Annual Reports & Accounts 2024

Wates

Reimagining places for people to thrive

Wates Group Limited | wates.co.uk

2024 at a glance

Group financials

£2.30bn
Statutory turnover[1] (up 9.2%)

£2.40bn
Turnover[3] (up 9.9%)

£2.6m
Statutory profit before tax[2] (2023: £44.9m)

£31.4m
Underlying Group profit before tax[4] (2023: £44.9m)

£195.6m
Net cash

£8.64bn
Forward order book (up 1.2%)

1 Group statutory turnover excluding the Group's share of joint ventures and associates' turnover.
2 Group statutory profit before tax.
3 Group turnover including the Group's share of joint ventures and associates' turnover.
4 Group profit before tax before exceptional administrative expenses.

Buildings

600,000
Homes maintained across all contracts

3,849
New homes being built

376
Sites under construction

1,566
Commercial buildings where we manage facilities

Sustainability

92.9%
of electricity purchased from renewable sources

76.5%
of company cars are now EVs, up from 54% in 2023.

£395m
Social value generated

£8.7m
Spend with social enterprises

Health & Safety

0.046
Accident frequency rate (AFR)

AFR – number of RIDDOR reportable injuries / number of hours worked x 100,000

Accident incident rate (AIR)

68%
below industry average

Lost time injury rate (LTIR)

55%
down in 7 years

LTIR includes all injuries, including RIDDORs, that result in more than one day away from work, not including the day of the incident, ie number of Lost Time Injuries / number of hours worked x 100,000.

People

5,192
Average number of employees in 2024

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Chairman's statement

Tim Wates

In a year that saw prominent contractors and numerous supply chain companies fall into administration, our strategy and customer and supply chain relationships stood us in good stead. I am pleased to report continued strong financial results for 2024, with underlying profit before tax of £31.4m, despite cost pressures in some house-building joint ventures and closing out some construction projects.

While we will not chase turnover for the sake of it, our 2024 turnover of £2.40bn (2023: £2.18bn) and our forward order book of £8.64bn (2023: £8.54bn) reflect an enterprise of significant presence in the market. Organic growth in our increasingly diverse businesses, plus the acquisition of the property services business Liberty Group meant that we finished the year with almost 6,000 employees. This growth carries with it the responsibility and opportunity to be an increasingly prominent force for good on behalf of communities, business partners and employees.

In the current economic environment, mental health continues to be a challenge faced across the UK, and in particular the construction sector, where suicide rates are four times higher than the national average. Promoting mental health and wellbeing is a personal passion of mine, so I'm glad that the adoption of the Wates wellbeing strategy confirmed our commitment to create work environments in which people can thrive – with colleagues supported to manage work-related stress and to enhance mental wellbeing.

The Wates Group's chosen charity is PAPYRUS, which works to prevent young suicide, and I'm pleased that our employee fundraising, with matched funding from the Wates Family Enterprise Trust, has generated £296,000 in financial support, not to mention the value generated by employee volunteering and other support to raise awareness of the tragedy of young suicide and, crucially, how it can be prevented.

The Wates business is in its fourth generation of family ownership, and I am delighted that the fifth generation is now coming into the business, bringing

> ...we are fiercely proud to be a family business. Our commitments as shareholders to a long-term perspective are mirrored in the Wates Group purpose launched early in 2024 – **reimagining places for people to thrive...**

Left to right: Sir James Wates CBE, Charles Wates, Andrew Wates, Timothy Wates and Jonathan Wates.

improved gender diversity and great energy. The shareholders are committed to protecting and building on the legacy we have been entrusted with, and we are fiercely proud to be a family business. Our commitments as shareholders to a long-term perspective are mirrored in the Wates Group purpose launched early in 2024 – reimagining places for people to thrive – accompanied with the promises we make to Thriving Places, Thriving Planet and Thriving People.

As part of our commitment to a Thriving Planet, we will push ourselves ever harder to have a positive influence on the environment, and I'm excited about the development of a new sustainability strategy to follow the current programme in 2026, which will see Wates helping customers achieve a step change in environmental performance, promoting opportunity and wellbeing in the communities where we operate, and leading change that helps our whole sector to thrive.

The creation of social value in the places where we work is as important as the construction of buildings and infrastructure. We work in communities across the country, often for decades at a time. I'm proud that we use this opportunity to build local relationships – supporting small businesses to scale up, schoolchildren to learn and people furthest from the workplace to develop the skills and capabilities to access greater opportunities.

We create value also through the taxes we pay and those we collect on behalf of HM Treasury. In 2024, our business activities generated total revenue of £405m for the Treasury, of which £47m was in direct taxes, such as corporation tax, employment tax, irrecoverable VAT and other taxes.

We take our responsibility to contribute our fair share to HM Treasury funds very seriously, as these are essential for delivering quality public services and an infrastructure that is vital for economic prosperity. In 2024, a change in government meant we saw a first Labour budget in 15 years. We were pleased to see positive steps outlined to ensure the UK's homes and social infrastructure are fit for the future, and I am enthusiastic about our opportunities to support the delivery of these commitments as a strategic partner to the government. As a long-term family business, we were concerned to see the proposal to reduce Business Property Relief for Inheritance tax. This change will hinder shareholder investment and long-term planning in private business enterprises in a way that does not affect our listed competitors and which could hamper our ability to grow, thereby counteracting efforts to boost economic growth in the UK. We very much hope that this proposal will be reconsidered.

The Wates Group had no changes in Board composition during 2024, but at the end of the year Paul Chandler retired from the Board as Executive Managing Director, Construction. My thanks go to Paul for his years of service to the business.

My sincere appreciation goes to the Wates family for their support, and thank you to the Board, our CEO Eoghan O'Lionaird and the Executive Committee for their continued hard work and contributions to the business.

Tim Wates

Tim Wates
Chairman

Chief Executive's review

Eoghan O'Lionaird

2024 was another profitable year for Wates Group. To ensure we maintain profitable growth, our focus in this, our 127th year of trading, has been on implementing our new strategy and renewing our purpose, with each influencing the other.

The wider strategy for business units and functions alike is to deliver, improve and reimagine, through our core work and a series of accelerators that are designed to scan the horizon for new business streams across our markets.

Alongside the divisions' strategies, we have robust strategies across people, sustainability, safety, quality and innovation, which remain essential to our continued success. They also address industry-wide, multi-layered challenges, so improving our performance in these areas is not only good for Wates, but also for our customers and supply chain partners, and the industry at large.

> "The addition of 1,100 new employees from Liberty brings our total workforce to almost 6,000."

In October, Wates made its first acquisition since 2015. Liberty Group is a leading property services business specialising in repair, maintenance, and heating and compliance services. Joining the Property Services business, it brings the number of homes maintained by Wates across all its contracts to almost 600,000. This strategic choice has expanded our footprint in property services and added expertise in heating and compliance, plus renewables, creating an end-to-end service for social housing providers.

The addition of 1,100 new employees from Liberty brings our total workforce to almost 6,000. Overall, employee numbers rose by 36 per cent.

Our renewed purpose

Wates remains strongly motivated by purpose. An important moment in the year was the launch of our new purpose statement – **reimagining places for people to thrive** – and the three pillars that accompany it – Thriving Places, Thriving Planet, Thriving People.

Our purpose is entwined with our strategy and is an important guide for our decision making.

It's designed to build on the strong ethos at Wates, seen over generations, and it's a vital reference point for everything we do.

In re-articulating our purpose, we are making an explicit commitment to be driven by our purpose, and expressing our belief that it will help us build a stronger business that is better for all of us – customers, colleagues, partners, supply chain, the environment, our shareholders, local communities and wider society.

During 2024, our projects and social value teams generated £395m in social value and we spent more than £8m with social enterprises to help us deliver our work.

This was a tough year for the supply chain. We continue to take a partnership approach to our suppliers, driving forward the implementation of working practices that support sustainability, safety, compliance and quality, as well as fair payment. During the year, Wates Construction Limited reported a payment performance of 99 per cent of invoices being paid within 60 days, an improvement from the previous year (98 per cent in 2023).

You can find more detail on our purpose-driven work in the following sections: supply chain and quality (p20), sustainability (p40), social value (p49) and people (p24).

Reimagining places for people to thrive

Thriving Places | Thriving Planet | Thriving People

A profitable business performance

Overall, we are performing well, with positive headline financial results: our highest-ever turnover at £2.40bn, a record £8.64bn order book of secured work, and a continued run of 25 years of delivering a profit before tax, albeit less profit than in 2023. Our headline financial results are shown on page 13, and are reflective of a strong performance in a difficult trading environment.

A significant one-off item affecting 2024 profits was a £28.8m exceptional charge that arose from safeguarding the defined-benefit pension scheme by transferring its obligations to the Clara-Pensions superfund, with this now removed from future balance sheets. We also invested heavily in divisional overheads and our support functions during 2024. In addition, we saw higher than expected costs in our house-building joint ventures in Developments and in closing out some projects in Construction. These factors have resulted in a lower statutory profit before tax of £2.6m compared to the prior year (2023: £44.9m).

We had a healthy cash position at the end of the year, closing at £195.6m, up £57.6m on the position in the previous year (2023: £138.0m). This and an untouched credit facility puts us in a strong position for future investments.

Wates Group, like most businesses, continues to navigate high interest rates, complex and changing regulations, the longer-term effects of inflation, skills shortages and geo-political uncertainty. Sustainable profit margins remain a challenge across our industry and too many businesses have failed as a result.

The collapse of main contractor ISG in September was regrettable for everyone. It's a reminder of the need to find a fair sharing of risk between customers and contractors, and for continuous vigilance on delivery to customers and financial viability. Wates Group worked hard to support customers by taking on several of ISG's projects, and we have welcomed some of its talented employees to join our ranks.

Each of our markets is contending with different challenges, including the effects of a combination of factors, including Covid, Brexit, conflict impacting the price and availability of materials, and insolvencies of key subcontractors.

Against this backdrop and a difficult trading environment, our teams have done well to deliver the financial performance Wates Group saw in 2024, showing resilience and strength. The government's planned changes to National Insurance will be a net cost, but our commitment to investing in professional development and hiring the best people we can to fulfil the needs of our customers will not change.

We expect to see our strategy and business optimisation programme improve overall performance in 2025, hand in hand with collaborating and innovating with partners across the industry to drive profitable growth.

Wates also welcomed the investment into affordable housing, improved schools and decarbonising homes announced by the government in the Autumn Budget 2024. As well as offering project opportunities, it aligns with our own commitment to achieve net zero by 2045 and enables us to help the country build the affordable homes that it needs.

Structured for growth

There are many benefits to family ownership, including the stability and longevity from our 127-year heritage. Alongside these, which remain at the heart of Wates Group, we believe that a necessary condition for our individual businesses within Wates to thrive is for them to have a high degree of flexibility and autonomy. In turn, they are each accountable for growing robust businesses that contribute to the long-term strength of Wates Group and create a positive experience for our employees, customers and everyone we work with.

Our five areas of business have become standalone divisions, each with a dedicated management board that will manage both the profit and loss account and the balance sheet for that business.

To maintain strong links with Wates Group, the executive managing directors of the division boards are all members of the Wates Executive Committee where, along with the heads of the core functions, they support the sharing of best practice and foster strategic opportunities spanning divisions, so that we can grow in a way that offers our customers more.

Three of our Executive Committee members announced their retirement in 2024. Executive Managing Director for Residential Helen Bunch spent 19 years with the business and Group Commercial Director Simon Potter was with Wates for 35 years; they both leave the business in 2025. Wates Group Board Director and Executive Managing Director for the Construction Group Paul Chandler was with us for eight years and left at the end of 2024. After long and distinguished careers, we thank them greatly for their service to Wates.

To manage a successful transition to new leadership in Construction, the business has been split into Construction and SES (our engineering and technology business), led by Steffan Battle and Rob Clifford respectively, who have both joined the Executive Committee as Executive Managing Directors.

For the Residential business, Pip Prongué, who is a well-established and respected leader in the residential sector, has joined us as Executive Managing Director, also becoming a member of the Executive Committee.

> "...the Chairman, Tim Wates, and the Wates family at large are committed to handing to the next generation a purpose-driven, strong and sustainable business."

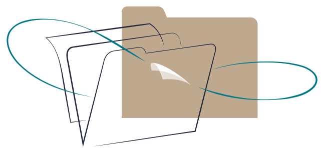
Our shareholders

The Wates family continues to support and guide the executive. As a family-owned business, Wates Group can consider a longer-term horizon and act in the best interests of the business and society, in line with the company's purpose.

The shareholders and executive at Wates Group take governance very seriously. The company follows the Wates Principles for private business and the Chairman, Tim Wates, and the Wates family at large are committed to handing a purpose-driven, strong and sustainable business to the next generation. More information on the Wates Principles are on page 152.

We were happy to welcome more members of the fifth generation of the Wates family into the workforce during 2024.

Eoghan O'Lionaird
Chief Executive



£15.31

of social value generated for every £1 of profit during 2024

33%

Reduction in market-based Scope 1 & 2 carbon emissions against 2019 baseline

£395m

Total social value created during 2024

Thriving Planet – building a sustainable future, together

Buildings are a major source of greenhouse gas emissions in the UK and construction makes a significant contribution to loss of biodiversity. As a key player in the built environment, we are committed to continuous improvement in sustainability, in our industry and in our organisation.

Part of that commitment was appointing a dedicated Group Sustainability Director, Cressida Curtis, to our Executive Committee in January 2024, alongside our established Sustainability Committee, and we have felt the benefits of this throughout 2024.

The focus in the last year has been to improve our own performance. This programme will continue through to the end of 2025, with clear targets and plans. To drive change and to help us respond to increasing customer demand for sustainable homes and high-performance buildings, we have put in place a bespoke environmental leadership programme for senior leaders.

We recognise, however, that Wates cannot address the sustainability challenges we face alone – collaboration is also vital. We are partnering with industry forums and cross-sector initiatives to identify new ways to work, as well as engaging with our supply chain to ensure we can deliver consistent standards.

At Wates, sustainability incorporates social value. We are proud to reach out to and employ people on our projects from groups furthest from the workforce, to inspire the next generation of young people into our industry and to procure services from multiple social enterprises.

A detailed report on our performance in both sustainability and social value is shown on page 40.

The importance of safety

We take extremely seriously the responsibility of ensuring that everyone who interacts with Wates does so safely and without exposure to harm.

Our 'Zero Harm' and 'Safer Together' programmes have imbued an intolerance of harm across the Group and ensured that safety is considered a critical part of Wates' overall success. However, safety is an area that we can never be complacent about and, considering some worrying industry trends in 2024, we feel that it is time to adapt and evolve our approach.

In 2025, we will prioritise our significant and major health and safety hazards and deliver on the following key areas:

- move beyond a zero-harm mindset to one that drives the active management of significant and major hazards
- evolve our behavioural-based safety curriculum to promote heightened risk awareness, risk perception, managing trade-offs and a curiosity mindset
- expand safety measurement to capture dominant exposure areas and areas with potentially more significant vulnerability
- challenge the industry's tendency to rely on human-based controls and instead embrace technology and innovation to manage some of our more acute hazards

Chief Financial Officer's review

Philip Wainwright

Another profitable year with our highest-ever turnover and even stronger liquidity.

Group overview

For the 25th year in a row, Wates Group has delivered a profit before tax. The year also saw us reach a major milestone as we removed the net liability of our defined-benefit pension scheme. The financial impact of this has been classified as an exceptional item.

The Group achieved robust turnover growth in 2024, up 9.9 per cent to £2.40bn (2023: £2.18bn), a record high, driven by delivery of large private and public-sector construction projects, engineering services within SES, fit out and refurbishment projects undertaken by Smartspace, and the Property Services line of business. Property Services experienced significant organic growth and benefitted from the acquisition of the Liberty Group business on 1 October 2024.

Underlying Group profit before tax of £31.4m (2023: £44.9m), while healthy, was constrained by several factors during the year. First was a larger post-tax loss from joint ventures and associates of £(10.2)m (2023: £(0.4)m), primarily due to additional costs to complete sites within our joint-venture housebuilding schemes. Secondly, the Group made strong profits but also incurred losses in closing out a number of construction projects. Thirdly, 2024 was a quieter year in terms of consented land sales. In addition, investment in divisional overheads and support functions resulted in a £46.7m increase in underlying administrative expenses. The above constraints were offset to some extent by strong performance across the Property Services, Smartspace and SES businesses, with turnover growth delivering additional gross profit, up £32.0m on 2023. The combination of these factors resulted in underlying operating profit margin reducing by 0.9% to 1.1% (2023: 2.0%).

Group profit before tax includes net interest income of £14.5m, up £4.2m on last year (2023: £10.3m). Group statutory profit before tax of £2.6m (2023: £44.9m) is stated after charging a £28.8m exceptional expense in relation to the defined-benefit pension fund (see below).

Net cash was robust, closing at £195.6m, up £57.6m on the prior-year position (2023: £138.0m), with no requirement for us to draw upon our revolving credit facility throughout the year, and notwithstanding the payment to close the liability in the defined-benefit pension fund outlined below.

On 31 December 2024, the Group recognised the impact of a bulk transfer agreement that took place with Clara-Pensions, a pensions consolidation company for defined-benefit pension schemes. This agreement facilitated the transfer of the defined-benefit assets and liabilities from the Wates Pension Fund to the Clara Pension Trust for all defined-benefit members of the fund, derisking the Group's balance sheet and removing the need to make ongoing deficit reduction contributions. A one-off contribution of £18.7m was made into the fund on 31 December 2024 to cover the shortfall between the fund's assets and the cost of the transaction, with the Group irrevocably committed to the completion of the transaction at that date. This gave rise to a settlement expense of £21.2m, which together with the curtailment loss on closure of the fund to future accrual of £1.6m and advisers fees and other related costs of £6.0m, £28.8m in total, have been treated as an exceptional item in the 2024 profit and loss account (see note 3 to the accounts). The balance sheet at 31 December 2024 reflected the net pension provision that remains after the transfer of the Fund's assets to Clara Pension Trust, with the exception of a small reserve held within the fund to deal with any additional liabilities that may arise once Clara-Pensions has completed GMP equalisation and a data rectification exercise (see note 25 to the accounts). The effective date of the transaction, when the transfer was completed, was 14 January 2025 (see note 30 to the accounts).

On 1 October 2024, the Group acquired the Liberty Group of companies, a leading property services business specialising in repairs, maintenance and heating and compliance, for £16.7m in net cash and £12.0m of deferred consideration, with £1.8m of acquisition-related costs. Liberty, reported within our Property Services division, contributed £25.8m of turnover and a loss after tax of £(0.6)m in the final quarter of 2024. Net identifiable assets acquired were £7.9m and the transaction gave rise to intangible assets of £7.1m and goodwill of £17.2m, amortised over nine and 20 years, respectively. (See note 28 to the accounts.) The acquisition of Liberty expanded our footprint in property services, while adding expertise in heating and compliance, plus renewables, creating an end-to-end service for social housing providers.

Looking ahead, the Group forward order book has increased to £8.64bn (2023: £8.54bn). In Developments, we expect a return to a more normal level of land sales in 2025, with multiple opportunities expected to complete during the year.

We continue to be proud that our activities, which are delivered entirely within the UK, helped contribute £405.4m (2023: £387.1m) of UK taxes to the UK exchequer in 2024 (as shown on page 148) and a total of over a billion pounds of UK taxes in the last three years. With the proposed reduction to Business Property Relief, we are mindful of the potential impact on our shareholders' plans, should it be introduced.

The summary financial performance for the Group is set out below:

	2024	2023	Movement
Group turnover * Group turnover including the Group's share of joint ventures' and associates' turnover	**£2.40bn**	£2.18bn	9.9%
Group statutory turnover Group statutory turnover excluding the Group's share of joint ventures' and associates' turnover	**£2.30bn**	£2.10bn	9.2%
Underlying operating profit ** Underlying operating profit before interest and tax	**£25.8m**	£44.6m	-£18.8m
Statutory operating (loss)/profit * Statutory operating (loss)/profit before interest and tax	**£(3.0)m**	£44.6m	-£47.6m
Underlying operating profit margin **	**1.1%**	2.0%	-0.9%
Underlying Group profit before tax ** Group profit before tax before exceptional administrative expenses	**£31.4m**	£44.9m	-£13.5m
Group statutory profit before tax Group statutory profit before tax including share of tax of joint ventures and associates	**£2.6m**	£44.9m	-£42.3m
Underlying Group profit after tax for the financial year **	**£22.2m**	£32.1m	-£9.9m
Group profit after tax for the financial year	**£0.7m**	£32.1m	-£31.4m
Forward order book	**£8.64bn**	£8.54bn	+£0.10bn
Net assets	**£148.5m**	£170.3m	-£21.8m
Year-end cash Cash balance excluding cash held in joint ventures	**£195.6m**	£138.0m	+£57.6m

* The performance of the Group is assessed using a variety of performance measures, including alternative performance measures (APM), which are presented to provide users with additional financial information that is regularly reviewed by management. These APMs are not defined under FRS 102 and therefore may not be directly comparable with similarly identified measures used by other entities. They are not intended to be a substitute for, or superior to, FRS 102 measures. See note 29 to the accounts for definitions and reconciliations of APMs.

** In order to provide users with a clear and consistent presentation of the underlying performance of the Group, the 2024 figures exclude separately identified items that were considered to be exceptional because of their size or non-recurring nature. Further details of the exceptional items in 2024 can be found in note 3 to the accounts.

Our Group-wide priorities

Health, safety and wellbeing

People

Supply chain and quality

Innovation

Customers and partners

Health, safety and wellbeing

In the last quarter of 2024, Wates welcomed a new Health, Safety and Wellbeing Director, Brian Long. His appointment brings with it an evolution in our thinking on the way safety should be addressed, particularly on the company's operating sites.

While maintaining our commitment to 'Zero Harm/Safer Together' and the day-to-day benefits this brings for our employees, customers, partners and members of the public, within Wates and across the built environment more broadly, there is an opportunity to borrow practices and approaches from industries that are more focused on reliability and resilience.

For context, the construction industry's performance statistics, which had stagnated for some time, deteriorated in a concerning way in 2024:

- Over the last ten years, the UK's injury/fatality rates across all industries have plateaued.
- Of 138 UK work-related fatalities in 2024, 51 were in the construction industry – a 76 per cent increase compared to 2021/2022.
- Fatalities across a number of tier-one contractors suggest the issue is endemic; no one has a special dispensation.
- Across all sectors, 'erosion factors' such as supply chain challenges, economic pressure, and shortages of skilled labour and materials are undermining our ability to deliver work safely.

Over the year, Wates also saw a softening of health and safety performance and, although the number of 2024 measured health and safety incidents in Wates increased only slightly above 2023, the types of events and specific hazards involved mean that we must strive to do better.

We recognise that a safe working environment is not only something every person has a right to expect, but also an important driver of productivity, morale and growth. Our relationship with safety performance must go beyond the conventions of numbers, policies and statements of commitment.

So, while Zero Harm remains firmly and directly our moral aspiration, in the last quarter of the year we started to evolve our thinking to emphasise a wider, more thoughtful approach that will take us through 2025 and beyond.

Performance metrics

Group	Specified injuries (RIDDOR)	Over seven day injuries (RIDDOR)	One day plus injuries	First aid injuries	High potential incidents	Member of public RIDDOR injuries
Q4 2024	1	0	0	28	6	1
2024	10	4	8	130	15	4
2023	6	4	7	130	12	1
24 vs 23	+4	0	+1	0	+3	+3

Our approach is centred on three elements:

1. Improving our understanding of our true exposure to serious hazards.

We need to view our projects from a 'hazard perspective'; to see the downside potential and ensure it is correctly evaluated and mitigated. Although construction is not in the same risk category as, for example, defence, oil and gas or aeronautics, catastrophic failures can happen. A greater acceptance of this and a willingness to learn how to prevent such outcomes (no matter how unlikely they may feel) is required. Key to this is a need for our people and those in our supply chain to become increasingly anticipatory and more curious about possible failures and to consider whether enough is being done to prevent significant or major hazard failures across our operations.

2. Creating stronger bonds between health and safety and our purpose and promises.

With the launch of our new purpose in 2024, we've generated a bigger conversation around the Wates culture. Linking into Thriving Places, Thriving Planet and Thriving People puts health and safety at the centre of the business and its people, and provides a platform for improved communications and engagement. Too often, organisations 'do business' and in parallel (or sometimes as a bolt-on) also 'do safety'. By linking purposeful business decision making with safety, it is felt that both will be strengthened.

3. Strengthen ties between health, safety and wellbeing and other key functions.

Aligning our messaging and finding synergies, most notably with quality, HR and sustainability, will help us to ensure that issues, insights and learnings are actively shared right across the business.

These areas will be opened up for wider discussion during 2025 as the updated health, safety and wellbeing strategy is launched to the business.

Case study

Faraday Tower and podium demolition

University of Southampton

On a live university campus, Wates was contracted to demolish the Faraday Tower and adjacent podium building. The team took an innovative approach to safety by focusing on reducing the risk of failure.

The team took preventative safety measures, including diverting a substation and services away from the tower's basement and tunnels.

Thriving Places

The strategy for the demolition itself focused on five areas, taking into consideration multiple safety factors, from falling debris to noise mitigation.

- Fully wrapping the scaffold in monoflex to mitigate dust migration, with fans installed on some levels as a fail safe for broken monoflex.
- A full Titan deck installed to mitigate any unforeseen loss of structural integrity during demolition.
- A fully enclosed pedestrian walkway around the site perimeter to keep the university community safe.
- Clearly defined demolition sequence to ensure the cantilever removal did not destabilise the internal columns or remaining structure.
- Noise mitigation by retaining the L-shape of the podium building during demolition of the tower, to protect surrounding buildings and people from noise, with acoustic panels installed in the tower.

The café terrace area of the Jubilee Sports and Recreation Centre at the University of Southampton, completed by Wates in 2024.

Case study

'Start Right' for gigafactory project

Sunderland

The 'Start Right' process, used on all sites at Wates, enhances the daily briefings for supply chain teams. We train supervisors – who wear black hats on site – to be aware of the ever-changing risks on the project and communicate these to their teams.

The gigafactory project for AESC UK in Sunderland is vast, with an average of more than 1,500 workers on site each day across the programme. Supervisors need a good understanding of multiple factors, not only their own work, but also the activities taking place around them.

Thriving People

As with all Wates projects, to ensure site briefings are effective in this busy environment, the project team brings together all the project's 'black hats' as part of daily co-ordination meetings – covering both external and internal activities – to share the latest information on any changes in logistics, access, craneage, routes to muster points, and so on. This creates clarity for site activities the following day to ensure works are planned, managed and executed to our highest standards.

The following morning 'black hat' supervisors then meet at their respective area noticeboards with Wates' package managers to confirm the finer details, which are communicated to their teams as part of the daily Start Right meeting.

This way, Wates can cascade key health, safety and quality risks and changes to the work environment in an efficient way. Any issues arising can also be dealt with in a timely way.

'Black hat' supervisors are trained in how to make the briefings engaging, with the freedom to highlight particular topics of interest during the week, on top of the essential safety messages. This forum also serves as a place to highlight what worked well the previous day and to take any learning into the next day's work.

To support this activity, all managers responsible for delivery must be on site for the first hour of the morning – an uninterrupted 'golden hour' during which they can observe and support 'black hat' supervisors with their daily briefings at their place of work.

> "Supervisors need a good understanding of multiple factors, not only their own work, but also the activities taking place around them."

Leading the way: supporting mental health in the workplace

A workshop to help leaders feel more confident to address mental health issues appropriately with their employees.

Men's Mental Health Awareness Month

An international event raising awareness of the mental health issues that affect men disproportionately.

Fitness fortnight

An annual campaign providing employees with an opportunity to get involved in two weeks of health and wellbeing-related activities on sites, in offices and at home.

Bounce Back

A toolkit designed to help employees understand what resilience is and how we can better respond to the setbacks or crises that life can throw at us.

Caring for our people – mental health and wellbeing

In keeping with our commitment to improving wellbeing, we continued to invest in mental health in 2024. With the active involvement of many dedicated mental health ambassadors, we maintained our well-regarded programme of events, providing support not only internally but also externally, reaching out to the wider communities in which we operate.

We are acutely aware of the pressures that come to bear on people's lives and are clear about our role in helping to reduce the impacts on individuals and their families. To this end, regular training programmes and campaigns featured in our activities for the year. These help to maintain good mental health as well as promote improvements.

> "I'm going to implement general day-to-day changes on how I act around others – to make a positive impact – and also actively promote the importance of wellbeing to my team."
>
> **Delegate feedback from Leading the way workshop**

Although we know that we still have progress to make, 2024 saw an encouraging reduction in the number of days employees were absent due to stress and mental health-related issues caused by something outside of the workplace. We recorded 3,287 days of absence, down from the previous year's 3,634, a drop of 10 per cent. However, we still remain focused on the matter, as cases of absence due to stress and mental health issues as a direct result of their employment saw no improvement over 2023, with 68 work-related absences recorded.

We continued with our training for mental health first aiders – across the Group we now have a network of 291 members (4.9 per cent of employees, based on 6,000 total number of employees).

The conversations we have in Wates are centred around raising awareness of mental health issues and creating environments in which people feel more comfortable about discussing them and taking action where necessary.

Our Bounce Back resilience programme continued to attract attention, with a further 831 people undertaking the training, bringing our total to 3,273 people. In addition, 42 Wates employees were trained in Applied Suicide Intervention Skills – a training programme approved by the World Health Organization. We also saw an increase in the number of people registering with the health app, Peppy Health; a total of 1,148, an increase of 234 on 2023's 914.

In June, the Wates Games, a five-a-side football tournament, was inaugurated. In all, 33 teams from across Wates and our supply chain took part in the two-day knockout competition to raise funds and awareness for PAPYRUS Prevention of Young Suicide, a charity dedicated to the prevention of suicide and the promotion of positive mental health and emotional wellbeing in young people.

Events were organised in Stafford and Southampton and over £8,500 was raised. There was also welcome support from local social enterprises and charities, including Bridge the Gap Football. Additional wellbeing was provided by the Zen Project.

In February, we again sponsored the Zen bus during Children's Mental Health Week, which toured the country visiting schools and colleges, bringing awareness, advice and guidance to over 1,000 pupils. The techniques introduced to young people, including how to reduce stress levels, manage anxiety and increase focus and resilience, are proven to help them face issues, from schoolroom concerns to wider family or social matters.

An important part of our work in 2024 was the introduction of the Mental Health & Allies (MHA) network, whose mission it is 'to normalise the topic of mental health across Wates, whilst empowering colleagues to lead in the promotion of mental health and to feel safe to discuss their experiences and seek support.'

Through three co-chairs and employee volunteers, MHA organised a series of events across the year, including support cafés and 'netwalking' events. The cafés are online facilitated sessions, often featuring a guest speaker, that employees can join to discuss mental health at work and find out how to access helpful tools and resources. In 2024, three cafés were run involving 139 employees.

Netwalking is an activity designed to improve mental health by mixing the outdoors with meeting new and old colleagues. The benefits of engaging with nature are well recognised and supported by Wates.

In keeping with the theme, in July, 37 employees undertook the National Three Peaks Challenge – a walk scaling the heights of Ben Nevis in the Scottish Highlands, Scafell Pike in Cumbria and Snowdon in North Wales. A total of nearly 10,000ft was climbed and over £60,000 raised for PAPYRUS.

Significantly, 2024 also saw us run a pilot cognitive behavioural therapy course. In all, 12 people attended and learned about managing stress, developing a healthier mindset and implementing more positive habits. Their feedback is helping to shape our thinking about further work in this area during 2025.

Supply chain and quality

A key focus for Wates has been the strengthening of relationships with our suppliers to ensure products and services, as well as processes, align with our requirements, regulations and the demands of our customers. As a main contractor, our supply chain is responsible for a large proportion of our output, making it an integral part of our quality performance. It is for this reason that our supply chain and quality strategies are delivered as one integrated strategy.

Building Safety Act

In April, the Building Safety Act (BSA) passed into law addressing, at least in part, the findings of the Grenfell Tower Inquiry Report, which was subsequently published in September. The Act requires competence and product verification that is not yet commonplace in the industry, focused on ensuring the right information is recorded and available to demonstrate compliance and safety. Our focus this year has been on establishing the changes to our systems, processes and competencies needed to meet these requirements, particularly in relation to high-risk buildings. This work will continue in 2025.

The publication of the Grenfell report was a sobering moment for all in the industry, with recommendations on how the construction industry addresses the practical elements of demonstrating quality and safety along with the cultural and behavioural aspects that underpin this, calling for a wholesale shift in approach.

It's clear that the Grenfell Report is set to become a watershed moment. At Wates, we are determined to take a leadership role in shaping the industry's response.

Joint Competence Initiative

Nowhere is our commitment to the BSA clearer than in our leadership of the Joint Competence Initiative for the Building Envelope Sector (JCI). This is an association established by the construction industry and led by Wates, with the aim of considering and agreeing what specific competencies specialist façade contractors and manufacturers, and their employees, should have in order to comply with the BSA. The JCI is also working as an integral part of the Industry Competence Steering Group, helping to develop competence throughout the wider construction industry.

> "...it is anticipated these assessments will become a valuable addition to people's qualifications and help to raise standards within the industry."

In May 2023, the JCI published a white paper that sets out a route map: *Achieving Competence in the Building Envelope Sector*. The paper attracted this comment from Dame Judith Hackett, chair of the Independent Review of Building Regulations and Fire Safety, which was commissioned by the government following the Grenfell Tower fire: "I can see how your paper gets people from where they are today – i.e. not competent – to a position where they are competent in today's methods of building façades and roofing."

It exists for principal contractors, consultants, architects, developers, specialist subcontractors, and material and system manufacturers operating in, and dealing with, specialisms within the envelope sector of the construction industry.

Throughout 2024, the JCI developed the thinking of the white paper to build and provide governance and certification for a series of technical assessments to measure individuals' levels of competency. After much scrutiny and stress testing by expert bodies and associations, these assessments are due to be launched in the first half of 2025. They will provide proof of competence for people in their chosen discipline within the building envelope sector.

Although not mandatory, as more people see their virtue it is anticipated these assessments will become a valuable addition to people's qualifications and help to raise standards within the industry.

Neville Grunwald, who leads our JCI work.

> "Nowhere is our commitment to the Building Safety Act clearer than in our leadership of the Joint Competence Initiative for the Building Envelope Sector."

CEO Eoghan O'Lionaird addresses the Wates Supply Chain Conference in February 2025.

People

Our people strategy, put simply, is to be a high-performing, purpose-led business where people can realise their potential.

Wates has a strong employer brand. Market conditions and the needs and expectations of our people are constantly evolving, which calls for us to adapt and innovate our offer to both current and future employees. Advances in technology, socio-economic changes and employee expectations around sustainability and social value, among numerous other factors, are changing the nature of work and the incoming cohorts of talent.

A truly inclusive culture, a compelling sense of purpose and a magnetically attractive career proposition will create an environment where the next generation of Wates people will thrive.

The people strategy is built around four pillars:

Inclusive performance culture: a culture that attracts those who want to be part of a high-performing, purpose-led organisation, where diversity of background and skill is welcomed and celebrated.

Learning organisation: a culture of continuous learning and innovation, reflected not only in our people but also in the systems and processes across our organisation.

Great leadership: a seamless progression from early careers to enterprise-wide leadership, with development programmes renowned within and beyond the sector that enable exciting and varied career paths for people at all levels.

Flexible people solutions: nimble and agile approaches to recruitment, reward, recognition and development that reflect the needs of our different businesses and markets in a divisionalised operating model, while protecting and enhancing our Wates brand.

Inclusive performance culture

Building a high-performing organisation on the foundations of a more inclusive culture is central to our people strategy.

The focus in 2024 was to ensure that our culture reflects our new purpose and that we continue to enhance the employee experience through inclusive and fair ways of working that create a sense of belonging, are motivating and help everyone thrive.

We embedded our purpose into people processes and updated or introduced new, progressive people policies for the majority of our employees. These included enhanced paternity or partner leave, pregnancy or baby loss leave for both parents, and paid carer leave. All our family leave is now a day-one right, ensuring colleagues have the support they need, when they need it.

Our policy changes are complemented by the work of our employee networks. Each network is sponsored by a member of the Group Executive Committee. These six employee networks play an invaluable role in making sure employees feel included, invested in and cared for, especially those who are in a minority within Wates:

- **BuildOut Together**, our LGBTQ+ network
- **Disabled and Allies**
- **Mental Health and Allies**
- **Parents and Carers**
- **R.A.C.E and Allies**, our ethnicity network
- **Wates Women and Allies**

Highlights of some of the work our networks have done include:

- Check-in chat sessions
- Support for career development
- Raising awareness of our policies

The MyShare profit share scheme paid out for the first year in 2024, and will continue to be reviewed to ensure that it delivers against its primary objective of incentivising our people to improve profitable performance across all businesses and functions. The scheme also includes safety, diversity and sustainability targets to encourage all parts of the business to help create the type of business that we want to see.

Attracting a diverse pipeline of talent to the business remains an ongoing priority. Vacancy numbers remained high throughout the year, with the majority required to fulfil new role requirements.

Through recruitment and business acquisitions we welcomed a further 2,536 people (new joiners and 1,090 Liberty Group colleagues) into the Wates Group during the year, bringing our total Group headcount to 5,998. To support this, a new careers website was launched in 2024. This recognises the importance of promoting both career opportunities and our culture to attract the range and volume of talented people needed to manage our business and deliver our projects, while remaining true to our purpose.

We continue to partner with specialist organisations like STEM Returners and the Change100 programme to ensure we are creating opportunities for everyone who is interested in exploring a career at Wates.

Further developing and promoting the Wates employer brand is a focus in 2025.

Targeting inclusion and diversity

Our female and ethnic minority representation targets were achieved in 2024 (excludes Liberty)

Women employees
32.9%
(2024 target 32 per cent)

Minority ethnic employees
15.6%
(2024 target 16 per cent)

Great leadership

We are committed to sourcing, developing and retaining the best leadership talent to deliver on our promises to customers.

At the end of 2023, we set out an ambitious plan to invest in leadership development at all career transition levels, recognising the value of building line manager capability and a strong leadership succession pipeline.

A first step was to define our new leadership ethos, which summarises what it means to be a great leader at Wates. It sets out our belief that great leaders must be exemplars – in the way they act, in the values they hold and the standards they work to and inspire in others. It means motivating individuals and teams to succeed, in both the delivery of their work and the development of their careers.

To achieve this, we have been designing and building a cohesive suite of development programmes for 'growing great leaders'.

Take the Lead

Career development programmes for growing great leaders

Under the initiative 'Take the Lead', our focus is to enhance the skills of our existing leadership, attract new talent and invest in future generations, to help ensure we have the right people with the right expertise to deliver our ambitions as a business.

The eight programmes provide a clear offering for defined development stages, from early careers to those preparing to transition into more senior roles across the Group.

Core programmes

Launchpad	Ignite	Propel	Vista
Managing people to achieve and thrive	Leading and empowering high-performing teams	Enhancing people leadership and strategic impact	Coming soon (in 2025)
GRADE E	GRADE F	GRADE G&H	GRADE I&J

Talent programmes

Springboard	Accelerate	Stepchange	Horizons
Kickstarting your career development	Advancing leadership insights and experiences	Elevating people and business leadership	Coming soon (in 2025)

In addition, we delivered a programme of targeted career insights coaching and development assessment for our most senior high-potential leaders, informing individual career development plans and the senior succession pipeline.

Our ethnicity-linked reverse mentoring programme pairs senior leaders with employees from underrepresented ethnic backgrounds to enable understanding of different lived experience and the impact of identity in the workplace. This leads to enhanced empathy and helps to create a more equitable and thriving workplace. Over the last four years, 71 pairs have taken part. Given its success, the programme is being extended to include mentors from other underrepresented identities at Wates and will be called Partnerships for Change.

Learning organisation

By creating the conditions for continuous learning at every level, we aim to set a high standard for professional development across our industry.

The focus in 2024 was on developing a culture that enables people at all levels to fulfil their potential. Our ambition was backed by an investment of over £2.5m during the year, which translated into 8,114 training days and 36,730 e-learning modules completed.

Activities were aligned to two themes: career development, and skills and competence. This built on a diverse portfolio of learning and development in place to meet the current and emerging needs of our people, equipping them with the skills to deliver business priorities, as well as to develop and enjoy a rewarding career.

Through our internal mobility programme, we aimed for better employee retention to deliver a more robust pipeline of talent while building organisational capability to harness transferrable skills. In the pilot programme, we focused on creating a pathway into the commercial job family. A 'starter surveyor' role was designed for those with transferrable skills who are interested in exploring a career in the commercial function. During a 12-month secondment, six employees can try an alternative career within Wates. In addition to on-the-job learning, they have an opportunity to learn the technical skills through the RICS Foundation in Quantity Surveying course. The outcome of the programme will inform future initiatives and help Wates to offer diversified career tracks and find new ways to access talent.

To complement our Take the Lead programme, we developed a new Careers Hub, full of resources and guidance for employees on how to progress their careers. More interactive career mapping and pathing functionality will come in 2025.

Our early careers pipeline continues to be a vital source of talent and in September 2024 we welcomed our largest-ever cohort of 103 college leavers and graduates into the business on our trainee scheme. They will progress through a structured and supported programme of technical, behavioural, experiential and professional development. In addition, over 51 level two and level three apprentices joined the business to start their careers in the sector.

The campaign to attract a further cohort of more than 85 trainees to join us in September 2025 is already underway, with record numbers of applications received.

We also looked at the skills needed for the future. Business leaders and subject matter experts identified emerging needs, including digital technology, data analytics and information management, environmental sustainability, modern methods of construction and retrofit. These insights will inform training and resourcing into 2025 and beyond.

A suite of Building Safety Act related e-learning modules and webinars were developed and rolled out to equip delivery teams further in understanding and meeting the requirements of this legislation.

Gold standard – Investors in People

We were delighted to retain our Investors in People Gold accreditation, following a thorough re-assessment in 2024. This recognises our commitment to creating and maintaining a culture where our people can thrive as the business experiences significant growth.

Gold since
2011

INVESTORS IN PEOPLE
We invest in people Gold

Flexible people solutions

The characteristics of each of the divisions in Wates Group reflect the different markets and customers they serve, with them all uniting around the Wates purpose of **reimagining places for people to thrive**.

With the launch of the new purpose, this pillar of our people strategy recognises that for our people to thrive we need to offer a more tailored approach to recruitment, development and reward across our divisions, while maintaining the highest levels of governance.

An example of tailored support is our Mentoring Circles programme. This was launched in 2023 in response to employee survey feedback from site-based women who perceived that they did not have access to the same networking or career-building interactions at work as their male peers. Groups of five women are mentored by senior business leaders, discussing career management, negotiation skills, team effectiveness and relationship building. In 2023-2024, the second cohort of the programme involved 64 participants.

Mentors' efforts have had a positive impact on the careers of our colleagues. It offered a sense of community, helped identify barriers to their progression, designed solutions that work for them and helped them discover their strengths. Feedback from participants indicated better resilience, skill building, enhanced self-confidence and stronger networks. Tangible outcomes include 15 per cent of the inaugural cohort being promoted into more senior roles and 4 per cent moving laterally into broader roles.

As part of a Group-wide programme of optimising functional support and moving central resource closer to our operating units, we are reviewing all key processes and structures across the Human Resources function. This project will run throughout 2025 and will involve systems investment to ensure we support our businesses in the most effective, efficient and economic manner.

Innovation

Innovation was elevated to 'Group priority' status in 2024, giving it greater visibility and signalling to employees and business leaders – as well as to customers and partners – the significance of its role in the development of the Group and the way we deliver our services.

In recognition of innovation's importance as a lever for growth, Wates recalibrated its approach, first by designing a new Innovation Framework and secondly by laying the foundations for an Innovation Hub. Both are intended to provide greater structure and clarity, and to better support creativity and collaboration.

Innovation Framework

The new framework is built around three themes: strategy, process and technology. Underpinning these are the twin enablers of information technology and data, allowing us to harness the emerging powers of artificial intelligence (AI) and machine learning. In 2024, both played their part in improving performance, not only in our technology but also in less obvious areas, such as safety and proposal management.

The framework is founded on the principle that there should be no constraints in the way we think: if it has the potential to positively impact Wates and its people, if it furthers the ambitions of our customers, and if it betters the communities we serve, we should explore it.

Across the year we saw the fruition of ideas as diverse as an acquisition, machine learning in the technology sector, and the Group's first biodiversity habitat scheme.

- The acquisition of Liberty Group in October 2024, a property services business specialising in maintenance and repair, was a strategic decision to bring new, complementary skills into Wates to provide entry into renewables, a market that, given the dynamics of the sector, would not have been accessible through normal organic development.
- In partnership with Amazon Web Services, Wates is trialling AI with site safety. On a central-London construction site, AI is being deployed to manage people movements in an exclusion zone. This is an initial step to test the technology. Future possible uses include recognising when PPE is not being worn or fails to meet site requirements, designed to support supervisory teams on our projects.
- With our Microsoft technology partners, Wates is using machine learning for data analysis. This allows our teams to quickly analyse trends and spot potential issues early. These early warnings data mean management can intervene much earlier and prevent potential problems from accelerating.

