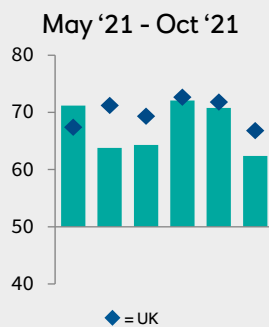


Royal Bank of Scotland Report on Jobs

Softer rise in hiring activity in October

Scotland Permanent Placements Index



Key findings

Permanent placements rise at slowest pace since March

Growth of temp billings eases further from August's peak

Vacancy growth accelerates to near-record rate

October data pointed to a cooling in the rate of growth of hiring activity across Scotland, following a record upturn in the summer, according to the latest Royal Bank of Scotland Report on Jobs. Both permanent placements and temp billings continued to rise amid reports of strong demand for staff due to the reopening of the economy, but the rates of increase eased to the slowest since March and April, respectively. At the same time, recruiters signalled further steep declines in the supply of both permanent and short-term staff and sharp rates of vacancy growth during October. Panellists reported difficulties finding candidates due to strong demand, COVID-19 and Brexit. Subsequently, pay pressures persisted, as rates of both starting salary and temp wage inflation remained close to their all-time highs, despite easing on the month.

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

"Following a survey-record uplift in hiring activity during the third quarter, the latest data point to a slight loss of momentum in the Scottish labour market. Permanent placements and temp billings continued to rise steeply, but the rates of increase moderated from September. This was in part due to issues finding candidates, as staff supply dropped at a near-record pace in October, as well as strong demand for workers - reflected in vacancy growth running close to recent peaks."

"With the labour market running hot, supply and demand imbalances may limit firms' abilities to fill roles in the months ahead, while also pushing firms to up their pay offers in order to secure or even retain staff."

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?".

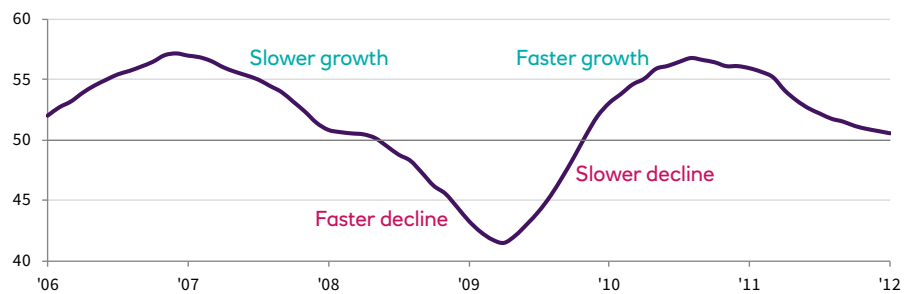
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

October data were collected 12-25 October 2021.

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

Index interpretation

50.0 = no change since previous month



Staff placements

Slowest rise in permanent staff appointments since March

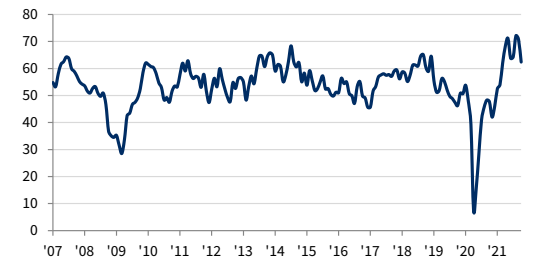
A tenth straight monthly upturn in permanent placements across Scotland was recorded in October, with panellists attributing the latest rise to strong demand for staff. The rate of increase slowed further from August's all-time peak to the weakest since March, but was nonetheless steep overall.

