

News story: Government announces efficiency savings for 2015/16

The Government saved £3.3 billion for the taxpayer during the last financial year through greater efficiency in the procurement of common goods, services and information technology; more efficient management of office space and the disposal of surplus government property; and through tackling fraud, error and uncollected debt in welfare spending.

These savings were delivered across government and the Cabinet Office is continuing to improve capability and performance in key areas, helping departments collaborate to save money on everything from web servers to office buildings.

Savings in 2015/16 consist of:

- £1.2 billion of operational savings from reforming government's commercial activities through improving government's ways of purchasing, improving the provision of specialist expertise in complex commercial procurements, negotiations and disputes, and reducing the cost of the government's property estate
- £339 million through setting standards and providing assurances through the Government Digital Service
- around £805 million in savings from a number of cross-government reform packages aimed at tackling fraud, error and debt
- £973 million through the sale of surplus government property.

After the progress made in the last Parliament, where the Government announced total savings of £52.2 billion*, many of the more straightforward savings have already been achieved.

Some of the larger savings that the Government is targeting will only be achieved by total service transformation, much of it enabled by digital. That means making some early investments at the beginning of this Parliament to achieve considerable gains at the end.

This is the first time the Government has measured efficiency including savings delivered in the current Parliament and represents a significant step toward enabling greater efficiency in the way government works for years ahead.

Minister for the Cabinet Office Ben Gummer said:

Ensuring that our public finances are on a sustainable path is vital to securing a strong and stable economy that works for everyone. We have made significant steps forward in tackling fraud, selling off redundant government property such as the former Civil Service College in Sunningdale and making better use of modern digital technology to drive savings.

The Government is committed to delivering value for money for taxpayers and the Cabinet Office will continue to drive savings right across departments as set out in the Spending Review in 2015.

The Government is maintaining relentless focus on efficiency. It is committed and is on-track to deliver the manifesto commitment of £15 billion to £20 billion of annual efficiency by the end of the Parliament.

Ongoing improvement in efficiency should be part of business-as-usual activity across the public sector.

As announced at Budget 2016, the Government intends to identify an additional £3.5 billion of savings in 2019/20. This will be done through the Efficiency Review, which will report in autumn 2017. The Efficiency Review will look to embed a culture where incremental improvements in the efficiency of public services are made year on year.

Savings examples

Commercial

We saved £1.06 billion in 2015/16 from reforming government's commercial activities. This includes £182 million from improving the way departments across government purchase common goods and services, encouraging collaboration to achieve better value for money, and £879 million from improving the provision of specialist expertise in complex commercial procurements, negotiations and disputes.

For example in the Department of Health the Complex Transactions team has worked on the negotiation of extension to current NHS Supply Chain contract with significantly improved terms that deliver value to the NHS customers through savings in product costs. This work realised savings in 2015/16 of £76.7 million.

Digital

The Government Digital Service (GDS) helps government departments work together to transform government, meet user needs and deliver value for money in the purchase of technology goods and services. Through setting standards and providing assurance, GDS realised £339 million in 2015/16 from controlling costs and the implementation of their ICT strategy by Departments.

For example, GDS Spend Controls, in line with the Government's Technology Code of Practice, have collaborated and helped the Department for Work and Pensions (DWP) to save Her Majesty's Government over £875,000 in 2015/16. This was achieved across several of their digital services where GDS helped to either deliver the outcome in a more efficient way or reduce spend on part of a whole project because the user need had changed.

Fraud, error and debt

The Fraud, Error, Debt and Grants (FEDG) function works with Government departments to identify initiatives that will reduce financial loss and waste in this area. It also agrees cross-government standards for fraud, error, grant and debt activities. Across Government, several specialist programmes, mainly focused in DWP and HMRC, realised benefits worth £803m in 2015/16. Some of these have been led by programmes within departments, others by programmes, such as the Debt Market Integrator and National Fraud Initiative, that are led by the Cabinet Office.

Property

The Government Property Unit (GPU) has central oversight over all government land and property. GPU work across the Civil Service to create a more effective, efficient, and better value government estate. In 2015/16 GPU facilitated the selling of surplus property worth £973 million and fully realised annual savings of £95 million from exiting (in 2014/15 and 2015/16) property leases and negating running costs such as rent, rates and facilities management.

For example, the sale of the famous Admiralty Arch building that straddles the entrance to the Mall and Trafalgar Square generated capital receipts worth £66 million in 2015/16.

