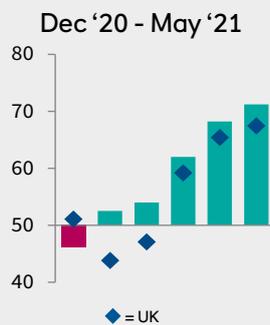


Royal Bank of Scotland Report on Jobs

Hiring activity surges again in May

Scotland Permanent Placements Index



Key findings

Upturn in permanent appointments hits fresh record

Temp billings rise at steepest rate since June 2007

Vacancies increase at record pace as supply of staff drops further

The Scottish labour market saw a further rapid increase in hiring activity midway through the second quarter, according to the latest Royal Bank of Scotland Report on Jobs. Permanent placements increased at the fastest pace on record, while the latest upturn in temp billings was the most marked since June 2007, with panellists noting that looser COVID-19 restrictions and the reopening of some sectors boosted recruitment. Indeed, demand for both permanent and short-term staff rose at unprecedented rates during May, but candidate availability deteriorated sharply. Subsequently, pay pressures strengthened during May. Permanent salaries rose at the fastest pace since December 2014, while the rate of temp wage inflation was the strongest for over four years.

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

"May data pointed to a further steep increase in hiring activity across Scotland as the easing of lockdown measures and subsequent reopening of sectors spurred on the economy and boosted demand for staff. A record rise in permanent placements and the steepest increase in temp billings since 2007 shows that the labour market is recovering well from the COVID-19 induced downturn last year.

"Further positive signs came from staff demand indices, which showed the strongest upturns in temp and permanent vacancies on record. Staff supply fell too, however, as lingering pandemic-related uncertainty left many candidates wary of switching roles. Nonetheless, a stellar performance in May puts the labour market in good stead moving forward, with the further easing of restrictions likely to provide another boost."

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?".

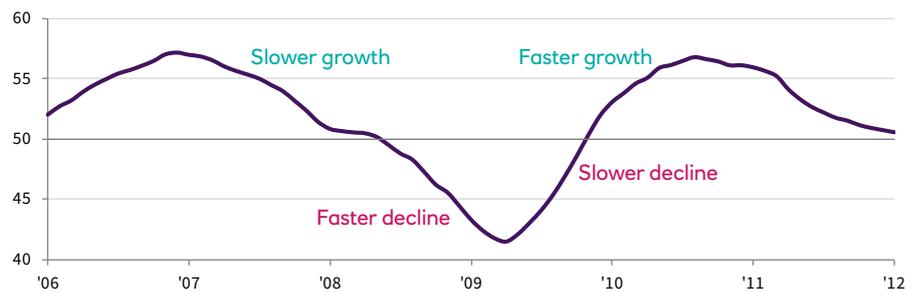
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

May data were collected 12-24 May 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 upturn in permanent staff appointments in May

The number of permanent staff appointments in Scotland rose further during May, extending the current sequence of increase to five months. Looser lockdown restrictions and strong demand for candidates drove the rise, according to respondents. Moreover, the latest upturn in permanent hiring was the fastest since data collection began in January 2003 and marked.

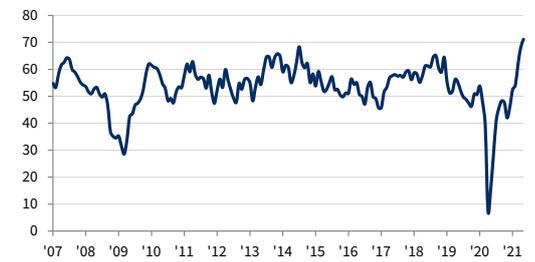
The UK also saw a series record rate of increase in permanent placements during May, albeit one that was not as steep as that seen in Scotland.

Temp billings rise at quickest pace since June 2007

A ninth straight monthly upturn in temporary billings across Scotland was recorded during May. Panellists attributed the latest rise to increased demand for staff due to the easing of pandemic-related restrictions in most areas. The rate of increase gathered notably on the month and was the steepest for nearly fourteen years.

