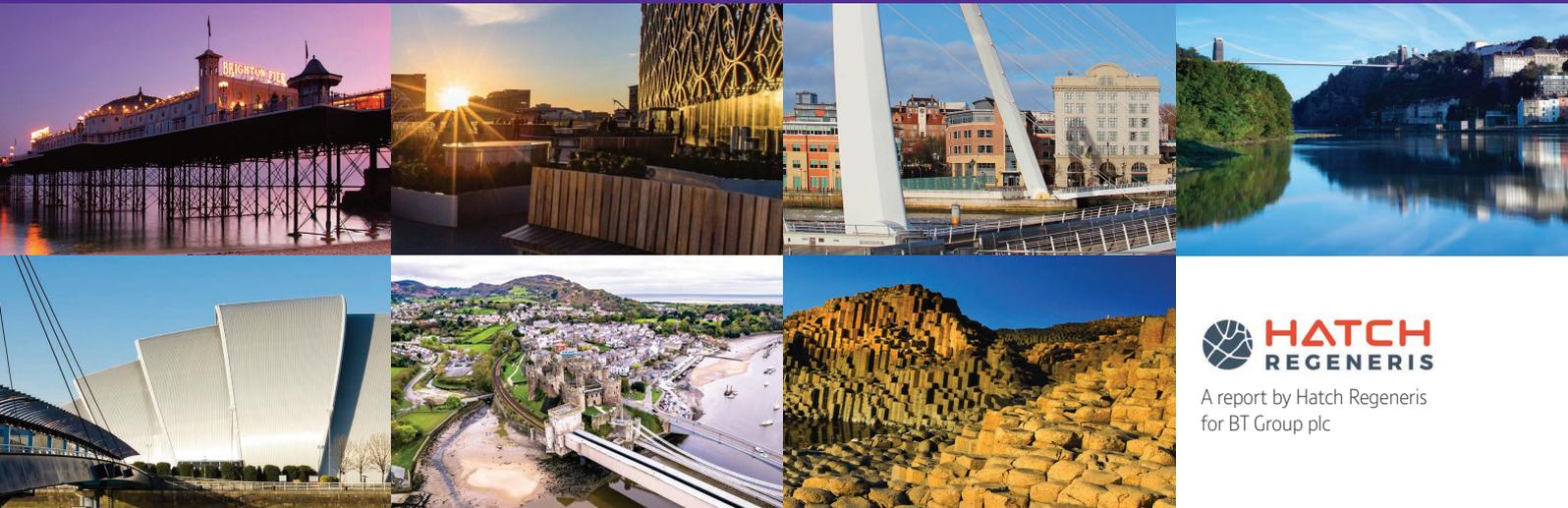




2018 Edition

The Economic Impact of BT Group plc in the UK



A report by Hatch Regeneris
for BT Group plc

1

Contents

2	Introduction	3	5	BT Group plc across the UK	11
				London & the South East	12
				Midlands & East of England	28
				North of England	53
				South West	77
				Scotland	85
				Wales	91
				Northern Ireland	97
3	Our Report	5			
4	The Economic Impact of BT Group plc in the UK	6			
	Economic Impacts	8			
	Total Impact in the UK	10			
A	Technical Appendices				103

Hatch Regeneris creates economic and social insight to help clients make a positive impact on people, places and economies. As part of the Hatch Group, Hatch Regeneris provides clients with a full range of support and know-how from concept to completion. See: www.regeneris.co.uk for further information.

2

Introduction



Across England, Scotland, Wales and Northern Ireland, we are helping transform lives, connecting homes, businesses, families, individuals and ideas. We're using our products and services to help even more people take advantage of an increasingly digital world. Access to the internet opens opportunities for better education, healthcare, jobs, economic growth and new ways of working. We're helping to build an inclusive digital society to make sure no one is left behind. We've a big part to play as the UK's digital champion, helping to build

the infrastructure and skills needed to develop a world-leading digital economy that works for everyone.

The UK has the highest share of GDP generated by the digital economy of any country in the G20. It also has higher superfast availability and take-up than any major European peer. We're playing our part in this success story by building and running the largest superfast network in the country. Openreach Limited, now a distinct and legally separate company within BT Group, is connecting homes and businesses, and building a fixed fibre network that will be the backbone of the UK's digital economy for generations to come. Openreach's fibre broadband network has passed more than 27.5 million UK premises and their ultrafast full fibre network reaches more customers than any other UK service provider.

Openreach's Community Fibre Partnerships (CFP) programme brings fibre broadband to businesses and homes by building customised solutions. The programme enables those not included in any fibre broadband roll-out plans, to jointly fund an upgrade to fibre. 'The Impact of High-Speed Broadband for Communities' report estimates that the CFP programme will be worth £339 million to the country over the next 15 years.

We have the UK's biggest and fastest 4G mobile network through EE and provide 4G coverage across more than 90% of the country. EE aims to expand 4G to reach 95% of the UK's geography by the end of 2020. The work we're doing to extend 4G coverage will support the new communications network we're helping to create for Britain's emergency services. People in remote areas will also benefit from the extended coverage. We intend to lead the market with 5G too with the UK's first live 5G trial in London launched in October. We were UK pioneers with 4G, and with the UK's first live connections on 5G this marks a huge step forward for the country's digital infrastructure.

The value of digital technology to society is expected to reach £222 billion in the UK by 2025. Government data shows that one in ten adults in the UK have never used the internet and risk being left behind. We're helping more people, including the elderly,

disabled and those on low incomes, get online in the UK and beyond to help them reap the benefits of internet access. We also offer specialist products and services that help people who may otherwise struggle to use technology. In our role as an advisor to the UK Government's Digital Skills Partnership, we're helping to shape the work of the public sector, industry and NGOs to enable people to overcome barriers.

Almost three-quarters of large companies and half of the UK's smaller businesses are facing a tech skills gap. This gap is likely to grow and we're convinced that improving young people's tech literacy is the best way to fill it. Within the next 20 years, 90% of all jobs are expected to involve digital skills. We cannot solve the tech literacy challenge alone, which is why we partner with others and get stakeholders involved. We're working closely with the UK Government to support the national digital skills strategy and we are a member of the Government's Digital Skills Partnership. We know that the opportunities for individuals and the economy are enormous as technology transforms the way we live and work.

Whilst we understand the positives from today's digital world, we also recognise there are hazards. Cyber security professionals play a vital role keeping critical national infrastructure safe and we're working with the UK Government to promote careers in this field.

We're also one of the country's largest employers and hired more than 2,100 apprentices, supporting the UK Government's aim to fund 3 million apprentices by 2020. We're also one of the largest investors in research and development in the UK, spending circa £510 million last year. Our strategy of innovation and investment will continue to help us lead and shape the digital future in the years to come.

In this report we look at the direct economic contribution of BT Group across the English regions, Scotland, Wales and Northern Ireland and show that BT is a key player across the breadth of the country, making a very significant impact on the UK's economy. We support employment across every part of the UK through our direct workforce and indirectly, through our extensive supply chain, with our procurement and expenditure within the UK's local economies. For the period 2017/18 the total Gross Value Add (GVA) to the UK economy, combining the direct, indirect and induced impacts of our activities and spending, is estimated to be £22.8 billion.

Jane Wood

UK Nations and Regions Director
December 2018

Our Report

The Economic Impact Report 2018 has been prepared independently by Hatch Regeneris, drawing upon data for BT Group.

Estimates in this report relate to BT Group plc activities in the UK during the financial year 2017/18. BT Group plc includes all wholly owned subsidiaries, including Openreach Limited and EE (now part of BT Consumer)

In the last financial year BT Group also paid £1.1bn in taxes and were the 5th highest tax contributor in the UK, thereby making an even greater impact on the UK economy. The impact of this tax contribution has not been assessed in this report.

Further information about BT Group's activities can be found in the 2018 BT Group plc Annual Report and Delivering our Purpose Report.

Impact calculations are in accordance with Government guidelines and the HM Treasury's Green Book Guidance for appraisal and evaluation, and are consistent with the Office for National Statistics' national accounts. Details of our approach are shown in Appendix A.

Note that the economic impact figures presented throughout this report are expressed to three significant figures. This means they have been rounded up or down as appropriate and, as a result, may not sum exactly to the totals presented.

Economic Impact Report 2018

This study shows BT Group's economic contribution to the UK national economy and to regional economies in terms of jobs, output and Gross Value Added (GVA) supported. The report covers several effects of BT Group's activities:

Direct impact: people employed directly by BT Group (including contractor employees) who receive wages and salaries.

Indirect impact: income and employment created with suppliers as a result of BT Group's spending on goods and services.

Induced impact: further income and employment generated as wages created directly and indirectly are spent within the economy.

4

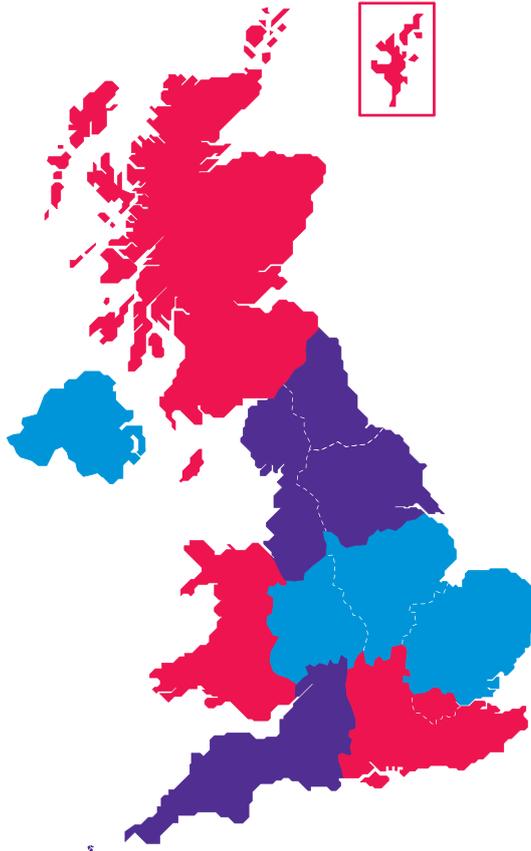
The Economic Impact of BT Group plc in the UK

The figures below show the number of employees working in each English region, Scotland, Wales and Northern Ireland.
Note: Figures are rounded to 3 significant figures.

	Working	Living	Total Income £m	Spend with Suppliers £m	Total direct GVA £m
London & the South East	23,400	23,300	1,020	5,940	3,170
London	12,700	11,500	592	3,360	1,850
South East	10,600	11,800	424	2,580	1,320
Midlands & East of England	23,500	22,000	856	1,420	2,670
East of England	12,400	10,100	477	993	1,490
East Midlands	5,310	5,950	171	135	534
West Midlands	5,780	5,960	208	296	650
North of England	24,800	25,300	726	1,010	2,270
North East	9,250	9,320	238	39	743
North West	9,130	9,420	294	416	919
Yorkshire & The Humber	6,410	6,580	194	554	604
South West	7,880	7,990	278	211	867
Scotland	7,700	7,990	253	178	790
Wales	4,400	4,980	142	302	444
Northern Ireland	3,230	3,300	103	154	323

4

Key points



Across the UK in 2017/18

82,500 employees directly working for BT Group, and **12,300 contractors** (Full Time Equivalent – FTE)

290,000 total FTE jobs supported (including indirect and induced effects)

£3.4 billion total income of BT Group employees (including contractors)

£9.2 billion spend with suppliers based in the UK

£22.8 billion total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 230 employees** in the private sector across the UK, and **1 in every 12 in the IT and Communications** sector

BT Group directly created **£1 in every £165 of GVA** in the UK

As a result of the full economic impact of BT Group, the firm supported **£1 in every £75 of GVA** in the UK economy and **1 in every 90 employees** working in the UK economy

Economic Impacts

Direct Impact

BT Group plc directly employs a total of 82,500 people in the UK, with a further 12,300 employed as contractors. These employees have an associated £3.4 billion in wages and salary spend.

Procurement Impact (Indirect)

BT Group plc spent a total of £9.2 billion with UK based suppliers in 2017/18. This results in significant benefits for the UK economy, including knock-on benefits further down the supply chain, which results in additional employment and output. This is summarised below.

BT Group supply chain spend in the United Kingdom = **£9.2 billion**

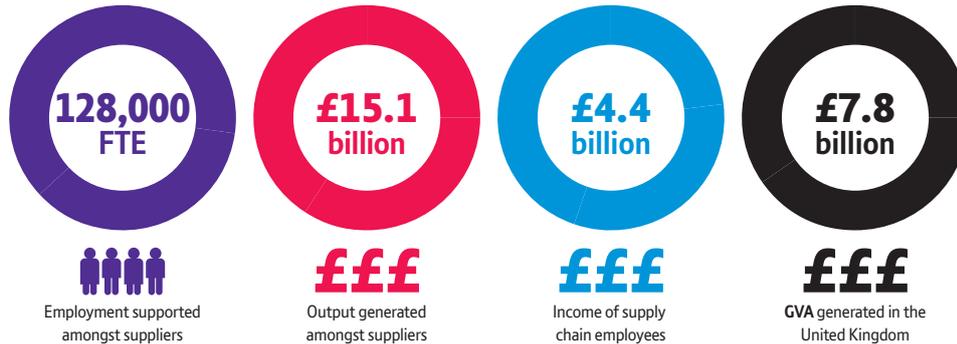


Figure 4-1: Indirect (supply chain impacts) in the UK

Source: Hatch Regeneris

Impact of BT Group and Supplier Employee Expenditure (Induced)

BT Group employees and their contractors based in the UK earned around £3.4 billion in 2017/18 before tax. In turn, the expenditure of these employees, contractors and the employees working for firms within BT Group's supply chain supported further employment and output in consumer industries. Through these knock-on effects, BT Group supported further jobs and turnover as shown below.

Salaries of BT Group employees and contractors in the UK = **£3.4 billion**

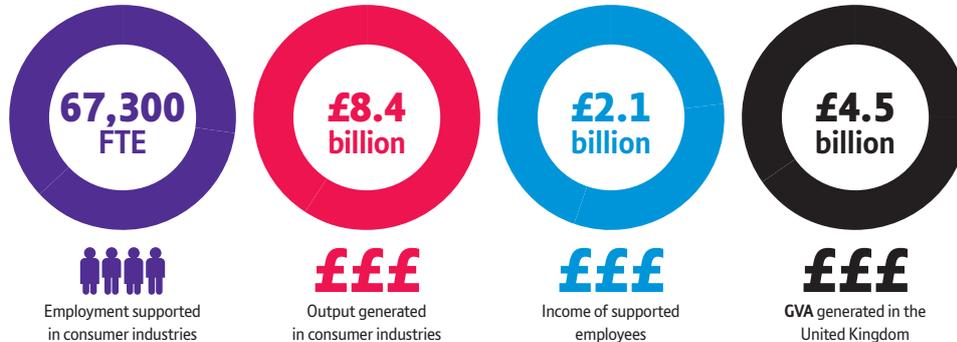


Figure 4-2: Induced (wage expenditure) impacts in the UK

Source: Hatch Regeneris

Total Impact in the UK

Combining BT Group's direct impact and employment with the indirect supply chain impact and induced wage expenditure impact gives the total impact of BT Group's operations in the UK in 2017/18. This is summarised in Figure 4-3 below.

