



House of Commons  
Defence Committee

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# **Armed Forces Covenant Annual Report 2017**

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**Ninth Report of Session 2017–19**





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*Report, together with formal minutes  
relating to the report*

*Ordered by the House of Commons  
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## The Defence Committee

The Defence Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Defence and its associated public bodies.

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Evidence relating to this report is published on the [inquiry page](#) of the Committee's website.

### Committee staff

Mark Etherton (Clerk), Dr Adam Evans (Second Clerk), Martin Chong, David Nicholas, Eleanor Scarnell, and Ian Thomson (Committee Specialists), Sarah Williams (Senior Committee Assistant) and Arvind Gunnoo (Committee Assistant).

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# Contents

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<b>Summary</b>	<b>3</b>
<b>1 Introduction</b>	<b>5</b>
Armed Forces Covenant	5
Our inquiry	6
<b>2 The Armed Forces Covenant at the centre of Government</b>	<b>7</b>
The new Veterans Board	7
Wider Covenant governance structure and devolved administrations	9
Lead Departmental Ministers	10
Monitoring Covenant delivery	11
Veterans Strategy	14
Informing the Veterans Strategy	15
War widows and widowers as part of the veterans community	17
The balance between veterans and current Service personnel and their families	19
<b>3 Covenant Funding</b>	<b>20</b>
LIBOR Funding	20
Future administration of the Covenant Fund	23
<b>4 Accommodation</b>	<b>26</b>
Performance of CarillionAmey	26
The Ministry of Defence's agreement with Annington Property Limited	28
Combined Accommodation Assessment Scheme	30
Single Living Accommodation	32
Performance of the Defence Infrastructure Organisation	33
<b>5 Armed Forces Pay</b>	<b>34</b>
<b>6 Healthcare</b>	<b>36</b>
Priority Access to NHS Medical Treatment	36
Mental Health	37
Mental Health helplines	38
Inspections of MoD Defence Medical facilities	39
<b>7 Education</b>	<b>41</b>
Service Pupil Premium	41
MoD Education Support Fund	41

<b>8 The Covenant in Business and the Community Covenant</b>	<b>43</b>
The Covenant in Business	43
Community Covenant	44
<b>Conclusions and recommendations</b>	<b>46</b>
<b>Formal minutes</b>	<b>54</b>
<b>Witnesses</b>	<b>55</b>
<b>Published written evidence</b>	<b>55</b>
<b>List of Reports from the Committee during the current Parliament</b>	<b>56</b>

## Summary

The principles of the Armed Forces Covenant are enshrined in law. Therefore, it is the responsibility of the whole of Government to ensure that they are being successfully communicated and implemented. This cannot be done by the Ministry of Defence (MoD) alone. The Government has acknowledged the need for stronger governance structures for the implementation and delivery of the Covenant. We welcome the establishment of the Veterans Board and the appointment of ‘lead’ Ministers in each relevant Government Department. However, delivery of the Covenant is also UK-wide and we call on the Government to ensure the full participation of the devolved administrations in the governance of the Covenant, especially as part of the Veterans Board. This will help ensure uniformity of delivery and the sharing of best practice.

The new arrangements must be kept under review, so that momentum is maintained on Covenant pledges. We therefore recommend that an element of independent scrutiny must be built into the monitoring of the Covenant. This is particularly important as the Government proceeds with the new and comprehensive Veterans Strategy, informed by such valuable initiatives as the Veterans Gateway and the Map of Need. Independent scrutiny should help maintain the correct balance between the needs of veterans and those of current Service personnel.

We acknowledge that LIBOR funding has delivered positive results for veterans and for current Service personnel and their families; but we are concerned by the National Audit Office’s findings that the Treasury and the MoD still cannot confirm that charities spent all LIBOR grants as intended. Although the Government is undertaking a retrospective review of 236 projects, it is disappointing that this review, originally due to report in December 2017, has yet to be completed. This delay is unacceptable and has resulted in heightened concerns about the use of LIBOR funding for Covenant projects. The completion of the review must be prioritised.

We are particularly concerned about poor performance and serious challenges in respect of accommodation. The record of CarillionAmey, the Ministry of Defence and the Defence Infrastructure Organisation (DIO) in managing Service accommodation has been lamentable. It is clear to us that the contract was ‘not fit for purpose’ and it is unacceptable that there are no enforcement measures that can be imposed on CarillionAmey—which is now solely owned and operated by Amey. This is because they met the minimum standards set out in the contract—standards which were woefully low. In addition, the MoD’s agreement with Annington Homes has proved to be a disastrous failure and has exposed the Department to considerable risk. That flawed agreement is yet another example from which the MoD, the DIO, and wider Government—especially the Treasury—must quickly learn lessons. The Modernising Defence Programme needs to address the potential implications for the core MoD budget.

We welcome the Government’s willingness to show some flexibility for Departments wishing to move away from the public sector pay cap of 1%. Still, we note that no additional funding will be made available to the MoD for increases above this level for Service personnel, if such increases are awarded. The pay cap has had a negative impact on the morale of, recruitment to, and retention in the Armed Forces. The MoD must

ensure that these factors are taken into account when determining the pay award. An award limited to 1% would be very disappointing, and risk further undermining morale and increasing the negative effect of pay restraint on recruitment and retention.

