

## Monthly Economic Update – Nov 2010

### SECTOR – CONTACT CENTRES

#### SUMMARY OF ECONOMIC CONDITIONS

Following a spike in contact centre job vacancies during October, the Northwest saw a return to the 12-month average, with the broad measure falling back to 5,577. This measure combines telephone sales, customer care occupations and call centre agents (SOC codes 7113, 7212, 7211). See Graph 1.

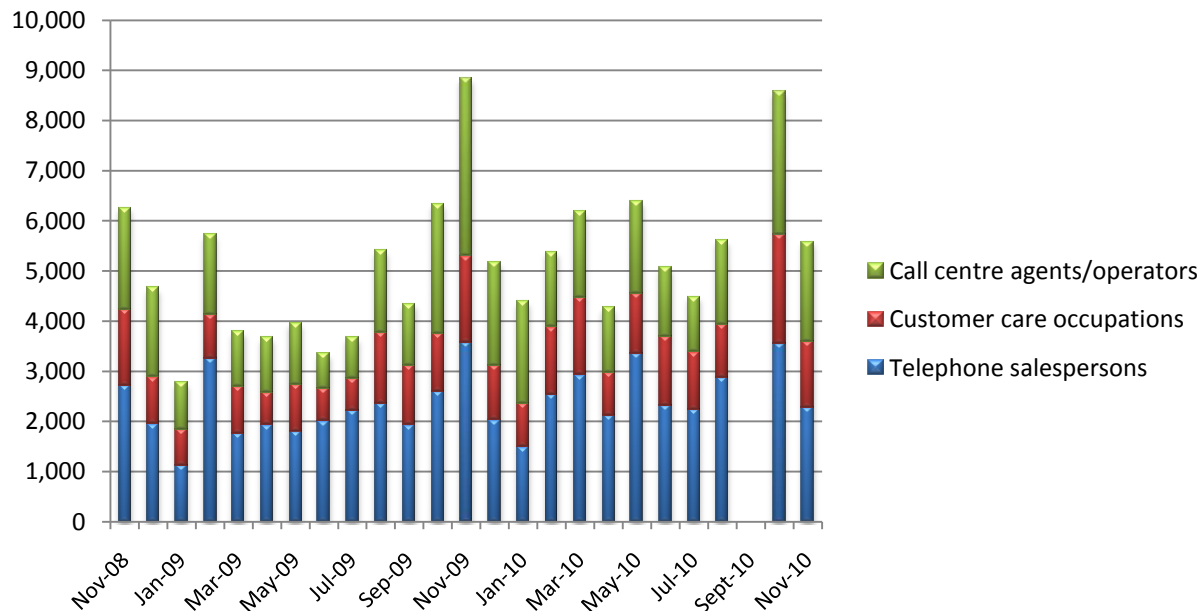
The steep rise in vacancies recorded for October was driven by notable increases in vacancies for both Telephone Salespersons (+699 since August) and Call Centre Agents (+1174 since August). Each is around 1,000 higher than their 12-month averages.

However, as we noted in last month's report, similar spikes have occurred during October and November in previous years and probably reflect seasonal demand for contact centre service and sales staff ahead of the Christmas trading period.

Encouragingly the November broad-measure vacancy total is 800 above the average for 2009 (4,753), indicating that the contact centre economy is recovering from the impact of the recession. However, the November figure is still 1,000 below the 2008 average vacancy total of 6,483 positions.

A recovery to pre-credit crunch vacancy levels would be a good target for 2011.

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



## Sub-region activity

The fall-off in demand for customer service staff in November, compared to the previous month, was most evident in Greater Manchester. In this sub-region, customer service job vacancies (SOC codes 7212, 7211) in November totalled 1690, versus 2739 recorded for October (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.

