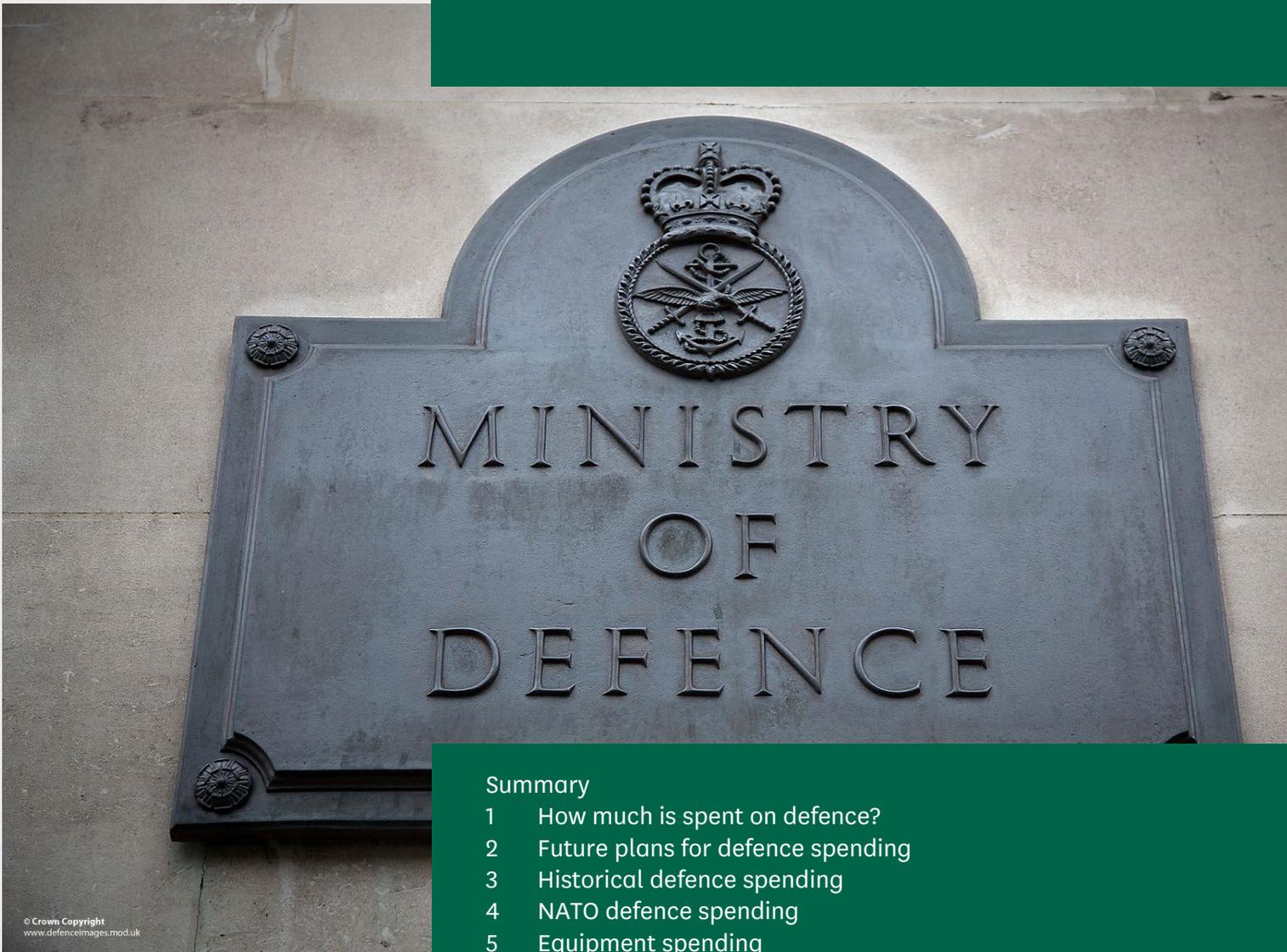


Research Briefing

28 May 2025

By Niamh Foley,  
Louisa Brooke-Holland,  
Claire Mills

# UK defence spending



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### **Contributing Authors**

Nigel Walker, Defence, Section 2.1;  
Georgina Hutton, Industry, Section 1.2

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## Summary

### How much does the UK spend on defence?

In the 2023/24 financial year, [the UK spent £53.9 billion on defence](#).

Spending plans set out in the [2024 Autumn Budget](#) show that defence spending is expected to total £56.9 billion in 2024/25, increasing to £59.8 billion in 2025/26. This is equivalent to an annual average real-terms growth rate of 2.4% between 2023/24 and 2025/26.

In [the Spring Statement 2025](#), the government announced a £2.2 billion uplift to the Ministry of Defence budget for 2025/26. This is part of the commitment to [increase NATO-qualifying defence spending to 2.5%](#) of GDP by 2027.

### How has defence spending changed recently?

Real-terms defence spending fell by 22% between 2009/10 and 2016/17 (from £59.1 billion to £46.2 billion in 2024/25 prices), before starting to increase again to nearer its 2010 levels.

Real-terms spending has increased each year since 2016/17, with the exception of 2023/24, and is expected to continue to do so. However, the fall in expenditure in the most recent year is likely to be an artefact of technical adjustments to the 2022/23 budget to finance the implementation of the new accounting standard, IFRS 16, rather than a decrease in available resource.

### Historical defence spending

When looking at longer term trends, defence spending as a percentage of GDP had been falling for decades before stabilising in recent years, whereas real terms spending has fluctuated. This reflects GDP growing by more than defence spending.

Defence [spending increased up to the mid-1980s](#), which reflected the UK's contribution to NATO's commitments in the Cold War. In real terms, this measure of MOD expenditure peaked in 1984/85 at £57.2 billion (in 2024/25 prices), which was the highest level of expenditure for the period.

This was followed by a fall in expenditure towards the end of the Cold War, although the Gulf War in 1991 caused a temporary rise.

## Commitments to increase defence spending to 2.5% of GDP

When defence spending targets are discussed as a percentage of GDP, this usually relates to spending that meets [the NATO definition of defence expenditure](#), rather than total departmental expenditure by the MOD. The NATO definition is a broader measure of defence spending than MOD expenditure, meaning the NATO figure is higher than the departmental spending plans.

As a member of NATO, the UK is committed to spending 2% of GDP on [defence expenditure that meets NATO's definition](#) each year. It is one of 23 out of 32 NATO member countries estimated to have met this target in 2024. The latest NATO estimates show that the [UK spent 2.3% of GDP on defence in 2024](#).

In February 2025, [the Labour government committed to spend 2.5% of GDP on defence](#) by 2027 and indicated plans to further increase spending to 3% in the next Parliament.

The previous Conservative government had committed to [increase defence spending to 2.5% of GDP by 2030](#).

# 1 How much is spent on defence?

Details of UK defence spending are published in the [Ministry of Defence \(MOD\)'s annual reports and accounts](#). Information on spending over time can be found in its annual [defence departmental resources](#) publication. The headline figure for defence spending is the Total Departmental Expenditure Limit (TDEL).<sup>1</sup>

The table below shows the reported spending on defence between 2015/16 and 2023/24, in both cash and real terms (at 2024/25 prices).

In the 2023/24 financial year, the UK spent £53.9 billion on defence.

<b>Current defence expenditure</b>				
Reported outturn spending (TDEL)				
	Amount (£bn)		Real terms change on previous year	
	Cash	Real terms (2024/25 prices <sup>a</sup> )	£bn	%
2015/16	35.1	47.0	-	-
2016/17	35.3	46.2	-0.8	-1.7%
2017/18	36.6	47.2	+1.0	+2.1%
2018/19	38.0	48.0	+0.8	+1.7%
2019/20	39.8	49.1	+1.1	+2.3%
2020/21	42.4	51.0	+1.9	+3.9%
2021/22	45.9	54.0	+3.0	+5.9%
2022/23 <sup>b</sup>	52.8	58.0		
2023/24	53.9	56.0		
Change 2015/16 to 2023/24:			+9.0	+19.2%

Note: a) GDP deflator growth for 2020/21 and 2021/22 has been averaged across the two years to smooth distortions caused by pandemic-related factors. b) The MOD budget for 2022/23 included an uplift of around £3 billion to finance the implementation of accounting standard IFRS 16 (a non-cash movement). Expenditure should not be directly compared with other years.

Sources: MOD, [Defence departmental resources: 2024](#); HM Treasury, [GDP deflator, March 2025 \(Spring Statement 2025\)](#), 28 March 2025

<sup>1</sup> TDEL is the sum of resource and capital expenditure, minus depreciation and impairments.

