2025 Annual Economic Report

Capturing and quantifying the contribution of the defence sector to the UK economy

Executive Summary

Highlights from the 2025 JEDHub Annual Economic Report

20% Growth in total defence FTEs from 2022 to 2023

People in Defence Employment (pg.6)

The defence sector remains a vital element of regional employment, sustaining job opportunities throughout the UK.

Increase in R&D spend from 2021 to 2023 **34%**

Investment and Skills
Recruitment and Trainees (pg.16)

The defence industry is increasingly committed to investment in research and development, driving innovation throughout the sector

15% Revenue growth from defence activities from 2022 to 2023

Value Headline Figures (pg.11)

Defence revenue continues to rise, driven by a 16% increase in the value of domestic revenues from 2022 to 2023.

Intermediate goods & services spending on UK suppliers **68%**

Supply Chain Supply Spend (pg.28)

For every £1 spent by surveyed companies on defence goods and services production in 2023, 68p was spent with UK suppliers.

Foreword

Chris Nunn
Chief Executive Officer,
UK Defence Solutions Centre

We are pleased to welcome the publication of the fourth iteration of the Joint Economic Data Hub's Annual Economic Report. The report provides impartial and objective analysis of the UK defence sector, offering a valuable contribution to understanding its role in supporting both our national security and wider prosperity.

The continued collection and analysis of defence economic data is essential in shaping our understanding of the sector and informing future policy. This work will be central to delivering the Government's priorities to utilise defence investment to support growth and will directly support the implementation of the recently published Defence Industrial Strategy. By providing a robust evidence base, the report helps ensure that decisions reflect the enduring contribution of the defence sector and its importance to the UK's security, economy and industrial base.

The preparation of this report has been made possible through close collaboration between government, industry and academia. Whilst housed at the UKDSC, this report is only made possible through a joint endeavour with the Defence Growth Partnership (DGP) and Ministry of Defence (MOD). We would like to thank all those who have supported this work, including colleagues across government departments, industry partners who provided data and insights, and members of the academic community who offered independent review and expertise.

In particular, we are grateful to Professor Trevor Taylor (Royal United Services Institute), Emeritus Professor Keith Hartley (University of York), Professor Ron Smith (Birkbeck, University of London) and Fenella McGerty (IISS) for their continued input and guidance. Their contributions help ensure the report remains a credible and trusted resource.

Introduction

2025 JEDHub Annual Economic Report

The 2025 JEDHub Report marks another key successful iteration of the JEDHub project. Consistent with prior years, this report provides an objective view of the economic impact of the UK defence industry.

Unless stated otherwise, the data points analysed throughout the report were collected by UKDSC through the 2024 JEDHub Industry Survey, which focused on the 2022 and 2023 calendar years. In order to contextualise the findings, external sources are included where appropriate. This combination allows for both detailed annual snapshots and longer-term trend analysis of the performance of the defence industry. The construction and manufacturing industries have been drawn upon as comparative industries in this report. The similarities present across these industries, such as large-scale capital investment, complex supply chains and significant employment impacts, make them well suited for meaningful comparison.

The defence sector described in this report refers to the UK's defence industrial base. The JEDHub Industry Survey gathers company-level data spanning revenue, employment demographics, investment in skills and R&D, and supply chain activity — all with the goal of bettering our understanding of the sector's economic footprint and strategic importance to the UK economy.

The sections within the report are as follows:

1. People in Defence

2. Value

3. Investment and Skills

4. Trade

5. Supply Chain

While 16 companies participated in this year's survey, the respondent group differs from previous years. A complete list of participants is available in the conclusion (see Slide 35). Varying response rates across different survey sections and reporting years mean that some figures in this report are not directly comparable with those in earlier editions. As such, year-on-year comparisons presented here focus primarily on the two-year period captured by the 2024 survey. For longer-term insights, trend analysis remains the most reliable approach.

It's important to note that some respondents were unable to provide data for every metric. Where applicable, survey response rates are detailed in the accompanying data tables. All financial figures are shown in current (in-period) price levels.

1. People in Defence

Employment

82,300
Surveyed defence FTEs in 2022

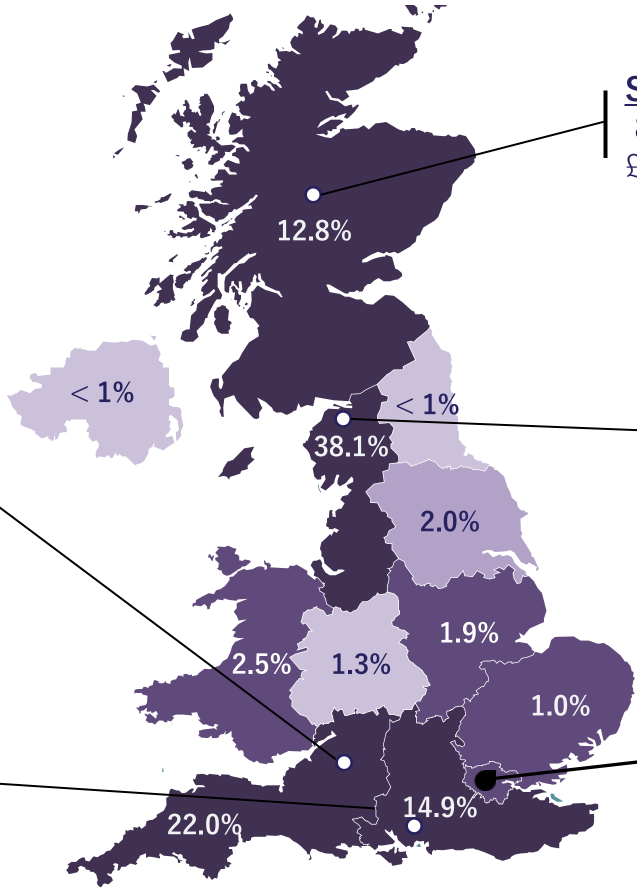
19.9%
growth

98,710
Surveyed defence FTEs in 2023

Regional Defence FTE Distribution

93,270[1]

Estimated total indirect jobs supported by DGP member companies in 2023, representing a 6.02% growth from the previous year



Scotland
8,140 FTEs
£48,800 average salary

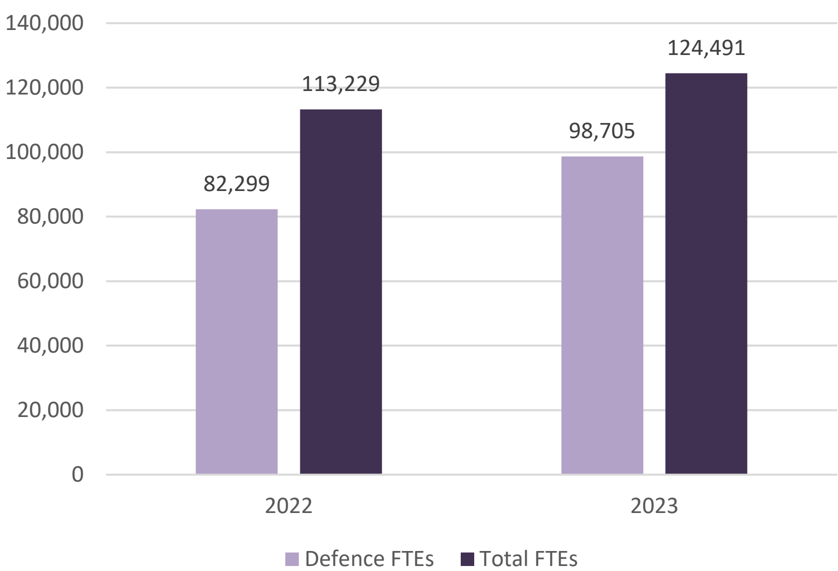
North West
24,200 FTEs
£53,200 average salary

South West
13,970 FTEs
£47,500 average salary

South East
9,440 FTEs
£52,800 average salary

London
2.9%

Surveyed Defence FTE Count



19.9%
Growth in total Defence FTEs from 2022 to 2023.

65,840
Defence FTEs were supported by domestic revenue (**67%**).

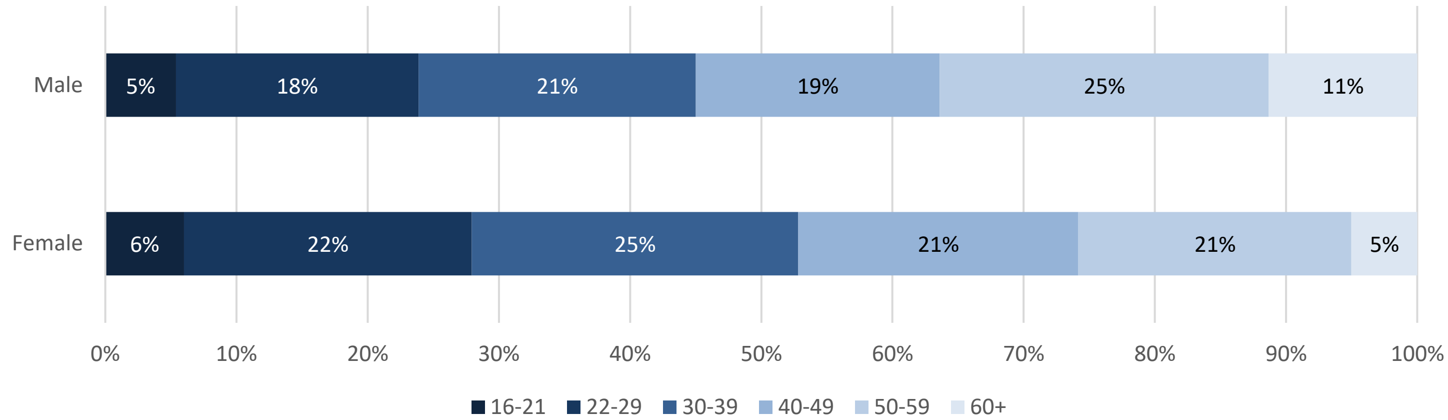
32,870
Defence FTEs were supported by international revenue (**33%**).

Notes and Sources: : Unless stated otherwise, all data presented reflects findings from the 2024 JEDHub Industry Survey, though may not include responses from all 16 companies, full response counts can be found in the accompanying data tables. Calculations based on ratio of domestic/international revenue from JEDHub 2024 survey responses. [1]10 of 11 DGP companies gave full responses to employment data in the 2022 survey, this analysis has been calculated from their data as well as estimations for the remaining two companies, based on averages from the other DGP companies, as well as past survey responses. This excludes so-called "induced" jobs supported by the spending of employees of a sector within the economy. Further detail can be found in the methodology.

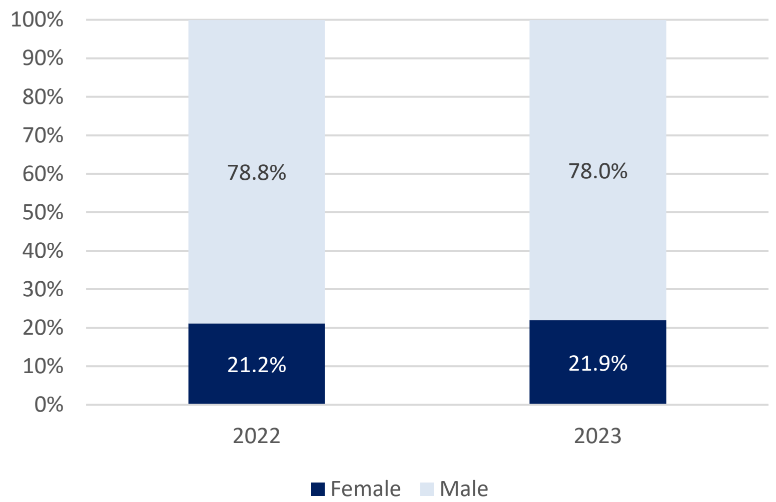
Demographics

Defence Workforce Demographics 2023

From 2022 to 2023, the **proportion** of **workers aged 40** and under **increased** for both **males** and **females**. The **median age** for **men** fell from **43.4** to **42.4**, with the **proportion** of **men under 40** increasing from **43.0%** to **45.0%.** For **females**, the **proportion** of **workers under 40 increased** from **50.3%** to **52.8%,** with the **median age** falling from **39.9** to **38.9**



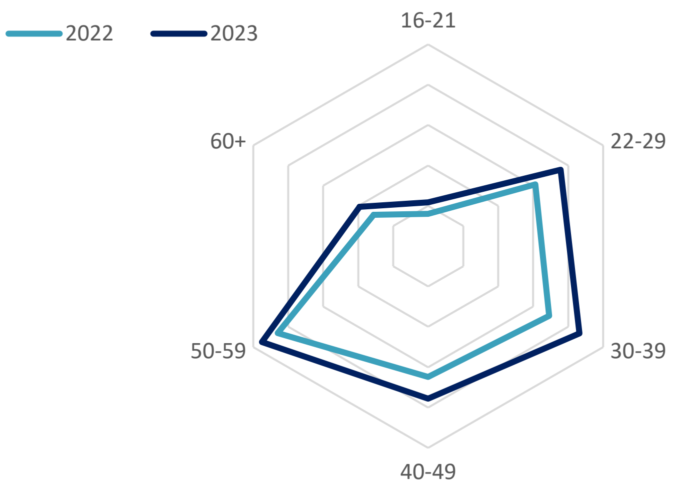
Surveyed Defence FTEs by Gender



The **proportion** of surveyed **female** defence FTE's **increased** by **0.7%** from 2022 to 2023, with the number of total female defence FTEs increasing by 25%.

