



House of Commons
Defence Committee

The Defence Implications of Possible Scottish Independence

Sixth Report of Session 2013–14

Volume I

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formal minutes and oral evidence*

*Additional written evidence is contained in
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The Defence Committee

The Defence Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Defence and its associated public bodies.

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The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume. Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee are Alda Barry (Clerk), Dougie Wands (Second Clerk), Karen Jackson (Audit Adviser), Ian Thomson (Committee Specialist), Christine Randall (Senior Committee Assistant), Rowena Macdonald and Carolyn Bowes (Committee Assistants), and Sumati Sowamber (Committee Support Assistant).

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Conclusions and recommendations

SNP Foreign, Security and Defence policy update

1. Our scrutiny of the SNP's updated Foreign, Defence and Security policy has revealed a large number of questions which remain to be answered by the Scottish Government in advance of the referendum in 2014. Much of the detail has still to be produced and we will await the Scottish Government's forthcoming White Paper with keen interest. This document, once published, needs to provide answers to the unanswered questions for Scottish voters. They will wish to understand better how the defence of an independent Scotland would be configured should there be a "Yes" vote in September 2014. It will be for the Scottish Government to make its case that an independent Scotland can sustain an appropriate level of defence and security. (Paragraph 22)

The role of a Scottish defence force

2. The SNP appears to envisage an independent Scotland which is outward looking, with a strong maritime focus given its geographic position. It would be keen to collaborate closely with northern European neighbours and expects to work with and through the UN, EU and NATO. Beyond that, however, we have found it very difficult to establish how the foreign and security policy of the SNP has informed its vision for a Scottish defence force. We have seen little evidence that the Scottish Government has reached any understanding with Northern European nations regarding military co-operation. Claims by the Scottish Government that its policy development has been hampered by a lack of co-operation from the UK Government seem to us to be somewhat overplayed. (Paragraph 29)
3. We will look to the Scottish Government's forthcoming White Paper to provide additional information about its foreign and security policy and the role a Scottish defence force would be expected to fulfil. (Paragraph 30)

A Scottish navy

4. In light of the evidence of the experience of other countries, we have serious doubts about the SNP's stated intention to acquire conventional submarines. This could only be achieved by procurement from abroad at considerable cost and risk. (Paragraph 38)
5. As yet, the Scottish Government has given only a preliminary indication of its plans for a Scottish navy. When it publishes more detailed requirements, it will be important to know the following: (Paragraph 45)
 - What would be the size and configuration of its surface fleet and associated rotary wing force?
 - What personnel, vessels and helicopters would it hope to inherit from the Royal Navy?

- What additional vessels would it procure?
- How many submarines would it procure, and from where would they and the necessary qualified personnel be sourced?
- What role, size and configuration would any Marine Infantry capability take? **and**
- How many naval bases would a Scottish navy operate from, where would they be, and how many personnel would be expected to be based at each?
- Finally, the Scottish Government should make clear in its White Paper the anticipated cost of acquiring, staffing, operating and maintaining these assets.

A Scottish army

6. The proposed retention and reinstatement of historic Scottish Regiments clearly has implications for the size and structure of a Scottish army. It is not apparent from the SNP's published plans which Scottish regiments "previously abolished" it intends to restore or how that could be achieved within the overall numbers of personnel proposed. (Paragraph 51)
7. In light of the new British Army structures envisaged in the Army 2020 proposals, the Scottish Government should consider publishing a new plan for a Scottish army. (Paragraph 52)
8. Questions which it might wish to address include: (Paragraph 53)
 - What would be the size and structure of a Scottish army, including the envisaged balance of regular and reserve troops?
 - What would be the balance between combat (infantry and armoured), combat support (artillery, aviation and engineers), combat service support (logistics) and command support (communications) troops?
 - Which historic Scottish regiments would be reinstated?
 - Where would Scottish army units be based?
 - What equipment and infrastructure would a Scottish army expect to inherit from the British Army?
 - What would be the cost of recruitment, training and retention measures? and
 - How would a Scottish army attract and train the necessary specialist troops such as engineers, signallers and logistic personnel?

A Scottish air force

9. We look forward to reading in the forthcoming White Paper the detailed proposals the Scottish Government has for the procurement and operation of a maritime

patrol squadron and how this will be financed within the overall aspirations for Scottish defence capability. (Paragraph 64)

10. In view of the costs associated with acquiring different air defence aircraft from those the UK currently operates, we do not currently understand how the Scottish Government expects, within the available budget, to mount a credible air defence – let alone provide the additional transport, rotary wing and other support aircraft an air force would need. The Scottish Government will no doubt wish to set out a detailed explanation of this in its White Paper. (Paragraph 66)

Associated costs

11. Without receiving detailed answers to the questions posed elsewhere in this report, it would be unrealistic to expect us to judge the exact running costs of the proposed Scottish defence force. However, given the information we have so far received from the Scottish Government, we are unconvinced that there is sufficient funding to support both the proposed Scottish defence force and to procure new equipment. (Paragraph 71)
12. We note that the process of negotiation on the division of military assets would not be one sided, and that the remainder of the UK would be likely to bring into the negotiations existing shared liabilities, such as decommissioning of nuclear submarines, and the additional costs it would incur by losing a proportion of the economies of scale it enjoys at present. (Paragraph 76)

Training

13. We consider it unlikely that the Ministry of Defence would make available sufficient training places for Scottish personnel at facilities such as Sandhurst, Dartmouth and Cranwell. The Scottish Government should therefore include in its White Paper an assessment of alternative options and cost estimates for delivery of this training. (Paragraph 85)

Conclusion on a Scottish defence force

14. Before we can judge whether these ambitions could be met within a cost envelope of £2.5 billion per annum, we require more details from the Scottish Government in its White Paper about its plans for a Scottish defence force. In particular, the plans must establish a coherent model which reflects a realistic “tooth to tail” ratio of combat troops to the personnel required to supply and support them, and clarity over the training capacity to maintain the appropriate professional standards. It is also incumbent upon Scottish Ministers to set out how they propose to finance the equipment, vessels, aircraft and associated support services a Scottish defence force would require to deliver the objectives set for it. (Paragraph 87)

Faslane and the nuclear deterrent

15. We consider that, in the event of a ‘Yes’ vote, a safe transition of the nuclear deterrent from HM Naval Base Clyde could not be achieved quickly. Even with

political will on both sides, the replication of the facilities at Faslane and, crucially, Coulport, at another site in the UK would take several years and many billions of pounds to deliver. Options for basing the deterrent outside the UK, in the USA or France, even in the short term, may prove politically impossible or equally costly. (Paragraph 108)

16. The implications of Scottish independence for the rUK's ability to provide the necessary security for the nuclear deterrent during any transition period will need very detailed and early consideration. (Paragraph 109)
17. If the nuclear deterrent were moved from the Clyde the impact on levels of employment at Faslane and Coulport would be significant. Evidence we have received suggests that instead of an increase in people directly employed at the base to around 8,200 by 2022, as projected by the MoD, a conventional naval base and Joint Force Headquarters would employ considerably fewer people than the current workforce of 6,500. (Paragraph 110)

NATO membership

18. The change to SNP policy regarding NATO membership in October 2012 was a significant development in the debate on the defence implications of possible Scottish independence. We welcome the subsequent acknowledgement by the Scottish Government that an independent Scotland would need to apply to join NATO rather than inheriting membership. We note the contrast between the Scottish Government's position on this and its position on membership of the European Union. Scottish Ministers will need to make clear their rationale for this difference, and, if they wish the Scottish people to give it credence, should consider making publicly available the legal advice on which it is based. (Paragraph 121)
19. The process of securing NATO membership is complex and time-consuming and the response to an application from an independent Scotland would be influenced by the Scottish Government's stance on nuclear weapons. NATO is a nuclear alliance and we believe that any action likely to disrupt the operation of the UK's strategic deterrent would undoubtedly influence NATO Member countries' attitudes towards an application from Scotland. (Paragraph 122)
20. We note the reported recent engagement between NATO and Scottish Government officials, facilitated by the UK Joint Delegation to NATO. We welcome this co-operation between the two Governments and invite the UK Government to provide us with an update on the outcome of these and any subsequent discussions. Nonetheless, we conclude that the Scottish Government's view that NATO membership could be negotiated in a period of 18 to 24 months is optimistic unless issues surrounding the nuclear deterrent were resolved through negotiation. (Paragraph 123)

European Union procurement law

21. The UK Government states that defence suppliers in an independent Scotland would no longer benefit from the application of an exemption from EU procurement law

for UK MoD orders. If the Scottish Government has legal advice to the contrary it should consider making it public. (Paragraph 134)

Shipbuilding and maintenance

22. In the event of independence, shipbuilding in Scotland could not be sustained by domestic orders alone at anything close to current levels. It is our view that the requirements of a Scottish Government for construction and maintenance of warships would barely provide enough work for a single yard. Even the addition of Scottish Government contracts for commercial ships could not compensate for the loss of future UK MoD contracts for ships such as the Type 26 Global Combat Ship. The future of Scottish shipyards would therefore rest upon whether they could diversify the type of ships they produce and reduce their cost base in order to secure orders in open competition with international competitors. (Paragraph 141)

The implications for the defence industry in Scotland

23. In the event of independence, we consider that the defence industry in Scotland would face a difficult future. This impact would be felt most immediately by those companies engaged in shipbuilding, maintenance, and high end technology. The requirements of a Scottish defence force would not generate sufficient domestic demand to compensate for the loss of lucrative contracts from the UK MoD, and additional security and bureaucracy hurdles would be likely to reduce competitiveness with rUK based companies. (Paragraph 144)
24. Although we recognise the commercial risks associated with the potential loss of some highly skilled employees, we believe defence companies in Scotland would be forced to rapidly reassess their business strategies, with the result that relocation of operations to the remainder of the UK would be an unwelcome but necessary decision. (Paragraph 145)
25. From the evidence we have received and our own background knowledge of defence industrial issues raised frequently with us we consider that the Scottish Government will wish to provide industry with more information with regard to the following matters: (Paragraph 146)
 - Defence and Security relationship with the rUK, including the anticipated level of integration and collaboration;
 - Transition arrangements for existing UK contracts during the process of separation;
 - Procurement policy, including co-investment in research and development;
 - Export posture and potential in terms of legislation plus consular and broader government support;
 - Specific expectations of the current “special relationship” with the US over trade, intelligence and technology sharing; and

- Future relationship with cooperative initiatives such as NATO “Smart Defence” and European Defence Agency “Pooling and Sharing”.

Government planning for Scottish independence

26. We recognise that the process of negotiation following a “Yes” vote would be lengthy and complex. For those very reasons, it would be remiss of the UK Government not to make preparations in order to inform its negotiating position. We recommend that the UK Government begin now to prepare for the impact of possible Scottish independence. It would not be wise to begin contingency planning only after the referendum. This does not imply that we believe there should be negotiations with the Scottish Government prior to the referendum, but rather that it would be prudent for the MoD to scenario plan. (Paragraph 150)
27. We consider it to be highly probable that defence assets would form an integral part of wider independence negotiations rather than a discrete strand. The UK Government should begin work to assess what its priorities would be in relation to defence assets in the event of a “Yes” vote. (Paragraph 153)

Implications for the security of the remainder of the United Kingdom

28. We consider that the level of security and defence presently afforded to the people of the United Kingdom is higher than that which could be provided by the Governments of a separate Scotland and the remainder of the UK. (Paragraph 156)
29. In respect of the interests of the remainder of the UK, we invite the MoD to explain how it would manage the loss of personnel, equipment, bases, training facilities and industrial capacity ceded to an independent Scotland. (Paragraph 157)

Intelligence sharing

30. We consider that it is unlikely that an independent Scotland with fledgling intelligence capabilities would be given access to the Five Eyes intelligence sharing community. A high degree of co-operation with rUK would therefore be crucial for Scotland especially in the early years of independence. However, such co-operation would rely on goodwill and Scotland could find itself more vulnerable to threats than it is at present. (Paragraph 163)

Shared facilities

31. We recommend that the Ministry of Defence explain whether the concept of sharing facilities, including operational bases and training areas, by Scotland and the rUK could work in practice and to identify any significant risks arising from this proposal. (Paragraph 166)

Joint procurement

32. The desire of the Scottish Government to pursue joint procurement with rUK for defence materiel and services makes absolute sense: a small country with a limited

defence budget would gain access to larger contracts offering better value for money. Whether the rUK would benefit sufficiently to enter into such an arrangement is less clear cut and would need to be examined carefully before a commitment was given. (Paragraph 168)

Interests of serving UK military personnel

33. We welcome the evidence we received from the Secretary of State for Defence that Scots serving in the UK Armed Forces would be able to transfer to a Scottish defence force should Scotland become a separate state. We recommend that the Ministry of Defence should provide a clear statement, prior to the referendum, that serving personnel would be able to choose whether to remain in the UK Armed Forces or to transfer to a Scottish defence force. (Paragraph 173)
34. Scottish independence would have a significant impact on the critical mass of rUK Armed Forces and the financial resources available to support them. We recommend that the MoD set out, in its response to this report, whether it would seek to recruit personnel to replace the numbers lost through transfers to a Scottish defence force. Would personnel numbers be maintained at current projections or would rUK Armed Forces reduce further in size? (Paragraph 174)

Future recruitment

35. Many thousands of Scots have served with distinction in UK Armed Forces over many years. In the event of Scottish independence that long history may be brought to an end should the rUK government decide that it did not wish to recruit from Scotland. We invite the UK Government in its response to this report to make clear whether it would continue to welcome recruits from an independent Scotland. (Paragraph 179)

Participation in the referendum

36. We invite the Ministry of Defence to set out what action it will take, in conjunction with the Electoral Commission, to ensure that serving personnel are aware of their rights regarding registration and participation in the referendum. (Paragraph 181)

The nuclear deterrent

37. The possibility of Scottish independence represents a serious threat to the future operational viability of the UK's nuclear deterrent. The UK Government must now give urgent consideration to contingency options in the event of a "Yes" vote. (Paragraph 183)

Conclusion

38. The people of Scotland and the rest of the UK deserve to be presented with as full a picture as possible of the implications of Scottish independence for their future defence and security. To date, the information published by both the Scottish Government and UK Government falls far short of requirements. (Paragraph 184)

39. In its forthcoming White Paper, in addition to the specific questions asked earlier in this report, we believe the Scottish Government should provide direct answers to the following questions:
- How would a sovereign Scottish Government ensure the defence and security of an independent Scotland?
 - For what purposes would Scottish armed forces be used?
 - How would Scottish armed forces be structured and trained, and where would they be based?
 - How much would it cost to equip, support and train an independent Scotland's armed forces and how much of this could be procured and delivered domestically? and
 - How many jobs in the defence sector would be placed at risk? (Paragraph 185)
40. Similarly, the UK Government must set out more clearly the implications for the security of the remainder of the United Kingdom should the people of Scotland choose the path of separation. This should include greater detail about the options for relocation of the strategic nuclear deterrent and an estimate of the associated costs. The UK Government should also outline its options for making good any defence deficit, caused by loss of personnel, equipment and bases, which might be created by Scottish independence. (Paragraph 186)

1 Introduction

1. In May 2012, we announced a new inquiry into the defence implications of possible Scottish independence.

Scope of the inquiry

2. We announced the following terms of reference on 29 June 2012:

- The current contribution of Scotland to the overall defence of the United Kingdom in terms not only of specific items but of shared facilities and goals;
- the implications for that defence should Scotland become independent, including those for personnel currently serving in the Armed Forces;
- the means and timescale of any necessary separation;
- whether and how any defence shortfall might be made good;
- the extent to which, and circumstances in which, an independent Scotland might continue to contribute to defence goals shared with other parts of these islands and other countries; and
- the possible shape and size and role of Scottish defence forces following independence.

3. Our aim was to contribute to the debate about the implications for the defence and security of Scotland and the rest of the United Kingdom should the Scottish people vote for independence. Mindful of the fact that the Committee does not have representation from the Scottish National Party (SNP), we sought instead to engage with the Scottish Government directly to explore its emerging policy proposals. We are grateful for the willingness of the Scottish Government to contribute to our inquiry. In our report, we have not made recommendations to the Scottish Government, but have identified questions which we believe remain to be answered.

4. Following publication of the Scottish Government's White Paper on independence, we intend to follow up the questions raised during our inquiry and will invite the Scottish Government to respond directly to any outstanding issues which require clarification.

5. As part of our inquiry we held four oral evidence sessions, and received 20 pieces of written evidence. Members of the Committee also conducted a fact-finding visit to Scotland in March 2013. Informal meetings were held at: HM Naval Base Clyde (Faslane and Coulport); BAE Systems, Scotstoun, Glasgow; Redford Barracks, Edinburgh; Rosyth Dockyard; and RAF Lossiemouth. We are grateful to all who assisted us in the course of our inquiry, to our Specialist Advisers for their advice and insight, and to our staff.¹

1 For the interests of advisers, see Formal Minutes of the Defence Committee, 13 July 2010, 13 September 2011, 29 February 2012, 11 June 2013, 2 July 2013, and 17 July 2013.

6. Where appropriate, we have also drawn upon evidence received, and reports prepared, by other Select Committees, most notably the Scottish Affairs Committee and the Foreign Affairs Committee, which have also inquired into the implications of possible Scottish independence.

Background

7. In May 2011, the SNP won an overall majority of seats in the Scottish Parliamentary elections and formed the Scottish Government. In its manifesto, the SNP had stated that it would bring forward proposals “to give Scots a vote on full economic powers through an independence referendum”.²

8. On 15 October 2012, the Prime Minister and First Minister signed an agreement that committed the UK and Scottish Governments to work together to allow the Scottish Parliament to hold a single question referendum on independence before the end of 2014.³ On 21 March 2013, First Minister Rt Hon Alex Salmond MSP announced that the referendum would take place on 18 September 2014.⁴

9. According to the Scottish Government’s consultation on proposals for a referendum on independence “a white paper drawing together the Scottish Government’s proposals for independence will be published in November 2013”.⁵

Terminology

10. In keeping with reports produced by other House of Commons Select Committees and other organisations, in our report we have used the abbreviation 'rUK' as a shorthand way of referring to the 'remainder of the UK', the State which, in the event of Scottish independence, would comprise England, Wales and Northern Ireland.

2 Scottish National Party manifesto 2011, votesnp.com/campaigns/SNP_Manifesto_2011_lowRes.pdf

3 Agreement between the United Kingdom Government and the Scottish Government on a referendum on independence for Scotland, webarchive.nationalarchives.gov.uk/20130109092234/http://www.number10.gov.uk/wp-content/uploads/2012/10/Agreement-final-for-signing.pdf

4 Scottish Parliament *Official Report*, 21 March 2013, Col. 18119

5 Scottish Government, *Your Scotland, Your Referendum*, www.scotland.gov.uk/Resource/0038/00386123.pdf

2 Foreign, security and defence policy

SNP Foreign, Security and Defence policy update

11. At its annual conference in October 2012, the SNP agreed a Foreign, Security and Defence policy update which included a commitment to maintain NATO membership—something to which the Party had previously been opposed—subject to an agreement that an independent Scotland would not host nuclear weapons.⁶

12. Other key elements of the policy included:

- an annual defence and security budget of £2.5bn;
- Scottish defence and peacekeeping services which would be answerable to the Scottish Government and Scottish Parliament;
- Scottish armed forces would comprise 15,000 regular and 5,000 reserve personnel;
- a Joint Forces Headquarters based at Faslane, which would be Scotland's main conventional naval facility;
- a Scottish air force would operate from Lossiemouth and Leuchars;
- all current bases would be retained to accommodate [army] units, which would be organised into one regular and one reserve Multi Role Brigade (MRB);⁷
- regular ground forces would include current Scottish raised and “restored” UK regiments, support units as well as Special Forces and Royal Marines, who would retain responsibility for offshore protection; and
- a sovereign SNP government would negotiate the speediest safe transition of the nuclear fleet from Faslane which would be replaced by conventional naval forces.⁸

The full text of the policy update is reproduced in the Appendix to this report.

13. During the course of our inquiry it became clear that, since its ratification at the SNP Party conference in 2012, certain aspects of the policy had changed as the Scottish Government set about the task of preparing its White Paper on independence. For example, the concept of a Multi Role Brigade and the commitment to maintain two air bases had changed. These changes are discussed in more detail later in our report.

6 *SNP members vote to ditch the party's anti-Nato policy.* Available at: <http://www.bbc.co.uk/news/uk-scotland-scotland-politics-19993694>

7 HM Government (2010). *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review.* This envisaged a British Army structured around five multi-role brigades. www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_191634.pdf

8 SNP. Foreign, Security and Defence Policy Update, October 2012

Possible threats

14. In its policy update, the SNP states that “conventional military threats to Scotland are low”, but that it is “important to maintain appropriate security and defence arrangements and capabilities”.⁹

15. In a report, *A’ the Blue Bonnets*,¹⁰ published by RUSI in October 2012, Lieutenant Colonel (Retd) Stuart Crawford and Richard Marsh set out in some detail one possible vision of how an independent Scotland might organise its defence policy and its armed forces. They reached the view that the potential military threats to an independent Scotland “would seem to be very low” and concluded that any threats “would likely be limited to infringements of airspace and coastal integrity, and the security of oil and gas rigs and other economic assets like fishing grounds”.¹¹

16. George Grant, however, in a report published by The Henry Jackson Society, concluded that an independent Scotland would “very likely be confronted with many of the same risks, and to at least as great an extent, which it faces as part of the UK”. Such threats would include cyber crime; instability overseas; disruption to oil and gas supplies; and international terrorism.¹²

Foreign policy

17. The SNP’s policy update states that “an independent Scotland will be an outward-looking nation which is open, fair and tolerant, contributing to peace, justice and equality”, and contains a commitment to become a non-nuclear member of NATO. It also establishes a regional rather than worldwide focus, driven by interests in the North Sea, North Atlantic and the Arctic Region, which Scotland shares with northern European neighbours. It is also anticipated that an independent Scotland would be a full member of the Common Security and Defence Policy (CSDP) of the European Union and the Organisation for Cooperation and Security in Europe (OSCE).¹³

18. The absence of more detail about the foreign policy for an independent Scotland has implications for the development of the associated defence and security policies. In oral evidence, Stuart Crawford explained the difficulties:

Without [a foreign policy], it is very difficult to decide what you would want your Armed Forces to do. And if you do not know what you want your Armed Forces to do, you don’t know how to configure them. And if you don’t know how to configure them, you don’t know how much they are going to cost.¹⁴

9 SNP. Foreign, Security and Defence Policy Update, October 2012

10 Royal United Services Institute, *A’ the Blue Bonnets*, Whitehall Report 3-12 www.rusi.org/downloads/assets/Whitehall_Report_3-12.pdf

11 Ibid, page 3.

12 In Scotland’s Defence? An Assessment of SNP Defence Strategy, The Henry Jackson Society 2013

13 SNP. Foreign, Security and Defence Policy Update, October 2012

14 Q 33

19. Rear Admiral Martin Alabaster, former Flag Officer Scotland, Northern England, Northern Ireland, Flag Officer Reserves and Flag Officer Regional Forces, told us that when trying to assess what kind of defence force an independent Scotland would need or want, it was necessary to start from the basis of what the foreign and security policy was and an assessment of what it was that you wanted that defence force to do.¹⁵ Similarly, Air Marshal (Retd) Iain McNicoll, former Deputy Commander-in-Chief Operations, Royal Air Force, expressed the view that there was a requirement for a “proper foreign and security policy” which could then be translated into defence needs and how these might be met. He said:

I do not believe that those who propose separation have got as far as doing any of the considerable amount of work that would be needed to define exactly what might be required.¹⁶

Scottish Government policy position

20. When he appeared before us, Keith Brown MSP, Scottish Government Minister for Transport and Veterans, acknowledged that the threats facing an independent Scotland would not be “radically different” from those currently facing the UK. He pointed specifically to the protection of energy assets, maritime security, drugs and terrorism. Looking further afield, he continued:

We would contribute to international efforts where we believed it was in the interests of the people of Scotland to do so. We would seek to be a good neighbour in the world and a good partner with our partner countries—those in the immediate area—and our policy is to be a member of NATO.¹⁷

The Scottish Government White Paper

21. When asked to provide more detailed information about various aspects of the defence and security policy his Government was preparing, in many areas, Mr Brown declined to give a commitment, referring instead to the forthcoming White Paper which he said would contain the detail that was lacking at present. He told us:

our plans will be presented in detail first of all to the people of Scotland well in advance of the referendum, allowing them to take a fully informed decision.¹⁸

22. Our scrutiny of the SNP’s updated Foreign, Defence and Security policy has revealed a large number of questions which remain to be answered by the Scottish Government in advance of the referendum in 2014. Much of the detail has still to be produced and we will await the Scottish Government’s forthcoming White Paper with keen interest. This document, once published, needs to provide answers to the unanswered questions for Scottish voters. They will wish to understand better how the defence of an independent Scotland would be configured should there be a “Yes” vote

15 Q 126

16 Q 126

17 Q 266

18 Q 261

in September 2014. It will be for the Scottish Government to make its case that an independent Scotland can sustain an appropriate level of defence and security.

3 A Scottish defence force

SNP policy

23. The SNP Foreign, Security and Defence policy update provides a broad outline of its vision of the structure and purpose of the proposed Scottish armed forces:

The Scottish armed forces will comprise 15,000 regular and 5,000 reserve personnel, operating under Joint Forces Headquarters based at Faslane, which will be Scotland's main conventional naval facility. All current bases will be retained to accommodate units, which will be organised into one regular and one reserve Multi Role Brigade (MRB). The air force will operate from Lossiemouth and Leuchars.

Regular ground forces will include current Scottish raised and restored UK regiments, support units as well as Special Forces and Royal Marines, who will retain responsibility for offshore protection.

The Scottish armed forces will be focused on territorial defence, aid to the civil power and also support for the international community. The Multi Role Brigade structure and interoperable air and sea assets will provide deployable capabilities for United Nations sanctioned missions and support of humanitarian, peacekeeping and peace-making 'Petersberg Tasks'.

The Scottish defence and peacekeeping forces will initially be equipped with Scotland's share of current assets including ocean going vessels, fast jets for domestic air patrol duties, transport aircraft and helicopters as well as army vehicles, artillery and air defence systems. A Scottish defence industrial strategy and procurement plan will fill UK capability gaps in Scotland, addressing the lack of new frigates, conventional submarines and maritime patrol aircraft.¹⁹

24. The SNP proposes an annual defence and security budget of £2.5bn, which it states is "an annual increase of more than £500m on recent UK levels of defence spending in Scotland but nearly £1bn less than Scottish taxpayers currently contribute to UK defence spending".²⁰ According to the Scottish Government, this would constitute approximately 1.77% of Scottish GDP.²¹

The role of a Scottish defence force

25. In their paper published by RUSI, Stuart Crawford and Richard Marsh posit the following role for a Scottish defence force:

the internal security of Scotland, generally in support of the police, military assistance to the civilian community, and support in tasks given priority by the civilian authorities; defending Scottish territory, assets and possessions on land, at

19 SNP. Foreign, Security and Defence Policy Update, October 2012

20 Ibid

21 Q 306

sea and in the air against intrusion, disruption and attack; maintaining Scotland's political, economic and cultural freedom of action, and generally protecting Scottish rights and interests; and the pursuit of Scotland's wider security interests and the fulfilment of regional and international defence obligations such as they exist.²²

26. In his oral evidence, Stuart Crawford told us that the design of an independent Scotland's armed forces would, in part, be predicated upon whether a Scottish Government decided it wished to contribute ground troops to overseas operations—"whether they be in general conflict, whether they be peacekeeping operations, whether they be stabilisation organisations".²³ Professor Chalmers expressed the view that "a Scotland that did not face any land threats would not want to give an overwhelming priority to its ground forces, just because the Scottish-badged forces we have right now are there".²⁴ However, we note that the SNP plans include a commitment that "regular ground forces will include current Scottish raised and restored UK regiments" which suggests that a significant proportion of a Scottish defence force would be in the army.

27. We asked Keith Brown MSP how the combined complement of 15,000 and 5,000 reserve forces would be broken down by service. He declined to respond, but told us that as Scotland had a different set of needs from those that are currently served by the UK Government, the Scottish Government was taking some time to find out exactly what the configuration of a Scottish defence force should be. He explained:

I have mentioned already that we have 800 islands and a large coastline. Obviously, we want to reflect that priority. Beyond that, the extent to which you need to have sustainable levels of forces for air forces and land forces would be reflected in that as well. We are talking to a number of people just now about exactly what that configuration should be, but that will be made clear in the White Paper.²⁵

28. Mr Brown also told us that the Scottish Government was involved in discussions with a wide range of people in a number of different countries about what an independent Scotland's defence requirements would be. However, he complained that the ability to prescribe what would be required had been "inhibited by the lack of communication from the UK Government and a sensible pragmatic discussion. That means that it is more difficult to be prescriptive".²⁶ He continued:

we have a clear idea of the kind of things we would like to see a Scottish armed forces do and some of the obligations it would have. So we have a fairly clear idea of that. Where we can be less clear is in the areas of collaboration and co-operation with the UK Government. That hampers us coming to a final conclusion on these things. But

22 RUSI. Whitehall Report, A' the Blue Bonnets: Defending an Independent Scotland, Stuart Crawford and Richard Marsh, 15 October 2012. Available at: http://www.rusi.org/downloads/assets/Scottish_Defence_Forces_Oct_2012.pdf

23 Q 42

24 Q 41

25 Q 279

26 Q305

we are clear about the role that we would see for the armed forces and the obligations it would have, especially in relation to international treaties and so on.²⁷

29. The SNP appears to envisage an independent Scotland which is outward looking, with a strong maritime focus given its geographic position. It would be keen to collaborate closely with northern European neighbours and expects to work with and through the UN, EU and NATO. Beyond that, however, we have found it very difficult to establish how the foreign and security policy of the SNP has informed its vision for a Scottish defence force. We have seen little evidence that the Scottish Government has reached any understanding with Northern European nations regarding military co-operation. Claims by the Scottish Government that its policy development has been hampered by a lack of co-operation from the UK Government seem to us to be somewhat overplayed.

30. We will look to the Scottish Government's forthcoming White Paper to provide additional information about its foreign and security policy and the role a Scottish defence force would be expected to fulfil.

A Scottish navy

31. The SNP policy update anticipates inheriting “Scotland's share of current assets”, including ocean going vessels, and the establishment of a Scottish defence industrial strategy and procurement plan to address perceived capability gaps such as new frigates and conventional submarines.²⁸

Surface ships

32. Asked about the likely surface fleet capabilities a Scottish navy would need, Keith Brown MSP was able to rule out the need for an aircraft carrier, but was more circumspect about providing specific requirements. He told us that the Scottish Government was looking at requirements in relation to “energy, international contribution and maritime patrol” and said that a Type 26 frigate, perhaps with a lower level of specification, “would be a possibility”.²⁹ He continued:

where we find we cannot agree with the UK Government, or the UK Government currently do not have the capability that we want, we will procure from elsewhere.³⁰

33. In a speech in Shetland in July 2013, First Minister, Rt Hon Alex Salmond MSP, discussed Scotland's defence needs and priorities:

At present what we have, we don't need. And what we need, we don't have. Our current naval capability is based on prestige, not performance. The navy does not have a single major surface vessel based in Scotland. The largest protection vessels

27 Q 307

28 SNP. Foreign, Security and Defence Policy Update, October 2012

29 Qq 296-297

30 Q 299

stationed in Scottish waters are those of the fisheries protection vessels run by the Scottish government.

It is absurd for a nation with a coastline longer than India's to have no major surface vessels. And it's obscene for a nation of five million people to host weapons of mass destruction. An independent Scotland would prioritise having the air and naval capability needed to monitor and secure our offshore territory and resources – our oil and gas resources, fisheries protection, and safeguarding our coastal waters.³¹

Submarines

34. The UK is a solely nuclear submarine operator, and operates the nuclear power plants and much of its operational equipment on the basis of a longstanding bilateral relationship with the US. The SNP has stated that it has no wish to inherit or operate nuclear submarines. It has however stated that it wishes to have as part of its navy, conventionally powered submarines. We sought views from witnesses about the viability of this proposition.

35. Rear Admiral Alabaster told us that it would be unlikely to be cost-effective to create a conventional submarine building facility in Scotland and that “it would be more cost-effective to look elsewhere, either to the UK or indeed to some of the other European nations that currently build conventional submarines successfully”.³²

36. Professor Trevor Taylor of RUSI suggested that the cost of development and construction of just one submarine domestically would swallow up the entire Scottish defence equipment budget for a year or more.³³

37. We note that the Royal Canadian Navy has experienced considerable problems and expense with its diesel-electric submarines.³⁴ The Royal Australian Navy has, meanwhile, embarked on an ambitious replacement programme planned for 12 boats of a new class at an approximate cost of Aus\$1.4 - 3.0bn (£850M - £1.8bn) per boat, commencing delivery around 2025, but like the Canadians has also experienced significant cost growth and manning difficulties in sustaining its current submarine force.³⁵ We note also that Denmark decided to phase out its submarine service in 2004.³⁶

38. In light of the evidence of the experience of other countries, we have serious doubts about the SNP's stated intention to acquire conventional submarines. This could only be achieved by procurement from abroad at considerable cost and risk.

31 Scottish Government News Release, *First Minister sets out vision on defence*, Speech, 25 July 2013, news.scotland.gov.uk/News/First-Minister-sets-out-vision-on-defence-2a6.aspx

32 Q 152

33 Q 229

34 House of Commons Canada. *Procurement of Canada's Victoria Class Submarines*. Report of the Standing Committee on National Defense and Veterans Affairs, www.parl.gc.ca

Defense Industry Daily, *Victoria Class Submarine Fleet Creating Canadian Controversies*, www.defenseindustrydaily.com/sub-support-contract-creating-canadian-controversy-04563/

35 Parliament of Australia, Parliamentary Library Background Note, *Australia's future submarines*, www.aph.gov.au

36 Danish Naval History, [www.navalhistory.dk/english/theships/classes/tumleren_class\(1989\).htm](http://www.navalhistory.dk/english/theships/classes/tumleren_class(1989).htm)

Naval bases

39. There are strategic implications arising from the SNP's policy preference for Faslane to be Scotland's major naval base. Several commentators have expressed serious doubts about the wisdom of this policy given Faslane's distance from the North Sea centre of gravity and the practicalities of splitting the main operating base from the likely refit and maintenance base at Rosyth.

40. George Grant, in his report for the Henry Jackson Society, commented:

Legitimate questions exist as to the strategic viability of placing the entire Scottish Navy in the southwest of the country, given that both its primary at-sea assets (the oil and gas rigs), as well as potential threats, are located almost entirely in the north and east.³⁷

41. Dr Phillips O'Brien, Director of the Scottish Centre for War Studies, reached the view that in an independent Scotland, Faslane would have to be reduced to one-third of its present size (including hosting some army personnel as part of a joint facility), and a naval presence on the East Coast would be required to provide protection to the oil fields in the North Sea.³⁸

42. Rear Admiral Alabaster told us that it would require a "substantial amount of work" to convert Faslane from its current configuration and that it would require "some new and more cost-effective facilities for a conventional naval base". For example, he pointed out that there is no dry dock at Faslane and that the cost of using and maintaining existing infrastructure, such as the shiplift, built to lift a 16,000 tonnes nuclear-armed submarine out of the water safely, would be very expensive.³⁹

43. Asked whether a naval facility on the East coast, perhaps based at Rosyth might be a better choice for the headquarters of a Scottish navy, Rear Admiral Alabaster replied:

You would have to do the sums quite carefully. The facilities at Faslane are better, but they are the wrong facilities. They are expensive. It would need some very detailed work to look at the options, but building a new facility at Rosyth would certainly be one worth looking at.⁴⁰

44. Keith Brown MSP was asked about the numbers of personnel who would be based at Faslane under the Scottish Government's plans. Although he would not provide specific numbers, he replied:

37 *In Scotland's Defence? An Assessment of SNP Defence Strategy*. The Henry Jackson Society 2013

38 Royal Society of Edinburgh, *Enlightening the Constitutional Debate (Defence and International Relations)*, Edinburgh, 29 May 2013, Speaker Notes, www.royalsoced.org.uk/cms/files/events/programmes/2012-13/speaker_notes/phillipsobrien.pdf

39 Qq 164-165

40 Q167

You can take from the fact that it will be a headquarters facility, and also the major naval base for Scotland, that it will be a matter of thousands of people servicing that facility.⁴¹

45. As yet, the Scottish Government has given only a preliminary indication of its plans for a Scottish navy. When it publishes more detailed requirements, it will be important to know the following:

- **What would be the size and configuration of its surface fleet and associated rotary wing force?**
- **What personnel, vessels and helicopters would it hope to inherit from the Royal Navy?**
- **What additional vessels would it procure?**
- **How many submarines would it procure, and from where would they and the necessary qualified personnel be sourced?**
- **What role, size and configuration would any Marine Infantry capability take? and**
- **How many naval bases would a Scottish navy operate from, where would they be, and how many personnel would be expected to be based at each?**

Finally, the Scottish Government should make clear in its White Paper the anticipated cost of acquiring, staffing, operating and maintaining these assets.

A Scottish army

46. In its policy update, the SNP provides a brief description of the ground forces which would make up a Scottish army:

Regular ground forces will include current Scottish raised and restored UK regiments, support units as well as Special Forces and Royal Marines, who will retain responsibility for offshore protection.⁴²

47. The policy update also envisaged a Scottish army structured around “one regular and one reserve Multi Role Brigade”. We note that the concept of a Multi Role Brigade was envisaged in the run-up to and including the 2010 Strategic Defence and Security Review (SDSR), but following further cuts in 2011 it was clear there would be insufficient resources to implement this structure. Keith Brown MSP told us that since the adoption by the SNP of its policy update, “the goalposts have completely shifted” in terms of UK army structures. He continued:

The armed forces units that we would have would make sense on a logistical level—what we thought were suitable for our purposes as an independent Scotland—but as

41 Q 311

42 SNP. Foreign, Security and Defence Policy Update, October 2012

to how they would relate to the current number of UK armed forces, it is hard to tell because it changes so much.⁴³

48. Keith Brown MSP confirmed that the Scottish Government intended to retain all current Scottish infantry battalions and to “reinstate Scottish regiments previously abolished”. However, he told us that “given the numbers involved, that it would not be on the same scale as currently”, suggesting that battalions would be smaller in size.⁴⁴

49. Rt Hon Philip Hammond MP, Secretary of State for Defence, stated in a recent speech that the current complement of the Scottish “teeth” regiments – the five battalions of the Royal Regiment of Scotland, the Scots Guards, and the Royal Scots Dragoon Guards – is some 4,100 posts. If the King’s Own Scottish Borderers when they were amalgamated with the Royal Scots – a further 550 posts – were added, this would comprise almost a third of the entire proposed Scottish defence force. This did not take account of the support functions; the “tail”. The tooth to tail ratio in the British Army is approximately 1:2.⁴⁵

50. The SNP also has a stated commitment to retain all current army bases in Scotland. Keith Brown MSP confirmed that the White Paper would include detail about this:

We think that we are currently well served with the bases that we have, if you look at the capacity at Leuchars, for example, and some of the changes taking place there. If you look at the capacity at Redford barracks, which is being sold off in part, and elsewhere, that capacity exists just now. There is no guarantee that it will exist at the point of independence. You will understand that we have to wait until the White Paper to see exactly what we will do about those bases.⁴⁶

51. The proposed retention and reinstatement of historic Scottish Regiments clearly has implications for the size and structure of a Scottish army. It is not apparent from the SNP’s published plans which Scottish regiments “previously abolished” it intends to restore or how that could be achieved within the overall numbers of personnel proposed.

52. In light of the new British Army structures envisaged in the Army 2020 proposals, the Scottish Government should consider publishing a new plan for a Scottish army.

53. Questions which it might wish to address include:

- What would be the size and structure of a Scottish army, including the envisaged balance of regular and reserve troops?
- What would be the balance between combat (infantry and armoured), combat support (artillery, aviation and engineers), combat service support (logistics) and command support (communications) troops?
- Which historic Scottish regiments would be reinstated?

43 Q 285

44 Q 332

45 Rt Hon Philip Hammond MP. *Stronger and Safer Together*. Speech 14 March 2013

46 Q 334

- **Where would Scottish army units be based?**
- **What equipment and infrastructure would a Scottish army expect to inherit from the British Army?**
- **What would be the cost of recruitment, training and retention measures? and**
- **How would a Scottish army attract and train the necessary specialist troops such as engineers, signallers and logistic personnel?**

A Scottish air force

54. According to the SNP policy update a Scottish air force would operate from two air bases at Lossiemouth and Leuchars and would be equipped with “fast jets for domestic air patrol duties, transport aircraft and helicopters” and Scotland would procure maritime patrol aircraft.⁴⁷

Air defence

55. We explored with witnesses what type of aircraft might prove suitable for the air defence of an independent Scotland. In his proposal for a Scottish air force, Stuart Crawford suggested that the RAF’s Hawk advanced trainer aircraft might prove sufficient for the purpose. He told us:

It is an option for a small nation with a limited budget to equip its air force with. The attraction is that it is, of course, dual-role as an advanced trainer, so it covers that as well. It does have a limited operational capability. It is a significant part of the RAF’s current inventory, which also makes it attractive, in that a share could be negotiated. I only offered it up as an alternative to going for something much more sophisticated and much more expensive.⁴⁸

56. Air Marshal McNicoll gave us his assessment of the suitability of the Hawk:

On the air defence side and the suggestion that Hawk might be able to fulfil the need, my personal view is that it could not possibly. The Hawk is a great training aircraft—a fantastic aircraft in many ways—but the idea that it could cope with the defence of what would be the Scottish air defence region is, I think, completely unrealistic. It does not have the radar capability to do so, nor would it have the speed to catch up with something that was travelling quickly. So I do not see that as a starter.⁴⁹

57. Asked whether Typhoons were the preferred option of the Scottish Government, Keith Brown MSP replied:

47 SNP. Foreign, Security and Defence Policy Update, October 2012

48 Q 55

49 Q 179

I do not want to prejudice what the White Paper says, but I think the Typhoons would be beyond the requirements of an independent Scotland. Obviously, we have contributed substantially to their cost, but there may be more suitable ways for us to provide air cover.⁵⁰

58. In relation to the Hawk aircraft, Mr Brown told us that there “could very well be a role for them”, for example, for training, but he accepted that they would not be suitable for air intercepts.⁵¹ He concluded that while Typhoons may be one possibility, “there are many others internationally for us to try and see whether we can use”⁵².

59. We asked Air Marshal McNicoll how many fast jets a Scottish air force would need in order to function effectively:

You could discuss at great length whether one squadron or two squadrons might be sufficient, but you would be heading towards 15 to 30 aircraft perhaps; that sort of nature. That is total fleet size, of course. Some of them would have to be held in reserve—as attrition reserve—and some would be undergoing depth maintenance, so the total number of aircraft you have is not necessarily the total number that you have available on the front line to fly day to day. If you were to keep people current but also maintain a quick reaction alert, a squadron would be pushed to cope with that.⁵³

60. Air Marshal McNicoll noted that a proportion of the RAF Typhoon force might be available to a Scottish air force, but he also gave us an assessment of other options which could fulfil the air defence function. He ruled out the F-35 joint strike fighter, suggesting instead the SAAB Gripen and F-18 Super Hornet. However, he cautioned that the purchase of these aircraft would not be possible with an annual budget of under £400m per annum.⁵⁴

61. In 2009, the MoD announced that it would procure 40 Typhoon aircraft as part of the €9 billion production contract for a further 112 aircraft for the four partner nations: Germany, Italy, Spain and the United Kingdom.⁵⁵ This represented approximately €80m (£70m/\$112m) per aircraft. By comparison, a Saab Gripen costs \$40-60m depending on the variant and the Boeing F/A-18 E/F Super Hornet has an estimated unit cost of approximately \$81m.⁵⁶ On the basis of these estimates, a fleet of 30 fast jets for a Scottish air force, as suggested by Air Marshal McNicoll, could cost between \$1.2bn (£780m) and \$2.6bn (£1.7bn) to procure.^{57,58}

50 Q 318

51 Qq 319-320

52 Q 321

53 Q 184

54 Q 181

55 Eurofighter Typhoon, *9 billion euro contract for 112 Eurofighter Typhoons signed*, www.eurofighter.com/media/news0/news-detail/article/9-billion-euro-contract-for-112-eurofighter-typhoons-signed.html

56 U.S. Department of Defense (2012). Fiscal Year (FY) 2013 President's Budget Submission: Navy Justification Book Volume 1 Aircraft Procurement, Navy Budget Activities 1–4, www.finance.hq.navy.mil/FMB/13pres/APN_BA1-4_BOOK.pdf

57 Higher figure assumes Scottish air force inherits 7 Eurofighter Typhoons from the RAF and requires to procure 23 additional aircraft.

