

## News Release

**MARKET SENSITIVE INFORMATION**  
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## Report on Jobs: Scotland

### Scottish labour market conditions improve sharply in August

#### Key points:

- Permanent staff placements and temp billings continue to rise markedly
- Demand for staff remains strong, led by IT & Computing
- Pay pressures soften slightly but remain elevated

#### Summary:

Latest IHS Markit Report on Jobs data for Scotland signalled a further improvement in labour market conditions in August. Recruitment consultancies reported sharp increases in permanent placements and staff demand, while pay pressures remained marked. At the same time, candidate availability continued to deteriorate sharply in August. Furthermore, the latest survey signalled the second-steepest drop in permanent candidate supply since May 2015.

#### Steep rise in permanent placements

August survey data showed a sharp rise in the number of people placed into permanent jobs in Scotland. The rate of expansion accelerated slightly since July, but remained below that recorded for the UK as a whole.

In contrast, growth in billings received by consultancies from the employment of temporary staff eased to a seven-month low in August. However, the rate of expansion matched the series' long-run average and remained sharp overall.

#### Pay pressures ease but remain elevated

Starting salary inflation in Scotland softened marginally in August. That said, the rate at which average starting salaries rose remained sharp and

was above the average seen throughout 2017 so far. The UK as a whole recorded a stronger increase in permanent pay, with starting salaries rising to the greatest extent in 22 months during August.

Meanwhile, hourly rates of pay for temporary staff in Scotland rose at a slower, but still sharp, rate. The UK as a whole registered the fastest increase in temporary pay rates for 16 months in August.

#### Candidate availability declines further

Scottish recruitment agencies reported a substantial decline in the availability of candidates for permanent roles during August. Furthermore, the rate of deterioration was the second-sharpest in 27 months (after June 2017).

Similarly, availability of temporary staff in Scotland deteriorated during August. The rate of reduction was steep overall, albeit not as sharp as that recorded across the UK as a whole.

#### Demand for staff remains strong

The number of permanent job vacancies in Scotland increased again in August. Growth of permanent staff demand picked up slightly since July, and remained much stronger than the long-run average. Demand for temporary staff in Scotland also remained elevated in August.

*Continues....*

**Comments:****REC Chief Executive Kevin Green says:**

*“As this month’s report clearly shows, employers are increasingly turning to recruitment agencies as it becomes harder to find the people to fill the jobs available. There are two trends at play. Businesses are seeking more professional and managerial capability, so we’re seeing high demand for roles like financial directors, analysts, and compliance and HR professionals. Meanwhile, there is a significant shortage of people to fill blue collar roles such as drivers, electricians, and construction workers, and this is being exacerbated by a fall in net migration from the EU.*”

*“In many areas of the jobs market candidate supply cannot meet demand. Employers are having to offer more money to secure the people with the skills they need. While the working population in general has experienced a pay squeeze, there are clearly opportunities now to earn more by moving jobs.*”

*“This is good news for individuals, but businesses will be concerned about the sustainability of this trend. Businesses can only grow if they have access to the people and skills they need. It is essential that the government recognises this by developing an evidence-based immigration system that will support the economy.”*

### For further information, please contact:

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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](mailto: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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Jobs transform lives, which is why we are building the best recruitment industry in the world. As the professional body for recruitment we're determined to make businesses more successful by helping them secure the people they need. We are absolutely passionate and totally committed in this pursuit for recruiters, employers, and the people they hire. Find out more about the Recruitment & Employment Confederation at [www.rec.uk.com](http://www.rec.uk.com)

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