



The Economic Impact of BT Group plc in the UK



London &
the South East



Midlands &
East of England



North of England



South West



Scotland



Wales



Northern Ireland

2020 Edition

HATCH

A report by Hatch
for BT Group plc

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Introduction

1 Introduction

BT plays a critical role in supporting the UK's economy and society. We are here to connect for the good of our customers, colleagues and country, and our people and networks underpin nearly every part of our lives across the UK. We have a profound sense of purpose that we are here to deliver not connectivity per se, but the benefit it brings to people.

The coronavirus crisis has brought our national leadership role in telecommunications into the sharpest focus in our company's history. The multiple challenges posed by Covid-19 have highlighted the vital role BT plays in supporting families, businesses and communities across the UK. Throughout the pandemic we have seen how technology can be harnessed to help save lives and deliver even better services for the public. We were proud to get the new NHS field hospitals around the country connected, and support the Life lines project so that families could stay in touch with loved ones whilst isolated in intensive care.

More than 95% of the UK now has access to superfast speeds. We are committed to delivering full fibre across the UK and, with the right fiscal, regulatory and legislative enablers in place are ready to make the biggest communications infrastructure investment in the UK in a generation. When combined with our extensive 5G mobile network from EE, this will provide the UK with a digital infrastructure that will connect millions and help drive future economic growth. In addition to our mobile and broadband networks, we have the UK's most extensive public wi-fi network and are bringing these three networks into one converged, digital platform.

We have seen the power of innovative technology and the best converged network in trials in health care and education. Working with partners we are using new technology to treat patients remotely and helping develop the smart hospital of the future. Working with the University of Stirling we are developing a world-leading living laboratory. We are one of the largest investors in innovation in the UK, investing £662m in 2019/20. Our innovations have been responsible for many of the pioneering innovations which have transformed our digital world.

We are a key part of communities across the UK and want to help people harness the power of technology to meet their needs or fulfil their potential. In 2019/20 we launched our Skills for Tomorrow programme, designed to empower 10 million people by providing help to improve their digital skills, by 2025. This programme offers free resources for school children, parents and jobseekers. Recognising the importance of small business to the economy we are supporting 1 million businesses with free digital skills support, and we have already supported 1,000 vulnerable people connect with family and friends through the donation of devices.



Jane Wood
UK Nations and
Regions Director

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We are the founding partner of the UK Modern Slavery Helpline and Tech Against Trafficking. In terms of the climate change challenge, our technology and communications networks have a huge role to play in enabling the innovative solutions and exponential change needed to achieve a net zero carbon economy. The switch to full fibre will bring a significant increase in energy efficiency. In the UK 100% of our directly purchased electricity comes from renewable energy suppliers. We are also working with others to drive innovation in electric vehicles to transform our fleet.

In this report we look at the economic contribution of BT Group across Scotland, Wales, Northern Ireland and the English regions, and show we make 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 in the local economies. For the period 2019/20 the total Gross Value Added (GVA) to the UK economy, combining the direct, indirect and induced impacts of our activities and spending, is estimated to be £24.2 billion.



Jane Wood
December 2020

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Our report

2 Our report

The Economic Impact Report 2020 has been prepared independently by Hatch Urban Solutions, drawing upon data for BT Group.

Estimates in this report relate to BT Group plc activities in the UK during the financial year 2019/20. BT Group plc includes all wholly owned subsidiaries, including Openreach Limited and EE (now part of BT Consumer)

We are proud to be a major contributor of taxes in the UK. The One Hundred Group 2019 Total Tax Contribution Survey ranked us as the sixth highest contributor in the UK. 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 BT Group plc Annual Report 2020 and Digital Impact and Sustainability Report 2019/20.

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 5.

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 2020

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.

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The economic impact of
BT Group plc in the UK

3 The economic impact of BT Group plc in the UK

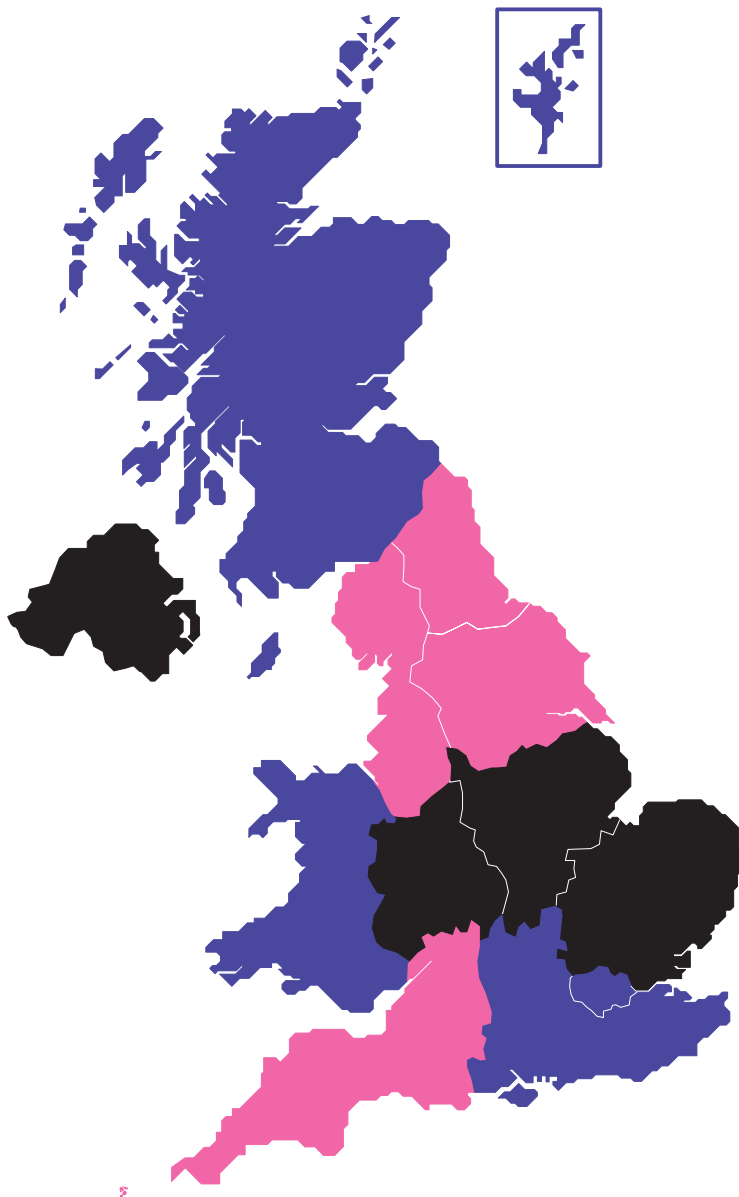
The figures below show the number of employees working in each English region, Scotland, Wales and Northern Ireland.

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	24,300	23,100	992	5,620	3,220
London	14,500	12,200	634	3,140	2,050
South East	9,780	10,900	359	2,480	1,160
Midlands & East of England	19,500	20,500	751	2,270	2,440
East of England	8,950	9,580	377	1,510	1,220
East Midlands	4,490	4,990	151	130	489
West Midlands	6,070	5,940	224	636	725
North of England	25,700	25,500	813	876	2,630
North East	9,290	9,280	262	41	849
North West	9,720	9,690	322	410	1,040
Yorkshire and The Humber	6,660	6,550	229	424	741
South West	8,560	8,350	321	634	1,040
Scotland	7,440	7,480	254	167	825
Wales	4,600	5,060	146	340	472
Northern Ireland	3,340	3,350	115	155	373

Source: Hatch

3 Key points



Across the UK in 2019/20

82,800 employees directly working for BT Group, and 10,600 contractors (Full Time Equivalent – FTE)

300,000 total FTE jobs supported (including indirect and induced effects)

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

£10.1 billion spend with suppliers based in the UK

£24 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

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Economic impacts

Direct impact

BT Group directly employs a total of 82,800 people in the UK, with a further 10,600 employed as contractors. These employees have an associated £3.4 billion in wages and salary spend.

Procurement impact (indirect)

BT Group spent a total of £10.1 billion with UK based suppliers in 2019/20. 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 = **£10.1 billion**

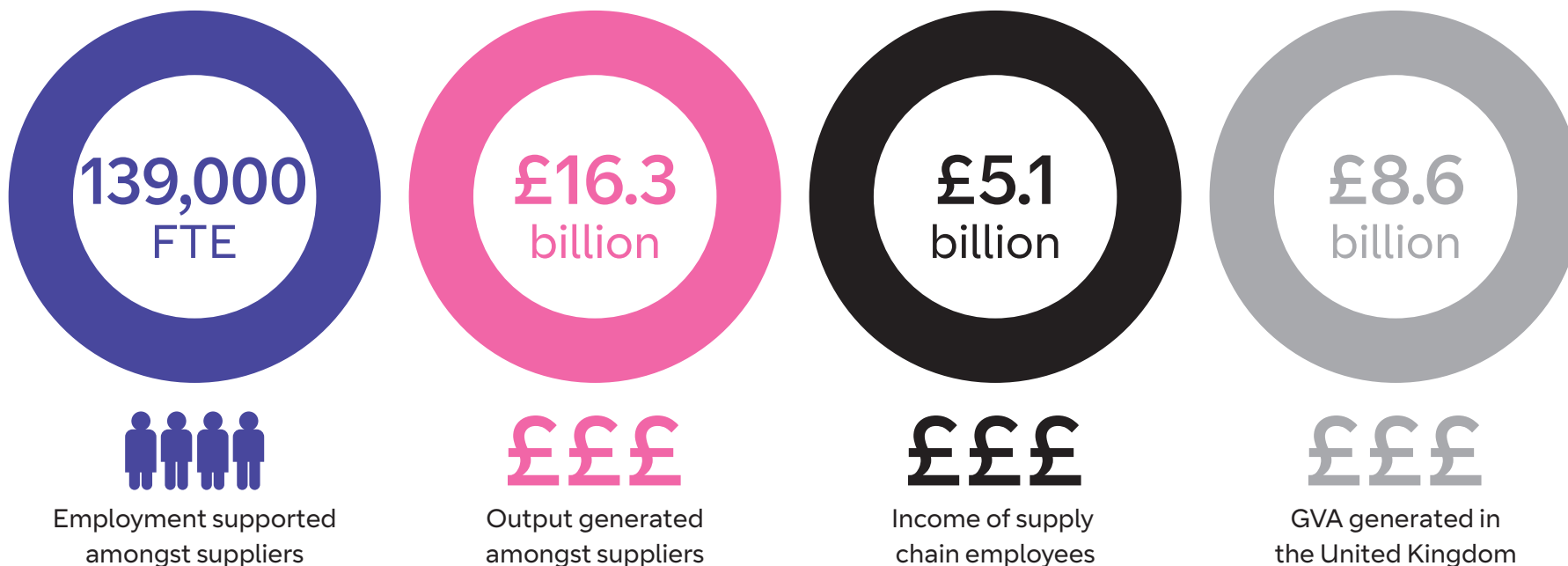


Figure 3-1: Indirect (supply chain impacts) in the UK

Source: Hatch

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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 2019/20 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

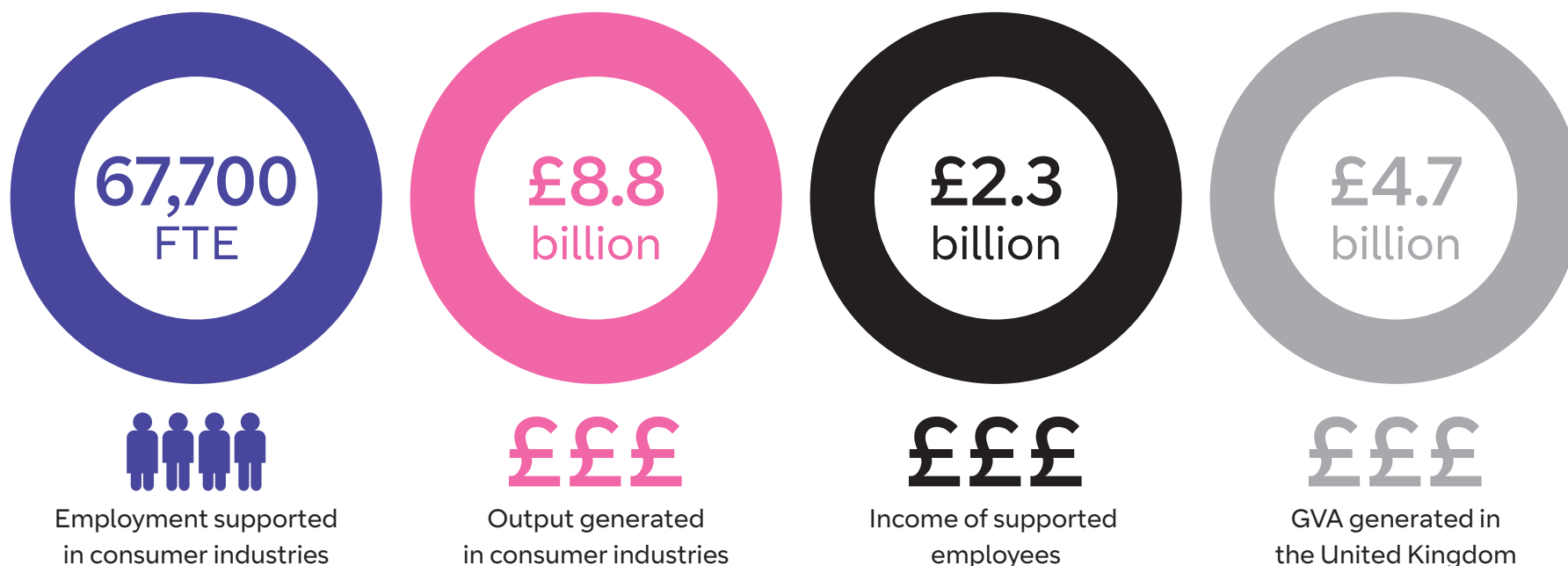


Figure 3-2: Induced (wage expenditure) impacts in the UK

Source: Hatch

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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 2019/20. This is summarised in the table below.

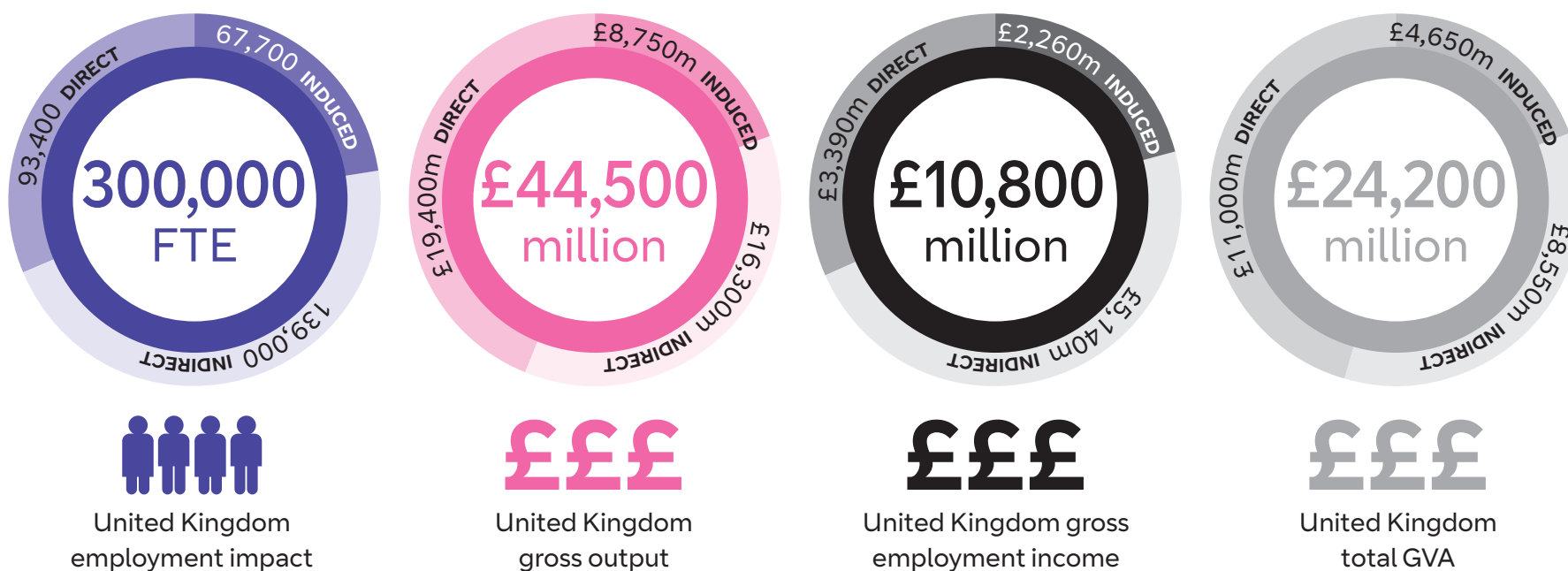


Figure 3-3: Total impact of BT Group in the UK

Source: Hatch

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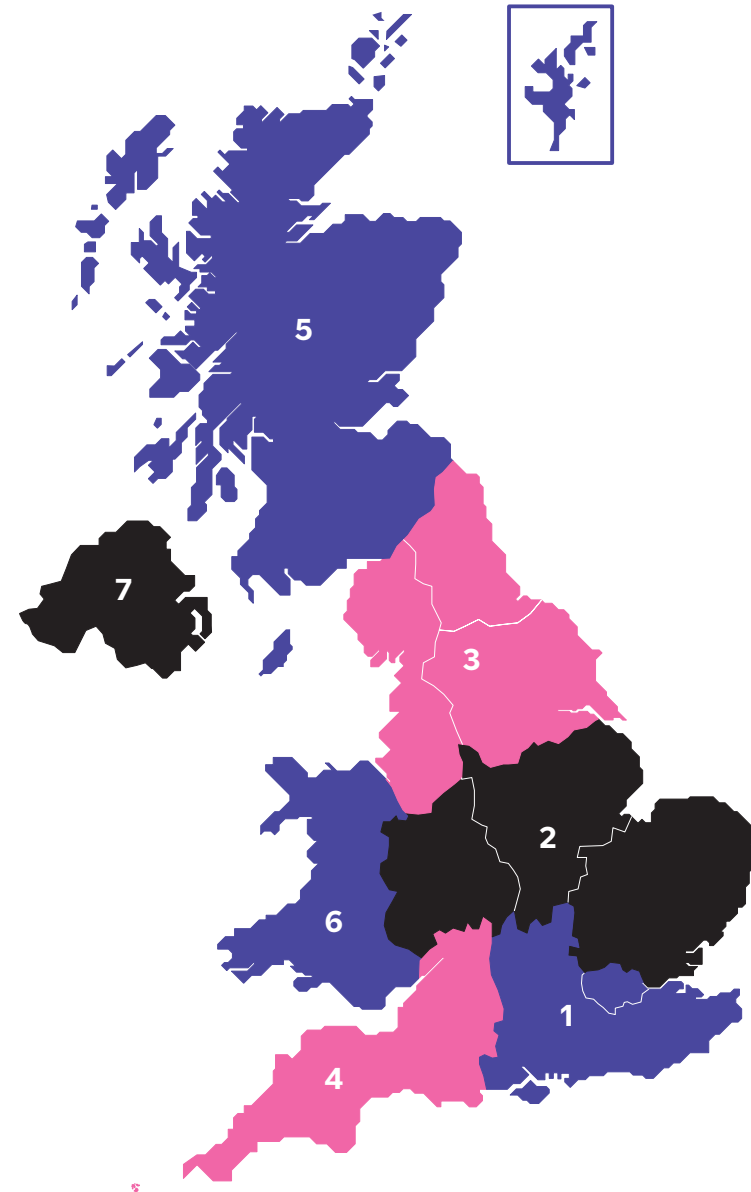
BT Group plc across the UK

4 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.



4 London & the South East

Across London & the South East in 2019/20

23,100 BT Group employees live in the region (FTE)

24,300 BT Group employees work in the region (FTE)

£992 million total income of BT Group employees working in the region

£5,620 million spend with suppliers based in the region

£9,940 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 280 employees** working in the private sector, and **1 in every 20 employees** working in the IT and communications sectors

£1 in every £210 of GVA is generated directly by BT Group

BT Group supported **1 in every 60 employees** working in the private sector and **£1 in every £70** of GVA as a result of BT Group's full economic impact



4 London



Across London in 2019/20

12,200 BT Group employees live in the region (FTE)

14,500 BT Group employees work in the region (FTE)

£634 million total income of BT Group employees working in the region

£3,140 million spend with suppliers based in the region

£6,120 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 260 employees** working in the private sector, and **1 in every 18 employees** working in the IT and communications sectors

£1 in every £200 of GVA is generated directly by BT Group

BT Group supported **1 in every 50 employees** working in the private sector and **£1 in every £70** of GVA as a result of BT Group's full economic impact

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Regional impacts

Direct impact

BT Group directly employs a total of 12,000 people in the London region, with a further 2,510 employed as contractors. This results in £634 million in wages and salary spend across the region.

Procurement impact

BT Group spent around £3.1 billion with suppliers based in London in 2019/20. The largest item was activities of head offices/management consultancy activities, as illustrated in the chart below.



