

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 AUGUST 2012

LOWER PERMANENT PLACEMENTS AS DEMAND FOR STAFF SOFTENS IN JULY

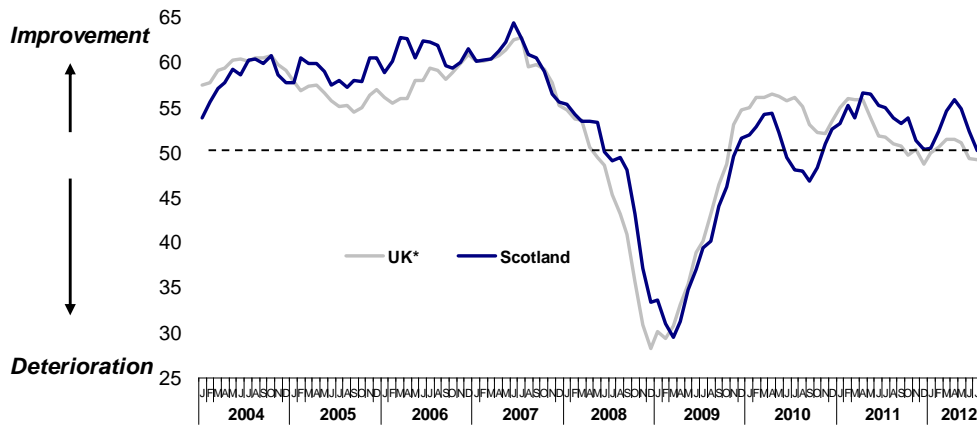
- Permanent placements decline for first time in 2012 so far
- Average pay falls to greatest extent in 22 months
- Dundee posts strongest monthly reduction in permanent staff placements

The latest Bank of Scotland Report on Jobs indicated a further loss of momentum for the Scottish labour market in July. Demand for staff increased at a weaker rate, while Scottish recruiters placed fewer people into permanent work and saw only a moderate rise in temp staff billings. Concurrently, average salaries paid to permanent staff fell for the second month running and to the greatest extent since September 2010.

The Bank of Scotland Labour Market Barometer – a composite indicator designed to provide a single figure snapshot of labour market conditions – posted only slightly above the 50.0 no-change mark in July, indicating only a fractional improvement in the Scottish job market. At 50.2, down from 52.3 in June, the Barometer was at its lowest level in the current sequence of improvement (since November 2010).

Bank of Scotland Labour Market Barometer

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



	Scot	UK*
Jun'11	55.2	51.8
Jul	55.0	51.7
Aug	53.9	50.9
Sep	53.3	50.7
Oct	53.9	49.7
Nov	51.4	50.3
Dec	50.3	48.7
Jan'12	50.4	50.0
Feb	52.4	50.5
Mar	54.6	51.5
Apr	55.8	51.4
May	54.8	51.0
Jun	52.3	49.4
Jul	50.2	49.2

50 = no change on previous month.

*KPMG/REC Report on Jobs

Donald MacRae, Chief Economist at Bank of Scotland, commented: "The Scottish labour market showed a marginal improvement in July but is losing momentum. The number of people appointed to permanent jobs declined for the first time this year showing the effect of the current slowdown in the economy. However, the number of vacancies continued to increase giving hope that the upwards trend in employment can be maintained."



Regional analysis

- Permanent placements fell to the greatest extent in Dundee, while Edinburgh was the only region to post a reduction in temp staff billings in July.
- Glasgow-based recruitment agencies posted the strongest deterioration in permanent staff availability. Job consultancies in Dundee reported the fastest rate of decline in the number of candidates seeking temporary work.
- Recruitment firms in Dundee recorded the strongest reduction in permanent salaries in July, while temp hourly pay rates was unchanged from June in both Dundee and Glasgow.

Wages and salaries

- Average permanent salaries fell for the second month running in July, with the rate of decrease the sharpest since September 2010.
- Temp hourly pay rates increased over the month, but the rate of wage inflation was slower than the long-run series average.