The ONS estimates **females** accounted for **24.0%** of wider **manufacturing FTEs** in **2023**[1]

Defence FTE Age Distribution



The overall **growth** in **defence FTEs** seen from 2022 to 2023 has primarily been **driven** by an increase in the number of **workers under the age of 40.**

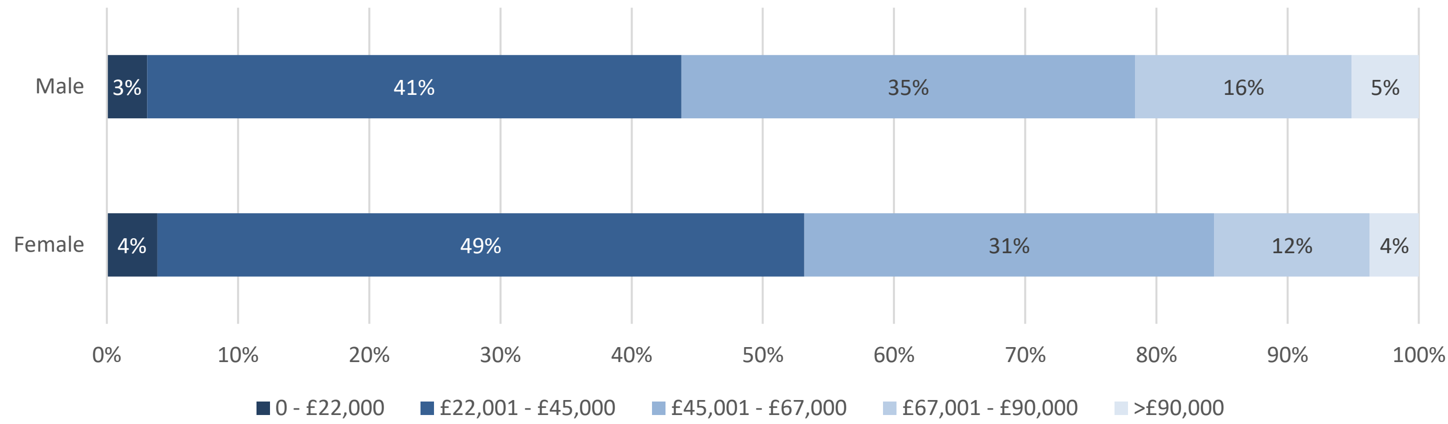
The **largest increase** seen was in the **30-39 age bracket**, with **4,330 new defence FTEs** counted in this bracket in 2023 compared to 2022.

Notes and Sources: Unless stated otherwise, all data presented reflects findings from the 2024 JEDHub Industry Survey, though may not include responses from all 16 companies, full response counts can be found in the accompanying data tables. [1]Earnings and hours worked, UK region by industry by two-digit SIC: ASHE Table 5 - Office for National Statistics (ons.gov.uk) – Table 5.9a, FTEs calculated on 37-hour working week basis.

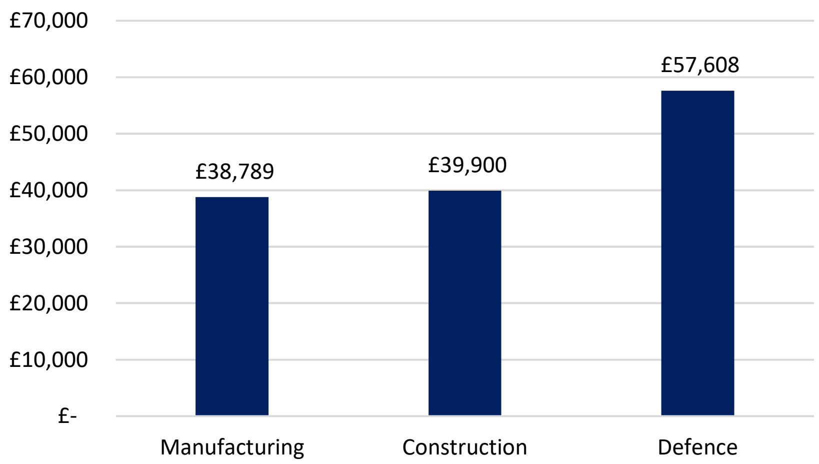
Pay

Defence Wage Distribution 2023

56% of **Male FTEs** were in **high wage brackets** (£45,001+) in **2023**, increasing from **47%** in **2022**. **47%** of **Female FTEs** were in **higher wage brackets** (£45,001+) in **2023**, **increasing** from **36%** in **2022**



Average Salaries 2023 UK Industries



£57,608

Surveyed **mean** salary for defence FTEs in 2023

A growth of **7.16%** from **£53,760** in 2022

The UK manufacturing mean full-time salary was **£38,789** in 2023

£47,326

Estimated **median** salary for defence FTEs in 2023

A **12.7%** increase from £41,980 in 2022

The median salary for all manufacturing jobs was £31,262 in 2023[1]

£48,512

Surveyed median **male** defence FTE salary, 2023, up 12.3% from 2022

Higher than the manufacturing median of £35,788[2]

£43,527

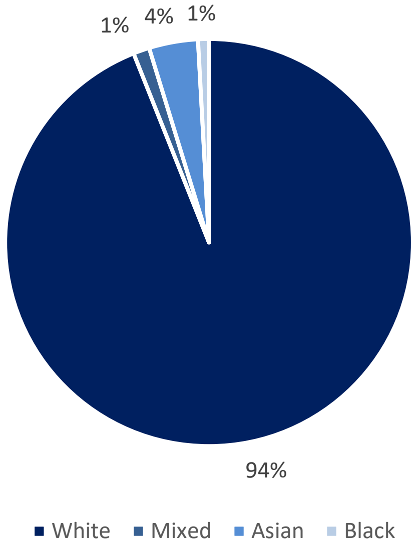
Surveyed median **female** defence FTE salary, 2023, up 13.6% from 2022

Higher than the manufacturing median of £27,027[2]

Notes and Sources: Unless stated otherwise, all data presented reflects findings from the 2024 JEDHub Industry Survey, though may not include responses from all 16 companies, full response counts can be found in the accompanying data tables. [1]The median salary is taken to be more representative of the average worker than the mean. [2]Earnings and hours worked, UK region by industry by two-digit SIC: ASHE Table 5 - Office for National Statistics (ons.gov.uk) – Table 5.7a

Diversity

Defence FTE Ethnicity Spread

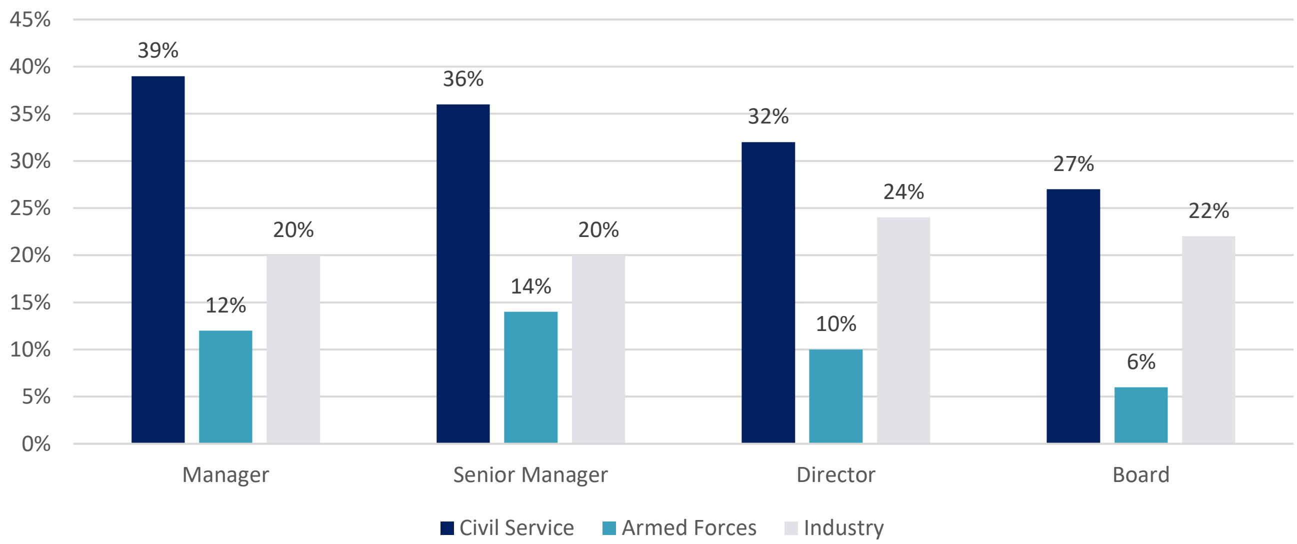


White defence FTEs represented 94**%** of the surveyed workforce in 2023, consistent with the proportion of white FTEs in 2022.

Asian or **Asian British defence FTEs** comprised **4%** of the workforce in **2023**, (**3%** in **2022**), with **other ethnic groups** accounting for the remaining **2%.**

The data presented below is sourced from the Women in Defence Insight and Data Report 2023. The Women in Defence organisation seeks to promote gender equity and female representation within the UK's defence ecosystem.

Female Representation by Seniority and Sector 2023[1]



Female representation across upper management positions is **consistently higher within the defence industry than the armed forces**

Within upper management positions across the defence industry, **director roles** see the **highest levels** of **female representation, at 24%.**

Notes and Sources: Unless stated otherwise, all data presented reflects findings from the 2024 JEDHub Industry Survey, though may not include responses from all 16 companies, full response counts can be found in the accompanying data tables. [1] Women-in-Defence-Insight-and-Data-2023-Report_Updated.pdf

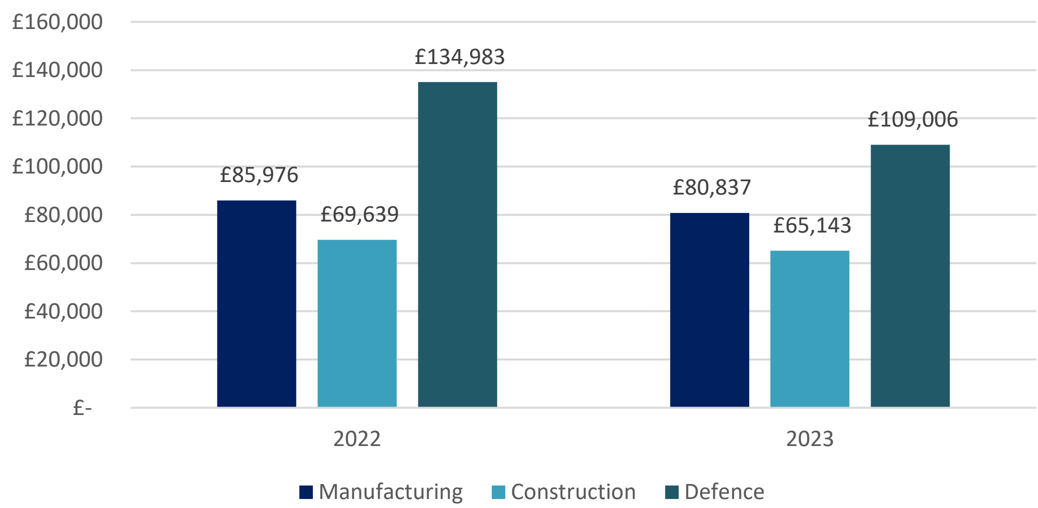
2. Value

Headline Figures

Yearly Comparison

2022		2023
£11.1bn	**GVA from defence activities** 3.2% decrease	£10.8bn
£28.9bn	**Revenue from Defence Activities** 15.0% increase	£33.2bn
£10.3bn	**Intermediate Defence Goods and Services Spending** 30.2% increase	£13.4bn

GVA per Job/FTE 2023[1]



The **19.2**% decrease in GVA per defence FTE from 2022 to 2023 coincides with a fall in both construction and manufacturing GVA per job.

