
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 ten Top Level Budget (TLB) Holders included in this RfR has been allocated an individual RfR section within Departmental Expenditure Limits, Annually Managed Expenditure 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 Government's Expenditure Plans 2006-07 to 2007-08 Ministry of Defence (Cm 7098).
2. With effect from 2 April 2007, the Defence Logistics Organisation and Defence Procurement Agency have merged to form the new Defence Equipment & Support TLB. Also, General Officer Commanding (Northern Ireland) TLB has been incorporated into Commander-in-Chief Land Command TLB.
3. With effect from 2 April 2007, all fixed assets will be held and used by TLBs and their asset custodians but will be managed by Single Balance Sheet Owners (SBSOs). Defence Estates will hold all land and buildings and related plant and machinery. Defence Equipment & Support will hold all single use military equipment, guided weapons, missiles and bombs, capital spares, plant and machinery, transport, associated assets under construction, Government Furnished Equipments held in project accounts and all information technology and communications equipment.
4. Sections A to J include £32,503.862 million in respect of Resource Departmental Expenditure Limit, broken down as £33,715.226 million for gross DEL and £1,211.364 million for Appropriations in Aid, making a total of £32,503.862 million for net DEL. They also show £7,951.980 million in respect of Capital DEL and £353.425 million in respect of non operating Appropriations in Aid. Additionally Sections K to N include £50.929 million in respect of capital loan repayments from the Department's Trading Funds. This is included in non operating Appropriations in Aid, giving a net capital position of £7,547.626 million.
5. Sections O to Q include £95.694 million for gross AME and £4.5 million for AME Appropriations in Aid, a net total of £91.194 million.
6. Sections R 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, £3.141 million in respect of payments and interest charges for the National Loans Fund, £1.904 million as capital repayments to the National Loans Fund, £9.254 million for the Grant in Aid to Royal Hospital Chelsea and £0.004 million in respect of receipts from the European Union.
7. Included within this Estimate are net transfers in from other Government Departments amounting to £1.507 million. Transfers out are: £7 million to the Department for International Development for the Gibraltar Pensions settlement; and £1 million to the Cabinet Office for security and intelligence agency funding. Transfers in are: £9.297 million, for the National Meteorological Service (Department for Transport, £3.903 million; Department of Trade and Industry, £2.314 million; Department for Culture, Media and Sport, £3.080 million); and £0.210 million from the Department of Trade and Industry as a contribution to the Principal Non-Industrial Superannuation Scheme.
8. Included within this Estimate is additional funding of £0.800 million approved for the pilot Cadet Force expansion announced on 27 June 2006.

9. 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 Department will be provided with periodic statements of actual expenditure incurred.

Request for Resources 2: Conflict Prevention

10. 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.

11. Sections A to B include £44.303 million in respect of Resource DEL. There is currently no Capital DEL or Appropriations in Aid for this RfR.

12. Requests for resources to fund operations in Iraq, Afghanistan and the Balkans will be made at Supplementary Estimates.

Request for Resources 3: War Pensions and Allowances, etc

13. This RfR provides for the payment of war disablement and war widows' pensions in accordance with relevant legislation.

14. Sections A to B include £1,027.007 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.

15. Supporting information relating to expenditure contained in this Estimate is included in the Government's Expenditure Plans 2006-07 to 2007-08 Ministry of Defence (Cm 7098).

16. The Ministry of Defence is responsible for administering the funding for this Estimate.

17. Symbols are explained in the Introduction to this booklet.

Ministry of Defence

Part I

	£
Request for Resources 1: Provision of defence capability	32,608,197,000
Request for Resources 2: Conflict prevention	44,303,000
Request for Resources 3: War Pensions and Allowances, etc	1,027,007,000
Total net resource requirement	33,679,507,000
Net cash requirement	31,677,308,000

Amounts required in the year ending 31 March 2008 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.

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

	Net total	Allocated in Vote on Account	Balance to complete
RfR 1	32,608,197,000	14,393,635,000	18,214,562,000
RfR 2	44,303,000	21,297,000	23,006,000
RfR 3	1,027,007,000	463,478,000	563,529,000
Total net resource requirement	33,679,507,000	14,878,410,000	18,801,097,000
Net cash requirement	31,677,308,000	14,173,172,000	17,504,136,000

