

## Willmott Dixon aligned to support customers' regional levelling up plans

3 years ago



Willmott Dixon publishes its accounts for the 12 months to 31 December 2021.

### 2021 financial highlights:

- Turnover: £1.1bn
- Cash at bank up to £113m
- Profit before tax, amortisation and exceptional item: £24.0m
- Margin on profit before tax, amortisation and exceptional item: 2.2%
- Profit before tax and amortisation after exceptional item: £13.3m
- Construction business turnover: £946m
- Interiors business turnover: £156m
- Frameworks: 75% of turnover procured via frameworks
- Order pipeline of £1.4bn clearly identified for the next 18 months

### Looking to the future

- Revolving Credit facilities increased to £50m - undrawn with no plans to do so
- No debt at December 2021
- Net assets up to £176m
- Procurement Frameworks: multiple national awards
- 95% of budgeted work secured for 2022
- Contractor of choice: over 60% of orders in 2022 expected to be repeat business

## Responsible business

- Carbon Neutral for the 9th year in succession
- Reduced absolute carbon emissions (relative to turnover) by 17% since 2020 and by 32% since baseline year of 2018
- Reduced absolute construction waste by 54% and construction waste intensity (relative to turnover) by 63% since 2012
- First contractor and third company globally to be certified to Level 3 of the Carbon Trust's Supply Chain Standard
- Roll out of Building Lives academies has provided building-related qualifications to 162 people since 2020

Willmott Dixon's Group Chief Executive Rick Willmott says: "Our underlying trading and profit was strong across all of Willmott Dixon's operating companies, despite macro-challenges that the UK economy and the construction industry continue to face. However, our progress has been distorted by the need to increase our cladding related provisions to £61 million in aggregate in line with accounting standards, while we pursue recovery from those organisations ultimately responsible for designs, fire safety advice and insurance protection."

"We are all beginning to decipher the retrospective impact of the new Building Safety Act at a time when many in our industry will be wondering how the widespread failure of the Government's own regulatory and testing system has left building owners and their contractors facing uninsured and unquantifiable financial risks for residential properties certified as fully compliant with Building Regulations over the last thirty years."

"It is a poorly conceived travesty of justice that shines a spotlight on populist law making. While the Act has quite rightly found a solution to the problems of innocent occupiers of some dangerous buildings, it has done so by making a scapegoat of the whole industry and by throwing developers, contractors and their supply chains under the proverbial bus rather than accepting the fundamental role that successive Governments, their own regulators and agents have played in creating this mess."

## Supporting local growth

"Despite these evident headwinds, our teams have done a tremendous job securing over 95 per cent of budgeted work already this year, and our £1.4bn order book provides a solid platform for the future. Last year, over 60 per cent of our work was on a repeat business basis, which is something that continues to grow as customers use a multitude of framework options to secure our teams to deliver their capital projects."

"It's important that 75% of our turnover last year was work procured via frameworks, which remain a proven way to deliver excellent quality, value for money projects for customers. This framework presence was strengthened significantly by our re-appointment on the Scape, Department for Education, Homes England and Procurement Hub national frameworks, along with a place on the recently awarded ProCure23 framework."

"When you add our existing relationship with Pagabo and Crown Commercial Services, plus our place on regional frameworks such as Procure Partnerships, SCF and LHC, we can support our customers' access to

a wide range of procurement routes that enable projects to be 'shovel ready' as fast as possible to support post-Covid growth."

"Frameworks are vital to our future growth. They provide the potential for over £1 billion of direct-award contracts each year, and as they become closely aligned with the Government's 'Construction Playbook' philosophy, they mirror closely the 'Partnering' ethos we have promoted since the 1990s."

Talking about regional Levelling Up, Rick added, "There is profound change happening in towns and cities across the country that our skill-sets can support and accelerate. We are seeing a new sense of 'place' being created that transitions away from retail-reliant urban centres by offering new alternatives that encourage inward investment, job creation and more footfall, especially by strengthening the night-time economy. This includes re-purposing property to provide better cultural and entertainment offering and diversifying the residential offer to create affordable housing for local people, which is supporting skills retention."

"We are providing extra capacity to drive forward urban renewal, from writing business plans, finding funding solutions and funding partners to the design and build of complex mixed-use developments that will shape future growth in town centres like Rotherham, Caerphilly, Telford & Wrekin, Rochdale, Oldham and Stockport, to name a few."

"This is an area where we are determined to help our customers accelerate their plans; as regions press forward to stimulate new growth through built environment investment, our nationwide network of people will be there to provide assistance and support."

"This includes our work to drive local social mobility, delivered through initiatives like our Building Academies programme which is upskilling people across the country to give them an opportunity to find work in the construction industry. In two years over 160 people have undertaken a course at one of our academies, with 43% immediately securing full-time work in our industry. This focus on delivering long-term societal benefits also saw over 29,000 hours of our people's time invested in working on community projects."

As Willmott Dixon celebrates 170 years since being founded, Rick, who is the fifth generation to lead the company, continued, "Our purpose through the decades has been to create a positive long-term legacy. Recently, COP26 highlighted the consequences if we don't collaborate to tackle climate change. As part of this, we have a science-based target, aligned with limiting global warming to 1.5°C, that Willmott Dixon will become a zero-carbon company without any offsetting by 2030, and the 17% reduction in carbon emissions (relative to turnover) since 2020 is a positive indicator we are on track."

"I must give special mention to Jonathon Porritt for the invaluable leadership he has shown over the past 12 years as a non-executive director (NED) in guiding our sustainable development strategy. Jonathon is retiring from Willmott Dixon this year and I want to thank him for his tremendous contribution to our sustainable journey."

"To replace Jonathon, I'm delighted that Julie Hirigoyen, Chief Executive at UK Green Building Council, is joining our board this month as a NED. Julie brings a wealth of built environment experience and sustainability leadership to the table and her knowledge and insight will be very important to our future sustainability ambitions. It will support our ability to help customers who, like us, are looking at

significantly reducing their carbon footprint to mitigate the impact of climate change on future generations.”

## Looking ahead

“Agile working remains key to how we provide a fantastic environment for our people to thrive and deliver outstanding outcomes for our customers. We have formalised homeworking for our people and introduced an allowance to recognise this, with 75% of our people now working from home at least one day a week and we continue to explore new ways for our people to enjoy a healthy work-life balance.”

“While economic challenges persist that will challenge our industry in the short to medium term, our hopes and aspirations remain positive and strong. We have to continually adapt and respond to sustain workload volumes at least at current levels, with the ambition to grow our market share – currently around 1% of the whole UK construction market – by being more efficient, with greater control of projects at primary design stage and continuing to work with a customer base that sees the longer-term benefits of continued investment in capital projects; even at market inflated prices.”