62. As an alternative, Professor Chalmers, RUSI, proposed a co-operative model for Scottish air defence, on the basis that Scotland became a member of NATO:

I find it hard to imagine a situation in which an independent Scotland took sole responsibility for patrolling its own air space. Given its economic resources and the difficulty—the expense—of maintaining a high-level capability, some co-operative arrangement with NATO allies seems much more likely.⁵⁹

He pointed to the example of the Baltic Air Patrol, in which other NATO Member States, and non-NATO states, help with air patrolling the air space of Latvia, Lithuania and Estonia.⁶⁰

Maritime patrol

63. In our report on *Future Maritime Surveillance*,⁶¹ we expressed our serious concerns about the capability gap in maritime surveillance in the absence of a Maritime Patrol Aircraft (MPA) following the decision in the 2010 SDSR to cancel the Nimrod MRA4 maritime patrol aircraft programme. We therefore understand very well the desire of the Scottish Government to fill this gap in current capabilities.

64. We look forward to reading in the forthcoming White Paper the detailed proposals the Scottish Government has for the procurement and operation of a maritime patrol squadron and how this will be financed within the overall aspirations for Scottish defence capability.

Air bases

65. In respect of Scottish Government plans for air bases, Keith Brown MSP told us that one air base would be sufficient for Scotland's needs.⁶² This was a significant departure from previously agreed SNP policy which envisaged a Scottish air force operating from both Lossiemouth and Leuchars. Asked whether there was a preference between the two bases, he replied:

Once again, there are different options available to us. I think you have to wait and see. For example, if you have an air base or an army base that has been used for a number of years, and then is no longer used, bringing it back into use presents different logistical challenges. [...] It makes an awful lot of sense to take decisions on some of the detail as close to the decision as possible, because then you understand what the actual position is in the UK.⁶³

66. In view of the costs associated with acquiring different air defence aircraft from those the UK currently operates, we do not currently understand how the Scottish

58 Exchange rate: 1 British Pound = 1.54 US Dollars

59 Q 62

60 Q 38

61 Defence Committee, *Future Maritime Surveillance*, Fifth Report of Session 2012-13, HC 110

62 Q 323

63 Q 325

Government expects, within the available budget, to mount a credible air defence – let alone provide the additional transport, rotary wing and other support aircraft an air force would need. The Scottish Government will no doubt wish to set out a detailed explanation of this in its White Paper.

Associated costs

67. The SNP envisages an annual defence and security budget of £2.5bn, which it asserts is “an annual increase of more than £500m on recent UK levels of defence spending in Scotland but nearly £1bn less than Scottish taxpayers currently contribute to UK defence spending”⁶⁴. Given the stated ambitions for a Scottish defence force, we asked our witnesses how realistic this figure was.

68. Professor Trevor Taylor told us:

With a budget of that size and the economies of scale you get, it is difficult to imagine that they would have anything other than lightly armed ground forces, coastal patrols and perhaps vessels that could do something to protect the oil rigs ... The air domain would be very difficult, as would the communications domain—satellite communications, and that kind of thing. It would be a small country’s coastal, local defence force. Currently, they are part of a big country’s force that still runs a sizeable Air Force and still has an oceangoing Navy, which still has large naval vessels. For a new country, any one of those things would swallow up its money.⁶⁵

69. Professor Malcolm Chalmers, writing in the RUSI Journal, set out some of the capital costs associated with the establishment of a Scottish army and a Scottish Ministry of Defence:

The British Army has several thousand soldiers, based around a brigade headquarters, in Scotland. Yet the transport aircraft and helicopters needed to carry them around, the staff colleges needed to train them, the organisations that buy and maintain their weapons, and the strategic headquarters needed to command them are all in the rest of the United Kingdom. All of these functions would have to be newly created for Scotland to have a functioning national army. A new Scottish Ministry of Defence and military headquarters would need to be established and staffed in order to organise procurement, payroll and planning. New training and exercise facilities would be needed, and probably also some new bases.⁶⁶

70. When he gave evidence to us, Keith Brown MSP gave an indication of the Scottish Government’s approach to the budget available to establish a Scottish defence force:

We have between £7 billion and £8 billion of assets. Scotland starts from that position, and not just a position of being able to spend the £2.5 billion, and that compares favourably with many other countries.⁶⁷

64 SNP. *Foreign, Security and Defence Policy Update*, October 2012

65 Q229

66 Professor Malcolm Chalmers, *Kingdom’s End?*, The RUSI Journal, 157:3, 6-11

67 Q 326

71. **Without receiving detailed answers to the questions posed elsewhere in this report, it would be unrealistic to expect us to judge the exact running costs of the proposed Scottish defence force. However, given the information we have so far received from the Scottish Government, we are unconvinced that there is sufficient funding to support both the proposed Scottish defence force and to procure new equipment.**

Division of assets

72. According to its policy, SNP expects a Scottish defence force to inherit a proportionate, population based share of existing UK defence assets on separation: some £7-8 billion according to Keith Brown MSP. Its interests are focused primarily on bases, ocean going vessels, fast jets and other aircraft and vehicles. It has no interest in negotiating a share of the Royal Navy's fleet of nuclear submarines or the aircraft carriers.

73. Asked how an independent Scotland could afford to supplement the small number of fast jets it might inherit from the RAF, Mr Brown explained how he believed the negotiations regarding a division of assets might proceed:

It is quite possible to say, "You would not have aircraft carriers. How would we reflect your share in relation to other aspects?" You can have that discussion. It would not necessarily be the case that it would be proportionate in relation to Typhoons, for example.⁶⁸

74. Asked for his response to this, the Secretary of State explained how the Ministry of Defence would approach negotiations:

The starting point would be an assumption of pro rata sharing and then there would obviously be a negotiation. When I made my speech in Scotland that I referred to earlier, I think we concluded that they would get 0.7 of an Astute submarine and 1.6 frigates and destroyers. There is clearly a technical problem and therefore there would have to be some negotiation about how assets were divided. It would be a mistake to assume that they could simply cherry-pick the asset register.⁶⁹

75. Examination of the experience of the division of military assets between the Czech Republic and Slovakia, following the dissolution of Czechoslovakia, suggested to us that an appropriate starting point for the negotiation might well be a population based share of existing assets taking into account the location of fixed assets such as military bases.

76. **We note that the process of negotiation on the division of military assets would not be one sided, and that the remainder of the UK would be likely to bring into the negotiations existing shared liabilities, such as decommissioning of nuclear submarines, and the additional costs it would incur by losing a proportion of the economies of scale it enjoys at present.**

68 Q 327

69 Q 387

Training

77. A Scottish defence force will, immediately upon formation, require access to training facilities and instruction for its new recruits, NCOs, officers and specialists such as engineers, medics, and other trades. This would present a significant challenge as the British Army, for example, does not presently depend on any schools in Scotland within its individual and collective training regime.

78. Beyond the training needs of new recruits, there would be significant costs associated with providing the career training for personnel on the equipment that a Scottish defence force had inherited or procured. For the Royal Navy and RAF, almost all of the career training is delivered south of the border on type specific training rigs and courses, which would either have to be replicated in Scotland or access negotiated. This would represent a major resource burden within a relatively small defence budget.

79. Another risk associated with separation is that those service personnel transferring from UK Armed Forces may not have the skill sets they require depending on the equipment acquired by Scottish forces. For example, what would happen if no Typhoon aircraft technicians wished to transfer to a Scottish air force which had inherited these aircraft, or if nuclear submariners wish to join a Scottish navy equipped only with conventional submarines or none at all?

80. In *A' the Blue Bonnets*, Crawford and Marsh suggested that the most significant training deficit a Scottish defence force would face would be the absence of an area for manoeuvring mechanised forces. They suggested that an arrangement to train the Scottish army's mechanised forces outside Scotland would be one solution perhaps with a reciprocal arrangement for access to other training opportunities in Scotland.⁷⁰

81. In oral evidence, Stuart Crawford also pointed out that there are no officer training schools in Scotland and that in the model of a Scottish defence force he had prepared he had assumed that:

until such time as an independent Scotland created and built its own resources, army officers would be sent to Sandhurst, for example, or similar European officer training colleges.⁷¹

82. The benefits of scale which can be achieved across the United Kingdom's armed forces would be lost to Scotland should it become independent. If new schools had to be established, and the trainers trained, the result would be that an independent Scotland would be forced to invest in new training infrastructure. Both the capital and running costs would bear heavily on the ability of Scotland's armed forces to train and deploy. The rUK would also face the impact of reduced advantages of scale in delivering these services to its own armed forces.

83. Keith Brown MSP told us that although Scotland could establish its own training facilities, another option would be to collaborate with rUK in order to access the training

70 Royal United Services Institute, *A' the Blue Bonnets*, Whitehall Report 3-12, www.rusi.org/downloads/assets/Whitehall_Report_3-12.pdf

places required by Scottish armed forces. In relation to officer training places at Sandhurst, Dartmouth and Cranwell, Mr Brown considered that following dialogue with the UK Government it would be possible to secure places.⁷²

84. However, the Secretary of State for Defence suggested that Scotland would have to join the queue of other nations who wish to access places at UK officer training academies and other training facilities. Mr Hammond told us:

I have no objection in principle to the idea of having overseas students on our terms, on a full cost-recovery basis, and capped and limited in such a way that it enhances the training experience for our own cadets rather than detracts from it.⁷³

I certainly would not want to guarantee that we could make that number of places [200] available. We would want to manage this looking at the interests of the academy [Sandhurst] and of our own cadet training programme. Of course, there are military training opportunities available in other countries—other European and NATO countries—which also accept foreign students on their training courses.⁷⁴

85. We consider it unlikely that the Ministry of Defence would make available sufficient training places for Scottish personnel at facilities such as Sandhurst, Dartmouth and Cranwell. The Scottish Government should therefore include in its White Paper an assessment of alternative options and cost estimates for delivery of this training.

Conclusion on a Scottish defence force

86. The SNP set out, in general terms, its vision for the role Scottish armed forces would be asked to perform. With the exception of its stance on nuclear weapons, the SNP appears to envisage a role which is broadly similar to that fulfilled currently by UK Armed Forces involving territorial defence, aid to the civil power and support for the international community through a commitment to contribute to international operations.

87. Before we can judge whether these ambitions could be met within a cost envelope of £2.5 billion per annum, we require more details from the Scottish Government in its White Paper about its plans for a Scottish defence force. In particular, the plans must establish a coherent model which reflects a realistic “tooth to tail” ratio of combat troops to the personnel required to supply and support them, and clarity over the training capacity to maintain the appropriate professional standards. It is also incumbent upon Scottish Ministers to set out how they propose to finance the equipment, vessels, aircraft and associated support services a Scottish defence force would require to deliver the objectives set for it.

72 Qq 282-284

73 Q391

74 Q394

4 Scotland, the nuclear deterrent and NATO membership

88. The SNP has a long established policy in favour of unilateral nuclear disarmament. Until 2012, the SNP also had a policy that an independent Scotland should not remain as a member of NATO, essentially because it is a nuclear weapons based alliance. However, at its annual conference in October 2012, the SNP agreed a Foreign, Security and Defence policy update which included a commitment to maintain membership of NATO.⁷⁵

89. The Foreign, Security and Defence policy update stated:

A long-standing national consensus has existed that Scotland should not host nuclear weapons and a sovereign SNP government will negotiate the speediest safe transition of the nuclear fleet from Faslane which will be replaced by conventional naval forces.

Security cooperation in our region functions primarily through NATO, which is regarded as the keystone defence organisation by Denmark, Norway, Iceland and the United Kingdom. The SNP wishes Scotland to fulfil its responsibilities to neighbours and allies. On independence Scotland will inherit its treaty obligations with NATO. An SNP government will maintain NATO membership subject to an agreement that Scotland will not host nuclear weapons and NATO takes all possible steps to bring about nuclear disarmament as required by the Nuclear Non Proliferation Treaty of which all its members are signatories, and further that NATO continues to respect the right of members to only take part in UN-sanctioned operations. In the absence of such an agreement, Scotland will work with NATO as a member of the Partnership for Peace programme like Sweden, Finland, Austria and Ireland. Scotland will be a full member of the Common Security and Defence Policy (CSDP) of the European Union and the Organisation for Cooperation and Security in Europe (OSCE).⁷⁶

90. However, in his evidence to us, Scottish Government Minister Keith Brown MSP conceded that an independent Scotland would need to apply to join NATO rather than inheriting membership. We consider this issue in more detail later in this section of our report.

91. Following the 2012 conference decision, in a BBC interview, First Minister Alex Salmond MSP reiterated his Party's opposition to nuclear weapons:

If Scotland, by majority, doesn't want nuclear weapons, the SNP proposition is to write that into the constitution of the state. So, that would make the possession of nuclear weapons illegal.⁷⁷

75 "SNP members vote to ditch the party's anti-Nato policy", www.bbc.co.uk/news/uk-scotland-scotland-politics-19993694

76 SNP. Foreign, Security and Defence Policy Update, October 2012

77 "Nuclear weapons 'outlawed' in an independent Scotland, says Salmond", www.bbc.co.uk/news/uk-scotland-scotland-politics-20020839

92. In its paper *Scotland's Future: from the Referendum to Independence and a Written Constitution*, the Scottish Government has proposed that a written constitution should include “a constitutional ban on nuclear weapons being based in Scotland”.⁷⁸

Faslane and the nuclear deterrent

93. Her Majesty's Naval Base Clyde – commonly known as Faslane – is the Royal Navy's main presence in Scotland. It is home to the core of the Submarine Service, including the nation's nuclear deterrent, and the new generation of Astute Class attack submarines. More than 6,500 civilians and Service personnel are employed on the site at present.⁷⁹

94. In March 2013, we visited Faslane and the Royal Armaments Depot at nearby Coulport where key elements of the UK's Trident missile system are stored, processed and maintained. We were impressed by the extent and sophistication of the facilities and the professionalism of the personnel working there. We were told that the number of people directly employed at the base is projected to rise to around 8,200 by 2022 as the remaining Trafalgar Class submarines transfer from their present base at Devonport and additional Astute Class submarines are brought into service. Faslane will become the UK's Submarine Centre of Specialisation.

Costs and timescale for relocation

95. Professor Malcolm Chalmers told us that it would be a “very substantial venture indeed”, in terms of time and money, to replicate elsewhere the facilities at Faslane and particularly those at Coulport.⁸⁰

96. In its response to the Scottish Affairs Committee's report *The Referendum on Separation for Scotland: Terminating Trident-Days or Decades?*, the Government stated that although it was not planning for Scottish independence or to move the strategic nuclear deterrent from HMNB Clyde:

If the result of the referendum on Scottish independence were to lead to the current situation being challenged, then other options would be considered. Any alternative solution would come at huge cost. It would be an enormous exercise to reproduce the facilities elsewhere. It would cost billions of pounds and take many years. It is impossible to estimate how much it would cost to replicate the infrastructure, which would depend on many factors including timescales and the precise scope of the facilities that might be required.⁸¹

97. Giving evidence before us, Keith Brown MSP said:

78 The Scottish Government, *Scotland's Future: from the Referendum to Independence and a Written Constitution*, www.scotland.gov.uk/Resource/0041/00413757.pdf

79 Royal Navy, www.royalnavy.mod.uk/The-Fleet/Naval-Bases/Clyde

80 Q 65

81 Scottish Affairs Committee. First Special Report of Session 2012-13, *The Referendum on Separation for Scotland: Terminating Trident-Days or Decades? Government Response to the Committee's Fourth Report of Session 2012-13*, HC 861

we have accepted the fact that the Trident nuclear missile system should not be removed ahead of any safe time scale for doing so [...] it is quite possible that it will be in Scotland for some time after we assume responsibility for defence forces, which will be in March 2016 [...]⁸²

98. In respect of the costs of relocating the deterrent, Mr Brown expressed the view that Scotland had “borne its share of the costs of the current nuclear deterrent, and borne disproportionately the risks attached to that”.⁸³ He said that it would be “ridiculous to expect the Scottish Government and the Scottish people to bear the costs of [Trident] relocation, not least given the fact that it was the starting point of the Scottish Government that we did not want to have the weapons in the first place”.⁸⁴

99. By way of contrast, in relation to the decommissioning of oil and gas infrastructure in the North Sea, the Scottish Government has given a commitment that it would “assume responsibility for meeting all existing and future obligations stemming from the tax relief associated with decommissioning facilities in Scottish waters and will guarantee to underwrite these costs”,⁸⁵ regardless of whether a contribution from the UK Government could be negotiated.

100. Asked which Government he believed should bear the costs of relocation, the Secretary of State for Defence repeated his view that there would need to be a negotiation, and it would cover a vast range of subjects. He continued:

If we had to include in that negotiation the dismantling of the facilities at Faslane and Coulport and their reconstruction elsewhere, clearly, the cost of that would be a factor in the overall calculation of the settlement between the parties to that negotiation.⁸⁶

101. In relation to the costs of decommissioning existing UK nuclear submarines, seven of which are stored at Rosyth, the Secretary of State for Defence said:

Some of the words I have heard from some of our SNP colleagues have suggested that that is our problem; on the contrary, it is a UK problem, and would become a problem that, between us, we would have to work out how to resolve, as well as working out how to meet its enormous cost, in the event of a such a break-up.⁸⁷

102. In an earlier exchange, Keith Brown MSP accepted that this would be “a matter for negotiation in discussions between the two Governments”.⁸⁸

82 Q 274

83 Q 335

84 Q 335

85 The Scottish Government, *Maximising the Return from Oil and Gas in an Independent Scotland*, para 5.61, www.scotland.gov.uk/Publications/2013/07/5746/0

86 Q 398

87 Q 398

88 Q 343

Implications

103. If a sovereign Scottish Government insisted upon the removal of submarines and warheads from its territory in a short timeframe then the UK's continuous at sea deterrent would cease to operate.

104. The Scottish Campaign for Nuclear Disarmament has argued that there are no viable and practical alternative locations, outside Scotland, for the Trident nuclear force. It argued that the Trident nuclear weapon system could be deactivated within days, removed from Scotland within a period of two years and dismantled completely within four years.⁸⁹

105. Rear Admiral Alabaster told us that “it would be very difficult—in fact, I would almost use the word “inconceivable”—to recreate the facilities necessary to mount the strategic deterrent, without the use of Faslane and Coulport, somewhere else in the UK”.⁹⁰ He estimated that it would cost many billions to establish an alternative base elsewhere, if such a site could be found.⁹¹

106. The Secretary of State told us that it would take “in the order of a decade” for safe transition:

Anything involving nuclear activity invariably has a long time cycle attached to it, because of the, quite properly, very stringent safety measures and the checking and certification procedures involved. The process could not begin until the negotiations across the board had been completed and until the financial arrangements for the very substantial cost of such a move had been finalised.⁹²

107. Asked whether the rUK could find an alternative place to host the nuclear deterrent, the Secretary of State replied:

It would be technically possible to do. If you throw enough money at a problem, you can solve most problems. I am confident that we would be able to solve this problem, but it would cost a significant amount of money.⁹³

108. We consider that, in the event of a ‘Yes’ vote, a safe transition of the nuclear deterrent from HM Naval Base Clyde could not be achieved quickly. Even with political will on both sides, the replication of the facilities at Faslane and, crucially, Coulport, at another site in the UK would take several years and many billions of pounds to deliver. Options for basing the deterrent outside the UK, in the USA or France, even in the short term, may prove politically impossible or equally costly.

109. The implications of Scottish independence for the rUK's ability to provide the necessary security for the nuclear deterrent during any transition period will need very detailed and early consideration.

89 Ev w11

90 Q 119

91 Q 121

92 Q 395

93 Q 397

110. If the nuclear deterrent were moved from the Clyde the impact on levels of employment at Faslane and Coulport would be significant. Evidence we have received suggests that instead of an increase in people directly employed at the base to around 8,200 by 2022, as projected by the MoD, a conventional naval base and Joint Force Headquarters would employ considerably fewer people than the current workforce of 6,500.

NATO membership

Background

111. Since it was founded in 1949, NATO's membership has grown from 12 to 28 countries. Most recently, Albania and Croatia became members when the accession process was completed on 1 April 2009.⁹⁴ NATO membership is open to "any other European state in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area".⁹⁵

112. The Membership Action Plan (MAP) is a NATO programme of advice, assistance and practical support tailored to the individual needs of countries wishing to join the Alliance. Participation in the MAP does not prejudice any decision by the Alliance on future membership. Montenegro and Bosnia and Herzegovina have been participants in the MAP process since 2009 and 2010 respectively. The former Yugoslav Republic of Macedonia commenced its MAP in 1999 but its full NATO membership has been blocked by Greece due to issues with its constitutional name.⁹⁶

Application process

113. In its report on foreign policy considerations for the UK and Scotland in the event of Scotland becoming an independent country, the Foreign Affairs Committee concluded that while the rUK would continue to be a member of NATO, "Scotland could expect to face robust negotiations and would not necessarily be in a position unilaterally to shape its membership terms in line with its domestic political commitments on nuclear weapons".⁹⁷

114. Following discussions at a Ditchley Foundation conference in June 2013, on *The future of Scotland: international implications and comparisons*, Stuart Crawford reported that the view of the conference was that Scottish membership of NATO "was not inevitable". Before supporting Scotland's accession, prominent NATO members would "seek reassurance on the future of Trident, they would need to know that Scotland would not deny access to its ports to nuclear powered (and possibly nuclear armed) ships, and

94 NATO enlargement, www.nato.int/cps/en/SID-2B0E24DA-59964641/natolive/topics_49212.htm

95 NATO, www.nato.int/nato-welcome/index.html

96 NATO Membership Action Plan (MAP), www.nato.int/cps/en/natolive/topics_37356.htm

97 Foreign Affairs Committee, Sixth Report of Session 2012-13, *Foreign policy considerations for the UK and Scotland in the event of Scotland becoming an independent country*, HC 643, para 38

they would want to know where Scotland stood on the future of NATO as a global or European organisation”⁹⁸.

115. Stuart Crawford also reported that other NATO members “would expect Scotland to spend at least two per cent of its GDP on defence”, well above the figure presently proposed by the SNP. He concluded:

In layman’s terms, should an independent Scotland continue to espouse the anti nuclear agenda then its accession to NATO would most likely be blocked or delayed.⁹⁹

116. The Director’s note of the Ditchley Foundation conference reflected more of the discussion regarding NATO membership. Participants considered that if other Member States were happy to see Scotland join, this could happen in theory relatively quickly and easily. The note continued:

There was no reason in principle why other members would not want Scotland to join, particularly if the rest of the UK also wanted her to do so. Scotland’s geographical location meant that her northern waters were important strategically.

However the nuclear issue was a major complicating factor. While the question of the future basing of the current UK nuclear deterrent was essentially a matter between an independent Scotland and the rest of the UK, the underlying and deep-rooted anti-nuclear policy of the current Scottish Government and the SNP in general might pose wider problems.¹⁰⁰

117. Key questions posed by conference participants included:

Would Scotland accept the protection of the NATO nuclear umbrella, and could she be a full member of NATO if she did not? Would she be ready to accept the full collective defence implications of Article 5 of the NATO Treaty? Would she accept the Strategic Concept of NATO, about which there could not be negotiation? What assets would she be prepared to put at NATO’s disposal? Would an independent Scotland want to insist that no ships which were or could be carrying nuclear weapons would be allowed in her waters – or even nuclear-powered ships? Either could pose major problems for the US in particular, with its policy of neither confirming nor denying the presence of nuclear weapons on its ships. The question mark which Scottish attitudes to Trident could place over the current UK deterrent could be seen as weakening NATO, which might again call into question Scotland’s commitment to NATO in some eyes. There could also be questions about how far a neutrality-inclined Scotland would help NATO play the global role which some saw as its future.¹⁰¹

98 Options for Scotland, *Scotland: Nay or Yea to NATO?* Available at: <http://www.optionsforscotland.com/2013/06/25/nay-or-yea-to-nato/>

99 Ibid.

100 Ditchley Foundation. *The future of Scotland: international implications and comparisons – A Note by the Director.* www.ditchley.co.uk

101 Ditchley Foundation. *The future of Scotland: international implications and comparisons – A Note by the Director.* www.ditchley.co.uk

118. When he appeared before us, Keith Brown MSP acknowledged that Scotland would need to apply to join NATO. He said:

There are fairly substantial processes to go through, but it has been done relatively quickly in the past [...] I do not want to give the impression that this is an automatic assumption. We do not assume that. We would go through the processes. In the past it has taken between about 18 and 24 months. Bear in mind, as I have said, that we would immediately start work on many of these things, in the event of a yes vote for independence.¹⁰²

We noted that this differed from the assertion in the SNP policy update that Scotland would “inherit its treaty obligations with NATO” and that an SNP Government would “maintain” NATO membership subject to “an agreement that Scotland will not host nuclear weapons”.¹⁰³ We further noted that this was in contrast to the Scottish Government’s stance on EU membership which is that Scotland would continue to be a member of the European Union during the period between a yes vote and independence and that as a result, there would be no break in Scotland’s membership of the EU.¹⁰⁴

119. Asked about the likely attitude of the rUK Government to an application to join NATO from a newly independent Scotland, the Secretary of State for Defence replied:

We would want to look at the defence posture being proposed by the Scottish Government; we would want to look at how much resource they were prepared to commit to the defence of Scotland and a Scottish contribution to NATO; and we would want to look at their attitude to sharing the burden of common defence platforms, including the UK nuclear deterrent, which is 100% declared to NATO as a resource to protect the NATO alliance. We would then reach a decision as to whether having Scotland inside NATO would enhance the UK’s defence or detract from it.¹⁰⁵

120. According to media reports, talks between Scottish Government officials and NATO’s Assistant Secretary General were held in Brussels in early July 2013, facilitated by the UK’s Joint Delegation to NATO. Scottish officials argued that in the event of independence, since Scotland was already within the alliance as part of the UK, it should not have to start from scratch in securing membership. However, Scottish officials were told that no new member would be allowed to join NATO if that state had unresolved military or territorial disputes with other countries.¹⁰⁶

121. The change to SNP policy regarding NATO membership in October 2012 was a significant development in the debate on the defence implications of possible Scottish independence. We welcome the subsequent acknowledgement by the Scottish Government that an independent Scotland would need to apply to join NATO rather

102 Q 350

103 SNP. Foreign, Security and Defence Policy Update, October 2012

104 Foreign Affairs Committee. *Foreign policy considerations for the UK and Scotland in the event of Scotland becoming an independent country*, Sixth Report of Session 2012-13, HC 641. Para 42.

105 Q 402

106 “Nato chiefs deal blow to SNP’s anti-nuclear strategy”, The Guardian, 14 August 2013

than inheriting membership. We note the contrast between the Scottish Government's position on this and its position on membership of the European Union. Scottish Ministers will need to make clear their rationale for this difference, and, if they wish the Scottish people to give it credence, should consider making publicly available the legal advice on which it is based.

122. The process of securing NATO membership is complex and time-consuming and the response to an application from an independent Scotland would be influenced by the Scottish Government's stance on nuclear weapons. NATO is a nuclear alliance and we believe that any action likely to disrupt the operation of the UK's strategic deterrent would undoubtedly influence NATO Member countries' attitudes towards an application from Scotland.

123. We note the reported recent engagement between NATO and Scottish Government officials, facilitated by the UK Joint Delegation to NATO. We welcome this co-operation between the two Governments and invite the UK Government to provide us with an update on the outcome of these and any subsequent discussions. Nonetheless, we conclude that the Scottish Government's view that NATO membership could be negotiated in a period of 18 to 24 months is optimistic unless issues surrounding the nuclear deterrent were resolved through negotiation.

5 The implications for the defence industry in Scotland

Background

124. The aerospace, defence, and security sectors are significant contributors to the Scottish and wider UK economies. Each year they contribute billions of pounds in sales, millions of investment in research and development, and many thousands of jobs.

125. According to a Scottish Affairs Select Committee report, in 2008 the defence industry, along with the Ministry of Defence, supported almost 50,000 jobs in Scotland with wages around a third higher than the Scottish national average.¹⁰⁷ A more recent report by that Committee suggests that the defence industry currently supports more than 15,000 jobs throughout Scotland.¹⁰⁸

126. Professor Malcolm Chalmers, RUSI, told us that figures published by industry groups suggested that Scotland had a share of around 10 percent of defence spending.¹⁰⁹ His colleague, Professor Trevor Taylor, told us that, in common with the UK as a whole, approximately 60 percent of defence products were sold domestically, the principal customer being the MoD.¹¹⁰

127. The SNP's policy update states that a "Scottish defence industrial strategy and procurement plan will fill UK capability gaps in Scotland, addressing the lack of new frigates, conventional submarines and maritime patrol aircraft". It also suggests that "joint procurement will be pursued with the rest of the UK and other allies"¹¹¹

An industry perspective

128. We asked defence and security industry representatives to comment on the implications of independence, but for commercial reasons companies declined to do so publicly. Informally, companies in the sector told us that, with negotiations around the process for the referendum largely settled, they would hope to see a greater focus and clarity on the public policy, procurement and regulatory aspects of the independence debate from all parties concerned. Matters such as the anticipated fiscal strategy, taxation structure, commercial regulation and labour law in an independent Scotland are of considerable interest to companies in all sectors, not just defence related.

129. Asked about the likelihood of defence contractors moving their operations out of an independent Scotland to the rUK, Professor Taylor replied:

107 Scottish Affairs Committee. *Employment and Skills for the Defence Industry in Scotland*, Sixth Report 2007-08. HC 305

108 Scottish Affairs Committee *The Referendum on Separation for Scotland: How would Separation affect jobs in the Scottish defence industry?*, Eighth Report 2012-13. HC 957

109 Q 24

110 Qq 208-210

111 SNP. Foreign, Security and Defence policy update, October 2012

If it is easy to do, I think they would do it very quickly. If it is expensive and difficult to do, obviously it is a more challenging question for them. The new Scotland will not be a major market for defence equipment. Currently, the Scottish defence industry serves the high-end defence market of a pretty large player [...] The new Scotland would be a small country with a small country's defence needs. The domestic market for defence goods would be radically different from what it is now. Generally speaking, companies like to produce in a country where there is a good home market.¹¹²

European Union procurement law

130. Under the terms of the Treaty on the Functioning of the European Union (TFEU), the UK is required to act fairly, transparently, and openly by competing public procurement requirements at a European Union (EU) level. An exception can be applied under Article 346 TFEU in respect of the “production of or trade in arms, munitions and war material” where a Member State considers it necessary for the protection of the essential interests of its national security. In those circumstances the UK can, like all Member States, derogate from the Treaty to the extent necessary to protect those interests by invoking Article 346.¹¹³

Article 346 TFEU

131. In light of the Article 346 TFEU exemption, as currently applied, we were keen to establish whether Scottish suppliers would cease to be eligible to bid for MoD contracts if Scotland was to become independent. We noted that the Scottish Affairs Committee had received evidence that in these circumstances the exemption would not apply.¹¹⁴

132. Keith Brown MSP expressed the opinion that “the rest of the UK would procure from Scotland without going through the competitive tendering process that the European Union sets down”.¹¹⁵

133. The Secretary of State, however, took the opposite view:

I think that the Scottish defence industry would find itself in the position of being able, and being limited, to bidding for contracts that were open to EU competition—in other words, the contracts that we had decided did not form part of our essential sovereign industrial capability. There are a number of significant UK defence contractors in Scotland who would be affected by this, quite apart from those in the shipbuilding business—Selex, for example, a major provider of radars and electronic systems.¹¹⁶

112 Q 222

113 Ministry of Defence. *National Security Through Technology*, Cm 8278, February 2012, paras 73-75

114 Scottish Affairs Committee. Eighth Report of Session 2012-13, *The Referendum on Separation for Scotland: How would Separation affect jobs in the Scottish defence industry?*, HC 957, para 40

115 Q 370

116 Q 412

The Secretary of State confirmed that he had sought legal advice on this point from the MoD's internal legal services, who had, in turn, taken advice from external procurement lawyers.¹¹⁷

134. The UK Government states that defence suppliers in an independent Scotland would no longer benefit from the application of an exemption from EU procurement law for UK MoD orders. If the Scottish Government has legal advice to the contrary it should consider making it public.

Shipbuilding and maintenance

135. In its report *The Referendum on Separation for Scotland: Separation shuts shipyards*, the Scottish Affairs Committee concluded that, if Scotland separated from the UK, shipyards on the Clyde were “doomed” as they would not be eligible for UK-restricted orders and would have little prospect of winning export work. A similar fate awaited Rosyth as there would be no Royal Navy refit work and a Scottish navy would be based at Faslane.¹¹⁸

136. Rear Admiral Alabaster told us that given the world-class shipbuilding industry, particularly on the Clyde, he thought all the surface ships required by a Scottish navy could be procured from within Scotland. However, he acknowledged that “building two frigates for a Scottish navy from time to time” would not begin to approach the work load generated by construction of Type 26 frigates on the Clyde or the assembly of aircraft carriers at Rosyth”.¹¹⁹

137. In light of this, we asked Keith Brown MSP whether orders for a Scottish navy would ensure the viability of Scottish shipbuilding. He told us:

I have never been of the view that the Clyde would rely solely on orders from an independent Scottish Government for their armed forces. The point I have made is that it has world-leading technology there. I have seen some reference in this Committee to the fact that the rest of the UK would have no intention or eagerness to procure from Scottish yards. We talked about the F-35 earlier, and given the massive procurement that the UK undertakes with the United States, I do not agree with the idea that you could not trust an independent Scotland. All the defence equipment at the point of independence, all the defence personnel, all the joint working that goes on and all the history in NATO should lead to a substantial level of trust. I do not see this as a bar to the rest of the UK or other countries wanting to tap into that world-class expertise. For that reason, I think we have a very bright future.¹²⁰

117 Q 413

118 Scottish Affairs Committee. Seventh Report of Session 2012-13, *The Referendum on Separation for Scotland: Separation Shuts Shipyards*, HC 892, summary

119 Qq 150, 152

120 Q 359

138. Asked why he was confident that the UK Government would award the contract to build the Type 26 Global Combat Ship to Clyde yards, Mr Brown replied that “the Clyde is best for carrying out that contract”. He continued:

We are more than willing to speak to the UK Government and to the contractor to provide the reassurances that they want, if they want reassurances, about being able to place that contract in the full and certain knowledge that it would be delivered in an independent Scotland. I am sure that the UK Government, when they take this decision, will take it based on the need to get the best equipment for their Navy. If that is their decision, we want to try to help them make that decision. I think that the balance of probability lies in favour of awarding that contract to the Clyde, and we will try to make sure that that happens.¹²¹

Sovereign capability

139. The maintenance of a sovereign capability in complex warship building has for many years been a strategic priority for the UK. In fact, as the Secretary of State for Defence reminded us, except during the two world wars, the UK has never bought complex warships built abroad.¹²² He explained the current rationale for doing so:

We have chosen to source our warships in the UK, even though the cost of shipbuilding in the UK is very significantly higher than in countries outside, including other NATO countries. We could buy complex warships built in Spain or Italy at significantly lower cost than we can buy them in the UK, but we choose not to do that because we think it is strategically important to maintain a sovereign capability in this area. Clearly, if Scotland were independent, that capability would no longer be sovereign; it would be subject to the whims of a foreign Government, and we could no longer, in my judgment, justify paying the premium that we do, over and above the base cost of a complex warship, for the sovereign capability to build and maintain it. I should make the point that it is not just about building the ship; it is about having the capability to refit and maintain it over its expected lifetime.¹²³

140. In relation to maintenance, the Secretary of State told us that it would be unlikely that the rUK would choose to maintain the Royal Navy surface fleet in an independent Scotland.¹²⁴

141. In the event of independence, shipbuilding in Scotland could not be sustained by domestic orders alone at anything close to current levels. It is our view that the requirements of a Scottish Government for construction and maintenance of warships would barely provide enough work for a single yard. Even the addition of Scottish Government contracts for commercial ships could not compensate for the loss of future UK MoD contracts for ships such as the Type 26 Global Combat Ship. The future of Scottish shipyards would therefore rest upon whether they could diversify the type of

121 Q 362

122 Q 407

123 Q 407

124 Q 410

ships they produce and reduce their cost base in order to secure orders in open competition with international competitors.

Security clearance

142. A further challenge for defence contractors based in an independent Scotland would be the ability to obtain and retain List X status—the security clearance required to hold UK Government protectively marked information.

143. The UK Government, in its response to the Scottish Affairs Committee Report *The Referendum on Separation for Scotland: How would Separation affect jobs in the Scottish defence industry?*, stated that there are currently 50 companies that hold List X status in Scotland. It explained the issues which would arise:

This is required for companies to undertake classified defence work on their premises at Confidential level. An independent Scotland would be required to develop its own national security regulations or continue to apply the Security Policy Framework and to develop the required and appropriate security infrastructures to perform the necessary security activities. Further complications may arise in the context of current MOD procurement and access to material classified for 'UK Eyes Only'. This material cannot be shared with a foreign country or its nationals.¹²⁵

144. **In the event of independence, we consider that the defence industry in Scotland would face a difficult future. This impact would be felt most immediately by those companies engaged in shipbuilding, maintenance, and high end technology. The requirements of a Scottish defence force would not generate sufficient domestic demand to compensate for the loss of lucrative contracts from the UK MoD, and additional security and bureaucracy hurdles would be likely to reduce competitiveness with rUK based companies.**

145. **Although we recognise the commercial risks associated with the potential loss of some highly skilled employees, we believe defence companies in Scotland would be forced to rapidly reassess their business strategies, with the result that relocation of operations to the remainder of the UK would be an unwelcome but necessary decision.**

146. **From the evidence we have received and our own background knowledge of defence industrial issues raised frequently with us we consider that the Scottish Government will wish to provide industry with more information with regard to the following matters:**

- **Defence and Security relationship with the rUK, including the anticipated level of integration and collaboration;**
- **Transition arrangements for existing UK contracts during the process of separation;**

¹²⁵ Scottish Affairs Committee, First Special Report of Session 2013-14, *The Referendum on Separation for Scotland: How would Separation affect jobs in the Scottish defence industry?: Government Response to the Committee's Eighth Report of Session 2012-13*, HC 257

- **Procurement policy, including co-investment in research and development;**
- **Export posture and potential in terms of legislation plus consular and broader government support;**
- **Specific expectations of the current “special relationship” with the US over trade, intelligence and technology sharing; and**
- **Future relationship with cooperative initiatives such as NATO “Smart Defence” and European Defence Agency “Pooling and Sharing”.**

6 Implications for the United Kingdom

Government planning for Scottish independence

147. A “Yes” vote by the Scottish people in the referendum in September 2014 would have significant and long-lasting consequences not just for Scotland, but for the remainder of the United Kingdom (rUK) too. Yet, the UK Government has stated on many occasions that it is making no contingency plans at present, preferring instead to await the outcome of the referendum.

148. In its memorandum to us, the MoD stated:

The UK Government’s position is clear: Scotland benefits from being part of the UK and the UK benefits from having Scotland within the UK. The UK Government is confident that the people of Scotland will choose to remain part of the UK, and is not planning for any other outcome. It is for those advocating independence to explain the nature and implications of an independent Scotland; it is the policy of the UK Government to maintain the integrity of the existing UK and we are supporting that position with evidence and analysis.¹²⁶

149. When he gave oral evidence, the Secretary of State for Defence confirmed this position. Asked whether this was a high risk strategy, he replied:

A yes vote, in the unlikely event that it were to happen, would simply be the starting bell for what would be a long and complex process of negotiation between the Scottish Government and the representatives of the remainder of the United Kingdom. Looking at the hugely complicated issues that would be involved in trying to partition a country that has functioned as an integrated and very effective whole for 300 years, the process would take a significant time. Of course, during that period, appropriate contingency planning would take place. If the situation arose, until we saw the opening negotiating position of a Scottish Government, as opposed to the posture it had taken up during a referendum campaign, we would not actually be clear on what contingency planning we would need to be doing.¹²⁷

150. We recognise that the process of negotiation following a “Yes” vote would be lengthy and complex. For those very reasons, it would be remiss of the UK Government not to make preparations in order to inform its negotiating position. We recommend that the UK Government begin now to prepare for the impact of possible Scottish independence. It would not be wise to begin contingency planning only after the referendum. This does not imply that we believe there should be negotiations with the Scottish Government prior to the referendum, but rather that it would be prudent for the MoD to scenario plan.

126 Ev w1

127 Q 382

Defence interests as part of independence negotiations

151. Earlier in our report we considered how the two Governments might approach negotiations regarding defence assets should the Scottish people vote for independence and the manner by which current defence assets might be divided between Scotland and the remainder of the UK.

152. The Secretary of State for Defence told us that although this had not been discussed within Government, he could “see no reason why the defence discussion would be ring-fenced from all the other complex areas that would have to be discussed”.¹²⁸

153. We consider it to be highly probable that defence assets would form an integral part of wider independence negotiations rather than a discrete strand. The UK Government should begin work to assess what its priorities would be in relation to defence assets in the event of a “Yes” vote.

Implications for the security of the remainder of the United Kingdom

154. From a defence perspective, setting aside the serious questions which would arise regarding the future of the nuclear deterrent, Scottish independence would also result in the remainder of the UK facing the loss of vital personnel, bases and equipment, representing as much one twelfth of current assets. There would be a consequent loss of capability, particularly in the short term. The rUK Government would face a difficult decision about how to manage this shortfall when the financial resources available to do so would be reduced to a similar degree. This raises the very real prospect that the rUK would face the same level of threats to its defence and security as the UK faces today, but with Armed Forces which were less capable and resilient.

155. If an independent Scotland was perceived by the rUK to have weakened defence and security capabilities because, for example, it was not a member of NATO and had decided to reduce its level of air defences, how might the rUK respond? Air Marshal McNicoll told us that from an air policing perspective, most interceptions were to the north of Scotland “so there would be an impact if the remainder of the UK only had bases south of the border”.¹²⁹

156. We consider that the level of security and defence presently afforded to the people of the United Kingdom is higher than that which could be provided by the Governments of a separate Scotland and the remainder of the UK.

157. In respect of the interests of the remainder of the UK, we invite the MoD to explain how it would manage the loss of personnel, equipment, bases, training facilities and industrial capacity ceded to an independent Scotland.

128 Q 385

129 Q 114

Future co-operation

158. Following independence, the SNP desires a high degree of co-operation with the remainder of the UK as well as other allies. Areas in which co-operation would be sought include “shared conventional basing, training and logistics arrangements” and “joint procurement”.¹³⁰

Intelligence sharing

159. At present, the annual budget for the UK's security and intelligence agencies is £2.0bn.¹³¹ In the event of independence, the Scottish Government envisages Scotland having independent domestic and external intelligence services.¹³²

160. Professor Malcolm Chalmers of RUSI anticipated that in the event of independence “some of the most difficult issues in a negotiation would be on the intelligence services and counter-terrorism co-operation”.¹³³ He told us that there would also be issues about Scotland’s “operational competence and ability to co-operate and share intelligence that may have come from quite sensitive sources on the UK side”. He said:

The UK, due to its unique intelligence-sharing arrangements with the US, gets access to intelligence that not every European country gets, and that enhances our own security and counter-terrorist capabilities. As you rightly point out, there will still be an open border, presumably, between Scotland and the rest of the UK. There will still be a lot of movement of people. People in the UK will want assurance that Scotland is not a weak link in their counter-terrorism capability.¹³⁴

161. Asked whether the Five Eyes intelligence sharing community (comprising the UK, USA, Australia, Canada and New Zealand) would automatically become Six Eyes with the addition of an independent Scotland, the Secretary of State for Defence said:

Any expansion of the Five Eyes community could only be achieved if it was agreed by all five members of that community, and there is a very strong view among certain members of that community that it is a something-for-something arrangement. An applicant seeking to join the Five Eyes group would have to show that it could add significant intelligence or analysis value to what the group already had. Bearing in mind who the members of the group are, that might be challenging for a fledgling state that had no great tradition of intelligence gathering or analysis.¹³⁵

162. Asked about the potential for bilateral intelligence sharing arrangements between rUK and Scotland, Mr Hammond confirmed that there were certain things that could be shared on a bilateral basis if rUK chose to do so, although sharing of other intelligence would

130 SNP. Foreign, Security and Defence Policy Update, October 2012

131 HM Treasury, *Government Spending Review 2010*, Cm 7942, Single Intelligence Account, page 10-11, Tables 1 and 2

132 Foreign Affairs Committee. *Foreign policy considerations for the UK and Scotland in the event of Scotland becoming an independent country*, Sixth Report of Session 2012-13, HC 641, Para 131

133 Q 38

134 Q 38

135 Q 420

require agreement from the Five Eyes allies, because it had been obtained through Five Eyes arrangements.¹³⁶

163. We consider that it is unlikely that an independent Scotland with fledgling intelligence capabilities would be given access to the Five Eyes intelligence sharing community. A high degree of co-operation with rUK would therefore be crucial for Scotland especially in the early years of independence. However, such co-operation would rely on goodwill and Scotland could find itself more vulnerable to threats than it is at present.

