

Costing the policies of opposition parties: Restoring three infantry battalions

1). Description of policy, including any assumptions necessary to allow the commitments to be costed:

Policy: Restoring the three infantry battalions that have been disbanded under the present Government.

Assumptions (Public): The costs of an infantry battalion are not generally held centrally (as these figures are extensive and spread over a wide variety of budgets), a set of general assumptions on which to base an illustrative costing of adding three infantry battalions has been developed. These costings are dependent on the inter-relationship of a range of complex factors. Each of the assumptions that have been made is regarded as the most reasonable for indicative costing. Costs would break down broadly into two categories: the initial start-up and capital investment costs, and the annual running costs.

Changes to these assumptions (particularly on the unit role or accommodation requirements) could result in significant changes to the overall total. The following assumptions informed the costing:

- Three light role infantry battalions, based in the UK, not held at high readiness and consisting of 625 personnel per battalion;
- Three new barracks (furnished and equipped to standard). It is assumed that there are no existing empty barracks that are fit for purpose in which to accommodate the battalions, and co-location on a single site is unlikely;
- The requirement for new single living accommodation (furnished and equipped to standard) (400 SLAs per battalion);
- The requirement for new service family accommodation (furnished and equipped to standard) (225 SFAs per battalion);
- Build is on land currently owned by MOD (therefore, there is no cost assumed for any requirement to purchase land);
- There are no appreciable costs to gain planning permission or prepare the sites and access to them;
- That over the period of implementation, that this will not materially change the totality of Defences demand for personal clothing and equipment;
- There is no impact on the Equipment Customer Capability Programme in that existing and programmed equipments, vehicles and communication items are whole fleet managed;
- Initial recruitment costs are based on a total of 2802 enlistments required to generate a throughput of 1,875;
- Basic and collective training costs¹;
- Annual barrack running costs estimated at 10 per cent. of cost of new build;
- Annual salary costs (pay, national insurance and pensions) based on salaries within a rank structure of a light role infantry battalion;
- No additional cost is assumed for allowances such as operational, separation and education allowances;
- No other running cost is assumed (e.g. annual recruitment and retention and

¹ The battalions will conduct the following collective training (CT): CT levels 1 and 2—individual and sub unit training; CT level 3—unit level training—in this context it is assumed that the battalions will conduct exercises Druids Dance and Wessex Warrior. For the purposes of this exercise CT 4/5 training has been excluded (the all arms overseas training exercise in Kenya) on the assumption that there would be no increase in the incident of currently funded exercises; the key cost drivers are ammunition costs. T and S costs have been estimated as have clothing and textile costs based on usage for units in 1 (UK) Division. No account has been taken of longer separation allowance costs for training activities.

- other costs);
- No depreciation and cost of capital charges are assumed;
 - Figures quoted are at 2007-08 prices.

2). Information required on distributional effects of the policy:

N/A

3). Cost/Revenue to the Exchequer over five years:

Table 1: Costings

	£m
Initial start-up costs (estimated)	
Cost of new barracks (furnished and equipped to standard, including approximately 400 SLA per battalion) (£150 million x 3)	450
Cost of building additional 225 (x 3) SFA (estimated at £200,000 per SFA)	135
Recruitment costs (given a recruit pass rate of only 61 per cent., a total of 2,802 enlistments are required to generate a throughput of 1,875 (625 personnel per battalion) at a cost of £12,000 ² per enlistment	34
Basic training costs (£29,000 per person)	54
Total	673
Annual costs (estimated)	
Annual barrack running costs (estimated at 10 per cent. of cost x 3)	45
Collective training costs (£1 million per battalion)	3
Annual salary costs (£19 million x 3)	57
Total	105
Overall total	778

⁽²⁾ Costs are calculated on a full cost basis and therefore contain an element of overhead as well as fixed and variable costs.

Table 2: CDEL and RDEL implications

All RDEL other than cost of new barracks (£450m) and additional SFA (£135m) in start-up costs. Assumed that base is operational in year-1.

	DEL				
	Start-up cost	Year 2	Year 3	Year 4	Year 5
Current	193	105	105	105	105
Capital	585				
Total	778	105	105	105	105

4). Distributional effects (if none requested, any significant):
N/A
5). Comparison with current system (if applicable):
N/A
6). Other comments (including other Departments consulted):
The analysis was provided by MoD, and is already in the public domain (PQ response by Bob Ainsworth, 12 Dec 2007, Hansard column 1034W). Table 2 splits the costs in to CDEL and RDEL.