

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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PERMANENT EMPLOYMENT IN SCOTLAND FALLS FOR FIRST TIME IN TEN MONTHS

- Employment in permanent sector declines, while temporary jobs growth slows
- Weaker vacancy growth recorded in both permanent and temporary sectors
- Rising availability continues to subdue pay pressures

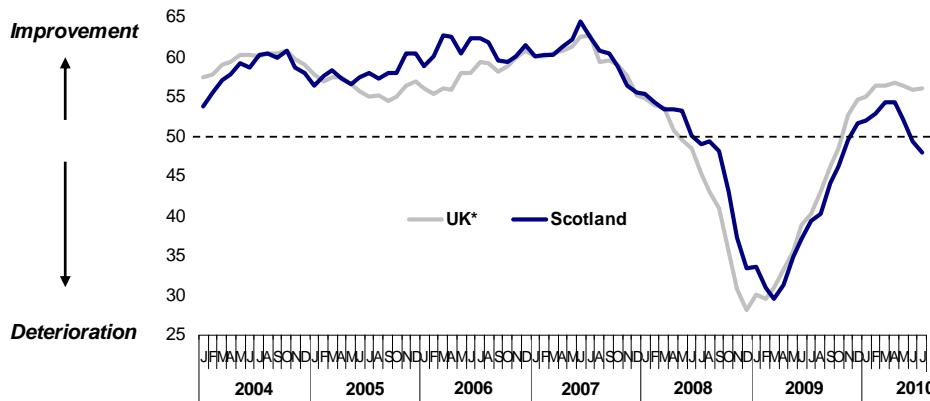
Scottish labour market conditions remained challenging in July. Permanent appointments fell for the first time in ten months, while growth of temporary employment slowed to the second-weakest in the current eleven month period of job creation.

Vacancy numbers continued to increase, although rates of demand growth slowed for both permanent and temporary staff. In terms of remuneration, strong candidate availability acted to subdue pay pressures in the latest survey period.

Overall, the Bank of Scotland Labour Market Barometer pointed to a deterioration in jobs market conditions for the second month in a row in July. At 48.1, down from 49.4, the index was the lowest since October 2009. However, the pace of worsening signalled by the barometer remained marginal and partly driven through excess candidate availability, as previously inactive workers return to the labour market. Conditions in the UK (as signalled by data produced in the KPMG/REC Report on Jobs) improved at a marked pace in July.

Bank of Scotland Labour Market Barometer

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



	Scot	UK*
Jun'09	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	56.5
Mar	54.2	56.5
Apr	54.3	56.8
May	52.3	56.3
June	49.4	55.8
July	48.1	56.1

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

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

“Unfortunately we saw the first fall in the number of appointments to permanent jobs in ten months. However, temporary appointments rose for the eleventh month in a row. The number of vacancies also continued to grow, albeit at slower rates for both permanent and temporary jobs. Previously inactive workers returned to the jobs market again during July, resulting in the number of candidates seeking employment rising at marked rates. This was the main reason behind the marginal deterioration in job market conditions. Overall, July was a challenging month for the Scottish employment market.”



Regional analysis

- For the tenth month in a row, Edinburgh-based recruitment agencies posted the strongest rises in both permanent and temporary appointments during July.
- The steepest rises in both temporary and permanent candidate availability were recorded by consultants operating in Glasgow.
- Permanent starting salaries fell across three of the four monitored regions in July, with Aberdeen-based agencies reporting unchanged salaries in July. Temp hourly pay rates rose in two of the monitored regions.

Wages and salaries

- Scottish recruitment agencies recorded the second reduction in permanent pay in a row during July. Although modest, the pace of decline was the fastest since December 2009.
- In contrast to the trend recorded in the permanent sector, recruitment consultants reported a seventh successive rise in hourly temp pay rates.

Employment

- The seasonally adjusted Permanent Staff Placements Index signalled a modest reduction in the number of workers placed in permanent job roles by Scottish recruitment agencies in July. This brought to an end a nine-month period of growth.
- In contrast to the trend in the permanent jobs market, Scottish employment agencies registered a solid rise in the number of candidates placed in temporary job roles during July.

Vacancies

- According to the latest data, demand for permanent workers increased for the eighth month in a row during July. However, the pace of improvement slowed for the second month running.
- In the temporary sector, demand for staff rose at a strong clip in July, albeit at a marginally weaker pace than registered in the previous survey period.

Availability

- Latest data signalled that the availability of candidates seeking permanent employment in the Scottish labour market improved for the twenty-eighth month in succession during July. Nonetheless, the pace of increased slowed since June.
- July data signposted a strong rise in temporary candidate availability that was the steepest since September 2009.

Sectors

- Broken down by sector, higher vacancy numbers were recorded in six of the eight monitored permanent employment categories in July. The strongest rise was seen in the IT & Computing sector.
- Panellists indicated that demand for staff was higher across each of the eight monitored temporary types of employment in July. IT & Computing workers were most sought-after, while Secretarial & Clerical staff saw only a mild rise in vacancies.

Permanent Staff

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

Temporary/Contract Staff

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

(Ranked by strength of demand in Scotland in July 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.

The Bank of Scotland Labour market barometer slipped from 49.4 to 48.1 in July, to signal a second straight deterioration of jobs market conditions. Nonetheless, the pace of contraction signalled by the series was only marginal.

The principal source of weakness remained considerable growth in the number of candidates seeking employment. Overall pay rates fell for the second month in succession, albeit at only a modest clip. A mild fall in permanent placements meant that, for the first time since September last year, appointments imparted a negative impact on overall labour market conditions.

	Perm Place	Temp Billing	Overall Appoint	Perm Demand	Temp Demand	Overall Demand	Perm Avail	Temp Avail	Overall Avail	Perm Salary	Temp Pay	Overall Pay
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
Jun	52.9	55.3	53.1	56.0	57.7	56.1	60.3	62.9	60.4	48.8	52.6	49.0
Jul	48.3	53.0	48.6	53.2	57.1	53.5	58.2	63.4	58.5	48.5	51.7	48.7

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.

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