

# Monthly Economic Update - Dec 2010

## SECTOR - CONTACT CENTRES

### SUMMARY OF ECONOMIC CONDITIONS

At the end of December 2010 the broad measure of contact centre job availability stood at 5494, fractionally down on the previous month-end figure (5577). This measure combines telephone sales, customer care occupations and call centre agents (SOC codes 7113, 7212, 7211). See Graph 1.

The good news is the December figure is not falling in the face of continued economic uncertainty. In fact the broad-measure vacancy is in-line with the average for 2010 (5584).

To place the current total in context, one must look for spot comparisons and historic averages. In the recent past, December contact centre vacancy figures have been as follows:

2010: 5494  
2009: 5165  
2008: 4659  
2007: 8215  
2006: 10100  
2005: 4649  
2004: 3554

The above spot December figures give a nice view across an economic cycle, with the net job creation years of strong economic growth in 2006 / 7 and the shock fall off as the reality of the credit crunch and banking crisis were reflected in hiring decisions in Q4 2008 onwards.

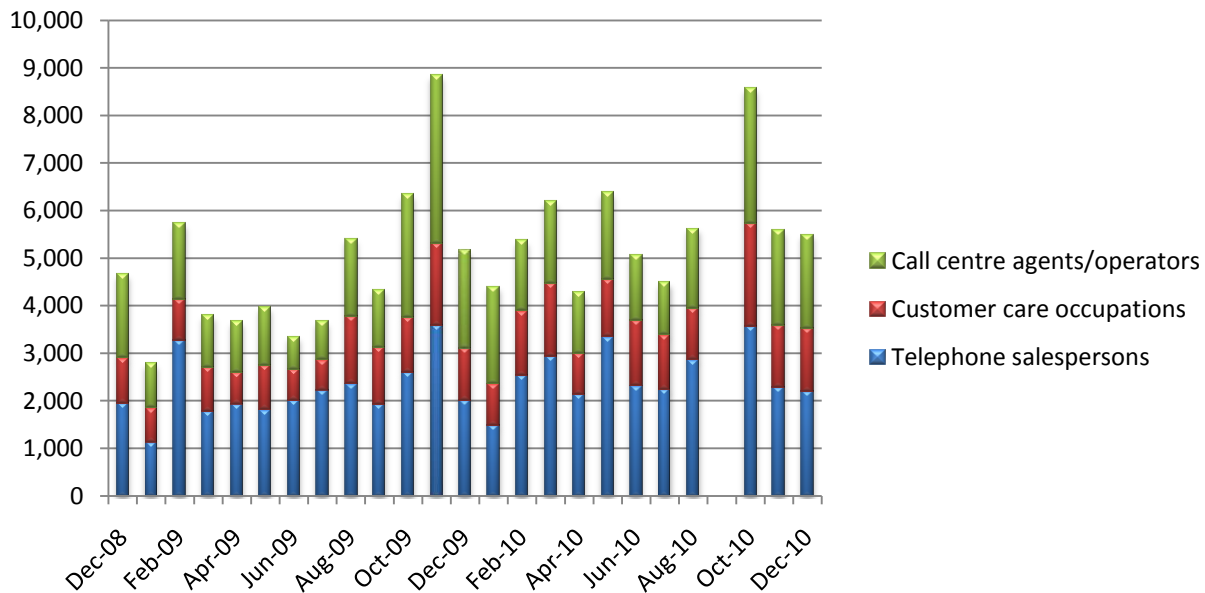
But December can provide seasonal spikes in contact centre job demand that blur the picture. Year averages smooth the seasonal peaks and troughs. See below:

2010: 5584  
2009: 4753  
2008: 7008  
2007: 8176  
2006: 12779  
2005: 4354

The strong growth years of 2006 through to Q4 2008 are reflected by the average contact centre vacancy totals. Although this is not a long series of data – and this does limit accuracy – one may infer that in low- or no-growth economic conditions the base/underlying vacancy total (reflecting staff replacement due to natural attrition) is around 5000 for the Northwest. Vacancy totals above this reflect new job creations and therefore economic growth in the region.

