
Supply Estimates 1986-87

Class I Ministry of Defence

Supply Estimates

1986-87

for the year ending 31 March 1987

Class I Ministry of Defence

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284—I

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Votes in Class I (with summary of provision):

Vote No.	Service	1984-85 Outturn £'000	1985-86 Total provision £'000	1986-87 Provision £'000	Accounted for by	
*1	Defence: Personnel costs, etc, of The Armed Forces and Civilians, Stores, Supplies and Miscellaneous Services	6,398,655	6,720,603	7,082,974	Ministry of Defence	2
*2	Defence Procurement	8,173,512	8,722,242	8,520,180	Ministry of Defence	16
3	Defence: Armed Forces Retired Pay, Pensions etc	827,738	905,800	978,552	Ministry of Defence	26
*4	Defence Accommodation Services, etc	1,296,670	1,485,477	1,473,831	Department of the Environment (Property Services Agency)	30
*5	Defence: Dockyard Services	423,436	442,800	430,345	Ministry of Defence	38
6	Sale of Government Shares in Royal Ordnance plc	—	100	1	Ministry of Defence	42
TOTAL		17,120,011	18,277,022	18,485,883		

*This vote is treated as a cash limit

INTRODUCTION

How to read the Estimates.

1. Supply Estimates are the means used by the Government to seek fresh Parliamentary authority for the greater part of its expenditure each year. The Estimates are presented to Parliament, usually on Budget day, and Parliament votes on the provision sought in the following July or August.

2. One or more Estimates are presented, by the Treasury, for each Government department. Each Estimate covers finance for specified services, for which the department concerned will be accountable to Parliament. As the basis of accountability, Estimates are necessarily fairly complex documents and some familiarity with them is needed in order to find and understand all the information that they contain.

3. Users may therefore wish to consult first the booklet **Supply Estimates 1986-87, Summary and Guide (Cmnd 9742)**, also published on Budget day. This document summarises the expenditure for which authority is sought and places it in the context of the Government's more general public expenditure plans. It also provides a guide to readers interested in the detailed information in individual Estimates, tells them where to find particular information and outlines Parliamentary Supply procedure.

4. An **Index to the Supply Estimates 1986-87** is also published. This document helps users interested in a particular area of expenditure or organisation locate the correct class and vote.

Symbols.

For convenience, the symbols used throughout Supply Estimates are reproduced below.

Cash limit status:

* A vote which is treated as a cash limit

Expenditure sought under the sole authority of the Appropriation Act:

■ Items where provision is sought under the sole authority of part I of the Estimate and of the confirming Appropriation Act.

Public expenditure:

● Items which are not classified as direct public expenditure for the purposes of the public expenditure White Papers.

Accounting and audit arrangements for grants in aid and certain subscriptions, etc, to international organisations:

∇ Accounts of expenditure out of these grants in aid will be audited by the Comptroller and Auditor General. Any unexpended balances of the sums issued will not be liable to surrender to the Consolidated Fund.

† Expenditure out of these grants in aid will be accounted for in detail to the Comptroller and Auditor General. Any unexpended balances of the sums issued will not be liable to surrender to the Consolidated Fund.

‡ Expenditure out of these grants in aid will not be accounted for in detail to the Comptroller and Auditor General but the books and accounts will be open to his inspection. Any unexpended balances of the sums issued will not be liable to surrender to the Consolidated Fund.

§ Expenditure out of these grants in aid and subscriptions etc to international organisations will not be accounted for in detail to the Comptroller and Auditor General. Any unexpended balances of the sums issued will not be liable to surrender to the Consolidated Fund.

Other specific accounting and audit arrangements:

∅ The annual accounts will be examined by the Comptroller and Auditor General and presented to Parliament separately from the Appropriation Accounts.

Δ The annual accounts will be audited by auditors appointed by the Minister (or Secretary of State) and may also be examined by the Comptroller and Auditor General and a statement of account presented to Parliament, separately from the Appropriation Accounts.

Expenditure will not be accounted for in detail to the Comptroller and Auditor General but the books and accounts of the organisation(s) will be open to his inspection.

PUBLIC AND OTHER EXPENDITURE IN CLASS I, 1986-87

£ million

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5	Vote 6	Total	Total in Cmnd 9702
1.1 Defence Budget	7,078	8,520	979	1,473	430	—	18,480	18,525
Other (non-public) expenditure	5	—	—	1	—	—	6	
Total Ministry of Defence	7,083	8,520	979	1,474	430	—	18,486	
of which								
Current	6,967	8,412	979	1,305	401	1	18,065	
Capital	116	108	—	168	29	-1	421	

Note: the symbol (—) denotes nil or less than £½ million, including the total of vote 6 which is a net token £1,000 only.

Class I groups together all the Supply Estimates which are the responsibility of the Ministry of Defence and, with respect to works for defence purposes, the Property Services Agency.

2. Expenditure in class I is related to the public expenditure shown in chapter 3.1 of the public expenditure White Paper, "The Government's Expenditure Plans 1986-87 to 1988-89" (Cmnd 9702). In particular, the Estimates in class I reflect the component of the public expenditure plans for 1986-87 which are described in Table 3.1.1 of Cmnd 9702 as "voted in Estimates". The Estimates thus describe in more detail expenditure for which the Secretary of State for Defence is responsible and seek Parliamentary authority for this expenditure. Separately and with respect to Armed Forces' numbers, Ministry of Defence Votes A 1986-87 (HC206) seeks Parliamentary authority for the maximum numbers of personnel for each service which may be maintained during the year.

3. There are currently six class I votes, a new vote 6 having been introduced in 1985-86 to provide for the expenditure incurred in transferring Royal Ordnance plc to the private sector. In 1986-87 this vote is token. Votes 1, 2, 4 and 5 are each separate cash limits. The defence budget is, however, managed as a block budget, which includes all six defence votes. The Treasury memorandum to the Public Accounts Committee (HC299 of 22 May 1978, page 24) stated in the case of block budgets that, if the department wished to spend more on one of the cash limited votes and correspondingly less on the others it would be necessary to present Supplementary Estimates, with an explanation of the savings expected on the other associated votes.

4. Chapter 3.1 of Cmnd 9702 not only describes the Government's plans for spending by the Ministry of Defence but also includes a description of the aims and objectives of this expenditure, and of some of the outputs achieved. Users of the Estimates who are interested in class I may find it helpful to look at chapter 3.1 in Cmnd 9702 to help set the Estimates in context. Further information will be provided in the 1986 edition of the Ministry of Defence's "Statement on the Defence Estimates", which will be published shortly.

5. The main difference between voted expenditure in Table 3.1.1 of Cmnd 9702 and the total expenditure for which Parliamentary authority is sought in class I Estimates stems from the provisional allocation of £40 million to cover the external financing requirement of Royal Ordnance plc in 1986-87, which would not be met through votes. As paragraph 30 of chapter 3.1 of Cmnd 9702 explained, this requirement has yet to be identified. The Government hopes that the company will move to the private sector in mid-1986, subject to appropriate trading performance and stock market conditions. In this event, or should some lesser sum be required for external finance, Parliamentary authority will be sought to return the balance to class I Estimates.

6. Not all expenditure in the Estimates is classified as direct public expenditure. The small amounts of "non-public" expenditure in class I Estimates relate to repayments and interest charges under the Armed Forces (Housing Loans) Acts 1949, 1958 and 1965 (vote 1) and to grants and loans towards the cost of works carried out by local authorities etc. which are of incidental benefit to the Ministry of Defence (vote 4). To include such payments, as well as the public expenditure they finance, in the public expenditure White Paper would be double-counting (see section 2 of the Summary and Guide to the Estimates, Cmnd 9742). They therefore do not appear in this form in Cmnd 9702, although for completeness the small amount of non-public expenditure in class I Estimates is included in the table above.

7. In accordance with the Allied "Declaration on Berlin" of 26 May 1952 (Cmnd 8564) local expenditure on supplies and services for the British forces stationed in Berlin is met without charge to the United Kingdom.

8. 1986-87 is the first year of the new controls on departmental running costs (see section 2 of the Summary and Guide). Gross provision for running costs is included in class I Estimates as follows:—

Symbols are explained at the front of the volume.

Vote	Subhead	£ million
1	A1	103.5
1	B1	284.9
1	C1	325.6
1	D1	108.0
1	D2	1,404.7
1	E1	262.1
1	E2	87.5
1	F6	29.1
1	F7	87.3
1	G1	132.0
1	G2	142.9
1	H1	41.1
1	H2	189.0
1	I1	85.9
1	I3	0.4
1	L1	128.1
1	L2	18.3
1	L3	16.4
1	L5	33.9
1	L7	20.8
1	L9	84.9
2	A1	93.8
2	A2	22.0
2	B1	240.2
2	B2	24.4
2	B3	50.6
2	C1	70.8
2	C2	11.8
2	C3	5.5
2	G1	1.2
4	A3	747.9
5	A1	217.5
5	A2	38.2
		<hr/>
		5,110.3
		<i>Less recovery of value added tax on contracted-out services from HM Customs and Excise</i>
		10.5
		<hr/>
	Total	5,099.8
		<hr/>

Symbols are explained at the front of the volume.

CLASS I, VOTE 1

DEFENCE: PERSONNEL COSTS ETC OF THE ARMED FORCES AND CIVILIANS, STORES, SUPPLIES AND MISCELLANEOUS SERVICES

This vote is treated as a cash limit. Together with votes 2, 4 and 5 it constitutes the block defence cash limit.

2. Sections A to C provide for the personnel costs and allowances of the armed forces, their reserves and cadet forces. Section D provides similarly for ministers and certain civilian staff employed by the Ministry of Defence and for agency, contract and fee paid staff costs. Civilian personnel costs will include provision for the cost of early retirements from 1 April 1986.

3. An analysis of service and civilian numbers appears at tables 1 to 3. The average numbers of service personnel show a fall of about 3,099 compared with 1985-86; numbers are expected to fall by about 1,390 during 1986-87. The civilian staff numbers show a fall of about 3,440 between 1 April 1986 and 31 March 1987. Ministry of Defence Votes A 1986-87 (HC 206) seeks Parliamentary authority for the maximum numbers of personnel for each service which may be maintained during the year.

4. The presentation of running costs on this vote does not follow the general pattern adopted this year (see section 6 of the Summary and Guide) which has major implications for the accounting and budgetary systems of the Ministry of Defence. Longer term arrangements for the Ministry of Defence are under consideration.

5. Sections E to L provide for expenditure on stores, supplies and miscellaneous services. The bulk of this expenditure is for fuel and utilities (section H). Under the terms of the National Heritage Act 1983 the Fleet

Air Arm Museum will be granted devolved status from 1 April 1986 and be funded by the Ministry of Defence through block grants in aid instead of from various other vote 1 and 4 subheads as hitherto. Similar arrangements were introduced for the Portsmouth Royal Naval Museum and the Royal Navy Submarine Museum on 1 April 1985.

6. Some of the receipts for personnel costs and fuel on Sections A, D and H arise through inter-vote transfers from vote 5, and are matched by corresponding payments on that vote. These receipts amount to 0.4 per cent of the total provision for appropriations-in-aid on this vote.

7. The outturn forecast for 1985-86 is in line with the total provision for that year, as announced in a Supplementary Estimate (HC213 of 1985-86). The cash limit for this vote is in line with the total provision for that year. As announced on 11 November 1985, the cash limit was reduced by £100,000 to £6,644,742,000 in order to provide for a new vote (class I, vote 6). It was increased to £6,719,842,000, as announced on 11 February 1986, the increase being met by transfers of provision within the defence programme.

8. The provision of £7,082,974,000 for 1986-87 is some 5.4 per cent above the forecast outturn for 1985-86 and some 10.7 per cent above actual expenditure in 1984-85. The provision for 1986-87 represents just over 38 per cent of the defence budget.

Symbols are explained at the front of the volume.

**DEFENCE: PERSONNEL COSTS ETC OF THE ARMED FORCES AND CIVILIANS,
STORES, SUPPLIES AND MISCELLANEOUS SERVICES**

I **£7,082,974,000**

Amount required in the year ending 31 March 1987 for expenditure by the Ministry of Defence on personnel costs etc of the Armed Forces and their Reserves and Cadet Forces etc, personnel costs etc of Defence Ministers and of certain civilian staff employed by the Ministry of Defence; on movements; certain stores; supplies and services; plant and machinery; charter and contract repair of ships; certain research; lands and buildings; sundry grants; payments abroad including contributions and subscriptions to international organisations; and grants in aid.

The Ministry of Defence will account for this vote.

