

Ministry of Defence

Introduction

This Supplementary Estimate is required for the following purposes:

£			
Changes in budgets, non-budget voted provision and cash	Increases	Reductions	Total
i. Budget transfer for Project CYBER to Cabinet Office Section F.		-1,900,000	
ii. Budget transfer for Community services for Gurhkas based in UK to Dept of Communities & Local Govt (DCLG) Section F.		-500,000	
iii. Budget transfer Public Sector Mapping to DCLG Section F.		-800,000	
iv. Budget transfer for Search and Rescue Helicopters to Dept of Transport Section A.		-109,000	
v. Budget Transfer to Foreign & Commonwealth Office re MOD share of Conflict Pools funding Section Y.		-6,000,000	
vi. Reserve claim for increased depreciation and impairments to reflect latest forecast of outturn (Section H).	2,000,000,000		
vii. CDEL SUME to RDEL switch to realign budgets Sections A,B,C,D,E,F,H, I.	800,000,000		
viii. Reserve claim for Operations additional funding both near and non-cash for Libya & Afghanistan reflecting the latest forecast of outturn Sections N to U.	360,000,000		
ix. Reserve claim for RDEL to reflect latest forecast Sections A,B,C,D,E,F,H, I	250,000,000		
x. Machinery of Government Change (MOG) re transfer of Met Office function to BIS Section F.		-72,833,000	
xi. Commodity Block realignments - Nil DEL impact		-	
xii. Revised Administration Control Regime re-allocating RDEL from Programme to Administration, with no overall impact on RDEL, as agreed with Treasury - Nil Impact (Sections A and B)	734,379,000	-734,379,000	

Introduction

xiii Increased Resource Income to reflect the latest forecast of income offset by a corresponding increase in RDEL spending with no overall impact on RDEL.	105,811,000	-105,811,000	
xiv Interest payment to the National Loans Fund Section F	2,760,000		
Total change in Resource DEL (Voted)	4,252,950,000	-922,332,000	3,330,618,000
i. Decrease in cash release of provisions on Statement of Financial Affairs to reflect latest forecast Section AD		-59,857,000	
ii To reduce the AME provision at Main Estimates to reflect the current forecast of outturn		-1,000,000,000	
iii . Machinery of Government Change (MOG) re transfer of Met Office function to BIS Section AB		-3,273,000	
Total change in Resource AME (Voted)	-	-1,063,130,000	-1,063,130,000
i. Budget transfer in from BIS for A400M Transport plane contract reimbursement Section K	175,000,000		
ii. Budget transfer in from Cabinet Office for Project CYBER Section K	20,000		
iii. Budget transfer to Dept of Education for Duke of York Military School Section K	-	-6,000,000	
iv. SUME CDEL switch to RDEL to realign budgets Section J		-800,000,000	
v. Spending Policy adjust for interest relating to A400M funding Section K		-4,650,000	
vi. Machinery of Government change re transfer of Met Office function to BIS Section L	1,105,000		
vii CDEL commodity Block realignment - neutral impact			
viii Increased Capital Income to reflect the latest forecast of income offset by a corresponding increase in CDEL spending with no overall impact on CDEL.	98,069,000	-98,069,000	
ix. Reserve claim Operational Equipment Support section K.	108,000,000		
Total change in Capital DEL (Voted)	382,194,000	-908,719,000	-526,525,000
The requests above increase the Net Cash Requirement by £644,093,000.			
Total change in Net cash requirement			644,093,000

Part I

	Voted	Non-Voted	Total
Departmental Expenditure Limit			
Resource †	3,330,618,000	-	3,330,618,000
Capital †	-526,525,000	-	-526,525,000
Annually Managed Expenditure			
Resource †	-1,063,130,000	-	-1,063,130,000
Capital	-	-	-
Total Net Budget			
Resource	2,267,488,000	-	2,267,488,000
Capital	-526,525,000	-	-526,525,000
Non-Budget Expenditure	-		
Net cash requirement †	644,093,000		

Supplementary amounts required in the year ending 31 March 2012 for expenditure by Ministry of Defence on:

Departmental Expenditure Limit:Expenditure arising from:

Ongoing military commitments, including identifying and countering the threat of terrorist attack on the UK Mainland, and maintaining the integrity of UK waters and airspace. Contributing to the community by Search and Rescue, administration of cadet forces, costs of assistance to other Government Departments and agencies. Defence diplomacy, and the department's support of wider British interests. Delivering military capability, including costs of front line troops, attributed costs of logistical and personnel support costs. Research on the equipment and non-equipment programme. Defence Estates and business infrastructure. To support Ministers and Parliament. Strategic management and corporate services.

