

31 Jan 13

See Distribution

## **CIVIL ENGAGEMENT FINANCIAL DIRECTIVE**

References:

- A. ACG/P(12)26 dated 21 Jun 12.
- B. Civil Engagement Directive (dated 13 Dec 12).

### **Background**

1. **Introduction.** Civil Engagement requires the Army to use its resources. This may be by loaning equipment, contributing manpower or allowing the use of its facilities. These are all funded from the Defence budget and charges must therefore be raised which are appropriate to the type of activity, the level of contribution and the benefits achieved. Financial rules can appear to constrain the Command in achieving CGS's intent to promote Civil Engagement and this document seeks to ensure that there is a common understanding by the Chain of Command about how CGS's intent can be delivered within existing financial policy and regulations. AGAI 24 is being revised to complement this directive which will assist the finance practitioner community.

### **General**

2. **Civil Engagement.** CLF's paper to the ACG<sup>1</sup> refreshed the Firm Base concept and established Civil Engagement as one of its three constituent parts. The recent MOD involvement in the Olympics generated much support for the military, which adds wider context to Civil Engagement efforts, and its importance will be enshrined in the next iteration of the Army Plan. Civil Engagement comprises activities with the wider public that generate mutual understanding, focus support to the Service Community (current, future, past), and by which the Service community fulfils its responsibility to society. Civil Engagement does not stand alone, but spans many of the Army's core outputs. Therefore, when considering Civil Engagement, the wider benefits of the activities to Defence must be considered rather than the activity alone.

### **Funding Categories**

3. Civil Engagement activity can be split into 2 discrete funding categories:
- a. **Core Tasks.** Activities which are planned and conducted in support of Defence objectives are core tasks and these activities are therefore a legitimate charge to public funds. Examples are covered in Annex A, illustrative example 1.
  - b. **Non-Core tasks.** Activities which are carried out, principally as a service in support of others, but which the Army wishes to support because they have material benefit to the Army/Defence (eg enhancing reputation, increasing understanding or gaining wider public support) are non-core tasks and should be subject to a cost recovery regime. The degree of cost recovery falls into 2 categories:

- (1) **Recovery of Full Costs.** Activities where the MOD is obliged to recover full costs (eg military assistance, MACA), or where the benefit is entirely to the

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<sup>1</sup> ACG/P(12)26 dated 21Jun 12.

organisation to whom we are providing the service (primarily activities in support of events of a commercial nature), require full cost recovery. Examples are covered in Annex A, illustrative example 2.

(2) **Recovery of Less Than Full Costs.** These are activities that are subject to some level of cost recovery<sup>2</sup>. In these instances charging must be considered and, dependent upon the assessed level of benefit, charges may be abated from full costs or waived. Where possible, the benefits must be objectively verifiable and it must be clear that the proposal would pass audit or other external scrutiny. The responsibility for interpreting this lies with Commanders, with advice from Div Civ Secs or Bde Secs. Examples are covered in Annex A, illustrative example 3.

## Primary References

4. Certain aspects of the funding for Civil Engagement activities are regulated within specific documents. Details of any power to abate or waive charges for those activities which they cover are contained within these documents. In particular reference should be made to the following documents:

- a. JSP 368 (MOD Finance Guide to Repayment).
- b. JSP 800 (Defence Movement and Transport Regulations).
- c. JSP 813 (Instructions for Service Bands and Military Musicians).
- d. JSP 915 (Tri-Service Domestic Assistance Policy and Official Hospitality Policy for the Armed Forces and Civilians).
- e. JSP 579 – Arrangements for Broadcasters Filmmakers and other Media on Projects with the MOD.
- f. JDP 02 – Operations in the UK.

## Interface with Other TLBs

5. **DIO.** Where there will be a charge to the DIO budget<sup>3</sup>, DIO should be consulted about any proposed civil engagement activity that will involve the use of the defence estate. Where an activity will not directly impact on the DIO budget and utilises spare capacity, the decision on abatement lies with the Army in accordance with JSP 368. Consideration of abatement will be given based on the perceived benefits to the Army. In all cases where there will be a charge to the DIO budget and consideration of abatement arises in support of Civil Engagement activities, DIO require the Army to certify the benefit derived and confirm the value of the abatement claimed is commensurate to the benefit. Equally, those commanders who are operating within the environment of PPP and PFI projects should consult with the appropriate private sector partner over civil engagement activity.