Information about the savings data

The Cabinet Office ensures departments work together to address waste and improve accountability across a range of areas, including IT, procurement and property.

In the last year of the previous Parliament the Cabinet Office helped departments across Whitehall save £18.6 billion against a baseline year of 2009/10. For this savings data, as much as possible we updated the baseline year against which we measure savings to 2014/15. This is to reflect the efficiency and reforms made in the previous Parliament which have been embedded into how government works.

These savings figures are not national or official statistics: they are based on management information evidence in department reports and other supporting evidence.

[News story: GC represented at](#)

international event on food fraud and food allergy

Close to 100 participants from Europe, Canada, north and south America, Australia and Hong Kong attended an exciting and informative conference on food fraud and food allergy in Bari, Italy, on 26th and 27th January 2017. The conference was organised by Prof. Roland Poms of [MoniQA](#) (International Association for Monitoring and Quality Assurance in the Total Food Supply Chain) and Dr Linda Monaci of [ISPA](#) (Istituto di Scienze delle Produzioni Alimentari).

Michael Walker, of the Government Chemist Programme in [LGC](#), delivered a keynote talk 'Food detectives: what it takes to trace food fraud' in the Food Fraud section of the conference. Michael also discussed allergen analysis with a talk entitled 'What do we need to measure? How should it be reported? And how low can we go?' in the Food Allergen Management section.

Food fraud and food allergen management are topics that rarely share one event, but have a lot in common. Appropriate food labeling and consumer trust are very important issues which need to be managed by the food industry. Both may have strong impact on the health and socio-economic status of a society. They both need adequate communication and demand the use of comprehensive databases and sophisticated analytical methods. Both require a collaborative effort from science, industry and the regulatory environment.

The conference brought together participants from the food industry, ingredient suppliers, agricultural producers, retail and trade, consumer organizations, private and public analytical laboratories, representatives from R&D, marketing, quality control, legal departments, as well as food scientists, technologists, analytical method providers, regulatory bodies, authorities and the media. There were productive discussions and sharing of ideas that, it is hoped, will assist stakeholders to address the problems in these interrelated areas.

Notes from the event are collected in the attached document.

Press release: Multi-million pound cash boost to help create local jobs and growth

Communities Secretary Sajid Javid today (2 February 2017) announced [the latest instalment](#) from a £1.8 billion dedicated Local Growth Fund to help

create jobs, support businesses and encourage growth.

Today, Mr Javid announced £492 million for 8 local enterprise partnerships across London, the South East, and a further £150 million for the East of England.

This investment could see 237,000 jobs created, 119,000 homes built and attract over £4.7 billion investment. It comes on top of the £2.2 billion of growth funding already awarded.

In line with the government's modern [Industrial Strategy](#), this funding will help build on the UK's strengths and spread growth more evenly across the country.

Communities Secretary Sajid Javid said:

As part of efforts to deliver an economy that works for everyone, the government is equipping local people with the resources they need to boost growth in their area.

This new money will give businesses across the region the support and opportunities they need to achieve their potential. This is on top of the £2.2 billion we have already awarded.

Minister for London Gavin Barwell said:

London is recognised the world over as an economic powerhouse and we're determined to see it go from strength-to-strength.

Today's £141 million funding for the capital will help deliver as many as 5,400 homes over the next 5 years, support projects to improve the environment at the heart of the city and help young Londoners learn a wide range of new skills.

Local Growth Minister Andrew Percy said:

From Brighton to the Norfolk Broads today's investment will support the delivery of new homes and jobs right across the South East and East of England.

These growth deals are a crucial part of our efforts to create an economy that works for everyone, and will ensure every region of the country has the chance to realise its full potential.

Creating an economy that works for everyone

The £12 billion [Local Growth Fund](#) provides local leaders with the cash they need to support locally determined projects. Under the fund, England's 38

local enterprise partnerships – made up of council leaders and business representatives – bid for investments based on local priorities.

Bids are highly competitive and – to be successful – local enterprise partnerships need to work with partners to agree strong and accountable governance and put forward proposals that boost growth and bring in private sector funding.

£7.3 billion of the £12 billion Local Growth Fund has already been allocated to more than 900 projects across England – helping to build vital infrastructure, improve skills and create thousands of jobs. The remainder of the funding has been invested in projects such as improving transport networks and building new homes.

