

Royal Bank of Scotland Report on Jobs

Hiring activity continues to surge in September

Scotland Permanent Placements Index



Key findings

Near-record upturns in permanent placements and temp billings

Vacancy growth holds close to all-time high

Further steep drop in supply of candidates

Hiring activity across Scotland continued to surge in September, according to the latest Royal Bank of Scotland Report on Jobs, rounding off a third quarter of unprecedented labour market activity. Further marked increases in both permanent placements and temp billings were signalled by recruiters, with the rates of growth remaining close to their respective series records, despite easing since August.

Demand for workers remained strong, as growth of vacancies for both permanent and temporary staff continued to rise rapidly. At the same time, the availability of candidates plummeted again. As a result, pay pressures intensified, with the rate of starters' salary inflation hitting a fresh survey record.

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

"Scotland saw a further rapid uplift in hiring activity during September, with the rates of increase in both permanent placements and temp billings easing only slightly from the all-time records seen in August. This rounded off a third quarter of unprecedented hiring activity as the Scottish labour market continues to rebound."

"Meanwhile, vacancies for both short-term and permanent staff rose at near-record rates during September, but recruiters widely reported skills shortages as the supply of candidates continued to plummet. These shortages are likely to become more pronounced over the coming months, and may pose some significant challenges for companies seeking to fill roles and expand their operations."

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?".

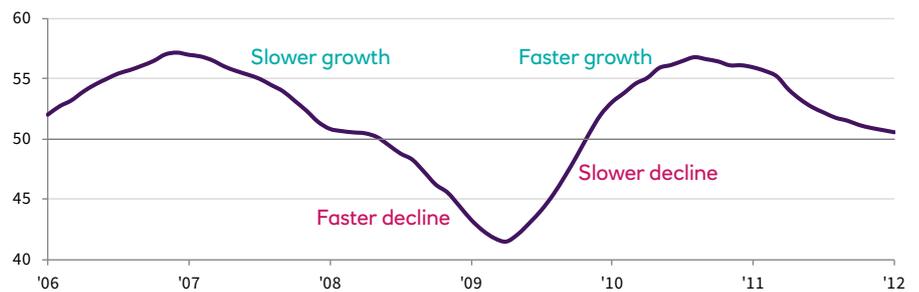
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

September data were collected 13-24 September 2021.

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

Index interpretation

50.0 = no change since previous month



Staff placements

Further rapid rise in permanent placements during September

Recruiters across Scotland reported a further increase in the number of permanent staff appointments during September, amid reports of strong demand for staff as companies were continuing to step up hiring efforts. The rate of expansion slowed from August's peak, but was nonetheless the third-fastest on record and rapid.

A similar trend was observed for the UK as a whole in September, where the rate of increase in permanent placements also slowed, but growth remained slightly faster than in Scotland.

Temp billings growth remains close to record high

September data pointed to another steep upturn in temporary billings across Scotland, extending the current sequence of expansion to just over a year. The rate of increase was the second-quickest recorded since the survey began in 2003, easing only slightly from August's all-time high. Respondents attributed the latest upturn to strong demand conditions.

The UK as a whole also registered a sustained uplift in temporary billings in September. The rate of increase in Scotland continued to outpace that seen across the UK by a sizeable margin, however.

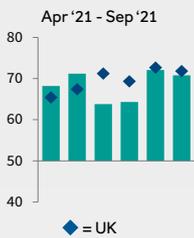
Permanent Placements Index
sa, >50 = growth since previous month
70.8
Sep '21



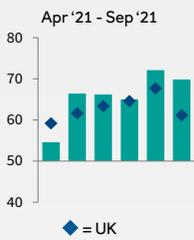
Temporary Billings Index
sa, >50 = growth since previous month
69.8
Sep '21



Permanent Placements Index
Apr '21 - Sep '21



Temporary Billings Index
Apr '21 - Sep '21



Labour supply

Supply of permanent candidates plummets at near-record pace

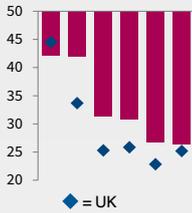
September data highlighted a sustained decrease in the availability of permanent candidates across Scotland, extending the current sequence of reduction which began in February. Moreover, the rate of decline accelerated on the month and was the second-fastest on record, behind only August 2014. Respondents attributed the latest fall to Brexit and lingering uncertainty among candidates with regards to switching roles amid the ongoing pandemic.

Scotland registered a slower drop in permanent candidate supply than the UK as a whole during September, however.

Slower, but still marked, decline in temp candidate availability

For the seventh time in as many months, the supply of temporary candidates across Scotland decreased in September. COVID-19, a shift among some candidates to permanent roles and Brexit were all cited by panellists as reasons for the latest fall. The rate of decline in temp candidate availability slowed from August's survey record, but was still marked overall.

Permanent Candidate Availability Index
Apr '21 - Sep '21



Temporary Candidate Availability Index
Apr '21 - Sep '21



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

26.3
Sep '21



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

31.5
Sep '21



Pay pressures

Rate of starting salary inflation hits fresh series record

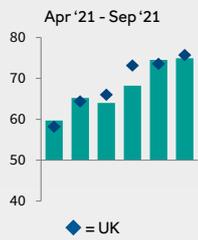
Scottish recruiters signalled a further steep increase in salaries awarded to permanent new joiners during September, stretching the current sequence of rising pay which began last December. Notably, the rate of inflation accelerated to a fresh survey record. According to respondents, skill shortages had led firms to raise their salary offerings in order to attract candidates.

The UK as a whole also recorded an unprecedented rise in starters' salaries during September, with the rate of increase slightly faster than in Scotland.

