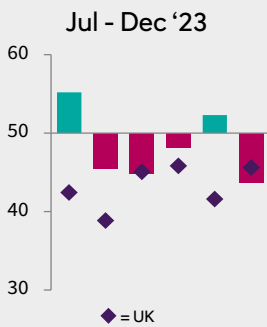


Royal Bank of Scotland Report on Jobs

Renewed contraction in permanent placements at end of 2023

Scotland Permanent Placements Index



Key findings

Fresh fall in permanent placements

Pay pressures moderate

Demand weakens for both permanent and temp staff

The latest Royal Bank of Scotland Report on Jobs survey signalled a fresh decline in permanent staff appointments across Scotland during December. The pace of reduction was the strongest since April, as growing economic uncertainty weighed on hiring decisions and discouraged workers from seeking new roles. However, temp billings rose further in December, highlighting a preference for temporary staff amongst employers. Candidate shortages meanwhile continued to push up starting salaries, though the rate of inflation eased notably from November. Temp wage growth also softened at the end of the year. Finally, overall demand for staff weakened further, with both permanent and temp vacancies declining markedly in December.

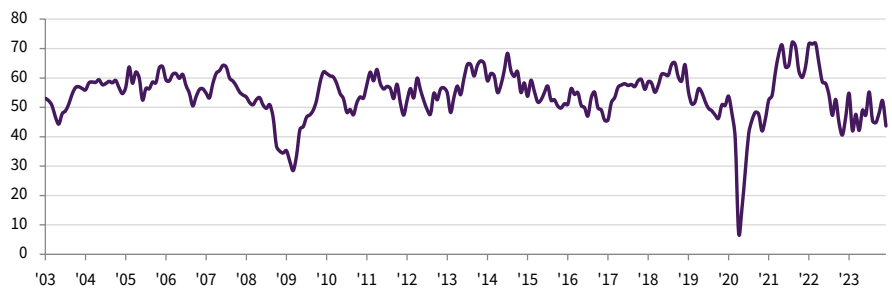
Sebastian Burnside, Chief Economist at Royal Bank of Scotland, commented:

"The Report on Jobs survey highlights that 2023 has generally been a weak year for the Scottish labour market, with permanent staff appointments rising in only three months of the year. Moreover, December recorded the most marked decline in permanent placements since April and one that was sharp overall, as employers were hesitant to commit to new hires amid lingering economic uncertainty – a theme also observed at the UK level. In contrast, temp billings continued to increase at the end of the year as businesses opted for more flexible employment arrangements."

"The subdued economic environment and signs of further declines in vacancies suggest that hiring activity will remain weak as we head into 2024. However, softening demand conditions have led to slower rates of pay growth, especially for permanent starters' salaries, helping to ease the pressure on employer's budgets."

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?".

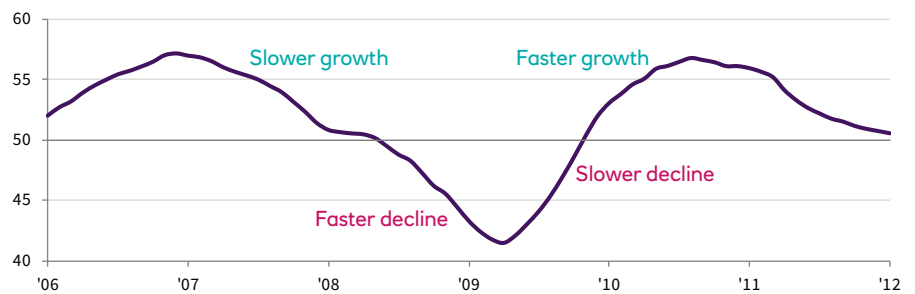
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

December data were collected 06-18 December 2023.

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

Index interpretation

50.0 = no change since previous month



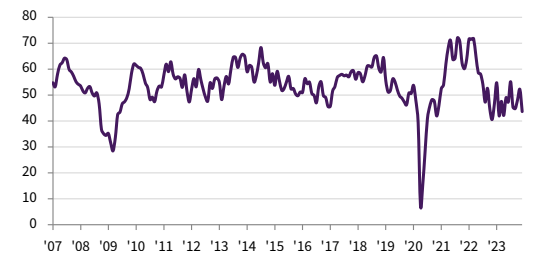
Staff placements

Renewed fall in permanent placements

Scottish recruitment firms recorded a fresh fall in permanent staff appointments during December, with declines now noted in four of the last five survey periods. The rate of decrease was the most pronounced since April and sharp. The reduction was linked by recruiters to heightened levels of economic uncertainty, which dampened employers' and workers' intentions to hire or seek out new roles.

