

Delivering the defence dividend

Defence dividend

The 2025 Strategic Defence Review defined a new defence dividend: a partnership with industry that will create jobs, wealth, and opportunity in every corner of the UK.

As a leading sovereign UK company, Babcock delivers employment and growth, but just as importantly we invest in skills development for current and future employees, as well as regeneration in our local communities, to underpin national security and deliver economic security across the country.

In March 2025, Oxford Economics independently reported on the contribution Babcock makes to the UK economy, quantifying the scale of our impact:

- **£4.3bn total contribution to the UK economy**
- **67,000 jobs supported (equalling one in every 550 jobs in the UK)**
- **£550m spent with UK SMEs, supporting >3,800 businesses**

These benefits are being felt across the country. In the South West, Babcock contributes £1.3 billion to the region's GDP each year, sustaining a total of nearly 21,500 jobs, and in Scotland, we spend over £150 million with Scottish suppliers and contribute £500 million to Scotland's GDP each year.

High-quality, skilled job creation is key, but we look beyond this to deliver further benefits to our employees and communities.

We are working with local partners across the UK to drive urban regeneration and backing Britain's small businesses by spending £360m each year and supporting 6,200 jobs with UK SMEs.

We develop our workforce's skills through our 1,800 apprenticeships and graduate roles, but we also develop the next generation of engineers and technicians through our STEM ambassador programme, reaching 1 in every 130 UK school children every year.

But it's not just the immediate and future workforce we are supporting as we also aim to recruit those from underrepresented groups, including bringing more women and veterans into our workforce.

This is the defence dividend in action: a harmony between national and economic security that strengthens the UK's defence industrial base and fosters prosperity in the communities we work in.



Securing tomorrow's dividend: our future commitments.



Babcock colleagues celebrate the departure of HMS Vanguard from Devonport

Regenerating Plymouth

Relocating more than 2,000 people to Plymouth City Centre

We are relocating over 2,000 of our personnel to a new Capability Centre in the heart of Plymouth. This will help regenerate the centre, and contribute to the vibrancy and long-term prosperity of the city. The plans are part of a wider blueprint across the UK to boost collaboration and support local economies.

Helping people back into employment

1,000 new roles creating opportunity across the UK

The implementation of our Production Support Operative initiative in Scotland, which recruits people historically excluded from the workforce, has been very successful. We are now committing to rolling this out nationally, adding a further 1,000 of these roles over the medium term, focussing on getting people back into work.

Delivering for people and communities

Launch of our specialist veteran recruitment scheme

We are launching a specialist veterans recruitment scheme, which will provide recently-retired members of His Majesty's Armed Forces with accelerated entry into suitable Babcock roles, utilising the critical skills military veterans possess.

Investing in regeneration and prosperity



Regenerating Plymouth

We are excited to be developing a new Capability Centre in the heart of Plymouth City centre, **relocating over 2,000 of our personnel** to better enable operational delivery within our Devonport dockyard. This move will help to regenerate local businesses which are essential to support this workforce, whilst contributing to the long-term prosperity and vibrancy of the city.



Partnering with local government

Babcock is driving regeneration across the regions, in partnership with local government, to provide the critical space we need to grow whilst helping to regenerate urban areas through the use of existing spaces in town and city centres. In the South West, Babcock, Plymouth City Council and the Royal Navy have established Growth Alliance Plymouth (GAP) as a partnership to ensure that vital defence outputs are delivered into the future, whilst supporting the region's growth, maximising defence investment opportunities, and ensuring the benefits are felt across the community.

Supporting investment zones

Babcock is a key player in the Plymouth and South Devon Freeport, actively supporting both developments, as a major employer in the respective regions. In recent years, we have utilised the South West site to produce Jackal vehicles with local SME Supacat for the British Army, which has led to facility expansion and job creation within the Freeport's South Yard. We are now looking to create an Integrated Logistics Hub and Advanced Manufacturing Facility within the Freeport site, creating further employment opportunities and maximising benefits from the Freeport while freeing-up vital estate on site at the dockyard. Babcock is also a partner in the Forth Green Freeport in Scotland.

Bolstering Small and Medium Sized Enterprises (SMEs)

We support 22,000 jobs across our UK supply chain, with just over a third of our UK supply chain spend going to SMEs. This equates to around £550 million invested with over 3,800 SMEs. £116 million of this amount was spent with SMEs located in the 20% most deprived areas, supporting communities which are high priority for regeneration. We are examining the potential to establish an SME Incubator – helping to stimulate rapid growth for SMEs and ensuring that the UK Armed Forces can access critical new technical capabilities.

£1.1bn

contribution in UK
tax revenues

Through SME collaboration,
we helped generate

£360m in GDP
and 6,200 jobs

Securing critical skills across defence and nuclear

Supporting early careers

We have had our largest ever annual intake of c.900 early careers employees, creating exciting opportunities for these new employees to build rewarding, long-term careers with Babcock. We plan to double the number of early careers employees by 2027, helping to support our ambitious growth plans. Babcock is also investing by making time available to over 300 apprentices to enable them to develop their skills, in addition to those already undertaking technical apprenticeships. The estimated value to the wider economy of this time spent developing skills is c.£23million.

Developing vital nuclear skills

Babcock continues to play a critical role in developing nuclear skills in support of the nuclear skills agenda for the national endeavour. We are the regional lead for both the South West and Scottish Regional Hubs as a key industrial partner. As a sovereign company, our experienced personnel, resources and direct funding are uniquely placed to support the drive for energy security and national security.

