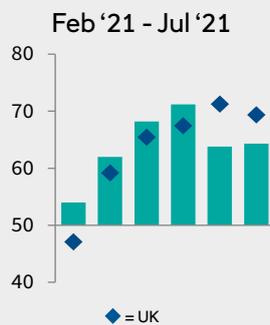


# Royal Bank of Scotland Report on Jobs

## Hiring activity continues to rise sharply in July

### Scotland Permanent Placements Index



### Key findings

#### Faster increase in permanent staff appointments

#### Temp billings rise at near record pace, though momentum cools

#### Greater demand for staff places upwards pressure on pay

Scottish labour market conditions continued to strengthen during July, according to the latest Royal Bank of Scotland Report on Jobs. Permanent placements rose for the seventh month in a row and at a quicker pace, while the rate of increase in temp billings remained close to a survey record, despite slowing on the month. According to panellists, the further relaxation of COVID-19 restrictions and increased economic activity had boosted hiring activity. Subsequently, difficulties finding candidates persisted into the third quarter, as the supply of staff plummeted again, while vacancies continued to surge. This mismatch between demand and supply therefore placed further upwards pressure on rates of pay.

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

*"Latest data pointed to another strong month for the Scottish labour market, with hiring activity continuing to rise sharply for both permanent and temporary staff, and the rates of increase among the fastest recorded since the survey began in 2003.*

*"However, recruiters again noted challenges in finding candidates, as the supply of both short-term and permanent staff plummeted again amid reports of surging demand. Indeed, vacancies continued to rise rapidly, with the rates of increase for temporary positions highest on record and permanent staff second only to the rise witnessed in June.*

*"This mismatch between supply and demand is likely to pose further challenges in the months ahead, but overall, the labour market is in a good position, recouping any lost ground at a rapid pace, and hiring activity is showing little-signs of any considerable slowdown."*

#### 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 IHS Markit 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?".

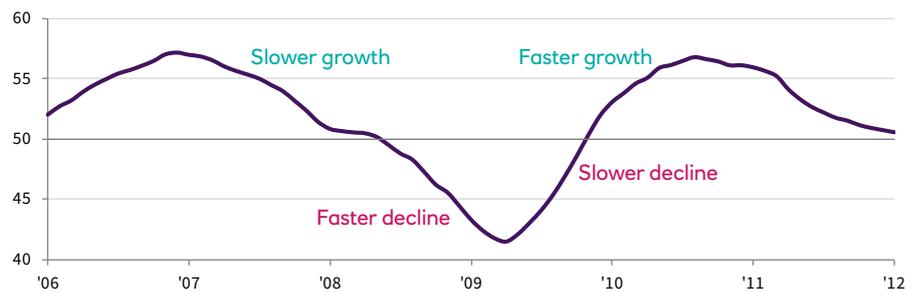
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

July data were collected 12-26 July 2021.

For further information on the survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Index interpretation

50.0 = no change since previous month



## Staff placements

### Permanent placements rise at quicker pace in July

July data highlighted a sustained upturn in the number of permanent staff appointments across Scotland. Companies were expanding their workforces amid the easing of COVID-19 restrictions, according to respondents. Moreover, the rate of increase accelerated on the month to move closer to May's recent peak and was substantial overall.

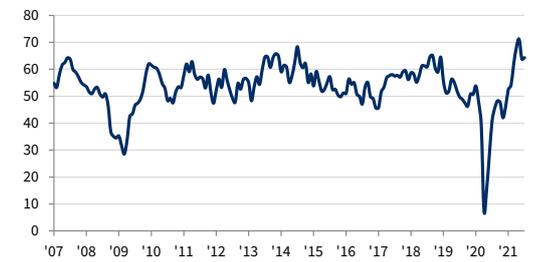
Permanent placements also rose at the UK level in July. Here, the upturn slowed from June's record, but was still faster than that seen in Scotland.

### Further steep increase in temp billings

Recruiters across Scotland signalled another increase in billings received from the employment of temporary workers during July, extending the current sequence of growth to 11 months. The rate of expansion was among the fastest on record and rapid, despite easing since June. Anecdotal evidence attributed the latest upturn in temp billings with the reopening of the economy and a subsequent surge in demand for staff.

Moreover, the rate of increase in Scotland outstripped the UK average for the third month running in July.

