



## Our Economic and Social Impact

June 2017

*Building Homes,  
Building Value*



In just over 70 years, Bellway has grown from a local north east of England family-owned business to one of the most successful house builders in the UK.

Directly employing over 2,300 people, last year (2016)<sup>1</sup> we sold 8,721 high quality homes to suit housing styles and our customers' budget, helping to create a range of new local communities.

## Housing continues to be an important issue in the UK.

The Confederation of British Industry (CBI) reports<sup>2</sup> that anxiety over housing is at its highest level in forty years and is the fifth priority of the electorate (after immigration, the EU, the NHS and the economy).

A recent Government White Paper<sup>3</sup> estimated that to keep up with demand for new homes, around 250,000 needed to be built per year.

Bellway is committed to playing an important role in addressing these issues and we have increased the number of homes built by 27% in the last three years and 67% in the last 5 years.

We have recently been awarded five-star status by the Home Builders Federation, the highest accolade a new homes developer can receive, with more than nine out of ten customers saying they would recommend Bellway to a friend.

As well as addressing the country's housing needs, our home building activities improve the quality of life for our customers, creating and sustaining new and existing communities. We also deliver significant economic benefits at both local and national levels.

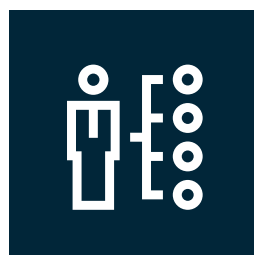
This report aims to quantify these benefits, setting out our socio-economic impacts in the following areas:



Economic  
impacts



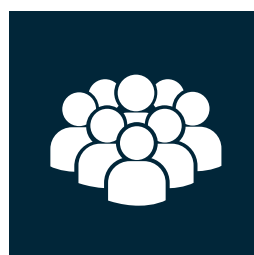
Contributions to  
public finance



Jobs and  
skills



Contributions to  
local authority  
finance



Investment in  
community  
projects

1) All 2016 Bellway figures in this report are for the Bellway financial year ended 31 July 2016.

2) No Place Like Home (October 2016), CBI.

3) Fixing our Broken Housing Market (7 February 2017), Department for Communities and Local Government

## The White Paper highlights that fewer people are able to buy their own home in the current market place.

The Government's Help to Buy schemes have been an important mechanism to support home ownership and of the 8,721 Bellway homes sold in 2016, 32% were to first time buyers. That is around 2,800 new homeowners whom Bellway have helped to get their first foot on the property ladder.

Another 16% of our homes were sold to Affordable Housing Providers (mostly Housing Associations) and local councils, representing an important contribution to meeting local housing need. These affordable homes are either let at below market rents or provide the opportunity of affordable home ownership through 'shared ownership' and other intermediate products.