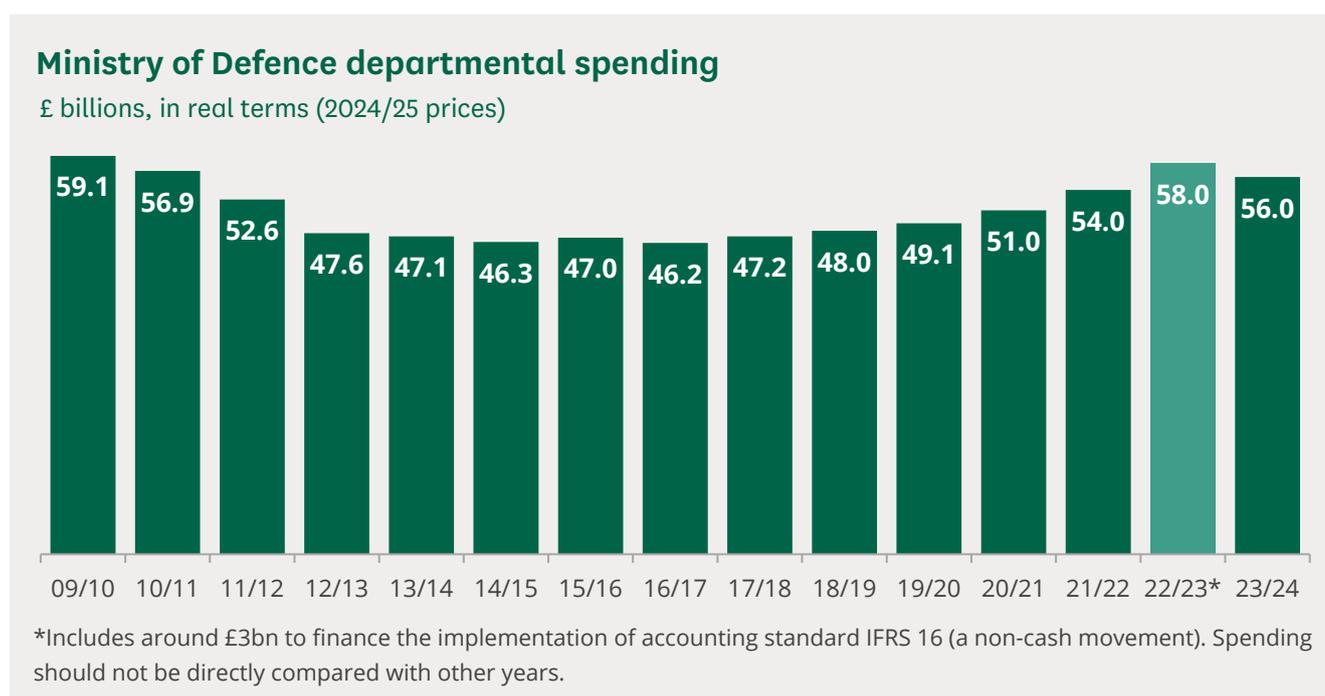
Overall, between 2015/16 and 2023/24, defence spending increased in real terms by a total of £9.0 billion (19.2%).

Most of this additional funding has been allocated to capital budgets (expenditure on acquiring or maintaining fixed assets, such as equipment or land). Between 2015/16 and 2023/24, capital spending increased in real terms by £9.7 billion (96.2%).<sup>2</sup>

In comparison, over the same period, day-to-day spending (resource DEL excluding depreciation) fell slightly in real terms by £0.8 billion (-2.1%).<sup>3</sup>

The chart below shows a longer time series of spending since 2009/10. Real-terms defence spending fell by 22% between 2009/10 and 2016/17 (from £59.1 billion to £46.2 billion in 2024/25 prices), before starting to increase again to nearer its 2010 levels.

Real-terms defence spending has increased each year since 2016/17, with the exception of 2023/24, and is expected to continue to do so. However, the fall in expenditure in the most recent year is likely to be an artefact of technical adjustments to the 2022/23 budget to finance the implementation of the new accounting standard, IFRS 16 (see box on the following page), rather than a decrease in available resource.



Source: Ministry of Defence, [Defence departmental resources: 2024](#); HM Treasury, [GDP deflator, March 2025 \(Spring Statement 2025\)](#), 28 March 2025

<sup>2</sup> HoC Library calculations using MOD, [Defence departmental resources: 2024](#) and HM Treasury, [GDP deflator, March 2025 \(Spring Statement 2025\)](#), 28 March 2025

<sup>3</sup> As above

## Implementation of accounting standard IFRS 16

Around £3 billion in capital expenditure was included in the MOD budget for 2022/23 to reflect the implementation of a new accounting standard, known as IFRS 16, which governs how leases are treated in departmental accounts.<sup>4</sup> This was a non-cash movement, meaning it had no impact on the department's actual spending in that year.

While budget cover for IFRS 16 will also be required for future years, the adjustment in 2022/23 was particularly high because it captured all pre-existing leases, whereas going forward only new leases will need to be accounted for. As a result, expenditure in 2022/23 should not be directly compared with other years.

## 1.1

## Spending announcements during the previous Parliament

The MOD received a four-year settlement at [Spending Review 2020](#), when the government announced that it was allocating an additional £16.5 billion to the defence budget over four years, above the Conservative manifesto commitment to increase spending by 0.5% above inflation.<sup>5</sup> The government described this as the “largest sustained increase in the core defence budget for 30 years”.<sup>6</sup>

Following Russia's invasion of Ukraine, there were renewed calls for an increase to defence spending, particularly in the context of rising inflation since the start of the conflict in February 2022.<sup>7</sup>

The [Spring Budget 2023](#) allocated an additional £5bn to defence spending over the next two years (2023/24 and 2024/25), and a further £2bn per year in subsequent years up to 2027/28.<sup>8</sup>

<sup>4</sup> International Financial Reporting Standards (IFRS) are a set of accounting rules that govern how transactions are reported. IFRS 16 specifically sets out principles for recognition, measurement and disclosure of leases, effectively bringing all leases of over one year “on balance sheet”. MOD, [Annual Reports and Accounts 2022 to 2023](#), p187

<sup>5</sup> Prime Minister's Office, [Press release: PM to announce largest military investment in 30 years](#), 19 November 2020

<sup>6</sup> HM Treasury, [Spending Review 2020](#), December 2020, para 6.37

<sup>7</sup> House of Lords Library, [Impact of the conflict in Ukraine: UK defence and the integrated review](#), 26 May 2022; Politics Home, [Defence Secretary Warns “The Threat Is Changing” And Calls For More Defence Spending](#), 29 June 2022

<sup>8</sup> HM Treasury, [Spring Budget 2023](#), March 2023, para 2.7

## 1.2

## Where in the UK is defence money spent?

It is not possible to identify the amount of defence spending that goes to different parts of the country. This is because defence spending is an area of public spending considered to be ‘non-identifiable’, meaning that it is deemed to be incurred on behalf of the United Kingdom, therefore cannot be identified as benefiting a particular country or region.

Statistics on [MOD regional expenditure with industry](#) are available and shown in the table below. Do note, defence expenditure with industry only represents a portion of total defence expenditure in a region.

### Defence industry statistics by region

Defence expenditure with industry is how much the MOD spends on contracts with defence firms. More information can be found in the [Library insight on how much the defence industry contributes to UK regions](#). The latest figures available are for 2023/24, when MOD expenditure with industry amounted to £28.8 billion, accounting for an average of £420 per person in the UK.<sup>9</sup>

As shown in the table below, the South East saw the highest amount of MOD spending with industry at £7.1 billion, but the South West saw the highest spending on a per-person basis (£1,190 per person).

MOD expenditure with UK industry by region 2023/24		
	Total spend (£ billions)	Spend per person (£)
South East	7.1	750
South West	6.9	1,190
North West	3.8	500
Scotland	2.1	390
London	2.1	230
West Midlands	1.6	260
East of England	1.5	230
East Midlands	1.4	290
Wales	0.9	290
Yorkshire and the Humber	0.6	110
North East	0.4	140
Northern Ireland	0.2	120
<b>UK total</b>	<b>28.8</b>	<b>420</b>

Source: [MOD regional expenditure statistics with industry: 2023/24](#) (21 November 2024, table 2 and 4)

<sup>9</sup> MOD, [Regional expenditure statistics with industry: 2023/24](#), 21 November 2024

Defence expenditure with industry is based on MOD contracts with industry, so can vary from year to year depending on when large contracts are signed. The figures do not include defence companies' own investments.

