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Defence Reform and the Defence Investment Plan

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July 2026

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The Defence Investment Plan (DIP) is an important piece of work designed to translate the Strategic Defence Review (SDR) into investment decisions. The DIP should provide financial direction, priority and, therefore, a stronger basis for planning. Defence Reform is the mechanism through which those choices must be turned into different behaviours, faster decisions, clearer accountability, more reliable delivery and thus better outcomes for Defence and the UK. The central test is not whether the DIP is sufficiently ambitious on paper, but whether Defence as a whole can create the institutional conditions to deliver it under pressure.

The DIP sets out £298 billion of investment over the next four years and includes an additional £15 billion between 2026-27 and 2029-30. It also states that the UK will spend 2.7% of GDP on core NATO defence spending from 2027-28, with a commitment to increase defence spending to 3% of GDP in the next Parliament and to reach 3.5% of GDP on defence spending by 2035. The DIP should therefore be understood as a significant opportunity for defence: it should provide a stronger basis for planning and industry engagement, but it does not remove the need for continued review and prioritisation. Nor does it eliminate delivery risk. The funding profile offered by the DIP includes reprioritisation, asset sales and Treasury support. Thus, while the DIP might be seen as the pathway, it is the processes embedded in the Defence Reform programme, including its new operating model, that will become the strategic navigator. By rationalising the approach in this way, we are more likely to define and realise a strategy-led (rather than finance-constrained) vision and theory of success. There are six critical interfaces between the DIP and Defence Reform.

First: Strategic coherence and resource alignment. The DIP's purpose is to fund the vision set out in the 2025 Strategic Defence Review of warfighting readiness, a more lethal Army, a hybrid Royal Navy, a next-generation Royal Air Force and stronger capabilities in cyber, space, autonomy and AI. While the next Spending Review is expected to confirm the resourcing of the DIP's latter years, Defence Reform must ensure that these priorities are not diluted by legacy commitments, fragmented governance or incremental compromise. The key requirement is to align ministerial intent, military requirement, affordability and delivery into a single coherent portfolio. Reform should therefore strengthen the link between strategy, finance and execution, so that investment decisions are made against clearly understood operational outcomes rather than institutional preference.

Second: Prioritisation and force design. The DIP makes choices across nuclear, maritime, land, air, digital, autonomous, space and cyber capabilities. Those choices provide clarity not only on what Defence will do more of, but also on what it will do less of, stop doing, delay or accept as risk. While we might wish to debate these choices, without that discipline, the DIP could become merely an additional layer of commitments rather than a sharper expression of strategic priority. Defence Reform must provide the machinery for making trade-offs earlier, more transparently and with greater collective ownership. A credible investment plan depends on a credible process for managing resources.

Third: Acquisition, procurement and delivery pace. The DIP places strong emphasis on drones, autonomous systems, AI-enabled capability, munitions, digital targeting and faster fielding. These areas evolve more quickly than traditional platform programmes. The Government has announced major investment in drones and autonomous systems, munitions, the Global Combat Air Programme, Collaborative Combat Aircraft, space, cyber and nuclear capabilities. Defence Reform must ensure that the acquisition system can not only buy, test, adapt and scale up at the pace required by operational reality but also synchronise these activities over short-, medium- and long-term timeframes. That means shorter but more decision loops, better commercial judgement, more iterative procurement, greater tolerance of controlled experimentation and stronger mechanisms to stop, reshape or accelerate programmes as evidence changes.

Fourth: Financial control and affordability discipline. The DIP's financial provisions are substantial but the MOD will need to hold the line between ambition and affordability. The proposed investment choices sit alongside known spending in the Defence programme and the long-standing challenge of keeping major projects to time and cost. The DIP also signals reforms such as greater scrutiny of affordability and delivery, annual updates to Parliament and more disciplined programme controls. Defence Reform should turn those intentions into routine management practice: clearer cost ownership, better data, earlier escalation of financial risk, stronger portfolio controls and a willingness to make hard decisions before problems become structural.

