

BP's impact on the UK economy in 2017



2018 update based on research and analysis by Oxford Economics



Members of the public attending a BP Big Screen performance relayed live from the Royal Opera House to a screen in Trafalgar Square, London, UK

BP's impact on the UK economy in 2017

This is a short update to complement the original report by Oxford Economics, BP's impact on the UK economy, September 2015 and the subsequent updates in 2016 and 2017.

This 2018 summary reflects the economic contribution for the calendar year 2017 and can be read alongside the previous reports for a year-on-year comparison.

In comparison to previous years, our UK economic impact reduced in 2017 in terms of gross value added (GVA) to the UK economy but grew in terms of the number of jobs supported. The principal reasons for these changes were that:

- BP slightly increased its overall spending with UK suppliers of non-capital goods and services, whilst decreasing its spending on capital goods.
- The Office of National Statistics revised upwards for 2017 the multipliers used to calculate GVA impact for the five largest spend categories for BP, so the reduction in spend on capital goods was largely compensated for by the increased GVA impact of spend on non-capital goods and services.
- In addition, the share of overall spending that was operational rather than on capital goods was higher in 2017 (70%) than it was in 2016 (65%). Since this is typically with industries that are less capital intensive, productivity tends to be lower, with more people employed per unit of spend in providing non-capital goods and services than in capital goods.

2017 economic impact highlights

- BP supported an estimated **£9.6 billion** gross value added contribution to the UK's gross domestic product (GDP) and **141,860 UK jobs** in 2017.
- Of this total, BP's direct UK operations – such as oil and gas fields, petrochemical plants, fuels retailing facilities and major offices – created a **£3.4 billion** gross value added contribution to UK GDP and employed **16,175 people**.
- BP spent a total of **£7.1 billion with UK suppliers**:
 - **£4.9 billion** on non-capital goods and services, supporting an estimated **£4.2 billion** indirect contribution to GDP and **90,000 jobs**.
 - **£2.1 billion** spent on capital goods, supporting an estimated **£1.9 billion** gross value added contribution to GDP and **36,000 jobs**.
- BP's direct, indirect and capital expenditures with UK suppliers are estimated to have supported **1 in every 226 jobs** in the UK in 2017, or **0.4% of all employment** in the country.
- BP spent a further **£1.6 billion with UK-registered businesses operating overseas**.
- **BP Ventures** invested a total of **£44 million** in **9 innovative businesses** across the UK, aligned with our Upstream, Downstream and Alternative Energy interests.
- BP expanded its **Alternative Energy** business through a strategic partnership – the large-scale solar power developer **Lightsource BP**.
- An estimated **0.5% of UK GDP** in 2017 was in some way reliant on BP's activities – whether directly, indirectly, or through BP's capital expenditure. That is **£1 in every £213** of GDP created in the UK during the year.
- Around **40% of BP's global R&D expenditure** in 2017 was on work conducted in the UK.
- BP paid more than **£1.7 billion in dividends** to UK-based shareholders in 2017.
- In 2017, BP paid or collected more than **£2.5 billion in tax** to the UK government. That is equivalent to **£1 for every £285** paid to HMRC in 2017, or **0.35% of all tax receipts**.

£9.6bn

contribution made to UK GDP



Fuel trader in discussion with a colleague on the BP trading floor in 20 Canada Square, London, UK

£9.6bn

contribution made to UK GDP

141,860

jobs supported by BP,
one in every 226 in the UK

£1.7bn

paid in dividends to UK-based
shareholders

1968

BP has been working with UK
schools since 1968

£1.6bn

spent with UK-registered
businesses operating overseas

1966

Supporting world-class arts and
culture in the UK since 1966



0.5%

of UK GDP supported
by BP's activity

£7.1bn

spent with UK suppliers

2,860

UK suppliers of goods
and services

£4.9bn

spent on non-capital goods and
services from UK suppliers

670

UK suppliers for
capital expenditure

£2.1bn

spent on capital goods from
UK suppliers



Channels through which BP contributes to the UK economy

Direct Impact



BP employs lots of staff. Its operations generate GDP and tax for HM Treasury.

