

Armed Forces retired pay, pensions etc

Introduction

This Supplementary Estimate is required for the following purposes:

£			
Changes in budgets, non-budget voted provision and cash	Increases	Reductions	Total
i. To increase the Current Service Costs to reflect the latest forecast of outturn (Section A).	420,000,000		
ii. To increase Past Service Costs to reflect the latest forecast of outturn (Section A)	927,000,000		
iii. To decrease Interest on Scheme Liability to reflect the latest forecast of outturn (Section A)		-7,000,000	
Total change in Resource AME (Voted)	1,347,000,000	-7,000,000	1,340,000,000
i. To increase the net cash requirement for forecast commitments for pension lump sums as a result of the reduction in Armed Forces personnel under the Strategic Defence & Security Review; and back dated pay awards in relation to legislation changes in the Armed Forces Compensation Scheme as a result of the Boyce Review	340,000,000		
Total change in Net cash requirement			340,000,000

Part I

	Voted	Non-Voted	Total
Departmental Expenditure Limit			
Resource	-	-	-
Capital	-	-	-
Annually Managed Expenditure			
Resource	1,340,000,000	-	1,340,000,000
Capital	-	-	-
Total Net Budget			
Resource	1,340,000,000	-	1,340,000,000
Capital	-	-	-
Non-Budget Expenditure	-		
Net cash requirement	340,000,000		

Supplementary amounts required in the year ending 31 March 2012 for expenditure by Armed Forces retired pay, pensions etc on:

Annually Managed Expenditure:Expenditure arising from:

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

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

Income arising from:

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

Ministry of Defence will account for this Estimate.

Part II: Changes Proposed

						£'000		
Present		Net Resources Changes		Revised		Present	Net Capital Changes	Revised
Admin	Prog	Admin	Prog	Admin	Prog	7	8	9
1	2	3	4	5	6			
Spending in Annually Managed Expenditure (AME)								
Voted expenditure								
	-	5,750,002	-	1,340,000	-	7,090,002	-	-
<i>Of which:</i>								
A	Payments to service personnel							
	-	5,750,002	-	1,340,000	-	7,090,002	-	-
Total Spending in AME								
			-	1,340,000				-
Total for Estimate								
			-	1,340,000				-
<i>Of which:</i>								
Voted expenditure								
			-	1,340,000				-
Non-voted expenditure								
			-	-				-

£'000

	Present Plans	Changes	Revised Plans
Net cash requirement	1,569,082	340,000	1,909,082

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

Revised Plans								
Resources						Capital		
Gross	Administration			Gross	Programme			Gross
1	Income	Net	4	Income	Net	7	Income	Net
1	2	3	4	5	6	7	8	9
Spending in Annually Managed Expenditure (AME)								
Voted expenditure								
-	-	-	9,221,926	-2,131,924	7,090,002	-	-	-
<i>Of which:</i>								
A Payments to service personnel								
-	-	-	9,221,926	-2,131,924	7,090,002	-	-	-
Total Spending in AME								
-	-	-	9,221,926	-2,131,924	7,090,002	-	-	-
Total for Estimate								
-	-	-	9,221,926	-2,131,924	7,090,002	-	-	-
<i>Of which:</i>								
Voted expenditure								
-	-	-	9,221,926	-2,131,924	7,090,002	-	-	-
Non-voted expenditure								
-	-	-	-	-	-	-	-	-

Part II: Resource to cash reconciliation

£'000

	Present Plans	Changes	Revised Plans
Net Resource Requirement	5,750,002	1,340,000	7,090,002
Net Capital Requirement	-	-	-
Accruals to cash adjustments	-4,180,920	-1,000,000	-5,180,920
<i>Of which:</i>			
<i>Adjustments to remove non-cash items:</i>			
Depreciation	-	-	-
New provisions and adjustments to previous provisions	-7,881,926	-1,340,000	-9,221,926
Departmental Unallocated Provision	-	-	-
Supported capital expenditure (revenue)	-	-	-
Prior Period Adjustments	-	-	-
Other non-cash items	-	-	-
<i>Adjustment for NDPBs:</i>	-	-	-
Remove voted resource and capital	-	-	-
Add cash grant-in-aid	-	-	-
<i>Adjustments to reflect movements in working balances:</i>	-	-	-
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	482	-	482
Increase (-) / Decrease (+) in creditors	-17,423	-	-17,423
Use of provisions	3,717,947	340,000	4,057,947
Removal of non-voted budget items	-	-	-
<i>Of which:</i>			
Consolidated Fund Standing Services	-	-	-
Other adjustments	-	-	-
Net Cash Requirement	1,569,082	340,000	1,909,082

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

	£'000
	Revised Plans
Gross Programme Costs	9,221,926
<i>Of which:</i>	
Increases in liability	3,610,803
Interest on scheme liability	5,611,123
Other expenditure	-
<i>Less:</i>	
Contributions received	-2,130,181
Transfers in	-1,743
Other income	-
Net Programme Costs	7,090,002
Total Net Operating Costs	7,090,002
<i>Of which:</i>	
Resource DEL	-
Capital DEL	-
Resource AME	7,090,002
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	-
Total Resource Budget	7,090,002
<i>Of which:</i>	
Resource DEL	-
Resource AME	7,090,002
<i>Adjustments to remove:</i>	
Consolidated Fund Extra Receipts in the resource budget	-
Other adjustments	-
Total Resource (Estimate)	7,090,002

Part III: Note B - Analysis of Departmental Income

	£'000
	Revised Plans
Voted Resource AME	-2,131,924
<i>Of which:</i>	
Programme	
Pension scheme related income	-2,131,924
<i>Of which:</i>	
Section A: Payments to service personnel	-2,131,924
Total Voted Resource Income	-2,131,924

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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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 (FReM), 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*.