Upturn in temp billings slows, but remains rapid

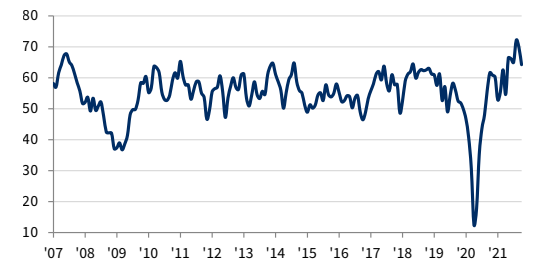
Recruiters across Scotland recorded a fourteenth consecutive monthly increase in temporary billings during October, amid reports of strong demand for workers, linked in turn to the reopening of the economy. The latest upturn was the slowest since April, but nonetheless among the fastest on record and rapid overall.

Furthermore, Scotland again recorded a quicker rate of increase in temp billings than that seen across the UK as a whole.

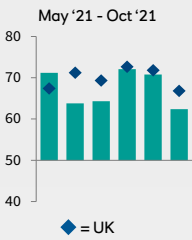
Permanent Placements Index
sa, >50 = growth since previous month
62.4
Oct '21



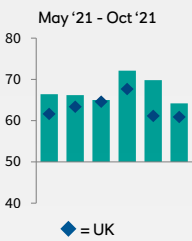
Temporary Billings Index
sa, >50 = growth since previous month
64.2
Oct '21



Permanent Placements Index
May '21 - Oct '21



Temporary Billings Index
May '21 - Oct '21



Labour supply

Availability of permanent staff drops at near-record pace

For the ninth time in as many months, the availability of permanent candidates across Scotland fell during October. Anecdotal evidence attributed the latest reduction to the pandemic, Brexit, uncertainty among candidates towards switching roles, and surging demand for staff. Moreover, the rate of decrease was the second-fastest on record (after August 2014), and quicker than that recorded for the UK as a whole.

Permanent Candidate Availability Index **25.7**
sa, >50 = growth since previous month Oct '21



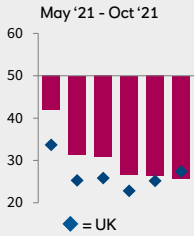
Temp staff supply declines at steeper rate in October

The supply of temporary candidates across Scotland declined further in October, stretching the current sequence of decreasing temp staff availability to eight months. COVID-19, Brexit and strong demand for staff were all cited by panellists as reasons for the latest fall. The rate of reduction accelerated since September and was among the steepest on record, albeit slightly softer than the decline seen at the UK level.

Temporary Candidate Availability Index **31.1**
sa, >50 = growth since previous month Oct '21



Permanent Candidate Availability Index
 May '21 - Oct '21



Temporary Candidate Availability Index
 May '21 - Oct '21



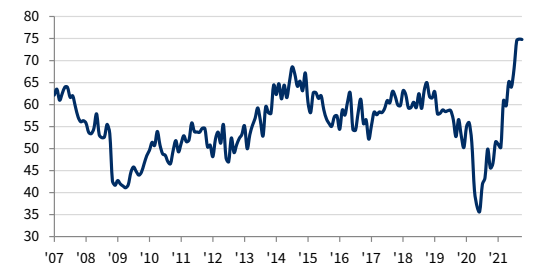
Pay pressures

Rate of permanent starters' pay inflation remains close to survey record

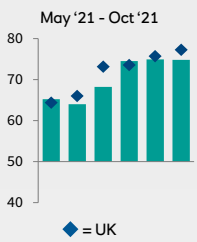
Pay pressures remained elevated during October, with permanent starters' salaries rising for the eleventh time in as many months. Panellists attributed the latest increase to candidate shortages. The rate of salary inflation eased only slightly from September's all-time peak and was the second-fastest on record and rapid overall.

That said, the rate of increase in Scotland was slower than that registered for the UK as a whole.

