
Armed Forces retired pay, pensions etc

Introduction

1. This Estimate provides for the payment of retired pay, pensions and lump sum benefits to persons covered by the Armed Forces Pension Scheme (AFPS), the rules for which are set out in the Royal Navy Orders in Council the Army Pensions Warrant and the Queen's Regulations for the Royal Air Force. This Estimate also incorporates the two schemes: the Armed Forces Pension Scheme (AFPS 05) and Armed Forces Compensation Scheme (AFCS). The rules governing both these schemes are set out in the Armed Forces (Pensions and Compensation) Act, 2004.
2. Provision is also made for:
 - a) expenditure and receipts on transfer payments for personnel transferring outside the Armed Forces;
 - b) income from transfer payments and purchase of added years etc, and the increases payable in accordance with the Annual Review Orders;
 - c) payment of those benefits outside of the AFPS. Such benefits include short service gratuities, resettlement grants, and pensions for locally engaged personnel;
 - d) the Superannuation Contribution Accruing for Past Experience (SCAPE) receipts for Armed Forces Personnel. The related expenditure is borne on the main Ministry of Defence Estimate under Provision of Defence Capability (RfR1)
 - e) this Estimate also provides for the payment of Early Departure costs for Armed Forces Personnel under the AFPS 05 scheme;
 - f) this Estimate also includes the associated non-cash items such as provisions.
3. The Ministry of Defence is responsible for administering the AFPS; the related staff and other costs are borne on the Ministry of Defence Estimate, Provision of Defence Capability (RfR1).
4. Supporting information relating to expenditure contained in this Estimate is included in the Ministry of Defence's Departmental Report and Resource Accounts published later this year.
5. Symbols are explained in the Introduction to this booklet.

Armed Forces retired pay, pensions etc

Part I

	£
Request for Resources 1: Armed Forces retired pay, pensions etc	5,700,315,000
Total net resource requirement	5,700,315,000
Net cash requirement	1,996,079,000

Amounts required in the year ending 31 March 2010 for expenditure by the Armed Forces retired pay, pensions etc on:

RfR 1: Armed Forces retired pay, pensions etc

Payment of retired pay, pensions and lump sum benefits and associated non-cash items to persons covered by the scheme.

The **Armed Forces retired pay, pensions etc** will account for this Estimate.

	£		
	Net total	Allocated in Vote on Account	Balance to complete
RfR 1	5,700,315,000	2,641,214,000	3,059,101,000
Total net resource requirement	5,700,315,000	2,641,214,000	3,059,101,000
Net cash requirement	1,996,079,000	815,832,000	1,180,247,000

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	9	10
1	2	3	4	5	6	7	8		
RfR 1: Armed Forces retired pay, pensions etc									
-	-	7,352,523	7,352,523	1,652,208	5,700,315	-	-	5,869,367	5,479,274
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
A Retired pay, pensions and other payments to service personnel and their dependants									
-	-	7,352,523	7,352,523	1,652,208	5,700,315	-	-	5,869,367	5,479,274
Total for Estimate:									
-	-	7,352,523	7,352,523	1,652,208	5,700,315	-	-	5,869,367	5,479,274

Part II: Resource to cash reconciliation

	£'000		
	2009-10 Provision	2008-09 Provision	2007-08 Outturn
Net Resource Requirement	5,700,315	5,869,367	5,479,274
Voted capital items			
Capital	-	-	-
Less Non-operating A-in-A	-	-	-
Total net voted capital	-	-	-
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-	-	-
Depreciation	-	-	-
New provisions and adjustments to previous provisions	-7,352,523	-7,334,821	-6,937,953
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-	-	-
Increase (+) / Decrease (-) in stock	-	-	-
Increase (+) / Decrease (-) in debtors	412	-	-218
Increase (-) / Decrease (+) in creditors	-27,670	-	-11,962
Use of provisions	3,675,545	3,333,414	3,204,391
Total accruals to cash adjustments	-3,704,236	-4,001,407	-3,745,742
Excess cash to be CFERd	-	-	-
Net Cash Requirement	1,996,079	1,867,960	1,733,532

