



House of Commons  
Committee of Public Accounts

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**MoD Equipment Plan  
2022–2032**

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**Forty-Eighth Report of Session  
2022–23**

*Report, together with formal minutes relating  
to the report*

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## Summary

The Ministry of Defence's (the Department's) approach to its Equipment Plan has failed to adapt to a more volatile world. The invasion of Ukraine has challenged strategic assumptions and necessitated a refresh of the 2021 Integrated Review. However, we have serious doubts about whether the Department's Equipment Plan process is agile and responsive enough to react to this more dangerous international situation. We are concerned that the Department lacks the urgency required to develop and deliver promptly the enhanced capabilities that the Armed Forces need. The Department acknowledges that its land forces must catch up to fulfil our NATO commitments, but programmes to achieve this, such as Ajax and Morpheus, have been beset by problems and delays for many years. The Department has also not focussed sufficiently on developing the enabling and supporting capabilities required in operational environments. If the Department does not act swiftly to address the fragility of its supply chain, replenish its stocks, and modernise its capabilities, there is a risk that the UK might struggle to maintain its essential contribution to NATO. This is compounded as the 2022–2023 Equipment Plan is already somewhat out of date, as it does not yet reflect the emerging lessons from Ukraine.

The Department assesses its Equipment Plan as affordable over the next ten years, but this assessment is still characterised by optimism bias. It relies on the Equipment Plan budget exceeding forecast costs by £5.2 billion in the Plan's final three years, to rectify a forecast deficit of £2.6 billion in the first seven years. The Department's assessment of the Plan's affordability also assumes it will reduce project costs by £30.4 billion during the next ten years. This includes the Department achieving all planned efficiencies and savings, although it does not yet have plans for £1.6 billion cost reductions and £3.4 billion efficiency savings, of which it needs more than £2 billion in the next three years. We are also concerned that the Department has not yet secured the skills it needs to deliver the Plan, particularly given the impact of rising inflation on staff recruitment and retention.

The Committee examines the Equipment Plan every year and sees the same problems recurring with major, often multi billion pound, defence procurement programmes. Equipment arrives into service many years late and significantly over-budget, with depressing regularity. Neither taxpayers nor our Armed Forces are being served well. There needs to be meaningful change of this broken system. The Department needs to break from this cycle of costly delay and failure and deliver a fundamental, root and branch reform of defence procurement once and for all.

## Introduction

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The Ministry of Defence (the Department) has published its Equipment Plan (the Plan) report each year since 2012, setting out its ten-year spending plans on equipment procurement and support projects. Its aim is to produce a reliable assessment of the affordability of its equipment programme, and to demonstrate to Parliament how it intends to manage its equipment funding. Each year the National Audit Office has published a report examining the Department's assessment of the Plan's affordability and its response to the financial challenges it faces.

The latest Plan, which is based on financial data at 31 March 2022 and was published in November 2022, covers the period from 2022 to 2032. The Department has allocated a budget of £242.3 billion to equipment procurement and support projects (46% of its entire forecast budget) and it assesses that this exceeds forecast costs by £2.6 billion (1% of the equipment budget). In total, the Plan contains forecast costs for some 1,800 equipment projects that it has chosen to fund following the 2021 Integrated Review of security, defence, development, and foreign policy. These include equipment in early-stage development, equipment that is already in use and budgets to support and maintain military capabilities.

## Conclusions and recommendations

1. **The Russian invasion of Ukraine has highlighted the need for an agile and responsive Equipment Plan process, which ensures the Department can afford and quickly develop the capabilities our Armed Forces need in a more volatile world.** The UK's membership of NATO, and the deterrence that this provides, is central to our defence strategy. It is therefore essential that the UK can react quickly to changing circumstances and continue to fulfil its leading role in the alliance. However, the 2022–2032 Equipment Plan is already out of date because it does not reflect the emerging lessons from the Ukraine conflict. The Department is learning lessons, such as the UK's need for changing capabilities and larger munitions stockpiles. However, it accepts that its past approach to developing new capabilities has been neither fast enough nor flexible enough. We have previously found that the Department takes too long to translate decisions into useable capabilities. The Department's assistance to Ukraine has demonstrated that it can respond quickly to operational demands when required, but we are not convinced that it is showing sufficient urgency to deliver the new capabilities that our own Armed Forces need.

