

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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SALARY INFLATION HITS SURVEY-RECORD HIGH IN FEBRUARY

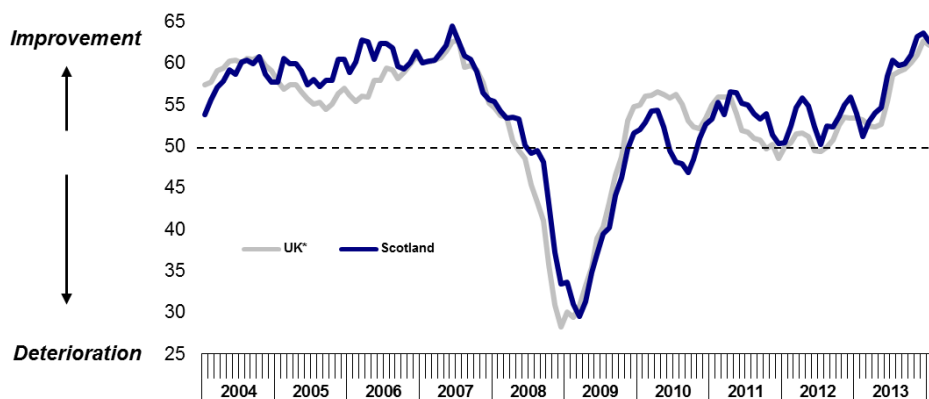
- Growth in staff remuneration continues to outpace UK average
- Permanent placements rise sharply amid strong growth in demand for staff
- Edinburgh sees fastest rises permanent and temporary placements

Latest data from the Bank of Scotland Report on Jobs signalled a record increase in permanent starting salaries as a surge in demand for staff continued. A further contraction in candidate numbers was another factor behind the improvement in remuneration. The temporary jobs market also remained healthy, with billings, vacancies and hourly pay rates all rising on the month, according to February’s survey of recruitment consultancies.

At 63.9 in February, the Bank of Scotland Labour Market Barometer – a composite indicator designed to provide a single figure snapshot of labour market conditions – was the second-highest in the series history; just below June 2007’s survey record. This signalled a marked improvement in overall Scottish labour market conditions. The Barometer was also above the UK equivalent, as has been the case throughout the past year.

Bank of Scotland Labour Market Barometer

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



	Scot	UK*
Jan'13	53.9	53.3
Feb	51.2	53.2
Mar	53.0	52.5
Apr	54.0	52.3
May	54.7	52.6
Jun	58.5	55.4
Jul	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	62.7
Jan'14	62.6	62.1
Feb	63.9	63.5

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

Donald MacRae, Chief Economist at Bank of Scotland, commented: “February’s Barometer reached 63.9 – the second highest in eleven years of the survey amid a continued surge in demand for staff. The number of people appointed to both permanent and temporary jobs rose sharply accompanied by a record increase in permanent job starting salaries. Business confidence is clearly increasing among Scottish firms. These results show the recovery in the Scottish economy continuing into 2014 and becoming more established with every month.”

Regional analysis

- The fastest rises in permanent placements and temporary billings were again both recorded in Edinburgh, in line with the trends in each of the past three months.
- February's deterioration in permanent candidate supply was broad based by region and led by Aberdeen, where the most acute fall in temp candidate numbers was also recorded.
- Permanent salaries continued to rise fastest in Glasgow, while temp wage growth was strongest in Edinburgh.

Wages and salaries

- Permanent salary inflation picked up since January, reaching the fastest in the 11-year series history.
- Temporary/contract hourly pay rates also increased at an accelerated pace, the fastest since last July.

Employment

- Growth in permanent placements in Scotland was strong, and also slightly quicker than in the preceding month.
- Although still robust, the latest expansion in billings received from the employment of temporary staff was the least marked since last September.

Vacancies

- February saw another sharp rise in the number of permanent job vacancies, with growth only fractionally weaker than last month's multi-year high.
- Demand for temporary staff meanwhile rose to the greatest extent for three months.

Availability

- The availability of permanent job seekers deteriorated at a faster rate in February – the most marked since November.
- The supply of candidates for temporary positions also decreased, but the rate of decline was the slowest in nine months.

Sectors

- Consultancies in Scotland highlighted Accounts & Financial as the leading sector for growth in demand for permanent staff, as was the case in the opening month of the year. The second-best performer on this front was Engineering & Construction.
- Demand for temporary staff rose fastest in Nursing/Medical/Care, followed by Hotel & Catering and then Accounts & Financial. Blue Collar recorded the slowest increase in temp vacancies, though one that was still marked overall.

Permanent Staff

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

Temporary/Contract Staff

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

(Ranked by strength of demand in Scotland in February 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.

After falling in January for the first time in five months, the Bank of Scotland Labour Market Barometer rebounded to a near-survey high of 63.9 in February (up from 62.6).

As a consequence, the Barometer remained above its UK-wide equivalent which also increased on the month from 62.1 to 63.5.

Boosting the Bank of Scotland Labour Market Barometer were a faster increase in employee placements, stronger pay inflation and a more marked drop in candidate numbers. Although demand for staff again rose sharply, the slower rate of growth had a negative directional influence on the Barometer.

	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 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
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

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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