Permanent staff appointments fell at a steeper rate across Scotland than that seen across the UK as a whole.

Permanent Placements Index
sa, >50 = growth since previous month
43.7
Dec '23

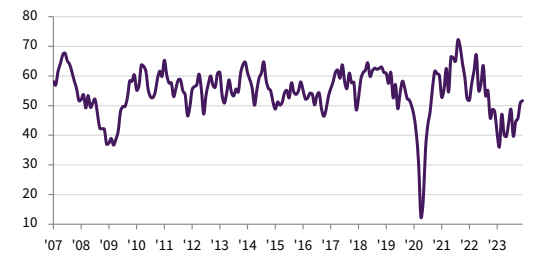


Second monthly rise in temp billings

December data pointed to a second consecutive monthly rise in billings received from the employment of temporary staff across Scotland. The rate of expansion, though mild, quickened from November. The latest rise was reportedly supported by increased demand for contract workers.

Meanwhile, recruiters across the UK recorded a further fall in temp billings during December.

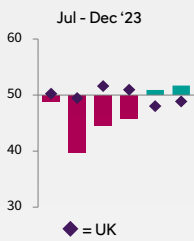
Temporary Billings Index
sa, >50 = growth since previous month
51.7
Dec '23



Permanent Placements Index
Jul - Dec '23



Temporary Billings Index
Jul - Dec '23



Labour supply

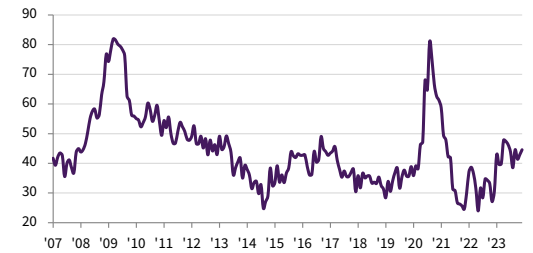
Availability of permanent staff worsens

Permanent staff availability across Scotland fell in December, thereby stretching the current period of decrease to 35 months. The pace of decline remained sharp despite easing to a three-month low. According to recruiters, fewer workers were willing to risk a job move in the current economic climate.

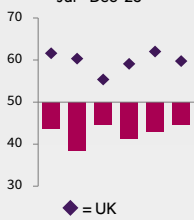
The reduction in the number of workers seeking permanent positions across Scotland contrasted with the marked upturn in permanent staff availability at the UK level.

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

44.6
Dec '23



Permanent Candidate Availability Index
Jul - Dec '23



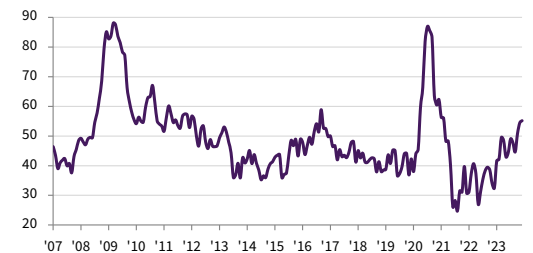
Strong rise in temp staff supply

A third consecutive monthly rise in temp candidate supply was recorded across Scotland in December. The respective seasonally adjusted index ticked up further from September to signal a sharp rise in temp staff supply overall. Recruiters often attributed the upturn to redundancies and the non-renewal of contracts.

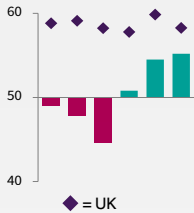
However, growth of temp staff supply across the UK as a whole continued to outpace that seen in Scotland.

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

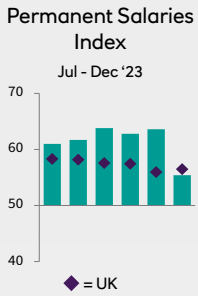
55.2
Dec '23



Temporary Candidate Availability Index
Jul - Dec '23

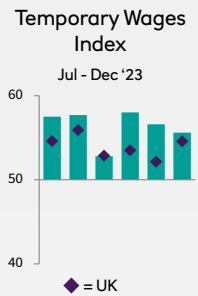
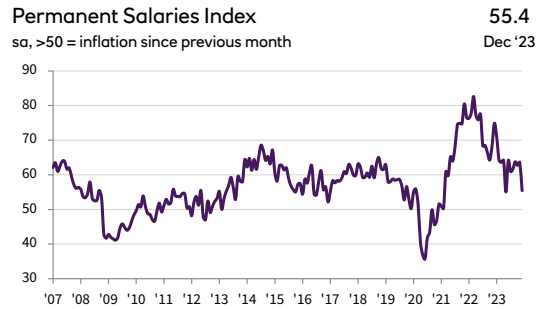


Pay pressures



Permanent salary inflation eases notably

Salaries awarded to newly-placed permanent staff increased sharply across Scotland in December. The rise in salaries was said to have been primarily driven by candidate shortages. However, the rate of inflation moderated to a seven-month low and was weaker than both the historical and UK-wide averages.