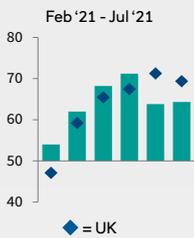
Permanent Placements Index  
sa, >50 = growth since previous month  
64.3 Jul '21



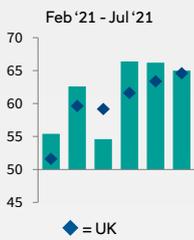
Temporary Billings Index  
sa, >50 = growth since previous month  
65.0 Jul '21



Permanent Placements Index  
Feb '21 - Jul '21



Temporary Billings Index  
Feb '21 - Jul '21



## Labour supply

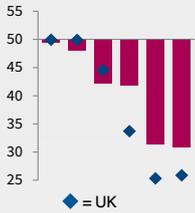
### Supply of permanent staff drops at steepest rate since March 2019

Recruitment agencies across Scotland highlighted a further fall in the availability of permanent candidates during July, extending the current sequence of reduction to six months. Heightened uncertainty among candidates stemming from the pandemic, as well as surging demand for staff, were cited by respondents as having driven the latest fall in candidate numbers. The rate of decline was the fastest since March 2019, although not as steep as that registered for the UK as a whole.

Permanent Candidate Availability Index Jul '21 30.8  
sa, >50 = growth since previous month



Permanent Candidate Availability Index Feb '21 - Jul '21



### Rate of decline in temp candidate availability remains close to record pace

Shortages of staff also extended into short-term roles in July, with the supply of temporary candidates declining at the second-quickest rate on record (behind June 2021). Anecdotal evidence attributed the fall, which was rapid, to strong demand for staff, Brexit, and the government furlough scheme.

Temporary Candidate Availability Index Jul '21 28.3  
sa, >50 = growth since previous month



Temporary Candidate Availability Index Feb '21 - Jul '21



## Pay pressures

### Near record increase in permanent salaries

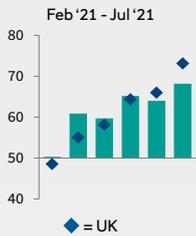
Pay inflation continued into July, as salaries awarded to permanent new joiners in Scotland increased for the eighth month in a row. A shortage of candidates and strong demand for workers led to the latest rise in salaries, according to respondents. Notably, the rate of inflation was the second-fastest on record (behind July 2014).

### Temp wages continue to rise sharply in July

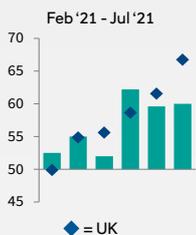
An eighth straight monthly increase in average hourly pay rates for short-term staff across Scotland was recorded in July. According to anecdotal evidence, strong demand for staff and a lack of available candidates had pushed up wages. The rate of inflation gathered pace from May, and was among the steepest on record.

Temp pay also rose across the UK during July, with the rate of increase far outpacing that seen in Scotland.

Permanent Salaries Index



Temporary Wages Index



Permanent Salaries Index

sa, >50 = inflation since previous month

68.2

Jul '21



Temporary Wages Index

sa, >50 = inflation since previous month

60.0

Jul '21



## Demand for permanent staff

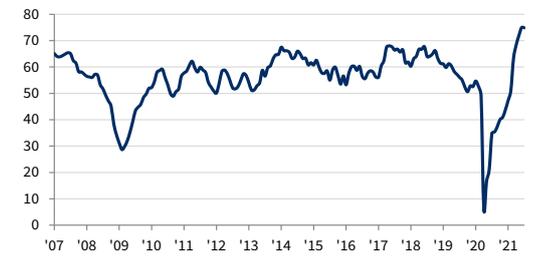
### Number of permanent vacancies rises steeply again in July

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.

Recruiters across Scotland registered a sixth consecutive monthly rise in the number of permanent vacancies during July. Moreover, the rate of increase was only fractionally slower than June's record pace and remained rapid overall.

IT & Computing saw the fastest upturn in permanent vacancies across the monitored job sectors, followed by Engineering & Construction.

