

SECTOR INSIGHT

Armed Forces Charities in Scotland

An overview and analysis

2016

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Foreword



This highly informative report by the Directory of Social Change and generously funded by the Forces in Mind Trust, is the first to focus specifically on armed forces charities operating in Scotland.

The clearly detailed evidence in this report will be a valuable catalyst to encourage further partnership working, collaboration and effective communication between both armed forces charities and other third sector stakeholders. This is greatly needed, firstly to ensure continuity of care and support and, secondly, to focus on identified, but as yet unmet, needs within the armed forces community across Scotland.

The data in the report will be influential in helping to underpin policy-making in Scotland, where responsibility for many statutory services such as health and well-being, social services, transport, education, and skills development are devolved to the Scottish Government.

Also, it is worthy of note that while there is a total of 320 charities listed in the report, the individually OSCR-registered Legion Scotland branches and RAF Association branches account for more than 50% of that total. That belies criticism that sometimes rears its head that there are too many military charities in the sector.

The major funding support of UK-wide armed forces charities is valued greatly, and will continue to be pivotal in ensuring the ongoing level of contribution to Scotland's armed forces community, which is very much part of society as a whole.

The welcome detail in the report will directly benefit the many grant-making charities and individual donors who support the armed forces community – both serving and veterans – to enable them to make better-informed choices as to where and to whom they wish to provide support.

Colonel (Retired) Martin Gibson, OBE, DL
Chair of Veterans Scotland and member of the Confederation of Service Charities
Executive Committee

Preface



Scotland has a long and proud tradition of supporting the armed forces. Charities registered in Scotland provide invaluable support for the many members of the armed forces community who are stationed in Scotland during their service and who choose to settle in or return to Scotland following service.

Our military family - retired and serving men and women; their wives; their husbands; their partners; their children; indeed, all their dependants - is very close to my heart, as I am descended from generations of servicemen and women. You don't need to look hard to see examples of courage, courtesy, community and care for others within this unique family. And these qualities extend beyond active service and into the Scottish armed forces charity sector.

It is because of this that I am very proud to introduce *Sector Insight: Armed Forces Charities in Scotland*. Unique for both the Scottish charity sector and the armed forces charities community alike, this report is bold in its scope, comprehensive in its methodology and illuminating in its content.

This report builds upon DSC's work researching the armed forces charities. Its purpose is to serve policymakers, commentators, researchers and interested parties by providing them with an independently researched account of armed forces charities in Scotland. The research presented in this report also provides members of the armed forces charity sector in Scotland with information to enable them to understand their own position in relation to the rest of the sector that supports the armed forces community.

With analysis on sector regulation practices, charities' service affiliation and provision and cross-border charities, most of which are the UK's largest armed forces charities, this report is a key tool for those who need to make decisions that are based on unbiased and accurate research and evidence. In this regard, DSC's *Sector Insight: Armed Forces Charities in Scotland* report provides members of the sector in Scotland with a means to support the development of armed forces charities and, in turn, the often life-changing services they provide to their many beneficiaries and their families.

The report contains information which is broadly consistent with what you would expect to see in armed forces charities of this nature, but there are some real surprises in relation to scale and cross-border work and I hope the insights contained within it will prompt dialogue and co-operation between the state, the sector and those they serve.

Debra Allcock Tyler, Chief Executive, Directory of Social Change

About the authors

STUART COLE



Stuart is a Senior Researcher at DSC, where he produces bespoke research and analysis projects for the charity sector. Since joining DSC in 2015, Stuart's work has primarily focused on armed forces charities, for which he has produced a number of reports, including Cobseo's 2015 Members' Survey.

Before joining DSC, Stuart held an academic post in public health research, working on projects such as a systematic review of violence primary prevention research in partnership with the World Health Organization, and on a project exploring alcohol consumption in the UK population, funded by Alcohol Research UK. He was also an analyst on a project in partnership with the NHS, examining Accident and Emergency department data relating to trauma, injury and alcohol-related harm in North West England.

Stuart holds a BA (Hons) in Psychology and Sociology, an MSc in Applied Psychology, and a PGCE in Psychology. He is a qualified teacher and worked for five years as a psychology lecturer at a number of further education colleges and schools before moving into applied research.

TOM TRAYNOR



Since joining DSC in 2001, Tom has researched and authored numerous publications including *The Guide to Major Trusts*, *The Directory of Grant Making Trusts* and *The Funders' Almanac*. In addition he has led DSC's Research Team in the delivery of its core research projects, guides, directories and funding websites, which provide details of thousands of funders to voluntary sector organisations looking for funding to support their cause.

As Head of Research he is responsible for delivering DSC's research strategy, developing research partnerships with funders and other research organisations and leading DSC's Sector Insight and bespoke research projects. He has a BA (Hons) in Literature and Media and Cultural Studies and an MA in Research Methods in Sociology and Social Policy. He has been a trustee of a local arts organisation and a grants assessor for a community foundation, and also volunteered for an educational charity and a community media project. He has a keen interest in trusts and foundations, philanthropy and social policy and has written and commented on a range of voluntary sector issues over the past 15 years.

Acknowledgements

The authors would like to thank all of the armed forces charities which provided invaluable information during the data-collection period of this research.

Special thanks go to Martin Gibson, Jim Wilson, David Cowin, Peter Minshall, Karen Stock and Gary Gray for their support and feedback. Special thanks also go to Louise Meikleham at the Office of the Scottish Charity Regulator, for her support with DSC's data requests.

The authors would also like to acknowledge the members of DSC's Research Team for their sustained support with data collection and their individual contributions to a number of case studies featured in this report.

About the Directory of Social Change

The Directory of Social Change (DSC) has a vision of an independent voluntary sector at the heart of social change. The activities of independent charities, voluntary organisations and community groups are fundamental to achieve social change. We exist to help these organisations and the people who support them to achieve their goals.

We do this by:

- providing practical tools that organisations and activists need, including online and printed publications, training courses, and conferences on a huge range of topics;
- acting as a 'concerned citizen' in public policy debates, often on behalf of smaller charities, voluntary organisations and community groups;
- leading campaigns and stimulating debate on key policy issues that affect those groups;
- carrying out research and providing information to influence policymakers.

DSC is the leading provider of information and training for the voluntary sector and publishes an extensive range of guides and handbooks covering subjects such as fundraising, management, communication, finance and law. We have a range of subscription-based websites containing a wealth of information on funding from grant-making charities, companies and government sources. We run more than 300 training courses each year, including bespoke in-house training provided at the client's location. DSC conferences, many of which run on an annual basis, include the Charity Management Conference, the Charity Accountants' Conference and the Charity Law Conference. DSC's major annual event is Charityfair, which provides low-cost training on a wide variety of subjects.

For details of all our activities, and to order publications and book courses, go to www.dsc.org.uk, call 08450 777707 or email publications@dsc.org.uk.

Executive summary

This *Sector Insight: Armed Forces Charities in Scotland* report follows on from *Sector Insight, UK Armed Forces Charities: An Overview and Analysis*, published in 2014, which provided an overview and analysis of the armed forces charity sector. Both are part of a wider project which also includes a searchable online resource, www.armedforcescharities.org.uk. This resource features details of all the armed forces charities in the UK which are analysed as the basis for our reports.

When the initial project was commissioned in 2014, the level of information on Scottish charities was not publicly available to the same extent as for England and Wales. Although the 2014 analytical report continues to be the most comprehensive account of the UK armed forces charity sector, the data presented was unable to provide a detailed account of Scottish charities. The Directory of Social Change (DSC) and the Forces in Mind Trust (FiMT) concluded that further research was necessary, and that the Scottish armed forces charity sector should have its own dedicated report, utilising bespoke data gathering and analysis methods to provide a definitive outline of Scottish armed forces charities.

This report will help inform Scotland's policy direction, and inform those working within the charity sector. In turn it is hoped that beneficiaries of such charities, along with those considering the creation or development of an armed forces charity in Scotland, will be assisted.

The focus of this report is singularly on armed forces charities registered in Scotland, on how they are categorised and the provision they make for beneficiaries. This also includes cross-border armed forces charities.

Presented here is financial information on charities, including an account of longitudinal data which attempts to illuminate trends over recent years. To provide an overview of the size of the sector, charities are categorised through the analysis of income, expenditure, provision and Service affiliation.

The data in most of this report is taken from charity accounts relating to the period January 2014 to December 2015. For each charity the most recent annual return and/or annual report including accounts available at the time of data collection and analysis was used. For the longitudinal analysis of the finances, a slightly different methodology was used to be fit for purpose: three consecutive periods corresponding to selected financial years were identified which made a reliable comparison possible.

Data on income and expenditure for charities registered in Scotland is inconsistent until 2011, so the first period in the longitudinal investigation of the data is the 2011/12 and 2012 financial years. Only around 78% of armed forces charities had submitted their 2014/15 accounts at the time of writing (July 2016), and an even smaller percentage had submitted accounts for 2015 or later, which means that the data is incomplete. Therefore the period under review in the longitudinal analysis is 2011/12 and 2012 to 2013/14 and 2014.

KEY FINDINGS

How many armed forces charities are registered in Scotland?

- The total number of armed forces charities registered in Scotland (excluding cadet charities) is 320.
- Of these, 32 (10%) are cross-border charities, which are registered with both the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator (OSCR).

Cross-border charities, which are covered in detail in the 2014 report where their activities are included in the analysis for England and Wales, have a significant effect on the data for Scotland as a whole, particularly the income and expenditure of the sector. Reporting requirements in Scotland for these charities mean that, in most cases, either an estimated percentage of total activity is given for Scotland or a referral to their trustees' annual report and accounts is all that is required.

Collectively, cross-border armed forces charities had an income of around £259.1 million and an expenditure of £236.6 million in 2014/15. Unfortunately it was not possible to determine what proportion of this expenditure was spent in Scotland and directly benefitted the Scottish armed forces charity sector/community. Few of these charities make much geographical distinction about where their resources are expended beyond, perhaps, allocations of capital expenditure for the likes of housing stock, care homes and similar facilities. It is not uncommon for cross-border charities to have a regional director or manager for Scotland, or a Scottish committee overseeing activities within Scotland, but determining how many beneficiaries are supported within the country is a challenge given that the location of these beneficiaries is not considered specifically relevant. Data provided by OSCR does, however, provide some insight into specific areas of operation, activities or finances, either collectively for cross-border charities as a group or, in some instances, for individual charities. Where individual charities provide more detail this is highlighted.

- Of all cross-border charities, 46% hold meetings in public places, although many others are likely to hold meetings at their own offices or premises which are not accessible to the general public.
- Two-thirds of cross-border charities state that they have operational staff based in Scotland, including those that work from home. Several of these, such as SSAFA (Soldiers, Sailors, Airmen and Families Association), have a significant presence.
- 25% of cross-border charities receive funds from Scottish bodies such as the Scottish government to carry out their work with beneficiaries in Scotland.
- 54% of cross-border charities have Scottish trustees or a steering group that specifically oversees activities in Scotland; for example, the management and administration is handled by a head office in London but there is a Scottish advisory committee.

- Data from annual return forms shows that just four cross-border charities have indicated that they produce separate Scottish management accounts; several other charities stated that any figures they provided to the regulator that relate to activities in Scotland were a singular annual calculation.

What is the financial situation of armed forces charities registered in Scotland?¹

- The total annual income for all armed forces charities registered in Scotland (including cross-border charities) is £314.4 million.
- The total annual expenditure for all armed forces charities registered in Scotland (including cross-border charities) is £293.7 million.
- The total annual income for armed forces charities which are solely registered in Scotland is £55.3 million.
- The total annual expenditure for armed forces charities which are solely registered in Scotland is £57.1 million.
- Cross-border charities account for 82.4% of all Scottish armed forces charities' annual income.
- Cross-border charities account for 80.6% of all Scottish armed forces charities' annual expenditure.
- The annual funds (assets) held by all OSCR-registered armed forces charities total £937.9 million; cross-border charities hold approximately 75% of these funds.

The level of annual income and expenditure over recent years has remained relatively stable for charities solely registered in Scotland. If cross-border charities are included in the data, however, greater fluctuations are observed. The amount of unrestricted funds held by charities solely registered in Scotland appears to have increased over recent years, to at least £147 million.

Cross-border charity annual income and expenditure levels are most commonly within the £1 million to £10 million bracket. This contrasts with charities that are solely registered in Scotland, whose annual income and expenditure falls most commonly within the £1,000 to £10,000 bracket. Given that cross-border charities mostly constitute the largest armed forces charities in the UK, however, this is to be expected.

How many charities are there affiliated with each Service and what is their financial situation?

- There are 229 tri-Service charities with a combined annual income of £232.6 million; these charities have a combined annual expenditure of £220.3 million.
- There are 51 British Army charities with a combined annual income of £25.9 million; these charities have a combined annual expenditure of £18.4 million.

¹ Where cross-border charities' income and expenditure are included, figures presented are UK totals unless otherwise stated. In addition, most data presented (73.8%) relates to 2014/15.

- There are 32 Royal Air Force (RAF) charities with a combined annual income of £37.7 million; these charities have a combined annual expenditure of £37.9 million.
- There are 8 Royal Navy charities with a combined annual income of £18.2 million; these charities have a combined annual expenditure of £17 million.

Tri-Service charities account for 71.7% of all charities, most of which are categorised as being associations. British Army charities account for 15.9% of all charities, RAF charities represent 10.0% of all charities, while naval charities represent only 2.5% of all charities.

How many charities are there in each category and what is their financial situation?

- There are 184 associations with a combined annual income of £12.3 million; these charities have a combined annual expenditure of £12 million.
- There are 91 welfare charities with a combined annual income of £279.2 million (89.3% of all charity income); these charities have a combined annual expenditure of £261.7 million (89.6% of all charity expenditure).
- There are 19 mixed-type charities with a combined annual income of £16 million; these charities have a combined annual expenditure of £11.8 million.
- There are 11 museum charities with a combined annual income of £1.2 million; these charities have a combined annual expenditure of £1.3 million.
- There are 9 memorial charities with a combined annual income of £367,000; these charities have a combined annual expenditure of £332,000.
- There are 6 Service funds with a combined annual income of £5.4 million (1.7% of all charity income); these charities have a combined annual expenditure of £6.6 million.

How many charities are there supporting the ex-Service community through the following provisions?

- There are 248 charities providing relief in need for the ex-Service community.
- There are 47 charities providing health and well-being services and activities, including rehabilitation, respite and recreation.
- There are 39 charities providing education, employment and careers activities and services for the ex-Service community.
- There are 37 charities that provide advice and advocacy services.
- There are 19 charities involved in housing provision for the ex-Service community.

- 247 charities state that they can make grants to other organisations and/or individuals - additional investigation by DSC suggests that far fewer than this number do so on a regular basis.

Although there are more associations than any other classification of charity, the majority of income and expenditure is associated with welfare charities. Provision by charities that support ex-Service personnel and their families is primarily focused on relief in need (82.7% of all charities), with the number of charities providing support for health (16%), education and employment (13%), and advice and advocacy (12.3%) not far behind.

Although there are not as many charities providing housing, there are a number of charities, across all classification types, with an increasingly impressive portfolio of housing stock. The most common housing provision across all charities is for supported/disability-adapted housing and general housing and accommodation, which account for the most common types of housing provision.

Of charities making provision for education, over half (53.8%) do so for employment and career services. Health provision is most commonly made to support respite and recreation (64.6%), and mental health support is provided by 37.5% of charities that make provision for health support. Heritage charities account for as little as 6.3% of all charities, of which, 80.1% of all expenditure and 76.4% of all income is associated with museums.

Introduction

ABOUT THE PROJECT

In 2014, the Directory of Social Change (DSC) was commissioned by the Forces in Mind Trust (FiMT) to undertake a piece of research that would provide an overview and analysis of the armed forces charity sector. This report was aimed at members of the charity sector and those interested in it, including those who work in the charity sector, policymakers, government officials and media organisations. It was also intended as a resource for members of the public with an interest in the armed forces charity sector.

The analysis presented in the analytical report, *Sector Insight, UK Armed Forces Charities: An Overview and Analysis*, consisted of data held in DSC's extensive database, which contains information on 2,266 armed forces charities. Published in November 2014, it provided the most comprehensive account of the armed forces charity sector.

Accompanying the 2014 report, DSC also produced a free-to-search online database for members of the public and the charity sector alike to explore details of charities that make provision for the armed forces community.

ABOUT THE REPORT

When the initial project was commissioned in 2014, the level of information on Scottish charities at the time was not publicly available to the same extent as it was for England and Wales. Although the analytical report *Sector Insight, UK Armed Forces Charities* continues to be the most comprehensive account of the UK armed forces charity sector, this lack of data meant that it could not provide a detailed account of Scottish charities. DSC and FiMT concluded that further research was necessary, and that the Scottish armed forces charity sector should have its own dedicated report, utilising bespoke data gathering and analysis methods to provide a definitive outline of Scottish armed forces charities.

This report, *Sector Insight, Armed Forces Charities in Scotland*, is a dedicated analytical report for the charities registered in Scotland. Its aim is to help inform both Scotland's policy direction and those working within the charity sector. In turn, it is hoped that beneficiaries of such charities will be assisted, along with those considering the creation or development of an armed forces charity in Scotland. The 2014 and 2016 reports form a body of work which illuminates Britain's armed forces charity sector through unique evidence, extensive knowledge and insightful analysis.

FOCUS OF THE REPORT

Scotland has many similarities with the rest of the UK; yet, on account of its devolved government, there are also many differences which affect the armed forces community.

For example, in June 2014, Alex Salmond announced that Eric Fraser (former Royal Navy) had been appointed as Scotland's first Veterans Commissioner (Scottish Government 2014). The role of Veterans Commissioner was first announced by Keith Brown as the 'Cabinet Secretary with responsibility for veterans'. It is the first non-statutory role in the UK and is therefore independent from the Scottish government. The Commissioner's role is not to inspect or enforce, but rather to produce reports and recommendations to the Scottish government in order to help improve support for the ex-Service community and as a consequence contribute to the shaping of policy regarding the ex-Service community in Scotland (SVC 2016).

Examples of differences between Scotland and the rest of the UK can be seen in statutory provision for housing. The Scottish government's responsibility for housing provision is devolved between its 32 local authorities which means that each council has responsibility to make provision for housing in accordance with minister's guidelines. In this regard, 26 local authorities manage their own housing, while the remaining six authorities have made arrangements for Registered Social Landlords to manage their housing provision on their behalf. Scotland's number of dedicated bed spaces (182 beds/units) for homeless veterans is second only to London (367 beds/units) (Jones *et al.* 2014). The approximately 1,800 Service leavers each year who wish to settle in Scotland will find that provision of social housing differs, depending on which area in Scotland they wish to live following transition from the armed forces.

Examples of Scotland's uniqueness can be seen across many areas which affect the armed forces community, from the appointment of Veterans Champions to Scotland's healthcare and education provision for the ex-Service community. Although DSC recognises that such singular Scottish examples of statutory provision provide the wider context in which charities operate, it is not the remit of this report to provide an overview of the ex-Service experience in Scotland, or the legislative response to such demands. Broader contextual information of this type has already been well documented in widely available literature, and therefore this report has not duplicated it.

The focus of this report is singularly on those charities that are defined as armed forces charities and are registered in Scotland, how they are categorised, what provision they make for beneficiaries, and an overview and analysis of these charities.

- **Chapter 1** provides an overview of the data used in the report, and presents financial information on charities in the armed forces charity sector. Chapter 1 also provides an account of longitudinal data and how it provides a picture of the changing sector, along with an exploration of cross-border registration of charities.
- **Chapter 2** focuses on the categorisation of charities and an overview of the size of the sector through analysis of income, expenditure and provision. It also provides an overview of how the sector is divided by types of charities based on DSC's categorisation of provision.

- **Chapter 3** explores charities based on their Service affiliation and their provision by DSC classification.
- **Chapter 4** provides conclusions and recommendations based on the findings of this report.

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CHAPTER ONE

An overview of armed forces charities registered in Scotland

1.1 INTRODUCTION

This chapter provides information and analysis on the nature and characteristics of the data presented in this report. Financial information is explored with regard to the availability of data and requirements for charities' submission of financial data. A longitudinal analysis presents trends in charities' financial activities across several previous financial years. The nature of cross-border charity regulation is also explored in this chapter.

The chapter is divided into the following sections:

- About the data
- Financial information
- Cross-border charities
- Longitudinal financial data
- Chapter summary

1.2 ABOUT THE DATA

DSC maintains a database containing information on over 2,200 armed forces charities, of which approximately 1,800 are registered with the Charity Commission for England and Wales (CCEW). A further 419 charities included in the database are registered in Scotland with the Office of the Scottish Charity Regulator (OSCR).

In order to confirm the number of armed forces charities registered with OSCR in existence, DSC carried out a comprehensive reviewing process of the OSCR database. The reviewing process involved analysing a complete listing of the OSCR database of all 23,971 registered charities (accurate as of 14 September 2015).

DSC undertook a systematic searching process, utilising a list of key words to identify armed forces charities and charitable work involving the armed forces community from within the data set. Two researchers reviewed the database independently in order to assure inter-researcher reliability was achieved during the process, thus supporting the validity of the charities identified in the final data set.

In December 2015, DSC sent postal requests to 482 charities, requesting their annual reports and accounts; 147 responses were received and a follow-up request was sent in February 2016. A further 53 charities provided the information, in addition to 30 charities for which information was available online. In total, 464 Scottish charities were identified as being of interest for inclusion in this report, of which DSC has received 230 charity accounts directly (49.5%).

Two separate data requests were submitted to OSCR (in September 2015 and April 2016) which provided the additional information on the charities of interest. DSC also extracted any relevant financial and charitable provision information from the accounts that were available, and this process was completed in late April. Following a period of data refining and cleaning, 228 charities were removed from the data set which were deemed to be not relevant to this investigation. A total of 87 charities whose primary beneficiaries were not ex-Service personnel or their families were excluded, along with 141 cadet charities which, while arguably operating under a military ethos, had little or no direct connection with supporting the armed forces community. One other charity was removed from the data set because it was unknown whether the charity was still active. The final data set used for subsequent analysis included 320 armed forces charities, 32 of which are cross-border charities (see section 1.4).

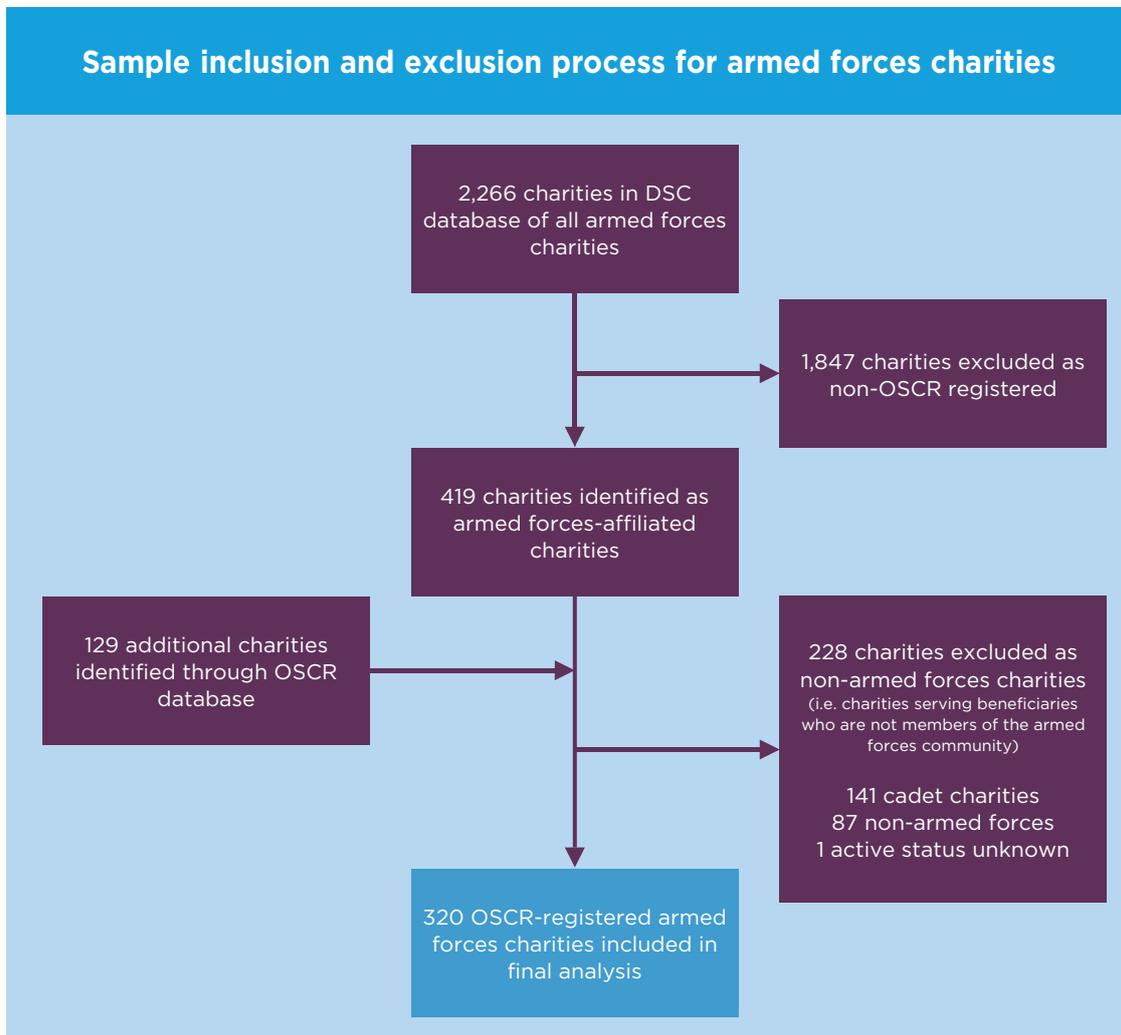
During the period of analysis, DSC submitted a further data request to OSCR for OSCR to provide information and data that it has extracted from the Annual Return forms of cross-border armed forces charities registered in Scotland (a form which is required by OSCR from all cross-border charities).