Shared facilities

164. Should separation occur, the rUK would need to consider what level of defence and security co-operation with an independent Scotland would be in its own interests. Scotland would have a strong interest in maintaining access to training facilities such as the defence academies at Sandhurst, Cranwell and Dartmouth. Additionally, in a similar manner to NATO air policing in the Baltic, the sharing of air bases with the RAF, possibly with pooled forces, might provide Scotland with one solution to its need for fast jets to provide Quick Reaction Alert cover in Scottish airspace.

165. Following separation, the rUK would also face the prospect of losing access to a number of important training areas and weapons ranges including those facilities operated by QinetiQ at West Freugh in Wigtownshire and Benbecula in the Western Isles. Although alternative facilities could be identified elsewhere this might prove disruptive and significantly more expensive.

166. We recommend that the Ministry of Defence explain whether the concept of sharing facilities, including operational bases and training areas, by Scotland and the rUK could work in practice and to identify any significant risks arising from this proposal.

Joint procurement

167. In relation to the potential for joint procurement between an independent Scotland and rUK, the Secretary of State for Defence told us that the MoD was “not opposed in principle to co-operation on defence procurement”. However, he did not think that this would result in the rUK procuring warships from yards in an independent Scotland.¹³⁷

168. The desire of the Scottish Government to pursue joint procurement with rUK for defence materiel and services makes absolute sense: a small country with a limited defence budget would gain access to larger contracts offering better value for money. Whether the rUK would benefit sufficiently to enter into such an arrangement is less clear cut and would need to be examined carefully before a commitment was given.

136 Q 421

137 Q 408

Interests of serving UK military personnel

169. One of the most significant interest groups in the debate about the defence implications of possible Scottish independence is serving military personnel, particularly those from Scotland, serving in Scottish regiments, or based in Scotland.

170. Air Marshal McNicoll expressed doubts about whether sufficient personnel would wish to transfer to a Scottish defence force. If the process was voluntary he envisaged problems associated with having too many or too few personnel on either side of the border, particularly in specialist areas. In his estimation, “Scotland, most likely, would be short of people”.¹³⁸

171. Rear Admiral Alabaster questioned what would happen to Scots serving in the Royal Navy, such as nuclear submarine specialists:

what jobs would they do in a Scottish defence force if that were non-nuclear, and, if there was some kind of co-operation, would they still be allowed to serve in those nuclear-armed submarines in the future? There are lots and lots of questions to be thought about. We have a lot of Scots in all sorts of specialist areas of the Navy that would not necessarily be replicated in a Scottish navy.¹³⁹

172. Asked whether Scots serving in the UK Armed Forces would continue to be able to do so if Scotland became a separate country, the Secretary of State confirmed that they would.¹⁴⁰ In relation to the ability of serving personnel to transfer to a Scottish defence force, Mr Hammond said:

It does not seem an unreasonable assumption that people who had a connection with Scotland and wanted to be released from their commitment to service in the UK armed forces in order to join some putative Scottish defence force might expect to be allowed to do so. But it would be part of the negotiation.¹⁴¹

173. We welcome the evidence we received from the Secretary of State for Defence that Scots serving in the UK Armed Forces would be able to transfer to a Scottish defence force should Scotland become a separate state. We recommend that the Ministry of Defence should provide a clear statement, prior to the referendum, that serving personnel would be able to choose whether to remain in the UK Armed Forces or to transfer to a Scottish defence force.

174. Scottish independence would have a significant impact on the critical mass of rUK Armed Forces and the financial resources available to support them. We recommend that the MoD set out, in its response to this report, whether it would seek to recruit personnel to replace the numbers lost through transfers to a Scottish defence force. Would personnel numbers be maintained at current projections or would rUK Armed Forces reduce further in size?

138 Q 200

139 Q 200

140 Q 388

141 Q 389

Future recruitment

175. In light of the doubts expressed about the likelihood of serving UK personnel deciding to transfer to a Scottish defence force, we were keen to explore whether, given a choice, potential new recruits would be attracted to join the larger Armed Forces of the rUK or a smaller Scottish force.

176. When he gave a speech in Edinburgh on March 2013, the Secretary of State for Defence described as a key challenge for Armed Forces around the world the attraction and retention of high quality recruits. He linked the ability to do so to “the quality of the offer you are able to make to potential recruits”. He considered that the UK Armed Forces were able to attract some of the highest calibre recruits because:

they are able to offer exciting and demanding career opportunities, with the chance to deploy overseas on operations and training and with the cachet of being among the best and most widely-respected Armed Forces in the world.¹⁴²

177. We sought from the Secretary of State clarity about whether rUK Armed Forces would continue to welcome recruits from an independent Scotland. He replied:

Scots make a tremendous contribution to the UK armed forces—probably a disproportionately important contribution. I can see many reasons why the UK armed forces would wish to continue recruiting in Scotland, as we do in the Republic of Ireland, but we would make that decision based on our perception of our national interest at the time.¹⁴³

178. Keith Brown MSP expressed the view that a Scottish defence force could make a more attractive employment proposition by, for example, implementing “an agreement whereby there were no compulsory redundancies on people serving in the armed forces during the term of their contract” and creating enhanced career prospects for serving personnel.¹⁴⁴

179. Many thousands of Scots have served with distinction in UK Armed Forces over many years. In the event of Scottish independence that long history may be brought to an end should the rUK government decide that it did not wish to recruit from Scotland. We invite the UK Government in its response to this report to make clear whether it would continue to welcome recruits from an independent Scotland.

Participation in the referendum

180. During our visit to Scotland in March 2013, we spoke to many personnel serving in the Royal Navy, Army and RAF about their experiences of being based in Scotland. The feedback was overwhelmingly positive. When we engaged in conversation about the forthcoming referendum it became clear that many were unaware that if registered to vote in Scotland they would have an entitlement to participate. We were therefore keen to

142 Rt Hon Philip Hammond MP, *Stronger and Safer Together*, Speech, 14 March 2013

143 Q 390

144 Q 280

understand what action the Scottish and UK Governments would take to publicise this fact. Keith Brown MSP told us:

We are keen to make sure that as many people as possible are entitled to vote. Anybody who is not currently registered, of course, has the ability, between now and then, to register, given the due processes. Yes, everything we can do to help maximise that, but primarily it is the responsibility—for very good reason—of the Electoral Commission.¹⁴⁵

181. We invite the Ministry of Defence to set out what action it will take, in conjunction with the Electoral Commission, to ensure that serving personnel are aware of their rights regarding registration and participation in the referendum.

The nuclear deterrent

182. Few if any alternative options appear to exist currently within the remainder of the UK should a sovereign Scottish Government insist upon removal of the UK's nuclear submarines from Faslane. Given the enormous costs associated with establishing a new base elsewhere, we consider that other areas of potential co-operation between Scotland and rUK would be very difficult to achieve if no agreement could be reached regarding Trident basing.

183. The possibility of Scottish independence represents a serious threat to the future operational viability of the UK's nuclear deterrent. The UK Government must now give urgent consideration to contingency options in the event of a "Yes" vote.

7 Conclusion

184. The people of Scotland and the rest of the UK deserve to be presented with as full a picture as possible of the implications of Scottish independence for their future defence and security. To date, the information published by both the Scottish Government and UK Government falls far short of requirements.

185. In its forthcoming White Paper, in addition to the specific questions asked earlier in this report, we believe the Scottish Government should provide direct answers to the following questions:

- How would a sovereign Scottish Government ensure the defence and security of an independent Scotland?
- For what purposes would Scottish armed forces be used?
- How would Scottish armed forces be structured and trained, and where would they be based?
- How much would it cost to equip, support and train an independent Scotland's armed forces and how much of this could be procured and delivered domestically? and
- How many jobs in the defence sector would be placed at risk?

186. Similarly, the UK Government must set out more clearly the implications for the security of the remainder of the United Kingdom should the people of Scotland choose the path of separation. This should include greater detail about the options for relocation of the strategic nuclear deterrent and an estimate of the associated costs. The UK Government should also outline its options for making good any defence deficit, caused by loss of personnel, equipment and bases, which might be created by Scottish independence.

Appendix

Resolution to SNP Conference: Foreign, Security and Defence Policy Update

The Foreign, Security and Defence policy of Scotland should be determined by the Scottish Government and Scottish Parliament and always reflect the priorities of people living in Scotland.

An independent Scotland will be an outward-looking nation which is open, fair and tolerant, contributing to peace, justice and equality. By mobilising our assets and the goodwill and recognition that Scotland enjoys in the world, we will provide sustainable access to natural resources to tackle need and prevent insecurity in the world for this and future generations.

The SNP reiterates its commitment to non-nuclear defence, international law, the United Nations and supporting multilateral solutions to regional and global challenges.

While conventional military threats to Scotland are low, it is important to maintain appropriate security and defence arrangements and capabilities. This includes a cyber security and intelligence infrastructure to deal with new threats and protect key national economic and social infrastructure.

Scotland is a maritime nation with more than 11,000 miles of coastline, including nearly 800 islands, critical under-sea and offshore infrastructure and an area of responsibility extending far into the North Sea and Atlantic Ocean. The SNP recognises our national responsibilities as a northern European nation to work with our neighbours to fulfil current defence and security responsibilities and improve collective regional arrangements. Environmental changes to the High North and Arctic Region raise major regional challenges and responsibilities which Scotland shares.

Scotland will require military capabilities to fulfil these responsibilities. These will be provided by the Scottish defence and peacekeeping services which will be answerable to the Scottish Government and Scottish Parliament. An independent Scottish government led by the SNP will commit to an annual defence and security budget of £2.5bn, an annual increase of more than £500m on recent UK levels of defence spending in Scotland but nearly £1bn less than Scottish taxpayers currently contribute to UK defence spending.

The Scottish armed forces will comprise 15,000 regular and 5,000 reserve personnel, operating under Joint Forces Headquarters based at Faslane, which will be Scotland's main conventional naval facility. All current bases will be retained to accommodate units, which will be organised into one regular and one reserve Multi Role Brigade (MRB). The air force will operate from Lossiemouth and Leuchars.

Regular ground forces will include current Scottish raised and restored UK regiments, support units as well as Special Forces and Royal Marines, who will retain responsibility for offshore protection.

The Scottish armed forces will be focused on territorial defence, aid to the civil power and also support for the international community. The Multi Role Brigade structure and interoperable air and sea assets will provide deployable capabilities for United Nations sanctioned missions and support of humanitarian, peacekeeping and peace-making 'Petersberg Tasks'.

The Scottish defence and peacekeeping forces will initially be equipped with Scotland's share of current assets including ocean going vessels, fast jets for domestic air patrol duties, transport aircraft and helicopters as well as army vehicles, artillery and air defence systems. A Scottish defence industrial strategy and procurement plan will fill UK capability gaps in Scotland, addressing the lack of new frigates, conventional submarines and maritime patrol aircraft.

Joint procurement will be pursued with the rest of the UK and other allies as well as shared conventional basing, training and logistics arrangements, fulfilling shared priorities in 'Smart Defence'. This includes sharing conventional military capabilities, setting priorities and better coordinating efforts providing economic synergies, job stability and taxpayer value for money.

A long-standing national consensus has existed that Scotland should not host nuclear weapons and a sovereign SNP government will negotiate the speediest safe transition of the nuclear fleet from Faslane which will be replaced by conventional naval forces.

Security cooperation in our region functions primarily through NATO, which is regarded as the keystone defence organisation by Denmark, Norway, Iceland and the United Kingdom. The SNP wishes Scotland to fulfil its responsibilities to neighbours and allies. On independence Scotland will inherit its treaty obligations with NATO. An SNP government will maintain NATO membership subject to an agreement that Scotland will not host nuclear weapons and NATO takes all possible steps to bring about nuclear disarmament as required by the Nuclear Non Proliferation Treaty of which all its members are signatories, and further that NATO continues to respect the right of members to only take part in UN-sanctioned operations. In the absence of such an agreement, Scotland will work with NATO as a member of the Partnership for Peace programme like Sweden, Finland, Austria and Ireland. Scotland will be a full member of the Common Security and Defence Policy (CSDP) of the European Union and the Organisation for Cooperation and Security in Europe (OSCE).

October 2012

Formal Minutes

WEDNESDAY 11 SEPTEMBER 2013

Members present:

James Arbuthnot, in the Chair

Julian Brazier
Thomas Docherty
Mr Dai Havard
Mr Adam Holloway

Mrs Madeleine Moon
Sir Bob Russell
Ms Gisela Stewart
Derek Twigg

Draft Report (*Defence Implications of possible Scottish Independence*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 186 read and agreed to.

Resolved, That the Report be the Sixth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

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

[Adjourned till Tuesday 8 October at 1.30 pm]

Witnesses

Tuesday 3 July 2012

Page

Professor Malcolm Chalmers, Royal United Services Institute (RUSI), and
Lieutenant Colonel (Retd) Stuart Crawford and **Nick Brown**, Royal Tank
Regiment Ev 1

Tuesday 11 June 2013

Rear Admiral Martin Alabaster CBE and **Air Marshal (Retd) Iain McNicoll CB**
CBE Ev 18

Tuesday 18 June 2013

Professor Trevor Taylor, Royal United Services Institute (RUSI) Ev 29

Tuesday 2 July 2013

Keith Brown MSP, Minister for Transport and Veterans, Scottish
Government, and **Sean Stronach**, Defence Policy Unit, Scottish Government Ev 38

Rt Hon Philip Hammond MP, Secretary of State, Ministry of Defence Ev 55

List of additional written evidence

(published in Volume II on the Committee's website www.parliament.uk/defcom)

1	Ministry of Defence	Ev w1: Ev w6
2	Dr Michael John Williams, University of London	Ev w9
3	Scottish Campaign for Nuclear Disarmament (Scottish CND)	Ev w11
4	Campaign for Nuclear Disarmament (CND)	Ev w12
5	Paul Allard	Ev w15
6	Lyn Brayshaw and Andy Mackenzie	Ev w16
7	Ben Hardwick	Ev w16
8	Jane Hill	Ev w16
9	Alison Lea	Ev w17
10	John and Margaret Parry	Ev w17
11	Andrew Hobbs	Ev w18
12	Margaret Dolan	Ev w27
13	Nigel J Barnacle	Ev w27
14	Mrs Daphne Phillips	Ev w28
15	John Meager	Ev w28
16	Professor Andrew W Dorman, King's College, London	Ev w28
17	Paul Ingram, Executive Director, British American Security Information Council	Ev w30
18	Gabrielle Grace	Ev w33
19	David Bargh	Ev w33

List of Reports from the Committee in Sessions 2012–13 and 2013–14

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2012–13

First Report	Ministry of Defence Supplementary Estimate 2011–12	HC 99 (HC 577)
Second Report	The Armed Forces Covenant in Action? Part 2: Accommodation	HC 331 (HC 578)
Third Report	MoD Main Estimate 2012–13	HC 133 (HC 607)
Fourth Report and First Joint Report	Scrutiny of Arms Exports (2012): UK Strategic Export Controls Annual Report 2010, Quarterly Reports for July to December 2010 and January to September 2011, the Government's Review of arms exports to the Middle East and North Africa, and wider arms control issues	HC 419
Fifth Report	Future Maritime Surveillance	HC 110 (HC 827)
Sixth Report	Defence and Cyber-Security	HC 106(HC 719)
Seventh Report	Defence Acquisition	HC 9 (Session 2013–14, HC 73)
Eighth Report	The work of the Service Complaints Commissioner for the Armed Forces	HC 720 (Session 2013–14, HC 505)
Ninth Report	Ministry of Defence Annual Report and Accounts 2011–12	HC 828 (Session 2013–14, HC 292)
Tenth Report	Securing the Future of Afghanistan	HC 413 (Session 2013–14, HC 461)

Session 2013–14

First Report	MoD Supplementary Estimate 2012–13	HC 291 (HC 644)
Second Report	Ministry of Defence Main Estimates 2013-14	HC 517
Third Report and First Joint Report	Scrutiny of Arms Exports and Arms Control (2013): Scrutiny of the Government's UK Strategic Export Controls Annual Report 2011 published in July 2012, the Government's Quarterly Reports from October 2011 to September 2012, and the Government's policies on arms exports and international arms control issues	HC 205
Fourth Report	The Armed Forces Covenant in Action? Part 3: Educating the Children of Service Personnel	HC 586
Fifth Report	The Armed Forces Covenant in Action? Part 4: Education of Service Personnel	HC 185

Oral evidence

Taken before the Defence Committee

on Tuesday 3 July 2012

Members present:

Mr James Arbuthnot (Chair)

Mr Julian Brazier	Penny Mordaunt
Thomas Docherty	Sandra Osborne
Rt Hon Jeffrey M. Donaldson	Sir Bob Russell
John Glen	Bob Stewart
Mr Dai Havard	Ms Gisela Stuart
Mrs Madeleine Moon	

Examination of Witnesses

Witnesses: **Professor Malcolm Chalmers**, Royal United Services Institute, and **Lieutenant Colonel (Retd) Stuart Crawford**, Royal Tank Regiment, gave evidence.

Q1 Chair: Sorry to have kept you waiting for a few moments. You are both most welcome to this, the first session of our rather extended inquiry into the defence implications of possible Scottish independence. I wonder whether you could possibly introduce yourselves, please.

Professor Chalmers: I am Malcolm Chalmers, and I am Director of Research at the Royal United Services Institute.

Colonel Crawford: I am Stuart Crawford. I am a former Army officer, and I now work as a political, media and defence consultant in Edinburgh.

Q2 Chair: Thank you very much. May we begin by asking about the possibility of Scottish independence? Would you expect the UK Government to be making contingency plans against such a possibility?

Colonel Crawford: Yes—if I may lead off—I would think that certainly from a military and strategic point of view, it would make some sense to prepare for the unexpected. I do not think we need to go into the known knowns, the known unknowns and the unknown unknowns, but I would think that at least some forward planning should be done, as indeed the UK Government do for a number of potential operations and contingencies both at home and overseas. The question about what political signal that might send is another matter altogether for the Scottish Government and those who would seek Scotland to be independent.

Professor Chalmers: Certainly in my experience there are people in the Ministry of Defence who are thinking about these things and talking about them. It is much harder to go the extra stage and ask the Armed Forces to make detailed plans for contingencies that would only be relevant in the case of Scottish independence. As far as I know, they are not making that sort of detailed planning. Clearly, some aspects of Scottish independence would overlap with other sorts of emergencies. For example, if there were to be some sort of terrorist attack that closed Faslane for a period of months, that sort of contingency planning—which I presume exists—

would be relevant to this scenario, but there are other aspects of Scottish independence that are unique.

Colonel Crawford: I understand that some work is being undertaken in the Scottish Government at this point, but I do not know to what extent. I do understand that it is being done, however.

Q3 Chair: As I understand it, there isn't any dialogue between the Scottish Government and the United Kingdom Government. Is that right?

Professor Chalmers: There is dialogue in terms of those aspects of Scottish Government that are already devolved that are relevant to defence. There are issues of policing defence facilities, for example.

Q4 Chair: But what about the possibility of what might come out of Scottish independence?

Professor Chalmers: Not as far as I know.

Q5 Chair: So if there is not that dialogue, do you think the United Kingdom Government is in a position to make the sort of contingency plans that we have been talking about?

Professor Chalmers: It is very difficult to make contingency plans unless you have some idea of what the scenarios are. As an analyst, looking at it without access to any classified information, it is possible to map out in broad terms what sort of issues would arise. If we get nearer to the referendum and there seems to be a possibility that there will be a yes vote, clearly the pressure for people to think about what to do the day after will increase. My perception is that the Government have not yet done more than to get itself in a position of mapping the case against a yes vote in the defence field. I suspect they will come to the view that they have to do that more rigorously.

Colonel Crawford: It would be easier for the UK Government to go through that exercise if it had an idea of how an independent Scotland might go about organising its own defence forces, and what proportion of the assets and current matériel it might seek to negotiate away from the rest of the UK. But there is not a great deal of work being done on that at

3 July 2012 Professor Malcolm Chalmers and Lieutenant Colonel (Retd) Stuart Crawford

the moment, apart from comments that Malcolm and I have made on it.

Q6 Chair: It is a bit strange, isn't it, that that work is not being done?

Colonel Crawford: It may well be being done, but I do not know about it. People tell me that work is going on and lots of plans are being drawn up, and possibly they will be more obvious and made public by the time of the referendum in autumn 2014, but I have not seen any other firm plans.

Professor Chalmers: The added point to make, of course, is that if there were a yes vote in the referendum, that would only be the start of the process. We would immediately be plunged into negotiations between the Scottish Government and the UK Government, and defence would be a big part of those negotiations. There may be an understandable reluctance in London to reveal negotiating cards prematurely, as it were.

Q7 Sandra Osborne: Professor Chalmers, you said that if it looked as though there might be a yes vote, the UK Government might start looking at it. Don't you think that the people of Scotland, and indeed the people of the UK, need that information before they decide how they will vote in a referendum?

Professor Chalmers: One needs to distinguish two things here. One is contingency planning, thinking about which unit would move where and so on. There are a lot of options and there is no need to make decisions in advance. There is also the issue which, quite rightly, you are raising about providing enough information to the Scottish people so that they make an informed decision about the implications of independence. Independence would mean separate Armed Forces under separate chains of command. The basics are pretty clear: it is an inherent part of being an independent state in our world order that you have control of your own Armed Forces, you have the ability to send them somewhere and an ability to refuse to send them somewhere.

From that simple fact flow lots of other possibilities, so it is a radical choice and one of the most important things that distinguishes independence from any form of devolution, even devolution max or whatever other formulae. So you are absolutely right. My personal view is that over the next couple of years defence will be one of the major issues in a referendum. It is one of the things that distinguishes independence from anything else.

Q8 Thomas Docherty: In a written answer on 21 June, the Secretary of State for Defence told Margaret Curran that there had not been a single phone call, e-mail or face-to-face discussion between Scottish Government Ministers or officials and their counterparts in the Ministry of Defence. Are you surprised that the Scottish Government do not seem to want to pick up the phone and have any discussion at all with the MoD about the implications?

Colonel Crawford: It appears to be the sensible thing to do, but—

Q9 Thomas Docherty: To do or not to do?

Colonel Crawford: To do that. One could also ask the same question about the UK Government.

Q10 Thomas Docherty: If you take the premise—I am not saying that I agree with it—that the UK Government's position is that they do not wish separation and therefore have no desire to start countenancing what will happen, one could perhaps understand why the MoD was not prepared to engage.

Colonel Crawford: Yes.

Q11 Thomas Docherty: But if you were of the view, as I think the SNP are—though I am not sure after Mr Salmond's comments at the weekend—that they want separation, surely they would want to pick up the phone and start a discussion about what the impact may be?

Colonel Crawford: Yes, I think they would. Perhaps they are not quite ready for that. I am not that close to the SNP, so I do not know whether they have started their planning to that detail yet.

Q12 Mr Havard: Let us assume that this work is going on somewhere and that somebody is doing it, who are they consulting? Who is informing that debate—industry or academia? Who are they canvassing opinion from to inform this work that they might be doing? You seem to have no evidence that you or any of your extended community are being asked to participate in any way.

Professor Chalmers: I have not been asked by members of the Scottish Government.

Q13 Mr Havard: They have a monopoly of understanding that they can talk to one another about it and come out with a resolution, presumably.

Professor Chalmers: You will have to ask members of the Scottish Government who they have consulted.

Q14 Mr Havard: But are they not consulting across the piece to inform their discussion in any way in any visible fashion?

Professor Chalmers: Not to my knowledge.

Colonel Crawford: I have not been asked either.

Q15 Mrs Moon: I am just wondering how interconnected the contribution of each of the four nations is to the defence of the UK. Is it a four-legged stool that really needs all four legs? What would happen if you take one of those legs away? Is it totally unified, is there a complete and unique contribution from Scotland that would be of damage to the defence of the rest of the UK? Could you say something about that?

Professor Chalmers: I do not think a four-legged stool quite describes it because that suggests a degree of autonomy of the four units, which I do not think exists. These are unified Armed Forces which have been built up over centuries to fulfil the orders of a commander in chief in London. There is no sense that there is a particular dimension which is uniquely Scottish. Even Scottish-badged regiments, which were created after the union with England, are an integral part of the British Army. Therefore in the event of independence, there would be an issue about what to

3 July 2012 Professor Malcolm Chalmers and Lieutenant Colonel (Retd) Stuart Crawford

do with defence assets, personnel and so on, which could be determined only once both Governments had mapped out what their defence policy would be. I suspect it would be significantly easier for the UK because, in my judgment, the UK would want to maintain a defence posture very similar to the one it has now. It may have to do with rather less resources, but basically very similar to what it is now. Scotland, of course, would be another matter, and I am sure you will ask more questions about that. There is a very wide range of choice.

Where I think Scotland clearly has a unique contribution is that it provides bases on its territory. You would either have to have foreign bases in Scotland in the event of independence, or some of those assets would have to be relocated elsewhere. Some of those assets would be easier to relocate than others. As I am sure you know, there is a particular issue about the nuclear deterrent base at Faslane and Coulport and the difficulty of relocating that.

Chair: We will come on to that later.

Colonel Crawford: Can I add to what Malcolm said? I think there is considerable evidence that the contribution from Scotland in terms of personnel to all three Armed Services has been in excess of its proportional representation within the UK population as a whole. I do not have the exact figures now, but I think in this century it is about 10% of the Army and as much as 13% of the RAF. While Malcolm is absolutely right that the UK forces are completely and utterly integrated, the contribution of Scotland taken per head of population is slightly larger than its proportion of the UK population as a whole.

Q16 Mrs Moon: What would be the costs and risks of an independent Scotland to the viability of the UK's defence in terms of access to each other's airspace and territorial waters? Are there implications that we need to look at?

Professor Chalmers: There clearly are possible implications, because that would have to be negotiated between two separate sovereign authorities. Other European countries, particularly those that are members of NATO, have those arrangements, so templates for such arrangements between sovereign states are in existence.

One possible—I think most likely—scenario is that an independent Scotland, after some transition period, would also become a member of the same international organisations that the UK is in, including NATO. You would use that as a general framework, so it would not simply be a case of Scottish co-operation and access to its territory by UK forces, but it would also be US or Norwegian forces, or whoever was most appropriate for collective defence.

Certainly, small states in Europe today are dependent on their larger neighbours for their security and prosperity. I do not know what would happen in the case of independence, but to me, that would be the easier route for Scotland to take. If it were to take a route that involved not being a member of NATO and refusing military co-operation with its neighbours, it would be more vulnerable and perhaps less likely to be able to call on its neighbours for assistance.

Q17 Mrs Moon: Forgive me, Professor Chalmers, can I ask you to look at the question the other way round? What are the implications for rUK? If planes are coming in over Scotland—for example, transatlantic flights—and if any potential attacks come from the High North, would there be implications in terms of the rest of the UK for our defence of an independent Scotland and access to airspace and territorial waters?

Professor Chalmers: There would only be implications if the new Scottish Government were to refuse access to airspace and so on, which it would have the sovereign right to do. But that would be a pretty strong act from a country that was trying to establish itself as a respectable member of the international community. Of course it is a possibility, because it would be a sovereign state, but I do not think that it is very likely.

Colonel Crawford: My personal view is that it is almost inconceivable that an independent Scotland would have a completely separate defence policy. At the very least, there would have to be some alliance with the rest of the UK, particularly as the rest of the UK's northern boundary will be with a foreign country, in those circumstances.

Q18 John Glen: When you say alliance, what do you mean in that respect? What sort of dependency would there need to be for it to work?

Colonel Crawford: The whole gamut, from collective defence, which is best represented by NATO, right down to perhaps a more simplistic arrangement with the rest of the UK on the sharing of bases and permission to enter airspace, or some sort of joint task force to protect sea routes, oil rigs and fishing grounds. I cannot see really that it would be sensible for both constituent parts of the UK, if you like, to try to do that separately if independence happens. I don't think it makes any sense.

Q19 Mrs Moon: Could a future independent Scotland meet its own needs in terms of infrastructure? You have talked a lot about bases, Professor Chalmers, but what about infrastructure, such as training, intelligence and logistics? Would there be the capacity for an independent Scotland to meet those needs as well?

Professor Chalmers: Those capacities do not exist in total in Scotland today, so many of those capabilities, including headquarter capabilities and a Ministry of Defence, would have to be created from scratch. Whether Scotland has the capability for doing so over time is more a question of resources than of anything else. How much would an independent Scotland be prepared to spend on a Ministry of Defence, given its geo-strategic situation and—importantly, also—the economic situation that it might face after a referendum?

One of the papers that I have written recently suggests that one possible yardstick might be what other NATO European countries—smaller NATO European countries—spend on defence, which tends to average at about 1.5% of GDP. I would be surprised if an independent Scotland spent more than that. It might decide to spend significantly less, since it would face

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this very difficult transition period of starting with very little and having to buy new kit, build new infrastructure and so on. In the scenarios that we are talking about, unless there were some new security threat that faced Scotland at that time—that is possible but unlikely—would it really be prepared to go into that big build-up process?

There are some who draw comparisons between an independent Scotland, on the one hand, and Norway and Denmark, on the other. But Norway and Denmark have built up their current capabilities over many years and they built them up mostly during the cold war. And Norway had a border with the Soviet Union, and now has one with Russia, so it was in rather a different situation than an independent Scotland would be in the sort of Europe we have today.

Colonel Crawford: A classic example of that would be officer training. There are no officer training schools in Scotland and in the model that I have been working on I have just had to assume that, until such time as an independent Scotland created and built its own resources, army officers would be sent to Sandhurst, for example, or similar European officer training colleges.

Q20 Thomas Docherty: That is a good point. I think I recall that in *The House* magazine—I could be wrong—Nick Harvey said that this assumption that Sandhurst could take all the officer cadre needed is unlikely, as Sandhurst is a hugely oversubscribed institution.

Colonel Crawford: Yes, I think that is absolutely right. I suppose that one would assume that there would be a certain benevolence shown towards the near neighbours in Scotland, but perhaps not; I suppose it depends on how independence and the secession might happen.

Q21 Thomas Docherty: But even if there was benevolence—I will not comment on that—do you not accept Nick Harvey's point that Sandhurst would not have the capacity?

Colonel Crawford: It might not have the capacity. It depends, of course, what size an independent Scotland's Armed Forces might be and there is not a great deal of firm evidence about what size they might be.

Q22 Mrs Moon: Can I go back to a comment that was made about costs? Professor Chalmers, you talked about start-up. Colonel Crawford, you have said that Scotland could run defence on a budget of about £1.3 billion a year. Does that include all these start-up costs that we have talked about, and does it involve holding reserves in case of a potential conflict? What was included in that global figure of £1.3 billion?

Colonel Crawford: The figure of £1.3 billion was arrived at by my colleague Richard Marsh, who is an economist and who recently appeared with me before the Scottish Affairs Committee. I have never claimed to be a defence economist and in fact in my original pamphlet, which was published in 1998, the major omission was that there was no costing in it at all; it was a wish list. What I basically have done in the

recent rewrite and update, which is still a work in progress, is that I have come up with a model of how an independent Scotland might organise and design its Armed Forces, and I then asked Richard Marsh to cost it for me. He has come up with that figure of about £1.3 billion, which is slightly less—in fact, I think he came up with a figure just short of £2 billion, if my memory serves me correctly. That leaves a nominal saving, if you like, on the current percentage of UK military spend of £3.3 billion or £3.5 billion. It leaves a surplus of £1.3 billion that a Scottish Government, of whichever political hue it might be, could decide to spend on enhancing the rather modest model that I have come up with or on something else more demanding. That is a long-winded way of saying that I am not really an expert on the costs.

Q23 Bob Stewart: There are lots of “what ifs” in this debate, so I will give another one. What if, Stuart, there were Scottish battalions, would the officers and warrant officers of Scottish battalions necessarily want to be in a Scottish regiment rather than staying in the British Army? Of course, there are Scots of the dispersion who serve in English regiments, such as myself. It is something that might well come up. I wonder whether you, with your Scottish regimental connections, would like to ponder that and answer it.

Colonel Crawford: It is a very good question, and it has been asked several times before, but the answer is that I do not know whether there is an assumption that, on the establishment of an independent state, the Scottish Army in particular would be constituted by the transfer of Scotsmen and women serving in the UK regiments and battalions. The only answer to that is that someone needs to ask them. It is the sort of thing that, possibly, Defence Analytical Services and Advice would do.

Chair: We will be coming back to this issue when Bob Russell asks some questions in a few moments, so I want to move on to another question.

Q24 Sandra Osborne: Has Scotland suffered disproportionately from recent changes in defence expenditure?

Colonel Crawford: I do not know the answer to that. I suspect that, with the closure of the air bases and, potentially, some of the Scottish-recruited and Scottish-identified regiments—to be announced later on this week—that argument might well be made, but I do not have a firm handle on whether it has suffered disproportionately. I know that there are officers serving with English regiments who think that Scotland always gets off a bit lightly.

Professor Chalmers: I looked at some of the figures on this and, back in 1995, 9.3% of the service personnel based in the UK were based in Scotland; in 2011 that figure had fallen slightly to 7.5% of the service personnel based in the UK—that is, excluding those in Germany. However, looking forward, it is less clear to me that that proportion will fall further, and it may even rise—the total, of course, is falling, so that does not mean that the absolute numbers will rise—in part because the withdrawal of the Army from Germany will mean that the size of the UK Army in the UK will not fall much, and in part because

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Scotland will be the headquarters of one of the multi-role brigades. There could well even be rather more Army personnel in Scotland than there are now which, if so, might offset somewhat the other parts. Of course there is not going to be a significant reduction in Navy personnel at Faslane—again, it is other parts of the Navy that are being cut. I would be surprised if the proportion of service personnel fell more.

In terms of defence industry spending, it is much more difficult to say. The MoD stopped publishing data on this—I was involved in writing a report for the MoD that concluded that the data were very dodgy in any case. It stopped publishing the data because it is very difficult to work out all the subcontractor chains and so on. Certainly some of the figures that industry groups publish on this suggest that Scotland has a share of around 10% of industry spend, which is a little bit above the population share.

So I think that this issue can be overblown. In terms of both the military side and the industry side, the figures are more or less comparable with population shares.

Colonel Crawford: My understanding is that currently there are about 3,500 regular serving Army personnel based in Scotland and, on withdrawal from Germany and assuming that the military units do come and occupy the vacated RAF sites at Leuchars etc., that figure will rise to in excess of 6,000.

Q25 Sandra Osborne: Does it depend on what baseline you start from? You are talking about personnel; you are talking about the defence industry. What about civilians who are employed by the MoD and other expenditures in Scotland? Are you taking that into account or are you talking just about personnel and the defence industry?

Professor Chalmers: If you look at the civilian numbers, the position is not very different in terms of the total proportion. I do not have the figures to hand, but as I recall, the proportion of civilian personnel in Scotland is not that far from population share.

Q26 Sandra Osborne: Are there areas where Scotland benefits disproportionately from defence expenditure—where it is at an advantage?

Colonel Crawford: Faslane, on the Clyde.

Q27 Sandra Osborne: Is there any way you feel that expenditure should be distributed other than what happens at the moment, based on defence needs?

Professor Chalmers: No, I do not think so. There is clearly a domestic political aspect to the distribution of military spending and, indeed, military bases. In the UK, as in many countries—France, the US and others—there is a domestic political component, so the distribution is not based purely on operational military grounds. But putting the question of possible Scottish independence to one side—perhaps one shouldn't—I do not see a particular military operational argument for moving large units from Scotland to England or vice versa.

Q28 Thomas Docherty: On the practical thinking about how assets may be divided, can either of you draw on any examples from around the world or even,

for argument's sake, in Europe where such a process has taken place before?

Professor Chalmers: Yes. To me, there are two possible models for carrying this out. One is the model that was used, for example, in the Soviet Union whereby countries inherit what is on their territory. One possibility would be that countries, on break-up, inherit the assets that are on their territory. In the Soviet Union, for example, Ukraine, because it had the forward bases against NATO, had most of the modern tanks and artillery in its territory. It also had a significant number of nuclear-armed long-range ballistic missiles. There was a deal eventually to return them to Russia, of course, but only after a negotiation. The starting point was that those were inherited by Ukraine. Indeed, Ukraine did inherit a lot of conventional equipment, much of which it could not use because it could not afford to maintain and man it. Nevertheless, it inherited that. That is one model.

Another model, which I suspect is more relevant to this case, in part because of the enormous asymmetry of size between the two units—we are talking about very different defence postures because of the asymmetry of size between Scotland and rUK—would be to have some sort of rough-and-ready valuation of the total value of the assets that are held by the MoD and then to apply some sort of metric. The obvious metric would be population size. The Government have published the book value of UK defence assets at about £88 billion, so you could take 8% population share times £88 billion as what Scotland would be entitled to. That would be the starting point for a negotiation about which assets Scotland could have and which assets rUK could have.

My estimate is that if Scotland went for a defence budget that was significantly lower, in proportional terms, than the UK's current budget—the sort of thing that Stuart is talking about; a budget of about £2 billion or so—8% would probably be too high a share of that £88 billion and Scotland might, in negotiations, trade that for some other compensation, whether financial compensation, compensation on the issue of North sea oil or whatever.

Colonel Crawford: There are things that obviously Scotland would not seem to wish to have post independence. I am talking primarily about the Trident boats on the Clyde. But there is also a lack of a lot of other equipment in Scotland that an independent Scottish Government might wish to have, and that is located elsewhere in the UK. Therefore, a valuation and bartering idea is the sort of model that I would see as most likely.

Q29 Sir Bob Russell: Such as?

Colonel Crawford: Aircraft. Transport aircraft. Transport helicopters. Would there be any submarines? That sort of thing. Engineer equipment.

Q30 Thomas Docherty: Do you both think that Czechoslovakia is a model that has merit when looking at force separation?

Professor Chalmers: The reason why I am doubtful of that is, again, that it is more symmetric. These countries are not exactly the same size—they have

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different capabilities and different territories—but in the UK case, it all goes back to what the countries want from their defence forces after independence. My supposition would be that the UK wants to continue as closely as possible to what it had, and Scotland would want to have some sort of defence force that is appropriate to a small country in a relatively secure part of Europe. You divide assets on that basis. It would not make any sense to have a situation in which Scotland inherited Trident submarines, Astute class submarines, advanced fighter aircraft and all the other assets that are in Scotland, because Scotland simply could not afford to maintain them.

Q31 Thomas Docherty: Just on fighter aircraft—the submarines are well documented—do you both agree that it is unlikely that you would want a tranche of Typhoons and Tornados?

Colonel Crawford: That is the position I have always taken. My original thought 15 years ago, when I was first thinking about this, was that, rather than going down the route of Tornado and Typhoon, an independent Scotland might prefer to look at something off the shelf, such as the American F-16, which has been bought extensively by other smaller NATO nations in Europe—Denmark, Norway and, I think, Belgium have some. The more I have thought about it, the more I think that that is not required for a small, independent country that, presumably, will have a regional focus, rather than a global focus. Something much less capable than a Typhoon would be appropriate, certainly in the initial years, and I have always suggested that a share of the Royal Air Force's Hawk advanced trainer, albeit with an operational capability, might be more appropriate post-independence.

Professor Chalmers: I agree with Stuart on the Hawk point, which is a possible scenario in the bigger scenario. Some of the other smaller NATO countries in north-west Europe made a significant contribution to the operation in Libya with fighter aircraft.

Q32 Thomas Docherty: I am sorry to interrupt you, but—I will come on to NATO—could you assume that they are not in NATO?

Professor Chalmers: I am not assuming they are not in NATO. I am assuming they are.

Q33 Thomas Docherty: But if you assume they are not for a second—I will come on to NATO—and you assume your model is what the SNP has said, which is not in NATO, would you then need fast jets?

Professor Chalmers: That would depend on the threat you are seeking to defend against, I guess. There is a multitude of scenarios. At one end of the spectrum Scotland could decide to adopt an Icelandic defence policy and have no defence forces whatsoever, or it could adopt an Irish defence policy of not being in NATO but having some basic constabulary forces and no high-tech forces, or you could have a Norwegian or Danish model. In a sense, there is no one default model we can have here.

Colonel Crawford: The great problem of all of this—certainly when I have been trying to do it—is that we

are doing it in a vacuum, in that there is no foreign policy for an independent Scotland that I am aware of. Without that, it is very difficult to decide what you would want your Armed Forces to do. And if you do not know what you want your Armed Forces to do, you don't know how to configure them. And if you don't know how to configure them, you don't know how much they are going to cost. So what I have been trying to do, and I am sure Malcolm has been trying to do this, too, is not to speculate but to take an educated working guess of how that might pan out and what an independent Scotland might see as its place in the world. Of course, there is no guarantee that, if Scotland does become independent, the Scottish Government or Administration would be formed post-independence by the Scottish National party.

Professor Chalmers: The only thing I would add is that, having said all that about the uncertainty of the nature of the defence policy, we know what Scottish GDP would be and we know what levels of spending the other European countries devote to defence, and I think that is a reasonable guideline to the range of possible Scottish defence budgets. Given a post-independent Scottish defence budget of the order of £1.5 billion to £2 billion per year, that is a clear indication of whether you can afford even a small fleet of the most advanced fighter aircraft. I do not think that you can, unless you have a force structure biased towards air power at the expense of other components.

Q34 Thomas Docherty: My final question, I promise. You said that the total defence spend was about £80 billion. Is that correct?

Professor Chalmers: The UK assets, not the defence spending.

Q35 Thomas Docherty: So what is the UK's defence spend?

Professor Chalmers: If you count operational spending—

Thomas Docherty: You are saying it is £1 billion to £2 billion. What is the UK's equivalent of that £1 billion to £2 billion?

Professor Chalmers: £35 billion.

Q36 Thomas Docherty: So we would spend less per head on defence in Scotland.

Professor Chalmers: I would assume that—I might be wrong—but the UK proportionally is one of only two countries in NATO Europe that now meet the NATO 2% target. Most fall well short of that. It is possible to assume that an independent Scotland would join the UK as being one of the only high spenders. I think it is more likely that Scotland would do what countries such as Denmark and Norway and other small countries do, which is spend around 1.5%. On that assumption, the Scottish defence budget would be around £2 billion, which of course is less than 8% of the UK budget.

Q37 Mrs Moon: I am getting confused here. We do not know what the Scottish defence policy will be. We do not know whether they will be in or out of NATO. We do not know whether they will have fast jets. We know what the budget could be, but it might

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be that defence policy is worked out later on, so there are huge start-up costs and implications. There are huge implications in terms of applications to join an organisation such as NATO. How critical is defence policy and having a clear idea of your defence policy before you make a decision about independence? If I were a voter in Scotland, should I be worried that I would not know what I was voting for in terms of the defence of my nation, which is the picture that I am beginning to pick up here?

Professor Chalmers: As Stuart is a voter in Scotland and I am not, perhaps he could answer that.

Colonel Crawford: That is a very fair point, but I think that as we move towards the projected date of the independence referendum, which is October 2014, subject to consultation, and we understand that the SNP will publish its manifesto for the independence referendum in November 2013, by the time the Scottish electorate comes to vote, people should have a much better idea of what they are voting for.

Chair: That is one of the purposes of this inquiry, to tease out the issues that people need to address.

Q38 Sandra Osborne: Colonel Crawford, I admire your optimism, if I can put it that way, speaking as a Scottish voter. Can I take you back to what you were talking about earlier in relation to fast jets and what an independent Scotland's defence requirements would be in that regard? People keep talking about how we would be like one of these other small European countries—relatively safe; not the same threats—but we would still be attached to the rest of the UK, which surely has defence implications as well. In terms of threats from terrorism, for example, surely the risk would be far higher than in other European countries? A lot of air traffic from the rest of the UK goes via Scotland across the Atlantic. Currently, air traffic control is in Prestwick in Scotland. Are there not implications if we do not have fast jets? How would that all happen along with Scotland? How would we maintain our security from that point of view? We would still be a part, physically, of Great Britain.

Colonel Crawford: Again, this came up at the Scottish Affairs Committee. I was not being in any way cheeky, but my answer was that with a Hawk jet, instead of a Typhoon, you would still have the capability to intercept aircraft going through an independent Scotland's airspace, but you would just not be able to do it quite as quickly or in such a sophisticated manner. I don't think we should see that sort of scenario—control of airspace, Prestwick and all that stuff—being done by a Scotland in isolation. Arrangements would have to be made to ensure the correct handover and that the correct procedures were followed.

