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# Ministry of Defence

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## 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 twelve Top Level Budget (TLB) Holders included in this RfR has been allocated an individual RfR section within DEL, AME and Non-Budgets 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 6822).
2. With effect from 1 April 2006, the Commander-in-Chief Fleet and 2nd Sea Lord/Commander-in-Chief Naval Home Command TLBs have merged to form the new Royal Navy Single TLB.
3. As a result of changes in the classification of On-Balance Sheet PFI contracts, £37.862 million in respect of interest charges up to 3.5% and the associated Cost of Capital credit charge of -£21.189 million has been transferred from Non-Budgets into Departmental Expenditure Limits (DEL).
4. Sections M to O include £7.323 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.
5. Sections V to X includes non-budget expenditure of £0.578million in respect of the VAT paid by the Commonwealth War Graves Commission for UK expenditure and £4.233 million in respect of payments and interest charges under the Armed Forces (Housing Loans) Act.
6. Included within this Estimate are transfers from other Government Departments, namely from the Department of Environment, Food & Rural Affairs and Department of Transport of £4.863 million and £3.903 million respectively for the National Meteorological Programme and Severe Weather Warning Service, Department for Work and Pensions of £1.345 million for the Veterans Agency postal contract and £0.008 million from the Cabinet Office for Treasury Solicitors. The transfers out are £215 million to the Department of Trade and Industry for the creation of the Nuclear Decommissioning Agency, £7.5 million to the Cabinet Office for BBC monitoring services and £0.160 million to the Department for Culture, Media and Sport for the transfer of the Pattern Room collection.
7. Included within this Estimate is the one-off payment of £1.5 million for the Armed Forces Memorial, which has been funded by the proceeds from the coin celebrating the 200th anniversary of the Battle of Trafalgar.
8. 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

9. 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.

## Introduction

### Request for Resources 3: War Pensions and Allowances, etc

10. This RfR provides for the payment of war disablement and war widows' pensions in accordance with relevant legislation.
11. Costs of administering War Pensions are borne on Provision of Defence Capability, RfR1.
12. With effect from 1 April 2006, the grant paid to the British Limbless Ex-Service Men's Association (BLESMA), which was previously shown separately under Section C, will now be included within Section A War Pensions Benefits Programme Costs.
13. 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 6822).
14. The Ministry of Defence is responsible for administering the funding for this Estimate.
15. Symbols are explained in the Introduction to this booklet.

## Part I

	£
<b>Request for Resources 1: Provision of defence capability</b>	<b>31,985,856,000</b>
<b>Request for Resources 2: Conflict prevention</b>	<b>47,326,000</b>
<b>Request for Resources 3: War Pensions and Allowances, etc</b>	<b>1,029,951,000</b>
<b>Total net resource requirement</b>	<b>33,063,133,000</b>
<b>Net cash requirement</b>	<b>31,495,938,000</b>

Amounts required in the year ending 31 March 2007 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.

## Part I

	Net total	Allocated in Vote on Account	Balance to complete
<b>RfR 1</b>	<b>31,985,856,000</b>	<b>14,151,146,000</b>	<b>17,834,710,000</b>
<b>RfR 2</b>	<b>47,326,000</b>	<b>20,268,000</b>	<b>27,058,000</b>
<b>RfR 3</b>	<b>1,029,951,000</b>	<b>481,037,000</b>	<b>548,914,000</b>
<b>Total net resource requirement</b>	<b>33,063,133,000</b>	<b>14,652,451,000</b>	<b>18,410,682,000</b>
<b>Net cash requirement</b>	<b>31,495,938,000</b>	<b>13,118,883,000</b>	<b>18,377,055,000</b>

