



BRIEFING PAPER

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The cost of the UK's strategic nuclear deterrent

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1. Background

Since the acquisition of the UK's first strategic nuclear deterrent in the 1950s, the cost of procuring and maintaining it, and which Government department should finance it, has always been a matter of much debate.

Ascertaining historical costs for the nuclear deterrent is difficult and complex, as this information is not easily available from public sources. Many records no longer exist, while others were classified. In the past successive Governments have also often not discussed costs on the grounds of operational security.

Information has also presented in many different forms (i.e. current prices, constant prices, as a percentage of the defence budget) therefore making it difficult to provide an annual breakdown that is calculated in a consistent manner.¹ A cost set out in the early 1960s, for example, could not be directly compared to costs set out in the 1980s or the present day unless they were updated to take inflation into account.

Related Library briefing papers

- [Replacing the UK's nuclear deterrent: Progress of the Dreadnought class](#), CBP-8010, updated 15 January 2019
- [Replacing the UK's 'Trident' nuclear deterrent](#), CBP-7353, 11 July 2016

Further library briefings papers on nuclear weapons, including the UK's position on nuclear disarmament, can be found on the Library's topic page: [arms control](#).

¹ Current prices reflect the value of money at the time costs or benefits are realised, so changes over time shown in current prices include the effect of inflation. Constant prices adjust for the effect of inflation, and show costs or benefits in money that has the same value over time (i.e. the value of money is held constant for a given base year). Further information is available in the House of Commons Library Statistical Literacy Guide [How to adjust for inflation](#).

2. Historical costs

2.1 V-Bomber Force

The UK's strategic nuclear deterrent was initially provided by the RAF's V-force. George Ward, the Secretary of State for Air, said in 1957:

It has been said that we are devoting too much of our defence expenditure to the deterrent, but I can assure the Committee that we are neither starving our forces in other spheres to produce a British deterrent nor are we devoting the greater part of our research and development effort to it. In fact, of the whole of the defence budget, the V-bomber force will this year absorb only about one-tenth.²

In March 1958 the Government of the time went on to state:

In our present Defence Budget we are spending about one-tenth of our money on the nuclear deterrent—our strategic bomber force, its nuclear bombs and the research and development that go with them, including work on ballistic missiles. We plan over the next five years to spend roughly the same amount as this year. We are also spending roughly another 10 per cent. on the defence by conventional forces of our deterrent bases at home. This figure includes the fighter force, the control and warning system, our defensive guided missiles, and the research and development related to them all. The total of these adds up only to about one-fifth of our Defence Budget.

Harold Watkinson, then Minister of Defence, reiterated the 10% figure in 1960:

In the defence debate on 20th July, I explained to the House the Government's plans for an independent British contribution to the nuclear deterrent of the West, based in the main on the V-bomber element of Bomber Command. This force is of the highest quality and has a formidable supply of nuclear weapons available to it. The cost of the strategic nuclear deterrent is expected to run at about 10% of the defence budget.³

The nuclear role of the V-force was withdrawn in 1969.

2.2 Polaris

The UK purchased the submarine-based Polaris system from the United States in 1962 under the *Polaris Sales Agreement*. In 1968 Polaris entered service and became the UK's main nuclear force.

In March 1981 the MOD put the cost of the Polaris procurement at £330 million, over a period of nine years (1963-1972). This was roughly equivalent to £2 billion in 1980 prices, when the Trident programme began (see below). This figure did not, however, include the Chevaline modification to Polaris,⁴ which was estimated at a further £1 billion.⁵

² [HC Deb 09 May 1957 vol 569 cc1186](#)

³ [HC Deb 26 October 1960 vol 627 c273W](#)

⁴ [HL Deb 24 March 1981, c1155WA](#)

⁵ [HC Deb 1 March 1983, c113W](#)

Discussing how Polaris would be paid for, the Civil Lord of the Admiralty, John Hay, stated on 2 March 1964:

It has always been the Government's view that the Polaris submarine programme Polaris being the carrier of the nuclear deterrent, should be taken on the defence budget as a whole; that is to say, it should not fall entirely on the Navy. For that reason, the defence budget includes a Polaris element. The extra money that we receive for Polaris is made up partly from additional cash from the Treasury and partly from a contribution from each of the Services.⁶

In terms of running costs, in 1993⁷ and again in 1997⁸ the MOD, responding to tabled questions, cited disproportionate costs as a reason for not disclosing the full costs of maintaining the Polaris fleet from 1968 onwards. However, in that latter answer it did set out expenditure on Polaris for the years 1980/81 to 1996/97 (in cash prices). The table below shows the stated expenditure in cash prices and in 2017-18 prices (real terms):

