

SECTION 13.2

CONCLUSIONS: RESOURCES

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Introduction and key findings

1. This Section addresses analysis and findings in relation to the evidence set out in Section 13.1, on the allocation of resources for military operations and civilian activities in Iraq.
2. This Section does not address how government departments used the resources available to them. Specifically:
 - the provision of military equipment is considered in Sections 6.3 and 14;
 - the UK's support for reconstruction is considered in Section 10; and
 - the UK's support for Security Sector Reform is considered in Section 12.

Key findings

- The direct cost of the conflict in Iraq was at least £9.2bn (the equivalent of £11.83bn in 2016). In total, 89 percent of that was spent on military operations.
- The Government's decision to take part in military action against Iraq was not affected by consideration of the potential financial cost to the UK of the invasion or the post-conflict period.
- Ministers were not provided with estimates of military conflict and post-conflict costs, or with advice on their affordability, when decisions were taken on the scale of the UK's military contribution to a US-led invasion of Iraq, and on the UK's role in the post-conflict period. They should have been.
- There was no articulated need for additional financial resources for military operations in Iraq that was not met.
- The arrangements for funding military Urgent Operational Requirements (UORs) and other military costs worked as intended, and did not constrain the UK military's ability to conduct operations in Iraq.
- The controls imposed by the Treasury on the Ministry of Defence's (MOD's) budget in September 2003 did not constrain the UK military's ability to conduct operations in Iraq.
- The Government was slow to recognise that Iraq was an enduring operation, and to adapt its funding arrangements to support both military operations and civilian activities.
- The arrangements for securing funding for civilian activities could be slow and unpredictable. Some high-priority civilian activities were funded late or only in part.

Estimates of the cost of the UK's involvement in Iraq

3. It was the responsibility of departments in the first instance to:
 - produce estimates of the costs of activities for which they were responsible;
 - discuss those estimates with the Treasury; and
 - make them available to Ministers and, if appropriate, Cabinet to inform their discussions.

- 4.** The Treasury began considering the potential cost of UK involvement in Iraq in June 2002, and produced the first estimated figure for the cost of military action in Iraq (£2.5bn) in September 2002.
- 5.** The MOD sent “some indicative breakdowns” of the cost of military action to the Treasury on 11 October¹ and “ball-park figures” for the cost of military action (up to £2bn) to Mr Blair on 15 October, to inform his decision on whether to offer a large scale land force to the US.²
- 6.** Mr Geoff Hoon, the Defence Secretary, sent a detailed estimate of contingency planning costs (£1.65bn) to Mr Gordon Brown, the Chancellor of the Exchequer, in mid-December. A copy of the letter was sent to Mr Blair. That estimate covered the cost of preparing, deploying and retrieving a military force, but not of any war-fighting or post-conflict activities.
- 7.** The MOD produced its first estimate of military post-conflict costs in February 2003, just one month before the invasion. It also increased its estimated figure for the cost of military action (to between £2.5bn and £3bn).
- 8.** The Treasury produced detailed analyses of the implications of a conflict in Iraq for public expenditure in September and October 2002.
- 9.** Treasury officials’ advice to Mr Brown on military cost estimates and the implications for public expenditure was timely and accurate. It repeatedly highlighted the risk that the UK would have to maintain a significant military force in Iraq in the medium term and challenged the MOD’s assertion that the UK could limit its financial liability for Iraq’s post-conflict security and reconstruction.
- 10.** The MOD should have produced detailed estimates of military conflict and post-conflict costs sooner, in order to inform consideration of options for the UK’s engagement.
- 11.** Both the Treasury (from September 2002) and the Department for International Development (DFID) (from January 2003) produced detailed and robust analyses of potential humanitarian assistance and reconstruction costs in Iraq. Both departments concluded that the costs could be substantial.
- 12.** Treasury officials’ advice to Mr Brown highlighted the risk that the UK might have to make a significant contribution to Iraq’s reconstruction, as a key member of the Coalition and in particular in the absence of UN cover. The UK Government expected that UN cover would be necessary if other international partners were to provide significant contributions to the post-conflict effort.

¹ [Minute Nye to Chancellor, 11 October 2002, ‘Iraq: Decisions Nearing’](#).

² [Minute Hoon to Prime Minister, 15 October 2002, ‘Iraq: UK Military Options’ attaching Paper MOD, 14 October 2002, ‘Iraq: UK Contingency Planning’](#).

