



EUROPE

Understanding the Value of Defence

Towards a Defence Value Proposition for the UK

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Preface

This report presents the findings of a short study that was commissioned by the UK Ministry of Defence (MOD)'s Development, Concepts and Doctrine Centre (DCDC) to examine the 'value proposition' of UK defence. The analysis it contains seeks to inform a better understanding of why defence exists and explore how the direct and indirect value that defence brings to the nation (e.g. in terms of security, influence and prosperity) can be better articulated to audiences across both the UK government and the wider public.

The report represents the final output of research by RAND Europe on behalf of the Global Strategic Partnership (GSP), an independent consortium that provides rolling academic and analytical support to DCDC and other parts of UK defence. RAND Europe is a not-for-profit research institute and part of the global RAND Corporation. RAND's mission is to help improve public policy and decision making

through objective research and analysis. As the GSP research lead, RAND Europe is supported by the International Institute for Strategic Studies and the University of Exeter as partners, along with additional expertise from Aleph Insights, Newman & Spurr Consulting, QinetiQ, Simplexity Analysis and Professor Hew Strachan.

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Summary

Towards a Defence Value Proposition for the UK

There is no commonly held understanding of the ways and extent to which defence contributes to national prosperity and social welfare

The HMT Green Book provides common definitions and an analytical framework for use within the UK government appraisals of policies, programmes and projects. However, this is not always mirrored in public and political discourse. While the UK Ministry of Defence (MOD) continues to deepen its own understanding of the economic dimension of defence – including the impact of industrial strategy and policies on acquisition, innovation, skills and exports – this remains a work in progress given the complexities inherent in measuring or describing defence's contribution to prosperity. This affects defence's ability to articulate a persuasive case for the value of defence to the UK.

The MOD therefore identified a need to develop a more coherent, complete and compelling understanding of the totality of the 'Defence Value Proposition' to the UK. The intention is that such an understanding would allow defence to better explain why it exists and what it contributes in value-added to different audiences across defence, across government, across society or outside the UK. In September

2019 the MOD's Development, Concepts and Doctrine Centre (DCDC) commissioned a study by RAND Europe, lead of the Global Strategic Partnership (GSP), to map the ways in which defence contributes value.

Understanding value in the public sector

The UK has introduced a Public Value Framework as a tool to improve understanding of how different activities and outputs deliver public value

Assessing the potential costs and benefits of government policy options is both a highly sensitive and difficult task, compounded by uncertainty over the impact and likelihood of success of different actions. To mitigate this, the UK has introduced a new Public Value Framework as a practical tool for understanding and maximising the value – in terms of improved outcomes for UK citizens – that public spending generates. This is intended to augment rather than replace the guidance and principles of the existing HM Treasury Green Book, the basis for investment appraisals across government. In simple terms, the PVF seeks to address limitations in existing methods for understanding and quantifying public sector productivity:

Instead of seeking to quantify inputs and outputs and observe the relationship

between them, the framework instead seeks to define everything that a public body should be doing in between to maximise the likelihood of delivering optimal value from the funding it receives. It sets out the activities that are required to turn public money into policy outcomes, creating a set of criteria that can then be used to assess the extent to which those activities are taking place and, by extension, how likely it is that value is being maximised (2019, 5).

The PVF moves beyond traditional approaches in government, which have typically focused on measuring the quantity of resources used (i.e. inputs) and the services provided to the public (i.e. outputs). However, its authors acknowledge that 'this document and the wider public value agenda remain a work in progress', and that there are enduring barriers to mapping the PVF to the unique business of defence (p.5):

For some public services, outputs remain stubbornly difficult to measure. Defence is such an example, with outputs that are hard to define and measure, such as 'peace and stability'. The challenge, therefore, becomes how to improve public sector productivity performance when it is difficult to define quite what this is.

As outlined in Chapter 2, challenges include: a lack of common definitions for basic terminology, which are applied unevenly within the MOD; the difficulty defining defence outputs (e.g. in terms of capability); the challenge of measuring intangibles such as deterrence (given it cannot be known exactly how adversaries might otherwise have acted); the theoretical and data collection challenges associated with establishing the causal links between defence activities, outputs and outcomes (not least given the lengthy time horizons over which the benefits of defence efforts might be realised, or the uncertain impact of external actors and variables

beyond the UK's control); and the often distant relationship between defence and its beneficiaries.

Learning from approaches in other nations and sectors

Countries adopt their own interpretations of the value of defence, emphasising different aspects depending on historical, cultural, social and political factors

Chapter 3 identifies lessons to be learned from other nations (focusing primarily on Europe, the US, Canada, Australia, New Zealand, Israel, Russia and China). It also examines methods used by the private sector to communicate the 'value proposition' of a given product or service to shareholders and consumers:

- Protecting against security threats is seen as the primary role of defence. Defence does not only provide security in times of crisis, but also seeks to deter and prevent conflict in the first place.
- Defence is also understood to be an important contributing factor in a nation's economic strength and diplomatic influence in global affairs. Many nations also emphasise the important role of defence in promoting civic and social cohesion, as well as embodying national identity and pride.
- Defence is also sometimes conceptualised as a 'profession of arms', with parallels to the public and social value generated by medicine, law or the clergy. Defence holds a unique legal and moral status due to 'the contract of unlimited liability' that potentially requires members of the armed forces to go into danger, or even to their deaths, in service of the public good. This entails unique powers and a flexible set of capabilities that defence can offer to the nation in a crisis, be it military or civil.

- Some nations are beginning to move away from traditional measures of public sector productivity to monitor performance through metrics such as happiness rather than Gross Domestic Product.
- Private sector organisations aim to articulate how their products and services generate value by aligning with customer needs, wants and fears. Many companies focus on the unique characteristics of their product, service or brand and how their value proposition compares to competitors. Some also increasingly consider their wider impact on the ‘triple bottom line’ of profit, people and planet.
- While there are lessons to be learned from the private sector, defence needs a bespoke approach to articulating its value proposition, reflecting its unique purpose and operating context.

Defining the value proposition of UK defence

UK defence is responsible for developing the military instrument – alongside other levers of national power – to promote advantage in a competitive world

The MOD and Armed Forces, backed by industry, collectively provide the military instrument of UK government strategy and policy. This forms part of a wider DIME model of national power, encompassing the diplomatic, information, military and economic instruments. On its own, each of the DIME instruments of power is a ‘necessary but not sufficient’ precondition for achieving the UK government’s overarching policy goals. Coordination among the different DIME instruments is therefore needed to maximise the UK’s advantage in a highly competitive, interconnected world. The central importance of strategic integration across all levers of power has been recognised in the form of

the UK’s Fusion Doctrine – as set out in the 2018 National Security Capability Review and implemented through the new cross-government structures and processes created to support it.

Defence delivers value to UK society in a wide variety of forms beyond the immediate benefits of the military’s protection against security threats

Given the responsibility of the MOD and Armed Forces for the military instrument, deterring and defeating threats to national security are often described as the primary role of UK defence. Keeping the people, borders and territories of the UK safe and secure in an uncertain, dangerous world is fundamental to the purpose, operation and legitimacy of government. This ultimate responsibility is therefore an essential part of the value proposition of defence. At the same time, defence provides much broader value beyond the application of hard power in a crisis or struggle for national survival. Defence also provides an array of direct and indirect benefits to government and society by promoting national interests and values more widely.

The UK Defence Value Proposition can be understood as the sum of a series of interconnected components, each providing value in a different way

Chapter 4 outlines a Defence Value Proposition (DVP) as a tool for better understanding how defence outputs lead to direct and indirect benefits for different stakeholders across UK society and more generally. Figure 0.1 below maps the primary components of this value proposition. These are interconnected and mutually reinforcing, and in turn contribute to the overall purpose outlined by the Chief of the Defence Staff, namely: ‘to protect the people of the UK; prevent conflict; and be ready to fight our enemies’:



The first component of value focuses on protecting the UK's people against today's myriad security threats, risks and hazards.



The second component of value focuses on the role of defence as the insurance policy of both government and society against an uncertain future.



The third component of value focuses on the benefits that defence brings to the UK's influence and standing with allies, partners and potential adversaries.



The fourth component of value focuses on the contribution of UK defence to wider international security, tackling the causes of instability and conflict.



The fifth component of value focuses on the direct and indirect benefits that defence provides to the UK economy, enabling trade, industry and innovation.



The final component of value focuses on the role of defence as a vital part of the UK's national identity, social cohesion and local communities.

The unique selling proposition of defence

Defence does not provide the solution to all policy problems but can offer unique military levers of power in support of other areas of government

Within each component of the DVP, some of the benefits enjoyed by the UK are also

provided through the activities and outputs of other parts of government, or of the private sector. Other benefits are unique to defence, relying on access to the military instrument of power to achieve gains in terms of national security, prosperity and influence. In the language of the private sector, it is therefore possible to articulate some of the 'unique selling points' of UK defence.

Adapting the Defence Value Proposition to different audiences

The relative weighting of different components of the overall value proposition will vary depending on the audience – value being in the eye of the beholder

Crucially, there is no single monolithic way of describing the value generated by defence. Rather, the DVP as outlined in generic terms above must be tailored and weighted differently depending on the audience in question. Value is subjective, and any value proposition must therefore be inherently customer- or user-centric. Applying the lessons identified from private sector approaches, any DVP will be interpreted differently depending on the relevance of different defence outputs to address the particular audience's 'customer jobs', or its unique needs, wants and fears.

When discussing the DVP at the Chief of Defence Staff's Strategy Forum in January 2020, a recurring theme was the need for defence to better understand how its various outputs are perceived and ascribed value by different audiences: across the defence enterprise; across government; across society; and outside the UK. Figure 0.2 provides illustrative examples of how components of the DVP might be weighed differently by hypothetical audiences, necessitating tailored messages on the value of defence to each.

Figure 0.1. Mapping the different components of the UK Defence Value Proposition

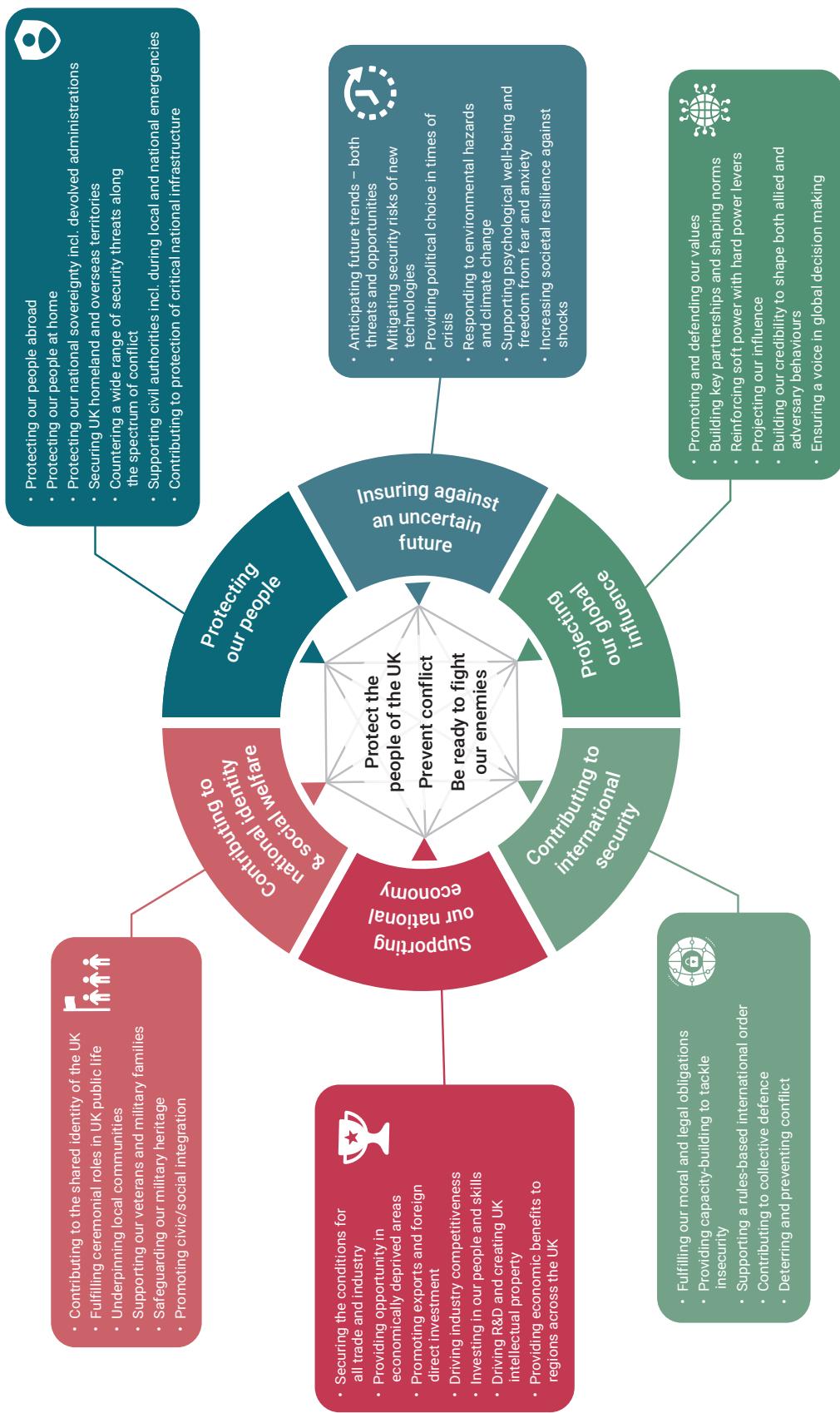


Table 0.1. Examples of unique contributions made by UK defence to national and social value

Development, maintenance and use of the military instrument in pursuit of the UK's policy objectives, providing **unique hard power levers in support of national strategy**. This includes specialist defence capabilities and legal powers, including the right to use deadly force and to order military personnel into harm ('unlimited liability').

 Protecting our people	<ul style="list-style-type: none"> Contribution of hard power levers to promote national security National defence and deterrence posture Security as condition for fulfilment of basic and growth needs of UK society Sovereignty and freedom of action against external threats Forces, assets and capabilities to protect UK populace at home or abroad Forces, assets and capabilities to protect homeland and Overseas Territories
 Insuring against an uncertain future	<ul style="list-style-type: none"> Unique political choices and legal powers in times of national emergency Unique ability to act quickly in a crisis, employing force if necessary Focus on identifying and mitigating future threats and exploiting opportunities Risk management against strategic shocks ('defence as insurance policy') Unique hard power contributions to national and societal resilience Combination of mass and niche capabilities needed to support civil authorities
 Projecting our global influence	<ul style="list-style-type: none"> Recognition and prestige as a leading military power in Europe and globally Additional options to secure leverage over allies, partners and adversaries Ability to combine tools or persuasion, coercion, deterrence and inducement Ability to better resist coercive diplomacy by hostile actors Continuing credibility of veto as permanent member of UN Security Council Relevance and agency in shaping global security norms and behaviours
 Contributing to international security	<ul style="list-style-type: none"> Contribution of hard power levers to promote international peace and security Fulfilment of political and treaty obligations Collective defence and deterrence posture through NATO Basis for credibility and access within cooperative alliances (multiplier effect) Forces, assets and capabilities for capacity-building with partner nations Forces, assets and capabilities for humanitarian aid and disaster relief
 Supporting our national economy	<ul style="list-style-type: none"> Military technology and applications Specialist scientific and technical advice to government Test facilities, ranges and other infrastructure Defence-related export, regional employment and investment opportunities High-value manufacturing and other economic activity in deprived regions Development of specialist knowledge, skills and expertise
 Contributing to national identity and social welfare	<ul style="list-style-type: none"> Unique heritage and role within public life Fulfilment of symbolic and ceremonial functions involving the Armed Forces Longstanding historical, social and economic ties with local communities Public service values, skills and experience of defence personnel and families Impact of veterans in their lives and careers beyond military service Extensive physical footprint of defence estate and installations across the UK

Figure 0.2. Illustrative examples of weighting of Defence Value Proposition for different audiences



Audience A: Value Comes from Defending Today

In this first example, the relative weighting of different elements of the overall Defence Value Proposition indicates a strong prioritisation of 'Protecting our people' and 'Projecting our global influence', and to a lesser extent 'Contributing to international security'.

Other aspects such as 'Insuring against an uncertain future', 'Supporting our national economy' or 'Contributing to national identity and social welfare' are deemed to be less important drivers of value.

Such a hypothetical distribution could reflect:

- The expectations of an audience whose primary interest and/or remit is in maximising the military and diplomatic levers of power, with less concern or direct responsibility for economic or social affairs;
- An audience focused on short-term security pay-offs from defence rather than necessarily long-term returns (e.g. potentially an older demographic); and/or
- The necessities of an external context marked by severe and imminent threats to the defence of the UK, necessitating a focus on the immediate security and sovereignty of the UK at the expense of other issues.

Audience B: Value Comes from Insuring

In this second example, the relative weighting indicates a prioritisation of 'Insuring against an uncertain future', and to a lesser extent 'Contributing to national identity and social value', 'Contributing to international security' and 'Protecting our people'.

Such a hypothetical distribution could reflect:

- The expectations of an audience whose primary interest and/or remit is in maximising defence's contribution to the cohesion and resilience of UK society – especially in times of civil emergency;
- A focus on military assistance to civil authorities to address, for example, the effects of pandemics, climate change, natural disaster or other possible hazards;
- A desire to prioritise the role of defence within local communities, minimising the risk of conflict overseas through solidarity with global partners and institutions.

Audience C: Value Comes from Building for Tomorrow

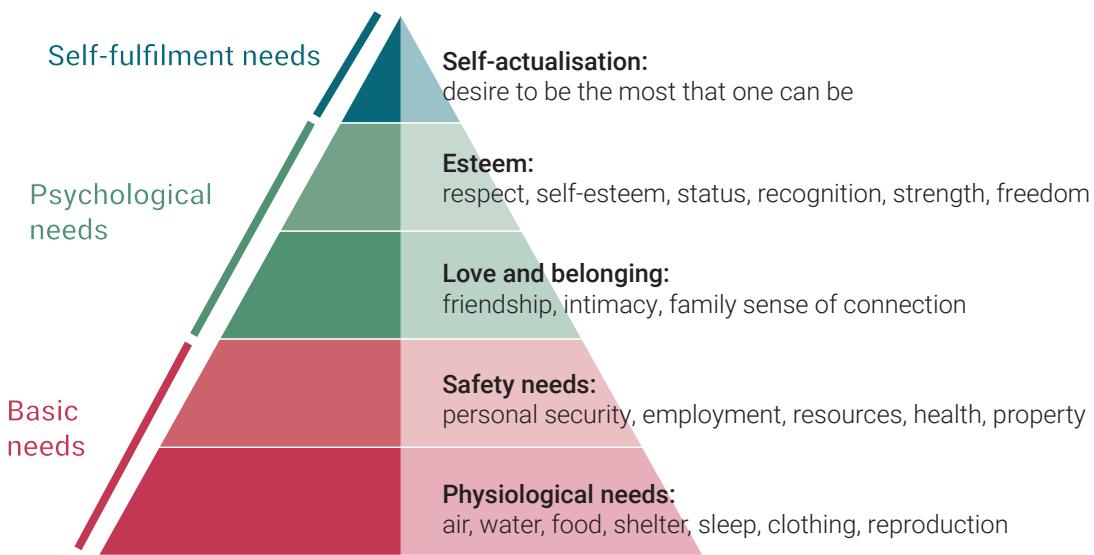
In this third example, the relative weighting indicates a prioritisation of 'Supporting our national economy', and to a lesser extent 'Contributing to national identity and social value', 'Projecting our global influence' and 'Insuring against an uncertain future'.

Other security-focused aspects are deemed to be comparatively less important drivers of value.

Such a hypothetical distribution could reflect:

- The expectations of an audience whose primary interest and/or remit is in maximising the economic and social benefits of public investments, including defence;
- An audience focused on maximising long-term prosperity benefits but with less concern about the risk of threats to the UK's security arising in the short-term;
- The benefits of a relatively benign external threat environment and/or the necessities of a tough domestic situation (e.g. due to recession or low social cohesion).