**8,721**

homes  
sold

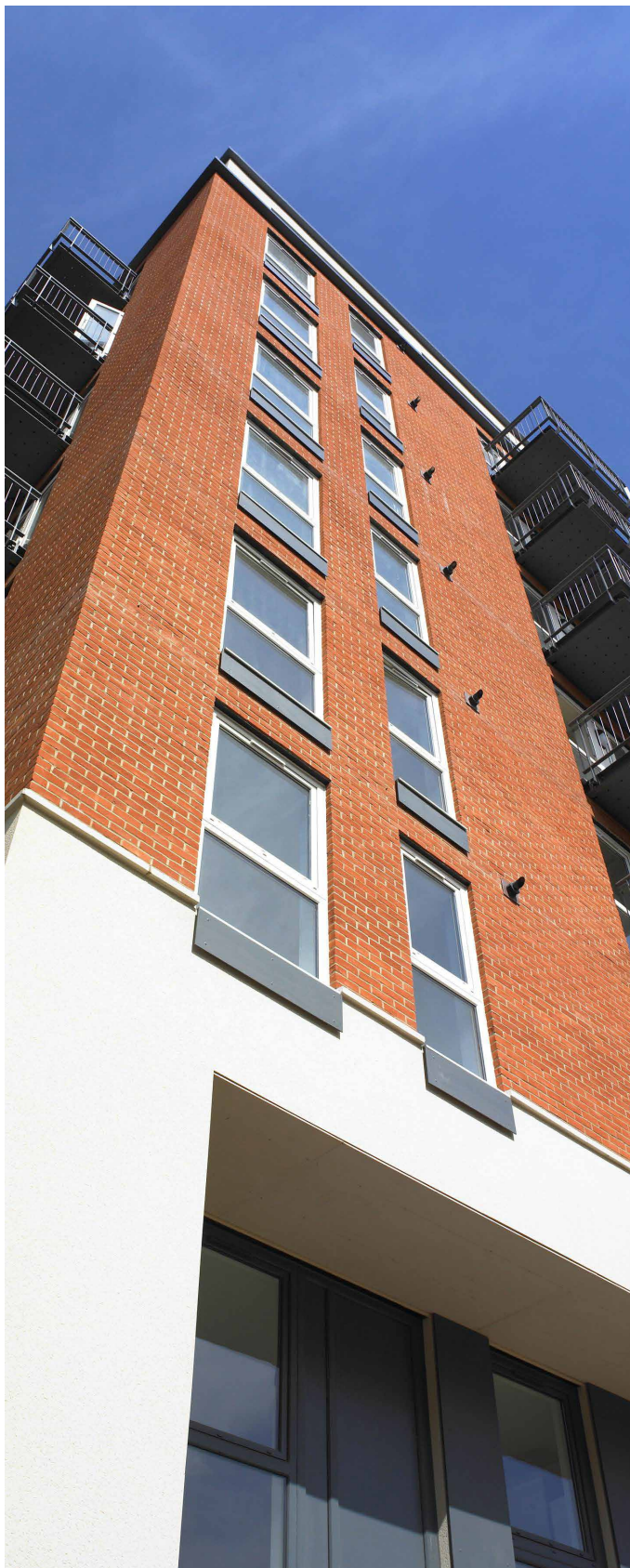
**32%**

homes sold to  
first time buyers

**16%**

sold to affordable  
housing providers





The development of brownfield land is acknowledged to support both economic and community regeneration and in 2016 the majority of our new homes (62%) were built on land that has already been developed. This strategy will continue to be important in our future plans, with brownfield sites making up 61% of the owned and controlled plots in our land bank.

In 2016 Bellway invested £670 million in land, injecting significant sums of money into the economy, and we currently own or control 24,879 plots with detailed planning permission (DPP). We do not 'land bank' and our business model focuses on securing land which either benefits from outline planning permission or is assessed as likely to obtain DPP within the next few years.

**62%**

brownfield  
land

**£670m**

invested  
in land

**APPROVED****24,879**

plots with  
DPP

As part of our growth plans and to meet the growing need for new housing, we have increased the number of Bellway operating divisions to 19. This has delivered an on-going boost to local employment and economic activity. In addition, we deliver economic benefits through the significant indirect employment in our network of sub-contractors and suppliers. We can then factor in the induced employment effect from the spending of these workers. Using data from the HBF<sup>4</sup> we estimate that in 2016 the total jobs created by Bellway's operation in the UK economy was between 26,000 and 28,000 (Bellway employees; sub-contractor and supply chain employees; induced employment).

The financial spend in our supply chain also delivers economic benefits, with a recent HBF report<sup>4</sup> estimating that 90% of housebuilders' spend on suppliers stays in the UK. Therefore, of our estimated £1.2bn spend in our supply chain, around £1.1bn remains in the UK, providing a significant boost to the economy. With 85% of this expenditure undertaken by our local divisions, the regional economies where we operate are significant beneficiaries.


**26,000-28,000**

 total  
jobs

**£1.2bn**

 supply chain  
spend

**£1.1bn**

 spend retained  
in UK

**Supplier Spend**
**£1.04bn**

Local Contracts


**£180.3m**

Group Contracts

**TOTAL £1.2bn**

4) The Economic Footprint of UK House Building (2015) by Home Builders Federation and Nathaniel Lichfields & Partners

In addition to this direct investment by Bellway, new home owners support the local economy as they spend money on goods and services in connection with their house move. Using data from the HBF<sup>5</sup>, we estimate that new Bellway households contributed a one-off spend of £44m in 2017, a proportion of which will have been spent locally. These households will then continue to spend their money within local shops and services and we estimate that this will be worth approximately £209 million in 2017.<sup>6</sup>



**£44m**

in new  
household spend



**£209m**

on-going annual spend from  
new households



Investment and Economic Data for 2016	
Total Homes sold	<b>8,721</b>
Private Homes	<b>7,345</b>
Affordable Homes	<b>1,376</b>

Homes sold to customers using Help to Buy	<b>32%</b>
First time buyers	<b>32%</b>
Investment in Land	<b>£670 million</b>
Homes on brownfield site	<b>62%</b>
Owned and controlled plots	<b>34,979</b>

Plots with DPP	<b>24,879</b>
Pipeline pending DPP	<b>10,100</b>
Strategic plots with positive planning status	<b>6,300</b>

All data from Bellway Annual Report & Accounts 2016.



