Occasional Paper

Five Tests for the Integrated Review

Will Jessett, Tom McKane and Peter Watkins
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189 years of independent thinking on defence and security

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In March 2020, RUSI published a report in which one of the authors (Will Jessett) and Malcolm Chalmers set out a range of defence policy and planning issues the Integrated Review would need to consider. Work on the review has continued during the summer and autumn, and the government has signalled that a white paper setting out the results of the review will be published early next year.

This paper proposes an analytical framework comprising five ‘tests’ against which the Integrated Review could be assessed by comparison with the most significant defence and security reviews since 1990. It focuses on the defence aspects of the Integrated Review, the major element by cost and value and the area of the authors’ expertise – the three of us worked directly on many of the major and minor reviews since the end of the Cold War. We have tried to make our reflections as objective as possible.

In preparing and revising this paper, the authors have been fortunate to receive insightful comments from a group of former fellow policy professionals and from academics, and we are very grateful for their assistance. The resulting judgements, however, are entirely our own.

We would also like to express our thanks to RUSI’s publications and communications teams for their help with completing and publishing this paper at the end of a challenging year.
T THE INTEGRATED REVIEW has been billed as the deepest and most radical review of UK foreign, defence, security and development policy since the end of the Cold War. How can such a claim be assessed? This paper focuses on the defence aspects of the review, and proposes five ‘tests’ to compare it with the most significant defence and security reviews since 1990.

The first test is: how accurate were the assessments in previous reviews about changing threats and risks to the UK and international security and stability, and the quality of the headline policy responses?

The reviews during this period made by and large the right calls about the trajectory of risks and threats and set baseline policies that were appropriate to those risks. But overall, the reviews were too reactive to events and, as a consequence, placed too much emphasis on threats (such as international terrorism) emanating from fragile and failing states, while not foreseeing the extent and pace of the resurgent threat from Russia or the wider national security threat posed by China. They also did not provide a strong enough policy response to some of the biggest risks, particularly pandemics and climate change. The Integrated Review is taking place in an international environment that appears more complex and dangerous than at any time in the past 30 years. There is an urgent need for a clear and precise assessment of the changing strategic context and a bold, substantive headline policy response to these issues in the Integrated Review of the sort the government has been trailing. The clarity and credibility of the risk assessment and the depth, quality and plausibility of the response will be a crucial first test of whether the review is likely to live up to its billing. This will be the most difficult of the five tests to apply to the review as it is published but could remain a yardstick for subsequent comparison.

The second test is: how successful were the defence planning responses in previous reviews and which have had the greatest impact on activities, posture and capability/force structure planning?

Three main themes percolate through the post-Cold War years. First, a journey towards greater ‘jointery’ between the three services, which produced better integrated and more operationally effective armed forces. The growing salience of the cyber and space domains has the potential to take this integration further and improve how the armed forces operate across all domains of warfare. Second, a recognition, strongest in the 1998 and 2015 reviews, that the UK’s national security and the effectiveness (and affordability) of the UK’s armed forces depend on high levels of international coordination and cooperation, with the 2015 review seeking to make defence more ‘international by design’. Third, a growing emphasis on better coordination between defence and the other ‘levers’ of national power, a focus of the first two Strategic Defence and Security Reviews in 2010 and 2015. After the latter, in 2018, new life was breathed into the ‘comprehensive approach’ by the ‘Fusion Doctrine’. And, throughout, the Ministry of Defence...
(MoD) has sustained a focus on innovation and technology-led modernisation to improve the cost-effectiveness of the UK armed forces. Previous reviews made variable, but significant, progress with these planning responses, with net positive results. The test for the Integrated Review will be whether the combination of approaches that it prescribes is coherent and realistic; and will drive resource allocation, operational prioritisation and fresh moves towards stronger national integration and greater international cooperation to match the growing risks to the UK’s national security.

The third test is: were the changes to capabilities and force structures in each of the reviews the right ones?

Although the size of the UK armed forces has reduced significantly over the past 30 years, their shape has changed little. The changes instituted by the main reviews have mainly been quite cautious and incremental, reflecting pressures to maintain a broad spectrum of capabilities, including as hedges against uncertainty. These decisions were strongly influenced by the experiences of the conflicts and operations in which the armed forces were involved during the period, and thus as much reactive as proactive. ‘Latency’ – the gap between drawing up force structure plans and the capabilities entering into service, often decades later – has been a major issue. The debate about what constitutes reasonable overall ‘mass’ for the armed forces of a medium-sized military power like the UK has remained contentious. Although today’s military platforms are individually many times more capable, in terms of combat power, than those available in 1990, this has come at the expense of mass. Given the pace of technological change, the changes to force structure and capabilities made in previous reviews did not go far enough, fast enough. A force structure and posture ‘pivot’ of the sort which has been recently trailed by the MoD would require bold and controversial decisions on the balance between investing in ‘sunrise’ and dis-investing in ‘sunset’ capabilities, including further reducing regular manpower numbers. The government is signalling clearly that it will be prepared to make these hard choices. A successful outcome would also require making better use of reserve forces, the civilian defence workforce and defence industry and other suppliers of defence services – turning the ‘whole force by design’ slogan into practical plans.

The fourth test is: were sufficient efforts made to achieve an enduring balance between policy, commitments, the forward programme and the defence budget?

None of the major post-Cold War reviews properly got to grips with finances. Going into the Integrated Review there was a significant gap between the cost of the defence programme and the budget, particularly over the next two to three years. Managing this gap on an annual basis has been a major preoccupation for the senior MoD team for much of the post-Cold War period, slowing the modernisation of the armed forces and adversely affecting operational activity levels and training. Given its ambitious billing, a reasonable test for the Integrated Review will be whether it breaks with this pattern. The prime minister’s recent announcement that the MoD would receive a four-year spending boost in this year’s Spending Review substantially improves the prospects of the Integrated Review’s lofty ambitions being matched by the necessary financial resources. There are important lessons from previous reviews that could help prevent
policy, plans and the defence budget getting quickly out of kilter again. The more information the MoD publishes about its future capability plans at the conclusion of the review, the more confidence it will build on this score.

The fifth test is: did the changes made to the management of defence in previous reviews produce the desired effect of greater efficiency and effectiveness; where did they go too far, or not far enough?

With the exception of the 1998 review, the studies and reports that led to the most significant organisational changes to the MoD took place outside the major reviews. The implications for the organisation of the initiatives being considered in the Integrated Review could be significant, both for the MoD and more broadly. One lesson of organisational and systems reform is that rushed analysis and implementation can bring sub-optimal results. The Integrated Review has not had the time to develop new blueprints. But one test for it will be whether it sends credible signals that the government has learned from what has worked (and what has not) and is open to further incremental adaptation and improvement across national security and defence.

The four major reviews of the past 30 years were each conducted in very different international, political and fiscal circumstances. Objective aggregate comparisons between reviews are therefore difficult. It is possible to assess that ‘Options for Change’ in 1989/90 and the Strategic Defence Review in 1997/98 were the deepest and most radical; that the Strategic Defence and Security Review in 2010 was unavoidably reductive and that the 2015 review over-compensated; and that both of these were less transformative than the earlier reviews, partly because of the challenge of ongoing operations and because overall force structure and capability plans were held to be moving in broadly the right direction.

Tellingly, in all cases, further exercises were required quite soon after the major reviews to develop or fine-tune their conclusions and to manage the costs of the commitments they made. The history of previous major reviews strongly suggests that the Integrated Review will not be the last word and that setting a convincing direction for UK defence and wider national security, and investment in modern capabilities, systems and approaches underpinned by the necessary financial resources would represent success. Committing substantial additional resources for defence significantly improves the potential for the Integrated Review to live up to its billing. Further mini-reviews and studies to develop the ambitious agenda emerging from the Integrated Review nonetheless appear inevitable, particularly given the turbulent times that lie ahead.
Introduction

DEFENCE AND SECURITY reviews tend to be launched with vaulting ambition. That has certainly been the case with the Integrated Review, billed as ‘the deepest review of UK foreign, defence, security and development policy since the end of the Cold War’. The publication of the conclusions of the review early next year will no doubt be accompanied by a welter of spin, attention-seeking headlines and editorial opinion. Amid this fog of competing commentary, it will be difficult to assess its quality and significance.

This paper proposes an analytical framework against which the results of the review could be assessed as objectively as possible, by reference to the key outcomes of the defence and security reviews conducted over the past 30 years. It focuses on the defence aspects of the reviews, the major element by cost and value and the area of the authors’ expertise.

Among the ‘high-level outcomes’ the government has set for the review are that it should deliver ‘a reformed and refocused approach to defence’, underpinning ‘a more resilient UK’, ‘a secure, stable and prosperous Euro-Atlantic neighbourhood’, ‘a world order in which open societies and economies flourish’, ‘a more resilient world well on the way to net zero by 2050’ and ‘strong science, technology and data capabilities’.