Employment

- Permanent staff placements fell for first time since last December.
- Temp staff billings increased in July, reversing the decline in June. The rate of growth was only modest, however, and weaker than the long-run series average.

Vacancies

- Demand for permanent staff rose further during July, but the latest increase was only moderate and the weakest since January.
- Vacancy growth for the temporary labour market slowed to a four-month low.

Availability

- The availability of permanent staff deteriorated for the fifth consecutive month in July.
- July data indicated a modest decline in the availability of temporary and contract staff.

Sectors

- Five employment sectors posted a larger number of permanent job vacancies in July. However, with the exception of Nursing/Medical/Care, the rates of vacancy growth all slowed from that recorded for June.
- Sector data indicated that six sectors had an increased number of available temp job roles in July. Both the Nursing/Medical/Care and Accounts & Financial sectors posted a lower number of temp vacancies over the month.

Permanent Staff

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

Temporary/Contract Staff

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

(Ranked by strength of demand in Scotland in July 2012)

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 posted only slightly above the 50.0 no-change mark in July, indicating only a marginal improvement in job market conditions. At 50.2, down from 52.3 in June, the Barometer was at its lowest level since October 2010 and below the long-run series average of 53.4.

That said, Scotland continued to post a higher index reading than that for the UK as a whole. The equivalent index for the UK fell to a seven-month low in July, and having remained below the neutral threshold indicated a further deterioration in job market conditions overall.

Two out of the four constituents of the Bank of Scotland Labour Market Barometer exerted a positive effect in July, namely demand and staff availability.

	Perm Place	Temp Billing	Overall Appoint	Perm Demand	Temp Demand	Overall Demand	Perm Avail	Temp Avail	Overall Avail	Perm Salary	Temp Pay	Overall Pay
11 Jul	57.1	58.7	57.2	59.9	58.6	59.8	50.8	53.5	50.9	53.8	54.2	53.8
Aug	56.4	58.7	56.6	58.8	60.0	58.9	53.8	52.7	53.8	53.7	55.0	53.8
Sep	53.0	55.0	53.1	57.9	60.5	58.1	52.3	56.7	52.6	54.6	52.0	54.5
Oct	57.9	53.6	57.6	54.2	58.6	54.4	50.8	57.4	51.2	54.5	54.0	54.5
Nov	51.5	46.6	51.2	52.5	55.2	52.6	48.2	57.1	48.7	50.4	50.5	50.4
Dec	47.4	49.5	47.5	50.9	53.0	51.1	47.8	52.8	48.1	50.8	50.9	50.8
12 Jan	52.3	55.4	52.5	50.1	50.9	50.2	49.1	56.7	49.6	48.2	52.4	48.4
Feb	56.4	56.5	56.4	53.8	52.2	53.7	52.7	55.6	52.8	52.2	53.2	52.2
Mar	53.3	57.0	53.5	58.3	54.1	58.1	46.7	50.0	46.9	53.8	54.7	53.8
Apr	59.9	60.6	60.0	58.9	56.5	58.7	46.6	46.6	46.6	51.3	52.7	51.3
May	55.9	55.5	55.9	57.5	57.7	57.5	49.1	52.3	49.3	55.5	50.0	55.2
Jun	52.3	47.2	52.0	54.9	55.9	54.9	45.2	53.4	45.7	47.9	49.9	48.0
Jul	49.2	53.5	49.5	52.1	55.0	52.2	48.3	48.0	48.3	47.0	52.6	47.3

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 2,300 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 655 5405 / 07809 551491

Email: zoeredhead@bankofscotland.co.uk

Web: www.lloydsbankinggroup.com/media.asp

The intellectual property rights to the Report on Jobs for Scotland provided herein is owned by Markit Economics 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. Markit and the Markit logo are registered trade marks of Markit Group Limited.