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THE SAY-DO GAPS IN DEFENCE

THE DANGER IN CARRYING A SMALL STICK WHILE TALKING LOUDLY...

A Policy Exchange Research Note

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The UK Government's recent wave of positive rhetoric over UK Defence — with its talk of the strong possibility of war with Russia and its bullish plans for procurement of novel technology to defeat the resurgent threat — may in itself be a problem. As the echoes die away, what's left risks revealing a 'Say-Do' gap between that rhetoric of transformation and the reality of the actual funding and the slow pace of the reform that was meant to enable it. Such a void represents a risk to deterrence, as it corrodes the plinth of credibility that is its foundation. But it is a void that many seasoned observers of the state of the UK's armed forces recognise, the author included. They, we, would be permitted an eye-roll and might pen a report that tails off in weary cynicism.

Or, perhaps, we might use the events of recent months - from the publication of the Strategic Defence review and NATO's summit in June, London's Defence and Security Equipment International (DSEI) exhibition in September, October's appointment of the new National Armaments Director (NAD) to December's publication of the US's National Security Strategy (NSS) - to sketch an alternative prize, one that is, sadly, looking less likely by the day, but might still be had if we have the nerve to grab it.

What if the digital revolution is not just a revolution in the ways of warfare, but in the very model by which states mobilise to wage war?

Say-Do Gap - Events

This period started with a plethora of politically orientated defence announcements that began with the expectation-setting commentary ahead of the Strategic Defence Review's publication in early June. And these, in turn, were also aimed at framing the politics of the NATO summit later that month, where the main aim was to placate a critical and apparently volatile President Trump in order to 'keep America in'. This phase of comms from the MOD leadership peaked at the biennial DSEI - where the UK Service Chiefs laid out their stalls. A few weeks before this exhibition the UK Chief of the Defence Staff (CDS) had rotated, and, remarkably soon after leaving, the outgoing Chief (Admiral Radakin) gave a speech at the Institute for Government (IFG) that laid out his frustrations with a labyrinthine MOD.

Meanwhile, the international backdrop over this period continued to pose serious questions of the ways by which we develop our own armed forces. The strategic situation in Ukraine remained fluid and defied consensus, while the tactical modus operandi on the battlefield had moved to their third, at least, definable phase. In Operation SPIDER WEB, Ukraine stunned everyone with its audacious attack on far-flung Russian bomber bases using remotely-controlled, truck-mounted drones. In an expansion of the conflict in Gaza, Israel - a country of 10M people - managed in short order to generate and sustain, for 12 days, air dominance over Iran; a country 1000 miles distant and which possesses (possessed?) a sophisticated, largely Russian, integrated air defence system that only the US was previously considered anywhere close to being able to penetrate let alone suppress. Around Europe a series of ever more brazen "grey zone" attacks hit various NATO countries, with Russia very quickly being attributed as the likely perpetrator. No wonder that the UK's National Security Strategy, published in August, baldly stated that:

> *"We must defend our territory, our citizens, and our interests against the full spectrum of threats — including a direct armed attack on the UK mainland or against the United Kingdom's overseas territories."*

December's US NSS was starker yet. The post war consensus of America leading the West as the Global Policeman was over, "America First" was back, and Europe was singled-out in detail, more so than Russia and China, as a needy problem child that could no longer be a dependant of the US. It would have to defend itself.

It is worth unpacking all these events and joining some dots.

Say-Do Gap – Funding

Getting to the bottom of the reality of UK Defence funding is not straight-forward, and that is before one must make a necessarily subjective judgement over the *perceptions* created. What has been contracted for or actually funded - as the Pentagon puts it: has been entered into 'The Program(me) of Record'? And what remains aspirational, contingent on the Govt making good on the

rhetoric? All governments wish to maximise the perception of benefits while downplaying costs, and so The Executive, including in this case the armed forces, will happily reinforce such positive messaging with descriptions of what they would wish to see materialise in the hope of manifesting it. The Services have been playing this game for years, and have not been slow to air their several wish-lists.

Thus we have heard that we will aim for 12 nuclear attack submarines vice the seven in the current plan. We will finally commit to another tranche of F-35 'Fifth Gen', stealth fighters, including a whole new mark (the F-35 'A' model, vice the 'B' that currently constitutes the UK's fleet.) to facilitate the carriage of nuclear weapons. That assumes some spending on infrastructure to store the new weapons, which isn't mentioned anywhere. (This measure was aimed squarely at impressing Trump that we were bolstering NATO's nuclear arm.) There will be four ships fitted with a new counter-drone-and-missile laser system — DRAGONFIRE — by 2027, which is also when the First Sea Lord (1SL) has announced that he will have jet-powered drones flying off the carriers, and uncrewed, autonomous escort ships — driven by AI -- to protect the capital ships. The army will get circa ten thousand drones, of varying sophistication from platoon level reconnaissance up to long-range strike "effectors". That is part of Project Asgard, which also embodies a sophisticated, multi-domain (the five domains being sea, land, air, space and cyber) targeting system referred to as a 'KillWeb'; £4Bn has been mentally ear-marked for all that, the simpler drones start arriving now and the rest is done by 2027. Much needed investment in munitions plants is cited. There is more one could pull out of various announcements but that gives a strong flavour.

To pay for all that, and all the accepted recommendations in the SDR, the uplift to 2.5% of GDP is regularly cited, as is the aspiration to get to 3% "in the next parliament". That is against a backdrop that began with the hard to pin-down but widely reported 'understanding' that the Prime Minister was going to increase Defence spending to 3.5% of GDP. That had little to do with actual defence planning and all to do with the demands of handling President Trump and the politics of NATO's summit in June. That 3.5% was subsequently caveated as being in the 2035 timeframe - ie in two parliaments time. There was even talk of 5%. This would include national security infrastructure in the additional 1.5% above 3.5% - which all serious commentators realised pretty quickly would be monies already allocated; railways, power grids and data centres qualify.

