

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. Switch from SUME CDEL To RDEL (Sections A, B,C,D E, F, G & AA)	1,500,000,000		
ii. RDEL Budget Exchange (Sections A, B,C,D E, F, G & AA)		-1,240,000,000	
iii. Adjustment to Administration Control Regime Sections (A, B,C,D E, F, G & AA)	140,000,000	-140,000,000	
iv. Additional Depreciation (Section H)	500,000,000		
v. Military covenant additional funding (Section F)	35,000,000		
vi. Reimbursement of VAT paid for Military Wives Choir single from Treasury (Section F)	200,000		
vii. Continuing Education Allowance reduction (Section A)		-47,000,000	
viii. Transfer out for Information Assurance Technical programme to SIA (Section F)		-9,250,000	
ix. Transfers in for CYBER and Global Threat Reduction Fund from SIA (Section F)	12,439,000		
x. Transfer in for Cadet Force Expansion from Dept of Education (Section F)	1,100,000		
xi. Transfer in for UN Cyprus costs from FCO (Section Y)	2,100,000		
xii. Lower than forecast Operational Funding (Sections P, Q, R and S)		-357,000,000	
Total change in Resource DEL (Voted)	2,190,839,000	-1,793,250,000	397,589,000
i. Reduction in AME due to lower forecast than Spending Review (Section AB)		-800,000,000	

ii Change in Treasury Discount Rate applied to provisions (Section AC)	150,000,000		
iii. Increased Provision for War Pension Benefits switched from core AME provisions (Sections AC & AH)	10,000,000	-10,000,000	
iv. Switch from Resource AME Provision to Capitalised AME Provision (Section AC)		-35,000,000	
Total change in Resource AME (Voted)	160,000,000	-845,000,000	-685,000,000
i. Switch from SUME CDEL To RDEL (Section J)		-1,500,000,000	
ii. CDEL Budget Exchange (Section K)		-350,000,000	
iii. Mastiff Armoured Vehicle refund (Section J)		-12,000,000	
iv Additional funding to increase Defence Capability in Operational theatres (Section K)	50,000,000		
v. Transfers in for CYBER from SIA (Section K)	4,935,000		
vi. Transfer in for Cadet Force Expansion Scheme from Dept of Education (Section F)	400,000		
vii Transfer out for Global Threat Reduction Fund from SIA (Section K)		-37,000	
viii. Lower than forecast Operational Funding (Sections W and X)		-150,000,000	
Total change in Capital DEL (Voted)	55,335,000	-2,012,037,000	-1,956,702,000
i. Switch from Resource AME Provisions to Capitalised Provisions (Section AC)	35,000,000		
Total change in Capital AME (Voted)	35,000,000		35,000,000
Total change in Net Cash Requirement			

Part I

£

	Voted	Non-Voted	Total
Departmental Expenditure Limit			
Resource	397,589,000	-	397,589,000
Capital	-1,956,702,000	-	-1,956,702,000
Annually Managed Expenditure			
Resource	-685,000,000	-	-685,000,000
Capital	35,000,000	-	35,000,000
Total Net Budget			
Resource	-287,411,000	-	-287,411,000
Capital	-1,921,702,000	-	-1,921,702,000
Non-Budget Expenditure	-		
Net cash requirement	-		

Supplementary amounts required in the year ending 31 March 2013 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 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.

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.