Notes and Sources: Unless stated otherwise, all data presented reflects findings from the 2024 JEDHub Industry Survey, though may not include responses from all 16 companies, full response counts can be found in the accompanying data tables. 1. Output per job, UK - Office for National Statistics (ons.gov.uk) – Table 12 (GVA per job). Whilst not directly comparable to GVA per FTE, GVA per job is the closest estimate provided by the ONS

International Revenue

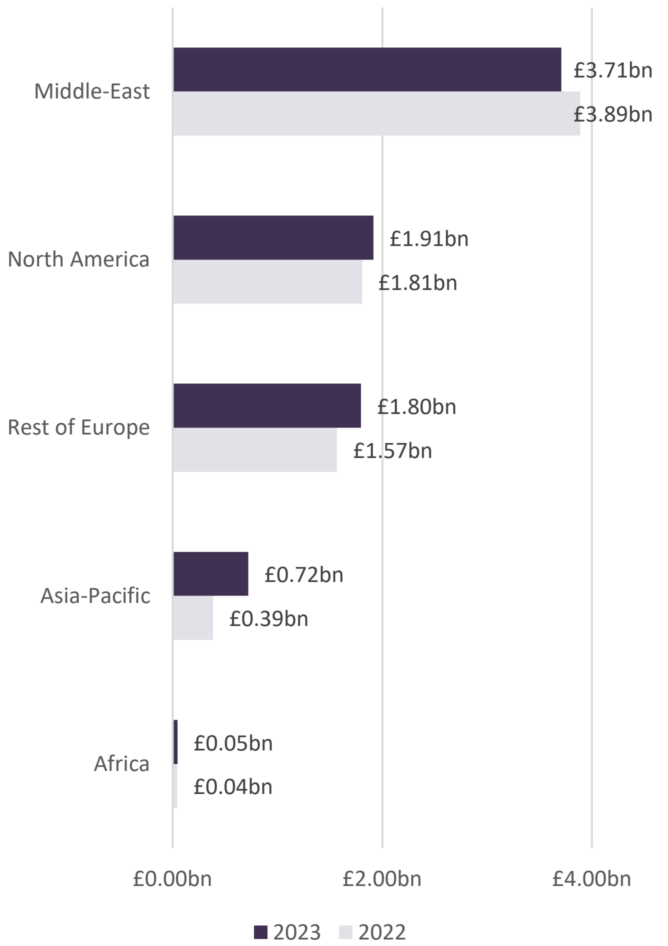
£7.7bn

Surveyed international revenue in 2022

£8.2bn

Surveyed international revenue in 2023

Top 5 Regions by International Revenue 2023



45%

Of international revenue came from sales to the **Middle East**, a **fall of 5%** from its share in **2022. 94%** of sales were **made to governments**, with just **6%** to **businesses**

23%

Of total international revenue came from sales to **North America**, a **6% growth** from **2022**. Sales to North American overseas businesses grew by 12%.

22%

Of international revenue came from sales to **Europe**, **Revenue** from these sales **grew by 14.7%** from 2022 to 2023, the **second largest growth** across the top 5 regions.

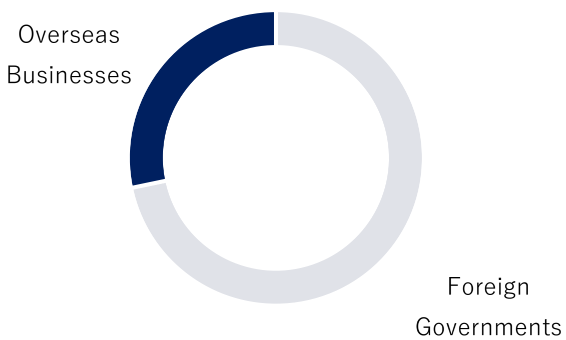
9%

Of international revenue came from sales to **Asia Pacific,** the region which saw the **highest growth** of all top 5 regions, at **87%.**

Share of International Revenue from Foreign Governments & Overseas Businesses

Revenues from **sales to overseas businesses increased by 14%** from **£2.04bn** in **2022** to **£2.32bn** in **2023**.

Revenues from **sales to foreign governments increased by 4% from £5.66bn in 2022 to £5.89 in 2023**. Only **19%** of **revenues** from **North America** were from foreign governments in 2023, the **lowest of all regions.**



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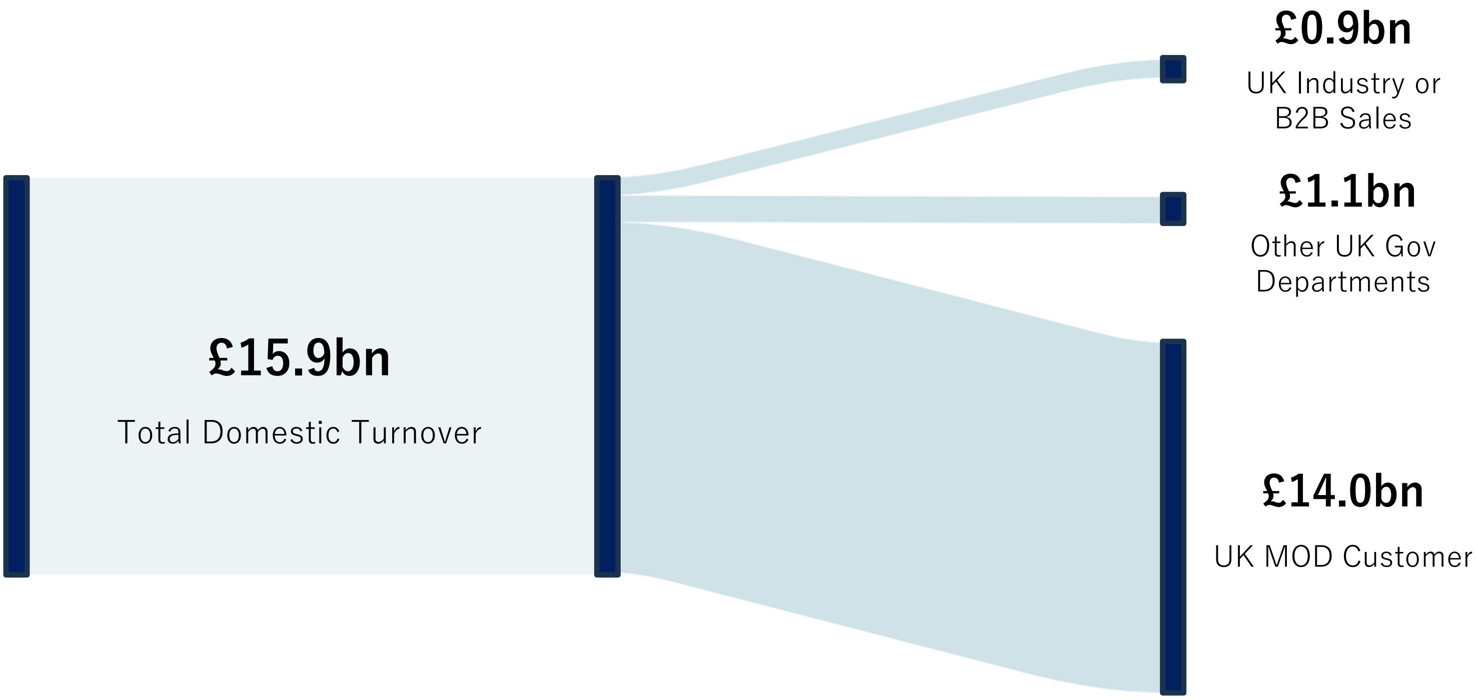
Domestic Revenue

Domestic Turnover by Customer Type 2023



Breakdown

15.2%

Growth in **turnover** from **sales** to the UK **MOD**, the largest defence customer for industry, from 2022 to 2023, **increasing from £12.13bn** to **£13.97bn**.

34.8%

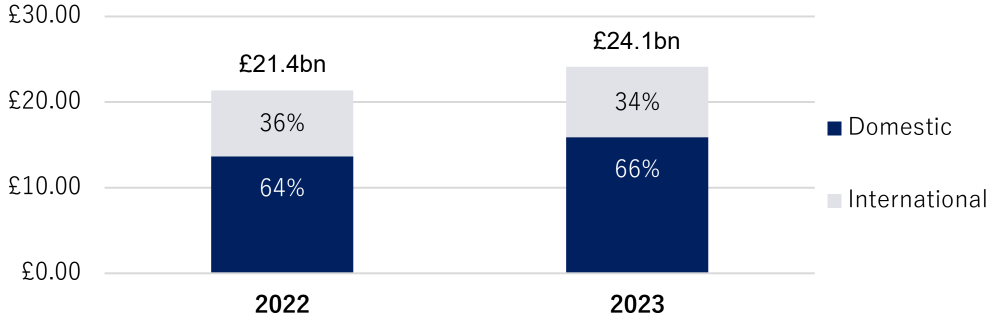
Increase in the value of **sales** to **other UK businesses**, from 2022 to 2023, increasing **from £638m** to **£860m**.

19.5%

Growth in **turnover** from **sales** to **other UK government departments**, from 2022 to 2023, increasing from **£900m** to **£1.08bn**.

Total Defence Turnover (£bn)

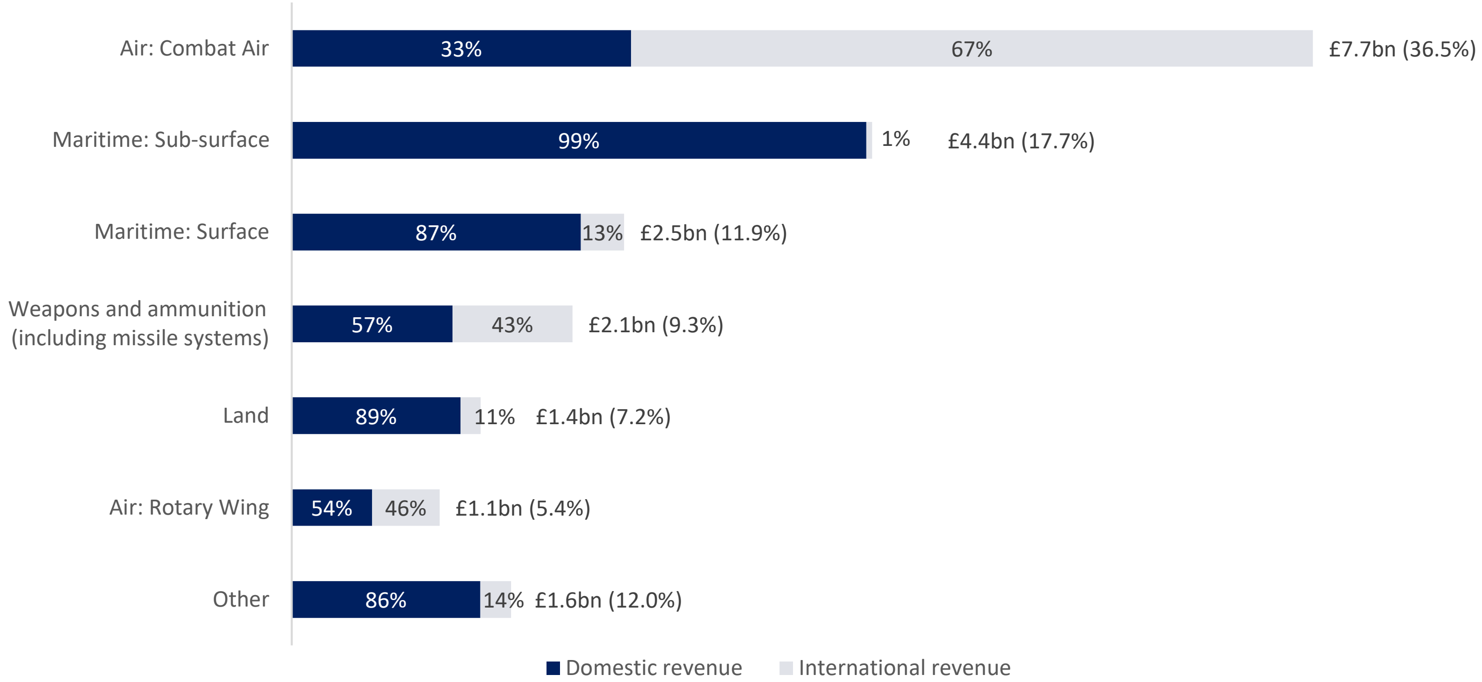
Total defence turnover increased by **£2.7bn** from **2022** to **2023**, with the **proportion** of **domestic turnover increasing by 2 percentage points %,** from 64% to 66%, over this period.



Revenue by Capability

Combat Air sales generated the highest amount of revenue for the defence industry in 2023, totaling £7.7bn, falling from £7.9bn in 2022. Revenue garnered from Maritime Sub-surface capabilities saw the highest growth across all capabilities over this period, increasing by 15.0% from £3.8bn in 2022 to £4.4bn in 2023.

Defence Turnover by Capability 2023 (£bn)



Breakdown

92%

The **6 largest capability areas** accounted for **92%** of **all revenue** generated **in 2023**, totalling **£19.19bn**. The **remaining 5** capability areas combine for **£1.6bn**.

£7.7bn

Total revenue was **generated** from **Combat Air** sales in **2023**, the **highest** amount of all capabilities. This figure, however, **represents** a **fall** in revenues **of 2.7% from 2022**.

£4.3bn

In **revenue** was realised for **Maritime: Sub-Surface Capabilities** in **2023**, a **15% growth** from **2022**. **99% of this** was **made domestically**, the highest domestic revenue share.

-4.9%

The **change in revenue** generated from **Air: Rotary Wing** sales from **2022 to 2023**. This represents the **largest yearly decline** in revenue out of the **6 largest capability areas**.