It would be difficult to assess (or even try to assess) the review’s results against such broad benchmarks. A different approach would be to ask whether the Integrated Review delivers (or sets out to deliver) policies, plans, capabilities, structures and systems that are properly matched to the scale of challenges to national security and international stability foreseen in the decade ahead and beyond, and whether those policies and plans are adequately resourced.

The Integrated Review is being conducted during a period of convulsion as significant as the time of the first post-Cold War review. It would not be sensible to wait for the next major review in five years’ time – if that is when it happens – to take a view on whether the Integrated Review has risen to the challenge.

Against the tests proposed in this paper, the reviews of the past 30 years have a mixed record. An assessment of the key achievements in each of these reviews and a candid view on their shortcomings could help illuminate the extent to which the results of the Integrated Review

have the potential to be different and better, as the government intends, and help clarify the focus for the inevitable follow-on studies.

A Basis for Comparison

This paper proposes an analytical framework comprising five main ‘tests’:

- **Threat and risk assessment and the policy baseline.** How good were the assessments in previous reviews about changing threats and risks to UK and international security and stability, and the quality of the headline policy responses? What major threats will the Integrated Review need to address and how are they likely to inform headline policy choices?

- **Planning responses.** How successful were the defence planning responses in previous reviews and which have had the greatest impact on activities, posture and capability/force structure planning? What planning responses should be expected in the Integrated Review, and how could their chances of success be assessed by comparison with the outcome of previous reviews?

- **Capability and force structure outcomes.** Were the changes to capabilities and force structures in each of the reviews the right ones? Where did such changes go too far, and not far enough? What are the big choices for the Integrated Review and what can be learned from previous reviews about how to shape decisions in these areas?

- **The defence budget and financial planning.** Were sufficient efforts made to achieve an enduring balance between policy, commitments, the forward programme and the defence budget? What shape of financial settlement would be required to allow the Integrated Review to deliver the results it promises? How will it be known whether ‘the books are balanced’ at the conclusion of the Integrated Review?

- **Organisation and systems.** Did the changes made to the management of defence in previous reviews produce the desired effect of greater efficiency and effectiveness? Where did they go too far, or not far enough? Will the Integrated Review go beyond the already completed merger of the Foreign and Commonwealth Office (FCO) and the Department for International Development (DFID)?

This analytical framework excludes an assessment of the impact of the reviews on the operational effectiveness of the UK's armed forces as deployed over the past three decades. Such an assessment would turn on many other, more contingent factors, and that ground has been well covered elsewhere.³

A further consideration is whether the reviews – and subsequent implementation – were conducted (and perceived to be conducted) well. This paper briefly considers that question and the lessons that can be learned from the implementation and performance management

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³ See, for example, the collection of essays in Adrian L Johnson (ed.), *Wars in Peace: UK Military Operations since 1990* (London: RUSI, 2014).
phases of earlier reviews. It concludes by reflecting on the likelihood that a further phase, additional studies or a further major review will be required before 2025.

This paper unpacks each of these issues to help provide an objective basis on which to assess the outcome of the Integrated Review, and inform the political, public and specialist debate.
Test 1: How Good Were the Threat and Risk Assessments and Policy Baselines in Previous Reviews?

IN SIMPLE TERMS, there have been four major changes in UK foreign and defence policy during the past 30 years. The first, during the 1990s, was the progressive move away from planning for major conflict in Europe to managing the peace in post-Cold War Europe. The ‘Options for Change’ review led to a significant downsizing of the armed forces and a substantial ‘peace dividend’ as defence spending reduced during that decade – both these issues are covered in more detail below. With hindsight, the headline judgement that it was safe and prudent to take these major steps was vindicated: the threat of major conflict in Europe continued to recede during the 1990s and beyond.

A change of government – Labour’s first chance to reshape defence for almost 20 years – combined with the UK’s experiences during the civil war in the former Yugoslavia, other international developments (such as greater European integration through the EU and the prospective enlargement of NATO) and the improved domestic security situation represented by the 1998 Good Friday Agreement brought a second major reset of defence policy and planning in the 1998 Strategic Defence Review (SDR). UK defence and the armed forces were to be a ‘force for good’. This led to an operational and planning approach characterised as ‘first in, first out’ and drove an ‘expeditionary’ approach and capabilities, notably the decision to acquire two new aircraft carriers. It was based on the judgement that there was no direct military threat to the UK, and no prospect of such a threat re-emerging in the decade ahead.

But wider threats to UK national security and international stability were assessed to be growing, in Europe, the Middle East and Africa. The SDR policy response was to actively manage these risks and seek to prevent conflicts rather than suppress them. UK foreign and defence policy went on to embrace ‘responsibility to protect’, and elaborated on this principle in the so-called ‘Chicago doctrine’. UK operations in Kosovo, Macedonia and Sierra Leone were examples of this policy in practice, informed by the experience of the Bosnian peace process.

The immediate policy response to the 9/11 attacks, set out in *The Strategic Defence Review: A New Chapter* in 2002, reiterated some of these ideas but also began to shift the focus of defence planning towards counterterrorism and reinforced Defence’s role in domestic operations. The approach to defence policy and planning set out in the SDR did not foresee the lengthy stabilisation campaigns that followed the invasion of Iraq in 2003 and the major deployment to Afghanistan in 2006.

The financial crisis in 2008 had a major influence on the policy and planning response in the Strategic Defence and Security Review (SDSR) in 2010, following another change of government, limiting the ambition of defence and the armed forces by significantly reducing planning assumptions about the scale of operations the armed forces should be able to undertake. Despite the assertion that there would be ‘no strategic shrinkage’ in the UK’s foreign policy ambitions, the country’s expeditionary defence capabilities were reduced and the circumstances in which the UK would be prepared to intervene militarily in future were more tightly circumscribed, reflecting a third policy shift towards a principle of enlightened self-interest. However, within months, this more cautious formulation was set aside in the decision to intervene in Libya in 2011.

The 2010 SDSR removed 8% from the defence budget and, taken together with the subsequent ‘Three Month Exercise’, removed significant volume from the defence programme. The 2010 SDSR created significant capability gaps, particularly in carrier-strike and maritime patrol capability, based on judgements that there was no major impending state-based threat to UK national security and that removing these capabilities would help to create the financial headroom to invest in a better balanced, modernised future force during the decade ahead.

The 2015 SDSR reintroduced more ambitious defence planning assumptions, reinstated maritime patrol aircraft and arrested the decline in defence spending, which has since increased by 10%. It also formally marked a fourth significant policy shift, as defence planning again focused more heavily on state-based threats, particularly the growing threat posed by Russia.

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10. The ‘Three Month Exercise’ was a further mini-review in 2011, which culled unaffordable equipment programmes and further reduced the force structure. See *Hansard*, House of Commons, ‘Defence Budget and Transformation’, 14 May 2012, column 266.
The defence strand of the 2017/18 National Security Capability Review\(^\text{12}\) and the 2018 Modernising Defence Programme\(^\text{13}\) maintained this direction: planning with NATO to deal with the threat posed by Russia in particular is once again a major feature of UK defence policy and the focus of defence planning, together with an emphasis on planning against threats in the new domains of warfare and strengthening national resilience.

**Assessment**

Wholly accurate foresight of events is not possible, and some major international developments and events could not reasonably have been anticipated. However, threat and risk assessments and the headline policy judgements that arise from them provide the foundations for the reviews. In that context, although the four major reviews and those in between made by and large the right calls about the trajectory of risks and threats to national security and international stability, and set baseline policies that were appropriate to those risks, most placed too much emphasis on threats (including international terrorism) emanating from fragile and failing states. Combined with an over-reliance on the bilateral relationship with the US, these judgements unbalanced UK foreign and defence policy and the actions that flowed from them, in particular, leading to the calamitous interventions in Iraq and Afghanistan. The UK underestimated how quickly the character of conflict would evolve, particularly in light of how technology could be exploited for military and wider national security purposes, and how adversaries (and some allies) would disregard established norms, and challenge UK national security in the ‘grey zone’. UK assessments failed to predict the trajectory and pace of the resurgent threat posed by Russia, and until very recently have not taken adequate account of the wider national security threat posed by China.

Beyond defence, although successive national security risk assessment exercises\(^\text{14}\) identified three risks that would be particularly acute in terms of the harm they could cause – nuclear, chemical, biological and radiological weapons proliferation and potential use; pandemics; and climate change – the policy and planning response to at least the second and third has been wholly inadequate.

The Integrated Review will need to deal with these issues and others against an international outlook that is more complex, unpredictable and dangerous than at any time in the past 30 years, and in which the potential for international cooperation to tackle the major threats and risks

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does not appear promising, although Joe Biden’s success in the recent US elections provides a glimmer of hope. There is a clear need for a bold, substantive headline policy response to these issues in the Integrated Review. The prime minister’s recent statement provides a trail for what we should expect. The clarity, credibility and detail of the risk assessment and the depth, quality and plausibility of the headline policy response, including in relation to climate change and strengthening national resilience, will be a crucial first test of whether the Integrated Review is likely to live up to its billing. This will be the most difficult of the five tests to apply conclusively to the review as it is published but could remain a yardstick for subsequent comparison.