Temp wage growth softens again

Latest data signalled a further rise in temporary wages across Scotland at the end of 2023. While the pace of increase eased for the second month running, it remained sharp overall and broadly in line with the long-run average. The latest upturn in temp pay was largely linked to the growing cost of living.

While the rate of temp wage growth quickened across the UK as a whole, it remained weaker than that observed in Scotland.



Demand for permanent staff

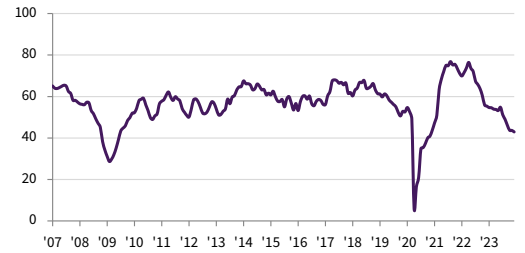
Steeper drop in permanent vacancies

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.

Scottish recruiters registered a marked fall in permanent vacancies during December. Moreover, the rate of contraction was the strongest since November 2020. Demand for permanent staff also weakened at the UK level, but only marginally.

Across the eight monitored sectors, Blue Collar and Engineering & Construction recorded the joint-fastest falls in permanent vacancies. Meanwhile, Nursing/Medical/Care defied the broader trend by reporting an upturn in permanent staff demand.

Permanent Vacancies Index **42.9**
 sa, >50 = growth since previous month Dec '23



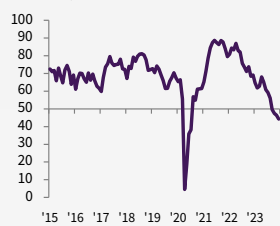
Permanent Vacancies Index by sector

Rank	Sector	Nov-23	Dec-23
1	Nursing/Medical/Care	55.8	56.1
2	Hotel & Catering	47.2	44.6
3	IT & Computing	46.4	44.3
4	Accounts & Financial	42.1	43.2
5	Secretarial & Clerical	40.9	42.9
6	Executive & Professional	40.1	41.4
7	Engineering & Construction	45.2	40.2
8	Blue Collar	43.0	40.2

Permanent vacancies by sector

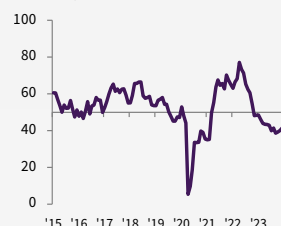
IT & Computing

sa, >50 = growth since previous month



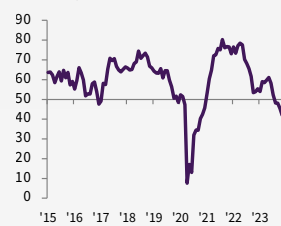
Executive & Professional

sa, >50 = growth since previous month



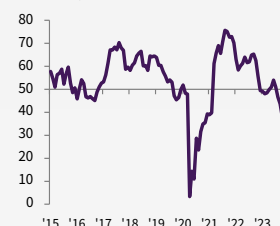
Accounting & Financial

sa, >50 = growth since previous month



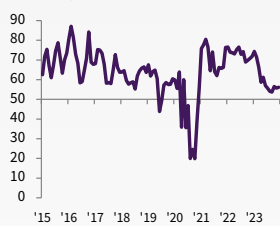
Secretarial & Clerical

sa, >50 = growth since previous month



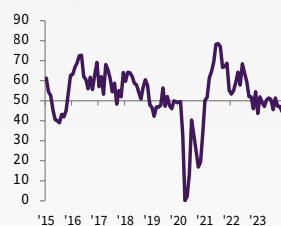
Nursing, Medical & Care

sa, >50 = growth since previous month



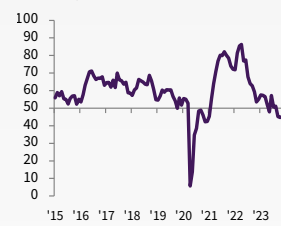
Hotel & Catering

sa, >50 = growth since previous month



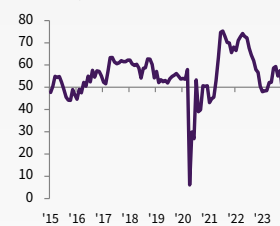
Engineering & Construction

sa, >50 = growth since previous month



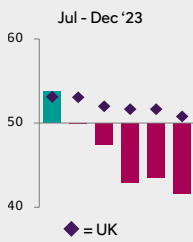
Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Temporary Vacancies Index
Jul - Dec '23



