

News Release

MARKET SENSITIVE INFORMATION
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Report on Jobs: Scotland

Permanent staff appointments rise at sharper pace in January

Key points:

- Stronger increase in permanent placements, while temp billings return to growth
- Supply of both permanent and temporary labour continues to decline
- Starting salaries increase to greatest extent for over three years

Summary:

According to the latest IHS Markit Report on Jobs for Scotland, recruitment agencies signalled a sharp pace of growth in permanent staff placements in January. Meanwhile, billings received from the employment of temporary staff increased, following a modest decline in December. Growth of demand for short-term staff, albeit strong, weakened markedly to a 17-month low. Permanent staff vacancies also increased at a softer pace. Availability of both temporary and permanent staff contracted, albeit at slower rates. Pay awarded to permanent starters rose substantially in January, while temp wage inflation moderated to a 15-month low.

The expansionary trend in permanent staff placements in Scotland was sustained during January. In fact, the rate of growth quickened from that seen in December and was slightly above the UK average. Following a modest contraction in December, temp billings increased in the latest survey period. However, the pace of expansion was modest and the weakest of all five monitored UK regions.

Growth of demand for permanent and temporary staff in Scotland moderated during January. Though the number of permanent vacancies increased sharply, the extent of the rise was the weakest in one year. Meanwhile, demand for

temporary staff rose at the softest pace since August 2016. Growth in vacancies for both short-term and permanent staff at the UK level was stronger compared to that seen in Scotland.

The availability of candidates for permanent roles continued to amid deteriorate in January, as has been the case since March 2012. Although the rate of deterioration eased, it was sharp and in line with that seen for the UK as a whole. Similarly, temp staff availability contracted at a weaker rate during January.

Scottish recruitment consultancies signalled further increases in pay in January. Starting salary inflation was steep and quickened to a 37-month high. That said, temp wage inflation in Scotland softened to a 15-month low and was the weakest of all surveyed UK regions.

Comment:

REC Chief Executive Kevin Green says:

"We are seeing a continued rise in jobs filled via recruiters in Scotland as it gets more challenging for businesses to find candidates. The UK has almost full employment and the country is plagued by labour, skills and talent shortages. This increasing competition for good quality staff means that employers are willing to pay higher wages to attract the right people. Starting salaries in Scotland have gone up at the quickest rate in over three years. So, it's a good time to move jobs, especially as employers aren't increasing wages for their existing workforce."

"It's reassuring that demand for permanent staff is stable despite the economic uncertainties businesses are facing. However, we should keep an eye on the slower growth in demand for agency workers. This could be a sign that employers are hesitating."

"The struggle to find appropriate candidates will get worse. We are therefore asking for a balanced and

evidence-based immigration system. Businesses urgently need to invest in the upskilling of their workforce. It's time that the government puts the concerns of businesses at the top of their agenda to ensure the success of the Scottish economy."

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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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