5) The Economic Footprint of UK House Building (2015) by Home Builders Federation and Nathaniel Lichfields & Partners estimates on-off spending on a new home is £5,000.

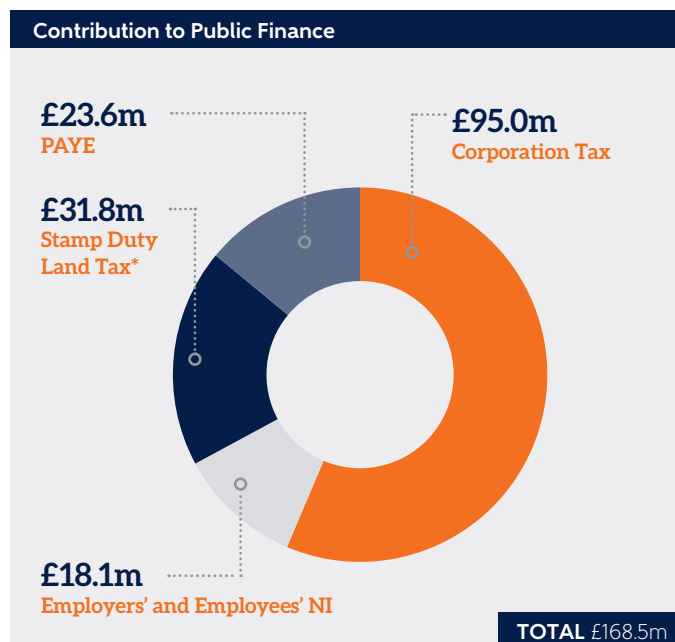
6) We have estimated this by using average UK household weekly expenditure figure of £461 per week, which is from the Office of National Statistics Family Spending Survey 2015.

Trust in business has come under greater public and media scrutiny in recent years, and a responsible approach to tax is an issue which has seen much debate.

Tax is needed to pay for important public services such as schools and the NHS, as well as for vital infrastructure. At Bellway we are committed to paying our fair share of tax and our strategy is to generate long term sustainable value for shareholders whilst being mindful of the spirit and legality of tax legislation.

In 2016 Bellway and our employees paid over £169million in tax revenues to Central Government, contributing to the economic prosperity of the UK economy.

Bellway also contributed through a range of other taxes such as landfill tax, business rates and non-recoverable VAT. This is a major contribution to Public Finance and does not include the amount of Stamp Duty Land Tax our customers pay on the purchase of their new homes which will be in the region of £20 million.



\* On the purchase of land by Bellway for development  
Data from Bellway PLC





We recognise that there is an industry-wide skills shortage in house building and as part of our effort to address this, in 2016 we increased the number of apprentices and graduates in our business by 14%.

Although employed by Bellway, the vast majority of our apprentices are mentored by our sub-contractors to ensure they gain the relevant industry experience to develop their career.



Bellway directly employs 2,366 people and we are a large contributor to the Construction Industry Training Board (CITB) Levy. The scheme invests and supports the training of workers across the construction industry and in 2016 Bellway contributed £1.4m.

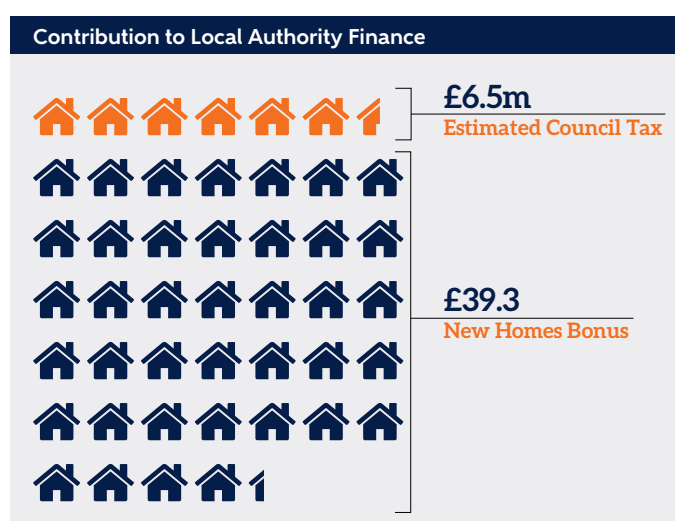
We also invest in the on-going development of our employees through in-house training and external courses, ranging from mandatory Health and Safety training to degree level qualifications funded by the company.