Using the above assumption, 2009 was a period of economic contraction, mirrored by a net loss of contact centre jobs. While in 2010, slight economic expansion is reflected in an average vacancy total above the 5000 marker, indicating net job creation in the sector.

**Graph 1: Job Centre Vacancies for SOC codes 7113, 7212, 7211 in the Northwest of England**



### Sub-region activity

In general terms, the demand for customer service staff has been consistent over the second half of 2010. The total number of Northwest customer service job vacancies (SOC codes 7212, 7211) in December totalled 3303, which is around 10% above the average over the year.

Based on the average vacancy total for 2010, one could make the assumption that 3000 job vacancies in customer service was the base demand in the region during a year of low or no economic growth. Using this, one can observe that demand has been steadily rising for the last three months of the year.

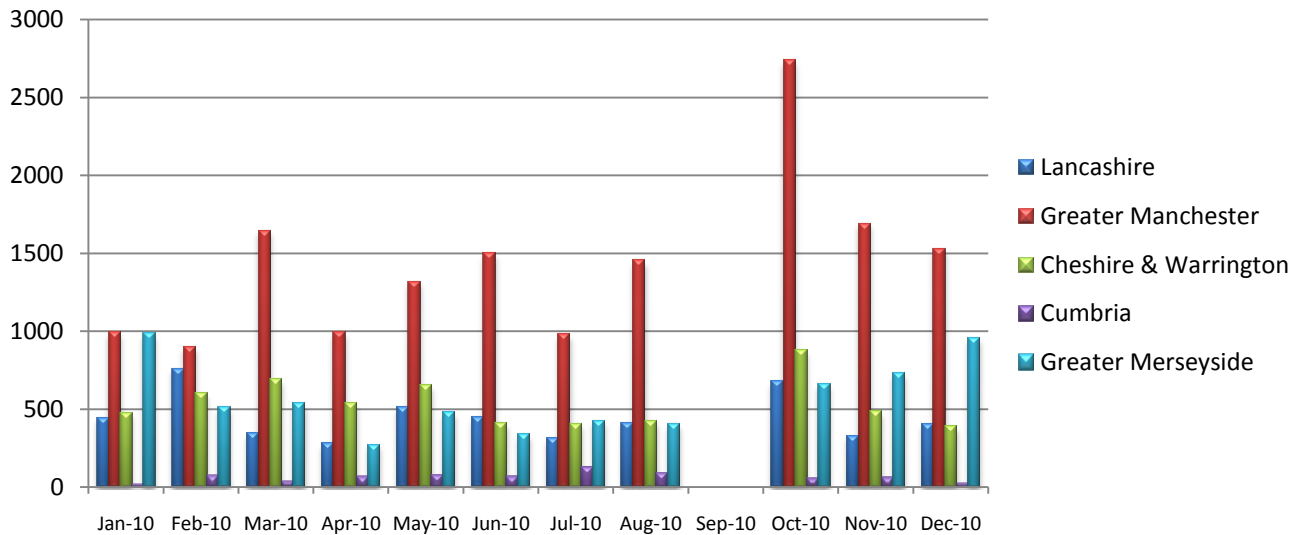
The most noteworthy sub-region is Greater Merseyside where customer service job vacancies have been rising fast for over 6 months, ending the year nearly three times higher than at the mid-year point (graph 2).

Despite this fall, Greater Manchester is still the customer service jobs powerhouse in the region and its vacancy level is still 300 above the 12-month average and over twice that of the other Northwest sub-regions.

Cheshire & Warrington is the most notable laggard, ending the year with a vacancy total significantly below the year's average (391 vs. 541).

The reader should note that when you break the vacancy figures down to the sub-region level the monthly totals are subject to sharp rises and falls due to the impact of decisions by large employers. Therefore, inferring trends based on single month movements is often misleading. Long-run averages are a more reliable indicator of performance and direction.

