

# Ministry of Defence

## Introduction

### Request for Resources 1: Provision of Defence Capability

1. RfR1 provides for expenditure primarily to meet the costs of the Department's operational, support and logistics services, and providing the equipment capability required by Defence policy. It reflects the way in which the Department manages its expenditure. Each of the eight Top Level Budget (TLB) Holders included in this RfR has been allocated an individual section within Departmental Expenditure Limit (DEL), Annually Managed Expenditure (AME) and Non-Budget consistent with expenditure and income for which the TLB holder is responsible and accountable within the Department. Information on the responsibilities of each TLB holder and the type of expenditure that they incur is contained in the forthcoming Departmental Annual Report and Resource Accounts.

2. Sections A to M include £35,519.627 million in respect of net DEL, broken down as £36,794.921 million for gross DEL and £1,275.294 million for Appropriations in Aid. The sections also show £ 7,548.220 million in respect of net Capital broken down as £7,845.220 million DEL and £ 297 million in respect of Non Operating Appropriations in Aid. Additionally Sections H to K include £ 15.079 million in respect of capital loans to and £8.150 repayments from the Department's Trading Funds. These are included in Capital and Non Operating Appropriations in Aid, giving a net capital position of £7,555.149 million.

3. Sections N to P include £173.255 million for gross resource AME and £2,643M for Capital AME.

4. Sections O to U include Non-Budget expenditure of £0.750 million in respect of the VAT paid by the Commonwealth War Graves Commission for UK expenditure, £3.406 million in respect of payments and interest charges for the National Loans Fund: £ 2.141million as capital repayments to the National Loans Fund: £9.724 million for the Grant in Aid to Royal Hospital Chelsea: £3.053million for Grant in Aid for the naval museums: £5.338 million for the Royal Army Museum; £ 7.367million for the Royal Air Force Museum, and £59.827 million for the Council of Reserve Forces and Cadet Associations.

5. Included within this Estimate are net transfers out from other Government Departments amounting to £1.785million. Transfers out are £0.5 million to Department of Transport; £0.5 million to Cabinet Office; £0.5 million to Foreign and Commonwealth Office for Royal Flight; £0.05 million to Ministry of Justice for the centralisation of tribunals and £0.235 million to Department of Innovation, Univerities and Skills as a contribution to the new Skills Strategy

### Request for Resources 2: Operations and Peace-Keeping

6. RfR2 provides for the consumption of resources in support of activity in the following regions:

- (a) Expenditure in support of government endorsed peace-keeping activity for Afghanistan and Iraq;
- (b) Expenditure for the Stabilisation Aid Fund (SAF).

7. Sections A to B include £2,872.089 million in respect of Resource DEL and £1,564.640 million Capital DEL. There is currently no Appropriations in Aid for this RfR. Included in this are: a transfer out of £28.000 million to the Foreign and Commonwealth Office for the Stabilisation Aid Fund; a transfer in of £20 millions from the Department for International Development for Programmed Peace-Keeping expenditure.

8. Necessary further requests for resources to fund operations in Iraq, Afghanistan and the Balkans will be made at Supplementary Estimates.

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## **Request for Resources 3: War Pensions and Allowances, etc**

9. RfR3 provides for the payment of war disablement and war widows' pensions in accordance with relevant legislation.
10. Sections A to B include £1,023.706 million in respect of AME for RfR3. There is no DEL for this RfR as the costs of administering War Pensions are borne on Provision of Defence Capability, RfR1.
11. Supporting information relating to expenditure contained in this Estimate are based upon the outcome of the Government's 2007 Pre-Budget Report and Comprehensive Spending Review 2007 (CM 7227).
12. The Ministry of Defence is responsible for administering the funding for this Estimate.
13. Symbols are explained in the Introduction to this booklet.