**Recommendation 1:** *To reassure Parliament that it is responding to changing circumstances promptly, the Department should publish a timelier Equipment Plan report alongside its annual report and accounts. The Department should also write to the Committee alongside its Treasury Minute response setting out how it has addressed our previous concerns that its system for delivering major equipment capabilities is broken and its ways of working have not helped it deliver capabilities effectively.*

2. **The refreshed Integrated Review may revise judgements about operational requirements and identify new priorities which are not currently funded in the Equipment Plan.** The Ukraine conflict has necessitated a refresh of the 2021 Integrated Review. The Department expected that the refresh would be completed in the first quarter of 2023 and that the core of the Equipment Plan would still hold good. The Government published the refresh in March 2023, but the Department will now have to reflect the changing priorities from the refresh in a further Command Paper, as well as reflecting lessons from Ukraine and recent announcements, such as the combat air partnership with Japan and Italy and the AUKUS partnership with the United States of America and Australia. The Department says it will argue for new capabilities and add these to the Equipment Plan if it secures additional funding from HM Treasury. However, it will need to prioritise investment decisions if new demands exceed available funding. The Department assumes that the refresh decisions will inform the Chancellor's next Budget, planned for March 2023 at the time we took evidence, but it had not agreed the timetable. If the 2023 Budget does not fund the revised requirements, enacting the changed priorities might be delayed by a year. Furthermore, the Department has been slow to implement the capabilities set out in the original Integrated Review, several of which it has not fully funded in the two Equipment Plans since 2021.

**Recommendation 2:** *The Department should clearly set out to HM Treasury as soon as it can what capability requirements and priorities arise from the refreshed Integrated Review, the funding requirements to provide these, and the risks arising*

*from any shortfall. We expect to see the Department reflect these decisions in the next Defence Command Paper and its 2023 Equipment Plan and will challenge the Department on the changes next year.*

3. **The Department has not demonstrated the necessary urgency to deliver enhanced capabilities to deter hostile parties.** The Ukraine conflict has demonstrated the renewed importance of land capabilities. However, the Department acknowledges there is significant risk that the UK could not provide NATO with an operational Army division and that the current Equipment Plan does not resolve this. Lessons from Ukraine show that the Army needs to increase its long-range precision artillery, air defences and medical supply chain beyond the capabilities included in the current Plan. Furthermore, the Department is struggling to deliver existing projects to modernise current land capabilities. Notably, timetables for introducing Boxer and Ajax armoured vehicles have slipped significantly, leaving the Army reliant on out-dated vehicles and unable to provide the necessary deterrence of adversaries. Even when Ajax is finally introduced it will not operate to its full potential without the Morpheus communications system, which is also delayed. We are unconvinced by the Department's assertion that it is doing all it can to speed up these programmes or its claim that it could only be quicker by taking more risks.

**Recommendation 3:** *The Department should reconsider whether it strikes the right balance between risk and delivery speed in procurement and write to us alongside its Treasury Minute response setting out its scope to deliver programmes faster. It should also set out in next year's Equipment Plan how it will ensure that the Army fully benefits from the investment in new equipment by the timely delivery of military hardware and the technology needed to enable interoperability.*

4. **The Department's assessment of the Equipment Plan's affordability still relies on over-optimistic assumptions about the cost of programmes and the efficiencies and cost reductions it will achieve.** Although the Department assesses that the Equipment Plan is affordable over ten years, this obscures significant financial pressure. There is a deficit of £2.6 billion over the first seven years of the Plan and the ten-year plans of four of the six Top Level Budgets are in deficit. Most notably the Army's forecast costs are £2 billion more than its budget. Overall affordability is based on potentially over-optimistic assessments of project costs, with the Department's Cost Assurance and Analysis Service estimating that costs could be at least £5 billion higher than forecast. The Plan's affordability also relies on the Department achieving a £5.2 billion surplus in the final three years of the Plan, and on the Department achieving all cost reductions and efficiency savings included in the Plan. This includes £2.1 billion in the next three years which Top Level Budgets do not yet have plans to achieve. We doubt that the Department can achieve all these savings, but its contingency to cover any shortfall during this period is just £0.5 billion. The Plan's affordability also relies on some projects being delayed, the Department having reduced project cost forecasts by £13.2 billion to reflect this.

