



In his original bid for Number 10, Rishi Sunak committed to maintaining defence spending at levels already agreed, noting that it was set to rise to 2.5% of GDP, writes Mr Grey.

He promised : "Defence spending needs to increase, and I will never short change our Armed Forces and my track record proves that with the largest increases in defence spending since the Cold War."

The PM must work within a Conservative Party commitment to increase spending in defence by 0.5% above inflation each year. As a consequence, the annual defence budget will be Â£6.2 billion higher in cash terms in 2024/25 compared to 2020/21.

However, in real terms the value of this allocated spending increase is smaller, particularly when measured against the rising cost of inflation. In April 2022, a parliamentary brief estimated that, when adjusted against inflation, increased defence spending over this period would only rise by Â£1.5bn in real terms. This figure may now have fallen further therefore. The Institute for Fiscal Studies suggested that spending could fall in real terms by 8% by 2025. And of course GDP declines in a recession.

The PM will need to maintain the defence budget in real terms against inflation if he is to truly honour his promise. He may manoeuvre by maintaining it in monetary terms alone.

Rishi Sunak refused to support Liz's Truss promise to spend 3% of GDP on defence by 2030, describing this an "arbitrary target". However, the Armed Forces minister speculated that everyone in the government was "clear that 3% by the end of the decade is necessary".

It has been suggested that the Defence Secretary Ben Wallace has now implicitly accepted Rishi Sunak's refusal to support this, forgoing this red line during his reappointment under the new PM.

The new team is

Secretary of State for Defence : Rt Hon Ben Wallace MP (former Scots Guards Captain)

Minister for Veterans : Rt Hon Johnny Mercer MP (former gunner captain)

Minister for the Armed Forces : Rt Hon James Heappey MP (former major in The Rifles)

Minister for Defence Procurement : Alex Chalk KC, MP

Minister- spokesperson in Lords: yet to be announced

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*Mr Grey is the nom de plume of a U K Defence Researcher*