

March 2023

How could UK Defence build on the last Defence Command Paper and the Integrated Review Refresh to deliver enhanced strategic value for itself and its Allies? (March/April 2023)

The first iteration of this submission was derived from a 'call for evidence' from Conservative back benchers in the months immediately after the Russian invasion of Ukraine last year. A year later, and after IR 2023, much of it still stands. I am submitting this in my own capacity, not as Chair of the 1922 Defence Committee.

The Russian invasion of Ukraine served as a wake-up call for those who believed a return to conflict in Europe was impossible. It has given defence a salience it has not had for a long time and has breathed new life into the Western alliances and NATO – which as recently as November 2019 the French President described as a 'brain dead' organisation.

Preventing conflict is as much about deterrence as anything else. History has shown repeatedly that aggressive states will exploit perceived weakness and ignore rules-based warfare and values – possibly underlined by the recent meeting between Presidents Xi and Putin.

Integrated Review 2023

The invasion of Ukraine took place almost exactly a year after the publication of IR 2021. It identified Russia as remaining the most 'acute threat' in our home region, also noting that:

We will also support others in the Eastern European neighbourhood and beyond to build their resilience to state threats. This includes Ukraine, where we will continue to build the capacity of its armed forces.

Notwithstanding the Indo-Pacific tilt, IR 2023 rightly notes that the Euro-Atlantic area is the UK's primary theatre and core priority. It is right to conclude that:

As IR 2021 set out, Russia is the most acute threat to the UK's security. What has changed is that our collective security now is intrinsically linked to the outcome of the conflict in Ukraine.

It also concludes that *...Russia has violated the norms and principles that contributed to a stable and predictable European security order, and we can not discount the possibility of an attack against allies' sovereignty and territorial integrity.*

IR 2021 and its associated Defence Command Paper concluded that the Armed Forces would lose personnel and capabilities. The Army is set to lose 10,000 personnel, falling to a total strength of 72,500 by 2025.¹ It is also set to lose the Warrior infantry fighting vehicle and there will be fewer Challenger tanks. The RAF will lose the Hercules transport aircraft, some Typhoon fighters, and will receive three rather than five airborne command and control aircraft. The Royal Navy will see two Type 23 destroyers retire early, before replacements come into service, and can not fully service one aircraft carrier with aircraft, let alone two.

IR 2023 will generate a further Defence Command Paper, which in response to my OPQ the Defence Secretary announced should be published in June² and to which this submission is aimed. This should at the very least reverse these cuts to manpower and capabilities.

IR 2023 is a welcome update of the framework the UK uses to assess international risks and opportunities. However, what is required is a fundamental threat-based review, back by long-

¹ Later revised upwards to 73,000.

² Hansard, 13th March 2023 (<https://bit.ly/3nrvo3>).

term funding, so that we can set the manpower and capabilities the UK requires. This review will need to factor in a margin of comfort across the full spectrum of capabilities, given no-one can predict the exact nature of the next threat.

Defence Spending

Since IR 2021, it is welcome that increases to defence spending have been forthcoming. The previous Prime Minister, Rt Hon Liz Truss MP, committed to increasing defence spending to 3% of GDP by 2030; this was dropped when the current Prime Minister came to power, but IR 2023 included a commitment to an extra £5 billion over the next two years, with a further £6 billion over the next three years announced in the most recent Budget. This will increase spending to 2.25% by 2025, with a commitment to increasing to 2.5% of GDP 'when fiscal circumstances allow'. The Defence Secretary, amongst others, is right to highlight the unusual extent to which inflation affects the defence budget.

Defence spending across NATO is set to rise, and if Germany implements the increases announced by Chancellor Scholz last year, the UK will no longer have the second-largest defence Budget in NATO.

- Based on need and capabilities, defence spending should be meaningfully increased, and the increase must be sustainable over the long-term, rather than based on a percentage of GDP and therefore subject to the vagaries of the economy.
- Rather than seeking a percentage of GDP, the Armed Forces should bid for specific targets (e.g. 100,000 troops, X surface ships, X fighter aircraft).
- When assessing defence spending, the costs of the nuclear deterrent and Armed Forces and MoD civilian pensions should no longer be included.

