
Ministry of Defence

Introduction

Request for Resources 1: Provision of Defence Capability

1. RfR1 provides for expenditure primarily to meet the Ministry of Defence's (MOD) operational, support and logistics services costs and the costs of providing the equipment capability required by defence policy. It reflects the way in which the Department manages its expenditure. Each of the thirteen Top Level Budget (TLB) Holders included in this RfR has been allocated an individual RfR section (A to M) 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 Government's Expenditure Plans 2005-06 to 2007-08 Ministry of Defence (Cm 6532). Section M provides for expenditure on applied strategic research.
2. With effect from 1 April 2005, a new TLB, Defence Estates (DE) was formed. This is the result of the integration of the Defence Housing Executive (DHE) and the DE organisation.
3. Sections N to P include £7.298 million in respect of capital loan repayments from the Department's Trading Funds. Dividend and interest payments received from the Trading Funds will be appropriated in aid.
4. Sections W to AH includes £0.564 million in respect of the VAT paid by the Commonwealth War Graves Commission for UK expenditure; £3.351 million in respect of payments and interest charges under the Armed Forces (Housing Loans) Act, and £36.076 million in respect of interest charges payable on various on-Balance Sheet PFI contracts. All of these sums are included in Non-Budget expenditure. There is an overall increase of £2.050.878 million to the non-budget items. This is due to the increase in the value of provisions held on the Balance Sheet as a result of the change in the discount rate.
5. Included in this Estimate are transfers from other Government Departments, namely Cabinet Office, DCMS, DTI, Scottish Executive, Welsh Assembly & Northern Ireland Office, with an expenditure of £17.498 million for the National Meteorological Programme and Severe Weather Warning Service. There is also a small transfer to DCA for legal advice and from DWP for helpline for Veterans, net transfer of £0.041 million. Also, included in an adjustment of £5.771 million for the revised discount rate for pensions and provisions.
6. Some advances made periodically for the UK share of costs of collaborative projects will be charged to the RfR at the time of issue and the MOD will be provided with periodic statements of actual expenditure incurred.

Request for Resources 2: Conflict Prevention

7. This RfR provides for the consumption of such resources as are agreed by the Conflict Prevention sub-committee in support of activity in the following regions:
 - (a) expenditure in support of government endorsed activity in Sub-Saharan Africa;
 - (b) expenditure in support of government endorsed activity in the Rest of the World.

Request for Resources 3: War Pensions and Allowances, etc

8. This RfR provides for the payment of war disablement and war widows' pensions in accordance with relevant legislation.
9. Costs of administering War Pensions are borne on Provision of Defence Capability, RfR 1
10. Supporting information relating to expenditure contained in this Estimate is included in the Government's Expenditure Plans 2005-06 to 2007-08 Ministry of Defence (Cm 6532).
11. The Ministry of Defence is responsible for administering the funding for this Estimate.
12. Symbols are explained in the Introduction to this booklet.

Part I

	£
Request for Resources 1: Provision of defence capability	33,497,870,000
Request for Resources 2: Conflict prevention	45,040,000
Request for Resources 3: War Pensions and Allowances, etc	1,068,972,000
Total net resource requirement	34,611,882,000
Net cash requirement	29,153,073,000

Amounts required in the year ending 31 March 2006 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: Conflict prevention

Conflict prevention, early warning, crisis management, conflict resolution/peacemaking, peacekeeping and peacebuilding activity and on associated strengthening of international and regional systems and capacity; and other associated non-cash items.

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.

Part I (continued)

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

	Net total	Allocated in Vote on Account	Balance to complete
	£	£	£
RfR 1	33,497,870,000	14,043,177,000	19,454,693,000
RfR 2	45,040,000	22,662,000	22,378,000
RfR 3	1,068,972,000	518,049,000	550,923,000
Total net resource requirement	34,611,882,000	14,583,888,000	20,027,994,000
Net cash requirement	29,153,073,000	12,852,038,000	16,301,035,000