Personnel costs of the Armed Forces and their Reserves, Cadet forces, and personnel costs of Defence Ministers, and of civilian staff employed by the Ministry of Defence. Movements; charter of ships; logistic services for the Armed Forces; repair, maintenance, stores and supply services; associated capital facilities and works; contractors' redundancy costs; plant and machinery; nuclear warhead and fissile material programme; procurement, including development and production of equipment and weapon systems for the Armed Forces; purchases for sale abroad; research by contract; sundry procurement services including those on repayment terms.

Land and buildings works services. Services provided by other Government Departments. Sundry services, subscriptions, grants and other payments including those abroad via assistance to Foreign and Commonwealth Governments for defence-related purposes. UK youth community projects. Set-up costs and loans to Trading Funds. Spending by defence-related Non-Departmental Public Bodies (NDPBs).

Support of operations (Afghanistan) over and above the costs of maintaining the units involved at their normal state of readiness. The net additional (programme) costs for early warning, crisis management, conflict resolution/peace-making, peace-keeping and peace-building activities in other parts of the World. The net additional costs of associated strengthening of international regional systems; capacity-building; and stabilisation activities.

Part I

Support of operations (Libya) over and above the costs of maintaining the units involved at their normal state of readiness.

Income arising from:

Provision of services to foreign Governments and other government departments. Payments for services provided by Trading Funds. Dividends and loan repayments from Trading Funds. Sale of assets. recovery of costs from personnel. Rent for use of Ministry of Defence property and miscellaneous receipts.

Annually Managed Expenditure:

Expenditure arising from:

pensions and other payments/allowances for disablement or death arising out of war or service in the Armed Forces after 2 September 1939. Awards to surviving members of British groups held prisoner by the Japanese during the Second World War (Far Eastern Prisoners of War) or their surviving spouse and pensions and other payments in respect of service in the Armed Forces at other times, excluding claims under the Armed Forces Compensation Scheme and Armed Forces pension scheme. The creation and revaluation of provisions; impairments due to the revaluation of fixed assets, unforeseen obsolescence and losses caused by catastrophic events. Bad debts and some Foreign exchange gains and losses. Costs associated with decommissioning.

Ministry of Defence will account for this Estimate.

† The functions of the Meteorological Office were transferred to the Department of Business, Innovation and Skills with effect from 1 April 2011. Within the overall changes sought in this Estimate, the specific changes related to this Machinery of Government change are:

- a) Departmental Expenditure Limit - Resource (voted) is decreased by £ 72,833,000;
- b) Annually Managed Expenditure - Resource (voted) is decreased by £ 3,273,000;
- c) Departmental Expenditure Limit - Capital (voted) is increased by £ 1,105,000; and
- d) Net cash requirement is decreased by £ 71,728,000.

Part II: Changes Proposed

£'000

	Net Resources						Net Capital		
	Present		Changes		Revised		Present	Changes	Revised
	Admin	Prog	Admin	Prog	Admin	Prog	7	8	9
	1	2	3	4	5	6			
Spending in Departmental Expenditure Limits (DEL)									
Voted expenditure	2,025,020	34,106,605	760,160	2,570,458	2,785,180	36,677,063	10,031,486	-526,525	9,504,961
<i>Of which:</i>									
A Provision of Defence Capability Service Personnel Costs	670,460	8,827,853	-670,460	920,518	-	9,748,371	-	-	-
B Provision of Defence Capability Civilian Personnel Costs	1,354,560	1,387,179	1,404,839	-1,269,659	2,759,399	117,520	-	-	-
C Provision of Defence Capability Infrastructure costs	-	3,928,484	-	293,870	-	4,222,354	-	-	-
D Provision of Defence Capability Inventory Consumption	-	1,418,871	-	228,375	-	1,647,246	-	-	-
E Provision of Defence Capability Equipment Support Costs	-	5,520,854	-	-103,058	-	5,417,796	-	-	-
F Provision of Defence Capability Other Costs and Services (see details)	-	2,656,609	25,781	-778,882	25,781	1,877,727	-	-	-
G Provision of Defence Capability Receipts and other Income	-	-1,208,000	-	-98,138	-	-1,306,138	-	-	-
H Provision of Defence Capability Depreciation and Impairment Costs	-	8,271,336	-	2,000,000	-	10,271,336	-	-	-
I Provision of Defence Capability Cash Release of Provisions Costs	-	240,196	-	80,837	-	321,033	-	-	-
J Provision of Defence Capability Capital Single Use Military Equipment	-	-	-	-	-	-	5,718,500	-800,000	4,918,500
K Provision of Defence Capability Other Capital (Fiscal)	-	-	-	-	-	-	3,211,254	370,759	3,582,013
L Provision of Defence Capability Asset / Estate Disposal Costs	-	-	-	-	-	-	-87,139	-98,473	-185,612
M Provision of Defence Capability New Loans and Loan Repayment	-	-	-	-	-	-	4,486	1,105	5,591
N Operations Service Personnel Staff Cost	-	183,416	-	85,770	-	269,186	-	-	-
O Operations and Peacekeeping Civilian Personnel Staff Costs	-	35,280	-	591	-	35,871	-	-	-
P Operations Infrastructure Costs	-	304,043	-	-37,168	-	266,875	-	-	-
Q Operations Inventory Consumption	-	687,774	-	117,044	-	804,818	-	-	-
R Operations Equipment Support Costs	-	623,052	-	120,102	-	743,154	-	-	-
S Operations Other Costs and Services	-	621,435	-	-74,366	-	547,069	-	-	-
T Operations Receipts and other Income	-	-22,697	-	-11,960	-	-34,657	-	-	-
U Operations Depreciation and Impairment Costs	-	449,729	-	159,987	-	609,716	-	-	-