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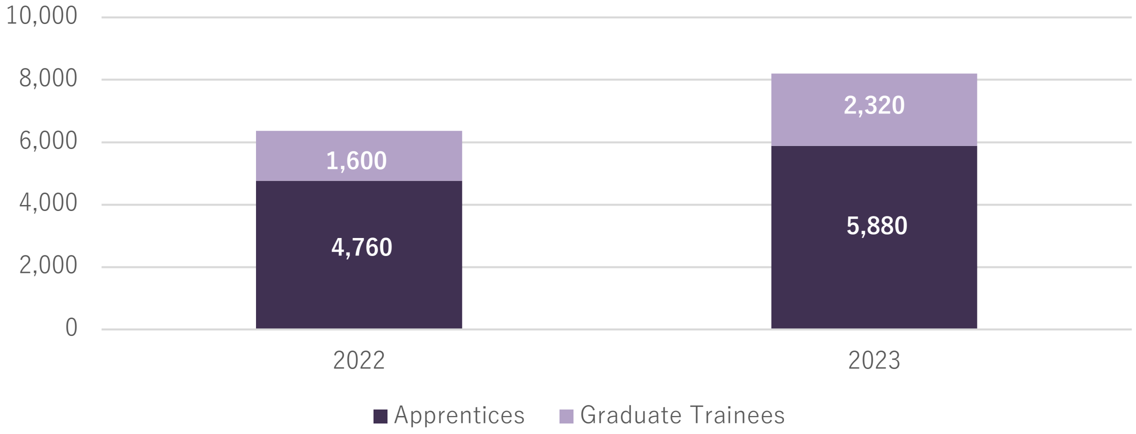
3. Investment and Skills

Recruitment & Trainees

Total Surveyed Defence Apprentice and Graduate Trainee Employment, 2022 & 2023



23.5%

Growth in **apprentice employment** by defence firms from 2022 to 2023.

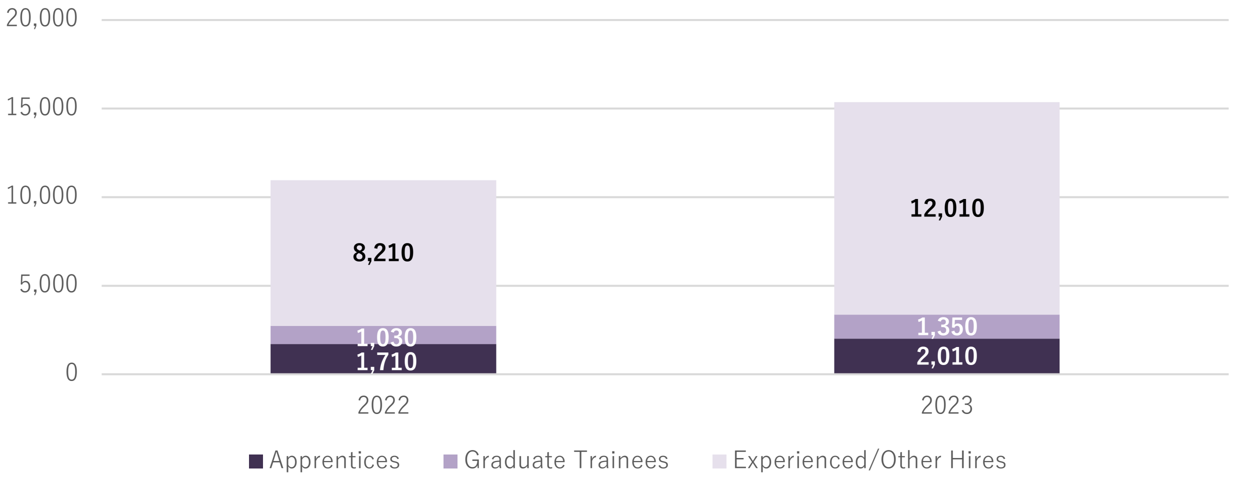
29.0%

Total **growth** of **apprentice and graduate trainee employment** from 2022 to 2023.

45.2%

Growth in **graduate trainee employment** by defence firms from 2022 to 2023.

Surveyed Defence Recruitment, 2021 & 2022



48.7%

Growth female experienced/other hires from **2022** to **2023**, compared to **44.82% growth** in **men**.

40.3%

Total defence recruitment increase, from 10,955 in 2022 to 15,368 in 2023.

24.2%

Increase in **female apprentices** hired from **2022** to **2023**, compared to **15.37%** **growth** in **men**.

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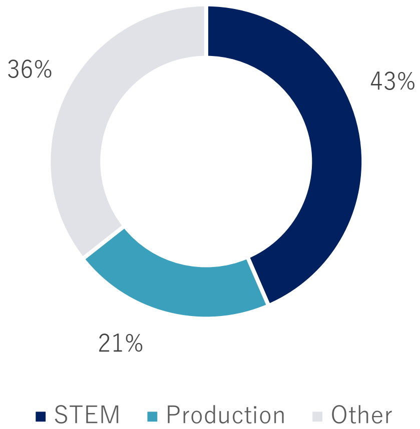
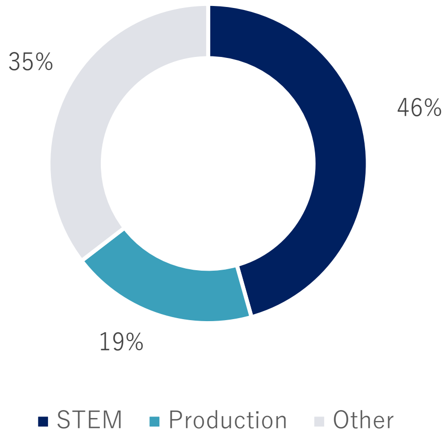
High Skill Sector

Defence Employment by Job Function

2022



2023



45.6%

Proportion of FTEs in STEM Roles [1]

Up from **43.5%** in 2022. Of these, **85.6%** were male and **14.3%** were female, an increase from **12.1%** in 2022.

18.9%

Proportion of FTEs in Production Roles [1]

Down from **20.9%** in 2022. Of these, **88.1%** were male and **11.9%** were female, an increase from **11.5%** in 2022.

35.4%

Proportion of FTEs in Other Roles [1]

Down from **35.6%** in 2022. Of these, **60.4%** were male and **39.6%** were female, the same proportions as 2022.

Defence Employment by Product Lifecycle Activity 2023 [2]

19.9%

Surveyed defence activity in **Research & Development**, 20.5% in 2022

36.5%

Surveyed defence activity in **Manufacturing & Production**, 38.9% in 2022

35.9%

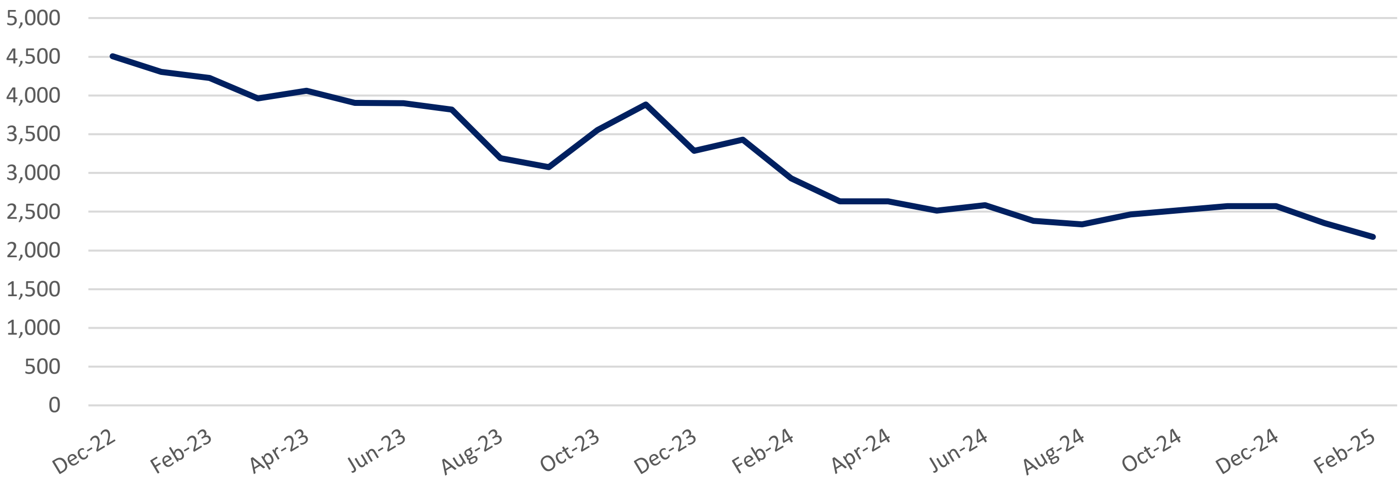
Surveyed defence activity in **Customer Services, Training and Support**, 36.3% in 2022

Notes and Sources: Unless stated otherwise, all data presented reflects findings from the 2024 JEDHub Industry Survey, though may not include responses from all 16 companies, full response counts can be found in the accompanying data tables. [1] Excludes "Other/Unattributable" genders, which accounted for less than 1% of surveyed FTEs for this data in 2023. [2] Excludes "Other" lifecycle activities, which accounted for 20.7% of lifecycle activity in 2023. [3] *STEM-related employment:* Employment in Engineer, Scientist, Researcher, Technician and Technologist roles.

Vacancy Trends

The data presented on this slide is sourced from Matchtech, a defence and security recruitment firm who collect and analyse defence vacancy data specific to the UK defence industry.

Number of UK Defence Prime Vacancy Listings[1]



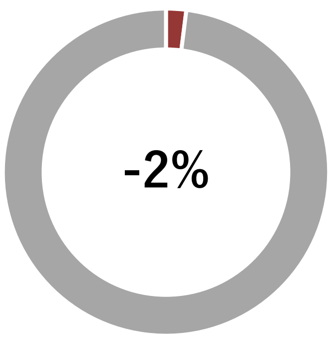
4,507

Vacancies were listed by UK defence firms in **December 2022**, the **highest** number over this period.

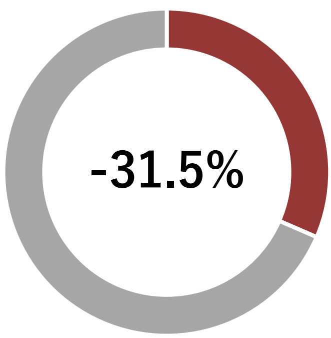
2,175

Vacancies were listed by UK defence firms in **February 2025**, the **lowest** number over this period

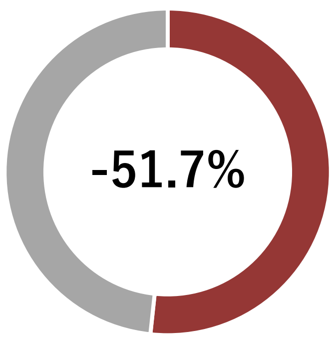
Breakdown



The **average change** in the number of **monthly vacancy** postings by UK defence firms in **2024.**



The **percentage decrease** in number of vacancies posted by UK defence firms from **January 2024** to **January 2025**.

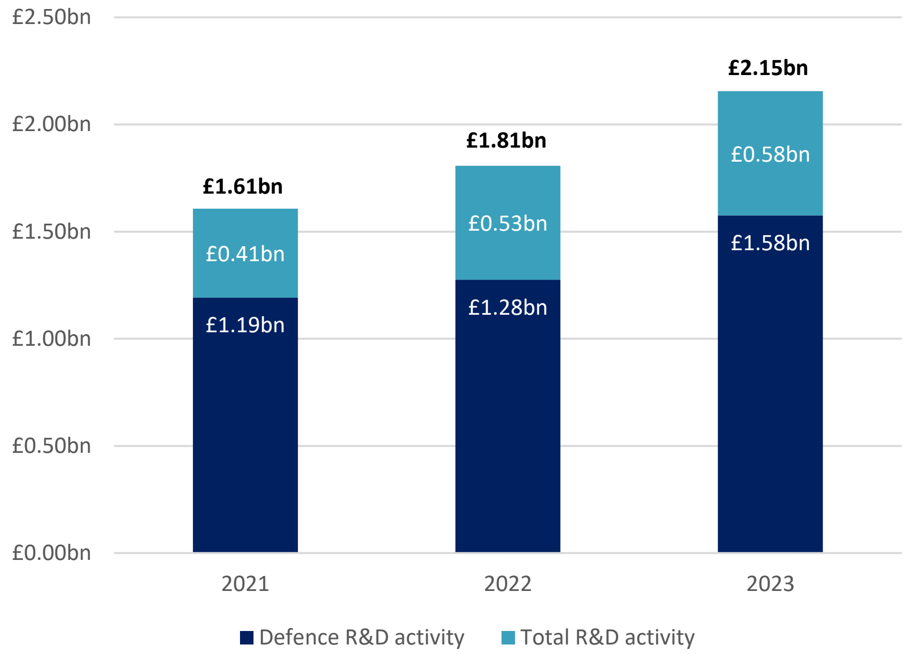


The **percentage decrease** in number of vacancies posted by UK defence firms from **December 2022** to **February 2025**.