Our report also considers other specific issues in respect of healthcare, education, the Covenant in Business and the Community Covenant.

We enthusiastically support the Covenant. Our Report is intended to be a constructive contribution to its delivery, and to the achievement of its goal: that Service personnel and Veterans should suffer no disadvantage as a result of their current or former choice of career.

# 1 Introduction

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## Armed Forces Covenant

1. The Armed Forces Covenant was first published by the then coalition Government in May 2011.<sup>1</sup> At that time it was described by Rt Hon Liam Fox MP, the then Secretary of State for Defence as:

The expression of the moral obligation the Government and the Nation owe to those who serve or have served in our Armed Forces and to their families.<sup>2</sup>

2. The Covenant defined the extent of the Armed Forces community and set out fifteen thematic areas within which support to that community should be provided (including terms and conditions of service (TACOS), healthcare, education, housing, benefits/tax, family life and transition). It further sought to identify the organisations and institutions which would be required to provide that support, and to articulate the obligations which underpin the Covenant. Guidance was published alongside the Covenant to set out initial practical measures, identified by the Government, to aid its implementation.<sup>3</sup>

3. The Armed Forces Act 2011 obliges the Secretary of State to lay an Annual Report before Parliament on the implementation of the Covenant.<sup>4</sup> An interim Annual Report was published in December 2011.<sup>5</sup> The first Covenant Annual Report was published in 2012.<sup>6</sup> The 2017 Annual Report, published in December 2017, is the sixth full report in the series.<sup>7</sup>

4. The 2011 Act also describes the two central principles of the Covenant to which the Secretary of State is required to have particular regard in the preparation of the Annual Report:

- the principle that it is desirable to remove disadvantages arising for Service people from membership, or former membership, of the Armed Forces; and
- the principle that special provision for Service people may be justified by the effects on such people of membership, or former membership, of the Armed Forces.<sup>8</sup>

5. It is striking that in his Foreword to the 2017 Annual Report, Rt Hon Gavin Williamson MP, Secretary of State for Defence, highlights that in the post Iraq and Afghanistan era UK Armed Forces are engaged in more operations than ever before and “the legacy of past conflicts continues to be felt by our people”.<sup>9</sup> Despite this level of operations, he goes on to warn:

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1 Ministry of Defence, [The Armed Forces Covenant](#), 16 May 2011

2 Ministry of Defence, [The Armed Forces Covenant: Today and Tomorrow](#), 16 May 2011, Foreword

3 Ministry of Defence, [The Armed Forces Covenant: Today and Tomorrow](#), 16 May 2011

4 Armed Forces Act 2011 (ch 18), [section 2](#)

5 Ministry of Defence, [Armed Forces Covenant Interim Report \(2011\)](#), 1 November 2011

6 Ministry of Defence, [Armed Forces Covenant Annual Report 2012](#), 5 December 2012

7 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017

8 Armed Forces Act 2011 (ch 18), [section 2](#)

9 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 3

... the work of the Armed Forces is less prominent in the minds of the public, which is why for me, the principles of the Covenant are more relevant today than they have ever been.<sup>10</sup>

6. The 2017 Annual Report, like previous editions, contains a section of unedited observations from the External Members of the Covenant Reference Group (CRG).<sup>11</sup> The CRG brings together representatives of Government Departments and external organisations including the Confederation of Service Charities (COBSEO), the Royal British Legion and the single Service Families Federations.<sup>12</sup>

## Our inquiry

7. We held two oral evidence sessions. The first was with the single Service Families Federations and Service charities, and examined the concerns they expressed in their observations in the Annual Report. The final session was with the Minister with responsibility for the Armed Forces Covenant, Rt Hon Tobias Ellwood MP, Parliamentary Under-Secretary of State for Defence, and Ms Helen Helliwell, Head of Service Personnel Support at the Ministry of Defence (MoD). We received a comprehensive submission from the MoD answering a wide range of questions following the Ministerial evidence session.<sup>13</sup> We are grateful to all our witnesses for the constructive and candid manner in which they assisted our inquiry.

8. The Covenant covers a wide range of matters and responsibility for implementation and delivery falls across Government Departments, the devolved administrations, local authorities and other bodies such as charities. Our report does not seek to cover all the areas of concern expressed about the Covenant, but focuses on the restructuring of the Covenant governance structures, funding for the Covenant and then some specific areas of concern on accommodation, Armed Forces pay, healthcare, education, and the wider Covenant in relation to business and local communities.

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10 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 3

11 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 13–21

12 Ministry of Defence ([AFC0001](#)) Annex A sets out the Terms of Reference and membership of the Covenant Reference Group.

