

Barratt Developments' Socio-Economic Footprint

Our ref 14055/01/CGJ/SPz
Date August 2024
To Barratt Developments PLC
From Lichfields

Subject **Output descriptions report for the reporting year 1st July 2023 to 30th June 2024**

1.0 Introduction

- 1.1 This report has been prepared by Lichfields to accompany the Barratt Developments PLC ('the Group') socio-economic footprint for the FY24 reporting year (1st July 2023 – 30th June 2024).
- 1.2 The purpose is to provide supplementary description and commentary of the various social, economic and environmental contributions as a result of the Group's activities, and how these have been derived.

Background

- 1.3 Through its operations, Barratt Developments makes major contributions to society, the economy and the environment. An assessment of the economic benefits of single housing developments is often undertaken as part of the planning process, however, in 2013 Barratt produced the first economic footprint by a housebuilder showing its overall contribution to the UK economy. That footprint was subsequently expanded to demonstrate the wider social and environmental contributions and impacts of the company.
- 1.4 The assessment draws upon data collected through the internal Corporate Sustainability Questionnaire ('CSQ') which gathers information from each of the individual trading divisions, as well as data held by Group Finance, Commercial, Procurement and elsewhere. This data has been supplemented by reference to published research, national statistics, and proprietary datasets held by providers including Experian and HACT, to estimate these socio-economic outcomes. Unless otherwise stated, all figures include the impact of joint ventures.
- 1.5 The analysis provides only a partial snapshot of how the Group's operations contribute to the UK economy and the local communities in which it operates, and the methodology and output indicators will continue to be developed in future years.

2.0 Supply Chain Partnerships

- 2.1 During the year, a total of 5,434 subcontractor companies were supported by Barratt during the construction phase to build out residential schemes, while 5,580 supplier companies supported these building activities by providing the materials, equipment and services required during construction. The Group spent a total of £3.14 billion with suppliers and subcontractors during the course of FY24. As a result of Barratt's spend on suppliers and sub-contractors, an additional £4.16 billion contribution to the wider national economy across the supply chain.

Supply chain spend data is obtained through Group Finance, and Lichfields have applied 2.32¹ multiplier to work out the wider impact of this spend.

- 2.2 90% of the materials purchased through Group agreements are sourced from manufacturers based in the UK which supports jobs across the national economy. This indicator is based on data collected by Group Procurement.

3.0 Employment and Skills Development

Employment

- 3.1 The 40,157 jobs generated by the Group's development activities is a summation of the jobs directly supported by Barratt, its subcontractors, and suppliers (for example of construction materials and equipment), as well as induced jobs that are estimated to be supported in the economy through the wage spending of these workers in shops, services and other businesses throughout the UK economy.
- 3.2 When compared with the 14,004 new homes delivered by the Group, the combined effect of direct, indirect and induced employment is equivalent to 2.9 jobs per dwelling.
- 3.3 The total employment impact of the Group's development activities is estimated based on the following data sources and assumptions:
- 1 Direct Barratt jobs are based on the data collected by Group Finance and represent the average number of total employees during FY24.
 - 2 Sub-contractor employment is based on the average number of people on-site over the year (excluding site-based staff directly employed by the Group). The data was provided to Lichfields by the Group.
 - 3 Supplier job numbers are directly provided to Lichfields by the Group.
 - 4 Induced jobs are based on an employment multiplier of 1.64 to capture the additional level of employment supported in shops, services and other businesses in the national economy from the wage spending of those workers involved with the developments (i.e. workers, sub-contractors and suppliers)².

Economic Output

- 3.4 The overall employment impacts of Group activities generate a significant amount of economic output in the national economy, equivalent to approximately £2.95 billion of Gross Value Added (GVA) in FY24. GVA is a measure of the value of goods and services produced in an area, industry or sector of the economy. The £2.95 billion relates to all jobs supported by Barratt, its subcontractors and suppliers, as well as the induced jobs supported in shops and services from increased wage spending.
- 3.5 This estimate is based on the latest GVA per worker averages produced by Experian which are applied to the different types of employment supported by Barratt. Construction GVA is used as a proxy for directly employed site-based construction staff as well as subcontractor and supplier

¹ The indirect GVA multiplier of 2.32 is associated with the indirect contribution within the Construction sector provided in the latest ONS Input-Output Tables 2020th edition (2024).

