

Monthly Economic Update – October 2009

SECTOR – CALL CENTRES

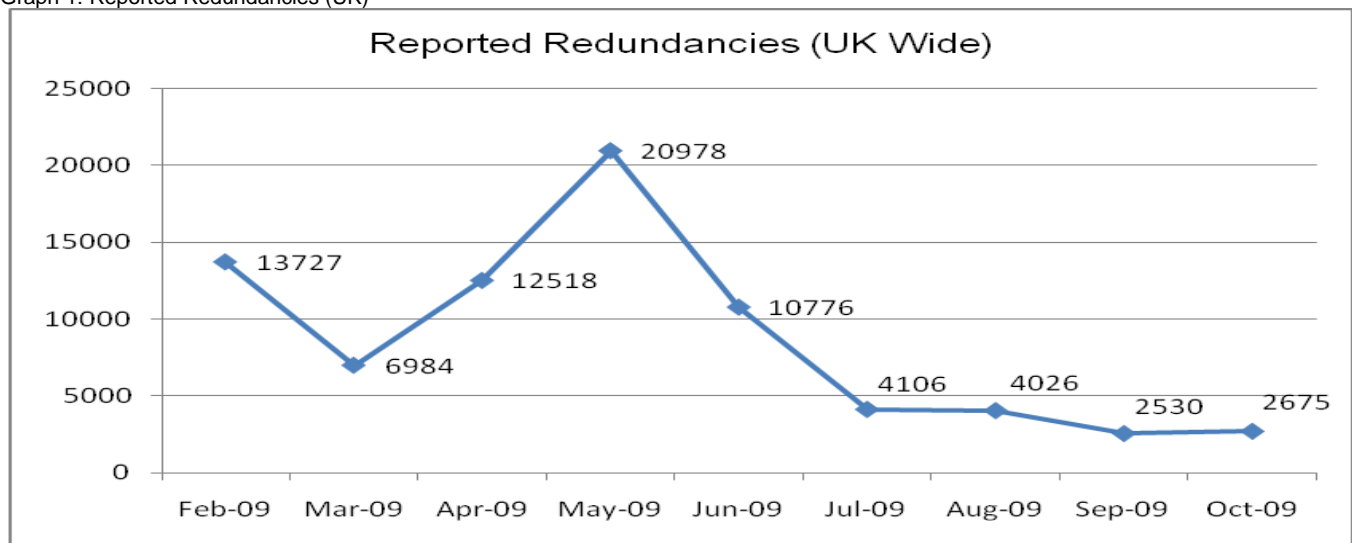
Summary of Economic Conditions

It has been a fairly quiet month for North West call centre news. For the second month running the North West call centre sector reported no significantly high redundancies although this was coupled with a significant lack of recruitment activity in the region. The latest data from the national statistics suggests that in September customer service recruitment activity dropped after the peak reported in August. The data suggests that the majority of organisations will not be significantly increasing the number of customer service employees in the run up to Christmas despite the positive employment indicators that were reported in last month's report. It is worth noting though that as a result of the increased recruitment activity in August 09 resulted in the number of Job Seeker Allowance claimants falling by 1,428 last month to an overall North West figure of 199,744.

Redundancy Watch

An analysis of the UK business and economic news reported in the past month identified that the number of reported redundancies increased last month following the significant decrease in September 09. Although not an accurate measurement as this is taken from scanning the UK media it does give a good indication of the current employment climate. Up to 01st November the number of announced potential redundancies in the UK was 2,675, slightly higher than the 2,530 recorded last month. The call centre industry continued to be affected. Job cuts which have a high probability of including call centre/customer service jobs being axed were reported at Alliance and Leicester (200¹), Virgin Media (100), Passport Services (44) and Land Registry (1,100). The North West though was not significantly affected. The greatest loss in the region was reported at the Merseyside based furniture Dams International (245).

Graph 1: Reported Redundancies (UK)

