Public Accounts Committee

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By email:

Affordability of the Defence Investment Plan

Thank you to you and your colleagues who gave evidence to the Committee on 16 July 2026 following the publication of the Defence Investment Plan (DIP) at the end of June.

Future level of defence spending

The DIP states that overall defence spending as a proportion of GDP will have increased from 2.3% in 2024 to 2.7% in 2027-28, but it only sets out spending plans until 2029-30. This means it does not set out how it will meet the UK's commitment to NATO to reach 3.5% of GDP on defence spending by 2035. We heard that 2.7% was enough to start implementing the objectives of the 2025 Strategic Defence Review (SDR), but that to deliver the SDR's full vision the defence budget would need to increase to 3.5%. The National Armaments Director acknowledged that uncertainty about how quickly budgets would increase meant he could not provide details about new capabilities that the Department would look to fund after 2030.

We recognise that you and your colleagues need to agree the trajectory by which spending will grow with HM Treasury and note that the new Chancellor has committed to setting out a path to spending 3.5% by 2035 in the next Spending Review. Nevertheless, we are concerned that the uncertainty about the budget available after 2029-30 risks impeding the Department's ability to plan to introduce new capabilities and may discourage long-term investment by industry. It would be preferable for government to set out in more detail the DIP expenditure proposals in the budget, rather than the next Spending Review.

Format of the annual delivery update against the DIP

The uncertainty about the size of the future defence budget – which is a subject many Members of Parliament have strong views about – highlights the importance of the Department keeping Parliament informed about changing circumstances in a prompt, clear manner. The DIP states that the Department will be required to provide an update against this plan – reporting on progress and changes in financial investment plans – which will be reported to Parliament annually before summer recess. The MoD will publish the first of these updates by July 2027.

These annual updates will be crucial and must contain sufficiently detailed information to allow us and the Defence Select Committee to hold the Department to account. We note that the National Armaments Director said that the DIP is focussed on sending long-term demand signals to industry and contains less information about how projects are performing. However, we regret that the DIP does not contain the same level of information that used to be included in the Equipment Plan and regard the annual update as an opportunity for the Department to correct this.

Please write to the Committee with detailed information about the proposed format of your annual update to the DIP, to allow us to assess whether it is likely to meet our expectations and provide us with the detailed information we need to hold the Department to account. We may then want to discuss these proposals with you when we next take evidence on the DIP later this year.

Efficiency savings and improved procurement

This Committee and its predecessors have repeatedly challenged the Department over its assumptions about future efficiency savings and whether it is doing enough to streamline defence procurement. In both cases we have repeatedly heard reassurances that the Department has acted to improve its performance, only for us to observe no tangible change.

The DIP includes a total efficiency commitment of saving £10.7 billion during the four years to March 2030. However, as with the Equipment Plan in the past, most of this target (including in the current year) relies on plans which are at lower maturity. This obviously casts doubt on whether your department will achieve them.

I am grateful for your letter of 2 July 2026 regarding the National Armaments Director Group's progress in improving defence procurement.[1] The initiatives you described included a single performance framework, faster acquisition routes and speedier innovation contracting. However, we have heard about similar initiatives before, such as when our predecessor Committee discussed the now-superseded Integrated Procurement Model during their inquiry into the MoD Equipment Plan 2023–2033.[2] It is essential that this time these reforms succeed.

As part of your proposals regarding the format of your annual update, please set out how you will provide Parliament with clear, measurable information on:
- **your progress delivering your efficiency savings targets, and**
- **whether your procurement reforms are delivering tangible improvements, including in pace, cost, burden reduction and industry engagement.**

[1] FN to letter from PUS to PAC Chair, 2 July 2026
[2] Committee of Public Accounts, MoD Equipment Plan 2023–2033, HC 451, Nineteenth Report of Session 2023-24, 8 March 2024.

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The effectiveness of training for the use of autonomous systems

During our evidence session we discussed the growing importance of autonomy and drones in the modern battlefield, and that the DIP sets out that defence will spend £5 billion on autonomous systems across all our Armed Forces by 2030. This investment is essential, but so too is ensuring that military personnel have the skills they need to fight with such systems in an environment dominated by them.
Additionally, we presume that this category includes the absolute necessity to develop and manufacture interceptors capable of defending against a range of drones, cruise, ballistic and hypersonic missiles. Please could you set out in broad terms how this is to be achieved.