² The employment multiplier of 1.64 is based on the regional employment multiplier of 1.44 provided in the HCA Additionality Guide (2014), with an uplift made to the multiplier to reflect the national scale of impacts.

employment. A blend of office-based sectors³ is used as a proxy to estimate the GVA generated by the remainder of directly employed staff. This provides an estimate of the overall economic output (measured by GVA) contributed by Barratt's operations in the year.

Skills Development

- 3.6 Barratt is committed to developing the skills of its employees and provides important opportunities for younger people and those entering the labour market for the first time. A total of 353 graduates and apprentices were on Group programmes as of 30th June 2024. This indicator is based on data collected by Group Human Resources.
- 3.7 Using the HACT UK Social Value Bank (2024), the total contribution associated with 34 graduates and 319 apprentices is estimated at £3.84 million across the UK.
- 3.8 This estimate is based on proxy values from the HACT UK Social Value Bank and Social Value Insight tool, which provides values associated with programmes for Apprentices and Graduates which we have been able to use to derive the contribution our programmes are making.

4.0 Investment in Local Infrastructure

Community Contributions

- 4.1 The development schemes built by Barratt in FY24 not only provide new housing units, but also accommodate a number of community facilities, including eight local facilities such as sports and leisure, health, youth and community centres.
- 4.2 Alongside the direct provision of new community facilities, in FY24 Barratt also made contributions to local authorities in the form of Section 106 and equivalent contributions totalling £150 million. £536 million was also spent on physical works benefiting local communities including highway and environmental improvements and community facilities. This includes revenue from affordable housing sales. Together, contributions and physical works related to education are estimated to amount to 4,632 school places, according to UK average school place costs provided to Lichfields by Barratt.

Resident Expenditure

- 4.3 The amount of spending in shops and services by residents of the new homes completed by Barratt in FY24 is estimated at just under £253 million, supporting in the region of 2,488 jobs within businesses throughout the UK economy.
- 4.4 This estimate is calculated by applying average household spending levels derived from the ONS Family Spending Survey (2023 edition) to the number of completed units in FY24 and assuming that a share of this spending is captured within shops and other services⁴. These expenditure levels can then be applied to a national average turnover to job ratio (taken from the ONS Business Population Estimates for the UK and Regions 2023) to estimate the number of jobs in shops and services that could be supported by this expenditure across the UK economy.

³ Comprising real estate, professional services, admin & support services, telecoms, computing and IT, media activities, finance and insurance activities.

⁴ National average household expenditure levels per week for different socio-economic groups is provided in the ONS Family Spending Survey (2023 edition), including £572 for the 'All Households' group and £356 as an average across the 'Constrained city dwellers' and 'Hard-pressed living' groups.

5.0 Support for Charities

- 5.1 The Group donated £6.4 million to charitable causes in FY24 and colleagues contributed 14,515 volunteer hours.

6.0 Supporting Public Services

New Homes Bonus

- 6.1 The New Homes Bonus matches the increase in Council Tax income from new homes, or homes brought back into use, with a premium payable on new affordable units. Housing development undertaken by Barratt in the year is estimated to have generated New Homes Bonus payments of approximately £42.9 million, using assumptions from the Government's latest official New Homes Bonus calculator (December 2023).
- 6.2 This estimate is based on the amount of Council Tax generated by the new homes built during the year, and a premium is paid for each affordable unit constructed (at a rate of £350 per affordable unit).
- 6.3 In 2021, the Government updated the New Homes Bonus to better reflect authorities' delivery of new housing. This included reducing the number of years the Bonus is paid to just one year (for developments that achieved planning consent from 2021/22 onwards).