Innovation

01. Strategic

Reinventing and redesigning corporate strategy and organisation

Strategy and division boards

02. Process

Driving productivity through new and innovative processes

Function and business optimisation

03. Technical

Delivering for customers with new or improved technical products or methods

SES

Driven by **technology and data**

Enabled through **digital transformation strategy (IT and data insights)**

Innovation Hub

With the Innovation Framework established, Wates plans to leverage this and its expertise by forming a Group innovation team with designated leads from each division.

As an extension to the Technical Excellence Centre, the new Innovation Hub will connect the whole business. Its purpose is to serve as a virtual hothouse, where information, learnings and new ideas can be shared, scrutinised and developed by a network of innovators.

Under the stewardship and governance of an innovation lead, the Hub will support partnering with customers, suppliers and market-leading experts to bring innovation to life on our projects.

Customers and partners

Working alongside our customers and partners to deliver thriving places is at the heart of our business and our purpose.

Across 2024 we focused on collaborating with our partners in both the public and private sectors, to help devise and deliver solutions for the challenges facing their organisations.

Whether working with one of our largest public-sector customers, the Ministry of Justice, to support prison leavers into employment, or trialling new technologies to help our commercial customers meet their sustainability goals, we have strengthened relationships through the provision of proactive, innovative solutions and open advice based on deep experience.

This approach helps us to not only secure new customers, but also establish long, valued relationships from project to project, contract to contract. Across the business, we work extensively with repeat customers. Some partnerships with organisations like the Department for Education and Ministry of Justice span decades.

As experts in our chosen fields, we help our customers to remain compliant amid a complex and dynamic regulatory environment. Our fire safety team, for example, is helping our customers ensure their properties are safe for residents, in line with the latest Building Safety Act legislation.

We also help our local authority and housing association partners by providing expert technical and commercial advice, such as our work to secure funding from the Social Housing Fund Wave 2.1. to install energy-saving measures in homes through our retrofit offering.

With the Ministry of Justice, our work on the Alliance 4 New Prisons (A4NP) programme has enabled us to work with other major contractors to design and deliver a series of new prisons across the country. Here, the alliance

model prioritises collaborative working, sharing best practice and new innovations to help us deliver together and provide this much-needed social infrastructure.

Customer feedback is an essential tool for business improvement. Over the year we have invested resource into providing enhanced customer feedback and complaint systems to allow for real-time management, as well as delivered 3,870 hours of customer excellence training across the business to ensure we maintain a customer-centric approach.

We partnered with the Ministry of Justice and New Futures Network to create the 'Prison to Prism' initiative at HMP Stoke Heath. In a specially designed replica workshop, prisoners learn to manufacture the same components as SES' Coventry team, developing valuable skills for future employment – whether with us or elsewhere in the industry.

Department for Education

Crown Commercial Service Supplier

Ministry of Justice

Procure Partnerships Framework

ProCure 23

PAGABO

Supporting public-sector partners

Our overall portfolio remains balanced between the public and private sector.

We have increased our presence with major framework providers to help ensure we can offer a variety of procurement routes to our customers, regardless of the size or complexity of their needs.

Across the Wates business, we sit on 80 frameworks, able to deliver via multiple lots on some of the UK's largest local and central government procurement providers, including Pagabo, Procure Partnerships Framework, Procure23, NEPO and SCF Construct. We also support national frameworks for the Crown Commercial Service, Department for Education, Department of Health and Social Care, Homes England and the Ministry of Justice.

We have positioned ourselves as a supportive ally to the government's goals, working with political stakeholders to provide counsel on infrastructure spending, sharing ideas on how to provide strategic funding for long-term social infrastructure projects.

We have also advised on the critical importance of a long-term public sector pipeline of work that will allow the industry to make important investment decisions around training, offsite manufacturing and innovation. In February 2024, we also issued a white paper on housing, calling for bold reforms to the planning system, which were then reflected in the later budget.

Our commitment to collaborative working to achieve a consistently high standard of delivery has been recognised with several customer awards during the year.

These include Project of the Year and Highly Commended in Integration and Collaborative Working for our work with Teesside University at the National Constructing Excellence Awards. We also won the Gold Award for Best Partnership with Cardiff Council at the WhatHouse? Awards and were crowned North Project of the Year at the National Project Excellence Awards, for our work with Cheshire Fire and Rescue on its station modernisation programme.

We partnered with the Ministry of Justice and New Futures Network to create the Prison to Prism initiative at HMP Stoke Heath. In a specially designed replica workshop, prisoners learn to manufacture the same components as SES's Coventry team, developing valuable skills for future employment – whether with us or elsewhere in the industry.

Wates Family Enterprise Trust

The work of the Wates Family Enterprise Trust (WFET) expanded again in 2024, its 16th year, with funding provided to over 2,000 charities and organisations across the country and more Wates Group employees engaging with the Trust. The majority of financial support was strategic philanthropy, with the remainder in small Group Grants, Thinking Differently grants and employee-linked giving.

WFET further developed its three strategic areas for investment:

- **Quality homes** – as a foundation for life
- **Sustainability** – centred around nature-based neighbourhoods
- **Improving life opportunities for young people**

The Trust upholds long-term partnerships with organisations that support these themes, such as:

- **Look Ahead** – providing supported housing for the most vulnerable
- **The Centre for Social Justice** – producing policy research and recommendations across housing, homelessness and education
- **Hubbub** – supporting Manchester Climate Change Agency and Manchester City Council
- **Down to Earth Derby** – putting nature and the environment at the heart of the city's development and regeneration.

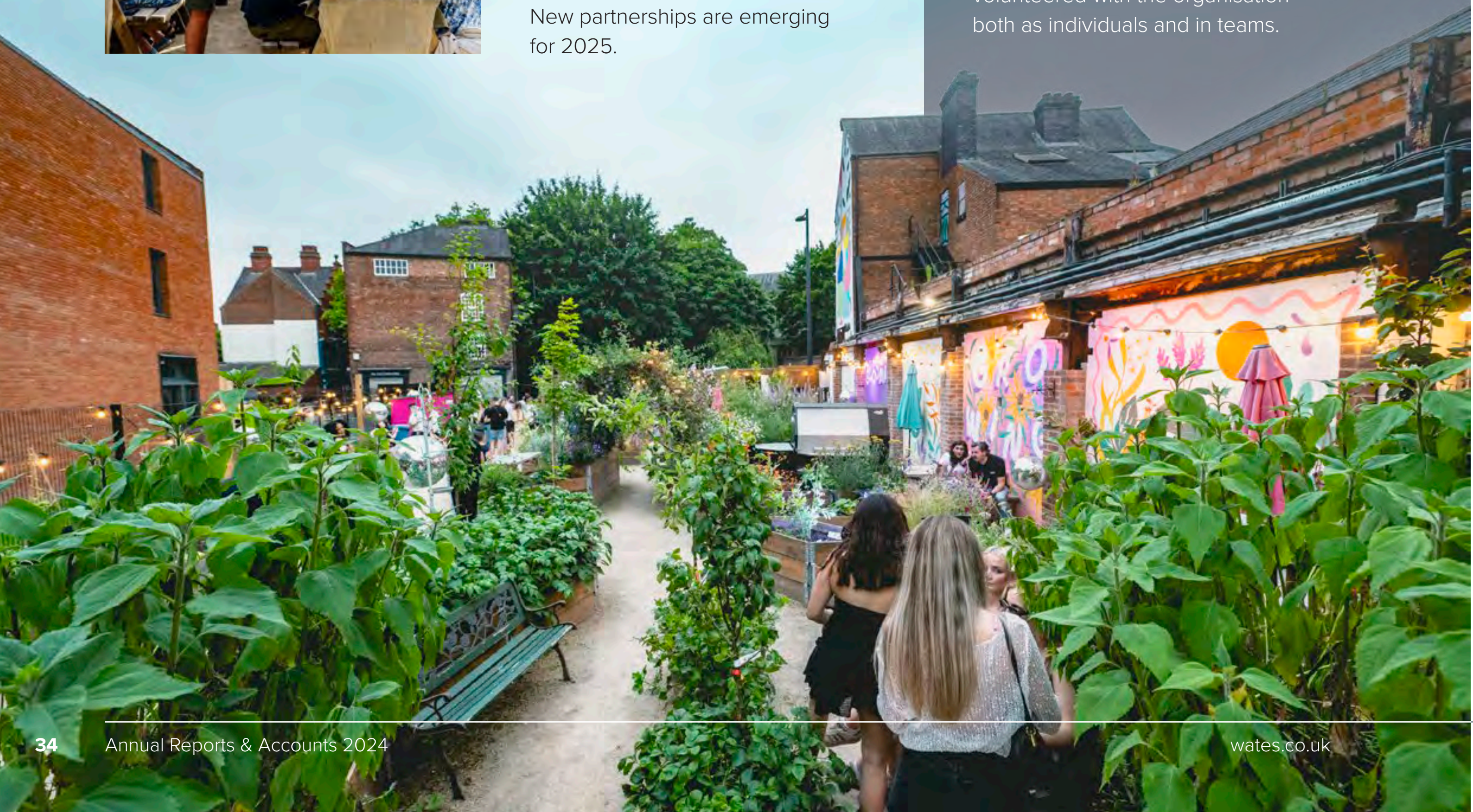
New partnerships are emerging for 2025.

Group Grants

During the year, WFET's Group Grants panel, made up of Wates employees and two WFET trustees, awarded 26 grants totalling £175,000 to organisations across the country. To be considered for funding, organisations must be nominated by a member of the Wates Social Value Team. This year, beneficiaries included gardening groups, food banks, clubs for older people, charities supporting training and employment, disability and carers groups, sport clubs, youth projects for young people living tough lives, homelessness initiatives and schemes supporting refugees.

In many circumstances, WFET stays in touch with organisations for the life of a WFET grant and this means it is also able to connect them with other sources of support within Wates Group and our supply chain – adding significant value to the WFET grant. During the year, a survey of previous grant recipients revealed Wates Group employees have:

- arranged for beneficiaries to receive help from companies in the Wates supply chain
- arranged employability sessions for their service users
- fundraised for the organisation
- volunteered with the organisation – both as individuals and in teams.



Thinking Differently

In 2024, WFET awarded three new grants under its Thinking Differently programme, which supports organisations to make a significant change in their activities. Two organisations each received a two-year £80,000 grant:

- **Cook for Good**, for its work tackling food poverty nationally
- **Be Inspired**, for a new employability programme for marginalised young people in London.

Additionally, **Working Wardrobe** received a second grant of £40,000 to reduce barriers to employment by providing clothes and interview support to people in Wales.

Since the Thinking Differently programme began in 2021, it has awarded a total of £530,000 to six organisations. They say that the size and duration of the grant, and the connection with colleagues in Wates Group, have allowed them to:

- test and establish new models that address both immediate and underlying causes of need
- overcome funding uncertainties and achieve financial independence
- build knowledge on how to attract, recruit and retain a diverse workforce
- grow as an organisation and develop more relationships with key industry employers.

An important factor in the effectiveness of Group Grants and the Thinking Differently grants is the three-way relationship between the Trust, Wates Group and the funded organisations – with the involvement of Wates employees being pivotal. The work of the Trust would not be possible without the support of all the employees involved, directly and indirectly.

Chris Wright and **Edward Batcup** cycled 295 miles from Copenhagen to Berlin, raising £3,750 for **The Talent Foundry**, which helps young people from underserved communities discover what they are amazing at and develop skills for the world of work.

WFET matched this with an additional £1,500 for the organisation.

Employee giving

In 2024, a total of £238,000 was awarded to organisations close to employees' hearts through several of our campaigns. Wates employees themselves raised £126,000 to support a wide range of charities and other organisations, with another £112,000 given as match funding by the Trust.

Included in that number is the small-charity-focused '100 for 500: Let's Get Giving' campaign. Wates employees nominate local community charities to receive one-off £500 grants. In 2024, the Trust awarded £50,000 through the campaign in just one day!

The year's highlight was an increased uptake in the Community Award Scheme, which supports employees who volunteer with local not-for-profit organisations outside of work, from schools and sports teams to local charities and community groups, theatre companies and scout and guide troops. A total of £39,000 was awarded.

The Sports Sponsorship Scheme awards employees, or close family members, competing at a UK national level. This year, we helped to fund employees competing in rugby, hockey, hip hop dancing and body building. In all, £19,000 was awarded.

Kerry Barkworth volunteers at **Ripon Rugby Union FC.** The club purchased training shirts and polo tops for the ladies' team.

Nature-based neighbourhoods

Over the last year, WFET has explored how it can support the creation of more nature-based neighbourhoods. These are local communities where nature is actively encouraged and introduced to generate greater understanding of sustainability and the impact on people's lives of climate change. The Trust has driven this through:

- community-level grants, developed with and for the community, with long-term goals
- the adoption of a convening role, to support and connect those already working to re-green urban areas.

As part of a strategic, place-based approach, WFET has worked in partnership with Natural England in Derby to establish the Derby Nature Collective, with a clear roadmap for action. Stakeholders include Derbyshire

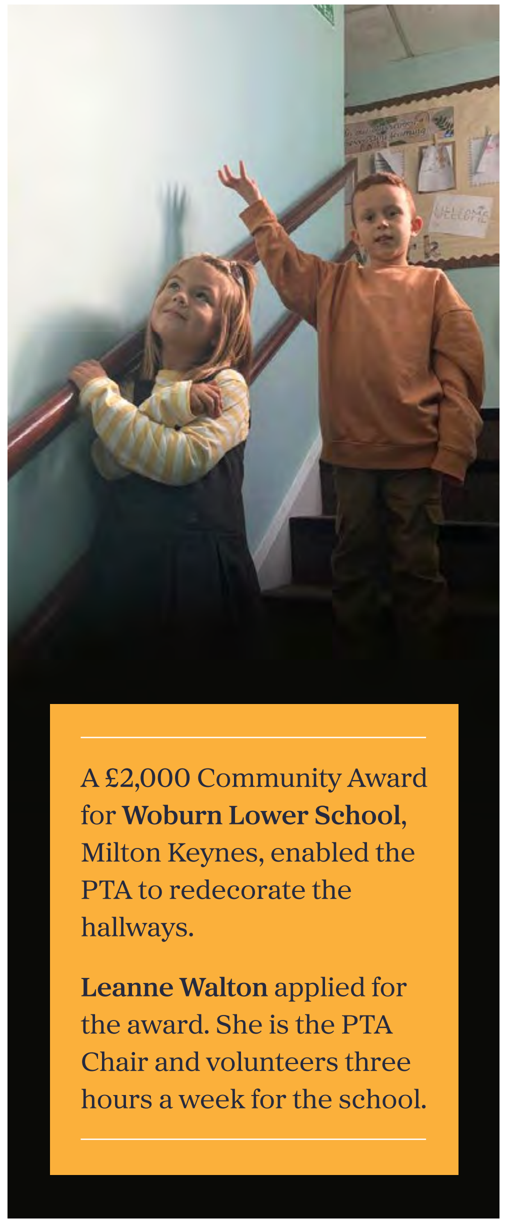
City Council, the Environment Agency, Community Action Derby, Canal and Rivers Trust, Derbyshire Wildlife Trust and WFET grantees, the University of Derby and Down to Earth Derby.

In several cases, WFET offered core funding to enable capacity building. This has paid off in various ways: one of our grantees, Sow the City, has been asked by Andy Burnham, mayor of Greater Manchester, to lead the Manchester Green Space Task Force. This has been acknowledged as an offer they would not have been able to accept without the capacity for outreach afforded by WFET funding.

As a direct result of the series of convening events WFET hosted during 2024, designed to strengthen cross-sector partnership working, the Trust was asked to speak at multiple events on this theme. This included the Nature Connections Conference, the Nature Connectedness Network, Grow Festival, the West Midlands Natural Environment Summit, the Green Infrastructure Partnership's Sounding Board and the RHS's National Community Growing meeting in January 2025.

Sam Johnson organised an allotment open day to raise funds for **Moor Nook Allotment and Garden Society.**

£750 match funding was awarded and was used to purchase children's bee suits.



A £2,000 Community Award for **Woburn Lower School**, Milton Keynes, enabled the PTA to redecorate the hallways.

Leanne Walton applied for the award. She is the PTA Chair and volunteers three hours a week for the school.

A Community Award of £992 helped supply **Portskewett and Sudbrook Junior Football Club**, south Wales, U11s with new playing and training kit for children and coaches.

Adam Portman applied for the award, who volunteers five hours a week as a coach at the club.

Sustainability report

Sustainability report

Making thriving people, places and planet a natural output of our day-to-day activities.

2024 has been a year of considerable evolution for Wates on sustainability.

The rearticulation of our purpose has brought into sharp focus our commitment to transform the impact of our business – and our sector – on the planet, places and people we reach.

The opportunity to drive better outcomes is immense:

- Although buildings are the second-largest source of greenhouse gas emissions in the UK, most remain inefficient, with only 3 per cent of existing homes and 39 per cent of non-residential buildings holding an EPC A or B. This inefficiency impacts both the natural world that we all rely on to thrive and the wellbeing of individuals, with 6.3m UK properties now at risk from floods.
- As a sector employing 2 million people and working in every community, we can also play a systemic role in tackling entrenched inequality and create great opportunity for people both within and far beyond our own workforce.

Despite this opportunity, as a sector we struggle to make a meaningful contribution.

Wates' resilience and scale, ability to work across the lifecycle of the built environment and our propensity – exercised for over 127 years – to embrace generational thinking mean we can understand the extent of the change required and help to unlock the potential of our sector to create significantly better outcomes for places, planet and people.

We believe that this shift in how our sector operates will accelerate at pace over the next decade and become a new way of working. This is reinforced by the continued increase in demand that we see for sustainable products and services across Wates Group, and we are responding accordingly.

Internally, we have recruited more senior sustainability expertise, woven sustainability into the recruitment of roles across the business, introduced a bespoke development programme for our senior leaders and embedded environmental opportunity into strategic planning.

Beyond our business, we are focused on collaboration: radical partnering to identify new ways to work that unlock the best environmental, social and financial outcomes, in line with our stakeholders' objectives.

We are using industry forums, such as the Chartered Institute of Building, cross-sector initiatives, such as the Purpose in Practice Community, and our own supply chain partnerships to identify opportunities to drive this progress.

During the year, while progressing towards the important goals of our Sustainability Programme (see page 42 for 2024 performance), colleagues from across the Group collaborated on a new future-facing sustainability strategy that will shift our approach.

Scheduled to follow completion of the current programme at the end of 2025, this will not only anchor the delivery of Wates' long-term commercial objectives, but also make thriving places, planet and people natural outputs of our activities by weaving sustainability factors into our decision making at every level, in every part of the Group.

In 2024, Property Services improved the energy efficiency of 2,400 homes through fabric improvement, and its acquisition of Liberty Group will enable us to accelerate the domestic take up of renewable energy in the UK. See page 113 for more details.

UN Sustainable Development Goals

The Sustainable Development Goals (SDGs) were adopted by world leaders in 2015 to create a blueprint for a more sustainable future for all. At Wates, our policies are aligned to the SDGs, which we also use as a framework to guide our sustainability strategy. In this report, we use the SDG icons to highlight where our activities are aligned to specific goals.

2024 performance

Environment

Long-term goal	2025 target	2024 performance	
46.2% reduction in Scope 1 & 2 emissions by 2030 (SBTi validated)	Carbon neutral for Scope 1 & 2 emissions	33% reduction in Scope 1 & 2 emissions (market-based)	
Adopt Taskforce for Nature-related Financial Disclosures by 2030	Biodiversity net gain of 20%	16%	
Zero waste from operations by 2045	65% pre-manufactured value	68%	

Social value

Long-term goal	2025 target	2024 performance	
Challenge inequality	Employ one person from groups furthest from the workforce on every project	248 people on 38 projects	
Inspire young people	Inspire and educate 100,000 young people about careers in the built environment	38,491 young people	
Scale the social enterprise sector	Spend £36m with social enterprises and support five to achieve national scale	£8.7m	

Creating a generation of environmental leaders

We recognise that the climate and biodiversity crises require a systemic response. For a business like Wates, change is required in almost every area if we are to play a meaningful role in creating a net-zero, nature-positive world.

To catalyse a sustainable shift, since 2022 we have been working with the UK Green Building Council to put our entire senior leadership population of over 250 people through a bespoke environmental leadership programme. This is not a technical course. Instead, it's designed to enable Wates experts across every function within every business to find a deep sense of personal purpose, develop the environmental insight required and build the leadership courage they need to drive change in their area of the company.

By the end of 2024, eight cohorts had completed the programme, and the impact of this investment has begun to build momentum for change within Wates Group. In 2025, as more leaders experience the programme, we will begin to embed environmental and social factors within our corporate decision-making process at every level to ensure that thriving places, planet and people become natural outputs of our everyday activity over time.

> "This is a profound programme. It makes you stop, think and see clearly for the first time exactly what we have to achieve. It has fundamentally changed the way I think about our approach, and as a result we're making significant changes in our business."

Phil Shortman
Managing Director, Construction (pictured with Cohort 8 of the programme)

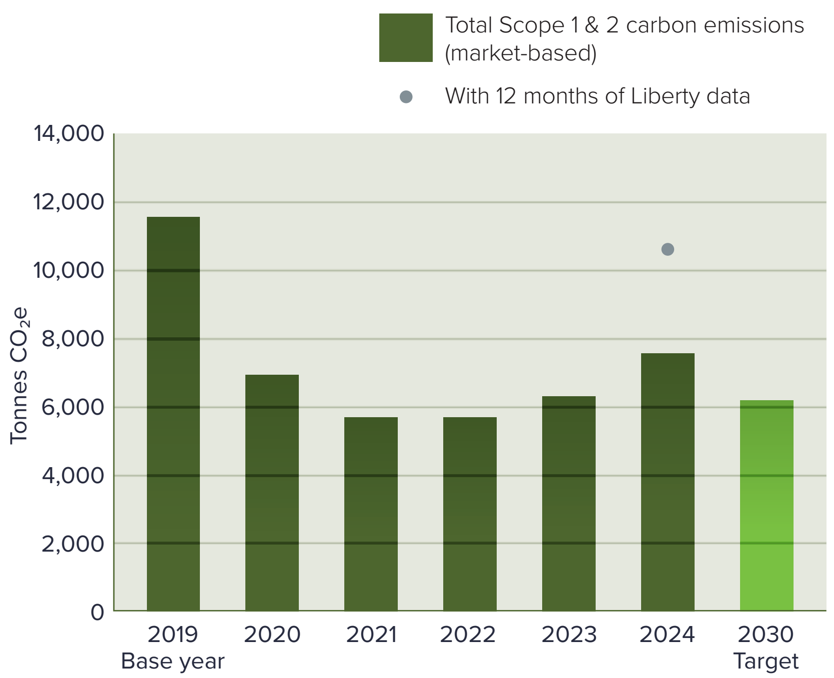
Environment

Accelerating action on climate change and reversing nature loss through collaboration and innovation.

Greenhouse gas emissions

Scope 1 & 2 KPIs (market-based):

- 33 per cent reduction: progress towards science-based target of 46.2 per cent reduction against 2019 baseline
- 4.3 tonnes CO_2e / £m turnover (market-based): Scope 1 & 2 carbon intensity



Note: Emissions for Liberty Group are included in the 2024 bar from the date of acquisition. The dot above illustrates what our emissions would have been if we had accounted for a full year of Liberty Group's Scope 1 & 2 emissions.

Despite business growth of 50 per cent since our baseline year of 2019, excellent progress in reducing Scope 1 & 2 emissions by the end of 2023 put us within touching distance of our 2030 science-based target (see chart). However, the acquisition in 2024 of Liberty Group – a business with significant potential to improve the energy efficiency of the UK's housing stock but which depends on a large vehicle fleet – meant our year-end performance was a 33 per cent reduction against our 2019 baseline. As the acquisition completed on 1 October, we are reporting only one quarter of Liberty's emissions in 2024, so our progress will be eroded further in 2025 when the full-year impact is seen.

In addition to continuing its transition to electric vehicles, the Property Services business, where Liberty sits, is putting a plan in place to reduce these vehicle emissions through a combination of driver telematics, education and restrictions on idling. The acquisition also means our science-based target will be recalculated in 2025 and resubmitted for validation by the Science Based Targets initiative (SBTi).

On our project sites this year, we began decarbonisation of site operations with the introduction of the diesel phase-out programme. Starting with the more predictable task of site set-up, we introduced a power profiler to forecast demand for site compounds and optimise their energy provision, and we mandated the use of EPC B cabins and smart systems to reduce energy use. We also put in place significant support to ensure power supplies could be accessed in good time and that any temporary generators were both of an appropriate size and replaced with a mains connection as soon as this could be secured.

In 2025, we will mandate the use of small electric plant. We are working closely with suppliers and sharing information to ensure they can supply the equipment we need, where and when it's required, recognising that most available plant in the UK continues to be powered by diesel. This collaborative approach creates the strong, reliable demand signals our supply chain partners require to invest in the energy transition alongside us and ultimately accelerate adoption across the sector.

Scope 3 emissions

The use of environmental product declarations (EPDs), which provide exact emissions for specific products and services, remain limited in the built environment sector.

Consequently, we use an environmentally extended input output (EEIO) model to estimate emissions on the basis of Wates' spend data, as well as the Supply Chain Sustainability School (SCSS) carbon calculator where our supply chain has provided data for categories 1, 2 and 15. For categories 3, 4, 5, 6, 7, 11, 12 and 13 we used the Department of Energy Security and Net Zero's conversion factors.

In 2023 (the most recent year for which we have robust data), 98.8 per cent (522,373 tonnes CO_2e) of our total emissions are Scope 3[1] and 91 per cent of our total emissions were Scope 3 Category 1 emissions, predominantly construction materials, or 481,258 tonnes of CO_2e. 56 per cent of these emissions came from MEP, concrete, steel and dry lining, while excavation accounted for a further 4 per cent.

The lack of specific supply chain information and consequent dependence on the EEIO model means that any improvements to the carbon intensity of the construction materials we use will not be reflected in the data year-on-year except for where we are able to use the SCSS's carbon calculator data sets. Therefore, working with subcontractors and their suppliers to help them put EPDs in place is critical to our ability to measure and drive progress.

Aligned to this, companies that have science-based targets (SBT) report their progress towards it annually. This gives us the visibility to support and place work with suppliers and subcontractors that are aligned to the energy transition, and thereby accelerate the reduction of our Scope 3 emissions. Our near-term SBT requires us to have 89 per cent of suppliers (by emissions) holding an SBT by the end of 2027. Similarly, one of three KPIs in our Sustainability Linked Loan sets annual targets for the proportion of suppliers in the Top 200 (by spend) holding an SBT.

Despite the fragmentation of our sector's supply chain, we continue to make steady progress towards these targets. Two years ago, just 4 per cent of our top 200 suppliers had an SBT. By the end of 2024 we increased this to 15 per cent, with a further 4 per cent formally committed to doing so. We have driven this progress by holding five supplier events. Three of these were delivered in partnership with the SCSS, and – in the spirit of partnership we continue to engender – holding one-to-one meetings with our largest suppliers to discuss the challenges they face and understand what more we could do to help overcome them.

Within Wates, we've built awareness of the benefits of working with partners that have targets in place, and our businesses receive quarterly updates on which of their supply chain partners has set, or committed to set, an SBT. This enables approved suppliers who are adopting SBTs to see an increasing commercial benefit from their focus on decarbonisation.

Sustainable buildings

Data produced in 2024 by JLL on the London office market shows an 11 per cent[2] average 'green rental premium' for secure sustainable space and a 20 per cent[3] higher capital value for buildings with BREEAM certification. We're seeing robust growth in demand for sustainable buildings as property investors recognise the importance of a building's environmental performance to high-quality occupiers with net-zero commitments, and therefore its financial value.

This is translating into higher demand for high-performance buildings. Of the 32 live BREEAM projects we were working on or completed in 2024, 50 per cent were targeting BREEAM Excellent and 34 per cent were targeting BREEAM Outstanding. As our sector moves to BREEAM Version 7, we are well positioned to meet the trajectory of demand with our ability to increase innovation credits for customers using our proprietary WIN portal, market-leading 20 per cent biodiversity net gain target and ease of access to in-house MEP expertise within our specialist SES business.

The firm sector shift towards whole-life carbon assessments introduces a new value proposition for Wates, which operates across the lifecycle of the built environment. From land acquisition, through development and construction to maintenance, refurbishment and disassembly, we can join up expertise to create the best whole-life decisions, so are increasingly well positioned to be an intelligent partner for a better built environment.

[1] https://www.wates.co.uk/wp-content/uploads/2023/08/GHG-Inventory-2022-WGL.pdf
[2] https://www.jll.co.uk/en/trends-and-insights/workplace/how-sustainability-conscious-tenants-are-assessing-new-space
[3] https://www.jll.co.uk/en/newsroom/environmentally-sustainable-real-estate-attracts-higher-prices

Driving positive outcomes for nature

The government's early commitment to 'speed up nature's recovery' and its plans to make access to nature a key part of improving the nation's health illustrate the importance being given to nature under the new administration. As one of the world's most nature-depleted countries[4], the UK faces a significant challenge in meeting its legally binding international targets. Through our Thriving Planet promise, which is one of three promises attached to our purpose, we have articulated an explicit commitment to be part of the solution.

In 2023 we introduced a market-leading target of achieving 20 per cent biodiversity net gain (BNG) across the Group by 2025. The target is focused on area-based units, which is the common denominator for BNG on our projects and covers projects that have been set a 10 per cent BNG target through planning. This reflects Wates' long-standing commitment to protecting the natural environment, which is shared with the Wates Family Enterprise Trust. See page 34 for more about WFET.

Delays to the introduction of a mandatory BNG regime and multiple iterations of the biodiversity metric have meant that availability and consistency of data have been a challenge. However, with the support of the Wates interactive Nature Guidebook, developed in 2023, and introduction of standards and procedures to embed ecology as a key consideration during all stages of a project, we ended the year in line with performance expectations and with a deeper understanding of how to improve biodiversity outcomes across the lifecycle of a construction project.

Case study

Gosberton House Academy

Spalding, Lincolnshire

Wates was involved from RIBA Stage 0 on this project to provide new classrooms and therapy spaces for this special educational needs school. Early engagement enabled us to guide the design and work with ecologists to exceed the government's 10 per cent target. The maximising of useable space at design stage removed the need for mobile classrooms elsewhere and the adjustment to the spatial arrangement of the buildings embraced the existing ecology of the site. As a result, the project achieved a 13 per cent biodiversity net gain, despite not being subject to the mandatory minimum.

Optimising the use of materials

Almost a third of the UK's landfill comes from construction. More efficient management of materials not only reduces environmental impact at disposal stage, but also decreases the volume of materials required in the first place, both of which have a positive impact on the commercial viability of a project through reduced costs.

Over the last five years, Wates has consistently diverted 99 per cent of waste from landfill. In the same period, however, the volume of construction waste generated on site has increased from 14,294 tonnes in 2019 to 32,932 tonnes in 2024. Some of this increase is due to 50 per cent business growth over this time, and the acquisition of Liberty in Q4 added 961 tonnes in 2024; 25 per cent of the reported growth is due to the improvement of logistics providers' data collection: waste from logistics providers was added in 2023, as shown in the graph (right).

> Our 2024 waste figures also include data from Liberty in Q4, and our 2025 report will show the impact of a full year of ownership. We expect this to add up to 5,000 tonnes of waste to the Group's total.

As our data improve, we can target waste reduction efforts more precisely. This year we have employed meaningful actions across the business, from the re-use of 11,000 tonnes of soil at Brookmead Academy through a carefully considered earthworks strategy to a collaboration with Saint Gobain to collect glass from a refurbishment project for St Leger Housing for use as cullet, that will lead to eight tonnes of raw materials being saved. Operational materials were also targeted: we doubled the number of pallets re-used year on year from 1,050 to 2,200 through Pallet Loop, trialled a re-use and recycle scheme for expired PPE in East London and in Bristol closed-loop recycling resulted in 21 tonnes of protection material being brought back into circulation.

While active recycling across a broad range of materials is positive, our ambition is to design out waste from a project altogether. This requires close collaboration with suppliers, who we have worked with to create increasingly accurate pre-manufactured value (PMV) data. A comprehensive calculator, developed with Better Delivery, meets multiple reporting requirements, enabling us to drill down into key packages to identify opportunities to optimise modern methods of construction (MMC) on future schemes.

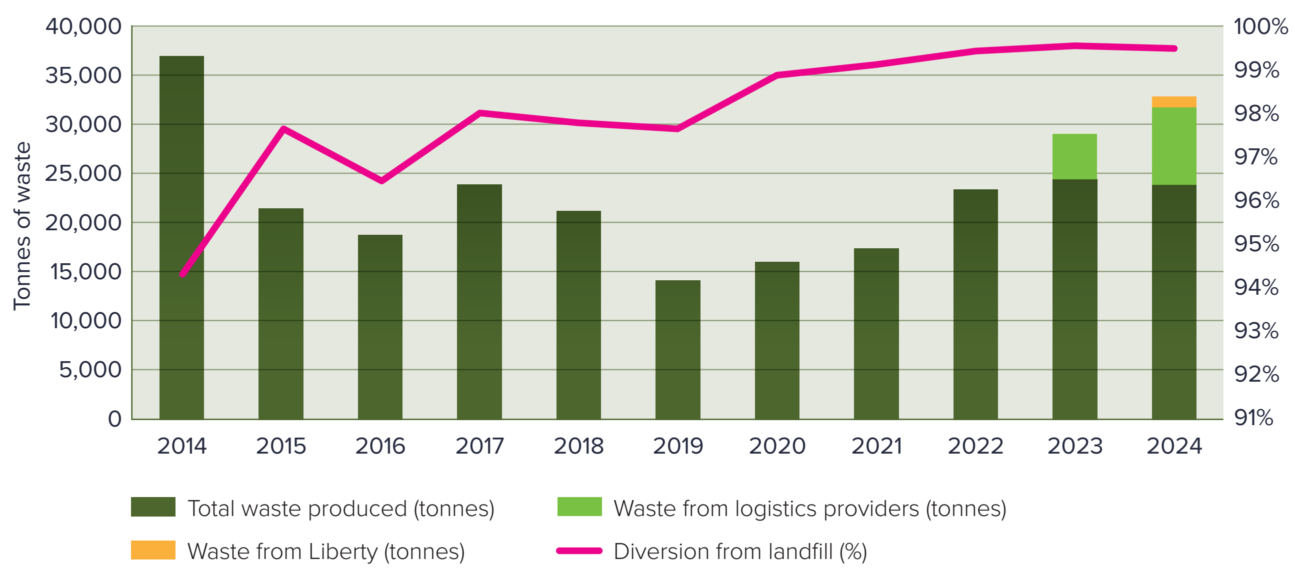
With data available from across the Group for the first time, we outperformed our 2025 target of 65 per cent net PMV. Although two residential modular projects at Eagleswell and Gasworks, Cardiff, improved the blended average, performance across the Group was strong, with Construction and SES also performing above the 2025 target on some projects. This demonstrates the applicability of MMC to multiple project types and, as we increase our volume of data, we are better able to work with suppliers and customers to reduce waste through MMC.

Our 2045 net-zero target requires Wates to reduce emissions against our 2019 baseline by 90 per cent across all three scopes in the next 20 years, regardless of business growth. In line with the Construction Leadership Council's zero-avoidable waste route map, we have a zero-waste target of 2045. Achieving these commitments will require continuous improvement in our management of new materials, greater influence at design stage and increased re-use of existing materials; mainstreaming PMV, proactive design influence and adopting circular economy principles will be the strongest levers in our future environmental progress.

Already, we support customers by re-using materials on some projects, particularly in our Smartspace business, which delivered £229m of fit out and refurbishment projects during the year. This is more straightforward where we have a long-term, portfolio relationship with customers, such as Lloyds Bank, for which we've delivered £236m of projects over the last ten years. On Lloyds Bank projects during 2024 we re-used materials ranging from light fittings through to timber panels and continued to build our understanding of how to overcome the challenges posed by transitioning to re-use, such as warranties and storage.

As we look forward to the completion of our new sustainability strategy, circular economy will be at the heart of our thinking.

Waste trend reduction and landfill diversion rate over the last 11 years



[4] https://commonslibrary.parliament.uk/biodiversity-loss-uk-international-obligations/

Sustainable innovation

In 2017, we launched Wates Sustainable Technology Services (WSTS), creating a way for customers to benefit from the best new products in the decarbonisation space and helping small companies with promising technology to scale up.

In 2021, the creation of the Wates Innovation Network (WIN)[5] created a portal for our sector to keep pace with the emergence of new technologies to support the UK's energy transition. In 2024, the Network grew to 106 innovation partners offering products that are used on multiple Wates projects.

Banking collaboration

Building on the success of our WIN partnership with Lloyds Bank in 2023, in 2024 we collaborated with Rutland Forums to drive the transition to net-zero buildings within the banking sector. Some 46 applications were submitted in response to our call for sustainable innovators who could reduce operational emissions, lower embodied carbon, enhance biodiversity or drive behavioural change to support net-zero goals. These will be assessed by members of Rutland's Operational Sustainability in Finance Forum members, which include Lloyds, NatWest, Coventry Building Society, Leeds Building Society and Skipton Building Society, and the winners will be considered for funded pilot projects and inclusion in the Wates Innovation Network.

Innovating for energy-efficient buildings

An Innovate UK Grant secured on behalf of our innovation partner, Direk, supported the installation of sensors throughout our own Leatherhead and Drummond Street offices to leverage their AI-powered smart building management systems and optimise building use. With 40 per cent of the UK's energy used in buildings and significant changes to working practices leading to inefficiencies through changes in building occupancy since the pandemic, this type of intelligent management system can significantly accelerate the operational decarbonisation of the built environment.

[5] https://www.wates.co.uk/win-portal/

Social value

Working with customers, partners and communities to create places that are more sustainable, inclusive and full of opportunity.

Our sector employs 2 million people and works in every community in the UK. The breadth of our work creates roles for people with all kinds of expertise and passions, from data analysts through to creatives; strategic thinkers to materials scientists. We can offer entry-level roles that include formal training and provide a career ladder that allows a school leaver who joins at 18 to develop into a CEO. Our focus at Wates on social value – whether through planning regulations, customer obligations or driven by our purpose – provides opportunities for the people who will live, work and enjoy the spaces that we create for generations to come.

Launched in 2020, our current social value strategy is called Creating Opportunities.

£15.31
of social value generated for every £1 of profit during 2024

£395m
Total social value created during 2024

Challenging inequality

This theme creates a focus on those in society who have the least access to opportunity. We are committed to increasing the number of people from six groups 'furthest from work' who are employed within Wates and on our projects. During the year, 248 people (268 including apprentices) from these groups were employed across 38 of our projects.

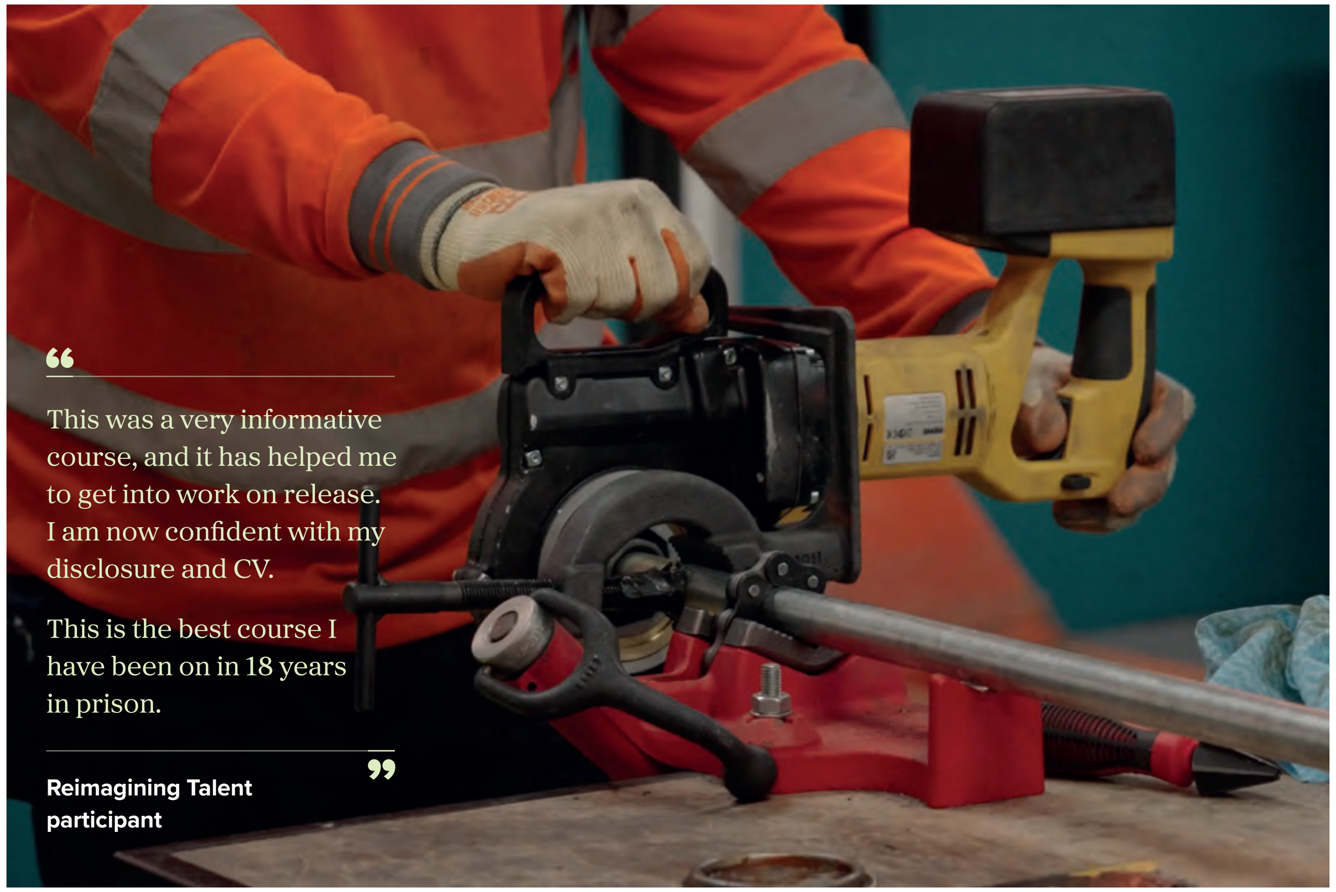
Our considerable pipeline of work with the Ministry of Justice has led naturally to a focus on supporting people with criminal records into employment.
At 35 per cent, the UK reoffending rate for those unemployed six weeks post release is double the rate of those who are employed and nearly 80 per cent of crimes are committed by people who have previously been convicted. Supporting ex-offenders into sustained employment makes places safer and helps individuals to thrive.

> After spending time in the prison environment in a coma-like state, I felt like [the Wates Reimagining Talent programme leader] brought me 'back to life' and I was re-born as a result of my mind being stimulated.
>
> **Reimagining Talent participant**

The barriers facing prison leavers are significant: employers habitually filter out at application stage those with convictions; many roles are now accessed online, meaning people who have served prolonged sentences initially don't know how to find roles. People with criminal records are often unsure of their own disclosure responsibilities and many struggle with consistent attendance once they have secured a role, due to personal and financial challenges. Over the last three years, we have worked through the barriers to build programmes, such as 'Reimagining Talent', our pre-employment course for people in custody, delivered in four prisons during 2024 to help people in prison build valuable skills, understand how to access the job market, build confidence regarding work demands and prepare themselves for the demands of holding down an employment position in society.

We have also worked on making our internal processes more inclusive by introducing practices that support people with criminal records back into work and adopted these practices within Wates. Recognising that Wates has a limited number of directly employed positions and that our supply chain employs the majority of people on our projects, we have also started engaging more systemically with our labour agencies and suppliers to open up more opportunities. This should help to close the loop on the common barriers that reduce the chances for people with criminal records to re-build a positive role in society.

Our 2025 target is to employ at least one person from groups furthest from work, such as those with criminal records, on every project.



> This was a very informative course, and it has helped me to get into work on release. I am now confident with my disclosure and CV.
>
> This is the best course I have been on in 18 years in prison.
>
> **Reimagining Talent participant**

Inspiring and educating young people

The built environment sector suffers from a skills shortage. Although 200,000 people join the sector each year, there is a net loss[6] of around 10,000 people and – with 31 per cent of workers aged 45 or over, workers over 60 increasing faster than any other age group and 25 per cent of construction workers expected to retire in the next ten to 15 years – CITB forecasts that a quarter of a million more people are needed in our sector by 2028 to meet demand.

As a major contractor and developer, we have a vested interest in attracting young people into our business. Recognising the power of our sector to help people access better opportunities, we also want to play our part in bringing the potential provided by a career in the built environment to as many communities and individuals as possible.

In 2024, we did this through a variety of channels, such as our Summer Residential where we brought together 28 people aged 16-18 from a variety of backgrounds – including 46 per cent eligible for free school meals – to help them realise both their potential and the opportunities open to them in our sector. Sports, team building, practical tasks and collaborative projects helped the delegates to understand the sheer breadth of roles available and how to access them.

We also know that assumptions about careers are formed early in life, and that makes inspiring primary school children a wise investment. Our flagship programme is run in collaboration with the Green Schools Project. This builds awareness of both climate action and the construction sector, opening young minds to the potential to be an actor in creating sustainable urban environments before career aspirations typically start to form.