The DIP rightly says that we should learn lessons from Ukraine. However, the National Audit Office reported in 2024 that the UK had limited drone training capabilities owing to military and civil aviation restrictions, and that the Department had not been able to meet the Armed Forces of Ukraine's full drone training requirement in the training courses it provided under 'Operation Interflex'.[3]

When you write to the Committee, please set out how the Department plans to improve its training capabilities and facilities so that it can train personnel to fight with and against uncrewed vehicles. The Department's response should include information about:

- **how much you plan to spend upgrading UK and overseas training areas, including the British Army Training Unit Suffield site in Canada,**
- **when you expect to deliver these upgrades, and**
- **what impact these upgrades will have on your ability to prepare military personnel to fight on the modern battlefield.**

Nuclear cooperation between the defence and civil sectors

During our evidence session we discussed the potential for the Department to look at nuclear investment in the round, working with the Department for Energy Security and Net Zero (DESNZ) and the (now) Department for Business, Innovation, Science and Trade (DBIST). For example, Sheffield Forgemasters – which your department owns – could be used to manufacture components for civil use, such as in Small Modular Reactors, if there is sufficient investment in its facilities. You told us that such cooperation was important and that the Department was working across government for joint benefit. However, there is a risk that such opportunities are being hindered by a lack of cooperation between your Department, DESNZ and DBIST.

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[3] Comptroller and Auditor General, Investigation into military support for Ukraine, Session 224-25, HC 230, 11 September 2024.

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When you write to the Committee, please provide more detail regarding cross-government cooperation in the nuclear sector, including:
- **what funding arrangements are in place with DBIST and DESNZ to support this, and**
- **whether you have made any assessments of the investment needed in Sheffield Forgemasters to enable it to manufacture more components for the civil nuclear industry.**

Finally, the DIP sets out more individual figures on Defence Nuclear Enterprise that we have seen before. In broad terms, please could you set out why these nuclear costs are rising so fast?

<u>Housing for military personnel</u>

During our evidence session, witnesses reaffirmed that providing good accommodation is a very important part of the UK's investment in its service personnel. However, we did not get a clear answer regarding how much the Department planned to spend on accommodation during the current Parliament.

The 2025 Strategic Defence Review stated that the government would deliver a "generational renewal of military accommodation", with at least £7 billion of funding during this Parliament, including £1.5 billion to improve family housing.[4] This commitment was subsequently repeated in the Department's Defence Housing Strategy 2025, which also committed to spending £9 billion over 10 years on family housing.[5]

The DIP states that up to 2029-30 the Department will spend £2.7 billion on Service Family Accommodation (SFA) and £1.4 billion on Single Living Accommodation (SLA), somewhat less than the £7 billion committed in the SDR. However, when we asked whether the Department now intended to spend less on service accommodation during this Parliament than had been committed in the SDR, we did not get an answer. Instead, witnesses focused on the commitment to spend £9 billion over 10 years. Your letter of 24 August admitted that "approximately £0.8bn" less would be spent on SFA in this Parliament than planned. However we are still unclear what the Department's plans are for SLA.

When you write to the Committee, please clearly set out:
- **whether the Department still intends to invest £7 billion in service accommodation during this Parliament, as set out in the SDR,**

[4] Ministry of Defence, Strategic Defence Review – Making Britain Safer: secure at home, strong abroad, June 2025

[5] Ministry of Defence, The Defence Housing Strategy 2026 – Fixing Defence Family Housing and Delivering for the Nation, November 2026

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- **how much the Department plans to spend on each of SFA and SLA during this Parliament, and**
- **whether the £9 billion investment over 10 years announced in the Defence Housing Strategy relates to all service accommodation, or just SFA.**

I would be grateful if you could provide your update to the Committee on these areas by **21 September**. I am copying this letter to the Chair of the Defence Committee, Tan Dhesi, the Comptroller and Auditor General and to the Treasury Officer of Accounts.

Yours sincerely

Sir Geoffrey Clifton-Brown MP
Chair of the Committee of Public Accounts

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