



Royal Bank
of Scotland

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Royal Bank of Scotland Report on Jobs

Scottish recruitment activity continues to fall in February

- **Accelerated fall in permanent placements...**
- **...while downturn in temp billings moderates**
- **Rates of starting pay continue to increase sharply**

Hiring activity across Scotland fell again in February, according to the latest Royal Bank of Scotland Report on Jobs survey, compiled by S&P Global. Recruiters reported falls in both permanent staff appointments and temporary billings. However, trends diverged as permanent placements fell at the quickest pace in 15 months, while the downturn in temp billings moderated since January. According to anecdotal evidence, economic uncertainty and subdued demand for staff had weighed on hiring decisions. Demand weakness was highlighted by marked falls in both permanent and temporary vacancies during February. However, pay pressures persisted amid competition for suitably-skilled workers.

Rapid reduction in permanent placements

February data revealed a third consecutive monthly fall in permanent staff appointments across Scotland. The rate of contraction quickened from January to the sharpest in 15 months. Anecdotal evidence generally linked the latest decline to fewer vacancies.

Permanent staff hires also fell across the UK as a whole. The rate of contraction was broadly unchanged from the previous survey period and sharp, albeit softer than that recorded for Scotland.

Scottish recruiters recorded a drop in billings received from temporary workers during February. That said, the respective seasonally adjusted index ticked up to signal only a fractional fall in temp billings overall. While some panel members reported reduced demand for short-term workers or that temp roles had often been converted to long-term positions, this was partially offset by reports of successful recruitment drives.

Meanwhile, temp billings at the UK level declined at an accelerated rate that exceeded that seen for Scotland.

Sustained fall in permanent staff supply

Latest data showed a fall in permanent staff availability across Scotland, thereby extending the current run of decrease which began in February 2021. The pace of deterioration was only slightly weaker than January's 13-month record and rapid overall. According to panel members, the latest reduction was due to a lack of suitably-skilled workers and economic uncertainty making people more hesitant to seek out new roles.



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In contrast to the trend seen in Scotland, the availability of permanent candidates rose sharply at the UK level.

Scottish recruiters reported an expansion of temp staff supply for the fifth month in a row during February. Where a rise was seen, this was often linked to the completion or non-renewal of contracts. However, the rate of increase was the weakest since last October, with some recruiters noting a reduced willingness among candidates to pursue new opportunities.

The rate of growth in temp candidate availability across Scotland was also much slower than the UK-wide average.

Sharp rise in permanent starting salaries

As has been the case in each month since December 2020, pay increased for permanent new joiners across Scotland during February. The rate of salary inflation quickened to the fastest since November, after having softened to a near three-year low in January. The rise in salaries was widely attributed to shortages of suitably-skilled candidates.

For the first time since November, the rate of salary inflation across Scotland was stronger than that seen for the UK as a whole.

Latest survey data signalled a sharp rise in temporary staff pay across Scotland in February. The rate of wage inflation softened since January but was slightly quicker than the long-run average. A rise in temp pay was also observed at the UK level, albeit one that was weaker than that seen for Scotland.

Sustained fall in permanent vacancies

Scottish recruiters signalled a fall in permanent vacancies during February, thereby extending the current run of contraction to seven months. The rate of decline moderated slightly from January, but was rapid overall and outpaced the UK-wide average.

Apart from the Nursing/Medical/Care category, all of the eight monitored employment groups registered lower demand for permanent staff.

February data revealed a seventh successive monthly fall in demand for short-term staff across Scotland. The rate of contraction softened from the previous survey period but was sharp overall. Short-term vacancies across the UK as a whole meanwhile declined for the first time in three-and-a-half years, albeit only marginally.

All of the eight monitored employment sectors registered a decline in temp vacancies, led by Executive & Professional.



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COMMENT

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

“The latest recruitment survey continues to highlight reduced hiring activity across Scotland amid a backdrop of lingering economic uncertainty. While lower confidence meant that employers remain wary of taking on additional staff, there were also reports that shortages of suitably-skilled workers had impacted recruiters abilities to fill roles. At the same time, candidates were cautious to seek new opportunities, instead favouring security in their current roles or pausing their job search. With vacancies continuing to fall, this suggests that we could see a further deterioration in hiring conditions across Scotland in the months to come. However, starting pay for both permanent new joiners and temp workers continued to increase at marked rates, suggesting that while overall hiring activity is down, for the right skillset employers are willing to raise their offers.”

ENDS

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Notes to Editors

This report, compiled by S&P Global, is based on a monthly survey of around 70 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.

February data were collected 12-23 February 2024.

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@spglobal.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.

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