

MEMORANDUM FOR THE MINISTRY OF DEFENCE

SUPPLEMENTARY ESTIMATE 2024-25

1 Overview

This Memorandum covers the Supplementary Estimate (SE) for the Ministry of Defence (MOD) and should be read in conjunction with the Central Government Main Supply Estimates 2024-25. The Department's spending plans for 2024-25 are based on the Spending Review 2020/21 and additional Budget Announcements at Autumn and Spring Statements.

The Department's Expenditure Limit (DEL) (Resource and Capital) for 2024-25 is £60.3Bn (including net budget cover transfers to Other Government Departments (OGDs) in 2024-25 but excluding ring fenced (depreciation and impairments) expenditure). This figure is also inclusive of 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 Supplementary 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 Priority Outcomes that guide Defence Planning, as set out in the 2023 Defence Command Paper¹, are:

- Protect the UK, its Crown Dependencies, and its Overseas Territories, and contribute to the collective deterrence and defence of the Euro-Atlantic area: able to deter and, if necessary, defend against and defeat, attacks on the UK homeland (including our Overseas Territories) and our NATO Allies.
- Pursue a campaigning approach to counter the threats from state and non-state actors, wherever they manifest in the world, working in an integrated way with allies and partners to achieve focused and impactful results.
- Promote our national interests globally, building influential relationships, and maintaining engagement and access.

¹ The 2023 Defence Command Paper reflects the priorities of the previous Government. Updated priorities will be confirmed after the Strategic Defence Review.

- Secure strategic advantage, achieve greater economic and industrial resilience, and contribute to national prosperity.

1.2 Spending controls

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

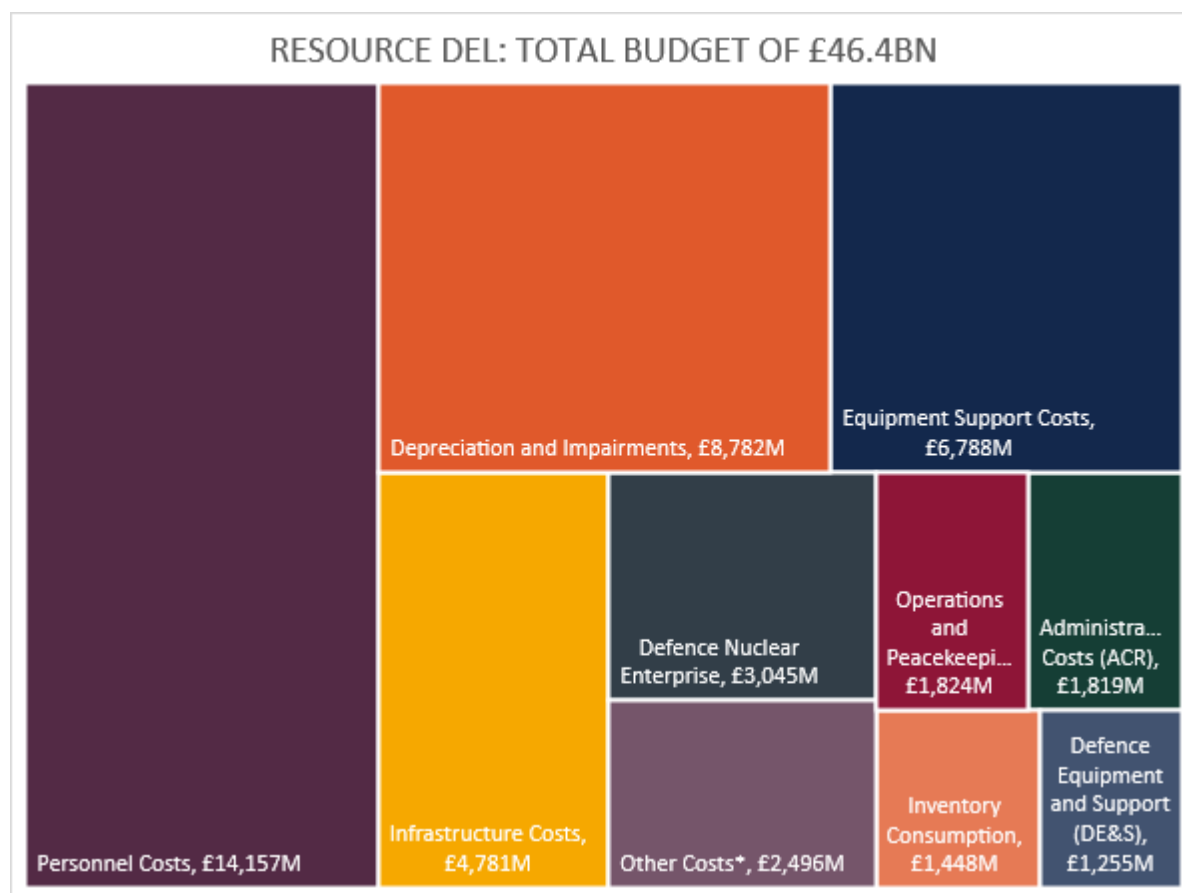
The spending totals on which Parliament votes are:

- Resource Departmental Expenditure Limit ("**Resource DEL**")- day to day running costs.
- Capital Departmental Expenditure Limit ("**Capital DEL**")- investment in new equipment and 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.

