

MEMORANDUM FOR THE MINISTRY OF DEFENCE

MAIN ESTIMATE 2019-20

1 Overview

This Memorandum covers the Main Estimate (ME) for the Ministry of Defence (MOD) and should be read in conjunction with the Central Government Main Supply Estimates 2019-20. The Department's spending plans for 2019-20 are based on the fourth year (of five) of the Spending Review 2015 (Cm 9162) published in November 2015.

The Department's Expenditure Limit (DEL) (Resource and Capital) for 2019-20 is £39.5Bn (including net budget cover transfers to Other Government Departments (OGDs) in 2019-20 but excluding ring fenced (depreciation and impairments) expenditure). This figure is also inclusive of initial funding provided by HM Treasury's (HMT) Reserve for the net additional costs of Military Operations and Peacekeeping.

There are no contingencies funded in this Estimate, and contingent liabilities are reported in a separate table in the Main Supply Estimate.

There is a separate Estimate Memorandum for the Armed Forces Pensions and Compensation Schemes vote.

Section 4 contains explanations for each new request for resources.

Please note, the figures in the tables within this memorandum have been rounded to one decimal place. In some cases, this has caused a minor discrepancy between the figures in the tables and the totals shown due to the rounding of the figures.

1.1 Objectives

The Ministry of Defence's key strategic objectives that guide Defence Planning, as set out in its published Single Departmental Plan, are:

- Protect our people
- Project our global influence
- Promote our prosperity
- Manage the Department of State and the Defence enterprise

MOD's spending is designed to support its objectives. The budgetary structure of the MOD does not show separately the exact costs or budgets for the four individual objectives as set out above. This is because large parts of the Armed Services operate as fully integrated joint organisations in which elements from the Navy, Army and Air Force work closely together and share land, buildings and facilities, and sometimes equipment. Detail of these areas of spending is given at Section 3.1.

1.2 Spending controls

MOD's spending is broken down into a several different spending totals, for which Parliament's approval is sought.

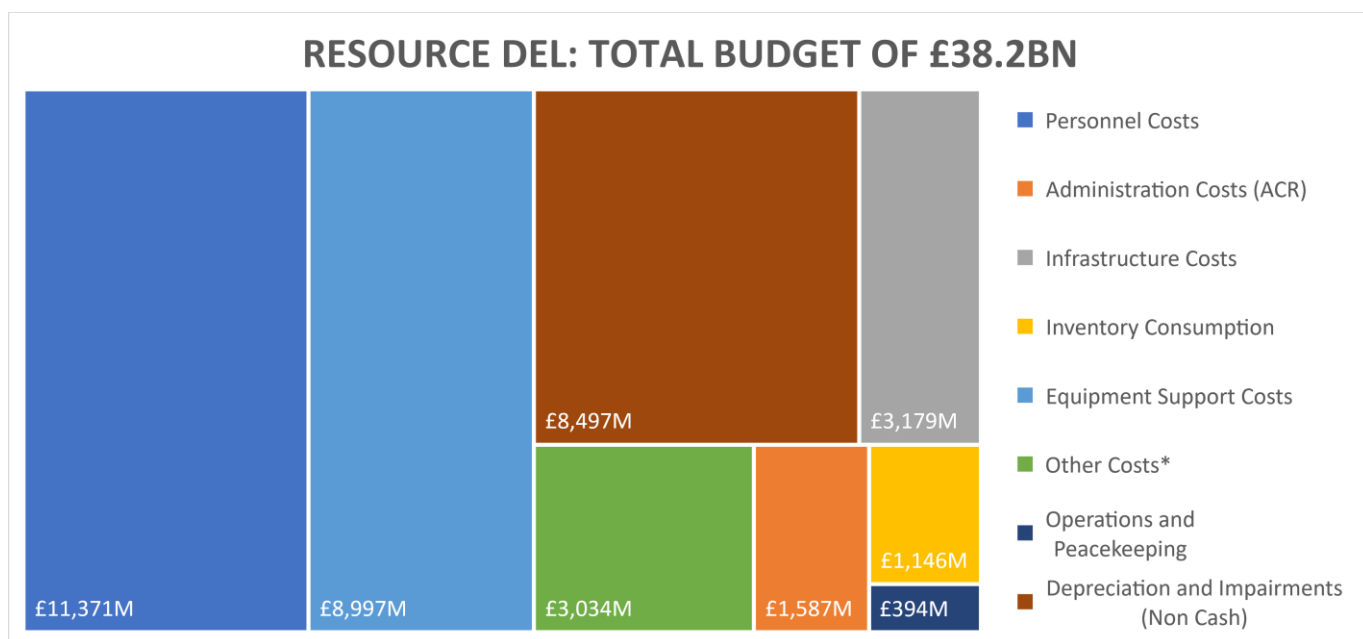
The spending totals which Parliament votes are:

- Resource Departmental Expenditure Limit (“**Resource DEL**”)- day to day running costs
- Capital Departmental Expenditure Limit (“**Capital DEL**”): - investment in infrastructure
- Resource Annually Managed Expenditure (“**Resource AME**”): less predictable day to day spending: in MOD's case, mainly provisions, depreciation and impairment and movements in financial instruments
- Capital Annually Managed Expenditure (“**Capital AME**”): in MOD's case, nuclear provisions.

