



House of Commons
Defence Committee

**The Defence
Implications of Possible
Scottish Independence:
Government Response
to the Committee's
Sixth Report of Session
2013–14**

**Ninth Special Report of Session 2013–
14**

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The Defence Committee

The Defence Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Defence and its associated public bodies.

Current membership

Rt Hon James Arbuthnot MP (*Conservative, North East Hampshire*) (Chair)
Mr Julian Brazier MP (*Conservative, Canterbury*)
Thomas Docherty MP (*Labour, Dunfermline and West Fife*)
Mr James Gray MP (*Conservative, North Wiltshire*)
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Bob Stewart MP (*Conservative, Beckenham*)
Ms Gisela Stuart MP (*Labour, Birmingham, Edgbaston*)
Derek Twigg MP (*Labour, Halton*)

The following Members were also members of the Committee during this inquiry.

Penny Mordaunt MP (*Conservative, Portsmouth North*)
Sandra Osborne MP (*Labour, Ayr, Carrick and Cumnock*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/parliament.uk/defcom.

The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume. Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee are James Rhys (Clerk), Dougie Wands (Second Clerk), Karen Jackson (Audit Adviser), Ian Thomson (Committee Specialist), Christine Randall (Senior Committee Assistant), Rowena Macdonald and Carolyn Bowes (Committee Assistants), and Sumati Sowamber (Committee Support Assistant).

Contacts

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Ninth Special Report

The Defence Committee published its Sixth Report of Session 2013–14 on *The Defence Implications of Possible Scottish Independence* on 27 September 2013. The Government's response to this Report was received on 12 November 2013. This is appended.

Government response

The UK Government is pleased to present its response to the House of Commons Defence Committee (HCDC) Sixth Report of Session 2013-14 *The Defence Implications of Possible Scottish Independence* (HC 198), which it welcomes as a valuable contribution to the referendum debate.

As the Committee will be aware, the UK Government's Scotland Analysis programme is producing a series of papers to inform and support the debate on Scotland's future within the UK. Since the publication of the Committee's report, the UK Government has published two papers – *Scotland Analysis: Defence* and *Scotland Analysis: Security* – as part of its effort to provide the people of Scotland with as full a picture as possible of how Scotland contributes to and benefits from being part of the UK, as well as the potential consequences of Scottish independence.

From a defence perspective, the arguments for Scotland remaining in the UK are extremely strong. As part of the UK, Scotland benefits from a very high level of security and protection provided through the UK's integrated defence capabilities and network of international defence alliances and relationships, as well as from the opportunities for industry available through the UK's single, domestic defence market and access to exports. An independent Scottish state could not come close to replicating these benefits.

We agree with the Committee's conclusions that it will be for the Scottish Government to make its case that an independent Scottish state could sustain an appropriate level of defence and security, to provide details in its White Paper about its plans for a Scottish defence force and how it proposes to finance it, and to provide more information on matters relevant to industry.

The UK Government provides for defence of the whole of the UK and all its citizens equally, acting on behalf of people in England, Scotland, Wales and Northern Ireland, as well as the Overseas Territories and UK citizens abroad. As part of the UK, Scotland benefits from every pound spent on UK defence and from the full range of UK defence capabilities and activities. These defend UK airspace, patrol the surrounding seas and help to protect everyone in the UK against both natural and man-made threats. Scotland also benefits from the UK's extensive defence engagement overseas to project influence and help to safeguard and establish peace and security in countries affected by conflict or instability, maintain competitive advantage and tackle security threats before they reach the UK.

The UK has the resources and military capabilities to deal with multiple operations and to respond rapidly to support conflict prevention and resolution and humanitarian crises. It has one of the largest defence budgets in the world at around £34 billion, funding world-class armed forces, equipment and supporting structures and services. This includes a large and increasing presence in Scotland, including major Royal Navy, Royal Marine, Army and Royal Air Force bases and other facilities and, by 2020, 12,500 regular armed forces, which generates economic benefits for communities.

Scotland, as part of the UK, benefits from the UK's strong, established global network of international relationships and alliances. The UK has a geopolitical influence that few states of similar size can match. It is a permanent member of the UN Security Council, a leading member of the EU and a founder member of NATO. And it has an extensive and longstanding network of bilateral defence relationships, principally with the US and France, and with numerous other countries around the world.

The scale of UK defence spending is a key factor in sustaining defence industry throughout the UK. The MOD spent over £20 billion with UK industry in 2011/12. Over the 10 years from 2012/13, the MOD will spend almost £160 billion on new equipment and data systems, and their support. According to Scottish Development International, the defence sector in Scotland employs over 12,600 people and has sales in excess of £1.8 billion per year. As an example, there are currently around 4,000 jobs in Scottish shipyards directly linked to the Queen Elizabeth Class aircraft carrier programme. And, as confirmed by the announcements made by BAE Systems and the MOD on 6 November, although there will be job losses at shipyards in Scotland as work on the Queen Elizabeth Class blocks finishes, BAE Systems has decided to focus its shipbuilding activity on the Clyde.

Remaining part of the UK offers certainty for people in Scotland, of continuation of their security and defence as part of the UK's comprehensive and effective existing arrangements and of the UK Government's plans for continued investment in manpower, bases and other facilities in Scotland, as well as continued investment in military equipment.