> Our son hasn't stopped talking about it since his return... the range of activities and the opportunity to stay away from home have taught him valuable life lessons; for that, he and we are truly grateful.
>
> **Parent of a Summer Residential participant**

Supporting and scaling social enterprise

Social enterprises reinvest at least half their profits towards a social or environmental mission. When Wates spends with them, they become a force multiplier for social value. Research by Social Enterprise UK[7] also shows that social enterprises are more representative of wider society and that a greater number are led by women and people from minority communities. Therefore, helping social enterprises to succeed and scale creates deeper social value in the communities where we work and helps to tackle inequality.

In 2023, we passed our original 2020-2025 plan target of spending £25m with social enterprises and increased this to £36m, which we achieved in 2024. This outperformance is the result of building strong links with the social enterprise community and training an eco-system of social enterprise champions within Wates to promote the 180 social enterprises that we engage with.

Since 2021, we have also run ASSETS, a pioneering seven-month programme for social enterprises through which we collaborate with Impact Hub London, Travis Perkins Group and Postcode Innovation Trust to support social enterprises to scale up. Each business is supported through expert-led workshops, peer-to-peer learning and one-to-one mentorship from Wates or Travis Perkins colleagues. Five social enterprises were involved in the 2024 cohort: 60 per cent reported an increase in turnover and alumni attribute 50 per cent of their growth to the ASSETS programme. Some 60 per cent have secured finance and 100 per cent have expanded their team.

> I've absolutely loved the ASSETS programme...this has been the best course I've attended. ...I've met incredible people...and the industry-specific focus has helped me establish valuable contacts. My confidence has soared, and the support from my mentors...leaves an incredible legacy that I deeply appreciate.
>
> **Rose Hill**
> Founder, Co-Creative Connection

[6] https://www.citb.co.uk/about-citb/news-events-and-blogs/over-250-000-extra-construction-workers-required-by-2028-to-meet-demand/
[7] https://www.socialenterprise.org.uk/all-about-social-enterprise/

Streamlined energy and carbon report (SECR)

We are reporting for the financial year to 31 December 2024, providing 2023, 2022 and 2021 as comparative years and 2019 as a baseline year.

Environmental indicators

Wates holds ISO 14001 Certification for the Group, excluding Developments, Prism and Needspace. Our management system ensures processes to capture greenhouse gas (GHG) data from operations are in line with SECR reporting requirements and the GHG protocol.

The different fuel types used during the year are detailed on page 54. There were no incidents of fugitive emission losses in 2024 that would have increased our emissions.

Reporting boundary

The statutory entities included in our GHG boundary for this report include all operations that fall under the Wates Group, including Liberty Group, which was acquired in October (covering the period from 1 October to 31 December 2024). Operations that fall outside the Group's operational control have not been included, in line with the GHG protocol's operational control approach.

Measurement methodology

Our carbon footprint covers Scope 1, 2 and selected Scope 3 emission sources: business travel and waste. The footprint is calculated in accordance with the GHG protocol.

Emissions from waste were reported for the first time in 2021. Waste data do not include waste handled by our specialist subcontractors, such as asbestos, excavation and demolition providers.

Outputs are reported in MWh and CO_2e (carbon dioxide equivalent) using the most recent available conversion factors from the Department of Energy Security and Net Zero.

- GHG emissions are reported using both the location and market-based reporting methodology.
- The location-based method reflects the average emissions intensity of the UK electricity grid, which is decreasing.
- The market-based method reflects the emissions from renewable electricity tariffs that we have chosen to purchase that are backed by renewable guarantees of origin (REGO) certificates. An emissions factor of zero tonnes of CO_2e per MWh has been applied in these cases.
- In 2024, 11.6 MWh of the Group's electricity supplies were from renewable sources, backed by REGOs. Where REGOs were not available, a residual mix emission factor has been applied.[8]
- Further detail on the different fuel types has been provided in the energy table on page 54.
- In comparative years, red diesel (gas oil) figures include kerosene. The Group stopped purchasing red diesel in Q1 2022. This is why there has been a reduction in red diesel usage and an increase in overall diesel usage over time.
- The Scope 3 data for business travel in 2021, 2022, 2023 and 2024 includes emissions associated with hotel stays, flights and business mileage expenses from non-company car vehicles. Business travel for company cars falls under Scope 1 for petrol or diesel vehicles and Scope 2 for electric vehicles.

Adjustments

No adjustments to prior year data were made in 2024.

[8] This is defined by the GHG Protocol as "default emission factors representing untracked or unclaimed energy and emissions if a company does not have other contractual information that meets the Scope 2 Quality Criteria".

2024 review

- 60 per cent of our Scope 1 emissions derive from Property Services' commercial fleet. We replaced a further 75 diesel vehicles with EVs in 2024, increasing the proportion of EVs in the original commercial fleet to 12 per cent. The proportion of Scope 1 emissions attributable to the fleet will rise significantly in 2025, following the acquisition of Liberty Group and its 821 vans in October 2024.
- Following the introduction of a salary sacrifice scheme in 2023 and the restriction of new company cars to EVs and Plug-in Hybrids (PHEVs), the proportion of company cars that are EVs has increased from 54 per cent in 2023 to 76.5 per cent in 2024, and the proportion of PHEVs has dropped from 14 per cent to 8.2 per cent, with more employees opting for EVs.
- Although Scope 1 emissions increased in 2024 due to a 9 per cent rise in turnover, the introduction of a diesel-free site setup standard in H2 helped control emissions.
- 92.9 per cent of all electricity by the Group (11.6 MWh) was from renewable sources (2023: 91.3 per cent).
- At our Warrington office we installed a peak solar PV system.
- Our market-based Scope 2 emissions have increased as a result of more electric vans using non-REGO supplied charging locations and development plots using non-REGO supplies, where customers have requested that we use certain suppliers.
- Expensed business mileage increased by 9 per cent, reflecting our growing workforce and larger number of projects that cannot be accessed easily by public transport.
- Location-based intensity ratio for Scope 1, 2 and Scope 3 emissions for business travel and waste reduced from 11.8 tonnes of CO_2e/£m turnover in 2019 to 6.0 tonnes in 2024, and market-based intensity ratio from 10.1 tonnes in 2019 to 5.1 tonnes in 2024.

Smartspace recently upgraded its Warrington office from an EPC C rating to EPC A+, with over 92 per cent of waste diverted from landfill. The office now has 64 kWp photovoltaic array.

Absolute tonnes of CO_2e

	Base year 2019	2021	2022	2023	2024
Scope 1	9,091	5,335	5,231	5,836	**7,068°**
Scope 2 (location-based)	5,182	1,370	1,527	2,116	**2,745°**
Scope 2 (market-based)	2,466	314	392	482	**640°**
Scope 3 for business travel and waste*	4,054	2,673	3,540	3,972	**3,930°**
Total Scope 1 and 2 carbon emissions (location-based)	14,273	6,705	6,758	7,952	**9,813**
Total Scope 1 and 2 carbon emissions (market-based)	11,557	5,649	5,623	6,318	**7,708**
Total Scope 1, 2 and 3 carbon emissions (location-based)	18,327	9,378	10,298	11,924	**13,743**
Total Scope 1 and 2 carbon emissions/per £m (market-based)	7.5	3.7	3.2	3.0	**4.3**
Total Scope 1, 2 and 3 carbon emissions per £m revenue (market-based) including business travel and waste	10.1	5.5	5.1	4.9	**5.1**
Total Scope 1, 2 and 3 carbon emissions per £m revenue (location-based) including business travel and waste	11.8	6.2	5.8	5.7	**6.0**

*GHG emissions from waste data were captured in 2021 for the first time.

Assurance

The Carbon Trust was engaged to undertake limited assurance of the Group's Scope 1, 2 and selected Scope 3 emissions (waste and business travel) using the international standard ISO 14064-3:2019 over the GHG data in this report that has been highlighted with the symbol ° (page 53).

The limited assurance covered Wates Group Limited (excluding Liberty Group) for 1 January to 31 December 2024 and Liberty Group for the 1 October 2024 to 31 December 2024.

The Carbon Trust's full statement is available at **www.wates.co.uk/GHGassurance**. Limited assurance represents a substantially lower level of audit than a reasonable assurance engagement. To reach its opinion, the Carbon Trust undertook a range of procedures on our GHG data. A summary of this work is included within its assurance statement.

Energy Use in MWh

Source	Base year 2019	2021	2022	2023	2024
Natural gas	10,808	1,642	2,504	2,559	**2,402**
Electricity (non-renewable sources)	12,470	979	1,038	851	**876**
Electricity (renewable sources)	6,713	5,451	6,720	8,899	**11,607**
Red diesel (gas oil)	12,805	4,086	2,303	-	**-**
Petrol (biofuel blend)	125	313	277	290	**361**
Diesel (biofuel blend)	12,606	15,128	14,826	20,011	**23,837**
LPG	2	0.4	2.2	-	**-**
Kerosene	-	85	6	-	**-**
Biodiesel (HVO)	-	743	582	233	**421**
Butane	-	-	2	-	**-**
Propane	-	-	139	306	**532**
Two-stroke (lubricant)	-	1	-	77	**91**
Business travel	30,263	10,114	13,668	14,685	**15,298**
Total MWh	**85,792**	**38,542**	**42,067**	**47,911**	**55,425**

Environmental compliance

In 2024, we ran awareness campaigns on the most common environmental incidents in our sector, providing quick check guides on one issue each month in H2 and encouraging senior leaders to focus on this issue during their regular project visits.

Wates did not receive any fines over the reporting period from environmental regulators.

Environmental leadership

Following the success of our senior managers programme on environmental leadership in 2023, we supported eight cohorts through the course in 2024 and around a third of our senior managers have now participated (2023: 14 per cent). See page 43 for more detail.

Progress on the Task Force on Climate-related Financial Disclosures (TCFD)

Alignment with the TCFD

The scientific evidence is clear that human action is changing our climate. Through public policy, business strategy and societal evolution, our world is starting to transform to mitigate further damage and to adapt to the current impact of the climate heating up.

The built environment is a key contributor to climate change. This poses a risk to our business if we fail to evolve sufficiently quickly or in the right way. The transition also creates a significant opportunity: those who adapt and scale the right solutions will become more successful and resilient in the medium term. For a company in its fourth generation of family ownership, with the fifth generation now holding roles within the operational businesses, these are powerful motivators for action.

As a consequence, sustainability is one of the Group's six strategic priorities. To ensure rigour in this nascent field, we align with international standards such as the Science-Based Target initiative and TCFD, and mandate continuous improvement:

In 2020, we became an official supporter of the TCFD, which provides internationally recognised recommendations for the reporting of climate-related financial information.

In 2021, we established a Sustainability Committee of the Board to create oversight, incorporated the TCFD framework into our annual disclosures and identified the key activities being undertaken to align ourselves with its recommendations.

In 2022, we were recognised for the quality of our climate disclosures and the connection between our overall strategy and performance by the PwC Building Better Trust Award for Reporting in Private Business.

In 2023, we disclosed the initial financial opportunities that we can pursue as a result of decarbonisation in our retrofit and new build offer. We also aligned with TCFD as our approach to meeting the UK Climate-related Financial Disclosure Regulations 2022.

This year we introduce the creation of a new business stream facing into the market created by the mandatory biodiversity net gain regime.

Governance

The Board has oversight of climate-related risks and opportunities through the Sustainability Committee, which is chaired by non-executive director Jonny Wates. The committee consists of three non-executive directors. In 2024, the Chairman, CEO, CFO, Group Sustainability Director and Group Strategy Director also attended all three meetings.

Commercial opportunities resulting from climate change are presented in the Board's annual strategy session, both those that are specific to each division by the Executive Managing Directors and from a Group perspective. Performance against key sustainability targets is reported to the Board monthly.

Climate change is represented on the monthly Executive Committee by the Group Sustainability Director, who updates the committee on market developments, areas of risk and opportunity and variations in the Group's performance.

Risks associated with climate change are managed through the Executive Risk Committee, which meets three times a year and comprises of Executive Committee members. The Group Sustainability Director is responsible for the Principal Risk on Climate Change (see page 140).

The sustainability performance of each division is monitored through individual Quarterly Performance Reviews. These are chaired by our CEO and attended by the CFO, Group Commercial Director, Group Strategy Director and Group Sustainability Director.

Every employee has an annual environmental objective and 3.3% of the annual bonus is dependent on performance against the Group environmental target.

In 2023, we developed a leadership programme with the UK Green Building Council (UKGBC) to better enable our senior leadership team to lead the change on sustainability. Since then, we have continued to roll out the programme and have trained 86 of Wates' senior leaders to date.

Strategy: identifying climate-related risks and opportunities

Our business is already responding strategically to the opportunities posed by climate change. £164m of our turnover in 2024 related to improving the energy efficiency of existing homes, we can build to Passivhaus standard and are supporting increasing numbers of customers to achieve higher levels of BREEAM certification, with ten of our projects starting the year on track to achieve 'Outstanding'. We also invested in the acquisition of Liberty Group, a property maintenance business with a view to scaling up the installation of heat pumps in social housing.

Seven of the value creation accelerators respond to the commercial opportunities presented by climate change, with at least one in each division.

To inform our strategy on the climate-related opportunities and risks, senior leaders from across the business have identified through a series of workshops those relevant to Wates using two scenarios: a high emissions scenario to identify the inherent physical impacts, and a balanced net zero pathway scenario to identify transitional risks and opportunities.

High-emissions scenario	Balanced net-zero pathway scenario
The high-emissions scenario is based on the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways[1] (RCP) 8.5. It represents a future where levels of greenhouse gas (GHG) emissions continue to rise throughout the 21st century with minimal policy intervention. In this scenario, GHG emissions result in warming of approximately 1.8°C in the UK between 2041 and 2060 relative to a 1981 to 2000 baseline[2].	The balanced net-zero pathway scenario forms the basis of the Climate Change Committee's recommended Sixth Carbon Budget. It addresses the transition to a low-carbon economy. It aligns with achieving the Paris Agreement of limiting global warming to 1.5°C. The scenario presents a world where over 60 per cent of the necessary reductions to reach net-zero by 2050 are achieved in the next 12 years and the fastest rate of decarbonisation occurs in the early 2030s.

1 RCPs are used by climate modellers and are labelled after a possible range of radiative forcing values in the year 2100. RCP8.5 equates to a radiative forcing value of 8.5 W/m^2 and is underpinned by socio-economic assumptions and climate policy. For more background on RCP8.5 see the IPCC's latest Synthesis Report.

2 See page 16 of Met Office (2018) UKCP18 Science Overview Report (updated in 2022).

Risks were assessed over short (2025–2030), medium (2030–2040) and long-term (2050 onwards) horizons.

While physical risks are more likely to affect our operations in the long term, recent climate data suggests that global temperatures will exceed the 1.5°C limit that is required for a Balanced Net Zero pathway scenario over several decades. Therefore, in this year's TCFD review, we have identified increased disruption from extreme weather events as a risk over the short and medium term for the first time. We also recognise that these risks now have a higher likelihood of impact mid-century.

Under a balanced net zero pathway scenario in the short term, we see that the transition risks and opportunities will continue to have a material impact on us. This will increase in the medium term.

The table to the right reflects the timing of the key risks and opportunities.

	Risk			Opportunity		
Climate-related impacts	2025–2030	2030–2040	2050+	2025–2030	2030–2040	2050+
Supply chain risks associated with decarbonisation, including the transition to the use of low-carbon materials and physical risks to key suppliers						
Lower-carbon market and demand for new, greener building solutions and net-zero developments						
Increased demand for retrofitting services, including prioritisation over new build opportunities						
Increasingly stringent regulations and codes						
Being recognised for taking action on climate change will help attract and retain staff						
Increased disruption as a result of extreme weather events (acute physical risks)						

Not applicable

Lower likelihood of identified impact

Higher likelihood of identified impact

In 2024, we ran a complementary series of workshops with our leadership teams to identify potential business growth opportunities around climate change to incorporate into our business strategy.

Description of risks and opportunities

Transition risks and opportunities

The net zero imperative demands a shift in how we, our supply chain and customers operate, the materials we use and how buildings are constructed and disassembled.

Supply chain

The supply chain accounts for 91 per cent of Wates' total emissions, principally through the production of materials. Therefore key supply chain risks stem from: failure to identify better materials in the near-term and failing to put in place new methods of building creation in the medium term, meaning we are unable to meet the growing demand from customers for more stretching environmental certifications; and failure to partner with sub-contractors who are able to apply new building methods we adopt to a high standard, consistently and safely.

The opportunities emanate from our strategy to partner with suppliers to develop new technical and product solutions and to scale the output quickly across the Group as demand increases. As our industry evolves and adopts new approaches to construction and maintenance, Wates' ability to invest in new solutions alongside suppliers also creates the potential for new revenue streams and business units, as well as accelerating our ability to decarbonise customer portfolios.

Rising demand for greener buildings

For many organisations, buildings comprise a significant proportion of their carbon footprint. As they seek to mitigate their environmental impact, for our contracting businesses this is resulting in three distinct shifts: away from demolition towards retro-fit; more stringent standards for new builds; and more energy efficiency in operation.

The pilot version UK Net Zero Carbon Buildings Standard, published in September 2024, is likely to entrench these shifts. The standard proposes stretching upfront carbon limits and energy use intensity limits for both new build and retrofit works. These tighten each year through to 2050, which is likely to result in more buildings being built or retrofitted to much higher standards, to protect the value of the final asset over time. The standard will eventually include lifecycle carbon limits which will provide asset owners and investors with useful benchmarks to decarbonise their buildings.

Energy efficiency in operation

Buildings are responsible for 17 per cent of UK GHG emissions. Improving energy efficiency not only mitigates climate change but also reduces utility bills, supporting demand for the smart building management systems provided by SES.

Increasing demand for modular homes

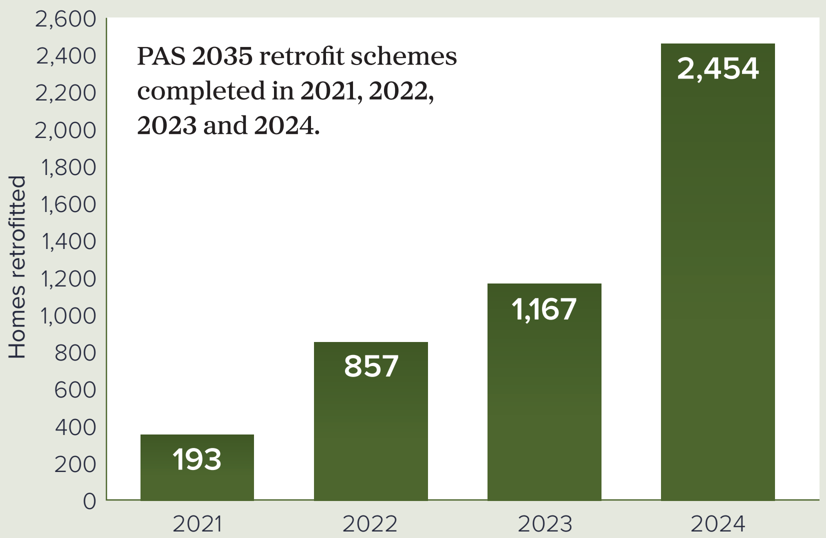
Within our Residential business we have continued to see an increase in demand for modular, low carbon, energy-efficient buildings that can be deployed rapidly to address the housing shortage in Cardiff. These mostly timber-structure modular units have an EPC rating of A, reducing

their operational running costs. In 2024 we completed 247 homes on the Eagleswell and Gasworks schemes, worth £75m. Work also started on 66 homes across the Ty Ephraim, Cherrydale and Narbeth schemes worth £20m. We are exploring a number of different schemes for the continued provision of modular homes both in Cardiff and other regions.

Increasing demand for retrofit

Under the MEES regulations, non-domestic properties will need to have an EPC of B or better by 2030 in order to be leased; this will require retrofitting of 87 per cent of the current building stock, creating a significant commercial opportunity that our Construction business is leveraging strategically.

We are already seeing an increase in demand for sustainable refurbishment and retrofit, and expect this to accelerate in the second half of this decade. To meet demand, in 2024



we created a new value accelerator focused on sustainable refurbishment, expanding our in-business expertise and network, as well as establishing more formal interactions between divisions to combine our construction, fit out and MEP expertise into a unique offer with high appeal in this market.

Improving the UK's existing housing stock

There are around 30 million homes in the UK, only 12 per cent of which hold an EPC A or B. Improving the energy efficiency of these homes would significantly contribute to the delivery of the UK's legally-binding net zero target.

The introduction of the Social Housing Decarbonisation Fund (SHDF) created the means to improve the efficiency of millions of homes held by social housing providers. Many providers are now accessing the Fund to retrofit their stock, with increased urgency now that fuel costs have risen and the prevalence and impact of health issues caused by damp and mould have captured attention. The SHDF requires properties to meet a minimum EPC rating of C and over the past four years we have retrofitted 4,671 homes to PAS 2035 standard using a fabric first approach. More than half of these homes were completed in 2024, showing the strength of demand we are now experiencing.

With attention now turning to the removal of gas heating from domestic properties, we augmented our service offer with the acquisition of Liberty Group in October, establishing a renewables platform.

Increasingly stringent regulations and codes

Reflecting the >12 per cent premium that certified buildings are now commanding in central London, the volume of new-build projects requiring BREEAM certification is

rising sharply. In 2024 we completed ten certified projects and will complete 15 in 2025.

We have already secured 19 BREEAM projects for completion in 2026, continuing the acceleration in demand.

Attracting and retaining people

Our ability to attract employees is already influenced by how sustainable we are perceived to be as a business. The level of integration of environmental factors into our governance and decision-making processes, and our progress towards delivering our targets are viewed as measures of our authenticity regarding climate change.

Physical climate-related risks

The latest research from the EU's Copernicus Climate Change Service found that global temperatures in 2024 were 1.6°C above the pre-industrial revolution level. This is the first time the threshold set in the Paris Agreement has been exceeded for a calendar year. While this does not necessarily mean that future years will also exceed the 1.5°C global warming threshold, or that the Paris Agreement has been permanently breached, it is evidence of persistent temperature rise.

Under both climate scenarios, physical risks will impact our operations. We can expect more intense, more frequent short rainfall events that delay work on site. Winter periods may be wetter, disrupting overall build programmes, and milder winters increase the risk of pathogen and transmittable airborne health conditions reducing the workforce. Summers are projected to become drier, with protracted periods of drought subject to intensive storm events. There is therefore the potential for less water to be absorbed by the soil and a greater risk of erosion and run-off disrupting site operations.

At present, 22 per cent of our largest project site compounds and offices are at a high risk of surface water flooding. Five of our largest project site compounds and offices are in Flood Zone Category 3 areas. Zone 3 areas present the highest risk, with a 1 per cent or higher chance from flooding from rivers in any given year, often underpinned by historical flood records. The risk of flooding from reservoirs and groundwater is currently low.

The physical risks of climate change may lead to local authorities introducing more water-neutrality designations affecting future developments. It could also lead to more phosphates and nitrogen being washed into watercourses during periods of heavy rainfall, leading to more stringent requirements on developments.

We are devising financial metrics to track climate-related impacts.

Risk management

Wates uses an enterprise risk management (ERM) framework to track our risks and opportunities. The findings of the climate scenario workshops have been reflected in our principal risk on 'Climate Change'. Where the findings guide other principal risks, these have also been identified and are disclosed on page 132.

Metrics and targets

To track progress against our 2025 carbon reduction target, we monitor our GHG emissions for our Scope 1 and 2 operations. We use both location and market-based approaches to report against our absolute GHG emissions, as well as an intensity metric to track emissions against turnover. The Group has defined the boundaries of our Scope 3 emissions and developed a baseline for 2019.

Out of the 15 Scope 3 categories, 11 are relevant. Scope 3 emissions make up 98.8 per cent of the Group's GHG emissions. These were calculated using an environmentally extended input-output (EEIO) model. Working with our supply chain to phase in actual carbon data, we will phase out the use of EEIO conversion factors over time.

As an interim solution, we have been working with our supply chain to provide us with more accurate data using the Supply Chain Sustainability School's Carbon Calculator. This apportions actual carbon data against spend and is therefore more accurate than a standard EEIO model.

Our priority is to obtain accurate carbon data on our largest spend categories. This will enable us to target efforts more accurately. With multiple sources, Scope 3 data takes significantly longer to collate and verify, preventing us from including this in the annual report. Once the process is complete, we publish the data on our website. In 2024, our 2023 Scope 3 emissions were calculated to be 522,373 tonnes.

	Actions	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Governance **Disclose Wates' governance around climate-related risks and opportunities.**	Hold the Risk Committee three times a year to improve Board oversight of climate-related impacts and opportunities.	Ongoing action	Ongoing action	Ongoing action	Ongoing action	Ongoing action	Ongoing action
	Report progress against sustainability targets to the Board on a monthly basis.		Completed	Completed	Completed	Completed	Ongoing action
	Hold TCFD working group meetings to report to the Risk Committee on progress against climate-related risks and opportunities three times a year. Review and update principal environmental risks, including physical and transition risks related to climate change, into the Group's strategic risk report annually.		Committed / started	Ongoing action	Ongoing action	Ongoing action	Ongoing action
Strategy **Disclose the actual and potential impacts of climate-related risks and opportunities on the Group's business, strategy and financial planning, where such information is material.**	Undertake scenario analysis workshops to identify physical and transition risks and opportunities over the short, medium and long term.	Committed / started	Completed				
	Incorporate climate-related risks and opportunities into business planning and strategy development.		Committed / started	Committed / started	Ongoing action	Ongoing action	Ongoing action
	Quantify the impact of climate-related risks and opportunities on the business to inform strategy and financial planning.		Committed / started	Ongoing action	Ongoing action	Ongoing action	Ongoing action
Risk management **Disclose how Wates identifies, assesses and manages climate-related risks.**	Review and update principal climate change risks, including physical and transition risks, into the Group's strategic risk report annually.	Completed	Completed	Completed	Completed	Completed	Ongoing action
	Review climate-related risks in the company's financial risk register annually.	Committed / started	Completed	Completed	Completed	Completed	Ongoing action
Metrics and targets **Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.**	Disclose Scope 1 and 2 GHG emissions in the Streamlined Energy and Carbon Report (SECR) submission annually.	Completed	Completed	Completed	Completed	Completed	Ongoing action
	Develop Scope 3 reporting boundary and baseline.		Completed				
	Establish near-term and long-term science-based targets.		Committed / started	Ongoing action	Completed	Completed	
	Establish metrics and improve data reporting to monitor performance related to identified risks and opportunities.		Committed / started	Ongoing action	Ongoing action	Ongoing action	Ongoing action

Committed / started — Ongoing action — Completed

Our areas of business

SES

Developments

Residential

Construction

Property Services

Developments

The opening of a new play park at the Woodlands development in Barrow Gurney, near Bristol, a joint venture with Vistry Bristol.

Developments

Our land, planning and development expertise continues to help boost the supply of much-needed new homes and business space.

Our residential and commercial land promotion businesses collectively come under the umbrella of Developments, which also includes our biodiversity net gain (BNG) land business and Needspace, our flexible workspace business.

We maintained our 98 per cent planning success rate in 2024, winning our seventh and eighth successive residential planning appeals at Chesterton and Sunbury. Contracts were secured on nine new residential sites, including two freehold purchases.

We entered 2025 with terms agreed on 14 new sites to carry genuine momentum into the new year. Our team is now pursuing a record number of planning applications (submission and under preparation), noting the contribution of the proposed National Planning Policy Framework changes in creating a very significant policy shift to remove long-held restraint over development and investment in communities. Our business has grown to 59 people, and has also widened its geography to now include the Midlands and West of England.

“

I'm proud of our people and teams for demonstrating critical resilience against the backdrop of tough trading conditions and planning system inertia during 2024. Our sector has faced multiple challenges over the past two years, linked to our low-growth economy and lack of political impetus to support development investment. This context has affected the housing and land markets, although the arrival of a new government has offered fresh hope and optimism for long-overdue planning reform.

Our progress in 2024 has created a strong platform for our performance in 2025. Our residential land portfolio is now capable of providing 18,949 new homes (excluding joint ventures). We commenced 2025 with over a third of our portfolio holding a full or draft residential site allocation. The business now boasts a record 17 live planning applications seeking consent for 2,025 homes. This increase is a genuine response to the government's call for a major boost in the UK's housing supply where we will support local authorities and local economies in delivering critical new homes and business space.

The breadth and scope of our development proposition has increased markedly over recent years, and this will help to drive business growth in 2025. Our offer to landowners reaches across the residential, commercial and nature sectors and our experience and track record speak for themselves.

”

David Brocklebank
Executive Managing Director, Developments

Developments
at a glance

£119.6m
turnover (2023: £146.8m)

£183.5m
capital invested

567
homes sold

18,949
homes in residential land portfolio (excluding JVs)

3,040
homes in development on JV sites

Closing headcount of 59

Fewer consented sites were sold during 2024, which was largely due to delays in the planning system and particularly local plan-making. However, good sites were still consented and traded, including Ford, West Sussex (1,500 new homes, new schools and community/commercial space), which was one of the largest sites in recent years and will create a fantastic new community on the south coast near Arundel.

A slow housing market alongside significant increased costs created performance pressures for our residential development joint ventures in 2024, with measures now in place to avoid similar issues in 2025. However, volume deals with housing associations and private rented sector investors supported our larger sites to maintain the pace of delivery. We commenced one new residential joint venture in Crowborough, East Sussex, and completed a record 567 homes in the year.

Demand for our serviced offices improved over the year, peaking at 80 per cent let, compared with a pandemic low of 68 per cent.

By the end of 2024, we employed 51 per cent women across our Developments businesses, with strong female representation at all levels of the organisation. We sponsored Property Week's 'Inspiring Diversity in Property', and our Executive MD was ExCo sponsor of the Wates Women & Allies employee network.

Accelerating business growth

We made excellent progress this year in our new business stream, operating as a Principal Developer on extremely large sites, to include providing infrastructure and phased land parcel sales. We secured a key new scheme in Chelmsford: a new garden village for circa 4,500 homes with a wide range of business and community facilities. This new landowner relationship will enable us to support the delivery of infrastructure, implement our sustainability strategy and influence the quality of the environment for land parcel sales, as well as put a higher focus on placemaking and inclusion, to deliver on the Wates purpose and promises.

Our commercial land business contracted on two new sites in 2024, including an 80-acre proposal in Wellesbourne, Warwickshire, offering a prime opportunity for industrial and logistics development with approximately 1 million sqft of employment space.

Two commercial planning applications are already in the pipeline for 2025 for sites in Hunston, West Sussex, and Bursledon, Hampshire. Additional commercial land talent was recruited, and the business has a strong ambition for further growth in 2025.

Through our Wildscape business accelerator, we're creating a long-lasting legacy by acquiring land for nature-based biodiversity habitats. With the continuing crisis in biodiversity, meeting demand for the minimum 10 per cent BNG requirement on all sites from 2024 and SANGS (suitable alternative natural green space) to support development, is an important step for the sector. Land for our first BNG scheme has been acquired in Kent and we plan to secure all necessary approvals and be able to sell BNG units to developers in 2025.

Sustainability

In 2024 we launched a sustainability strategy for Developments, with seven key drivers for change. It provides a roadmap for embedding sustainability into our work over the next five years, setting challenging targets to future-proof our longer-term planning strategies for our residential and commercial land schemes.

Case study

Bringing sustainable homes, green space and new infrastructure to Chelmsford

In June 2024, Developments secured a promotion and principal developer agreement to promote and deliver up to 4,500 new homes at Hammonds Farm, Chelmsford, a site identified as an allocation in the Chelmsford City Council Preferred Options Local Plan.

This ambitious project will see us assume the role of principal (master) developer, where we will lead the development and delivery of thousands of high-quality, sustainable new homes in Chelmsford, as well as green space and new infrastructure, to help create a great place to live.

We're in the process of taking this project through the application stage, working closely with our engaged landowner, local communities and partners, to create a place that is highly sustainable, inclusive and full of opportunity, that will leave a legacy for generations to come.

Thriving Places

As principal developer, we will have much greater control over the sustainability and quality proposition of the scheme. Creating the next generation of garden villages, with community facilities and infrastructure, provides the opportunity to put a strong focus on placemaking and inclusion, delivering on our purpose of reimagining places for people to thrive.

A significant number of sustainable and community benefits will be delivered, including:

- Natural and designed infrastructure on 50 per cent of the site, to mitigate the effects of climate change
- Sustainable principles, including on-site renewable energy generation to support the transition to a low carbon future and promoting healthy, inclusive and safe spaces
- 4,500 high-quality, energy-efficient new homes, with provision for local key workers, families and older people
- A new 146-hectare country park; 4km of public space along the River Chelmer will also be opened up for recreation and to provide access to nature for all
- A new all-through school, two primary schools and three stand-alone early years and childcare nurseries, along with local shops, workspaces and community facilities
- Employment opportunities – one new job for every new home, with 43,000m^2 of new employment floorspace to be delivered by 2041, helping to retain talent within Chelmsford
- An eastern orbital public transport system designed to give more choice of sustainable, active transport modes.

4,500 new homes

New **infrastructure**

Case study

Entering the nature-based solutions market with a biodiversity habitat scheme

Ashurst, Kent, is our first biodiversity habitat scheme. It is a large site, covering more than 42 acres of predominantly agricultural land that borders the River Medway.

This scheme is designed to help meet the new BNG mandatory planning requirement. It will also help us test the new nature-based solutions market and see how well a site that invests entirely in nature can perform economically.

New BNG requirements are a key feature of the Environment Act 2021, becoming mandatory for large-scale housing developments from 12 February 2024. Where a project cannot achieve the minimum 10 per cent net gain BNG on site, developers can look to purchase BNG units (i.e. credits) from habitat schemes across the country.

As a strategic land promoter, we will either use the BNG units created on sites we are supporting through planning, or sell the units to the market, all while fostering wildlife-friendly spaces. In 2024, we focused on preparing the site, so it is ready to offer valuable BNG units for sale in 2025, via our business accelerator Wildscape.

Thriving Planet

Creating this new biodiversity habitat scheme strongly aligns to our purpose, as well as to our ambition to be a leader in sustainability in the strategic land promotion sector. Building our knowledge, experience and expertise in nature-based solutions through this site will mean we can deliver even better outcomes for landowners.

As the site develops, it will provide a protected and picturesque wildlife haven, viewable from the river.

This scheme will:

- Significantly improve the existing biodiversity at the site, through planting trees and improving the grassland, hedgerows and water quality in the nearby river Medway
- Foster wildlife friendly spaces, to help rehabilitate the natural landscape
- Deliver on our commitments to sustainability, set out in our 2024 sustainability strategy.

42 acres

Biodiversity net gain primed

Urgently needed new homes secured via our seventh successive planning appeal win

In May 2024, we won a residential planning appeal for up to 147 urgently needed new homes in Chesterton, near Bicester in Oxfordshire.

Housing, including affordable housing, is in critically short supply in this area. Securing planning permission will create much-needed new opportunities in Cherwell District.

Despite the site being recognised in the Emerging Local Plan as a sustainable location for growth, the scheme – which includes urgently needed new homes and proposals for new recreational facilities – faced both council and local opposition.

Located on the edge of a village very close to Bicester, this was a strong planning proposal that offered easy access to a wide range of local facilities and links into Bicester itself. The fact that the application necessitated a planning appeal was unfortunate, however there is potential for the number of planning appeals to reduce as the new planning system beds in.

The design for the scheme evolved over a 15-month period, incorporating feedback from a range of stakeholders, including the Parish Council, Chesterton Football Club, the local community and statutory consultees.

This was our seventh residential appeal win in a row and represents a consistently high performance that few in the sector can match. Our success comes from a focus on securing the best and most suitable sites and having a high-quality team in place. It follows successful appeals at Oakley (Hampshire), Leybourne (Kent), Tenterden (Kent), Wivelsfield (East Sussex), Bramley (Hampshire) and Farnham (Surrey). More recently, we have added an eighth success at Sunbury (Surrey).

18.5 acres
of open space

147
new homes, including 52 affordable

Net-zero carbon
ready

Biodiversity net gain

Thriving Planet

Gaining planning consent is always demanding, and with social and environmental considerations becoming more prominent, it has never been more complex.

Our goal is to leave behind thriving places that deliver positive impacts for both people and planet. To achieve successful planning outcomes more quickly and efficiently, we work with communities and key stakeholders to help develop schemes that are sustainable and inclusive, to provide much-needed opportunities, including new housing and community facilities.

The planned scheme, developed through extensive stakeholder engagement, will provide:

- 7.5 ha of open space, (5.72 ha more than policy requirements), including green space, play areas, outdoor sports space and allotments, enhancing existing provision in the village
- 147 new homes, including 52 affordable homes (35 per cent)
- Net zero carbon homes: all new homes will incorporate air source heat pumps, solar and EV panels and EV charging, with a community car club
- Significant BNG: hedgerow units (54.84 per cent BNG) and habitat units (20.68 per cent BNG), plus new habitat creation.

Delivering new homes through joint-venture partnerships

Oakley Grange, just outside Basingstoke, is a development of 110 new high-quality, energy-efficient homes and is our sixth joint venture (JV) partnership with award-winning, five-star housebuilder, Miller Homes.

Despite the challenging operating environment this year, including a fairly stagnant economy and a sharp downturn in trading within the housing market, Oakley Grange has delivered a strong performance, with sales targets for the year achieved.

A total of 66 private homes were available on the development and 54 of these have now been sold – 36 were sold in 2024, with ten forward sold for 2025. The scheme will be fully complete by the middle of 2025.

54
of 66 market homes already sold

Sixth joint venture
with Miller Homes

Energy-efficient
homes

Thriving Places

This new neighbourhood development combines peaceful surroundings with good local amenities and transport links.

Oakley Grange supports our Thriving Places and Thriving Planet promises. It provides an inclusive development offering a selection of energy-efficient two-, three-, four- and five-bedroom homes, greatly benefitting from transport links while close to local amenities as well as areas of Outstanding Natural Beauty.

- Every home is energy efficient
- 44 of the 110 new homes are affordable
- Combines peaceful surroundings with good local amenities and transport links and presents a rare opportunity to settle and grow within a mature, welcoming community

Needspace

> Sustainability remains a key focus, as we continue to seek out better and more efficient ways to run our buildings.

Needspace is our flexible managed workspace business, providing high-quality, affordable, customisable offices, studios and workspaces across London and the south-east of England.

In 2024, our priority was to continue to improve occupancy rates, with the continuing trend of working from home and an unstable economic climate still affecting many of our customers. In the last 12 months we achieved 100 per cent occupancy at our flagship Clerkenwell site; nearly 73 per cent occupancy in December 2024 at Horsham; and 86 per cent in Clapham, following several expansions by some of our existing customers.

These results were achieved by listening to feedback and investing in our centres and digital marketing campaigns to reflect changing demands, combined with a hard-working team committed to delivering a positive customer experience.

In 2024, we refurbished our Earlsfield and Islington sites, creating new communal breakout areas and more attractive reception areas to improve the welcome experience for the small businesses and organisations working in our centres and provide better breakout areas for their teams and staff members. These investments have helped to boost occupancy at the site, reflecting our ability to keep pace with changing customer requirements in a sector that is still adjusting to the dynamics of hybrid working.

Sustainability remains a key focus, as we continue to seek out better and more efficient ways to run our buildings. Following our review of all Energy Performance Certificate (EPC) ratings across our portfolio in 2023, we have introduced plans to remove gas heating over the next few years and rely more on sustainably sourced electricity to help us reach our ambition of having a minimum EPC rating of B for each site by 2030.

Needspace has continued to operate in a challenging external operating environment. The creation of a Developments Group Assets Strategy in 2024 led us to seek the sale of some buildings to create a new platform for investment, reflecting changes in the market, particularly in the use of offices. As part of this strategy, we will be adapting, changing and re-organising some assets in 2025, which will see us reinvesting capital from our commercial and residential investments.

Case study

Investment in Needspace Earlsfield: creating new opportunities

Needspace Earlsfield benefitted from significant investment in 2024, made as part of our ongoing commitment to providing customers with a simple and flexible approach to renting affordable, high-quality, customisable offices and workspaces.

Changes included the creation of a new communal breakout area and provision of a new reception area, with new wall colours and art. The new breakout area on the ground floor of the building includes a new kitchen, new places to work, comfortable seating and dining tables.

> During our time at Earlsfield Business Centre, we have been very impressed by the service we have received from the staff of the centre, who go above and beyond to help and assist, from taking deliveries to welcoming guests in reception and ensuring the building runs smoothly.

Sandra Bruce-Gordon
CEO, 'Paintings in Hospital'. Tenant at Earlsfield Business Centre since May 2021

Flexible approach

Inclusive space

Thriving People

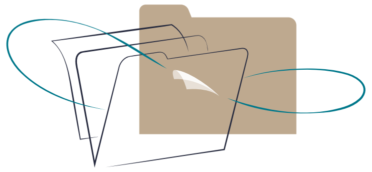
Needspace is committed to investing in its customers and treating them with care, including listening to, and acting upon, feedback.

The changes made at Needspace Earlsfield have resulted in an inclusive space which provides new opportunities for customers.

The small businesses and organisations operating from here now have a space in which they can relax, interact, host informal meetings, take a break from their desk, network with other tenants, or meet their own clients. These spaces also provide additional value for money for their monthly rental fees.

Case study

Circular economy fit out at Needspace Clerkenwell



3,100 sqft
space

80%
reused furniture

White Arkitekter is one of Scandinavia's leading architectural practices. It wanted to use its move to our site at 77 Bastwick Street, Clerkenwell, as an opportunity to set an example in sustainability by embracing a circular-economy approach during the fit out and refurbishment of its 3,100 sqft of space.

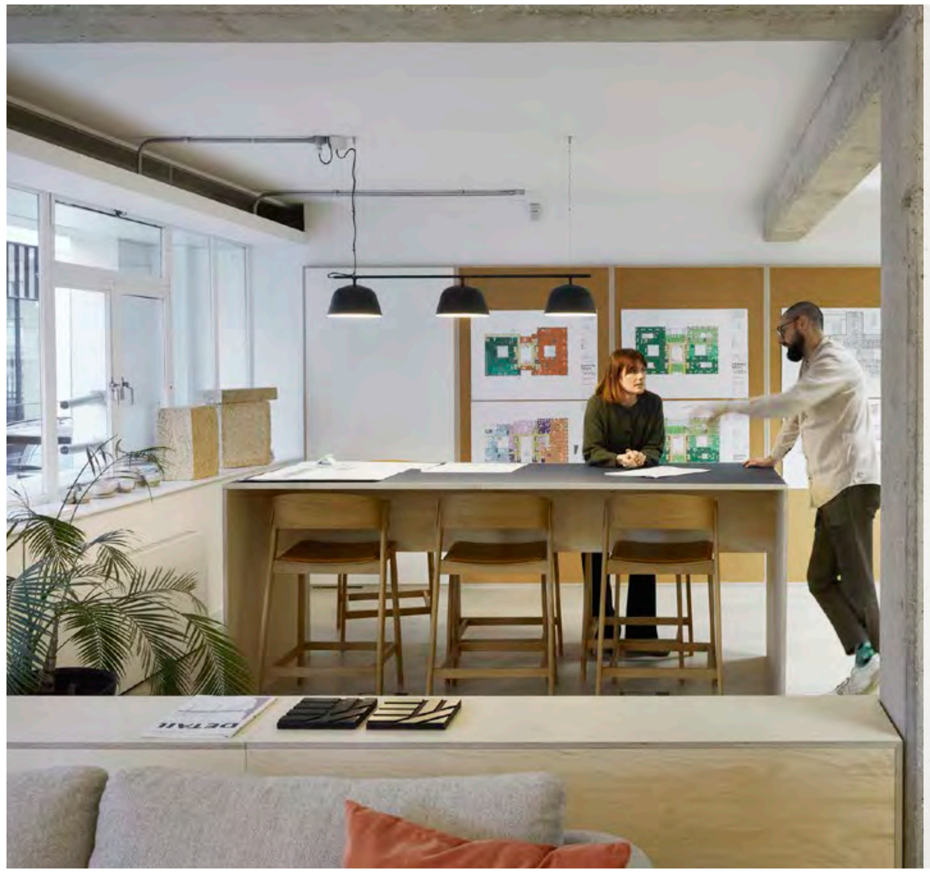
Set over two distinct floor areas, the new office space offered the opportunity for different ways of working, which could be adapted to reflect the changing workplace.

The customer was delighted to be allowed to design the space themselves. This also gave them the opportunity to use their new offices to showcase their own work and design skills.

Thriving Planet

Working with Needspace, the occupants focused on re-using materials during their fit out to minimise waste, embodied carbon and operational energy. They also created a space to support and promote employee wellbeing.

- 80 per cent of the furniture is re-used, retained from their previous office, including seating and electronic hardware.
- Furniture was also sourced from other businesses in London that were either moving, closing or updating their spaces, including electrically adjustable desks and a beautiful timber boardroom table.



> Our goal was to use our office move as an opportunity to set a sustainable example, embracing a circular approach which focuses on reusing materials to minimise waste, embodied carbon and operational energy and to create a space that promotes wellbeing.

Anna Lisa McSweeney
Head of Sustainability UK, White Arkitekter

Construction

Construction

Building and improving places where people can live, work and thrive

"In 2024, we have demonstrated resilience and adaptability as a business, overcoming market challenges to deliver growth. Bolstered by strong, collaborative partnerships with both our customers and the supply chain, our teams have continued to secure and deliver innovative, complex projects across the country in a challenging economic environment and to grow our order book.