**Graph 2: Sub-region Job Centre customer service vacancies (SOC codes 7212, 7211)**

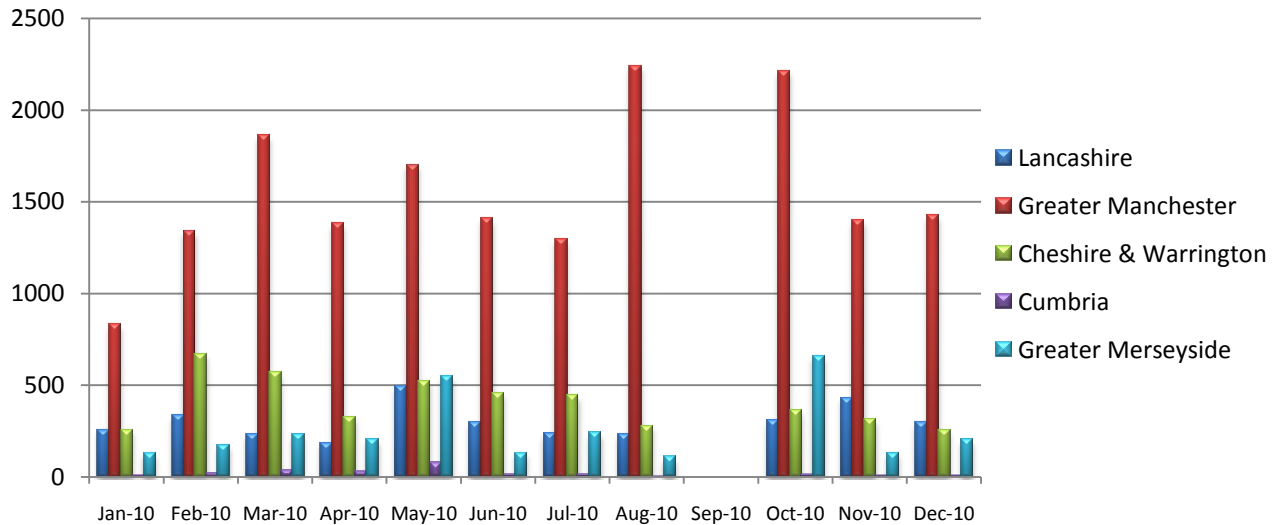


Over 2010, Greater Manchester has had the most resilient customer service economy based on the vacancy figures illustrated in graph 2 above. This resilience is mirrored and magnified in the telesales economy as illustrated by graph 3 below.

Although the headline telephone sales vacancy figure (SOC code 7113) for Greater Manchester is still low compared with 2006 and 2007, the sub-region has maintained an average demand for 1500+ telesales jobs per month over 2010. This is nearly four times the average figure recorded for Cheshire & Warrington, the next highest total.

This performance by Greater Manchester reflects its status as the economic capital for the region, with a higher concentration for regional headquarters offices, and in turn a higher concentration of sales and marketing functions.

**Graph 3: Sub-region Job Centre telephone salesperson vacancies (SOC code 7113)**



In contrast the other sub-regions barely register demand for telesales staff and this has been a consistent occurrence throughout the year.

### Key indicator

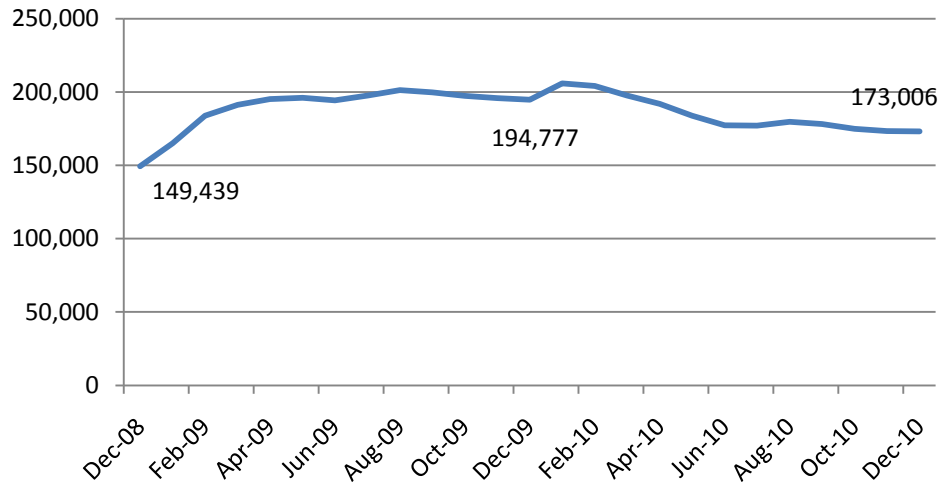
December recorded the 12<sup>th</sup> consecutive fall in the Job Seekers Allowance (JSA) claimant count (Northwest), with a total of 173,006 down 326 over the month. See Graph 4.

