

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Scotland

Permanent staff appointments rise at softest pace in one year

Key points:

- Temp billings growth accelerates as permanent placements rise at weaker pace
- Permanent and short-term staff vacancies rise sharply
- Starting salary inflation remains marked, despite easing to nine-month low

Summary:

According to the latest IHS Markit Report on Jobs for Scotland, permanent staff appointments increased strongly during the final month of the first quarter. That said, the rate of growth eased to a 12-month low amid reports of candidate shortages. Temp billings growth picked up however, expanding at the steepest pace in nine months. Availability of both permanent and temporary staff continued to deteriorate, albeit to softer extents, while job vacancies continued to grow sharply. In turn, strong staff demand and a declining pool of available candidates led to elevated pay pressures.

Scottish recruitment consultancies signalled a fourteenth straight month of rising permanent staff placements. Although the rate of growth was strong, it was the slowest since March 2017 and the weakest recorded across all five monitored UK regions. Concurrently, temp billings increased at a sharp and accelerated pace during the latest survey period. In fact, the rate of growth was the fastest in nine months. Some panellists reported that difficulties in securing permanent staff had underpinned the latest rise in billings.

At the same time, permanent staff demand in Scotland rose substantially in March. Moreover, the rate of growth reached a five-month high and was the sharpest of the five surveyed UK regions. Similarly, job openings for temporary staff in

Scotland grew markedly. That said, the pace of expansion eased and was outstripped by that seen at the national level.

Overall candidate availability continued to deteriorate during March. Permanent staff supply contracted at a softer, albeit still steep, rate. Notably, the extent of the decline was sharper than that for the UK as a whole. Likewise, temp staff availability declined at a slower rate in the latest survey period.

Starting salary inflation for permanent staff remained sharp in March. This was despite the rate of increase easing to a nine-month low. In contrast, temp wage growth was the fastest since April 2017. Furthermore, the rate of inflation was sharp and quicker than that of the UK as a whole.

Comment:

REC Director of Policy Tom Hadley says:

“Permanent placements are growing month on month as demand for staff remains high. More people are entering employment, but it doesn’t make up for the shortfall of candidates for many roles, from cyber security and aerospace through to sewing machinists and drivers.

“As a result, employers are increasing starting pay to draw candidates away from current roles into new positions. Growth in pay for temporary roles especially is accelerating. In hospitality, demand for temporary staff is really high, but businesses have had fewer applicants from the EU since the Brexit vote. Employers are working hard to make themselves attractive to UK nationals, but they will still need temporary roles to be filled by EU nationals post-Brexit and the government must allow for this.

“Candidates planning to move jobs have a strong chance of getting a pay rise. With inflation

outstripping pay growth for over a year now, high pay offers will be tempting, as the pressure on starting salaries still isn't translating into pay rises for staff who stay put. Employers need to look at other means to keep staff, such as creating a good workplace culture and offering progression opportunities."

For further information, please contact:

REC

Liz Banks, REC Press Office, 0207 009 2157

Supported by Speed Communications – Kerry Grove kerry.grove@speedcomms.com, 0117 906 4517

IHS Markit (technical/data queries):

Joe Hayes, Economist, Telephone 01491 461006 / joseph.hayes@ihsmarkit.com

Note 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

Dorset House, First Floor, 27-45 Stamford Street, London, SE1 9NT. Tel: 020 7009 2100

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