

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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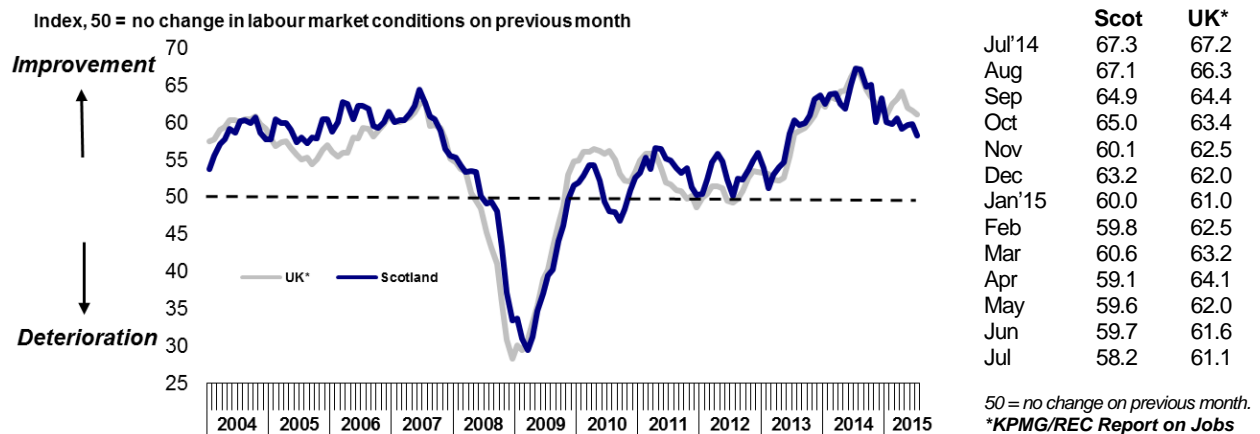
## PERMANENT JOB VACANCIES RISE AT SLOWEST PACE FOR 26 MONTHS

- Growth in demand for permanent staff cools to lowest since May 2013
- Permanent placements rise strongly, but upturn in temp billings wanes
- Salary inflation remains solid, led by Glasgow

The recovery in Scotland's labour market continued into the second half of 2015, though there were signs of the upturn slowing, the latest Bank of Scotland Report on Jobs showed. July saw both a rise in demand for staff and an increase in average starting salaries, but in each case the rates of improvement eased and were well below the highs reached one year ago. That said, the latest increase in permanent appointments was the fastest since February.

At 58.2 in July, the headline Bank of Scotland Labour Market Barometer remained well above the 50.0 'no-change' level, pointing to a further improvement in overall labour market conditions north of the border. However, the latest reading was the lowest since May 2013, and well below last July's survey-record high of 67.3. Concurrently, the equivalent UK index eased a six-month low of 61.1 at the start of the third quarter.

### Bank of Scotland Labour Market Barometer



**Donald MacRae, Chief Economist at Bank of Scotland, commented:** "Scotland's labour market continued to improve in July. The number of people appointed to both permanent and temporary jobs rose in the month but the number of vacancies for permanent jobs increased at the slowest pace in just over two years. Salary inflation remained solid although slowing to a five-month low. These results show an economy demonstrating both confidence and growth in the second half of 2015."

## Regional analysis

- Dundee recorded the fastest rise in permanent placements ahead of Glasgow, while Aberdeen was the only region to see a decline.
- Growth in temporary billings was also led by Dundee, with Aberdeen again seeing the only decrease.
- The sharpest deteriorations in permanent and temporary candidate availability were recorded in Edinburgh and Glasgow respectively.
- Glasgow led permanent salary inflation in July, with the most marked rise in hourly pay rates for temporary staff seen in Dundee.

## Wages and salaries

- The rate of inflation of permanent starting salaries in Scotland remained faster than the long-run series average, but eased to a five-month low, and was the second-slowest since November 2013.
- As well as permanent starting salaries, average hourly rates of pay for temporary/contract staff also increased at a slower rate, the weakest in four months.

## Employment

- July saw a bounce in permanent staff placements in Scotland, with the rate of growth strong and the fastest recorded since February.
- In contrast, billings received from the employment of temporary staff rose at the slowest rate three months, and one that was only modest.

