



# the figures

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**QUORUM**

NEWCASTLE



# A Perfect Example

The UK is one of the leading business locations in the world. A rich and diverse market with world-class industries including Life Science, ICT, Creative, Financial and Professional Business Services, Aerospace and Automotive engineering, the UK offers an attractive location for businesses with easy access to customers, product innovators, suppliers and partners. The UK was the leading country in Europe with \$26.51bn of FDI invested in the country in 2013 (FDI Report 2014).

There is an increasing trend of re-shoring and near shoring in the UK, with companies assessing and optimising their footprints and taking advantage of lower cost locations outside of London and the South East. A good example of this is the success of Balfour Beatty in north-shoring their operation and setting up at Quorum Business Park in the North East of England. Not only have they significantly reduced their operating costs and saved over £50 million, they have been able to recruit and sustain the right talent and reduce staff turnover from 20% people to 5% p/a.



Matthew Parry  
Business & Location Consulting  
JLL London

Making key strategic location decisions requires a delicate balance of financial, non-financial and risk factors, assessed and analysed together to identify the optimal location to expand or relocate a business. Quorum Business Park performs well in these categories, and has a proven track record of attracting multinational corporates from abroad and from within the UK.



Running an SSC/BPO  
at Quorum costs  
**20-25% less**  
than in South East UK.

In 2014, Quorum commissioned JLL Business & Location Consulting to undertake a bench marking exercise, analysing both financial and non-financial attributes of investing at Quorum Business Park Newcastle.

# Financial Assessment

One of the major considerations when assessing a new location is the financial impact. Major cost considerations include Labour and Real Estate (the two most notable geographically variable cost items).

JLL Business and Location Consulting have analysed and estimated the annual operating costs for a **250 FTE Business Process Outsourcing Call Centre** operation in Quorum Business Park:

## Composition of Labour:

- **Customer Services Lead**  
(x2 - £110,000 / FTE)
- **Customer Services Representatives**  
(x80 - £27,600 / FTE)
- **Telesales - Inbound**  
(x70 - £17,244 / FTE)
- **Telesales - Outbound**  
(x70 - £17,400)
- **Customer Services Manager**  
(x10 - £70,000 / FTE)
- **Business Unit Manager**  
(x5 - £60,000 / FTE)
- **Project Manager**  
(x5 - £112,800 / FTE)
- **Receptionist**  
(x3 - £18,800)
- **Secretary**  
(x2 - £23,200)
- **Facilities / Office Services**  
(x3 - £34,850)

## Composition of Occupancy:

Assumes 80 sq ft per person equating to 20,000 sq ft space requirement with a net effective rent of £10 per sq ft p.a., service charge of £3.50 per sq ft p.a. and business Rates: £5.20 sq ft

Year 1 Annual operating costs estimates for a 250 BPO / Call Centre in Quorum have been outlined below:

- **Labour:**  
£6.6 million (gross wages)
- **Real Estate:**  
£0.27 million (includes service charge)
- **Business Rates:**  
£0.1 million
- **Recruitment Costs:**  
£1,000 per employee
- **Training Costs:**  
£250 per employee
- **Total Operating Costs Year 1:**  
£6.985 million
- **Minus government incentives\*:**  
£0.75 million

*\*Quorum and Newcastle also benefit from local training grants and services worth up to £3,000 per employee, coupled with real estate incentives including rent free periods and contributions towards fit out. These incentives are accretive to the value proposition of Quorum Business Park.*

Note: These figures are indicative only.



# Non-Financial Assessment

Non-Financial considerations also need to be taken into account when analysing locations. JLL Business and Location Consulting typically use a location framework, similar to the one below, to evaluate the merits of a location and assess a wide range of non-financial factors.

Each criteria will have a different weighting and importance, depending on business sector and type. Quorum performs well in a number of these location factors and we have highlighted the key attributes of the business park for companies looking to set up or relocate their operations to the North East.



**15k+**

**Ability to Scale Talent**  
112,000 students enrolled in 4 internationally renowned universities close by to Quorum

Over 15,000 Business and Administration graduates annually



**80%**

80% of North East graduates working in the same region in which they studied, provides a skilled and extensive labour pool in which to scale up operations.



