

**SUBMISSION TO THE DEFENCE COMMITTEE INQUIRY INTO THE
OUTCOMES OF THE STRATEGIC DEFENCE AND SECURITY REVIEW
(SDSR) WITHIN THE WIDER CONTEXT OF THE NATIONAL NATIONAL
SECURITY STRATEGY (NSS)**

PROBLEM

1. David Cameron and William Hague both said that the MOD was their biggest shock and domestic challenge of 2010. This piling on top of NAO, PAC, Deloitte, Gray, Chilcot, and others' damning inquiry evidence has stung at least some senior officials to acknowledge that MOD is in a real mess. But, even now, most officials remain in denial as to the magnitude of the problem - which is nothing short of a national scandal, requiring more fundamental change than envisaged in the scope of the Liam Fox, Lord Levene, and Bernard Gray reform processes under way.
2. The problem is, however, not just about the MOD, it extends across most of Whitehall. It is sobering to reflect that UK is weaker today, and its formidable reputation seriously diminished in the 10 years after 9/11, due more to our own mistakes than anything done to us by adversaries.
3. This state of denial is institutionalized. It is extraordinary that, after all the recent failings, no one has been sacked, nor has an external commission been established to take a much broader view of the problem - although, hopefully, this may potentially be a recommended outcome of the Chilcot Inquiry.
4. The MOD and Whitehall lack neither brains nor bureaucratic competence. But both are encumbered by a lack of bold strategic leadership, stifling departmental (silo) cultures, misaligned distribution of authority and responsibility - and hence accountability - arrogance (part of the problem is that UK remains world class in some areas), and, in key parts, woefully inadequate training and experience. As the Coalition responses to the PAC Report on UK National Strategy demonstrate, few understand the need for wider than single department strategic thinking. Who is asking the big questions and doing the joined-up thinking? The Cabinet Office and NSA do not have the capacity. Which political heavy weight has the time to think beyond the urgent and pressing problems of the day impacting their own department?
5. Yet, some huge problems are coming our way beyond the next election and over the next 20 years. These demand much better and earlier attention than has occurred previously. A big hitting cabinet minister, without single department responsibility, should be appointed to focus on the wider and

strategic national interests and drive the pan-Whitehall fundamental changes required.

BALANCE AND CREDIT

6. It is important to give credit to the Coalition for establishing the National Security Council (NSC), for producing an improved (3rd edition) National Security Strategy (NSS), and for taking some vital and tough decisions to urgently address the appalling legacy security and defence issues left by the previous government. Understandably, the Coalition is focused on the deficit, Afghanistan, implementing painful cuts, adjusting security priorities and transforming the equipment acquisition process. It is also right to stress the immense challenges posed today by the increasing range of natural and man-made risks. But whilst the good news is that we may be safer from large-scale direct attack by a nation state than ever before, nevertheless never in our history have so many of us been so vulnerable to potentially large risk and impact posed by so few people dependent upon and deploying meagre resources.

ISSUE

7. The Coalition has a narrow window left to create the right structures and delivery processes underneath the NSC if the ends of the NSS are to be delivered. Otherwise Dr Paul Cornish' telling description of the SDSR last October as "higher end muddling through" will become enduring. The latest evidence suggests that the SDSR process is unraveling. The onus is also on the Coalition to explain that the NSC is more than a 'glorified cabinet committee', and why and how it believes it will succeed with MOD reform when efforts by Mrs Thatcher, Michael Heseltine, and Levene Mark One, Michael Portillo, George Robertson, John Reid and others over the last generation failed. Worryingly, it has rejected the PAC's recommended approaches for delivering a coherent national strategy and giving the NSC and NSA a modest budget and personnel enhancement. The prevailing outlook amongst experts tends to pessimism; a common view is that it will take a catastrophe and major national knock-back before we get the scale of change and agility required at the heart of government.

ENSURING DELIVERY AND TRACTION

8. Some potentially impressive remedial work is ongoing in key departments. Yet, based upon recent evidence and key ministerial statements we should not expect to close the gap between where we are and where we need to be without more fundamental shifts in thinking, structures, culture, and bolder strategic leadership.

9. The following recommendations outline a way forward that would take us beyond 'higher end muddling through' and set out some key ways and means to deliver the ends set out in the NSS.

10. A **senior Cabinet Minister for national security and strategy**, working on a par with the Foreign, Defence, and Home Secretaries, should be appointed to bring together all the new NSS and SDSR thinking and delivery structures. Owning the wider national and long-term security interest, and the day-to-day working of the NSC, this Cabinet heavy-hitter will prove critical to overcome vested interests and short-termism.

11. An **external Commission** should be established to **examine recent major failings in the MOD and across Whitehall**. A body of eminent radical thinkers should review leadership at secretary of state, senior official and senior military levels, and assess the decision-making processes applied since the Falklands War. This would complement the work of the Chilcot Enquiry, and the Defence Reform Unit headed by Peter Levene, which is already heavily loaded.

12. **Research, innovation, and education** which are directly associated with a prospering 21st century security economy must be better funded and directed. The marked decline in UK research spending, filed patents, and relative ranking with key competitors are important strategic indicators of our future prosperity and security. To counter this, a **percentage target of gross domestic product** should be set for research, innovation and education.

13. An all-disciplines **National Research Centre** should be established, closely linked to the Government Office For Science's Horizon Scanning Centre, and potentially linked to a revamped Defence Academy and Concepts and Doctrine Centre.