Polaris fleet running costs		
£ million, cash and real terms (2017-18 prices)		
	Cash terms	Real terms (2017-18 prices)
1980-81	162	537
1981-82	238	713
1982-83	256	715
1983-84	233	621
1984-85	219	553
1985-86	241	577
1986-87	281	646
1987-88	296	644
1988-89	271	554
1989-90	236	448
1990-91	210	368
1991-92	164	272
1992-93	151	244
1993-94	103	163
1994-95	65	101
1995-96	67	101
1996-97	53	78

Sources: HC Deb 13 January 1997 c129W; HC Deb 24 June 1997 c425W; HM Treasury, GDP Deflator December 2018

⁶ HC Deb 2 March 1964, c920

⁷ HC Deb 17 May 1993, c79W

⁸ HC Deb 24 June 1997 c425W

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When asked about the running costs of Chevaline in 1990, the MOD stated "It would not be in the national interest to reveal such information".⁹

The Polaris fleet began to leave service in 1994.

2.3 Cost of procuring and operating Trident

A decision to replace the Polaris nuclear deterrent system with Trident was made in July 1980, under the terms of the [Polaris sales agreement](#) 1963, as amended for Trident ([Treaty Series 086/1980](#)) and ([Treaty Series 008/1983](#)).

Acquisition costs

The then Defence Secretary Francis Pym made a statement to the House on the replacement of the UK's Polaris strategic nuclear deterrent system with Trident. In that statement he confirmed that the capital cost of procuring Trident would be taken out of the existing defence budget, in line with convention. He commented:

We estimate the capital cost of a four-boat force, at today's prices, as up to £5 billion, spread over 15 years. We expect rather over half of the expenditure to fall in the 1980s. We intend to accommodate this within the defence budget in the normal way, alongside our other major force improvements [...]

Of course there will be an effect on other weapons systems, but that is true of any weapons system. For instance, even the Tornado system—more expensive than the Polaris successor system that I have just announced—has its effect on other weapons systems. They all interact. But the provision of the strategic deterrent has always been part of normal defence budgeting. It is a weapons system, like any other weapons system – ships, tanks, or whatever it may be. Within the defence budget this can and will be accommodated in the same way as Polaris was accommodated 10 to 20 years ago...

Overall this expensive weapons system will take between 3 per cent and 4 per cent over the 15-year period, but at its peak years it will be about 5 per cent of the whole defence budget and 8 per cent of the equipment part of the budget.¹⁰

Further questions about the cost were raised during the debate on procuring Trident in March 1981. Then Defence Secretary, John Nott, reiterated in that debate:

The strategic deterrent has been an integral part of the British defence budget under all Governments up to now. Trident is not an addition to that budget.¹¹

In 1982, and following on from a decision to procure the Trident II D5 missile instead of the Trident I C4 variant, the capital costs of procuring and maintaining Trident were £7.5 billion (1981 prices).¹²

By the time of the 1998 Strategic Defence Review (SDR) the majority of costs associated with procuring Trident had been spent. The SDR

Total acquisition expenditure on the Trident programme was £12.52 billion, which equates to approximately £18 billion in 2017 prices.

Annual in-service costs are currently estimated at 6% of the defence budget. This equates to approximately £2.2 billion for 2018/19, based on current defence expenditure.

⁹ HC Deb 20 March 1990, c524W

¹⁰ HC Deb 15 July 1980, c1236- 1251

¹¹ [HC Deb 03 March 1981 vol 1000 cc216](#)

¹² HC Deb 11 March 1982, c976

subsequently put total acquisition expenditure on the Trident programme at £12.52 billion,¹³ which equates to approximately £18 billion in 2017 prices.¹⁴

However, it should be noted that this did not represent a doubling of costs on the Trident programme. Once inflation over the period 1980-1998 is accounted for, according to the [Treasury's GDP deflator](#) £5 billion in 1980 was worth approximately £12 billion in 1998.