Figure 4- 1: Top five supplier sectors in London by value of expenditure

Source: BT Group Procurement data

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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 = £3,140 million

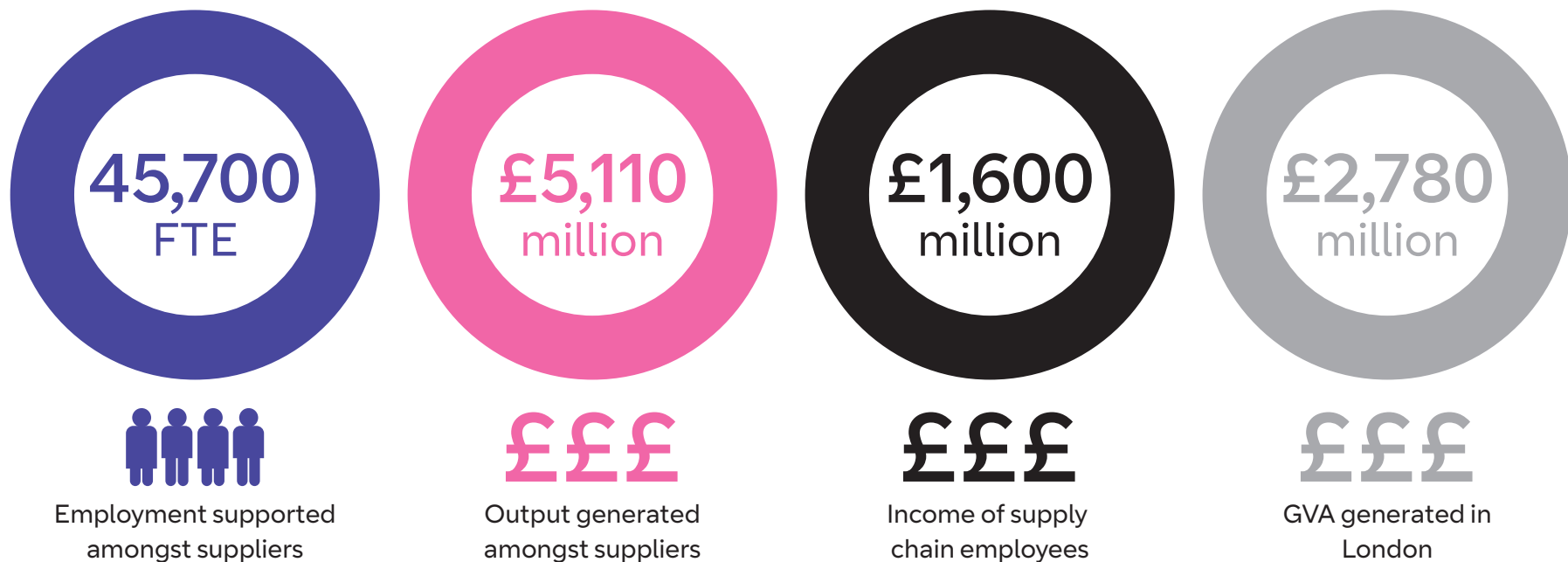


Figure 4-2: Indirect supply chain impact in London

Source: Hatch

4

Impact of employee expenditure

BT Group employees and contractors living in London earned £490 million in 2019/20. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 4-3** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in London = **£490 million**

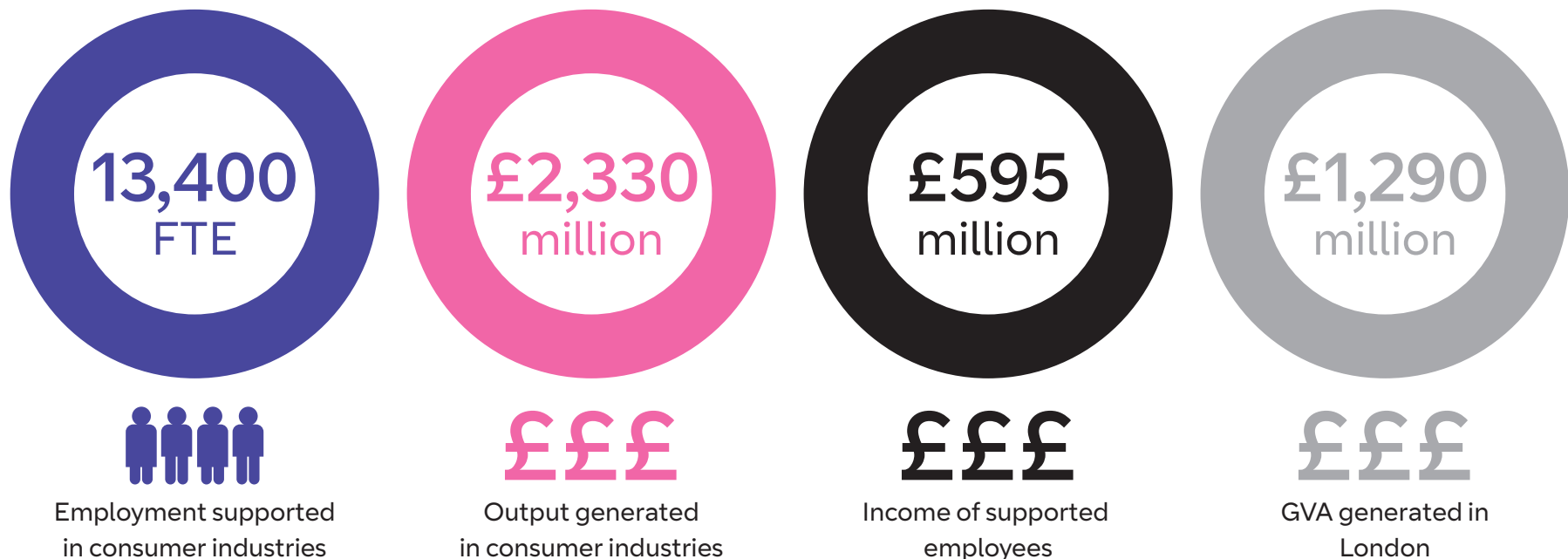


Figure 4-3: Induced (wage expenditure) impacts in London

Source: Hatch

4

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 firm's operations in London. This is summarised in **Figure 4-4** below.

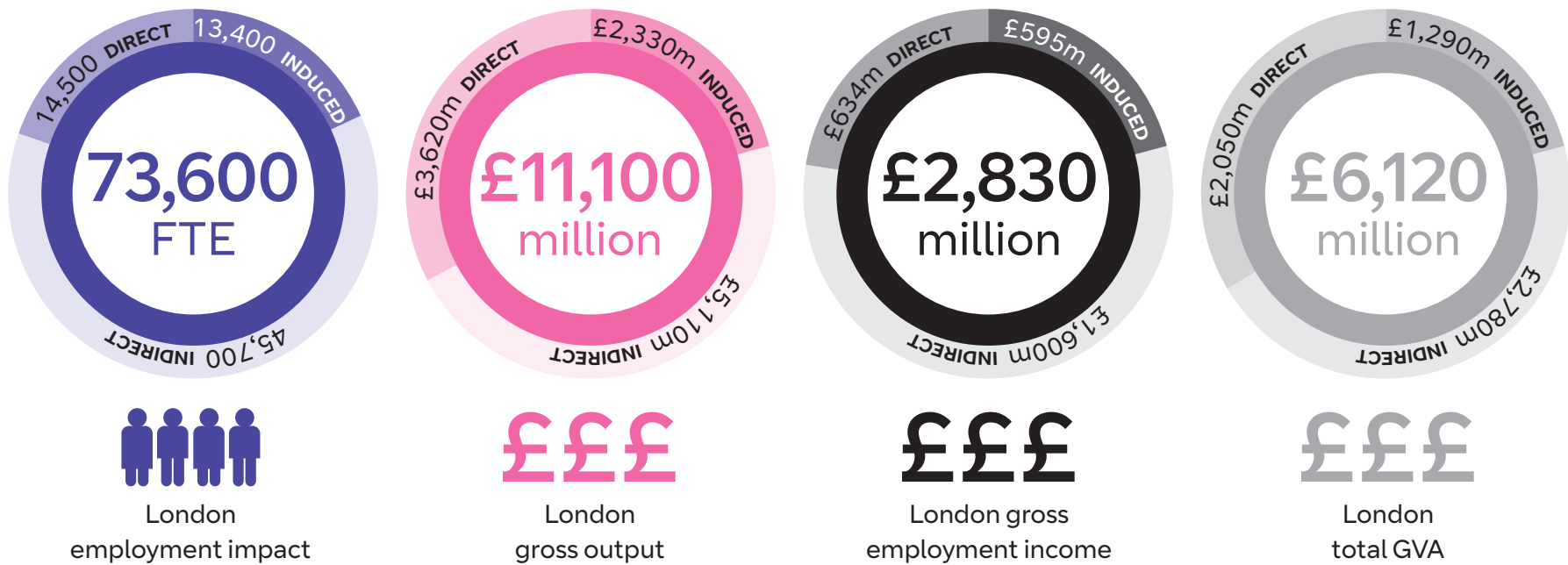


Figure 4-4: Total impact of BT Group in London

Source: Hatch

4

Sub-regional impact

The table below illustrate 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	10,000	3,230	49,700	7,720	4,280
North London	534	952	696	127	72
East London	1,870	3,490	4,670	745	415
West London	822	1,890	15,000	1,950	1,070
South London	1,230	2,610	3,490	519	289
Inner London	11,200	4,900	54,500	8,420	4,670
Outer London	3,320	7,270	19,000	2,640	1,460

Table 4- 1: Sub-regional impacts within London

Source: Hatch

4

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	14,500	12,200	73,600	11,100	6,120

Table 4-2: LEP impact – Greater London

Source: Hatch

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at October 2020). We have used information published by the Office of National Statistics which is available at the following location: https://opendata.arcgis.com/datasets/a46c859088a94898a7c462eeffa0f31a_0.csv
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterix (*).

London LEP	1 in every 50 employees working in the private sector in the area is supported by the full economic impact of BT Group, and 1 in every 18 employees working in the ICT and communications sector are directly employed by BT Group
London LEP	£1 in every £27 of GVA in the IT and communications sector in the area is generated directly by BT Group

4 South East

Across the South East in 2019/20

10,900 BT Group employees live in the region (FTE)

9,780 BT Group employees work in the region (FTE)

£359 million total income of BT Group employees working in the region

£2,480 million spend with suppliers based in the region

£3,820 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 300 employees** working in the private sector, and **1 in every 22 employees** working in the IT and communications sectors

£1 in every £225 of GVA is generated directly by BT Group

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



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Regional impacts

Direct impact

BT Group directly employs a total of 7,710 people in the South East, with a further 2,070 employed as contractors. These employees earned £359 million in wages and salaries.

Procurement impact

BT Group spent around £2.5 billion with suppliers based in the South East in 2019/20. The majority was spent on telecommunications, as illustrated in the chart below.

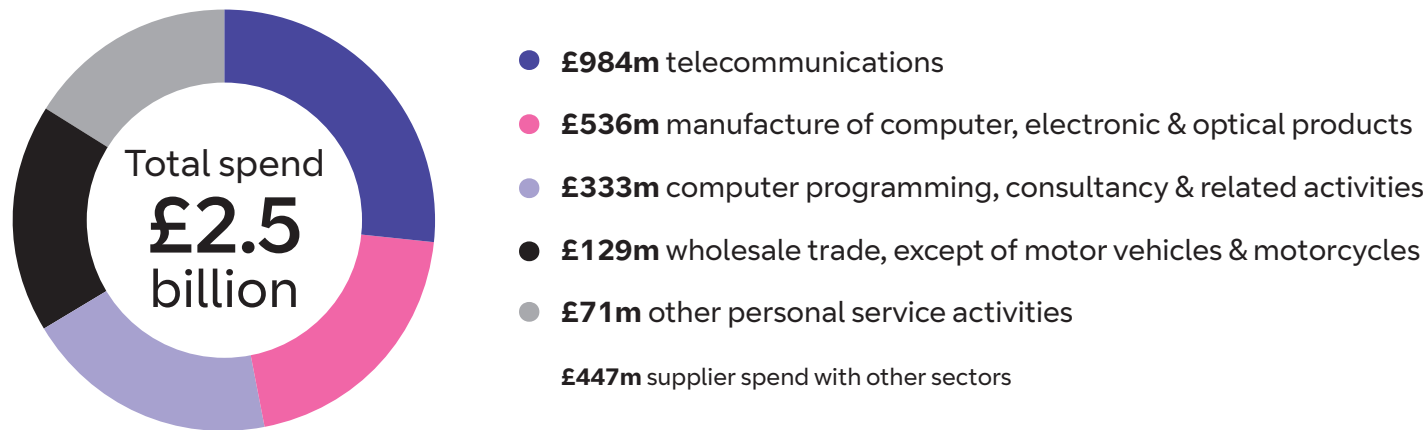


Figure 4-5: Top five supplier sectors in the South East by value of expenditure

Source: BT Group Procurement data

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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 = £2,480 million

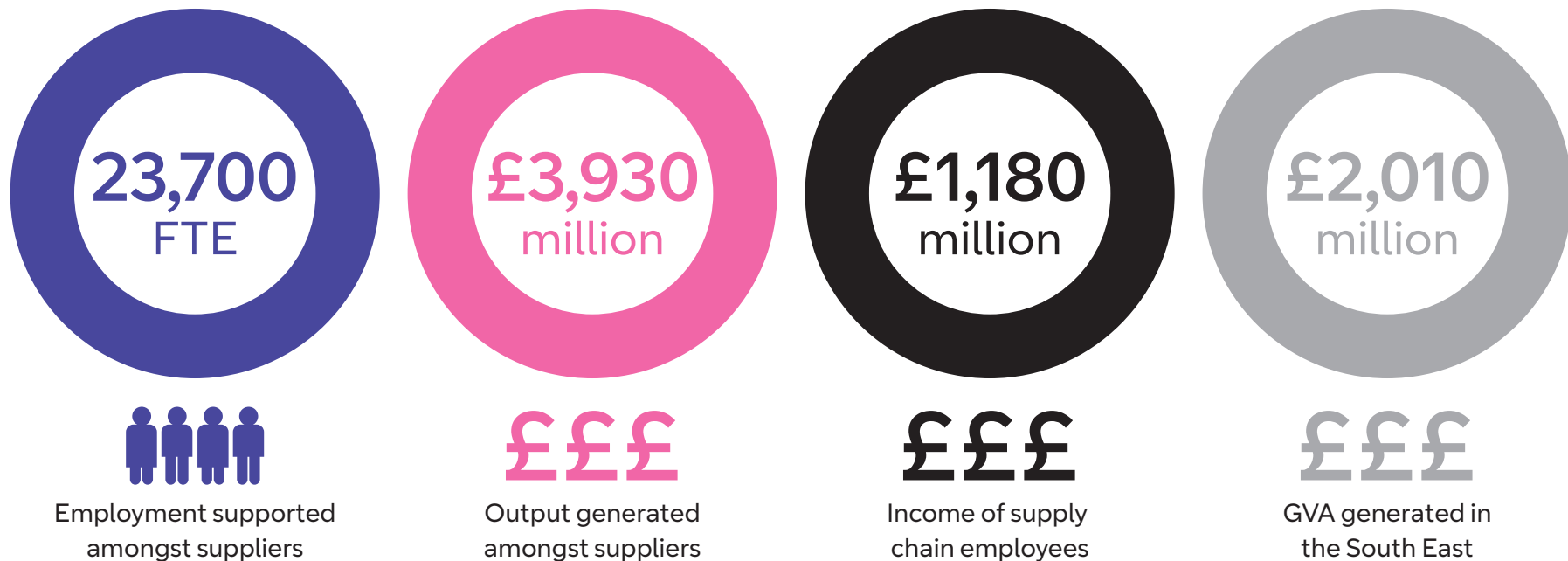


Figure 4-6: Indirect supply chain impact in the South East

Source: Hatch

4

Impact of employee expenditure

BT Group employees and contractors living in the South East earned £437 million in 2019/20. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 4-7** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in the South East = **£437 million**

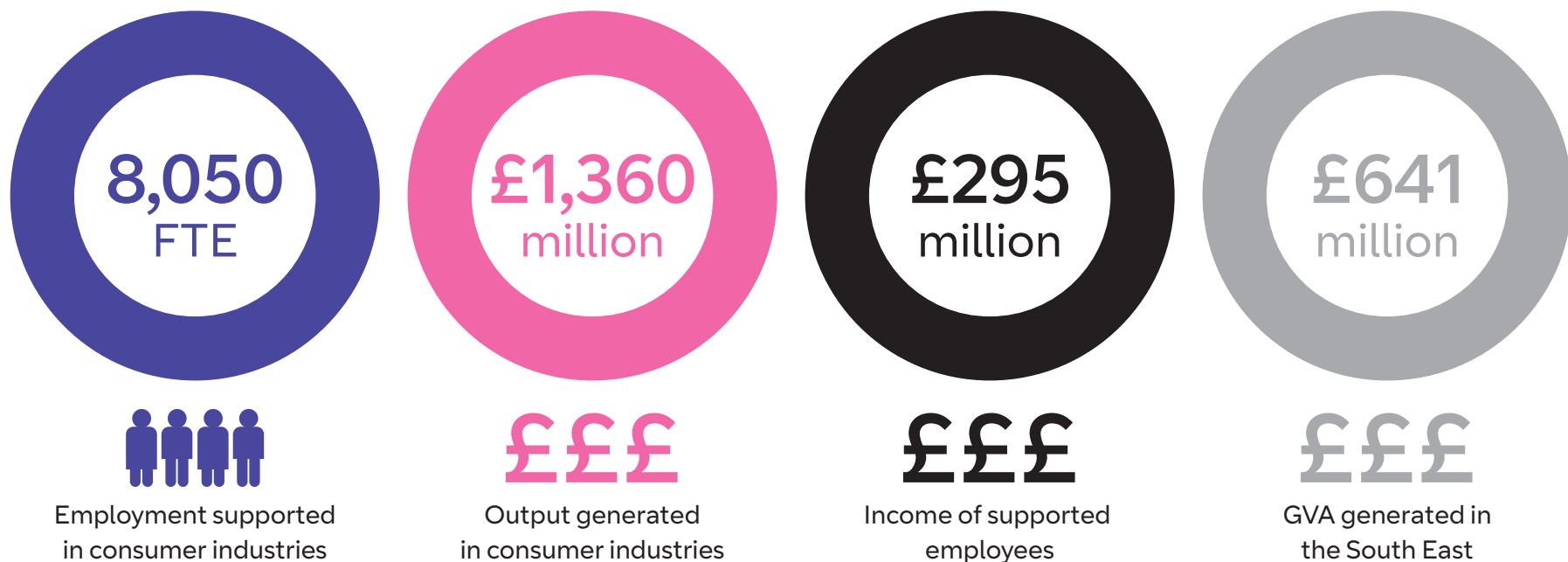


Figure 4-7: Induced (wage expenditure) impacts in the South East

Source: Hatch

4

Total impact in 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 4-8** below.

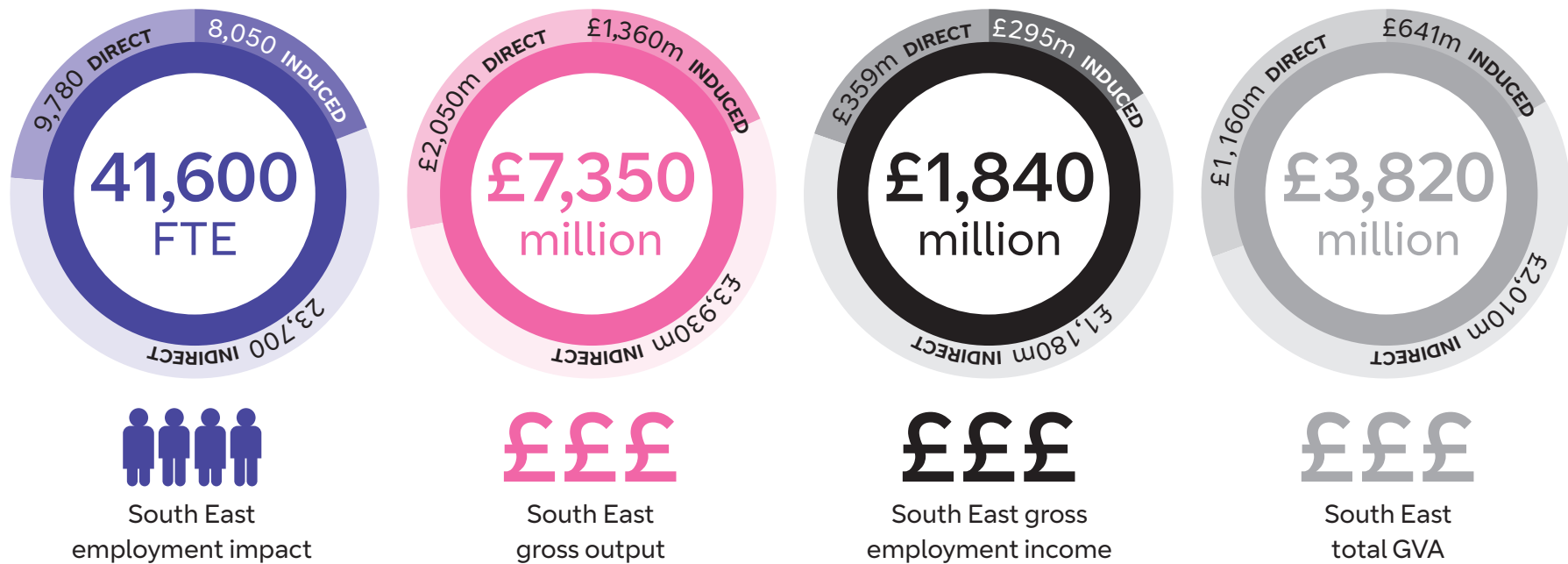


Figure 4-8: Total impact of BT Group in the South East

Source: Hatch

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Sub-regional impact

The table below illustrate the impact BT Group has at a sub-regional level in the South East, focusing on key counties and local authority areas across the region. BT Group 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		Total impact		
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Berkshire	984	1,140	17,100	2,900	1,470
Buckinghamshire	1,700	1,770	3,280	597	321
Milton Keynes	1,180	1,130	1,790	321	175
East Sussex	796	753	950	204	114
Brighton and Hove	533	217	653	143	80
Hampshire	1,790	1,700	6,230	1,130	589
Isle of Wight	49	59	49	9	5
Kent	2,040	2,200	2,850	584	322
Oxfordshire	354	470	434	88	49
Surrey	1,530	1,920	9,970	1,690	868
West Sussex	541	921	729	147	81

Table 4-3: Sub-regional impact - South East

Source: Hatch

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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	2,510	2,810	5,570	790	437
South East *	4,070	5,180	6,510	1,130	635
Thames Valley Berkshire	984	1,140	17,100	2,900	1,470
Buckinghamshire Thames Valley	516	632	1,490	276	146
Solent	1,140	1,140	3,020	551	292
Enterprise M3	2,060	2,110	12,800	2,190	1,130
Oxfordshire	354	470	434	88	49
Coast to Capital *	1,240	1,570	1,850	376	206

Table 4-4: LEP impact – South East

Source: Hatch

[†] The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at October 2020). We have used information published by the Office of National Statistics which is available at the following location: https://opendata.arcgis.com/datasets/a46c859088a94898a7c462eeffa0f31a_0.csv
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterix (*).