Fifth: The defence industrial base and sovereign resilience. The DIP is not only a military plan; it is also an industrial signal. It seeks to strengthen the UK defence industrial base, support jobs and skills, expand production capacity, crowd in private investment and give industry greater confidence about future demand. The plan includes commitments on shipbuilding, munitions, nuclear, drones, autonomy, AI, cyber, space and a proposed offsets regime, subject to consultation. Defence Reform must improve how Defence works with industry: setting clearer demand signals, sharing risk more intelligently, supporting SMEs, protecting sovereign advantage and creating routes for innovation to move from demonstration into service. Industrial resilience will not be built by announcement alone; it requires predictable decisions, credible funding, skilled people and confidence that Defence can contract at pace.

Sixth: Accountability, behaviours and culture. This is the deepest interface. The DIP can describe what Defence intends to buy and build, but it cannot by itself change the behaviours that determine whether the system delivers. Defence Reform must address how people act under pressure: whether they escalate risk honestly, collaborate across organisational boundaries, make decisions at the right level, challenge optimism bias, prioritise outcomes over process and accept ownership for delivery. But the problem is not simply one of governance design; it is one of institutional muscle memory. Defence needs new, well-chosen routines, incentives and leadership expectations that make delivery discipline normal rather than exceptional.

The time, resource and threat pressures are so acute that the time for a new strategy-led approach is here. The DIP also increases the importance of distinguishing between activity and effect. Publishing a plan, announcing investment and creating new governance arrangements are not the same as improving deterrence, readiness, resilience or operational advantage. Defence Reform should therefore connect implementation to a small number of measurable outcomes: improved readiness, faster acquisition timelines, stronger stockpiles, greater industrial capacity, better digital integration, credible nuclear delivery, improved infrastructure, and clearer accountability for major programmes. The purpose of reform is not tidiness; it is performance. This matters because Defence will be operating under simultaneous pressure of time, money and threat. The security environment requires faster adaptation, but the fiscal environment requires sharper discipline. That combination makes Defence Reform more necessary, not less. The move to 3% and then 3.5% of GDP will never compensate for weak prioritisation, slow delivery, unclear accountability or a culture that avoids hard choices. The DIP gives Defence a better opportunity to succeed, but only if the system becomes more capable of converting money into military effect.

The concluding leadership point is therefore critical. Defence now has one of the most diverse Four-Star leadership teams in its history. That should be seen not as a symbolic observation, but as a potential operational advantage if it brings broader judgement, constructive challenge, stronger collaboration and greater collective ownership. Diversity of background, thought and experience matters because

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Defence must confront uncomfortable trade-offs, challenge inherited assumptions and build confidence across military, civilian, industrial and political communities. But leadership diversity will only matter if it is matched by the right behaviours: honesty about risk, pace in decision-making, mutual trust, disciplined execution and a relentless focus on outcomes. The pressure of time and money now requires Defence to perform, not merely to plan. A new approach to strategy – thinking, planning, doing and reviewing is needed through Defence Reform to change the muscle memory of the Department: to make prioritisation sharper, delivery faster, accountability clearer and adaptation more natural. The DIP should provide direction and resource; Defence Reform should provide the operating method. Success will depend on whether Defence can turn intent into performance, investment into capability, and reform into a lived pattern of behaviour across the whole system. Combined, the MOD will have the right mindset and toolset to deliver the Strategy.

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Philip Lester is an operator, innovator, strategist and conceptual thinker with over 35 years' experience within the Defence and Security community including with numerous allies and partners, including NATO. He has been at the forefront of several of Defence's force development initiatives including UK and NATO doctrine, professional military education, multi-domain integration, space, cyberspace, strategic communication, modern deterrence and CBRN defence as well as being at the heart of strategy design, implementation and orchestration as well as contributing to 3 UK defence and security reviews.

He is currently a member of the senior directing staff at the Royal College of Defence Studies (RCDS); an independent consultant focusing on strategy at the local 7 Give Process a Chance – Defence Reform: from Challenge to Strategic Renewal government, national government and international levels; and has recently contributed to an MOD assessment into the use of evidence during the 2021

Comment

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