Increased defence spending has many advantages. The first of these is deterrence – history suggests the approach of 'speaking softly but carrying a big stick' helps to ensure potential adversaries are less inclined to act against your national interests, which can reduce the chances of armed conflict. Comprehensive and substantial defence capabilities will also make the UK a more useful and reliable defence partner, especially with the United States, ensuring the UK retains influence as well as heft.

It also allows more scope for 'defence diplomacy', an important component of soft power along with the BBC World Service and British Council. This includes training missions with friendly countries, personnel exchanges, visits (especially by the Royal Navy) and international officer training at Sandhurst alongside other defence institutions.

Closer to home, the Armed Forces act as one of the key forces that bind the Home Nations of the United Kingdom together, and should be promoted as a symbol of the Union, as well as maintaining important links with the Commonwealth. This may prove to be a useful counterweight to increased Chinese activities in these countries.

Defence Industry

A larger Armed Forces requires a larger defence industry to service its needs, helping to promote employment, R&D and construction, and thereby provides the cornerstone of our sovereign capabilities. A healthy defence industry also helps build a healthy export industry, most recently shown by Poland's decision to commission a version of the Type 31 destroyer Babcock is building for the Royal Navy, which will be built by Babcock in Gdynia.

However, when considering exports, it is important that the main focus remains on the UK. The AUKUS alliance offers a golden opportunity for British companies to share their talent and know-how at building and maintaining nuclear submarines, but there is also a risk that

perceived greater opportunities overseas might encourage a 'brain drain'. This might have negative consequences for the Royal Navy's submarine service, which is also responsible for our nuclear deterrent.

- More investment in our nuclear submarine industry would help to ensure the right balance between maintaining our preeminent capability while helping our allies. In assisting with the AUKUS alliance, there should be an awareness that committing workforce and resources overseas may reduce the rate of submarine-building in the UK.
- There should also be wider awareness that the transport and related infrastructure around the shipyards that build British submarines requires upgrading in order to ensure timely and cost-effective production, while assisting those who work there.
- More generally, expanding home-grown talent and skills, through such initiatives as the Clyde Shipbuilding Academy, further strengthens industry and our sovereign capabilities.

As part of building and safeguarding sovereign capabilities, there must be a greater awareness of the potential threats posed by foreign acquisitions of key British defence companies. Though these may be bought by companies headquartered in friendly countries, the tendency is for know-how and intellectual property to eventually move overseas as Ministers and governments move on.

- The protection of UK intellectual property along with cyber, space domain and AI capabilities must remain top priorities.

These considerations must run all along the supply chain. No other major military power allows their strategic companies to be bid for by foreign companies in such scale. Supply chain security and resilience is key – as the Russians are now finding out, the loss of even a small number of key components can cause production of important defence systems to come to a standstill.

- The Government needs to adopt a more strategic view when deciding whether to allow foreign bids for defence companies.
- If necessary, as with Rolls-Royce and BAE Systems, it should retain a 'golden share' in companies considered to be of strategic importance.
- The National Security Council and MoD should ensure the UK has secure and resilient supply chains, along with the know-how, for the production during wartime conditions of all technologies in its weapons systems. They should also ensure the UK has the domestic ability to produce and scale up production under wartime conditions.

Procurement

The MoD does not have a good reputation around procurement. There are still well-known issues – the Ajax armoured fighting vehicle being one example. Nothing is less useful to defence and the reputation of the MoD than wasteful spending.

- Whilst the whole process around defence procurement is rightly being reviewed, more effort should be expended into putting the required discipline into contracts, and more thought should be given to ordering sufficient production runs to ensure lower unit costs. Value for money issues are serious and must be addressed.
- Further research should also be carried out to assess the feasibility of buying off-the-shelf rather than going for the expensive bespoke and largely untested solution so beloved of the arms companies. Closing the Ajax programme and replacing Warrior with the BAE Systems IFV CV 90 is one example. A weapons system which is 80%

'perfect' and deliverable at speed and scale is preferable to one which is 100% 'perfect' but which is delivered late and in small quantities.

- The expectation of exporting defence equipment and architecture should be built into the procurement process.
- The UK needs to have deep stockpiles of advanced weapons and ammunition, at least at the scale of the Cold War arsenals. As Ukraine shows, modern warfare can go through such stockpiles much faster than anticipated.