Part II: Changes Proposed

£'000

Net Resources						Net Capital		
Present		Changes		Revised		Present	Changes	Revised
Admin	Prog	Admin	Prog	Admin	Prog			
1	2	3	4	5	6	7	8	9
Spending in Departmental Expenditure Limits (DEL)								
Voted Expenditure								
2,185,133	34,574,275	140,000	257,589	2,325,133	34,831,864	9,916,815	-1,956,702	7,960,113
<i>Of which:</i>								
A Provision of Defence Capability Service Personnel Costs								
-	9,547,851	-	-148,800	-	9,399,051	-	-	-
B Provision of Defence Capability Civilian Personnel Costs								
2,160,642	118,675	140,000	175,000	2,300,642	293,675	-	-	-
C Provision of Defence Capability Infrastructure costs								
-	4,160,724	-	235,000	-	4,395,724	-	-	-
D Provision of Defence Capability Inventory Consumption								
-	1,485,994	-	350,000	-	1,835,994	-	-	-
E Provision of Defence Capability Equipment Support Costs								
-	5,600,218	-	-452,000	-	5,148,218	-	-	-
F Provision of Defence Capability Other Costs and Services (see details)								
24,491	1,604,366	-	212,439	24,491	1,816,805	-	-	-
G Provision of Defence Capability Receipts and other Income								
-	-1,156,415	-	-55,000	-	-1,211,415	-	-	-
H Provision of Defence Capability Depreciation and Impairments Costs								
-	8,677,012	-	500,000	-	9,177,012	-	-	-
J Provision of Defence Capability Capital Single Use Military Equipment								
-	-	-	-	-	-	5,888,370	-1,512,000	4,376,370
K Provision of Defence Capability Other Capital (Fiscal)								
-	-	-	-	-	-	3,346,752	-294,798	3,051,954
N Operations Service Personnel Staff Cost								
-	246,770	-	-5,200	-	241,570	-	-	-
P Operations Infrastructure Costs								
-	239,496	-	-57,000	-	182,496	-	-	-
Q Operations Inventory Consumption								
-	720,701	-	-62,000	-	658,701	-	-	-
R Operations Equipment Support Costs								
-	665,413	-	-170,000	-	495,413	-	-	-
S Operations Other Costs and Services								
-	490,855	-	-68,000	-	422,855	-	-	-
W Operations Capital Single Use Military Equipment								
-	-	-	-	-	-	421,340	-38,000	383,340
X Operations Other Capital (Fiscal)								
-	-	-	-	-	-	329,660	-112,000	217,660
Y Conflict Pools Resource Costs								
-	52,200	-	2,100	-	54,300	-	-	-
Z Non Departmental Public Bodies Costs								
-	171,443	-	-950	-	170,493	2,693	96	2,789

Part II: Changes Proposed

£'000

	Net Resources						Net Capital		
	Present		Changes		Revised		Present	Changes	Revised
	Admin 1	Prog 2	Admin 3	Prog 4	Admin 5	Prog 6	7	8	9
AA Provision of Defence Capability Research and Development Costs	-	1,176,522	-	-198,000	-	978,522	-	-	-
Total Spending in DEL			140,000	257,589				-1,956,702	
Spending in Annually Managed Expenditure (AME)									
Voted Expenditure	-	3,063,760	-	-685,000	-	2,378,760	-	35,000	35,000
<i>Of which:</i>									
AB Provision of Defence Capability Depreciation and Impairment Costs	-	1,664,430	-	-800,000	-	864,430	-	-	-
AC Provision of Defence Capability Provisions Costs	-	457,271	-	105,000	-	562,271	-	35,000	35,000
AH War Pensions Benefits Programme costs	-	922,978	-	10,000	-	932,978	-	-	-
Total Spending in AME			-	-685,000				35,000	
Total for Estimate			140,000	-427,411				-1,921,702	
<i>Of which:</i>									
Voted Expenditure			140,000	-427,411				-1,921,702	
Non Voted Expenditure			-	-				-	

