



# Armed Forces Covenant Fund Trust

## Annual Report & Accounts 2021/22











# An introduction from our Chair of Trustees, Helen Helliwell

**It has been another busy year at the Trust with some innovative and exciting grants that will have significant impacts on our Armed Forces communities.**

Our work supports the Armed Forces Covenant through funding projects that deliver real change to Armed Forces communities. We have made some significant grants through the Covenant Fund, particularly through the Sustaining Support programme which supported 66 projects. These grants will help charities to sustain activities and services that people from Armed Forces communities use and value, particularly where there were additional difficulties as a result of the Covid pandemic.

We were able to be highly responsive to the emerging challenges that arose through the withdrawal of UK Forces from Afghanistan. Projects that we had funded through the Positive Pathways programme were telling us about increased levels of need among some of the veterans that they were supporting, more interest from veterans wanting to access their services; and wider impacts on Armed Forces families, particularly for partners supporting veterans.

We were able to quickly target support through the Sustaining Support programme awarding £975,000 to 30 existing projects to upscale quickly to be able to support more veterans and their families.

With funding from HM Treasury, the Veterans' Mental Health and Wellbeing Fund awarded £9M to 14 major projects through the Veterans' Places, Pathways and People programme. This ambitious programme is creating better, more connected and sustainable support for veterans in the communities where they live. It is supporting major projects to enable veterans to access support that meets their needs. The 14 major projects we supported are encouraging the development of safe, welcoming places for veterans to go in their local area, support for the people (staff and volunteers in organisations that support veterans) to be able to have access to good quality training and will connect veterans into wider pathways including for mental health support and treatment. I was delighted to be able to hear recently from some of the Portfolios about the work that they are doing and the reach that this is already having.

We have also been pleased to continue working with NAAFI to deliver the NAAFI Fund which has made grants to projects that improve the lives of our serving personnel and their families on Armed Forces bases both in the UK and overseas. In the first two years of delivery, the NAAFI Fund has already distributed over £1.9 million to the British Armed Forces units to fund projects that improve the quality of life for British Armed communities all over the world.

Across all of our funding programmes, the projects we support need to be carried out to the highest possible ethical standards. We've continued to refine and develop our work on Ethics and Impact; launching our Ethical Code of Conduct and free online training for the projects we support. We've also developed our Knowledge Network to share learning and good practice ideas from projects that have made a big difference.

During the year we said goodbye to Melloney Poole, who had been the Chief Executive of the Trust since its inception. Under Melloney's tremendous leadership, the Trust grew and delivered at pace, managing complex programmes to support veterans, Armed Forces families and serving personnel that have delivered tangible and long-lasting impact. We were delighted to welcome Anna Wright as our new Chief Executive, with her extensive experience of Armed Forces life, and the impact that it has on families.

I would like to congratulate Anna and her team on all their hard work, commitment and professionalism; the Trust continues to learn and adapt and shares this learning for the benefit of our community on its extensive and growing Knowledge Network. I would also like to thank my fellow Trustees for volunteering their time to help us execute our functions as a Non-Departmental Public Body of the Ministry of Defence and as a registered charity, I have been really proud of the achievements this year and hope that you enjoy reading our Annual Report.



# What we do

**We make grants that have an impact on the lives of Armed Forces communities, including serving personnel, Armed Forces families, veterans, and their families.**

We do this through collaborating with others to design grant making programmes that organisations can apply to; enabling them to run projects that bring solutions to significant challenges; and are complementary to other types of support that are available rather than duplicating provision.

We make grants carefully, publishing open and transparent programme guidance which sets out how we will assess the projects that we receive. Projects are assessed by experienced grants staff. When we award a grant, we work with the organisation we fund to set up milestones for reporting, and, for larger grants, staged payments. We then work with the organisations that we have funded, to ensure that their work can keep progressing well, and to give additional support in some areas.

There are different types of support available depending on the types of outcomes that we are trying to achieve through the programme. Support can include access to our Impact Hub to help organisations gather better data on the impact that their work is having. We can also offer access to mentors or support grant holders to engage with each other via digital platforms to help them share ideas, solve problems and learn from each other's work. We care about the impact of the grants that we fund and ensure that the grants we make do give clear and sustained benefits to Armed Forces communities.

As more of our earlier grant programmes mature we share the learning from grants that we've made, particularly through our Knowledge Network.





# The Funds

Covenant Fund **page 7**

Veterans' Mental Health & Wellbeing Fund **page 14**

NAAFI Fund **page 18**

Afghanistan Veterans' Fund **page 20**

## Covenant Fund

The Covenant Fund is at the heart of the Trust, and the values of the Covenant Fund run through all the wider work that we do. It is an annual Fund, worth £10.2 million in 2021/22, and has four core themes that shape the funding programmes that we run.



## Veterans' Mental Health & Wellbeing Fund

With £10million funding from HM Treasury, the Veterans' Mental Health and Wellbeing Fund has awarded 14 major projects through the Veterans' Places, Pathways and People programme. 10 grants have been awarded in the countries and regions of the UK.

Veterans' Places,  
Pathways and People  
programme

## NAAFI Fund

The NAAFI Fund has now operated for two years and has already distributed over £1.9 million to the British Armed Forces units around the world.



## Afghanistan Veterans' Fund

The Afghanistan Veterans' Fund of £5million was announced by the Prime Minister last year, following the withdrawal from Afghanistan to support projects that improve wellbeing, resilience and promote good mental health in veterans.



# COVENANT FUND



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## Covenant Fund programmes delivered this year...

1. Sustaining Support to Armed Forces Communities **page 8**
2. Sustaining Support: Extra Support for Veterans & Armed Forces Families Impacted by the Afghanistan Conflict **page 9**
3. Force for Change **page 10**
4. Sustaining Delivery of the Armed Forces Covenant **page 11**
5. Supporting Armed Forces in Acute Hospitals **page 12**
6. Tackling Serious Stress **page 13**

## The Four Covenant Fund Themes

1. Non-core healthcare services for veterans
2. Removing barriers to family life
3. Extra support, both in and after Service, for those that need help
4. Measures to integrate military and civilian communities and allow the Armed Forces community to participate as citizens





## Sustaining Support to Armed Forces Communities

These grants will help charities to sustain activities and services that people from Armed Forces communities use and value, particularly where there have been additional difficulties or demands as a result of the Covid pandemic.

Grants of up to £100,000 were available. Armed Forces charities were able to apply for elements of core funding, which was the first time that the Trust had offered this funding option. Project funding was also available to either Armed Forces charities or wider charities undertaking significant work at the time with experience in working with Armed Forces communities.

Funding was only able to support existing areas of work that were at risk due to short-term financial pressures relating to the Covid pandemic.

The grants have enabled important work to continue, which if lost, would have had a negative impact on Armed Forces communities. It also helped to reduce the risk of loss of capacity within existing service provision, which may have been challenging to restart.

- **£2,392,717 was awarded to 36 organisations under the Core Funding programme**
- **£2,527,695 was awarded to 43 organisations under the Project Funding programme**

Erskine is delighted to have received a generous grant from the **Sustaining Support programme**. This grant of £99,959 will play a vital role in the continuation of Erskine's **Activities Centre** which provides support and social engagement for over 120 veterans of all ages.

Our Centre will safely deliver its extensive activities programme in line with all COVID-19 guidance and continue to help veterans access our partner organisations when they need additional support. Our project helps vulnerable veterans to benefit from greater confidence and self-esteem, increased social interaction and development of new skills. Our Centre is entirely funded by generous donations.



## Sustaining Support: Extra Support for Veterans & Armed Forces Families Impacted by the Afghanistan Conflict

The Sustaining Support: Supporting veterans and families impacted by the Afghanistan conflict programme provided support to Armed Forces communities with needs following the withdrawal of UK armed forces from Afghanistan in 2021 was delivered at pace to enable funding to get swiftly to projects to expand their activities.

The funding was targeted to organisations where the type of work they are doing through their projects would be most likely to be able to be scaled up quickly. It was based on evidence from existing grant holders that they were facing a rise in demand to support veterans and Armed Forces families, who, because of their previous experiences were impacted by these new events.

This was an emergency funding programme for some existing grant holders to quickly scale up or expand their activities to meet this need, with applications invited from current grant holders under the Positive Pathways or Removing Barriers to Family Life programmes.

£975,000 was awarded to 30 projects under this programme. The Trust was delighted to work in partnership with the Office for Veterans' Affairs, which enabled an additional £595,000 to be awarded to 17 projects with funding from the Afghanistan Veterans' Fund.



Safeguarding Communities – Reducing Offending (SACRO) is a Scottish community justice organisation which works to deliver life-changing services that empower people, gives hope and protection, and helps to build safe communities. Since the events in Afghanistan, they have witnessed a rise in mental health concerns and substance use amongst the veterans whom they were currently supporting. SACRO were awarded £35,000 for their project 'Forces of Nature' and had this to say about the funding...

**“This funding enables us to continue to provide intensive support to the veterans and their families with whom we have forged positive, trusting relationships including those adversely affected by events in Afghanistan. We will continue to offer access to a tranquil, nurturing environment where veterans feel welcomed and encouraged. We will also intensify practical and emotional support required to address and reduce negative behaviours such as increased use of alcohol and drugs because of events in Afghanistan by increasing staffing levels.”** Mary Thomson – Manager, SACRO



## Force for Change

**The popular and oversubscribed Covenant Fund small grants programme Force for Change awarded £1,637,509 to 175 projects over three rounds of funding. In 2021/22, this programme had a focus on supporting projects that reduce isolation and promote integration, aiding the post-Covid recovery of our Armed Forces communities.**

Abberton Rural Training were awarded £9,976 for their 'Quick Start' rustic recovery project, including horticulture and other land-based skills, for isolated veterans and wounded, injured and sick (WIS) Service personnel.

Their Chief Executive, Jacqui Stone, explains: "The Force for Change grant will mean that we can support veterans and wounded and injured service personnel from the Colchester Garrison Personnel Recovery Centre. Covid-19 has created a waiting list for our Rustic Recovery Programme, this funding will allow us to catch-up and support as many individuals as possible before they are medically discharged, which will make a big difference to the participants who find being out in nature a great way to help their recovery and rehabilitation."

Age UK Mid Mersey received £10,000 to tackle isolation, loneliness and the adverse impacts of the Covid-19 pandemic on older veterans, by providing person-centred wellbeing support and activities that encourage and enable them to 'love later life'.

A grant was awarded for a project focusing on empowering older veterans living in the most deprived areas of North Manchester. The project 'Active Sharks' awarded £9,950 to help those veterans come together and participate in a weekly two-hour session of positive activities that will improve physical health and promote social togetherness between peers.

£10,000 went to Reading Force for their project 'Making connections... Reading Force Book-clubs'. This new project has been designed as a continuation of the Reading Force's pilot project which developed relationships between socially isolated and lonely Armed Forces Communities. Through the project 'Making connections... Reading Force Book clubs' they will continue to promote social integration through the enjoyment of reading.

### Professor Alison Baverstock, Founder and Director of Reading Force said about the funding

"We are so grateful for the financial contribution and general encouragement we receive from AFCT. Within military families, reading together can offset the impact of the many changes we live through, and help keep families safe and well-connected. The book groups you are helping to support have been very much appreciated and helped encourage a return to reading, which is widely recognised as a source of both positive mental health and general wellbeing."

### A £10,000 grant was awarded to the Somme Nursing Home in Northern Ireland, who are working with the Defence Garden Scheme to design a new Gardening Project to encourage veterans to become engaged with the gardens around the Home.

The project involves and engages veterans, both independent and residents of the home including families, neighbouring reserve and regular units and their families. Participants will create flower and vegetable planter boxes; and get to enjoy spending time together, reducing loneliness and isolation.

"The Force for Change grant will mean that we can support veterans & wounded & injured Service personnel"



## Sustaining Delivery of the Armed Forces Covenant

**Under the Strengthening Delivery of the Armed Forces Covenant Programme, the Covenant Fund previously awarded £6.6 million through two rounds of funding to clusters of Local Authorities (LAs).**

They used the funding to work with other LAs in their areas enabling them to deliver projects linked to needs identified by their Local Covenant Partnerships and find ways to ensure that Armed Forces communities could access the right types of services and support locally.