1.2.1 Characteristics of the data

The data in this report comprises information from 320 charities, 98.1% (N=314) of which is taken from charity accounts from 2013/14 onwards.¹ In total 73.8% of the data was taken from annual reports relating to the period between January 2014 and December 2015 (N=236).

¹ A total of eight associations had not submitted recent annual returns to OSCR. Therefore, the most current information on these charities is taken from annual returns that pre-date the financial year 2013/14. A total of six charities had registered with OSCR in 2015 and therefore had not submitted any annual reports.

Figure 1.1



In total, eight charities were newly registered with OSCR. Those charities were operating during the past year (2015) and so have been included in the data to represent the currently operating number of charities. Several charities, including Gardening Leave² and Cameronians (Scottish Rifles) General Trust, have closed during the writing of this report.³ However, these charities have been included in the analysis in order to provide a consistent snapshot of the sector from January 2014 to December 2015.

² Gardening Leave ceased operating at the end of 2015, although as at summer 2016 it was still registered with OSCR.

³ Undertaking a comparison between the Scottish charities identified during the research for the 2014 *Sector Insight, UK Armed Forces Charities: An Overview and Analysis* report and charities registered with OSCR in summer 2016 revealed that 26 charities have ceased to exist during this period.

1.3 FINANCIAL INFORMATION

Charities registered in England and Wales with a total annual income of more than £10,000 are required to submit annual returns to CCEW, which is inclusive of financial information such as income and expenditure. Charities with an income of over £25,000 are required to submit an annual return that includes their charity accounts and their annual report as part of their reporting duties, thereby providing detailed financial information. Given that the threshold level for submitting financial information, data on activities, assets and total funds is relatively low, detailed financial information is widely available across charities that are registered with CCEW.

In Scotland, the threshold for submitting detailed financial information is much higher. Charities with an income of below £250,000 are only required to submit financial information on their income and expenditure. However, charities with an income of over £250,000 are required to submit Part C of the OSCR Annual Return form, in which charities provide information on their finances.

The information available from charities with an income of above £250,000 is presented in table 1.1. At the time of data collection, OSCR did not provide downloadable copies of individual charities' annual reports and accounts. Therefore, due to the lack of availability of copies of annual reports and accounts in addition to the high threshold level for submitting detailed financial information to OSCR, data on activities and assets and total funds was not available at the time of writing to the same extent as it is for charities which are registered in England and Wales.

Table 1.1

| Financial information requirements in Part C of the OSCR Annual Return form | | |
|---|-------------------------|-------------------------|
| <i>Income</i> | <i>Expenditure</i> | <i>Assets and funds</i> |
| ■ Donations and legacies | ■ Raising funds | ■ Net current assets |
| ■ Charitable activities | ■ Charitable activities | ■ Total funds |
| ■ Other trading activities | ■ Other expenditure | |
| ■ Investments | | |
| ■ Other income | | |

This regulatory practice means mapping the finances of the Scottish charity sector is a challenge. In total, only 38 (11.9%) of the charities included in this report fall into the over-£250,000 income group.

DSC attempted to address this poverty of financial information by following OSCR's guidance on how to obtain financial data from charities. At the time of data collection, OSCR stated on its website that it was taking steps to encourage charities to publish their accounts on their own websites. Before April 2016 OSCR stated the following on each individual charity's information page:

You should also contact the charity for previous years' accounts and constitutions; or where the charity's income is under £25,000 and it is not a SCIO [Scottish Charitable Incorporated Organisation]. You have the right to the following information under section 23 (1)(a) and (b) of the Charities and Trustee Investment (Scotland) Act 2005, from the charity direct:

- a copy of the charity's latest statement of account
- a copy of the charity's constitution

You can contact the charity to request this information using the contact details on the charity's Register entry.

This suggested method led to limited success. In all, 252 charities did not acknowledge the request, and a significant number of charities contacted DSC to refuse co-operation with the request. Further correspondence with such charities was occasionally fruitful, but a surprising number did not realise that this was an obligation with which they were expected to comply. Information was therefore hard-won or met with total refusal. It should be highlighted, however, that those charities which did reply favourably provided information that was a credit to the charities' professionalism and to their open willingness to share information.

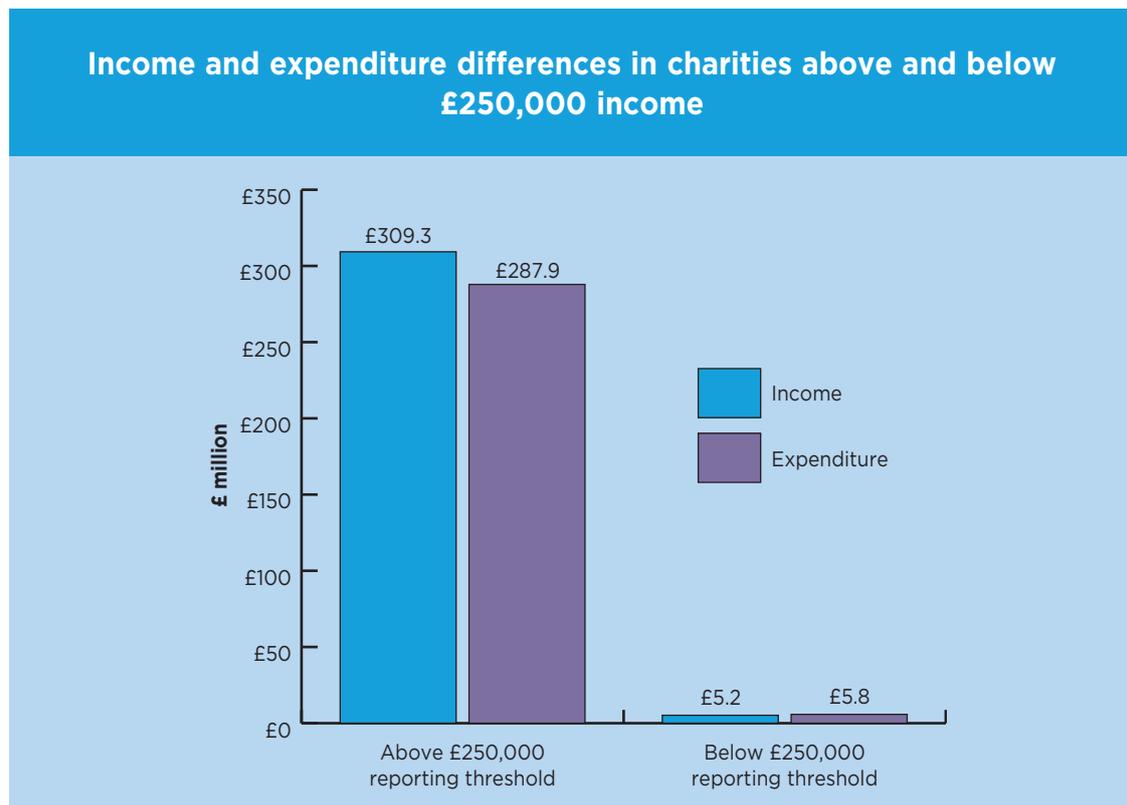
During the time of data collection, OSCR's policies and practices for making public information available was inadequate and therefore the Scottish sector was not sufficiently transparent. Since data collection for this project ended, OSCR has taken steps to improve accessibility.

Since April 2016 this information has appeared on the OSCR website on each individual charity's information page: 'On 1 April 2016 we began to publish charities' accounts as they were submitted to us, initially for those charities with an annual income of £25,000 or more, and for all SCIOs.'

This represents a welcome change to OSCR's policy on the availability of data and the change does much to increase the transparency of OSCR-registered charities. The publishing of charity's accounts, although welcome, is in its infancy and so cannot be availed upon as part of this research methodology.

Figure 1.2 shows the difference in income and expenditure for charities with incomes of above and below £250,000. The 38 charities which have incomes above the £250,000 threshold have a collective annual income which is over £21 million more than their annual expenditure.

Figure 1.2



Further analysis shows that around 45% of the larger charities' expenditure exceeded their income during the period under review (January 2014 to December 2015).

1.4 CROSS-BORDER CHARITIES

When the Charity and Trustees Investment (Scotland) Act 2005 came into force in early 2006, OSCR and CCEW agreed a deferred period of 12 months before OSCR would monitor cross-border charities. After several delays, the monitoring regime was introduced in May 2009. Armed forces charities (among others) which were already registered with CCEW began registering with OSCR from 2007 onwards (but may not have been fully subject to reporting requirements, or indeed monitored, until 2009).

Cross-border charities must complete an Annual Return form (as must all charities registered with OSCR) and used to be required to complete a separate Information Return form. In the Annual Return form all charities must provide their gross annual income and expenditure, and brief information on their charitable activities. Those charities whose income is £25,000 or more are required to provide more detailed information on their governance, trustees and structure. Charities whose income is £250,000 or more must provide enhanced information about the breakdown of their income, expenditure and assets. Annual accounts must also be submitted.

The Information Return form for cross-border charities replaced the Supplementary Monitoring Return that all Scottish charities with an annual income of £25,000 or more that are solely registered with OSCR were required to complete. The Information Return focused on the objectives and activities of cross-border charities specific to their operations in Scotland, which includes providing separate financial information relating specifically to Scottish operations where possible. If this is not feasible, cross-border charities are only required to provide an estimated percentage of their activities in Scotland. The Information Return form notes that 'many cross-border charities do not have objectives specific to Scotland or activities in Scotland that are distinguishable from their overall objectives and activities', and therefore the form only requires that the charity referred to its main annual report, which describes the overall objectives and activities of the charity as a whole. It seems that most charities take this option, although the level of detail on activities in Scotland in cross-border charities' annual reports is variable, often with very little reference at all.

In 2010 OSCR published the first *Monitoring of Cross Border Charities* report. The report noted that 'a significant number of charities appear to remain unclear or unwilling to fulfil their statutory obligations in respect of Scottish charity law' and that 'a significant proportion of accounts submitted did not include appropriate reference to Scottish charity legislation in the external scrutiny report' (OSCR 2010).

In 2012 the second report on the monitoring of cross-border charities was published which noted that there was still significant work to be done both by the charities in complying with the relevant reporting requirements and by OSCR in raising awareness of these requirements among charity trustees and advisers. At that time, just 28% of all registered cross-border charities provided financial information specifically related to their activities in Scotland (OSCR 2012). The situation may have improved somewhat since that report was published. However, recent changes to the reporting requirements for cross-border charities, whereby from 1 April 2016 cross-border charities no longer have to complete a separate Information Return form but instead Section A of a revised Annual Return form, may mean that even less information is available in the future. Previously, the separate Information Return form included questions which requested around 25 pieces of information on the governance and activities of cross-border charities in Scotland. The revised Annual Return form, applicable to all charities registered in Scotland to varying degrees, will simply include the question: 'Did your charity undertake activities in Scotland during the last accounting period? (yes/no)'.

The 2012 monitoring report does note that the average percentage of all cross-border charities' activities that took place in Scotland was 13.5%, and OSCR confirmed to our researchers that a year or so later the mean average was 15% and the median was 10%. According to further information provided to DSC by OSCR, the average percentage of activities for cross-border armed forces charities in 2014–15 was 23%; however, this includes figures from four charities which are based in Scotland, two of which recorded that 70% of their activities take place in Scotland. For all of the cross-border charities that recorded a percentage of their activities as taking place in Scotland, the median was 17%.⁴

Out of a total of 320 armed forces charities currently operating in Scotland, 32 of these are cross-border charities registered with both OSCR and CCEW. This means that just over 3% of all cross-border charities in Scotland, approximately 1,000, are armed forces charities.

There are a number of reasons why a charity will register with both regulators:

- it may own land or property across the border which subjects it to other regulations in that jurisdiction;
- it may be primarily based in England but also raises funds in Scotland;
- its beneficiaries are located throughout the UK or based in multiple locations which necessitates compliance with multiple regulations such as the Charities Act 2011, Charities (Protection and Social Investment) Act 2016 and the Charities and Trustee Investment (Scotland) Act 2005.

Of these 32 cross-border armed forces charities, five⁵ are headquartered in Scotland and registered with both OSCR and CCEW, while 27 are headquartered/primarily based in England and registered with both CCEW and OSCR.

Figure 1.3 shows the head office location of all cross-border armed forces charities (N=320) by local authority area.⁶ The majority of these charities (91.2%) report their head office location as being within Scotland, with 8.8% (N=28) of charities reporting their head-office location as 'outwith Scotland' (outside Scotland).⁷ Cross-border armed forces charities account for 26 of the 27 armed forces charities which report their head office as being outwith Scotland.⁸

⁴ If charities that are based in Scotland are excluded, cross-border charities averaged around 13% of their activities in Scotland, which is consistent with the overall figure for all cross-border charities.

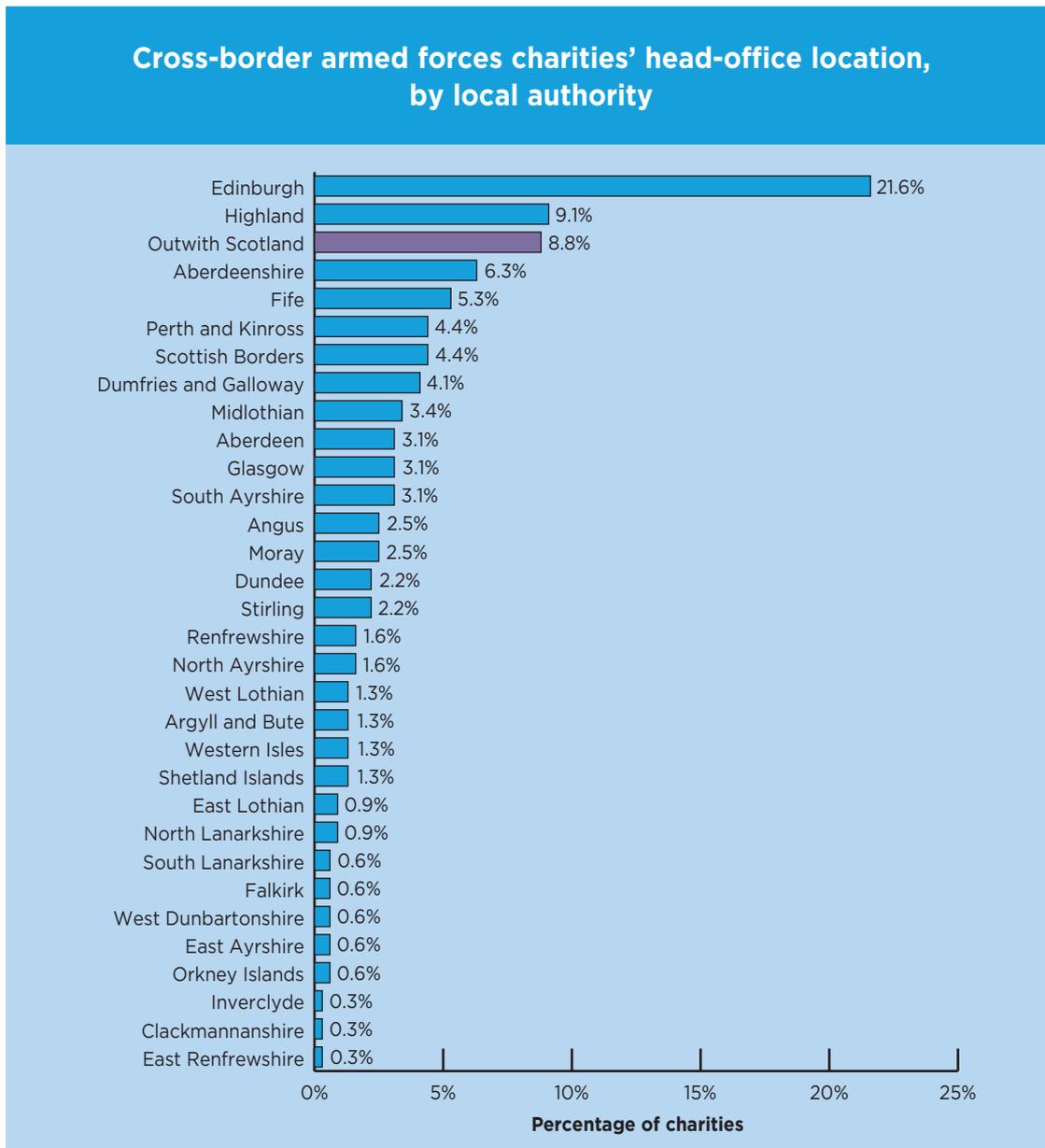
⁵ These five charities are Haig Housing Trust, Support Our Soldiers, Charities Administered in Connection with the Scots Guards, Gardening Leave Limited, and the Royal Caledonian Education Trust.

⁶ There are no charities for which a head office is reported as being located in the geographical area of East Dunbartonshire local authority. Therefore data shown in figure 1.3 is inclusive of 31 of the total 32 Scottish local authorities.

⁷ Information is collected from OSCR records and is correct as of April 2016.

⁸ The only armed forces charity which is non-cross-border and has its head office location listed as outwith Scotland is the Colonel John Grahame of Lingo Memorial Trust (SC001684).

Figure 1.3



It is apparent that in most cases cross-border armed forces charities make little or no distinction between where their potential beneficiaries are based geographically and do not routinely apportion the charities' expenditure to any particular geographical region or area. Their beneficiaries can be based anywhere and are solely selected on the basis of their current or former membership of a regiment or Service. Importance is not given to their location, but to their connection to the armed forces and their need for support.

These cross-border charities include some of the largest armed forces charities in the UK, such as ABF The Soldiers' Charity, Help for Heroes and Blind Veterans UK. Collectively,

cross-border armed forces charities had a total income of around £259 million and an expenditure of £236.6 million in 2014/15. Unfortunately it was not possible to determine what proportion of this expenditure was spent in Scotland and directly benefited the Scottish armed forces charity sector or the Scottish armed forces community. Few of these charities make much geographical distinction about where their resources are expended beyond perhaps allocations of capital expenditure for the likes of housing stock, care homes and similar facilities. It is not uncommon for cross-border charities to have a regional director or manager for Scotland, or a Scottish committee overseeing activities. Nevertheless, determining how many beneficiaries are supported is also a challenge, as the location of these beneficiaries is not considered specifically relevant. Data provided to DSC by OSCR does, however, provide some insight into specific areas of operation, activities or finances, either collectively for cross-border charities as a group or, in some instances, for individual charities.

There are cases where cross-border armed forces charities have specific schemes for Scotland, either on their own or in partnership with one or more other charities. One such scheme is the Armed Services Advice Project, which gives advice and support on a range of issues including benefits, debt and employment. It is supported by ABF The Soldiers' Charity, the Royal Navy and Royal Marines Charity, Seafarers UK, SSAFA (Soldiers, Sailors, Airmen and Families Association) and the RAF Benevolent Fund – all of which are cross-border charities – and Poppyscotland. The scheme, which is delivered by Citizens Advice Scotland, received around £550,000 in 2014/15. Most of this amount comes from Poppyscotland, which awarded the project £445,000 in 2014/15.

One example of a cross-border charity that was able to provide more detail on its expenditure in Scotland upon request is the RAF Benevolent Fund. In 2014, the charity spent £860,500 in Scotland, which was just under 4% of its total expenditure for that year. This includes £704,000 on grants to individuals and £50,000 each for an Airplay Station Youth Worker at both RAF Lossiemouth and RAF Leuchars. The charity estimates that its work in Scotland helped 1,626 people during 2014. According to figures provided to DSC by OSCR, 20% of the RAF Benevolent Fund's activities took place in Scotland in 2014.

Another cross-border armed forces charity with significant activities in Scotland is SSAFA, which has 22 branches and 324 caseworkers in Scotland; its expenditure in Scotland was £2.6 million in 2014. This expenditure is almost equal to all of the money raised by SSAFA in Scotland, according to Information Return data provided to DSC by OSCR.

Some of these cross-border charities do make significant grants to other armed forces charities which are solely registered in Scotland. Help for Heroes, for example, which does not operate any facilities in Scotland, made a grant of £685,000 to the Scottish Veterans' Garden City Association in 2014. Help for Heroes also notes in its 2015 annual report that it fundraises in Scotland and intends to expand its activities there (currently, its Catterick centre in North Yorkshire covers the area). Other examples include ABF The Soldiers' Charity, which made a grant of £140,000 to Erskine Hospital in 2014/15, as did the RAF Benevolent Fund, which provided £20,000 to the hospital in 2014, and the Royal Navy and Royal Marines Charity, which gave Erskine £50,000 in total in 2015 and 2016.

The following figures analyse the available Information Return data provided to DSC by OSCR. This data attempts to give an insight into the presence and activities of cross-border armed forces charities according to information recorded with the regulator.

Figure 1.4 shows that 46% of cross-border armed forces charities hold meetings in public places in Scotland, although many others are likely to hold meetings at their own offices or premises based in Scotland which are not accessible to the general public.

Figure 1.5 shows that two-thirds of cross-border armed forces charities have operational staff based in Scotland, including those that work from home. Several of these, such as SSAFA, have a significant presence.

Figure 1.4

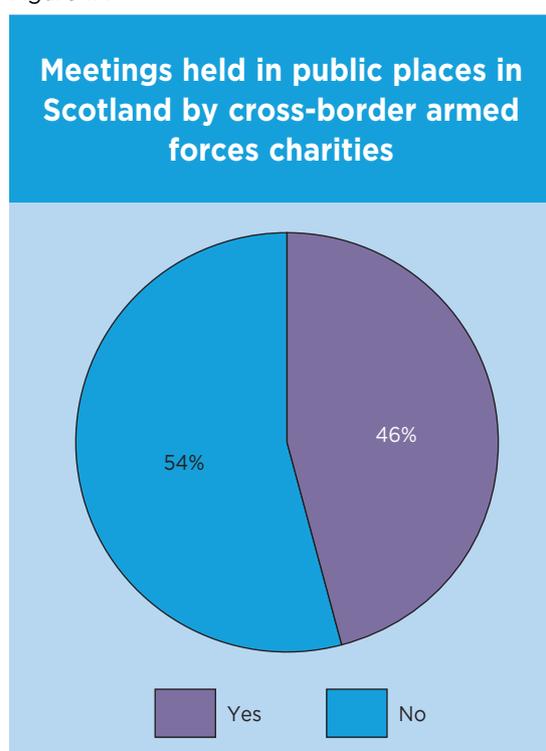
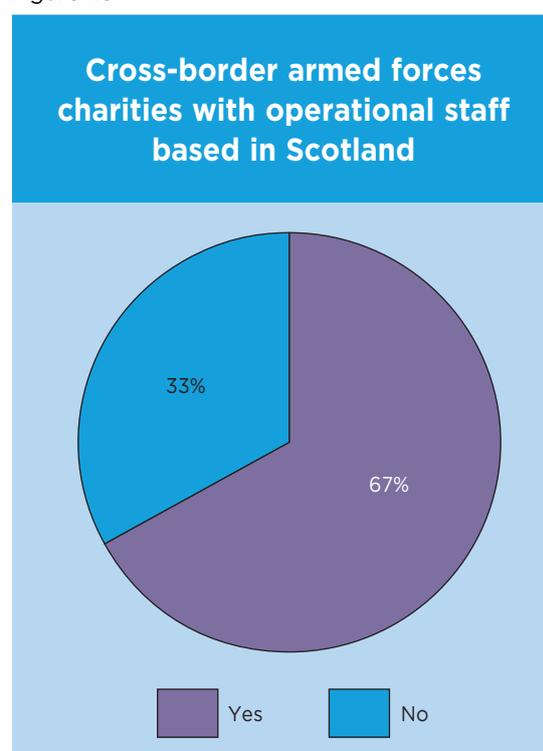


Figure 1.5



In terms of their income, figure 1.6 shows that a quarter of cross-border armed forces charities receive funds from Scottish bodies such as the Scottish government to carry out their work with beneficiaries in Scotland.

Figure 1.7 shows that over half of the charities have Scottish trustees or a steering group that specifically oversees activities in Scotland. The Information Return form gives an example of where 'the management and administration is handled by a Head Office in London but there is a Scottish advisory committee'.

Figure 1.6

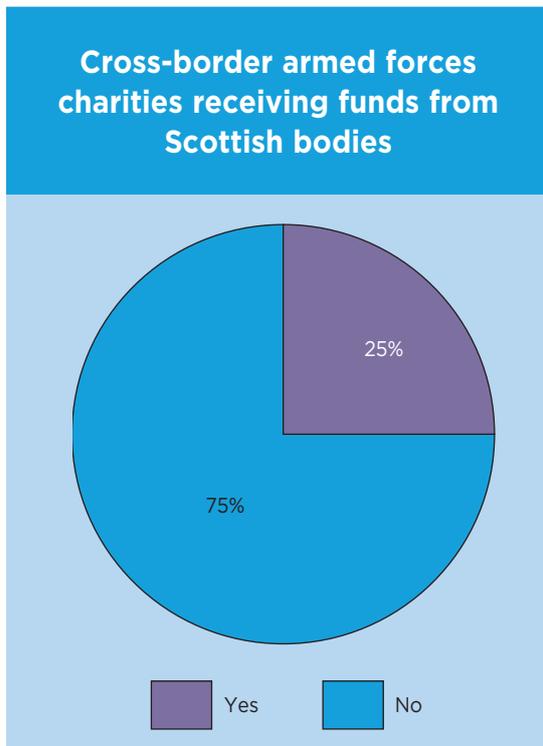
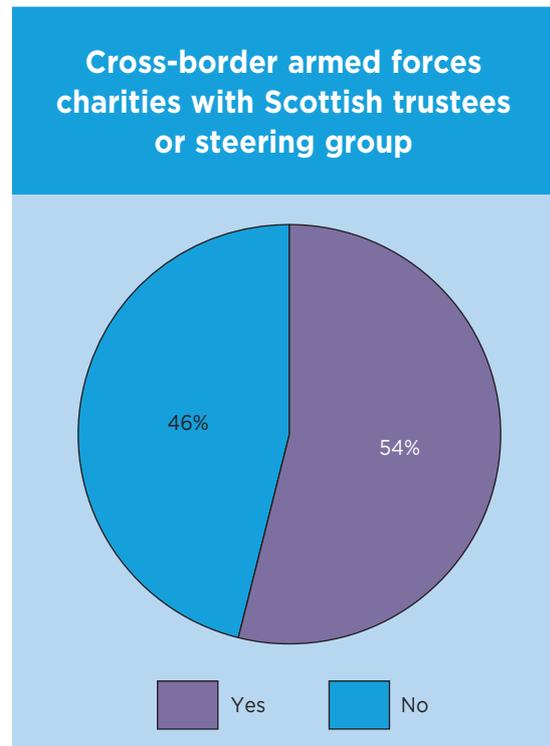


Figure 1.7



Information Return data provided to DSC by OSCR shows that just four cross-border armed forces charities have indicated that they produce separate Scottish management accounts. Several other charities stated that any figures they provided to the regulator were based on one-off calculations. Estimated percentages were given in other cases to indicate the percentage of a charity’s activities in Scotland, while making reference to the charity’s main annual report for more information. However, investigation of these annual reports reveals that further details in these sources are limited.