In addition, Parliament votes a **net cash requirement**, designed to cover the elements of the above budgets which require MOD to pay out cash in year.

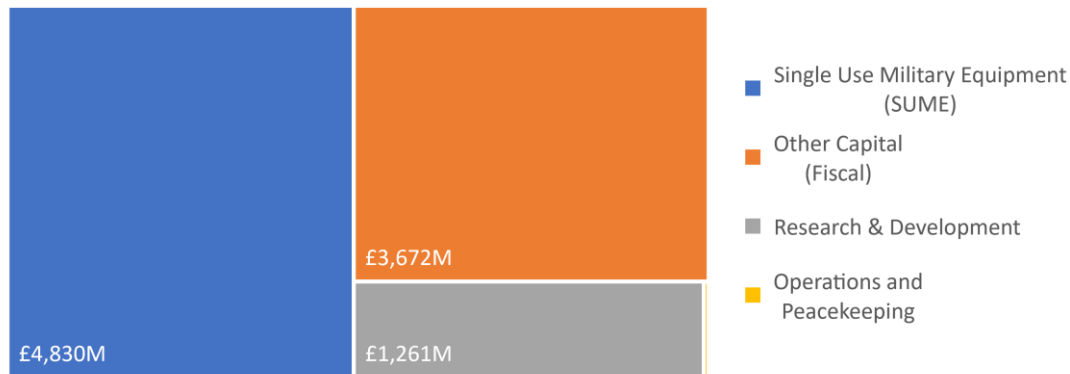
1.3 Main areas of spending

The graphic below shows the main components of MOD's proposed budget for the current year, included in the latest Main Estimate, and the proportions of funds spent on its main activities.



* Includes Other Costs and Services, Receipts and Other Income, Cash Release of Provisions, Research and Development Costs related to Provision of Defence Capability, DE&S (BTE) Costs and War Pension Benefits Programme Costs.

CAPITAL DEL: TOTAL BUDGET OF £9.8BN



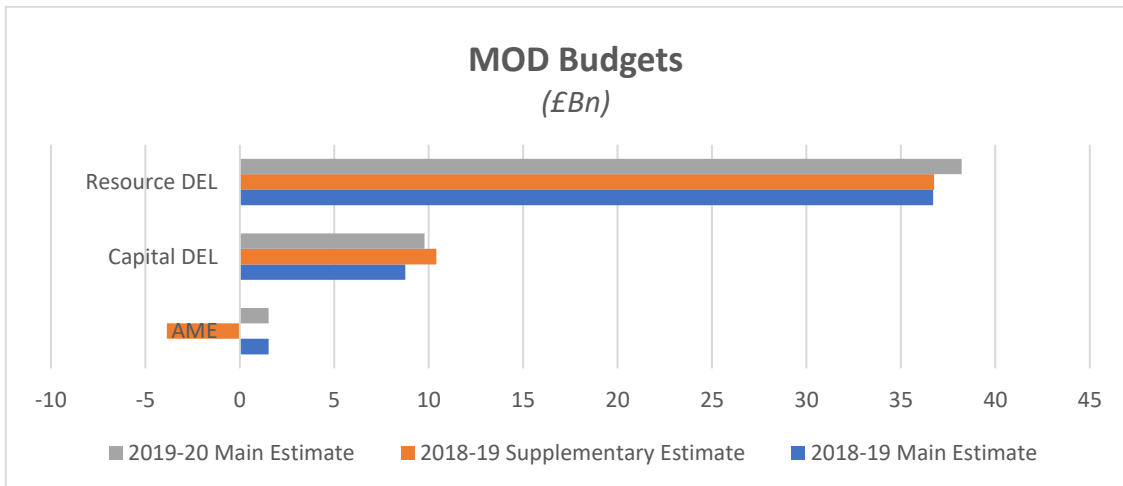
1.4 Comparison of spending totals sought

The table and graphic below show how the totals sought for the MOD compare with last year:

Table 1: Main Estimate total sought for MOD compared with last year ^{Note 1}

Spending total - Main Estimate 2019-20	Compared to 2018-19 SE		Compared to 2018-19 ME		
	£M	£M	%	£M	%
Resource DEL	38,205	1,447	3.9%	1,497	4.1%
Capital DEL	9,781	(620)	-6.0%	1,020	11.6%
AME	1,519	5,387	-139.3%		

Note 1: Total include spends for Operations and Peacekeeping.



1.5 Key drivers of spending changes since last year

The main causes of the changes in Resource DEL are:

- Initial funding for Operations and Peacekeeping driven by ongoing Counter-Daesh operations and an uplift in Afghanistan and operational activities in the Gulf;

- Additional funding of £707M for increased Superannuation Contribution Adjusted for Past Experience (SCAPE) rates; and
- Budget cover transfers to/from other government departments due to transfer of responsibilities.

The main causes of the changes in Capital DEL are:

- Initial funding for Operations and Peacekeeping driven by ongoing Counter-Daesh operations and an uplift in Afghanistan and operational activities in the Gulf; and
- Budget cover transfers to/from other government departments due to transfer of responsibilities.