Projects typically sought to build local capacity and improve awareness of the Armed Forces Covenant. In the second round, funding was also made available to establish drop-in centres in places where these did not exist.

The evaluation of this earlier programme showed that these projects had a significant positive impact on delivery of the Covenant. The Sustaining Delivery programme provided funding to enable LA clusters previously funded under the Strengthening Delivery of the Covenant programme to conclude their work, delivering longer term changes that enable people from Armed Forces communities to be able to better access services and support in their local areas.

Learning and good practice resources that were developed by grant holders under this programme are now freely available to other organisations via the Trust's Knowledge Network.

£500,000 was awarded in 2021/22 to 20 clusters of LAs for projects that will improve wider understanding of the needs of local Armed Forces communities, and help ensure that veterans, Armed Forces families and serving personnel can access local services easily.

The Covenant Fund has also supported two additional projects that enable local government to be able to access support that will enable a significant difference to be made to the lives of Armed Forces communities.

A strategic grant of £199,218 was awarded to Northumbria University to enable local authorities to access training and support to engage with the data and insight available through the Map of Need reports, avoiding the barriers, costs and duplication that would be faced if LAs undertook their own data research locally, particularly as robust data drawn from publicly available sources and Armed Forces charities is available. The project builds on an earlier pilot project between Northumbria University and the Armed Forces Covenant Team based within the MOD, to deliver workshops to local authority staff to increase their skill and confidence in being able to access and use reports from the Map of Need and apply this to their work.

A strategic grant of £200,000 was awarded to a consortium of charities in Northern Ireland led by Tanvally and Anaghlonge in a Project partnering with the Northern Ireland Veteran Support Office to new initiatives including facilitating work with Veterans Champions at local authorities across Northern Ireland.

**The Strengthening Delivery Programme (SDP) was evaluated by RAND Europe. The report found that the funding had a significant positive impact on delivery of the Covenant.**

This was particularly through

- improving coordination and the sharing of best practice between relevant local stakeholders
- providing tailored support to the Armed Forces community
- raising awareness among public authorities about the support available to the Armed Forces community.

Some grant holders felt the work they did was only achievable through their grants. In many cases, the funding enabled the employment of a dedicated resource, which grant holders described as essential to increasing capacity and driving forward the implementation of the Covenant.

Many grant-holders said that new signposting resources had been developed as a result of the SDP funding, highlighting the value of signposting in increasing awareness among the Armed Forces community about the support available to them.

Where funding was used to support the use of veterans' hubs, grant holders reported that these were instrumental in providing a one-stop-shop and tailored approach to accessing various local services.



## Supporting Armed Forces in Acute Hospitals

**This programme supports a small number of pilot projects that will try better ways of supporting veterans and their families when they are in a hospital setting.**

The programme is jointly funded by the Covenant Fund and NHS England and NHS Improvement. The Trust was delighted to work with NHS England and NHS Improvement to deliver this strategic programme, which may lead to improvements in the care of veterans when accessing support in a hospital setting.

Hospitals which could show that they had already worked with others to improve support for veterans who access their services could apply for a grant to try new and additional ways of providing better support to veterans when they are in a hospital setting. Projects are exploring better ways of encouraging veterans to feel confident about sharing their veteran status; improving information sharing, and looking at better ways of co-ordinating care and support both in and out of hospital settings, and how hospitals can work with Armed Forces charities to benefit Armed Forces communities. A further element of the programme will see veteran awareness and training modules delivered to all staff and volunteers across participating hospital Trusts with anticipated engagement in all hospital departments.

This is a complex and strategic programme, which is being evaluated by the University of Chester with DMWS undertaking a comprehensive piece of underlying data collection.

- **£596,450 was awarded to 5 projects in Wales, Scotland and Northern Ireland by the Covenant Fund.**
- **£1,423,279 was awarded to 12 projects in England by NHS England.**

Funding from the Covenant Fund is additionally being used to for the evaluation; and to enable connectivity and joint working between the 17 projects that have been funded. It is also building connectivity between these projects, the NHS's Veterans' Trauma Network and wider health related projects funded by the Armed Forces Covenant Fund Trust.



## Tackling Serious Stress

**In 2019, the Covenant Fund Trust designed and delivered an innovative programme aimed at tackling serious stress in veterans, their families and carers. Following a sector-wide consultation, an innovative process was designed to identify and develop grass roots collaborations across the UK.**

A two-stage application process, supported by expertise from The Contact Group, saw six grant holders (Veteran's 1st Point, Inspire Wellbeing, The Ely Centre/Brooke House, Wigan Council, Walking With The Wounded and Solent NHS Trust) funded to develop portfolios, which incorporated 69 delivery organisations, and which went on to support 970 seriously unwell veterans.

The programme was evaluated in real time by the University of Chester who worked with grant holders to develop a strong collaborative process.

The programme offered new ways of working with an informed, integrated commissioning approach incorporating a mix of interventions ranging from psychotherapeutic actions such as Cognitive Behavioural Therapy, group activities, social prescribing events such as Equine Therapy, mentoring and educational courses as well as practical supports with a range of issues such as housing, addiction and employment.

Throughout the programme, Chester University identified that the programme reduced depression, anxiety and alcohol misuse. Also, by including a health economics model, it was further concluded that programmes were cost effective according to the NICE willingness to pay threshold, from year 1, and cost savings were reported from year 2.

The final evaluation report is due for release in 2022 and makes several key observations including the importance of sector consultation and the value of beneficiaries having a voice in future programme design; both being areas the Covenant Fund Trust works hard to facilitate.

Amongst the outputs has also been a significant amount of learning around the growth in isolation and loneliness felt by many veterans. This has led to other work being developed by the Trust and including the One Is Too Many programme, which has been funded by HM Treasury under the Veterans' Mental Health and Wellbeing Fund.

## Looking ahead

Covenant Fund programmes in 2022/23 will make significant grants to address compelling and hidden needs within Armed Forces communities. All three programmes have a focus on providing targeted support for veterans, Armed Forces families and serving personnel. This can be for new and additional support or could build on work that organisations have already done. Programmes have a strong focus on supporting projects that will offer sustainable impacts for Armed Forces communities.

The Covenant Fund will also offer tapered continuation grants to organisations that received grants under the Tackling Loneliness programme to enable them to extend their activities into a third year, if they can provide secured matched funding.

The evaluations for the Tackling Loneliness and Tackling Serious Stress programmes will be published and the Trust will share the learning and impact from these programmes.





## VETERANS' MENTAL HEALTH & WELLBEING FUND

With funding from HM Treasury, the Veterans' Mental Health and Wellbeing Fund has awarded £8,898,456 to 14 major projects through the Veterans' Places, Pathways and People programme. 10 grants have been awarded in the countries and regions of the UK, to develop better, more joined-up lasting support for local veterans with mental health needs. Four grants have been awarded for national strategic projects.

### Veterans' Places, People & Pathways

The Veterans' Places People and Pathways programme seeks to make improvements to enable veterans to access support that meets their needs. Funding will encourage the development of safe, welcoming places for veterans to go to in their local area, support for the people (staff and volunteers in organisations that support veterans) to be able to have access to good quality training and will connect veterans into wider pathways including for mental health support and treatment.

### Portfolio grants leading coordinated approaches

10 Portfolio grants have been awarded, with one each in Scotland, Wales and Northern Ireland, and with seven regional grants awarded in England. Across all of the portfolios 170 individual projects will be supported. The seven Portfolios within England align with the NHS Op COURAGE areas. Op COURAGE is an NHS mental health specialist service designed to help serving personnel due to leave the military, reservists, armed forces veterans and their families.

Each grant has been made to a lead organisation that will co-ordinate a dynamic portfolio of projects that will take an informed approach across their country or region. They will ensure there are connected pathways which work well for veterans, that there are safe places for veterans to go which connect into these pathways and that volunteers and staff who support veterans have access to training and work closely with other organisations within veterans' mental health pathways.

### Strategic grants to support lasting impact

Grants have been awarded to the Association of Service Drop-In Centres (ASDIC); Cobseo (the Confederation of Service Charities); Combat Stress and SSAFA. These Strategic Leads will work within the wider Veterans' Places, Pathways and People programme, and with a cross-sector Oversight Group to bring a national perspective, encourage the integration of existing clinical mental health provision with the broader non-clinical services for veterans needing general wellbeing support as well as those on the mental health recovery pathway across the sector, and to progress the sector's development of quality standards.

These specialist organisations will work with the 10 Country and Regional portfolios that will be supported through the wider programme with the wider Armed Forces charitable sector and with organisations that support veterans.

## Poppy Factory received a grant of £799,062 that will enable them to lead a Portfolio of 10 projects in the London region

Deirdre Mills, Chief Executive of The Poppy Factory, said:

**“Veterans living in London will know that our capital can offer many unique opportunities. And yet without an effective support network, life here can be difficult and challenging. Our new partnership seeks to address that by joining forces to ensure veterans have access to the places, pathways and people that will enable them to flourish after Service.”**

Sporting Force received a grant of £779,777 that will enable them to lead a portfolio of 10 projects in the North East and Yorkshire region.

Jacqui Nicolson, Operations Executive at Sporting Force said:

**“This is such an exciting programme, one that can change the face of veteran support in the future. We are honoured to be awarded this grant for our portfolio in the North East and Yorkshire. There is so much brilliant support across our region. However, there are areas that are not covered, and the grant will help us address that issue. Some veterans are underserved so our portfolio focuses on equality and supporting those veterans who feel invisible. Our aims are to join all the members of the portfolio and the regional organisations to create a web that no veteran in need falls through.”**





## Northern Ireland Veterans Network

**‘Veterans communicate better ‘shoulder to shoulder’, not face to face’.** This insightful observation evokes a powerful image of the bond that is synonymous with so many in the veteran community.

For the veteran community living in Northern Ireland the ability to tap into a network of charitable or statutory services is different compared to those living elsewhere in the UK due to a result of the unique circumstances of the Devolved Administration. Statistics collated show that the need for mental health support is high and gaining trust amongst the veteran community is vital.

All that said, where there is a will, there is a way. Some years ago, the Reserve Forces and Cadets Association in Northern Ireland established the Veterans’ Support Office within its structure in order to support the application of the Armed Forces Covenant in the Province.

Liz Brown, the Head of Veteran’s Support Office said, **‘Funding from The Armed Forces Covenant Fund Trust has been the single biggest enabler for us to deliver and directly support programmes here’.** With a successful grant award of £800,000 from the Veterans’ Places, Pathways & People (VPPP) budget fund Liz adds, **‘We have got big plans.’** Careful consideration has been given to the geographical dispersal of project funding to make sure that there is a good spread across the local authority areas.

An associated project will deliver a helpline to guide and inform both statutory professionals and staff working in acute hospital settings, with some in most need of assistance in the veteran community. Liz commented that, **‘Veterans need more than an information poster - a warm hand-over and boots on the ground build relationships. Navigators and care co-ordinators ensure services are connected, they work on building trust with beneficiaries to make accessing advice and guidance straightforward’.**

The range of projects being delivered sets out to bridge gaps and offer support from peer-to-peer activities all the way through to higher level clinical services. Taking part in shared ventures such as model making, all the way through to participating in a veteran pipes and drums band - there is something for all abilities and interests. Liz added, **‘There is a close network across Northern Ireland, we are very proud of the work going on here. We have programmes involving horticulture, fishing, beekeeping and even equine therapy’.** Our veteran community really does communicate better ‘shoulder to shoulder’.



## 10 Country & Regional Portfolios

Convene and curate a portfolio of local veteran community focused projects; develop stronger partnerships to give more veterans better access to seamless support to address mental wellbeing needs

## 4 Strategic grants

Lasting legacy of understanding of veterans' mental health & wellbeing needs, enable easier access to, and return from, NHS services and the safe delivery of support services which are accredited appropriately across the UK

### Cross sector oversight group

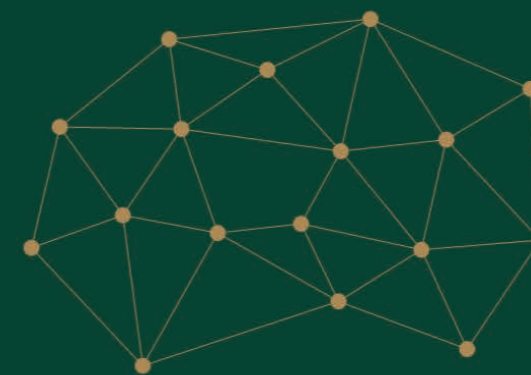
Working with NHS, MOD, OVA and Devolved Administrations



## With 170 Projects

### Within these portfolios

The projects will contribute to the development of a world class network of places and pathways, supporting veterans in their mental health and wellbeing needs.



