

**UK defence spending**

## UK defence chiefs seek funding increase to confront rising threats

Military has to replenish weapons stockpile and procure new equipment



The UK recently expanded its Tempest advanced fighter jet programme with Italy to include Japan © Simon Dawson/Bloomberg

**John Paul Rathbone** and **Sylvia Pfeifer** in London YESTERDAY

In early December, Britain’s defence minister Ben Wallace and the head of the armed forces Admiral Sir Tony Radakin went to see Prime Minister Rishi Sunak at 10 Downing Street with an overarching topic on their minds: the UK military’s need for money.

The future of Britain’s military, and how much it costs, is a more urgent matter today than at any time since the end of the cold war. For one, Russian president Vladimir Putin has fuelled the threat of a wider land war in Europe.

“Clearly the war in Ukraine has refocused attention on Britain’s defence capabilities and their financial sustainability,” said Malcolm Chalmers, an expert on British defence policy at the Royal United Services Institute, a London think-tank.

At the meeting, Wallace and Radakin secured a financial stop-gap that would replenish weapon stockpiles, depleted by military aid sent to Ukraine, and guarantee at least another £2.3bn in support for Kyiv in 2023.

“Defence spending will be protected from inflation next year and [is] forecast to grow to nearly £50bn,” [Wallace told parliament](#) shortly afterwards. The current budget is about £46bn a year, the second largest in Nato after the US.

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## Breakdown of UK's annual defence budget

Total defence spending (£46bn), 2021-22



Left unanswered, however, was what would happen beyond 2023. “What you saw [at Number 10] was an agreement about the defence budget, where we got some additional funds . . . at a very difficult financial time,” Radakin said in a speech a week later.

“Inevitably the [financial] conversations will get tougher as we step into the new year,” Radakin added, noting optimistically: “But we’re having the right conversations.”

Fundamentally, defence chiefs are looking for a long-term financial commitment so the UK can confront the rising threats from Russia, China, North Korea and Iran that were identified last year in Britain’s high-level, defence strategy, the Integrated Review (IR)

review (UK).

But Sunak’s desire to keep a tight rein on spending is evident in the wave of public sector strikes, as ministers refuse to countenance union pay demands. He has also distanced himself from pledges made by his shortlived predecessor Liz Truss to raise defence spending from 2 to 3 per cent of gross domestic product.

“The prime minister and I both recognise the need to increase defence spending,” chancellor Jeremy Hunt said at his autumn budget on November 17. “But before we make that commitment it is necessary to revise and update the Integrated Review, written as it was before the Ukraine invasion.”

A [key question](#) the update will need to answer is whether the British military should continue to “tilt” towards the Indo-Pacific region and away from Europe, as the original IR stressed, a prospect that alarmed some allies even before Russia’s full-scale invasion of Ukraine.

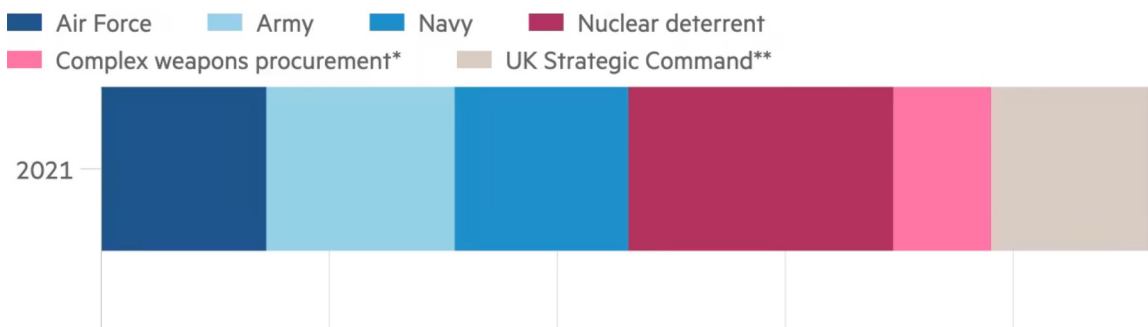
With UK inflation in double digits, the stretched defence budget will also have to absorb a rise in pay, which together with pensions, accounts for about 30 per cent of annual spending, according to Chalmers.

