

This is the Bank of Scotland Report on Jobs. Compiled by Markit, the report is based on a monthly survey of over 100 recruitment and employment consultants, and provides up-to-date information on Scottish labour market trends and is seasonally adjusted.

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SCOTTISH LABOUR MARKET CONDITIONS CONTINUED TO IMPROVE IN MAY

- Further rises in permanent and temporary appointments...
- ...driven by broad-based improvement in demand for staff
- Pay increases subdued by solid candidate growth

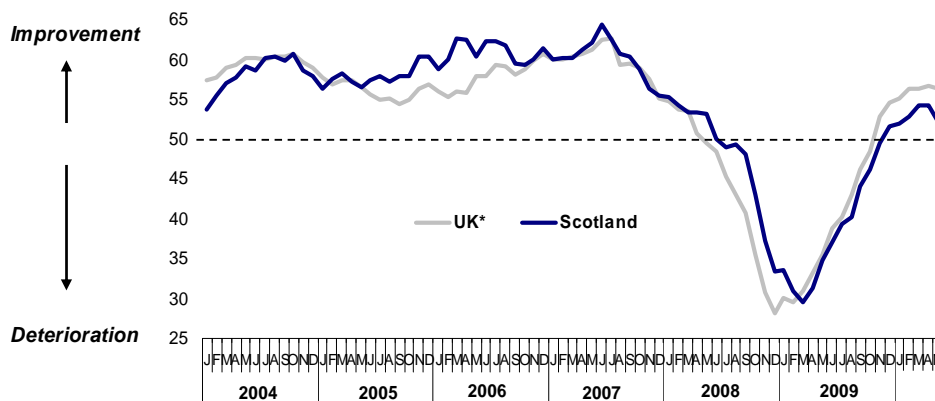
The Bank of Scotland Report on Jobs highlighted ongoing recovery in the Scottish labour market in May. Appointments in both the permanent and temporary sectors increased, while the number of vacancies available to job seekers also rose markedly.

There was nevertheless evidence that the labour market recovery lost some momentum in May, with employment and pay rising at weaker rates, while candidate availability growth accelerated.

The moderation in the pace of jobs market improvement was signposted by the Bank of Scotland Labour Market Barometer – a composite indicator designed to provide a single figure snapshot of labour market conditions – falling from 54.3, to 52.3. Although the index remained solidly above the 50.0 no-change threshold, it was well below the equivalent indicator for the UK as a whole (56.4).

Bank of Scotland Labour Market Barometer

Index, 50 = no change in labour market conditions on previous month



	Scot	UK*
May'09	34.8	35.5
Jun	37.0	38.9
Jul	39.4	40.2
Aug	40.2	43.1
Sep	44.1	46.3
Oct	46.2	48.5
Nov	49.6	52.8
Dec	51.6	54.7
Jan'10	52.0	55.1
Feb	52.9	56.4
Mar	54.2	56.5
Apr	54.3	56.8
May	52.3	56.4

50 = no change on previous month.
*KPMG/REC Report on Jobs

Donald MacRae, Chief Economist at Bank of Scotland, commented:

“This month’s increase in appointments in both permanent and temporary jobs, as well as the rise in the number of vacancies available, is a sign that the Scottish labour market is in recovery. This recovery did lose momentum in May however, with employment and pay rising at weaker rates. While the headline index reading remains solid, it is well below the figure recorded for the UK as a whole. We can expect a continuing but muted recovery from recession, with some time before unemployment starts to fall.”

Regional analysis

- Edinburgh-based recruitment consultants posted the strongest rises in both permanent and temporary appointments in May, as they have done in each of the past eight months.
- Agencies operating in Edinburgh subsequently recorded the fastest monthly increase in hourly temp pay rates. Permanent salaries rose at the strongest pace in Glasgow.
- Glasgow-based agencies registered the strongest monthly increase in candidate availability during May.

Wages and salaries

- Average salaries awarded to permanent staff rose for the fourth successive survey period during May. Nevertheless, the monthly increase was only fractional.
- Latest data also highlighted a modest rise in temp staff hourly pay rates. Although the latest rise extended the current sequence of growth to five months, the pace of increase was the weakest since January.

Employment

- Scottish recruitment consultants reported another rise in the number of candidates placed in permanent job roles during May. This extended the current period of expansion to eight months. However, the pace of employment growth slowed to the weakest since October 2009.
- May data highlighted a strong monthly rise in temporary appointments across the Scottish labour market. The increase was again stronger than seen in the permanent sector, and extended the current period of expansion to nine months.

Vacancies

- The number of vacancies available to candidates seeking long-term job roles in the Scottish labour market increased for the sixth month in a row during May. Furthermore, the pace of increase accelerated to the sharpest since September 2007.
- In the temporary sector, latest data highlighted the strongest improvement in demand for staff since May 2008.

Availability

- The number of candidates seeking permanent employment in the Scottish labour market rose for the twenty-sixth month in succession during May. Moreover, the pace of increase accelerated since April to the strongest in five months.
- May data signalled a marked rise in the number of candidates seeking temporary job roles. Furthermore, the pace of candidate growth accelerated markedly since April to the sharpest since October 2009.