Part II: Subhead detail

£'000

								2006-07	2005-06		
								Provision	Outturn		
2007-08 Provision											
Resources						Capital Non-operating					
Admin	Other	Grants	Gross Total	A in A	Net Total	Capital	A in A	Net Total	Net Total		
1	2	3	4	5	6	7	8	9	10		
RfR 1: Provision of defence capability											
-	33,600,811	223,254	33,824,065	1,215,868	32,608,197	7,953,884	404,354	32,349,202	32,780,865		
Spending in Departmental Expenditure Limits (DEL)											
<i>Central Government spending</i>											
A	Fleet	-	2,145,458	1,786	2,147,244	35,718	2,111,526	50,458	-	2,149,376	-
B	Commander-in-Chief Land Command	-	6,037,607	243	6,037,850	252,134	5,785,716	239,054	-57	4,310,882	5,633,562
C	Commander-in-Chief Strike Command	-	1,763,141	-	1,763,141	24,461	1,738,680	79,823	-	1,909,667	4,043,496
D	Chief of Joint Operations	-	443,259	-	443,259	24,416	418,843	61,322	-	358,991	578,429
E	Adjutant General	-	767,854	3,787	771,641	12,980	758,661	28,407	-	1,562,493	1,939,361
F	Personnel and Training Command	-	917,654	3,023	920,677	150,502	770,175	28,867	-	812,178	905,552
G	Central	-	2,310,254	190,874	2,501,128	306,581	2,194,547	65,724	250	2,209,320	2,490,823
H	Defence Estates	-	2,673,833	-	2,673,833	176,247	2,497,586	242,472	353,000	2,569,468	1,062,600
I	Defence Equipment and Support	-	15,914,310	1,025	15,915,335	228,325	15,687,010	7,155,853	232	-	-
J	Science Innovation Technology	-	537,017	4,101	541,118	-	541,118	-	-	527,399	501,605
K	Loans and Grants to and Repayments from the Hydrographic Office	-	-	-	-	-	-	-	421	-	-
L	Loans and Grants to and Repayments from DARA	-	-	-	-	-	-	-	55,812	-	-
M	Loans and Grants to and Repayments from ABRO	-	-	-	-	-	-	-	2,154	-	-
N	Loans and Grants to and Repayments from Met Office	-	-	-	-	-	-	-	-7,458	-	-
<i>General Officer Commanding (Northern Ireland)</i>											
-	-	-	-	-	-	-	-	-	-	410,242	579,508

Part II: Subhead detail

										£'000	
2007-08 Provision										2006-07 Provision	2005-06 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>Defence Logistics Organisation</i>											
-	-	-	-	-	-	-	-	13,197,985	7,515,908		
<i>Commander-in-Chief Fleet pre-2006-07</i>											
-	-	-	-	-	-	-	-	-	3,575,383		
<i>2nd Sea Lord/ Commander-in-Chief Naval Home Command pre-2006-07</i>											
-	-	-	-	-	-	-	-	-	777,735		
<i>Defence Procurement Agency</i>											
-	-	-	-	-	-	-	-	2,107,970	2,282,093		
Spending in Annually Managed Expenditure (AME)											
<i>Central Government spending</i>											
O	Chief of Joint Operations										
-	3,599	-	3,599	-	3,599	-	-	7,420	-		
P	Central										
-	-12	8,411	8,399	4,500	3,899	-	-	4,402	-1,926		
Q	Defence Equipment and Support										
-	83,696	-	83,696	-	83,696	-	-	-	-		
<i>Commander in Chief Fleet</i>											
-	-	-	-	-	-	-	-	-5,718	-		
<i>Defence Logistics Organisation</i>											
-	-	-	-	-	-	-	-	176,475	18,709		
<i>Commander-in-Chief Fleet pre-2006-07</i>											
-	-	-	-	-	-	-	-	-	35,727		
<i>Defence Procurement Agency</i>											
-	-	-	-	-	-	-	-	27,421	-199,395		
Non-Budget											
R	Adjutant General										
-	-	9,254	9,254	-	9,254	-	-	9,232	9,263		
S	Central										
-	-	750	750	-	750	-	-	750	-24		
T	Defence Equipment and Support										
-	-	-	-	4	-4	-	-	-	-		
U	Defence Estates										
-	3,141	-	3,141	-	3,141	1,904	-	3,249	3,379		