# Ministry of Defence

## Part I

	£
<b>Request for Resources 1: Provision of defence capability</b>	<b>35,832,815,000</b>
<b>Request for Resources 2: Operations and Peace-Keeping</b>	<b>2,872,089,000</b>
<b>Request for Resources 3: War Pensions and Allowances, etc</b>	<b>1,023,706,000</b>
<b>Total net resource requirement</b>	<b>39,728,610,000</b>
<b>Net cash requirement</b>	<b>37,746,164,000</b>

Amounts required in the year ending 31 March 2010 for expenditure by the Ministry of Defence on:

### RfR 1: Provision of defence capability

Personnel costs of the Armed Forces and their reserves and 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 cost; 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 etc by contract; sundry procurement services including those on repayment terms;

land and buildings works services; contingent liabilities; services provided by other Government departments; sundry services, subscriptions, grants and other payments including those abroad such as assistance to Foreign and Commonwealth Governments for defence related purposes and UK youth community projects; set-up costs and loans to, and income from, Trading Funds; and other associated non-cash items.

### RfR 2: Operations and Peace-Keeping

The net additional costs for current operations (near cash resource, non-cash resource and capital) in Iraq, Afghanistan and the Balkans; (programme) costs for early warning, crisis management, conflict resolution/peace-making, peace-keeping and peace-building activities in other parts of the World; associated strengthening of international regional systems; capacity-building; and the Stabilisation Aid Fund (Iraq and Afghanistan); and associated non-cash costs.

### RfR 3: War Pensions and Allowances, etc

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; and other associated non-cash items.

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

	Net total	Allocated in Vote on Account	Balance to complete
<b>RfR 1</b>	<b>35,832,815,000</b>	<b>15,039,582,000</b>	<b>20,793,233,000</b>
<b>RfR 2</b>	<b>2,872,089,000</b>	<b>778,310,000</b>	<b>2,093,779,000</b>
<b>RfR 3</b>	<b>1,023,706,000</b>	<b>456,790,000</b>	<b>566,916,000</b>
<b>Total net resource requirement</b>	<b>39,728,610,000</b>	<b>16,274,682,000</b>	<b>23,453,928,000</b>
<b>Net cash requirement</b>	<b>37,746,164,000</b>	<b>15,609,682,000</b>	<b>22,136,482,000</b>

**Part II: Subhead detail****£'000**

2009-10 Provision						2008-09 Provision	2007-08 Outturn		
Resources						Capital Non- operating		Net Total Resources	Net Total Resources
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	A in A		
1	2	3	4	5	6	7	8	9	10
<b>RfR 1: Provision of defence capability</b>									
2,237,737	34,591,237	279,135	37,108,109	1,275,294	35,832,815	7,919,277	305,150	34,637,300	32,415,316
<b>Spending in Departmental Expenditure Limits (DEL)</b>									
<i>Central Government spending</i>									
A	Navy Command								
-	2,241,317	7	2,241,324	43,570	2,197,754	51,619	-	2,168,536	1,817,498
B	Land Forces								
-	7,013,486	3,525	7,017,011	120,062	6,896,949	366,395	-	6,667,140	4,621,208
C	Chief of Joint Operations								
-	489,813	16	489,829	25,783	464,046	116,222	-	396,351	408,735
D	Central								
-	2,052,569	130,927	2,183,496	256,368	1,927,128	79,214	-	1,788,622	2,282,158
E	Defence Estates								
-	3,001,345	-	3,001,345	375,316	2,626,029	356,234	264,901	2,665,330	2,017,626
F	Defence Equipment and Support								
-	16,051,793	3,598	16,055,391	268,001	15,787,390	6,754,713	32,099	15,201,055	15,921,184
G	Science Innovation Technology								
-	513,702	4,142	517,844	-	517,844	-	-	507,504	542,289
H	Loans and Grants to and Repayments from the Hydrographic Office								
-	-	-	-	-	-	-	496	-	-
I	Loans and Grants to and Repayments from ABRO								
-	-	-	-	-	-	-	1,664	-	-
J	Loans and Grants to and Repayments from DSTL								
-	-	-	-	-	-	10,700	-	-	-
K	Loans and Grants to and Repayments from Met Office								
-	-	-	-	-	-	4,379	5,990	-	-
L	Air Command								
-	3,050,551	393	3,050,944	186,194	2,864,750	120,823	-	2,735,207	2,229,195
M	Ministry of Defence Administration Costs								
2,237,737	-	-	2,237,737	-	2,237,737	-	-	2,294,096	2,050,455
<i>Adjutant General</i>									
-	-	-	-	-	-	-	-	-	849,844
<b>Spending in Annually Managed Expenditure (AME)</b>									
<i>Central Government spending</i>									

