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## Royal Bank of Scotland Report on Jobs

### *Hiring activity weakens again in November*

- Downturn in permanent staff hires accelerates
- Vacancy growth continues to soften
- Further sharp rise in starting pay

According to the latest Royal Bank of Scotland Report on Jobs survey, hiring activity fell across Scotland again in November amid greater economic uncertainty and strong cost pressures. For the second month running, both permanent staff hires and temp billings fell, with the former recording the quickest reduction since June 2020. While staff availability continued to deteriorate, demand for labour expanded at a softer, but still strong rate. The ongoing imbalance of labour demand and supply led to further rises in both starting salaries and short-temp pay.

#### **Downturn in permanent placements gathers pace**

For the second successive month, permanent placements fell across Scotland in November. The rate of reduction quickened from October to the fastest since the initial phase of the pandemic in June 2020 and was sharp overall. Increased market uncertainty and candidate shortages were blamed for the latest drop in permanent staff appointments.

Permanent placements also fell across the UK as a whole for the second month in a row, albeit at a softer pace than that seen in Scotland.

November data highlighted a fall in temp billings across Scotland for the second consecutive month. Adjusted for seasonality, the respective index pointed to a slower and modest pace of decrease. According to anecdotal evidence, concerns about the outlook weighed on labour market activity.

In contrast to the trend seen for Scotland, temp billings expanded modestly at the UK level.

#### **Supply of permanent staff falls steeply in November**

As has been the case since February 2021, the supply of permanent staff across Scotland contracted during November. Furthermore, the rate of deterioration was the most severe since May and among the fastest on record. Recruiters stated that a combination of labour and skill shortages, Brexit and economic uncertainty reduced the supply of candidates.

Notably, the downturn in permanent staff supply across Scotland outstripped the UK average for the eighth month in a row.

A twenty-first successive monthly fall in temporary candidates across Scotland was recorded during November. The rate of reduction accelerated on the month, and was the sharpest since June. The decline also exceeded that seen across the UK as a

whole. Recruiters blamed the fall on a stronger preference for permanent roles, candidate shortages and economic uncertainty.

### **Upward pressure on starting salaries intensifies in November**

Latest survey data signalled a further rise in salaries awarded to permanent new joiners in Scotland for the twenty-fourth successive month in November. The rate of pay inflation ticked up from October's 16-month low, and was rapid overall. The latest rise in salaries was attributed to competition for labour amid staff and skill shortages.

For the second month running, Scotland noted a quicker rise in starting salaries than recorded at the UK level.

Average hourly wages increased further across Scotland in November, thereby stretching the current sequence of inflation to two years. The rate of pay growth accelerated from October's 18-month low and was sharp overall. Scottish recruiters commonly noted that acute skill and candidate shortages continued to exert upward pressure on wages.

### **Further slowdown in growth of demand for permanent staff in November**

November data pointed to another monthly increase in the number of permanent vacancies across Scotland, extending the current run of expansion that began in February 2021. That said, while growth remained strong, the rate of increase weakened to the second-slowest in the aforementioned sequence.

Across the monitored job categories, Nursing/Medical/Care reported the quickest rise in vacancies. Executive & Professional and Hotel & Catering reported reduced demand for permanent staff.

Recruiters across Scotland signalled a twenty-sixth successive monthly rise in temporary vacancies during November. However, the rate of expansion cooled since the previous month and was the softest seen since February 2021.

IT & Computing registered the quickest upturn in short-term vacancies, followed by Accounts & Financial.

# News Release

## COMMENT

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

*"Following the post-pandemic hiring boom, the latest Report on Jobs survey indicates that recruitment activity lost further momentum in November amid a slowdown across the economy. Greater uncertainty around the outlook and candidate shortages have taken a toll on staff hiring across Scotland. Latest data indicated a notably steeper contraction in permanent placements, while temp billings fell for the second consecutive month.*

*"At the same time, labour scarcity resulted in strong growth in pay, with both starting salaries and hourly wages rising at sharper rates during November. The steeper drop in candidate availability across Scotland, which was often blamed on a generally low unemployment rate, fewer foreign workers, worries over the economic climate and cost of living crisis, is likely to add further upwards pressure on pay in the months ahead, particularly if firms want to attract and secure the skilled workers they need."*

## ENDS

Royal Bank of Scotland is supporting civil and corporate customers affected by COVID-19. For advice or support visit: <https://www.business.rbs.co.uk/business/support-centre/service-status/coronavirus.html>

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# News Release

## Notes to Editors

This report, compiled by S&P Global, is based on a monthly survey of around 100 recruitment and employment consultants, and provides up-to-date information on Scottish labour market trends and is seasonally adjusted.

The information in this report is directly comparable with the KPMG and REC, Report on Jobs survey for the UK, which uses an identical methodology. The KPMG and REC index for the UK has a strong track record of accurately anticipating changes in unemployment, employment and average earnings.

All Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with reading of exactly 50.0 signalling no change on the previous month. Readings above 50 signal an increase or improvement; readings below 50 signal a decline or deterioration. Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices and are also used to adjust for expected seasonal variations.

November data were collected 11-24 November 2022.

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

A regional Report on Jobs series is now available comprising five regional reports tracking labour market trends across the Midlands, the North of England, the South of England, Scotland and London. The reports are designed to provide a comprehensive and up-to-date guide to labour market trends and the data are directly comparable with the UK Report on Jobs.

### About the Recruitment & Employment Confederation

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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](http://www.rec.uk.com).

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