Across London, the South East and the East of England, this has already:

- invested £102 million in 20 projects across London's further education sector, which are projected to provide support to over 120,000 students and deliver nearly 17,000 apprenticeships
- contributed £4.5 million into the Oxfordshire Centre for Technology and Innovation to boost local skills in across engineering and emerging technologies
- funded improvements to the A2300 Burgess Hill Link Road relieving congestion and unlocking up to 3,000 new homes and 5,000 jobs
- put the UK at the forefront of next generation mobile communication development by supporting the establishment of the 5G Innovation Centre at the University of Surrey
- started the creation of the world-first International Aviation Academy – Norwich, which will deliver training in all aspects of aviation engineering

Now this latest allocation of £1.8 billion government investment – including £492 million in London and the South East and £150 million in the East of England – will help do even more to benefit the lives of local people across the country. New projects include:

- Air Quality Programme – improving London's air quality through a commercial boiler scrappage scheme and further grant support to businesses to implement measures to reduce pollution from their operations
- creating a Bio-Innovation Centre, a business incubator for new life-science projects, part of a new Life Sciences building at the University of Sussex
- developing a Technical and Professional Skills Centre at Stansted Airport helping to create or safeguard an estimated 540 jobs and support 530 students in aircraft engineering.
- building the Stoke Mandeville Relief Road as part of the Aylesbury Ring Road development – the new route will connect and enable development of major new housing and employment locations to the south of Aylesbury
- £15 million to establish an Innovation and Productivity Fund in the New Anglia LEP to provide capital investment to use technology to boost productivity in local businesses

Of the funding awarded today, £492 million will be awarded to the 8 local enterprise partnerships in London and the South East and £150 million will go to the 3 local enterprise partnerships in the East of England.

This comes on top of the £556 million allocated to [local enterprise partnerships in the Northern Powerhouse](#) last week – with allocations to the Midlands due very shortly.

Further information

Today the government has announced the [Local Growth Fund 3 allocations](#).

The 8 local enterprise partnerships in the London and the South East have been awarded:

Local Enterprise Partnership Funding awarded

Buckinghamshire Thames Valley	£20.48 million
Coast to Capital	£66.06 million
Enterprise M3	£71.12 million
London	£141.28 million
Oxfordshire	£24.16 million
Solent	£31.02 million
South East	£102.65 million
Thames Valley Berkshire	£35.56 million

The 3 local enterprise partnerships in the East of England have been awarded:

Local Enterprise Partnership	Funding awarded
Greater Cambridge Greater Peterborough	£37.62 million
Hertfordshire	£43.95 million
New Anglia	£69.06 million

[Speech: Coping with Russia](#)

I'm delighted to be here tonight to accept Sir Hew's invitation to return to my alma mater and speak on the topic of Russian Resurgence.

I'm sure it would make Professor Christian, who led the Russian department in my day, proud to see it ranked first in the UK for Teaching, Quality, and Experience. It forms a principal plank in the bridge between British and Russian academia. Scholarship, culture and history have always brought Britain and Russia together.

In recent times we've seen renewed interest in Russian scientific and artistic achievement. Last year saw the Cosmonaut exhibition at the Science

Museum. This year the Royal Academy focuses on Russian art.

However, you'll be relieved to hear that I'm not about to launch into a lengthy discourse on Russia's artistic renaissance. Rather my focus is Russia's military resurgence – our response to which is a key factor in the formulation of our defence policy.

Resurgence isn't really the issue. Every nation has the right to compete on the global stage. The danger comes when that behaviour becomes aggressive.

President Trump has spoken about the need for engagement with Russia – he's right.

Great nations like the US and Russia will talk. Indeed, they must talk to preserve the rules based international system underpinning our security and prosperity. The UK too needs to engage with Russia, including military to military.

Yet President Trump is a realist. He knows engagement is an equation of risk versus reward with the outcome decided by a nation's deeds not its words.

So this evening I hope to offer a sober assessment of Russia's recent actions, our response as a leading member of NATO, and the prospects for the future.

CLEAR-EYED ASSESSMENT

Let me begin with Russian behaviour.

We are all familiar with its principal theatres of involvement – Ukraine and Syria.

I was in Ukraine two weeks ago and, as this month marks three years on from the events leading to Russia's illegal annexation of Crimea, it's instructive to reflect on what's happened since.

In February 2014, President Yanukovych fled Ukraine in the wake of the Euromaidan protests.

The Ukrainian Rada elected an interim president and prepared for fresh presidential elections – won, in May 2014, by Petro Poroshenko.