**Part II: Subhead detail**

£'000

										2008-09	2007-08								
										Provision	Outturn								
										2009-10									
										Provision									
										Resources	Capital	Non-	Net Total	Net Total					
										Admin	Other	Grants	Gross Total	A in A	Net Total	Capital	operating	Resources	Resources
										1	2	3	4	5	6	7	A in A	9	10
N	Central	-	1	-	1	-	1	-	-	-	-	-	-	-12	-12				
O	Defence Equipment and Support	-	27,544	-	27,544	-	27,544	-	-	-	-	-	-	-114,762	218,691				
P	Defence Estates AME	-	145,710	-	145,710	-	145,710	56,837	-	-	-	-	-	200,000	-672,663				
<b>Non-Budget</b>																			
Q	Navy Command	-	-	11,889	11,889	-	11,889	-	-	-	-	-	-	11,790	9,003				
R	Central	-	-	37,288	37,288	-	37,288	-	-	-	-	-	-	1,354	35,530				
S	Land Forces	-	-	78,801	78,801	-	78,801	-	-	-	-	-	-	77,013	57,698				
T	Defence Estates	-	3,406	-	3,406	-	3,406	2,141	-	-	-	-	-	30,107	3,136				
U	Air Command	-	-	8,549	8,549	-	8,549	-	-	-	-	-	-	7,973	7,115				
	<i>Adjutant General</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	16,626				
	<i>Defence Equipment and Support</i>	-	-	-	-	-	-	-	-	-	-	-	-	-4	-				
	<b>RfR 2: Operations and Peace-Keeping</b>	-	<b>2,883,748</b>	-	<b>2,883,748</b>	<b>11,659</b>	<b>2,872,089</b>	<b>1,564,640</b>	-	-	-	-	-	<b>3,467,762</b>	<b>2,196,037</b>				
<b>Spending in Departmental Expenditure Limits (DEL)</b>																			
<i>Central Government spending</i>																			
A	Programme Rest of the World	-	20,000	-	20,000	-	20,000	-	-	-	-	-	-	65,865	70,241				
B	Peace Keeping Rest Of The World	-	2,818,748	-	2,818,748	11,659	2,807,089	1,564,640	-	-	-	-	-	3,389,300	2,125,796				
C	Stabilisation Aid Fund	-	45,000	-	45,000	-	45,000	-	-	-	-	-	-	12,597	-				
	<b>RfR 3: War Pensions and Allowances, etc</b>	-	<b>-418</b>	<b>1,024,124</b>	<b>1,023,706</b>	-	<b>1,023,706</b>	-	-	-	-	-	-	<b>1,015,090</b>	<b>1,014,130</b>				
<b>Spending in Annually Managed Expenditure (AME)</b>																			

**Part II: Subhead detail**

£'000

2009-10 Provision						2008-09 Provision	2007-08 Outturn			
Resources						Capital	Non- operating	Net Total	Net Total	
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	A in A	Resources	Resources	
1	2	3	4	5	6	7	8	9	10	
<i>Central Government spending</i>										
A	War Pensions Benefits Programme costs									
	-	-418	1,023,624	1,023,206	-	1,023,206	-	-	1,014,590	1,013,740
B	War Pensions Benefits Programme costs - Far Eastern Prisoners of War									
	-	-	500	500	-	500	-	-	500	390
<b>Total for Estimate:</b>										
	<b>2,237,737</b>	<b>37,474,567</b>	<b>1,303,259</b>	<b>41,015,563</b>	<b>1,286,953</b>	<b>39,728,610</b>	<b>9,483,917</b>	<b>305,150</b>	<b>39,120,152</b>	<b>35,625,483</b>