Professor Chalmers: To add to that, we can imagine any scenario we like, so let me give you another one: the Baltic example. We had three newly independent states, which joined NATO. There was a possibility of them spending an awful lot of their own money to build Estonian fast jets, Latvian fast jets, and so on, but in the NATO context, rather than going down that expensive route, we have the Baltic Air Patrol, in

which other NATO member states, and indeed non-NATO states, help with air patrolling those states. Is that a possibility with Scotland? Of course, it is. Is that the route it would go down? I don't know. I suspect that if Scotland was a member of NATO, there would be all sorts of ways in which defence would be provided collectively.

May I add something on your point about terrorism, because this is a very important point? Some of the most difficult issues in a negotiation would be on the intelligence services and counter-terrorism co-operation. The UK, due to its unique intelligence-sharing arrangements with the US, gets access to intelligence that not every European country gets, and that enhances our own security and counter-terrorist capabilities. As you rightly point out, there will still be an open border, presumably, between Scotland and the rest of the UK. There will still be a lot of movement of people. People in the UK will want assurance that Scotland is not a weak link in their counter-terrorism capability.

There will also be issues about Scotland's operational competence and ability to co-operate and share intelligence that may have come from quite sensitive sources on the UK side. That whole area will be a really difficult one to sort out, and I think, in many ways, that it is even more difficult than the military side.

Q39 Sandra Osborne: What do you think would happen about special forces?

Colonel Crawford: There has been some discussion on special forces, which has been really driven by a chap called Clive Fairweather, who is ex-Special Air Service and the former HM Inspector of Prisons for Scotland. He has done considerable work on that. I think he is the man to ask about special forces, and about cyber-warfare and intelligence, because he has also done a lot of work on that side. However, he spoke at the conference that Malcolm and I were present at in Edinburgh last month. His model was that there would need to be an independent Scottish special forces contingent—possibly somewhere between 75 and 100 strong—which would have all the normal anti-terrorist tasks, with particular reference to protection of the North sea gas and oil rigs.

Q40 Sir Bob Russell: Leading on from previous questions, up to the line of questioning that I am going to put, under current plans, Kinloss and Leuchars will transfer to the Army and accommodate personnel relocating from elsewhere in the UK and possibly from Germany. If an independent Scotland had a Scandinavian country as a defence role model, would the numbers currently there and envisaged by relocating the Army units from elsewhere in the UK and Germany to Kinloss and Leuchars be required by an independent Scotland?

Colonel Crawford: In terms of Army troops, the model I have drawn comes up with an independent Scottish Army that consists of two brigades, both regular and reservist, and total numbers of about 12,500. I think that the total number of Army personnel in Scotland would increase, perhaps even double.

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Sir Bob Russell: In an independent Scotland?

Colonel Crawford: In an independent Scotland, yes, if that model was adopted, but I think that the number of naval and Air Force personnel would reduce.

Q41 Sir Bob Russell: We have been given figures from Defence Analytical Services and Advice—DESA—at the Ministry of Defence, which give the size of the Army in Scotland as of 1 October as 3,190.

Colonel Crawford: I have always worked to the principle that it is about 3,500. When the units return from Germany—if indeed they do—that will probably go up to in excess of 6,000, I would think, and the model that I have been working on, and am still working on, for an independent Scottish army, would see that rising to about 12,500, if that is the model that is adopted.

Professor Chalmers: Could I add to Stuart's comments? One thing that will not change in an independent Scotland is that there will still be inter-service rivalry. There will still be those who think that the Army should be given the biggest priority and those who say that it should be a more maritime focus. As in the UK there will have to be difficult trade-offs. You cannot afford everything. My judgment would be that in this hypothetical scenario a Scotland that did not face any land threats would not want to give an overwhelming priority to its ground forces, just because the Scottish-badged forces we have right now are there. Their main role continues to be an expeditionary one. There will be a question, I think: one of the key questions for a Scotland in NATO would be what sort of contribution Scotland made to NATO expeditionary operations in future. Whether that would be primarily a ground one, I am less sure.

Q42 Sir Bob Russell: Obviously that would be for the Government of an independent Scotland to determine, but, Chairman, our two expert witnesses have given contradictory expert advice.

Colonel Crawford: I think complementary expert advice, in so far as I totally agree with Malcolm that the threat of conventional land attack against an independent Scotland would be the same as it is against the UK at the moment—close to zero. But in terms of how an independent Scotland might want to arrange and design its Armed Forces so that it can contribute, if the Scottish Government so decide, to operations—whether they be in general conflict, whether they be peacekeeping operations, whether they be stabilisation organisations—it would be enhanced by the ability to deploy ground troops.

Q43 Sir Bob Russell: I will let the Scottish electorate determine what the outcome of your respective contributions is.

The UK Minister of Defence Procurement, giving evidence to the Scottish Affairs Committee, said that some 10% of the jobs in defence are in Scotland, which has a population share of just over 8%. Scotland, according to him, has a bigger percentage of defence jobs than its population share. So, do you think an independent Scotland would maintain a higher ratio of defence jobs to its population?

Professor Chalmers: If I am not mistaken—and I could be—that was a reference to defence industrial jobs: jobs to do with defence procurement, not service and civilian personnel.

Sir Bob Russell: Yes. This is defence jobs.

Professor Chalmers: We know from Government statistics exactly what proportion of service and civilian personnel jobs are in Scotland. That is not 10%. It is around 7% or 8%, which is less than population share.

Q44 Sir Bob Russell: So the Minister was wrong.

Professor Chalmers: I am not saying the Minister was wrong—God forbid; heaven forbid!—but what I would do is repeat what I said earlier: that figures on the geographical location of private sector jobs in the defence industry are very difficult to gather. The MoD stopped gathering those figures in the past, because they look at the address to which they send the invoice to determine the geographical location, but, of course, the prime contractor is not always—not all jobs are at headquarters.

Q45 Sir Bob Russell: If I can move on to the line of questioning that my colleague Bob Stewart started, I will come straight to the point. The 5th Battalion the Royal Regiment of Scotland is based in Canterbury. What happens to that if we have an independent Scotland?

Colonel Crawford: Realistically, the 5th Battalion the Royal Regiment of Scotland is the former Argyll and Sutherland Highlanders battalion, and it is going to be converted to TA on Thursday, I think. The answer is that it will become a TA battalion, which could be raised from the population of an independent Scotland.

Mrs Moon: Do you need them more than we do?

Q46 Sir Bob Russell: The rumours are—

Colonel Crawford: I have heard it said that—

Q47 Sir Bob Russell:—that you do not envisage Scottish battalions being based in England, Wales or Northern Ireland.

Colonel Crawford: Not unless there was an arrangement agreed between Governments to do so.

Q48 Sir Bob Russell: So what about the personnel in Scottish regiments, or, indeed, Scottish people serving in other parts of Her Majesty's Armed Forces. What do you think is going to happen to them?

Colonel Crawford: I think some would choose to stay in the UK Armed Forces, and some would choose to transfer to Scottish defence forces, but in what proportion I know not. I come back to my previous answer—perhaps someone should ask.

Q49 Sir Bob Russell: Perhaps if rUK is making reductions in its strength it will not want people from a foreign country serving in its ranks.

Colonel Crawford: That could well be true. Yes.

Q50 Sir Bob Russell: So we could have the scenario of an independent Scotland and people with Scottish

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passports being required to leave the Armed Forces of the remaining UK.

Colonel Crawford: It is possible, but the UK Armed Forces of course recruit and attract a large number of people from many countries, mainly former Commonwealth countries.

Q51 Sir Bob Russell: I recognise that 10%—that was the percentage last time I asked a parliamentary question—of the British Army is not British, but if we are reducing the size of Her Majesty's Armed Forces—rUK—there are those who feel that the former Commonwealth countries would be the first whence not to recruit. An independent Scotland would be an independent country and not part of rUK, so why would they have special preference?

Colonel Crawford: I don't think they would necessarily.

Professor Chalmers: We do not know the answer to this question of course, but there is a precedent with the separation of Ireland from the UK. Irish citizens continue to serve in significant numbers, as I understand it, in the UK Armed Forces. One scenario is that you would not have any recruitment from Scotland or Ireland in future, but if you applied that only to Scotland, you would be putting Scotland on a lower tier of interdependence than the Republic of Ireland. It all depends on the scenario. Inevitably, it is important in the run-up to a referendum to think about worst-case scenarios of total separation and antagonism, and back to the 15th century, but it is also just as likely, and probably more likely, that they will find some way of getting along.

The other thing I would raise, which isn't a matter for a defence Committee, is that one of the big issues will be working out who has a Scottish passport, and who has a British passport, and whether there is dual citizenship. That is one of the other issues that are beyond my purview.

Q52 Sir Bob Russell: The population of the recruitment area of the Royal Anglian Regiment is greater than the population of Scotland, so why should my young men and young ladies be discriminated against because places in the Royal Anglian Regiment will be filled by Scots?

Professor Chalmers: It is a very good question.

Colonel Crawford: I think that any Armed Forces would seek to recruit the very best recruits they can attract, notwithstanding, within reason, where they hail from.

Q53 Sir Bob Russell: But if a country chooses to break away, surely its citizens should be treated as foreigners. I am just asking the questions, because I think they have perhaps not been put or answered. I will leave that one hanging in the air. In an independent Scotland, its citizens would be foreigners. Finally, what about the personal equipment of our sailors, soldiers and airmen from Scotland—their personal uniforms, and so on.

Colonel Crawford: I assume that that would be part of the divvy up of the assets.

Q54 Sandra Osborne: Professor Chalmers, you started by emphasising how integrated UK forces have been following the Act of Union and so on. A big part of that psychologically is that all UK Forces swear an oath of loyalty to the Queen. Do you perceive any possible problem with that in an independent Scotland, and if not, why not?

Professor Chalmers: That would rather depend on the constitutional status of the Queen in an independent Scotland. Up to now, we have been rather sceptical about taking SNP policy as a definitive guideline to what would happen after independence. That is also true in this case. As far as my very basic reading of Scottish politics is concerned, I do not think that many are arguing that an independent Scotland should be a republic. If an independent Scotland were a member of the Commonwealth and continued to have the Queen as Head of State, clearly there would be less of an issue. I think there would still be some issues, however. The role of the monarch in relation to the Armed Forces is a particular one. The oath of loyalty is the surface manifestation, but it is a lot more about the limits on political control of the Armed Forces, which is a very sensitive issue. Scotland would have to think through those issues separately, perhaps even in terms of codifying that relationship in some way in Scottish law rather than English law.

There would be a number of complex issues, which I am certainly not expert enough to answer. I do not think it would be simple. The Scottish Government would have to answer questions rather quickly, perhaps drawing on the constitutional arrangements of Australia or Canada. Those are the precedents. It would not be a simple manner.

Colonel Crawford: As far as I understand it, from my reading of what is going on in Scotland at the moment, there is no appetite to abandon the monarchy if Scotland becomes an independent nation. I think the SNP line is that it is a decision for the Scottish people, to be taken by referendum in due course if they so choose.

Q55 Thomas Docherty: Can I take you back to the earlier issues about fast jets and the suggestion of Hawks? My understanding—I checked on Wikipedia—is that it is not actually a supersonic aircraft. I think it does Mach 0.8, and it doesn't have any radar. I am a huge fan of the Hawk—it plays an important role, and the more we can sell to people, the better—but even during those two or three years when it was temporarily used as an interceptor aircraft, it had to buddy with the Tornado, because it didn't have radar. The Tornado had to fly up and acquire the target, and only then was the Hawk notionally able to launch. Given that we all accept that premise, how can it be used as an interceptor?

Colonel Crawford: It is an option for a small nation with a limited budget to equip its air force with. The attraction is that it is, of course, dual-role as an advanced trainer, so it covers that as well. It does have a limited operational capability. It is a significant part of the RAF's current inventory, which also makes it attractive, in that a share could be negotiated. I only offered it up as an alternative to going for something much more sophisticated and much more expensive.

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Not being an RAF man, I have no answer for how it could intercept, apart from visually or being directed by some sort of ground control system.

Q56 Thomas Docherty: But isn't that the problem—that it's absolutely fine until the application? Without radar, the Sidewinder cannot acquire.

Professor Chalmers: It reinforces a point I made earlier. This is not going to be a matter of simply inheriting some assets and putting them straight out into the field. I imagine that in this scenario, an independent Scotland would be begging, borrowing and leasing assets all over the place, but fitting them—they might find a Hawk aircraft the best deal, but then they would have to fit radar, missiles or whatever it might be to make something which works as an interim solution. It would not be satisfactory and it would not work very well, but I don't think the option of trying to maintain even a tiny number of force elements at readiness with high-tech and very expensive aircraft such as Typhoon and Tornado would be affordable, so they would be looking at second best. Would that be Hawk? I think it is too early to make that judgment.

Q57 Thomas Docherty: Let us tease out what Sir Bob said earlier about personnel. In your experience, gentlemen, if you are a Royal Air Force fast jet pilot who has flown Typhoons, Tornados or strike fighters, and you are given a choice between flying Typhoons, Tornados or strike fighters—you know where I am going with this.

Colonel Crawford: Of course you would, but not everybody in the Royal Air Force, sadly, has the capabilities, the temperament, the reflexes or the physiology to fly fast jets. I do not know what the proportion is, but something like only 20% of those who enter the RAF to undertake flying duty actually end up on fast jets, because it is hugely competitive. So there will be a whole cohort of people who would love to fly Typhoons, joint strike fighters and so on, who are not able to for various reasons and who might be suitable to fly something which is understandably and recognisably less capable.

Q58 Thomas Docherty: But you would accept that if you are the best of the best—

Colonel Crawford: If you are the best of the best, you want to fly a new toy.

Q59 Thomas Docherty: And you would not want to join the Scottish air force.

Colonel Crawford: Oh no, I did not say that. There is a whole host of other reasons why the best of the best might want to join.

Q60 Thomas Docherty: If you were the best of the best fast jet pilots—let me put it that way—you would not leave.

Colonel Crawford: You might have to get your experience on exchange with another air force.

Q61 Thomas Docherty: Right. And then you would come back and fly Supermarine Spitfires.

Colonel Crawford: Or teach—be an instructor.

Q62 Chair: On this issue of intercepting passenger airlines, their normal speed is about 600 knots, isn't it? And the top speed of a Hawk about 350. So, when you say that it would be a second best, would it actually? You would have to be very good.

Professor Chalmers: You make a very good point, Mr Chairman. I find it hard to imagine a situation in which an independent Scotland took sole responsibility for patrolling its own air space. Given its economic resources and the difficulty—the expense—of maintaining a high-level capability, some co-operative arrangement with NATO allies seems much more likely.

Q63 Mr Havard: I think that's right, and it comes into my question, in part. I want to go back to this thing about costs. It is almost an impossible question that I am going to ask, because we are all struggling with the same thing. It depends on what you are going to involve and not involve in the separation. But there are costs, and there would be significant costs of separation. Can I ask you about the estimates? Are any reliable estimates currently available to us, or anyone else, of the costs of separation, based on different scenarios? Is anything available?

Colonel Crawford: You are talking not about the costs of actually running an independent air force—

Mr Havard: No, I just mean the costs of separation.

Colonel Crawford: I see—dividing everything up and trading it off.

Mr Havard: Yes.

Colonel Crawford: I would not work on that sort of thing normally. There must be some statistics somewhere.

Professor Chalmers: No, I would be very surprised if there were such statistics, because we are not even at the stage of defining exactly what the issue is. In a scenario in which the UK could maintain all its existing bases in Scotland as foreign bases, the costs of relocation would clearly be much less. The more you had movement of infrastructure and had to build new infrastructure, in England and Wales for example, for that which is currently in Scotland, the more the costs would go up.

The biggest cost would be for Scotland, because the UK would be inheriting more or less 95% of the existing UK defence structure. It would have extra costs mainly in so far as it lost access to bases in Scotland, and there is a question mark over whether it would, and in which cases. Scotland, on the other hand, would be building infrastructure more or less from scratch, and there would be substantial capital costs across the whole range of defence capability. How much would that be? Because it is so difficult to come to a real answer on that, I would work out the problem top down and say, "This is how much I think Scotland could realistically spend on this." Out of that, say, £2 billion a year, in the first year an awful lot of it would have to be capital costs, which would restrict how much you had available for running those forces.

Colonel Crawford: The biggest cost would obviously be relocating the independent nuclear deterrent. That would take a long time and an awful lot of money.

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Chair: But, as I say, we are just about to come on to that.

Q64 Mr Havard: This is a bit like wrestling jelly, at the moment. It is a matter of trying to get an idea though. What would be your estimate of the time that would be involved in the process of separation, if we could not decide exactly what the costs would be?

You said earlier that there are people doing work somewhere—the mystery people doing the work—all in secret, all of whom have this knowledge, apparently, and are deciding to describe it to the rest of us at some point, presumably in a bargaining process about bidding up prices for the costs of separation. Therefore, it is reserved to them because they do not want to give their hand away in a poker game. But how are the rest of us supposed to understand it? Presumably we have, in some way or another, to have a punt at how long the separation process—this bargaining process—should they vote for it, will take. Do you have any estimate of that?

Colonel Crawford: Certainly not less than five years, and more likely to be in the 10 to 15-year time frame to have everything negotiated, agreed, moved, done and dusted.

Mr Havard: Through several iterations of the Defence and Security Review process that we are predicting in relation to the UK currently then.

Colonel Crawford: Many iterations.

Professor Chalmers: That time scale would exclude the particularly difficult issue of the nuclear deterrent. If there were to be a yes vote, there would be quite a lot of political pressure to move to independence and full separation in the not-too-distant future. You cannot have a gap between referendum and full UN membership of five years; that is absurdly long. It would be, I suspect, one or two years. Therefore there would be a question of what you would want to have decided before separation.

From the UK point of view, in some respects, its bargaining power would be much greater before it agrees to a full separation. But perhaps the Scottish Government would feel that they would be in a better position once Scotland is actually an independent state and not simply a devolved Administration, and it may want to postpone the resolution of some issues. There would be a complex dynamic.

Basically, once Scotland is independent, the issue of its membership of international organisations would almost certainly have been resolved by that stage—its membership of the UN and its relationship with the EU and NATO. It could then negotiate on issues like basing and division of other defence assets after that. Whether the UK would be able to adopt the opposite strategy and negotiate all these defence issues in advance of the break-up, I don't know. What is most likely is perhaps that the UK would be seeing the defence issue as one of several critical issues, such as currency, North Sea oil and membership of international organisations, which have to be resolved, and try to have some overall bargain, even if the details of how you work through that bargain in defence and other areas would be left until after full independence.

Q65 Penny Mordaunt: My first question is about the consequences of an independent Scotland for the deterrent. I understand that you have explained about negotiating in terms of using bases and other facilities. Is there not a special case with the nuclear deterrent? There could be a range of different foreign policy options. What is your assessment of what those options might be?

Professor Chalmers: Yes, there is a particular problem because the UK now has only one nuclear weapon system, Trident, and it is based in Scotland. The costs of establishing that infrastructure in Scotland in the past were very considerable, not least because of the very high level of safety and security required for such a base. In the event of independence, it would not be a straightforward matter, to say the least, to relocate the system to bases in the rest of the UK.

In the past I have written academic pieces on that question and looked at the now publicly available records of all the alternative bases in the rest of the UK that were examined by the US in relation to its Holy Loch decision and by the UK in relation to the Faslane-Coulport decision. Nothing is impossible, but it would be a very substantial venture indeed, in terms of time and money, to replicate those facilities elsewhere, particularly the Coulport facility. As the Royal Navy downsizes, there may be space available at Devonport for the submarines, for example, but in terms of the weapons themselves, on the working assumption that the UK and the nuclear installations inspectorate would not be prepared to relax their safety standards in the event of Scottish independence, you are looking at a very long period of time before ground was even broken, not to speak of the local political controversy that you might generate in the south-west of England, for example, if you were to base the Coulport facility near Falmouth. This is a big issue.

Colonel Crawford: I think Professor William Walker at St Andrew's university said that if an independent Scotland insisted on removal of the independent nuclear deterrent—the Trident boats on the Clyde—it would effectively be ordering unilateral disarmament on the part of the UK, and I think that huge pressure would be put on the Government of an independent Scotland so that that did not happen. The most likely scenario that I would see happening in those circumstances is that in the final analysis a compromise would have to be reached. It may be that the Trident boats would have to stay in the Clyde against the wishes of the Scottish people and the Scottish Government, until such time as the boats or their weapons systems, or both, became obsolete.

Q66 Penny Mordaunt: Right.

Colonel Crawford: That is not necessarily a popular view in Scotland.

Q67 Penny Mordaunt: No. I can understand that costings are probably not well worked up, but when you say it would take a very long time both in terms of making ready possible alternatives and then decommissioning what is in Scotland, can you put a number of years on that?

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Professor Chalmers: I could make a guesstimate, but it would be no more than that. Once the decision had been made to start looking at an alternative location in England or Wales, the timetable for building high-speed rail from London to the midlands might give an idea of the order of magnitude. That is certainly the order of complexity with all the planning processes, appeals and so on. I would be surprised if it was less than 15 years, but that is a broad estimate.

The political difficulty would be that the UK, even in a scenario that it agreed with Scotland to relocate, would be very reluctant to put a specific number on it, precisely because there is so much uncertainty in such a project.

Q68 Penny Mordaunt: With regard to costs, is there any idea of what they would be?

Colonel Crawford: I suppose one could look at the cost of constructing the Faslane naval base and the Coulport weapons system base, and extrapolate that forward, but I am afraid I do not have any idea.

Professor Chalmers: I think the cost would be less than those costs, because there are some facilities at Devonport that could be used by submarines. The size of the deterrent is less than it was, so rather fewer weapon-storage facilities might be needed. It would be several billion, but I do not think I would like to be more precise than that.

Q69 Penny Mordaunt: With regard to clean-up costs, has anything been done on that?

Colonel Crawford: Not that I know of.

Q70 Penny Mordaunt: Given that obviously the nuclear deterrent is critical to the UK's defence, and going back to your scenario, what bargaining chips does the UK have to retain the deterrent in Scotland?

Colonel Crawford: I think there will be a whole raft of bargaining chips as an independent Scotland seeks to set up its own defence infrastructure. We spoke previously of assets located south of the border that an independent Scotland might want. We talked about transport aircraft, and we talked about helicopters. The negotiations would involve all those sorts of things, so it might be a case of the UK Government telling the Scottish Government that they really really do not want to move from Faslane in the short term and offering something in part-exchange. Some of that may be money.

Professor Chalmers: Perhaps I could add to that. This is one of the most important issues in the negotiation, but it is only one of them. After a referendum, and when it was clear that Scotland was going to become independent, I think the two successor states would, in a way, be doomed to co-operate because of their degree of interdependence, not only in security, but in economics. Whatever had been said before the referendum, they would be doomed to co-operate because it would be in their mutual interest to do so. For example, if a Scottish Government said, "Right, we want to be non-nuclear, and we want to do it now. These submarines have to be back in England by next Tuesday," the UK Government would say, "Okay, you want our support to become members of the European Union; you want the Bank of England to support your

currency, or to share a currency with the UK; you want to have free trade and you want your Scottish personnel to be able to serve with the UK Armed Forces: well, get real. We have needs as well."

On the other hand, however, if the Scottish Government were to say, "We will be reasonable on this nuclear force. We don't like it, but we will retain it," as the Irish did after their independence, right up until 1938, it would be hard for the UK to turn round and say, "No, we don't accept that Scotland has any right to be in the EU or NATO, and we don't think Scottish personnel should serve in our Armed Forces, and so on." There would be brinkmanship and hard-line positions. It is possible negotiations would break down. It is more likely, in my estimate, that once passions cooled—and perhaps it is a hope rather than a prediction—you would have some sort of negotiation, which recognised that it is not up to Scotland to decide that the UK should unilaterally disarm.

Q71 Ms Stuart: Just listening to you it suddenly occurs to me, what would the American response be if the Scots sent the nuclear submarines back to England. What would they do?

Colonel Crawford: I think that it would be likely that immense pressure would be brought on Scotland from Washington not to pursue that course of action.

Professor Chalmers: I think that is absolutely right. An independent Scotland would need, like any small state, to have friends in the international community. There are large Scottish diasporas around the world, not least in the United States, but also in Canada, Australia and so on, who would be asking whether this is the sort of Scotland that they support. They will not understand if an independent Scotland, as one of its first acts, decides it wants to throw out nuclear weapons and leave NATO. They will ask, "What sort of Scotland is this?" On the other hand, if Scotland makes it clear that what they want to do is create a small, social democratic state like the Scandinavian states, which joins international organisations and is an active player, they are more likely to get fair wind from those external communities, which will be critical. We know in the United States how important diaspora communities are in influencing US policy. I think the Scots would be well advised in that scenario to take advantage of that.

Q72 Thomas Docherty: Are you aware of a small country called Ireland, which is not in NATO? I am fairly sure it has a good relationship with the United States. I don't see the link.

Professor Chalmers: Let me explain, because that is a very good question, and the same question could actually be asked in relation to the non-nuclear status of Norway and Denmark, which is another comparison that is sometimes made with Scotland. I think the issue is one of process rather than comparative state—that it would be the act of insisting that these weapons left quickly, without somewhere to put them, that would raise real concerns about what this meant about Scotland's policy. If Scotland did not have nuclear weapons in its territory there would not

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be an issue—but it is the act of doing that, and especially doing it precipitately.

Thomas Docherty: Right.

Professor Chalmers: I actually think that in the very long term, over decades, as in the case of Ireland in some respects, perhaps, the UK might become increasingly uncomfortable about basing its only operational nuclear system in a foreign country, and might decide of its own volition that it would prefer to base it on its own territory. After all, having your main system based in one country and having your missiles serviced in another begins to look rather less than fully independent. There might be questions raised there; but for Scotland to precipitate that process, I think, would not be seen as very friendly.

Colonel Crawford: The sensible time to be doing that sort of thing, if it does come to that, would be as the Trident missile system becomes obsolete, and is replaced—if it is—by something else.

Q73 Sandra Osborne: Given that it is about to be renewed, that would be a very long time. At the moment the Scottish people are being given the impression that if they vote yes in the referendum Trident will be removed from Scottish soil. I do not think they would take too kindly to the idea that the Americans are going to decide against the democratic right of the Scottish people, if that is what they choose. Don't you think that people need to know these things before they actually vote on the referendum as to what their future is going to be, rather than maybe aye, maybe no?

Colonel Crawford: I think that is a very fair point. From the Scottish perspective, it is not clear what the bargaining chips are on the other side of the argument if Scotland were to vote no in the independence referendum. Information needs to come from both sides of the argument before people have any sort of idea.

Q74 Thomas Docherty: What are the bargaining chips?

Colonel Crawford: The bargaining chips are that we understand from the discussions that have taken place so far that if Scotland votes no, it is highly likely that the UK Government will devolve further powers to the Scottish Parliament.

Q75 Thomas Docherty: No, the Prime Minister suggested that. That is possibly what will happen, but I think Sandra and I would say that that is not what the Scottish Labour party or the Labour party would be suggesting. That may be what the Liberal Democrats wish to do as part of their federalism, but it would be disingenuous to suggest that that was an offer that had been made to the Scottish people.

Q76 Mr Havard: Can I just pursue this for a second? Devo-max, devo-plus or whatever comes up—whether there is one question or two questions—there are a lot of questions, and we have not got there yet. Whatever the party position, it might not be a Scottish nationalist Government anyway, even if there was independence, so all these things are up in the air. It seems to me that basically all we can do at the

moment is to look at the potential for change and the relative costs of different types of change. We are trying to estimate those, because I think that is the information that people need to have in order to ask, “What am I getting into?”

The thing I wanted to get to is the nuclear deterrent. If independence came along, maybe the last point you were making about the rest of the UK evaluating itself would apply, but this is over a very long period of time. Can I just go back to what I have said before? There is a plan for the current UK to go through a series of evaluations of itself in terms of its needs for defence and security—the defence and security review—and there is a programme for doing that on a five-year basis. Everyone is assuming that that sequence will carry on while the debate about Scotland runs in parallel with it and presumably feeds into it. How do you see that process being disturbed by all these questions about relative separation, irrespective of the result of the referendum—whether Scotland is staying or whether it is going?

Professor Chalmers: I think those processes would be enormously disturbed, but I think it would be a broader question than that. If, as Stuart suggests, the referendum were to take place in October 2014, that is not very long before the latest date for a UK general election. It is hard to imagine that the process of transition to complete separation could be concluded before May or June 2015, so you would have elections to the UK Parliament in 2015 that included Members from Scotland, and the West Lothian question would potentially arise even more than it does already.

Sir Bob Russell: The Whole Lothian question.

Professor Chalmers: Perhaps the Whole Lothian question. At every level there would be a period of considerable uncertainty in the UK, as well as in Scotland, until the two states had properly separated. How one handles that constitutionally, I do not know, but I think the issue of the defence review would be subordinate to that. Clearly, there would be a need for both the successor states to have defence reviews given their very different circumstances.

Mr Havard: And security.

Professor Chalmers: I suspect that the five-year NSS and SDSR cycle would have to be amended to take that into account.

Chair: We are going to cover NATO. A lot of the issues that we still have left to cover have, to a certain extent, already been discussed.

Q77 Mrs Moon: Can I just pin down a couple of facts in relation to Scotland and NATO? If there had been a vote yes for independence, would a future Scottish Government have to reapply independently to join NATO, or would their current membership—in terms of the whole UK membership—still exist? Which would it be?

Chair: Answer, answer.

Professor Chalmers: I am not an international constitutional lawyer, but people who know about these issues tell me that on issues of recognition, most of the wider international community would in the first instance look to the entities concerned to sort the matter out for themselves. If the London and Edinburgh Governments had negotiated that one or

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both would want to be a member of the EU, NATO or the United Nations, other countries would have to have a very strong interest to block that, and they probably would not. However, if Edinburgh and London disagreed, and brought in the wider international community in some sort of mediation role, it is much more likely in the case of the EU or NATO that the weight of the international community would be with the status quo power, with London. But that is a political question, not simply a legal question. We can get too hung up about the idea that there is a clear constitutional set of rules and that it is therefore absolutely clear which way it will go. Respected lawyers argue it in different ways.

Colonel Crawford: I suspect that the NATO question will go away in the fullness of time in that those who espouse the case of withdrawing from NATO on independence may well change their mind.

Q78 Mrs Moon: Very briefly, the financial implications of an independent Scotland that withdraws from NATO would be huge in terms of affording defence cover. Am I right?

Colonel Crawford: I think the implications are that it would see that the unique prospect of a small nation withdrawing from arguably the most successful collective defensive alliance in history would be a big step to take, politically, militarily, and psychologically.

Q79 Mrs Moon: I can't remember who it was, but you talked earlier about Iceland as a model.

Colonel Crawford: It was Malcolm.

Q80 Mrs Moon: Iceland is a very active and proactive member of NATO, so it would seem to me to make absolutely no sense at all.

Professor Chalmers: An independent Scotland that was not in NATO would be a very different animal from any other state. It would be very different from Ireland, which was never a member of NATO. It is difficult to predict exactly what it would be like.

I think the most important thing would be the signal that it sent to others. Countries such as Ireland, Sweden, Finland and Austria co-operate closely with NATO, but are not members. Again, it comes back to the point about process versus end state, and everyone would be asking why Scotland has decided to take that very strong step when almost every other country is in it. It would be incomprehensible.

The specific operational implications are much harder to work out, because it would depend on Scotland's defence posture. It is possible to imagine that it would have a threat assessment comparable with Ireland and maintain quite small armed forces. After a few years, people would get used to the fact that the Scots were just a bit strange in not wanting to be in NATO, but it would work out arrangements, as the Swedes and Finns have, for transit of air space and so on. That would effectively be equivalent to NATO membership, even if it was not called that.

Q81 Thomas Docherty: While I understand that everyone here may think that NATO membership is a

no-brainer, that is not the position of Mr Salmond, as he has said repeatedly—

Professor Chalmers indicated assent.

Q82 Thomas Docherty: Perhaps you will humour me for a second, and assume that Mr Salmond is good for his word—we have no reason to think he is not. If the proposition put to the Scottish people is to be not in NATO—they spoke previously about coming out of Afghanistan, and said that they would not have gone into Iraq, and would not have expeditionary capabilities—is the more appropriate model for size and shape—I am not asking for a line by line description—something like the Irish-style model of about 20 aircraft, two or three offshore patrol vessels, and an army of—

Colonel Crawford: A gendarmerie of 1,500 or something like that.

Q83 Thomas Docherty: Right. Rather than something like a few squadrons of fast jets, frigates, and a brigade of circa 8,500. Would that be a reasonable assumption?

Colonel Crawford: I have been trying to develop my thoughts on this. Many commentators have said that Scotland has 10% of the UK population, so clearly, an independent Scotland would have an Armed Forces 10% of the size of the UK's. Other commentators have said that Scotland is the same size as Denmark or Norway, and therefore it will have the same sort of thing that they have. Some commentators have said that whatever the Armed Forces of an independent Scotland might be, we have to sustain the level of defence-related jobs in the country, and defence is a job-creation scheme.

What I have tried to do is turn that on its head and say, "Let's forget about all that. Let's see what an independent Scotland would actually need—not what it would want—to carry out the tasks it might set itself in terms of territorial defence, defence of national interests and contribution to overseas alliances as it sees fit." Deliberately, I targeted that at the modest end of the Armed Forces and came up with the model that I have been talking about today. There is no reason why it should not become even more modest than that, although I think most commentators would say that I have been sufficiently modest already on all the questions I have come up with about Hawk jets and more sophisticated things.

The answer is, yes, it is perfectly possible for an independent Scotland to adopt the same sort of posture as Ireland, but I would think that it would be unlikely, because that is very modest indeed. That is almost down to armed neutrality.

Q84 Thomas Docherty: So you are saying that the head count for the three services would be what?

Colonel Crawford: My model comes up with an army of 12,500. I can give you the exact details—

Sir Bob Russell: 12,500?

Thomas Docherty: That's two brigades.

Colonel Crawford: That's two brigades plus headquarters staff.

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Thomas Docherty: Even Mr Salmond is not saying that. Mr Salmond was saying one brigade—
[*Interruption.*]

Colonel Crawford: No. TA and regular.

Q85 Thomas Docherty: But Mr Salmond's position was one brigade, one air base and one navy base.

Colonel Crawford: I think the First Minister's position was that that was what an independent Scotland would be likely to inherit, given the current plans.

Q86 Thomas Docherty: I can get the exact words up: that is what we would inherit; that would be "the shape of".

Colonel Crawford: I think he said it would be ideal for Scotland come independence. I don't know what his position is, but it would not be ideal to have one air base, one port and one military base, because that is putting all your eggs in one basket.

Professor Chalmers: The only thing I would add on your question about a Scotland not in NATO is that European states that are not in NATO are, in almost every case, contributing to ISAF in Afghanistan. I have met Swedish forces in Afghanistan. There is not a direct correlation between being in NATO and taking part in NATO operations.

Q87 Thomas Docherty: But the SNP wants out of Afghanistan. It has said that and voted in the House repeatedly that it would come out as soon as it could.

Professor Chalmers: Well, the Afghanistan operation will be more or less over by the time the referendum takes place. I am talking about future such operations. The best predictor of what countries do in these operations tends to be an examination of their national strategic cultures. There is a question mark about what the national strategic culture of an independent Scotland would be, but I suspect that, given the prominence of Scots in the British Armed Forces for centuries, there would be an element of that in the national sense of what is appropriate and responsible to do. I would imagine that like countries like Sweden, an independent Scotland, even outside NATO, and certainly in NATO, would continue to want to make some contribution to international expeditionary operations while having the option of saying no, where they wish to do so.

Q88 Penny Mordaunt: Following on from that, I have a brief question. We talked about the Army. In terms of Navy capabilities, if you are taking the approach that it is what Scotland needs—

Colonel Crawford: Yes, absolutely.

Q89 Penny Mordaunt: Would it be sort of ocean patrol vessels as opposed to destroyers?

Colonel Crawford: Absolutely. I have come up with a model that, again, from memory, is about 20 to 25 vessels altogether, with a couple of frigates, which gives Scotland the option to contribute, should it so desire, to coalition operations. The emphasis is very much on keeping sea routes open and policing fishing grounds and oil and gas rigs. So yes, it would be based on offshore patrol vehicles.

Penny Mordaunt: Number of hulls is—

Colonel Crawford: Between 20 and 25.

Q90 Thomas Docherty: How many war-fighting hulls? Frigates, destroyers or bigger?

Colonel Crawford: Destroyers or bigger. Two frigates. That is it.

Q91 Chair: But in keeping the sea routes open, you would not expect them to have an expeditionary capability towards the Suez canal or anywhere else.

Colonel Crawford: No, not necessarily. I think there is enough slack in the system to allow a Scottish Government, for example, to send or contribute a vessel, but certainly only in exceptional circumstances.

Q92 Penny Mordaunt: I want to look at the possibilities of an independent Scotland sharing air bases with the UK. I understand from your previous answers that you say that that is possible, but what might be the circumstances if the UK wanted to engage in a particular action and Scotland did not and those bases were in Scotland?

Colonel Crawford: Realistically, the arrangement would have to include the fact that the rest of the UK had independence of action when it came to deploying its military aircraft or military assets. Otherwise, you just could not envisage the circumstances where a military decision was taken and then some of the forces were prevented from deploying or being part of it. Militarily, it is impossible.

Professor Chalmers: I think that would be a real problem. If you had an arrangement where Scotland had no veto power whatsoever over the use of aircraft taking off from air bases in Scotland to take part in an operation such as Iraq in 2003, which was very divisive in Scotland and in the UK, that would put the Scottish Government in that particular crisis in a very difficult position. I suppose that the saving grace in relation to air power is that this is a relatively mobile asset, and therefore in the event of such a crisis the UK might be able to fly those aircraft from English rather than Scottish bases. But of course, that possibility would over time, in addition to other factors, mean that the UK would be rather reluctant to continue to base mobile assets in Scotland when reinvestment decisions came up.

The area where there would be the strongest case for UK basing in Scotland would be where such basing has particular geographical advantages. That is probably the case in relation to air patrol, and you could see a continuing arrangement there. However, for the broader gamut of assets that would potentially be used in expeditionary operations you would see a steady drift of assets southwards.

Q93 Sandra Osborne: In a separate Scotland, would there be a big enough defence footprint to maintain and develop an indigenous defence industry?

Professor Chalmers: I think for an independent Scotland this would partly be an issue of defence policy and how much the Scottish defence forces were prepared to spend on procurement and how far they could procure that domestically. Most of it they could

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not procure domestically, because Scotland has a share of the UK defence industrial base, but it is certainly not all-encompassing. Most of what Scotland would buy would have to be bought from elsewhere. Its own industrial assets could be used, as they are now, to provide parts for international projects, such as the joint strike fighter or whatever it may be. I suspect over time that the trend would be for those industrial capabilities—which are not particularly competitive—to drift into the UK, because the defence industrial market is a very complex one. It certainly is not a free market. There is always a very strong element, despite the rhetoric of competitive procurement, of providing employment in one's own country. Over time—in some cases, such as the Type 26, rather rapidly—you would see the Government in London deciding to procure domestically rather than in Scotland. However, Scotland would still maintain some niche capabilities where they may be particularly competitive.

That would link to a broader issue of whether an independent Scottish Government had an industrial policy and how far they were prepared to put resources essentially into subsidising defence manufacturing. I suspect that, given the economic constraints that such a Government would be under, it would take a lot to convince that Government that Scotland had a unique defence industry capability in areas worth subsidising at the expense of other capabilities. My final point is about the Type 26, because it illustrates a larger question. There will be a question for the UK Government between now and the time of a referendum about whether they wish to place contracts for manufacture in Scotland, which would then be difficult to reverse in the case of independence. In so far as there is some flexibility in placing major contracts, I suspect the UK Government will not want to place such contracts on the other side of the border in advance of a referendum. They may not want to make a final decision until they know whether or not the yards on Clydeside will be part of the UK after 2016.

Q94 Sandra Osborne: Are we likely to see an aircraft carrier built in the Clyde after independence?

Professor Chalmers: I do not think there is any—

Q95 Thomas Docherty: Rosyth.

Q96 Sandra Osborne: Sorry, at Rosyth.

Professor Chalmers: The carriers will be well enough advanced in construction by 2014 for that not to be so much of an issue.

Q97 Sandra Osborne: But in the future?

Professor Chalmers: The future generation of carriers in 2070 or whenever is perhaps beyond—The Type 26 is the immediate issue.

Q98 Chair: We have been hypothetical throughout this.

Q99 Mr Havard: If we are really getting hypothetical, can you imagine a French aircraft carrier

being built because they have re-established the Auld Alliance.

Colonel Crawford: I think the point is that Rosyth has the only dry dock in the UK that can put aircraft carriers together. I think it is the only one that is big enough.

Q100 Thomas Docherty: On the reverse though, not just about construction or about English work for Scottish yards, as the MP for Rosyth I know that your model of two fighting vessels is not enough work to maintain Rosyth. Would you accept that what is much more likely to happen is that Rosyth would have to shut because the work would go, and the Scottish navy would have to get refitted in English yards.

Colonel Crawford: I think it all depends on how something like the Rosyth yard and the Clyde yards would be able to seek other markets for their products. This is completely speculative, but it would also depend on whether an independent Scotland would join some sort of alliance with Scandinavian states. There would be economies of scale when it came to procuring equipment, a bit like pan-European equipment procurement at the moment. The work would be shared out on a European basis or some other alliance basis, not on a UK basis. In terms of your original premise, yes, I think Rosyth would be in danger of shutting if it could not find work from elsewhere, because I do not think, in all honesty, that an independent Scottish navy would be large enough to be able to sustain the level of work or the level of shipbuilding in Scotland.

Q101 Thomas Docherty: So it would be plausible that the Scottish navy would end up being refitted, for argument's sake, in Plymouth, at the Babcock facility there?

Colonel Crawford: Or in German yards—

Thomas Docherty: Or in Brest or somewhere.

Chair: Final question.

Q102 Thomas Docherty: This is with my Gisela Stuart Panama hat on. I appreciate that this is speculation, but what are the threats that Scotland as a separate country may face, looking beyond 2014?

Colonel Crawford: Terrorism, cyber-warfare, threats to economic assets, like the oilfields or the fishing grounds, which has happened before. I do not think there is any threat to the renewables industry. I cannot see anyone trying to capture the offshore wind farms or anything like that. So I think there are general low-level threats that, arguably, the rest of the UK faces at the moment. I do not think that there is any really credible threat of a conventional military attack against the territorial integrity of an independent Scotland.

Q103 Sir Bob Russell: But what happens if there is?

Colonel Crawford: I hope that sufficient resources have been put into an independent Scottish defence force.

Q104 Sir Bob Russell: An independent country needs more than hope, surely?

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Colonel Crawford: Until the plans are made more apparent, all we have to go on—

Q105 Sir Bob Russell: Sitting here representing a garrison town in the south of England, I have to ask the question: would an independent Scotland be safer for its citizens than is currently the case as part of the United Kingdom?

Colonel Crawford: I think it would probably be the same.

Professor Chalmers: If I could interject there, I think it is important, if we are talking about separation, to have a very long time frame in answering that question. I think Stuart is right in the short term—that the main security threats are more things like cyber-warfare and terrorism and so on, and not inter-state conflict—but Scotland has been part of the Union for more than three centuries, and we need to adopt a similar time scale in talking about the security implications of independence. The world will change a lot, even in the next 50 years, and who knows what will happen during such a period.

It will be critically important for an independent Scotland to have very close security relationships with its neighbours, and most of all with the UK, if it is not to be left exposed in security terms. But unlike in the current situation, that assistance cannot be guaranteed. It may be likely, but it cannot be guaranteed, because you would then be dealing with independent sovereign states with their own domestic politics and their own interests.

Q106 Thomas Docherty: On the Russian question, we are regularly told that there is a possibility of an increased Russian threat in the years ahead. Is this something that Scotland needs to be thinking about and, if the answer is yes, how should Scotland prepare for how it meets those challenges?

Colonel Crawford: Are we talking about a Russian threat in terms of interests and competition in the High North and the Arctic, and all that sort of stuff?

Q107 Thomas Docherty: That type of thing, and obviously there has been some stuff about Russian ships entering waters and the Bears continuing to fly south.

Colonel Crawford: I think that an independent Scotland would have to make sure that its defence arrangements with its allies were such that it could

counter those threats. I do not know what alliances or coalitions an independent Scotland might join—we have already talked about NATO—but there will be alliances of the Scandinavian countries which it may choose to join because of the joint interests in the High North.