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):

	£'000					
	2009-10		2008-09		2007-08	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as A in A	-	-	-	-	4,712	-
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	-	-	-	-	-	<i>70,980</i>
Total	-	-	-	-	4,712	<i>70,980</i>

Forecast Combined Revenue Account

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
Net Programme Costs			
RfR 1	5,700,315	5,869,367	5,479,274
<i>of which:</i>			
Income			
Contributions received	1,650,519	1,463,958	1,457,743
Transfers in	1,689	1,337	934
Other income receivable	-	159	2
Total Income	1,652,208	1,465,454	1,458,679
Expenditure			
Increase in liability	1,985,203	2,240,881	2,329,428
Interest on scheme liability	5,367,320	5,093,940	4,608,525
Other expenditure	-	-	-
Total Expenditure	7,352,523	7,334,821	6,937,953
Non-voted	-	-	-4,712
Total Net Programme costs	5,700,315	5,869,367	5,474,562
Total Net Operating Cost	5,700,315	5,869,367	5,474,562
<i>of which:</i>			
Net Resource Requirement	5,700,315	5,869,367	5,479,274
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-4,712
Reduction in planned spend unable to be included in Estimate	-	-	-
Resource Budget	5,700,315	5,869,367	5,474,562

Notes to the Main Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
Net Resource Requirement (Estimates)	5,700,315	5,869,367	5,479,274
<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	-	-	-4,712
Reductions in planned spend unable to be included in Estimate	-	-	-
Other adjustments	-	-	-
Net Operating Cost (Accounts)	5,700,315	5,869,367	5,474,562
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	-
Capital grants	-	-	-
European Union income related to capital grants	-	-	-
Voted expenditure outside the budget	-	-	-
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Resource consumption of non departmental public bodies	-	-	-
Unallocated resource provision	-	-	-
Other adjustments	-	-	-
Resource Budget (Budget)	5,700,315	5,869,367	5,474,562
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	-	-	-
Annually Managed Expenditure (AME)	5,700,315	5,869,367	5,474,562

Reconciliation of capital expenditure between Estimates and Budgets

£'000

	2009-10 Provision	2008-09 Provision	2007-08 Outturn
Net Voted Capital (Estimates)	-	-	-
<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	-	-	-
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	-	-	-
Capital Budget (Budget)	-	-	-
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	-	-	-
Annually Managed Expenditure (AME)	-	-	-

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:

Request for Resources 1: 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
RfR 1: Armed Forces retired pay, pensions etc			
Programme	1,652,208	1,465,454	1,458,679
<i>of which:</i>			
Pension scheme related income	1,652,208	1,465,454	1,458,679
Total RfR 1	1,652,208†	1,465,454	1,458,679
<i>† Amount that may be applied as operating appropriations in aid in addition to the net total arising from: accruing superannuation liability charges and pension enhancements and transfers into the Armed Forces Pension Scheme (AFPS).</i>			
Total Operating A in A	1,652,208	1,465,454	1,458,679

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

£'000

	2009-10 Provision		2008-09 Provision		2007-08 Outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Pension scheme income Δ	-	-	-	-	4,712	-
Excess cash to be surrendered \bullet	-	-	-	-	-	70,980
Total	-	-	-	-	4,712	70,980

Notes to the Main Estimate *(continued)*

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

The total net resource sought for 2009-10 of £5,700,315,000 is 2.9 per cent lower than the final net provision for 2008-09 of £5,869,367,000 and 1.4 per cent lower than the forecast outturn for 2008-09 of £5,783,851,000.

Cash which may be retained to offset expenditure

	£'000		
	2009-10 Provision	2008-09 Provision	2007-08 Outturn
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.	1,652,208	1,465,454	1,458,679