## Part II: Resource to cash reconciliation

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Resource Requirement</b>	<b>39,728,610</b>	<b>39,120,152</b>	<b>35,625,483</b>
<b>Voted capital items</b>			
Capital	9,483,917	8,815,058	8,617,953
Less Non-operating A-in-A	305,150	500,994	1,384,783
<b>Total net voted capital</b>	<b>9,178,767</b>	<b>8,314,064</b>	<b>7,233,170</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	-3,522,832	-3,230,740	-3,370,913
Depreciation	-8,423,729	-8,068,859	-7,252,126
New provisions and adjustments to previous provisions	-202,528	-578,592	-475,155
Profit/loss on sale of assets	-	-	1,370,060
Prior period adjustments	-	-	-
Other non-cash items	-	-	-39,861
Increase (+) / Decrease (-) in stock	473,818	462,261	26,700
Increase (+) / Decrease (-) in debtors	356,252	347,563	718,468
Increase (-) / Decrease (+) in creditors	-102,056	-99,567	-1,535,284
Use of provisions	259,862	285,443	486,912
<b>Total accruals to cash adjustments</b>	<b>-11,161,213</b>	<b>-10,882,491</b>	<b>-10,071,199</b>
<b>Excess cash to be CFERd</b>	-	-	-
<b>Net Cash Requirement</b>	<b>37,746,164</b>	<b>36,551,725</b>	<b>32,787,454</b>

### Part III: Extra receipts payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	<b>£'000</b>					
	<b>2009-10</b>		<b>2008-09</b>		<b>2007-08</b>	
	<b>Provision</b>		<b>Provision</b>		<b>Outturn</b>	
	<b>Income</b>	<i>Receipts</i>	<b>Income</b>	<i>Receipts</i>	<b>Income</b>	<i>Receipts</i>
Operating income not classified as A in A	-	-	-	-	63,310	<i>63,310</i>
Non-operating income not classified as A in A	-	-	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	-	-	-	-	-	-
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>63,310</b>	<b><i>63,310</i></b>

## Forecast Operating Cost Statement

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Administration Costs</b>			
RfR 1	2,237,737	2,294,096	2,351,399
RfR 2	-	-	-
RfR 3	-	-	-
<b>Total Net Administration costs</b>	<b>2,237,737</b>	<b>2,294,096</b>	<b>2,351,399</b>
<b>Net Programme Costs</b>			
RfR 1	33,595,078	32,343,204	30,063,917
RfR 2	2,872,089	3,467,762	2,196,037
RfR 3	1,023,706	1,015,090	1,014,130
Non-voted	-	-	-63,310
<b>Total Net Programme costs</b>	<b>37,490,873</b>	<b>36,826,056</b>	<b>33,210,774</b>
<b>Total Net Operating Cost</b>	<b>39,728,610</b>	<b>39,120,152</b>	<b>35,562,173</b>
<i>of which:</i>			
Net Resource Requirement	39,728,610	39,120,152	35,625,483
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-63,310
Reduction in planned spend unable to be included in Estimate	-	-	-
<b>Resource Budget</b>	<b>39,730,280</b>	<b>39,125,926</b>	<b>36,941,275</b>

## Notes to the Main Estimate

### Reconciliation of resource expenditure between Estimates, Accounts and Budgets

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Resource Requirement (Estimates)</b>	<b>39,728,610</b>	<b>39,120,152</b>	<b>35,625,483</b>
<i>Adjustments to remove:</i>			
Provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
Non-voted expenditure in the OCS	-	-	-
Consolidated Fund Extra Receipts in the OCS	-	-	-63,310
Reductions in planned spend unable to be included in Estimate	-	-	-
Other adjustments	-	-	-
<b>Net Operating Cost (Accounts)</b>	<b>39,728,610</b>	<b>39,120,152</b>	<b>35,562,173</b>
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	1,370,060
Capital grants	-	-	-
European Union income related to capital grants	-	-	-
Voted expenditure outside the budget	-4,306	-4,376	-3,886
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	63,310
Resource consumption of non departmental public bodies	5,976	9,041	-50,382
Unallocated resource provision	-	-	-
Other adjustments	-	1,109	-
<b>Resource Budget (Budget)</b>	<b>39,730,280</b>	<b>39,125,926</b>	<b>36,941,275</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	38,582,181	38,071,053	35,722,736
Annually Managed Expenditure (AME)	1,148,099	1,054,873	1,218,539