But Russia did not allow Ukraine to decide its own destiny like any other sovereign country.

Instead, under the guise of ambiguous and deniable instruments it annexed Crimea.

Similarly deniable tactics were tried in the Donbas before it was forced to resort to sponsoring militias and deploying conventional forces.

A nadir was reached in June 2014 – two days after I became Defence Secretary – when MH-17 was shot down killing, 283 passengers, ten of them British.

Yet despite an inquiry showing that the plane was shot down by a Russian provided missile, Russia denied it and continues to do so.

Since then, in the Donbas, almost 10,000 people have been killed and nearly 1.5 million displaced. Despite the Minsk Agreements and successive ceasefires, the conflict not only continues, but also intensifies.

Ordinary people suffer as the ceasefire is violated every day while Russian land mines and artillery take their toll. In January the US Mission to the Organisation for Security and Co-operation in Europe (OSCE) mission identified over 238 weapons in separatist-held Miusynsk, including over 40 multiple launch rocket systems.

So to Russia's second theatre – Syria. Its intervention in September 2015 was not to target Daesh terrorists but to shore up the ailing Assad regime – demonstrated by 80 per cent of its air strikes being conducted against non-Daesh targets.

Since then Russia has targeted the Syrian opposition in Aleppo with little regard for innocent lives.

Yet Russian efforts have not been confined to Syria and Ukraine, nor limited to military means. Russia's doctrine advocates co-ordinating multiple instruments – military and non-military – as part of a hybrid approach.

Snap exercises

A favoured technique is the use of “no-notice” exercises, often of very large formations.

OSCE rules state that when the number of troops equals or exceeds 13,000 they are subject to notification and observation.

But Russia has managed to avoid tripping the 13,000 threshold for a mandatory observation since the dissolution of the Soviet Union despite annually boasting of exercises more than a hundred thousand strong. In 2016, the Kremlin said 12,500 troops were to be involved in its summer exercise (called KAVKAZ). Later Russia bragged that ten times as many took part.

Critically, these snap exercises are frequently held near international borders with every intent to intimidate.

Hybrid

Another feature of Russian activity is the elevation of what Churchill called the “terminological inexactitude”, to an art form.

There is a special Russian word for this.... Not “maskirovka”...the old deception perpetrated by its intelligence agencies...but “vranyo” where the listener knows the speaker is lying, and the speaker knows the listener knows he is lying, but keeps lying anyway.

Last year we saw Russia dismissing the Dutch forensic report into MH-17.

Having first denied the plane was shot down – it used third parties to blame Ukrainian air-to-air missiles or US drone strikes.

Meanwhile Russia labelled the independent inquiry into the murder of Alexander Litvinenko in London – which found Russia responsible – a “theatre of the absurd”.

The Swedish Institute of Strategic Studies revealed Russia’s use of a “wide array of active measures” – including fake news – designed to “frame NATO as an aggressor and military threat, the EU as in terminal decline, and Russia as under siege from hostile Western governments.”

In his year of exile 43 years ago Aleksandr Solzhenitsyn wrote “In our country the daily lie is not the whim of corrupt nature, but a mode of existence.”

Today we see a country that in weaponising misinformation has created what we might now see as the post-truth age.

Cyber attacks

Finally, there is the use of cyber weaponry to disrupt critical infrastructure and disable democratic machinery.

France knows this. In April 2015 TV5Monde was taken off air by a group calling itself the Cyber Caliphate. French investigators suggested the Kremlin was behind the cyber-attack.

Months later Germany was targeted too. Its lower house of parliament’s network was shut down by a hacker group the Federal Office for the Protection of the Constitution (BfV) said was “steered by the Russian state.”

What is concerning is that in 2016 we saw a step change in Russian behaviour.

In April, the Dutch referendum was targeted. A Washington Post journalist noted, “Many of the no campaign’s themes, headlines and even photographs were lifted directly from Russia Today and Sputnik.”

In October, Bulgaria was subject to what President Plevneliev called “the most heaviest and intense cyber attack...conducted in south-east Europe...an attack on Bulgarian democracy...conducted with a high probability from Russia.”

The Office of the Director of National Intelligence found that Russia targeted the US Presidential election and that its “intelligence services conducted cyber operations against targets associated with the 2016 US presidential election, including targets associated with both major US political parties.”