## How will veterans benefit?

### SUPPORT & ACCESS

Veterans will be enabled to identify safe places in their community to access peer support and mental health & wellbeing services.

### NHS REFERRAL

Through a national network of partners, veterans can be referred seamlessly into and out of NHS and other statutory services.

### MENTAL HEALTH CARE & SUICIDE RISK

Veterans at higher risk of suicide or poor mental health will receive better and more joined-up cross-sector support.

### LOCAL CARE PATHWAYS

Veteran-led projects will be embedded in local care pathways and social prescription, with access to the national network of VPPP.







# 4 The four strategic leads



Will work with a cross-sector oversight group; OP COURAGE, wider NHS and Devolved Administration health boards

Sector Specialist: Collaboration



Sector Specialist: Drop-in centres



Volunteering Specialist



Mental Health Specialist



Will work with the 10 portfolios and with the wider Armed Forces charitable sector and organisations that support veterans

## The end vision



The Strategic Leads will work with the wider programme and Oversight Group, to encourage the integration of existing clinical mental health provision and the broader non-clinical support services for veterans on the mental health recovery pathway across the sector.

## Veterans' Places, People & Pathways has funded 10 Portfolio projects throughout the UK



### Scotland

NHS Lothian  
The Scottish Veterans Wellbeing Alliance



### Northern Ireland

Tanvalley & Anaghone Project  
Northern Ireland's Vital Veterans Network



### North East

Sporting Force  
VPPP North East & Yorkshire



### North west

Broughton House  
NW Armed Forces Wellbeing Network



### Midlands

DMWS  
'Joining the Dots' Midlands Veterans Wellbeing Alliance



### Wales

Adferiad Recovery  
V4P Wales



### East of England

The Bridge for Heroes  
Project Sunrise



### London

Poppy Factory  
Better Together: London Veterans' Partnership



### South East

Veterans Outreach Support  
Partnership in Mind



### South West

Invictus Games Foundation  
Brighter Future for Veterans



## NAAFI FUND

The NAAFI Fund has now operated for 2 years and has already distributed over £1.9 million to the British Armed Forces units around the world. The NAAFI Fund supports projects that that improve the quality of life for serving personnel and serving families living on or near a Forces base or station.

The Trust is delighted to work with NAAFI to deliver this important programme and looks forward to supporting some more excellent projects in 2022/23 and beyond that make a real difference to the lives of our serving personnel and their families.

### Improving the quality of life for serving personnel & their families

The NAAFI Fund has awarded grants between £5,000 and £50,000 to British Armed Forces in the UK or overseas for projects that improve the quality of life for serving personnel and their families. Grants this year had a particular focus on reducing isolation and creating community togetherness, with much of the funding being used to improve leisure facilities or to support activities that can be enjoyed during down time.



The NAAFI Fund considered that some projects may have bigger ambitions and responded with making a small number of grants above £20,000. One such award went to the 1st Infantry Training Battalion, and they have been awarded £28,543 for the project 'Beharry VC Centre – Facelift'.

The Commanding Officer shared their thoughts on the importance of this grant.

**“On behalf of The Infantry Training Centre and 1st Infantry Training Battalion, I wish to convey our thanks for the ongoing support of NAAFI and express how delighted we are to receive this very generous grant from the Armed Forces Covenant Fund Trust and NAAFI Fund.**

**We deliver world class Infantry training to in excess of 1,000 Line Infantry soldiers per year. It is a demanding course, delivered over a 28 week period, which tests recruits to their limits both physically and mentally. Providing welfare and support to their time here is essential, and this exceptionally generous grant will have a huge impact in this domain – enhancing welfare facilities which include; cinema, social and gaming spaces, supporting recruit mindfulness and time out and reinforcing an overall positive initial experience at the start of their careers in the Army.”**



### Episkopi soft play area

For many military establishments, being handily located next to a town centre is simply not an option especially when factoring in all the comings and goings of Service requirements. So, communities can often find themselves living away from amenities and the convenience of an urban setting. The busy station at Episkopi in Cyprus has over 2,000 serving personnel, families, civil servants and MOD staff within its boundaries at work, rest or play.

The station has a hub for families and staff to use, however, when the thermometer rises and the temperature ramps up or when the rain is determined to make its presence felt, the need for indoor space for children to cool down and parents to take cover is a prime consideration. The hub had some tempting space available, what it needed was some financial support to be able to turn the space into a play area for younger children. The NAAFI Fund 2021/2022 awarded £20,000 for a soft play area to be created.

One mum said: **“My two-and-a-half-year-old is very keen to be independent and being able to let him explore and play in a safe environment is wonderful”.**

**“One of the reasons that the play area is proving so popular is because we are at a remote location, other military establishments in Cyprus have access to the facilities here, and with no immediate family living close by, friends take on the role of baby-sitting to give each other the chance to attend a doctor’s appointment or to have a break, it has become a focal point to keep the children entertained.**

It is also proving very popular for birthday parties and is close to the swimming pool. During the summer months families can get out of the heat, rehydrate and keep younger members of the family amused.”





## NATO Community Snekke

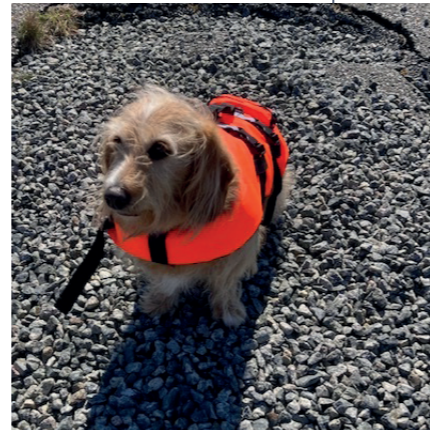
Being based in Norway is a wonderful experience. But with friends and family in the UK being so hard to get to – either a flight or a 1,500-mile drive and a ferry crossing away – they are sorely missed. This is before even factoring in the travel restrictions of the last two years and the additional aspects of Brexit. When so far away from home, your community plays a truly significant and important part of serving life overseas.

The outdoor lifestyle that is immediately associated with Norwegians comes with a pretty extreme backdrop – get fully insulated clothes-wise plus spikes on boots in winter, or brave some ‘fresh’ swimming conditions in summer. One of the glorious natural phenomena of the Norwegian landscape is the abundance of water, however, getting onto it can be a prohibitively expensive business, especially if you don’t want to practice your ‘Wim Hof’ mindset.

For families living in Norway, the chance to use a small vessel – or ‘snekke’ as it is known locally – to explore the surroundings as a group or a family gives some really boosting benefits, relaxing a busy mind, learning boat-handling skills, wild-life spotting or enjoying a change of surroundings for a couple of hours.

One family noted: “It’s so restorative getting out on the water, because the Norwegian lifestyle is so different from the UK. Things like going out for a Sunday roast is something that doesn’t exist, so being able to hire the snekke for an afternoon is an absolute tonic.”

Thanks to a £9,500 grant from the 2021/2022 NAAFI Fund, the bid team at NATO have been able to purchase a pre-loved snekke complete with safety equipment for the community to use. It has a dedicated booking system and even families from an Army or RAF background are finding their inner mariner and enjoying time on the wobbly stuff – something their Royal Navy and Royal Marines counterparts could have predicted but are very happy about!



## Launched in 2020, the NAAFI Fund awards grants to improve quality of life for serving Armed Forces personnel & their families



Armed Forces Units can apply for grants through the Trust to support projects that improve the quality of life for Forces communities.



Creating togetherness & reducing isolation  
Enhancing community spaces  
Boosting quality of life



“This grant is amazing news for the long established British community in Nicosia. Already there is a brilliant vibe buzzing around the estate and the kids can’t wait to see the new ‘Multi Use Games Area’. This will pull the community closer together and provide a much needed facility for many years to come.”

“On behalf of The Infantry Training Centre and 1st Infantry Training Battalion, I wish to convey our thanks for the ongoing support of NAAFI and express how delighted we are to receive this very generous grant from the Armed Forces Covenant Fund Trust and NAAFI Fund.

“On behalf of The Infantry Training Centre. We have been awarded the NAAFI Grant for a children’s play area, it will enhance the ‘lived experience’ of many of our military and civilian staff and their families. This project will enhance our continued ambition to support our whole force and visiting personnel, whilst providing a focal point for family events.”

“We were absolutely delighted to learn of our recent success in the latest NAAFI Welfare Funding round.

With three projects approved we can now expect to deliver a comfortable lounge facility, bar and café area and place a sunshade over what will become a children’s play area. These together offer a significant and much needed improvement upon our current, rather limited, welfare facility offer. Thank You from the ‘Brits’ in Naples.”

We deliver world class Infantry training to in excess of 1,000 Line Infantry soldiers per year. It is a demanding course, delivered over a 28 week period, which tests recruits to their limits both physically and mentally.

Providing welfare and support to their time here is essential, and this exceptionally generous grant will have a huge impact in this domain – enhancing welfare facilities which include; cinema, social and gaming spaces, supporting recruit mindfulness and time out and reinforcing an overall positive initial experience at the start of their careers in the Army.”

“As welfare staff, our Personal Support people are engaging with Service personnel and their families when things have gone awry. Going through these incidents as an individual is very traumatic and this creates an emotionally charged environment.

For staff carrying a caseload, this emotional tension and mental pressure runs almost all day, every day, and compassion fatigue is real concern. Through the provision of this funding, we will be able to create an environment where staff and service users can take some time out, calm their minds, reset and start afresh.”



# AFGHANISTAN VETERANS' FUND

The Armed Forces Covenant Fund Trust was delighted to work with the Office for Veterans' Affairs to deliver a dedicated programme of funding. The Afghanistan Veterans' Fund was announced by the Prime Minister last year, following the withdrawal from Afghanistan to support projects that improve wellbeing, resilience and promote good mental health, responding to increased needs in veterans who have served in Afghanistan and other recent conflicts and the wider veterans community



Office for  
Veterans' Affairs

The projects that have been supported through the Fund include increased dedicated support mechanisms for younger veterans and their families. The £5 million boost will also help increase the user friendliness and accessibility of services, better signposting veterans to the range of state and charitable services available to them.

RFEA received a grant of £150,000 to deliver a project that will improve the wellbeing of UK veterans, who will volunteer their time working alongside and helping Afghan people who have defence connections, and who supported the UK Armed Forces during the 20-year Afghanistan conflict.

Funding was awarded to a range of projects including:

- providing veterans in Scotland with opportunities to engage with mindfulness and recovery in nature, through the charity Mindfulness Scotland
- encouraging veterans to connect with one another through sports such as rugby, golf, climbing and horse riding
- increasing access to assistance dogs for veterans struggling with their mental health in England to help alleviate symptoms and triggers of PTSD
- funding will also enable improvements to be made to the Veterans Gateway.

Funding through the Afghanistan Veterans' Fund was delivered in two tranches. 17 Grants, totalling £595,000, were awarded to projects designed to upscale support to veterans who had been impacted by the Afghanistan conflict and withdrawal.

The Samaritans received a grant of £600,000 for a project that will see volunteers from the military community trained to provide peer-to-peer support by the charity, to encourage improved mental resilience and wellbeing in the Armed Forces community.

Chief Executive Officer of Samaritans Julie Bentley said:

**“Sadly, we know from calls to our helpline that veterans consistently make up over 70% of the calls from the military community, and that they are almost twice as likely to report suicidal thoughts compared with the general population.**

That’s why it’s so important that veterans facing a crisis can easily access support and contact a trained veteran volunteer to help improve their wellbeing.”



Sustaining Support Afghanistan grant holders, Welsh Veterans Partnership, collaborated with Woodys Lodge to provide horticultural therapy and peer mentoring to support veterans with varied needs, including homelessness, employability issues, PTSD and substance misuse.