Looking ahead to 2025, we have looked at our business holistically – identifying new areas for future growth, enhancing internal efficiency and restructuring to ensure we're in the best position to flex and adapt our model to reflect the rapidly changing construction sector."

Steff Battle
Executive Managing Director, Construction

Our Construction division delivers innovative and sustainable projects across the UK, serving both public and private-sector customers.

There are three business units within the Construction division:

- Construction, which delivers large public and private-sector programmes and projects
- Smartspace, our fit out and refurbishment business, which services public and private-sector frameworks
- Our recently created Fit Out business, which is focused on the London commercial market.

In 2024, the business successfully navigated a range of challenges, including supply chain insolvencies, rising capital costs and inflationary pressures, to deliver £1.27bn in turnover – an increase of 7.6 per cent. This financial performance was underpinned by strong leadership and a clear strategy for the future.

The year was defined by structural and operational changes, aimed at positioning the business for future growth. A business transformation programme is underway to enhance the efficiency of our internal operations across multiple business areas, to improve performance and ensure better outcomes for customers.

At leadership level, Paul Chandler retired as Executive Managing Director of Wates Construction Group (comprising Construction and SES) at the end of 2024. In July, Steff Battle was appointed Executive Managing Director of Construction, joining Wates Group's Executive Committee.

As part of this shift, the business structure was reconfigured to better align with our strategic goals. SES came out of Construction and was established as a standalone division to pursue its objectives more effectively, while still working closely with Construction to provide a complete construction and engineering offer to customers. See page 90 for more about SES.

The fit out and refurbishment expertise within the Construction division was expanded. Smartspace, previously part of Property Services, was brought into the business to strengthen its refurbishment offer and better reflect its evolving focus. In addition, a new service line was launched in November, dedicated to the London commercial fit out market. Operating independently from Smartspace, this will enhance our ability to serve customers in a specialised sector, while maintaining a broad and flexible approach to fit out and refurbishment across the UK.

Operating within this new structure, our Construction, Smartspace and Fit Out business units will continue to strengthen partnerships across the private and public sector, targeting complex jobs in our growth sectors of justice, blue light, science, education, advanced manufacturing, financial retail, retail, healthcare and logistics and distribution.

This includes cementing our position on some of the UK's most valuable and high-profile public-sector frameworks, enabling us to support the transformation of public services.

Safety remains a non-negotiable priority. The physical and mental wellbeing of employees and supply chain partners is paramount, with rigorous practices ensuring the business continues to set industry standards.

Sustained investment in sustainability also took centre stage in 2024, with the appointment of a new Head of Sustainability for the division to spearhead the implementation of the company's sustainability strategy across all operations.

As the business looks ahead to 2025, it remains committed to driving profitable growth, enhancing performance and maintaining its leadership in delivering transformative projects across the UK.

Canada Water, British Land

Construction at a glance

£1.27bn
turnover (2023: £1.18bn)

£3.63bn
order book

£804m
work won

£5.1m
spent with social enterprises

Closing headcount of **1,403**

312
sites under construction

Construction

The Construction business unit continued to win and deliver complex projects for its customers, ending 2024 with a secured order book of £3.44bn.

Key project wins include the major regeneration project at Gresham, Middlesborough, the Victoria House life science hubs for Oxford Properties in London and CAMLife for Longfellow Real Estate Partners in Cambridge. We started on site at the 1,700 place HMP Gartree, part of our Alliance for New Prisons programme with the Ministry of Justice (MoJ), with further custodial work nationwide.

The business celebrated several project completions. Among them was the Aintree Fire and Rescue Station & Training Academy, the fifth project Wates has delivered for Merseyside Fire and Rescue Service. Another standout project was the Jubilee Sports Centre for the University of Southampton, as part of our long-term partnership with the university.

We were delighted to see awards for both projects and people. BIOS, the life sciences and healthcare hub delivered for long-term customer Teesside University, was named Project of the Year at the National Constructing Excellence Awards, and our National Design Director, Paula Chandler, won the Lifetime Achievement Award at the Women in Construction Awards.

Above:
CAMLife, Longfellow Real Estate Partners

Left:
BIOS, Teesside University

To better reflect regional nuances and the distribution of our projects, Construction was reorganised into four geographic regions: London, South, East and West. Two new national business units were also created, dedicated to the MoJ and advanced manufacturing work respectively, to ensure they receive the focus and resources required to succeed.

Case study

Transforming Hartlepool's health and wellbeing

Improving placemaking and wellbeing

Highlight, Hartlepool Borough Council's brand-new Active Wellbeing Hub, has been designed to transform the town's waterfront, as well as improve the health of local people for years to come. It will replace the Mill House Leisure Centre, creating a community venue with a range of opportunities and activities.

The project makes use of unused land on Hartlepool's waterfront, with facilities for both indoor and outdoor sports. Due for completion in 2025, it will include three pools and spectator seating, a 100-station gym, fitness studios, soft play areas, a café and refreshment area, and an NHS consultation suite.

Thriving Places

Working alongside Hartlepool Borough Council, this project does more than simply provide new facilities – it represents a placemaking opportunity to improve the local area.

One initiative already delivered is a new footpath to improve safe access between a local park and library. We engaged with our local supply chain and built the footpath at no cost to the council or local community, as part of our commitment to positive change in the area.

To date, social value initiatives have included:

- 31 local people benefitting from employment and skills initiatives
- Nine apprentices employed
- 946 local training and employment weeks created
- £32,256 invested into social enterprises.

£35m
value

Iconic
waterfront
location

420
tonnes of steelwork

68%
overall spend forecast to be spent with local supply chain

Case study

A sustainable partnership with Teesside University

Collaborative study space

Digital Life is the fourth project to be delivered back-to-back for Teesside University and marks the latest phase of the university's campus masterplan.

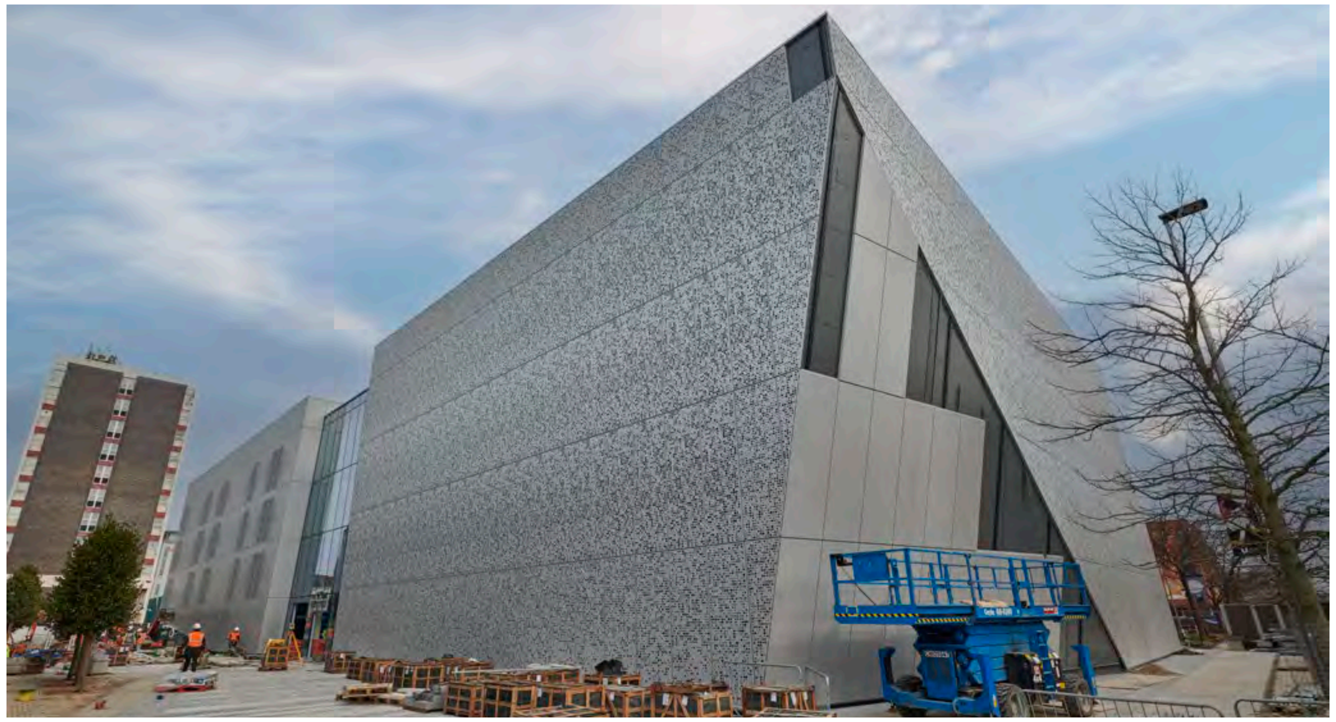
Incorporating smart labs, digital art studios, and a multi-functional lecture theatre and events space, Digital Life is a catalyst for physical and digital collaboration and study, simulating an industry-quality digital studio experience for students, business and visitors.

Due for completion in Spring 2025, the bulk of the project was delivered during 2024. The buildings are designed to achieve BREEAM Outstanding and reach Net Zero Carbon in Construction, to provide a top-class learning environment for students and staff members alike.

Targeted BREEAM
Outstanding

63.8%
pre-manufactured value targeted

Over 50%
of site delivery team women



Thriving People

Teesside University is determined that all its builds deliver lasting benefits for local people. Digital Life's project team already had a well-established social value investment strategy from previous schemes, including the National Horizons Centre, Cornell Quarter student accommodation and, most recently, the cutting-edge science and medical facility BIOS.

Building on this for Digital Life:

- 29 apprentices were employed on the build
- 33 people from the community engaged in activities
- 838 training and employment weeks were delivered
- 551 local students experienced education activities.

On site, the entire team has been committed to improving staff wellbeing and diversity. A regular programme of health and wellbeing initiatives support mental health and an open and supportive culture on site, and more than half of the Wates project delivery team are women.

Case study

Returning to 41 Lothbury for a sustainable upgrade

We are delivering the complex refurbishment and extension of the Grade II listed office building at 41 Lothbury in London, a heritage structure spanning 129,521 sqft. It sees Wates return to the building, having completed the original refurbishment 18 years ago.

Previously the NatWest bank headquarters and situated near the Bank of England within the City of London, this is an example of Wates' commitment to enhancing urban workspaces while preserving architectural heritage.

Efforts to maintain the structural integrity and aesthetic grandeur of the building include the meticulous restoration of the ionic stone columns and the original checkerboard marble floor, as well as the preservation of the grand central atrium. A team of specialists is ensuring that the restoration work is carried out with precision, adhering to the strict regulations associated with the Grade II listed status.

£53m
value

£11.5m
spent with SMEs

Grade II
listed building

Targeted BREEAM
Excellent

Thriving Places

The 41 Lothbury project is aiming for BREEAM Excellent, Wired Platinum and NABERS accreditation, to support sustainability and building performance goals in the long term. Material re-use and circular economy principles are central to the build programme and an all-electric heating system delivered using air source heat pumps will contribute to the building's green credentials when in use.

Working in an extremely constrained site with a busy restaurant directly below, the team used its experience delivering similar projects to overcome logistical challenges and ensure a smooth delivery. To enable the restaurant to operate without disruption, we redesigned our scaffolding structure and provided temporary power and water when our works affected its supply, so that it suffered no loss of business.

In support of the local community, to end 2024:

- 28 local people have benefitted from employment and skills initiatives
- Five apprentices have been employed
- 454 students have been supported through education activities
- £11.5m has been spent with small and medium-sized enterprises
- £162,786 has been spent with social enterprises.

Case study

Creating the future of fire and rescue services in the North West

Sustainable
design

Urban search and rescue rig

Customer's
largest
project to date

38
apprentices employed

£200k
invested in social enterprises

Aintree Training and Development Academy is our fifth project delivered for Merseyside Fire & Rescue Services (MFRS).

The facility sets a new benchmark for emergency training and preparedness, with features that reflect the variety of rescue situations firefighters face. These include an immersive training zone, an urban search and rescue rig to simulate confined and collapsed spaces and a six-storey training tower, alongside a modern four-bay fire station, with modern community and staff amenities.

The project's primary aim was clear: to empower MFRS to address foreseeable risks and emerging threats with precision and efficiency and to enhance operational response times. The new complex provides world-class facilities for a diverse range of operational and support staff, ensuring they have the tools and environment needed to hone their skills.

This is the largest infrastructure project ever undertaken by the MFRS. By combining world-class emergency training with significant community investment, the facility has become a hub for innovation, education and greater engagement.

Thriving Planet

Responding to the government's 2050 net zero carbon target was a key MFRS requirement, and our early involvement at RIBA 2 enabled us to carry out early optioneering and to work with the service to develop a 'pathway to net zero carbon,' setting up the facilities to achieve zero operational carbon by 2040.

We used energy data from three comparable fire stations, which we have delivered for MFRS over the last five years, to set benchmarks for the new facility.

The initial designs for these were 55 per cent better than Building Services Research and Information Association (BSRIA) benchmarks for CO_2/m^2 through the incorporation of:

- Enhanced building envelope
- Variable refrigerant flow heating and cooling to primary rooms
- Panel heaters to ancillary rooms
- Gas radiant panels to appliance bays
- Heat recovery ventilation
- Gas-fired hot water.

To improve on these figures, we commissioned a low-carbon options study, which enabled us to work with MFRS to select the most effective low and zero carbon opportunities, within operational and budgetary constraints, such as air source heat pumps and photovoltaic cells.

The combination of these with optimising building location and orientation resulted in a 46 per cent decrease in carbon from previous designs – 75 per cent better than BSRIA benchmarks.

Smartspace

Operating across the UK, Smartspace supports both private and public-sector customers, transforming their property portfolios to unlock value and create thriving places for people to enjoy. The business has continued its trajectory of consistent growth, reinforcing its reputation as a trusted partner for property refurbishments and fit outs.

With a secured order book of £188m, the business is well-positioned to meet its goal of doubling in size within five years. Headcount increased by 14 per cent during the year, with multiple internal promotions highlighting the company's emphasis on personal, as well as professional career development.

In the private sector, Smartspace specialises in projects for banking, commercial offices, retail and distribution centres, while its public-sector work includes refurbishments within civic offices, emergency services, education and healthcare facilities.

Customers include the Government Property Agency, HMRC, the Ministry of Justice and several leading UK banks. Long-term relationships with customers such as Marks & Spencer and Lloyds means we are able to achieve higher levels of environmental performance, while strategic partnerships with public-sector customers are enabling Smartspace to deliver large-scale projects with significant impact.

Highlights include our work with Cheshire Fire and Rescue winning Northern Project of the Year at the National Project Excellence Awards, our work at Government Property Agency Croydon and starting on site with Lloyds Banking Group in Halifax.

We also invested in team wellbeing with the refurbishment of our Warrington office, showcasing our credentials in considerate, sustainable fit out.

Looking ahead, Smartspace plans to deepen its expertise across the board, growing its presence in the public sector, as well as broadening its decarbonisation agenda. By delivering high-value projects and prioritising sustainability, the business will continue to drive growth and create exceptional outcomes for customers.

Case study

Focus on social value for updated government office project

17
apprentices

£39m
worth of social value created

Our largest Smartspace project to date, this 31,500m² office space at 2 Ruskin Square, Croydon was completed for the Government Property Agency (GPA).

This Category B project now serves more than 5,000 civil servants in an innovative space designed for flexible and hybrid work, prioritising neurodiversity, collaboration and wellbeing. The building features inclusive refreshment hubs, home zones and adaptable meeting spaces to create a modern workplace environment.

Thriving Places

This project goes beyond creating an exceptional office space. As part of leaving a positive impact on the local community, we engaged in several social value initiatives in Croydon, including:

- **Gloves Not Gunz charity partnership**: We partnered with Gloves not Gunz, a charity that aims to divert young people from crime and anti-social behaviour. Marc Rice, our Building Services Manager, undertook 55 volunteering hours attending training sessions and sharing his inspiring journey from boxing to a successful career. We also offered work experience to members, with two young people joining us on work experience placements.
- **Lives Not Knives collaboration**: LNK is a London youth knife crime prevention charity that we supported by refurbishing their kitchen, redoing the floors and installing new appliances.
- **Heathfield Ecology Centre**: Together with seven future building occupiers, we volunteered to edge overgrown pathways through an orchard and clear an overgrown rockery to create a bee garden.

This project is a powerful example of how we can transform not only workspaces but also communities.

Case study

Transforming space for new ways of working

The comprehensive fit out of Lloyds Banking Group's Portland Street offices in Manchester is the latest for this long-term customer. The design offers a wide range of working styles across four floors. The entire fit out has people at its heart, with full accessibility and design that is sympathetic to neurodivergent occupants.

Thriving Planet

Reusing materials wherever possible was an important consideration when planning and designing this fit out. All the existing air-conditioning systems were stored and refitted to save carbon, and existing furniture and floor finishes were reused. LED lighting, living walls and live planters were installed throughout the building.

We reused light fittings from a Lloyds property in Leeds, saving £200,392 in cost and contributing to the project's sustainability goals. Through recycling and reuse strategies, 98.7 per cent of waste was diverted from landfill.

Our commitment to social value was evident throughout the project. We provided work experience opportunities to local students, including a trainee who, inspired by her time with us, chose to pursue a career in construction operations and has since applied for a position with Wates. We also collaborated with Recycling Lives and Nuneaton Signs, resulting in a total social enterprise investment of £59,581.

98.7%
of waste diverted from landfill

£200,392
cost saving through reusing fittings

5
apprentices

Case study

New kitchen delivered in a live school environment

At Hadlow Community School, we created a new kitchen in a live school environment in just four months. Our team delivered structural works to create a kitchen space fully equipped with catering and plant machinery – a first for this community school which previously relied on the next-door college to supply meals for the school's 400 students.

Located next to the dining hall and playground, and with classrooms at either side and above, the kitchen installation took place in a live education setting, meaning daily liaison with the school to keep staff members and students safe. Deliveries were received via the playground at designated times and the team worked to keep noise to a minimum, reducing site activity during exam periods. The team made good use of the school holidays to deliver external works and crane lifts while the school was vacant.

10/10
net promoter score

400
students engaged with

Thriving People

Throughout the project, our teams hosted assemblies for students where they shared their career journeys, hoping to educate and inspire more young people to choose a career in the built environment. We engaged with 400 students, explaining the works we were undertaking at their school, as well as the range of career paths and roles available within Wates and the industry as a whole.

With sustainability front of mind, a range of efficiency measures were taken, including LED lighting, new air filters and a control system for the canopy extractor fans to ensure efficient operation. Waste materials from the project were all retained and recycled back into the school building, including doors, ceiling tiles, cupboards and lighting.

Case study

Award-winning Cheshire Fire and Rescue Station refurbishment programme

In 2024, we completed year three of a five-year modernisation programme for Cheshire Fire and Rescue Service, refurbishing fire stations at Wilmslow, Congleton and Macclesfield. As part of the Procure Partnerships Framework (PPF), this initiative will upgrade 19 fire stations across Cheshire.

Our partnership with Cheshire Fire and Rescue Service goes beyond simply upgrading facilities. The investment is about creating modern, safe and functional environments for fire crews to improve their operational efficiency and workplace environment, while making a positive impact on the community.

The priority during these refurbishments is to ensure that the stations can continue to respond to emergencies uninterrupted, requiring close collaboration with Cheshire Fire and Rescue's operations staff. This has been managed via various risk mitigation strategies and careful programme management to reduce the impact on services.

19
fire stations refurbished

£58,209
investment in social enterprises in third year

North Project of the Year
at National Project Excellence Awards

Thriving Planet

It was vital to cater for each station's specific needs. Wilmslow required a multi-faith prayer room with facilities for foot washing. Macclesfield, the largest of the three sites, also houses probation and ambulance services, so we ensured the continuation for these services by installing fully equipped porta-cabins with high-speed broadband. In Congleton, poor weather posed a challenge during the roof replacement, but our team adapted by working under a temporary roof structure.

Working with Cheshire Fire and Rescue Service, we developed a five-year community impact plan, which included a commitment to employ local suppliers, create opportunities for employment and training, and engage with local students.

In total, we invested £58,209 with social enterprises in 2024.

SES

SES

Reimagining engineering services delivery to create the buildings of tomorrow

SES at a glance

Closing headcount of **879**

111 apprentices

£178.4m turnover (2023: £110.3m) after elimination of intra-Group transactions

7 offices nationally

6,000m² offsite manufacturing facility

> "As SES becomes a standalone division in 2025, we are focusing on several areas – strengthening our leadership team and operational capabilities while driving innovation in sustainable engineering solutions. Our commitment to expanding digital engineering expertise continues, alongside our efforts to deepen strategic partnerships across key sectors.

> Our transformation extends beyond mere growth – in line with our purpose, we're reimagining the future of engineering services in construction. Through sustained investment in innovation and sustainability, combined with striving for excellence in delivery, we are positioning ourselves to become the most sustainable and profitable engineering and technology business in UK construction."

Rob Clifford
Executive Managing Director, SES

With a 64-year heritage of engineering excellence in the UK, SES reached new heights in 2024. In preparation for SES becoming a standalone division in 2025, Rob Clifford was appointed Executive Managing Director and joined Wates Group's Executive Committee. The business achieved record profits during the year, while building a gross order book of £1.2bn. This success is the product of our people's dedication and our strategic focus on key sectors.

Operating from seven offices across the UK, SES specialises in engineering, technology and offsite manufacturing services. The business has established itself as one of the leading design-led mechanical and electrical providers in the UK.

Frequently, SES partners with Wates' Construction business to offer comprehensive construction and MEP services to customers, while also working independently with other customers, consultants and end users. Our expertise spans flagship commercial buildings to industrial facilities, where the team blends advanced technology with in-house knowledge to create smart solutions for the built environment.

Commitment to safety

At the heart of everything we do lies our purpose: reimagining places for people to thrive. This drives our approach to every project and shapes our relationships with customers, partners and communities. Alongside this commitment, we maintain our focus on safety and our dedication to protecting people, projects and communities.

2024 performance highlights

The year saw strong financial performance for SES. For 2024, some of this is recorded as part of the Construction division financial performance – for more details, turn to page 126.

The strength of our customer relationships spans both the public and private sectors. We've expanded our government and public-sector work, particularly with the Ministry of Justice. Other project work covers the science, research, commercial developments, sports, leisure and industrial sectors.

Innovation

The Prism facility, our 6,000m² in-house manufacturing centre in Coventry, exemplifies our commitment to innovation. In 2024, our offsite manufacturing approach successfully removed nearly 250,000 hours from on-site activities. This approach has reduced health and safety risks and minimised waste and environmental impact.

We've evolved beyond traditional contractor-customer relationships to forge longer-term strategic partnerships. Our approach focuses on early engagement and transparent collaboration, allowing us to transfer the best practice we have acquired across the sectors where we work.

Case study

Increasing the capacity of the UK renewable energy sector

SeAH Wind's monopile factory, at 40m high, 810m long and 200m wide, is set for completion in 2025 and will be the world's largest offshore wind technology manufacturing facility of its kind.

Appointed by K2 Construction Management on behalf of SeAH Wind, SES's role is to oversee the mechanical and electrical works, collaborating with a local supply chain, including long-standing steelwork partner Severfield.

Located at Teesside's Freeport, the facility is part of the Teesworks regeneration project, the UK's largest Freeport. It will produce between 100 and 150 XXXL monopiles annually, which will be transported to the new Steel River Quay for shipment to the North Sea offshore wind farms.

This ambitious project plays a key role in supporting the UK's goals for offshore wind energy generation and underpins international confidence in the UK's renewable energy sector.

735
modules created offsite by Prism

1,000
people employed a day

Largest
factory of its kind

Thriving Planet

This project is significant, not only for its scale and presence but also for its impact on the global renewable energy sector. Monopiles are the foundation for most offshore wind turbines and their manufacture is crucial for the UK's role in the global offshore wind supply chain.

The Teesside facility will help the UK meet its goal of decarbonising electricity by 2035, supporting the government's commitment to increasing offshore wind capacity from 15GW to 50GW by 2030.

Once operational, SeAH Wind UK will also export monopiles to the US and European markets. The ongoing construction is already creating local jobs and contracts, with SES and K2 Construction Management working with the regional supply chain to establish a thriving offshore wind industry in North-East England.

His Majesty King Charles III visited SeAH Wind's site and met with our SES apprentices

Case study

Creating an offsite training centre to help build the skills of tomorrow

Prism, SES's 6,000m^2 offsite manufacturing facility in Coventry, produces prefabricated products for a wide range of sectors, including education, commercial, government, residential, leisure, and industrial. It uses modern methods of construction, such as Design for Manufacture (DFM), Design for Assembly (DFA), and digital engineering, helping businesses streamline design and delivery.

Thriving People

At Prism, we make an important contribution to supporting the local community by breaking down barriers to employment and connecting underrepresented groups with opportunities in the built environment. Our partnership with Hereward SEND College in Coventry, which supports students with complex disabilities and learning needs, is one example.

SES has worked with the college to develop a mini offsite manufacturing unit on campus, serving as a training centre. Students can earn a Level 1 qualification, equipping them with skills for roles at SES's Prism facility. We are working closely with the college and City & Guilds to secure accreditation in 2025. Robert, a former Hereward student (pictured, main image), has already secured full-time employment at Prism.

The team has also hosted factory tours for students and college staff members to encourage interest in career opportunities in the sector, with dedicated SES team members Daniel Sadler, Ian Mackay and Steven Sawbridge volunteering to train staff and prepare students for industry roles.

One student
employed full time

Mini training centre
created

Updating Victoria House to be a sustainable modern life sciences hub

Victoria House is being meticulously restored by Wates Construction to create a 300,000 sqft state-of-the-art lifesciences hub at the heart of London's Knowledge Quarter in Holborn, a rapidly growing centre for life sciences.

This Grade II listed neoclassical building will bring together life sciences, technology, academia, research, pharma and venture-capital finance to foster collaboration. Designed to inspire, the facility features cutting-edge laboratories and innovative technologies.

SES has played a key role in integrating engineering expertise with the support of its construction and design partners, ensuring the preservation of the building's heritage while supporting scientific progress.

Thriving Places

Victoria House, designed to house a diverse ecosystem of occupiers, from start-ups to large pharmaceutical firms, places customer wellbeing and sustainability at its core. The development is on track to achieve BREEAM 'Excellent' certification and an Energy Performance Certificate rating of B (EPC A enabled).

With unique heritage features, the project requires multidisciplinary expertise to preserve these elements while meeting modern performance standards. By adopting a one-team approach, SES has seamlessly integrated MEP engineering expertise with construction and design capabilities. A key innovation has been the offsite prefabrication of mechanical and electrical modules, reducing construction time on site, improving quality control and minimising environmental impact. Another crucial element is the adoption of sustainable energy equipment, such as air source heat pumps, alongside up-cycling of existing equipment, such as fan coil units.

To share some of the lessons learned at Victoria House, SES has hosted two CPD-accredited site tours with Women in Property South East.

Partnering
with Construction

BREEAM Excellent
rating targeted

Unique
heritage features

Residential

Residential

Partnering with local authorities, housing associations and public bodies, we provide great places to live for everyone

We are a leading housing developer and contractor, focused on delivering affordable, quality homes across London, the South of England and Wales. The business specialises in partnering with local authorities, housing associations and public bodies to invest in, develop, build and sell homes that create thriving, sustainable communities.

2024 was a year of resilience and progress. Despite continued economic, political and regulatory uncertainty, we successfully completed several major projects, including some modular transitional housing projects in Wales, positioning us well for growth into 2025.

We continue to focus on development-led opportunities to grow our business, reflecting evolving market conditions. Key wins include new partnerships through development agreements, such as Guildford Park Road with Guildford Borough Council. We are also progressing well with our development partnership in Brent, where we soft launched our private-sales activity to the local market ahead of a formal launch in 2025.

Safety and sustainability at our core

Safety remains a cornerstone of our operations, with 2024 marking over four years without a RIDDOR report. This strong safety record reflects our team's dedication to maintaining high standards and constantly challenging ourselves on better ways to deliver as we adopt new construction methods, such as pre-manufactured and modular building construction.

Our efforts to deliver sustainable, low-energy homes have continued to advance, with projects integrating innovative designs that benefit both residents and the environment. We look to embed sustainability and social investment into our developments, through initiatives like social value plans, with the aim of long-term positive outcomes in the communities where we operate.

Positioned for growth

Looking ahead, Residential is well-placed to continue its growth as a development-led business. We have a solid pipeline of opportunities and a clear strategy for doubling revenues in 2027. We are confident in our ability to adapt, grow and lead the sector in delivering much-needed housing solutions.

Moving into 2025, we made strong new appointments to our leadership team. This includes Pip Prongué as the new Executive Managing Director and Paul Nicholls as the Regional Managing Director for London.

“In 2024, the UK government set ambitious targets to deliver 1.5m homes in five years. This is a bold pledge and one that we are perfectly positioned to support.

(Left to right) Helen Bunch and Pip Prongué

Our relationships across the residential sector are bringing the private and public sector together in our drive to deliver new homes. Our extensive expertise across both developing and contracting has helped us to navigate the significant challenges of viability and planning. And, through collaboration, innovation and a commitment to excellence, we remain dedicated to creating sustainable homes and communities where people can thrive.

As I hand over to Pip Prongué, I have no doubt that the foundations are in place for a strong performance in 2025 and beyond.”

Helen Bunch
Executive Managing Director, Residential

“I have joined the business at a key moment, where there are multiple opportunities to drive profitable growth. The government target is a great motivator and brings clarity to the whole sector.

In 2025, we have ambitious plans to make the most of what we see in the market, strengthening existing partnerships and seeking out new ones.”

Pip Prongué
Executive Managing Director, Residential

Residential
at a glance

£281.5m
turnover (2023: £322.7m)

£2bn
forward order book

Four years
since a reportable injury

1,028
homes delivered

2,593
homes in development

Closing headcount of **382**

£788k
of social value spend

Case study

Creating a vibrant new community at Wembley Housing Zone

We are delivering two residential-led mixed-use schemes in the heart of Wembley Hill that together form the Wembley Housing Zone. The development will deliver 291 new homes, including 141 affordable units – some designed for larger families – alongside commercial workspaces, a community centre and a central garden and play area providing a green retreat off the bustling Wembley High Road.

Our involvement provides Brent Council with a complete solution, combining Wates investment with our development management, design, construction and sales and marketing skills. The scheme has a clear eye on the future, combining high-quality, mixed-tenure, energy-efficient homes with new BREEAM Excellent (targeted) community and commercial spaces.

It also features a new publicly accessible garden within its design, with green space on both the ground floor and roof set to help Ujima House achieve 8,282 per cent biodiversity net gain (BNG), by creating natural environments where previously there were none.

As of late 2024, we have successfully introduced the private-sale homes to the local market, with 35 Wembley residents already registered ahead of the official sales launch in 2025.

100%
affordable development at Ujima House

8,282%
Biodiversity net gain at Ujima House

291
new homes in total

54
apprenticeships targeted

Thriving Places

The project's tenure-blind design ensures all homes, whether for private sale, shared ownership or affordable rent, are identical in quality and external appearance, fostering equality and social cohesion. High energy-efficiency standards will help to reduce residents' energy costs while supporting sustainability.

Wembley Housing Zone also aims to reduce unemployment and inequality in the area through over 35 social value initiatives, including an expected 114 job opportunities for Brent residents. By catering to a range of skills and experiences, the development creates roles for people from diverse backgrounds.

Together, these features make Wembley Housing Zone a place where people can build their lives and feel part of a growing community.

Case study

Helping to solve the housing crisis with modular innovation

The Gasworks Transitional Accommodation Programme has provided much-needed housing for society's most vulnerable in Cardiff. The project delivered high-quality and cost-effective modular accommodation quickly, offering safe homes for individuals and families as they prepare to transition into permanent housing.

This has been a flagship project for Wates and remains a strong example of what can be achieved through partnership working to deliver innovative solutions to some of society's starkest challenges, providing local families with improved living conditions in difficult circumstances.

This year, we reached practical completion of the project, fully handing this over to Cardiff Council.

The scheme's success lies in its rapid mobilisation and ability to provide extra capacity in temporary accommodation for those on council housing waiting lists. Designed with flexibility and sustainability in mind, the modular homes range from one to four-bedroom units, featuring low-carbon technologies, such as air-source heat pumps and solar panels.

All units are now owned by the council and are designed to be stackable and relocatable, supplying our customer with an asset that can be moved and reused once the site undergoes redevelopment in five years.

155 new homes

Innovative
modular homes

66%
Gross Premanufactured Value achieved

> "Gasworks isn't just a housing project; it's a testament to what's possible when industry leaders and local governments come together with a shared vision: partnership at its best."
>
> **David Jaques**
> Assistant Director, Development & Regeneration — Cardiff Council

Thriving People

The key driver for the Gasworks project was speed, to get families out of unsuitable temporary accommodation and control the huge operational costs of using hotels and other short-term lodgings.

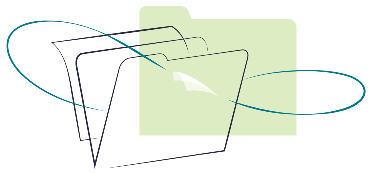
This initiative exemplifies the potential of modern methods of construction to address housing shortages while enhancing sustainability.

The success of the scheme has attracted interest from other councils, including several in London, as they look for modern approaches to address their housing challenges, underscoring the potential of modular housing solutions to alleviate the UK's housing crisis.

Delivering sustainable, cost-efficient homes in Guildford

Our partnership with Guildford Borough Council is raising the bar for sustainable design, transforming a central car park into a vibrant urban neighbourhood. This development will deliver up to 248 mixed-tenure homes, with 40 per cent designated as affordable housing, creating an inclusive and diverse community.

The scheme offers a carefully balanced mix of one-, two- and three-bedroom homes, including townhouses, all centred around a lively, people-focused hub. Surrounded by green spaces for play, gatherings and relaxation, the design enhances biodiversity while fostering a strong sense of community.



248
new homes

40%
affordable housing

Average
90% reduction
CO_2 emissions

Thriving Planet

Guildford Park Road displays our commitment to creating a thriving planet through sustainable and innovative design. These homes are projected to achieve a 90 per cent reduction in carbon emissions (beyond current building regulations), surpassing the 2025 Future Homes Standard and providing a truly affordable place to live.

We've designed this project with future residents in mind, aiming to help them save money on their utility bills while also having less of an impact on the environment. The homes will use 15 per cent less water per person and the surrounding area will see a boost in nature, with a targeted 30 per cent increase in biodiversity.

To empower the people living in our new developments to maximise the environmental performance of their homes, we have delivered tailored post-occupancy engagement and guidance, so that residents can adopt sustainable practices.

During construction we are using smart building techniques and carefully chosen materials to reduce environmental impact. The project has a low carbon footprint and sets the standard in eco-friendly building.

- Significantly reduced utility bills
- 15 per cent less water usage per person per day
- Embodied carbon of circa 800kg CO_2e/m^2

Property Services

Property Services

Wates Property Services is a social housing maintenance and facilities management provider delivering specialist services to support thriving homes and workplaces.

Our housing maintenance experts look after 600,000 social homes up and down the UK, providing planned, reactive and specialist maintenance services. Working with more than 120 customers, they improve and modernise homes, while ensuring safety across a range of building types. This includes everything from replacing thousands of kitchens and bathrooms each year to ensuring fire compliance on tower blocks and supporting healthy homes.

We are also helping our customers to decarbonise their housing stock for the future and are in the process of retrofitting more than 8,500 social homes to improve their energy efficiency, taking them up to EPC C and above. As well as retrofitting homes, we partner with local authorities and housing associations, providing expertise to help them access funding to meet their decarbonisation challenges and targets.

With the acquisition of the property services business Liberty Group in October 2024, we have expanded our footprint in housing maintenance across the country, while also bringing heating and compliance expertise into Wates.

Liberty, a well-established property maintenance provider supporting homes nationally, brings more than 30 customers to Wates. With Liberty onboard, we serve the vast majority of the UK with planned and reactive maintenance works and have grown our workforce to almost 3,000 colleagues.

It's not just social homes that we support. Our facilities management (FM) experts look after more than 1,000 commercial properties across a wide range of sectors. They provide self-delivered mechanical and electrical and total FM services.

> "The last 12 months continued a three-year run of progressive growth for Property Services. This has bought us to the position of now looking after 600,000 social homes and over 1,200 commercial properties in the UK, and that has seen us double the turnover of our FM portfolio and the Property Services business overall."

David Morgan
Executive Managing Director, Property Services

Growth strategy

With an established and expanded portfolio across our housing maintenance, heating and compliance and facilities management services, we have a strong foundation for continued growth of the business.

Everything we do is driven by our purpose: reimagining places for people to thrive. Our accelerators for growth will help us to reimagine the services we deliver to our customers. This includes strengthening our back office and works management systems through use of more innovative platforms to support data-driven decision-making and further increase the productivity of our workforce.

Alongside organic growth in our core sectors, we will focus on driving our sustainability by increasing our decarbonisation work within social housing, as well as looking for ways to reduce the carbon impact of our fleet and operations, while keeping safety at the very heart of everything we do.

Property Services
at a glance

£547.2m
turnover (2023: £422.4m)

£2.7bn
forward order book

Closing headcount of **2,858**

£200m
of decarbonisation work

Housing maintenance

Our housing maintenance experts work to improve and maintain social homes where people can thrive.

Providing strategic asset management solutions for housing associations and local authorities right across England, we deliver planned and responsive maintenance projects, with a particular focus on zero-carbon retrofitting, fire safety and housing disrepair.

From upgrading kitchens and bathrooms and dealing with mould and damp, to helping social landlords ensure flats and houses are safe for their tenants, our teams support places at the centre of people's lives.

Decarbonising for the future

Wates also offers specialist expertise, helping social landlords to decarbonise their housing stock through smart upgrades to improve energy efficiency – taking properties to an EPC C rating and reducing energy bills for tenants.

In the last four years, we've completed – or are in the process of retrofitting – more than 8,500 homes. We've supported our customers not only on their sustainability journey as delivery partner for upgrades but also working with them to secure government funding to make more than £200m of upgrades a reality.

Healthy, safe homes

Our dedicated Healthier Homes team tackles issues that affect the health of tenants, including damp, mould, excessive condensation and structural cracks.

Recognising the long-term risks of these issues, we work within the Social Housing Act 2023 regulations and have been early adopters of Awaab's Law, delivering everything from emergency repairs to a fully planned maintenance programme, to help drive up the quality of residents' homes.

We're also specialists in fire safety and equipment installations, as well as mechanical and electrical compliance. As the built environment industry continues to learn the lessons of the Grenfell Tower fire tragedy and subsequent cladding issues, our fire safety team provides our customers with the confidence that their properties are in line with the latest Building Safety Act requirements.

Case study

A long-term relationship delivering value for the community

We have been delivering a full range of social housing maintenance on behalf of Wolverhampton Council since 2003, so far completing more than £130m worth of works. This has included a range of planned maintenance, energy efficiency retrofit, fire safety compliance and the conversion of a former office building to create new homes for residents.

Thriving Places

Our work for Wolverhampton Council has enabled it to carry out all aspects of social housing maintenance for the 19,000 homes within its portfolio, ensuring that the necessary work is done to provide comfortable, safe and efficient homes for the council's residents.

The longevity of our relationship with Wolverhampton Council, now in its 12th year, has made possible the concurrent delivery of a wide range of services without compromising quality and safety. New kitchens and bathrooms, fire door replacements, re-roofing and full-scale refurbishments have been delivered simultaneously to ensure an efficient service that causes minimal disruption to residents.

Throughout the works to date, the team has undertaken a broad range of activities to create social value and ensure our long-standing presence in Wolverhampton benefits the local community.

For example, through our decarbonisation work alone, employment and training outcomes so far include:

- 170 local people benefitting from employment and skills initiatives
- Over 6,500 local training and employment weeks created
- 577 students supported by education programmes.

With a largely local supply chain, we are also fulfilling our promise to invest in the local economy through our procurement. We have to date:

- Spent nearly £11m with small and medium-sized enterprises and micro businesses
- Invested over £145,000 with social enterprises
- Invested over £30,000 in local charities and community causes.

Cutting carbon to improve energy ratings on social housing stock

Our decarbonisation project with Stevenage Borough Council has been designed around a whole-house retrofit. In all, 209 homes were brought into scope, with funding secured through Social Housing Fund Wave 1.

Stevenage Borough Council's climate action plan is built on eight strategic themes, one of which focuses on the residential sector – both private and social housing. Its research has shown around 30 per cent of the town's total emissions are generated within people's homes – from cooking to domestic heating and general electricity demands. Targeting this is a specific strategy for the decarbonisation of social housing.

This commits the council to achieving a minimum of EPC C across its 8,000-home social housing stock by 2030.

> "As energy costs climb, this funding supports our path to a greener Stevenage, bringing us closer to a net-zero future by 2030. Lowering emissions benefits our town and makes a lasting difference for future generations, while also helping us to save money too."

Councillor Simon Speller
Cabinet Member –
Environment and Performance,
Stevenage Borough Council

Thriving Planet

Prior to retrofitting, all properties were rated as EPC D or E, with external wall and loft insulation identified as key areas to be improved, given their effectiveness in reducing heat loss and avoiding cold bridging.

To keep costs low for residents, draft proofing and low-energy lighting have been used in Stevenage, while solar PV has been installed on some roofs, significantly decreasing resident energy bills.

Following the installation of these measures, including external wall, cavity wall and new loft insulation, as well as new windows and doors, scores have improved to EPC C and above.

Our role helps the council maximise the value from external funding. Additionally, these properties now have the thermal foundation required to install renewable energy systems in the future, such as air and ground source heat pumps.

Liberty Group

Acquired in October 2024, Liberty Group provides property services, specialising in repairs and maintenance, gas services and renewables.

Working with landlords, local authorities and private sector companies across the country, Liberty works to maintain and improve homes nationally, bringing more than 30 customers to Wates.

As well as housing maintenance, our Liberty colleagues offer gas compliance and renewables expertise, as part of the journey to sustainable homes for the future.

Crucially, our Liberty colleagues share the Wates commitment to purpose-led work, along with delivering an excellent experience for our customers' tenants, evidenced by a net promoter score of +67 and a Trust Pilot rating of 4.2 out of 5.

This was an important factor in considering Liberty's strategic alignment with Wates, as our housing maintenance and facilities management experts are trusted to work safely in homes and workplaces up and down the country.

Facilities management

Hosting hundreds and, in some cases, thousands of people daily, workplaces form the backbone of our customers' operations and effective facilities management is integral to supporting their success.

How a building operates and is maintained can affect not just the day-to-day running costs and tenant experience, but also the lifecycle of key building assets. Our facilities management (FM) experts use their insights to drive energy and cost savings using technical solutions.

Working across a broad portfolio of public and private-sector properties, we focus on everything needed to support thriving workplaces, providing self-delivered mechanical and electrical and total FM services.

We use innovation and data-driven decisions to optimise the management of a building and its key assets, putting the tenant experience at the heart of our work.

With our engineering and technical excellence, we deliver the full range of modern FM services to our wide range of customers to ensure their buildings are run effectively and efficiently. No matter the backdrop, we help our customers get the best from their buildings and estates – from zoos to emergency services hubs and offices.

We continued to grow our portfolio in 2024 with contracts for Hampshire and the Isle of Wight Fire and Rescue Service and Police and Crime Commissioner, plus a contract to manage more than 250 sites for the International Workplace Group (IWG).

We've also continued to nurture relationships with existing customers, including Wellcome Genome, University of Leeds, DLA Piper and Discovery, securing contract renewals and extensions, most recently with West Midlands Police and the Association of Chartered Certified Accountants (ACCA).