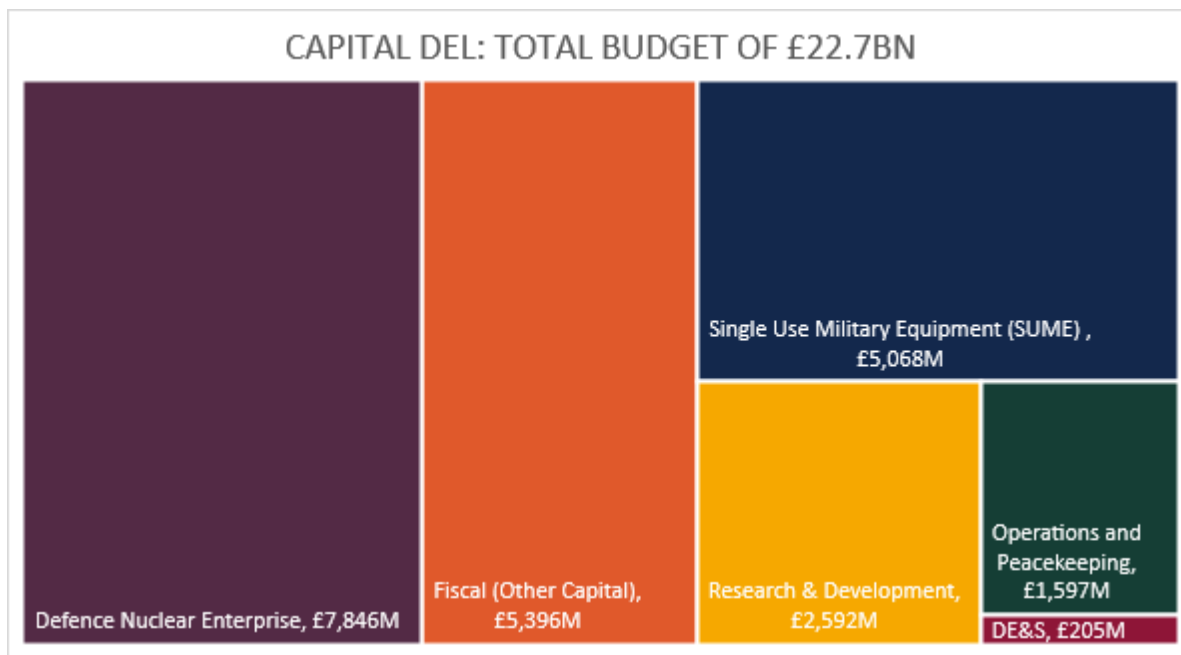
In addition, Parliament votes a **net cash requirement**, designed to cover the elements of the above budgets which require MOD to pay out cash in year.

1.3 Main areas of spending

The graphic below shows the main components of MOD's proposed budget for the current year, after taking into account the Supplementary Estimate.



* 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.



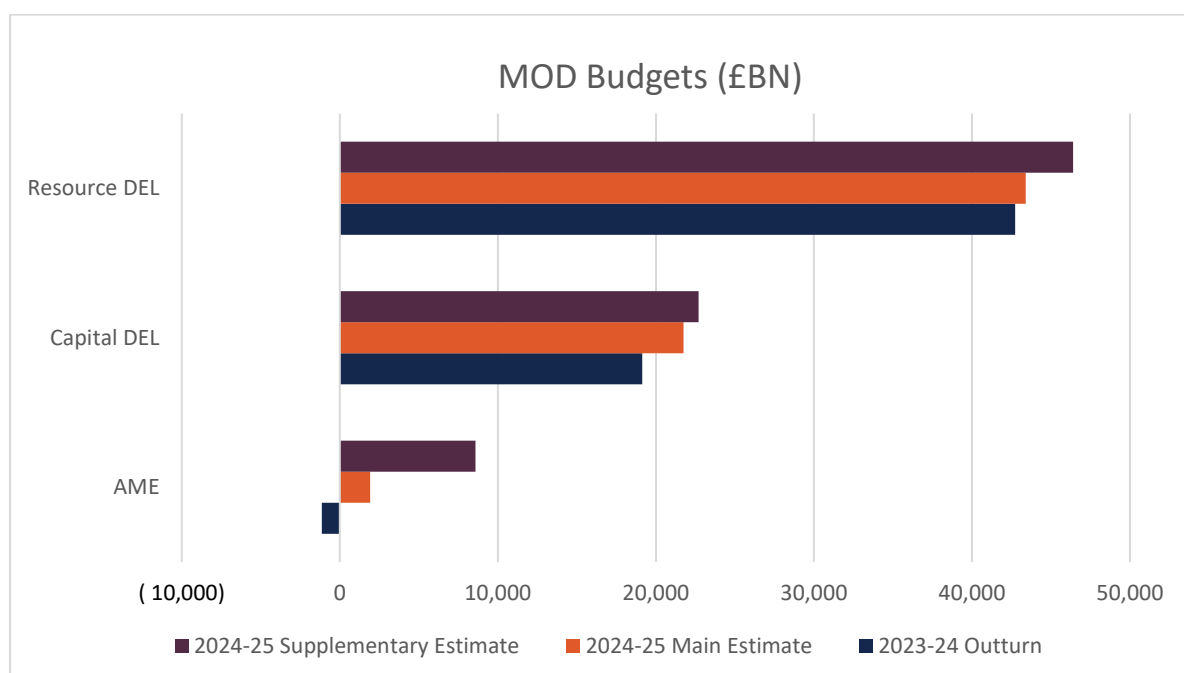
1.4 Comparison of spending totals sought