The MOD also [publishes estimates for the number of jobs supported by MOD expenditure with industry by region](#).<sup>10</sup>

## Defence industry spend by constituency

Statistics on the defence industry are not available by constituency, because the industry is complex and difficult to define in official statistics.

The defence industry is difficult to define because there is no [Standard Industrial Classification \(SIC\) Code](#) or collection of codes that identifies defence companies well.<sup>11</sup> Many of the major defence manufacturers are companies that span different activities, not all of which are necessarily defence related. For example, Rolls Royce and Airbus manufacture both civilian and defence aerospace engines and aircraft. Supply chain companies are even more difficult to identify, as many products and services supplied to the defence industry will have other applications.

Additionally, data sources typically classify companies based on their head office location, and most large defence companies will have multiple sites (some of which will involve non-defence activities). There are also commercial and/or security reasons for why the specific activities or suppliers of defence companies are not published.

Some organisations have compiled maps of defence industry sites.

The [Aerospace Defence and Space Group \(ADS\)](#) is the trade body for the defence industry and it compiles data using official statistics together with information from their members. There is a map of ADS defence sector member sites on page 9 of their [Defence Sector Outlook report](#) along with data on employment in each region.

The Campaign Against Arms Trade (CAAT), which describes itself as a UK-based organisation working to end the international arms trade, has compiled information about companies operating in arms trade. It produces a [map and list of arms companies operating in the UK](#), first [released in 2011](#), that can be searched by place or postcode.<sup>12</sup>

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<sup>10</sup> MOD, [MOD supported employment estimates 2022/23](#), 19 September 2024.

<sup>11</sup> Standard Industrial Classification (SIC) codes are the industry groupings used in official data sources and the UK company register.

<sup>12</sup> CAAT, [Innovative map reveals extent of arms industry in UK](#), 14 September 2012.

## 2

# Future plans for defence spending

Departmental budgets up until 2025/26 were set at the [2024 Autumn Budget](#), as part of the first phase of a new Spending Review. These reviews fix departmental spending plans for the years ahead. Budgets for 2026/27 and 2027/28 are expected to follow in phase two in Spring 2025.

Spending plans set out in the Autumn Budget 2024 show that defence spending is expected to total £56.9 billion in cash terms in 2024/25, increasing to £59.8 billion in 2025/26. This is equivalent to an annual average real-terms growth rate of 2.3% between 2023/24 and 2025/26.<sup>13</sup> Spending plans reported in the Budget for 2024/25 and 2025/26 exclude one-off spending, and so are not directly comparable with the outturn figures in the table above.

Based on the spending plans set out in the Budget, the annual defence budget will be £2.9 billion higher in cash terms in 2025/26 compared with 2024/25. After adjusting for inflation, defence spending is expected to increase by £1.4 billion (2.4%).<sup>14</sup>

In the Spring Statement 2025, the Chancellor announced a £2.2 billion uplift to the Ministry of Defence (MOD) budget as part of its commitment to spend 2.5% of GDP on defence by April 2027.<sup>15</sup>

## 2.1

# Increasing defence spending to 2.5% of GDP

## 1 NATO-qualifying defence spending

When defence spending targets are discussed as a percentage of GDP, this usually relates to spending that meets [the NATO definition of defence expenditure](#), rather than total departmental expenditure by the MOD. The NATO definition is a broader measure of defence spending than MOD expenditure, meaning the NATO figure is higher than the departmental spending plans. For more information, see section 4.1 of this briefing.

<sup>13</sup> HM Treasury, [Autumn Budget 2024](#), 30 October 2024, Table 4.7

<sup>14</sup> HM Treasury, [Autumn Budget 2024](#), Table 4.7

<sup>15</sup> HM Treasury, [Spring Statement 2025](#), 26 March 2025

As a member of NATO, the UK has committed to spending at least 2% of GDP on defence.

The previous Conservative government had committed to increase defence spending to 2.5% of GDP by 2030.<sup>16</sup> Likewise, in its manifesto ahead of the 2024 general election, the Labour Party pledged that a Labour government “will set out the path to spending 2.5 per cent of GDP on defence”.<sup>17</sup>

On 25 February 2025 the Prime Minister, Sir Kier Starmer, made a statement to the House of Commons in which he committed to spend 2.5% of GDP on defence by 2027 and for the remainder of this Parliament.<sup>18</sup> He added that this will be [funded by a decrease in international aid spending](#), from 0.5% of Gross National Income (GNI) to 0.3% from 2027.<sup>19</sup>

In the Spring Statement 2025, Chancellor of the Exchequer Rachael Reeves set out the government’s first steps towards meeting its 2.5% commitment. More information can be found in [the Library insight on the defence spending commitment](#). In the statement, the Chancellor announced the MOD would receive an additional £2.2 billion in 2025/26 and committed to:

- Spending at least 10% of the MOD’s equipment budget on novel technologies (such as drones and AI enabled technology) from 2025/26.
- Creating a ringfenced budget of £400 million for UK Defence Innovation (UKDI), a fund under the MOD to support the growth of high-tech businesses in the UK. The [UKDI was announced in March 2025](#).
- Providing £200 million for job creation in its [Plan for Barrow](#), “a town at the heart of our nuclear security”.
- Providing £2 billion of increased capacity for UK Export Finance “to provide loans for overseas buyers of UK defence goods and services”.<sup>20</sup>

In response to a parliamentary question in March 2025, the government has said that the Treasury is currently undertaking the second phase of the Spending Review, which will set out departmental budgets. It added the Spending Review will be on the 11 June 2025.<sup>21</sup>

## How much will defence spending rise by?

In his announcement, the Prime Minister said increasing defence spending to 2.5% would mean “spending £13.4 billion more on defence every year from

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<sup>16</sup> Cabinet Office, [Defending Britain](#), 23 April 2024

<sup>17</sup> Labour Party, [Labour Party manifesto 2024](#), June 2024, p15; [Defence Expenditure of NATO Countries \(2014-2024\)](#), 17 June 2024

<sup>18</sup> [HC Deb 25 February 2025 c631](#)

<sup>19</sup> [HC Deb 25 February 2025, c63](#)

<sup>20</sup> HM Treasury and The Rt Hon Rachel Reeves MP, [Spring Statement 2025 speech](#), 26 March 2025

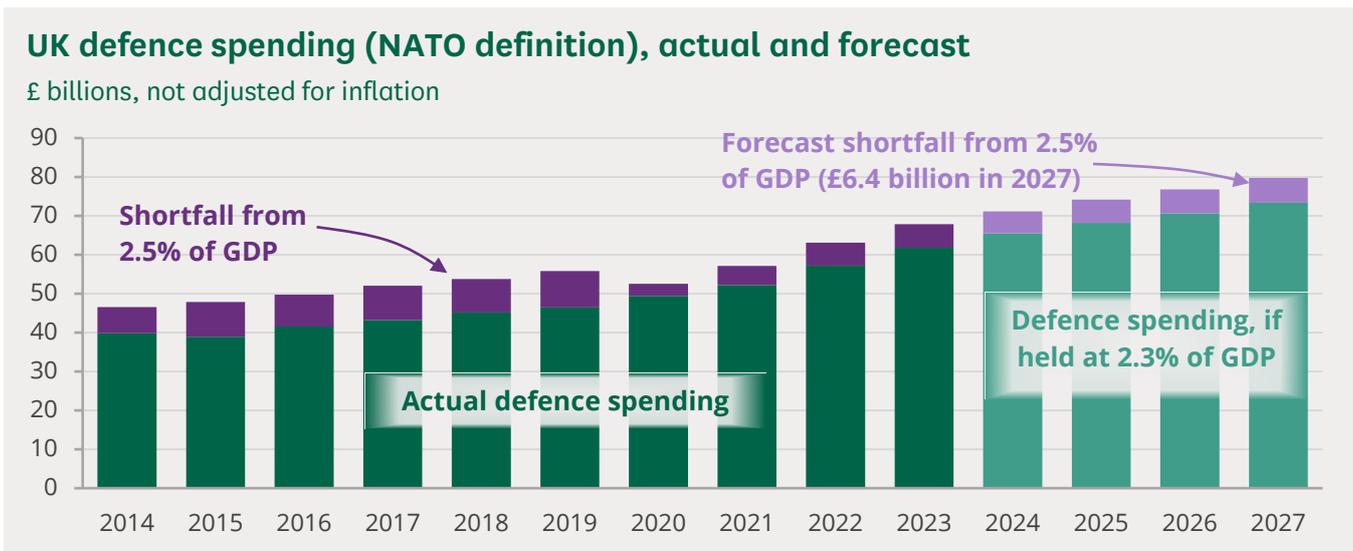
<sup>21</sup> PQ 36439 [[Defence: Expenditure](#)], 12 March 2025