By contrast, the neighbouring regions all saw their claimant counts rise in December, with Yorkshire and the Humber adding nearly 3,000 new claimants in the month.

In the coming months, the impact of public sector cuts, the VAT rise and rising inflation will hit the whole UK economy. Therefore, we expect the JSA claimant count to rise in the Northwest and the neighbouring regions due to their exposure to government employment. A measure of the resilience of the regional economy will be the speed the private sector can soak up the job seekers from the public sector.

In terms of transferable skills, the customer service sector could benefit from employing former government workers.

**Graph 4: Job Seekers Allowance claimant count for the Northwest of England**



Our JSA Claimant Count Index (Jan 10 = 100) stands at 84 for the Northwest of England in December, the same as for November. By contrast, the neighbouring North East, East Midlands, and Yorkshire and The Humber all experienced a rise in claimants (Table 1).

**Table 1: JSA Claimant Count Index (Jan 10 = 100)**

	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands
Nov-04	48	45	41	43	45
Nov-05	51	50	48	48	53
Nov-06	55	55	52	53	58
Nov-07	50	50	45	46	51
Nov-08	68	67	63	63	66
Nov-09	93	95	94	95	96
<b>Jan-10</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Feb-10	99	99	101	100	100
Mar-10	95	96	98	98	97
Apr-10	92	93	95	94	94
May-10	88	89	92	89	90
Jun-10	86	86	87	85	86
Jul-10	86	86	86	84	85
Aug-10	86	87	87	84	86
Sep-10	87	87	87	83	86
Oct-10	87	85	85	81	83
Nov-10	86	84	85	80	83
<b>Dec-10</b>	<b>87</b>	<b>84</b>	<b>87</b>	<b>82</b>	<b>83</b>

## KEY CHALLENGES AND HOTSPOTS

### Sector Watch

Warrington's recent success in contact centre job creation continued in December with the announcement that United Utilities is creating nearly 250 jobs after deciding to bring overseas call centre operations back in-house.

The Warrington company, which manages water and waste water services across the region, previously outsourced the work to a contact centre in the Philippines owned by US-based Accenture.

It said it had made the move to improve customer service and efficiency. It plans to create 181 jobs at its headquarters in Warrington and a further 63 at its call centre in Whitehaven, Cumbria.

Manchester is on the shortlist to benefit from the continued growth of debt collection in these tough economic times.

A Scottish debt collection specialist is considering opening a new office south of the Border to keep pace with demand. Mackenzie Hall is eyeing potential locations in Manchester and Glasgow that may be used to cope with a planned increase in the company's workforce.

"We are actively recruiting at the moment, and you can expect to see our headcount increase by at least 25% throughout 2011 as we build capacity to meet demand," said Paul Mackenzie, founder of the Kilmarnock-based business.

Mackenzie Hall, which claims to be the UK's leader in late arrears consumer debt recovery, currently employs around 140 people at its contact centre in Kilmarnock. This is nearing capacity.

This positive news was to some extent offset by the continued uncertainty over job security in Barrow. During the month, workers at BT's directory enquiry call centre and Agilisys' outsourcing operation continued to face an uncertain future with rumours pointing to both job losses and a job loss reprieve. We shall cover the outcome in January's report.

In the UK as a whole, outsourcers were once again centre of attention with Rigney Dolphin and Fusion announcing expansions to keep up with demand.

At Rigney Dolphin, almost 300 new jobs will be created in Derry with the opening of a new call centre.

The leading Irish outsource provider, whose clients include Meteor, BMW, Carphone Warehouse and Airtricity, have been given £1.2million from Invest NI to open the facility in the Waterside area of city.