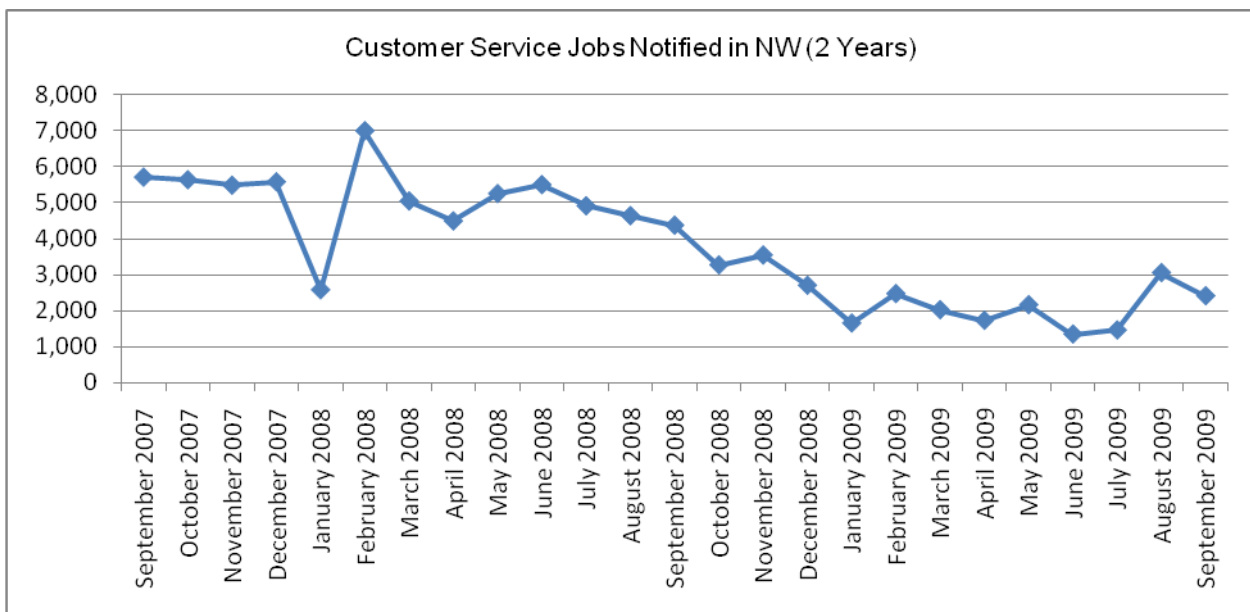


¹ Number of vacancies reported in brackets

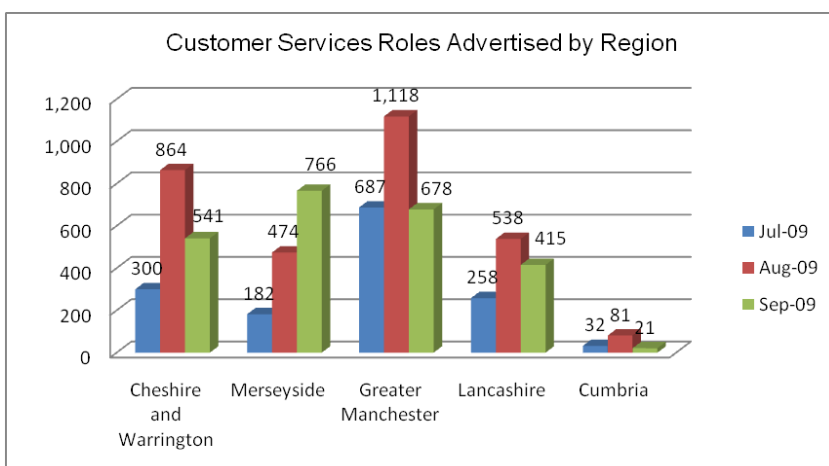
Customer Service Vacancies

The national statistics data on the number of jobs advertised for customer service roles in the North West fell by 645 vacancies following the peak recorded in August 2009. The number of jobs advertised in North West call centres is significantly lower than in the same periods in 2007 (5,714) and 2008 (4,375). Worryingly previous trends suggest that the month of September is usually followed by a six month period of lean recruitment activity within the customer service industry.

Graph 2: Customer Service Jobs advertised in North West Job Centres September 07 – September 09



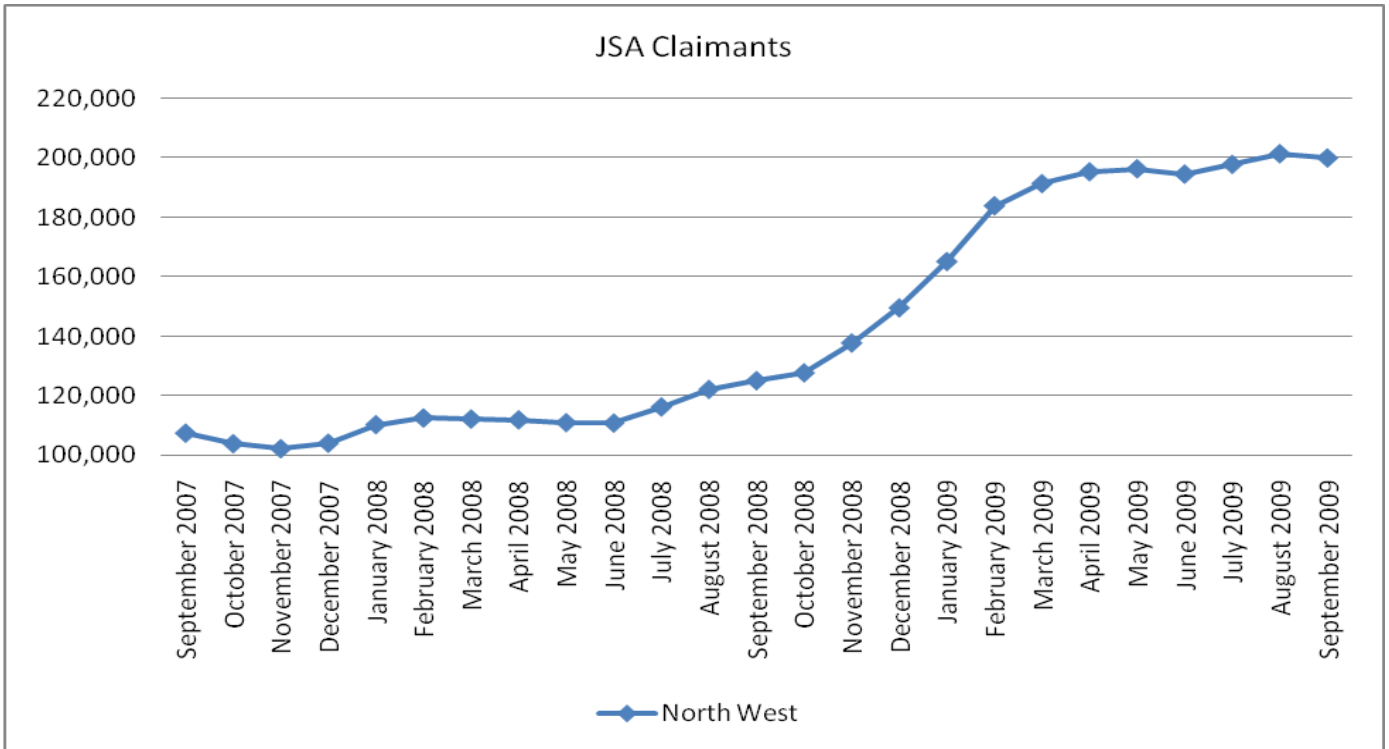
Graph 3: Quarterly Comparison: Customer Service Roles advertised by North West Sub Regions.