2027”.<sup>22</sup> Darren Jones, the Chief Secretary to the Treasury, subsequently explained this refers to all NATO qualifying defence spending rather than solely the core MOD budget.<sup>23</sup>

The associate director of the Institute for Fiscal Studies (IFS), Ben Zaranko, said the £13 billion figure “only seems to make sense if one thinks the defence budget would otherwise have been frozen in cash terms”, suggesting that the actual increase is around £6 billion.<sup>24</sup>

Maria Eagle, the Minister for Defence Procurement, subsequently confirmed that the £13.4 billion increase is in “cash terms in 2027-28 compared to 2024-25”.<sup>25</sup> Additionally, the government told the fact-checking charity, Full Fact, that the £13.4 billion reflected the difference between defence spending of £66.3 billion in 2024/25, and the £79.7 billion it is now expected to increase to in 2027/28.<sup>26</sup>

In 2024/25, defence spending was around 2.3% of GDP, according to the NATO definition.<sup>27</sup> In the Spring Statement, the government forecasted that it will be spending an additional £6.4 billion on defence in 2027 to reach the 2.5% target, as shown in the chart below. This is based on the assumption that defence spending would otherwise have remained at 2.3% of GDP.<sup>28</sup>



Notes: Defence expenditure from 2025 based on Treasury counterfactual that defence spending would otherwise have remained at 2.3% of GDP

Source: Library calculations, based on NATO, [Defence Expenditure of NATO Countries \(2014-2024\)](#); Office for Budget Responsibility, [Economic and fiscal outlook – March 2025](#), 26 March 2025, economy detailed forecast table 1.2; HM Treasury, [Spring Statement 2025](#), 16 March 2025, table 2.1

<sup>22</sup> [HC Deb 25 February 2025 c631](#)

<sup>23</sup> PQ 34808 [on [Defence: Finance](#)], 11 March 2025

<sup>24</sup> IFS, [IFS response to defence spending announcement](#), 25 February 2025

<sup>25</sup> PQ33956 [[Defence: Finance](#)], 7 March 2025

<sup>26</sup> Full Fact, [Is the UK’s defence spending set to increase by £13 billion a year?](#), 25 February 2025

<sup>27</sup> PQ 12619 [on [Defence: Expenditure](#)], 12 November 2024

<sup>28</sup> HM Treasury, [Spring Statement 2025](#), 16 March 2025, table 2.1

## Planned increase to 3% of GDP

In his February announcement, the Prime Minister also indicated plans to further increase spending to 3%:

Subject to economic and fiscal conditions, and aligned with our strategic and operational needs, we will also set a clear ambition for defence spending to rise to 3% of GDP in the next Parliament.<sup>29</sup>

In his response, [the Shadow Chancellor Mel Stride said he welcomed the commitment](#), but said the 3% target should be brought forward to this parliament.<sup>30</sup>

The Office for Budget Responsibility ([OBR](#)) [has estimated that reaching 3% of GDP](#) by the next parliament would cost an additional £17.3 billion in 2029/30.<sup>31</sup>

## Including security and intelligence within the definition

The Prime Minister said in his February 2025 announcement that the UK would be spending 2.6% of GDP on defence from 2027 if elements of intelligence spending is included:

On top of the funding of 2.5% that I have just announced, we will recognise the incredible contribution of our intelligence and security services to the defence of our nation, which means that, taken together, we will be spending 2.6% on our defence from 2027.<sup>32</sup>

Responding to the Leader of the Opposition's question for clarity on intelligence expenditure, the Prime Minister said:

[...] What I am doing here is in addition to the 2.5%, which is the increased defence spend as it has always been understood, to recognise that the nature of the threats to our country are different now, and that the security and intelligence services play a key part for us and our allies in our defence. That takes the total to 2.6%.<sup>33</sup>

The accompanying press release said the “definition of defence spending will be updated to recognise what our security and intelligence agencies do to boost our security, as well as our military”.<sup>34</sup> This does not mean that intelligence spending is being brought into the core MOD budget.

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<sup>29</sup> [HC Deb 25 February 2025 c631](#)

<sup>30</sup> [HC Deb 26 March 2025 c955](#)

<sup>31</sup> OBR, [Economic and fiscal outlook – March 2025](#), 26 March 2025, p16

<sup>32</sup> [HC Deb 25 February 2025 c633](#)

<sup>33</sup> [HC Deb 25 February 2025 c636](#)

<sup>34</sup> Prime Minister's Office press release, [Prime Minister sets out biggest sustained increase in defence spending since the Cold War, protecting British people in new era for national security](#), 25 February 2025

## Spending commitments to the single intelligence account

The single intelligence account funds the security and intelligence agencies: the Secret Intelligence Service (SIS/ MI6), Government Communications Headquarters (GCHQ) and the Security Service (MI5).<sup>35</sup>

The [Spring Statement 2025 sets out that the total department funding of the single intelligence account](#) would be £4.6 billion in 2025/26.<sup>36</sup>

## Previous inclusion of the single intelligence account in defence spending

The NATO definition (see section 4.1 of this briefing) does not explicitly reference intelligence services. However, the UK Government has for some years included elements of spending from the single intelligence account, and from cross-government security funds, in its submission to NATO.<sup>37</sup>

In 2015, the government's summer budget indicated that it would meet the 2% of GDP target by "allowing for all of the public spending that supports the Ministry of Defence and the contribution made by the secret intelligence agencies".<sup>38</sup> The Defence Committee concluded that this was "a new addition in the UK's reporting of defence expenditure" and that inclusion of UK intelligence funding is a "significant factor in the composition of the 2% commitment".<sup>39</sup>

The government said in response "in line with NATO guidelines, we include all government spending that contributes to defence in our overall defence spending figures".<sup>40</sup> This also included "elements of the Government's cyber security spending".<sup>41</sup>

Subsequent statements by the government indicate that elements of the single intelligence account have continued to be counted as defence expenditure for NATO purposes.

In 2020, the government said that "In line with NATO guidelines, we include an element of the single intelligence account budget that directly supports Defence".<sup>42</sup> The government explained that "this does not total all of the single intelligence account budget" but would not release full details because the information related to security bodies.<sup>43</sup>

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<sup>35</sup> Cabinet Office, [Security and intelligence agencies financial statement 2023-24](#), 2 December 2024

<sup>36</sup> HM Treasury, [Spring Statement 2025](#), 26 March 2025

<sup>37</sup> The name of these funds has changed over the years, from the [Joint Security Fund](#) created in the 2015 budget to the [Conflict Stability and Security Fund](#) and, from 2023, the [Integrated Security Fund](#).

<sup>38</sup> HM Treasury, [Summer Budget 2015](#), 8 July 2015, para 1.84

<sup>39</sup> Defence Committee, [Shifting the goalposts? Defence expenditure and the 2% pledge](#), 12 April 2016 HC 494 2015-16, para 39

<sup>40</sup> Defence Committee, [Government response Shifting the goalposts? Defence expenditure and the 2% pledge](#) (PDF), 30 June 2016 HC 465 2016-17, page 3

<sup>41</sup> As above

<sup>42</sup> MOD, [FOI2020/03865](#) (PDF), 20 April 2020

<sup>43</sup> As above

In April 2024 the Conservative government, in its pledge to increase defence spending to 2.5% by 2030, indicated that additional NATO-qualifying spending outside of the MOD “includes parts of the Single Intelligence Account”.<sup>44</sup>

However, Matthew Saville, the director of military sciences at RUSI, said that Prime Minister Keir Starmer appeared to be suggesting that a greater proportion of intelligence expenditure would be counted as defence spending in the future and that this “will need to be subject to some scrutiny in the future if there is further pressure within the Ministry of Defence”.<sup>45</sup>

## 2.2 Support for Ukraine

To date, the UK has committed £18 billion in military support for Ukraine between February 2022 (when Russia invaded the country) up to 30 April 2025.<sup>46</sup>

Funding for Ukraine is being met from the Treasury Reserve, rather than coming from the MOD’s main budget, although this spending does appear in MOD outturn figures after being claimed from the Reserve at the Supplementary Estimates.<sup>47</sup>

The Labour government has said UK support to Ukraine “remains steadfast”.<sup>48</sup> At the NATO summit in July 2024, Prime Minister Keir Starmer pledged £3 billion a year in military support to Ukraine until 2030/31, or for as long as it is needed.<sup>49</sup> That commitment was reiterated in [the UK-Ukraine 100-year partnership agreement](#) concluded in January 2025.

