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Royal Bank of Scotland Report on Jobs

Permanent staff placements continue to increase sharply in September

- Permanent appointments rise at historically strong rate
- Robust growth in staff demand
- Pay pressures intensify

According to the latest Royal Bank of Scotland Report on Jobs, Scottish labour market conditions continued to improve in September, with sharp growth being recorded in both permanent placements and temporary staff billings. At the same time, pay pressures intensified, as rates of starting salary and temp wage inflation accelerated since August. Imbalances between staff demand and supply remained however, with candidate availability deteriorating markedly while job vacancies continued to rise.

Sustained growth in permanent staff placements was signalled by Scottish recruitment consultancies in September. Moreover, the pace of expansion quickened to the fastest since July 2014 and outpaced the UK average. Sharp growth in temporary/contract staff billings was also observed in Scotland during the latest survey period, despite the rate of increase easing slightly since August.

Job openings in Scotland continued to rise at a robust pace in September. Permanent vacancies rose markedly and at the quickest pace in three months. UK level data also pointed to a sharp rate of growth in permanent staff demand. That said, the latest expansion was the weakest in almost two years and remained slower than that for Scotland. Short-term job vacancies in Scotland also rose to a faster extent at the end of the third quarter, and was noticeably quicker than that for the UK overall.

The availability of candidates to fill both permanent and temporary vacancies in Scotland worsened further in September. In fact, permanent labour supply deteriorated at the quickest pace in seven months, while short-term staff availability declined at the steepest rate since June 2015. In both cases, rates of deterioration were stronger than their respective UK averages.

News Release

Salaries awarded to newly-placed staff in Scotland continued to rise in the latest survey period. Scottish recruitment consultancies signalled sharp growth in starting salaries for permanent joiners, in which the rate of inflation accelerated to an eight-month high. That said, the pace of increase was slightly softer than the UK average. Stronger wage pressures were also observed for short-term staff in Scotland, with the rate of temp pay inflation accelerating from a seven-month low in August.

COMMENT

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

“Although the availability of labour continued to decline in September, Scottish recruitment agencies continued to signal sharp growth in staff appointments, both permanent and short-term.

“Hiring intentions also remained robust, with permanent and temporary job vacancies rising at faster rates. This, in conjunction with poor candidate availability, translated into further stronger pressures. The survey showed that temp wages and starting salaries both rose at accelerated rates at the end of the third quarter.”

ENDS

For more information

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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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