	£	
Net total	7,082,974,000	
Allocated in Vote on Account (HC10)	2,990,179,000	(1)
Balance to complete	4,092,795,000	

II **SUMMARY AND SUBHEAD DETAIL**

1984-85	1985-86	SUMMARY	1986-87		
Net Outturn £'000	Total net provision £'000	1.1	Gross provision £'000	Appropriations in aid £'000	Net provision £'000
6,398,655	6,710,513	Defence budget	8,047,839	970,137	7,077,702
—	10,090	Other (non public) expenditure	5,272	—	5,272
6,398,655	6,720,603	Total	8,053,111	970,137	7,082,974
	Forecast outturn £'000				
	6,720,000				

SUMMARY BY SECTION

746,729	804,168	A: Personnel costs etc of the Royal Navy and Royal Marines	840,464	12,473	827,991
1,529,292	1,657,290	B: Personnel costs etc of the Army	1,906,344	180,193	1,726,151
959,068	1,052,357	C: Personnel costs etc of the Royal Air Force	1,143,224	20,602	1,122,622
1,309,332	1,395,555	D: Personnel costs etc of civilians and costs of agency, contract, consultancy and fee-paid staff	1,514,147	66,527	1,447,620
342,709	339,757	E: Movements	362,656	16,390	346,266
278,329	301,458	F: Stores for accommodation and other stores, plant and machinery, contract repair and computers	317,274	13,238	304,036
164,211	175,065	G: Clothing, textiles and victualling	277,495	104,236	173,259
788,341	668,881	H: Fuel and utilities	812,595	97,880	714,715
93,314	91,588	I: Lands and buildings	165,714	54,380	111,334
99,527	117,595	J: International activities	199,601	70,762	128,839
9,091	11,346	K: Grants in aid	11,590	—	11,590
78,712	105,543	L: Other services	502,007	333,456	168,551

(1) In the Vote on Account (HC10) this vote is described as "Defence: pay etc. of the armed forces and civilians, stores, supplies and miscellaneous services".

1984-85	1985-86	SUBHEAD DETAIL	1986-87
Outturn	Total provision		Provision
£'000	£'000		£'000
693,162	746,322	Section A: PERSONNEL COSTS ETC OF THE ROYAL NAVY AND ROYAL MARINES	765,213
54,436	57,052	A1 Personnel costs of the RN and RM (based on an average strength of 67,715): See table 1	60,640
	15,082	A2 Allowances etc of RN and RM personnel	14,658
	11,681	(1) Lodging and excess rent allowances and rent/rates rebates	14,024
	18,614	(2) Overseas allowances	19,594
	5,097	(3) Education allowances	5,505
	5,303	(4) Long service (advances of pay) scheme and assisted house purchase scheme	5,534
	1,275	(5) Separation allowance	1,325
7,135	9,723	(6) Other allowances and grants	11,761
		A3 Personnel costs, allowances etc of RN and RM reserves and cadet forces (based on an average strength of 11,900)	2,850
2,473	2,720	A4 Personnel costs etc of locally enlisted service personnel abroad (based on an average strength of 384)	
757,206	815,817		Gross total 840,464
10,477	11,649	<i>Deduct:</i>	12,473
	4,578	AZ Appropriations in aid	5,107
	7,071	(1) Receipts in respect of personnel lent to other governments, other government departments and non-exchequer bodies	7,366
		(2) Other receipts including long service (advances of pay) scheme, insurance charges on settling-in pay advances and other miscellaneous receipts	
746,729	804,168		Net total 827,991
		Section B: PERSONNEL COSTS ETC OF THE ARMY	
1,412,902	1,539,909	B1 Personnel costs of the Army (based on an average strength of 165,948): See table 1	1,607,543
157,182	144,210	B2 Allowances etc of Army personnel	140,012
	7,418	(1) Lodging and excess rent allowances and rent/rates rebates	7,315
	88,037	(2) Overseas allowances	81,947
	40,041	(3) Education allowance	41,843
	2,548	(4) Long service (advances of pay) scheme and assisted house purchase scheme	3,072
	4,842	(5) Separation allowance	4,454
	1,324	(6) Other allowances and grants	1,381
91,246	104,045	B3 Personnel costs, allowances etc of Army reserves, the Ulster Defence Regiment and cadet forces (based on an average strength of 138,215)	119,961
36,272	35,019	B4 Personnel costs etc of Gurkha, and certain commonwealth (including colonial) and other troops (based on an average strength of 9,988)	38,828
1,697,602	1,823,183		Gross total 1,906,344
168,310	165,893	<i>Deduct:</i>	180,193
	36,644	BZ Appropriations in aid	36,395
	119,000	(1) Receipts in respect of personnel lent to other governments, other government departments and non-exchequer bodies	132,402
	10,249	(2) Colonial and other contributions including contributions from the Hong Kong Government under the Hong Kong Defence Costs Agreement	11,396
		(3) Other receipts including long service (advances of pay) scheme, insurance charges on settling-in pay advances and miscellaneous receipts	
1,529,292	1,657,290		Net total 1,726,151
		Section C: PERSONNEL COSTS ETC OF THE ROYAL AIR FORCE	
912,338	1,008,178	C1 Personnel costs of the RAF (based on an average strength of 93,746): See table 1	1,073,927

1984-85	1985-86	Section C: PERSONNEL COSTS ETC OF THE ROYAL AIR FORCE (cont.)	1986-87
Outturn	Total provision		Provision
£'000	£'000		£'000
62,261	60,652	C2 Allowances etc of RAF personnel	64,227
	3,687	(1) Lodging and excess rent allowances and rent/rates rebates	3,729
	26,433	(2) Overseas allowances	28,144
	25,943	(3) Education allowances	27,370
	1,150	(4) Long service (advances of pay) scheme and assisted house purchase scheme	1,244
	1,811	(5) Separation allowance	2,024
	1,628	(6) Other allowances and grants	1,716
2,889	4,078	C3 Personnel costs, allowances etc of RAF reserves, Royal Auxiliary Air Force and cadet forces (based on an average strength of 11,097)	5,070
977,488	1,072,908		Gross total 1,143,224
18,420	20,551	<i>Deduct:</i>	
	7,611	CZ Appropriations in aid	20,602
	12,940	(1) Receipts in respect of personnel lent to other governments, other government departments and non-exchequer bodies	7,936
		(2) Other receipts including long service (advances of pay) scheme, insurance charges on settling-in pay advances and other miscellaneous receipts	12,666
959,068	1,052,357		Net total 1,122,622
		Section D: PERSONNEL COSTS ETC OF CIVILIANS AND COST OF AGENCY, CONTRACT AND FEE-PAID STAFF	
75,422	88,541	D1 Costs of agency, contract, consultancy and fee paid staff	108,017
		Personnel costs of staff not directly employed by MOD, forming part of the general administrative expenditure by the department. Agency and contract staff provide services such as typing, cleaning and catering at various MOD establishments. Consultancy and fee-paid staff provide specialist and professional services in fields such as medicine, law and management	
1,291,958	1,368,545	D2 Personnel costs etc of Ministers and directly employed civilian staff (see tables 2 and 3)	1,406,130
		Provision is sought for 5 Ministers (£132,000), 11,039 headquarters staff at 1 April 1986, decreasing to 10,877 at 31 March 1987 (£120,400,000), and 139,929 outstation staff at 1 April 1986, decreasing to 136,899 at 31 March 1987 (£1,285,598,000) including staff on loan to outside bodies. Includes provision for the cost of early retirement of £3,200,000. (Provision sought in 1985-86 was for 5 Ministers, for 12,039 headquarters staff decreasing by 216 and for 143,807 outstation staff decreasing by 1,750)	
1,367,380	1,457,086		Gross total 1,514,147
58,048	61,531	<i>Deduct:</i>	
		DZ Appropriations in aid	66,527
		Includes payments by Civil Aviation Authority and other customers for Meteorological Office services (£15,677,000) and recoveries of personnel costs of staff on loan to outside bodies, eg from US Government for civilians employed at USAF bases	
1,309,332	1,395,555		Net total 1,447,620
		Section E: MOVEMENTS	
271,261	285,948	E1 Conveyance of personnel	275,166
	77,166	(1) Road, rail and short sea journeys	81,762
	2,733	(2) Sea passages	4,969
	56,324	(3) Air passages	35,053
	108,609	(4) Travelling allowances and expenses of service personnel	113,145
	41,116	(5) Travelling allowances and expenses of civilians	40,237
84,485	75,190	E2 Conveyance of stores and equipment	87,490
	45,963	(1) Road, rail, canal and short sea freight	53,823
	28,158	(2) Sea freight, including dock charges for service vessels	32,454
	1,069	(3) Air freight	1,213
355,746	361,138		Gross total 362,656
13,037	21,381	<i>Deduct:</i>	
		EZ Appropriations in aid	16,390
		Movements receipts for all 3 services including employee's contributions to assisted travel schemes and recoveries from other departments for the conveyance of personnel and freight	
342,709	339,757		Net total 346,266

1984-85	1985-86	Section F: STORES FOR ACCOMMODATION AND OTHER STORES, PLANT AND MACHINERY, SHIP CHARTER, COMPUTERS AND PROPERTY REPAYMENT SERVICES	1986-87
Outturn	Total provision		Provision
£'000	£'000		£'000
50,503	42,178	F1 Stores for accommodation and purchase of animals	52,521
	42,041	(1) Furniture and other domestic stores	52,344
	137	(2) Purchase of animals	177
66,073	76,577	F2 Other stores	75,474
	23,041	(1) Miscellaneous stores: mainly equipment and special stores for Royal Fleet Auxiliaries, certain educational stores and stores for medical research etc	18,509
	22,049	(2) Electronic stores and computers for non-administration and meteorological use	20,867
	27,879	(3) Medical, dental and veterinary stores	30,350
	3,608	(4) Meteorological stores	5,748
14,636	17,800	F3 Plant and machinery	25,925
		Including functional machinery, miscellaneous test equipment and fixed machine tools	
660	705	F4 Charter of Meteorological Office ocean weather ship	700
31,136	40,631	F5 Computers for administration: capital expenditure on computer hardware	41,784
20,835	24,161	F6 Computers for administration: current expenditure on hardware hire, maintenance, software costs etc,	29,130
106,796	112,627	F7 Repayment for Property Services Agency services	91,740
	96,900	(1) Accommodation charge	75,218
	1,797	(2) Minor works and maintenance	1,657
	13,930	(3) Other stores and services	14,865
290,639	314,679		Gross total 317,274
12,310	13,221	<i>Deduct:</i>	
	2,471	FZ Appropriations in aid	13,238
	10,606	(1) Accommodation stores and services	2,778
	105	(2) Meteorological stores and services, medical and miscellaneous stores	10,355
	39	(3) Computers for administration: miscellaneous receipts for computer services	105
		<i>Rent for residential accommodation</i>	—
278,329	301,458		Net total 304,036
Section G: CLOTHING AND TEXTILES ETC AND VICTUALLING			
119,029	138,785	G1 Clothing and textiles etc	134,639
	122,445	(1) Procurement of clothing and textiles etc, including specialist and safety clothing, camouflage equipments, tentage, sleeping bags, vehicle canopies, flags, medals and research and developments costs	117,507
	9,949	(2) Clothing allowances	9,823
	6,391	(3) Laundry services	7,309
134,790	138,700	G2 Victualling	142,856
	130,000	(1) Provisions	134,277
	8,700	(2) Allowances in lieu of provisions	8,579
253,819	277,485		Gross total 277,495
89,608	102,420	<i>Deduct:</i>	
	9,500	GZ Appropriations in aid	104,236
	92,920	(1) Clothing and textiles etc, including receipts from sales of clothing	6,157
		(2) Victualling, including food charge recoveries from salary and sales of school meals	98,079
164,211	175,065		Net total 173,259
Section H: FUEL AND UTILITIES			
726,401	599,999	H1 Liquid fuels, lubricants etc	623,328
167,013	184,247	H2 Solid fuels, electricity, gas, water etc	189,267
893,414	784,246		Gross total 812,595
105,073	115,365	<i>Deduct:</i>	
	71,017	HZ Appropriations in aid	97,880
	44,348	(1) Liquid fuels, lubricants etc, including receipts from sales of liquid fuels	52,172
		(2) Solid fuels, electricity, gas, water etc, including recoveries from occupants of married quarters	45,708
788,341	668,881		Net total 714,715

