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## Royal Bank of Scotland Report on Jobs

### Sharp growth in permanent placements continues despite slowing in October

- Permanent appointments growth dips to six-month low
- Staff availability continues to deteriorate
- Starting salary inflation hits 46-month high

According to the latest Royal Bank of Scotland Report on Jobs, labour market conditions in Scotland remained robust during October, with recruitment agencies signalling sharp growth in permanent placements and temp staff billings. At the same time, both permanent and short-term job vacancies continued to rise sharply, but staff availability worsened, contributing to further marked increases in pay.

Latest survey data pointed to a twenty-first straight month of growth in permanent staff appointments in Scotland. Although the pace of expansion was the weakest since April, it was sharp overall and notably faster than the UK average. Meanwhile, billings received by Scottish recruiters from the employment of temporary staff increased at the joint-sharpest pace since May (on a par with August) and was marked overall.

While both permanent and short-term job vacancies in Scotland increased during October, there were diverging trends within the respective rates of growth. Permanent staff demand increased at the fastest pace in four months, while temporary job openings rose to the slowest extent since June. Nonetheless, expansions in both cases were above comparable UK averages.

The availability of candidates to fulfil vacant roles in Scotland continued to decline at the start of the fourth quarter. Permanent labour supply fell substantially and at a quicker pace than for the UK as whole. Short-term staff availability also decreased, extending the current period of deterioration to 21 months. That said, rates of decline eased in both cases.

Permanent staff in Scotland were awarded higher starting salaries during the latest survey period, as has been the case since March 2013. In fact, the rate of pay inflation was substantial and accelerated to a 46-month high. Notably, the increase was faster than that for the UK overall for the first time since July. Temporary staff in Scotland also observed further growth in wages during

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October. Hourly pay rates increased markedly, despite the pace of increase softening.

## COMMENT

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

*“Latest survey data continues to signal strong labour market conditions in Scotland. Although permanent appointments rose at a slower rate, the increase was marked and faster than the UK average, while the rise in short-term staff billings quickened.*

*“Moreover, with sharp growth in demand for staff and deteriorating candidate supplies being sustained, pay pressures continued to lift. Efforts to attract new joiners was evidenced by starting salary inflation accelerating to a near four-year high in October.”*

**ENDS**

## For more information

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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](mailto: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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