Personnel

Proper regard and investment is required regarding the composition of our Armed Forces, the balance between Regular and Reserve personnel, the conditions of service including mental health/PTSD provision, and on our support for veterans and the process of recruitment, retention and transition back to civilian life.

- In addition to increasing the overall number of Armed Forces personnel, the number of women and minorities, in both military and civilian defence roles, should increase to ensure a defence sector that is representative of modern Britain.
- There is concern that the Armed Forces are too dependent on Reserve personnel, which is seen as a cost-cutting exercise. The latter provide real value for specialised skills and other gaps in Regular battalions, but there needs to be a better balance in favour of Regular troops as numbers increase. Reservists are certainly cheaper but that changes dramatically once they are deployed.
- We need to place greater emphasis on better pay and comprehensive mental health provision for serving personnel and veterans.
- In addition to raising the quality of accommodation, personnel in all services should be assigned a 'home base', with access to schemes which help them buy a property near the base. Those living in service accommodation should be able to buy their quarters with a commercial mortgage, with the MoD buying it back for acquisition price plus the move in the house price index over their ownership when they leave service. This should ensure they have a decent deposit on their homes upon leaving the Armed Forces and should serve to reduce homelessness when returning to civilian life.
- Consideration needs to be given to take recruitment back 'in house' rather than outsourcing it to third parties – if only to re-introduce the county association with regiments, which has previously been the basis of their resilience in battle. The same applies to feeding and housing, both of which are currently lamentable.
- Better support for veterans should also be considered, ensuring due regard is given to meeting the need of veterans under the Covenant, alongside the ongoing measures to prevent the vexatious claims against those who served in the security forces in Northern Ireland.

European Union

In the immediate aftermath of the Russian invasion, there was increased discussion within the EU of the need for an 'EU Army'. This should be resisted, as there is no need for any added complexity or reduplication of NATO's defence effort. It would also drive an unhelpful wedge down the Atlantic and between the EU and non-EU members of NATO.

EU defence arrangements are also coalescing around EU institutions, and having just left the European Union there is little appetite in the UK to be drawn back into the EU's orbit by stealth. Such developments pose a medium-term risk to the UK defence industry, and a long-term one to NATO integrity.

March 2023

- Influential pro-EU voices in the UK continue to promote our attachment to EU defence arrangements despite the damage this would cause.
- NATO should remain the cornerstone of Europe's defence strategy, and Britain should use our diplomatic influence as necessary to ensure this remains the case.
- Given the situation in Ukraine, further emphasis should be placed on galvanising our relationship with allies and bolstering UK status within NATO.

Climate Change/Environmental, Social and Governance Investment/MACA

The fact defence tends to have a large carbon footprint should be addressed as necessary, though it should not be forgotten that protecting the UK and its allies is our Armed Forces' core task.

Though the wars of the early 21st Century may have been controversial, there is near-universal approval of the West's military support for Ukraine and every reason to believe this would continue for any defence effort to protect the UK and its allies from aggression.

- The tendency for investors to avoid involvement with defence companies for ESG criteria should be better challenged, and Government has a role to play here.

The military has played a crucial role during the covid pandemic via Military Assistance to Civilian Authorities (MACA). This has kept the military in the public eye and, has helped with maintaining public support for UK defence by highlighting its contribution alongside its primary tasks of homeland security.

- The contribution of the military to the civilian authorities, which also includes responding to flooding, storms and international emergencies, should be kept in the public eye to help raise awareness and support for defence spending and the value of the Armed Forces more generally.

Conclusion

The UK faces multiple threats brought into focus by Russian aggression in Ukraine and China's aggressive 'belt and road' programme. IR 2023 is a positive step forward, but at the moment the fact remains that the size and capability of the UK's Armed Forces is set to reduce – even as the threat from non-democratic rogue states is increasing, alongside those posed by sub-threshold and hybrid warfare.

As part of the Defence Command Paper, it is highly recommended that a threat-based review be carried out, backed by long-term and sustainable funding, to assess the manpower and capabilities that our Armed Forces require for the tasks we set them. There should be a moratorium on all planned cuts to manpower and capabilities while this exercise is carried out.

Diplomacy and soft power should always be the primary tools for achieving Britain's desired outcomes, and they also require increased resourcing. However, a comprehensive and well-resourced military instrument can help reinforce such means, while reducing the chances of armed conflict overall.

John Baron MP