



House of Commons
Defence Committee

**Costs of peace-keeping
in Iraq and Afghanistan:
Spring Supplementary
Estimate 2005–06:
Government Response
to the Committee's
Fourth Report of Session
2005–06**

Fifth Special Report of Session 2005–06

*Ordered by The House of Commons
to be printed 23 May 2006*

HC 1136
Published on 25 May 2006
by authority of the House of Commons
London: The Stationery Office Limited
£0.00

The Defence Committee

The Defence Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Defence and its associated public bodies.

Current membership

Rt Hon James Arbuthnot MP (*Conservative, North East Hampshire*) (Chairman)
Mr David S Borrow MP (*Labour, South Ribble*)
Mr Colin Breed MP (*Liberal Democrat, South East Cornwall*)
Mr David Crausby MP (*Labour, Bolton North East*)
Linda Gilroy MP (*Labour, Plymouth Sutton*)
Mr David Hamilton MP (*Labour, Midlothian*)
Mr Mike Hancock MP (*Liberal Democrat, Portsmouth South*)
Mr Dai Havard MP (*Labour, Merthyr Tydfil and Rhymney*)
Mr Adam Holloway MP (*Conservative, Gravesham*)
Mr Brian Jenkins MP (*Labour, Tamworth*)
Mr Kevan Jones MP (*Labour, Durham North*)
Robert Key MP (*Conservative, Salisbury*)
Mr Mark Lancaster MP (*Conservative, North East Milton Keynes*)
John Smith MP (*Labour, Vale of Glamorgan*)

The following Members were also Members of the Committee during the parliament.

Derek Conway MP (*Conservative, Old Bexley and Sidcup*)
Mr Desmond Swayne MP (*Conservative, New Forest West*)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at:

www.parliament.uk/defcom

Committee staff

The current staff of the Committee are Philippa Helme (Clerk), Richard Cooke (Second Clerk), Ian Rogers (Audit Adviser), Stephen Jones (Committee Specialist), Adrian Jenner (Inquiry Manager), Sue Monaghan (Committee Assistant), Sheryl Dinsdale (Secretary) and Stewart McIlvenna (Senior Office Clerk).

Contacts

All correspondence should be addressed to the Clerk of the Defence Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5745; the Committee's email address is defcom@parliament.uk. Media inquiries should be addressed to Jessica Bridges-Palmer on 020 7219 0724.

Costs of peace-keeping in Iraq and Afghanistan

The Defence Committee published its Fourth Report of Session 2005–06 on the Costs of peace-keeping in Iraq and Afghanistan: Spring Supplementary Estimate 2005–06 on 16 March 2006, as House of Commons paper HC 980. The Government's response to this report was received on 15 May 2006. This is appended below.

Appendix: Government Response

The House of Commons Defence Committee published a report on 14 March 2006, on the Spring Supplementary Estimates (SSE), which was debated in the House of Commons on Monday, 20 March, 2006. The Estimate sought additional provision of some £1,890 million, of which £1,264 million was in respect of peacekeeping in Iraq and Afghanistan. The Government's response is set out below.

Contingency in the SSE for RFR2

Including £146 million contingency in the request for resources, without full supporting detail, is asking Parliament to take too much on trust (Para 8).

1. The Request for Resources is based upon forecast costs two thirds of the way through the financial year. However, due to the often rapidly changing operational situation it is prudent to include a contingency figure within the estimates. This figure was based on the best information available *at that time*, and on expenditure profile trends in previous years.

Published costs of Operations

We recommend that in future MoD's Annual Report and Accounts contain significantly more detailed information on the cost of operations (Para 10).

2. The Department accepts the recommendation and it will in future provide more detailed information on the cost of operations in the Annual Report and Accounts for 2005/06.

Provision for commenced Operations

MoD must recognise that the agreement of the Treasury is not a substitute for Parliamentary approval, and that providing information to the Treasury is not enough (Para 14).

We consider that the arrangement by which MoD waits for the Spring Supplementary Estimates before seeking Parliament's approval of expenditure on operations is unsatisfactory, and we recommend that it cease. We recommend that in future provision for commenced operations be made in the Main Estimates in the usual way, if necessary with a large element for contingency (Para 15).

3. The Department entirely agrees Treasury agreement is not a substitute for Parliamentary approval; this is a fundamental constitutional principle. But the Department consults closely with the Treasury before seeking Parliament's approval to spend money.

4. Requests for resources for Conflict Prevention have normally been made in the Supplementary Estimates. Costs are difficult to forecast in fast moving operational circumstances and the Department works hard to ensure that the figures presented to Parliament are taut and realistic: Supplementary Estimates are the first occasion when the Department can reach a reasonably firm conclusion. We have only included Programme Conflict Prevention costs in the Main Estimates for 2006/07, but in the light of the

committee's recommendation will seek provision for Conflict Prevention for commenced operations in our 2006/7 Winter Supplementary Estimate.