In the event of a vote for independence, an independent Scottish state would therefore lose the benefits of one of the largest defence budgets in the world and of an integrated approach to defence that currently protects all parts of the UK, while offering significant economies of scale, as well as contributing to conflict prevention and resolution, and to humanitarian operations overseas. The start-up costs and complexity of establishing separate defence capabilities for an independent Scottish state would be very significant, and would need to be factored into the Scottish Government's budget estimates.

It is notable that the most optimistic Scottish Government proposed budget that we have seen of £2.5 billion for both defence and security (including intelligence and cyber) is only about 7 per cent of the UK's combined budgets for defence, intelligence and cyber. Assuming this estimated budget was adopted, this is less than Scotland's population share of the UK. It is not clear what level of security and protection this would provide for Scotland; but it is clear that it would be much less than that provided to Scotland as part of the UK.

In the event of a vote for independence by the people in Scotland, the rest of the UK would be the continuing state, retaining membership of international organisations. An independent Scottish state would be required to apply to and / or negotiate to become a member of whichever international organisations it wished to join. If it wished to be a member of NATO, all 28 member states would need to agree unanimously to its accession.

As the Committee has noted, the UK Government's Joint Delegation to NATO facilitated a fact-finding visit by Scottish Government Officials to NATO HQ on 8 July 2013. All discussions with NATO International Staff on this and other UK policy and political issues are facilitated by the UK Joint Delegation to NATO.

Regarding the implications for defence industry, companies based in an independent Scottish state would no longer be eligible for contracts that the UK chose to place or compete domestically for national security reasons under an exemption from EU law. And where they could continue to compete, they would be bidding in a competitive international market dominated by major economic powers. They would therefore see lower domestic demand for defence goods and would lose the support to exports provided in key markets around the world through the UK's considerable levels of international defence engagement and facilitated by the UK Armed Forces' global reputation.

In the event of a vote to leave the UK, the referendum would mark the beginning of a lengthy and complex set of negotiations between the Scottish and UK Governments on the terms of independence. Negotiations would have to take place on a whole range of matters, across government including on assets and liabilities.

We note the Committee's recommendations regarding contingency planning; however, the UK Government's position remains that it is not planning for Scottish independence and cannot pre-negotiate the details of independence ahead of the referendum. There is no democratic mandate for the UK Government to do so: unless and until people in Scotland vote in the referendum to say that they wish to leave the United Kingdom, the UK Government will continue to represent all parts of the United Kingdom.

As stated in the MOD's written evidence to the Committee in October 2012, in the event of Scottish independence there would be many issues for the UK and Scottish Governments to address regarding future separate national defence and security arrangements, such as: separation of armed forces; basing; division of assets and liabilities; and potential cooperation. Negotiations to work through these would be very complex and, in the case of personnel, would touch on citizenship considerations. Without knowing what a future independent Scottish Government's approach to defence would be, there is uncertainty over the implications for defence of the UK and, in particular, for defence of an independent Scotland.

With regard to serving members of the UK Armed Forces, an independent Scottish state could not simply co-opt existing units that are primarily recruited in Scotland or based in Scotland as these are an integral part of the UK Armed Forces. Nor would this provide a coherent force. Similarly, individual members of the UK Armed Forces, in whatever units they serve, could not simply be moved into the forces of a separate Scottish state. Existing members of the UK Armed Forces would still be part of the UK Armed Forces and, as far as the UK Government is concerned, would be able to continue to serve in them, subject to the usual requirements of service.

Some personnel may wish to be allowed the option of transferring and, as made clear by the Secretary of State for Defence in his evidence to the Committee on 2 July 2013, this would be a matter for negotiation. However, it is far from clear that large numbers of current serving UK Armed Forces personnel would choose to do so. UK Armed Forces personnel can expect varied and interesting careers in one of the most highly regarded, well-equipped, technologically advanced forces in the world, providing rewarding opportunities for international and operational experience, as well as many other benefits

such as training and development, career advancement and good pay, conditions and pension.

On the question of whether the UK Government would continue to welcome recruits from an independent Scottish state, as stated by the Secretary of State for Defence in his evidence to the Committee on 2 July 2013, the UK Government would make that decision based on its perception of the UK national interest at the time.

The franchise for the referendum on Scottish independence has been set by the Scottish Parliament in the Scottish Independence Referendum (Franchise) Act 2013. The effect of the Act is that Service personnel registered in Scotland at the time of the referendum, and entitled to vote in local government elections, will be able to vote. It also extends the franchise to 16 and 17 years olds. We will be issuing a Defence Notice to all personnel setting out the position for members of the Armed Forces and their families in the near future.

Ministry of Defence officials will be working closely with the Electoral Commission as part of the annual information campaign to encourage Service personnel and their families to register to vote. All units in the UK and abroad have a unit registration officer, responsible for making Service personnel and their families aware of the need to register and of how to vote, and posters, leaflets and presentational material are made available to reinforce the message. The next campaign will be held early next year and will highlight the forthcoming referendum in Scotland. Information will also be provided for families to determine whether their 16 and 17 year old children will be eligible to vote, and on the arrangements to enable them to be registered.

Once details of the timetable for the referendum are confirmed, Ministry of Defence and Electoral Commission officials will look at the implications for Service personnel overseas in relation to postal votes. Service personnel and their families abroad are advised to vote by proxy but some may choose to register for a postal vote.