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<sup>2</sup> The 'Full cost' of an activity consists of 'fixed costs' and 'marginal costs'. To abate costs means to reduce the amount of fixed costs by a percentage (100% abatement meaning only marginal costs would be charged). To waive costs means to make no charges at all, ie to waive the full cost (fixed + marginal costs) of the activity.

<sup>3</sup> A charge to the DIO budget will arise where a lease needs to be completed because the nature and extent of the occupation and use associated with a proposed civil engagement activity demands it. Where the use of the land can be covered by an encroachment or requires an 'occasional use licence', it has been agreed the financial authority for approval to abate or waive charges remains with the DRes of the TLB.

## Approval and Scrutiny

6. **Delegations.** The TLB has delegated to BLB holders the authority to approve public subsidies (abatements) up to £250k and Budget holders can take this directive as their delegated authority to approve waivers where the marginal costs are below £1500<sup>4</sup>. This may be sub-delegated further at the discretion of the 2\* budget holder. All abatements and waivers are to be recorded and, when requested, reported to the TLB.

7. **Scrutiny.** Decisions on abatements and waivers must be informed by a business case<sup>5</sup>, and contracts and insurance must also be put in place. A template for business cases is at Annex B. Commanders are responsible for ensuring that they are aware of the various rules that apply in this area; Civil Secretaries and equivalent are well placed to assess and advise Budget Holders on the benefits of the proposal and the risks and rules which apply. Commanders are personally accountable for approving and justifying Civil Engagement expenditure and retaining a clear audit trail.

8. **Risks.** While there are clear benefits from undertaking Civil Engagement, there are risks of committing public money inappropriately, straying outside the legal framework for military activity and – in extreme cases – giving rise to claims or litigation against the Ministry of Defence or individuals because of failure to address risk. There is also the impact on the wider Public Sector and the Civil Sector of creating a dependency and on society in general in distorting competition, diverting trade away from local commerce and generating unwanted subsidies. All risks are to be properly assessed and appropriate action taken, including seeking insurance and indemnities where appropriate.

### COS LF

### D Res&Cmd Sec(Army)

Annexes:

- A. Illustrative Examples.
- B. Business Case Template.

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<sup>4</sup> Example: An activity costs £4500 in total, made up of £3000 fixed costs and £1500 marginal costs. If it is decided to abate the fixed costs by 100% (down to zero), leaving £1500 marginal costs, then the marginal costs may then be waived where the benefits to the Army justify this.

<sup>5</sup> The norm in straightforward cases is a short business case to support the decision, or a more formal business case for more complex and potentially contentious cases.

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**ILLUSTRATIVE EXAMPLE 1 – CORE BUSINESS - ACTIVITIES WHERE NO CHARGES ARE RAISED**

<b>Ser</b>	<b>Activity</b>	<b>Examples</b>	<b>Notes</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
1	Public duties and State ceremonial activity.	State opening of Parliament, Remembrance Sunday service at the Cenotaph, Royal Occasions - Coronations and State Funerals, Queen's Jubilee - Royal Salutes, Queen's Birthday Parade, State Visits, Guarding Royal Palaces	Those activities covered by standing military commitments
2	Hosting	Hospitality for opinion formers	Official Hospitality within JSP 915. Exceptions to JSP 915 must be approved by D Res & Command Sec (Army)
3	Liaison with employers etc.	Self explanatory	The activity is governed through SaBRE – Supporting Britain's Reservists and Employers – an Employer Support campaign.
4	Youth – The Cadet Experience	Sponsorship of the Army Cadet Force and support to the Combined Cadet Force.	The activities of the Cadet movement is funded either on-vote through the Regional Bdes or through grants in aid (RFCA and ACFA), as specified in the relevant grant in aid financial framework..
5	Awareness	Post operational Presentations and Homecoming Parades, Press Briefings, RFCA Briefings, Army Engagement Group, Army Exhibition for Schools, Employer Support Briefings and Open Days – e.g. Official open days to brief the public on the Army / individual units / establishments etc, Official presentations, briefings and exhibitions to explain the Army, individual units etc.	These are activities which create and support a conducive environment for recruiting – for both Regular and Reserves.  These are activities which are initiated by the Army in support of core outputs and not in support of third parties.
6	Recruitment activity.	Op LONDON SOLDIER, Outreach activities – e.g. Look at Life, Recruiting concentrations. Both Regular and Reserve.	Participation in commercial or fund raising activity is not included in this category. and would need to be considered on a case by case basis wef Mar 13 when the Recruit Partnering Project comes into being.