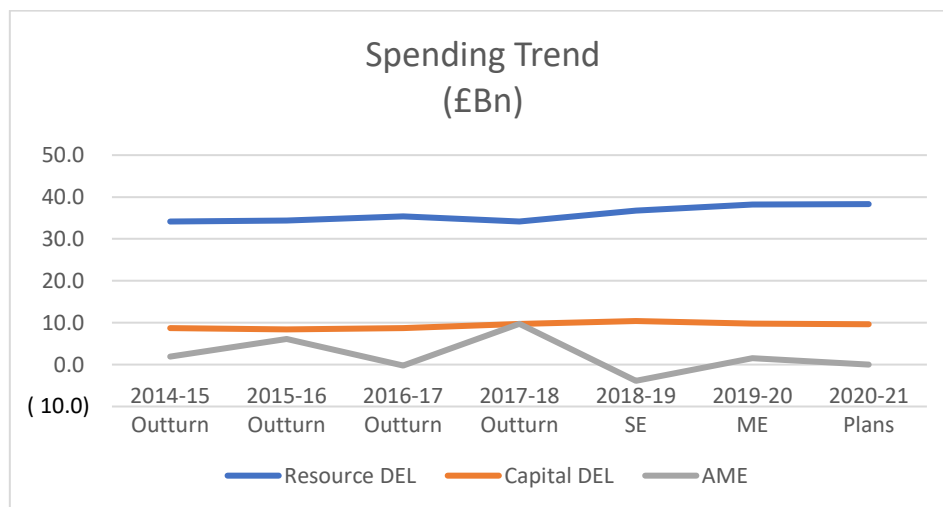
The initial Resource AME is set at £1.5Bn based on available information.

1.6 New policies and programme; ambit changes

There is no change to the Department’s ambit.

1.7 Spending trends

The charts below show overall spending trends for the last four years, plans presented in Estimates for 2018-19 and 2019-20, and current future spending plans.



- Totals include spends for Operations and Peacekeeping except for financial year 2020-21. For 2014-15, AME includes War Pension Benefits; and
- Resource AME, due to its nature, are volatile and reflects the changing Treasury Discount Rates on provision and fluctuations in financial instruments.

1.8 Administration costs and efficiency plans

The Department SR15 settlement set out the Administrative Cost Regime (ACR) budgets for the settlement years. Although the initial administration costs are set to fall by 9.6% in 2019-20 compared to last year’s final budget, there has been an increase of £62M to cover SCAPE additional funding for the increase in employers’ contributions. The Department will request, as part of the 2019-20 Supplementary Estimates, an uplift to meet ACR pressure created due to the split of

Submarine Delivery Agency (SDA) and Warhead from DE&S Bespoke Trading Entity from 1 April 2018.

Table 2: Main Estimate total sought for Administration Costs

Spending total - Main Estimate 2019-20		Compared to 2018-19 SE		Compared to 2018-19 ME	
	£M	£M	%	£M	%
Administration costs	1,587	(168)	-9.6%	114	7.7%

1.9 Funding: Spending Review and Budgets

The levels of DEL funding for MOD for 2019-20 are based on plans published in the 2015 Spending Review for the Ministry of Defence. Since that time, the Government has made a number of changes to 2019-20 Spending Plans including announcements of some additional funding in Budgets and Autumn Statements. Details of funding changes are set out in the Annex - Table B.

Notable amongst these changes are:

- £800M allocated to allow defence to modernise on critical assets, such as offensive cyber capabilities, anti-submarine warfare and nuclear deterrent.
- £708M additional funding for SCAPE to reflect the increase in employers' contributions for the current valuations of both military and civilian pension schemes.
- Additional funding of £12M provided to prepare for Brexit.

1.10 Other funding announcements

There is no spending announcement made during the year that is not listed at Annex – Table B.

2 Spending detail

2.1 Explanations of changes in spending

2.1.1 Resource DEL

The table below shows how MOD's spending plans for Resource DEL compare with last year.

Table 3: Main Estimate total sought for MOD compared with 2018-19 Supplementary Estimate

Resource DEL		2019-20 ME	2018-19 SE	Change from last year	
Subheads	Commodity Block	£M	£M	£M	%
A, B	Personnel Costs	11,370.9	10,548.1	822.8	7.8%
C	Infrastructure Costs	3,178.9	4,284.7	(1,105.8)	-25.8%
D	Inventory Consumption	1,145.9	1,138.6	7.3	0.6%
E	Equipment Support Costs	8,997.2	6,718.3	2,278.9	33.9%
F,G,I,N,AD,AH,AG	Other Costs and Services*	3,034.3	2,718.0	316.3	11.6%
O,P,AE,AJ	Administration Costs	1,587.0	1,754.6	(167.6)	-9.6%
Q-W,AC	Operations and Peacekeeping (incl. CSSF)	394.0	667.0	(273.0)	-40.9%
H	Depreciation and Impairments Costs	8,496.8	8,896.4	(399.7)	-4.5%
	Operations - Depreciation and Impairments Costs		32.0	(32.0)	-100.0%
		38,205.0	36,757.8	1,447.2	3.8%

With this Main Estimate, the initial commodity block cost allocations reflected the latest information on the Department's spending plans for 2019-20 as per the Spending Review (Cm 9162) published in November 2015 and the changes made up to 2018-19 Estimates. Changes will be made in the Supplementary Estimate to reflect the latest in-year forecast, along with subsequent funding adjustments. The main elements of these changes are:

- An additional funding of £62M to the RDEL Administration Cost Regime budget and £645M to the RDEL Programme within the RDEL boundary for the increased SCAPE rates changes.
- An initial Reserve increase for Operations and Peacekeeping of £312M to cover additional costs of operations.
- Budget cover transfers to/from Other Government Departments (OGDs) totalling (£340M).
- Various re-allocations to Arm's Length Bodies (Grant in Aid), with no overall impact on DEL, to reflect the initial Grant-in-Aid funding.