As was the case for permanent staff, Scotland registered a quicker increase in temp billings than the UK as a whole.

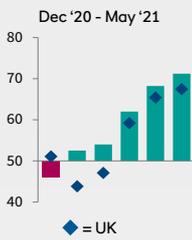
Permanent Placements Index
sa, >50 = growth since previous month
71.2
May '21



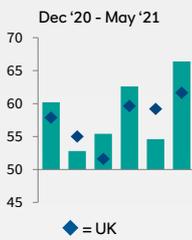
Temporary Billings Index
sa, >50 = growth since previous month
66.4
May '21



Permanent Placements Index
Dec '20 - May '21



Temporary Billings Index
Dec '20 - May '21



Labour supply

Supply of permanent staff falls steeply in May

May data highlighted another fall in the supply of permanent staff across Scotland, amid reports that candidates were reluctant to switch roles due to the Covid-19 pandemic. The latest reduction in candidate availability was the quickest since March 2020 and sharp.

That said, the decrease in Scotland was much slower than that seen at the UK level during May.

Fastest drop in temp candidate availability for 16 months

Recruiters across Scotland signalled a further reduction in the availability of temporary candidates in May, extending the current sequence of decrease to three months. Anecdotal evidence linked the latest fall to increased demand for staff, as well as lingering pandemic-related uncertainty and the government furlough scheme. The rate of decline was the fastest seen since January last year and marked, albeit not as severe as the UK-wide trend.

Permanent Candidate Availability Index
Dec '20 - May '21



Temporary Candidate Availability Index
Dec '20 - May '21



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

41.9
May '21



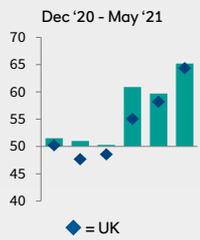
Temporary Candidate Availability Index
sa, >50 = growth since previous month

40.2
May '21



Pay pressures

Permanent Salaries Index
Dec '20 - May '21



Starting salaries rise at quickest pace for nearly six-and-a-half years

Salaries awarded to permanent new joiners in Scotland rose further in May, with panel members frequently commenting that stronger competition for candidates had placed upwards pressure on salaries. Notably, the latest increase was the fastest since December 2014 and rapid overall.

The rate of salary inflation in Scotland was slightly faster than that at the UK level in May.

Permanent Salaries Index
sa, >50 = inflation since previous month
65.2
May '21



Temporary Wages Index
Dec '20 - May '21



Strongest increase in temp pay since April 2017

For the seventh time in eight months, average hourly pay rates for short-term staff across Scotland rose during May. Panellists often attributed the latest increase to strong demand for staff and reduced candidate numbers. The rate of inflation was the steepest since April 2017 and marked, and notably quicker than the UK average.

Temporary Wages Index
sa, >50 = inflation since previous month
62.2
May '21



Demand for permanent staff

Upturn in permanent vacancies hits fresh series record in May

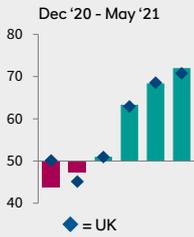
The Permanent Vacancies Index is derived from eight sectoral indices of the demand for permanent staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

Recruiters across Scotland signalled a further marked rise in demand for permanent staff during May, with the rate of increase quickening to a fresh series record.

Permanent vacancies also rose steeply at the UK level in May, although the rate of increase was slower than in Scotland.

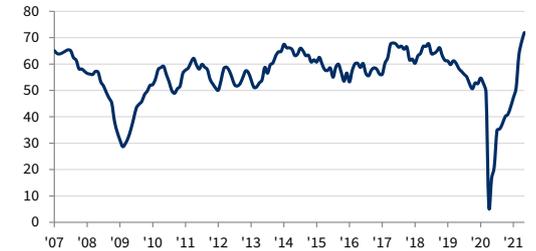
Across the monitored job categories, IT & Computing registered the steepest rate of expansion, followed by Engineering & Construction.

