

Defence: operational and support costs, logistic services and systems procurement and research

Introduction

1. This Vote provides for expenditure which is primarily to meet the Ministry of Defence's (MOD) operational, support and logistic services costs and the costs of providing the equipment capability required by defence policy. It reflects the way in which the MOD manages its expenditure. Each of the eleven Top Level Budget (TLB) holders included in this Vote has been allocated an individual Vote Section (A to K) consistent with the expenditure and receipts 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 they incur is contained in the Government's Expenditure Plans 1999-2000 to 2001-2002 (MOD) (Cm 4208). Expenditure provided for under Sections A to K plus N and O is a constituent part of MOD operating costs which are explained in Cm 4208. Section L provides for expenditure on the procurement of new equipment by the Defence Procurement Agency (DPA). Section M provides for expenditure on applied strategic research.
2. The Hydrographic Office Defence Agency was formed on 1 April 1996 as a trading fund under MOD ownership. The MOD provided a working capital loan to the Hydrographic Office and recovery is made under subhead NZ. Interest on the loan will be surrendered to the Consolidated Fund in accordance with Government Accounting principles.
3. Supporting information relating to expenditure contained in the Vote, including details of contingent liabilities valued in excess of £100,000, and an analysis of appropriations in aid is contained in Cm 4208. Cm 4208 also includes an analysis of the provision for programmed ship contract refit and repairs by category of vessel and the number of programmed ship projects to be started and the MOD long term projects table.
4. The provision sought for 1999-2000 is some 2.1 per cent lower than the final net provision for 1998-99 of £22,770 million and 1.2 per cent lower than the forecast outturn for that year of £22,550 million. A breakdown of the forecast outturn for 1998-99 is given in Table 1 of Cm 4208.
5. Grants in aid above £1 million included in this Vote are: Section G - Naval and maritime museums ♥ £2.348 million; Section H - National Army Museum ♥ £3.244 million; Royal Hospital Chelsea ♥ £8.090 million; Section I - Royal Air Force Museum ♥ £4.804 million; Section J Commonwealth War Graves Commission ♦ £22.866 million.
6. International Subscriptions above £1 million included in this Vote are: Section J - UK Contribution to the Comprehensive Test Ban Treaty verification regime £2.436 million; European Meteorological Satellite Programme £6.994 million; NATO military budgets £63.411 million; NATO infrastructure projects £52.655 million and NAMSAs £1.029 million.
7. Section R includes £0.487 million in respect of the VAT paid by the Commonwealth War Graves Commission for UK expenditure and £5.045 million in respect of payments and interest charges under the Armed Forces (Housing Loan) Acts. Both of these sums are classified as expenditure outside Departmental Expenditure Limits.
8. Some advances made periodically for the UK share of costs of collaborative projects will be charged to the Vote at the time of issue and MOD will be provided with periodic statements of actual expenditure incurred.
9. Symbols are explained in the Introduction to the booklet.

Defence: operational and support costs, logistic services, and systems procurement and research

Part I

£22,283,085,000

Amount required in the year ending 31 March, 2000 for expenditure by the Ministry of Defence on personnel costs etc of the armed forces and their reserves and cadet forces and personnel costs etc 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 costs; plant and machinery; expenditure by the Defence Procurement Agency in operating its headquarters and establishments and for its common services; 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; lands 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 set-up costs and loans to trading funds.

The **Ministry of Defence** will account for this Vote

	£
Net total	22,283,085,000
Allocated in the Vote on Account (HC 1134)†	10,007,988,000
Balance to complete	12,275,097,000

† In the Vote on Account, this Vote was entitled Defence: operational and support costs. This Vote also includes the services shown in the Vote on Account as Class VI, Vote 2 (Defence: logistics services) and Class VI, Vote 3 (Defence: systems procurement and research).