## Part II: Subhead detail

										£'000	
2006-07 Provision								2005-06 Provision	2004-05 Outturn		
Resources						Capital Non- operating A		Net Total Resources	Net Total Resources		
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	in A	9	10		
1	2	3	4	5	6	7	8				
<b>RfR 1: Provision of defence capability</b>											
-	33,124,134	253,098	33,377,232	1,391,376	31,985,856	6,940,478	21,562	34,664,525	30,071,985		
<b>Spending in Departmental Expenditure Limits (DEL)</b>											
<i>Central Government spending</i>											
<i>Commander-in-Chief Fleet</i>											
-	-	-	-	-	-	-	-	3,558,392	3,578,155		
A	Commander in Chief Royal Navy Single TLB										
-	4,248,801	7,927	4,256,728	58,354	4,198,374	33,101	-	-	-		
B	General Officer Commanding (Northern Ireland)										
-	572,523	-	572,523	1,149	571,374	47,315	651	586,938	625,910		
C	Commander-in-Chief Land Command										
-	5,920,924	86	5,921,010	202,432	5,718,578	176,762	-	5,548,244	5,317,456		
D	Commander-in-Chief Strike Command										
-	3,757,294	-	3,757,294	27,554	3,729,740	77,223	-	4,043,982	3,492,795		
E	Chief of Joint Operations										
-	551,002	15	551,017	28,530	522,487	27,176	455	527,832	552,373		
F	Chief of Defence Logistics										
-	7,612,674	13,293	7,625,967	318,846	7,307,121	1,031,407	4,133	8,053,415	6,681,067		
<i>2nd Sea Lord/Commander-in-Chief Naval Home Command</i>											
-	-	-	-	-	-	-	-	747,223	796,523		
G	Adjutant General (Personnel and Training Command)										
-	1,821,449	6,549	1,827,998	45,074	1,782,924	16,274	-	1,756,776	1,778,492		
H	Commander-in-Chief Personnel and Training Command										
-	1,085,762	7,343	1,093,105	166,639	926,466	35,209	-	862,301	1,127,183		
I	Central										
-	3,404,847	200,876	3,605,723	287,882	3,317,841	65,063	-	2,670,428	3,260,434		
J	Defence Estates										
-	1,151,041	-	1,151,041	249,285	901,756	34,213	2,000	1,140,148	-		
K	Defence Procurement Agency										
-	2,290,139	-	2,290,139	5,631	2,284,508	5,396,735	-	2,073,178	2,282,720		
L	Corporate Science and Technology										

## Part II: Subhead detail

										£'000	
2006-07 Provision										2005-06 Provision	2004-05 Outturn
Resources							Capital Non- operating A		Net Total Resources	Net Total Resources	
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	in A	9	10		
1	2	3	4	5	6	7	8				
	-	531,287	2,913	534,200	-	534,200	-	-	503,306	509,267	
M	Loans and Grants to and Repayments from the Hydrographic Office										
	-	-	-	-	-	-	329	-	-	-	
N	Loans and Grants to and Repayments from DARA										
	-	-	-	-	-	-	4,840	-	-	-	
O	Loans and Grants to and Repayments from ABRO										
	-	-	-	-	-	-	2,154	-	-	-	
<b>Spending in Annually Managed Expenditure (AME)</b>											
<i>Central Government spending</i>											
<i>Commander-in-Chief Fleet</i>											
	-	-	-	-	-	-	-	3,976	1,110	-	
P	Commander in Chief Royal Navy Single TLB										
	-	-5,718	-	-5,718	-	-5,718	-	-	-	-	
Q	Chief of Defence Logistics										
	-	9,910	-	9,910	-	9,910	-	-	3,548	23,062	
R	Chief of Joint Operations										
	-	-6,000	2,000	-4,000	-	-4,000	-	-	7,036	-3,147	
S	Central										
	-	-6	2,366	2,360	-	2,360	-	-	3,498	1,164	
T	Defence Procurement Agency										
	-	175,505	-	175,505	-	175,505	-	-	67,698	33,694	
U	Loans and Grants to and Repayments from QinetiQ										
	-	-	-	-	-	-	7,000	-	-	-	
<b>Non-Budget</b>											
V	Adjutant General (Personnel and Training Command)										
	-	-	9,152	9,152	-	9,152	-	-	185,494	9,610	
	<i>Commander-in-Chief Personnel and Training Command</i>										
	-	-	-	-	-	-	-	-	3	-	
W	Central										
	-	-	578	578	-	578	-	-	7,264	4,117	
	<i>Chief of Defence Logistics</i>										