1.4.1 Difference in income and expenditure by charity registration-type

The total income in 2014-15 for all OSCR-registered armed forces charities was £314,440,848 (N=320). Figure 1.8 illustrates the extent to which cross-border armed forces charities differ in income size to armed forces charities which are solely registered in Scotland. Across figures 1.8 to 1.10, where cross-border charities’ income and expenditure are included, figures presented are UK totals unless otherwise stated.

Cross-border armed forces charities have a larger income (82.4% of all income) compared with the income of armed forces charities solely registered in Scotland (17.6% of all income). Cross-border armed forces charities’ income therefore is over three-fifths (64.8%) higher than the income of solely OSCR-registered armed forces charities.

The total expenditure for all armed forces charities registered in Scotland was £293,728,219 (N=320). Figure 1.8 illustrates the extent to which cross-border charities differ in expenditure to armed forces charities solely registered in Scotland.

Cross-border armed forces charities have a larger expenditure than armed forces charities that are solely registered in Scotland. These charities' expenditure makes up four-fifths (80.6%) of all expenditure (while the expenditure of charities solely registered in Scotland represents one-fifth (19.4%) of all expenditure). Cross-border armed forces charities' expenditure therefore is three-fifths (61.2%) higher than the expenditure of solely OSCR-registered armed forces charities.

Figure 1.8

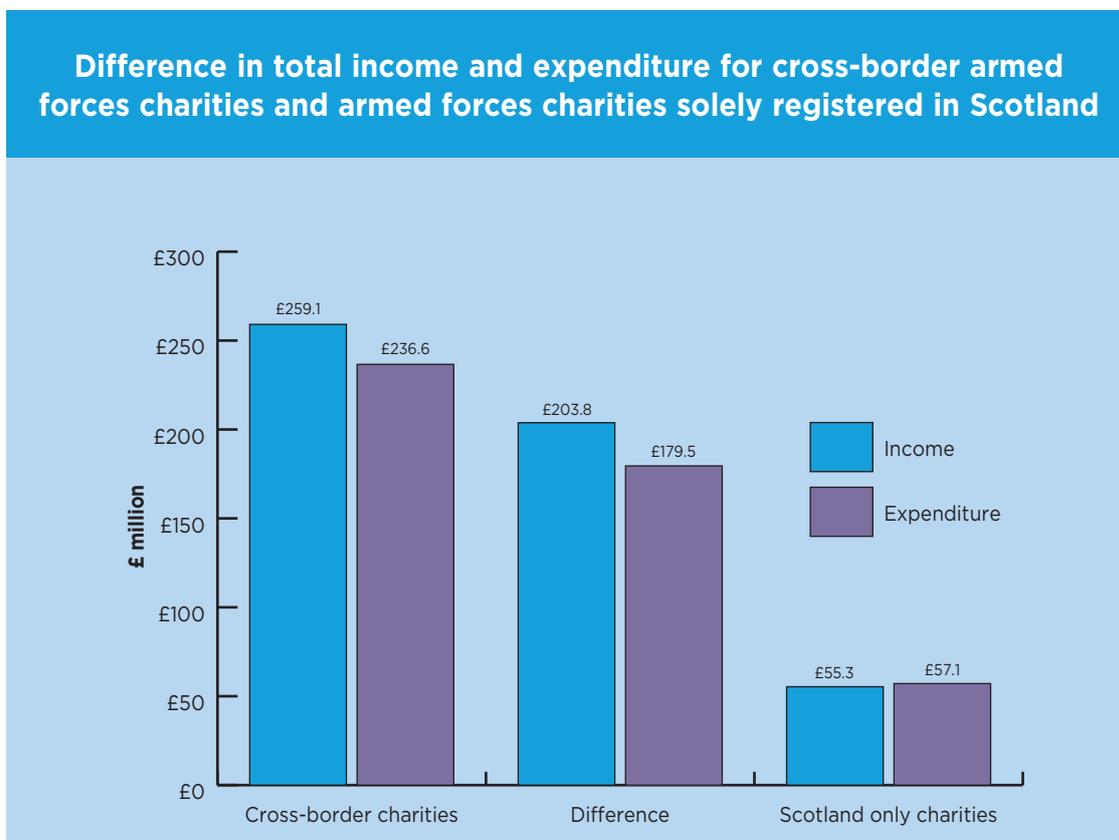


Figure 1.9 shows the income and expenditure bandings of all cross-border armed forces charities (N=32) for the latest financial year in which data was available for each charity (typically 2014/15 and 2015). Close to one-third (31.3%) of these cross-border charities have an income level that falls within the £1,000,000 to £9,999,999 band. This represents a combined annual income of £32,918,819. Just over one-third (34.4%) of these charities have an expenditure level that falls within the same bracket. This represents a total of £40,412,230.

Figure 1.9

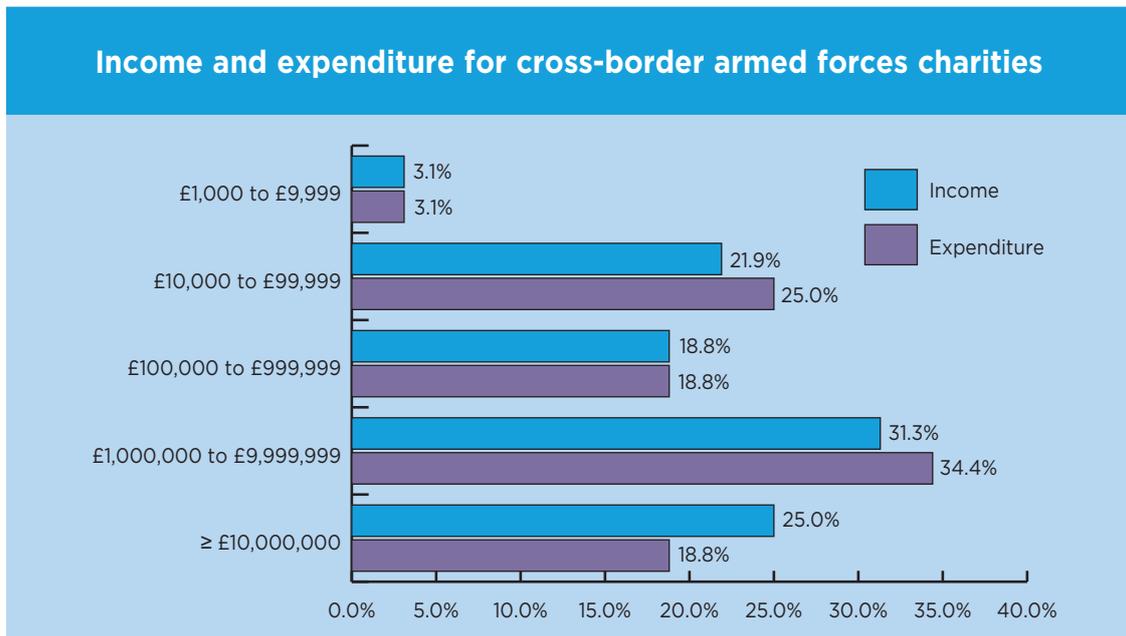
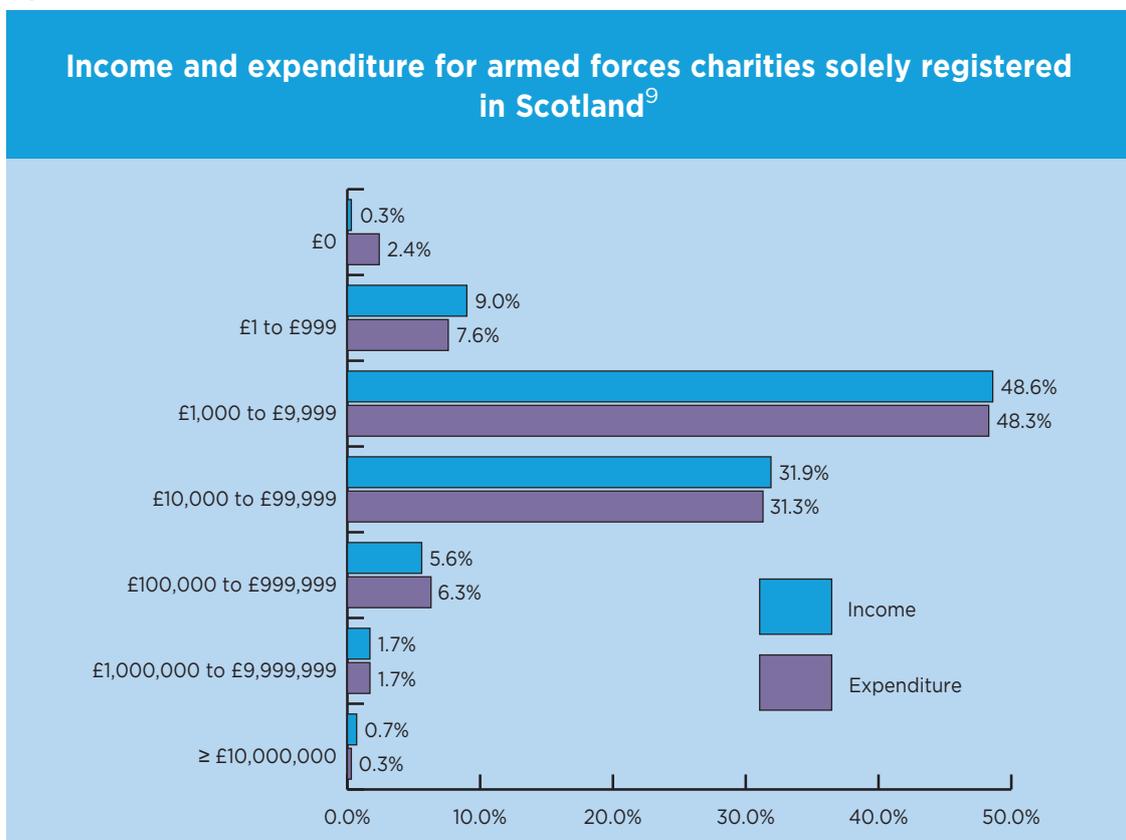


Figure 1.10



⁹ Note that six charities solely registered in Scotland (2.1%) have not yet submitted accounts. In addition, due to rounding, totals do not sum to 100%.

Figure 1.10 shows the income and expenditure banding of all armed forces charities that are solely registered in Scotland (N=288). Close to half (48.6%) of all these charities have an income level that falls within the £1,000 to £9,999 band. This represents a combined annual income of £565,334. Similarly, 48.3% of charities solely registered in Scotland have an expenditure level that falls within the £1,000 to £9,999 bracket. This accounts for £559,069 in expenditure in total.

The funds (assets) held by all charities total £937.9 million; cross-border charities (N=32) hold approximately 75% of these funds. Due to the small number of charities which are solely registered in Scotland providing their total funds (N=34, 10.6%), wider analysis of funds across all 320 charities is not included.

1.5 LONGITUDINAL FINANCIAL DATA

The data in most of this report is taken from charity accounts relating to the period January 2014 to December 2015. For each charity the most recent annual report and accounts available at the time of data collection and analysis were used. For the longitudinal analysis of the finances, a slightly different methodology was used to be fit for purpose: three consecutive periods corresponding to selected financial years were identified which made a reliable comparison possible.

OSCR was created in 2006 and, according to information provided on the OSCR website as part of a review of its first ten years, in 2007 just 20% of small charities (with an income of under £25,000) and 66% of charities with an income of over £25,000 met their requirements in the preparation of accounts (OSCR 2016). According to the same source, in 2015/16, the figures were 78% and 83% respectively, which suggests that the quality and reliability of the data in the early years of registration and submission with OSCR is questionable. Indeed, data on income and expenditure is inconsistent until 2011, after which it starts to become more complete. The first period, therefore, in the longitudinal investigation of the data is the 2011/12 and 2012 financial years. OSCR states on each charity record on its website: 'income and expenditure figures are only available for all charities from June 2012. Prior to this, the data capture of expenditure figures depended on the type of form the charity completed.' This is the rationale for beginning the longitudinal investigation of the data from the 2011/12 and 2012 financial years.

Only around 78% of OSCR-registered armed forces charities had submitted their 2014/15 accounts at the time of writing (July 2016), and just 20% of those with a financial year spanning the entire 2015 calendar year (or 3.4% of the 11 charities in our sample) had submitted accounts for 2015 or later, which means that the data is incomplete. Therefore the period under review in the following sections is 2011/12 and 2012 to 2013/14 and 2014.

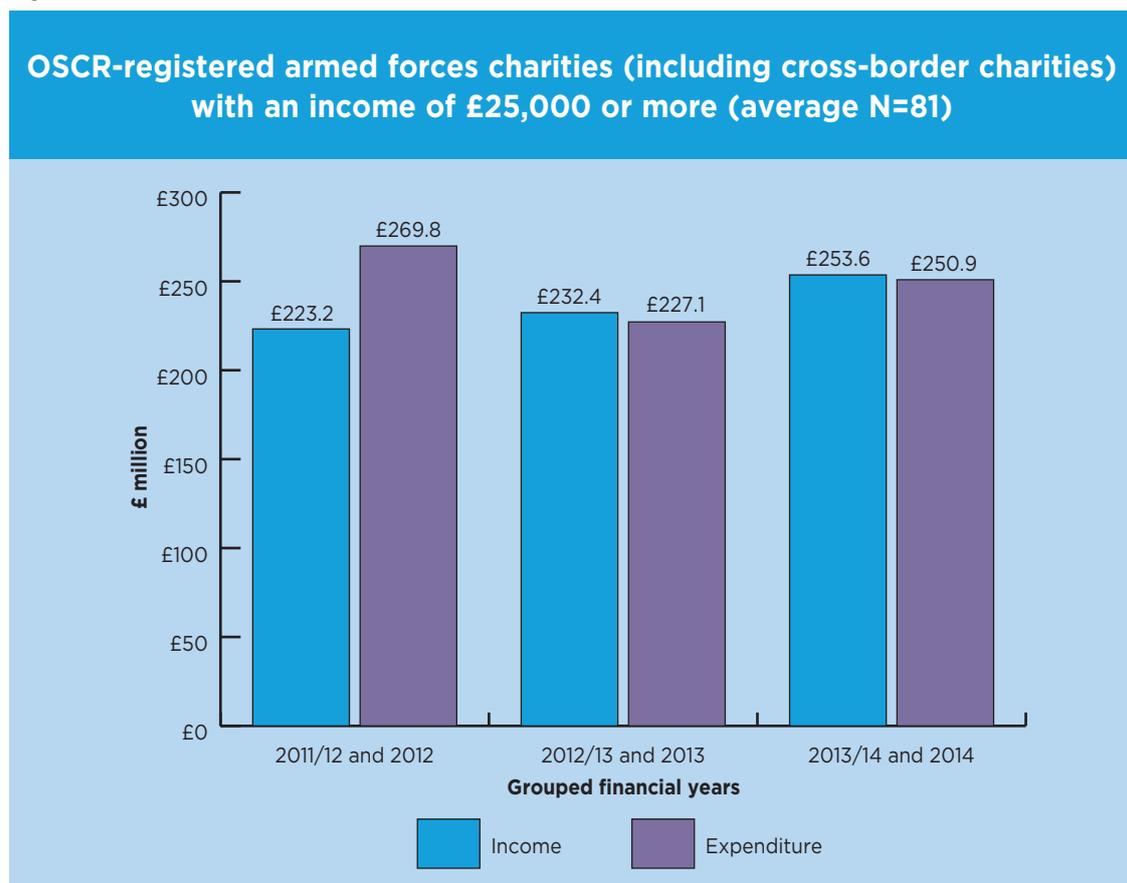
1.5.1 Income and expenditure

Income and expenditure data is available for all armed forces charities registered with OSCR, including cross-border charities (i.e. every charity must submit this information, regardless of its size or the requirement to provide other information). Figure 1.11 shows income and expenditure for all armed forces charities with an income of £25,000 or more, including

those also registered with CCEW. Figure 1.12 shows the income and expenditure for armed forces charities with an income of £25,000 or more which are solely registered in Scotland.

Figure 1.11 shows that income for armed forces charities registered in Scotland increased by £9.2 million between 2011-12 and 2012-13, but increased by £21.2 million between 2012-13 and 2013-14. Figure 1.11 also shows that overall expenditure of OSCR-registered armed forces charities dropped significantly in 2012-13 by around £43 million. Again, this differential can be attributed to one organisation, ABF The Soldiers' Charity, which in 2011/12 showed an expenditure of £61.1 million due to the transfer of funds to a new entity that year. In 2012/13 the 'new' ABF The Soldiers' Charity's expenditure returned to a more typical level of £15 million. The situation whereby large cross-border charities distort the data continued into 2015. Help for Heroes – which has been registered with CCEW since 2007 – registered with OSCR in July 2014 and submitted its first accounts to the Scottish regulator for the 2014/15 financial year. When the effect of ABF The Soldiers' Charity is accounted for, a consistent increase in income is seen over the period shown in figure 1.11. Expenditure also increases during this period and remains consistently below income.

Figure 1.11



When the large, cross-border charities are removed from the picture, two things are particularly noticeable:

- the levels of income and expenditure for the armed forces charities in Scotland remain fairly consistent, without large fluctuations;
- overall the levels are significantly lower without these big players (see figure 1.12).

Figure 1.12



The data in figures 1.11 and 1.12 shows that over the financial years under review, cross-border armed forces charities whose primary regulator is CCEW on average account for 75.6% of the income for the sector in Scotland and 77% of the expenditure. However, it is not possible to determine how much of this is actually spent in Scotland, as accounting and reporting practices and regulatory requirements do not compel cross-border charities to provide this information.

1.5.2 Other financials

The following analyses look at other data available from OSCR to provide a selection of financial information. This excludes cross-border charities, as data is not available for these charities on specific components of their income and expenditure. All charities that are included have an income of £25,000 or more. For the majority of the financial variables present in the register, only 3% to 4% of charities or fewer are represented in the data for the financial years within the reliable range (from 2011/12 and 2012 to 2013/14 and 2014) which means that this data has been disregarded. Therefore only those financial variables with a significant sample of the population of charities represented in the data are included here (i.e. unrestricted funds, cash in the bank and debtors).

Figure 1.13 indicates that armed forces charities which are solely registered in Scotland have collectively experienced an overall increase in their unrestricted funds in recent years. A closer look at the individual charities with this data available over these financial years shows that approximately 60% saw an increase in their unrestricted funds between 2011 and 2014, while around 40% experienced a decrease. However, in most cases there was little dramatic change; rather there were fluctuations which one might expect as a result of operational or strategic requirements.

Figure 1.13

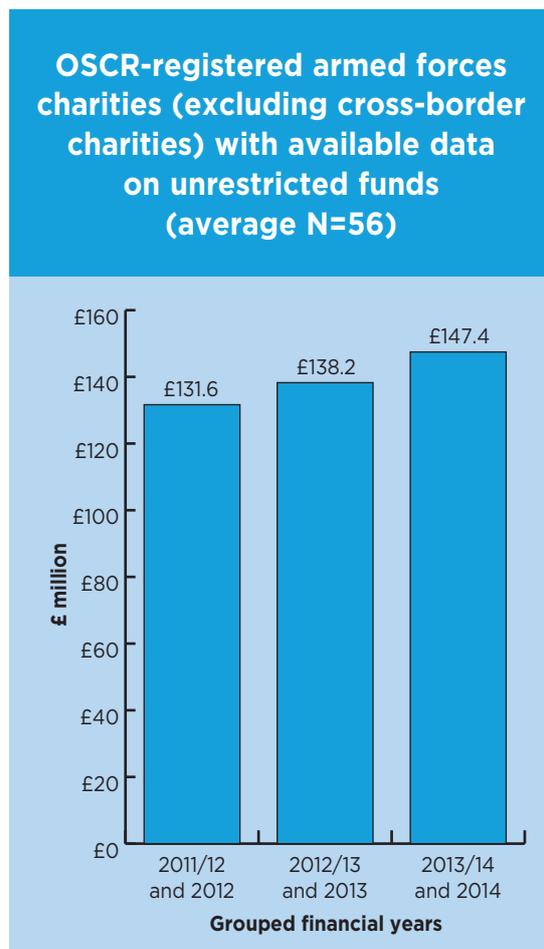


Figure 1.14

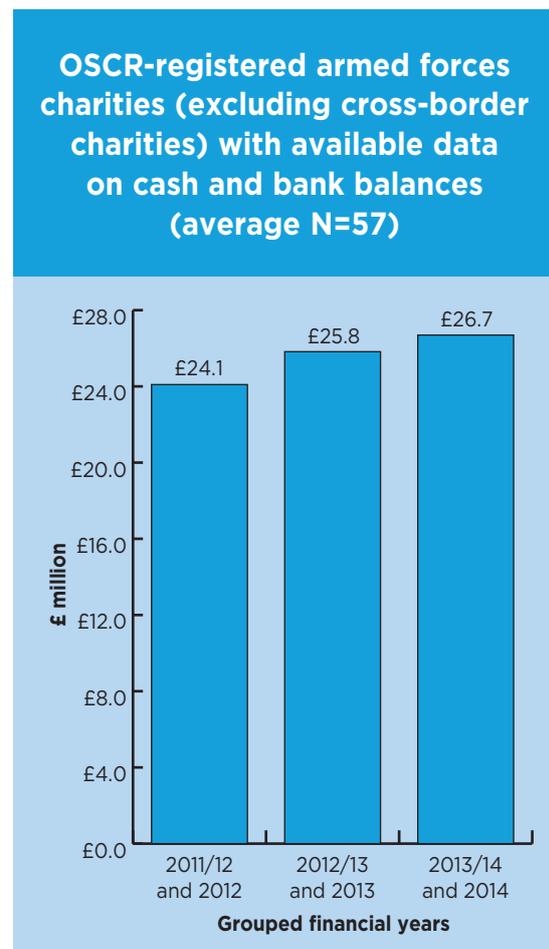


Figure 1.14 shows that armed forces charities in Scotland have experienced a modest collective increase in the cash they hold in the bank, from £24.1 million in 2011-12 to £26.7 million in 2013-14.

Figure 1.15 shows that around 35 of the armed forces charities in our sample (in this case, those which are solely registered with OSCR and have an income of £25,000 or more) were owed just over £5 million for goods or services in the 2013/14 and 2014 financial years. This includes trade debtors, recoverable income tax, amounts due from subsidiary undertakings, prepayments and accrued income.

Figures 1.8 to 1.15 provide a snapshot of selected financial elements for armed forces charities solely registered in Scotland which provide indicative trends over recent years. What is clear is the influence of cross-border charities in the data, particularly on income and expenditure, and these charities will be explored in more detail in the following chapter.

1.6 CHAPTER SUMMARY

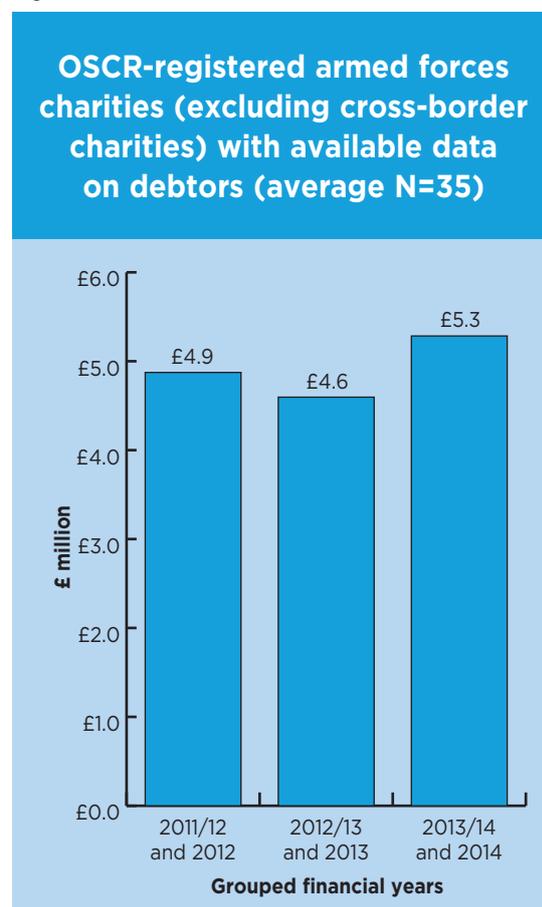
The total income for all armed forces charities registered in Scotland is £314.4 million; the total expenditure for these charities is £293.7 million.

The 32 cross-border armed forces charities account for over four-fifths (82.4%) of all income of armed forces charities registered in Scotland and 80.6% of all expenditure in 2014 to 2015. These percentages are broadly the same for earlier financial years.

Cross-border charities show a slightly greater discontinuity between their income and expenditure (see figure 1.8), with income being 8.7% higher than expenditure. In contrast to this, charities solely registered in Scotland display more continuity between their income and expenditure, with a difference of only 3.1% between the two figures but with income being lower than expenditure.

Cross-border charities' income and expenditure levels are most commonly within the £1,000,000 to £9,999,999 bracket (see figure 1.9). This is in contrast to charities that are solely registered in Scotland, whose income and expenditure falls most commonly within the £1,000 to £9,999 bracket (see figure 1.10). This is to be expected given that cross-border charities mostly constitute the largest armed forces charities in the UK.