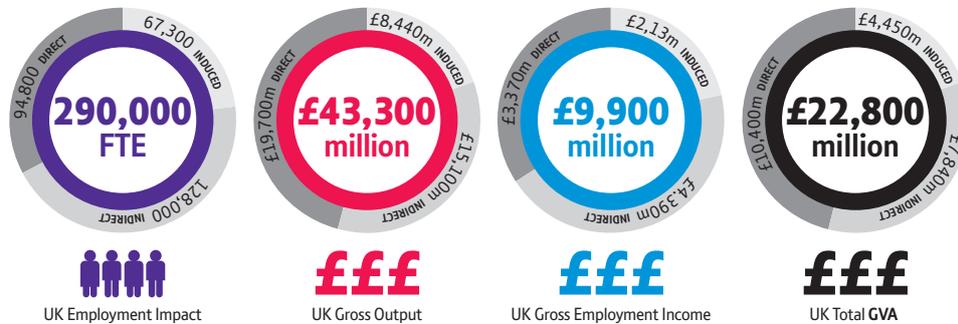


Figure 4-3: Total Impact of BT Group in the UK

Source: Hatch Regeneris

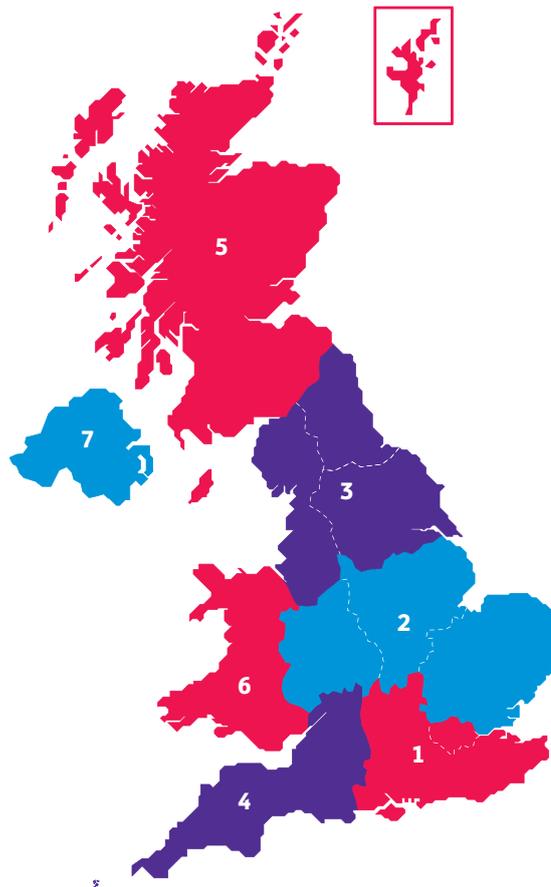
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BT Group in the UK Nations and Regions

This section presents key statistics on the economic impact of BT Group for each of the 4 English regions, Scotland, Wales and Northern Ireland. These geographies are presented in order as follows:

1. London & the South East
2. Midlands & East of England
3. North of England
4. South West
5. Scotland
6. Wales
7. Northern Ireland

As in previous economic impact reports, we also present results for each of the Local Enterprise Partnerships.



5

London & the South East



Across London & the South East in 2017/18

23,300 BT Group employees live in the region (FTE)

23,400 BT Group employees work in the region (FTE)

£1,020 million total income of BT Group employees working in the region

£5,940 million spend with suppliers based in London and the South East

£10,300 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 340 employees** in the private sector across London and the South East, and **1 in every 20 in the IT and Communications** sectors

BT Group directly created **£1 in every £20** of GVA in the region's IT and communications sector

As a result of the full economic impact of BT Group, the firm supported **£1 in every £60** of GVA in London and the South East's economy and **1 in every 60 employees** working in London and the South East's private sector



Across London in 2017/18

11,500 BT Group employees live in the region (FTE)

12,700 BT Group employees work in the region (FTE)

£592 million total income of BT Group employees working in the region

£3,360 million spend with suppliers based in London

£6,170 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 300 employees** in the private sector across London, and **1 in every 20 in the IT and Communications** sectors

BT Group directly created **£1 in every £220** of GVA in London

As a result of the full economic impact of BT Group, the firm supported **£1 in every £65** of GVA in London's economy and **1 in every 50 employees** working in London's private sector

Regional Impact

Direct Impact

BT Group directly employs a total of 11,400 people in the London region, with a further 1,400 employed as contractors. This results in £592 million in wages and salary spend across the region.

Procurement Impact

BT Group spent around £3.4 billion with suppliers based in London in 2017/18. The largest item was other personal service activities, as illustrated in the chart below.

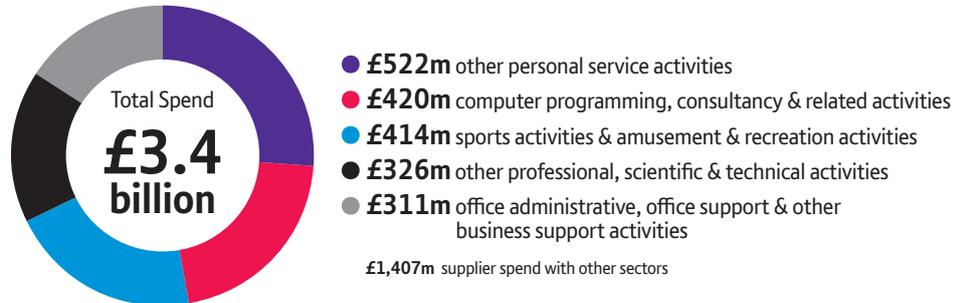


Figure 5-1: Top Five Supplier Sectors in London by Value of Expenditure

Source: BT Group Procurement data

BT Group's spend with suppliers results in significant benefits for the London economy, including knock-on or multiplier benefits as a result of supplier spend. This is summarised below.

BT Group supply chain spend in London = **£3,360 million**

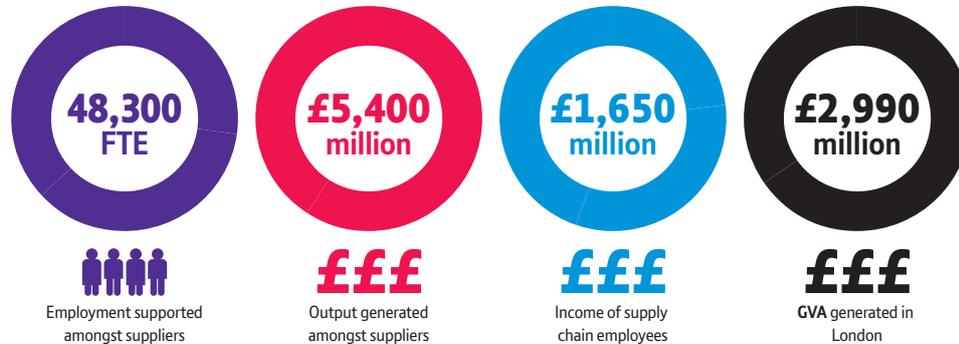


Figure 5-2: Indirect (supply chain impacts) in London

Source: Hatch Regeneris

Impact of Employee Expenditure

BT Group employees and contractors living in London earned £496 million in 2017/18. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 5-3** below illustrates the wider induced employment and output supported through this employee expenditure.

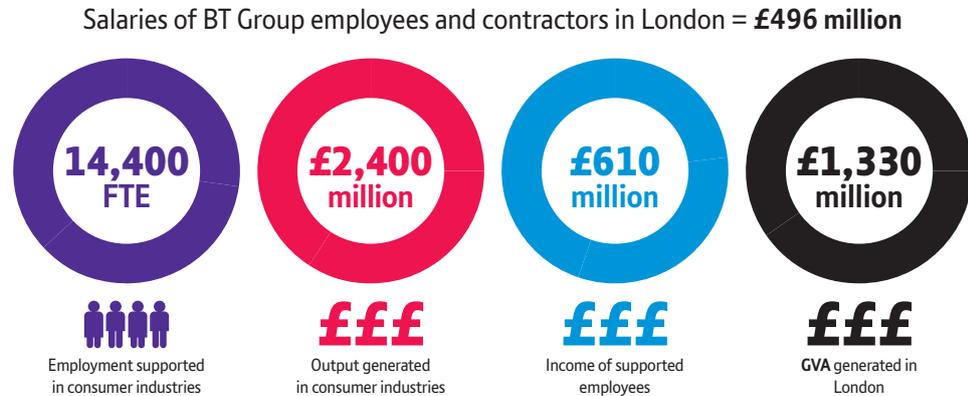


Figure 5-3: Induced (wage expenditure) impacts in London

Source: Hatch Regeneris

Total Impact in London

Combining BT Group's direct impact and employment with the indirect supply chain impact and induced wage expenditure impact gives the total impact of the group's operations in London. This is summarised in **Figure 5-4** below.

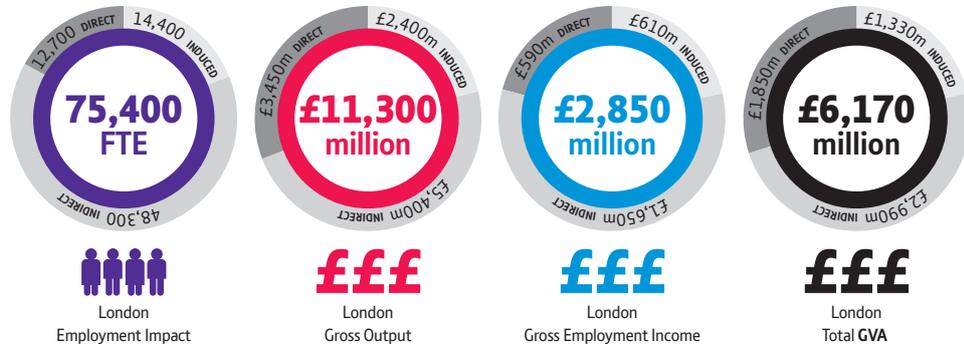


Figure 5-4: Total Impact of BT Group in London

Source: Hatch Regeneris

Sub-regional Impact

Table 5-1 below illustrates the impact BT Group has within sub-regions in London. BT Group has employees living and working in every London borough. BT Group also spends money on suppliers based in every borough.

	BT Group Employees & Contractors		Total Impact		
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Central London	8,210	1,970	47,100	7,260	3,980
North London	544	1,003	916	170	92
East London	1,870	3,640	6,850	1,060	576
West London	790	1,960	16,900	2,190	1,210
South London	1,330	2,880	3,620	582	317
Inner London	9,250	3,560	54,500	8,300	4,550
Outer London	3,490	7,890	20,800	2,950	1,620

Table 5-1: Sub-regional Impacts within London

Source: Hatch Regeneris

Local Enterprise Partnerships (LEPs) are locally-owned partnerships between businesses and local authorities and play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. The economic impacts for the London Local Enterprise Partnership† are shown below.

	BT Group Employees & Contractors		Total Impact		
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
London	12,700	11,500	75,400	11,300	6,170

Table 5-2: LEP Impact – Greater London

Source: Hatch Regeneris

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at December 2018). We have used information published by the Government which is available at the following location: <https://www.gov.uk/government/publications/local-enterprise-partnerships-local-authority-mapping>
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterisk (*).

- 1 in every 50 employees working in the private sector in the **London LEP** area is supported by the full economic impact of BT Group, and 1 in every 20 employees working in the ICT and communications sector are directly employed by BT Group.
- £1 in every £23 of GVA in the IT and Communications sector in the **London LEP** area is generated directly by BT Group.

5

South East



Across the South East in 2017/18

11,800 BT Group employees live in the region (FTE)

10,600 BT Group employees work in the region (FTE)

£424 million total income of BT Group employees working in the region

£2,580 million spend with suppliers based in the region

£4,100 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 280 employees** working in the private sector across the region, and **1 in every 20 employees working in the IT and Communications** sectors

BT Group directly created **£1 in every £195** of GVA in the region

As a result of the full economic impact of BT Group, the firm supported **£1 in every £60** of GVA in the region's economy and **1 in every 60 employees** working in the region's private sector

Regional Impact

Direct Impact

BT Group directly employs a total of 7,982 people in the South East, with a further 2,630 employed as contractors. These employees earned £424 million in wages and salaries.

Procurement Impact

BT Group spent around £2.6 billion with suppliers based in the South East in 2017/18. The majority was spent on telecommunications, as illustrated in the chart below.

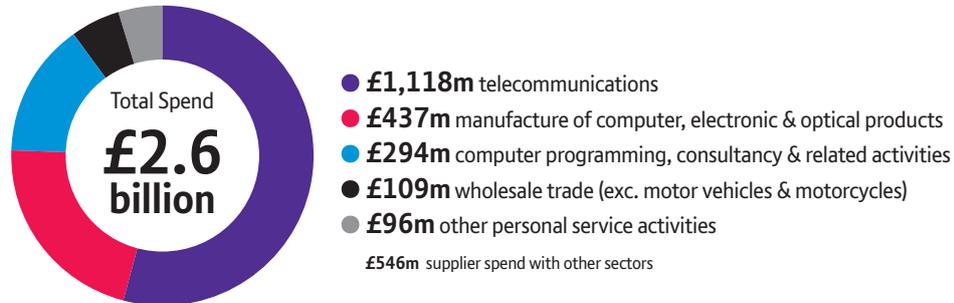


Figure 5-5: Top Five Supplier Sectors in the South East by Value of Expenditure

Source: BT Group Procurement data

BT Group's spend with suppliers results in significant benefits for the South East's economy, including knock-on or multiplier benefits as a result of supplier spend. This is summarised below.

BT Group supply chain spend in the South East = £2,581 million

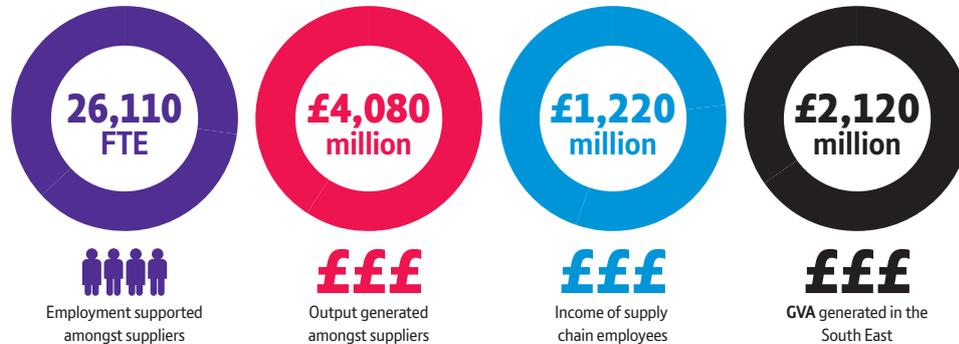


Figure 5-6: Indirect (supply chain impacts) in the South East

Source: Hatch Regeneris

Impact of Employee Expenditure

BT Group employees and contractors living in the South East earned £490 million in 2017/18. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 5-7** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in the South East = **£490 million**

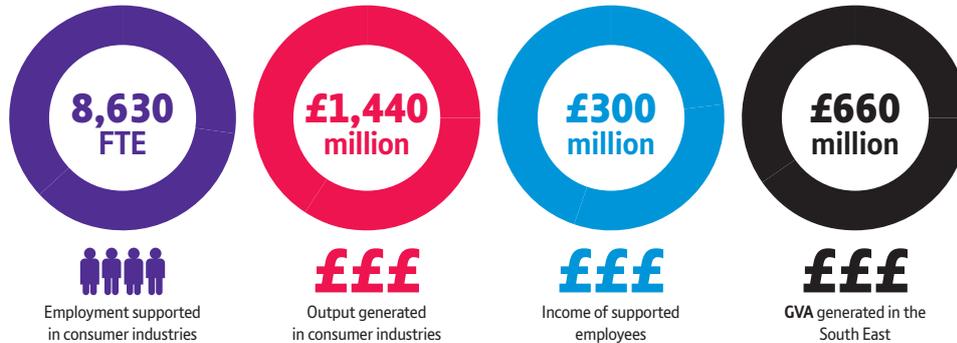


Figure 5-7: Induced (wage expenditure) impacts in the South East

Source: Hatch Regeneris

Total Impact in the South East

Combining BT Group's direct impact and employment with the indirect supply chain impact and induced wage expenditure impact gives the total impact of the firm's operations in the South East. This is summarised in **Figure 5-8** below.