Figure 0.3. Maslow's hierarchy of needs



Source: GSP analysis, adapted from Maslow (1943).

Even for the same audience, the relative weighting may fluctuate over time as priorities change to reflect changing circumstances

Even for a given audience, how they ascribe value to different components of the DVP, and the extent to which they prioritise investment in defence as opposed to other parts of the public sector (e.g. health, education, transport, policing, etc.), also fluctuates over time. This reflects shifts in the wider political, social and economic context: a deteriorating security situation may, for example, trigger a greater interest in protection and a temporary sidelining of exports as a goal. In the language of Maslow's hierarchy of needs, this means addressing basic 'deficit needs' ahead of discretionary 'growth needs' and policy ambitions.

Given this complexity and fluidity, defence cannot make wholesale assumptions about how its value will be interpreted by different institutions or demographic groups; rather, the assessment of each audience of the value of

UK defence depends on the interplay between a constantly evolving domestic and global political context, and evolutions in the day-to-day lives, concerns and aspirations of individual 'recipients of value'.

Building a compelling case for the value of UK defence

To address these challenges, Chapter 5 outlines possible next steps for UK defence to help in articulating a compelling value proposition to its multiple audiences:

1. Defence should seek to better understand the needs, wants and fears of different audiences to guide the use and realisation of its value proposition
2. Defence leadership should promote a common understanding and messaging of the value proposition across the defence enterprise
3. Defence should tell an engaging and relatable story and disseminate its key

- messages in conjunction with partners across and outside of government
4. Defence should continue to gather evidence on defence value, and a more robust understanding of the links between defence outputs and outcomes
 5. Defence should promote a mature recognition of the costs and trade-offs associated with investing finite resources in defence alongside other priorities
 6. Defence should demonstrate confidence in its own value, recognising that its role in promoting UK policy objectives may not always be well understood

Adapting the Defence Value Proposition to a changing future

In the immediate short-term, the UK has a unique opportunity to reflect upon and redefine its role in the world after leaving the European Union

This report is timely in several ways; coming as the government is undergoing an Integrated Review of foreign, defence, security and international development policy – the largest of its kind since the end of the Cold War – and shortly after the UK's official departure from the EU. In this context, the UK is seeking to reassess, redefine and rearticulate its strategic role as 'Global Britain', a globally oriented medium power in a competitive, changing world. Defence has an important part to play in achieving these policy ambitions, and contributes to overall national security, prosperity and influence. It also in turn has a unique opportunity to recast how defence outputs and their relevance to the UK's overarching national strategy and policy are understood, valued and integrated across wider government.

Defence – and the contribution it makes to national resilience – will also need to account for new political, social and economic realities after COVID-19

In the near-term, defence will also need to adjust to the new priorities, dynamics and constraints of a nation profoundly affected by the COVID-19 pandemic. The direct and indirect ramifications of COVID-19, and the associated disruption to the global economy and to modern ways of living, may take years to become fully apparent. Already, the UK MOD and Armed Forces are providing military aid to civil authorities through the COVID Support Force. The diversity of ways and means employed to do so reflects the flexibility of the military instrument to respond to a crisis – be it an external attack or a civil emergency – as well as the rapid innovation that can occur within the public sector and UK society in times of need.

Against this evolving backdrop, defence will need to continue to refine its value proposition, as well as to recognise that UK government will face new challenges and public expectations after COVID-19. As NATO Secretary General Jens Stoltenberg has noted, the case of COVID-19 provides a potent and visible demonstration that 'by investing more in our security and armed forces, we are providing surge capacity for all our societies to deal with unforeseen events, crises and natural disasters'. The increasing pressure to bolster national and societal resilience – and the public's renewed awareness of the vital role that defence can play – may place new demands on the MOD and Armed Forces to enhance the value they provide through continuing engagement with civil authorities and UK society. At the same time, defence must balance new tasks with the enduring need to deliver value in more established ways, including by deterring or defeating aggression, projecting influence overseas and promoting a prosperous future for all of the UK.

The way in which the UK articulates the value of defence must be continuously challenged and refreshed to stay relevant in a rapidly changing world

Beyond the changing domestic context, UK defence should also continue to investigate how its ends, ways and means might continue to evolve given future political, economic, social, technological, legal and environmental trends – and how such developments affect how value is to be understood and achieved. Chapter 5 provides areas for further research to inform ongoing development and implementation of the DVP, recognising the delicate balancing act facing the MOD and Armed Forces in maximising the benefits provided to the nation today whilst also preparing for an uncertain future.

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Abbreviations

CDS	Chief of Defence Staff
COVID-19	Coronavirus Disease 2019
CVP	Customer Value Proposition
DCDC	Development, Concepts and Doctrine Centre
DI	Defence Intelligence
DIME	Diplomatic, Information, Military and Economic
Dstl	Defence Science and Technology Laboratory
DVP	Defence Value Proposition
E2I	European Intervention Initiative
EU	European Union
FPDA	Five Power Defence Arrangements
GDP	Gross Domestic Product
GSP	Global Strategic Partnership
GST	Global Strategic Trends
HMT	Her Majesty's Treasury
IISS	International Institute for Strategic Studies
JDP	Joint Doctrine Publication
JEF	Joint Expeditionary Force
MACA	Military Aid to Civil Authorities
MOD	Ministry of Defence
NATO	North Atlantic Treaty Organisation

NHS	National Health Service
NSCR	National Security Capability Review
NSO	National Security Objective
NSS	National Security Strategy
OTs	Overseas Territories
PVF	Public Value Framework
RAF	Royal Air Force
RCDS	Royal College of Defence Studies
RQ	Research Question
SAR	Search and Rescue
SDSR	Strategic Defence and Security Review
TBL	Triple Bottom Line
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNSC	United Nations Security Council
USP	Unique Selling Proposition
UX	User Experience
VfM	Value for Money

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Any and all errors remain the responsibility of the authors.

1 Introduction

1.1. Background

1.1.1. There is no commonly held understanding of the ways and extent to which defence contributes to national prosperity and social welfare

Defence has historically been viewed as a largely unavoidable part of government expenditure, with limited understanding of the wider benefits to the nation that it delivers. All government departments and activities involve an opportunity cost.¹ Defence is no exception, even though the primary need for defence (the benefit of security and protection from external threats) is widely accepted. Recent governmental reviews of the UK's approach means that there is now an increasing acceptance across Whitehall that defence also offers many indirect benefits to wider society and social welfare. This is reflected in the UK's national security objectives; namely to protect the nation, project its influence and promote its prosperity.

This last term, 'prosperity', has become central to the political agenda and, consequently, to strategy and policy across UK government – with HM Treasury's Green Book defining it as the promotion of 'social value'.² Maximising the

benefits of government spending in terms of this broader social value has become a core focus for UK policymakers, reflected in ongoing efforts to 'level up' the economy by increasing skills, productivity and competitiveness at both the national and local level; thereby improving the opportunities, wellbeing and happiness of communities across all of the UK. At the same time, Whitehall has taken steps to improve how it measures public sector performance in value terms, with government departments now routinely reporting their direct and indirect 'value added' against a Public Value Framework (PVF).³ This reflects a growing understanding of the 'value of value' as both an object and guiding tool of government.

Nonetheless, senior leadership within UK defence retain the sense that something is still missing. While the Ministry of Defence (MOD) has deepened its own understanding of the economic dimension of defence – including the impact of defence industrial strategy and policies on acquisition, innovation, skills and exports – this remains fractured by the lack of a common approach to defining, measuring or describing defence's contribution to prosperity or social value in the broadest terms. Similarly,

1 "Opportunity cost is the value which reflects the best alternative use a good or service could be put to." Page 133, HM Treasury Green Book (2020).

2 HM Treasury (2018).

3 HM Treasury (2019).

defence struggles to map its unique operating context and ways of delivering value to the assessment framework outlined in the PVF (see Chapter 2), which affects its ability to articulate a persuasive case for investment when competing for finite public resources with other parts of UK government.

1.1.2. The MOD has therefore identified a need to develop a more coherent and compelling understanding of defence's overall 'value proposition' to the UK

The intention is that, once gained, such an understanding would allow defence to better explain why it exists and what it contributes in terms of value-added to different audiences – whether across defence, across government, across society or outside of the UK itself. This would not only support the UK's 'levelling up' agenda but would also represent a timely contribution to the ongoing Integrated Review of Security, Defence, Development and Foreign Policy, a government-wide initiative announced shortly after the UK's departure from the European Union in January 2020.⁴ Intended as the largest review of its kind since the end of the Cold War, this aims to 'cover all aspects of the UK's place in the world', with a remit to⁵:

- Define the government's ambition for the UK's role in the world and the long-term strategic aims for national security and foreign policy;
- Set out the ways in which the UK will be a problem-solving and burden-sharing nation, examining how it can work more effectively with allies;

- Determine the capabilities the UK needs for the next decade and beyond to pursue its objectives and address the risks and threats it faces;
- Identify the necessary reforms to government systems and structures to achieve these goals; and
- Outline a clear approach to implementation over the next decade and set out how government will evaluate delivery of its aims.

1.2. Research objectives, scope and approach

1.2.1. This research aims to define the value proposition of UK defence, and to consider the challenges faced in articulating it to different audiences

Against this evolving backdrop, in September 2019 the MOD's Development, Concepts and Doctrine Centre (DCDC) commissioned a study by RAND Europe, lead of the Global Strategic Partnership (GSP) research consortium, to map the ways in which defence contributes value to UK society.

The purpose of this research was to:

- 1. Define a conceptual framework – the Defence Value Proposition (DVP) – through which defence can better articulate the totality of its value proposition to the UK.**
- 2. Inform parallel research into potential methodologies for better measurement of defence benefits, outputs and outcomes within the DVP.⁶**

4 Johnson (2020).

5 Prime Minister's Office (2020).

6 Dstl has commissioned parallel research through RAND Europe, in partnership with leading UK academics, to identify and apply novel techniques for measuring what the Dunne Review (2018) defines as the 'primary economic benefits' of defence, i.e. protection against security threats. This ongoing study is due to report in autumn 2020. Other existing research has sought to identify the 'secondary economic benefits' (defence employment, exports, FDI, etc.), though these also remain not fully understood. Hartley (2010), Matthews (2019).

The research team was tasked to address the following key questions.

Box 1. Research questions (RQ) for the Global Strategic Partnership

- RQ1. Are ‘value’ and ‘prosperity’ in this context the same, or are there important differences and distinct meanings that have utility in helping defence to explain its case to external stakeholders?
- RQ2. What is the current perceived utility of the Public Value Framework to defence, and how might this need to be adapted or ‘supplemented to reflect the emerging findings of the Defence Value Proposition’?
- RQ3. How do other nations or private sector organisations approach this value proposition challenge, and what can UK defence learn from this?
- RQ4. Across the current National Security Objectives (3) and Defence Tasks (29), which activities – both tangible and intangible – contribute directly and indirectly to the value of UK defence and could be utilised in an articulation of defence’s value proposition?
- RQ5. How can UK defence account, in value terms, for its activities in support of government initiatives such as Global Britain, or its contribution towards maintenance of the Union of the UK (as but two examples)?
- RQ6. What defines a credible UK Defence Value Proposition and how could it be applied to the articulation challenges that defence faces with multiple audiences?

1.2.2. The research built on analysis of international and private sector approaches, as well as engagement with senior stakeholders from across UK defence

To address the topics outlined in Box 1, the research team conducted a literature review of existing UK government approaches and definitions of related concepts, such as ‘prosperity’, ‘benefits’ and ‘value’. This considered official UK government documents, as well as relevant academic journals and monographs.⁷ The team also examined open-source information on how different

international and private sector organisations have tackled the issue of articulating the value they provide to external stakeholders.⁸ Identifying the lessons to be learned from existing practice provided the foundation for developing a draft mapping of the components of a UK Defence Value Proposition (DVP).

The DVP was exposed to iterative discussion, challenge and refinement through engagement with relevant stakeholders from across UK defence on two occasions:

- A one-day workshop with stakeholders from across MOD, hosted at the Royal

⁷ The research team employed a ‘snowballing’ search strategy using Google Scholar, identifying new online sources for review from initial search findings and the bibliographies of previously-reviewed documents.

⁸ As outlined in Chapter 3, this covered Europe, the US, Canada, Australia, New Zealand, Israel, Russia and China. These regions and nations were selected based on either: their membership of the North Atlantic Treaty Organisation (Europe, the US, Canada); their membership of the Five Eyes intelligence alliance and Anglophone community (the US, Canada, Australia, New Zealand); their unique geopolitical and historical context (Israel); and/or their status as major non-NATO military powers (China, Russia). This ensured a cross-section of different approaches. When considering the private sector, the research team focused on a high-level review of academic literature on management theory and good practice, rather than investigating the approach of individual companies or teams in detail.

College of Defence Studies (RCDS) in November 2019, to define the possible constituent elements of the DVP.

- The January 2020 edition of the Chief of Defence Staff (CDS) Strategy Forum, hosted at the Royal Air Force Club, which brought together senior defence leadership, other central and local government representatives, UK industry and leading academics to consider the DVP as part of a wider, day-long discussion of how defence delivers value to the nation.

Synthesis of these various research activities provided the basis for development of the finalised DVP and the associated findings presented in this report.

1.2.3. This report summarises the findings of this independent research and outlines a Defence Value Proposition for the UK

The structure of this short report is as follows:

- Chapter 1 – Introduction: Background; research objectives, scope and approach.
- Chapter 2 – Understanding value in the defence context: Review of the UK's Public Value Framework (PVF); definitions of key terminology; and analysis of challenges

to conceptualising value in the defence context.

- Chapter 3 – Learning from approaches in other nations and sectors: Review of lessons identified through existing international and private sector approaches to conceptualising value and articulating this to multiple audiences.
- Chapter 4 – Defining the value proposition of UK defence: Mapping of the components of a Defence Value Proposition (DVP) for the UK, as well as consideration of the relationship between the military instrument and other levers of power.
- Chapter 5 – Conclusions and next steps: Analysis of the need to tailor the DVP to multiple audiences; consideration of possible next steps for building a more compelling case for the value of UK defence, now and in the future.

In addition, a full bibliography and supporting annexes provide additional guidance on inputs to the development of the DVP. Given the important role played by stakeholder engagement – including anonymised discussions at RCDS and the CDS Strategy Forum – readers should assume that the insights provided in this report originate from inputs provided by workshop and forum participants, unless otherwise indicated.

2 Understanding value in the public sector

Box 2. Research questions for consideration in Chapter 2

- RQ1. Are 'value' and 'prosperity' in this context the same, or are there important differences and distinct meanings can be useful in helping Defence to explain its case to external stakeholders?
- RQ2. What is the current perceived utility of the Public Value Framework to Defence, and how might this need to be adapted or supplemented because of the emerging findings of the Defence Value Proposition?

This chapter provides a summary of recent developments in the UK government's approach to understanding value as both a driver and an indicator of public sector performance. It also considers the theoretical and practical difficulties of defining key terms such as prosperity, value, outputs, outcomes or benefits, and especially of applying and measuring these concepts in a defence context.

2.1. Understanding and applying the Public Value Framework

2.1.1. Governments need to understand the value of their policies and programmes to ensure good governance and efficient use of public resources

The UK government aims to ensure effective governance and management of public

resources to promote and achieve policy objectives that maximise the social, economic and other benefits enjoyed by the UK.

The modern machinery of government is highly complex, and the execution of this responsibility is a challenging task for any nation. Leaders must balance the competing demands of different departments for the same finite pool of political, human and financial capital. For example, government must find an appropriate balance between investments in education, policing, health, social care, pensions, transport, defence, and a wide range of other areas. Assessing the potential costs and benefits of options across such different areas of policy is both a highly sensitive and difficult task, compounded by uncertainty over the impact and likelihood of success of many interventions.

In the UK, public services represent approximately one fifth of the total economy.⁹ Efficient use of resources is therefore essential, both to maximise the returns on such an investment as well as to build and maintain the legitimacy of democratic governance. High-level scrutiny of the 'value for money' of UK public spending is provided through Parliament, including the Public Accounts Committee, with support and expertise provided by the Comptroller and Auditor General and the National Audit Office.

Within government, HM Treasury exercises ultimate responsibility over decisions on central government spending, with additional governance and controls within each government department. Significant resources, responsibilities and legal powers are also devolved to administrations in Scotland, Wales and Northern Ireland, as well as to local authorities across the UK. Understanding, measuring and comparing the value provided by these many organisations and their respective policies and programmes is a challenge.

2.1.2. The UK has introduced a Public Value Framework as a tool to improve understanding of how different activities and outputs deliver public value

In November 2017, the UK government published a report¹⁰ led by Sir Michael Barber examining prospects for improving the public value delivered by the public sector. The report made a series of recommendations, including the implementation of a new Public Value

Framework (PVF)¹¹ as a practical tool for understanding and maximising the value – in terms of improved outcomes for UK citizens – that public spending generates. This is intended to augment rather than replace the guidance and principles of the existing HM Treasury Green Book,¹² the basis for investment appraisals across government departments.

Specifically, the PVF is designed as a series of practical questions and topics for civil servants to take into account when considering potential policies, programmes or investments that are intended to deliver public value. These are grouped in 13 clusters across four pillars, as shown in Figure 2.1.

In simple terms, the PVF seeks to address limitations in existing methods for understanding and quantifying public sector productivity¹³:

Instead of seeking to quantify inputs and outputs and observe the relationship between them, the framework instead seeks to define everything that a public body should be doing in between to maximise the likelihood of delivering optimal value from the funding it receives. It sets out the activities that are required to turn public money into policy outcomes, creating a set of criteria that can then be used to assess the extent to which those activities are taking place and, by extension, how likely it is that value is being maximised.

This moves beyond traditional approaches in UK government, which have typically focused on measuring the quantity of resources

9 Barber (2017).

10 Barber (2017).

11 HM Treasury (2019).

12 HM Treasury (2018).

13 HM Treasury (2019, 5)

Figure 2.1. Structure of the Public Value Framework

	Pursuing Goals	1. Understanding vision and goals 2. Degree of ambition 3. Implementation planning and monitoring
	Managing Inputs	4. Processes to manage resources 5. Quality of data and forecasts 6. Benchmarking and cost control 7. Cost shifting
	Engaging Users and Citizens	8. Public and taxpayer legitimacy 9. User and client experience and participation
	Developing System Capacity	10. Capacity to manage the delivery chain 11. Workforce capacity 12. Capacity to evaluate impact 13. Stakeholder management and working across organisational boundaries

Source: adapted from HMT Public Value Framework (2019, 6).

used by the public sector (i.e. inputs) and the services provided to the public (i.e. outputs).

2.1.3. The Public Value Framework is intended to be continuously refreshed as a living document; challenges remain to full implementation of its principles

Initially piloted in 2018, the PVF has now been endorsed and rolled out across UK government with support from HM Treasury. While it does aim to drive a more common approach to measuring value across the public sector, the PVF is not intended to be a rigid or monolithic solution, but rather a practical tool that must continue to evolve to reflect the

specific contextual needs of different users across government. Despite progress made through implementation of the PVF, its authors acknowledge that ‘this document and the wider public value agenda remain a work in progress’.¹⁴

As discussed below, challenges arise from the enduring lack of a common understanding of key terminology across all parts of government, as well as specific barriers associated with fully implementing the principles of the PVF in the context of certain departments, including the MOD.

2.2. Defining key terminology

2.2.1. Thanks to the ongoing efforts of HM Treasury, the UK government has a common understanding of what prosperity and social value mean in practice for the appraisals of policies, programmes and projects

Efforts to understand, quantify and monetise the contributions made by different government departments or individual policies and programmes to overall public value are required to follow the HM Treasury's Green

Book guidance. Though the Green Book, PVF and associated documents provide official guidance, and despite considerable academic literature on this topic, however outside of government, in public and political discourse, central ideas such as 'prosperity' or 'value' remain contested in theory, or inconsistently applied in practice.