Test 2: How Good Were the Defence Planning Responses?

British defence strategists and planners have adopted a wide range and mixture of more specific planning approaches to try to reset the MoD and the armed forces to deal most effectively with the changing strategic circumstances of the past three decades. The most prominent have been:

- New concepts for the operational use of the armed forces.
- The pursuit of greater ‘jointery’ between the services.
- Stronger international coordination and cooperation.
- The ‘comprehensive approach’, now reimagined as the Fusion Doctrine.
- The reset of defence industrial policy and promoting technology-led modernisation and wider innovation.

All these approaches had a common aim: to improve the operational effectiveness, efficiency and affordability of UK defence and the armed forces. Most have been prominent features of the defence reviews over the past three decades. They have been variously successful.

Operational Concepts

Previous reviews have attempted to define how UK forces should prepare to fight against the expected adversaries. The accent in the 1998 SDR on creating joint rapid reaction forces reflected the belief that the UK would be involved in a broad range of operations, ranging from humanitarian and peace support to major warfighting. It drove operational conceptual thinking during the second half of the 1990s and the force preparations that flowed from it. As a result, and some specific equipment shortfalls aside, UK forces were generally well prepared for the initial stages of fighting in the Afghanistan and Iraq interventions. The SDR left them much less well prepared for the lengthy, grinding stabilisation operations that followed.

The second half of the 2000s therefore saw an explosion of conceptual work on counterinsurgency operations, which in turn had a major bearing on how UK forces were trained and prepared for future operations, including precision strike operations against Islamic State forces in Syria, Iraq and elsewhere. The 2010 SDSR included a clear set of principles for the employment of the UK armed forces, but the UK subsequently intervened in Libya, adopting a strategy and ‘stand-off’ tactics that could be traced back to the conclusions of earlier reviews.

With state-based threats to the UK’s national security growing and manifesting in new ways in the past decade, there have been several attempts to define how the UK should contest or fight against adversaries who are employing ‘hybrid’ or ‘sub-threshold’ approaches in the ‘grey zone’ of warfare during a period of growing great power competition. Until recently, none of these ideas have coalesced into a coherent and convincing narrative.

As a significant component of the ‘pitch-rolling’ for the publication of the Integrated Review, the Chief of the Defence Staff recently launched an ‘Integrated Operating Concept 2025’ which represents the conceptual military input to the Integrated Review. It has the potential to drive force structure, capability planning, activity, training and the MoD’s international laydown in ways that previous concepts have not, so it could represent a breakthrough in operational conceptual thinking. But whether it is as influential in all these areas as its authors intend, and will have greater impact on planning and resource allocation than previous such concepts, will depend in part on wider decisions made in the Integrated Review, including on resources, and ‘buy in’ from other government departments and agencies.

‘Jointery’

Joint planning and operations have been a key feature of the UK’s military approach for several decades and especially after the Falklands Campaign in 1982. ‘Options for Change’ had relatively little to say on ‘jointery’, but the 1990s nonetheless saw a significant increase in the process of increasing joint cooperation and coordination between the services. The proposal in the ‘Frontline First’ review that command, training and support structures should be rationalised on a joint service basis led to the creation of a Permanent Joint Headquarters to oversee the planning and execution of all joint operations, a Joint Services Command and Staff College and some integration in the support area, including joint flying training and aircraft repair establishments.

The centrepiece of the SDR was the establishment of Joint Rapid Reaction Forces (covered in more detail below). The review also strengthened the responsibilities of the Chief of Joint Operations and created a wider range of new joint formations and units: the closer integration of the RAF’s and Royal Navy’s Harrier aircraft into a Joint Force 2000, a Joint Defence Centre to develop high-level joint doctrine, a Joint Helicopter Command, a Joint Nuclear, Chemical and Biological Defence Centre and a range of stronger joint logistic support agencies. These steps

17. Including internal MoD studies setting out ‘How We Should Fight’, achieve ‘Modern Deterrence’ and pursue ‘Information Advantage’.  
were embedded and developed during the subsequent decade – although not without resistance and the maintenance of parallel and duplicate structures and capabilities in some areas.21

Collectively, the arrangements instituted during the 1990s and early 2000s represented a major step forward for jointery in British defence. The 2010 SDSR had little more to say on the matter. It took until the creation of Joint Forces Command (JFC) in 2012, as recommended by the Levene review on defence reform,22 for the joint ‘voice’ to achieve responsibilities and authority on a par with the single services (although the disaggregation of the capability planning function into the single service headquarters reversed previous gains in joint capability planning). The rebranding in 2019 of JFC as UK Strategic Command signalled the intention to develop its place at the apex of defence organisation at the level directly below MoD Head Office.23

‘Multi-domain integration’ can be expected to be a key defence theme of the Integrated Review. This will mean moving beyond conceiving of a force structure comprising a navy, army and air force to one that will be designed to operate in five domains: space, cyber, maritime, air and land. This idea has the potential to take jointery to the next level. The extent to which the shape of the forward defence programme and force structure that results from the Integrated Review reflect these principles will be an indication of how clearly the idea has taken root.

International Coordination and Cooperation

Successive defence and security reviews have accentuated the importance of the international dimension of the UK’s defence and security policy and plans. There has been significant continuity across the reviews – and intervening documents – in how the goals of these policies have been framed: from the three ‘defence roles’ set out in the 1993 Statement on the Defence Estimates24 to the three ‘national security objectives’ in the 2015 SDSR.

The emphasis of aspects of policy has shifted over the past 30 years, from the centrality of collective defence and the security of Europe in ‘Options for Change’ to a stronger focus on wider international security and stability in the SDR; and from dealing with transnational threats like international terrorism and weapons proliferation in the 2010 SDSR to the more expansive vision of a UK with global reach and influence in the 2015 SDSR.

21. Some parallel structures remain in 2020, including separate personnel organisations in each of the services, despite the creation of a Chief of Defence Personnel in MoD Head Office.
To realise these policy goals, the UK has pursued a range of broadly consistent approaches. The first has been strengthening key international security organisations, particularly NATO, which successive reviews have described as the bedrock of the UK’s national defence and stability in the Euro-Atlantic area, and the UN. It is notable, however, that national requirements rather than NATO force planning targets have been the main handrail for successive reviews, and the focus on NATO became blurred during the lengthy coalition operations in Afghanistan and Iraq.

The second has been maintaining strong bilateral relationships with key allies, particularly the US, France and latterly Germany, and with a wider range of other allies and partners. A combination of these institutional and bilateral relationships provides for stronger aggregate defence and wider national security capabilities, delivered through combined forces and formations, collaborative equipment projects and combined activities, including training and operations. They also serve to make UK capabilities more affordable and deliverable.

A third strand can be traced back to the 1998 SDR, when ‘defence diplomacy’ became a formal mission and core defence activity, covering arms control, an expanded programme of outreach in Eastern Europe and wider military assistance and training for overseas countries. These activities tailed off during the decade of expeditionary operations, but were given renewed prominence in the 2015 SDSR, albeit without significant additional resources. Trails for the Integrated Review suggest that a new defence ‘posture’ will be a major outcome, involving a force that is prepared for persistent global engagement and constant campaigning, transiting between operating and fighting, making better use of the UK’s global footprint and investing more heavily in improving and developing the capabilities of key partners.

Finally, prosperity became a stronger policy and planning theme with an important international dimension in the 2015 SDSR, with defence, security, diplomatic and development activities being retuned to create prosperity opportunities, and defence and security exports underpinning the UK defence, resilience and security industrial base. Again, this seems likely to be a key theme of the Integrated Review.

The hardening international strategic context reinforces the importance of making the international strand of UK policy and planning still more prominent. None of the major threats to UK national defence, security and resilience are amenable to a national-only response. The weak international coordination in response to the coronavirus pandemic does not augur well for the stronger international coordination and collaboration that would be required to achieve the ‘allied by design’ approach the MoD is advocating.

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The Comprehensive Approach

If the 1990s was the decade in which ‘jointery’ took root, then, arguably, the following decade was when the ‘comprehensive approach’ – stronger integration between national security departments, the security agencies, the armed forces and other uniformed services, and between wider Whitehall departments – turned increasingly from theory into practice.

Despite the experience of working together to support the post-conflict stabilisation operation in the former Yugoslavia, during the early stages of the occupation of Iraq departments other than the MoD struggled to identify and then mobilise the broad range of specialist personnel required to conduct a successful post-conflict stabilisation operation. To tackle this issue a Post Conflict Reconstruction Unit (PCRU) was established at the end of 2004 as a tri-departmental unit of the MoD, DFID and FCO. It became the larger Stabilisation Unit (SU) in 2007, charged with fostering closer cooperation between Whitehall security departments, international agencies and the armed forces, and proving its worth during the stabilisation campaign in Helmand.