Wellcome Genome Campus, Cambridge

Case study

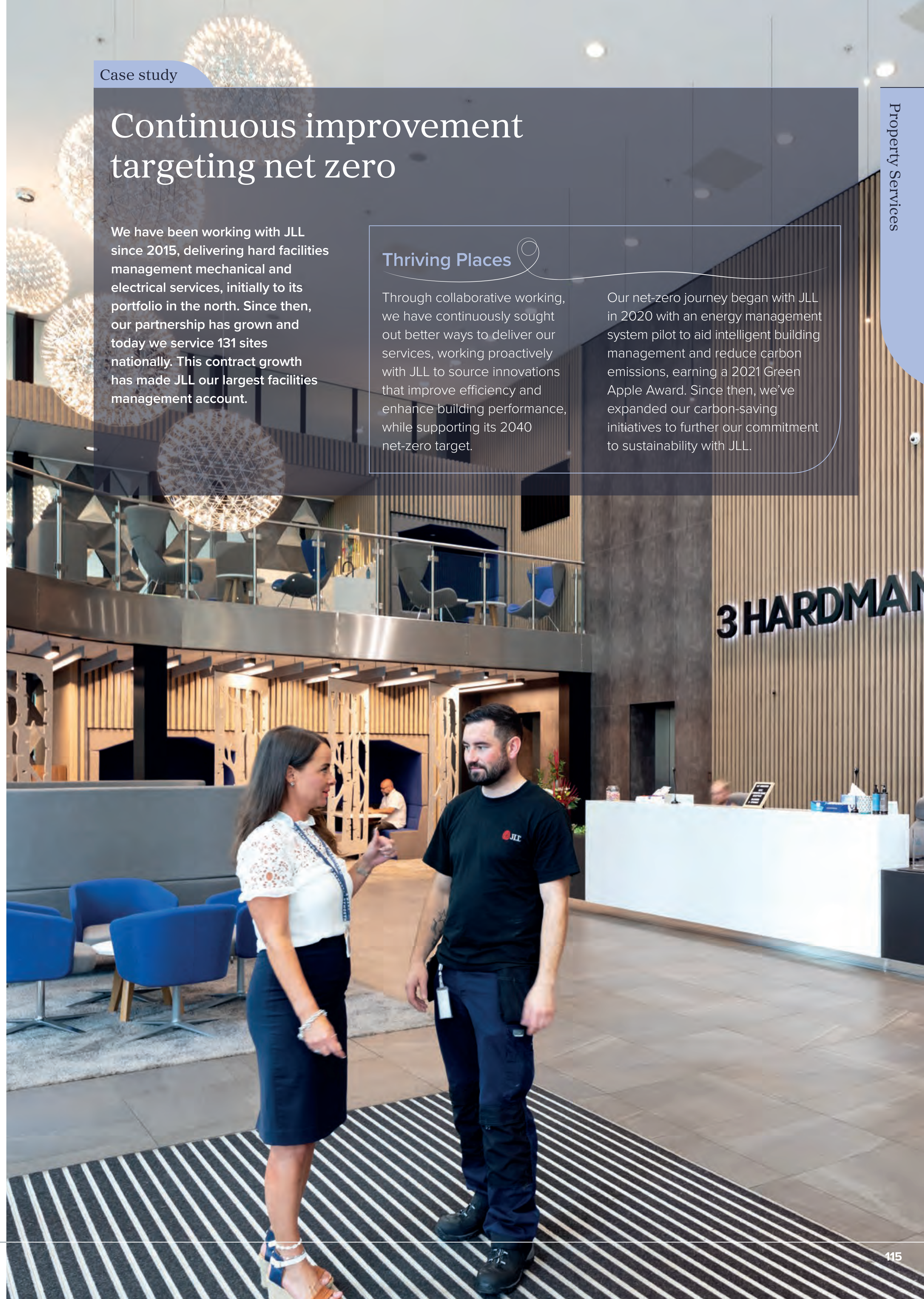
Continuous improvement targeting net zero

We have been working with JLL since 2015, delivering hard facilities management mechanical and electrical services, initially to its portfolio in the north. Since then, our partnership has grown and today we service 131 sites nationally. This contract growth has made JLL our largest facilities management account.

Thriving Places

Through collaborative working, we have continuously sought out better ways to deliver our services, working proactively with JLL to source innovations that improve efficiency and enhance building performance, while supporting its 2040 net-zero target.

Our net-zero journey began with JLL in 2020 with an energy management system pilot to aid intelligent building management and reduce carbon emissions, earning a 2021 Green Apple Award. Since then, we've expanded our carbon-saving initiatives to further our commitment to sustainability with JLL.



Supporting 24/7 service for the emergency services

We understand the critical and sensitive nature of the emergency services sector through the hard FM and specialist projects we deliver for key blue-light customers.

In 2024, we began working with Hampshire and Isle of Wight Fire and Rescue and Police and Crime Commissioner through a new £1.6m contract to deliver statutory mechanical and electrical compliance and preventative maintenance services, and a range of reactive and project works for 61 fire stations and 93 police locations.

We've been working with East Midlands Ambulance Service since the end of 2023 to provide hard FM services to 69 buildings, including ambulance stations, patient reception centres and standby locations across Nottinghamshire, Lincolnshire, Derbyshire, Northamptonshire and Leicestershire.

Our relationship with West Midlands Police dates back to 2019 and involves the provision of planned mechanical and electrical engineering work, services for the fabric of the building, reactive maintenance and project works for the force's Birmingham headquarters, Lloyd House.

Thriving Places

We are used to overcoming complex challenges in our service delivery, particularly when it comes to the 24/7 nature of our blue-light customers' critical facilities.

Managing a critical project for East Midlands Ambulance Service, we recently completed a 'go dark' project at one of its 999 call centres.

The Lincoln based call centre was transferred to the Nottingham centre for three days to allow in-depth testing and improvements to the IT infrastructure. This led to an uninterrupted service throughout the work, which included performing a full electrical installation condition report test on the whole building, an IT systems upgrade by EMAS, implementing new power supplies, installing new lights in the server room, replacing the suppression system panel and detectors, and changing the air conditioning in the IT server room.

Wates Group board

Standing, from left to right: Jonathan Wates, Sir James Wates CBE, Jonathan Oatley, Andrew Wates, Charles Wates, Philip Wainwright.
Seated, from left to right: Elizabeth Reilly, Eoghan O'Lionaird, Timothy Wates, Rachel Addison.

The Group Board comprises the Chairman, Deputy Chairman, Chief Executive, Chief Financial Officer, two independent non-executive directors and four family directors.

The Board's primary responsibility is to promote the long-term success of the Group so it can create sustainable value for its shareholders. The Board seeks to achieve this by, among other things, being clear about the company's purpose and by ensuring that its goals, strategy and behaviours align with that purpose.

Timothy Wates

CHAIRMAN

Timothy (Tim) Wates joined Wates in 1993 and was appointed Chairman in May 2023. His career in Wates has been predominantly focused on housing and finance and he has a particular interest and expertise around the interface between the private and public sectors. He previously served as Chairman of the Coast for Capital LEP, sits on the Advisory Board of the Judge Business School at Cambridge University and is a trustee of various Wates family charities. He is a Deputy Lieutenant of Surrey, serving as High Sheriff of Surrey 2023 / 2024.

Eoghan O'Lionaird

CHIEF EXECUTIVE

Eoghan O'Lionaird joined Wates as Chief Executive in February 2023. He sits on the Group Board, Executive Committee and Sustainability Committee. He was previously Chief Executive of FTSE-listed marine services company James Fisher and Sons plc and has held executive roles at Spectris plc, Danaher Corporation, Philips and Mitsui Kinzoku. Eoghan is fluent in Irish and Japanese and has bachelor's and master's degrees in engineering, as well as an MBA.

Jonathan Oatley

DEPUTY CHAIRMAN

Jonathan (Joe) Oatley was appointed to the Board as a non-executive director in July 2017 and assumed the role of Deputy Chairman in May 2023. Formerly Chief Executive at Cape plc and prior to that Chief Executive of Hamworthy plc, Joe spent his earlier career in the engineering sector across a broad range of roles. Joe is currently a member of the Audit Committee and Nominations Committee, having served as Chair of the Wates Remuneration Committee for four years. Joe is also Chairman of Carclo plc and a non-executive director of Centurion Group Ltd.

Rachel Addison

INDEPENDENT NON-EXECUTIVE DIRECTOR

Rachel Addison is a member of the Institute of Chartered Accountants in England and Wales. She was appointed to the Board as a non-executive director and Chair of the Audit Committee in July 2023 and is a member of the Remuneration Committee and Nominations Committee. With nearly 30 years of finance and operational management experience, Rachel has held several executive board level and senior management roles including at Future plc, TI Media Limited, Reach Regionals, Northcliffe Media Limited and Boots the Chemist. Rachel is also a non-executive director of Marlowe plc, Watkin Jones plc, Gamma Communications plc and Hollywood Bowl Group plc.

Elizabeth Reilly

INDEPENDENT NON-EXECUTIVE DIRECTOR

Elizabeth (Liz) Reilly was appointed to the Board as a non-executive director and Chair of the Remuneration Committee in October 2023. She is also a member of the Sustainability Committee and Nominations Committee. Liz has more than 30 years of executive experience in organisational design and development, talent management, reward and cultural transformation. She was Group Human Resources Director at SEGRO, and previously the Group HR Director for FCC Environment UK. Prior to this, Liz was at J Sainsbury plc. Liz is also a non-executive director of Watkin Jones plc.

Sir James Wates CBE

DIRECTOR

Sir James Wates CBE joined the Wates Group in 1983 and was appointed to the Board in 1997. He served as Chairman from 2013 to 2023 and is currently a member of the Nominations Committee. Outside of the company, James is Chairman of FBUK (Family Business UK), Chairman of Vestey Holdings Ltd, Chairman of Tewke and on the Board for The King's Trust 50th Anniversary Campaign. Sir James feels passionately that good business, well done, is a force for good in society. In 2012 he was awarded the CBE and in 2019 was knighted for services to business and to charity.

Andrew Wates

DIRECTOR

Andrew (Andy) Wates joined the Group in 1995 and was appointed to the Board in 2011. A member of the Audit Committee and Nominations Committee, he is also Chairman of the Wates Family Enterprise Trust. In 2023 he became Chairman of the Wates Family Council and the Family Shareholder Forum. Externally Andy is active within the Family Business UK organisation and is a Director with social enterprise No Going Back Cleaning and Support Services CIC. Andy serves on the Court of Assistants (governing body) for The Clothworkers' Company, and in 2024 became a trustee of the Unicorn Theatre.

Charles Wates

DIRECTOR

Charles (Charlie) Wates was appointed to the Wates Board in 2011. He is a chartered surveyor with over 20 years' experience in the commercial property sector and the founder and former Managing Director of Needspace, Wates' managed workspace division. He currently serves as a member of the Remuneration and Sustainability committees and is Chair of the Next Generation Committee. Outside of the company, he is a member of the British Council of Offices and British Property Federation.

Jonathan Wates

DIRECTOR

Jonathan (Jonny) Wates joined the Wates Group Board in 2008, and previously served as founder and Chairman of Myriad CEG, Group Head of Strategy and Sales Director of Wates Homes Ltd. He chairs the Board Sustainability Committee and is a Trustee of the Wates Family Enterprise Trust, the William Wates Memorial Trust and the Wates Foundation. Outside Wates he is a Trustee of Forum for the Future, an advisory Board Member for the Centre for Climate Change and Social Transformations, and an Ambassador of the World Benchmarking Alliance, among others.

Philip Wainwright

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Philip Wainwright joined Wates as Chief Financial Officer in December 2018 and sits on the Group Board, Executive Committee and Sustainability Committee. Philip has a degree in mechanical engineering and began his career as a graduate engineer with Balfour Beatty, before qualifying as a chartered accountant with Ernst & Young. He has over 20 years' experience in international and UK development and construction.

Wates Executive Committee 2025

1. **Eoghan O'Lionaird** – CHIEF EXECUTIVE
2. **Steffan Battle** – EXECUTIVE MD, CONSTRUCTION
3. **Stephen Beechey** – GROUP PUBLIC SECTOR DIRECTOR
4. **David Brocklebank** – EXECUTIVE MD, DEVELOPMENTS
5. **Rob Clifford** – EXECUTIVE MD, SES
6. **Cressida Curtis** – GROUP SUSTAINABILITY DIRECTOR
7. **Nick Jones** – GROUP STRATEGY DIRECTOR
8. **Brian Long** – GROUP HEALTH, SAFETY AND WELLBEING DIRECTOR
9. **Anna Mann** – GROUP COMMUNICATIONS AND MARKETING DIRECTOR
10. **David Morgan** – EXECUTIVE MD, PROPERTY SERVICES
11. **Chris Symeonides** – GROUP COMMERCIAL DIRECTOR (INTERIM)
12. **Pip Prongué** – EXECUTIVE MD, RESIDENTIAL
13. **Paul Rowan** – GROUP HUMAN RESOURCES DIRECTOR
14. **Rosie Toogood** – CHIEF SUPPLY CHAIN & QUALITY OFFICER
15. **Philip Wainwright** – CHIEF FINANCIAL OFFICER
16. **Chelsea Walters** – LEGAL DIRECTOR

*as of January 2025

Wates Group Organisational Structure

Chief Executive – Eoghan O'Lionaird

- Group Strategy Director – Nick Jones
- Group Commercial Director – Chris Symeonides (interim), Simon Potter (to March 2025)
- Group Health, Safety and Wellbeing Director – Brian Long
- Group Sustainability Director – Cressida Curtis
- Group Public Sector Director – Stephen Beechey
- Chief Supply Chain and Quality Officer – Rosie Toogood
- Group HR Director – Paul Rowan
- Group Communications and Marketing Director – Anna Mann
- Legal Director – Chelsea Walters
- Chief Financial Officer – Philip Wainwright
- Executive MD Developments – David Brocklebank
  - Developments
  - Needspace
- Executive MD Construction – Steffan Battle
  - Construction
  - Smartspace
  - Fit Out
- Executive MD SES – Rob Clifford
  - SES
- Executive MD Residential – Pip Prongué, Helen Bunch (to January 2025)
  - Residential
- Executive MD Property Services – David Morgan
  - Housing Maintenance
  - Facilities Management
  - Liberty Group

Governance and accounts

for the year ended 31 December 2024

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Directors and advisors

Directors	**Timothy A. D. Wates** (Chairman) **Jonathan M. Oatley** (Deputy Chairman) **Eoghan P. O'Lionaird** (Chief Executive) **Philip M. Wainwright** (Chief Financial Officer) **Rachel B. Addison** **Elizabeth Reilly** **Andrew E. P. Wates** **Charles W. R. Wates** **Sir James G. M. Wates CBE** **Jonathan G. M. Wates**
Company secretary	**Philip M. Wainwright**
Independent auditors	**BDO LLP** Chartered Accountants and Statutory Auditors 55 Baker Street London W1U 7EU
Bankers	**HSBC UK Bank plc** 1 Centenary Square Birmingham B1 1HQ
Registered office and business head office	**Wates House** Station Approach Leatherhead Surrey United Kingdom KT22 7SW
Telephone	**01372 861000**
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The Chief Financial Officer's review can be found on pages 12 to 13. The following sections make reference to the summary financial performance shown on those pages.

Turnover and trading performance by division

Group turnover increased by 9.9 per cent or £0.22bn, from £2.18bn last year to £2.40bn in 2024, our highest-ever reported turnover. This includes the Group's share of joint venture turnover of £103.3m, compared to £81.6m last year. On a statutory basis the increase was 9.2 per cent or £0.20bn, from £2.10bn to £2.30bn. All divisions except Developments and Residential grew turnover organically in 2024, with Property Services also benefitting from the acquisition of Liberty Group on 1 October 2024, which contributed £25.8m of turnover in the year. See below for information on turnover, other key performance indicators and trading performance by division.

Developments

	2024	2023
Developments turnover Developments turnover including Development's share of joint ventures' and associates' developments turnover	**£115.5m**	£143.1m
Developments statutory turnover Developments statutory turnover excluding Development's share of joint ventures' and associates' turnover	**£16.0m**	£66.9m
Acres controlled on privately owned land	**4,992**	3,482
Plots controlled on privately owned land	**19,938**	16,392
Units for which planning permission was achieved	**312**	2,120
Units for which planning permission is pending	**1,567**	464
Land sales completed	**3**	5
Units completed in the year through joint ventures	**567**	389
Active sites	**12**	12
Units still to be completed on active sites through joint ventures	**989**	1,556

Throughout 2024, the Developments business had to contend with a challenging housing market and political change.

A slow housing market plus rising costs created particular pressures for our residential development joint ventures in 2024. However, volume deals with housing associations and private rented sector investors supported our larger sites to maintain pace of delivery completing on a record 567 (2023: 389) homes in the year.

Two consented sites were sold in the year with a further three sites ready for sale in 2025. This represents fewer sites compared to the previous year, which was largely due to delays in the planning system and particularly local plan-making.

As our older sites come closer to completion we start the year with 989 (2023: 1,556) dwellings on controlled sites with joint ventures. There has been a substantial increase in our long-term pipeline, increasing by 22 per cent, with 19,938 (2023: 16,392) potential plots under our control, driven by an additional circa 3,000 units due to be entering into contract on our first principal developer site.

Needspace

Needspace provides flexible office space, studios and managed workspace to small and medium-sized entities in seven centres across London and the South East of England.

	2024	2023
Needspace statutory turnover	**£4.1m**	£3.8m
Aggregate value of investment properties and buildings	**£41.5m**	£40.0m
Average square feet of occupied floor space	**95,769**	88,179
Average percentage of occupied floor space	**78%**	71%

In December 2024, an internal valuation of the investment property portfolio and buildings calculated that the value had increased by £1.2m. Including additions of £0.3m, this takes the portfolio value to £41.5m in total. The value uplift was supported by the sale, on 27 January 2025, of one of the investment properties for its year-end fair value of £16.0m (see note 30 to the accounts). The valuation of this property helped offset the risk of any downward reduction by the ongoing negativity towards the office investment sector.

Construction

The Construction division comprises three business units: Construction, Smartspace and Fit Out.

	2024	2023 *
Construction statutory turnover	**£1.27bn**	£1.18bn
Forward order book	**£3.6bn**	£3.9bn

* the prior year analysis of statutory turnover has been restated to reflect the Group's latest reporting structure that was implemented during the year

Against the challenging economic conditions, the Construction division delivered another year of solid performance. Turnover of £1.27bn was a 7.6 per cent increase on 2023. The Construction division ended the year with a forward order book of £3.6bn, £0.3bn lower than the prior year.

Within Smartspace, there was a record year of performance in 2024, following continued framework performance and successful delivery of large-scale projects for repeat customers. Revenue grew 87.1 per cent, from £122.3m in 2023 to £228.8m in 2024, as a result of key projects for the Government Property Agency, Lloyds and Ministry of Justice all proceeding to site following deferred starts in 2023. Prospects for 2025 and beyond remain positive for the business with significant projects live on site for Lloyds and Ministry of Justice and a number of key projects in pre-construction for HSBC, Lloyds, Government Property Agency and Ministry of Justice, which support a forward order book position of £188.4m (2023: £256.9m)

The construction business continued to respond to economic challenges caused by inflation and interest rates that, while reducing from peak positions, continued to affect project performance and delay project conversions. Despite these challenges, solid performance was achieved with £1.04bn revenue delivered, broadly in line with 2023, comprising key projects including continued delivery of Envision Giga Factory for AESC and refurbishment of Norman Shaw North for the Parliamentary Estates. Construction ended the year with a forward order book of £3.4bn, £0.2bn lower than prior year, with opportunities in pre-construction for Ministry of Justice, MEPC and CEG.

The Fit Out business, set up in November to target the London commercial market, was non-revenue generating but will support entry into new markets from 2025.

SES

SES specialises in engineering technology and offsite manufacturing services. The business has established itself as one of the UK's leading design-led mechanical and electrical providers, offering comprehensive and technologically smart solutions to customers across the built environment.

	2024	2023
SES Group turnover SES Group turnover before the elimination of intercompany trading	**£432.7m**	£246.8m
Eliminated intercompany trading	**£254.3m**	£136.5m
SES Group turnover after eliminations SES Group turnover after the elimination of intercompany trading	**£178.4m**	£110.3m
SES forward order book SES forward order book before the elimination of intercompany contracts	**£1.23bn**	£0.72bn
Eliminated intercompany contracts	**£0.82bn**	£0.14bn
SES forward order book after eliminations SES forward order book after the elimination of intercompany contracts	**£0.41bn**	£0.58bn

In an excellent year for SES, the business continued its growth trajectory, both organically and through the integration of Wates Building Services from 1 January 2024 and has invested significantly in its cost base to deliver the strong pipeline of work built up over recent years.

Turnover increased in 2024 to its highest level in the history of the business, growing by 61.7 per cent to £178.4m (2023: £110.3m). This growth is mirrored by growth in the forward order book before intra-group trading, which grew by 70.7 per cent to £1.23bn (2023: £0.72bn).

Residential

Residential works alongside our public-sector partners to deliver housing-led developments on publicly owned brownfield sites.

	2024	2023
Residential turnover Residential turnover including Residential's share of joint ventures' and associates' residential turnover	**£281.5m**	£322.7m
Residential statutory turnover Residential statutory turnover excluding Residential's share of joint ventures' and associates' turnover	**£277.6m**	£317.3m
Units for which planning permission was achieved (including through joint ventures)	**2,593**	3,075
Units for which planning permission is pending (including through joint ventures)	**3,571**	3,766
Units completed in the year (including through joint ventures)	**1,028**	276
Open market sales in the year	**61**	70
Active sites at 31 December	**31**	32
Units still to be completed on active sites (including through joint ventures)	**1,993**	2,705
Forward order book	**£2.0bn**	£2.2bn

During 2024, the business worked on strategically important sites in Harrow, Havering, Cardiff, Brent and Barking. The Residential business also operates as a construction contractor for public-sector customers across London, the South and Wales.

Despite the challenging market conditions, Residential was successful in securing new opportunities with Guildford Borough Council, Eastleigh Borough Council and Bournemouth, Christchurch and Poole Council. The forward order book is marginally down on the prior year at £2.0bn (2023: £2.2bn). Completions in the year increased to 1,028 units (2023: 276) and the business completed 61 open market sales (2023: 70). The majority of these completions were affordable schemes. The investment in recent years in development opportunities with joint ventures and collaborations with public sector customers has led to a growing development pipeline.

Good progress has been made with planning across our development partners and Residential is working to get planning consent on a further 3,571 units (2023: 3,766), which will solidify the pipeline for years to come. At year end, Residential was active on 31 sites (2023: 32) which will deliver a further 1,993 units (2023: 2,705) over the next few years.

Property Services

Wates Property Services comprises three specialist business units: Living Space (social housing maintenance), Wates Facilities Management (private facilities management services) and Liberty Group, acquired 1 October 2024 (heating & gas compliance).

	2024	2023 *
Property Services statutory turnover	**£547.2m**	£422.4m
Forward order book	**£2.7bn**	£1.9bn

* the prior year analysis of statutory turnover has been restated to reflect the Group's latest reporting structure that was implemented during the year

Living Space performed very positively in 2024, with revenue increasing by 29.0 per cent on the prior year, driven by strong work winning success and increased demand for services across all workstreams. The forward order book was £1.81bn (2023: £1.67bn) at the end of 2024, with key new long-term contracts secured with Network Homes, Peabody, Lambeth, Hammersmith & Fulham, Orbit and South Derby. Opportunities for further growth into 2025 and beyond through our large bid pipeline continue to build positive momentum for the business. Actions to mitigate industry pressures around inflation, skills shortages and supply chain constraints have supported strong operating profit improvement during 2024. The outlook for the sector remains positive, with the requirement to decarbonise social housing presenting significant opportunities for sustainable growth.

Wates FM continued strong year-on-year growth, recording a 33.4 per cent revenue increase for 2024, driven through securing new contracts with Hampshire and the Isle of Wight Fire and Rescue Service and Police and Crime Commissioner, plus a contract to manage more than 250 sites for the International Workplace Group (IWG). These key new contracts, alongside organic growth from existing customers JLL and Wellcome, helped the business end the year with a forward order book of £284.2m (2023: £215.5m). General market conditions remain favourable for growth, with the business well positioned to secure further market share in the medium term.

Liberty Group, acquired in October 2024, provides property services specialising in repairs and maintenance, gas services and renewables. Liberty provides the skillset and platform to further enhance our delivery and offering in the decarbonisation of social housing. The business has £565.4m of secured contracts for delivery over the coming years, with the growing requirement to decarbonise social housing presenting significant opportunities for further growth.

Group operating profit/(loss) before interest and tax

Group operating loss before interest and tax was £(3.0)m in 2024 (2023: £44.6m profit), after charging an exceptional item of £28.8m. 2024 underlying operating profit before interest and tax, before charging the exceptional item, was £25.8m, a decrease of £18.8m compared to 2023. Underlying operating profit margin at 1.1 per cent of Group turnover has decreased by 0.9 percentage points (2023: 2.0 per cent).

Gross profit increased by £32.0m, from £234.1m in 2023 to £266.1m in 2024, driven by the growth in turnover. Gross profit margin as a per cent of Group turnover has increased by 0.4 percentage points, from 10.7 per cent in 2023 to 11.1 per cent in 2024, reflecting the impact of the higher turnover, the movement in Developments gross profit did not have an adverse impact to gross profit margin.

Underlying administrative expenses of £240.2m were charged in 2024, compared to £193.5m in 2023, an increase of £46.7m. This increase reflects inflation, investment to support increased activity levels, drive future growth plans and deliver both Divisional and Group priorities. Administrative expenses include the benefit of research and development tax credits, as discussed below.

Wates' focus on innovation and investment in research and development to support modern methods of construction and decarbonisation projects is reflected in both research and development expenditure and tax credits recognised in the consolidated profit and loss account. The tax credits relate to amounts recoverable from HMRC on previously incurred expenditure (see note 5 to the accounts). Administrative expenses included research and development credits of £12.3m in 2024, an increase of £1.4m on the prior year (2023: £10.9m), driven by the increased spend and supported by a comprehensive review of our research and development activities to identify relevant costs.

Group operating profit/(loss) benefited from a credit of £1.2m in 2024 (2023: charge of £(5.6)m), in relation to the net surplus on revaluation of investment properties and buildings within Needspace at 31 December 2024 (see note 11 to the accounts for further information).

In total, underlying Group operating profit (before share of post-tax (loss)/profit from joint ventures and associates) decreased by £7.9m to £27.1m in 2024, from £35.0m last year, as a result of the increase in administration expenses (£46.7m higher) offset by the higher level of gross profit (up £32.0m) and change in the total net revaluation surplus/(deficit) of £6.8m (£1.2m surplus in 2024 vs. £(5.6)m deficit in 2023).

Share of post-tax loss from joint ventures and associates in 2024 was a loss of £(10.2)m, compared to a loss of £(0.4)m in 2023. This is after charging the Group's share of interest £9.7m (2023: £8.8m) and a tax credit of £0.8m (2023: £(1.2)m charge). At an underlying operating profit level, before interest and tax, the Group's share is £(1.3)m loss in 2024, compared to £9.6m profit last year, this is reflective of operational challenges experienced at certain of our joint venture developments. The Group's share of interest includes interest on funding provided to joint ventures (linked to the Bank of England base rate) by the Group of £8.5m in 2024, which is also reflected as interest receivable in the consolidated profit and loss account (see note 8 to the accounts – included within other interest).

Share of joint venture post tax loss depends on stage of completion and forecast site margin for the various joint ventures entered into by the Group for the development of residential property. Profits are only recognised when the assets being developed by the joint venture are sold. In 2024 additional costs to complete sites within our joint-venture housebuilding schemes significantly impacted forecast site margin.

Group statutory operating profit/(loss) before interest and tax (after share of post-tax loss from joint ventures and associates) was lower in 2024 at £(11.9)m loss, compared to a profit of £34.6m in 2023, primarily because of the £28.8m exceptional item recognised in relation to the defined-benefit pension scheme (see below).

Exceptional items

Group operating loss of £(1.7)m has been arrived at after recognising an exceptional charge of £28.8m in relation to the bulk transfer of the defined-benefit assets and liabilities from the Wates Pension Fund to the Clara Pension Trust, for all defined-benefit members of the fund.

A one-off contribution of £18.7m was made into the fund on 31 December 2024 to cover the shortfall between the fund's assets and the cost of the transaction, with the Group irrevocably committed to the completion of the transaction at that date. This gave rise to a settlement expense of £21.2m that, together with the curtailment loss on closure of the fund to future accrual of £1.6m and advisers fees and other related costs of £6.0m, comprise the exceptional item of £28.8m in the 2024 profit and loss account (see note 3 to the accounts).

The balance sheet at 31 December 2024 reflected the net pension provision that will remain after the transfer of the Fund's assets to Clara Pension Trust, with the exception of a £0.1m reserve held within the fund to allow for any additional liabilities that may arise once Clara-Pensions has completed GMP equalisation and a data rectification exercise.

This transaction has derisked the Group's balance sheet in relation to potential future adverse movements in the provision for the defined-benefit pension scheme and removed the requirement to make ongoing deficit reduction contributions.

The effective date of the transaction, when the transfer was completed, was 14 January 2025. See note 30 to the accounts for further information.

Net interest receivable

Group statutory profit before tax of £2.6m includes net interest receivable of £14.5m, an increase of £4.2m on the prior year (2023: £10.3m). Interest receivable has benefitted from an increase in the average Bank of England base rate during 2024, which has positively affected interest receivable on our own joint venture funding of £8.5m in 2024 (2023: £7.0m), as well as interest earned from cash on deposit. In addition, 2024 reflects higher income from the unwind of discounts on deferred consideration receivable for land sales within Developments of £4.2m (2023: £1.0m).

Tax

The Group's tax liabilities arise and are met fully within the UK. The tax charge for the year (including joint ventures and associates) was £1.1m (2023: £14.1m), which gave an effective rate of 62.8 per cent (2023: 30.4 per cent). This compares to the UK mainstream corporation tax rate of 25 per cent (2023: blended rate of 23.5 per cent). The current year tax charge exceeds the UK mainstream corporation tax rate principally due to disallowable costs such as the amortisation of goodwill.

Treasury management and financing

The key objective of the Group's treasury function is to manage the financial risks of the business and to ensure that sufficient liquidity is available for the Group. All treasury activity operates within a formal control framework. The Board has approved treasury policies and guidelines and periodically reviews treasury activities.

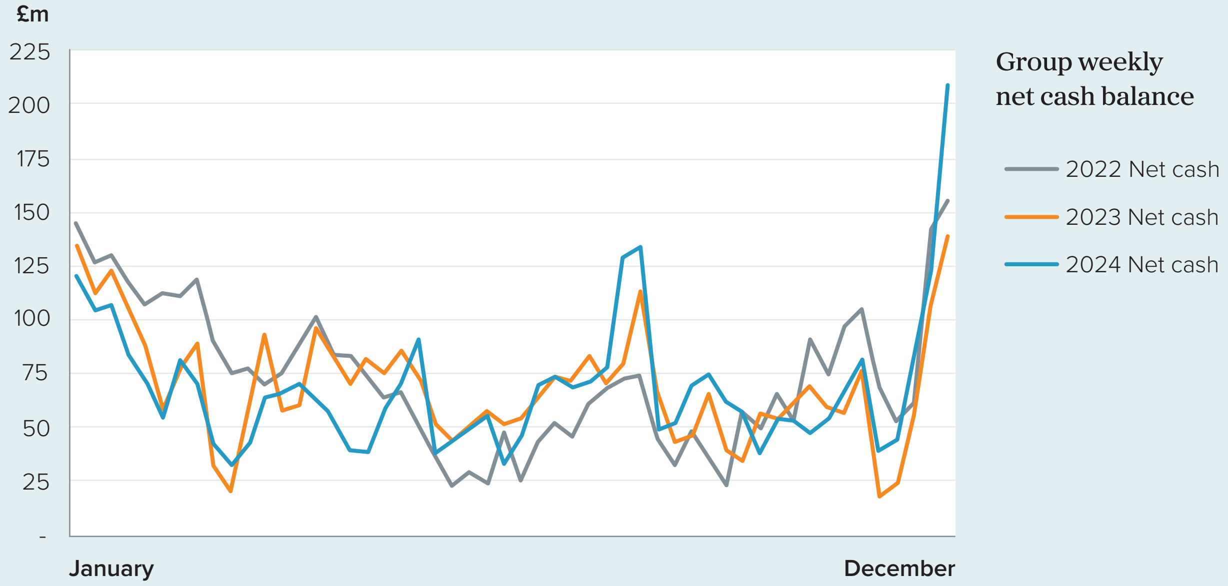
The Group had in place a sustainability-linked Revolving Credit Facility of £84m at 31 December 2024, which expires in September 2026 (extended by six months during 2024). The facility was reduced by £6m in February 2024, from £90m to £84m, following the revaluation of the Group's investment properties. The facility was not utilised throughout 2024 and remained undrawn at 31 December 2024 (2023: £nil). The Revolving Credit Facility was reduced by a further £6m in January 2025, from £84m to £78m, following the disposal of one of the Group's investment properties. Wates Group Limited (the company) undertakes a trade in finance by offering money-lending services to the Group and controlling and managing bank facility arrangements.

Cash

The cash position of the Group is set out below.

	2024	2023
Average daily net cash balance Average daily cash balance net of debt excluding cash held in joint ventures	**£80.9m**	£77.0m
Year end cash Cash balance excluding cash held in joint ventures	**£195.6m**	£138.0m

The Group's weekly net cash balance (being the average weekly cash balance excluding cash held in joint ventures) is shown below:



The Group operated with a similar level of net cash compared to the previous year throughout most of 2024. This profile was in line with expectations, impacted by the timing of receipts from construction contracts, investment, quarterly VAT payments and dividends. In line with previous years, the net cash figure climbed significantly towards the end of the year, closing at £195.6m, £57.6m higher than at the end of 2023, largely as a result of an improved working capital position paired with increased activity levels.

Group operating activities generated cash of £83.8m (2023: £32.5m), notwithstanding the impact of the £18.7m payment to Clara-Pensions under the bulk transfer agreement. Cash flow from operating activities included deficit funding contributions to the pension fund of £12.8m (2023: £13.5m). Cash flows from investing and financing activities included amounts paid to joint ventures of £61.1m (2023: £81.1m) and dividends paid totalling £18.9m (2023: £14.6m). These were offset by amounts received from joint ventures of £77.2m (2023: £61.0m). See note 22 to the accounts for more information on cash generated by operations.

Defined-benefit pension plan

The defined-benefit pension scheme, which is closed to future accrual, has been valued in accordance with FRS102.

	2024	2023
Pension scheme deficit (net of deferred tax)	**£0.1m**	£2.8m
Market value of the scheme's assets	**£184.7m**	£198.5m
Net present value of the scheme's liabilities	**£184.8m**	£202.3m
Remeasurement of net defined-benefit liability	**£(4.8)m**	£(9.6)m
Pension cost/(credit) recognised in accordance with FRS102 in the year	**£0.3m**	£(0.1)m
Curtailment loss due to closure of the fund to future accrual	**£1.6m**	-
Settlement loss due to the bulk transfer of the fund	**£21.2m**	-
Deficit funding contributions	**£12.8m**	£13.5m

During the year, the Group and the Trustee of the Wates Pension Fund agreed to transfer members of the Wates Pension Fund to Clara-Pensions, a pensions consolidation company for defined benefit pension schemes. Details of all movements are included in note 25 to the accounts.

Acquisition

On 1 October 2024, the Group acquired all the issued share capital of Liberty Group Investments Limited for £16.7m in cash and £12.0m of deferred consideration, incurring £1.8m of acquisition related costs. The Liberty Group is a leading property services business specialising in repairs, maintenance, and heating and compliance. The acquisition expanded our footprint in property services, while adding expertise in heating and compliance, plus renewables, creating an end-to-end service for social housing providers.

The Liberty Group, reported within our Property Services division, contributed £25.8m of turnover and a loss after tax of £0.6m in 2024. Net identifiable assets acquired were £7.9m and the transaction gave rise to intangible assets of £7.1m and goodwill of £17.2m, amortised over 9 and 20 years, respectively. See note 28 to the accounts for further information.

Shareholders' funds

Shareholders' funds decreased by £21.8m to £148.5m:

	£m
Shareholders' funds at 31 December 2023	170.3
Profit for the financial year	0.7
Pension movements (including deferred tax)	(3.6)
Dividends	(18.9)
Shareholders' funds at 31 December 2024	**148.5**

Dividends

Dividends of £15.2m and £3.7m were declared in 2024 and paid on 9 April and 28 October 2024, respectively. Dividends of £10.7m, £0.1m and £3.8m were declared in 2023 and paid on 14 April, 22 May and 16 November 2023, respectively.

Wates Family Enterprise Trust

The Group continued to award funds to the Wates Family Enterprise Trust (WFET) to support its charitable giving. In 2024, this amounted to £1.8m (2023: £1.5m). The themes on which WFET focuses are: life opportunities for young people; housing; and sustainability.

Philip Wainwright
Chief Financial Officer

Strategic report

Principal risks and uncertainties

Managing our risks

Effective risk and opportunity management is at the heart of Wates' principles of good corporate governance (see Corporate Governance Report on page 154 (principle 4)). We conduct our business responsibly, safely and legally, in line with our code of conduct and behaviours, and guided by our purpose. Led by the Board and Executive Committee, we will continue to manage our risks and opportunities with structure and rigour, in line with these principles and our purpose.

Governance

The Board has overall responsibility for ensuring the Group's systems of risk management and internal control are operating effectively. The Board is supported by the Audit Committee in the discharge of these responsibilities.

The Chief Executive is accountable to the Board for the effective management of risks and the identification of opportunities on a day-to-day basis. At an operational level, individual members of the Executive Committee report to the Chief Executive on specific risks within their remits. Our divisions each manage these risks respectively at division level.

Our approach to risk management is both top-down, from the Board and its sub-committees, and bottom-up, from executive management and the individual divisions. This approach ensures an ongoing dialogue is in place across the Group, so we can continually scan the horizon to identify emerging risks and opportunities.

Key actions in the year

As part of Wates' commitment to continuous improvement, the Board carries out periodic reviews of principal risks. These risks fall into four categories, as follows:

- **strategic/opportunities**
- **external**
- **operational**
- **business-as-usual**

The evolution of Group priorities (see Strategy on page 144) is also reflected in the risk framework. Delivering value for our customers and shareholders is underpinned by the following priorities:

- **health, safety and wellbeing**
- **people (including inclusion and diversity)**
- **innovation**
- **customers and partners**
- **supply chain and quality**
- **sustainability**

Taken together, these priorities deliver profit.

- **profit**

The Group continues to operate the executive-level Risk Committee as part of our governance structure. Throughout the year, the committee carries out a formal cycle of reviews of principal risks and opportunities, monitors emerging trends and works with the key risk owners on determining appropriate mitigations where required.

This work is accomplished alongside an ongoing programme of embedding operational risk management.

As the Group's strategic direction evolves, we continue to re-evaluate and monitor key risks and opportunities in the light of new legislation, market trends and disruptors. To remain competitive, we monitor market trends, legislation and disruptors when benchmarking against competitors. We are, furthermore, committed to strengthening our environmental, social and governance activity and aligning our people risk with culture and wellbeing.

We have increased our focus on the physical and transitional climate change risks within our operations, as we clarify our expectations of future impacts and the mitigation activities that will be required. Climate change has also presented the Group with significant opportunities for growth. Mitigating these risks and taking advantage of these opportunities will require close management and recognition of third-party and supply chain management risks.

Reputational risk remains a key imperative for the Group and is formally discussed as part of our principal risks activity. We are, furthermore, proactively reviewing our governance and managing key legal and regulatory compliance risks and opportunities, as well as keeping abreast of any changes in building regulations to support our reputation for delivering high-quality work.

Principal risks and uncertainties

Principal risks are defined as those that could affect our strategic ambitions, future performance, prospects or reputation. Our principal risks are set out in the tables below, which include a summary of the type of risk (as categorised within our risk management framework), mitigations and controls, alignment to our performance priorities, and risk movements and trends. At Wates, we discuss emerging risks and opportunities as part of our ongoing risk governance and reporting regime. We also conduct horizon-scanning exercises to maintain a medium and longer-term view of potential disruptors or emerging risks to our business.

Risk movement:

- increasing
- no movement
- decreasing
- new risk

As the most significant area of risk and uncertainty, the Group has continued to pay close attention to the external macro-economic and political factors affecting our strategy, operations and performance. The war in Ukraine and further geopolitical instability in the Middle East, along with US political developments on trade policies, continue to result in uncertainty for our supply chain. We are monitoring these risks and have taken appropriate actions to mitigate their impact on our business.

While inflation settled during 2024, wage costs and supply chain costs more generally have remained priorities, with these affecting not only our employees but also the profitability of both our long-term construction contracts and house building operations. We have carefully analysed and responded to the impact of cost increases, supply chain insolvency and wider disruption due to labour shortages and energy price volatility.

In contrast, we have seen an increase in demand for social housing retrofit work driven by EPC regulatory requirements and other safety and building upgrades, as well as opportunities to leverage asset optimisation and renewables integration in a more joined-up manner.

With government support for capital investment in social housing, education, justice and health expected to continue, we are in a strong position to offset any reduced demand for private housing with accelerated demand in the public sector. Furthermore, a reinvented private partnership model is increasingly seen as a vehicle for an acceleration of investment into social infrastructure.

Despite the headwinds, there remains considerable demand for services in the built environment. The government's commitment to building new homes and investing in social infrastructure, as well as prioritising the energy efficiency of new and existing homes to support the UK's movement towards net zero, will provide a counterbalance to the economic impacts on the sector and present significant opportunities for Wates in the medium term.

The Group has a strong future order book, which, together with its continued financial resilience, will support the business as we manage and respond to further changes in the geo-political and economic environment.

We will monitor the recent changes in planning policy from central government for improvements in the timing and viability of future schemes. We will continue to assess and manage the impact of the Building Safety Act and the Building Regulation changes, which we see both as a future opportunity and a risk, given the early stages of the implementation of this new legislation.

As the Group steps up on its strategic ambitions, we are seeing an increasing risk associated with the implementation of our key strategic initiatives, including Group's divisionalisation efforts, integration of the Liberty business following its acquisition and a delivery of Digitalisation roadmaps to name a few. Furthermore, our supply chain continues to be impacted from both availability and cost perspectives, with risks in this area perceived to be heightened due to uncertainty in the global political and economic environment, in particular in relation to possible tariffs from the US administration and the escalation of political turmoil in relation to ongoing wars in Ukraine and the Middle East etc.

However, despite the complex and fast-moving competitive landscape, the Group's competitive position is perceived as strong and stable (e.g. order book and pipeline in particular). Where contract profitability has presented challenges, our leadership has taken decisive turnaround measures and, furthermore, a risk-based approach to strategically important investments, bids and contract engagement, with structured mitigation measures for high-value, high-risk contracts in particular.

The health and safety risk also remains very closely monitored with the new Group Health, Safety and Wellbeing Director in place and strong engagement from operational leadership in our regions. There is a more focused drive to actively learn from historic health and safety performance and make sure those learnings are embedded within our Operating Framework. Contingency plans for efficient and effective incident response, including robust investigation, where applicable, have been put in place. Furthermore, integrated assurance efforts are progressing with clear mission to strengthen compliance activities across the second line of defence in a co-ordinated manner.

See further detail at Section 172 statement on page 144.

Principal risks:

- strategic/opportunities
- external
- operational
- business-as-usual

Risk movement:

- increasing
- no movement
- decreasing
- new risk

Performance priorities:

- health, safety and wellbeing
- people (including inclusion and diversity)
- innovation
- customers and partners
- supply chain and quality
- sustainability
- profit

In the period we have continued to undertake the following:

Political, geo-political and macro-economic factors

The Group closely monitors the political, geo-political and economic environment and any emerging trends that could affect our business plans, customer engagement or operational delivery, in order to allow for effective and timely preparation of our response strategy.

Risk	Mitigating actions the Group has taken or will undertake in 2025
We fail to anticipate and appropriately respond to significant external events. Political, geo-political or macro-economic factors could all impact the Group's performance, reputation or long-term viability, or result in lost opportunities for growth.	• Conduct regular reviews, analysis and reporting of external political and economic factors to Board and Executive Committee to support decision making and medium and long-term strategy planning. • Deepen relationships with our customers, manufacturers, distributors, suppliers and sub-contractors, with a focus on market intelligence to inform decisions. • Form specialist working groups to devise scenario analysis and response plans and make use of SME adviser panels to provide support and guidance. • Closely monitor government policy; encourage leadership participation in economic and regulatory forums. • Manage the ongoing risks and impacts related to retrospective elements of the Building Safety Act. • Strong bid procurement strategy in place, with a focus on contract values and contract selection. • Utilise detailed procurement plans to manage the supply of materials through our supply chain and to make use of cross-project procurement opportunities. • Use external market data to engage customers on cost pressure issues. • Continue to monitor the impact of housing market volatility. • See Environment on page 44 for detail of our sector-leading strategies in response to the government's net-zero targets and the opportunities to lead and support our customers and supply chain in this area.

Principal risks: strategic/opportunities; external; operational; business-as-usual
Risk movement: increasing; no movement; decreasing; new risk
Performance priorities: health, safety and wellbeing; people (including inclusion and diversity); innovation; customers and partners; supply chain and quality; sustainability; profit

Strategy and transformation

Having a clear and coherent strategy, aligned to Wates' purpose and behaviours, is critical to our longevity as a business. Our purpose and Group priorities are at the heart of our operations.

Risk	Mitigating actions the Group has taken or will undertake in 2025
We fail to define and deliver an effective Group strategy that is supported by both the Group purpose and strong market fundamentals, adversely affecting the long-term growth, ambition and sustainability of our business.	• Ensure detailed action plans for each business' strategic growth areas, with detailed quarterly progress reviews and associated KPI monitoring to ensure Group initiatives are delivered efficiently and effectively and support our overall strategic direction. • Maintain robust Board oversight, to provide clear direction and challenge to the Group's strategic development and implementation of its plans. • Consult with and engage key stakeholders appropriately on the design, development and implementation of strategic initiatives that are materially important to them. • Ongoing market research, as well as competitor and trend analysis, in order to provide insights into strategic opportunities. • Review short, medium and long-term market disruptors to continually enhance our offering. • Focus future investments on those strategies that deliver significant shareholder and business value. • Maintain a diverse customer base and product range, allowing us to respond to strategic opportunities and new challenges with agility. • Deliver 'divisionalised' strategies for individual business units, in line with the opportunities for growth identified in different sectors. • Focus on environmental, social and governance issues as the bedrock of our strategic thinking, with climate change in particular at the forefront of our research, innovation and commitments. • Ensure the Group priorities are all embedded within each division's and function's strategies and are tracked and measured appropriately.