Annex A of this report provide a more detailed glossary of key terms as described in official guidance, but for the purposes this chapter it is useful to highlight the following:

Box 3. Selected definitions of key terminology: prosperity, value and benefits¹⁵



Prosperity: Prosperity is measured by the level of social value as defined in the Green Book,¹⁶ so that an increase in social value is an increase in prosperity and a decrease in social value is a fall in prosperity.



Value: Value is a measure of the benefit provided by a good or service to a given agent. While this may be considered or measured in absolute terms, value may also be considered in relative terms (i.e. the market value for a good or service indicates how much that good or service is considered worth, relative to other desired goods or services). Conceptualisations of 'value' may also vary depending on the agent(s) in question, for example in relation to 'public value' or 'social value'.



Costs: Costs refer to decreases or disadvantages generated by an endogenous or external action, be it economic, social or political. Costs can be direct and/or indirect.



Benefits: Benefits refer to increases, advantages, or added-values generated by an endogenous or external action, be it economic, social or political. Benefits can be direct and/or indirect.



Public good: A public good is produced for the community and differs from private goods in that it is consumed by all citizens equally, whereas private goods are consumed individually and exclusively by those who purchase them.¹⁷

15 See Annex A for further information on the source of each definition.

16 HM Treasury (2018).

17 Notably, one of the original proponents of this term, the economist Adam Smith, identifies defence as a classic example of a public good: 'once a public good such as defence is produced it does not matter whether an individual has paid taxes or not, his consumption of defence cannot be exclusive at the expense of fellow citizens, nor can it be limited by the consumption of other citizens.' Quoted in Matthews (2019).

2.3. Challenges to conceptualising value in a defence context

2.3.1. There are theoretical and practical barriers to implementing the principles of the Public Value Framework fully in a defence context

As outlined in Chapter 1, defence¹⁸ has taken steps in recent years to improve how it understands, measures and articulates the public and social value that it delivers to the UK.

The theme of prosperity has been especially prominent in recent policy and strategy, most notably in the 2018 Dunne Review of the contributions made by defence to national life and the UK economy.¹⁹ The MOD has also made efforts to promote a more coherent approach to thinking about and driving wider social and economic benefits through sector-specific initiatives. This has been reflected, for example, in the implementation of a UK Naval Shipbuilding Strategy,²⁰ or the development of a National Value Framework for understanding the linkages between military advantage, freedom of action, influence and the wider economic and industrial benefits of investments in the UK Combat Air Strategy.²¹ The promotion of strategic integration and the improved coordination of activities and outputs across all parts of UK government as part of Fusion Doctrine²² has similarly provided impetus to defence gaining a more coherent understanding of the totality of its contributions to public value and policy goals.

Both theoretical and practical limitations make this a challenging task. On the one hand, this reflects wider difficulties associated with assessing the value of generic public sector outputs, as the PVF explains²³:

Whereas in the private sector, the output of services can be valued using their prices, the free-at-the-point-of-use or subsidised nature of public services prevents an equivalent method for valuing output.

There are additional conceptual difficulties that are specific to the unique purposes, operating environment and business of defence²⁴:

For some public services, outputs remain stubbornly difficult to measure. Defence is such an example, with outputs that are hard to define and measure, such as 'peace and stability'. The challenge, therefore, becomes how to improve public sector productivity performance when it is difficult to define quite what this is.

The traditional focus in defence has therefore been on measuring input resources, as well as applying good practice in terms of governance and management of defence programmes to provide some level of assurance that those resources are being used in an effective and efficient manner. This involves an overarching assumption that the benefits of defence expenditure ultimately outweigh, or at the very least are not less than, the direct and opportunity costs of investing in defence as opposed to other parts of government. The

18 Defence covers all those matters that are the responsibility of the Secretary of State for Defence. In practice this means the business of the Secretary of State, fellow ministers of the Ministry of Defence as the department of state that supports them, and of the armed forces as constituted by an Act of Parliament. In addition, UK defence draws on wider contributions from other stakeholders outside of the public sector – most notably defence industry – and aims to promote a Whole Force and enterprise approach. For more on how defence works, see UK MOD (2020c).

19 Dunne (2018).

20 UK MOD (2017b).

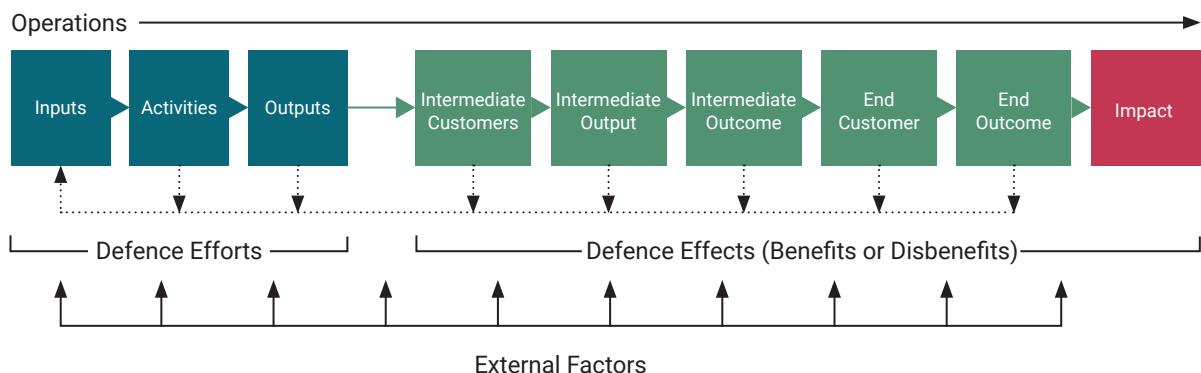
21 UK MOD (2018).

22 Cabinet Office (2018).

23 HM Treasury (2019, 5).

24 Ibid.

Figure 2.2. Generic logic model for defence



Source: adapted from Landree and Silbergliitt (2018, 2).

difficulty of measuring value in a more robust and granular way is reflected in HM Treasury's working assumption that inputs = outputs for the purposes of defence.

Applying a logic model, as illustrated in Figure 2.2, may be a useful tool for conceptualising the difficulties associated with tracing the links

between defence spending (inputs) and the ultimate outcomes and impact.

In such a model, defence is understood in terms of its inputs, activities, outputs, outcomes and ultimate impact (if all goes according to plan, the successful delivery of social value to the UK). Definitions of these key concepts are provided below:

Box 4. Selected definitions of key terminology: components of a logic model²⁵



Inputs: Inputs refer to the amount of resources – be they economic, social or political – spent or given to deliver specific outputs and outcomes through activities/processes.



Processes/activities: Processes or activities encompass the combination of ends, ways and means to transform inputs into outputs, with the aim of delivering the desired outcomes.



Outputs: Outputs refer to the direct immediate-term results of processes or activities. This may be recognised as the change in the level or quality of a service delivered.



Outcomes: Outcomes refer to the consequences to society of a change in service or policy. These can be intended or unintended and are produced through the delivery of outputs and the interaction with other external actors or variables.



Impact: The intended impact of spending public money, i.e. the objectives sought by government. They can be either direct (usually measurable and timely) or indirect.

2.3.2. Challenges for defence include the inherent difficulty of measuring and monetising outputs, as well as the complex links to outcomes and social value

In the defence context, there are challenges with identifying, quantifying and, where appropriate, monetising each of the steps involved in the logic model. One important practical issue is a lack of common definitions; the same terms are used in different ways even by teams and organisations within MOD Head Office, as well as across the wider defence enterprise (e.g. encompassing the MOD, Armed Forces, industry and research community). Other fundamental challenges include:

- **The difficulty of defining a defence output:** e.g. should a given military force or capability be classified as an output, or rather as an input to a mission or operation?
- **The problem of conceptualising and measuring the value of defence capabilities or of deterrence:** e.g. how can one define the costs and likelihood of a hypothetical counterfactual for what an adversary might do or might have done, were UK defence not delivering certain outputs?
- **The theoretical and data collection challenges associated with establishing the causal links between defence activities, outputs and outcomes:** e.g. how can one quantify the contribution that a given actor, policy or investment makes to shaping the complex evolution of a global crisis or conflict? Not least given the lengthy time horizons over which the benefits of defence efforts might be realised, or the impact of external actors and variables beyond the UK's direct control.

- **The distinctive relationship between defence and the recipients of value:** e.g. how should one account for the status of defence as a public good, or as a topic that is generally not well understood by the public? Not least given the less tangible or frequent interactions that citizens experience with defence, as opposed to other services such as health, education or policing.

Understanding and articulating what defence does, why it does so, and how this contributes to overall social value is therefore an enduring challenge for defence, both internally and when engaging with external audiences across government or in wider society. To provide wider insights on this issue, Chapter 3 considers what lessons could be learned from the approaches undertaken by other nations besides the UK; as well as methods used by the private sector to define and communicate the 'value proposition' of a given product or service to shareholders and prospective consumers.

2.4. Summary

The box below outlines key findings provided in this chapter.

Box 5. Summary: understanding value in the public sector and defence context

- Governments need to understand the value of their policies and programmes to ensure good governance and efficient use of public resources.
- The UK has introduced a Public Value Framework as a tool to improve understanding of how different activities and outputs deliver public value. The Public Value Framework is intended to be continuously refreshed as a living document; challenges remain to full implementation of its principles.
- Despite the ongoing efforts of HM Treasury, the UK government still lacks a common understanding of what prosperity and social value mean in practice.
- There are several theoretical and practical barriers to full implementation of the principles of the Public Value Framework in the context of UK defence. This includes the inherent difficulty of measuring and monetising defence outputs, as well as of establishing the causal links to ultimate outcomes and social value.

3 Learning from approaches in other nations and sectors

Box 6. Research question for consideration in Chapter 3

RQ3. How do other nations or private sector organisations approach this value proposition challenge, and what can UK defence learn from this?

This chapter briefly summarises the themes and lessons from a review of international approaches to conceptualising the contribution of defence to wider public and social value, and considers how the private sector defines and communicates the ‘value proposition’ of a given product or service. The chapter concludes by examining the extent to which UK defence might be similar or distinct to these other organisational contexts, and thereby recognises the need for a bespoke approach to articulating its value.

3.1. International approaches

3.1.1. Countries adopt their own interpretations of the value of defence, emphasising different aspects depending on historical, cultural, social and political factors

For the purposes of this study, the research team conducted a targeted review of open-source literature on approaches taken by other

countries to conceptualising the purpose and value of defence to the wider nation. In practice, this focused primarily on defence organisations in: Europe, the US, Canada, Australia, New Zealand, Israel, Russia and China.²⁶ Though other nations do not typically articulate the purpose of defence in the precise language of the UK’s Public Value Framework, official documents and doctrine do outline the role that defence organisations are supposed to play in national life, and how defence outputs are expected to contribute to the achievement of policy goals.

Instead of providing an exhaustive account of each country’s perspective, the following sections outline recurring themes from across different national contexts. The variations in each national approach reflect factors such as:

- History and culture;
- The evolution of civil–military relations in the country, including the experience of revolution, civil war or military coups;

²⁶ As discussed in Chapter 1, these were selected based on either: their membership of the North Atlantic Treaty Organisation (European nations, the US, Canada); their membership of the Five Eyes intelligence alliance and Anglophone community (the US, Canada, Australia, New Zealand); their unique geopolitical and historical context (Israel); and/or their status as major non-NATO military powers (China, Russia).

- The political and constitutional landscape;
- Any previous experience of external invasion;
- Strategic culture and perceptions of the contemporary threat environment;
- The social structures, economic model and government policy agenda of the nation in question.

3.1.2. National defence has evolved from historical reliance on private or feudal forces towards the more professional state militaries of today

The expectations placed on national defence organisations to deliver social value have evolved considerably over decades and centuries. For much of medieval and early modern history, both European and Chinese writers looked on the concept of a government-run defence with a combination of distrust and disdain. Standing forces were often associated with high economic costs (both direct and indirect, e.g. taking able-bodied agricultural workers away from the harvest), as well as oppression and tyrannical tendencies. Feudal levees called up in times of crisis, by contrast, were typically little more than a ramshackle mix of amateurs pressed reluctantly into service by a local lord.²⁷ Private security companies and mercenaries provided a more disciplined force and access to the latest military equipment, but also had a problematic tendency to switch allegiances as employers' funds ran out.²⁸

3.1.3. While nations organise and structure national defence differently, there is growing emphasis on what the UK would term a Whole Force Approach

Today, governments tend to rely either on a professional all-volunteer force; a scheme of national service and conscription; or some combination of both. This may involve both regulars (i.e. standing forces) as well as a pool of reservists who can be called up in times of crisis. These are typically supported by the policy and administrative functions of a national defence ministry or department, though some nations also blur responsibilities with other security-related agencies such as the ministry of the interior. Many nations now define defence outputs not in the narrow sense of actions by the military, but rather as the combined efforts of both military and civilian organisations, with support from the national industrial and technology base (including defence industry and research centres, whether state-owned or private). This is understood as the Whole Force Concept in the UK context, or through similar notions in other countries (e.g. One Defence Team in Sweden, Total Defence Workforce in New Zealand, or Defence Team in Canada).²⁹

3.1.4. Protecting against security threats – internal or external – is seen as the primary role of defence, though in practice many states have limited capacity to do so

In many nations, official policy and doctrine differentiate between the 'primary' and 'secondary' roles of national defence, and consequently apply the same framework when considering the value provided through defence investments, activities and outputs.

27 Howard (1999).

28 Galai (2019).

29 Goldenberg, cited in Last (2018).

Above all, countries typically emphasise protection of a nation's people, borders and sovereignty against potential invasion, blockade or attack as the primary purpose and benefit of a strong national defence. This emphasis is reflected in both US and French documents, which note the need to prepare for possible warfighting at scale and existential threats to the survival of the nation.³⁰ Similarly, Russia identifies the primary function and value of its armed forces as 'deterring the military and political threats to the security or interests of the Russian Federation'.³¹

Despite this shared understanding of the primary value of national defence, there are important nuances in how this is defined and articulated by different countries. Defence is fundamental to the evolution and legitimacy of the modern fiscal-military state. It is therefore inherently shaped by the politics of a given nation; indeed, war is famously theorised as 'the continuation of politics by other means'.³² In democracies, the value of defence stems from protection of the people, or of the institutions of state as the expression of national sovereignty. For other nations, the primary purpose is not to provide security as a genuine public good or social value, but rather to secure the enduring hold on power of the ruling regime. This is arguably the case in Russia, where successive reforms have sought to deepen the grip of government leadership over the security apparatus of the Russian state;³³ in China, the distinction is made

formally explicit through the official status of the People's Liberation Army as an organ of the Chinese Communist Party.³⁴

States do not only prioritise differently when it comes to who should be the primary recipients of the security benefits of national defence, but also whether that defence should be oriented towards countering internal or external threats. Within North Atlantic Treaty Organisation (NATO) countries, the primary function of the military is typically to address external aggression or attack; indeed, there may be strict constitutional and legal limits on the extent to which defence assets and forces can be employed on domestic soil, reflecting historical concerns about possible military abuses of power.³⁵ Other countries, for example in much of Latin America, Africa or the Middle East, are oriented more towards addressing internal security threats (with armed forces in these regions historically playing an active role in – depending on one's perspective – intervening to defend or suppress democratic politics).³⁶

Of course, there are sharp differences in the extent to which individual nations can credibly ensure defence activities and outputs actually result in the desired security outcomes. Today, warfighting at scale remains the preserve of a select group of larger nations (e.g. China, France, India, Russia, the UK or the US); others engage in collective security arrangements such as NATO to pool their capabilities, or else

30 Ministère des Armées (2019); US Army (2019).

31 Ministry of Defence of the Russian Federation (2019).

32 Clausewitz (1832).

33 Radin et al. (2019).

34 Li (2010).

35 For example, the Posse Comitatus Act places restrictions on the US federal government's powers to use federal military personnel to enforce domestic policies within the United States; though state governors may deploy the National Guard under state authority if needed in a domestic crisis.

36 McGowan (2003); Kårtveit and Jumbert (2014); Kruijt (2017).

rely on the non-aggression of more powerful neighbours and accept the associated costs and risks in terms of reduced sovereignty and influence over events.³⁷

3.1.5. Defence does not only provide valuable security benefits in times of crisis, but also seeks to deter and prevent conflict in the first place

Most nations also place central importance on the value of deterrence, not just defence. Quantifying and measuring this remains difficult, for the reasons outlined in Chapter 2. Some theorists of civil–military relations have framed this as an apparent paradox to the role of defence in national life: ‘the common soldier is forced to adopt a rather paradoxical mindset, one of longing for peace, and therefore for uselessness, while at the same time longing to be useful, which would entail that there be a war.’³⁸ Today nations across NATO and elsewhere do not recognise this binary distinction between war and peace, and emphasise the greater value that society experiences as a result of deterring and preventing threats from arising in the first place (not least in terms of avoiding the costs of an attack). This includes tackling threats from state and non-state actors, both above and below the threshold of open conflict.³⁹

3.1.6. Defence is understood to be an important contributing factor in a nation’s economic strength and diplomatic influence in global or regional affairs

Defence is also recognised as making contributions beyond the pure military instrument. Such an understanding places the primary role of defence (i.e. protection and security) in the wider context of a nation’s continuous campaign to achieve competitive advantage over other actors: in military, political, diplomatic, scientific, economic and commercial terms, and more. This pursuit of relative value (i.e. advantage and leverage over others) is also directly linked to efforts to increase the absolute value experienced by a nation’s citizens, for example by increasing economic living standards or providing the space for free expression of religious, cultural and political values without fear of hostile attack.

Many nations especially emphasise the contributions made by defence to maximising national freedom of action and global or regional influence – France, for example, notes the need for ‘strategic autonomy’ to ensure the French Republic can continue to shape its own destiny without being at the mercy of others. Others stress the mutually-reinforcing interlinkages between national defence and wider economic and industrial development; for example, through providing the conditions for

37 According to the CIA World Factbook, there are 36 small nations and territories without armed forces, most of which rely on other larger nations (e.g. friendly neighbours or a former colonial power) to underwrite their defence against external security threats. This includes the UK’s Overseas Territories, which have local governance but rely on the UK Armed Forces for their defence. The complete list includes: Andorra, Aruba, Cayman Islands, Cook Islands, Costa Rica, Curacao, Dominica, Falkland Islands, Faroe Islands, French Polynesia, Greenland, Grenada, Iceland, Kiribati, Kosovo, Liechtenstein, Macau (autonomous territory of China), Marshall Islands, Mauritius, Federated States of Micronesia, Monaco, Montserrat, Nauru, New Caledonia, Niue, Palau, Panama, St Lucia, St Vincent and the Grenadines, Samoa, San Marino, Sint Maarten, Solomon Islands, Svalbard (a region of Norway, but without any permanent military base or presence due to the terms of the Svalbard Treaty), Tuvalu and Vanuatu. Macias (2019).

38 Robillard (2017).

39 For example, the US Department of Defense has increasingly focused in recent years on competing with Russia, China and Iran in the ‘grey zone’ below the threshold of open conflict, addressing ‘measures short of war’. See Connable et al. (2016); Morris et al (2019); Pettyjohn and Wasser (2019).

secure overseas trade or by promoting defence exports, employment and innovation in local defence industry. These economic benefits in turn increase the financial, human and technical resources available for national defence, with Sweden for instance identifying a robust defence industrial strategy as a key pillar of its wider national posture of armed neutrality.⁴⁰

3.1.7. Many nations emphasise the important role of defence in promoting civic and social cohesion, as well as embodying national identity and pride

Beyond the security, influence and prosperity benefits of defence, many countries also emphasise the broader ceremonial, civic and societal roles that national defence can play within public life.

In many cases, this entails a heavy focus on themes of national cohesion and solidarity. Though the UK retains an all-volunteer force, other countries such as the Baltic states, Denmark, Israel, Sweden and Switzerland maintain some form of compulsory conscription. This may reflect concern about imminent security threats, with defence understood more as a participatory activity that is co-created through inputs from all of society, rather than simply being provided by the military as a public good. Sweden, for example, maintains a policy of 'total defence' that emphasises the value of national and societal resilience against possible attack or unexpected strategic shock, and stresses the role of all citizens in contributing to this effort.

