

# #CharityFacts

## Armed Forces Charities

An evidence-based look  
at the armed forces  
charity sector

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**Chester Howarth**

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SUCCESSFUL SUSTAINABLE TRANSITION



**COMMUNITY  
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# Introduction to the research

There are several misconceptions about the charity sector, including about armed forces charities. As a charity ourselves, we at the Directory of Social Change (DSC) believe that it is essential to know the facts.

To this end, DSC's researchers have brought together a collection of #CharityFacts focusing on armed forces charities. This research is intended to serve as a short, accessible and easily sharable set of facts about armed forces charities.

#CharityFacts is informed by the data in [DSC's interactive database](#) on armed forces charities; since 2014, funded by Forces in Mind Trust (FiMT), DSC has been leading research in the armed forces charity sector, identifying charities whose purpose is to support past and present members of the armed forces and their families.

For consistency in access to data, we focus here on charities registered with the Charity Commission for England and Wales (CCEW). For more detail, please see the [methodological notes](#).

To find out more and to download the accompanying infographic for this research, visit our website: [www.dsc.org.uk/armed-forces-charities](http://www.dsc.org.uk/armed-forces-charities). Here, you will also find our sector-leading reports and analysis.

## A brief overview of the facts

**#1:** Armed forces charities pay their employees wisely.

**#2:** Armed forces charities are run and supported by volunteers.

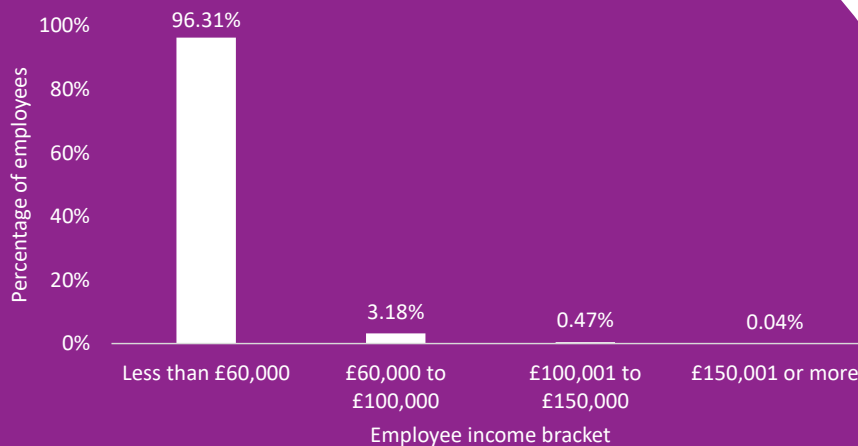
**#3:** Armed forces charities hold some cash to protect against loss of income.

**#4:** Armed forces charities' income is mostly independent of the government.

**#5:** Armed forces charities do their work with little income.

**#6:** Armed forces charities are diverse.

Figure 1: Pay in the armed forces charity sector



## ‘Armed forces charities pay their employees wisely’

**Armed forces charities employ over 10,000 people**

Any charity with an annual income greater than £500,000 must report the number of people it employs. This means we only have data on the total number of employees for 124 armed forces charities.

While it is only a partial picture, the data shows armed forces charities employ at least 9,972 people.

But how much are these employees paid? Armed forces charities with an annual income of £10,000 or more (n=759) must report the number of employees earning over £60,000.

If we use the total above – 9,972 employees – as a conservative estimate of the total number of employees in the entire armed forces charity sector:

- around **3.2%** (317 people overall) earn £60,000 to £100,000;
- around **0.5%** (47 people overall) earn £100,001 to £150,000;
- less than **0.1%** (4 people overall) earn more than £150,000;
- and the remaining **96.3%** earn less than £60,000.

