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Royal Bank of Scotland Report on Jobs

Permanent placements grow at fastest pace since October 2014

- Permanent placements and temp billings both rise sharply
- Availability of workers continues to worsen...
- ...while demand for staff grows at accelerated pace

According to the latest Royal Bank of Scotland Report on Jobs for Scotland, permanent staff appointments rose sharply and at the fastest pace in 44 months in June. There was also a marked increase in billings for contract staff. While demand for staff grew at an accelerated pace, the availability of candidates to fulfil these roles continued to fall. Consequently, pay pressures remained elevated, with both starting salaries and temp wages increasing further in June.

June data signalled another monthly rise in permanent staff appointments across Scotland, continuing a trend which has been apparent since February 2017. Furthermore, the rate of increase was the quickest since October 2014 and outpaced that seen for the UK as a whole. In fact, permanent placements at the UK level rose to the weakest extent for eight months. Temp billings in Scotland also expanded at a faster rate than that seen at the national level. This was despite the rate of growth slowing for the first time since the current upturn began in January.

Permanent job openings increased substantially in Scotland during June. The rate of growth was the quickest since May last year and noticeably faster than the UK average. Growth of permanent staff demand has been recorded in each month since October 2010. Vacancies for temporary roles rose at a steep and accelerated rate at the end of the second quarter, with the pace of expansion rising to an eight-month high.

A marked deterioration in permanent candidate availability was recorded by Scottish recruitment agencies in June. Notably, the pace of contraction remained much faster than the series historical trend. At the national level, permanent staff supply declined at the quickest pace in five months. Worsening availability was likewise apparent for short-term candidates. That said, the rate of deterioration softened since May and was slightly weaker than that registered for the UK overall.

News Release

In line with strong demand for staff and shrinking labour supply, pay pressures remained elevated across Scotland in June. Starting salaries awarded to permanent workers increased sharply, despite the pace of inflation easing since May. Temp wage rates rose to a similarly-sharp extent, with the rate of inflation broadly in line with the national average.

COMMENT

Malcolm Buchanan, Chair, Scotland Board, Royal Bank of Scotland, commented:

“June data pointed to continued positive momentum in the Scottish labour market. Permanent staff appointments increased at the strongest pace in almost four years, while contract staff billings grew sharply once again. At the same time, job vacancies for both short-term and permanent roles increased at accelerated rates.

“That said, the supply of candidates available to fulfil these roles fell again in June, fuelling further wage inflation as businesses look to attract appropriately-skilled staff.”

ENDS

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News Release

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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