**Recommendation 4:** *In future Equipment Plans, the Department should explain the uncertainties that exist in its assumptions. It should present the affordability position as a range, based on a full assessment of internal and external uncertainties, and candidly set out what the best- or worst-case scenarios would mean for our Armed Forces' capabilities.*



5. **The Department has ignored the worsening economic environment in its latest Equipment Plan and faces significant financial pressures on its equipment programme.** The Department has not included external cost pressures, including inflation and foreign exchange movements, in its central assessment of the Plan's affordability. This is despite identifying when it produced the Plan that inflation could increase project costs by up to £2.1 billion over ten years. It did not include this inflationary pressure in its affordability analysis despite it being more than 80% of the Plan's forecast surplus of £2.6 billion. Inflation has since risen higher than the March 2022 forecast, and the Department accepts it will struggle to manage affordability as a result. Further, the pound to dollar exchange rate has remained below the Plan's worst-case scenario for several months, increasing the cost of several major Plan programmes. In the worsening economic environment, there is an increased possibility that some of the £25 billion of risks that the Department deemed unlikely—and has not included in cost forecasts—may occur, further increasing pressure on the Plan. Cost of living increases caused by rising inflation also mean that the Department might struggle to attract and retain staff with the skills it requires to deliver equipment programmes. We do not think that the Department has sufficiently taken these factors into account when considering the affordability of the plans.

**Recommendation 5: *After the Integrated Review refresh, the Department must:***

- *urgently reassess the affordability of its equipment procurement and support programmes;*
- *move quickly to achieve the assumed savings; and*
- *assess the level of headroom it needs to respond promptly to changing external events.*

*We will seek an update from the Department at an evidence session in 2023.*

6. **We are concerned that the Department has not yet developed a supply chain that can reliably and quickly deliver the capabilities and stockpiles it needs.** The Department has started to replenish stocks gifted to Ukraine, the cost of which HM Treasury will cover through the Reserve. It is also working with HM Treasury on a case-by-case basis to agree on a reasonable replacement when items are no longer in production or where the UK's requirement has changed. However, the Department does not expect to replenish all depleted stocks, such as NLAW anti-tank weapons, for at least two years. The Department says that one important lesson from the Ukraine conflict has been the need to shift from its approach of buying batches of munitions to supporting continuous production lines which suppliers can ramp up when required. It says it has started to work with key UK suppliers to secure production lines, and the 2022 Autumn Statement provided an additional £560 million over the next two years to help support this. The Department is also discussing with NATO allies how to stimulate the wider supply chain to meet the alliance's long-term needs.

**Recommendation 6: *The Department should write to us alongside its Treasury Minute response setting out its progress in developing a plan with the wider defence industry to improve the scale and efficiency of its supply chain.***

# 1 The Equipment Plan in a more volatile world

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1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Ministry of Defence (the Department) on the Equipment Plan 2022 to 2032.<sup>1</sup>

2. Since 2012, the Department has published its Equipment Plan report each year, setting out its ten-year spending plans on equipment procurement and support projects. The Department's aim is to produce a reliable assessment of the affordability of its equipment programme, which demonstrates to Parliament how it intends to manage its equipment funding. Each year the National Audit Office has published a report examining the Department's assessment of the Plan's affordability and its response to the financial challenges it faces.<sup>2</sup>

3. The Department must manage expenditure effectively to ensure the Armed Forces get the equipment they need to meet their military objectives.<sup>3</sup> It has made choices about the funding available for equipment projects and assessed which capabilities it should fund in response to the 2021 Integrated Review of security, defence, development, and foreign policy. In its latest Plan, the Department allocated a budget of £242.3 billion to equipment projects from 2022 to 2032, 46% of its entire forecast budget. It has assessed that this is affordable, as the equipment budget exceeds forecast costs by £2.6 billion (1% of budget).<sup>4</sup> The Plan includes forecast costs of some 1,800 equipment projects, including equipment in early-stage development, equipment that is already in use and budgets to support and maintain military capabilities.<sup>5</sup>

## Response to the Russian invasion of Ukraine

4. The Russian invasion of Ukraine has highlighted that the UK must once more consider the possibility of fighting a land war in Europe. The Department emphasised that the UK's membership of NATO is central to our defence strategy, highlighting the deterrence that this provides.<sup>6</sup> However, it acknowledged there is significant risk that the UK could not fulfil its commitment to provide NATO with an operational Army division to fight such a war.<sup>7</sup> Indeed, at the moment, the UK must rely on its NATO allies to fill gaps in defence capabilities, such as the lack of long-range airborne early warning radar.<sup>8</sup>

5. It is, therefore, essential that the UK can react quickly to changing circumstances and continue to fulfil its leading role in the NATO alliance. However, the 2022–2032 Equipment Plan, based on financial data at 31 March 2022 and published in November 2022, is already out of date. It does not reflect the current pressures and uncertainty facing the Department, notably the emerging lessons from the Ukraine conflict.<sup>9</sup> The Department said it is learning lessons from the conflict, foremost of which is that hard-

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1 C&AG's Report, *The Equipment Plan 2022 to 2032*, Session 2022–22, HC 907, 29 November 2022

