Ministry of Defence

PERMANENT SECRETARY

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Sir Geoffrey Clifton-Brown MP
Chair, Public Accounts Committee

20 March 2026

Dear Sir Geoffrey,

I am writing to provide an update on Recommendation 1 in the Excess Votes 2024-25 report, published on 23 February 2026. This recommended that the Department should write setting out:

- The steps it has now taken so that the Comptroller and Auditor General is made aware of all material provisions and liabilities on a timely basis; and

- The arrangements it has put in place so that it is able to identify such liabilities and properly assess their impact for Parliamentary Expenditure Limits, when they arise and where appropriate.

Noise Induced Hearing Loss (NIHL) personal injury claims relate to alleged long-term exposure to excessive noise during military service (e.g. weapons firing, operating aircraft or machinery) driving uncertain liabilities for legal defence and settlements, making NIHL a longstanding and material area of personal injury liability for the Department. The Afghan Relocation and Assistance Policy (ARAP) and wider Afghan resettlement routes create separate, demand-led costs for relocation, accommodation, subsistence and resettlement support. In addition, the Afghan data breach has generated costs for investigation, remediation and redress. Taken together, these are material and uncertain expenditures, sensitive to volumes, timing and long-term obligations and requiring continued judgement in assessing financial exposure.

The Afghan data breach, subject to an unprecedented super-injunction, represented exceptional circumstances and is considered by the Department to be an isolated case. Full transparency has been provided to the Comptroller and Auditor General on all other material provisions and liabilities. Nevertheless, the Department has strengthened its end-to-end processes to ensure the timely identification, review and reporting of material provisions and liabilities, including enhanced controls to support completeness testing and ensure that all legal provisions and contingent liabilities are appropriately evidenced ahead of audit.

Governance has been reinforced through improved engagement with key stakeholders and clearer processes for obtaining management information and supporting documentation, ensuring relevant audit evidence is identified and shared at the earliest opportunity. A revised provision review framework has been introduced, moving from locally held data to a centrally overseen structure that systematically captures provisions across the business, alongside centrally led reviews with DOS Legal and HR to identify existing and emerging liabilities early.

Regarding arrangements the Department has put in place to better identify liabilities, operational controls already in place have been reinforced through the tightening of internal policies. These ensure:

- That provisions are only recognised when a present obligation exists, an outflow is probable, and a reliable estimate is available.

- That accounting entries are correctly coded using Resource Account Codes, ensuring provisions flow accurately into AME/DEL and Parliamentary control totals.

The Department recognises the importance of timely and transparent engagement with the Comptroller and Auditor General on all material provisions and liabilities. While acknowledging the exceptional circumstances surrounding the Afghan data breach, we have strengthened end-to-end processes, governance and central oversight to ensure emerging liabilities are identified early, appropriately evidenced, and correctly reflected in Parliamentary control totals. These actions provide assurance that material provisions and liabilities will be surfaced, assessed and reported on a timely basis, supporting effective Parliamentary accountability and robust financial management.

Yours sincerely,

Jeremy Pocklington

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