House of Lords
House of Commons
Joint Committee on the
National Security Strategy

National Security
Strategy and Strategic
Defence and Security
Review 2015

First Report of Session 2016–17

Report, together with formal minutes relating to the report

Ordered by the House of Lords to be printed 4 July 2016
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The Joint Committee on the National Security Strategy

The Joint Committee on the National Security Strategy is appointed by the House of Lords and the House of Commons to consider the National Security Strategy.

Current membership

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- Lord Boateng *(Labour)*
- Baroness Buscombe *(Conservative)*
- Baroness Falkner of Margravine *(Liberal Democrat)*
- Lord Hamilton of Epsom *(Conservative)*
- Lord Harris of Haringey *(Labour)*
- Lord Mitchell *(Labour)*
- Lord Powell of Bayswater *(Crossbench)*
- Lord Ramsbotham *(Crossbench)*
- Lord Trimble *(Conservative)*
- Lord West of Spithead *(Labour)*

The following Lords were also members of the Committee during the Parliament:
- Lord Clark of Windermere *(Labour)*
- Lord Levene of Portsoken *(Crossbench)*

**House of Commons**
- Margaret Beckett MP, *(Labour, Derby South)* (Chair)
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**Powers**

The Committee has the power to require the submission of written evidence and documents, to examine witnesses, to meet at any time (except when Parliament is prorogued or dissolved), to adjourn from
place to place within the United Kingdom, to appoint specialist advisers, and to make Reports to both Houses. The Lords Committee has power to agree with the Commons in the appointment of a Chairman.

Publication

The reports of the Committee are published by Order of both Houses. All publications of the Committee are on the Internet at www.parliament.uk/jcnss.

Evidence relating to this report is published on the inquiry publications page of the Committee’s website.

Committee staff

The current staff of the Committee are Nick Beech (Commons Clerk), Antony Willott (Lords Clerk), Ashlee Godwin (Commons Committee Specialist), Rebecca McLoughlin (Commons Committee Assistant), William Jones (Lords Committee Assistant), and Alex Paterson (Media Officer).

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Summary

The United Kingdom must have security. The National Security Strategy and Strategic Defence and Security Review 2015 (NSS & SDSR 2015) sets out how the whole of government will deliver that objective. This Report examines whether the strategy is fit for purpose.

The NSS & SDSR 2015 did not address possible security implications of the United Kingdom leaving the European Union. That omission may have been politically expedient, but following the referendum on 23 June 2016, a detailed analysis of any such implications should begin immediately.

The NSS & SDSR 2015 prioritised the pursuit of security through international trade and investment. In so doing, it highlighted economic possibilities and marginalised security risks. That policy has underpinned increased foreign involvement with United Kingdom Critical National Infrastructure (CNI). Foreign ownership of the UK’s CNI may reduce the Government’s control over key technology and investment decisions and raises potential security vulnerabilities.

Cyber is one of four primary security challenges cited by the NSS & SDSR 2015. As the Government prepares its second five-year cyber security strategy and programme, we have identified key cyber security gaps. The partnership between the Government and the private sector on cyber security is not yet productive. And a lack of cyber skills is a barrier to the Government’s goal of creating a vibrant cyber economy that is resilient to fast-changing threats. We welcome the Government’s recent efforts to lead on cyber, while recognising that much more remains to be done.

The armed forces are a key element of the full spectrum response to threats to the UK and its interests. The NSS & SDSR 2015 addressed some of the capability gaps and negative perceptions about the UK’s defence capacity following the SDSR 2010. We are concerned, however, that the armed forces will not be funded to fulfil the wide-ranging tasks described in the NSS & SDSR 2015. In addition, despite the Government’s commitment to NATO’s target of spending 2% of GDP on defence, the changed economic climate following the UK’s vote to leave the EU may see a real-terms reduction in the defence budget.
1 Introduction

1. The Joint Committee on the National Security Strategy (JCNSS) is a Select Committee of both Houses of Parliament. Our primary function is “to consider the National Security Strategy”. The Committee was formed in this Parliament in November 2015. The National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom was published on 23 November 2015. We agreed to examine the National Security Strategy and Strategic Defence and Security Review 2015 as our first inquiry of the 2015 Parliament.

2. We published inquiry terms of reference and a call for evidence on 4 February 2016. We took oral evidence from right hon. Oliver Letwin MP, Chancellor of the Duchy of Lancaster, Sir Mark Lyall Grant, National Security Adviser and Conrad Bailey, Director of the Strategic Defence and Security Review and Defence in the Cabinet Office National Security Secretariat. In addition, we took oral evidence from a panel of academics who study national security. We are grateful to all those who submitted oral and/or written evidence to our inquiry. We also thank our Specialist Advisers, Professor Malcolm Chalmers, Professor Michael Clarke and Professor Sir Hew Strachan, for their input.

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1 Standing Order No 152I, Standing Orders of the House of Commons relating to public business 2016, 10 February 2016, accessed 5 July 2016
2 The inquiry terms of reference can be found on the Joint Committee on the National Security Strategy website.
3 This report addresses the NSS & SDSR 2015, which was published seven months before the June 2016 referendum on the UK’s membership of the European Union. We held our final evidence session one month before the referendum. We nevertheless refer to the referendum outcome where it is of direct and immediate relevance to the topics covered by the inquiry.
4 The declarations of interests by Professor Malcolm Chalmers, Professor Michael Clarke and Professor Sir Hew Strachan are available in the Committee’s Formal Minutes 2015–16.
2 Creating the National Security Strategy

Planning

3. The NSS & SDSR 2015 was planned in parallel with the Spending Review. Two days after the publication of the NSS & SDSR 2015, the Chancellor of the Exchequer, right hon. George Osborne MP, introduced the Government's Spending Review and Autumn Statement 2015. The Spending Review set out budget allocations to Government Departments including those charged with the implementation of the NSS & SDSR 2015. The National Security Adviser told us that the Government had learned lessons from the 2010 review process, when there “was a bit of a divergence between the review and the spending round and quite a lot of scrabbling and back-engineering to try to make that work.” Oliver Letwin explained that

We did it explicitly and consciously in tandem with the expenditure review to ensure that as we worked out what mattered most to us to defend against, we also worked out what we could afford to spend on doing it. We iterated between those two until we got to the point where we felt that we had allocated resources in a way that was proportionate.

4. The 2015 review process began before the May general election. This allowed time to assess the domestic and international security environment. Unlike in 2010, however, the results of this assessment were not published. The Government’s assessment of the security environment therefore did not benefit from expert analysis.

5. Our predecessor Committee in the 2010–15 Parliament criticised the limited consultation with external experts on the development of the NSS and SDSR in 2010. Academic witnesses questioned the effectiveness and scope of the expert consultation on the NSS & SDSR 2015. Professor Patrick Porter, Academic Director of the Strategy and Security Institute, University of Exeter, told us that while the assumptions underlying the NSS & SDSR 2015 might have been “very well founded, … the point is to have a process which lifts it out of the axiomatic into thinking in a calculated way.” He recommended institutionalising “friendly dissent” within the review process, using “red teams” tasked with providing alternative viewpoints to ensure the premises of the strategy are subject to robust testing.

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5 HM Treasury, Spending Review and Autumn Statement 2015, Cm 9162, November 2015, pp 25–30
6 Oral evidence taken on 1 February 2016, HC (2015–16) 644, Q28
7 Q67
8 The then Labour Government published its Green Paper entitled Adaptability and Partnership: Issues for the Strategic Defence Review on 3 February 2010, three months before the 2010 general election and eight months before the NSS 2010 and SDSR 2010 were published. MOD, Adaptability and Partnership: Issues for the Strategic Defence Review, Cm 7794, February 2010
10 Qq4–6
11 Q6 [Professor Porter]
12 Professor Patrick Porter (NSS0002)
6. We welcome the implementation of our predecessor Committee’s recommendation to allow more time for review and for engagement with external experts in developing the NSS & SDSR 2015. Such engagement must, however, be more than a tick-box exercise and must include a robust examination of the substance of the security strategy. Looking ahead, the Cabinet Office should build on its achievement in engaging external expertise by forming ‘red team’ panels to challenge the assumptions underpinning the next security strategy.

Public access

7. The NSS & SDSR 2015 is by design a public strategy. We heard that the public nature of the strategy limited its content. For example, an open discussion of security vulnerabilities and specialist capabilities might threaten national security. And public discussion of tensions with a competitor state might increase international tension. If the NSS & SDSR is intended to be a practical guide to decision-making, then a more detailed ranking and analysis of threats, opportunities and priorities are required. This might take the form of a classified element to the NSS & SDSR or of more detailed classified strategies on specific aspects of the NSS & SDSR for use within government.

8. The Cabinet Office should produce classified analysis that prioritises specific threats and opportunities to inform decisions taken by policy-makers, diplomats, the security and intelligence agencies and the armed forces.

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13 Q2; oral evidence taken before the Defence Committee on 24 November 2015, HC (2015–16) 626, Q4
14 Oral evidence taken before the Defence Committee on 24 November 2015, HC (2015–16) 626, Q5
3 The National Security Strategy

9. Giving evidence before our predecessor Committee in January 2014, the Prime Minister David Cameron said that the National Security Strategy needed a “refresh” rather than a “complete overhaul”. The NSS & SDSR 2015 was, however, more than a “refresh”. The four primary challenges identified in the document reflect the significant changes in the security environment since 2010, such as the resurgence of state-based threats, the growing role of non-state actors in international affairs and changes to the UK’s priorities and commitments. For example, combat operations in Afghanistan and Iraq shaped UK defence policy for almost a decade and were at the heart of the NSS 2010 and SDSR 2010; the NSS & SDSR 2015 barely touched on Afghanistan despite ongoing commitments.

10. Oliver Letwin told us that, as in 2010, the Government’s aim was to “develop a set of actions and capabilities [in the NSS & SDSR 2015] that are flexible and that give us maximum flexibility in the face of changing threats.” The National Security Adviser told us that it would be taken as a sign of success if the NSS & SDSR 2015 did not have to be updated before 2020. However, he added that reviewing the NSS & SDSR 2015 was an option if “something absolutely fundamental changes”. It is not clear, however, what the Government would deem “fundamental” in this context given that the NSS 2010 and the SDSR 2010 were not updated despite major unforeseen events such as the Arab Spring, which precipitated instability across the Middle East and North Africa, and the Russian annexation of Crimea. In our view, formal action by the UK to leave the European Union is a “fundamental” change that merits a new NSS & SDSR (see paragraphs 89–93).