Notes and Sources: MatchTech Backend Skills Data

R&D Activity

Surveyed R&D Activity (£bn)

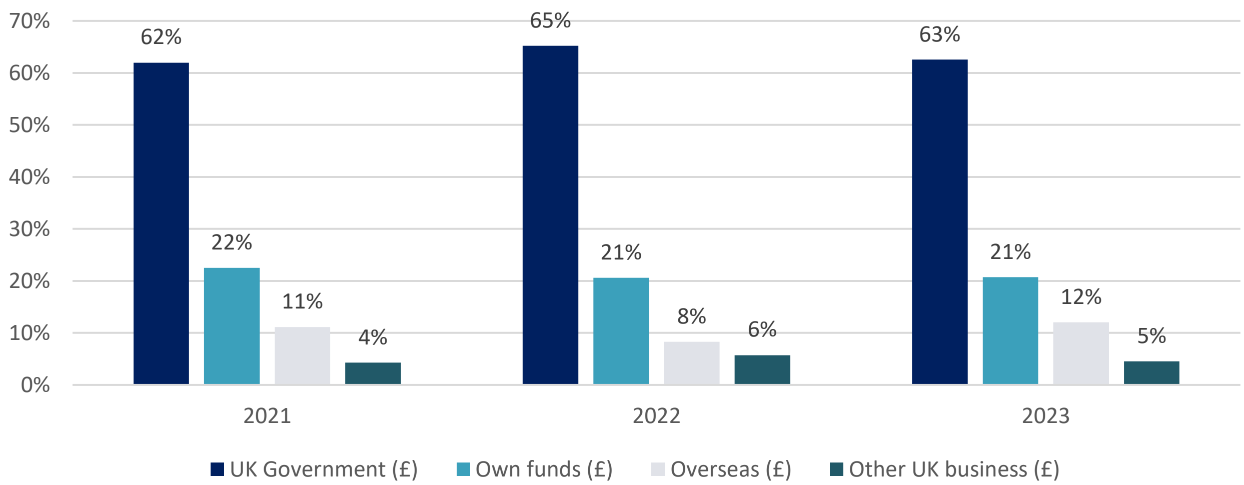


From **2021** to **2023**, **total R&D** activity by surveyed companies **increased by 34.1%,** from **£1.61bn** to **£2.15bn**

Over the same period, **defence R&D activity** increased by **32.1%,** from **£1.19bn to £1.58bn**

Defence R&D accounted for **73.1%** as a proportion of the total of surveyed **R&D** activity in **2023**, **falling slightly** from **74.2%** in **2021.**

Top 3 Surveyed Funding Sources for Defence R&D (%)



33.4%

Growth in the **value** of **defence R&D** from the **UK government** from 2021 to 2023, from £0.75bn to £1.00bn.

42.7%

Increase in **overseas R&D investment value**, the largest of any source, from £0.13bn in 2021 to £0.19bn in 2023

63.2%

The **total proportion** of **defence R&D** sourced from the **UK government** from **2021** to **2023**.

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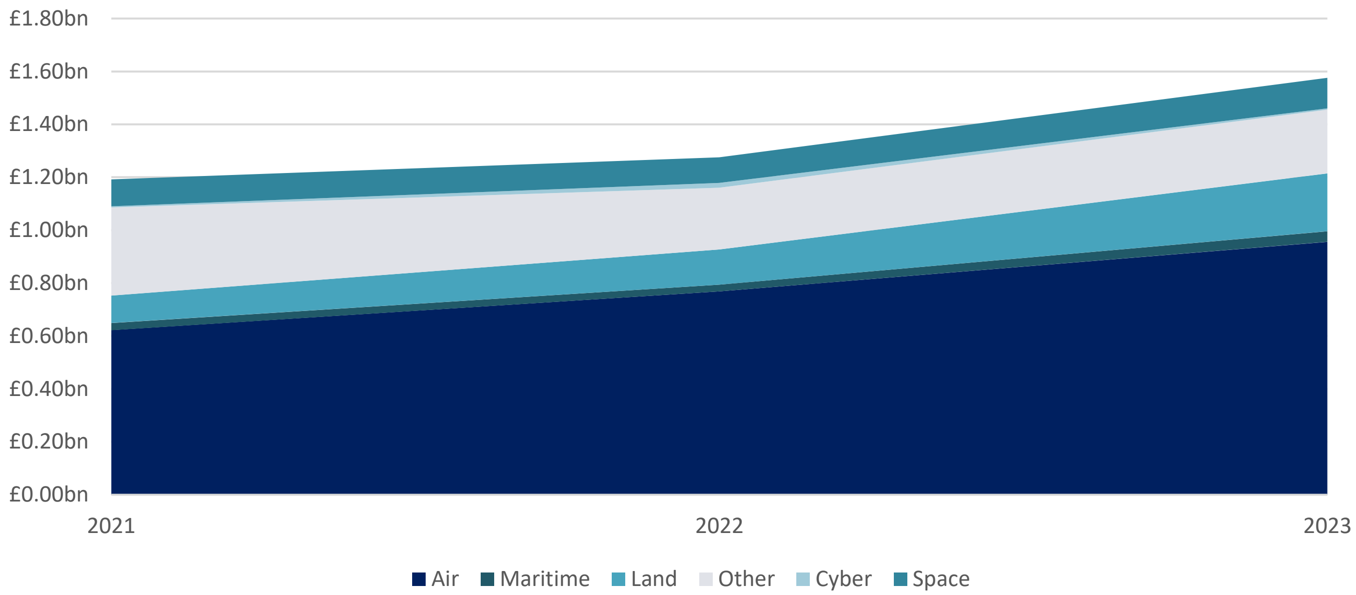
R&D by Domain

Defence R&D Spending by Capability Area (£bn)

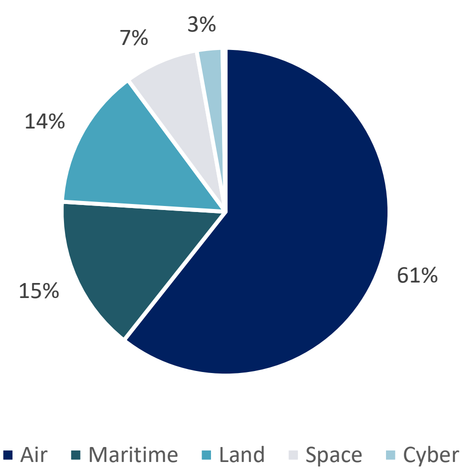


Maritime R&D saw a **growth** of **45%** from £27m in 2021 to £40m in 2023. The area accounted for **15%** of **total defence R&D in 2023.**

R&D investment into **air** capabilities is **the most significant capability area**, **growing 54%** from £622m in 2021 to £956m 2023

Investment into land based R&D saw **the most significant growth from 2021 to 2023** growing **112%** from £103m to £219m

Defence R&D Spending by Capability Area 2023



Breakdown

£2.2bn Total R&D spend in 2023

61% Of total Defence R&D in 2023 was dedicated to the air domain.

3% Of Defence R&D was spent on cyber capabilities.

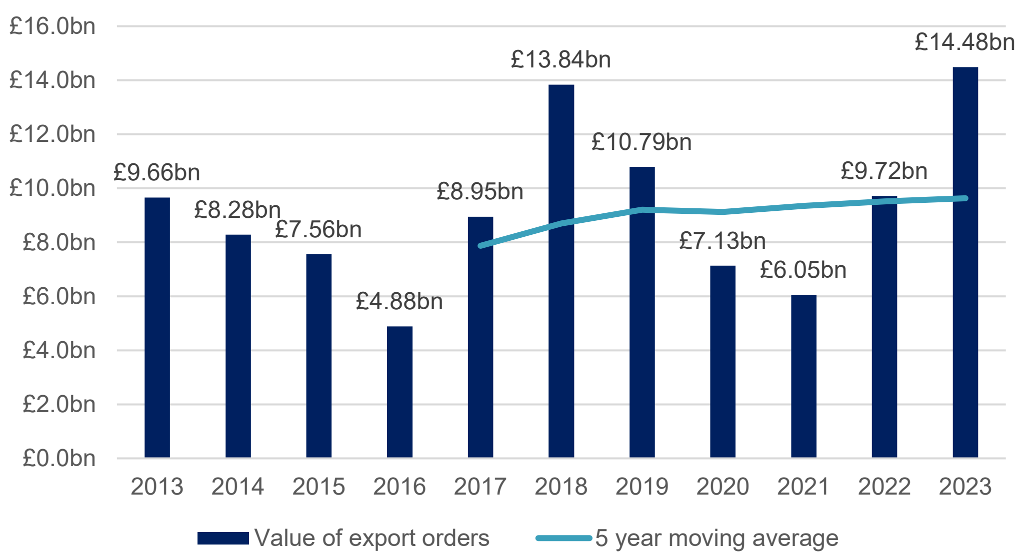
Notes and Sources: Unless stated otherwise, all data presented reflects findings from the 2024 JEDHub Industry Survey, though may not include responses from all 16 companies, full response counts can be found in the accompanying data tables. The capability areas belonging to each domain can be found in Annex E of the accompanying methodology document. Rest of Defence includes the Cyber, Space, and Other domains.

4. Trade

Export Orders

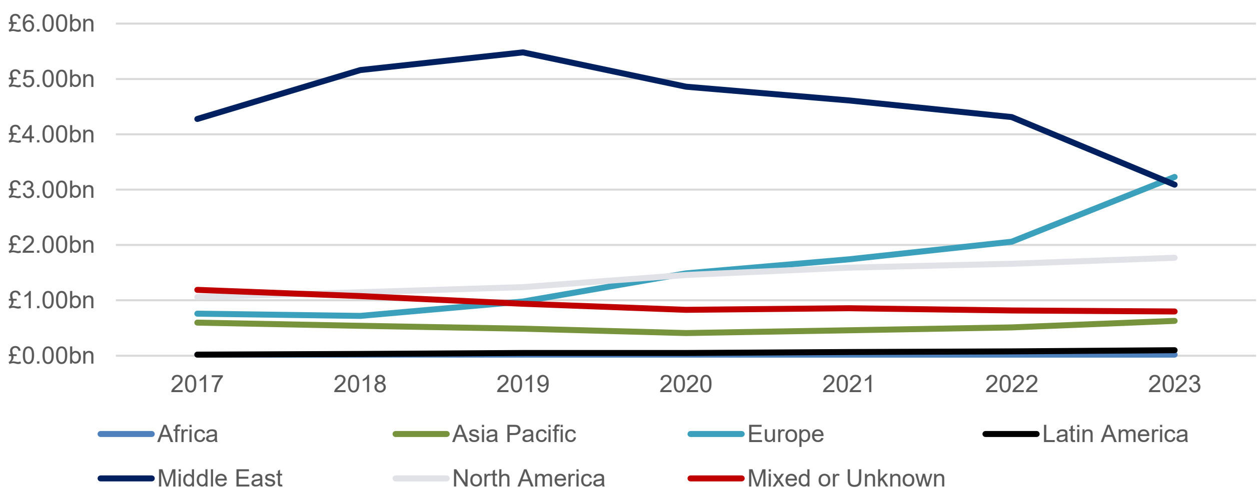
The data reported bellow is derived from UK Defence and Security Exports (UKDSE) UK Defence Export Statistics. Due to the inherent volatility of defence exports, which can fluctuate significantly from year to year, a 5-year rolling average is used to report the value of orders.

Value of UK Defence Export Orders, 2013-2023 (£bn) [1]



The UK secured **£14.5bn** in **defence export orders** in **2023**, **up 49%** from **£9.7bn in 2022** — the highest since 2013. For comparison, UK annual defence export orders **averaged £9.6bn from 2019 to 2023**

Value of UK Defence Export Orders by Destination Region: 5-year Moving Average [2]



Europe overtook the Middle East in 2023 as the **largest regional market** for **UK defence export orders,** accounting for **34%** of **total export value.** This was largely driven by major deals, particularly with Poland.

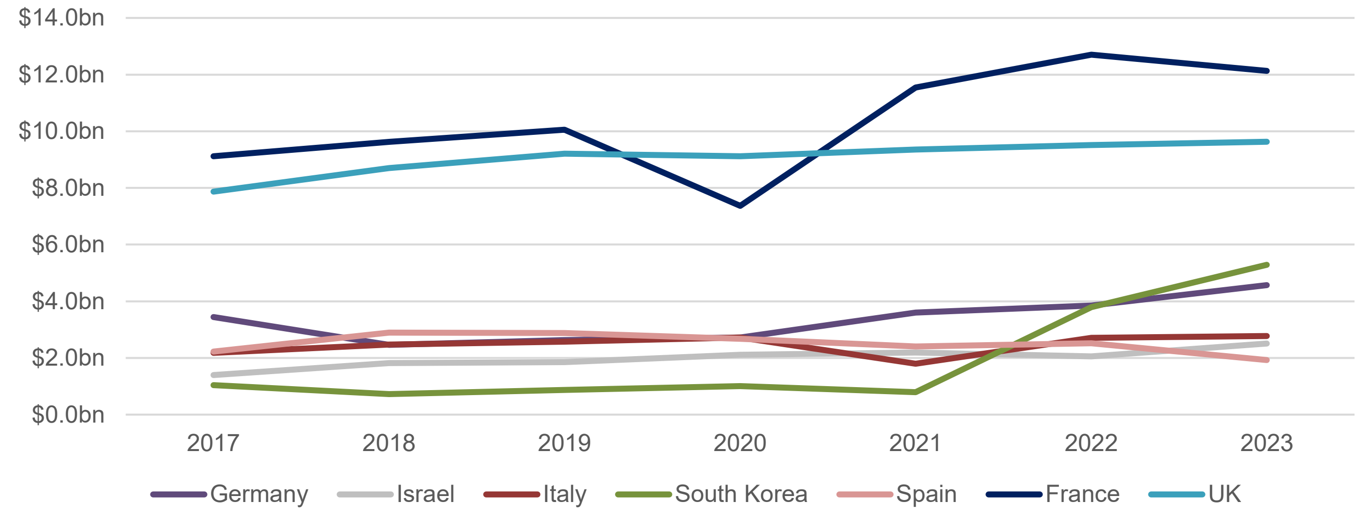
The UK's 5-year average to Europe rose from £1bn to £3.2bn from 2019 to 2023, **Middle East exports** have **declined** since **2019** due to a fall in orders after major 2018 contracts with Qatar.