### Reconciliation of capital expenditure between Estimates and Budgets

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>Net Voted Capital (Estimates)</b>	<b>9,178,767</b>	<b>8,314,064</b>	<b>7,233,170</b>
<i>Adjustments to remove:</i>			
Provision voted for earlier years	-	-	-
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Capital spending by non-departmental public bodies	851	851	851
Capital grants	-	-	-
European Union income related to capital grants	-	-	-
Supported capital expenditure (revenue)	-	-	-
Capital spending by levy funded bodies	-	-	-
Unallocated capital provision	-	-	-
Reductions in planned spend unable to be included in Estimate	-	-	-
Other adjustments	-2,141	-2,019	2,109
<b>Capital Budget (Budget)</b>	<b>9,177,477</b>	<b>8,312,896</b>	<b>7,236,130</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	9,120,640	8,312,896	7,945,130
Annually Managed Expenditure (AME)	56,837	-	-709,000

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## Notes to the Main Estimate (*continued*)

### Explanation of Accounting Officer responsibilities

The Accounting Officer prepares resource accounts for each financial year.

The following Accounting Officer appointments have been made for the Request for Resources within this Estimate:

<b>Request for Resources 1:</b>	Sir Bill Jeffrey, Permanent Head of Department
<b>Request for Resources 2:</b>	Sir Bill Jeffrey, Permanent Head of Department
<b>Request for Resources 3:</b>	Sir Bill Jeffrey, Permanent Head of Department

Sir Bill Jeffrey, has personal responsibility for the proper presentation of the resource accounts and their transmission to the Comptroller and Auditor General. Sir Bill Jeffrey 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 the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and safeguarding assets, are set out in chapter 3 of *Managing Public Money* issued by the Treasury.

## Notes to the Main Estimate (*continued*)

### Analysis of operating appropriations in aid (A in A)

	£'000		
	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>RfR 1: Provision of defence capability</b>			
<b>Programme</b>	<b>1,275,294</b>	<b>1,423,488</b>	<b>1,163,643</b>
<i>of which:</i>			
Sale of goods and services	1,247,444	1,396,310	1,095,407
EU Income	-	4	-
Interest and dividends	27,850	27,174	68,236
<b>Total RfR 1</b>	<b>1,275,294†</b>	<b>1,423,488</b>	<b>1,163,643</b>
<i>† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: the recovery of income from fees and income from charges.</i>			
<b>RfR 2: Operations and Peace-Keeping</b>			
<b>Programme</b>	<b>11,659</b>	<b>28,090</b>	<b>27,710</b>
<i>of which:</i>			
Sale of goods and services	11,659	28,090	27,710
<b>Total RfR 2</b>	<b>11,659†</b>	<b>28,090</b>	<b>27,710</b>
<i>† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: the sale of medical goods and food.</i>			
<b>Total Operating A in A</b>	<b>1,286,953</b>	<b>1,451,578</b>	<b>1,191,353</b>

### Analysis of non-operating appropriations in aid (A in A)

	£'000		
	2009-10 Provision	2008-09 Provision	2007-08 Outturn
<b>RfR 1: Provision of defence capability</b>			
<b>Programme</b>	<b>305,150</b>	<b>500,994</b>	<b>1,384,783</b>
<i>of which:</i>			
Sale of assets	297,000	176,055	1,372,725
Loan, etc, repayments	8,150	324,939	12,058
<b>Total RfR 1</b>	<b>305,150†</b>	<b>500,994</b>	<b>1,384,783</b>
<i>† Amount that may be applied as non-operating appropriations in aid, arising from: the recovery of income from the sale of fixed assets, including land and buildings and repayment of loans from the Trading Funds.</i>			
<b>Total Non-Operating A in A</b>	<b>305,150</b>	<b>500,994</b>	<b>1,384,783</b>

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**Notes to the Main Estimate (*continued*)**
**Analysis of Consolidated Fund extra receipts**


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**£'000**

	2009-10		2008-09		2007-08	
	Provision		Provision		Outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Receipts relating to accrual interest on advances held by Agency of a foreign government for contractual purposes and sales of various goods and services●	-	-	-	-	63,310	63,310
<b>Total</b>	-	-	-	-	<b>63,310</b>	<b>63,310</b>

