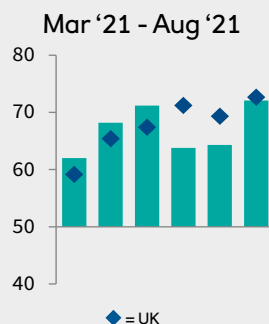


Royal Bank of Scotland Report on Jobs

Scotland records unprecedented upturn in hiring activity

Scotland Permanent Placements Index



Key findings

Permanent placements and temp billings rise at record rates

Unprecedented increase in vacancies, but candidate supply plummets

Pay pressures hit fresh survey high

The Scottish labour market saw an unprecedented surge in hiring activity during August, according to the latest Royal Bank of Scotland Report on Jobs. Both permanent placements and temp billings increased at the most marked rates in the survey's history, amid reports that firms were stepping up hiring efforts due to the easing of COVID-19 restrictions. August data also highlighted a survey-record upturn in demand for both permanent and short term-staff, but candidate availability dropped steeply again. According to panellists, some people were still wary of moving roles, with COVID-19, Brexit and strong demand also attributed to candidate shortages. Subsequently, upwards pressure on pay intensified in August. Permanent starters' salaries and temp pay both increased rapidly, with the rates of inflation the quickest seen since the survey began in 2003.

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

"August data pointed to a notable acceleration in hiring activity across Scotland, as the labour market continued to rebound following the loosening of COVID-19 restrictions. Temp billings and permanent placements rose at unprecedented rates, as businesses continued to ramp up their hiring plans."

"Staff shortages were again widely reported by panellists, with the supply of candidates falling rapidly again. At the same time, vacancies expanded at the quickest rates ever seen, while pay for both permanent and short-term staff also hit fresh survey peaks. This mismatch between demand and supply is likely to pose further challenges in the coming months, but for now, the Scottish labour market is full-steam ahead."

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?".

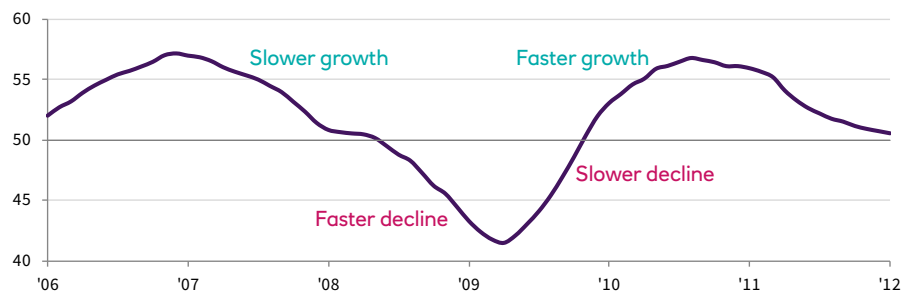
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

August data were collected 12-24 August 2021.

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

Index interpretation

50.0 = no change since previous month



Staff placements

Record rate of increase in permanent placements

The number of permanent staff appointments across Scotland increased for the eighth month running during August, with the rate of expansion the quickest seen since the survey began in January 2003. Anecdotal evidence linked the upturn with the easing of COVID-19 restrictions and strong demand for staff.

Permanent placements also rose at the UK level in August. The rate of increase at the national level was the strongest on record and slightly faster than in Scotland.

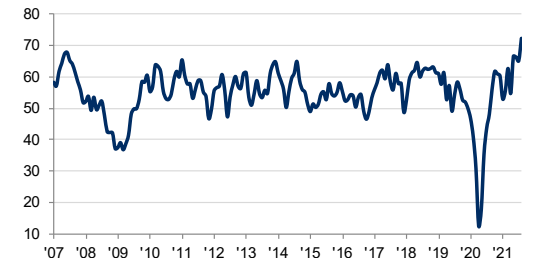
Temp billings rise at quickest pace since survey began

August data highlighted a further rise in temp billings across Scotland, extending the current sequence of increase to a year. Strong demand for staff amid the easing of lockdown measures drove the latest upturn, according to panellists. Furthermore, the rate of increase quickened to a record high and was rapid overall, outstripping the UK average by a sizeable margin.

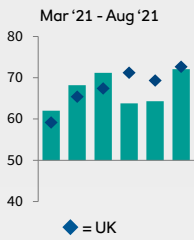
Permanent Placements Index
sa, >50 = growth since previous month
72.1
Aug '21



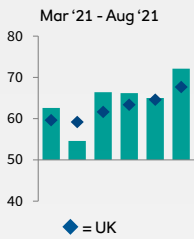
Temporary Billings Index
sa, >50 = growth since previous month
72.1
Aug '21



Permanent Placements Index
Mar '21 - Aug '21



Temporary Billings Index
Mar '21 - Aug '21



Labour supply

Quickest fall in permanent candidate availability for seven years

Recruiters across Scotland signalled a further reduction in the supply of permanent candidates during August, extending the current sequence of deterioration to seven months. Uncertainty and a subsequent reluctance to seek new roles, COVID, Brexit and strong demand for staff were all cited by panellists as drivers of the latest decline. Notably, the rate of decrease in permanent candidate availability was the strongest for seven years and the second-fastest on record.

