



SPONSORSHIP DIRECTIVE

Issued by:

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BACKGROUND - FUNDING OF RAF SPORT

1. Sport makes a significant contribution to the delivery of operational capability, personal and collective development and resilience. It is a core activity¹ that cannot be considered discretionary, but notwithstanding this and the multiple benefits that accrue for Defence, it is considered non-core for funding in very large part². As such, the delivery of recognised³ sport in the UK Armed Forces (UKAF) is overwhelmingly dependent upon non-public money, including sponsorship. Whilst there is non-public funding available to all recognised sports through RAF charities (see below), sponsorship is an increasingly important source of revenue⁴, enabling the wide range of sporting opportunities undertaken by the RAF to flourish.
2. RAF Sports Associations, units and individuals can receive non-public grants for sport from a variety of military-associated funds such as the RAF Central Fund (RAFCF) (principally through the RAF Sports Lottery), the RAF Sports Federation (RAFSF), Nuffield Trust (NT) and the RAF Charitable Trust (RAFCT). Direction and guidance on non-public funding is contained in AP3223. None of these sources are categorised as sponsorship and are not considered further.
3. The MOD defines sponsorship (whether it be direct or indirect - para 17 refers) as 'the payment of a sum of money, or the giving of a benefit in kind, by an organisation for the rights to be associated with an activity, team or item'⁵. Sponsorship is thus a contract between a business organisation and the relevant sport (or sports) wherein there is mutual benefit to all parties involved; crucially, it is a value-exchange process⁶. The benefits to sponsors can be summarised as:
 - a. Raising profile and brand awareness.
 - b. Demonstrating their links to, and partnership with, a trusted, respected and highly valued institution with a strong ethos and values.
 - c. Supporting the RAF and thus delivery of an element of the Armed Forces Covenant.
 - d. The fostering of relationships to support and enable the Whole Force concept (for those in Defence Industry who form the majority of current sponsors).

AIM

4. The aim of this Directive is to provide direction and guidance on the regulations and management of all sports sponsorship in the RAF in order to ensure compliance with the law, MOD policy and all military regulations, as well as mitigate any risk to the reputation of the Service or to the delivery of sport itself.
5. This Directive applies to RAF Sport associations, units and individuals, as well as all relevant RAF delivery partners - including the RAF Sports Federation (RAFSF) and its approved agent, Mongoose Sports and Entertainment Limited (MSE).

POLICY BASELINE

6. **Sponsorship Policy.** Sponsorship is a recognised activity and is well regulated. MOD policy regarding sponsorship is contained in JSP 762, Financial Management and Charging Policy Manual primarily. This can be a complex area – if in doubt, personnel involved in non-public sponsorship are to contact DRS and/or the RAFSF for advice.

¹ JSP 660, Sport in the UK Armed Forces, Pt 1, Chap 1, Para 1.

² Public funding is restricted to Category 1 and 2 sports, within tightly defined criteria, restricted to some infrastructure and travel.

³ Defined in JSP 660, Chap 1, Annex E. Recognised sports are categorised as Category 1, 2, 3 or 4 which determines their eligibility for public funding and duty status.

⁴ Sponsorship funds are intended to be spent on the furtherance of RAF Sport and its objectives; excessive hospitality is therefore discouraged.

⁵ JSP 462, Financial Management Policy Manual, Chap 7 (Sponsorship).

⁶ The HMRC defines sponsorship as '... a payment to a charity, social project or a business for which the sponsor receives something in return. Payment may be in the form of money, goods and services (commonly referred to as a 'barter'), or a combination of money with goods and services.'

7. The AFCG have agreed⁷ that the sponsorship of RAF Sport is a beneficial and recognised activity. Similarly, the Trustees of the RAFSF are authorised under their Constitution to generate non-public funds through civilian sponsorship. The Directorate of RAF Sport (DRS) takes its SME advice from HQ Air Command Corporate Governance. Personnel are to note:

a. **The Bribery Act 2010.** The Bribery Act 2010 (that came into force on 1 Jul 11) underpins Service rules and regulations on behaviour relating to sponsorship. The Act is focused on bribery, which is not necessarily just a gift of money, it is an action where a person promises, or gives a financial or other advantage which is designed to induce any party to perform a function improperly. The Act applies to all businesses (including, *inter alia*, sponsorship dealings by RAF sports associations). Improper use of sponsorship may contravene the Act for which sports officials could become liable.