Such approaches also often entail a desire to use defence as a tool for promoting social

cohesion and a shared national identity. Israel, for example, uses conscription both to address urgent security threats as well as to encourage community identity in a state only formally created in the mid-20th century;⁴¹ while the French President, Emmanuel Macron, has publicly debated the potential benefits of reintroducing national service as a driver of social engineering and value.⁴²

3.1.8. Defence is sometimes conceptualised as a 'profession of arms', with parallels to the public and social value generated by medicine, law or the clergy

Several defence organisations around the world have sought to conceptualise defence as a profession that provides public and social value to the wider nation, through similar mechanisms to traditional professions such as medicine, law or the clergy.

This trend is most prominent in theory on civil-military relations in Anglo-Saxon countries; the US Army and Canadian and Australian militaries have also publicly embraced such ideas as part of defence policy, doctrine and approaches to professional military education. The concept of defence as a 'profession of arms' derives from the research of influential US political scientist Samuel P. Huntington, whose treatise *The Soldier and State* (1957) framed defence in terms of its defining 'expertise, responsibility and corporateness'.⁴³ Common definitions of a profession at the time included four criteria⁴⁴:

1. A high degree of generalised and systematic knowledge.

40 Keating et al. (2015).

41 Safrai (2018).

42 FRANCE 24 (2019).

43 Skelton (1996).

44 Barber (1963, 672).

2. Primary orientation to the community interest rather than to individual self-interest.
3. A high degree of self-control in behaviour through codes of ethics, which are internalised in the process of work socialisation and through voluntary associations organised and operated by the work specialists themselves.
4. A system of rewards (monetary and honorary) that are primarily a set of symbols of work achievement and thus ends in themselves, not means to some end of individual self-interest.

In the military context, the application of these criteria leads to an understanding of the primary function of defence as 'the management of violence' as part of a 'social trusteeship' relationship, whereby society entrusts national defence forces with the power to deploy lethal force in pursuit of social value.⁴⁵

In addition to the enduring influence of Huntingdon – or of Janowitz's *The Professional Soldier* (1960) – major contributions to this debate have been made by the British Army's General Sir John Hackett, who delivered a series of lectures on the topic at the University of Cambridge, and subsequently reworked these into a book, *The Profession of Arms* (1962). For Hackett, the 'function of the profession of arms is the ordered application of force in the resolution of a social or political problem.'⁴⁶ Defence therefore provides the benefit of access to a unique toolkit of military levers for reinforcing or, if necessary, stepping

in to compensate for the failures of other parts of government to secure the national interest in an uncertain world. Importantly, such an understanding entails that defence need be judged not on its efficiency but rather on its effectiveness (i.e. whether it successfully deters and defeats society's enemies, not how efficiently it spends money failing to stop an invasion).⁴⁷

Perhaps the most influential contribution of Hackett to official defence doctrine and concepts across Anglo-Saxon countries is his articulation of what makes the profession of arms unique (i.e. its 'unique selling proposition' – see Section 3.2 below). Specifically, Hackett emphasised the unique legal and moral status of what he called 'the contract of unlimited liability' that potentially requires members of the armed forces to go into danger, or even to their deaths, in service to the state.⁴⁸ Deacon James H. Toner of the US Air War College emphasises a similar theme: 'The pre-eminent military task and what separates [the military profession] from all other occupations, is that soldiers are routinely prepared to kill... in addition to killing and preparing to kill, the soldier has two other principal duties...some soldiers die and, when they are not dying, they must be preparing to die.'⁴⁹ This distinctive status entails a unique set of powers that defence can offer to the nation in times of crisis, presenting a flexible set of options up to and including the potential need to inflict, or endure, loss of life in service of the public good.

45 Huntington (1957).

46 Hackett (1962).

47 Hannah (2010).

48 Mileham (2010).

49 Toner (1995, 22–23).

3.1.9. Some nations are beginning to move away from traditional measures of public sector productivity to monitor performance through metrics such as happiness

The final recurring theme that emerges from a review of international approaches is the fact that, as with the UK's ongoing efforts to implement the Public Value Framework, developing a coherent understanding and articulation of the value of defence remains a work-in-progress. A number of nations are now beginning to explore innovative new metrics for assessing the productivity and the performance of the public sector in delivering social value: both New Zealand and Bhutan, for example, have begun to monitor 'happiness indices' as a broader measure of prosperity, as opposed to relying on a narrower focus on economic growth in terms of Gross Domestic Product as is the global norm.⁵⁰ Such initiatives remain in their relatively early stages and there is certainly no 'one size fits all' or off-the-shelf approach that maps directly to the unique circumstances and concerns of UK defence.

3.2. Private sector approaches

This section builds on the lessons identified through comparison of international defence organisations, by exploring the approaches undertaken within the private sector to understanding and articulating a value proposition to the users of a company's products and services.⁵¹

3.2.1. Private sector organisations aim to articulate how their products and services generate value by aligning with customer needs, wants and fears

Private sector organisations – regardless of the sectors or markets in which they operate – face competition from other companies, as well as high financial costs and other barriers to raising brand and product awareness with potential customers. Firms consequently invest significant resources in marketing efforts, whether in-house or outsourced, to improve the reach and resonance of their sales, advertising and promotional campaigns with external target audiences.⁵²

Whether through this wider outreach, or when a potential customer interacts directly with a product or service at the point of a possible selling opportunity, the window in which to convince that customer of the value of a brand, product or service is limited. To generate profits and a sustainable business, private sector organisations therefore need an effective and efficient strategy for articulating the value of what they are offering as a means of enticing customers to meet the costs of acquiring it. Since first being pioneered by strategy consultants in the 1980s,⁵³ one common tool in business management and marketing has been the customer value proposition (sometimes abbreviated to CVP). This is intended as a rigorous and structured approach to thinking about the different characteristics of the product or service in question, as well as articulating how these align with the profile of prospective customers. This builds on good

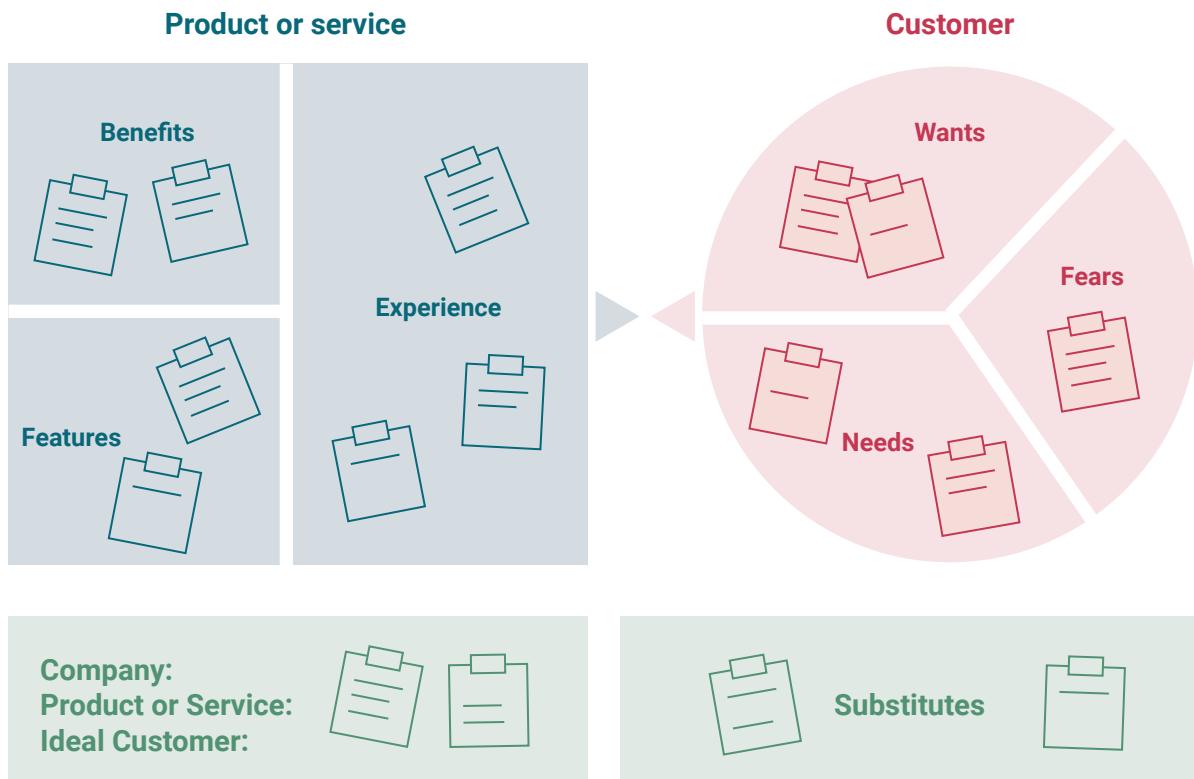
50 Ellsmoor (2019); OPHI (n.d.).

51 As outlined in Chapter 1, when considering the private sector, the research team focused on a high-level review of academic literature on management theory and good practice, rather than investigating the approach of individual companies or marketing teams in detail.

52 Barnes et al. (2009).

53 See its early origins in Bower and Garda (1986); Lanning and Michaels (1988); Lanning and Phillips (1992).

Figure 3.1. Example of value proposition canvas model as applied in the private sector



Source: GSP analysis, adapted from Thomson (2013).

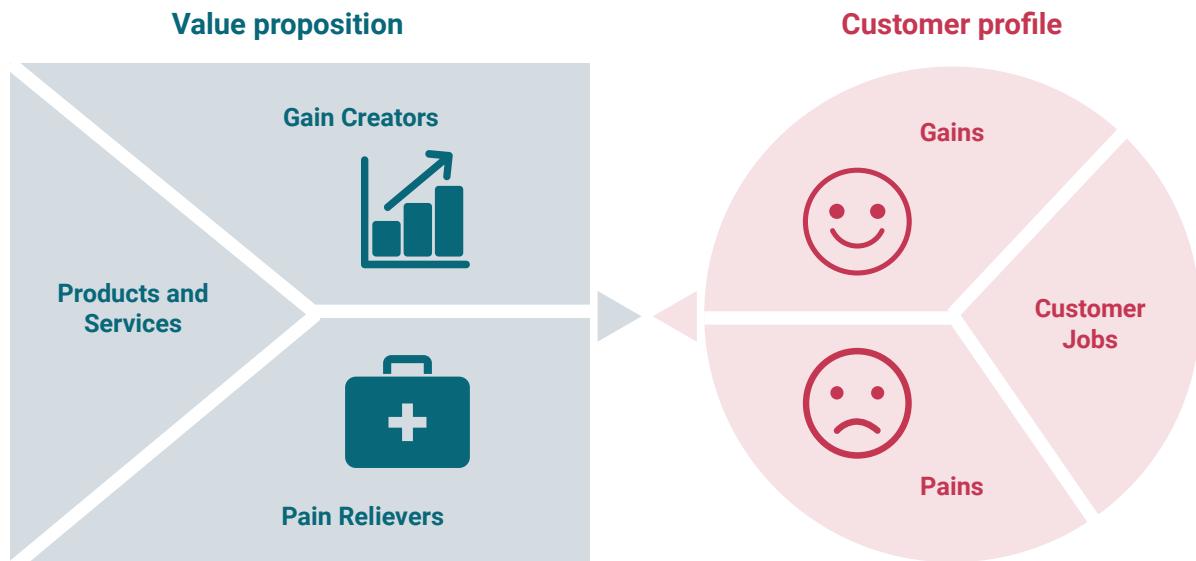
practice in designing and developing the user experience (UX) as a critical element of both physical and digital products – considering how the product or service ‘feels’ to use, what the user’s journey is when doing so, and how this aligns with their requirements.

Figure 3.1 provides one example of such an approach.⁵⁴ It presents a characterisation of the product or service in terms of its benefits, features and UX, and consideration of the extent to which this aligns with a target customer’s needs, wants and fears. It also involves market analysis to understand the extent to which existing products or services offered by rival companies address

these customer requirements, and how the company’s own offering performs in comparison.

Similar approaches conceptualise the benefits of a given product or service in terms of ‘gain creators’ or ‘pain relievers’, mapping these against customer jobs, pains and gains as shown in Figure 3.2.

Figure 3.2. Example of second value proposition model as applied in the private sector



Source: GSP analysis.

3.2.2. Some organisations in the private sector also increasingly consider the wider impact of their businesses on social and environmental stakeholders

Other approaches question the unidirectional nature of traditional notions of value (i.e. the idea that the firm must provide value 'to' the customer), instead emphasising the importance of value being mutually determined and co-created through reciprocal benefits

between both customers and suppliers.⁵⁵ This may entail a broader concern for the 'stakeholder value' generated by private sector organisations, rather than simply prioritising the narrow pursuit of shareholder value (e.g. profits, dividends, stock price) over social and environmental sustainability.⁵⁶ A number of companies now focus on a 'triple bottom line' (TBL) of profit, people and planet, which entails committing to generate social and environmental value as well as profit.⁵⁷ There

55 Ballantyne (2003).

56 Tapaninaho and Kujala (2019).

57 According to John Elkington, reflecting on 25 years of implementation of the 'triple bottom line' concept he originated in 1994, this approach encourages 'businesses to track and manage economic (not just financial), social and environmental value added – or destroyed. This idea infused platforms like the Global Reporting Initiative (GRI) and Dow Jones Sustainability Indexes (DJSI), influencing corporate accounting, stakeholder engagement and, increasingly, strategy. But the TBL wasn't designed to be just an accounting tool. It was supposed to provoke deeper thinking about capitalism and its future, but many early adopters understood the concept as a balancing act, adopting a trade-off mentality...Whereas CEOs, CFOs, and other corporate leaders move heaven and earth to ensure that they hit their profit targets, the same is very rarely true of their people and planet targets. Clearly, the Triple Bottom Line has failed to bury the single bottom line paradigm...To truly shift the needle...we need a new wave of TBL innovation and deployment.' Elkington (2018).

is a growing body of TBL theory and practice,⁵⁸ with many management schools now offering courses in sustainability to graduates and executives.⁵⁹ These promote sustainability as essential not just to wider society but also to the long-term survival and profitability of businesses in a changing world.⁶⁰

3.2.3. Many companies focus on the unique characteristics of their product, service or brand and how their value proposition compares to market competitors

In addition to employing value proposition tools to structure their internal thinking and external messaging, many private sector organisations also aim to define and communicate a 'unique selling proposition' (USP; a concept dating back to the 1960s),⁶¹ and/or a 'positioning statement':

- The USP describes the key characteristic or factor that makes a product, service or brand unique and superior to other major competitors on the market. The value proposition is therefore related to the USP, but emphasises the totality of the benefits, features and experience offered,

rather than focusing solely on that which is unique.

- The positioning statement, meanwhile, briefly describes how a product or service addresses a specific need that competitors do not. This is therefore similar to the USP, but is focused primarily on demonstrating the relevance of the product or service to the underserved requirements of the customer, as opposed to emphasising what sets it apart from competitors.

These concepts may be translated into initial product and service design, packaging, branding, advertising and marketing strategy, as well as informing the success with which companies achieve market share and sales with different target demographics (e.g. based on age, gender, ethnicity, location, education, occupation, political preferences and an array of other identifying characteristics). The value proposition is therefore reported to be one of the most widely used terms in business;⁶² proponents suggest it 'should be the firm's single most important organising principle' and a tool for business strategy, value creation and the driving of strong managerial performance and returns on investment.⁶³

58 The basic principles of TBL accounting have also informed the related development of new ethical approaches to local and global commerce (e.g. social entrepreneurship, the Fairtrade movement), as well as new legal forms, such as the establishment in the mid-2000s of the Community Interest Company (CIC) as a new type of social enterprise in UK law that uses the organisation's profits and assets for the public good. RAND Europe is one example of a CIC, while in the US its parent organisation, the RAND Corporation, is a non-profit corporation.

59 'Sustainability' is the focus of an array of masters and executive education courses, doctoral programmes, research taskforces and other initiatives at all of the top 10 business schools worldwide, according to the Financial Times global rankings for 2020: Harvard Business School (US), University of Pennsylvania: Wharton (US), Stanford (US), Insead (France / Singapore), Ceibs (China), MIT: Sloan (US), London Business School (UK), Columbia (US), HEC Paris (France) and University of Chicago: Booth (US). Financial Times (2020).

60 There is also a related concept of a 'triple top line', which 'moves accountability to the beginning of the design process, assigning value to a multiplicity of economic, ecological and social questions that enhance product value'. This does not 'obviate the need for triple bottom line accounting' but rather looks at the problem at the level of the design process for individual products, as opposed to from the boardroom. McDonough and Braungart (2002).

61 Reeves (1961).

62 Anderson et al. (2006).

63 Webster (2002, 61).

3.2.4. Compared to UK defence, private sector organisations have a different set of relationships with their shareholders, staff, customers and competitors

The development of the value proposition and USP as tools within the private sector holds potential lessons and applications for defence. At the same time, it is important to note the critiques and drawbacks of such an approach, as well as the imperfect way in which marketing principles translate to the unique context of defence. While frequently referenced and applied across the private sector, the concept of the value proposition ‘remains poorly understood and implemented’; with some academic studies criticising inconsistent definitions and applications, the limited empirical research done on the topic and the overall ‘lack of a strong theoretical foundation’.⁶⁴

There are also important differences between the operating environments of private sector organisations and defence (even more than most public sector functions). For example, defence has a distinctive and complicated relationship with its ultimate ‘customers’ or ‘end users’. These remain relatively ambiguous and ill-defined: should the priority for defence be to deliver value to serving personnel, the government, parliament, or the public? Defence more closely resembles the pursuit of stakeholder rather than shareholder value in certain private sector organisations, given that its responsibility is delivery of an essential public good and not maximising profit, share prices or other financial returns for a limited

number of managers and investors.⁶⁵ As a true public good, it is not even possible to say that defence’s customer is the taxpayer (‘not all people being taxpayers, and not all taxpayers being people’), since all people in the UK benefit from the security and other outcomes promoted by defence.⁶⁶

Similarly, the scope for any given ‘customer’ to choose a competing service is highly limited, short of paying for private security (which would anyway lack the capabilities, resources or legal status of defence) or prioritising only non-military instruments of power in government expenditure. Defence organisations are also not expected to respond equally to all stakeholder requirements, but rather to prioritise those related to safety, security and national survival – even if this may, at times or with certain groups, be unpopular, expensive and subject to considerable danger and risk. In this unusual monopoly-monopsony relationship – there is only one nation for UK defence to serve, and only one national defence maintained to protect the UK – understanding and articulating the value proposition of defence to different audiences remains a difficult challenge, and one that is distinctive from how this concept is applied in the private sector context.

Collectively, these unique characteristics of the defence context entail a requirement for a bespoke approach to defining and articulating the value proposition of UK defence. Chapter 4 outlines such an approach.

64 Payne et al. (2017, 467).

65 Tapaninaho and Kujala (2019).

66 Panel discussions at CDS Strategy Forum, Jan. 2020.

3.3. Summary

The box below outlines key findings provided in this chapter.

Box 7. Summary: learning from approaches in other nations and sectors

- Countries each adopt their own interpretations of the value of defence, emphasising different aspects depending on historical, cultural, social and political factors.
- National defence has evolved from historical reliance on private or feudal forces towards the more professional state militaries of today. While nations organise and structure national defence differently, there is growing emphasis on what the UK would term a Whole Force Approach.
- Protecting against security threats – internal or external – is seen as the primary role of defence, though in practice many states have limited capacity to do so unless they work with allies. Defence does not only provide valuable security benefits in times of crisis, but also seeks to deter and prevent conflict in the first place.
- Defence is also understood to be an important contributing factor in a nation's economic strength and diplomatic influence in global or regional affairs. Many nations also emphasise the important role of defence in promoting civic and social cohesion, as well as embodying national identity and pride.
- Defence is also sometimes conceptualised as a 'profession of arms', with parallels to the public and social value generated by medicine, law or the clergy.
- Some nations are beginning to move away from traditional measures of public sector productivity to monitor performance through metrics such as happiness.
- Private sector organisations aim to articulate how their products and services generate value by aligning with customer needs, wants and fears. Some organisations also increasingly consider the wider impact of their businesses on social and environmental stakeholders. Many companies focus on the unique characteristics of their product, service or brand and how their value proposition compares to market competitors.
- Compared to UK defence, private sector organisations have a different set of relationships with their shareholders, staff, customers and competitors. This entails the need for a bespoke approach to defining and articulating the value proposition of UK defence.