National security begins at home

11. The NSS & SDSR 2015 signalled a shift in the logic underlying the UK’s national security. Previous security reviews have focused on the need to shield the UK’s interests and citizens from threats. However, the NSS & SDSR 2015 stressed the need to build domestic resilience to threats, building security ‘outwards’ from a strong and resilient UK society. We were struck by the unprecedented emphasis in the NSS & SDSR 2015 on domestic resilience. For example, a “strong, diverse and resilient society” was among the first of the UK’s ‘assets’ listed in Chapter 2, which explained that the strategic vision for the UK is to be “strong, influential, global”. The UK’s resilient society was listed before the capabilities and agencies that are conventionally cited as the foremost providers of UK

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17 Despite its prominence in defence debates since 2001, and particularly since 2006, Afghanistan is mentioned only twice in relation to UK policy in the NSS & SDSR 2015, once as part of a high-level outline of the UK’s ongoing commitments and once with reference to the promotion of women’s rights in peacebuilding efforts.
18 Q74
19 Oral evidence taken on 1 February 2016, HC (2015–16) 644, Q31
20 Oral evidence taken on 1 February 2016, HC (2015–16) 644, Q49
22 HM Government, National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom, Cm 9161, November 2015, para 2.4
security, such as the armed forces, security and intelligence agencies, law enforcement and the diplomatic service. We also noted the emphasis throughout the NSS & SDSR 2015 on building resilience ‘from the ground up’, in partnership with industry and society.23

12. The NSS & SDSR 2015 is the first security review to state the armed forces’ domestic role explicitly and in detail. The role of the armed forces has traditionally been focused on providing defence of the UK and its interests abroad, with limited, targeted support to UK civil authorities in the event of an emergency.24 The NSS & SDSR 2015, however, established the expectation that the armed forces will provide defence within the UK. One of the eight military missions set out in the NSS & SDSR 2015 was to “Defend and contribute to the security and resilience of the UK and Overseas Territories.”25 This involves, for example, keeping 10,000 troops on “standby” to assist UK domestic authorities in responding to “significant terrorist incidents” in the UK.26 The NSS & SDSR 2015 also outlined continual collaboration between the armed forces and civil authorities. The Royal Navy and law enforcement agencies, for instance, are tasked with working together to increase patrolling of the UK’s territorial waters.27 There is a lack of clarity, however, as to which body will lead this effort.

13. The emphasis in the NSS & SDSR 2015 on strengthening the resilience of the UK and its citizens, and on using all available capabilities to achieve this, is welcome. However, the document provides insufficient detail on the specific activities required to build domestic resilience within civil society, ‘from the ground up’. For instance, the NSS & SDSR 2015 stated the Government’s intention to “expand and deepen [its] partnership with the private and voluntary sectors, and with communities and individuals, as it is on these relationships that the resilience of the UK ultimately rests.”28 However, the document does not say how the Government will achieve this. Similarly, the NSS & SDSR 2015 stated that the Government will manage the flood risk by building “the strongest possible partnerships with local authorities, utility companies and businesses” but it did not say how the Government will do this or how the effects of this activity will be measured.29

14. The NSS & SDSR 2015 placed unprecedented emphasis on domestic resilience, marking a shift in approach to national security. We welcome the change in focus from shielding the UK’s interests and citizens from threats to strengthening the UK’s domestic resilience to threats. All capabilities available to the Government, including the armed forces, should be used to make the UK more resilient. However, the NSS & SDSR 2015 provided insufficient detail on the specific activities required to build domestic resilience within UK civil society.

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23 See, for example, HM Government, National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom, Cm 9161, November 2015, para 1.15, 2.4 and 3.37
24 The armed forces have occasionally been called upon to provide support to UK civilian authorities in responding to domestic emergencies, such as flooding.
A whole-of-government approach

15. The NSS & SDSR 2015 marked a further shift towards a whole-of-government approach to national security.\(^{30}\) This was facilitated by the role of the Cabinet Office, and specifically the National Security Secretariat, in directing the 2015 review process from the centre of government, with input from relevant Departments and agencies.\(^{31}\)

16. In 2010, the NSS provided a high-level outline of the prevailing strategic context, the vision for the UK’s role in the world, the risks to the UK’s national security and an overview of the UK’s response to these risks. This response was divided into eight “National Security Tasks”.\(^{32}\) These tasks formed the basis of the SDSR 2010, which began by exploring them in more detail.\(^{33}\) The SDSR 2010 then discussed defence, the nuclear deterrent, “wider security”,\(^{34}\) alliances and partnerships, and implementation and structural reform in turn.

17. The NSS & SDSR 2015 was structured around three “National Security Objectives”. These were to:

(1) Protect our people

(2) Project our global influence

(3) Promote our prosperity.

The NSS & SDSR 2015 sought to set out a whole-of-government approach to national security that would achieve those objectives. The chapters addressing each of these three objectives brought together all relevant capabilities and tools from across government, regardless of which Department was formally tasked with providing them.

18. It is unclear how the Government established its National Security Objectives or how they relate to one another. For example, the NSS & SDSR 2015 does not explain how projecting influence abroad contributes to the security of the UK’s territory, interests and citizens or supports prosperity. A fuller discussion of how the three objectives were intended to address the security challenges facing the UK would have provided both a stronger foundation for Chapters 4–6, which focus on the delivery of the three objectives, and more detailed guidance for policy-makers in prioritising policies and resources. Such a discussion, perhaps in a separate chapter, would also have helped to explain the allocation of commitments and capabilities between the three objectives. Military activity, for example, is split between the chapters on protecting our people (Chapter 4), projecting our global influence (Chapter 5) and promoting our prosperity (Chapter 6).

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30 The Coalition Government began this process in 2010 through its establishment of national security structures at the centre of government, including the National Security Council and National Security Secretariat in the Cabinet Office (see paragraph 107).
31 The 2010 review process was led by the MOD, with parallel tracks of work run in other Departments and agencies.
32 HM Government, A Strong Britain in an Age of Uncertainty: The National Security Strategy, Cm 7953, October 2010, p 33
34 This chapter in the SDSR 2010 addressed the prominent but wide-ranging threats to the UK’s national security set out in the National Security Risk Assessment 2010. These included terrorism, instability and conflict overseas, cyber security, civil emergencies, energy security, organised crime, border security and counter proliferation and arms control.
19. We welcome the stronger emphasis on a whole-of-government approach to national security in the NSS & SDSR 2015. It is an important step in creating and delivering cross-government responses to the threats facing the UK. A more substantial discussion of the three National Security Objectives, the links between them, whether and how they can be traded off against each other, and how they are intended to tackle threats to UK national security would have provided a sound foundation for the rest of the NSS & SDSR 2015 and for future policy-making.

Merging the National Security Strategy with the Strategic Defence and Security Review

20. The NSS and SDSR were merged into a single document for the first time in 2015. Oliver Letwin told us that the merging of the two documents was an “advance” on previous practice, because it linked the strategy with the Government’s decisions on investments and capabilities.\(^{35}\)

21. Merging the NSS with the SDSR obscured the guiding principles behind the various sub-strategies that are informed by the NSS. Those sub-strategies cover policy areas as varied as counter-terrorism and counter-extremism, cyber security, serious and organised crime, aid and bio-security. A fuller discussion of the three National Security Objectives would have helped to clarify these guiding principles (see paragraphs 17–18). The merger also obscured the 89 commitments set out in the SDSR. Those key commitments are scattered throughout four chapters of the document with nothing to distinguish them beyond the use of bold font, which is used across the document in other contexts.

22. It is unclear whether merging the NSS with the SDSR was driven by presentational requirements or whether it was the product of a joined-up process where strategy was combined with decisions on investments and capabilities. Sir Mark Lyall Grant told us that he had suggested merging the two documents in September 2015, when he took up the position of National Security Adviser weeks before the publication of the NSS & SDSR 2015.\(^{36}\) However, Oliver Letwin stated that the NSS and SDSR were “tied together” and developed in tandem with the Spending Review over the course of six months in mid-2015.\(^{37}\)

23. The primary goal of the NSS and SDSR process is to set out (a) what the UK wants to achieve; (b) how it intends to achieve it; and (c) what capabilities are required. The NSS & SDSR 2015 does not achieve that presentational goal. The Cabinet Office must review the presentation of the NSS & SDSR 2015. SDSR commitments must be numbered and include a timeframe for completion to enhance transparency and accountability.

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\(^{35}\) Q72

\(^{36}\) Oral evidence taken on 1 February 2016, HC (2015–16) \(644\), Q28

\(^{37}\) Q73
National security and prosperity

24. The NSS & SDSR 2015 treated national security and prosperity as two sides of the same coin. The Prime Minister’s Foreword to the NSS & SDSR 2015 repeated a phrase he used in the NSS 2010, namely that “Our national security depends on our economic security, and vice versa.” However, the NSS 2010 prioritised economic security above national security, stating that “Our ability to meet these current and future threats depends crucially on tackling the budget deficit.” In contrast, the NSS & SDSR 2015 struck a more even balance between national security and prosperity. It set out investment to meet the diverse threats to the UK, while recognising the imperatives of balanced budgets and the importance of trade and global prosperity to national well-being. That thinking was evident in the 2015 Budget settlement for the Departments and agencies with the greatest involvement in national security, when the budgets for the Ministry of Defence, the Home Office and the Department for International Development remained stable in real terms, while both the Foreign and Commonwealth Office and the security and intelligence agencies benefited from significant budget increases.

25. Some commentators argued that national security remained of secondary importance to prosperity in the NSS & SDSR 2015. Giving evidence to the Defence Committee, Peter Roberts, Senior Research Fellow at the Royal United Services Institute, pointed out that the Government’s “economic grand strategy is front and centre in this review”, making “defence and security firmly subservient to those economic ends”. The Oxford Research Group pointed out that a strong impression is given [in the NSS & SDSR 2015] that the UK government is more interested in commercial and trade opportunities with emerging economies than fundamental problems of national and international security. A great deal of emphasis is placed on UK companies being able to access foreign markets and on expanding arms exports, with the UK itself being ‘open for business’—including to repressive regimes such as China, with whom the government hopes to ‘build a deeper partnership’.

26. We asked Oliver Letwin whether he had observed national security trumping economic security in government decision-making. He replied that the security implications of collaboration with another country had been judged too great to allow economic co-operation on a number of occasions. He added that it is right to keep such judgments continually under review.

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38 HM Government, National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom, Cm 9161, November 2015, Foreword by the Prime Minister; HM Government, A Strong Britain in an Age of Uncertainty: The National Security Strategy, Cm 7953, October 2010, Foreword by the Prime Minister and Deputy Prime Minister
39 HM Government, A Strong Britain in an Age of Uncertainty: The National Security Strategy, Cm 7953, October 2010, Foreword by the Prime Minister and Deputy Prime Minister
41 Oral evidence taken before the Defence Committee on 24 November 2015, HC (2015–16) 626, Q1
42 Oxford Research Group (NSS0007) para 1.4
43 Q52
China

27. One common point of discussion among expert commentators was the handling of the UK’s relationship with China in the NSS & SDSR 2015. Professor Porter described this passage of the NSS & SDSR 2015 as “an unbalanced, overly ‘commercial’ conception of [the UK’s] relationship with China” born of “wishful thinking”. One commentator writing in *The Economist* highlighted the Government’s willingness to take economic, political and diplomatic gambles in relation to China, an approach that he labelled the ‘Osborne Doctrine’.

28. The NSS & SDSR 2015 was overwhelmingly positive about China. It listed a range of areas in which the Government intended to collaborate with China, including climate change, antimicrobial resistance, terrorism, economic development in Africa, peacekeeping, North Korea’s nuclear programme, organised crime, cyber crime and migration. It set specific objectives for China to become “our second biggest export destination within the next decade” and for London to be established as “the leading global centre for renminbi products and services, across banking, asset management and insurance”. It sounded two cautionary notes on relations with China. First, it stated that “We do not expect to agree with the Chinese Government on everything”. Secondly, it warned that “Despite considerable progress, China still faces significant challenges in delivering the necessary reforms for a more sustainable growth model.”