1984-85	1985-86	Section I: LANDS AND BUILDINGS	1986-87
Outturn £'000	Total provision £'000		Provision £'000
134,848	142,522	I1 Lands and buildings	160,027
	9,863	(1) Purchase of land and buildings, including married quarters other than those provided under vote 4AI(3)	7,031
	57,290	(2) Rents and other charges—married quarters	62,121
	20,121	(3) Rents and other charges—other than married quarters	27,995
	40,598	(4) Works services for Territorial Army, Auxiliaries and cadet forces (see table 4). Grants made to Territorial, Auxiliary and Volunteer Reserve Associations for building maintenance	49,364
	11,150	(5) Ships chartered for personnel accommodation and storage	8,517
	1,500	(6) Capital endowment etc for future maintenance of historical buildings in Portsmouth Naval Base	2,999
	2,000	(7) Payment to Overseas Development Agency towards the cost of the Falklands Islands hospital	2,000
		The total payment is accounted for on class II, vote 5	
—	10,090	I2 Repayment and interest charges under the Armed Forces (Housing Loans) Acts, 1949, 1958 and 1965 ●	5,272
239	394	I3 Local maintenance budgets	415
135,087	153,006		165,714
		Gross total	
41,773	61,418	<i>Deduct:</i>	54,380
	40,648	IZ Appropriations in aid	36,183
	20,770	(1) Sale of land, buildings and produce	18,197
		(2) Occupation of land and buildings	
93,314	91,588		111,334
		Net total	
		Section J: INTERNATIONAL ACTIVITIES	
		SUBSCRIPTIONS TO INTERNATIONAL ORGANISATIONS	
41,696	38,332	J1 North Atlantic Treaty Organisation Military Budget§	47,253
		Share (about 20 per cent) payable by H.M. Government of the common expenses of certain agencies, communications etc and of the Supreme Headquarters of the North Atlantic Treaty Organisation. Provision for the United Kingdom contribution towards the cost of the international secretariat is made in the estimate for foreign and commonwealth services (class II, 6)	
10,479	11,200	J2 Other international subscriptions§ (UK share of budget shown in brackets)■	10,592
	4	(1) (about 25 per cent) European network of ocean stations. Provision for the United Kingdom contribution towards the cost of the international secretariat is made in the estimate for foreign and commonwealth services (class II, 6)	4
	5	(2) (about 23 per cent) Association of the Army Chiefs of Staff of France, Italy, the Netherlands, the Federal Republic of Germany, Belgium, the United Kingdom and Luxembourg (FINABEL). Share payable by H.M. Government of the common expenses of the FINABEL Secretariat, Brussels	5
	7,820	(3) (about 14 per cent) European Space Agency: UK share of the costs of the Meteosat programme of E.S.A.	7,420
	31	(4) (about 5 per cent) International Hydrographic Organisation	34
	527	(5) (about 5 per cent) World Meteorological Organisation	782
	1,413	(6) (about 6 per cent) UK contribution towards the annual budget of the European Centre for Medium Range Weather Forecasts	1,459
	1,400	(7) (about 17 per cent) North atlantic ocean stations agreement: UK contribution	888
122,930	131,801	INFRASTRUCTURE PROJECTS	141,514
	80,027	J3 North Atlantic Treaty Organisation Infrastructure Programme§	88,467
		(1) Expenditure incurred directly by HM Government on construction and procurement of various military projects in the UK, such as airfield facilities, communications etc. collectively known as NATO infrastructure, including expenditure incurred in prior years on prefinanced projects for which common funding has now been authorised by NATO. This includes full national administrative expenses, (reimbursable by NATO up to a rate of 5% of basic project cost), and VAT (not reimbursable by NATO). Additionally certain other costs, such as land acquisition and provision of local utilities, where appropriate, are borne by the UK as host nation an subheads of this or other Class I votes	
	51,774	(2) The United Kingdom contribution (about 12 per cent) to the cost of NATO common funded infrastructure projects implemented by other member nations	53,047
		Receipts, being other member nations' contributions to HM Government's reimbursable (common funded expenditure, will be credited to subhead JZ (1))	

1984-85	1985-86	Section J: INTERNATIONAL ACTIVITIES (cont.)	1986-87
Outturn £'000	Total provision £'000		Provision £'000
		OTHER PAYMENTS ABROAD AND MILITARY ASSISTANCE	
187	344	J4 World weather watch stations overseas ■	242
		Payment to the Seychelles Administration, the Kiribati and Tuvalu Islands and the Vanuatu Government towards the costs of operating meteorological upper air stations: costs for the Seychelles and the Kiribati and Tuvalu Islands are accepted as United Kingdom commitment; costs for the Vanuatu station are shared with the French Government	
175,292	181,677		Gross total 199,601
75,765	64,082	<i>Deduct:</i>	70,762
	63,034	JZ Appropriations in aid	69,863
	1,048	(1) NATO infrastructure projects	899
		(2) North atlantic ocean stations agreement: ■	
		Receipts from World Meteorological Organisation	
99,527	117,595		Net total 128,839
		Section K: GRANTS IN AID	
595	1,282	K1 Welfare grants in aid§	593
	216	(1) Grant to the Royal British Legion for the relief of distressed Polish ex-servicemen	227
	1,066	(2) Grant to the Council of Voluntary Welfare Work towards the cost of providing welfare services for service personnel in Germany	366
2,261	3,963	K2 Grants in aid to museums ▽ ■	4,547
	504	(1) Portsmouth Royal Naval Museum, Royal Navy Submarine Museum and Fleet Air Arm Museum: towards the cost of purchase of exhibits (£13,000, £13,000 and £13,000 respectively) and general expenses including personnel costs, fuel, furniture, utilities, works services etc (£371,000, £143,000 and £227,000 respectively). Royal Marines Museum: towards the cost of the purchase of exhibits (£13,000). Personnel costs are provided for under sub-heads A1, A2 and D2 of this vote, and, with other expenditure elsewhere in the vote, amounts to £74,858. Expenditure on maintenance of buildings is provided for under Class I, 4 and amounts to £4,368	793
	1,433	(2) National Army Museum: towards the cost of the purchase of exhibits (£105,000); and general expenses including personnel costs, fuel, furniture, utilities, works services etc (£1,427,000)	1,532
	2,026	(3) Royal Air Force Museum: towards the cost of the purchase of exhibits (£105,000); and general expenses including personnel costs, fuel, furniture, utilities, works services etc (£2,117,000)	2,222
		The approximate value of indemnities given to owners in respect of objects borrowed for exhibition purposes in the service museums at 1 January 1986 was £5,019,500	
153	160	K3 Grants in aid to services sports control boards towards the personnel costs and administrative expenses ■	172
	22	(1) Royal Navy and Royal Marines Sports Control Board	26
	102	(2) Army Sports Control Board	110
	36	(3) Royal Air Force Sports Control Board	36
		The services sports control boards also receive certain free services, the costs of which, estimated in table 5 for 1986-87 are provided for elsewhere in votes of this class	
5,523	5,150	K4 Grant in aid to Royal Hospital Chelsea: towards the cost of personnel costs, superannuation, works services, drugs and medical stores, fuel, food, furniture, utilities etc.	5,443
		The hospital, which is governed by a board of commissioners, provides accommodation, food etc for a number of former servicemen eligible for service pensions (eligibility for admittance depends, for example, upon age, or incapacity due to military service and is also governed by character. On being admitted, a pensioner ceases to draw his pension, but may receive pay at various rates according to circumstances)	
559	791	K5 Other grants in aid ■	835
	25	(1) Mutual defence co-operation agreement with United States of America: for sterling administrative expenses incurred in the United Kingdom by the Government of the United States of America in connection with military assistance furnished under the Mutual Defence Assistance Act 1949 (Cmnd. 7894)§	41
	1	(2) Royal Aeronautical Society: towards expenses of co-ordinating and assimilating information§	1
	22	(3) Scott Polar Research Institute: towards expenses of the Institute§	25

1984-85	1985-86	Section K: GRANTS IN AID (cont.)	1986-87
Outturn	Total provision		Provision
£'000	£'000		£'000
		K5 Other grants in aid (cont.)	
	458	(4) World Meteorological Organisation: towards the cost of the voluntary co-operation programme of the World Weather Watch§	511
	73	(5) Air Training Corps: to meet minor expenses of administration and training§	70
	37	(6) Royal United Services Institute for Defence Studies: towards expenses of the Institute§ (Certain other costs of the RUSI (principally the cost of the joint MOD/RUSI library) are provided elsewhere on this Vote and amount to £33,000)	30
	157	(7) Royal British Legion: to defray the costs of widows' visits to war graves overseas	157
	15	<i>International Institute for Strategic Studies</i> §	
	3	<i>Council on Christian Approaches to Defence and Disarmament: towards the cost of an international conference</i>	
9,091	11,346		Total 11,590
Section L: OTHER SERVICES			
92,884	104,150	L1 Telecommunications, postage and monitoring	129,863
	91,322	(1) Telecommunications, including rental costs UK and overseas	114,137
	10,938	(2) Postage, including advances to the Post Office for postal services	13,261
	1,890	(3) Payment to the British Broadcasting Corporation towards the cost of external monitoring services (class II, vote 3) ■	2,465
13,604	15,944	L2 Publicity and recruiting services	18,339
		Includes recruitment sponsorship, classified advertising, upkeep of career information offices etc and the cost of large scale press and poster advertisements previously borne on class XIV, vote 3	
14,651	14,361	L3 Service welfare expenses	16,396
		Includes expenditure on Services Sound and Vision Corporation, contributions and grants to religious, charitable and other institutions for sports equipment and amenities	
2,176	2,201	L4 Hospital services and medical charges	2,579
43,060	51,069	L5 Miscellaneous educational and training expenses	64,417
	4,741	(1) Educational expenses	4,544
	39,436	(2) Training expenses	40,872
	6,892	(3) Payments for training support and facilities provided by other governments	19,001
69,172	102,490	L6 Marine, flying and hydrographic etc services	132,307
	11,550	(1) Royal Fleet Auxiliaries chartered long term	9,104
	16,094	(2) Pilotage dues and other marine services	21,005
	61,142	(3) Airfield facilities and other flying services, including payments to the Civil Aviation Authority under cost-sharing arrangements for the National Traffic Services	85,676
	13,704	(4) Hydrographic etc services	16,522
23,355	16,517	L7 Compensation for losses, damage etc	20,784
	1	(1) Ex-gratia payments in respect of damage to fishing gear by foreign naval vessels	1
	16,507	(2) Training and manoeuvre damage, industrial, aircraft and miscellaneous occurrences, including maritime damage compensation	11,542
	9	(3) Insurance premiums in respect of MOD vehicles in the UK and the MOD's employers' liability risks arising from civilian employees in the UK	9,241
19,578	21,406	L8 Reserve, auxiliary and cadet forces—grants and expenses	23,049
	6	(1) Reserve forces—general expenses	6
	18,005	(2) Grants to Territorial, Auxiliary and Volunteer Reserve Associations and to the Council of Territorial, Auxiliary and Volunteer Reserve Associations; and compensation under the Redundant Association Officers Compensation Regulations 1967	19,184
	3,395	(3) Cadet forces—grants and expenses	3,859
		Non-refundable grants made under subheads L8(2) and (3) are not accounted for in detail to the Comptroller and Auditor General	

1984-85	1985-86		1986-87
Outturn	Total provision		Provision
£'000	£'000		£'000
89,454	86,810	Section L: OTHER SERVICES (cont.)	94,273
	98	L9 General administrative expenses etc	142
	2,709	(1) Defence lectureships	3,658
	3,101	(2) Cash disbursement services, commission etc	3,973
	4,031	(3) Canteens and hostels for civilian staff	4,386
	2	(4) Unit incidental expenses and official entertainment	2
	14,025	(5) Payment in respect of customs and excise duty	15,597
		(6) Sundry payments	
		Includes provision for certain computer services, extra-mural computer contracts, codification, psychological research, operating costs of commonwealth and NATO storage depots and community relations projects overseas	
	62,844	(7) Expenditure on stationery, printing, office equipment, official publications, periodicals, books and newspapers	66,515
367,934	414,948		Gross total 502,007
289,222	309,405	<i>Deduct:</i>	333,456
	5,668	LZ Appropriations in aid	6,662
	3,840	(1) Receipts relating to telecommunications and postage	4,759
	47,771	(2) Receipts relating to medical services	51,816
		(3) Receipts relating to education services and training, mainly payments by government departments, other governments and non-exchequer bodies, and fees of non-entitled children attending service children's schools	
	42,029	(4) Receipts relating to marine, flying, hydrographic etc services, including recoveries from the Civil Aviation Authority under cost sharing arrangements for the National Air Traffic Services	43,429
	2	(5) Receipts in respect of compensation claims	1
	142,725	(6) Accommodation charges for the occupation of public quarters by service personnel	152,525
	190	(7) Receipts from hostels: recoveries from civilian staff lodging at hostels. The running costs of the hostels are provided for under subhead L9 above, and also votes 2 and 4. They are shown at table 6	70
	28,348	(8) Recovery of input value added tax relating to taxable supplies of the departments	31,282
	38,832	(9) Other receipts, including compensation for barrack damage, welfare, legal aid contributions and miscellaneous recoveries	42,912
78,712	105,543		Net total 168,551

III		EXTRA RECEIPTS PAYABLE TO THE CONSOLIDATED FUND	
1984-85	1985-86		1986-87
£'000	£'000		£'000
—	110	In addition to appropriations in aid there are the following estimated receipts:	—
4,698	—	<i>Interest on money owed by Post Office following phasing out of official paid stationery</i>	—
—	559	● <i>Early repayment of loan by Post Office</i> ●	—
—	154	<i>Sales of surplus material to a foreign government</i>	—
—	41	<i>Advance funding to a foreign government incorrectly cleared in a prior year</i>	—
—	32	<i>Refund by a foreign government of a payment made in a prior year</i>	—
—	6	<i>Recovery of interest on a bill incorrectly paid by the Department</i>	—
1,314	—	<i>Reimbursement by a foreign government of a loss declared in a prior year</i>	—
61	—	<i>Refund by a foreign government of a tax on fuel purchases</i>	—
		<i>Receipts from Manpower Services Commission in respect of 1983-84 Youth Training Schemes</i>	—
			Total —

Table 1: Average numbers of armed forces personnel (excluding locally enlisted service personnel abroad, and part time members of the reserve forces and the Ulster Defence Regiment)

1985-86		1986-87	
Nos.		Nos.	
8,769	Royal Navy Officers	8,845	
49,447	Ratings	47,837	
644	Royal Marines Officers	660	
7,100	Other Ranks	7,047	
108	Queen Alexandra's Royal Naval Nursing Service Officers	108	
349	Nurses	367	
252	Women's Royal Naval Service Officers	250	
2,673	Ratings	2,601	
<u>69,342</u>	Total Royal Navy and Royal Marines	<u>67,715</u>	
16,314	Army Officers (1)	16,644	
144,313	Other ranks	142,516	
566	Queen Alexandra's Royal Army Nursing Corps Officers	567	
1,235	Nurses	1,193	
441	Women's Royal Army Corps Officers (1)	460	
4,540	Other ranks	4,568	
<u>167,409</u>	Total Army	<u>165,948</u>	
14,251	Royal Air Force Officers	14,415	
73,579	Airmen	73,268	
236	Princess Mary's Royal Air Force Nursing Service Officers	237	
476	Nurses	497	
553	Women's Royal Air Force Officers	630	
4,662	Airwomen	4,699	
<u>93,757</u>	Total Royal Air Force	<u>93,746</u>	

(1) Inclusive of army undergraduate bursars.