The programme was delivered well within budget, a point that the Defence Select Committee made in its final report on the Trident acquisition programme in 1994, and was acknowledged by the Government in its response to that report:

The Government welcomes the Committee's recognition that the trident programme continues to make good progress, with total estimated costs falling again this year and the submarine programme as a whole remaining well within budget (paragraph 2).¹⁵

Annual maintenance and running costs

After Trident became operational in 1994, annual expenditure for capital and running costs, including the costs for the Atomic Weapons Establishment, ranged between 3% and 4.5% of the annual defence budget.¹⁶

In 2005-06 those in-service costs rose to approximately 5% - 6% of the defence budget. According to the MOD that increase in maintenance costs was due primarily to the programme of additional investment in sustaining key skills and facilities at the Atomic Weapons Establishment, as announced by the Defence Secretary in July 2005.¹⁷

In-service costs for the nuclear deterrent currently equate to 6% of the defence budget. Based on current expenditure, as set out in the [2015 Comprehensive Spending Review \(CSR\) settlement](#), and adjusted to include further defence expenditure announcements, those costs to 2019/2020, are therefore expected to be:

¹³ Ministry of Defence, *The Strategic Defence Review Supporting Essays*, July 1998

¹⁴ HM Treasury, [GDP Deflator March 2018](#)

¹⁵ Defence Committee, *Government replies to the sixth, seventh and eighth reports*

¹⁶ HC Deb 3 July 2006 c713w

¹⁷ The Nuclear Warhead Capability Sustainment Programme.

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Trident operational costs

Estimated Trident operational costs assuming 6% of defence budget, £ billion, cash terms

	MOD Total DEL	Trident operational costs at 6%
2015-16	34.7	2.08
2016-17	35.7	2.14
2017-18	35.9	2.15
2018-19	37.3	2.24
2019-20	37.7	2.26

Sources: Memorandum for the MOD, Main Estimates 2018-19, p. 10; HMT PESA 2018, table 1.10, p. 28. See also Malcolm Chalmers, UK Defence and the 2018 Budget; assumed £350 transfer in 2019/20 not replicated.

Under the Polaris Sales Agreement, as amended, the UK pays the US Department of Defense an annual contribution towards the overall cost of the Strategic Weapons Facility at Kings Bay. This contribution, which includes maintenance work, is based on the UK's share of the overall Trident II D5 missile inventory and historically has equated to £12 million per annum.¹⁸

¹⁸ PQ 227194, *Trident Missiles*, 19 March 2015

3. Cost of the Dreadnought programme

3.1 Overall acquisition costs

The 2015 SDSR confirmed that the costs of design and manufacture of a class of four submarines will be £31 billion, an increase of £6 billion on estimates set down in the programme's Initial Gate report in 2011 (at outturn prices). This cost estimate includes all costs associated with acquisition including feasibility studies, design, assessment, demonstration and manufacture (including the US-UK Common Missile Compartment project).¹⁹ It also accounts for expected defence inflation over the life of the programme²⁰ and investment in new facilities at BAE Systems in Barrow, which in 2013 the MOD suggested would be "limited to the modification of existing infrastructure to accommodate the differences between the Vanguard and Successor designs".²¹

Investment in HM Naval Base Clyde is not part of the Dreadnought programme spend.²²

A contingency of £10 billion has also been set aside. This contingency represents approximately 35% of the submarine cost to completion and according to the MOD "is a prudent estimate based on past experience of large, complex projects, such as the 2012 Olympics".²³ However there is no guarantee whether all of this money will be spent. If it were then it would provide an upper-end estimate of acquisition of £41 billion. Spread over the 35- year life of the programme, this represents 0.2% of Government spending.

The MOD has stated that "the revised cost and schedule reflect the greater understanding we now have about the detailed design of the submarines and their manufacture".²⁴

The years of peak expenditure are expected to be principally 2018 through to the mid/late 2030s, as the programme moves into full production.

The estimated cost of the design and manufacture of a class of four SSBN is £31 billion, including inflation over the life of the programme.

A £10 billion contingency has also been set aside. To date, the MOD has been allocated £600m of that contingency fund.

¹⁹ HC Deb 4 June 2009, c627W

²⁰ Defence inflation is often one of the largest sources of additional costs on a procurement programme.

²¹ The programme of works at Barrow is largely focused on providing capacity to accommodate the Successor submarine, which is larger than the Astute or Vanguard class and to speed up manufacturing processes (MOD, *2013 Update to Parliament*). In December 2014 £206 million of funding was announced; followed by an additional £225 million in March 2016 to ensure that "the submarines are built with maximum efficiency" (MOD press release, 3 March 2016)

²² The announcement on 31 August 2015 of £500 million of investment for HM Naval Base Clyde, over a ten-year period, is part of the MOD's ongoing programme of work to establish a submarine centre of excellence at HM Naval Base Clyde once the entire Royal Navy submarine fleet is based there from 2020. In February 2017 a further £1.3 billion was announced for upgrades at HM Naval Base Clyde, including the waterfront, engineering support, accommodation and physical security. PQ112914 of 21 November 2017 confirmed the separate funding arrangements.