## Collaboration, Learning & Ethics

The Trust has developed and implemented innovative grant making programmes that encourage organisations to work together to produce stronger and long-lasting outcomes. Mechanisms to encourage collaboration are integrated into all grant making programmes, with some programmes, (such as the Veterans’ Places, Pathways and People programme) requiring partnership working within wider programme delivery.

Our work supports the Armed Forces Covenant through funding projects that deliver real change to Armed Forces communities. We want the projects that we support to be delivered to the highest possible standards and so have developed a Code of Ethical Behaviour which is being rolled out on current and future grant making programmes.

To behave ethically, we need to consider what is the ‘right’ way to behave towards others – how we can do no harm, and how we can achieve good outcomes through the work we support. There are two broad and overlapping ethical principles which govern our work: ‘Do Good’ and ‘Do No Harm’. We offer free online training to explore our three ethical principles of respect, competence, and integrity, in more depth, along with how we can strive to ‘do good’.

The Trust’s Knowledge Network is an open access data repository created by the Armed Forces Covenant Fund Trust. It features impact and outcome-based content from both the programmes the Trust delivers and the projects we support.

The Knowledge Network is a growing collection of curated content for those working with and supporting the Armed Forces community and features research, reports, evaluations, case studies and e-learning to help showcase the best practice and positive outcomes achieved.

This year, we have added a major collection of 85 good practice resources produced by local authorities as part of the work that they undertook with grant funding from the Trust to enable stronger implementation of the Armed Forces Covenant locally. The resources and materials, which have been collated in the Knowledge Network were funded in part or in full by these grants, and they have been published here so that they can be used by others in their own Covenant delivery work.

### The End of Life Military Compassion project, St Luke’s Hospice Plymouth

With grant funding from the Armed Forces Covenant Fund: Local Grants programme, the initiative has evolved from St Luke’s collaboration with Plymouth City Council and other local organisations which established Plymouth as England’s first Compassionate City for people at end of life and those who care for them.

Recognising that patients from military backgrounds tend to feel better understood, and more at ease, when the care and support they receive acknowledges the Service they have given their country, and the language and routines with which they are familiar, the charity is dedicating some of its own resources to help better identify those patients who would benefit.

Understanding, too, that receiving a terminal diagnosis can lead to feelings of isolation and loneliness, St Luke’s is using the grant to recruit volunteers from military backgrounds, providing them with bespoke training so that they are equipped to give befriending support to terminally ill current and former servicemen and women and their families.



## Impact & Sustainability

Why do we evaluate the impact of our work?



It ensures that our funding programmes make a real difference to veterans, Armed Forces families and the wider Armed Forces community.



By using learning from existing funding programmes, it helps us to run stronger and more effective programmes in future.



Understanding the impact of their work can help the projects that we support to become more sustainable



We can share learning and good practice ideas from projects that have made a big difference.

Evaluation enables us to understand the impact of our work; but crucially, enables our projects to understand the impact they have had with Armed Forces communities and help them to sustain their work in the future. We work with the projects we fund to measure their impact in three key ways:

- Information through grant management
- The Impact Hub
- Evaluations

The Outcomes Measurement Framework (known as the Impact Hub) is the Armed Forces Covenant Fund Trust’s own internal impact measurement tool, developed in conjunction with Anglia Ruskin University.

The Hub was developed as a GDPR-compliant way to measure the impact of a Trust funding programme, allowing comparable data to be drawn from each grant holder within a funding programme. Impact measurement is via a series of surveys, which are sent to the project user, and these are normally completed at the entry point to the project, and at the exit.

Use of the Hub was rolled out in 2019, with Positive Pathways programme grant holders using the Hub to measure impact, as one of their terms and conditions of grant. The Impact Hub has now been rolled out to other grant programmes and now has nearly 6,000 beneficiaries enrolled as of March 2022.

We have identified four key ways that the projects we support have ongoing legacy beyond the life of our funding and will be working with the projects we support in 2021/22 and beyond to develop more effective ways of measuring these longer term impacts.

Types of Sustainability: How a Project Sustains Beyond the Life of a Grant







## Evaluations

Under the Strengthening Delivery of the Armed Forces Covenant programme, the Covenant Fund awarded £6.6 million through two rounds of funding to clusters of Local Authorities (LAs). They used the funding to work with other LAs in their areas, enabling them to deliver projects linked to needs identified by their Local Covenant Partnerships and find ways to ensure that Armed Forces communities locally could access the right types of services and support.

Projects typically sought to build local capacity and improve awareness of the Armed Forces Covenant. In the second round, funding was also made available to establish drop-in centres in places where these did not exist. The Strengthening Delivery Programme (SDP) was evaluated by RAND Europe. The report found that the funding had a significant positive impact on delivery of the Covenant.

This was particularly through:

- improving co-ordination and the sharing of best practice between relevant local stakeholders
- providing tailored support to the Armed Forces community
- raising awareness among public authorities about the support available to the Armed Forces community
- Some grant holders felt the work they did was only achievable through their grants. In many cases, the funding enabled the employment of a dedicated resource, which grant holders described as essential to increasing capacity and driving forward the implementation of the Covenant.

Many grant holders said that new signposting resources had been developed as a result of the SDP funding, highlighting the value of signposting in increasing awareness among the Armed Forces community about the support available to them.

Where funding was used to support the use of veterans' hubs, grant holders reported that these were instrumental in providing a one-stop-shop and tailored approach to accessing various local services.

## Veterans Should Not Be Forgotten

In the March 2020 Budget, the Chancellor of the Exchequer awarded £10 million to the Veterans' Mental Health and Wellbeing Fund.

Part of this funding was to be an emergency funding programme, available immediately, to help alleviate suffering and loneliness in veterans caused by Covid-19 pandemic.

In April 2020, the Trust launched the Veterans Should Not Be Forgotten programme; working hard to ensure the funding was delivered in a very short time frame, to provide immediate support to vulnerable veterans most likely to be adversely impacted by the restrictions imposed on us all during Covid-19.

In May 2020, we made 120 awards, worth £2,394,698, to local Age UK branches, eligible Cobseo members and ASDIC members. By the middle of June, at least half of these projects had already received their first payment and were supporting vulnerable veterans.

Through an evaluation of the programme, the Trust explored the impact of this funding, talking with grant holders to find out more about their experiences and exploring the key themes that emerged from the programme, which were:

- veterans staying connected
- veterans learning new skills
- veterans supporting veterans
- veterans in partnership.

The evaluation showed there were almost 30,000 direct beneficiaries from this funding, with 47% of the funding benefiting those veterans aged 65 and over.



## Exploring how the Armed Forces Covenant Fund Trust supported vulnerable Armed Forces communities during the Covid pandemic

The Covid-19 pandemic caused various challenges for many organisations supporting the Forces community and the Trust was determined to do all we could to keep supporting our grant holders and their beneficiaries.

As organisations decided how best to respond to the needs of those they support, so the Trust sought to be as flexible and responsive as we could in delivering our grants to support the military community.

Our main aims were to:

- support our existing grant holders to make any changes needed to their grant
- deliver new funding programmes at pace, which would help reduce the impact of the Covid pandemic on Armed Forces communities and the organisations that support them
- ensure the Trust's grant holders did not receive any delays to payments as a result of the Trust moving to remote working.

By the end of August 2020, we had awarded nearly £9 million through three dedicated funding programmes, all specifically addressing the challenges faced by vulnerable members of our Forces communities. These grants had significant impacts for Armed Forces communities.

We published a report that explores how the Trust supported Armed Forces communities that were particularly affected by Covid, and the organisations that supported them.







# Financial Review

## Our income

During 2021/22, the Trust's income comprised £28.1 million, made up of five funds granted to it for the specified purpose of supporting the Armed Forces community.

- **Covenant Fund: £10.2 million.**
- **HM Treasury's Veterans' Mental Health and Wellbeing Fund: £10 million.**
- **NAAFI Fund: £1.25 million**
- **Afghanistan Veterans Fund: £5 million**
- **Supporting Armed Forces in Acute Hospitals: £1.5m million**

We also received a small amount of income for administering the Headfit website on behalf of MoD.

## Our expenditure

In 2021/22, we spent £26.6 million on grants and direct expenditure on programme evaluation and research, to assist us in understanding the impact of both individual projects and programmes. Awards from each of the four Funds were made throughout the financial year. Some grants are for multi-year projects, where organisations will draw down their grants over two or three years. Staff costs in 2021/22 were £0.75 million, an increase of £0.15 million from 2020/21. This increase is a direct consequence of taking on additional staff members as our funding programmes have grown in number, to enable the Trust to remain an efficient and effective grant making body. Our other costs also grew slightly in 2021/22, primarily as a result of our staff beginning to undertake more travel than in the previous year, because of Covid restrictions.

## Reserves policy and going concern

The Trust holds limited reserves, which comprises both refunded grants and interest earned before it had access to a non-interest-bearing government bank account, which was a requirement of its NDPB classification. Trustees have continued to engage with the Cabinet Office and the MOD during 2021/22, to ensure that prudent planning and compliance with Charity SORP accounting can be achieved and to discuss establishing an appropriate reserves policy. Our working reserves policy has been to ensure that we hold sufficient funds to maintain liquidity, to cover unforeseen short-term cash requirements and to cover planned future expenditure. Our unrestricted reserves at 31 March 2022 were £104k. The Trustees have presented the accounts on a going concern basis. This assumes that the Trust can meet its liabilities as they fall due for the foreseeable future and that current and future funding will be adequate for the Trust's needs. We have considered a period of twelve months from the date of approval of the financial statements in accordance with accounting conventions. In coming to their conclusion, the Trustees have considered monthly forecast levels of income and expenditure and underlying assumption, including any impact of the Covid-19 pandemic. The over-riding assumption is that the Covenant Fund funding of £10 million from the MOD continues for the foreseeable future. Having carefully considered the forecasts and assumptions, the Trustees are content to present the accounts on a going concern basis.

## Fundraising

Unlike other funders, the Trust does not fundraise to produce a grants income. The Trust will not normally accept unsolicited donations. The Trust may consider donated income for the establishment of grant making schemes that are aligned to the charitable objectives of the Trust. Under its policy, Trustees can turn down a donation where accepting the donation would be detrimental to the achievement of the purposes of the organisation, as set out in its constitution.



## Auditor

In 2021-22, Moore Kingston Smith took over our financial audit services from Sayer Vincent LLP. Moore Kingston Smith were appointing following a re-tendering process and have acted as the Trust's auditor for the 2021/22 financial year.

So far as I, as Accounting Officer of the Trust, and as we, as its Trustees, are aware: a. There is no relevant audit information of which the Trust's auditors are unaware; and b. We have taken all the steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

The Trustees' annual report has been approved by the Trustee Board in their August 2022 meeting and signed on their behalf by

**Anna Wright**  
**Chief Executive Officer and Accounting Officer**

24 August 2022

**Helen Helliwell**  
**Chair of Trustees**

24 August 2022





# Governance statement 2022/23

## Scope of responsibility

As Accounting Officer and Trustees of the Armed Forces Covenant Fund Trust, we have responsibility for putting in place and maintaining proper arrangements for the governance of the Trust's affairs together with a sound system of internal control that supports the achievement of the Trust's policies, aims and objectives, whilst safeguarding the public funds and assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned in Managing Public Money and ensuring compliance with the requirements of the Management Statement and Financial Memorandum.

## The purpose of the governance framework

The governance framework comprises the systems and processes by which the Trust is directed and controlled. It enables the Board to monitor achievement of its strategic objectives. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place throughout the year ended 31 March 2022.

## The governance framework

The Trust is an unincorporated charity and non-departmental public body (NDPB). The Armed Forces Covenant Fund Trustee Limited is a company and was registered at Companies House on 2 February 2018 to act as the Trustee of the Armed Forces Covenant Fund, which was registered with the Charity Commission on 7 February 2018.

The individuals referred to as Trustees are directors of the limited company under company law.

The limited company was established under a memorandum of association, which established the objects and powers of the Trust and is governed under its articles of association.