Table 2: Analysis of headquarters staff numbers, service and civilian (excluding Royal Dockyards and Procurement Executive)

	Numbers at 1.4.86	
	service	civilian
Centre Staffs		
Staff and Secretariat posts in: Ministers Offices, Chief of Defence Staff, Permanent Under Secretary of State's and Chief Scientific Adviser's departments etc	771	1,604
Posts in support divisions for: Personnel and Logistics, Accounts, Management Audit and Common Services etc	14	6,523
Navy Staffs		
Staff and Secretariat posts in: Chief of Naval Staff and other departments	150	236
Posts in support divisions for: Personnel, fleet support and other departments	217	710
Army Staffs		
Staff and Secretariat posts in: Chief of the General Staff and other departments	266	215
Posts in support divisions for: Adjutant General, Quarter Master General and other departments	545	981
Air Staffs		
Staff and Secretariat posts in: Chief of the Air Staff and other departments	108	68
Posts in support divisions for: Personnel, supply and organisation and other departments	600	702
Total	2,671	11,039

Table 3: Analysis of outstation civilian staff numbers (excluding Royal Dockyards and Procurement Executive)

	Civilian staff numbers at 1.4.86
Centre Staffs	
Home: Defence colleges etc	95
Integrated services	5,546
Overseas: Defence attachés and advisers etc:	
U.K. based staff	54
Locally engaged staff	116
Integrated services:	
U.K. based staff	445
Locally engaged staff	344
Total	6,600
Navy Staffs	
Home: Fleet services	7,868
Production and repair	9,337
Supplies and transport	12,550
Other	48
Overseas: U.K. based staff	210
Locally engaged staff	1,223
Royal Fleet Auxiliary crews:	
U.K. based staff	2,441
Locally engaged staff	288
Total	33,965
Army Staffs	
Home: H.Q. establishments and regimental units	10,132
Reserve forces	2,225
Repairs, storage, supplies and transport	17,161
Other	12,748
Overseas: U.K. based staff	2,099
Locally engaged staff	27,919
Total	72,284
Air Staffs	
Home: Strike command	5,213
Support command	10,024
Other	2,804
Overseas: U.K. based staff	38
Locally engaged staff	2,600
Meteorological Office:	
Home:	2,430
Overseas: U.K. based staff	90
Locally engaged staff	52
Total	23,251
Staff on loan:	
To outside bodies (a total of 3,829 staff)	
Total	139,929

Table 4: Long term capital projects — details of works services and reconciliation with Estimate (Subhead I1(4))
Works for the Territorial Army, the Royal Auxiliary Air Force and Cadet Forces costing over £100,000

	£'000 at 1986-87 prices				
	Original estimate of expenditure	Current estimate of expenditure		Estimate provision for 1986-87	To be spent in future years
		Total	Spent in past years		
Proposals to start in 1986-87	33,189	30,771	—	15,097	15,674
Works in progress on 1 April 1986	35,437	33,722	13,333	17,054	3,335
Total	68,626	64,493	13,333	32,151	19,009

Table 5: Services sports control boards

The services sports control boards receive certain free services, the costs of which, estimated as below for 1986-87, are provided for in other votes.

	Maintenance of premises etc	Rates	Estimated rental value	Stationery etc	Total
	£	£	£	£	£
RN and RM sports control board	523	3,981	519	4,232	9,255
Army sports control board	17,833	11,514	5,757	16,929	52,033
RAF sports control board	8,154	9,240	13,611	8,465	39,470

Table 6: Civilian staff hostels—running costs

The estimate for 1986-87, taking into account the charges borne on other votes, is as follows:

	Income	Expenditure	Deficit
	£	£	£
	1,197,000	2,084,264	887,264

CLASS I, VOTE 2
DEFENCE PROCUREMENT

This vote is treated as a cash limit. It provides for the expenditure of the Procurement Executive of the Ministry of Defence and together with votes 1, 4 and 5 it constitutes the block defence cash limit.

2. Civilian personnel costs and general administrative expenses of the Procurement Executive appear in Sections A to C. The costs of service personnel serving in the Procurement Executive are included in vote 1. An analysis of civilian staff numbers appears at table 1; they show a fall of about 770 between 1 April 1986 and 31 March 1987.
3. The largest element of expenditure on this vote covers the costs of research and development, production and purchase of new equipment, and the repair and maintenance of existing equipment for all three services. Most contracts are placed with private industry. Expenditure on some nuclear supplies and services is also included but not separately identified for security reasons. The presentation of running costs on this vote does not follow the general pattern adopted this year (see section 6 of the Summary and Guide) which has major implications for the accounting and budgeting systems of the Ministry of Defence. Longer term arrangements for the Ministry of Defence are under consideration.
4. The costs, including related administrative expenses, of the development and manufacture of equipment for overseas sales are included in this vote and these costs are recovered in it as appropriations-in-aid. A note on defence exports appears at table 4.
5. Some of the receipts on Sections B and F arise through inter-vote transfers from vote 5, and are matched by corresponding payments on that vote. These receipts amount to 14.1 per cent of the total provision for appropriations-in-aid on this vote.
6. The subhead structures of the Land and Air Systems production sections, J and M, have been revised to bring them more closely in line with management organisation and to facilitate control. Expenditure on different types of equipment is now shown more clearly.
7. In the Land Systems area, in the course of rationalising production subheads, maintenance expenditure has been transferred from Section J into Section K.
8. In the Air Systems area Section M is being expanded from two to six subheads. A new Section N has been created for expenditure incurred on package deal contracts, which cover both development and production and which have become increasingly significant in this area. Expenditure on such contracts was formerly included in Sections L and M.
9. The outturn forecast for 1985-86 is some £164 million below provision for that year. The cash limit was increased to £8,723,002,000 as announced on 18 July 1985, by the carry forward of £132 million of provision from 1984-85 under the End Year Flexibility scheme. Voted provision was similarly increased in a Supplementary Estimate (HC9 1985-86). The cash limit was reduced, as announced on 11 February 1986, to £8,703,527,000 mainly to reflect a transfer of provision within the defence programme.
10. The provision of £8,520,180,000 for 1986-87 is some 0.1 per cent above the forecast outturn for 1985-86 and some 4.2 per cent above actual expenditure in 1984-85. It represents about half of the defence budget.
11. Table 2 analyses the provision made in subhead F1 for production by contract of ships hulls and machinery and table 3 details H.M. ships under construction, or on order. Details of weapons systems and other Procurement Executive services will be given in the 1986 Statement on the Defence Estimates.
12. Advances made periodically for the UK share of expenditure on the collaborative programme for the Multiple Launch Rocket System will be charged at the time of issue to subheads 2I1, 2J1 and 2J2, as appropriate, in the Land Systems area of the vote. These advances will be made to the US government for development costs and to the Federal German government for production costs and these governments will provide the Ministry of Defence with periodic statements of actual expenditure incurred against UK advances.
13. With reference to HC 570 of 24 April 1980, this note declares the following contingent liabilities falling on H.M. Government.
 - (a) Services on repayment terms to non-exchequer customers on subheads of this vote, and on other votes of the Ministry of Defence.
 - (b) As announced in the House of Commons on 29 March 1977, the Secretary of State for Defence assumed responsibility for the defence activities of Millbank Technical Services Limited (now International Military Services Limited) with effect from 1 April 1977. The Ordnance Factories and Military Services Act 1984 limits sums paid by the Ministry of Defence without further Parliamentary approval in respect of the liabilities of International Military Services Limited.
 - (c) Assurances given to an overseas Government relative to a sales contract for certain military equipment and spares between that Government and Royal Ordnance plc as announced to the House of Commons in a minute laid on 26 February 1986.

Symbols are explained at the front of the volume.

DEFENCE PROCUREMENT

I **£8,520,180,000**

Amount required in the year ending 31 March 1987 for expenditure by the Procurement Executive of the Ministry of Defence in operating its Headquarters and Establishments and for its other common services; for research etc by contract; lands and buildings; for development by contract, production, repair etc and purchases for sale abroad of sea systems, land systems, air systems and associated equipment; for certain contingent liabilities, and for sundry other Procurement Executive services including those on repayment terms to non-exchequer customers.

The Ministry of Defence will account for this vote.

	£
Net total	8,520,180,000
Allocated in Vote on Account (HC10)	3,865,980,000
Balance to complete	4,654,200,000

II **SUMMARY AND SUBHEAD DETAIL**

1984-85		1985-86		SUMMARY		1986-87		
Net outturn £'000	Total net provision £'000					Gross provision £'000	Appropriations in aid £'000	Net provision £'000
8,173,512	8,722,242	I.1		Defence budget		9,106,031	585,851	8,520,180
(6,250)	—			<i>of which nationalised industries external finance</i>		—	—	—
	Forecast outturn £'000							
	8,518,000							

SUMMARY BY SECTION

95,416	105,271	A: Headquarters administration	120,746	6,825	113,921
452,222	453,354	B: Research and development establishments etc	526,963	52,045	474,918
104,939	103,717	C: Other outstation establishments	115,097	1,834	113,263
302,981	299,040	D: Other procurement by contract	319,514	15,648	303,866
439,353	491,344	E: Sea systems—development by contract	478,673	2,742	475,931
1,648,242	1,917,141	F: Sea systems—production and repair	2,094,480	150,020	1,944,460
-3,168	-10,600	G: Lands and buildings	1,378	25,389	-24,011
18,152	23,558	H: Miscellaneous procurement services	77,943	35,893	42,050
258,361	310,245	I: Land systems—development by contract	319,693	16,396	303,297
1,163,754	1,215,936	J: Land systems—production and repair	1,190,990	78,563	1,112,427
215,323	320,282	K: Land systems—maintenance	296,226	—	296,226
582,473	613,643	L: Air systems—development by contract	682,337	71,256	611,081
2,820,330	2,809,895	M: Air systems—production and repair	2,718,445	129,122	2,589,323
71,310	69,416	N: Air systems—package deal contracts	163,546	118	163,428
3,824	—	<i>Reserve capacity in Royal Ordnance Factories</i>	—	—	—

1984-85	1985-86	SUBHEAD DETAIL	1986-87
Outturn	Total provision		Provision
£'000	£'000		£'000
86,077	89,459	Section A: HEADQUARTERS ADMINISTRATION	93,798
		A1 Headquarters: personnel costs of civilian staff (see table 1)	
		Provision is sought for 7,420 civilian staff at 1 April 1986 increasing to 7,704 at 31 March 1987 (provision sought in 1985-86 was for 7,569 staff increasing by 48).	
18,244	22,573	A2 Headquarters: general administrative expenses	26,948
		Detached duty travel, subsistence allowances and expenses of civilian staff and service personnel; Post Office services, payments to British Telecom, contract support and assistance, administrative computers and other professional fees	
104,321	112,032		Gross total 120,746
8,905	6,761	<i>Deduct:</i>	
		AZ Appropriations in aid	6,825
		Departmental expenses and miscellaneous receipts	
95,416	105,271		Net total 113,921
		Section B: RESEARCH AND DEVELOPMENT ESTABLISHMENTS ETC	
231,343	233,389	B1 R & D establishments etc: personnel costs of civilian staff (see table 1)	240,776
		Provision is sought for 22,439 civilian staff at 1 April 1986, decreasing to 22,089 at 31 March 1987 (provision sought in 1985-86 was for 22,740 staff decreasing by 153).	
24,354	25,219	B2 R & D establishments etc: general administrative expenses	24,410
		Detached duty travel, subsistence allowances and expenses of civilian staff and service personnel; Post Office services, payments to British Telecom, contract support and assistance and other professional fees	
152,956	157,079	B3 R & D establishments etc: other current expenditure	141,135
		Water, electricity, gas, solid and liquid fuel, sewerage and other stores and services	
87,456	85,052	B4 R & D establishments etc: capital expenditure	120,642
		Plant, machinery and works services	
496,109	500,739		Gross total 526,963
43,887	47,385	<i>Deduct:</i>	
		BZ Appropriations in aid	52,045
		Departmental expenses and miscellaneous receipts	
452,222	453,354		Net total 474,918
		Section C: OTHER OUTSTATION ESTABLISHMENTS	
75,452	72,196	C1 Other outstation establishments: personnel costs of civilian staff (see table 1)	70,853
		Provision is sought for 6,684 civilian staff at 1 April 1986 decreasing to 5,979 at 31 March 1987 (provision sought in 1985-86 was for 7,671 staff decreasing by 388)	
7,969	9,664	C2 Other outstation establishments: general administrative expenses	11,769
		Detached duty travel, subsistence allowances and expenses of civilian staff and service personnel; Post Office services, payments to British Telecom, contract support and assistance and other professional fees	
14,204	15,363	C3 Other outstation establishments: other current expenditure	18,808
		Water, electricity, gas, solid and liquid fuel, sewerage and other stores and services	
9,846	8,854	C4 Other outstation establishments: capital expenditure	13,667
		Plant and machinery	
107,471	106,077		Gross total 115,097
2,532	2,360	<i>Deduct:</i>	
		CZ Appropriations in aid	1,834
		Receipts for storage facilities and miscellaneous receipts	
104,939	103,717		Net total 113,263
		Section D: OTHER PROCUREMENT BY CONTRACT	
318,421	321,371	D1 Other procurement by contract	319,514
		Work, including research, carried out by industry, universities, and research associations etc	
15,440	22,331	<i>Deduct:</i>	
		DZ Appropriations in aid	15,648
		Repayment for research activities from other government departments, refunds from contractors and miscellaneous research receipts	
302,981	299,040		Net total 303,866