2.1.2 Capital DEL

The table below shows how spending plans for Capital DEL compare with last year Estimates.

Table 4: Main Estimate total sought for MOD compare with 2018-19 Supplementary Estimate

Capital DEL		2019-20 ME	2018-19 SE	Change from last year	
Subheads	Commodity Block	£M	£M	£M	%
J	Single Use Military Equipment	4,829.7	5,733.1	(903.5)	-15.8%
I, AA, AB, L	Other Capital (Fiscal)	3,672.1	3,229.8	442.4	13.7%
N	Research and Development	1,261.0	1,317.8	(56.8)	-4.3%
X	Operations and Peacekeeping (incl. CSSF)	18.0	120.0	(102.0)	-85.0%
		9,780.8	10,400.7	(619.9)	-6.3%

The changes in the Main Estimate reflect the current departmental plans, along with subsequent funding adjustments. The main elements of these changes are:

- A Reserve funding for Operations and Peacekeeping of £18M to cover initial costs of operations.

2.1.3 AME

The table below shows how spending plans for Resource AME compared with last year estimates. The initial requests take a realistic view based on previous pattern.

Table 5: Main Estimate total sought for MOD compared with 2018-19 Supplementary Estimate

AME	2019-20	2018-19	Change from last year	
	ME	SE	£M	%
Commodity Block	£M	£M	£M	%
Total Resource AME	1,519.3	(3,868.1)	5,387.3	-139.3%

2.2 Restructuring

In 2018, MOD launched the Modernising Defence Programme (MDP) and builds on the foundations of the 2015 Strategic Defence Security Review (SDSR15) and the National Security Capability Review (NSCR). The Defence Secretary made an oral statement to the Parliament on MDP in December 2018, outlining the key priorities Defence will pursue to meet future threats and deter adversaries. More details on MDP priorities and the final report can be found at - <https://www.gov.uk/government/speeches/modernising-defence-programme-update>

2.3 Ring fenced budgets

Within the totals, the following elements are ring fenced, i.e. savings in these budgets may not be used to fund pressures on other budgets

Table 6: Main Estimate total Ring fenced budgets

Spending total - Main Estimate 2019-20	Compared to 2018-19 SE		Compared to 2018-19 ME		
	£M	£M	%	£M	%
Operations - Cash RDEL and CDEL	330.0	(364.7)	-52%	0	0
Operations - Depreciation and Impairments	0	(32.0)	-100%	0	0
Conflict, Stability and Security Fund	82.0	(10.3)	-11%	3.9	5%
War Pension Benefits	691.7	(26.4)	-4%	(26.4)	-4%
Core Depreciation and Impairment Costs	8,500.0	(396.4)	-4%	3.9	0%

2.4 Changes to contingent liabilities

Provisions for liabilities and charges are based on realistic and prudent estimates of the expenditure required to settle future legal or constructive obligations. The Department is required to identify contingent liabilities when agreeing contracts, and to seek HM Treasury approval and provide timely

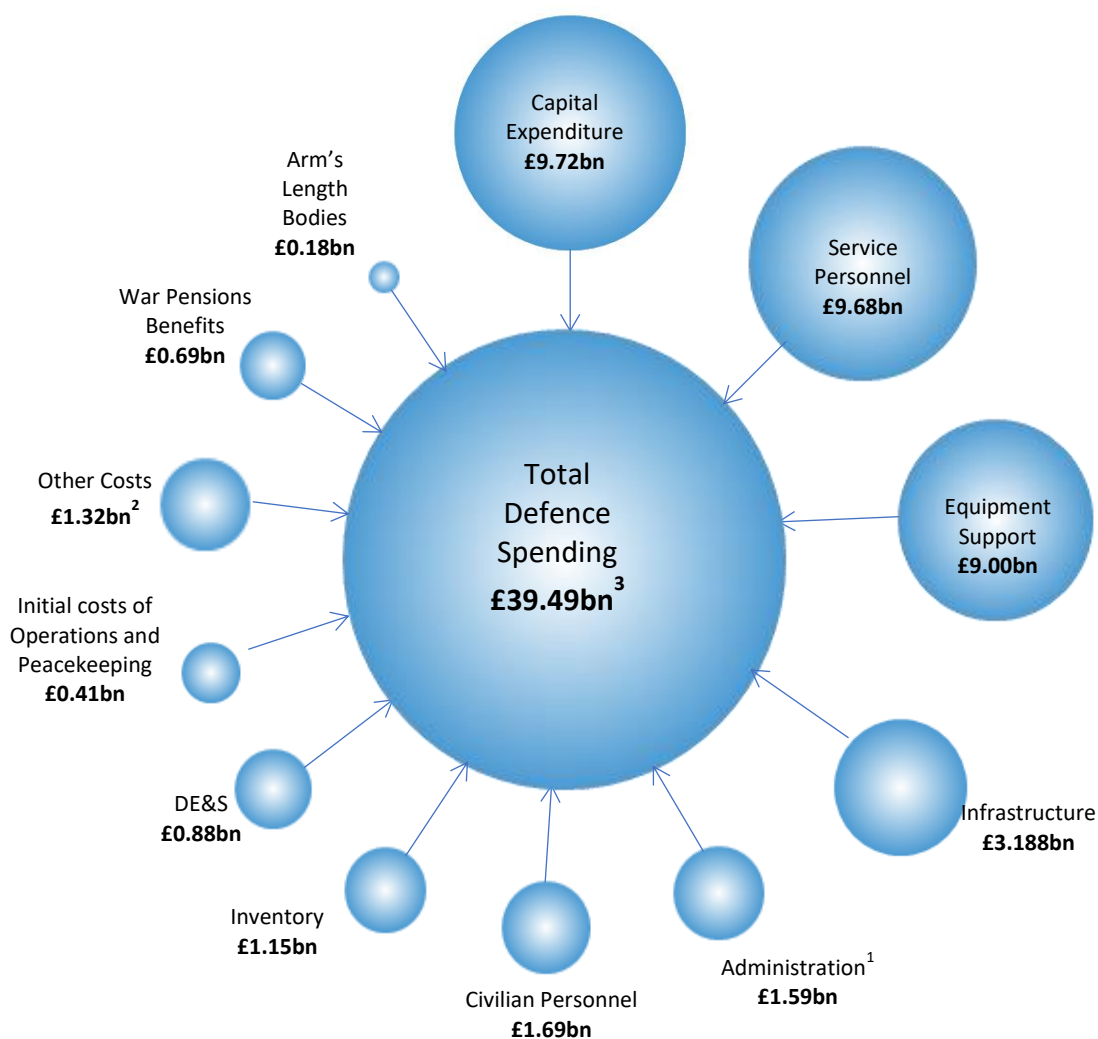
notification to Parliament of those more than £300K. This allows Parliament and HM Treasury to scrutinise the extent to which the taxpayer might be exposed to potentially significant liabilities in the future.