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South East Midlands LEP	£1 in every £9 of GVA in the IT and communications sector in the area is generated directly by BT Group
South East LEP	£1 in every £6 of GVA in the IT and communications sector in the area is generated directly by BT Group, and 1 in every £150 in GVA is supported by the full economic impact of BT Group
Thames Valley Berkshire LEP	1 in every 20 employees working in the private sector in the area is supported by the full economic impact of BT Group
Buckinghamshire Thames Valley LEP	1 in every 16 employees working in the IT and communications sector in the area are directly employed by BT Group
Solent LEP	£1 in every £14 of GVA in the IT and communications sector in the area is generated directly by BT Group
Enterprise M3 LEP	£1 in every £26 of GVA in the IT and communications sector in the area is generated directly by BT Group
Oxfordshire LEP	1 in every 36 employees working in the IT and communications sector in the area are directly employed by BT Group
Coast to Capital LEP	£1 in every £16 of GVA in the IT and communications sector in the area is generated directly by BT Group

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4 Midlands & East of England

Across the Midlands & East of England in 2019/20

20,500 BT Group employees live in the region (FTE)

19,500 BT Group employees work in the region (FTE)

£751 million total income of BT Group employees working in the region

£2,270 million spend with suppliers based in the region

£5,450 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 270 employees** working in the private sector, and **1 in every 10 employees** working in the IT and communications sectors

£1 in every £160 of GVA is generated directly by BT Group

BT Group supported **1 in every 60 employees** working in the private sector and **£1 in every £70** of GVA as a result of BT Group's full economic impact



4 East of England



Across the East of England in 2019/20

9,580 BT Group employees live in the region (FTE)

8,950 BT Group employees work in the region (FTE)

£377 million total income of BT Group employees working in the region

£1,510 million spend with suppliers based in the region

£3,130 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 220 employees** working in the private sector, and **1 in every 10 employees** working in the IT and communications sectors

£1 in every £125 of GVA is generated directly by BT Group

BT Group supported **1 in every 40 employees** working in the private sector and **£1 in every £50** of GVA as a result of BT Group's full economic impact

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Regional impacts

Direct impact

BT Group directly employs a total of 8,560 people in the East of England region, with a further 394 employed as contractors. These employees earned £377 million in wages and salaries.

Procurement impact

BT Group spent £1,510 million with suppliers based in the East of England in 2019/20. The largest item of spend was in education, as illustrated in the chart below.

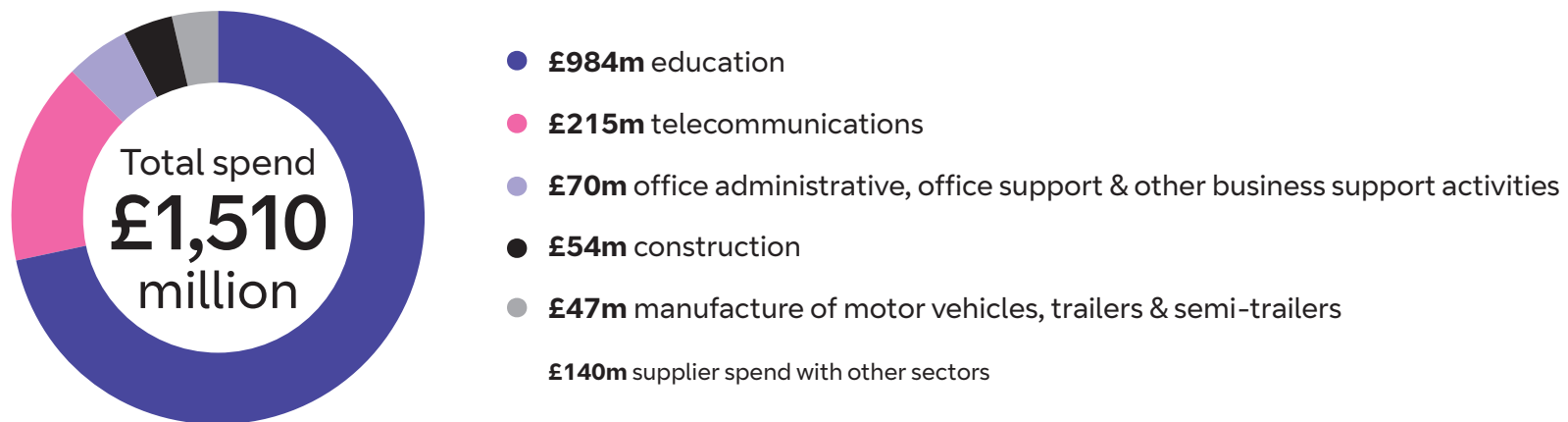


Figure 4-9: Top five supplier sectors in the East of England by value of expenditure

Source: BT Group Procurement data

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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 = £1,510 million

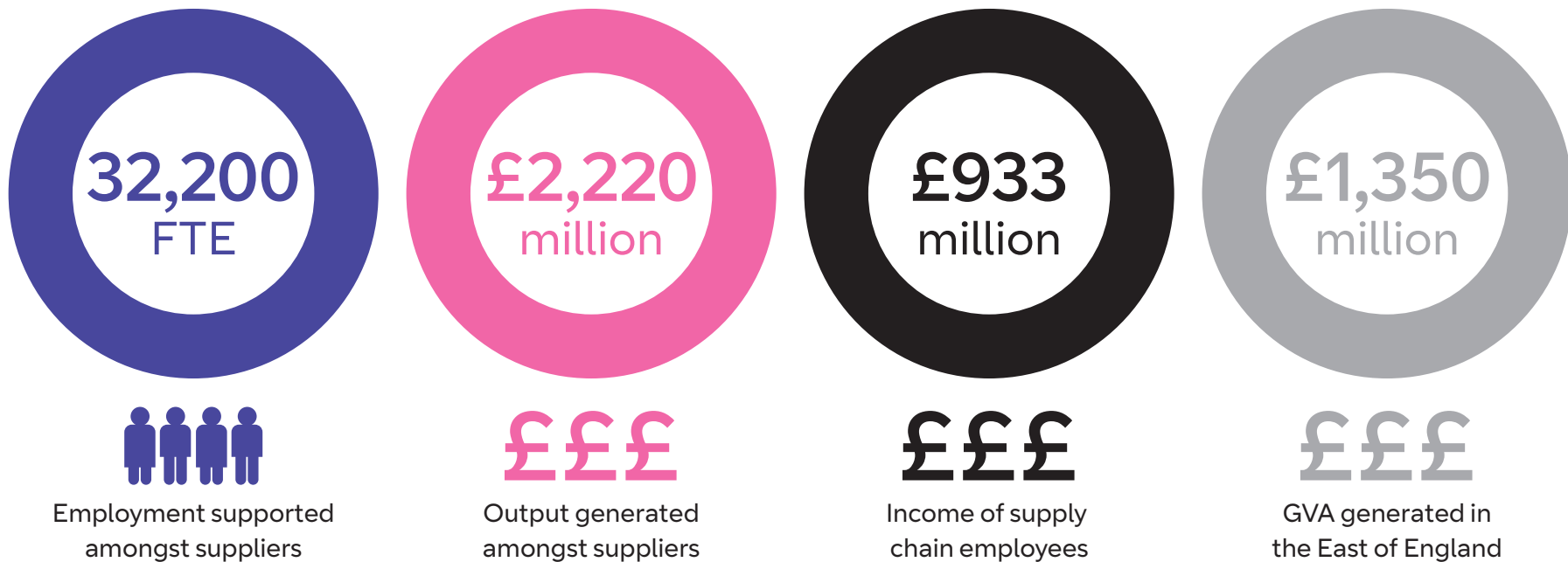


Figure 4-10: Indirect supply chain impact in the East of England

Source: Hatch

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Impact of employee expenditure

BT Group employees and contractors living in the East of England earned £415 million in 2019/20. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 4-11** 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 = **£415 million**

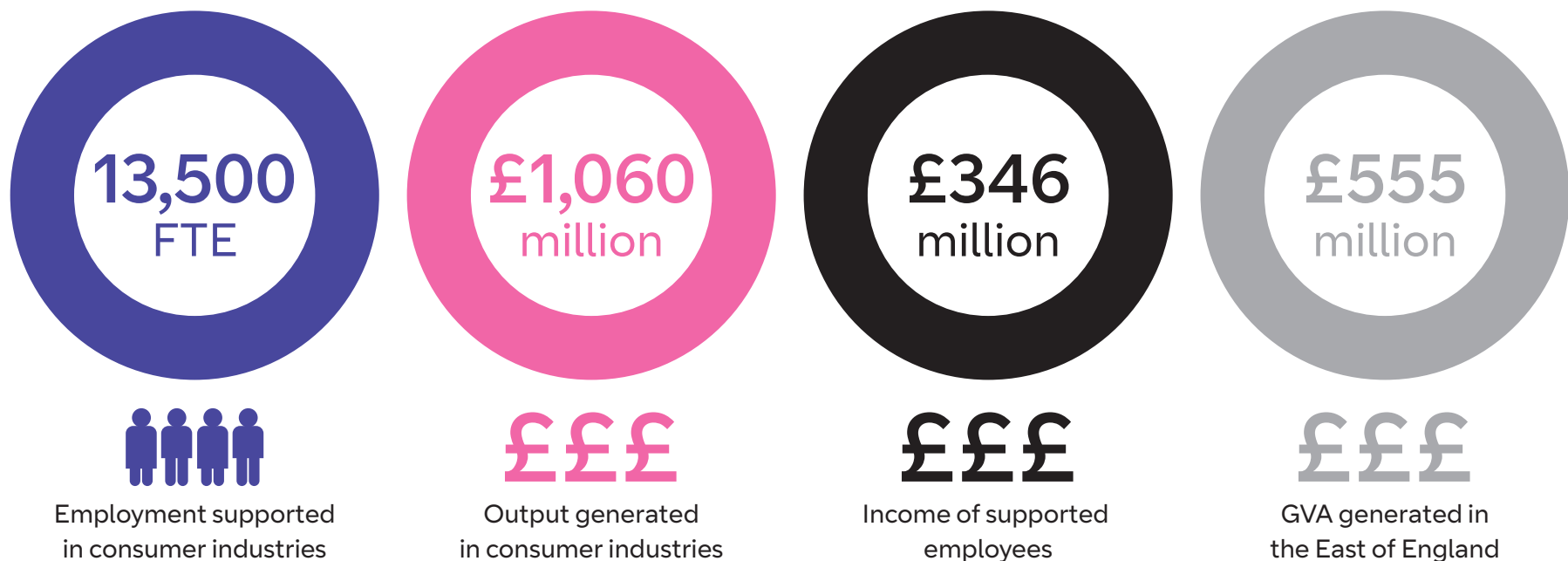


Figure 4-11: Induced (wage expenditure) impacts in the East of England

Source: Hatch

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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 4-12** below.

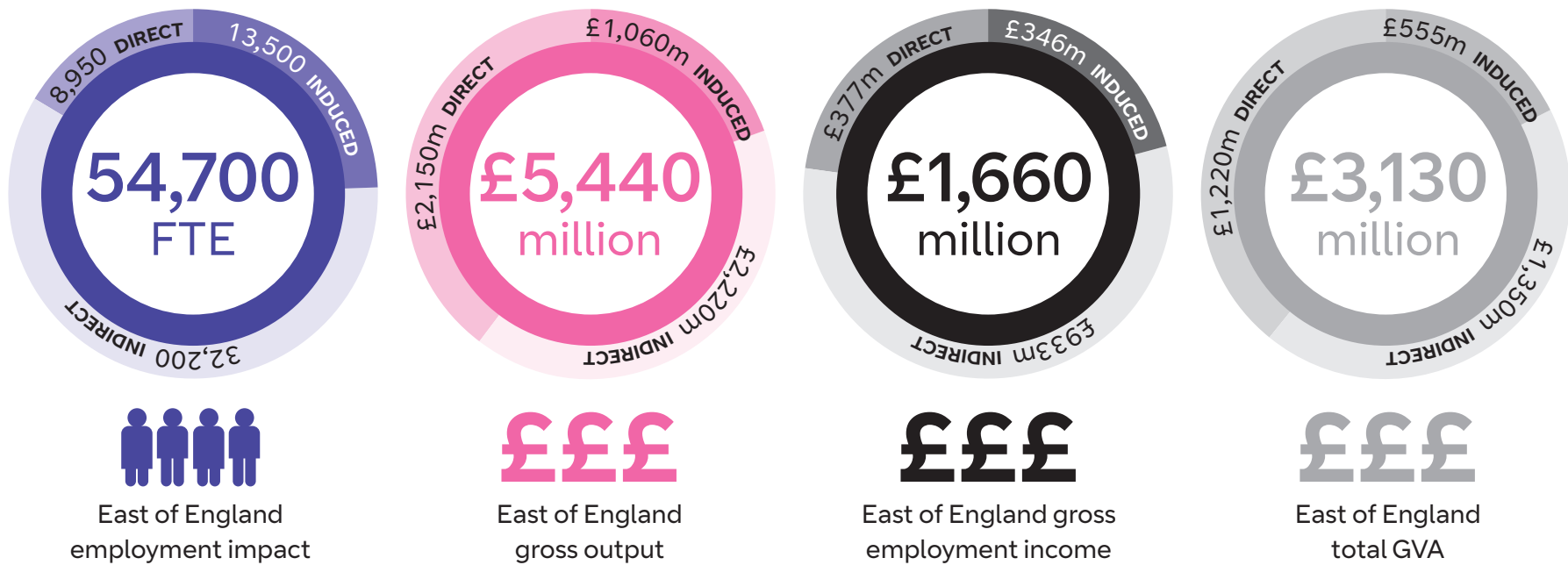


Figure 4-12: Total impact of BT Group in the East of England

Source: Hatch

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Sub-regional impact

The table below illustrates the economic impact of BT Group at a sub-regional level in the East of England.

	BT Group employees & contractors			Total impact	
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Bedfordshire	610	860	2,050	234	134
Cambridgeshire	720	722	3,260	342	196
Essex	1,780	2,520	3,480	500	285
Hertfordshire	1,960	1,920	11,200	1,170	672
Norfolk	685	803	30,800	2,300	1,340
Suffolk	3,190	2,750	3,950	889	505

Table 4-5: County impact – East of England

Source: Hatch

4

Local Enterprise Partnerships (LEPs) are locally-owned partnerships between businesses and local authorities and are intended to 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 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	1,960	1,920	11,200	1,170	672
New Anglia	3,880	3,560	34,800	3,190	1,840
Greater Cambridge & Greater Peterborough *	814	898	3,440	370	212
South East Midlands *	2,510	2,810	5,570	790	437
South East *	4,070	5,180	6,510	1,130	635

Table 4-6: LEP impact – East of England

Source: Hatch

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at October 2020). We have used information published by the Office of National Statistics which is available at the following location: https://opendata.arcgis.com/datasets/a46c859088a94898a7c462eeffa0f31a_0.csv
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterix (*).

4

1

Hertfordshire LEP

£1 in every £60 of GVA in the area is supported by BT Group's full economic impact

New Anglia LEP

1 in every 4 employees working in the IT and communications sector in the area are directly employed by BT Group

2

Greater Cambridge and Peterborough LEP

1 in every 28 employees working in the IT and communications sector in the area are directly employed by BT Group

South East Midlands LEP

1 in every 110 private sector employees working in the area is supported by BT Group's full economic impact, and 1 in every 10 employees working in the IT and Communications sector are directly employed by BT Group

3

South East LEP

1 in every 10 employees working in the IT and communications sector in the area are directly employed by BT Group

4

5

4 East Midlands



Across the East Midlands in 2019/20

4,990 BT Group employees live in the region (FTE)

4,490 BT Group employees work in the region (FTE)

£151 million total income of BT Group employees working in the region

£130 million spend with suppliers based in the region

£759 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 330 employees** working in the private sector, and **1 in every 12 employees** working in the IT and communications sectors

£1 in every £210 of GVA is generated directly by BT Group

BT Group supported **1 in every 150 employees** working in the private sector and **£1 in every £140** of GVA as a result of BT Group's full economic impact

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4

Regional impacts

Direct impact

BT Group directly employs a total of 3,750 people in the East Midlands region, with a further 738 employed as contractors. This results in £151 million in wages and salary spend across the region.

Procurement impact

BT Group spent £130 million with suppliers based in the East Midlands in 2019/20. The majority was spent on telecommunications, as illustrated in the chart below.

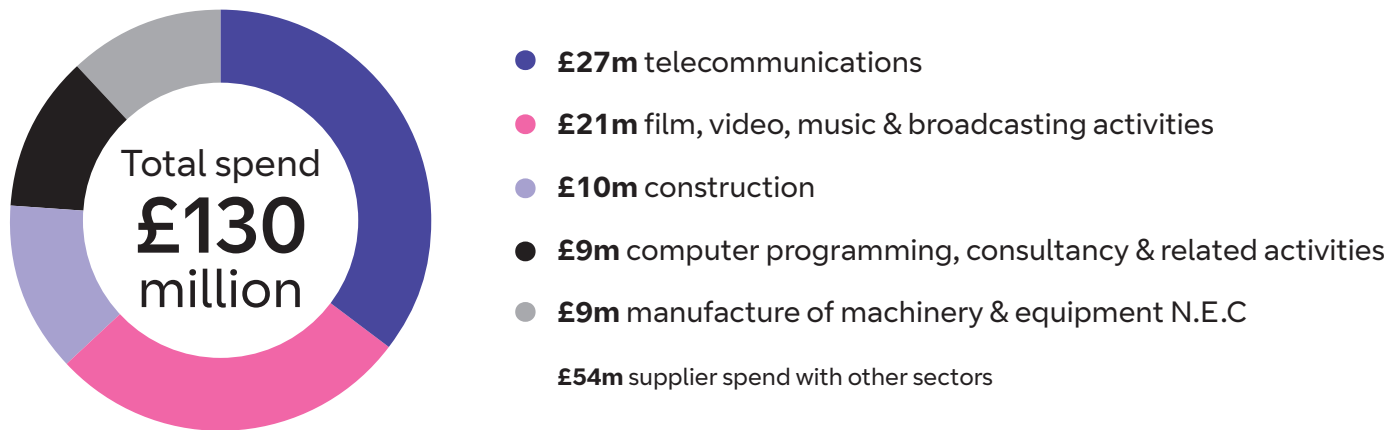


Figure 4- 13: Top five supplier sectors in the East of Midlands by value of expenditure

Source: BT Group Procurement data

4

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 = £130 million

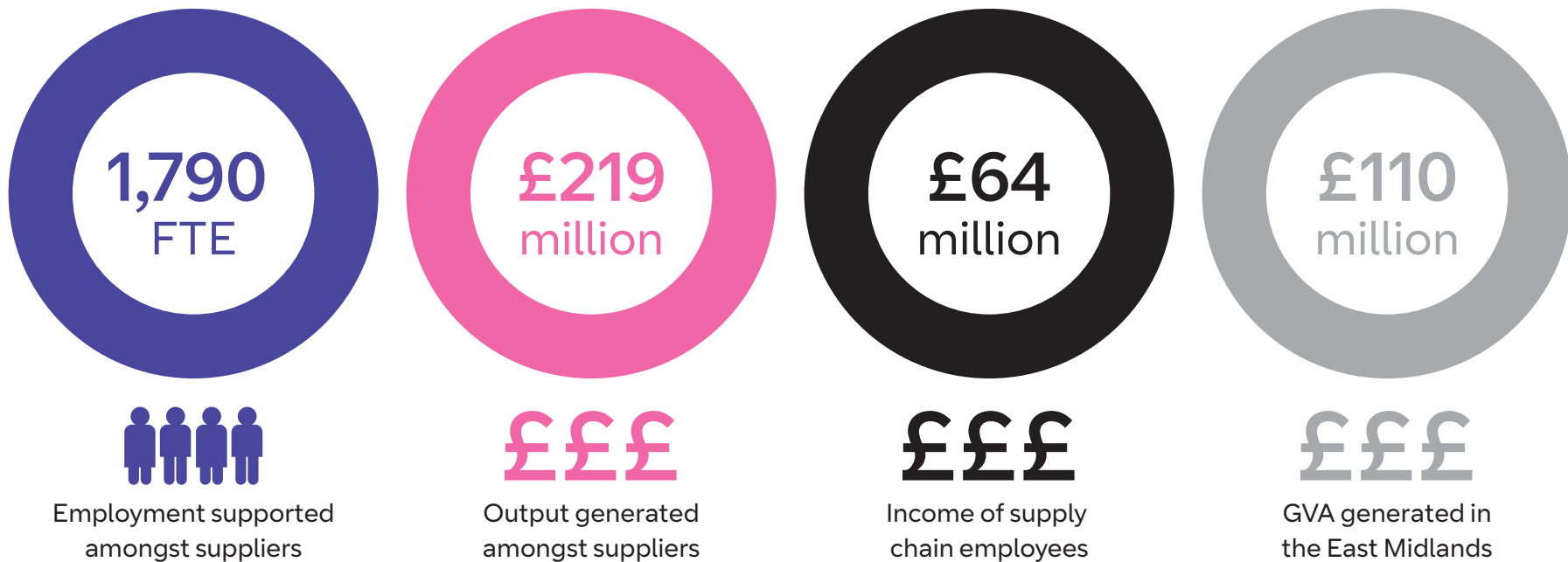


Figure 4-14: Indirect supply chain impact in the East Midlands

Source: Hatch

4

Impact of employee expenditure

BT Group employees and contractors living in the East Midlands earned £174 million in 2019/20. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 4-15** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in the East Midlands = **£174 million**

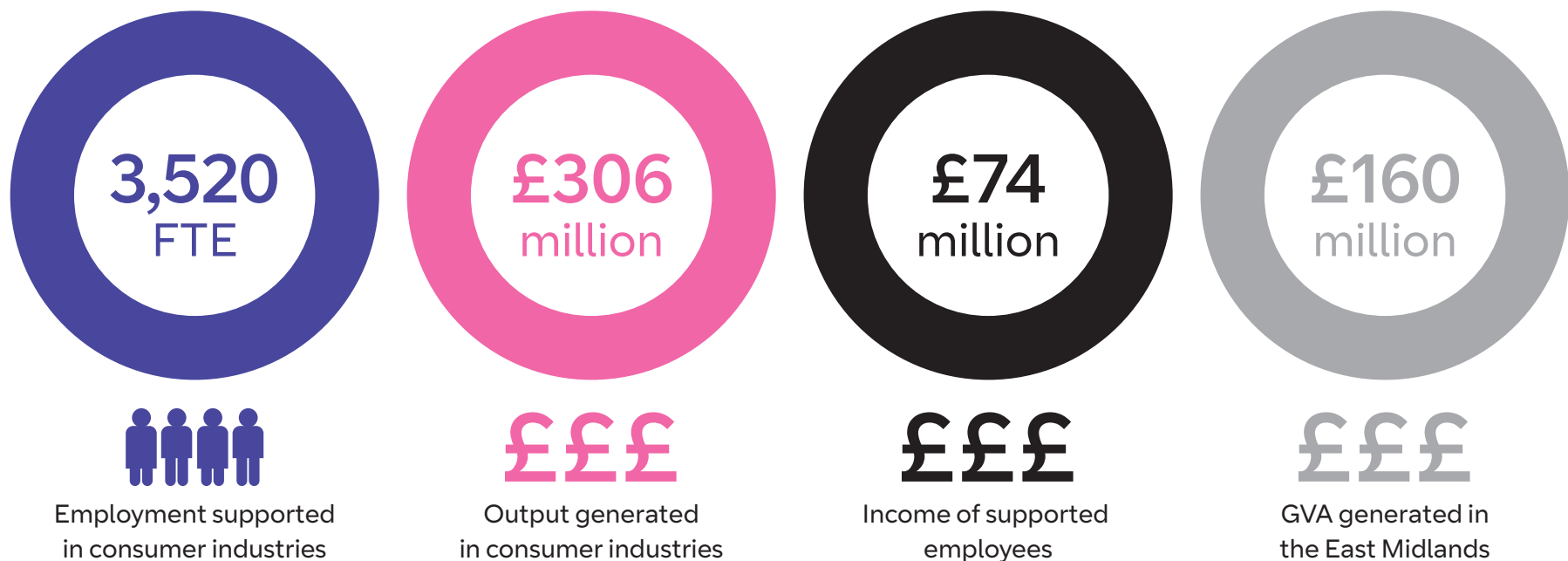


Figure 4-15: Induced (wage expenditure) impacts in the East Midlands

Source: Hatch

4

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 4-16** below.