Part II Subhead detail

£'000

Direct Expenditure		Grants and transfers					Z: Appropriations in aid	Net total	Total net provision 1998-99	Net outturn 1997-98
1: Running costs	2: Other current	3: Capital	4: Current	5: Capital	Gross total					
Departmental expenditure in Departmental Expenditure Limits										
Central government's own expenditure										
★A: Commander-in-Chief Fleet										
—	1,044,139	59,870	—	—	1,104,009	46,467	1,057,542	1,097,006	1,106,286	
★B: General Officer Commanding (Northern Ireland)										
—	478,787	55,373	—	—	534,160	9,629	524,531	517,245	509,217	
★C: Commander-in-Chief Land Command										
—	3,082,659	175,087	516	—	3,258,262	241,436	3,016,826	2,937,138	2,869,884	
★D: Air Officer Commanding-in-Chief RAF Strike Command										
—	1,602,941	119,039	—	—	1,721,980	162,314	1,559,666	1,747,349	1,652,978	
★E: Chief of Joint Operations										
—	305,900	32,835	—	—	338,735	21,722	317,013	376,592	389,488	
★F: Chief of Defence Logistics										
—	4,280,262	897,806	19,008	—	5,197,076	569,620	4,627,456	5,031,953	4,700,489	

Part II		Subhead detail <i>continued</i>									£'000
Direct Expenditure			Grants and transfers								
1: Running costs	2: Other current	3: Capital	4: Current	5: Capital	Gross total	Z: Approp- riations in aid	Net total	Total net provision 1998-99	Net outturn 1997-98		
★G: 2nd Sea Lord/Commander-in-Chief Naval Home Command											
—	570,957	32,998	—	—	603,955	62,541	541,414	552,488	529,483		
★H: Adjutant General (Personnel & Training Command)											
—	1,135,943	69,867	—	—	1,205,810	65,264	1,140,546	1,085,636	1,076,380		
★I: Air Officer Commanding-in-Chief RAF Personnel and Training Command											
—	675,781	44,068	—	—	719,849	136,717	583,132	588,657	596,002		
★J: 2nd Permanent Under Secretary of State Ω											
—	1,874,774	337,286	177,079	—	2,389,139	497,246	1,891,893	2,009,756	2,051,182		
★K: Defence Procurement Agency operating costs and nuclear warhead and fissile material programme											
—	694,320	35,491	—	—	729,811	62,760	667,051	682,146	699,391		
★L: Defence systems procurement Ω											
—	6,045,826	—	—	—	6,045,826	128,944	5,916,882	5,705,326	5,013,581		
★M: Major customers' research budgets											
—	526,267	—	—	—	526,267	73,556	452,711	482,515	456,452		
★N: Loans and grants and repayments from the Hydrographic Office Defence Agency											
—	—	—	—	—	—	216	-216	-342	-3,077		
★O: Loans and grants to and repayments from the Meteorological Office											
—	—	—	—	—	—	8,513	-8,513	-15,554	-5,511		
★P: Loans and grants to and repayments from DERA											
—	—	—	—	—	—	7,593	-7,593	-29,115	-31,864		
<i>Sale of Married Quarters</i>											
—	—	—	—	—	—	—	—	—	-700,000		
Other expenditure outside Departmental Expenditure Limits											
Q: Chief of the Defence - Logistics											
—	—	—	—	—	—	2,788	-2,788	-4,400	—		
R: 2nd Permanent Under Secretary of State											
—	—	—	946	4,586	5,532	—	5,532	5,533	5,532		
Total	—	22,318,556	1,859,720	197,549	4,586	24,380,411	2,097,326†	22,283,085	22,769,929	20,915,893	
† Amount that may be applied as appropriations in aid in addition to the net total, arising from the provision of medical, education, training, administrative, accommodation, works, fuel, and other support and technical services and goods, and sales, loans, hire or disposal of sea, land and air systems, associated equipment, spares and other stores to exchequer and non exchequer customers and other governments; sales and disposal of surpluses including land,			buildings and equipment; recoveries of rents and other charges for the use of MOD facilities; refunds of overpayments in prior years; the recovery of departmental expenses and recoveries and refunds in respect of services provided by personnel and for personnel on loan; receipts from the CAA; receipts from Portsmouth Heritage Trust; repayments and recoveries from service and civilian personnel including purchase of discharge, pension and pay			adjustment; receipts and refunds from the European Community; receipts and refunds from NATO and other Governments, including recoveries for services provided for US forces; capital assistance rentals; refunds and receipts from contractors; refunds and receipts from various research and development activities, levies and commercial exploitation agreements; instalments in repayment of working capital loans; recovery of input VAT.					
Part III		Extra receipts payable to the Consolidated Fund									£'000
In addition to appropriations in aid there are the following estimated receipts:											
							1999-00	1998-99	1997-98		
Mainly accrued interest on bank loans and short term bank deposits, and interest receivable on trading fund loans, receipts relating 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 ●							11,299	48,265	61,464		