Engaging on STEM

Babcock has engaged with more than 82,000 children across the UK on STEM-related events and activities over the last year, equivalent to one in every 130 UK school children. For every £1 that Babcock invests in STEM outreach activity through volunteered time, it is estimated that this brings a value of £1.61 back into the community as a result of increased STEM engagement and the improvement to future earnings prospects.

Investing in engineering

Building on the successful opening of the Babcock Engineering and Nuclear Skills building at City College Plymouth, we will unlock investment to create a dedicated Centre for Engineering and Nuclear Skills. This will boost the STEM capacity within the city not just to meet our growing engineering and nuclear skills demands, but also to benefit the needs of the wider region. In doing this, we will reduce the demand for classroom and experiential learning on site, which will continue to focus on operational excellence and delivery for our customer and national security.



Helping people back into employment

At Rosyth, we've worked with Trade Unions and local community partners to recruit c.300 Production Support Operatives (PSOs), including many who were not in education, employment or training. The current programme has contributed c.£13m to the economy.

Following the success of that programme, we are now planning a national roll-out, with the intention to increase the number of colleagues who are employed through programmes like this nationally, **adding a further 1,000 PSOs over the medium term.**



503 graduates and
1,273 apprentices
in training schemes

Babcock STEM
ambassadors reached
1 in 130
UK school children

Delivering for people and communities

Providing opportunities for veterans

Babcock is proud to be the joint top defence employer that provides employment opportunities for veterans. We recognise the critical skills military veterans possess and look to provide a rewarding and valuable future that allows them to continue to contribute to the defence of the nation post-military service. Next year, we will strengthen our support through the **launch of a specialist veterans recruitment scheme**, which will provide recently-retired members of His Majesty's Armed Forces with accelerated entry into suitable Babcock roles.



Committing to our people

Babcock is a people business. We are committing to our people for the long-term by launching an all employee free share award programme to strengthen all our colleagues' connection to the future of our industry and to reward them for their part in our success.

Volunteering in our communities

Babcock donates c.£1 million a year to charities, including forces charities that provide support for bereaved families and help for veterans to transition into the civilian workplace. Volunteering across the business supports up to the equivalent of 105 full-time roles each year across UK communities through our global volunteering policy, which gives every Babcock employee a 'Be Kind Day' each year to play an active part in helping others.

Bolstering UK Armed Forces

We are the largest defence industry employer of active reserves. Our approach, which includes up to 10 days of special paid leave per year to cover reserve duties, enables Babcock employees who are military reservists to bolster operational capability for our UK services with their specialist expertise and bring their experiences back to the workplace and their communities.

Championing diversity

We are committed to removing barriers for women and all under-represented groups, ensuring the equal opportunity, wellbeing, and safety of all our employees. Babcock was 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. We remain focused on our target of having 30% female employees by 2030 and, in FY2024, the company's median gender pay gap was 6.7%, less than half of the UK average of 14.3%, with this gap falling year on year.



500+
reservists employed
by Babcock

Be Kind Days committed
105 full-time volunteer
equivalents each year

£1m
donated to charities
across the UK

Babcock's contribution to the UK economy

We are committed to making a positive contribution to the communities in which we operate by providing high-quality jobs and delivering social and economic sustainability.

Babcock's contribution to the UK economy, means that every £1 spent with Babcock returns £3 in GDP. With a strong footprint across the UK, we have a significant contribution in all areas of defence engineering.

£4.3bn

contributed to UK GDP

67,000

total UK Jobs supported

5,100

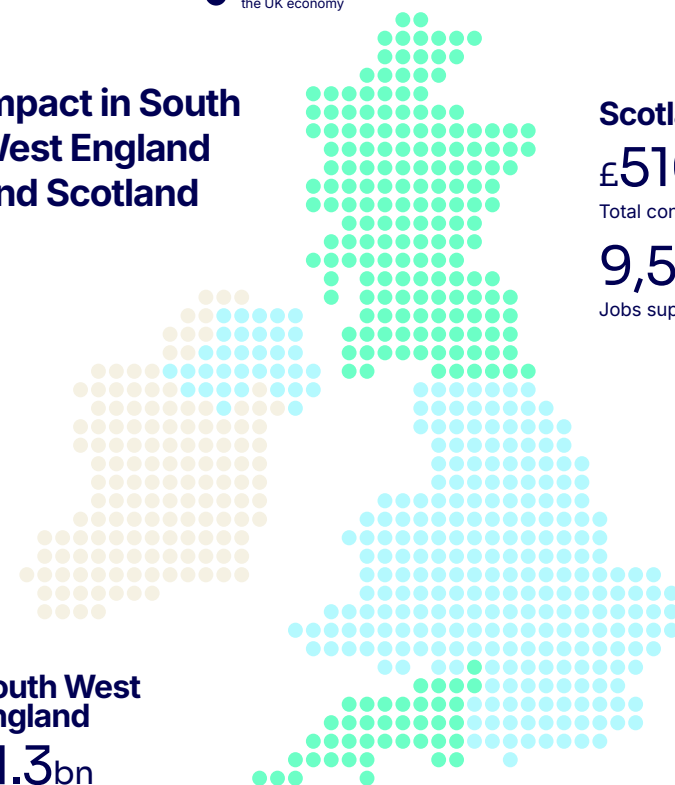
colleagues in areas of high priority for regeneration

£420m

spend with suppliers in high priority areas

● Babcock's contribution to the UK economy

Impact in South West England and Scotland



Scotland
£510m

Total contribution to GDP

9,500
Jobs supported

South West England

£1.3bn

Total contribution to GDP

21,500
Jobs supported



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