In addition to military aid that is being gifted to Ukraine, G7 countries have agreed to extend USD \$50 billion (approximately £38.6 billion) of loans to Ukraine starting from the end of 2024 (in current prices). These loans will be “serviced and repaid” by future proceeds generated by immobilised Russian assets in the EU and other relevant jurisdictions.<sup>50</sup>

The UK government is contributing £2.26 billion over the three-year period 2024/25 to 2026/27, which it says will be spent purchasing military equipment via the Ministry of Defence on behalf of the Government of Ukraine.<sup>51</sup> This

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<sup>44</sup> Cabinet Office, [Defending Britain](#), 23 April 2024, Annex

<sup>45</sup> Matthew Savill, [Starmer shows his hand on defence spending](#), RUSI, 26 February 2025

<sup>46</sup> HM Government, [UK support to Ukraine: Factsheet](#), 30 April 2025

<sup>47</sup> [HC Deb 26 January 2023 \[Ukraine update\]](#), vol 726, c1204. The Library research briefing, [Revised government spending plans for 2023/24](#) explains Supplementary Estimates in further detail.

<sup>48</sup> Ministry of Defence, [News Story: Defence Secretary pledges to step up support for Ukraine on visit to Odesa](#), 7 July 2024

<sup>49</sup> Prime Minister’s Office, [Press release: UK to stand with Ukraine for as long as it takes, PM to tell NATO](#), 10 July 2024

<sup>50</sup> The White House, [G7 Apulia Leaders’ Communiqué](#), 14 June 2024

<sup>51</sup> HM Treasury, [Autumn Budget 2024](#), Table 5.1

money is additional one-off financing and is separate to the £3 billion a year in military support that has been committed by the government. As a result of the first £1.5 billion tranche of that ERA loan, the UK Government has said that military financing to Ukraine in 2025 will total £4.5 billion.<sup>52</sup>

Further information is available in the [Library briefing on the detailed timeline of UK military assistance to Ukraine \(February 2022-present\)](#).

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<sup>52</sup> Prime Minister's Office, [Press release](#), 16 January 2025

## 3

## Historical defence spending

### Change to resource accounting and budgeting

In the early 2000s, [government accounts changed from cash accounting to resource accounting and budgeting \(RAB\)](#). This disrupted the comparability of data from before and after the changes were implemented.

The 'net cash requirement' (NCR) is the closest comparable figure to the cash totals previously published. This represents the total cash amount needed by the department to carry out its functions, excluding any non-cash items such as depreciation or provisions. The NCR can be used alongside the old-style cash figures to produce a longer time-series.

The charts below show MOD expenditure since the 1950s. These figures are not comparable with those in the table on page 6, as explained in the box above. When looking at longer term trends, defence spending as a percentage of GDP had been falling for decades before stabilising in recent years, whereas real terms spending has fluctuated. This reflects GDP growing by more than defence spending.

### Historical defence expenditure, 1955/56 to 2023/24

£ billions, real terms 2024/25 prices



Notes: Figures based on cash accounting and the MOD's net cash requirement. This series allows comparison before and after RAB implementation. GDP deflator growth for 2020/21 and 2021/22 has been averaged to smooth distortions caused by pandemic-related factors.

Source: B R Mitchell, *British Historical Statistics*, 1988; MOD, [UK Defence Statistics](#) [accessed via National Archives] (various editions); MOD, [Annual Report and Accounts](#) (various editions); HM Treasury, [GDP deflator, March 2025 \(Spring Statement 2025\)](#), 28 March 2025

Defence spending increased up to the mid-1980s, which reflected the UK's contribution to NATO's commitments in the Cold War.<sup>53</sup> In real terms, this measure of MOD expenditure peaked in 1984/85 at £57.2 billion (in 2024/25 prices), which was the highest level of expenditure in the period shown.

This was followed by a fall in expenditure towards the end of the Cold War, although the Gulf War in 1991 caused a temporary rise.<sup>54</sup>

More recently, spending increased again due to [the conflicts in Afghanistan](#) and Iraq, reaching a high of £49.8 billion in 2009/10 before declining and then increasing again. Today's spending has almost returned to Cold War peak levels in real terms, reaching £54.1 billion in 2023/24.

As a percentage of GDP, defence spending has fallen fairly steadily over the period shown in the chart above, from around 7% in the 1950s to around 2% today.

Defence spending as a percentage of GDP is dependent on both changes to defence expenditure and to the GDP estimate.

These figures should not be compared with the NATO 2% target as they relate to expenditure by the MOD, rather than defence expenditure according to the NATO definition which is wider (section 4.1 of this briefing covers the NATO definition in further detail).

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<sup>53</sup> MOD, [Defence departmental resources: 2024](#), 28 November 2024

<sup>54</sup> As above

## 4 NATO defence spending

International comparisons of defence spending should be made with caution, as several factors can distort the results.

One important factor is the suitability of the exchange rates used to convert expenditures in different currencies to a common basis. Market exchange rates fluctuate and are not necessarily an accurate reflection of the purchasing power of different currencies. This could overstate the defence spending of some countries compared to others.<sup>55</sup>

The definition of what counts as defence spending may also differ between countries. For example, some countries may count spending on a nationally armed police force as defence spending, while others may not.

The way the military sector acquires resources can also differ between countries. For example, a country that recruits its armed forces by conscription (compulsory enrolment) might have lower total defence spending than a country with a fully professional force because conscripted forces might be paid lower wages.

The following sub-sections discuss NATO defence expenditure targets and present international comparisons of defence expenditure based on the NATO definition for its member countries.

### 4.1 NATO's defence expenditure definition

The North Atlantic Treaty Organisation (NATO) is a political and military alliance of 32 countries from Europe and North America.

NATO collects defence expenditure data from its member states. Each country's Ministry of Defence reports current data and future estimates according to an agreed definition of defence expenditure. NATO defines defence expenditure as “payments made by a national government specifically to meet the needs of its armed forces, those of Allies or of the Alliance”.<sup>56</sup>

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<sup>55</sup> An alternative approach is to use purchasing power parity exchange rates, which control for differences in price levels between economies. The strengths and limitations of these different approaches are discussed in further detail in: International Institute for Strategic Studies, [Military Expenditure: Transparency, Defence Inflation and Purchasing Power Parity](#), 20 December 2022

<sup>56</sup> NATO, [Defence Expenditure of NATO Countries \(2014-2023\)](#), 14 March 2024, p15

Expenditure is counted as being ‘defence expenditure’ if it falls within one (or more) of the following areas:

- Expenditure on the armed forces and “other forces” (such as national police, border guards and coast guards).
  - Expenditure on “other forces” should only be included in relation to forces that are trained in military tactics, are equipped as a military force, can operate under direct military authority in deployed operations, and can be deployed outside national territory in support of a military force.
- Pensions to military and civilian personnel of military departments.
- Peacekeeping, humanitarian operations, and weapon control (such as the destruction of weapons, equipment and ammunition).
- Research and development (both for successful and unsuccessful equipment).
- Expenditure for the military component of mixed civilian-military activities, but only when this military component can be specifically accounted for or estimated.
- Military or financial assistance to support the defence of an ally or partner country.<sup>57</sup>
- Expenditure towards NATO common infrastructure.<sup>58</sup>

## How the UK defines NATO defence expenditure

In 2014/15, the UK changed the way it reported defence expenditure to NATO, including several items that had not been included previously.

These new items were estimated by Malcolm Chalmers, the deputy director general of the defence think tank RUSI, as:

- war pensions (£820 million),
- contributions to UN peacekeeping missions (£400 million),
- pensions for retired civilian MOD personnel (£200 million) and

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<sup>57</sup> With respect to partner countries, money provided by government departments other than the Ministry of Defence, through international organisations other than eligible NATO-managed trust funds, or in the form of direct military aid, is not eligible.

<sup>58</sup> NATO, [Defence expenditures and NATO's 2% guideline](#), 5 April 2024

- a large portion of MOD income (revenue earned by MOD- around £1.4 billion).<sup>59</sup>

As set out in section 2.1, the UK also counts elements of the single intelligence account towards the NATO definition.