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

Table 1a: Main Estimate total sought for MOD compare with last year Note 1

Spending total - Supplementary Estimate 2024-25		2024-25 ME	Compared to 2024-25 ME		2023-24 Outturn	Compared to 2023-24 Outturn	
Budgetary Limit	£M	£M	£M	%	£M	£M	%
Resource DEL	46,394	43,410	2,984	6.9%	42,743	3,651	8.5%
Capital DEL	22,704	21,754	950	4.4%	19,128	3,576	18.7%
AME	8,589	1,928	6,661	345.5%	(1,145)	9,734	-849.9%

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:

- The 2024-25 Supplementary Estimates included a DEL switch from Capital to Resource
- Change in spending for Resource for Operations, including increased Support to Ukraine;
- Increase in Military Superannuation Contribution Adjusted for Previous Experience (SCAPE); and,
- Depreciation arising from the retirement of aging equipment; and,
- Budget cover transfers to/from other government departments due to transfer of responsibilities.

The main causes of the changes in Capital DEL are:

- The 2024-25 Supplementary Estimates included a DEL switch from Capital to Resource
- Additional funding for the purchase of Armed forces family housing.
- Changes in Spending on Operations, including increased Support to Ukraine;
- Increased Capital spend on Nuclear;
- Additional funding as agreed at SR20/21; and,
- Budget cover transfers to/from other government departments due to transfer of responsibilities.

1.6 New policies and programme; ambit changes

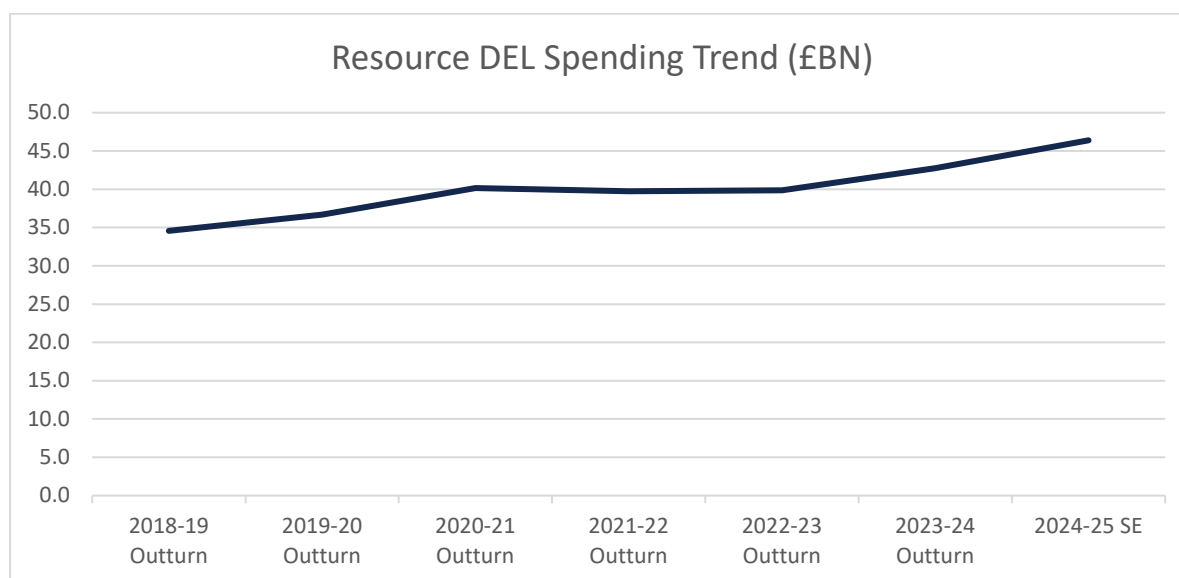
No changes have been made to the ambit for the Supplementary Estimate.

