I am writing to thank you and Julian for your letter about the Ministry of Defence’s budget, following my appearance in front of the Liaison Committee.

As I said when I saw you on 27 March, the recently published National Security Capability Review (NSCR) looked at a wide range of national security matters including defence. As a result of high-level findings from the NSCR, the National Security Council commissioned the Modernising Defence Programme (MDP) to ensure that our capabilities meet the changing threats we face, and that the defence of our country is put on a strong and sustainable financial footing.

As I also said when I appeared before the Liaison Committee, we continue to be the second largest defence spender in NATO, the fifth largest in the world, and one of the few NATO members to meet the 2 per cent target. We are committed to increasing the defence budget by 0.5 per cent above inflation year on year with defence spending rising by £2.5 billion over the next two years, to almost £40 billion by 2020/2021. But of course the issue is not just about how much money we spend but how we spend it.

Whilst the framework of the National Security Strategy and the Strategic Defence and Security Review 2015 remain right, the security challenges we face have become more complex, intertwined and dangerous since 2015 as the world has become more uncertain and volatile. Domestic, overseas and online threats are increasingly integrated as adversaries develop capabilities and exploit vulnerabilities across borders and between the cyber and physical worlds.

Against that strategic and financial background, the MDP is an opportunity to ensure that the Armed Forces have the capabilities they need and that the defence programme is sustainably affordable. As I am sure you will agree, we must do more to ensure that the Ministry of Defence uses its resources effectively, improves its performance on efficiency and modernises its capabilities.
Thank you, once again, for your letter. I trust you will stay closely engaged as the MDP progresses.

Yours sincerely,

Ms Meg Hillier MP