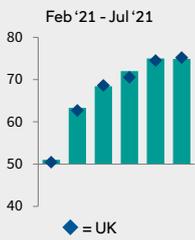
Permanent Vacancies Index **74.9**  
sa, >50 = growth since previous month Jul '21



Permanent Vacancies Index by sector

Rank	Sector	Jun-21	Jul-21
1	IT & Computing	88.7	87.4
2	Engineering & Construction	80.1	80.0
3	Hotel & Catering	78.2	78.6
4	Blue Collar	74.7	75.3
5	Accounts & Financial	75.7	75.1
6	Secretarial & Clerical	65.6	70.9
7	Executive & Professional	67.6	64.7
8	Nursing/Medical/Care	74.1	64.1

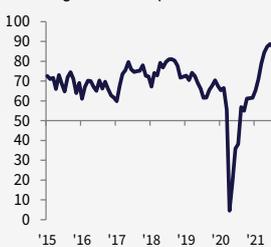
Permanent Vacancies Index  
Feb '21 - Jul '21



## Permanent vacancies by sector

### IT & Computing

sa, >50 = growth since previous month



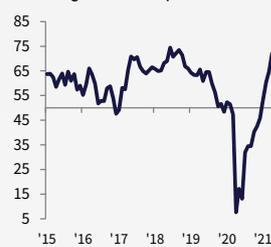
### Executive & Professional

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



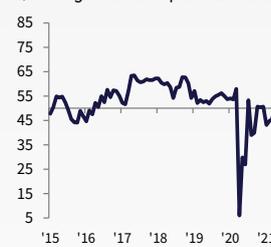
### Engineering & Construction

sa, >50 = growth since previous month



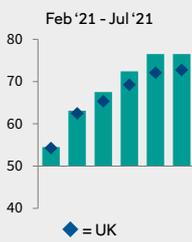
### Blue Collar

sa, >50 = growth since previous month



## Demand for temporary staff

Temporary Vacancies Index  
Feb '21 - Jul '21



### Further record increase in demand for temporary staff

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.

July data highlighted another rapid rise in the number of temporary vacancies across Scotland, with the respective seasonally adjusted index unchanged from June's survey record. The rate of growth in Scotland was also quicker than that seen at the UK level.

Across the monitored sectors, Blue Collar saw the strongest increase in demand for short-term staff, followed by IT & Computing.

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

76.5  
Jul '21



Temporary Vacancies Index by sector

Rank	Sector	Jun-21	Jul-21
1	Blue Collar	86.8	89.4
2	IT & Computing	84.5	84.1
3	Hotel & Catering	76.7	82.7
4	Engineering & Construction	81.0	79.4
5	Accounts & Financial	70.7	73.9
6	Secretarial & Clerical	64.1	65.8
7	Nursing/Medical/Care	66.6	58.6
8	Executive & Professional	61.2	57.8

## Temporary vacancies by sector

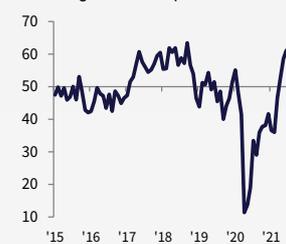
### IT & Computing

sa, >50 = growth since previous month



### Executive & Professional

sa, >50 = growth since previous month



### Accounting & Financial

sa, >50 = growth since previous month



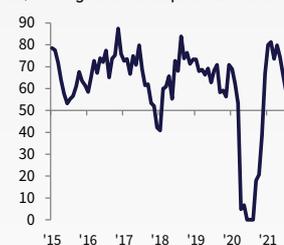
### Secretarial & Clerical

sa, >50 = growth since previous month



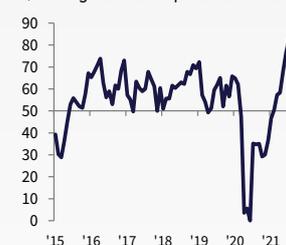
### Nursing, Medical & Care

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
Feb '21	54.0	55.4	49.5	56.1	50.3	52.5	51.0	54.5
Mar '21	62.0	62.6	48.0	48.3	60.9	55.0	63.3	63.1
Apr '21	68.2	54.6	42.2	48.3	59.7	52.0	68.4	67.5
May '21	71.2	66.4	41.9	40.2	65.2	62.2	72.0	72.4
Jun '21	63.8	66.2	31.4	26.1	64.0	59.6	75.0	76.5
Jul '21	64.3	65.0	30.8	28.3	68.2	60.0	74.9	76.5

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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

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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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