1984-85	1985-86		1986-87
		Section E: SEA SYSTEMS—DEVELOPMENT BY CONTRACT	
Outturn	Total provision		Provision
£'000	£'000		£'000
441,015	493,999	E1 Development by contract	478,673
		Design and post design services covering ships' hulls, machinery and other ship equipment, weapon systems, guided weapons and related electronic equipment	
		<i>Deduct:</i>	
1,662	2,655	EZ Appropriations in aid	2,742
		Mainly commercial exploitation receipts for ship and equipment designs	
439,353	491,344		Net total 475,931
		Section F: SEA SYSTEMS—PRODUCTION AND REPAIR	
555,435	670,083	F1 Ships' hulls and machinery	573,238
		Including "first of class" design expenditure (see tables 2 and 3)	
726,584	823,654	F2 Weapons systems	938,245
		Including torpedoes, guided weapons and associated equipment	
91,048	130,922	F3 Ship equipment and support services	126,836
		Including purchase of initial depot, base and carried-on-board spares, replacement submarine cores and batteries, modifications to in-service equipment and support documentation	
400,573	433,601	F4 Ship/weapon maintenance equipment, stores and services	456,161
		Includes purchase of miscellaneous armament stores (other than those purchased against subhead F2), electronic stores, weapon control stores, general and electrical stores, spare parts for ships' machinery	
6,250	—	<i>Loans to shipbuilders</i>	—
1,779,890	2,058,260		Gross total 2,094,480
		<i>Deduct:</i>	
131,648	141,119	FZ Appropriations in aid	150,020
	129,921	(1) Sales, disposals, loan or hire of ships, marine craft, weapon systems and other stores	141,895
	1,042	(2) Capital repayments of loans to shipbuilders	1,459
	8,261	(3) Recovery of input value added tax from HM Customs and Excise	6,666
	1,895	<i>Interest on loans to shipbuilders</i>	—
1,648,242	1,917,141		Net total 1,944,460
		Section G: LANDS AND BUILDINGS	
659	1,100	G1 Lands and buildings	1,378
		Purchase of land and buildings and other charges	
		<i>Deduct:</i>	
3,827	11,700	GZ Appropriations in aid	25,389
		Sale of land and buildings	
-3,168	-10,600		Net total -24,011
		Section H: MISCELLANEOUS PROCUREMENT SERVICES	
—	1	H1 Saudi Arabian National Guard medical services (net)	1
		Gross expenditure, less receipts	
—	1	H2 Saudi Arabian air defence scheme (net)	1
		Gross expenditure, less receipts	
—	1	H3 Saudi Arabian National Guard communications system (net)	1
		Gross expenditure, less receipts	
2,968	2,869	H4 Promotion of sales and disposal of surpluses	3,911
	2,344	(1) Promotion of sales	3,254
	525	(2) Disposal of surpluses	657
49,366	51,990	H5 Miscellaneous services	74,028
		Carriage and freight, royalties and awards, target production and other miscellaneous services	
—	—	H6 Saudi Arabian Air Force project (net)	1
		Gross expenditure, less receipts	
52,334	54,862		Gross total 77,943
		<i>Deduct:</i>	
34,182	31,304	HZ Appropriations in aid	35,893
	2,993	(1) Promotion of sales	3,600
	18,640	(2) Disposal of surpluses	21,799
	2,771	(3) Miscellaneous receipts	2,574
	6,900	(4) Recovery of input value added tax	7,920
18,152	23,558		Net total 42,050

1984-85	1985-86	Section I: LAND SYSTEMS—DEVELOPMENT BY CONTRACT	1986-87
Outturn £'000	Total provision £'000		Provision £'000
269,012	328,515	I1 Development by contract Development of guns, small arms, ammunition, mines and explosives, fighting and load-carrying vehicles, engineering equipment, guided weapons, communications and surveillance equipment, instruments and other land systems equipment	319,693
10,651	18,270	<i>Deduct:</i> IZ Appropriations in aid Receipts from various development activities, levies and commercial exploitation agreements	16,396
258,361	310,245		Net total 303,297
27,907	29,340	Section J: LAND SYSTEMS—PRODUCTION AND REPAIR J1 Guns, small arms and CD stores Light and heavy weapons, small arms, chemical defence stores and some associated spares	59,080
322,405	291,824	J2 Ammunition, mines and explosives Including maintenance of land systems ammunition, mines and demolition stores	208,828
131,467	146,275	J3 Fighting vehicles Light and heavy armoured fighting vehicles and associated equipment including some spares	160,857
156,074	159,423	J4 Load carrying vehicles Load carrying vehicles including trucks, land rovers, trailers, saloon cars, transportable containers and associated equipment including some spares	145,057
88,595	82,765	J5 Engineering equipment Construction plant, bridging, airfield surfacing and damage repair equipment and general engineering equipment and vehicles including some spares	65,716
234,775	232,118	J6 Guided weapons Guided weapons and missiles, and general electrical equipment including some spares	201,462
258,855	255,925	J7 Communications Ground radios, satellite, telecommunications and general electrical equipment including some spares	242,073
108,358	107,131	J8 Surveillance equipment and instruments Surveillance, command and control equipment, instruments, and general electrical equipment including some spares	99,818
29,234	6,791	J9 Other stores Miscellaneous stores including materials and items of a specialist nature	8,099
1,357,670	1,311,592		Gross total 1,190,990
193,916	95,656	<i>Deduct:</i> JZ Appropriations in aid	78,563
	45,122	(1) Sales of equipment to overseas governments, other government departments and non-exchequer customers negotiated by the Defence Exports Services Organisation	36,262
	32,320	(2) Miscellaneous receipts including the sale/loan of equipment other than through the Defence Exports Services Organisation, capital assistance rentals, refunds/receipts from contractors	30,158
	18,214	(3) Recovery of input value added tax from HM Customs and Excise	12,143
1,163,754	1,215,936		Net total 1,112,427
215,323	320,282	Section K: LAND SYSTEMS—MAINTENANCE K1 Maintenance Maintenance of land systems equipment, including various initial spares requirements and maintenance spares	296,226
215,323	320,282		Net total 296,226
358,228	429,144	Section L: AIR SYSTEMS—DEVELOPMENT BY CONTRACT L1 Aircraft, aero engines and aircraft equipment Fixed wing aircraft and helicopters, aero engines and associated aircraft equipment including spares	407,512
266,081	268,817	L2 Guided weapons and electronic equipment Guided weapons, air armament, airborne and ground radar, air radios, air navigation equipment and other electronic equipment	274,825
624,309	697,961		Gross total 682,337
41,836	84,318	<i>Deduct:</i> LZ Appropriations in aid	71,256
	73,472	(1) Development by contract Sales of equipment to overseas governments, other government departments and non-exchequer customers; research and development levies and commercial exploitation receipts	63,966
	10,846	(2) Recovery of input value added tax from HM Customs and Excise	7,290
582,473	613,643		Net total 611,081

1984-85	1985-86	Section M: AIR SYSTEMS—PRODUCTION AND REPAIR	1986-87
Outturn	Total provision		Provision
£'000	£'000		£'000
940,712	876,011	M1 Fixed wing aircraft Fixed wing aircraft, aero engines and associated general purpose mechanical and electrical equipment	737,114
30,044	32,865	M2 Helicopters Helicopters and their engines	61,419
280,407	306,742	M3 Avionics equipment Avionics equipment including airborne radars, air radios, flight simulators and flight control systems	398,563
370,538	405,337	M4 Guided weapons and armaments Guided weapons and air armaments	294,440
320,466	350,562	M5 Electronic equipment Electronic equipment, including ground radar and communications equipment	399,928
1,000,758	931,928	M6 Aircraft and engine support Spares, repairs and modifications of airframes and engines; instruments, electrical and some avionic equipment; ground support equipment and flying clothing	826,981
2,942,925	2,903,445		Gross total 2,718,445
122,595	93,550	<i>Deduct:</i> MZ Appropriations in aid	129,122
	84,702	(1) Production receipts	115,928
	8,848	(2) Recovery of input value added tax from HM Customs and Excise	13,194
2,820,330	2,809,895		Net total 2,589,323
71,478	69,612	Section N: AIR SYSTEMS—PACKAGE DEAL CONTRACTS N1 Package deal contracts Procurement under particular contracts covering both development and production	163,546
168	196	<i>Deduct:</i> NZ Appropriations in aid	118
	180	(1) Sales of equipment to overseas governments, other government departments and non-exchequer customers	103
	16	(2) Recovery of input value added tax from HM Customs and Excise	15
71,310	69,416		Net total 163,428
3,824	—	<i>Reserve capacity in Royal Ordnance Factories</i>	—
III		EXTRA RECEIPTS PAYABLE TO THE CONSOLIDATED FUND	
1984-85	1985-86	In addition to appropriations in aid there are the following estimated receipts:	1986-87
£'000	£'000		£'000
18,277	11,500	<i>Accrued interest on advances held by an agency and a foreign government for contractual purposes</i>	—

Table 1: Analysis of staff numbers

	Numbers at 1.4.86	
	Service ¹	Civilian
Procurement and sales headquarters staff		
Subhead A1	736	7,420
Staff employed at research and development establishments etc		
Subhead B1	592	22,439
The quality assurance and other outstation staff of:		
Controller of the Navy		
Master General of the Ordnance		
Controller Aircraft		
Other		
Subhead C1	285	6,684
Total subheads A1, B1 and C1	1,613	36,543

¹ The costs of service personnel serving in the Procurement Executive's headquarters and establishments are borne on vote 1

Table 2: Provision for shipbuilding

Analysis of the provision made in subhead F1 for the production by contract of ships hulls and machinery including 'first of class' design expenditure together with estimates of the amounts required to complete (provision for ship construction and repair by the Royal Dockyards, and for ship repair by contract, is made in class I, vote 5)

Type of vessel	Provision in subhead F1 for 1986-87			
	For vessels on order	For vessels not yet ordered	Total provision in 1986-87	Estimate of amounts required to complete
	£'000	£'000	£'000	£'000
Fighting ships	361,670	146,415	508,085	3,159,717
RN manned support ships	2,670	—	2,670	—
Royal Fleet Auxiliaries	35,184	—	35,184	121,755
Other vessels ¹	23,058	4,241	27,299	25,037
Total	422,582	150,656	573,238	3,306,509

¹ Includes provision for Director of Marine Services, Army and Air Force vessels, also for the hire of running ships and the Falklands garrison costs

Table 3: HM Ships under construction, or on order, which have not been accepted into HM Service by 31 March 1986

Type and Name of Vessel	Month construction commenced or actual date of launch	Hull Builders (see footnote for key to names of builders)	Main Machinery Manufacturers (see footnote for key to names of manufacturers)
Fleet Submarines			
Torbay	8 March 1985	} Vickers	GEC (Turbines)
Trenchant	July 1984		
Talent	September 1984*		
Triumph	3 January 1986*		
Patrol Submarines			
Upholder	November 1983*	} Vickers	Paxman/MRSL (Diesel Electric)
SSK 02	3 January 1986*		
SSK 03	3 January 1986*	} Cammell Laird	Paxman/MRSL (Diesel Electric)
SSK 04	3 January 1986*		
Frigates (Broadsword Class)			
London	27 October 1984	} Yarrow Swan Hunter Swan Hunter Yarrow Yarrow Cammell Laird Swan Hunter	} Rolls Royce (Gas Turbine) Brown (Gearing)
Sheffield	August 1983		
Coventry	September 1983		
Cornwall	14 October 1985		
Cumberland	March 1984		
Campbeltown	March 1985		
Chatham	April 1985		
(Duke Class)			
Norfolk	December 1985	Yarrow	Rolls Royce (Gas Turbines) GEC (Gearing) GEC Electrical Projects (Electric Propulsion) Paxman (Diesel Generators)
Minehunter Coastal Single Role			
Sandown	30 August 1985	Vosper	Paxman
Mine Counter Measure Vessels			
Atherstone	January 1985	} Vosper Vosper Vosper	Paxman
Berkeley	September 1985		
Quorn	June 1985*		
Minesweeper Fleet			
Arun	20 August 1985	Richards	Ruston Diesel (Main Engine)
Aviation Training Ship			
Argus	March 1984*	Harland & Wolff	
Landing Ship Logistic			
Sir Galahad	July 1985	Swan Hunter	Mirrlees (Main Engine)
Coastal/Survey Vessels			
Roebuck	14 November 1985	Brooke Marine	Mirrlees

*Order dates.