Decreases in the number of customer service roles advertised in North West job centres have been recorded across 4 of the 5 North West sub regions. The area which performed significantly better than its neighbour regions was the Wirral and Ellesmere Port travel to work area. Within this region recruitment activity increased from 33 to 330. This may be due to a change in the reporting methods used by job centres or measurement error.

As previously stated the number of Job Seeker Allowance (JSA) claimants in the region broke the 200,000 ceiling last month. However, this month the figure fell slightly (-1428) to 199,744. This is largely a result of the high recruitment activity recorded in August 2009.

Graph 4: September 07 – September 09 Comparison: JSA Claimants in the North West.



Key Challenges and Hotspots

Sector Watch

Table 1 displays the breakdown of North West Call Centres by Vertical Market it also identifies the threat rating of potential redundancies within the market. This has been updated since the last monthly report.

Table 1: Vertical Market Representation and Threat Rating

Vertical market	North-West	Threat Rating
Entertainment and Leisure	5%	Medium
Finance	12%	High
Healthcare	2%	Low
IT	7%	Low
Manufacturing	14%	High
Motoring	2%	Low
Outsourcing	9%	Medium
Printing and Publishing	5%	High
Public Services	4%	High
Retail and Distribution	15%	High
Services	10%	High
Telecoms	3%	High
Transport and Travel	8%	Medium
Utilities	1%	Low
Other	3%	Unknown

Industries with High Threats

Finance: The largest group of employment under threat is Financial Services. Although the recent mergers and acquisitions activity has quietened down the major threat is the ongoing divestiture of skills within the sector and the move towards online banking being the primary method of personal and business banking. Alliance and Leicester have announced job cuts in the past month whilst reportedly HSBC are on the verge of announcing significant job losses. This is coupled with UK Government pressure for Lloyds and Royal Bank of Scotland to sell off UK branches.

Retail and Distribution: The retail and distribution industry is increasing productivity towards the run up to Christmas. Worryingly, consumer spending remains frugal. The region has been rocked this month by the job losses at Dams International, Wine Cellar and potentially Threshers off licenses.

Manufacturing: The current recession is having significant impacts on the manufacturing industry and the downsizing within the sector is currently focussing on increasing efficiencies whilst maintaining skilled labour. Therefore this is resulting in the reduction in non critical employment such as customer support.

Printing and Publishing: The numbers employed within regional newspapers selling classified advertising space is significantly reducing. This is largely due to a fall in demand for services (less jobs being advertised) but also the move to web based media. The majority of media sales are still conducted in call centre operations.

Telecoms: Internet and telephone based self service continue to revolutionise the service delivery models within the sector. Redundancies have been announced at 02, Virgin Media, Carphone Warehouse and BT in recent months. Reportedly BT's plans to axe 10,000 jobs worldwide and Virgin Media are still on course to reduce their workforce by 2200. Orange have also reportedly the closure of call centres in India.

Public Services: Brent Council, Derby Council, Land Registry and Passport Services have all downsized in the past two months. The key challenge facing the public sector is the reduction in budgets which is resulting in service leaders implementing 'accelerated transformation programmes'. Local councils such as Wirral Council and Hyndburn Council have both been in the news this month detailing the pressures to further reduce spending due to Government funding cuts. Although it is worth noting at this stage that neither council have announced job cuts of the current workforce.