
Armed Forces retired pay, pensions etc

Introduction

1. This Supplementary Estimate is required for the following purposes:

Amount £

Changes in resources

RfR 1: Armed Forces Retired Pay, Pensions etc

Token increase

To increase Grants by £2,634,000 and an increase in Appropriations in Aid of £2,633,000 to reflect the latest forecast of outturn (Section RfR1 - A). 1,000

Total Change in Resources for RfR1 1,000

2. There is an increase in the net cash requirement of £20,000,000 to meet forecast commitments for payment of pensions and lump sum benefits to Service personnel and dependants.
3. Symbols are explained in the Introduction to this booklet.

Part I

£

RfR 1: Armed Forces Retired Pay, Pensions etc**1,000**

Total additional net resource requirement

1,000

Additional net cash requirement**20,000,000**

SUPPLEMENTARY amounts required in the year ending 31 March 2007 for expenditure by the Ministry of Defence on:

RfR 1: Armed Forces Retired Pay, Pensions etc

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

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

Part II: Changes proposed

£'000

Resources	Present Net Provision	Change in Gross Provision	Change in A in A	Change in Net Provision	New Net Provision
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RfR 1: Armed Forces Retired Pay, Pensions etc

Spending in Annually Managed Expenditure (AME)

RfR 1 - A	Retired pay, pensions and other payments to service personnel and their dependants	4,588,662	2,634	2,633	1	4,588,663
Total RfR 1			2,634	2,633	1	
Total Changes to RfRs			2,634	2,633	1	

£000

	Present Provision	Change in Provision	New Provision
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Capital and Cash

Total Capital Expenditure	-	-	-
Non-Operating A in A	-	-	-
Net cash requirement	1,584,369	20,000	1,604,369

Part II: Revised subhead detail including additional provision

Resources						Capital	£'000
1	2	3	4	5	6	7	8
Admin	Other current	Grants	Gross Total	A in A	Net Total	Capital	Non-operating A in A
RfR 1: Armed Forces Retired Pay, Pensions etc							
-	-	6,020,757	6,020,757	1,432,094	4,588,663	-	-
Spending in Annually Managed Expenditure (AME)							
<i>Central Government spending</i>							
A Retired pay, pensions and other payments to service personnel and their dependants							
-	-	6,020,757	6,020,757	1,432,094	4,588,663	-	-
Total for Estimate:							
-	-	6,020,757	6,020,757	1,432,094	4,588,663	-	-

Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	<u>£'000</u> <u>Revised</u>
Net Resource Requirement	4,588,662	1	4,588,663
Voted capital items			
Capital	-	-	-
<i>Less:</i> 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	-6,018,122	-	-6,018,122
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-	-	-
Increase(+)/decrease (-) in stock	-	-	-
Increase(+)/decrease (-) in debtors	-98	-10,220	-10,318
Increase(-)/decrease (+) in creditors	-968	-11,253	-12,221
Use of provisions	3,014,895	41,472	3,056,367
Total accruals to cash adjustments	-3,004,293	19,999	-2,984,294
Excess cash to be CFERd	-	-	-
Net Cash Requirement	1,584,369	20,000	1,604,369

Part III: Extra receipts payable to the Consolidated Fund

As in existing provision

Forecast Combined Revenue Account

	£'000
	2006-07 provision
Net Programme Costs	
RfR1	
Income	
Contributions received	1,427,281
Transfers in	4,613
Other income	199
Total income	<u>1,432,093</u>
Expenditure	
Increase in liability	1,772,948
Interest on scheme liability	4,247,808
Other expenditure	-
Total expenditure	<u>6,020,756</u>
Total Net Programme costs	4,588,663
Total Net Operating Cost	4,588,663
<i>of which:</i>	
Net Resource Requirement	4,588,663
Non-voted expenditure	-
Consolidated Fund Extra Receipts	-
Resource Budget	4,588,663

Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2006-07 Provision
Net Resource Requirement (Estimates)	4,588,663
<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	-
Other adjustments	-
Net Operating Costs (Accounts)	4,588,663
<i>Adjustments to remove:</i>	
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)	4,588,663
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	-
Annually Managed Expenditure (AME)	4,588,663

Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2006-07 Provision
Net Voted Capital (Estimates)	-
<i>Adjustments to remove:</i>	
gains/losses from sale of capital assets	-
<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	-
Other adjustments	-
Capital Budget (Budget)	-
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	-
Annually Managed Expenditure (AME)	-

Notes to the Estimate (*continued*)

Explanation of Accounting Officer responsibilities

In accordance with the Government Resources and Accounts Act 2000 the Treasury has made the following Accounting Officer appointments for the Requests for Resources within this Estimate.

Request for Resources 1 Bill Jeffrey, Permanent Head of the Department

Bill Jeffrey as the Accounting Officer (AO) of the Ministry of Defence has personal responsibility for the proper presentation of the department's resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The AO as the permanent head, 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 the available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the organisation's policies, aims, and objectives and should regularly review the effectiveness of that system.

Notes to the Estimate (*continued*)
Analysis of operating appropriations in aid (A in A)

£'000

 2006-07
 Provision

RfR 1: Armed Forces Retired Pay, Pensions etc

Programme	1,432,094
<i>of which:</i>	
Pension scheme related income	1,432,094
Total RfR1	1,432,094 †

† Amount that may be applied as non-operating appropriations in aid, arising from: accruing superannuation liability charges and pension enhancements and transfers into the Armed Forces Pension Scheme (AFPS).

Total Operating A in A	1,432,094
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Notes to the Estimate (*continued*)

Cash which may be retained to offset expenditure**£'000**

1,432,094

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