More specific was the 'commitment' to get to 2.5% of GDP, the new de facto NATO standard, by 2027. This was subsequently revised upwards to 2.6% GDP but to include security-related spending such as on the intelligence agencies and service pensions. But the very fact that 3.5% is being bandied around as a number, within a security budget of 5% of GDP, makes 3% seem bankable and 2.6% a racing certainty - expectations are set high and appear, at the very least, to reverse the decline that we have been conditioned to expect in recent decades. (To muddy the waters further, some commentators have heard or inferred and repeated 4% of GDP, which appears to be the sum of 2.5% and the 1.5% for funding critical infrastructure.)

The IFS, and others, have calculated what that means in cash terms (though, of course, as a % of GDP that rather depends on what happens to GDP). They have questioned the Govt's own figures when it advanced a cash number and claimed these planned increases in %GDP meant that it would be spending an extra £13.4Bn on Defence in 2027. However, those independent fiscal experts accuse this administration of doing what the previous Tory one did when promising, ahead of the last election, to raise defence spending to 2.5% of GDP. That is, compare not against what defence would have been spending in 2027 given inflation, and so calculate a true increase on a maintained % of GDP, but assume flat-line defence spending at 2024/5 levels and calculate the increase in 2027 from that. (That is how the last, Conservative administration managed to claim an extra £75Bn in getting to 2.5% by 2030 - which was widely disputed at the time.)

The real increase in 2027 is more like £6.4Bn. And actual, hard allocation from HMT for 2025/26 amounts to just an extra £2.2Bn. (Less than MOD's current 'overdraft'.) Such huge numbers are hard for the lay reader to assess. So for comparison, in 2019/20 when the MOD was forced to produce some hard numbers ahead of PM Johnson's one-off uplift of £16.5Bn for 'transformation' it reported that it had now found that the Services' budgets had somehow become overspent by an aggregate of £7.2Bn (which would swallow almost half of the uplift). The oft quoted 'black hole' in defence spending between desired purchases and hard budgetary reality often comes out in the £25-40Bn range over the ten year planning horizon that the MOD uses.

So if headline expectation has been set high, the small print reveals much less certainty, and actual, real-World, bankable uplifts now are in the range that can

easily be consumed by the usual MOD overspends. NATO does not recognise a 2035 timescale as being credible and so such assurances are not bankable as plans or commitments. And nor do our closest allies, such as those in the Joint Expeditionary Force (JEF), which we set up in 2016 and comprises ten nations from Scandinavia and the Baltics, plus the Netherlands, who are rearming with determination.

It does appear that the Govt should be given credit for putting hard cash into important but unheralded and 'non-sexy' parts of the neglected Defence Industrial Base (DIB). Investments in munition plants and explosives supply chains appear to be solidly funded. (Though we will explore later how we might consider the DIB of the future.) Similarly, its recently published Defence Industrial Strategy (DIS) is a sensible, realistic document that has received acclaim from the more sober defence commentators who are not easily seduced. Its emphasis on defence expenditure as an agent of national growth is welcome and deserves advertising more loudly.

But serious questions over affordability of the programme remain. There are all sorts of plausible futures, but they depend on future decisions related to actual, disposable funds, not fantasy futures. Put simply, while you might be able to have any one thing from your budget's 'disposable', you can't have everything and you have to choose. And you have to be realistic about doing the things you might previously have tried to slide onto the back-burner - infrastructure, weapons stockpiles, the known unforeseeables of through-life costs - but which will inevitably come knocking. So pick one or two, perhaps, from the many that the Services have tried to make manifest.

The final point to be made on defence funding comes from the nexus of inter-departmental frictions and raw electoral politics. Talking, off the record, with a recent Conservative treasury minister they made a telling point. Since George Osborne in 2010, successive chancellors have, when presented with demands in Cabinet to spend more on Defence, pointed first to the polls that show Defence is not one of the electorates top five priorities, and then to repeated, excoriating audits of MOD inefficiencies in procurement, both of which militate against throwing more money into the Defence hopper to be frittered away.

Two deductions emerge. Politicians need to lead the public on the emerging geo-strategic risks, and how investing in defence technology could be an agent of economic growth. And the MOD will only be given more money with great

reluctance until it reforms its practices and gets more output from what it is given.

Say-Do Gap - the Front Line

Such fiscal analysis leads us to make some reasonable judgements on that balance of actual, real-World inputs and outputs, and some worrying conclusions emerge. Amongst the unfortunate realities is how much we are currently spending on simply trying to maintain what we have got. In the run up to the SDR the MOD had to announce some necessary cuts to programmes and current capabilities. Five ships were decommissioned earlier than planned, the Watchkeeper reconnaissance drone was retired early, and so was the Puma medium helicopter and some older heavy-lift Chinooks. Since the Sunak Ministry the UK has been pleading that it has always spent more than 2% of GDP, and so while the rest of the underspenders in Euro-NATO play catch-up we can bask where we were. But that cuts no ice when the reality is that the armed forces of most other NATO nations are now visibly expanding while those of the UK continue to shrink.