Part II: Subhead detail

£'000

2005-06						2004-05 Provision	2003-04 Outturn		
Resources						Capital		Net Total Resources	Net Total Resources
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	Non- operating A in A		
1	2	3	4	5	6	7	8	9	10
RfR 1: Provision of defence capability									
-	34,616,946	217,494	34,834,440	1,336,570	33,497,870	7,396,554	533,298	31,553,262	32,509,317
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Commander-in-Chief Fleet									
-	3,540,820	-	3,540,820	16,826	3,523,994	17,000	10	3,543,129	3,242,128
B General Officer Commanding (Northern Ireland)									
-	610,618	-	610,618	1,131	609,487	27,848	650	642,754	649,280
C Commander-in-Chief Land Command									
-	5,816,566	84	5,816,650	196,210	5,620,440	121,000	-	5,414,000	5,078,537
D Commander-in-Chief Strike Command									
-	3,699,787	-	3,699,787	27,663	3,672,124	49,000	-	3,674,690	3,384,907
E Chief of Joint Operations									
-	571,799	15	571,814	27,226	544,588	28,394	610	462,870	523,948
F Chief of Defence Logistics									
-	7,874,740	863	7,875,603	305,560	7,570,043	1,205,827	9,724	7,596,340	7,691,619
G 2nd Sea Lord/Commander-in-Chief Naval Home Command									
-	760,619	7,814	768,433	39,960	728,473	13,376	-	717,142	692,975

Part II: Subhead detail (continued)

£'000

2005-06						2004-05 Provision	2003-04 Outturn		
Resources						Capital		Net Total Resources	Net Total Resources
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	Non- operating A in A		
1	2	3	4	5	6	7	8	9	10
H	Adjutant General (Personnel and Training Command)								
-	1,772,884	6,442	1,779,326	38,572	1,740,754	20,966	-	1,733,268	1,721,910
I	Commander-in-Chief Personnel and Training Command								
-	1,061,940	7,726	1,069,666	158,662	911,004	20,224	114	1,001,581	994,858
J	Central								
-	2,421,414	181,866	2,603,280	286,877	2,316,403	43,450	-	3,023,002	2,693,899
K	Defence Estates								
-	1,205,586	-	1,205,586	231,176	974,410	471,878	498,892	-	-
L	Defence Procurement Agency								
-	2,469,938	-	2,469,938	6,707	2,463,231	5,377,591	-	3,015,787	2,664,014
M	Corporate Science and Technology								
-	501,030	2,913	503,943	-	503,943	-	-	495,036	420,000
N	Loans and Grants to and Repayments from the Hydrographic Office								
-	-	-	-	-	-	-	303	-	-
O	Loans and Grants to and Repayments from DARA								
-	-	-	-	-	-	-	4,840	-	-

Part II: Subhead detail (continued)

£'000

2005-06						2004-05 Provision	2003-04 Outturn			
Resources						Capital		Net Total Resources	Net Total Resources	
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	Non- operating A in A			
1	2	3	4	5	6	7	8	9	10	
P	Loans and Grants to and Repayments from ABRO									
-	-	-	-	-	-	-	2,155	-	-	
Spending in Annually Managed Expenditure (AME)										
<i>Central Government spending</i>										
Q	Commander-in-Chief Fleet									
-	34,154	-	34,154	-	34,154	-	-	-211	-1,516	
R	Chief of Defence Logistics									
-	27,577	-	27,577	-	27,577	-	-	25,653	849	
S	Chief of Joint Operations									
-	-4,000	-	-4,000	-	-4,000	-	-	-3,147	5,106	
T	Central									
-	4,152	-	4,152	-	4,152	-	-	8,845	20,178	
U	Defence Procurement Agency									
-	175,381	-	175,381	-	175,381	-	-	170,955	175,435	
V	Loans and Grants to and Repayments from QinetiQ									
-	-	-	-	-	-	-	16,000	-	-	
Non-budget										

Part II: Subhead detail (continued)