Part II: Changes Proposed

Y	Conflict Pools Resource Costs	-	52,253	-	-6,000	-	46,253	-	-	-
Z	Non Departmental Public Bodies Costs	-	122,548	-	53,772	-	176,320	2,139	84	2,223
AA	Provision of Defence Capability Research and Development Costs	-	-	-	888,823	-	888,823	-	-	-
Total Spending in DEL			760,160		2,570,458					-526,525
Spending in Annually Managed Expenditure (AME)										
Voted expenditure										
		-	3,756,666	-	-1,063,130	-	2,693,536	-	-	-
<i>Of which:</i>										
AB	Provision of Defence Capability Depreciation and Impairment Costs	-	2,347,134	-	-303,273	-	2,043,861	-	-	-
AC	Provision of Defence Capability Provisions Costs	-	456,183	-	-700,000	-	-243,817	-	-	-
AD	Provision of Defence Cash Release of Provisions Costs	-	-240,196	-	-59,857	-	-300,053	-	-	-
Total Spending in AME					-1,063,130					-
Total for Estimate			760,160		1,507,328					-526,525
<i>Of which:</i>										
Voted expenditure			760,160		1,507,328					-526,525
Non-voted expenditure			-		-					-

£'000

	Present Plans	Changes	Revised Plans
Net cash requirement	38,962,051	644,093	39,606,144

Part II: Revised subhead detail including additional provision**£'000**

						Revised Plans					
						Resources			Capital		
Administration		Resources		Programme							
Gross	Income	Net	Gross	Income	Net	Gross	Income	Net			
1	2	3	4	5	6	7	8	9			
Spending in Departmental Expenditure Limits (DEL)											
Voted expenditure											
	2,785,180	-	2,785,180	38,017,964	-1,340,901	36,677,063	9,696,043	-191,082	9,504,961		
<i>Of which:</i>											
A	Provision of Defence Capability Service Personnel Costs										
	-	-	-	9,748,371	-	9,748,371	-	-	-		
B	Provision of Defence Capability Civilian Personnel Costs										
	2,759,399	-	2,759,399	117,520	-	117,520	-	-	-		
C	Provision of Defence Capability Infrastructure costs										
	-	-	-	4,222,354	-	4,222,354	-	-	-		
D	Provision of Defence Capability Inventory Consumption										
	-	-	-	1,647,246	-	1,647,246	-	-	-		
E	Provision of Defence Capability Equipment Support Costs										
	-	-	-	5,417,796	-	5,417,796	-	-	-		
F	Provision of Defence Capability Other Costs and Services (see details)										
	25,781	-	25,781	1,877,727	-	1,877,727	-	-	-		
G	Provision of Defence Capability Receipts and other Income										
	-	-	-	-	-1,306,138	-1,306,138	-	-	-		
H	Provision of Defence Capability Depreciation and Impairment Costs										
	-	-	-	10,271,336	-	10,271,336	-	-	-		
I	Provision of Defence Capability Cash Release of Provisions Costs										
	-	-	-	321,033	-	321,033	-	-	-		
J	Provision of Defence Capability Capital Single Use Military Equipment										
	-	-	-	-	-	-	4,918,500	-	4,918,500		
K	Provision of Defence Capability Other Capital (Fiscal)										
	-	-	-	-	-	-	3,582,013	-	3,582,013		
L	Provision of Defence Capability Asset / Estate Disposal Costs										
	-	-	-	-	-	-	-2,139	-183,473	-185,612		
M	Provision of Defence Capability New Loans and Loan Repayment										
	-	-	-	-	-	-	13,200	-7,609	5,591		
N	Operations Service Personnel Staff Cost										
	-	-	-	269,186	-	269,186	-	-	-		
O	Operations and Peacekeeping Civilian Personnel Staff Costs										
	-	-	-	35,871	-	35,871	-	-	-		
P	Operations Infrastructure Costs										
	-	-	-	266,875	-	266,875	-	-	-		
Q	Operations Inventory Consumption										
	-	-	-	804,818	-	804,818	-	-	-		
R	Operations Equipment Support Costs										
	-	-	-	743,154	-	743,154	-	-	-		
S	Operations Other Costs and Services										
	-	-	-	547,069	-	547,069	-	-	-		
T	Operations Receipts and other Income										
	-	-	-	-	-34,657	-34,657	-	-	-		
U	Operations Depreciation and Impairment Costs										
	-	-	-	609,716	-	609,716	-	-	-		