b. **Hospitality at Sporting Events.** Business entertaining and hospitality between Industry and MOD officials is permissible under the Bribery Act and is regulated by MOD policy on sponsorship (JSP 462). Military personnel who have an official appointment associated with the delivery/management of the sport are allowed to accept offers of hospitality at sporting and charitable events providing they comply with a 'code' [see para 7b (1) below] and rules. In certain circumstances, the MOD authorises the use of public funds to allow senior officers to attend sporting events where sponsors are present. However, there remains a concern over the reputational risk this might represent; for example, no MOD business may be discussed at sporting events except where it relates to the delivery of sport within the RAF. In considering whether to accept such an invitation, personnel must:

(1) Be aware of the current policy for the acceptance of gifts or hospitality. The policy that applies is contained in the MOD Personnel Manual - Conduct (Vol 7, Sect 5), reflected in AP1 - RAF Ethos, Core Values and Standards, and the CS Standards of Conduct and Behaviour.

(2) Not accept gifts, hospitality nor benefits from anyone which might reasonably be seen to compromise your personal judgement or integrity.

(3) Record acceptance in the recognised manner with an entry in their organisation's Hospitality Book/Register.

(4) Understand whether they are being invited in their official appointment or as a private individual. In the latter case, their attendance is deemed off-duty and thus there is no entitlement to travel or subsistence at public expense. Further advice is available from DRS and Corporate Governance.

c. **Acceptance of Gifts.** Gifts to the MOD arising from sponsorship arrangements where the gift is not linked to the support of the sponsored activity are to be brought to the attention of the relevant TLB D Res, Corporate Governance (through DRS), who will consider the propriety of accepting the gift and any financial consequences which could arise from its acceptance.

d. **Access.** A key reputational risk to the RAF associated with sponsorship, is the perception of an arrangement that exchanges sponsorship of RAF Sport in return for privileged access. Sponsors are not to be, or appear to be, given privileged access to ministers, officials or senior officers in return for cash or benefits in kind. Furthermore, sponsors of RAF Sport can only be offered benefits relating to specified sport(s) and not access to wider military events such as airshows. Again, further guidance may be sought from DRS and Corporate Governance.

e. **Tax Liability.** In certain circumstances, sponsorship may attract a tax liability, such as VAT and/or Income Tax/Corporation Tax. This is a potentially complex area; recipients are to seek specialist HMRC/Charity Commission advice from, *inter alia*, the RAFSF⁸.

⁷ AFCG Paper dated 18 Jun 18.

⁸ HMRC guidance sponsorship is detailed in VAT Notice 701/41.

RESPONSIBILITIES AND THE OWNERSHIP OF RISK

8. **General.** Since Jun 15, the governance of RAF Sport has been separated between public and non-public responsibilities. The former (sport delivery, policy, governance, safety assurance and public funding) sits with the Directorate of RAF Sport (DRS) on behalf of AOC 22 Gp (Head of RAF Sport). The latter (charitable governance and non-public funding) lies with the RAF Sports Federation. This distinction corresponds to the dual status of RAF sports associations as both MOD bodies and independent charities. With regard to the sponsorship of RAF Sport, all parties are committed to the 3 common goals of transparency, simplicity and assurance. The RAF Central Fund is the prime grant funder and is responsible for the RAF Sports Lottery.

9. **DRS.** Notwithstanding sponsorship being non-public funding facilitated under the charitable status of RAF sports associations, the MOD retains the sponsorship rights, as well as the reputational risk and the risk to the delivery of sport (a Defence output). To safeguard public propriety, DRS is to hold a directory of sponsorship agreements in order to ensure these are assured, coordinated and compliant. Agreements are to be collated annually and reported to the TLB Focal Point (AIR Corporate Governance) to ensure policy compliance.