Professor Chalmers: Just to follow on from that, that illustrates very well the way in which an independent Scotland would not suddenly be able to escape from geopolitics or international security issues. Scotland would want, like other north European countries, to do contingency planning and to have forces available for what may be unlikely, but are possible, contingencies in relation to Russia. The High North is going to become more important for transport routes, for hydrocarbon exploration and all sorts of other issues. Quite rightly, the UK has recently put more emphasis on that, so yes. Of course, Scotland cannot address those issues by itself, but there may be aspects of that threat, were it to evolve, which are specifically Scottish. The Norwegians or the Americans would say, “If you want us to help you, then you have to help us.” That is a really important reason why I think Scotland will be forced into interdependency.

The only other point I would make is that there is I think an emerging below-the-table inter-Service debate in Scotland, where those who believe that Scotland should give more emphasis to maritime and air capability have emphasised the High North as Scotland’s near-abroad and the area in which Scotland should put most of this emphasis, rather than being involved in army-centric expeditionary operations which, if we were ever to get into the situation of an independent Scotland, would be interesting to observe.

Q108 Chair: Will you forgive me if I reflect, at the end of this evidence session, that it seems to be a hallmark of NATO, apart from other alliances, that people are placing more and more reliance on this alliance and NATO in general, while contributing less and less towards it, and that is a really worrying trend? That being the end of this evidence session, I think we should say thank you very much, indeed. It has been absolutely fascinating, and we are most grateful to both of you.

Colonel Crawford: Thank you.

Professor Chalmers: Thank you very much.

Tuesday 11 June 2013

Members present:

Mr James Arbuthnot (Chair)

Thomas Docherty
Mr Dai Havard
Mrs Madeleine Moon

Penny Mordaunt
Bob Stewart
Ms Gisela Stuart

Examination of Witnesses

Witnesses: **Rear Admiral Martin Alabaster CBE** and **Air Marshal (Retd) Iain McNicoll CB CBE** gave evidence.

Q109 Chair: Gentlemen, welcome. Thank you very much for coming to give evidence to our inquiry into the defence implications of Scottish independence. Would you please introduce yourselves? Air Marshal, would you like to begin?

Air Marshal McNicoll: I was deferring to the senior service.

Rear Admiral Alabaster: Good afternoon. I am Martin Alabaster. I finished a 35-year career in the Royal Navy approximately 18 months ago. My final post, for my last three years, was as Flag Officer Scotland, Northern England, Northern Ireland, Flag Officer Reserves and Flag Officer Regional Forces—possibly the longest job title in the Navy. Before that I did the typical range of jobs in the Navy: in training, in acquisition, at sea and so on.

Air Marshal McNicoll: I am Iain McNicoll, a Scot born and bred, and educated. I joined the Air Force in 1975 and, like Martin, served a 35-year career. I retired in 2010. My last appointment was as Deputy Commander-in-Chief Operations, effectively running the front line of the Royal Air Force. I also served in a number of Ministry of Defence policy jobs, including doctrine and concepts, and force development. Since I retired, I have become an airspace, defence and security consultant.

Q110 Chair: Thank you. Because of other commitments that members of the Committee have, we may have to finish this by around 4 o'clock, so we will try to ask smart and speedy questions, and smart and speedy answers would be most welcome.

The Minister for the Armed Forces has said: "The Ministry of Defence is not planning or preparing contingency arrangements for the event of Scottish independence". Would you expect the Government to be making contingency arrangements for that possibility?

Rear Admiral Alabaster: I would expect the Department to be giving it some thought, but whether or not it makes detailed plans is up to the Department. I do not have a particular view, and actually I am not aware of what work, if any, is going on.

Air Marshal McNicoll: From my perspective, as a former military man, I would have preferred contingency planning to be well under way, but I also recognise that the political situation is such that that is almost impossible—it would set too many hares running, I am sure. I am not aware if there are discussions going on at the moment in the Ministry of Defence—as I said, I retired three years ago—but to

my knowledge, there are not detailed contingency plans.

Q111 Chair: The Scottish National party has complained that the UK Ministry of Defence will not engage with it on this. Do you think that the Government of the United Kingdom would be in a position to form contingency plans if there were not a dialogue between them and the Scottish Government?

Air Marshal McNicoll: That is quite a conditional question, isn't it?

Chair: Well, there is no dialogue at the moment on it.

Air Marshal McNicoll: It is a matter for the Government whether they wish to start a dialogue or not; I can see the reasons why they would choose not to.

By the way, the point that neither myself nor Martin made at the start, which may colour your perception of our views, is that we are both pro-union. I do not know whether that is relevant for the Committee.

Chair: I see. Thank you.

Q112 Mr Havard: What is your opinion on the strategic significance and tactical importance—for example, in terms of the air defence region, C2 radar coverage and so on; and, in a naval context, with protection and training capacity—of having Scotland-based forces and an area of operation in Scotland? If independence goes ahead, that will be denied.

Air Marshal McNicoll: Perhaps if I start on the air defence side, the first point to make is that, for air policing, NATO is responsible for the air defence of the UK. The national part comes in terms of counter-terrorism response. The national command and control chain operates for that, but otherwise it is a NATO function.

The question for air defence really is: would Scotland be part of NATO? The SNP changed its policy on that last autumn, but there is a decision for NATO to make in that respect as well. If it was still part of NATO, I can see no reason why the networks that exist at the moment would not be able to continue pretty much as they are.

That said, there are two remote radar heads in Scotland—I believe that they are in Benbecula and in Buchan—but the two control and reporting centres that feed into the NATO chain are at Boulmer in Northumberland and at Scampton in Lincolnshire. The connection from there is to a combined air operations centre in Germany at Uedem. So, if Scotland were separate and not part of NATO, it

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would end up without the ability to command and control, unless it set that up from scratch.

Q113 Mr Havard: So quite a significant change.

Air Marshal McNicoll: It could be quite significant, but it would be dependent on whether it was part of NATO or not.

Q114 Mr Havard: But not necessarily of great significance, if it does not really matter whether we have aeroplanes in Scotland or not.

Air Marshal McNicoll: I was just talking about the air defence command and control network there. If you look at where the assets are based, at the moment there are quick reaction alert aircraft at Leuchars and Coningsby. The Leuchars aircraft are due to move to Lossiemouth. Of the air policing task that NATO undertakes, most of the interceptions used to be—as far as I am aware, they still are—to the north of Scotland, so there would be an impact if the remainder of the UK only had bases south of the border.

Q115 Mr Havard: What about the naval implications?

Rear Admiral Alabaster: It is well known that the reasons for locating the submarine-based nuclear deterrent on the Clyde when the programme was first started was because of easy access to the north Atlantic, the deep water access there, the availability of the land and the availability of the skilled work force. Those factors are still relevant and make the west coast of Scotland important to the Navy. It has to be said, however, that the emphasis on the north Atlantic for other operations was very great during the cold war when an awful lot of our naval thinking was about protecting convoys reinforcing the northern flank in Norway. That is not as high in our defence thinking today as it was then, but it remains true that Scotland is strategically placed between Iceland and the rest of Europe.

It is also true that for UK defence purposes, as things are currently, there is quite a lot of importance in the waters around Scotland. The offshore tapestry of oil and gas, fish and so on all require a degree of policing, naval activity and counter-terrorist capability. Of course, Scotland, with its coastline, is well placed to handle those things that come with Scotland as well. There are other issues in terms of Scotland's importance to the naval part of defence, particularly as at the moment we are tending to buy ships and other equipment from the Scottish defence industry, which is an important part of Scottish business.

Q116 Ms Stuart: May I slightly rephrase the question? If you were to look at the defence of UK plc, what is in Scotland by necessity, and what is in Scotland by choice?

Rear Admiral Alabaster: The obvious thing that is in Scotland by necessity, because of where it currently is, is the nuclear deterrent. One cannot avoid the fact that the nation's strategic deterrent is based on the Clyde at Faslane and Coulport. That was a choice at the time. Because it is now there, it is quite difficult to imagine doing it anywhere else.

Q117 Ms Stuart: Could you be more explicit about that? Is it because the particular configuration of the coastline makes it suitable and that there may be no other part of the British isles' coastline that would be suitable?

Rear Admiral Alabaster: The more important factors in considering another site would be the cost of recreating those facilities and the technical difficulty with a less favourable site—and, of course, simple planning issues.

Chair: We will come back to the nuclear deterrent in a few moments.

Rear Admiral Alabaster: I thought you probably would.

Q118 Ms Stuart: Can we just be clear? You say that the rest of what UK plc spends on defence and locates in Scotland it could just as well locate and spend in England, so it does not have to be in Scotland.

Thomas Docherty: Or in Wales.

Ms Stuart: I am terribly sorry—or in Wales or Northern Ireland.

Rear Admiral Alabaster: There is another feature that neither of us has touched upon: it is at the moment a most important training area. The Joint Warrior exercises that happen every year are tri-service, but are predominantly maritime and air exercises. They are the largest of their kind in Europe. They are based in Scotland and use many facilities, ranges and the coastline, particularly off the west of Scotland. The training facility is something that could be recreated somewhere else, of course, but it is particularly good in Scotland. We also have a number of technical ranges, particularly in the naval sphere, to do acoustic measurements of ships and submarines, and the like. A lot of those facilities—mostly now run by QinetiQ on behalf of the Ministry of Defence—are mostly in Scotland as well, some of them using deep-water lochs, so clearly there is a geographical significance to that.

Air Marshal McNicoll: From the RAF perspective, the necessity is probably less than that which has just been outlined. The assets of the bases could certainly be based elsewhere, although it would be inconvenient operationally, but to cover the same training aspect, a large amount of air space is used for training purposes. There are weapons ranges—there is one at Tain in the Moray Firth and one at Garvie island close to Cape Wrath. There is also a test and evaluation range at West Freugh in the south-west of Scotland. There would be some difficulty replicating that range of facilities elsewhere in the UK for training purposes, but I think “necessity” would be too strong a description of that.

Q119 Mrs Moon: I would like to ask about the impact that Scottish independence would have on the UK nuclear deterrent. What do you think that impact would be?

Rear Admiral Alabaster: It is quite hard to know, because everything that I have read so far has used rather general terms such as “banish nuclear weapons from Scottish soil”—that is the sort of phrase that is quite widely used by the SNP. I cannot answer your question exactly as you have asked it. What I can say,

however, is that it would be very difficult—in fact, I would almost use the word “inconceivable”—to recreate the facilities necessary to mount the strategic deterrent, without the use of Faslane and Coulport, somewhere else in the UK.

Q120 Mrs Moon: What do you think would happen to them if we did have to move them? What use would they be? What would happen to Faslane and Coulport if we had to move our strategic fleet?

Rear Admiral Alabaster: I need to make sure that I have understood the question. You are saying that if the nuclear deterrent and the Vanguard submarines were removed, what use would Faslane be? Faslane would still be a perfectly serviceable naval base for submarines and nuclear-powered submarines, and potentially for other units, although it does have shortcomings, because it is all designed around the highly justified, safety-critical nuclear facilities. That means that many of its facilities are much more expensive and highly engineered than you would need to support a force of surface ships, for example.

Q121 Mrs Moon: So you would have two highly technical sites specifically built to enable nuclear deterrence, but that could not be used for nuclear deterrence. What would be the cost to the rest of the UK of establishing an alternative base elsewhere, if we could find such a site?

Rear Admiral Alabaster: I have no idea; it would be many billions.

Q122 Mrs Moon: What if Scotland decided that it wanted us to restore Faslane and Coulport so that they could be used for alternative measures? Do you have any idea of the cost of decommissioning them?

Rear Admiral Alabaster: I think “decommissioning” is a term laden with some nuclear implications. I do not think that there would be a particularly heavy nuclear decommissioning load, but you have a very large engineering facility spread over two huge sites. Simply demolishing or making safe structures—even if we are just talking about concrete and steel—would be a substantial job, but it would not be of the same order of magnitude as the cost of recreating it somewhere else.

Q123 Chair: Is there any suggestion that there is nuclear contamination at Coulport?

Rear Admiral Alabaster: No.

Q124 Chair: None at all?

Rear Admiral Alabaster: I am not an expert, but it is not a facility that is used to store nuclear fuel or waste of any sort. It would be wrong of me to say that there is no contamination, because any industrial activity brings with it some contamination, but I do not think that it would be a particularly difficult problem to solve.

Q125 Mrs Moon: NATO is a nuclear alliance. What are the implications for Scotland if it refused to host nuclear weapons for its membership?

Rear Admiral Alabaster: I do not know.

Air Marshal McNicoll: I think it is reasonable to point out that other members of NATO do not accept nuclear weapons. It is possible, at least in theory anyway, for Scotland not to accept nuclear weapons.

Q126 Mrs Moon: If an independent Scotland was not a member of NATO, what would be the implications for the size and make-up of the defence force that it would need outside NATO membership?

Air Marshal McNicoll: That is a very good question, because it hinges on something that I have not yet seen beyond broad assertion and sweeping generalities: a proper foreign and security policy that is translated into defence needs identified, and then working out how these might be met. I do not believe that those who propose separation have got as far as doing any of the considerable amount of work that would be needed to define exactly what might be required. You could make reasonable suppositions about some aspects—I could certainly do so in the air environment and make suggestions—but it would be entirely dependent on what foreign and security policy the Scottish Government had, in that circumstance, adopted.

Rear Admiral Alabaster: I would also like to emphasise the point that when trying to assess what kind of defence force an independent Scotland would need or want, you really have to start from the basis of what the foreign and security policy is. What is it that you want that defence force to do? We have touched in this discussion so far on the defence of Scotland, as it exists as a geographical entity, but we have armed forces for much wider reasons: the protection of Scottish interests worldwide, which might be to do with contributing to collaborative counter-terrorist activities or a wider range of activities; the spreading of Scottish influence through the building of partnerships, so the defence diplomacy that the UK does so well; the potential for giving services such as protection and evacuation to Scottish nationals elsewhere in the world; and finally, and perhaps most importantly these days, the decision on to what extent Scotland wishes to be a force for good in the world and to use its defence forces to that end. As far as I can see, none of those things has yet been made clear, and only when those needs are made clear can you start to scale a putative defence force to deliver them.

Air Marshal McNicoll: The SNP has, however, started at the wrong end of the telescope. It has come up with a proposed budget of £2.5 billion. It has come up with an army of a size of 15,000 and 5,000 reserves. I am not sure what it will do apart from territorial defence, aid to the civil powers and support for the international community, deployable in UN operations. All that ignores the start-up and transition costs. It has been suggested that Scotland might be comparable with Scandinavian countries. I think Sweden and Norway are in a slightly different category—either in population size or in budget—but it has been said that Finland and Denmark might serve as examples. Finland, of course, has universal male conscription, and I do not believe that the SNP is looking in that direction. Denmark is, I think, a reasonable comparator. It has a budget of about the

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same sort of size and sustains a force but, again critically, it is the answer that is coming before the correct question, which is what you need it for.

Q127 Chair: So, you would suggest, moving on to one of our other inquiries, that for the creation of a strategic defence and security review, you should first work out what the threat is and then what the cost of meeting that threat should be.

Air Marshal McNicoll: I—

Chair: We would like it if you said yes.

Air Marshal McNicoll: The strategic defence review of 1997–98 might serve as a good template for the amount of time and the amount of effort that it would take to do that sort of job properly. The so-called strategic defence and security review done three years ago did not fall into that category.

Chair: That is music to our ears.

Q128 Bob Stewart: Air Marshal McNicoll has largely answered the question, how would Scotland co-operate militarily with other nations? I think that you verged into it and almost answered that question in your last comment. The answer in truth, to paraphrase, is, “We’re not quite sure, but they may wish to be a force for good and co-operate in that sort of way, and have exercises.” Would you agree with that?

Air Marshal McNicoll: I think I would, but I would also say that there is a critical question of how they would co-operate with their biggest neighbour, south of the border. Scotland has 8.4% of the total UK population and about a 12th of the assets, but there are questions about training, logistic support, procurement, all the operational support in the air environment, which might be electronic warfare, intelligence. There is a whole range of activities which, at the moment, are not headquarter-based or mainly done in Scotland, and they might seek—I think the SNP has said that it would seek—some sort of joint procurement with the remainder of the UK. It is not quite clear how that might be undertaken. But I think relations with their biggest neighbour would be the most critical aspect.

Q129 Penny Mordaunt: Just following on from that, one of the issues that we wanted to bring up was about an independent Scotland being able to maintain the same degree of security access, thinking about intelligence sources, for example, to allow it to deliver military projects with the remainder of the UK. I was wondering whether you could elaborate a bit more on that, out of your list that you just gave us, particularly about security and intelligence.

Air Marshal McNicoll: Of course, the UK benefits enormously from being part of the Five Eyes community, with the US, Canada, Australia and New Zealand, and there would be a question whether Scotland would be part of that community or not. If they were, then intelligence co-operation would be relatively simple. If they were not—perhaps that would be more likely—they would struggle.

Q130 Penny Mordaunt: What makes you say it is more likely that they would not be part of that?

Air Marshal McNicoll: Why would they be? The question would not be one purely for the remainder of the UK; it would be one for the other allies in that alliance to decide whether the contribution that Scotland was going to make to it was worth being part of that community or not.

Q131 Penny Mordaunt: Did you wish to comment on that?

Rear Admiral Alabaster: No, I think I broadly support what my colleague said.

Penny Mordaunt: Thank you.

Q132 Bob Stewart: What do you think the priorities would be for a Scottish defence force? What do you think it would seek to achieve? Again, you have already half answered this question.

Rear Admiral Alabaster: For me, what I have read suggests that they have been concentrating on that part of the requirement that is really the defence of Scotland, and there I think we have already touched upon the complex coastline, the maritime tapestry offshore, their growing renewable energy sector—all of these things—so I think it is likely that initial concentration would be on the protection of that. Beyond that, it is hard for me to be sure what those who are hoping to form the first independent Scottish Government would wish to concentrate on—whether they would be giving effort to, for example, more strategic thinking and influence with partners around the world and exactly how big a role they would want to play in, say, NATO. I do not think I understand enough of what they are thinking yet.

Q133 Bob Stewart: Chairman, may I just ask a slight question to the Rear Admiral, which has not come up and which he may not be able to answer, for security reasons? Will there be any implications with regard to our intelligence assets that are underwater that identify who might be travelling through various parts of the north Atlantic?

Rear Admiral Alabaster: I don’t know.

Q134 Bob Stewart: Air Marshal, you might know if you are a maritime fellow.

Air Marshal McNicoll: I think it is a question for the Ministry of Defence.

Q135 Bob Stewart: I think that that is probably a good answer to leave it at.

Air Marshal McNicoll: I can go back to answer some of the rest of what you were asking about. What might Scotland need? At the risk of repeating myself, you would need to start with a policy, but there is a spectrum of possibilities in there. They, I would have thought, would certainly need to be capable of doing air defence of their own air space. I think it certainly needs maritime patrol to look after the considerable assets, whether they are fisheries or energy resources.

Q136 Chair: When you say maritime patrol, do you mean a maritime patrol aircraft or several of them?

Air Marshal McNicoll: I do not necessarily mean an aircraft, but you would have to achieve the effect of being able to keep a reasonable surveillance of the

waters around Scotland in some fashion. It might be an unmanned aircraft. There may be other means by which you could achieve the same effect, but it might well be a maritime patrol aircraft, which is a notable gap in the UK's arsenal at the moment.

Q137 Bob Stewart: On that point—Chairman, I will be very quick—currently the United Kingdom is responsible out to 1,400 nautical miles into the north Atlantic. If Scotland were to become independent, presumably Scotland may well actually have either a segment of that 1,400 nautical miles or all of it—I do not know—because we would be shielded by Ireland.
Air Marshal McNicoll: I think you are referring to search and rescue responsibilities.

Q138 Bob Stewart: I am indeed—oversight and overlooking.

Air Marshal McNicoll: Yes. You actually only have responsibility for territorial waters—I mean out to 12 miles.

Q139 Bob Stewart: Sorry, I am talking about the internationally agreed oversight responsibilities we have.

Air Marshal McNicoll: Yes, there would be a search and rescue requirement, which in all probability Scotland would inherit.

Q140 Chair: Would you accept, though, that it might be a bit rich for the United Kingdom to insist on Scotland having a maritime patrol capability which the United Kingdom itself does not have?

Air Marshal McNicoll: It might need it for different reasons. I would suggest that the UK at the moment needs it principally to look after the deterrent. Scotland might need much less a capability to look after its offshore interests.

Chair: Yes. Mind you, this Committee has said that the maritime patrol aircraft gap is the largest single gap within the strategic defence and security review.

Q141 Ms Stuart: Would the Norwegian model be suitable for the Scottish arrangements?

Air Marshal McNicoll: It is interesting. I have the figures for Norway. Its population is very similar to Scotland's—4.9 million compared with Scotland's 5.3 million. The Stockholm International Peace Research Institute figures for their budget in 2012 suggested that it was £4.6 billion. I converted that myself from US dollars at 2010 prices, but that is rather getting too much into the detail. The point is that because Norway has such a high GDP, they spend considerably more on defence than the SNP is planning to. That is why I suggested in an earlier answer that I do not actually think that the Norwegian model would necessarily apply to Scotland.

Q142 Ms Stuart: It is just that the SNP specifically talks about the Norwegian arrangements. Combining the military with civil duties suits them. Would that be suitable for Scotland?

Air Marshal McNicoll: I am not sure exactly what you are getting at. I am sorry.

Q143 Ms Stuart: You are helping me now, because I could not work out what they were getting at. That is what they were articulating, so that is very useful. Thank you.

Rear Admiral Alabaster: May I have a go as well? One of the things about Norway is that they rely on their reserves a lot more. There is no reason why that should not be a good model for Scotland. It is quite interesting to draw the comparison. Norway's coastline is probably longer than Scotland's, though to be honest, "How long is a coastline?" is a question that is impossible to answer. They operate five frigates, six conventional submarines, 14 patrol craft, nine minesweepers and a number of other smaller vessels, so they have quite a sizeable navy.

Q144 Mrs Moon: It might be helpful if I added that what they also have is that the border patrol is not technically part of the Ministry of Defence, nor is the coast guard, but they utilise those as "civil" within the military capability. That is what they are referring to.

Rear Admiral Alabaster: I see. I do not think I particularly have any problem with a different way of partitioning responsibility for activities between coast guards, navies, gendarmeries and armies, and so on, if it works.

Q145 Chair: Can we move on to the different question of the location of the Scottish joint forces headquarters? Although an independent Scotland does not necessarily imply an SNP Government, their proposal is that the joint forces headquarters should be at Faslane. What do you see as the logic of that, if you do?

Rear Admiral Alabaster: There is an existing headquarters at Faslane that is used as the joint forces headquarters to run the large Joint Warrior exercise, so communications desks and computer terminals are available there, but it is not, for example, a hardened facility as we might have elsewhere in the UK. Faslane is an obvious choice because it already exists, but I cannot think of any particular reason why it would be particularly hard to do it somewhere else, if that were suitable.

Q146 Chair: Is there any alternative that you would consider to be better?

Rear Admiral Alabaster: Nothing that jumps out at me for building one afresh. You are mainly talking about fibre-optic communications and computers.

Q147 Chair: So its distance from Edinburgh is not of itself a killer point?

Rear Admiral Alabaster: No, I do not think so.

Q148 Chair: Air Marshal, have you anything to add to that?

Air Marshal McNicoll: I have no strong views on the topic, other than to say that, if there was no requirement for it to be hardened against attack, there is no reason why an office block would not suffice.

Chair: Yes. We now move on to the Scottish navy.

Q149 Thomas Docherty: Let me set the context so that we are quite clear about what we are talking about

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here, because different people have different assessments of what the SNP is proposing for the Scottish navy. On the basis of what the SNP seem to have said, they are looking at a couple of Type 23s, Type 45s, one or two offshore patrol vessels and a couple of Sandown-class minehunters inherited from the Royal Navy as their share, based on the 8% or 9% to which the Air Marshal has alluded. Others have said that it is 20 or 25 vessels strong, perhaps with conventional, diesel-powered submarines. Do you think either of those models is the most realistic, or is there a third model?

Rear Admiral Alabaster: I think I would go back to the answer that we both gave a while ago. It all depends on your foreign and security policies and what you want to be able to do. Simply saying, "Two Type 23s and two Type 45s because that is what is currently there," doesn't have much intellectual rigour and brings with it huge challenges in terms of the support and operation, in the case of the Type 45, of a hugely complex platform designed for a range of activities, including fighting at the highest level of intensity, which does not appear to be what Scotland is likely to be aiming to do.

Q150 Thomas Docherty: So, Rear Admiral, if we were to assume that it is two Type 23s, for example—if two out of 19 is their approximate share—and another 15 to 20 smaller vessels, OPVs, a couple of minehunters and fast boats to get out to the oil rigs, would it be sufficient work to sustain Rosyth? More broadly, would it be enough work to sustain the Scottish shipbuilding industry on the Clyde?

Rear Admiral Alabaster: Do you mean the support of those ships?

Thomas Docherty: This the problem, I accept, but if you assume that they are inheriting from the Royal Navy two Type 23s, a couple of minehunters and a couple of OPVs and then they have to procure a handful of fast boats for going out to the rigs—that is the Scottish navy—would it sustain Rosyth dockyard on the industrial side? In order to sustain shipbuilding on the Clyde, how much would they have to be procuring?

Rear Admiral Alabaster: It is very hard for me to give a sense of the answer to that question, but in terms of shipbuilding, as you will be well aware, Rosyth is assembling both the aircraft carriers, and large sections of both the aircraft carriers are being built on the Clyde, as, under current plans, will be the UK's complete set of the new Type 26 frigate. I do not know what the current plans are—how many of those are likely to be ordered—but on current plans all of the UK's frigates will be built on the Clyde. Clearly building two frigates for a Scottish navy from time to time is not going to be anything like that work load.

Q151 Thomas Docherty: And in terms of maintenance?

Rear Admiral Alabaster: I do not have the figures as to what the refitting and repair load has been at Rosyth but I am fairly confident that the repair load historically for the UK—for the Royal Navy—has

been substantially higher than it would be for the sort of Scottish navy that you described.

Q152 Thomas Docherty: What vessels do you think they would have to source from outside Scotland? Submarines?

Rear Admiral Alabaster: Given the world-class shipbuilding industry, particularly on the Clyde, I would have thought all the surface ships required could be procured from within Scotland. If a future Scottish navy were to have conventional submarines I think it would be unlikely to be cost-effective for them to create a conventional submarine building facility in Scotland; it would be more cost-effective to look elsewhere, either to the UK or indeed to some of the other European nations that currently build conventional submarines successfully.

Q153 Thomas Docherty: On the personnel side, for that footprint that I outlined of a couple of frigates, a couple of OPVs and some minehunters, would I be wrong to assume that the scale is about 1,500 to 2,000 personnel to crew that?

Rear Admiral Alabaster: I have seen those numbers. I have not worked through them myself. I have no reason to believe that they are wildly inaccurate.

Q154 Thomas Docherty: That would be a significant decrease, would it, at Faslane—if you assume Faslane is the Scottish naval base?

Rear Admiral Alabaster: Yes. We currently have about 3,500 Royal Navy and Royal Marines personnel based in Scotland.

Q155 Thomas Docherty: And that is before all the Astutes move? Or is that after?

Rear Admiral Alabaster: That is correct. That will increase as Faslane becomes the UK's sole submarine operating base.

Q156 Thomas Docherty: So from your former role, can you remember what the figure would be for Faslane approximately?

Rear Admiral Alabaster: I am really not sure. The move of all of the submarines has been announced and is happening. There is an aspiration to make Faslane the submarine centre of excellence for the UK, so moving some elements of submarine training and so on. That could be as many as another 2,000.

Q157 Thomas Docherty: Back to the procuring of submarines: there are some countries that have diesel conventional submarines.

Rear Admiral Alabaster: Yes.

Thomas Docherty: I think, Chair, you saw the Canadians' submarines.

Chair: It is so long ago now I can't remember any of it.

Q158 Thomas Docherty: Which countries are using conventional subs and what would be the cost of procuring? I would imagine they would have to procure more than one: you can't have a submarine, so you would have to go out and buy some subs. What would the cost be?

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Rear Admiral Alabaster: To have one of anything tends to be very expensive because of the non-recurring support costs. It also means, of course, that you don't have one available at all times, so you just have to hope that it is available when you need it. Having one is rarely a sensible strategy.

Q159 Thomas Docherty: Three or four, perhaps, might be a sensible, all-year-round figure?

Rear Admiral Alabaster: Absolutely.

Q160 Thomas Docherty: And so approximately what is the kind of figure?

Rear Admiral Alabaster: I honestly do not know what the UPC of an off-the-shelf conventional submarine is, but it would not be difficult to find out and get an estimate. Many of the northern European navies operate such submarines—the Norwegians, the Swedes to name a couple.

Q161 Thomas Docherty: What would you use them for?

Rear Admiral Alabaster: Of course, they are extremely useful if you believe that you have a submarine threat to your waters and installations. It is the best way in which to track another submarine. They have many other uses, of course: intelligence gathering, the insertion of special forces and all those activities.

Q162 Thomas Docherty: So this is the Russians. The reason why the Scandinavians got them isn't to keep an eye on the French but to keep an eye on the Russians.

Rear Admiral Alabaster: I could not possibly comment. But yes, of course. We will all remember the "Whiskey on the rocks", the Russian submarine that ran aground inside one of either Norway's or Sweden's harbours. Such incursions have gone on. Maybe that is just a sign of my age, maybe not everybody remembers "Whiskey on the rocks".

Bob Stewart: Some of us are old enough to remember "Whisky Galore!".

Rear Admiral Alabaster: There were a number of quite famous examples of Russian incursions into Scandinavian territorial waters right up to the coastline in the middle of 1980s.

Q163 Thomas Docherty: My final question. Would you advise the Scottish Government that they should procure three or four submarines?

Rear Admiral Alabaster: I think it pretty unlikely that they would ask my advice. It is a conclusion that I would expect them to come to, only if they had thought through everything else and, in particular, their relationship with the UK. We talked earlier about intelligence sharing and all the help that they might be able to get from others within NATO in terms of screening their own shores but, if they were on their own without help from others, then yes, I would expect them to do so.

Q164 Chair: Going back for a moment to Faslane, it would be a major naval base as well as the joint forces headquarters under the SNP proposals, as I

understand. Do you envisage that it would cost a lot or that it would take a long time to create a major naval base, or could they just use it as it is?

Rear Admiral Alabaster: It would need a substantial amount of work. At the moment, almost everything at Faslane is geared around the nuclear-powered, nuclear-armed submarines, with all of the security, engineering and safety thinking that that implies. The jetties and the shiplift for lifting submarines out of the water are all extraordinary pieces of kit but they are built to be super-strong and super-safe.

There is no dry dock at Faslane. The existing shiplift, built to lift a 16,000 tonnes nuclear-armed submarine out of the water safely, would be a very, very expensive way of lifting an offshore patrol vessel out of the water, if you needed to do some routine maintenance. They would have to do a substantial amount of work and, I suggest, build some new and more cost-effective facilities for a conventional naval base.

Q165 Chair: Why would it be expensive if it were already there?

Rear Admiral Alabaster: Because of the cost of maintaining such a complex safety-justified structure.

Q166 Chair: Do you think there would be a need for additional facilities for the Scottish navy elsewhere in Scotland?

Rear Admiral Alabaster: In terms of the security policy and what they wanted to do, one can envisage some kind of facility on the east coast, but perhaps based on Rosyth—not operating at the moment as a naval base, but it clearly still has jetties and docks.

Q167 Chair: Might that be a better choice for the headquarters of the Scottish navy?

Rear Admiral Alabaster: It would depend upon the sums. You would have to do the sums quite carefully. The facilities at Faslane are better, but they are the wrong facilities. They are expensive. It would need some very detailed work to look at the options, but building a new facility at Rosyth would certainly be one worth looking at.

Q168 Chair: You said just now that a lot would depend on what defence NATO was able to provide for Scotland. What would Scotland contribute to NATO?

Rear Admiral Alabaster: That is a very good question. It could, for example, contribute training grounds and ranges, which currently are used heavily by NATO, by other allies. At a typical Joint Warrior exercise you might have a dozen different nations taking part.

Q169 Thomas Docherty: The SNP has talked about a budget of £650 million a year for the Scottish navy. If I use, first of all, what they are inheriting—a personnel of 2,000 or so—does that figure sound right to you?

Rear Admiral Alabaster: I really have not seen a breakdown of the figure, which covers the stuff that in my experience is difficult to do, and expensive to

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do—particularly the material support; so I cannot comment on whether those are sensible figures or not.

Q170 Thomas Docherty: If you had to procure three or four submarines—if you had to procure additional vessels—from the Clyde or Portsmouth or elsewhere, would you be nervous about balancing your navy budget on £650 million?

Rear Admiral Alabaster: Yes.

Q171 Thomas Docherty: You would be.

Rear Admiral Alabaster: I think this Committee would be aware of the approximate real cost of buying a Type 45, albeit a very complex warship: many hundreds of millions for one ship, and that was when we built a class of six.

Q172 Penny Mordaunt: It was a billion per ship.

Rear Admiral Alabaster: I think—in terms of rules of thumb. The last Type 23 frigates we built, we paid, I think—don't quote me—perhaps £150 million, or of that sort of order, for a ship that was the last of a run of 14 or 18 ships, and so something we had become very good at building. That was at prices of some 20 years ago.

Q173 Thomas Docherty: Would you expect a separate Scottish navy to buy Type 26s?

Rear Admiral Alabaster: No, sorry—that was a Type 23 frigate.

Q174 Thomas Docherty: Yes, but looking ahead, would you expect, knowing about Type 26s—because obviously you were involved there—and given what it is supposed to be doing, do you expect the Scottish navy to have a business need for it?

Rear Admiral Alabaster: It would certainly be an option. If you can be part of a larger run of shipbuilding, then it is likely to be cost-effective, so it is an option I would expect.

Q175 Thomas Docherty: But if you weren't buying for the UK—if you were buying for Scotland—would you buy Type 26s, and how many would you buy?

Rear Admiral Alabaster: I would certainly consider the Type 26. I would need to compare it very closely with the roles which it was expected to play on the basis of the foreign policy, which of course we don't have; but it would seem it would be—I think some people would agree—very sensible to look at.

Q176 Thomas Docherty: And how many would the Scottish navy—

Rear Admiral Alabaster: I have no idea. It depends what you want to do. If you want, for example, to use them for defence diplomacy and to contribute to collaborative operations, perhaps counter-piracy off Somalia, then you might feel—

Q177 Thomas Docherty: If you were not doing that; if what you were doing was going back to the civil defence—what they simply have said, which is protecting the Scottish waters—would you buy the T26? If so, approximately—I don't need the exact number, but two, four, six?

Rear Admiral Alabaster: I would certainly consider the Type 26, of course, because it is available and perhaps, who knows, it could still be being built on the Clyde; but I don't know how many of them, and I am not going to name a figure.

Q178 Chair: When you say, “Don't quote me”, I am afraid it is one of the consequences of *Hansard*.

Rear Admiral Alabaster: I do understand it, but I have very little confidence in my memory on the cost of that ship, some 15 or 20 years ago.

Chair: Moving on from the navy to the Scottish air force.

Q179 Mrs Moon: Air Marshal McNicoll, these questions are obviously mainly for you. It has been suggested that the Scottish air force would spend about £370 million a year. It would have around 2,000 personnel, 60 aircraft; it would have MPA; it would have C-130, helicopters—

Chair: MPA?

Mrs Moon: Maritime patrol aircraft. It would use Hawk for, mainly, defence. Do you think that an independent Scotland would have the industrial, financial, intellectual and personnel capabilities to run and operate such an air force?

Air Marshal McNicoll: I have two separate sorts of comment on that. First, the probably rather messy divorcing of the assets and personnel would be extremely difficult. Obviously, if there were enough people who chose to join a Scottish air force, they might well have expertise across the board. On the other hand, they might not if insufficient people wanted to do it. On the question of whether that sort of budget would run that sort of force, I do not think that I am qualified to comment without having looked at the sums very carefully. However, the general point to be made is that the cost of transition is liable to be enormous.

If it got to the stage of trying to separate out a 12th of the UK's armed forces, that would be one part of the broader debate about the separation of assets, and clearly there could be the scope for trading. But a 12th does not go conveniently into a lot of the things that the Royal Air Force currently has. It certainly would not work for C-17s, for example, if they decided that they wanted transport aircraft, because there are only eight at the moment. If they wanted C-130Js, a 12th would effectively add up to two of them.

On the air defence side and the suggestion that Hawk might be able to fulfil the need, my personal view is that it could not possibly. The Hawk is a great training aircraft—a fantastic aircraft in many ways—but the idea that it could cope with the defence of what would be the Scottish air defence region is, I think, completely unrealistic. It does not have the radar capability to do so, nor would it have the speed to catch up with something that was travelling quickly. So I do not see that as a starter.

If you were going to look at a proper air defence aircraft, the money probably would not stretch.

Q180 Mrs Moon: I have to say that that was a very full reply, and you have answered quite a few of my

questions. What sort of aircraft would be most suitable for a Scottish air force?

Air Marshal McNicoll: If you were dividing up the current UK Armed Forces, clearly a proportion of the Typhoon force would be available, and that is an outstanding air defence aircraft. Presumably they could inherit that. If they were prepared to be part of a wider virtual—if you like—fleet of aircraft, they could also cope with the support aspects as well. Other choices might be looked at—I believe that Denmark are looking again at what they might have as the successor to their F-16. They are looking at an F-35, the joint strike fighter; they are looking at Typhoon, of course. I think that Gripen is another choice that they are looking at; there may be others—they are probably looking at the F-18 Super Hornet as well. So there would be other possibilities, but if you are going to buy them from scratch, the budget that you mentioned certainly would not cope.

Q181 Mrs Moon: Thank you; again, you have pre-empted my next question, which was about whether that would be manageable with a £370 million budget. Clearly not.

Air Marshal McNicoll: No.

Q182 Thomas Docherty: I did some work based on some answers from Peter Luff when he was the Minister. I broke it down, and the inheritance on the 8.4% figure that you used would mean that they would inherit seven Typhoons from the UK. Is that a sufficient size? Is that a critical mass of Typhoons, or would they need to go and buy something?

Air Marshal McNicoll: I think that those sums may well be correct—I have not done the sums for the Typhoon force.

Q183 Thomas Docherty: As of January 2012, there were 86 Typhoons declared by the Ministry of Defence—I am assuming that you were not hiding any—and 8.4% of 86 is 7.2.

Air Marshal McNicoll: There are, of course, more on order at the moment. The straight answer is no, seven aircraft would not be sufficient.

Q184 Thomas Docherty: Approximately, what kind of critical mass would you require of the Typhoon or equivalent—I take your point that there other options that could be bought—in order to do those core defence tasks?

Air Marshal McNicoll: You could discuss at great length whether one squadron or two squadrons might be sufficient, but you would be heading towards 15 to 30 aircraft perhaps; that sort of nature. That is total fleet size, of course. Some of them would have to be held in reserve—as attrition reserve—and some would be undergoing depth maintenance, so the total number of aircraft you have is not necessarily the total number that you have available on the front line to fly day to day. If you were to keep people current but also maintain a quick reaction alert, a squadron would be pushed to cope with that.

Q185 Thomas Docherty: You mentioned the Strike Fighter. I will not get into the merits of the Strike

Fighter as a procurement asset, but planes such as the Strike Fighter are, by their very nature, primarily about ground strike rather than air supremacy, are they not?

Air Marshal McNicoll: I think it will be able to do quite a lot of things very well indeed, but the Typhoon is the current air defence fighter that we are talking about. I cannot imagine that an independent Scotland would be in the F-35 market.

Q186 Chair: Can we get into a bit more detail about why the Hawk would be inadequate as an air defence asset? You say it does not have enough radar or enough speed. Can you be more explicit about that?

Air Marshal McNicoll: I do not have all the details of the Hawk at my fingertips, but I am sure they could be readily found. Any third, fourth or fifth-generation fighter up against a Hawk—there is no point in coming second and a Hawk would come second.

Q187 Chair: What does Ireland have as its air defence system?

Air Marshal McNicoll: It has virtually no ability to defend itself, which would clearly be an option for Scotland if they assessed in their foreign and security policy review that they did not perceive a threat.

Q188 Thomas Docherty: The SNP policy on the infrastructure for the Royal Air Force says that it would maintain two RAF bases—Lossiemouth and Leuchars. Given what they would inherit, or given that they might procure, say, to be charitable, 15 rather than 30 fast jets, would that be sufficient to maintain two RAF bases at Lossiemouth and at Leuchars?

Air Marshal McNicoll: I think two bases would be more than sufficient.

Q189 Thomas Docherty: Let me rephrase that question. Would that number of air frames require two air bases, or is one more realistic?

Air Marshal McNicoll: I do not know the answer to that.

Q190 Thomas Docherty: Okay. But two air bases would certainly be kind of comfortable for the RAF, in that there would be lots of room?

Air Marshal McNicoll: Again, this is in the nature of speculation as to what Scotland might choose to have as its defence policy, but to my mind I could not see that they would need more than two bases.

Q191 Chair: The implications of what you are saying are that they will rely fairly heavily on others for the defence that they might consider to be necessary. Would that be a fair conclusion to draw from all you are saying about air defence?

Air Marshal McNicoll: Well, they might choose to do so.

Q192 Chair: They might wish to do so. What do you think are the prospects for co-operation between an independent Scotland and the remainder of the United Kingdom on defence issues in general?

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Air Marshal McNicoll: That is much more a political question than a military question, and I think it would depend entirely on the political climate.

Q193 Chair: Okay. Let us suppose the political climate was favourable. Would it be possible in your view to pursue joint procurement?

Air Marshal McNicoll: I think it would be possible, but there is a question in my mind about how independent Scotland would then be when it had—let us say for the sake of argument—a 12th of the procurement arrangement, because if you have a 12th of the say that does not give you a casting vote. So I think it would be quite difficult to see how they could pursue an independent line when they were dependent.

Q194 Chair: What about joint logistics arrangements?

Air Marshal McNicoll: That would probably be easier to arrange, because I do not think that the same sorts of difficult decisions would be presented. If you had a fleet of aircraft that was common between the two countries and the political climate was favourable, there is no reason why that could not be treated jointly.

Q195 Chair: Have you heard of the concept of shared conventional basing?

Air Marshal McNicoll: I have heard the term used. I do not completely understand what it means, but if it means that you could base the remainder of the UK assets in Scottish bases, or share a base and have Scottish and the remainder of the UK assets at it, clearly that would be an option.

Q196 Chair: Rear Admiral Alabaster, is there anything you want to say about that?

Rear Admiral Alabaster: No; I think the same principles apply. There is another question about Scots serving in the UK armed forces, for example, and possibly vice versa, which is something that presumably might be considered as part of this co-operation and might cast things into a different light. I cannot see any reason why it would be difficult to co-operate and share basing facilities for surface ships, for example.

Q197 Chair: How would you expect the division to take place on the issue of where someone serves? If an individual from the remainder of the United Kingdom wished to serve in the Scottish armed forces, or vice versa, how would you expect that division to take place?

Rear Admiral Alabaster: I do not know, but obviously we have for many years allowed Irish to serve in our armed forces, and there are other special arrangements. I do not know what the technicalities would be, but it would seem to me to be one of the subjects that the two nations would wish to discuss and consider.

Q198 Chair: In the event of independence, what other discussions do you believe should take place between the two now-independent countries? What

concessions, if you like, do you think should be asked of one country by the other, whichever way around it may be?

Rear Admiral Alabaster: I think those discussions would most helpfully cover the full spectrum of military capability, of support arrangements, of manning arrangements and so on. Almost everything that defines the defence force of the two countries could offer something where consideration could be given for co-operation.

Air Marshal McNicoll: I would just like to add something on the personnel side, because I think that is one of the most difficult aspects. Setting aside training and other aspects, almost all of which would be conducted from the basic level upwards in what would then be the remainder of the UK, I think the point of division would be enormously difficult. It would, presumably, be voluntary. We have a volunteer force; there would not be a compulsion on people to join one force or the other, although one can envisage a range of outcomes that would result in having too many or too few on either side of the border, particularly in specialist areas, for example. I just do not see how that could possibly be handled by negotiation. The countries would be at the mercy of people's individual choices and whether they chose to continue to serve for them.

Q199 Chair: These things have happened before, have they not? Between, for example, the Czech Republic and the Slovak Republic.

Air Marshal McNicoll: The Czech and Slovak Republics actually seemed to do it with remarkably few difficulties; I might be overstating that. From a personal perspective, however, I was very proud to serve Queen and country, but the country I was serving was the UK. I do not think I would have been satisfied with a career in an air force of the likely size of the Scottish one but, equally, I am not sure that I would have served in a remainder of the UK air force.

Q200 Chair: So do you envisage, as a result of what you have just said, that there would be a greater drop in the number of individuals who would be interested in serving in the Scottish armed forces than the proportionate size of the country would suggest, because it would seem to be less of a career?