Part II: Revised subhead detail including additional provision

£'000

		Revised Plans								
		Resources			Programme		Capital			
	Administration									
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
	1	2	3	4	5	6	7	8	9	
V	Operations Cash Release of Provisions Costs	-	-	6,390	-	6,390	-	-	-	
W	Operations Capital Single Use Military Equipment	-	-	-	-	-	662,594	-	662,594	
X	Operations Other Capital (Fiscal)	-	-	-	-	-	519,652	-	519,652	
Y	Conflict Pools Resource Costs	-	-	46,359	-106	46,253	-	-	-	
Z	Non Departmental Public Bodies Costs	-	-	176,320	-	176,320	2,223	-	2,223	
AA	Provision of Defence Capability Research and Development Costs	-	-	888,823	-	888,823	-	-	-	
Total Spending in DEL		2,785,180	-	2,785,180	38,017,964	-1,340,901	36,677,063	9,696,043	-191,082	9,504,961
Spending in Annually Managed Expenditure (AME)										
Voted expenditure										
		-	-	2,693,536	-	2,693,536	-	-	-	
<i>Of which:</i>										
AB	Provision of Defence Capability Depreciation and Impairment Costs	-	-	2,043,861	-	2,043,861	-	-	-	
AC	Provision of Defence Capability Provisions Costs	-	-	-243,817	-	-243,817	-	-	-	
AD	Provision of Defence Cash Release of Provisions Costs	-	-	-300,053	-	-300,053	-	-	-	
AE	Movement on Fair Value of Financial Instruments	-	-	218,879	-	218,879	-	-	-	
AF	Operations	-	-	15,056	-	15,056	-	-	-	
AG	Operations Cash Release of Provisions Costs	-	-	-6,390	-	-6,390	-	-	-	
AH	War Pensions Benefits Programme costs	-	-	966,000	-	966,000	-	-	-	
Total Spending in AME		-	-	2,693,536	-	2,693,536	-	-	-	
Total for Estimate										
		2,785,180	-	2,785,180	40,711,500	-1,340,901	39,370,599	9,696,043	-191,082	9,504,961
<i>Of which:</i>										
Voted expenditure										
		2,785,180	-	2,785,180	40,711,500	-1,340,901	39,370,599	9,696,043	-191,082	9,504,961
Non-voted expenditure										
		-	-	-	-	-	-	-	-	-

Part II: Resource to cash reconciliation

£'000

	Present Plans	Changes	Revised Plans
Net Resource Requirement	39,888,291	2,267,488	42,155,779
Net Capital Requirement	10,031,486	-526,525	9,504,961
Accruals to cash adjustments	-10,957,726	-1,096,870	-12,054,596
<i>Of which:</i>	-	-	-
<i>Adjustments to remove non-cash items:</i>	-	-	-
Depreciation	-11,284,184	-1,856,714	-13,140,898
New provisions and adjustments to previous provisions	-471,239	700,000	228,761
Departmental Unallocated Provision	-	-	-
Supported capital expenditure (revenue)	-	-	-
Prior Period Adjustments	-	-	-
Other non-cash items	-	-13	-13
<i>Adjustment for NDPBs:</i>	-	-	-
Remove voted resource and capital	-124,687	-53,856	-178,543
Add cash grant-in-aid	124,023	53,856	177,879
<i>Adjustments to reflect movements in working balances:</i>	-	-	-
Increase (+) / Decrease (-) in stock	352,123	-	352,123
Increase (+) / Decrease (-) in debtors	304,253	-	304,253
Increase (-) / Decrease (+) in creditors	-104,601	-	-104,601
Use of provisions	246,586	59,857	306,443
Removal of non-voted budget items	-	-	-
<i>Of which:</i>	-	-	-
Consolidated Fund Standing Services	-	-	-
Other adjustments	-	-	-
Net Cash Requirement	38,962,051	644,093	39,606,144

