

Armed Forces retired pay, pensions etc

Introduction

This Supplementary Estimate is required for the following purposes:

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Changes in budgets, non-budget voted provision and cash	Increases	Reductions	Total
i. (Section A) To increase the Current Service Costs to reflect the latest forecast outturn.	212,000,000		
ii. (Section A) To increase the Employees Contributions and Transfers In to reflect the latest forecast outturn.	1,375,000		
iii. (Section A) To decrease the SCAPE Contributions Income to reflect the latest forecast outturn.	52,100,000		
iv. (section A) To increase the Interest on Scheme Liability to reflect the latest forecast outturn.	104,525,000		
Total change in Resource AME (Voted)	370,000,000	-	370,000,000
i. To increase the net cash requirement for forecast commitments for pensions, pension lump sums and Early Departure Payments and reduced SCAPE receipts as a result of reductions in Armed Forces personnel under the Strategic Defence & Security Review; and a change to the transfer of SCAPE from MOD to AFPS.	200,000,000		
Total change in Net Cash Requirement	200,000,000	-	200,000,000

Part I

£

	Voted	Non-Voted	Total
Departmental Expenditure Limit			
Resource	-	-	-
Capital	-	-	-
Annually Managed Expenditure			
Resource †	370,000,000	-	370,000,000
Capital	-	-	-
Total Net Budget			
Resource	370,000,000	-	370,000,000
Capital	-	-	-
Non-Budget Expenditure	-		
Net cash requirement	200,000,000		

Supplementary amounts required in the year ending 31 March 2013 for expenditure by Armed Forces Retired Pay, Pensions etc on:

Annually Managed Expenditure:Expenditure arising from:

Payment of pensions, lump sum benefits, transfers out and associated non-cash items to persons covered by the scheme. Provision is also made for:

- payment of those benefits outside the scheme: Short Service Gratuities, Resettlement Grants and Criminal injuries Compensation Overseas.

Income arising from:

MOD employer contributions (Superannuation Contributions Adjusted for Past Experience), Transfers In from other schemes and the purchases of added years.

The **Ministry of Defence** will account for this Estimate.

† £ 200,000,000 has been advanced from the Contingencies Fund to provide cash in respect of £ 370,000,000 resource AME spending supporting the service provided for under section A of the Estimate. A corresponding cash amount is required to enable repayment to be made to the Fund by 31 March 2013.

Part II: Changes Proposed

£'000

Net Resources						Net Capital		
Present		Changes		Revised		Present	Changes	Revised
Admin	Prog	Admin	Prog	Admin	Prog	7	8	9
1	2	3	4	5	6			
Spending in Annually Managed Expenditure (AME)								
Voted Expenditure								
-	5,296,897	-	370,000	-	5,666,897	-	-	-
<i>Of which:</i>								
A Retired pay, pensions and other payments to ex-service personnel								
-	5,296,897	-	370,000	-	5,666,897	-	-	-
Total Spending in AME								
			-	370,000				-
Total for Estimate								
			-	370,000				-
<i>Of which:</i>								
Voted Expenditure								
		-	370,000					
Non Voted Expenditure								
		-	-					
						£'000		

	Present Plans	Changes	Revised Plans
Net Cash Requirement	2,103,511	200,000	2,303,511

Part II: Revised subhead detail including additional provision

£'000

Revised Plans								
Resources						Capital		
Administration			Programme					
Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
1	2	3	4	5	6	7	8	9
Spending in Annually Managed Expenditure (AME)								
Voted expenditure								
-	-	-	7,690,099	-2,023,202	5,666,897	-	-	-
<i>Of which:</i>								
A Retired pay, pensions and other payments to ex-service personnel								
-	-	-	7,690,099	-2,023,202	5,666,897	-	-	-
Total Spending in AME								
-	-	-	7,690,099	-2,023,202	5,666,897	-	-	-
Total for Estimate								
-	-	-	7,690,099	-2,023,202	5,666,897	-	-	-
<i>Of which:</i>								
Voted Expenditure								
-	-	-	7,690,099	-2,023,202	5,666,897	-	-	-
Non Voted Expenditure								
-	-	-	-	-	-	-	-	-