29. We note the “diplomatic ambiguity” of bilateral relationships in a multipolar world (see paragraph 47). And we acknowledge the constraints imposed by having a public national security strategy, which, for reasons of diplomacy, reduced the scope for a frank and open assessment of the merits of individual bilateral relationships (see paragraphs 7–8). However, the positive characterisation of the UK’s relationship with China set out in the NSS & SDSR 2015 failed to take into account a range of fundamental concerns. Those concerns included China’s worsening human rights record, allegations that China is ‘dumping’ excess industrial products on the global market and is sponsoring cyber espionage, and China’s aggressive militarisation of the South and East China seas. China’s policy in the South and East China seas is fuelling tensions with the UK’s allies in the Asia-Pacific region such as Japan, which the NSS & SDSR 2015 described as a "like-minded..."
partner” of the UK. Although the NSS & SDSR 2015 mentioned China and cyber security once in the same paragraph, it did so to highlight co-operation between the two countries. In short, it highlighted the economic possibilities and marginalised the risks.

30. The overwhelmingly positive assessment of China set out in the NSS & SDSR 2015 may undermine the UK’s global standing and reputation among its allies. The nature of Chinese President Xi Jinping’s state visit to the UK in October 2015 reportedly concerned the UK’s allies. The Financial Times stated that

> Britain’s traditional allies regard this behaviour as bizarre at best and craven and dangerous at worst … A senior adviser to US policymakers described the UK as “the only place where China is truly influential right now because they are so desperate for Chinese investment.” … One senior western intelligence officer commented: “The most charitable spin we can put on the current China policy of the British government is to say it is a pure mercantilist, unprincipled, self-serving decision aimed at attracting short-term investment. The big question is whether it actually works.”

31. The position on China set out in the NSS & SDSR 2015 contradicted the weight attached throughout the same document to promoting “core British values”, such as democracy, the rule of law, accountable government and institutions, human rights, freedom of speech, property rights and equality of opportunity. The NSS & SDSR 2015 repeatedly described those “core British values” as a “golden thread” that engenders security and prosperity.

32. We asked the National Security Adviser to comment on the imbalanced analysis of the UK’s relationship with China in the NSS & SDSR 2015. He assured us that the National Security Council discussed not only the economic partnership but all aspects of the bilateral relationship:

> the National Security Council has discussed China twice since the election [in May 2015], and of course all those issues were discussed in the course of those meetings. [The NSS & SDSR 2015 …] highlights the fact that one of the four threats or challenges we face is state-based threats … The South China sea was an issue before the document was produced, and it is taken into account in the document.

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50 HM Government, National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom, Cm 9161, November 2015, para 5.71

51 The UK’s security interests in the Asia-Pacific are also formalised in the multilateral Five Power Defence Arrangements, agreed in 1971 with Australia, New Zealand, Malaysia and Singapore. This series of multilateral treaties commits the five parties to consult each other immediately in the event or threat of an attack on Singapore or Malaysia to decide what measures should be taken jointly or separately in response. It does not commit the UK (or any of the parties) to military intervention. Malaysia and China have asserted rival claims over territory in the South China Sea.

52 HM Government, National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom, Cm 9161, November 2015, para 5.74

53 “Britain’s red-carpet welcome for Xi baffles traditional allies”, The Financial Times, 18 October 2015

54 HM Government, National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom, Cm 9161, November 2015, para 1.6

55 Oral evidence taken on 1 February 2016, HC (2015–16) 644, Q22
Oliver Letwin supported the National Security Adviser’s analysis. He told us that the Government had its “eyes open” when it came to China:

[The Chancellor’s] and our collective strategy is to recognise that China, like it or not, is one of the great economic powers of the world that is emerging, and to recognise that that entails having a set of trading and economic relationships with China, if we want this country to prosper in the future, but to do that with our eyes open and to ensure that, in a whole series of ways, we guard against various kinds of issue and threat in such a way as to give ourselves proper protection. I do not think at all that those are two incompatible propositions, but obviously they need to be managed.56

33. A positive, productive relationship with China and the promotion of liberal values are not mutually exclusive. However, a balanced characterisation of the UK’s relationship with China in the NSS & SDSR 2015 would have helped to avoid the appearance that the Government is pursuing two fundamentally incompatible policies. The Cabinet Office might consider the model used in the United States 2015 National Security Strategy, which adopted a nuanced approach in assessing the country’s relationship with China and set out both ambitions and concerns.57

**Critical National Infrastructure**

34. The prioritisation of economic security over potential security vulnerabilities is evident in the increasing trend towards foreign ownership of UK Critical National Infrastructure (CNI). The Government defines CNI as:

Those critical elements of infrastructure (namely assets, facilities, systems, networks or processes and the essential workers that operate and facilitate them), the loss or compromise of which could result in:

a) major detrimental impact on the availability, integrity or delivery of essential services—including those services, whose integrity, if compromised, could result in significant loss of life or casualties—taking into account significant economic or social impacts; and/or

b) significant impact on national security, national defence, or the functioning of the state.58

CNI includes sectors such as transport, communications, emergency services and energy.

35. The NSS & SDSR 2015 stated that foreign investment in the UK’s CNI is accepted only after an “appropriate assessment of any national security risks, and mitigation”.59 Bearing that point in mind, we examined the proposal to build the first new nuclear power station in a generation at Hinkley Point in Somerset, which is led by EDF (an 85% state-owned French energy provider) and part-funded by the state-owned China General

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56 Q75
57 The White House, National Security Strategy, February 2015
58 Centre for the Protection of National Infrastructure, “The national infrastructure”; accessed 22 June 2016
Nuclear Corporation (CGN). This example highlighted how the Government may lose control over investment and technology decisions when CNI is funded and operated by foreign entities.

36. In September 2015, the Chancellor of the Exchequer told the House of Lords Economic Affairs Committee that Hinkley Point C is central to the Government’s strategy to “make sure the lights stay on”, as it is expected to supply around 8% of the UK’s energy by 2025. However, the future of the new nuclear power station is in doubt. EDF has delayed making a final decision on whether to proceed with construction several times as costs have spiralled. The European Commission may block the French Government’s plans to assist EDF with an aid package worth €3 billion, and the UK’s vote to leave the EU has cast further doubt over the project’s future. Concerns have also been expressed about the viability of the nuclear technology involved, given delays in the construction of two other European Pressurised Reactor (EPR) plants in Flamanville (France) and Olkiluoto (Finland).

37. The Hinkley Point C case raised important questions about the potential security consequences of foreign involvement in the UK’s CNI. Concerns have been raised that Chinese involvement in the UK’s nuclear power infrastructure will jeopardise UK national security.

There is a big division between the money men and the security side … The Treasury is in the lead and it isn’t listening to anyone—they see China as an opportunity, but we see the threat.

Another anonymous source told The Times that the Security Service could never know whether hidden capabilities had been built into the plant’s software. Such capabilities might leave the UK open to nuclear blackmail.

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60 The financial package announced during the October 2015 state visit to the UK by China’s President Xi Jinping also included funding for nuclear power stations at Sizewell in Suffolk and Bradwell in Essex.
61 “£18bn Hinkley Point nuclear power station plan could be ‘coming to a grinding halt’”, The Independent, 22 April 2016
63 “EDF executive fought to half £18bn Hinkley Point”, The Times, 5 May 2016; “EDF’s real problem is Flamanville not Hinkley Point”, The Financial Times, 14 May 2016
65 “Nuclear deal with China is threat to UK security”, The Times, 16 October 2015
38. The National Security Adviser sought to reassure us that alongside dedicated legal and regulatory frameworks, processes have been established to ensure that security risks to the UK’s CNI are managed and that mitigation is implemented on a case-by-case basis. In relation to Hinkley Point C, Oliver Letwin, who is the Minister with responsibility for the resilience of UK infrastructure, told us that

We are very confident, because we have gone into it with our eyes open, that we know exactly what will be going on if Hinkley is built and who will have access to what. … we know that we are having an economic partnership there with a party that may have other interests, and we have our eyes open about that.

39. Foreign ownership of the UK’s Critical National Infrastructure may reduce the Government’s control over key technology and investment decisions. This could make it difficult for the Government to mitigate risks to the infrastructure project in question, as has been shown in the case of the proposed nuclear power station, Hinkley Point C. Foreign ownership of CNI also raises the possibility of security vulnerabilities.

40. We recommend that the Government conducts thorough, continual security assessments of all foreign-owned CNI projects. It is essential that the Government is prepared to veto proposals that do not provide adequate reassurance on potential security vulnerabilities.

Alliances, partnerships and multilateral organisations

41. The NSS & SDSR 2015 set out an active, global role for the UK that involved allies, partners and active engagement with multilateral organisations. It began with a discussion on the UK’s security relationships with states and multilateral organisations in the “Euro-Atlantic area”. The Euro-Atlantic area is the geographical region which is naturally of greatest importance to UK national security, although this was not explicitly stated in the NSS & SDSR 2015. NATO and the United States were addressed first, affirming that they remain the touchstones of UK security. The document then addressed the centrality of defence co-operation with France since the Lancaster House Treaty of 2010, and the growing weight of Germany in security matters. The discussion then turned to key Eastern European and Scandinavian defence partners, the EU and the “Eastern neighbourhood”, all of which have grown in importance as NATO has sought to increase co-operation in the face of assertive foreign policy choices by Russia since 2014.

42. The second part of the section on “Allies, partners and global engagement” addressed “The wider world”. However, the NSS & SDSR 2015 did not identify which relationships are of greatest importance to the UK. Instead, it referenced approximately 50 countries, multilateral organisations and groupings in quick succession without providing a clear sense of which of those security relationships were vital to the UK rather than desirable or aspirational. It did not address how those relationships might be developed and what resources might be allocated to doing so.

66 Letter from the National Security Adviser to the Chair of the Joint Committee on the National Security Strategy, submitted 10 March 2016, following an oral evidence session on 1 February 2016.
67 Q51
69 The UK’s referendum on its membership of the European Union is discussed further in paragraphs 89–93.
70 Oral evidence taken before the Defence Committee on 24 November 2015, HC (2015–16) 626, Q2 [Professor Gearson]
43. The NSS & SDSR 2015 did not mention areas where the UK might have different interests or priorities from its allies, or where there might be political, military or geographical limits to UK co-operation. For instance, it stated that the UK armed forces are capable of deploying alone, rather than with allies, through NATO or as part of a coalition, but it did not identify situations in which such a deployment might be necessary.\(^{71}\)

44. The NSS & SDSR 2015 did not examine the strains on the UK’s relationship with the United States, caused in part by the announcement in 2011 of the US ‘pivot’ to the Asia-Pacific. These strains have eased somewhat over the past two years. The need to defeat the Islamic State of Iraq and the Levant (ISIL) in Syria and Iraq and the challenge of assertive Russian foreign policy have prevented the US from pursuing its ‘pivot’ to the Asia-Pacific as quickly as had been intended. Nevertheless, this remains a key United States foreign policy objective and its implications for the UK’s relationship with the United States merited examination.

45. Prime Minister David Cameron told our predecessor Committee in January 2014 that the UK was pursuing its own ‘pivot’ to Asia, implying that the UK was not out of step with the United States.\(^{72}\) However, the UK’s approach to the Asia-Pacific region is primarily economic, while the United States has placed greater emphasis on its military posture in the region. This divergence in approach has not gone unnoticed in the United States. Nevertheless, we continue to be engaged with the US and other allies in, for example, the Five Power Defence Arrangements and as a signatory to the ceasefire in Korea.