## Part II: Subhead detail

										£'000	
2006-07 Provision										2005-06 Provision	2004-05 Outturn
Resources							Capital Non- operating A in A		Net Total Resources	Net Total Resources	
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	Non- operating A in A	Net Total Resources	Net Total Resources		
1	2	3	4	5	6	7	8	9	10		
-	-	-	-	-	-	-	-	167,481	-		
<i>Commander-in-Chief Land Command</i>											
-	-	-	-	-	-	-	-	230	-		
<i>Chief of Joint Operations</i>											
-	-	-	-	-	-	-	-	1,212	-		
<i>Commander-in-Chief Fleet</i>											
-	-	-	-	-	-	-	-	39,072	-		
<i>Commander-in-Chief Strike Command</i>											
-	-	-	-	-	-	-	-	612	-		
<i>Defence Procurement Agency</i>											
-	-	-	-	-	-	-	-	2,097,191	-		
<i>General Officer Commanding (Northern Ireland)</i>											
-	-	-	-	-	-	-	-	338	-		
<i>2nd Sea Lord/Commander-in-Chief Naval Home Command</i>											
-	-	-	-	-	-	-	-	297	-		
X	Defence Estates										
-	2,700	-	2,700	-	2,700	-	-	7,412	-		
<b>RfR 2: Conflict prevention</b>											
-	<b>47,326</b>	-	<b>47,326</b>	-	<b>47,326</b>	-	-	<b>1,101,276</b>	<b>938,181</b>		
<b>Spending in Departmental Expenditure Limits (DEL)</b>											
<i>Central Government spending</i>											
A	Programme Sub-Saharan Africa										
-	31,486	-	31,486	-	31,486	-	-	30,520	30,280		
B	Programme Rest of the World										
-	15,840	-	15,840	-	15,840	-	-	82,220	114,178		
<i>Peace Keeping Rest Of The World</i>											
-	-	-	-	-	-	-	-	989,536	793,723		
<i>Peace Keeping Sub-Saharan Africa</i>											
-	-	-	-	-	-	-	-	-1,000	-		
<b>RfR 3: War Pensions and Allowances, etc</b>											
-	-648	1,030,599	1,029,951	-	1,029,951	-	-	1,072,972	1,109,521		
<b>Spending in Annually Managed Expenditure (AME)</b>											

## Part II: Subhead detail

										£'000	
2006-07 Provision								2005-06 Provision	2004-05 Outturn		
Resources						Capital Non- operating A		Net Total Resources	Net Total Resources		
Admin	Other Current	Grants	Gross Total	A in A	Net Total	Capital	in A	9	10		
1	2	3	4	5	6	7	8	9	10		
<i>Central Government spending</i>											
A	War Pensions Benefits Programme costs										
	- 648	1,030,099	1,029,451	-	1,029,451	-	-	1,068,466	1,101,514		
B	War Pensions Benefits Programme costs - Far Eastern Prisoners of War										
	-	500	500	-	500	-	-	4,500	8,000		
	<i>War Pensions Benefits Programme costs - British Limbless Ex-Servicemen's Association (BLESMAs)</i>										
	-	-	-	-	-	-	-	6	7		
<b>Total for Estimate:</b>											
	- 33,170,812	1,283,697	34,454,509	1,391,376	33,063,133	6,940,478	21,562	36,838,773	32,119,687		

## Part II: Resource to cash reconciliation

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>Net Resource Requirement</b>	<b>33,063,133</b>	<b>36,838,773</b>	<b>32,119,687</b>
Voted capital items			
Capital	6,940,478	7,388,575	7,102,716
Less Non-operating A-in-A	21,562	607,041	403,263
<b>Total net voted capital</b>	<b>6,918,916</b>	<b>6,781,534</b>	<b>6,699,453</b>
<b>Accruals to cash adjustment</b>			
Adjustments to remove non-cash items:			
Cost of Capital charges	-2,907,894	-2,284,067	-2,877,268
Depreciation	-7,081,000	-8,168,297	-5,039,294
New provisions and adjustments to previous provisions	-581,078	-2,876,069	-871,392
Profit/loss on sale of assets	-	-	53,620
Prior period adjustments	-	-	-
Other non-cash items	-	-	-3,300
Increase (+) / Decrease (-) in stock	558,984	280,322	288,489
Increase (+) / Decrease (-) in debtors	490,027	3,243	95,462
Increase (-) / Decrease (+) in creditors	450,036	131,223	-578,432
Use of provisions	584,814	795,330	532,905
<b>Total accruals to cash adjustments</b>	<b>-8,486,111</b>	<b>-12,118,315</b>	<b>-8,399,210</b>
<b>Excess cash to be CFERd</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cash Requirement</b>	<b>31,495,938</b>	<b>31,501,992</b>	<b>30,419,930</b>