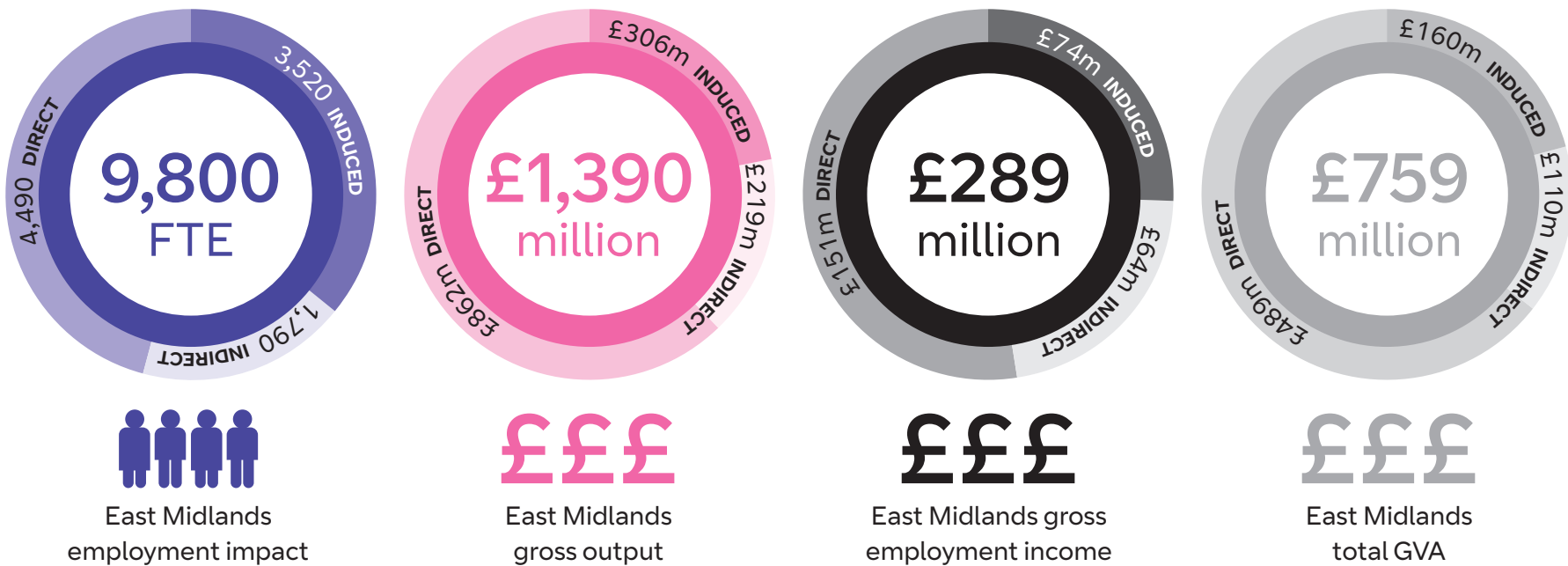


Figure 4-16: Total impact of BT Group in the East Midlands

Source: Hatch

4

Sub-regional impact

The table below illustrates the economic impact of BT Group at a sub-regional level in the East Midlands.

	BT Group employees & contractors			Total impact	
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Derbyshire	927	1,040	1,680	268	148
Leicestershire	1,470	1,500	2,480	376	208
Lincolnshire	622	740	925	146	81
Northamptonshire	719	819	1,730	235	128
Nottinghamshire	737	870	2,900	353	189

Table 4-7: County impact – East Midlands

Source: Hatch

4

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 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	2,510	2,810	5,570	790	437
Greater Cambridge & Greater Peterborough	814	898	3,440	370	212
Leicester & Leicestershire	1,470	1,500	2,480	376	208
Derby, Derbyshire, Nottingham & Nottinghamshire	1,660	1,910	4,580	622	337
Greater Lincolnshire	792	951	1,110	184	102

Table 4-8: LEP impact – East Midlands

Source: Hatch

Note: The 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 October 2020). We have used information published by the Office of National Statistics which is available at the following location: https://opendata.arcgis.com/datasets/a46c859088a94898a7c462eeffa0f31a_0.csv
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterisk (*).

4

1

South East Midlands LEP

1 in every 120 employees working in the area is supported by BT Group's full economic impact

Greater Cambridge &
Greater Peterborough LEP

1 in every 28 employees working in the IT and communications sector in the area are directly employed by BT Group

2

Leicester & Leicestershire LEP

1 in every 8 employees working in the IT and communications sector in the area are directly employed by BT Group

Derby, Derbyshire, Nottingham &
Nottinghamshire LEP

1 in every 16 employees working in the IT and communications sector in the area are directly employed by BT Group

3

Greater Lincolnshire LEP

1 in every 8 employees working in the IT and communications sector in the area are directly employed by BT Group

4

5

4 West Midlands

Across the West Midlands in 2019/20

5,940 BT Group employees live in the region (FTE)

6,070 BT Group employees work in the region (FTE)

£224 million total income of BT Group employees working in the region

£636 million spend with suppliers based in the region

£1,560 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 300 employees** working in the private sector, and **1 in every 12 employees** working in the IT and communications sectors

£1 in every £180 of GVA is generated directly by BT Group

BT Group supported **1 in every 80 employees** working in the private sector and **£1 in every £90** of GVA as a result of BT Group's full economic impact

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Regional impacts

Direct impact

BT Group directly employs a total of 5,470 people in the West Midlands region, with a further 600 employed as contractors. These employees earned £224 million in wages and salaries.

Procurement impact

BT Group spent £636 million with suppliers based in the West Midlands in 2019/20. The largest single item was repair and maintenance of aircraft and spacecraft, as illustrated in the chart below.

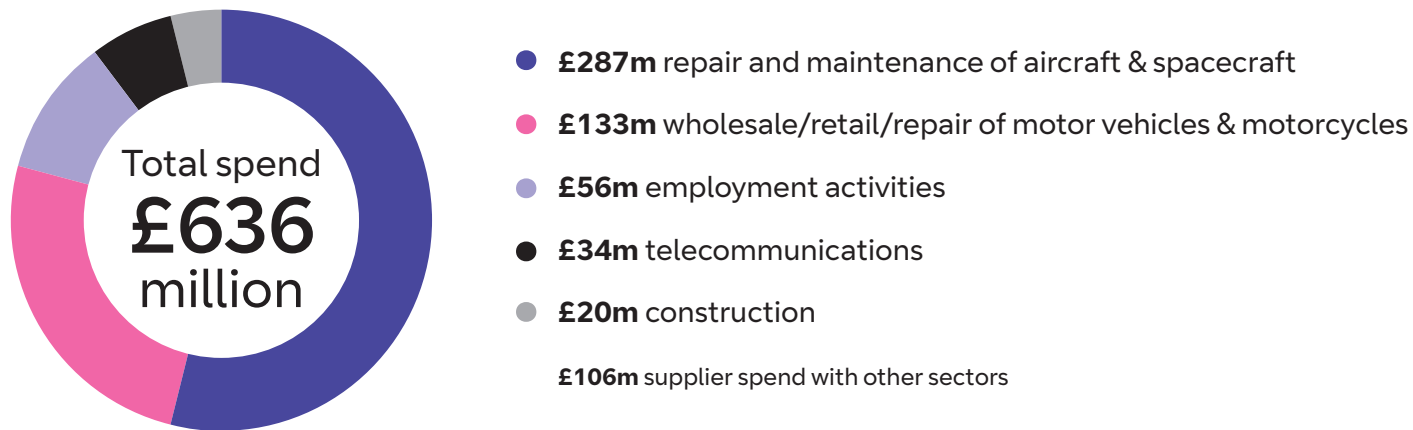


Figure 4- 17: Top five supplier sectors in the West of Midlands by value of expenditure

Source: BT Group Procurement data

4

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 = £636 million

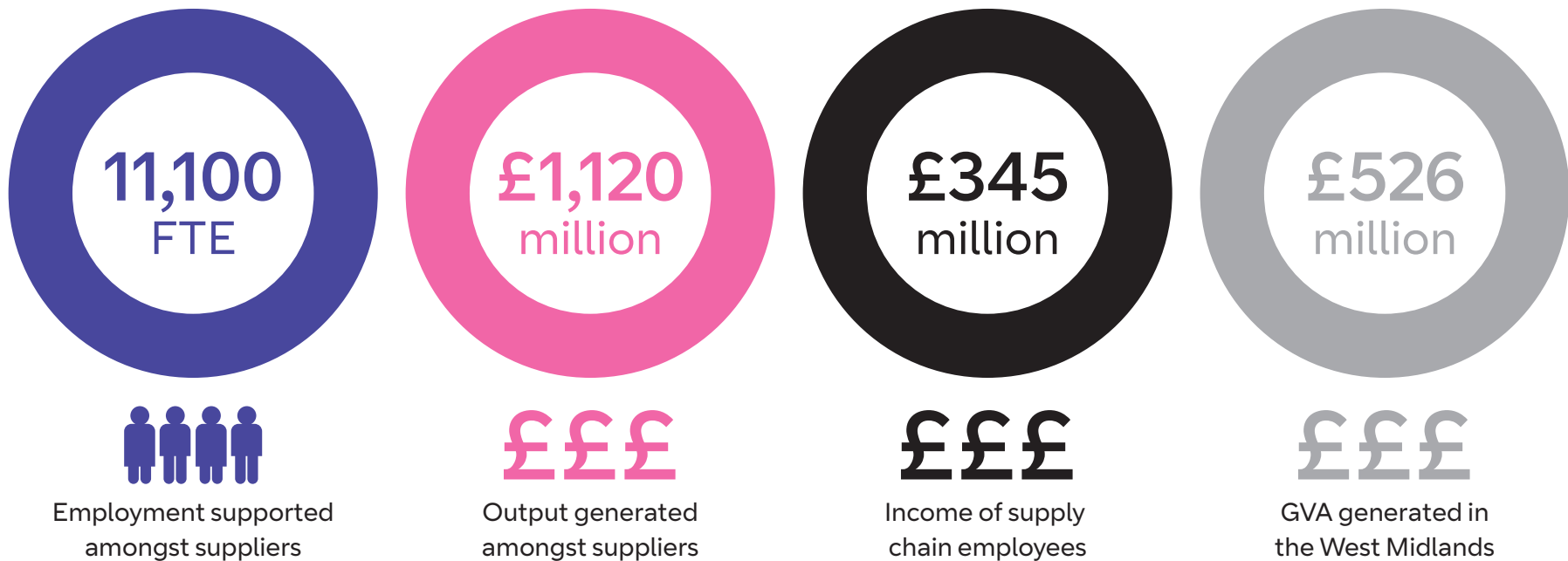


Figure 4-18: Indirect supply chain impact in the West Midlands

Source: Hatch

4

Impact of employee expenditure

BT Group employees and contractors living in the West Midlands earned £219 million in 2019/20. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 4-19** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in the West Midlands = **£219 million**

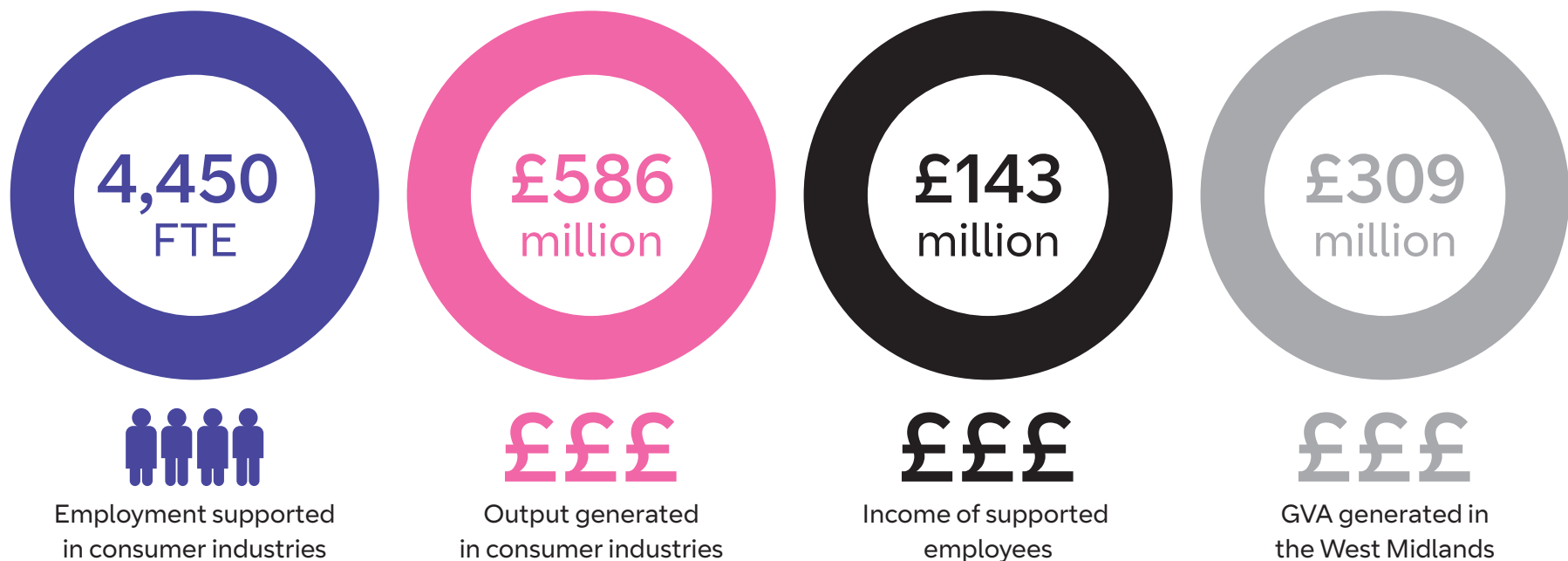


Figure 4-19: Induced (wage expenditure) impacts in the West Midlands

Source: Hatch

4

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 4-20** below.

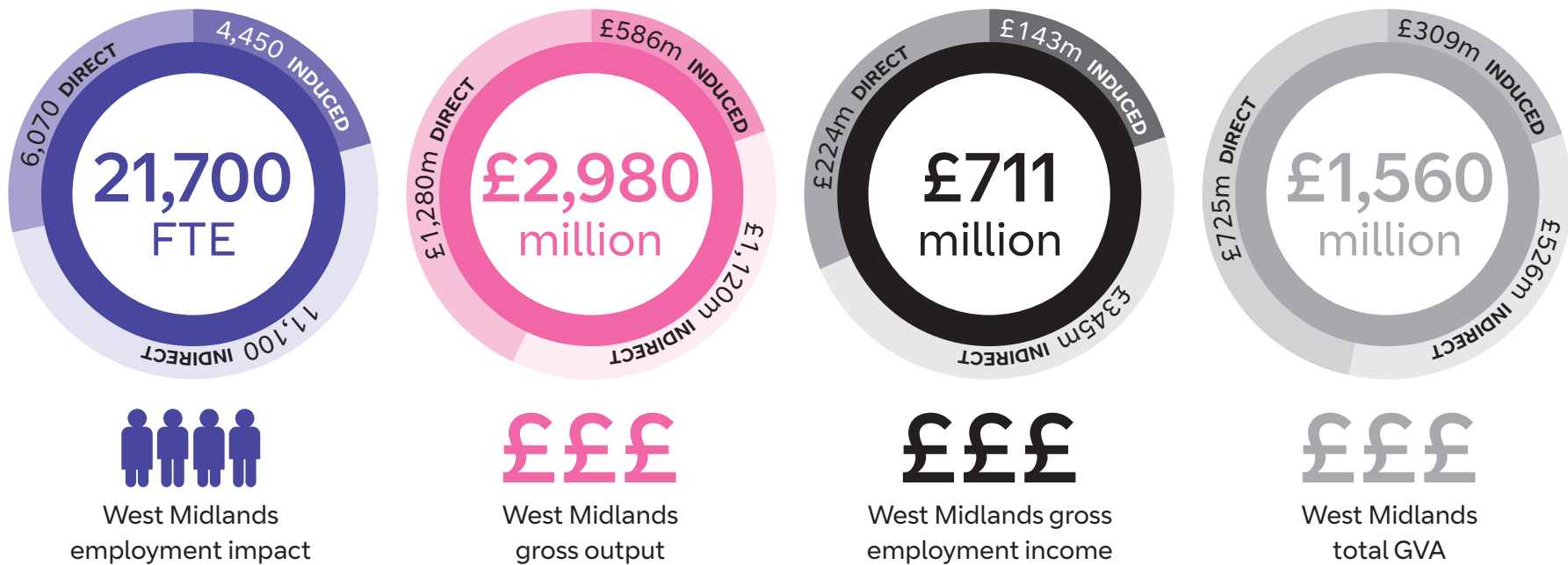


Figure 4-20: Total impact of BT Group in the West Midlands

Source: Hatch

4

Sub-regional impact

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

	BT Group employees & contractors			Total impact	
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Birmingham	1,730	1,150	2,680	480	264
Coventry	489	336	638	123	68
Herefordshire	228	245	355	60	33
Shropshire	784	746	1,010	201	112
Solihull	395	311	4,790	569	286
Staffordshire	827	1,080	1,370	220	120
Warwickshire	213	516	7,710	864	427
Worcestershire	392	543	677	112	61

Table 4-9: County impact – West Midlands

Source: Hatch

4

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 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	1,010	992	1,360	262	145
Stoke & Staffordshire	827	1,080	1,370	220	120
Greater Birmingham & Solihull	2,450	2,070	8,030	1,140	601
Coventry & Warwickshire	702	853	8,350	987	495
Black Country	1,010	1,020	2,420	353	188
Worcestershire	392	543	677	112	61

Table 4- 10: LEP impact – West Midlands

Source: Hatch

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at October 2020). We have used information published by the Office of National Statistics which is available at the following location: https://opendata.arcgis.com/datasets/a46c859088a94898a7c462eeffa0f31a_0.csv
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterix (*).

4

Marches LEP

1 in every 8 employees working in the IT and communications sector in the area are directly employed by BT Group

Stoke and Staffordshire LEP

£1 in every £260 of GVA in the area is generated directly by BT Group

Greater Birmingham and Solihull LEP

1 in every 10 employees working in the IT and communications sector in the area are directly employed by BT Group

Coventry and Warwickshire LEP

1 in every 22 employees working in the IT and communications sector in the area are directly employed by BT Group

Black Country LEP

1 in every 6 employees working in the IT and communications sector in the area are directly employed by BT Group

Worcestershire LEP

1 in every 20 employees working in the IT and communications sector in the area are directly employed by BT Group

4 North of England



Across the North of England in 2019/20

25,500 BT Group employees live in the region (FTE)

25,700 BT Group employees work in the region (FTE)

£813 million total income of BT Group employees working in the region

£876 million spend with suppliers based in the region

£4,150 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 180 employees** working in the private sector, and **1 in every 6 employees** working in the IT and communications sectors

£1 in every £130 of GVA is generated directly by BT Group

BT Group supported **1 in every 90 employees** working in the private sector and **£1 in every £80** of GVA as a result of BT Group's full economic impact

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4 North East

Across the North East in 2019/20

9,280 BT Group employees live in the region (FTE)

9,290 BT Group employees work in the region (FTE)

£262 million total income of BT Group employees working in the region

£41 million spend with suppliers based in the region

£1,090 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 70 employees** working in the private sector, and **1 in every 4 employees** working in the IT and communications sectors

£1 in every £60 of GVA is generated directly by BT Group

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



4

Regional impacts

Direct impact

BT Group directly employs a total of 8,170 people in the North East region, with a further 1,110 employed as contractors. This results in £262 million in wages and salary spend across the region.

Procurement impact

BT Group spent around £41 million with suppliers based in the North East in 2019/20. The majority was spent on construction, as illustrated in the chart below.