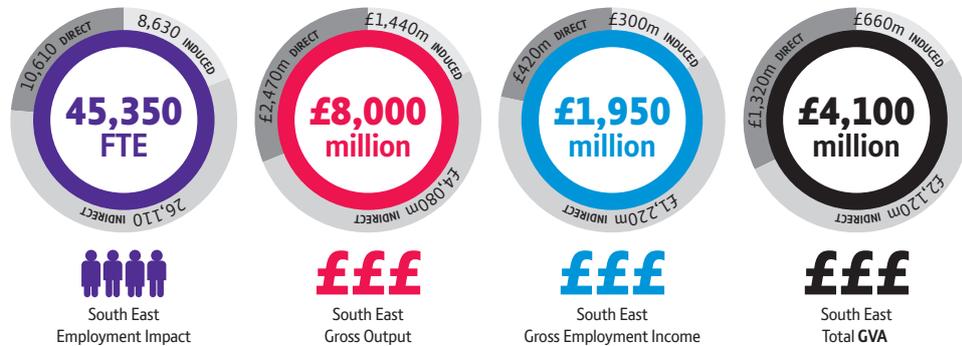


Figure 5-8: Total Impact of BT Group in the South East

Source: Hatch Regeneris

Sub-regional Impact

Table 5-3 below illustrates the impact BT has at a sub-regional level in the South East, focusing on key counties and local authority areas across the region. BT has employees working and living in every local authority area in the region, and also sources goods and services from suppliers located in all of the region's local authority areas.

	BT Group Employees & Contractors		Employment	Total Impact	
	Work in area	Resident in area		Output £ million	GVA £ million
Berkshire	953	1,034	16,182	2,960	1,337
Buckinghamshire	1,656	1,742	5,701	1,370	524
Milton Keynes	1,113	1,066	3,533	963	326
East Sussex	807	778	952	239	114
Brighton and Hove	562	256	668	144	80
Hampshire	2,089	1,929	5,335	1,470	518
Isle of Wight	38	64	39	10	5
Kent	2,362	2,510	3,202	830	372
Oxfordshire	338	522	2,673	190	229
Surrey	1,851	2,306	8,260	10,502	912
West Sussex	516	942	1,210	765	86

Table 5-3: Sub-regional Impact – South East

Source: Hatch Regeneris

Local Enterprise Partnerships (LEPs) are locally-owned partnerships between businesses and local authorities and play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. A total of eight Local Enterprise Partnerships† fall in full or in part within the South East region and the economic impacts which relate to these areas are shown below.

	BT Group Employees & Contractors		Total Impact		
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
South East Midlands	2,250	2,910	11,500	1,910	965
South East *	5,580	6,660	11,300	1,910	1,030
Thames Valley Berkshire	1,230	1,230	17,500	2,960	1,480
Buckinghamshire Thames Valley	650	848	2,290	403	208
Solent	1,370	1,280	4,060	714	372
Enterprise M3	1,600	1,650	13,700	2,370	1,200
Oxfordshire	584	582	966	190	98
Coast to Capital *	1,870	2,620	3,320	632	338

Table 5-4: LEP Impact – South East

Source: Hatch Regeneris

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at December 2018). We have used information published by the Government which is available at the following location: <https://www.gov.uk/government/publications/local-enterprise-partnerships-local-authority-mapping>
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterisk (*).

5

- £1 in every £9 of GVA in the IT and communications sector in the **South East Midlands LEP** area was generated directly by BT Group.
- £1 in every £5 of GVA in the IT and communications sector in the **South East LEP** area was generated directly by BT Group, and 1 in every £80 in GVA was supported by the firm's full economic impact.
- 1 in every 20 employees working in the private sector in the **Thames Valley Berkshire LEP** area was supported by the full economic impact of BT Group.
- 1 in every 17 employees working in the IT and communications sector in the **Buckinghamshire Thames Valley LEP** area was directly employed by BT Group.
- £1 in every £11 of GVA in the IT and communications sector in the **Solent LEP** area was generated directly by BT Group.
- £1 in every £29 of GVA in the IT and communications sector in the **Enterprise M3 LEP** area was generated directly by BT Group.
- 1 in every 19 employees working in the IT and communications sector in the **Oxfordshire LEP** was directly employed by BT Group.
- £1 in every £15 of GVA in the IT and communications sector in the **Coast to Capital LEP** area was generated directly by BT Group.

5

Midlands & East of England



Across the Midlands & East of England in 2017/18

22,000 BT Group employees live in the region (FTE)

23,500 BT Group employees work in the region (FTE)

£856 million total income of BT Group employees working in the region

£1,420 million spend with suppliers based in the region

£4,710 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 200 employees** working in the private sector across the region, and **1 in every 8 employees working in the IT and Communications** sectors

BT Group directly created **£1 in every £6** of GVA in the region's IT and Communications sector

As a result of the full economic impact of BT Group, the firm supported **£1 in every £80** of GVA in the region's economy and **1 in every 70 employees** working in the region's private sector

5

East of England



Across the East of England in 2017/18

10,100 BT Group employees live in the region (FTE)

12,400 BT Group employees work in the region (FTE)

£477 million total income of BT Group employees working in the region

£993 million spend with suppliers based in the region

£2,750 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 160 employees** working in the private sector across the region, and **1 in every 8 employees working in the IT and Communications** sectors

BT Group directly created **£1 in every £100** of GVA in the region

As a result of the full economic impact of BT Group, the firm supported **£1 in every £55** of GVA in the region's economy and **1 in every 40 employees** working in the region's private sector

Regional Impact

Direct Impact

BT Group directly employs a total of 11,700 people in the East of England region, with a further 678 employed as contractors. These employees earned £477 million in wages and salaries.

Procurement Impact

BT Group spent £993 million with suppliers based in the East of England in 2017/18. The largest item of spend was in construction, as illustrated in the chart below.

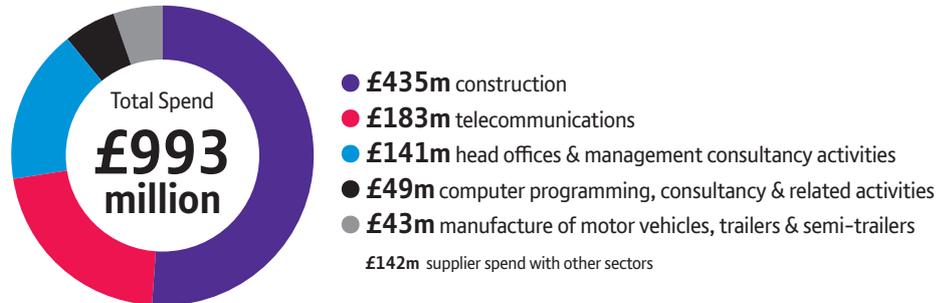


Figure 5-9: Top Five Supplier Sectors in the East of England by Value of Expenditure Source: BT Group Procurement data

BT Group's spend with suppliers results in significant benefits for the East of England economy, including knock-on or multiplier benefits as a result of supplier spend. This is summarised below.

BT Group supply chain spend in the East of England = **£992 million**

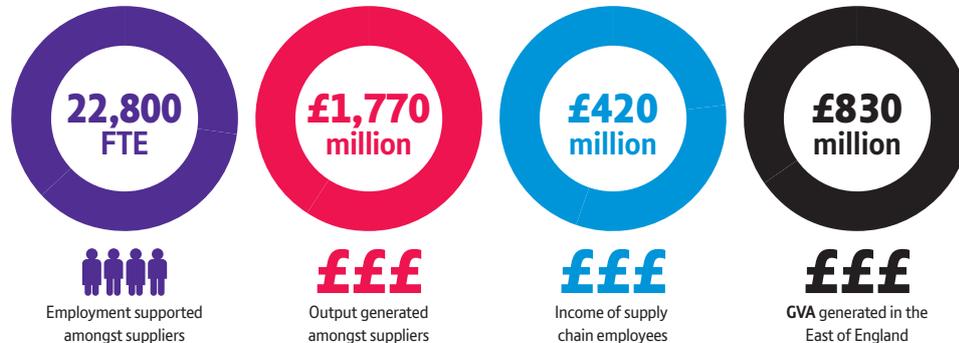


Figure 5-10: Indirect (supply chain impacts) in the East of England

Source: Hatch Regeneris

Impact of Employee Expenditure

BT Group employees and contractors living in the East of England earned £422 million in 2017/18. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 5-11** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in the East of England = **£422 million**

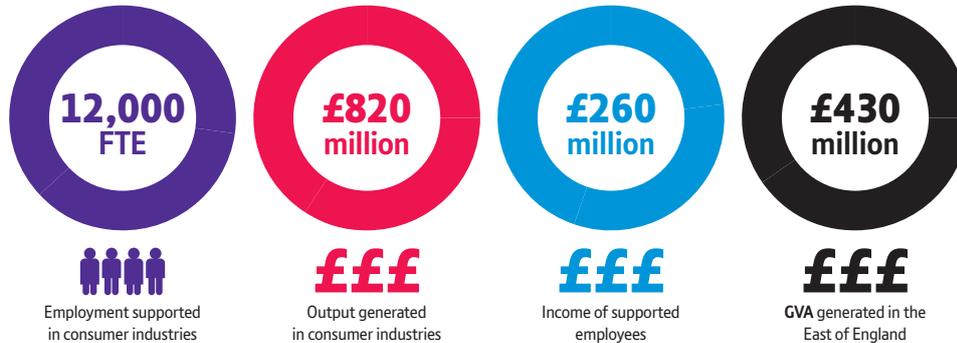


Figure 5-11: Induced (wage expenditure) impacts in the East of England

Source: Hatch Regeneris

Total Impact in the East of England

Combining BT Group's direct impact and employment with the indirect supply chain impact and induced wage expenditure impact gives the total impact of the firm's operations in the East of England. This is summarised in **Figure 5-12** below.

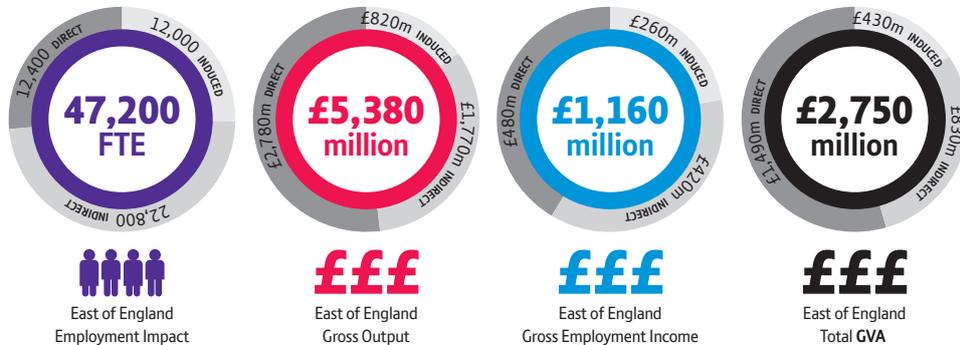


Figure 5-12: Total Impact of BT Group in the East of England

Source: Hatch Regeneris

Sub-regional Impact

Table 5-5 below illustrates the economic impact of BT at a County level in the East of England.

	BT Group Employees & Contractors		Employment	Total Impact	
	Work in area	Resident in area		Output £ million	GVA £ million
Bedfordshire	589	878	2,350	256	130
Cambridgeshire	736	754	7,290	648	323
Essex	2,020	2,790	14,800	1,390	700
Hertfordshire	5,150	1,960	17,100	1,950	1,000
Norfolk	681	804	1,060	164	86
Suffolk	3,230	2,900	4,530	966	512

Table 5-5: County Impact – East of England

Source: Hatch Regeneris

Local Enterprise Partnerships (LEPs) are locally-owned partnerships between businesses and local authorities and play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. A total of eight Local Enterprise Partnerships† fall in full or in part within the East of England region and the economic impacts which relate to these areas are shown below.

	BT Group Employees & Contractors		Total Impact		
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Hertfordshire	5,150	1,960	17,100	1,950	1,000
New Anglia	3,910	3,700	5,590	1,130	598
Greater Cambridge & Greater Peterborough *	961	1,280	8,580	776	388
South East Midlands *	3,390	4,160	17,200	2,220	1,130
South East *	4,620	5,740	18,100	2,140	1,100

Table 5-6: LEP Impact – East of England

Source: Hatch Regeneris

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at December 2018). We have used information published by the Government which is available at the following location: <https://www.gov.uk/government/publications/local-enterprise-partnerships-local-authority-mapping>

Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterisk (*).

5

- £1 in every £30 of GVA in **Hertfordshire LEP** area is supported by BT Group's full economic impact.
- 1 in every 4 employees working in the IT and communications sector in **New Anglia LEP** is directly employed by BT Group.
- 1 in every 28 employees working in the IT and communications sector in the **Greater Cambridge and Peterborough LEP** is directly employed by BT Group.
- 1 in every 40 private sector employees working in the **South East Midlands LEP** area is supported by BT Group's full economic impact, and 1 in every 10 employees working in the IT and Communications sector is directly employed by BT Group.
- 1 in every 8 employees working in the IT and communications sector in **South East LEP** area is directly employed by BT Group.

5

East Midlands



Across the East Midlands in 2017/18

5,950 BT Group employees live in the region (FTE)

5,310 BT Group employees work in the region (FTE)

£171 million total income of BT Group employees working in the region

£135 million spend with suppliers based in the region

£833 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 280 employees** working in the private sector, and **1 in every 10 employees working in the IT and Communications** sectors

BT Group directly created **£1 in every £190** of GVA in the region

As a result of the full economic impact of BT Group, the firm supported **£1 in every £120** of GVA in the region's economy and **1 in every 130 employees** working in the region's private sector

Regional Impact

Direct Impact

BT Group directly employs a total of 3,550 people in the East Midlands region, with a further 1,760 employed as contractors. This results in £171 million in wages and salary spend across the region.

Procurement Impact

BT Group spent £135 million with suppliers based in the East Midlands in 2017/18. The majority was spent on other personal service activities, as illustrated in the chart below.

