

EXECUTIVE SUMMARY

Babcock is a large UK-headquartered international defence company, with 70% of its £4.4 billion revenue generated in the UK in the 2024 financial year (FY2024). It operates across over 100 sites throughout the UK, with its largest employing more than 8,000 workers. It provides engineering, support, and critical systems to both defence and civil markets in the UK, Australasia, Canada, France, and South Africa, as well as across further export markets.

This report quantifies the economic impact that Babcock’s operations had within the UK economy in FY2024, in terms of GDP, employment, and tax revenues. This is done for the impact of the company as a whole and its individual business units on the UK economy, as well as a focus on Scotland and the South West of England. The report also looks at the wider socioeconomic impact that Babcock has within the UK in areas such as reducing economic inequality and promoting equal opportunities.

CONTRIBUTION TO THE UK ECONOMY

In FY2024, Babcock supported 67,000 jobs across the UK economy, equivalent to one in every 550 jobs in the country. Of this total, Babcock directly employed just over 25,400 workers, and a further 22,000 jobs were supported by its supply chain spending, known as the indirect impact. Lastly, 19,600 jobs were sustained through the spending of wages by the company’s workers and those in its supply chain, known as the induced impact. This implies a multiplier of 2.6, meaning that for every 100 workers employed by Babcock in the UK, a further 160 jobs were supported across the rest of the economy through indirect and induced effects.

In the same year, Babcock supported a total contribution of £4.3 billion to UK GDP, or one in every £630 across the economy as a whole that year. Of this total, £1.4 billion was generated by Babcock through its profits and wage payments, £1.3 billion was supported by its supply chain spending, and the remaining £1.5 billion was due to the induced impact. This indicates a GDP multiplier of 3.1, meaning that for every £100 of GDP that Babcock directly supported through its own operations, a further £210 was supported across to the UK economy through the indirect and induced channels of impact. We also estimate the Babcock supported a total tax contribution of £1.1 billion for the UK Exchequer, across the direct, indirect and induced channels.

67,000

jobs supported
in the UK
in FY2024



£4.3 bn

Total contribution
to UK GDP
in FY2024



ECONOMIC CONTRIBUTION BY BUSINESS AREA

In addition to Babcock’s overall economic impact in the UK, we modelled the impacts of its three constituent business units separately: Nuclear, Marine, and Land and Aviation.

Of Babcock’s total economic impact in FY2024, a £1.9 billion contribution to UK GDP (45% of total) was supported by the company’s Nuclear business unit, along with 30,200 jobs, through the three channels of impact. Its Marine business accounted for a further £1.3 billion (31%) of the company’s GDP impact and 20,400 jobs across the country. The remaining £1.1 billion (25%) of Babcock’s UK GDP impact, and 16,400 jobs, were supported by its Land and Aviation business unit.



ECONOMIC CONTRIBUTION IN SOUTH WEST ENGLAND AND IN SCOTLAND

Whilst Babcock supports economic activity across the UK, its impacts are most concentrated in those areas in which it has a more significant presence; the South West of England and Scotland, where the company employs a combined 17,400 staff.

In the South West, Babcock employed just over 12,000 staff in FY2024, paying £540 million in staff costs in the region, and spending £290 million with suppliers. We estimate that Babcock supported a total contribution of £1.3 billion to the South West region’s GDP in the same year, either directly or through supply chain and worker-spending impacts. In total we estimate that Babcock sustained nearly 21,500 jobs in the South West through these same channels of impact.



In FY2024, Babcock employed 5,400 workers in Scotland. The company spent over £150 million with suppliers in Scotland, paying workers in Scotland just under £260 million in staff costs. In total we estimate that the company contributed £510 million to Scotland’s GDP and supported 9,500 jobs, either directly or through supply chain and worker-spending effects.



SOCIOECONOMIC CONTRIBUTION

Babcock makes a significant contribution to the UK economy. However, the company’s socioeconomic impact extends further, as it creates wider societal benefits through opportunities it creates for individuals and businesses in the areas of the UK that need them the most.

1,800

Participation in Babcock's graduate and apprenticeship schemes in FY2024



By investing in staff training, Babcock supports skills development in the UK. In FY2024, there were over 500 graduates participating in Babcock's graduate training scheme, which was expanded from around 260 in 2021. The company also had nearly 1,300 apprentices in FY2024, providing valuable skills which are of benefit for both the company and the UK economy more widely.

Babcock's employment and supply chain spending creates opportunities in more deprived areas, supporting the regional growth agenda and improving local economic and social conditions. We find that Babcock spent £420 million with suppliers, and employed more than 5,100 staff, in local authorities that were classed as high priority for regeneration.

5,100

Staff employed in high priority areas for regeneration

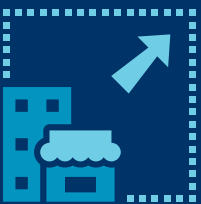


Babcock also aims to support small and medium-sized enterprises (SMEs) across the country with its procurement spending, and actively monitors the share of its overall spend that goes to these firms. In FY2024, the company spent £550 million with more than 3,800 suppliers across the UK.

Babcock is committed to reducing its impact on climate change, undertaking many initiatives which seek to reduce its environmental footprint. In 2021, Babcock launched its Plan Zero 40 decarbonisation strategy, which commits to the delivery of a 2030 science-based target in line with a 1.5°C pathway and achieving 90% emissions reduction across its estate, assets and operations (Scope 1 and 2) by 2040, and net-zero across the full value chain (Scope 3) by 2050. This is being achieved through a wide range of energy saving measures, the use of sustainable transport, and a focus on effectively tracking the company's environmental impact as fully as possible.

£550m

Spent with UK SMEs in FY2024



Babcock has many initiatives in place to ensure the equal opportunity, wellbeing, and safety of its employees. The company continues to promote gender equality—in particular, by being a founding member of the Women in Defence Charter and a Critical Mass Partner to Women in Defence UK, which works to drive gender equity across the defence sector. In FY2024, the company's median gender pay gap was 6.7%, which is less than half of the UK average of 14.3%, and is continuing to fall.

The company has also committed to achieving at least 30% female representation in its workforce by 2030. This level of equality of opportunity is sought throughout its business, supported by a 40% female board in FY2024.