

# GLOBAL STRATEGY FORUM

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*The 49th in our series of expert comment and analysis, by **Professor Michael Clarke**, Director General of RUSI (2007-2015), where he remains a Distinguished Fellow; co-author of 'Tipping Point: Britain, Brexit And Security In The 2020s' (with Helen Ramscar, published November 2019) and GSF Advisory Board member. As always, the views expressed are those of the author and not of Global Strategy Forum unless otherwise stated.*

## Cash Before Strategy: Defence In The Integrated Review

The Chancellor and the Treasury pulled a fast one on the Prime Minister and No.10 when it cancelled the three-year Comprehensive Spending Review in favour of last week's interim one-year settlement.

It looked as if the Ministry of Defence would be the big loser. And the famous 'Integrated Review' of all Britain's external policy instruments was pushed into 'early next year' and would then anyway have to wait for next summer or autumn to fit itself into a proper long-term spending package - whenever the Treasury felt able to look beyond the economic damage of the Covid crisis. No.10 and the Treasury then became locked in a poorly concealed argument over making a special case for Defence to give it the certainty of a multi-year settlement. Most of us expected No.10 to lose the argument.

But last week, the Prime Minister pulled a rabbit from the hat and not only announced a four-year settlement for the MoD but one that significantly increased its budget. The Chancellor subsequently defended it through gritted teeth.

Political rows always make good copy, but what can we discern from the substance of the deal?

### A Big Strategic Moment?

The announcement of a £16.5 billion increase in defence spending certainly caught the headlines. As Paul Johnson of the Institute for Fiscal Studies pointed out, however, that particular figure was a crude accumulation of nominal annual increases; 'an almost meaningless number', as he put it. The reality was that the announcement represented an annual increase of 4.2% above inflation for each of the next four years, so that in 2024-25 the defence



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budget was expected to be £7.3 billion higher in real terms (just on £10 billion higher in cash terms) than would otherwise have been the case. That represents an increase of some £6.5 billion in defence spending during this Parliament, over and above previous Conservative manifesto plans. Not quite such headline-grabbing figures. And what will never make the headlines will be Treasury negotiations with MoD on 'profiling' its extra spending – quite likely pushing MoD to load the cash heavily towards spending it in years three and four, rather than sooner.

Even so, the uplift still represents a dramatic defence initiative that bucks the national economic trend. The Prime Minister's claim that this (may at least begin to) 'reverse a decade of decline' in defence provision is plausible, if not quite his subsequent embellishment that it would allow Britain once again to 'tip the scales of history'. But Defence spending is set to grow faster than the wider economy, for the first time since the Cold War. Boris Johnson's announcement marked the first concrete initiative, after more than five years of windy rhetoric, to make 'Global Britain' mean something.

The problem is that in spite of this tangible – hard cash – evidence of intention, we still don't know enough about what this 'something' will turn out to be. At the lower level, we can see the Integrated Operational Concept that the military have now set out for the coming decade. And at the upper level we now know that in late January or perhaps early February we will probably see publication of the snappily-titled 'Integrated Review of Security, Defence, Development

and Foreign Policy'; a new national strategy, a vision for Brexit Britain's future in Europe and the wider world.

But at least part of that national strategic overview now seems to have gone back into the mixer, and in the meantime a series of significant choices have begun to bear on the final outcome. We have seen the merging of the Department for International Aid back into a re-organised Foreign Commonwealth and Development Office, and an intention to change the law on Britain's aid budget – which suggests a desire to make current foreign aid cuts permanent.

We have an explicit acknowledgment that Britain will field (as it has already quietly been doing) an offensive cyber capability. We have a renewed commitment to a military-led space policy, somewhat displacing previous intentions to build on commercial development in space. And there is a new commitment to using artificial intelligence across the board in British government to make society more resilient.

To do all this, we already know, there will be a National Cyber Force, made up largely of personnel from both MoD and GCHQ; an RAF Space Command, previously announced and repeated again; and a new 'AI Agency', covering all government departments and likely to build up a big establishment of specialists with an extensive reach across government. It is not clear how all these elements will fit together in Whitehall and it seems likely that there will have to be some significant restructuring to the current machinery around the National Security Council.



## At Least Defence Can Breathe Again

There is no doubt that this gesture from No 10 has eased financial pressure on the MoD. The existential 'black hole' in the equipment programme is touted as £13 billion. But it isn't. As the National Audit Office always makes clear (but journalists seem never to report) the deficit is £6 billion over the whole ten-year equipment programme, but *could* become £13 billion if all the chickens came home to roost and if the MoD did nothing about it in the meantime.

Nevertheless, the defence equipment programme certainly needed to be brought back on track. These announcements appear to underpin spending on the Trident nuclear system replacement and the building of the four Dreadnought submarines (where Britain is just entering the peak, most painful, spending years); renewed guarantees that the Astute submarines will all be completed; and a hint of more submarines to come, with the vulnerability of undersea cables in mind.

There was a guarantee of progress on the new Tempest 'Future Combat Air System', that is set to develop as both a manned and a robotic aircraft, and upgrades in due course for the Typhoon force. There are guarantees that all five Type 31 Frigates will be built, and some commitment from the Defence Secretary to a 'Type 32' – which lit up the twitter-sphere as analysts all scratched their heads over that one. It would seem that Britain might be envisaging an 'escort fleet' eventually of 24 frigates and destroyers instead of the current 19 – logical enough if we really are going to field two operational aircraft carriers in tandem – though it puts

almost all the Navy's eggs in two particular baskets. Three new RFA support ships would be ordered, again with the Carriers in mind. The future of the valuable amphibious ships, helicopter support and Mine Counter Measure Vessels must await further decisions and announcements.