Figure 1.15



In total, 91.2% of all charities identify their head office location to be within Scotland. The most common head office location is Edinburgh, which accounts for over one-fifth (21.6%) of all headquarter locations of OSCR-registered armed forces charities (see figure 1.3).

1.7 REFERENCES

All references to grant figures awarded by grant-making charities have been taken from the annual returns of those charities.

All PDF reports and press releases are available online (at the time of writing).

OSCR (2010), *OSCR Monitoring of Cross Border Charities: An initial evaluation* [PDF report], Dundee, Office of the Scottish Charity Regulator

OSCR (2012), *Monitoring of Cross-border Charities: Second year evaluation report* [PDF report], Dundee, Office of the Scottish Charity Regulator

OSCR (2016), 'Celebrating 10 Years Of OSCR' [web page], www.oscr.org.uk/10-years-of-oscr

CHAPTER TWO

DSC classification of armed forces charities

2.1 INTRODUCTION

This chapter focuses on the topography of armed forces charities registered in Scotland. It includes:

- an overview of armed forces charities which are registered in Scotland, according to DSC classification (outlined in figure 2.1 on p. 29);
- an analysis of the number of charities in each classification and each corresponding sub-classification along with a financial overview of each.

The chapter is divided into the following sections:

- Defining the beneficiary population
- Categorising armed forces charities
- Charities by DSC classification
- Grant-making of charities which support the armed forces community

2.2 DEFINING THE BENEFICIARY POPULATION

When defining the beneficiary population for armed forces charities, the term 'veteran' is widely used. This term is defined by the UK government to include 'Those who have served for at least a day in HM Armed Forces whether as a Regular or as a Reservist' (MOD 2000, p. 4). The collective term is designed to be applied as a clear, wide-ranging term, and attempts to limit confusion, while providing a broad, inclusive criterion for inclusion.

This policy does, however, generate some discord between the veteran community, the public, and even some charities. The word veteran comes from the Latin 'vetus', meaning old. This is more in keeping with the public view of what or who a veteran is, as can be seen in a 2002 survey by the Central Office of Information, in which questions regarding the public's perceptions of veterans revealed that almost three-fifths of respondents attributed the term to those who served in the First and Second World Wars, compared with almost two-fifths

of respondents who attributed the term to mean ‘all ex-Service personnel’ (Dandeker *et al.* 2006). In a survey of ex-Service personnel, the same disparity between government policy and everyday veteran identification can be seen: only 52% of respondents identified themselves as being a veteran. The study concluded that policy was not a strong influencer of self-identification as a veteran (Burdett *et al.* 2012).

Variations between personal or public identification with the term ‘veteran’ and official definitions may also be compounded by international differences in its definition. The United States, for example, defines a veteran as a ‘person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable’ (Szymendera 2016). Definitions of this type, while in keeping with the origin of the word, have been criticised for excluding some of those who have served in the armed forces, and potentially neglecting the most vulnerable of Early Service Leavers.

One notable example of the vulnerability of Early Service Leavers (aged 16–24) is an increased suicide rate within this group (Kapur *et al.* 2009). This is particularly the case for the UK’s young Army males, under the age of 20, who have a greater risk of suicide than their civilian counterparts (Fear *et al.* 2009). Similarly, those veterans who have served for shorter periods or those who have not completed their training period before leaving were found to be most likely to suffer mental health problems, homelessness and unemployment. Such vulnerable people are veterans by UK definition, and could potentially receive help through their status as a veteran. The potential downside of such a broad definition, however, is that it may stretch veterans’ charities beyond their means, thereby reducing the effectiveness of scarce resources (Dandeker *et al.* 2006 p. 168).

For the purpose of this report, and in keeping with the language used in *Sector Insight, UK Armed Forces Charities: An Overview and Analysis* (hereafter *UK Sector Insight 2014*), the term ‘ex-Service personnel’ will stand to refer to any person who has served in the UK armed forces (for at least one day) and does not include dependants of ex-Service personnel. When referring to ex-Service personnel and their dependants, the term ‘ex-Service community’ is employed. In order to make reference to both Service and ex-Service personnel, including their dependants, the term ‘armed forces community’ is henceforth used.

Dependants are categorised as: spouses/partners; divorced or separated spouses; widows/widowers; and children of Service and ex-Service personnel.

2.2.1 Ex-Service community profile

In 2014, The Royal British Legion commissioned a piece of research with the objective of understanding the UK’s ex-Service community through a nationally representative survey of UK adults (Ashworth *et al.* 2014). Poppyscotland, which is a member of The Royal British Legion group of charities, commissioned a further supplementary piece of research to explore the health and welfare of the Scottish ex-Service community through detailed analysis of the original UK-wide survey (Poppyscotland and Compass Partnership 2014).

In the initial 2014 Royal British Legion survey, more than 20,000 UK adults were asked screening questions in order to identify members of the armed forces. Of this 20,000, 1,800 were surveyed in Scotland. The Poppyscotland-Compass Partnership research found that of these 1,800 respondents in Scotland, just under 200 were members of the Scottish ex-Service community. It should be noted that analysis of this survey is derived from a very small final sample, and so results should be treated with caution. It is based, however, upon a sound and representative sampling process. Furthermore, due to a lack of information on the ex-Service community across the UK, including Scotland, this provides a rare demographic sample of the ex-Service community.

Based on survey responses, the size of the ex-Service community in Scotland in 2014 is estimated to be 515,000 people who, at the time of the survey, were living in private residential households. The analysis concluded this figure to represent almost 10% of the total Scottish population. The data was further refined to estimate the number of adults in the ex-Service community to be 430,000 people, with children accounting for the remaining 85,000 people. This figure accounts for 9% of the total UK ex-Service community, which is comprised of 260,000 veterans and 170,000 adult dependants.

In addition to the surveyed and estimated size of the ex-Service community, Poppyscotland-Compass Partnership estimates there to be 15,000 to 30,000 people living in care homes. This group of individuals was not included in the 2014 Household Survey and as such is categorised as the 'hidden population' of the ex-Service community.

The average number of years served by ex-Service personnel was seven years. Figures from the report show that 47% of ex-Service personnel served for less than five years, in contrast to 42% who served between five to thirty years. Overall distribution of data for Scottish veteran's length of service shows that 57% of Scottish ex-Service personnel served between two and ten years in the armed forces.

Information regarding ex-Service personnel's final rank showed that 'Non-Commissioned Officers' accounted for 42% of those surveyed, with 'Other Non-Officers' accounting for almost half of respondents (49%). Only 4% of respondents left the armed forces as a 'Commissioned Officer'.¹

2.3 CATEGORISING ARMED FORCES CHARITIES

DSC's categorisation of armed forces charities was initially based on Grenville (2013), who, as the lead specialist on armed forces charities at the Charity Commission for England and Wales (CCEW), produced the first attempt at categorising armed forces charities in the UK sector. Grenville defined an armed forces charity as being: 'established specifically to support past and present members of the armed forces, their families and cadets'.

In this report, DSC has maintained the classification system outlined in *UK Sector Insight 2014*, with the exception of cadet charities. The rationale for this exclusion is because cadet organisations are uniformed youth organisations that are affiliated with the armed forces through their culture and administration alone. Given that the end beneficiaries of cadet charities, i.e. young people, do not require a family connection to the armed forces to be a

¹ Note that due to rounding these figures do not sum to 100%.

cadet, they are not deemed to be constituent of the armed forces community and therefore cadet charities are excluded from the classification.

When gathering data from this research, DSC received a large amount of concern from cadet charities which themselves argue that they should not be included in the report for reasons outlined above. There was also concern that being wrongly associated with the armed forces in this report would foster misunderstanding as to the nature of cadet organisations and would in turn be detrimental to the relationship between cadet organisations and the wider community with which they have developed links.

Therefore, in order to clarify the definition of an armed forces charity, this report will use the following definition for an armed forces charity (which is altered slightly from Grenville's original): charities that are established specifically to support past and present members of the armed forces and their families (the armed forces community). In this context, an armed forces charity must be able to apply this definition to their beneficiaries.

In *UK Sector Insight 2014*, DSC developed Grenville's categorisation system by further refining the discrete categories into which charities could be sorted. Categories used in this report can be seen in table 2.1.

Table 2.1

| Armed forces charities by beneficiary group according to DSC classification | |
|--|---|
| <i>Main types of armed forces charity</i> | <i>Beneficiary group</i> |
| Charities that cater for the needs of the armed forces community | Past and present members of the armed forces and their dependants |
| Armed forces heritage organisations | General public and the armed forces community through education about and commemoration of the history, culture and sacrifice of this community |

The category in table 2.1 'charities that cater for the needs of the armed forces community' was further divided, according to their charitable objects and activities, into four sub-categories:

- welfare charities;
- Service funds;
- mixed-type charities;
- associations, including local and regional branches of parent associations.

Tables 2.2 to 2.6 outline more detailed information on which types of charity, according to their provision, are categorised by which sub-category name.

Table 2.2

| Definition and characteristics of welfare charities | |
|---|--|
| Objects: | Relief in need |
| Activities: | Provision of services and/or grants to alleviate need, hardship or distress among past and present members of the armed forces and their families. |
| Main areas of support include: | <p><i>Service provision</i></p> <ul style="list-style-type: none"> ■ housing and other accommodation services to Service leavers, ex-Service personnel and their dependants who are in need; ■ care homes for disabled and elderly ex-Service personnel and their dependants; ■ healthcare and rehabilitation services for injured Service personnel, medically discharged ex-Service personnel and other ex-Service personnel; ■ disability support services to ex-Service personnel; ■ mental health support services (including post-traumatic stress disorder (PTSD)) to the armed forces community, veterans and their dependants; ■ education and training services to Service leavers and ex-Service personnel to help them with their transition and adaptation into civilian life; ■ employment and career services to Service leavers, ex-Service personnel and their partners; ■ provision of respite breaks, adaptive sports and other recreational activities to individuals with particular needs, such as injured or disabled ex-Service personnel and bereaved families; ■ general advice, advocacy and support services to the armed forces community. <p><i>Grants</i></p> <ul style="list-style-type: none"> ■ to individuals in need (i.e. benevolent grants); ■ to other organisations to contribute towards the costs of welfare services' provision (such as housing, care homes and so on). |

Table 2.3

| Definition and characteristics of Service funds | |
|---|--|
| Objects: | Promotion of the efficiency of the armed forces. |
| Activities: | Provision of facilities, services and/or grants to improve the morale, social and physical well-being of active Service personnel and their immediate families. |
| Main areas of support include: | <ul style="list-style-type: none"> ■ adventure training, sports, social and/or recreational activities for active Service personnel and their immediate families; ■ education and vocational training services to active Service personnel; ■ religious activities and pastoral support for active Service personnel and their immediate families; ■ services and support to the immediate families of active Service personnel (such as childcare and community facilities in or near their duty stations). |

Table 2.4

| Definition and characteristics of mixed-type charities | |
|--|--|
| Objects: | Promotion of the efficiency of the armed forces; relief in need; fostering <i>esprit de corps</i> /comradeship. |
| Activities: | Mixed-type charities combine elements of some of the above categories. |
| Main areas of support include: | <ul style="list-style-type: none"> ■ grants to support adventure training and sport activities among active Service personnel (as Service funds do); ■ benevolent grants to individuals in need (as welfare charities do); ■ grants to other organisations to contribute towards the costs of welfare services' provision (as welfare charities also do); ■ grants to associations to contribute towards the costs of, for instance, annual reunions or remembrance events; ■ grants to armed forces museums or towards the upkeep of other armed forces heritage assets. |

Table 2.5

| Definition and characteristics of associations | |
|--|--|
| Objects: | Fostering <i>esprit de corps</i> /comradeship. |
| Activities: | Social gatherings and other membership activities. |
| Main areas of support include: | <ul style="list-style-type: none"> ■ responsibility for service provision and grants of welfare charities (see table 2.2). <p>A considerable proportion of associations take over responsibilities for welfare provision (particularly the management of benevolent funds for relief-in-need purposes). In that sense, the majority of associations are also welfare charities.</p> |

Table 2.6

| Definition and characteristics of heritage charities | |
|--|---|
| Objects: | Advancement of historical and educational knowledge through the curation and conservation of artefacts, knowledge and traditions of the armed forces, and memorials to the memory of those who served. |
| Activities: | Provision for armed forces museums, public memorials, historical societies. |
| Main areas of support include: | <ul style="list-style-type: none"> ■ the creation and maintenance of armed forces memorials; ■ supporting museums in the curation and conservation of artefacts; ■ provision for historical societies; ■ support of heritage and memorial events; ■ promotion of research and education in different aspects of the history of the UK's armed forces; ■ support of museum friends' societies and armed forces heritage preservation trusts; ■ provision for armed forces chapels and umbrella bodies that give support and funding to other armed forces heritage organisations. |

There are also an unquantified number of charities and organisations which occupy the boundary between being an armed forces charity and being a charity whose beneficiaries may include the armed forces community, or a charity which has created a programme or support for the aforementioned community alongside their own charitable provision. This

type of organisation does not fit DSC's criteria for what constitutes an armed forces charity and as such does not fall into the remit of this report.

An example of such a charity is the Venture Trust, which established a programme in 2015 to support ex-Service personnel.

CASE STUDY

Venture Trust

Based in Edinburgh, the Venture Trust (SC038932) defines its activities as follows:

We deliver intensive needs-led personal development in communities and the Scottish wilderness, supporting our participants to gain life skills, stability and confidence to succeed for the rest of their lives.

Venture Trust 2016

The trust runs seven programmes that are designed to meet this remit and are not directed at the ex-Service community. Beneficiaries of the trust's programmes have complex needs, including:

- young people on criminal justice orders;
- women from chaotic and disadvantaged backgrounds;
- young people with learning disabilities.

The trust's new programme, Positive Futures, aims to fulfil the charity's remit for the benefit of ex-Service personnel who are struggling with the transition to civilian life.

In October 2015, FiMT awarded the Venture Trust with a grant for £689,453 to fund the Positive Futures programme, which was the largest grant ever awarded by FiMT at the time. FiMT describes the project as follows:

During an initial three-year trial, the Positive Futures programme will provide additional support to as many as 120 ex-Service men and women from across Scotland who are struggling to adapt with the transition to civilian life.

FiMT 2015

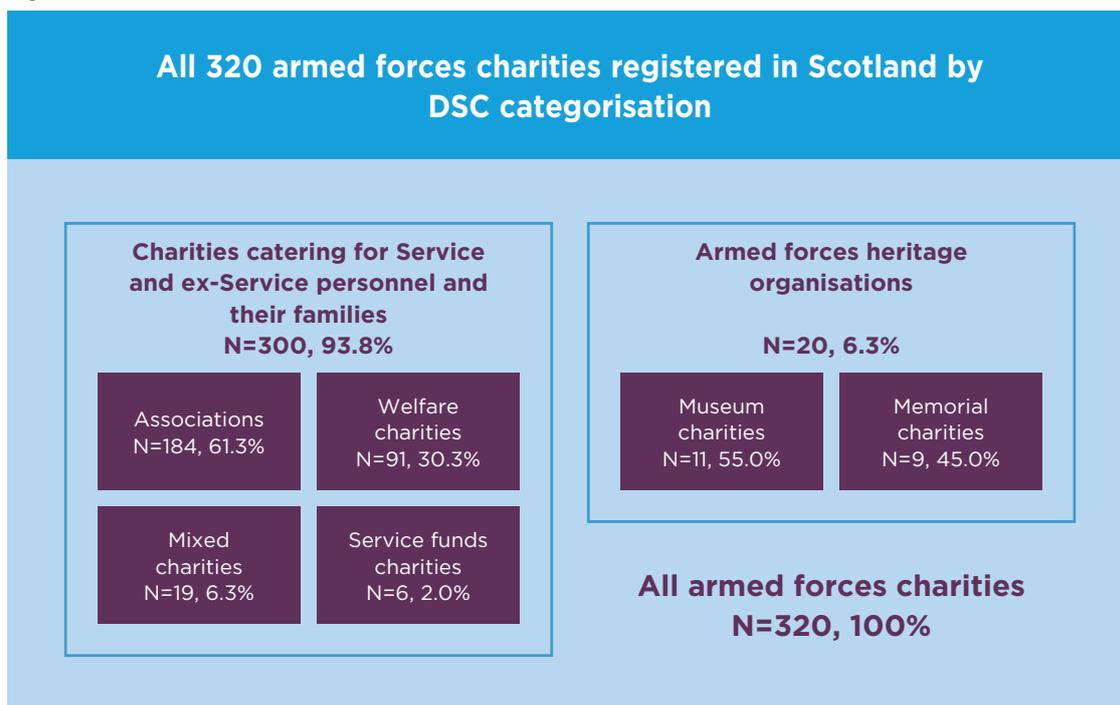
DSC's classification divides charities, at a top-level, between those that make provision for the armed forces community, and those that do not. The only category of armed forces charity that does not make provision directly for the armed forces community is heritage charities.

The category of ‘charities supporting the armed forces community’ includes the following sub-categories:

- welfare charities;
- Service funds;
- mixed-type charities;
- associations.

Figure 2.1 shows the breakdown of all 320 armed forces charities registered in Scotland by category. In total, 93.8% (N=300) are classified as ‘charities which support the armed forces community’. Of these charities, three-fifths (61.3%) were classified as associations (N=184), close to one-third (30.3%) were classified as welfare charities, and mixed-type and Service funds combined accounted for 8.3%. The 20 heritage charities accounted for 6.3% of all armed forces charities (N=320).

Figure 2.1



2.4 CHARITIES BY DSC CLASSIFICATION

Figure 2.2 shows the amount and percentage of charities classified as those which support the armed forces community (93.8%), and those charities which support armed forces heritage organisations (6.2%).

Figure 2.3 shows the number and types of charity which support the armed forces community. Over three-fifths (61.3%) of these charities are associations, and close to one-third (30.3%) are welfare charities. Mixed-type charities and Service funds represent a combined 8.3% of charities.²

Figure 2.2

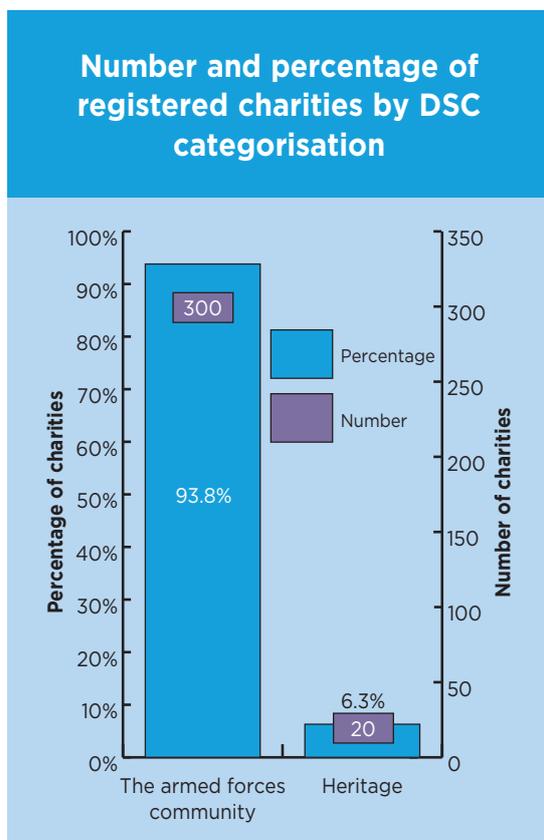
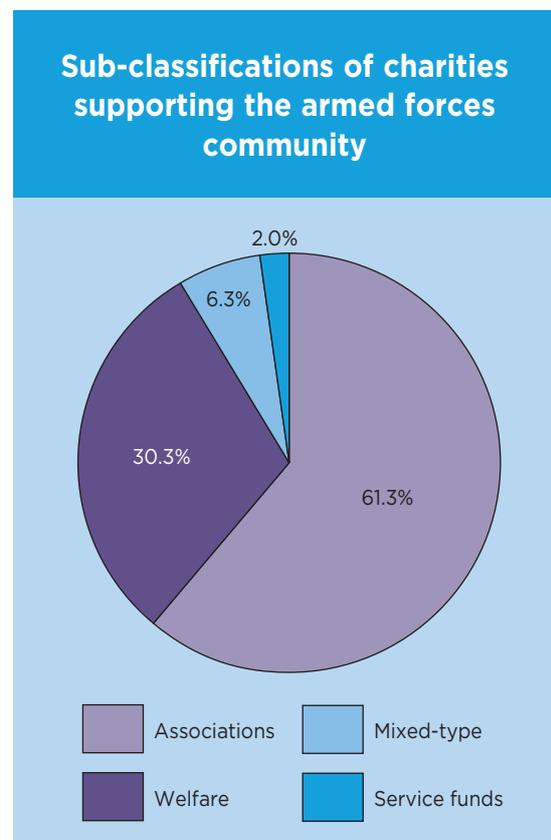


Figure 2.3

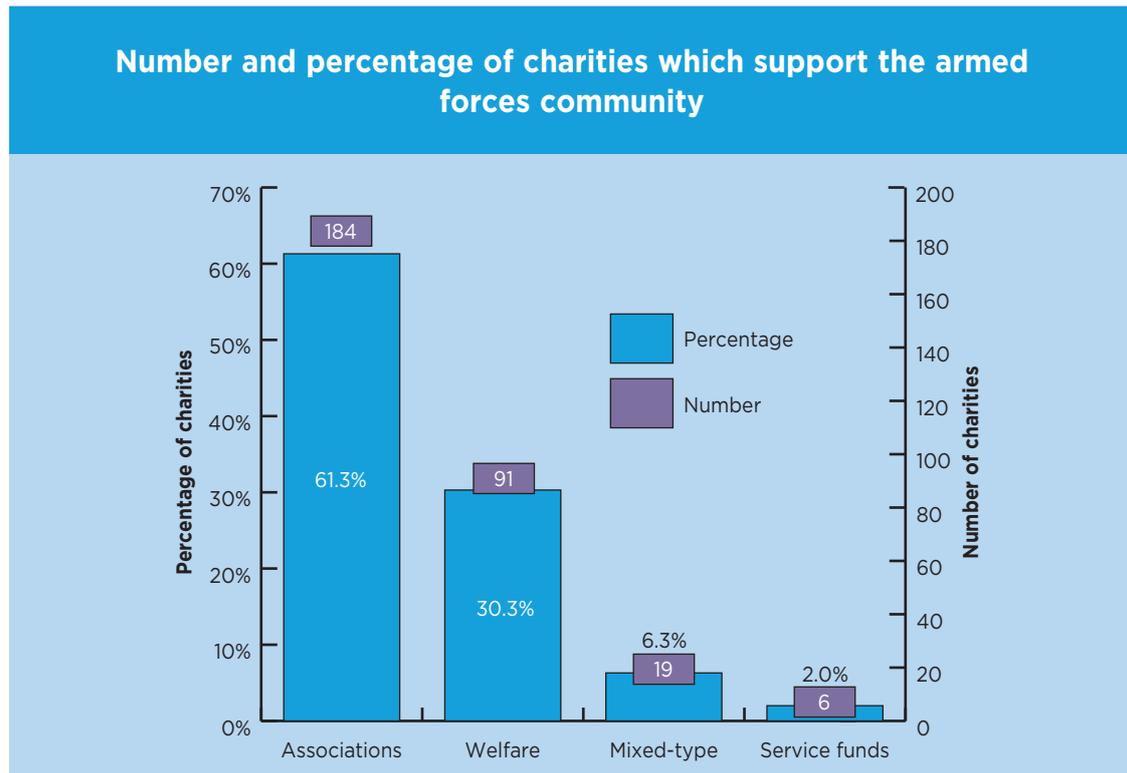


² Note that due to rounding these figures do not sum to 100%.

2.4.1 Charities supporting the armed forces community

Figure 2.4 shows the breakdown of all charities which support the armed forces community (N=300). Over three-fifths (61.3%) of charities were classified as associations (N=184). Welfare charities (N=91) accounted for around 3 in 10 charities (30.3%), with mixed-type charities (N=19) representing 6.3% and Service funds 2.0% of all charities.

Figure 2.4



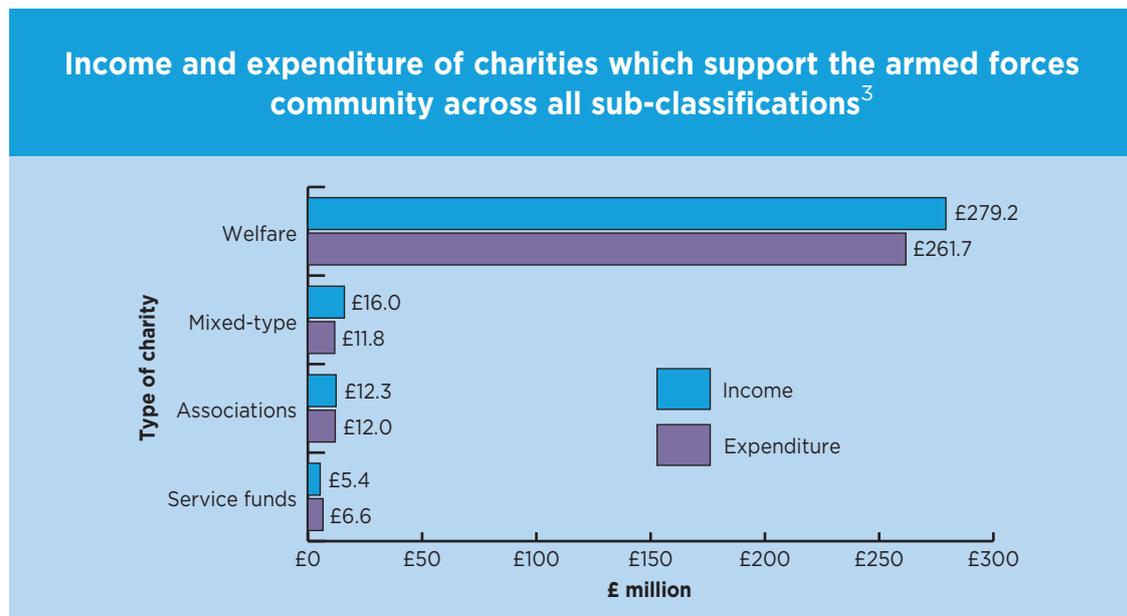
2.4.1.1 Income and expenditure of charities which support the armed forces community

The collective annual income of charities which support the armed forces community (N=300) totalled £312,884,491 and their annual expenditure totalled £292,056,859. Figure 2.5 shows the breakdown of this income and expenditure.