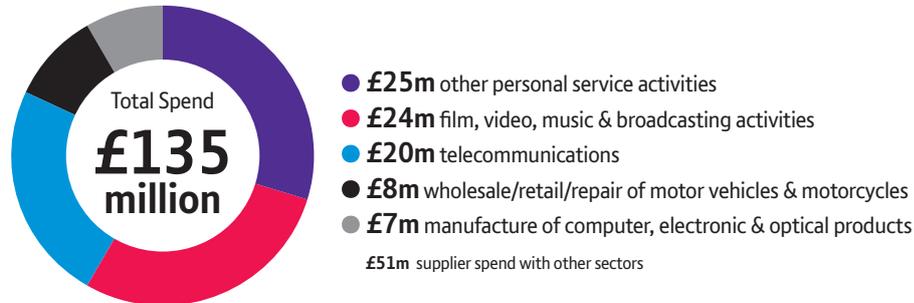


Figure 5-13: Top Five Supplier Sectors in the East Midlands by Value of Expenditure Source: BT Group Procurement data

BT Group's spend with suppliers results in significant benefits for the East Midlands economy, including knock-on or multiplier benefits as a result of supplier spend. This is summarised below.

BT Group supply chain spend in the East Midlands = £135 million

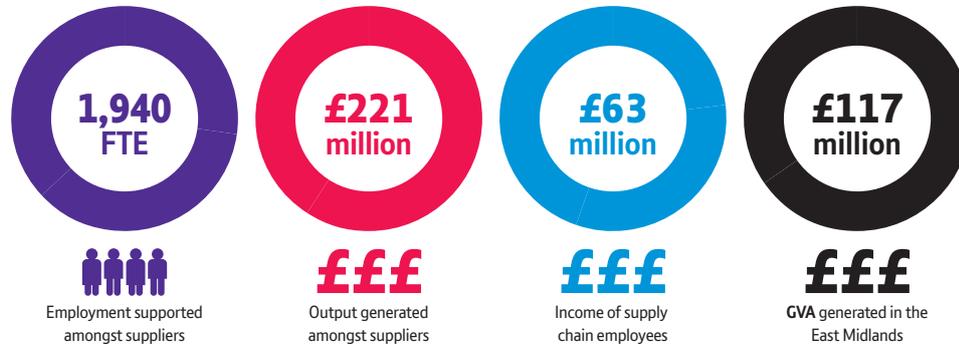


Figure 5-14: Indirect (supply chain impacts) in the East Midlands

Source: Hatch Regeneris

Impact of Employee Expenditure

BT Group employees and contractors living in the East Midlands earned £195 million in 2017/18. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 5-15** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in the East Midlands = **£195 million**

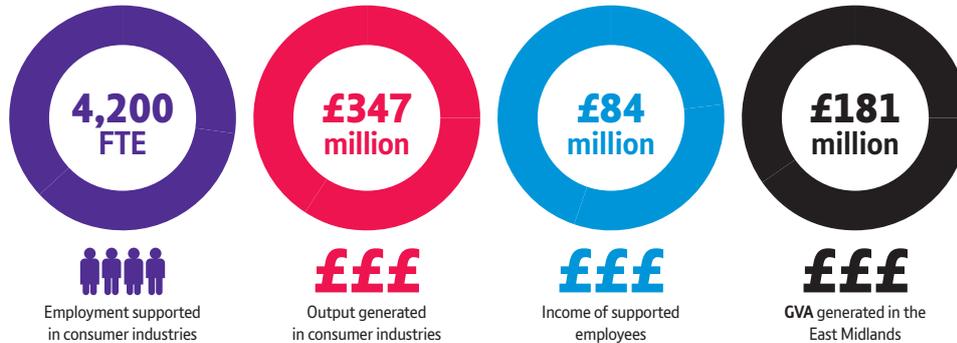


Figure 5-15: Induced (wage expenditure) impacts in the East Midlands

Source: Hatch Regeneris

Total Impact in the East Midlands

Combining BT Group's direct impact and employment with the indirect supply chain impact and induced wage expenditure impact gives the total impact of the firm's operations in the East Midlands. This is summarised in **Figure 5-16** below.



Figure 5-16: Total Impact of BT Group in the East Midlands

Source: Hatch Regeneris

Sub-regional Impact

Table 5-7 below illustrates the economic impact of BT at a County level in the East Midlands.

	BT Group Employees & Contractors		Employment	Total Impact	
	Work in area	Resident in area		Output £ million	GVA £ million
Derbyshire	924	1,070	1,400	229	122
Leicestershire	607	736	882	131	70
Lincolnshire	848	1,030	3,110	365	193
Northamptonshire	924	1,070	1,400	229	122
Nottinghamshire	1,540	1,570	2,490	374	199

Table 5-7: County Impact – East Midlands

Source: Hatch Regeneris

Local Enterprise Partnerships (LEPs) are locally-owned partnerships between businesses and local authorities and play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. A total of seven Local Enterprise Partnerships† fall in full or in part within the East Midlands region and the economic impacts which relate to these areas are shown below.

	BT Group Employees & Contractors		Total Impact		
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
South East Midlands	3,390	4,160	17,200	2,220	1,130
Greater Cambridge & Greater Peterborough	961	1,280	8,580	776	388
Derby, Derbyshire, Nottingham & Nottinghamshire	1,770	2,110	4,510	594	315
Leicester and Leicestershire	1,535	1,568	2,494	374	199
Greater Lincolnshire	772	939	1,060	161	86
Sheffield City Region	3,560	3,450	4,070	682	360

Table 5-8: LEP Impact – East Midlands

Source: Hatch Regeneris

Note: The Sheffield City Region, Greater Cambridge and Greater Peterborough, Greater Lincolnshire and South East Midlands LEP areas are not wholly contained within the East Midlands region.

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at December 2018). We have used information published by the Government which is available at the following location: <https://www.gov.uk/government/publications/local-enterprise-partnerships-local-authority-mapping>
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterisk (*).

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- 1 in every 50 employees working in the **South East Midlands LEP** area is supported by BT Group's full economic impact.
- 1 in every 28 employees working in the IT and communications sector in the **Greater Cambridge and Greater Peterborough LEP** is directly employed by BT Group.
- 1 in every 16 employees working in the IT and communications sector in the **Derby, Derbyshire, Nottingham and Nottinghamshire LEP** is directly employed by BT Group.
- 1 in every 8 employees working in the IT and communications sector in the **Leicester and Leicestershire LEP** is directly employed by BT Group.
- 1 in every 8 employees working in the IT and communications sector in the **Greater Lincolnshire LEP** is directly employed by BT Group.
- 1 in every 4 employees working in the IT and communications sector in the **Sheffield City Region LEP** is directly employed by BT Group.

5

West Midlands



Across the West Midlands in 2017/18

5,960 BT Group employees live in the region (FTE)

5,780 BT Group employees work in the region (FTE)

£208 million total income of BT Group employees working in the region

£296 million spend with suppliers based in the region

£1,130 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 310 employees** working in the private sector across the region, and **1 in every 12 employees working in the IT and Communications** sectors

BT Group directly created **£1 in every £190** of GVA in the region

As a result of the full economic impact of BT Group, the firm supported **£1 in every £110** of GVA in the region's economy and **1 in every 130 employees** working in the region's private sector

Regional Impact

Direct Impact

BT Group directly employs a total of 5,260 people in the West Midlands region, with a further 518 employed as contractors. These employees earned £208 million in wages and salaries.

Procurement Impact

BT Group spent £296 million with suppliers based in the West Midlands in 2017/18. The largest single item was telecommunications, as illustrated in the chart below.

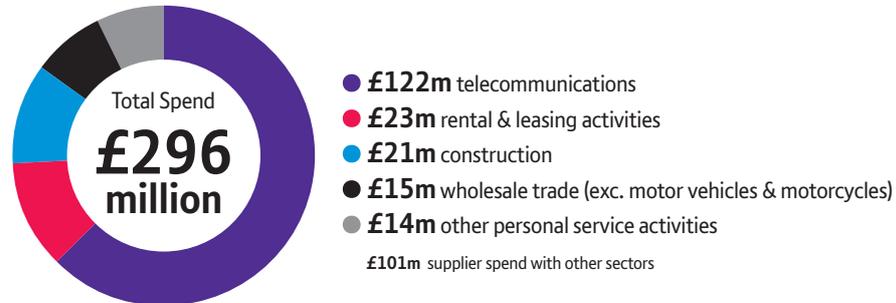


Figure 5-17: Top Five Supplier Sectors in the West Midlands by Value of Expenditure Source: BT Group Procurement data

BT Group's spend with suppliers results in significant benefits for the West Midlands economy, including knock-on or multiplier benefits as a result of supplier spend. This is summarised below.

BT Group supply chain spend in the West Midlands = £296 million

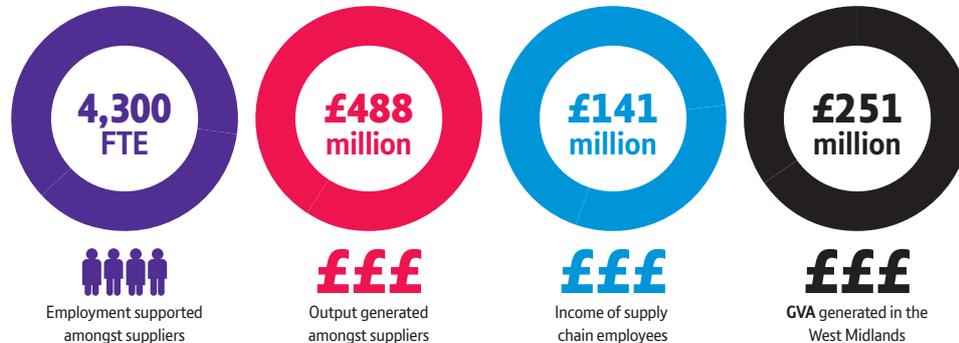


Figure 5-18: Indirect (supply chain impacts) in the West Midlands

Source: Hatch Regeneris

Impact of Employee Expenditure

BT Group employees and contractors living in the West Midlands earned £214 million in 2017/18. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 5-19** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in the West Midlands = **£214 million**

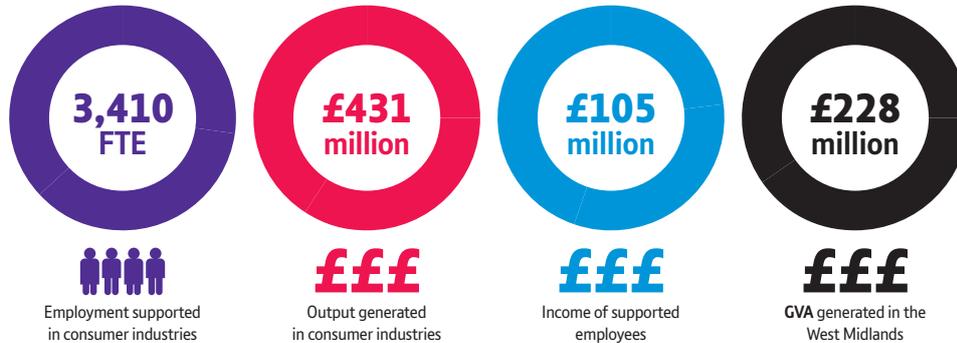


Figure 5-19: Induced (wage expenditure) impacts in the West Midlands

Source: Hatch Regeneris

Total Impact in the West Midlands

Combining BT Group's direct impact and employment with the indirect supply chain impact and induced wage expenditure impact gives the total impact of the firm's operations in the West Midlands. This is summarised in **Figure 5-20** below.

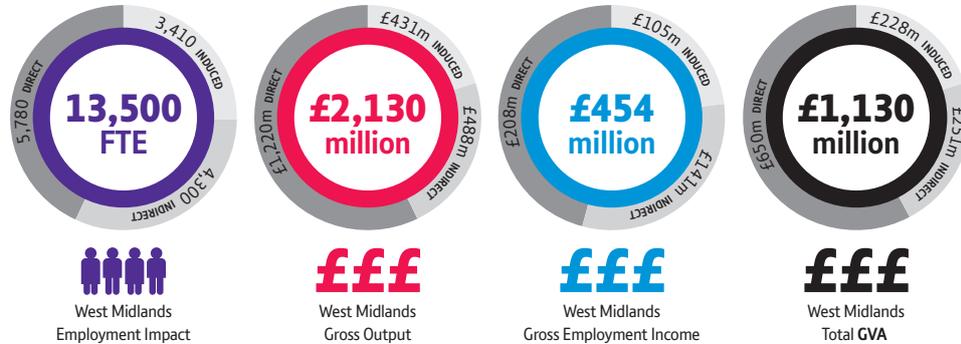


Figure 5-20: Total Impact of BT Group in the West Midlands

Source: Hatch Regeneris

Sub-regional Impact

Table 5-9 below illustrates the economic impact BT has at a sub-regional level in the West Midlands, focusing on key counties and areas across the region.

	BT Group Employees & Contractors		Employment	Total Impact	
	Work in area	Resident in area		Output £ million	GVA £ million
Birmingham	1,210	850	3,340	524	277
Coventry	552	372	1,440	221	117
Herefordshire	270	300	303	58	31
Shropshire	828	769	1,050	204	109
Solihull	472	390	737	135	72
Staffordshire	797	1,140	3,590	491	258
Warwickshire	160	489	411	66	35
Worcestershire	324	503	584	98	52

Table 5-9: Sub-regional Impact – West Midlands

Source: Hatch Regeneris

Local Enterprise Partnerships (LEPs) are locally-owned partnerships between businesses and local authorities and play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. A total of six Local Enterprise Partnerships† fall in full or in part within the West Midlands region and the economic impacts which relate to these areas are shown below.

	BT Group Employees & Contractors		Total Impact		
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Marches	1,100	1,070	1,350	262	140
Stoke & Staffordshire	797	1,140	3,590	491	258
Greater Birmingham & Solihull	1,960	1,860	6,940	1,020	539
Coventry & Warwickshire	712	862	1,860	287	152
Black Country	1,160	1,150	2,030	336	179
Worcestershire	324	503	584	98	52

Table 5-10: LEP Impact – West Midlands

Source: Hatch Regeneris

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at December 2018). We have used information published by the Government which is available at the following location: <https://www.gov.uk/government/publications/local-enterprise-partnerships-local-authority-mapping>
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterisk (*).

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- 1 in every 6 employees working in the IT and communications sector in the **Marches LEP** area was directly employed by BT Group.
- £1 in every £80 of GVA in the **Stoke and Staffordshire LEP** area was generated directly by BT Group.
- 1 in every 12 employees working in the IT and communications sector in the **Greater Birmingham and Solihull LEP** area was directly employed by BT Group.
- 1 in every 20 employees working in the IT and communications sector in the **Coventry and Warwickshire LEP** area was directly employed by BT Group.
- 1 in every 6 employees working in the IT and communications sector in the **Black Country LEP** area was directly employed by BT Group.
- 1 in every 20 employees working in the IT and communications sector in the **Worcestershire LEP** area was directly employed by BT Group.

5

North of England



Across the North of England in 2017/18

25,300 BT Group employees live in the region (FTE)

24,800 BT Group employees work in the region (FTE)

£726 million total income of BT Group employees working in the region

£1,010 million spend with suppliers based in the region

£3,850 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 190 employees** working in the private sector and **1 in every 6 employees working in the IT and Communications** sectors

BT Group directly created **£1 in every £20** of GVA in the region's IT and Communications sector

As a result of the full economic impact of BT Group, the firm supported **£1 in every £90** of GVA in the region's economy and **1 in every 90 employees** working in the region's private sector

5

North East



Across the North East in 2017/18

9,320 BT Group employees live in the region (FTE)

9,250 BT Group employees work in the region (FTE)

£238 million total income of BT Group employees working in the region

£39 million spend with suppliers based in the region

£973 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 100 employees** working in the private sector and **1 in every 4 employees working in the IT and Communications** sectors

BT Group directly created **£1 in every £70** of GVA in the region

As a result of the full economic impact of BT Group, the firm supported **£1 in every £50** of GVA in the region's economy and **1 in every 50 employees** working in the region's private sector

Regional Impact

Direct Impact

BT Group directly employs a total of 8,130 people in the North East region, with a further 1,130 employed as contractors. This results in £238 million in wages and salary spend across the region.