Part III: Note A - Forecast Operating Cost Statement & Reconciliation Table

	£'000
	Revised Plans
Gross Administration Costs	2,785,180
<i>Less:</i>	
Administration DEL Income	-
Net Administration Costs	2,785,180
Gross Programme Costs	40,690,520
<i>Less:</i>	
Programme DEL Income	-1,340,901
Programme AME Income	-
Non-budget income	-
Net Programme Costs	39,349,619
Total Net Operating Costs	42,134,799
<i>Of which:</i>	
Resource DEL	39,134,820
Capital DEL	-
Resource AME	2,999,979
Capital AME	-
Non-budget	-
<i>Adjustments to include:</i>	
Departmental Unallocated Provision (resource)	-
Consolidated Fund Extra Receipts in the budget but not in the OCS	-
<i>Adjustments to remove:</i>	
Capital in the OCS	-
Non-Budget Consolidated Fund Extra Receipts in the OCS	-
Other adjustments	20,980
Total Resource Budget	42,155,779
<i>Of which:</i>	
Resource DEL	39,462,243
Resource AME	2,693,536
<i>Adjustments to remove:</i>	
Consolidated Fund Extra Receipts in the resource budget	-
Other adjustments	-
Total Resource (Estimate)	42,155,779

Part III: Note B - Analysis of Departmental Income

	£'000
	Revised Plans
Voted Resource DEL	-1,340,901
<i>Of which:</i>	
Programme	
Sale of goods and services	-1,340,901
<i>Of which:</i>	
Section G: Provision of Defence Capability Receipts and other Income	-1,306,138
Section T: Operations Receipts and other Income	-34,657
Section Y: Conflict Pools Resource Costs	-106
Total Voted Resource Income	-1,340,901
Voted Capital DEL	-191,082
<i>Of which:</i>	
Programme	
Sale of assets	-183,473
<i>Of which:</i>	
Section L: Provision of Defence Capability Asset / Estate Disposal Costs	-183,473
loan , etc, repayments	-7,609
<i>Of which:</i>	
Section M: Provision of Defence Capability New Loans and Loan Repayment	-7,609
Total Voted Capital Income	-191,082

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

No CFER income or receipts are expected in 2011-12.

Part III: Note D - Explanation of Accounting Officer responsibilities

The Accounting Officer prepares resource accounts for each financial year.

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

Accounting Officer	Ursula Brennan
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In accordance with Chapter 3 of *Managing Public Money* (issued by the Treasury), the following individuals are NDPB Accounting Officer appointments:

NDPB Accounting Officers

Mr Paul Hatt	Royal Hospital, Chelsea
Mr Dominic Twedde	National Museum of the Royal Navy and other naval museums
Mrs Janice Murray	National Army Museum
Mr Peter Dye	Royal Air Force Museum
AVM P D Luker	Council of the Reserve Forces and Cadets Associations
Alan Pateman-Jones	Commonwealth War Graves Commission
Major General Sir Evelyn Webb- Carter KCVO OBE DL	Army Benevolent Fund

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

In discharging these responsibilities, particular regard is given to:

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

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

In accordance with *Managing Public Money* requirements, the relationship between the Principal Accounting Officer and Additional Accounting Officer(s), and with their Ministers, together with their respective responsibilities, is set out in writing. Similarly, the relationship between the Principal/Additional Accounting Officer and the NDPB Accounting Officer(s) is set out in writing.

Part III: Note E - Non-Departmental Public Bodies

£'000

Section in Part II: Subhead Detail		Body	Resources	Capital	Grant-in-aid
Z - DEL	Army Benevolent Fund		-	-	-
Z - DEL	Council for Reserve Forces and Cadets Association		99,720	2,026	101,746
Z - DEL	Royal Hospital Chelsea		11,089	-	11,001
Z - DEL	National Army Museum		5,757	-	5,757
Z - DEL	RAF Museum		7,565	109	7,674
Z - DEL	National Museum of the Royal Navy		4,601	98	4,123
Z - DEL	Commonwealth Graves Commission		47,588	-	47,588
Total			176,320	2,223	177,879

Part III: Notes I, J, K and L

There are no changes to Notes I Gifts, J Staff Benefits, K Contingent Liabilities and Note L International Subscriptions.