4 Defining the value proposition of UK defence

Box 8. Research questions for consideration in Chapter 4

- RQ4. Across the current NSOs (3) and Defence Tasks (29), which activities – both tangible and intangible – contribute directly and indirectly to the value of UK defence and could be utilised in an articulation of defence's value proposition?
- RQ5. How can UK defence account, in value terms, for its activities in support of government initiatives such as Global Britain, or its contribution towards maintenance of the Union of the UK (as but two examples).

Building on the lessons offered by international and private sector organisations, this chapter proposes a mapping of the value proposition of UK defence. It sets out the myriad different ways and means through which the defence enterprise – including the MOD, Armed Forces, industry, academia and wider defence community – provides value to different parts of UK society.

Firstly, it summarises the totality of the Defence Value Proposition (DVP) and visualises the interrelationships between its primary 'components of value'. Secondly, it examines each of those components in turn, considering the sorts of direct and indirect benefits that defence activities can offer to UK government or the public. Finally, the chapter concludes by illustrating how different audiences will prioritise between these components of value differently, depending on their own needs, wants and fears, as well as the wider context within which they are interacting with defence

as 'customer'. This underscores the essential point that value is, ultimately, in the eye of the beholder. There can be no fixed totemic description of the DVP; rather, the weighting and credence given to its different elements fluctuates from one audience to the next, just as it evolves over time. This fluidity has profound implications for how UK defence should go about promoting the DVP externally, as is discussed further in the final chapter.

4.1. Defining a UK Defence Value Proposition

4.1.1. UK defence is responsible for developing the military instrument – alongside other levers of national power – to promote advantage in a competitive world

The MOD and Armed Forces, backed by industry, collectively provide the military instrument of UK government strategy and policy. This forms part of a wider DIME

Table 4.1. Examples of DIME instruments of power

 Diplomatic	 Information	 Military	 Economic
<ul style="list-style-type: none"> • Embassies, consulates & High Commissions • International recognition • Negotiations • Treaties • Participation in UN, NATO & other bodies • Policies • Shaping norms 	<ul style="list-style-type: none"> • Government information • Public diplomacy • Public affairs • Communications resources • International forums • Spokespersons, timing, media & venues for announcements 	<ul style="list-style-type: none"> • Military capabilities • Military forces • Defence operations • Deterrence • Show of force • Defence engagement • Security cooperation • Defence technology & industrial base 	<ul style="list-style-type: none"> • Fiscal & monetary policy • Trade policy • Tariffs • Embargoes & sanctions • Economic assistance & overseas aid • Investment • Finance • Economic growth

model of national power, encompassing the diplomatic, information, military and economic instruments. The table below provides examples of how these different instruments are manifest in practice.

With a primary focus on the military dimension, UK defence aims to develop and implement strategy: ‘a course of action that integrates ends, ways and means to meet policy objectives’.⁶⁷ On its own, each of the DIME instruments of power is a ‘necessary but not sufficient’ precondition for achieving the UK government’s overarching policy goals. ‘The use of the military instrument, for example, is highly unlikely to achieve a favourable outcome in a conflict unless it is applied in conjunction

with both the diplomatic and informational instruments’ and backed by appropriate economic resources.⁶⁸ At the same time, external factors and other actors all have their own influence on outcomes (see Chapter 2 for further discussion on the particular challenges of linking defence outputs to ultimate outcomes).

Coordination among the different DIME instruments is therefore needed to maximise the UK’s advantage in a highly competitive, interconnected world. The central importance of strategic integration across all levers of power has been recognised across UK government in the form of Fusion Doctrine (which builds on previous efforts to promote

67 RCDS (2017, 31).

68 RCDS (2017).

a ‘comprehensive approach’).⁶⁹ It is also embedded in Defence Doctrine⁷⁰ and the Defence Applied Operating Concepts,⁷¹ which together direct how UK defence operates and thereby delivers value to its stakeholders across Whitehall and in the general public.

This can also be conceptualised in terms of bringing together the ways and means of both ‘hard’ and ‘soft’ power. Hard power is typically understood as the use of military intervention, coercive diplomacy or economic sanctions to influence others towards one’s own favoured outcomes – combining compellence, inducements and threats to modify an actor’s behaviour contrary to their original intent. This relies on more tangible assets such as military forces, economic resources and technology. By contrast, soft power is about persuading others towards one’s desired agenda or position. Soft power is therefore typically ‘associated with intangible power resources such as culture, ideology and institutions’, which encourage attraction and emulation by other nations or non-state actors.⁷² As with the DIME model, hard and soft power are both recognised as forming part of a continuum, with an effective national strategy combining elements of persuasion, coercion, deterrence and inducements to achieve its overall political ends.⁷³

4.1.2. Defence delivers value to UK society in a wide variety of forms beyond the immediate benefits of the military’s protection against security threats

Given the responsibility of the MOD and Armed Forces for the military instrument, deterring

and defeating threats to national security are often described as the primary role of UK defence. External threats could include the risk of attack, invasion or blockade, as well as hostile state activity below the threshold of armed conflict. Internal threats could include civil disorder, insurgency, sabotage or espionage, while phenomena such as violent extremism or cyber-attacks may transcend political and physical borders.

Keeping the people, borders and territories of the UK safe and secure in an uncertain, dangerous world is fundamental to the purpose, operation and legitimacy of government. This ultimate responsibility is therefore an essential part of the value proposition of defence. At the same time, defence provides much broader value beyond the application of hard power in a crisis or struggle for national survival. Defence also provides an array of direct and indirect benefits to both government and society by promoting national interests and values more widely. As outlined in Joint Doctrine Publication 0-01:

The UK’s security is rooted in perceptions of both national sovereignty and national interests, and how these are both protected and promoted. Our government’s prime duty is to maintain the freedom and integrity of the UK, its Overseas Territories and its people. The government also seeks to secure a range of broader interests – political, economic and social – that contribute to the nation’s strength and prosperity. Our commitment, with our allies and partners,

69 Cabinet Office (2018).

70 For UK Joint Doctrine Publication 0-01, see DCDC (2014, para. 3.1).

71 DCDC (2020).

72 Nye (2009, 63).

73 Smith-Windsor (2000, 52).

to strengthening international peace and security enhances our national security.⁷⁴

In turn, defence also provides value to beneficiaries beyond the UK itself; for instance, by contributing to the security of allies and partners overseas, or by creating the conditions for mutually beneficial trade.

4.1.3. The UK Defence Value Proposition can be understood as the sum of a series of interconnected components, each providing value in a different way

Based on this understanding of defence's role in the wider apparatus of government policy and strategy, it is possible to articulate a Defence Value Proposition (DVP) as a tool for better understanding how defence outputs lead to direct and indirect benefits for different stakeholders across UK society and more generally. Figure 4.1 maps the primary components of this value proposition. These are interconnected and mutually reinforcing, and in turn contribute to the overall purpose outlined by the Chief of the Defence Staff, namely: 'to protect the people of the UK; prevent conflict; and be ready to fight our enemies'.⁷⁵

4.2. Different components of the Defence Value Proposition

The following sections build on Figure 4.1 to discuss the primary components of the DVP in more detail, while also considering where and to what extent defence's 'offer' in each area is distinct from that provided by other parts of UK government that apply non-military instruments of power.

4.2.1. The first component of value focuses on protecting the UK's people against today's myriad security threats, risks and hazards



- Protecting our people abroad
- Protecting our people at home
- Protecting our national sovereignty incl. devolved administrations
- Securing UK homeland and overseas territories
- Countering a wide range of security threats along the spectrum of conflict
- Supporting civil authorities incl. during local and national emergencies
- Contributing to protection of critical national infrastructure

This component of the value proposition aligns most closely with the primary imperative of UK defence, i.e. to provide protection against security threats, both external and internal.⁷⁶ In the lexicon of the National Security Objectives (NSOs), this represents NSO1 'Protect our people'.

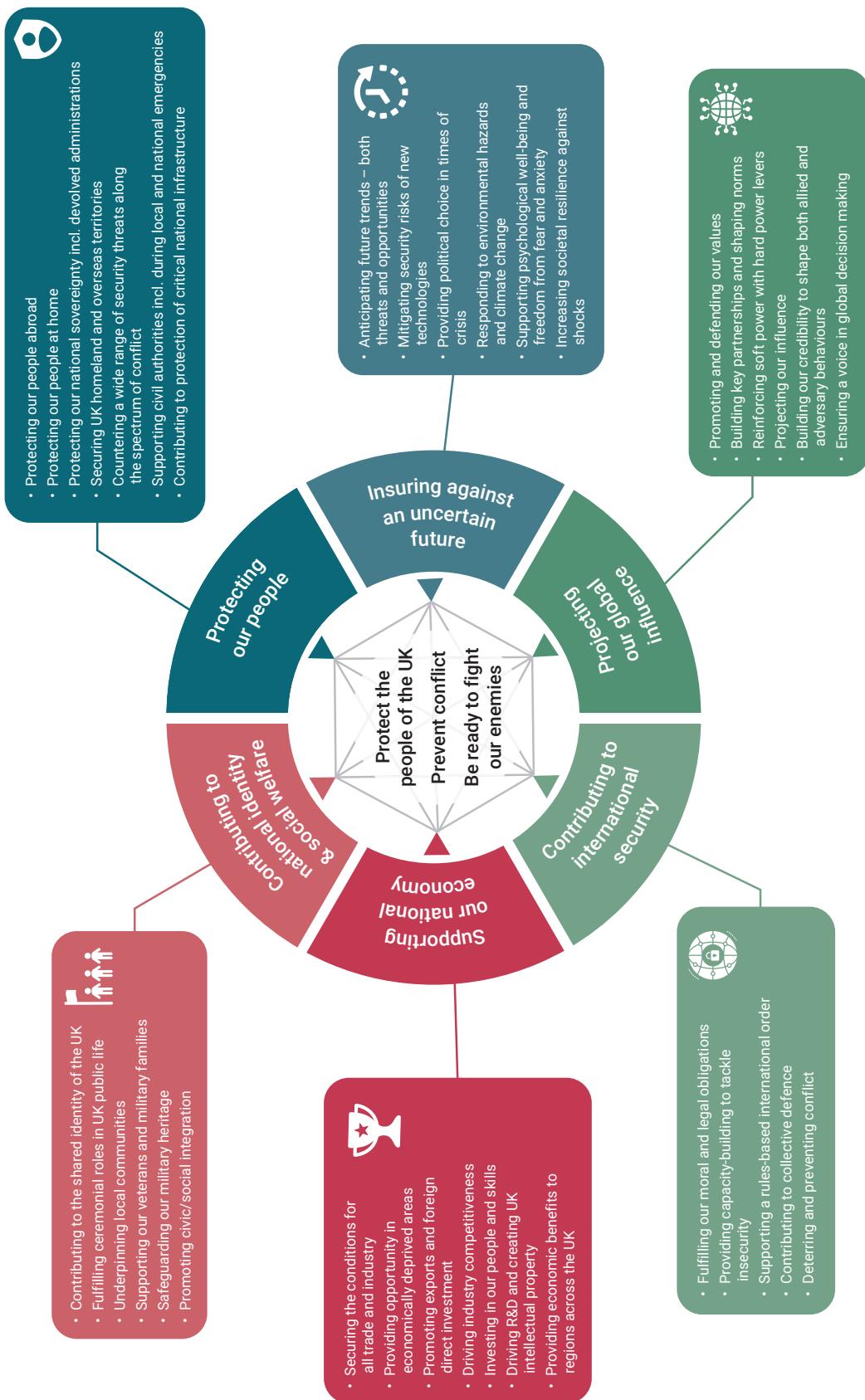
This includes protection of the UK homeland and Overseas Territories, as well as the responsibility to ensure the safety of the millions of British citizens who live and work elsewhere in the world. While defence represents a reserved matter for central government, it also necessarily involves coordination with devolved administrations in all parts of the UK – for example, to help patrol and secure sovereign waters or address possible environmental hazards or other civil emergencies.

74 DCDC (2014, para. 1.5)

75 Guidance provided by DCDC in relation to the CDS Strategy Forum on the DVP in January 2020.

76 See further discussion in Section 3.1.4.

Figure 4.1. Mapping the different components of the UK Defence Value Proposition



Source: GSP analysis.

Today, defence is configured to address a wide array of security threats along the spectrum of conflict. This includes deterring, protecting against, and if necessary defeating adversaries both above and below the threshold of open armed warfare. At one end of the spectrum, this involves providing the military forces and capabilities required to ensure territorial defence and contribute to collective security through NATO by preparing for warfighting at scale. It also includes maintenance of the UK nuclear deterrent, with continuous at-sea patrols providing the UK with the ultimate deterrent against invasion, coercion or threats to national survival. Beyond addressing existential threats, defence also provides military options for use in expeditionary operations – for example, to evacuate UK citizens from a crisis-affected area overseas, or to provide a show of force that might deter and prevent escalation of a larger conflict.

Defence also provides value by contributing the military instrument in support of other Government departments and agencies involved in promoting national security. This includes working with the security and emergency services, for instance to counter terrorism or address risks to critical national infrastructure (health, energy, water, communications, finance, etc.).⁷⁷ The MOD and Armed Forces also provide military aid to civil authorities (MACA) in times of emergency, for example contributing search-and-rescue (SAR) assets by air or sea, deploying troops to address flooding or underwriting security at the Olympics.

Importantly, this does not merely mean protecting people from physical harm. It also includes protecting the freedoms, values and emotional well-being of the UK populace,

and securing the continuing conditions for the British way of life. Defence provides the ways and means to counter intimidation or coercion by hostile actors who would seek to end that way of life, for example by threatening democratic and human rights in the UK or elsewhere. This broad remit beyond simple protection is reflected in the central importance placed on the concept of 'human security' in UK Defence Doctrine, with Joint Doctrine Publication 0-01 identifying the following as its defining characteristics: the availability of essential commodities such as water, medical aid, shelter and food; broader environmental security; freedom from persecution, want and fear; protection of cultural values; and responsible and transparent governance.⁷⁸

Those outside of defence may recognise parallels with Maslow's 'hierarchy of needs', shown in Figure 4.2. This influential framing of the nature of human needs begins with the imperative to address immediate physiological and safety concerns ('deficit needs') and progresses through issues of psychological well-being to culminate, if circumstances allow, with the pursuit of self-fulfilment ('growth needs').

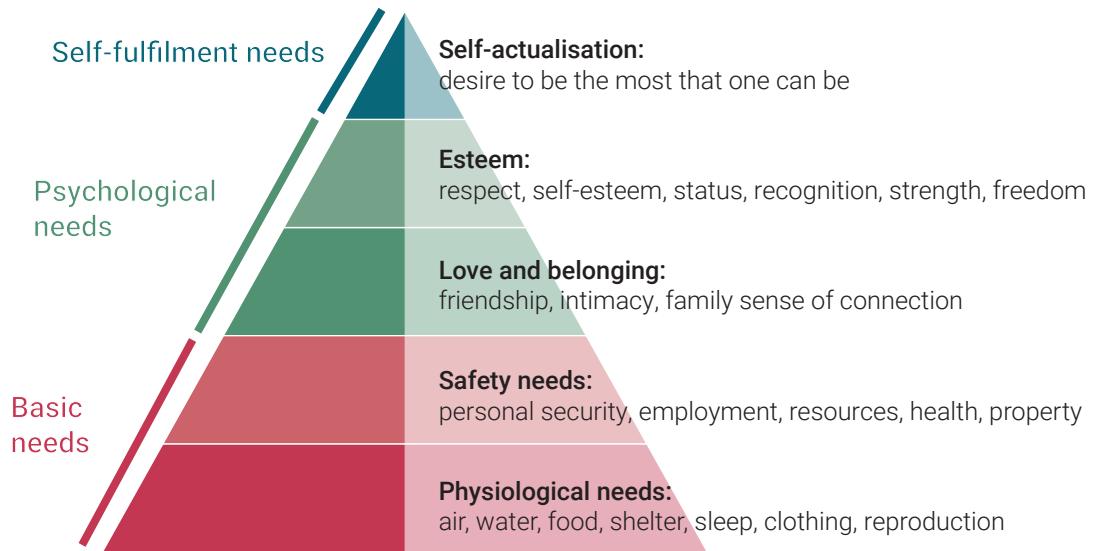
By acting as the ultimate sovereign guarantor of the UK people's basic needs – ensuring their safety and survival through the legitimate use of force, or credible threats and deterrence – defence therefore sets the conditions for pursuit of wider government policy objectives. In this way, the benefits provided through the UK's hard and soft power instruments can be understood as mutually reinforcing – robust protection against security threats contributes to the nation's wider prosperity, influence and social welfare.⁷⁹ In turn, a more prosperous nation able to project influence on the world

77 The Centre for the Protection of National Infrastructure (CPNI) recognises a total of thirteen national infrastructure sectors: chemicals, civil nuclear, communications, defence, emergency services, energy, finance, food, government, health, space, transport and water.

78 DCDC (2014, para. 1.2).

79 See further discussion in Section 3.1.6.

Figure 4.2. Maslow's hierarchy of needs



Source: GSP analysis, adapted from Maslow (1943).

stage can leverage its competitive advantage to invest human, financial and technological resources into defence, as well as to better shape or prevent the emergence of security threats in the first place.⁸⁰

4.2.2. The second component of value focuses on the role of defence as the insurance policy of both government and society against an uncertain future

- Anticipating future trends – both threats and opportunities
- Mitigating security risks of new technologies
- Providing political choice in times of crisis
- Responding to environmental hazards and climate change
- Supporting psychological well-being and freedom from fear and anxiety
- Increasing societal resilience against shocks



If the first component of the DVP focuses on protection against today's threats, the second emphasises the unique value that defence brings as an 'insurance policy' against an uncertain tomorrow.

Of all government functions, defence is among those most preoccupied with anticipating and preparing for future trends, be they new threats to mitigate or new opportunities to seize. In part, this reflects the long lead times required to develop and generate credible military capabilities (which are quick to erode in the absence of sustained investment, but costly and time-consuming to reconstitute once cut or lost in combat). Defence must therefore plan against future scenarios on a one-, two- or three-decade time horizon, while also ensuring its capabilities, processes and culture are agile and adaptable enough to deal with unexpected 'strategic shocks' that might suddenly emerge without warning.

Box 9. Focus areas identified in GST6 out to 2050

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. Harnessing artificial intelligence 2. An expanding competitive space 3. Increasing proliferation of weapons of mass effect 4. Erosion of state sovereignty 5. Adaptation of the rules-based international system 6. An expanded and unregulated information space 7. Rising inequality, reducing social cohesion and fragmented societies 8. Understanding human enhancement | <ol style="list-style-type: none"> 9. Increasing competition in the global commons 10. Increasing disruption and cost of climate change 11. Increasing demand and competition for resources 12. Greater automation and an increasingly diverse workforce 13. Managing technological change 14. The challenge of affordability 15. Increasing threat from crime and terrorism 16. Managing demographic change |
|--|--|

Source: DCDC (2018).

Faced with deep uncertainty about the future of a highly complex and competitive world, defence provides value to UK government and society in several key ways. Firstly, defence invests significant resources in understanding and anticipating developments that might affect UK security, prosperity or influence. This includes through the information-gathering and analysis functions of Defence Intelligence (DI), or the scientific and technical expertise of the Defence Science and Technology Laboratory (Dstl). Defence also draws on its own overseas network and web of cooperative arrangements with allies, partners, industry, academia and non-governmental organisations around the globe (see Section 4.2.3 on defence engagement). Horizon-scanning initiatives similarly provide a valuable ability to identify relevant emerging issues and respond appropriately in pursuit of the UK's national interests. Box 9 outlines examples of macro-level trends that defence aims to 'hedge'

against, based on the sixth edition of the Global Strategic Trends (GST) publication produced through DCDC's Strategic Analysis Programme.

