

# Business

## Surveys present contrasting picture for Scotland plc

Bank of Scotland PMI, Grant Thornton and BDO reports offer mixed messages

#SCOTTISHECONOMY

By SCOTT REID

Scotland's private sector economy remained just inside growth territory last month but conflicting signals have emerged today on the outlook for the rest of the year.

Output expanded for the second successive month in January, according to Bank of Scotland's latest purchasing managers' index (PMI), which provides one of the most reliable indications of the state of the domestic economy.

However, growth remained marginal and the report warned that job cuts were evident amid falling backlogs of work.

The seasonally adjusted headline index – a single-figure measure of the month-on-month change in combined manufacturing and services output – scored 50.3, unchanged from December's reading. Any result above 50 denotes expansion.

The PMI coincides today with separate surveys from

two accountancy firms, BDO and Grant Thornton, which offer contrasting, and at times conflicting, messages on the state of Scotland plc.

BDO's "business optimism index" shows confidence north of the Border falling to a three-year low. The index reading of 100 is seen as the "tipping point" below which firms expect their output growth to drop under the long-term trend rate.

The findings follow what the firm describes as a "challenging" start to the year for the Scottish, UK and global economies. BDO said the impending EU in-out referendum was fuelling further uncertainty for companies looking at their long-term prospects.

Meanwhile, Grant Thornton's international research suggests that Scottish businesses are "resilient and growing" in the face of global headwinds.

Despite uncertainty over the oil price and the long-term future of the country's largest sector, more than half – 56 per cent – of Scottish respondents believe their profits will

increase this year. The figure is higher than the global average of 44 per cent, but below the 63 per cent of UK-wide respondents predicting a rise in profitability.

According to Bank of Scotland, the Scottish private sector recorded a further contraction in employee numbers during January. The rate of job shedding quickened from December but was "relatively weak".

Job cuts were evident in both the manufacturing and service sectors with some purchasing managers linking the fall to a combination of higher wage costs and the downturn in the oil industry.

Alasdair Gardner, the lender's regional managing director for commercial banking, said: "Growth in Scotland's private sector remained in a low-gear during the first month of 2016 as service providers continued to outperform their manufacturing counterparts."

"Challenging market conditions in the oil and gas sector allowed for only a slight rise in incoming new business levels whilst job shedding accelerated to a six-month high."

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### Safe deposit box provider locks down Glasgow deal

What is being billed as "Scotland's first independent safe deposit box service" has been launched following an investment of more than £1 million.

Glasgow Vaults said it had made the move in response to the major banks withdrawing the service that safeguards people's valuable possessions.

The venture is being led by David Walsh and Seamus Fahy, who have invested in equipping the vault with state-of-the-art surveillance technology, including seismic shock sensors, making a Hat-

ton Garden-style heist impossible, it has been claimed.

Employing five staff, the Glasgow facility is part of a strategy to expand the model across the UK and Ireland, following the successful launch of an initial site in Dublin, in 2013. The business is expected to grow its staff numbers in Glasgow to 15 by the middle of 2017.

Fahy said: "We identified Scotland as a key growth region, mainly due to the fact that the banks no longer offer the service."

## Capital growth drive for Harper Macleod

By SCOTT REID

Harper Macleod, the Glasgow-headquartered law firm, has continued to stamp its mark on the Edinburgh market after almost doubling its partner count in the city over the past six months.

The firm said it had achieved a "significant milestone" in the capital with the appointment of two new partners taking its tally to 20.

Harper Macleod, which was founded by Lorne Crerar and Rod McKenzie in the late 1980s as Harpers, now has 72 part-

ners across the country and fee income in excess of £20 million.

Richard Murray, a private client specialist and former head of the wealth protection team at Shoosmiths, is set to bolster the firm's provision of personal legal services to its clients in the east of Scotland.

At the same time, Dawn Robertson, who has experience at a number of Scottish firms, joins Harper Macleod's employment law team in Edinburgh.

The latest hires come as the firm announced it had been appointed to provide com-

mercial and employment law advice on the City of Edinburgh Council legal framework. The team advising the council will be led by partners James McMorro and Lesley Murphy.

Since Harper Macleod tripled its office space in Edinburgh last year by moving to Citypoint, Haymarket, it has added 18 people including nine partners.

Crerar said: "We signalled our intent to grow extensively in Edinburgh last year and have been true to our word by almost doubling our number of partners in the city."



↑ Dawn Robertson

## Building bosses set out pre-election proposals

By SCOTT REID

Building industry leaders have laid down a five-pillar plan for "sustainable growth" in the Scottish construction sector.

The Scottish Building Federation (SBF) said today it had launched its policy manifesto for the 2016 Holyrood parliamentary election following consultation with members over recent months.

It sets out a series of recommendations to support the industry in key areas including procurement, skills, train-

ing and recruitment, planning and energy efficiency.

The manifesto outlines a number of proposals to improve the performance of Scotland's planning authorities, including better resourcing of planning departments.

Vaughan Hart, managing director of the 121-year-old SBF, said: "This manifesto is the result of extensive consultation with our members throughout Scotland and reflects the issues and priorities they would like to see addressed by the next Scottish parliament."