### 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):

	<b>£'000</b>					
	<b>2006-07</b>		<b>2005-06</b>		<b>2004-05</b>	
	<b>Provision</b>		<b>Provision</b>		<b>Outturn</b>	
	<b>Income</b>	<i>Receipts</i>	<b>Income</b>	<i>Receipts</i>	<b>Income</b>	<i>Receipts</i>
Operating income not classified as A in A	-	-	-	-	383,612	<i>283,612</i>
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	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>383,612</b>	<b><i>283,612</i></b>

## Forecast Operating Cost Statement

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>Net Programme Costs</b>			
RfR 1	31,985,856	34,664,525	30,071,985
RfR 2	47,326	1,101,276	938,181
RfR 3	1,029,951	1,072,972	1,109,521
Non-voted	-	-	-383,612
<b>Total Net Programme costs</b>	<b>33,063,133</b>	<b>36,838,773</b>	<b>31,736,075</b>
<b>Total Net Operating Cost</b>	<b>33,063,133</b>	<b>36,838,773</b>	<b>31,736,075</b>
<i>of which:</i>			
<b>Net Resource Requirement</b>	<b>33,063,133</b>	<b>36,838,773</b>	<b>32,119,687</b>
Non-voted expenditure	-	-	-
Consolidated Fund Extra Receipts	-	-	-383,612
<b>Resource Budget</b>	<b>33,551,157</b>	<b>34,409,071</b>	<b>32,121,955</b>

## Notes to the Main Estimate

### Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>Net Resource Requirement (Estimates)</b>	<b>33,063,133</b>	<b>36,838,773</b>	<b>32,119,687</b>
<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	-	-	-383,612
Other adjustments	-	-	-
<b>Net Operating Cost (Accounts)</b>	<b>33,063,133</b>	<b>36,838,773</b>	<b>31,736,075</b>
<i>Adjustments to remove:</i>			
Capital grants	-	-15,000	-
European Union income related to capital grants	-	-	-
Voted expenditure outside the budget	2,440	-2,322,399	-4,117
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	383,612
Resource consumption of non departmental public bodies	15,584	-159,503	11,331
Unallocated resource provision	470,000	-	-
Other adjustments	-	67,200	-4,946
<b>Resource Budget (Budget)</b>	<b>33,551,157</b>	<b>34,409,071</b>	<b>32,121,955</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	32,643,245	33,622,431	31,286,724
Annually Managed Expenditure (AME)	907,912	786,640	835,231

### Reconciliation of capital expenditure between Estimates and Budgets

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>Net Voted Capital (Estimates)</b>	<b>6,918,916</b>	<b>6,781,534</b>	<b>6,699,453</b>
<i>Adjustments to remove:</i>			
Gains / losses from sale of capital assets	-	-	53,620
<i>Adjustments to additionally include:</i>			
Other Consolidated Fund Extra Receipts	-	-	-
Capital spending by non-departmental public bodies	744	744	1,220
Capital grants	-	15,000	-
European Union income related to capital grants	-	-	-
Supported capital expenditure (revenue)	-	-	-
Capital spending by levy funded bodies	-	-	-
Unallocated capital provision	-	-	-
Other adjustments	-	-	-
<b>Capital Budget (Budget)</b>	<b>6,919,660</b>	<b>6,797,278</b>	<b>6,754,293</b>
<i>of which:</i>			
Departmental Expenditure Limits (DEL)	6,926,660	6,813,278	6,754,293
Annually Managed Expenditure (AME)	-7,000	-16,000	-