The MOD's provisions cover legal claims, civilian early departure costs, environmental costs, restructuring and nuclear decommissioning and restoration costs. Details of the Department's Contingent Liabilities are set out in a separate table in the Main Supply Estimate. We are currently assessing the impact on future contingent liabilities and will provide further detail on this in our 2018-19 Annual Report and Accounts.

3 Priorities and performance

3.1 How spending relates to objectives

The table below shows how expenditure against each subhead contributes to Departmental priorities under the Single Departmental Plan.



¹ Includes all administration costs relating to Other Costs and Services, Cash Release of Provisions and cost of Military and Civilian personnel who perform an administrative role.

² Includes Other Costs and Services, Receipts and Other Income, Cash Release of Provisions and Research and Development Costs related to Provision of Defence Capability.

³ Total Defence Spending represents Cash Resource DEL and Capital DEL for investment.

3.2 Measures of performance against each priority

The MOD's objectives and commitments for this parliament are set out in its Single Departmental Plan, which has been agreed with HM Treasury and the Cabinet Office. This plan was last updated on 31 January 2019 and a copy can be found at:

<https://www.gov.uk/government/publications/ministry-of-defence-single-departmental-plan/ministry-of-defence-single-departmental-plan-may-2018>

3.3 Commentary on steps being taken to address performance issues

Spending designed specifically to address performance issues includes:

- As part of the £1.8Bn additional funding announced in the Autumn Budget, £800M (for 2019-20) has been allocated to allow defence to modernise on critical assets, such as offensive cyber capabilities, anti-submarine warfare and nuclear deterrent.

3.4 Major projects

The 2018 Annual Report on the Government Major Projects Portfolio (GMPP) from the Infrastructure and Projects Authority (IPA) can be found [here on gov.uk](#). All MOD Capability Programmes are funded internally by the Department, via HM Treasury.

4 Other information

4.1 Summary of Resources sought in the Estimate

Part I of the Estimate sets out the new resource requirements for the year ending 31 March 2020. The resources requested are set out in Table 7 below.

Table 7: Summary of Expenditure Request at 2019-20 Main Estimates

Resource Expenditure	£M
<i>Resource DEL: Provision of Defence Capability</i>	37,810.9
<i>Resource DEL: Operations and Peacekeeping & CSSF</i>	394.0
Resource DEL	38,205.0
<i>Resource AME Provision of Defence Capability</i>	1,519.3
Total Net Request for Resource	39,724.2

Capital Expenditure	£M
<i>Capital DEL: Provision of Defence Capability</i>	9,762.8
<i>Capital DEL: Operations and Peacekeeping</i>	18.0
Total Net Request for Capital	9,780.8

4.2 Changes to Resource and Capital

As detailed in Annex A - Table B

4.3 Budgetary Transfers to and from Other Government Departments

Table 8: Transfers to MOD from Other Government Departments

Exporting Department	Defence Output	£M	Purpose
Department for International Trade (DIT)	Provision of Defence Capability - RDEL	0.4	Typhoon Export Campaign
Security & Intelligence Agencies (SIA)	Provision of Defence Capability - RDEL	35.9	GCHQ Support Costs
Security & Intelligence Agencies (SIA)	Provision of Defence Capability - RDEL	2.8	CYBER Resilient Government (CRG)
Total		39.1	