²³ PQ24652, *Trident Submarines: Finance*, 2 February 2016

²⁴ HM Government, *National Security Strategy and Strategic Defence and Security Review 2015*, Cm9161, November 2015, p.34

What has been spent so far?

In its [2018 Update to Parliament](#) the MOD confirmed that the programme remains within its cost estimate and that £5.5 billion had been spent so far on the concept, assessment and early delivery phases of the project, to date.

Over the last year the MOD has made several announcements of money being brought forward into the earlier years of the programme in order to drive out cost and risk and keep the project on track.²⁵ This 're-profiling' includes access to £600 million from the Dreadnought contingency fund in the 2018/19 financial year.²⁶ In February 2018 the Secretary of State commented:

What is important to emphasise is that we are not talking about the whole cost of Dreadnought changing. What we are talking about is that it is important to get the profile correct for when the money flows into the system and when it is needed. At the moment it is not as we would wish it to be.²⁷

A more detailed breakdown of what has been spent so far on the Dreadnought programme, is available in Library briefing paper CBP-8010, [Replacing the UK's nuclear deterrent: progress of the Dreadnought class](#).

3.2 In-Service costs

Once the new nuclear deterrent submarine comes into service the annual in-service costs, including the costs of the Atomic Weapons Establishment and the Nuclear Warhead Sustainment Capability Programme, basing, decommissioning and disposals, are expected to continue at approximately 6% of the defence budget.²⁸

Calculating overall in-service costs for the Dreadnought class is, however, fraught with difficulty as assumptions have to be made about the state of the British economy and projected levels of defence spending over the next 50-60 years. This paper does not attempt to do so, for the following reason.

Dreadnought is due to enter service in the early 2030s and will have a lifespan of *at least* 30 years. Therefore, in order to make any sort of calculation of overall in-service costs one must make a number of predictions or assumptions about when the Dreadnought class will enter service, how long it will remain in service and the level of defence spending over the next 50-60 years.

For example, is it reasonable to assume that the defence budget will continue to meet the NATO target of 2% of GDP over this period?²⁹ If that remains the case how is the UK's economy predicted to grow or

²⁵ This is discussed extensively in the Secretary of State's evidence to the Defence Committee on 21 February 2018

²⁶ HC Deb 28 March 2018, c756

²⁷ Defence Committee, [Oral evidence: departmental priorities](#), HC814, 21 February 2018. Q.78

²⁸ HL328, *Trident submarines*, 6 June 2016

²⁹ The government has committed to spend 2% of GDP on defence until the end of this decade, but defence spending beyond that is unclear.

shrink during this time? Is it also reasonable to assume that what constitute 'in-service costs' will also remain the same and therefore require 6% of the defence budget to be allocated to it?

Depending upon the methodology one uses to calculate in-service costs, it is possible to end up with significantly different figures. For example:

- 1 Under the current CSR settlement, as adjusted, the defence budget in 2019/20 will be £38.7 billion. 6% of that budget will be £2.26 billion.

If one assumes that the defence budget will remain relatively static to 2061 (therefore covering a 30-year lifespan of a system that enters service in approximately 2031), and assumes that the in-service costs will continue to represent 6% of that budget, then total in-service costs for the Dreadnought class between 2031 and 2061 could be estimated at approximately £67.8 billion.

- 2 If one uses real-term GDP growth forecasts (for example, in October 2018 the Office for Budget Responsibility predicted real GDP growth of between 1.6% and 2.2% annually over the next 45 years), and assumes defence spending will continue at 2% of GDP and that in-service costs of Dreadnought will remain at 6% of the defence budget, then spending until 2065 would be as follows:

Estimated Trident in-service costs

Long-term estimates of Trident in-service costs based on estimated real GDP growth and assumed future defence budget, £ billions