Furthermore, defence provides a valuable risk management function, enhancing the overall resilience of both UK government and wider society against shock or crisis. Through its capabilities, mass and unique legal status (see Sections 3.1.8 and 4.3 for more on the concept of unlimited liability), defence acts as the 'uncertainty and risk managers of last resort' for the UK. This broad remit as the 'backstop' for government policy could entail a wide range of taskings, depending on the crisis or emergency of the day. It might, for example, involve urgent research and innovation to address the security risks of a new technology; deployment of defence assets to address the disruptive effects of climate change on an isolated community; or the use of military to substitute for firefighters during an industrial

dispute or support the National Health Service during a pandemic such as COVID-19.⁸¹

Providing fall-back options in this way is especially important given the increasing complexity and interconnectivity of the myriad systems upon which modern digital society and the UK's prosperity and way of life depend. Just-in-time manufacturing, globalised supply chains, and the increasing reliance of many institutions on the Internet or space are just some of the many ongoing trends that bring a heightened risk of some future unaddressed 'strategic shock' provoking cascading failures across basic social and economic functions. While defence certainly cannot solve all ills – and should not be used to underwrite poor long-term planning or risk-mitigation in other areas of policy – defence can nonetheless offer the benefit of some level of insurance and surety in an age of anxiety.

Finally, defence provides the valuable commodity of time. It does so in multiple ways. On the one hand, defence outputs form an important part of the intergenerational compact, working and investing today to secure a safer and more prosperous UK as an inheritance for future generations. On the other hand, defence provides the benefit of political choice and swift action in an immediate crisis. Hard power assets can be deployed at relatively short notice, assuming they are maintained at appropriate readiness; by contrast, it may take many years to accumulate enough diplomatic or economic sway over a potential adversary to influence them against a short-term course of action that might imperil the UK's national interest. Crucially, defence offers the UK the option to compel action, rather than waiting for longer term efforts to

induce voluntary changes in behaviour on the part of a hostile actor.

4.2.3. The third component of value focuses on the benefits that defence brings to the UK's influence and standing with allies, partners and potential adversaries

- Promoting and defending our values
- Building key partnerships and shaping norms
- Reinforcing soft power with hard power levers
- Projecting our influence
- Building our credibility to shape both allied and adversary behaviours
- Ensuring a voice in global decision making



The third component of the DVP recognises the deep interlinkages among the DIME instruments, and the value of defence contributions to the UK's influence on the world stage.⁸²

As preceding sections have alluded, defence provides a set of unique hard power levers that also enhance the UK's soft power and ability to shape the behaviours of allies, partners and potential adversaries alike. Defence outputs contribute to the UK's overall credibility as an international actor, enhancing its perceived ability to deliver on any promises, threats or commitments made to others. Developing and maintaining capable military forces brings political and diplomatic clout with key allies, such as the US or other NATO nations, by assuring the UK's closest friends that it will be willing and able to stand alongside them on

81 In March 2020, the UK stood up a COVID Support Force as part of the MOD and Armed Forces' support to the NHS, emergency services and civil authorities during the COVID-19 pandemic. UK MOD (2020d).

82 See further discussion in Section 3.1.6.

'day one' of any future crisis involving a threat to collective security. It also helps position the UK as an attractive reference for prospective new partners, who seek to benefit from the UK's expertise and experience in addressing challenges to international peace and security.

In addition, UK government and wider society also benefit from the application of defence's own suite of soft power levers. The MOD's International Defence Engagement Strategy⁸³ outlines examples of the range of mechanisms through which defence helps the UK to cultivate and exert influence globally:

Defence assets contribute to the achievement of our international objectives well beyond the use, or threat of use, of hard power. Our Defence Engagement tools work through bilateral defence relationships and multilateral engagement. The scope of International Defence Engagement includes: treaties and alliances; senior level visits; our Defence Attaché network; civilian defence advisors; loan service personnel; overseas exchange and liaison officers; overseas training teams; security sector reform; international defence training; conventional deterrence and reassurance; overseas joint exercises; ship, unit and aircraft visits; and support to UK defence sales and international defence industry cooperation.

Crucially, maintaining a credible mix of both hard and soft power levers provides a voice in global decision making. This is especially important in an age of increasing 'great power' competition between the US, Europe, a rising China, an emerging India and a revisionist Russia. Defence thereby contributes to maintaining the UK's relevance, influence and agency as a medium power; helping ensure

a 'seat at the table' for important decisions that shape political, economic and security outcomes and directly affect the UK's national interest.

Defence's contribution is also important in helping to shape global norms and behaviours, or to promote and defend the UK's values around the world. This influence positions the UK and its allies and partners to counteract persecution, human rights abuses and the threat of genocide – for example, the UK regularly deploys military forces to assist in United Nations (UN) peacekeeping operations, and has previously intervened in Sierra Leone, Kosovo and Libya to prevent attacks on civilian populations.

The need to maintain clout and relevance as a global actor is also linked to the continuing benefits – and obligations – that stem from the UK's privileged position within major international institutions and legal frameworks. Defence, for example, directly contributes to enduring credibility as one of five permanent members of the UN Security Council (alongside the US, France, Russia and China). This brings significant value through a veto power over any future UNSC resolution that might otherwise have infringed on the UK's security or prosperity interests. Similarly, the UK remains a leading player within the North Atlantic Treaty Organisation (see Section 4.2.4), and is one of five nuclear weapons states legally endorsed through the Treaty on the Non-Proliferation of Nuclear Weapons.

Promoting influence does not only deliver value by empowering the UK's leaders – in conjunction with foreign counterparts – to shape political and diplomatic outcomes relevant to the government's policy agenda. It also provides direct and indirect benefits to the public. Beyond the benefits of a more secure

83 UK MOD (2017a, para. 4–5).

and stable world, these include promoting UK sovereignty (reinforcing the impact of UK parliamentary democracy on the policy outcomes experienced by voters); building partnerships with other nations, including to promote trade, economic growth and cultural exchange; and contributing to the UK's sense of self and national identity, as a confident, respected and engaged member of the global community.

4.2.4. The fourth component of value focuses on the contribution of UK defence to wider international security, tackling the causes of instability and conflict

- Fulfilling our moral and legal obligations
- Providing capacity-building to tackle insecurity
- Supporting a rules-based international order
- Contributing to collective defence
- Deterring and preventing conflict



The fourth component of the DVP emphasises the inescapable linkages between the UK's national security and wider security outcomes across Europe, the Atlantic community and globally.

Today's globalised world is highly interconnected, meaning no nation can isolate itself from developments in the wider security environment. This strategic and political reality is recognised in the UK's active contributions as a leading member of the NATO Alliance, which provides the basis for the collective

defence and security of the UK and its allies. The UK is similarly heavily involved in other regional or thematic groupings aimed at bringing together likeminded nations to address common security goals short of triggering a full NATO Article 5 response – the mechanism through which all NATO Allies agree to employ all necessary means to defeat an attack against one of their number. Other examples of defence frameworks include the UK-led Joint Expeditionary Force (JEF), the European Intervention Initiative (EI2), the Five Power Defence Arrangements (FPDA), or the bilateral Lancaster House Treaty with France.⁸⁴

Participation in such alliances and cooperative arrangements do not only contribute to overall international peace and security, and the fulfilment of the UK's moral and legal obligations as an engaged member of the transatlantic and European communities. They also provide value through a 'multiplier effect', with the UK's own defence contributions bringing the additional benefit of access to allied and partner capabilities. The close security ties between the UK and US, for example, and both sides' involvement in the Five Eyes (alongside Australia, Canada and New Zealand) bring unparalleled sharing of covert intelligence that helps keep the UK and its people safe.

Collective defence and security mechanisms provide the basis for collective deterrence. In this way, the UK's contributions to NATO and other frameworks help to deter and prevent conflict in the first place, encouraging potential adversaries to think again and modify their behaviour in a less aggressive direction that better aligns with the UK's national interest.⁸⁵

84 As of April 2020, the participating nations of the JEF comprise Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Sweden and the UK; participating nations in EI2 include Belgium, Denmark, Estonia, Finland, France, Germany, Italy, the Netherlands, Norway, Portugal, Romania, Spain, Sweden and the UK; and the eponymous 'five powers' of the FPDA are Australia, Malaysia, New Zealand, Singapore and the UK.

85 See further discussion in Section 3.1.5.

They also provide the basis for promoting arms control, transparency and mutual reassurance measures, and other political and legal means for easing tensions among nations and enhancing strategic stability. Through a combination of deterrence, coercion and inducement, the UK thereby increases its own national security, as well as helping to reinforce the wider rules-based international order that provides the external conditions for UK prosperity.

Crucially, the UK's privileged influence and access within collaborative frameworks relies on continuously refreshing the bonds between allies and partners. Though relationships take decades to nurture, they can be lost quickly if one side is perceived as free-riding; the benefits of collaboration therefore rely on the UK continuing to develop and contribute its own national capabilities – whether military forces, defence equipment, technology, intellectual property, funding or specialist expertise.

Finally, UK defence is also actively engaged in bilateral capacity-building and training initiatives aimed at enhancing the ability of partner nations – particularly in Africa, the Middle East and Asia – to secure their own security. These contributions aim to prevent conflict – or the conditions for conflict – from arising in the first place, enhancing the UK's own national security as well as providing an important source of influence for the UK as an attractive and capable security partner for emerging economies around the world. Similarly, a global defence presence and deployable assets help the UK to deliver

humanitarian aid and disaster relief to other nations in times of crisis. This brings relief to those in need and helps prevent the emergence of fragile states as possible future sources of conflict, mass migration or economic deprivation.

4.2.5. The fifth component of value focuses on the direct and indirect benefits that defence provides to the UK economy, enabling trade, industry and innovation

- Securing the conditions for all trade and industry
- Providing opportunity in economically deprived areas
- Promoting exports and foreign direct investment
- Driving industry competitiveness
- Investing in our people and skills
- Driving R&D and creating UK intellectual property
- Providing economic benefits to regions across the UK



The fifth component of the DVP recognises the direct and indirect economic benefits that stem from the investments made in UK defence.⁸⁶

Perhaps the most direct and obvious benefits relate to cost avoidance, i.e. the fact that the UK economy is not forced to incur the potentially devastating costs of invasion, blockade or attack. While it is difficult to estimate the full human and financial costs of a hypothetical war or terrorist attack,⁸⁷ recent

86 See further discussion in Section 3.1.6.

87 See further discussion in Section 2.3.2.

examples in the rest of the world^{88 89} or the historical experience of direct attacks on the UK homeland in the 20th century underscore the magnitude of these potential costs; as well as the capacity of major conflicts to leave deep psychological and economic scars that endure for multiple generations.

The 2018 Dunne Review into the contributions of UK defence to national prosperity outlined different mechanisms through which conflict and insecurity lead to economic losses, including⁹⁰:

- The direct impact of disrupted and destroyed assets based in the conflict zone.
- Lost welfare and well-being for individuals, from mass displacement, as well as shifts in the economy from production of consumer goods and services to production of military equipment.
- The indirect impact on trade, tourism and general business activity caused by the conflict, as people are deterred from entering the conflict zone.

Conversely, investments in defence do not only bring the benefit of cost avoidance. They also set favourable conditions for industry, trade and investment; thereby contributing towards wider public and private sector efforts to promote employment, productivity and economic growth. Defence's role in securing these conditions is especially important for an island nation such as the UK. The geography and economic model of the UK ensure reliance on safe access to sea lines of communication

as the basis for maritime trade (bringing food, fuel, medicines and other vital supplies to the UK, as well as shipping exports to overseas markets), and for protecting the undersea cables that connect the UK's digital economy to the Internet. Projecting power and influence abroad also aims to maintain a secure and stable environment for global commerce, including to the benefit of the UK's agriculture, manufacturing and services sectors.

The Dunne Review concluded that, while it remains difficult to quantify all direct and indirect economic benefits of UK defence⁹¹:

...the benefits provided...outweigh the opportunity costs of the people, capital and land employed in the public and private sectors for defence purposes. Erosion of confidence in our defence and its deterrent effect would raise the risk and cost of doing business for and with the United Kingdom. Our influence in the world would be less and the pressure that hostile actors might exert over us would be greater. For a highly connected trading nation, a drop in confidence in our defence can have disproportionate effect on everyday lives – jobs, prices, livelihoods, staying connected with the world and managing the reality or fear of scarcity.

Beyond these 'primary economic benefits'⁹² of protection against the risk and cost of conflict, defence also provides a number of secondary benefits to the UK economy. The UK currently spends just over 2 per cent of Gross Domestic Product (GDP) on

⁸⁸ For example, the World Bank (2017) estimates that in addition to its human toll, the conflict in Syria involved economic losses of over \$200bn in the period 2011–2016, representing four times Syria's GDP for the year 2010.

⁸⁹ As another example, a study by RAND Europe estimated that terrorist attacks resulted in losses of around €180bn in GDP across the 28 EU member states in the period 2004–2016. Cf. EPRS (2018).

⁹⁰ Dunne (2018, 12).

⁹¹ Dunne (2018, 18).

⁹² Dunne (2018).

defence each year, representing a significant outlay of public funds (more than all areas of government besides health, education and social protections).⁹³ The mechanisms through which this spending contributes economic benefits include:

- **Public sector regional employment:** Employment in the Armed Forces or MOD civil service, including the opportunity to acquire specialist skills and trades that provide further benefit to individual careers and the wider economy when people transition away from a career in defence.
 - **Private sector regional employment:** Employment in defence industry and the wider supply chain, including large companies and small and medium enterprises (SMEs) active in design, manufacturing and through-life support of defence equipment, or the provision of other services to defence.
 - **Skills and expertise:** Investment in the UK skills base, including STEM roles⁹⁴ and a mix of both defence-specific skills and transferable skills of wider benefit to the civil and dual-use economy.
 - **Exports:** Promotion of defence-related sales overseas, both through the direct support provided by government and the indirect benefits of marketing equipment designed for the UK Armed Forces.
 - **Research and innovation:** Investment in research and development both through Dstl and within industry, academia and the wider science and technology community, providing the basis for new intellectual
- property, technologies and applications with beneficial spillovers to the wider economy.
- **Investment:** Increasing the competitiveness of UK defence industry and attracting inward foreign direct investment, as well as incentivising capital investment in measures to improve productivity.
 - **Defence estate and local spending:** Benefits from the extensive land and infrastructure owned by defence, including military installations in all parts of the UK, which provide a source of local employment and drive additional spending in the communities by defence personnel and their families.
 - **Taxation:** The share of defence spending in the UK⁹⁵ that eventually returns to HM Treasury in the form of income, sales and other tax receipts (though this is less true of that share of defence expenditure which flows to overseas providers of military equipment and services).
 - **Other government expenditure:** Indirect benefits to the public purse in terms of reduced costs for benefits, pensions, healthcare, policing or other areas associated with increased unemployment (though these knock-on effects become increasingly challenging to trace back to defence spending).

These economic impacts have a national and/or regional dimension. HM Treasury's Green Book focuses on national and regional-level outcomes,⁹⁶ noting for example that employment in one geographic area or sector may displace jobs in another. Defence spending often plays a significant role in

⁹³ Importantly, overall health and education spending in the UK also includes spending by devolved administrations and/or local authorities, whereas defence remains a reserved matter for funding through central government.

⁹⁴ Science, technology, engineering and mathematics.

⁹⁵ Taylor and Louth (2012).

⁹⁶ HM Treasury (2018).

anchoring regional economies, including providing opportunities to communities in otherwise economically-deprived areas. This point has been given renewed relevance recently by the UK government's 'levelling up' agenda, which seeks to ensure that public spending, and economic growth more generally, bring benefits to all parts of the UK.

Official statistics for 2018–2019 show that the MOD spent a total of £19.2bn with UK industry, supporting over 306,000 jobs across all parts of the country. The MOD estimates that around 1-in-220 people working in the UK economy are employed in full-time roles to support defence. This defence investment represents an average of £290 per person living in the UK, with particularly high growth rates recently in the amounts spent in Wales (11 per cent increase) or Scotland (5 per cent).⁹⁷ The southwest of England remains the largest source of employment in the UK defence industry, with major hubs in Yeovil, Bristol or Plymouth, but defence similarly plays a major role in other clusters and regional economies across the UK.⁹⁸ Examples include naval shipbuilding on the Clyde near Glasgow; the role of the aerospace sector in Northern Ireland; submarine production at Barrow-in-Furness; combat aircraft production at Warton or Brough; or the focus on defence electronics and components in North Wales.

In turn, a strong defence industry and wider UK economy also enhance the ability of defence to deliver against the other components of the DVP: providing the industrial, technological and skills base and the financial resources required to promote national security and influence more broadly.

4.2.6. The final component of value focuses on the role of defence as a vital part of the UK's national identity, social cohesion and local communities

- Contributing to the shared identity of the UK
- Fulfilling ceremonial roles in UK public life
- Underpinning local communities
- Supporting our veterans and military families
- Safeguarding our military heritage
- Promoting civic/social integration



The final component of the DVP emphasises the wider value generated by defence in terms of contributions to national life, identity and social welfare, including communities and families across the UK.

This reflects the broad definition of prosperity in the Green Book as 'social value',⁹⁹ moving beyond the narrower focus on the economic and financial returns of defence investments in the preceding component (see Section 4.2.5). The MOD and Armed Forces, as well as industry and other parts of the combined defence enterprise, play an important social role within UK public life. This includes the fulfilment of ceremonial and symbolic functions that play an intangible but nonetheless important role in reflecting and promoting the shared identity, constitution and values of all parts of the Union. These defence outputs contribute both to national civic and social integration, as well as to individual

97 UK MOD (2020a).

98 UK MOD (2020b).

99 See further discussion in Section 2.2.1.

feelings of belonging, place and expression as part of a shared heritage and identity.¹⁰⁰

More widely, defence's investments and physical presence across the country ensure it plays a central role in shaping the life of local communities across England, Scotland, Wales and Northern Ireland, as well as in the UK's Overseas Territories.¹⁰¹ This is reflected in the historic, social and economic linkages between military bases, ports and garrisons and their nearby towns or villages; as well as in the longstanding relationships between the Armed Forces and an array of local businesses, schools, sports teams, charities, religious groups, and other key institutions within the social fabric of the UK's communities.

Service personnel, military families, and veterans also play important roles in UK society. Defence does not only provide employment for these individuals or their family members, but also other support such as housing, financial benefits, healthcare, help with schools and childcare, and free or reduced travel costs. In return, these individuals provide a public service to the benefit of all the UK (contributing to delivery of all components of the DVP), as well as continuing to deliver value after subsequently transitioning into civilian careers and a life beyond the military or civil service. This includes sharing the benefits of specialist technical and non-technical skills acquired through defence education and training, as well as continuing to serve the community in other roles (e.g. mentoring,

teaching, setting up businesses) in line with UK defence's core values of public service and integrity.

The public's recognition and appreciation of the value of these many contributions are reflected in high levels of popular support for service personnel, veterans and military charities, as well as the commitment of over 4,000 UK businesses and other organisations to the Armed Forces Covenant.¹⁰²

4.3. The unique selling proposition of defence

4.3.1. Defence does not provide the solution to all policy problems but can offer unique military levers of power in support of other areas of government

Within each component of the DVP, some of the benefits enjoyed by the UK are also provided through the activities and outputs of other parts of government, or of the private sector.¹⁰³ Some of the more obvious examples include the contribution of the Foreign and Commonwealth Office to the UK's influence and standing overseas, or the role played by the police, security and emergency services in addressing the threat of terrorism or civil disorder at home. Other benefits are unique to defence, relying on access to the military instrument of power to achieve gains in terms of national security, prosperity and influence. In the language of the private sector, it is therefore possible to articulate some of the 'unique selling points' of UK defence.¹⁰⁴

100 See further discussion in Section 3.1.7.

101 Annexes to the Dunne Review (2018) provide a visual mapping of this extensive footprint of defence across all parts and regions of the UK.

102 UK MOD (2019).

103 See further discussion in Section 3.1.3.

104 See further discussion in Section 3.2.3.

Table 4.2. Examples of unique contributions made by UK defence to national and social value

Development, maintenance and use of the military instrument in pursuit of the UK's policy objectives, providing **unique hard power levers in support of national strategy**. This includes specialist defence capabilities and legal powers, including the right to use deadly force and to order military personnel into harm ('unlimited liability').