Figure 2: Individuals volunteering for armed forces charities



## ‘Armed forces charities are run and supported by volunteers’

**Over 100,000  
volunteers  
support armed  
forces charities**

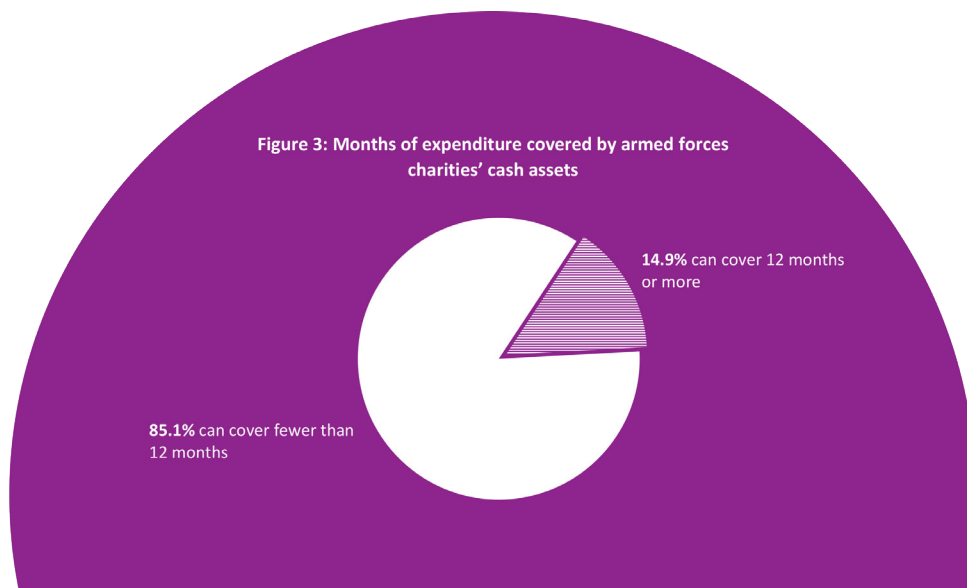
Volunteers are crucial in enabling armed forces charities to serve their beneficiaries. Volunteers fulfil a wide variety of roles; examples from our recent case studies range from case-working roles in providing financial support, to supporting theatrical arts to aid the recovery of wounded, injured, and sick serving and ex-Service personnel.

Volunteers give up their time help others for free, but it is essential to remember that they are not an economically free resource. Among other things, it costs money to recruit and train volunteers and manage the important activities they do.

Data on volunteers is reported for armed forces charities with an annual income greater than £10,000 (n=759). This provides a partial picture but shows that armed forces charities have more than 106,611 volunteers.

In addition, charity trustees are, in fact, almost all volunteers. Every charity has trustees who are responsible for carrying out [several legal duties](#). **There are currently 7,301 trustees of armed forces charities**, of which 7,216 are individuals and 85 are organisational bodies.

Figure 3: Months of expenditure covered by armed forces charities' cash assets



## ‘Armed forces charities hold some cash to protect against loss of income’

**The average armed forces charity's cash assets cover five month's expenditure**

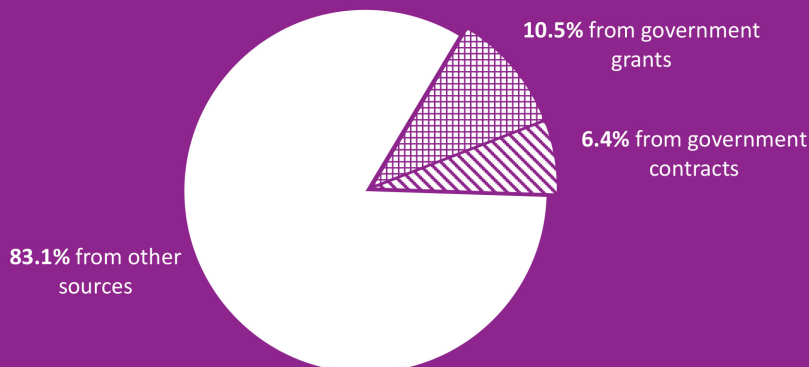
Reserves are a complex and commonly misunderstood aspect of charity finances. People often assume that ‘reserves’ are synonymous with ‘cash’. In fact, reserves are made up of a variety of sources, many of which cannot be easily accessed by charities. As cash assets can be more easily accessed, we focus on them here.

Holding cash assets enables charities to continue helping beneficiaries if their usual income streams dry up, or to save money for large investments (for example, investment in a new programme of delivery for beneficiaries).