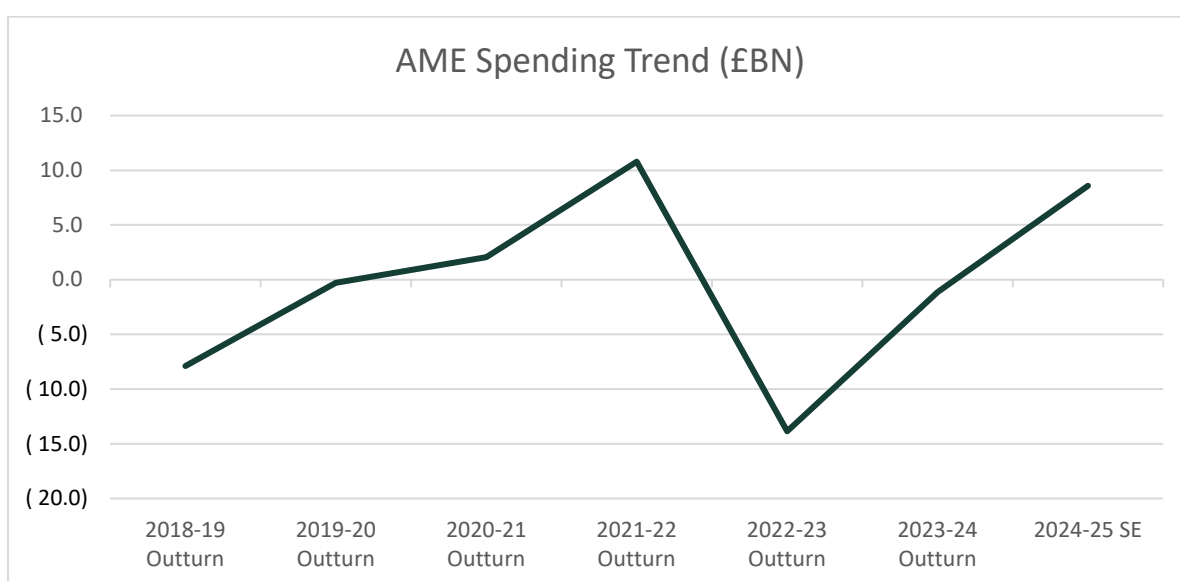
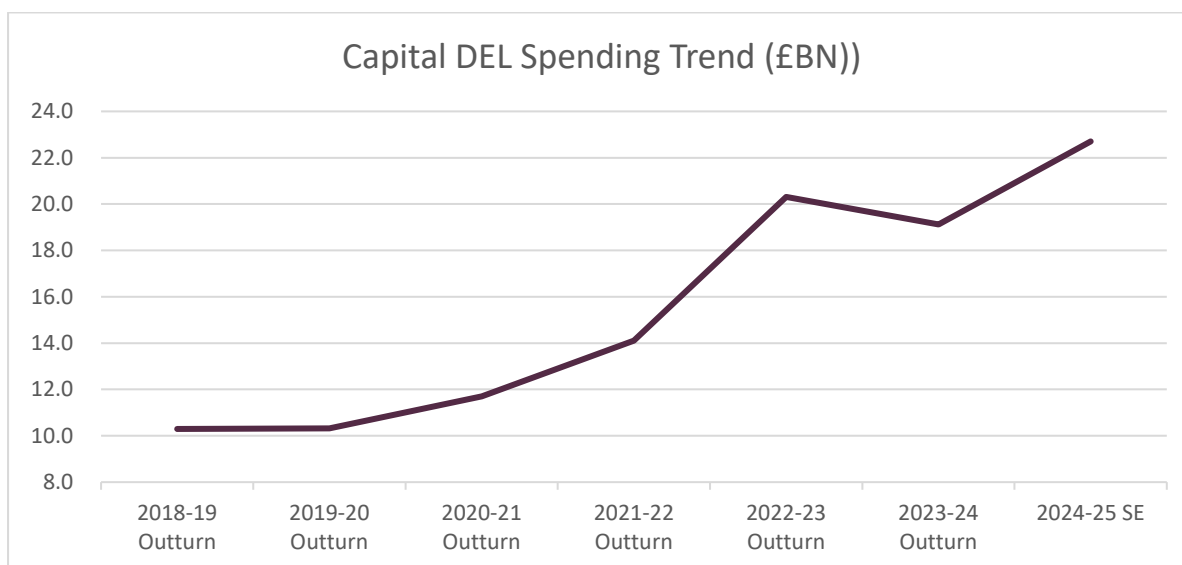
1.7 Spending trends

The charts below show overall spending trends for the last five years, plans presented in Estimates for 2023-24.

Table 1b: Spending trends

Budgetary Limit (£Bn)	2018-19 Outturn	2019-20 Outturn	2020-21 Outturn	2021-22 Outturn	2022-23 Outturn	2023-24 Outturn	2024-25 SE
Resource DEL	34.6	36.7	40.2	39.7	39.8	43.8	46.4
Capital DEL	10.3	10.3	11.7	14.1	20.3	19.2	22.7
AME	(7.9)	(0.3)	2.1	10.8	(13.9)	(1.1)	8.6





- Totals include spends for Operations and Peacekeeping.
- Reduction in Capital reflects the increases in budgets for 2022-23 for Technical Accounting adjustments for IFRS16 of 2.3bn
- Resource AME, due to its nature is volatile and reflects changing Treasury Discount Rates on provisions and fluctuations in Financial instruments.

1.8 Administration costs and efficiency plans

The Department SR25 Phase 1 settlement sets out the Administrative Cost Regime (ACR) budgets for the settlement years.

Spending total - Supplementary Estimate 2024-25		2024-25 ME	Compared to 2024-25 ME		2023-24 Outturn	Compared to 2023-24 Outturn	
£M		£M	£M	%	£M	£M	%
Administration costs	2,124	2,042	82	4.0%	1,928	196	10.2%

1.9 Funding: Spending Review and Budgets

The levels of DEL funding for MOD, in 2024-25, are based on Spending Review 25 settlement for the Ministry of Defence. Details of funding changes since Main Estimates are set out in Table 9 of this document.

1.10 Other funding announcements

Table 9 includes all budget changes for 24/25.