Procurement Impact

BT Group spent around £39 million with suppliers based in the North East in 2017/18. The majority was spent on construction, as illustrated in the chart below.

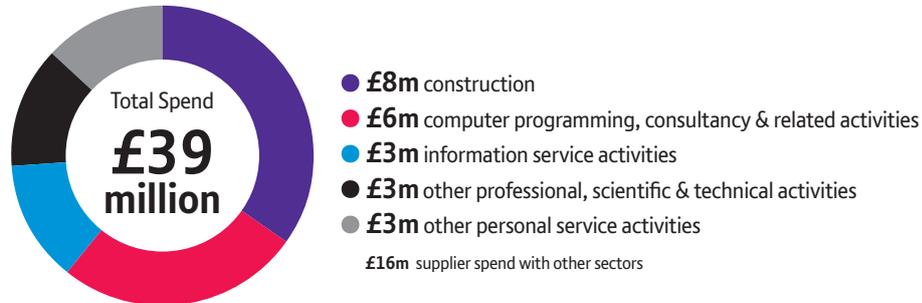


Figure 5-21: Top Five Supplier Sectors in the North East by Value of Expenditure Source: BT Group Procurement data

BT Group's spend with suppliers results in significant benefits for the North East economy, including knock-on or multiplier benefits as a result of supplier spend. This is summarised below.

BT Group supply chain spend in the North East = £39 million

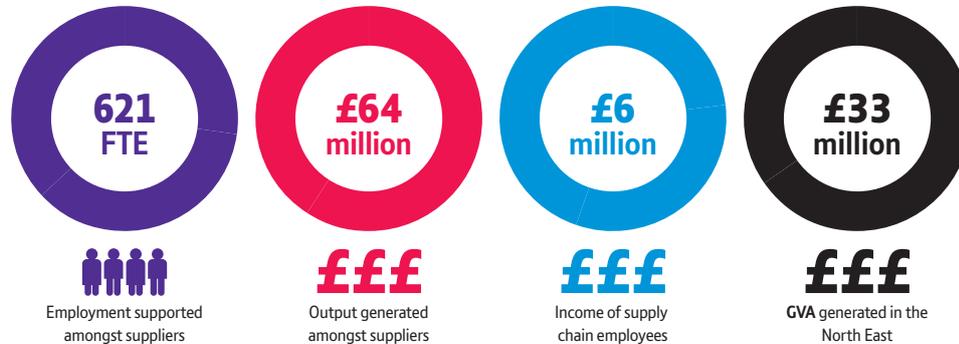


Figure 5-22: Indirect (supply chain impacts) in the North East

Source: Hatch Regeneris

Impact of Employee Expenditure

BT Group employees and contractors living in the North East earned £240 million in 2017/18. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 5-23** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in the North East = **£240 million**

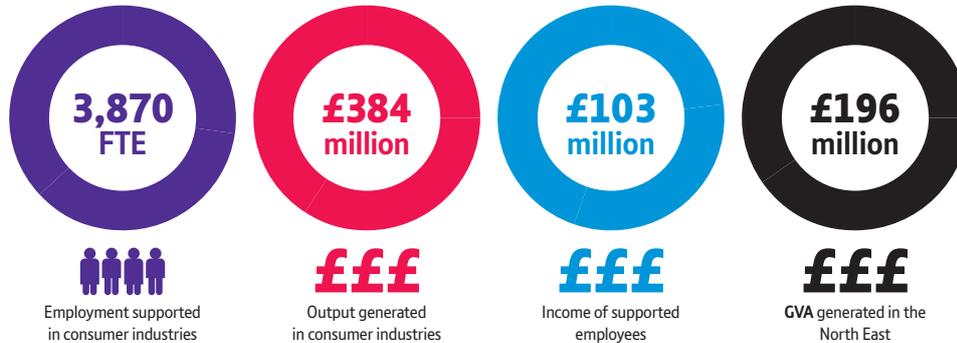


Figure 5-23: Induced (wage expenditure) impacts in the North East

Source: Hatch Regeneris

Total Impact in the North East

Combining BT Group's direct impact and employment with the indirect supply chain impact and induced wage expenditure impact gives the total impact of the firm's operations in the North East. This is summarised in **Figure 5-24** below.

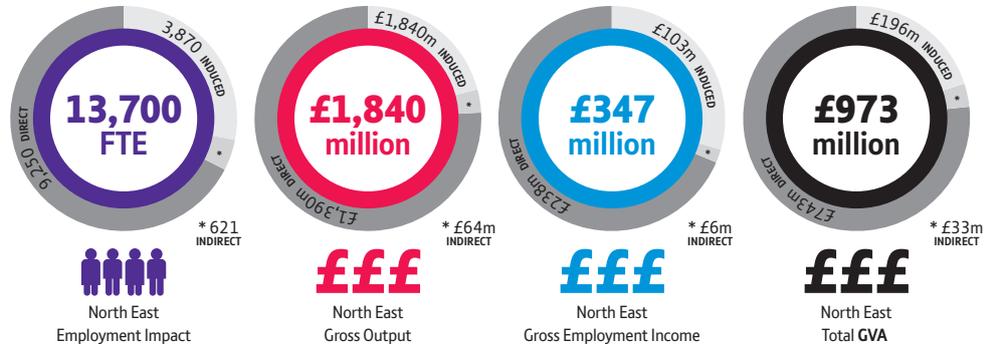


Figure 5-24: Total Impact of BT Group in the North East

Source: Hatch Regeneris

Sub-regional Impact

Table 5-11 below illustrates the economic impact of BT Group at a sub-regional level in the North East.

	BT Group Employees & Contractors		Employment	Total Impact	
	Work in area	Resident in area		Output £ million	GVA £ million
Durham	68	1,120	602	65	34
Northumberland	67	953	96	13	7
Tyne and Wear	6,350	4,970	8,370	1,150	610
Tees Valley	2,770	2,280	4,680	609	322

Table 5-11: Sub-regional Impact – North East

Source: Hatch Regeneris

Local Enterprise Partnerships (LEPs) are locally-owned partnerships between businesses and local authorities and play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. Two Local Enterprise Partnerships† fall within the North East region and the economic impacts which relate to these areas are shown below.

	BT Group Employees & Contractors		Total Impact		
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Tees Valley	2,770	2,280	4,680	609	322
North Eastern	6,490	7,040	9,070	1,230	651

Table 5-12: LEP Impact – North East

Source: Hatch Regeneris

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at December 2018). We have used information published by the Government which is available at the following location: <https://www.gov.uk/government/publications/local-enterprise-partnerships-local-authority-mapping>
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterisk (*).

- 1 in 2 employees working in the IT and communications sector in the **Tees Valley LEP** was directly employed by BT Group.
- 1 in 4 employees working in the IT and communications sector in the **North Eastern LEP** was directly employed by BT Group.

5

North West



Across the North West in 2017/18

9,420 BT Group employees live in the region (FTE)

9,130 BT Group employees work in the region (FTE)

£294 million total income of BT Group employees working in the region

£416 million spend with suppliers based in the region

£1,600 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 250 employees** working in the private sector, and **1 in every 10 employees working in the IT and Communications** sectors

BT Group directly created **£1 in every £180** of GVA in the region

As a result of the full economic impact of BT Group, the firm supported **£1 in every £105** of GVA in the region's economy and **1 in every 110 employees** working in the region's private sector

Regional Impact

Direct Impact

BT Group directly employs a total of 7,460 people in the North West region, with a further 1,670 employed as contractors. These employees earned £294 million in wages and salaries.

Procurement Impact

BT Group spent around £416 million with suppliers based in the North West in 2017/18. The majority was spent on telecommunications, as illustrated in the chart below.

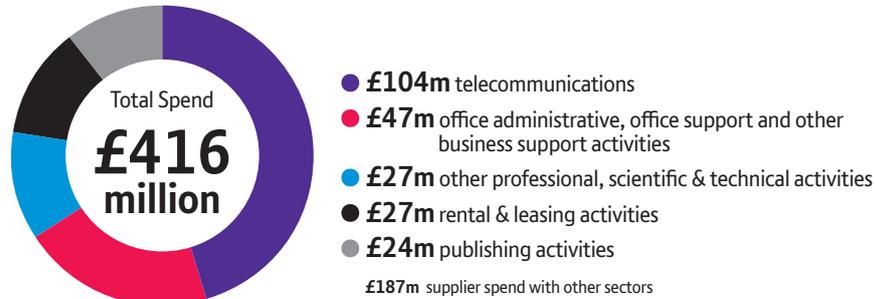


Figure 5-25: Top Five Supplier Sectors in the North West by Value of Expenditure Source: BT Group Procurement data

BT Group's spend with suppliers results in significant benefits for the North West economy, including knock-on or multiplier benefits as a result of supplier spend. This is summarised below.

BT Group supply chain spend in the North West = **£416 million**

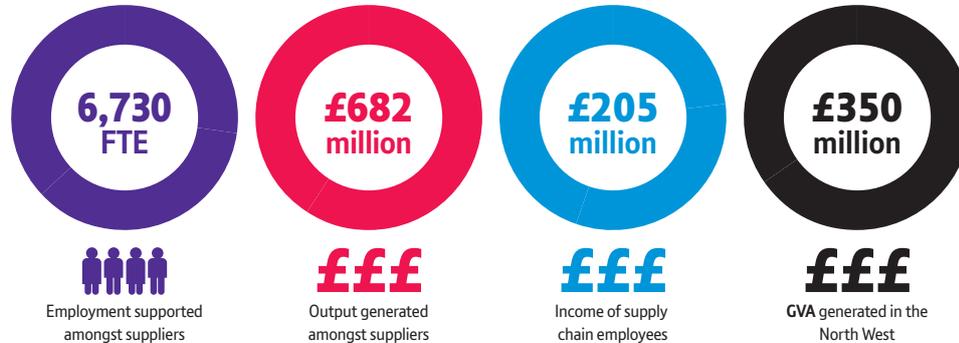


Figure 5-26: Indirect (supply chain impacts) in the North West

Source: Hatch Regeneris

Impact of Employee Expenditure

BT Group employees and contractors living in the North West earned £305 million in 2017/18. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 5-27** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in the North West = **£305 million**

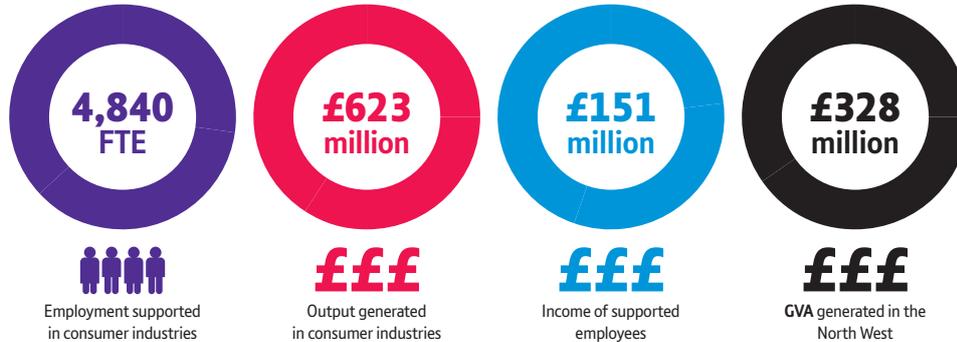


Figure 5-27: Induced (wage expenditure) impacts in the North West

Source: Hatch Regeneris

Total Impact in the North West

Combining BT Group's direct impact and employment with the indirect supply chain impact and induced wage expenditure impact gives the total impact of the firm's operations in the North West. This is summarised in **Figure 5-28** below.

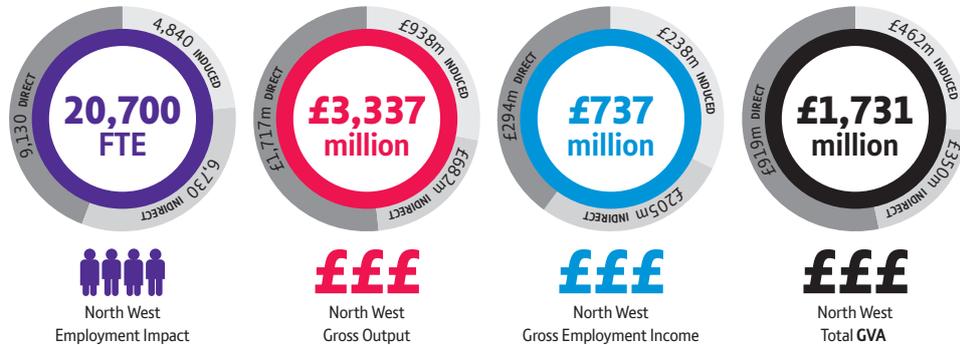


Figure 5-28: Total Impact of BT Group in the North West

Source: Hatch Regeneris

Sub-regional Impact

Table 5-13 below illustrates the economic impact of BT at a sub-regional level in the North West, focusing on key local authorities and areas across the region.

	BT Group Employees & Contractors		Employment	Total Impact	
	Work in area	Resident in area		Output £ million	GVA £ million
Cheshire East	126	245	620	81	42
Cheshire West and Chester	306	259	623	96	51
Cumbria	379	406	500	77	41
Greater Manchester	3,620	3,760	8,030	1,200	634
Lancashire	2,000	2,020	3,830	581	308
Merseyside	1,720	2,000	2,530	410	218
Warrington	959	518	4,410	561	294

Table 5-13: Sub-regional Impact – North West

Source: Hatch Regeneris

Local Enterprise Partnerships (LEPs) are locally-owned partnerships between businesses and local authorities and play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. A total of five Local Enterprise Partnerships† fall within the North West region and the economic impacts which relate to these areas are shown below.

	BT Group Employees & Contractors		Total Impact		
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Lancashire	2,000	2,020	3,830	581	308
Cheshire & Warrington	1,390	1,020	5,650	737	387
Liverpool City region	1,740	2,200	2,680	428	228
Cumbria	379	406	500	77	41
Greater Manchester	3,620	3,760	8,030	1,200	634

Table 5-14: LEP Impact – North West

Source: Hatch Regeneris

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at December 2018). We have used information published by the Government which is available at the following location: <https://www.gov.uk/government/publications/local-enterprise-partnerships-local-authority-mapping>

Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterisk (*).

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- 1 in every 8 employees working in the IT and communications sector in the **Lancashire LEP** area was directly employed by BT Group.
- £1 in every £70 of GVA in the **Cheshire and Warrington LEP** was generated by BT Group's full economic impact.
- 1 in every 8 employees working in the IT and communications sector in the **Liverpool City Region LEP** area was directly employed by BT Group.
- 1 in every 8 employees working in the IT and communications sector in the **Cumbria LEP** area was directly employed by BT Group.
- 1 in every 10 employees working in the IT and communications sector in the **Greater Manchester LEP** area was directly employed by BT Group.