While some of these cuts can be said to be savings that will be reinvested in better equipment down the line, or the retirement of systems that were rapidly becoming obsolete as technology sprints forward - such a Watchkeeper - they do suggest that the budget is more than taut. That is given further credence when readiness and availability are considered. The Royal Fleet Auxiliary is in a parlous state, similarly the Astute class that makes up our fleet of six (to be seven) attack submarines. It was always optimistic to expect that half the fleet, slightly more, would be available at any one time; but having between 0 and 2, not 3 to 5, shows how threadbare is the frontline. Escort frigates are down to 13 against a required number of 19, which itself was always considered a sub-optimal stopgap until the position improved. One Type-45 Frigate/Destroyer (of six total) hit the headlines in the Autumn for spending a little over eight years (3000 days) tied up alongside. To declare the F35 force at Full Operational Capability, pilots from the training squadron had to be sent out to bolster numbers on the aircraft carrier. It is hard to avoid the conclusion that the

Defence budget is stretched to maintain what we wish to keep, let alone buy and maintain all those extras on the 'wish-lists'.

Put in stark terms - and this is largely hidden from the British electorate - not one formation in the British military is currently sustainable in combat as a sovereign entity with the full ORBAT (Order of Battle: the catalogue of trained personnel and materiel allocated to achieve assumed tasks) as required by our published doctrine, for which we are accountable to NATO via our various declarations. As Field Marshal David Richards put it recently, when he commanded an armoured brigade in Germany during the Cold War it had more firepower than the entire current British Army. And that is before you assess the sustaining logistic elements known as Combat Service Support, which are even thinner.

It is laughable to even think that the Chief of the Air Staff (RAF Chief) might be called in by the PM and asked to generate quickly and then sustain, without loss, air dominance over Iran for 12 days. Yet the Israeli Air Force did just that, and using equipment, tech and know-how that is common to, or on a par with, that of the RAF - but the Israelis have more capacity, have no gaps, and have tied it all together with other, related levers of national power. The UK assumption would have been that such a major undertaking was only possible with a massive US-led effort, to which we would contribute our usual 10%, to include much of that top of the range kit, which we have paid for but cannot effectively use in a sovereign capacity.

How can the fifth (perhaps now sixth after Germany) largest Defence budget in the World sustain such a small output on the frontline? It is too easy to cry underfunding. While relative spending on Defence has gone down it is still better than most NATO countries - it is just we are inefficient at getting much bang for our buck. Serial delays to programmes that were too ambitious, while chasing the perfect through repeatedly up-speccing designs, leads to continual financial 'reprofiling' to keep programmes alive and within budget. This, inevitably, then leads to the 'descoping' (removing capabilities or final numbers and so costs) and delaying of programmes, delivery slips downstream, which leads to increased unit costs and so fewer units finally bought from what remains of the original budget.

It is also true that the Services have not always maintained well that which they have already got. All this has been well-covered in various HCDC, NAO and PAC

reports. Many observers regretted that we gave all our howitzers to Ukraine - few realise that we only had 19 serviceable when the then SofS asked how many were available. That is why the fleet was handed over in toto. The army now has 14 stopgap Archer guns from Sweden while it works on a permanent replacement. And in the week that the US NSS was released, the UK announced that the troubled, £5.5Bn Ajax Armoured Fighting Vehicle programme was not secure and could be cancelled. No 'could' about HMS Lancaster; the Type 23 frigate would be decommissioned early, not even returning home from the Gulf but scrapped in theatre.

A brief comparison with some allies is illuminating. Following Russia's invasion of Ukraine, Poland decided it needed to expand its army, wrote contracts in a few months and is already receiving the first 360 of the planned extra 980 tanks, and 685 self-propelled howitzers. Finland can put 285K troops in the field tonight, with Europe's largest fleet of artillery and biggest ammo dump to sustain them in fending off any Russian assault. (Total size of the British Army and its reserve is currently circa 90K.) They, too, are getting F35 jets, about as many as we will have. We have already looked at Israel's Air Force. Its army - as with Finland, a force based around reservists - is well-trained, equipped and able to mobilise around 300K troops from a population of circa 10Mn.

Now look at some representative defence budgets relative to that of the UK:

Poland:	35-40%
Finland:	15-20%
Israel:	75-80%

It is possible to quibble with obvious differences between the various militaries - none have large navies, Finland and Poland don't have nukes. But the differences in funding levels for the effective combat power generated is nevertheless stark even after making generous allowances.

So the overall, subjective judgement, when we compare the input of actual funding with the output of the state of the front-line, must be that we are over-promising and are likely to continue to under-deliver. The perception out there, which was deliberately constructed to paint the UK in a positive light in front of Trump and NATO, is that the UK is on a strong growth path through 2.5%GDP

to 3.5%. In that light the 'wish-lists' of kit being promised have a veneer of plausibility.

But it is not surprising either that seasoned commentators and scarred practitioners increasingly smell the old disease returning. In several articles in The Observer the highly experienced author of the Gray Report into procurement and one time CEO of the DE&S procurement agency, Bernard Gray, questioned where the real money was coming from for the "jam tomorrow", which "...encourages military planners to start ordering glossy brochures for shiny new weapons systems...". He is not the only one asking it...

Say-Do Gap - the Sunlit Uplands of tomorrow's force

The footfall at September's DSEI had exceeded the total for the previous exhibition by early on its second day, such was the enthusiasm to do business in the emerging NATO world of realism over the pressing threat, and so a return to solid defence funding. And, internationally, governments were spending. Poland had been in the van in recent years and Germany, amongst many others, was now following with real purpose. But, nationally, the UK appeared to be the laggard - and so business was perplexed.

One large US defence-tech firm had come over expressly to sell into the new rapid targeting network, the 'Killweb', which had been much trumpeted as a key part of the new dawn. At the end of an hour-long meeting the MOD staff sheepishly admitted that the announced £1Bn allocation was still, in fact, provisional. That US firm prides itself in not chasing anything in the US that is not formally of the Pentagon's published, funded 'Program of Record'. It was not best pleased to have found itself duped, and it was not the only one who found itself stranded in the latest 'say-do' gap.