Celine Fitzgerald, Rigney Dolphin's CEO says opening a call centre in Derry, which will create 297 jobs, will allow them to expand into the UK.

While BGL-owned insurance firm Fusion announced plans to create 240 jobs in its UK contact centres.

The company will employ additional staff in Coventry, Peterborough and Sunderland, with part-time and full-time roles including sales and service advisors, retention advisors and team leaders available.

Jason Turner, associate director for contact centre operations, said: "We are delighted to be able to offer new jobs at a time when many people are looking for new opportunities. Our contact centre agents are highly skilled and have in depth knowledge of insurance products offered by leading household brands."

Outside the outsourcing fraternity, more than 400 jobs are to be created in the Black Country with the opening of a new BT call centre. It will be based in a new £75m business centre in West Bromwich which forms part of a £200m regeneration of the borough of Sandwell.

The centre is set to open in autumn next year.

In terms of job creation strategy for 2011, it is worth noting the reported success of a North East home working scheme.

The project, which aims to help North East businesses create home-based jobs, has apparently beaten its target of 360 jobs in 12 months.

The Home Working Fund provides up to £3,000 per job to pay for equipment to set up remote workers and provide the necessary training.

The £1.1m project, funded by One North East, will run as a pilot in the region until September next year. Organisers are urging businesses which can expand using remote workers, such as call centres, to get in touch while there is money available to create jobs.

We will continue to monitor this innovation.

## **NW Contact Centres in the News**

### **B2B Contact Marketing appoints its first Apprentice**

December 15<sup>th</sup>, Call Centre Clinic News

B2B Contact Marketing has recruited its first Apprentice through the North West Apprentice Scheme.

Rory Robinson, 20, joined the B2B Contact Marketing Team in October for a 12 month placement which will count towards his NVQ in Customer Service. He had found when looking for work that a lot of employers were asking for more qualifications than he had. The Apprentice Scheme is a great way of getting those qualifications, whilst gaining valuable experience in the work place.

B2B Contact Marketing is a telemarketing company with exciting expansion plans. It had been looking into different ways to grow the team when the North West Apprentice Scheme was recommended.

## **NW Contact Centre Gains**

### **Mackenzie Hall, Manchester (possible new site for a contact centre) December 15<sup>th</sup>**

A Scottish debt collection specialist is considering opening a new office south of the Border to keep pace with demand. Mackenzie Hall is eyeing potential locations in Manchester and Glasgow that may be used to cope with a planned increase in the company's workforce.

"We are actively recruiting at the moment, and you can expect to see our headcount increase by at least 25% throughout 2011 as we build capacity to meet demand," said Paul Mackenzie, founder of the Kilmarnock-based business.

Mackenzie Hall, which claims to be the UK's leader in late arrears consumer debt recovery, currently employs around 140 people at its contact centre in Kilmarnock. This is nearing capacity.

### **United Utilities, Warrington and Whitehaven (181 jobs in Warrington and 61 in Whitehaven confirmed) December 3<sup>rd</sup>**

United Utilities is creating nearly 250 jobs after deciding to bring overseas call centre operations back in-house.

The Warrington company, which manages water and waste water services across the region, previously outsourced the work to a contact centre in the Philippines owned by US-based Accenture.

It said it had made the move to improve customer service and efficiency. It plans to create 181 jobs at its headquarters in Warrington and a further 63 at its call centre in Whitehaven, Cumbria.

## **NW Contact Centre Threats**

### **Fight to save BT call centre**

December 17<sup>th</sup>, North West Evening Mail

The BT call centre in Abbey Road, Barrow, is set to close on January 28 with 57 jobs being lost.

But yesterday, members of staff were joined by members of the Communication Workers Union from around the country in an attempt to save their jobs.

And Sally Bridge, a national official at the CWU, says they are confident the centre can avoid closure.

### **Call centre staff fear they won't get 90 days' notice**

December 3<sup>rd</sup>, NW Evening Mail

Almost 100 call centre staff facing redundancy early in the new year fear they may not get a full 90-day consultation period.