And Russia involved itself in Montenegro’s sovereign affairs. On 16 October, Parliamentary elections were held but overshadowed by the arrest of 20 Serbian nationals – accused of planning attacks on state institutions. The Montenegrin investigation showed the attempted coup was organised by two Russian ‘nationalists’. Montenegro has never been considered part of Russia’s

near-abroad. It is, however, about to become a NATO member.

Meanwhile, the Head of the German BfV intelligence agency warned the Kremlin is “seeking to influence public opinion and decision-making processes” ahead of this year’s German elections.

RUSSIA TESTING THE ALLIANCE

What should we make of this persistent behaviour?

Russia is clearly testing NATO and the West.

It is seeking to expand its sphere of influence, destabilise countries, and weaken the Alliance. It is undermining national security for many allies and the international rules-based system.

Therefore it is in our interest and Europe’s to keep NATO strong and to deter and dissuade Russia from this course.

It hopes to stay below the threshold for response.

But we must be clear-eyed in exposing its actions and calling on all NATO members to recommit to strengthening our collective defence.

It’s vital we demonstrate NATO is as essential to peace now as it was then. President Trump is 100% backing NATO and Europe needs show that it does too. 19 of the 28 EU member states don’t spend 1.5% of GDP on defence; five (and by no means the poorest five) don’t spend 1%. After we leave, EU countries will pay only 20% of NATO’s bills.

So he is right to challenge NATO to raise its game. All members need to step up to ensure NATO fulfils its role as the cornerstone of the West’s defence as effectively as possible.

That means, not five, but all members making a step change by meeting the 2 per cent commitment. We’re doing that, others need to too.

It means supporting reform to make NATO more agile, resilient, and better configured to operate in the contemporary environment including against hybrid and cyber attacks.

Cyber defence is now part of NATO’s core task. NATO must defend itself as effectively in the cyber sphere as it does in the air, on land, and at sea. So adversaries know there is a price to pay if they use cyber weapons.

Alliance members are strengthening their capability, collectively and individual, to resist any form of attack. The UK is playing its part by almost doubling our investment on defensive and offensive cyber capability to £1.9 billion.

Above all it means accepting that we need to commit our forces to defend other nations. Public support for NATO requires political leadership; it places a duty on us to keep making the case for the Alliance and to keep

explaining its obligations.

Multinational institutions need commitment, reform and leadership to command loyalty.

Ultimately Britain's national security rests on NATO's security.

That is why I deplore the Leader of the Opposition's failure to support the deployment of British troops to Estonia and Poland – and Article 5.

By contrast, the government is responding in three ways to the testing of NATO and the challenge to the international order:

1. NOT BUSINESS AS USUAL

First, by showing that Russia's actions cannot be regarded as business as usual.

Our hope was to have a partnership with Russia that recognised nations' pursuit of their self-interest within the framework of the rules-based international order.

But Russia has chosen to become a strategic competitor of the West.

So realism must be our watchword, with guarded engagement. As the Prime Minister put it in Philadelphia – “engage but beware.”

There is nothing inevitable about a retreat to the days of the Cold War.

Russia can take a different approach

But, as the new US Defense Secretary, Jim Mattis, said: “I'm all for engagement, but we also have to recognize reality in what Russia is up to.”

Part of our response is for NATO and the West to do more to tackle the false reality promoted through Soviet-style misinformation. Whatever else we do on deterrence and dialogue we must counter Putin's Pravda with a faster truth.

A lie can travel half way around the world while the truth is putting its boots on.

We need to call out messengers like RT and Sputnik. In 2015 Ofcom sanctioned RT for broadcasting content “either materially misleading or not duly impartial” regarding Syria and Ukraine. It is beyond irony that one of those programmes was called “Truthseeker”.

2. REINFORCING DETERRENCE

Second, we are reinforcing our deterrence.

Deterrence is often associated with nuclear weapons. But it applies across the spectrum from peace to war. It's about ensuring that any potential adversary recognises that any benefits they may seek to gain by aggression will be outweighed by the consequences for them of its actions.

The United States and the European Union imposed sanctions following Russia's action in Ukraine. They have weakened the Russian economy. This is the price it pays for its actions and by making that link it will deter them from similar actions in the future. Those sanctions remain in place today.

At the same time, NATO has responded to Russia's behaviour with unity and resolve – with Britain having a leading role.

Following the Wales Summit in September 2014 the Alliance established its Very High Readiness Joint Taskforce – which the UK leads this year – to react in short order to security challenges.

At the Warsaw Summit in July 2016, NATO agreed to establish an Enhanced Forward Presence in Eastern Europe.

