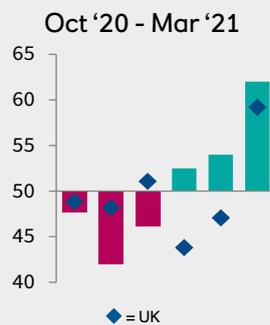


Royal Bank of Scotland Report on Jobs

Scottish labour market recovery gains further momentum in March

Scotland Permanent Placements Index



Key findings

Permanent appointments rise at strongest rate since late-2018

Fastest upturn in temp billings for over two years

Demand for staff increases rapidly, as companies step up hiring

Hiring activity across Scotland rose markedly during March, according to the latest Royal Bank of Scotland Report on Jobs. Permanent staff appointments increased at the steepest rate since late-2018, while the latest upturn in temp billings was the strongest for 28 months, as companies upped their hiring efforts in line with more favourable economic conditions. Subsequently, demand for staff increased rapidly at the end of the first quarter, although supply remained constricted as the availability of both permanent and temporary staff declined. Panellists noted that uncertainty had made candidates wary of switching roles. As a result, pay pressures strengthened, as a lack of available candidates induced a greater degree of competition among employers.

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

"March data highlighted a great performance for the Scottish labour market. Both permanent appointments and temp billings increased at the quickest rates since late-2018 and rapidly overall, a clear sign that the recovery is gaining significant momentum."

"The number of vacancies also rose sharply in March, as companies upped their hiring efforts amid improved demand conditions. This placed firmer upwards pressure on pay rates, in part due to increased competition for candidates as supply dipped slightly."

"Overall, the data are very encouraging, and show real movements by firms to reopen the economy in line with the planned easing of lockdown measures. Although the recent improvements may not have made up all the lost ground, we are much further towards a robust labour market recovery at the close of the first quarter."

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?".

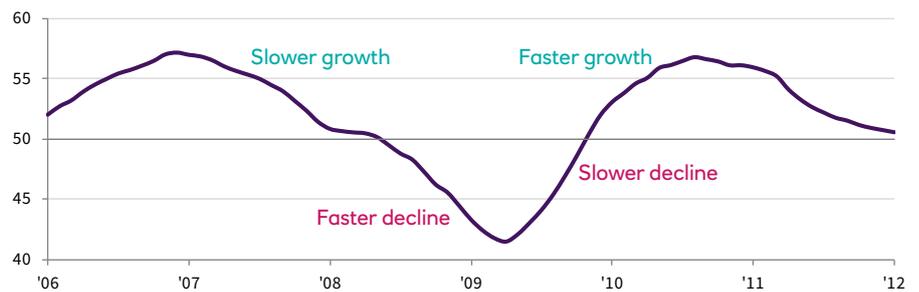
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

March data were collected 12-25 March 2021.

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

Index interpretation

50.0 = no change since previous month



Staff placements

Permanent Placements Index hits 27-month high

March data highlighted a further increase in permanent staff appointments across Scotland. The respective seasonally adjusted index improved sharply from February and signalled the most marked rise in permanent placements since December 2018.

A renewed upturn in permanent placements was also recorded across the UK as a whole in March. The upturn was not as rapid as in Scotland, however.

Steepest upturn in temp billings since November 2018

Amid reports of increased economic activity at clients, recruitment consultants in Scotland registered a further uptick in temp billings during March. Moreover, the rate of increase was the steepest since November 2018, with the monthly gain in the respective seasonally adjusted index among the largest on record.

The UK also saw an accelerated upturn in temporary billings during March, although the rise at the national level was slower than in Scotland.

Permanent Placements Index
sa, >50 = growth since previous month
62.0
Mar '21



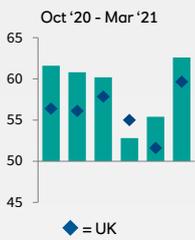
Temporary Billings Index
sa, >50 = growth since previous month
62.6
Mar '21



Permanent Placements Index
Oct '20 - Mar '21



Temporary Billings Index
Oct '20 - Mar '21



Labour supply

Supply of permanent staff declines again in March

March data highlighted a second consecutive monthly fall in permanent staff supply across Scotland. Respondents attributed the latest decrease to heightened uncertainty, meaning candidates were unwilling to switch roles. The rate of reduction quickened slightly on the month, but was still only marginal.

At the UK level, the availability of permanent candidates was largely unchanged for the second month in a row.

Temp candidate availability falls for first time in a year

Adjusted for seasonal variation, the Temporary Candidate Availability Index fell below the 50.0 neutral mark during March. This signalled a reduction in temp staff supply for the first time in a year, albeit one that was only mild.

A similar trend was seen at the UK level in March, where temp candidate availability declined for the first time since February last year. The rate of reduction in Scotland was slightly quicker than at the national level, however.