We also recommend that in future MoD provide to this Committee regular, perhaps quarterly, updates of the cost of operations, in the same way as it provides information to the Treasury (Para 16).

5. The Government does not routinely publish Departmental expenditure data in-year. The Department provides an estimate based on the forecast of the cost of operations in Supplementary Estimates. At the end of each year, actual expenditure is audited by the National Audit Office, and then published in the Annual Report and Accounts. We will be publishing more detail in this year's accounts than in previous years.

The format of the Estimates Memorandum

We regret that MoD does not appear to have taken seriously our predecessors' recommendation that more information be provided in support of the Spring Supplementary Estimate. We recommend that the Department ensure that in future its Estimates Memoranda contain a full break-down of the resources requested (Para 9).

6. In the Memorandum accompanying 2005/6 Spring Supplementary Estimates the Department produced significantly more information than in any previous year.. This included tables of figures breaking down the detail of the resources required by RFR, detail of transfers to and from other Government Department, a detailed breakdown of Provisions and an 'audit trail' of changes since the Main Estimates. The Department will continue to improve on this. Greater detail has been included in the Estimates Memorandum supporting the 2006/07 Main Estimates.

We recommend that MoD take steps to ensure that the Scrutiny Unit's guidance on the production of estimates memoranda is followed in future (Para 19).

7. We have followed the House of Commons Scrutiny Unit guidance in many areas, and the Estimates Memorandum supporting the Spring Supplementary Estimate provided greater detail than previously, particularly in presenting an audit trail of changes since 2005/06 Main Estimates, and details of the most significant changes, along with examples. The Memorandum had been approved by the Accounting Officer and Ministers before being passed to the Committee.

8. Comparative figures for the previous three years will be routinely provided in future starting with the 2006/07 Main Estimates.

9. The end of year flexibility (EYF) was drawn down at Winter Supplementary Estimates. Because the position on EYF had not changed, no additional information was shown in the SSE Estimates Memorandum. Future Estimates Memoranda will include a paragraph on end of year flexibility.

10. The Defence budget is not broken down by PSA targets, but by functional area (Top Level Budget holder) which is used to manage the Department. The nature of the Ministry of Defence's PSA does not lend itself to the sensible attribution of expenditure.

Operations in the Balkans

We recommend that in future provision for operations in the Balkans be set out in MoD's Main Estimates (Para 17).

11. Provision for operations in the Balkans comes from the Global Conflict Prevention Pool. The Foreign and Commonwealth Office has always been the lead department for administering the funds, and requests funding in its Estimates on behalf of all the Pool members. This mechanism was established by Ministers to provide funding for a range of activities provided both through multilateral organisations (such as the UN and EU) and bilaterally. It covers the cost of UK military and civilian activities in this area, as well as the UK's assessed share of the central costs of such missions.

12. The advantage of the current arrangement is that it allows flexibility to respond to a volatile international scene in which the overall demand for peace support activity is constantly changing. One of the principles underlying the peacekeeping budget is to provide greater transparency by consolidating peacekeeping and peace-enforcement activity into a single budget and manage the funding of the UK's peacekeeping activities as a whole.

13. In the Balkans the peacekeeping budget also, for example, provides funding for the EU and UN police missions in Bosnia and Kosovo. Placing all resources within a single budget allows a better picture of the overall UK contribution and allows the three departments to prioritise resources over time. In many cases, a large-scale military intervention will give way in time to greater emphasis on police and other civilian elements. It is important that we have a system in place that is flexible enough to deal with these changing priorities, as well as to respond to unexpected events.

14. Accordingly, the Government does not accept this recommendation.

Deployment to Afghanistan

Telling Parliament that the costs of the deployment to Afghanistan is “around a billion” is just not good enough. This is a very large amount of public money, and the public deserve better information on how it is going to be spent (Para 18).

15. The Afghanistan deployment costs for future years are difficult to forecast in fast moving operational circumstances, and the Department needs to ensure that the figures presented to Parliament are taut and realistic: the Winter Supplementary Estimate is the first occasion when the Department can reach a reasonably firm conclusion. The following table shows the *estimated* cost of operations in Afghanistan from 2005/06 to 2009/10.

Category	Estimate £m
Training	52
Urgent Operational/sustainability Requirements	224
Platform Sustainability	158
Cost of deployment	118
Start up costs (Infrastructure)	65
Running Costs	424
Recuperation	30
Total	1,071