Notes:

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

	£'000
F2 Grant in aid to the Scott Polar Research Institute ■	35
G2 Royal Navy and Royal Marine Sports Control Board ■	58
H2 Army Sports Control Board ■	282
I2 RAF Sports Control Board ■	75
J2 The Royal British Legion ■	478
J4 Subscription to the European Meteorological Satellite Programme ■	6994
J4 Subscription to the Association of the Army Chiefs of Staff of France, Italy, Spain, the Netherlands, Germany, Belgium, United Kingdom and Luxembourg (FINABEL) ■	7
K2 Contributions to Export Credit Guarantee Department (ECGD) in the connection with credit arrangements for certain defence export sales ■	110

Defence: armed forces retired pay, pensions, etc

Introduction

1. This Vote provides for the payment of retired pay, pensions and lump sum benefits to persons covered by the Armed Forces Superannuation Scheme (AFSS), 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. Provision is 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 the AFSS. Such benefits include short service gratuities, resettlement grants, and pensions for inter-war pensioners and locally engaged personnel;
 - (d) the accruing superannuation liability charges (ASLC) receipts for armed forces personnel in subhead AZ. The related expenditure is borne on Class VI, Vote 1.
2. The Vote also provides for the payment of injury benefits to adult instructors of the cadet forces.
3. The provision sought for 1999–2000 is 6.6 per cent higher than the final net provision and forecast outturn for 1998–99 of £1,191 million.
4. Further details of the expenditure and appropriations in aid contained in this Vote are included in The Government's Expenditure Plans 1999–2000 to 2001–2002 (MOD) (Cm 4208).
5. It has been assumed that pensions averaging £5,511 will be paid to 311,603 retired armed forces personnel, compared to £5,461 paid to 298,433 retired armed forces personnel in 1998–99.
6. The Ministry of Defence is responsible for administering the AFSS; the related staff and other costs are borne on Class VI Vote 1.
7. Symbols are explained in the Introduction to this booklet.

Defence: armed forces retired pay, pensions, etc

Part I

£1,270,091,000

Amount required in the year ending 31 March 2000 for expenditure by the Ministry of Defence on retired pay, pensions and other payments, etc.

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

	£
Net total	1,270,091,000
Allocated in the Vote on Account (HC 1134)†	536,154,000
Balance to complete	733,937,000

† In the Vote on Account, this Vote was shown as Class VI, Vote 4.

Part II Subhead detail

£'000

Direct Expenditure			Grants and transfers			Gross total	Z: Appropriations in aid	Net total	Total net provision 1998-99	Net outturn 1997-98
1: Running costs	2: Other current	3: Capital	4: Current	5: Capital						
Main departmental programmes in Annually Managed Expenditure										
Central government's own expenditure										
<i>A: Retired pay, pensions and other payments to Service personnel and their dependants</i>										
—	—	—	2,233,910	—	2,233,910	963,819†	1,270,091	1,191,454	1,109,105	

† Amount that may be applied as appropriations in aid in addition to the net total, arising from: receipts from transfer values for personnel entered

from employment outside the armed forces; refunds of non-effective pay and gratuities on re-engagement; "buying-in" of half-rate forces family pensions and

purchase of added years enhanced benefits; receipts for accruing superannuation liability charges.

Part III Extra receipts payable to the Consolidated Fund

No extra receipts were received in 1997-98. None are expected in 1998-99 or in 1999-2000.