## Notes to the Main Estimate (*continued*)

### Departmental Expenditure Limits and Administration budgets

	<b>£'000</b>		
	<b>Voted</b>	<b>Non-voted</b>	<b>Total</b>
Resource DEL	38,391,716	190,465	38,582,181
<i>of which: †</i>			
Administration budget	2,237,737	-	2,237,737
Near-cash in RDEL	26,336,599	391,945	26,728,544
Capital DEL ††	9,119,789	851	9,120,640
Less Depreciation †††	-8,273,962	-9,520	-8,283,482
Total DEL	39,237,543	181,796	39,419,339

† The total of the 'Administration Budget' and 'Near-cash in Resource DEL' figures may well be greater than total resource DEL, due to the definitions overlapping.

†† Capital DEL includes items treated as resource in Estimates and accounts but which are treated as Capital DEL in budgets.

††† Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

### Comparison of provision sought with final provision and forecast outturn for the previous year

The total net resource sought for 2009-10 of £39,728,610,000 is 1.6 per cent higher than the final net provision for 2008-09 of £39,120,152,000 and 2.2 per cent higher than the forecast outturn for 2008-09 of £38,875,922,000.

### Cash which may be retained to offset expenditure

	<b>£'000</b>		
	<b>2009-10 Provision</b>	<b>2008-09 Provision</b>	<b>2007-08 Outturn</b>
Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been, or will be, appropriated in aid.	1,592,103	1,952,572	2,576,136

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## Notes to the Main Estimate (*continued*)

### Expenditure resting on the sole authority of the Appropriation Act

The following subheads contain provision sought under the sole authority of Part I of the Estimate and of the confirming Appropriation Act:

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RfR/Section	Service	£'000
RfR1 L	RAF Sports Control Board	155
RfR1 D	The Royal British Legion	221
RfR1 D	The Scott Polar Institute	35
RfR3 B	Cost of 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	500

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**Notes to the Main Estimate (*continued*)**
**Grants in aid**


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RfR/Section	Body	£'000
RfR1 Q	Navy and Maritime museums ♥	3,083
RfR1 S	National Army Museum ♥	5,338
RfR1 S	Royal Hospital, Chelsea ♥	9,724
RfR1 U	Royal Air Force Museum ♥	7,367
RfR1 D	Commonwealth War Graves Commission ♦	36,388
RfR1 S,Q,U	Council of Reserve Forces Association ♥	83,766

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## Notes to the Main Estimate (*continued*)

### Contingent liabilities

Nature of Liability	£ million
Contingent liabilities valued in excess of £100,000, included within RfR1 are as follows:	
<b><u>Statutory Liabilities Charged To Resource Estimates</u></b>	
Statutory liabilities in relation to the operation of International Military Services Limited.	Statutory Limit £50M (£100M with Commons approval)
<b><u>Non-Statutory Liabilities Charged To Resource Estimates</u></b>	
Liability arising from the sale of Married Quarters estate to the Annington Group: to continue to provide utilities - mainly electricity, gas, water and sewerage services on repayment terms to sites that are surrendered in the first 25 to 28 years which depend on adjacent bases for these services; or to contribute to the cost of installing public utility services up to a maximum of £25M across the estate	£17.538M
Indemnity in relation to the disposal of Gruinard Island in the event of claims arising from the outbreak of specific strains of anthrax on the island.	Unquantifiable
Liabilities arising from insurance risk of exhibits on loan to the Army, Navy and RAF Museums.	£2.630M
Indemnity to BAe Systems (formerly GEC Marconi and Vickers Shipbuilding & Engineering Limited (VSEL), Barrow) for third party claims.	Up to £140M per incident
Indemnity to the Babcock Group in respect of nuclear risks under the Nuclear Installations Act 1965.	Unquantifiable
Residual liability for the remediation of unidentified contamination in parts of the former Rosyth Naval Base which has been sold to Rosyth 2000 PLC..	Up to £1.0M
Indemnities to the Babcock Group in respect of non-nuclear risks resulting from claims for damage to property or death and personal injury to a third party.	Unquantifiable
Contractorisation of Atomic Weapons Establishment (AWE): Indemnity to Hunting - BRAE Ltd/AWE in respect of nuclear risks under the Nuclear Installations Act 1965.	Up to £140M per incident for Hunting Brae, Unquantifiable for AWE
Contractorisation of AWE: Indemnity to AWE Management Ltd and AWE PLC in respect of Non-Nuclear Installations Act 1965 nuclear risks resulting from claims for damage to property or death and personal injury to a third party.	Unquantifiable