Permanent Salaries Index
sa, >50 = inflation since previous month
74.8
Oct '21



Permanent Salaries Index
May '21 - Oct '21

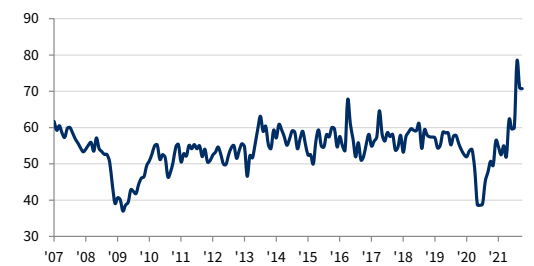


Further marked rise in temp wages during October

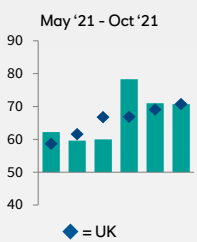
Recruiters in Scotland reported a further rise in average hourly pay rates for short-term staff during October, extending the current sequence of inflation which began in December 2020. Difficulties finding candidates combined with strong demand led to the latest uplift in temp wages, according to survey respondents. The rate of increase eased further from August's survey record, but was still among the quickest since data collection began in 2003.

The UK as a whole meanwhile recorded a faster rise in temp wages, with the rate of increase identical to that seen in Scotland.

Temporary Wages Index
sa, >50 = inflation since previous month
70.7
Oct '21



Temporary Wages Index
May '21 - Oct '21



Demand for permanent staff

Permanent vacancies rise at near-record pace in October

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.

October data pointed to a further steep uplift in demand for permanent staff across Scotland. The rate of increase was the second-quickest on record, running close to August's peak. Additionally, the rate of vacancy growth in Scotland outpaced the UK average by a notable margin.

Across the monitored job categories, IT & Computing registered the strongest increase in vacancies, followed by Engineering & Construction.

Permanent Vacancies Index
sa, >50 = growth since previous month
75.5
Oct '21



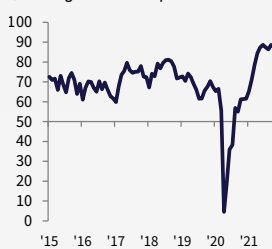
Permanent Vacancies Index by sector

Rank	Sector	Sep-21	Oct-21
1	IT & Computing	88.6	87.8
2	Engineering & Construction	80.1	78.5
3	Accounts & Financial	76.1	76.7
4	Secretarial & Clerical	75.1	72.7
5	Executive & Professional	62.8	70.3
6	Blue Collar	70.2	69.9
7	Hotel & Catering	66.7	67.1
8	Nursing/Medical/Care	66.2	65.7

Permanent vacancies by sector

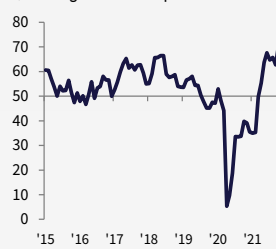
IT & Computing

sa, >50 = growth since previous month



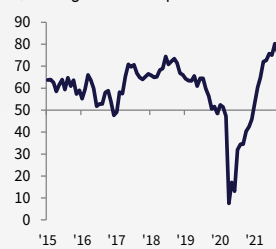
Executive & Professional

sa, >50 = growth since previous month



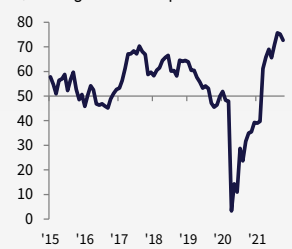
Accounting & Financial

sa, >50 = growth since previous month



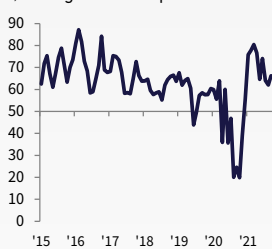
Secretarial & Clerical

sa, >50 = growth since previous month



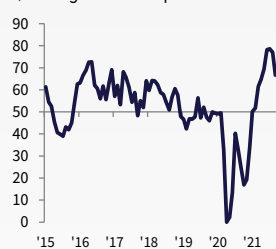
Nursing, Medical & Care

sa, >50 = growth since previous month



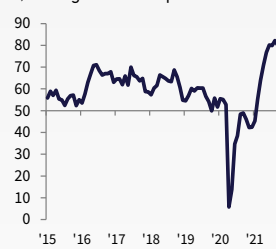
Hotel & Catering

sa, >50 = growth since previous month



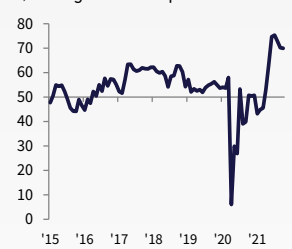
Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Uplift in temp staff demand second-fastest on record

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.