The creation of a National Security Council (NSC) and publication of a National Security Strategy26 (NSS) as an integral part of the SDSR 2010 process built on these foundations. Regular meetings of the NSC at both ministerial and senior official level provided the forum to drive and oversee a stronger comprehensive approach. Cross-Whitehall strategies on Building Stability Overseas, Defence Engagement and Emerging Powers were put in place. Reinvigorated joint funding pools helped to cement this process. The 2015 SDSR trumpeted a robust, activist and whole-of-government approach to delivering the UK’s three new national security objectives, ‘harnessing all the tools of national power available to us, to deliver a “full-spectrum approach”’,27 with the extension of joint funding arrangements to incentivise collaborative programmes and activities.

Despite these steps, full-throated cooperation and collaboration between all national security departments, agencies and forces was not assured. Departments became tribal again when questions of resource allocation were at stake, and Treasury funding rules sometimes got in the way of the rapid operational coordination required to deliver the strongest possible results.

The ‘Fusion Doctrine’ proposed by the 2018 NSCR aimed to take cross-departmental cooperation to the next level, fusing and deploying ‘security, economic and influence capabilities to protect, promote and project [the UK’s] national security, economic and influence goals’.28 Senior officials from Whitehall departments were appointed to lead groups focused on clearly defined thematic or regional areas of interest and risks to try to make collaboration more systematic and become the new normal.29 The speed and agility of the response to the Skripal poisoning in March 2018 was held up as evidence of this approach producing results.

26. HM Government, A Strong Britain in an Age of Uncertainty, p. 27.
29. Ibid.
Operational coordination between national security departments, forces and agencies during the coronavirus pandemic appears generally to have worked well. Trails for the Integrated Review\textsuperscript{30} suggest that closer national integration will feature heavily in plans. It remains to be seen how this will be expressed in practice, beyond the creation of the Foreign, Commonwealth and Development Office in September.

Defence Industrial Policy, Science, Technology and Innovation

There have been a number of attempts over the past 20 years to articulate defence industrial policy. The goals of these policies – ensuring that the UK armed forces are provided with the equipment they require, on time, and at best value for money – have changed little, but the approaches they have proposed have altered significantly.

UK defence procurement policy was radically changed during the 1980s, when cost plus contracts and ‘national champions’ were abandoned in favour of competitive tendering. That made the UK defence procurement market the most open in the world. Neither ‘Options for Change’ nor the SDR had much to say about defence industrial policy. It took the publication in 2005 of a Defence Industrial Strategy (DIS) white paper (which described how the Defence Industrial Policy set out in 2002 was meant to work) to revert to the concept of ‘national champions’ to maintain sovereignty over manufacture of capabilities (beyond nuclear and cryptography) identified by the MoD. These included naval vessels and submarines, armoured fighting vehicles, fixed-wing aircraft, some munitions, and ‘network enabled capabilities’.

The year after the publication of the DIS, the government released a Defence Technology Strategy, describing where science and technology research should focus to deliver the capabilities identified in the DIS. The 2010 SDSR contained no significant new commitments to either area, apart from committing to publish a further white paper ‘that formalises Defence Industrial and Technology policy for the next five years’\textsuperscript{31}. National Security Through Technology was published in 2012\textsuperscript{32} and embodied a partial reversion to the previous focus on competition. The 2015 SDSR committed the MoD to ‘refreshing’ defence industrial policy\textsuperscript{33} and to publishing a national shipbuilding strategy\textsuperscript{34}, both of which were completed in 2017. A combat air strategy followed in 2018.\textsuperscript{35}

Alongside the Integrated Review, the MoD has been leading work on a further review of defence industrial strategy, to ‘identify how the government can take a more strategic approach to ensure competitive, innovative and world-class defence and security industries’ and ‘suggest

\textsuperscript{30} MoD, ‘Introducing the Integrated Operating Concept’.
\textsuperscript{31} HM Government, Securing Britain in an Age of Uncertainty, p. 30.
how defence in particular might better drive investment and prosperity across the UK’. The results are due to be published at the same time as the Integrated Review.

A range of lower key science and technology strategies and policies have also been published during the past 20 years, reflecting the importance of technology-led modernisation across the national security landscape and particularly in relation to the armed forces. The 2015 SDSR identified the growing importance of innovation and committed to the publication of a defence innovation initiative, which arrived in 2016. The 2018 Modernising Defence Programme added a Transformation Fund for investment in innovative new military capabilities. The budget in March 2020 promised funding for the creation of a UK version of the Defense Advanced Research Projects Agency (DARPA), although its focus would be on non-defence technology. The MoD’s latest science and technology strategy was published in October 2020. The Integrated Review should have plenty to say about these issues.

Assessment

Against the second of the five tests, previous reviews made variable, but overall significant, progress with net positive results. Work in recent years to sharpen an overall operational concept to drive force design and wider planning has been influential and has now coalesced in the new Integrated Operating Concept. The journey towards ‘jointery’ has produced better integrated and more operationally effective armed forces. The advent of multi-domain operations has the potential to take this integration further, ensuring that the armed forces will be able to operate effectively in the new domains of warfare. New life was breathed into the ‘comprehensive approach’ by the Fusion Doctrine, which has produced strong initial results and has the potential to deliver still more. The UK’s national security and the effectiveness and affordability of its armed forces will continue to depend on high levels of international coordination and cooperation. Defence industrial policy has been studied repeatedly, and a new, more ambitious approach has been promised in a publication that will accompany the Integrated Review. The MoD’s focus on innovation and technology-led modernisation has the potential to improve the operational effectiveness of the UK armed forces.

This account demonstrates that all these approaches have been tried before. The test for the Integrated Review will be whether the combination of approaches that it prescribes is coherent and realistic; and will drive resource allocation, operational prioritisation and fresh moves towards stronger national integration and greater international cooperation in ways which will match the growing risks to the UK’s national security.

Test 3: Did the Reviews Make the Right Decisions on Capabilities and Force Structures?

The UK’s armed forces have reduced significantly in size over the past 30 years, principally as a result of decisions made in the major defence and security reviews during this period. Their overall shape has remained much the same. These changes have been the most controversial aspects of the major and minor reviews during the period.

The largest reductions were made as a result of ‘Options for Change’, during which the force structure requirements of each of the services and the support area were examined in turn, based on a set of broad policy assumptions about the changing strategic context. Armoured regiments and submarines were reduced by nearly 50%; and artillery, surface ships and air defence aircraft by about 20%, leading to overall personnel numbers also reducing by nearly 20%. The judgements about these capability and force structure adjustments were made by a small group of senior, very experienced officials and officers who oversaw that review.

To establish a stronger link between defence policy and force structure requirements, the MoD developed a new defence planning framework and methodology between 1992 and 1993 and published the results in Defending Our Future. That involved clarifying the three main roles of UK defence policy and the 50 ‘military tasks’ that were required to enact them, then undertaking a very detailed analysis of the individual ‘force elements’ (for example, the number of destroyers or frigates, or infantry battalions) needed for these tasks, and, allowing for multiple earmarking between tasks, then calculating the overall force structure requirements to deliver the goals/roles of defence policy. That process led directly to further reductions in some areas (notably air defence fighters and submarines) and additions in others (including amphibious capability, army manpower and support helicopters).

The early 1990s also saw the mantra ‘smaller but better’ armed forces come to the fore. This promised the supply to each of the services of a ‘higher proportion of modern equipment, with many older systems being phased out altogether’; tackling ‘under-manning’, ‘improving reliability and maintainability, and reducing spares holdings’. In many cases, these more modern capabilities represented sensible reasons for reductions in the size and shape of each of the services and the support area. In other cases, delays to the entry into service of new capabilities and wider cost pressures led to charges of ‘smaller but no better’. The mid-1990s saw the development of more explicit ‘defence planning assumptions’, designed to anticipate the circumstances and locations in which the MoD expected the armed forces to operate in

future, the formation levels at which they could expect to do so, the number of concurrent operations that could be foreseen and their potential duration.

These strands came together in the force structure and capability planning for the 1998 SDR. ‘The creation of hard-hitting, flexible, deployable forces, able to undertake the full spectrum of short-notice missions in [a challenging] international environment’ was a key theme and outcome of the review. A Joint Rapid Deployment Force of high-readiness forces had been established in 1996. The SDR built on these foundations to create a pool of Joint Rapid Reaction Forces (JRRF), bringing together all readily available forces from all three services and key ‘enabling capabilities’. Arranged across ‘echelons’ of high- and very-high-readiness forces, the JRRF comprised some 20 major warships and 22 other vessels, four ground-force brigades, about 110 combat aircraft and 160 other aircraft.

The SDR white paper published headline defence planning assumptions for the first time. The intention was that UK forces should be able to respond to a major international crisis of the scale and duration of the 1991 Gulf War (involving an armoured division, 26 major warships and over 80 combat aircraft), or undertake a more extended overseas deployment on a lesser scale (such as a peacekeeping operation) while retaining the ability to mount a second substantial deployment (at brigade level, with maritime and air equivalents) if required by a second crisis.