## Contingent liabilities (continued)

Contractorisation of AWE: Indemnity to AWE Management Ltd in respect of non-nuclear risks covering employer's liability, property damage and business interruption, public and product liability.	Unquantifiable
Contractorisation of AWE: Indemnity to AWE Management Ltd and AWE Plc and Hunting Brae Ltd in respect of an employee having a claim on a personal insurance policy repudiated because of that employee's involvement with Nuclear Accident Response Team activities	Unquantifiable
Indemnity to Rolls Royce Power Engineering, Derby for risks associated with the handling of fissile materials.	Up to £140M per incident
Non-insurance of the Rolls Royce Core Factory and associated Neptune Test reactor facility for third party risks.	Up to £140M per incident
Standard shipbuilding indemnity (in lieu of insurance) to GEC Marconi as part of the ASTUTE Class contract against loss damage and liability incurred by the submarine builder.	Unquantifiable
Standard indemnity to BAe Systems (formerly GEC Marconi and VSEL) in respect of fissile material intended for use on the VANGUARD and ASTUTE Classes contract.	Unquantifiable
Residual commercial contract claims liability arising out of the disbanding of DERA as a MOD trading agency and the formation of QinetiQ on 1 July 2001.	Unquantifiable
Residual employee disease liability arising out of the disbanding of DERA as a MOD trading agency and the formation of QinetiQ on 1 July 2001.	Unquantifiable
Residual public liability arising out of the disbanding of DERA as a MOD trading agency and the formation of QinetiQ on 1 July 2001.	Unquantifiable
Environmental losses incurred by QinetiQ arising from certain defined materials at specific properties before the formation of QinetiQ on 1 July 2001.	Unquantifiable
Provision of MOD support services to the Iraqi Ministry of Transport in opening Basra Airport	Unquantifiable
Supplementary personal life insurance cover for Service personnel (both Regulars and Reservists).	Unquantifiable
The Armed Forces Memorial (AFM) MOD has an indemnity to the AFM trust	£3.3M
Excavation of the potential wreck of the Warship Sussex	£1.185M
Indemnity to Navy, Army and Air Force Institute against certain losses which they might incur as a result of MOD actions	Unquantifiable
Certain indemnities and warranties granted by MOD to the Carlyle Group covering possible liabilities relating to the sale of a minority share of QINETIQ.	Unquantifiable

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**Contingent liabilities (continued)**

Underwriting of costs associated with the Defence Training Review	£9.5M
Remediation costs associated with the discovery of unknown environmental contamination at the Fleetlands site	Up to £17M
"Unexpected employees" in relation to agency workers on the sites who may claim entitlement to TUPE status	Unquantifiable

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## Notes to the Main Estimate (*continued*)

### Staff Benefits

For the Financial Year 2009-10 TLB holders have delegated authority to make special bonus payments to civil staff, to either an individual or to a team, in recognition of exceptional performance in a one-off task/situation, or for achievement of a significant personal development activity. Awards will not exceed £2,000 per person, and will not exceed 0.4% of the civilian paybill for the TLB in total. TLB holders are also able to authorise non-cash awards, which include such items as retail outlet or theatre ticket vouchers. Individual awards will not exceed £50 and nor will they in total exceed 0.1% of the civilian pay bill for the TLB.

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**Notes to the Main Estimate (*continued*)****International Subscriptions**

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<b>RfR/Section</b>	<b>Body</b>	<b>£'000</b>
RfR1 D	NATO Military Budgets	74,762
RfR1 D	NATO Military Budgets	62,333
RfR1 G	UK Contribution to the Comprehensive Test Ban Treaty verification scheme	4,142

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**Notes to the Main Estimate (*continued*)****Gifts**

For the Financial Year 2009-10 a sum of £ 32,000 has been allocated to the offices of Ministers and certain senior staff to present gifts to overseas, or UK-based, non-governmental dignitaries from whom they receive, or to whom they make, visits.