46. We asked Oliver Letwin whether he detected any ‘cognitive dissonance’ in the UK’s relationships with states such as China, which offers trade opportunities as well as posing security challenges (see paragraphs 27–33), and Saudi Arabia, which has long been considered a good security partner in the Middle East but has been widely described as an exporter of extremism.\(^{73}\) He told us that, unlike during the Cold War:

> The world does not come packaged neat. You usually find that there are reasons why you would want to do something and reasons why you would want to do something else, and you have to balance these.

Having said that, I think it is also terribly important that we should distinguish between different kinds of partnership with different kinds of partner. Not all of the tensions can be resolved in this way, but many of them can, to a great degree. … Similarly, the fact that we may find ourselves in an important partnership with a country such as [Saudi Arabia] in a particular domain does not imply that we have the same kind of partnerships that we have with other countries in other domains.\(^{74}\)

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74 Q51
47. Professor Porter suggested that one way to deal with what he described as “diplomatic ambiguity”, where a country can be both a partner and a rival, is to “game it out” behind closed doors. This would involve working through hypothetical scenarios where key national interests come into conflict. One might game out the consequences of, for example, the United States seeking to pressure the UK into taking a firmer military posture in relation to China or a call from Japan, which the NSS & SDSR 2015 described as a close ally, for support in its territorial disputes with China.

48. *In producing the next NSS & SDSR, the Cabinet Office should ‘game’ hypothetical scenarios where the UK’s relationships with key allies and partners are called into conflict. That process would help to establish which aspects of the UK’s key relationships are the most important.*

**Deterrence**

49. The NSS & SDSR 2015 introduced “full spectrum” deterrence to persuade “adversaries” that the benefits of any attack on the UK, its citizens or its interests would be outweighed by the consequences. The discussion of deterrence in the NSS 2010 and the SDSR 2010 was framed in traditional defence terms, emphasising the role of the armed forces in deterring would-be state aggressors and the role of nuclear weapons as the “ultimate means to deter the most extreme threats” to both the UK and its NATO allies. The NSS & SDSR 2015 added “diplomacy, law enforcement, economy policy, offensive cyber, and covert means” to the capabilities that will be used to deter those who might threaten UK security. It also stated that these capabilities, as well as the security and intelligence agencies, will be used to stay ahead of adversaries and to deny them the opportunity of attacking UK interests and citizens.

50. There is little discussion, however, of what full spectrum deterrence will mean in practice and how the various capabilities will be brought together from across government. The only tangible outcomes discussed related to the security and intelligence agencies, which are set to benefit from an additional £2.5 billion in funding and 1,900 new staff. The NSS & SDSR 2015 did not explain what is expected of the various Departments and agencies contributing to deterrence, or how they should adjust their activities and allocation of resources.
Armed forces

51. The NSS & SDSR 2015 stated that the Government will invest in “agile, capable and globally deployable Armed Forces to protect the UK and project our power globally”. In that context, the armed forces are expected to contribute to the Government’s National Security Objectives to “protect our people” and to “project our global influence”. As discussed in paragraph 18, the armed forces’ role was discussed in the two chapters relating to these objectives in the NSS & SDSR 2015. Chapter 4 set out the Government’s vision for the future force structure and related capabilities, known as Joint Force 2025. It also identified eight missions for the armed forces. Chapter 5 explored the role of the armed forces in projecting the UK’s global influence. This included activities such as training and advising partners’ militaries, building interoperability with allied militaries and contributing to international stability by securing global sea lanes.

52. Adaptability was at the core of the Future Force 2020 vision set out for the armed forces in 2010. Joint Force 2025 requires even greater adaptability by the armed forces by 2025, however, in order to “tackle a wider range of more sophisticated potential adversaries”. The announcements in the NSS & SDSR 2015 on military personnel and capabilities reflected the Government’s ambition to create a military force that can not only deter and respond to threats posed by states with advanced military capabilities, but compete in the full spectrum of operations, disrupt international terrorist networks that pose a threat to the UK’s global interests and support crisis response at home and abroad.

Capabilities

53. The NSS & SDSR 2015 has been commended for correcting “some of the more serious capability gaps created by the 2010 Review”, such as the procurement of maritime patrol aircraft. Expenditure on equipment was bolstered by an increase in 10-year equipment spending from £166 billion for the decade 2015–16 to 2024–25 to a total of £178 billion over the decade from 2016–17 to 2025–26. Having confounded expectations of further reductions in capabilities, the NSS & SDSR 2015 was reportedly well received in senior
military circles.\(^{90}\) In addition, the UK’s allies, including the United States and France, reacted positively to the increased investment in the armed forces.\(^{91}\) James de Waal, Senior Consulting Fellow on International Security at Chatham House, told us that the plans set out in the NSS & SDSR 2015 contributed to a sense that “Britain is back” after the cuts made under the SDSR 2010.\(^{92}\)

54. Despite the increase in expenditure, concerns were expressed about the capabilities set out in the NSS & SDSR 2015. Those concerns included:

- The sustainability and effectiveness of the Joint Force 2025 expeditionary force of 50,000 troops. Dr David Blagden of Exeter University’s Strategy and Security Institute described the 50,000 target as “a very ambitious tooth-to-tail target”, given the size of the “base force”.\(^{93}\)

- The apparent crossover between the 50,000 troops of the Joint Force 2025 expeditionary force and those troops engaged in ongoing operations, such as that in Iraq, or held on ‘standby’ to deal with emergencies in the UK. These include assisting civil authorities in the event of a significant terrorist incident or flooding;\(^{94}\)\(^{95}\)

- Potential capability gaps in Joint Force 2025 as a result of the lead time required to develop the new capabilities announced in the NSS & SDSR 2015. It is unlikely, for example, that the maritime task group centred on two new aircraft carriers and F-35 Lightning aircraft will be fully operational and effective by 2025, due to both the time it takes to bring such capabilities into service and long-standing delays to the F-35 programme.\(^{96}\) The operations undertaken by this carrier group will also depend on the availability of an escort fleet to protect the aircraft carriers. Peter Roberts warned that the 19 destroyers and frigates of the Royal Navy’s surface fleet will be unable to perform the increasing number of missions set for them under the NSS & SDSR 2015.\(^{97}\) In that context, Professor John Gearson, Director of the Centre for Defence Studies at King’s College London, described the NSS & SDSR 2015 as “postponing, or … accepting, significant risk and pushing it further and further away … to the middle of the next decade”.\(^{98}\)

The reliance on foreign suppliers and foreign ownership of UK-based defence industry and suppliers could also pose a risk to the UK’s ability to deliver the equipment set out in the NSS & SDSR 2015.

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\(^{91}\) Supplementary written evidence submitted by James de Waal

\(^{92}\) Supplementary written evidence submitted by James de Waal

\(^{93}\) Oral evidence taken before the Defence Committee on 24 November 2015, HC (2015–16) 626, Q17 [Dr Blagden]


\(^{95}\) The NSS & SDSR 2015 specified that 10,000 troops will be kept on standby to assist in responding to a significant terrorist attack. HM Government, National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom, Cm 9161, November 2015, para 4.98

\(^{96}\) "Huge question marks over Cameron’s pair of £6bn aircraft carriers", The Guardian, 23 November 2015


\(^{98}\) Q3 [Professor Gearson]
55. The NSS & SDSR 2015 addressed some of the capability gaps and negative perceptions about the UK’s defence capacity following the SDSR 2010. Nevertheless, it is questionable whether Joint Force 2025 will meet the national security challenges faced by the UK. We are concerned that the UK will remain exposed in the short term while the newly announced capabilities are developed.

56. The Ministry of Defence must clarify whether in practice the expeditionary force envisaged as part of Joint Force 2025 will draw on armed forces personnel already on operations or kept on standby to assist civil authorities in dealing with emergencies in the UK. It must also set out progress on developing Joint Force 2025 capabilities.

Personnel

57. On the size of the armed forces, the NSS & SDSR 2015 announced an increase in the Royal Navy and the Royal Air Force by a combined total of 700 personnel. It reaffirmed the Government’s previous commitments to maintain a regular Army of 82,000 personnel and a combined Reserve force of 35,000 personnel.

58. Despite the commitments set out in the NSS & SDSR 2015, we remain concerned about military manpower. The proposed force structure included a low level of “spare capacity” to provide flexibility and resilience in unexpected emergencies. The small increase in Royal Navy personnel will have little effect on a service described in December 2013 by the then Chief of the Defence Staff General Sir Nicholas Houghton as being “perilously close to its critical mass in man-power terms”. When General Houghton made that comment, the Royal Navy employed almost 34,000 personnel.

59. It has proved difficult in practice to maintain a Reserve force of sufficient numbers trained to required levels. The target for the total Reserve force is 35,000 personnel. On 1 April 2015, the Reserve force stood at 31,260 personnel, just below the April 2012 level of 31,470. The difficulty in maintaining the Reserve force was due to moves towards a part-time force, rather than a contingency force, and ongoing challenges in relation to employer culture.

60. The recruitment and retention of Regular military personnel may be impaired by salary increases fixed at 1% per annum, which is significantly below the forecast growth in national average earnings of 3.3% per annum over the next four years, as set out by the Treasury in March 2016.

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102 Supplementary written evidence submitted by James de Waal


104 “Defence employment”, House of Commons Library, April 2016

105 “Defence employment”, House of Commons Library, April 2016

106 Oral evidence taken before the Defence Committee on 24 November 2015, HC (2015–16) 626, Q23 [Dr Tuck, Dr Blagden and Professor Porter]

61. Despite the Government’s commitment to maintain the size of the Regular Army at 82,000 and to increase the Royal Navy and Royal Air Force by a total of 700 Regular personnel, the manpower fielded by the UK armed forces is inadequate bearing in mind the range, complexity and potential concurrency of tasks expected of them. In addition, the current establishment will not facilitate the effective use of the state-of-the-art equipment to be purchased as a result of the NSS & SDSR 2015. This situation is exacerbated by ongoing difficulties in maintaining sufficient numbers of trained Reserves.

Civilian staff

62. The NSS & SDSR 2015 detailed plans to reduce the MOD civilian headcount by almost 30% to 41,000 by 2020 in order to achieve efficiency savings of £9.2 billion. The proposed reduction in civilian personnel came on top of the 30% cut in MOD civilian personnel made since 2010. It is questionable whether this scale of efficiencies can be made without reducing the MOD’s capacity to formulate and deliver policy. Peter Roberts pointed out that in order to meet this target, the MOD would:

shed its most valuable—and most costly—people and will do so at a time when it is increasingly saying that it is going to be pulling back in a lot of that corporate knowledge that it was previously giving out to primes or other experts. So … you are going to … cut entire layers of corporate knowledge and expertise who will be responsible for delivering these major programmes over 10 years.

63. We asked Oliver Letwin what such a substantial reduction in MOD civilian staff might mean for the Ministry’s ability to deliver the NSS & SDSR 2015. He stated that

I am confident that the reduction in civilian personnel is totally consistent with the delivery of the commitments in the SDSR, and so is the Defence Secretary. I have not heard the slightest suggestion from him—I do not expect to over the next four years—that he is unable to deliver the commitments for which he is responsible because of the efficiencies for which he is responsible. He is signed up to both of them equally.

64. There is a risk that the planned 30% reduction in the MOD civilian headcount by 2020 could undermine the Ministry’s ability to deliver the NSS & SDSR 2015. The MOD should review the impact of the proposed 30% reduction in civilian headcount by 2020 on policy formulation and delivery and place its analysis in the public domain.