£'000

2005-06						2004-05 Provision	2003-04 Outturn		
Resources						Capital		Net Total Resources	Net Total Resources
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	Non- operating A in A		
1	2	3	4	5	6	7	8	9	10
W	Adjutant General (Personnel and Training Command)								
-	1,416	9,207	10,623	-	10,623	-	-	9,618	9,824
X	Commander-in-Chief Personnel and Training Command								
-	212	-	212	-	212	-	-	280	-1,513
Y	Central								
-	17,488	564	18,052	-	18,052	-	-	17,217	42,886
Z	Chief of Defence Logistics								
-	169,038	-	169,038	-	169,038	-	-	-49	224,237
AA	Commander-in-Chief Land Command								
-	5,267	-	5,267	-	5,267	-	-	4,502	-
AB	Chief of Joint Operations								
-	1,212	-	1,212	-	1,212	-	-	-	2,241
AC	Commander-in-Chief Fleet								
-	39,072	-	39,072	-	39,072	-	-	-	84,738
AD	Commander-in-Chief Strike Command								
-	612	-	612	-	612	-	-	-	1,507
AE	Defence Procurement Agency								
-	1,829,585	-	1,829,585	-	1,829,585	-	-	-	2,187,270

Part II: Subhead detail (continued)

£'000

2005-06						2004-05 Provision	2003-04 Outturn		
Resources						Capital		Net Total Resources	Net Total Resources
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	Non- operating A in A		
1	2	3	4	5	6	7	8	9	10
AF General Officer Commanding (Northern Ireland)									
-	338	-	338	-	338	-	-	-	-
AG 2nd Sea Lord/Commander-in-Chief Naval Home Command									
-	297	-	297	-	297	-	-	-	-
AH Defence Estates									
-	7,404	-	7,404	-	7,404	-	-	-	-
RfR 2: Conflict prevention									
-	45,040	-	45,040	-	45,040	-	-	949,884	1,232,152
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A Programme Sub-Saharan Africa									
-	30,020	-	30,020	-	30,020	-	-	30,280	18,561
B Programme Rest of the World									
-	15,020	-	15,020	-	15,020	-	-	114,178	22,036
<i>Peace Keeping Rest Of The World</i>									
-	-	-	-	-	-	-	-	805,426	1,190,820

Part II: Subhead detail (*continued*)

£'000

2005-06						2004-05 Provision	2003-04 Outturn		
Resources						Capital		Net Total Resources	Net Total Resources
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	Non- operating A in A		
1	2	3	4	5	6	7	8	9	10
<i>Peace Keeping Sub-Saharan Africa</i>									
-	-	-	-	-	-	-	-	-	735
RfR 3: War Pensions and Allowances, etc									
-	-	1,068,972	1,068,972	-	1,068,972	-	-	1,106,936	1,116,047
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
A War Pensions Benefits Programme costs									
-	-	1,064,466	1,064,466	-	1,064,466	-	-	1,100,430	1,112,704
B War Pensions Benefits Programme costs - Far Eastern Prisoners of War									
-	-	4,500	4,500	-	4,500	-	-	6,500	3,340
C War Pensions Benefits Programme costs - British Limbless Ex-Servicemen's Association (BLESMA)									
-	-	6	6	-	6	-	-	6	3
Total for Estimate:									
-	34,661,986	1,286,466	35,948,452	1,336,570	34,611,882	7,396,554	533,298	33,610,082	34,857,516

Part II: Resource to cash reconciliation

	£'000		
	2005-06 Provision	2004-05 Provision	2003-04 Outturn
Net Total Resources	34,611,882	33,610,082	34,857,516
Voted capital items			
Capital	7,396,554	6,866,565	6,329,035
Less Non-operating A-in-A	533,298	233,134	333,924
Total net voted capital	6,863,256	6,633,431	5,995,111
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-2,634,067	-2,585,932	-2,766,693
Depreciation	-7,556,000	-7,930,009	-6,312,729
New provisions and adjustments to previous provisions	-2,754,874	-653,963	-3,263,033
Profit (+) / loss (-) on sale of assets	-	-	71,725
Prior period adjustments	-	-	-
Other non-cash items	-	-5,125	-3,150
Increase (+) / Decrease (-) in stock	101,322	223,318	1,767,777
Increase (+) / Decrease (-) in debtors	3,243	265,889	473,106
Increase (-) / Decrease (+) in creditors	-79,777	411,327	278,748
Use of provisions	598,088	560,028	449,306
Total accruals to cash adjustments	-12,322,065	-9,714,467	-9,304,943
Excess cash to be CFERd	-	-	-
Net Cash Requirement	29,153,073	30,529,046	31,547,684