13. In February 2003, Treasury officials provided Mr Brown with the first comprehensive estimate of military and civilian costs for the conflict and post-conflict period. The cost of a military campaign was estimated at £3.4bn over three years, with a further £1bn in the first year after a conflict for post-conflict military operations. The cost of a UK contribution to humanitarian assistance and reconstruction was estimated at up to £0.75bn in the first year after a conflict (representing 10 percent of the cost of the total international effort). The Treasury indicated that costs for military operations beyond 2004/05 and for humanitarian assistance and reconstruction beyond 2003/04 were unknown.

14. Treasury officials advised Mr Brown that their estimate reflected the “biggest commitment” that the UK could make in the post-conflict period – taking military responsibility for a geographical area of Iraq.³ The costs of such a commitment would be substantial and could extend into the long term.

15. Given the uncertainties over the scale of the UK’s military presence in post-conflict Iraq, and the inevitable uncertainties over the scale of any post-conflict humanitarian crisis and reconstruction challenge, the Treasury’s February 2003 estimates were remarkably accurate.

16. Mr Paul Boateng, the Chief Secretary to the Treasury from 2002 to 2005, told the Inquiry that the Treasury’s analyses of the impact of war on the UK’s public finances were not conducted with the intention of “second-guessing” Ministers, but to enable the Treasury to contribute to planning and policy discussions.⁴

17. The Inquiry agrees that the Treasury’s analyses should have contributed to planning and policy discussions.

18. Mr Brown told the Inquiry that, in his discussions with Cabinet colleagues in the months leading up to the invasion, he made it clear that the Treasury would not “interfere” by suggesting that cost should be a factor in choosing one military option over another:

“That was not our job ... At every point, I made it clear that we would support whatever option the military decided upon with the Prime Minister and the Cabinet ... ”⁵

The decision to take military action against Iraq

19. Section 6.5 addresses the Government’s failure to establish a unified planning process across the four principal departments involved – the Foreign and Commonwealth Office (FCO), the MOD, DFID and the Treasury – or between military and civilian planners, in the pre-conflict period.

³ [Minute Treasury \[junior official\] to Chancellor, 19 February 2003, ‘Update on Iraq’ attaching Paper Treasury, 19 February 2003, ‘Iraq Conflict – Public Expenditure Impact’.](#)

⁴ Public hearing, 14 July 2010, page 22.

⁵ Public hearing, 5 March 2010, pages 25-26.

20. In the absence of a Cabinet Minister with overall responsibility for Iraq, leadership on strategy rested with Mr Blair.

21. The version of the *Ministerial Code* that was current in 2003 stated that it was the responsibility of the initiating department to ensure that proposals involving expenditure or affecting general financial policy were discussed with the Treasury before being submitted to Cabinet or a Ministerial Committee. The result of the discussion together with an estimate of the cost should be included in the memorandum submitted to Cabinet or a Ministerial Committee.

Mr Brown's discussions with Ministers on the likely costs of the UK's involvement in Iraq

In the months before the invasion, Treasury officials produced a series of detailed analyses of the likely cost of intervention in Iraq, and the effect on public expenditure, for Mr Brown. In the context of that advice, Treasury officials urged Mr Brown to intervene in discussions on the scale of the UK's involvement in the military campaign and on the UK's role in a post-conflict Iraq.

Mr Brown had many meetings with Cabinet colleagues, including Mr Blair, in the run-up to the invasion. Those meetings were often one-to-one, and no record was taken. In the absence of those records, the Inquiry is unable to determine whether or in what way Mr Brown raised the issues highlighted by his officials.

22. The detailed estimates for military conflict and post-conflict costs produced by the MOD and the Treasury, and the analyses of the implications of a conflict in Iraq for public expenditure produced by the Treasury, were not sent to Mr Blair or to Ministers outside the originating departments.

23. Ms Clare Short, the International Development Secretary, wrote to Mr Blair on 5 February, 14 February and 5 March 2003, highlighting the potential cost of a UK contribution to an international humanitarian assistance and reconstruction effort, and the potential cost of pursuing an exemplary approach to the provision of humanitarian assistance in the UK's Area of Responsibility (AOR) in southern Iraq. She also raised the issue in Cabinet on 27 February.

24. On 14 March, in response to Mr Blair's request that Mr Brown should draw up a funding plan for Iraq, the Treasury provided a paper setting out the potential cost of a UK contribution to an international humanitarian assistance and reconstruction effort.