2 C&AG's Report, para 1

3 C&AG's Report, para 3

4 Q52; C&AG's Report, para 6

5 C&AG's Report, paras 2 and 3

6 Qq 18, 91

7 Q 31

8 Qq 90–91

9 C&AG's Report, para 3

edged, conventional war-fighting deterrence is very much back. It is also considering the implications for previously held assumptions, such as how to address the UK’s need for larger munitions and weapons stockpiles, and how to integrate innovations with traditional weaponry on the battlefield, including the use of drones, artificial intelligence and electronic warfare.<sup>10</sup>

6. The Department said that although it publishes its Equipment Plan report annually, the Plan is underpinned by a rolling process which allows the Department to make in-year adjustments when necessary.<sup>11</sup> However, it acknowledged that another key lesson from Ukraine was that it was neither fast enough nor flexible enough in its approach.<sup>12</sup> The Department’s assistance to Ukraine has demonstrated that it can respond quickly to operational demands when required, but we are not convinced that it has shown sufficient urgency to deliver the new capabilities that our Armed Forces need. We have previously found that the Department takes too long to translate decisions into useable capabilities. In 2020, we concluded that the Department’s ways of working have not helped it to deliver capabilities effectively, and that it needed to change its internal culture to reform its capability delivery.<sup>13</sup> Then, in 2021, we concluded that the Department’s system for delivering major equipment capabilities was broken and repeatedly wasting taxpayers’ money.<sup>14</sup>

7. In response to Russia’s invasion, the Government has decided to review its 2021 Integrated Review. This work has been led by the Cabinet Office. The Government published its Integrated Review Refresh 2023 in March 2023.<sup>15</sup> The Department now expects to publish its own refreshed plans in a new Defence Command Paper, which in turn will have implications for its Equipment Plan.<sup>16</sup> The Department anticipated that the core of the Equipment Plan would still hold good but that there would be some noticeable changes to reflect lessons from Ukraine and other recent announcements, such as the combat air partnership with Japan and Italy. It also thought that further decisions, such as on the AUKUS partnership with the United States of America and Australia announced in March 2023, and on the programme to replace the nuclear warhead, would be reflected in the 2023 or 2024 planning rounds.<sup>17</sup> The Department cautioned it would take time to firm up Integrated Review plans and address the challenges of deliverability.<sup>18</sup>

8. The Department said that it would argue for new capabilities through this process, and if it received more resources, it would add these to the Equipment Plan. However, it accepted that it would need to prioritise investment decisions if new demands exceeded the funding from HM Treasury.<sup>19</sup> In March 2023, as part of the Integrated Review refresh, the Prime Minister announced that the Department would receive £5 billion of additional funding over 2023–24 and 2024–25.<sup>20</sup> Of this new money, it will spend £3 billion across

10 Qq 13, 14

11 Q 13

12 Q 33

13 Committee of Public Accounts, *Defence capability and Equipment Plan*, Tenth Report of Session 2019–21, HC 247, July 2020

14 Committee of Public Accounts, *Improving the performance of major defence equipment contracts*, Twenty-Second Report of Session 2021–22, HC 185, November 2021

15 Q 26, [Integrated Review Refresh 2023](#)

16 Q 26

17 Q 28, [British-led design chosen for AUKUS submarine project - GOV.UK \(www.gov.uk\)](#)

18 Q 52

19 Q 49

20 [Integrated Review Refresh 2023, P34](#)

the defence nuclear enterprise and the remaining £2 billion on replenishing stockpiles and increasing them in line with a reassessment of appropriate levels.<sup>21</sup> In November 2022 the Secretary of State for Defence had told Parliament that the inflationary pressure on his budget over the next two years was £8 billion.<sup>22</sup>

9. The Department has been slow to implement the capabilities set out in the March 2021 Integrated Review, several of which it has not fully funded despite publishing two Equipment Plan reports since then.<sup>23</sup> Furthermore, as part of the Integrated Review, the Department set aside £6.6 billion from 2021–22 to 2024–25 for research and development. This is already generating ideas to address future threats, including the accelerated adoption of Artificial Intelligence and next-generation Directed Energy Weapons. However, the £4.4 billion set aside to exploit this investment, and turn these ideas into capabilities, is only available from 2025–26.<sup>24</sup>

### Delivering enhanced capabilities

10. The Ukraine conflict has demonstrated the renewed importance of land capabilities, but the Department acknowledged that there has been slippage in several major programmes.<sup>25</sup> We are unconvinced by the Department’s assertion that it is doing all it can to speed up these programmes, or its claim that it could only go faster if it took more risks.<sup>26</sup>