Part II: Subhead detail

£'000

2007-08 Provision								2006-07 Provision	2005-06 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>Personnel and Training Command</i>									
-	-	-	-	-	-	-	-	-	1,577
<i>Defence Logistics Organisation</i>									
-	-	-	-	-	-	-	-	-	205,745
<i>Defence Procurement Agency</i>									
-	-	-	-	-	-	-	-	-	821,755
RfR 2: Conflict prevention									
-	44,303	-	44,303	-	44,303	-	-	1,427,526	1,015,634
Spending in Departmental Expenditure Limits (DEL)									
<i>Central Government spending</i>									
A	Programme Sub-Saharan Africa								
-	29,063	-	29,063	-	29,063	-	-	31,486	30,986
B	Programme Rest of the World								
-	15,240	-	15,240	-	15,240	-	-	73,040	16,306
<i>Peace Keeping Rest Of The World</i>									
-	-	-	-	-	-	-	-	1,323,000	968,342
RfR 3: War Pensions and Allowances, etc									
-	-575	1,027,582	1,027,007	-	1,027,007	-	-	1,047,661	1,068,595
Spending in Annually Managed Expenditure (AME)									
<i>Central Government spending</i>									
A	War Pensions Benefits Programme costs								
-	-575	1,027,082	1,026,507	-	1,026,507	-	-	1,046,661	1,064,862
B	War Pensions Benefits Programme costs - Far Eastern Prisoners of War								
-	-	500	500	-	500	-	-	1,000	3,730
<i>War Pensions Benefits Programme costs - British Limbless Ex-Servicemen's Association (BLESMA)</i>									
-	-	-	-	-	-	-	-	-	3
Total for Estimate:									
-	33,644,539	1,250,836	34,895,375	1,215,868	33,679,507	7,953,884	404,354	34,824,389	34,865,094

Part II: Resource to cash reconciliation

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Resource Requirement	33,679,507	34,824,389	34,865,094
Voted capital items			
Capital	7,953,884	7,996,068	7,070,912
Less Non-operating A-in-A	404,354	556,152	704,602
Total net voted capital	7,549,530	7,439,916	6,366,310
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-3,465,193	-2,815,941	-3,106,369
Depreciation	-6,621,537	-7,181,000	-6,520,590
New provisions and adjustments to previous provisions	-392,370	-605,528	-1,467,852
Profit/loss on sale of assets	-	-	479,359
Prior period adjustments	-	-	-
Other non-cash items	-	-	-3,500
Increase (+) / Decrease (-) in stock	-474,518	558,984	340,058
Increase (+) / Decrease (-) in debtors	474,947	490,027	71,777
Increase (-) / Decrease (+) in creditors	497,798	450,036	-543,149
Use of provisions	429,144	585,169	206,234
Total accruals to cash adjustments	-9,551,729	-8,518,253	-10,544,032
Excess cash to be CFERd	-	-	-
Net Cash Requirement	31,677,308	33,746,052	30,687,372

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					
	2007-08		2006-07		2005-06	
	Provision		Provision		Outturn	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as A in A	-	-	-	-	468,599	470,388
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	-	-	-	-	-	-
Total	-	-	-	-	468,599	470,388

Forecast Operating Cost Statement

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
Net Programme Costs			
RfR 1	32,608,197	32,349,202	32,780,865
RfR 2	44,303	1,427,526	1,015,634
RfR 3	1,027,007	1,047,661	1,068,595
Non-voted	-	-	-468,599
Total Net Programme costs	33,679,507	34,824,389	34,396,495
Total Net Operating Cost	33,679,507	34,824,389	34,396,495
<i>of which:</i>			
Net Resource Requirement	33,679,507	34,824,389	34,865,094
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-468,599
Resource Budget	33,890,720	35,786,285	34,372,071

Notes to the Main Estimate (*continued*)

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2007-08	2006-07	2005-06
	Provision	Provision	Outturn
Net Resource Requirement (Estimates)	33,679,507	34,824,389	34,865,094
<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	-	-	-468,599
Other adjustments	-	-	-
Net Operating Cost (Accounts)	33,679,507	34,824,389	34,396,495
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	479,359
Capital grants	-	-	-43,178
European Union income related to capital grants	-	-	-
Voted expenditure outside the budget	-3,887	1,719	-1,032,408
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	468,599
Resource consumption of non departmental public bodies	15,100	15,504	14,640
Unallocated resource provision	200,000	220,000	-
Other adjustments	-	724,673	88,564
Resource Budget (Budget)	33,890,720	35,786,285	34,372,071
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	32,831,253	34,102,192	33,361,797
Annually Managed Expenditure (AME)	1,059,467	1,684,093	1,010,274

Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2007-08	2006-07	2005-06
	Provision	Provision	Outturn
Net Voted Capital (Estimates)	7,549,530	7,439,916	6,366,310
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Capital spending by non-departmental public bodies	744	744	744
Capital grants	-	-	43,178
European Union income related to capital grants	-	-	-
Supported capital expenditure (revenue)	-	-	-
Capital spending by levy funded bodies	-	-	-
Unallocated capital provision	-	-	-
Other adjustments	-1,904	1,500	-
Capital Budget (Budget)	7,548,370	7,442,160	6,410,232
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	7,548,370	7,449,160	6,410,232
Annually Managed Expenditure (AME)	-	-7,000	-

Notes to the Main 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 Department

Request for Resources 2: Bill Jeffrey, Permanent Head of Department

Request for Resources 3: Bill Jeffrey, Permanent Head of Department

Bill Jeffrey as the Accounting Officer 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 Main Estimate (*continued*)