British troops will soon deploy to Estonia and Poland as part of that presence.

No one, save Sputnik, could pretend these measures are anything other than proportionate and defensive – Britain's contribution is 950 troops.

But where we deploy battalions, Russia deploys whole divisions...tens of thousands of troops.

Whereas their deployments seem designed to intimidate, ours are designed to reassure allies – especially those most threatened by Russian behaviour. They show that we stand by our partners and reaffirm that an attack against one NATO member would be considered an attack against all.

We also support greater cooperation between NATO and the EU to ensure we can deter coordinated hybrid attack using military and non-military levers.

Have these measures constrained Russian activity?

We can't prove a negative. But many feared Russia would push further into central and southern Ukraine.

So let's not rule out the possibility that overwhelming international condemnation, sanctions, and above all the bravery Ukrainians, gave the Kremlin pause for thought and dissuaded it from embarking on a wider conventional war.

3. DIALOGUE

My final point, something both President Trump and his new Secretary of State understand, is that deterrence and dialogue go hand in hand.

So we've kept our channels of communication open. This year marks the NATO Russia Council's 15th anniversary. Communication remains vital since, as our experience during the Cold War taught us, understanding is crucial even when trust seems in short supply.

We need to understand Russia better, and vice versa, because the risk of

miscalculation is real.

December saw the passing of Thomas Schelling, noble prize winner...who devised the hotline between the White House and the Kremlin during the Cold War.

He understood that, while nations will always disagree on some subjects, to hold dialogue hostage would be folly since its value lies not just in preventing miscalculation, not just in stopping the ignorance and isolation but in opening up fresh opportunities.

Earlier I spoke about the future prospects for Russia/UK relations.

They are not as bleak as painted.

We had shared interests with the Iran nuclear deal.

Even in Syria where we disagree on so much we are deconflicting flights in a highly congested airspace.

And we have common regional and global concerns such as in Afghanistan, Islamist terror, and we all stand to gain by limiting weapons proliferation.

As a student here in the 70s, during the Cold War, I believed the Soviet Union would never change. Fifteen years later it did. It came about through the steadfast refusal of President Reagan and Margaret Thatcher to go along with the prevailing orthodoxy of quiet appeasement. It came too from the resilience of ordinary people, carrying messages beyond the Iron Curtain and linking hands across the Berlin Wall.

Last year our nations remembered our great Arctic convoys coming to Russia's aid in its hour of need and turning the tide of war.

Shakespeare's Twelfth Night and Tempest were performed by the Pushkin Drama Theatre in Moscow.

And Tim Peake shared a tiny capsule a Russian cosmonaut and US astronaut.

These interactions offer some hope for the future.

If the opportunities are out there to improve engagement Britain will do so – from a position of strength.

We accept that Russia with its vast geo-strategic span, like any major power, has legitimate interests

But we cannot accept the trading away of our interests and values or the continued violation of Ukraine's territorial integrity and interference with the freedoms enjoyed by Eastern Europe.

Instead of weakening global stability, it's time to strengthen the security architecture that guarantees the international rules based system.

And above all we must not accept as any kind of new normal Russia's propaganda, whether overt or covert; its easy disregard for hard facts and

numbers; or its blatant distortions and evasions.

On the contrary, we must continue calling Russia out on its activities, judging it on its deeds rather than words. As Bulgakov warned us: "The tongue may hide the truth but they eyes – never."

CONCLUSION

So there you have it. A clear eyed assessment of Russian behaviour.

We've seen a persistent pattern of behaviour that is becoming more pronounced.

We hope that Russia changes tack.

That it abides by the Minsk agreements, curbs the reckless military activity, and ditches the misinformation.

If it does, then there is the potential for a better relationship.

Russia could again become the partner the West always wished for. We could dare to hope that, to quote Bulgakov again, "everything will turn out right, the world is built like that."

Speech: Coping with Russia

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Cyber attacks

Finally, there is the use of cyber weaponry to disrupt critical infrastructure and disable democratic machinery.

France knows this. In April 2015 TV5Monde was taken off air by a group calling itself the Cyber Caliphate. French investigators suggested the Kremlin was behind the cyber-attack.

Months later Germany was targeted too. Its lower house of parliament's network was shut down by a hacker group the Federal Office for the Protection of the Constitution (BfV) said was "steered by the Russian state."

What is concerning is that in 2016 we saw a step change in Russian behaviour.

