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Royal Bank of Scotland Report on Jobs

Labour market conditions remain robust during December

- Staff placements continue to rise markedly
- Labour supply falls, pushing up rates of pay
- Sharp growth in temporary and permanent vacancies

According to the latest Royal Bank of Scotland Report on Jobs, permanent staff appointments increased at a historically marked rate at the end of 2018, while temporary billings also rose sharply.

In both cases, expansions were faster than noted on average for the UK as a whole. Meanwhile, permanent and temporary job openings increased again in December.

However, falling labour supply led to further pressure on pay.

Scottish recruitment agencies pointed to a further increase in permanent staff appointments during December. The rate of growth accelerated and was among the sharpest recorded since data collection began over two decades ago. Furthermore, the rise outpaced that recorded for the UK overall, where growth slowed to a 20-month low.

Temporary staff billings in Scotland also rose, continuing the upward trend which started one year ago. The pick-up was sharp and as with permanent placements, was stronger than the UK average.

Job vacancies rose further in the latest survey period. Although permanent staff demand increased at a weaker pace than seen in November, the expansion was marked overall. Growth was also stronger than seen at the national level, continuing a trend which has been apparent for nearly one year. Similarly, recruiters registered higher vacancies for temporary staff in Scotland during December. Across the monitored sectors, demand was strongest for short-term Nursing/Medical/Care workers.

Despite marked growth in staff demand, survey data suggested that the availability of candidates to fill vacant roles continued to decline in Scotland. The supply of permanent labour deteriorated substantially and at the quickest rate in one year during December.

News Release

Shortages of temporary staff were also apparent during the latest survey period. Although the decline in temp worker supply was weaker than seen in November, it was sharp overall and more severe than seen at the UK level.

The supply and demand imbalance for staff across the Scottish labour market contributed to another month of increasing pay. Salaries awarded to permanent starters rose sharply in December, despite the rate of inflation moderating for a second month running.

Short-term staff also received higher wage rates during the latest survey period. The up-tick in pay was strong and unchanged from that recorded in November.

COMMENT

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

“Scotland’s labour market ended the year on a very strong footing according to latest survey data.

Permanent and temporary staff appointments are continuing to rise sharply, while demand for both types of employees grew at marked rates.

However, challenges to the jobs market are presented via the supply-side. We continue to see Scottish recruiters reporting severe deteriorations in candidate availability, which is ultimately pushing up rates of pay for both short-term and permanent roles. Whether continued declines in labour supply begin to restrict growth in placements is yet to be seen.”

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 KPMG and REC, Report on Jobs survey for the UK, which uses an identical methodology. The KPMG and 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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