In 2016 the Defence Committee of the House of Commons published its inquiry into UK defence expenditure and the government's commitment to the meet the NATO 2% target (see below). It found that the target would not have been fulfilled if UK accounting practices had not been modified, "albeit in ways permitted by NATO guidelines".<sup>60</sup>

## 4.2 The NATO 2% target

### What is the NATO 2% target?

At the heart of NATO is Article 5, which states that an attack against one member state shall be considered as an attack against them all. This does not necessarily commit an ally to military action in the event of an attack. Instead, [it requires members to assist the party or parties attacked](#) with "such action it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area".

Given Article 5's obligation, member states are advised to maintain adequate defence spending levels, so they have the capacity to act if necessary. NATO members primarily resource the alliance indirectly by committing military capabilities and troops committed to military operations. Direct contributions to collective budgets and programmes make up around 0.3% of total allied defence spending.

In 2006, NATO allies set a target (or guideline) to spend at least 2% of GDP on defence to help ensure the alliance's continued military readiness, while also serving as a way that countries can show their political commitment to NATO:

This guideline also serves as an indicator of a country's political will to contribute to NATO's common defence efforts since the defence capacity of each member has an impact on the overall perception of the Alliance's credibility as a politico-military organisation.

[...]

While the 2% of GDP guideline alone is no guarantee that money will be spent in the most effective and efficient way to acquire and deploy modern capabilities, it remains, nonetheless, an important indicator of the political

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<sup>59</sup> Malcolm Chalmers, [Osborne's Summer Surprise for Defence](#), RUSI, 11 August 2015, p5; also discussed in Defence Committee, [Shifting the goalposts? Defence expenditure and the 2% pledge](#), 21 April 2016, chapter 2 (What constitutes "2%")

<sup>60</sup> Defence Committee, [Shifting the goalposts? Defence expenditure and the 2% pledge](#), 12 April 2016, HC 494 2015-16, para 11

resolve of individual Allies to devote to defence a relatively small but still significant level of resources.<sup>61</sup>

A second target agreed by NATO allies was that 20% of defence expenditure should go towards the research, development, and acquisition of major defence equipment.

## Why is the target important?

The introduction of the 2% target was perceived as an attempt to address the imbalance between the contribution of the United States and NATO's European members: the US has historically spent a far greater percentage of its GDP on defence (around 3.4%) than any of the European members.<sup>62</sup>

NATO does not impose sanctions or penalties on countries that do not meet the 2% target.

There is no intrinsic significance to the level of 2% of GDP for defence spending: the figure does not represent a critical threshold or 'tipping point' in terms of defence capabilities. As acknowledged in the NATO statement above, spending 2% of GDP on outdated or inefficient systems and capabilities is unlikely to significantly change the overall capacity of NATO to take or sustain military action. Equally, the difference between a country spending 2.02% and 1.98% of GDP, for example, is marginal.

However, the target is both symbolically and politically important. Over the years, the US has repeatedly called on European allies to contribute more.

## NATO allies' commitments to the target since 2014

In recent years, NATO members have significantly stepped up their defence spending in response to Russia's annexation of Crimea in 2014 and events in Ukraine since.

At the NATO Summit in Wales in September 2014, allies agreed to reverse the trend of declining defence budgets and aim towards the NATO guideline of spending 2% of GDP on defence expenditure within a decade. Allies agreed in the [Summit Declaration](#) that those who already spend a minimum of 2% will "aim to continue to do so", while those who don't will halt any decline in defence expenditure and aim to move towards the 2% guideline within a decade.<sup>63</sup>

At an extraordinary summit (outside the usual timetable) in Brussels in March 2022, held following Russia's full-scale invasion of Ukraine, NATO members agreed to "accelerate our efforts to fulfil our commitment to the Defence

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<sup>61</sup> NATO, [Funding NATO](#), updated 28 October 2023

<sup>62</sup> As above

<sup>63</sup> NATO, [Wales Summit Declaration](#), 5 September 2014 (updated 30 August 2018)

Investment Pledge in its entirety”.<sup>64</sup> The pledge is a reference to the commitments made in 2014.<sup>65</sup>

As shown in the chart on the following page, based on the latest NATO estimates of defence expenditure, 23 out of 32 member states are expected to meet or exceed the 2% spending target in 2024. This is up from three members in 2014.<sup>66</sup>

All member states have increased defence expenditure as a share of GDP since 2014 except for Croatia and the US, although the US continues to exceed the 2% target, having spent an estimated 3.38% of GDP on defence in 2024.

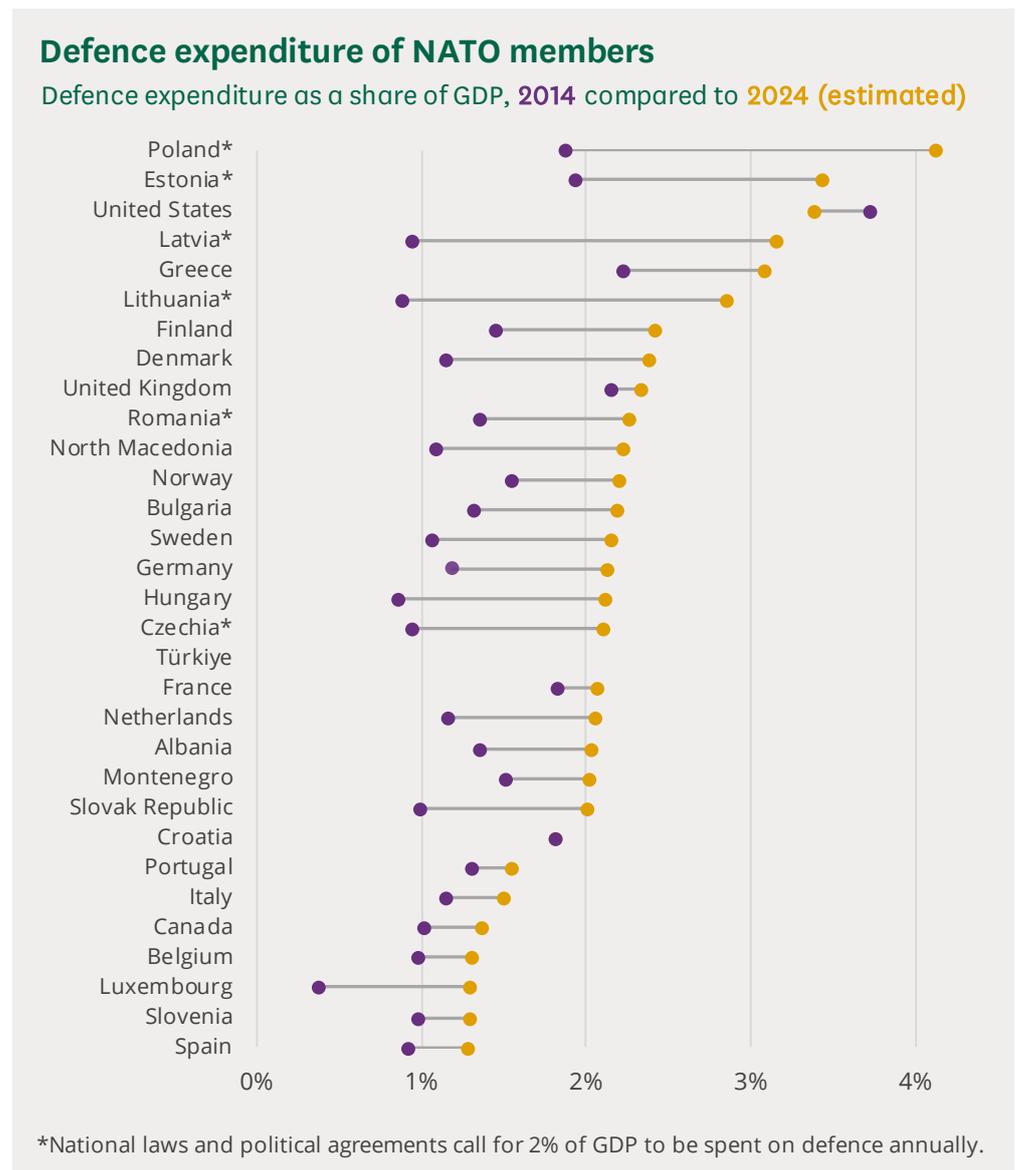
Countries with the largest increases in defence expenditure as a percentage of GDP compared with 2014 include Poland, Latvia and Lithuania. These countries are all estimated to have increased defence spending as a share of GDP by at least two percentage points.