A senior figure behind a successful UK drone company was scathing in his assessment of MOD's ability to procure with agility in this rapidly evolving sector. As with many from the penumbra around the MOD, he sees himself as a patriot and taxpayer who would like our defences to be better and doesn't see

his company's drive and grip reciprocated. This could seem like sour grapes from companies failing to win all the contracts they might like, but the disillusion is so widespread - a common refrain currently is that nothing is moving contractually - it is endemic. (Though the big Defence primes, with standing contracts and long-term relationships to nurture, tend to keep their views to themselves at an institutional level, their individual staff agree such assessments privately.)

And it found support from an unlikely source when the outgoing CDS gave an interview to the Institute for Government. In it he lamented how hard it was to do anything in the MOD, let alone promptly, when, as he put it: "…[you would have] these extraordinary Teams calls of 20 or 30 people who are not in charge and not going to face the accountability if something goes wrong or it doesn't happen, but they have the ability to say 'no'."

A little lower down the command chain the frustrations are even more marked - not least in those officers who have done rapid, innovative work developing weaponry for Ukraine, only to see such exemplars discarded in front of a wall of the usual processes back home - as bemoaned, from the other side of the fence, by our drone company MD. Four of the most talented and original RAF officers I saw coming up, with stellar results to their names, have left recently, and much earlier than one would have hoped and expected. All decided to leave owing to a combination of professional frustration on their part, and a failure of the RAF to recognise achievement outside of the old, tightly prescriptive, career templates.

Similar reports emanate from the other two services; the statistics on retention are poor currently, and, as usual in such circumstances, it is the talented who are first to jump ship because they are being poached by innovative Mil-Tech firms (Mil-Tech being the new generation of companies building software-centred and rapidly evolvable weapons systems - as seen in Ukraine). Two of those four RAF officers had been speaking at DSEI's public fora, but now on behalf of their new companies and to rave reviews. Both report that bright officers from the younger cohort still in the Services were approaching and, sotto voce, enquiring about jobs…

So there is also a Say-Do gap in the declaratory position of a military transforming, inevitably in any press release "at pace", and the experience of those within who are genuinely trying to achieve it but cannot. (As an aside, of the team who rapidly integrated a modern, Western, digital missile onto an aged, analogue, Soviet attack aircraft used by Ukraine, none are still in the Service. If

only the UK could integrate weapons on its own aircraft so quickly and cheaply: i.e. in weeks not years.)

Say-Do Gap - Defence Reform

That transformation in Defence is centred on John Healey's centre-piece policy in Labour's manifesto that was aimed pointedly at addressing the chronic failings in MOD's performance over recent decades. To shift the culture, Labour would introduce structural incentives oriented around individual accountability for actual outputs. That has become the Defence Reform programme; its tenets since endorsed as a *sine qua non* by the independent SDR team, who declared that this reform of the MOD was a pre-requisite to making its own recommendations for a modernised military deliverable, and stick. (Full disclosure, I was one of the advisors who helped craft those recommendations when Healey was in opposition.)

When Healey arrived in MOD in early July '24, he found a programme called Defence Design which was also aimed at improving MOD's performance - MOD's weaknesses were well recognised. But recognition ≠ understanding. Defence Design had no 'big idea' at its core beyond 'let's try and be better', and so had become an industry of problem-polishing with no innate sense of solution. Its own briefing slides boasted that over the two years it had been running it had taken soundings from all the senior people in UK Defence: this amounted, it had calculated, to 50,000 man-hours spent by these people in 'workshops' alone. When you took those same people to one side, even the most senior would admit they struggled to understand where the programme was heading.

Quite rightly Healey insisted this programme was stopped - but he had to insist after much institutional resistance. Defence Reform replaced it; with its 'big idea' being to restructure Head Office around personal accountability for outputs and outcomes where a culture of managerialism had taken root. To give those accountable, named senior individuals the necessary agency there would be: under PUS a rebooted Department of State (DoS); under CDS a Military Strategic Headquarters (MSHQ) to command the fighting services; and under a

NAD a properly constituted National Armaments Directorate Group (NADG) to manage “The National Arsenal” in all its dimensions. In short, the DoS would set the policy and financial envelope, the MSHQ would develop actual war plans and generate the Services to fight in an integrated manner to deliver the policy, and the NADG would procure what the MSHQ needed, which is not necessarily what the individual Services might want.

With the application of some bright officers and external assistance from those consultant firms who had studied both the problem and Healey’s proposed solution much headway was made: by early December ‘24 the “outcomes and accountabilities” of the PUS, the CDS, the NAD and Chief Defence Nuclear (CDN, elevated to a similar status after the election) were codified. As were the various ‘decision trees’, which is to say in any Head Office decision-making scheme who gets to propose options, who makes and owns the final decision, who must agree (kept to a few), and who should be consulted but didn't get a vote. (This was a systemic solution to avoid what Admiral Radakin referred to as everyone getting an unaccountable veto on everything.) All these methodologies were war-gamed on genuine test cases, using real staff from subordinate HQs, with the results confirming the theory. Ultimately this fed into the SDR process, contributing to its authors’ support for the Defence Reform programme - which, being independent, they were under no obligation to give. As Christmas loomed all looked well set…

And yet… a year later, and eight months after the new DOS/MSHQ/NAD/CDN system went live on 1 April ‘25, the new structure is still being developed and implemented in practice. Much of the old structure remains; rebadged, certainly, but functioning largely as was. There are many small reasons why, but the big one is as outlined by the previous CDS in his IFG speech: thirty faces on a Zoom screen have to agree every small change, and all can agree collectively with the big picture of Defence Reform in the abstract, while privately individuals defend to the hilt their own piece of turf and/or process during the hard yards of actual implementation. Add in the idea that nothing is agreed until all is agreed, and you have a recipe for stasis.

