

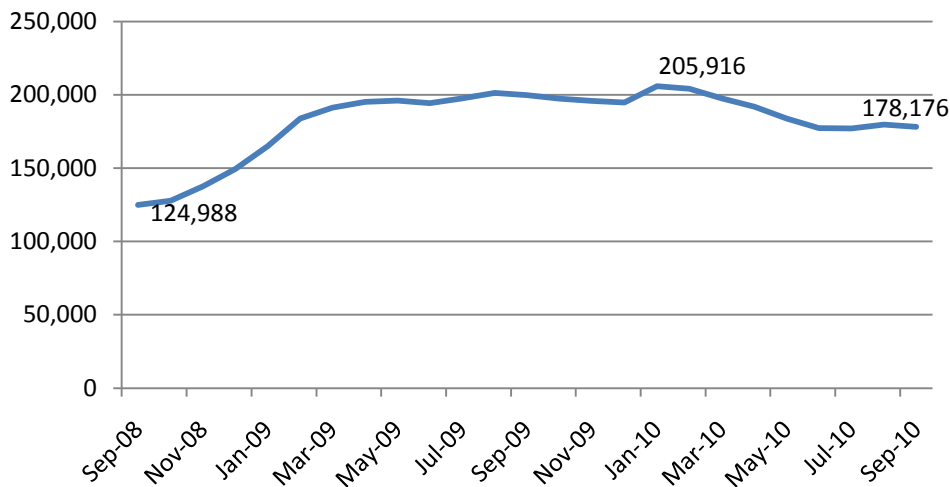
Monthly Economic Update - Sep 2010

SECTOR – CONTACT CENTRES

SUMMARY OF ECONOMIC CONDITIONS

The year's downward trend in the Northwest's Job Centre Allowance claimant count continued in September with a fall of 500 to stand at 178,176. This total is nearly 28,000 below the recent high of 206,000 in January 2010.

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



Looking at the trend for the region since the middle of the decade, the claimant count rose from 100,000 in January 2005 to 206,000 in January 2010. Therefore, we expect the claimant count to fall back to around 100,000 by the end of the next recovery cycle. However, it is very hard to predict at this time how long it will take to reach this figure.

Our JSL Claimant Count Index (Jan 10 = 100) stands at 87 for the Northwest of England in September. This is in line with neighbouring regions in England (Table 1).

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

	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands
Sep-04	48	47	43	44	47
Sep-05	50	50	47	48	54
Sep-06	55	57	54	55	60
Sep-07	51	52	48	49	54
Sep-08	61	61	57	56	60

Sep-09	94	97	95	97	99
Jan-10	100	100	100	100	100
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

KEY CHALLENGES AND HOTSPOTS

Sector Watch

The UK contact centre sector enjoyed its most positive month of the year so far. Our news scanning service picked up over 1,500 reported job gains during September, with the ongoing RBS restructuring providing the only negative coverage. Consolidation in the banking sector provided gains and losses during the month in the Northwest. Santander announced the opening of a new contact centre in Liverpool, creating 200 jobs, while RBS will shed jobs in Liverpool.

Tesco's ability to grow its brand into new non-food markets is benefitting the region. Tesco Mobile has announced 160 new jobs will be created at O2's Runcorn centre to service its customers. The site will complement Tesco Mobile's existing facility in Bury, which employs over 300 staff. During the month, the Barrow and Furness MP John Woodcock met Warren Buckley, managing director of BT Retail customer service, and Tim O'Sullivan, BT's director of Public Affairs in London to discuss the Barrow centre that is slated for closure.

BT has blamed the closure on falling numbers of people calling directory enquiries. The centre was previously threatened with closure in 2005 and 2008, but the staff managed to stave off the threat when they proved they were performing well.

Home-working is about to grow in the Northwest. Emergency insurance firm Homeserve, which employs 700 people at its site on Caxton Road, Fulwood, is looking to fit computers into people's homes to allow them to take calls from policy holders. It wants to take on 54 new home workers before the end of the year as it gears up for the busy winter period adding to the 21 home workers already on its books. Using home-based contact centre agents offers companies the ability to tap into a deeper labour pool that includes parents wishing to return to work, people with disabilities, and those living in remote locations. Such employees often offer greater work and life experience and higher academic qualifications compared to the traditional contact centre agent applicant.