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					
	2005-06 Provision		2004-05 Provision		2003-04 Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as AinA	-	-	-	-	33,369	<i>27,869</i>
Non-operating income not classified as AinA	-	-	-	-	-	<i>5,500</i>
Other amounts collectable on behalf of the Consolidated Fund	-	-	-	-	-	-
Excess cash receipts to be surrendered to the Consolidated Fund	-	-	-	-	-	-
Total	-	-	-	-	33,369	<i>33,369</i>

Forecast Operating Cost Statement

	£'000		
	2005-06 Provision	2004-05 Provision	2003-04 Outturn
Net Administration Costs			
RfR 1	-	-	-
RfR 2	-	-	-
RfR 3	-	-	-
Total Net Administration costs	-	-	-
Net Programme Costs			
RfR 1	33,497,870	31,553,262	32,475,948
RfR 2	45,040	949,884	1,232,152
RfR 3	1,068,972	1,106,936	1,116,047
Total Net Programme costs	34,611,882	33,610,082	34,824,147
Total Net Operating Cost	34,611,882	33,610,082	34,824,147
<i>of which:</i>			
Net Resource Outturn	34,611,882	33,610,082	34,857,516
CFERs	-	-	-33,369
Non-voted expenditure	-	-	-
Resource Budget Outturn	33,439,874	33,769,455	32,327,573

Notes to the Main Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2005-06	2004-05	2003-04
	Provision	Provision	Outturn
Net Resource Outturn (Estimates)	34,611,882	33,610,082	34,857,516
<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	-	-	-33,369
Other adjustments	-	-	-
Net Operating Cost (Accounts)	34,611,882	33,610,082	34,824,147
<i>Adjustments to remove:</i>			
capital grants to local authorities	-	-	-
capital grants financed from the Capital Modernisation Fund	-	-	-
European Union income and related adjustments	-	-	-
voted expenditure outside the budget	-2,072,505	-21,717	-2,541,619
<i>Adjustments to additionally include:</i>			
other Consolidated Fund Extra Receipts	-	-	33,369
resource consumption of non departmental public bodies	15,497	11,090	11,676
unallocated resource provision	885,000	170,000	-
Other adjustments	-	-	-
Resource Budget Outturn (Budget)	33,439,874	33,769,455	32,327,573
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	32,505,726	32,830,917	31,316,091
Annually Managed Expenditure (AME)	934,148	938,538	1,011,482

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2005-06	2004-05	2003-04
	Provision	Provision	Outturn
Net Voted Capital Outturn (Estimates)	6,863,256	6,633,431	5,995,111
<i>Adjustments to remove:</i>			
gains / losses from sale of capital assets	-	-	71,725
<i>Adjustments to additionally include:</i>			
other Consolidated Fund Extra Receipts	-	-	-
capital spending by non-departmental public bodies	744	1,220	2,250
capital grants to local authorities	-	-	-
capital grants financed by the Capital Modernisation Fund	-	-	-
local authority credit approvals	-	-	-
capital spending by levy funded bodies	-	-	-
unallocated capital provision	-	-	-
Other adjustments	-	-	-
Capital Budget Outturn (Budget)	6,864,000	6,634,651	6,069,086
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	6,880,000	6,662,651	6,073,300
Annually Managed Expenditure (AME)	-16,000	-28,000	-4,214

Notes to the Main Estimate *(continued)*

Explanation of Accounting Officer responsibilities

In accordance with the Government Resources and Accounts Act 2000 the following Accounting Officer appointments for the Request for Resources within this Estimate.

Request for Resources 1:	Sir Kevin Tebbit, Principal Accounting Officer and Permanent Head of Department
Request for Resources 2:	Sir Kevin Tebbit, Principal Accounting Officer and Permanent Head of Department
Request for Resources 3:	Sir Kevin Tebbit, Principal Accounting Officer and Permanent Head of Department

Sir Kevin Tebbit as the Principal Accounting Officer (PAO) of the Ministry of Defence has personal responsibility for the proper presentation of the Ministry of Defence's resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The PAO as the permanent head, in addition to the responsibilities for the assigned RfRs, remains in general overall charge of the Ministry of Defence.