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<sup>64</sup> NATO, [Statement by NATO Heads of State and Government](#), 24 March 2022

<sup>65</sup> For further information, see: NATO, [Funding NATO](#), updated 14 April 2023

<sup>66</sup> NATO, [Defence expenditures and NATO's 2% guideline](#), updated 18 June 2024



Note: Excludes Iceland, which has no armed forces.

Source: NATO, [Defence Expenditure of NATO Countries \(2014-2024\)](#), 17 June 2024, Table 3

NATO members (excluding the US) expect to spend an average of 2.02% of GDP on defence in 2024. If so, this will be the first time that these allies will have collectively met the 2% target. This group’s spending as a share of GDP has increased year-on-year since 2015 (up from 1.42%), with the largest increase seen between 2023 and 2024.

### UK defence spending in relation to the 2% target

The UK remains committed to the NATO 2% target, which it has consistently met each year since the target was first introduced. The latest NATO figures show that the UK is expected to spend 2.33% of GDP on defence in 2024, ranking it ninth out of NATO members on this measure.<sup>67</sup>

<sup>67</sup> NATO, [Defence Expenditure of NATO Countries \(2014-2024\)](#), 17 June 2024, Table 3

Since 2020, spending according to this measure has remained fairly stable. Spending as a share of GDP was at its lowest in 2015 (2.03%).<sup>68</sup>

However, when looking at the real-terms change in defence spending since 2014, the Royal United Services Institute (RUSI) think tank has pointed out that the UK has had one of the slowest rates of increase of any NATO country.<sup>69</sup>

Between 2014 and 2023, real-terms UK defence spending (according to the NATO definition) increased by 20%, compared with an average increase of 54% for all other European NATO members. The only countries with a slower rate of growth were the US (7%) and France (15%).<sup>70</sup>

In recent years, the UK has made several commitments to increase defence spending as a share of GDP.

Most recently, the Labour government has committed to increase defence spending to 2.5% by April 2027 (as discussed in section 2.1 of this briefing).<sup>71</sup>

The previous Conservative government had committed to spending 2.5% of GDP on defence by 2030.<sup>72</sup> Plans for this were outlined in the '[Defending Britain](#)' policy paper published in April 2024.

## Ministry of Defence comparative information

Separately, the MOD publishes annually [comparative information on UK defence spending and that of other countries](#) which includes a comparison of two international defence spending data sources, the Stockholm International Peace Research Institute (SIPRI) and the International Institute for Strategic Studies (IISS).

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<sup>68</sup> NATO, [Defence Expenditure of NATO Countries](#) (various editions)

<sup>69</sup> RUSI, [Bracing for 2025: The UK and European Security Under a Trump Presidency](#), 28 March 2024, p23

<sup>70</sup> NATO, [Defence Expenditure of NATO Countries \(2014-2023\)](#), 14 March 2024, Table 1. The average figure for all other European NATO members includes countries which joined NATO after 2014 (Montenegro, North Macedonia, Finland and Sweden).

<sup>71</sup> [HC Deb 25 February 2025 c631](#)

<sup>72</sup> Cabinet Office, [Defending Britain](#), 23 April 2024

## 5 Equipment spending

The Ministry of Defence (MOD) spends billions each year on equipment for the armed forces.

It has published a [Defence Equipment Plan](#) every year since 2012, setting out budget allocations and forecasted expenditure over a rolling 10-year period. This includes spending on both the procurement of new equipment and support costs for equipment that is already in use.

The Labour government has said it will not be publishing an equipment plan for 2024 while it awaits the conclusion of the ongoing Strategic Defence Review and the upcoming Spending Review, which are both due in the first half of 2025. It said that if it were to publish an equipment plan, “it would not provide an accurate reflection of this Government’s spending plans”, which have not yet been finalised.<sup>73</sup>

The government said it will use this pause as an opportunity to re-evaluate its approach to reporting on its equipment spending plans.<sup>74</sup>

In January 2025, the chairs of the Defence Select Committee and the Public Accounts Committee wrote to the MOD’s Permanent Secretary to express their dissatisfaction with the lack of an equipment plan for either 2023 or 2024. The Chairs said that despite the government’s commitment to increase transparency to Parliament “the reality is that transparency on acquisition, expenditure and capability has decreased”.<sup>75</sup>

### 5.1 Was the last Defence Equipment Plan affordable?

In the [Equipment Plan for 2023 to 2033](#), the MOD allocated £288.6 billion to spending on equipment and support over this ten-year period, accounting for 49% of the entire defence budget.

This was a £46.3 billion (19%) increase compared with the previous year’s plan, which covered the period 2022 to 2032.

<sup>73</sup> [Letter from Maria Eagle \(Minister for Defence Procurement and Industry\) to Sir Geoffrey Clifton-Brown \(Chair of the Public Accounts Committee\)](#) (PDF), 13 November 2024

<sup>74</sup> As above

<sup>75</sup> [Joint letter dated 28th January from Defence Committee and Public Accounts Committee Chairs to the Permanent Secretary regarding the Defence Equipment Plan](#) (PDF), 28 January 2025

However, this budget increase was outstripped by a £65.7 billion (27%) rise in forecasted costs for planned equipment projects, which totalled £305.5 billion as of March 2023. This equated to a £19.6 billion funding shortfall, based on central estimates, although the MOD estimated that the true shortfall could range from £7.6 billion to £29.8 billion if all risks materialised.

This was the largest deficit between the MOD's equipment budget and its military capability requirements since the first equipment plan was published in 2012.

The latest equipment plan was the first provide a breakdown of the forecast budgets and costs of nuclear and conventional capabilities. Forecast costs for the nuclear deterrent were £7.9 billion more than the allocated budget, while costs for conventional equipment were £9 billion over budget.<sup>76</sup>

## National Audit Office assessment

The National Audit Office (NAO) scrutinises each equipment plan and publishes its own report alongside the MOD's. In recent years the NAO has assessed successive plans to be unaffordable.

The NAO noted a "marked deterioration" in the financial position since the previous equipment plan in 2022.<sup>77</sup>

The largest cost increases were at the Defence Nuclear Organisation, which had risen by £38.2 billion (62%) compared with the previous plan. This was followed by the Royal Navy, 20% of whose budget for 2023/24 was for nuclear projects, where costs had risen by £16.4 billion (41%).<sup>78</sup>

Maintaining the nuclear deterrent is the MOD's highest priority and funding for this was ringfenced in 2023. However, the NAO drew attention to the additional pressure placed on projects that are not included in the ringfence, from which cost savings will have to be made to address the plan's funding shortfall. Other capabilities that have a role in supporting the nuclear deterrent but are not included in the ringfence are also being prioritised.<sup>79</sup>

The NAO also highlighted the impact of high inflation on costs, which the MOD had not received any additional funding to cover. It said this had not been fully reflected in the previous plan, which was based on financial data up to March 2022. Inflation accounted for £10.9 billion of the estimated cost increase in the 2023 plan.<sup>80</sup>

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<sup>76</sup> NAO, [The Equipment Plan 2023 to 2033](#), 4 December 2023, p13, para 1.6

<sup>77</sup> As above, p10, para 18

<sup>78</sup> As above, p17, para 1.8

<sup>79</sup> As above, p38–39

<sup>80</sup> As above, p32, para 2.2

## Parliamentary scrutiny of the Defence Equipment Plan

The Public Accounts Committee (PAC) usually takes evidence on the Defence Equipment Plan using information provided by the NAO and produces a report.<sup>81</sup>

In its [most recent report on the Equipment Plan for 2023 to 2033](#), the PAC criticised the MOD for failing to make what it deemed to be difficult but necessary choices in order to balance its budget. It argued that the MOD had instead based its decision making on the assumption that defence spending would increase to 2.5% of GDP, for which there was no planned schedule at the time.<sup>82</sup>

The PAC also warned that the real budget deficit could be even larger than the Equipment Plan suggested because it did not include estimated costs for all the capabilities the government expected the MOD to deliver.<sup>83</sup>

The Conservative government did not respond to the PAC report before the end of the last Parliament.