2 Spending detail

2.1 Explanations of changes in spending

Resource DEL

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

Table 3: Supplementary Estimate total sought for MOD compared with 2024-25 Main Estimate and 2023-24 Outturn

Resource DEL		2024-25 SE £M	2024-25 ME £M	2023-24 Outturn £M	Change from Main Estimate £M %		Change from 2023-24 Outturn £M %	
Subheads	Commodity Block							
A, B	Personnel Costs	14,156.7	13,844.5	12,727.0	312.2	2.3%	1,429.7	11.2%
C	Infrastructure Costs	4,780.6	5,324.0	5,036.4	(543.4)	(10.2%)	(255.8)	(5.1%)
D	Inventory Consumption	1,448.2	1,301.0	1,502.9	147.2	11.3%	(54.7)	(3.6%)
E	Equipment Support Costs	6,788.2	5,835.5	5,720.5	952.7	16.3%	1,067.6	18.7%
F,G,I,M,Y,A B,AC	Other Costs and Services*	3,750.8	1,891.1	3,923.9	1,859.7	98.3%	(173.1)	(4.4%)
AF,AG	Defence Nuclear Enterprise Programme	3,045.0	2,909.0	2,839.1	136.0	4.7%	205.9	7.3%
N,O,Z,AD	Administration Costs	1,818.5	1,762.0	1,684.2	56.5	3.2%	134.4	8.0%
P-V,AD	Operations and Peacekeeping (incl. ISF)	1,824.1	1,761.6	1,352.2	62.4	3.5%	471.8	34.9%
H	Depreciation and Impairments Costs	8,781.7	8,781.7	7,956.3	0.0	0.0%	825.4	10.4%
		46,393.7	43,410.4	42,742.5	2,983.3	6.9%	3,651.2	8.5%

* 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, Arm's Length Bodies and War Pension Benefits Programme Costs.

With this Supplementary Estimate, changes have been made to the Resource commodity block cost allocations together with a DEL switch from Capital to Resource. As stated in the Main Estimate memorandum, the initial commodity block cost allocations reflected the latest information based on the Department's spending plans for 2024-25. The changes in the Supplementary Estimate reflect the current in-year forecast, along with subsequent funding adjustments. The main elements of the funding adjustments are:

- An increase for Operations and Peacekeeping of £50m to cover additional costs of operations;
- An increase for provision of Defence capability of £250m;
- Budget cover transfers to/from Other Government Departments (OGDs) totalling (£43m);
- Uplifts from Reserve for Afghan Relocations and Assistance Policy (ARAP), totalling £288m;
- Uplift of £120m for the Defence Nuclear Enterprise;
- The transfer in of Office for Veterans' Affairs (OVA) from Cabinet Office £19m
- Cash Forecasting Fine (£1m); and

- A budget switch of £2,300m from Capital to Resource.

Capital DEL

The table below shows how spending plans for Capital DEL compare with the Main Estimate.

Table 4: Supplementary Estimate total sought for MOD compared with Main Estimate 2024-25 and 2023-24 Outturn

Capital DEL		2024-25 SE	2024-25 ME	2023-24 Outturn	Change from Main Estimate		Change from 2023-24 Outturn	
Subheads	Commodity Block	£M	£M	£M	£M	%	£M	%
J	Single Use Military Equipment	5,067.6	5,238.0	4,919.7	(170.4)	(3.3%)	147.9	3.0%
L,K,Z,AB	Other Capital (Fiscal)	5,601.3	4,075.9	4,129.3	1,525.4	37.4%	1,472.0	35.6%
Y	Research and Development	2,592.0	3,032.0	2,265.8	(440.0)	(14.5%)	326.2	14.4%
W,X	Operations and Peacekeeping	1,596.8	1,540.0	1,218.7	56.8	3.7%	378.1	31.0%
AC	Defence Nuclear Enterprise	7,846.0	7,868.0	0.0	(22.0)	(0.3%)	22.0	(100.0%)
		22,703.6	21,753.9	12,533.4	949.7	4.4%	2,346.3	18.7%

With this Supplementary Estimate, changes have been made to the Capital subhead cost allocations. The change in the Supplementary Estimate reflects the current in-year forecast. The main elements of these changes are:

- An increase for the purchase of Armed forces family housing of £1,700m,
- An increase for provision of Defence capability of £1,500m;
- An increase for Operations and Peacekeeping of £57m to cover additional costs of operations;
- (£20m) decrease in budget for the Defence Nuclear Enterprise;
- The transfer in of Office for Veterans' Affairs (OVA) from Cabinet Office £8m
- Budget cover transfers to/from Other Government Departments (OGDs) totalling £5m; and,
- A budget switch of (£2,300m) from Capital to Resource.

AME

The table below shows how spending plans for Resource AME

Table 5: Main Estimate total sought for MOD compared with 2023-24 Main Estimate

AME	2024-25 SE	2024-25 ME	Change from ME	
Commodity Block	£M	£M	£M	%
Total Resource AME	8,584.1	1,928.1	6,656.0	345.2%
Total Capital AME	5.0	0.0	5.0	100.0%

The Supplementary estimate accounts for new provision for disposals in the Nuclear Enterprise and is based on HM Treasury discount rates.

Net Cash Requirement (NCR)

The table below set out the current net cash requirement starting with the Main Estimate. The reconciliation between the changes in the Estimate and the NCR is shown in Part II of the Estimate, “Resource to cash reconciliation.” In addition, to the NCR below, a Contingency Fund Advance was sought for the procurement of Armed forces family housing of £5,995M, and for business as usual expenditure, to cover cash requirements before the Estimate is voted on of £2,200m. Both advances will be repaid once the Estimate has been voted in Parliament.

