

SIR STEPHEN LOVEGROVE, KCB



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

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Meg Hillier MP
Chair of the Public Accounts Committee
Sent electronically

Dear Chair,

PAC HEARING – DEFENCE NUCLEAR INFRASTRUCTURE

Following the publication of the Second Report of Session, 2019-2021, on Defence Nuclear Infrastructure, I undertook to provide a written update with regard to the Committee's third recommendation.

The Public Accounts Committee recommendation in question was: *Given its impact on the overall defence budget, the Department should make a case to the Treasury for ring-fencing the nuclear budget in the course of the discussions in 2020 for the current Integrated Review and the Spending Review, with a target implementation date of November 2020.*

In the run up to the Spending Review, the Department worked closely with the Treasury to secure the necessary funding to maintain the Continuous at Sea Deterrent (CASD), and to progress with the replacement warhead programme. Following the Chancellor of the Exchequer's announcement on 25 November I can confirm that the necessary funding has been put in place. We are now in the process of agreeing on-going reporting arrangements with HM Treasury to ensure a shared understanding of the risks and opportunities of the number of complex programmes that enable us to continue to maintain CASD.

We will continue these discussions with the Treasury over the coming year.

Yours sincerely,

STEPHEN LOVEGROVE