More than four-fifths (89.3%) of income can be attributed to welfare charities (N=91). Significantly less income can be attributed to mixed-type charities (5.1%), associations (3.9%), and Service funds (1.7%).

The vast majority (89.6%) of expenditure can be attributed to welfare charities (N=91). Significantly less expenditure can be attributed to associations (4.1%, N=184), and mixed-type charities (4.0%, N=19). Service funds accounted for 2.3% (N=6) of all charities' expenditure.

Figure 2.5



2.4.1.2 Provision made to support the armed forces community

This section explores the types of provision made by charities that support the armed forces community (N=300). It is inclusive of welfare charities, associations, mixed-type charities and Service funds. This section will chart the types of provision made across sub-types of charity that support the armed forces community (as outlined in figure 2.5) in order of charity expenditure.

One of the most well-known charities that supports the armed forces community is Veterans Scotland (VS), which provides information and guidance to beneficiaries. VS is also a membership body for armed forces charities in Scotland and organisations which support the ex-Service community. As a membership body, VS promotes collaboration between members from voluntary and non-voluntary organisations that support the ex-Service community.

³ It should also be noted that Service funds and mixed-type charities often provide welfare support, as do associations.

CASE STUDY

Veterans Scotland

Established in 2002, VS is a membership organisation which aims to:

enhance the welfare of the veterans community in Scotland by acting as the prime vehicle for: joint working between its member charities; the dissemination of information to its members and the coordination of joint approaches to UK, Scottish Government, Local Authorities and other organisations whose business is of benefit to veterans.

VS 2016

VS is funded by its member organisations and also receives funding from the Scottish Veterans Fund, the Scottish government and occasional specific grants from other charities.

The Scottish Government has provided Veterans Scotland with capacity-building funding of £200,000 over three years in order to develop new and improved support for the 400,000 Veterans across Scotland and facilitate the exchange of good practice between service providers in the private, public and voluntary sectors.

MOD 2015

VS's activities are organised around four main areas, known as Pillars:

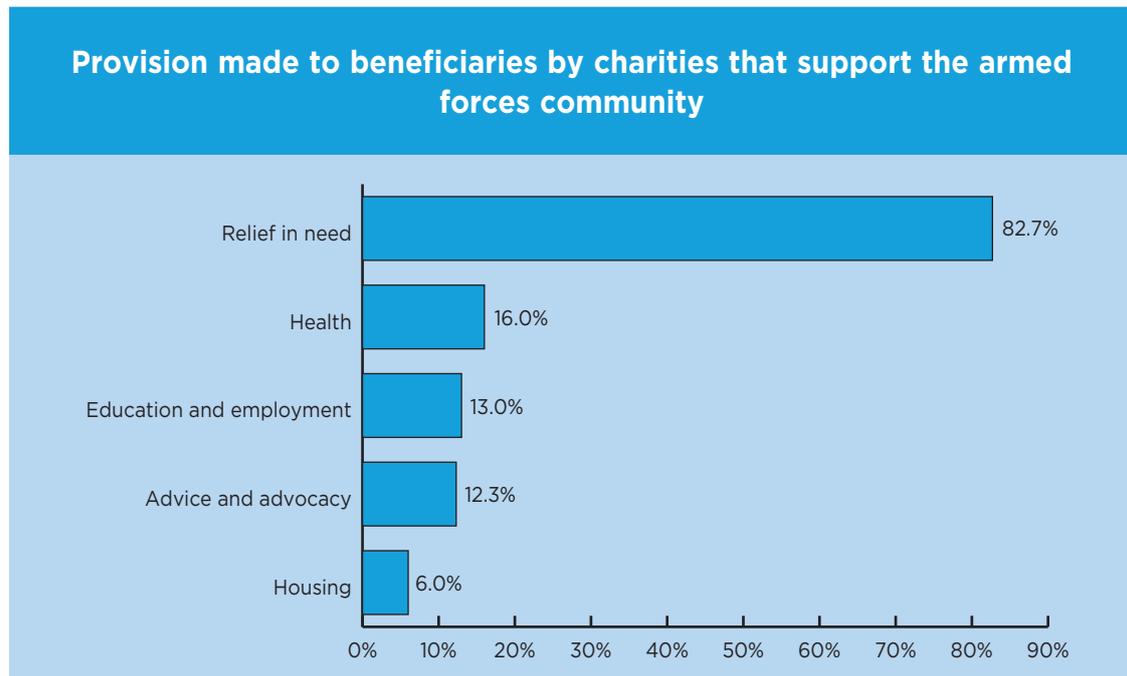
- health and well-being;
- comradeship and remembrance;
- housing;
- support.

Each Pillar is overseen by a committee of member organisations. This approach develops new initiatives and fosters co-operation between organisations for the benefit of the ex-Service community. The charity also runs the Veterans Assist website (www.veterans-assist.org), which provides a range of information and resources for the veterans' community in Scotland (VS 2016).

Figure 2.6 shows the types of provision made by charities that support the armed forces community. The categories presented are not mutually exclusive as charities may make provision to more than one cause. Percentage totals presented in figure 2.6, therefore, do not sum to 100%.

The most common provision made by these charities is for relief in need (82.7%). The less common areas of these charities' provision include health (16.0%), education and employment (13.0%) and advice and advocacy (12.3%). Finally, charities that make provision for housing represented the least number of charities, at only 6.0%.

Figure 2.6



The charities in table 2.7 are a cross-sectional sample, in order of size by income, of a range of charities that provide support to the armed forces community. The top three charities are SSAFA (Soldiers, Sailors, Airmen and Families Association), Help for Heroes and Blind Veterans UK.

Only one of the top ten charities is not a cross-border charity (Erskine Hospital). The range of income across the top ten charities from smallest to largest income is £36,757,000. A more detailed account of top charities by type of provision are explored in the following sections.

Table 2.7

| Top ten charities by income that support the armed forces community (N=300) | | | |
|--|---------------|--|------------------------------|
| <i>Charity</i> | <i>Income</i> | <i>Service provision</i> | <i>Grant recipient type</i> |
| 1. SSAFA SC038056 | £59,745,000 | General housing and accommodation Disability-adapted Transitional/short-term | Individuals |
| 2. Help for Heroes SC044984 | £40,963,000 | Housing Health Education and employment Advice and advocacy Relief in need | Individuals Organisations |
| 3. Blind Veterans UK SC039411 | £27,167,000 | Housing Health Education and employment | Individuals |
| 4. Haig Housing Trust SC040058 | £24,905,000 | Housing Relief in need | Individuals |
| 5. Erskine Hospital SC006609 | £22,988,000 | Housing Health Education and employment Advice and advocacy | No direct grants awarded |
| 6. The Royal Air Force Benevolent Fund SC038109 | £21,675,000 | Health Education and employment Advice and advocacy Relief in need | Individuals Organisations |

| Top ten charities by income that support the armed forces community (N=300) | | | |
|--|-------------|--------------------------|---------------|
| 7. ABF The Soldiers' Charity SC039189 | £20,371,444 | Housing | Individuals |
| | | Health | Organisations |
| | | Education and employment | |
| | | Advice and advocacy | |
| | | Relief in need | |
| 8. Ex-Services Mental Welfare Society (known as Combat Stress) SC038828 | £14,961,000 | Health | |
| | | Advice and advocacy | |
| 9. The Royal Navy and Royal Marines Charity SC041898 | £13,746,242 | Education and employment | Individuals |
| | | Relief in need | Organisations |
| 10. The Royal Edinburgh Military Tattoo (Charities) Ltd SC018377 | £10,268,161 | Relief in need | Individuals |
| | | | Organisations |

2.4.2 Relief in need

Provision for relief in need refers to the practice of providing support to individuals on a case-by-case basis, and involves the charities providing for the specific needs of beneficiaries.

Examples include provision of essential household items such as furniture or white goods, household bills, and payment for services, such as household repairs or payments to meet expenses. The scope of provision for relief in need is huge and due to both the amount of provision made across charities and the limitations in the availability of detailed information on charitable provision of this nature, it is not possible to account for and provide analysis of this provision reliably.

In total, there are 248 charities that provide relief in need. This number represents over four-fifths (82.6%) of charities that support the armed forces community. A sample of these charities is shown in table 2.8. The sample is a cross section, in order of size by income, of those charities that provide relief in need to the armed forces community.

Table 2.8

| A sample of charities that provide support for relief in need to the armed forces community⁴ | | | |
|--|---------------|------------------|------------------------------|
| <i>Charity</i> | <i>Income</i> | <i>Provision</i> | <i>Grant recipient type</i> |
| 1. SSAFA SC038056 | £59,745,000 | Relief in need | Individuals |
| 2. Help for Heroes SC044984 | £40,963,000 | Relief in need | Individuals Organisations |
| 3. The Royal Air Force Benevolent Fund SC038109 | £21,675,000 | Relief in need | Individuals Organisations |
| 4. ABF The Soldiers' Charity SC039189 | £20,371,444 | Relief in need | Individuals Organisations |
| 5. Earl Haig Fund (known as Poppyscotland) SC014096 | £4,632,000 | Relief in need | Individuals Organisations |
| 6. The Royal Air Force Central Fund SC044299 | £4,146,997 | Relief in need | Individuals Organisations |

⁴ Charities in the sample make varying amounts of provision for relief in need. The table shows categories of provision for which each charity has stated that it supports (to varying degrees). In many cases, charities listed may also give support across other areas of provision. Due to a lack of reliable information across charities on provision (financial information and number of beneficiaries), the extent to which charities provide support cannot be reliably explored.

CASE STUDY

Poppyscotland

Poppyscotland began life as the Earl Haig Fund Scotland in 1921. The Earl was Commander of British Forces in the First World War and established the charity after seeing the plight of so many of the men that had been under his command.

The current name was adopted in 2006 to reflect a change in fundraising activity and welfare work. In 2011 the charity merged with The Royal British Legion to form the largest group of charities serving the armed forces in the UK. The charity is perhaps best known for its annual Scottish Poppy Appeal which raises over £2 million per year and accounts for around over half of the income needed to support its welfare services (Poppyscotland 2016).

Poppyscotland supports current and former members of the Royal Navy, British Army and Royal Air Force as well as any members of the Merchant Navy who have served on a commercial vessel in support of British armed forces operations. The families of these Service personnel are also supported. Tailored support and funding is provided through the charity's Grants Scheme, which deliberately keeps its criteria as wide as possible with the aim of helping as many people as possible. Individuals that make contact with Poppyscotland are assigned a SSAFA caseworker to guide them through the application process.

A good example of Poppyscotland helping those who are in need is that of Keith Rogers who, during his 18 years in the Submarine Service, fell on board and badly damaged his back. After surgery he was able to walk unaided but as the years passed his mobility began to decline. Keith and his wife had a coal-fired central heating system, and bringing coal into the house three times a day was beginning to become difficult. Keith contacted Poppyscotland for assistance and consequently the charity helped fund a new oil-based central heating system for Keith's home. As there was a two-month wait for installation, the charity also arranged for Ronnie, a local veteran, to help transfer the coal until the new system was installed. This arrangement not only helped Keith but also allowed Ronnie to get back into a working environment and improve his sense of well-being.

Poppyscotland provides useful insights into the welfare needs of individuals. In 2014/15 the charity supported 1,248 individuals through tailored support and funding. The financial support to individuals totalled over £762,000. Direct financial assistance is provided through its Immediate Needs Grants Scheme which in 2014/15 provided 906 grants which totalled £544,000. The five areas with the largest expenditure were:

- home start-up (£148,000);
- debt (£94,500);
- funeral expenses (£87,000);

- home adaptations (£49,000);

- household items (£40,000).

Other areas of support included mobility vehicles and household repairs (Coll 2015).

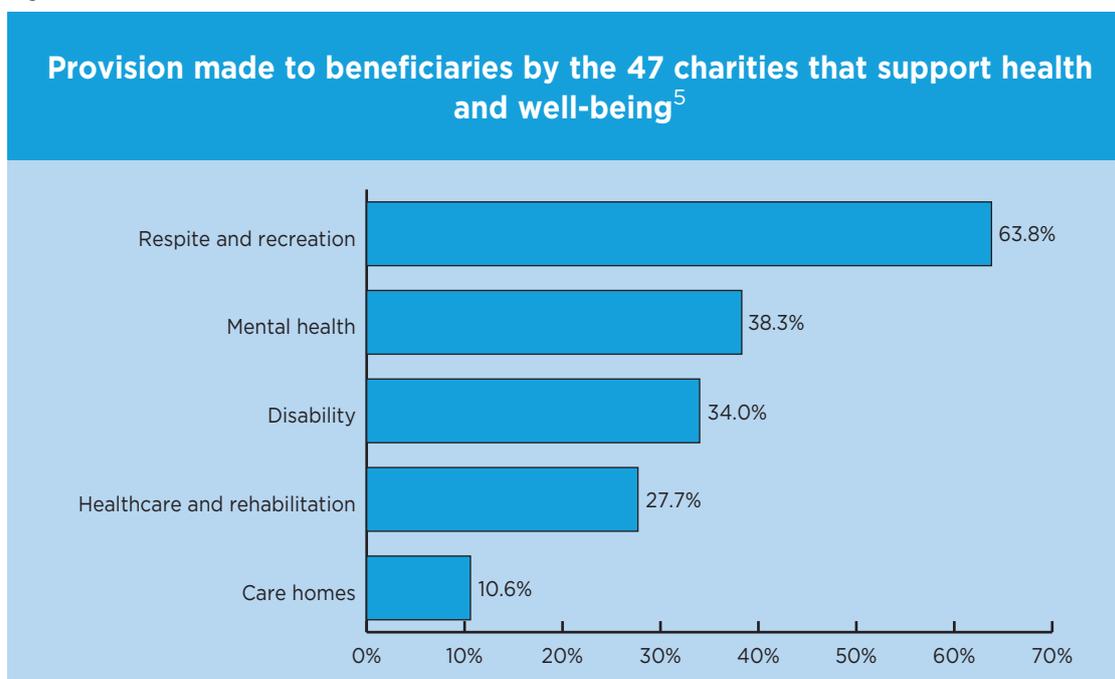
2.4.2.1 Health and well-being

Figure 2.7 shows the percentage of charities that make provision for health and well-being by the type of support that they provide. The categories presented are not mutually exclusive as charities may make provision to more than one cause.

Of charities that support the armed forces community, 47 (15.6%) make provision for the health and well-being needs of this community. Almost two-thirds (63.8%) of these 47 charities make provision for respite and recreation. More than one-third (38.3%) make provision for mental health support, and a similar number of charities provide disability support (34.0%).

A total of 27.7% of charities provide healthcare and rehabilitation support. Charities that make provision for care homes represent 10.6% of provision by health and well-being charities, of which three charities provide short-term care homes, and two charities provide long-term care homes. A sample of these charities can be seen in table 2.9. The sample is a cross section, in order of size by income, of those charities which provide health and well-being support to the armed forces community.

Figure 2.7



⁵ Types of provision are not mutually exclusive; therefore percentage totals do not sum to 100%.

Table 2.9

| A sample of the charities, in order of income (high to low), that provide a range of health and well-being support to the armed forces community⁶ | | | |
|---|---------------|---|------------------------------|
| <i>Charity</i> | <i>Income</i> | <i>Health provision</i> | <i>Grant recipient type</i> |
| 1. Blind Veterans UK SC039411 | £27,167,000 | Respite Healthcare and rehabilitation Disability | Individuals |
| 2. Erskine Hospital SC006609 | £22,988,000 | Care homes Healthcare and rehabilitation | No direct grants awarded |
| 3. Ex-Services Mental Welfare Society (known as Combat Stress) SC038828 | £14,961,000 | Mental health | No direct grants awarded |
| 4. British Limbless Ex-Service Men's Association (known as Blesma) SC010315 | £4,683,435 | Care homes Healthcare and rehabilitation Disability | Individuals |
| 5. The St John and Red Cross Defence Medical Welfare Service (known as DMWS) SC045460 | £2,525,109 | Healthcare and rehabilitation | Individuals |
| 6. Scottish National Institution For War Blinded (known as Scottish War Blinded) SC002652 | £2,081,000 | Care homes Healthcare and rehabilitation Disability | Individuals Organisations |

⁶ Charities in the sample make varying amounts of provision for health and well-being. Table 2.9 shows categories of provision for which each charity has stated that it supports (to varying degrees). In many cases, charities listed may also give support across other areas of provision. Due to a lack of reliable information across charities on provision (financial information and number of beneficiaries), the extent to which charities provide support cannot be reliably explored.

Mental health support covers a wide range of topics, including:

- PTSD;
- counselling and therapies;
- depression and anxiety support;
- substance misuse;
- general, non-clinical support.

Due to limitations in the reporting of the exact provision made by each charity, including the extent to which all cross-border mental health charities operate in Scotland, it is not possible to present a reliable analysis of the sub-topics of mental health provision in Scotland.

CASE STUDY

Combat Stress

Combat Stress (SC038828) is a cross-border charity that delivers specialist clinical treatment and welfare support for people suffering from mental health conditions. According to data from the information return form provided by the Office of the Scottish Charity Regulator, Combat Stress states that in 2014/15, 25% of its activities in the past year have been focused in Scotland. Ex-Service personnel can be offered short-stay residential treatment, ranging from two days to six weeks, for treatment such as the PTSD Intensive Treatment Programme. The work of Combat Stress in Scotland has also been supported by other charities. ABF The Soldiers' Charity, for example, awarded a grant of £20,000 in 2016 towards service provision in Scotland.

Combat Stress has three treatment centres in the UK. One of which, Hollybush House in Ayr, Ayrshire, contains 25 beds along with room for accompanying carers. The charity also has community outreach teams across both East Scotland (Highlands, Aberdeenshire, Perth and Kinross, Fife, Stirling, Lothian, Scottish Borders) and West Scotland (Dumfries and Galloway, Lanarkshire, Argyll and Bute, and the Western Isles).

Combat Stress 2016

Erskine Hospital, Renfrewshire

Following the devastation of the First World War, the first Erskine Hospital was established in 1916 under the name the Princess Louise Scottish Hospital for Limbless Sailors and Soldiers. A century later, the charity now provides person-centred care for over 1,000 veterans each year in its four purpose-built homes. As the charity states: 'Our Service personnel display the highest levels of bravery

and courage throughout the world, and it is only right that Erskine is there for them should they need support in the future.’

Erskine provides nursing, residential, respite and dementia care in its homes in Bishopton, Glasgow, Edinburgh and Erskine Bridge. Anyone in need of nursing care who has served in the armed forces or was a member of the Merchant Marine, Royal Fleet Auxiliary or Home Guard is eligible to apply for a placement, as are spouses or widows/widowers of ex-Service personnel.

The four homes provide daily social activities, social events and outings, and services such as a library and hairdresser. Nursing care, including physiotherapy and speech and language therapy, and respite services are available. Each of the homes has extensive gardens and some have a café and shop on site.

The charity also provides independent living accommodation in 44 cottages for veterans and their families on its 80-acre estate in Bishopton. These have recently undergone a £7 million redevelopment over the last few years.

Erskine is also working in partnership with TimeBank’s Shoulder to Shoulder project, which received a grant from FiMT for the initial two years of the project. When announced in 2012, this was the first project that FiMT had funded in Scotland. The project offers one-to-one volunteer mentoring support for ex-Service personnel and families who are recovering from mental health issues. This service is available to people living in Glasgow and Edinburgh and is particularly aimed at Early Service Leavers and older non-commissioned officers.

Erskine 2016

2.4.2.2 Education, employment and careers

Research commissioned by Poppyscotland suggests that the general population in Scotland (aged 16 to 64) is twice as likely to hold a degree-level qualification (24%) than members of the ex-Service community in Scotland (12%). Conversely, members of the ex-Service community were twice as likely to hold a non-academic qualification (18%) than their civilian counterparts in the wider general Scottish population (9%). The amount of people with no formal qualifications were similar across the ex-Service community (11%) and the general Scottish population (15%) (Poppyscotland and Compass Partnership 2014).

The trend in low academic achievement was also highlighted in the 2012 *Armed Forces Basic Skills Longitudinal Study*. It reported that the literacy and numeracy skills of 50% of British Army recruits do not reach those standards expected of children of age 11 (the age at which children leave primary school for high school) (BIS 2012). The effects of low educational achievement through school and higher education will limit access to the job market for many ex-Service personnel.

According to Poppyscotland’s research, of the 150,000 members of the Scottish ex-Service community, 57% (85,000) were in work, 12% (20,000) were unemployed and 30% were ‘economically inactive’. Of those who were considered ‘economically inactive’, 15% (22,500)

were not looking for work, 9% (13,500) were retired and 6% (9,000) were still in education. Members of the Scottish ex-Service community of a working age (16 to 64) were less likely (57%) to be employed than those people of working age in the general Scottish population (73%). Members of the ex-Service community were also more likely to be unemployed (12%) compared with the general population (5%) and were also more likely to be economically inactive (30%) than the general Scottish population (22%) (Poppyscotland and Compass Partnership 2014).

A more recent report, also commissioned by Poppyscotland, examined the employment support needs of ex-Service personnel in Scotland. There were a greater number of respondents from Scotland than in Poppyscotland's earlier research with Compass Partnership (80% of respondents), of which 70% of respondents were in employment and 77% found employment within one year of leaving the Services. However, the report highlights 'the simple fact of having a job does not necessarily mean that someone has made, and will sustain, a successful transition from their time in the Forces' (The Lines Between 2015).

Figure 2.8 shows the provision made by charities for education, employment and careers support. The categories presented are not mutually exclusive, as charities may make provision to more than one cause. Figure 2.8 represents the percentage of charities that make provision for health by the type of support that they provide.

In total, there are 39 armed forces charities (13.0%) making education, employment and careers services provision for members of the armed forces community. Of those 39 charities, close to half (56.4%) provide for education and training. A similar amount (53.8%) of charities make provision for employment and career services. Grants for educational purposes were made by exactly one-third (33.3%) of charities. A sample of these charities can be seen in table 2.10. The sample is a cross section, in order of size by income, of those charities which provide education, employment and careers services support to the armed forces community.

Figure 2.8

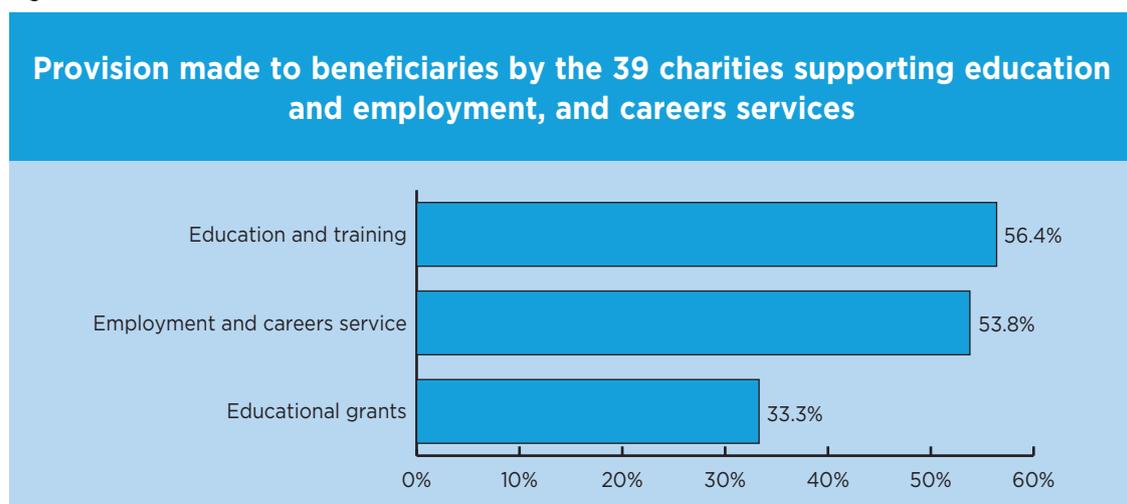


Table 2.10

| Sample of charities that provide education, employment and careers support to the armed forces community⁷ | | | |
|---|---------------|--|------------------------------|
| <i>Charity</i> | <i>Income</i> | <i>Education, employment and careers</i> | <i>Grants recipient type</i> |
| 1. Seafarers UK SC038191 | £2,719,000 | Educational grants | Organisations |
| 2. Veterans Scotland SC033880 | £289,826 | Education and training | No direct grants awarded |
| 3. The Royal Caledonian Education Trust SC038722 | £251,704 | Education and training Educational grants | Individuals Organisations |
| 4. John Grahame of Lingo Memorial Trust SC001684 | £29,522 | Educational grants | Individuals |
| 5. Dovetail Enterprises Charitable Trust SC033002 | £22,533 | Employment and careers Education and training | No direct grants awarded |
| 6. Tayforth Veterans Project SC042236 | £9,345 | Employment and careers | No direct grants awarded |

⁷ Charities in the sample make varying amounts of provision for education, employment and careers. The table shows categories of provision for which each charity has stated that it supports (to varying degrees). In many cases, charities listed may also give support across other areas of provision. Due to a lack of reliable information across charities on provision (financial information and number of beneficiaries), the extent to which charities provide support cannot be reliably explored.

CASE STUDY

Royal Caledonian Education Trust

The Royal Caledonian Education Trust (SC038722) supports children from armed forces families in Scotland through direct grant-making and its Education Programme. It works with schools, local authorities, the armed forces and other charities.

Grants for individuals

The trust's grants provide tailored support for children from armed forces families to access educational opportunities, whether through academic, sporting, artistic or other activities. Examples of support for younger children include financial assistance with school clothing or school trips and support for extra-curricular activities, such as sports equipment or fees for music lessons.