Permanent Candidate Availability Index 26.7
Aug '21
sa, >50 = growth since previous month



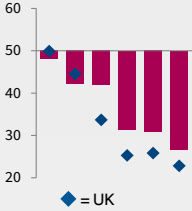
Supply of temp candidates drops at record pace

As has been the case in each month since March, the availability of temporary candidates across Scotland declined during August. Strong demand for staff meant that shortages were becoming more pronounced, according to anecdotal evidence. The rate of reduction in temp candidate supply was the quickest on record and rapid overall.

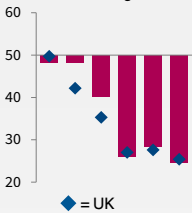
Temporary Candidate Availability Index 24.7
Aug '21
sa, >50 = growth since previous month



Permanent Candidate Availability Index
Mar '21 - Aug '21



Temporary Candidate Availability Index
Mar '21 - Aug '21

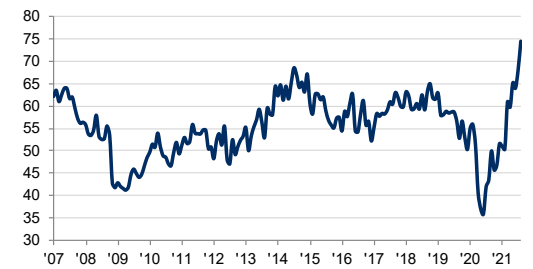


Pay pressures

Unprecedented rise in permanent starters' salaries

A ninth successive monthly increase in salaries awarded to permanent new joiners across Scotland was recorded in August. Shortages of staff were placing upwards pressure on pay, according to panellists. Moreover, the rate of inflation was by far the quickest on record and marked overall.

Permanent Salaries Index
sa, >50 = inflation since previous month
74.5
Aug '21

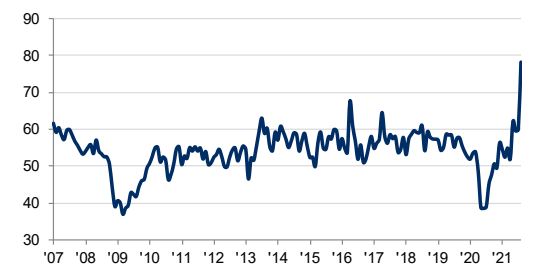


Temp wage inflation accelerates to record high

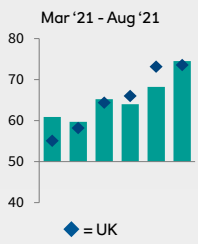
Average hourly pay for short-term staff across Scotland rose at a sharp and accelerated pace during August, and one that was the quickest on record. Panellists attributed the latest increase in temp pay to supply and demand pressures and IR35 regulations.

Temporary wages across Scotland have now risen in each month since last December.

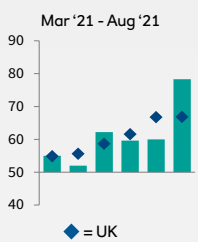
Temporary Wages Index
sa, >50 = inflation since previous month
78.3
Aug '21



Permanent Salaries Index
Mar '21 - Aug '21



Temporary Wages Index
Mar '21 - Aug '21



Demand for permanent staff

Steep upturn in demand for permanent staff

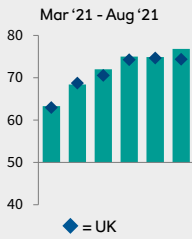
The Permanent Vacancies Index is derived from eight sectoral indices of the demand for permanent staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

August data pointed to another monthly increase in the number of permanent vacancies across Scotland, extending the current sequence of expansion to seven months.

Notably, demand for permanent candidates strengthened to a degree unseen in the surveys near 19-year history, with the rate of increase also outstripping that seen at the UK level.

IT & Computing registered the strongest rise in permanent vacancies across the monitored sectors, followed by Engineering & Construction.

Permanent Vacancies Index
Mar '21 - Aug '21



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

76.8
Aug '21



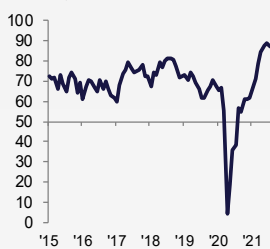
Permanent Vacancies Index by sector

Rank	Sector	Jul-21	Aug-21
1	IT & Computing	87.4	86.4
2	Engineering & Construction	80.0	82.1
3	Accounts & Financial	75.1	80.2
4	Hotel & Catering	78.6	77.0
5	Secretarial & Clerical	70.9	75.6
6	Blue Collar	75.3	72.9
7	Executive & Professional	64.7	65.7
8	Nursing/Medical/Care	64.1	62.1