**ILLUSTRATIVE EXAMPLE 2 - CIVIL ENGAGEMENT ACTIVITIES WHERE CHARGES SHOULD BE RAISED AT FULL COST**

<b>Ser</b> (a)	<b>Activity</b> (b)	<b>Examples</b> (c)	<b>Notes</b> (d)
1	MACA	Military aid under MT4 directed by Ministers or MOD for UK Resilience.	MACA activity is, with a few specific exceptions, not funded within the MOD budget and is, therefore, conducted on a repayment basis. Further details can be found in JDP 02.
2	Training and Logistic assistance/support to the civil powers (e.g. Police)	Training and Logistic Assistance to the Civil Powers (TLACP) is provided on a full-cost repayment basis and should not be confused with MACP. TLACP is not a military operation but simply the sale of a service/facility, and is not subject to different charging arrangements.	Further details can be found in JDP 02.
3	Selling into Wider Markets activity	The marketing of irreducible, spare capacity to third parties, mostly within the Private sector – e.g. loan of manpower, equipment; use of assets - to generate an income to the defence budget.	Activity conducted in accordance with MOD Wider Markets guidance and AGAI 24.
4	Commercial events	Loans of equipment or personnel to a profit making organisation.	In general the principle is to recover full cost of any support to a commercial body to avoid distorting competition and granting an unfair trading position. Though there may be occasions where MOD derives a tangible benefit that may lead to a request for abatement of charges, the full economic impact needs to be assessed. <b>NB:</b> Support to Defence Exports and overseas sales are governed by a discrete set of rules that lays down when full or marginal cost recovery applies.

**ILLUSTRATIVE EXAMPLE 3 – NON-CORE BUSINESS - CIVIL ENGAGEMENT ACTIVITIES WHERE CHARGES NEED TO BE RAISED AND THE LEVEL OF CHARGE CAN BE ABATED OR WAIVED IF A TANGIBLE BENEFIT ALLOWS<sup>6</sup>**

<b>Ser</b>	<b>Activity</b>	<b>Examples</b>	<b>Notes</b>
(a)	(b)	(c)	(d)
1	Awareness	<p>Other public ceremonial e.g. Lord Mayor’s Show etc.</p> <p>Official participation in major public events (e.g. national sporting events) where there is a demonstrable benefit in terms of Army-wide image, reputation etc.</p> <p>Official participation in local events (including events run by charities) in support of and at the request of another party where there is a demonstrable benefit in terms of unit / formation / establishment reputation, relationship with the local population or other legitimate defence purpose.</p>	<p>Excludes commemorative events which must be approved by D Res &amp; Command Sec(Army) (JSP 368).</p> <p>This is distinct from the awareness category in illustrative example 1 in that this is where another party seeks the assistance of the Army to support an event, rather than an event initiated by the Army in pursuance of its core outputs.</p>
2	Other Military Aid to the Civil Community <sup>7</sup>	<p>The use of stores, transport, personnel and land at the request of and in support of another party.</p> <p>Occasional use of the Army estate – The use of playing fields and facilities by communities (schools etc).</p> <p>The use of military transport – To move stores and military personnel in support of community projects (e.g. Public Military Events<sup>8</sup>).</p> <p>The loan of military stores – Such as tentage, cook sets and tables etc.</p> <p>The use of military manpower – both regular and reserve to support local events and community projects. Including the use of TA man training days in support of specific outcomes.</p>	<p>JDP 02 clearly sets out the funding arrangements for MACC tasks.</p> <p>The DIO will shortly delegate to TLBs authority to issue licences for casual use of the estate and this will be delegated further to the Chain of Command.</p> <p>Use of military transport is governed by JSP 800.</p> <p>The process for the use of military stores is set out in JSP 886.</p> <p>The provision of Marshals, Stewards, Security, Attendants etc at commercial events could fall under the “Wimbledon”<sup>9</sup> rules i.e., Individuals</p>

<sup>6</sup> Commanders may consider using 2\* dispensation to authorise the use of official transport for civil engagement activity (JSP 800 refers)

<sup>7</sup> There is a philosophy that suggests that public money should only be used once for use in the public service. Though this does not remove the obligation to recover costs, it moves the emphasis on to investment in the facilities and cost of ownership – the capital and resource costs are shared among the users.

