



MINISTRY OF DEFENCE

Defence
Infrastructure
Organisation

POLICY INSTRUCTION

Subject: Charging Policy - Service Charities

Number: PI 12/11

Sponsor:
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Contact if different from above Sponsor:

Who Should Read this:

All DIO Offices, Partnering Organisations & PPP/PFI Project Managers

When it takes effect: Immediately

When it is due to expire:
When rescinded

Estate Management

Equality And Diversity Impact Assessment

This policy has been Equality and Diversity Impact Assessed in accordance with the Department's Equality and Diversity Impact Assessment Tool against:

Part 1 Assessment Only (no diversity impact found)

The aim of this Instruction is to clarify charging policy, particularly as it relates to Service charities. It represents Ministerial policy on how such matters are to be handled following discussions with Min(DPWV).

Introduction

1. Treasury policy set out in *Managing Public Money* requires that charging between the MOD and third parties (including other Governments and other public sector bodies) should be on the basis of full cost charging. However, where the repayment activity in question has some demonstrable and tangible benefit to defence, delegated authority (not exceeding £1M) is held within the MOD to abate charges to not below marginal costs on the grounds of public subsidy.

2. Min(DPWV) has been concerned that in a number of cases where Service charities have sought access to Defence facilities, the impression has been given that it is the MOD's policy to maximise income even where this should not be the financial objective because of the nature of the activity and value of the benefits obtained.

3. Min(DPWV) has advised that he is of the view Service charities are valuable partners with the MOD in providing support to the Service and Veterans communities. As a consequence, the Minister considers there should be a presumption that Service charities are delivering a benefit to defence and that when charging Service charities the Department should therefore make maximum use of the delegation from Treasury to abate charges. The Minister's view has been communicated to charities through the Confederation of British and Ex-Service Organisations (COBSEO).

Charging policy for Service charities

4. Full cost charges calculated for Defence accommodation supplied to Service charities for providing support services to serving and ex-serving communities and for the use of Defence facilities for fund raising events are to now be presumed justified for abatement from the full cost as a public subsidy and marginal costs (i.e. the extra costs associated with the activity) charged and recovered only.

Scope

5. An indicative list of Service charitable organisations can be found in JSP 770 Part 1 Chapter 8 Annexes A, B, C & D. However, this list is neither comprehensive nor exhaustive. The above policy should be applied to all charities where there is a demonstrable and tangible benefit to defence.

Financial Responsibility and Recording

6. Cases to which this policy applies are to be administered following the established procedures for abatement approval and recording as a public subsidy set out in JSP 368 Chapter 1.