

Monthly Economic Update – September 2009

SECTOR – CALL CENTRES

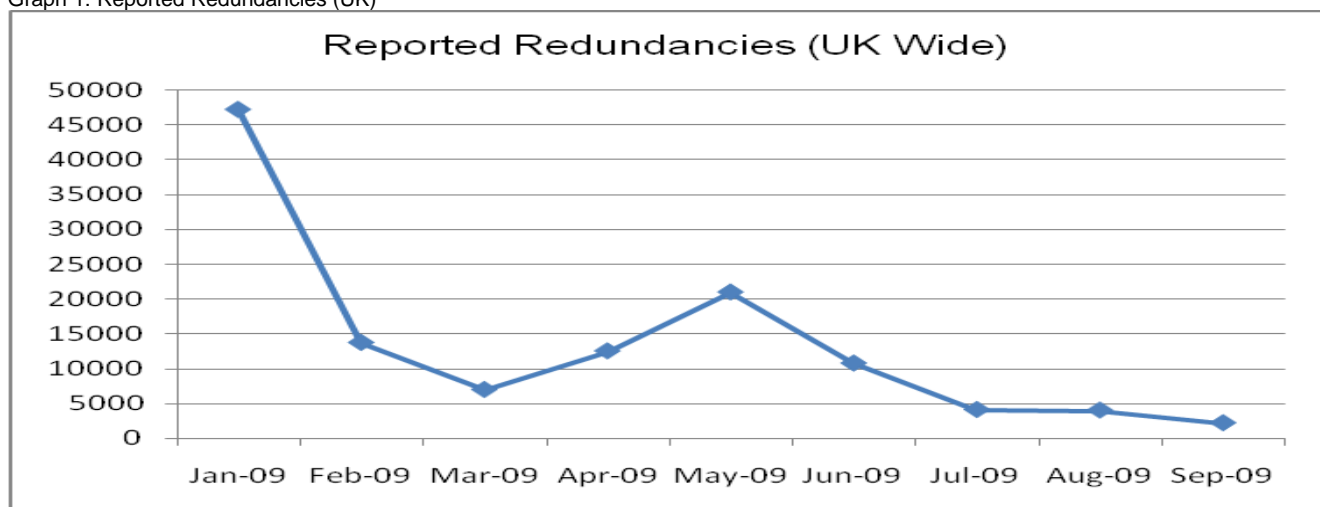
Summary of Economic Conditions

Within September the North West call centre sector employment has performed fairly well with no significantly high redundancies announced and a number of large employers announcing recruitment campaigns. Up to date information from the National Statistics shows that August was a very positive month for those seeking employment in customer service. The data suggests that a number of companies are starting their seasonal recruitment campaigns earlier than in previous years. This suggests that the lean staffing models the industry has been operating with over the past 18 months are struggling to cope as demand starts to increase for services. This positivity comes with a proportion of bad news as for the first time in a long time the number of Job Seeker Allowance claimants in the region has broke the 200,000 ceiling. In August 2007 there were 109,800 JSA claimants in the North West. In August 2009 this figure is at 201,172.

Redundancy Watch

Despite the increase in JSA claimants there have been continued signs of a fall in the number of announced redundancies across the UK. 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 30th September the number of announced potential redundancies in the UK was 2204, significantly lower than the 4026 recorded last month. The North West though was significantly affected though with redundancies announced at BAE Systems and Pontins in Blackpool.

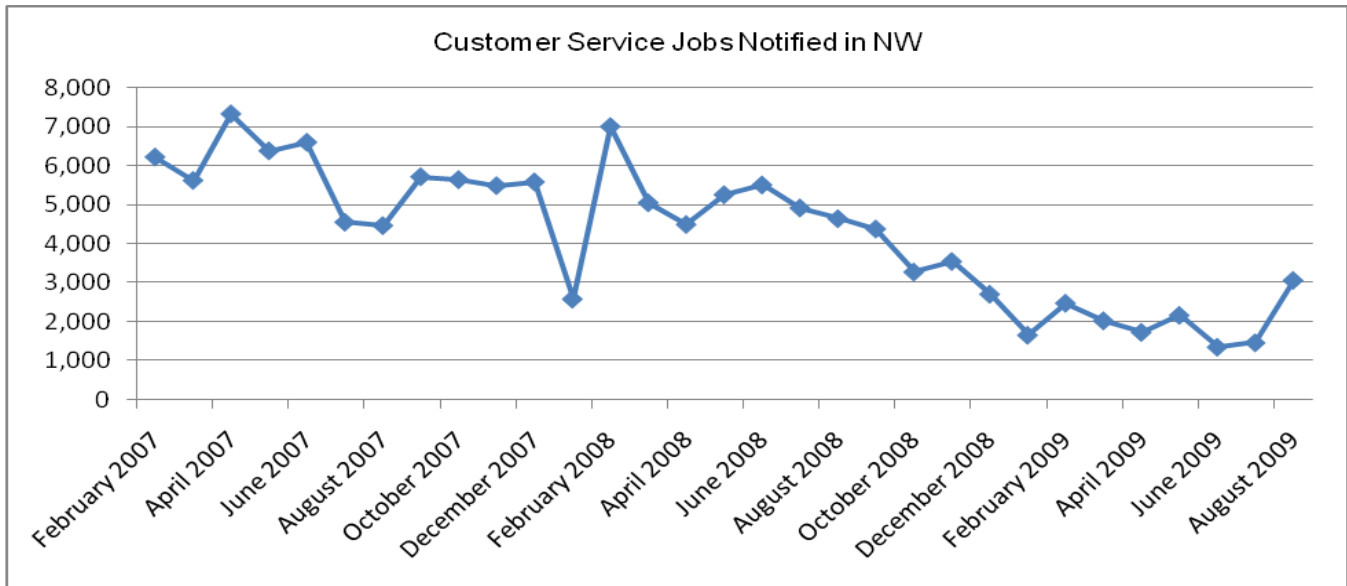
Graph 1: Reported Redundancies (UK)



