

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Scotland

Sharp improvement in Scottish labour market conditions in June

Key points:

- Growth in demand for temporary staff strongest since late-2004
- Steep and accelerated increase in permanent placements
- Pay pressures remain sharp

Summary:

June's IHS Markit Report on Jobs for Scotland indicated a sharp improvement of labour market conditions in Scotland. Steep growth in demand for both temporary and permanent staff, alongside sharp expansions in permanent staff placements and temp billings, all pointed towards stronger market conditions for workers in the Scottish economy. On the pay front, salary pressures remained steep overall during the latest survey.

Temp staff demand surges higher

Growth in demand for both temporary and permanent staff in Scotland remained at historically high levels in June. The increase in temporary staff demand was particularly steep, with the latest data indicating the highest rate of growth since October 2004. Meanwhile, despite easing from May's recent peak, June rounded off the best quarter for growth in permanent vacancies on record.

Although also signalling sharp levels of growth, the UK as a whole saw slower rates of increase than in Scotland.

Sub-sector data indicated that IT & Computing had the largest rise in vacancies in June. Engineering & Construction was another one of the top performing sectors.

Staff placements rise sharply

Scottish recruitment consultancies reported steep increases in both temporary billings and permanent staff placements, with the former registering the fastest growth - the quickest in nearly three years.

The UK as a whole also recorded sharp rates of growth in placements overall, albeit slower than those seen north of the border.

Candidate availability deteriorates

The latest data indicated that the number of candidates available for vacant permanent positions in Scotland fell in June. That said, the rate of decline was slightly weaker than that seen across the UK as a whole.

Temporary staff availability also deteriorated sharply in Scotland, albeit to a lesser extent than that seen at the UK level.

Pay inflation remains strong

Pay pressures remained elevated in June, with data indicating notable increases in both permanent salaries and temp wages. In the case of salaries, growth was the fastest for nine months. That said, rates of inflation were slower than those seen at the UK level.

Continues....

Comments:

REC Director of Policy, Tom Hadley says:

“With fewer people currently looking for jobs, employers are having to increase starting salaries to secure the talent they need. This is creating great opportunities for people with in-demand skills who are prepared to change jobs, but it’s also putting unsustainable pressure on many businesses.”

“Existing skills shortages are being exacerbated by Brexit. Scotland already has 43,000 EU nationals working in the wholesale and retail trade, hotels and restaurants. Policies which make it more difficult to recruit and retain these people will put business growth at risk.*”

“Investment in training the domestic workforce is vital to the long-term health of the jobs market, but it won’t allay employers’ fears about losing access to workers from the EU. The government needs to outline a five-year roadmap for post-Brexit immigration policy to enable businesses to plan effectively, and so the UK economy can flourish.”

** Building the post-Brexit immigration system, REC (July 2017)*

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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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