25. Detailed estimates of military costs and the analyses of the implications of a conflict for public expenditure should have been available to Ministers on three occasions which shaped the UK's involvement in Iraq:

- **In advance of Mr Blair's decision on 31 October 2002** that the UK should offer a large scale land force to the US for planning purposes.

Mr Blair had, over the previous month, expressed his concern to Mr Hoon over the additional costs associated with providing a large scale land force as part of a UK contribution to a US-led invasion of Iraq, and asked whether those costs had been discussed with the Treasury.

The MOD and the Treasury had, by the middle of October, developed broad estimates of the cost of providing a large scale land force. Mr Brown had also been provided with detailed analyses of the implications for public expenditure of a conflict in Iraq.

At the meeting where the decision to offer a large scale land force was taken, Admiral Sir Michael Boyce, Chief of the Defence Staff, stated his belief that providing a large military contribution to the campaign would mean that the UK would be under less pressure to make a large contribution to post-conflict reconstruction.

- **In February and March 2003**, when the Government considered whether to take on military responsibility for a geographical area of Iraq in the post-conflict period.

The MOD and the Treasury had, by February, developed detailed estimates of the potential cost of such a commitment (although there remained a number of unknown factors).

When the Government acceded in April to the US request that it assume leadership of a military AOR encompassing four provinces in southern Iraq, it did so without a robust analysis either of the strategic implications for the UK or of the military's capacity to support the UK's potential obligations in the region. A step of such magnitude should have been taken deliberately, having considered the wider strategic and resource implications and contingent liabilities.

In the event, the UK was responsible for security in its AOR for six years, initially as an Occupying Power and, from June 2004, in support of the Iraqi Government.

- **In advance of Cabinet's decision on 17 March 2003** to issue an ultimatum to Iraq and ask the House of Commons to endorse the use of military action against Iraq if necessary.

26. The extent to which cost should be a determining factor in reaching a policy decision is for Ministers to judge based on the circumstances of each particular case. But it is essential that those taking collective responsibility for a decision have the ability to make an informed judgement about the likely costs and risks.

27. Neither Cabinet nor any of the Ministerial meetings convened to discuss military options and the UK's role in a post-conflict Iraq were provided with detailed cost estimates for the various policy options for the UK's involvement in Iraq, and their implications for public expenditure.

- 28.** Those meetings were therefore unable to reach informed judgements on the financial risk associated with those options.
- 29.** The leading role played by No.10 in the decision to support US-led military action against Iraq may have contributed to that omission.
- 30.** In relation to decisions of such gravity as invading another sovereign country, it is particularly important that the Prime Minister ensures that the *Ministerial Code* is met.
- 31.** But Mr Brown, as Chancellor of the Exchequer, should have ensured that estimates of the likely overall cost of a UK intervention in Iraq, for military and civilian activities during the conflict and post-conflict period, and the wider implications for public expenditure were identified and available to Ministers and Cabinet.

Arrangements for funding military operations and civilian activities

- 32.** The Government used the existing – separate – arrangements for funding military operations and civilian activities to fund the UK’s involvement in Iraq.
- 33.** Military operations were funded through well-established procedures which enabled the MOD to incur costs and then reclaim them from the Reserve. Those claims were (in line with the agreed procedures) subject to a relatively light level of scrutiny by the Treasury.
- 34.** DFID and the FCO funded their activities in Iraq in the first instance by reprioritising within their existing departmental settlements and, if and when that proved insufficient, by bidding to the Treasury for additional funding from the Reserve. Those bids were closely scrutinised by the Treasury.
- 35.** The Treasury pressed DFID and the FCO hard to reprioritise within their existing departmental settlements to fund new activities in Iraq, before agreeing to provide additional funding from the Reserve. An FCO official, writing in 2005, described the Treasury as playing “hard ball” and setting departments against one another in order to see off potential and actual claims to the Reserve.⁶
- 36.** The MOD, DFID and the FCO also had access to a small, inter-departmental fund – initially the Global Conflict Prevention Pool (GCPP) – intended for conflict prevention activities. The GCPP had been established to encourage and support a more co-ordinated approach across Government.
- 37.** DFID had a larger departmental settlement than the FCO, including a large allocation for funding programmes. Programme allocations could be used flexibly in response to emerging priorities. DFID therefore had more scope than the FCO to find funding for new programmes in Iraq.

⁶ Minute Crompton to Sawers, 4 May 2005, ‘Iraq: Reflections’.