Temp vacancies fall rapidly

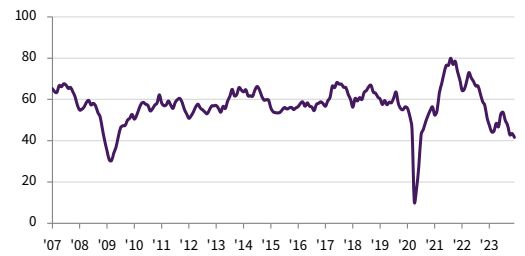
The Temporary Vacancies Index is derived from eight sectoral indices of the demand for temporary staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

As has been the case since August, Scottish recruiters noted a fall in temp vacancies in December. Moreover, the rate of contraction was the most marked in three-and-a-half years. Meanwhile, demand for temp staff across the UK as a whole rose slightly.

Engineering & Construction noted the quickest decline in short-term vacancies, followed by Executive & Professional.

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

41.6
Dec '23



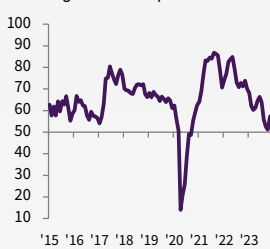
Temporary Vacancies Index by sector

Rank	Sector	Nov-23	Dec-23
1	IT & Computing	57.2	57.8
2	Hotel & Catering	46.6	50.1
3	Nursing/Medical/Care	44.3	44.0
4	Secretarial & Clerical	36.1	43.6
5	Blue Collar	44.6	43.1
6	Accounts & Financial	40.4	42.1
7	Executive & Professional	34.3	36.2
8	Engineering & Construction	42.8	27.4

Temporary vacancies by sector

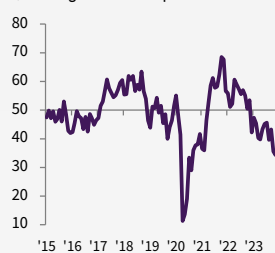
IT & Computing

sa, >50 = growth since previous month



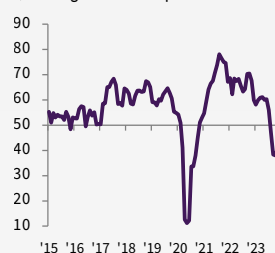
Executive & Professional

sa, >50 = growth since previous month



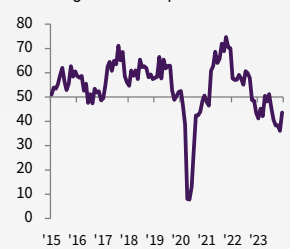
Accounting & Financial

sa, >50 = growth since previous month



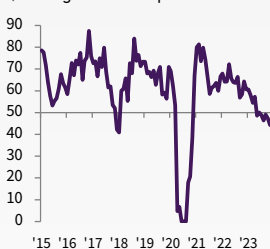
Secretarial & Clerical

sa, >50 = growth since previous month



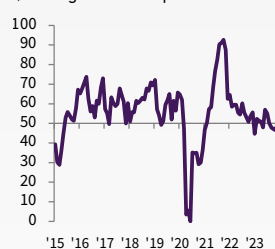
Nursing, Medical & Care

sa, >50 = growth since previous month



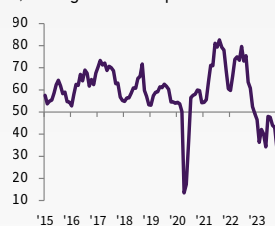
Hotel & Catering

sa, >50 = growth since previous month



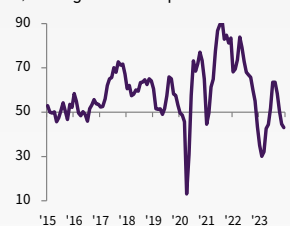
Engineering & Construction

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
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
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

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The bank has commitment to retain its close connections with the Scottish communities it serves.

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