<sup>8</sup> JSP 800, Vol 5, Part 2, Chapter 2 – Ceremonial and Formal Events with Military Participation.

<sup>9</sup> 2012DIN01-021 – Procedures that Service personnel should follow to apply to be a Service Steward at the All England Lawn Tennis Championships held at Wimbledon.

			volunteer, are covered by the external body's insurance and all support is paid for by the external body. The volunteer ethos generated among the general public is a further Olympic 2012 legacy to be embraced under Civil Engagement.
3	Assistance to the media in handling non-news stories concerning the Army	Assisting and participating in Military documentaries, general interest documentaries and programmes, non-news items, books and music CDs.	Support to the media within JSP 579 rules.
4	Assistance to the media in handling news concerning the Army.	DMC and Media Ops support to breaking news, press briefings and media facilities	Support to the media within JSP 579 rules.
5	Support to Wider Youth <sup>10</sup>	Army involvement in the Burnley Project through training provided on the Tactical Engineering Development course.	JSP 362 already allows 'use of small areas of land free of charge' (i.e., sports/playing field) for scouts, guides and other similar youth organisations in certain situations.
6	UK Resilience	Military aid to the civilian community to meet urgent public needs	MACC Cat A in accordance with JDP 02. A general waiver applies for action to save human life.

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<sup>10</sup> Non-Cadet youth organisations.



**TEMPLATE FOR REPAYMENT BUSINESS CASE**

1. Project proposal (state the nature of the activity and the role the unit is expected to partake).																																																																
2. State reasons for undertaking the activity and the impact on core MOD business.																																																																
3. Provide details of customers (name & address, previous dealings with the MOD and/or Armed Forces) and any contributions that will be provided to the unit																																																																
4. State location(s) where activity will take place																																																																
5. State duration of the activity (including proposed starting date, frequency, e.g. per week/month etc and proposed completion date).																																																																
<p>6. Provide a breakdown of the full and marginal cost of the services detailed above (stating basis or source of cost information where possible).</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 10%;"></th> <th style="width: 15%;">Full Costs £</th> <th style="width: 15%;">Marginal Costs £</th> <th style="width: 60%;">Difference (to be treated as a gift or public subsidy)</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>		Full Costs £	Marginal Costs £	Difference (to be treated as a gift or public subsidy)																																																												
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<p>7. State proposed level of cost recovery (<i>ie. a percentage of the full costs to be recovered e.g. 100%, between 50%-70%, no less than 40% of full costs etc</i>) giving justification where the level of cost recovery is less than 100%. I can confirm that the costs of undertaking this activity have been established as stated above and the proposed level of cost recovery is as follows:</p> <p>Signature of designated Finance Officer<sup>11</sup> .....</p> <p>Date ..... Name ..... Appointment .....</p>																																																																
<p>8. Confirm that the following personnel have been consulted and completed risk assessment.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;"></td> <td style="width: 15%; text-align: center;">Yes</td> <td style="width: 15%; text-align: center;">No</td> <td style="width: 37%; text-align: center;">Name and Ext</td> </tr> <tr> <td>Defence Estate Officer</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Commercial Officer</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Health &amp; Safety Officer</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Security Officer</td> <td></td> <td></td> <td></td> </tr> </table>		Yes	No	Name and Ext	Defence Estate Officer				Commercial Officer				Health & Safety Officer				Security Officer																																															
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<p>9. Confirm that Insurance/Indemnity policies have been addressed. <b>YES/NO</b> <b>[NB: Copies of relevant risk assessments and insurance documentation must be attached to this</b></p>																																																																

<sup>11</sup> The Designated Finance Officer is the finance advisor at the level where this is being considered; eg Civsec at 2\* level.

**business case]**

10. Name and contact details of officer who will collate actual costs of event, raise invoice, and ensure funds are recovered:

Name:

Rank/grade:

Name and address of unit/branch:

Contact telephone no(s):

Reference no:

11. To be completed by FMP&D-Pol, Senior Finance Officer or Budget Holder where delegated authority has been given.

The authority to set financial objective at less than full-cost recovery has been:

Approved	
Not Approved	

Reasons for the decision are given below:

Signature: ..... Date: .....

Name: .....

Post title: .....