109 “Steady as she goes: the outcome of the 2015 SDSR”, RUSI Briefing Paper, 23 November 2015
111 Oral evidence taken before the Defence Committee on 24 November 2015, HC (2015–16) 626, Q6 [Mr Roberts]
112 Q79
Budget for defence

65. The NSS & SDSR 2015 was underpinned by the Government’s commitment to meet the NATO target of spending at least 2% of GDP on defence “for the rest of the decade”. On the basis of economic forecasts made by the Office for Budget Responsibility (OBR) in November 2015, this amounted to a real-terms increase in the MOD budget of 0.5% each year up to and including 2020–21, rising from a baseline budget of some £34.3 billion in 2015–16 to almost £38.1 billion by 2019–20. Furthermore, the November 2015 Spending Review allocated the MOD approximately 60% of the new Joint Security Fund, which equated to an approximate increase of £2 billion over five years. Under the NSS & SDSR 2015 and November 2015 Spending Review, therefore, MOD core spending is set to increase by 3.1% in real terms over the four years from 2015–16 to 2019–20, which contrasts with the real-terms reduction in spending of 8.5% between 2010–11 and 2015–16.

66. However, a recent Defence Committee Report concluded that the Government’s commitment to NATO’s 2% target does not mean that defence will be adequately resourced. We share this conclusion. The budget settlement for defence relies on the UK’s GDP growing at the rate forecast by the OBR in November 2015. However, in March 2016 the OBR admitted that that forecast appeared to be optimistic. The UK’s vote to leave the EU in June 2016 may well affect the growth of the UK economy in the foreseeable future. In the weeks preceding the referendum, major international organisations such as the International Monetary Fund and Organisation for Economic Co-operation and Development warned that the UK economy would stagnate, if not fall into recession, following a vote to leave the EU. A May 2016 report by the UK-based Institute for Fiscal Studies (IFS) highlighted analysis that UK GDP might be reduced by between 2.1% and 3.5% in 2019 as a result of Brexit. The IFS continued: “A hit to GDP of this magnitude would imply a hit to the public finances, after taking account of the reduced EU contribution, of between £20 billion and £40 billion in 2019–20.” In that context, even if the new Government were again to commit to spending at least 2% of GDP on defence, a stagnant or contracting UK economy might mean that the defence budget would be reduced in real terms. This would impact on the ambition and capabilities set out in the NSS & SDSR 2015.

113 HM Treasury, *Summer Budget 2015*, HC 264, July 2015, p 2
114 “Spending matters: defence and security budgets after the 2015 Spending Review”, RUSI Briefing Paper, May 2016, pp 1, 4
67. The NATO minimum requirement for defence spending would not have been fulfilled in 2015 had UK accounting practices not been modified, albeit in ways permitted by NATO guidelines.\textsuperscript{121} For example, the MOD included more than £1 billion in war pensions and MOD civilian pensions within the 2015 return to NATO.\textsuperscript{122}

68. We welcome the Government’s commitment to meet the NATO target of spending at least 2\% of GDP on defence. However, we are concerned that the changed economic climate following the UK’s vote to leave the EU will see the defence budget reduced in real terms, reversing the November 2015 decision to make additional funding available for defence. We are also concerned that the NATO minimum spending target would not have been fulfilled in 2015 if UK accounting practices had not been modified, albeit in ways permitted by NATO guidelines.

69. Delivery of the NSS & SDSR 2015 is reliant on the reinvestment of efficiency savings of £9.2 billion, which are planned for the next five years. The MOD’s access to the Joint Security Fund reportedly depends on that target being met.\textsuperscript{123} Approximately £2 billion of those savings will be made through the deletion of lower-priority items from forward plans, while efficiencies have been identified by Front Line Commands and through the planned 30\% reduction in the MOD’s civilian headcount.\textsuperscript{124} When we asked Oliver Letwin about the risk of relying on the reinvestment of such substantial efficiency savings, he replied that there is no ‘Plan B’.\textsuperscript{125} He added:

\begin{quote}
The figures quoted in paragraph 4.61 [of the NSS & SDSR 2015] are totally consistent with the implementation of the review, precisely because we designed it in that way as we were working through it.\textsuperscript{126}
\end{quote}

70. The MOD will need to meet increased staff costs due to the ending of contracting-out from employers’ National Insurance contributions, which took effect from 1 April 2016, and the additional employers’ superannuation contributions announced in the March 2016 Budget. Taken together, those initiatives will add more than 1\% to the MOD’s 2019–20 budget, which will offset the planned increase in the defence budget set out in the November 2015 Spending Review.\textsuperscript{127}

71. The MOD may struggle to make the efficiency savings of £9.2 billion expected of it over the next five years. This ambitious target presents a significant risk to the delivery of the defence capabilities set out in the NSS & SDSR 2015. We are concerned that the planned increases in the MOD’s budget, as set out in the November 2015 Spending Review, will be offset by increased public sector employee costs.

\textsuperscript{121} Defence Committee, Second Report of Session 2015–16, \textit{Shifting the Goalposts? Defence expenditure and the 2\% pledge}, HC 494, April 2016, para 11
\textsuperscript{124} “Spending matters: defence and security budgets after the 2015 Spending Review”, RUSI Briefing Paper, May 2016, p 7
\textsuperscript{125} Q78
\textsuperscript{126} Q79
72. **We support the inclusion of the armed forces as a key element of the Government’s full spectrum response to threats to the UK and its interests. We are concerned, however, that the armed forces will not be able to fulfil the wide-ranging tasks described in the NSS & SDSR 2015 by 2025 with the capabilities, manpower and funding set out in the same document.**

**Cyber**

73. Cyber security is one of the Government’s top national security priorities. The National Security Risk Assessment (NSRA) 2015, like the NSRA 2010, identified ‘Cyber’ as a top-rank risk. The NSS & SDSR 2015 highlighted “The impact of technology, especially cyber threats” as one of the four primary security challenges facing the UK. In 2011, the then Coalition Government established the national Cyber Security Strategy and the National Cyber Security Programme. The total cost of this five-year programme was £860 million. The NSS & SDSR 2015 set out the Government’s plans to maintain and develop those activities. A new five-year cyber security strategy will be launched in 2016, which will guide the work of the second five-year National Cyber Security Programme. The NSS & SDSR 2015 announced a significant increase in spending on cyber over the next five years. The Government plans to invest £1.9 billion “in protecting the UK from cyber attack and developing our sovereign capabilities in cyber space.”

**Leadership and accountability**

74. The magnitude of the challenge posed to national security by cyber is due to three factors. The first is its scale. The spread of networked technology has revolutionised how people communicate, consume information and access services. This has impacted on how businesses and the Government operate. Most, if not all, Government Departments are involved in developing and implementing policy relating to cyber. The second factor is the complexity of the cyber challenge. A cyber attack covers a wide range of malicious activity, from phishing, to state-sponsored cyber espionage. Cyber attacks are conducted by a growing range of state and non-state actors with diverse motivations. The final factor is the pace at which cyber threats are evolving. Speaking at GCHQ in November 2015, the Chancellor of the Exchequer said that “we have to run simply to stand still. The pace of innovation of cyber attack is breathtakingly fast, and defending Britain means that we have to keep up.”

75. The NSS & SDSR 2015 set out the Government’s broad objectives relating to cyber. These included ensuring that we have “all the necessary components to defend the UK from cyber attack” and that the UK maintains its global leadership in cyber through the

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131 Phishing is an attempt, often by e-mail, to trick the recipient into giving away sensitive data such as bank details.
implementation of “tough and innovative measures”. The NSS & SDSR 2015 did not analyse the types of cyber threat that the UK faces and the motives of the growing range of cyber actors now said to be threatening the UK. It also did not explore key new concepts such as offensive cyber and cyber deterrence. Those points should be addressed in the next National Cyber Security Strategy, which is due later this year.

76. The nature of the opportunities and challenges in relation to cyber demands a truly cross-government response with strong leadership from the centre. Until recently, such leadership has not been apparent. An array of initiatives, industry standards and guides have been launched in the past five years. However, businesses seeking advice or support have not been provided with a single point of contact. The Government has recently sought to address the absence of strong, central leadership and to consolidate its efforts. In July 2015, the Government established the National Security Council (NSC) Cyber Sub-committee, chaired by the Chancellor of the Exchequer and attended by Ministers from across government. The NSS & SDSR 2015 also announced a new National Cyber Security Centre, which will be launched later this year, to act as a single point of contact for businesses on the technical aspects of cyber security and to respond to cyber incidents.

77. The lines of responsibility and accountability on cyber within Whitehall are unclear. Responsibility for cyber policy is apparently divided between at least three Ministers. The Chancellor of the Exchequer chairs the NSC Cyber Sub-committee, which Oliver Letwin told us makes “the decisions required in order to make the cyber-strategy become real”. Cyber security is also listed among the responsibilities of right hon. Matthew Hancock MP, Minister for the Cabinet Office and Paymaster General, and Mr Edward Vaizey MP, Minister for Culture and Digital Economy in the Department for Culture, Media and Sport. It is unclear which Department or agency has lead responsibility for providing support to government decision-making on cyber, with the Office of Cyber Security and Information Assurance, the new National Cyber Security Centre and GCHQ all seemingly involved. That dispersal of responsibility for cyber across government makes it difficult to establish how cyber policy will be scrutinised and by whom.

78. We welcome the Government’s recent efforts to consolidate previous cyber initiatives and to establish strong leadership on cyber. The Cabinet Office should clarify the lines of ministerial responsibility in relation to cyber policy-making, which would facilitate effective scrutiny by Parliament. It should publish a clear outline of those structures on its website.

137 Q84
Private sector engagement

79. The NSS & SDSR 2015 emphasised the role of the private sector in developing the UK’s resilience to cyber attack, and in particular the role of those companies that own or operate the UK’s CNI.139 The National Security Adviser told us that

The private sector has to take its own responsibility and has to spend its own resources on protecting itself … The Government can … give assurances [,] test those defences [and] help with expertise … but it is not the Government’s responsibility to look after the entire cyber-security of the country. It is our responsibility to look after certain key national infrastructures that could also be attacked and are in the public domain.140

Oliver Letwin told us that the Government’s engagement with the private sector is one area in which it is being both “tough and innovative” in relation to cyber policy:

we are being innovative because we are creating a national cyber centre staffed out of GCHQ, but drawing in others, to make sure that we go through line by line what those industries are actually doing; and we are exposing to them very precisely what kinds of threats they face and what kinds of actions they need to take to protect themselves. That is the innovative bit. The tough bit is that we have drafted legislation that we would be prepared to bring in if they do not co-operate. We are seeking to reach voluntary agreements with them under that threat, so to speak.141

Legislation may be necessary given the admission made in May 2016 by Matthew Hancock that the Government’s aim of raising awareness of cyber security among businesses has not necessarily translated into action.142

80. The private sector shares responsibility for the maintenance of the UK’s cyber security with the Government. However, the partnership between the Government and the private sector on cyber security is not yet productive. We therefore welcome the initiatives announced in the NSS & SDSR 2015 on facilitating engagement with the private sector.

Cyber skills

81. One of the four objectives of the 2011–16 Cyber Security Strategy was to build “a UK that has the cyber knowledge, skills and capability it needs”.143 A range of activities was implemented through the first National Cyber Security Programme to address the cyber skills and education gap in the UK. Those measures cost £32.8 million, which amounted to some 4% of the budget.144 They included changes to the national curriculum, apprenticeships, school competitions and programmes involving GCHQ, and a scheme, Cyber First, to encourage more students to undertake science-based degrees at university.