Table 9: Transfers from MOD to Other Government Departments

Importing Department	Defence Output	£M	Purpose
Department for International Trade (DIT)	Provision of Defence Capability – RDEL	0.3	Military SCAPE
Security & Intelligence Agencies (SIA)	Provision of Defence Capability – RDEL	364.8	CYBER through Cabinet Office
Security & Intelligence Agencies (SIA)	Provision of Defence Capability – CDEL	31.2	CYBER through Cabinet Office
Cabinet Office	Provision of Defence Capability – RDEL	0.1	Civil Service Live
Cabinet Office	Provision of Defence Capability – RDEL	0.4	Civil Service Local
HM Revenue & Customs	Provision of Defence Capability – RDEL	0.02	ODP ExCom
Department of Health	Provision of Defence Capability – RDEL	13.0	War Pensions
Total		409.9	

4.4 Arm’s Length Bodies (ALBs)

Under Clear Line of Sight (CloS), Arm’s Length Bodies (ALBs) are part of Departmental DEL. Table 10 summarises the funding requested by MOD ALBs and is based on information received from the sponsoring Top Level Budget (TLB).

Table 10: Breakdown of the Non-Departmental Public Bodies (NDPBs)

Organisation	Resource DEL £M	Capital DEL £M
<i>Commonwealth War Graves Commission</i>	54.0	
<i>National Army Museum</i>	7.3	
<i>National Museum of the Royal Navy</i>	4.4	0.1
<i>Royal Air Force Museum</i>	9.5	
<i>Royal Hospital, Chelsea</i>	13.7	
<i>Single Source Regulations Office</i>	6.1	
<i>Territorial, Auxiliary and Volunteer Reserve Associations established under s 110 of the Reserve Act</i>	83.5	2.4
Total	178.5	2.5

4.5 Operations

The MOD’s total request for the initial net additional costs of military operations is set out in Table 11 below.

Table 11: Main Estimate initial total sought for MOD compare with last year Estimate

Operations and Peacekeeping	2019-20	2018-19	Change from last year	
	ME	SE	£M	%
Commodity Block	£M	£M	£M	%
Afghanistan	67.0	105.8	(38.8)	-36.7
Wider Gulf	33.0	44.0	(11.0)	-25.0
Counter Daesh	213.0	462.1	(249.1)	-53.9
Enhanced Forward Presence (Estonia/Poland)	9.0	33.6	(24.6)	-73.2
DMAP	8.0	33.0	(25.0)	-75.8
Other Operations		48.4	(48.4)	-100.0
Conflict, Stability and Security Fund (CSSF)	82.0	92.3	(10.3)	-11.1
	412.0	819.2	(407.2)	-49.7

A total of £412M in resources for Operations, Peacekeeping and the MOD's share of the Conflict, Stability and Security Fund (CSSF) is requested. In line with previous years, and as agreed with HM Treasury, the MOD presents the initial cost of operations at Main Estimates and requests the full amount at Supplementary Estimates. A breakdown of the initial costs of operations is at Table 11. The details of key operations are:

4.5.1 Afghanistan:

An allocation of £67M is requested to cover the initial costs of the UK's contribution to the NATO Resolute Support Mission in Afghanistan and our support to the Afghan National Army Officer Academy.

4.5.2 Wider Gulf:

An allocation of £33M is requested to cover the initial net additional costs of UK forces deployed to the wider Gulf to sustain UK influence in the region, reassure our regional allies and support access and over flight for operations in Afghanistan, Iraq and Syria.

4.5.3 Counter Daesh:

An allocation of £213M is requested to meet the initial net additional costs of counter Daesh activity. This includes airstrikes and airborne intelligence gathering operations in Iraq and Syria, helping train local Security Forces and a contribution to coalition operations in Iraq.

4.5.4 Deployed Military Activity Pool (DMAP):

The DMAP is a joint HM Treasury and MOD initiative to make available resources to fund the initial and short-term costs of any unforeseen military activities, as authorised by the National Security Council. An initial £8M of resource is requested from the HM Treasury Special Reserve, which is matched by the same amount from the MOD's Defence Capability resources.

4.5.5 Conflict Stability and Security Fund (CSSF)

The CSSF replaced the Conflict Pool as the Government's mechanism for funding conflict prevention, stabilisation, security and peacekeeping activities, under the strategic direction of the NSC. An initial allocation of £82M is requested for the MOD's contribution to this activity.

4.6 2019-20 Supplementary Estimates

It is anticipated that other adjustments will be required at the Supplementary Estimate (published early February 2020), including:

- Refinement and re-allocation of costs between commodity blocks resulting from the conclusion of the financial planning round;
- Some additional LIBOR funding for eligible projects; and
- Additional resources to cover the remaining net additional costs of military operations.

5 Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by myself as the Accounting Officer at the Ministry of Defence.