Notes and Sources:[1,2] UK defence export statistics 2023 - GOV.UK

Export Orders

The comparisons shown on this slide are based on MOD analysis of publicly available data sources. The methodological approach of this source may leave some exporters or importers under-represented, potentially by a significant margin, compared to others.

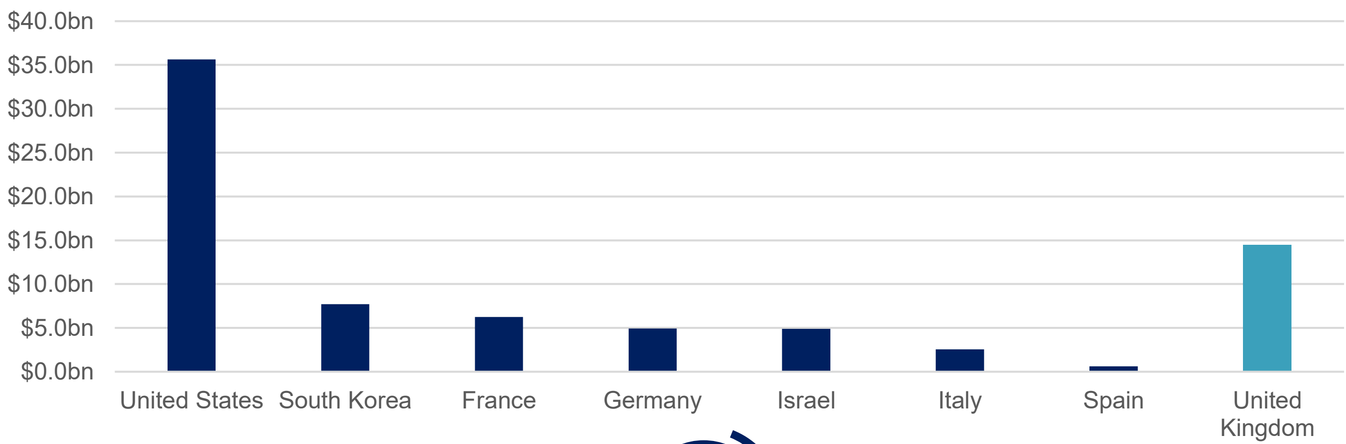
5-year Moving Average of Value of Defence Exports Orders by Top 7 Exporting Countries (excludes United States) [1]



Whilst the **United States** has been the **largest defence exporter** globally **from 2019 to 2023,** with **exports totaling $261bn** from 2019 to 2023, the above analysis excludes the US, offering a comparison to the UK's **more direct defence export competitors**.

The **UK** held **the second highest 5 year moving average** amongst this **group ($9.6bn) in 2023**, with **France** having the **highest ($12.1bn)**. The UK's 5 year moving average trend for its defence exports has been **markedly stable** compared to other nations.

Top 8 Countries by Defence Export Orders 2023 ($bn) [2]



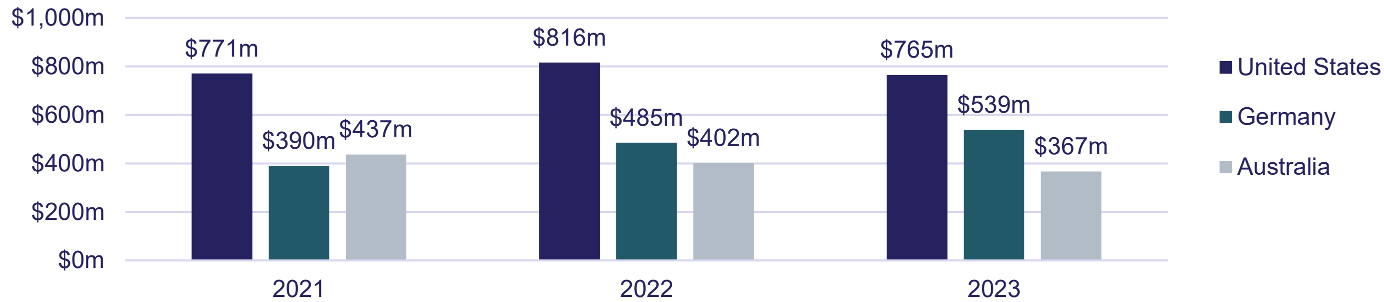
the **United States** was the **largest exporter** of defence products and services **in 2023** at **$37.9bn.**

The **UK** and **South Korea** were the **second** and **third** largest exporters at **$14.5bn** and **$7.7bn** respectively.

Notes and Sources: [1,2] Market intelligence: estimates of defence exports from other countries 2023 - GOV.UK

Exports

UK Top 3 Defence Export Countries ($m) [1]

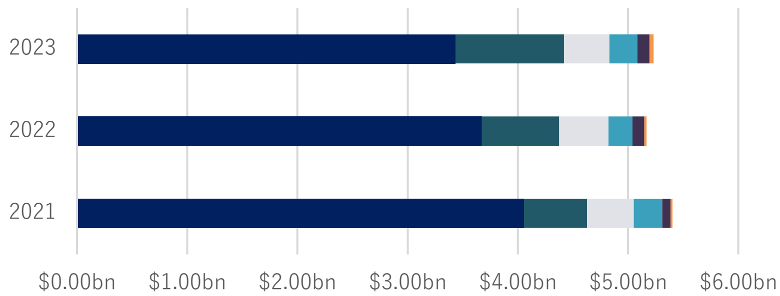


The **USA** saw the **largest** year-on-year **fall** in export value, by **$51m** from **2022 to 2023**

Exports to **Germany rose** by **$149** from **2021 to 2023**, the only country of these three to see an increase

Exports to **Australia fell** in value from **$437m** in **2021** to **$367m** in **2023**, the largest total decrease over this period.

2021-2023 Exports by Capability ($bn) [2]



	2021	2022	2023
Air	$4.05bn	$3.67bn	$3.43bn
Maritime	$0.57bn	$0.70bn	$0.99bn
Weapons	$0.42bn	$0.45bn	$0.41bn
Land	$0.26bn	$0.22bn	$0.25bn
Non-Platform Systems	$0.07bn	$0.11bn	$0.11bn
Space Systems	$0.02bn	$0.02bn	$0.04bn

Air was the most significant export capability in 2023, accounting for £3.43bn, or 66% of total exports.

Maritime exports are consistently the second most important capability from 2021 to 2023, accounting for 19% of total exports in 2023.

Top 5 2023 Exports by Capability Sub-Category [3]

Multiple Launch Platforms

$0.21bn

Surface Vessels

$0.90bn

Fixed Wing Aircraft

$3.21bn

Rotorcraft

$0.22bn

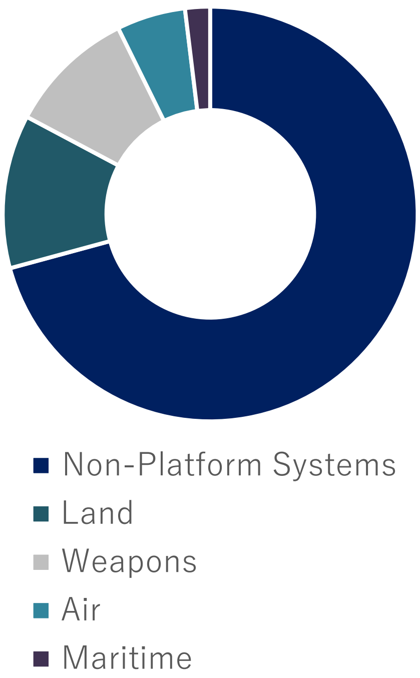
Air-Launched Weapons

$0.14bn

Notes and Sources: [1,2,3] All statistics are based on UKDSC analysis of GPS data which assesses markets on a deliveries basis in USD, using system level data. This data captures sub-tier activity and business-to-business activity (e.g. the Eurofighter Typhoon, aspects of which account for both imports and exports), rather than solely end-product level data. Space, Services and Infrastructure-related data are limited in the database.

Imports

UK 2023 Imports by Capability[1]



71%
Of all UK imports in 2023 were **Non-Platform Systems**

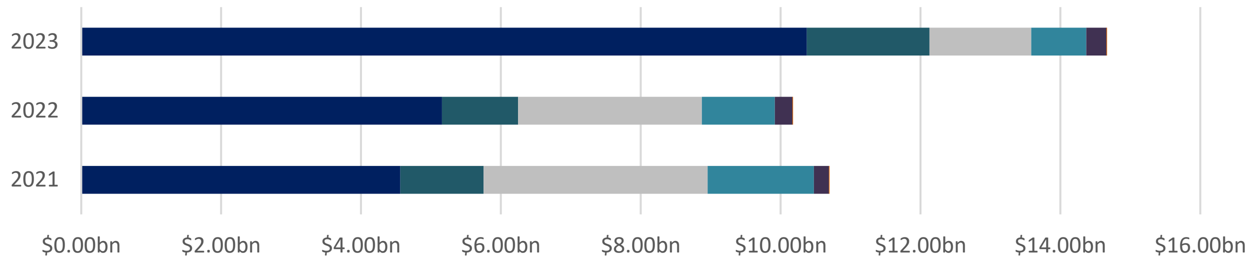
Land accounted for **12%** of all imports

Weapons accounted for **10%** of all imports

Air accounted for **5%** of all imports

Maritime accounted for **2%** of all imports

UK Imports by Capability 2021 to 2023 ($bn)[2]



	2021	2022	2023
Non-Platform Systems	$4.56bn	$5.16bn	$10.38bn
Land	$1.19bn	$1.09bn	$1.75bn
Weapons	$3.20bn	$2.62bn	$1.45bn
Air	$1.52bn	$1.05bn	$0.79bn
Maritime	$0.22bn	$0.25bn	$0.29bn
Space Systems	$0.01bn	$0.01bn	$0.01bn

Statistics

$1.75bn

The **largest decrease** in import value by capability was in **Weapons.**

127%

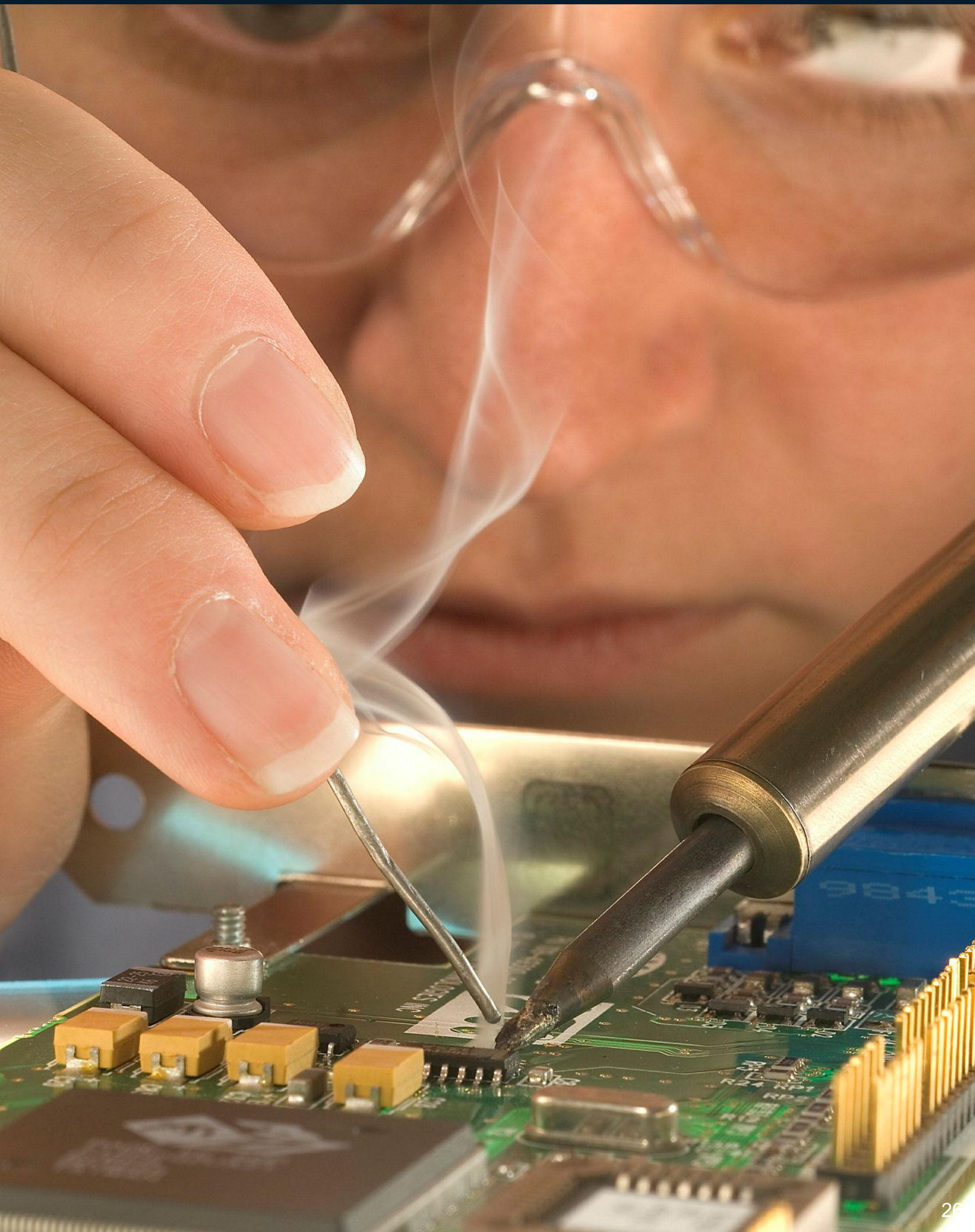
The **largest rise** in imports by capability was in **Non-Platform Systems**, rising by **$5.82bn.**

$0.56bn

The total **increase** in the value of **Land imports** from **2021 to 2023**.