**Almost all armed forces charities (98.4%) have some cash assets.** As this percentage is calculated only for the 124 charities with an annual income greater than £500,000, this percentage is likely to be an overestimate – larger charities are more likely to have cash assets than smaller charities.

One way to put cash assets in context is to ask, hypothetically: ‘In a crisis with no income, for how many months could the charity continue serving its beneficiaries?’ Among those who have cash assets, **the average (median) armed forces charity has cash assets sufficient to cover about five months' expenditure.** The vast majority (85.1%) do not have enough cash assets to cover 12 months' expenditure.

Figure 4: Percentage of armed forces charities' income from the government



## ‘Armed forces charities’ income is mostly independent of the government’

About one in five armed forces charities receive income from the government

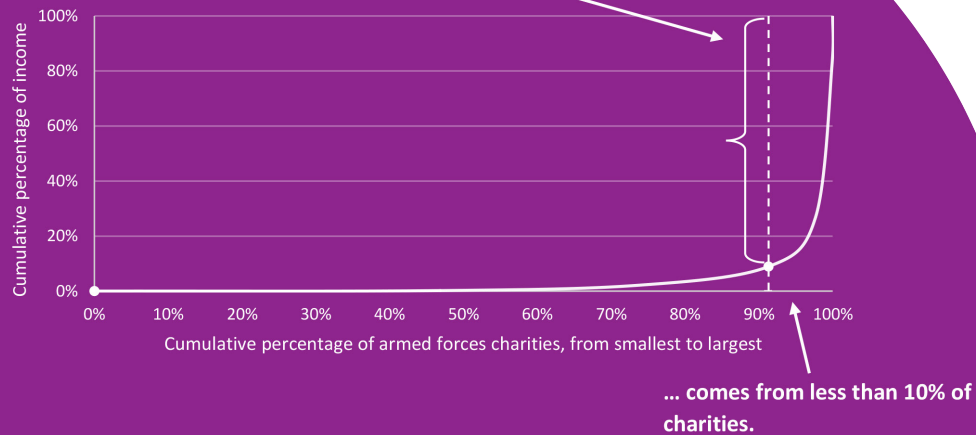
A common misconception is that charities receive substantial government investment. Is this true for armed forces charities?

Charities' income from the government occurs through [grants](#) and [contracts](#). A grant involves a permanent transfer of funds from the government, with a focus on “outcomes and impacts”. Meanwhile, a contract is where the government pays for the service(s) delivered by charities.

Data on income from the government must be reported for charities with an annual income of £10,000 or more (n=759). This data shows that **about one in every five (21.7%, n=165) armed forces charities receive income from the government**. In the most recent financial year, 156 received income from grants (including the Coronavirus Job Retention scheme) and 25 received income from contracts (16 received both).

Overall, government grants made up 10.5% of total armed forces charities' income – that is, around £10 in every £100. Meanwhile, government contracts made up 6.4% of total income – that is, around £6 in every £100.

Figure 5: Over 90% of the armed forces charity sector's income...