Performance and competition

We continue to face competitive challenges in an increasingly complex and fast-moving economic landscape, with costs, margin and supply chain pressures impacting the sectors in which we operate. To maintain our strong order book, we focus on our customers and seek to innovate wherever possible to serve them better.

We remain highly selective in the work we bid for and take ondeliver. We therefore consider risks related to performance and competition currently to be well managed currently.

Risk	Mitigating actions the Group has taken or will undertake in 2025
We fail to manage our business and financial performance, to compete effectively in line with our strategy, or to maximise opportunities for growth. This could impact our reputation, profitability, market share and long-term sustainability as a business.	• The detailed 2024 strategy process included horizon scanning for each part of the Group. This involved reviewing current and potential markets for future areas of opportunity and potential risks and including the conclusions to these reviews as part of the strategy. • Board oversight on performance, strategy and opportunity. • Continue to employ a risk-based approach for strategically important bids, contracts and investments, with clear mitigation measures for high-value or high-risk contracts in particular. • Remain highly selective in our bid and contract engagement and continue to target areas where we have competitive advantage. • Regularly review markets, trading opportunities, competitor strategy and activity, and develop response plans to support our strategic ambition. • Continue market scanning and competitor analysis to inform our focus and ensure our performance priorities align with our customers' requirements. • Support innovation, particularly in relation to climate change and in the areas where long-term market and customer trends can be leveraged. • Focus on opportunity areas, such as social housing, net-zero developments, low carbon buildings and energy efficient retrofits. • Work to retain and attract high-performing, forward-thinking talent, underpinned by a new Group people strategy.

Principal risks:	Risk movement:	Performance priorities:		
strategic/opportunities	increasing	health, safety and wellbeing	innovation	supply chain and quality
external	no movement	people (including inclusion and diversity)	customers and partners	sustainability
operational	decreasing			profit
business-as-usual	new risk			

People, including inclusion and diversity

A key strategic imperative is to attract, retain and develop a high-quality and diverse pool of talent. Having the necessary resource capability with the right knowledge, skill and behaviours to drive and deliver business growth is critical to our success.

We care about employee wellbeing and are committed to creating and maintaining an inclusive culture in which all employees are treated fairly and feel they belong. Embedding this culture is key to ensuring we deliver our strategic priorities in line with our purpose.

See further detail in the People section on page 24.

Risk	Mitigating actions the Group has taken or will undertake in 2025
We fail to deliver on elements of our people strategy or elements of our strategy prove ineffective, thereby impacting employee engagement, talent attraction and retention. This could harm our ability to grow and innovate within the business. **We fail to embed our purpose in our culture, which could derail the delivery of our people strategy, impacting our reputation and ability to deliver strategic business.**	• Create and deliver a People strategy with action plans and measures of success approved by the Board. • Utilise external insights and expertise for market analysis and benchmarking. • Perform regular reviews of remuneration packages to ensure market competitiveness. • Evaluate the implementation of MyShare, the profit-share scheme that aligns employee reward to individual business performance. • Embed oversight of succession planning, remuneration policy and standards with our Nomination Committee and Remuneration Committee. • Build capability through investment in learning and leadership development, while attracting talent to build resource, skills and talent pipelines. • Maintain our commitment to building an inclusive workplace with a market-leading policy framework. • Continue to promote use of our employee networks to support our Group inclusion and diversity agenda. • Maintain the Group's Investors in People Gold accreditation, in line with the review undertaken in 2024. • Continue to participate in both the FTSE Women Leaders Review and the Parker Review (which tracks the number of ethnic minority directors who sit on boards) in the 50 large private companies in the UK segment. • Continue to reinforce our commitment to health and wellbeing through our Employee Assistance, Mental Health First Aid and Peppy programmes. • Continue to support Group ethics and compliance through our established Code of Conduct and regulatory compliance programmes, with Safecall and SpeakUp processes in place for colleagues and supply chain partners to raise concerns. • Continue to reinforce the Code of Conduct.

Health, safety and wellbeing

The health, safety and wellbeing of all stakeholders is and always will be Wates' number-one priority.

We are reliant on a largely subcontracted workforce, which creates additional monitoring challenges. This is built into our operating framework, governance and reporting protocols.

We are committed to demonstrating the highest standards of health and safety management. See further detail in the Health, Safety and Wellbeing section on page 16.

Risk	Mitigating actions the Group has taken or will undertake in 2025
An event resulting in death or life-altering injury, and materially adverse financial, reputational and regulatory consequences to the Group.	• Maintain and look to improve on an industry leading health and safety performance through a strong safety culture, supported by a robust framework of health and safety operating procedures. • Use critical metrics and stringent action plans to ensure strong governance and oversight is maintained at each level throughout the Group driving ownership and personal accountability. • Contingency plans in place for efficient and effective incident response including robust investigation; ensure these are reviewed and tested on a regular basis. • Continue to strengthen our extensive suite of assurance and compliance activities to help us evaluate our performance. • Conduct leadership and business briefings and workshops; provide updated guidance to support management understanding. • Improve analytical dashboard reporting and quality of data input. • Monitor extreme weather events caused by climate change such as strong winds, heavy rainfall, and heat stress as part of our health and safety risk assessments and link this to our Climate Change risk management and TCFD reporting (see page 55). • Strive for continuous improvement across all areas of health and safety. • Promote increased use of modern methods of construction (MMC).

Principal risks:	Risk movement:	Performance priorities:		
strategic/opportunities	increasing	health, safety and wellbeing	innovation	supply chain and quality
external	no movement	people (including inclusion and diversity)	customers and partners	sustainability
operational	decreasing			profit
business-as-usual	new risk			

Projects and service delivery

At Wates, we use our professional judgment in estimating, planning, designing and constructing our projects, often in complex environments. Each project could encounter difficulties that lead to cost and time overruns, litigation or disputes.

Our activities are guided by our Operating Framework that mandates rigorous policies and procedures throughout a project's lifecycle. We seek to always deliver quality and are focused on customer service as a Group priority. In recent years, we have also focused significantly on innovation to improve our service delivery and we support our customers through our new Customer Excellence programme.

See political and economic risk on page 133 for external issues impacting project delivery.

Risk	Mitigating actions the Group has taken or will undertake in 2025
We fail to deliver our projects and services efficiently and effectively or fail to maximise customer engagement opportunities, which could affect our financial position, reputation and our potential for growth.	• The 'reimagine' project is underway to streamline the Operating Framework and improve the consistency of our delivery. • Continue to focus on innovation in our delivery through better use of offsite MMC, our Technical Excellence Centre, introduction of the Optimised Construction Steering Group and the availability of Wates Sustainable Technology Services (WSTS) and the Wates Innovation Network (WIN) Portal to support more sustainable customer solutions. • Build on our significant project assurance programmes, including peer reviews and customer feedback, which help mitigate the risks to successful project delivery and keep us focused on learning and continuous improvement. • Use our well-defined operating framework, which includes comprehensive management oversight and risk management processes, to support successful project delivery. • Maintain stringent management oversight and project governance reporting, focusing on safety, productivity and quality through our Delivering the Promise programme. • Closely scrutinise financial judgements made on projects, supported by compliant revenue and profit recognition policies. • Provide strong customer engagement to manage contracts effectively and profitably. • Maintain robust supply chain or counter-party risk management protocols, including for due diligence and onboarding. • Take a strategic approach to Group procurement to increase resilience and generate better value within the supply chain. • Develop effective crisis and incident management processes, enabling efficient incident response. • Continue to evaluate the impact of climate-related extreme weather events, such as localised flooding of project sites or wider transport infrastructure issues, and consider this as an underlying risk that could lead to programme delays. Contingency plans must remain robust to mitigate against any adverse effects from such events.

Supply chain management

A robust supply chain is critical to Wates' ability to deliver quality projects and services. To ensure effective management of counter-party risks, we work with preferred suppliers and operate stringent due diligence and onboarding processes which set clear standards of operation. These processes include appropriate training and relationship management. The impacts of the current political and economic environment on our supply chain are significant, especially with regard to availability and cost management. We maintain a sustainable procurement strategy and robustly monitor all aspects of our supply chain framework.

See the Supply chain and quality section on page 22 for more information.

Risk	Mitigating actions the Group has taken or will undertake in 2025
We fail to maximise the opportunities we create and effectively monitor and manage our supply chain. **This failure could affect our business performance standards, our legal and regulatory compliance obligations, and the effective delivery of projects and services, resulting in reputational and financial damage.**	• Robustly manage our core preferred supplier network with the agility to adapt to complex and evolving economic and political factors. • Review our sustainable procurement strategy. • Continue to run our Inflation Working Group to monitor contractual risk and supply. • Maintain due diligence clearance and onboarding checks to support Group standards. • Reinforce our supply chain framework, which sets out our legal and operational compliance requirements across the supply chain network. • Assess performance, through KPI monitoring, supply chain procurement plans and insolvency monitoring as part of an oversight and governance framework. • Continue to carry out assurance checks on areas of legal and regulatory compliance, with a working group in place supported by our internal Group Legal team. • Subject all third-party suppliers to performance monitoring and evaluation.

Principal risks: strategic/opportunities; external; operational; business-as-usual

Risk movement: increasing; no movement; decreasing; new risk

Performance priorities: health, safety and wellbeing; people (including inclusion and diversity); innovation; customers and partners; supply chain and quality; sustainability; profit

Climate change

Climate change is altering the way we work and the type of work we deliver. In response to this risk and opportunity, we are reducing the environmental impact of our operations, improving the Group's ability to operate effectively in a net-zero environment and leveraging the opportunity that this changing market presents.

Our near-term and net-zero targets have been validated by the Science-Based Target initiative. These will see Wates almost halve Scopes 1 and 2 emissions by year ended 2030 against a 2019 baseline and achieve a 90 per cent reduction across all three scopes by year ended 2045.

To achieve these targets, we are phasing out the use of diesel across the Group, and all divisions offer or are developing products and services aligned to net zero. These include large-scale sustainable refurbishment, fabric-first housing retro-fit and optimisation of energy use in buildings. We also work closely with suppliers, sub-contractors, finance partners and customers to shape the market of the future while analysing the potential innovations we could employ to accelerate progress.

See page 55 for our annual report including progress on our Task Force on Climate-related Financial Disclosures and our Streamlined Energy and Carbon Report on page 52.

Risk	Mitigating actions the Group has taken or will undertake in 2025
We fail to respond to the impact of transitional and physical climate change risks and opportunities, affecting our ability to win work and attract talent, and damaging our ability to continue to trade.	• Board-level governance and oversight of our progress through the Group Sustainability Committee. • Established Executive Committee leadership through the Group Sustainability Director. • Finance agreement linked to our climate change targets. A KPI within our Sustainability-Linked Loan relates to the Group's supply chain setting science-based targets. • Leadership of Supply Chain Sustainability School carbon working group to support supply chain transition. • Targeted interaction with major supply chain partners to build a shared picture of the challenge and collaborate on solutions. • Improved data collection and analysis and maintained external assurance of our reported data. • Continue to expand our environmental capabilities and expertise to accelerate our own decarbonisation and support customers with new product and service offerings and to develop and deliver new approaches. • Continue the Wates' bespoke Environmental Leadership programme for senior leaders, supported by the UK Green Building Council, which is now in its eighth cohort.

Legal and regulatory

The legal and regulatory landscape in which we operate is evolving, with more regulation of businesses leading to the potential for greater penalties. Wates' commitment to delivering on our legal and regulatory obligations is central to our culture and purpose, and remains at the forefront of our communications, compliance programmes and policies.

The Building Safety Act 2022 also remains a key area of focus for the Group and for the industry more widely.

Risk	Mitigating actions the Group has taken or will undertake in 2025
An incident occurs or behaviours are observed that give rise to a serious governance, legal or regulatory compliance breach that affects the Group's reputation or our ability to do business and results in fines or criminal proceedings.	• Ongoing implementation of the Group's ethics and compliance programme around the principles of top-level commitment, risk assessment, policies, procedures and governance, due diligence, training, communication, monitoring and review. • Our ethics and compliance programme uses a risk-based approach and is underpinned by our ethics and compliance framework, which records each of the relevant controls, policies and procedures in respect of each key principle. • Ongoing monitoring of emerging areas of legal and regulatory compliance, using both our in-house specialist team and a panel of external advisers. • Ongoing monitoring of compliance with the Group's Code of Conduct, which requires annual compliance certification by senior management. • Ongoing assessment, monitoring and proactive mitigation of risks arising from the Building Safety Act 2022, using both our in-house specialist building safety team and a panel of external advisers.

Financial risk (liquidity)

The Group maintains sufficient liquid assets to meet financial liabilities as they fall due, and to deliver strategic growth plans and fund future investment opportunities. Funding and liquidity are provided through cash at the bank, bank loans, overdrafts (as part of pooling arrangements) and shareholders' funds. Funding arrangements are reviewed regularly and approved by the Board. The Group had net cash of £196m at 31 December 2024, with access to a further £84m via an undrawn revolving credit facility, which expires in September 2026 (extended by six months during 2024). The facility reduced by £6m during the year, from £90m to £84m, following a revaluation of the Group's investment properties for lender purposes in February 2024. The facility reduced by a further £6m to £78m in the first quarter of 2025, following the disposal of one of the Group's investment properties.

Wates maintains an infrastructure of systems, policies, and reporting to ensure discipline and oversight on all financial matters, including tax, treasury and financial reporting. We continuously monitor economic and market factors, such as cost and wage inflation, along with interest rate movements, and undertake stress testing of our liquidity position. We proactively monitor risk factors to understand our exposure and make informed decisions on a timely basis, which is key to managing our business on a sound financial footing and responding with agility to changes in trading conditions.

See further information in the Cash management section on page 129.

Risk	Mitigating actions the Group has taken or will undertake in 2025
We fail to maintain sufficient levels of liquidity to meet financial liabilities as they fall due, inhibiting our ability to deliver strategic growth plans and fund future investment opportunities, and thereby impacting our reputation, future prospects and long-term viability.	• Maintain strong discipline and oversight of all financial matters with regular reviews of liquidity levels, sources of funding and access to committed credit facilities. • Maintain a strong system of financial controls. • Maintain a strong balance sheet and established lender relationships. Current facilities include an undrawn £84m sustainability-linked revolving credit facility that expires in September 2026 (extended by six months during 2024 and reduced by £6m in year following a revaluation of the Group's investment properties, with a further £6m reduction in the first quarter of 2025 following the disposal of one of the Group's investment properties). • Perform regular short-term cash flow forecasting and trade debtor reviews with our Business Unit Finance teams. • Continue quarterly Treasury Committee meetings, chaired by the Chief Financial Officer (CFO). • Continue our stringent governance over funding and investment approvals. • Maintain Audit Committee and Board oversight and governance of key areas, including liquidity and funding strategy, Group tax obligations, going concern statement, financial resilience and key financial controls. • Monitor proposed changes in tax legislation and other relevant legislative requirements and develop action plans as required. • Assess and monitor the risk associated with the recent Liberty Group acquisition.

Principal risks:	Risk movement:	Performance priorities:		
strategic/opportunities	increasing	health, safety and wellbeing	innovation	supply chain and quality
external	no movement	people (including inclusion and diversity)	customers and partners	sustainability
operational	decreasing			profit
business-as-usual	new risk			

Systems, data and cyber

The scale and sophistication of targeted cyber-attacks are growing, while the ongoing macro-economic challenges and impact of the war in Ukraine mean that cyber-threat levels continue to increase. More and more zero-day incidents and ransomware attacks are being reported by organisations globally. As a result, we consider the external risk of cyber-attack to have increased for our Group and our supply chain. These risks pose a threat to our operational resilience, data, information and systems, all of which are priorities for us. We hold sensitive customer and colleague personal data and so continue to manage and monitor our internal controls robustly through our structured regulatory compliance and assurance programmes.

Risk	Mitigating actions the Group has taken or will undertake in 2025
A cyber-attack or information security incident results in unauthorised systems access, loss or misuse of confidential or personal information and/or denial of service, which impacts our business and its operations both financially and reputationally. **We fail to adequately protect the data and information we hold and process, resulting in legislative or regulatory breach and loss of trust, impacting our reputation and ability to do business.**	• Maintain robust controls and a suite of policies to monitor the performance of the Group's systems and security. • Continually develop and update our IT infrastructure, software, and cyber threat and assessment capabilities. • Monitor, detect and report on real-time threats and controls through our experienced internal team and service partners. • Maintain our Cyber Essentials Plus certification. • Carry out annual external reviews of our cyber security posture and penetration testing. • Employ multi-factor authentication (MFA), conditional access and extended detection and response (XDR) technologies to reduce the likelihood and impact of a cyber attack (malware or ransomware infection). • Maintain focus on our data environment and continue to invest in its capability, development and security. • Continue to improve our data protection procedures as part of our regulatory compliance and assurance programmes. • Carry out internal and external assurance reviews of our security and compliance controls. • Review and enhance our internal information security and data governance capabilities as part of our continuous improvement agenda. • Invest in training and communications on data privacy (including GDPR), data security and information security risks. • Offer security briefings and governance reporting to the Group at Board level. • Carry out due diligence on suppliers' cyber security and undertake contract reviews where necessary. • Continue offering our third-party IT supplier assurance programme. • Assess and monitor the risk related to the recent Liberty Group acquisition.

Strategic report

Section 172 Companies Act 2006

This report sets out how the directors comply with the requirements of Section 172 of the Companies Act 2006 and how these requirements affected the Board's decision making throughout 2024.

Engaging with stakeholders to deliver long-term success is a focus area for the Board and all decisions taken consider the impact on a wide range of stakeholders. Views of stakeholders are collated and shared in Board papers and inform the decisions made in Board meetings. Stakeholders are affected by Board decisions in different ways. However, it is the Board's priority to ensure that the directors have acted both individually and collectively in a way that it considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, with due regard to all its stakeholders and to the matters set out in paragraphs a-f of Section 172 of the Companies Act 2006.

Long-term strategy and vision

The Board operates a forward agenda of standing items appropriate to our operating and reporting cycles. Items requiring Board approval or endorsement are defined clearly. These include strategy and key contracts, as well as items required by law and regulation. The Board monitors or reviews progress against strategic priorities, risk management, health and safety, financial performance and the adequacy of internal controls.

The focus of the Board in 2024 continued to be ensuring that the Group manages the key risks to the Group effectively and is positioned to take advantage of the many opportunities for future growth. The Board approves an updated strategic plan every year and monitors its implementation throughout the year using detailed reports on operating and financial performance. In approving the plan, the Board considers factors such as competitor behaviour and the performance of the residential and construction sectors, as well as evolving social, economic, political and market conditions.

During 2024, work was completed on the new Group purpose and promises. These were signed off by the Board and launched to the Group in a number of face-to-face and online events, along with the Group strategy and behaviours.

Later in the year a strategic review was undertaken. This built on the detailed strategy process undertaken in 2023. The review was driven by each part of the business analysing changes in their markets in the year and key external factors influencing their business. Each business also reviewed internal factors, including their performance in the year and progress against strategic plans. Following this work each business flexed its existing strategy to take account of the factors identified. In 2024 the strategy work also continued to develop plans for the Group-wide strategic priorities: safety; innovation; sustainability; supply chain and quality; customers and partners; and people. The strategy was reviewed in detail by the Board in late 2024 and finalised in early 2025.

In determining the strategic plan, as well as the day-to-day management of the business, the Board considers the views of the stakeholders referred to in the table on page 147.

Employees

How the Group engages	Outcomes	Further details
• Engagement activities led by employee networks, like check-in chat sessions • Employee Engagement and Wellbeing survey • Site and office visits by shareholders, directors and Executive Committee members • Group-wide newsletters, blogs and webinars • Comprehensive intranet for the Group • Internal and external social media channels • Collecting colleague feedback through a variety of channels, like online surveys, focus-group discussions and in-person meetings • Engaging employees in external benchmarking for the Investors in People re-accreditation review via an all-employee survey and over 100 interviews • Annual Group Leadership Conference, annual Management Conference and regular ExCo Live calls through which messaging is cascaded to colleagues	• Continuation of our profit share bonus scheme (MyShare) across the Group, delivering £26.7m in employee bonuses for the 2024 performance year (2023: £27.3m). • Inclusion of a comprehensive suite of non-financial targets within our bonus scheme to ensure alignment between employee reward and holistic business performance, including environmental sustainability, gender diversity and safety • Launch and deployment of a Group People strategy with four pillars: inclusive performance culture, great leadership, learning organisation and flexible people solutions • Review and enhancement of people policies like family leave • Reverse mentoring programme, which pairs senior leaders with colleagues from under-represented ethnic backgrounds • Mentoring circles programme where groups of up to five women are mentored by senior business leaders on career management, negotiation skills, team effectiveness and relationship building • Internal mobility pilot to enable colleagues to explore career transitions in surveying • Enhanced support for menopause, baby loss, working carers, mental health and wellbeing • Partnering with specialists like STEM Returners and Change 100 to create pathways for untapped talent pools into the Group • Retention of Investors in People Gold accreditation	• 'People' on page 24

Customers

How the Group engages	Outcomes	Further details
• Regular customer engagement surveys by external companies • Meetings and events, both face-to-face and online • Interaction through the Wates Innovation Network (WIN) portal • Contract negotiation, ongoing management, site visits • Indirect engagement through the Group website, social media content, project reports and marketing material • Communication about changes to legislation • Invitations to participate at internal conferences	• Net Promoter Score (NPS) survey outcomes reviewed monthly by the business and the Board to monitor progress in customer engagement • Feedback received from customers • Supporting customers to achieve their sustainability targets through Wates Sustainable Technology Services (WSTS) and the WIN portal • Regular, effective and collaborative communication with customers about the Group's efforts to mitigate the effects of inflation and product, materials and labour supply issues on their projects and contracts • Strong customer retention across all of the Group's businesses • Continued implementation of Customer Excellence training programme • Delivering safely, to a high quality, on time and in line with contractual requirements	• 'Customers and partners' on page 32

Supply Chain

How the Group engages	Outcomes	Further details
• Supply Chain and Quality Leadership team is responsible for setting strategy • Dedicated team responsible for supply chain relationships • Supplier relationship management, regular reviews, internal and external events, reporting and managing KPIs, development plans, forecasting and ensuring capability and capacity to deliver • Health and safety training • Supply chain workshops • Regular meetings (either face-to-face or virtually) • Contract negotiation, ongoing management, supplier office and site visits • Indirect engagement through the Group website, social media content and project reports • Recurring Group Supplier Conference for Strategic Group supply chain partners and business unit specific annual conferences • Partner and active member of Supply Chain Sustainability School	• Clearly defined roles, processes and measurements for our team structure and the management of our supply chain • Careful selection and management of suppliers, providing support to the supply chain in terms of our Group compliance requirements and changes in construction regulations • The Group's consistent and supportive approach with its supply chain over many years has helped it respond effectively to the challenges of the market, such as high inflation shortages in product, materials and labour, key legislative changes, such as the Building Safety Act, and the impact from Brexit and conflicts in Europe • The Group's commitment to paying suppliers promptly has ensured that over 95 per cent of invoices are paid within 60 days, with Wates Construction Limited paying 99 per cent of its invoices and Wates Property Services Limited paying 96 per cent of its invoices within 60 days • Assisting our supply chain partners to meet mutual short and long-term sustainability targets	• 'Principle 6 Stakeholders' on page 156

Financial Institutions

How the Group engages	Outcomes	Further details
• The CFO and treasury function meet regularly with banks, insurers and providers of finance • Presentation of annual budgets and strategic plans • Quarterly performance reporting	• Extension of the Group's revolving credit facility for an additional six months to September 2026 • Ongoing covenant compliance and positive average daily net cash of £80.9m (2023: £77.0m)	• 'Treasury management' on page 129

Communities and Environment

How the Group engages	Outcomes	Further details
• Local community events, like 'Meet the Buyer' • Focused expenditure with social enterprises • Mentoring of social enterprises to facilitate business growth through the ASSETS programme • Direct engagement with sustainable solution providers and promotion of their services via the WIN portal • Chairing the 'Climate Action Group' for the Supply Chain Sustainability School to support SMEs • Supporting wider SCSS programmes through workshops and membership in working groups • PhD research projects with the University of Exeter and the University of Surrey • Participation in government consultations on sustainability matters • Direct engagement through membership of the Considerate Constructors Scheme • Support of charitable programmes • Member of the Building Services Association • Member of UK Green Building Council (UKGBC) • Project Partner of UKGBC's Advancing Net Zero Workstream • Supporting CL:AIRE in the digitisation of soils reuse materials reporting • Chairing Chartered Institute of Wastes Management Resource Efficiency and Waste Technical Group • Upskilling to increase employment opportunities, including for people in custody • Providing training and supporting work experience including T-Level industry placements • Promoting employment opportunities for people facing barriers to work • Member of the Institute of Corporate Responsibility and Sustainability (ICRS) • Championing the real Living Wage in our Residential, Facilities Management and Developments businesses • Monitoring our supply chain to mitigate the risk of modern slavery and engaging with Unseen to undertake GAP analysis	• Through Wates Sustainable Technology Services (WSTS), the Group is helping customers to achieve their sustainability targets through innovation • Through the award-winning WIN portal, WSTS is continuing to grow our portfolio of partners, providing new solutions to cut carbon and make the built environment industry more sustainable • In 2024, the Group created £395m of social value and engaged with 38,491 young people • In 2024, the Group spent £8.7m on social enterprises, taking the cumulative spend since 2007 to £62.5m • Since 2020, more than £914m (subject to external assurance) of social value has been created • The Group continues to provide funds to the Wates Family Enterprise Trust. £1.8m was contributed in 2024 (2023: £1.5m), taking the total amount given since 2008 to £20.2m • In 2024, 66 per cent of the Group's priority suppliers were registered with the Supply Chain Sustainability School, a 3 per cent increase on 2023	• 'Sustainability Report' on page 40 • 'Wates Family Enterprise Trust' on page 34

Shareholders

How the Group engages	Outcomes	Further details
• We interact with shareholders through away days, corporate events, the Chief Executive's twice-yearly presentation to the Shareholder Council, regular interaction with the Wates family office and through the Board, where five members of the fourth generation of the Wates family are members • Annual General Meeting (AGM) • The preparation of the annual report helps shareholders understand the Group's performance during the previous year	• The directors maintain a regular dialogue with Board members and other shareholders • The Group has approved a long-term increase in investment across its core investing businesses, supporting its objective to become a more profitable and sustainable company • The Board approved the acquisition of Liberty Group in 2024	• 'Corporate Governance Report' on page 151

Standards of business conduct

The Board is keenly aware of the need to maintain high standards of business conduct. Sir James Wates (Board director and former Chairman), on behalf of the Secretary of State for Business, Energy and Industrial Strategy, chaired an industry group on corporate governance for large privately owned companies in 2018.

The Group has a strong ethical culture, underpinned by its purpose, behaviours and Code of Conduct. The Code of Conduct sets out the standards that all employees of the Group must follow.

The Board has approved the Group's policies on anti-slavery and human trafficking and anti-bribery and corruption, which can all be found on the Group's website www.wates.co.uk. The Board has also considered the data and narrative relevant to the Group's gender pay gap reporting in preparation for external publication. In doing so, it considered proposals to improve the Group's performance in this area.

The directors take very seriously their responsibility to ensure the Group is a good corporate citizen. Business creates wealth that delivers the investment that, if properly managed by politicians, leads to a fairer and more prosperous society. In 2024, the Group (including its share of joint ventures) contributed taxes, all within the UK, whether borne by the Group or collected on behalf of HMRC of £405.4m (2023: £387.1m). The Group is proud of the part it plays in the industry's contribution to society through its economic activity.

Taxes paid in the year (as defined below)	Definitions	2024 £000s	2023 £000s
Taxes borne by the Wates Group			
Corporate income tax (receipts)/payments		**(2,758)**	3,356
Employment-related taxes	2	**42,704**	35,415
Other taxes	3	**7,322**	5,657
		47,268	44,428
Taxes collected for HM Government (in addition to taxes borne above)			
Employment-related taxes	4	**97,887**	86,199
Net VAT	5	**260,241**	256,482
		358,128	342,681
Total tax contribution (taxes generated by the Group from Wates Group activity)		**405,396**	387,109

Definitions

1) All taxes are paid in the UK; none in other jurisdictions
2) Employer national insurance contributions, income tax paid on benefits in kind and apprenticeship and CITB levies
3) Business rates, insurance premium tax, stamp duty land tax, irrecoverable VAT, fuel duty and vehicle and other taxes
4) Income tax and employee national insurance contributions deducted from salaries and wages
5) Net VAT collected and paid

Strategic report

Non-financial and sustainability information statement

This section of the strategic report constitutes the Group's non-financial and sustainability information statement, which is produced in accordance with Sections 414CA and 414CB of the Companies Act 2006. The non-financial information is contained within sections of the annual report and is cross-referenced below to help stakeholders find the relevant information.

Reporting Requirement	Statements, reports and policies	Information Required to Understand Our Business	Further details
Environmental matters	ISO 14001: Environmental Management certification Near-term science-based target Environmental Sustainability Plan Environmental Policy	Progress on the Task Force on Climate-related Financial Disclosures (TCFD) Streamlined Energy and Carbon Report (SECR)	Page 55 Page 52 For further information please visit the link below*
The Group's employees	People Fair Pay Reports Strategy	People Strategy	Page 24 For further information please visit the link below*
Social matters	Social Value Strategy Social Value Policy		Page 49 For further information please visit the link below*
Respect for human rights	Code of Conduct Slavery and human trafficking Statement Anti-slavery and human trafficking Policy Anti-slavery and human trafficking Standard (supply chain)		For further information please visit the link below*
Anti-corruption and anti-bribery matters	Code of Conduct Bribery Act Statement		For further information please visit the link below*
Description of the Group's Strategic priorities	n/a	Strategy	Pages 14 and 144 For further information please visit the link below*
Description of the principal risks	n/a	Principal risks and uncertainties	Page 131 For further information please visit the link below*

* Please refer to our website for Statements, reports and policies: **www.wates.co.uk/about-wates/corporate-governance**

Reporting Requirement	Statements, reports and policies	Information Required to Understand Our Business	Further details
Non-financial key performance indicators	n/a	Zero Harm	Page 16
		Social Value	Page 49
		Environment	Page 44
		Progress on TCFD	Page 55
		SECR	Page 52
		People	Page 24
			For further information please visit the link below*
Climate-related financial disclosures	n/a	TCFD section:	Page 53
		Governance	For further information please visit the link below*
		Strategy: identifying climate-related risks and opportunities	
		Scenario analysis	
		Climate-related impacts	
		Description of risks and opportunities	
		Risk management	
		Metrics and targets	

* Please refer to our website for Statements, reports and policies: **www.wates.co.uk/about-wates/corporate-governance**

Approved by the Board of Directors on 7 April 2025 and signed on its behalf by:

T. A. D. Wates
Chairman

P. M. Wainwright
Chief Financial Officer

Corporate governance report

For the year ended 31 December 2024, under the Companies (Miscellaneous Reporting) Regulations 2019, the company has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council). The following report summarises how the Wates Group has applied the principles over the past year. We have avoided repeating information from the 2023 corporate governance report where there was little change over the year.

Preface

Now in the fourth generation of family ownership, the Wates enterprise is guided by the family ethos that business done well is a force for good in society. The family maintains a long-term perspective, committed to protecting and building on the family legacy. This ethos affects everything the enterprise does – from its charitable giving and community volunteering to the way it conducts its core business and creates social and economic value.

The family business ethos also informs governance – not just the structures sitting within the enterprise, but family governance structures as well, which ensure clarity of shareholder intent and direction.

Family governance

The Shareholder Council – consisting of shareholders in the fourth generation of the Wates family, including the Chairman – discusses broader strategic direction and risk appetite for the enterprise and has a regular dialogue with the Board.

A larger Family Assembly – which also includes some members of the third and fifth generations of the Wates family – ensures that broader perspectives, including the interests of future generations, are fed into the Shareholder Council.

A critical element of family governance is the appointment of governing owners – shareholders who sit on the Board and who are prominent in the business. They attend internal events, meet customers and supply chain companies, and represent the business on external platforms, and by doing so they serve to ensure a cohesive governance structure.

The Chairman, as a governing owner, takes on additional responsibilities, working closely with the Chief Executive to ensure close coordination of family and corporate governance.

Enterprise governance

The shareholders seek to ensure that the enterprise governance is in line with best practice in the listed sector, benefitting from expertise provided through the committee structure, and independent challenge provided through the involvement of non-executive directors.

The enterprise governance structure consists of a main Board, four standing committees of the Board and several executive committees. Details of the remit and membership of each committee is included on pages 158 to 159. Board committees, all of which contain family and non-executive membership, play a major role in ensuring that the Board receives good quality and reliable information.

The combination on the Board of executive directors, non-executive directors and family representatives is a critical element to ensuring informed and independent challenge and informed decisions. More on Board composition is below.

Principle 1 – Purpose and leadership

Purpose

The Board continues to place a strong emphasis on ensuring that the Wates Group is a purpose-led organisation, with strategy and culture aligned to that purpose.

The Board was involved throughout the process of developing and rolling out the business's purpose – reimagining places for people to thrive – and the three ambitious promises that accompany it: Thriving Places, Thriving Planet, Thriving People. Further details about the development and integration of that purpose and the promises were articulated in last year's corporate governance report.

In addition, in 2024, the governing owners articulated their purpose as stewards of the 127-year-old business. Their purpose is: to protect and build on the family legacy we have been entrusted with by being a force for good in everything we do together.

Strategy

The Board devotes significant time to discussing strategy by routinely reviewing the strategies of individual business areas, as well as in dedicated strategy meetings to confer about Group-level issues together with the Chief Executive and the Executive Committee. A document articulating the strategy was produced in March 2024 and disseminated throughout the business.

Culture

A critical element of culture for Wates Group is to prioritise health, safety and wellbeing – both ensuring that the structures we build and maintain are safe and healthy for users, and providing safe and healthy workplaces for our people. Accordingly, the importance of improving health and safety performance was frequently discussed by the Board, which instructed the executive to increase efforts to improve. More on 2024 developments on Health, Safety and Wellbeing are on page 16.

The Annual Chairman's Awards celebrate and reward individuals and teams who put the Wates purpose and behaviours into practice in a significant way, and in 2024 the award categories were aligned with elements of the new purpose and its promises.

Principle 2 – Board composition

In 2024, the Board comprised a Chairman, Deputy Chairman, four family directors (governing owners), three members of the executive team, and two independent non-executive directors (NEDs). Details about the individuals holding those roles is found on pages 118 to 119. The composition of the Board remained the same in 2024 as in the previous year, though the Board acknowledged the decision of board member Paul Chandler to retire at the end of 2024.

Balance and diversity

The NEDs provide an independent perspective and constructive challenge, drawing on a range of business backgrounds that include expertise in finance and audit, risk management, and organisational design and talent management across a range of sectors.

As noted in last year's report, the directors acknowledge the relative lack of diversity on the Board in the context of the inclusion and diversity targets in place for the whole organisation. The Board remains committed to developing a more diverse workforce, including at the most senior levels.

Principle 3 – Director responsibilities

In 2024, the Board had a programme of six principal meetings, plus two additional days for strategic planning. As part of every Board meeting, governance of the Group is addressed as a standing agenda item.

The Board delegates responsibility for the day-to-day management of the business to the Group Executive Committee (see description on page 159).

The position of Company Secretary is held by the Chief Financial Officer, Philip Wainwright.

Conflicts of interest

The Wates Group Code of Conduct, *Living Our Behaviours*, is available on our website. As detailed in last year's corporate governance report, Board directors are required to confirm that they are compliant with the Code of Conduct and to describe the mitigating controls they have put in place to address any potential conflicts of interest.

Integrity of information

As detailed in last year's corporate governance report, a system is in place to ensure that the Board receives appropriate information to allow directors to monitor and challenge the company management. During 2024, at the shareholders' initiation, the Board introduced a change in the way that enterprise performance data are presented to it. This was intended to enable a clearer focus on strategy and overview of the Group portfolio of businesses.

The Board continued to carry out a pulse survey after each meeting to collect real-time feedback. The Board agreed to review and update the survey in 2025.

Principle 4 – Opportunity and risk

The Board has overall responsibility for ensuring the Group's systems of risk management and internal control are operating effectively, and these areas are explicitly part of the remit of the Audit Committee (see page 158). As set out in pages 158 to 159 and described in last year's report, the following individuals and committees play key roles:

- Chief Executive
- Executive Committee
- Executive Risk Committee, chaired by the Chief Financial Officer and led by the Group Head of Assurance, with attendance by the Executive Committee
- Investment Committee
- Division Boards

In addition, the recently established Integrated Assurance Group has the remit to ensure all enterprise-wide risks are managed effectively, applying a robust governance framework and coordinated assurance activity across all divisions and Group functions. It operates as a subset of the overall Risk Management Framework and reports into the Audit Committee on a periodic basis. This enables a consolidated view across all divisions and Group functions, addressing any non-compliance in a rigorous way.

Opportunity

The Group's strategy, approved by the Board, is oriented towards seizing opportunities that flow from its purpose: reimagining places for people to thrive. This includes, for example:

- Construction – moving Smartspace from Property Services to Construction to better align services to meet customer needs, and setting up the Fit Out business to serve the London commercial market.
- SES – moving into the data centre sector and expanding the Technical Excellence Centre to become a centre for innovation.
- Property Services – creating a new compliance and renewables business and investing in next generation maintenance applications and services.
- Residential – further developing our modular housing solution, developing a sustainable housing proposition, and partnering with third party investors.
- Developments – setting up Wildscape, a specialist business focused on acquiring land for biodiversity schemes; diversifying into commercial, logistics and warehousing; and developing a new revenue stream focused on larger housing and mixed-use schemes.

Major projects (as defined by their value and risk profile) are first considered by the Investment Committee and the most significant by the Board, which must approve them before bids are finalised. During 2024, the Board considered and approved a number of proposals from the Investment Committee, including the acquisition of the property maintenance business Liberty Group and bidding to deliver the Ministry of Justice's HMP Highpoint.

Risk

Risks are considered alongside opportunities, taking into account the shareholders' desire to pass on to the next generation of owners a stronger, more sustainable enterprise. Our approach to managing risks and uncertainties is described in detail on pages 131 to 143.

In 2024, specific risks included (among others):

- Disruptions in the political, geo-political and economic environment
- Insolvency of major sub-contractors or customers
- Constraints on recruiting and retaining talent
- Failure to respond to the impact of climate change
- Legal and regulatory failures
- Cyber-security threats

The Board considered health and safety risks connected to specific projects, as well as market conditions affecting the Group.

Principle 5 – Remuneration

The Board aims to ensure that remuneration policies across the business are fair and meritocratic. Salary scales, variable pay arrangements and benefit provision are aligned closely to the markets in which the business operates, and the grading structure is underpinned by a job evaluation methodology that minimises bias and inequity.

The Board's Remuneration Committee has a broad remit, including setting and approving executive pay (including annual salary review, bonus payments and compensation for new appointments), as well as the all-employee profit share scheme. Notably, the profit share scheme applies a range of non-financial targets linked to safety, diversity and sustainability performance that can reduce bonus payments if performance targets are not achieved.

Further detail on the committee is on page 158. The committee is chaired by a non-executive director with significant experience in similar roles in listed companies.

During 2024, the full board received regular updates from the Chair of the Remuneration Committee and its deliberations included situations arising from the need to retain teams delivering exceptional projects.

The business exceeds minimum reporting obligations, including ethnicity pay gap data, as well as gender pay gap data, in its diversity and inclusion report, 'Wates Together', available on our website.

Corporate governance report
Committee information

Principle 6 – Stakeholder Relationships and Engagement

A broad range of stakeholders are critical to delivery of the business's objectives, including customers, employees, financial institutions, shareholders, suppliers and the wider communities in which we work. Detail about our relationships with all of these stakeholders can be found in the report on Section 172 Companies Act 2006 responsibilities in the strategic report (pages 144 to 148). Below, we highlight a few developments:

Employees

The Board is conscious that, following the acquisition of Liberty Group, with numbers of employees now at approximately 6,000, internal communication is particularly important. As explained in the Section 172 report, there are numerous means for ensuring communication with employees. ExCo Live is one vehicle for Executive Committee members to speak directly with all staff in a virtual town-hall type broadcast, and this features the participation of some Board members. One such session focused on health and safety, emphasising the importance of personal responsibility and becoming a learning organisation.

Relationships with employees were underpinned in 2024 by the launch and deployment of a Group people strategy with four pillars: inclusive performance culture, great leadership, learning organisation and flexible people solutions. For more on our new people strategy and other efforts to create an inclusive performance culture, go to the People section from page 24.

The Board takes seriously its responsibilities to former employees and members of the defined-benefit pension scheme. Accordingly, the status of the pension fund has frequently been on the Board agenda, and the Board has authorised in recent years significant investments to ensure the long-term stability of the pension scheme, which covers circa 1,500 members. This enabled the recent transfer of the scheme to Clara-Pensions, completed in January 2025.

Customers and supply chain

During 2024, the Board regularly discussed relationships with major customers, such as the Ministry of Justice and AESC UK. Discussions about customer relationships are informed by responses to our Net Promoter Score survey, the results of which are reviewed by the Board on a monthly basis to monitor progress in customer engagement.

Many of the Group's business areas require extensive use of sub-contractors, and Board members participate in an annual supply chain conference, which brings business partners together to discuss how best to collaborate in addressing industry challenges.

The business is committed to paying suppliers promptly. Our membership of the Prompt Payment Code during 2024 required 95 per cent of invoices to be paid within 60 days, a level exceeded by Wates Construction Limited (99 per cent) and Wates Property Services Limited (96 per cent).

Communities

The Board is intent on ensuring that the business generates social value in its work, supporting local communities. In 2024, the Group created £395m (subject to external assurance) of social value, spending £8.7m on social enterprises. See page 147 in the Section 172 report for more information.

The governing owners and Chairman also serve as Trustees of the Wates Family Enterprise Trust, the work of which is described on pages 34 to 37.

The role of the Board

The Board's primary responsibility is to promote the long-term success of the Group so that we fulfil our purpose of reimagining places for people to thrive, while creating sustainable shareholder value and making a lasting contribution to society. The Board seeks to achieve this by setting out an overarching strategy, monitoring performance against strategic objectives and reviewing the Executive Committee's implementation of the strategy.

A formal schedule of matters reserved for Board approval is maintained and reviewed regularly. This includes a determination of the Group's strategy and long-term direction, a review of health and safety performance, approval of budgets, capital expenditure, organisational changes (including new business ventures and the acquisition or disposal of assets) and changes in key policies. The Board also monitors the effectiveness of the Group's systems of internal control, governance and risk management.

The Board delegates authority for all day-to-day management of the Group's affairs to the Executive Committee. In addition, certain governance responsibilities are delegated to Board committees, which support the Board in carrying out its duties. These committees are made up of independent non-executive directors, together with non-executive directors from the Wates family, and provide the Board with independent oversight.

The Board

Details of individual directors' attendance of Board meetings in 2024 are shown in the following table:

Name of Director	Maximum no. of principal board meetings director could attend	No. of principal board meetings director attended	Percentage of principal board meetings attended
Chairman			
Tim Wates	6	6	100%
Executives			
Eoghan O'Lionaird – Chief Executive	6	6	100%
Philip Wainwright – Chief Financial Officer	6	6	100%
Paul Chandler – Executive Managing Director Wates Construction Group (retired 31 December 2024)	6	6	100%
Non-executives – Wates Family			
Andy Wates	6	6	100%
Charlie Wates	6	6	100%
Sir James Wates	6	6	100%
Jonny Wates	6	6	100%
Non-executives – independent			
Rachel Addison	6	6	100%
Joe Oatley – Deputy Chairman	6	6	100%
Liz Reilly	6	6	100%

Audit Committee

The Audit Committee's primary responsibilities are: the integrity of the Group's financial statements; the effectiveness of internal controls; the performance of the internal audit function; the performance and independence of the external auditors; risk management; and our compliance with legal and regulatory requirements.

The Committee has clearly defined terms of reference, which are reviewed annually and maintained by the Company Secretary. These outline the Committee's objectives and responsibilities relating to financial reporting, internal controls, risk management and the application of appropriate accounting standards and procedures. Specific responsibilities include reviewing and recommending for approval the annual financial statements, reviewing the Group's accounting policies, estimates and judgements, reviewing the effectiveness of internal controls, internal audit and risk management processes, and reviewing the scope and results of the external audit.

The Committee approves the internal audit plan of work annually and approves any changes to that plan as may be required throughout the reporting period. The Committee is satisfied that the Internal Audit team is appropriately resourced.

Rachel Addison, a chartered accountant, is Chair of the Audit Committee. During the year, the Committee comprised two other non-executive directors: Andy Wates, a director from the Wates family; and Joe Oatley, an independent non-executive director. The Committee was supported by a number of Board and senior management attendees. The Board is satisfied that the recent and relevant financial experience and sector knowledge of both the committee Chair and the committee's members during 2024 followed the principles of good governance in relation to their collective skills, knowledge and experience.

External auditors

The Group appointed BDO LLP as external auditors on 1 November 2019. The Audit Committee assesses the effectiveness of the external auditors' performance after the completion of the annual audit, including an assessment of their governance, independence and professionalism. In July 2024, the committee evaluated the external auditors' performance in relation to the 2023 audit. Both management and the external auditors are committed to a positive working relationship that enhances the effective execution of the audit plan. The Audit Committee re-tenders the external audit service at least every ten years, in accordance with good practice.