The workers at Agilisys in Craven House, Michaelson Road, Barrow, were told they faced losing their jobs at a meeting with managers on Friday.

The call centre handles inquiries for all the local authority Trading Standards departments in the North West, as well as doing outsourced services for banks, including debt collection.

## **UK Contact Centre Activity**

**Rigney Dolphin, Derry (300 jobs gains confirmed)** December 16<sup>th</sup>

Almost 300 new jobs will be created in Derry with the opening of a new call centre.

Leading Irish outsource provider Rigney Dolphin, whose clients include Meteor, BMW, Carphone Warehouse and Airtricity, have been given £1.2million from Invest NI to open the facility in the Waterside area of city.

Celine Fitzgerald, Rigney Dolphin's CEO says opening a call centre in Derry, which will create 297 jobs, will allow them to expand into the UK.

**Fusion, Coventry, Peterborough and Sunderland (240 jobs gains confirmed)** December 16<sup>th</sup>

BGL-owned insurance firm Fusion has announced plans to create 240 jobs in its UK contact centres.

The company will employ additional staff in Coventry, Peterborough and Sunderland, with part-time and full-time roles including sales and service advisors, retention advisors and team leaders available.

Jason Turner, associate director for contact centre operations, said: "We are delighted to be able to offer new jobs at a time when many people are looking for new opportunities. Our contact centre agents are highly skilled and have in depth knowledge of insurance products offered by leading household brands."

**BT, West Bromwich (450 job gains confirmed)** December 14<sup>th</sup>

More than 400 jobs are to be created in the Black Country with the opening of a new BT call centre. It will be based in a new £75m business centre in West Bromwich which forms part of a £200m regeneration of the borough of Sandwell, the council said.

The centre, by the A41 Expressway and Cronehills Linkway, is set to open in autumn next year.

BT said it wanted to ensure as many of the new posts as possible are filled by people from Sandwell.

### **Teletext, Barnet (unconfirmed number of job losses) December 12<sup>th</sup>**

Teletext Holidays is to open 10 travel agencies in the UK inside Tesco supermarkets but to close its call centre in Barnet.

After trial periods in Tesco at Chesterfield in Derbyshire and Pitsea in Essex, Teletext now plans to open up to 10 holiday shops within Tesco stores.

The company has also decided that it will handle calls through a deal with Broadway Travel instead of its own call centre. Broadway has a call centre in Newcastle.

### **North East home working scheme takes off**

December 4<sup>th</sup>, The Journal

A project aiming to help North East businesses create home-based jobs has beaten its target of 360 jobs in just 12 months and still has money in the pot for employers looking to recruit home workers.

The Home Working Fund provides up to £3,000 per job to pay for equipment to set up remote workers and provide the necessary training.

The £1.1m project, funded by One North East, will run as a pilot in the region until September next year. Organisers are urging businesses which can expand using remote workers, such as call centres, to get in touch while there is money available to create jobs.

### **Barclaycard, Thornaby (up to 400 job under threat, unconfirmed) December 3<sup>rd</sup>**

Up to 400 jobs at Barclaycard's Thornaby contact centre could go, with some being transferred to the Philippines, after staff were entered into a "preferencing programme" last month. They will learn their fate by mid-December.

More than 600 staff - the majority of workers at the Teesdale call centre - were transferred to Firstsource when the Indian outsourcing company took over operations at the site.

Bosses say around a third of jobs could be retained at the Massey Road centre, but they can't confirm exact numbers until the preferencing programme is concluded in about 10 days' time.

### **Virgin Atlantic, Swansea (200 jobs gains over 2 years, confirmed) December 1<sup>st</sup>**

A new Virgin Atlantic customer service call centre opened in the centre of Swansea yesterday will create 200 jobs over the next two years. An estimated 28,000 people are now employed in call centres in Wales.

The airline's first base in South Wales at Alexandra House was opened by Deputy First Minister Ieuan Wyn Jones. He described the opening in Swansea yesterday as "excellent news during the current economic climate".

The new customer service centre will run in conjunction with Virgin Atlantic's existing operation in Crawley, West Sussex.