

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Scotland

Scottish labour market conditions improve strongly amid sharp wage growth

Key points:

- Demand for permanent and temporary staff continues to rise markedly
- Availability of candidates continues to fall sharply
- Permanent starting salaries rise at fastest rate since December 2014

Summary:

Latest IHS Markit Report on Jobs data for Scotland signalled a continuation of improving labour market conditions. Permanent staff placements increased sharply, while strong demand for permanent staff coincided with the highest rate of starting salary inflation for 33 months. Additionally, temporary staff vacancies rose strongly. Recruitment consultancies recorded a worsening in permanent and temporary staff availability, with permanent candidate supply dropping substantially.

September data indicated that permanent staff placements rose sharply, albeit at the slowest rate in five months. Nonetheless, Scottish recruiters recorded faster growth than that seen for the UK overall. Meanwhile, billings received from the employment of temp workers grew substantially, and at a much faster pace than the seven-month low seen in August.

Recruitment consultancies in Scotland registered another month of substantial demand growth for both permanent and temporary staff. Having said this, the rate of expansion in permanent staff vacancies eased to a six-month low, while temporary vacancy growth softened to the slowest pace since May. Despite growth easing in Scotland, demand for permanent and temporary staff outpaced that seen for the UK as a whole.

Strong demand for staff coincided with deteriorating availability in both permanent and temporary workers. Permanent staff shortages persisted in September, marking a sixty-seventh consecutive month of worsening availability. Meanwhile, the decline in temp staff availability was the least marked since May. Moreover, availability of temporary workers in Scotland depleted at a softer pace than for the UK as a whole.

Pay pressures remained elevated in Scotland. Permanent starting salaries increased at the fastest rate in 33 months in September. This contrasted with the aggregate UK data, which signalled a marginally slower rate of starting salary inflation than in August. Meanwhile, average hourly pay rates for contract staff in Scotland rose sharply again.

Comment:

REC Chief Executive Kevin Green says:

“Recruiters are finding it even harder to find people to fill vacancies. Candidate availability has been falling for the past four years and the record high UK employment rate plus a slowdown in the number of EU nationals coming to work here is exacerbating the situation, potentially leaving roles unfilled.

“In Scotland, employers are rapidly increasing starting salaries to compete for candidates. There’s little sign of this affecting overall wages, so the best way to secure a pay rise remains moving jobs.

“Low-skill roles are also hard to fill in areas like food processing, warehouses and catering – sectors that employ a higher proportion of people from the EU than others across the economy. We urge the government to ensure any new immigration system

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includes provisions for low-skilled and temporary workers so that warehouses, supermarkets and restaurants can bring on the people they desperately need.”

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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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