£'000

	Present Plans	Changes	Revised Plans
Net Cash Requirement	38,651,322	-	38,651,322

Part II: Revised subhead detail including additional provision

£'000

Revised Plans								
Resources						Capital		
Administration			Programme					
Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
1	2	3	4	5	6	7	8	9
Spending in Departmental Expenditure Limits (DEL)								
Voted expenditure								
2,325,133	-	2,325,133	36,071,240	-1,239,376	34,831,864	8,027,113	-67,000	7,960,113
<i>Of which:</i>								
A Provision of Defence Capability Service Personnel Costs								
-	-	-	9,399,051	-	9,399,051	-	-	-
B Provision of Defence Capability Civilian Personnel Costs								
2,300,642	-	2,300,642	293,675	-	293,675	-	-	-
C Provision of Defence Capability Infrastructure costs								
-	-	-	4,395,724	-	4,395,724	-	-	-
D Provision of Defence Capability Inventory Consumption								
-	-	-	1,835,994	-	1,835,994	-	-	-
E Provision of Defence Capability Equipment Support Costs								
-	-	-	5,148,218	-	5,148,218	-	-	-
F Provision of Defence Capability Other Costs and Services (see details)								
24,491	-	24,491	1,816,805	-	1,816,805	-	-	-
G Provision of Defence Capability Receipts and other Income								
-	-	-	-	-1,211,415	-1,211,415	-	-	-
H Provision of Defence Capability Depreciation and Impairments Costs								
-	-	-	9,177,012	-	9,177,012	-	-	-
I Provision of Defence Capability Cash Release of Provisions Costs								
-	-	-	242,868	-	242,868	-	-	-
J Provision of Defence Capability Capital Single Use Military Equipment								
-	-	-	-	-	-	4,376,370	-	4,376,370
K Provision of Defence Capability Other Capital (Fiscal)								
-	-	-	-	-	-	3,051,954	-	3,051,954
L Provision of Defence Capability Fiscal Assets / Estate Disposal								
-	-	-	-	-	-	-	-67,000	-67,000
M Provision of Defence Capability New Loans and Loan Repayment								
-	-	-	-	-	-	-5,000	-	-5,000
N Operations Service Personnel Staff Cost								
-	-	-	241,570	-	241,570	-	-	-
O Operations and Peacekeeping Civilian Personnel Staff Costs								
-	-	-	32,192	-	32,192	-	-	-
P Operations Infrastructure Costs								
-	-	-	182,496	-	182,496	-	-	-
Q Operations Inventory Consumption								
-	-	-	658,701	-	658,701	-	-	-
R Operations Equipment Support Costs								
-	-	-	495,413	-	495,413	-	-	-
S Operations Other Costs and Services								
-	-	-	422,855	-	422,855	-	-	-

Part II: Revised subhead detail including additional provision

£'000

Revised Plans								
Resources						Capital		
Administration			Programme					
Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
1	2	3	4	5	6	7	8	9
T Operations Receipts and other Income								
-	-	-	-	-27,961	-27,961	-	-	-
U Operations Depreciation and Impairment Costs								
-	-	-	519,617	-	519,617	-	-	-
V Operations Cash Release of Provisions Costs								
-	-	-	5,734	-	5,734	-	-	-
W Operations Capital Single Use Military Equipment								
-	-	-	-	-	-	383,340	-	383,340
X Operations Other Capital (Fiscal)								
-	-	-	-	-	-	217,660	-	217,660
Y Conflict Pools Resource Costs								
-	-	-	54,300	-	54,300	-	-	-
Z Non Departmental Public Bodies Costs								
-	-	-	170,493	-	170,493	2,789	-	2,789
AA Provision of Defence Capability Research and Development Costs								
-	-	-	978,522	-	978,522	-	-	-
Total Spending in DEL								
2,325,133	-	2,325,133	36,071,240	-1,239,376	34,831,864	8,027,113	-67,000	7,960,113
Spending in Annually Managed Expenditure (AME)								
Voted expenditure								
-	-	-	2,378,760	-	2,378,760	35,000	-	35,000
<i>Of which:</i>								
AB Provision of Defence Capability Depreciation and Impairment Costs								
-	-	-	864,430	-	864,430	-	-	-
AC Provision of Defence Capability Provisions Costs								
-	-	-	562,271	-	562,271	35,000	-	35,000
AD Provision of Defence Cash Release of Provisions Costs								
-	-	-	-242,868	-	-242,868	-	-	-
AE Movement On Fair Value of Financial Instruments								
-	-	-	252,627	-	252,627	-	-	-
AF Operations								
-	-	-	15,056	-	15,056	-	-	-
AG Operations Cash Release of Provisions Costs								
-	-	-	-5,734	-	-5,734	-	-	-

Part II: Revised subhead detail including additional provision

£'000

Revised Plans								
Resources						Capital		
Administration			Programme					
Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
1	2	3	4	5	6	7	8	9
AH War Pensions Benefits Programme costs								
-	-	-	932,978	-	932,978	-	-	-
Total Spending in AME								
-	-	-	2,378,760	-	2,378,760	35,000	-	35,000
Total for Estimate								
2,325,133	-	2,325,133	38,450,000	-1,239,376	37,210,624	8,062,113	-67,000	7,995,113
<i>Of which:</i>								
Voted Expenditure								
2,325,133	-	2,325,133	38,450,000	-1,239,376	37,210,624	8,062,113	-67,000	7,995,113
Non Voted Expenditure								
-	-	-	-	-	-	-	-	-