All Trustees give their time voluntarily and receive no benefits from the Trust. Any expenses reclaimed from the Trust are set out in note 6 to the accounts.

There is a Financial Framework document in place which defines the arrangements between the Trust and its sponsor department, the Ministry of Defence, relating to the receipt of the £10m Covenant Fund and the conditions for its expenditure. The current Financial Framework was issued in the year ended 31 March 2022. For other funding streams, Memorandums of Understanding are in place with the funding sources, such as the Office of Veterans Affairs.

## The Trustees and the committee structure

The Armed Forces Covenant Fund Trust is governed by a Board of Trustees chaired by Helen Helliwell. The Charities Act 2011 requires the Trustees to exercise proper stewardship over the Trust.

The Chief Executive Officer of the Trust is the Accounting Officer responsible to Parliament for the day-to-day management of the Trust as set out in Chapter 3 of Managing Public Money. Our current Chief Executive, Anna Wright has been in post since January 2022.

The majority of the founding Trustees of the Trust had previously served as members of the National Panel for the Covenant Fund when it was operating within the MOD, and new members were brought in to ensure that the range of skills required to manage an independent trust were available to the Board.

There have been four new appointments in 21/22- two in October 2021 and two in February 2022.

## Who appoints the Trustees?

Trustees are appointed by the Secretary of State for Defence in accordance with the provisions of the public appointments process set out in the Office of the Commissioner of Public Appointments Code of Practice. They are appointed for a term of five years and can be appointed for a second term of equivalent length. The Board of Trustees may appoint up to three additional co-opted Trustees by majority approval to serve on the Board and both co-opted Trustees and other individuals may serve on specific sub-committees to supplement the experience of Board members.

The Trustees receive a governance manual on appointment, and attend induction training with the Chief Executive Officer and Senior Leadership Team (SLT). They are also encouraged to familiarise themselves with the Trust's priorities through work in sub-committees.





## The Board of Trustees sub-committees

The Board of Trustees have established three sub-committees for specific purposes and to ensure effective conduct of business. The Board of Trustees is responsible for appointing to the sub-committees from within its membership and all sub-committee actions are taken on behalf of the Trustees as a whole, with recommendations made to the Board as appropriate.

These sub-committees comprise:

- **Audit Committee** - to consider the annual audit and publication of annual Trust accounts. This group was renamed when the consideration of risk became a regular agenda item of the monthly Executive Management Board meetings.
- **Remuneration and Nominations**- to consider all staff terms and conditions including performance management and pay, as well as future appointments to the Board and to senior posts.
- **Ethics Advisory Panel** - to support the team in maintaining high ethical standards

The terms of reference of each of these sub-committees have been approved by the full Board. The table below shows the number of meetings and attendance. Minutes of all Board and sub-committee meetings are maintained.

The Trust also operates an Executive Management Board (EMB). This comprises the senior management team and two Trustees. Monthly meetings have a regular agenda to review risk, finance, staffing and operational issues, The Actions Log from this meeting is presented to Trustees on a quarterly basis.

	Board	Audit	Remuneration Committee	Ethics Advisory Panel
Helen Helliwell	5/5		2/2	
General Sir John McColl KCB CBE DSO	3/3		1/1	
Rear Admiral Vice Commodore Rex Cox	4/5			
Major General David Eastman	3/5			
Gerald Oppenheim	4/5			3/4
John Pitt-Brooke	3/5	3/3		
Wendy Cartwright 2	4/5	2/2	2/2	
Cerys Gage	4/5	2/3		
Professor David Rose	5/5		2/2	4/4
John Mooney	5/5		1/1	
Lesley O'Rourke3	1/2	1/1	0/1	
Jessie Owen 4	3/3			
Captain Chris Shepherd RN 5	1/3	1/2		
Maria Lyle	4/5		2/2	
Stephen Squire-Law 6	1/2	0/2		
Lieutenant General Sir Nick Pope KCB CBE 7	2/2		0/1	

Trustee attendance is shown as the number of meetings attended in relation to the number of meetings held whilst each individual was a member of the relevant committee.

## Register of interests

The Trust's funding plans are developed in close dialogue with the Covenant Team at the MOD, to ensure its programmes are informed by and complementary to, the MOD's support for serving personnel, veterans and their families.

All funding decisions are made by the Trustees, with Trustees acting independently of their other professional roles. Declarations of interest are requested and recorded at each of the Board meetings, in relation to applications for funding being requested, contracts being considered or funded project updates, with relevant Trustees withdrawing from discussions and decision making as appropriate. Related parties are disclosed in Note 8 of the Financial Statements.

## The Board of Trustees' performance

The Board has supported the Trust to successfully award grants in line with its four broad funding themes as outlined above.

Sub-committee minutes are circulated to all Trustees with routine papers for the quarterly meetings of the full Board, and sub-committee chairs highlight any matters of particular interest or concern for the attention of the full Board. There is a wide range of information and data routinely available to the Board, in particular in relation of grant applicants, but also including management accounts monthly to EMB and summary management accounts to the full Board when relevant, which the Board considers to be adequate management information.

## Personal data loss

The Trust has not identified any personal data related incidents during 2020-21 or in the previous years since its establishment. An incident is defined as a loss, unauthorised disclosure or insecure disposal. Protected personal data is information that links an identifiable living person with information about them which, if related, would put the individual at significant risk of harm or distress; the definition includes sources of information that because of the nature of the individuals or the nature, source or extent of the information, is treated as protected personal data by the Trust.

## Internal audit

In 2021/22, for the first time, the Trust appointed internal auditors - BDO. The Trust were keen to take this step to provide extra and independent reassurance about the policies and procedures which have grown up, often quickly, in the Trust's short life. The Trust is absolutely determined to impose the very highest standards on all of its work and to be constantly challenged by the very highest standards. Only in this way can there be the kind of continuous drive for improvement that the Board of Trustees demands.

This was the first year of our relationship with BDO, and we received three reports, all of which identify areas where processes and procedures are up to the very highest standards but also where there is more that can be done. The board was particularly pleased to note BDO's conclusion in their report on grants management, which is of course the Trust's main business. BDO found that there were a number of areas of notable good practice with controls operating effectively and with a strong link between each application and the aims of individual grant programmes.

At the same time, BDO also propose a number of areas where processes might be improved, in particular through dealing with the Covenant Reference Group in the MOD to set priorities for the longer term - work in this area is already underway.

The report on Business Continuity Planning sets out what more needs to be done to update and formalise this plan to reflect the Trust's new working from home arrangements.

And the report on Governance proposes a readjustment of Trust committee structure, beneath the Trustee Board, to better support the direction of travel of the Trust.



BDO provided an overall opinion of limited assurance for 2021/22. This is due in part to the fact that in their first year of involvement, BDO were not able to take a full view of the work of the Trust as a whole. The Board is very confident that the areas of improvement identified, many of which are detailed and inevitable in an organisation which is new and still growing, can now be dealt with. This will be a high priority for the staff in the year ahead.

## External audit

The external auditor of the Trust is Moore Kingston Smith, who have been newly appointed for the 21/22 financial year.

## Risk management

The Trust's internal control system is designed to manage risk to a reasonable level, rather than eradicate all risk of failure. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. In managing risk, we identify the opportunities and risks in achieving our strategic objectives, evaluate the likelihood of those risks being realised, the impact should they be realised and the controls in place to manage them efficiently and effectively. The Trust's approach to risk management and the process for implementation are documented in a Risk Management Strategy.

The strategy is supported by our strategic risk register, which groups our highest priority risk areas into key strategic risks which is reviewed regularly by the senior leadership team. The Executive Management Board review strategic risks at each meeting and the Board review annually.

Risk management overall is viewed as a dynamic process which actively seeks to incorporate good practice. It is responsive and current and is managed through regular review of both internal developments and external factors – the political, social, economic, demographic, technological, environmental and legal developments that may influence our exposure to risks or opportunities.

As an NDPB, the Trust has a low risk appetite in relation to compliance, regulation and to our key strategic risks. In areas where we aim to be relevant and influential, we are prepared to take calculated risks. Risk appetite has been set by the Trustees and is reviewed annually for appropriateness by the senior leadership team and Executive Management Board. The senior leadership team monitor whether our overall risk profile is commensurate with our risk appetite on an ongoing basis.

Principal risks for the Trust relate to the importance of the Trust maintaining a strong relationship with Government, the Armed Forces charity sector and core stakeholders and the challenges of delivering an intelligent grantmaking approach while maximising the operational budget for grantmaking and business continuity.

Controls to mitigate these risks include the development and delivery of a communications strategy based on transparency, as well as a commitment to support grant applicants and grant holders. The Trust's governance and executive structures, and its internal controls, have been developed, tested and reviewed to keep best use of resources in focus within all decision making. On transfer of the responsibilities from the MOD to the Trust, a 'cap' on expenditure of support costs of no more than 5% of funds was agreed. This is maintained across each of the additional Funds that the Trust is administering. Trustees consider managing within this to be a key risk as costs increase, needs change and inflation has an impact.

## Assurance statement by the audit committee

The Audit Committee are reasonably confident that the reliability, integrity, quality and comprehensiveness of the assurances provided by management over the Trust's internal processes and by external auditors, are presently sufficient to support the Board and Accounting Officer in their decision making and in the fulfilment of their accountability obligations. Internal controls are monitored during the year by the Trust's senior management team and independent audit review and findings reported to the Audit Committee. The Audit Committee will continue to draw to the Board's and Accounting Officer's attention any matters of concern.

## Remuneration and staff report

In accordance with the HM Treasury Financial Reporting Manual the Armed Forces Covenant Fund Trust has prepared this report containing certain information about directors' remuneration. 'Directors' is interpreted to mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the Trust. The figures in the remuneration and staff report are subject to audit.

The total number of employees whose emoluments for the year exceeded £60,000 is given in Notes 6 and 7, together with information on staff numbers and costs.

Two of the directors are members of the PCSPS, for which further details are provided below. The Trust made employer's contributions to two pensions under the auto-enrolment scheme (NEST), at the rate of 8% of salary. The directors received no other benefits. Performance bonuses paid to directors are non-contractual. The directors have contracts of employment carrying a period of notice of one months notice.

	Salary 2021-22 (2020-21) £'000	Performance Related pay and bonuses 2021-22 (2020-21) £'000	Benefits in kind (to nearest £100) 2021- 22 (2020-21) £'000	Pensions Benefits 2021-22 (2020-21) £'000	Total 2021-22 £'000	Total 2020-21 £'000
<b>Melloney Poole MBE 1, Chief Executive</b>	30-35 (45-50)	0-5 (0-5)	-	-	30-35	45-50
<b>Anna Wright 3, Chief Executive</b>	15-20 (n/a)	0-5 (n/a)	-	-	15-20	n/a
<b>Carol Stone, Director of Grants</b>	60-65 (60-65)	0-5 (0-5)	-	24 (24)	65-70	65-70
<b>Sonia Howe, Director of Policy and Communications</b>	60-65 60-65)	0-5 (0-5)	-	18 (27)	65-70	65-70
<b>Liz Rankin, Director of Finance and Operations 4</b>	35-40 (0-5)	0-5 (0-5)	-	-	35-40	0-5

	Accrued pension at pension age as at 31 March 2022 and related lump sum £'000	Real increase in pension and lump sum at pension age £'000	CETV at 31/03/22 £'000	CETV at 31/03/21 £'000	Real increase in CETV £'000	Employer contribution to Nest pension  Nearest £100
<b>Melloney Poole MBE, Chief Executive</b>	-	-	-	-	-	-
<b>Anna Wright, Chief Executive</b>	-	-	-	-	-	1300
<b>Carol Stone, Director of Grants</b>	5-10	0-2.5	117	94	17	-
<b>Sonia Howe, Director of Policy and Comms</b>	15-20	0-2.5	217	198	5	-
<b>Liz Rankin, Director of Finance and Operations</b>	-	-	-	-	-	3100



## Fair pay disclosures

In 2021-22, 0 (2020-21: 0) employees received remuneration in excess of the highest paid director. Remuneration ranged from £25-30k to £60-£65k, excluding the highest paid director.