The review marked a distinct shift towards expeditionary capabilities: away from large-scale maritime operations in the North Atlantic towards force projection and, particularly, littoral operations; greater firepower, precision, protection and mobility for land forces; and air superiority achieved through better long-range air-attack capabilities with a greater premium on stand-off precision missiles. The review also announced the intention to ‘replace our three small aircraft carriers with two larger carriers, in the order of 30,000-40,000 tonnes’ from around 2012. At the time, and for many years afterwards, the force structure and capability decisions made in the SDR were judged to be broadly the right ones.

The New Chapter of the SDR, published in 2002, nine months after the 9/11 attacks, reflected that judgement, while noting the growing importance of ‘network-centric capability’ to ‘deliver controlled and precise military effect rapidly and reliably’. This led to the acceleration of investment in airborne stand-off surveillance, unmanned air vehicles and battlefield electronic capabilities; information and communications systems; and precision attack weapons. It also led to greater investment in Special Forces capabilities, strengthening home defence arrangements, including air maritime defence, headquarters arrangements and a wider role for the reserve forces. Shortly thereafter, the MoD decided to adopt the ‘adaptable’ carrier concept, resulting in a significant increase in the weight and cost of the ships.

40. Ibid., p. 8-5.
41. Ibid., p. 6-8.
Although there was not another formal defence review until 2010, a further defence policy white paper was published at the end of 2003, refining the planning assumptions in the SDR, describing how the requirements of ‘effects-based operations’ would become the main determinant of the balance of future capabilities, with network-enabled capability at the centre of this approach. This combination of factors led to the judgement that fewer platforms would be required to achieve the desired military effect. A further white paper entitled ‘Future Capabilities’ set out the force structure and capability consequences of those judgements: armed forces personnel numbers were reduced across all three services. Destroyer, frigate and submarine numbers were all reduced, infantry battalions were cut in number, and so were fast jet and other aircraft numbers.

A combination of economic pressures, the experience of the Iraq and Afghanistan campaigns and a more turbulent international outlook influenced the production of a unified national security strategy to underpin the 2010 SDSR. A comprehensive National Security Risk Assessment also shaped the ‘adaptable posture’ that informed decisions about the relative importance of defence and wider national security and resilience capabilities. Eight new national security tasks and new planning guidelines led to significantly reduced defence planning assumptions, primarily focused on servicing stabilisation operations of the type then underway in Afghanistan, and smaller intervention operations, with the possibility of a one-off intervention involving a joint force of some 30,000 personnel.

These factors underpinned the design of a ‘Future Force 2020’, comprising deployed forces and forces held at varying degrees of readiness. The reduction in the size and shape of the armed forces resulting from this exercise has been well catalogued. The most contentious decisions in the review were retiring the UK’s existing carrier-strike capability (including the Harrier force), deciding to install catapults and arrestor gear on the new carriers under construction to enable the acquisition of the carrier variant of the Joint Strike Fighter, thereby delaying the entry into service of the ships, disbanding the Nimrod maritime patrol aircraft force and cancelling the replacement aircraft (in large part because of doubts about its viability). Each of the services was further reduced in size.

Significant further reductions in the size of the army and in the overall defence programme were made in the ‘Three Month Exercise’ that followed in 2011. Its principal purpose was to balance the books in the ways set out in the section below. The carrier variant decision was reversed again in 2012.

The 2015 SDSR was the second attempt at an integrated defence and security review. The planning assumptions on which the plans for ‘Joint Force 2025’ were based were more ambitious than those in 2010, particularly as they related to the ‘headmark’ figures, which envisaged by 2025 the capacity to deploy a highly capable expeditionary force of around ‘50,000, based on

a maritime task group, a land division, an air combat group and Special Forces task group – though there was no matching increase in the size of the armed forces. Gaps created by the 2010/11 reviews were filled and a limited range of new capabilities were added.

Although the 2010 review (and its 2011 sequel) was widely criticised for being reductive, there was significant continuity in the Future Force 2020 and Joint Force 2025 plans that were the most tangible expression of the 2010 and 2015 SDSRs. At the time, and for a year or so afterwards, the plans set out in 2015 were widely regarded as the right answer to meeting the UK's defence requirements well into the 2020s. But as a consequence of hardening threats, growing doubts about the utility of the Joint Force 2025 force structure to counter contemporary threats and its affordability, the narrative began to change again. The 2017/18 National Security Capability Review included a defence strand which outgrew the scope of that exercise. It continued throughout 2018 as the Modernising Defence Programme, which signalled the need to accelerate the technology-led modernisation of the UK's armed forces but did not involve any significant capability or force structure decisions.

Trails for the Integrated Review are signalling a widely held view that a ‘pivot’ towards a significantly different force structure comprising a different mix of capabilities is now required, one that is better suited to tackle the demands described in the MoD’s work on the future operating environment: to deter adversaries from threatening UK national security above the conventional threshold and to be more competitive below it. It remains to be seen how different the Joint Force 2030/35 design will be to Joint Force 2025.

**Assessment**

Although the size of the UK armed forces has reduced significantly over the past 30 years, it has changed little in shape. The only capabilities to have been discarded entirely are conventional submarines and ground-based medium-range surface-to-air missiles. The changes instituted by the major and minor reviews have by and large been quite cautious and incremental, reflecting pressures to maintain a broad spectrum of capabilities, including as hedges against uncertainty – and what turned out to be among the biggest decisions, including Eurofighter numbers and the ‘adaptable’ carrier, were taken outside the reviews. They have been influenced by the experiences of the wars and other operations in which the armed forces were involved during that period, so were in many cases responding to operational experience. Defence planning is a long-term business and ‘latency’ – the gap between drawing up force structure plans and the capabilities entering into service – has been a major issue during this period. The gap of more than 20 years between the decision in the SDR to build new carriers and the entry into service of HMS Queen Elizabeth and HMS Prince of Wales is a case in point.

The debate about what constitutes reasonable overall ‘mass’ for the armed forces of a medium-sized military power like the UK has remained contentious. There is good planning logic to extending the period over which such transformative change could be enacted by

setting a 15-year force structure planning headmark, though that could exacerbate the latency challenge. If there are now major doubts about whether the force design agreed five years ago is right, it seems unlikely that it will be possible to design a force structure for 2030 or 2035 that will stand the test of time. A substantial programme of capital investment in the defence equipment programme to deliver Joint Force 25 is well underway, so a major change in direction will be challenging. A future force designed from scratch and optimised for the challenges ahead would probably look quite different from the force structure that will be presented by the Integrated Review – that is simply a consequence of the long-term nature of defence planning.

Although today’s military platforms are individually many times more capable, in terms of combat power, than those available in 1990, this has come at the expense of mass. It is a moot point – which the MoD could usefully explore – whether the aggregate combat power of the currently planned Joint Force 2025 is greater or less that that available in 1990. In any event, given the pace of technological change, a candid assessment would be that the changes to force structure and capabilities made in previous reviews did not go far enough, fast enough. A force structure and posture ‘pivot’ of the sort which has been recently trailed by the MoD would require bold and controversial decisions on the balance between investing in ‘sunrise’ and dis-investing in ‘sunset’ capabilities, including further reducing regular manpower numbers. And it would require making better use of reserve forces, the civilian defence workforce and defence industry and other suppliers of defence services – turning the ‘whole force by design’ slogan into practical plans. None of the major reviews dealt with people issues well. It remains to be seen whether the Integrated Review breaks that mould.
Test 4: Were Sufficient Efforts Made in Previous Reviews to Achieve an Enduring Balance Between Policy, Commitments, the Forward Programme and the Defence Budget?

The financial settlements arising from defence and security reviews and the further changes that are made in the intervening years have also been controversial. Not all the commentary has been well informed. For example, it is a widespread misapprehension that the defence budget has progressively reduced in size in real terms since the end of the Cold War and that the costs of the nuclear deterrent programme were surreptitiously added to the defence budget in 2010. It is certainly the case that imbalances between the demands of defence policy, operational commitments, the forward programme and the defence budget have been a constant feature, with only a couple of short periods during the past 30 years when they were in approximate balance. This section sets out the facts about these issues as the authors understand them.

Real Terms Changes in the Defence Budget

Publicly available figures relating to the defence budget are difficult to interpret for three reasons:

- They are generally taken from the MoD accounts and therefore include distorting factors, notably the net additional cost of military operations.
- At the turn of the century, there was a change in the way that the government described its expenditure, moving from cash-based accounting to resource accounting. The MoD uses the Net Cash Requirement as the closest equivalent of cash in order to compare expenditure before and after the change in accounting practice.

46. Many people assume that because the armed forces have reduced in size, it must be because the defence budget has been cut. One of the authors has heard, in private conversation, senior politicians and military officers confidently assert that the nuclear deterrent used to be funded separately from the defence budget.
After the Defence Investment Pledge to spend 2% of GDP on defence was agreed at the Wales Summit in September 2014, the coalition government aligned the UK’s definition of defence expenditure with NATO’s rules, to include, for example, spending on intelligence and pensions. As a result, the data on defence spending as a percentage of GDP published before and after that year are not fully comparable.