	GDP growth		Defence budget and Trident cost	
	Estimated real GDP (2018/19 prices)	Estimated real GDP growth	Defence budget 2% GDP (2018/19 prices)	Trident 6% defence budget (2018/19 prices)
2018/19	£2,126.6	1.6%	£42.5	£2.6
2019/20	£2,160.6	1.6%	£43.2	£2.6
2020/21	£2,195.1	1.6%	£43.9	£2.6
2021/22	£2,230.3	1.6%	£44.6	£2.7
2022/23	£2,266.0	1.6%	£45.3	£2.7
2023/24	£2,302.2	1.6%	£46.0	£2.8
2024/25	£2,339.0	1.6%	£46.8	£2.8
2025/26	£2,376.5	1.6%	£47.5	£2.9
2026/27	£2,414.5	1.6%	£48.3	£2.9
2027/28	£2,453.1	2.2%	£49.1	£2.9
2028/29	£2,507.1	2.2%	£50.1	£3.0
2029/30	£2,562.3	2.2%	£51.2	£3.1
2030/31	£2,618.6	2.2%	£52.4	£3.1
2031/32	£2,676.2	2.2%	£53.5	£3.2
2032/33	£2,735.1	2.2%	£54.7	£3.3
2033/34	£2,795.3	2.2%	£55.9	£3.4
2034/35	£2,856.8	2.2%	£57.1	£3.4
2035/36	£2,919.6	2.2%	£58.4	£3.5
2036/37	£2,983.9	2.2%	£59.7	£3.6
2037/38	£3,049.5	2.2%	£61.0	£3.7
2038/39	£3,116.6	2.2%	£62.3	£3.7
2039/40	£3,185.2	2.2%	£63.7	£3.8
2040/41	£3,255.2	2.2%	£65.1	£3.9
2041/42	£3,326.8	2.2%	£66.5	£4.0
2042/43	£3,400.0	2.2%	£68.0	£4.1
2043/44	£3,474.8	2.2%	£69.5	£4.2
2044/45	£3,551.3	2.2%	£71.0	£4.3
2045/46	£3,629.4	2.2%	£72.6	£4.4
2046/47	£3,709.3	2.2%	£74.2	£4.5
2047/48	£3,790.9	2.2%	£75.8	£4.5
2048/49	£3,874.3	2.2%	£77.5	£4.6
2049/50	£3,959.5	2.2%	£79.2	£4.8
2050/51	£4,046.6	2.2%	£80.9	£4.9
2051/52	£4,135.6	2.2%	£82.7	£5.0
2052/53	£4,226.6	2.2%	£84.5	£5.1
2053/54	£4,319.6	2.2%	£86.4	£5.2
2054/55	£4,414.6	2.2%	£88.3	£5.3
2055/56	£4,511.8	2.2%	£90.2	£5.4
2056/57	£4,611.0	2.2%	£92.2	£5.5
2057/58	£4,712.5	2.2%	£94.2	£5.7
2058/59	£4,816.1	2.2%	£96.3	£5.8
2059/60	£4,922.1	2.2%	£98.4	£5.9
2060/61	£5,030.4	2.2%	£100.6	£6.0
2061/62	£5,141.0	2.2%	£102.8	£6.2
2062/63	£5,254.1	2.2%	£105.1	£6.3
2063/64	£5,369.7	2.2%	£107.4	£6.4
2064/65	£5,487.9	2.2%	£109.8	£6.6
2065/66	£5,608.6		£112.2	£6.7

Notes: Long-term estimates of GDP growth may not be reliable and may change over time in response to unforeseen economic activity; newer estimates of long-term GDP growth are due to be published in July; the figures presented here should only be used as a guide to orders of magnitude; the 2018/19 starting GDP figure is taken from the OBR's EFO and GDP real growth rate estimate is taken from the OBR's FSR.

Sources: OBR, Economic and fiscal outlook October 2018: economy supplementary tables, table 1.2; OBR, Fiscal sustainability report July 2018, table 3.4

Using the same timeframe as the previous calculation (2031/32 – 2061/62), in-service costs based on this methodology would subsequently total approximately £140.9 billion over this period.

Arguably this need to make predictions and assumptions is the reason why so many cost estimates for the deterrent exist.³⁰

3.3 Additional costs

In addition to the acquisition and in-service costs, the MOD also outlined that there would be some preparatory and enabling costs associated with extending the existing deterrent and developing future systems:

- Trident II D5 Life Extension Programme – the UK is participating in this US-led programme, which will extend the life of the Trident missile to the early 2060s. The total cost of the Trident II D5 Service-life Extension programme is estimated to be approximately £350 million.³¹
- Extension of the Vanguard class – the 2010 decision to keep the Vanguard class in service for a further four years to 2028 was expected to incur additional costs of approximately £1.2 - £1.4 billion.³² However, savings achieved from the Submarine Enterprise Performance Programme (SEPP) were also expected to be used to offset that additional expenditure.³³ In November 2015 the MOD confirmed that the marginal costs of a further extension to the life of the Vanguard class “would be contained within the existing running cost of the deterrent”.³⁴

3.4 Who will pay for it?

In line with convention, the Dreadnought programme will be funded from the MOD’s core equipment budget.

