

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Scotland

Permanent placements rise at fastest rate for 32 months

Key points:

- Quickest rise in permanent staff placements since February 2015
- Permanent and temporary staff demand remains elevated
- Temp pay inflation eases to one-year low

Summary:

Latest IHS Markit Report on Jobs data for Scotland indicated a further improvement in labour market conditions. The number of people placed in permanent job roles increased at the most marked pace since February 2015. Meanwhile, growth of demand for permanent and temporary staff remained sharp and quicker than that seen across the UK as a whole. At the same time, the availability of permanent staff fell sharply, while the rate of deterioration in temporary staff supply weakened. Pay pressures eased, with temp wage inflation softening to a one-year low.

Permanent placements increased sharply in Scotland and at the fastest rate in 32 months. In contrast, growth in permanent staff placements across the UK as a whole softened to a six-month low and was weaker than that seen in North of the border. Billings received from the employment of temp workers increased for an eleventh successive month in Scotland. However, the pace of expansion eased from September's three-month high.

Another month of substantial growth of demand for both permanent and temporary staff was registered by Scottish recruitment consultancies in October. Vacancies for permanent staff rose at a quicker pace, while those for temp positions expanded at a weaker rate. Nonetheless, demand for both permanent and temporary staff outpaced that seen for the UK as a whole.

The supply of candidates available to fill permanent positions in Scotland fell sharply in October, thereby maintaining a contractionary trend that has been observed since March 2012. Meanwhile, the supply of temporary staff decreased for a ninth successive month, albeit at the weakest rate in the current period of decline. Notably, the availability of short-term workers fell at a much softer pace than the UK average.

Strong demand for staff and lower candidate availability contributed to a further rise in starting salaries. The rate of salary inflation was sharp and slightly above that seen for the UK overall. In contrast, average hourly pay for temp staff rose at the softest rate since October 2016.

Comment:

REC Chief Executive Kevin Green says:

"It's good news for jobseekers in Scotland as salaries for those starting new jobs are still on the rise. At the same time, recruiters have again been successful in helping more people find permanent roles. This also means that Scotland is doing better than the rest of the UK, as the growth of permanent placements across the country is slowing."

"However, this positive trend should not distract from the fact that the pool of available candidates for permanent and temporary jobs is shrinking. This is not just a Scottish problem – it applies to other parts of the UK, where the situation is even worse."

"The highest demand for people working in permanent and temporary roles is in the IT & computing sector. But recruiters are also very keen on placing people in permanent roles within the nursing, medical and care industry."

"We need to ensure that workers from the EU, like nurses and midwives, still feel welcomed here and for this we urgently need clarity around future immigration systems."

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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

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