The responsibilities of an Accounting Officer are set out in Annex 4.1 of Government Accounting. In essence these responsibilities include a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the Ministry of Defence's policies, aims and objectives; and should regularly review the effectiveness of that system.

Notes to the Main Estimate *(continued)*

Analysis of appropriations in aid (A in A)

	£'000					
	2005-06 provision		2004-05 provision		2003-04 outturn	
	Operating A in A	Non- operating A in A	Operating A in A	Non- operating A in A	Operating A in A	Non- operating A in A
RfR 1: Provision of defence capability						
Income from supplies and services	992,953		889,817		1,102,751	
Loan and rental income	257,107		227,729		227,891	
Interest received	4,789		9,465		18,572	
Trading fund dividend	12,053		24,199		8,902	
Other income	69,668		107,099	54,301	23,874	
Income from sale of fixed assets		510,000		193,193		253,359
Loan repayments from trading funds		23,298		39,941		4,626
Total RfR 1	1,336,570*	533,298**	1,258,309	287,435	1,381,990	257,985
Total A in A	1,336,570	533,298	1,258,309	287,435	1,381,990	257,985
<i>of which: Administration Budgets</i>	—		—		—	

*Amount that may be applied as appropriations in aid in addition to the net total, arising from the recovery of income from fees and income from charges.

**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.

Analysis of Consolidated Fund Extra Receipts (CFERs)

	£'000					
	2005-06 provision		2004-05 provision		2003-04 outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
Accrued interest on bank balances and short-term bank deposits, receipts related to accrued interest on advances held by an agency of a foreign Government for contractual purposes and receipts arising from sales of certain assets etc ●	—	—	—	—	33,369	33,369
Total	—	—	—	—	33,369	33,369

Notes to the Main Estimate *(continued)*

Departmental Expenditure Limits and Administration Budgets

£'000

Details of 2005-06 Departmental Expenditure Limits (DEL)

	Voted*	Non-voted	Total
Resource DEL	31,223,934	1,281,792	32,505,726
<i>of which: Administration Budgets</i>	—	—	—
Capital DEL**	6,879,256	744	6,880,000
Less depreciation†	-7,556,000	-885,000	-8,441,000
Total DEL	30,547,190	397,536	30,944,726

* Excludes EU receipts included in Estimates, but excluded in Budgets.

** Capital DEL includes items treated as resource in Estimates and Accounts, but which are treated as part of Capital DEL, under stage 2 of Resource Accounting and Budgeting, as implemented in the 2002 Spending Review.

† 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.

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

The total net resource sought for 2005-06 of £34,611,882,000 is 2.8 per cent higher than the final provision for 2004-05 of £33,610,000 and is 3.2 per cent higher than the forecast outturn for 2004-05 of £33,529,455,000.

Cash which may be retained to offset expenditure

£'000

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

	2005-06 provision	2004-05 provision	2003-04 outturn
	1,336,570	1,258,309	1,381,990

Notes to the Main Estimate *(continued)*

Grants in aid

Grants in aid above £1million included in this Estimates RfR 1 are:

	£ million
Section G – Naval and maritime museums ♥	2.793
Section H – National Army Museum ♥	4.875
Section H – Royal Hospital Chelsea ♥	9.207
Section I – Royal Air Force Museum ♥	7.023
Section J – Commonwealth War Graves Commission ♦	31.643
Section J – Skill force	3.002

International Subscriptions

	£ million
International Subscriptions above £1million included in RfR 1, Section J, are:	
UK Contribution to the Comprehensive Test Ban Treaty verification scheme	2.913
NATO Military Budgets	50.595
NATO infrastructure projects	82.502
WEU Satellite	1.571

Gifts

For the financial year 2005-06 a sum of £30,000 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.

Staff Benefits

For the financial year 2005-06 TLB holders have delegated authority to make Special bonus payments to civilian 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. 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 paybill for the TLB.

