

Armed forces charities sit on reserves of £275 million

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Britain's ten biggest military charities have combined assets of £1.4 billion and reserves of £275 million, prompting concerns that some may be "hoarding" cash.

An analysis by *The Times* has revealed that Britain's 1,500 armed forces charities have a total worth in excess of £3.1 billion.

Questions have been raised about the amount of unrestricted reserves that some of the biggest charities have built up, as several admit they wish to reduce the amounts they hold.

Such reserves consist of cash that is not designated for a specific purpose or restricted in the way it can be used under the terms in which it was donated.

The Royal British Legion, the wealthiest military charity, began its annual poppy appeal last Thursday. Last year it recorded a total income of £163.2 million and expenditure from unrestricted funds of £136.7 million.

Its reserves totalled £70 million, about 40 per cent of its annual income and sufficient to fund its operations for six months. The charity said in its annual report that this was £30 million above its target of £40 million reserves and that it was looking to reduce it.

Others with significant reserves include the Royal Air Force Benevolent Fund, the fifth largest British military charity, which had an income of £22.5 million last year and expenditure of £25.6 million. At the end of the year it had £37.4 million in unrestricted reserves — 165 per cent of its income.

ABF The Soldiers' Charity, the eighth largest military charity, recorded income of £17.7 million and expenditure of £22.9 million last year. It had £19.5 million in unrestricted reserves — 110 per cent of its income.

It is five years ago this week since Britain last had regular troops deployed on the ground overseas in a combat mission, which was the end of Operation Herrick in Afghanistan. During this period the total assets of the top ten military charities have increased by 27 per cent.

The Charity Commission, which regulates charities in England and Wales,
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is not prescriptive about the best ratio of reserves to income but warns that a charity thought to have big reserves may provoke resentment if it seeks more funds.

Iain Overton, executive director of Action on Armed Violence, which seeks to reduce conflict worldwide, said: "Due to recent anniversaries of both world wars, there's been a significant uptick in donations to military charities, at a time when the number of veterans is declining due to old age."

"The unique status of military charities in public means many are uncomfortable to scrutinise them. Without such scrutiny we could be sleepwalking into a major funding scandal of charities hoarding money."

The charity had an income last year of £156,635, expenditure of £193,666 and £43,315 in reserves — 28 per cent of its income.

Amid concern about homelessness among veterans, for which there is no official data, Mr Overton said there was a strong case for some larger charities to fund groups with niche focuses such as helping ex-troops off the streets.

Hugh Milroy, chief executive of the charity Veterans Aid, said: "I'm shocked and saddened when I see how much money is in charity reserves. I'm at a loss to understand why those with vast reserves seem to attract more money." His charity had income last year of £2.3 million, expenditure of £1.8 million and general reserves of £915,770 —

Total charitable funds available to military charities

Top five	2014	2018	Change
The Royal British Legion	£304m	£366m	▲ 20%
The Black Stork Charity	£28m	£195m	▲ 591%
The Royal Star and Garter	£127m	£145m	▲ 14%
Blind Veterans UK	£158m	£133m	▼ -16%
The Royal Air Force Benevolent Fund	£123m	£125m	▲ 1.6%

Source: Accounts listed with Charity Commission (all charity funds available including fixed assets such as investments and properties)

about 40 per cent of its income. Nine of the top ten military charities have received grants, from £360,000 to £3,000,000, from fines on banks involved in the Libor-rigging scandal. Libor levies raised £970 million, most of which was given to military causes and the emergency services after 2012.

The vast majority of military charities provide important help for military personnel and veterans and often their families. This can include assistance to those who have suffered physical and mental trauma on the battlefield, initiatives to help veterans into housing, and providing elderly care and dementia nursing. Reserves are designed to help charities to survive instability and to ensure that the public are reassured about their future when thinking about donating. Some charities include property in their reserves.

The creation of the Office for Veterans' Affairs means that some of this work may soon be done by the

state. There were 2.5 million veterans in Britain 2016, of whom half are thought to be above 75, an MoD report said this year. The number of former personnel is expected to fall to 1.6 million by 2028.

The Royal British Legion said that its reserves were in line with most charities of its size. Charles Byrne, its director, said: "Our reserves policy is based on current risks to the charity and does change over time ... We believe we can bring our reserves down and we have run a deficit budget for the past two years now in order to do so."

ABF The Soldiers' Charity said: "As a military benevolent fund [the charity] holds funds on behalf of the nation enabling us to provide support for many decades to come." The RAF Benevolent Fund said: "Our board of trustees has agreed a minimum of £30 million in free reserves is required to ensure we [can] look after those members of the RAF family we support, whatever happens to the fund."