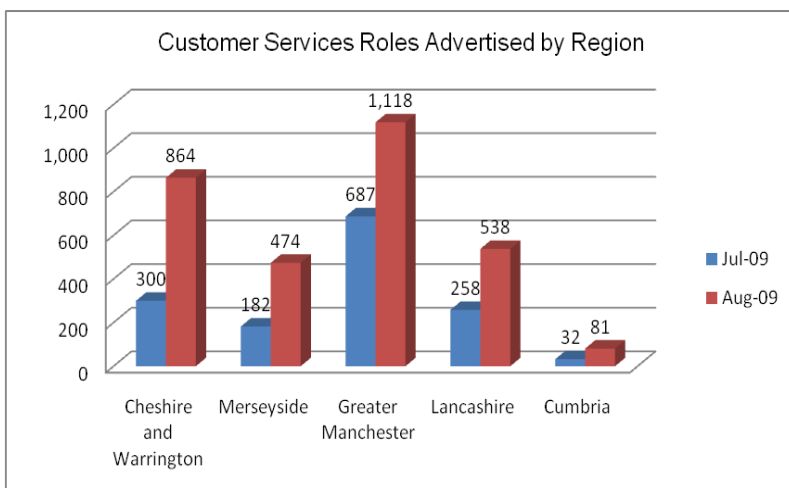
Customer Service Vacancies

The national statistics data on the number of jobs advertised for customer service roles in the North West recorded a significant increase in the number of jobs notified between July and August 2009. The number of vacancies advertised in North West job centres actually doubled resulting in the North West recording the largest number of customer service vacancies since November 2008. In previous years trends have been for the jobs advertised in customer service to increase significantly in September. Usually August is a lean month yet this month's data suggests that call centres are starting their seasonal recruitment campaigns a month earlier than in previous years. Although the numbers are significantly lower than the figures reported in the late summer of 2007 the increase in the last two months suggests employers are starting to consider increasing their customer service labour force.

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



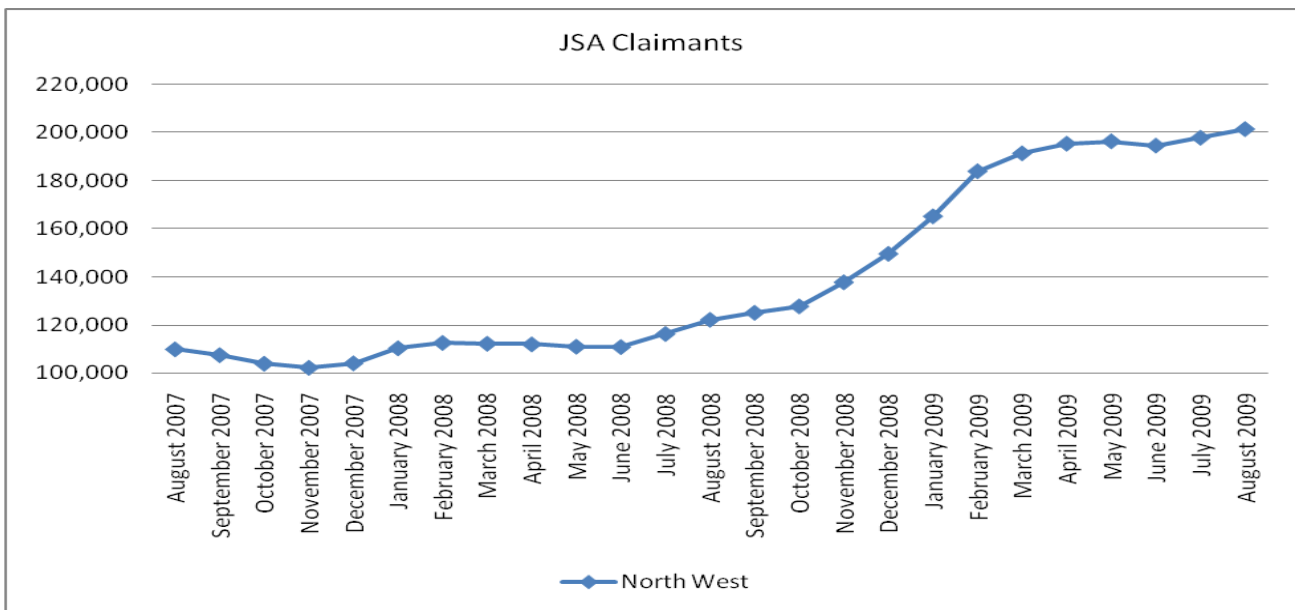
Graph 3: July 09 – August 09 Comparison: Customer Service Roles advertised by North West Sub Regions.