Expenditure resting on the sole authority of the Appropriation Act

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

RfR 1	£'000
Section G: Royal Navy and Royal Marine Sports Control Board ■	117
Section H: Army Sports Control Board ■	404
Section I: RAF Sports Control Board ■	83
Section J: The Royal British Legion ■	308
Section J: Skill force – Scotland/Wales ■	300
Section J: The Scott Polar Institute ■	35
RfR 3	
Section C: 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 ■	4,500

Notes to the Main Estimate *(continued)*

Contingent Liabilities

Contingent liabilities valued in excess of £100,000 are as follows:

	RfR	Value
Statutory Liabilities Charged To Resource Estimates		
Statutory liabilities in relation to the operation of International Military Services Ltd	RfR 1	Statutory Limit £50M (£100M with Commons approval)
Non-Statutory Liabilities Charged To Resource Estimates		
Residual liability for the remediation of unidentified contamination in parts of the former Rosyth Naval Base which has been sold to Rosyth 2000 plc.	RfR 1	Up to £1.0m
Termination liabilities arising out of MOD's association with the Research Council under the Joint Grants Scheme.	RfR 1	£17.620m
Indemnity given to the Federal Republic of Germany in respect of additional cost which might be incurred by Daimler Chrysler Aerospace in the event of delays in the development of the European Collaborative Radar 90 for the Eurofighter 2000.	RfR 1	Nil
Indemnity given 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.	RfR 1	Unquantifiable
Liabilities arising from insurance risk of exhibits on loan to the Army, Navy and RAF Museums.	RfR 1	£1.965m
Contractorisation of AWE: indemnity to Hunting – BRAE Ltd/AWE in respect of nuclear risks under the Nuclear Installations Act 1965.	RfR 1	Up to £140m per incident
Indemnity to Devonport Royal Dockyards Ltd (DRDL) in respect of nuclear risks under the Nuclear Installations Act 1965.	RfR 1	Unlimited
Indemnity to the Babcock Group in respect of nuclear risks under the Nuclear Installations Act 1965.	RfR 1	Unquantifiable
Indemnities to Devonport Royal Dockyards Ltd (DRDL) and 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.	RfR 1	Unquantifiable
Product liability to British Aerospace in respect of work carried out by third party contractors on aircraft for which BAe are Design Authority and for which BAe, at MOD's request provide the third party contractor with design advice and verification.	RfR 1	Unquantifiable

Notes to the Main Estimate *(continued)*

Contingent Liabilities *(continued)*

	RfR	Value
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.	RfR 1	£18.103m
Indemnity to BAe Systems (formerly GEC Marconi and Vickers. Shipbuilding and Engineering Ltd (VSEL), Barrow) for third party risks.	RfR 1	Up to £140m per incident
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.	RfR 1	Unquantifiable
Waste management, decommissioning and dismantling costs associated with the MOD’s nuclear activities in certain MOD operated sites and sites currently operated by Atomic Weapons Establishment Management Ltd, British Nuclear Fuels Limited, Nuclear Industries Radioactive Waste Executive, Rolls Royce & Associates and UK Atomic Energy Authority.	RfR 1	£23.573m
Indemnity to Rolls Royce Power Engineering, Derby for risks associated with the handling of fissile materials.	RfR 1	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.	RfR 1	Unquantifiable
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.	RfR 1	Unquantifiable
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.	RfR 1	Unquantifiable
Contractorisation of AWE: Indemnity to AWE Management Ltd and AWE PLC 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.	RfR 1	Unquantifiable
Residual commercial Contracts claims liability arising out of the disbanding of DERA as a MOD trading agency and the formation of QINETIQ** on 1 July 2001.	RfR 1	Unquantifiable

Notes to the Main Estimate *(continued)*

Contingent Liabilities *(continued)*

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.	RfR 1	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.	RfR 1	Unquantifiable
Environmental losses incurred by QINETIQ arising from certain defined materials at specific properties before the formation of QINETIQ on 1 July 2001.	RfR 1	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.	RfR 1	£5.300m
An actuarial adjustment to the QINETIQ pension fund. The need for which to be assessed after 5 years or earlier at the point which the Government's remaining stake in QINETIQ is sold.	RfR 1	£40.438m

