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PERMANENT SECRETARY

D/PUS/11/7

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Meg Hillier
Chair Public Accounts Committee
Sent electronically

Dear Chair,

Ahead of the hearing on Defence Capabilities and the Equipment Plan on 28 May, I wrote you to explain the Department's intentions for Equipment Plan reporting in 2020.

I proposed deferring publication of a full Equipment Plan financial summary report until a Comprehensive Spending Review (CSR) is concluded, so that it could be used to present our revised plans and allow you to hold the MOD to account for these decisions. In the meantime, I proposed providing the Committee with more focussed written updates that would maintain continuity of financial reporting and allow scrutiny of our plans.

I welcome your support to this approach at the hearing, subject to advice from the NAO, and your acknowledgement of the challenges that COVID-19 has posed for working practices in this Department and across Government. We have since discussed our plans in more detail with the NAO and agreed a provisional programme of work that would enable concurrent publication of the Department's update and the NAO's report no later than October this year. The Comptroller and Auditor General (C&AG) has now written to you and advised that our proposals will meet the Committee's requirements.

I would therefore like to confirm that the Department will write to you no later than October with a summary of the Equipment Plan funding position for 2020-2030 and supporting data that will include:

- An assessment of the affordability of the Plan and the supporting cost and budget data;
- An updated project performance summary table of significant, high-value projects;
- A brief update on our work to improve financial management;
- An update on efficiencies in detail comparable to 2019.

We will as far as possible present this information to allow comparison with previous years and expect to demonstrate continued progress improving the robustness of our cost forecasting and management of efficiencies.

I welcome the NAO's review of the robustness of our assessment and am grateful for their willingness to adapt to current circumstances in developing this plan with us.

I fully expect to return to more comprehensive and accessible Equipment Plan reporting following the publication of a multi-year CSR and Integrated Review, when we will explain

changes to our equipment spending plans and how these relate to our capability development and delivery policies.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Stephen Lovegrove". The signature is fluid and cursive, with the first name "Stephen" and last name "Lovegrove" clearly distinguishable.

STEPHEN LOVEGROVE