Outside the Northwest the outsourcers had a good month for contract wins and job gains. Clearanswer announced 100 new jobs in their Hull centre. Sitel won a John Lewis contract, which will be delivered out of its Exeter operation. Telemarketing firm VOICE will add 125 jobs, rising to 500, with the announcement of a new site opening in Sheffield. And 2Touch will grow its Sunderland operation by 200 staff to handle a growth in orders.

Despite some high profile failures during 2010, the contact centre outsourcing sector is commonly considered to be a net beneficiary from the economic downturn. Outsourcers offer flexibility and scalability, allowing their clients to align their service and telesales functions more closely to market conditions and cash-flow. The winners in this sector are beginning to shine.

Looking forward to October, the Government's spending review has the potential to hit the region hard and the contact centre sector in particular. The Northwest is home to a number of major Central Government contact centre functions and any downsizing or closure will mean large job losses. However, the skill level in these centres is often high providing the private sector the opportunity to recruit experienced and qualified agents.

NW Contact Centre Good News Stories

Santander, Liverpool (200 job gains, confirmed) September 24th

Santander is to create a call centre with 200 staff in Liverpool as part of its rapid expansion into the UK. The Spanish bank is also establishing new call centres in Leicester and Glasgow, with 100 staff in each. Santander has 25 million customers in the UK and 1,300 branches, employing 22,500 staff.

Nigel Cotgrove, national officer of the Communication Workers Union: "This is welcome news for the UK banking sector and provides valuable new job opportunities."

Tesco Mobile, Runcorn (160 job gains, confirmed) September 20th

Up to 160 new jobs are being created at a call centre for Tesco Mobile in Runcorn's Preston Brook. The mobile phone network will deal with pay-as-you-go and pay-monthly business enquiries at the site, which is located within mobile operator O2's existing facilities. Tesco said the Preston Brook operation will complement a sister service centre in Bury which employs 312 staff.

Homeserve, Preston (54 job gains, confirmed) September 6th

More than 50 new jobs are being created by a Preston call centre - in the lounges and spare rooms of homes across the city. Emergency insurance firm Homeserve, which employs 700 people at its site on Caxton Road, Fulwood, is looking to fit computers into people's homes to allow them to take calls from policy holders. It wants to take on 54 new home workers before the end of the year as it gears up for the busy winter period adding to the 21 home workers already on its books.

NW Contact Centre Threats

RBS, Liverpool and Bolton (500 job losses, expected but not confirmed) September 3rd Around 500 jobs at back office centres in Bolton and Liverpool are under threat after Royal Bank of Scotland announced plans to cut around 3,500 back office functions across the UK.

The bank is to close 12 regional offices, including a call centre at Ashton House employing 200 people in Bolton and a centre at Liverpool Wavertree that employs 300 people. A larger RBS processing site at Parklands in Bolton is unaffected by the announcement. A spokesman for the bank said that not all of the staff working there would be laid off.

UK Contact Centre Activity

Clearanswer, Hull (up to 100 job gains, expected but not confirmed) September 27th

Up to 100 new jobs could be created in Hull thanks to the “high calibre” of staff in the city. Clearanswer, a call centre based at Essex House in Manor Street, city centre, has won contracts with both TalkTalk and Orange that will mean expanding staff numbers from 600 to about 700 in the next four months.

The company ran a seven-week pilot scheme with TalkTalk to test the added value of moving some of its customer service calls back to the UK from South Africa.

Santander, Glasgow (120 jobs gains, confirmed) September 26th

More than 100 new jobs are to be created at the Glasgow call centre branch of Santander, as part of a UK-wide expansion. Santander yesterday announced it would recruit an additional 400 staff at its call centres, with 120 of the posts allocated to the company’s Glasgow St Vincent Street office, which currently employs 329 staff.

Liz Cameron, chief executive of the Scottish Chamber of Commerce, welcomed the news. She said: “This is fantastic news for Glasgow and the wider west of Scotland area. It continues to illustrate the importance of financial sector and, as importantly, the need for us to develop a strong skill base.”