This was reiterated by the MOD in answer to a Parliamentary Question on 14 November 2017, amidst calls for spending on the Dreadnought programme to be taken out of the MOD budget as part of the Department’s Modernising Defence Programme:

Lord West of Spithead: To ask Her Majesty’s Government whether, in their current review of defence options, they will review whether or not the Vanguard class submarine replacement programme should be dealt with outside the defence budget.

Earl Howe: The Dreadnought programme is rightly funded as part of the Ministry of Defence’s budget. We remain on track to deliver this programme within the £31 billion budget, with the first in the Dreadnought class entering service in the 2030s.³⁵

³⁰ Details of those alternative cost estimates are set out in Library briefing paper CBP7353, [Replacing the UK’s ‘Trident’ Nuclear Deterrent](#)

³¹ PQ121632, *Trident*, 16 January 2018

³² HC Deb 8 November 2010, c5

³³ SDSR Briefing Pack: Trident V4M: Q&A, 2010

³⁴ PQ17622, *Trident submarines*, 30 November 2015

³⁵ PQ HL2751, *Procurement: Trident submarines*, 14 November 2017

The Defence Secretary, Gavin Williamson, clarified his Department's responsibility for funding the deterrent in a Written Statement on 7 December 2017 (see below).³⁶

The longstanding debate over budgetary responsibility

In 2007 a disagreement erupted between the MOD and the Treasury over the funding of the capital costs of the Trident replacement (Successor) programme. The MOD suggested that the capital costs of procuring the nuclear deterrent had, in the past, been borne by the Treasury, a position which the Treasury refuted. The argument centred round an increase to the defence budget which was announced as part of the 2007 Comprehensive Spending Review. The CSR outlined that:

The 2007 Comprehensive Spending Review builds on this investment and grows planned defence expenditure by a further 1.5% a year over the CSR07 period, rising to a total budget of £36.9 billion by 2010-11 - demonstrating the Government's strong commitment to defence at a time of acute operational intensity.

The settlement allows the MOD to [...] make provision for the maintenance of the nuclear deterrent. As set out at the time of the Trident White Paper, provision for this will not be at the expense of the conventional capability our Armed Forces need. Investment in conventional capability will continue to grow over this period, as it has done since 2000...

Some commentators considered this to effectively be a commitment to fund the capital costs of the Successor programme outside the core defence budget. However, when questioned on this issue by the Defence Select Committee in November 2007, the then MOD Permanent under Secretary of State, Bill Jeffrey, confirmed that while additional funding had been provided to the MOD, spending on the Trident replacement would then take place within the defence budget:

Q37 Mr Jenkin: Are you able to specify a budget line for Trident replacement over the next three years and can you tell us how much is going to be spent?

Mr Jeffrey: As the White Paper said it is provided separately within the defence budget. The figures in the existing baseline, as I recall, are of the order of £200 million, £300 million, £400 million in the three years of the spending review period.

Mr Woolley: It is about a billion over the course of the CSR period.

Q38 Mr Jenkin: Does that actually come of the 1.5% overall increase?

Mr Jeffrey: It does, yes

He went on to clarify:

Q42 Mr Hamilton: The minister said, when the nuclear deterrent was agreed upon in the House of Commons, that it would not affect the defence budget in any way. You have just said that it will affect the defence budget; did I understand that correctly?

³⁶ HCWS328, 7 December 2017

Mr Jeffrey: What I said was that the undertaking in the White Paper about the cost being provided additionally and not impacting on conventional capability has been met, but obviously once the money has been provided it takes its place within the defence budget. I do not think I am saying anything different from what was said in the White Paper or from what the minister said.

Liam Fox, then Defence Secretary, raised this issue again during an interview on the Andrew Marr Show on 18 July 2010, ahead of the anticipated Strategic Defence and Security Review (which was published in November 2010):

There's always been an understanding that the budget for the nuclear deterrent came from outside the defence budget, the core defence budget. Running costs for the deterrent have always come from inside the defence budget, although the capital costs were outside.³⁷

In a *Daily Telegraph* blog in July 2010, former Political Secretary to Tony Blair, John McTernan, argued:

Apparently the idea that the Ministry of Defence pays for Trident – a defence capability – has come as a shock to some in the MOD... except they did [know that]. It's no breach of the Official Secrets Act to reveal that during my brief time in MOD it was clear what the implications of the Comprehensive Spending review actually were. There was no special budget to pay for the upgrading of Trident.³⁸