Permanent Candidate Availability Index
Oct '20 - Mar '21



Temporary Candidate Availability Index
Oct '20 - Mar '21



Permanent Candidate Availability Index
sa, >50 = growth since previous month
48.0
Mar '21



Temporary Candidate Availability Index
sa, >50 = growth since previous month
48.3
Mar '21



Pay pressures

Fastest increase in starting salaries since January 2019

A fourth straight monthly rise in average salaries awarded to permanent new joiners across Scotland was recorded in March. Anecdotal evidence attributed the latest uptick to greater competition among employers due to a lack of available candidates. The rate of salary inflation was the sharpest for over two years, and much stronger than that recorded for the UK as a whole.

Permanent Salaries Index
sa, >50 = inflation since previous month
60.9
Mar '21



Temp wage inflation accelerates in March

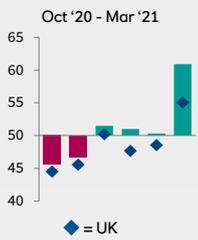
Average hourly pay rates for short-term staff across Scotland continued to rise at the end of the first quarter. The rate of wage inflation quickened to the fastest since last December and was solid overall.

Upwards pressure on temp wages was also apparent at the UK level in March. The rate of inflation at the national level was broadly in line with that in Scotland.

Temporary Wages Index
sa, >50 = inflation since previous month
55.0
Mar '21



Permanent Salaries Index
Oct '20 - Mar '21



Temporary Wages Index
Oct '20 - Mar '21



Demand for permanent staff

Upturn in permanent staff demand strongest since 2018

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 back-to-back increase in permanent vacancies during March, with the upturn quickening to the fastest since October 2018.

Across the monitored job categories, Nursing/Medical/Care registered the most marked increase in demand for permanent staff.

The UK as a whole also saw a rapid rise in permanent vacancies during March, although it was still slower than in Scotland.

Permanent Vacancies Index 63.3
 sa, >50 = growth since previous month Mar '21



Permanent Vacancies Index by sector

Rank	Sector	Feb-21	Mar-21
1	Nursing/Medical/Care	77.7	80.4
2	IT & Computing	71.2	78.7
3	Accounts & Financial	60.4	64.8
4	Engineering & Construction	55.2	64.0
5	Hotel & Catering	51.7	61.5
6	Secretarial & Clerical	39.8	61.2
7	Executive & Professional	35.3	49.7
8	Blue Collar	44.8	45.5

Permanent vacancies by sector

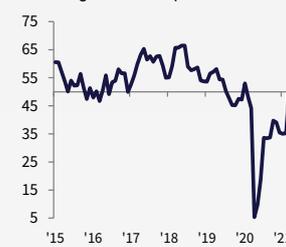
IT & Computing

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



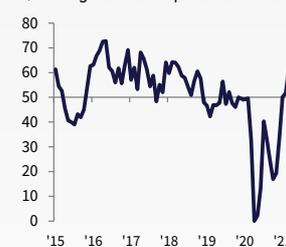
Nursing, Medical & Care

sa, >50 = growth since previous month



Hotel & Catering

sa, >50 = growth since previous month



Engineering & Construction

sa, >50 = growth since previous month



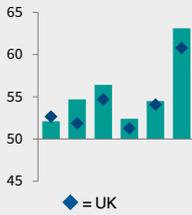
Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

Temporary Vacancies Index
Oct '20 - Mar '21



Temp vacancies rise at quickest rate since August 2019

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.

March data highlighted a further rise in demand for temporary staff across Scotland, as businesses upped their hiring efforts amid improved economic conditions. The rate of increase was the quickest since August 2019 and stronger than that across the UK as a whole.

At the sector level, IT & Computing saw the steepest upturn in vacancies, followed by Nursing/Medical/Care.

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

63.1
Mar '21



Temporary Vacancies Index by sector

Rank	Sector	Feb-21	Mar-21
1	IT & Computing	69.0	77.1
2	Nursing/Medical/Care	81.3	73.6
3	Accounts & Financial	59.5	64.1
4	Engineering & Construction	55.5	63.7
5	Blue Collar	49.6	61.4
6	Secretarial & Clerical	46.5	60.9
7	Hotel & Catering	50.4	57.3
8	Executive & Professional	36.0	46.5

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



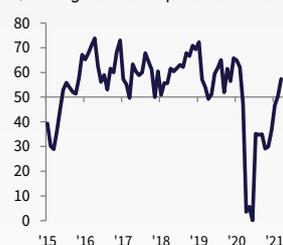
Nursing, Medical & Care

sa, >50 = growth since previous month



Hotel & Catering

sa, >50 = growth since previous month



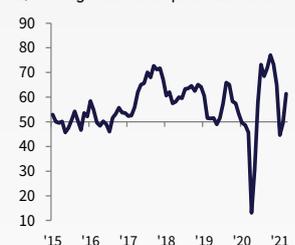
Engineering & Construction

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
Oct '20	47.7	61.6	66.7	63.6	45.6	50.7	40.1	52.1
Nov '20	42.0	60.8	62.7	60.5	46.7	49.6	41.0	54.7
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

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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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