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140 Oral evidence taken on 1 February 2016, HC (2015–16) 644, Q71
141 Q87
82. The NSS & SDSR 2015 included the acceleration and scaling up of initiatives to promote the development of cyber skills. It also set out several new measures aimed at addressing the cyber skills gap.\(^1_{45}\) The National Security Adviser told us that some of the increased budget will be devoted to the development of skills. He added that the budget will be used to fund the recruitment of experts into government, which has previously been hindered by its inability to match salaries offered by the private sector.\(^1_{46}\) Oliver Letwin admitted that although he is not concerned about the quality of people currently employed by government to work on cyber-related issues, he is worried about the number of sufficiently qualified people available to government and businesses alike.\(^1_{47}\)

83. **The emphasis on cyber-related education and skills in the 2011–16 National Cyber Security Programme was not matched by a similar level of financial investment, which comprised only 4% of the total programme budget. The cyber skills gap is a barrier to the Government’s goal of creating a vibrant cyber economy that is resilient to fast-changing threats.** *The allocation of the five-year National Cyber Security Programme budget must reflect the strategic imperative to develop cyber skills.*

### Budget for cyber security

84. The NSS & SDSR 2015 announced a significant increase in spending on cyber security from £860 million in 2011–16 to £1.9 billion over the next five years. That increase reflected the Government’s prioritisation of cyber security and its ongoing struggle to “keep pace” with the threat.\(^1_{48}\) Oliver Letwin told us that the assessment of the importance and fast-changing nature of cyber threats had prompted the Government to take an unusual approach in setting the budget for the next National Cyber Security Programme. Rather than matching the policy ambition with resource constraints, the Government established a “generous estimate” of what could be spent by the relevant agencies that already exist or are being created.\(^1_{49}\) He added:

> There is therefore a lot of money available relative to the size of what we started with. I hope, therefore, that it will be more than adequate. I do not think, at the moment, that the issue is money. At the moment, the issue is ensuring that people do things that we know they need to do—and, in some cases, that we know we need to do—which have not yet been done.\(^1_{50}\)

Mr Letwin’s remarks indicated that the Government is not doing as much as it would like on cyber security. It will be difficult to assess how effectively the expanded budget is being disbursed given that opportunities and threats in relation to cyber space develop rapidly.


\(^{146}\) Oral evidence taken on 1 February 2016, HC (2015–16) 644, Qq65, 67

\(^{147}\) Q92

\(^{148}\) Oral evidence taken on 1 February 2016, HC (2015–16) 644, Q46

\(^{149}\) Q90

\(^{150}\) Q90
Cross-government funds and units

85. The NSC and its related structures within the Cabinet Office were established in 2010 with the aim of entrenching a strategically coherent whole-of-government approach to national security. The NSS & SDSR 2015 sought to strengthen cross-departmental collaboration through:

- The announcement of six new “issue-focused” policy-making and delivery Joint Units (for Euro-Atlantic Security Policy, International Counter-Terrorism Strategy, Arms Control and Counter Proliferation, Exports Controls, Gulf Strategy and UN Peacekeeping), all of which will be established in 2016; 151
- The creation of new cross-departmental funds (such as the Joint Security Fund, the Prosperity Fund and the Defence and Cyber Innovation Fund);
- Increasing the budgets of many existing cross-government funds, such as the Conflict, Stability and Security Fund (CSSF), which will increase from £1 billion in 2015–16 to more than £1.3 billion a year by 2019–20. 152

Although cross-departmental collaboration on specific policy issues is not new, the scale and strategic emphasis of those initiatives are unprecedented.

86. It is unclear how the cross-government initiatives set out in the NSS & SDSR 2015 will be managed, evaluated and scrutinised. For example, the International Counter-Terrorism Strategy Unit, which was the first joint unit to be established, is jointly funded by the Home Office and the Foreign and Commonwealth Office. It reports to both the Home Secretary and the Foreign Secretary, which blurs accountability. 153 We were surprised to learn from Oliver Letwin that no single Minister has responsibility for the CSSF, which is instead overseen by a board staffed by officials, which is in turn accountable to a group of Ministers. That arrangement prompted the question how the performance of the CSSF is evaluated not only against the regional strategies established by the NSC to guide the use of its funds, but in terms of its strategic impact. It is also unclear how the development of a culture of integration across Whitehall is being assessed and by whom.

87. We welcome the aspiration set out in the NSS & SDSR 2015 to entrench a whole-of-government approach to national security in Whitehall. The Cabinet Office must set out how it will measure the effectiveness of cross-departmental units and funds and of the development of a cross-government culture of collaboration.

88. We were surprised to learn that no single Minister has responsibility for the Conflict, Stability and Security Fund (see paragraph 109). In May 2016, we launched an inquiry examining the CSSF. The inquiry’s terms of reference are available on the Joint Committee on the National Security Strategy website. We welcome written submissions addressing the operation of the CSSF.

Significant omissions

European Union

89. We were surprised and disappointed that the NSS & SDSR 2015 omitted to discuss the implications of a vote for the UK to leave the European Union in the June 2016 referendum. The vote to leave the EU will arguably lead to the most radical change in the UK’s place and role in the world since the withdrawal from east of Suez at the end of the 1960s. Yet the NSS & SDSR 2015 devoted only one paragraph to the referendum on the UK’s membership of the European Union:

We are negotiating with our partners to agree EU reforms that will make it more competitive, flexible and democratically accountable, to benefit all 28 member states and to address the concerns of the British people. This would make the EU a stronger partner for economies around the world that want to invest. We will hold a referendum on our membership of the EU by the end of 2017.154

90. When the NSS & SDSR 2015 was published in November 2015, the Prime Minister’s renegotiation of the UK’s relationship with the European Union was still under way and the date for the referendum had not been set. Nevertheless, it was known then that the referendum was due before the end of 2017 and therefore within the five-year period covered by the NSS & SDSR 2015. Despite the sensitivity of the ongoing negotiations, we expected the Government at least to set out what action would be required in the short term following a possible vote for the UK to leave the European Union. Those next steps might have involved establishing an interim or entirely new NSS & SDSR once the economic implications of the UK’s exit from the EU had emerged.155

91. We consider it a failing on the part of the Government that it did not address possible security implications of the UK leaving the European Union. The next Government must address any such security implications of the UK’s changed place in the world as a matter of urgency. Planning for a new NSS & SDSR, starting with a detailed analysis of the changed security environment, should begin immediately.

92. We expected the NSS & SDSR 2015 to address what action would be required in the short term following a vote for the UK to leave the European Union. The failure to outline a plan to address that contingency indicated the prioritisation of political interests above national security. If the National Security Strategy is to be credible, it must prioritise the maintenance of national security above political expediency. Planning for a new security review, starting with a detailed analysis of the changed security environment, should begin immediately.

93. The European Union is facing significant security challenges, such as large-scale migration and an emerging domestic terrorist threat. These challenges also have implications for the UK, regardless of whether it is a member of the European Union. A new NSS & SDSR must address how the UK will engage with these issues from outside the EU.

155 “Would a new SDSR be needed after a Brexit vote?”, RUSI Briefing Paper, June 2016
Climate change

94. Climate change is a long-term threat to UK national security. The NSS & SDSR 2015 listed it as one of five risks “which remain important and need to be addressed”.\textsuperscript{156} However, it is not accorded headline status in the NSS & SDSR 2015, despite its being a likely factor in at least two of the top-ranked risks in the NSRA 2015, namely ‘Major Natural Hazards’ and ‘Instability Overseas’, and a possible factor in at least two others, namely ‘International Military Conflict’ and ‘Public Health’\textsuperscript{157}. Bearing in mind that the NSS & SDSR 2015 was published just days before the Paris Climate Change Conference in December 2015, the Government missed an opportunity to signal the UK’s commitment to tackling climate change and to set a path for other countries to follow.

Learning lessons

95. The NSS & SDSR 2015 stated that “Over the last five years, we have learned lessons from operations in Libya, Afghanistan, the Middle East, Sierra Leone and elsewhere.”\textsuperscript{158} The mechanism by which these lessons have been learned over the past five years is not obvious. For example, the Chilcot inquiry has only recently published its in-depth findings on the UK’s involvement, including its military action, in Iraq in 2003–09.\textsuperscript{159} Similarly, no formal review has been conducted of the UK’s military interventions in Afghanistan and Libya.

96. We noted the increasing emphasis on a cross-departmental approach to conflict over the past decade. We also noted the emphasis on a whole-of-government approach to national security in the NSS & SDSR 2015. We feel that the NSS & SDSR 2015 missed an opportunity to institutionalise cross-government processes for learning lessons. These lessons relate not only to conflict resolution and stabilisation, but to national security in general. A more detailed explanation of the Government’s proposal in the NSS & SDSR 2015 to establish a virtual National Security Academy might have developed cross-government processes for learning.\textsuperscript{160}

\textsuperscript{156}HM Government, National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom, Cm 9161, November 2015, para 3.36–3.43

\textsuperscript{157}Resource scarcity linked to climate change is a possible trigger of military conflict between states.

\textsuperscript{158}HM Government, National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom, Cm 9161, November 2015, para 4.36


\textsuperscript{160}HM Government, National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom, Cm 9161, November 2015, para 7.19
4 Decision-making on national security

National Security Risk Assessment

97. The NSS & SDSR 2015 was informed by the classified National Security Risk Assessment (NSRA) 2015. The NSRA 2015 grouped domestic and overseas risks to the UK in three tiers. The methodology used to create the NSRA 2015 is set out in Annex A to the NSS & SDSR 2015. The process does not appear to have changed since 2010, when the first NSRA was produced.\(^{161}\) As in 2010, a range of risks over a five-to-20-year timeframe was analysed, expressed in a matrix of likelihood and plotted against impact. The NSC then placed these risks into three tiers, according to a judgment of the combination of both likelihood and impact. For example, tier one included those risks deemed the highest priority “based on high likelihood and/or high impact”.\(^{162}\)

98. The NSS & SDSR 2015 stressed that “This is not a simple ranking of their [the risks’] importance”.\(^{163}\) It added:

The NSRA is intended to inform strategic judgement, not forecast every risk.
Many of the risks are interdependent, or could materialise at the same time.
Our approach to risk management will need to take this into account.\(^{164}\)

The NSRA 2015 and the three tiers of risk are intended to guide policy prioritisation and resource allocation in conjunction with other assessments, such as the Global Strategic Trends series produced by the MOD’s Development, Concepts and Doctrine Centre, strategic intelligence assessments produced by the Joint Intelligence Committee and departmental analysis. Allies and external experts also provided input.\(^{165}\)

99. In 2014, our predecessor Committee recommended that “as part of its planning for the next NSS, the National Security Secretariat should develop a methodology which enables the impact and likelihood of risks to be considered alongside the amount of government effort and resources that are being deployed to mitigate it.”\(^{166}\) In February 2016, the National Security Adviser told us that “the mitigation that is already in place” was a third factor considered as part of the NSRA 2015 process. He cited cyber as an example of a policy area which was deemed a serious and high-impact threat which was not yet subject to sufficient mitigation.\(^{167}\)

100. Previous and ongoing efforts to mitigate risks to UK national security were considered as a factor alongside likelihood and impact in the production of the National Security Risk Assessment 2015. We welcome the adoption of this recommendation by our predecessor Committee in the 2010–15 Parliament.