Total Tax Contributions

- 6.4 Through its operational and development activities, Barratt contributed £318.7m of tax revenue, in the form of corporation tax, VAT, stamp duty land tax, PAYE, national insurance, local council tax, and other taxes.
- 6.5 Total tax contributions are provided by Group Finance.
- 6.6 The Council Tax generated by legal completions is estimated by Lichfields by applying the average national charge for 2024/25 to the dwellings built during FY24 and profiled to Council Tax bands based on individual unit sales values (provided to Lichfields by Group Finance).

7.0 Investing in New Homes

Land Development

- 7.1 The upfront costs associated with the development of new housing includes a number of key land investments such as land acquisition costs, which is estimated to equate to £647 million for Group schemes in the year.

New Dwellings

- 7.2 The number of new dwellings constructed across Group schemes in FY24 was 14,004, including joint ventures. Of these, 2,990 (including joint ventures) were affordable units and the value of affordable housing sales totalled £507.7 million in FY24. The average selling price of affordable homes was 50.9% of the total average selling price of all new homes. These indicators are based on data provided to Lichfields by Group Finance.

8.0 Sustainable Specifications

- 8.1 Barratt is committed to promoting environmentally friendly transportation options for its residents, as demonstrated by the installation of 4,732 electric vehicle charging points in FY24. Additionally, Barratt has provided cycle storage space in 7,434 of the homes built in FY24, encouraging residents to use alternative modes of transportation.
- 8.2 Furthermore, 3,449 homes constructed by Barratt in FY24 have access to renewable energy sources, including solar thermal panels, solar PV, and heat pumps.
- 8.3 99.8% of Barratt's new homes achieve an EPC rating of A or B. These data points are derived from supplier EPC data.

9.0 Enhancing Biodiversity

Open Space

- 9.1 Development schemes built by Barratt in FY24 contributed 407 ha of open and private green space, this is equivalent to 581 football pitches. These indicators are based on data collected by the CSQ.

Priority Species Enhancement

- 9.2 9,486 priority species enhancements were delivered in FY24, including 6,090 hedgehog highways, 708 bird boxes, 1,730 swift nesting boxes and 897 bat boxes.

RSPB Showhome Gardens

- 9.3 In partnership with RSPB⁵, Barratt is delivering wildlife friendly show gardens. In FY24, 30 showhome gardens were awarded RSPB accreditation.

Sustainable Urban Drainage Systems

- 9.4 70% of developments designed with landscape-led, above ground, Sustainable Urban Drainage System.

Biodiversity Net Gain

- 9.5 In FY24, 16 sites submitted for full or outline planning with 10% minimum BNG as per the Barratt Group commitment. These sites deliver an average BNG of 22% for area habitats, 41% for hedgerow habitats and 125% for river habitats.

10.0 Managing Our Impact

- 10.1 Barratt measures the intensity of its Scope 1 and 2 carbon emissions, which for FY24 was recorded at 1.26 tonnes of carbon emissions per 100 sq.m of legally completed build area⁶. This represents a 21% reduction in emissions compared to the previous year.
- 10.2 For FY24, 3.83 tonnes of construction waste per 100 sq.m of house build equivalent (HBE) was recorded, marking an 11% decrease in construction waste from the previous year. The carbon emissions data is sourced from the CSQ, while waste data is provided by the Group's waste

⁵ Royal Society for the Protection of Birds

⁶ For further information on Barratt's Carbon Methodology, see here: <https://www.barrattdevelopments.co.uk/building-sustainably/our-publications-and-policies/publications>.

contractors. These percentage reductions highlight year-on-year improvements as well as progress against our baseline.

- 10.3 Barratt uses 98.78% sustainably certified timber. This includes timber with a sustainable forestry certification such as PEFC (Programme for the Endorsement of Forest Certification) or FSC (Forest Stewardship Council).

11.0 Comparing Performance

- 11.1 The table below provides a comparison of the results by indicator for the FY24 period compared to the previous reporting period (FY23). This excludes where some indicators are being reported for the first time or there is no previous year equivalent.