The then Chancellor, George Osborne, consistently argued that the full costs of replacing Trident must come from the defence budget. At the end of July 2010 he unequivocally stated that "Trident costs, I have made it absolutely clear, are part of the defence budget. All budgets have pressure. I don't think there's anything particularly unique about the Ministry of Defence".³⁹ An article in *The Guardian* also quoted one official as commenting that "the costs of Trident have always come out of the MOD budget. We know what Liam is up to. But does he expect that the department of culture will pay for Trident?"⁴⁰

A number of commentators, including the former Secretary of State for Defence, Bob Ainsworth, countered this debate, at the time, by pointing out that who pays for the capital costs of Trident is "to some degree...academic because it all comes from the same pot at the end of the day".⁴¹ The then Minister for the Armed Forces, Nick Harvey, also agreed with this point, acknowledging that "where precisely it is accounted is neither here nor there; it is a completely semantic and academic point".⁴²

³⁷ http://news.bbc.co.uk/1/hi/programmes/andrew_marr_show/8832224.stm

³⁸ "Are Ministry of Defence sources having a laugh about Trident?", *Daily Telegraph Blog*, 17 July 2010

³⁹ "Cabinet clash on Trident", *The Financial Times*, 30 July 2010

⁴⁰ "George Osborne: Trident costs will be met by defence budget", *The Guardian*, 30 July 2010

⁴¹ HC Deb 16 September 2010, c1047

⁴² *Ibid.*, c1055

Recent discussion

Over the last year the question of budgetary responsibility has resurfaced after a number of MPs made the suggestion that the Dreadnought programme should be removed from the defence budget as part of the MOD's Modernising Defence Programme. On 27 November 2017 Sir Hugo Swire MP raised this point during oral Defence Questions:

In his ongoing and delicate discussions with the Treasury, will he remain aware, first, that there are those of us on this side of the House who believe that the defence budget has been pared back about as far as it can be, and secondly, that when it comes to Trident renewal many of us on this side of the House do not believe it should be part of the defence budget? Indeed, it distorts the defence budget, and if that is part of his argument, he will have considerably more support than perhaps he knows.⁴³

In response the Defence Secretary, Gavin Williamson, replied:

Everything that my right hon. Friend has raised will be part of the review. He has raised the important question of nuclear capability being part of the defence budget. It has traditionally not sat as part of the defence budget; that changed only post-2010. It is vital to look at all options as part of the national security and capability review, and I look forward to speaking to him and seeking his advice and thoughts on the issues that he has raised.⁴⁴

However, the Ministry of Defence issued a correction on 7 December 2017 in a written statement:

I wish to inform the House that an error has been identified in the answer I gave to the hon. Member for East Devon (Sir Hugo Swire) in Defence Oral Questions on 27 November 2017, Official Report, column 21, on the subject of funding defence nuclear capabilities.

To clarify, the UK's nuclear deterrent has always been funded from the Defence budget.⁴⁵

On 11 December 2017 a Treasury Minister confirmed "The Government has no plans to transfer the costs of upgrading or replacing the UK's nuclear deterrent from the Ministry of Defence to another Government accounting department at this time".⁴⁶

A discussion of the funding arrangements in 2007 and how they compare to current funding of the programme was also discussed by the Secretary of State in an [evidence session with the Defence Committee](#) on 23 February 2018.⁴⁷

2018 Budget allocation

The allocation of additional funding for the MOD in the Autumn 2018 budget statement, in part to fund the Dreadnought programme, has once again opened up the argument about which Department should be funding the nuclear deterrent. In a similar vein to the disagreements

⁴³ HC Deb 27 November 2017, c21

⁴⁴ [HC Deb 27 November 2017 c21](#)

⁴⁵ [HCWS328](#), 7 November 2017

⁴⁶ PQ116056, *Trident*, 11 December 2017

⁴⁷ Questions 59 to 75.

which arose in 2007 and 2010, this allocation of additional funds has been viewed by many as an indication of the Treasury's role, and responsibility, in part-funding the capital costs of the programme. In a Lords debate on the budget on 13 November 2018 Lord West commented:

If the two tranches of money from the Treasury into the Dreadnought programme are an indicator that there is an acceptance that the capital cost of the new deterrent submarines should be funded outside the defence budget, I welcome it. That will make a dramatic difference to the MoD programme. This of course was the plan until changed by George Osborne in 2010. Can the Minister tell us whether it is now the plan again? I hope that it is.⁴⁸