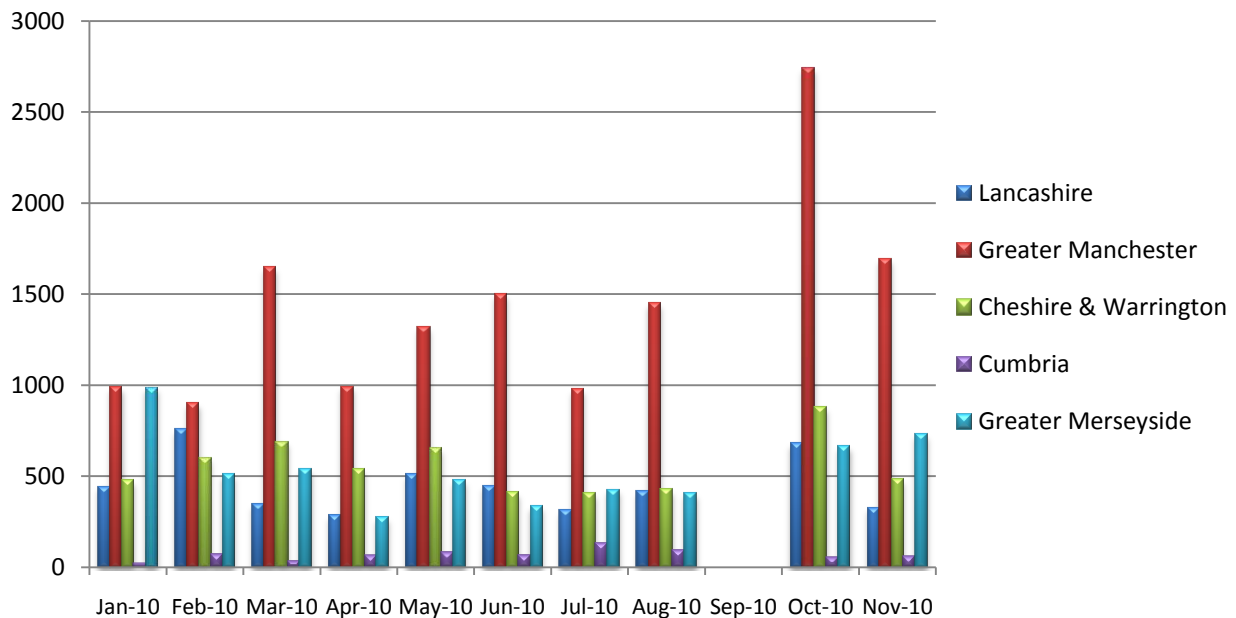
This customer service measure combines the vacancies for contact centre agents and customer care occupations (SOC codes 7212, 7211). Although this is not a perfect proxy for contact centre based customer service it is the best available.

Across the five sub-regions, a total of 3293 customer service job vacancies were recorded, down from October's spike of 5012, but comfortably above the 12-month average (3028).

Both Lancashire and Cheshire & Warrington saw their vacancy totals halve over the month.

By contrast, Greater Merseyside recorded a rise of 90 positions being advertised (731), putting the sub-region 100 above its 12-month average (633).

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



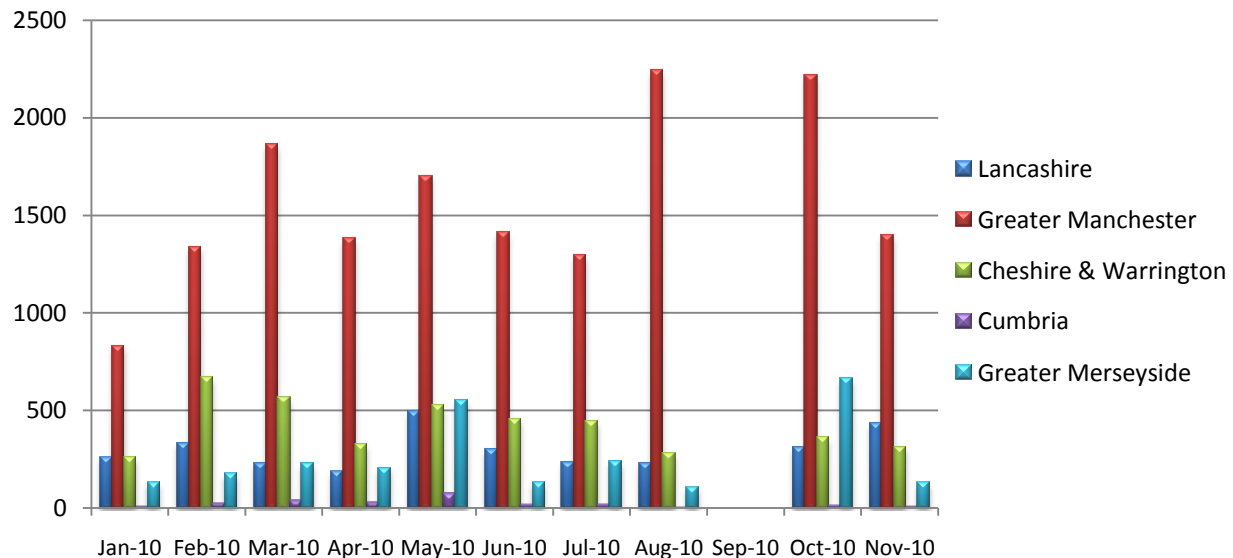
Greater Merseyside's customer service strength is neutralised by its weakness in telephone sales over the past month.