38. Sir Suma Chakrabarti, DFID Permanent Secretary from 2002 to 2007, told the Inquiry that DFID's funding for Iraq was found by reallocating funding from DFID programmes in other middle-income countries, rather than from programmes in low-income countries.⁷

39. Sir Mark Lyall-Grant, FCO Policy Director from 2007 to 2009, summarised the situation in his evidence to the Inquiry:

“... you have the MOD which can call on the Reserve for unforeseen military expenditure. You have DFID, who have a large amount of programme money ... and you have the Foreign Office that doesn't have any money.”⁸

40. The Treasury's priority throughout the period covered by the Inquiry was to avoid any suggestion that other departments should have access to the Reserve on the same basis as the MOD. In February 2007, a senior Treasury official advised Mr Stephen Timms, Chief Secretary to the Treasury from May 2006 to June 2007:

“Arguably this [the different arrangements for funding military operations and civilian activities] can lead to perverse outcomes ... if it incentivises decision-makers to prefer military responses to civilian ones. But it is a useful safety net for us and not to be given up without careful thought.”⁹

41. The arrangements for funding military operations (including Urgent Operational Requirements – UORs) worked as intended, and did not constrain the military's ability to conduct operations in Iraq.

42. All the MOD's claims on the Reserve in respect of UORs and other additional military costs were met.

43. There are no indications that Mr Brown, Mr Boateng or Treasury officials acted to delay or distort the provision of funding for UORs and other additional military costs.

44. There are no indications that DFID's activities in Iraq were constrained by a lack of resources. The constraints imposed by the disproportionate cost of providing security for civilian staff and contractors in Iraq are addressed in Section 15.

⁷ Public hearing, 22 January 2010, pages 38-40.

⁸ Public hearing, 20 January 2010, page 35.

⁹ Minute Quinault to Chief Secretary, 13 February 2007, ‘DOP Meeting on Iraq and Afghanistan, 14 February’.

Funding for humanitarian assistance

Ms Short and Sir Suma Chakrabarti both told the Inquiry that DFID's ability to plan to deliver humanitarian assistance had been constrained by the Treasury's reluctance to provide additional funding from the Reserve.

By the end of January 2003, DFID officials had developed a detailed (but still draft) assessment of potential UK contributions for humanitarian relief and reconstruction in Iraq, under a number of scenarios.

Ms Short did not approach Mr Brown or the Treasury with a specific bid for additional resources until 21 March (although she was aware that Mr Brown was likely to support it). She did write to Mr Blair on 5 February, 14 February and 5 March, advising him of the cost of potential UK contributions for humanitarian relief and reconstruction (up to £440m a year), and seeking direction on the role of the UK in delivering the humanitarian response. She also raised the issue in Cabinet on 27 February.

Given the scale of UK resources that might have been required, it was reasonable to seek clear direction from Mr Blair on the UK's role in the humanitarian response. But that did not preclude an early bid to the Reserve. Indeed, a detailed bid may have focused the Government's attention on the need to define the UK's role more clearly.

By the end of March, DFID had earmarked £210m for humanitarian assistance in Iraq, comprising £90m from DFID's own resources and £120m that it had secured from the Reserve. In addition, the Treasury had agreed that the UK military could spend £30m on providing humanitarian assistance in the UK's Area of Operations.

The humanitarian crisis that had been feared did not materialise. By the beginning of May, DFID had reallocated the balance of the £210m allocated for humanitarian assistance that remained uncommitted – approximately £90m – to reconstruction.

45. Given its limited programme funds, the FCO found it particularly difficult to identify funding for new activities in Iraq. It was successful in making bids for funding from the Reserve to pay for security costs for personnel deployed to Iraq and diplomatic representation, but other bids were rejected in full or in part.

46. The FCO's difficulty in securing additional funding was due in part to the quality of its bids to the Reserve, and in part to the Treasury's perception that the FCO had not made sufficient effort to reprioritise from within its existing resources. The Inquiry has not assessed the accuracy of that perception.

47. In their efforts to secure funding, departments stretched the scope of the GCPP to accommodate activities as diverse as military equipment for the Iraqi Security Forces and the Basra Poetry Festival. But the Pool was small (only £7.5m for Iraq in 2003/04) and the process for securing funding was slow. Sir Mark Lyall-Grant told the Inquiry that decisions about how to spend relatively small sums of money had led to "huge disputes

between Government departments” which had consumed significant amounts of senior officials’ time.¹⁰

48. Departments found it particularly difficult to find funding for activities that emerged “in-year” or appeared to fall between the boundaries of departments’ responsibilities (such as activities to promote political outreach or support the Iraqi media). A number of civilian activities that Ministers had identified as a high priority – including, in 2003, support for the Iraq Media Network and, in 2006, the first Better Basra Action Plan – were funded late, and only in part.