Table 6: Net Cash Requirement

Net Cash Requirement	£M
Position at 2024-25 Main Estimate	56,124.9
Net Cash Requirement increase	8,978.3
	65,103.2

2.2 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 elements of the budgets.

Table 7: Supplementary Estimate total Ring fenced budgets

Spending total - Supplementary Estimate 2024-25		2024- 25 ME	Compared to 2024-25 ME		2023- 24 Outturn	Compared to 2023-24 Outturn	
Budgetary Limit	£M	£M	£M	%	£M	£M	%
Operations - RDEL and CDEL	3,365	3,302	64	1.9%	2,516	849	25.2%
UK Integrated Security Fund	56	43	13	30.3%	55	1	1.2%
War Pension Benefits	658	653	5	0.8%	651	6	0.9%
Defence Nuclear Enterprise Programme RDEL and CDEL	10,891	10,777	114	1.1%	9,434	1,458	13.4%
Core Depreciation and Impairment Costs	8,782	8,782	0	0.0%	7,956	825	9.4%

2.3 Changes to contingent liabilities

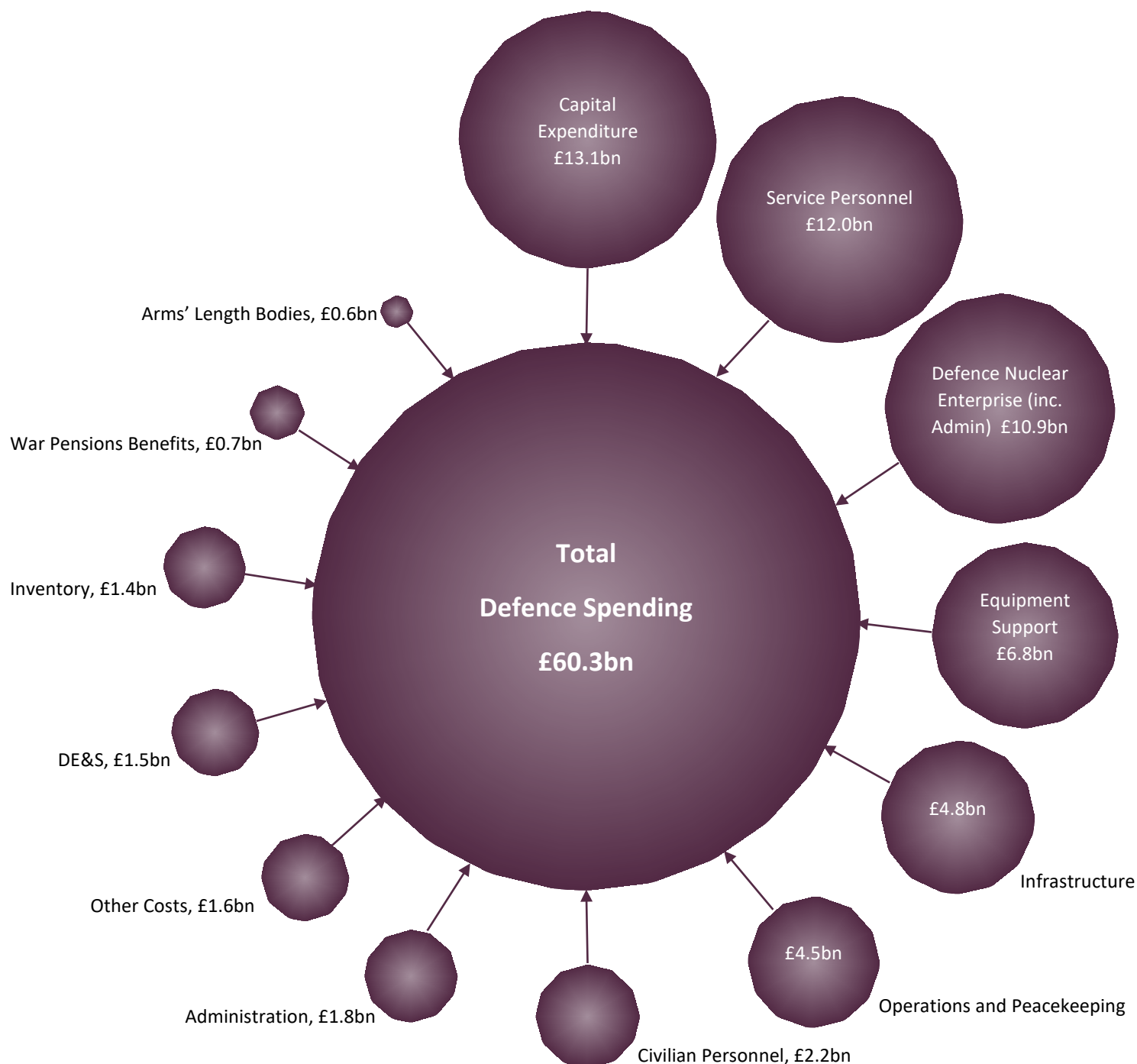
Provisions for liabilities and charges are based on realistic and prudent estimates of the expenditure required to settle future legal or constructive obligations. The Department is required to identify contingent liabilities when agreeing contracts, and to seek HM Treasury approval and provide timely 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 Supplementary Estimate. We are currently assessing the impact on future contingent liabilities and will provide further detail on this in our 2024-25 Annual Report and Accounts.

