

## Willmott Dixon has 91% of budgeted turnover secured for 2023

2 years ago



Willmott Dixon, the privately owned construction and interiors company, publishes its accounts for the 12 months to 31 December 2022.

*Published in full below:*

2022 financial highlights:

- Turnover: £1.147bn
- Cash at bank up to: £115m
- Profit after tax (before goodwill and exceptional) £2.4m
- Frameworks: 76% of turnover procured via frameworks
- Construction business turnover: £1.014bn
- Interiors business turnover: £133m
- Net assets for 2022 up to: £170m
- Order pipeline £1.625bn for next 18 months
- Contractor of choice: 59% of orders in 2023 expected to be repeat business
- Budgeted work secured for 2023 now at 91%

Group chief executive Rick Willmott explains further, “Looking back at 2022, it was a complicated and difficult year where the lingering effects of Brexit and Covid were amplified by the continuing war in Ukraine and the associated disruption to energy and commodity markets. With all those features compounded by the economic fallout of Prime Minister Truss’ September budget and the inevitable surge in interest rates, our industry sits amidst a volatile, inflationary market and an uncertain political

environment.

The implications of the Building Safety Act (BSA) continue to be interpreted and there remains considerable uncertainty on the Government's evolving regulatory position on high-rise residential construction which will only lead to the postponement or cancellation of developments whilst the industry waits for clear and unambiguous regulation.

Our own results for 2022 were impacted by further provisions we have made to address the implications of responding to the BSA. The aggregate provision for these legacy issues stands at a very material £62m and we naturally expect to recover a substantial portion of this from designers, fire engineers, supply chain and insurers who, so far, have not faced up to their responsibilities or obligations across those 'in scope' projects.

However, despite these evident headwinds, we have skilled teams across the country dedicated to collaboratively aligning project costs with customers' budgets through our early involvement and ever closer relations with our supply chain partners and designers. This effort is translating into a resilient order book which remains in line with our budget expectations for this year. Importantly for all, we are beginning to notice early signs of inflation subsiding, which is an important turning point for customer confidence and project affordability.

#### Frameworks

Our long-held focus on securing most of our project volumes through procurement frameworks continues to provide access to a robust pipeline of work, with 76% of current turnover through frameworks.

Our presence on large frameworks like Scape, Procurement Hub, Southern Construction Framework (SCF), NHS ProCure23, DfE, Pagabo, CCS and Homes England, alongside many more regionally focused frameworks, gives customers access to our skills in a timely and efficient manner when funding often comes with time restraints, as we see with Levelling Up funding.

Willmott Dixon Construction – turnover £1,014m (2021: £946m)

Our construction company has proved very resilient to the prevailing economic challenge our industry has faced. This has been supported by specific areas of expertise that is really adding value to our customers' needs.

This includes our work to create the next generation of climate resilient, low energy, low carbon buildings. One example is the pioneering Passivhaus Standard projects which we are increasingly helping our customers achieve. The innovative homes we have completed for Caerphilly County Borough Council showcase our industry-leading approach here, which extends from the emissions buildings produce to the carbon associated with the materials and supply chain we use. Other Passivhaus work now taking place includes:

- Spelthorne Leisure Centre and Swimming Pool
- Our appointment on the £57m Bedelands Academy for West Sussex County Council
- A multi-Faith centre for the University of Exeter
- Student accommodation for St Peter's College at the University of Oxford

We are also working with customers to help support their decarbonisation plans, as they adapt their estates to meet their own Net Zero Carbon goals. One example was our work with Oxford City Council to materially improve the energy efficiency of four of its existing leisure centres and with Somerset County Council on the decarbonisation of both County Hall and the County Library. We launched a service in late 2022 called Decarbonise Today to do just that, which is already helping several public sector bodies apply for Government grant to support their work in this important and growing area.

Likewise, we are seeing a renewed focus on town centre and high street regeneration, supported by Levelling Up funding across a variety of asset classes.

- In Wolverton, Milton Keynes, we are preferred bidder to replace the Agora Centre and adjacent car park with a community heart that is led by residential development
- In Oldham, we are refurbishing and part re-developing an existing shopping centre for the City Council in a £50m project with a multiple repeat business customer
- In Rochdale, the £58m second phase of the Riverside development is in full swing, with a Hilton Hotel and a further 242 build to rent apartments heading towards a successful completion.
- In Barking, in the Gascoigne neighbourhood scheme, we are completing 434 new homes in phase two of a transformation of this 1960's urban estate, with a further 226 homes under construction in phase three.

Willmott Dixon Interiors – turnover £133m (2021: £156m)

Interiors has had to adapt to a re-assessment by occupiers of both workspace need and style, which led to some stalled projects, resulting in a reduction in turnover against the prior year. Yet this remains a very cyclical market and Interiors continues to expand across the country with some notable appointments that include pre-construction agreements with the National Maritime Museum in Greenwich, University Hospital Brighton in Sussex, a range of projects under frameworks with both the Metropolitan Police and Travelodge, plus ongoing refurbishment at Quarry House, Leeds for the Department of Health.

Our Midlands based team has continued to grow and is currently mid-delivery of two major refits of existing commercial office space in the centre of Birmingham, with a combined value of around £45m.

### Our People

Our culture is based on people feeling they can make a genuine difference, and this was evident when we were declared the UK's best workplace at the 2022 Best Companies Awards, taking top spot in the Best Big Company to Work For category.

We maintain our ambition to achieve gender parity across all grades by 2030, a goal that has seen the proportion of women at Willmott Dixon now exceed 30%. Accolades like the Best Companies Awards and appearing in both The Times Top 50 Employers for Women and Financial Times Diversity Leaders list help to maintain this momentum and promote our industry to the wider employment market as we continue to tackle the skills shortage.

### Creating Wider Societal Gains

In 2022, our people helped deliver 608 community-related programmes, with 8,681 people positively impacted as a result, and 87% of beneficiaries saying our community activities had a high impact on their

lives. This focus on social mobility saw 144 people considered to be facing significant barriers to work gain employment through our direct intervention.

We also recorded a £668m social return on investment on live projects last year, with £2.6m spent with 91 social enterprises. These are just some of the factors that led us to being recognised by the newly re-branded King's Awards for Enterprise, in the category of Promoting Opportunity. This is our fourth such award and few accolades carry the prestige and authority as this does.

### Summary

Our industry will remain a complex and challenging sector in which to operate. We are yet to experience and understand the real procedural impact of the Building Safety Regulator's department, but 2023 should give initial visibility and interaction.

Despite this, and as ever, we face the future in the knowledge that our values, culture and ultimately the dedication and commitment of our brilliant people to our company, our shareholders, and indeed to our wider society, will provide us with a strong and reliable platform for ongoing success."