In April, the Dutch referendum was targeted. A Washington Post journalist noted, "Many of the no campaign's themes, headlines and even photographs were lifted directly from Russia Today and Sputnik."

In October, Bulgaria was subject to what President Plevneliev called "the most heaviest and intense cyber attack...conducted in south-east Europe...an attack on Bulgarian democracy...conducted with a high probability from Russia."

The Office of the Director of National Intelligence found that Russia targeted the US Presidential election and that its "intelligence services conducted cyber operations against targets associated with the 2016 US presidential election, including targets associated with both major US political parties."

And Russia involved itself in Montenegro's sovereign affairs. On 16 October, Parliamentary elections were held but overshadowed by the arrest of 20 Serbian nationals – accused of planning attacks on state institutions. The Montenegrin investigation showed the attempted coup was organised by two Russian 'nationalists'. Montenegro has never been considered part of Russia's near-abroad. It is, however, about to become a NATO member.

Meanwhile, the Head of the German BfV intelligence agency warned the Kremlin is "seeking to influence public opinion and decision-making processes" ahead of this year's German elections.

RUSSIA TESTING THE ALLIANCE

What should we make of this persistent behaviour?

Russia is clearly testing NATO and the West.

It is seeking to expand its sphere of influence, destabilise countries, and weaken the Alliance. It is undermining national security for many allies and the international rules-based system.

Therefore it is in our interest and Europe's to keep NATO strong and to deter and dissuade Russia from this course.

It hopes to stay below the threshold for response.

But we must be clear-eyed in exposing its actions and calling on all NATO members to recommit to strengthening our collective defence.

It's vital we demonstrate NATO is as essential to peace now as it was then. President Trump is 100% backing NATO and Europe needs show that it does too. 19 of the 28 EU member states don't spend 1.5% of GDP on defence; five (and by no means the poorest five) don't spend 1%. After we leave, EU countries will pay only 20% of NATO's bills.

So he is right to challenge NATO to raise its game. All members need to step up to ensure NATO fulfils its role as the cornerstone of the West's defence as effectively as possible.

That means, not five, but all members making a step change by meeting the 2 per cent commitment. We're doing that, others need to too.

It means supporting reform to make NATO more agile, resilient, and better configured to operate in the contemporary environment including against hybrid and cyber attacks.

Cyber defence is now part of NATO's core task. NATO must defend itself as effectively in the cyber sphere as it does in the air, on land, and at sea. So adversaries know there is a price to pay if they use cyber weapons.

Alliance members are strengthening their capability, collectively and individual, to resist any form of attack. The UK is playing its part by almost doubling our investment on defensive and offensive cyber capability to £1.9 billion.

Above all it means accepting that we need to commit our forces to defend other nations. Public support for NATO requires political leadership; it places a duty on us to keep making the case for the Alliance and to keep explaining its obligations.

Multinational institutions need commitment, reform and leadership to command loyalty.

Ultimately Britain's national security rests on NATO's security.

That is why I deplore the Leader of the Opposition's failure to support the deployment of British troops to Estonia and Poland – and Article 5.

By contrast, the government is responding in three ways to the testing of NATO and the challenge to the international order:

1. NOT BUSINESS AS USUAL

First, by showing that Russia's actions cannot be regarded as business as usual.

Our hope was to have a partnership with Russia that recognised nations' pursuit of their self-interest within the framework of the rules-based international order. But Russia has chosen to become a strategic competitor of the West.

So realism must be our watchword, with guarded engagement. As the Prime Minister put it in Philadelphia – "engage but beware."

There is nothing inevitable about a retreat to the days of the Cold War.

Russia can take a different approach

But, as the new US Defense Secretary, Jim Mattis, said: "I'm all for engagement, but we also have to recognize reality in what Russia is up to."

Part of our response is for NATO and the West to do more to tackle the false reality promoted through Soviet-style misinformation. Whatever else we do on deterrence and dialogue we must counter Putin's Pravda with a faster truth.

A lie can travel half way around the world while the truth is putting its boots on.

We need to call out messengers like RT and Sputnik. In 2015 Ofcom sanctioned RT for broadcasting content "either materially misleading or not duly impartial" regarding Syria and Ukraine. It is beyond irony that one of those programmes was called "Truthseeker".

2. REINFORCING DETERRENCE

Second, we are reinforcing our deterrence.

Deterrence is often associated with nuclear weapons. But it applies across the spectrum from peace to war. It's about ensuring that any potential adversary recognises that any benefits they may seek to gain by aggression will be outweighed by the consequences for them of its actions.