**750,000**

**Ability to Sustain Talent**  
750,000 economically active population within 30 minute commute to Quorum

Loyal, motivated, local workforce

Over 85% of local workforce report being 'engaged' or 'actively engaged'



**51 buses per hour**

**Accessibility**

Newcastle International Airport is less than 10 miles from Quorum, and services over 60 global destinations including New York and Dubai

Direct train to London takes 2hr 50mins

Direct train to Edinburgh takes 1hr 25mins

51 buses per hour depart from/arrive to Quorum during peak hours



**Grade A**

**Real Estate & Infrastructure**

Quorum offers **Grade A office accommodation** within an excellent working environment. All buildings are finished to a high specification and allow flexibility in terms of space requirements. A recent survey by Eware rated Quorum as excellent level of data connectivity and telecoms.



**40,000**

**Competitive Environment**

The North East is a **mature business location** for BPO and Shared Services  
145+ Shared Service Centre / Business Process Outsourcing companies

Over 40,000 people working in Customer Service centres



**Grants available**

**Government Support**

Availability of financial incentives from local sources including **training grants worth up to £3,000 per employee** and other cash grants available from the Let's Grow Fund

Other grants potentially accessible from national government e.g. RGF



**Low cost, high quality**

**Quality of Life**

**Low cost living and high quality of life**, including an abundance of green open spaces and beaches across Northumberland

On-site amenities and events programme work life balance is excellent, with regular business park events and health and fitness activities.

# Risk Assessment

For companies looking to invest into the UK and North East England, risk can be a key dimension of the evaluation process. Political, economic, environmental and access to markets are some of the key risks that need to be considered.

The UK Government's Plan for Growth drives coordinated action that seeks to create the most competitive tax system in the G20, make the UK the best place in Europe to start, finance and grow a business, encourage investment and exports and create a highly skilled workforce that is the most flexible in Europe. This includes having one of Europe's largest workforces, flexible labour regulations, very high labour force participation rates and a wide range of foreign language skills underpinned by English, the global language of business. (UK Trade and Investment June 2014)



The UK also performs well in the Corruption Perceptions Index 2013, ranked 14th out of 177 countries and territories. This index ranks countries and territories based on how corrupt their public sector is perceived (Transparency International 2014).



"The establishment of WorkSmart, Balfour Beatty's Shared Service Organisation, in Quorum has improved efficiency and saved us money. **Savings achieved in the first year following the move to Newcastle exceeded £15m** and headcount has grown beyond initial estimates as new Shared Services have been added."

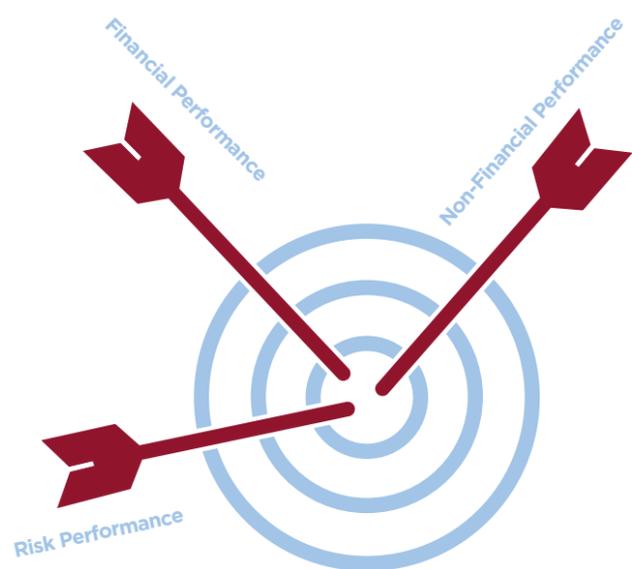
**Ian Dawson**, Business Services Director, BALFOUR BEATTY WorkSmart

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# Local Evaluation Framework

By assessing the three dimensions of financial, non-financial and risk factors together, Quorum Business Park offers a compelling business case for companies looking to relocate or expand operations into the UK and the North East.