5

Yorkshire & The Humber



Across Yorkshire & The Humber in 2017/18

6,580 BT Group employees live in the region (FTE)

6,410 BT Group employees work in the region (FTE)

£194 million total income of BT Group employees working in the region

£554 million spend with suppliers based in the region

£1,280 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group employed **1 in every 250 employees** working in the private sector across the region, and **1 in every 8 employees working in the IT and Communications** sectors

BT Group directly created **£1 in every £190** of GVA in the region

As a result of the full economic impact of BT Group, the firm supported **£1 in every £90** of GVA in the region's economy and **1 in every 100 employees** working in the region's private sector

Regional Impact

Direct Impact

BT Group directly employs a total of 5,990 people in Yorkshire & The Humber, with a further 423 employed as contractors. These employees earned £194 million in wages and salaries.

Procurement Impact

BT Group spent £554 million with suppliers based in Yorkshire & The Humber in 2017/18. The majority was spent on electric power generation, transmission, and distribution, as illustrated in the chart below.

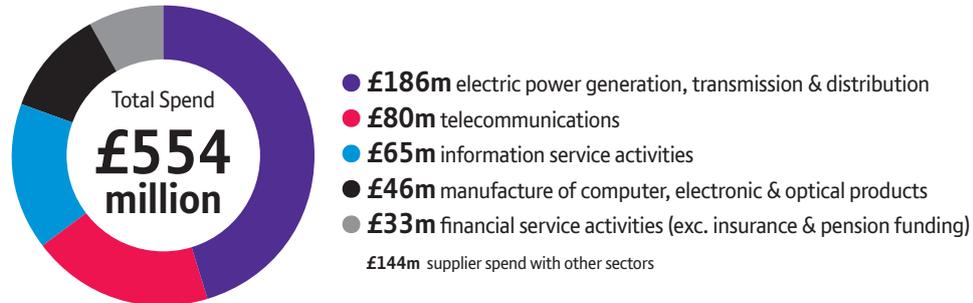


Figure 5-29: Top Five Supplier Sectors in Yorkshire & The Humber by Value of Expenditure Source: BT Group Procurement data

BT Group's spend with suppliers results in significant benefits for Yorkshire & The Humber's economy, including knock-on or multiplier benefits as a result of supplier spend. This is summarised below.

BT Group supply chain spend in Yorkshire & The Humber = £554 million

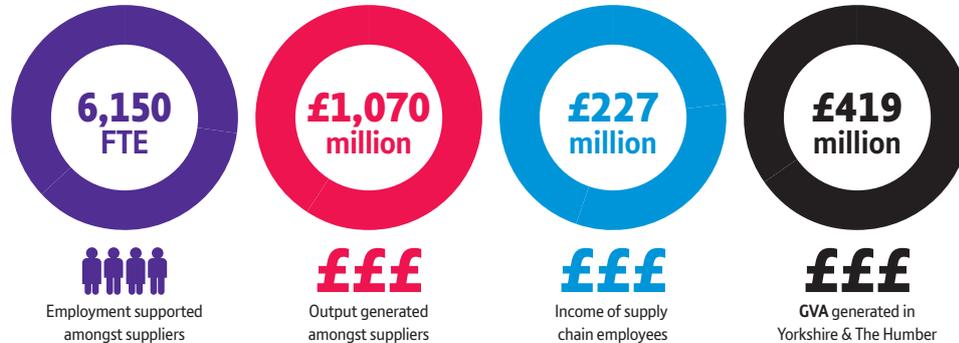


Figure 5-30: Indirect (supply chain impacts) in Yorkshire & The Humber

Source: Hatch Regeneris

Impact of Employee Expenditure

BT Group employees and contractors living in Yorkshire & The Humber earned £200 million in 2017/18. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 5-31** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in Yorkshire & The Humber = **£200 million**

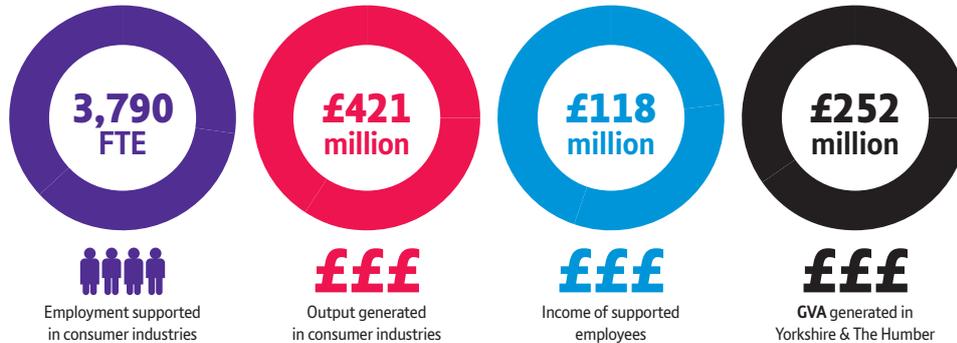


Figure 5-31: Induced (wage expenditure) impacts in Yorkshire & The Humber

Source: Hatch Regeneris

Total Impact in Yorkshire & The Humber

Combining BT Group's direct impact and employment with the indirect supply chain impact and induced wage expenditure impact gives the total impact of the firm's operations in Yorkshire & The Humber. This is summarised in **Figure 5-32** below.

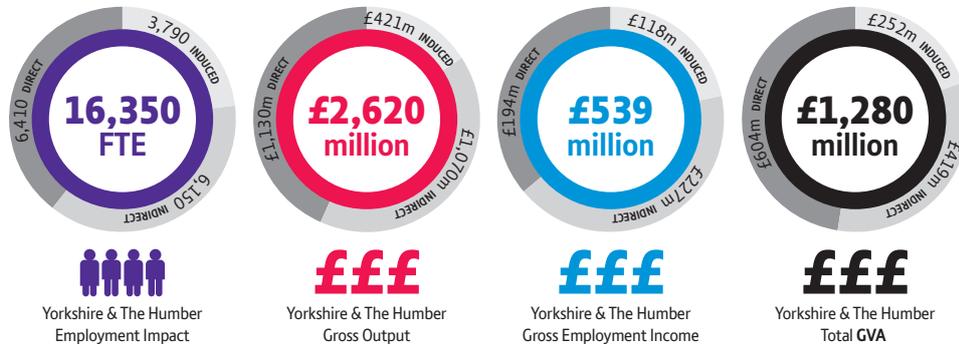


Figure 5-32: Total Impact of BT Group in Yorkshire & The Humber

Source: Hatch Regeneris

Sub-regional Impact

Table 5-15 below illustrates the economic impact of BT at a sub-regional level in Yorkshire & The Humber, focusing on key counties and local authorities across the region.

	BT Group Employees & Contractors		Employment	Total Impact	
	Work in area	Resident in area		Output £ million	GVA £ million
East Riding of Yorkshire	63	148	92	15	8
North Yorkshire	809	1,035	2,560	408	196
South Yorkshire	2,850	2,780	3,230	527	277
West Yorkshire	2,500	2,350	9,670	1,550	738
Kingston upon Hull	21	53	612	92	42
North East Lincolnshire	140	99	144	24	13
North Lincolnshire	25	105	30	6	3

Table 5-15: Sub-regional Impact – Yorkshire & The Humber

Source: Hatch Regeneris

Local Enterprise Partnerships (LEPs) are locally-owned partnerships between businesses and local authorities and play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. A total of five Local Enterprise Partnerships† fall within the Yorkshire & The Humber region and the economic impacts which relate to these areas are shown below.

	BT Group Employees & Contractors		Total Impact		
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Greater Lincolnshire *	783	939	1,060	161	86
Humber	249	404	879	137	65
Leeds City region	3,030	3,150	11,900	1,900	905
York & North Yorkshire	872	1,180	2,650	423	204
Sheffield City region	3,560	3,450	4,070	682	360

Table 5-16: LEP Impact – Yorkshire & The Humber

Source: Hatch Regeneris

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at December 2018). We have used information published by the Government which is available at the following location: <https://www.gov.uk/government/publications/local-enterprise-partnerships-local-authority-mapping>
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterisk (*).

5

- 1 in every 8 employees working in the IT and Communications sector in the **Greater Lincolnshire LEP** was directly employed by BT Group.
- 1 in every 18 employees working in the IT and communications sector in the **Humber LEP** area was directly employed by BT Group.
- 1 in every 10 employees working in the IT and communications sector in the **Leeds City Region LEP** area was directly employed by BT Group and 1 in every 80 employees working in the private sector was supported by BT Group's full economic impact.
- 1 in every 10 employees working in the IT and communications sector in the **York and North Yorkshire LEP** area was directly employed by BT Group.
- 1 in every 4 employees working in the IT and Communications sector in the **Sheffield City Region LEP** was directly employed by BT Group and £1 in every £90 of GVA was generated by BT Group's full economic impact.

5

South West



Across the South West in 2017/18

7,990 BT Group employees live in the region (FTE)

7,880 BT Group employees work in the region (FTE)

£278 million total income of BT Group employees working in the region

£211 million spend with suppliers based in the region

£1,310 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 210 employees** working in the region's private sector, and **1 in every 10 employees working in the IT and Communications** sectors

BT Group directly created **£1 in every £150** of GVA in the region

As a result of the full economic impact of BT Group, the firm supported **£1 in every £95** of GVA in the region's economy and **1 in every 110 employees** working in the region's private sector

Regional Impact

Direct Impact

BT Group directly employs a total of 7,103 people in the South West, with a further 779 employed as contractors. These employees earned £278 million in wages and salaries.

Procurement Impact

BT Group spent £211 million with suppliers based in the South West in 2017/18. The largest item of expenditure was on computer programming, computer consultancy and related activities, as illustrated in the chart below.

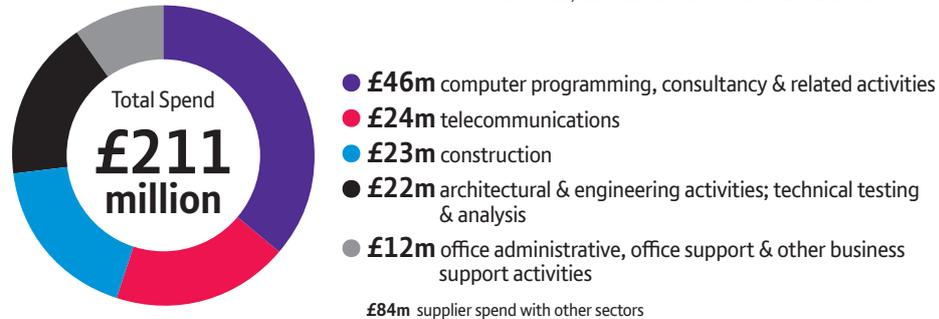


Figure 5-33: Top Five Supplier Sectors in the South West by Value of Expenditure Source: BT Group Procurement data

BT Group's spend with suppliers results in significant benefits for the South West's economy, including knock-on or multiplier benefits as a result of supplier spend. This is summarised below.

BT Group supply chain spend in the South West = **£211 million**

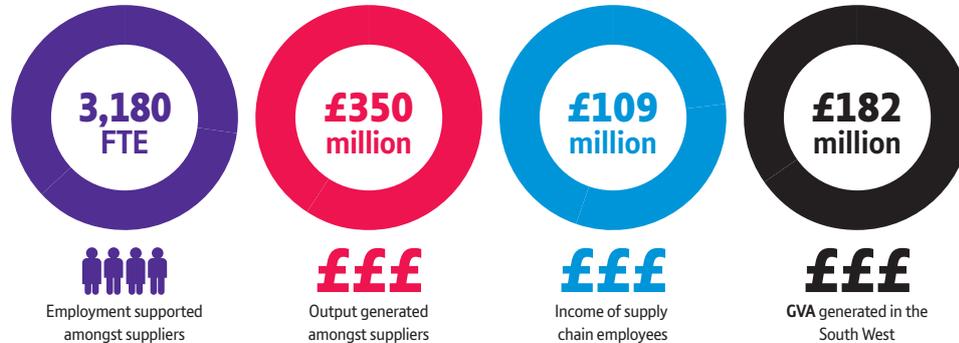


Figure 5-34: Indirect (supply chain impacts) in the South West

Source: Hatch Regeneris

Impact of Employee Expenditure

BT Group employees and contractors living in the South West earned £281 million in 2017/18. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 5-35** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in the South West = **£281 million**

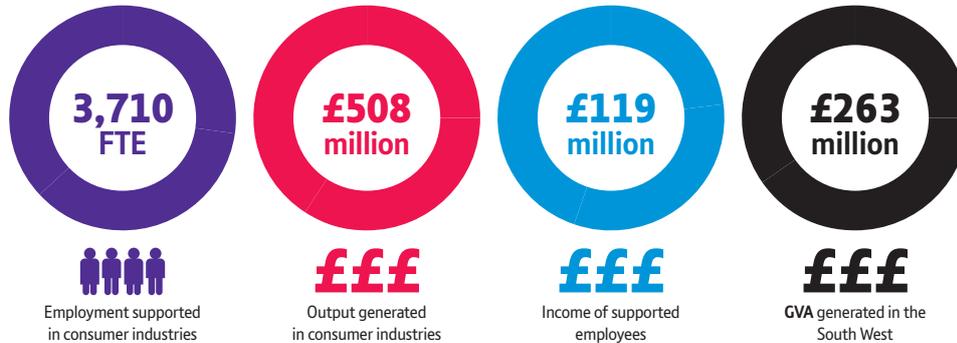


Figure 5-35: Induced (wage expenditure) impacts in the South West

Source: Hatch Regeneris

Total Impact in the South West

Combining BT Group's direct impact and employment with the indirect supply chain impact and induced wage expenditure impact gives the total impact of the firm's operations in the South West. This is summarised in **Figure 5-36** below.

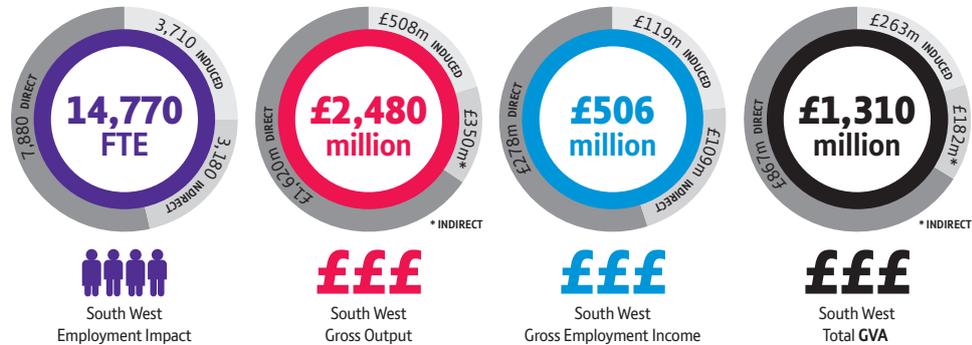


Figure 5-36: Total Impact of BT Group in the South West

Source: Hatch Regeneris

Sub-regional Impact

Table 5-17 below illustrates the economic impact BT has at a sub-regional level in the South West, focusing on key counties and local authority areas.

	BT Group Employees & Contractors		Employment	Total Impact	
	Work in area	Resident in area		Output £ million	GVA £ million
Bristol	901	642	1,933	331	175
Cornwall & the Isles of Scilly	656	789	1,777	267	140
Devon	2,775	2,472	3,138	545	291
Dorset	515	605	1,321	209	110
Gloucestershire	507	1,647	3,747	641	339
Somerset	569	1,021	1,089	179	95
Wiltshire	733	816	1,768	306	162

Table 5-17: Sub-regional Impact – South West

Source: Hatch Regeneris

Local Enterprise Partnerships (LEPs) are locally-owned partnerships between businesses and local authorities and play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. A total of six Local Enterprise Partnerships† fall within the South West region and the economic impacts which relate to these areas are shown below.

