
Mike Keoghan | Deputy National Statistician and Director General for Economic,
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Rt Hon Stephen Crabb MP
Chair, Welsh Affairs Committee
House of Commons
London
SW1A 0AA

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Dear Mr Crabb,

I was glad to host the Welsh Affairs Committee at our Newport office on 13 July 2023.

During the visit, a member of the Committee mentioned your inquiry into *The Defence Industry in Wales*. I am delighted to provide the annexed briefing with additional information relating to the economic activity of the defence industry within Wales, to support the inquiry.

I hope that this is helpful and please do not hesitate to contact us if there is anything further we can assist with.

Yours sincerely,



Mike Keoghan
Deputy National Statistician for Economic, Social and Environmental Statistics

Defence Industry in Wales

Research and Development

There is no data available on defence industry expenditure on Research and Development (R&D) in Wales. The experimental Wales public-funded gross capital and non-capital expenditure on R&D¹ was £361 million (£46 million in-house performed R&D and £315 million purchased or funded R&D) during the financial year ending 2021.

While the Business Enterprise Research and Development survey collects data on defence R&D, it does not break this down regionally. Analysis suggests that due to the small number of businesses that perform R&D on defence specifically in Wales, estimates would not meet ONS disclosure methodology and therefore could not be published at that level.

Night-time economy

The percentage of night-time workers² (people who either work during the evening or night) in the public, administration, defence and the compulsory social security sector was 1.6% of the entire UK workforce in 2022 (equivalent to 6.9% of all night-time workers).

In general, 30.5% (435,000) of workers in Wales were night-time workers, the highest proportion of night-time workers compared to the rest of the regions and countries in the UK in 2022.

In Wales, Merthyr Tydfil local authority had the highest proportion of employees in night-time industries (people who work in an industry which has an above proportion of night-time workers) with 56.7% in 2022 (an increase from 49.5% in 2012).

Defence industry workforce

In the latest Workforce jobs data, jobs by public administration and defence industries (SIC 2007) have increased in Wales³ from 5.9% (85,000) in 2017 to 6.9% (101,000) in 2023.

The total number of employees estimated for Great Britain⁴ in 2021, classified against the industry defence activities, was 55,000 (54,700 public sector and 300

¹<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/researchanddevelopment/expenditure/articles/ukpublicfundedgrossregionalcapitalandnoncapitalexpenditureonresearchanddevelopment/financialyearending2021>

²<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/articles/thenighttimeeconomyuk/2022>

³https://www.nomisweb.co.uk/reports/lmp/gor/2013265930/subreports/gor_wfjsa_time_series/report.aspx

⁴<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/industry235diqitsicbusinessregisterandemploymentsurveybrestable2>

private sector), Manufacture of weapons and ammunition had 12,800 employees and manufacture of air, spacecraft, and related machinery had 73,500 employees.

In 2021, there was an estimated 99,000 employees in Wales working in the public administration broad industry group⁵, of which 98,800 employees were in the public sector and 300 employees were in the private sector. There were 74,500 full-time employees and 24,500 part-time employees. Information on the size and characteristics of the UK armed forces population is produced by the Ministry of Defence. If you require any further information or data relating to this, you should contact the MOD directly.

UK armed forces veteran population

In the 2021 Census⁶, Conwy was the Local Authority with both the highest proportion of veterans (5.9%) and the highest proportion of households with at least one veteran (10.2%) in Wales. Pembrokeshire was the second highest for proportion of veterans (5.7%), and the Isle of Anglesey was the second highest for proportion of households with at least one veteran (9.9%). These local authorities all contain or are located near military establishments, suggesting that UK armed forces veterans tend to stay in the same areas once they have left service.

Industry turnover

The number of businesses in Wales generating a turnover⁷ in the manufacture of air, spacecraft, and related machinery industry sector has fallen by half from 60 businesses in 2018 to 30 in 2022. In 2022, 5 businesses in this industry reported a turnover between £0 to £49,000; 15 reported £50,000 to £99,000; and 5 businesses reported £100,000 to £199,000. However, in 2018, 10 businesses reported generating a turnover between £0 to £49,000; 35 reported £50,000 to £99,000; 10 reported £100,000 to £199,000; and 5 businesses generated a turnover over £50,000,000.

The manufacture of weapons and ammunition industry sector in Wales includes 5 businesses generating a turnover between £0 to £49,000 in 2022, the total number of businesses has remained the same since 2010.

⁵<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/regionbybroadindustrygroupsicbusinessregisterandemploymentsurveybrestable4>

⁶<https://www.ons.gov.uk/peoplepopulationandcommunity/armedforcescommunity/bulletins/ukarmedforcesveteransenglandandwales/census2021#uk-armed-forces-veterans-england-and-wales-data>

⁷<https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=199>