Air Marshal McNicoll: It is a simplistic argument to use, but if you think that the proportion of Scots in the UK armed forces is approximately in balance with the relative population sizes—slightly more for the Army, but it is about the same, I believe, for the Air Force and the Navy—and if you think that the current polls, if they are to be believed, would suggest that a fair proportion would not want independence, there would very likely be a good proportion who would not wish to serve in the Scottish armed forces, out of the 8.4 % of people who are Scottish. I think Scotland, most likely, would be short of people.

Rear Admiral Alabaster: I agree. I think that this is a particularly complex area. I reflect, for example, on the large number of Scots currently serving in the Royal Navy, many of whom are, for example, nuclear submarine specialists. That poses two questions: what jobs would they do in a Scottish defence force if that

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were non-nuclear, and, if there was some kind of co-operation, would they still be allowed to serve in those nuclear-armed submarines in the future? There are lots and lots of questions to be thought about. We have a lot of Scots in all sorts of specialist areas of the Navy that would not necessarily be replicated in a Scottish navy.

Q201 Thomas Docherty: Regarding the training of personnel, would you envisage a McDartmouth and a McCranwell—particularly, Air Marshal, on the Scottish air force side, if we are talking about a pretty small fast jet pool—for both services?

Rear Admiral Alabaster: It would be yet another question for discussion. I was lucky enough to command Dartmouth for two years. Dartmouth does train officers from a number of other navies around the world. Clearly that would not be impossible.

Q202 Thomas Docherty: No, but given 1,500 to 2,000 Scottish royal naval regulars and—I am not quite sure what the number would be—if you have 15 to 20 fast jets and a couple of Hercs, would there be a critical mass for a McDartmouth or a McCranwell?

Air Marshal McNicoll: Smaller countries do this in various ways. Some try to run their own establishments. Others contract out their training elsewhere. The other point to make would be that it could be claimed that a 12th of Cranwell and Dartmouth is Scottish and how would you separate that out.

Chair: If there are no further questions, may I say, gentlemen, thank you very much indeed? We are most grateful—very interesting evidence. We will continue our inquiry.

Tuesday 18 June 2013

Members present:

Mr James Arbuthnot (Chair)

Mr Julian Brazier
Mr Dai Havard
Mr Adam Holloway
Mrs Madeleine Moon

Sir Bob Russell
Ms Gisela Stuart
Derek Twigg

Examination of Witness

Witness: Professor Trevor Taylor, Royal United Services Institute (RUSI), gave evidence.

Q203 Chair: Professor Taylor, welcome to this Defence Committee hearing into the defence implications of an independent Scotland. These evidence sessions usually go on and on for hours and hours, but you will be relieved to hear that because there is only one witness—you—we may be able to get through the entire set of questions we want to ask you quite expeditiously because you are unlikely to contradict yourself, but time will tell.

Professor Taylor: Thank you for the compliment.

Q204 Chair: Would you like to give a brief introduction of yourself?

Professor Taylor: My name is Trevor Taylor and I work as a professorial fellow at the Royal United Services Institute. Something else in my portfolio is that I still teach at Cranfield university. I am emeritus professor there, where I did defence management. I work for those two institutions and I also do a little work for the Naval Postgraduate School in California. I am a career academic who has worked a lot in defence for more years than I care to remember.

Q205 Chair: Thank you. We are obviously interested in Scotland today. How important is the defence industry to Scotland?

Professor Taylor: That is quite difficult to answer because it is an economic question. If you asked what would happen if the defence industry disappeared overnight, there would obviously be severe disruption. As for the whole issue of how quickly it would take to readjust, recover and do new things, that is a guess really about the nature of the Scottish economy. Obviously, BAE Systems and Babcock with their shipyards are very important employers in the region. It is a long-standing industry. Then there are the high-technology parts of the defence industry in Scotland, which, in terms of the number of jobs, might not weigh so heavily, but they are significant. There are high-technology jobs in radar, electronics and optics with Thales. So there is a number of high-technology jobs there. There is no doubt that the employment side of the defence industry matters a lot to Scottish politicians—employment is always important to politicians, and there is a significant number of jobs there.

Q206 Chair: Is Thales a bigger electronic manufacturer in Scotland than Selex?

Professor Taylor: No, I think Selex is bigger because it has the radar business in Scotland. For the detailed

numbers of people who are employed, you would be better to ask the companies themselves. Selex has the airborne radar business for the UK. It used to be the old Ferranti radar business. That is based in Edinburgh.

Q207 Chair: Okay. Are there any other principal products produced in Scotland that you have not already mentioned?

Professor Taylor: I don't think so. At the margins, there are things such as the Ranges on the Hebrides, which are QinetiQ. There is obviously the nuclear Faslane and Coulport and all the people whom they employ. It is a significant number. It is 10,000-plus people.

Q208 Chair: Are you able to say what proportion of these defence products or services is produced for the Ministry of Defence as opposed to for export?

Professor Taylor: The predominant and most important customer is the Ministry of Defence. As you are probably aware, in the defence business generally, it is very difficult to export products unless they have been bought by your home customer. The most important customer for all of them is the Ministry of Defence, but I do not know the detailed breakdown of exports to the UK market for all the companies. Obviously, with Typhoon, the radar is a radar where there is a UK share for the Typhoon market as a whole—all the collaborative partners and the export customers. The most important customer for these companies is undoubtedly the UK Ministry of Defence.

Q209 Chair: Are you able to hazard a guess about what proportion?

Professor Taylor: I think probably—no.

Q210 Chair: It would be unwise, would it?

Professor Taylor: The companies may know, but even they may not quite know. You can assume that it is the same sort of ratio as in the UK as a whole, so probably 60% is home market and 40% is export.

Chair: That gives us a ballpark figure, which is useful.

Q211 Mrs Moon: Would you repeat the figure of how many were actually employed in the defence industries?

Professor Taylor: I think I had a tot up when I gave evidence to the Scottish Affairs Committee. The

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number, I think, is 12,000, but before I give a definitive answer on that, I would like to check it. It is in that region of about 12,000 people, but of course that does not take account of the multiplier effect, the people whose jobs depend on that. The Government said recently that there were 50 X-listed companies in Scotland.

Q212 Mrs Moon: Can you tell us a little bit about the nature of the jobs and how many of them are high-skilled and highly paid jobs? What is the ratio? Are we looking at jobs that would be easy to replicate elsewhere?

Professor Taylor: I am not sure if highly skilled is easy to replicate elsewhere. In shipbuilding, obviously, there are the shipbuilding trades and the tradesmen—the welders and others—that actually build the ships. But BAE Systems, going back to GEC days, the design of ships, the design expertise, is largely based in Scotland—the engineering and architecture jobs. Within the electronics area, particularly the radar business and the Thales business and the Raytheon business, I would have thought a very high proportion of their jobs were high-technology engineering jobs, as a rough figure. Whether they would be easy to replicate or replace with high-technology jobs is a big question about how the economy works, and I do not have the answer to that.

Q213 Chair: You mentioned a concept that has not recently been mentioned in the Defence Committee. You said there were 50 X-listed companies in Scotland; by that you meant what?

Professor Taylor: My understanding of the system is that, in order for a company to receive classified information—and to generate defence products you have got to be able to handle classified information—you have to go through a process by which you assure the security authorities that you can protect that information and that your employees are appropriately cleared. That involves them looking at the site, the physical protection of the site, how you are going to look after documents, what employment process you will have—a security officer, and so on. You can go through that process and become X-listed. That means that you are seen as being able to look after classified information and therefore you become eligible to receive classified information that you need, say, to bid on a contract or to deliver work on a contract.

Q214 Chair: And there are 50 of those in Scotland.

Professor Taylor: That is what the Ministry of Defence revealed the other day, yes.

Q215 Sir Bob Russell: May I press this point, because I am not sure, following your answers to the Chairman and Mrs Moon? If there was a yes vote in the referendum, what risks, if any, would there be to the future of the defence sector in Scotland? I do not think your answers gave a definitive position.

Professor Taylor: I was not asked that question.

Chair: You are quite right; you were not.

Professor Taylor: I have been, now. It is not a straightforward question and it is not a straightforward answer.

Q216 Sir Bob Russell: I gathered that from the previous answer.

Professor Taylor: It would depend significantly on—what are we calling it?—the rump UK or the London-based? Some of it would depend on the reaction of the entity that is left after the departure of Scotland. There would be a legal dimension to do with European procurement law. There would be a political dimension, depending on whether the new country was seen as an assured and reliable source of supply. There would also be—we should not understate—quite a lot of material to be clarified relating to the regulatory and legal machinery that would be needed. By that, I mean that if you want to receive classified information, you have got to have an export control system, a system for classifying—for clearing—people, to give them secret and top secret clearances. You need a customs organisation that you think can prevent things leaving the country improperly. This is something on which the United States is extremely enthusiastic. In NATO, obviously you need a clearances system.

I am not clear how some of the existing companies could continue to operate in an independent Scotland. Would the Westminster Government allow the people currently in Scotland to keep their UK security clearances? We do not normally give security clearances to foreigners working in foreign countries, so how would we handle it? We do not have an answer to that question. How would the United States view American technology being in a country that did not necessarily have an export controls system or something equivalent in which they have confidence? I think the regulatory mechanics about how the defence industry works across frontiers, which we are relatively familiar with in established states, would have a lot of problems. I only ask the question, but how would people in the rump of the UK feel about putting work into a newly independent state that was perhaps causing the UK to have to move its strategic deterrent at a cost of—a ballpark figure, Chairman, before you ask me—maybe £20 billion? Would it be regarded as an assured source of supply? I think there would be a major risk to the defence industry.

Sir Bob Russell: I would not describe England, Wales and Northern Ireland as the rump of the UK. Perhaps that is the wrong word.

Professor Taylor: If you can come up with a better one—

Q217 Sir Bob Russell: We can have a competition. The straightforward answer to the question is that if there is a yes in the referendum, there would be risks to the defence sector in Scotland.

Professor Taylor: Massive risk, yes.

Q218 Chair: Does any of that risk arise out of the issue of uncertainty as to how these questions would be answered?

Professor Taylor: Yes, in a word. How much resentment there would be, what the American

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attitude would be, what the attitude of whoever is in charge in the building across the road—Sir Bob, we really do need a word to refer to it.

Sir Bob Russell: I'm just thinking about it.

Professor Taylor: It would raise a huge number of questions. It would raise a large number of questions for the British Government and for the companies about how they would operate in a newly independent state.

Q219 Ms Stuart: If I were to play devil's advocate for the moment, I would respond, "Well, that is the nature of change." You simply have to arrive at new arrangements that deal with all the elements that you identified to have the relationships. How long would that take, assuming an independent Scotland could come to an agreement about supplies and assurances and so on? What is the kind of time gap where we would extend the air of uncertainty, because at the moment it goes from now to 2014 if we have a yes? How many years down the road are we talking about before you could establish relationships that would bring them back to the path?

Professor Taylor: Obviously, the relationship between the old UK—the London-based country—and Scotland would be an evolving question and an evolving set of relationships that was much bigger than defence and much bigger than the defence industry.

Q220 Ms Stuart: I'm talking about the defence industry in an independent Scotland.

Professor Taylor: It is very difficult to put a number on that. One of the big issues, which the Committee may be aware of, is the Type 26. Basically, there are three shipyards in the UK—two in Scotland and one in Portsmouth—that could build a Type 26. As of this moment, there is not enough work for those three yards and Portsmouth looks the most vulnerable to closure; but the Government have not placed a contract for the Type 26 construction. I think that quite soon after the referendum, they will feel that they need to place a contract. I can't speak for the Government, but it might be that that was a crucial decision for them, and they may decide, in the event of an independent Scotland, that the price would be such that they would not want to place their contracts in Scotland.

There is an interesting legal issue here about European procurement law. Forgive me if I just glance down, but article 346 of the European treaty does not require you to compete your contracts and it does not require you to place a contract in your own country if you choose not to compete it. Is the Committee familiar with 346? It is very brief. Should I—

Chair: Carry on. You're doing a very good job of explaining it to us.

Professor Taylor: It says that "any Member State may take such measures as it considers necessary for the protection of the essential interests of its security which are connected with the production of or trade in arms, munitions and war material". Technically, you might be able to place a contract in Scotland under 346—perhaps—but if you did not use 346, European procurement law would kick in and you

would be obliged to compete it on at least the European and perhaps the world market. The Government's response to the Scottish Affairs Committee did include the line that "they would then be competing for business in an international market." So I don't think the Government currently are offering the prospect of any favourable terms as far as defence procurement from Scotland is concerned.

Q221 Ms Stuart: I think I was very bad at explaining what I was after. At the outset, you talked about the 50 companies that had access and about customs agreements and assured sources. The Chairman then asked about the period of uncertainty going up to 2014, ahead of the referendum. What I was really after was this. If I was a Scots Nat, I would say to you, "Well, we would do everything that was necessary to be part of those companies, to be part of the customs agreement and to have these assured sources of supply." Even assuming that they could do that, how long would it take them to establish these kinds of things? What is the envelope of uncertainty? Is it years, decades?

Professor Taylor: I think it is years, not decades. May we call it the British system? If they were to say, "We will just take on the London system," that would clearly be the quickest, but that would be London-controlled and therefore you are into the question of what sovereignty would mean or, if you like, independence. There is a good will issue here. How much good will would there be in London towards this move? I don't know the answer. This would be a considerable inconvenience for defence—for European defence. It's not just British defence; it's European security. How much good will would there be, especially if the Scottish Nationalists insist on the removal of Trident? As the Committee is aware, that would be a very, very large cost for the UK to take on, and that would damage good will.

What's missing from some of this debate is serious consideration of what the reaction of others would be to a yes vote, because how the world looks after a yes vote would not be just a function of what the Scottish people wanted; it would be a function of what people elsewhere wanted. That agenda item ought to stay there. It would be difficult for the companies in many ways. It would be expensive for the British Government, not least with regard to the nuclear side—expensive and politically difficult, as you're aware, to think of a new location, so this is a high-impact risk for companies and Government.

Q222 Chair: You've raised the issue of European Union rules on procurement, and we will come back to the European Union and NATO later. In view of the major risk that you say would exist for companies, what do you think might be the consequence of independence for those companies? Do you think they might move south of the border?

Professor Taylor: I think politicians are famous for not answering hypothetical questions.

Chair: That doesn't stop us asking them.

Professor Taylor: The answer would depend on the cost and difficulty. If it is easy to do, I think they would do it very quickly. If it is expensive and

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difficult to do, obviously it is a more challenging question for them. The new Scotland will not be a major market for defence equipment. Currently, the Scottish defence industry serves the high-end defence market of a pretty large player. Obviously it is not as large as the United States, but it is a fairly large player that goes for big, advanced systems—aircraft carriers, combat aircraft, airborne radar, testing ranges and so forth.

The new Scotland would be a small country with a small country's defence needs. The domestic market for defence goods would be radically different from what it is now. Generally speaking, companies like to produce in a country where there is a good home market. American and continental companies invest here because of the size of the British market. I ask you to picture yourselves in a company boardroom asking, "What would this question look like to us when there is a small defence market in Scotland and we have to get through all these regulatory and other issues when dealing with London?"

Q223 Chair: Okay, so that is the market, but would employee skills continue to be a magnet for Scottish defence companies?

Professor Taylor: You mentioned the word "uncertainty," which is very pertinent here. I haven't done the research, but I'm not clear how many employees of the major defence employers in Scotland are in fact Scottish and would want to be part of an independent Scotland, and how many of them would readily move south because they do not feel themselves to be Scottish. There may be Scottish people working in those companies who would happily move south because they feel that their job would be more secure and they would have interesting work. There may be people in those companies who are passionate Scottish nationalists who would not want to move. One of the really difficult issues the companies would have to face is the mobility of their work force, which is why I said it is a low risk, high impact thing for them. There is no doubt that the human part of the kind of capabilities that are in Scotland, such as radar and ship design, is not easy to transport unless the workers are very willing.

Q224 Chair: On international collaboration on things such as the joint strike fighter, could Scottish companies continue winning those sorts of contracts? To what extent does it matter that the current United Kingdom is the tier 1 partner of the United States? Would winning those contracts still be possible for Scotland?

Professor Taylor: My quick reaction would be no. There are a lot of technology transfer arrangements. There is a UK-US defence trade treaty. There are all kinds of official and cultural relationships between the United Kingdom and the United States which facilitate the formal arrangements for the control of information. I may be wrong, but I don't see offhand how an independent Scotland could—within two or three years, at least—get the kind of security clearances that would enable them to work on these projects. How important it would be that Scotland has an anti-nuclear stance—and there is the whole

question about whether or not Scotland would be allowed into NATO, or under what terms they would join NATO; all that kind of material. It would be more difficult, anyway; much more difficult. I have had a bit of exposure to American control of information, and I don't quite see how the Americans are lightly going to pass classified information and controlled goods into an independent Scotland.

Q225 Chair: So, before any such work was carried out in Scotland, the new Scotland would have to enter into a new defence or trade treaty with the United States?

Professor Taylor: They would have to have a security system for the control of that information and that technology in which the United States had confidence.

Q226 Chair: And how long does it take to get such a treaty through the United States?

Professor Taylor: I am not saying that it would necessarily require a treaty, but the United States would certainly have to recognise—investigate and recognise. The United States has had very little to say and I have not seen much in the press about American reactions to this issue, but I think you would be talking about at least a small number of years for those things to be checked out. When I say a small number of years, I mean two, three, four. I don't want to be part of the conspiracy of optimism, but I would think this might drag out a bit longer than might have been initially expected.

Q227 Mr Brazier: I think you actually mentioned QinetiQ in passing then. What does this all mean for QinetiQ and the Defence Science and Technology Laboratory? I ask as someone who holidays near their Kirkcudbright facility. Do you think we would have to move our trials, evaluations and other things south of the border?

Professor Taylor: There are lots of things to be negotiated and discussed. I think the people of that area—some of them—have suggested staying with the UK whatever the vote, haven't they? Those things are not as sensitive as the nuclear side, so it may be that some kind of agreement could be reached on a fairly remote area—I don't know. Perhaps we would want to move the facility.

Chair: I will bring in Adam Holloway on the nuclear side now.

Q228 Mr Holloway: You have touched on that a couple of times, Professor Taylor. Clearly, they plan to get rid of Faslane and Coulport. What would the costs be, apart from the obvious ones? Aren't there some enormous costs regarding concrete cradles and things? Can you tell us a bit more about that?

Professor Taylor: I haven't been to Coulport—it's too sensitive for me. However, from what I understand about what goes on there, the cost of moving those nuclear installations to a new site would be very extensive. It is the weapons storage and then the submarine docking. There is some evidence on what the docks at Devonport for the Trident submarine cost to build.

Chair: I was in charge. It was horrendous.

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Mr Holloway: Is that because they have to be able to withstand an earthquake or something?

Chair: Yes.

Professor Taylor: And accidents of various descriptions. And obviously the weapons storage—

Mr Brazier: What of various descriptions?

Professor Taylor: Accidents of various descriptions—leaks. The safety arrangements—the Chairman could speak better on those than me. I find it difficult; if I were to give you a rough figure, I would say the starting figure would be £20 billion, but that is really just an absolute guess. It would be that order of amount that we would have to find, I think. There are various efforts under way. I don't think anybody has come up with a satisfactory answer about precisely where you might move the facilities to. I don't have an answer on that—

Q229 Mr Holloway: It is also a huge employer in that area. There are 700 MOD policemen, and it employs thousands and thousands of people.

May I ask another question, not related to the strategic deterrent but to the shape of Scotland's armed forces and security? They are talking about spending £2.5 billion in the future. What might a Scottish defence force look like?

Professor Taylor: This Committee asks tough questions.

Chair: We are in no doubt that you are up to answering them.

Professor Taylor: With a budget of that size and the economies of scale you get, it is difficult to imagine that they would have anything other than lightly armed ground forces, coastal patrols and perhaps vessels that could do something to protect the oil rigs. The whole air picture is very difficult because of the cost of combat aircraft and all that goes with it. It is very difficult to see how they would provide for the air defence of the country. In terms of fixed-wing aircraft, for the flight costs of modern aircraft—I don't know how you do the numbers—you are looking at £20,000 an hour or so at least for combat aircraft flight.

The air domain would be very difficult, as would the communications domain—satellite communications, and that kind of thing. It would be a small country's coastal, local defence force. Currently, they are part of a big country's force that still runs a sizeable Air Force and still has an oceangoing Navy, which still has large naval vessels. For a new country, any one of those things would swallow up its money.

The Scottish Affairs Committee asked about submarine construction in Scotland. We had a quick look at that, and one submarine would take their equipment budget for a year or so, if they could build one for anything like a price. A budget of £2.5 billion doesn't get you much unless you buy all your equipment, and even then it doesn't get you a very capable force.

Q230 Mr Holloway: I'm beginning to wonder how easily they would be able to recruit. Surely guys would much prefer to join the British Army than a Scottish defence force, given that it has a much wider scope.

Professor Taylor: Certainly, that would be one of the risks for a new Scottish Government, because the career opportunities they could offer in their force would be much more limited than the career opportunities those people could find in the south. That is assuming, of course, that the British Armed Forces would be ready to recruit people from another sovereign state of that nature.

Chair: Madeleine Moon, is there anything you would like to add to this question?

Q231 Mrs Moon: I wonder if anyone has tried to stop you speaking. Quite honestly, I am acutely depressed. I'm sure the Scottish nationalists don't want your evidence broadcast in Scotland, because you paint a bleak picture.

Professor Taylor: The basic elements of the case are quite clear. The defence industry in Scotland serves the UK market, which is a big defence market. Defence trade is special. You do buy things from overseas, but you quite often prefer, for security reasons, to buy things from within your own territory. If your territory changes, then your readiness to buy from that region is going to change with it. I haven't been able to understand why anyone would think otherwise. The issue is, does Scotland become a foreign country or not? If it became a foreign country, it would be treated as a foreign country.

Q232 Mr Brazier: The £20 billion figure that you gave in answer to Mr Holloway's earlier question was clearly a ballpark figure. However, could you give a very rough split between how much of that is the cost to us of replicating the system somewhere else, and how much of it is likely to be the cost—which we would be within our rights to leave to the Scottish Government—of cleaning up, removing the nuclear material and leaving it in an acceptable state?

Professor Taylor: I couldn't go there; I really couldn't. I was just trying to give an order-of-magnitude figure. One of the issues is how the rest of the UK would react to a yes vote. One of the things that would colour the UK's attitude to a yes vote might be the cost to us of that yes vote. If we wanted to keep the nuclear deterrent, the cost would be substantial. In terms of how substantial, I am thinking around the £20 billion mark. I might be completely wrong, but I doubt it.

Q233 Mr Brazier: But even if we cannot put a figure on it—Chair, you are perhaps well placed to comment on this—it would, presumably, be quite a large undertaking for the Scottish Government to decommission whatever is there on the nuclear side, remove it all and do whatever they wanted to do with it.

Chair: Luckily, I am not giving evidence, but Professor Taylor is. Do you want to comment?

Professor Taylor: I couldn't give a figure for that. What I am thinking of is how much responsibility Moscow took for whatever needed to be done in Ukraine and in other Soviet republics, which is perhaps analogous. I think the answer was that they did not take any responsibility for it. That might be relevant or it might not.

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Q234 Ms Stuart: Following on from this discussion, “billions” tend to be large figures but we are never entirely clear just how large they really are, so I just want to put it in context. The spending by the Scottish Administration on health in 2013–14 is forecast to be approximately £12 billion; so when we talk about £20 billion, we are actually talking about significantly more.

Professor Taylor: That would be the cost to us of moving.

Ms Stuart: Yes, but it just puts into context the shape of the figures we are talking about.

Professor Taylor: The extra costs of moving Trident would have significant implications for the UK defence budget, whether or not we would have to move to a higher level of defence spending. If we didn’t opt for a higher level of defence spending, the opportunity costs of whatever it cost would still be significant.

Q235 Chair: You paint, as Madeleine Moon says, a bleak picture. Let us suppose that the Scottish people have decided to vote yes to independence. We in the remainder of the UK will then have on our borders a neighbour with whom we will wish, presumably, to have cordial relations. While there might be feelings of resentment, we will wish to make that relationship work. Won’t that be right?

Professor Taylor: I don’t know.

Q236 Chair: Okay. But would it be possible, do you think, for procurement between the two countries—despite the fact that they are different countries—to be carried on on a co-operative basis? With Australia and New Zealand, for example, Australia sometimes buys x helicopters with New Zealand buying three of the same because it is all part of the same package.

Professor Taylor: The long-term nature of the relationship between Scotland and the London-based country is a matter of some uncertainty. I do not know what it would be. What I would say is that, as I have said already, the reaction of the rest of the UK to a yes vote has not really figured. There has been an assumption that people would have the good will you have just referred to, but there is a possibility that that would not be there. That is all I meant.

Clearly, the long-term relationship of the two entities would encompass many things. There is the whole issue of the pound and so on—the economic system. There are many areas of possible co-operation. Defence is particularly problematic because of the different defence policy that the Scottish National party, at least, has advocated for many years, in terms of hostility to nuclear weapons. That makes the defence element different from other agendas.

Your question is a good one. Who could say what the long-term nature of the relationship would be? First, it would change. It would be coloured; there would be an initial reaction, and then longer-term developments. I am not absolutely certain. Currently, on the polls, Scottish independence looks unlikely. That is from the polls so far; that looks like the probability. Perhaps the probability is that if there were a yes vote, there would be a favourable, amenable reaction in London, but it is also possible

that there would be a more resentful attitude in London.

Q237 Chair: Particularly, you suggest, if the cost of replacing or removing the nuclear deterrent were as high as it sounds.

Professor Taylor: I think that would be a factor in the equation, yes. It is likely to be. It is a judgment I am offering. We are all aware of a similar range of facts in the matter. It is a matter for the Committee to see whether they share my judgment.

Q238 Mrs Moon: May I ask a different question? Professor Taylor, as a Welsh MP, I have to say that referring to “the London-based country” would really alienate the Welsh. I would be careful about using that term. I assume that Northern Ireland would also not be particularly happy about being referred to as “the London-based country”.

There would be a huge cost involved in moving the nuclear deterrent from Scotland, and in relocation. But what would be the defence spending implications for the UK in still having to maintain a watchful eye on the north for potential threats, perhaps from the high north, with the opening of the Arctic sea; from planes coming across the Atlantic over Iceland; from submarines and so on? We would still have to watch that northern back door, without having strategic bases north of the border. What would the implications and the cost implications be?

Professor Taylor: Probably, from an air point of view, it would not make that much difference. There are others more expert than me, but aircraft can travel large distances quite quickly. I would not have thought that whether they are based in northern Scotland or northern England would make a huge difference. Maybe some of the issues about the north Atlantic and the Arctic would. It is big-power thinking that Scotland would not be able to afford, due to the nature of the systems. If we wanted to keep that thinking, we would have to bear the cost, but without the 7% or 8% contribution from the Scottish economy that comes to defence from that share of the population.

I am relatively sure that alternative basing arrangements could be made for patrolling to the north. Maybe we would have to ask our Scandinavian neighbours to take on a bit more. I think you are keeping the big-power thinking that the UK has traditionally had and seeing how we would have to deal with it. There are lots of other issues. We would have a smaller defence budget, so what else would we cut generally? We assume that we will lose 8% of the UK population, but would we lose 8% of the defence budget?

Q239 Mrs Moon: But if you were thinking in terms of basing, there would then perhaps be no imperative for the UK as a member of NATO to place its bases, if it needed bases to the north, necessarily in Scotland, which might not be a member of NATO. It could instead perhaps ask for help and support from other NATO allies, such as the Netherlands and Norway.

Professor Taylor: There is a bit of the Navy based in the north, I think, but most of it is based in the south, in and around Portsmouth and Devonport. The

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submarines are the biggest issue. My main focus is with the industrial piece, but I would not have thought that the basing issue would be the big question there. The big question would be the affordability of the forces, given the fact that the residual UK—whatever we are going to call this entity—would presumably lose some of its defence spend or the Government would decide to spend more, as a high share on defence. It would be the funding of those capabilities rather than just the basing issue.

Q240 Chair: May I take you back to an earlier question that was asked by Julian Brazier in relation to QuinetiQ and DSTL? You mentioned in response to what he said the issue of QuinetiQ ranges. Would those be easy or difficult to replace elsewhere?

Professor Taylor: I couldn't answer that question specifically. They need rather remote areas where there aren't many people and the UK is not famous for that sort of region. My understanding is that they could be moved, but it is not easy. You would have to ask QuinetiQ, I think.

Chair: I think that QuinetiQ has been eager to do that, to do it all remotely anyway.

I said that we would come back to the issue of the European Union and NATO.

Q241 Sir Bob Russell: In one of your earlier answers you raised a question mark about whether the three remaining countries of the former United Kingdom would welcome Scottish soldiers into our ranks. Of course, for 90 years an independent foreign country in the British isles has had many of its citizens joining Her Majesty's armed forces and they do not even recognise the Queen or the King as Head of State, whereas I believe Scotland would. So would there be a problem with Scottish people continuing to join our armed forces?

Professor Taylor: I only put that as a question. I think it would be a policy question. In all probability you are right. I know that an academic colleague in another institution, who is an expert on these matters, felt that people looking for an army career, wherever they came from in these islands, would look to what today is called the British Army, rather than a smaller force, for a career.

Q242 Sir Bob Russell: The SNP's policy envisages Scotland being a non-nuclear member of NATO, a member of the European Union and the United Nations, keeping the pound and, to boot, seriously reducing Scottish corporation tax. I believe that that is known as a having-your-cake-and-eating-it policy. Taking that into account, what economic and regulatory conditions would be required to maintain and foster an indigenous defence sector, if you were the Scottish Government?

Professor Taylor: Sorry, could you—

Sir Bob Russell: In the context of what the Chair was saying about the European Union, what economic and regulatory conditions would be required to maintain and foster an indigenous defence sector, if you were the Scottish Government?

Professor Taylor: Okay. The key bit is article 346, but also the defence procurement directive. Basically, 346,

when it was originally part of the treaty of Rome, was there to keep defence out of public procurement, and out of the EU, or the European Economic Community as it was then. Since then, the borders have got much more blurred and Governments have realised that, in Europe, the protection of national defence industries that work on quite a small scale is both expensive and ineffective. We find it more difficult to have companies that can compete with American firms because they can operate on a much larger scale.

In the past few years, there has been recognition that we ought to have more open procurement in Europe, even for defence equipment. While the precise meaning of a defence directive is a matter for lawyers and perhaps, at the end of the day, a court, basically what is being said now is that you should use 346 only for the most sensitive, almost lethal, major platforms area, and that other defence contracts should be openly procured within the European Union.

Q243 Sir Bob Russell: I am not a lawyer, but my limited reading of article 346 of the EU treaty obligations would not allow the remainder of the United Kingdom to give preference for defence contracts to Scottish firms, even if it wished to.

Professor Taylor: I was trying to address that earlier, perhaps not successfully.

Q244 Sir Bob Russell: The Scottish Government could not rely on the other three countries currently in the United Kingdom to push defence contracts north of the border, could it? Article 346 would not allow Britain to do that.

Professor Taylor: The normal thing to think of would be that a country has a choice. It can place a contract without competition to a company of its choosing under 346.

Q245 Sir Bob Russell: In its own country?

Professor Taylor: Normally in the UK, that would be in its own country. Or it can put the contract into the public domain and have a European procurement. That is unusual for us, because usually if we open it up to the European market, we open it up to the world market. The code for that is that we do not exclude the Americans from bidding for our contracts that are competed for. Whether technically, you could plead 346 and place a contract in a foreign country—my reading of it leaves me to say that I am not absolutely sure. You could well come in for a legal challenge.

Q246 Sir Bob Russell: Absolutely.

Professor Taylor: The justification for it is national security and, if you were to say, "Well, my national security says that it is okay to place it in this country, but not another one in the European Union"—

Q247 Sir Bob Russell: This is a matter for lawyers. My reading of it would be that no country can place an order in another country by using the defence of article 346. Therefore, an independent Scottish Parliament could not expect the three other remaining countries in the United Kingdom to be generous in putting defence contracts guaranteed north of the

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border, because we would not be able to guarantee that under article 346.

Professor Taylor: I feel a bit uncertain. I would check with a lawyer. I suspect that the UK has placed contracts without competition with foreign firms, whether they have been urgent operational requirements or some such, when we have not put it in the European Journal but we have bought from a foreign firm. That is just my suspicion. It would be a matter for lawyers and if you were to do it in such a way, which might be quite conspicuous, you might be liable to a legal challenge.

Q248 Sir Bob Russell: I am sure that we would be, but anyway, it may be prudent for an independent Scottish Government or one that is thinking of an independent Scottish Government to realise that article 346 would not necessarily be used by the remainder of the United Kingdom to push defence contracts north of the border.

Professor Taylor: It would be very difficult to use 346.

Q249 Sir Bob Russell: Following on from that, how important would factors such as European Union membership, NATO membership, the corporation tax rate and currency be to defence companies wishing to operate in an independent Scotland?

Professor Taylor: Currency is perhaps a simpler one to address. If you are operating in the same currency, you do not have foreign exchange rates. They would presumably find it easier to work in another country that did not present an exchange rate risk.

EU and NATO membership would again, I think, in many ways make them more comfortable. Obviously, if they were in the EU, the EU procurement regulations, which we have discussed, would come into play. The EU is clear on—let me read the phrase—“the essential interests of its security”. The European Commission has been clear that essential security interests cannot refer to jobs; it is to do with defence considerations, so a Scottish Government that wished to place defence contracts to sustain or rebuild employment in Scotland would have trouble with the European Commission if they were a member of the EU.

Q250 Sir Bob Russell: Linked to that and your previous answers, could an independent Scotland continue to attract a derogation for UK Government contracts, or would they have to compete at EU level if contracts were openly tendered?

Professor Taylor: I think they would have to compete at EU level.

Q251 Sir Bob Russell: The last question: putting yourself in the shoes of a defence contractor, what impact would EU procurement rules have on defence contractors in an independent Scotland?

Professor Taylor: If you could get all the security and other machinery in place overnight, they might feel that, as a member of the EU, and with capable industry, they would have access to a wider European market, rather than just Scotland. So they might well feel that it was beneficial. Whether the European

market will, in fact, get that open, especially for this kind of major systems—these are sensitive things that are in Scotland—I have my doubts. You do not have much trouble in calling 346 from a London or UK point of view with regard to shipbuilding. In fact, the Government response to the Scottish Affairs Committee has listed the things that they see as covered by 346, and many of the things are in Scotland. There might be some firms that would get wider access, but they enjoy that access to the European market, even as part of the United Kingdom.

Q252 Sir Bob Russell: But they have a better opportunity to penetrate the EU market, do they not, as part of the United Kingdom, as opposed to being located in an independent Scotland?

Professor Taylor: Given all the transition-of-membership arrangements, and so on, I would have thought yes. Having access to the UK market gives them greater bulk anyway.

Sir Bob Russell: Thank you.

Q253 Chair: Have you formed a view—it may not be for you to form—on whether Scotland would be part of the EU, would have to apply to the EU, or would get automatic membership?

Professor Taylor: I have formed an inexperienced view that it would have to apply for membership. It is seceding from the UK.

Q254 Chair: Have you formed an expert or inexperienced view as to whether such an application would have to be subject to a referendum within the remainder of the United Kingdom?

Professor Taylor: I have not formed a view on that. It is a very interesting question.

Q255 Chair: If you were to consider that, which way do you think a vote might go? Now that is a really hypothetical question.

Professor Taylor: Clearly, that would be high politics. It would come down to the stance of the Government of the day as to whether they felt that the British people would expect a voice on that. If you take a doctrinaire position that any further modifications of treaties on the European Union should be subject to a referendum, you have just given the answer. I do not have huge faith—I think we elect politicians to take our decisions, especially on matters with significant technical content, but if you take a position that any change to European treaties should mean a referendum, this would be a significant change to a European treaty.

Chair: Are there any further questions? We are just about to have a vote in the House.

Q256 Mr Holloway: It sounds trite, but I know people will be interested. What do you think would happen to regiments such as the Scots Guards and the Royal Scots Dragoon Guards after independence?

Professor Taylor: The SNP has said that it would take the Scottish regiments into Scotland. There would be a division.

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Q257 Mr Holloway: Take the Scots Guards, for example. Their allegiance is not to Parliament but to the Crown.

Professor Taylor: Yes, and that is a really good question. On a moment of lightness, I once ran a course in Sri Lanka and we had students from the Pakistani and Indian militaries. We found that we had different battalions of the Bengal Lancers chatting about what had happened to their regiment since the two countries divided. I do not know the quick answer to how the Army would be split up. Many of the Scottish regiments have a significant number of British officers.

Q258 Mr Holloway: Exactly. Where do the Paras get their NCOs from?

Professor Taylor: Yes. Some of the Army experts feel that the British Army could probably continue to recruit from Scotland if it so chose, and that it would be a more attractive career option than the Scottish armed forces for somebody who wants to be a soldier. That seems to make some sense to me.

Chair: Professor Taylor, thank you very much indeed. That was very interesting and not as long as you might have been expecting.

Tuesday 2 July 2013

Members present:

Mr James Arbuthnot (Chair)

Mr Julian Brazier
Thomas Docherty
Mr Dai Havard
Mr Adam Holloway
Mrs Madeleine Moon

Penny Mordaunt
Sir Bob Russell
Bob Stewart
Ms Gisela Stuart

Examination of Witnesses

Witnesses: **Keith Brown MSP**, Minister for Transport and Veterans, Scottish Government, and **Sean Stronach**, Defence Policy Unit, Scottish Government, gave evidence.

Q259 Chair: Order. I do not usually say that, but I am told that it starts the broadcast. Welcome, both of you, to this evidence session on the defence implications of possible Scottish independence. Mr Brown, you are the Minister for Veterans.

Keith Brown: That is right: transport and veterans.

Q260 Chair: As I understand it, you served with 45 Commando during the Falklands war. You have respect and the country's gratitude. Mr Stronach, would you like to introduce yourself?

Sean Stronach: Yes. I work in the Scottish Government, in the Defence Policy Unit.

Q261 Chair: Mr Brown, can you describe, briefly if possible, the Scottish Government's defence policy?

Keith Brown: Certainly. Can I do that by way of an opening statement? It should not take too long.

First of all, we believe that the fundamental case for independence is that it is better for all decisions about Scotland to be taken by the people who care most for Scotland. They, of course, are the people who live and work there. In areas currently reserved to Westminster, all too often, in our view, decisions are taken against the Scottish interest, and often against the wishes of Scottish MPs. For example, a majority of Scottish MPs voted against Trident renewal in 2007, and a majority of Scottish MPs agreed that the case for the Iraq war had not been established, but on each occasion the Scottish majority was outvoted.

It is not just in formal votes of the House of Commons that the Scottish interest has, in our view, been badly served. Between 2000 and 2012, the total number of service and civilian Ministry of Defence personnel dropped by 8,800, a reduction of more than 35%. Reductions in Scotland were substantially greater, incidentally, than in the UK as a whole. Civilian defence jobs in Scotland have been cut by half; the current coalition Government have broken a pledge on the number of troops to be stationed in Scotland; and, of course, the latest MOD announcement is that a further 4,480 UK Army personnel have received redundancy notices, which is extremely concerning. Service personnel commit to undertake active service, putting their lives at risk to defend our freedoms and our way of life. Scottish Ministers believe that all service personnel should therefore have reassurance that they will not face compulsory redundancy during their service contract.

Mr Chairman, I know that you have expressed serious concerns about the risks involved in the loss of maritime patrol aircraft capability. This was, in our view, a particularly wrong-headed decision for Scotland's security, as well as for the rest of the UK and our international partners.

The context for choices on defence and security will be Scotland's wider foreign policy, but Scotland will play its part as a good global citizen, to come back to your initial point about the context for this. We will take a positive approach to economic and social justice, environmental and climate security and the protection and promotion of human rights, but our geographical position, our proximity to the high north, the wealth of our offshore assets and our commitment to working in partnership with allies will be the key determinants of a defence and security policy appropriate to Scotland's needs.

Scotland's position in the north Atlantic is of huge geo-strategic importance, not least in relation to the other members of the North Atlantic Treaty Organisation, so continuing co-operation in that area will be of critical importance. It will be an undoubted priority for Scotland to secure and monitor an extensive maritime environment. The security of our closest neighbours and partners will be a central element of our own security, and vice versa. Security will develop through a process of dialogue, negotiation and sharing, working with the rest of the UK and other partners such as NATO. Our closest ally will, of course, be the remaining United Kingdom.

From my experience, Mr Chairman, the most vital part of the armed forces is its personnel. To be most effective and motivated, they need to be well equipped, well supported and properly treated. We should not, for example, leave our troops with inadequate footwear or having to buy their own rations while on the front line. We should not have the regiments to which they joined up disbanded while they are on active service. Above all, we should not have our service personnel looking over their shoulder, during mortal combat, to see if they are going to be handed a P45. It is hard to stress how strongly serving families and members of the armed forces feel about the way in which they have been treated in that respect. It is a fundamental breach, in our view, of the covenant that should exist between servicemen and women and their political masters, whose decisions put them in harm's way.

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Finally, Mr Chairman, having stood at the Somme yesterday, neither myself nor the Scottish Government need any reminder about the debt of gratitude owed to those who serve in conflict or, indeed, about the need for robust, properly equipped defence forces. If people in Scotland decide in a democratic vote to become independent, I believe that our countries will continue to enjoy the closest of relationships when it comes to defence co-operation, procurement and other matters, but that will be a relationship based on equality and mutual respect.

The Scottish Government, as you know, are resolutely opposed to Trident and, in the event of a yes vote, will negotiate to ensure the earliest safe removal of Trident from the Clyde. Scotland's interests will also be directly reflected in decisions to deploy military forces, with a stronger role for the Scottish Parliament than there currently is here at Westminster. The Scottish Government welcome the legitimate public interest in defence and security in an independent Scotland, and your inquiry is part of that, but our plans will be presented in detail first of all to the people of Scotland well in advance of the referendum, allowing them to take a fully informed decision.

I know that some of the questions that you have will touch on the budget that we have set. I can confirm that the overall budget that we propose for defence and security for an independent Scotland would be £2.5 billion. This would in fact be an annual increase of more than £500 million on recent UK levels of defence spending in Scotland, and would be nearly £1 billion less than what Scottish taxpayers currently contribute to UK defence spending.

This is the most important point: in defence and security, perhaps more than in any other area, all the people of the UK have the right to expect their Governments to work together constructively. The UK Government, in particular, should follow the recommendation of the Electoral Commission by engaging in discussions to prepare for the outcome of the referendum. That does not mean—as some have suggested, including the Prime Minister—that that would involve pre-negotiation, but it would allow officials on both sides more fully to assess the issues and opportunities involved, and to prepare for decisions that would need to be made very soon after a yes vote. For example, Scotland would be entitled to billions of pounds-worth of assets, listed in the National Asset Register, that our citizens have contributed to—something which the Scottish Secretary of State, Michael Moore, has agreed with.

Whatever the result of Scotland's referendum next year, both Governments have committed to working together constructively in the best interests of both Scotland and the rest of the UK. It will be in that spirit of constructive and friendly negotiations that those negotiations should be conducted.

Thank you very much for the chance to make that opening statement. I am happy to try to answer your questions.

Q262 Chair: Thank you very much. That is extremely helpful. We will try to drill down into some of what you said during the course of this afternoon. I should say that we expect this particular evidence

session, with both of you, to last until 3.30 pm. Then we will have a quarter of an hour's break before we hear from the Secretary of State for Defence. As he has already said a lot of the things that we would be asking him about in a speech, we expect his evidence session to last until 4.30 pm. Your torture will be over by 3.30 pm, Mr Brown.

You said that you would be making your defence policy clear to the Scottish people in good time before the referendum. When do you expect to publish the White Paper that will provide the details for the Scottish people?

Keith Brown: The autumn of this year.

Q263 Chair: Would you say October or November, or would you rather leave it as the autumn?

Keith Brown: I think that it will be the autumn.

Chair: Okay. Thank you.

Q264 Sir Bob Russell: Mr Brown, the forces of the four nations of the United Kingdom are currently known as Her Majesty's armed forces. What would the forces be called in an independent Scotland?

Keith Brown: I cannot say that there would be much difference from the current situation, given, of course, that we would expect the Queen to be the continuing Head of State in an independent Scotland, but this again will be something that we cover in the White Paper.

Q265 Sir Bob Russell: The reason I ask is that it has been suggested by some people that it would be known as the Scottish defence force, but at the moment a defined name has not been agreed.

Keith Brown: No.

Q266 Sir Bob Russell: That is fine. Previous witnesses have suggested that the role of a Scottish defence force would focus on "the internal security of Scotland" and "defending Scottish territory, assets and possessions on land, at sea and in the air against intrusion, disruption and attack". If that description is correct, what do the Scottish Government consider to be the priorities and core tasks for a Scottish defence force?