In October, 661 telephone sales vacancies (SOC code 7113) were registered. By the end of November this had fallen to 132. This latter figure is more than 100 below the sub-region's 12-month average (248). See Graph 3.

Overall, the five sub-regions recorded 2284 vacancies for telephone salespersons in November, down from 3562 the previous month and 300 below the 12-month average (2607).

Greater Manchester was the most significant driver of this fall back. After a 3 month period where telephone salesperson vacancies were above 2,000, November's total of 1398 was a return to the level recorded over the summer of 2010.

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



Lancashire was the trend-bucker for November, recording a rise in telephone salesperson vacancies. The November figure stands at 431 positions, up from 309 in October and comfortably above the 12-month average (304).

### Key indicator

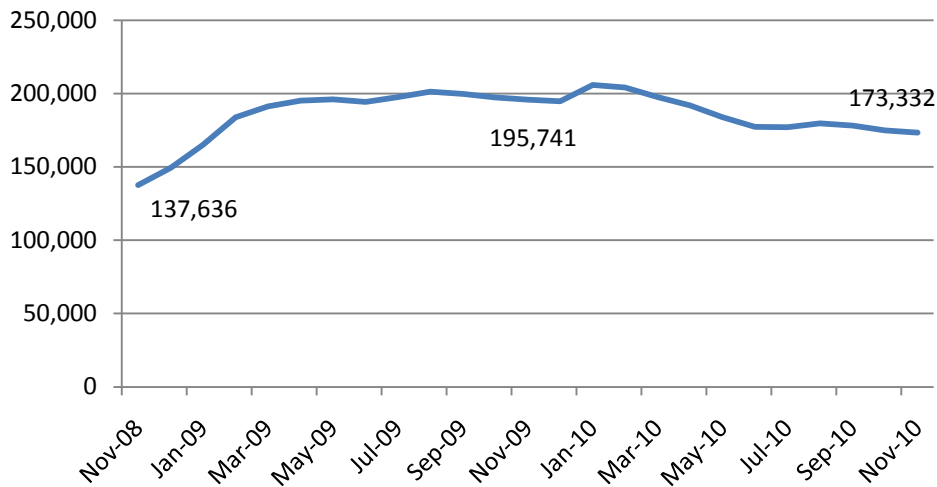
A positive indicator of the sustained recovery in the Northwest is provided by the consistent fall in the Job Seekers Allowance claimant count over 2010.

November recorded the 11<sup>th</sup> consecutive fall in the claimant count, with a total of 173,332 down 1511 over the month. See Graph 4.

This was the strongest performance in November compared with neighbouring regions.

If the Northwest's claimant count continues to fall at the rate experienced during 2010, then the total will return to the end-2008 level within the next 12-months (end-2008 was the point when the claimant count started to rise in reaction to the credit-crunch in the Autumn of 2008).

**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 November, a one point fall on October. This is in line with the performance of the neighbouring North East and East Midlands, but outperforms Yorkshire and The Humber and the West Midlands (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
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## KEY CHALLENGES AND HOTSPOTS

### Sector Watch

The contact centre market activity and news flow remained subdued in November with few stories involving Northwest contact centres.

On the positive side, CEVA Logistics announced the opening of a new contact centre in Warrington. The company will also deploy an additional new fleet of 24 vehicles to support continued growth in its home delivery business, CEVA Home.

The new CEVA Home contact centre, located in Warrington, went live on 1 November 2010, providing service from 7am to 8pm Monday to Friday, and 7am to 6pm on Saturdays.