Figure 4-21: Top five supplier sectors in the North East by value of expenditure

Source: BT Group Procurement data

4

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 = £41 million

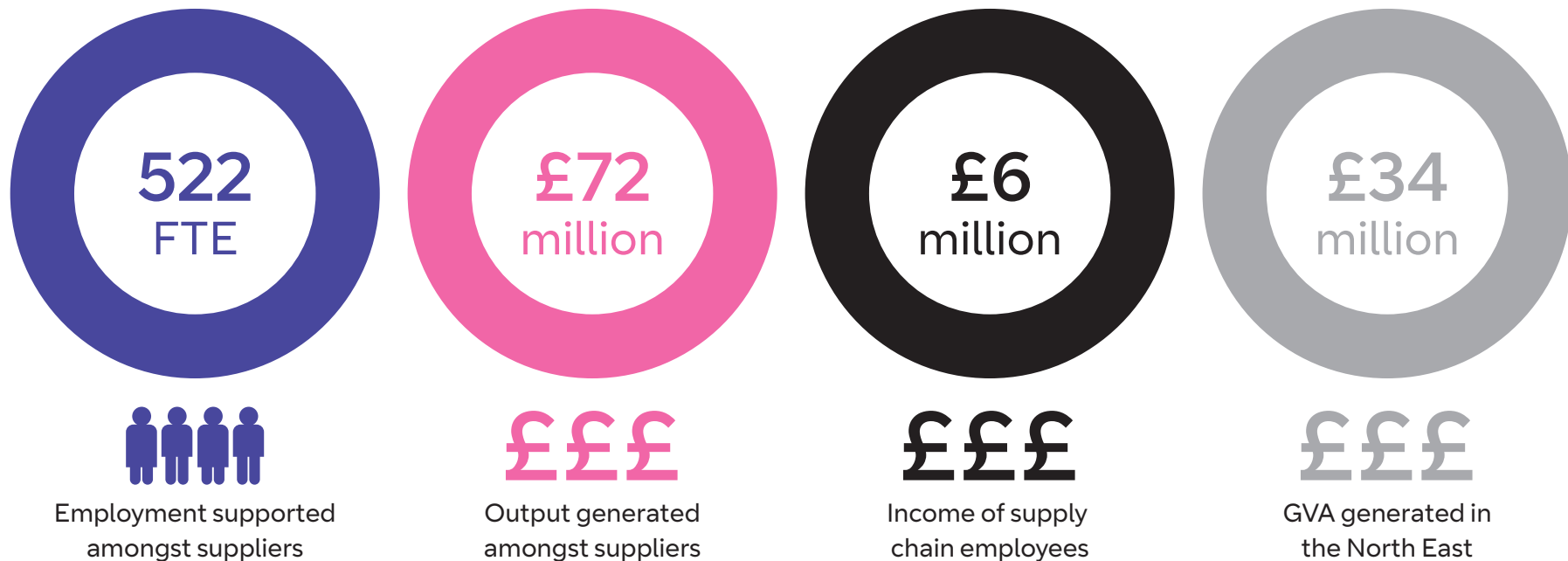


Figure 4-22: Indirect supply chain impact in the North East

Source: Hatch

4

Impact of employee expenditure

BT Group employees and contractors living in the North East earned £262 million in 2019/20. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 4-23** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in the North East = £262 million

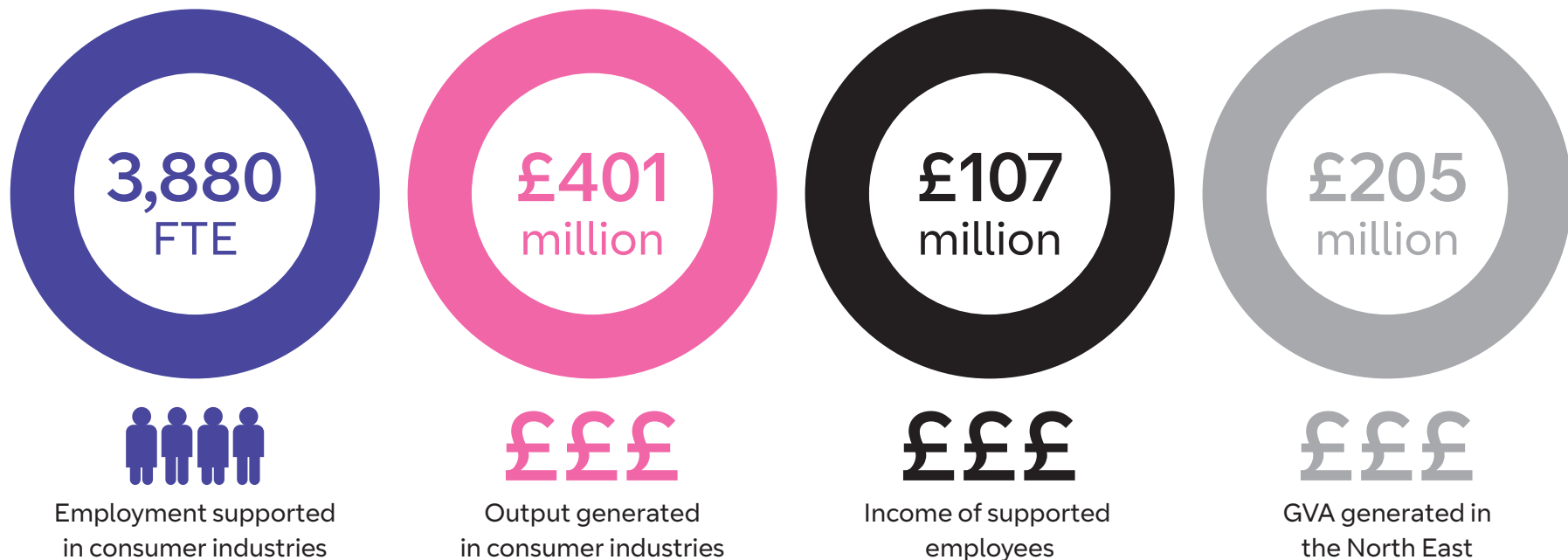


Figure 4-23: Induced (wage expenditure) impacts in the North East

Source: Hatch

4

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 4-24** below.

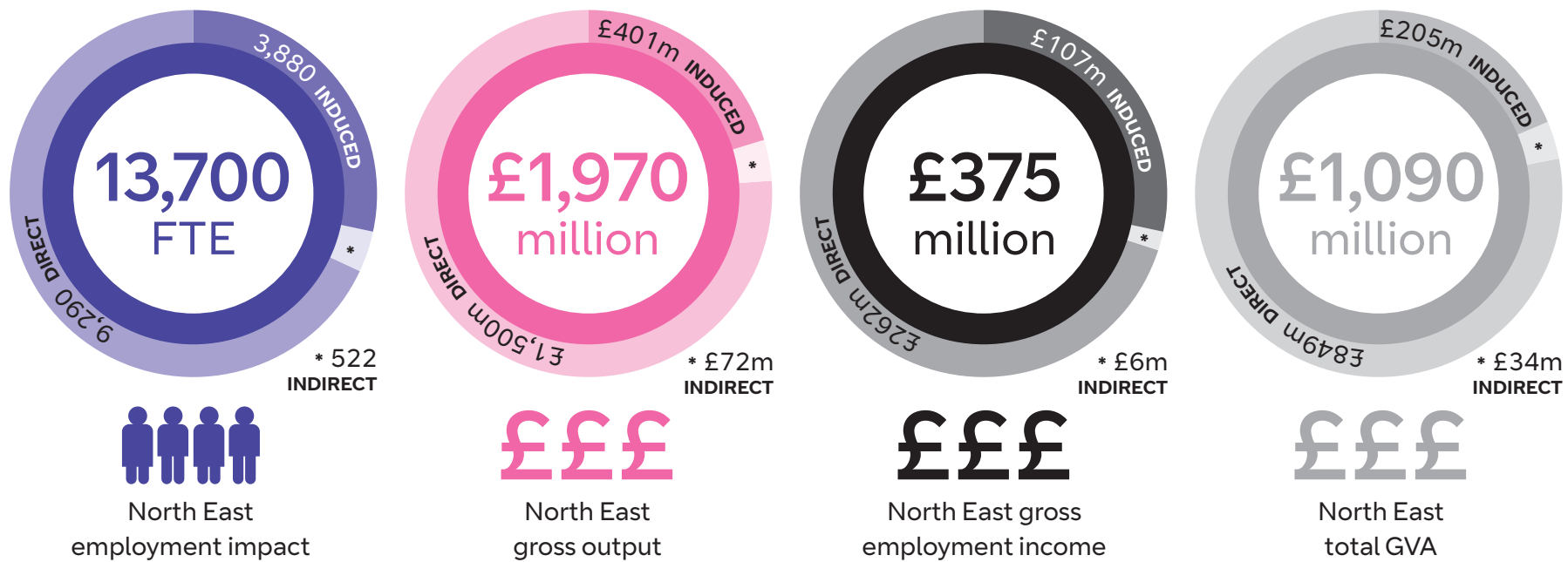


Figure 4-24: Total impact of BT Group in the North East

Source: Hatch

4

Sub-regional impact

The table below illustrates the impact BT Group has at a sub-regional level in the North East.

	BT Group employees & contractors			Total impact	
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Durham	102	1,120	479	60	31
Northumberland	101	994	170	27	15
Tyne and Wear	6,410	4,990	7,450	1,150	645
Tees Valley	2,680	2,180	5,590	735	397

Table 4-11: County impact – North East

Source: Hatch

4

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 that 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	2,680	2,180	5,590	735	397
North Eastern	6,610	7,100	8,100	1,240	691

Table 4-12: LEP impact – North East

Source: Hatch

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at October 2020). We have used information published by the Office of National Statistics which is available at the following location: https://opendata.arcgis.com/datasets/a46c859088a94898a7c462eeffa0f31a_0.csv
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterisk (*).

Tees Valley LEP	1 in 2 employees working in the IT and communications sector in the area are directly employed by BT Group
North Eastern LEP	1 in 4 employees working in the IT and communications sector in the area are directly employed by BT Group

4 North West



Across the North West in 2019/20

9,690 BT Group employees live in the region (FTE)

9,720 BT Group employees work in the region (FTE)

£322 million total income of BT Group employees working in the region

£410 million spend with suppliers based in the region

£1,710 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 240 employees** working in the private sector, and **1 in every 8 employees** working in the IT and communications sectors

£1 in every £160 of GVA is generated directly by BT Group

BT Group supported **1 in every 120 employees** working in the private sector and **£1 in every £100** of GVA as a result of BT Group's full economic impact

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Regional impacts

Direct impact

BT Group directly employs a total of 8,280 people in the North West region, with a further 1,440 employed as contractors. These employees earned £322 million in wages and salaries.

Procurement impact

BT Group spent around £410 million with suppliers based in the North West in 2019/20. The majority was spent on telecommunications, as illustrated in the chart below.

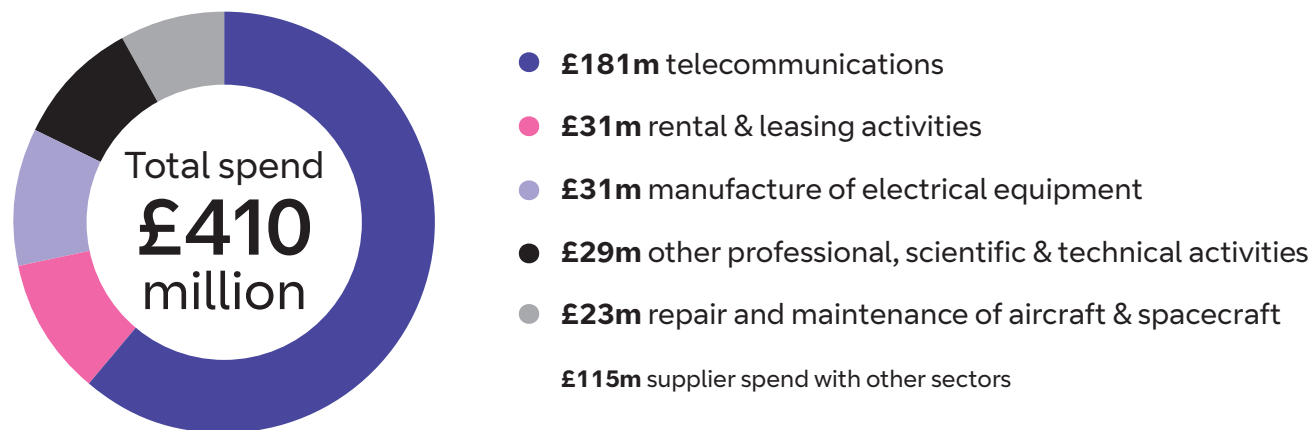


Figure 4-25: Top five supplier sectors in the North West by value of expenditure

Source: BT Group Procurement data

4

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 = £410 million

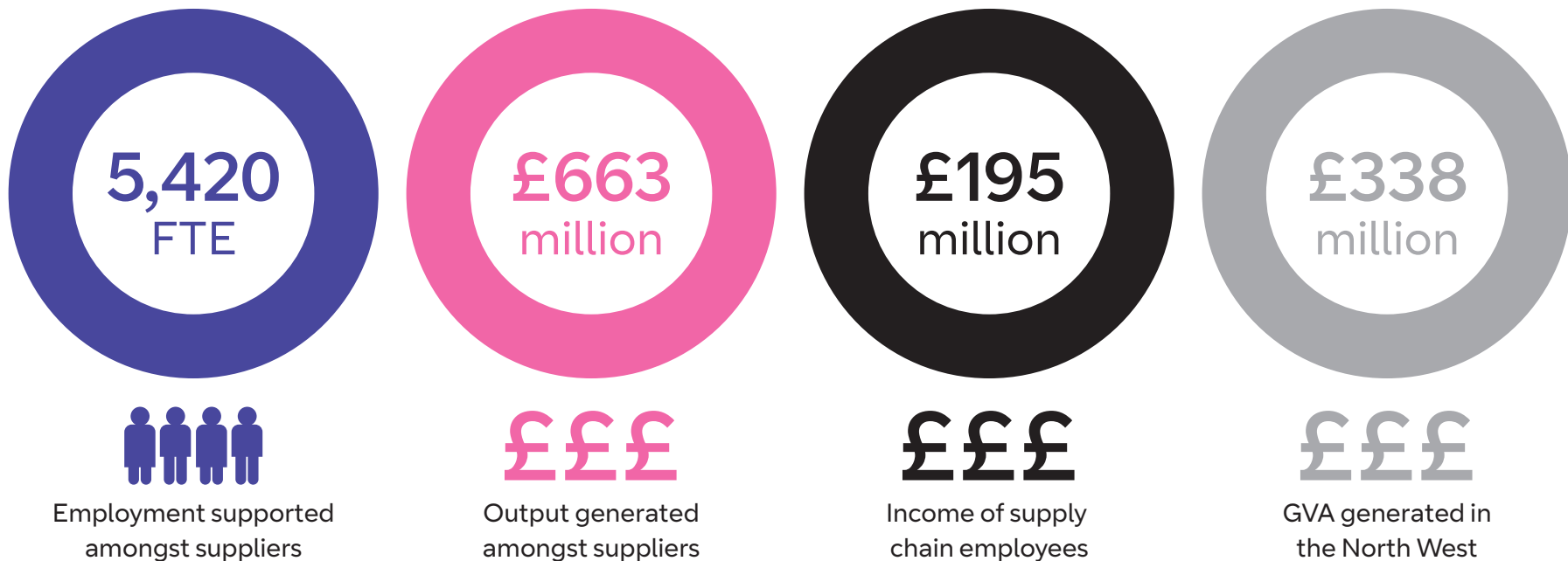


Figure 4-26: Indirect supply chain impact in the North West

Source: Hatch

4

Impact of employee expenditure

BT Group employees and contractors living in the North West earned £322 million in 2019/20. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 4-27** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in the North West = **£322 million**

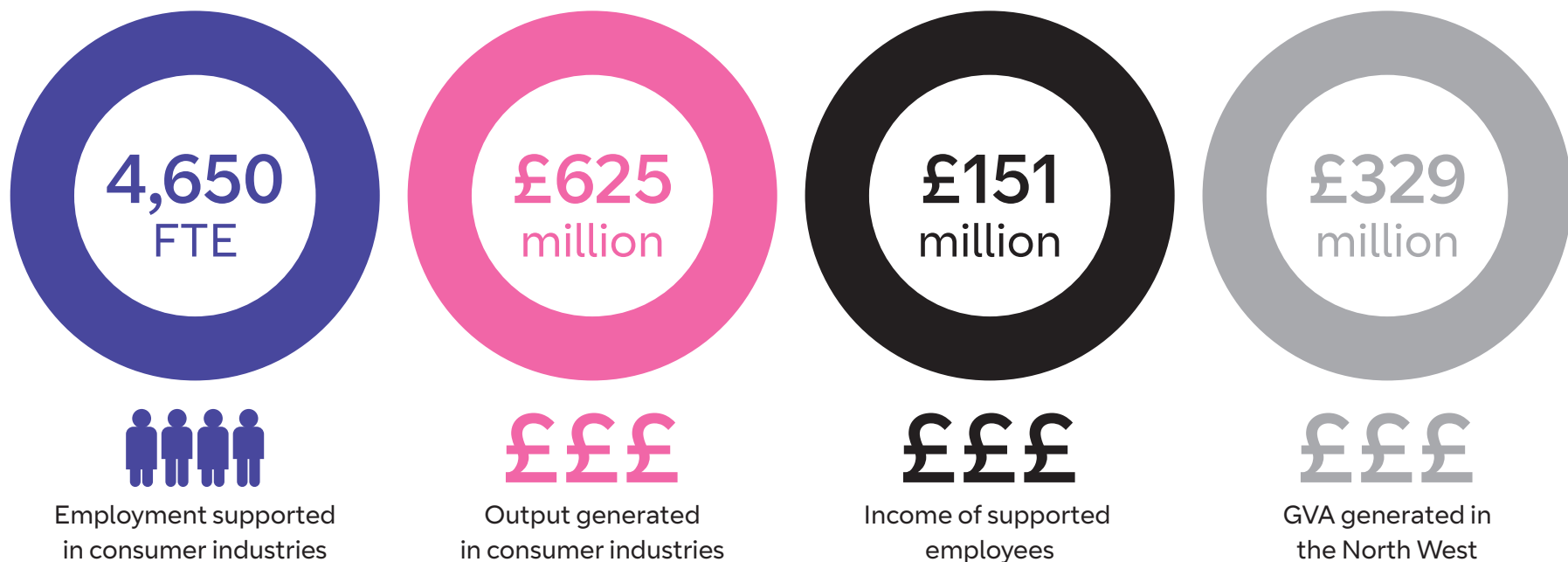


Figure 4-27: Induced (wage expenditure) impacts in the North West

Source: Hatch

4

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 BT Group's operations in the North West. This is summarised in **Figure 4-28** below.

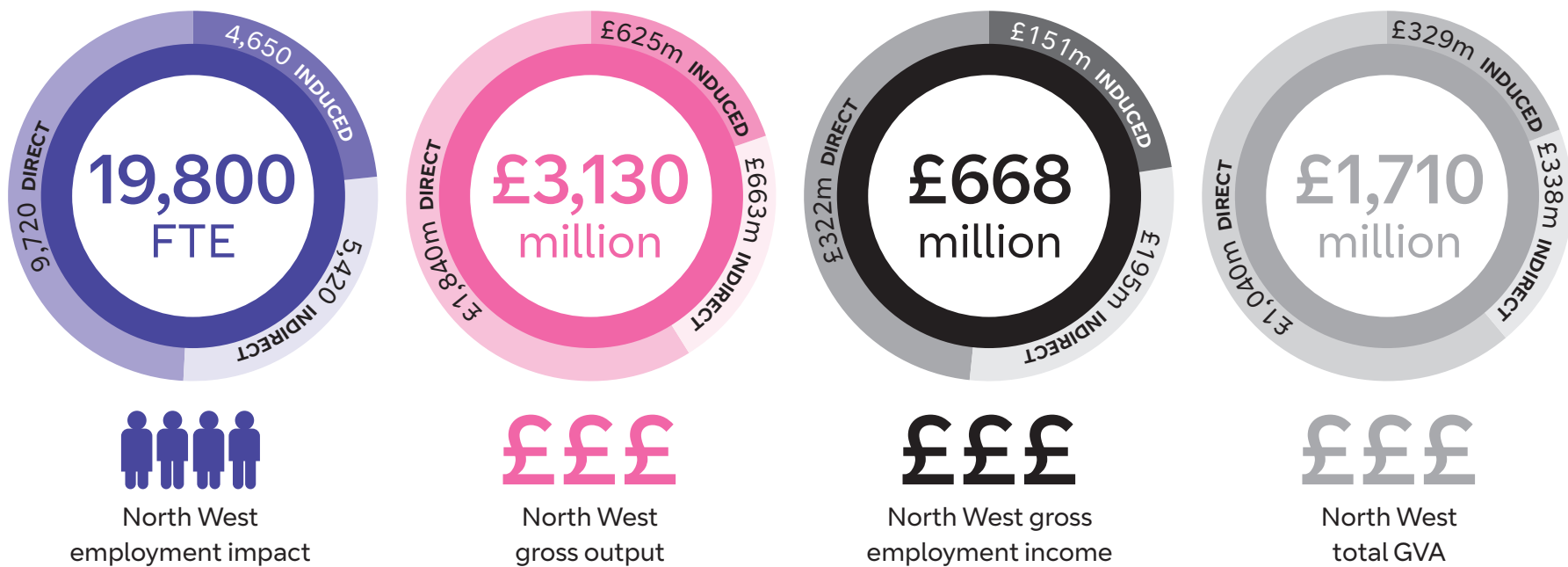


Figure 4-28: Total impact of BT Group in the North West

Source: Hatch

4

Sub-regional impact

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

	BT Group employees & contractors			Total impact	
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Cheshire East	147	236	408	62	34
Cheshire West & Chester	314	293	497	91	51
Cumbria	397	411	422	83	47
Greater Manchester	4,020	3,950	7,470	1,230	674
Lancashire	1,980	2,030	3,320	529	292
Merseyside	1,880	2,070	5,430	814	439
Warrington	955	468	2,150	307	167

Table 4- 13: County impact – North West

Source: Hatch

4

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	1,980	2,030	3,320	529	292
Cheshire & Warrington	1,420	997	3,060	461	251
Liverpool City region	1,900	2,300	5,520	828	447
Cumbria	397	411	422	83	47
Greater Manchester	4,020	3,950	7,470	1,230	674

Table 4-14: LEP impact – North West

Source: Hatch

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at October 2020). We have used information published by the Office of National Statistics which is available at the following location: https://opendata.arcgis.com/datasets/a46c859088a94898a7c462eeffa0f31a_0.csv
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterisk (*).

