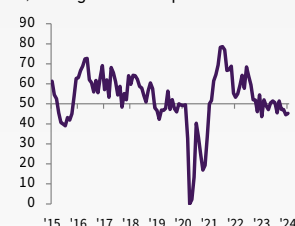
Nursing, Medical & Care

sa, >50 = growth since previous month



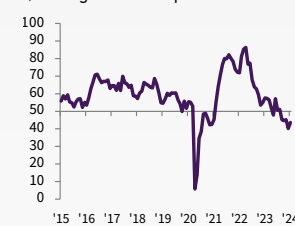
Hotel & Catering

sa, >50 = growth since previous month



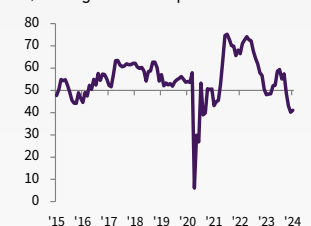
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Steep and accelerated fall in temp vacancies

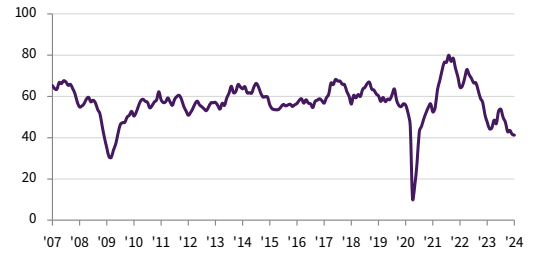
The Temporary Vacancies Index is derived from eight sectoral indices of the demand for temporary staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

Recruitment consultancies across Scotland recorded a sixth successive monthly reduction in temporary vacancies during January. The downturn was the most pronounced since mid-2020. Meanwhile, recruiters across the UK reported a slight rise in demand for temp workers.

Of the eight monitored job categories, the quickest decrease in vacancies was recorded in Engineering & Construction, followed by Executive & Professional.

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

41.2
Jan '24



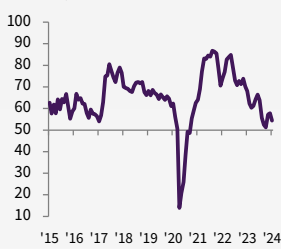
Temporary Vacancies Index by sector

Rank	Sector	Dec-23	Jan-24
1	IT & Computing	57.8	54.4
2	Hotel & Catering	50.1	45.3
3	Blue Collar	43.1	43.9
4	Nursing/Medical/Care	44.0	42.6
5	Accounts & Financial	42.1	40.8
6	Secretarial & Clerical	43.6	39.7
7	Executive & Professional	36.2	34.6
8	Engineering & Construction	27.4	32.3

Temporary vacancies by sector

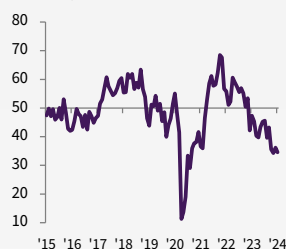
IT & Computing

sa, >50 = growth since previous month



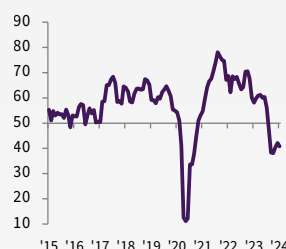
Executive & Professional

sa, >50 = growth since previous month



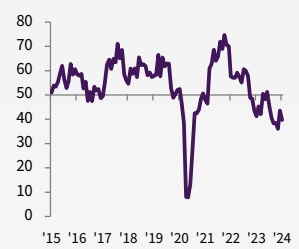
Accounting & Financial

sa, >50 = growth since previous month



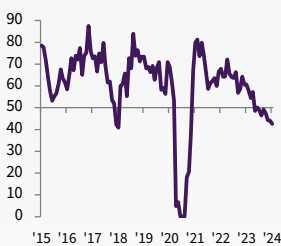
Secretarial & Clerical

sa, >50 = growth since previous month



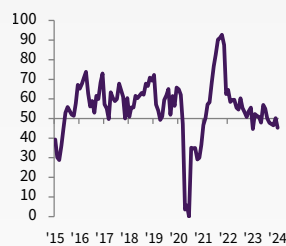
Nursing, Medical & Care

sa, >50 = growth since previous month



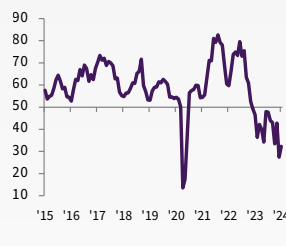
Hotel & Catering

sa, >50 = growth since previous month



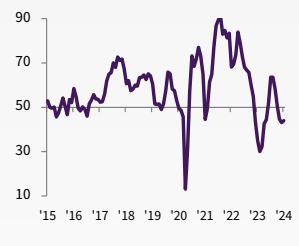
Engineering & Construction

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
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
Nov '23	52.3	50.9	42.9	54.5	63.6	56.6	43.7	43.5
Dec '23	43.7	51.7	44.6	55.2	55.4	55.6	42.9	41.6
Jan '24	45.0	43.6	38.1	54.2	54.9	58.3	41.9	41.2

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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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