There is no upper age-limit for grants. However, due to demands on the trust's resources, it does not support large numbers of mature students. Grants to support older individuals may be given for purposes such as books or living expenses for those in further or higher education. For example, Carla, whose story is highlighted on the trust's website, was awarded a grant which enabled her to study community education at Edinburgh University and pursue her ambition of a career supporting children from military families (RCET 2011).

Education Programme

In addition to working directly with children and their families, the trust runs its Education Programme in coordination with schools, communities, families and other organisations. This programme aims to ensure that the best educational support is provided for children, particularly when a parent is away on active service or when a family is facing challenges at home.

A variety of resources and activities are provided under the programme. Support materials are available for teachers to use, such as a film made with children from armed forces families. Training and continuing professional development workshops are delivered on topics such as 'dealing with separation' and 'towards an emotionally literate school'. The trust has also established a network of Service Children's Practitioners that shares good practice, ideas and resources (RCET 2016).

Furthermore, as part of the Education Programme, in 2014 the trust began funding, jointly with the Scottish Graduate School of Social Science, a post-graduate studentship at the University of Stirling with the aim of exploring the ways in which children from armed forces families experience school. This area is largely under-researched in the UK and so the project will provide evidence and outcomes for children of armed forces families and those who are responsible for their education (RCET 2014).

The trust celebrated its 200th birthday in 2015. This provided an opportunity for the trust to reflect on its history, which dates back to the early nineteenth century when it supported young Scottish children that were orphaned by the Napoleonic wars. Although the trust's activities are very different today, it continues to serve the same objectives of providing educational support for children in armed forces families who are in need. About 300 individuals a year benefit from a grant from the trust, and many more children are supported by its Education Programme (RCET 2016).

2.4.2.3 Advice and advocacy

In total, there are 37 charities (12.3%) providing advice and advocacy support to the armed forces community, including cross-border charities and those solely registered in Scotland.

The charitable provision of advice and advocacy is aimed at people who are finding difficulty in understanding and navigating their personal situation and who would benefit from information relevant to their circumstances. While advice is based on the provision of information, advocacy refers to the charity acting on behalf of the individuals in need when they are not equipped to act on their own behalf. Veterans First Point Ayrshire is one such welfare charity that offers advice and advocacy support to the armed forces community. A sample of these charities can be seen in table 2.11. The sample was selected to present a cross section, in order of size by income, of those charities which provide advice and advocacy support to the armed forces community.

Table 2.11

| A sample of charities that provide advice and advocacy support to the armed forces community⁸ | | | |
|---|---------------|---------------------|------------------------------|
| <i>Charity</i> | <i>Income</i> | <i>Provision</i> | <i>Grants recipient type</i> |
| 1. Help for Heroes SC044984 | £40,963,000 | Advice and advocacy | Individuals Organisations |
| 2. The Royal Air Force Benevolent Fund SC038109 | £21,675,000 | Advice and advocacy | Individuals Organisations |
| 3. ABF The Soldiers' Charity SC039189 | £20,371,444 | Advice and advocacy | Individuals Organisations |
| 4. Veterans Scotland SC033880 | £289,826 | Advice and advocacy | No direct grants awarded |
| 5. Lothians Veterans' Centre SC040690 | £54,951 | Advice and advocacy | |
| 6. Tayforth Veterans Project SC042236 | £44,479 | Advice and advocacy | Organisations |
| 7. Veterans First Point Ayrshire SC042393 | £514 | Advice and advocacy | No direct grants awarded |

⁸ Charities in the sample make varying amounts of provision for advice and advocacy. The table shows categories of provision for which each charity has stated that it supports (to varying degrees). In many cases, charities listed may also give support across other areas of provision. Due to a lack of reliable information across charities on provision (financial information and number of beneficiaries), the extent to which charities provide support cannot be reliably explored.

CASE STUDY

Lothians Veterans' Centre

Lothians Veterans' Centre (SC040690), originally founded as the Mark Wright Project in 2009, was officially opened in November 2015.

Along with providing social and remembrance activities, the charity provides a number of services, the following advice and support services.

- Health and well-being advice and support is available to the Lothian ex-Service community, through which former Service personnel can be directed to available services which are appropriate to their particular needs.
- Housing benefits advice, along with advice on welfare issues, is directed at those in the ex-Service community who are in need of advice in finding, renting or buying a home. Support extends to people's specific needs such as those who have a Service-related injury, health problem or disability. The charity has well-established links with organisations such as local councils and housing associations.
- Employment, education and training support is offered through the Support, Training and Employability for Ex-Service Recruitment (STEER) programme, which is funded by the European Social Fund, the Fairer Scotland Fund and Poppyscotland.

Lothians Veterans' Centre 2015

2.4.2.4 Housing

According to the *UK Regular Armed Forces Continuous Attitude Survey 2016*, home ownership figures differ greatly between the Services, with home ownership in the British Army being as low as 38%, compared with the Royal Navy (61%), the Royal Air Force (59%) and the Royal Marines (52%) (MOD 2016, p. 638).

Figure 2.9 shows the percentage of housing provision types. In total, there are 19 charities (6.3%) making provision for housing for the armed forces community in Scotland. The categories presented are not mutually exclusive, as charities may provide support to more than one type of provision.

The most common provision made by charities that provide housing support was for general housing and accommodation, which accounts for over two-thirds (68.4%) of provision. The same amount of charities (68.4%) provide supported and disability-adapted housing. Furthermore, 31.6% provide transitional and short-term housing support and 15.8% award grants for housing. A sample of these charities can be seen in table 2.12. The sample was selected to present a cross section, in order of size by income, of those charities which provide housing support to the armed forces community.

CASE STUDY

Scottish Veterans' Garden City Association

Scottish Veterans' Garden City Association (SC003174), also known as Houses for Heroes Scotland, was founded in 1915. More than 100 years on, the charity continues to lead in its provision for disabled ex-Service personnel in Scotland.

Houses for Heroes Scotland provides affordable homes for veterans who suffer from permanent mental or physical health disabilities. The charity has 638 houses across 74 locations in Scotland, and makes provision for people who have served in the armed forces and for ex-members of the Merchant Navy, police forces or fire brigades (Houses for Heroes Scotland 2012).

In 2015 the Scottish government awarded £1.3 million to Scottish Veterans' Garden City Association to build 38 homes in order to support the housing needs of ex-Service personnel with physical and psychological injuries (Scottish Government 2016).

Figure 2.9

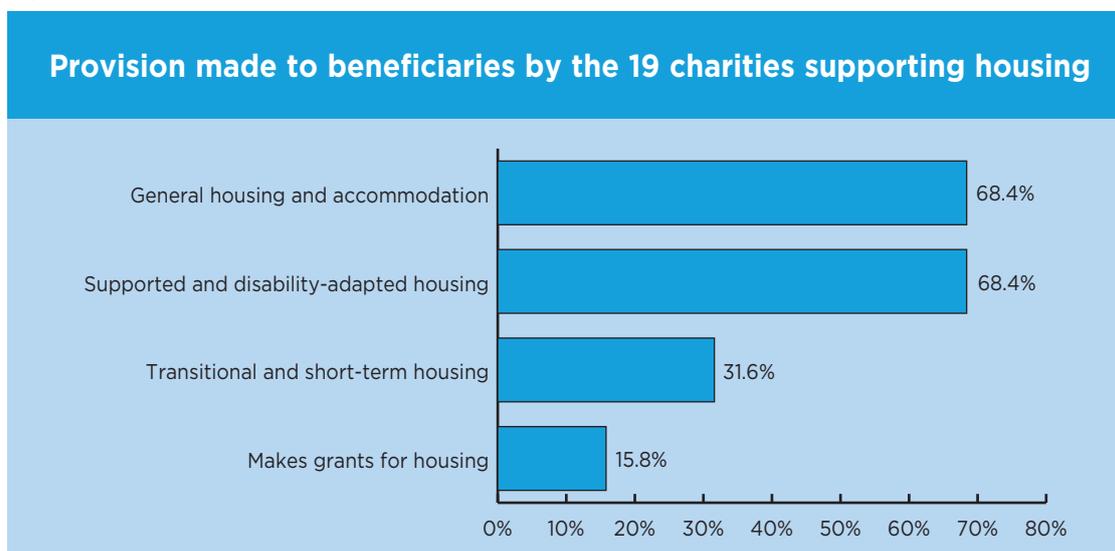


Table 2.12

| A sample of charities that provide housing support to the armed forces community⁹ | | | |
|---|---------------|--|------------------------------|
| <i>Charity</i> | <i>Income</i> | <i>Housing provision</i> | <i>Grant recipient type</i> |
| 1. SSAFA SC038056 | £59,745,000 | General housing and accommodation Disability-adapted Transitional/short-term | Individuals |
| 2. Haig Housing Trust SC040058 | £24,905,000 | General housing and accommodation Disability-adapted | Individuals |
| 3. ABF The Soldiers' Charity SC039189 | £20,371,444 | General housing and accommodation Disability-adapted Transitional/short-term | Individuals Organisations |
| 4. Scottish Veterans' Garden City Association SC003174 | £2,499,229 | General housing and accommodation | No direct grants awarded |
| 5. Royal Air Force Benevolent Fund Housing Trust Ltd SC038218 | £1,830,878 | General housing and accommodation Disability-adapted | No direct grants awarded |
| 6. Scottish Veterans Residences | £783,489 | General housing and accommodation Disability-adapted Transitional/short-term | No direct grants awarded |

⁹ Charities in the sample make varying amounts of provision for housing support. The table shows categories of provision for which each charity has stated that it supports (to varying degrees). In many cases, charities listed may also give support across other areas of provision. Due to a lack of reliable information across charities on provision (financial information and number of beneficiaries), the extent to which charities provide support cannot be reliably explored.

CASE STUDY

Scottish Veterans Residences – Bellrock Close

Scottish Veterans Residences (SC015260) is Scotland's oldest charity for ex-Service personnel. It was founded in 1910 by Seaforth Highlanders Charles Pelham Burn and Chilton Lind Addison Smith who saw the conditions in which ex-Service personnel (mostly veterans of the Crimean, Afghan and Boer wars) slept on Edinburgh's streets. The first residence building, opened in 1933, is still situated on Edinburgh's Royal Mile, opposite the parliament building.

Scottish Veterans Residences owns three residences, situated in Edinburgh, Dundee and Glasgow. The charity has 30 fully furnished one-bedroom flats and 126 fully furnished en-suite rooms across its three sites. Scottish Veterans Residences continues to provide high-quality, supported accommodation for ex-Service men and women who are homeless or in need (SVR 2016).

The charity opened Bellrock Close in October 2014. The £6.7 million development, which is located in Glasgow's east end, provides a 51-flat facility for ex-Service personnel who are struggling with the transition from Service to civilian life (BBC 2014). It includes 21 one- and two-bedroom affordable permanent lets to the armed forces community. The remaining 30 flats are one-bedroom and are for temporary accommodation (not normally exceeding 18 months) for vulnerable ex-Service personnel who are struggling with the transition from the armed forces. As part of the provision for those who are vulnerable, the facility has on-site access to housing support staff, a gymnasium, training and education rooms, health resources, a training kitchen and café, and gardens (SVR 2014).

Scottish Veterans Residences expects that the temporary accommodation model will help 30 to 60 people per year. It aims to provide a stable, secure place for vulnerable ex-Service people to stay while also providing practical support and nurturing skills that will help those in need to transition successfully into civilian life.

Meeting the housing needs of veterans is inextricably linked with the treatment of underlying causes: tackling financial insecurity, alcohol and drug dependence, rooflessness and access to mental health care are therefore urgent priorities.

SVR 2014

To address this need, the Bellrock Close project utilises a range of practical services to assist vulnerable residents which includes:

- providing access to good-quality health services to improve physical and mental well-being;
- utilising local colleges and learning centres to help improve education and life skills;
- arranging volunteering and work placements up to and including paid, permanent employment to help create opportunities for employment;
- providing good-quality accommodation (self-contained flats) within a supportive community.

The project has received support from the Scottish government, local authorities and members of the armed forces community, along with other armed forces charities. It is an excellent example of a charity working in partnership across sectors to deliver effective support that addresses housing needs, health treatment, and education and employment services for the armed forces community.

2.4.2.5 Associations

An association can be a single organisation but most usually associations have local and regional branches of parent organisations. Predominantly, associations provide social gatherings and membership activities for members. Associations' provision and support for members includes advice and advocacy on matters such as health and housing, comradeship and community events, health and well-being provision, and relief in need. They are also responsible for the management of funds and dissemination of them via each local branch of parent organisations to make grants to individuals and organisations and provide services for relief in need purposes. In this respect charities making such provision are also acting as welfare charities in that their charitable actions fall within the area of relief in need. However, given that these charities may or may not have to submit detailed financial information and information on their welfare provision (depending on their income level) it has not been possible to provide details of this type of provision.

CASE STUDY

Legion Scotland

Formerly the Royal British Legion Scotland (until 2014), Legion Scotland (SC003323) was founded in 1921 and has had a royal patron ever since. The charity was established by Earl Haig, three weeks before he founded The Royal British Legion, and the two have always existed as separate charities, although they continue to work closely.

Legion Scotland has 170 branches across Scotland and provides advice, support and welfare to all veterans in Scotland (Legion Scotland 2015). The charity also provides a range of grants to assist the armed forces community. Provision is made across the following areas:

- helping veterans in the community;
- remembrance;
- disablement pensions service;
- well-being and befriending service;
- comradeship activities;
- grants for relief in need through the charities' Ex-Service Community Support Fund;
- grants for respite care;
- grants for war graves visits.

Legion Scotland accounts for 85.8% of associations. It includes 156 individual registered charities, collectively referred to as association branches of the Legion, and one headquarters (also registered as an individual charity).

The Royal Air Force Association (SC037673) accounts for 13.5% of all associations. It includes 24 individual registered charities, collectively referred to as association branches of the RAF Association, and one headquarters (also registered as an individual charity).

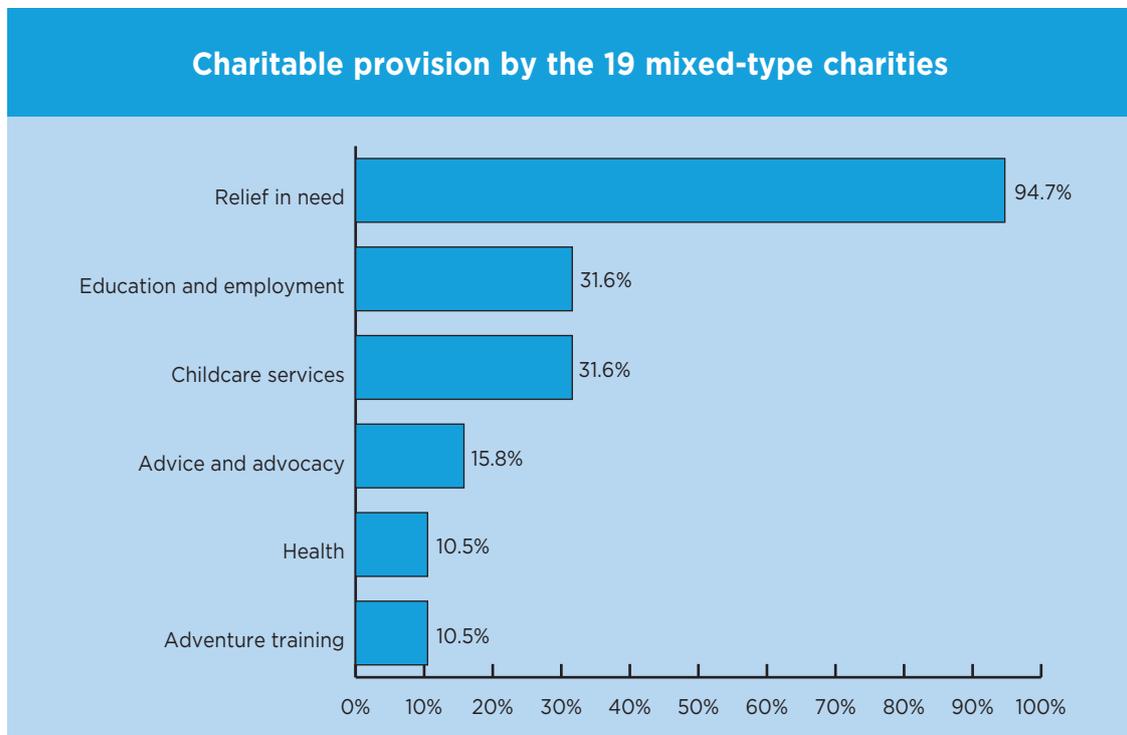
The Airborne Forces Association (SC043285) is singularly represented by one registered charity and accounts for 0.5% of all associations.

2.4.2.6 Mixed-type charities

Like welfare charities and associations, mixed-type charities make welfare provision available to members of Service organisations such as regimental charities. They also make provision available to the Service organisations themselves and their members, and to the armed forces community.

Figure 2.10 shows the type of provision (as stated in each charity's annual report and accounts) made by mixed-type charities. The majority of charities (94.7%) provided relief in need, and 31.6% of charities' provision went to education and employment, and childcare services respectively. Adventure training and/or activities for regimental members accounted for 10.5% of mixed-type charities' provision.

Figure 2.10



CASE STUDY

The Royal Navy and Royal Marines Charity

The Royal Navy and Royal Marines Charity (SC041898) is a mixed-type charity which makes a wide range of provision for the Royal Navy community. The charity states on its website: 'Beneficiaries lie at the heart of The Royal Navy and Royal Marines Charity's purpose, it is our duty to remain focussed on their needs.' The charity's beneficiaries are both Service and former Service members of the Royal Navy. This can be seen in the charity's grant-making, which is split between grants to 'support through life' and grants to 'support the Service family' (RNRMC 2016).

Support through life

Grants in this category are provided to support members of the Royal Navy armed forces community. In 2014 grants totalling £3.7 million were awarded in areas such as:

- care for the elderly (£2.1 million);
- help for families and young people (£841,000);
- support for working age veterans (£266,000);
- help for wounded, injured or sick personnel (£256,000).

Grants to support the Service family

Grants made in this category are directed to supporting the entire Naval Service, which includes both full-time Service personnel and the Royal Naval and Royal Marines Reserves. In 2014, grants totalling £3.9 million were made to support the Service family, including those for:

- major amenity grants (£1.2 million);
- minor amenity grants (£1.3 million);
- operational welfare grants (£324,000);
- sports (£781,000);
- dependants (£180,000);
- prizes and awards (£91,000).

Grant-making to charities

The Royal Navy and Royal Marines Charity also makes grants to other charities in the following areas:

- **Older and dependant:** Erskine Hospital, for instance, received two grants totalling £50,000 in 2015/16.
- **Working-age veterans:** for example, Combat Stress received two grants totalling £90,000 in 2015/16.
- **Working-age Service personnel:** for instance, Dame Agnes Weston's Royal Sailors' Rests received a grant of £103,400 in 2015.
- **Young people:** Sailors' Children Society, for example, received a grant of £120,000 in 2015.

2.4.2.7 Service-fund provision

Service funds make provision available to Service members of organisations such as regimental associations themselves and their members. Provision includes support to areas such as facilities, services and/or grants to improve the morale, and social and physical well-being of active Service personnel and their immediate families.

Our data analysis showed that six charities in this category provide the following support:

- three provide religious activities;
- two provide adventure training activities;
- at least one provides relief in need to serving members (a number of Service funds claim in their objects to provide this, but only one charity had evidence of such provision in its accounts).

According to the annual returns, two charities made grants to individuals in their latest financial year, four charities made grants to organisations and two charities made grants to both individuals and organisations.

CASE STUDY

The Army in Scotland Trust

Registered in 1963, the Army in Scotland Trust (SC009598) makes grants for the benefit of:

- any unit, regiment or establishment across Scotland;
- members of any unit, regiment or establishment which is or has been historically headquartered in Scotland;
- members of any unit, regiment or establishment who are currently serving in Scotland.

Both regulars and reservists, and members of the University Officers Training Corps, School Cadet Forces and Army Cadet Forces, are eligible for support from the trust. Grants are mostly provided for recreational facilities to promote the efficiency of units, regiments or establishments.

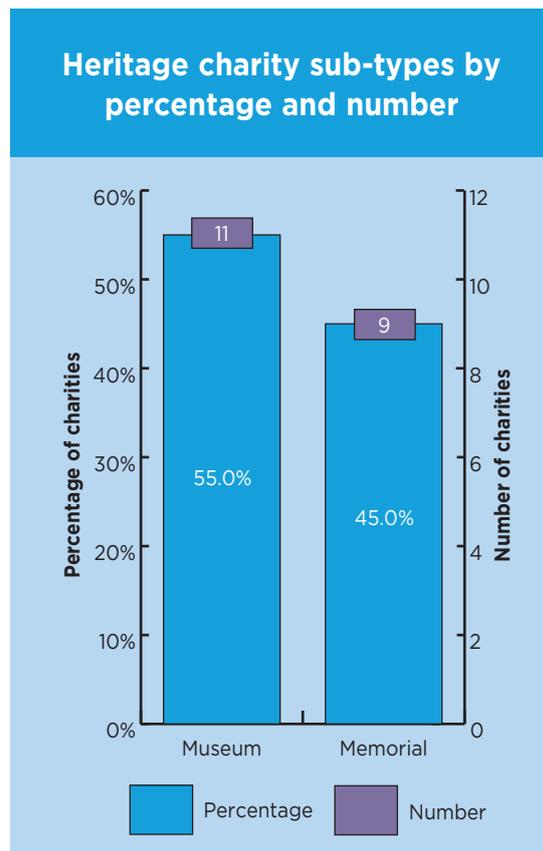
The trust also makes grants to other charitable organisations (military or civilian) which directly or indirectly benefit the members of the British Army community in Scotland.

2.4.3 Heritage charities

Figure 2.11 shows the breakdown of heritage charities by sub-type. In total, 11 charities in this category are museums, and the remaining nine are memorial charities. Heritage charities' primary objective is to maintain memorials, museums and historical societies.

An example of such a charity is the Scottish National War Memorial (SC009869), which is situated in Edinburgh Castle. It is a national monument to commemorate the sacrifice made in war by the people of Scotland. The memorial commemorates those individuals from the Second World War to today.

Figure 2.11

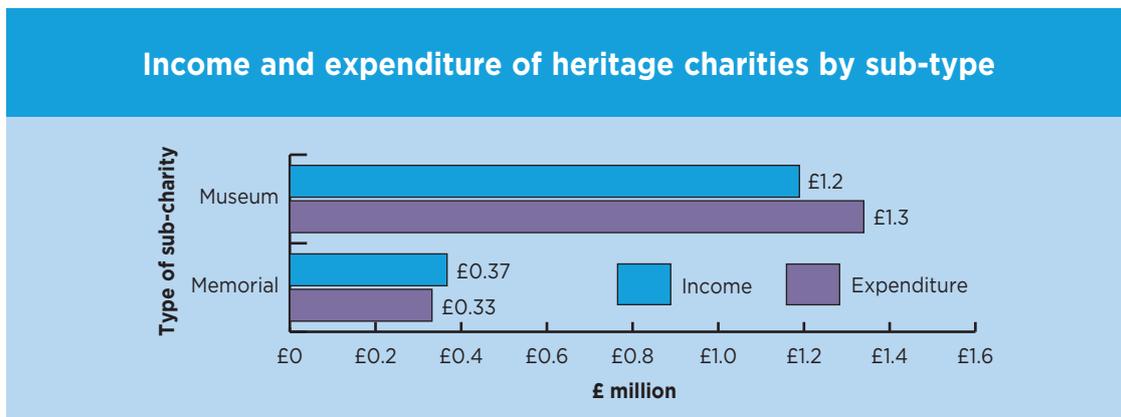


2.4.4 Income and expenditure of heritage charities

Figure 2.12 shows the income and expenditure of heritage charities by sub-type. According to the most recent figures available (2014-15), the total income of heritage charities was £1,556,357, and their expenditure was £1,671,360.

Museums had far greater levels of both income and expenditure compared with memorial charities, representing a total of 80.1% of all heritage expenditure and 76.4% of all heritage income.

Figure 2.12



CASE STUDY

The Black Watch Museum

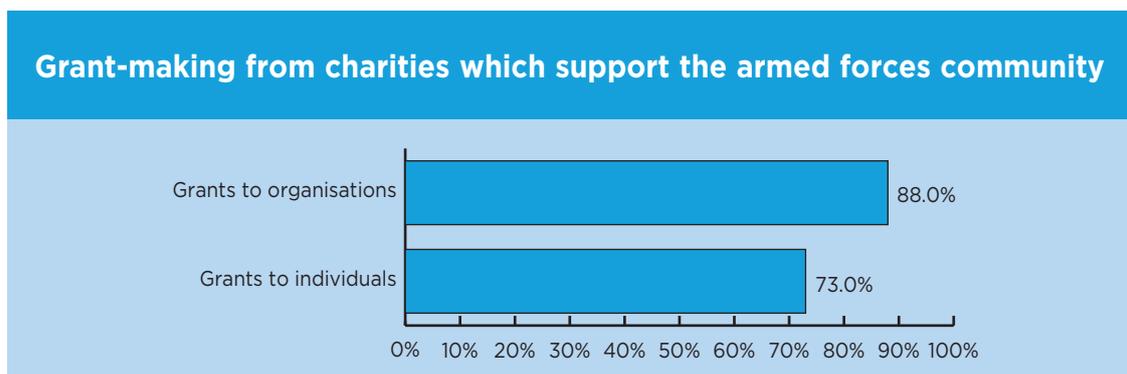
The Black Watch Museum (SC05848), located in the historic Balhousie Castle, is home to a collection of artefacts including uniforms, paintings, historical documents, weapons and equipment.

The museum is concerned with the advancement of the arts, heritage and culture through communicating the Black Watch Regiment's long history. The museum's charitable activities are focused on both maintaining and acquiring additions to the museum's collection. The collection spans the history of the regiment, up to its current-day operations, and thereby preserves the regimental history of the Black Watch.