11. In the meantime, the Department’s struggles to deliver projects to modernise land capabilities leaves the Army reliant on out-dated vehicles.<sup>27</sup> Although the first Boxer armoured fighting vehicle is due to be delivered in 2023, it will not achieve initial operating capability until 2025.<sup>28</sup> The Department recently updated us on the ongoing saga of the delayed Ajax armoured vehicles.<sup>29</sup> The Department was finally able to report some positive news about the programme, as the user validation trials had been completed successfully.<sup>30</sup> However, it was unable to give us a revised initial operating capability date.<sup>31</sup>

12. Even when Ajax is finally introduced, it will not operate to its full potential without the Morpheus communications system. This will integrate Ajax across the land, air and sea domains, allowing real-time information-sharing and connectivity with other capabilities, such as Lightning II jets, on the battlefield.<sup>32</sup> However, Morpheus has also been delayed, having originally been due by the end of 2021.<sup>33</sup> As a consequence, Ajax will be fitted initially with Morpheus’s predecessor, Bowman, which does not have the same

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21 [Integrated Review Refresh 2023](#), P34

22 House of Commons Defence Committee, 2 November 2022, [US, UK and NATO, Q275](#)

23 C&AG’s Report, para 1.16

24 Q111; Letter from Permanent Secretary to Chair, 23 January 2023, p.3

25 Q 31

26 Qq 36–38

27 Q 104

28 Q 35

29 Committee of Public Accounts, *Armoured Vehicles: the Ajax programme*, Seventh Report of Session 2022–23, HC 259, June 2022

30 Q 96

31 Q 99

32 Q 105

33 Q 41

integration capabilities. The Department was unable to tell us when Morpheus would enter service, but the military planning assumption is that this will be towards the end of the decade.<sup>34</sup>

13. Furthermore, the Department acknowledged that even if all the Army equipment in the Plan was delivered, that would not guarantee it could provide an operational division. This is because the current Plan does not address some risks, such as the need for “joint enablers” which facilitate operations.<sup>35</sup> The Department provided examples of the capabilities that the Army would need to address these risks, such as an improved ability to strike with precision at long-range, more comprehensive integrated missile defence against air attack and medical supply chains able to deal with multiple casualties.<sup>36</sup>

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34 Qq 105, 106

35 Q 33

36 Qq 48, 94

## 2 Delivering the Equipment Plan

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### Internal savings and adjustments

14. The Department told us that its 2022–2032 Equipment Plan is affordable, as the equipment budget exceeds forecast costs by £2.6 billion (1% of budget). However, we noted that the aggregate surplus obscures financial pressures in the short-term and in some Top Level Budgets – those organisations, including front line commands, responsible for delivering defence outcomes within budgets delegated by the Department. The Plan is in deficit for the first seven years by £2.6 billion and is only affordable because of a £5.2 billion surplus in the final three years. Furthermore, over the full ten years, four out of six Top Level Budgets are in deficit.<sup>37</sup> Most significantly, the Army’s equipment programme is more than £2 billion in deficit over the ten years of the Plan.<sup>38</sup>

15. We also noted that the Plan is only affordable if the Department achieves intended £13.8 billion of savings, £5 billion of which it has not yet developed plans to achieve.<sup>39</sup> The Department may be over-optimistic in expecting to achieve all intended cost reductions and efficiency savings.<sup>40</sup> In addition, of the savings for which it does not yet have clear plans, the Department must find £2.1 billion of these in the next three years. The Department’s contingency over those three years is only £0.5 billion, which means it has limited ability to absorb any failures to achieve savings, or unexpected cost increases.<sup>41</sup>

16. The Department may be over-optimistic in its assessment of project costs. The Department’s Cost Assurance and Analysis Service estimates that project costs could be between £5.2 billion and £14 billion higher than those in the Plan. The Department told us that the latter figure was a worst-case scenario and that the different cost calculations are a matter of professional judgement.<sup>42</sup> The National Audit Office report highlighted the need for the Department to consider project risks more fully, including reflecting these independent project costings in its own forecasts.<sup>43</sup>

17. We are concerned that the Department seems reliant on delaying delivery of capabilities to keep the Plan affordable.<sup>44</sup> The Department told us that the £13.2 billion management adjustment for realism represented a small amount of over-programming, and was based on historical performance and its assessment of deliverability, with supply chain issues making it harder to spend money as planned.<sup>45</sup> We are also concerned that the Plan does not include all the capabilities set out in the Integrated Review; if these were included in future years it would add further pressure on the affordability of the Plan.<sup>46</sup>

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37 C&AG’s Report, paras 6, 7, Figure 4