In their letter to the Permanent Secretary in January 2025, the chairs of the Defence Select Committee and the Public Accounts Committee said they were concerned that the MOD has “effectively prevented the NAO from producing its EP [equipment plan] for 2024 by not supplying it with the information necessary to support this process, even along the lines followed in 2023”.<sup>84</sup> Whilst acknowledging that it is for the NAO to determine its own, independent work programme, it called on the MOD to provide the relevant information immediately to them for analysis “so that they are able to produce an EP for 2024 should they decide to do so”.<sup>85</sup>

In 2023, changes were made to the funding arrangements for the nuclear deterrent. All nuclear programmes and expenditure across the Ministry of defence (MOD), including annual in-service costs of the nuclear deterrent (£3 billion in 2022/23), have now been brought under one heading: the Defence Nuclear Enterprise (DNE). That spending has also been ringfenced within the departmental budget, reflecting the increasing interdependence between the nuclear deterrent and the Royal Navy’s other conventional nuclear-powered submarine programmes, including the new AUKUS-SSN being developed in conjunction with the US and Australia.<sup>86</sup> This is particularly relevant to costs

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<sup>81</sup> Past reports can be found on the [PAC website](#).

<sup>82</sup> PAC, [MoD Equipment Plan 2023–2033](#) (summary), HC 451 2023–24

<sup>83</sup> PAC, [MoD Equipment Plan 2023–2033](#) (summary), HC 451 2023–24

<sup>84</sup> [Joint letter dated 28th January from Defence Committee and Public Accounts Committee Chairs to the Permanent Secretary regarding the Defence Equipment Plan](#) (PDF), 28 January 2025

<sup>85</sup> [Joint letter dated 28th January from Defence Committee and Public Accounts Committee Chairs to the Permanent Secretary regarding the Defence Equipment Plan](#) (PDF), 28 January 2025

<sup>86</sup> Ministry of Defence, [Letter to the Chair of the Public Accounts Committee, Equipment Plan 2023–2033: Update on affordability](#), 4 December 2023 and National Audit Office, [The equipment plan 2023–2033](#) (PDF), HC315, December 2023

associated with basing, infrastructure and nuclear propulsion. DNE spend now appears as a single line in the departmental estimates.

In making this change, the MOD said it would provide greater flexibility in the Dreadnought programme and allow the department to “deliver programmes related to the nuclear deterrent on schedule”.<sup>87</sup> Ringfencing the nuclear budget would also allow the Department to “insulate” the rest of the defence equipment plan from any changes in the profile of nuclear spending.<sup>88</sup>

## How much is being spent on DNE?

In 2023/24, spending on the DNE totalled £9.4 billion.<sup>89</sup> Spending plans set out in the 2024 MOD Main Estimate indicate that this is set to increase to £10.8 billion in 2024/25 in cash terms, although these plans may be revised at the Supplementary Estimates towards the end of the financial year.<sup>90</sup>

Spending on nuclear programmes across of the whole Defence Equipment Plan over the next ten years (2023 to 2033) is forecast at £117.8 billion, of which £109.8 billion has been budgeted for, leaving a £7.9 billion deficit.<sup>91</sup> In response to what the MOD has called a “notional gap”, it said that the department is “not complacent and will act in successive planning rounds to ensure that costs are realistic, and projects are deliverable”.<sup>92</sup> The department has acknowledged that it “cannot rule out asking HM Treasury for more money for nuclear programmes in future planning rounds”.<sup>93</sup>

The Public Accounts Committee (PAC) has, however, expressed concern that managing the resulting deficit “requires significant work and is a huge challenge” that will be “difficult to deliver”.<sup>94</sup>

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<sup>87</sup> MOD, [Letter to the Chair of the Public Accounts Committee, Equipment Plan 2023-2033: Update on affordability](#), 4 December 2023

<sup>88</sup> As above

<sup>89</sup> MOD, [Annual report and accounts 2023-2024](#) (PDF), HC65, July 2024, Annex C

<sup>90</sup> HM Treasury, [Main Supply Estimates 2024 to 2025](#), July 2024, p149

<sup>91</sup> MOD, [The defence equipment plan 2023: Supplementary Data Tables](#), February 2024

<sup>92</sup> MOD, [Letter to the Chair of the Public Accounts Committee, Equipment Plan 2023-2033: Update on affordability](#), 4 December 2023

<sup>93</sup> PAC, [MOD Equipment Plan 2023-2033](#) (PDF), HC451, 8 March 2024, p.11

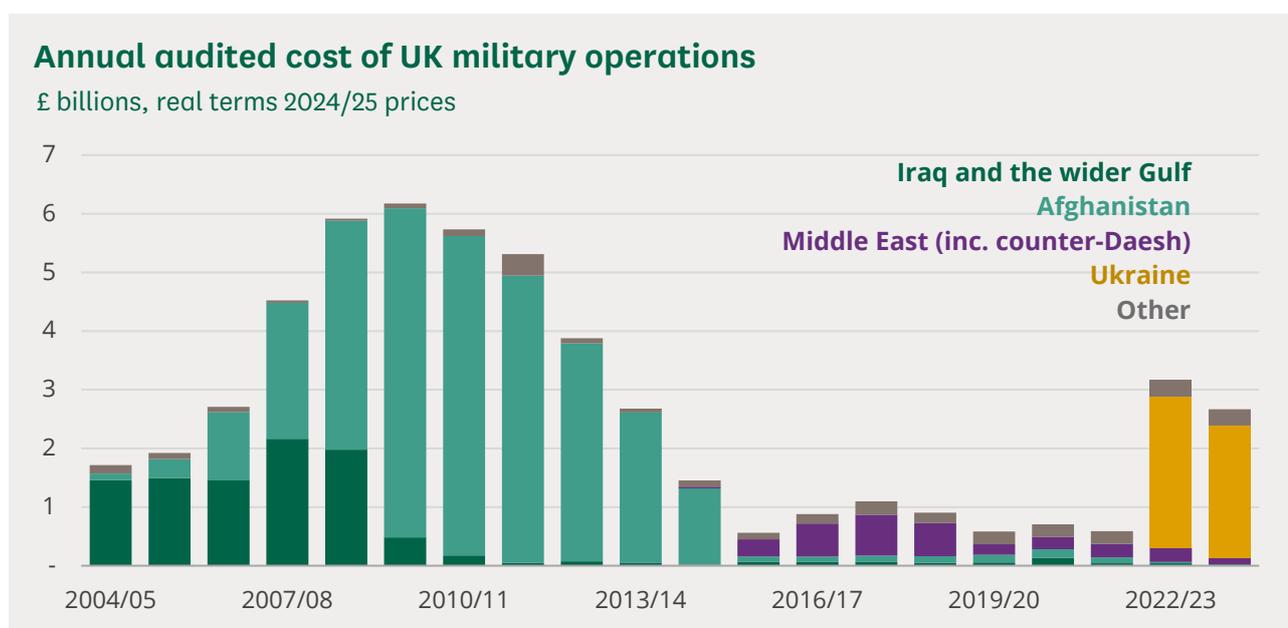
<sup>94</sup> PAC, [MOD Equipment Plan 2023-2033](#) (PDF), HC451, 8 March 2024.

## 6 Military operations

The Ministry of Defence (MOD) publishes information on the cost of military operations and interventions undertaken by the UK armed forces.

The cost of these operations is reported in terms of the net additional cost. These are costs over and above those that the MOD would have been incurred if the operation had not been undertaken, for example, expenditure on pay. This is offset by savings arising from the deployment of troops, for example due to cancelled training exercises.<sup>95</sup>

The chart below shows the cost of military operations between 2004/05 and 2023/24.



Note: GDP deflator growth for 2020/21 and 2021/22 has been averaged across the two years to smooth distortions caused by pandemic-related factors.

Source: MOD, [Defence departmental resources: 2024](#), Table 7; HM Treasury, [GDP deflator, March 2025 \(Spring Statement 2025\)](#), 28 March 2025

Over the period shown, expenditure on military operations peaked in 2009/10, when around £6.2 billion was spent (in 2024/25 prices). As is shown in the chart above, most of this was spent on operations in Afghanistan (91%).

<sup>95</sup> MOD, [Defence departmental resources: 2024](#), 28 November 2024

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For more on UK support for Ukraine, see the Library briefing, [Detailed timeline of UK military assistance to Ukraine \(February 2022-present\)](#)

Between 2015/16 and 2021/22, operational costs were substantially lower than in earlier years. Expenditure increased considerably in 2022/23 when the UK began providing military support to Ukraine in relation to its ongoing conflict with Russia. Support to Ukraine has totalled over £2 billion in each of the last two years (£2.4 billion in 2022/23 and £2.2 billion in 2023/24, in current prices).

In 2023/24 expenditure on military operations amounted to £2.7 billion in real terms (2024/25 prices), making up around 5% of total MOD expenditure. Operational expenditure was 16% lower in real terms than the previous year (£3.2 billion).

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