Permanent Vacancies Index
Dec '20 - May '21



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

72.0
May '21



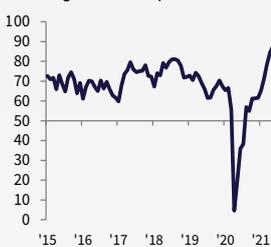
Permanent Vacancies Index by sector

Rank	Sector	Apr-21	May-21
1	IT & Computing	84.4	87.4
2	Engineering & Construction	70.8	76.7
3	Accounts & Financial	72.0	72.6
4	Hotel & Catering	64.7	69.4
5	Secretarial & Clerical	65.8	69.0
6	Nursing/Medical/Care	76.7	64.6
7	Executive & Professional	55.3	63.7
8	Blue Collar	53.0	63.4

Permanent vacancies by sector

IT & Computing

sa, >50 = growth since previous month



Executive & Professional

sa, >50 = growth since previous month



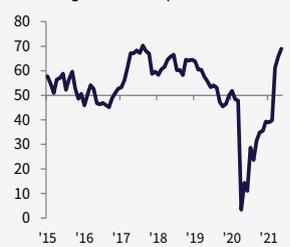
Accounting & Financial

sa, >50 = growth since previous month



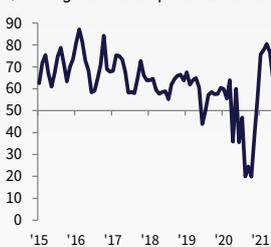
Secretarial & Clerical

sa, >50 = growth since previous month



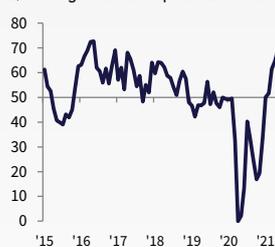
Nursing, Medical & Care

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

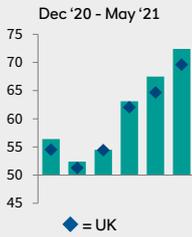
Temp staff demand surges further in May

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.

May data highlighted an eighth successive monthly upturn in the number of temporary vacancies across Scotland. Moreover, the rate of increase was the quickest on record and marked overall, with Scotland also registering a steeper rise than the UK as a whole.

At the sector level, IT & Computing saw the fastest rise in short-term vacancies during May, followed by Blue Collar.

Temporary Vacancies Index
Dec '20 - May '21



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

72.4
May '21



Temporary Vacancies Index by sector

Rank	Sector	Apr-21	May-21
1	IT & Computing	83.2	83.0
2	Blue Collar	64.8	77.5
3	Nursing/Medical/Care	79.8	74.4
4	Engineering & Construction	71.1	71.0
5	Secretarial & Clerical	62.8	68.7
6	Hotel & Catering	58.3	68.3
7	Accounts & Financial	66.5	67.6
8	Executive & Professional	52.9	58.6

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



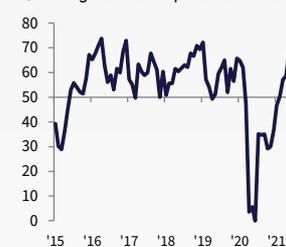
Nursing, Medical & Care

sa, >50 = growth since previous month



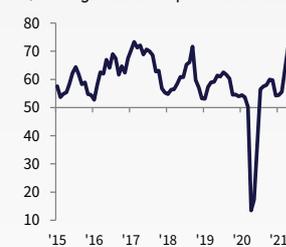
Hotel & Catering

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
Dec '20	46.1	60.2	61.3	62.3	51.5	56.4	43.8	56.4
Jan '21	52.5	52.8	58.7	56.3	51.0	54.7	47.3	52.4
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

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The bank has commitment to retain its close connections with the Scottish communities it serves.

About REC

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