POLICY INSTRUCTION

Encroachments – Treatment of Assessed Charges as a Public Subsidy

Number: PI 05/11

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Who Should Read this: All DE Offices, Partnering Organisations, PPP/PFI Project Managers, CEstOs and TLBs

When it takes effect: Immediately
When it is due to expire:
27 January 2012

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).

Document Aim: The aim of this Policy Instruction is to advise of the change to the way waivers of assessed charges for Encroachments are to be treated.

Introduction

1. Policy and guidance covering the permitted use of MOD estate facilities on “Encroachment” terms is currently contained in JSP 362 Chapter 14.

2. Encroachments are a traditional means by which the MOD supports the sporting, recreational or welfare needs of off-duty personnel which cannot be met because of deficiencies in existing locally provided public facilities. However, where the use of MOD facilities on the basis of an Encroachment is authorised, the benefit to defence from the activity or contribution it makes to core defence outputs should be clearly identifiable and auditable.
3. Paragraph 1412 to Chapter 14 currently advises that charges to public funds (including rent, rates, utilities and other normal building running costs) will not normally be raised in respect of the cost of an approved Encroachment but requires that such charges must still be assessed and reviewed annually in all cases so that the extent of the cost being waived can be determined and formal write-off action taken.

4. For many years, JSP 368 has included arrangements to abate charges where there is a demonstrable and tangible benefit to defence from the activity or an activity contributes to core defence outputs. Following steps taken by DFMP&D – Policy to clarify with HM Treasury the MOD’s powers to abate charges it has been resolved that Encroachment charges should now be subject to the abatement arrangements and accounted for as a 'public subsidy'.

**Public Subsidy**

4. The existing requirement for all waivers of assessed charges for Encroachments to be subject to formal write-off action as a Claim Abandoned (Category D2) is now obsolete.

5. In all cases where an Encroachment is authorised, charges must now be assessed, considered for abatement and captured in accordance with the current delegations and actions for the treatment of abatements set out in [JSP 368 Chapter 1](#).

6. Abatements of assessed charges for Encroachments approved under local delegated powers shall be recorded as a **public subsidy** by the authorising TLB and incorporated in the return it must make to DFM FMP&D – Repayment of the total of public subsidy over the course of the year for inclusion in the DRAc.