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Royal Bank of Scotland Report on Jobs

Permanent placements growth loses further momentum in November

- Permanent appointments rise at softest rate since April
- Candidate availability deteriorates at faster pace
- Demand for staff remains elevated

According to the latest Royal Bank of Scotland Report on Jobs, permanent roles in Scotland continued to be filled in November, however the rate of expansion slowed for a second month running. Furthermore, the availability of permanent staff declined at the quickest rate since February. Meanwhile, temporary staff billings increased at a sharper pace, despite a stronger deterioration in short-term staff supply. On the pay front, starting salaries and temp wage rates increased further.

Permanent appointments continued to increase in Scotland during November, extending a trend which first began almost two years ago. Though still sharp, the rate of expansion was the softest since April and stronger than the UK average. Recruitment agencies in Scotland also recorded higher billings received from the employment of temporary staff in November. The rate of growth was sharper than in the previous month, contrasting with the UK trend where the overall increase softened.

Although survey data pointed to a broad-based slowing of job vacancies growth in Scotland, increases in permanent and temporary staff demand remained sharp overall and faster than those at the national level. Temporary and permanent job openings rose at the slowest rates in six and nine months respectively. Permanent staff demand in Scotland has now risen for just over eight years, while the expansionary trend for temp workers started in November 2009.

Labour supply continued to deteriorate, however, with candidate availability falling for both types of staff in November. The fall in permanent staff supply was substantial and the most marked in nine months. This contrasted with the national trend, where permanent candidate availability deteriorated to a weaker extent. Meanwhile, temporary labour supply contracted at a pace which was close to September's 39-month peak.

News Release

Salaries awarded to permanent starters in Scotland grew sharply in November, despite inflation easing from October's near four-year peak. That said, the increase was softer than seen for the UK overall. Though marked, temp wage rates rose at the weakest pace since August during the latest survey period. Meanwhile at the national level, short-term pay rose at the fastest rate since July 2007.

COMMENT

Sebastian Burnside, Chief Economist at Royal Bank of Scotland, commented:

“November jobs data for Scotland remained positive, with permanent and short-term employment growing. Furthermore, pay pressures increased sharply and vacancies for both types of staff continued to increase.

“That said, momentum was lost in November, as rates of growth in staff demand eased, especially for IT contractors and other professionals. Supply of workers diminished further, coinciding with the weakest rise in permanent placements since April.”

ENDS

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News Release

Notes 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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