



The budget further underlines the need for defence leaders to adopt agile approaches to security

Elaine Whyte is defence and security expert at PA Consulting

SPRING BUDGET 2024

Elaine Whyte examines the UK security implications of the recent Spring Budget

The geopolitical environment created a challenging backdrop for the Spring Budget, as the UK's role in promoting peace and security around the world, most pressing in Ukraine, competed with fiscal challenges. The Government is holding the Defence budget at 2 percent of GDP until economic conditions allow an increase, potentially to 2.5 percent. However, the current geopolitical challenges and competing priorities are a strategy quagmire for defence leaders, who are expected to deliver a world-class and broad fighting capability within existing budgets, while threats are becoming increasingly sophisticated and variable.

Productivity is crucial for defence, particularly as the UK prioritises resupplying and rearming stockpiles that are depleted from substantial equipment loans to Ukraine in an increasingly fractious global arena. There is a clear need to collaborate across the sector and supply chain, as well as for ingenious new approaches to procurement and whole systems management, to achieve defence and security outcomes within the current budget. This can only be achieved through fundamental change to the way the defence enterprise operates.

For example, embracing the overarching architecture of capabilities and technical solutions at a higher level than today provides productivity gains that can unblock the route to delivering more capability faster and cheaper, using common 'platforms'

to reduce cost and time overheads. The Chancellor's Budget underscores the need for defence leaders to transform their operational efficiency, by simplifying processes and adopting agile approaches – whether that be in process optimisation or handling data like a strategic asset in digital integration.

TAKE THE STRAIN

In an increasingly strained economic environment, the whole defence and security enterprise should also forge a path that deepens collaboration and accelerates innovation. This requires new strategic partnerships, talent strategies and harnessing the power of emerging technology as warfare enters the information era. This fundamentally different approach could have a considerable impact on the battlefield of data and information.

For example, collaborating with small and medium-sized enterprises could allow defence leaders access to emerging technologies, such as in artificial intelligence and digital engineering, from more agile suppliers that offer a different perspective. Don't forget that the AI ecosystem is wide-ranging – encompassing university spinouts, fast-moving start-ups and small-to-medium scale tech enterprises – and it is these organisations that hold many of the transformative, forward-looking solutions that will help the defence sector overcome its challenges.

In this respect, it is good news that the Budget encourages investment in new technologies and AI, positioning the UK as

the new Silicon Valley at the forefront of next-generation challenges and solutions. The appetite for change in implementation must now match up to the ambition of the intent. Defence leaders cannot afford to be slow to adapt or overlook the potential that cutting-edge technologies have in giving them a strategic advantage.

On the talent side, the defence sector is not alone in finding it hard to attract and retain talent, particularly in tech. The importance of bridging the digital skills gap is undeniable: from countering cyber attacks to data-enabled battle planning, tech capabilities are key to giving defence enterprises a competitive edge. To address under resourcing, the industry should focus on working together and breaking down siloes. In practice, this could look like sharing technical personnel across the forces, creating common career pathways and aptitude testing or devising more joint selection frameworks. There is also an opportunity to encourage young people into the sector through coordinated campaigns in higher education, emphasising the value and purpose of this work.

Defence leaders stand at the confluence of complex threat landscapes and constrained budgets, and the outcome of the Spring Budget has renewed questions as to how they can do more with less. Leaders can navigate this, but must rise to these challenges by 'choosing and changing' – making hard choices about the UK's role, being efficient in the use of resources and preparing the enterprise to change with future threats much more quickly ●