



Defence Committee

Chairman, Rt Hon Dr Julian Lewis MP

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Stephen Lovegrove CB
Permanent Secretary
Ministry of Defence
London SW1A 2HB

26 March 2019

Dear Stephen,

Following publication of the Ministry's Supplementary Estimates for 2018-19, the Committee has considered the expenditure plans they contain. As a result, I would be grateful if you could please provide a response to the Committee by 24 April to the following questions:

1. Can you provide a breakdown of the additional funding sought in the Supplementary Estimates for MoD operations; how much was spent in Afghanistan, Wider Gulf, Counter Daesh, and in the Deployed Military Activity Pool (DMAP) and Conflict Stability and Security Fund (CSSF), and how do these totals compare to the final budget contained in the Supplementary Estimate 2017-18?
2. We note that there has been a 1.7% increase in budget for service personnel costs, and a reduction of 9.9% in the budget for civilian personnel costs; are these changes starting to reflect the personnel plans outlined in the MoD's *Modernising Defence Programme*, or other drivers of spending?
3. There has been an "uplift of £285 million to the RDEL Administration Cost Regime budget within the RDEL boundary". It appears this is due to the transfer of the Submarine Defence Agency and Warhead to the core budget of the department; why does this require such a change in classification, and what is the impact on the workstream?

The Committee has noted the steps your department has taken to comply with the new guidance issued by the House of Commons Scrutiny Unit, following the Procedure Committee's Estimates inquiry in 2017. We are pleased at the progress you have made to date in adopting these changes and encourage you to maintain dialogue with the Scrutiny Unit and ensure that you continue to apply the requirements set out on the Scrutiny Unit's [webpage](#) in the future.

Yours sincerely,
Julian



D/PUS/11/7/1(123)

26 April 2019

Rt Hon Dr Julian Lewis MP
Chairman of the HCDC

Sent electronically

Dear Chair,

THE MOD'S SUPPLEMENTARY ESTIMATES FOR 2018-19

Thank you for your letter of 26 March 2019 regarding the Committee's questions on the Ministry of Defence's (MOD) Supplementary Estimates 2018-2019. I shall answer each question in turn.

Can you provide a breakdown of the additional funding sought in the Supplementary Estimates for MoD operations; how much was spent in Afghanistan, Wider Gulf, Counter Daesh, and in the Deployed Military Activity Pool (DMAP) and Conflict Stability and Security Fund (CSSF), and how do these totals compare to the final budget contained in the Supplementary Estimate 2017-18?

A breakdown of the additional funding the Committee has requested in 2018/19 and 2017/18 can be found in the Annex to this letter.

Additional funding has been requested for the UK's increased contribution to NATO's Resolute Support Mission in Afghanistan, whilst the funding requirement in 18/19 for countering Daesh operations, and operational activity in the Gulf region decreased from that in 17/18.

However, we have made c.£462m available to fund military operations against Daesh in 2018-19. This shows our continued commitment to the global fight against terrorism and makes us the US's largest partner in the air effort. £233m was provided in the Main Estimate with an additional £229m allocated in Supplementary Estimates.

We note that there has been a 1.7% increase in budget for service personnel costs, and a reduction of 9.9% in the budget for civilian personnel costs; are these changes starting to reflect the personnel plans outlined in the MoD's *Modernising Defence Programme*, or other drivers of spending?

The increase in service personnel budget has been mainly driven by the Military pay award. The pay award had not been agreed at the time the Main Estimate was prepared. The reduction in civilian personnel costs is due to the budget being moved from civilian personnel to Administration Costs.

When aggregated, the total civilian pay budget is £2,476.2 million, as set out in the Supplementary Estimates, a 0.6% increase.

There has been an “uplift of £285 million to the RDEL Administration Cost Regime budget within the RDEL boundary”. It appears this is due to the transfer of the Submarine Delivery Agency and Warhead to the core budget of the department; why does this require such a change in classification, and what is the impact on the workstream?

The uplift of £285 million to the RDEL Administration Cost Regime (ACR) is due to a) the transfer of the Submarine Delivery Agency (SDA) and Warhead Project Team from Programme civilian costs to Administration and b) other adjustments to align Administration budgets to actual forecast of expenditure. The personnel engaged by SDA and Warhead were previously part of the Defence Equipment and Support (DE&S) Bespoke Trading Entity which is outside scope of the ACR. They are now within the Defence Nuclear Organisation TLB, which is in scope.

Yours sincerely,

A handwritten signature in blue ink that reads "Stephen Lovegrove". The signature is written in a cursive style with a prominent initial 'S'.

STEPHEN LOVEGROVE

ANNEX TO D/PUS/11/7/1(123)

Summary Cost of Operations and Peacekeeping at 2018-19 Supplementary Estimates

Operations	Non Ring-Fenced Resource DEL	Ring-Fenced Resource	Total Resource DEL	Capital DEL	Total 2018- 19 SE Request
	£M	£M	£M	£M	£M
<i>Afghanistan</i>	105.8	-	105.8	-	105.8
<i>Wider Gulf</i>	44.0	-	44.0	-	44.0
<i>Counter Daesh</i>	366.2	22.0	388.2	73.9	462.1
<i>EU counter migrant smugglers</i>	0.4	-	0.4	-	0.4
<i>NATO enhanced Forward Presence (Estonia/Poland)</i>	33.6	-	33.6	-	33.6
<i>Enhanced Intelligence Surveillance and Reconnaissance (ISR)</i>	-	-	-	40.0	40.0
<i>Support to United Nations peacekeeping operations in Somalia and South Sudan</i>	8.0	-	8.0	-	8.0
<i>Deployed Military Activity Pool (DMAP)</i>	33.0	-	33.0	-	33.0
<i>Cabinet Office Transfer</i>	-	-	-	-	-
<i>Conflict, Stability and Security Fund (CSSF)²</i>	92.3	-	92.3	-	92.3
Total	683.3	22.0	705.3	113.9	819.2

Summary Cost of Operations and Peacekeeping at 2017-18 Supplementary Estimates

Operations	Non Ring-Fenced Resource DEL	Ring-Fenced Resource	Total Resource DEL	Capital DEL	Total 2017- 18 SE Request
	£M	£M	£M	£M	£M
<i>Afghanistan</i>	84.9	-	84.9	-	84.9
<i>Wider Gulf</i>	62	-	62	-	62
<i>Counter Daesh</i>	345.4	63.6	409	203	612
<i>EU counter migrant smugglers</i>	1.7	-	1.7	-	1.7
<i>NATO enhanced Forward Presence (Estonia/Poland)</i>	43.1	-	43.1	-	43.1
<i>Enhanced Intelligence Surveillance and Reconnaissance (ISR)</i>	0.8	-	0.8	31	31.8
<i>Support to United Nations peacekeeping operations in Somalia and South Sudan</i>	19.8	-	19.8	-	19.8
<i>Deployed Military Activity Pool (DMAP)</i>	25	-	25	-	25
<i>Cabinet Office Transfer</i>	26.4	-	26.4	-	26.4
<i>Conflict, Stability and Security Fund (CSSF)²</i>	121.9	-	121.9	6	127.9
Total	731	63.6	794.6	240	1,034.60