Indirect Impact



OPERATIONAL SPEND

BP spends money with suppliers across the UK who employ staff, generate GDP and pay taxes.

Indirect Impact



CAPITAL SPEND

BP also undertakes capital investment, spending money with additional UK suppliers, which generates more jobs, GDP and tax.

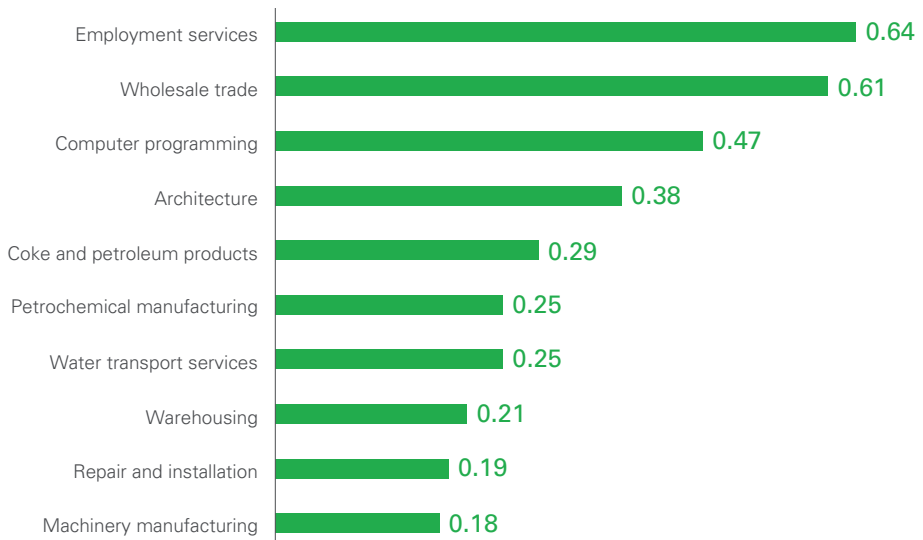
Total Impact

Together all these effects comprise the total economic impact of BP on the UK economy.

BP's impact on the UK's regional economy

Ten UK industrial sectors receiving the largest amount of BP's UK operational procurement spend in 2017

£ billion
Source: Oxford Economics





DHL delivering branded ambient, chilled and frozen Wild Bean products to the BP company-owned retail site at Fourways, Corby, UK

BP's impact on the UK's regional economy

Procurement impact and supplier diversification

BP spending (£ million)



