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Royal Bank of Scotland Report on Jobs

Permanent staff appointments increase at fastest pace since July 2014

- **Historically marked rise in permanent placements**
- **Staff demand continues to improve sharply...**
- **...but candidate availability worsens further**

According to the latest Royal Bank of Scotland Report on Jobs, Scottish labour market conditions remained robust in August. This was signalled by stronger growth in both permanent appointments and short-term staff billings. Demand pressures also remained elevated, with both permanent and temporary job vacancies increasing at sharper rates compared to July. Difficulties in finding suitably skilled staff were apparent however, with candidate availability deteriorating again. In line with tighter staff supply, starting salaries and temp wages rose further in August.

Permanent staff appointments in Scotland increased at the fastest pace in just over four years during the latest survey period. In fact, the rate of growth was among the quickest observed in the survey's history and outpaced that recorded for the UK overall. Similarly, Scottish recruiters received greater billings for contract staff. The rate of increase quickened to a three-month high and was also above the UK average.

Job vacancies across Scotland continued to increase during the latest survey period. Permanent staff demand strengthened, but the rate of improvement, albeit marked, was only fractionally stronger than July's five-month low. Temporary job openings also increased at a faster pace during August, with the rate of growth accelerating to a one-year high. Furthermore, demand for both types of staff grew at a steeper pace in Scotland than for the UK overall.

Despite strong hiring intentions, the availability of candidates to fill roles declined. Permanent labour supply shrank sharply in August, while temporary candidate availability contracted at a slightly quicker pace. In both cases, rates of deterioration were greater than their respective UK averages.

Pay offered to new staff in Scotland continued to rise during the latest survey period. However, starting salaries awarded to permanent workers increased at the joint-weakest rate since last May. This contrasted with a steeper pace of starting salary inflation across the UK as a whole. Meanwhile, in line with

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slower growth at the national level, temp wages in Scotland increased to the softest extent in seven months.

COMMENT

Sebastian Burnside, chief economist at Royal Bank of Scotland, commented:

“Latest data indicated that the Scottish labour market remains in a healthy state. Permanent job roles were filled at the fastest pace since July 2014, while there was a similarly-strong rise in temporary billings. However, the sustained upturn in staff appointments contributed to a further deterioration in labour supply.

“With hiring intentions also remaining strong, as signalled by sharp growth in job vacancies, pay pressures heated up. Starting salaries and hourly rates of pay both rose markedly, despite rates of inflation softening since June.”

ENDS

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Notes to Editors

This report, compiled by IHS Markit, is based on a monthly survey of around 100 recruitment and employment consultants, and provides up-to-date information on Scottish labour market trends and is seasonally adjusted.

The information in this report is directly comparable with the REC Report on Jobs survey for the UK, which uses an identical methodology. The REC index for the UK has a strong track record of accurately anticipating changes in unemployment, employment and average earnings.

All Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with reading of exactly 50.0 signalling no change on the previous month. Readings above 50 signal an increase or improvement; readings below 50 signal a decline or deterioration. Reasons given by survey respondents for any changes are analysed to provide insight into the causes of movements in the indices and are also used to adjust for expected seasonal variations.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

A regional Report on Jobs series is now available comprising five regional reports tracking labour market trends across the Midlands, the North of England, the South of England, Scotland and London. The reports are designed to provide a comprehensive and up-to-date guide to labour market trends and the data are directly comparable with the UK Report on Jobs.

About the Recruitment & Employment Confederation

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