49. Departments recognised in mid-2003 that the arrangements for funding civilian activities were not working well. In September, the Treasury rejected a proposal from departments for a new pool for funding non-military activity in Iraq, on the grounds that it might lead to an increase in claims to the Reserve.

50. The UK’s deployment into Helmand province, Afghanistan, in 2006 prompted departments, led by the FCO, to revisit the arrangements for funding civilian post-conflict activities. Initial proposals focused on enhancing or complementing the GCPP (on the assumption that the Treasury would not allow access to the Reserve for non-military activities).

51. At the same time, MOD claims on the Reserve for UORs increased significantly as security in Iraq deteriorated, expenditure on Afghanistan increased, and the Government provided new equipment for the Armed Forces.

52. The Treasury continued to agree the MOD’s claims against the Reserve, but by April 2007 had concluded that the UOR programme had become a straightforward supplement to the MOD’s Equipment Programme rather than a response to urgent and specific requirements in a theatre of operations.

53. In July 2007, the MOD and the Treasury agreed a new arrangement for funding UORs designed to shift the focus of the MOD’s Equipment Programme towards current operations. The new arrangement was expected to be cost neutral for the MOD.

54. There were also changes to the arrangements for funding non-military activities. In July, the Treasury announced the creation of a new Stabilisation Fund (later renamed the Stabilisation Aid Fund – SAF) to fund immediate civilian support to military operations (activities which had previously been funded from the GCPP). The GCPP was combined with the Africa Conflict Prevention Pool to form the Conflict Pool. New governance arrangements sought to link more closely expenditure from the SAF and the Conflict Pool with UK strategy.

55. The changes to the arrangements for funding UORs did not affect operations in Iraq, which were by this time generating fewer demands for UORs.

¹⁰ Public hearing, 20 January 2010, pages 36–37.

- 56.** There are no indications that the new arrangements for funding civilian activities affected the civilian effort in Iraq, which was by that time reducing.
- 57.** The Government continued to develop its arrangements for funding reconstruction and stabilisation operations.
- 58.** The Inquiry has not evaluated in detail the effectiveness of the new arrangements that were introduced in 2007. They do exhibit some important and welcome features:

- a dedicated and substantial pool of resources for civilian activities in environments such as Iraq and Afghanistan; and
- a requirement that allocations should be based on an inter-departmental strategy.

- 59.** The Government should have recognised earlier that Iraq was an enduring operation, and adapted its arrangements for funding the military operation and civilian activities accordingly in order to:

- ensure that the UOR programme retained its focus on addressing urgent and specific requirements in theatre; and
- address the difficulties in securing funding for civilian activities.

The imposition of Treasury controls on the MOD

In the light of the publicity surrounding the funding and management of the defence programme in 2003 and 2004, the Inquiry examined two related questions:

- whether the size of the MOD's core budget imposed constraints on operations in Iraq; and
- whether the imposition of controls on the MOD's management of its resources by the Treasury in September 2003 had an impact on operations in Iraq.

Several witnesses told the Inquiry that, in the MOD's view, the 1998 *Strategic Defence Review*, which signified a major shift towards expeditionary armed forces, had not been fully funded.

With respect to military operations in Iraq, there are no indications that there was an unmet, articulated need for additional financial resources. All the MOD's claims on the Reserve in respect of UORs and other additional military costs were met.

The Inquiry concludes in Section 14.2 that there were known military capability gaps in Iraq, and that the availability of funding was not a direct barrier to the identification and deployment of solutions to those gaps.

During September 2003, the MOD's additional cash requirement for 2003/04 rose from £490m to £1,152m. The MOD intended to meet that cash requirement by making a transfer from its non-cash budget. The Treasury took the view that that increase signalled a complete lack of budgetary control within the MOD, and on 26 September imposed controls on the MOD's management of its resources.

The size of the MOD's proposed transfer from its non-cash budget reflected a deliberate attempt by the MOD to exploit the opportunities offered by the Government's transition from cash accounting to Resource Accounting and Budgeting.

