Steady as she goes: the UK’s defence review

In a few weeks’ time the UK’s Strategic Defence and Security Review is scheduled to be unveiled. Tim Ripley looks at how the review is progressing and its possible outcomes

UK defence and security policy is scheduled to receive a refresh later this autumn after a major exercise to generate a new Strategic Defence and Security Review (SDSR) involving several government departments - not just the Ministry of Defence (MoD) - approaches its dénouement.

A concept image of the planned Successor class of SSBNs. The estimated GBP20 billion procurement costs of the programme will dominate the UK equipment programme over the coming years. (Crown Copyright) 1525767

Months of speculation about whether the newly elected Conservative government of Prime Minister David Cameron would meet the NATO 2% defence spending target appeared to be settled in July when Chancellor of the Exchequer George Osborne announced a commitment to the target.

[Continued in full version...]
The geopolitical landscape

Five years ago, when the UK's then coalition government conducted the last SDSR, the country’s armed forces were heavily committed to NATO’s operation in Afghanistan, with some 10,000 personnel engaged in Helmand province. At the same time the aftermath of the 2008 financial crash meant the MoD had to take an 8% budget cut between 2010 and 2015 as part of the coalition's debt-reduction strategy. The underlying strategic priority of that defence review was to successfully conclude Operation 'Herrick', as the UK's Afghan mission was codenamed, and bring the troops into good order by the end of 2014. This was to be conducted against a backdrop of strategic calm elsewhere in the world, allowing the government to take major 'capability holidays' in several important areas, including aircraft carriers, maritime patrol aircraft, armoured warfare training, and chemical, biological, radiological, and nuclear (CBRN) defence.

The Conservative-Liberal Democrat coalition government was also ambivalent about many aspects of defence and security policy. The 'mood music' of the era reflected a deep scepticism of politicians across all parties in Westminster about foreign military adventures as a result of the high casualties and financial cost of the wars in Iraq and Afghanistan. Once the British Army had withdrawn from Afghanistan, the coalition showed no inclination towards putting 'boots on the ground' anywhere else. The previous decade had also witnessed a series of scandals about multibillion pound cost overruns on high-profile defence procurement programmes and the coalition wanted to try to close these down. In this political environment maintaining defence spending did not seem a high priority.

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**The SDSR process**

Because all the major UK political parties ahead of the 2015 general election had been committed to holding defence reviews, government officials across Whitehall have been preparing for the SDSR for well over a year.

The whole exercise has been co-ordinated by the Cabinet Office and involves not only the MoD, but also the Foreign & Commonwealth Office (FCO), Home Office, and Department for International Development (DFID). The Cabinet Office has set in train a high-level exercise, dubbed the National Security Strategy, to determine future near-, middle-, and long-term threats to British security. This is then to be used by government departments to develop proposals on how they will meet the NSS objectives using their specific resources and capabilities.

This is also taking place as all UK government departments make submissions to the Treasury’s Comprehensive Spending Review (CSR), which sets the annual budgets for each ministry over the next five years. As a result of the July announcement the MoD is now what is termed a 'protected department' and its total budget is effectively ring-fenced. The 0.5% increase in effect means the ministry's budget has been frozen and it will not face any cash cuts. However, the CSR exercise has major implications for the MoD because it will set in which year its money can be spent on specific projects.

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**Red lines**

The MoD's work on the SDSR is being guided by a series of 'red lines' set down by the prime minister and the Conservative Party election manifesto. These were the promises that were repeated several times during the election campaign by Cameron, Fallon, and other Conservative leaders. The most sacrosanct is the commitment to replacing the UK's independent nuclear deterrent with a like-for-like, continuous-at-sea, submarine-based system. The estimated GBP20 billion procurement costs of the so-called Successor submarines, their associated missiles, and nuclear warheads will dominate the UK equipment procurement programme over the coming decade.
At the 2014 NATO Summit in Wales, Cameron committed the Royal Navy (RN) to operating two Queen Elizabeth-class aircraft carriers, which, in turn, have to be crewed and equipped with aircraft and helicopters. Cameron then said he was committed to keeping the regular army at its current 82,000 personnel.

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**Structural reforms**

The equipment programme established by the coalition three years ago allowed for a 'float' of some GBP8 billion of so-called uncommitted money to be spent in the 2015-2025 period on new capabilities to meet new threats or requirements. Treasury rules mean that this also has to include spending on long-term logistic support and maintenance spending for any new equipment purchased, which in most cases is more than the up-front procurement costs. This reduces considerably the buying power of the uncommitted money.

This uncommitted money is also expected to be eroded by cost overruns on existing programmes, such as the possible unscheduled refuelling of the RN's final three Vanguard-class nuclear-powered ballistic missile submarines (SSBNs). This could cost in excess of GBP150 million per boat if it proves necessary.
Fallon and other MoD senior officials have made repeated statements since June about the need for increased efficiencies in existing programmes to fund new capabilities. The defence secretary told the RUSI (Royal United Services Institute) airpower conference in July, "We have to keep striving to get the most out of what we've got. With a growing budget you have the greatest of incentives to look for efficiencies, since these can be recycled back into new capabilities to face future challenges."

**New capabilities**

The political direction from the prime minister and defence secretary appears to suggest that the broad thrust of UK defence policy is unlikely to be dramatically changed and the main equipment procurement plans will not torn up.

However, Cameron and Fallon have dropped big hints that new programmes will be launched in the defence review to meet the new strategic circumstances. Top of the shopping list seems to be the launch of a new maritime patrol aircraft (MPA) or surveillance system programme to fill the gap left by the cancellation of the BAE Systems Nimrod MRA.4 in the 2010 SDSR. Options being considered include the acquisition by a lease or loan arrangement of a small number of Boeing P-8 Poseidon MPAs over the short-term. This will allow time for a longer-term solution to be developed via a technology assessment exercise and competitive procurement.
A possible unscheduled refueling of the RN’s Vanguard-class SSBNs (HMS Vigilant is pictured) could cost in excess of GBP150 million per boat if it proves necessary. (UK MoD)

Other capabilities to feature in the SDSR include giving the RN's Type 45 destroyers a ballistic missile defence (BMD) capability with the purchase of communications links to allow the six ships to rapidly exchange information with naval, land, and airborne BMD assets.

The go-ahead for the joint demonstrator programme for an unmanned combat air vehicle (UCAV) with France is also expected to be a high-profile element.
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