Santander, Leicester (100 job gains, confirmed) September 25th

Banking giant Santander has announced it is to create 100 jobs at its Leicestershire offices. The bank is to employ new call centre workers at its base in Carlton Park, Narborough, and plans to take on the staff by early next year. The company closed its call centre in Southgates, Leicester, at the end of last year, with many staff made redundant. The new jobs have been welcomed by business and union leaders.

Sitel, Exeter (contract win from John Lewis, no extra jobs confirmed) September 23rd

Sitel, the leading business process outsourcing (BPO) provider, as ranked by the Black Book of Outsourcing, has been selected by John Lewis to provide technical support for all electrical customers across the UK from Sitel’s contact centre in Exeter.

With the Sitel solution, John Lewis has benefited from a bespoke CRM system created and managed from Sitel to centralise all new customer purchasing and after-sales information. As a result, if a customer contacts the new technical support centre or visits a John Lewis shop, the customer experience will be seamless with shop Partners (staff) being able to access and update on progress with any product.

VOICE, Sheffield (125 job gains, confirmed, another 375 gains by the end of 2011) September 21st

A Sheffield telemarketing company is ready to create 500 new jobs after opening a new site within the city. VOICE marketing has renovated and upgraded the 25,000 sq ft of office space at The Mount in the Broomhill area of Sheffield, following an £850,000 investment. Around 125 jobs will initially be created, with a further 375 added by the end of next year.

VOICE is currently based in Woodseats, where around 270 staff are located. The new site will support their original office, providing further room for the company to continue their expansion. The company has grown remarkably since being established less than four years ago and is expecting to turnover more than £7million this year.

LSL, Southampton (100 job gains, confirmed) September 17th

More than 100 jobs are being created in the heart of Southampton with the opening of a new call centre. The property giant behind familiar high street brands such as Your Move and Reeds Rains is on the lookout for new staff to work in the centre, which will support its estate agency business.

Ian Hugglestone, call centre manager for the new Southampton operation, said: "There are numerous benefits to LSL in choosing Southampton, not least its excellent geographical position, but also the facilities and services it offers to us as a business and also to our staff.

Balfour Beatty, Newcastle (200 job gains, confirmed) September 15th

Construction giant Balfour Beatty is creating 200 jobs in Newcastle with a new customer support centre. The firm said the Quorum Business Park site would provide central accounting, payroll and buying services.

A company spokesman said Newcastle was chosen because of the availability of a "skilled and flexible workforce".

Homefix, Middlesbrough (160 job gains, confirmed) September 13th

An emergency call-out and repair business has created 160 jobs in the North East as part of its nationwide expansion plans, which it expects to help grow its £2.5m turnover to around £9m. Middlesbrough-based Homefix 24/7 was set up last November by Manchester parent company Mainframe after it spotted a gap in the market for a business that covered the whole range of emergency call-out services, including everything from plumbing emergencies to electrical repairs and pest infestations.

Homefix is looking at a number of former call centres in which to expand its own inbound operations, including a number of sites abandoned by contact centre operator Garlands after it collapsed earlier this year, resulting in the loss of 1,100 workers

Npower, Newcastle (consolidation of 2000 staff in a new flagship centre) September 11th

Npower's decision to locate its call centre in the North-East is the latest example of the region becoming "like a Silicon Valley for the customer services industry", according to the company's chief executive. The facility, at Rainton Bridge Business Park, Houghton-le-Spring, Wearside, was opened yesterday by npower chief executive officer Volker Beckers and Houghton and Sunderland South MP Bridget Phillipson.

npower's decision to bring together 2,000 of its customer service staff at the flagship site offers further evidence of the region's reputation as a world-class site for call centres.

2Touch, Sunderland (200 job gains, confirmed) September 1st

Call centre 2Touch – based at Doxford International Business Park – announced today it is breaking the economic trend and is starting the search for 200 extra sales staff to cope with soaring demand. 2Touch boss Stuart Gray said part of the reason they were able to grow so well was the fact the company's staff were providing a renowned service.



Regional Intelligence Unit

provided by the NWDA Research Team

He said: "At a time when many companies are looking to cut costs and restructure, we are in the very fortunate position of being able to offer well-paying jobs to a large number of people."