10. **RAFSF.** As the RAF's appointed Agent, the RAFSF have appointed Mongoose Sport & Entertainment Ltd (MSE) as their agent to provide the appropriate commercial expertise and advice to those who wish to benefit from a sponsorship arrangement (direct or indirect). In so doing, the RAFSF assume the legal, commercial and financial risks of the relationship with MSE. Unless excepted explicitly by DRS, all RAF Sport associations are to utilise the expertise and experience of the RAFSF/MSE to ensure policy compliance, transparency and to afford protection against any accusations of inappropriate behaviour. All indirect arrangements will be between the RAFSF and sponsors, enabled by MSE. The RAFSF will therefore ensure the clarity, transparency and legitimacy of all 'benefits' involved, for the sponsoring organisation and the RAF Sport association. If the sponsoring organisation sponsors one or more sports, the benefits for both parties will be listed individually to ensure transparency. As with all sponsorship agreements, by adopting the RAFSF scheme, certain rights to act on their behalf are ceded by the sport to the RAFSF. These rights will be included in a licence agreement that forms a contract between the sport and the RAFSF. The benefits in using the RAFSF include:

- a. No cost advice, support and delivery.
- b. The RAFSF will conduct sponsor company financial and reputational checks.
- c. The RAFSF already has and will apply Anti-Bribery & Corruption awareness and understanding.
- d. The RAFSF will provide advice on value, scope and limitations of sponsorship.
- e. The RAFSF will provide advice on risks and opportunities of sponsorship.

11. **MSE.** The RAFSF Trustees have appointed MSE as its service provider to:

- a. Oversee sponsorship and fundraising for sports sponsorship including defining and commercialising (marketing) the RAF sports' 'offer'.
- b. Provide RAF sports with access to in-house sports sponsorship expertise and industry knowledge.
- c. Support RAF sports in defining their 'offer' to current and potential sponsors;
- d. Assist RAF sports in negotiations with current and potential sponsors.

12. **RAF Sports Associations.** RAF Sports associations are to use the RAFSF to facilitate their sponsorship arrangements, unless they have been excepted explicitly by DRS. This will ensure

policy compliance, transparency and help protect both parties (sponsor and association) against any accusations of inappropriate behaviour. Associations can choose which sponsorship route (direct or indirect sponsorship) suits their requirements and then put in place the appropriate arrangements in their non-public, charitable guise. All contracts and agreements (generically referred to as 'arrangements hereafter') are to be submitted to DRS for endorsement before signature and committal and copied to DRS in final form. Any areas of concern should be referred to DRS in the first instance.

13. When a serving member of the Armed Forces or a Civil Servant acts on behalf of a non-public body (such as an RAF Sport association), all correspondence and contractual business must be conducted under the auspices of the non-public body of the Association. MOD letter headings are not to be used, nor are documents to be signed in an official MOD capacity or on behalf of the Secretary of State - but rather in the capacity held within, or on behalf of, the Association.

14. **Understanding the Value-Exchange in Sponsorship.** Sponsorship is a value exchange'; it is not a 'free good'. Key to the successful management of sponsorship agreements is to nurture the relationship with the sponsor through regular and proactive communication in order to fulfil the obligations under the agreement. Thus, sports associations should:

- a. In addition to the Chair of the Association, have a designated POC who is responsible for sponsor relationship management.
- b. Foster the sponsorship through proactive updates on the sport, the inclusion of sponsors in Forecast of Events (as guests or participants) and their hosting at major events including prize giving ceremonies etc. and that they are thanked.
- c. That sponsors have the opportunity to socialise with the personnel who have an official appointment associated with the delivery/management of the sport or participate in it, and are included in publicity events in relation to the sport.
- d. That appropriate recognition is given to sponsors on magazines, clothing and/or equipment and in magazines, programmes and websites.

15. **RAF Units and Individuals.** The sponsorship of RAF Sport at unit-level is to be undertaken in accordance with this directive, except that the responsibility for public assurance and oversight (including the requirement for written agreements) rests with the commanding officer. Sponsorship of unit-level sport is to be managed as non-public funds through Service Funds in accordance with AP3223 (Lflt 224). Direct sponsorship of individuals is discouraged and should be facilitated through associations or units as appropriate. If private individual sponsorship does occur, this will be regarded as an off-duty matter, and in such circumstances, personnel should be aware of a likely personal tax liability.

SPONSORSHIP OF RAF SPORT

16. **Principles.** The purpose of sponsorship must be made clear, for example what will it achieve, what will be the benefits and to whom, what obligations will need to be undertaken and so on. Thus, all sponsorship arrangements for all RAF Sport are to be articulated in a written arrangement (a minimum template is at Annex A). Guidance for the establishment and approval of sponsorship is based upon the following key points:

- a. 'The MOD must at all times deal with external organisations in a fair, equitable, open and transparent way, allowing no opportunity for, or perception of, undue influence to be exerted by the external organisation in the decision-making process of the MOD'⁹.
- b. Sponsorship must be received in a fair, equitable, open and transparent manner from businesses operating in the same business space (i.e. competitors).