38 Q 51

39 Qq 55, 56, 64

40 Q 54; C&AG’s Report, para 7

41 Q 54

42 Q 79

43 C&AG’s Report, para 10

44 Q 58

45 Qq 52, 56

46 C&AG’s Report, para 1.16, Figure 6

## External pressures

18. The affordability of the Plan is also under pressure from external economic factors, including rising inflation and unfavourable exchange rate movements. In March 2022 the Office of Budget Responsibility forecast that inflation would reach 8.7% by the end of 2022.<sup>47</sup> The Department reported that this would increase cost pressure on the Plan by £2.1 billion, but acknowledged that this estimate might not accurately reflect rising inflation.<sup>48</sup> By November 2022 inflation was higher than this forecast, at 10.7%, suggesting that this cost pressure is higher. The Department told us it seeks to mitigate the effect of inflation by using forward purchasing and firm price contracts, but we are unconvinced that this will substantially reduce the pressure.<sup>49</sup> We are also concerned about the impact of unfavourable exchange rate movements with the pound-dollar exchange rate below the Department's worst-case scenario in December 2022. The Department mitigates the volatility of exchange rate fluctuations with forward purchases. But, given the major purchases made from the United States, notably £6.5 billion over the next 10 years for F-35 aircraft, this could significantly affect the affordability of the Plan.<sup>50</sup>

19. Economic factors such as inflation and exchange rates will cause significant risks to the plan's affordability. The Department told us that it has £25 billion of risks that are not included in its forecast costs because it deems these unlikely to occur, compared to £13 billion of more-likely risks that it does include in project cost forecasts.<sup>51</sup> It will only take a relatively small change to significantly affect affordability, given that the Department currently has only a £2.6 billion surplus on the Plan and £4.3 billion of equipment contingency over 10 years.<sup>52</sup>

20. We are also concerned about the impact of inflation on the Plan's delivery, particularly the Department's ability to obtain the skills required. The Department told us that it and its suppliers do not have enough data scientists, software engineers or project managers. This puts at risk the delivery of a range of information, communication, and technology programmes.<sup>53</sup> This risk may increase if staff leave due to below-inflation pay rises. The Department has offered staff a pay rise of 3.75% and every future additional 1% pay rise above those planned will cost £1.4 billion over the next nine years. The Department acknowledged that the pay settlement was challenging and would remain so.<sup>54</sup>

## Supply chain

21. The Department acknowledged that inflation also makes it difficult for suppliers to deliver due to rising staff and material costs.<sup>55</sup> As a result, the Department is changing its contractual approach to take account of the inflation risk and avoid suppliers charging a higher premium for continuing to take this risk on.<sup>56</sup>

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47 Q 95

48 C&AG's Report, para 2.14; Ministry of Defence, *The Defence Equipment Plan 2022–2032*, P11

49 Q 88

50 Q 89, C&AG's Report, para 1.15

51 Q 86

52 Qq 79, 81

53 Q 51

54 Q 112

55 Q 52; C&AG's Report, para 2.13

56 Q 88

22. The Department faces significant challenges replenishing its stocks and delivering new capabilities to meet the threats of a more volatile world. The Department has begun replacing stocks gifted to Ukraine, either on a like-for-like basis or with an equivalent where gifted capabilities are no longer in production or the Department now has different requirements.<sup>57</sup> However, we are concerned that replacement is not occurring quickly enough, with, for example, the Department confirming that it will take at least two years to replace NLAW anti-tank weapons gifted to Ukraine.<sup>58</sup>

23. The Department acknowledged that UK stocks were not sufficient even before gifts to Ukraine.<sup>59</sup> A recent Royal United Services Institute report stated that at the height of fighting in the Donbas, Russia was using more ammunition in two days than the UK held in total.<sup>60</sup> The Department told us that the Ukraine war has shown that its principle of buying munitions and capability in batches is no longer the right approach. It intends to shift to having supply chains with continuous production which can be quickly increased when required, for example in times of war.<sup>61</sup>

24. HM Treasury has provided the Department with £560 million to restart production lines in UK companies.<sup>62</sup> The Department told us that it is working closely with key suppliers in the UK, including BAE Systems, MBDA and Thales, to invest in long-term strategic capabilities. The Department subsequently wrote to us outlining its acquisition reform initiatives and explaining that DE&S is implementing a refresh of its strategy under its new Chief Executive.<sup>63</sup> Improving the supply chain will also require working with allies. The Department has also placed requests for supply with US companies and has engaged with fellow NATO countries to discuss how they can collectively stimulate the industrial supply chain to meet the alliance's long-term needs.<sup>64</sup> We note that attempts to increase supply will be challenging given the current inflationary economic environment, particularly given that inflation tends to be higher in the defence industry than the general economy.<sup>65</sup>