Part II: Resource to cash reconciliation

£'000

	Present Plans	Changes	Revised Plans
Net Resource Requirement	39,823,168	-287,411	39,535,757
Net Capital Requirement	9,916,815	-1,921,702	7,995,113
Accruals to cash adjustments	-11,088,661	2,209,113	-8,879,548
<i>Of which:</i>			
<i>Adjustments to remove non-cash items:</i>			
Depreciation	-11,113,686	300,000	-10,813,686
New provisions and adjustments to previous provisions	-472,327	-105,000	-577,327
Departmental Unallocated Provision	-	-	-
Supported capital expenditure (revenue)	-	-	-
Prior Period Adjustments	-	-	-
Other non-cash items	-	-	-
<i>Adjustment for NDPBs:</i>			
Remove voted resource and capital	-174,136	854	-173,282
Add cash grant-in-aid	173,148	-854	172,294
<i>Adjustments to reflect movements in working balances:</i>			
Increase (+) / Decrease (-) in stock	290,338	402,371	692,709
Increase (+) / Decrease (-) in debtors	285,125	102,371	387,496
Increase (-) / Decrease (+) in creditors	-325,725	1,509,371	1,183,646
Use of provisions	248,602	-	248,602
Removal of non-voted budget items	-	-	-
<i>Of which:</i>			
Consolidated Fund Standing Services	-	-	-
Other adjustments	-	-	-
Net Cash Requirement	38,651,322	-	38,651,322

Part III: Note A - Statement of Comprehensive Net Expenditure & Reconciliation Table

£'000

	Revised Plans
Gross Administration Costs	2,325,133
<i>Less:</i>	
Administration DEL Income	-
Net Administration Costs	2,325,133
Gross Programme Costs	38,450,000
<i>Less:</i>	
Programme DEL Income	-1,239,376
Programme AME Income	-
Non-budget income	-
Net Programme Costs	37,210,624
Total Net Operating Costs	39,535,757
<i>Of which:</i>	
Resource DEL	36,908,395
Capital DEL	-
Resource AME	2,627,362
Capital AME	-
Non-budget	-
<i>Adjustments to include:</i>	
Departmental Unallocated Provision (resource)	-
Consolidated Fund Extra Receipts in the budget but not in the SoCNE	-
<i>Adjustments to remove:</i>	
Capital in the SoCNE	-
Non-Budget Consolidated Fund Extra Receipts in the SoCNE	-
Other adjustments	-
Total Resource Budget	39,535,757
<i>Of which:</i>	
Resource DEL	37,156,997
Resource AME	2,378,760
<i>Adjustments to include:</i>	
Prior period adjustments	-
<i>Adjustments to remove:</i>	
Consolidated Fund Extra Receipts in the resource budget	-
Other adjustments	-
Total Resource (Estimate)	39,535,757

Part III: Note B - Analysis of Departmental Income

£'000

Revised
Plans

Voted Resource DEL

-1,239,376

Of which:

Programme

Sales of Goods and Services

-962,173

Of which:

G Provision of Defence Capability Receipts and other Income

-934,212

T Operations Receipts and other Income

-27,961

Interest and Dividends

-35,203

Of which:

G Provision of Defence Capability Receipts and other Income

-35,203

Other Income

-242,000

Of which:

G Provision of Defence Capability Receipts and other Income

-242,000

Total Programme

-1,239,376

Total Voted Resource Income

-1,239,376

Voted Capital DEL

-67,000

Of which:

Programme

Sales of Assets

-67,000

Of which:

L Provision of Defence Capability Fiscal Assets / Estate Disposal

-67,000

Total Programme

-67,000

Total Voted Capital Income

-67,000

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

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

Part III: Note D - Explanation of Accounting Officer responsibilities

The Accounting Officer prepares resource accounts for each financial year.

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

Accounting Officer: Jonathan Thompson

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

ALB/NDPB Accounting Officers:

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

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

In discharging these responsibilities, particular regard is given to:

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

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

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	Commonwealth War Graves Commission	46,871	-	46,871
Z DEL	Council for Reserve Forces and Cadets Association	93,477	2,077	95,554
Z DEL	National Army Museum	5,570	-	5,570
Z DEL	National Museum of the Royal Navy	5,150	603	4,853
Z DEL	Royal Air Force Museum	8,061	109	8,170
Z DEL	Royal Hospital Chelsea	11,364	-	11,276
Total		170,493	2,789	172,294