The increase in the size of the MOD's cash requirement during September reflected the inability of the MOD to produce reliable estimates of its cash requirement.

There are no indications that the controls imposed on the MOD by the Treasury in September 2003 constrained the military's ability to conduct operations in Iraq.

Resources and strategy

60. Section 9.8 describes the Government's repeated reassessments of its strategy for Iraq. Those strategies tended to focus on describing a desired end state, rather than how it would be reached.

61. None of those strategies considered the resources that the Government would need to commit to achieve those end states and (at a strategic level) how those resources should be allocated.

62. In the absence of a strong strategic framework, spending on military operations in Iraq was driven by a series of decisions on UK force levels and on the equipment that should be provided to the Armed Forces.

63. The Inquiry concludes in Section 9.8 that, from July 2005 onwards, decisions in relation to resources for Iraq were made under the influence of the demands of the UK effort in Afghanistan.

64. Allocations for civilian activities were driven by the FCO's and DFID's willingness and ability to reprioritise from within their departmental budgets and their ability to secure additional funding from the Reserve and the GCPP.

65. The direct cost to the UK Government of its intervention in Iraq between 2002/03 and 2009/10 was at least £9.2bn in cash terms (the equivalent of £11.83bn in 2016), comprising:

- £8.20bn (89 percent of the total direct cost) on military operations;
- £0.58bn (6 percent) on humanitarian and development assistance;
- £0.30bn (3 percent) on diplomatic representation; and
- £0.16bn (2 percent) from the inter-departmental pools.

66. There are no indications that the Government questioned the balance of funding between military operations and civilian activities, or considered what the most effective balance of effort might be to achieve the UK's strategic objectives.

67. Lord Boateng told the Inquiry that the imbalance in funding between military operations and civilian activities had arisen "partly as a result of the funding mechanism

deployed, in the sense that the Ministry of Defence had an access to the Reserve that was on a different scale from the others [DFID and the FCO].¹¹ He continued:

“... did anyone sit down and say, ‘Well, this is the sum of money that we have, this ought to be the balance?’ No, I don’t think they did. Should they have done? Maybe, but actually it is ... very difficult to do.”

Lessons

- 68.** The direction in the *Ministerial Code* that the estimate of a cost of a proposal should be included in the memorandum submitted to Cabinet or a Ministerial Committee applies equally to military operations. When evaluating military options it is appropriate to consider financial risk alongside other forms of risk. While governments will rarely wish to preclude options solely on the basis of cost, they must also recognise that, over time, cost may become an issue and make it difficult to sustain a military operation over the longer term.
- 69.** Section 9.8 addresses the difficulties that the Government faced in converting successive UK strategies into action, in part because those strategies tended to focus on describing the desired end state rather than how it would be reached. On none of the occasions when UK strategy was reconsidered was a robust, costed plan for implementation produced.
- 70.** Strategies and plans must define the resources required to deliver objectives, identify the budget(s) that will provide those resources, and confirm that those resources are available.
- 71.** In developing strategies and plans for civilian/military operations, a government should address the impact of the different mechanisms used to fund military operations and civilian activities and the extent to which those mechanisms provide perverse incentives for military action by making it easier to secure funding for agreed military operations than for civilian activities.
- 72.** A government should also address its explicit and implicit financial policy that, while there should be no constraint on the provision of funding for military operations, it is reasonable that for the same civilian/military operation, departments should find funding for new civilian activities from within their existing budgets, which are likely to be fully allocated to existing departmental priorities.
- 73.** A government is likely to embark on major civilian/military operations such as Iraq only rarely.
- 74.** A government should recognise that, in such operations, the civilian components (including diplomatic activity, reconstruction and Security Sector Reform) will be critical for strategic success, may be very substantial, and must be properly resourced.

¹¹ Public hearing, 14 July 2010, page 41.

75. One arrangement would be to create a budget for the civilian components of the operation, under the direction of a senior Minister with lead responsibility and in support of a coherent UK strategy. Once allocations were made from that budget to individual departments, the allocations would be managed within departments' legal and policy constraints. Such an arrangement should:

- ensure that UK strategy was resourced;
- promote joint working;
- minimise the potential for gaming;
- be able to respond to in-year priorities; and
- reduce the amount of time that Ministers and senior officials need to spend arguing about funding individual activities.

76. The Inquiry recognises that, since 2003, significant changes have been made to the UK's strategic and operational approach to reconstruction and stabilisation, including to the arrangements for funding such operations.