CEVA expects that the agents will have to handle around 2,000 incoming calls and make 5,000 outbound calls per week, liaising with customers, suppliers and retailers to arrange delivery to consumers' homes.

The growth of direct shopping via catalogues and the Internet, plus the allied home-delivery required, is creating contact centre employment opportunities and we will continue to monitor this sector.

On the negative side, it was reported that ninety workers at Agilisys' Barrow call centre could lose their jobs after the company lost a valuable contract.

It was reported that the contract had been lost to an overseas outsourcer.

The blow comes as almost 60 jobs at another Barrow call centre, the BT Directory Inquiries Centre, are due to go in January in a restructuring exercise.

Job losses dominated the rest of the UK's contact centre news flow, with the continued resizing of Lloyds Banking Group and Royal Bank of Scotland hitting a number of UK regions. We expect a steady stream of further job losses in Lloyds' and RBS contact centres through 2011.

The on-going trouble at the Royal Mail hit its customer service function during November, with a report that 400 jobs at its Stoke-on-Trent contact centre are under threat.

Union leaders claim Royal Mail wants to shut its Etruria centre with the loss of 400 positions over the next 18 months.

It follows Royal Mail's decision to transfer 700 jobs out of the region by shutting sorting offices in Stoke and Crewe in the past year. Now a campaign is underway to try to save the Royal Mail call centre from closure.

Royal Mail confirmed it is reviewing its customer services facilities across the country. It adds that no decision has been made about the Etruria property.

Two bright-spots were provided by the broadband provider Plusnet and cruise giant Carnival UK.

On November 18<sup>th</sup> it was reported that broadband and phone provider Plusnet is creating 250 jobs in its Sheffield customer service centre, as the company looks to attract more customers.

Business growth at Plusnet is creating 150 jobs while a further 100 jobs are moving from an outsourcing centre in South Africa. The new jobs are being partly funded by Yorkshire Forward to secure them for the city.

At the other end of the country, Southampton's biggest cruise line has launched a major recruiting drive to cope with a surge in demand for cruise holidays.

Up to 50 new jobs are being created at the landmark headquarters of Carnival UK.

Southampton's cruising industry is one of the few business sectors bucking the present economic trend. Forecasts suggest that Southampton will continue to benefit from the growth of this sector in 2011 as more lavish ships are launched and other cruise-operators switch to the port.

Although cruising has attracted a younger following in recent years, it still earns a significant proportion of its revenues from senior customers. So like Saga's expansion that we reported last month, Carnival is an example of how retirement-spend is impacting on economic growth and employment expansion in the UK.

We will keep a close eye on the companies with business plans biased towards the seniors market.

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

### **Bins hotline gets 19,000 'teething troubles' calls**

November 11<sup>th</sup>, Manchester Evening News

Stockport Council has admitted its new recycling service has suffered 'teething troubles' after receiving nearly 19,000 calls in the first week.

Following the introduction on November 1 many streets in the borough were left strewn with rubbish because of conflicting information being given about collection dates.

Other problems reported to the council's call centre were brown bins being left unemptied and others not being emptied as they were left in the wrong place. One road in Reddish was missed out because it was not on council records.

### **Under fire: Bosses blasted over delays to 999 call centre**

November 23<sup>rd</sup>, Manchester Evening News

The firm responsible for providing new 999 fire call centres has been warned by the government over serious delays. The nine supercentres, including one near the M62 in Warrington, are meant to save millions by replacing fire service control rooms nationally.

The Warrington centre will deal with emergency calls across the north west, replacing existing facilities in Greater Manchester, as well Cheshire, Lancashire, Merseyside, and Cumbria.

### **NW Contact Centre Gains**

**CEVA Logistics, Warrington (job gains, unconfirmed number) November 24<sup>th</sup>**

CEVA Logistics, a supply chain company, announced that it has invested in a new UK customer contact centre and deployed an additional new vehicle fleet of 24 vehicles to support continued growth in its home delivery business, CEVA Home.

The new CEVA Home contact centre, located in Warrington, Manchester went live on 1 November 2010, providing service from 7am to 8pm Monday to Friday, and 7am to 6pm on Saturdays.

CEVA expects that the agents will have to handle around 2,000 incoming calls and make 5,000 outbound calls per week, liaising with customers, suppliers and retailers to arrange delivery to consumers' homes.