As a private company, the Group is not subject to external restrictions in terms of the non-audit work that is provided by the external auditors, but for good governance we have chosen to follow a similar approach in relation to their remuneration and the extent of their non-audit services, which are kept to a de-minimis level.

Remuneration Committee

The committee's primary objective is to set remuneration at a level that will enhance the Group's resources by attracting, retaining and motivating quality senior management who can deliver the Group's strategic ambitions within a framework that is aligned with shareholder interests.

The committee firmly believes that the best people, remunerated effectively, with an emphasis on performance-related pay, strengthen the Group's ability to face challenges emanating from economic and market changes and help us deliver long-term sustainable value for all stakeholders.

Liz Reilly is Chair of the Remuneration Committee. During the year, members of the committee included: Charlie Wates, a director from the Wates family; and independent non-executive directors Rachel Addison and Joe Oatley, all of whom were supported by members of the Board and other members of the management team.

Nominations Committee

The Board operates a Nominations Committee to ensure that it remains balanced and effective, that succession plans are in place and that its structure, composition and skillset remain aligned to the Group's strategic objectives. The committee's primary objective is to identify and evaluate candidates for future appointments and, in doing so, it takes advice from independent external recruitment consultants.

In 2024, the committee was chaired by Tim Wates. During the year, members of the Committee included independent non-executive directors (Rachel Addison, Joe Oatley and Liz Reilly) and family directors (Sir James Wates and Andy Wates, with invitations also extended to Charlie Wates and Jonny Wates).

Sustainability Committee

The committee brings oversight and challenge to the Group's corporate responsibility programmes and explores the impact and opportunities that global trends might bring to the built environment sector.

Jonny Wates, a director from the Wates family, is chair of the Sustainability Committee. During the year, members of the committee included: Charlie Wates, a director from the Wates family; Liz Reilly, an independent non-executive director; the Chief Executive; and the Chief Financial Officer. Invitations were extended to the Group Sustainability Director, the Environmental Sustainability Director, the Group Public Sector Director and other members of the management team.

Executive Committee

The Executive Committee is responsible for the day-to-day management of the Group's business affairs. It is led by and chaired by the Chief Executive. The Committee is responsible for ensuring that the agreed strategy is implemented in a timely and effective manner.

The Executive Committee consists of individuals responsible for the divisions and functions. A list is on page 120 and a biography for each Executive Committee member can be found on the Group's website www.wates.co.uk.

Executive Risk Committee

The Executive Risk Committee is a management sub-committee of the Executive Committee. It has a reporting line to, and also supports, the Audit Committee. The purpose of the committee is to assist the Executive Committee and Audit Committee in overseeing the effectiveness of the Group's risk management framework and legislative and regulatory compliance programmes.

In 2024, the committee was chaired by the Chief Financial Officer and comprised members of the Executive Committee, with invitations extended to members of the Group Internal Audit team.

Investment Committee

The Investment Committee is a sub-committee of the Executive Committee. Its purpose is to consider and contribute to all investment decisions and to act as the advisory body for primary operational governance for proposals for new invested capital and projects of the Wates business.

In 2024, the committee was chaired by the Chief Financial Officer and comprised certain members of the Executive Committee.

Directors' report

The directors present their annual accounts and reports for the year ended 31 December 2024. This report is to be read in conjunction with the strategic report on pages 124 to 150.

Principal activities

The company undertakes a trade in finance by offering money-lending services to the Group and controlling and managing bank facility arrangements, acts as a holding company for its subsidiaries and associates and actively manages many of the Group's joint ventures. The Group's activities include development, building and property maintenance.

Notably, during the year, the Group acquired Liberty Group, a leading property services business specialising in heating and compliance services. Liberty sits within the Property Services division, while its overall governance is maintained by the Group. The acquisition expands and strengthens our existing expertise, while also extending our range of services, and is a strong strategic fit.

Dividends

The directors declared dividends in 2024 totalling £18,909,711 (2023: £14,648,547) of which £15,188,319 was paid on 9 April 2024 and £3,721,392 was paid on 28 October 2024. No further dividends have been declared in the year ended 31 December 2024.

Health and safety

The Board remains committed to the elimination of harm and to providing a safe and healthy working environment for employees, partners and members of the public. In 2025, this will be achieved by effectively monitoring and proactively managing our significant and major health and safety hazards, specifically focusing on the following key areas: moving beyond a zero harm mindset to one which drives the active management of significant and major hazards; evolving our behavioural-based safety curriculum to promote heightened risk awareness, risk perception, managing trade-offs and curiosity-based skills; expanding safety measurement to capture dominant exposure areas and areas with greater vulnerability; and challenging the industry status quo regarding an overreliance on simplistic controls and embracing technology and innovation to manage some of the more acute hazards.

Employees

We recognise the importance of engaging employees to enable them to make their fullest contribution to the business. The Group views this as fundamental to achieving its strategy and long-term objectives, and driving the company's purpose to reimagine places for people to thrive. We use a variety of media to inform employees about development and prospects and seek out and listen to employees' views and opinions.

Throughout the year, we host a series of virtual and in-person events through which the Chief Executive, together with members of the Executive Committee, update our employees on our performance, purpose and strategy. This includes our online ExCo Live broadcasts, launched in 2024, so all employees have more opportunities to hear directly from members of the Executive Committee and put questions to them. In late 2024, we introduced Thriving Times, our new digital news platform, which pulls together all the latest news from across the Group. This publication is targeted to the various divisions to ensure that the content is relevant to the specific audience group.

Our annual Chairman's Awards provides the perfect opportunity for the Executive Committee to recognise the outstanding achievements of Wates people and projects. In 2024, we celebrated our tenth anniversary of the awards. The award categories were also reshaped to align with our new purpose, with Thriving Places, Thriving Planet and Thriving People awards.

Employee surveys are undertaken periodically to allow colleagues to provide honest feedback about their experience working at Wates. During the year, the Group's senior leadership team convenes to share knowledge, disseminate good practice and to discuss strategic priorities. Informal meetings are held at division and regional levels and further communication is affected through the use of a Group-wide intranet and enterprise social network, electronic bulletins, notice boards, social media, the Group's website and blogs from contributors from all parts of the Group.

We are committed to improving the skills of employees through training and development and by nurturing a culture in which employees feel valued for their contribution and motivated to achieve their full potential. Statistics relating to the average number of people employed by the Group during the year can be found in note 6 to the accounts.

Equal opportunities

We are an active equal opportunities employer and promote an environment free from discrimination, harassment or victimisation, where everyone receives equal treatment and career development regardless of age, gender, nationality, ethnic origin, religion, marital status, sexual orientation or disability. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit.

The Group has for many years focused on creating and sustaining a fair and inclusive working environment where everyone can thrive. Encompassing the full employment life cycle, our policies and processes are designed to help us hire the best person for the job from a diverse talent pool and to ensure everyone is treated fairly and with respect. If someone finds themselves not treated fairly, they have access to channels to share their experience.

Where an employee speaks up, they are listened to and appropriate action is taken. The Group is committed to offering fair opportunities to all employees. This includes equitable access to development and progression opportunities to build a meaningful career of choice and equity in pay for all.

Pension scheme

During the year, the Group and the Trustee of the Wates Pension Fund agreed to transfer defined-benefit members of the Wates Pension Fund to Clara-Pensions, a pensions consolidation company for defined-benefit pension schemes. Further details of the transaction are set out in note 25 to the accounts.

Corporate responsibility

Corporate responsibility continues to remain an integral part of our business and long-term strategic aspirations. The Group's approach, priorities and objectives in the corporate responsibility arena, specifically to the environment and communities in which it works, are published, communicated and embedded within the business as part of our overarching purpose and strategic objectives.

Research and development

We are dedicated to the research and development of innovative construction methods and techniques, focusing on areas such as enhanced safety, project delivery, the development and integration of new materials and working techniques, energy efficiency and information modelling.

Share capital

Details of the company's share capital are set out in note 21 to the accounts.

Articles of association

The company's articles of association may be amended by a special resolution of the company's shareholders. The current articles were adopted by shareholders on 5 May 2022.

Conflicts of interest

The Board may consider and, if deemed fit, authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the company. In the event that a director becomes aware that they have an interest that may be a conflict, they are required to notify the Board in writing. Internal controls are in place to ensure that any related party transactions involving directors are conducted on an arm's length basis. Directors have a continuing duty to update changes to these conflicts. The Board considers that the procedures in place for reporting and considering conflicts of interest are effective.

Directors' and officers' indemnities and insurance

The company's articles of association provide for the indemnification of its directors and the Company Secretary to the extent permitted by the Companies Act 2006 and other applicable legislation, out of the assets of the company, in the event that they incur certain expenses in connection with the execution of their duties. In addition, and in common with many other companies, the company has directors' and officers' liability insurance, in respect of certain losses or liabilities to which officers of the company may be exposed in the discharge of their duties.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Timothy A. D. Wates (Chairman)	
Jonathan M. Oatley (Deputy Chairman)	
Eoghan P. O'Lionaird (Chief Executive)	
Philip M. Wainwright (Chief Financial Officer)	
Paul Chandler (Executive Managing Director Wates Construction Group)	*(retired 31 December 2024)*
Rachel B. Addison	
Elizabeth Reilly	
Andrew E. P. Wates	
Charles W. R. Wates	
Sir James G. M. Wates, CBE	
Jonathan G. M. Wates	

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Donations

During the year the Group made charitable donations amounting to £1.8m (2023: £1.5m). No political donations were made.

Going concern

The directors have reviewed the forecast future performance of the Group and have prepared a cash flow forecast for 12 months from the date of approval of these financial statements. The Board considers it has sufficient cash reserves to continue trading, while meeting the financial covenants set within its banking facilities.

Accordingly, the directors continue to adopt the going concern basis in preparing the Group's accounts. Further details regarding the adoption of the going concern basis can be found in note 1 to the accounts.

Annual general meeting

The next Annual General Meeting of the company will be held on Thursday, 8 May 2025.

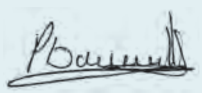
Streamlined Energy and Carbon Report

The Streamlined Energy and Carbon Report is presented on page 52.

Post balance sheet events

Post balance sheet events are disclosed in note 30 to the accounts.

Approved by the Board of Directors on 7 April 2025 and signed on its behalf by:



P. M. Wainwright
Secretary

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual accounts and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in UK and Republic of Ireland' and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report
to the members of Wates Group Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Wates Group Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2024 which comprise the Consolidated profit and loss account, the Consolidated statement of comprehensive (expense)/ income, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated cash flow statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the Sustainability Report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and in management's judgements and estimates in relation to the carrying value of residential land and development assets and the valuation of investment properties.

We also assessed the consistency of managements disclosures included as 'Other Information' on page 165 within the annual report and with our knowledge obtained from the audit.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Reports & Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group and Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be, but not limited to, the Companies Act 2006, distributable profits legislation and UK pension and tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Building Safety Act 2022, health and safety legislation, data protection legislation and employment law.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Involvement of tax specialists in the audit.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, including the Audit Committee and internal audit, regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Involvement of internal forensic specialists in the fraud risk assessment procedures;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls that are otherwise operating effectively and revenue recognition.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias; and
- Testing operating effectiveness of controls around the procurement and tendering process.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:

Peter Latham

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Peter Latham
(Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor
Gatwick, UK

7 April 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated profit and loss account

For the year ended 31 December 2024

	Note	Underlying 2024 £000s	Exceptional (note 3) 2024 £000s	Statutory 2024 £000s	Statutory 2023 £000s
Group turnover:					
Group and share of joint ventures and associates		**2,399,619**	-	**2,399,619**	2,183,477
Less share of turnover of joint ventures and associates		**(103,342)**	-	**(103,342)**	(81,603)
Group statutory turnover	2	**2,296,277**	-	**2,296,277**	2,101,874
Cost of sales		**(2,030,196)**	-	**(2,030,196)**	(1,867,818)
Gross profit		**266,081**	-	**266,081**	234,056
Administrative expenses		**(240,230)**	**(28,772)**	**(269,002)**	(193,494)
Net surplus/(deficit) on revaluation of investment properties		**1,480**	-	**1,480**	(5,483)
Net deficit on revaluation of buildings		**(248)**	-	**(248)**	(112)
Other operating income	4	**16**	-	**16**	-
Group operating profit/(loss)	5	**27,099**	**(28,772)**	**(1,673)**	34,967
Share of post-tax loss from joint ventures and associates	12	**(10,237)**	-	**(10,237)**	(383)
Group statutory operating profit/(loss): Group and share of joint ventures and associates		**16,862**	**(28,772)**	**(11,910)**	34,584
Analysed between:					
Total operating profit/(loss) before interest and tax		**25,752**	**(28,772)**	**(3,020)**	44,576
Net interest payable – joint ventures and associates		**(9,738)**	-	**(9,738)**	(8,758)
Tax – joint ventures and associates		**848**	-	**848**	(1,234)
Interest receivable	8	**16,147**	-	**16,147**	11,645
Interest payable and similar charges	8	**(1,613)**	-	**(1,613)**	(1,295)
Group statutory profit/(loss) before tax		**31,396**	**(28,772)**	**2,624**	44,934
Tax on profit/(loss)	9	**(9,157)**	**7,193**	**(1,964)**	(12,816)
Group profit/(loss) for the financial year		**22,239**	**(21,579)**	**660**	32,118

The above results have been derived from continuing operations.

Consolidated statement of comprehensive (expense)/income

For the year ended 31 December 2024

	Note	2024 £000s	2023 £000s
Group profit for the financial year		**660**	32,118
Currency translation difference on foreign currency net investment		**(31)**	244
Remeasurement of net defined benefit liability	25	**(4,761)**	(9,563)
		(4,792)	(9,319)
Tax relating to remeasurement of net defined benefit liability	25	**1,190**	2,391
Other comprehensive expense for the year		**(3,602)**	(6,928)
Total comprehensive (expense)/income for the year		**(2,942)**	25,190

The profit and total comprehensive (expense)/income for the financial years set out above is all attributable to equity shareholders of the company.

Consolidated balance sheet

At 31 December 2024

	Note	2024 £000s	2023 £000s
Fixed assets			
Intangible assets	10	**55,060**	34,628
Tangible assets	11	**76,531**	60,883
Investments in joint ventures and associates	12	**103,019**	129,480
Other investments	12	**266**	266
		234,876	225,257
Current assets			
Stocks	13	**68,717**	41,654
Debtors			
- due within one year	14	**453,078**	400,984
- due after one year	14	**90,118**	90,711
		543,196	491,695
Cash at bank and in hand	15	**195,632**	137,996
		807,545	671,345
Creditors: amounts falling due within one year	16	**(803,183)**	(628,313)
Net current assets		**4,362**	43,032
Total assets less current liabilities		**239,238**	268,289
Creditors: amounts falling due after more than one year	17	**(31,254)**	(18,685)
Provisions for liabilities			
Contract and other provisions	18	**(53,200)**	(75,526)
Deferred tax	19	**(6,202)**	-
Pension	25	**(100)**	(3,744)
Net assets		**148,482**	170,334
Capital and reserves			
Called up share capital	21	**12,277**	12,277
Share premium account	21	**956**	956
Capital redemption reserve	21	**19,947**	19,947
Profit and loss account	21	**115,302**	137,154
Shareholders' funds		**148,482**	170,334

The notes on pages 174 to 205 form part of these accounts.

The financial statements of Wates Group Limited (registered number 01824828) were approved by the Board of Directors on 7 April 2025 and signed on its behalf by:

Tim Wates

T. A. D. Wates, Chairman

P. M. Wainwright, Chief Financial Officer

Company balance sheet

At 31 December 2024

	Note	2024 £000s	2023 £000s
Fixed assets			
Investments	12	**92,489**	100,609
Current assets			
Stocks	13	**21,612**	2,595
Debtors			
- due within one year	14	**161,460**	140,143
- due after one year	14	**2,148**	2,040
		163,608	142,183
Cash at bank and in hand		**62,292**	28,922
		247,512	173,700
Creditors: amounts falling due within one year	16	**(244,681)**	(182,729)
Net current assets/(liabilities)		**2,831**	(9,029)
Total assets less current liabilities		**95,320**	91,580
Net assets		**95,320**	91,580
Capital and reserves			
Called up share capital	21	**12,277**	12,277
Share premium account	21	**956**	956
Capital redemption reserve	21	**19,947**	19,947
Profit and loss account	21	**62,140**	58,400
Shareholders' funds		**95,320**	91,580

The notes on pages 174 to 205 form part of these accounts.

The profit for the financial year dealt with in the accounts of the parent company was £22,650,000 (2023: £5,159,000). This includes dividends received from subsidiaries and joint ventures of £25,204,000 (2023: £10,000,000).

The financial statements of Wates Group Limited (registered number 01824828) were approved by the Board of Directors on 7 April 2025 and signed on its behalf by:

Tim Wates

T. A. D. Wates
Chairman

P. M. Wainwright
Chief Financial Officer

Consolidated statement of changes in equity

For the year ended 31 December 2024

	Note	Called up share capital £000s	Share premium account £000s	Capital redemption reserve £000s	Profit and loss account £000s	Total equity £000s
At 31 December 2022		**14,777**	**956**	**17,447**	**129,113**	**162,293**
Profit for the financial year		-	-	-	32,118	32,118
Currency translation difference on foreign currency net investment		-	-	-	244	244
Remeasurement of net defined benefit liability		-	-	-	(9,563)	(9,563)
Tax relating to remeasurement of net defined benefit liability		-	-	-	2,391	2,391
Total comprehensive income		-	-	-	25,190	25,190
Redemption of preference shares	21	(2,500)	-	2,500	(2,500)	(2,500)
Dividends declared on equity shares	21	-	-	-	(14,649)	(14,649)
At 31 December 2023		**12,277**	**956**	**19,947**	**137,154**	**170,334**
Profit for the financial year		**-**	**-**	**-**	**660**	**660**
Currency translation difference on foreign currency net investment		**-**	**-**	**-**	**(31)**	**(31)**
Remeasurement of net defined benefit liability		**-**	**-**	**-**	**(4,761)**	**(4,761)**
Tax relating to remeasurement of net defined benefit liability		**-**	**-**	**-**	**1,190**	**1,190**
Total comprehensive expense		**-**	**-**	**-**	**(2,942)**	**(2,942)**
Dividends declared on equity shares	21	-	-	-	(18,910)	(18,910)
At 31 December 2024		**12,277**	**956**	**19,947**	**115,302**	**148,482**

Company statement of changes in equity

For the year ended 31 December 2024

	Called up share capital £000s	Share premium account £000s	Capital redemption reserve £000s	Profit and loss account £000s	Total equity £000s
At 31 December 2022	**14,777**	**956**	**17,447**	**70,390**	**103,570**
Total comprehensive income	**-**	**-**	**-**	**5,159**	**5,159**
Redemption of preference shares	(2,500)	-	2,500	(2,500)	(2,500)
Dividends declared on equity shares	-	-	-	(14,649)	(14,649)
At 31 December 2023	**12,277**	**956**	**19,947**	**58,400**	**91,580**
Total comprehensive income	**-**	**-**	**-**	**22,650**	**22,650**
Dividends declared on equity shares	-	-	-	(18,910)	(18,910)
At 31 December 2024	**12,277**	**956**	**19,947**	**62,140**	**95,320**

The total comprehensive income of the company for each of the two years ended 31 December is its profit for those financial years.

Consolidated cash flow statement

For the year ended 31 December 2024

	Note	2024 £000s	2023 £000s
Net cash inflow from operating activities	22	**83,807**	32,474
Cash flows from investing activities			
Purchase of tangible fixed assets	11	**(8,285)**	(10,323)
Proceeds from sale of tangible fixed assets		**24**	9
Loans provided to joint ventures		**(61,111)**	(81,107)
Loans repaid by joint ventures		**77,220**	61,012
Dividends received from joint ventures	12	**-**	196
Proceeds from sale of unquoted investments	12	**2**	-
Acquisition of subsidiaries (net of cash acquired)	28	**(14,413)**	-
Net cash outflow from investing activities		**(6,563)**	(30,213)
Cash flows from financing activities			
Redemption of preference shares	21	**-**	(2,500)
Equity dividends paid	21	**(18,910)**	(14,649)
Bank loans borrowed		**-**	20,000
Bank loans repaid		**-**	(20,000)
Finance lease obligations paid		**(698)**	-
Net cash outflow from financing activities		**(19,608)**	(17,149)
Net increase/(decrease) in cash and cash equivalents		**57,636**	(14,888)
Cash and cash equivalents at the beginning of the year		**137,996**	152,884
Cash and cash equivalents at the end of the year	15	**195,632**	137,996

Notes to the accounts

1. Accounting policies

The principal accounting policies, which have all been applied consistently throughout the year and the preceding year, are set out below.

i) General information and basis of accounting

Wates Group Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on page 121. The nature of the Group's operations and its principal activities are set out in the Strategic report.

These accounts have been prepared under the historical cost convention, modified by the revaluation of investment properties and buildings, in accordance with the Companies Act 2006 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Wates Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Wates Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate accounts, which are presented alongside the consolidated accounts. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and intra-Group transactions.

In accordance with Section 408 of the Companies Act 2006, no separate profit and loss account has been presented for the company. However, the profits for the year and the prior year have been disclosed with the company balance sheet.

ii) Adoption of amendments to FRS 102

At the date of approval of these financial statements, there are a number of amendments to FRS 102 that have been published but which are not yet effective. These include:

- a new model for revenue recognition which is broadly aligned to IFRS 15: Revenue from contracts with customers
- on balance sheet accounting for leases which is broadly aligned to IFRS 16: Leases
- other amendments including to fair value measurement, business combinations and intangible assets

These amendments will become mandatory for the Group's accounting period beginning 1 January 2026 as the Group has not adopted any of these amendments early.

The Group has started an assessment of the impact on the Group of the revisions to the standard. With regards to revenue recognition, we expect that the standard may impact the timing of recognition of certain revenue streams, although this will not affect the Group's cash flows. With regard to leases, we expect that the majority of the Group's operating lease commitments which were £31,688,000 at 31 December 2024, (see note 24 to the accounts for further information) will be brought onto the balance sheet, with a lease liability based on the discounted value of future commitments and corresponding right of use assets. This will impact the profit and loss account by reducing operating lease expenses and adding depreciation charges in respect of the right of use assets and an interest charge on lease liabilities.

iii) Basis of consolidation

The consolidated accounts include the accounts of Wates Group Limited and its subsidiary undertakings up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for periods from or to the date on which control passed.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Where necessary, adjustments are made to the accounts of subsidiaries to bring the accounting policies into line with those used by the Group.

Business combinations are accounted for under the purchase method. The cost of the business combination is measured at the aggregate of the fair values of assets given and liabilities incurred or assumed by the Group in exchange for control of the acquiree plus costs directly attributable to the business combination. Any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill.

Contingent consideration is included in the cost of the combination at the acquisition date if additional payments are probable and can be measured reliably. The liability is measured at the present value of the estimated future payments using a discount rate reflecting conditions at the acquisition date.

In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these accounts in respect of business combinations affected prior to the transition to FRS 102 on 1 January 2014.

iv) Going concern

The activities of the Wates Group, along with the factors that may affect its future performance and position are set out in the Directors' report.

As at 31 December 2024, the Group had net cash of £196m, access to £84m of undrawn bank facilities through the Group's £84m Revolving Credit Facility (RCF) which expires in September 2026 (extended by six months during 2024) and a strong forward order book which underpins the forecast for 2024. The RCF was reduced by £6m in January 2025, from £84m to £78m, following the disposal of a property within the Group's investment property portfolio. The Directors regularly review the working capital requirements and financial resilience of the Group as part of reviewing scenarios that test a range of sensitivities to future performance.

The Directors have reviewed the forecast performance of the Group based on their current expectations about the future. This expectation draws on management's understanding of each sector that the Group operates in and anticipates a continuation of the current level of activity across the Group. Turnover levels are forecast to continue to increase throughout 2025. Within these forecasts, a significant proportion of the Group's revenue is already secured.

The Group has prepared a cash flow forecast for 12 months from the date of approval of these financial statements and the Group considers it has sufficient cash reserves to continue trading, whilst meeting the financial covenants set within its RCF.

In addition, the Group has considered a number of potential downside sensitivities of varying impact and duration. Some reasonable possible downside sensitivities include: a significant contract loss, a significant reduction in contracting turnover, an increase in costs without any client recovery, and reductions in prices for both housing and land sales. These sensitivities do not take account of any potential mitigations available to alleviate the impact on cash flow. In assessing going concern the Group has derived a severe but plausible downside scenario based upon a combination of the above sensitivities and inherent mitigations to test the resilience of the Groups cash flow forecast. While the cash flow impact of this scenario is materially different to the current forecast, the Group's forecast and reasonable severe but plausible downside scenario indicate that it would be able to continue trading for at least 12 months from the date of approval of the financial statements.

After making enquiries and considering the factors and sensitivities outlined above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

v) Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary course of business. The fair value of consideration takes into account trade discounts, settlement discounts, volume rebates and other fees receivable.

When cash flows are deferred and represent a financing arrangement the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and a nominal amount received is recognised as interest income.

Turnover excludes the value of intra-Group transactions and value added tax.

The Group's share of turnover of joint ventures and associates is disclosed separately in the consolidated profit and loss account.

Construction contracts

Turnover represents the value of work done on contracting activities, which is recognised on a percentage of completion basis with reference to costs incurred to date as a proportion of forecast total costs. Further detail is provided in note 1 (xvii) to the accounts.

Rendering of services

Turnover is recognised as the service is performed. For contracts that are delivered as a service and when the services performed are an indeterminate number of acts over a specified period of time (for example for services such as responsive maintenance and facilities management), revenue is recognised on a straight line basis. For responsive maintenance contracts where the contract can be split into individual separable projects (and revenue can be directly attributed to that project), each project is accounted for on a percentage completion basis with reference to costs incurred to date as a proportion of forecast total costs.

Sale of land or services to promote land

Turnover is recognised on the sale of land or services to promote land on which unconditional exchange of contracts has taken place within the year.

Sale of residential and development properties

Turnover is recognised on the sale of residential properties and development properties that are legally completed within the year.

Rental income

Rental income arising from operating leases on investment property is accounted for on a straight line basis over the lease term.

vi) Pre-contract costs

Pre contract costs include direct internal and external costs associated with tendering and design activities. Costs on construction contracts are written off to the profit and loss account up until the point it is probable that the Group will be awarded the contract, at which point they are capitalised. Capitalised costs are assessed for impairment at each reporting date. For certain large multi-year frameworks, pre-contract costs are capitalised when it is sufficiently probable that the contract will be obtained.

vii) Exceptional items

Section 5 of FRS 102 requires material items to be separately disclosed in a way that enables the users of the accounts to understand the entity's financial performance. These items are commonly referred to as 'exceptional' items. In order to provide users with a clear and consistent presentation of the underlying financial performance of the Group, it has separately identified items that are considered to be exceptional because of their size or non-recurring nature.

viii) Research and development

Research and development costs are written off as incurred.

ix) Interest receivable and payable

Interest receivable comprises interest on cash balances held in bank accounts and invested in liquidity funds, on loans to joint ventures, on loans to shareholders, from the unwinding of the discount from nominal to present day value of trade receivables on extended terms and interest on retirement benefit obligations. Interest payable comprises interest payable on bank loans, finance charges in respect of finance leases and interest on retirement benefit obligations. Interest receivable and payable are recognised in the profit and loss account as they accrue.

x) Intangible assets

Goodwill

Goodwill represents the difference between the fair value of the consideration given on the acquisition of subsidiary undertakings and businesses and the Group's interest in the fair value of the identifiable assets and liabilities acquired. Goodwill is written off on a straight line basis over its useful economic life. This is assessed individually for each acquisition taking into account the period over which the Group expects to realise the synergies from the combination. Provision is made for any impairment.

Other intangible assets

Intangible assets acquired on the acquisition of subsidiary undertakings and businesses are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the fair value of the asset can be measured reliably. Other intangible assets are written off on a straight line basis over their useful economic life. Provision is made for any impairment.

Intangible assets are amortised over their useful economic life as follows:

Goodwill	20 years
Contracts on acquisition	9 years

xi) Tangible fixed assets and depreciation

Investment properties and buildings are measured at fair value annually with any change recognised in the profit and loss account. Depreciation is not provided in respect of freehold investment properties and buildings.

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on the following categories of tangible fixed assets in equal annual instalments over the estimated useful lives of the assets so as to write off cost less estimated residual values over the following periods:

Leasehold improvements	shorter of estimated useful economic life or period of lease
Plant and equipment	1 to 10 years
Business systems software	2 to 10 years

Business systems software is capitalised as a tangible fixed asset as the software is considered to be an integral part of management's intended use for the related hardware.

xii) Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price.

Non-current debt instruments, which meet the conditions set out in paragraph 11.9 of FRS 102, are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate and are classified as payable or receivable within one year and which meet the above conditions are initially measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Investments

Equity loans and unquoted investments are stated at cost less impairment.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs. Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the company's option. Dividends on preference share capital classified as equity are recognised as an appropriation of profits.

xiii) Joint ventures and associates

A joint venture is a jointly controlled entity in which the Group holds a long-term interest with one or more other parties where a contractual arrangement has established joint control over the entity. An associate is an undertaking in which the Group has a long-term interest, usually from 20 per cent to 50 per cent of the equity voting rights and over which it exercises significant influence.

In the Group accounts, investments in joint ventures and associates are accounted for using the equity method. Investments in joint ventures and associates are initially recognised at the transaction price (including transaction costs), including advances, and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the joint venture or associate. Goodwill arising on the acquisition of joint ventures or associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in joint ventures or associates.

Where the Group trades with a joint venture or associate, the proportion of turnover and costs in respect of the proportion of the joint venture or associate owned by the Group is deferred on consolidation. Such turnover and costs are recognised when the assets purchased by the joint venture are sold by it. The deferred balance is deducted from the value of the investment in the joint venture or associate.

In the company's accounts, investments, including those in joint ventures and associates, are accounted for at cost less impairment.

xiv) Cash at bank and in hand

Cash at bank and in hand is represented by cash at bank and in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

xv) Stocks

Stocks are stated at the lower of cost, including attributable overheads, and estimated selling price less costs to sell, which is equivalent to net realisable value.

Stocks include freehold land and option and promotion agreements. Freehold land is recorded at cost. Options are initially recorded at cost, which includes consideration and any premiums paid for control as well as all relevant third-party expenditure pursuing planning. Work in progress on promotion agreements comprises direct fees and all relevant third-party expenditure external labour costs incurred in investigating, designing, master planning, obtaining planning permission and ultimately securing sales agreements for land on behalf of landowners. The carrying value of all stock and work in progress is also subject to an annual impairment review to ensure the carrying cost remains at or below net realisable value (which is estimated future selling price less costs to sell) and, where appropriate to reverse any previously made impairments that are no longer required. The satisfaction of promotion agreements is largely dependent upon the grant of planning consent; therefore, management assess the likelihood of attaining these consents when assessing their carrying values.

xvi) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss account immediately.

Non financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part.

Where indicators exist for a decrease in impairment loss on assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment is reversed to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the estimated value of the future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

xvii) Contracts

The principal estimation technique used by the Group in attributing profit on contracts to a particular accounting period is the preparation of forecasts on a contract-by-contract basis. These focus on costs to completion and enable an assessment to be made of the final outturn on each contract. Consistent contract review procedures are in place in respect of contract forecasting.

Profit on contracts are considered on a contract-by-contract basis and only recognised when the Group is satisfied that the risks on a contract have been mitigated to a suitable level so that the forecast profit can be measured reliably. Contingencies are held on contracts to address unmitigated risks and as not all risks are mitigated until contracts have been successfully delivered, a contingency is not released until the underlying risk is appropriately reduced or mitigated. Losses incurred to the accounting date, together with any further losses that are foreseen in bringing contracts to completion, are recognised immediately and in full.

As certain agreements can run over a considerable number of years and cover a number of individual separable projects, these agreements are treated as a number of individual projects. Each individual project then follows the Group accounting policies for the type of activity being delivered.

Variations and claims are recognised once there is sufficient certainty over the probability that they will be received and the amount to be received can be measured reliably.

Amounts recoverable on contracts which are included in debtors are stated at cost, plus attributable profit, to the extent that this is reasonably certain after making provision for contingencies, less any losses incurred or foreseen in bringing contracts to completion, and less amounts received as progress payments. Costs for this purpose include valuation of all work done by subcontractors, whether certified or not, and all overheads other than those relating to the general administration of the relevant companies. For any contracts where receipts exceed the book value of work done, the excess is included in creditors as payments on account.

xviii) Residential developments

Residential development is carried out by the Group and its joint ventures. For residential development, profits are recognised on a site-by-site basis by reference to the expected final result for each site. The site margin is calculated by comparing forecast final sales to forecast total costs. The profit recognised per plot is based on the latest forecast site margin, with total costs allocated to all plots, both those that have already sold and those that will be sold in the future. In any given period, where there is a change in forecast site margin, any adjustment to profit recognised to date is reflected in that period, by reference to actual plot sales to date.

xix) Tax

Current tax is provided at the amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

Where the amount attributed for tax purposes to assets (other than goodwill) and liabilities that are acquired in a business combination differs from their fair value, deferred tax is recognised to reflect the future tax consequences, with a corresponding adjustment to goodwill.

Deferred tax is measured using the tax rates and laws that have been announced, enacted or substantively enacted by the balance sheet date. The tax expense or income is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends to settle on a net basis.

Research and development credits receivable are included in operating profit and are taxed within current tax. Current tax is then paid net of research and development credits receivable.

xx) Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance lease are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

xxi) Operating leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

xxii) Retirement benefits

The Group operated a defined benefit pension scheme providing benefits based on pensionable pay, which was closed to future accrual and new entrants. A consultation was held during the year for all active members. The scheme ceased to have active members as at 1 October 2024.

For the defined benefit scheme, the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit and loss and included within net interest.

Actuarial gains and losses are recognised immediately in other comprehensive income.

The assets of the defined benefit scheme are held separately from those of the Group in trustee administered funds. Scheme assets are measured at fair value and liabilities are measured on an actuarial basis using a projected unit method. Actuarial valuations are obtained triennially from an independent qualified actuary and are updated at each year end.

In the ordinary course of business, the Group sometimes transfers employees (TUPE) and takes on obligations relating to local government pension schemes. Sufficient information is not available for the Group to use defined benefit accounting for these schemes so the Group accounts for them as defined contribution plans.

The Group also operates defined contribution schemes. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

xxiii) Provisions and recoveries

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow will be required to settle the obligation and the amount can be reliably estimated. Provisions are presented at the present value of the best estimate of the consideration required to settle the obligation present at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

When the Group expects some or all of a provision in respect of a completed contract to be reimbursed, for example, under an insurance contract or a contractual right to recourse from supply chain partners, the reimbursement is recognised as a separate asset when the reimbursement is virtually certain. A completed contract is deemed to be one where practical completion has taken place, the defect liability period has expired, all notified defects are signed off and any outstanding retentions have been received.

xxiv) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets are translated at the rates of exchange at the balance sheet date. Exchange differences arising on the translation of opening net assets and on the results of overseas operations are reported in other comprehensive income and accumulated in equity.

Other exchange differences are recognised in the profit and loss account in the period in which they arise.

xxv) Dividends

Interim dividends to the company's shareholders are recognised when paid and final dividends when approved for payment.

xxvi) Significant areas of judgement and uncertainty

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that affect items reported. Such estimates and assumptions are based on management's best knowledge of current facts, circumstances and future events. Actual results may differ, possibly significantly, from those estimates.

Critical judgements

The Group considers that there are no critical judgments that will have a significant effect on amounts recognised in the financial statements.

Estimates

The estimates and associated assumptions used in the preparation of the financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of revision and future periods if the revision affects both current and future periods.

The most critical accounting policies and significant areas of estimation are those that would have a material impact on reported assets or liabilities, these arise from the accounting for contracts, assessments of the carrying value of residential land and development assets, the valuation of investment property, the recognition of provisions, contingencies and reimbursement assets and the assumptions used in the accounting for the defined benefit pension scheme.

a) Accounting for contracts

Contract accounting requires estimates to be made for contract costs and income. In many cases, these contractual obligations span more than one financial period. Also the costs and income may be affected by a number of uncertainties that depend on the outcome of future events and may need to be revised as events unfold and uncertainties are resolved.

Management bases its estimation of costs and income and its assessment of the expected outcome of each contractual obligation on the latest available information. This includes detailed contract valuations, forecasts of the costs to complete, variations and claims with customers and progress against agreed programme of works. The reliable estimates of the contract position, reflecting both the forecasted costs and the forecasted revenue on each contract, and the profit or loss earned to date are updated regularly and significant changes are highlighted through established internal reporting and review procedures. The impact of any change in the accounting estimates is then reflected in the financial statements.

In deriving a reliable estimate, revenue is recognised to the extent that amounts forecast from variations, claims and potential damages are agreed or considered, in management's judgement, probable to be agreed. The Group's five largest unagreed variations and claims positions as at 31 December 2024 related to contracts with an overall contract value of £586.8m, which have contributed total contract revenue in the year of £147.5m. In relation to these contracts, the Group has included probable estimated recoveries with a combined value of £59.2m. There are a host of factors affecting potential outcomes in respect of these variations and claims on each contract, which could result in a range of reasonably possible outcomes. Management estimates that these factors, in aggregate, could lead to a reasonably possible outcome ranging from upside of circa +50 per cent to downside of circa -25 per cent, relative to the estimated recovery of £59.2m reflected in these financial statements. In reality, it is highly unlikely that 100 per cent of the aggregate upside or downside would materialise, with upside on some contracts offset by downside on others in the portfolio.

b) Carrying value of residential land and development assets – see note 13 to the accounts

The carrying value of the residential land and development assets of the Group and its joint ventures is supported by detailed viability reviews, which are updated regularly. These reviews include revenue and cost forecasts, variance analysis against previous periods and detailed explanations of those movements.

c) Valuation of investment property – see note 11 to the accounts

The annual valuation of investment properties is carried out by an independent chartered surveyor (at least once every three years) or by a director of a subsidiary of the Group, who is a chartered surveyor, to the required standard for such valuations. The property portfolio was valued on an income approach taking into consideration an average net operating profit capitalised at a market driven yield which ranged from 8.3% - 12.0% (2023: 7.49% - 11.00%), less normal purchasers' acquisition costs. Assumptions on which the valuations have been based include, but are not limited to, matters such as tenure and tenancy details, ground conditions and the structural condition of the properties, prevailing market yields and comparable market transactions.

The valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental income from that property.

d) Provisions and recoveries – see notes 18 and 26 to the accounts

In the event of the Group making a loss on a contract, provision is made for all losses that are foreseen in bringing the contract to completion.

Provisions are estimates and the actual cost and timing of future cash flows are dependent on future events. The Group exercises judgement in recognising provisions and the exposure to contingencies. Judgement is necessary to assess the likelihood that a liability will arise and to quantify the possible amount of any out flow of resources. The inherent uncertainty of such matters means that actual amounts of transactions may differ materially from estimates made. Any difference between the amounts previously recognised and the actual amount is recognised immediately in the consolidated profit and loss account.

In considering whether recovery of costs from third parties, particularly insurers, are virtually certain and therefore recognisable as a separate reimbursement asset, it is necessary to assess contractual arrangements, insurance policies, formal correspondence with relevant parties, expert opinion and legal advice as to liability. In general, insurance recoveries are deemed to be virtually certain when a favourable Legal Liability Report has been received from Legal Counsel.

e) Defined benefit pension schemes – see note 25 to the accounts

Defined benefit pension schemes require significant judgements in relation to the assumptions for inflation, future pension increases, investment returns and member longevity that underpin the valuation. In addition, as the valuation of illiquid assets is based on a date in advance of year end, it is reviewed at year end for likely possible movements over the intervening period. Each year in selecting the appropriate assumptions, the directors take advice from an independent qualified actuary and the relevant assumptions are set out in the note to the accounts.

2. Group statutory turnover

	2024 £000s	2023 * £000s
Construction	**1,272,939**	1,181,262
SES	**178,380**	110,288
Property Services	**547,173**	422,389
Residential	**277,591**	317,318
Developments	**16,028**	66,859
Needspace	**4,146**	3,738
Other	**20**	20
	2,296,277	2,101,874

* the prior year analysis of statutory turnover by class of business has been restated to reflect the Group's latest business unit reporting structure that was implemented during the year. This has included making SES a stand-alone business unit and moving the Smartspace business (£122.3m revenue in 2023) from Property Services to Construction.

	2024 £000s	2023 £000s
Contracts	**1,938,036**	1,807,551
Rendering of services	**285,632**	192,467
Sale of land and residential properties	**68,443**	98,098
Rental/licence fee income	**4,166**	3,758
	2,296,277	2,101,874

Group statutory turnover is materially within the United Kingdom.

3. Exceptional items

Group operating profit has been arrived at after recognising the following items that are considered to be exceptional because of their size and non-recurring nature:	2024 £000s	2023 £000s
Curtailment loss in relation to closure of defined benefit fund to future accrual	**1,611**	-
Settlement loss in relation to bulk transfer of defined benefit fund	**21,191**	-
Advisers fees and other costs in relation to the bulk transfer of defined benefit fund	**5,970**	-
	28,772	-

During the year, the Group and the Trustee of the Wates Pension Fund agreed to transfer members of the Wates Pension Fund to Clara-Pensions, a pensions consolidation company for defined benefit pension schemes.

The curtailment loss represents the increase in the FRS 102 liabilities of the Wates Pension Fund as a result of the closure of the fund to future accrual effective on 1 October 2024.

The settlement loss comprises an £18,700,000 contribution that was made into the fund on 31 December 2024 to cover the shortfall between the fund's assets and the cost of the transaction, as well as the value of the net pension asset.

The advisers fees are those incurred during the year in relation to agreeing the bulk transfer of the defined benefit fund with Clara-Pensions.

Further details of the pension losses are included in note 25 to the accounts.

4. Other operating income

	2024 £000s	2023 £000s
Fee for management of joint venture activities	**16**	-

5. Group operating profit/(loss)

	2024 £000s	2023 £000s
This is stated after charging/(crediting):		
Amortisation of goodwill	**3,692**	3,477
Amortisation of other intangible assets	**198**	-
Auditors' remuneration*		
- audit of these accounts	**273**	85
- audit of subsidiaries' accounts	**977**	881
Cost of stock recognised as an expense	**58,027**	70,883
Charitable donations	**1,795**	1,540
Depreciation of tangible fixed assets		
(including loss on disposal of £61,000 (2023: £64,000))	**9,797**	8,976
Foreign exchange (gain)/loss	**(23)**	237
Hire of plant and machinery	**8,183**	9,753
Operating lease rentals	**14,385**	10,062
Research and development credits	**(12,254)**	(10,935)
Research and development costs	**51,178**	42,001

* excludes fee payments made through joint ventures

6. Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2024 Number	2023 Number
Operations	**3,032**	2,624
Administration	**2,160**	1,697
	5,192	4,321

The aggregate payroll costs for the Group were as follows:

	2024 £000s	2023 £000s
Wages and salaries	**330,086**	282,542
Social security costs	**37,551**	32,599
Other pension costs	**52,673**	25,477
	420,310	340,618

The pension operating cost for the year was £23,421,000 (2023: £19,000) in respect of defined benefit arrangements, including in relation to the pension settlement, and £29,252,000 (2023: £25,458,000) in respect of defined contribution arrangements. Further information on retirement benefits are included in note 1 (xxii) to the accounts.

There are no employees of the company.

7. Directors remuneration

		2024 £000s	2023 £000s
Directors' emoluments	– executive and family directors	**4,861**	2,953
	– non-executive directors	**238**	240
Amounts receivable under long-term incentive scheme		**1,585**	1,883
Contributions to money purchase pension schemes		**57**	39
		6,741	5,115

Five (2023: five) directors have benefits accruing under a money purchase pension scheme.

		2024 £000s	2023 £000s
Highest paid director	– emoluments	**679**	515
	– amounts receivable under long-term incentive scheme	**638**	850
	– contributions to money purchase pension schemes	**9**	2

8. Net interest receivable

	2024 £000s	2023 £000s
Interest receivable		
Bank	**3,068**	2,190
Other interest	**12,955**	9,455
Net interest on defined benefit liability	**124**	-
Interest receivable	**16,147**	11,645
Interest payable and similar charges		
Bank interest	**-**	103
Bank charges	**1,101**	1,136
Finance charges in respect of finance leases	**332**	-
Other interest	**180**	-
Net interest on defined benefit liability	**-**	56
Interest payable and similar charges	**1,613**	1,295

Other interest receivable includes amounts from joint ventures of £8,453,000 (2023: £6,990,000) which is also included within interest payable by joint ventures disclosed on the face of the Consolidated profit and loss account.

9. Tax on profit/(loss)

a) Analysis of the charge in the year

	2024 £000s	2023 £000s
Current tax		
UK corporation tax on the profit/(loss) for the year	**-**	4,563
Adjustments in respect of prior years	**1,202**	1,303
Total current tax	**1,202**	5,866
Deferred tax		
Origination and reversal of timing differences	**469**	6,676
Adjustments in respect of prior years	**293**	274
Total deferred tax	**762**	6,950
Total tax on profit/(loss)	**1,964**	12,816

During the year beginning 1 January 2025, the net reversal of deferred tax assets is not expected to increase the corporation tax charge for the year significantly as the net reversal will be offset by lower current tax in respect of timing differences. There is no expiry date on timing differences.