Part II: Resource to cash reconciliation

£'000

	Present Plans	Changes	Revised Plans
Net Resource Requirement	5,296,897	370,000	5,666,897
Net Capital Requirement	-	-	-
Accruals to cash adjustments	-3,193,386	-170,000	-3,363,386
<i>Of which:</i>			
<i>Adjustments to remove non-cash items:</i>			
Depreciation	-	-	-
New provisions and adjustments to previous provisions	-7,372,199	-317,900	-7,690,099
Departmental Unallocated Provision	-	-	-
Supported capital expenditure (revenue)	-	-	-
Prior Period Adjustments	-	-	-
Other non-cash items	-	-	-
<i>Adjustment for NDPBs:</i>			
Remove voted resource and capital	-	-	-
Add cash grant-in-aid	-	-	-
<i>Adjustments to reflect movements in working balances:</i>			
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	-951	167,000	166,049
Increase (-) / Decrease (+) in creditors	-28,353	-51,500	-79,853
Use of provisions	4,208,117	32,400	4,240,517
Removal of non-voted budget items	-	-	-
<i>Of which:</i>			
Consolidated Fund Standing Services	-	-	-
Other adjustments	-	-	-
Net Cash Requirement	2,103,511	200,000	2,303,511

Part III: Note A - Forecast Combined Revenue Account & Reconciliation Table

	£'000
	Revised Plans
Gross Programme Costs	7,690,099
<i>Of which:</i>	
Increases in liability	2,567,430
Interest on scheme liability	5,122,669
Other expenditure	-
<i>Less:</i>	
Contributions received	-2,020,771
Transfers in	-2,021
Other income	-410
Net Programme Costs	5,666,897
Total Net Operating Costs	5,666,897
<i>Of which:</i>	
Resource DEL	-
Capital DEL	-
Resource AME	5,666,897
Capital AME	-
Non-budget	-
<i>Adjustments to include:</i>	
Departmental Unallocated Provision (resource)	-
Consolidated Fund Extra Receipts in the budget but not in the FCRA	-
<i>Adjustments to remove:</i>	
Capital in the FCRA	-
Non-Budget Consolidated Fund Extra Receipts in the FCRA	-
Other adjustments	-
Total Resource Budget	5,666,897
<i>Of which:</i>	
Resource DEL	-
Resource AME	5,666,897
<i>Adjustments to include:</i>	
Prior period adjustments	-
<i>Adjustments to remove:</i>	
Consolidated Fund Extra Receipts in the resource budget	-
Other adjustments	-
Total Resource (Estimate)	5,666,897

Part III: Note B - Analysis of Departmental Income

£'000

Revised
Plans

Voted Resource AME	-2,023,202
<i>Of which:</i>	
Programme	
Pensions	-2,023,202
<i>Of which:</i>	
A: Retired pay, pensions and other payments to ex-service personnel	-2,023,202
Total Programme	<u>-2,023,202</u>
Total Voted Resource Income	<u>-2,023,202</u>

Part III: Note C - Analysis of Consolidated Fund Extra Receipts

No CFER income or receipts are expected in 2012-13.

Part III: Note D - Explanation of Accounting Officer responsibilities

The Accounting Officer prepares resource accounts for each financial year.

The following individuals are responsible for the expenditure within this Estimate:

Accounting Officer: Jonathan Thompson

Jonathan Thompson has personal responsibility for the proper presentation of the department's resource accounts and their transmission to the Comptroller & Auditor General, and is also responsible for the use of public money and stewardship of assets.

In discharging these responsibilities, particular regard is given to:

- observing any accounting and disclosure requirements (including any Accounts Direction) and applying suitable accounting policies on a consistent basis;
- making judgements and estimates on a reasonable basis;
- stating whether applicable accounting standards, as set out in the Financial Reporting Manual (FRM), or an organisation's version of it, have been followed, and explain any material departures in the accounts; and
- preparing the accounts on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for regularity and propriety of the public finances for which an Accounting Officer is answerable, for keeping proper records and safeguarding assets, are also set out in Chapter 3 of Managing Public Money.