Year	25th Percentile Ratio	50th Percentile Ratio	75th Percentile Ratio
<b>Total Remuneration</b>	£29,750	£35,319	£56,426
<b>Salary Component of above</b>	100%	100%	100%
<b>21/22</b>	2.77	2.34	1.46
<b>20/21</b>	n/a	2.28	n/a

Percentile total remuneration is calculated by excluding the remuneration of the highest paid director on an annualised basis and by including full time equivalent remuneration for all staff. In 2021-22, the 50th percentile ratio has increased slightly as a result of the recruitment of a new CEO.

The average salary within the Trust is £43,914 (2020:21: £44,454). This is calculated as the total for all employees on an annualised basis, excluding the highest paid director, divided by the FTE number of employees (also excluding the highest paid director).

The Trust believes that the median pay ratio for 2021-22 is consistent with the pay, reward and progression policies for the Trust's employees taken as a whole.

Any performance awards are made under the Trust appraisal linked system which applied to all staff. The directors are all employed on standard terms and conditions.

The Board of Trustees comprised 14 members at 31 March 2022, none of whom were full time employees of the Trust and they were reimbursed with £93 in expenses (2021: £nil). No Trustees claimed expenses (2021: £nil)

## Sickness absence

The Armed Forces Covenant Fund Trust employed 17 members of staff as at 31 March 2021. Periods of sickness absence are recorded in half days. The average number of days of sickness absence was 2.26 days per person. (2021: 0) There were no long term absences in this financial year. This paragraph is not subject to audit.

## Pension costs and benefits

The Trust's accounting policy in relation to pensions is provided at Note 1 to the Financial Statements. From October 2018 the Trust has automatically enrolled all employees into a National Employment Savings Trust (NEST) pension scheme unless the employees choose to opt out. The NEST pension scheme is a defined contribution pension scheme that was created as part of government's workplace pensions reform under the Pensions Act 2008. The assets of the scheme are held separately from those of the Trust and the Trust is unable to identify our share of the liability, employer's contributions are charged to the Statement of Financial Activities as they occur.

Pension benefits for a small number of longer serving staff are provided through the Civil Service pension arrangements. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Trust is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource account of the Cabinet Office Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For 2021-22 employer's contributions of £45,203 were payable (2021: £45,203) through the PCSPS. The applicable rates for the PCSPS are shown:

Gross Salary	Rate %
77,001 and over	30.3%
45,501-77,000	27.9%
23,001-45,500	27.1%
Up to 23,000	26.6%

The contribution rates reflect benefits as they are accrued, not when costs are actually incurred, and reflect past experience of the scheme. Pension benefits are provided through the Civil Service pension arrangements in place prior to 30 July 2007, with the unfunded cost of benefits met by monies voted by Parliament each year. Further details about the Civil Service pension arrangements can be found at the website [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)

The real increase in Cash Equivalent Transfer Value (CETV) reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tac which may be due when pension benefits are taken.

## Reporting of civil service and other compensation schemes- exit packages

No redundancy or other departure costs were incurred in the 2021-22 financial year (2020: 0)

## Staff report

Further details relating to the Trust's staff numbers and staff costs can be found in Notes 6 and 7 to the financial statements.

## Trade union facility time

No employees are union officials and no time was spent on union activity.

## Parliamentary accountability and audit report

All expenditure has been applied as intended by the Trust's sponsor body. There are no contingent liabilities, gifts, fees, charges or losses and special payments requiring further disclosures that have not been reported elsewhere in these financial statements. This paragraph is subject to audit.

**Anna Wright**  
Chief Executive Officer and Accounting Officer  
24 August 2022

**Helen Helliwell**  
Chair of Trustees  
24 August 2022



# Audit Certificate 2021-22

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ARMED FORCES COVENANT FUND TRUST

### Opinion

We have audited the financial statements of the Armed Forces Covenant Fund Trust (the 'Trust') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). We have also audited the information in the Remuneration and staff report and Parliamentary accountability report that are described as having been audited.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022, and of its incoming resources and application of resources, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinion on other matters

In our opinion, the parts of the Remuneration and staff report and Parliamentary accountability report, which have been identified as subject to audit, have been properly prepared in accordance with Chapter 6 of the Government Financial Reporting Manual 2021-22.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

### Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page [x], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charity SORP, the HM Treasury Financial Reporting Manual and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charity complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

## Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

.....  
Moore Kingston Smith LLP, Statutory auditor

Date: .....  
6th Floor  
9 Appold Street  
London  
EC2A 2AP

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.



## Statement of financial activities for the year ended 31 March 2022

	Note	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Income from:							
Charitable activities	2	-	27,959,788	27,959,788	-	26,750,006	26,750,006
Investments		76	-	76	1,598	-	1,598
Other		193,010	-	193,010	351	-	351
<b>Total Income</b>		<b>193,086</b>	<b>27,959,788</b>	<b>28,152,874</b>	<b>1,949</b>	<b>26,750,006</b>	<b>26,751,955</b>
Expenditure on:							
Charitable activities	3	-	27,573,958	27,573,958	334,710	26,121,708	26,456,418
<b>Total Expenditure</b>		<b>-</b>	<b>27,573,958</b>	<b>27,573,958</b>	<b>334,710</b>	<b>26,121,708</b>	<b>26,456,418</b>
Net income/(expenditure) for the year	5	193,086	385,830	578,916	(332,761)	628,298	295,537
Transfers between funds		(208,192)	208,192	-	253,820	(253,820)	-
<b>Net movement in funds</b>		<b>(15,106)</b>	<b>594,022</b>	<b>578,916</b>	<b>(78,941)</b>	<b>374,478</b>	<b>295,537</b>
Reconciliation of funds:							
Total funds brought forward		148,695	1,181,130	1,329,822	227,633	806,652	1,034,285
<b>Total funds carried forward</b>		<b>133,586</b>	<b>1,775,152</b>	<b>1,908,738</b>	<b>148,692</b>	<b>1,181,130</b>	<b>1,329,822</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 15 to the financial statements.

## Balance sheet as at 31 March 2022

	Note	£	2022 £	£	2021 £
Current assets:					
Debtors	10	1,742,611		384,821	
Cash at bank and in hand		24,998,631		20,992,039	
		<u>26,741,242</u>		<u>21,376,860</u>	
Liabilities:					
Creditors: amounts falling due within one year	11	(18,700,376)		(17,274,048)	
<b>Net current assets</b>			<b>8,040,866</b>		<b>4,102,812</b>
Total assets less current liabilities			8,040,866		4,102,812
Creditors: amounts falling due after one year	12		(6,132,738)		(2,772,990)
<b>Total net assets</b>			<b>1,908,738</b>		<b>1,329,822</b>
The funds of the charity:	15				
Restricted income funds			1,804,046		1,181,130
Unrestricted income funds:					
Designated funds		0		44,184	
General funds		104,692		104,508	
<b>Total unrestricted funds</b>		<b>104,692</b>		<b>148,692</b>	
<b>Total charity funds</b>			<b>1,908,738</b>		<b>1,329,822</b>

Approved by the Trustees at their meeting August 2022 and signed on their behalf by

**Helen Helliwell**  
Chair of Trustees  
24th August

**Anna Wright**  
Chief Executive  
24th August



## Cash flow statement for the year ended 31 March 2022

	Note	2022		2021	
		£	£	£	£
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	16		4,006,516		(1,157,687)
Cash flows from investing activities:					
Dividends, interest and rents from investments		76		1,598	
Net cash provided by/(used in) equivalents in the year			76		1,598
Change in cash and cash equivalents in the year			4,006,592		(1,156,089)
Cash and cash equivalents at the beginning of the year			20,992,039		22,148,128
Cash and cash equivalents at the end of the year			24,998,631		20,992,039

## Armed Forces Covenant Fund Trust Notes to the financial statements For the year ended 31 March 2022

### 1. Accounting Policies

#### a) Statutory information

Armed Forces Covenant Fund is a charitable trust located in England, with charity number 1177627. The registered office address (and principal place of business) is 95 Horseferry Road, London, SW1P 2DX.

#### b) Basis of preparation

The Trust was established by a trust deed dated 7 February 2018 and commenced its activities on this date.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), charity regulations and the Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the Trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

Key judgements that the Trust has made which have a significant effect on the accounts include estimating the liability from multi-year grant commitments.

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

#### c) Public benefit entity

The Trust meets the definition of a public benefit entity under FRS 102.

#### d) Going concern

The Trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Key judgements that the charitable company has made which have a significant effect on the accounts include estimating the liability from multi-year grant commitments.

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.



- e) **Income**  
Income is recognised when the Trust has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.
- Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Trust has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.
- Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.
- f) **Interest receivable**  
Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the bank.
- g) **Fund accounting**  
Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.  
Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.
- h) **Expenditure and irrecoverable VAT**  
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:
- Costs of raising funds relate to the costs incurred by the Trust in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
  - Expenditure on charitable activities includes the costs of grantmaking, research & evaluation and other grant related activities undertaken to further the purposes of the Trust and their associated support costs
  - Other expenditure represents those items not falling into any other heading
  - Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.
- i) **Grants payable**  
Grants payable are made to third parties in furtherance of the Trust's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the recipient.
- Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

- j) **Allocation of support costs**  
Resources expended are allocated to the particular activity where the cost relates directly to that activity.
- Where information about the aims, objectives and projects of the Trust is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure. Fixed support and governance costs are re-allocated to the Covenant
- Fund, and variable costs are re-allocated to each of the activities on the basis of an estimate, based on staff time, of the amount attributable to each activity.
- Governance costs are the costs associated with the governance arrangements of the Trust. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the Trust's activities.
- k) **Operating leases**  
Rental charges are charged on a straight line basis over the term of the lease.
- l) **Tangible fixed assets**  
Items of equipment are capitalised where the purchase price exceeds £5,000.
- m) **Debtors**  
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.
- n) **Short term deposits**  
Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.
- o) **Cash at bank and in hand**  
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.
- p) **Creditors and provisions**  
Creditors and provisions are recognised where the Trust has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.
- q) **Financial instruments**  
The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.
- r) **Pensions**  
Employees of the Trust are eligible to receive contributions to their selected pension scheme - either their personal pension account or if they wish to join the Trust's selected pension provider NEST. Three employees are members of the Civil Service Pension Scheme, which is a defined benefit scheme. However, the Trust is only responsible for paying contributions so it is accounted for as a defined contribution scheme. Further information about this scheme is provided in note 13.



## 2. Income from Charitable Activities

	2022		2021 Total	2021		2021 Total
	Unrestricted	Restricted		Unrestricted	Restricted	
	£	£		£	£	
MOD - £10M Covenant Fund	-	10,200,000	10,200,000	-	10,000,006	10,000,006
HMT - £10M Veterans' Mental Health and Wellbeing Fund	-	10,000,000	10,000,000	-	10,000,000	10,000,000
Health and Wellbeing Fund						
NAAFI Fund	-	1,251,308	1,251,308	-	750,000	750,000
Headfit		8,480	8,480			
Supporting Armed Forces in Acute Hospitals		1,500,000	1,500,000			
Afghanistan Veterans' Fund	-	5,000,000	5,000,000	-	6,000,000	6,000,000
<b>Total income from charitable activities</b>	<b>-</b>	<b>27,959,788</b>	<b>27,959,788</b>	<b>-</b>	<b>26,750,006</b>	<b>26,750,006</b>

Government grants received were for specific purposes. The Covenant Fund comprises £10M per year to fund projects that support the Armed Forces community.

The £10M Veterans' Mental Health and Wellbeing Fund, was first announced in the October 2018 Budget Statement.

In 2020 the Trust began to administer the NAAFI Fund on behalf of NAAFI. The £5M OVA/MOD Fund was announced in the April 2021 Budget Statement.

Afghanistan Veterans' Fund: the Trust delivered the £5M Afghanistan Veterans' Fund which supports projects for veterans affected by recent conflicts on behalf of the Office for Veterans' Affairs.