4

1

Lancashire LEP

1 in every 6 employees working in the IT and communications sector in the area are directly employed by BT Group

2

Cheshire and Warrington LEP

£1 in every £130 of GVA in the area is generated by BT Group's full economic impact

Liverpool City Region LEP

1 in every 6 employees working in the IT and communications sector in the area are directly employed by BT Group

Cumbria LEP

1 in every 6 employees working in the IT and communications sector in the area are directly employed by BT Group

3

Greater Manchester LEP

1 in every 10 employees working in the IT and communications sector in the area are directly employed by BT Group

4

5

4 Yorkshire & The Humber



Across Yorkshire & The Humber in 2019/20

6,550 BT Group employees live in the region (FTE)

6,660 BT Group employees work in the region (FTE)

£229 million total income of BT Group employees working in the region

£424 million spend with suppliers based in the region

£1,350 million total GVA impact (including indirect and induced effects)

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

£1 in every £160 of GVA is generated directly by BT Group

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

1

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4

Regional impacts

Direct impact

BT Group directly employs a total of 6,160 people in the Yorkshire & The Humber region, with a further 500 employed as contractors. These employees earned £229 million in wages and salaries.

Procurement impact

BT Group spent £424 million with suppliers based in Yorkshire & The Humber in 2019/20. The majority was spent on telecommunications, as illustrated in the chart below.

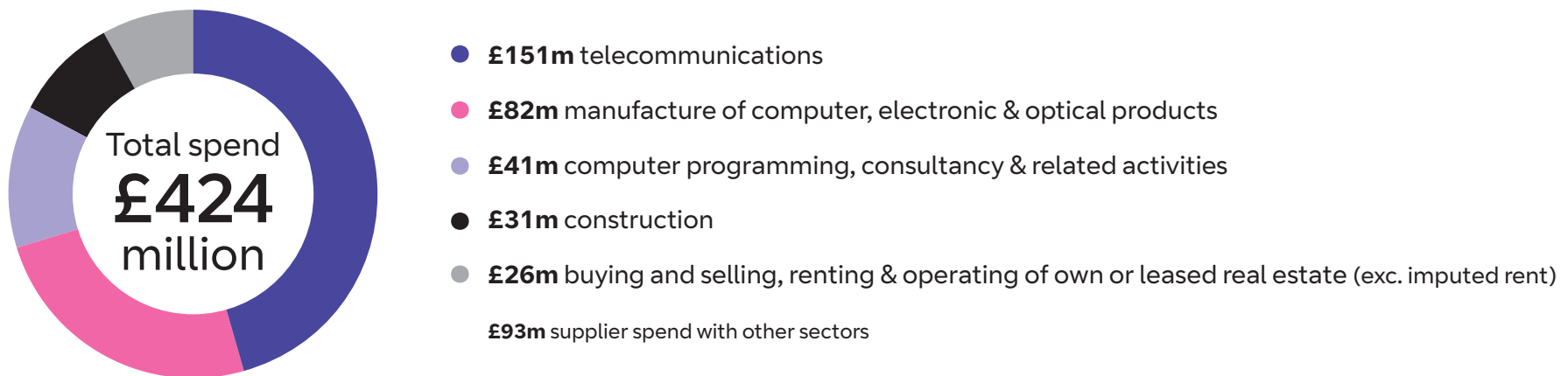


Figure 4-29: Top five supplier sectors in Yorkshire & The Humber by value of expenditure

Source: BT Group Procurement data

4

BT Group's spend with suppliers results in significant benefits for the Yorkshire & The Humber 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 = **£424 million**

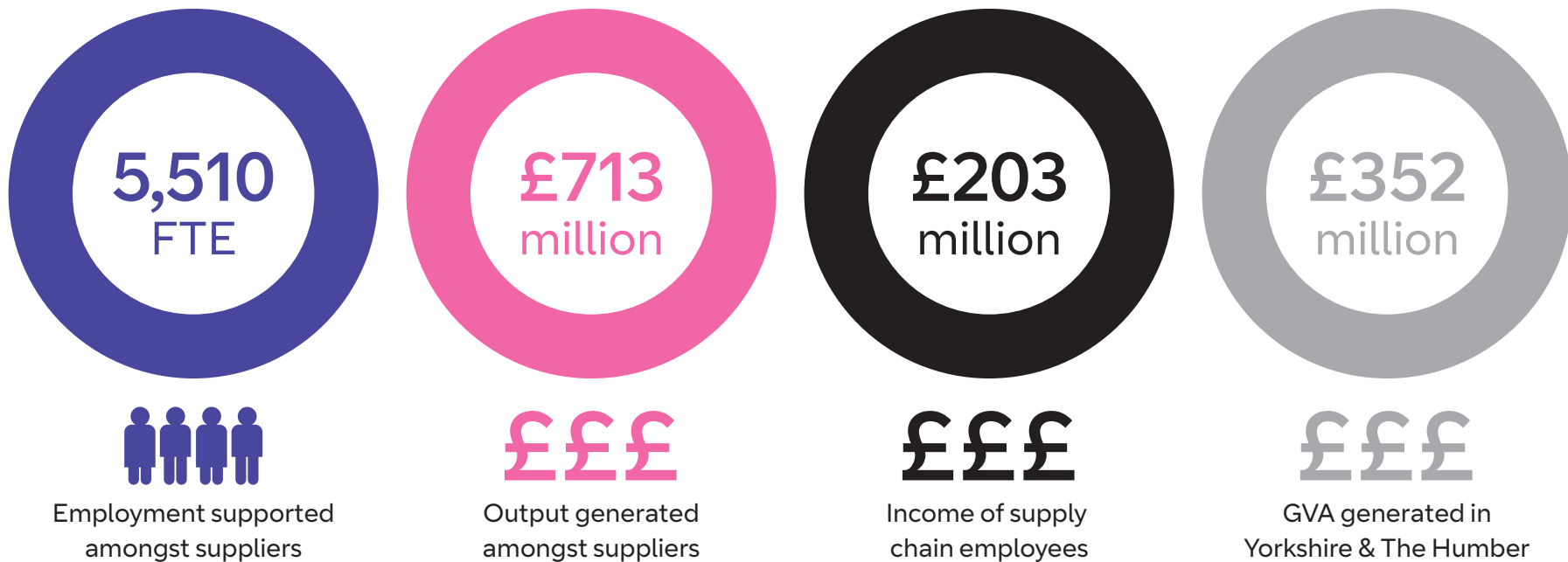


Figure 4-30: Indirect supply chain impact in Yorkshire & The Humber

Source: Hatch

4

Impact of employee expenditure

BT Group employees and contractors living in Yorkshire & The Humber earned £225 million in 2019/20. In turn, their expenditure supports further employment and output in consumer industries in the region. Figure 4-31 below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in Yorkshire & The Humber = £225 million

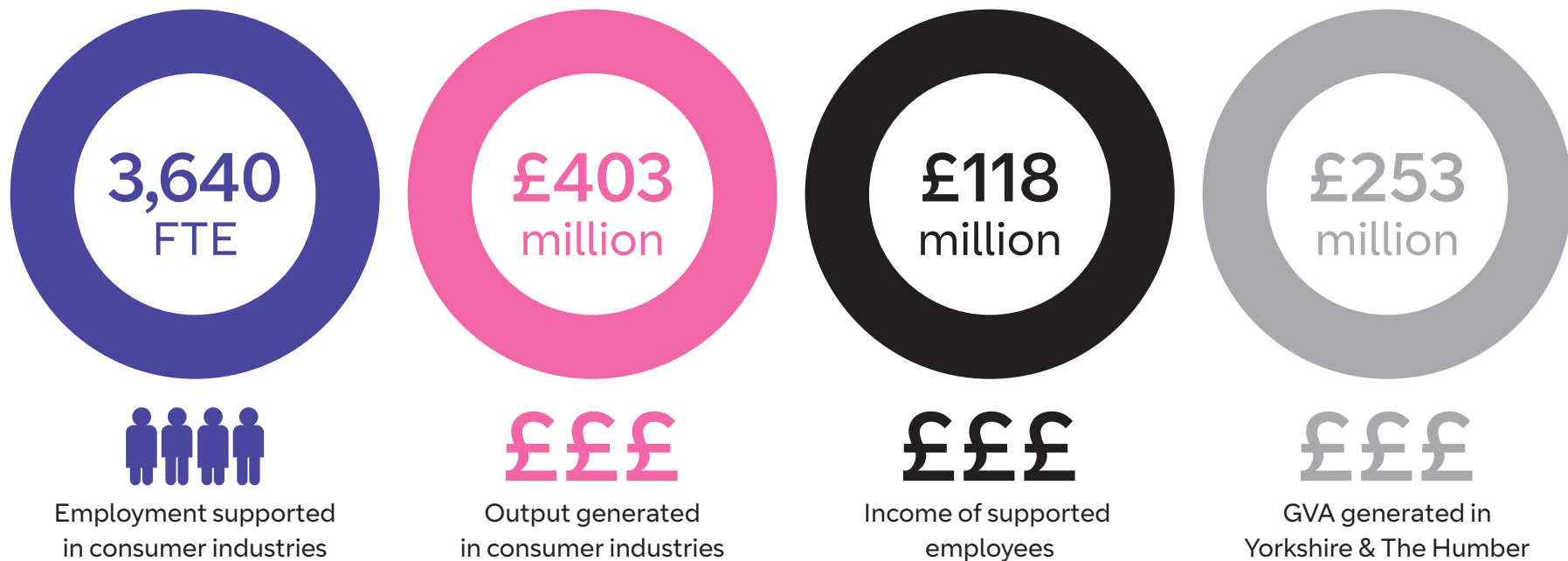


Figure 4-31: Induced (wage expenditure) impacts in Yorkshire & The Humber

Source: Hatch

4

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 4-32** below.

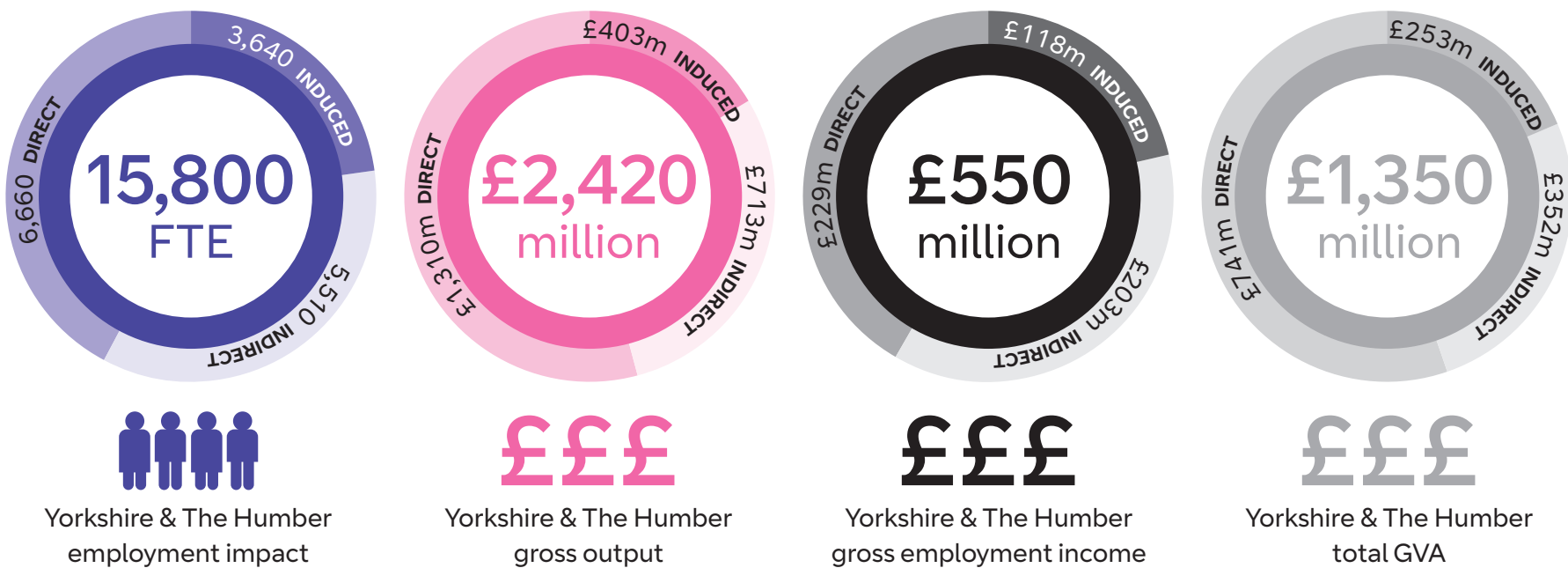


Figure 4-32: Total impact of BT Group in Yorkshire & The Humber

Source: Hatch

4

Sub-regional impact

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

	BT Group employees & contractors			Total impact	
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
East Riding of Yorkshire	84	159	129	23	13
North Yorkshire	840	969	3,930	550	302
South Yorkshire	2,900	2,740	6,520	967	537
West Yorkshire	2,620	2,410	4,370	761	426
Kingston upon Hull	45	61	678	85	46
North East Lincolnshire	141	95	144	30	17
North Lincolnshire	30	116	37	8	4

Table 4- 15: County impact – Yorkshire & The Humber

Source: Hatch

4

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 in full 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 *	792	951	1,110	184	102
Humber	299	430	988	145	80
Leeds City region	3,100	2,930	7,910	1,240	690
York & North Yorkshire	840	969	3,930	550	302
Sheffield City region	2,900	2,740	6,520	967	537

Table 4-16: LEP impact – Yorkshire & The Humber

Source: Hatch

† The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at October 2020). We have used information published by the Office of National Statistics which is available at the following location: https://opendata.arcgis.com/datasets/a46c859088a94898a7c462eeffa0f31a_0.csv
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterisk (*).

4

1

Greater Lincolnshire LEP

1 in every 8 employees working in the IT and Communications sector in the area are directly employed by BT Group

2

Humber LEP

1 in every 16 employees working in the IT and communications sector in the area are directly employed by BT Group

Leeds City Region LEP

1 in every 120 employees working in the private sector is supported by BT Group's full economic impact, and 1 in every 14 employees working in the IT and communications sector in the area are directly employed by BT Group

3

York and North Yorkshire LEP

1 in every 10 employees working in the IT and communications sector in the area are directly employed by BT Group

Sheffield City Region LEP

£1 in every £70 of GVA is generated by BT Group's full economic impact, and 1 in every 6 employees working in the IT and Communications sector in the area are directly employed by BT Group

4

5

4 South West



Across the South West in 2019/20

8,350 BT Group employees live in the region (FTE)

8,560 BT Group employees work in the region (FTE)

£321 million total income of BT Group employees working in the region

£634 million spend with suppliers based in the region

£1,840 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 200 employees** working in the private sector, and **1 in every 8 employees** working in the IT and communications sectors

£1 in every £130 of GVA is generated directly by BT Group

BT Group supported **1 in every 100 employees** working in the private sector and **£1 in every £75** of GVA as a result of BT Group's full economic impact

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Regional impacts

Direct impact

BT Group directly employs a total of 8,050 people in the South West, with a further 511 employed as contractors. These employees earned £321 million in wages and salaries.

Procurement impact

BT Group together spent £634 million with suppliers based in the South West in 2019/20. The largest item of expenditure was on telecommunications, as illustrated in the chart below.

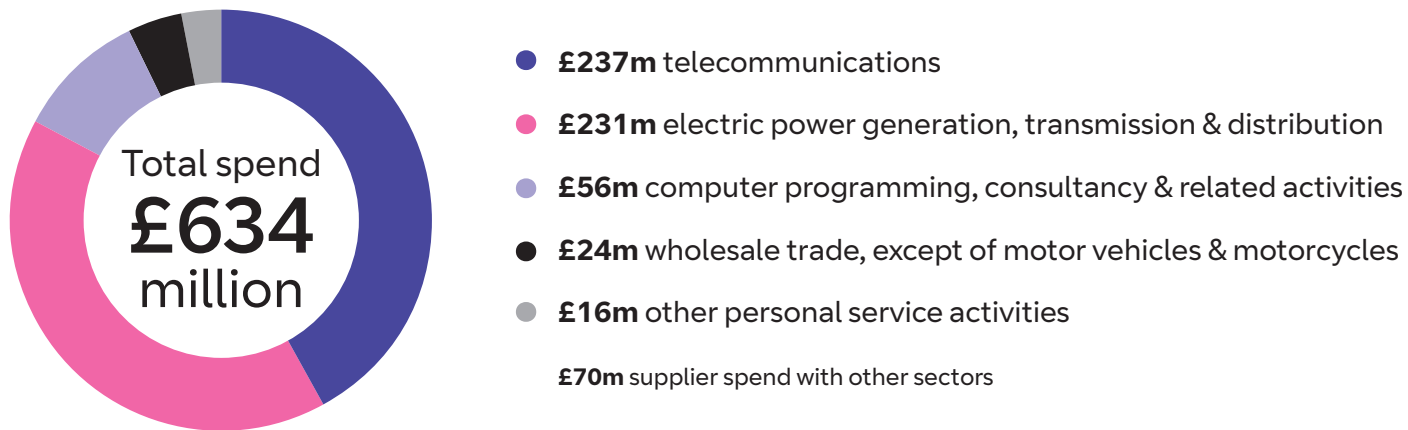


Figure 4-33: Top five supplier sectors in the South West by value of expenditure

Source: BT Group Procurement data

4

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 = £634 million

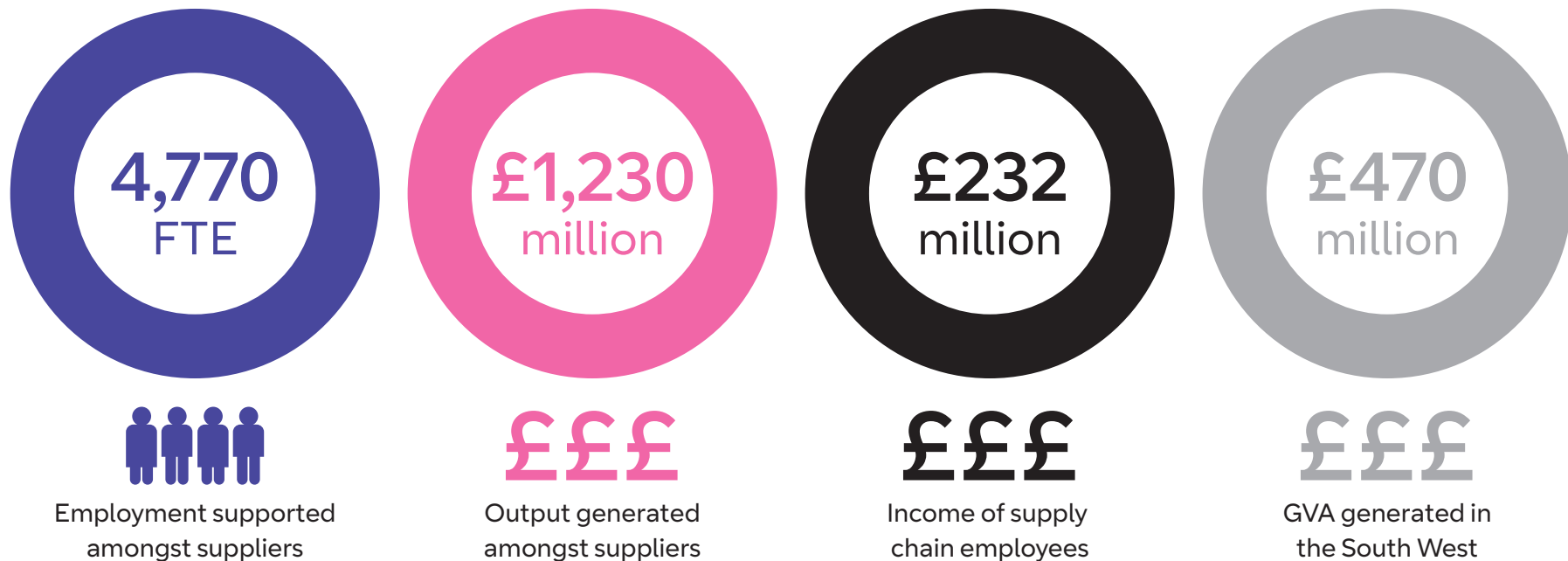


Figure 4-34: Indirect supply chain impact in the South West

Source: Hatch

4

Impact of employee expenditure

BT Group employees and contractors living in the South West earned £313 million in 2019/20. In turn, their expenditure supports further employment and output in consumer industries in the region. **Figure 4-35** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in the South West = **£313 million**

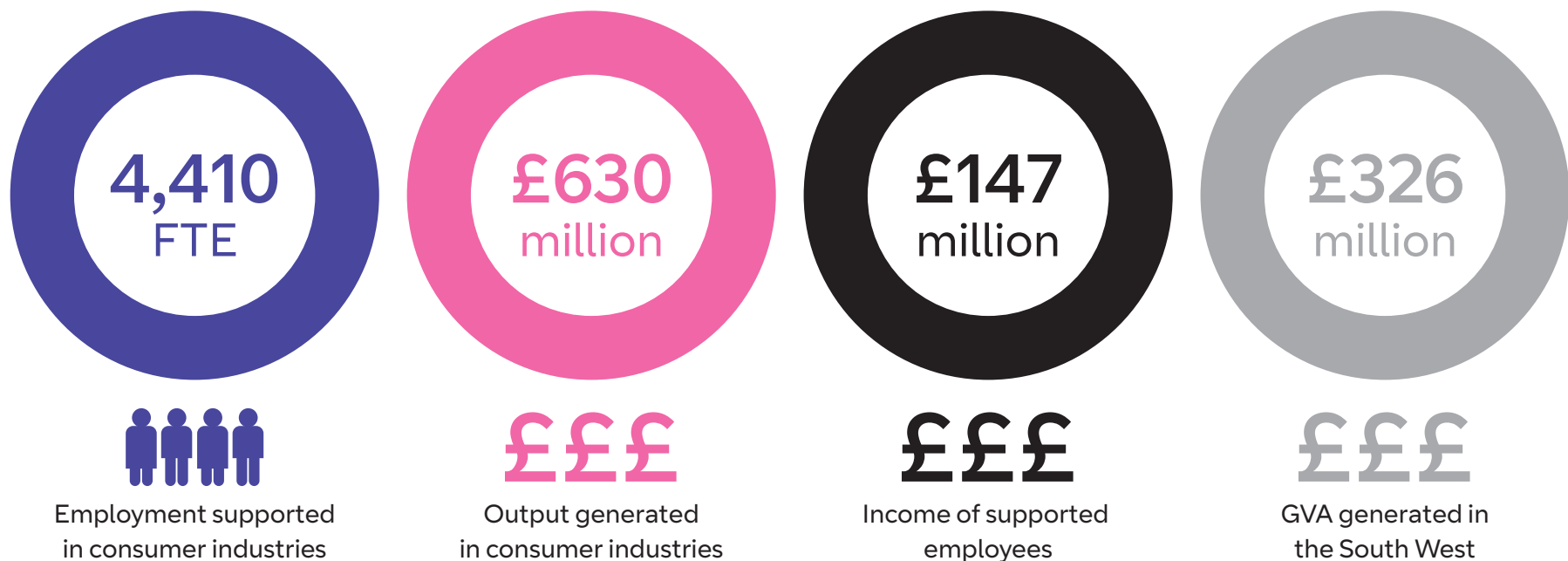


Figure 4-35: Induced (wage expenditure) impacts in the South West

Source: Hatch

4

Total impact in 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 4-36** below.