Increases in the number of Customer Service roles advertised in North West job centres have been recorded across all 5 North West sub regions. The biggest increase was recorded in the Cheshire and Warrington region where the number of vacancies increased by 188%. The major employment areas of Manchester, Liverpool and Warrington all showed significant increases in the number of advertised vacancies.

As previously stated the number of Job Seeker Allowance (JSA) claimants in the region has broke the 200,000 ceiling. In August 2007 there were 109,800 JSA claimants in the North West. In august 2009 this figure is at 201,172.

Graph 4: August 07 – August 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 region	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%	Medium
Retail and Distribution	15%	Medium
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. Lloyds Banking Group, which now owns Bank of Scotland, has announced organisational changes within its asset finance division and human resources function. As a result of these changes, there will be a reduction of 218 roles across the group by the end of 2010 which could affect staff in Chester. The debt management industry continues to grow with 'Debt matters' in the news again. The Bolton based debt management company have sold part of its business to Harrington Brooks. Despite the acquisition Debt Matters are looking to recruit another 30 sales staff to deal with the continued increase in the demand for their services.

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.

Services: A number of large professional and business to business services have reduced their call centre operations. This is particularly evident in legal services and accounting services being provided to small and medium sized enterprises in the local economy. A report by the Centre for Economics and Business Research (CEBR) forecast that the business services sector could see more than 300,000 jobs lost in the next three years. Advertising is singled out by the research as facing the worst future, with 15,000 jobs expected to be cut.

Telecoms: Redundancies have been announced at O2, Virgin Media, Carphone Warehouse and BT in recent months. Reportedly BT's plans to axe 2000 jobs in India to provide work for their UK labour force during the recession has hit difficulties due to union unease at potential shift patterns.

Shifts in Status

Retail and Distribution: The retail and distribution industry will start to increase productivity towards the run up to Christmas. Some good news in retail and distribution for the region this month with the news that John Lewis are considering Manchester as a location for one of its two call centres. Sadly reports in the local media that John Lewis had chosen Manchester as opposed to Newcastle was premature as the decision over the location has still to be officially announced.

Outsourcing: The outsourcing industry is highly competitive. Potentially the global industry is forecast to grow yet it is off shoring as opposed to near shoring where the increase is. A recent study by strategy consultancy Roland Berger Strategy Consultants polled senior executives at 200 UK-based multinationals and suggests that 81% are intending to offshore key business functions within the next six years. 64% of UK businesses are considering moving customer service functions overseas. As organisations look to cut costs outsourcing will look a more cost effective model but the move will be to economies which pay low wages yet have highly educated employees. The loss of potentially 1200 jobs in the UK at Fujitsu announced in August is a sign of things to come as outsourcers try to compete in a more cost effective manner. North West based outsourcer LBM announced this month that they were recruiting 120 employees. However, these roles are being advertised for their Belfast operation.

Good News Stories

Several good news stories this month. The announcement of the North West Regional Call Centre Awards shortlists has resulted in a flood of good news stories from North West companies appearing in the call centre industry press. This bulletin though will concentrate on the regional stories that have hit the mass media headlines.

First and foremost a number of firms announced significant job increases and developments in the region. Tesco is to open a call centre in Prescot. Tesco Telecoms will create 100 jobs at the Kings Business Park, which will be managed by Prescot- based customer management outsourcing firm Vertex Group.

Preston's Homeserve Plc staffing levels continue to fluctuate like the stock exchange. In previous months we reported the loss of 60 jobs this was then followed with the creation of 50 jobs. Now reportedly the firm are looking to create 300 new jobs at the Preston based call centre.

Last but not least North West call centres dominated the North of England Business Excellence Awards this month. Liverpool Direct, a public-private sector partnership between BT and Liverpool City Council which employs 1,100 people, was named North of England Business of the Year and also won the award for private sector businesses with 250 or more employees. It will now go forward into the finals of the national Business Excellence Awards. Burnley Borough Council's one-stop services centre Contact Burnley also won an award for 'People and People Results'