

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.

NOT FOR BROADCAST OR PUBLICATION BEFORE 00:01, MONDAY 20 SEPTEMBER 2010

DEMAND FOR PERMANENT STAFF IN SCOTLAND FALLS FOR FIRST TIME IN NINE MONTHS

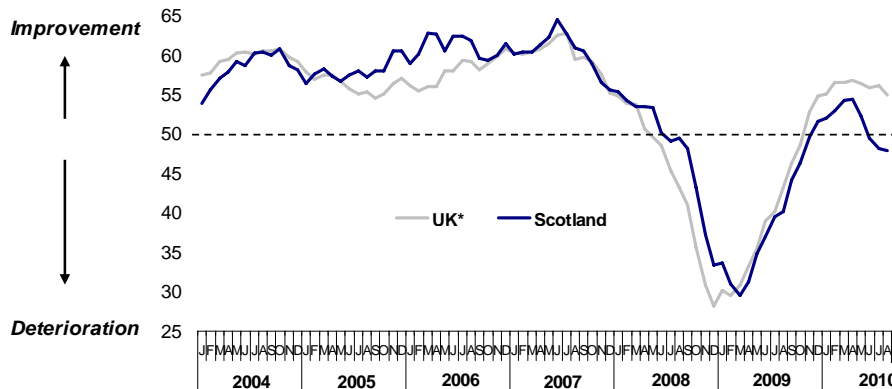
- Permanent placements declined, growth in temporary jobs slowed
- Vacancy trends continued to weaken in both sectors
- Wages and salaries fell reflecting increased staff availability

Latest data from the Bank of Scotland Report on Jobs has indicated that conditions in the Scottish labour market remained challenging in August. The number of workers placed in permanent job roles fell for the second successive month, whilst growth of temp billings weakened to the lowest level since September 2009. This was due to weaker trends in demand for workers for both long- and short-term jobs. Subsequently, increased candidate availability reduced average remuneration rates in August.

The Bank of Scotland Labour Market Barometer – a composite indicator designed to provide a single figure snapshot of labour market conditions – signalled deterioration for the third consecutive month. The Barometer posted 47.9 in August, down marginally from 48.1 in July and its lowest reading since October 2009. Similarly, conditions in the UK labour market weakened during August as signalled by the KPMG/REC Report on Jobs. However, Scotland continued to underperform the UK overall by a considerable extent.

Bank of Scotland Labour Market Barometer

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



	Scot	UK*
Jul'09	39.4	40.2
Aug	40.2	43.2
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	56.4
Apr	54.3	56.8
May	52.3	56.3
June	49.4	55.8
Jul	48.1	56.1
Aug	47.9	54.9

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

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

“The number of appointments to permanent jobs declined marginally in August, while growth in placements for temporary staff was maintained. However the rate of increase weakened to the slowest since September 2009. The number of people seeking temporary positions rose at the fastest pace in twelve months.

“Demand for permanent staff fell for the first time in nine months, yet grew in six out of eight employment categories, with growth in the Hotel & Catering sector reaching a four-year high. Similarly, six out of eight sectors had greater demand for temporary employees.

“Labour market conditions in Scotland remained challenging and worse than the UK as the market deteriorated in August. However the rate of decline was only modest.”



Regional analysis

- Edinburgh-based agencies posted the strongest rise in temporary appointments during August. Aberdeen saw the strongest rise in appointments in the permanent sector.
- Permanent starting salaries fell across three of the four monitored regions, with Aberdeen the exception. Temp hourly pay rates rose fastest in Dundee, but Glasgow recorded a marked fall.
- Glasgow-based recruiters reported the largest increase in available permanent workers in August. Aberdeen saw the fastest rise in temp availability.

Wages and salaries

- Average salaries awarded to successful permanent candidates fell for the third successive month. Furthermore, the latest drop was the sharpest since November 2009.
- Hourly remuneration rates paid to temporary staff decreased for the first time since December 2009.

Employment

- Latest data indicated a marginal reduction in the number of permanent Scottish workers employed during August.
- Growth in the number of work placements for temporary/contract staff was maintained during August. However, the rate of increase weakened marginally from July to the slowest since September 2009.

Vacancies

- August data indicated that demand for permanent staff in Scotland decreased for the first time in nine months.
- Demand for temporary workers continued to rise in August. However, growth eased to the weakest since February.

Availability

- Recruitment consultancies registered a solid rise in the number of candidates seeking permanent job placements. Growth in availability has now been recorded for twenty-nine straight months.
- Available candidates seeking temporary or contract job roles rose at the strongest rate for twelve-months in August.

Sectors

- In August, six out of eight employment categories reported increased demand for permanent staff, with growth in the Hotel & Catering sector reaching a four-year high.
- Mirroring the trend in the permanent job market, six out of eight employment sectors had greater demand for temporary employees. The IT & Computing sector had the highest worker demand for the tenth month running.

Permanent Staff

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

Temporary/Contract Staff

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

(Ranked by strength of demand in Scotland in August 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 48.1 to 47.9 in August, to signal a deterioration in jobs market conditions for the third successive month. Nevertheless, the pace of contraction signalled by the series was only modest.

Weaker demand growth and lower job placements contributed to the fall in the Barometer in August. In addition, the latest data provided evidence of labour market slack as candidate availability continued to increase, placing downward pressure on staff pay.

	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 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
Aug	49.2	52.7	49.4	49.9	54.5	50.2	54.2	67.1	54.9	47.0	46.4	47.0

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.

Bank of Scotland

Bank of Scotland is part of Lloyds Banking Group, the UK's largest retail bank and Scotland's largest financial services employer. Established in 1695, Bank of Scotland is the UK's oldest surviving clearing bank. Our goal is to be the best financial services provider in Scotland. We believe this means we must build a leadership position not on the basis of scale but on the foundations of reputation and recommendation.

Markit

Markit is a leading, global financial information services company with over 1,900 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see www.markit.com.

For further information, contact:

Zoe Redhead, Bank of Scotland Press Office

Tel: 0131 243 7005 / 07809 551491

Web: www.lloydsbankinggroup.com/media.asp

The intellectual property rights to the Report on Jobs for Scotland provided herein is owned by Markit Group Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data.