2.5 GRANT-MAKING OF CHARITIES WHICH SUPPORT THE ARMED FORCES COMMUNITY

Of the 320 charities in our population, 267 state in their objects that they can award grants (83.4%). Figure 2.13 shows that close to three-quarters (73.0%) of grant-makers state that they can provide grants to individuals, and more than seven-eighths (88.0%) can award grants to organisations.

Figure 2.13



Our data analysis showed that, in practice, only around 10% of those that state they make grants actually do so.¹⁰ Of these charities that do award grants, the largest in terms of grant amounts given in Scotland are, almost inevitably, cross-border charities. Table 2.13 outlines a cross-sectional sample of the grant-makers in order of grant size.

¹⁰ This situation is not specific to the armed forces charity sector, in Scotland or elsewhere. Earlier research by DSC published in *UK Grant-making Trusts and Foundations* revealed that many more charities in general state in their objects that they make grants than do in practice.

Table 2.13

| A sample of charities' grant-making in Scotland by grant total | | |
|---|------------------------|--|
| <i>Charity</i> | <i>Total grants</i> | <i>Grants made in Scotland</i> |
| 1. SSAFA SC038056 | £18.2 million (2014) | £2 million est. (total expenditure in Scotland was £2.6 million). (Grant recipients in Scotland not specified in annual return.) |
| 2. The Royal Air Force Benevolent Fund SC038109 | £2.7 million (2014) | £860,500 (to individuals and organisations). |
| 3. ABF The Soldiers' Charity SC039189 | £6.6 million (2015/16) | £350,000 to organisations (excluding any grants directly for the benefit of individuals). |
| 4. Help for Heroes SC044984 | £3.3 million (2014/15) | £218,000 to organisations (excluding any grants directly for benefit of individuals). (In 2013/14 Help for Heroes made a grant of £685,000 to Scottish Veterans' Garden City Association). |
| 5. The Royal Navy and Royal Marines Charity SC041898 | £7.6 million (2014) | £55,000 to organisations (excluding any grants directly for the benefit of individuals). (The charity received LIBOR money, £2 million of which has been put aside as a restricted fund for the redevelopment of the Drumfork Centre in Helensburgh, Argyll and Bute.) |

Other grant-makers in Scotland that have significant levels of expenditure include the Royal Edinburgh Military Tattoo (Charities) Ltd, which made grants to organisations totalling £500,000 in 2014. Nine armed forces charities received grants from the charity, most of which are situated in England and registered with CCEW, although they have a UK remit. The Royal Edinburgh Military Tattoo's annual report indicates that some of the funding distributed to UK-wide charities will be used for causes in Scotland. The two charities located in Scotland which benefitted from grants were the Army in Scotland Trust (£72,000) and the Royal Caledonian Education Trust (£2,000). The largest grant the charity made in 2014 was an award of £220,000 to ABF The Soldiers' Charity, which itself redistributes these funds among the armed forces community in the UK.

CASE STUDY

ABF The Soldiers' Charity

ABF The Soldiers' Charity (SC039189) describes its provision as follows: 'We give a lifetime of support to soldiers and former soldiers from the British Army, and their immediate families, when they are in need'. The charity gives approximately 5,000 grants to individuals each year for relief in need. These grants are distributed through individuals' own regiments and corps. The charity also makes grants to other charities and organisations, and ABF The Soldiers' Charity states that preference is given to charities and organisations which are members of Veterans Scotland and Cobseo (ABF 2016).

Grant-making to other charities

ABF The Soldiers' Charity provides funding support to a number of Scottish organisations and charities including:

- £20,000 to Scottish Veterans Residences for maintenance of its Edinburgh property, Whiteford House;
- £10,000 to the Royal Caledonian Education Trust towards its Education Programme which provides educational support for children and young people who are members of the armed forces community;
- £20,000 to Combat Stress towards its services in Scotland.

2.6 CHAPTER SUMMARY

Although the data to allow research that measures the beneficiary population in Scotland is not yet reliably available, there is clearly a wide range of charitable provision primarily being made to the armed forces community.

When grouped by DSC classification, charities which support the armed forces community account for 93.8% of all charities (6.2% of charities are heritage charities), of which the majority (61.3%) are associations (see figure 2.2).

There is a higher number of associations than welfare charities that cater for the armed forces community. However, welfare charities have a higher amount of income and expenditure than associations. They account for 89.3% of all income and 89.6% of all expenditure of charities which support the armed forces community (see figure 2.5).

Provision by charities that support the armed forces community is primarily focused on relief in need (82.7%). There are significantly fewer charities that provide support for health (16.0%), education and employment (13.0%), and advice and advocacy (12.3%).

Although there are not as many charities providing housing, there are a number of charities across all classification types that have an increasingly impressive portfolio of housing stock. The most common housing provision across all charities is for supported/disability-adapted housing, and general housing and accommodation.

Of charities that make provision for education, close to half (53.8%) did so for employment and career services; the same amount of charities provide education and training support.

Health and well-being provision was most commonly made to support respite and recreation (63.8%). Mental health support was provided by 38.3% of charities that make provision for health support.

Heritage charities account for as little as 6.3% of all armed forces charities, of which 80.1% of all expenditure and 76.4% of all income is associated with museums.

Of the charities which state that they make grants to the armed forces community (267), 88.0% state that they prefer to make grants to organisations and 73.0% state that they will consider grants to individuals. Our data analysis showed that only around 10% of these actually make grants in practice.

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CHAPTER THREE

Charities' affiliation with armed forces Services

3.1 INTRODUCTION

The data presented in this chapter provides an overview of armed forces charities registered in Scotland, based on their Service affiliation. The charities are sub-classified using the DSC classification (see figure 2.1). Analysis is given on the number of charities in each classification and each corresponding sub-classification, along with a financial overview of each.

Charities have been categorised into:

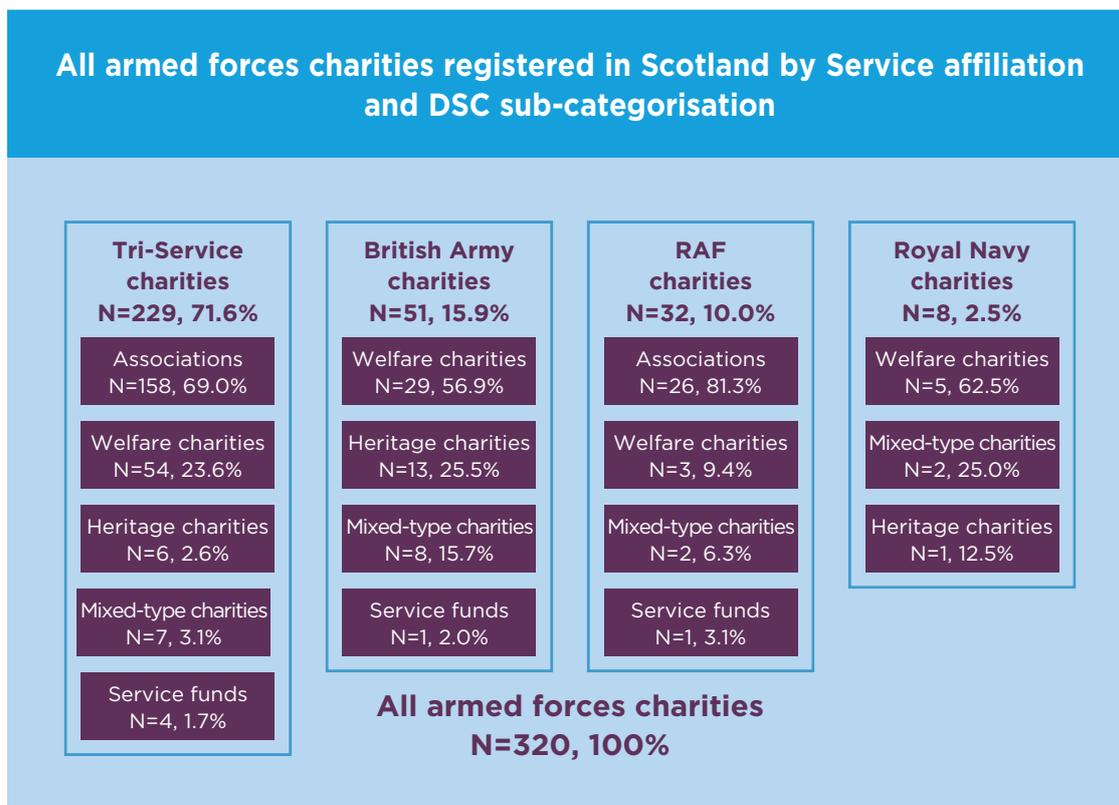
- An overview of all Service charities
- Tri-Service charities (defined in section 3.3)
- British Army charities
- Royal Air Force (RAF) charities
- Royal Navy charities (inclusive of Royal Marines charities)

3.2 CHARITIES BY SERVICE AFFILIATION

Each Service branch is further sub-divided and analysed according to its respective DSC categorisation. Figure 3.1 shows the breakdown of all 320 armed forces charities by the number of registered charities in each Service type.

More than 7 in 10 (71.6%) charities were classified as tri-Service charities (N=229). Royal Navy, British Army and RAF charities combined accounted for almost 3 in 10 (28.4%) charities.

Figure 3.1



3.3 TRI-SERVICE CHARITIES

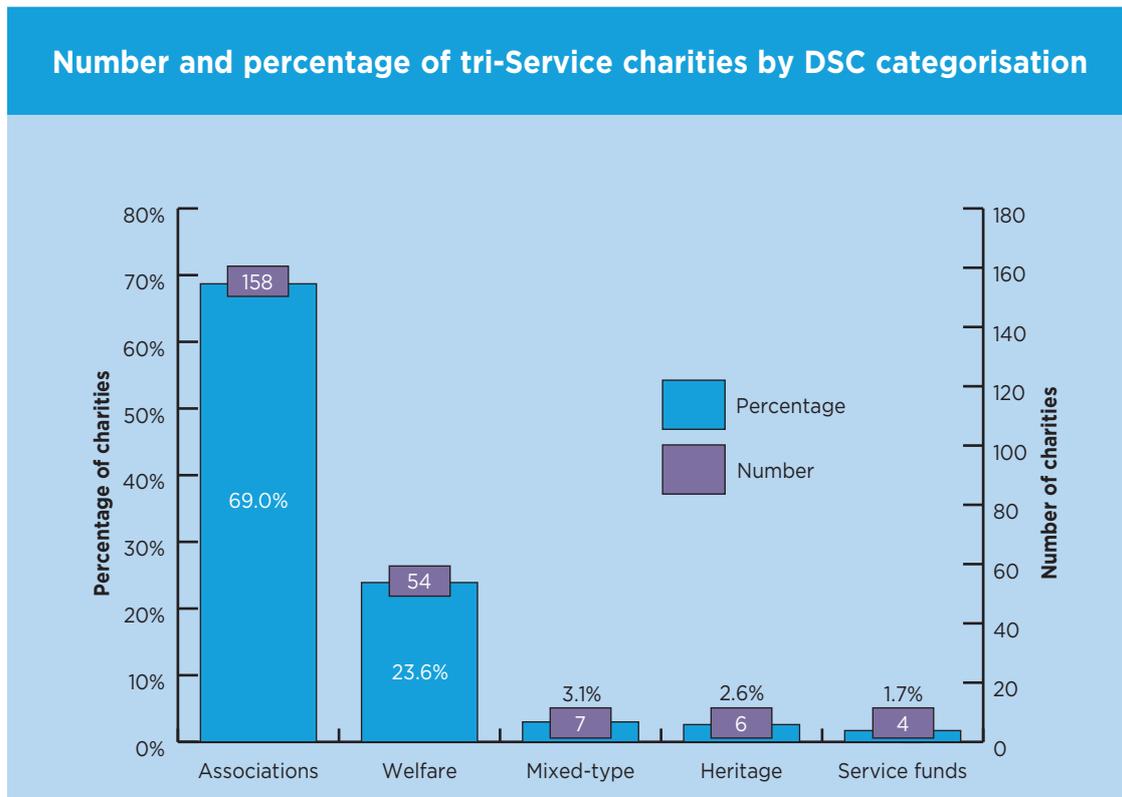
Each Service branch is further sub-divided and analysed according to its respective DSC categorisation. The term 'tri-Service' refers to a triad of armed forces Services which includes the Royal Navy, British Army and the RAF. Tri-Service charities, therefore, make provision across three branches of the armed forces community.

An example of a tri-Service charity is Scottish War Blinded (SC002652), formerly Scottish National Institution for War Blinded, which has provided help to veterans since 1915. Royal Blind established Scottish War Blinded as its sister charity to help those blinded during the First World War. The charity helped veterans cope, by means of rehabilitation and training, with the impact of challenges associated with visual impairment, which was often compounded by psychological and respiratory conditions. In 1916, following recognition from the War Office, the Newington House Fund was established and the Scottish public responded to adverts for contributions. By September 1917, donations to the charity totalled £18,971. A century following its foundation, Scottish War Blinded continues to support visually impaired veterans through its Linburn Centre and Outreach services (Scottish War Blinded 2015).

Figure 3.1 shows the percentage breakdown of all 320 armed forces charities registered in Scotland by the number of registered charities in each Service type. Close to three-quarters (71.6%) of charities were classified as tri-Service charities (N=229).

Figure 3.2 shows the breakdown of component charities classified as tri-Service. The majority (69.0%) of charities in this category are associations (N=158). Welfare charities account for over one-fifth (23.6%) of tri-Service charities (N=54), while heritage charities, Service funds and mixed-type charities combined represent only 7.4% of tri-Service charities collectively.

Figure 3.2



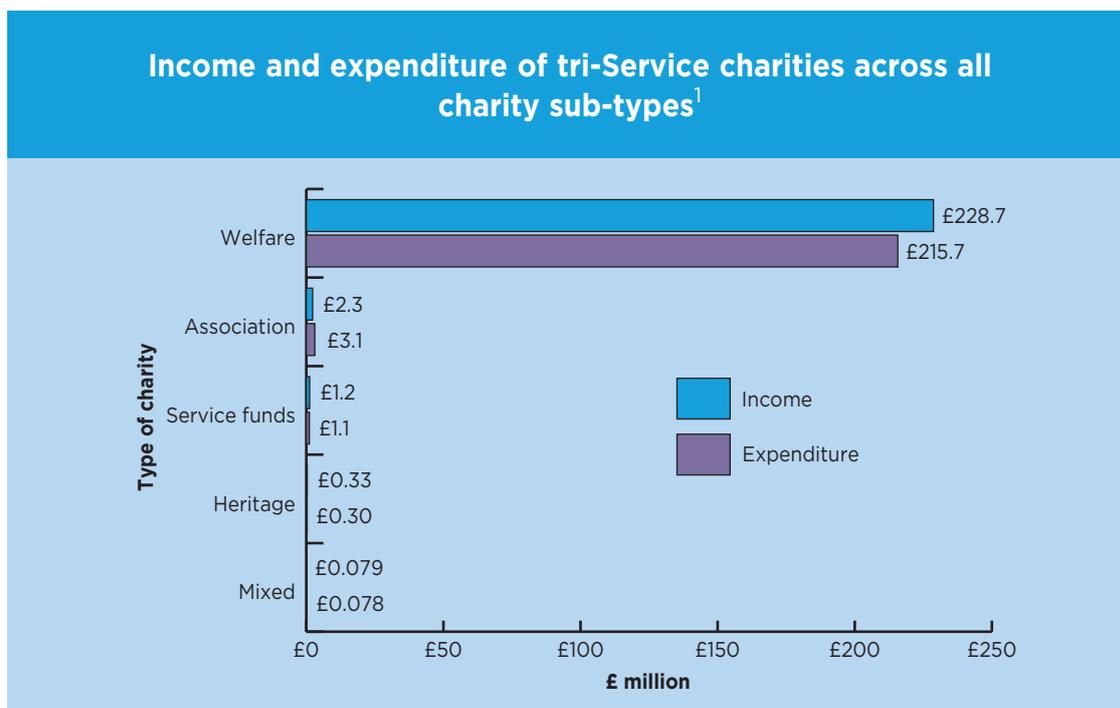
3.3.1 Tri-Service charities' income and expenditure

Tri-Service charities' collective annual income totalled £232,637,009, and their collective annual expenditure totalled £220,261,191. Figure 3.3 shows the breakdown of this combined income and expenditure.

Figure 3.3 shows that most of this group's income can be attributed to welfare charities. Significantly less income can be attributed to associations, and less still to heritage and mixed-type charities. Further analysis revealed that over three-quarters (76.4%) of tri-Service charities have an income of £1,000 to £99,999.

As with income, most of the expenditure in figure 3.3 can be attributed to welfare charities. Significantly less expenditure can be attributed to associations, and less still to heritage and mixed-type charities. As with income, further analysis showed that more than three-quarters (77.3%) of tri-Service charities' expenditure ranges from £1,000 to £99,999.

Figure 3.3



3.4 BRITISH ARMY CHARITIES

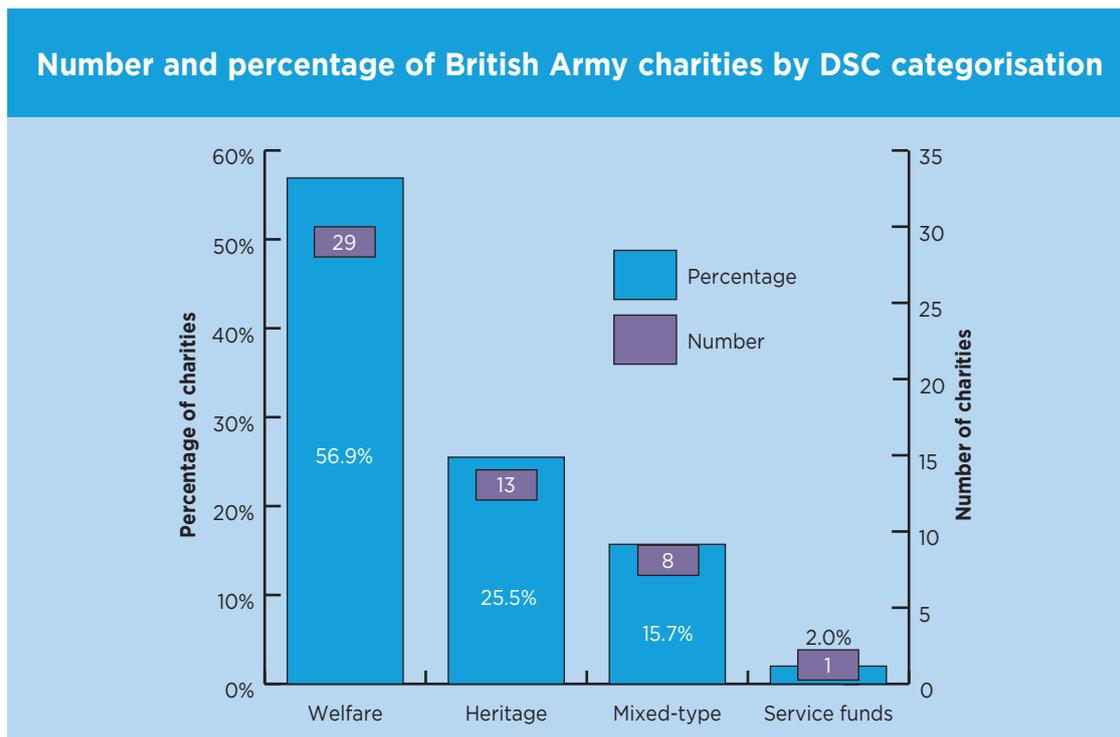
Figure 3.1 shows the percentage breakdown of all 320 charities registered in Scotland by the number of registered charities in each Service type. In total, 15.9% of charities were classified as British Army charities. The term 'British Army charities' refers to registered charities whose primary object is to support the British Army Service branch of the armed forces community. This section explores these 51 charities in detail.

An example of a British Army charity is the Royal Engineers Association (SC041832). Originally founded in 1912 as the Royal Engineers Old Comrades Association, the original Royal Engineers Association and the Royal Engineers Benevolent Fund Ltd were amalgamated in 1968 to form what is now the Royal Engineers Association. The association provides financial assistance in the form of grants and other support to members, spouses, widows and dependants. The Royal Engineers Association has nine branches across Scotland, each of which hold their own social functions (Royal Engineers Association 2016).

¹ It should also be noted that Service funds and mixed-type charities often provide welfare support, as do associations.

Figure 3.4 shows the breakdown of component charities classified as British Army charities. The majority (56.9%) of charities in this category are associations, with welfare charities accounting for a quarter (25.5%) of British Army charities. Heritage charities account for 15.7% of all charities in this category, while just one Service fund represents 2% of British Army charities.

Figure 3.4



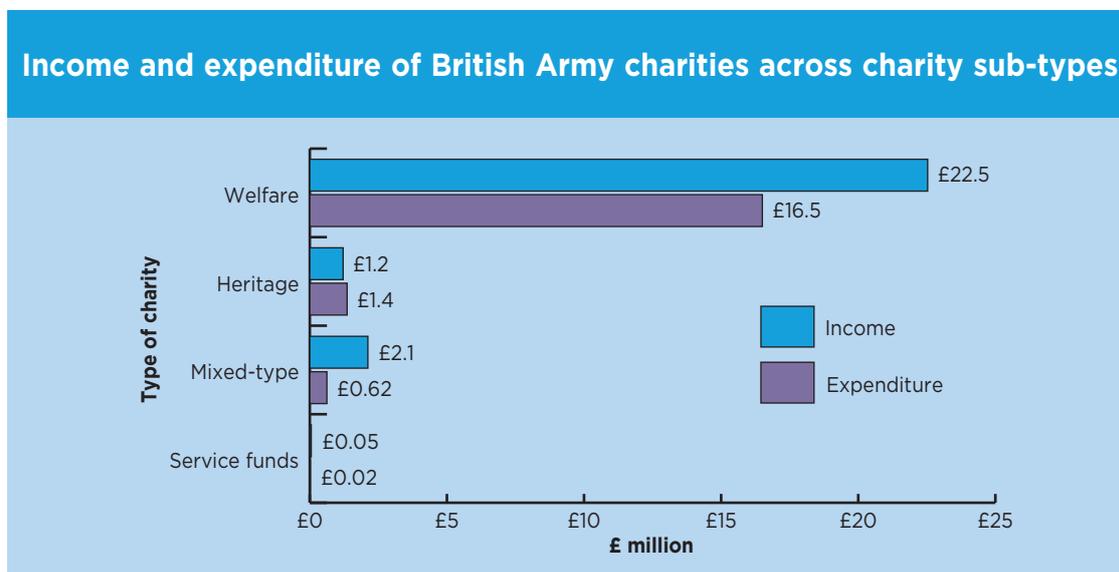
3.4.1 British Army charities' income and expenditure

British Army charities' annual income totalled £25,917,547, and their annual expenditure totalled £18,504,645. Figure 3.5 shows the breakdown of this combined income and expenditure.

Figure 3.5 shows that most of this group's income can be attributed to welfare charities. Significantly less income can be attributed to mixed-type and heritage charities. Just one Service fund accounted for £53,703, representing 0.2% of all British Army charities' income. Further analysis revealed that, in total, two-thirds (66.6%) of British Army charities have an income of £1,000 to £99,999.

Most of the expenditure in this group can be attributed to welfare charities. Significantly less expenditure can be attributed to heritage charities, and less still to mixed-type and Service funds. As with income, further analysis showed that two-thirds (66.6%) of British Army charities' expenditure ranges from £1,000 to £99,999.

Figure 3.5



ABF The Soldiers' Charity (SC039189), with an income of £20,371,444, accounts for over three-quarters (78.6%) of all British Army charities' income.

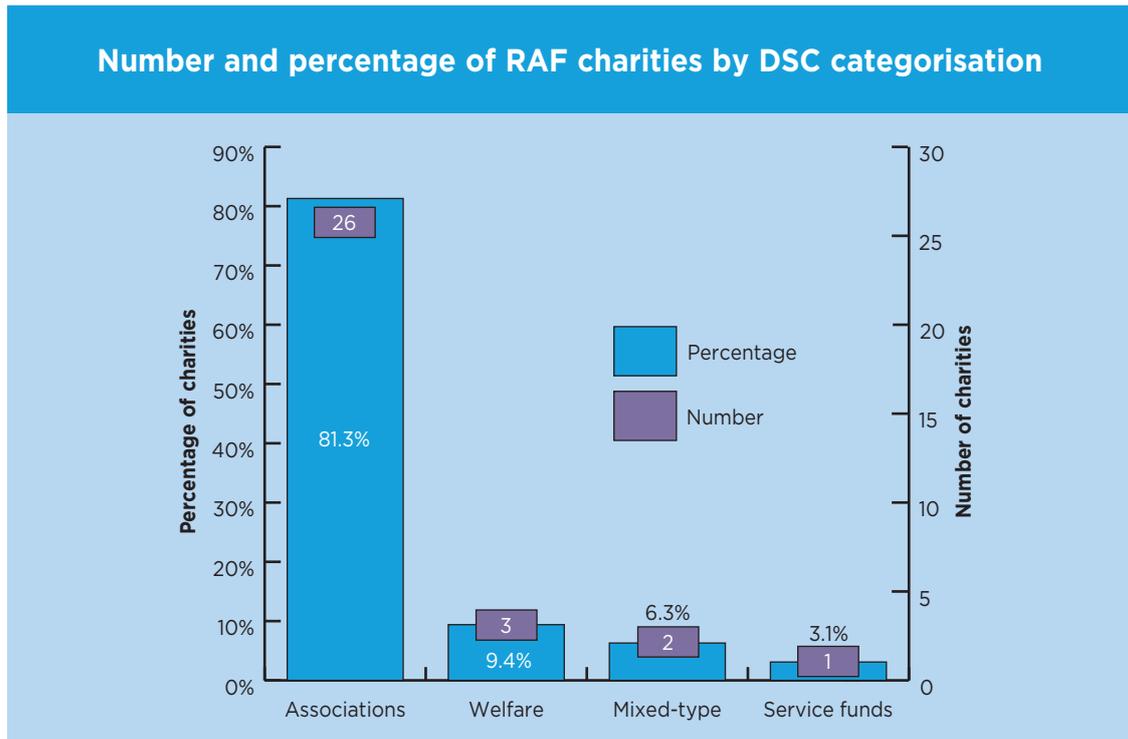
3.5 RAF CHARITIES

Figure 3.1 shows the percentage breakdown of all 320 charities registered in Scotland by the number of registered charities in each Service type. In total, 10.0% (N=32) were classified as RAF charities. The term 'RAF charities' refers to registered charities whose primary object is to support the RAF Service branch of the armed forces community.