Source: BP, based on invoice location

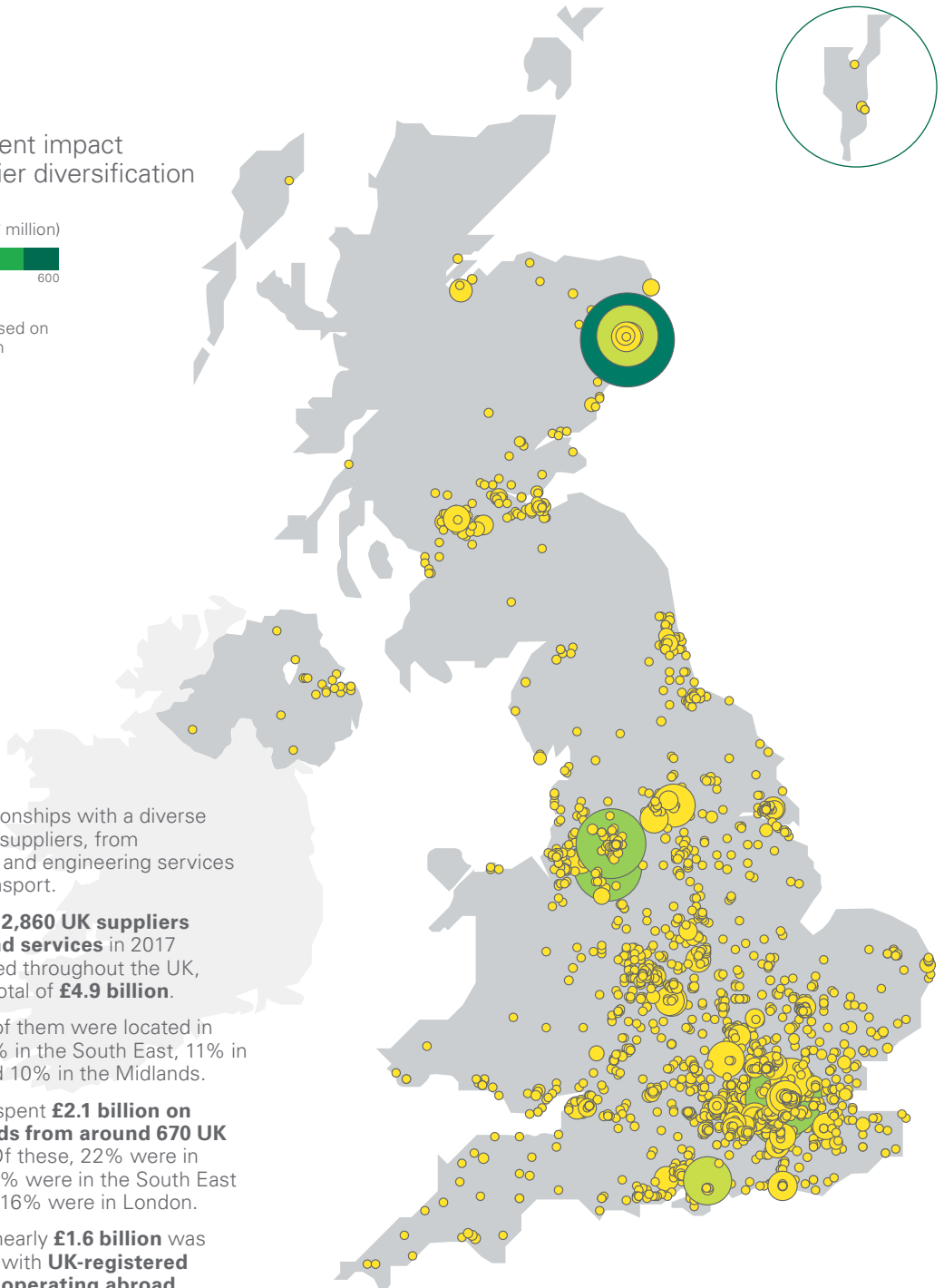
BP has relationships with a diverse range of UK suppliers, from architectural and engineering services to water transport.

BP's around **2,860 UK suppliers of goods and services** in 2017 are distributed throughout the UK, receiving a total of **£4.9 billion**.

Some 24% of them were located in London, 22% in the South East, 11% in Scotland and 10% in the Midlands.

In 2017, BP spent **£2.1 billion on capital goods from around 670 UK suppliers**. Of these, 22% were in Scotland, 20% were in the South East and another 16% were in London.

In addition, nearly **£1.6 billion** was spent by BP with **UK-registered businesses operating abroad**.





BP Andrew pump impeller being laser scanned to verify component profile and dimensions at the Weir Oil & Gas Service Centre, Aberdeen, UK