## NON-FINANCIAL PERFORMANCE

- Ability to Scale Talent**
  - **112,000 students** enrolled in universities close by to Quorum Business Park
  - **5 major internationally renowned universities** in the local area
- Ability to Sustain Talent**
  - Loyal, motivated, local workforce
  - Over **85% of local workforce** report being 'engaged' or 'actively engaged'
- Real Estate & Infrastructure**
  - Quorum offers some of the most competitive office rents in the UK for **Grade A accommodation** and an **excellent working environment**.
- Competitive Environment**
  - **145+ Shared Service Centre** / Business Process Outsourcing companies
  - **Over 40,000 people** working in Customer Service centres
- Accessibility**
  - **2hr 50mins** train journey to London
  - International Airport servicing over **60 global destinations**
- Quality of Life**
  - Low cost of living
  - High quality of life



## RISK PERFORMANCE

- Political Risk**
  - Politically stable, **pro-business local government**
  - Attractive business environment with local **economic incentives** available

## FINANCIAL PERFORMANCE



**£10 sq ft**

- Employee Costs**
  - Telesales inbound: **£17,250 per annum**
  - Customer Services Rep: **£27,600 per annum**
- Occupancy Costs**
  - Office Space: **£10 per sq ft** net effective rent
  - Service Charge: **£3.50 sq ft**



**Rent Free period**

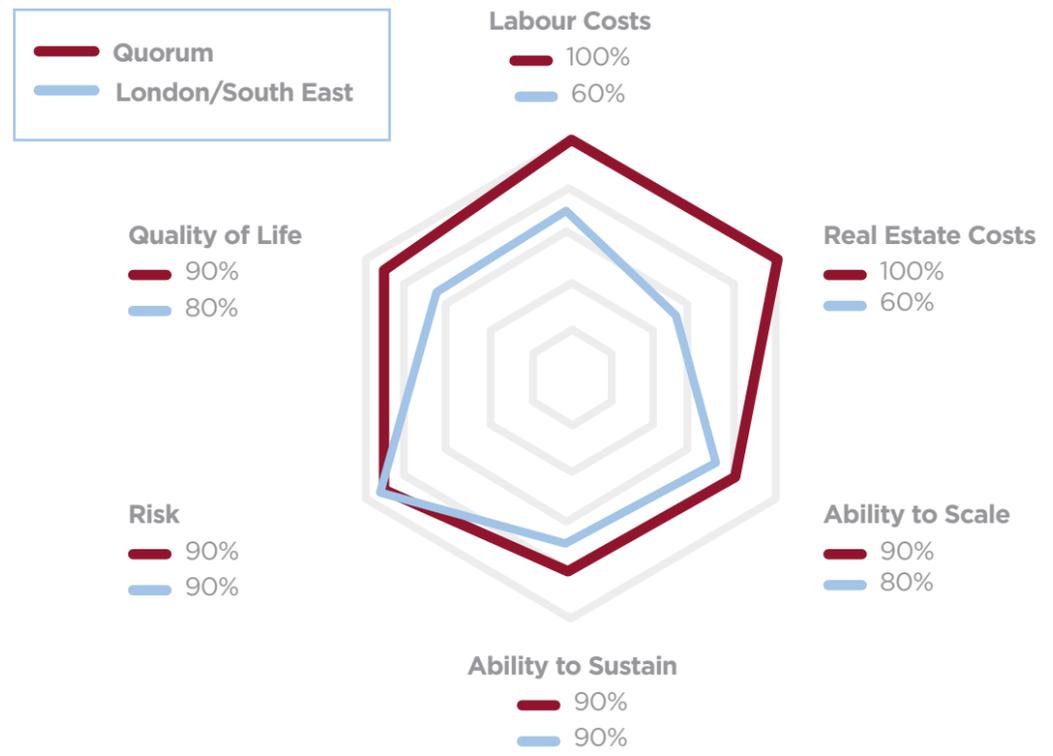
- Incentives**
  - Real Estate: **rent free periods** plus contributions towards fit out
  - Government: **wage cost and capital expenditure subsidies**

# Conclusion

Companies are increasingly looking to reassess their enterprise footprints, targeting cost efficiencies and productivity. Finding the optimal location requires a blend of factors, ranging from labour costs to working environment.

Quorum Business Park in Newcastle offers this balance. Quorum can offer **Grade A office accommodation** in a modern business park environment and is located in a region where **labour costs are significantly lower than other major cities**. The labour catchment is large and the labour pool skilled, sustained with a large graduate population from nearby universities.

Quorum has an excellent track record of attracting major occupiers, both nationally and internationally. In recent years there have been significant investments from - Balfour Beatty (500+ jobs), Tesco Bank (1,000+ jobs), Cofely (300 jobs), Insure the Box (250 jobs) and Ebiquity (200 jobs).



The chart above shows an indicative comparison of Quorum vs. London / South East in terms for a new shared services centre. **Quorum out performs in nearly all categories.**

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