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57 Q 22; Letter from Permanent Secretary to the Chair, 23 January 2023, p.1

58 Q 25; Letter from Permanent Secretary to the Chair, 23 January 2023, p.1

59 Q 21

60 Q 17; Royal United Services Institute, *Preliminary Lessons in Conventional Warfighting from Russia's Invasion of Ukraine: February-July 2022*, P55

61 Q 20

62 Q 22

63 Letter from Permanent Secretary to the Chair, 23 January 2023, p.4

64 Q 20

65 Q 88



# Formal minutes

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## Monday 27 March 2023

Members present:

Dame Meg Hillier

Dan Carden

James Cartlidge

Sir Geoffrey Clifton-Brown

Mr Jonathan Djanogly

Mrs Flick Drummond

Mr Louie French

Anne Marie Morris

Nick Smith

## **MoD Equipment Plan 2022–2032**

Draft Report (*MoD Equipment Plan 2022–2032*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 24 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

*Resolved*, That the Report be the Forty-eighth of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

## **Adjournment**

Adjourned till Thursday 30 March at 9.30am.

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Thursday 15 December 2022

**David Williams CB**, Permanent Secretary, Ministry of Defence; **Charlie Pate**, Director General Finance, Ministry of Defence; **Lieutenant General Rob Magowan CB CBE**, Deputy Chief of Defence Staff (Military Capability), Ministry of Defence; **Andy Start**, Defence Equipment & Support Chief Executive Officer, Ministry of Defence

[Q1–117](#)

# List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

## Session 2022–23

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3rd	The future of the Advanced Gas-cooled Reactors	HC 118
4th	Use of evaluation and modelling in government	HC 254
5th	Local economic growth	HC 252
6th	Department of Health and Social Care 2020–21 Annual Report and Accounts	HC 253
7th	Armoured Vehicles: the Ajax programme	HC 259
8th	Financial sustainability of the higher education sector in England	HC 257
9th	Child Maintenance	HC 255
10th	Restoration and Renewal of Parliament	HC 49
11th	The rollout of the COVID-19 vaccine programme in England	HC 258
12th	Management of PPE contracts	HC 260
13th	Secure training centres and secure schools	HC 30
14th	Investigation into the British Steel Pension Scheme	HC 251
15th	The Police Uplift Programme	HC 261
16th	Managing cross-border travel during the COVID-19 pandemic	HC 29
17th	Government's contracts with Randox Laboratories Ltd	HC 28
18th	Government actions to combat waste crime	HC 33
19th	Regulating after EU Exit	HC 32
20th	Whole of Government Accounts 2019–20	HC 31
21st	Transforming electronic monitoring services	HC 34
22nd	Tackling local air quality breaches	HC 37
23rd	Measuring and reporting public sector greenhouse gas emissions	HC 39
24th	Redevelopment of Defra's animal health infrastructure	HC 42
25th	Regulation of energy suppliers	HC 41
26th	The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system	HC 44
27th	Evaluating innovation projects in children's social care	HC 38

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29th	The Affordable Homes Programme since 2015	HC 684
30th	Developing workforce skills for a strong economy	HC 685
31st	Managing central government property	HC 48
32nd	Grassroots participation in sport and physical activity	HC 46
33rd	HMRC performance in 2021–22	HC 686
34th	The Creation of the UK Infrastructure Bank	HC 45
35th	Introducing Integrated Care Systems	HC 47
36th	The Defence digital strategy	HC 727
37th	Support for vulnerable adolescents	HC 730
38th	Managing NHS backlogs and waiting times in England	HC 729
39th	Excess Votes 2021–22	HC 1132
40th	COVID employment support schemes	HC 810
41st	Driving licence backlogs at the DVLA	HC 735
42nd	The Restart Scheme for long-term unemployed people	HC 733
43rd	Progress combatting fraud	HC 40
44th	The Digital Services Tax	HC 732
47th	Investigation into the UK Passport Office	HC 738
1st Special Report	Sixth Annual Report of the Chair of the Committee of Public Accounts	HC 50