Sectors

- By sector, Scottish employment agencies recorded higher demand for permanent workers in all eight monitored employment categories. The steepest increase was seen in the Executive & Professional sector.
- As in the permanent sector, all eight categories of temporary employment saw rises in vacancy numbers in May. The strongest was recorded in the IT & Computing sector, the weakest in Secretarial & Clerical.

Permanent Staff

1	Executive & Professional
2	IT & Computing
3	Accounts & Financial
4	Nursing/Medical/Care
5	Engineering & Construction
6	Hotel & Catering
7	Blue Collar
8	Secretarial & Clerical

Temporary/Contract Staff

1	IT & Computing
2	Engineering & Construction
3	Executive & Professional
4	Blue Collar
5	Nursing/Medical/Care
6	Accounts & Financial
7	Hotel & Catering
8	Secretarial & Clerical

(Ranked by strength of demand in Scotland in May 2010)

The Bank of Scotland Labour Market Barometer

A key tool in the Monthly Labour Market Report is the Bank of Scotland Labour Market Barometer. The Barometer is a composite indicator devised from four key measures: demand for staff; employment; availability for work (inverted); and pay in the permanent and temporary markets.

In May, the Bank of Scotland Labour Market Barometer posted 52.3. Although down from April's twenty-seven month high of 54.3, the index continued to point to a solid improvement in labour market conditions.

Three of the barometer's four constituents pointed towards strengthening labour market conditions in May. The principal sources of improvement were strong demand growth and higher appointments. There was, however, continued evidence of labour market slack as candidate availability rose.

	Perm Place	Temp Billing	Overall Appoint	Perm Demand	Temp Demand	Overall Demand	Perm Avail	Temp Avail	Overall Avail	Perm Salary	Temp Pay	Overall Pay
09 May	42.5	41.4	42.4	35.3	37.0	35.4	80.2	83.6	80.4	41.8	39.4	41.7
Jun	43.4	48.0	43.7	39.3	42.1	39.5	79.5	81.5	79.6	44.6	42.9	44.5
Jul	46.7	49.7	46.8	43.4	46.4	43.6	78.3	78.3	78.3	45.8	42.4	45.6
Aug	47.5	49.8	47.6	44.8	47.3	44.9	76.3	77.2	76.3	44.8	41.8	44.7
Sep	49.1	52.7	49.3	45.9	47.5	46.0	62.7	66.3	62.9	44.0	44.4	44.0
Oct	52.5	58.3	52.8	48.5	49.9	48.6	61.2	61.5	61.2	44.7	46.1	44.8
Nov	58.4	58.2	58.4	49.8	50.9	49.9	56.3	58.0	56.4	46.6	46.5	46.6
Dec	62.0	60.4	61.9	51.9	52.8	52.0	56.0	55.5	55.9	48.4	49.5	48.5
10 Jan	61.5	55.2	61.1	52.2	50.5	52.1	55.1	54.2	55.0	49.6	50.8	49.7
Feb	60.7	56.7	60.5	54.4	52.3	54.3	54.6	56.4	54.7	51.4	52.7	51.5
Mar	60.3	63.6	60.5	58.0	55.3	57.9	52.3	55.0	52.5	50.7	55.0	51.0
Apr	58.1	63.3	58.4	58.7	57.9	58.6	53.7	54.7	53.8	53.9	55.2	54.0
May	54.7	61.6	55.1	59.1	58.6	59.1	55.7	59.8	56.0	50.8	51.2	50.8

UK regional labour market summary

The UK claimant count in May 2010 was 1,481,100. This signalled a decline of 30,900 on the previous month's revised figure, and was 58,200 lower than a year earlier. The claimant count rate was 4.6%, down 0.1 percentage points since the previous month, and 0.2 percentage points from a year earlier. The South West and the South East had the lowest unemployment rates at 3.0% and 3.1% respectively. The highest claimant count rates were recorded in the North East and Northern Ireland at 6.5% and 6.2% respectively.

Scotland registered another decline in the number of people claiming unemployment benefit during May. Official data showed the claimant count was 134,000, down 1,000 on April. The unemployment rate was 4.8%, unchanged from April's revised figure, placing Scotland sixth in the table of UK regional labour markets (right).

REGION	May 2010 UNEMPLOYMENT		
	'000s	Rate (%)*	Rank
South West	82	3.0	(1)
South East	139	3.1	(2)
East	110	3.8	(3)
London	216	4.4	(4)
East Midlands	101	4.5	(5)
Scotland	134	4.8	(6)
NW & Merseyside	182	5.1	(7)
Wales	73	5.1	(7)
Yorks & H'side	148	5.6	(9)
West Midlands	162	5.9	(10)
Northern Ireland	56	6.2	(11)
North East	80	6.5	(12)
United Kingdom	1481	4.6	

Source: Department for Work & Pensions and National Statistics.

* As a percentage for Claimant Count + Workforce Jobs.

Notes for Editors

The Labour Market Barometer from Bank of Scotland is an average of survey indices relating to the demand for staff, permanent placements, temporary billings, staff availability, salaries awarded to permanent staff and average hourly rates for temp/contract staff. (The index for staff availability is inverted in the amalgamation process.)

This report, compiled by Markit, is based on a monthly survey of over 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 KPMG/REC *Report on Jobs* survey for the UK, which uses an identical methodology. The KPMG/REC index for the UK has a strong track record of accurately anticipating changes in unemployment, employment and average earnings.

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 Markit. Please contact economics@markit.com.

Bank of Scotland

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