

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 APPOINTMENTS RISE AT SHARPEST RATE IN SURVEY HISTORY IN JULY

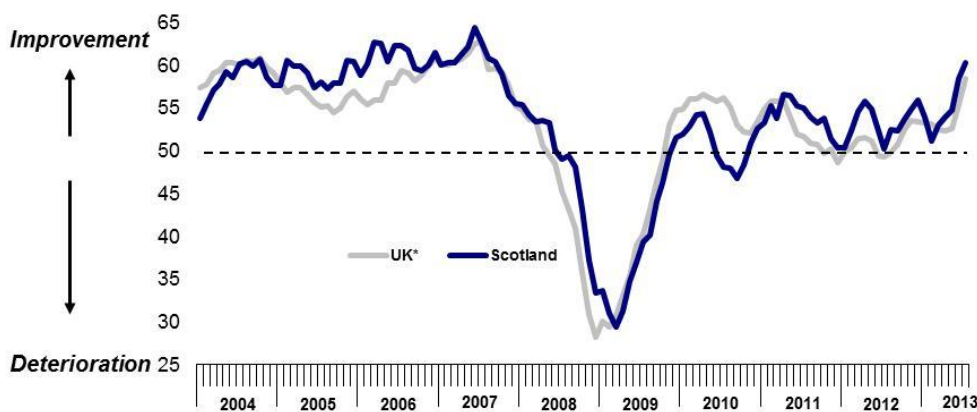
- Bank of Scotland Labour Market Barometer highest since September 2007
- Permanent placements rise markedly; temp billings increase moderately
- Aberdeen posts strongest increases in both permanent and temporary staff appointments

The latest Bank of Scotland Report on Jobs signalled the sharpest rise in permanent staff placements in the ten-and-a-half year survey history in July. The marked rise in permanent appointments – reflecting greater market activity and higher demand – contrasted with a more modest increase in temp billings. Concurrently, the availability of permanent staff deteriorated at the sharpest pace since June 2007 and average salaries rose at a strong, albeit weaker rate.

At 60.3, the July Bank of Scotland Labour Market Barometer – a composite indicator designed to provide a single figure snapshot of labour market conditions – rose to its highest level since September 2007. The Barometer, posting above the 50.0 no-change mark and up from 58.5 in June, suggested a marked improvement in Scottish job market conditions.

Bank of Scotland Labour Market Barometer

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



| | Scot | UK* |
|--------|------|------|
| Jun'12 | 52.3 | 49.4 |
| Jul | 50.2 | 49.3 |
| Aug | 52.4 | 49.9 |
| Sep | 52.3 | 50.8 |
| Oct | 53.6 | 52.5 |
| Nov | 54.9 | 53.5 |
| Dec | 56.0 | 53.5 |
| Jan'13 | 53.9 | 53.3 |
| Feb | 51.2 | 53.1 |
| Mar | 53.0 | 52.4 |
| Apr | 54.0 | 52.3 |
| May | 54.7 | 52.6 |
| Jun | 58.5 | 55.4 |
| Jul | 60.3 | 58.5 |

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

Donald MacRae, Chief Economist at Bank of Scotland, commented: “July’s Barometer rose to its highest level since September 2007. The number of people appointed to permanent jobs rose markedly while the number of vacancies for both permanent and temporary jobs increased strongly. Vacancy growth was marked in the engineering and construction sector. These results suggest rising business confidence is translating into a continuation of the recovery in the Scottish economy this summer.”

Regional analysis

- Aberdeen-based recruiters recorded the strongest increases in both permanent and temporary staff placements.
- Permanent staff availability deteriorated to the greatest extent in Glasgow, while Aberdeen saw the strongest fall in temp availability.
- The fastest rates of inflation for permanent salaries and temp hourly pay were recorded in Edinburgh and Dundee respectively.

Wages and salaries

- Permanent salaries rose for the fifth consecutive month in July, although the rate of inflation eased slightly from a near six-year peak in June.
- Temp hourly pay rates increased at the joint-sharpest pace since data collection began in January 2003.

Employment

- Permanent staff appointments made by Scottish recruiters rose markedly in July, and at the fastest rate in the ten-and-a-half year series history.
- Average billings from temporary staff increased modestly and at the weakest pace since March.