 Protecting our people	<ul style="list-style-type: none"> Contribution of hard power levers to promote national security National defence and deterrence posture Security as condition for fulfilment of basic and growth needs of UK society Sovereignty and freedom of action against external threats Forces, assets and capabilities to protect UK populace at home or abroad Forces, assets and capabilities to protect homeland and Overseas Territories
 Insuring against an uncertain future	<ul style="list-style-type: none"> Unique political choices and legal powers in times of national emergency Unique ability to act quickly in a crisis, employing force if necessary Focus on identifying and mitigating future threats and exploiting opportunities Risk management against strategic shocks ('defence as insurance policy') Unique hard power contributions to national and societal resilience Combination of mass and niche capabilities needed to support civil authorities
 Projecting our global influence	<ul style="list-style-type: none"> Recognition and prestige as a leading military power in Europe and globally Additional options to secure leverage over allies, partners and adversaries Ability to combine tools or persuasion, coercion, deterrence and inducement Ability to better resist coercive diplomacy by hostile actors Continuing credibility of veto as permanent member of UN Security Council Relevance and agency in shaping global security norms and behaviours
 Contributing to international security	<ul style="list-style-type: none"> Contribution of hard power levers to promote international peace and security Fulfilment of political and treaty obligations Collective defence and deterrence posture through NATO Basis for credibility and access within cooperative alliances (multiplier effect) Forces, assets and capabilities for capacity-building with partner nations Forces, assets and capabilities for humanitarian aid and disaster relief
 Supporting our national economy	<ul style="list-style-type: none"> Military technology and applications Specialist scientific and technical advice to government Test facilities, ranges and other infrastructure Defence-related export, regional employment and investment opportunities High-value manufacturing and other economic activity in deprived regions Development of specialist knowledge, skills and expertise
 Contributing to national identity and social welfare	<ul style="list-style-type: none"> Unique heritage and role within public life Fulfilment of symbolic and ceremonial functions involving the Armed Forces Longstanding historical, social and economic ties with local communities Public service values, skills and experience of defence personnel and families Impact of veterans in their lives and careers beyond military service Extensive physical footprint of defence estate and installations across the UK

4.4. Summary

The box below outlines key findings provided in this chapter.

Box 10. Summary: defining the value proposition of UK defence

- UK defence is responsible for developing the military instrument alongside other levers of national power, promoting advantage in a competitive world. Defence delivers value to UK society in a wide variety of forms beyond the immediate benefits of the military's protection against security threats.
- The UK Defence Value Proposition can be understood as the sum of a series of interconnected components, each providing value in a different way. The first component of value focuses on protecting the UK's people against today's myriad security threats, risks and hazards. The second component of value focuses on the role of defence as the insurance policy of both government and society against an uncertain future. The third component of value focuses on the benefits that defence brings to the UK's influence and standing with allies, partners and potential adversaries. The fourth component of value focuses on the contribution of UK defence to wider international security, tackling the causes of instability and conflict. The fifth component of value focuses on the direct and indirect benefits that defence provides to the UK economy, enabling trade, industry and innovation. The final component of value focuses on the role of defence as a vital part of the UK's national identity, social cohesion and local communities.
- Defence does not provide the solution to all policy problems but can offer unique military levers of power in support of other areas of government.

5 Conclusions and next steps

Box 11. Final research question for consideration in Chapter 5

RQ6. What defines a credible UK Defence Value Proposition and how could it be applied to the articulation challenges that Defence faces with multiple audiences?

This final chapter discusses how to adapt the Defence Value Proposition to meet the needs, wants and fears of different audiences across government and wider society, and how to build a more compelling case for defence in the UK context. It then concludes by examining how the composition and articulation of the DVP may need to evolve over time given ongoing and future trends, including shifts in the strategic, political and economic priorities of the UK, as well as changes in how defence goes about its business. Building on the international and private sector lessons identified earlier in this report, any value proposition must be a 'living document' if it is to be a useful and credible tool for use across and outside of defence.

5.1. Adapting the Defence Value Proposition to different audiences

5.1.1. The relative weighting of different components of the overall value proposition will vary depending on the audience – value being in the eye of the beholder

The mapping in Chapter 4 outlined the myriad ways in which UK defence can provide value

to its various stakeholders. Defence outputs make important contributions to the security, influence and prosperity of the UK. They also support the application of other levers of power (diplomatic, information and economic) to achieve the UK's strategic and policy goals in a competitive world.

Crucially, there is no single monolithic way of describing the value generated by defence. Rather, the DVP as outlined in generic terms in the preceding chapter must be tailored and weighted differently depending on the audience in question. Value is subjective, and any value proposition must therefore be inherently customer- or user-centric (see Chapter 3 on private sector approaches). When discussing the composition of a possible DVP at the CDS Strategy Forum in January 2020, a recurring theme was the need for defence to better understand how its various outputs are perceived and ascribed value by different audiences:

- **Across the defence enterprise:** including all parts of the MOD, Armed Forces and industry;

- **Across government:** including all departments and agencies, as well as political leadership;
- **Across society:** including different demographic and interest groups within the UK public;
- **Outside the UK:** including the perception of UK defence outputs by allies, partners and adversaries.

Figure 5.1 provides illustrative examples of how the components of the DVP might be weighted differently by three hypothetical audiences, necessitating a bespoke approach to how defence messages its value to each.

These hypothetical examples capture only a tiny portion of the possible variation among different audiences. Applying the lessons identified from private sector approaches in Chapter 3, any DVP will be interpreted differently depending on the relevance of different defence outputs to address the particular audience's 'customer jobs', or its unique needs, wants and fears:

- **Across the defence enterprise,** different parts of the MOD, Armed Forces and industry will have differing organisational and individual priorities, with differing perspectives on how finite defence resources should be allocated to different activities, and how likely these are to generate the necessary outputs and, ultimately, target outcomes.
- **Across government,** each department has its own remit, policy priorities and resource constraints, and therefore HM Treasury or the Department for Business, Energy and Industrial Strategy might reasonably be expected to prioritise defence outputs that are most directly relevant to the UK economy, whereas the Foreign and Commonwealth Office or Department for International Trade might find defence's

contribution to influence and exports overseas more compelling.

- **Across society,** different members of the public will each formulate their own set of priorities for what policy outcomes their government should seek and how credible they find the proposition that defence outputs might help the UK to achieve them. This may vary depending on factors such as age, gender, ethnicity, location, education, occupation, voting preferences and level of awareness of different aspects of defence activities and outputs (e.g. due to living near a military base, working for a company in the defence supply chain or having a family member who has served).

- **Outside the UK,** assessments of UK defence outputs and how effectively these shape global strategic outcomes (e.g. how credible a deterrent they represent) will depend on international actors' own policy objectives, intent and capabilities; the information they hold on the UK's own intent and capabilities; and the cultural, historical and political lenses through which they interpret 'value'.

5.1.2. Even for the same audience, the relative weighting may fluctuate over time as priorities change to reflect changing circumstances

Even for a given audience, how they ascribe value to different components of the DVP, and the extent to which they prioritise investment in defence as opposed to other parts of the public sector (e.g. health, education, transport, policing, etc.), also fluctuates over time. This reflects shifts in the wider political, social and economic context: a deteriorating security situation may, for example, trigger a greater interest in protection against external threats and a temporary side-lining of promotion of defence exports as an issue. In the language

Figure 5.1. Illustrative examples of weighting of Defence Value Proposition for different audiences



Source: GSP analysis.

of Maslow's hierarchy of needs, this means addressing basic 'deficit needs' ahead of more discretionary 'growth needs' and policy ambitions.¹⁰⁵

Given this complexity and fluidity, defence cannot make wholesale assumptions about how its value will be interpreted by different institutions or demographic groups; rather, the assessment of each audience of the value of UK defence depends on the interplay between a constantly evolving domestic and global political context, and evolutions in the day-to-day lives, concerns and aspirations of individual 'recipients of value'.

Box 12. Articulating a compelling value proposition for UK defence

1. Adapting the DVP in light of a clear understanding of different audiences' needs, wants and fears.
2. Promoting value as a tool and priority issue across defence, including through effective leadership.
3. Developing a compelling narrative for UK defence, leveraging effective spokespeople and media.
4. Improving collection of evidence to back up that narrative and guide how defence delivers value.
5. Acknowledging the costs, risks and trade-offs of defence, given audiences' competing priorities.
6. Demonstrating confidence in the value of defence, even when it may not always be understood by others.

Source: GSP analysis.

5.2. Building a compelling case for the value of UK defence

Building on discussions at the CDS Strategy Forum, and the wider research conducted by GSP in the course of generating this report, this section presents findings on possible next steps for UK defence to help in articulating a compelling value proposition to its multiple audiences. Six specific steps are described in this section, as outlined in the box below.

105 See Section 4.1.1 for more information.

5.2.1. Defence should seek to better understand the needs, wants and fears of different audiences to guide the use and realisation of its value proposition

Firstly, for any future application of the DVP to be credible, it must be tailored. This requires an improved understanding of different target audiences, stepping outside of the preconceptions and internal debates that defence has about its own value. This is not just a matter of marketing, but rather an essential precondition for achieving defence's intended outcome of human security. This is recognised in UK doctrine:

Providing human security demands an awareness of the needs of individuals as well as states. Therefore, providing security requires an understanding of the impact of factors on a society, including: ideology and politics; education; commercial and economic factors; humanitarian and health issues; freedom of movement and information; aspiration and contentment; attitude to gender equality; racial, ethnic and religious factors; the military; and diplomacy, administration and governance. These factors, shaped by history and culture, must be considered in context.¹⁰⁶

Various tools and methods exist to address this need. Survey and polling data, focus groups, willingness-to-pay studies, and revealed or stated preference modelling using discrete choice experiments can all inform a more granular understanding. The private sector similarly offers lessons in terms of how to monitor and track levels of consumer engagement and satisfaction over time, though

there are clear differences to the defence context that must be borne in mind.¹⁰⁷ Across UK government, continuing and deepening dialogue as part of the ongoing process of strategic integration and the formalisation of Fusion Doctrine¹⁰⁸ should also contribute to landing defence's messages more effectively with other stakeholders.

5.2.2. Defence leadership should promote a common understanding and messaging of the value proposition across the defence enterprise

In addition to tailoring the DVP to different audiences, there is also a need for consistent application of the DVP and associated concepts and terminology within UK defence.

Articulating a credible, compelling value proposition relies on clear messaging by senior defence leadership to engage political leaders, other parts of government, and the wider public in a robust debate about the purpose, benefits and overall value of defence. Maximising the utility of the DVP as a tool for shaping that external debate would logically entail embedding 'value' as a key consideration across defence policy, processes and culture. This would build on the existing tenets of business-case design and appraisal within the MOD, as well as existing policy documents, concepts and doctrine on the activities, outputs and target outcomes of defence. Promoting a more common understanding of key terminology could provide a firm basis for refining how policy or investment decisions account for the contributions being made to defence's overall value proposition. Currently, different parts of MOD Head Office – let alone different communities of interest across the

106 JDP 0-01 (2014, para. 1.4).

107 See Chapter 3 for more information.

108 Cabinet Office (2018).

Armed Forces, defence industry or academia – use a range of definitions to understand ‘value’ and related concepts such as ‘prosperity’, ‘defence outputs’ or ‘defence benefits’. Driving a more coherent approach and common lexicon (see Annex A) would enable all parts of the enterprise to discuss the value of defence in the same language, as well as to present a more consistent message to external audiences.

As with any change or external engagement programme, clear senior ownership is also required to ensure that any future application of the DVP is appropriately resourced, and that momentum is maintained over time.

5.2.3. Defence should tell an engaging and relatable story and disseminate its key messages in conjunction with partners across and outside of government

When reaching out to external audiences, it is important to craft a clear narrative that both engages emotionally and sets out how the myriad benefits of defence relate to an audience’s concerns. At the CDS Strategy Forum, participants noted the importance of ‘telling a story, not just sharing data’.

This requires a compelling narrative that links defence outputs to everyday lives, hopes and aspirations, including the impact on communities and families across all parts of the UK. It also entails disseminating the key messages of that narrative through relevant mechanisms and media channels – across and outside of government – ensuring these

messages are heard by the right people at the right time. Crucially, the MOD and Armed Forces are not alone in seeking to raise awareness and understanding of the value of defence, but should also coordinate with partners across devolved administrations, local authorities, industry, local communities and the charitable sector. These wider voices have their own reach, relevance and resonance with different audiences, including demographics whom defence might otherwise struggle to engage.

Defence should also continue to learn from best practice in other governments – for example, ongoing efforts by Scandinavian¹⁰⁹ and Baltic countries¹¹⁰ to promote public understanding of the importance of a ‘total defence’ approach to national resilience – and the private sector. This includes continuing to introduce relevant tools and techniques, such as methods for articulating the user experience in a consumer context.

5.2.4. Defence should continue to gather evidence on defence value, and a more robust understanding of the links between defence outputs and outcomes

While recognising the power of storytelling, defence also requires robust evidence both to inform the use of a DVP to address its external messaging needs with different audiences, and to guide decisions about how to invest finite resources to maximise the overall benefits and value to the UK.

This entails continuing to provide a defence input to ongoing development of the Public

109 For an overview of the historical and recent evolution of Nordic total defence concepts, see Wither (2020). For more on Finland’s approach, see the Security Committee of Finland (2017); on Norway, see Norwegian MOD and Ministry of Justice and Public Security (2018) and Black et al. (2020); and on Sweden, see Government Offices of Sweden (2018) and Sydow (2018).

110 Flanagan et al. (2019).

Value Framework,¹¹¹ with HM Treasury intending the PVF (and indeed the wider principles of the Green Book)¹¹² as a practical, living document that is to be refined over time in line with evolving best practice. As outlined in Chapter 2, there remain several challenges to applying the PVF in the defence context, with particular difficulty in establishing robust estimates for defence benefits, or understanding the linkages between outputs and outcomes. As such, there remains an assumption for defence that inputs = outputs (and that value-for-money can best be safeguarded by focusing on how efficiently defence manages the expenditure of its allocated funds). Defence should therefore continue to investigate new tools and techniques for quantifying and, where possible, monetising the benefits offered by different defence activities;¹¹³ as well as understanding how to measure contested or intangible defence outputs such as 'capability', 'deterrence' and 'support to social cohesion'.¹¹⁴

Collection and analysis of such data would not only add to the evidence base for internal decision making and external messaging of the DVP, but would also provide a basis for cross-comparison with the performance of other parts of UK government; noting that defence remains a basic enabler of all other areas of policy and that there are likely to remain good reasons for not measuring the value of defence through exactly the same lens as areas such as transport, education or health.

5.2.5. Defence should promote a mature recognition of the costs and trade-offs associated with investing finite resources in defence alongside other priorities

For any narrative or evidence base to be externally credible, defence must also recognise the potential negatives associated with its value proposition. Defence may deliver a range of direct and indirect benefits, but defence activities also entail their own costs, risks and trade-offs – both known and unintended.

Discussions at the CDS Strategy Forum emphasised the need for defence leaders to be transparent and robust in acknowledging these limitations, noting that failure to do so would leave defence open to justified criticism that it was offering a 'rose-tinted' description of its purpose and business. There is a range of direct and indirect costs associated with UK defence; these include the input costs (e.g. financial, human, political and technical resources allocated to the MOD and Armed Forces), the opportunity costs of not investing instead in other parts of the public or private sector (which may have potentially offered higher returns on investment), and the human, political and economic consequences of defence falling short of its desired outcomes (e.g. the costs of failed defence interventions that result in greater insecurity overall).

Defence should 'own' and acknowledge these costs – as well as the high levels of risk and uncertainty inherent to going about defence's business in a complex, changing

111 HM Treasury (2019).

112 HM Treasury (2018).

113 Dstl has already commissioned independent research through RAND Europe, in partnership with leading UK academics, to identify and apply novel techniques for measuring what the Dunne Review (2018) defines as the 'primary economic benefits' of defence, i.e. protection against security threats. This ongoing study is due to report in autumn 2020. Other existing research has sought to understand the 'secondary economic benefits' (defence employment, exports, FDI, etc.). Cf. Hartley (2010), Matthews (2019).

114 See further discussion in Section 2.3.

and competitive world – if its message is to be credible with external audiences. Similarly, it should recognise the value proposition made by other policy areas competing for finite government spending (e.g. health, education, policing, infrastructure, or economic growth); and engage in an honest debate about how best to align ends, ways and means given the UK's policy ambition and the resources available.

5.2.6. Defence should demonstrate confidence in its own value, recognising that its role in promoting UK policy objectives may not always be well understood

Finally, while acknowledging the need to better articulate the DVP beyond defence, defence should also demonstrate confidence in its own valuable contributions to UK security, prosperity and influence – even if this value is not always easily quantified, explained or understood.

The CDS Strategy Forum emphasised the delicate balancing act faced by defence. Namely, the challenge of attempting to better articulate its case across Whitehall and with the wider public in terms that align with other actors' changing priorities, as well as with existing evaluation frameworks used across government (e.g. the PVF), while at the same time not forgetting that which sets defence apart. In simple terms, defence must recognise political realities and the need to make a compelling case for the sizeable investments made in defence activities; but must also not lose sight of its core purpose, which is to maximise the myriad benefits (above all, security but also prosperity and influence) that defence provides to the UK – even if doing so is not fully understood or valued by other parties. Political and public support for the Armed Forces is an

important part of the military covenant, but the dedication and sense of mission of those who serve in uniform or work in civilian roles are not diminished by society's imperfect awareness of much of what defence does.

At the same time, as acknowledged in the PVF,¹¹⁵ there remain unique considerations that explain why the benefits and value of defence continue to be understood and assessed differently from many other parts of government, reflecting the status of defence as an essential public good.

5.3. Adapting the Defence Value Proposition to a changing future

This concluding section presents final reflections by Strategy Forum participants and the GSP research team on the prospects and possible next steps for developing the DVP, including how it might evolve over time given a fast-changing context for UK defence.

5.3.1. In the immediate short-term, the UK has a unique opportunity to reflect upon and redefine its role in the world after leaving the European Union

This report has sought to understand the components of a DVP, as well as to explore the possible barriers and enablers to articulating that value proposition to different audiences in a compelling manner. The study is timely in a couple of ways; coming as the government is undergoing an Integrated Review of Security, Defence, Development and Foreign Policy, and shortly after the UK's official departure from the EU.¹¹⁶

In this context, the UK is seeking to reassess, redefine and rearticulate its strategic

¹¹⁵ See further discussion in Section 2.1.

¹¹⁶ For more on the defence and security implications of Brexit, see Black et al. (2017).

role as 'Global Britain', a globally oriented medium power in a competitive, changing world. Defence has an important part to play in achieving these policy ambitions, and contributes to overall national security, prosperity and influence. It also in turn has a unique opportunity to recast how defence outputs and their relevance to the UK's overarching national strategy and policy are understood, valued and integrated across wider government.

5.3.2. Defence – and the contribution it makes to national resilience – will also need to account for new political, social and economic realities after COVID-19

In the near-term, defence will also need to adjust to the new priorities, dynamics and constraints of a nation profoundly affected by COVID-19. The bulk of this research to develop a DVP took place before COVID-19 had been declared a global pandemic by the World Health Organisation,¹¹⁷ and before it had begun to claim lives within the UK itself – though the possible need to respond to a future pandemic, whether naturally occurring or from a man-made bioweapon, contributed to recognition of the important role defence plays in 'insuring against an uncertain future' (see Section 4.2.2).