⁹ JSP 462, Chap 7 and Chap 14 (Regularity and Propriety in Public Expenditure).

c. A sponsored activity must not use MOD resources without prior consultation with the TLB Sponsorship Focal Point (delegated to DRS for this purpose) to ensure that the wider interests of Defence are represented and that all cost to public funds are reimbursed.

d. Where MOD resources are used on a repayment basis, when undertaking non-core sponsorship activity, sponsorship organisations must purchase insurance to cover all the risks which will be incurred, at their own cost. All liabilities attaching to a non-core activity must be covered by the non-public organisation responsible for the activity. It is important that the organiser of the sponsorship understands that their sports association, and maybe themselves personally, will be legally liable for all commitments undertaken and the associated risk.

e. Sponsorship agreements are to include a statement on the responsibilities and liabilities of each party arising as a consequence of the activity being sponsored. The non-public body (sports association) which is legally and financially liable must be identified in all communications and it must be made clear in all dealings that it is that body, and not the MOD or the RAF, that is engaging in the activity.

f. The sports association and sponsor should only fulfil the obligations within the boundaries of the arrangement. Any proposals to do otherwise should be raised with the sponsorship organiser/TLB Focal Point.

g. Sponsors must not use MOD activity as a direct sales channel for their products or services.

h. Conflicts of interest must be avoided, albeit sponsors will want to pair with RAF sports that provide a natural and comfortable match.

i. Sponsorship may only be accepted from reputable organisations. In all instances, advice is to be sought in the first instance from DRS who will consult with Commercial Branch to ensure there are no wider commercial or conflict of interest factors to be considered. In general, providing the company is trustworthy and has a UK business footprint, a sponsorship agreement can be discussed. Where sponsorship is considered from organisations not of UK origin, consideration must be given to the wider national interest before it can be accepted. Sponsorship is strictly not permitted from companies associated with: tobacco and alcohol; the legalisation of illegal drugs; a poor financial record; violent or unsocial behaviour; known political connections; payday loan companies¹⁰

j. Sports officials are to undertake a formal risk assessment of proposed sponsorship and associated activities, including the risk to the RAF's reputation.

k. Unlike MOD public sponsorship (of RAFAT for example), sports sponsorship (non-public) contracts are not limited in time and agreements can be set up for as long as the 2 parties deem relevant. However, all sponsorship agreements must be reviewed annually by those sports officials who have been involved in either the instigation of the agreement or involved in its subsequent management by virtue of their official capacity in the sport. Cognisant of the regular changes in association chairmanship and commensurate differences in personal risk appetites, arrangements are to include appropriate break clauses in order to protect both parties. Further advice may be sought from the RAFSF.

17. Types of Sponsorship. Sponsorship is a value-exchange process. The range of the benefits exchanged between all parties involved is to be outlined in a written sponsorship agreement. In simple terms, the sponsor provides a cash sum (or cash sum equivalent¹¹) and the sport(s) provide a medium for advertising, affiliation or accreditation and socialising with members of the sport and RAF personnel who have an official appointment associated with the delivery/management of the sport. It is not an opportunity for free product endorsement by the RAF,

¹⁰ JSP 462, Pt 2, Chap 7, para 7.23c dated 11 Apr 20.

¹¹ Where a Product or Service is provided, the Cash Sum Equivalent is the amount the sport would have had to pay for that item. For example, if equipment is given, then the Cash Sum Equivalent is the net purchase cost of that equipment.

nor is it to gain unprecedented access to the military community in areas not relating to the sport. All sponsorship is classified as non-public and must be reported as such in association accounts. RAF Sport has 2 sponsorship models: direct sponsorship between a sponsor and a sport and indirect sponsorship where a third party is involved in the negotiation and management. Sponsorship processes vary according to the sponsorship route selected; process maps for direct and indirect sponsorship are at Annexes A and B respectively.