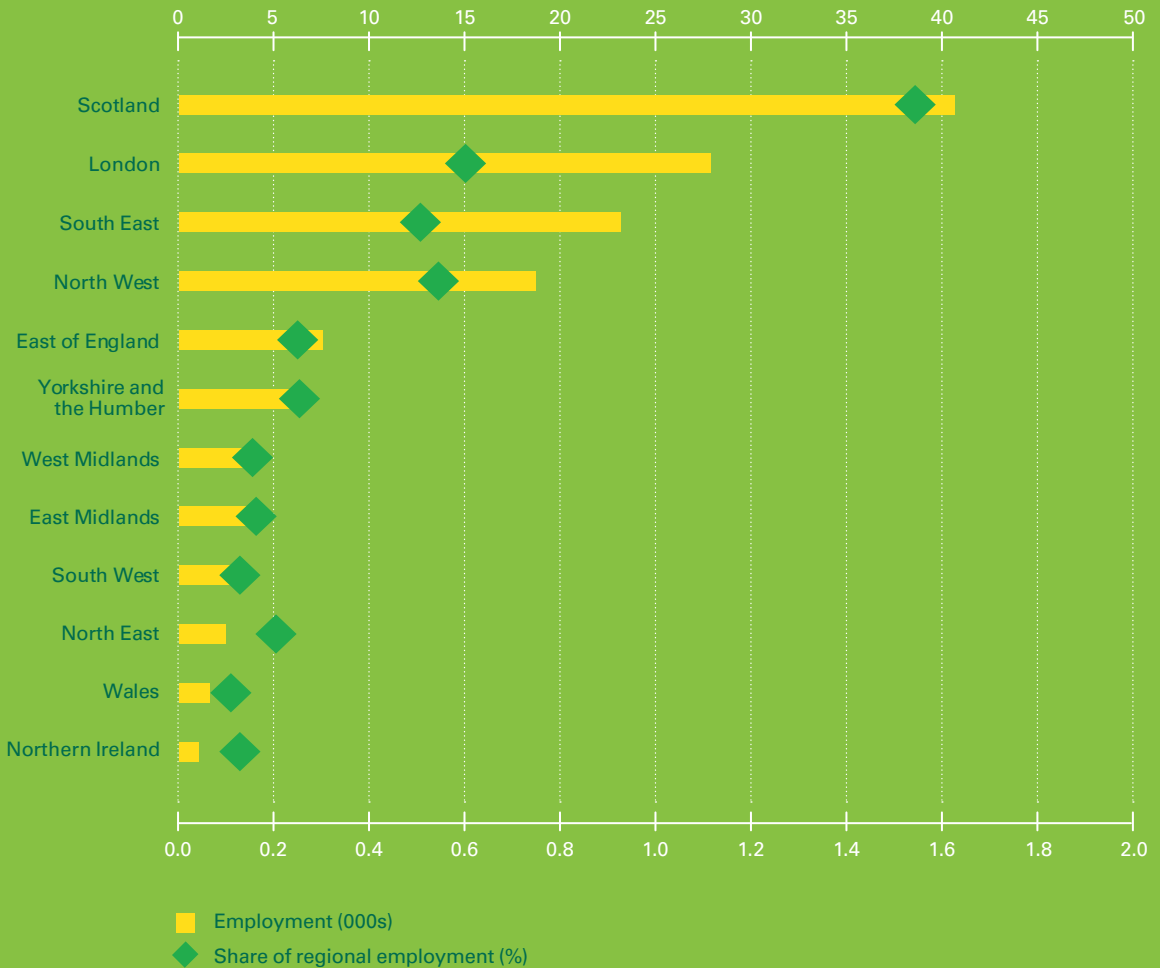
BP's impact on the regional economy

Employment impact

141,860 British jobs were supported by BP in 2017, with direct UK operations creating £3.4 billion gross value added contribution to UK GDP and employing 16,175 people.

The indirect impact of BP procurement of goods and services and capital expenditure supported an estimated additional 125,690 people in the wider UK economy.

Overall, Scotland, London, the South East and the North West were the biggest jobs beneficiaries from BP's direct and indirect impacts. BP supported employment equivalent to 1.6% of all employment in Scotland, 0.6% in London, 0.5% in both the South East and the North West, and 0.2% in the North East.



Source: BP, Oxford Economics, ONS

£ Direct GVA (£m)