However, it remains possible to state with confidence that, in inflation-adjusted prices, the defence budget today is broadly the same as it was in the early 1960s, or even slightly larger. Over the intervening years, the figures have fluctuated, with marked increases in the early 1980s, coinciding with a NATO-wide push for annual real growth of 3% (and the aftermath of the Falklands conflict), followed by sharp reductions in the early 1990s, representing the ‘peace dividend’ at the end of the Cold War, and large increases in expenditure towards the end of the 2000s as spending on operations in Iraq and Afghanistan peaked. The figure below sets out how defence expenditure has changed in real terms over the past 40 years.

Figure 1: UK Defence Expenditure: 1981/82 to 2017/18

Despite this relative stability in defence expenditure, since the end of the Cold War, the size of the armed forces has reduced by around 50%.\textsuperscript{47} Less than half of this is accounted for by reductions made in the aftermath of the end of the Cold War. The remainder has been driven by cost pressures, notably the inexorable growth in the unit cost of equipment and in the costs of military personnel, trends that can be traced back to the 1960s and beyond.\textsuperscript{48}

**Funding of the Nuclear Deterrent**

As noted above, it has been frequently averred that there was a time when the nuclear deterrent was funded outside the defence budget and that a commitment to this effect was given in 2006, when the Blair government published its white paper on the future of the deterrent.\textsuperscript{49} Neither of these claims is correct. The cost of the Trident system was a claim on the defence budget\textsuperscript{50} and in 2006 the relevant passages from the white paper read:

> The investment required to maintain our deterrent will not come at the expense of the conventional capabilities our armed forces need. Decisions on the level of our investment in nuclear and conventional capability will be taken in the Comprehensive Spending Review (CSR), the results of which will be announced next year.\textsuperscript{51}

Though it is understandable that some have misunderstood these words, they were not an assurance that the deterrent would be funded from outside the defence budget. The introduction of a £10-billion contingency,\textsuperscript{52} held by the Treasury, and more recent cash injections by the Treasury, in large part to cover cost growth in the Dreadnought programme, have helped to sustain project momentum with less impact on other parts of the programme. However, the fact remains that the cost of the nuclear deterrent has always been met from the defence budget.


\textsuperscript{48} Experts may disagree about the causes, but the fact that numbers of military personnel and platforms have reduced so substantially, out of all proportion to fluctuations in the defence budget, illustrates the point. A stark example of increasing personnel costs was provided by the injection of £700 million into the defence budget in 2020/21 to address the increased cost of employer pension contributions. See HM Treasury, *Spending Round 2019*, CP170 (London: The Stationery Office, 2019), section 2.18.

\textsuperscript{49} MoD, ‘The Future of the United Kingdom’s Nuclear Deterrent’, Cm 6994, December 2006.


\textsuperscript{51} MoD, ‘The Future of the United Kingdom’s Nuclear Deterrent’, p. 27.

Financial Settlements in the Major Reviews

The first official MoD statement on the budgetary consequences of the 20% reduction in the size of the armed forces arising from ‘Options for Change’ came a year later, in the 1991 ‘Statement on the Defence Estimates’, which reported that expenditure had grown as a result of the Gulf War and would continue to be higher than previously planned because of the costs of recovery from the war and costs arising from redundancies and restructuring flowing from the ‘Options for Change’ review. By the following year, the annual Statement expected the defence budget in 1994/95 to have reduced by over 5% in real terms compared to 1990/91. The 1993 Statement reported that the previous Autumn Statement had cut provision for defence by around £500 million in each of the years 1993/94 and 1994/95 (just under 5% of the budget), with the squeeze continuing the year after that. The real terms reduction in the budget between 1990/91 and 1995/96 was now expected to be around 12%. It is thus hardly surprising that the MoD was obliged to launch the ‘Frontline First’ exercise. By now the UK was beginning to become embroiled in Bosnia, which further muddied the water. Even so, a further financial squeeze, amounting to an extra 2%, was applied by the Treasury in the 1994 Autumn Statement. The squeeze continued through to the general election in 1997, as the Conservative government rebuilt the public finances following Black Wednesday in September 1992, to the extent that defence expenditure in 1997/98 was more than 22% less in real terms than in 1990/91.

A number of deductions can be drawn from the experience during this period. When the proposed changes were announced in July 1990, the MoD made no public pronouncement on the scale of the likely reductions because the Public Expenditure Survey arrangements then in place involved an annual reassessment of the financial requirements of spending departments. Thereafter, the department was subjected to increasingly substantial demands to cut expenditure by the Treasury. Whether these equated to a realistic assessment of the reduction in costs flowing from ‘Options for Change’ is difficult to assess. One would expect to obtain a smaller reduction in costs relative to the reduction in the size of the armed forces because of fixed overheads, so perhaps it turned out about right. And perhaps the incremental approach to downward adjustments in the size of the budget was sensible, even though it complicated financial planning in the MoD.

New Labour’s 1997 manifesto pledged, for the next two years, to work within the departmental spending ceilings already announced. That did not bear directly on the SDR and the associated spending review, which covered the years 1999/2000 to 2001/02. However, it meant that going into the SDR, the MoD budget was at a low point in real terms. In addition, given the new

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55. MoD, ‘Frontline First’.
56. Resource accounts as illustrated in Figure 1.
government’s ambitious social goals, the department could not expect any significant uplift. And so it proved. The budget settlement announced in the white paper resulted in a real terms reduction of nearly 5% by the end of the period.\textsuperscript{58} That was to be made possible by an efficiency programme, whose ambition had to be ramped up in the closing stages of the negotiations with the Treasury in order to close the gap between the estimated cost of the programme and the financial settlement. Thus, this genuinely policy-led review, held at the high point of optimism about future security, ended in the department assuming a significant financial risk just as the UK was about to enter a decade of war and stabilisation operations in Afghanistan and Iraq.

Managing this unexpected turn of events involved the \textit{New Chapter} to the SDR in 2002 and the mini-reviews of policy and capabilities in 2003 and 2004. But, in spite of the scaling back of the original 1998 ambition, the MoD continued to struggle to manage financially throughout the next decade. Significantly, it felt unable to back-track on the carrier strike decision and found itself having to bail out BAE Systems on the Astute and Nimrod MRA4 contracts.\textsuperscript{59} From 2004 onwards, this struggle had to be conducted without any review of policy or capabilities, and in the midst of the Iraq and Afghanistan operations. The main lesson to draw from this period is that the failure to conduct any major formal review of defence between 1998 and 2010 was debilitating for Defence and almost certainly led to sub-optimal acquisition decisions.

A striking feature of the 2010 and 2015 SDSRs is that neither includes any financial data (other than in relation to the costs of the nuclear programme). For that one must turn to the Treasury’s announcements of the outcome of the associated Comprehensive Spending Reviews. In 2010, the defence budget was cut by 8%, a much smaller cut than was exacted on most departmental programmes as the government implemented austerity.\textsuperscript{60} However, because of the ‘black hole’ in the defence budget, the impact on the defence programme was much more severe. As it turned out, the cuts made in the review itself did not go far enough, partly because the government decided not to make a larger reduction in the size of the army or to take full account of the budgetary imbalance beyond the first four years, and also because of over-optimism on the part of the MoD about the savings that could be achieved from the measures taken. Within a year, the ‘Three Month Exercise’ was launched and further cuts were implemented, including the reduction in the size of the army that had been previously rejected.

If there is a lesson to be learned from 2010 and 2011, it is that a mixture of departmental over-optimism and ministerial reluctance to make politically difficult cuts will tend to lead to funding difficulties downstream. It is also striking how quickly defence policy, plans and the budget drifted out of balance again before the next major review. In 2012, the then defence secretary was confident that ‘for the first time in a generation the MoD not only has a balanced budget and an appropriate reserve but is putting in place the behaviour-changing incentives and

structures that will keep it in balance’. The authors’ recollection is that the defence budget was significantly overheated again by 2015, as the costs of the defence programme grew, efficiency targets were missed and pressure grew from the Treasury to find further savings.

In July 2015, in order to deal with criticism from the US and others in NATO, as well as concerns expressed by Conservative backbench MPs that the UK defence budget was going to drop below the NATO target of 2% of GDP, the Chancellor of the Exchequer announced the size of the budget the MoD could expect early in the review. On the one hand, this appeared to ‘put the cart before the horse’ by fixing the budget before policy and capability had been settled. On the other hand, it provided the MoD with some certainty against which to complete its part of the review. So, it was surprising that the review so quickly ran into the same budgetary problems that had afflicted its predecessors. A significant part of the answer appears to lie in the government’s desire to include in the defence programme items that could not be afforded within the financial envelope provided, as well as a willingness to rely on unrealistic efficiency targets.

The main conclusion to draw from the 2015 SDSR is that, paradoxically, it appears to make no difference whether the size of the defence budget is settled early or late unless there is ministerial commitment to establishing a balanced budget. Establishing the financial envelope early in the process could even make matters worse if it fails to take proper account of the likely level of ambition.