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\(^{161}\) The NSRA was refreshed in 2012.


\(^{165}\) Oral evidence taken on 1 February 2016, HC (2015–16) 644, Q43


\(^{167}\) Oral evidence taken on 1 February 2016, HC (2015–16) 644, Q46
A flawed approach?

101. Analysts have questioned whether a risk-based approach to security is appropriate. Dr Blagden listed the following constraints to the methodology underpinning the NSRA 2015:

- The use of a matrix to assess the likelihood and potential impact of a particular risk relies on assigning qualitative values to variables for which there is inevitably little high-quality quantitative data;\textsuperscript{168}

- The categorisation of risks into broad types and tiers fails to recognise potential links between threat types—for example, between ‘Cyber’ and ‘International Military Conflict’ in tier one, or between ‘International Military Conflict’ and ‘CBRN Attack’ in tiers one and two respectively.\textsuperscript{169}

102. We questioned the utility of the three tiers as a guide to policy prioritisation and resource allocation. In some cases, the magnitude of funding allocated to capabilities did not correspond with the categorisation of the threat type. A CBRN attack (an attack with chemical, biological, radiological or nuclear weapons), for instance, is categorised as a tier two risk in the NSRA 2015 and may be perceived by some as being of lesser importance as a result. Yet at £31 billion in escalating capital costs and in-service running costs of 6% of the annual defence budget,\textsuperscript{170} the UK’s programme to replace the Trident nuclear deterrent, which is a key part of Government efforts to mitigate the risk of a nuclear attack, is one of the Government’s largest investment programmes. The NSS & SDSR 2015 described the Successor programme as similar in scale to Crossrail or High Speed 2.\textsuperscript{171} That example demonstrated the lack of correlation between the categorisation of risk and resource priorities, as did Oliver Letwin’s oral evidence when it became apparent that he did not appreciate the scale of the budget.\textsuperscript{172}

103. Oliver Letwin told us that there is a “much finer-grained [classified] analysis” that guides government decision-making on the allocation of finite resources in proportion to the threats posed.\textsuperscript{173} He pointed out that the prioritisation of risks and the relationship with funding can broadly be discerned from the NSS & SDSR 2015:

\textsuperscript{168} David Blagden (NSS0004) para 9
\textsuperscript{169} David Blagden (NSS0004) para 9
\textsuperscript{170} Oliver Letwin’s letter to the Joint Committee clarified that: “The estimated acquisition cost of four new submarines, spread over 35 years, is £31 billion. The MOD is also setting a contingency of £10 billion. On average, that amounts to 0.2 per cent per year of government spending. … [The] in-service costs of the UK’s nuclear deterrent … will be similar to those of today—around 6% of the annual defence budget (0.13% of total government spending).” Letter from Oliver Letwin MP to the Chair of the Joint Committee on the National Security Strategy, submitted 24 June 2016, following an oral evidence session on 23 May 2016, Annex, A2.
\textsuperscript{171} HM Government, National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom, Cm 9161, November 2015, para 4.73
\textsuperscript{172} Q63 ff
\textsuperscript{173} Q63
If you look at this document and ask yourself what it is prioritising and where we are putting the muscle, the effort, and the money, you see that is, above all, on the four priorities sketched on page 15 [the increasing threat posed by terrorism, extremism and instability; the resurgence of state-based threats and intensifying wider state competition; the impact of technology, including cyber; and the erosion of the rules-based international order …] They tally, roughly speaking, with four of the six tier 1 concerns, which are the SDSR-specific ones.

The National Security Risk Assessment 2015 may have oversimplified the security risks facing the UK by presenting aggregated risks. We are, however, somewhat reassured by the existence of a finer-grained analysis that is classified but available to the Government when prioritising policy and resources. We could achieve certainty on this point if the Government were to share this analysis with us on a confidential basis.

The NSRA must be used as an aid to, not a substitute for, good judgment. This is especially important given that the model relies on an assessment of the likelihood and impact of risks to the UK, for which high-quality data are not always available. We therefore welcome the input from other government assessments and external experts into the risk assessment, categorisation and prioritisation processes.

The regular assessment of the NSRA, every two years, is not a substitute for continual horizon-scanning. For example, the NSRA 2010 categorised “An international military crisis between states, drawing in the UK, its allies as well as other states and non-state actors” as a tier one risk to the UK. However, the Russian annexation of Crimea in March 2014 and subsequent hostilities in eastern Ukraine were not foreseen by the UK Government.

The establishment of a risk assessment with a five-to-20-year timeframe is not a substitute for continual horizon-scanning.

National Security Council

The National Security Council (NSC) and its dedicated secretariat were created in 2010 with the objective of co-ordinating cross-government policy on national security. We agree with the assessment of the National Security Adviser that in providing a regular forum for all relevant Ministers, including those not traditionally considered to have a voice in security affairs, the NSC has been a valuable addition to the machinery of government. We are, however, struck by the emphasis on the personal role of Prime Minister David Cameron in the current national security structures. Joe Devanny, Research Fellow at the International Centre for Security Analysis, King’s College London, adduced constant prime ministerial involvement as one of the reasons for the success of the NSC. The Prime Minister chairs the meetings of the NSC, which, in theory at least, meets once a week when Parliament is sitting, as well as the meetings of four of the six NSC Sub-committees.

We asked Oliver Letwin about the demands on his time as a Cabinet Office Minister, member of the NSC and chair of the NSC Implementation Sub-committee. In
In response, he referred to the role of the Prime Minister, whom he described as the “ultimate line of defence” in ensuring the full and proper implementation of the NSS & SDSR 2015.179

108. That Oliver Letwin has been tasked with ensuring the smooth implementation of the cross-government commitments set out in the NSS & SDSR 2015 suggests that there is a need for a Minister in the Cabinet Office with responsibility for national security.180 This would fit with other recent steps to establish stronger leadership on national security at the centre of government. For example, the 2015 review process was directed from the Cabinet Office, with input from relevant Departments and agencies. The MOD had led previous security reviews.

109. **We commend Prime Minister David Cameron’s investment in the NSC structures set up by the then Coalition Government in 2010 and developed further under the current Government. However, the effectiveness of those structures depends on the Prime Minister’s personal commitment, leaving them vulnerable to decline under his successors should they choose not to invest similar energy in driving cross-government collaboration on national security. The Government should consider creating a ministerial post within the Cabinet Office with oversight of national security. This would strengthen the leadership on national security at the centre of government, a function which is currently fulfilled by the Prime Minister.**

110. Both our predecessor Committee and the Defence Committee in the previous Parliament concluded that the NSC secretariat is under-resourced and under-powered.181 The National Security Adviser told us that the secretariat’s role of co-ordinating rather than developing and implementing policy reduces the number of staff required.182 The 200 staff in the secretariat can be scaled up temporarily when required, such as when the NSS & SDSR is being created. However, we agree with Professor Gearson that the NSS & SDSR “deserves an ongoing, active capacity [within the secretariat] to look at the world as it is, rather than the way that we hope it will be and have decided it is every five years.”183 This would provide the NSC secretariat with the capacity to conduct a strategic, whole-of-government assessment of UK national security on an ongoing basis, as a complement to the individual viewpoints of Departments. It would also enable the NSC secretariat to be more proactive in horizon-scanning. We were struck by the reactive approach described by the National Security Adviser, which is reliant on Departments drawing issues of concern to the attention of the secretariat.184

111. Excessive staff rotation may hinder the maintenance of institutional knowledge within the NSC secretariat. In April 2016, Oliver Letwin answered a Commons Written Question about how many staff have worked continuously in the secretariat since 2010:

> Staff in the NSS [National Security Secretariat] are drawn from the Cabinet Office and across Government including the MOD, FCO, and Armed Forces.

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179 Q44
180 In 2010, the then Coalition Government placed a junior Minister in the Home Office with responsibility for national security.
182 Oral evidence taken on 1 February 2016, HC (2015–16) 644, Q2
183 Q11 [Professor Gearson]
184 Oral evidence taken on 1 February 2016, HC (2015–16) 644, Q18
They are employed on a range of terms and conditions including formal and informal, short and long term secondments. They also regularly call on augmentees and expertise from across Government to work on particular projects or issues. Since 2010 the organisation has also undergone a number of organisational changes. Given the organisational changes and the flexible approach to resourcing we do not hold the data in the format requested.\(^{185}\)

112. The NSC secretariat would benefit from a greater capacity to undertake horizon-scanning proactively and to conduct a strategic, whole-of-government assessment of UK national security on an ongoing basis, as a complement to the individual viewpoints of Departments. The benefits of actively generating institutional knowledge within the secretariat have been muted by excessive staff rotation. The Cabinet Office should track the turnover of staff in the NSC secretariat to ensure an appropriate mix of policy expertise, experience, fresh thinking and institutional memory.

**Implementation**

113. The National Security Adviser told us that for the NSS & SDSR 2015 to be seen as “credible”, each of the 89 commitments set out in the document must be “implemented, followed through and monitored”.\(^{186}\) To meet this objective, the NSS & SDSR 2015 created a new Sub-committee of the NSC dedicated to overseeing implementation. The Implementation Sub-committee is chaired by Oliver Letwin, who described the Sub-committee’s purpose and process:

> The purpose of the sub-committee is to hold to account internally each of those of my colleagues who are responsible for line Departments that have commitments that they are responsible for fulfilling that are within the SDSR. … The committee is being serviced by the National Security Secretariat and the Implementation Unit [which tracks the Government’s manifesto commitments], and is creating a sort of monitoring apparatus, a tracker, so that we can check regularly where we are getting to on each of the commitments. Where there are problems between Departments … I will be convening meetings to try to unblock those problems. Where particular Departments seem to be falling behind, I will be having bilateral discussions with the Secretaries of State to try to work out what we can do to help accelerate progress. And every so often the committee will meet—roughly speaking, at six-monthly intervals—to go through, as we have done once so far, the whole of where we have got to in order to prepare ourselves for a report to … the Committee, and also to Parliament, which we have promised to do once a year to hold ourselves collectively to account in public.\(^{187}\)

Although the new system for overseeing implementation of the NSS & SDSR 2015 still relies on officials to undertake day-to-day tracking of progress, it has also established “specific cross-departmental ministerial accountability within Whitehall” characterised

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185 PQ 34581 [on the staffing of the National Security Secretariat], 26 April 2016
186 Oral evidence taken on 1 February 2016, HC (2015–16) 644, Q31
187 Q35
by the formal, regular involvement of Cabinet Ministers. Previously, the six-monthly report on the implementation of the SDSR 2010 was created by officials and merely “blessed” by the NSC.

