Trends in UK military spending

Dr. Sam Perlo-Freeman, Research Coordinator, Campaign Against Arms Trade
Key points

• UK military spending rose significantly during the 2000s due to the wars in Afghanistan and Iraq
• Cuts from 2009-2015 from austerity, then increases after Ukraine crisis
• Persistent overruns in military equipment spending plans
• Problems with measuring UK military spending - changing MOD measures, NATO figures, new effort by SIPRI to reconcile data
• Spending Review 2020 announces a large increase in 2021/22, followed by roughly level spending to 2023/24
• Increase entirely in capital expenditure, with small cuts to recurrent (personnel and operations) spending
• Focus on new military technologies such as AI, drones, cyber
UK military spending 2000-2020

MOD cash basis

Constant £m (lh scale)

Share of GDP (rh scale)

% of GDP

Constant £m (lh scale)

Share of GDP (rh scale)
Measures of UK military spending

- Main MOD measure of Defence Budget is based on “Departmental Expenditure Limits”, comprised of Resource DEL and Capital DEL
- Shifting definitions over time due to changing accounting practices, attempts to measure full cost of capital (now abandoned)
- MOD “Net Cash Requirement”, basically a cash measure, provides consistent figures over time, allows assessment of trends
- MOD budget (DEL or NCR) has often fallen below NATO target of 2% of GDP…
- But figures reported to NATO have become much higher than MOD figures, consistently reaching 2% of GDP!
- Gap has reached £6-7 billion in recent years
MOD vs NATO measure

• Figures for military spending reported to NATO have changed over time
• First change in mid 2000s was inclusion of additional operational costs
• More recently, elements added include:
  – Additional spending by Treasury on Armed Forces Pension and Compensation Schemes (AFPCS)
  – MOD civilian pensions
  – MOD self-generated income
  – Military-related spending from Single Intelligence Account
  – Operational costs paid by Conflict Stability and Security Fund
  – Spending by other departments from Joint Security Fund

• SIPRI is revising its series for UK military spending to include elements falling within SIPRI definition, where data or estimates available, see https://bit.ly/3dyUMJb
The 2020 Spending Review

- Nov. 2020: PM announces large increase in military spending up to 2024/25
- Preempts publication of Integrated Review of Defence, Security, Foreign Policy, International Development
- Increase of £16.5 billion over 4 years compared to manifesto pledge of 0.5% per year real increases, £24.1 billion (cash) increase compared to 2020/21
- Consists of 11.7% cash increase in 2021/22, then 2.6% in 2022/23, virtually flat to 2024/25 (probably below inflation)
- All real-terms increase in Capital DEL – small cuts in Resource DEL
- Malcolm Chalmers (RUSI) estimates 9.2% real increase from 2019/20 to 2024/25. Increase of 43% in Capital, fall of 2% in Resource.
## The 2020 Spending Review

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<tr>
<td><strong>Resource DEL</strong></td>
<td>29.7</td>
<td>30.7</td>
<td>31.5</td>
<td>31.6</td>
<td>31.4</td>
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<td><strong>Capital DEL</strong></td>
<td>10.3</td>
<td>10.5</td>
<td>14.4</td>
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<td><strong>Total DEL</strong></td>
<td>40.0</td>
<td>41.2</td>
<td>46.0</td>
<td>47.2</td>
<td>47.4</td>
<td>47.6</td>
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<td><strong>Net Cash Requirement</strong></td>
<td>41.0</td>
<td>42.0</td>
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New spending

- New National Cyber Force, developing offensive cyber operations, and Space Command
- Development of autonomous weapons systems including drone swarms, autonomous land vehicles
- Battlefield awareness systems, directed energy weapons
- Future Combat Air Systems (manned or unmanned)
- Confirms order of 8 Type 26 frigates, 5 Type 31, development of new Type 32, support ships for Carrier Strike Group
- Help plugging gap in Defence Equipment Plan (was £13b. Up to 2029)
- Possibly some cuts in “legacy” systems, e.g. tanks
Implications

• UK government maintains strong commitment to military power projection and interventionism – albeit with fewer troops on ground

• Whatever focus Integrated Review may bring on other threats, e.g. climate, pandemics, military security still seen as central and first priority for resources

• Focus on autonomous weapons raises huge legal and ethical concerns, also likely to lower threshold for going to war

• Front-loading of increase raises questions as to how money will be spent – risk of price-padding and “gold-plating” of specifications

• Questions as to where cuts in recurrent spending will fall
Key sources

- https://www.defenceprocurementinternational.com/features/air/uk-pm-boris-johnson-announced-16-5-billion-boost-for-defence-spending