## 3a. Charitable activities

	Direct			2022 Total Expenditure
	Charitable	Staff Costs	Other Costs	
	Activity	£	£	
MOD - £10M Covenant Fund	9,477,922	242,882	259,148	9,979,952
HMT - £10M Veterans' Mental Health and Wellbeing Fund	9,083,456	368,001		9,451,457
HMT - £3M Veterans' Community Centres Fund		35,334		35,334
Aged Veterans' Fund				0
Programme evaluation and research	607,186			607,186
Supporting Armed Forces in Acute Hospitals	1,414,779			1,414,779
Afghanistan Veterans' Fund	4,750,000	57,804		4,807,804
NAAFI Fund	1,199,047	41,962		1,241,009
OVA/MOD Covid-19 Impact Fund	36,437			36,437
<b>Total</b>	<b>26,568,827</b>	<b>745,983</b>	<b>259,148</b>	<b>27,573,958</b>

All expenditure was restricted in 2021-2022. In 2020-2021 expenditure of £334,710 was unrestricted and £26,121,708 was restricted.

## 3b. Support Costs

	Covenant	HMT Vets' Mental Health	HMT Vets' Community	NAAFI Fund	OVA/MOD Covid-19	Afghanistan Veterans'	2022 Total Expenditure
	Fund £10m	Health £10m	Centre £3m	£	Impact Fund	Fund	
	£	£	£	£	£	£	
Staff remuneration	242,882	368,001	35,334	41,962	0	57,804	745,983
Professional fees	68,091						68,091
Premises and office costs	45,831						45,831
Other	6,507						6,507
Audit	14,410						14,410
Governance costs	32,912						32,912
Communications and marketing	29,235						29,235
GMS and IT	62,162						62,162
<b>Total</b>	<b>502,030</b>	<b>368,001</b>	<b>35,334</b>	<b>41,962</b>	<b>0</b>	<b>57,804</b>	<b>1,005,131</b>

## 3c. Charitable activities

	Direct	Staff Costs	Other Costs	2021 Total Expenditure
	Charitable			
	Activity			
	£	£	£	£
MOD - £10M Covenant Fund	9,085,306	290,550	226,138	9,601,994
HMT - £10M Veterans' Mental Health and Wellbeing Fund	9,305,152	262,551	23,287	9,590,990
HMT - £3M Veterans' Community Centres Fund		26,196	13,200	39,396
Aged Veterans' Fund				
Programme evaluation and research	521,384			521,384
NAAFI Fund	711,707	22,884	4,500	739,091
OVA/MOD Covid-19 Impact Fund	5,925,463	27,000	11,100	5,963,563
<b>Total</b>	<b>25,549,012</b>	<b>629,181</b>	<b>278,225</b>	<b>26,456,418</b>

Expenditure of £334,710 (2020 - £120,706) was unrestricted and £26,121,708 (2020 - £22,074,994) was restricted.

### 3d. Support costs

	Covenant Fund £10m £	HMT Vets' Mental Health £10m £	HMT Vets' Community Centre £3m £	NAAFI Fund £	OVA/ MOD Covid Impact Fund £	2021 Total Expenditure £
Staff remuneration	285,596	248,439	25,953	22,884		582,872
Other staff costs	4,955	14,112	242	-	27,000	46,309
Professional fees	78,464			4,500	11,100	94,064
Premises and office costs	46,426	2,715				49,141
Other	3,122					3,122
Audit	14,640					14,640
Governance costs	12,966		13,200			26,166
Communications and marketing	14,359					14,359
GMS and IT	56,161	20,572				76,733
<b>Total</b>	<b>516,689</b>	<b>285,838</b>	<b>39,395</b>	<b>27,384</b>	<b>38,100</b>	<b>907,406</b>

### 4. Grant expenditure

	2022 £	2021 £
MOD - £10M Covenant Fund	9,477,922	9,085,306
HMT - £10M Veterans' Mental Health and Wellbeing Fund	9,083,456	9,305,152
HMT - £3M Veterans' Community Centres Fund	0	0
NAAFI Fund	1,199,047	711,707
Afghanistan Veterans' Fund	36,437	5,925,463
Supporting Armed Forces in Acute Hospitals	1,414,779	
Afghanistan Veterans' Fund	4,750,000	
<b>Total grants awarded during the year</b>	<b>25,961,641</b>	<b>25,027,628</b>
<b>Total grant expenditure</b>	<b>25,961,641</b>	<b>25,027,628</b>

All grants were made to institutions. For details, please see the website at [www.covenantfund.org.uk/grants-weve-funded/](http://www.covenantfund.org.uk/grants-weve-funded/). All grant expenditure was restricted.

### 5. Net (expenditure)/income for the year

This is stated after charging/(crediting):

	2022 £	2021 £
Operating lease rentals payable:		
Property	34,543	35,778
Auditors' remuneration (excluding VAT):		
Current year audit fee	12,000	12,200

### 6. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	597,009	465,653
Social security costs	60,954	52,601
Employer's contribution to defined contribution pension schemes	30,792	19,415
Civil Service Pension Scheme	45,203	45,203
Other forms of employee benefits	12,025	45,528
<b>Total</b>	<b>745,983</b>	<b>628,400</b>

Other forms of staff benefits include a one-off staff bonus related to additional workloads during Covid, medical and death in service cover and staff training.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2022 No.	2021 No.
£60,000 - £69,999	2	2

The total employee benefits (including pension contributions and employer's National Insurance) of the key management personnel were £301,493 (2021: £251,985).

Excluding the Chief Executive and Directors, no employees received remuneration for 2021-22 excluding pension contributions, greater than £60,000 (2020-21: no employees).

The Trustees were neither paid nor received any other benefits from employment with the Trust in the year (2021 £Nil). No Trustee received payment for professional or other services supplied to the Trust (2021: £Nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs relating to attendance at meetings of the Trustees. There were £93 of Trustee expenses incurred (2021: £0) by one Trustee.

### 7. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 15.83 (2021: 11.92).

Staff are split across the activities of the Trust as follows:

	2022 No.	2021 No.
Grant making	13.5	9.72
Support	1.9	2
Governance	0.5	0.2
<b>Total</b>	<b>15.9</b>	<b>11.92</b>

At 31 March 2022, 18 staff were in post (2020-21:14). 13 of these staff are female and 5 are male (2020-21: 10 staff were female and 4 were male). 1 (2019-20: 1) staff member is employed on a fixed-term contract with all other staff employed on a permanent contract. The above includes an average of 3 (2019- 20: 2) part time staff members for the year.



## 8. Related party transactions

The Armed Forces Covenant Fund Trustee Limited (company number 11185188) is the Trustee of the Armed Forces Covenant Fund Trust. It holds a number of contracts on behalf of the Trust, as a separate legal entity. There have been no transactions between the parties. The corporate Trustee implements the decisions of the directors of the Armed Forces Covenant Fund Trustee Limited.

Lieutenant General Sir Nicholas is a Trustee of the Trust and is Chair of Cobseo he succeeded Sir John McColl who resigned in February 2022. Details of grants awarded to Cobseo are as follows:

During the course of the year, £285,000 was paid to Cobseo in respect of two grants awarded in 2021/22 under the Veterans Mental Health Strategic Leads & Strategic Leads continuation programmes.

During the course of the year £60,000 was paid to Cobseo in respect of a grant awarded in 2017/18 to Build Capacity in Northern Ireland. The outstanding balance at year end was £30,000.

During 2020/2021 Cobseo was also the beneficiary of a further £45,000 grant under the Strategic Pathways Programme. At year end the outstanding balance on this grant was £5,000.

In addition, the Trust is responsible for managing HMT LIBOR Fund grants of which Cobseo is a recipient. Payments in respect of LIBOR grants are made from the MOD, on recommendation from the Trust.

In line with the Trusts policy, Lieutenant General Sir Nicholas was not involved in the decision making process of the awards made to Cobseo.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

## 9. Taxation

The Trust is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

## 10. Debtors

	2022	2021
	£	£
Accrued income	1,701,766	328,430
Other debtors	40,845	56,391
	<u>1,742,611</u>	<u>384,821</u>

## 11. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	4,686	22,603
Evaluation creditors	598,181	586,339
Grants payable	17,743,216	16,225,381
Returns to donors	30,000	122,558
PAYE	11,069	19,568
Accruals	45,378	25,160
Other creditors	7,747	13,959
Deferred income	260,100	258,480
	<u>18,700,376</u>	<u>17,274,048</u>

## 12. Creditors: amounts falling due after one year

	2022	2021
	£	£
Trade creditors	-	-
Evaluation creditors	224,304	-
Grants payable	5,907,824	2,772,990
	<u>6,132,128</u>	<u>2,772,990</u>

## 13. Pension scheme

The Trust contributes to employees' pensions in three different ways. i) some staff are members of a defined benefit scheme which is the Civil Service Pension Scheme; ii) others can join a defined contribution pension scheme with NEST; iii) or the Trust will make contributions to the employee's choice of provider. Contributions to each pension scheme are shown in note 6.

### Civil Service Pension Scheme

As part of their transfer arrangements from the MOD, some of the staff members of the Trust remained as members of the Civil Service Pension Scheme (CSPS) under the New Fair Deal Policy. This is a non-statutory policy that sets out how pensions issues are dealt with when staff are compulsorily transferred from the public sector to independent providers delivering public services.

The CSPS is an unfunded multi-employer defined benefit scheme and therefore as long as the required employer (and employee) contributions are paid over each month there is no further liability on the employer in respect of pension benefits for members. Under its Admission Agreement, the Trust has no share of the underlying assets and liabilities.

The scheme actuary valued the CSPS as at 31st March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at <http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/>

For 2021/22, employers' contributions of £45,203 (2021: £45,203) were payable to the CSPS at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020/21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

### Other Pensions

Staff members who joined the Trust after 1 April 2018 have the choice of joining NEST, or having employer and employee contributions made to their own existing private pension. Either way, the Trust will make a contribution of 8% of pensionable earnings if the employee contributes 5%. Employers' contributions of £30,792 (2021: £19,415) were paid to other pension providers.

Contributions due to the pension providers at the balance sheet date were £13,808 (2021: £5,815). Contributions prepaid at that date were £nil (2021: £nil).

## 14a. Analysis of net assets between funds (current year)

	General	Designated	Restricted	Total funds
	£	£	£	£
Net current assets	104,692	-	7,936,174	<b>8,040,866</b>
Long term liabilities	-	-	(6,132,128)	<b>(6,132,128)</b>
<b>Net assets at 31 March 2022</b>	<b>104,692</b>	<b>-</b>	<b>1,804,046</b>	<b>1,908,738</b>

## 14b. Analysis of net assets between funds (prior year)

	General	Designated	Restricted	Total funds
	£	£	£	£
Net current assets	104,692	44,184	3,954,120	<b>4,102,996</b>
Long term liabilities	-	-	(2,772,990)	<b>(2,772,990)</b>
<b>Net assets at 31 March 2021</b>	<b>104,692</b>	<b>44,184</b>	<b>1,181,130</b>	<b>1,330,006</b>

## 15a. Movements in funds (current year)

		at 1 April 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2022 £
<b>Restricted funds:</b>						
MOD - £10M Covenant Fund	<i>MOD - £10M Covenant Fund Central Fund</i>	13,742	10,200,000	(10,238,113)	6,368	<b>-17,983</b>
	<i>Tackling Loneliness evaluation</i>	106,000		(106,000)		<b>0</b>
	<i>Outcomes Measurement Framework</i>	10,000		(4,182)	50,000	<b>55,818</b>
	<i>Veterans Trauma Network - funding to facilitate engagement and shared learning between the Supporting Armed Forces in Acute Hospitals grant holders and wider NHS veterans healthcare to build sustainable partnerships</i>				161,518	<b>161,518</b>
	Evaluation of Covenant Fund programmes applied to the Trust's small grants programmes. To be procured as an external evaluation in 2022/23 FY	47,627	0			<b>47,627</b>
	Acute Hospital Settings data collection and evaluation services			348,079	-348,079	<b>0</b>
HMT - £10M Veterans' Mental Health and Wellbeing Fund	<i>HMT - £10M Veterans' Mental Health and Wellbeing Fund Central Fund</i>	655,008	10,000,000	(9,451,457)	(375,000)	<b>828,551</b>
	<i>Social Prescribing for the Armed Forces community</i>	70,000		(27,466)		<b>42,532</b>
	<i>One Is To Many evaluation</i>	147,600		(147,600)		<b>0</b>
	Evaluation of Veterans' Mental Health and Wellbeing Fund programming	0		(6,270)	375,000	<b>368,730</b>