3 Priorities and performance

3.1 How spending relates to objectives

The table below shows expenditure against each subhead. The budgetary structure of the MOD does not show separately the exact costs or budgets for the individual five priority outcomes as set out in Section 1.1. 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, facilities and sometimes equipment. Detail of these areas of spending are provided below.



3.2 Measures of performance against each priority

The Strategic Defence Review is currently underway and will set MOD's priority outcomes and strategic enablers. Further details will follow in the Spring. The Department's performance will be reported on annually within MOD's Annual Report and Accounts.

3.3 Commentary on steps being taken to address performance issues

In previous years, the NAO and PAC have made recommendations as they consider the Equipment Plan. The department is currently considering its approach to future Equipment Plan publications.

3.4 Major projects

The Ministry of Defence (MoD) March 2024 Government Major Projects Portfolio data that supports the 2023-24 Infrastructure and Projects Authority (IPA) annual report can be found at:

[MOD Government Major Project Portfolio Data, 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/mod-government-major-project-portfolio-data-2024)

MOD Capability Programmes are funded internally by the Department, via HM Treasury.

4 Other information

4.1 Summary of Resources sought in the Estimate

The introduction to the Estimate shows a net increase in Resource DEL (RDEL) of £2,984m. There is also an increase in Capital DEL (CDEL) of £950m.

The Resource changes are summarised in the following tables:

Table 8: Changes in Net Resource and Capital Expenditure and AME

Resource Expenditure	£M
Resource DEL: Provision of Defence Capability	2,920.8
Resource DEL: Operations and Peacekeeping & ISF	62.4
Resource DEL	2,983.3
Resource AME Provision of Defence Capability	6,656.0
Total Net Request for Resource at 2024-25 ME	9,639.3

Capital Expenditure	£M
Capital DEL: Provision of Defence Capability	892.9
Capital DEL: Operations and Peacekeeping & ISF	56.8
Capital DEL	949.7
Capital AME Provision of Defence Capability	5.0
Total Net Request for Capital at 2024-25 ME	954.7

4.2 Changes to Resource and Capital

Table 9 below shows how the SE is compiled, identifying the changes since the 2024-25 Main Estimate.

Table 9: Changes to Resource and Capital DEL and AME at 2024-25 Supplementary Estimate

£M	Non Ring Fenced RDEL	Ring Fenced RDEL	Total RDEL	CDEL	AME
Cost of Core Defence Capability in Main Estimate	32,867.130	8,781.677	41,648.807	20,213.906	1,928.087
Budget Cover Transfers into Core	10.143		10.143	38.459	
Budget Cover Transfers out of Core	(65.425)		(65.425)	(33.558)	
MOG - Office for Veterans' Affairs (OVA) from Cabinet Office	18.987		18.987	8.000	
MOG - National Cyber Security Programme to Department for Business and Trade	(0.839)		(0.839)		
Net OGD Transfers	(37.134)	0.000	(37.134)	12.901	0.000
Core DEL Exchange	2,300.000		2,300.000	(2,300.000)	
Afghan Resettlement Programme	288.000		288.000		
Core Reserve Claim	250.000		250.000	1,500.000	
Nuclear Reserve Claim	120.000		120.000	(20.000)	
Annington Homes			0.000	1,700.000	
Cash Forecasting Fine	(0.995)				
Provisions			0.000		6,661.000
Additional DEL Claim on Reserve	2,957.005	0.000	2,958.000	880.000	6,661.000
Cost of Core Defence Capability in Supplementary Estimate	35,787.001	8,781.677	44,569.673	21,106.807	8,589.087

£M	Non Ring Fenced RDEL	Ring Fenced RDEL	Total RDEL	CDEL	AME
Operations and Peacekeeping in Main Estimate	1,761.600	0.000	1,761.600	1,540.000	0.000
BCT - Transfer in of ISF from Foreign, Commonwealth and Development Office	12.928		12.928		
Operations and Peacekeeping DEL exchange	(40.000)		(40.000)	40.000	
Operations and Peacekeeping Reserve Claim	90.480		90.480	16.840	
Cost of Core Defence Capability in Supplementary Estimate	1,825.008	0.000	1,825.008	1,596.840	0.000

4.3 Budgetary Transfers to and from Other Government Departments

Table 10: Transfers to MOD from Other Government Departments

Exporting Department	Defence Output	£M RDEL	£M CDEL	Purpose
Home Office	Provision of Defence Capability	0.465	2.013	Op Assumed
Security and Intelligence Agencies	Provision of Defence Capability	1.193	0.000	JCKP
Foreign, Commonwealth and Development Office	Provision of Defence Capability	0.020	0.000	Pj ROSETTA
Department for Energy Security and Net Zero	Provision of Defence Capability	3.175	0.000	Contributions to NSST DN/Enabling/OTL
Department for Business and Trade	Provision of Defence Capability	0.000	35.000	Cactus
Home Office	Provision of Defence Capability	4.000	0.000	Afghan Resettlement