Analysis of operating appropriations in aid (A in A)

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
RfR 1: Provision of defence capability			
Programme	1,215,868	1,478,179	1,438,035
<i>of which:</i>			
Sale of goods and services	1,181,990	1,452,633	1,371,826
EU Income	4	-	1
Interest and dividends	33,874	25,546	66,208
Total RfR 1	1,215,868†	1,478,179	1,438,035
<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>			
RfR 2: Conflict prevention			
Programme	-	15,557	20,000
<i>of which:</i>			
Sale of goods and services	-	15,557	20,000
Total RfR 2	-	15,557	20,000
Total Operating A in A	1,215,868	1,493,736	1,458,035

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

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 Outturn
RfR 1: Provision of defence capability			
Programme	404,354	556,152	704,602
<i>of which:</i>			
Sale of assets	353,425	541,829	676,273
Loan, etc, repayments	50,929	14,323	28,329
Total RfR 1	404,354†	556,152	704,602
<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>			
Total Non-Operating A in A	404,354	556,152	704,602

Notes to the Main Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

	£'000					
	2007-08		2006-07		2005-06	
	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 ●	-	-	-	-	92,334	92,334
Income from the sale of various assets Φ	-	-	-	-	20,283	20,283
Excess cash surrendered for the sales of certain investments	-	-	-	-	355,982	357,771
Total	-	-	-	-	468,599	470,388

Notes to the Main Estimate (*continued*)

Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	32,548,165	283,088	32,831,253
<i>of which: †</i>			
Administration budget	-	-	-
Near-cash in RDEL	21,930,296	40,943	21,971,239
Capital DEL ††	7,547,626	744	7,548,370
Less Depreciation †††	-6,618,451	-200,000	-6,818,451
Total DEL	33,477,340	83,832	33,561,172

† 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 2007-08 of £33,679,507,000 is 3.3 per cent lower than the final net provision for 2006-07 of £34,824,389,000 and 3.0 per cent lower than the forecast outturn for 2006-07 of £34,734,647,000.

Cash which may be retained to offset expenditure

	£'000		
	2007-08 Provision	2006-07 Provision	2005-06 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.	1,620,222	2,049,888	2,162,637

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:

RfR/Section	Service	£'000
RfR1		
Section A:	Royal Navy and Royal Marine Sports Control Board	120
Section E:	Army Sports Control Board	409
Section F:	RAF Sports Control Board	85
Section G:	The Royal British Legion	241
Section G:	Skill Force - Scotland/Wales	242
Section G:	The Scott Polar Institute	35
RfR3		
Section 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

Notes to the Main Estimate (*continued*)

Grants in aid

RfR/Section	Body	£'000
RfR1		
Section A:	Navy and maritime museums ♥	2,991
Section E:	National Army Museum ♥	5,365
Section E:	Royal Hospital, Chelsea ♥	9,258
Section F:	Royal Air Force Museum ♥	7,019
Section G:	Commonwealth War Graves Commission ♦	34,799

Notes to the Main Estimate (*continued*)

Contingent liabilities

Nature of Liability	£'000
Contingent liabilities valued in excess of £100,000, included within RfR1 are as follows:	
Statutory Liabilities Charged To Resource Estimates	
Statutory liabilities in relation to the operation of International Military Services Ltd	Statutory Limit £50M (£100M with Commons approval)
Non-Statutory Liabilities Charged To Resource Estimates	
Termination liabilities arising out of MOD's association with the Research Council under the Joint Grants Scheme.	Nil
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.	£17.682M
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.	£2.726M
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 Devonport Royal Dockyards Ltd (DRDL) in respect of nuclear risks under the Nuclear Installations Act 1965.	Unlimited
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 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.	Unquantifiable
Contractorisation of AWE: Indemnity to Hunting - BRAE Ltd/AWE in respect of nuclear risks under the Nuclear Installations Act 1965.	Up to £140M per incident
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
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 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.	Unquantifiable
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
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.	£10,117.975M
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
Certain indemnities and warranties granted by MOD to the Carlyle Group covering possible liabilities relating to the sale of a minority share of QINETIQ.	£2.048M
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.	Nil
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).	£4,000M

Notes to the Main Estimate (*continued*)

Staff Benefits

For the financial year 2007-08 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 paybill for the TLB.

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

RfR/Section	Body	£'000
Section I:	NATO Military Budgets	53,447
Section I:	NATO infrastructure projects	76,447
Section L:	UK Contribution to the Comprehensive Test Ban Treaty verification scheme	4,101

Notes to the Main Estimate (*continued*)

Gifts

For the financial year 2007-08 a sum of £ 31,000 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.

