



Gavin Williamson, Britain's new Defence Secretary has won his first battle with the old enemy – the Treasury. He has managed to block plans for a 'fiscally neutral' review of Britain's defence and security capability. The so called National Security and Capability Review had all the hallmarks of a Whitehall led defence review. By separating Defence, he has bought his department time to put its house in order. The Modernising Defence Plan will report by July. He is the latest incumbent to face the challenge of balancing expenditure and capability to produce a credible military in a changing world, writes Nick Watts, pictured.

Williamson appeared before the House of Commons Defence Select Committee on 21st February. Julian Lewis MP the committee chairman supports an uplift to 3% of GDP to be spent on defence. Any further reductions in the UK's military capability will adversely impact its credibility as a defence partner and ally. The UK is struggling to achieve the NATO minimum level of expenditure.

Supportive noises have come from General Sir Gordon Messenger the Vice Chief of the Defence Staff in an interview on 28th February and General Sir Nicholas Carter the Chief of the General Staff in a speech on 22nd January. They reflect the services concerns at trying to balance the need to remain capable and credible. Technological evolution means militaries are trying to remain agile, to deter state on state aggression and to respond to insurgency and terrorist incidents. The US has placed its faith in the 'Third Offset' strategy which seeks to use technological superiority to deter peer or near peer competitors. The UK seeks to emulate this, but it will require on going investment.

Defence was seen as a big winner in the 2015 spending round. Prime Minister Cameron's commitment to 2% of GDP expenditure was hailed by industry and commentators. The government committed to increasing the MoD's budget by £5.3 billion from £34.3 billion in 2015-16 to £39.6 billion in 2020-21. The SDSR also allocated MOD £2.1 bn from the Joint Security Fund. A raft of procurement decisions followed.

However, the 2% figure was premised on MOD achieving ambitious efficiency savings, to be reinvested rather than being clawed back by the Treasury. Ordering new equipment meant the MOD spent the savings before they were achieved. The London based International Institute for Strategic Studies queried the MOD's 2% figure in its 2017 Military Balance, calculating an expenditure level of 1.98%, which MOD swiftly contradicted.

SDSR 2015 announced a major boost to the Equipment Programme (EP): 9 P-8 Maritime Patrol Aircraft, a replacement for the Apache attack helicopter, additional equipment for the Army (Ajax) and new ships for the Royal Navy. However, the subsequent devaluation of sterling threw this programme into confusion. The 20 % devaluation against the US\$ was felt in the MOD. In January 2017 the National Audit Office (NAO) identified £21 billion of the EP denominated either in US dollars or euros over the next 10 years. Professor Trevor Taylor of the London based Royal United Services Institute estimates this represents 2% of the MOD's annual budget. During 2017 the National Audit Office and the Public Accounts Committee both warned that the E P could become overheated.

If Global Britain is going to mean anything, Williamson will have to deploy all the skills he learnt in the Whips office on his colleague the Chancellor who was previously Defence Secretary. Williamson will need to secure additional resources. To do so he will need to deploy the ultimate deterrent: Cronus.

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