None of this is new to seasoned observers of large public bureaucracies. When it doesn’t like the change demanded, the Civil Service (civilian and military) is a very efficient machine for regressing to the mean - there is a process for everything, which must be followed even unto illogical conclusions. And as

Radakin also reminded us in his IFG remarks, since the pandemic the number of Senior Civil Servant posts in the MOD has increased by an extra 80%. (The number of Senior military officers has increased too, by about 10%.) Some of those who were moved sideways from Defence Design on its cancellation are now, a year later, back in the burgeoning industry of Defence Reform and are holding the reins once more.

So we stagger on in a perma-crisis of Process. John Healey put much sustained effort when in opposition into thinking afresh on the MOD's chronic problems. He risked making his manifesto pledges unusually specific and made forthright pledges: "For the avoidance of doubt, this new MSHQ is a must-make, week-one change." His SDR and DR package is coherent and could be truly transformative, supported now by a Defence Industrial Strategy to be run by a hard-nosed NAD. But getting on for 18 months after the election, Defence Reform is still rather nascent in delivery.

If the Secretary of Sate is not careful, then Defence Reform could pass the unfortunate milestone of enduring longer than the unlamented Defence Design that it replaced. The difference is that Defence Reform has pointed to a future that is fundamentally different, plausible and should be better; but institutional 'Big Process', the very sclerotic processes it is trying to address, prevent it being implemented in practice. If Schrödinger did a reform programme it might look like this: simultaneously it can and cannot be done.

Say-Do Gap - stuck in the middle

One is reminded, repeatedly, of Gramsci's quote that: "The old is dying, yet the new cannot be born." What is a poor boy to do in the meantime? The 'early adopters', the visionaries and autodidacts of digitised warfare, the military entrepreneurs — with a few noble exceptions, eg the UK Special Forces Group, which has managed its own transformation quite well but it has a special and unique license — simply cannot play along with 'the old' when they know it is dead yet still sucking, zombie-like, on the lifeblood of Defence. They cannot go back on several years making the case to do differently. Hence the four young Turks who left the RAF. Those of a more careerist bent, however, have built

those careers on perpetual triangulation, always keeping powder dry and positioning to be able to jump onto the right side of the line when it is finally drawn. For them, the current impasse in the MOD is but business as usual.

Are there any grounds for optimism? Yes - but the routes to success are narrowing and fragile. Even the declaration of a *de minimis* MSHQ has seen benefits. Reserve Forces are strangely neglected in the UK, a topic worthy of its own article, despite their being essential for any serious war plans. (See earlier on Finland and Israel.) Yet at a weekend conference in October to discuss the UK's Reserve Forces, the officers from MOD who spoke, from all three services, were for once cautiously upbeat. The Reserves had moved from the jurisdiction of the Chief Defence People's area (CDP, the HR function in the DoS of the MOD) to being a force element under the director of Military Strategy and Operations (DCDS MSO) within the new MSHQ. Now the Reserve was suddenly being seen as a proper force to actually be used, not just an "unfortunate HR policy question" to be managed to the sidelines.

Similarly, within that MSO organisation the emphasis has shifted subtly but appreciably from managing current military operations in the here-and-now - such as those of recent history in Iraq and Afghanistan - to thinking hard about long term strategy and its enduring effects on our enemies. The staff from the once moribund directorate of military strategy reports great interest from ministers and CDS. Both of these issues - managing a consistent strategy and getting reserves embedded in the core - are vital if we are to be credible in deterring great power war. However, these green shoots notwithstanding, there is little evidence, yet, that the MSHQ is driving the quotidian plans and activities of the Services to a higher command's design.

If progress on the MSHQ has been steady but slow, that on the NAD has been glacial at best. Though the 'Interim NAD' (and actual named 'NAD' for NATO purposes under the previous construct), the CEO of DE&S, Andy Start, appeared to see the essence of the future model ahead of most. But when attention turned to actually building the necessary HQ staff underneath the NAD there was simply no-one, outside a few capable and experienced external consultants who had spent decades at the interfaces of Defence's supply-chains, who had the smarts and experience to do it. Most of those who did are now not involved, and so the NAD enterprise is the laggard in building the new model of Head Office.

This matters. A competent NAD able to discuss the requirements of the DIB with the big beasts of the boardrooms of the Defence primes, while relating to the vitality of the Mil-Tech start-ups, was a pivot of the new order. As was a NADG able to interact with the MSHQ to work out just what defence needed to do its job - which is the mechanism for testing and validating, or rejecting, the stuff found on the Services own wish-lists. Indeed, the MSHQ/NADG interface, directed and overseen by the DoS, was to be the motor of Defence Reform.

Why couldn't a NAD be appointed for so long, and why did the competition have to be opened for a Round #2 overseen by No10? A main reason is that glacial pace and the failure to work out the bounds of the job in any detail. Before Round#1, I spoke to several NAD candidates. All had a different expectation of what the job would entail, and the head-hunter's version spun to them was not what the original policy advisors saw it as being or what they themselves had interpreted from the limited material available. And so the candidates, unable to get clear answers from civil servants on the sort of questions that high-profile CEO's would expect total clarity over, got cold feet. Understandably.