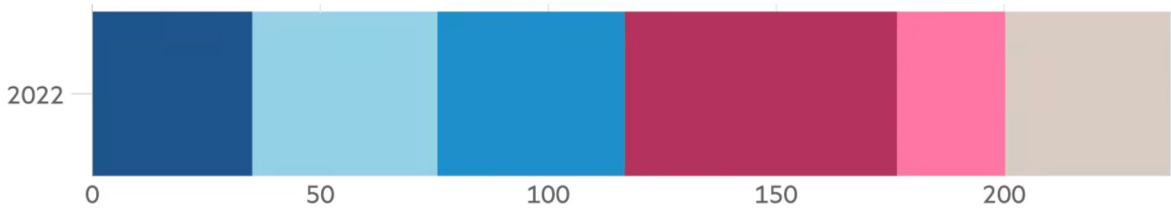
In 2022, the armed forces got a below-inflation pay settlement of 3.75 per cent, less than teachers and most NHS workers, he said. “For next year, a lot of service personnel will argue they should get the same kind of settlement as the private sector, currently running at some 7 per cent,” he added.

Another key area is new equipment, which accounts for almost half of total defence spending. The MoD has budgeted £242bn for procurement over the next decade, but that is before the effects of high inflation and the weakness of sterling are taken into account.

### UK budget for new military hardware over next decade rose just under 3%

10-year defence equipment plan £bn





\*Includes Tempest next-generation fighter jet and various missile programmes. \*\*Includes intelligence gathering and communication, including military satellites, and procurement budget for special forces  
 Source: MOD  
 © FT

The biggest single capital cost is the nuclear deterrent. Its renewal, including plans to build four new submarines to carry the missiles, will cost an estimated £31bn.

There are other big-ticket items, such as further orders for the F-35 stealth fighter jets, which cost about £90mn each and are needed for the UK’s two new aircraft carriers.

The UK ordered an initial 48 aircraft but had committed to as many as 138, with military experts estimating at least 70 are required to ensure the two aircraft carriers have a credible strike capability.

In addition, the UK has a poor record buying new weapon systems. Britain’s “procurement process is fundamentally broken”, said Francis Tusa, a military consultant and editor of the Defence Analysis newsletter. “We are demonstrably spending more and getting less . . . France, Italy, Germany and Spain do things better, quicker and cheaper,” he said.

According to Tusa, the army is the worst example of this. Despite close to £20bn spent on equipment over the past decade, there was little to show for it in terms of new kit, he said.

A prime example is the disastrous £5.5bn Ajax programme. This was meant to deliver state of the art armoured vehicles for a ground force still largely reliant on 1970s-era armoured vehicles. Instead, it is mired in delays and doubts about its future due to problems with excessive noise and vibration.

The most fundamental issue for military chiefs, however, will be the overall strategic direction set out in the IR’s planned update, which will then determine the level of long-term defence funding in next year’s spring budget.

James Heapey, a junior defence minister, said recently he wanted the updated IR to be “the world’s most boring refresh” with a focus on “all the unsexy bits” of the military, such as spare parts and stockpiles, which the war in Ukraine has shown to be

ilitary, such as spare parts and stockpiles, which the war in Ukraine has shown to be lacking.

Radakin, by contrast, has a more ambitious vision that involves “thinking big”. Early examples of that ambition, Radakin believes, are in Asia-Pacific with the trilateral security pact signed with Australia and the US, called Aukus. More recently, the UK [expanded its Tempest programme](#) with Italy to develop an advanced fighter jet, to include Japan, a country that has previously relied on US-made kit.

“If the costs of defence are high . . . the value we derive is every bit as large,” Radakin said, pointing to the UK’s more than 400,000 defence-related jobs and £8bn of annual exports. “I genuinely think there are opportunities . . . We’ve got a case to sell to governments that actually [if] we get a bit more money we can do even more.”

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