

# Defence sector supports thousands of UK jobs and businesses

- New economic report reinforces value of defence sector to the UK
- Thousands of organisations paid for defence work and 5,000 apprentices employed
- Over a fifth of defence procurement spending is with SMEs

The [report](#) has been published by the Joint Economic Data Hub (JEDHub), a collaborative initiative to improve understanding of the defence sector's contribution to the UK economy and an important deliverable of the 2021 [Defence and Security Industrial Strategy](#) (DSIS).

Key stats in the report include:

- 10,000 – Organisations paid directly by the MOD globally in 2020/21
- 5,000 – Estimated apprentices employed in the UK defence sector
- \$4.6 billion – Average of annual UK defence exports between 2016-2020

## **Minister for Defence Procurement, Jeremy Quin said:**

The defence sector is driving prosperity, strengthening the economy, supporting jobs and building skills right across the UK.

The first report from the JEDHub provides new insights on the value of the sector – beyond keeping us safe in times of trouble – and I am delighted to see industry and government working together to help us grow our understanding of that vital contribution.

I would particularly like to thank the companies in the Defence Growth Partnership and members of their supply chains for their support in this important initiative.

Based in the UK Defence Solutions Centre, the JEDHub is designed to provide better, consistent and impartial data to help inform decision-making processes. The JEDHub is supported by government, industry and academia. Fresh insights from the report include:

- 37% – Number of the surveyed jobs supported by overseas sales, showing the contribution of defence exports to sustaining jobs in the UK
- 4.6% – Increase in graduate and apprenticeships entrants into surveyed companies from 2019 to 2020
- £45,000 – Average full-time salary for surveyed defence roles, over 16% higher than the UK mean average annual full-time salary in 2020

## **Chief Executive of ADS, Kevin Craven, said:**

Through the collaboration between the Ministry of Defence, UK Defence Solutions Centre and industry, the JEDHub annual economic report published today shows the scale of our defence sector's activity.

Employers in this industry are investing heavily in skills and supporting tens of thousands of high value jobs that are essential to the prosperity of communities in all parts of the UK.

## **Apprenticeships**

The defence sector continues to invest in developing highly skilled careers for the future, with the report including an estimate from ADS of 5,000 apprentices in employment in the UK defence sector in 2020. The JEDHUB survey also covers recruitment of apprentices and graduate trainees and that figure shows growth of 4.6% from the previous year.

## **Small businesses**

The report follows the recently refreshed [SME Action Plan](#) – designed to further improve engagement with Small and Medium Sized Enterprises, focusing on procurement models that are easier to navigate, a recognition of the role the MOD and its major suppliers play in supporting the whole of the defence supply chain and understanding how best to support innovation and exports for UK suppliers.

The latest data shows the MOD spent £1.1 billion directly with SMEs in 2019/20 and a further £3.4 billion indirectly through the supply chain. This accounts for 21.3% of procurement spend that year and shows procurement spending with SMEs continues to grow, with the intention of procurement spending with SMEs reaching 25% by 2022.

## **Research & Development**

Research and development (R&D) is central to our Armed Forces being able to stay ahead of our adversaries for combating future threats. The JEDHub report shows the MOD spent £1 billion on R&D in 2019/2020 noting that UK Research and Innovation estimates every £1 of public R&D investment generates around £7 of benefit to the UK. Over the past five years industry's own private investment in UK R&D has also grown, by 8.9% across 2015-2019 to £464 million.

## **JEDHub next steps**

The JEDHub's report is an important deliverable of the 2021 Defence and Security Industrial Strategy, building on the [Dunne Report](#) which highlighted the crucial contribution of the defence sector to UK prosperity.

In the coming year, the JEDHub aims to provide more data about the economic contribution at a national, regional, and local level.