## 15a. Movements in funds (current year) continued

	at 1 April 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2022 £
HMT - £3M Veterans' Community Centres Fund	68,580	0	(35,334)		<b>33,246</b>
Programme evaluation & research			(353,586)	353,586	<b>0</b>
NAAFI Fund	10,909	1,251,308	(1,241,009)		<b>21,208</b>
OVA/MOD Covid-19 Impact Fund	36,437		-36,437		<b>0</b>
Afghanistan Veterans' Fund	0	5,000,000	(4,807,804)		<b>192,196</b>
Supporting Armed Forces in Acute Hospitals	0	1,500,000	(1,414,779)	(85,221)	<b>0</b>
Headfit		8,480	(7,877)		<b>603</b>
Aged Veterans' Fund	15,227	0	(15,227)		<b>0</b>
<b>Total restricted funds</b>	<b>1,181,130</b>	<b>27,959,788</b>	<b>(27,545,064)</b>	<b>208,192</b>	<b>1,804,046</b>
<b>Unrestricted funds:</b>					
Designated funds					
	<i>Tackling Serious Stress engagement event</i>	5,000	0	(5,000)	<b>0</b>
	<i>Local Government Delivery of the Covenant digital resources - now Strengthening and Empowering Delivery of the Covenant evaluation and support services</i>	15,290	0	(15,290)	<b>0</b>
	<i>LIBOR Fund evaluation</i>	23,894	0	(23,894)	<b>0</b>
<b>Total designated funds</b>	<b>44,184</b>	<b>0</b>	<b>(28,894)</b>	<b>(15,290)</b>	<b>0</b>
<b>General funds</b>	<b>104,508</b>	<b>193,086</b>		<b>(192,902)</b>	<b>104,692</b>
<b>Total unrestricted funds</b>	<b>148,692</b>	<b>193,086</b>	<b>(28,894)</b>	<b>(208,192)</b>	<b>104,692</b>
<b>Total funds</b>	<b>1,329,822</b>	<b>28,152,874</b>	<b>(27,573,956)</b>		<b>1,908,723</b>

### Material transfers between funds were made as follows:

Veterans Trauma Network- £161k transfer from programme evaluation and research to fund an evaluation around work on Veterans Trauma network within our Acute Hospital Settings programme.

HMT- £10M Veterans' Mental Health and Wellbeing Fund: A transfer of £375k was made to fund an evaluation post for this grant programme in line with Trustees' wishes.

Programme Evaluation and Research: Transfers in of £354k were made to fund evaluations on Acute Hospital Settings programme.

General Funds: A returned legacy grant of £192k was received in 21/22. In accordance with the wishes of Trustees, this was transferred to the Covenant Fund and distributed as grants.



## 15b. Movements in funds (prior year)

		at 1 April 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2021 £
<b>Restricted funds:</b>						
<b>MOD - £10M Covenant Fund</b>	MOD - £10M Covenant Fund Central Fund	21,445	10,000,006	(9,602,775)	(404,934)	<b>13,742</b>
	Tackling Loneliness evaluation				106,000	<b>106,000</b>
	Outcomes Measurement Framework				10,000	<b>10,000</b>
	Evaluation of Covenant Fund programmes	199,187		(151,560)		<b>47,627</b>
	Tackling Serious Stress evaluation extension			(35,114)	35,114	
<b>HMT - £10M Veterans' Mental Health and Wellbeing Fund</b>	HMT - £10M Veterans' Mental Health and Wellbeing Fund Central Fund	462,817	10,000,000	(9,590,209)	(217,600)	<b>655,008</b>
	Social Prescribing for the Armed Forces community				70,000	<b>70,000</b>
	One Is To Many evaluation				147,600	<b>147,600</b>
<b>HMT - £3M Veterans' Community Centres Fund</b>		107,976	-	(39,396)	-	<b>68,580</b>
<b>NAAFI Fund</b>		-	750,000	(739,091)	-	<b>10,909</b>
<b>OVA/MOD Covid-19 Impact Fund</b>			6,000,000	(5,963,563)		<b>36,437</b>
<b>Aged Veterans' Fund</b>		15,227	-	-		<b>15,227</b>
<b>Total restricted funds</b>		<b>806,652</b>	<b>26,750,006</b>	<b>(26,121,708)</b>	<b>(253,820)</b>	<b>1,181,130</b>
<b>Unrestricted funds:</b>						
<b>Designated funds</b>						
	Website	21,180	-		(21,180)	-
	Tackling Serious Stress engagement event	5,000	-	-	-	<b>5,000</b>
	Local Government Delivery of the Covenant Digital Resources - now Strengthening and empowering delivery of the Covenant evaluation and support services	75,000	-	(334,710)	275,000	<b>15,290</b>
	LIBOR Fund evaluation	23,894	-	-	-	<b>23,894</b>
<b>Total designated funds</b>		<b>125,074</b>	<b>-</b>	<b>(334,710)</b>	<b>253,820</b>	<b>44,184</b>
<b>General funds</b>		102,559	1,949	-	-	<b>104,508</b>
<b>Total unrestricted funds</b>		<b>227,633</b>	<b>1,949</b>	<b>(334,710)</b>	<b>253,820</b>	<b>148,692</b>
<b>Total funds</b>		<b>1,034,285</b>	<b>26,751,955</b>	<b>(26,456,418)</b>	<b>-</b>	<b>1,329,822</b>

## 15 Movements in funds (continued)

### Purposes of restricted funds

**Covenant Fund:** The Covenant Fund is delivered by the Armed Forces Covenant Fund Trust. It has £10M a year to fund projects that support the Armed Forces community and delivers programmes that align to four core themes of: Removing barriers to family life; Extra support after service for those that need help; Measures to integrate military and civilian communities and allow the Armed Forces community to participate as citizens; and Non-core healthcare services for veterans.

**Veterans' Mental Health and Wellbeing Fund:** In the Autumn Budget 2018, the Chancellor of the Exchequer announced £10M to support Veterans' Mental Health and Wellbeing needs. The Veterans' Mental Health and Wellbeing Fund has two programmes: the Positive Pathways programme and the Strategic Pathways programme. Grants were awarded during 2019/20 to projects which will be monitored over three subsequent years.

**Veterans' Community Centres Fund:** In the October 2018 Budget, the Chancellor of the Exchequer awarded £3M to the MOD to support the repair and refurbishment of community centres run by Armed Forces organisations which continue to provide a focus for veterans and support improvements to health and social outcomes. The MOD asked the Trust to run this programme on their behalf. Grants were awarded during 2019/20 to projects which will be monitored over two subsequent years.

**The NAAFI Fund** makes grants to UK Armed Forces bases, located in the UK or overseas, for projects that improve the quality of life for serving personnel and serving families living on or near a Forces base or station. The NAAFI Fund comes from funding made available by the Navy, Army and Air Force Institutes (NAAFI). The Armed Forces Covenant Fund Trust is administering the NAAFI Fund on behalf of NAAFI.

**OVA/MOD COVID Impact Fund:** The Trust administered a £6M funding programme to enable access to services for people from Armed Forces communities through the Covid pandemic. A panel comprising MOD, the Cabinet Office and Cobseo representatives made decisions on applications.

**Aged Veterans' Fund:** The Aged Veterans' Fund had £30M of funding for projects that support non-core health, wellbeing and social care needs for older veterans (born before 1 January 1950), including surviving World War 2 veterans, those who undertook National Service and other voluntary enlisted veterans who may need some focused support in relation to their health and social care needs. All funding has been allocated by the MOD, the fund balance represents funding for costs which the Trust will incur to manage the grants awarded under this programme.

**Afghanistan Veterans' Fund:** The Trust delivered the £5M Afghanistan Veterans' Fund which supports projects for veterans affected by recent conflicts on behalf of the Office for Veterans' Affairs.

**Supporting Armed Forces in Acute Hospitals:** This programme supports a small number of pilot projects that will try better ways of supporting veterans and their families when they are in a hospital setting. The programme is jointly funded by the Covenant Fund (through the Armed Forces Covenant Fund Trust) and NHS England and NHS Improvement.

Evaluation of Covenant Fund programmes are funds committed for this purpose but not yet spent.

**Social Prescribing For The Armed Forces Community:** Funded from Positive Pathways, the Trust has seconded an employee to Northumbria University to develop and deliver resources to support social prescribing for the armed forces and veteran community.

**Tackling Loneliness Evaluation:** Neighbourly Lab are evaluating the impact of the £4M Tackling Loneliness Programme which funded 60 projects across the UK.

**Outcomes Measurement Framework:** The Trust works with grant holders to gather impact data using the Outcomes Measurement Framework (also known as the Impact Hub). A further 50k was awarded during 2021/2022.

**Acute Hospital Settings Data Collection and Evaluation Services:** DMWS (data collection) and the University of Chester (data analysis) are evaluating the Armed Forces in Acute Hospitals programme; a complex strategic programme that is piloting new approaches of supporting veterans integrated healthcare.

## 15. Movements in funds (prior year)

### Purposes of designated funds

Covenant Fund: LIBOR Fund evaluation for the continuing work to evaluate the impact of this Fund.

Covenant Fund: Local Government Delivery of the Covenant digital resources. Project delayed until 2020/21.

Covenant Fund: Phase two development of the Trust's website to enable interactivity and hosting of additional resources, postponed to 2020/21.

Covenant Fund: Tackling Serious Stress engagement event for grant holders is a key element of grant monitoring and evaluation programme but was postponed from 2019/20 to 2020/21 due to the impact of Covid-19 on the ability to hold events.

### Transfer of funds

The transfer of funds from the Covenant Fund to be used for the purposes of programme evaluation.

## 16. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2022	2021
	£	£
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	578,916	295,537
Dividends, interest and rent from investments	(76)	(1,598)
Increase/(decrease) in debtors	-1,357,790	1,113,017
(Decrease)/increase in creditors	4,785,465	-2,564,643
Net cash provided by operating activities	<u>4,006,516</u>	<u>-1,157,687</u>

## 17. Legal status of the Trust

The Armed Forces Covenant Fund Trust is an unincorporated Trust governed by its trust deed dated 7 February 2018. The Trust has a sole corporate Trustee, Armed Forces Covenant Fund Trustee Limited, company number 11185188. In 2019 the Trust commenced discussions with MOD and Cabinet Office in relation to the Trust becoming a Non Departmental Public Body, this status was confirmed with effect from 1 April 2019.





“ This group has really helped, especially since lockdown – getting us out of the house, being a part of a community and making friends. Having the support from others through tough times has been really helpful for my own mental well being ”



“ This award is fantastic news for the **veterans** that we support in Scotland. It will provide them with the opportunity to engage in activities that are proven to improve mental health and wellbeing as well as prompting physical health & creativity ”



“ This April we would love to focus on the simple joy of sharing and bonding over a book, and to get many more books into the hands of all the amazing **military children** there are in the UK and living overseas. ”



“ I found being warmly accepted by a bunch of strangers overwhelming. I have proof that I am not alone in my feeling ”



“ I'm now sleeping again because he's beside me and when I start developing a sweat he wakes me before it becomes a night terror. If I have my head in my hands he'll slide under my arms to get to me. He's transformed my life ”



“ Thanks to funding from Trust programmes, Kent Coast Volunteering will play a key role, working alongside FNC to develop and establish a thriving community centre, helping to combat loneliness and through our Digital Champions programme, better connect Nepalese Elders & veterans to services and activities in their community ”



“ It can be such a positive experience by listening to these shows because it shows they, **veterans**, are not alone... ”



“ I can't thank Surf Action enough, not only for the time on the family sessions, but the time afforded to me individually. The sessions have impacted me greatly and helped me with my mental health more than anything else. ”



“ Through the power of creativity, **service children** were able to mobilise their imagination and find new ways to talk about aspects of their lived experience ”



On behalf of The Armed Forces Covenant Trust Fund we would like to thank all the projects for contributing to this publication.

**covenantfund.org.uk**

Supporting the Armed Forces Covenant through funding real change

Armed Forces Covenant Fund Trust | Chair: Helen Helliwell Chief Executive: Anna Wright

The Armed Forces Covenant Fund Trust Limited (CRN11185188) acting as the trustee of the Armed Forces Covenant Fund (CC1177627)

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