At the time of writing in April 2020, the full scale, cost and longevity of this crisis cannot be known. The direct and indirect ramifications of COVID-19, and the associated disruption to the global economy and to modern ways of living, may take years to become fully apparent. Already, the UK MOD and Armed Forces are

providing military aid to civil authorities through the COVID Support Force.¹¹⁸ The diversity of ways and means employed to do so reflects the flexibility of the military instrument to respond to a crisis – be it an external attack or a civil emergency – as well as the rapid innovation that can occur within the public sector and wider UK society in times of need.¹¹⁹

This crisis in the UK and across the world is turning the spotlight on long-unanswered questions about national and societal resilience in the digital age; about biosecurity in an interconnected, mobile world; about the readiness and capacity of health, social care and food systems; or about the sustainability of a globalised model of capitalism given the poor preparedness of many governments, businesses and individuals to deal with the sudden dislocation of markets, jobs and supply chains. While COVID-19 has proven a strong impetus to collaboration – whether between nations, companies, or families, neighbours and communities – the pandemic is not immune to the enduring dynamics of global conflict and competition that are the everyday focus of defence. This is reflected in concern over the potential impact of coronavirus as a complicating factor in fragile states and vulnerable communities around the world already affected by mass migration, resource scarcity, environmental degradation, public disorder and violence.¹²⁰ It is also manifest in the public deterioration of relations between the US and China over COVID-19,¹²¹ in the spread of misinformation and disinformation about the virus on social media,¹²² or in fears

117 Ducharme (2020).

118 UK MOD (2020).

119 Marjanovic (2020).

120 International Crisis Group (2020).

121 Marcus (2020).

122 UK Government (2020); Europol (2020); Rankin (2020); Scott (2020).

that authoritarian leaders might use the crisis as a pretext to strengthen anti-democratic controls at home or to challenge distracted rivals abroad.¹²³

Against this evolving backdrop, defence will need to continue to refine its value proposition, as well as to recognise that UK government will face new challenges and public expectations after COVID-19. The profound economic impact of the pandemic – whether on financial markets, household incomes, or the public purse – will influence the funding that can be made available to defence in future.¹²⁴ As at all times, defence will remain only one of many competing demands on the time, energy and resources of both political leadership and the public, who also recognise the imperative need to bolster the National Health Service or to implement reforms to address the implications of coronavirus in areas such as housing, welfare, employment, local government, or education.¹²⁵

Nonetheless, it is important to recognise that resources allocated to defence need not detract from, but rather should reinforce, investments made in other parts of the public sector. As the NATO Secretary General, Jens Stoltenberg, has noted, the case of COVID-19 provides a potent and visible demonstration that ‘by investing more in our security and armed forces, we are providing surge capacity for all our societies to deal with unforeseen events, crises and natural disasters’.¹²⁶ The increasing political pressure to bolster national and societal resilience – and the public’s renewed awareness of the vital role that defence can play through MACA and other means – may place new demands on the MOD

and Armed Forces to enhance the value they provide through continuing engagement with civil authorities and all parts of UK society. At the same time, defence will need to balance the costs of any new roles or requirements with the enduring need to deliver value in more established ways, including by deterring or defeating aggression, projecting influence overseas and promoting a prosperous future for communities across the UK (see Chapter 4).

5.3.3. The way in which the UK articulates the value of defence must be continuously challenged and refreshed to stay relevant in a rapidly changing world

As the UK continues to evolve its role and reorganise how it brings together the diplomatic, information, military and economic instruments of power through Fusion Doctrine, the DVP – and how the relevance and weighting of its different components are articulated – should therefore continue to be refined. How value is understood and ascribed in a post-Brexit, post-COVID age may be distinct compared to how UK defence has previously conceptualised its contribution to the national interest.

Beyond the changing domestic context, UK defence should also continue to investigate how its ends, ways and means might continue to evolve given future political, economic, social, technological, legal and environmental trends – and how such developments affect how value is to be understood and achieved.

Examples of open questions for defence to consider include:

123 Crisp et al. (2020).

124 Barrie et al. (2020).

125 Egel et al. (2020).

126 Aitoro (2020).

- How might the DVP change over time, given new priorities, threats and opportunities?
 - What forms of value that are currently less prominent might be important to the UK in future?
 - What might be the impact of strategic and political trends (e.g. the rise of China, the impact of populism, and challenges over burden-sharing in the Euro-Atlantic security community) on the value of defence and how defence goes about providing benefit?
 - What might be the impact of environmental and climate change, both on the relative prioritisation of defence and other areas of policy, and on how defence itself is tasked to deliver value to the UK?
 - What might be the near-, medium- and long-term implications of COVID-19 for the DVP?
 - What might be the impact of new technologies, including changes in defence equipment and the size, composition and value chain of the UK defence industry?¹²⁷
 - How might demographic and social change affect the needs, wants and fears of future generations, as well as their receptiveness to different types of messaging?
 - How might future trends affect how the rest of government – beyond defence – provides value, and how might defence be expected to contribute as part of an integrated approach?
 - How might future trends affect the relationships between defence inputs, activities, outputs and outcomes, as well as the prospects for measuring and articulating these?
 - How might new tools and techniques enable a better accounting of the benefits and value of defence in government policy and decision making, and enable monitoring of measures of effectiveness?
- Ongoing debate across and beyond the defence enterprise – as well as further research into the dynamics through which value is generated and understood in the defence context – provide the opportunity to address these and other emerging questions as defence continues to refine how it articulates its unique value proposition to the UK.

¹²⁷ For example, the impact of advanced manufacturing, cyber-physical systems and wider changes associated with the so-called Fourth Industrial Revolution, or 'Industry 4.0'.

5.4. Summary

The box below outlines key conclusions provided in this final chapter.

Box 13. Summary: next steps for applying the DVP

- The relative weighting of different components of the overall Defence Value Proposition will vary depending on the audience – value being in the eye of the beholder. Even for the same audience, the relative weighting may fluctuate over time as priorities change to reflect changing circumstances.
- Defence should seek to better understand the needs, wants and fears of different audiences to guide the use and realisation of its value proposition. To increase coherence of effort, defence leadership should promote a more common understanding and messaging of this value proposition across the defence enterprise. Defence should also aim to tell an engaging and relatable story and disseminate its key messages in conjunction with partners across and outside of government. In addition, defence should continue to gather evidence on defence value, and build a more robust understanding of the links between defence outputs and outcomes. Defence should also promote a mature recognition of the costs and trade-offs associated with investing finite resources in defence alongside other priorities. Finally, defence should also demonstrate confidence in its own value, recognising that its role in promoting UK policy objectives may not always be well understood.
- In the immediate short-term, the UK has a unique opportunity to reflect upon and redefine its role in the world after leaving the European Union. Defence – and the contribution it makes to national resilience – will also need to account for new political, social and economic realities after the COVID-19 global pandemic. Looking further into the future, the way in which the UK articulates the value of defence must be continuously challenged and refreshed to stay relevant in a rapidly changing world.

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Annex A. Glossary of key terms

A.1. Context

As outlined in the main report, using a common lexicon is a prerequisite for promoting coherent thinking and debate across defence about its contribution to prosperity and social value.

Discussions in Chapter 2 recognised that there is no single and universally acknowledged definition of many of the relevant concepts. The following annex therefore outlines a set of proposed definitions for selected key terms. This is based primarily on existing definitions provided by UK government documents within and outside of defence, with additional edits and suggestions by the GSP research team where deemed necessary to ensure coherence.

A.2. Format of this annex

Key terms are listed in alphabetical order, according to the following model:

[TERM]:

Definition as proposed by the GSP, or when endorsing an existing definition in use elsewhere across UK government (e.g. in the Green Book) if applicable.

- **TERM:** Definition #2, if multiple contested definitions are available in the literature
– *Source document (date) for definition, if applicable*

- **RELATED TERM:** Definition of related terminology, or variations on similar ideas (e.g. different types of value).

A.3. Definitions for the purpose of this research

Benefits:

Benefits refer to increases, advantages or added-values generated by an endogenous or external action, be it economic, social or political. Benefits are many-sided; they can be direct and/or indirect, economic, social and/or political.

- **Social Benefits.** 'Social benefits are the total increase in the welfare of society from an economic action – the sum of the benefit to the agent performing the action plus the benefit accruing to society as a result of the action (external benefits).' – *HM Treasury (2018) The Green Book*

- **Indirect/External Benefits.** 'Indirect/external benefits are benefits of production or consumption of a good which are not taken into account by individuals or included in the price of a good in a perfectly competitive market.' – *HM Treasury (2018) The Green Book*

Client/Customer/User:

These terms refer to the recipient(s) of a value proposition.

- Depending on context, perspective and prioritisation, this could encompass a number of different entities, including internal (i.e. military and civilian personnel), cross-Government (i.e. other departments and agencies), domestic (i.e. the general population), or international (e.g. allies, partners or even adversaries).

Costs:

Costs refer to decreases or disadvantages generated by an endogenous or external action, be it economic, social or political. Costs are many-sided; they can be direct and/or indirect.

- **Social Cost.** Social cost is the total cost to society of an economic activity – the sum of the opportunity costs of the resources used by the agent carrying out the activity, plus any additional costs imposed on society from the activity (external costs). – *HM Treasury (2018) The Green Book*
- **Indirect/External Costs.** Indirect/external costs are costs of production or consumption of a good that are not taken into account by individuals or included in the price of a good in a perfectly competitive market. – *HM Treasury (2018) The Green Book*

Defence:

Defence covers all those matters that are the responsibility of the Secretary of State for Defence. In practice this means the business of the Secretary of State, fellow ministers of the Ministry of Defence as the department of state that supports them, and of the armed forces as constituted by an Act of Parliament. – *UK MOD (2015) How Defence Works*

- **The Whole Force:** The term 'whole force' describes the organisations, resources and people, both military and non-military, involved in delivering Defence's outputs. A Whole Force approach is therefore a capability comprised of the right mix of people from regular and reserve forces, the Civil Service, academia, industry partners and contractors, combined with both military and non-military organisations and resources to deliver a Defence output. *UK Defence Doctrine (6th edn)*

Impact(s):

- **Impact:** Impacts refer to the longer term effects of the proposal on the well-being of the UK public. It is the wider public value attributable to the proposal – *Department for Transport Value for Money Framework (2017)*
- **Impact:** Goods or services produced from inputs (activities may be substituted where outputs are difficult to measure). – *HM Treasury (2019) Public Value Framework*
- **Impact:** The intended impact of spending public money, i.e. the objectives sought by government. They can be either direct (usually measurable and timely) or indirect. – *HM Treasury (2019) Public Value Framework*

Inputs:

Inputs refer to the amount of resources, be they economic, social or political, spent or given to deliver specific outputs and outcomes through processes.

- **Inputs:** Resources that are purchased using public money. – *HM Treasury (2019) Public Value Framework*

Logic Model:

A logic model is a graphic that represents the theory of how an intervention produces its outcomes. It represents, in a simplified way, a hypothesis or 'theory of change' about how an intervention works. – UK Government (2018) *Introduction to Logic Models*

- The terms used in logic models vary, but they commonly include the following aspects: inputs/resources; processes/implementation; outputs; outcomes/impact; and a description of the context and relationships between each of these elements.

Outputs and Outcomes:

Outputs refer to the direct immediate-term results of processes or activities. Outcomes can be intended or unintended consequences and effects produced by the delivery of outputs and the interaction with other external actors or variables. They are often not immediately seen and, even when seen, may be difficult to attribute back to any given output or decision, due to the complex interplay between different variables.

- **Output:** Output refers to the change in the level or quality of a service delivered. For example, more cardiovascular operations carried out. – HM Treasury (2018) *The Green Book*
- **Outcomes:** Outcomes refer to the consequences to society of a change in service or policy. For example, improved life expectancy of the population. – HM Treasury (2018) *The Green Book*
- **Outcomes:** Outcomes refer to the short- and medium-term results of the proposal that may affect public value. – Department for Transport Value for Money Framework (2017)

• **Outcomes:** Outcomes are the changes that the intervention is ultimately trying to bring about for recipients. – Medical Research Council (2015)

- Traditionally, defence outputs were measured on an input basis, where inputs were assumed to equal outputs. In fact, defence outputs are a complex set of variables concerned with security, protection and risk management, including risks and conflicts avoided, safety, peace and stability – K. Hartley (2012) *Conflict and Defence output: An economic perspective*
- Additionally, 'outputs and objectives have a complex relationship. Most objectives require us to deliver multiple outputs, and many outputs serve more than one objective.' – JDN 1/15 (2015) – Defence Engagement

Process Evaluation:

- **Process Evaluation.** Process evaluations aim to explain how complex interventions work. They are especially useful for interventions that include a number of interacting components operating in different ways, and also when interventions address complex problems, or seek to generate multiple outcomes. The purpose of a process evaluation is to explain how an intervention generates outcomes or effects. – Public Health England (2018) *Guidance Process Evaluation*
- **Process Evaluation.** Process evaluation primarily aims to understand the process of how a policy has been implemented and delivered, and identify factors that have helped or hindered its effectiveness. It can take place at any time that the policy is being delivered (the timing of the evaluation will depend on the policy and research questions that need to be answered). Process evaluation can

generate a detailed description of what interventions are involved in a service or policy, who provides them, what form they take, how they are delivered and how they are experienced by the participants and those who deliver them. It can also provide an in-depth understanding of the decisions, choices and judgments involved, how and why they are made and what shapes this. – *HM Treasury Magenta Book (2018) Guidance for Evaluation*

Processes/Activities:

Processes or activities encompass the combination of ends, ways and means to transform inputs into outputs so as to deliver (it is hoped) the desired outcomes. In a wider defence context, this can include defined or informal practices for the conduct of policymaking and planning; governance and organisational management; financing; capability development and acquisition; innovation; force development and generation, etc.

- **Ends.** Ends articulate the political intentions of the UK government for any specific campaign, expressed as outcomes and strategic objectives. – *MOD JDP 05 (2016)*
- **Ways.** Ways seek to map a path from the current position to the desired political outcome. This will identify the specific strategic objectives that need to be met to facilitate the requisite change. – *MOD JDP 05 (2016)*
- **Means.** Means include critical capabilities that can support national security objectives. – *MOD JDP 05 (2016)*

Prosperity:

Prosperity is measured by the level of social value as defined in the Green Book, so that an increase in social value is an increase in prosperity and a decrease in social value is a

fall in prosperity. – *HM Treasury (2018) The Green Book*

- **Prosperity:** The stability needed for economic development and the security required for international trade, as well as to support a strong role for defence engagement and its global network in cultivating the relationships that will support business and exports. – *MOD UK's International Defence Engagement Strategy (2017)*

- **Prosperity:** Defence makes possible our secure domestic environment and rules-based international order so that we can live and prosper, protected from the devastation of war and the impact of terrorism. It also enables many of the benefits we rely on to conduct our daily lives. It protects the trade routes that carry the goods we consume. It guards the underwater cables and satellites that convey the communications which connect us with other nations. It counters the cyber-attacks that could bring our technologically dependent lives to a standstill. Virtually invisible, this protection underpins our economic growth. – *Dunne Review (2018)*

Public Good:

'It is produced for the community, and differs from private goods in that it is consumed by all citizens equally whereas private goods are consumed individually and exclusively by those who purchase them; once a public good such as defence is produced it does not matter whether an individual has paid taxes or not, his consumption of defence cannot be exclusive at the expense of fellow citizens, nor can it be limited by the consumption of other citizens.' (Adam Smith) – Quoted in Matthews, R., Ed. (2019), *The Political Economy of Defence*, Cambridge University Press, Cambridge, p.3

Value:

Value is a measure of the benefit provided by a good or service to a given agent. While this may be considered or measured in absolute terms, value may also be considered in relative terms (i.e. the market value for a good or service indicates how much that good or service is considered to be worth, relative to other desired goods or services). Conceptualisations of 'value' may also vary depending on the agent(s) in question, for example in relation to 'public value' or 'social value'.

- **Public Value:** The value created when public money is translated into outputs/outcomes that improve people's lives and economic well-being. – *HM Treasury (2019) Public Value Framework*
- **Social Value:** Social value is the net measure of total welfare resulting from an option or intervention. Alternatively, it is the sum of total benefits and total costs of an intervention, including private and social costs and benefits. – *HM Treasury (2018) The Green Book*

Value for Money:

Good value for money is the optimal use of resources to achieve the intended outcomes. 'Optimal' means 'the most desirable possible, given expressed or implied restrictions or constraints'. Value for money is not about achieving the lowest initial price. – *National Audit Office (2019)*

- **Value for Money:** Achieving value for money can be described as using public

resources in a way that creates and maximises public value. This ensures that the assessment focuses on the impacts of a proposal that are 'additional' (i.e. leading to a net increase in overall public value). The value for money is primarily driven by how economical the purchase of inputs is; how efficiently those inputs are converted into outputs; and how effectively those outputs achieve outcomes. – *Department for Transport Value for Money Framework (2017)*

- **Value for Money:** In pursuing policy objectives, the objective of all public sector bodies is to achieve Value for Money (VfM), which is defined as optimising net social costs and benefits. The assessment of value is based upon the interests of society as a whole rather than to MOD or the public sector alone. VfM can be defined as the optimal combination of economy (i.e. cost of inputs), efficiency (i.e. ratio of output to inputs) and effectiveness (i.e. value of outcomes from outputs). VfM can also be expressed as the optimal trade-off between time, cost and effectiveness. – *MOD JSP 507 Pt. 1 (2014)*
- **Value for Money:** Optimising net social costs and benefits. This public sector assessment of value is based upon the interests of society as a whole and is not an assessment of value to the public sector alone. It is derived according to the methodology of the Green Book' – *HM Treasury: Value for Money and the Valuation of Public Sector Assets (2008)*¹²⁸

128 Note: value for money links directly to the Green Book definition of "prosperity": the best value for money option is the one which provides the biggest increase to prosperity for society as a whole.

Annex B. List of stakeholders

This supporting annex provides an overview of government, industry and academic experts who contributed their insights to the development of the DVP through participation in the various stakeholder engagement activities conducted as part of this research.

Participants at the expert workshop at RCDS in November 2019 included representatives of the following organisations:

- Aleph Insights
- British Army
- Defence Economics, Ministry of Defence
- Defence Science and Technology Laboratory
- Development, Concepts and Doctrine Centre
- Financial and Military Capability, Ministry of Defence
- Head Office, Ministry of Defence
- International Institute for Strategic Studies
- RAND Europe
- Royal Air Force
- Security Policy and Operations, Ministry of Defence

Participants at the CDS Strategy Forum in January 2020 included representatives of the following organisations:

- ADS Group
- Analysis Team, Ministry of Defence

- BAE Systems
- Birkbeck College
- Cabinet Office
- Confederation of Shipbuilding & Engineering Unions
- Cranfield University
- Defence Economics, Ministry of Defence
- Defence Science and Technology Laboratory
- Defence & Security Organisation, Department for International Trade
- Development, Concepts and Doctrine Centre
- Directorate Engagement & Communications, Army Staff, Ministry of Defence
- Economic Security and Prosperity, Ministry of Defence
- Embassy of Finland to the UK
- Finance, Ministry of Defence
- Financial and Military Capability, Ministry of Defence
- HM Treasury
- IHEDN
- International Institute for Strategic Studies
- Joint Force Development, Ministry of Defence
- McKinsey & Company
- PA Consulting

- Pardee RAND Graduate School
- Perigord Consulting
- Pricewaterhouse Coopers LLP
- RAND Corporation
- RAND Europe
- Rebellion Defense
- Royal Air Force
- Security Policy and Operations, Ministry of Defence
- Strategic Command
- Strategic Programmes, Ministry of Defence
- The Policy Institute, King's College London
- University of Warwick
- Welsh Government
- Wiltshire County Council

In addition to the stakeholder engagement conducted as part of the core research to generate the DVP, the team also benefited from discussions with academic and defence experts about the lexicon (see Annex A) as part of parallel research for Dstl into potential methods for quantifying and monetising the contributions of defence to UK prosperity

(see Chapter 1 for further information). This involved a separate workshop held at the RAF Club in January 2020, shortly after the CDS Strategy Forum.

Expert perspectives on the lexicon were provided ahead of or during this Dstl workshop by representatives of the following organisations:

- Birkbeck College
- Cranfield University
- Defence Economics, Ministry of Defence
- Defence Science and Technology Laboratory
- Economic Security and Prosperity, Ministry of Defence
- Financial and Military Capability, Ministry of Defence
- RAND Europe
- RED Scientific
- The Policy Institute, King's College London
- University College London
- University of the West of England
- University of York