Notes and Sources: [1,2,3] All statistics are based on UKDSC analysis of GPS data which assesses markets on a deliveries basis in USD, using system level data. This data captures sub-tier activity and business-to-business activity (e.g. the Eurofighter Typhoon, aspects of which account for both imports and exports), rather than solely end-product level data. Space, Services and Infrastructure-related data are limited in the database.

5. Supply Chain



Supply Spend

Direct Defence Suppliers

2022

780 Median number of direct suppliers (to the nearest 10)

600 of these are based in the UK

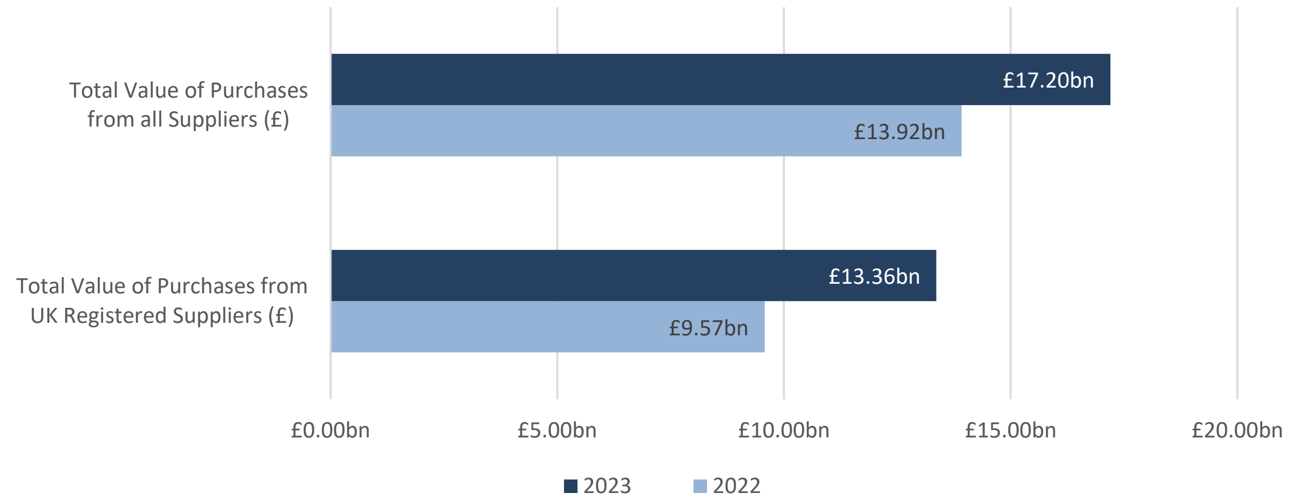
2023

790 Median number of direct suppliers (to the nearest 10)

600 of these are based in the UK

Total Supply Spending

From defence firms in 2022 and 2023 on their entire supply chain (including non-defence related goods and services) .



The **total value of purchases** from UK registered suppliers **increased by 39.6%** from 2022 to 2023.

The **total value of purchases from all suppliers** in the defence supply **chain increased by 23.6%** from 2022 to 2023

The **value of supply chain spending** on UK registered suppliers from companies with over £1bn in revenue **increased by 28.8%** from 2022 to 2023.

Notes and Sources: Unless stated otherwise, all data presented reflects findings from the 2024 JEDHub Industry Survey, though may not include responses from all 16 companies, full response counts can be found in the accompanying data tables.

Defence Spend

Defence Supply Spend 2023

£13bn

Total Value of Intermediate Goods Purchased to Produce Defence Goods and Services

An increase of 30.17% from £10.3bn in 2022

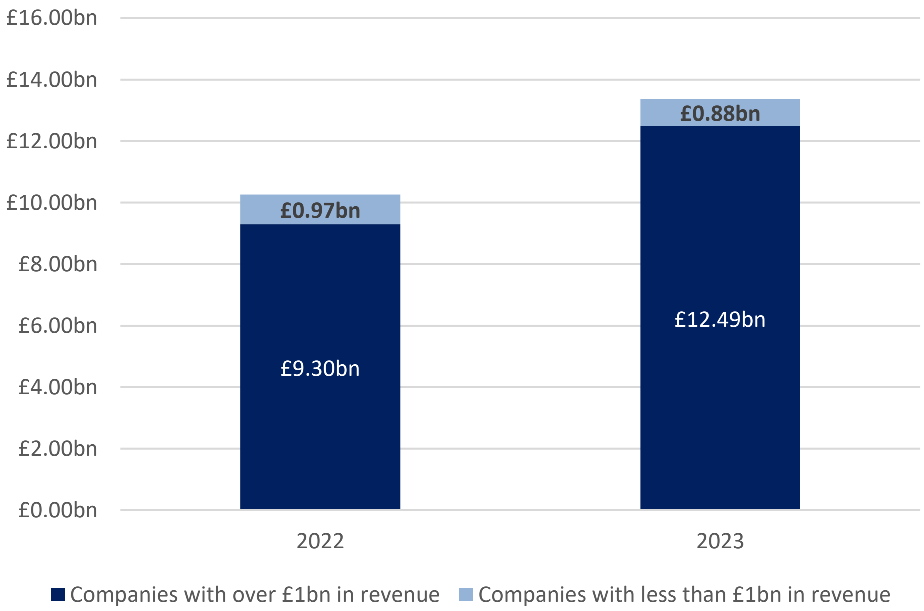
For every £1 spent by surveyed companies on defence goods and services production in 2023, 68p was spent with UK suppliers.

In **2022**, **£6.8bn** was spent out of a **£10.3bn total. Spending on UK firms** for defence goods and services thus **rose from 67% to 68%.**

Defence firms spent £9.1bn on **defence goods and services** from **UK registered suppliers** in 2023, out of **£13.4bn total** spending in this area.

Value of Purchases on Defence Goods & Services by Firm Revenue Size

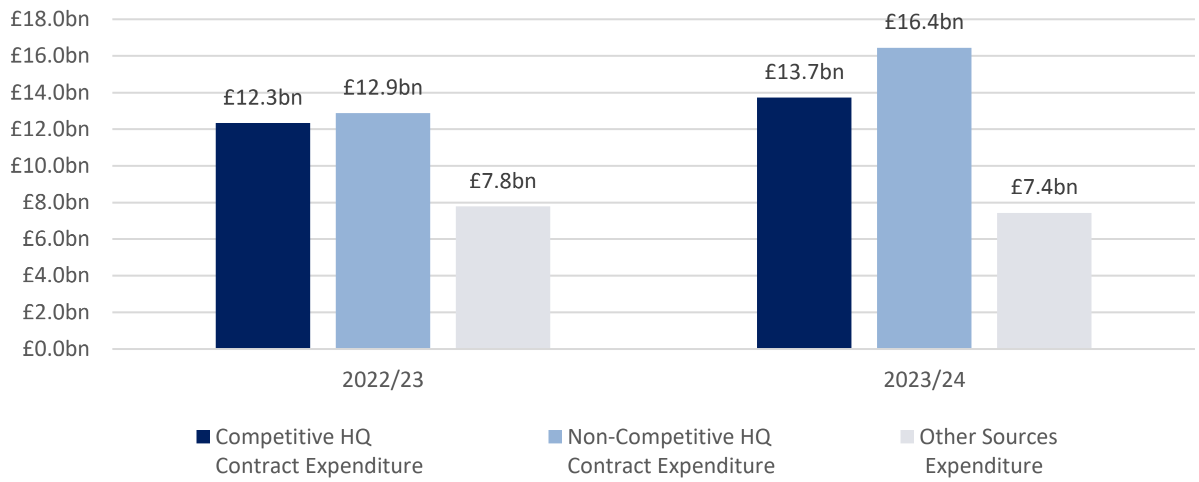
Companies with over £1bn in revenue were the main drivers of increased spending on defence goods and services.



Companies with over £1bn in revenue spent £12.5bn on the production of defence goods and services in 2023**, 93% of total spending** in this area, compared to 92% in 2022 at £9.3bn.

MOD Spend

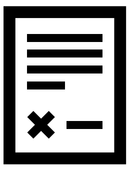
Total MOD Core Department Expenditure by Competition Type (£bn) [1]

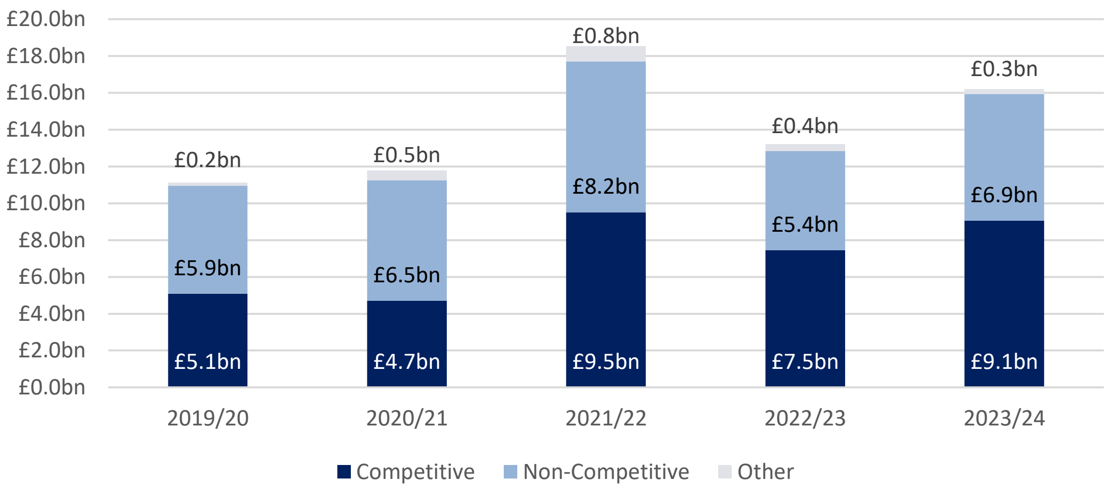


From 2022/23 to 2023/24**, total MOD direct** core department **expenditure grew** by **14.0%** from **£33.0bn** to **£37,6bn.** From 2021/22 to 2022/23. total MOD core department expenditure grew by 15.2%.

Growth in the value of **non-competitive contracts** from **£12.9bn** to **£16.4bn** was the **primary driver of this increase**, with the **proportion** of expenditure on these contracts **increasing** from **39%** to **44%.**

New MOD Contracts by Competition Type (£bn) [2]





The **total value of new contracts** placed in 2023/24 **increased by £5.3bn** (18.7%), **from £13.2bn to £15.7bn.**

The **value** of both **competitive (19.5%) and non-competitive (22.3%)** contracts **rose** over this period

Competitive contracts were the **most significant** type of **new contract**, at 57% of the total, increasing from 56% the year prior.

Notes and Sources: MOD trade, industry and contracts: 2024 - GOV.UK

UK Defence Manufacturers

The ONS UK Manufacturers' Sales by Product (PRODCOM) data measures sales of products by UK manufacturers classified by SIC Codes.1
Much of the manufacturing activity in the defence supply chain is captured by four military codes in the ONS PRODCOM data: weapons, ships and vessels, aircraft, and fighting vehicles. This data is analysed below.1,2

£15.4bn

Total sales turnover of the four PRODCOM military codes, 2023[1]

Overall sales turnover in military codes has **increased by 15%** since 2022.

