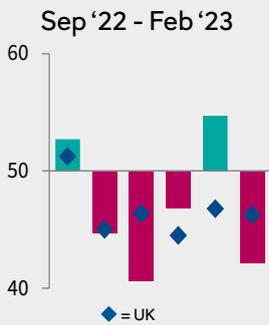


Royal Bank of Scotland Report on Jobs

February sees renewed downturn in permanent placements

Scotland Permanent Placements Index



Key findings

Permanent staff appointments fall for fourth time in five months

Pay pressures ease

Steep downturn in candidate availability

The latest data from the Royal Bank of Scotland Report on Jobs survey showed that recruitment consultancies saw a notable drop in the number of people placed in permanent roles during February amid ongoing market uncertainty and hesitancy to commit to new hires. The seasonally adjusted Permanent Placements Index slipped from 54.7 in January to 42.1, signalling a renewed contraction in permanent staff hires. Meanwhile, the downturn in temp billings accelerated, with the pace of decrease the fastest in the current five-month period of reduction. At the same time, the supply of both permanent and temporary staff shrank rapidly amid tight labour market conditions and skills shortages. Recruiters also commented that workers were increasingly hesitant to seek out or switch roles due to an uncertain economic climate. Despite ongoing labour shortages, February data pointed to a notable cooling in the rates of both starting salary and temp wage inflation.

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

"The renewed expansion in permanent placements during January did not carry through to February, as the latest survey data from recruiters signalled a fresh reduction in permanent new hires. Furthermore, the contraction in temporary billings persisted, indicating a steep fall in short-term staff recruitment. The downturn in hiring activity was often linked to uncertainty around the outlook and hesitancy among clients to commit to new staff. At the same time, ongoing skills shortages made it difficult to acquire candidates for those that did want to fill roles. Vacancy data highlighted a relatively subdued increase in permanent roles, while temp staff demand fell for the second month running, which helped bring down rates of inflation for starting pay. Growth in permanent starters' salaries was weaker than the trend seen over the past two years, while hourly rates of pay rose at the slowest pace since April 2021."

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?".

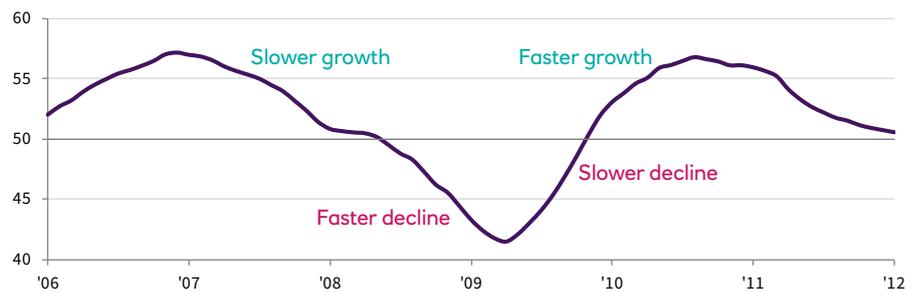
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

February data were collected 10-22 February 2023.

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

Index interpretation

50.0 = no change since previous month



Staff placements

Renewed contraction in permanent placements

After posting in expansion territory in January, the seasonally adjusted Permanent Placements Index fell back below the neutral 50.0 level during the latest survey period, indicating a fall in permanent staff appointments for the fourth time in the last five months. Moreover, the rate of reduction was sharp overall and stronger than that seen for the UK as a whole. Recruiters often linked the decline to delayed hiring decisions and greater market uncertainty.

Permanent Placements Index 42.1
 sa, >50 = growth since previous month Feb '23



Permanent Placements Index
 Sep '22 - Feb '23



Temporary Billings Index



Downturn in temp billings accelerates in February

Recruitment consultancies in Scotland recorded a reduction in temp billings in February, thereby stretching the current sequence of decrease to five consecutive months. The overall pace of contraction accelerated to one that was the most marked since June 2020. The fall also contrasted with a mild upturn in billings across the UK as a whole. According to panellists, a slowdown in market conditions had impacted clients' appetite to take on short-term hires.

Temporary Billings Index 36.2
 sa, >50 = growth since previous month Feb '23



Labour supply

Availability of permanent staff falls rapidly

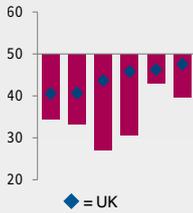
February data highlighted a quicker reduction in permanent staff availability across Scotland. The rate of decrease was rapid overall and quicker than the series average. Surveyed recruiters often cited skills shortages and a tight labour market when explaining the latest drop in supply.