Cabinet Office	Provision of Defence Capability	0.317	0.000	National Shipbuilding Office funding
Department for Business and Trade	Provision of Defence Capability	0.369	0.000	National Shipbuilding Office funding
Department for Transport	Provision of Defence Capability	0.220	0.000	National Shipbuilding Office funding
Department for Education	Provision of Defence Capability	0.100	0.000	National Shipbuilding Office funding
Home Office	Provision of Defence Capability	0.043	1.446	RNSP funding for Military EOD
Foreign, Commonwealth and Development Office	Integrated Security Fund	12.928	0.000	ISF
Security and Intelligence Agencies	Provision of Defence Capability	0.241	0.000	CDI - NCGI
		23.071	38.459	

Table 11: Transfers from MOD to Other Government Departments

Importing Department	Defence Output	£M RDEL	£M CDEL	Purpose
Security and Intelligence Agencies	Provision of Defence Capability	(39.000)	(18.200)	HQS
Security and Intelligence Agencies	Provision of Defence Capability		(4.776)	Joint Crypt Key Programme (JCKP)
Cabinet Office	Provision of Defence Capability		(3.960)	ROSA Capital Transfer from MOD
Security and Intelligence Agencies	Provision of Defence Capability	(6.479)		Crypt Key Bill FY24/25
Cabinet Office	Provision of Defence Capability	(2.508)		ROSA Mobile Transfer from MOD FY24/25
Ministry of Housing, Communities and Local Government: Local Government	Provision of Defence Capability	(1.000)		Barrow Social Fund
HM Treasury	Provision of Defence Capability	(0.685)		UKGI
Cabinet Office	Provision of Defence Capability	(0.188)		Civil Service Live
Cabinet Office	Provision of Defence Capability	(7.382)	(5.500)	Gold
Home Office	Provision of Defence Capability		(1.122)	Coquet Valley Electrification
Department of Health and Social Care	Provision of Defence Capability	(6.729)		ARAP
Security and Intelligence Agencies	Provision of Defence Capability	(0.324)		DI Investment in Digby
Welsh Government	Provision of Defence Capability	(1.130)		Afghan Resettlement
		(65.425)	(33.558)	

4.4 Arm's Length Bodies (ALBs)

Under Clear Line of Sight (CLOs), Arm's Length Bodies (ALBs) are part of Departmental DEL. Table 12 summarises the Grant in Aid funding requested by MOD ALBs and is based on information received from the sponsoring Top Level Budget (TLB).

Table 12: Breakdown of the Arms' Length Bodies

Organisation	Resource DEL £M	Capital DEL £M
Armed Forces Covenant Fund Trustee Ltd	11.127	
Atomic Weapons Establishment	(5.041)	0.445
Commonwealth War Graves Commission	60.814	
International Military Services Limited	0.001	
National Army Museum	7.361	
National Museum of the Royal Navy	4.095	0.647
Royal Air Force Museum	11.251	
Royal Hospital, Chelsea	14.266	
Single Source Regulations Office	6.642	0.300
Territorial, Auxiliary and Volunteer Reserve Associations established under section 110 of the Reserve Act	104.302	2.617
Total	214.818	4.009

4.5 Operations

The MOD's total net additional costs of military operations and peacekeeping is set out in Table 13 below.

Table 13: Supplementary Estimate total sought for MOD compare with Main Estimate

Operations and Peacekeeping		2024-25 SE	2024-25 ME	Change from Main Estimate	
Subheads	Commodity Block	£M	£M	£M	%
P-V	Operations - RDEL	1,768.5	1,719.0	49.5	2.9%
W,X	Operations - Capital DEL	1,596.8	1,540.0	56.8	3.7%
AD	UK Integrated Security Fund	55.5	42.6	12.9	30.4%
		3,420.9	3,301.6	119.3	3.6%

A total of £3,421m in resources, including Capital for Operations, Peacekeeping and the MOD's share of the UK Integrated Security Fund (ISF) 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. Table 13 shows the full net additional costs of operations, peacekeeping and ISF activities in 2024-25.

The details of key operations are:

Eastern Europe:

Funding is requested to cover the net additional costs of Defence's contribution to the wider HMG response to increased threat levels in Eastern Europe.

Following on from the additional funding granted in 2022-23 and 2023-24, Treasury has given Defence a further £3bn to fund Ukraine related activity including a mixture of rapid procurement, training, specific operational contributions and other activities. Defence will review activities and committed funding at several review points following prioritisation decisions.

Broader Middle East :

Funding is requested to cover the net additional costs of UK forces deployed to the Broader Middle East to sustain UK influence in the region, reassure our regional allies and support access and over

flight for operations in Iraq and Syria. This will include the net additional costs for crisis response, including the provision of airstrikes and some humanitarian aid.

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.

Integrated Security Fund (ISF)

The ISF replaced the Conflict Stability and Security Fund (CSSF) as the Government's mechanism for funding conflict prevention, stabilisation, security and peacekeeping activities, under the strategic direction of the NSC.

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 me as the Accounting Officer at the Ministry of Defence.

David Williams

Permanent Secretary and Accounting Officer

Ministry of Defence

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 (Single Use Military Equipment (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.

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.

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
DHSC	Department of Health and Social Care
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	His Majesty's Treasury
ISF	Integrated Security Fund
LIBOR	London Inter Bank Offered Rate
ME	Main 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 Previous Experience
SE	Supplementary Estimates
SIA	Single Intelligence Account
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).