An example of an RAF charity is the Royal Air Force Benevolent Fund (SC038109), which is registered with both the Office of the Scottish Charity Regulator and the Charity Commission for England and Wales. This charity was created by Lord Trenchard who founded the Royal Air Force in the last year of the First World War. By the end of the war, the RAF had suffered 16,000 casualties, creating 2,600 widows and dependants. Casualties also included 7,500 men who, owing to injury, had little chance of returning to employment. With no charity in place to provide support, Lord Trenchard created the RAF Benevolent Fund in 1919 with the remit to 'provide direct welfare assistance to those of the extended RAF family in need or distress'. As the charity nears its centenary year, it continues to provide a wide range of support to RAF members, past and present, and their families (RAFBF 2016).

Figure 3.6 shows the breakdown of component charities classified as RAF charities. The majority (81.3%) of charities in this category are associations, while welfare charities accounted for 9.4% of charities. Mixed-type charities and Service funds accounted for 6.3% and 3.1% of charities respectively.

Figure 3.6

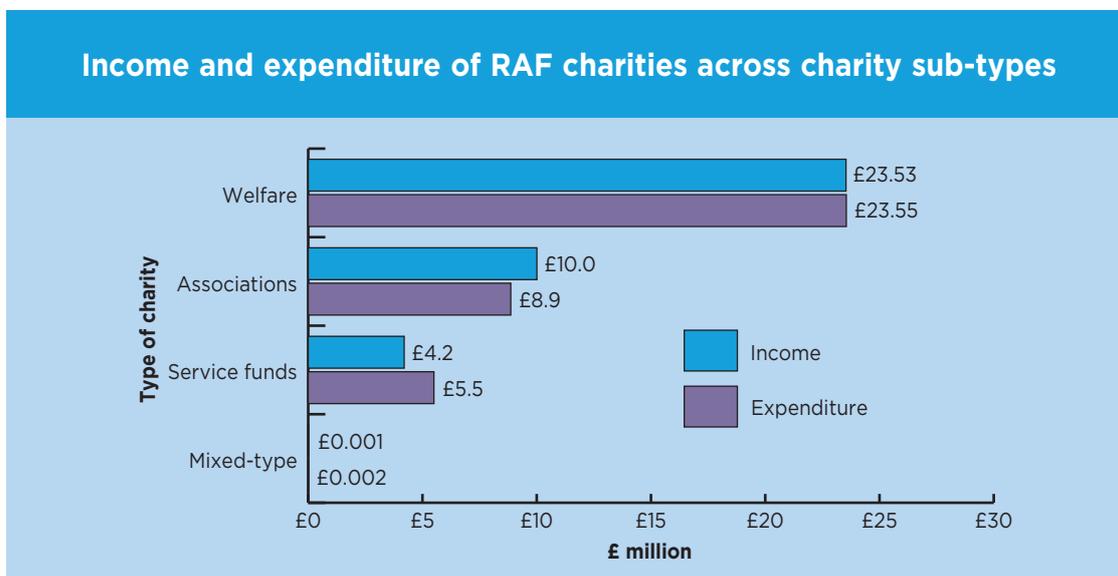


3.5.1 RAF charities' income and expenditure

RAF charities' collective annual income totalled £37,691,444 and their annual expenditure totalled £37,914,951. Figure 3.7 shows the breakdown of this combined income and expenditure.

Most of the expenditure in figure 3.7 can be attributed to welfare charities. Significantly less expenditure can be attributed to Service funds. Further analysis revealed that more than half (56.3%) of expenditure ranged from £1,000 to £9,999.

Figure 3.7



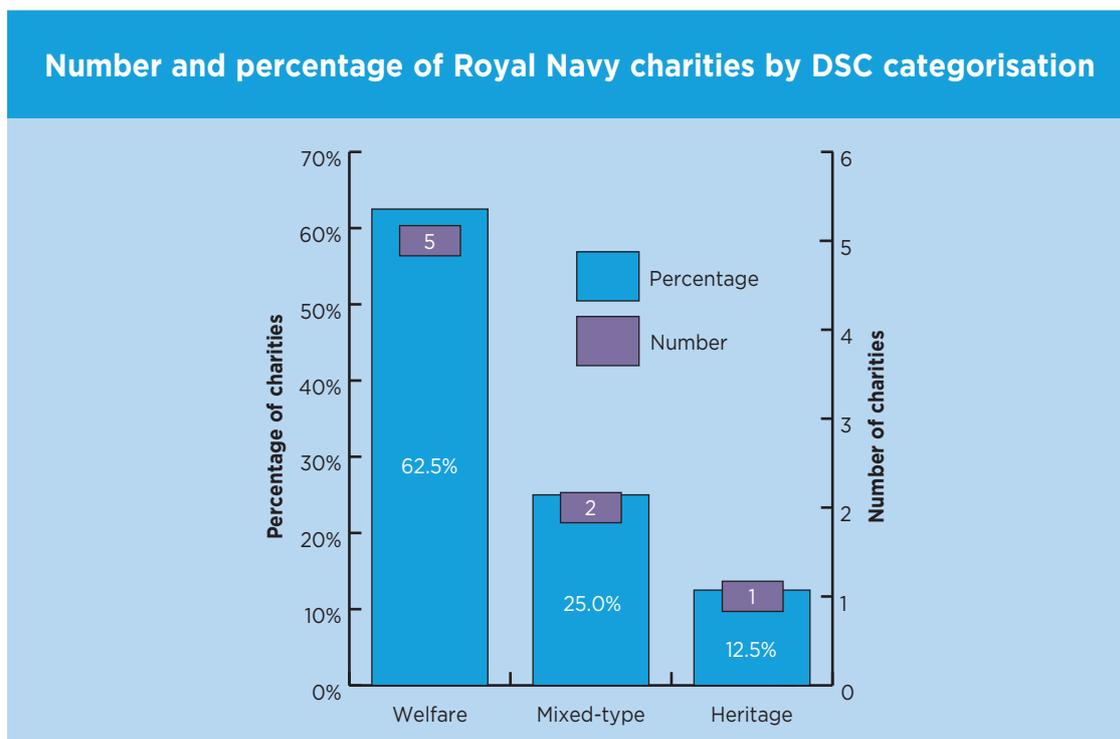
3.6 ROYAL NAVY CHARITIES

Figure 3.1 shows the percentage breakdown of all 320 charities registered in Scotland by the number of registered charities in each Service type. In total, eight charities (2.5%) were classified as Royal Navy charities. The term 'Royal Navy charities' refers to registered charities whose primary object is to support the Royal Navy Service branch of the armed forces community.

An example of a Royal Navy charity is Seafarers UK (SC038191). It was established in 1917 as the King George's Fund for Sailors and is registered with the Charity Commission for England and Wales. The charity supports ex-Service members of the Royal Navy, Merchant Navy and fishing fleets. A case study, which features in the charities' Impact Report 2015, highlights former members of the Royal Navy who, after leaving the Service, wished to pursue a career at sea and therefore required support to retrain. Seafarers UK provided a grant towards this from its Seafarers UK Bursary Scheme, which assists people from disadvantaged backgrounds. The report also provides details of grants made in 2015. In total, £1.9 million of grants were made, of which 21% were awarded to the Royal Navy and Royal Marines. A £70,000 grant was also made to the Scottish National Welfare Society, which assists former seafaring personnel, including those from the Royal Navy, through its grant-making. In 2015, Seafarers UK provided a total of £150,850 to Scottish organisations (Seafarers 2015).

Figure 3.8 shows the breakdown of component charities classified as Royal Navy charities. The majority (62.5%) of charities in this category are welfare charities. Mixed-type charities account for one-quarter (25.0%), and heritage charities account for 12.5% of all Royal Navy charities.

Figure 3.8



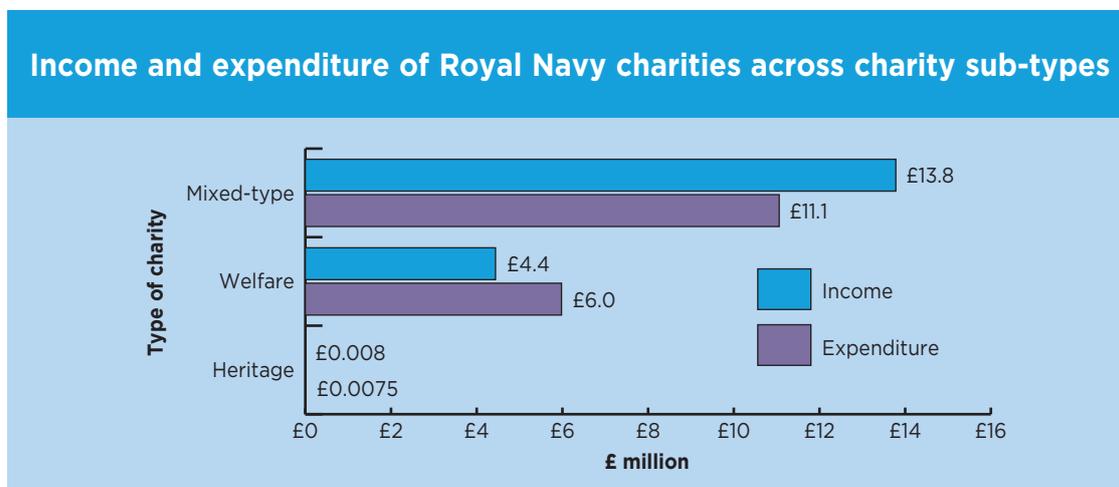
3.6.1 Royal Navy charities' income and expenditure

Royal Navy charities' collective annual income totalled £18,229,982 and their annual expenditure totalled £17,047,432. Figure 3.9 shows the breakdown of this combined income and expenditure.

Most of this group's income can be attributed to seven charities, with one heritage charity representing 0.04% of all Royal Navy charities' combined annual income. Additional analysis showed that, in total, over one-third (37.5%) of charities had an income within the £1,000 to £9,999 bracket.

As with income, most of the expenditure in this group can be attributed to the same seven charities. The one heritage charity accounted for the remaining expenditure. In contrast to income, there is no standout expenditure range for Royal Navy charities. There is, instead, a diverse range of expenditure across the eight charities.

Figure 3.9



3.7 CHAPTER SUMMARY: AN OVERVIEW OF ARMED FORCES CHARITIES REGISTERED IN SCOTLAND

Tri-Service charities account for 71.6% of all charities, of which 69.0% are categorised as being associations (see figure 3.2). However, it is welfare charities that account for most of the income and expenditure in this group (see figure 3.3).

British Army charities account for 15.9% of all charities, of which more than half (56.9%) are welfare charities (see figure 3.4). As seen with tri-Service charities, most of this group's income and expenditure can be attributed to welfare charities (see figure 3.5).

RAF charities represent 10.0% of all charities, of which 81.3% are associations (see figure 3.6). As with tri-Service and British Army charities, it is welfare charities which account for most of the income and expenditure in this group (see figure 3.7).

Royal Navy charities represent only 2.5% of all charities, of which welfare charities represent 62.5% (see figure 3.8). In contrast to the other Services, it is mixed-type charities which account for most of both income and expenditure in this group (see figure 3.9).

3.8 REFERENCES

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CHAPTER FOUR

The last word: conclusions and recommendations

This chapter provides conclusions and recommendations from the research presented in this report. At the commencement of the research, DSC's objective was to provide an overview and analysis of armed forces charities registered in Scotland. To address this remit, DSC devised the following research questions:

- How many armed forces charities are registered in Scotland?
- What provision exists for beneficiaries?
- What do the finances of the Scottish sector show?

In addressing the three main research questions, DSC explored the Scottish armed forces charity sector in depth, through which two additional themes were uncovered:

- the impact of cross-border charities;
- accessibility of information on charities registered with the Office of the Scottish Charity Regulator (OSCR).

4.1 HOW MANY ARMED FORCES CHARITIES ARE REGISTERED IN SCOTLAND?

4.1.1 Quantifying the armed forces charity sector in Scotland

The data in this report comprises information from 320 charities, 98.1% of which (N=314) is taken from charity accounts from 2013/14 onwards. In total 73.8% of the data was taken from annual reports relating to the period between January 2014 and December 2015 (N=236). The total number of armed forces charities registered in Scotland (excluding cadet charities) is 320, which represents 1.3% of all charities registered in Scotland. These armed forces charities are divided into two distinct groups:

- charities catering for the armed forces community;
- charities which are armed forces heritage organisations.

A total of 32 armed forces charities registered in Scotland (10%) are cross-border charities, i.e. those which are registered with both the Charity Commission for England and Wales and OSCR.

These summarised figures show that the size of the Scottish armed forces charity sector is small relative to the overall charitable sector in Scotland. This was highlighted in *Sector Insight, UK Armed Forces Charities: An Overview and Analysis* (hereafter *UK Sector Insight 2014*), which addressed the question: are there too many charities? This 2014 report concluded that the concern over there being 'too many charities' was grounded in a misunderstanding of the 'huge diversity of armed forces charities operating in the sector', which can clearly be seen in Scotland. It also found that of the 23,971 charities that were registered in Scotland at the time of analysis, armed forces charities registered in Scotland account for only 1.3% of all OSCR-registered charities. These charities support approximately 530,000 to 545,000 potential ex-Service community beneficiaries in Scotland (Poppyscotland and Compass Partnership 2014).

When examined in more detail, there are only 300 charities which cater specifically for the armed forces community, of which 268 are unique to Scotland. Based on the data presented in this report, in numerical terms the armed forces charity sector in Scotland appears to be contracting. A comparison between the OSCR-registered armed forces charities identified during the research for *UK Sector Insight 2014* and charities registered with OSCR in summer 2016 revealed that 26 charities have ceased to exist during this period, and only eight new charities have been registered during the same period. In financial terms, the armed forces charity sector in Scotland has remained fairly stable in recent years, if the influence of larger cross-border charities is disregarded.

It is important to understand that the sector is comprised of a multitude of charities which can be compartmentalised into smaller clusters. These clusters collectively form a diverse sector that often collaborates and forms partnerships. The armed forces charity sector in Scotland should be viewed not as a whole entity, but as a collection of subsets with distinct provision.

4.1.2 Cadet charities

As outlined in Chapter 2, cadet charities were removed from the analysis in accordance with DSC's definition of an armed forces charity, which was adapted from Grenville (2013): charities that are established specifically to support past and present members of the armed forces and their families (the armed forces community).

For a charity to fit this criterion and be defined as an armed forces charity, it must be able to apply this definition to its beneficiaries. Cadet charities are uniformed youth organisations affiliated with the armed forces through their culture and administration alone. As the end beneficiary of cadet charities are young people who do not require a family connection to the armed forces, DSC evaluated that they are not constituent of the armed forces community.

This sentiment was echoed when cadet charities were contacted during the data-gathering process for this research. DSC received feedback from some cadet charities, which themselves argued that they should not be included in this report. Their concern was that being associated with the armed forces would foster misunderstanding as to the nature of cadet organisations. Members of cadet charities (who themselves were ex-Service personnel) also contacted DSC to express their point that cadet organisations should not be

categorised as armed forces charities, as they do not serve the armed forces community. Moreover, there was a concern that being associated with armed forces charities could in turn be detrimental to the relationship between cadet organisations and the wider community with which they have developed links.

Cadet charities should not, therefore, be examined within the wider context of armed forces charities. Furthermore, to include the large number of individual cadets organisations would artificially inflate the size of the armed forces sector in numerical terms, and any analysis of these charities should be undertaken separately from analysis of the armed forces charity sector.

4.1.3 Comparison with figures in *UK Sector Insight 2014*

UK Sector Insight 2014 identified 419 armed forces charities registered with OSCR. This was inclusive of:

- 263 charities which cater for the armed forces community (300 in 2016);
- 136 cadet charities (141 excluded from analysis in 2016);
- 20 heritage charities (the same number as in 2016).

Reasons for differences in the number of OSCR-registered charities included in the analysis in 2014 and in the current report of 2016 are accounted for as follows:

- The removal of cadet charities: as outlined, cadet charities have been excluded from this report, leaving a total of 320 charities in the final analysis. For comparison, when cadet charities are removed from the 2014 data, the number of armed forces charities identified as being registered in Scotland in 2014 is 283 (a difference of 37 charities).
- Availability of detailed information on OSCR-registered charities: although a review of Scottish charity data was carried out in *UK Sector Insight 2014*, detailed information was not consistently available for charities registered in Scotland. It was not possible, therefore, to distinguish definitively between those charities that do not appear to be armed forces charities and those charities which, through much more detailed inspection, do in fact support the armed forces community. In 2015/16, OSCR's data requests service became more accessible to the public and as such was availed upon by DSC during the data-collection process. DSC also actively requested additional information from charities by post, which by comparison to the 2014 report was more manageable in its scope. As noted in section 4.3.2, however, these approaches also had their limitations.

DSC concludes that further research would be necessary to explore the changing nature of the UK armed forces charity sector in terms of provision available or withdrawn, and the shifting picture of need among beneficiaries and potential beneficiaries. What is clear is that the armed forces charity sector is constantly changing: charities emerge, established charities merge with others, and some charities close altogether.

4.2 WHAT PROVISION EXISTS FOR BENEFICIARIES?

4.2.1 Quantifying the provision in Scotland

The overview of provision in this report takes into account all information available from armed forces charities' charitable objects, websites, annual reports, annual returns and/or impact reports. However, a degree of interpretation is often required to determine provision beyond, or sometimes despite, what is stated in one or more of these sources.

It is acknowledged that the percentages provided in Chapter 2 are comprised of varying degrees of support across provision types. In some cases financially larger charities provide some housing provision, along with a range of other services, while some financially smaller charities provide housing exclusively as their charitable object.

Making a financial assessment of how much was spent on types of provision is challenging. Owing to the lack of detailed reporting by charities, there is a difficulty in reliably assessing the provision stated in charities' objects with regard to the extent to which it is being made, if at all, and attributing a cost to this. A lack of information on the extent to which cross-border charities divide their provision between Scotland and the rest of the UK also presents challenges.

The number of beneficiaries in Scotland can only be estimated. There is currently no definitive account of, or reliable measure of the armed forces community. There is also no consistent information on the number of beneficiaries each charity supports in Scotland. Therefore the degree to which the charity sector is meeting the need of the armed forces community or the percentage of that community that is being supported by the charity and statutory sectors can also only be estimated.

4.2.2 Grant-making

In total, 247 charities state that they can make grants to other organisations and/or individuals. However, DSC concludes that far fewer than this number do so on a regular basis. Information on grant-making practice across all relevant charities is variable, and in some cases non-existent, with little or no evidence that grants have been made (see section 2.5).

Of those charities that do award grants, our research revealed evidence of co-ordination and co-operation between charities from documented instances of grant-making to other armed forces charities. For example, the Royal Edinburgh Military Tattoo (Charities) Ltd made grants to other armed forces charities totalling £500,000 in 2014, and SSAFA (Soldiers, Sailors, Airmen and Families Association) awarded grants in Scotland totalling an estimated £2 million in 2014.

Tracking the limited amount of financial resources in the sector is a challenge, particularly relating to cross-border charities and their expenditure in Scotland. Through inter-charity grant-making, the income of one charity can be the expenditure of another charity. This results in an element of double-counting, which can potentially artificially inflate the armed

forces charity sector's income and expenditure. Nevertheless, this report provides the clearest picture of the true levels of income and expenditure to date.

4.3 WHAT DO THE FINANCES OF THE SCOTTISH SECTOR SHOW?

4.3.1 The cross-border effect: a financial overview

The total income for all armed forces charities registered in Scotland (including cross-border charities) was £314.4 million, and the total income for armed forces charities which are solely registered in Scotland was £55.3 million. The total expenditure for all armed forces charities registered in Scotland (including cross-border charities) was £293.7 million. In contrast, the total expenditure for armed forces charities which are solely registered in Scotland was £57.1 million.

This clearly illustrates the significant effect of the 32 cross-border charities on the overall income and expenditure of the armed forces charity sector in Scotland. Cross-border charities account for 82.4% of all armed forces charity income and 80.6% of all armed forces charity expenditure. The funds (assets) held by all charities totals £937.9 million; cross-border charities hold approximately 75% of these funds.

The finances of cross-border charities artificially inflate the resources attributed to the armed forces charity sector in Scotland. More detailed reporting by these charities would help to disaggregate income and, perhaps more importantly, expenditure that relates to Scotland.

4.3.2 Availability of financial data

Data collection of charities' finances by OSCR is incomplete. As outlined in this report, the only consistently reported and recorded financial information from OSCR-registered charities is income and expenditure. Although all charities are required to submit basic information, the provision of more detailed financial information is defined by a financial threshold. Charities with an income level of below £250,000 are not required to provide the detailed financial information defined in table 1.1. The high income threshold for reporting detailed financial information means that enhanced financial data is only available for a small group of charities. In the case of this research, around 88% of armed forces charities provided OSCR with only income and expenditure.

It is important therefore to recognise that this reporting exemption excuses charities from providing financial information on charitable activities and income streams (such as investments or voluntary income). The exclusion of all but income and expenditure also means that data is not present on each charity's total funds and assets. DSC's efforts to acquire more data through direct contact with individual charities was partially successful, but this did highlight the need for this information to be more readily available from the regulator and for OSCR-registered charities, specifically armed forces charities, to be made more aware of their obligations to provide information in the interests of transparency and accountability.

4.4 ACCESSIBILITY OF INFORMATION ON OSCR-REGISTERED CHARITIES

During the time in which this report was produced, DSC witnessed a welcome shift in OSCR's approach to making information on charities more accessible and therefore, as a sector, more transparent.

When this research began, OSCR did not have the facility to make available, in PDF form, charities' accounts and, when obtainable, their annual reports. This made the process of finding detailed information on Scottish charities a particular challenge.

During the data-collection process for this report, DSC developed a strategy in keeping with OSCR's guidance on accessing information that should be publicly available. Many armed forces charities were not aware that it was an obligation to provide information. In addition, a number of charities refused to co-operate with the request, perhaps due to a lack of awareness of public requests for information. DSC did receive documentation (after, in many cases, some negotiation) for 50% of charities, which is only halfway towards charities meeting the intentions of OSCR.

The challenges outlined above are presented not as criticism of OSCR; rather, they underline the importance of OSCR continuing to make this information more accessible.

4.5 CROSS-BORDER CHARITIES AND ACTIVITIES IN SCOTLAND

In trying to ascertain the extent to which cross-border charities operate in Scotland, both financially and with regard to activities, DSC approached OSCR to request data from charities' annual returns. Cross-border charities are given the option of providing an approximate percentage of their income and expenditure in Scotland, or providing an approximation of the percentage of activities undertaken in Scotland. In total, only seven charities provided financial estimates. The remaining 25 cross-border charities provided an estimation of the percentage of activities in Scotland.

DSC analysed this data from those charities which provided their financial estimates and found that approximately 3% of cross-border charity expenditure was on activities in Scotland. The analysis also suggested that approximately 2.2% of cross-border charity income is generated in Scotland.

It was apparent that, when comparing total UK financial data, estimates for income and expenditure relating to Scotland, and estimates for the percentages of total activities taking place in Scotland, there may be a general overestimation of activities in Scotland compared with activities taking place elsewhere in the UK (and in some cases, overseas). Alternatively, activities taking place in Scotland may take up fewer financial resources than elsewhere.

4.6 RESEARCH RECOMMENDATIONS

This report, by providing an overview and analysis of the armed forces charities registered in Scotland, combined with the findings from *UK Sector Insight 2014*, establishes a point of reference for understanding the whole armed forces charity sector.

The report also highlights the need for more research into the area of armed forces charities, for which DSC suggests that:

- future reports should follow the methodology for categorising armed forces as outlined in this report;
- further research should be undertaken to explore the changing nature of the UK armed forces charity sector;
- research with unique methodologies should be used to explore each type of provision across sub-sectors in detail; this will allow a more granular analysis of the sector in relation to its many beneficiaries;
- cadet charities should not be examined within the wider context of armed forces charities.

4.7 RECOMMENDATIONS TO THE REGULATOR

As discussed in this report, OSCR has made some significant improvements to the way in which information is made available to the public. It is the hope of the authors that OSCR maintains its momentum for positive change by considering the following recommendations for continued improvement.

- Cross-border charities should be required to produce a separate annual report that includes accounts detailing activities and expenditure in Scotland. Although this would increase the regulatory burden on these charities, most of them are well-equipped to accommodate this. This reporting would be the most effective way to achieve full transparency and a true understanding of the situation by allowing aggregate analysis to be undertaken for all charities, including operations of cross-border charities registered in Scotland.
- All charities with an income threshold of above £25,000 should provide the level of financial information that is currently reserved for charities with an income of more than £250,000.
- Those charities which are not required to provide an annual report to OSCR (and those legal firms that administer charities' accounts) should be made aware of their obligation for transparency in obliging requests for information.

4.8 WIDER RECOMMENDATIONS

The report also highlights the lack of information on the potential beneficiary population in Scotland, given that reliable figures to quantify the ex-Service population and their dependants do not exist. Therefore, in order to reliably establish the potential beneficiary population, it is recommended that the next national census includes a question to quantify members of the armed forces community.

4.9 REFERENCES

Grenville, Harvey (2013), 'The Armed Forces Charity Sector', *Pennant: The Journal of The Forces Pension Society*, May edition

Poppyscotland and Compass Partnership (2014), *Health and Welfare of the Ex-Service Community in Scotland 2014* [PDF report], Edinburgh, Poppyscotland, available at www.britishlegion.org.uk