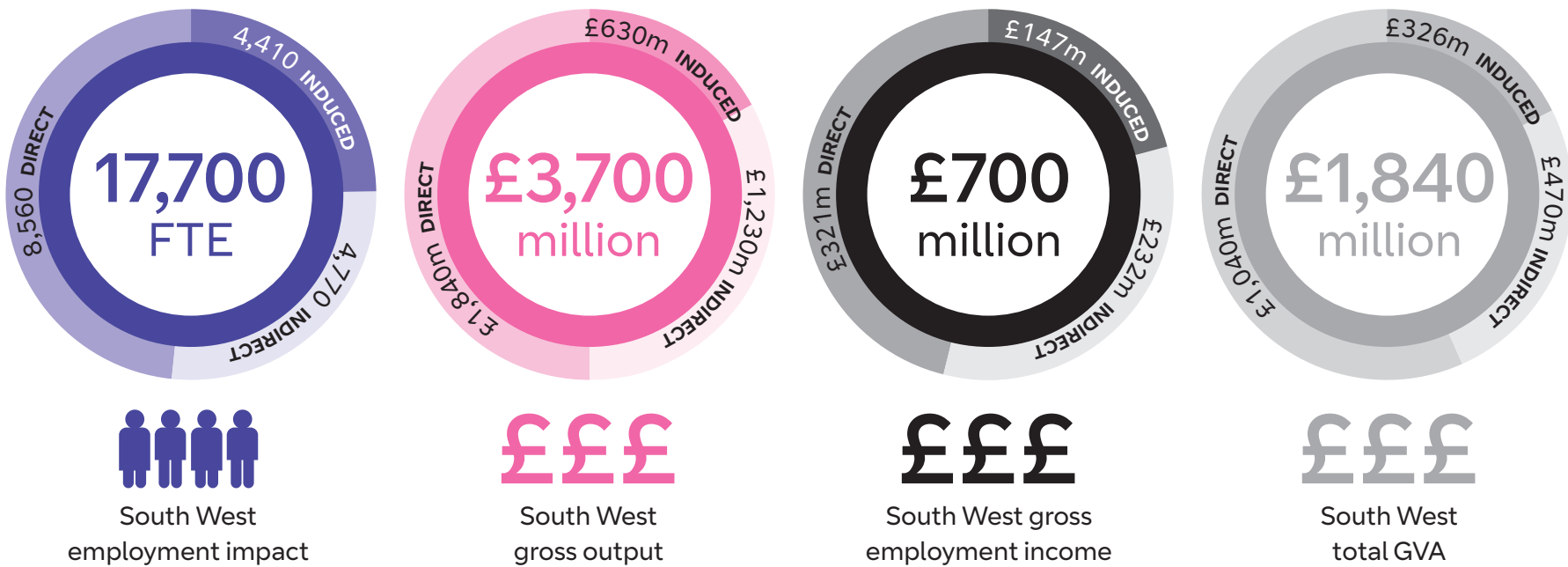


Figure 4-36: Total impact of BT Group in the South West

Source: Hatch

4

Sub-regional impact

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

	BT Group employees & contractors			Total impact	
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Bristol	1,070	795	1,210	296	164
Cornwall & the Isles of Scilly	638	732	664	130	73
Devon	2,720	2,450	2,840	490	274
Dorset	464	532	862	184	93
Gloucestershire	2,420	1,850	6,820	1,500	728
Somerset	656	1,120	960	200	105
Wiltshire	594	880	4,370	894	401

Table 4-17: Sub-regional impact - South West

Source: Hatch

4

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	3,170	2,530	7,070	1,590	793
Dorset	464	532	862	184	93
Cornwall & the Isles of Scilly	638	732	664	130	73
Heart of the South West	3,130	2,990	3,410	610	338
Swindon & Wiltshire	594	880	4,370	894	401
Gloucestershire	560	694	1,350	287	141

Table 4-18: LEP impact – South West

Source: Hatch

[†] The information provided on LEPs and Enterprise Zones is correct at the time of publication of this report (as at October 2020). We have used information published by the Office of National Statistics which is available at the following location: https://opendata.arcgis.com/datasets/a46c859088a94898a7c462eeffa0f31a_0.csv
Note that in some cases part of the LEP areas fall outside of the region. These are marked with an asterix (*).

4

1

West of England LEP	£1 in every £5 of GVA in the IT and communications sector in the area is generated directly by BT Group
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Dorset LEP	£1 in every £12 of GVA in the IT and communications sector in the area is generated directly by BT Group
------------	--

2

Cornwall and Isles of Scilly LEP	1 in every 6 employees working in the IT and communications sector in the area are directly employed by BT Group
----------------------------------	--

Heart of the South West LEP	£1 in every £4 of GVA in the IT and communications sector in the area is generated directly by BT Group
-----------------------------	---

Swindon and Wiltshire LEP	£1 in every £50 of GVA in the area is supported by BT Group's full economic impact
---------------------------	--

3

Gloucestershire LEP	£1 in every £15 of GVA in the IT and communications sector in the area is generated directly by BT Group
---------------------	--

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4 Scotland



Across Scotland in 2019/20

7,480 BT Group employees live in the nation (FTE)

7,440 BT Group employees work in the nation (FTE)

£254 million total income of BT Group employees working in the nation

£167 million spend with suppliers based in the nation

£1,210 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 220 employees** working in the private sector, and **1 in every 10 employees** working in the IT and communications sectors

£1 in every £170 of GVA is generated directly by BT Group

BT Group supported **1 in every 130 employees** working in the private sector and **£1 in every £115** of GVA as a result of BT Group's full economic impact

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National impact

Direct impact

BT Group directly employs a total of 7,240 people in Scotland, with a further 205 employed as contractors. These employees earned £254 million in wages and salaries.

Procurement impact

BT Group together spent around £167 million with suppliers based in Scotland in 2019/20. The majority was spent on other personal service activities, as illustrated in the chart below.

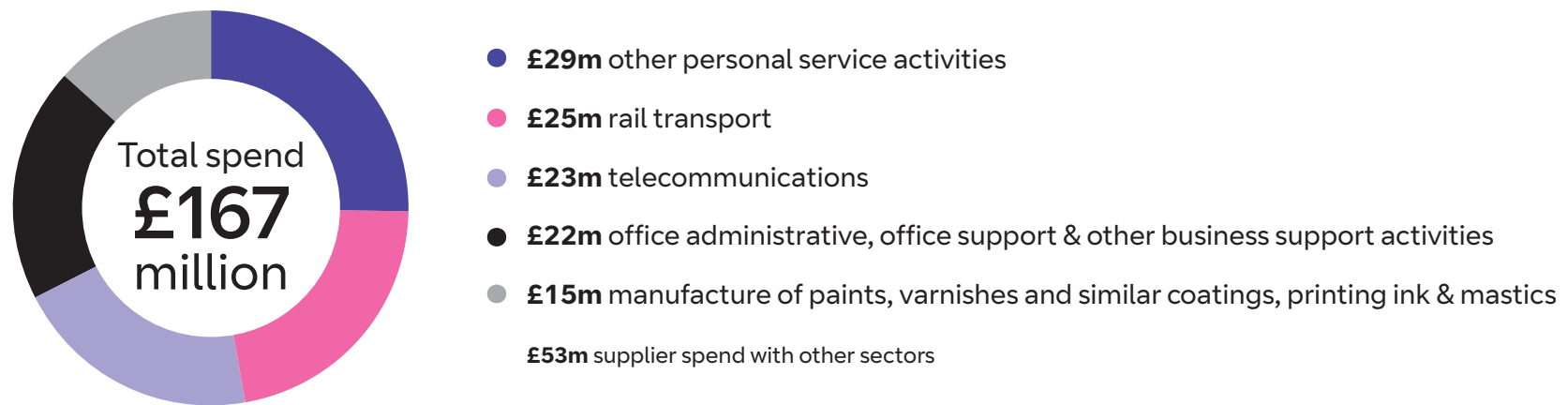


Figure 4-37: Top five supplier sectors in Scotland by value of expenditure

Source: BT Group Procurement data

4

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.

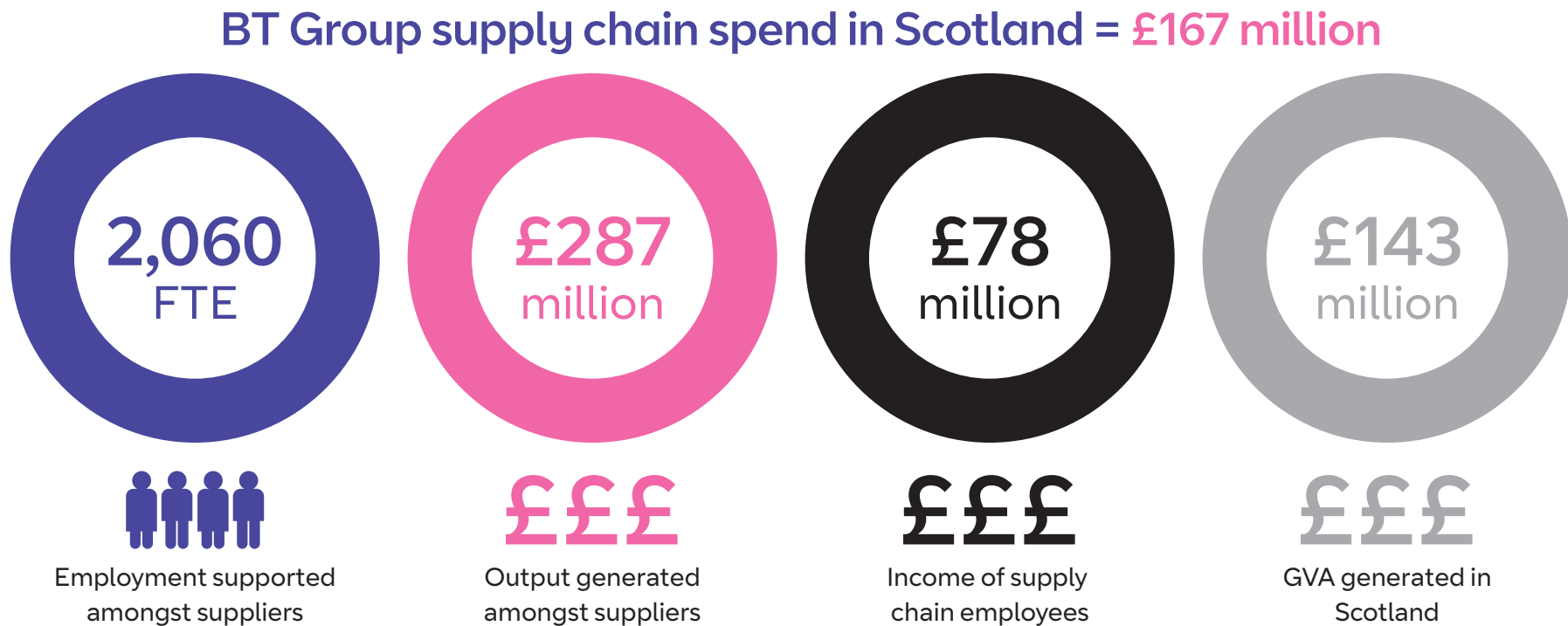


Figure 4-38: Indirect supply chain impact in Scotland

Source: Hatch

4

Impact of employee expenditure

BT Group employees and contractors living in Scotland earned £257 million in 2019/20. In turn, their expenditure supports further employment and output in consumer industries in the nation. **Figure 4-39** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in Scotland = **£257 million**

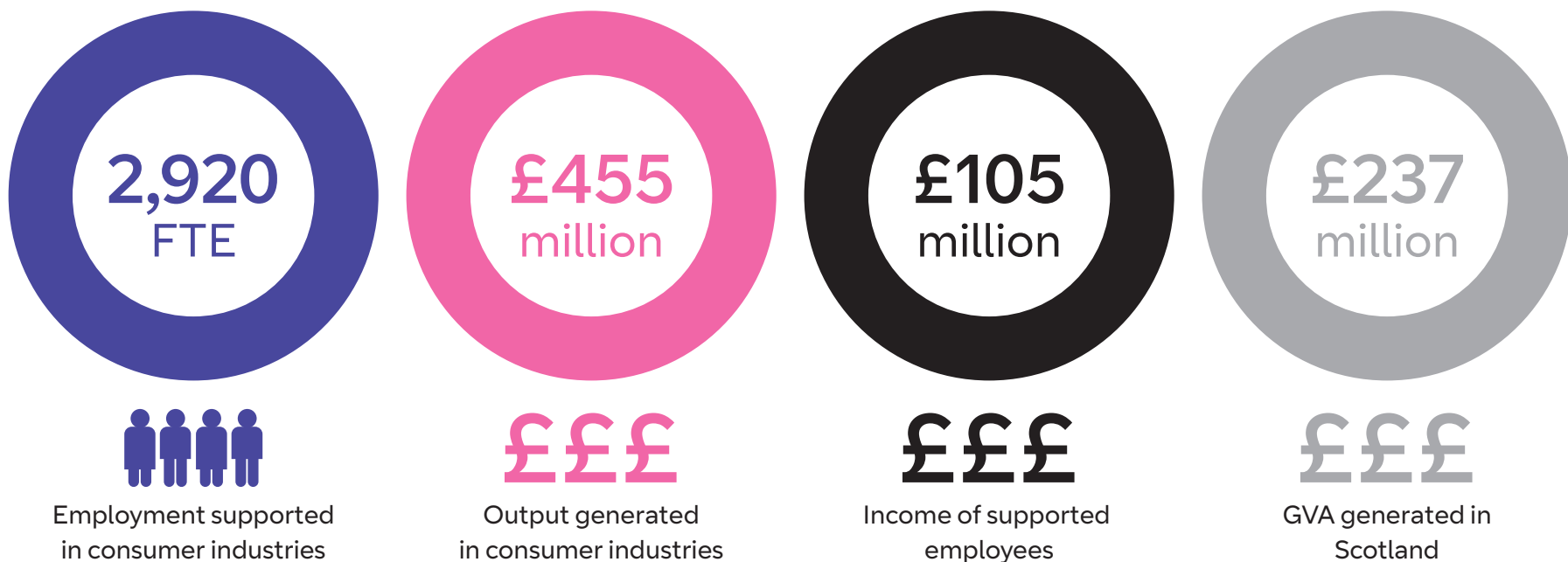


Figure 4-39: Induced (wage expenditure) impacts in Scotland

Source: Hatch

4

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 4-40** below.

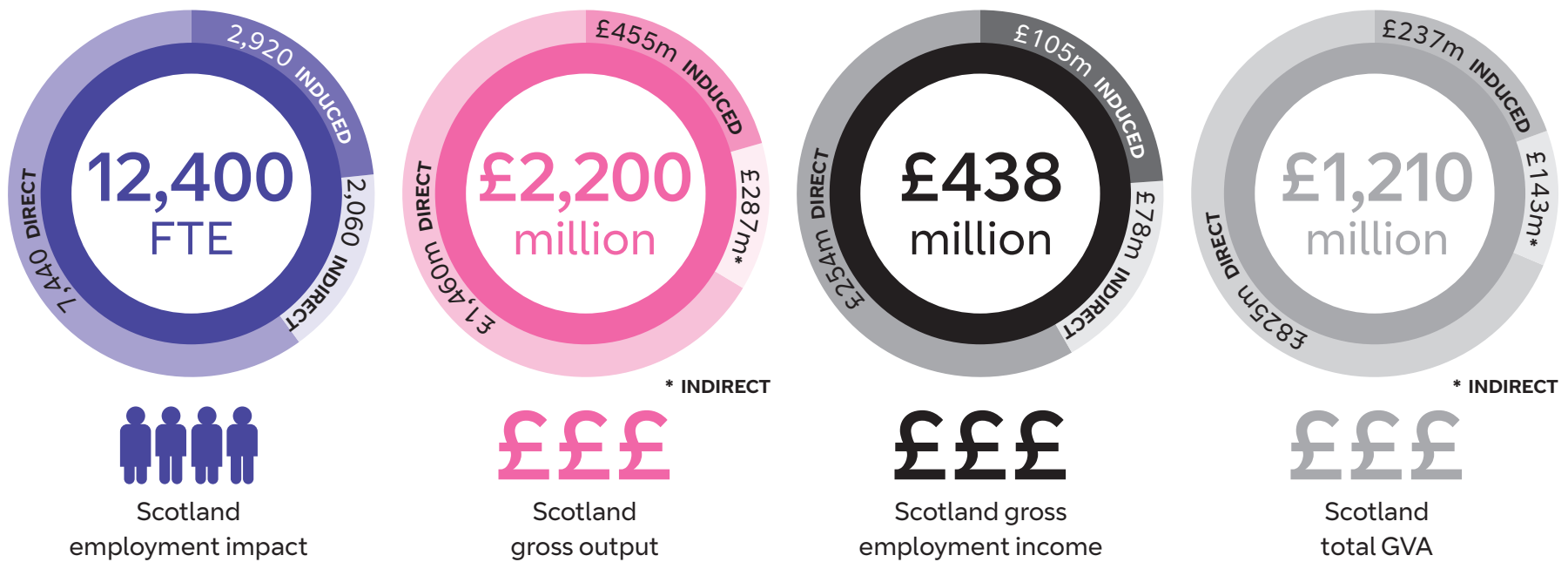


Figure 4-40: Total impact of BT Group in Scotland

Source: Hatch

4

Sub-national impact

Table 4-19 below shows BT Group'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		Total impact		
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Glasgow City	1,890	765	2,630	494	274
Edinburgh, City of	898	449	1,420	285	157
Dundee City	1,170	878	1,180	199	113
Inverclyde	573	516	573	80	45
Highland	613	607	634	123	69
West Lothian	105	201	1,440	220	114
Scottish Borders	84	108	543	86	45
Aberdeen City	304	228	337	66	37
Renfrewshire	110	285	1,090	168	87

Table 4-19: Sub-national impacts within Scotland

Source: Hatch

4 Wales



Across Wales in 2019/20

5,060 BT Group employees live in the nation (FTE)

4,600 BT Group employees work in the nation (FTE)

£146 million total income of BT Group employees working in the nation

£340 million spend with suppliers based in the nation

£971 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 170 employees** working in the private sector, and **1 in every 4 employees** working in the IT and communications sectors

£1 in every £130 of GVA is generated directly by BT Group

BT Group supported **1 in every 70 employees** working in the private sector and **£1 in every £60** of GVA as a result of BT Group's full economic impact

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National impact

Direct impact

BT Group directly employs a total of 4,560 people in Wales, with a further 48 employed as contractors. These employees earned £146 million in wages and salaries.

Procurement impact

BT Group together spent around £340 million with suppliers based in Wales in 2019/20. The largest item was computer programming, consultancy and related activities, as illustrated in the chart below.