So the recent appointment as NAD of a CEO (from Inmarsat) with a grounding in tech, space and cyber, is a good development, as procuring these software driven capacities, which are now massively important to defence, is not like buying a frigate from a preferred dockyard. He will also have a better idea than most of how advances in 'dual-use technology' can be useful for defence while also boosting our peacetime economy. But, being new to pure Defence, he will have to learn fast and he will need a very good staff beneath him, one that can do something that has not been done before in the UK in building a NAD Group with grip and real teeth. That the current MOD system can pull such a capacity together remains a huge risk.

Say-Do Gap - what we said and did at DSEI

And the absence of the NAD at DSEI was telling. To recap what was sketched earlier on the relative roles of DOS, MSHQ and NADG in building our future force, which are respectively: setting the policy direction and financial

envelope/defining ‘how we will fight’ as five integrated domains in the next war/efficiently and sustainably providing what the MSHQ needs to do that. Following this rationale, at DSEI we should have seen: CDS state how we would plan to fight in the emerging and future epochs, and so what he would demand of the three services; the NAD setting out his stall as to what that meant for the materiel needing to be procured to deliver that vision sustainably with allies; and only then the three Service Chiefs explaining how they would maximise the combat power extracted from what they were to be allocated, and how they would work with industrial partners, sister services and allies to generate those forces.

But this didn't happen despite the Defence Industrial Strategy being published during DSEI, and such a national showcase being available only every two years. And that reveals the MOD being run as it ever was, with DSEI seen as a media and comms vehicle for the usual businesses of the MOD, and no-doubt coordinated with much administrative brouhaha. What wasn’t revealed was the sense of shared purpose, of mission, of bringing together and animating a ministry and military now apparently on a “war-footing”.

Instead, we had three of the COS (CGS didn't speak, 1SL led followed later by CDS and CAS on the same day) speaking from the pulpits of the old paradigm about their own plans for developing their own services - not integrated, not according to a central design on how we will fight, and with their cumulative de facto costs not addressed, thereby reinforcing that sense of fantasy fleets being built with fantasy money.

It is simultaneously encouraging and depressing that, for example, 1SL can describe the ‘What’ and ‘Why’ of his vision of drones on carriers, digitised undersea warfare, and AI driven, unmanned ships. All this is laudable and in concert with MOD’s internal analysis since 2017 of what future warfare will look like. And yet there is no ‘How’ that underpins it with links to: a. how this is part of the integrated force of all the Services that will go to war under the MSHQ, and b. how the NAD has budgeted for this and has a plan to build it by the year suggested - 2027, which doesn’t fit this paper’s analysis of funds available - and then sustain these ‘teeth’ in wartime with the necessary materiel from the industrial ‘tail’.

What we are witnessing is a pathology that might surprise the outsider but which explains much that has gone wrong in UK Defence. Imagine you are a Service Chief. You know your force is inadequate today, but you know that you can't say that too publicly. So you rationalise this to yourself as a necessary act of self-censorship: you mustn't demoralise the current front-line or encourage our enemies (true), dying in a ditch over it and getting sacked won't help anyone (arguable), and as a strategic thinker you are playing the long game, will concentrate on arguing for the force just over the horizon, and will turn the ship around before it hits the rocks (self-delusion). It is deluded because, for the reasons already described, that planned force is continually ratcheted down by the usual games; the horizon never nears.

Hence the need to systemically reform MOD and break the systemic spiral downwards of "the usual games".

Closing the Say-Do Gap

So we are left in a precarious balance - Defence Reform has taken far too long but it has some green shoots and can be delivered. The NAD is a fledgling without parents to teach it to fly. The DOS is shell-shocked but will recover if only to answer the questions and feed the demands from the MSHQ and NADG. But there is one more, counter intuitive reason to be optimistic…

Nation-states, especially democratic ones, need time to prepare for mobilisation even before mobilisation can take place. In the late 1930s that meant cataloguing the manufacturing capacity of what was a major industrial nation - the factories of the West Midlands, the shipyards of the Tyne and the Clyde. We are no longer that socio-economy and manufacturing superpower. But we do have innovative companies, excellent research universities, and after the US and China the greatest number of AI businesses.

What we don't have yet, as a result of Schrödinger Reform, is a way of harnessing it into a coherent whole that can be mobilised. What would we have wanted to have had, were we to look back from the start of the next war? I would suggest we would have wanted those modern defence companies to have

understood the probable military demand-signal and figured out how to meet it successfully.

So the loss of some of our brightest and best from the military might not be the disaster it appears at first look. All of the four RAF officers championed earlier have gone into AI orientated, Mil-Tech firms. Most are start ups, but already well funded given the track record of the founders; one has started his own. We are, more by accident than design, and driven by a motivated private sector and private finance, starting to build the industrial base we will need for future wars even in the absence of the NAD to shape it to date.

If we look at just two companies, which are US/UK, they point to a new way of doing business; interestingly both are led by people who made their names and learned their trade building and scaling globally successful Apple innovations. Tiberius has several strings to its commercial bow, but the most intriguing of its offers is Grail: a way of buying 'lethality by the pound', using AI to find solutions to operational problems or threats, and then crowd-sourcing the componentry of the final system from a range of agile, SME fabricators. Tiberius then assembles and delivers. Several salient front-line nation-states are already showing great interest.

Similarly, Frontera will run your Strategic Defence Review in a matter of days and weeks not months and years. It will find counter-intuitive options to meet your national strategic and operational requirements within an optimised spend; you might not be able to afford a fleet of nuclear subs but there are now other ways (Mil-Tech ways) to successfully prosecute an Anti-Submarine Warfare campaign. I tested that last one and I found the results compelling. (The start-up found by the ex-RAF Intelligence Officer is Cassi-AI and is well worth a look if you need a clever way to understand forecasting and risk.)