Key to builders and Manufacturers:

BROWN	David Brown & Co. Ltd, Huddersfield.
BROOKE MARINE	Lowestoft, Suffolk
CAMMELL LAIRD	Cammell Laird Shipbuilders Ltd, Birkenhead.
GEC	General Electric Co. Ltd, Rugby.
HARLAND & WOLFF	Harland & Wolff, Belfast.
MARCONI RADAR SYSTEMS LIMITED	New Parks, Leicester LE3 1UF.
MIRRLEES	Mirrlees Blackstone (Stockport) Ltd, Stockport.
PAXMAN	Paxman Diesel Ltd, Colchester.
RICHARDS	Richards Shipbuilders Ltd, Yarmouth.
ROLLS ROYCE	Rolls Royce Ltd, Coventry.
RUSTON DIESEL	Vulcan Works, Newton-Le-Willows, Merseyside.
SWAN HUNTER	Swan Hunter Shipbuilders Ltd, Wallsend.
VICKERS	Vickers Shipbuilding & Engineering Ltd, Barrow.
VOSPER	Vosper Thornycroft (UK) Ltd, Southampton.
YARROW	Yarrow (Shipbuilders) Ltd, Glasgow.

Table 4 Exports of defence equipment: Votes 1 and 2

1. The Defence Exports Services Organisation (formerly known as the Defence Sales Organisation) was set up in 1966 to promote the export of British defence equipment.

Administrative expenses

2. Provision for the administrative expenses of the Defence Exports Services staff is made in class I, Estimates as follows:

	£
Vote 1, sections A, B and C, personnel costs etc of the services	}
Vote 2, subhead A1, headquarters: personnel costs etc of civilian staff	3,939,045
Vote 2, subhead A2, travelling allowances and expenses	731,500
	<hr/>
	4,670,545
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3. Expenditure on the promotion of sales abroad is provided for in class I, vote 2, H4(1) and receipts in HZ(1).

4. Provision for superannuation of the above staff is borne on class XIV, vote 4 as an allied service. All other administrative expenses associated with the staff are now met from Defence votes, the cost of the accommodation services previously supplied by the Property Services Agency as an allied service now being borne on class I, vote 1 subhead F7. Postal and telephone services for the staff are included in the overall provision for these services in class I, vote 1, subhead L1. The total cost of these support services, including provision for staff superannuation, is estimated at £2,450,022.

Purchase and sale of equipment etc

5. The provision made in class I, Estimates includes the direct costs of manufacture and procurement incurred explicitly to meet orders as follows:

	£
Vote 1, section F, medical stores, and section G, clothing, textiles and victualling	517,000
Vote 2, section F, sea systems	9,221,000
Vote 2, section J, land systems	22,320,000
Vote 2, section M, air systems	5,476,000
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	37,534,000
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6. Receipts from exports of defence equipment including receipts for items made available from service stocks are estimated at £81,342,000 and are included as appropriations in aid in class I, Estimates as follows:

	£
Vote 1 subhead FZ	10,000
Vote 1 subhead GZ	575,000
Vote 2 subhead AZ	2,613,000
Vote 2 subhead FZ	33,701,000
Vote 2 subhead HZ	3,449,000
Vote 2 subhead JZ	36,260,000
Vote 2 subhead MZ	4,734,000
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CLASS I, VOTE 3

DEFENCE: ARMED FORCES RETIRED PAY, PENSIONS ETC

Expenditure borne on this vote is not subject to a cash limit.

2. This vote provides for the payment of retired pay, pensions and lump sum benefits to persons covered by the Armed Forces Superannuation Schemes. The rules of the schemes are contained in the Air Force Queen's Regulations, the Army Pensions Warrant, and the Royal Navy Orders in Council. The schemes apply mainly to members of the Armed Forces and their dependants but also cover the payment of superannuation benefits made to certain unestablished civilians employed abroad. Provision is made for the payment and receipt of transfer payments in respect of members of the Armed Forces moving out of and into employments covered by the scheme, and for appropriation in aid of the vote of income from transfer payments and the purchase of added years etc. The vote also includes the increases payable in accordance with the Annual Review Orders made under Section 59 of the Social Security Pensions Act 1975.

3. Gross expenditure in 1985-86 is expected to amount to £907 million. The provision for 1986-87 represents an increase of 8 per cent on 1985-86 and is some 18 per cent above actual expenditure in 1984-85. This increase arises from a combination of higher new awards of pensions and lump sums as a result of pay increases, and the increases in pensions under the 1985 and 1986 Review Orders. It is assumed there will be no significant changes to the pension schemes. The

provision for 1986-87 represents some 5 per cent of the defence budget.

4. The increased provision reflects the 1985 pensions increase of 7 per cent from 25 November. Allowance has been made for a pensions increase of 1 per cent applicable from July 1986 in accordance with the Government's proposal to bring forward the uprating date. This is consistent with similar assumptions made elsewhere in Estimates. The actual increase will be determined later. The provision also reflects the 1985 pay increase of 7.3 per cent which was effective from 1 April; the full effect of pay increases is not felt on new awards until twelve months after a pay settlement. The number of retirements in 1986-87 is expected to be 7,390 compared with 6,972 in 1985-86 while the number of deaths of pensioners is expected to be 6,913 in 1985-86 compared with 7,027 in 1986-87.

5. It has been assumed that pensions averaging about £2,823 a year (£54.09 a week) will be in payment to some 227,530 retired participants compared with an average of £2,721 a year (£52.14 a week) to 224,770 retired participants in 1985-86, and that about 66,701 dependants will receive pensions averaging £1,298 a year (£24.87 a week) in 1986-87 compared with £1,270 a year (£24.32 a week) paid to 65,211 dependants in 1985-86.

6. The Ministry of Defence is responsible for administering the schemes: the related staff and other costs are borne on class I, vote 1.

Symbols are explained at the front of the volume.

DEFENCE: ARMED FORCES RETIRED PAY, PENSIONS ETC

I **£978,552,000**

Amount required in the year ending 31 March 1987 for expenditure by the Ministry of Defence on retired pay, pensions etc. The Ministry of Defence will account for this vote.

	£
Net total	978,552,000
Allocated in Vote on Account (HC10)	407,610,000
Balance to complete	570,942,000

II **SUMMARY AND SUBHEAD DETAIL**

1984-85	1985-86	SUMMARY	1986-87		
Net outturn	Total net provision		Gross provision	Appropriations in aid	Net provision
£'000	£'000		£'000	£'000	£'000
827,738	905,800	1.1 Defence budget	979,708	1,156	978,552
	Forecast Outturn				
	£'000				
	905,100				
1984-85	1985-86	SUBHEAD DETAIL	1986-87		
Outturn	Total provision		Provision		
£'000	£'000		£'000		
185,838	210,000	A1 Retired pay, pensions and other payments (including commutation) to RN and RM personnel or their dependants	229,166		
	144,575	(1) Retired pay, half pay, rewards, pensions (including disability pensions and accrued payments)	154,004		
	29,423	(2) Terminal grants, gratuities and other attributable benefits. Ex-gratia payments for injuries sustained overseas, resulting from criminal activity	34,362		
	13,110	(3) Commutation of retired pay and pensions including provision for repayment to the National Debt Commissioners of sums advanced by them for commutation of officers retired pay	16,279		
	21,172	(4) Pensions, gratuities (including inter-war attribution awards) to dependants	22,405		
	1,720	(5) Transfer values in respect of personnel transferred to employment outside the armed forces	2,116		
374,292	398,647	A2 Retired pay, pensions and other payments (including commutation) to Army personnel or their dependants	431,839		
	270,007	(1) Retired pay, half pay, rewards, pensions (including disability pensions and accrued payments)	284,672		
	54,127	(2) Terminal grants, gratuities and other attributable benefits. Ex-gratia payments for injuries sustained overseas, resulting from criminal activity	70,692		
	28,811	(3) Commutation of retired pay, pensions, including provision for repayment to the National Debt Commissioners of sums advanced by them for commutation of officers retired pay	28,604		
	40,943	(4) Pensions, gratuities (including inter-war attribution awards) to dependants	43,202		
	4,759	(5) Transfer values in respect of personnel transferred to employment outside the armed forces	4,669		
258,013	292,072	A3 Retired pay, pensions and other payments (including commutation) to RAF personnel or their dependants	310,851		
	211,570	(1) Retired pay, half pay, rewards, pensions (including disability pensions and accrued payments)	221,362		
	39,069	(2) Terminal grants, gratuities and other attributable benefits. Ex-gratia payments for injuries sustained overseas, resulting from criminal activity	41,369		
	17,466	(3) Commutation of retired pay, pensions including provision for repayment to the National Debt Commissioners of sums advanced by them for commutation of officers retired pay	21,903		
	22,171	(4) Pensions, gratuities (including inter-war attribution awards) to dependants	24,380		
	1,796	(5) Transfer values in respect of personnel transferred to employment outside the armed forces	1,837		
11,278	6,604	A4 Payments to civilians etc	7,852		
	4,662	(1) Non-statutory pensions and gratuities to unestablished civilians abroad (superannuation payments in respect of civilian staff formerly employed by the Ministry of Defence is provided for in the estimate for Civil Superannuation (class XIV, vote 4))	5,859		
	139	(2) Injury warrant payments to civilians abroad	137		
	1,794	(3) Other compensations (under the Injuries in War (Compensation) Acts and local ordinances)	1,848		
	9	(4) Contributions towards pensions etc of former colonial forces personnel	8		
829,421	907,323		Gross total	979,708	
1,683	1,523	<i>Deduct:</i> AZ Appropriations in aid		1,156	
	200	(1) Transfer values in respect of personnel entered from employment outside the armed forces		233	
	1,323	(2) Other receipts including refunds of non-effective pay and gratuities on re-engagement, "buying-in", half rate forces family pensions and purchase of added years		923	
827,738	905,800		Net total	978,552	

III

EXTRA RECEIPTS PAYABLE TO THE CONSOLIDATED FUND

No extra receipts were received in 1984-85. None are expected in either 1985-86 or 1986-87.

CLASS I, VOTE 4

DEFENCE ACCOMMODATION SERVICES, ETC

This vote is treated as a cash limit. Together with Votes 1, 2 and 5 it constitutes the block defence cash limit.

2. Section A of the vote covers expenditure by the Property Services Agency (PSA) of the Department of the Environment on building works and accommodation services for HM Forces and other Ministry of Defence organisations at home and overseas, and related administrative costs. It also covers the refund of VAT on consultants' fees paid from this section of the vote, and receipts for works services and associated administration costs from, amongst others, Royal Navy dockyards and NATO.

3. Section B of the vote covers expenditure by PSA on works services and on their related administrative costs on behalf of the United States Forces (USF) in the UK. It also covers receipts in respect of expenditure on this section of the vote, which include the refund of VAT on consultants' fees and payments by USF for works services and associated administration costs.

4. Some of the receipts for new works and repair and maintenance, arise through inter-vote transfers from class I, vote 5 and are matched by corresponding payments on that vote. These receipts amount to some 7 per cent of the total provision for appropriations in aid on this vote.

5. Provisions for consultants fees on major new works estimated to cost more than £150,000 was first taken on this vote in 1985-86 in respect of defence works and on class XIV vote 1 in respect of civil works, having been borne previously on class XIV vote 2. Similarly PSA's staff and administrative costs relating to both the defence and civil works programmes have previously been borne on class XIV vote 2. Those attributed to defence now appear on this vote for the first time, and those to the civil programme on class XX vote 18. Attribution of such costs to either programme is a mix of expenditure which can be directly identified to the client, and that which is apportioned to defence or civil clients in proportion to the effort devoted to the respective programmes.

6. Contributions towards the cost of administration, which were previously surrendered to the Consolidated Fund and appeared in Estimates for class XIV vote 2, are now brought to account as Appropriations in Aid in subheads AZ(3) of this vote in respect of services for HM Forces etc. and BZ(2) in respect of those for USF.

7. The outturn forecast for 1985-86 is some £38 million below the provision of £1,284,456,000 for that year. The cash limit was reduced, as announced on 11 February 1986, to £1,254,456,000 to reflect a transfer of provision within the defence programme. The forecast outturn on class XIV vote 2 for 1985-86 is such that the element which will from 1986-87 be borne on class I, vote 4, £201 million, will be spent in full.

8. For the purpose of comparison the sums spent on and provided for administrative costs in 1984-85 and 1985-86 have been included in the outturn and total provision columns for those years. Taking these adjustments into account and also adjusting to allow for sums surrendered to the Consolidated Fund in those years, the provision of £1,473,831,000 for 1986-87 is some 2.1 per cent above the forecast outturn for 1985-86 and some 15 per cent above actual expenditure in 1984-85. It represents some 8 per cent of the defence budget. The outturn in 1984-85 was 2 per cent below the Estimates provision.

9. Section A of the vote shows an estimate of net expenditure in 1986-87 of some 4 per cent above the forecast outturn (adjusted as above) for 1985-86 and some 16 per cent above actual expenditure (adjusted as above) in 1984-85.

10. Although the full cost of the works is met by appropriation-in-aid, Section B of the vote shows a gross provision in 1986-87 of some 27 per cent above forecast outturn (adjusted as above) for 1985-86 and some 49 per cent above actual expenditure (adjusted as above) for 1984-85.

Symbols are explained at the front of the volume.

DEFENCE ACCOMMODATION SERVICES ETC

I **£1,473,831,000**

Amount required in the year ending 31 March 1987 for expenditure including loans by the Property Services Agency of the Department of the Environment on public building work and certain accommodation services etc for defence purposes.