The new homes built by Bellway deliver a range of financial benefits to Local Authorities - new home owners pay Council Tax while Central Government pay a New Homes Bonus (NHB) grant to English Local Authorities to incentivise the building of new homes in their area.

In 2016 we estimate that our new homes generated around £6.5 million<sup>7</sup> in new Council Tax receipts for Local Authorities to fund local services. In 2017 these same households will contribute a full year's payment of £12.6 million in Council Tax receipts.

The NHB is based on the amount of extra Council Tax revenue raised from new-build homes, conversions and long-term empty homes brought back into use, as well as an extra payment for providing affordable homes. NHB is currently paid each year for 6 years and in 2016 we estimate that Local Authorities will have received a total of £39.3 million as a result of Bellway homes sold.

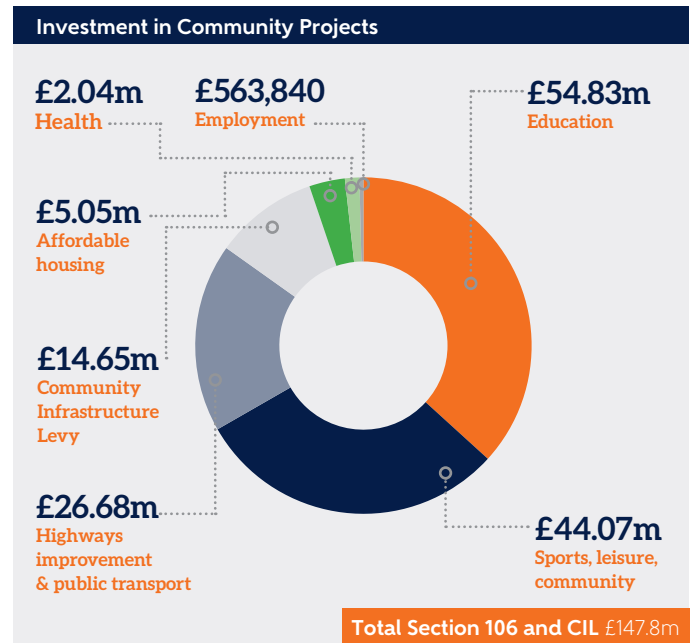


<sup>7</sup> We have calculated this by multiplying the average national Council Tax Band D value for houses in England (Department for Communities and Local Government); Scotland (Scottish Government) and Wales (Welsh Assembly) by the number of legal completions throughout the year. We have assumed that each completed home paid on an average of 6 months Council Tax in 2106.

## Our contribution to local communities extends beyond the creation of new developments.

Section 106 agreements are legal obligations between ourselves and the Local Authority that require us to invest in locally determined services or infrastructure while the Community Infrastructure Levy (CIL) is a planning charge made by local authorities to help deliver infrastructure to support the development of their area.

In 2016 Bellway's commitment in these areas totalled £147.9m for local services and infrastructure. In addition, Bellway and our employees donated a total of £284,704 to charities, community groups and local good causes.



**Investment in new homes is vitally important for the regional and national economies as it directly stimulates growth, supports jobs and ensures regional economic competitiveness through access to labour.**

In addition, housebuilding as a sector plays an important role in generating economic output. The HBF estimate that house building accounts for 3% of the UK's total Gross Domestic Product (GDP).

In the same report, the HBF provide a summary of studies that have sought to quantify the benefits that investment in new homes has upon wider economic output.

Using these multipliers we estimate that in 2016 the new homes built by Bellway have generated a total economic output of £4.7 bn.<sup>8</sup>

This report provides an overview of the benefits that arise from our activities and sets out why we believe housebuilding is vital in providing sustained economic prosperity in the UK.

For more information, our Annual Report and Accounts 2016 provides details of our business strategy and financial performance while our Corporate Responsibility report sets out in detail our CR strategy and performance.