Keith Brown: I think they follow on from the statement which you have just made. They are not radically different from those threats and requirements that the UK currently has to anticipate, in terms of the deployment of its armed forces. For example, there are our energy assets, which I have mentioned already, and our obligations to our neighbours. To be frank, once the referendum has concluded—I anticipate a yes vote—we will see a radically different approach to the pragmatics of how we organise areas of joint interest. We will obviously have joint interest with the UK in areas such as air cover and on some of the maritime activities. What we do not have just now is effective maritime patrol facilities and air facilities, which were not seen through by the UK Government, so we would have to look at ensuring that we can meet the obligations our neighbours would expect, in terms of air cover. In relation to maritime security, we would of course have to ensure that our coastline was free from the threat of drugs and terrorism. I am sure that

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you know about the arrangements in place for safeguarding the oil-rig installations in the North Sea, which would obviously be a major factor for us as well.

We would contribute to international efforts where we believed it was in the interests of the people of Scotland to do so. We would seek to be a good neighbour in the world and a good partner with our partner countries—those in the immediate area—and our policy is to be a member of NATO. I realise that there is a process to go through with NATO, and that it is a matter for NATO to decide. We would seek to uphold those obligations and play a full and active role in terms of those obligations.

Q267 Sir Bob Russell: I want to ask one more question on the back of that answer. How close to the English border would you anticipate Scottish land forces being based?

Keith Brown: I cannot say that we have thought about it in terms of how close they would be to the English land border. You will have seen from our statement of defence policy that we would expect the headquarters of our armed forces to be at Faslane—that is the joint headquarters. The disposition of Scottish forces after that to some extent relies on which bases have been left to us by various UK defence reviews. They have been chopped and changed, and are in the process of being put on the market and so on, so it is hard to say exactly which bases we will have left at the point of independence, but we are not about to amass an army on the border. We do not see that as necessary.

Q268 Ms Stuart: In your opening statement, you made reference to potentially dividing assets in the case of a yes vote. Can you expand a little on how you think that asset division might be achieved and what the basis for the asset division would be?

Keith Brown: Certainly. Just now we have about £92 billion-worth of defence assets in this country. Scotland's proportionate share would be between £7 billion and £8 billion. It is fairly obvious that we would not be looking for 8.4% of an aircraft carrier—that would be absurd—but it is fair to say that Scottish taxpayers have contributed to the defence assets that are there, so they have that say. Some of the evidence that I have seen from your previous sessions suggests that it is almost a standing start and that there is nothing that Scotland has a stake in. We do not think that is true.

What is crucial in this respect, and what should be happening now, is discussion between officials in the Scottish Government and the UK Government. I cannot believe for a second that there are no contingency plans, as has been stated previously, being drawn up by the UK Government on independence for Scotland. Given that the work is likely to be ongoing, let's have the discussion now and find out what a proper division would be—one which serves the interests of both countries. It is that practical discussion, which has to take place, that will give us something suitable for Scotland and for the rest of the UK. The security and defence of the rest of the UK is vital for an independent Scotland and vice versa, so that is what we would seek to achieve

in those discussions. There is no point in being disruptive just for the sake of it.

Q269 Ms Stuart: Help me with my arithmetic. You suggest a population-based share of the assets. Scotland's approximate population is about 8.4%, and that is the kind of asset you would be looking for.

Keith Brown: As reflected in current arrangements between Westminster and Edinburgh, in terms of Barnett consequentials, which do not apply in relation to defence, obviously. In proportion to that, yes.

Q270 Ms Stuart: Is that the asset register?

Keith Brown: Indeed.

Q271 Ms Stuart: Clearly you have been reading it.

Keith Brown: Every single word.

Q272 Ms Stuart: Even in the absence of the UK Government's planning contingencies, have you established some priorities—the key things that you want to maintain in Scotland?

Keith Brown: That work is ongoing, but from what I have already said, you can probably deduce some of those priorities. I am referring to the absence of maritime patrol aircraft in the north of Scotland, and the fact that there is no major naval surface vessel in Scotland at all now, and has not been for some time. There is certainly one under construction, but not one based there. You can see why Scotland, with 800 islands and a vast coastline, would want to have substantially better sea capabilities than we currently do. That would obviously be a priority for us. We believe, on the work that has been done so far, which is ongoing, that it is possible to reflect those priorities in the discussion that we have with the UK Government. Just now, as I say, that discussion is not ongoing, but we believe it is perfectly possible to reflect what Scottish priorities are in that discussion. You can also make deductions in relation to air cover, which I have mentioned.

The idea has been suggested, in previous sessions that you have had, that there should be a ripping up. First, we do not seek to replicate a new version of UK armed forces in miniature for Scotland. We have a different set of criteria that we wish to apply to the armed forces in Scotland, and a different role for them—non-nuclear, for example. Our priorities can be deduced from that, and we are working on that just now. That will be reflected in the White Paper. It would be much easier to do if we were to have the other side of that conversation with UK defence officials now.

Q273 Ms Stuart: In the White Paper, will you be specific about the assets that are essential to your plans? Will they be spelled out in the White Paper in the autumn?

Keith Brown: I think you will get substantially more information at that stage. There are clearly some areas where the UK will not have what we believe we will need for an independent Scotland. I think you will get a lot more information at that time about what we might be able to agree with the UK is useful for Scotland and, bearing in mind the needs of the rest of

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the UK, what it is clear that Scotland will not require, but beyond that, we will also start to spell out where we think we have other needs, which we have met from elsewhere. It is a White Paper. There will be more information in it that will help you with the answer to your question.

Q274 Ms Stuart: May I press you a little further, to help me to understand? We are having a White Paper, and we have the referendum in 2014. Let us say that there is a yes vote. There are not yet any negotiations as to what assets you would require. What kind of time scale would you be looking at, as a minimum, for a decision on which assets would remain in Scotland if you wanted to ensure continuity in the defence of Scotland?

Keith Brown: First, to go back to a really fundamental point, these things are much easier to be clear about if there are two sides to the conversation. I hope that when the Committee has a chance to speak to Mr Hammond, he will respond to the point that if his officials are willing to discuss this with us, we can get to a much clearer position. However, to go back to your point, it will be a variety. For example, we have accepted the fact that the Trident nuclear missile system should not be removed ahead of any safe time scale for doing so. Some people consider it an asset, I believe. If that is considered an asset, it is quite possible that it will be in Scotland for some time after we assume responsibility for defence forces, which will be in March 2016, so that will be a longer time scale. There are other things that it would be much easier to transfer before that, but again, to be more specific on that, we have to have the other side of the equation. If we do not have a discussion—if we have this stonewalling from UK defence: the MOD and so on—it is very hard to come to an agreed position on that, although I do think that after 2014, you will have to see a different attitude on the part of UK defence, because the security and defence of both our countries will be at stake, and the only way you can deal with that is by being pragmatic, reasonable and responsible about it, so I think that will happen very quickly after September 2014.

Q275 Chair: May I ask a brief question to clarify something that you just said? You said there was no major surface vessel in Scottish waters at the moment. What sort of surface ship were you referring to?

Keith Brown: I didn't catch the last part of your question, Chair.

Chair: What size ship were you referring to?

Keith Brown: In relation to not being in UK waters, and what we would like to see there?

Chair: No; you were saying that there is no major surface vessel in Scottish waters at the moment. What were you referring to as a major surface vessel?

Keith Brown: Vessels not for inland waterways—vessels for patrolling the seas. We do not have those just now. We have no major surface vessel based in Scotland just now.

Q276 Chair: Clearly, there are no Type 45 destroyers there.

Keith Brown: Not based there.

Q277 Chair: Is there anything else you wish you did have there?

Keith Brown: Yes, I think I have mentioned that we would like to have more capability in relation to maritime patrolling. That is something that we are looking at very seriously just now—how we might achieve that. We should have that facility now within UK defence, but we do not have it, so we will need to enhance that.

Chair: I see. We will be coming on to the Scottish navy in just a moment.

Q278 Mr Brazier: How many personnel, Mr Brown, do you envisage being in the Scottish navy, army and air force?

Keith Brown: A combined complement of around 15,000.

Mr Brazier: I did not fully hear that.

Keith Brown: A combined complement of around 15,000, with about 5,000 reserve forces.

Q279 Mr Brazier: Can you split that down between the services?

Keith Brown: No. As I have mentioned, we have a different set of needs in Scotland from those that are currently served by the UK Government, so we would want to take some time—as we are doing—to find out exactly what the configuration should be. I have mentioned already that we have 800 islands and a large coastline. Obviously, we want to reflect that priority. Beyond that, the extent to which you need to have sustainable levels of forces for air forces and land forces would be reflected in that as well. We are talking to a number of people just now about exactly what that configuration should be, but that will be made clear in the White Paper.

Q280 Mr Brazier: Who would you regard as eligible to serve? The bulk of Scotsmen serving in the British armed forces at the moment are not resident in Scotland. What would be your eligibility criteria for the services?

Keith Brown: Well, yes, anyone currently serving in the armed forces in the UK who wants to serve in the Scottish defence force. Beyond the Scots, there are something like 42 different nationalities in the UK armed forces. That is a valuable resource, so we would not want to be restrictive in relation to that. Those Scots who wanted to continue to serve in the UK armed forces can do so—the First Minister has made that point clear—and those who want to serve in the Scottish defence force can do so.

I have heard some comment in this Committee about recruitment and retention in relation to armed forces, and some scepticism about the ability of an independent Scotland to recruit armed forces. We believe first of all that the Scottish regiments, as you may know, have been very effective in terms of recruitment. They have some of the highest levels of recruitment in the current British Army. Beyond that, we believe that we can make it more attractive. I have already mentioned the fact that we would have an agreement whereby there were no compulsory redundancies on people serving in the armed forces during the term of their contract. It is also possible to

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look at moving beyond where the UK currently is, in terms of the conditions of service for armed forces personnel. We have one of the most restrictive agreements that you have to make when you join the armed forces, in terms of your political and civil liberties. We think that that would make it more attractive.

Thirdly, many people in the armed forces whom I have talked to had a very different conception of their ability to serve in different roles, and to build a career within the armed forces. They have found themselves, by and large, tied to one particular role, or they have been continually rotated, in terms of Afghanistan, and are quite unhappy about their prospects for building a career within the UK armed forces. That has probably not always been the case, but it seems to be the case just now. So, those things taken together would make it very attractive—and this is obviously in our interests—to join an independent Scotland's armed forces.

Q281 Mr Brazier: Clearly, Afghanistan will be winding down by then, but you envisage lots of opportunity to serve abroad, if I have understood you correctly.

Keith Brown: I have already mentioned that we would take seriously our international obligations. They might be in a different context from UK choices, in terms of international engagement. I cannot believe, as I have mentioned already and as is reflected in the votes of Scottish MPs and the views of the Scottish people, that we would have been involved in Iraq, or in the servicing, use of or patrolling of nuclear weapons. Those things would not be available, but there is a great deal that can be done. I am sure that you will know about the joint exercises that various nations currently undertake. Certainly, in my time, there were the joint exercises with the Dutch marines and large-scale NATO exercises in Norway. There is a great deal of scope for personnel in the independent Scottish armed forces to be involved in international activities.

Q282 Mr Brazier: Could I ask you about training? Do you envisage Scotland having its own Sandhurst, Cranwell and Dartmouth? You said a lot about islands and the importance of patrolling. How will you organise that?

Keith Brown: It is worth prefacing my answer with the point that Scotland has already contributed substantially to those establishments—to the cost of establishing and running them. Scotland has a stake in those already. I am sure you know that Sandhurst trains people from nationalities around the world. It is an excellent teaching centre for that purpose, and has been recognised. This is one of those areas—it is also related, for example, to training areas, in which Scotland has a great deal on offer—where we can come to a proper discussion, if we have that discussion with the UK Government, about how best to achieve that.

Obviously, one of the possibilities is collaboration, and we want to look seriously at that. Another possibility, as you have suggested, is setting up our own version, but I think that we would want to have

that discussion with the UK Government first of all. It is hard to see, if it was to be the case that we believed that we had collaboration—so perhaps accessing the training available at Sandhurst—why that would be an issue if, as at present, the establishment services personnel from armies around the world. It is possible to achieve that, but I think we will take our time, as we are doing, to talk to some of the experts about what would best serve the interests of Scotland.

Q283 Thomas Docherty: Let us deal with Sandhurst first, Mr Brown. If we assume that there are 8,000 in the army—that figure is possibly low, but if we said 8,000 in the army—and I am using the British Army model, then you are requiring somewhere in the region of 200 officer cadets per year. Sandhurst currently has, in total, 75 international places a year. Is there not a disjoin there between your figures and Sandhurst availability?

Keith Brown: First of all, I would challenge the 8,000 figure that you mentioned, but no, because if you think about it just now, those 75 international places do not currently include those from Scotland. Those from Scotland who join the UK armed forces are currently accommodated within Sandhurst. There is no increase to that quantum unless, of course, Scotland decided it wanted to have a greater number of officers being trained. It is perfectly possible—if that is what we chose to do and if that is also what the UK Government wanted to do—to reach an accommodation on that. That is not to say that that is what we currently propose, but it is perfectly possible to reach an accommodation even within the constraints that you mentioned.

Q284 Thomas Docherty: We will come back to the 8,000 figure in a second. The problem is that we are making assumptions, but if we assume that the rUK British Army—whatever you want to call it—stays at about the 80,000 Regulars and 30,000 Reserves that it is moving towards, that is a huge disjoin between the number of places that Scotland may need and the number of places that are available. Do not forget that those are places that countries are buying as well; I think that £50,000 a head is what the PQs say. Forgive me, but I do not understand how you can say that there will be places made available at Sandhurst for the Scottish army.

Keith Brown: Again, you have stumbled back to this difficulty with the inability to have the engagement which we would seek. If you were able to sit down people in the defence policy unit within the Scottish Government and those who are within the UK MOD—it is hard to understand why it is not possible to do that just now—I am sure that you could satisfactorily answer some of the questions that you have.

My point is that there would be no change to the current quantum going through Sandhurst in the event that Scotland was independent and sought to have officers trained at Sandhurst, or indeed at Dartmouth for the Navy. There is no change to the quantum unless, of course, as I have mentioned, an independent Scotland decided, for whatever reason, that it wanted

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to have a substantially greater number of officers trained. It is possible to do; all I am saying is that the practicalities of that can be properly defined only if we can have that proper conversation.

Q285 Thomas Docherty: We will have to disagree on that one. On the issue of the army specifically, your position—agreed, I think, in January or February—said there would be one MRB, or multi-role brigade, and one reserve brigade. An MRB, as was envisaged by Liam Fox, was about 6,000 or 7,000 in strength. What else do you see in the Scottish army on top of that MRB?

Keith Brown: Going back to my answer to Mr Brazier about the idea that we have that kind of figure of 15,000 for armed forces personnel, we are currently working just now on what this position would be between the different armed forces. Within that—you mention the two MRBs—once again, the goalposts have completely shifted since we adopted that position. For example, you had Liam Fox talking about an extra 6,000 defence jobs coming to Scotland. That has now transformed into around 600, so the position changes regularly, and we obviously have to look at—we are looking at just now—the way in which the situation has changed within the UK, and obviously we have to respond to that. The armed forces units that we would have would make sense on a logistical level—what we thought were suitable for our purposes as an independent Scotland—but as to how they would relate to the current number of UK armed forces, it is hard to tell because it changes so much.

Can I mention this point, which I think is very important? You have mentioned Liam Fox. Liam Fox talked about 6,000 extra jobs—

Q286 Thomas Docherty: Hang on. No, he didn't. He misspoke in the Chamber once, and he corrected it immediately. The MOD came straight out and said that he meant 6,000 in total. I have heard this before, and I am no fan of Liam Fox, but I think you would agree that what he meant was 6,000 to 7,000 in total, not 6,000 to 7,000 additional.

Keith Brown: I am happy to provide the quotes that I have.

Thomas Docherty: No, no. I am sorry Mr. Brown, we can keep running round in circles, but Liam did say in the Chamber in an answer to Sandra Osborne that it would be 6,000 to 7,000, and immediately the MOD clarified that what he had meant to say was a total of 6,000 to 7,000. You are absolutely right that if you look in *Hansard* it says that, but it took the MOD about seven seconds to clarify that what he meant was a total of 6,000 to 7,000. That was in all the documentation before, during and after.

Q287 Chair: May I come to a slightly different issue? Let us suppose that I am an ambitious and thrusting young soldier—would that I were—and I am trying to decide whether to join the Scottish armed forces or the remainder of the UK's armed forces. If I look and compare the size and the relative ambition of those two armed forces, will I not find the larger force the more attractive?

Keith Brown: What I would say to that, and what I tried to outline earlier on, is that what most people would look at rather than the size of the force—I don't know about others, but when I joined the force I had no idea of the relative size of the UK armed forces compared with many others; you would probably have a rough idea in your head, but it was not a determining feature in deciding to join—are the careers and opportunities that they might enjoy in the armed forces.

Q288 Chair: Which would surely be greater in a larger armed forces?

Keith Brown: I do not agree with that point, and I do think that the opportunities within the UK armed forces have substantially narrowed from where they were before. First of all, if you were joining the UK armed forces just now, you would have in the back of your mind, "What if I join, and at the very point I am asked to do some extremely dangerous work, there is a further series of defence cuts and I am made redundant? What would be the effect on any training programmes that I would be going through if I was made redundant?" For example, telecommunications technician or its equivalent—would that be broken and affect your ability to get a job subsequent to your military career.

Part of it, I think you are right to say, would be the things that you would get the chance to do if you were in the armed forces. You could look at the UK armed forces and say, "In my day, you were most likely to be in Northern Ireland. These days, not withstanding drawdown in Afghanistan, you would have expected to be involved in Afghanistan, but there is very little of the variability that was there before." I mention that because I visited my old unit to find out some of the issues that were there, and this was a point that was made to me. The biggest point was, "What can you do to help us prepare for life after the military?" They were interested in individual learning accounts to take on specific training to qualify for North Sea operations and things like that. I do not think it is about the size of the armed forces. That is not a determining feature for most people when they decide whether they want to join the armed forces.

Q289 Bob Stewart: Mr Brown, if you add up all the Scottish soldiers in the Army, there are substantially more than 7,000 to 8,000. Assuming they all wanted to join the Scottish army, would you be turning them down and would they lose their jobs if they really wanted to join the Scottish army? I accept that there would be a certain amount of profiling and some people would not be able to do it, but there could be substantial job losses of people if they wanted to join the armed forces, even in the infantry—especially in the infantry. How are you going to deal with that?

Keith Brown: To compare your question with some of the other points that have been made, usually on the other side—that there would not be enough people coming to the Scottish defence services in the event of independence—obviously, it can be one or the other, but it cannot be both. I think that making that offer as attractive as possible is very important to serving personnel.

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I recently spoke to the mother of somebody serving in Afghanistan, in the RAF, who felt that their career had become extremely limited, was looking for further career opportunities, and was asking what the opportunities might be in an independent Scottish air force. If you can make that offer as attractive as possible—I have mentioned some of the ways in which I think we can do that—we will get that complement of 15,000 across the armed services. That applies to women as well, incidentally, not just men. We could get to that figure. If what you say is true, and we would not be able to accommodate everybody in the UK armed forces who wanted to come to the Scottish armed forces, it cannot at the same time be true that we would not have enough people to staff the Scottish armed forces.

Bob Stewart: We are talking possibilities here, as we know. I will have some more questions for you later.

Q290 Sir Bob Russell: May I suggest to you that a comparator is the Republic of Ireland, in terms of the size of its armed forces? Ever since the Irish Free State era, a significant number of Irish people have applied to, and served with great distinction in, Her Majesty's armed forces. Is that evidence that they prefer to be with a more substantial armed force, rather than a localised defence force?

Keith Brown: I would not describe an independent Scotland's armed forces as a localised defence force.

Q291 Sir Bob Russell: I was coming back to the phrase, "the Scottish defence force."

Keith Brown: Which was used in previous evidence sessions. I tried to respond to that point in your first question about the nomenclature of Scottish defence forces. However, Scotland comes from a very different position from the Republic of Ireland, in terms of defence forces. Given Ireland's historical position as regards the second world war, NATO and a whole host of other things, and given that it has not had the shared experience that we have had, so far, with the UK armed forces, you are right: those from Ireland who wanted a career—I served with some of them—saw that as an attractive proposition. I do not think that Scotland is at all comparable to Ireland, except in relation to conscripts, of course, which we are not advocating. We are much more comparable to other north European countries, such as Norway and Denmark.

Sir Bob Russell: Thank you.

Q292 Penny Mordaunt: Could you outline the core tasks that would be required of the Scottish navy?

Keith Brown: I may have missed out something—I am not sure—but I have tried to. Examples include defence of the coastline, obviously working with other agencies, in terms of drugs and countering any terrorist threat. That would also relate to North Sea installations. There would also be a role in international operations. There are niche areas where Scotland may want to develop particular expertise that may relate to the navy. If you think about some of the services that are required to protect North Sea installations—I will not go into too much detail about

that—they are very similar to anti-piracy activities that NATO and other countries undertake.

Some of these things are essential, such as protecting the integrity of your coastline. For example, we have incursions by Russian vessels into Scottish waters. As for the idea of having to wait two days for a boat to come up from the south of England and present itself, I think we could do better than that in an independent Scotland. I mentioned energy as well; there is obviously North Sea oil, and also what we are doing in relation to renewables. We want to protect those assets.

Q293 Penny Mordaunt: What would be your criteria for taking part in joint international tasks? I am not asking you to give me specifics, but is it about protecting your trade routes, or expertise that you might be developing? What is the thinking on that?

Keith Brown: Consistent with what I have tried to outline as a defence and foreign policy posture, we would want to be seen to be good neighbours. There are many activities around the world in which you can be involved that would be seen as contributing to the international good; anti-piracy is an example of that. Obviously, you want to defend your vital national interests, but that is done much more in terms of working with other countries, through NATO membership, which we want, although that is obviously a decision for NATO. These things should be carried out in conjunction with other countries. I would very much hope and expect that it would also be in conjunction with our nearest and oldest partner, the rest of the UK.

Q294 Penny Mordaunt: Will the White Paper set out in detail what your core tasks would be?

Keith Brown: Yes. There would be a substantial amount of detail in that. Just to put this in context, we will produce the White Paper in the autumn, as I mentioned, and it will have a substantial amount of detail and give much more of the bigger picture. That will be upwards of 10 or 11 months before the referendum—substantially more notice, for example, than the Czech or Slovak Republics had before they agreed on their relative independence.

I tried to talk with UK Ministers about the basing review, which is extremely important to Scotland. Let me talk about the way that Scotland found out about that. I had undertaken a commitments paper in relation to veterans, and had happily agreed to a request from the UK Minister to come along to the launch of that at Edinburgh castle some weeks before. I found out about the outcome of the basing review, vital as it was for those in Scotland, when the UK Defence Minister and the Minister of State in the Scotland Office strolled down to Edinburgh castle. They never told the Scottish Government, never told the First Minister and did not respond to my requests.

To come back to your point, we will lay a great deal of information before the Scottish people well before they have to make a decision. That is in stark contrast to what we see just now, which is a lack of communication from the UK Government.

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Q295 Penny Mordaunt: That is very helpful, because my next question is: how many and what type of ocean-going vessels would you require the Scottish navy to have?

Keith Brown: I think I have mentioned this point already. That is something we are looking at quite seriously, and we are talking to other people. The one thing I could say from the discussions we have had so far is that, as I have mentioned already, we do not think it is possible to have an agreed division of assets that would give us all that we need, so we will be looking for further procurement, but that detail will be in the White Paper.

Q296 Penny Mordaunt: Out of the current surface fleet, what capabilities would you need?

Keith Brown: We do not need aircraft carriers, for example; we do not see a need for that.

Q297 Penny Mordaunt: What do you need?

Keith Brown: That is what we are looking at in the White Paper. It is up to us to look at our requirements in relation to energy, international contribution and maritime patrol. There is probably a fair bit you can deduce from that statement, but we are working on that just now, and will make our views clear at the White Paper stage.

Q298 Penny Mordaunt: It is your prerogative to make it clear when you wish to, but do you know now what you actually need from the current surface fleet?

Keith Brown: No. Obviously, we have an idea—I have outlined what we think are the threats, obligations and needs that we will have. There are some things that are not entirely clear, because we cannot be clear; the UK Government are not engaged in that conversation. I can give you one example of why it is difficult to be as specific as you would like: the Type 26 contract, which the UK Government have not made an announcement about, has led to a great deal of uncertainty, not just in Scotland, but in the rest of the UK, not just for defence planning purposes, but in relation to jobs. It is vitally important procurement. We wish the UK Government to go ahead with that as soon as possible. I have made the offer to other parties, at least to the Labour party in Scotland, that we will make a joint approach to both the UK Government and the contractors, to see whether we can provide sufficient assurances—if the contract is awarded prior to the referendum—that in the case of a yes vote, their interests will be protected.

Q299 Penny Mordaunt: We will come on to procurement later. Am I correct in deducing that you are thinking of frigates as parts of this?

Keith Brown: All I was going to say was that it may well be that a Type 26 would be a possibility. Looking at what is currently specced in relation to the Type 26, it may not be something that we want to see specced to that level, but that is a possibility. The other point I am trying to make is that where we find we cannot agree with the UK Government, or the UK Government currently do not have the capability that we want, we will procure from elsewhere.

Q300 Penny Mordaunt: For the stuff that is not currently part of the surface fleet, it is things like ocean-patrol vessels and those sorts of things.

Keith Brown: Yes, I have mentioned some of them.

Q301 Penny Mordaunt: What else?

Keith Brown: Again, I come back to the point that we are looking at this now. We will make it clear in the White Paper, when that is produced.

Q302 Penny Mordaunt: Does the same apply to the Royal Fleet Auxiliary?

Keith Brown: Yes, it does.

Q303 Penny Mordaunt: You do not know yet. You are doing the work and you will announce it in the White Paper. Thank you. Whatever that capability is—one of the challenges of the fleet as it is currently constituted is continuous readiness and resilience—how would you cope with what will inevitably be a smaller surface fleet?

Keith Brown: Obviously the aim has to be—I am sure it is the aim of the UK Government—to cope with that in such a way that it is seamless. The UK Government have failed in that objective. The Type 23s are coming towards the end of their lives without a replacement being in sight. I think you are right to say that it is very important that you have that transition, so that when one set of vessels comes to the end of its life—

Q304 Penny Mordaunt: Sorry, I was not talking about the successors to the current surface fleet. If you have ocean patrol vessels, you will have a small number. You may have one frigate. How will you ensure that you have that capability? Is that being factored into the numbers that you require, or will you work with someone else? Would it require obligations of the remainder of the UK fleet? That is clearly one of your main challenges. I am just wondering how you are approaching that.

Keith Brown: It is a challenge that other smaller, independent countries have faced and met, so we have no doubt that we can meet it, but I think there are a number of ways of meeting that challenge. You have asked whether we can come to an agreement with the rest of the UK. That is a very good question. There is obviously a possibility of doing that in the mutual interest of both Governments, but once again, our ability to progress with that line is hampered by the lack of communication. In the absence of that, we are looking to make sure that we can make it sustainable. I do not think we would face quite the challenges you mentioned. These have been met elsewhere, and I am confident that we can do it. It would be nice to do it in the context of discussion and co-operation with the UK Government.

Q305 Penny Mordaunt: My next question was about the cost of running the navy. Presumably you could not answer that, because you do not know what you need yet.

Keith Brown: I have been trying to mention the fact that we are involved in discussions just now with a wide range of people in a number of different

countries about what our defence requirements would be. It is not, as you have tried to suggest, that we do not know. We have some very good ideas about what we want to see. The ability, though, to prescribe what we will need is inhibited by the lack of communication from the UK Government and a sensible pragmatic discussion. That means that it is more difficult to be prescriptive. In any event, we would not want to be prescriptive just now. We believe that the first necessity for us is to report and present this information to the people of Scotland, so we will do that in the autumn of this year.

Q306 Penny Mordaunt: On cost, do you have a budget in mind for the navy?

Keith Brown: We have the overall budget of £2.5 billion per year. That is roughly 1.77% of GDP, which sits at the top end of comparable countries. They range from about 0.7% of GDP to 2.7%. We believe that that is an appropriate budget for Scotland. Within that, we would have to fund naval services.

Q307 Chair: But if you don't know what you need how have you come up with the figure of £2.5 billion?

Keith Brown: I don't think I have said that we don't know what we need. The answer I have just tried to give is that we have a clear idea of the kind of things we would like to see a Scottish armed forces do and some of the obligations it would have. So we have a fairly clear idea of that. Where we can be less clear is in the areas of collaboration and co-operation with the UK Government. That hampers us coming to a final conclusion on these things. But we are clear about the role that we would see for the armed forces and the obligations it would have, especially in relation to international treaties and so on.

Q308 Penny Mordaunt: I understand you want to present your White Paper to the Scottish people. Have you had any detailed communication with the Secretary of State about your requirements?

Keith Brown: We have written to the Secretary of State for Defence asking for those discussions to take place. We have also used whatever sources of information we can. For example, parliamentary questions laid at Westminster have helped us gain some of the information.

Q309 Penny Mordaunt: The sooner you put your wish list out there the better, presumably.

Keith Brown: Sorry?

Penny Mordaunt: I am trying to ascertain, as we are seeing the Secretary of State next, whether you have given him your wish list—ball park, finalised or whatever—of capabilities.

Keith Brown: No. We have to have a sensible discussion, rather than just presenting a demand. It has to be a two-way discussion.

Q310 Thomas Docherty: As I understand it—it sounds like this is all torn up now—you are planning to make Faslane the joint headquarters. Is that still the case, or has that also been chucked overboard?

Chair: You said you were planning to make it headquarters.

Keith Brown: Are you saying that you did not know that?

Thomas Docherty: No, I am asking whether that is still your policy.

Keith Brown: Yes.

Q311 Thomas Docherty: How many personnel will be based at Faslane?

Keith Brown: I think I have just tried to explain that we will present the configuration of the armed forces of Scotland in the White Paper. You can take from the fact that it will be a headquarters facility, and also the major naval base for Scotland, that it will be a matter of thousands of people servicing that facility.

Q312 Thomas Docherty: Forgive me, Mr Brown, but we have just heard you say in response to serious, reasonable questions from Ms Mordaunt about how many frigates and submarines you will have that you have no idea at all how that will be worked out in the future.

Keith Brown: I never said that at all.

Q313 Thomas Docherty: We can look at the transcript afterwards, but you said repeatedly that you did not have figures for each of the types. At the same time, you are very robust that Faslane is going to see no reduction in its headcount. You will understand my scepticism about how those two join up. You know that you are going to have 15,000—I am assuming that Angus Robertson did not make that up on the back of a fag packet in Inverness. I am sure that that figure of 15,000 is worked out. How does that 15,000 break down? Approximately how many will be at Faslane? How many submarines, frigates and MCMs do you want, and how does that fit inside a £2.5 billion budget?

Keith Brown: Mr Chairman, it would be useful if there was no inventing of things that I said. If you check the record, you will find that I never said the things that Mr Docherty accused me of. Also, I think I have answered that question a number of times already. I really have nothing to add to my previous answers in relation to that question.

Q314 Thomas Docherty: When did you first write to the Defence Secretary asking for negotiations?

Keith Brown: I will have to check that and get back to you.

Sean Stronach: The letter to officials was, I think, sent earlier this month.¹

Thomas Docherty: This month? I am pretty sure that Alex Salmond became First Minister in May 2007.

Keith Brown: I think that is the case. I would accept that, yes.

Q315 Thomas Docherty: There was at least one consultation. Was it a White Paper? I cannot quite remember the exact phrase. This has been a six-year process. I genuinely do not understand why it is at this point that you are saying you want to have negotiations. Why didn't this take place over the previous five or six years, when we had Bob Ainsworth as Defence Secretary, Jim Murphy as

¹ Note from witness: The letter was sent on 13 June 2013.

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Scottish Secretary and Gordon as Prime Minister? Why didn't you make a request for negotiation at that point? Why is it only now that you are writing to the UK Government?

Keith Brown: First, I should say that we have not asked for negotiations. In fact, I specifically mentioned the fact that we are not looking at pre-negotiation. That is important to the UK Government, and we accept that point. I did actually try to speak to Gordon Brown about this. He came to my street during the election in 2010, and I made the point to him about the lack of helicopter support and support for Scottish regiments. He did not seem to want to answer at that time.

I have had a number of discussions with the MOD since becoming Veterans Minister. The important change that is taking place, of course, is the Edinburgh agreement, which commits the Governments to discussing these things. That should be the starting point. That is when these detailed discussions really should be taking place.

I can probably provide for you the different times that I have been rebuffed by the MOD when trying to get information. One example may suffice. I have now asked four Defence Ministers in the UK to be allowed the opportunity to go to Afghanistan. The Scottish Government have responsibility for veterans—for their health and education, for medical services specific to those coming out of the armed forces, and for employment and, crucially, housing. There is really only one way to get the best information about that, which is to talk to those who are serving and are immediately expecting to come out of the armed forces. That has been rebuffed, and I believe it has been rebuffed because it is the Scottish Government who asked.

Q316 Thomas Docherty: Very quickly, when did you last visit Faslane, and what was your assessment of it?

Keith Brown: My assessment of it?

Thomas Docherty: Of its capability. When was the last time you were at Faslane?

Keith Brown: I think it was 2008 or 2009.

Thomas Docherty: You have not been for six years. Okay. That is my final point.

Q317 Chair: Moving on to the air force questions—we are running short of my timetable already—how many and what type of fast jets do you think Scotland would need to operate?

Keith Brown: As I have mentioned already, we are looking at that issue. To give you more information on this, we believe that there is a gap currently where we do not have that facility. I think it was the case, for example, that the UK Government had committed to work with Iceland in relation to the Typhoon squadron to provide cover for the high north, and that was withdrawn at short notice. Despite that, if you look at the different countries in Scandinavia, Scotland's neighbours, and all sorts of obligations around the north Atlantic, we believe that there is a need for a marine patrol aircraft in that area, and we are looking at that just now. We are talking to people

about what our requirements could be and how they could be met.

Q318 Chair: Indeed. Would you expect to inherit Typhoons, for example, from the remainder of the United Kingdom?

Keith Brown: As I say, I do not want to prejudice what the White Paper says, but I think the Typhoons would be beyond the requirements of an independent Scotland. Obviously, we have contributed substantially to their cost, but there may be more suitable ways for us to provide air cover.

Q319 Chair: Do you think that while Typhoons would be beyond the requirement of a Scottish air force, Hawks would be beneath the requirement of a Scottish air force, because they would not be fast enough? Do you agree with that?

Keith Brown: I think we really are approaching the same information from different directions, Mr Chairman. We do have to look at these issues. I do not think that Hawks would be beneath the requirement. I think there could very well be a role for them.

Q320 Chair: Certainly, there will be a role—for example, for training—but they would not be able to do the air intercepts of airliners or anything like that.

Keith Brown: No, they would not be able to do that; you are quite right.

Q321 Chair: So you need something faster than that?

Keith Brown: Typhoons are obviously an option, but there are other options as well. If you cannot have the detailed information and discussions just now about things like the Typhoon, it is difficult to be hard and fast about it. Typhoons may be one possibility, but there are many others internationally for us to try and see whether we can use. As I say, it is hard for us to be specific just now, because we do not have that discussion with the UK Government. We have had major reductions in terms of RAF bases and facilities in Scotland; we do not have that experience. We would like to discuss the possibility of Typhoons, but we are also looking, as I mentioned in relation to maritime vessels, at other options.

Q322 Chair: You have mentioned maritime patrol aircraft several times. You would expect to buy at least one maritime patrol aircraft, and presumably more than one.

Keith Brown: I understand why the questions are being asked, but I ask you to understand, from my point of view, that it is down to us now to make sure that we carry out the work on this and see exactly what the requirements are—whether we need one or more, what kind of vessels we need, and whether they are currently available from a possible division of assets with the UK Government. The same applies to aircraft, Typhoons and otherwise.

Q323 Chair: And you would give the same answer about air bases as you would about army bases, would you?

Keith Brown: Again, yes. You do see a changing picture in Scotland. As things stand, we believe that

the one air base would be sufficient for Scotland's needs.

Q324 Chair: You think that one air base would be enough?

Keith Brown: Yes, but the UK Government's defence review seems constantly to change this, so we have to see what the situation is at the point of independence.

Q325 Chair: As for that one air base, do you have a preference as to which one it would be?

Keith Brown: Once again, there are different options available to us. I think you have to wait and see. For example, if you have an air base or an army base that has been used for a number of years, and then is no longer used, bringing it back into use presents different logistical challenges. I have heard it said that different elements of Redford barracks—and Dregghorn barracks, not far away—could be sold off, but not the whole thing. It makes an awful lot of sense to take decisions on some of the detail as close to the decision as possible, because then you understand what the actual position is in the UK.

Q326 Chair: Okay. Thank you very much. Again, the answer on the costs of the Scottish air force will be the same as you have given in relation to the navy: you cannot be sure what it would cost, but you know that it will all be within that £2.5 billion. Is that right?

Keith Brown: Not quite. That is not the whole picture. Some of the discussion that you have had in previous sessions has neglected to mention the assets that we currently have. We have between £7 billion and £8 billion of assets. Scotland starts from that position, and not just a position of being able to spend the £2.5 billion, and that compares favourably with many other countries. We have that in the first place, and we also have, for example, our proportion of what we have contributed to Typhoon aircraft. We have what we have contributed towards aircraft carriers and other things. It is that, taken together with the annual budget that we have established, that should be taken into account.

Q327 Thomas Docherty: On cost—I am not going to get into the detail—I understand the argument about Typhoon and the model; that all makes sense, but it would still leave you with a significant shortfall on the number needed for critical mass, as you know, Mr Brown. Based on what Air Vice-Marshal Nicholl said, you need two squadrons. You need to buy approximately 16 to 18 Typhoons. Those are House of Commons figures, based on parliamentary answers. It would cost you £1.2 billion to get to critical mass.

Chair: Buy or inherit, I think Mr Brown is saying.

Thomas Docherty: Forgive me, but there is a gap between what you inherit and what you need. You are absolutely right: there is a valid argument about buying F-18s or Rafales or Gripens. The cost—these are House of Commons Library figures—is \$80 million for Super Hornets, \$80 million for Rafale and \$80 million for Gripen, which makes it about £1.2 billion again. Could you briefly say how that fits into the £2.5 billion envelope?

Keith Brown: Can I first say that you mentioned the Typhoons, which is interesting? You have assumed, and I think I can see why you assumed, that you would take the proportion that I mentioned. I have also said, however, that we would not be looking, for example, to take on aircraft carriers, yet Scotland has contributed to those aircraft carriers. There obviously is a process, and that is why it comes back to the need for discussion and mature, responsible information-gathering on both sides. It is quite possible to say, "You would not have aircraft carriers. How would we reflect your share in relation to other aspects?" You can have that discussion. It would not necessarily be the case that it would be proportionate in relation to Typhoons, for example.

Beyond the requirements, we would not start from a position of looking to procure the Typhoon aircraft from the start. Typhoon aircraft could serve the purpose that we would have in mind for the North Sea. We would have to consider Typhoons in relation to the number of other possibilities that can be bought internationally, which Mr Docherty has mentioned. The F-35 costs £100 million. These are very expensive pieces of kit, and we understand that. Come the White Paper, we will be asked by you, as a resident of Scotland, how we will pay for it. It up to us to do that, and we are working on it.

Q328 Chair: If I may point out something about your negotiation, you will be giving the rest of the United Kingdom no choice as to whether to take on your eighth share of the aircraft carrier, will you, because you will not be buying an eighth of an aircraft carrier. That will affect your negotiating position, I would have thought.

Keith Brown: I do not anticipate an argument over that, to be honest.

Q329 Bob Stewart: Can I return to the subject of a Scottish army? You wish to have two brigades, one in high readiness and one in reserve. You will know from your time in 45 Commando that even a light brigade has 3,500 people. Those two brigades will just about mop up the 7,000 or 8,000 people in the army. Do you have any idea how many support troops you envisage having in the Scottish army?

Keith Brown: Again, I have to refer you to my previous answers, but to give you some more information on that, we do not see the experience that you or I have had of how the UK Army organises itself as necessarily the best route for Scotland. We are approaching this matter from a much more international perspective, and are trying to relate this to the needs that we think we will have in Scotland. I would not assume that we will try to reflect what the UK currently does. In fact, as I have mentioned, we are specifically not looking to replicate a smaller version of the UK armed forces. We will have a different relationship with the armed forces in Scotland. I have mentioned some of the things about those serving in the armed forces, but we will also have a different kind of armed force. We are looking at that issue among the others that I have already mentioned.

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Q330 Bob Stewart: Do you envisage having special forces?

Keith Brown: Yes.

Q331 Bob Stewart: And how many reserve forces might you have?

Keith Brown: Again, I expect that we will hear from Philip Hammond, probably after I have finished speaking today, exactly what kind of reserve we will have in Scotland. Perhaps the Committee could ask him. I expect the decision has been made already and will be announced tonight or tomorrow, yet there has been no advance notice to the Scottish Government. It is not like we do not have an interest. We would expect a reserve force of about 5,000, but it would be useful to know the starting point in terms of the UK Government.

Q332 Bob Stewart: I see. The structure, fundamentally, would presumably be that command headquarters for all Scottish forces would be at Faslane. Presumably there would be an Army element there, and a general of some sort—two-star, maybe. Do you envisage all the current Scottish infantry battalions being retained? I think the answer is yes, but is that right? My assumption is that you might reduce them in scale.

Keith Brown: It is fair to assume that that is one of the things that we are looking at, not least given our commitment to reinstate Scottish regiments previously abolished. You can anticipate from that, given the numbers involved, that it would not be on the same scale as currently, except of course that the Argylls, my local regiment, have been dramatically reduced in scale in recent months.

Q333 Bob Stewart: Speaking as an ex-infantry officer, I am of the view that the British infantry battalion is far too small already. It was 200 heavier when I joined the Army than when I left it. The British model is already too small, yet you are proposing to cut the numbers, possibly, of a battalion. Would you still call it a battalion?

Keith Brown: I have to say that the issues that we are looking at will include that, but nomenclature is perhaps not top of the list. I agree with your point. I think that both the UK armed forces and the Scottish part of the armed forces are at less than Napoleonic levels just now. That has happened over a number of years.

To go into another point about the way that the UK armed forces have been treated, if you look at the aircraft carriers that we have mentioned, they are massively over budget, massively behind time and not scheduled to have aircraft on them. If you look at what happened to Nimrod and its replacement, billions have been spent on it and hundreds of millions on dismantling and scrapping it. You will know better than I do the litany of disasters that the UK has overseen in terms of procurement. It is vitally important to Scotland that we do not replicate those disasters. I know that that is not true only in relation to the UK; in the US, as well, you can see the cost of budget overruns and delays. I think it would be possible for Scotland, not least because of its size, to

eliminate some of that wastage. That would help sustain the higher levels of armed forces that you talked about.

Q334 Bob Stewart: Thanks, Mr Brown. I have just one more question, because I know that we are pressed for time. I am slightly worried about putting a quart into a pint bottle again with the number of infantry battalions outside Scotland; I am thinking of the Scots Guards and other battalions. You might have a problem on infantry or army-type bases in Scotland, because we have more Scottish units than we have spaces for them. Is that, too, something that you are going to investigate in the White Paper?

Keith Brown: Yes. The White Paper will show the structures, as you have been hinting. Also, we will go into detail about the bases. Again, we will get some further idea from the announcement that Philip Hammond will make shortly about the installations that we have, including, for example, the reserve installations. I can only emphasise, again, that it is difficult to present an option when the picture is moving as rapidly as it has been in relation to bases in Scotland. We think that we are currently well served with the bases that we have, if you look at the capacity at Leuchars, for example, and some of the changes taking place there. If you look at the capacity at Redford barracks, which is being sold off in part, and elsewhere, that capacity exists just now. There is no guarantee that it will exist at the point of independence. You will understand that we have to wait until the White Paper to see exactly what we will do about those bases.

Q335 Chair: Moving on to the nuclear deterrent, how would it be removed from Scotland, exactly? Who do you think would bear the costs of relocating it?

Keith Brown: Can I say first that Scotland has borne its share of the costs of the current nuclear deterrent, and borne disproportionately the risks attached to that? As the First Minister said, it would be ridiculous to expect the Scottish Government and the Scottish people to bear the costs of its relocation, not least given the fact that it was the starting point of the Scottish Government that we did not want to have the weapons in the first place. In relation to their actual removal, there has to be discussion on that.