There are many more, Callen-Lenz, Helsing, Anduril, Adarga and Palantir are now well known and well capitalised. And we could and should be doing more to provide those very innovative and now experienced Mil-Tech start-ups in Ukraine with our national, analytical capacities in Defence Intelligence, and in science and tech research via the Defence Scientific & Technological Laboratory (DSTL), which are World-class. All these companies demonstrate a real, restless energy, an appropriately forward-leaning risk appetite, and a speed of decision-making that simply is not present in any Whitehall department of state.

To be fair to the Services, they have reached out to all these companies, and more, to investigate novel options - we have mentioned the Army's Asgard, the Navy has Atlantic Bastion looking at innovative ASW and the RAF is procuring drones and counter-drone systems. And yet, this is not made properly systemic and integrated - as was demonstrated by the several pitches at DSEI. And that means that many of these apparently new systems are, at best, halfway houses between the old and the new. Some, already, look obsolescent beyond an eye-catchingly 'digital' feature - eg slow and expensive drones procured in small numbers and fielded within conventional squadron structures.

To get fully to the new paradigm as described in the SDR, since June adopted as Government policy, will require an imaginative MSHQ willing to slaughter sacred cows. And a NADG working closely with all these start-up, Mil-Tech businesses, and also the established defence primes that are still necessary for the long-duration programmes that must be put in place in peace-time before being rapidly adapted and scaled in war.

In short; even if a slowly transforming MOD has not yet built the industrial base needed to meet the demands of modern, rapidly adapting war, then the private sector, bolstered by visionary, ex-military officers who have seen the future, might do it for us. The tech is not only modernising how we fight but how we mobilise in a post-industrial society. The government is behind in creating the MOD Head Office that can embrace it, and must catch up.

Such a transformation is always much harder to do in the abstract, as the ideals of the generic 'Balanced Force', one that is held at readiness against a huge range of imaginable contingencies, intrudes and much horse-trading ensues. But we can see from those countries already mentioned that having a 'clear and present danger' focusses minds and sharpens judgements. It forces choices. It may create an 'unbalanced force' in a generic sense, but it is an internally coherent one with at least one operational capability that is strategically relevant. One doesn't have to look too closely to see that such forces then have many secondary capacities too - at least as many as a haphazardly built 'Balanced Force' built on cherished equipment programmes not combined operating concepts. Most tasks that the RAF do could be adopted by the Israeli Air Force. Finnish frigates procured to deliver the national defence plan in the Baltic then provided a valuable contribution to EU-led, counter-piracy operations in the Indian Ocean.

Let us, then, imagine such a driving mission for the UK armed forces. Happily, one immediately presents itself and has been reinforced by the recent publication of the US NSS that puts the onus firmly on Europe to defend itself. And that is the defence of the region of the combined Joint Expeditionary Force (JEF) nations. A UK initiative, the JEF pulls together in an unbinding, standing coalition of the willing ten North European nations that is now all NATO with the accession of Finland and Sweden. And which now owns about half NATO's shared border with Russia.

Planning - via real War-plans - to reinforce and defend it ***today*** would do two things: Provide a prioritised list of which capacities were truly essential, and force us to work around the unfortunate gaps in our current inventory and not fall back on 'yeah, but tomorrow…'. It would force us to be as inventive as the Ukrainians have been, and it would move each Service chief into having to create a fighting force from what they have and could reasonably commandeer in short order, rather than argue about what they want on tomorrow's 'wish list'. Inter alia, it would strengthen NATO deterrence too. And it would provide a useful forcing function for the MSHQ and NAD to grow around. (To his credit, 1SL does appear to have 'smelled the coffee' on having to go with what you have got.)

Crucially, it would force us to negotiate with the those emerging 'Mil-Tech' companies that have the capacity to scale the information age warfare materiel that we would need if the mission was, for example, create a 'drone wall', *cordon sanitaire* across the Estonian border.

It will also provide a forcing function for a rebooted Dept of State. The greatly altered circumstances of the post-US NSS era will make great demands of the MOD. It is now required to think through all the dimensions of deterrence, how the delicate balance of political positioning and credible military posturing achieves and maintains deterrence in practice. This is never easy and relies on credibility and subtle communication. As Kissinger put it: "A gesture intended as bluff but taken seriously is more useful as a deterrent than a bona fide threat interpreted as a bluff". More specific to the current geopolitics, but related via Russia to Kissinger's thoughts, Patrick Porter wrote recently:

> *"Treating Russia seriously, without triumphalism or panic, is one of the hardest challenges of statecraft today. We are in uncomfortable intermediate terrain: Russia is neither a fifteen-foot giant nor an unthreatening mosquito. It is*

deterable… And that deterrence requires NATO Europe to take more charge of its own defence, without inadvertently signalling war enthusiasm…"

…and that will require the military instrument to be built in that light, alongside those of our European allies, to be deployed and modulated in support of the politics of deterrence. Building that instrument will be the foremost task of the new MSHQ, one that will require a new approach as has been laid out in the Government's SDR and Defence Reform programme.

Sadly, the headlines as this article goes to press are depressingly redolent of the past - the Services are making the running with off the record briefs about what of the SDR is actually affordable, while trying to set the agenda for the Defence Investment Plan (DIP), which is now seriously delayed. This is in essence the traditional inter-service argument about 'kit'. We have heard little from the NAD over the DIP, a huge chunk of which will be his to deliver, nor have we heard from CDS or his MSHQ who should be setting the agenda as the war-plan writers and setters of readiness posture. CDS is presumably advising SofS discreetly behind the scenes on which Service's wish-list to prefer. In other words, business as usual.