Stephen Lovegrove

Permanent Secretary and Accounting Officer

Ministry of Defence

Annex A

TABLE A: Main Estimate total sought for MOD compared with 2018-19 Supplementary Estimate

Resource DEL		2019-20 ME	2018-19 SE	Change from last year	
Subheads	Commodity Block	£M	£M	£M	%
A	Service Personnel Costs	9,676.9	9,081.9	595.0	6.6%
B	Civilian Personnel Costs	1,694.0	1,466.2	227.8	15.5%
C	Infrastructure Costs	3,178.9	4,284.7	(1,105.8)	-25.8%
D	Inventory Consumption	1,145.9	1,138.6	7.3	0.6%
E	Equipment Support Costs	8,997.2	6,718.3	2,278.9	33.9%
F	Other Costs and Services	1,909.4	1,360.4	549.0	40.4%
G	Receipts and Other Income	(1,089.4)	(1,086.9)	(2.5)	0.2%
H	Depreciation and Impairments Costs	8,496.8	8,896.4	(399.7)	-4.5%
I	Cash Release of Provisions Costs	340.0	380.0	(40.0)	-10.5%
N	Research and Development Costs	157.4	168.0	(10.6)	-6.3%
Q-W	Operations - net Cash RDEL	312.0	574.7	(262.7)	-45.7%
	Operations - Depreciation and Impairments Costs		32.0	(32.0)	
AC	Conflict, Stability and Security Fund	82.0	92.3	(10.3)	-11.1%
AD	Non-Departmental Public Bodies Costs	178.5	183.1	(4.6)	-2.5%
AH	War Pension Benefits	691.7	718.1	(26.4)	-3.7%
AG	DE&S DEL Costs	846.7	995.3	(148.6)	-14.9%
O,P,AE,AJ	Total Administration Costs	1,587.0	1,754.6	(167.6)	-9.6%
		38,205.0	36,757.8	1,447.2	3.8%

TABLE A-1: Main Estimate total sought for MOD compared with 2018-19 Supplementary Estimate

Resource DEL		2019-20 ME	2018-19 SE	Change from last year	
Subheads	Commodity Block	£M	£M	£M	%
A, B	Personnel Costs	11,370.9	10,548.1	822.8	7.8%
C	Infrastructure Costs	3,178.9	4,284.7	(1,105.8)	-25.8%
D	Inventory Consumption	1,145.9	1,138.6	7.3	0.6%
E	Equipment Support Costs	8,997.2	6,718.3	2,278.9	33.9%
F,G,I,N,AD,AH,AG	Other Costs and Services*	3,034.3	2,718.0	316.3	11.6%
O,P,AE,AJ	Administration Costs	1,587.0	1,754.6	(167.6)	-9.6%
Q-W,AC	Operations and Peacekeeping (incl. CSSF)	394.0	667.0	(273.0)	-40.9%
H	Depreciation and Impairments Costs	8,496.8	8,896.4	(399.7)	-4.5%
	Operations - Depreciation and Impairments Costs		32.0	(32.0)	-100.0%
		38,205.0	36,757.8	1,447.2	3.8%

TABLE B: MOD 2019-20 MAIN ESTIMATE

£M	Non-Ring Fenced RDEL	Ring Fenced RDEL	Total RDEL	CDEL	Resource AME
<i>Cost of Core Defence Capability - Spending Review 2015 (SR15)</i>	29,951.000	8,500.000	38,451.000	8,128.000	
<i>Prior ME & SE Changes relating to FY 19-20</i>	(1,020.357)		(1,020.357)	1,666.000	
Cost of Core Defence Capability incl. WPB (at start)	28,930.643	8,500.000	37,430.643	9,794.000	
<i>GCHQ Support Costs (SIA)</i>	35.900		35.900		
<i>CYBER Resilient Government (CRG)</i>	2.750		2.750		
<i>Typhoon Export Campaign</i>	0.420		0.420		
Transfers Into Core MOD	39.070		39.070		
<i>NOCP (SIA)</i>	(81.284)		(81.284)		
<i>JCKP (JFC)</i>	(8.802)		(8.802)	(31.198)	
<i>JIO</i>	(0.500)		(0.500)		
<i>NCSP (SIA)</i>	(266.000)		(266.000)		
<i>CT Accelerator</i>	(8.209)		(8.209)		
<i>Military SCAPE to DIT</i>	(0.346)		(0.346)		
<i>ODP ExCom Transfer</i>	(0.020)		(0.020)		
<i>War Pensions (DOH)</i>	(13.000)		(13.000)		
<i>Civil Service Live</i>	(0.115)		(0.115)		
<i>Civil Service Local</i>	(0.384)		(0.384)		
Transfers Out of Core MOD	(378.660)		(378.660)	(31.198)	
Net OGDs Transfers	(339.590)		(339.590)	(31.198)	
<i>Brexit Funding</i>	12.000		12.000		
<i>Resource AME</i>					1,519.285
<i>SCAPE Cover</i>	707.867		707.867		
Total Other changes	719.867		719.867		1,519.285
Cost of Defence Capability in Main Estimate	29,310.920	8,500.000	37,810.920	9,762.802	1,519.285
<i>Operations and Peacekeeping Reserve Claim</i>	312.000		312.000	18.000	
Operations and Peacekeeping in Main Estimate	312.000		312.000	18.000	
<i>CSSF funding from DFID/FCO</i>	82.038		82.038		
CSSF in Main Estimate	82.038		82.038		
Total Resource (Net) Request for 19-20 ME	1,113.905		1,113.905	18.000	1,519.285
Total Resource after Main Estimate in Budgets	29,704.958	8,500.000	38,204.958	9,780.802	1,519.285

Definition of Terms:

Non Ring-Fenced DEL Resource Expenditure:

This includes current expenditure which covers, for example, pay, purchase of goods and services, net of receipts, within the resource budget. It excludes items such as depreciation and movement in provisions.