### **NW Contact Centre Threats**

**Agilisys, Barrow (90 jobs under threat) November 27<sup>th</sup>**

Ninety workers at a Barrow call centre could lose their jobs after it lost a valuable contract.

The news was broken to shocked staff yesterday teatime at the Agilisys call and contact centre at Craven House in Michaelson Road. The workers on the contract heard it had been lost and was going abroad.

Agilisys workers were heard outside Craven House expressing anger that a contract from Barrow was being moved overseas. The blow comes as almost 60 jobs at another Barrow call centre, the BT Directory Inquiries Centre, are due to go in January in a restructuring exercise.

## UK Contact Centre Activity

### **RBS, Glasgow (54 job losses, planned) November 6<sup>th</sup>**

Fifty-four Royal Bank workers in Glasgow have been told their jobs are emigrating - to India. The transfer is part of a major re-organisation by the troubled bank, now 84 per cent owned by the taxpayer.

Staff at an RBS call centre in Glasgow were told this week their jobs are being switched to the Far East. The bank said in a statement that the move was forecast in an announcement about jobs in May. Only now are the people involved being identified and consulted.

"The movement of roles between countries reflects the global nature of our business and the need to locate our people close to the customers they serve. We remain committed to our long-standing principle of situating customer contact work within the country or region where the customer is located."

### **Lloyds Banking Group, UK-wide (400 job losses, confirmed) November 9<sup>th</sup>**

Another 400 jobs are to go at Lloyds Banking Group, bringing the total headcount reduction to around 22,000 since the creation of the group from the merger of Lloyds TSB and HBOS, in 2008.

The latest job losses follow the closure to new business of the group's Black Horse Personal Finance unit.

Analysts' original estimates for job losses resulting from the Lloyds TSB / HBOS merger stood at around 30,000, taking into account branch and call centre closures and the integration of IT systems.

### **Royal Mail, Stoke-on-Trent (400 job losses, claimed) November 12<sup>th</sup>**

Hundreds of jobs are under threat in Stoke-on-Trent as Royal Mail reviews its customer service operations. Union leaders claim Royal Mail wants to shut its Etruria centre with the loss of 400 positions over the next 18 months.

It follows Royal Mail's decision to transfer 700 jobs out of the region by shutting sorting offices in Stoke and Crewe in the past year. Now a campaign is underway to try to save the Royal Mail call centre from closure.

Royal Mail today confirmed it is reviewing its customer services facilities across the country. It adds that no decision has been made about the Etruria property.

### **Leeds Building Society, Leeds (job losses, unconfirmed number) November 12<sup>th</sup>**

A call centre in the heart of Leeds is set to close with staff facing uncertainty about their jobs.

Leeds Building Society is to axe its operation at Tower North Central on Merrion Way and will transfer its call centre to offices at its Silverlink office in Newcastle.

Staff are currently being consulted until November 19 and the changeover is expected to take place by January 2011.

**Plusnet, Sheffield (250 job gains, confirmed) November 18<sup>th</sup>**

Broadband and phone provider Plusnet is creating 250 jobs in its Sheffield customer service centre, as the company looks to attract more customers.

Chief executive Jamie Ford told Insider that the business, which is currently running a distinctive ad campaign, hopes to build on its Yorkshire heritage and raise awareness of its "compelling" offer. Plusnet says it offers the lowest price in the UK for standalone broadband.

Business growth at Plusnet is creating 150 jobs while a further 100 jobs are moving from an outsourcing centre in South Africa. The new jobs are being partly funded by Yorkshire Forward to secure them for the city.

**Carnival UK, Southampton (50 job gains, confirmed) November 27<sup>th</sup>**

Southampton's biggest cruise line has launched a major recruiting drive to help with the surge in demand from people wanting to enjoy the high-life on the high-seas.

Up to 50 new jobs are being created at the landmark headquarters of Carnival UK as the city's seemingly unstoppable growth of its multi-million pound cruising industry looks set to continue soaring next year.

Southampton's cruising industry is one of the few business sectors bucking the present economic doom and gloom as more lavish vessels enter service, new shipping lines switch to the port, major increases in passenger numbers are recorded, together with a year-round programme of voyages, all combine to make 2011 a record-breaking year.