

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Scotland

Permanent staff appointments rise to weakest extent in nine months

Key points:

- Softer rise in permanent placements, while temp billings fall for first time in over a year
- Permanent and temporary staff availability both deteriorate at sharper rates
- Starting salary inflation edges down to six-month low

Summary:

According to the latest IHS Markit Report on Jobs data for Scotland, the number of people placed in permanent job roles increased at the slowest pace since March. Concurrently, billings received from the employment of temporary staff declined for the first time since November 2016, a distinct contrast to the sharp expansion noted at the national level. The number of job vacancies for temporary roles increased at the weakest rate since February, while growth of demand for permanent staff quickened slightly. In line with steeper declines in overall candidate availability, pay pressures for both temporary and permanent staff remained elevated.

Permanent placements increased for an eleventh consecutive month during December, albeit at the slowest pace since March. That said, the rate of expansion was identical to that seen across the UK as a whole. In contrast, billings received from the employment of temp workers fell for the first time in 13 months. That said, the rate of contraction was modest overall.

Demand for permanent and temporary staff continued to increase sharply in December. That said, while vacancies for permanent job roles increased at an accelerated pace, growth of temporary staff demand eased to a ten-month low. Furthermore, temporary staff vacancies in Scotland rose at a slower pace than that seen for the UK as

a whole for the first time since March.

Scottish recruitment consultancies signalled a further sharp drop in overall candidate availability during December. The rate of contraction in permanent staff supply was substantial and the strongest since October 2014. Meanwhile, the supply of short-term staff declined at the most marked pace since June 2015.

In line with higher demand and lower candidate availability, pay pressures continued to build in December. Although starting salary inflation eased fractionally to the slowest since June, it remained sharp overall. On the other hand, temp wage inflation quickened to a three-month high, outpacing the UK average for the first time since July.

Comment:

REC Chief Executive Kevin Green says:

“The latest figures from Scotland show that for the first time in over a year recruiters have placed fewer people into temporary roles than during the previous month. However, recruiters also say demand for both temporary and permanent staff is not reducing. The problem is that there are simply not enough people around to fill the roles out there and if businesses are not able to find the skills they need the consequences could be lower productivity and slow growth. We will have to keep an eye on how the situation develops in the next few months.”

“We can see that employers are trying to attract staff by offering higher starting salaries, but they also have to think carefully about how they can both retain existing workers – who aren’t getting pay rises – at the same time as finding the new hires they need as competition for staff intensifies.”

“Bosses need to consider reaching out to a wider talent pool than they have in the past and to be inventive about how to improve their employer brand and make themselves an attractive place to work.”

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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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