So too, most prominently, does the very future of the Army; its role and scope – what size, how structured, how equipped and what future for its armoured forces. In a sense, this is the flip side of a coin we can see spinning as it is about to land. If the Navy is the natural winner from these announcements, and the Army the apparent loser, does that mean the Integrated Review will eventually look like a 'maritime strategy' document? If so, then Britain will be opting for global reach through maritime and air power and some lightweight, modern, version of expeditionary operations/home defence in ground forces; reversing the Army's concentration on effective war-fighting, at scale, following the post-Afghanistan restructuring.

Our military, said the Defence Secretary, would remain capable across the 'full-spectrum' of roles. That is all very well, but British forces will still be very small by international, and by historic, standards. And while maritime strategy is always good for the headlines, in this case it would not be so good for NATO, the North Atlantic, or our European partners. Of course, the 'renaissance in ship-building' the government spoke about plays to an urgent economic agenda, the pursuit of 'levelling up' in the great shipyards of the north, and to help keep the United Kingdom together.



All politically fine and convenient. But numerically small military forces can only play one credible game at a time. If the Integrated Review does indicate that Britain is opting for an essentially maritime strategy, it is difficult to see how this will not weaken NATO and please Russia's President Putin as he finds ever greater political fissures to exploit across Europe.

How does it play in Washington? A re-commitment to defence is clearly welcome to the Biden team, and a greater maritime presence alongside US forces in different parts of the world would undoubtedly be welcomed. But welcomed forces are not always strategically significant in the eyes of such a big ally. Whereas British maritime capabilities may or may not prove strategically significant to the US, the *lack* of significant military capabilities in the European land and Atlantic theatres would *always* be strategically disadvantageous. The Integrated Review team, of course, are fully aware of this and have been looking at inventive ways to try to derive the best of both worlds. It will be a neat trick if the Integrated Review emerges next year without emasculating the major war-fighting capacity of the Army; unless, that is, even more investment was then made in ground force 'sunrise' technologies and the personnel and equipment to use them fully.

The Army has one big news item currently playing against it. 'Drones' featured prominently in the statements of ministers as they made their announcements. The Nagorno-Karabakh conflict has been a wake-up call to all western military establishments, where the Azeris have used

high numbers of Turkish Bayraktar strike drones, in combination with Israeli Harop suppression drones, to eviscerate the heavy Russian armour of Armenian forces. That has proved to be a game-changer among ground forces in that conflict, and military planners everywhere are trying to evaluate what this first, extensive, combined, successful use of drones in the traditional battlespace really means.

### **But MoD Still Has A Lot To Prove**

Official statements all stressed a new emphasis on 'space and cyber'. These were the touchstone phrases to indicate how this financial boost would drive the technological leap that British defence is aiming to achieve in the next decade. But of the £10 billion cash boost that MoD will really see in the next four years, only £2 billion of it seems to be earmarked for 'space and cyber' as such (£500 million on space and £1.5 billion on cyber).

Most of the other favoured programmes mentioned by the Prime Minister and the Minister of Defence looked either like investments to catch up on equipment needs that had been frankly neglected – like RFA support ships, more frigates and submarines – or else investments in new platforms to conduct old-style warfare. There was a lot more heavy metal in the picture that emerged than might have been anticipated in the pre-announcement trailers.

Of course, traditional weapons platforms can embed in them the most modern, even transformative, systems. The Tempest project, for example – as a 'Future Combat



Air System' – might be regarded as 'transformative' in itself. Based around an airframe, it might be argued that this aircraft (with many robotic 'wingmen' operating to a central manned aircraft) is intended to be the hub of a flying command centre – an autonomous aerial battlegroup of its own. Perhaps. But for now, it's only a concept, plus a fibreglass mock-up of an imagined aircraft that Ministers stand in front of.

The fact is that, notwithstanding questions over the size and shape of the future Army, the MoD has still to finalise the painful trade-offs that any high-tech future will require. Investing in 'sunrise technologies' is fine and popular, but cutting and withdrawing from 'sunset technologies' is painful and will cause inevitable political upsets. And some of the systems apparently being favoured in the government's latest thinking appear to be, if not 'sunset technologies', certainly around the 'afternoon tea' end of the daylight metaphor.

In short, the MoD has got to convince the Treasury, and probably No 10 as well, that it won't use this extra cash to delay or fudge the difficult trade-offs and that it will genuinely create a trajectory for the Armed Forces that will put them in the technological lead among the middle powers. Only in this way will Britain be in a position to offer some across-the-board deterrence against emerging threats as the 'Global Britain' concept finds firmer expression. Only then will we see the real capacity of 'Global Britain' to build new security partnerships around the world *and* maintain those with our erstwhile allies in Europe.

Early next year we hope to get the whole picture from the Integrated Review. The annual cost of everything included in the Review – security, defence, development and foreign policy – is calculated (by this author) as something around £61-62 billion, of which the defence component is now just over £41 billion. So, the MoD's emerging choices will have a big bearing on the rest of the package and how it is eventually implemented.

It is not difficult to understand why the Prime Minister and the Chancellor had some sort of face-off over the idea that the MoD should be given special treatment; and how the exigencies of national politics, in the midst of the Covid crisis and the culmination of the Brexit hiatus, have so spectacularly put the financial cart before the strategic horse. Perhaps it will all work out smoothly. Perhaps eventually it won't have mattered that the 'Integrated Review' emerged in a series of largely disconnected fragments. Strategy sometimes works that way. But sometimes it just doesn't.

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