

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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LABOUR MARKET CONDITIONS REMAIN TOUGH AS PREVIOUSLY INACTIVE WORKERS SEEK EMPLOYMENT

- Weaker rises in both temporary and permanent employment
- Vacancy growth remained substantial
- Strong candidate availability subdued pay in permanent jobs market

A strong rise in the number of candidates seeking long- and short-term employment in Scotland led to a mild deterioration in overall labour market conditions in June. Nevertheless, employment and demand for staff continued to rise during the month, albeit at moderated rates.

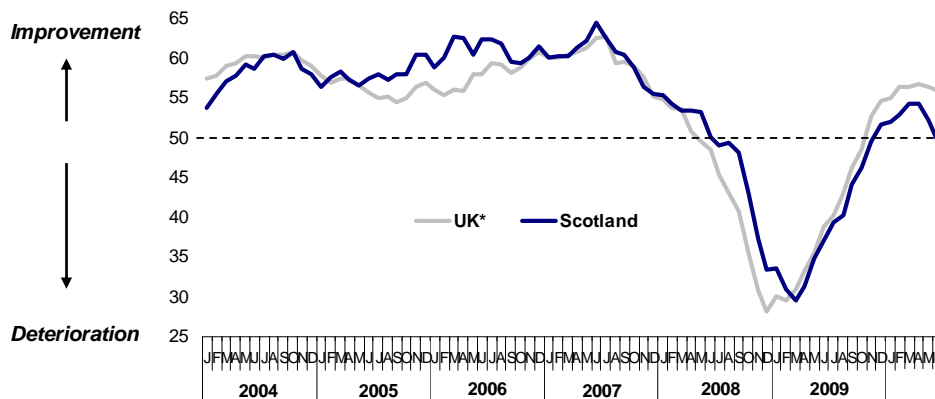
Latest data from the Bank of Scotland Report on Jobs also highlighted a divergence in conditions in the temporary and permanent jobs markets, with the stronger rises in appointments, vacancies and pay all recorded in the short-term sector.

The overall deterioration of conditions was signalled by the Bank of Scotland Labour Market Barometer slipping below the 50.0 no-change threshold for the first time in seven months. Nevertheless, at 49.4, the pace of worsening was only marginal, and driven principally through improving candidate availability.

Although signalling labour market slack, the rise in candidate availability suggests that workers are looking for employment following a period of inactivity. This in turn may indicate a transitional phase in the labour market recovery as opposed to an outright deterioration of conditions.

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
Jun	49.4	55.8

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

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

“Scotland’s labour market conditions deteriorated slightly in June due to a strong rise in the number of people looking for employment, causing the headline index to slip below the no-change threshold for the first time in seven months. However, permanent employment increased for the ninth month in a row, and demand for permanent staff improved, albeit both were at slower paces than previously. Despite June’s overall decline, the rise in candidate availability may point to a transitional phase in the Scottish labour market recovery, rather than outright deterioration.”



Regional analysis

- Recruitment consultants based in Edinburgh recorded the strongest rises in both permanent and temporary employment in June, extending the current sequence to nine months.
- Aberdeen-based agencies recorded the strongest monthly inflation of permanent salaries, while agencies in Edinburgh registered the most marked increase in hourly temp pay rates.
- The fastest rises in both temporary and permanent candidate availability were seen by Dundee-based employment consultants.

Wages and salaries

- Following four months of pay growth, Scottish recruitment consultants registered a decline in average salaries awarded to permanent workers in June.
- In contrast to the trend recorded in the permanent sector, short-term workers saw a modest rise in hourly staff remuneration rates during June. This extended the current period of temp pay inflation to six months.

Employment

- Latest data highlighted a further rise in the number of workers placed in permanent job roles by Scottish recruitment agencies. This extended the current period of rising appointments to nine months. However, the pace of increase slowed to the weakest since October 2009.
- The seasonally adjusted Temporary/Contract Staff Billings Index signalled a marked rise in average weekly billings received from the employment of temporary staff. As in the permanent sector, however, the pace of increase slowed since May.

Vacancies

- June data signposted another improvement in demand for permanent workers in the Scottish labour market. Although the weakest since February, the increase in vacancy numbers was strong and the seventh in successive months.
- Demand for temporary workers, as reported by Scottish recruitment consultants, rose for the eighth month in a row during June.

Availability

- Latest data highlighted a marked rise in the number of candidates seeking permanent employment in Scotland's labour market. Staff availability rose at the fastest pace in eight months.
- June data signposted the strongest rise in temp candidate availability since September 2009. Firms operating in Scotland's recruitment sector have posted rising temporary staff availability in each month for the past two years.

Sectors

- By sector, higher vacancy numbers were seen in seven out of the eight monitored permanent employment types, with the strongest rise recorded in the Hotel & Catering sector.
- For the second month in a row, all eight categories of temporary employment saw increased vacancy numbers in June. The strongest rise was recorded in IT & Computing, the weakest in Secretarial & Clerical.

Permanent Staff

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

Temporary/Contract Staff

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

(Ranked by strength of demand in Scotland in June 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 fell from 52.3 in May, below the critical 50.0 no-change mark, to 49.4 in June. Nevertheless, overall appointments and demand for staff both continued to increase.

The key source of weakness was strong candidate growth in both long- and short-term labour markets. Overall pay rates also fell fractionally, driven by a modest reduction in starting salaries awarded to permanent workers.

	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 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
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

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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