## Vacancies

- Following the general underlying trend seen over the past year, the rate of growth in demand for permanent staff eased during July, reaching the slowest overall since May 2013.
- Scottish firms' demand for temporary/ contract staff increased during July, and at the strongest pace since January.

## Availability

- Although the slowest since February, the latest decline in permanent candidate numbers was still sharp by historical standards.
- The rate of decline in temp candidate availability was solid, but eased noticeably since the previous month to the weakest since March.

## Sectors

- Scottish recruiters reported that the fastest rise in demand for permanent staff was in Nursing/Medical/Care, followed by IT & Computing. Meanwhile, the only decrease noted was for Blue Collar workers.
- Demand for temporary employees in Scotland was led by the Hotel & Catering sector, ahead of Engineering & Construction and then IT & Computing. Executive & Professional, the worst-performing category, recorded static temp demand.

### Permanent Staff

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

### Temporary/Contract Staff

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

*(Ranked by strength of demand in Scotland in July 2015)*

## 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 dipped to its lowest level for over two years in July, registering 58.2 from 59.7 in June. That said, the index remained indicative of a solid improvement in the health of Scotland's labour market and was comfortably above its long-run series average of 54.9.

The equivalent index for the UK as a whole likewise remained elevated by historical standards, despite slipping to a six-month low. At 61.1, the improvement signalled was faster than in Scotland for the seventh consecutive month.

Three factors led the Bank of Scotland Labour Market Barometer to drop in July: a slower rise in demand for staff, a moderated rate of decline in candidate availability and weaker pay growth. Supporting the barometer, however, was an accelerated increase in staff appointments.

	Perm Place	Temp Billing	Overall Appoint	Perm Demand	Temp Demand	Overall Demand	Perm Avail	Temp Avail	Overall Avail	Perm Salary	Temp Pay	Overall Pay
14 Jul	68.4	61.0	<b>67.9</b>	66.0	66.3	<b>66.0</b>	32.8	35.3	<b>32.9</b>	68.5	59.1	<b>68.0</b>
Aug	62.5	64.8	<b>62.6</b>	65.0	64.9	<b>65.0</b>	24.9	36.6	<b>25.6</b>	67.0	58.7	<b>66.5</b>
Sep	60.6	58.7	<b>60.4</b>	63.2	62.0	<b>63.1</b>	27.1	36.0	<b>27.6</b>	64.2	54.2	<b>63.6</b>
Oct	62.1	55.9	<b>61.7</b>	63.4	60.1	<b>63.2</b>	29.0	38.9	<b>29.6</b>	65.3	56.9	<b>64.8</b>
Nov	55.1	55.0	<b>55.1</b>	60.8	60.3	<b>60.8</b>	38.4	40.7	<b>38.5</b>	63.2	59.0	<b>62.9</b>
Dec	58.3	51.2	<b>57.9</b>	61.6	60.4	<b>61.6</b>	32.5	41.4	<b>33.0</b>	67.2	55.5	<b>66.5</b>
15 Jan	53.8	48.8	<b>53.5</b>	60.8	56.8	<b>60.5</b>	33.5	42.9	<b>34.0</b>	60.6	52.4	<b>60.1</b>
Feb	59.2	51.3	<b>58.7</b>	62.6	55.2	<b>62.2</b>	39.2	43.5	<b>39.5</b>	58.2	52.5	<b>57.8</b>
Mar	55.5	50.2	<b>55.2</b>	60.0	54.7	<b>59.6</b>	33.7	43.8	<b>34.3</b>	62.7	50.0	<b>61.9</b>
Apr	51.9	51.2	<b>51.8</b>	58.8	54.3	<b>58.5</b>	36.1	36.0	<b>36.1</b>	62.7	56.4	<b>62.3</b>
May	52.5	54.4	<b>52.6</b>	58.5	54.3	<b>58.3</b>	33.5	37.1	<b>33.7</b>	61.4	59.3	<b>61.3</b>
Jun	55.0	55.1	<b>55.0</b>	59.4	55.4	<b>59.2</b>	36.7	37.6	<b>36.8</b>	62.0	55.0	<b>61.6</b>
Jul	57.2	52.6	<b>57.0</b>	56.1	56.6	<b>56.1</b>	38.5	43.5	<b>38.8</b>	58.8	54.6	<b>58.6</b>

## 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 around 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](mailto:economics@markit.com).

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