Assessment

For varying reasons none of the reviews during this period properly got to grips with the money, the fourth test. Indeed, in two cases (1997/98 and 2015), they made the underlying position worse by raising the policy ambition without the matching resources. All of them have exhibited ingrained behaviours which got in the way of balancing commitments and resources – for example an unwillingness to acknowledge, in the end game, that the sums did not add up (1998); assumptions that the MoD could be squeezed for more efficiencies (1998, 2010 and 2015); and allowing conservatism to blunt the necessary ruthlessness with the force structure (1990 and 2010).

The Chancellor’s announcement that the 2020 Spending Review would cover one year only seemed to deal a severe blow to the MoD’s chances of getting enough assurance about the size of its future budget to make credible announcements in the Integrated Review about the future size and shape of the armed forces. However, the gloom was lifted a month later when the prime minister announced that the MoD would receive a four-year settlement, amounting to £24.1 billion in total, £16.5 billion more than the Conservative Party’s manifesto commitment.

64. Prime Minister’s Office, ‘PM Statement to the House on the Integrated Review’.
Further details were published on 25 November.\textsuperscript{65} These show that the MoD’s budget will rise from £41.2 billion in 2020/21 to £46 billion, £47.2 billion, £47.4 billion and £47.6 billion over the subsequent four years, with an average real growth per year of 1.8% over the period.\textsuperscript{66} The profile of the settlement is striking, a real terms increase of close to 10% in 2021/22, followed by some modest further real growth in 2022/23 before the budget levels off in cash terms.

By any standards this represents an unexpectedly generous settlement for the MoD and, in spite of the comments above on the 2015 SDSR, the fact that it has been announced months before the publication of the Integrated Review should give the MoD the prospect of matching ambition and financial resources. That said, a sizeable chunk of the uplift will have to fill the pre-existing gap between the defence programme and budget, particularly in the next two to three years. Part of this gap is in the Defence Equipment Plan, which has a funding shortfall of £6 billion between 2019/20 and 2023/24 (but a surplus later). According to the National Audit Office, it could be significantly worse.\textsuperscript{67} The profile of the settlement may well be a sign of the size of the ‘black hole’ in 2021/22, since it would be difficult to spend much of the uplift on new projects in such a short timescale.

In recent (and not so recent) years, managing the gap on an annual basis has been a major preoccupation for the senior MoD team, has slowed the modernisation of the armed forces and adversely affected operational activity levels and training. An obvious question is whether there will be enough left over to fund the ambitious programme the government has set out, which includes: investment of an additional £695 million in cutting-edge R&D; establishing a new Space Command; developing Type 32 frigates, while continuing to deliver Type 26 and Type 31 frigates; and enhancing cyber capabilities.

The Spending Review settlement for Defence gives some ground for believing that the MoD may now be in a position to deliver the government’s ambitious modernisation programme within its budget. Even so, there should be clear commitments to make the unsentimental decisions on ‘sunset’ capabilities and structures necessary to create the headroom for the investment in ‘sunrise’ capabilities and change of posture to deliver the pivot the MoD is contemplating. It is also important to watch for political pressure to commit to signature programmes on the one hand, and pressure from within the services to commit to ‘their’ programmes on the other, at the expense of keeping the forward programme in balance. The MoD will need to factor into its financial planning the potentially significant costs of delivering the more active posture the government is contemplating. And it will need to avoid assumptions that new efficiency measures will make up the slack. Experience suggests these issues will have a major bearing on whether the Integrated Review will be considered a success in five years’ time. The more information the MoD publishes about its future capability plans at the conclusion of the review, the more confidence it will build on this score.

\textsuperscript{66} Excluding the Dreadnought contingency of £1.3 billion for 2021/22 to 2024/25, which is held in the Treasury Reserve.
Test 5: Did the Changes Made to the Management of Defence in Previous Reviews Produce the Desired Effect of Greater Efficiency and Effectiveness?

Over the 30 years since the end of the Cold War, the UK’s national security architecture has undergone significant changes: the formation of DFID as a separate department of state in 1997 (and its merger with the FCO in 2020); the formation of a separate Ministry of Justice in 2007, leaving the Home Office to focus on crime and immigration; the formation of new agencies such as the Office for Security and Counter-Terrorism in 2007, the Serious and Organised Crime Agency in 2006 and, succeeding the latter, the National Crime Agency in 2013; the institution of an NSC and National Security Adviser in May 2010; and a rolling reorganisation of defence, the subject of the section below.

The four main reviews during this period had a varying impact on defence organisation and systems. Three of them (‘Options for Change’, the 2010 SDSR and 2015 SDSR) had relatively little to say directly on organisation, although they did cross-refer to or presage what turned out to be significant changes. And some fundamental changes were made between reviews with no apparent link to them. One constant theme throughout the period has been the shifting balance between the decentralisation and centralisation of defence management.

‘Options for Change’ focused on the size and structure of the armed forces and was largely silent on organisation. The reduction of British forces in Germany did lead to the disbandment in 1994 of RAF Germany as a separate command and of the British Army on the Rhine – the latter, a 4-star command, morphed into UK Support Command (Germany), commanded at 2-star rank. However, ‘Options for Change’ had been preceded by two developments: first, the cross-government ‘Next Steps’ Initiative, which led to a significant proportion of the civil service assuming ‘agency’ status;68 and, second, some rethinking of the MoD’s approach to budgetary management. The apparent success of relatively limited experiments in the mid-1980s with delegating the day-to-day management of some budgets led to the adoption of the ‘New Management Strategy’, which sought to extend the principle across the whole of defence.

After ‘Options for Change’, the MoD launched the ‘Prospect’ review, which reported in late 1991. This had three main elements:

- The reorganisation of each of the single services into three commands, each with its own headquarters – with a ‘front-line command’ containing the operational units, a command responsible for personnel and training, and a third responsible for support.
- Each command – together with other major elements of defence such as the Chief of Defence Intelligence’s organisation – became ‘Top Level Budgets’ (TLBs), with their subordinate formations becoming ‘Higher Level Budgets’ (HLBs) and bases, units and other administrative entities ‘Basic Level Budgets’ (BLBs). There were over 20 TLBs at the outset. Each budget level had its own finance (and often commercial, infrastructure, and health and safety) staff. The idea was that delegated decision-making would be more agile and would identify efficiencies which had eluded staff in the MoD Main Building. It soon emerged that the new system was over-complicated and involved significant duplication of civilian staffs – the long road back to greater centralisation had already started by the mid-1990s.
- Significant numbers of staff involved with military personnel management and (mainly civilian) ‘secretariat’ functions were rusticated from the Main Building and other offices in central London to the revamped Command HQs.

As noted above, the financial platform under ‘Options for Change’ was precarious – assumed savings materialised more slowly and the defence budget was squeezed harder than expected. This led to the launch of the Defence Costs Study in December 1993, which propelled the major advance in ‘jointery’ between the three services and moves towards rationalising defence’s support base. The impetus to put non-frontline activities into ‘agencies’ continued through the Defence Costs Study – these were known as ‘Defence Agencies’ because their governance diverged from the Whitehall norm. And, in Whitehall, the unified Defence Staff and the Office of Management and Budget (OMB) forged in the Heseltine reforms of the mid-1980s were merged into a single ‘Central Staff’ – a pointless and largely cosmetic change.  

The 1998 SDR was the only one of the four reviews to result directly in significant organisational changes. It continued and accentuated the ‘jointery’ journey. It also put the MoD onto a centralising journey with respect to acquisition (broadly understood to include requirement setting, procurement and support) and financial management, which continued until 2010. The main changes included the creation of a new 4-star post of Chief of Defence Logistics, charged with reconfiguring the single service logistics commands into ‘one integrated organisation’. This was to become known as the Defence Logistics Organisation (DLO). Less happily, and partly to generate cash to balance the books, the SDR decided to turn the Defence Evaluation and

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69. MoD, ‘Frontline First’.  
Research Agency into a public–private partnership. This led to it being split into the Defence Science and Technology Laboratory and a commercial entity (subsequently called QinetiQ).

The SDR was accompanied by the launch of the Smart Procurement Initiative (subsequently renamed Smart Acquisition). This had significant organisational consequences. First, it led to the formation of a new, central Equipment Capability Customer (ECC) organisation within the MoD Central Staff. Second, the Procurement Executive – which had by then largely co-located its various elements onto a single site at Abbey Wood near Bristol – was turned into a Defence Agency, the Defence Procurement Agency (DPA). Internally, the DPA was sub-divided into over 100 Integrated Project Teams to manage all aspects of individual projects.