However, while the extra £1 billion has been given to the MOD it has been made clear, as before, that once within the MOD budget it is up to the Department to determine how much is invested in the Dreadnought programme, thereby indicating the MOD's budgetary responsibility for the nuclear deterrent. HM Treasury has stated:

The £1bn additional funding for MoD will be used to invest in a number of key priority capabilities, one of which is Dreadnought. It is for MoD to decide how much of the additional funding is for Dreadnought, which they will do as part of their normal budgeting process.⁴⁹

3.5 Comparison to other Government spending

Assuming the entirety of the £10 billion contingency fund is spent, at potentially £41 billion the Dreadnought programme is one of the most expensive Government projects going forward. It is a project that has around twice the budget of Crossrail, and three times the budget of the London Olympics.⁵⁰

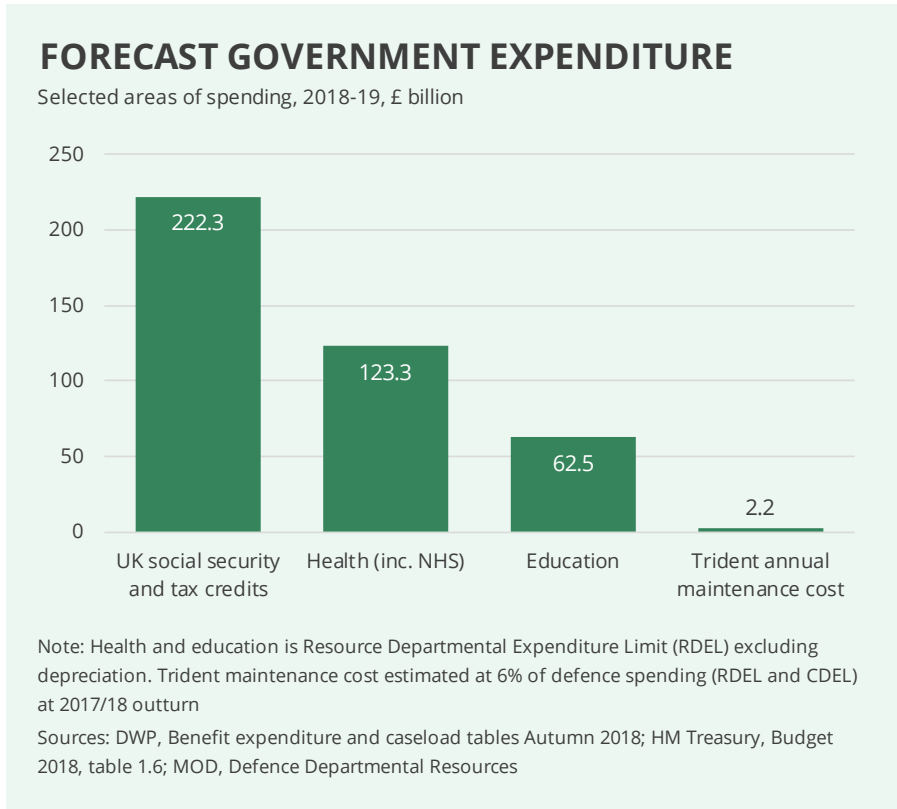
With respect to departmental spending, the running costs of the nuclear deterrent (presently around £2.2billion per year) is often compared to the benefits bill, or NHS spending.

In 2018/19, for example, the estimated cost of maintaining the nuclear deterrent would be around 1% of total planned Government expenditure on UK social security and tax credits expenditure in that year.

⁴⁸ HL Deb 13 November 2018, c1819

⁴⁹ PQ188745, *Defence: Finance*, 12 November 2018

⁵⁰ Michael Fallon [speech](#) to a reception of the Keep Our Future Afloat Campaign, House of Commons, 21 October 2015.



The £2.2 billion spent on maintaining the nuclear deterrent per year is roughly equivalent to £42 million per week, or around £33 per person per year.⁵¹

Alternatively, £2.2 billion a year is roughly equivalent to what is spent on Income Support, Statutory Maternity Pay, Carer’s Allowance, or Winter Fuel Payments (each of which are around £2 – £2.8 billion per year).⁵²

According the Treasury’s 2018 Autumn Budget, the planned spend on the costs of providing health care (including the NHS) in 2018/19 is £123.3 billion. This equates to around £2.4 billion per week.

⁵¹ Based on ONS 2017 mid-year population estimate for the UK.

⁵² DWP, Benefit Expenditure and Caseload tables 2018, Table 1b.

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