I readily accept that the Scottish Government do not have expertise in relation to it, so the only way in which it can be done safely is by having discussions with others and, by and large, just now that expertise lies with the Ministry of Defence, so it is vital in relation to the practicalities of removing Trident from its base that we have those discussions first. We have said that we have two criteria: one, that it should happen as quickly as possible and secondly, that that speed should be consistent with safety. Those are the two criteria that we would apply to it, but no, we should not have to bear the costs.

Q336 Chair: What do you think the costs might be?

Keith Brown: Again, based on the lack of rapport with the UK Government—I have seen some of the discussions that have taken place in this and other

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Committees about the potential cost—it did not seem to be something that anybody who has more knowledge of this than the Scottish Government can define specifically. In fact, last week, there was a remark that it could cost billions, but there has been no further, more specific, figure put on it. You had the vice-admiral here last week. If he—having served and been at the top of the tree in the Navy—cannot say, I am not going to have the ability to do so without having a discussion with the MOD.

Q337 Thomas Docherty: I accept the logic of your position, by the way. Who should pay for the conversion costs to so-called conventional forces? Would it be the Scottish Government?

Keith Brown: I think so. There could be quite a lot of conversion costs. You may remember a time when the Labour party, in particular, had a very strong arms conversion policy, of which I was always something of an admirer. I think that you are right. Conversion should fall to the Scottish Government, both in terms of personnel and in terms of the facility.

Q338 Thomas Docherty: And the submarines in Rosyth, which, as you know, I obviously have an interest in? Who pays for their decommissioning costs?

Keith Brown: It is funny because I remember that, in the 1992 general election, there was a story put about that Rosyth could lose the refitting of submarines if Scotland became independent and, lo and behold, it went very shortly afterwards.

Q339 Thomas Docherty: We didn't win that election, I seem to remember.

Keith Brown: Again, in relation to that, we would have to have a discussion with the UK Government.

Q340 Chair: Presumably, it would not be your position that the Scottish Government should have a fair share of all the assets, but not a fair share of all the liabilities.

Keith Brown: I think that equity, in its broader concept, is the way that it should be approached. I think that that is the case. I mentioned in relation to the aircraft carriers—

Q341 Chair: So there should be a fair share of all the liabilities?

Keith Brown: The settlement that is agreed should be fair, and it should be equitable. If we end up taking Typhoons but no aircraft carriers, that could well be equitable, but it would not be defined by a particular formula in relation to those specific items.

Q342 Chair: One of the liabilities would be the cost of decommissioning the submarines at Rosyth, wouldn't it?

Keith Brown: Again, that would have to be part of the discussion with the UK Government. To make a point about nuclear weapons: nuclear submarines, in particular, are an asset that we do not want in Scotland and which we understand that the rest of the UK does want. We respect that.

Q343 Chair: I do not think that the rest of the UK particularly wants the decommissioned nuclear submarines.

Keith Brown: That should be a matter for negotiation in discussions between the two Governments.

Chair: Thank you.

Q344 Sir Bob Russell: Mr Brown, it has been the policy of the Scottish National party for years—decades, in fact—to oppose membership of NATO. It was only eight or nine months ago that the SNP decided to vote in favour by a very narrow majority of an independent Scotland being a member of NATO. Was that a cosmetic decision ahead of a referendum vote that could be easily reversed? After all, the majority was only 94.

Keith Brown: First, I should say that I have nothing against narrow majorities. Ours was one in the last parliament, and I was first elected with a majority of four. Majorities are majorities. That is the decision that we took; 94 as you mentioned ahead of it.

No, I do not think it was cosmetic. I spoke in that debate myself. It was a debate in my view with real passion and conviction on both sides, but the decision was made and accepted by the conference. I do not think you can chop and change. You can change policy, which all political parties do on a regular basis, but it has to be done for the right reasons. I believe it was done for the right reasons.

Q345 Sir Bob Russell: So you can give an assurance that an independent Scotland, led by the SNP, would not revert to a position that was its historical policy for decades.

Keith Brown: Yes, that is our position.

Q346 Sir Bob Russell: So a Scottish Government would apply to join NATO. How is that consistent with the intention to remove the nuclear deterrent from Scotland?

Keith Brown: That is our position. We oppose nuclear weapons and we oppose them being in Scotland. We have made clear for decades our opposition to nuclear weapons. We believe that, in achieving that, we will be the same as around 25 of the 28 member countries. I might not have those figures exactly right, but certainly the vast majority of NATO countries do not have nuclear weapons.

Going back to comments by George Robertson, who used to be NATO Secretary-General, and these days has turned his hand to deriding armed forces in Scotland as a dad's army, he laid out the philosophy and reason why NATO would not want new members to have nuclear weapons. So it is consistent with that, as it is with Greece and Canada—NATO countries that have divested themselves of nuclear weapons.

Q347 Sir Bob Russell: So an independent Scotland would have the benefit of membership of NATO and the luxury of being under the American nuclear umbrella.

Keith Brown: I don't know if that is how you would describe the status of the vast majority of NATO members. If I can speak for the SNP, we would like to have the benefits of being a member of NATO and

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the luxury or benefit of being in a nuclear-free world. But we have to take our starting point from the position that we find ourselves in.

We have responsibility; we have an obligation based on what we have said to rid Scotland of nuclear weapons. If we are part of NATO, as my party wants us to be, we have obligations in relation to NATO as well. We have to accept those obligations, but an independent Scotland in that respect would be no different from the majority of members of NATO.

Q348 Sir Bob Russell: The current policy of the UK Government of four nations is to have a nuclear deterrent. Are you comfortable that three nations in the UK would still have that deterrent, but Scotland would not, having a land border as well?

Keith Brown: I would rather you did not have that nuclear deterrent, but it is not a decision for me to take.

Q349 Sir Bob Russell: No, I recognise that, but that is not my question.

Keith Brown: I am afraid that is my answer. The fact is that of course we would have that, but trying to say that in some way we are relying on it or enjoying the luxury of that, is not how the majority of people in Scotland feel about nuclear weapons. I am afraid you are just going to have to accept that we are trying to do this for the best of reasons.

We do not think nuclear weapons are things that we would ever want to use. We think, as many senior serving military personnel believe, that they are a hugely expensive diversion from defence expenditure that could be spent on much more valuable things. That is where we are starting from. I was not making a facile point. It is not the position of an independent Scotland or any Minister serving in it to make the decision for those other countries if they want to continue with nuclear weapons.

Q350 Sir Bob Russell: It is fair to say that that debate is happening throughout the United Kingdom. How long do you estimate it would take for an independent Scotland to negotiate NATO membership?

Keith Brown: There are fairly substantial processes to go through, but it has been done relatively quickly in the past. For example, I mentioned some of the eastern European countries. I do not want to give the impression that this is an automatic assumption. We do not assume that. We would go through the processes. In the past it has taken between about 18 and 24 months. Bear in mind, as I have said, that we would immediately start work on many of these things, in the event of a yes vote for independence.

Q351 Sir Bob Russell: Has legal advice been taken already?

Keith Brown: I think you will appreciate that, just as here at Westminster, we do not comment on the fact or content of legal advice.

Q352 Chair: During that 18 or 24 months, assuming that it goes that way, would you be members of NATO or not?

Keith Brown: For Scotland to become independent in March 2016, the vote would happen in 2014, so for that intervening period, yes, we would still be part of the UK and still part of the international treaty obligations that the UK has.

Q353 Penny Mordaunt: To what extent could an independent Scotland procure its defence matériel requirement domestically? Would you have a policy of doing so?

Keith Brown: Our policy would be no different from many other countries, which would be to seek in certain circumstances to procure within our own borders for certain defence equipments. We have outstanding expertise in many, but not all, areas; for example, the evidence that you heard last week, I think, talked of world-class facilities on the Clyde and in Faslane in terms of military shipbuilding, but in other areas we do not have such expertise, so we would want to procure a working partnership with others for that.

Q354 Penny Mordaunt: What kind of capabilities would you look to procure abroad?

Keith Brown: Again, that goes back to the question of what capabilities and equipment we believe we would need to have. I should also mention, of course, that we are part—at least at the current time—of a single market within the EU. We enjoy a trusted relationship and have EU obligations, so that would feature in our thinking as well.

Q355 Penny Mordaunt: What sovereign capabilities would you look to retain?

Keith Brown: I am not sure what you mean.

Penny Mordaunt: Shipbuilding, for example?

Keith Brown: Shipbuilding is interesting, because we have seen in Scotland over a number of years now a diminution of our coastguard service, for example. That is not defence, but allow me to develop the point. I think that there is a great deal more that we could do in terms of shipbuilding capacity in Scotland. We in the Scottish Government have procured two hybrid ferries from the Clyde, and I think that there is a great deal of synergy between the ability to procure domestic vessels for other purposes—whether coastguard, lighthouse or ferry services—and, although I am not suggesting that they are the same thing, the ability to procure military vessels, in which we have a great deal of expertise.

Q356 Penny Mordaunt: Just looking at the shipbuilding, do you think that your requirements for defence and other domestic things you might need would sustain the industry that exists on the Clyde and its supply chain?

Keith Brown: That industry faces pretty enormous challenges in any event. I think that under the terms of business agreement, there is an agreement that it will reduce from 5,000 plus to 1,500 plus over the coming years anyway. Again, I make the point that we have to take it at the point at which you inherit these obligations, but I have no doubt that, if I may say as much as this, because of the requirements that we believe we would have—as I have mentioned

already, maritime patrol craft and other shipbuilding requirements in Scotland—especially with the world-leading expertise, we already have a very viable shipbuilding industry in Scotland.

Q357 Penny Mordaunt: How many ships would you envisage needing to be ordered on the Clyde to retain a sensible drumbeat in the yards, from the defence perspective?

Keith Brown: I am not being evasive here, but, once again, we have to think for a second about the extent to which the situation now is uncertain. We have to think about what we will inherit at that point, for what we can sustain. It partly depends on decisions yet to come from the UK Government, not least in relation to the Type 26.

Q358 Penny Mordaunt: Sorry, I was not asking necessarily about that decision, although it would be interesting to know if your numbers are reliant on Type 26, for example, being built there. Just in terms of sustaining that yard, do you know what needs to be built there throughout a year? What contracts are you relying on the Clyde having?

Keith Brown: The point I am trying to make is that we have a certain situation now, but the future is at least uncertain. Even under current projections—under the terms of business agreement—we are about to see substantial reductions, so what we are sustaining is changing over time. Your question is about what we need to sustain it, but I am saying that the requirements for that will change over time.

Q359 Penny Mordaunt: In terms of sustaining that sovereign capability—not necessarily exact numbers of jobs—basically do you think that you can have a viable shipyard going forward with your orders for the Scottish navy?

Keith Brown: I have never been of the view that the Clyde would rely solely on orders from an independent Scottish Government for their armed forces. The point I have made is that it has world-leading technology there. I have seen some reference in this Committee to the fact that the rest of the UK would have no intention or eagerness to procure from Scottish yards. We talked about the F-35 earlier, and given the massive procurement that the UK undertakes with the United States, I do not agree with the idea that you could not trust an independent Scotland. All the defence equipment at the point of independence, all the defence personnel, all the joint working that goes on and all the history in NATO should lead to a substantial level of trust. I do not see this as a bar to the rest of the UK or other countries wanting to tap into that world-class expertise. For that reason, I think we have a very bright future.

Q360 Penny Mordaunt: One final question on this. I am a Portsmouth MP, and I have never argued that we should be building our ships in Portsmouth from a parochial point of view. I think that as the UK Government, we have to get the best results for our budget and prioritise the kit that we give to our armed forces. Why do you think that as a Member of the remainder of the UK Parliament, I would not want to

retain sovereign capability in the remainder of the UK? Why would I be content with, say, Type 26 being built in Scotland?

Keith Brown: First, I do not deny at all the reasons why you would find it an attractive choice to procure from Portsmouth. All I am saying is that, as you mentioned—you are quite right to mention it—it may well be the case that an independent Scotland will want to procure from elsewhere, where it does not have that speciality or cannot achieve that standard.

Q361 Penny Mordaunt: No, but I am concerned that the Clyde will be in difficulties if we do not build the Type 26 there. Clearly, BAE wants to put its eggs in one basket, and I and other Members of Parliament want sovereign capability to be retained in the UK. Do you agree that you need the Type 26 to make the Clyde viable in the future? If that is not the case, we can end this conversation. If you do, why are you confident that the remainder of the UK would still want its frigate fleet to be built in Scotland?

Keith Brown: First, that is a decision for the contractor. My own view, and it is unfortunately not based on direct discussions, is that the balance of probability favours the Clyde in relation to the Type 26 frigates.

Q362 Penny Mordaunt: But only as part of the UK. The point I am getting at, if I am not being clear, is why you think in an independent Scotland you would retain, if you were awarded it—let us assume that you would be—the contract to build the Type 26. My fear is that the huge asset that is the Clyde is in jeopardy if you are not part of that programme. Why are you confident that you will be, in an independent Scotland?

Keith Brown: I suppose the short answer is that I think the Clyde is best for carrying out that contract, but the more relevant point to your question is why would the UK Government do that? I think it would do it, first of all, because it is the best option. I think that is where you will get the best expertise and you will get the contract seen through.

I understand some of the questions that are raised about the fact that the contract may be awarded, and then we will hope for independence and then they will be built in an independent Scotland. To reiterate, I have challenged and asked the leader of the Labour party in Scotland. We are more than willing to speak to the UK Government and to the contractor to provide the reassurances that they want, if they want reassurances, about being able to place that contract in the full and certain knowledge that it would be delivered in an independent Scotland. I am sure that the UK Government, when they take this decision, will take it based on the need to get the best equipment for their Navy. If that is their decision, we want to try to help them make that decision. I think that the balance of probability lies in favour of awarding that contract to the Clyde, and we will try to make sure that that happens.

Q363 Penny Mordaunt: My concern is where the issue of sovereign capability comes in. There is another option, and there are people like me around

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to say that there is another option. Can you be reassured that it would still be at the Clyde?

Q364 Ms Gisela Stuart: Still the same thing, but from a slightly different angle. Presumably, an independent Scotland would apply to join the EU.

Keith Brown: No. On an independent Scotland, Scotland is currently a member of the EU. Obviously, there would be negotiations about the terms of that membership, but we do not see ourselves departing from the EU. Indeed, there is no provision within any of the European treaties to expel citizens who are currently EU citizens.

Q365 Ms Stuart: I happen to disagree with the interpretation, but that really is neither here nor there. At some stage you would be an independent member state of the European Union, and in that context you would be liable to EU procurement rules. Would you expect the United Kingdom to be procuring defence capacity from Scotland without having to go for EU competitive tendering?

Keith Brown: We would obviously observe the regulations that applied there. There obviously are derogations—I forget the exact article that allows you to derogate from that. But outside of the obligations that you have to the EU, there is the potential for joint procurement between member states, and Scotland would take advantage of that, as would any other independent member of the EU.

Q366 Ms Stuart: Which other independent member of the EU has taken advantage of those derogations?

Keith Brown: I said that anyone could do that, rather than saying that—

Q367 Ms Stuart: And I am asking: has anyone done it?

Keith Brown: Well, you were a Member of the European Parliament, so perhaps you would know. I am not sure.

Q368 Ms Stuart: I have never been a Member of the European Parliament.

Keith Brown: Sorry—of a European committee, was it?

Q369 Ms Stuart: No, I have never been that. I have negotiated the European constitution, but Europe is a complicated place, you know.

Keith Brown: My mistake. Apologies.

Chair: You know that Europe is a complicated place.

Keith Brown: I think there was one time when you visited the Scottish Parliament and I must have picked that up wrongly.

Q370 Ms Stuart: I gave evidence as part of the European constitution, that is right. But the point remains that the United Kingdom would be subject to procurement rules, so with any kind of further negotiations that could keep the Clyde and all those procurements, you might not be the most competitive bidder. Other people might bid lower, and the United Kingdom, even if they wanted to, would not go to Scotland.

Keith Brown: My belief is that it is possible to do that, and that is another point on which we obviously disagree. It is possible to do that. The scenario I was discussing before was the award of the contract prior to independence, and prior, in fact, to the vote on independence, so obviously in those circumstances it is permissible. My understanding is that it is possible to do that—to do the scenario you described where the rest of the UK would procure from Scotland without going through the competitive tendering process that the European Union sets down. It is possible to do that just now. As to which members do it, I would have to go and check and come back to you.

Q371 Ms Stuart: I assume that your view is based on legal advice you have received. I heard you earlier saying that you do not comment on legal advice, and that is perfectly legitimate. However, can we just establish that you have received legal advice?

Keith Brown: I am not sure that that sentence can make sense. I have just explained to you that we cannot comment on the fact of or the content of legal advice, and that is true of UK Ministers as well.

Q372 Ms Stuart: I am not asking you about the content of the legal advice. I am asking about the evidence that there has been legal advice.

Keith Brown: Or the fact of legal advice.

Q373 Ms Stuart: Why is the fact of legal advice a matter of secrecy?

Keith Brown: That is what the ministerial code says, I'm afraid.

Q374 Chair: Can I just clarify one issue? Scotland, at the moment, as part of the United Kingdom, is a member of NATO, but you accept that you would need to apply to become a member of NATO. Scotland, at the moment, as part of the United Kingdom, is a member of the European Union, but you do not accept that you would need to apply to become a member of the European Union. Is that your position?

Keith Brown: Yes it is. Would you like me to explain it further? I think it is probably readily explicable in terms of the treaties of the European Union and the NATO treaties as well, and the process by which other countries have joined NATO. We accept and understand why we would have to go through that process, but—and this is the point of disagreement between me and Ms Stuart—Scotland, in my view, is de facto a member, or its citizens are members, of the EU. They are EU citizens.

There is no provision within any EU treaty to expel people from the EU, and it is my view that what we would have to do is negotiate, for example, the number of MEPs and various other things that relate to the EU, in the period between a yes vote and the achievement of independence. I do not accept that we would have to join the EU as a new member state.

Q375 Ms Stuart: Has the Commission ever supported you in that view?

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Keith Brown: The Commission does not comment on the issues.

Ms Stuart: The Commission has made comments, and the Commission's preliminary view was that you would have to reapply.

Chair: I want to move on, please.

Sir Bob Russell: Article 346 would preclude preferential treatment by the remaining United Kingdom to Scotland.

Chair: Yes. I want to cover one final question: voter registration for service personnel.

Q376 Thomas Docherty: Mr Brown, as you are aware, my colleagues came to Scotland—I was back in Scotland—and visited a number of establishments. The point was made to us repeatedly that a lot of service personnel are based in Scotland and not currently on the registers, for whatever reason. Could you outline briefly the steps that the Scottish Government will undertake to ensure that all military personnel based in Scotland will be on the register in time for the referendum?

Keith Brown: I speak as a former deputy returning officer. It is important that Governments do not do these things; they should be done by electoral registration officers. Work is being done by electoral registration officers to maximise the awareness of people's ability to register in time for the referendum; that will apply specifically as well to service personnel.

Q377 Thomas Docherty: You are ex-military yourself, so do you think that it would be helpful if the MOD were highlighting that work and making information available?

Keith Brown: They should do that in conjunction with the Electoral Commission, who are responsible for it. It is very important that it is done in the correct way.

Q378 Thomas Docherty: Absolutely. One final question. You will be aware that there are a number of Scottish-based personnel who are likely to be serving overseas on 18 September 2014—whether that be in the Falklands, Afghanistan or elsewhere. This is a unique circumstance, in that we do not have candidates and we know what the question will be. Will you be taking steps to ensure that those ballot papers are sent—whether to Mount Pleasant or Bastion or Canada—early enough so that those personnel can take part, fill in the ballot papers and send them back?

Keith Brown: Just to say again, the idea that the Government would be involved in that would be very dubious in a democracy. But I think that the point that you make is that we need to make sure that the maximum number of people are entitled to vote.

Incidentally, we are not applying any different set of criteria to those which applied to the 1997 referendum.

We are keen to make sure that as many people as possible are entitled to vote. Anybody who is not currently registered, of course, has the ability, between now and then, to register, given the due processes. Yes, everything we can do to help maximise that, but primarily it is the responsibility—for very good reason—of the Electoral Commission.

May I come back to the point made on article 346? It is important to point out that when Malcolm Chalmers gave evidence to your Committee, he also pointed out the ability to award contracts, without the European competition that was mentioned, to other countries. He mentioned that, so perhaps you might want to take that into account as well.

Q379 Chair: Does not that apply only if the contract is awarded within the territorial boundaries of the country that awards the contract?

Keith Brown: I think that the scenario painted by Ms Stuart is: if Scotland was independent and the UK wanted to award a contract to Scotland, would it be prohibited from doing so under the rules that allow you to do it without competition?

Chair: Because Scotland will be a different country.

Keith Brown: Yes, and I am saying that it may be from a newspaper article rather than evidence to the Committee, but Malcolm Chalmers has made the point previously that it is possible to do that.

Q380 Ms Stuart: My point was the other way around. To keep the shipyards going, you are relying on orders coming from outside. The UK would have to choose whether it wanted to derogate, and it might not wish to do that because it might want to protect its own sovereign capability, but Scotland's sovereign capability is Scotland's problem. We may be quite happy with competitive tendering, but it would not suit your purposes. That was my point.

Keith Brown: I think that your first question was whether it was possible, and I am saying that it is possible. Of course, these questions—

Ms Stuart: But we would have to apply for it, not you.

Keith Brown: All I am saying is that it is possible to do. It depends on decisions made by the Governments in question—of course it does, and I accept that.

Chair: Mr Brown, and Mr Stronach—silent though you have been—thank you both very much for coming in front of us and helping us with our inquiry. We are most grateful.

We will now have a break until 3.45, which gives us just a bit of time.

Examination of Witness

Witness: **Rt Hon Philip Hammond MP**, Secretary of State for Defence, gave evidence.

Q381 Chair: Secretary of State, welcome to this evidence session on the defence implications of Scottish independence. We understand that there may be a Division shortly, but let's crack on and see where we get. First, we would like to ask about the contingency plans that the Ministry of Defence is making against the possibility of Scottish independence. What are they?

Mr Hammond: As you will understand, the Ministry of Defence, or the armed forces, make contingency plans on a routine basis. That is at the core of what they do, but it should not be confused with the making of specific contingency plans for the eventuality of a yes vote in the Scottish referendum. As you know, the Government's position is that we do not expect a yes vote in the referendum. We believe that the people of Scotland are better off in the United Kingdom and will recognise that in the referendum, and therefore we are not making specific contingency plans to deal with the eventuality of a yes vote.

Q382 Chair: Is that a high-risk strategy?

Mr Hammond: I don't think so. The trick here is to think through what a yes vote would mean. A yes vote, in the unlikely event that it were to happen, would simply be the starting bell for what would be a long and complex process of negotiation between the Scottish Government and the representatives of the remainder of the United Kingdom.

Looking at the hugely complicated issues that would be involved in trying to partition a country that has functioned as an integrated and very effective whole for 300 years, the process would take a significant time. Of course, during that period, appropriate contingency planning would take place. If the situation arose, until we saw the opening negotiating position of a Scottish Government, as opposed to the posture it had taken up during a referendum campaign, we would not actually be clear on what contingency planning we would need to be doing.

Q383 Chair: What engagement or discussions have you had with the Scottish Government so far?

Mr Hammond: My Department, of course, engages with Scottish Government officials on issues where the reserved matter of defence touches devolved matters, and there are such areas—the way veterans are treated in the community after discharge from the services, for example. My own personal dealings with the Scottish Government and their elected Members have generated rather more heat than light in the area of trying to understand what the Scottish Government think their defence posture would be.

Q384 Ms Stuart: In the evidence given to us just before you arrived, Mr Brown suggested that when it comes to the division of assets—if there were a yes vote and an independent Scotland—a population-based division would be a reasonable way of approaching it. Would you agree?

Mr Hammond: It is not for me to decide that. That would clearly have to be looked at on a cross-Government basis. Perhaps I can help you by saying

that when I made a speech in Scotland earlier this year, seeking to analyse the Scottish Government's defence position, in so far as I could understand what it was, I took as my assumption that any division of assets would be population based, giving Scotland about one twelfth of the United Kingdom's fleets of vehicles, ships and other equipment.

Q385 Ms Stuart: If you look at Whitehall and how it co-operates, do you think that the division of defence assets—what is handed over and what is not—may be simply part of wider negotiations in the case of Scottish independence or would you expect defence to be a discrete unit of negotiations?

Mr Hammond: I can genuinely say that this is not something that we have discussed. This is very hypothetical. I can see no reason why the defence discussion would be ring-fenced from all the other complex areas that would have to be discussed in the unlikely event that this came to pass and this complex negotiation had to get under way.

Q386 Ms Stuart: While we have the luxury of having you here, Mr Brown had a well-thumbed copy of the asset register, so if the Scottish Government have looked carefully at the Scottish assets, presumably the MOD has done something similar at some stage.

Mr Hammond: I do not know what asset register this is, but I would remind you that the MOD's balance sheet is something like £80 billion,² so it would be a very thick document indeed that represented an MOD asset register. I do not know what the document was.³

Ms Stuart: It was about 4 inches thick.

Mr Hammond: I am not familiar with or aware of such a document. I do not know what the Scottish Government have generated.

Ms Stuart: Maybe you should ask them to send you one.

Q387 Thomas Docherty: I am going to avoid getting into a debate with Gisela about inches, because it never ends well for any man.

I was struck, Secretary of State, by Mr Brown's assumption, as I understood it, that you would take the notional total value of equipment, say £100, and Scotland would then get £8.40, rather than Scotland getting 8.4% of each equipment type. If I understood it—I hope I am not distorting his view—his idea was that they would not want Astute-class submarines, because they are going to have non-nuclear, conventional submarines, and they would therefore get more Type 23s or more Typhoons. You are a very accommodating sort of fellow. Is that something that you would be keen to accommodate them on?

Mr Hammond: I am glad that you have noticed how accommodating I try to be, but I am not sure that I

² Note by witness: According to last year's accounts the MOD's figure for plant, property and equipment assets was just over £92Bn

³ Note by witness: Most likely the document in question was the National Asset Register, last published in January 2007, based on 2005 data.

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would be that accommodating. The starting point would be an assumption of pro rata sharing and then there would obviously be a negotiation. When I made my speech in Scotland that I referred to earlier, I think we concluded that they would get 0.7 of an Astute submarine and 1.6 frigates and destroyers. There is clearly a technical problem and therefore there would have to be some negotiation about how assets were divided. It would be a mistake to assume that they could simply cherry-pick the asset register.

It is also of course a huge mistake to think of the UK armed forces as something that can just be divided up. Assets are no use without people to operate them, as many countries around the world have found. It is no good buying a fleet of advanced fighter jets if you do not have the wherewithal to train pilots and to sustain the engineering capability that keeps them in the air. The same is increasingly true of very sophisticated weapons systems, warships, and land vehicles. These are complex, holistic systems and, as part of an overall capability, you need to think of the equipment, the sustainment of it, the training for it and the qualified manpower to use it—the military talk about defence lines of development, and an asset is no use unless you develop simultaneously all the lines of development that are needed to deploy it as military capability.

Q388 Mr Brazier: In the event of independence, would Scots serving in the British armed forces be able to continue? Presumably they would.

Mr Hammond: Yes, absolutely.

Q389 Mr Brazier: Do you imagine that those who had taken their oath of allegiance to the Queen—as soldiers, sailors and airmen do when they sign on—would be allowed the option of transferring to the Scottish armed forces if Scotland became independent?

Mr Hammond: Again, such matters would be for negotiation. There would be hundreds, probably thousands, of such specific requests. I would imagine that they would be dealt with through some massive clearing house arrangement of things that each side in the negotiation wanted to achieve. It does not seem an unreasonable assumption that people who had a connection with Scotland and wanted to be released from their commitment to service in the UK armed forces in order to join some putative Scottish defence force might expect to be allowed to do so. But it would be part of the negotiation.

Q390 Mr Brazier: Presumably we would continue to accept recruits from Scotland, given that we still accept them from Eire. Or would that be a matter for negotiation, too?

Mr Hammond: I think that that would probably be a matter for a unilateral decision about whether we decided it was in our interest to continue to recruit in Scotland. Scots make a tremendous contribution to the UK armed forces—probably a disproportionately important contribution. I can see many reasons why the UK armed forces would wish to continue recruiting in Scotland, as we do in the Republic of

Ireland, but we would make that decision based on our perception of our national interest at the time.

Q391 Chair: What would be your approach to the suggestion that the remainder of the United Kingdom should continue to train Scottish officers, for example at Sandhurst or Shrivenham?

Mr Hammond: As you will be well aware, Mr Chairman, we have very significant numbers of overseas students in training at those academies. Subject to its remaining in proportion, we believe that having overseas students in the mix enhances the military training that we can deliver at those academies, so I have no objection in principle to the idea of having overseas students on our terms, on a full cost-recovery basis, and capped and limited in such a way that it enhances the training experience for our own cadets rather than detracts from it.

Q392 Chair: But the difference between the position now and then would surely be that they would become part of the overseas contingent, rather than part of the United Kingdom indigenous force?

Mr Hammond: Yes.

Q393 Thomas Docherty: On the exchange with Mr Brown about training, I am trying not to misrepresent him, but I think that his assumption is that the British Army, Navy and Air Force would shrink by the 8.4%. That then frees up, so to speak, those places back to the Scots, if you follow his logic. Is that a logical assumption to make?

Mr Hammond: I can say with absolute certainty that I could fill any number of places in the three academies and the Royal College of Defence Studies. Every time I set foot in a foreign country, almost the first question I am asked is, “Can you find more places for our cadets?” So we would have no difficulty in filling any places that became vacant. The important thing is that there has to be an appropriate balance between overseas, non-UK students, and UK students. Otherwise, the academy loses the essential character that gives its precise value to those overseas students.

Q394 Thomas Docherty: I don’t want to put words in your mouth, Secretary of State. The answers that previously have been given by the MOD are that, for example, at Sandhurst there are 75 overseas international places. On a ballpark figure for a regular Army of 8,000, you would need 200 Scottish places to generate enough officers. Would you say that that would have a danger of leading to the very thing that you are concerned about?

Mr Hammond: I certainly would not want to guarantee that we could make that number of places available. We would want to manage this looking at the interests of the academy and of our own cadet training programme. Of course, there are military training opportunities available in other countries—other European and NATO countries—which also accept foreign students on their training courses.

Q395 Bob Stewart: Secretary of State, the Scottish National party has said that it wants the speediest transition of nuclear submarines and facilities out of

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Faslane and Coulport. In rough ballpark terms, how long would it take for us to get out of Faslane and Coulport?

Mr Hammond: I am hesitating, because I have just seen a piece in *The Scotsman*, I think this morning, where the Deputy First Minister Nicola Sturgeon has admitted that Trident could remain up to two years after independence. That is a slight movement in the SNP's position.

I think the key words there are "after independence". I have already emphasised that a referendum "yes" vote would simply be the beginning of a process of negotiation, which will be complex in many, many areas. One of the complex areas will be around the nuclear deterrent.

We do not know what the priorities of a Scottish Government would be. They cannot prioritise everything in their negotiation with the remainder of the UK. If they were to decide that removing the nuclear deterrent from Faslane was their No. 1 priority, regardless of the cost impact and the deprioritisation of other issues, so this simply became a question about how quickly it could be done technically, I am not a technical expert, but I would think that we are talking in the order of a decade. Anything involving nuclear activity invariably has a long time cycle attached to it, because of the, quite properly, very stringent safety measures and the checking and certification procedures involved. The process could not begin until the negotiations across the board had been completed and until the financial arrangements for the very substantial cost of such a move had been finalised.

Q396 Bob Stewart: Again, this is a "what if". If we were required to take our independent nuclear deterrent out of its base up in the Clyde—I know that the answer would be, "Yes, we can find another place. We would make another place"—have you any idea, in rough terms, where such a place might be?

Mr Hammond: I don't think I would want to speculate. It would probably be unhelpful to speculate.

Q397 Bob Stewart: Perhaps the answer is what I have given you, which is, "Yes, we would find a place."

Mr Hammond: Yes, we would certainly. It would be technically possible to do. If you throw enough money at a problem, you can solve most problems. I am confident that we would be able to solve this problem, but it would cost a significant amount of money.

Q398 Bob Stewart: Forgive me for giving you rhetorical questions, which I almost think I know the answers to. We would assume that the Scottish Government would pay some of the cost of decommissioning as well.

Mr Hammond: Do you mean decommissioning at Faslane?

Bob Stewart: Yes.

Mr Hammond: I think there are two issues about decommissioning that are worth mentioning. Clearly, as I have said, there would be a negotiation, and it would cover a vast range of subjects. If we had to include in that negotiation the dismantling of the

facilities at Faslane and Coulport and their reconstruction elsewhere, clearly, the cost of that would be a factor in the overall calculation of the settlement between the parties to that negotiation.

The other point worth making about decommissioning is that there are 27 nuclear submarines at Rosyth awaiting decommissioning and break-up. Some of the words I have heard from some of our SNP colleagues have suggested that that is our problem; on the contrary, it is a UK problem, and would become a problem that, between us, we would have to work out how to resolve, as well as working out how to meet its enormous cost, in the event of a such a break-up.

Bob Stewart: You have beaten me: that was my last question and you have already answered it, so I am done. Thank you, Secretary of State.

Q399 Thomas Docherty: Sorry, there are seven, not 27.

Mr Hammond: The figure I have is 27, but I stand to be corrected.⁴

Q400 Thomas Docherty: Unless I miscounted last week, it is seven.

Mr Hammond: Perhaps some of them are underwater.

Chair: I think you can take his word for it.

Q401 Sir Bob Russell: Secretary of State, in your opinion would an independent Scotland have to apply to join NATO?

Mr Hammond: Oh yes, and I do not think that is simply my opinion: it is the clear advice we are getting from lawyers specialising in international law in this area.

Q402 Sir Bob Russell: What do you think would be the attitude of the Government of the former United Kingdom—that is, the three other nation states?

Mr Hammond: I think the attitude of the Government of the former United Kingdom—or the still United Kingdom, or slightly smaller United Kingdom—would be one of considered self-interest. We would want to look at the defence posture being proposed by the Scottish Government; we would want to look at how much resource they were prepared to commit to the defence of Scotland and a Scottish contribution to NATO; and we would want to look at their attitude to sharing the burden of common defence platforms, including the UK nuclear deterrent, which is 100% declared to NATO as a resource to protect the NATO alliance. We would then reach a decision as to whether having Scotland inside NATO would enhance the UK's defence or detract from it.

Q403 Sir Bob Russell: Before I come on to my next question, I do not really want to disagree with any Secretary of State, but if Scotland is independent, as it is one of the two kingdoms that make up the United Kingdom, we could hardly be a United Kingdom—we would be the only kingdom left. Anyway, I will

⁴ Note by witness: The Submarine Dismantling Project scope includes past and current classes of nuclear submarines, 27 in all, 18 of which are already out of service and safely stored afloat at Rosyth Dockyard or at Devonport. Seven submarines are stored at Rosyth.

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move on. What is the view of other member countries on the NATO application, if there is one, of an independent Scotland? Have you had discussions with colleagues?

Mr Hammond: Other countries will have to make their own decisions. I imagine that they would apply broadly the same tests that we would. It is probably worth noting that there are a couple of current disputes going on in Europe where applicants have had their applications blocked or stalled because of what one might think of as slightly extraneous reasons: Montenegro's application to join NATO is blocked over the dispute with Greece about the name of the country, and I believe that there is an issue over Kosovo as well, which is causing a blockage at the moment.

There are several countries in NATO, and indeed in the EU, which, for reasons of their own domestic politics, are extremely sensitive to the issue of secession and fragmentation. We might expect there to be a discussion with them that was perhaps not entirely based on defence considerations.

Sir Bob Russell: Following on from that one—

Q404 Chair: Before you do, is it Montenegro or is it the former Yugoslav Republic of Macedonia?

Mr Hammond: It is probably Macedonia. Sorry.

Q405 Sir Bob Russell: If an independent Scotland decides that nuclear weapons should not be based there, irrespective of what the lead story in *The Scotsman* said today, what influence might that have on other NATO countries, particularly bearing in mind the two examples you gave where local difficulties were preventing countries from joining NATO?

Mr Hammond: All NATO countries would find it very strange to be dealing with an applicant who was at one and the same time claiming to understand the benefits of NATO membership and seeking to damage one of NATO's most important strategic assets. By the way, they would probably also think it very strange to be dealing with an applicant country to a military alliance that appeared to be threatening a naval blockade against other members states' ships. That would be a factor that would influence the reception that an application might receive.

Sir Bob Russell: I think I will leave it there.

Q406 Penny Mordaunt: We have just heard from our previous witness that, in an independence scenario, the viability of the yards on the Clyde and at Rosyth would be dependent on orders from other nations, including the remainder of the UK. What is the likelihood of our continuing to place orders north of the border?

Mr Hammond: I am interested in what you say the previous witness has said. My understanding is that, until very recently, the position was that the Scottish Government expected to have a naval warship building programme that would keep the Clyde yards busy and maintain employment.

Q407 Chair: I don't think he quite said that. He said that he did not want to rely entirely on Government—
Thomas Docherty: Scottish Government.

Chair: On Scottish Government warship building to keep those yards busy.

Mr Hammond: To answer the question directly, the UK, except during the two world wars, has never bought complex warships built outside the UK. We have chosen to source our warships in the UK, even though the cost of shipbuilding in the UK is very significantly higher than in countries outside, including other NATO countries. We could buy complex warships built in Spain or Italy at significantly lower cost than we can buy them in the UK, but we choose not to do that because we think it is strategically important to maintain a sovereign capability in this area. Clearly, if Scotland were independent, that capability would no longer be sovereign; it would be subject to the whims of a foreign Government, and we could no longer, in my judgment, justify paying the premium that we do, over and above the base cost of a complex warship, for the sovereign capability to build and maintain it. I should make the point that it is not just about building the ship; it is about having the capability to refit and maintain it over its expected lifetime.

Q408 Penny Mordaunt: How likely is it that there could be co-operation between an independent Scotland and the remainder of the UK on defence procurement? How might that work in practice?

Mr Hammond: We are not opposed in principle to co-operation on defence procurement, but I suspect, given that the UK's naval shipbuilding programme is expected over the next 20-odd years to just about sustain one shipyard in the UK and that any putative Scottish Government's naval procurement programme could be expected to be probably a twelfth of that and would therefore not sustain any shipyards, we would be under very strong pressure from other shipbuilding locations across the UK to source in the UK any complex warships that we chose to build.

Q409 Penny Mordaunt: Portsmouth, for example?

Mr Hammond: It had crossed my mind that you might have thought of that possibility. We would surely come under significant pressure to source warships within the United Kingdom, as it is then defined.

Q410 Thomas Docherty: I am always sensitive that we talk about shipbuilding, but we also fix them after the naval reservists drive them around a bit. On the maintenance side, in the same way that you wouldn't build on the Clyde in an independent Scotland, am I right in saying that you would not expect to maintain the surface fleet in an independent Scotland? Would you take that back within the UK?

Mr Hammond: It would be unlikely. I should make a distinction between routine maintenance and periodic refits. Clearly, if you have a skilled work force that has built a class of ship, the yard would be in a very strong position to bid for refitting work. That does not necessarily mean they would always get that work, but they would be in a strong position.

Q411 Penny Mordaunt: Would an independent Scotland be able to maintain the same degree of

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security access—to intelligence sources, for example—to allow it to deliver military projects in conjunction with the remainder of the UK?

Mr Hammond: I would be surprised. I think the starting position would be that any new applicant to an intelligence community would first have to demonstrate its integrity, trustworthiness and ability to maintain very high levels of security. That is not to impugn the motives of the Scottish Government, but they would have to demonstrate their ability to manage their people, documents and IT systems in a way that maintained their integrity. They would also have to demonstrate that they were bringing something to the table. Intelligence sharing works on the principle that everybody gains from pooling sources, information, techniques and trade craft. A putative independent Scotland would be starting pretty much from scratch on this.

Q412 Penny Mordaunt: What impact would EU procurement rules have on defence contractors in an independent Scotland? Could it continue to attract a derogation for UK Government contracts, or would it have to compete at an EU level if contracts were openly tendered? What is your understanding?

Mr Hammond: My understanding is that the default position in the EU is that public contracts should be tendered on a level-playing-field basis across all EU member states. There is a derogation—I think it is article 346—which, where warlike goods are concerned, allows contracts to be placed without a tender where the national security interest requires it. We have that exception, which we use to buy complex military products in the UK in order to sustain UK sovereign capability.

As I have already explained in relation to warship building, that is a very expensive decision. We are deciding to build things at far higher cost than we could buy them for elsewhere in the world in order to maintain our strategic fighting edge and our sovereign industrial capability. It would clearly be a contradiction in terms to pay a premium for sovereign capability and then let the contract outside your sovereign control. I think that the Scottish defence industry would find itself in the position of being able, and being limited, to bidding for contracts that were open to EU competition—in other words, the contracts that we had decided did not form part of our essential sovereign industrial capability. There are a number of significant UK defence contractors in Scotland who would be affected by this, quite apart from those in the shipbuilding business—Selex, for example, a major provider of radars and electronic systems.

Q413 Penny Mordaunt: One final question: our previous witness was not able to confirm whether the Scottish Government had received legal advice on EU procurement rules. Have you taken legal advice on that?

Mr Hammond: Yes, I have, from our own internal legal services. We have internal legal services, and they in turn have taken advice on this point from external procurement lawyers. You may remember that when I was Secretary of State for Transport I had

a particularly tricky case involving EU procurement law. I had more legal advice than I will probably need for the rest of my life around EU procurement law on that occasion.

Q414 Chair: So there is no bar on your announcing whether you have or have not received legal advice?

Mr Hammond: I don't believe so.

Q415 Chair: This may be the final question about the European Union. Mr Brown's evidence to us was that although Scotland as part of the UK was a member of NATO, Scotland on its independence would no longer be a member, and would have to apply to join NATO. He also said that although Scotland as part of the UK was a member of the European Union, it would continue to be a member of the European Union. Do the Government have a position on whether that is an accurate description of events or not?

Mr Hammond: The question is: if the UK were to be broken up, do I believe that both Scotland and the residual UK would remain members of the European Union?

Chair: No. Would Scotland remain a member of the European Union?

Mr Hammond: By default?

Chair: Yes.

Mr Hammond: My understanding of the position is that it would not. It would have to apply.

Q416 Chair: I see. So there is a disagreement between the British Government and the Scottish Government about whether an independent Scotland would automatically—

Mr Hammond: You asked me my understanding. There is a disagreement between my understanding and what you tell me is Mr Brown's understanding.

Q417 Chair: Okay. Do you happen to know what the remainder of the UK's attitude would be to an application by Scotland to join the European Union?

Mr Hammond: We would take a pragmatic approach. We are in principle in favour of the expansion of the European Union, as the Prime Minister has just asserted again—not an hour or so ago in the Chamber—but there are other candidate countries, and there are member states with views about secession and the risks that it presents. I think that an applicant Scotland would have to go through the same hoops that any other applicant country would have to go through. My understanding is that the rules of the European Union would require Scotland to accept certain conditions that the United Kingdom is not bound by because of its grandfathered position.

Q418 Chair: Would that require a vote in the United Kingdom, in a referendum?

Mr Hammond: It would not necessarily require a vote in the United Kingdom; we have agreed to the accession of Croatia without a referendum in the United Kingdom, so I do not think that it would necessarily trigger the requirement for a referendum. If I get advice that that is wrong, I will write to you and tell you.

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Chair: Thank you very much.

Q419 Thomas Docherty: Mr Brown was keen to emphasise co-operation. Apparently, we will all get on better when we break away. In that vein of co-operation, would you expect Five Eyes to become Six Eyes automatically?

Mr Hammond: No.

Q420 Thomas Docherty: That was a very precise answer. Do you want to elaborate slightly?

Mr Hammond: This is very clearly not in our gift. Any expansion of the Five Eyes community could only be achieved if it was agreed by all five members of that community, and there is a very strong view among certain members of that community that it is a something-for-something arrangement. An applicant seeking to join the Five Eyes group would have to show that it could add significant intelligence or analysis value to what the group already had. Bearing

in mind who the members of the group are, that might be challenging for a fledgling state that had no great tradition of intelligence gathering or analysis.

Q421 Thomas Docherty: On that issue of intelligence gathering, again Mr Brown has asserted, as have his colleagues—Ms Sturgeon in particular—that there would be a natural intelligence sharing from rUK to Scotland and vice versa. Would that be rUK's decision to take alone, to share intelligence that it held, or would that require a degree of buy-in from, say, the United States or the other key partners?

Mr Hammond: There are certain things that we could share on a bilateral basis if we chose to do so. There are other things that we would need to obtain agreement on from our Five Eyes allies to share, because they had been obtained through Five Eyes arrangements.

Chair: Thank you. There are no further questions.

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