There were to be no further formal defence reviews for 12 years. But organisational change continued. Notable moves included, first, following the Defence Training Review of 2000/01, the formation of a number of tri-service training colleges and the Defence Academy. Second, the rebooting of the Defence Estates Agency – which took over the residual infrastructure responsibilities of the single service commands (thereby removing one of the key elements of discretionary expenditure which they used to balance their budgets). Third, the merger of the DLO and the DPA in 2007 to form Defence Equipment and Support under a single 4-star/permanent secretary-level Chief of Defence Materiel. Fourth, the merger of the residual single service ‘front line’ and personnel/training commands to form single entities (and TLBs), known as Navy Command, Land Command and Air Command, respectively. And, fifth, the Defence Exports Support Organisation was transferred in late 2007 from the MoD to the then Department of Trade and Industry, becoming the Defence and Security Organisation (DSO).

The 2010 SDSR had nothing specific to say on defence organisation – its priorities were elsewhere. In part, this was because it followed the coalition government’s big institutional change – the creation of the NSC – and because the then defence secretary had launched a separate review of defence organisation led by Lord Levene in August 2010. The SDSR described this as ‘a further full and fundamental review of how the Ministry of Defence is run’ which would develop ‘a new, more cost-effective model for the management of Defence’. Reporting in June 2011, Levene advocated a ‘smaller, stronger and more strategic’ MoD centre or head office accompanied by greater delegation (under strict conditions) to the single service commands of responsibilities that he felt could be better exercised at that level. Significantly, these included capability management of most elements of the Defence Equipment Programme. Levene also recommended the formation of a Joint Forces Command (JFC) with responsibility

71. Ibid., section 51.
72. Ibid., Supporting Essay 10.
73. Ibid., chapter 9, section 175.
74. Ibid., Supporting Essay 10, section 19.
77. Ibid., ‘Part 7: The Services’, p. 34.
for a number of cross-cutting or enabling functions previously residing mainly in the somewhat shapeless Central TLB, such as the Defence Intelligence Staff, the Surgeon General’s organisation, Logistics Operations, the Defence Academy, and so on. JFC also absorbed the Permanent Joint Headquarters (PJHQ), which had become a separate small TLB after the 1998 SDR. In reality, the Head Office became smaller but not stronger – and the single services interpreted the Levene review as a licence to diverge. The content (including underpinning assumptions) of their budgets became increasingly opaque to Head Office – with serious consequences for the next review. JFC was renamed UK Strategic Command in 2019.  

The 2015 SDSR also had little to say on defence organisation, taking the Levene model as a given. However, it did make two significant organisational changes. First, it led to the formation of the Directorate General Nuclear (now called the Defence Nuclear Organisation) in the MoD ‘to act as the single sponsor for all aspects of the defence nuclear enterprise’. This brought together somewhat disparate responsibilities for the submarine and warhead elements of the nuclear programme. Second, it brought back to the MoD from the DSO responsibility for ‘strategic’ export campaigns, namely Typhoon, ‘complex weapons’ (such as Meteor), and winning ‘Maintenance, Repair, Overhaul & Upgrade’ work for the global F-35 fleet. This reflected the reality that the MoD ‘owns’ the key levers for such campaigns, notably the provision of training or secure real estate.

Perhaps more significantly, the process of implementing the 2015 SDSR began to expose issues with the Levene model – or, at least, the way that it had been put into effect. So a number of steps were taken to strengthen the Head Office, including the establishment of the Chief Operating Officer post in 2017, the creation of an additional policy Director General in late 2017, and measures to reinforce the military capability area (the residue of the pre-Levene central capability customer).

Assessment

The relationship between the organisation of national defence, security and resilience and successive reviews has been weaker than the other tests identified in this paper. This may be because organisational and systems change has its own dynamics, largely unrelated to national or international security imperatives. Key factors have included evolving corporate practice (which drove the push towards decentralisation in the early 1990s), budgetary pressures (such as before the Defence Costs Studies in 1993/94), and political preferences (the birth and demise of DFID). Reviews tend also to be dominated by debates about the threat and risk assessment – and the appropriate force structure. Organisation questions can feel like (and be treated as) an

80. HM Government, Securing Britain in an Age of Uncertainty, p. 36.
81. Ibid., p. 77.
82. Ibid.
add-on – as with the brief paragraphs on forming a ‘virtual’ National Security Academy towards the end of the 2015 SDSR white paper.

But organisation and systems are important – they can enhance or impede the government’s responsiveness to a rapidly changing defence, security and resilience context. Of the four post-Cold War reviews, only the 1998 SDR contained a coherent response (albeit confined to Defence) with its renewed push for ‘jointery’ and ‘smart’ procurement (or acquisition), so scored well against the fifth test. The studies and reports that led to the most significant organisational change to the MoD took place outside the cycle of these major reviews. The consequences for organisation of the initiatives being considered in the Integrated Review could be significant, both for the MoD (including the new arrangements required to deliver effective multi-domain integration) and more broadly (including the need to strengthen national resilience arrangements and the desire to create a DARPA equivalent).

One generic lesson of organisational and systems reform is that rushed analysis and implementation can often bring sub-optimal results. The Integrated Review has not had the time to develop new blueprints. But one test for it will be whether it sends credible signals that the government has learned from what has worked (and what has not) and is open to further incremental adaptation and improvement across national security and defence.
DEFENCE AND SECURITY reviews are rightly judged principally by the results they produce. But they are also remembered for how they were conducted. ‘Options for Change’ was regarded as a review undertaken behind closed doors, with little internal or external consultation. By contrast, levels of consultation and the manner in which it was conducted meant that the 1998 SDR scored highly at the time and is still held up as best practice. The 2010 SDSR was regarded as rushed, although departments had undertaken thorough preparatory work in advance, and it was the UK’s first attempt at conducting a properly integrated review of defence, wider national security and resilience. The conduct of the 2015 SDSR was regarded more favourably at the time, partly because lessons had been learned from 2010.

The Integrated Review has been conducted in quite extraordinary circumstances. After being put on hold in April, work on the review resumed at full pace in July and a public ‘call for evidence’ was issued in mid-August. Restrictions on movement and gatherings have resulted in plans for wide-scale public and specialist consultation being scaled back, although departments have made significant efforts to maximise virtual engagement. It seems likely that launch events surrounding an Integrated Review white paper in early 2021 will need to be conducted virtually.

Insofar as there are lessons from previous reviews about implementation, they mainly relate to the need for speed in translating the intentions expressed in the policy white papers to detailed, actionable plans, and to remaining focused on delivering key outcomes, rather than being distracted by the detail of less significant commitments.

There were good reasons for instituting regular, major quinquennial defence and security reviews in 2010. But the lived experience in the UK and elsewhere is that the pace of change in the international defence, security, resilience and fiscal context is such that additional out-of-cycle reviews will increasingly be necessary too. Given the huge uncertainty against which the Integrated Review has been conducted, it would be remarkable if there was not a requirement for further mini-reviews and studies to develop the policy and planning agenda that emerges from the Integrated Review and to manage the new cost commitments that arise.

The unexpected boost to the defence budget has significantly increased the chances that the Integrated Review will score well by comparison with the other major reviews of the past 30 years. The very uncertain strategic and fiscal outlook will present major challenges to delivering policies, plans, capabilities, structures and systems that remain well matched to the scale of challenges to national defence, security, resilience and international stability that will arise in the decade ahead and beyond. The experience of the past 30 years suggests that it will also be very difficult to prevent policy, plans and the budget from slipping back out of balance quite quickly. The authors hope that this account of the reviews during that period will both inform how the Integrated Review is assessed and help the MoD to anticipate and avoid some of the pitfalls that have followed earlier reviews.
About the Authors

**Will Jessett** retired from the MoD in 2019. His last role was as the department’s Strategy Director, in which he led the MoD’s work on the 2015 Strategic Defence and Security Review, the 2017 National Security Capability Review and the 2018 Modernising Defence Programme. He worked in a variety of roles during his 33 years in public service, in the UK and overseas, specialising in strategic planning and the conduct of defence and security reviews. He is now pursuing a second career advising overseas governments and commercial organisations on strategy and planning. He has affiliations to RUSI, King’s College London, Exeter University and the Atlantic Council.

**Tom McKane** retired from the MoD in 2014. Between 2008–14 he was, successively, Director General Strategy and Director General Security Policy in the MoD. In 2012, he was briefly acting Permanent Secretary. He led the MoD’s work on the 2010 Strategic Defence and Security Review. During a career spanning 37 years, Tom worked in a variety of roles in the MoD, Cabinet Office, Northern Ireland Office and overseas. Particular interests include NATO, nuclear matters and hybrid warfare. He now divides his time between consulting on defence business and think tank activity. He has affiliations to RUSI, the London School of Economics IDEAS and the European Leadership Network.

**Peter Watkins** left the MoD in 2018. Between 2014–18 he was, successively, Director General Security Policy and Director General Strategy & International in the MoD. During a career spanning 38 years, Peter worked in a variety of roles in the MoD and overseas, including many years in defence acquisition. Particular interests include: strategic policy and planning; the UK’s cross-government response to Russia and China; defence relations with NATO, the EU and with key bilateral allies; and defence policy aspects of cyber, space and novel technologies. Peter now spends his time mainly on academic and think tank activity. He has affiliations to King’s College London, the London School of Economics IDEAS, Chatham House and the Atlantic Council.