## 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		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>RfR 1: Provision of defence capability</b>			
<b>Programme</b>	1,391,376	1,346,006	1,232,050
<i>of which:</i>			
Sale of goods and services	1,365,830	1,329,289	1,197,005
Interest and dividends	25,546	16,717	35,045
<b>Total RfR 1</b>	<b>1,391,376†</b>	<b>1,346,006</b>	<b>1,232,050</b>
† 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.			
<b>Total Operating A in A</b>	<b>1,391,376</b>	<b>1,346,006</b>	<b>1,232,050</b>

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

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 Outturn
<b>RfR 1: Provision of defence capability</b>			
<b>Programme</b>	21,562	607,041	403,263
<i>of which:</i>			
Sale of assets	7,239	537,857	329,533
Loan, etc, repayments	14,323	69,184	73,730
<b>Total RfR 1</b>	<b>21,562†</b>	<b>607,041</b>	<b>403,263</b>
† Amount that may be applied as non-operating appropriations in aid in addition to the net total arising from: the recovery of income from the sale of fixed assets, including land and buildings and repayment of loans from the Trading Funds.			
<b>Total Non-Operating A in A</b>	<b>21,562</b>	<b>607,041</b>	<b>403,263</b>

## Notes to the Main Estimate (*continued*)

### Analysis of Consolidated Fund extra receipts

	£'000					
	2006-07		2005-06		2004-05	
	Provision	Receipts	Provision	Receipts	Outturn	Receipts
	Income		Income		Income	
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 •	-	-	-	-	383,612	283,612
<b>Total</b>	-	-	-	-	<b>383,612</b>	<b>283,612</b>

## Notes to the Main Estimate (*continued*)

### Departmental Expenditure Limits and Administration budgets

	£'000		
	Voted	Non-voted	Total
Resource DEL	31,842,695	800,550	32,643,245
<i>of which:*</i>			
Administration budget	-	-	-
Near-cash in RDEL	21,187,583	318,984	21,506,567
Capital DEL**	6,925,916	744	6,926,660
Less Depreciation†	-7,081,000	-470,000	-7,551,000
Total DEL	31,687,611	331,294	32,018,905

\* 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 for the previous year

The total net resource sought for 2006-07 of £33,063,133,000 is 10.2 per cent lower than the final net provision for 2005-06 of £36,838,773,000.

### Cash which may be retained to offset expenditure

	£'000		
	2006-07 Provision	2005-06 Provision	2004-05 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.	1,412,938	1,953,047	1,635,313

## 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	118
Section G:	Army Sports Control Board	407
Section H:	RAF Sports Control Board	84
Section I:	The Royal British Legion	319
Section I:	Skill force - Scotland/Wales	300
Section I:	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

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**Notes to the Main Estimate (*continued*)****Grants in aid**

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<b>RfR/Section</b>	<b>Body</b>	<b>£'000</b>
Section A:	Navy and maritime museums ♥	2,780
Section G:	National Army Museum ♥	4,992
Section G:	Royal Hospital, Chelsea ♥	9,152
Section H:	Royal Air Force Museum ♥	6,628
Section I:	Commonwealth War Graves Commission ♦	31,895
Section I:	Skill force	2,515

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## 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.	£10.035m
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.	£17.796m
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.	£2.125m
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.	Nil
Indemnity to BAe Systems (formerly GEC Marconi and Vickers Shipbuilding & Engineering Ltd (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.	£24.235m
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.	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. £2.305m

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. £45.000m

Provision of MOD support services to the Iraqi Ministry of Transport in opening Basra Airport Unquantifiable

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## Notes to the Main Estimate (*continued*)

### Staff Benefits

For the financial year 2006-07 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. 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 F:	NATO Maintenance and Supply Agency (NAMSA)	1,000
Section I:	NATO Military Budgets	50,679
Section I:	NATO infrastructure projects	84,771
Section I:	WEU Satellite	1,476
Section L:	UK Contribution to the Comprehensive Test Ban Treaty verification scheme	2,697

## Notes to the Main Estimate (*continued*)

### Gifts

For the financial year 2006-07 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, gifts.