

Economic Development Committee EDC-11-00(p.2)

Date: 22 June 2000

Venue: National Assembly for Wales , Committee Room 1

Title: First Line Mobile

Purpose

1. The Committee has asked for a paper setting out the circumstances surrounding this particular case; whether the company received any public assistance (advice, grants etc); what information was available to Assembly, WDA, TEC officials about the company's situation; what action is now possible; and what measures will be put in place to assist the staff who have lost their jobs. The Committee has also asked about the impact this closure might have on the reputation of call centres generally and hence on recruitment.

The circumstances of the case

2. In a press statement, the company records that in the first period of trading of the current year, it encountered certain difficulties as a result of the changes in the rapidly developing and increasingly competitive mobile 'phone market.

3. Some of the difficulties manifested themselves as financial pressures that endangered the trading capability of the Company. In recognition of the financial position, the directors of the company devised a strategy to attempt to revitalise the business.

4. The plan involved the willing support of over three-quarters of the company's creditors in a move to improved products and the planned launch of a new mobile 'phone.

5. One major creditor formally withdrew its support for the Company. Without that support the directors could not allow the company to continue and the company ceased trading.

6. The company did not actually receive any public assistance either in terms of advice or grants. The firm was talking to the National Assembly about Regional Selective Assistance for expansion in Swansea, but that finally took place without grant.

7. There was no information available to Assembly, WDA or TEC officials about the company's situation since there was no formal relationship, as noted above, either in terms of advice or grant.

8. Measures that are in place to assist staff who have lost their jobs are as follows.

- Fliers were prepared by the Employment Service to hand to employees before their employment was terminated at the end of their shift on the final day.
- The fliers directed employees towards special telephone numbers at the Jobcentres in Cardiff and Swansea as well as to Employment Service Direct. The Employment Service dedicated telephone system meant that clients who contacted one of these numbers could be internally transferred to their nearest office to make an appointment or receive advice.
- A number of Jobcentres in the districts extended their opening hours on Thursday and Friday and opened on Saturday to enable the ex-employees to get a prompt service, both for claims taking and job finding
- Both Cardiff and Swansea Jobcentres organised Jobsfairs to be held in the Jobcentres. The 28 different employers represented at the fairs and around 1,500 people attended on Saturday, around 90% of whom were from First Line Mobile.
- The employers at the Jobsfairs had 1,750 applications (many people applied for several jobs).
- Around 550 claims to Job Seekers Allowance had been taken in the Swansea District up until close of business on Saturday 10 June. The volume of claims had been slower in Cardiff with only about 100 claims to that date but the travel to work areas is much larger for Cardiff and small numbers of claims may be being processed over a wide area.

The impact of the closure on call centres generally

9. Although there have been some bad reports about the First Line's trading practices, this is not typical of call centres generally. Whatever First Line's difficulties, one must not lose sight of the fact that there are lots of good solid firms in Wales such as Admiral, Manpower, NTL, and One to One.

10. Our recent significant captures - Cable and Wireless, NTL, Manpower/7C, One to One, BT - are all creditable companies with long track records. They are establishing state of the art facilities which reflect the need for employees to have a good environment in which to work. And all of them are investing in Wales with a view to being here for a long time - there investments are not short-term.

11. Through Regional Selective Assistance and the Welsh Development Agency's ongoing customer care programme, contact will be maintained with these companies.

Strategy for the future of call centres in Wales

12. Our strategy is to continue to attract high quality call centre operations. Those which

provide good working environments, long-term prospects for employees and greater skills levels.

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