Direct employment

Indirect jobs supported

Scotland

£480m



2,258 directly employed
38,725 indirect jobs supported

Yorkshire and the Humber

£130m



612 directly employed
5,906 indirect jobs supported

East of England

£286m



1,346 directly employed
6,285 indirect jobs supported

London

£728m



3,420 directly employed
24,642 indirect jobs supported

Rest of UK

£338m



1,589 directly employed
33,730 indirect jobs supported

South East

£1,478m

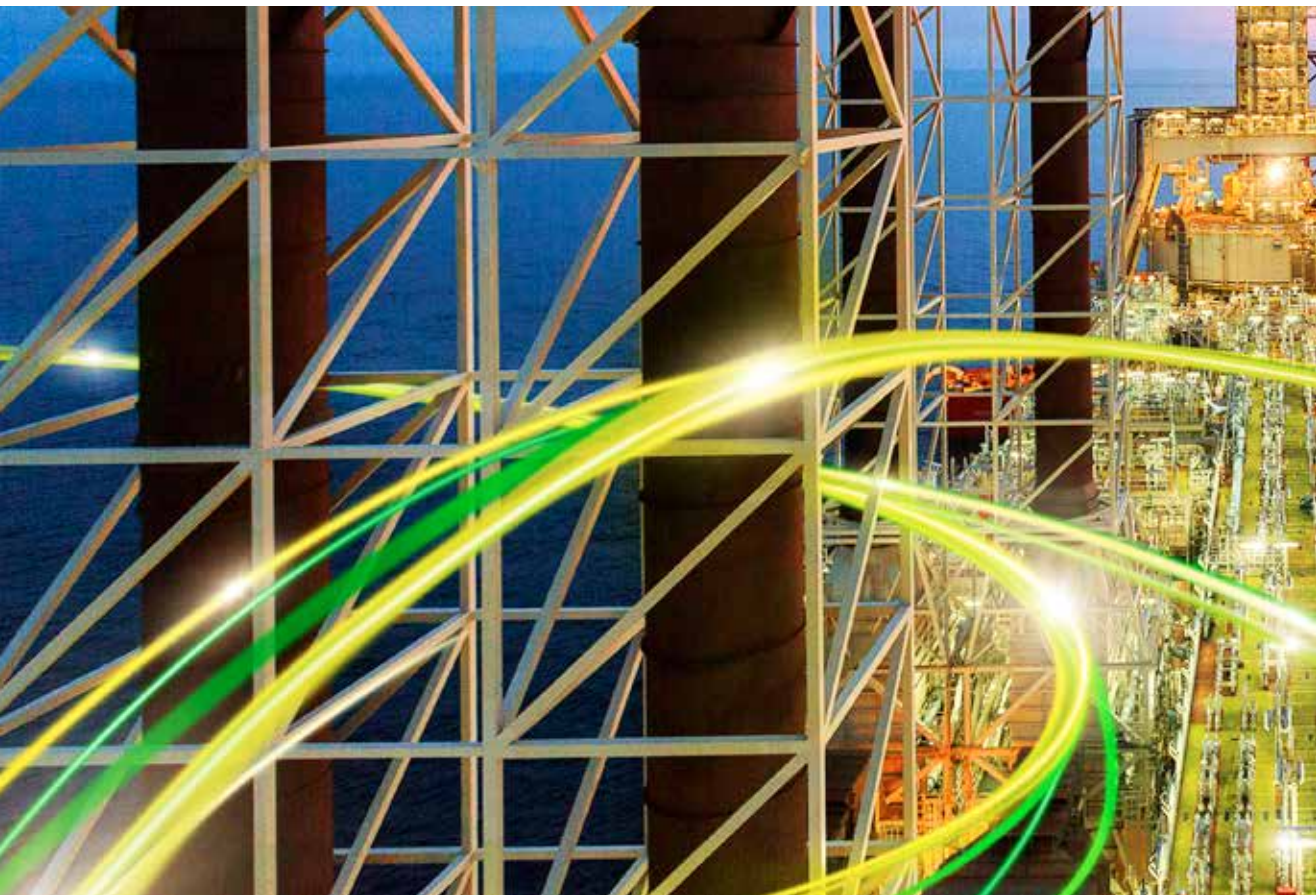
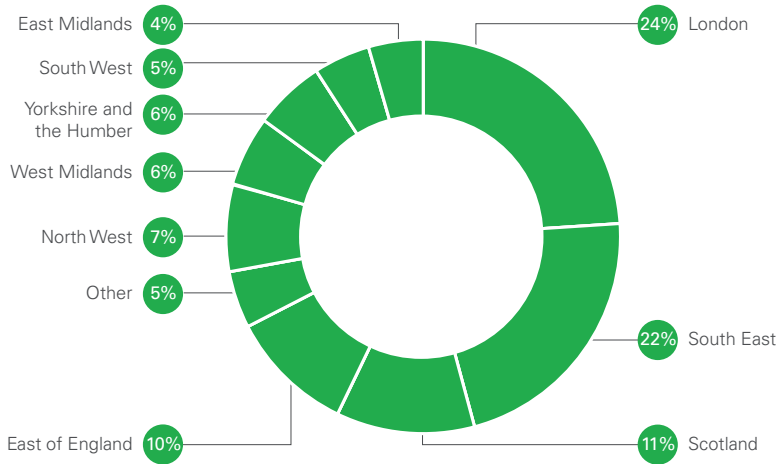


