

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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JULY SEES RECORD INCREASES IN PERMANENT PLACEMENTS AND STARTING SALARIES

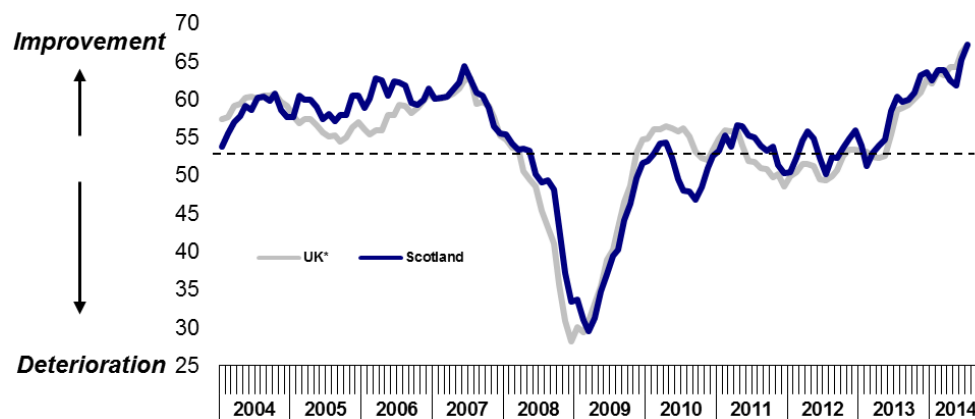
- Growth in permanent placements accelerates sharply to series record
- Pay pressures continue to build as demand for staff intensifies
- Glasgow records fastest rises in both permanent placement and salaries

The recovery in Scotland’s labour market moved up a gear in July. The latest Bank of Scotland Report on Jobs showed survey-record increases in both the number of permanent placements and starting salaries. Strong and broad-based demand for staff continued to drive the upturn. One cause for concern was a further sharp drop in the number of candidates for vacancies, the level of which has fallen continuously since early-2012.

The Bank of Scotland Labour Market Barometer – a composite indicator designed to provide a single figure snapshot of labour market conditions – climbed to a fresh survey-record high of 67.3 in July, up from 65.1 in June. The barometer was above the equivalent UK index for the first time in four months, albeit only fractionally.

Bank of Scotland Labour Market Barometer

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



	Scot	UK*
Jul'13	60.3	58.6
Aug	59.7	58.9
Sep	60.0	59.3
Oct	60.9	60.0
Nov	63.2	60.9
Dec	63.6	62.6
Jan'14	62.6	62.1
Feb	63.9	63.5
Mar	63.9	63.2
Apr	62.5	64.2
May	61.8	64.2
Jun	65.1	66.2
Jul	67.3	67.2

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

Donald MacRae, Chief Economist at Bank of Scotland, commented: “July’s Barometer provided further proof of the continuing recovery. The month saw survey-record increases in both the number of people appointed to permanent jobs and in starting salaries. Demand for both permanent and temporary staff was expressed by a surge in vacancies accompanied by a drop in the number of candidates available. These trends should lead to further gains in employment and eventually to an increase in overall earnings growth. The Scottish economy continues to recover strongly.”

Regional analysis

- July saw broad-based growth in permanent appointments, led by Glasgow.
- All four regions also posted higher temporary billings, with Aberdeen recording the sharpest overall increase for the second month running.
- Consultancies operating in Dundee registered the steepest decline in permanent candidate numbers, while the most marked drop in temp candidate supply was in Aberdeen.
- Glasgow led growth in permanent starting salaries for the tenth month running, and also saw the joint-fastest rise in temp hourly rates together with Dundee.

Wages and salaries

- For the second consecutive month in July, growth of permanent starting salaries in Scotland was at a series-record high.
- In line with the trend in permanent starting salaries, the rate of growth of hourly pay for temporary staff quickened in July, to the fastest since March.

Employment

- July saw the sharpest rise in the number of people placed in permanent jobs in the survey's eleven-and-a-half year history.
- Latest data also showed a further acceleration in the rate of growth in temporary billings, to the fastest since January.

Vacancies

- The rate of growth of permanent job vacancies north of the border hit a four-month high in July.
- Moreover, the degree to which temporary job openings increased was the most marked for seven years.

Availability

- The availability of candidates for permanent vacancies deteriorated during July, albeit the rate of decline was slower than June's series record.
- In contrast, temporary candidate numbers in Scotland decreased at a faster rate than one month previously – the sharpest since December 2004.

Sectors

- The strongest increase in demand for permanent staff at the sector level was in IT & Computing, followed by Nursing/Medical/Care. Hotel & Catering was the worst-performing category, but nevertheless also saw a substantial increase in permanent job vacancies.
- July's increase in temp staff demand was broad-based by sector. That said, growth rates varied greatly, with the best performer, Nursing/Medical/Care, seeing a much sharper increase in vacancies than July's laggard, Executive & Professional.

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

(Ranked by strength of demand in Scotland in July 2014)

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.

Signalling a marked improvement in the health of Scotland's jobs market in July, the Bank of Scotland Labour Market Barometer posted at 67.3, well above the neutral 50.0 threshold. This was its highest reading since the survey began in 2003, and a notable improvement on its previous best of 65.1 in June.

The equivalent index for the UK jobs market as a whole also rose in July, hitting a record high of 67.2 from 66.2 in June.

Leading the Bank of Scotland Labour Market Barometer to rise in July were faster increases in staff placements, vacancies and pay. The only factor imparting downward pressure on the headline number was a slower deterioration in candidate availability, though July's decrease in candidate numbers was still sharp in the context of historical survey data.

	Perm Place	Temp Billing	Overall Appoint	Perm Demand	Temp Demand	Overall Demand	Perm Avail	Temp Avail	Overall Avail	Perm Salary	Temp Pay	Overall Pay
13 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
Aug	64.5	55.6	64.0	59.7	64.9	60.0	38.5	36.9	38.4	52.9	59.0	53.2
Sep	60.7	54.6	60.3	60.4	61.8	60.5	40.5	40.8	40.5	59.5	60.4	59.5
Oct	64.3	61.0	64.1	63.1	62.4	63.1	41.8	35.9	41.4	58.2	55.3	58.0
Nov	65.8	63.8	65.7	64.6	65.8	64.7	35.0	42.7	35.5	58.0	54.3	57.8
Dec	64.9	64.7	64.9	64.8	64.6	64.8	39.3	40.9	39.4	64.4	59.3	64.1
14 Jan	59.0	61.1	59.2	67.5	63.7	67.3	37.9	42.3	38.2	62.3	57.1	62.0
Feb	61.5	58.7	61.3	66.2	64.7	66.1	36.0	45.1	36.5	64.8	60.9	64.5
Mar	60.8	55.9	60.5	66.2	61.8	65.9	31.5	40.7	32.0	61.3	59.4	61.2
Apr	55.1	50.1	54.8	65.6	61.8	65.3	33.5	43.8	34.1	64.4	57.5	64.0
May	57.5	55.1	57.4	63.3	61.6	63.2	33.9	40.8	34.3	61.6	55.1	61.2
Jun	62.5	59.3	62.3	63.8	64.6	63.8	29.8	38.5	30.3	65.2	56.8	64.7
Jul	68.4	61.0	67.9	66.0	66.3	66.0	32.8	35.3	32.9	68.5	59.1	68.0

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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