For the thirteenth month in a row, recruiters across Scotland recorded an increase in the number of temporary vacancies during October. Moreover, the latest rise was the second-steepest on record (after August), and rapid overall. Scotland also recorded a much faster upturn in temp vacancies than the UK as a whole.

Hotel & Catering reported the strongest rise in temp staff demand during October, followed by IT & Computing.

Temporary Vacancies Index
sa, >50 = growth since previous month
78.5
Oct '21



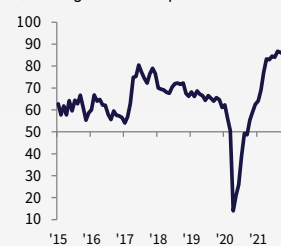
Temporary Vacancies Index by sector

Rank	Sector	Sep-21	Oct-21
1	Hotel & Catering	91.2	92.7
2	IT & Computing	86.3	85.5
3	Blue Collar	83.0	84.7
4	Engineering & Construction	79.3	78.0
5	Accounts & Financial	76.5	75.1
6	Secretarial & Clerical	68.9	74.7
7	Executive & Professional	62.4	68.5
8	Nursing/Medical/Care	62.2	63.6

Temporary vacancies by sector

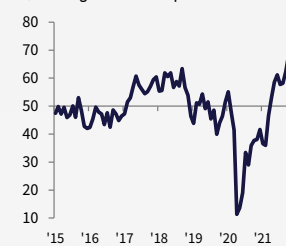
IT & Computing

sa, >50 = growth since previous month



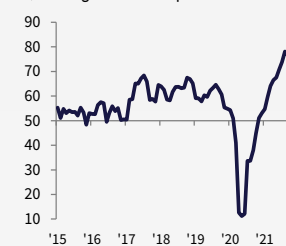
Executive & Professional

sa, >50 = growth since previous month



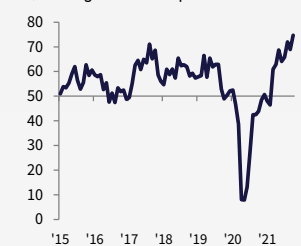
Accounting & Financial

sa, >50 = growth since previous month



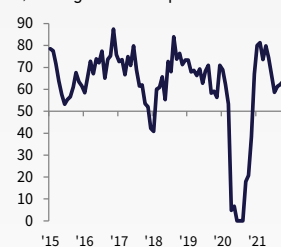
Secretarial & Clerical

sa, >50 = growth since previous month



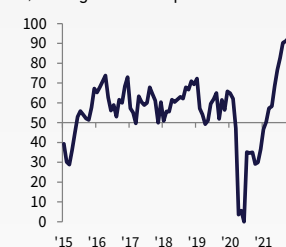
Nursing, Medical & Care

sa, >50 = growth since previous month



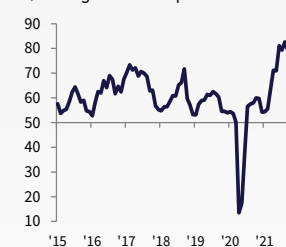
Hotel & Catering

sa, >50 = growth since previous month



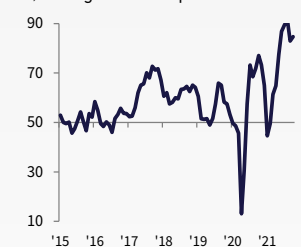
Engineering & Construction

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
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
Oct '21	62.4	64.2	25.7	31.1	74.8	70.7	75.5	78.5

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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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