	BT Group Employees & Contractors		Total Impact		
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
West of England	2,330	2,151	5,030	857	453
Dorset	515	605	1,321	209	110
Cornwall & the Isles of Scilly	656	789	1,777	267	140
Heart of the South West	3,140	2,978	3,557	625	334
Swindon & Wiltshire	733	816	1,768	306	162
Gloucestershire	507	653	1,320	214	113

Table 5-18: LEP Impact – South West

Source: Hatch Regeneris

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at December 2018). We have used information published by the Government which is available at the following location: <https://www.gov.uk/government/publications/local-enterprise-partnerships-local-authority-mapping>
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterisk (*).

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- £1 in every £7 of GVA in the IT and communications sector in the **West of England LEP** area was generated directly by BT Group.
- £1 in every £12 of GVA in the IT and communications sector in the **Dorset LEP** area was generated directly by BT Group.
- 1 in every 3 employees working in the IT and communications sector in the **Cornwall and Isles of Scilly LEP** area was directly employed by BT Group.
- £1 in every £3 of GVA in the IT and communications sector in the **Heart of the South West LEP** area was generated directly by BT Group.
- £1 in every £110 of GVA in the **Swindon and Wiltshire LEP** area was supported by BT Group's full economic impact.
- £1 in every £16 of GVA in the IT and communications sector in the **Gloucestershire LEP** area was generated directly by BT Group.



Across Scotland in 2017/18

7,990 BT Group employees live in the nation (FTE)

7,700 BT Group employees work in the nation (FTE)

£253 million total income of BT Group employees working in the nation

£178 million spend with suppliers based in the nation

£1,200 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group employed **1 in every 210 employees** working in the private sector across Scotland, and **1 in every 8 employees working in the IT and Communications** sectors

BT Group directly created **£1 in every £170** of GVA in the nation

As a result of the full economic impact of BT Group, the firm supported **£1 in every £110** of GVA in the nation's economy and **1 in every 120 employees** working in the nation's private sector

National Impact

Direct Impact

BT Group directly employs a total of 7,019 people in Scotland, with a further 681 employed as contractors. These employees earned £253 million in wages and salaries.

Procurement Impact

BT Group spent around £178 million with suppliers based in Scotland in 2017/18. The majority was spent on other personal service activities, as illustrated in the chart below.

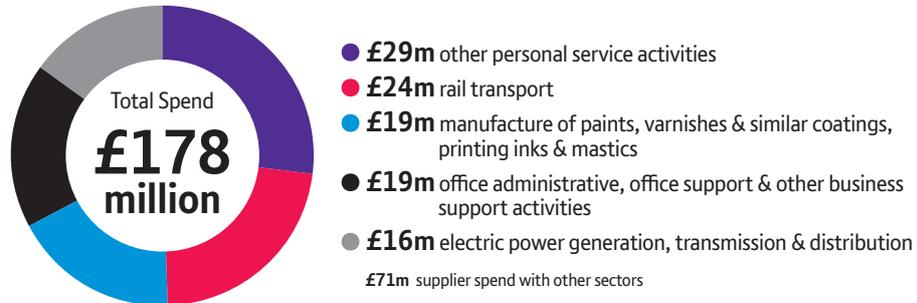


Figure 5-37: Top Five Supplier Sectors in Scotland by Value of Expenditure

Source: BT Group Procurement data

BT Group's spend with suppliers results in significant benefits for the Scottish economy, including knock-on or multiplier benefits as a result of supplier spend. This is summarised below.

BT Group supply chain spend in Scotland = **£178 million**

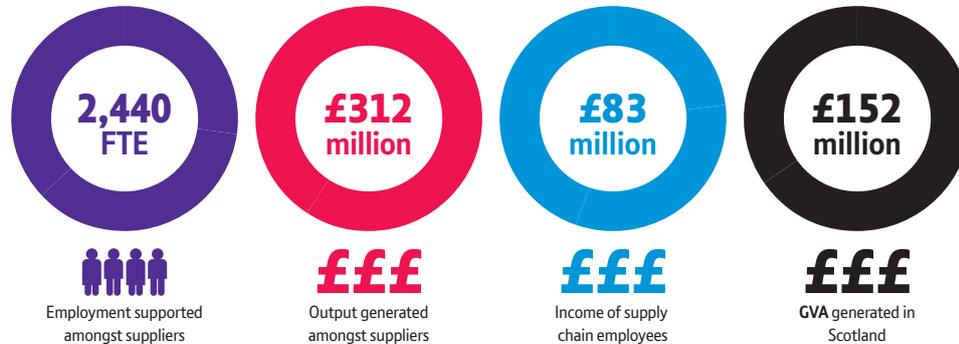


Figure 5-38: Indirect (supply chain impacts) in Scotland

Source: Hatch Regeneris

Impact of Employee Expenditure

BT Group employees and contractors living in Scotland earned £262 million in 2017/18. In turn, their expenditure supports further employment and output in consumer industries in the nation. **Figure 5-39** below illustrates the wider induced employment and output supported through this employee expenditure.



Figure 5-39: Induced (wage expenditure) impacts in Scotland

Source: Hatch Regeneris

Total Impact in Scotland

Combining BT Group's direct impact and employment with the indirect supply chain impact and induced wage expenditure impact gives the total impact of the firm's operations in Scotland. This is summarised in **Figure 5-40** below.

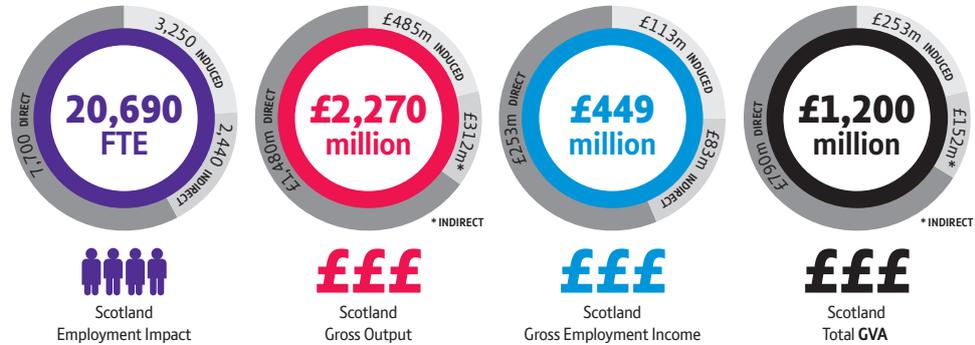


Figure 5-40: Total Impact of BT Group in Scotland

Source: Hatch Regeneris

Sub-national Impact

Table 5-19 below shows BT's economic impact by local authority area in Scotland, ranked by the scale of impact (focusing on those ten local authorities which generate the greatest levels of impact).

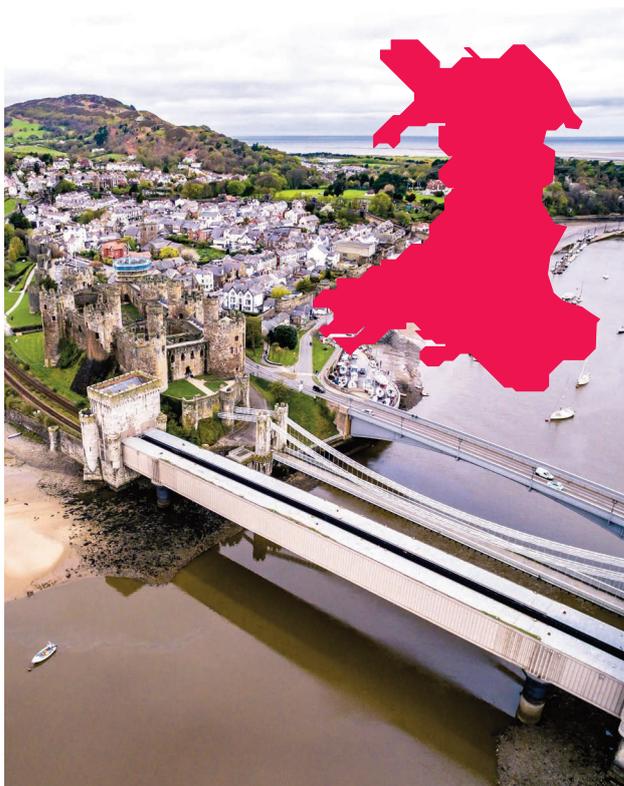
	BT Group Employees & Contractors		Employment	Total Impact	
	Work in area	Resident in area		Output £ million	GVA £ million
Glasgow City	2,009	890	3,032	550	291
Edinburgh, City of	976	495	1,733	315	166
Dundee City	1,264	993	1,359	248	133
Inverclyde	642	575	643	111	59
Highland	722	714	766	140	75
West Lothian	91	218	986	142	72
Scottish Borders	75	110	694	101	52
Aberdeen City	337	226	490	85	45
Renfrewshire	79	265	973	140	71

Table 5-19: Sub-national Impacts in Scotland

Source: Hatch Regeneris

5

Wales



Across Wales in 2017/18

4,980 BT Group employees live in the nation (FTE)

4,400 BT Group employees work in the nation (FTE)

£142 million total income of BT Group employees working in the nation

£302 million spend with suppliers based in the nation

£900 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 180 employees** in the private sector across Wales, and **1 in every 10 in the IT and Communications** sectors

BT Group directly created **£1 in every £130** of GVA in the nation

As a result of the full economic impact of BT Group, the firm supported **£1 in every £70** of GVA in the nation's economy and **1 in every 70 employees** working in the nation's private sector

National Impact

Direct Impact

BT Group directly employs a total of 4,263 people in Wales, with a further 136 employed as contractors. These employees earned £142 million in wages and salaries.

Procurement Impact

BT Group spent around £302 million with suppliers based in Wales in 2017/18. The largest item was computer programming, consultancy and related activities, as illustrated in the chart below.

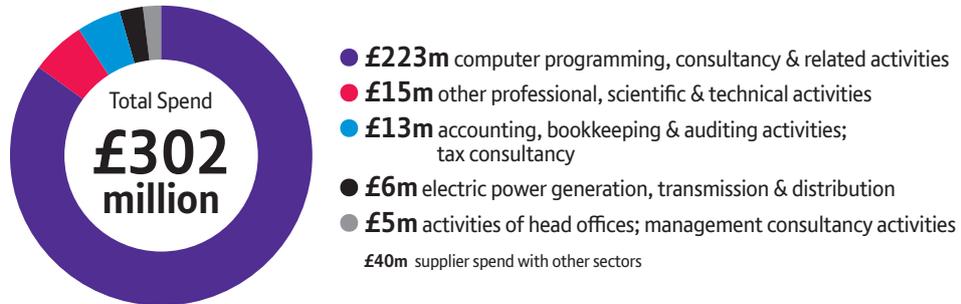


Figure 5-41: Top Five Supplier Sectors in Wales by Value of Expenditure

Source: BT Group Procurement data

BT Group's spend with suppliers results in significant benefits for the Welsh economy including knock-on or multiplier benefits as a result of supplier spend. This is summarised below.

BT Group supply chain spend in Wales = **£302 million**

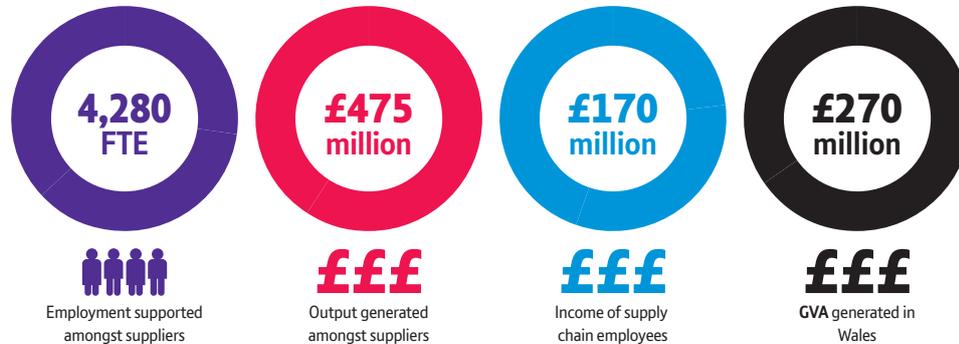


Figure 5-42: Indirect (supply chain) impacts in Wales

Source: Hatch Regeneris

Impact of Employee Expenditure

BT Group employees and contractors living in Wales earned £162 million in 2017/18. In turn, their expenditure supports further employment and output in consumer industries in the nation. **Figure 5-43** below illustrates the wider induced employment and output supported through this employee expenditure.

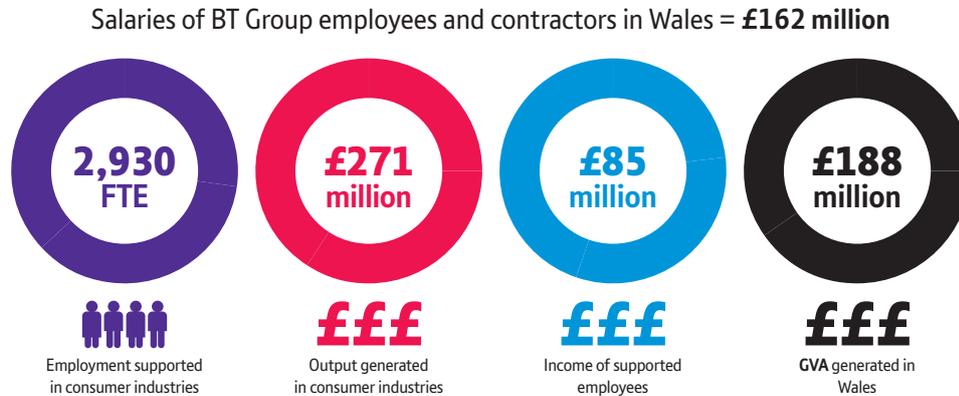


Figure 5-43: Induced (wage expenditure) impacts in Wales

Source: Hatch Regeneris

Total Impact in Wales

Combining BT Group's direct impact and employment with the indirect supply chain impact and induced wage expenditure impact gives the total impact of the firm's operations in Wales. This is summarised in **Figure 5-44** below.

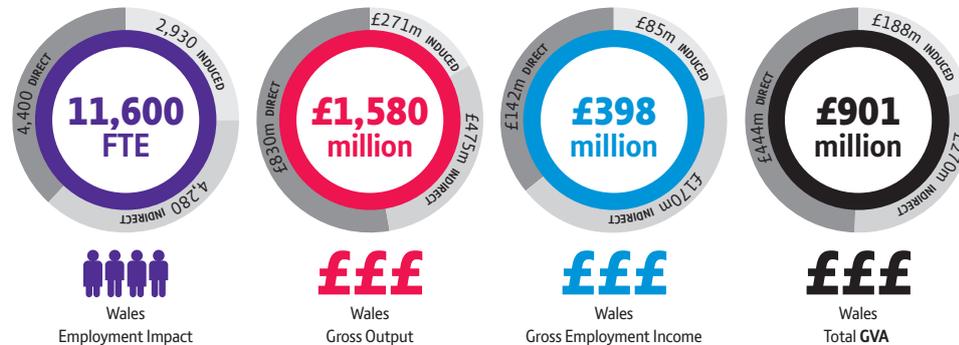


Figure 5-44: Total Impact of BT Group in Wales

Source: Hatch Regeneris

Sub-national Impact

Table 5-20 below shows BT's economic impact for four key regions within Wales.