The decline in permanent candidate numbers across Scotland outstripped that recorded for the UK as a whole.

Permanent Candidate Availability Index **39.6**
sa, >50 = growth since previous month Feb '23



Permanent Candidate Availability Index
Sep '22 - Feb '23



Slowest decrease in temp staff availability in 22 months

As has been the case in each month over the last two years, temporary staff availability declined across Scotland in February. The pace of contraction was quicker than the UK-wide trend and historically sharp, with anecdotal evidence often linking the fall to a generally low unemployment rate and reluctance amongst workers to switch roles. That said, the respective seasonally adjusted index ticked-up for a second month running to a 22-month high.

Temporary Candidate Availability Index **42.2**
sa, >50 = growth since previous month Feb '23

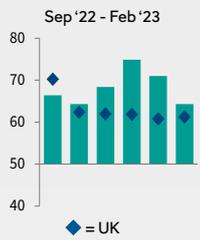


Temporary Candidate Availability Index
Sep '22 - Feb '23



Pay pressures

Permanent Salaries Index



Softest upturn in starting salaries for four months

Salaries awarded to newly-recruited staff rose across Scotland in February, thereby extending the current upward trend observed since December 2020. Tight labour market conditions and skill shortages continued to drive pay higher as firms competed to secure talent, according to recruiters. However, the rate of salary inflation eased further from December, signalling the joint-softest upturn in 20 months.

Nevertheless, the rate of pay growth in Scotland outstripped that seen across the UK as a whole for the fifth successive month.

Temporary Wages Index



Temp wage growth softens notably in February

After registering the second-fastest increase in the survey's history in January, temp wage inflation slowed notably in the latest survey period. Moreover, the rate of growth was the softest seen since April 2021. While persistent candidate shortages reportedly drove up pay, recruiters mentioned that the current economic climate limited the upturn.

The rate of wage inflation across Scotland was also weaker than the UK-wide trend.

Permanent Salaries Index

sa, >50 = inflation since previous month

64.3

Feb '23



Temporary Wages Index

sa, >50 = inflation since previous month

53.1

Feb '23



Demand for permanent staff

Demand for permanent staff expands at softest rate for 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.

Permanent job openings grew solidly across Scotland in February. However, the latest upturn was the softest seen for two years and below the historical average.

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

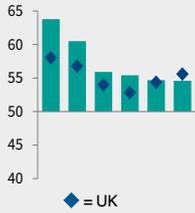
Permanent Vacancies Index **54.6**
sa, >50 = growth since previous month Feb '23



Permanent Vacancies Index by sector

Rank	Sector	Jan-23	Feb-23
1	Nursing/Medical/Care	74.3	71.6
2	IT & Computing	64.7	61.8
3	Accounts & Financial	54.0	58.9
4	Engineering & Construction	57.5	57.3
5	Hotel & Catering	43.7	52.0
6	Blue Collar	48.1	48.4
7	Secretarial & Clerical	49.2	48.1
8	Executive & Professional	48.5	46.1

Permanent Vacancies Index
Sep '22 - Feb '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

Temp vacancies fall for second straight month

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.

Temp vacancies across Scotland fell for the second month running in February. The pace of contraction quickened from January and was marked. The decrease noted in Scotland contrasted with a further expansion in temp job openings at the UK level.

Blue Collar roles led the decline, followed by Engineering & Construction.

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

44.3
Feb '23



Temporary Vacancies Index by sector

Rank	Sector	Jan-23	Feb-23
1	IT & Computing	68.0	62.2
2	Accounts & Financial	58.1	59.9
3	Nursing/Medical/Care	60.6	57.9
4	Hotel & Catering	44.7	52.3
5	Executive & Professional	47.3	45.4
6	Secretarial & Clerical	41.3	45.3
7	Engineering & Construction	46.6	36.3
8	Blue Collar	35.0	30.1

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



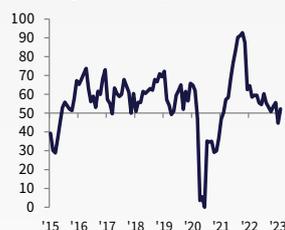
Nursing, Medical & Care

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
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
Feb '23	42.1	36.2	39.6	42.2	64.3	53.1	54.6	44.3

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About Royal Bank of Scotland

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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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.

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