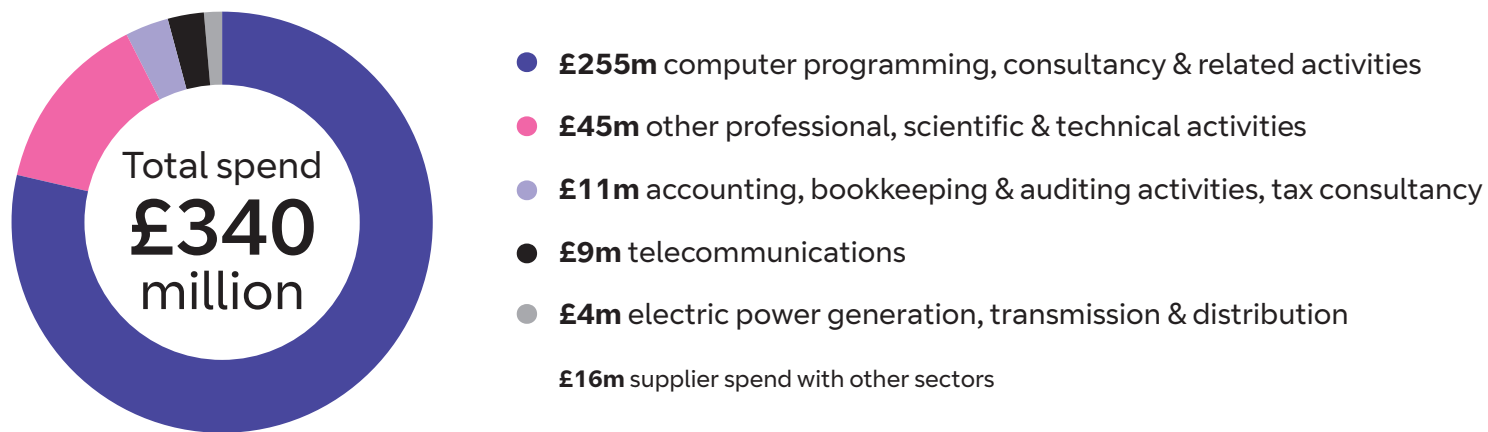


Figure 4-41: Top five supplier sectors in Wales by value of expenditure

Source: BT Group Procurement data

4

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 = £340 million

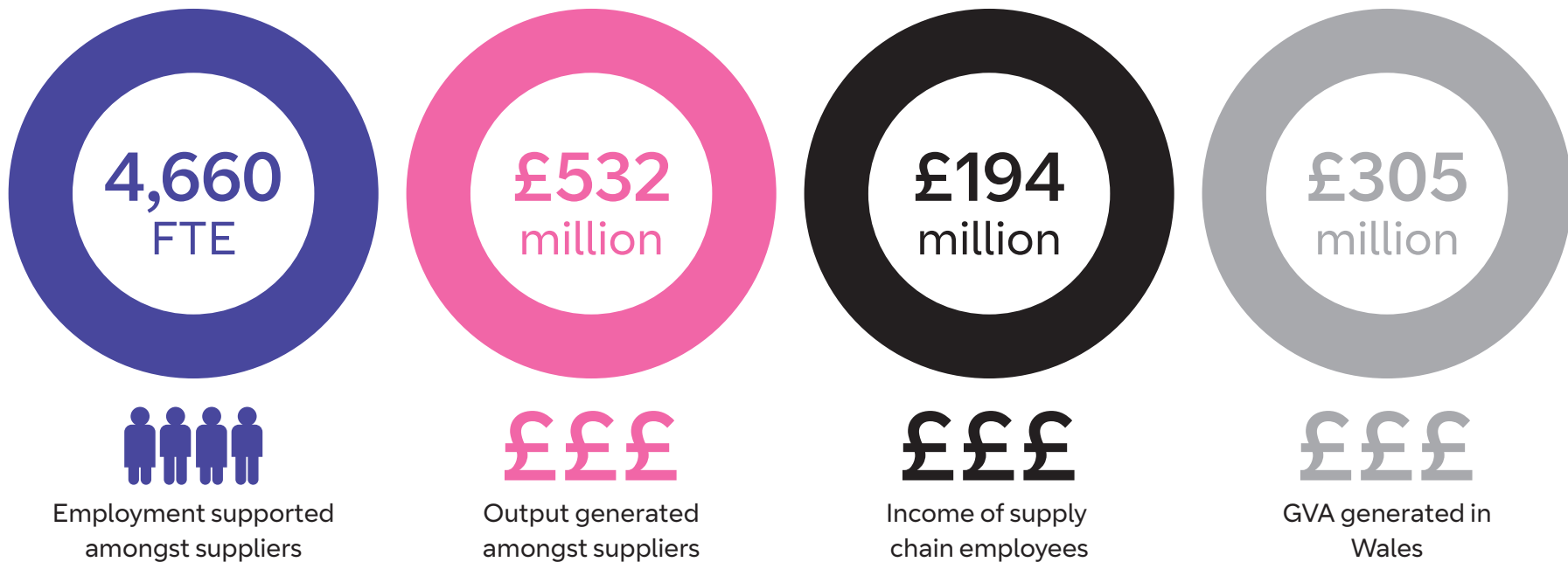


Figure 4-42: Indirect supply chain impact in Wales

Source: Hatch

4

Impact of employee expenditure

BT Group employees and contractors living in Wales earned £164 million in 2019/20. In turn, their expenditure supports further employment and output in consumer industries in the nation. **Figure 4-43** below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in Wales = **£164 million**

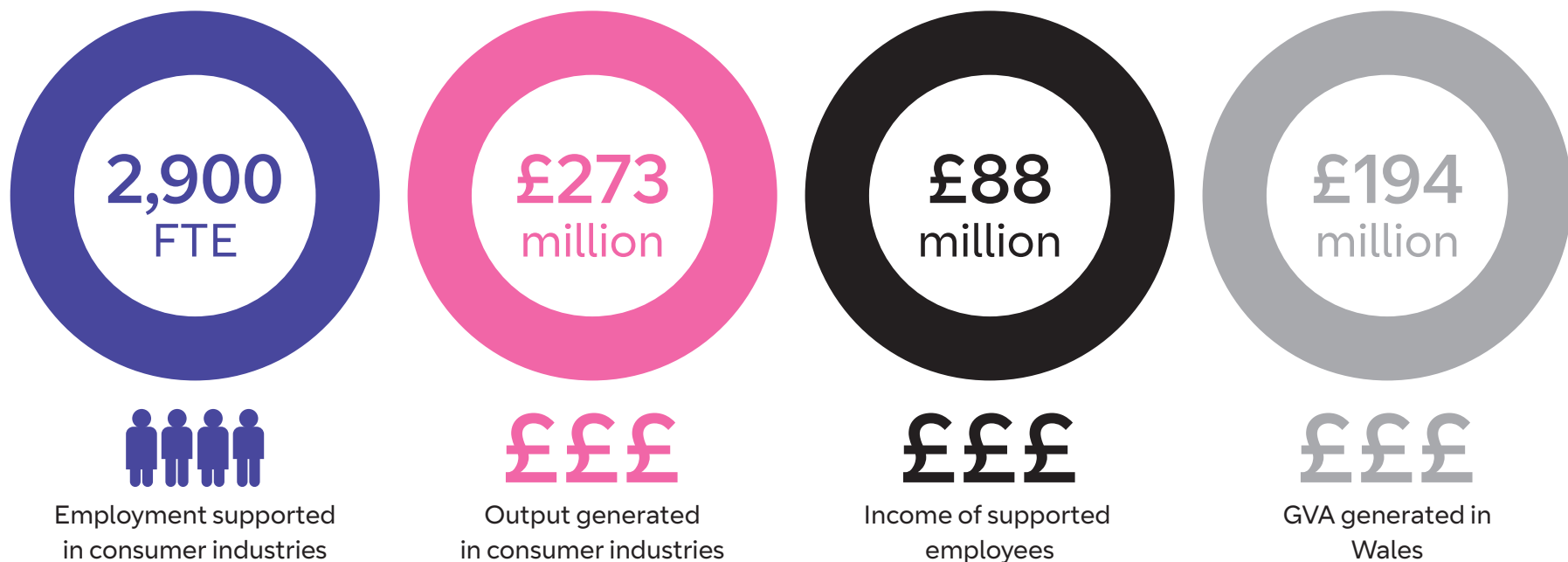


Figure 4-43: Induced (wage expenditure) impacts in Wales

Source: Hatch

4

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 4-44** below.

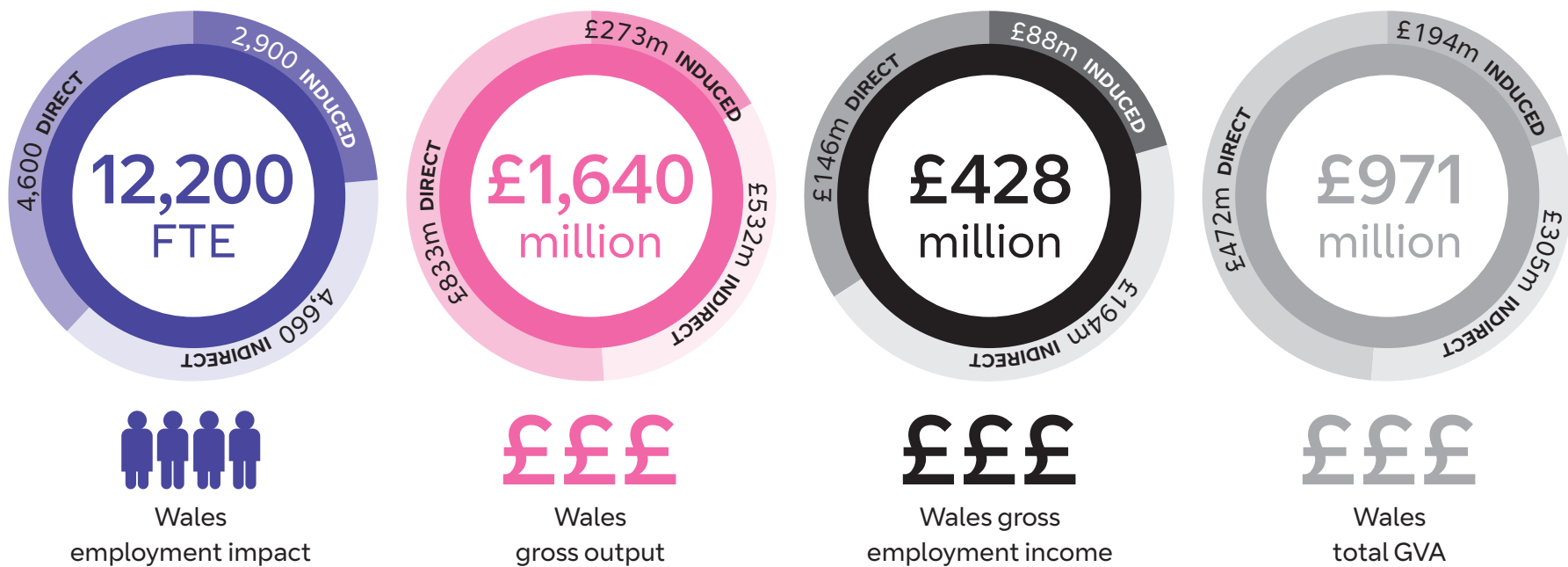


Figure 4-44: Total impact of BT Group in Wales

Source: Hatch

4

Sub-national impact

Table 4-20 below shows the economic impact of BT Group for four key regions within Wales.

	BT Group employees & contractors		Total impact		
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
South East Wales	2,830	2,980	9,160	1,180	704
South West Wales	992	1,060	1,110	185	106
North Wales	573	746	1,690	228	136
Mid Wales	213	267	217	45	26

Table 4-20: Sub-national impacts within Wales

Source: Hatch

4 Northern Ireland



Across Northern Ireland in 2019/20

3,350 BT Group employees live in the nation (FTE)

3,340 BT Group employees work in the nation (FTE)

£115 million total income of BT Group employees working in the nation

£155 million spend with suppliers based in the nation

£655 million total GVA impact (including indirect and induced effects)

BT Group employed **1 in every 170 employees** working in the private sector, and **1 in every 4 employees** working in the IT and communications sectors

£1 in every £110 of GVA is generated directly by BT Group

BT Group supported **1 in every 80 employees** working in the private sector and **£1 in every £60** of GVA as a result of BT Group's full economic impact

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National impact

Direct impact

BT Group directly employs a total of 2,900 people in Northern Ireland, with a further 436 employed as contractors. This results in £115 million in wages and salary spend across the nation.

Procurement impact

BT Group spent around £155 million with suppliers based in Northern Ireland in 2019/20. The majority is spent on construction, as illustrated in the chart below.

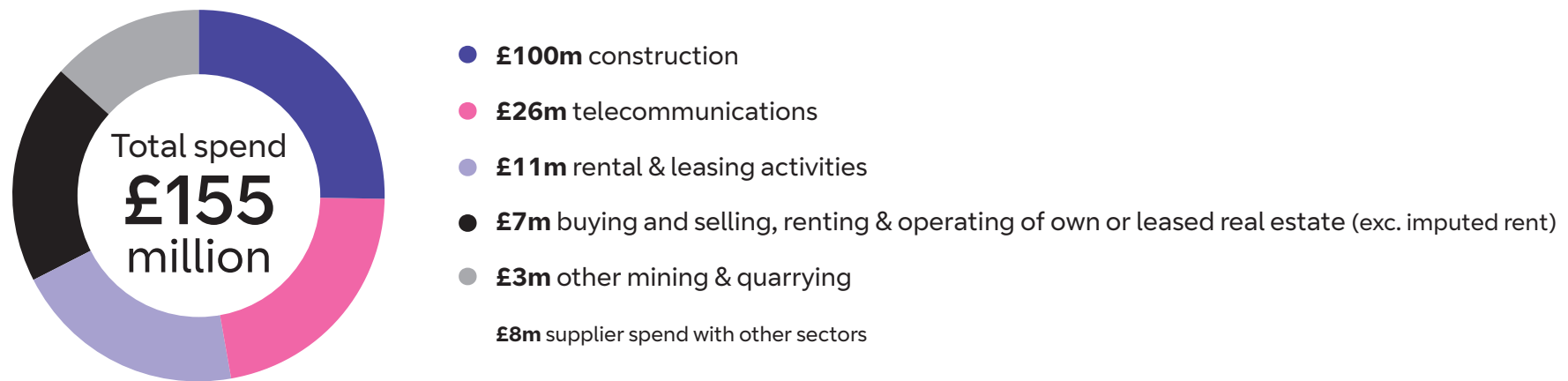


Figure 4-45: Top five supplier sectors in Northern Ireland by value of expenditure

Source: BT Group Procurement data

4

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 = £155 million

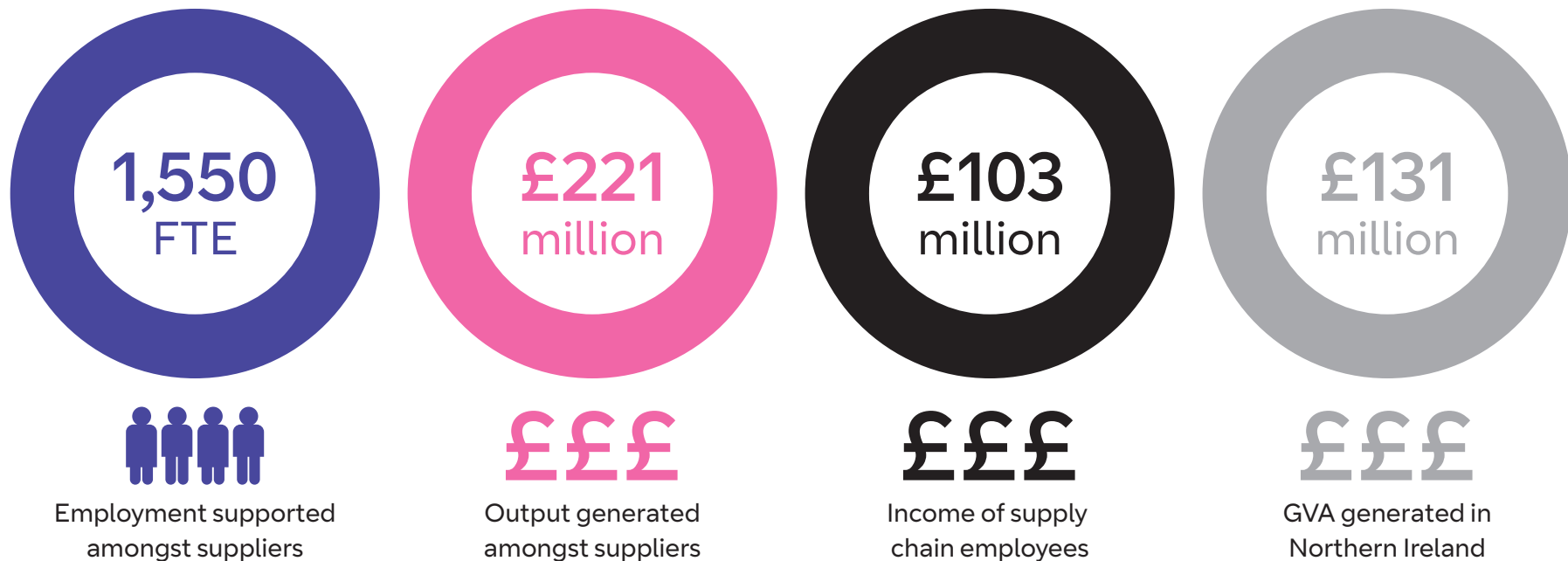


Figure 4-46: Indirect supply chain impact in Northern Ireland

Source: Hatch

4

Impact of employee expenditure

BT Group employees and contractors living in Northern Ireland earned £116 million in 2019/20. In turn, their expenditure supports further employment and output in consumer industries in Northern Ireland. The figure below illustrates the wider induced employment and output supported through this employee expenditure.

Salaries of BT Group employees and contractors in Northern Ireland = **£116 million**

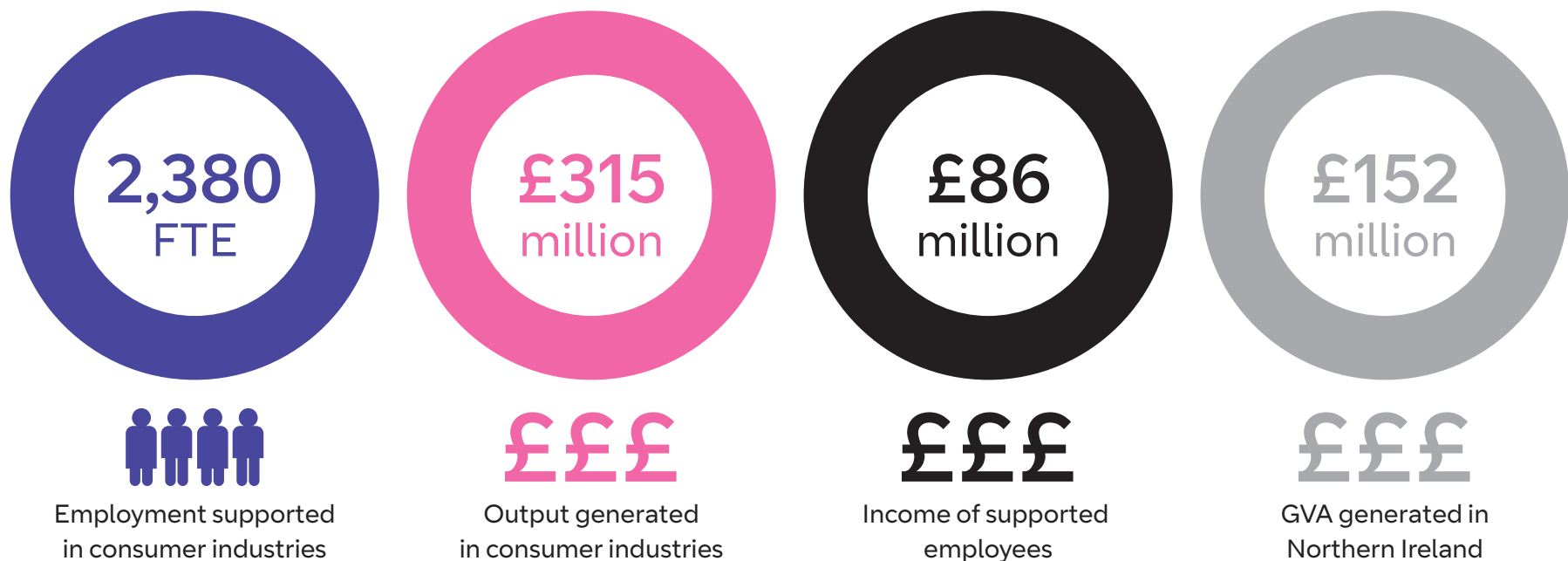


Figure 4-47: Induced (wage expenditure) impacts in Northern Ireland

Source: Hatch

4

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 4-48** below.

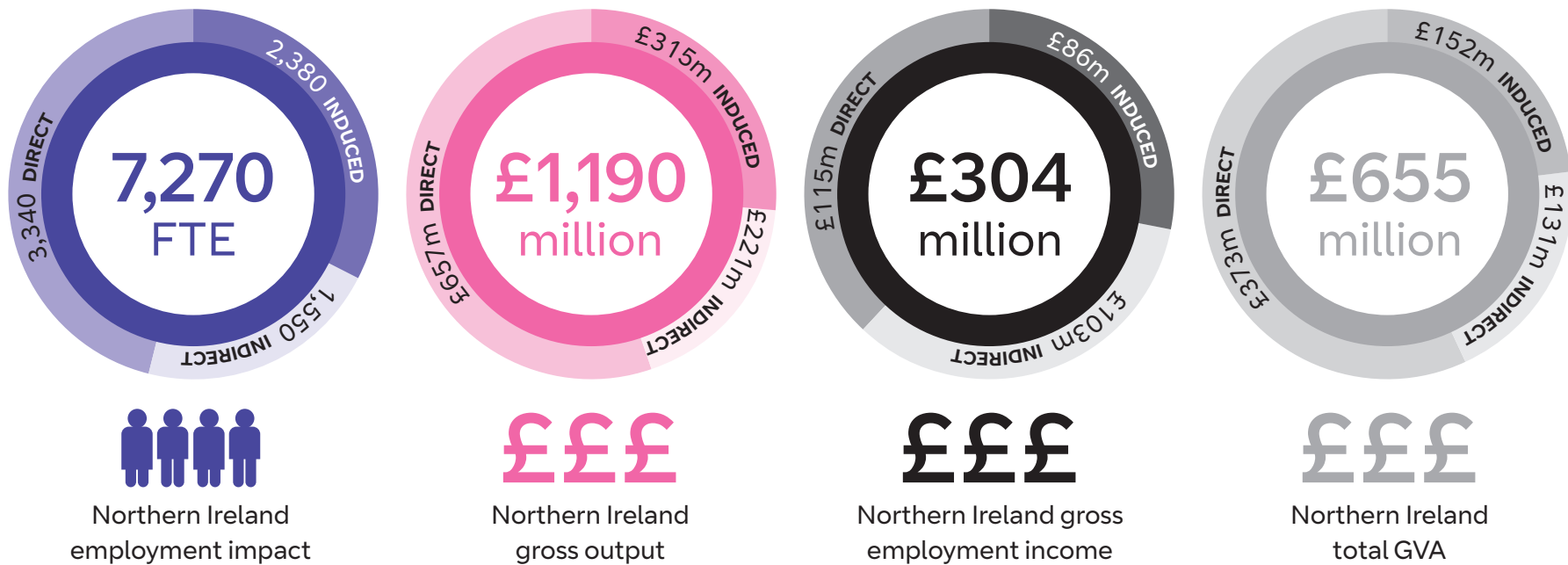


Figure 4-48: Total impact of BT Group in Northern Ireland

Source: Hatch

Sub-national impact

Key statistics for selected local authorities within Northern Ireland are presented in the charts and tables below.

	BT Group employees & contractors			Total impact	
	Work in area	Resident in area	Employment	Output £ million	GVA £ million
Antrim and Newtownabbey	193	315	247	46	26
Ards and North Down	43	225	66	12	7
Armagh City, Banbridge and Craigavon	184	293	283	41	23
Belfast	1,970	992	3,090	566	315
Causeway Coast and Glens	43	108	80	14	8
Derry City and Strabane	343	355	344	57	33
Fermanagh and Omagh	355	364	503	80	45
Lisburn and Castlereagh	57	250	73	14	8
Mid Ulster	37	114	2,470	339	179
Newry, Mourne and Down	56	141	57	12	7

Table 4-21: Sub-national impacts within Northern Ireland

Source: Hatch

5

Technical appendices

5 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 2019/20 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 2019/20 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 2019/20 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 Urban Solutions' 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.

5

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, 2018).

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, 2018).

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, 2018).

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, 2019) multiplied by the average gross annual pay for all employees in that geographical area (source: Annual Survey of Hours and Earnings, 2019).

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, 2018) multiplied by the average gross annual pay for all employees in that geographical area (source: Annual Survey of Hours and Earnings, 2019).

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, 2018 and ONS, GVA for Local Enterprise Partnerships, 1998-2018).

Offices Worldwide

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