Table 1 Barratt Socio-Economic Performance – FY23 and FY24 Comparison

Socio-economic Indicator			FY24	FY23
People	Employment and Skills Development	Direct, indirect and induced employment supported by Barratt, its sub-contractors and suppliers	40,157	46,068
		Number of jobs per new dwelling	2.9	2.7
		Economic output (measured by GVA) generated by direct, indirect and induced employment	£2.95bn	£3.33bn
		Graduates, apprentices and trainees on programme	353	484
		Economic Value of Apprenticeships, Graduates and Trainees	£3.84m	£5.05m
	Supply Chain Partnerships	Subcontractor companies supported	5,434	5,918
		Supplier companies supported	5,580	5,645
		Total spend on subcontractor and supplier companies	£3.14bn	£3.49bn
		Indirect contribution to national economy of subcontractor and supplier spend	£4.16bn	£4.18bn

Socio-economic Indicator			FY24	FY23
		Proportion of components manufactured in the UK	90%	90%
Places	Investing in New Homes	New dwellings constructed (inc JVs)	14,004	17,206
		Affordable dwellings constructed (inc JVs)	2,990	4,113
		Value of affordable housing sales	£508m	£704m
		Land Approved for Investment*	£647m	-
	Supporting Public Services	Total tax contributions through our activities (including SDLT, NI, VAT, PAYE Corporation Tax and local Council Tax)	£318.7m	£401.7m ⁷
		New Homes Bonus payments generated by new homes built	£42.9m (1-year payment)	£33.9m (1-year payment)
	Investment in Local Infrastructure	Additional spending in shops and services by residents of new homes	£253m	£307m
		Retail and service-related jobs supported by this spending	2,488	3,024
		Local contributions (Including s106 equivalent contributions)	£150m	£134m
		Expenditure on physical works benefiting local communities including affordable housing sales	£536m	£726m
		School places provided	4,632	3,327
		Local facilities provided (including sports and leisure, health, youth and community centres)	8	13

⁷ This figure is restated for FY23

Socio-economic Indicator			FY24	FY23
	Support for Charities	Total donated to charitable causes	£6.4m	£6.3m
		Volunteering hours	14,515	8,390
	Sustainable Specifications	Completions with access to renewable energy sources, including solar thermal panels, solar PV and air source heat pumps^	3,449	-
		Electric Vehicle charging points installed^	4,732	-
		Cycle Storage^	7,434	-
		Proportion of homes built to achieve an EPC rating of A or B	99.8%	99%
Nature	Enhancing Biodiversity and Greenspace Provision	Greenspace created through public open space and private gardens	407ha	372ha
		Sustainable Urban Drainage System	70%	73% ⁸
		Sites submitted for full or outline planning with 10% minimum BNG since Jan 2023~	16	12
		Percentage of sites submitted for full or outline planning with 10% minimum BNG since Jan 2023 (%)	100%	100%
		Average BNG delivered for area habitats (%)	22%	36%
		Average BNG delivered for hedgerow habitats (%)	41%	76%
		Average BNG delivered for river habitats (%)	125%	13%
		Priority Species Enhancements^	9,486	-
		RSPB showhome gardens (Certified in the year)^	30	-
			Tonnes of construction waste generated per	3.83

⁸ This figure is restated for FY23

Socio-economic Indicator			FY24	FY23
	Managing our Impact	100sqm. House Build Equivalent		
		Tonnes of CO ₂ e emissions scope 1, 2 and limited 3 per 100sqm of legally completed build area	1.26	1.60
		Proportion of sustainably certified timber used	98.78%	99.84%

Source: Barratt / Lichfields analysis

~Note: FY23 was the first year the BNG is recorded as all sites submitted for full or outline planning with 10% minimum BNG as per the Barratt Group commitment from January 2023. Previously, BNG was recorded as the number of sites having to deliver BNG, not the percentage they obtained.

^Note: New datapoints collected and reported in FY24

*Note: The land approved for investment was reported in previous years (i.e FY22) but was not reported in FY23.