9. Tax on profit/(loss) (continued)

b) Factors affecting the total tax charge for the year

The total tax charge for the year is higher (2023: higher) than the standard rate of corporation tax in the UK of 25 per cent (2023: blended rate of 23.5 per cent). The differences are explained below:

	2024 £000s	2023 £000s
Profit before tax	**2,624**	44,934
Less share of profit after tax of joint ventures and associates taxed as separate entities	**3,536**	(2,354)
Group profit before tax	**6,160**	42,580
Group profit at the standard rate of corporation tax in the UK of 25% (2023: blended rate of 23.5%)	**1,540**	10,006
Effects of:		
Permanent disallowable costs	**1,012**	957
Change in tax rates/timing differences	**(2,083)**	276
Adjustments in respect of prior years	**1,495**	1,577
Group total tax charge for the year	**1,964**	12,816

10. Intangible assets

Group	Goodwill £000s	Contracts on acquisition £000s	Group total £000s
Cost at:			
At 1 January 2024	72,098	-	72,098
Addition (note 28)	17,209	7,113	24,322
At 31 December 2024	**89,307**	**7,113**	**96,420**
Amortisation:			
At 1 January 2024	37,470	-	37,470
Provided during the year	3,692	198	3,890
At 31 December 2024	**41,162**	**198**	**41,360**
Net book value:			
At 31 December 2024	**48,145**	**6,915**	**55,060**
At 31 December 2023	34,628	-	34,628

The net book value of goodwill at 31 December 2024 includes amounts and remaining amortisation periods in relation to the following acquisitions:

Acquisition	Remaining amortisation period	Net book value of goodwill
Wates Property Services Limited	6.4 years	£8,699,000
Purchase Group	9.9 years	£4,119,000
Parts of the Shepherd Group	10.8 years	£18,333,000
Liberty Group	19.8 years	£16,994,000

The company had no intangible fixed assets at 31 December 2024 (2023: £nil).

11. Tangible fixed assets

	Land and buildings					
Group	Investment properties - freehold £000s	Buildings £000s	Leasehold improvements £000s	Plant and equipment £000s	Business systems software £000s	Group total £000s
Valuation or cost:						
At 1 January 2024	37,808	2,192	15,929	21,697	36,312	113,938
Acquisition of subsidiaries	-	979	86	11,031	1,692	13,788
Additions	299	-	851	4,709	4,743	10,602
Revaluations	1,480	(248)	-	-	-	1,232
Disposals	-	-	-	(956)	(153)	(1,109)
At 31 December 2024	**39,587**	**2,923**	**16,866**	**36,481**	**42,594**	**138,451**
Depreciation:						
At 1 January 2024	-	-	10,878	15,199	26,978	53,055
Provided during the year	-	-	1,789	4,079	3,868	9,736
Disposals	-	-	-	(871)	-	(871)
At 31 December 2024	**-**	**-**	**12,667**	**18,407**	**30,846**	**61,920**
Net book amounts:						
At 31 December 2024	**39,587**	**2,923**	**4,199**	**18,074**	**11,748**	**76,531**
At 31 December 2023	37,808	2,192	5,051	6,498	9,334	60,883

Investment properties, which are all freehold, were revalued at 31 December 2024 to a fair value of £39,587,000, based on a valuation undertaken by a director of a subsidiary of the Group, who is a chartered surveyor. The method of determining fair value and the assumptions on which valuations are based are set out in note 1 (xxvi) to the accounts. The cost of investment properties at 31 December 2024 was £42,014,000 (2023: £41,714,000).

Buildings include part of one of the investment properties that is leased by a subsidiary of the Group for a lease term of 5 years. The building was revalued at 31 December 2024 to a fair value of £1,947,000. The cost of the building at 31 December 2024 was £2,631,000 (2023: £2,631,000). The Group also acquired a long leasehold property as part of the purchase of the Liberty Group. The building was revalued at 31 December 2024 to a fair value of £976,000, based on a valuation undertaken by an independent valuer. The cost of the building at 31 December 2024 was £358,000 (2023: £nil).

Other tangible fixed assets are stated at cost less depreciation.

Plant and equipment with a net carrying value of £11,983,000 (2023: £nil) is held under finance leases.

Business systems software as at 31 December 2024 included assets in the course of construction of £1,488,000 (2023: £1,780,000).

At the balance sheet date the Group had committed to incur capital expenditure of £46,000 (2023: £nil).

At the balance sheet date the Group had contracted with licence and lease holders regarding provision of flexible office space, studios and managed workspace for minimum payments due within one year of £1,100,000 (2023: £1,152,000), due over one year up to 5 years of £2,517,000 (2023: £1,845,000) and due after 5 years of £122,000 (2023: £315,000). Contracts include licence agreements. They are generally issued on a 3 month minimum term basis, rolling monthly thereafter.

The company had no tangible fixed assets at 31 December 2024 (2023: £nil).

12. Joint ventures and associates and other investments

Group	Joint ventures £000s	Associates £000s	Total joint ventures and associates £000s	Unquoted investments £000s	Equity loans £000s	Total other investments
At 1 January 2024	129,356	124	129,480	-	266	266
Additions	60,241	-	60,241	-	-	-
Repayments	(77,220)	-	(77,220)	(2)	-	(2)
Deferred income	755	-	755	-	-	-
Reversal of impairment	-	-	-	2	-	2
Share of (loss)/profit	(10,241)	4	(10,237)	-	-	-
At 31 December 2024	**102,891**	**128**	**103,019**	**-**	**266**	**266**

The investment in joint ventures includes loans amounting to £76,393,000 (2023: £94,705,000).

Repayments include dividends received from joint ventures and associates of £4,000,000 (2023: £196,000).

The Group holds the following interests in the ordinary share capital of the following companies:

	Interest	Registered office
Barratt Wates (East Grinstead) Limited *	50.0%	Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire LE67 1UF
Barratt Wates (East Grinstead) No. 2 Limited	50.0%	
Barratt Wates (Horley) Limited *	21.5%	
Barratt Wates (Lindfield) Limited *	50.0%	
Barratt Wates (Worthing) Limited *	50.0%	
DWH/Wates (Thame) Limited *	50.0%	
Berkshire Land Limited	33.3%	11 Tower View, Kings Hill, West Malling, Kent ME19 4UY
Linden (Basingstoke) Limited	50.0%	
Linden Wates (Barrow Gurney) Limited	50.0%	
Linden Wates (Bricket Wood) Limited	50.0%	
Linden Wates (Cranleigh) Limited *	50.0%	
Linden Wates Developments (Chichester) Limited *	50.0%	
Linden Wates Developments (Folders Meadow) Limited *	50.0%	
Linden Wates (Dorking) Limited *	50.0%	
Linden Wates (Kempshott) Limited *	50.0%	
Linden Wates (Lovedean) Limited *	50.0%	
Linden Wates (Ravenscourt Park) Limited *	50.0%	
Linden Wates (Ridgewood) Limited *	50.0%	
Linden Wates (The Frythe) Limited *	50.0%	
Linden Wates (Westbury) Limited	50.0%	
Linden Wates (West Hampstead) Limited *	50.0%	
Vistry Wates Nominee Limited	50.0%	

* Owned directly by Wates Group Limited

	Interest	Registered office
HSDP Nominee Ltd	50.0%	Wates House, Station Approach, Leatherhead, Surrey KT22 7SW
HWR Nominee Ltd	50.0%	
Miller Wates (Bracklesham) Limited *	50.0%	2 Centro Place, Pride Park, Derby, Derbyshire DE24 8RF
Miller Wates (Chalgrove) Limited *	50.0%	
Miller Wates (Didcot) Limited *	50.0%	
Miller Wates (Southwater) Limited *	50.0%	
Miller Wates (Wallingford) Limited *	50.0%	

The Group holds the following interests in limited liability partnerships:

	Interest	Registered office
Harrow Strategic Development Partnership LLP	50.0%	Wates House, Station Approach, Leatherhead, Surrey KT22 7SW
Havering and Wates Regeneration LLP	50.0%	
HSDP Byron Quarter LLP	50.0%	
HWR Phase 1 Stage 1 LLP	50.0%	
HWR Phase 1 Stage 2 LLP	50.0%	
HWR Phase 1 Demo Stages 3-10 LLP	50.0%	
Signature Wates Residential LLP	50.0%	
Laurus Living Space LLP	50.0%	Sale Point, 126-150 Washway Road, Sale, Manchester M33 6AG
Linden (Battersea Bridge Road) LLP *	50.0%	11 Tower View, Kings Hill, West Malling, Kent ME19 4UY
Linden Wates (Horsham) LLP *	50.0%	
Linden Wates (Ringwood) LLP *	50.0%	
Linden Wates (Royston) LLP	50.0%	
Linden Wates (Salisbury) LLP *	50.0%	
Linden Wates (Walberton) LLP	50.0%	
Vistry Wates (Buckingham) LLP	50.0%	
Vistry Wates Finance LLP	50.0%	
Vistry Wates Holdings LLP *	50.0%	
Vistry Wates (Leybourne) LLP	50.0%	
Vistry Wates (Tenterden) LLP *	50.0%	
Vistry Wates (Walshes) LLP	50.0%	
Miller Wates (Oakley) LLP	50.0%	2 Centro Place, Pride Park, Derby, Derbyshire DE24 8RF

* Owned directly by Wates Group Limited

12. Joint ventures and associates and other investments (continued)

Associates

The Group holds the following interests in the ordinary share capital of the following companies:

	Interest	Registered office
Countrywise Repairs Limited	49.0%	Monson House, Monson Way, Tunbridge Wells, Kent TN1 1LQ
QSH Propco Limited	15.0%	1934 The Yard, Exploration Drive, Leicester LE4 5JD
Quality Social Housing Management Limited	15.0%	

Unquoted investments

The Group received residual proceeds during the year arising from the 2022 sale of its interest in unquoted investments.

Equity loans

These comprise amounts advanced to homebuyers to assist in their purchase of the Group's residential properties under equity share schemes. The loans, with a cost of £349,000 (2023: £349,000), are repayable, together with a share in the capital appreciation, when the underlying property is sold. Included in the total are loans with a cost of £41,000 (2023: £41,000), which were repayable if the properties were not sold by 2021. These outstanding loans are secured by a charge over the property so are therefore considered recoverable. Loans with a cost of £128,000 (2023: £128,000) are interest free and loans with a cost of £221,000 (2023: £221,000) were interest free until 2016 when a fee of 1.75 per cent became receivable, rising annually by the Retail Price Index plus 1 per cent.

Company

	Shares in Group undertakings £000s	Interests in joint ventures £000s	Unquoted investments £000s	Total £000s
At 1 January 2024	52,038	48,571	-	100,609
Transfer from Wates Developments Limited	-	7,142	-	7,142
Additions	-	48,679	-	48,679
Repayments	-	(63,941)	(2)	(63,943)
Reversal of impairment	-	-	2	2
At 31 December 2024	**52,038**	**40,451**	**-**	**92,489**

The cost of shares in Group undertakings is £71,762,000 (2023: £71,762,000). The value of shares in Group undertakings of £52,038,000 (2023: £52,038,000) is net of cumulative impairments of £19,724,000 (2023: £19,724,000). An impairment of £4,500,000 was recognised in the prior year in respect of the investment in Needspace? Limited.

On 19 December 2024, Wates Developments Limited transferred its interest in Vistry Wates (Tenterden) LLP to Wates Group Limited at cost.

The interest in joint ventures includes loans amounting to £40,440,000 (2023: £48,561,000). Repayments include dividends received from joint ventures of £4,000,000 (2023: £nil). Dividends received are credited to the Profit and loss account on receipt.

The company received residual proceeds during the year arising from the 2022 sale of its interest in unquoted investments.

For the year ended 31 December 2024, the following subsidiaries of the company were entitled to exemption from audit of individual company accounts under Section 479A of the Companies Act 2006:

Wates Group Services Limited (Company number 00340931)
Wates Homes (Farnham Common) Limited (Company number 04165924)
Wates Limited (Company number 03599183)
Wates Residential Development Limited (Company number 13458441)
Wates Residential Limited (Company number 13453218)
Wates Second Land Limited (Company number 00933274)
Wates Smartspace Limited (Company number 13482045)
Wates (WR) Limited (Company number 11735213)
WBH (Financial Services) Limited (Company number 02271336)
Woodside Lands Estates Limited (Company number 01824827)

A list of the Group's subsidiary undertakings is set out on page 206.

13. Stocks

Group	2024 £000s	2023 £000s
Raw materials and consumables	**360**	71
Residential land and work in progress under development	**68,357**	41,583
	68,717	41,654

Group residential land and work in progress under development includes costs associated with performance obligations arising from option and promotion agreements in respect of land of £14,175,000 (2023: £14,219,000).

Company	2024 £000s	2023 £000s
Residential land and work in progress under development	**21,612**	2,595

Company residential land and work in progress under development does not include any costs associated with performance obligations arising from option and promotion agreements in respect of land (2023: £nil).

14. Debtors

	Group 2024 £000s	Group 2023 £000s	Company 2024 £000s	Company 2023 £000s
Amounts falling due within one year				
Trade debtors	**190,929**	152,585	**-**	14
Amounts recoverable on contracts	**198,331**	192,469	**-**	-
Insurance reimbursement asset	**10,274**	17,691	**-**	-
Amounts owed by subsidiary undertakings	**-**	-	**160,862**	139,618
Amounts owed by joint ventures and associates	**4,690**	2,943	**26**	19
Deferred tax asset (note 19)	**3,588**	1,775	**37**	-
Corporation tax receivable	**21,713**	13,606	**-**	14
Other debtors	**6,345**	5,992	**-**	-
Prepayments and accrued income	**17,208**	13,923	**535**	478
	453,078	400,984	**161,460**	140,143
Amounts falling due after one year				
Trade debtors	**28,343**	46,817	**-**	-
Amounts recoverable on contracts	**37,580**	23,548	**-**	-
Insurance reimbursement asset	**14,270**	17,103	**-**	-
Deferred tax asset (note 19)	**8,026**	987	**333**	-
Corporation tax receivable	**406**	406	**406**	406
Other debtors	**1,334**	1,466	**1,250**	1,250
Prepayments and accrued income	**159**	384	**159**	384
	90,118	90,711	**2,148**	2,040
	543,196	491,695	**163,608**	142,183

15. Cash at bank and in hand

	Group 2024 £000s	Group 2023 £000s	Company 2024 £000s	Company 2023 £000s
Cash at bank and in hand	**195,632**	137,996	**62,292**	28,922

Included within Group cash is £13,159,000 (2023: £1,715,000) held in construction project bank accounts for future payment to designated suppliers.

The Group and company do not hold any cash equivalents.

16. Creditors: amounts falling due within one year

	Group 2024 £000s	Group 2023 £000s	Company 2024 £000s	Company 2023 £000s
Advance payments on account of contracts	**220,988**	94,959	**-**	-
Trade creditors	**101,797**	85,051	**-**	-
Amounts owed to subsidiary undertakings	**-**	-	**209,621**	157,910
Amounts owed to joint ventures	**23,804**	23,919	**23,804**	23,919
Other taxes and social security	**80,601**	51,019	**1**	-
Other creditors	**4,270**	2,422	**-**	-
Obligations under finance leases	**1,771**	-	**-**	-
Accruals	**364,508**	366,584	**11,255**	900
Deferred income	**5,444**	4,359	**-**	-
	803,183	628,313	**244,681**	182,729

The Group has in place a Revolving Credit Facility of £84m, which expires in September 2026. The facility was undrawn at 31 December 2024 (2023: £nil).

The Revolving Credit Facility is secured against the majority of the Group's subsidiaries and their assets. The Group has remained compliant with the covenants throughout the period up to the date of this report.

17. Creditors: amounts falling due after more than one year

	Group 2024 £000s	Group 2023 £000s	Company 2024 £000s	Company 2023 £000s
Advance payments on account of contracts	**-**	796	-	-
Obligations under finance leases	**8,731**	-	-	-
Accruals	**22,194**	17,210	-	-
Deferred income	**329**	679	-	-
	31,254	18,685	-	-

18. Contract and other provisions and recoveries

Group	Building remediation £000s	Other £000s	Total £000s
At 1 January 2024	67,015	8,511	75,526
Acquisition of subsidiaries	-	1,861	1,861
Utilised during the year	(33,530)	(1,912)	(35,442)
Charged to profit and loss account	11,634	2,000	13,634
Credited to profit and loss account	(2,307)	(72)	(2,379)
At 31 December 2024	**42,812**	**10,388**	**53,200**

Provisions arise predominantly in respect of remediation works on construction projects. Other provisions include for onerous contracts, potential legal claims and a provision for the net defined benefit pension scheme deficit.

In making the building remediation provisions, the directors have established that a contractual or constructive obligation exists at the balance sheet date and compiled an estimate of costs to complete the associated works. While the amount of the provision recorded has been reliably estimated, until all costs are final, the directors consider the estimated future cash outflow of £42,812,000 to be appropriate.

Some of these obligations are likely to crystallise more than one year but within four years after the balance sheet date.

The Group holds insurance policies or has sought recoveries from supply chain partner insurers to mitigate these liabilities. These are recognised as separate assets when the reimbursement is virtually certain. The directors consider the probable cash inflow to range from £24,544,000 to £31,287,000 while the amount recognised as virtually certain at the balance sheet date is £24,544,000 (see note 14 to the accounts). During the year £3,350,000 of insurance recoveries have been credited to the profit and loss account in respect of remediation works for which provisions have been made.

Where the unavoidable costs of a contract exceed the economic benefit expected to be received from it a provision for onerous contract losses is recognised. Onerous contracts losses are expected to crystalise over the next two years.

19. Deferred tax

	Group £000s	Company £000s
At 1 January 2024	**2,762**	-
Acquisition of subsidiaries	**2,222**	-
Charged to profit and loss account	**(762)**	370
Credited to other comprehensive income	**1,190**	-
At 31 December 2024	**5,412**	**370**

Deferred tax is provided as follows:

Group	2024 £000s	2023 £000s
Accumulated depreciation in excess of capital allowances	**(1,813)**	(1,165)
Deferred tax arising in relation to retirement benefit obligations	**25**	936
Other timing differences including tax losses	**7,200**	2,991
	5,412	2,762

Company	2024 £000s	2023 £000s
Other timing differences including tax losses	**370**	-

Group	2024 £000s	2023 £000s
Deferred tax asset under one year (note 14)	**3,588**	1,775
Deferred tax asset over one year (note 14)	**8,026**	987
Deferred tax liability under one year	**(4,671)**	-
Deferred tax liability over one year	**(1,531)**	-
	5,412	2,762

Company	2024 £000s	2023 £000s
Deferred tax asset under one year (note 14)	**37**	-
Deferred tax asset over one year (note 14)	**333**	-
	370	-

20. Financial instruments

The carrying values of the Group's financial assets and liabilities, other than those measured at the undiscounted amount receivable or payable, are summarised by category below:

Group	2024 £000s	2023 £000s
Financial assets		
Debt instruments measured at amortised cost • Loans receivable from joint ventures (notes 12 and 14)	**76,393**	94,724
Equity instruments measured at cost less impairment • Equity loans (note 12)	**266**	266
Financial liabilities • Obligations under finance leases (notes 16 and 17)	**10,502**	**-**
Interest income and expense		
Total interest income for financial assets at amortised cost	**8,453**	6,990
Total interest expense for financial liabilities at amortised cost	**1,101**	1,239
Total interest expense for other financial liabilities	**332**	-

21. Called up share capital and reserves

	2024 Number	2024 £000s	2023 Number	2023 £000s
Issued and fully paid:				
A ordinary shares of £1 each	**323,854**	**324**	323,854	324
B ordinary shares of £1 each	**323,854**	**324**	323,854	324
C ordinary shares of £1 each	**323,854**	**324**	323,854	324
A second ordinary shares of £0.0277 each	**60**	**-**	60	-
B second ordinary shares of £0.0277 each	**60**	**-**	60	-
C second ordinary shares of £0.0277 each	**60**	**-**	60	-
Non-voting second preference shares of £1 each	**2,500,000**	**2,500**	2,500,000	2,500
Non-voting A preference shares of £1 each	**2,914,677**	**2,914**	2,914,677	2,914
Non-voting B preference shares of £1 each	**2,914,677**	**2,914**	2,914,677	2,914
Non-voting C preference shares of £1 each	**2,914,677**	**2,914**	2,914,677	2,914
Index linked non-voting A shares of £1 each	**20,750**	**21**	20,750	21
Index linked non-voting B shares of £1 each	**20,750**	**21**	20,750	21
Index linked non-voting C shares of £1 each	**20,750**	**21**	20,750	21
	12,278,023	**12,277**	12,278,023	12,277

During 2023, second preference shares of £1 each were redeemed for a consideration equal to par value. In order to maintain the capital of the company an amount equal to the par value of the shares was transferred to the Capital redemption reserve with an offsetting reduction in the Profit and loss account.

Ordinary and second ordinary shares, which carry the rights to receive notice, attend and vote at general meetings of the company, are entitled to dividends declared after the payment of index linked share dividends, preference and second preference share dividends.

Dividends on all shares are declared at the discretion of the directors. The priority of dividends other than ordinary dividends is as follows:

1. Firstly, index linked shareholders ('index shareholders') are entitled to annual non-cumulative preferential dividends being the greater of the preceding such dividend and an amount of £4.82 per share indexed using the Retail Price Index since September 2007;
2. Secondly, preference shareholders are entitled to biannual fixed non-cumulative dividends, the first at the rate of 17 per cent per annum and the second at a rate of 17 per cent per annum subject to minimum profit levels on the amount paid up and in issue regarding these shares;
3. Thirdly, second preference shareholders are entitled to fixed non-cumulative dividends at the rate of 7.5 per cent per annum on the amount paid up and in issue regarding these shares.

On a return of capital on a winding-up of the company, assets available for distribution shall be applied firstly to repaying the index shareholders, secondly to repaying the preference shareholders, thirdly to repaying the second preference shareholders, fourthly to repaying the second ordinary shareholders and fifthly to repaying the ordinary shareholders.

The A, B and C preference, ordinary and second ordinary shares are treated as separate classes of shares regarding further issues and transfers and, in the case of ordinary and second ordinary shares only, proceedings at general meetings.

The Group and company's reserves are as follows:

- The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses.
- The capital redemption reserve contains the amounts transferred following repurchase and redemption of the company's shares.

The profit and loss account reserve represents cumulative profits and losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

The following dividends were paid by the Group and company:

	2024 £000s	2023 £000s
Ordinary shares	**15,185**	10,774
Second ordinary shares	**3**	2
Preference shares	**2,973**	2,973
Second preference shares	**188**	354
Index linked shares	**561**	546
	18,910	14,649

As noted above, all classes of shares, except the second preference shares, are divided into A, B and C sub-classes with any dividends equally divided between them.

22. Reconciliation of Group operating (loss)/profit to cash generated by operations

	2024 £000s	2023 £000s
Group statutory operating (loss)/profit including joint ventures and associates	**(11,910)**	34,584
Adjustments for:		
Amortisation of intangible assets	**3,890**	3,477
Depreciation of tangible assets	**9,736**	8,912
Loss on disposal of fixed assets	**61**	64
(Increase)/decrease in fair value of investment properties	**(1,480)**	5,483
Decrease in fair value of buildings	**248**	112
Reversal of impairment of other investments	**(2)**	-
Share of post-tax loss from joint ventures and associates	**10,237**	383
Pension curtailment and settlement losses	**22,802**	-
Movements in working capital:		
(Increase)/decrease in stocks	**(26,772)**	12,482
Increase in debtors	**(37,570)**	(45,024)
Increase in creditors	**148,734**	13,773
(Decrease)/increase in provisions	**(17,985)**	3,103
Cash generated from operations before adjustment for pension funding	**99,989**	37,349
Adjustment for pension funding excluding settlement	**(12,381)**	(13,699)
Adjustment for pension settlement funding	**(18,702)**	-
Cash generated from operations	**68,906**	23,650
Interest received	**11,815**	10,672
Interest paid	**(83)**	(444)
Corporation tax received/(paid)	**3,169**	(1,404)
Net cash inflow from operating activities	**83,807**	32,474

23. Group net cash reconciliation

	1 January 2024 £000s	Cash flows £000s	New finance leases £000s	Acquisition of subsidiaries £000s	31 December 2024 £000s
Cash at bank and in hand	137,996	53,746	-	3,890	**195,632**
Obligations under finance leases	-	698	(2,165)	(9,035)	**(10,502)**
Net cash	137,996	54,444	(2,165)	(5,145)	**185,130**

24. Lease commitments

	2024 £000s	2023 £000s
Group total future minimum leases payments under finance leases are as follows:		
Within one year	**1,771**	-
Between one and five years	**8,472**	-
After five years	**260**	-

	2024 £000s	2023 £000s
Group total future minimum leases payments under non-cancellable operating leases are as follows:		
Within one year	**11,762**	9,314
Between one and five years	**19,926**	16,181

25. Pension schemes

The Group historically operated a defined benefit pension scheme, the Wates Pension Fund ('the scheme'), which is now closed to future accrual and new entrants. The Group also operates personal pension schemes providing benefits on a defined contribution basis. Subsidiaries of the Group participate in a defined-benefit scheme accounted for on a defined contribution basis (see note 1(xxii)) to the accounts.

During the year, the Group and the Trustee of the Wates Pension Fund agreed to transfer members of the Wates Pension Fund to Clara-Pensions, a pensions consolidation company for defined benefit pension schemes. On 31 December 2024 the Group recognised the impact of the bulk transfer agreement which facilitated the transfer of the defined benefit assets and liabilities from the Wates Pension Fund to the Clara Pension Trust. A one-off contribution of £18.7m was made into the fund on 31 December 2024 to cover the shortfall between the fund's assets and the cost of transaction, with the Group irrevocably committed to the completion of the transaction at that date.

The balance sheet at 31 December 2024 reflected the net pension provision that will remain after the transfer of the Fund's assets to Clara Pension Trust with the exception of a small reserve held within the fund to deal with any additional liabilities that may arise once Clara-Pensions has completed GMP equalisation and a data rectification exercise. The effective date of the transaction, when the transfer was completed, was 14 January 2025 (note 30 to the accounts).

The funds of the scheme are administered by trustees and are separate from the funds of the Group.

The latest full actuarial valuation of the scheme was carried out at 1 January 2023 and were updated to the accounting date by a qualified independent actuary.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)	2024	2023
Discount rate	**5.50%**	4.55%
Rate of compensation increase *	**n/a**	4.00%
Rate of price inflation	**3.10%**	3.00%
Rate of pension increase	**2.35%**	2.30%

* Rate of compensation increase is no longer relevant following the funds closure on 1 October 2024.

Weighted average life expectancy for mortality tables used to determine benefit obligations at year end	2024 Years	2023 Years
Male member age 65 (current life expectancy)	**22.0**	21.9
Female member age 65 (current life expectancy)	**24.6**	24.5
Male member age 45 (life expectancy at age 65)	**23.3**	23.2
Female member age 45 (life expectancy at age 65)	**26.0**	25.8

Components of pension cost	2024 £000s	2023 £000s
Recognised in the profit and loss account:		
Current service cost/(credit)	**375**	(198)
Curtailment loss due to closure of the fund to future accrual	**1,611**	-
Settlement loss due to the bulk transfer of the fund	**21,191**	-
Net interest (credit)/cost	**(124)**	56
	23,053	(142)
Recognised in other comprehensive expense/(income)	**4,761**	9,563
Total cost relating to defined benefit scheme	**27,814**	9,421

Analysis of deferred tax recognised in other comprehensive (expense)/income	2024 £000s	2023 £000s
Tax credit relating to remeasurement of net defined benefit liability	**(1,190)**	(2,391)
Total tax credit relating to other comprehensive (expense)/income	**(1,190)**	(2,391)

The amount included in the balance sheet arising from the Group's obligations in respect of the scheme is as follows:

	2024 £000s	2023 £000s
Present value of defined benefit obligations	**(184,816)**	(202,274)
Fair value of scheme assets	**184,716**	198,530
Net liability recognised in the balance sheet	**(100)**	(3,744)

25. Pension schemes (continued)

	2024 £000s	2023 £000s
Movements in the present value of defined benefit obligations:		
At 1 January	**202,274**	196,994
Service cost/(credit)	**375**	(198)
Curtailment loss due to closure of the fund to future accrual	**1,611**	-
Interest cost	**9,002**	9,217
Actuarial (gain)/loss	**(19,476)**	6,344
Benefits paid	**(8,970)**	(10,083)
At 31 December	**184,816**	202,274
Movements in the fair value of scheme assets:		
At 1 January	**198,530**	189,170
Interest income	**9,126**	9,161
Actual return less interest on scheme assets	**(24,237)**	(3,219)
Employer contribution	**31,458**	13,501
Benefits paid	**(8,970)**	(10,083)
Settlement loss due to the bulk transfer of the fund	**(21,191)**	-
At 31 December	**184,716**	198,530

The Group's scheme assets are mainly invested in pooled investment funds.
The analysis of scheme assets at the balance sheet date is as follows:

	2024	2023
Major categories of scheme assets as a percentage of the fair value of total scheme assets:		
Equity securities	**10.3%**	14.1%
Debt securities	**77.5%**	70.5%
Real estate	**0.0%**	1.1%
Cash and cash equivalents	**10.3%**	9.4%
Other	**1.9%**	4.9%
	100.0%	100.0%

Scheme assets include £22,603,000 (2023: £24,931,000) of illiquid investments, being 12.2% (2023: 12.6%) of the total fair value of scheme assets.

These assets are regularly valued by the fund manager and reported to the administrator of the fund. The most recent valuations are used in the assessment of the fair value of these illiquid investments, which in some instances was at 30 September 2024. The valuation was reviewed at 31 December 2024 for likely possible movements over the intervening period.

26. Contingencies

There are claims arising in the normal course of trading that are in the process of negotiation. In some cases, these negotiations may be protracted over several years. Provision has been made for all amounts that the directors consider will become payable on account of claims. There are contingent liabilities in respect of guarantees and other agreements entered into in the normal course of business.

The Group continues to assess and analyse the impact of the Building Safety Act (BSA). The impact of the BSA gives rise to potential liabilities for remediation costs on residential buildings over 11 metres high constructed during the 30-year period to 30 June 2022.

We formally joined the Responsible Actors Scheme during 2023 for projects where we have acted as a Residential Developer, but it is important to note that the Group's development activities of residential buildings over 11 metres during this extended period was limited.

Since the BSA came into force we have been notified of 13 potential BSA claims. Works are due to commence on site in respect of two of these in the first half of 2025, with the remainder at the investigation stage where we are currently awaiting expert reports and assessments as required under the Act. The vast majority of historical notifications of potential claims have not resulted in an outflow of resources or have been settled with minimal net expenditure after taking into account insurance recoveries.

Net provisions of £9.3m were charged in 2024 in respect of building remediation costs, these were partially offset by insurance reimbursement assets recognised during the year. See note 18 to the accounts on provisions and recoveries for further information.

There continues to be a high degree of uncertainty, and it is not possible to quantify the future impact on the Group's financial position at this time. The Board is continuing to closely monitor developments.

27. Related parties

Turnover in respect of the value of contracting work done for and land sold to joint ventures in the year ended 31 December 2024 was £978,000 (2023: £23,577,000).

Amounts were due to the Group from joint ventures and associates at 31 December 2024 of £81,057,000 (2023: £97,648,000). Additionally, at 31 December 2024, the Group owed joint ventures £23,804,000 (2023: £23,919,000). Interest at market rates is receivable/(payable) in respect of loans, which are unsecured, due from/(to) joint ventures.

Myriad CEG Group Limited (Myriad) is controlled by the company's shareholders and hence is a related party. The company has guaranteed the bank overdraft of a subsidiary held by Myriad in the amount of £250,000 (2023: £250,000) and in turn has received a counter guarantee from members of the Wates family.

On 10 September 2020, loans to shareholders were granted such that at 31 December 2024; £500,000 (2023: £500,000) was due from Sir James G.M Wates, a shareholder and director of the company, to the company; £250,000 (2023: £250,000) was due from Jonathan G.M. Wates, a shareholder and director of the company, to the company; £250,000 (2023: £250,000) was due from Timothy A.D. Wates, a shareholder and director of the company, to the company; and £250,000 (2023: £250,000) was due from Andrew E.P. Wates, a director of the company, to the company. All loans are repayable in September 2027. The outstanding amounts represent the full amounts of the loans. Interest on the loans is charged at the higher of the official rate for beneficial loans arrangements as set by HMRC of 2.25 per cent and 2.5 per cent. Interest accrues daily and is payable annually in arrears on each anniversary of the date on which the loan is borrowed.

During its normal course of business, a Group subsidiary, Wates Developments Limited, entered into a promotion agreement for a site, with Andrew T. A. Wates, who is a shareholder of the company, and his wife Sarah, in July 2016. The initial contract will last for ten years and an initial amount of £85,000 was paid. Wates Developments Limited will be paid a promotion fee of 20 per cent, being 20 per cent of the net sale proceeds received by Andrew T. A. Wates and his wife Sarah, if it successfully achieves planning on the site within ten years. The promotion is extendable for ten years on payment of an additional fee. During 2019, Wates Developments Limited bought a piece of land adjacent to the site. If the promotion contract between Andrew T. A. Wates and his wife Sarah expires, Andrew T. A. Wates and his wife, Sarah, can purchase this piece of land at cost plus interest at 2 per cent above the base rate.

During its normal course of business, a Group subsidiary, Wates Developments Limited, entered into a promotion agreement for a site, with Michael E. Wates, who is a shareholder of the company, and his wife Caroline, in August 2020. The initial contract will last for ten years and an initial amount of £50,000 was paid.

27. Related parties (continued)

Wates Developments Limited will be paid a promotion fee of 20 per cent, being 20 per cent of the net sale proceeds received by Michael E. Wates and his wife Caroline, if it successfully achieves planning on the site within ten years. The promotion is extendable for ten years on payment of an additional fee.

Key management personnel includes all statutory directors of the company and of the Executive Committee. The total remuneration for key management personnel for the year was £20,782,000 (2023: £15,940,000) including dividends received of £7,826,000 (2023: £5,688,000).

28. Acquisition of subsidiaries

On 1 October 2024, the Group acquired all of the issued share capital of Liberty Group Investments Limited for £16,678,000 in cash and £12,000,000 in deferred consideration. The Liberty Group consists of Liberty Group Investments Limited plus the following directly or indirectly owned 100 per cent subsidiaries:

Booth Mechanical Services Limited

Booth Securities Limited

City West Works Limited

Liberate Training and Apprenticeships Academy Limited

Liberty Energy Limited

Liberty Gas Group Limited

Liberty R and M Limited

Netzero Collective Limited

The acquisition has been accounted for using the purchase method of accounting. The book values of the identifiable assets and liabilities acquired and their provisional fair values to the Group were as follows:

	Book value £000s	Fair value adjustments £000s	Fair value to Group £000s
Fixed assets			
Intangible			
Contracts on acquisition	-	7,113	7,113
Tangible			
Buildings	979	-	979
Leasehold improvements	86	-	86
Plant and equipment	11,031	-	11,031
Business systems software	1,692	-	1,692
Current assets			
Stocks	291	-	291
Trade debtors	3,891	-	3,891
Amounts recoverable on contracts	4,475	-	4,475
Deferred tax asset	4,000	-	4,000
Corporation tax receivable	205	-	205
Other debtors	1,709	-	1,709
Prepayments and accrued income	404	-	404
Cash at bank	3,890	-	3,890
Total assets	**32,653**	**7,113**	**39,766**

	Book value £000s	Fair value adjustments £000s	Fair value to Group £000s
Creditors			
Trade creditors	(4,957)	-	(4,957)
Other taxes and social security	(2,038)	-	(2,038)
Other creditors	(276)	-	(276)
Obligations under finance leases	(9,035)	-	(9,035)
Accruals	(6,577)	-	(6,577)
Provisions	(1,861)	-	(1,861)
Deferred tax liability	-	(1,778)	(1,778)
Total liabilities	**(24,744)**	**(1,778)**	**(26,522)**
Net identifiable assets	**7,909**	**5,335**	**13,244**
Goodwill			**17,209**
Total purchase consideration			30,453
Consideration			
Cash			16,678
Deferred consideration			12,000
Costs of acquisition			1,775
Total purchase consideration			30,453

The goodwill arising on the transaction represents the value of people, know-how, track record and expertise acquired within the acquisition that have not been individually identified and separately recognised. The goodwill is considered to have a useful life of 20 years.

The contracts acquired on acquisition have been separated from goodwill as they are separable, future economic benefits are probable and their value can be measured reliably.

Deferred consideration

Deferred consideration of £12,000,000 is due within 7 months of the acquisition date.

Contingent consideration

Contingent consideration of £1,049,000 will become due if a set proportion of historic trade debtor balances are collected. As at the date of this report, the collection threshold has not been met and is not expected to be met and therefore has not been recognised.

In the year ended 31 December 2024, turnover of £25,812,000 and loss after tax of £646,000 (including goodwill and contracts on acquisition amortisation after tax of £363,000) were included in the consolidated statement of comprehensive (expense)/income in respect of the acquisition for the period since the acquisition date.

29. Alternative performance measures

The performance of the Group is assessed using a variety of performance measures, including alternative performance measures (APM) which are presented to provide users with additional financial information that is regularly reviewed by management. The following APMs are referred to throughout the report.

Group turnover including the Group's share of joint ventures' and associates' turnover	2024 £000s	2023 £000s
Group statutory turnover	**2,296,277**	2,101,874
Share of turnover of joint ventures and associates	**103,342**	81,603
Group turnover	**2,399,619**	2,183,477

Operating (loss)/profit excluding the Group's share of joint ventures' and associates' interest and tax	2024 £000s	2023 £000s
Group statutory operating (loss)/profit: Group and share of joint ventures and associates	**(11,910)**	34,584
Share of net interest payable of joint ventures and associates	**9,738**	8,758
Share of tax of joint ventures and associates	**(848)**	1,234
Statutory operating (loss)/profit *	**(3,020)**	44,576

* Also referred to as Total operating (loss)/profit before interest and tax on the face of the Consolidated profit and loss account

Operating (loss)/profit excluding the Group's share of joint ventures' and associates' interest and tax before exceptional administrative expenses	2024 £000s	2023 £000s
Group statutory operating (loss)/profit: Group and share of joint ventures and associates	**(11,910)**	34,584
Share of net interest payable of joint ventures and associates	**9,738**	8,758
Share of tax of joint ventures and associates	**(848)**	1,234
Exceptional administrative expenses	**28,772**	-
Underlying operating profit *	**25,752**	44,576

* Also referred to as Total operating (loss)/profit before interest and tax on the face of the Consolidated profit and loss account

Underlying operating profit margin calculated as total operating profit before interest and tax divided by total revenue	2024	2023
Underlying operating profit margin	**1.1%**	2.0%

Group profit before tax before exceptional administrative expenses	2024 £000s	2023 £000s
Group statutory profit before tax	**2,624**	44,934
Exceptional administrative expenses	**28,772**	-
Underlying Group profit before tax	**31,396**	44,934

The performance of the Group's joint ventures and associates is as follows:

Share of post-tax loss from joint ventures and associates	2024 £000s	2023 £000s
Turnover	**103,342**	81,603
Operating (loss)/profit	**(1,347)**	9,609
Interest	**(9,738)**	(8,758)
(Loss)/profit before tax	**(11,085)**	851
Tax	**848**	(1,234)
Loss after tax	**(10,237)**	(383)

These APMs are not defined under FRS 102 and therefore may not be directly comparable with similarly identified measures used by other entities. They are not intended to be a substitute for, or superior to, FRS 102 measures.

30. Post balance sheet events

During the year, the Group and the Trustee of the Wates Pension Fund agreed to transfer members of the Wates Pension Fund to Clara-Pensions, a pensions consolidation company for defined benefit pension schemes. The transfer took place on 14 January 2025, at which point all assets of the fund were transferred to Clara-Pensions, with the exception of a small reserve intended to facilitate the wind-up of the fund in due course. Further details of the transaction are included in note 25 to the accounts.

An investment property with a fair value of £16,000,000 as at 31 December 2024, was sold for fair value on 27 January 2025.

In February 2025, certain Directors were issued growth shares in Wates Property Services (Holdings) Limited, a subsidiary of Wates Construction Limited.

In March 2025, the company entered into an unconditional agreement to sell an investment property with a fair value of £5,300,000 for a consideration of £5,350,000.

Subsidiary undertakings

At 31 December 2024

Except where otherwise stated:

- All subsidiary undertakings are incorporated in the United Kingdom and registered in England and Wales;
- The registered office of all subsidiary undertakings is Wates House, Station Approach, Leatherhead, Surrey KT22 7SW;
- The Wates Group Limited interest is 100 per cent of the issued share capital of the subsidiary undertakings listed below included in the consolidated accounts.

Subsidiary undertaking

10 St Bride Street Limited *

Booth Mechanical Services Limited

Booth Securities Limited

Brooks and Rivers Limited

City West Works Limited

Danesdale (Pebble Drive) Limited

G Purchase Construction Limited

GW 217 Limited

Liberate Training and Apprenticeships Academy Limited

Liberty Energy Limited

Liberty Gas Group Limited

Liberty Group Investments Limited

Liberty R and M Limited

Needspace? Limited *

Netzero Collective Limited

Purchase Group Limited

Purchase Home Improvements Limited

Purchase Homes Limited

Purchase Support Limited

QED Education Environments Limited *

Relocation and Inventory Services Limited

SES Engineering (Holdings) Limited *

SES (Engineering Services) Limited

Stageselect Limited *

Third Wates Investments Limited

Wates Amenity Lands Limited

Wates Built Homes (Blakes) Limited

Wates Built Homes (London) Limited

Wates Built Homes Limited

Wates Built Homes (Retirement) Limited

Wates Built Homes (Southern) Limited

Wates Construction International LLC (incorporated in Abu Dhabi; ownership interest 49%; registered office – Sultan International Holdings, 20th Floor, Sheikh Sultan Bin Hamdan Building, Corniche PO Box 3486, Abu Dhabi, United Arab Emirates) #

Wates Construction Limited *

Wates Construction Services Limited

Wates (Crowborough) Limited

Wates Developments Limited *

Wates Financial Services Limited

Wates Fit Out Limited

Wates FM Limited *

Wates Group Properties Limited

Wates Group Services Limited *

Wates Healthcare Trustee Company Limited

Wates Homes (Bracknell) Limited

Wates Homes (Cambridge) Limited

Wates Homes (Chichester) Limited

Wates Homes (Farnham Common) Limited

Wates Homes Limited (formerly known as Wates Homes (Odiham) Limited)

Wates Homes (Oakley) Limited

Wates Homes (Wallingford) Limited

Wates Homes (Warsash) Limited

Wates Interiors Limited

Wates Lancewood Estates Limited *

Wates Limited *

Wates Maintenance Services Limited

Wates Pension Trustee Company Limited

Wates PFI Investments Limited

Wates PFI Investments (Projects) Limited

Wates PFI Investments (QED) Limited

Wates Property Services (Holdings) Limited

Wates Property Services Limited

Wates Regeneration (Coventry) Limited

Wates Regeneration (South Acton) Limited

Wates Regeneration (Tavy Bridge) Limited

Wates Residential Limited *

Wates Residential Construction Limited

Wates Residential Development Limited

Wates Second Land Limited

Wates Smartspace Limited *

Wates Staff Trustees Limited

Wates Surrey One Limited

Wates Surrey Two Limited (formerly known as Wates Homes Limited)

Wates (Walberton) Limited *

Wates (WR) Limited

WBH (Financial Services) Limited

Woodside Lands Estates Limited

Woodside Lands Limited

Woodside Lands Management Limited

* Owned directly by Wates Group Limited

Liquidated on 9 January 2025

The consolidated income and expenditure, assets and liabilities and cash flows of the subsidiary undertakings of the Group include the Group's shares of the following unincorporated jointly controlled assets:

	Interest	Address
Linden Wates (St. Albans)	50.0%	11 Tower View, Kings Hill, West Malling, Kent ME19 4UY

Group five-year summary

	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m
Profit and loss account					
Group turnover including share of joint ventures' and associates' turnover	1,449	1,626	1,894	2,183	**2,399**
Group statutory turnover	1,383	1,522	1,787	2,102	**2,296**
Operating profit/(loss) excluding share of joint ventures' and associates' interest and tax	4.6	35.3	36.2	44.6	**(3.0)**
Underlying operating profit excluding share of joint ventures' and associates' interest and tax *	16.0	35.3	36.2	44.6	**25.8**
Underlying Group profit before tax *	12.3	31.2	31.5	44.9	**31.4**
Group statutory profit before tax	0.8	31.2	31.5	44.9	**2.6**
Balance sheet					
Net assets	142.0	166.8	162.3	170.3	**148.5**

* In order to provide users with a clear and consistent presentation of the underlying performance of the Group, the 2020 and 2024 figures separately identify items that are considered to be exceptional because of their size or non-recurring nature. The exceptional items are excluded from the underlying data presented in the table above.

We would like to thank all our colleagues who featured in this report.

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