## ‘Armed forces charities do their work with little income’

The average armed forces charity has around £13,000 annual income

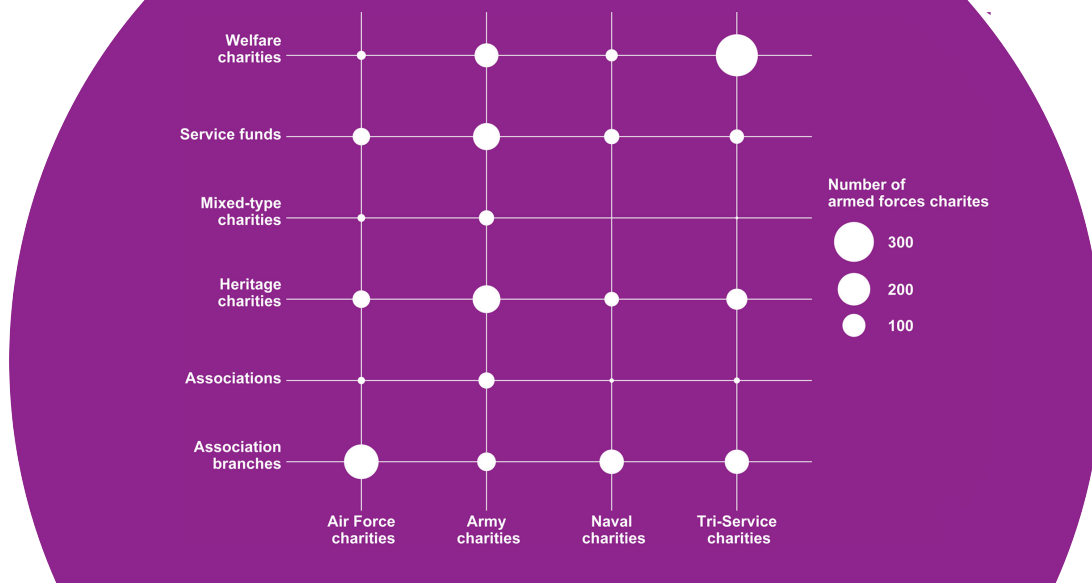
Charities come in all shapes and sizes. Income is one factor on which there is much variation in the armed forces charity sector. Income data is reported for all armed forces charities that have submitted accounts (96.0%, n=1,428). Charities with no accounts are primarily newly registered charities.

Nearly half (46.8%, n=669) of armed forces charities have an annual income of less than £10,000. In fact, **the average (median) armed forces charity has an annual income of £13,150.**

Turning to the illustration above, looking along the horizontal axis we can see that only 8.7% (n=124) of armed forces charities have annual incomes greater than £500,000. However, looking up the vertical axis at the dotted line, we can see that these charities account for 91.1% of the sector's income.

In other words, over £90 in every £100 of the sector's income comes from less than 10% of armed forces charities.

Figure 6: Diversity of charity types and service affiliation



## ‘Armed forces charities are diverse’

It’s sometimes thought that there are too many armed forces charities. You might have heard people say that they’re all doing the same thing or duplicating work.

**There are, in fact, distinct types of armed forces charities, with different roles.** These types can mostly be categorised as associations, association branches, heritage charities, service funds, welfare charities and mixed-type charities.

**Armed forces charities also serve different groups of beneficiaries.** These include the service branches of serving and ex-Service personnel, giving rise to Army charities, Air Force charities, Naval charities and tri-Service charities.

As shown in the illustration above, using these broad distinctions we can see charities occupy many different positions with respect to their type (y-axis) and beneficiary group (x-axis). Moreover, this is even before their geographical area of operation is accounted for.



# Methodological notes

## Charity Facts #1 to #5

This research used data from charities' annual accounts and returns, submitted to the Charity Commission for England and Wales (CCEW). For timeliness, DSC's researchers used the most recent accounts available at the time of writing (January 2022). Charities submit data at different times, and, on occasion, accounts are submitted late. The financial years our analysis relates to are shown in Table M1.

Financial year	Number of charities	Percentage
2021	18	1.3%
2020-21	445	31.1%
2020	577	40.3%
2019-20	292	20.4%
2019	38	2.7%
2018-19	29	2.0%
2018	8	0.6%
2017-18	9	0.6%
2017	6	0.4%
Other (earliest 2014)	6	0.4%
<b>Total</b>	<b>1,428</b>	<b>100.0%</b>

*Notes: Percentages shown do not add to 100 due to rounding. Some armed forces charities did not have accounts at the time of writing (January 2022). Almost all these charities (n=60) were recently registered. A small minority had overdue accounts (n=3).*

DSC regards this data as high-quality data. Nevertheless, mistakes may occur during reporting or processing that could affect its accuracy. DSC's researchers checked carefully for missing values, for values that fall outside the expected or plausible range, and for numerically or logically inconsistent values; this analysis did not highlight any problematic data.

## Charity Fact #6

The data used in this analysis is derived from DSC's database of armed forces charities. Each charity has been individually reviewed and assigned a 'charity type' and 'service affiliation' by DSC's researchers. For more information, see *Sector Insight: Armed Forces Charities – An overview and analysis* (2020).