159

Total number of unique enterprises identified[2]

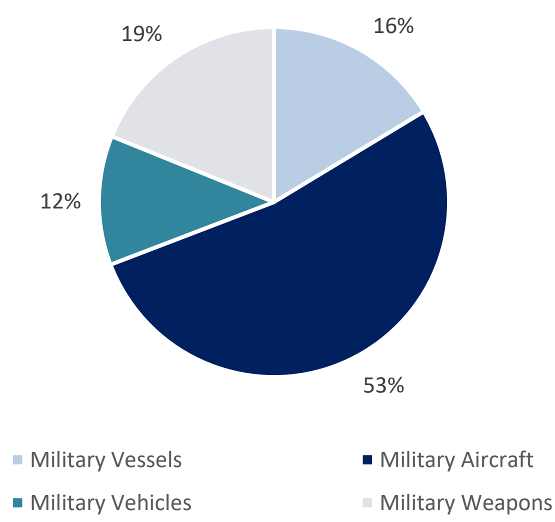
53% of these had activities in the **military aircraft code, increased from 46%** in 2022.

76%

Turnover accounted for by top 5 enterprises[3]

81% of enterprises operate **in one code**, a **decrease of 5%** from 2022.

Count of Defence Manufacturers by Military Code[4]



Defence Manufacturer Revenue[5]

£7.0bn

In revenue was made by military aircraft enterprises in 2023, a growth of 13% from 2022 and the most significant Military Code.

£2.7bn

In revenue was made by military weapons enterprises in 2023, a growth of 23% from 2022 and the highest growing Military Code.

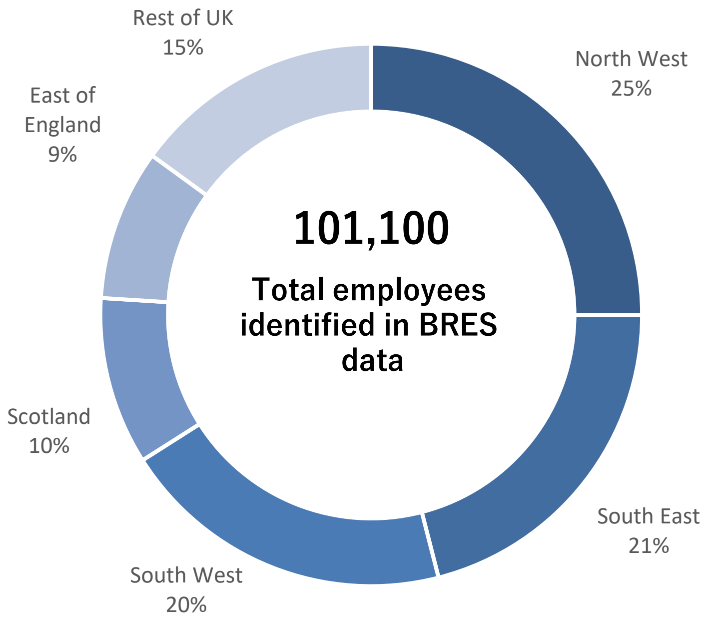
Notes and Sources: All details of the methodologies and SIC codes used can be found in the methodology. 1Business Register and Employment Survey - Office for National Statistics. 2Employment represents jobs identified in the ONS Business Register and Employment Survey (BRES) with the 159 companies found as producing goods in the four PRODCOM military codes. These jobs are not limited to defence-specific roles. The latest BRES data can be found here: Employees in the UK. Data has been rounded to the nearest thousand before percentages calculated

Supply Chain Employment

The ONS business Register and Employment Survey (BRES) dataset publishes estimates for employment by region and industry.[1]

The **159** enterprises identified in the PRODCOM data on the previous page as producing goods in the four military manufacturing codes have been matched with employment data in the ONS BRES dataset. **Unlike the JEDHub data analysed in the 'People in Defence' chapter, the jobs identified here are not limited to defence-specific roles.**

Identified Supply Chain Employment [1]



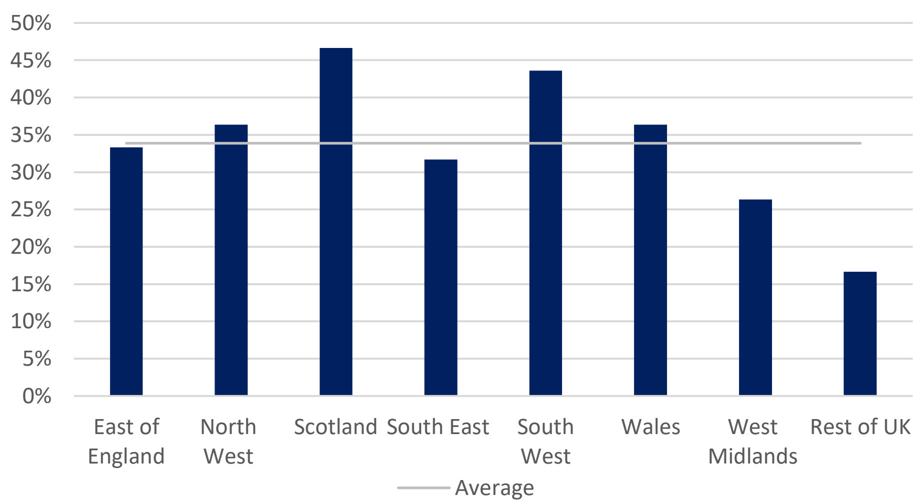
65%

Of identified jobs were found in the North West, South East and the South West. These top 3 regions are the same as 2021 and 2022.

The top 3 SIC code areas which supported these jobs were as follows:

- Manufacture of air and spacecraft and related machinery — **30%** Of total jobs
- Building of ships and floating structures — **25%** Of total jobs
- Manufacture of weapons and ammunition — **15%** Of total jobs

Share of Large Defence Manufacturing Sites (250+ Employees) by Region [2]



69 total large defence manufacturing sites are spread across different regions in the UK.

Large employees sites make up over 40% of all defence manufacturing sites in Scotland and the South West

Notes and Sources: All details of the methodologies and SIC codes used can be found in the methodology. 1Business Register and Employment Survey - Office for National Statistics. 2Employment represents jobs identified in the ONS Business Register and Employment Survey (BRES) with the 159 companies found as producing goods in the four PRODCOM military codes. These jobs are not limited to defence-specific roles. The latest BRES data can be found here: Employees in the UK. Data has been rounded to the nearest thousand before percentages calculated

Conclusion

Key Takeaways

1. People in Defence

Total **defence FTEs grew** by **19.9%** from **2022** to **2023**
The proportion of **female defence FTEs increased** by **0.7%**
The **median salary** for defence FTEs **rose by 12.7%** from 2022 to 2023, with the **mean rising** by **7.16%**

2. Investment and Skills

Apprentice and graduate trainee employment **rose** by **28.96**% from 2022 to 2023.
The proportion of **FTEs in STEM** rose **increased** by **2.1%.**
Total R&D activity **increased** by **34.1%** from **2021 to 2023,** with 61% of defence R&D dedicated to the air domain in 2023.

3. Value

Total GVA from defence activities **decreased** by **3.2%**, potentially driven by in increase in costs, with the value of purchases made in defence goods and services production increasing by 30.2%.
Total defence turnover increased by **£2.7bn**.
Combat Air generated the **most revenue** in out of all capabilities in 2023, accounting for **36.5% of total revenues**.

4. Trade

The UK secured **£14.5bn in defence export orders** in 2023.
The **US** is the **largest export destination** for UK defence goods and services, accounting for $**765m in 2023**.
Air capabilities remain the **most significant defence export** for UK industry through 2021 to 2023.
71% of all defence **imports** were **non-platform systems** in 2023.

5. Supply Chain

The value of **purchases** from **UK registered** suppliers **increased** significantly from 2022 to 2023, **by 29.6%.**
Companies with over **£1bn** in revenue accounted for **93%** of total **spending** on the **production** of defence goods and services in 2023.

Looking Forward

The JEDHub Principles

In alignment with previous iterations of the JEDHub Annual Economic Report, this years analysis has upheld the same principles which have been deployed previously.

Joint Activity
Collaboration across the UKDSC, government, industry, and academia—acknowledging that data and expertise are distributed among multiple stakeholders.

Collect Once, Use Many
To foster collaboration between government and industry, while minimising repeated effort throughout the defence industry.

Independent and Impartial
To ensure that government, industry, and all the JEDHub's stakeholders can trust in the data's quality and reliability.

Better and More Consistent Data
That offers progressively more detailed, granular and accurate insights, highlighting trends across time.

The 2024 JEDHub Annual Economic Report marks another major steppingstone in our ongoing effort to better understand the economic impact of the UK defence industry. Drawing on lessons from our previous two reports, this year's iteration benefits from a robust and consistent survey process. We hope that continued efforts such as these bring us closer to our aim of delivering high-quality, reliable data which provides meaningful insights for policymakers, industry leaders, and our wider public audience.

We remain committed to continually enhancing both the accuracy and efficiency of our data collection. This report is the result of close collaboration with the JEDHub Delivery Working Group, which includes representatives from the UK Defence Solutions Centre, Ministry of Defence, Department for Business and Trade, His Majesty's Treasury, Office for National Statistics, ADS, and Make UK.

Finally, we would like to express our gratitude to the JEDHub Industry Working Group for their valuable input and ongoing support in shaping the development of this report. The inputs from all of these organisations, and each respondent to the annual survey, are invaluable to the continued success of the Annual Economic Report.

Acknowledgements

The JEDHub would like to thank the following companies for their completion of the 2024 survey, without whom this report would not be possible:

AACE
https://www.aace.co.uk/

AIRBUS
https://www.airbus.com/en/our-worldwide-presence/airbus-in-europe/airbus-in-the-united-kingdom

ATKINS
https://careers.atkinsrealis.com/uk-early-careers/aerospace-defence-security-technology

babcock™
https://www.babcockinternational.com/

BAE SYSTEMS
https://www.baesystems.com/en/home

BOEING
https://www.boeing.co.uk/boeing-defence-uk

GENERAL DYNAMICS
United Kingdom Limited
https://generaldynamics.uk.com/

HORSTMAN
A RENK GROUP COMPANY
https://horstmangroup.com/

LEONARDO
https://uk.leonardo.com/en/home

LOCKHEED MARTIN
https://www.lockheedmartin.com/en-gb/index.html

MBDA
https://www.mbda-systems.com/

QINETIQ
https://www.qinetiq.com/en/

Raytheon UK
https://www.raytheon.co.uk/

ROLLS ROYCE
https://www.rolls-royce.com/

SPIRIT AEROSYSTEMS
https://www.spiritaero.com/

THALES
https://www.thalesgroup.com/en/countries/europe/thales-united-kingdom

For more about this year's report, and for information about the other work we do at JEDHub, visit our website here. You can also access this year's data sheet here.

Acknowledgements

The JEDHub would also like to extend its gratitude to the following academics, and their institutions. Their independent feedback has been taken into account in this report and in our plans for future work:

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Emeritus Professor of Economics **Keith Hartley**, University of York

Professor **Trevor Taylor,** Royal United Services Institute

Senior Fellow **Fenella McGerty,** International Institute for Strategic Studies

Glossary

Term	Meaning
ASHE	ONS Annual Survey of Hours and Earnings
BRES	ONS Business Register and Employment Survey
DGP	Defence Growth Partnership
FTE	Full Time Equivalent
GVA	Gross Value Added
Indirect Jobs	Jobs supported within companies’ supply chains resulting from companies’ spending in that supply chain
Intermediate Goods	Semi-finished goods used to produce another final good
ITL1	International Territorial Level 1
C3	Command, Control, and Communication
MOD	UK Ministry of Defence
ONS	UK Office for National Statistics
PRODCOM	ONS UK Manufacturers’ Sales by Product
R&D	Research and Development
SIC	Standard Industrial Classification
SME	Small and Medium Enterprises
STEM	Science, Technology, Engineering and Mathematics

Sources

Sources:

- *Business Register and Employment Survey (BRES): Table 1: Broad Industry Group (Standard Industrial Classification) – Office for National Statistics (ons.gov.uk)*
- *Business Register and Employment Survey (BRES): Table 2: Industry (two, three and five-digit Standard Industrial Classification) – Business Register and Employment Survey - Office for National Statistics (ons.gov.uk)*
- *Business Register and Employment Survey (BRES): Table 4: Region by broad industry group (Standard Industrial Classification)*
- *Earnings and hours worked, UK region by industry by two-digit SIC: ASHE Table 5 - Office for National Statistics*
- *GDP output approach – low level aggregates see methodology*
- *Janes GPS*
- *JEDHub 2024 Survey*
- *Market intelligence: estimates of defence exports from other countries 2023*
- *MOD regional expenditure with UK industry and commerce and supported employment 2022/23 pg. 23*
- *MOD trade, industry and contracts: 2024 – GOV.UK*
- *Output per job, UK - Office for National Statistics (ons.gov.uk)*
- *UK defence export statistics 2023 – GOV.UK*
- *UK manufacturers' sales by product (PRODCOM) - Office for National Statistics (ons.gov.uk)*
- *Women in Defence Insights and Data 2023 Report*

- *All images sourced from the UK Ministry of Defence Downloadable Collection*