Vacancies

- The number of permanent job vacancies grew strongly in July, albeit at a weaker pace than June's 14-month high.
- Scottish recruitment agencies reported a sharp rise in demand for temporary staff, with vacancy growth accelerating to a 31-month high.

Availability

- There was a marked deterioration in the availability of permanent staff, with the rate of decline the sharpest for over six years.
- The number of candidates seeking temporary work fell for the third consecutive month in July, and at the strongest pace since December 2004.

Sectors

- Demand for permanent staff increased in seven employment sectors during July, led by IT & Computing. The only sector to see a reduction was Blue Collar, ending a two-month sequence of growth.
- Seven employment sectors posted a larger number of temp vacancies in July, led by the Nursing/Medical/Care sector. A smaller number of vacancies was only recorded in the Executive & Professional sector, with the rate of decline the strongest since September 2009.

Permanent Staff

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

Temporary/Contract Staff

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

(Ranked by strength of demand in Scotland in July 2013)

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 indicated the strongest improvement in Scottish job market conditions for almost six years in July. Having risen for the fifth successive month, the Barometer registered 60.3 and suggested that the latest improvement was marked.

The improvement in Scotland's labour market corresponded with a similar marked increase for the UK as a whole. The equivalent UK index posted 58.5 in July, up from 55.4 in June, and signalled the strongest improvement since October 2007.

All four constituents of the Bank of Scotland Labour Market Barometer exerted a positive directional effect in July. Two of the four components also acted to boost the level of the index, with demand and pay the exceptions.

| | Perm Place | Temp Billing | Overall Appoint | Perm Demand | Temp Demand | Overall Demand | Perm Avail | Temp Avail | Overall Avail | Perm Salary | Temp Pay | Overall Pay |
|--------|---------------|-----------------|--------------------|----------------|----------------|-------------------|---------------|---------------|------------------|----------------|-------------|----------------|
| 12 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 |
| Aug | 47.8 | 57.2 | 48.3 | 51.7 | 53.9 | 51.8 | 42.9 | 45.8 | 43.0 | 52.4 | 54.4 | 52.5 |
| Sep | 54.8 | 60.0 | 55.1 | 52.6 | 53.1 | 52.7 | 47.9 | 48.8 | 47.9 | 49.1 | 55.0 | 49.5 |
| Oct | 52.6 | 56.9 | 52.8 | 55.0 | 55.0 | 55.0 | 44.2 | 46.6 | 44.3 | 50.9 | 51.5 | 50.9 |
| Nov | 56.2 | 56.3 | 56.2 | 57.5 | 55.3 | 57.3 | 46.3 | 46.4 | 46.3 | 52.3 | 53.8 | 52.4 |
| Dec | 56.6 | 60.9 | 56.9 | 56.8 | 56.9 | 56.8 | 43.0 | 46.7 | 43.2 | 53.2 | 55.6 | 53.4 |
| 13 Jan | 55.0 | 61.2 | 55.3 | 54.1 | 57.1 | 54.2 | 49.2 | 49.4 | 49.2 | 55.2 | 54.7 | 55.1 |
| Feb | 48.3 | 53.4 | 48.6 | 51.2 | 55.6 | 51.5 | 44.7 | 51.1 | 45.1 | 50.0 | 46.6 | 49.8 |
| Mar | 53.4 | 50.9 | 53.3 | 51.3 | 53.9 | 51.5 | 45.6 | 53.0 | 46.0 | 53.2 | 52.3 | 53.1 |
| Apr | 57.2 | 54.5 | 57.0 | 52.9 | 56.7 | 53.1 | 49.2 | 51.3 | 49.4 | 55.3 | 51.7 | 55.1 |
| May | 54.3 | 58.7 | 54.6 | 54.0 | 55.7 | 54.1 | 46.7 | 47.9 | 46.7 | 56.9 | 55.4 | 56.8 |
| Jun | 59.9 | 54.5 | 59.6 | 58.8 | 59.3 | 58.8 | 43.7 | 44.3 | 43.8 | 59.3 | 59.6 | 59.3 |
| Jul | 64.5 | 53.3 | 63.9 | 56.5 | 61.6 | 56.8 | 36.1 | 36.0 | 36.1 | 56.4 | 63.1 | 56.8 |

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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For further information, contact:

Ross Keany, Bank of Scotland Press Office

Tel: 0131 655 5453 / 07876 475815

Email: ross.keany@lloydsbanking.com

Web: www.lloydsbankinggroup.com/media.asp

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