



MINISTRY OF DEFENCE
FLOOR 5, ZONE D, MAIN BUILDING, WHITEHALL
LONDON SW1A 2HB

Telephone: 020 7218 7975
Fax: 020 7218 3048
E-mail: PUS-PrivateOffice@mod.gov.uk

PERMANENT SECRETARY

D/PUS/11/7/1(194)

28 October 2020

Meg Hillier MP
Chair of the Public Accounts Committee
Sent electronically

Dear Chair,

EQUIPMENT PLAN 2019

I am writing to inform you of a correction required to the Equipment Plan financial summary 2019 report and to update you on progress preparing our 2020 Equipment Plan financial summary.

On the first issue, we identified an error in the 'variances to available spending' shown in figure 7 on page 24 of the Equipment Plan 2019 when preparing a response for a Freedom of Information request. We have established that an old version of the source data was used to produce the chart and this mistake was not identified through quality assurance checks. The chart illustrates the affordability of the Equipment Plan as a percentage variance to budget, and the outdated version of the source data resulted in differences of up to 1.3 percentage points in the variance from the correct, final version of this data.

We have undertaken a review of all 2019 figures in the report and have not identified any further material inconsistencies. We are therefore confident that the report fairly represents the affordability of the Equipment Plan at April 2019. The error does not affect the analysis or conclusions drawn in the report or any evidence given to the PAC.

We will be depositing an update to *The Defence Equipment Plan* for 2019 (the 'Equipment Plan') with the House of Commons Library this week to correct this error. I enclose the corrected report with this letter.

I sincerely regret this mistake, particularly given the assurances I gave last year on the importance of reporting transparently and accurately to the public, and the steps the Department has taken to reduce the risk of this occurring in future. In light of this, we are reviewing the Equipment Plan reporting processes thoroughly to ensure our update to the Committee later this year is robust and that we have improved quality assurance procedures in place for future Equipment Plan summary reports.

On the second issue, I am sorry to inform you that we will not be able to write to you with an update on the Equipment Plan in October as planned. The teams involved in preparing this work have been under particular pressure over the summer dealing with several significant additional commitments including preparing the MOD submission for the Comprehensive Spending Review. Alongside the unique circumstances of the Covid-19 restrictions, these demands have led to delays to our work on the Equipment Plan financial summary that we have not been able to recover.

We have agreed a revised timeline for publication with the NAO, and now intend to write to you with our Equipment Plan financial update before Christmas and to do so on the same day the NAO publish their report.

I am copying this letter to Rt Hon Tobias Ellwood MP, Chair of the House of Commons Defence Committee, Rt Hon John Healey MP, Shadow Secretary of State for Defence. Gareth Davies, Comptroller & Auditor General.

Yours sincerely,



STEPHEN LOVEGROVE

Copied to:

Rt Hon Tobias Ellwood MP, House of Commons Defence Committee

Rt Hon John Healey MP, Shadow Secretary of State for Defence

Gareth Davies, Comptroller & Auditor General