Say-Do Gap - Consequences

Yet in every other sphere of national security it is anything but business as usual. It is too soon to write definitively about the implementation in practice of the US NSS, because the second order consequences are vitally important but impossible, yet, to number. The future of the Five Eyes intelligence sharing network being perhaps the most serious.

But one big, if general, deduction should be made. The US direction of travel is clear, and Euro-NATO will have to step up and take Article 3 much more seriously: to prepare adequately for ones own national, and also collective, defence. Done properly this would make everyone much more Finnish: defend the nation with coherent sovereign capacities as Layer 1, work with regional allies as Layer 2, deepen ones defence in depth by contributing to collective, Alliance defence posture as Layer 3. They are too polite to go public but our JEF

allies have quietly given up on UK leadership - despite our being the founder and framework nation - as they look at our 'Do' before they listen to our 'Say'. The four Scandanavian air forces have, for example, created a combined air force that achieves mass in output and economies of scale in input in treating all four as one operational force.

The US response to our SDR and related positioning over funding and nukes was its NSS. It is ironic, given the opening of this piece and its reference to bullish defence rhetoric, that we live in a time when the bluff of our rhetoric might well, finally, be called. Not, in the first instance, by our enemies but by our #1 strategic ally. We have spent 76 years since the formation of NATO maintaining an independent nuclear deterrent, spending more than our peers in NATO (stand fast the US) and fielding highly capable forces that allow us to keep a primary seat at the top table. Yet we have let that sovereign capacity slowly atrophy since 1989, and increasingly so since our concentration on the counter-insurgency campaigns in Iraq and Afghanistan. (Irony #2, largely to demonstrate our military strength and reliability to the US.) And now that Europe is crying out for a core military to step-in and provide the backbone if the US steps away, and despite that aggregate expense over many decades, it is previous laggards Poland and Germany that can now step in.

All is not yet lost. We have been here before. In 1945 the US barred the UK from the nuclear programme despite our having committed so much to it during WW2. But when the Attlee Government — with avowed Atlanticist Bevin, who was nevertheless sceptical about depending too much on America, to the fore — showed resolve and demonstrated we could go it alone and build the 'British Bomb' the US realised it would rather have the nuclear UK as a partner and invited us back in. The same political dynamics are in play today. The UK needs to close the 'Say-do Gaps', bolster European-NATO and regional defence, and demonstrate to the US that it is better off retaining us as an ally. We must accept that we are now in a World where our friends and foes respect strength - what you can actually 'Do' - much more than they care about what we 'Say'.

Conclusion

The MOD needs to reform to be able to fight in the new ways being demonstrated in pretty much every global conflict of the past five to ten years. The incoming Government inherited a Defence Enterprise in the UK that had become sclerotic. Endless reprofiling of a large defence procurement budget to meet competitive demands of the individual Services had led to a joint force that was nominally “Balanced” to meet a wide range of contingencies. But in reality it was incoherent, small and patchy in vital but unshowy military capabilities, and unsustainable logistically at wartime consumption rates.

The politics of the Trump, Xi, Putin and post-Merkel era have reintroduced with some shock the existential, nation-state threat to Europe. Led by Germany and Poland, Europe is rearming fast. The UK is caught pleading that it used to spend more than most and has always met NATO’s base criteria, and so doesn’t need to match the rest who weren’t. But that appears hollow when the UK’s frontline is the only one not growing, in fact it is shrinking in the short term. And spending plans for the future do not stand up to scrutiny and so have not filled allies or business with confidence nor adversaries with respect.

Deterrence depends on credibility. If we are seen to to be talking in a belligerent way about war but not preparing for it then we are inverting the famous Roosevelt advice to “speak softly but carry a big stick”. We risk deleteriously raising tensions with our adversaries through our rhetoric without deploying the necessary capability to beneficially alter their calculations. This is inimical to good deterrence practice.

To make that Defence enterprise match-fit for the current era the current SofS arrived with a well developed policy to reform the accountabilities of MOD Head Office and frame them on actual, war-winning outcomes. The subsequent SDR endorsed this while describing in some detail what sort of wars the Defence Enterprise would need to be able to prosecute, and so how it would need to be reshaped. But precisely the institutional lag, inertia and group-unaccountability that the reforms were intended to address has frustrated their implementation. The Defence Enterprise is now in a half-way house of transformation and stalling: it can point to individual acts of modernisation and

some structural improvements, but its core methodologies and mindset remain mostly unreformed.

The private sector has moved with much more alacrity. There is now a whole sub-set within the defence sector: innovative 'Mil-Tech' that is centred on digitally driven capability as the rapidly adaptable and scalable engine of lethality. These businesses will be the difference between winning and losing the next war. But the old UK Defence paradigm finds it difficult to deal with such rapidly evolving companies, or procure their products that are more a capacity to adapt and win than a physical weapon to put on an armoury shelf.

The UK's National Security Strategy baldly states that war is a real possibility and we must rearm. Politicians, generals and officials have used the term 'war-time footing' to create a sense of urgency. Yet the MOD has ticked along at the usual pace. The demanded reform of Head Office and its accountabilities has been slowed and Bowdlerised to the point where it may already have stalled - though there are enough green shoots to demonstrate it could work.

Grip and energy must now be applied to complete the processes begun to deliver manifesto commitments on reform, to allow the embrace of a private sector that is building the necessary, adaptable defence-industrial base, and thereby make the UK Defence Enterprise fit to fight and able to win, and so deter, the next war. In so doing it can keep alive the defence Alliance that has looked after Europe and the North Atlantic so well after 1949 - NATO - and continue to do so at a collective and individual cost that should allow us to bind the electorate, the nation, into the mission.