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3rd	COVID-19: Support for children's education	HC 240
4th	COVID-19: Local government finance	HC 239
5th	COVID-19: Government Support for Charities	HC 250
6th	Public Sector Pensions	HC 289
7th	Adult Social Care Markets	HC 252
8th	COVID 19: Culture Recovery Fund	HC 340
9th	Fraud and Error	HC 253
10th	Overview of the English rail system	HC 170
11th	Local auditor reporting on local government in England	HC 171
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18th	Government's delivery through arm's-length bodies	HC 181
19th	Protecting consumers from unsafe products	HC 180
20th	Optimising the defence estate	HC 179
21st	School Funding	HC 183
22nd	Improving the performance of major defence equipment contracts	HC 185
23rd	Test and Trace update	HC 182
24th	Crossrail: A progress update	HC 184
25th	The Department for Work and Pensions' Accounts 2020–21 – Fraud and error in the benefits system	HC 633
26th	Lessons from Greensill Capital: accreditation to business support schemes	HC 169
27th	Green Homes Grant Voucher Scheme	HC 635
28th	Efficiency in government	HC 636
29th	The National Law Enforcement Data Programme	HC 638
30th	Challenges in implementing digital change	HC 637
31st	Environmental Land Management Scheme	HC 639
32nd	Delivering gigabitcapable broadband	HC 743
33rd	Underpayments of the State Pension	HC 654
34th	Local Government Finance System: Overview and Challenges	HC 646
35th	The pharmacy early payment and salary advance schemes in the NHS	HC 745
36th	EU Exit: UK Border post transition	HC 746
37th	HMRC Performance in 2020–21	HC 641
38th	COVID-19 cost tracker update	HC 640
39th	DWP Employment Support: Kickstart Scheme	HC 655
40th	Excess votes 2020–21: Serious Fraud Office	HC 1099
41st	Achieving Net Zero: Follow up	HC 642
42nd	Financial sustainability of schools in England	HC 650
43rd	Reducing the backlog in criminal courts	HC 643
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45th	Progress with trade negotiations	HC 993

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46th	Government preparedness for the COVID-19 pandemic: lessons for government on risk	HC 952
47th	Academies Sector Annual Report and Accounts 2019/20	HC 994
48th	HMRC's management of tax debt	HC 953
49th	Regulation of private renting	HC 996
50th	Bounce Back Loans Scheme: Follow-up	HC 951
51st	Improving outcomes for women in the criminal justice system	HC 997
52nd	Ministry of Defence Equipment Plan 2021–31	HC 1164
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### Session 2019–21

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2nd	Defence Nuclear Infrastructure	HC 86
3rd	High Speed 2: Spring 2020 Update	HC 84
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5th	University technical colleges	HC 87
6th	Excess votes 2018–19	HC 243
7th	Gambling regulation: problem gambling and protecting vulnerable people	HC 134
8th	NHS capital expenditure and financial management	HC 344
9th	Water supply and demand management	HC 378
10th	Defence capability and the Equipment Plan	HC 247
11th	Local authority investment in commercial property	HC 312
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13th	Whole of Government Response to COVID-19	HC 404
14th	Readying the NHS and social care for the COVID-19 peak	HC 405
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20th	Tackling the tax gap	HC 650
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25th	Asylum accommodation and support transformation programme	HC 683
26th	Department of Work and Pensions Accounts 2019–20	HC 681
27th	Covid-19: Supply of ventilators	HC 685
28th	The Nuclear Decommissioning Authority's management of the Magnox contract	HC 653
29th	Whitehall preparations for EU Exit	HC 682
30th	The production and distribution of cash	HC 654
31st	Starter Homes	HC 88
32nd	Specialist Skills in the civil service	HC 686
33rd	Covid-19: Bounce Back Loan Scheme	HC 687
34th	Covid-19: Support for jobs	HC 920
35th	Improving Broadband	HC 688
36th	HMRC performance 2019–20	HC 690
37th	Whole of Government Accounts 2018–19	HC 655
38th	Managing colleges' financial sustainability	HC 692
39th	Lessons from major projects and programmes	HC 694
40th	Achieving government's long-term environmental goals	HC 927
41st	COVID 19: the free school meals voucher scheme	HC 689
42nd	COVID-19: Government procurement and supply of Personal Protective Equipment	HC 928
43rd	COVID-19: Planning for a vaccine Part 1	HC 930
44th	Excess Votes 2019–20	HC 1205
45th	Managing flood risk	HC 931
46th	Achieving Net Zero	HC 935
47th	COVID-19: Test, track and trace (part 1)	HC 932
48th	Digital Services at the Border	HC 936
49th	COVID-19: housing people sleeping rough	HC 934
50th	Defence Equipment Plan 2020–2030	HC 693
51st	Managing the expiry of PFI contracts	HC 1114
52nd	Key challenges facing the Ministry of Justice	HC 1190
53rd	Covid 19: supporting the vulnerable during lockdown	HC 938
54th	Improving single living accommodation for service personnel	HC 940
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