- a. **Direct Sponsorship.** Each sport organisation, at any level, can elect to find a sponsor and set up a direct sponsorship agreement (within MOD rules¹²) and maintain that direct link with their sponsor/s. In this model, all sponsorship funds generated are distributed directly to the sport. The RAFSF (on behalf of DRS) has the role of governance and assurance of sponsorship contracts in this case, and thus all arrangements must be reviewed and approved by the RAFSF prior to being signed by the Association.
- b. **Indirect Sponsorship.** This is where a third party (RAFSF/MSE) has the role to secure financial support from the sponsor and recommend grants to be paid to suitable RAF Sport associations. Adopting this model offers associations and unions the advantage of removing much of the work and responsibility for sponsorship from their committees, although fostering the relationship with sponsors remains a key association task.
- c. **Benefit-in-kind.** Although organisations may provide a pure cash sum as the sponsorship agreement, some agreements may also offer a benefit-in-kind sponsorship for products or services. When accepting these benefits-in-kind arrangements consideration must be given to the Cash Sum Equivalent and the maintenance, possible replacement and associated costs of consumables in managing these benefits. Benefits-in-kind can include sponsored civilian vehicles, sports equipment and clothing. These benefits are part of the sponsorship agreement and must be included in the contract between the parties. It is also important to consider whether the acceptance of a benefits-in-kind understanding would compromise any other agreements in place either for sport or for the wider MoD. Any conflict of interests must be avoided.
- d. **Subsidy.** Similar to benefit-in-kind, the subsidising of a good or service by an organisation will be classed as sponsorship if there is a value-exchange from the Association in return. As such, it forms part of the sponsorship arrangement and must be included in the contract between the parties. It is also important to consider whether the acceptance of a subsidy would compromise any other agreements in place for sport or for the wider MOD. Any conflicts of interest are to be avoided.

18. **Donations.** A donation is usually a one-off sum of money given voluntarily for the use of the organisation receiving it without any value-exchange process being agreed. The donor may be thanked in a brochure or similar (without the use of the donor's logo) for the donation; anything more would be considered as sponsorship. Donations may be received in addition to sponsorship from the same body, provided there is a clear delineation between the 2 elements, expressed at the outset of any arrangement, and the sponsorship element being a fair proportion of the value-exchange. Such arrangements must be included in the contract between the parties. The practise of accepting year on year donations from the same organisation is acceptable, however if there is any value-exchange attached to these donations then these funds need to be classed as sponsorship and managed accordingly.

19. **Discounted Goods Sales.** The provision of discounts to the Forces community (serving and ex-serving) is already widely available through many schemes outside of sport. Any agreements for discount between organisations and RAF sports associations that is open for individual use is not to be classed as sponsorship and is not dealt with any further.

20. **MOD Branding.** The use of authorised military logos such as the RAF Logo, including the Roundel and RAF heraldic badge, is controlled by Defence Intellectual Property Rights (DIPR). In addition, the regulations on the use of the RAF logo are laid down in 2017DIN05-009 Creation and

¹² JSP 462, Chap 10.

Use of Names, Insignia and Logos. DRS holds a register of logos for RAF Sports Associations and whilst these may be used in relation to sponsorship any alteration, or modification of existing, or proposed introduction of new logos will require DRS approval before being used.

- a. Advice on the number, location and size of logos and their value is available from DRS. For sports clothing and equipment, the size of a sponsor's registered logo or trademark must comply with the instructions laid down by the UK National Governing Body for the sport concerned and be in accordance with MOD policy¹³.
- b. To avoid creating the perception of a link between the 2 organisations the sponsor's and military logos must not appear side by side. Consideration should be given to how they appear on products (if applicable) to ensure that endorsement is not implied.
- c. A sponsor's main logo must be used in preference to a brand/product logo. Sponsors must not be allowed to use sales messages or advertising statements as part of their logo.

21. **Endorsements.** RAF sports associations, teams or individuals must not endorse, or be seen to endorse explicitly, the sponsoring organisation or its products. Names insignia and logos must not be used to imply that MOD particularly favours a sponsor's products or services or certifies their quality. A factual statement can be made that the sport is being sponsored by the company and that this sponsorship adds support to the sport, but no direct reference can be made to promote the products or equipment of the sponsor.

Annexes:

- A. RAF Sport Direct Sponsorship – Process Map.
- B. RAF Sport Indirect Sponsorship – Process Map.