The United States and the European Union imposed sanctions following Russia's action in Ukraine. They have weakened the Russian economy. This is the price it pays for its actions and by making that link it will deter them from similar actions in the future. Those sanctions remain in place today.

At the same time, NATO has responded to Russia's behaviour with unity and resolve – with Britain having a leading role.

Following the Wales Summit in September 2014 the Alliance established its Very High Readiness Joint Taskforce – which the UK leads this year – to react in short order to security challenges.

At the Warsaw Summit in July 2016, NATO agreed to establish an Enhanced Forward Presence in Eastern Europe.

British troops will soon deploy to Estonia and Poland as part of that presence.

No one, save Sputnik, could pretend these measures are anything other than proportionate and defensive – Britain's contribution is 950 troops.

But where we deploy battalions, Russia deploys whole divisions...tens of thousands of troops.

Whereas their deployments seem designed to intimidate, ours are designed to reassure allies – especially those most threatened by Russian behaviour. They show that we stand by our partners and reaffirm that an attack against one NATO member would be considered an attack against all.

We also support greater cooperation between NATO and the EU to ensure we can deter coordinated hybrid attack using military and non-military levers.

Have these measures constrained Russian activity?

We can't prove a negative. But many feared Russia would push further into central and southern Ukraine.

So let's not rule out the possibility that overwhelming international condemnation, sanctions, and above all the bravery Ukrainians, gave the Kremlin pause for thought and dissuaded it from embarking on a wider conventional war.

3. DIALOGUE

My final point, something both President Trump and his new Secretary of State understand, is that deterrence and dialogue go hand in hand.

So we've kept our channels of communication open. This year marks the NATO Russia Council's 15th anniversary. Communication remains vital since, as our experience during the Cold War taught us, understanding is crucial even when trust seems in short supply.

We need to understand Russia better, and vice versa, because the risk of miscalculation is real.

December saw the passing of Thomas Schelling, noble prize winner...who devised the hotline between the White House and the Kremlin during the Cold War.

He understood that, while nations will always disagree on some subjects, to hold dialogue hostage would be folly since its value lies not just in preventing miscalculation, not just in stopping the ignorance and isolation but in opening up fresh opportunities.

Earlier I spoke about the future prospects for Russia/UK relations.

They are not as bleak as painted.

We had shared interests with the Iran nuclear deal.

Even in Syria where we disagree on so much we are deconflicting flights in a highly congested airspace.

And we have common regional and global concerns such as in Afghanistan, Islamist terror, and we all stand to gain by limiting weapons proliferation.

As a student here in the 70s, during the Cold War, I believed the Soviet Union would never change. Fifteen years later it did. It came about through the steadfast refusal of President Reagan and Margaret Thatcher to go along with the prevailing orthodoxy of quiet appeasement. It came too from the resilience of ordinary people, carrying messages beyond the Iron Curtain and linking hands across the Berlin Wall.

Last year our nations remembered our great Arctic convoys coming to Russia's aid in its hour of need and turning the tide of war.

Shakespeare's Twelfth Night and Tempest were performed by the Pushkin Drama Theatre in Moscow.

And Tim Peake shared a tiny capsule a Russian cosmonaut and US astronaut.

These interactions offer some hope for the future.

If the opportunities are out there to improve engagement Britain will do so – from a position of strength.

We accept that Russia with its vast geo-strategic span, like any major power, has legitimate interests

But we cannot accept the trading away of our interests and values or the continued violation of Ukraine's territorial integrity and interference with the freedoms enjoyed by Eastern Europe.

Instead of weakening global stability, it's time to strengthen the security architecture that guarantees the international rules based system.

And above all we must not accept as any kind of new normal Russia's propaganda, whether overt or covert; its easy disregard for hard facts and numbers; or its blatant distortions and evasions.

On the contrary, we must continue calling Russia out on its activities, judging it on its deeds rather than words. As Bulgakov warned us: "The tongue may hide the truth but the eyes – never."

CONCLUSION

So there you have it. A clear eyed assessment of Russian behaviour.

We've seen a persistent pattern of behaviour that is becoming more

pronounced.

We hope that Russia changes tack. That it abides by the Minsk agreements, curbs the reckless military activity, and ditches the misinformation.

If it does, then there is the potential for a better relationship.

Russia could again become the partner the West always wished for. We could dare to hope that, to quote Bulgakov again, "everything will turn out right, the world is built like that."