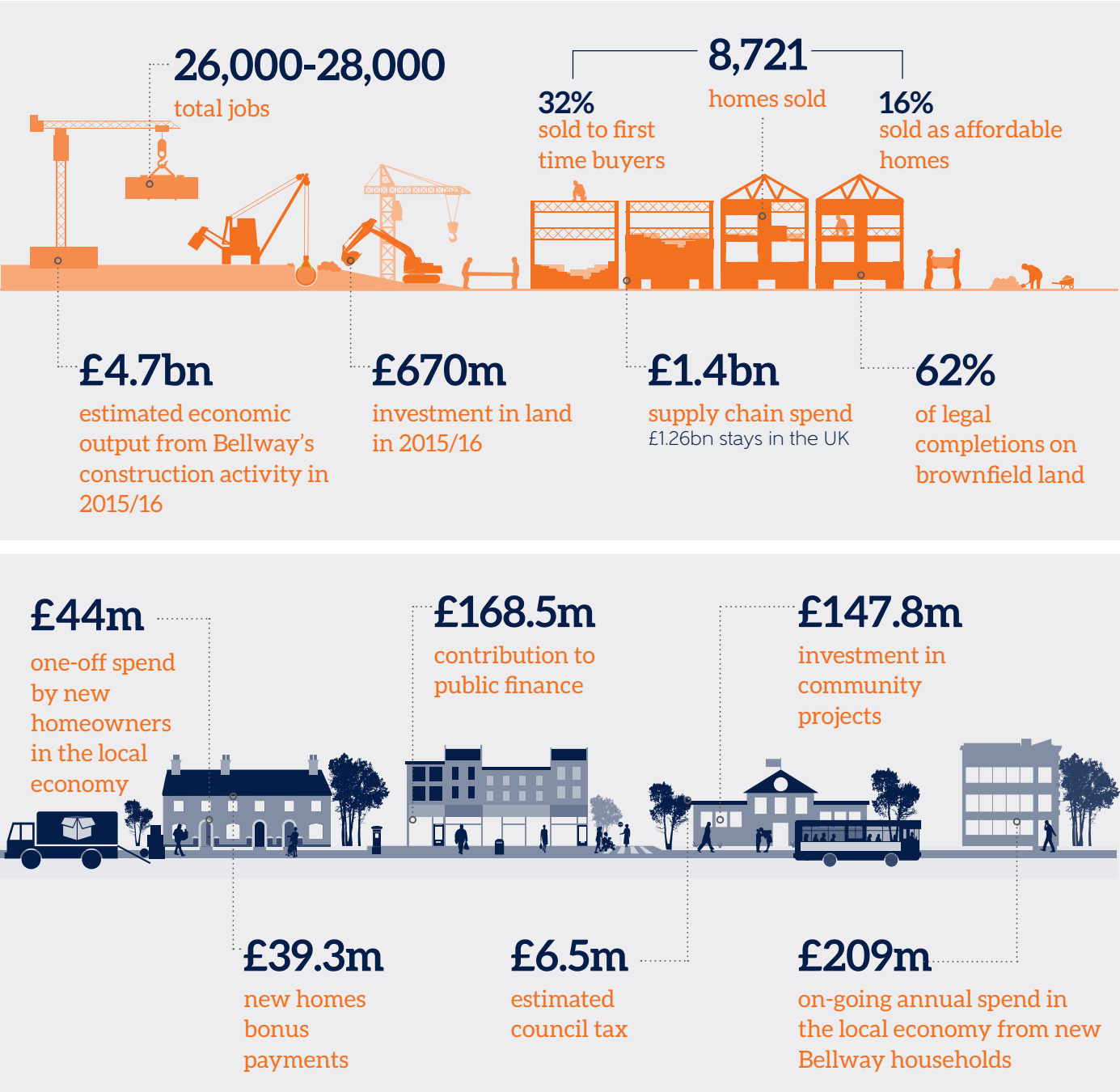


**£4.7bn**

estimated economic output  
from Bellway's construction  
activity in 2015/16

<sup>8</sup>) We have calculated this figure by multiplying our costs of sales for 2016, which represents our investment in construction output, by 2.41 and 2.84 which are the economic multipliers quoted in studies reviewed by HBF.





Design by Lichfields (May 2017)









# Bellway

*Building Homes,*  
*Building Value*

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