Distribution:

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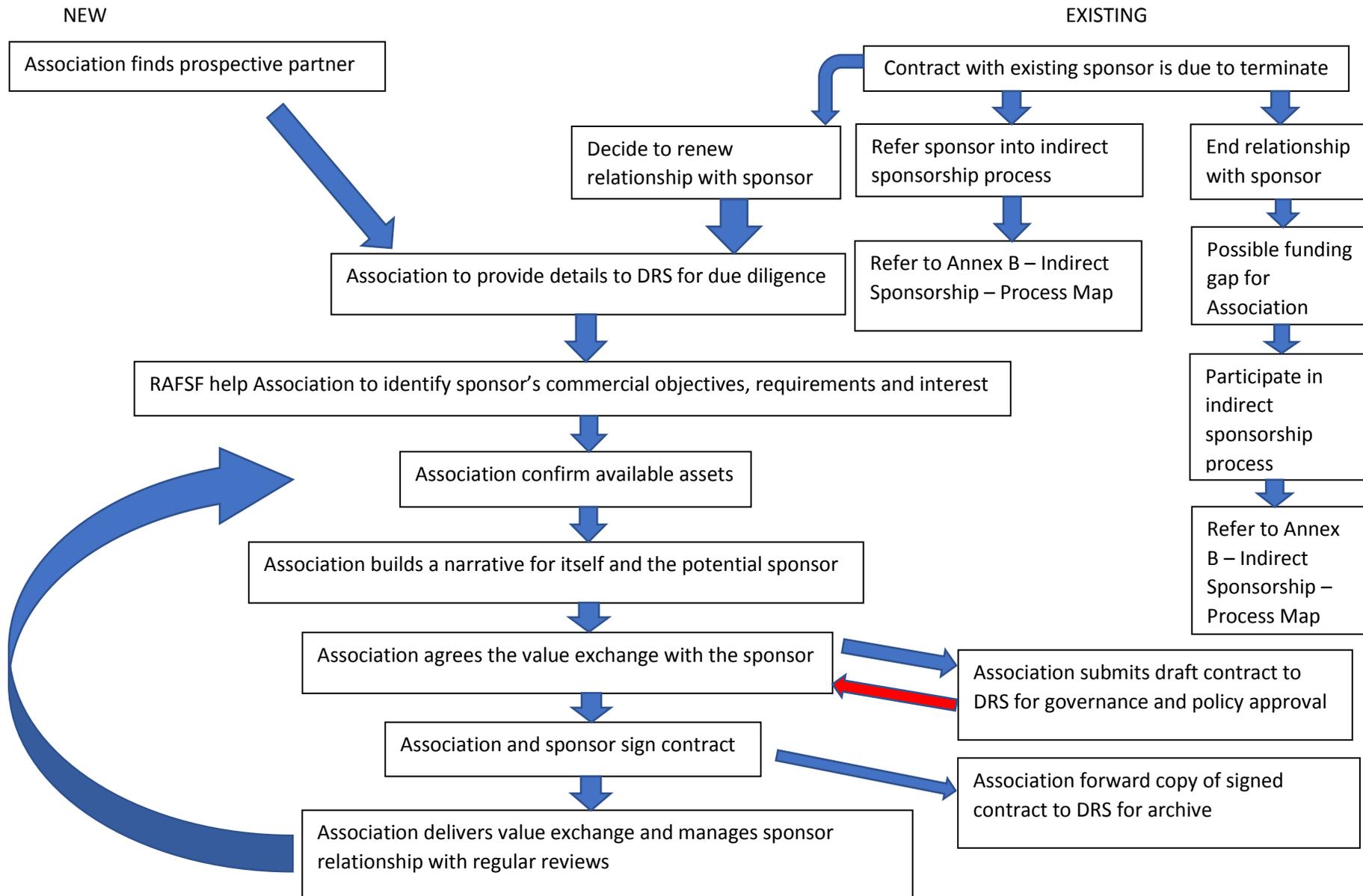
Chairs of all RAF Sports Associations
Heads of Establishments (for STOs)
CEO RAFSF

Information:

Sec UKAFSB
Head Navy Sport
DASCB
HQ Air - Head Corp Gov
SASO 1, 2, 11 and 38 Gps

¹³ JSP 462, Pt 2, Chap 7, para 7.61.

RAF SPORT DIRECT SPONSORSHIP - PROCESS MAP



RAF SPORT INDIRECT SPONSORSHIP - PROCESS MAP