6,950 directly employed
16,401 indirect jobs supported



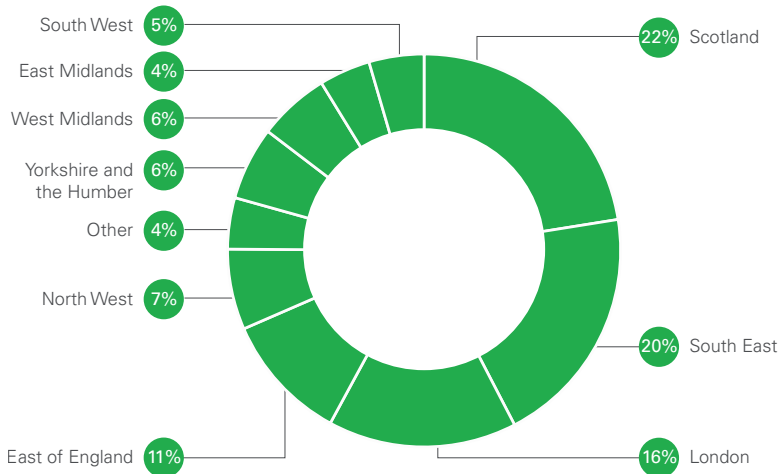
Estimated geographic distribution of BP's 2,860 UK suppliers of goods and services in 2017

Source: Oxford Economics



Estimated geographic distribution of BP's 670 UK suppliers of capital goods in 2017

Source: Oxford Economics



The utilities and process modules on board the Glen Lyon Floating Production Storage and Offloading (FPSO) vessel, in the Schiehallion/Loyal field in the North Sea, UK