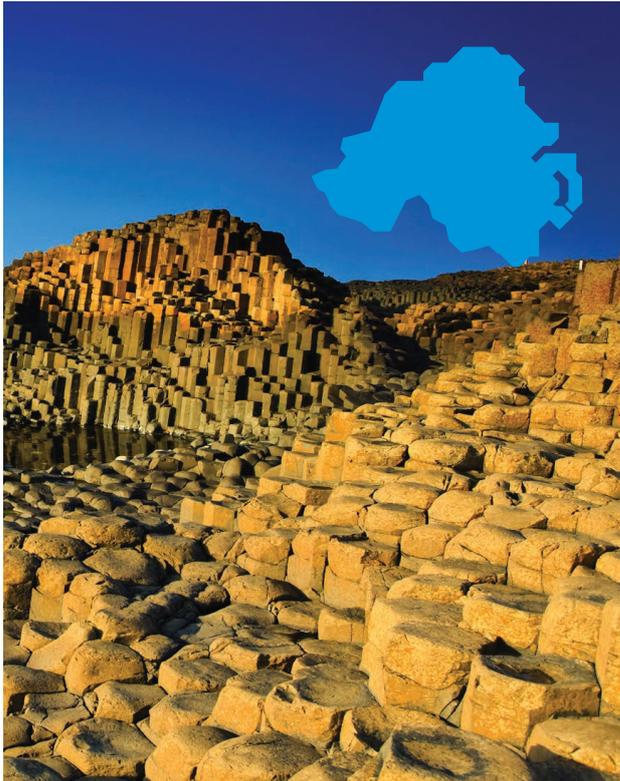
	BT Group Employees & Contractors		Employment	Total Impact	
	Work in area	Resident in area		Output £ million	GVA £ million
South East Wales	2,712	2,889	9,063	1,177	681
South West Wales	988	1,073	1,184	201	109
North Wales	533	754	1,184	167	94
Mid Wales	165	262	172	31	17

Table 5-20: Local Impacts in Wales

Source: Hatch Regeneris

5

Northern Ireland



Across Northern Ireland in 2017/18

3,300 BT Group employees live in the nation (FTE)

3,230 BT Group employees work in the nation (FTE)

£103 million total income of BT Group employees working in the nation

£154 million spend with suppliers based in the nation

£592 million total GVA impact associated with BT Group activities (including indirect and induced effects)

BT Group directly employed **1 in every 230 employees** in the private sector across Northern Ireland, and **1 in every 10 in the IT and Communications** sectors

BT Group directly created **£1 in every £120** of GVA in the nation

As a result of the full economic impact of BT Group, the firm supported **£1 in every £65** of GVA in the nation's economy and **1 in every 100 employees** working in the nation's private sector

National Impact

Direct Impact

BT Group directly employs a total of 2,650 people in Northern Ireland, with a further 579 employed as contractors. This results in £103 million in wages and salary spend across the nation.

Procurement Impact

BT Group spent around £154 million with suppliers based in Northern Ireland in 2017/18. The majority was spent on construction, as illustrated in the chart below.



Figure 5-45: Top Five Supplier Sectors in Northern Ireland by Value of Expenditure

Source: BT Group Procurement data

BT Group's spend with suppliers results in significant benefits for the Northern Ireland economy including knock-on or multiplier benefits as a result of supplier spend. This is summarised below.

BT Group supply chain spend in Northern Ireland = **£154 million**

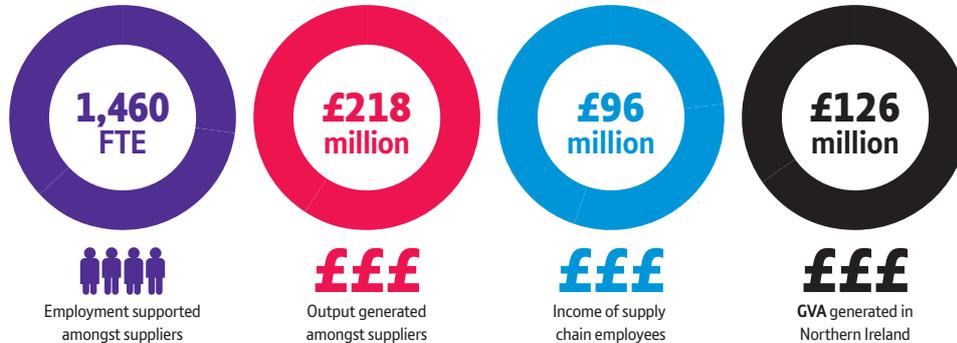


Figure 5-46: Indirect (supply chain impacts) in Northern Ireland

Source: Hatch Regeneris

Impact of Employee Expenditure

BT Group BT employees and contractors living in Northern Ireland earned £106 million in 2017/18. In turn, their expenditure supports further employment and output in consumer industries in Northern Ireland. **Figure 5-47** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in Northern Ireland = **£106 million**

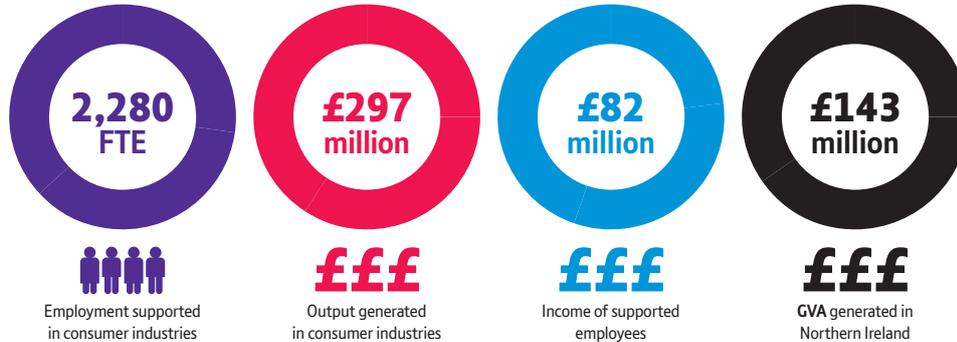


Figure 5-47: Induced (wage expenditure) impacts in Northern Ireland

Source: Hatch Regeneris

Total Impact in Northern Ireland

Combining BT Group's direct impact and employment with the indirect supply chain impact and induced wage expenditure impact gives the total impact of the firm's operations in Northern Ireland. This is summarised in **Figure 5-48** below.

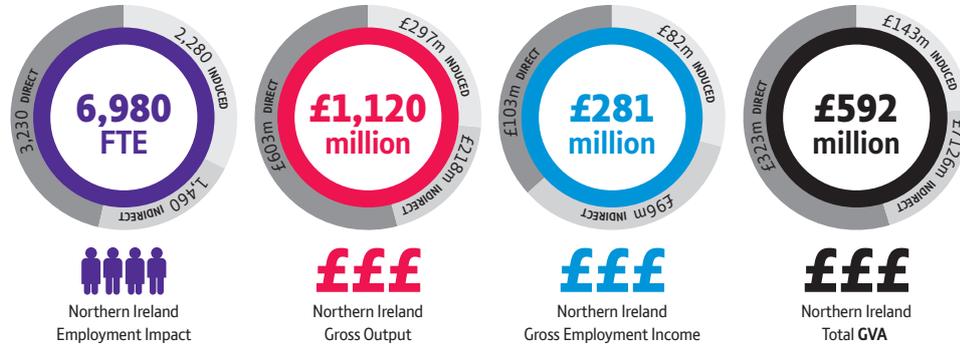


Figure 5-48: Total Impact of BT Group in Northern Ireland

Source: Hatch Regeneris

Sub-national Impact

Table 5-21 below shows key statistics for selected local authorities within Northern Ireland.

	BT Group Employees & Contractors		Employment	Total Impact	
	Work in area	Resident in area		Output £ million	GVA £ million
Antrim and Newtownabbey	281	516	475	72	38
Ards and North Down	34	235	34	5	3
Armagh City, Banbridge and Craigavon	183	288	187	31	17
Belfast	1,850	948	3,392	595	315
Causeway Coast and Glens					
Derry City and Strabane	318	326	320	51	27
Fermanagh and Omagh	415	428	416	66	35
Lisburn and Castlereagh	43	235	63	10	5
Mid Ulster	30	97	1,988	274	143
Newry, Mourne and Down	77	361	80	12	7

Table 5-21: Local Impacts in Northern Ireland

Source: Hatch Regeneris

Technical Appendices

Here we set out the methodology used to estimate the economic impact of BT Group and the data sources that have been drawn upon.

Definitions

There are three sources of economic impact that a company like BT Group generates.

Direct impacts

These are the impacts arising as a direct consequence of the company's activities, in the form of output and wealth creation, employment within the firm and associated employment income.

Indirect impacts

Also known as the supply chain impact, this contribution arises from BT Group's purchasing of goods and services from suppliers in the UK, who in turn make further purchases from their suppliers, and so on. This chain of procurement spending resulting from BT Group's initial expenditure injection creates further wealth, and supports jobs and income.

Induced impacts

Further economic activity and employment is created as BT Group employees and those whose jobs are supported through supply chain effects spend their wages and salaries on goods and services.

The economic effects from this consumer spending are known as the induced effect.

Throughout the report these impacts are measured using four key indicators:

Output

This refers to the turnover/sales revenue that is generated directly within BT Group or within other firms in the economy through indirect and induced effects.

Gross Value Added (GVA)

This is the key measure of wealth creation within an economy and is used by the government to monitor economic performance. It refers to the residual value created by firms once non-labour costs have been paid, which is then distributed to owners/shareholders in the form of profits and to employees via wages and salaries. It is measured in two ways:

- **GVA** = turnover minus bought in goods and services (known as the *production* approach)
- **GVA** = operating profit + depreciation and amortisation + taxes less subsidies on production + compensation of employees (i.e. wages plus social security contributions) (known as the *income* approach)

Employment

This is the quantity of jobs supported by BT Group's activities. Since these jobs are a mix of full time and part time positions, throughout the report we refer to Full Time Equivalent (FTE) posts, in order to express all jobs in a common currency.

Employment Income

These are the gross wages and salaries paid to employees whose jobs are supported by BT Group, including NI and pension contributions, and PAYE taxes.

Methodology and Data Sources

The methodology used to estimate BT Group's economic impacts for 2017/18 has been designed to be consistent with previous reports. Further information is provided below.

Direct impacts

The two data sources used to estimate this are BT Group's financial accounts for 2017/18 and BT Group's HR database.

Output has been taken directly from the accounts, as revenue from external customers in the UK. This removes both internal revenue resulting from internal transfers between BT Group companies and sales made outside the UK.

GVA has been calculated using the income approach, as the sum of gross operating profits before tax, interest, depreciation and amortisation, and compensation of employees. We have estimated UK gross operating profit using global EBITDA* from the accounts, and estimated the UK portion by factoring down by the UK share of total revenues. Compensation of employees has been estimated using data on gross wages and salaries (sourced from BT Group), plus social security costs (sourced from BT Group).

* Earnings Before Interest, Tax, Depreciation and Amortisation

Employment numbers have been sourced from a snapshot of information provided by BT Group, with data on the number of people employed directly by BT Group and the number of contractors employed through agencies, along with their contracted hours. These have then been converted to FTEs based on one full time job being equivalent to a 37.5 hour per week contract. The data indicates both the place of residence and place of work of each employee. For direct employment we have used workplace based figures. The employment numbers are consistent with those in the 2017/18 annual accounts.

The BT Group data provided the home and workplace postcode for each employee. These were used to allocate employees to regions and local authorities for the residence and workplace based analysis. Home postcodes were not available for agency staff and contractors. The assumption was made that these members of staff were resident in the same Local Authority and Region as their workplace.

Information on contractor staff was supplied by BT Group.

Employment income has been estimated using data from BT Group, using gross wages and salaries of employees and contractors by place of work, again adjusted to be consistent with the averages wages and salaries bill quoted in the accounts in the same way as for employment numbers.

Indirect Impacts

The data source used to estimate indirect impacts has been provided by BT Group by location and by sector. Each supplier to BT Group was allocated to a region and local authority based on the invoicing address. Suppliers were then allocated to sectors using the following process:

- All suppliers were matched to the Companies House Database. This provides the sector for each supplier at the 2 digit Standard Industrial Classification (SIC) code.

As expenditure on contract and agency staff is encompassed by the employment element of the direct impact assessment, all identifiable procurement expenditure with employment agencies has been removed from the supplier spend analysis, in order to avoid double counting.

Impacts have been estimated using Hatch Regeneris' input-output tables for the UK and the regions.

Induced Impacts

Data on wages and salaries of BT Group employees and contractors by place of residence has been used to calculate induced impacts, along with the employment income of indirect employees estimated above.

The regional and local dimension

Estimating regional and local impacts

The results are presented for the former Government Office Regions as well as Local Enterprise Partnership (LEPs). Wherever possible this has been informed by actual data for these areas, but where this data is not available, we have apportioned results to local areas using suitable apportionment factors, drawn from other BT Group data. This should therefore be borne in mind when interpreting results at these geographical levels.

The HQ effect

National procurement contracts are often allocated to a location according to the supplier's HQ address. However, it may be that these services are actually provided from a series of locations around the country. This process of allocating the procurement expenditure to the HQ location, rather than the location of the depot where activity is taking place, may skew impacts to the HQ region and consequently under-estimate impacts elsewhere. We have adopted this approach as in previous year's assessment. It does mean that the results pertaining to indirect impacts in particular may be subject to significant margins of error, particularly at the local level.

Benchmarking the Results

The report sets the key results in their wider socio-economic context, in order to illustrate the relative scale of BT Group's contribution to the local, regional and national economy. To do this we have drawn down nationally published statistics. The data sources used are as follows:

- 1. Total employees in employment:** The total number of people employed by all businesses with operations in the area. This excludes working proprietors and is presented as Full Time Equivalent employees (it excludes the self-employed). (Source: ONS, BRES, 2017).
- 2. Total IT and Communications sector employees in employment:** The total number of people employed by ICT businesses with operations in the area. This excludes working proprietors and is presented as Full Time Equivalent employees (it excludes the self-employed). (Source: ONS, BRES, 2017).
- 3. Total private sector employees in employment:** The total number of people employed by private sector businesses with operations in the area. This excludes working proprietors and is presented as Full Time Equivalent employees (it excludes the self-employed). (Source: ONS, BRES, 2017).

4. Total gross earnings from all residents in employment: This has been derived using the total number of residents in employment (source: Annual Population Survey, 2018) multiplied by the average gross annual pay for all employees in that geographical area (source: Annual Survey of Hours and Earnings, 2018)

5. Total gross earnings from all employees in employment: This has been derived using the total number of people employed by businesses in the area (source: BRES, 2017) multiplied by the average gross annual pay for all employees in that geographical area (source: Annual Survey of Hours and Earnings, 2018)

6. Total GVA – Total Gross Value Added generated by businesses based in the area: GVA data has been provided for regions and selected LEP areas (Source: ONS, Headline Workplace Based GVA at Current Basic Prices, 2017 and ONS, GVA for Local Enterprise Partnerships, 1997-2017).

Offices Worldwide

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