The Department of the Environment (Property Services Agency) will account for this vote.

	£
Net total	1,473,831,000
Allocated in Vote on Account (HC10)	668,399,000 (1)
Balance to complete	805,432,000

II **SUMMARY AND SUBHEAD DETAIL**

1984-85	1985-86	SUMMARY	1986-87		
Net outturn	Total net provision		Gross provision	Appropriations in aid	Net provision
£'000	£'000	1.1	£'000	£'000	£'000
1,296,434	1,483,416	Defence budget	1,733,148	260,414	1,472,734
236	2,061	Other (non-public) expenditure	1,097	—	1,097
1,296,670	1,485,477	Total	1,734,245	260,414	1,473,831

Forecast
outturn
£'000
1,443,000

SUBHEAD DETAIL

1984-85	1985-86		1986-87
Outturn	Total provision		Provision
£'000	£'000		£'000
669,947	807,921	Section A: DEFENCE ESTABLISHMENTS ETC	786,106
	592,660	A1 New works and furniture (See table 1)	566,527
	100,832	(1) The construction at defence establishments of new buildings, structures and other works (other than married quarters) and alterations and additions estimated to cost more than £150,000 (costs may include fixtures and fittings but will exclude other furnishings funded on class I, vote 1)	
	42,818	(2) The construction at defence establishments of new buildings, structures and other works (other than married quarters) and alterations and additions estimated to cost £150,000 or less (costs may include fixtures and fittings but will exclude other furnishings funded on class I, vote 1)	110,140
	3,442	(3) Provision by new construction, adaptation or purchase of married quarters for service personnel; alterations to existing married quarters (all other building purchases are funded on class I, vote 1)	55,967
	68,169	(4) Furniture and domestic or other equipment in certain Procurement Executive establishments, armed forces careers information offices and official residences of senior officers of the armed forces (furniture and domestic equipment at all other defence establishments is normally funded from class I, vote 1)	3,298
239	2,061	(5) Consultants' fees incurred on major new works projects estimated to cost more than £150,000	50,174
		A2 Grants and loans towards the cost of works ●	1,097
		Grants and loans towards the cost of works carried out by local authorities, public utility suppliers etc which are of incidental benefit to Ministry of Defence	

(1) The Vote on Account provision has been increased from £578,005,000 as set out in HC10 because £90,394,000 has been transferred from class XX vote 18 to class I vote 4.

1984-85	1985-86		1986-87
Outturn	Total provision	Section A: DEFENCE ESTABLISHMENTS ETC [cont]	Provision
£'000	£'000		£'000
661,617	713,180	A3 Maintenance and administration costs (current expenditure)	750,780
	532,545	(1) The maintenance at defence establishments of buildings, structures and other works and the operation of certain domestic plant, including personnel costs of 6,070 directly employed industrial staff at 1 April 1986 decreasing to 5,705 by 31 March 1987 (provision in 1985-86 was for 6,923 staff); personnel costs of 3,373 locally engaged overseas industrial staff at 1 April 1986 decreasing to 3,250 by 31 March 1987 (provision in 1985-86 was for 3,700 staff)	549,993
	21,935	(2) Consultants' fees incurred on minor new works projects estimated to cost less than £150,000, maintenance and other projects	25,458
	158,700	(3) Accommodation and other administrative expenses and personnel costs of 8,890 non-industrial staff (and certain industrial staff) at 1 April 1986 decreasing to 8,809 by 31 March 1987 (provision in 1985-86 was for 8,621 staff decreasing by 6); personnel costs of 1,146 locally engaged overseas non-industrial staff at 1 April 1986 decreasing to 1,143 by 31 March 1987 (provision in 1985-86 was for 1,139 staff decreasing by 1)	175,329
1,467	5,000	A4 Administration costs (capital expenditure)	5,800
1,333,270	1,528,162		1,543,783
64,606	63,358	<i>Deduct:</i>	
	263	AZ Appropriations in aid	85,709
	53,795	(1) Receipts from sales of surplus materials, stores and equipment	2,117
	—	(2) Contributions towards the cost of works services provided for NATO, dockyards (funded from class I, vote 5) and other bodies under A1 and A3.1	58,529
	7,226	(3) Contributions towards the cost of administration under A3.2, A3.3 and A4 (treated as non-voted CFERs in previous years)	14,895
	2,074	(4) Refund of VAT on consultants' fees under A1.5	7,278
		(5) Refund of VAT on consultants' fees under A3.2	2,890
1,268,664	1,464,804		1,458,074
		Section B: AGENCY SERVICES FOR UNITED STATES FORCES IN THE UNITED KINGDOM	
57,549	90,842	B1 New works	101,157
	81,197	(1) The construction of new buildings, structures and other works and alterations and additions estimated to cost more than £150,000	88,303
	9,645	(2) The construction of new buildings structures and other works and alterations and additions estimated to cost £150,000 or less	12,854
62,017	64,555	B2 Maintenance and administration costs (current expenditure)	77,627
	46,994	(1) The maintenance of buildings, structures and other works and the operation of certain domestic plant, including personnel costs of 900 directly employed industrial staff at 1 April 1986 and remaining at 900 on 31 March 1987 (provision in 1985/86 was for 847 staff)	58,452
	3,161	(2) Consultants' fees incurred on minor new works projects estimated to cost less than £150,000, maintenance and other projects	4,246
	14,400	(3) Accommodation and other administrative expenses and personnel costs of 861 non-industrial staff (and certain industrial staff) at 1 April 1986 decreasing to 853 by 31 March 1987 (provision in 1985/86 was for 746 increasing by 145)	14,929
8,098	9,126	B3 Administration costs (capital expenditure)	11,678
	8,898	(1) Consultants' fees incurred on major new works projects estimated to cost more than £150,000	11,478
	228	(2) Other administration costs (capital)	200
127,664	164,523		190,462
99,658	143,850	<i>Deduct:</i>	
	142,578	BZ Appropriations in aid	174,705
	—	(1) Repayment of the cost of works services under B1 and B2.1	159,609
	329	(2) Contributions towards the cost of administration under B2.2, or B2.3 and B3	13,240
	943	(3) Refund of VAT on consultants' fees under B2.2	501
		(4) Refund of VAT on consultants' fees under B3.1	1,355
28,006	20,673		15,757

III				EXTRA RECEIPTS PAYABLE TO THE CONSOLIDATED FUND			
1984-85		1985-86				1986-87	
£'000		£'000				£'000	
13,785	12,400	<i>(1) Defence establishments etc — contributions towards the cost of administration (the 1986-87 receipts are shown in subhead AZ(3) of this vote)</i>				—	
5,956	12,100	<i>(2) Agency services for United States Forces in the UK — contributions towards the cost of administration (the 1986-87 receipts are shown in subhead BZ(2) of this vote)</i>				—	

Table 1: Long term capital projects—details of works services and reconciliation with Estimate
New works other than married quarters costing over £150,000

Type of expenditure	(1) Original estimate of cost at 1986-87 prices £'000	(2) Probable expenditure to March 1986 at 1986-87 prices £'000	(3) Estimate provision for 1986-87 £'000	(4) Estimated expenditure after 31 March 1987 at 1986-87 prices £'000	(5) Total (2) to (4) £'000
CENTRAL TRAINING AND EDUCATIONAL ESTABLISHMENTS					
(1) WORKS IN PROGRESS (Contracts let by 31 October 1985)	63,597	36,728	17,827	9,877	64,432
(a) Home	57,605	34,715	16,228	7,568	58,511
(b) Overseas	5,992	2,013	1,599	2,309	5,921
(2) PROPOSALS TO START (Contracts let after 31 October 1985)	116,873	1,031	28,444	87,398	116,873
(a) Home	106,663	1,005	25,356	80,302	106,663
(b) Overseas	10,210	26	3,088	7,096	10,210
WORKSHOPS TECHNICAL UNITS AND HOSPITALS					
(1) WORKS IN PROGRESS (Contracts let by 31 October 1985)	148,018	106,104	33,672	11,909	151,685
(a) Home	91,029	71,456	18,676	3,753	93,885
(b) Overseas	56,989	34,648	14,996	8,156	57,800
(2) PROPOSALS TO START (Contracts let after 31 October 1985)	245,193	6,831	81,290	157,072	245,193
(a) Home	188,069	2,909	60,358	124,802	183,069
(b) Overseas	57,124	3,922	20,932	32,270	57,124
STORAGE ESTABLISHMENTS					
(1) WORKS IN PROGRESS (Contracts let by 31 October 1985)	106,224	56,404	34,168	14,673	105,245
(a) Home	95,669	49,020	31,994	13,727	94,741
(b) Overseas	10,555	7,384	2,174	946	10,504
(2) PROPOSALS TO START (Contracts let after 31 October 1985)	37,076	543	17,907	18,626	37,076
(a) Home	29,132	527	13,720	14,885	29,132
(b) Overseas	7,944	16	4,187	3,741	7,944
AIRFIELDS					
(1) WORKS IN PROGRESS (Contracts let by 31 October 1985)	444,566	442,373	53,379	19,358	515,110
(a) Home	135,619	121,362	15,576	5,240	142,178
(b) Overseas	308,947	321,011	37,803	14,118	372,932
(2) PROPOSALS TO START (Contracts let after 31 October 1985)	219,540	2,804	81,411	135,325	219,540
(a) Home	191,085	2,292	65,313	123,480	191,085
(b) Overseas	28,455	512	16,098	11,845	28,455

Table 1: (cont.) New works other than married quarters costing over £150,000 (cont.)

Type of expenditure	(1) Original estimate of cost at 1986-87 prices £'000	(2) Probable expenditure to March 1986 at 1986-87 prices £'000	(3) Estimate provision for 1986-87 £'000	(4) Estimated expenditure after 31 March 1987 at 1986-87 prices £'000	(5) Total (2) to (4) £'000
DOCKYARDS					
(1) WORKS IN PROGRESS (Contracts let by 31 October 1985)	26,567	19,111	7,985	4,339	31,435
(a) Home	24,040	17,534	7,024	3,973	28,531
(b) Overseas	2,536	1,577	961	366	2,904
(2) PROPOSALS TO START (Contracts let after 31 October 1985)	5,618	—	1,915	3,703	5,618
(a) Home	5,618	—	1,915	3,703	5,618
(b) Overseas	—	—	—	—	—
NAVAL BASES EXCLUDING DOCKYARDS					
(1) WORKS IN PROGRESS (Contracts let by 31 October 1985)	124,697	59,580	46,367	16,360	122,307
(a) Home	120,143	56,965	44,570	16,255	117,790
(b) Overseas	4,504	2,615	1,797	105	4,517
(2) PROPOSALS TO START (Contracts let after 31 October 1985)	366,324	2,901	77,357	286,066	366,324
(a) Home	366,324	2,901	77,357	286,066	366,324
(b) Overseas	—	—	—	—	—
RESEARCH AND DEVELOPMENT ESTABLISHMENTS					
(1) WORKS IN PROGRESS (Contracts let by 31 October 1985)	221,572	145,078	88,650	60,848	294,576
(2) PROPOSALS TO START (Contracts let after 31 October 1985)	65,753	2,016	24,455	39,282	65,753
OTHER PERSONNEL ACCOMMODATION ADMINISTRATIVE UNITS etc					
(1) WORKS IN PROGRESS (Contracts let by 31 October 1985)	446,298	334,454	92,974	26,909	454,337
(a) Home	226,805	174,538	40,791	14,500	229,829
(b) Overseas	219,493	159,916	52,183	12,409	224,508
(2) PROPOSALS TO START (Contracts let after 31 October 1985)	181,026	3,648	79,291	98,087	181,026
(a) Home	151,521	3,063	67,969	80,489	151,521
(b) Overseas	29,505	585	11,322	17,598	29,505
TOTAL—table 1	2,818,901	1,219,606	767,092	989,832	2,976,530

Table 2: Long term capital projects—details of works services and reconciliation with Estimate (1)
 Construction and purchase of married quarters including schemes
 costing £150,000 or less (*Vote I, subhead II (1) also provides for purchase of married quarters*)

Type of expenditure	(1) Original estimate of cost at 1986-87 prices £'000	(2) Probable expenditure to March 1986 at 1986-87 prices £'000	(3) Estimate provision for 1986-87 £'000	(4) Estimated expenditure after 31 March 1987 at 1986-87 prices £'000	(5) Total (2) to (4) £'000
(1) WORKS IN PROGRESS (Contracts let by 31 October 1985)					
(a) Home	19,749	9,406	6,711	3,990	20,107
(b) Overseas	11,048	7,909	3,367	160	11,436
	8,696	1,497	3,344	3,830	8,671
(2) PROPOSALS TO START (Contracts let after 31 October 1985)					
(a) Home	58,588	1,020	18,453	39,115	58,588
(b) Overseas	58,212	1,020	18,244	38,948	58,212
	376	—	209	167	376
TOTAL—table 2	78,332	10,426	25,164	43,105	78,695
TOTAL—tables 1 and 2	2,897,233	1,230,032	792,256	1,032,937	3,055,225
Consultants' fees incurred on major new works projects estimated to cost more than £150,000			50,174		
Minor works costing £150,000 or less			110,140		
Married quarters alterations and additions			31,103		
Less: Allowances for services which may not be carried out in the year			200,861		
Furniture and equipment in official residences			3,294		
Total subhead A1			786,106		

(1) Project cost estimates have been revalued to 1986-87 prices using deflators which reflect inflation in PSA building projects but do not always move in line with the GDP deflator e.g. over the period 1982-83 to 1986-87 the outturn and forecast PSA variation of price index is 5.8 per cent, 7.8 per cent, 6.2 per cent, 6.5 per cent and 6.1 per cent reflecting a number of influences such as movements in the cost of materials etc.