We welcome the establishment of the Implementation Sub-committee of the National Security Council, which introduced ministerial responsibility for overseeing the implementation of the NSS & SDSR 2015. We will monitor the effects of this development on the Government’s implementation of the 89 commitments set out in the NSS & SDSR 2015. The Cabinet Office should publish the 89 commitments in the NSS & SDSR 2015 on its website and detail progress on each of them in the form of an online tracker.
Conclusions and recommendations

Creating the National Security Strategy

1. We welcome the implementation of our predecessor Committee’s recommendation to allow more time for review and for engagement with external experts in developing the NSS & SDSR 2015. Such engagement must, however, be more than a tick-box exercise and must include a robust examination of the substance of the security strategy. Looking ahead, the Cabinet Office should build on its achievement in engaging external expertise by forming ‘red team’ panels to challenge the assumptions underpinning the next security strategy. (Paragraph 6)

2. The Cabinet Office should produce classified analysis that prioritises specific threats and opportunities to inform decisions taken by policy-makers, diplomats, the security and intelligence agencies and the armed forces. (Paragraph 8)

The National Security Strategy

3. The NSS & SDSR 2015 placed unprecedented emphasis on domestic resilience, marking a shift in approach to national security. We welcome the change in focus from shielding the UK’s interests and citizens from threats to strengthening the UK’s domestic resilience to threats. All capabilities available to the Government, including the armed forces, should be used to make the UK more resilient. However, the NSS & SDSR 2015 provided insufficient detail on the specific activities required to build domestic resilience within UK civil society. (Paragraph 14)

4. We welcome the stronger emphasis on a whole-of-government approach to national security in the NSS & SDSR 2015. It is an important step in creating and delivering cross-government responses to the threats facing the UK. A more substantial discussion of the three National Security Objectives, the links between them, whether and how they can be traded off against each other, and how they are intended to tackle threats to UK national security would have provided a sound foundation for the rest of the NSS & SDSR 2015 and for future policy-making. (Paragraph 19)

5. The primary goal of the NSS and SDSR process is to set out (a) what the UK wants to achieve; (b) how it intends to achieve it; and (c) what capabilities are required. The NSS & SDSR 2015 does not achieve that presentational goal. The Cabinet Office must review the presentation of the NSS & SDSR 2015. SDSR commitments must be numbered and include a timeframe for completion to enhance transparency and accountability. (Paragraph 23)

6. Foreign ownership of the UK’s Critical National Infrastructure may reduce the Government’s control over key technology and investment decisions. This could make it difficult for the Government to mitigate risks to the infrastructure project in question, as has been shown in the case of the proposed nuclear power station, Hinkley Point C. Foreign ownership of CNI also raises the possibility of security vulnerabilities. (Paragraph 39)
7. We recommend that the Government conducts thorough, continual security assessments of all foreign-owned CNI projects. It is essential that the Government is prepared to veto proposals that do not provide adequate reassurance on potential security vulnerabilities. (Paragraph 40)

8. In producing the next NSS & SDSR, the Cabinet Office should 'game' hypothetical scenarios where the UK's relationships with key allies and partners are called into conflict. That process would help to establish which aspects of the UK's key relationships are the most important. (Paragraph 48)

9. The NSS & SDSR 2015 addressed some of the capability gaps and negative perceptions about the UK's defence capacity following the SDSR 2010. Nevertheless, it is questionable whether Joint Force 2025 will meet the national security challenges faced by the UK. We are concerned that the UK will remain exposed in the short term while the newly announced capabilities are developed. (Paragraph 55)

10. The Ministry of Defence must clarify whether in practice the expeditionary force envisaged as part of Joint Force 2025 will draw on armed forces personnel already on operations or kept on standby to assist civil authorities in dealing with emergencies in the UK. It must also set out progress on developing Joint Force 2025 capabilities. (Paragraph 56)

11. Despite the Government's commitment to maintain the size of the Regular Army at 82,000 and to increase the Royal Navy and Royal Air Force by a total of 700 Regular personnel, the manpower fielded by the UK armed forces is inadequate bearing in mind the range, complexity and potential concurrency of tasks expected of them. In addition, the current establishment will not facilitate the effective use of the state-of-the-art equipment to be purchased as a result of the NSS & SDSR 2015. This situation is exacerbated by ongoing difficulties in maintaining sufficient numbers of trained Reserves. (Paragraph 61)

12. There is a risk that the planned 30% reduction in the MOD civilian headcount by 2020 could undermine the Ministry’s ability to deliver the NSS & SDSR 2015. The MOD should review the impact of the proposed 30% reduction in civilian headcount by 2020 on policy formulation and delivery and place its analysis in the public domain. (Paragraph 64)

13. We welcome the Government’s commitment to meet the NATO target of spending at least 2% of GDP on defence. However, we are concerned that the changed economic climate following the UK’s vote to leave the EU will see the defence budget reduced in real terms, reversing the November 2015 decision to make additional funding available for defence. We are also concerned that the NATO minimum spending target would not have been fulfilled in 2015 if UK accounting practices had not been modified, albeit in ways permitted by NATO guidelines. (Paragraph 68)

14. The MOD may struggle to make the efficiency savings of £9.2 billion expected of it over the next five years. This ambitious target presents a significant risk to the delivery of the defence capabilities set out in the NSS & SDSR 2015. We are concerned that the planned increases in the MOD’s budget, as set out in the November 2015 Spending Review, will be offset by increased public sector employee costs. (Paragraph 71)
15. We support the inclusion of the armed forces as a key element of the Government’s full spectrum response to threats to the UK and its interests. We are concerned, however, that the armed forces will not be able to fulfil the wide-ranging tasks described in the NSS & SDSR 2015 by 2025 with the capabilities, manpower and funding set out in the same document. (Paragraph 72)

16. We welcome the Government’s recent efforts to consolidate previous cyber initiatives and to establish strong leadership on cyber. The Cabinet Office should clarify the lines of ministerial responsibility in relation to cyber policy-making, which would facilitate effective scrutiny by Parliament. It should publish a clear outline of those structures on its website. (Paragraph 78)

17. The private sector shares responsibility for the maintenance of the UK’s cyber security with the Government. However, the partnership between the Government and the private sector on cyber security is not yet productive. We therefore welcome the initiatives announced in the NSS & SDSR 2015 on facilitating engagement with the private sector. (Paragraph 80)

18. The emphasis on cyber-related education and skills in the 2011–16 National Cyber Security Programme was not matched by a similar level of financial investment, which comprised only 4% of the total programme budget. The cyber skills gap is a barrier to the Government’s goal of creating a vibrant cyber economy that is resilient to fast-changing threats. The allocation of the five-year National Cyber Security Programme budget must reflect the strategic imperative to develop cyber skills. (Paragraph 83)

19. We welcome the aspiration set out in the NSS & SDSR 2015 to entrench a whole-of-government approach to national security in Whitehall. The Cabinet Office must set out how it will measure the effectiveness of cross-departmental units and funds and of the development of a cross-government culture of collaboration. (Paragraph 87)

20. We were surprised to learn that no single Minister has responsibility for the Conflict, Stability and Security Fund (see paragraph 109). In May 2016, we launched an inquiry examining the CSSF. The inquiry’s terms of reference are available on the Joint Committee on the National Security Strategy website. We welcome written submissions addressing the operation of the CSSF. (Paragraph 88)

21. We expected the NSS & SDSR 2015 to address what action would be required in the short term following a vote for the UK to leave the European Union. The failure to outline a plan to address that contingency indicated the prioritisation of political interests above national security. If the National Security Strategy is to be credible, it must prioritise the maintenance of national security above political expediency. Planning for a new security review, starting with a detailed analysis of the changed security environment, should begin immediately. (Paragraph 92)

22. The European Union is facing significant security challenges, such as large-scale migration and an emerging domestic terrorist threat. These challenges also have implications for the UK, regardless of whether it is a member of the European Union. A new NSS & SDSR must address how the UK will engage with these issues from outside the EU. (Paragraph 93)
Decision-making on national security

23. Previous and ongoing efforts to mitigate risks to UK national security were considered as a factor alongside likelihood and impact in the production of the National Security Risk Assessment 2015. We welcome the adoption of this recommendation by our predecessor Committee in the 2010–15 Parliament. (Paragraph 100)

24. The National Security Risk Assessment 2015 may have oversimplified the security risks facing the UK by presenting aggregated risks. We are, however, somewhat reassured by the existence of a finer-grained analysis that is classified but available to the Government when prioritising policy and resources. We could achieve certainty on this point if the Government were to share this analysis with us on a confidential basis. (Paragraph 104)

25. The NSRA must be used as an aid to, not a substitute for, good judgment. This is especially important given that the model relies on an assessment of the likelihood and impact of risks to the UK, for which high-quality data are not always available. We therefore welcome the input from other government assessments and external experts into the risk assessment, categorisation and prioritisation processes. (Paragraph 105)

26. The establishment of a risk assessment with a five-to-20-year timeframe is not a substitute for continual horizon-scanning. (Paragraph 106)

27. We commend Prime Minister David Cameron’s investment in the NSC structures set up by the then Coalition Government in 2010 and developed further under the current Government. However, the effectiveness of those structures depends on the Prime Minister’s personal commitment, leaving them vulnerable to decline under his successors should they choose not to invest similar energy in driving cross-government collaboration on national security. The Government should consider creating a ministerial post within the Cabinet Office with oversight of national security. This would strengthen the leadership on national security at the centre of government, a function which is currently fulfilled by the Prime Minister. (Paragraph 109)

28. The NSC secretariat would benefit from a greater capacity to undertake horizon-scanning proactively and to conduct a strategic, whole-of-government assessment of UK national security on an ongoing basis, as a complement to the individual viewpoints of Departments. The benefits of actively generating institutional knowledge within the secretariat have been muted by excessive staff rotation. The Cabinet Office should track the turnover of staff in the NSC secretariat to ensure an appropriate mix of policy expertise, experience, fresh thinking and institutional memory. (Paragraph 112)

29. We welcome the establishment of the Implementation Sub-committee of the National Security Council, which introduced ministerial responsibility for overseeing the implementation of the NSS & SDSR 2015. We will monitor the effects of this development on the Government’s implementation of the 89 commitments set out in the NSS & SDSR 2015. The Cabinet Office should publish the 89 commitments in the NSS & SDSR 2015 on its website and detail progress on each of them in the form of an online tracker. (Paragraph 114)
Formal Minutes

Monday 4 July 2016

Members present:

Margaret Beckett, in the Chair

Crispin Blunt
Lord Boateng
Baroness Buscombe
Baroness Falkner of Margravine
Mr Dominic Grieve
Lord Hamilton of Epsom
Lord Harris of Haringey
Dr Julian Lewis
Dr Andrew Murrison
Lord Trimble
Lord West of Spithead
Mr Iain Wright

Draft Report National Security Strategy and Strategic Defence and Security Review 2015, proposed by the Chair, brought up and considered.

Ordered, That the draft Report be considered, paragraph by paragraph.

Paragraphs 1 to 114 agreed to.

Summary agreed to.

Resolved, That the Report be the First Report of the Committee.

Ordered, That the Chair make the Report to the House of Commons and that the Report be made to the House of Lords.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of House of Commons Standing Order No. 134.

[Adjourned till Monday 17 October 2016 at 4.00 pm]
Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee’s website.

Monday 14 March 2016

Professor John Gearson, Professor of National Security Studies and Director of the Centre for Defence Studies, King’s College London, Professor Patrick Porter, Professor of Strategic Studies and Academic Director of the Strategy and Security Institute, University of Exeter, and James de Waal, Senior Consulting Fellow on International Security, Chatham House

Monday 23 May 2016

Rt Hon Oliver Letwin MP, Chancellor of the Duchy of Lancaster, and Conrad Bailey, Director, Strategic Defence and Security Review and Defence, National Security Secretariat, Cabinet Office
Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee’s website.

NSS numbers are generated by the evidence processing system and so may not be complete.

1 ADS Group (NSS0005)
2 CCW University of Oxford (NSS0003)
3 Dr David Blagden (NSS0004)
4 Oxford Research Group (NSS0007)
5 Professor Patrick Porter (NSS0002)
6 Royal Aeronautical Society (NSS0006)
7 United Nations Association - UK (UNA-UK) (NSS0008)