Ring-Fenced DEL Resource Expenditure:

This control covers items such as depreciation and impairments.

Administration Cost Regime:

The current Administration Cost Regime, within DEL, cover departments' current expenditure on civilian staff, and other services used in the administration of central government as agreed in our Spending Review Settlement.

Total Resource DEL:

This is the sum of non ring-fenced expenditure and ring-fenced expenditure.

Annually Managed Expenditure (AME):

Annually Managed Expenditure (AME) includes Programmes that are demand-led, such as War Pensions, and exceptionally, volatile items that cannot be controlled by the Department. AME also includes Programmes that are so large that the Department could not be expected to absorb the effects of volatility within them, such as cash release of provisions.

Total Net Resource:

This is the sum of Total Resource DEL and AME.

Capital Departmental Expenditure Limit (CDEL):

This is for new investment (SUME and Fiscal), including capital additions, disposals, and the capital repayment of loans.

Provision of Defence Capability:

Provision of Defence Capability provides for expenditure primarily to meet the Ministry of Defence's operational support and logistics services costs and the costs of providing the equipment capability required by Defence policy.

Operations:

This provides primarily for the additional costs of operations. These are the net additional costs incurred: the costs that the Department would have incurred regardless of the operation taking place, such as wages and salaries, are recorded against provision of Defence Capability.

War Pensions Payments:

War Pensions and Allowances, etc. provides primarily for the payments of pensions and allowances for disablement or death arising out of war or service in the Armed Forces after 2 September 1939, and associated non-cash items.

Spending Review:

Spending Review 2015 (Cm 9162)

Total DEL:

This is the sum of Resource DEL and Capital DEL less the costs of depreciation. This is used as depreciation and is included as part of Resource DEL and, since Capital DEL includes capital spending, the inclusion of depreciation would lead to double counting.

Single Use Military Equipment (SUME):

National Accounts differentiates between single and dual use military equipment. Spending on single use military equipment is classified as current (resource) expenditure. Single use military assets are those that could not be used by civilian organisations for the production of goods and services (i.e. weapons and equipment that supports and delivers such weapons). This distinction will disappear in the next Spending Review.

Voted and Non Voted Expenditure:

The introduction to the Supply Estimate now covers both Voted and Non Voted items.

List of Abbreviations used in the Estimate

ABC	Annual Budget Cycle
ACR	Administration Cost Regime
ALB	Arms Length Body
AME	Annually Managed Expenditure
ANSF	Afghan National Security Force
BTE	Bespoke Trading Entity
CDEL	Capital Departmental Expenditure Limit
CLoS	Clear Line of Sight
CRFCA	Council for Reserve Forces and Cadets Association
CSR	Comprehensive Spending Review
CWGC	Commonwealth War Graves Commission
DCLG	Department for Communities and Local Government
DOH	Department of Health
DEL	Departmental Expenditure Limits
DFID	Department for International Development
DMAP	Deployed Military Activity Pool
ERNIC	Employer's National Insurance Contribution
GCHQ	Government Communication Headquarters
HMT	Her Majesty's Treasury
LIBOR	London Inter Bank Offered Rate
ME	Supplementary Estimate
MOD	Ministry of Defence
MOG	Machinery of Government
NATO	North Atlantic Treaty Organisation
NDPB	Non-Departmental Public Body
OSCAR	Online System for Central Accounting and Reporting
ONS	Office of National Statistics
RDEL	Resource Departmental Expenditure Limit
RHC	Royal Hospital Chelsea
SCAPE	Superannuation Contribution Adjusted for Past Experience
SE	Supplementary Estimates
SIA	Single Intelligence Agency
SR	Spending Review
SUME	Single Use Military Equipment
TLB	Top Level Budget
UK	United Kingdom
UOR	Urgent Operational Requirement

Current RDEL Commodity Structure

Commodity Block	Major Cost Categories
Service Personnel Costs	Military and other ranks pay and other allowances; SCAPE; Employer's National Insurance Contributions (ERNIC)
Civilian Personnel Costs	Civilian pay and other allowances; pension contributions; Employer's National Insurance Contributions (ERNIC)
Infrastructure Costs	Property management; service charges; IT & communications costs; utilities costs.
Inventory Consumption	Munitions; stores; fuel (marine & aviation); clothing; other materials consumed e.g. stationary, sundries, general stores etc.
Equipment Support Costs	Equipment support costs, including leases & hire charges for plant, machinery and transport.
Other Costs & Services	Travel & subsistence; professional services & fees; training.
Research and Development	Research and Development expenditure is incurred Supplementary for the future benefit of the Department. Such expenditure is primarily incurred on the development of new single use military equipment (SUME) and on the improvement of the effectiveness and capability of existing single use military equipment.
Receipts and Other Income	Receipts from various sources; costs recoveries; dividends; interest.
Cash Release of Provisions	Nuclear and non-nuclear provisions e.g. staff redundancies, legal costs, environmental, etc.
Arm's Length Bodies	CRFCA; Royal Hospital Chelsea; National Army Museum; RAF Museum; National Museum of the Royal Navy; Commonwealth War Graves Commission. Single Source Regulation Office
Ring-Fenced Non Cash: Depreciation/ Impairments	Depreciation and impairments on Non-current Assets (Property, SUME, dual purpose).