Temp wages rise rapidly again in September

September data highlighted a further increase in average hourly pay rates for short-term staff in Scotland, extending the current sequence of inflation to ten months. Anecdotal evidence attributed the latest rise to candidate shortages. The rate of increase slowed noticeably from August's all-time high, but was the second-fastest since the series began in 2003 and rapid overall.

Permanent Salaries Index



Temporary Wages Index



Permanent Salaries Index

sa, >50 = inflation since previous month

74.9

Sep '21



Temporary Wages Index

sa, >50 = inflation since previous month

71.0

Sep '21



Demand for permanent staff

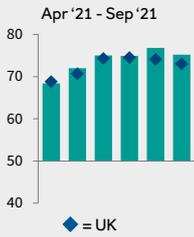
Upturn in permanent vacancies remains historically sharp

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.

An eighth successive monthly upturn in the number of permanent vacancies across Scotland was recorded in September. Moreover, the rate of increase eased only slightly from August's record high and was the second-steepest ever seen. The upturn was also stronger than that seen at the national level.

Across the monitored sectors, the fastest rise in permanent vacancies was seen in IT & Computing.

Permanent Vacancies Index
Apr '21 - Sep '21



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

75.2
Sep '21



Permanent Vacancies Index by sector

Rank	Sector	Aug-21	Sep-21
1	IT & Computing	86.4	88.6
2	Engineering & Construction	82.1	80.1
3	Accounts & Financial	80.2	76.1
4	Secretarial & Clerical	75.6	75.1
5	Blue Collar	72.9	70.2
6	Hotel & Catering	77.0	66.7
7	Nursing/Medical/Care	62.1	66.2
8	Executive & Professional	65.7	62.8

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



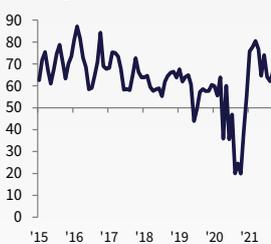
Secretarial & Clerical

sa, >50 = growth since previous month



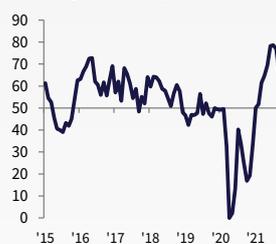
Nursing, Medical & Care

sa, >50 = growth since previous month



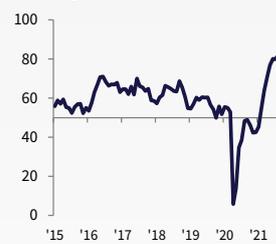
Hotel & Catering

sa, >50 = growth since previous month



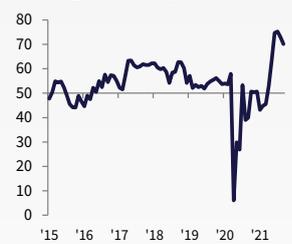
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Demand for temp staff rises steeply again in September

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.

Recruiters across Scotland registered a further rise in temporary vacancies during September, extending the current sequence of vacancy growth to a year. The rate of increase eased only slightly from August's series record, and was rapid overall. Additionally, temp vacancy growth in Scotland remained much faster than at the UK level by a wide margin.

Hotel & Catering recorded the fastest rise in demand for temp staff across the monitored sectors during September, followed by IT & Computing.

Temporary Vacancies Index
sa, >50 = growth since previous month
77.0
Sep '21



Temporary Vacancies Index by sector

Rank	Sector	Aug-21	Sep-21
1	Hotel & Catering	90.3	91.2
2	IT & Computing	86.8	86.3
3	Blue Collar	91.3	83.0
4	Engineering & Construction	82.6	79.3
5	Accounts & Financial	78.1	76.5
6	Secretarial & Clerical	71.9	68.9
7	Executive & Professional	58.2	62.4
8	Nursing/Medical/Care	61.3	62.2

Temporary vacancies by sector

IT & Computing

sa, >50 = growth since previous month



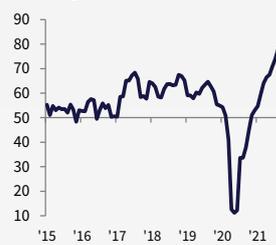
Executive & Professional

sa, >50 = growth since previous month



Accounting & Financial

sa, >50 = growth since previous month



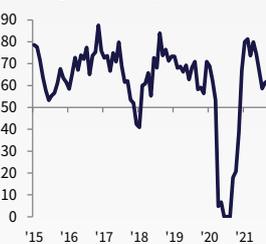
Secretarial & Clerical

sa, >50 = growth since previous month



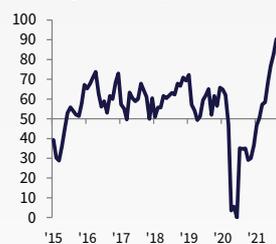
Nursing, Medical & Care

sa, >50 = growth since previous month



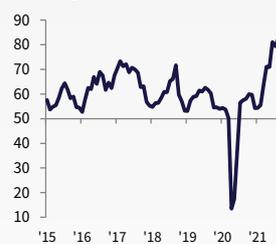
Hotel & Catering

sa, >50 = growth since previous month



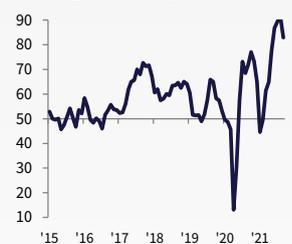
Engineering & Construction

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
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
Aug '21	72.1	72.1	26.7	24.7	74.5	78.3	76.8	80.0
Sep '21	70.8	69.8	26.3	31.5	74.9	71.0	75.2	77.0

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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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