BP's UK operating locations

Assets key

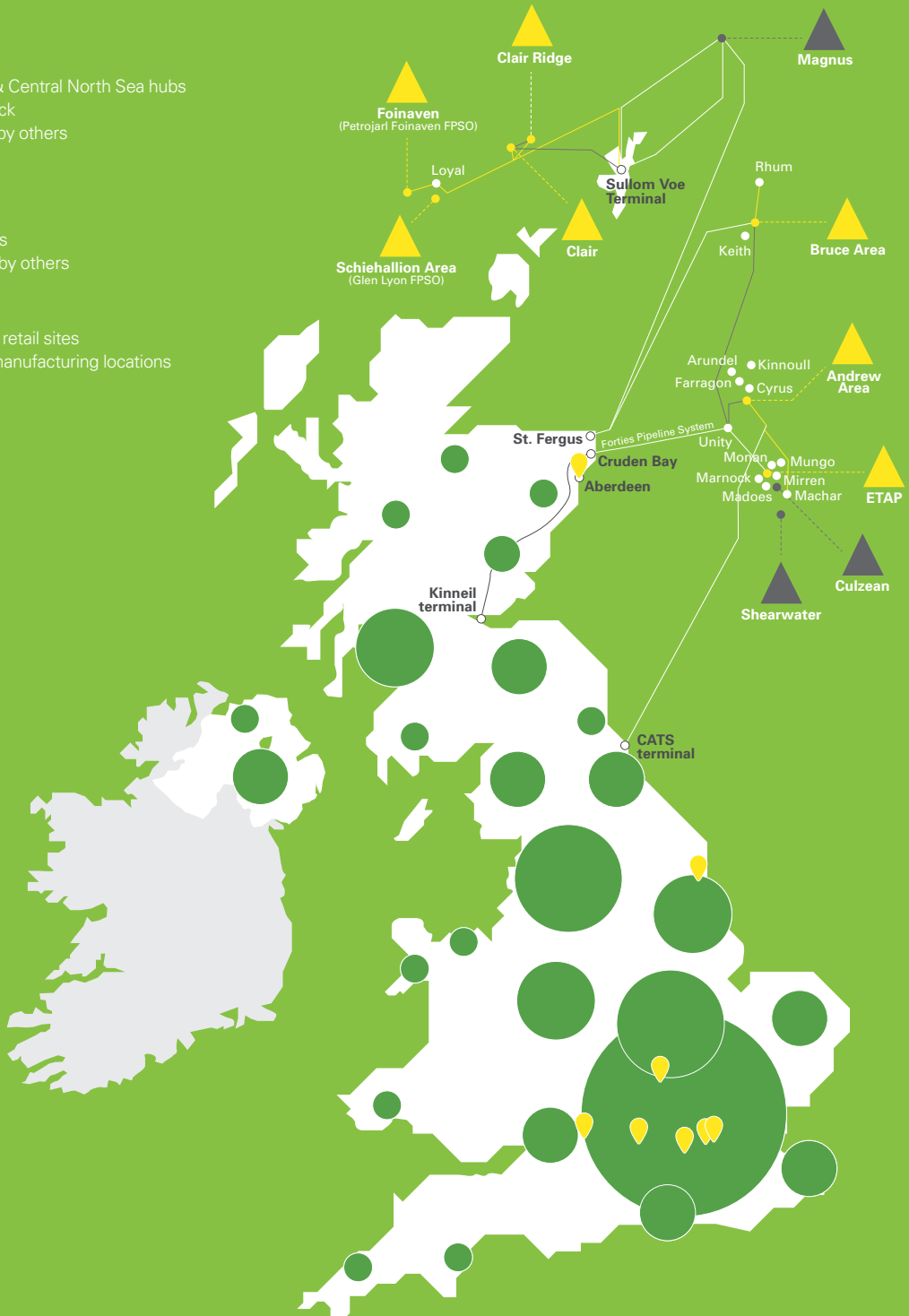
- Shetland & Central North Sea hubs
- Field tieback
- Operated by others

Pipeline key

- Oil
- Natural gas
- Operated by others

Map key

- Density of retail sites
- 📍 Office & manufacturing locations





Illuminated helideck on board the Glen Lyon Floating Production Storage and Offloading (FPSO) vessel, in the Schiehallion/Loyal field in the North Sea, UK

BP's ongoing social contribution to the UK

Over the past 50 years, BP has demonstrated a consistent commitment to UK communities through our support of schools, arts and culture, sport, community organizations and charities. In 2018 we are celebrating the 50th anniversary of BP's support for education in the UK.

BP's UK employees **volunteered 46,950 hours** and enabled **£3.2 million of contributions to community organizations** during 2017. This was a significant increase compared to 2016.

You can find out more about our work at:
bp.com/uk/bpinthecommunity

Methodology

For a description of the methodology used in performing this analysis, please refer to the information at:
bp.com/uk/economicimpact

Contacts, links and further information

Press enquiries
bppress@bp.com

Government affairs enquiries
UKGovernmentAffairs@uk.bp.com

For further information
bp.com/uk

Acknowledgement

BP would like to thank its partners in the production of this publication.

Disclaimer

BP disclaims any obligation to update this publication. Neither BP p.l.c., nor any of its subsidiaries, accepts liability for any inaccuracies or omissions or for any direct, indirect, special, consequential or other losses or damages of whatsoever kind in connection to this publication or any information contained in it.



Design

thebigwindow.co.uk

Printing

Pureprint Group Limited,
UK ISO 14001





School pupil wearing a VR headset, exploring BP technology applications during the finals of BP's Ultimate STEM challenge, London, UK



BP p.l.c.
1 St James's Square
London SW1Y 4PD
bp.com

© BP p.l.c. 2018

Lightsource BP floating solar array on the QEII reservoir,
Walton-On-Thames, Surrey, UK