Permanent vacancies by sector

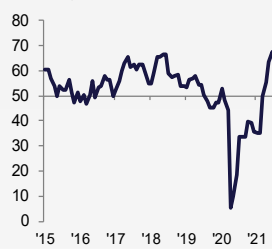
IT & Computing

sa, >50 = growth since previous month



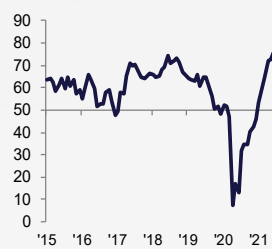
Executive & Professional

sa, >50 = growth since previous month



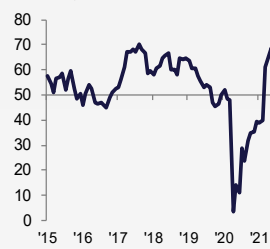
Accounting & Financial

sa, >50 = growth since previous month



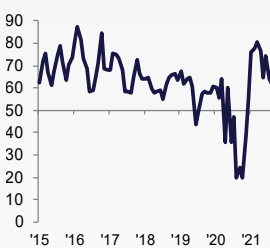
Secretarial & Clerical

sa, >50 = growth since previous month



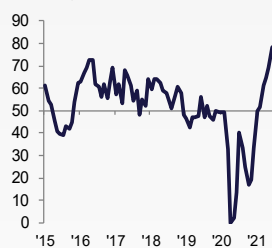
Nursing, Medical & Care

sa, >50 = growth since previous month



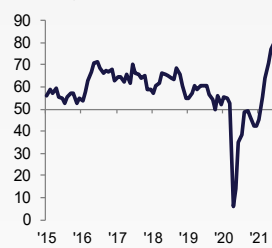
Hotel & Catering

sa, >50 = growth since previous month



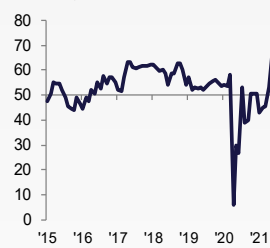
Engineering & Construction

sa, >50 = growth since previous month



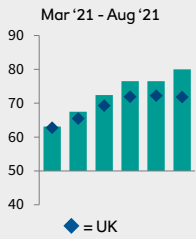
Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Temporary Vacancies Index
Mar '21 - Aug '21



Temporary Vacancies Index hits fresh series high in August

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.

Demand for temporary staff in Scotland rose for the eleventh month in a row during August. Moreover, the rate of increase accelerated to a fresh survey record and one that was rapid overall, with the rise also outpacing that seen across the UK as a whole.

Each of the monitored sectors recorded a stronger upturn in temp vacancies during August. Blue Collar again saw the fastest overall increase, followed by Hotel & Catering.

Temporary Vacancies Index
sa, >50 = growth since previous month
80.0
Aug '21



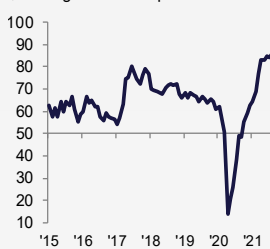
Temporary Vacancies Index by sector

Rank	Sector	Jul-21	Aug-21
1	Blue Collar	89.4	91.3
2	Hotel & Catering	82.7	90.3
3	IT & Computing	84.1	86.8
4	Engineering & Construction	79.4	82.6
5	Accounts & Financial	73.9	78.1
6	Secretarial & Clerical	65.8	71.9
7	Nursing/Medical/Care	58.6	61.3
8	Executive & Professional	57.8	58.2

Temporary vacancies by sector

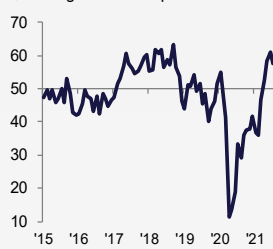
IT & Computing

sa, >50 = growth since previous month



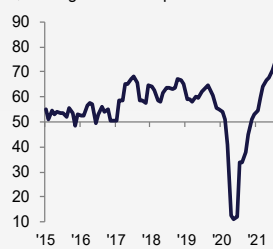
Executive & Professional

sa, >50 = growth since previous month



Accounting & Financial

sa, >50 = growth since previous month



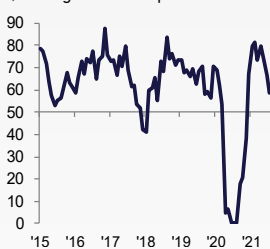
Secretarial & Clerical

sa, >50 = growth since previous month



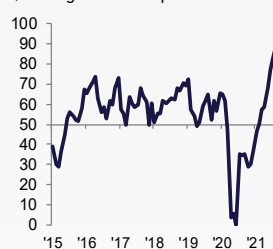
Nursing, Medical & Care

sa, >50 = growth since previous month



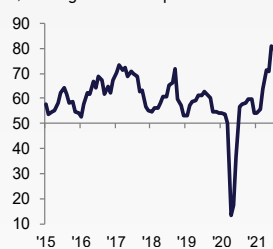
Hotel & Catering

sa, >50 = growth since previous month



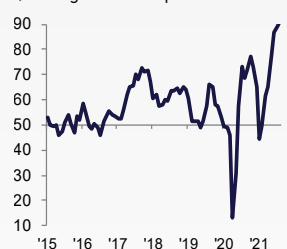
Engineering & Construction

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
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
Aug '21	72.1	72.1	26.7	24.7	74.5	78.3	76.8	80.0

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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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