14. UK must **further enhance** its **cyber security**. The goal must be to deliver global top tier cyber security in order to maintain economic advantage and resilience. A civilian command and control system as robust as the military's is needed, and the political lead for cyber security should be shifted to a senior cabinet minister (secretary of state for national security and strategy - recommended above).

15. UK must reinforce its ability to take on the 30,000 people engaged in **Organised Crime** and reverse E-Crime accelerating trends, currently estimated to be costing UK up to £40 bn a year.

16. **UK Arms Control and Disarmament** efforts should be significantly increased. Nuclear proliferation and cyber are top priorities, and UK has an important leadership and exemplar role in building the new networks and dialogue that take considerable time before hard achievements can be delivered.

17. UK must enhance its **high impact event** emergency services **extremis capabilities** with a reserve cadre and mutual aid agreements with key European allies.

CONTEXT

18. **Security-Economy.** Our security and economy are more closely entwined than then ever before. The Coalition appears to have a blind spot when it rejects the PAC recommendation for a National Strategy that brings every activity of Government together. A senior cabinet minister speaking up for the wider and longer -term national interest, without vested single department interest, will enhance cabinet and NSC security-economy discussions and decision-making.

19. **Arguments Against a Secretary of State For National Security and Strategy.** The two common counter arguments raised are that it is simply not going to happen as senior cabinet ministers will not allow it, and that top level discussion in the NSC and better collaborative working across departments is now happening. However, ask whether the new post could be made to work well (not replicate the Condi Rice example), and whether in 10 years time they consider such change might have happened, and many experts are much more open-minded. As to the second counter argument, present top-level assessment, discussion, and decision-making would be improved with the wider and longer term dimension mainstreamed - currently decision-making is based mainly upon inputs from key department strategy units articulated by each senior Secretary of State. Who is focusing on the 'tomorrow' big issues, or is able to get above the 'today' pressures and warn that government is looking the wrong way as it too frequently does?

20. **Strategic Leadership.** Personality is key, but the Whitehall system appears to be designed to thwart strategic leadership. In the MOD nobody appears to be in charge. Not the Secretary of State (one of those big hitters listed in Paragraph 7 would have done better reforming it), nor the CDS (he can oversee trade-offs to achieve the least worst consensus from each single service Chief of Staff), nor the head of the Army (who does not have responsibility for equipping his brigades). As the NAO and Gray reports testify, there are far too many layers of decision makers and a woeful lack of accountability. The PAC recommends a major effort in developing a strategic culture, and similar thought needs to go into leadership training and

development. An audit of the training and experience of the top 100 Whitehall leaders would be a good start point.

21. Culture and Mindsets. Recently retired senior politicians and officials have confirmed that stifling cultures and 'group think' are major problems. One of the first cuts implemented by MOD last year was the demise of the Advanced Research and Assessment Group, the one organization charged with thinking against the grain. It had proved very effective on several important issues. But it had shown up official thinking, and was loathed by some in MOD. Just before the banking crisis, a section covering serious risk to the economy was removed from the draft NSS by the lead Whitehall experts. How many senior officials have voiced opinions and recommendations against the grain? How many have resigned on grounds of principle? How many have the much broader experience necessary in today's more complex and much more inter-connected world? Too many of the 'external' experts engaged are previous pillars of the establishment.

22. A major **pan-Whitehall review** is required. How many key department new entrants should be engaged on a career for life basis? Why are many more senior posts (including ambassadors, policy directors, permanent under secretaries) not selected from open competition? We need key decision shapers and makers to have the broader experience that comes from time spent in the private, international organization, and not for profit sectors. The brightest insiders must be seconded out. It is about time we had a senior general who had also earned his spurs as a Special Representative of the Secretary General or Force Commander in a major UN Mission. Likewise, more top civil servants should have serious eg World Bank, private, or third sector experience under the belt before being appointed to the top tier.

23. Process and Risk Aversion. The bureaucratic culture has got out of hand. There is an incredible amount of process. An external audit of time spent by personnel in MOD, the Home Office and other related areas of Whitehall not directly contributing to national security or other 'essential' work would be very instructive and drive change. Some 'desirable' as opposed to 'essential' work must go. Linked to this, and to widespread aversion to taking risk (incentives and rewards need re-examining) deeper thought needs to be given to the application of Freedom of Information legislation. Some argue that it needs calibrating against priority of effort criteria (excessive demands in some areas), and others contend that it can be significant disincentive to producing in print the more challenging ideas and proposals, as well as accurate record keeping of crucial discussions where even junior officials can be identified.

IN CONCLUSION

24. After recent experience, we are fortunate to have a Prime Minister who is strategic and who insists on proper discussion and decision-making in cabinet and the NSC. We can be reasonably confident that some recent major failings in Whitehall and MOD will be rectified. But there is a real danger that we will not get to where we ought to be - getting ahead of the pack in this increasingly complex and dangerous world - unless the Coalition rethinks its aversion to specifying and prioritizing our national interests and puts in place a firm implementation plan to deliver the substance underneath the NSC and NSS. It must act now if "higher end muddling through" is not to haunt it at the end of this Parliament.

Many of the arguments raised in this submission have appeared in Tim Cross and Nigel Hall articles published recently in Chatham House/World Today, RUSI.Org, Guardian.Org, and Times letter.

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