For projects costing £1,000,000 or less a block adjustment has been used to revalue the original estimates and expenditure to date to constant prices as shown in the table. The block adjustment takes into account as far as possible the different starting dates of the projects and the different incidence of expenditure on each of the resulting figures represent the best available approximation at a single price level.

CLASS I, VOTE 5

DEFENCE: DOCKYARD SERVICES

This vote is treated as a cash limit. Together with votes 1, 2 and 4 it constitutes the block defence cash limit.

2. The vote provides for all dockyard requirements: manpower, services, stores, materials, plant and machinery, works services and the contract repair of HM ships and Royal Fleet Auxiliaries. It is designed to show the total estimated cost of operating the dockyards. Tables 1 to 4 provide a detailed breakdown of costs and staff numbers. The presentation of running costs on this vote does not follow the general pattern adopted this year (see section 6 of the Summary and Guide) which has major implications for the accounting and budgetary systems of the Ministry of Defence. Longer term arrangements for the Ministry of Defence are under consideration.

3. In addition to making provision for the personnel costs etc of dockyard employees, (some 46 per cent of the total provision in 1986-87), and for direct payments to commercial suppliers of goods and services, the vote also provides for expenditure on inter-vote transfers which include the costs, initially borne on class I, vote 1, of service personnel employed in dockyard posts. These costs which are normally balanced by

corresponding receipts on other defence votes, take account of the use made by the dockyards of materials and services procured under, and initially charged to, votes other than vote 5. Total expenditure through inter-vote transfers amounts to about 21 per cent of the voted provision.

4. The vote also makes provision for receipts arising from repayment services provided by the dockyards for outside customers, including ship refit and repair for foreign governments.

5. The outturn forecast for 1985-86 is some £30.8 million below the total provision for that year. The cash limit was reduced, as announced on 11 February 1986, to £415,310,000, to reflect a transfer of provision within the defence programme.

6. The provision of £430,345,000 for 1986-87 is some 5 per cent above the forecast outturn for 1985-86 and some 2 per cent above actual expenditure in 1984-85. It represents about 2.3 per cent of the defence budget.

7. Further information will be provided in the 1986 Statement on the Defence Estimates.

Symbols are explained at the front of the volume.

DEFENCE: DOCKYARD SERVICES

I **£430,345,000**

Amount required in the year ending 31 March 1987 for operating the Royal Dockyards and for the repair of ships by contract including work undertaken on repayment terms for exchequer and non-exchequer customers.

The Ministry of Defence will account for this vote.

	£
Net total	430,345,000
Allocated in Vote on Account (HC10)	192,260,000
Balance to complete	238,085,000

II **SUMMARY AND SUBHEAD DETAIL**

1984-85		1985-86		SUMMARY		1986-87		
Net outturn	£'000	Total net provision	£'000			Gross provision	Appropriations in aid	Net provision
						£'000	£'000	£'000
423,436		442,800		1.1	Defence budget	432,503	2,158	430,345
		Forecast outturn	£'000					
		412,000						
1984-85		1985-86		SUBHEAD DETAIL		1986-87		
Outturn	£'000	Total Provision	£'000				Provision	£'000
238,000		222,220		A1 Personnel costs etc				218,344
		217,752		(1) Provision is sought for 37 service staff and 19,110 civilian staff at 1 April 1986 decreasing to 37 service staff and 18,069 civilian staff at 31 March 1987. (Provision sought in 1985-86 was for 36 service staff and for 20,392 civilian staff decreasing by 232)				212,857
		2,859		(2) Conveyance, travelling allowances and expenses				3,401
		1,609		(3) Education and training of staff, civilian recruitment advertising				2,086
113,088		110,550		A2 Other current expenditure				113,715
		74,829		(1) Materials drawn from other MOD departments, eg fuel and oils, general, accommodation and electrical stores, electronic stores, weapon control stores and spare parts for ships machinery				67,011
		13,669		(2) Electricity, gas and water				15,527
		15,615		(3) Establishment services (including cleaning, waste disposal and laundry), specialist contract assistance on repair of HM ships in the dockyards, other contract support and assistance, including related consultants' fees and payments, compensation payments for personal injuries and awards for suggestions				21,410
		1,644		(4) Services provided to the dockyards by the Admiralty Research Establishment and MOD police (assessed personnel costs only)				2,269
		4,793		(5) Works services—repair and maintenance by Department of the Environment for buildings, roads, jetties etc				7,498
54,982		84,949		A3 Contract repair of ships and vessels				69,923
		35,875		(1) HM ships and crafts at contractors' yards				29,729
		47,787		(2) Royal Fleet Auxiliaries at contractors' yards and incidental charges				39,298
		1,287		(3) Contract repair work undertaken on repayment terms				896
20,130		27,500		A4 Capital provision				30,521
		15,213		(1) Plant and machinery and materials drawn from MOD stocks				19,770
		12,287		(2) Works services; new building				10,751
426,200		445,219					Gross total	432,503
2,764		2,419		<i>Deduct:</i>				2,158
		1,285		AZ Appropriations in aid				896
		13		(1) Ship repairs by contract				14
		657		(2) Repairs and refits through defence sales				761
		62		(3) Other repayment services				11
		318		(4) Personnel				317
		84		(5) Gas, water and electricity				159
				(6) Miscellaneous receipts including fees for training of foreign and commonwealth students				
423,436		442,800					Net total	430,345

III **EXTRA RECEIPTS PAYABLE TO THE CONSOLIDATED FUND**

No extra receipts were received in 1984-85. None are expected in either 1985-86 or 1986-87

Table 1: Analysis of staff numbers expected to be in post on 1 April 1986

Total 1.4.85		Total 1.4.86	Devonport	Rosyth	Dockyard headquarters (Bath)
20,392	Civilian personnel ¹	19,110	12,470	6,315	325
36	Service personnel ²	37	18	9	10
20,428	Total	19,147	12,488	6,324	335

¹Comprises civilian staff whose personnel costs are provided for in class I, vote 5, subhead A1(1). These include 517 personnel in the dockyard material support groups of the Royal Naval Supply and Transport Service. They exclude 2,108 dockyard department personnel employed in establishments other than the dockyards, whose costs are provided for in class I, vote 1, subhead D2 and whose numbers are included in table 3 to that vote.

²These numbers are also included in the average numbers of armed forces personnel shown in table 1 to class I, vote 1.

Table 2: Analysis by individual dockyards of the net provision in class I, vote 5 for the year ending 31 March 1987

£'000

Total 1985-86		Total 1986-87	Devonport	Rosyth	Dockyard headquarters (Bath)
222,074	Personnel, costs etc (net)	219,315	124,960	66,379	27,976
109,562	Other current expenditure (net)	112,612	66,744	38,325	7,543
35,877	Contract repair of HM ships and vessels (net) ¹	29,729	—	—	29,729
	Capital provision:				
15,213	Plant and machinery	19,769	13,306	6,463	—
12,287	Works services: new building	10,751	6,936	3,815	—
395,013	Total (net)	392,176	211,946	114,982	65,248

¹Excludes provision of £39.298 million in class I, vote 5 subhead A3 (2), for contract repairs to Royal Fleet Auxiliaries and attendance of sub-contractors at dockyard refits, for which the dockyard department is not responsible.

Table 3: Dockyard production: estimate of costs for the year ending 31 March 1987⁽¹⁾ attributed to programme headings and to individual dockyards

£'000

Total 1985-86	Costs of production (elements of cost)	Total	Devonport	Rosyth
85,333	Direct labour	90,860	62,248	28,612
93,459	Direct material	94,451	64,903	29,548
60,544	Dockyard services	69,621	49,961	19,660
8,047	Contract services	9,191	5,913	3,278
85,983	Production overheads	92,680	59,439	33,241
80,691	Administration and general overheads	73,431	48,358	25,073
414,057	Total dockyard costs chargeable to production	430,234	290,822	139,412

Total 1985-86	Programme headings	Total	Devonport	Rosyth
330,932	Ship repair and alteration	345,505	231,024	114,481
—	Ship construction	—	—	—
23,257	Repair and modification of stores for stock	20,743	13,270	7,473
10,974	Manufacture of stores for stock	10,494	6,573	3,961
3,355	Plant and machinery for MOD establishments	3,367	2,850	477
33,007	Maintenance etc for other MOD establishments	34,761	25,978	8,783
401,525	Work for MOD customers (total)	414,870	279,695	135,175
688	Work for non-MOD customers, on repayment	571	469	102
402,213	Work for all customers (total)	415,441	280,164	135,277
11,844	Plant and machinery for dockyard use	14,793	10,658	4,135
414,057	Total dockyard costs chargeable to production	430,234	290,822	139,412

⁽¹⁾The figures in this and the following table are not directly comparable with those in the vote itself or in table 2. They represent costs chargeable to production in a year which do not necessarily correspond to the cash payments expected to be made during the year. For example "direct labour" includes notional liability for civil superannuation, not included in the vote, but excludes estains, which are included in the vote; "direct material" relates to material to be used during the year, though some of it may have been bought in previous years; "overheads" includes provision for the depreciation of fixed assets (representing the amortisation of capital costs not themselves included in the table, but included in the vote in the year in which they were incurred), and for notional interest on capital. The figures exclude expenditure on contract repairs outside the dockyards and they exclude VAT. Figures in the tables are at estimated average 1985-86 outturn prices.

Table 4: Dockyard production: estimate of costs for the year ending 31 March 1987⁽¹⁾ cross-analysed to production programme headings. The outturn against this estimate will be accounted for in the dockyard operating accounts 1986-87

£'000

PROGRAMME HEADINGS	Direct labour	Direct material	Dockyard services	Contract services	Production overheads	Administration and general overheads	Total dockyard costs chargeable to production
Ship repair and alteration	74,088	78,249	51,651	8,574	73,580	59,363	345,505
Ship construction	—	—	—	—	—	—	—
Repair and modification of stores for stock	4,199	8,102	13	34	4,976	3,419	20,743
Manufacture of stores for stock	2,508	2,543	210	12	3,097	2,124	10,494
Plant and machinery for other MOD establishments	978	676	5	3	951	754	3,367
Maintenance etc. for other MOD establishments	5,323	2,147	16,848	475	5,614	4,354	34,761
Work for MOD customers (total)	87,096	91,717	68,727	9,098	88,218	70,014	414,870
Work for non-MOD customers on repayment	155	44	119	—	139	114	571
Work for all customers (total)	87,251	91,761	68,846	9,098	88,357	70,128	415,441
Plant and machinery for dockyard use	3,609	2,690	775	93	4,323	3,303	14,793
Total dockyard costs chargeable to production	90,860	94,451	69,621	9,191	92,680	73,431	430,234

⁽¹⁾See footnote to table 3.

CLASS I, VOTE 6

SALE OF GOVERNMENT SHARES IN ROYAL ORDNANCE plc

Expenditure borne on this vote is not subject to a cash limit.

2. The token vote makes provision for expenses expected to be incurred by the Ministry of Defence in connection with the sale of shares in Royal Ordnance plc. Provision of £0.5 million is included for preliminary expenses, mainly advisory fees, while a token provision of £1,000 is included for the main expenses of the sale (which is expected to take place later in the year).

3. These expenses will be met from receipts from the sale appropriated in aid of the vote. A Supplementary Estimate will be presented later in the year to provide substantive provision for the main sale expenses and a compensating increase in appropriations in aid. After deducting appropriations in aid, the balance of receipts will be paid into the Consolidated Fund.

4. Associated administrative costs are borne on class I, vote 1.

Symbols are explained at the front of the volume.

SALE OF GOVERNMENT SHARES IN ROYAL ORDNANCE plc

I £1,000

Amount required in the year ending 31 March 1987 for expenditure by the Ministry of Defence in connection with the sale of Government shares in Royal Ordnance plc.

The Ministry of Defence will account for this vote.

	£	
Net total		1,000
Allocated in Vote on Account (HC10)		—
		1,000
Balance to complete		1,000

II SUMMARY AND SUBHEAD DETAIL

1984-85	1985-86	SUMMARY	1986-87		
Net outturn £'000	Total net provision £'000		Gross provision £'000	Appropriations in aid £'000	Net provision £'000
—	100	1.1 Defence budget	501	500	1
	Forecast outturn £'000 50				
1984-85	1984-85	SUBHEAD DETAIL	1986-87		
Outturn £'000	Total provision £'000		Provision £'000		
—	100	A1: Preliminary Expenses This sum is required by the Ministry of Defence to meet preliminary expenses of the sale of Government shares in Royal Ordnance plc ■			500
—	—	A2: Main expenses Token provision for main sale expenses. A substantive subhead will be introduced later in a Supplementary Estimate when the sale has taken place and expenses are known ■			1
	100		Gross total		501
—	—	<i>Deduct</i> AZ Appropriations in aid Receipts from the sale of shares			500
			Net total		1

III EXTRA RECEIPTS PAYABLE TO THE CONSOLIDATED FUND

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