13 Ministry of Defence ([AFC0001](#))

## 2 The Armed Forces Covenant at the centre of Government

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### The new Veterans Board

9. Between 2011 and 2016, oversight of Covenant implementation was the responsibility of a dedicated Cabinet Sub-Committee, chaired by the then Minister for Government Policy, which was intended to maintain momentum and oversee work relating to the Covenant.<sup>14</sup> In his January 2017 evidence to our predecessor Committee for their inquiry into the 2016 Annual Report, Rt Hon Mark Lancaster MP, then Parliamentary Under-Secretary of State for Defence, explained that a new Inter-Ministerial Group, meeting twice a year, would replace the Sub-Committee.<sup>15</sup> However, he was unable to provide further details including the Group's membership, terms of reference or details of its first meeting.

10. In their report, our predecessors expressed concern over the proposed new oversight arrangements, in particular whether twice-yearly meetings would provide the necessary levels of Ministerial focus on implementing Covenant commitments, and whether the removal of the Group's status as a Cabinet Sub-Committee would mean its influence was diminished.<sup>16</sup> To allay these fears, it recommended that the Inter-Ministerial Group should meet four times a year and that consideration should be given to elevating the Group's status to a formal Cabinet Sub-Committee. To ensure a dedicated focus and cross-departmental perspective in implementing the Covenant, it also recommended the creation of a new Ministerial position dedicated to Covenant and veterans affairs, together with a Covenant Delivery Office located in the Cabinet Office.<sup>17</sup>

11. In response to these concerns, the Government said that the frequency of meetings and the status of the Group would be considered at its first meeting. The Government agreed that Covenant implementation required a joined-up approach across Whitehall and beyond, and argued that this was demonstrated by the Covenant Reference Group, the senior official-level governance body, being chaired at Director General level by the Cabinet Office. However, the arrangements for cross-Government Ministerial oversight of, and support for, the Covenant were being reviewed and an update would be provided in, or before, the 2017 Annual Report.<sup>18</sup>

12. Partly because of the June 2017 General Election, the first meeting of the new cross-Government Armed Forces Covenant and Veterans Board (known as the Veterans Board) did not take place until 26 October 2017.<sup>19</sup> Under the co-chairmanship of Rt Hon Sir Michael Fallon MP, the then Secretary of State for Defence, and the then First Secretary of State, Rt

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14 Ministry of Defence, [Armed Forces Covenant Annual Report 2012](#), Introduction, p. 8

15 Defence Committee, Ninth Report of Session 2016–17, [Armed Forces Covenant Annual Report 2016](#), HC 492, [Qq 2–5](#)

16 Defence Committee, Ninth Report of Session 2016–17, [Armed Forces Covenant Annual Report 2016](#), HC 492, para 10

17 Defence Committee, Ninth Report of Session 2016–17, [Armed Forces Covenant Annual Report 2016](#), HC 492, para 12

18 Defence Committee, Second Special Report of Session 2017–19, [Armed Forces Covenant Annual Report 2016: Government Response to the Committees Ninth Report of Session 2016–17](#), HC 310

19 ["Defence Secretary announces Armed Forces Covenant and Veterans Board"](#), Ministry of Defence press release, 3 October 2017

Hon Damian Green MP, the Veterans Board, reporting to the Prime Minister, announced that it would meet twice-yearly to drive forward existing Covenant commitments across all Departments responsible for delivery, with a specific focus on the priority areas of healthcare, including mental health. Housing, education, and employment opportunities were other areas which would be covered. The co-chairs of the Veterans Board also committed to meet separately with leading Service charities and the single Service Family Federations to discuss the Covenant on an annual basis to “ensure the views of the wider Armed Forces Community are represented in government decisions”.

13. The Veterans Board’s roles in providing strategic direction and driving delivery across Government, together with coordinating efforts across Government in delivering the key areas of the Covenant, were identified as two areas of focus in 2017. This was reflected in the 2017 Annual Report’s description of the outcomes of the Board’s first meeting:

... the Board took action to strengthen accountability within Government by asking relevant Departments to appoint a lead Minister for Covenant and Veterans issues. It was also agreed that the inaccurate public perception of veterans as damaged by their time in the Armed Forces, needed to be addressed urgently, through launching an evidence-based counter-narrative. Finally, the Board also recognised the need to fill in the gaps in the Government’s ability to measure the delivery of the Covenant. To address this, Departments were asked to investigate what further metrics they could introduce.<sup>20</sup>

A second meeting of the Veterans Board took place on 26 April 2018 at which the Defence Secretary launched two initiatives: the commissioning of a Veterans Strategy and the establishment of a new cross-Government Veterans Unit (discussed in paragraphs 36–38).<sup>21</sup>

14. The External Members of the Covenant Reference Group have been broadly positive about the creation of the Veterans Board. In their observations in the 2017 Annual Report, COBSEO (the Confederation of Service Charities) thought it would “provide strategic direction and drive delivery of the Covenant”.<sup>22</sup> While the single Service Family Federations thought two Board meetings a year was probably sufficient, they expressed disappointment that they had not been invited to be part of the Board and were concerned that the new arrangements might limit their direct access to Ministers in other Government Departments, which they had previously enjoyed.<sup>23</sup> Sara Baade, Chief Executive, Army Families Federation, told us that this felt like “a slight devaluation of the Covenant”.<sup>24</sup> Despite these reservations, the single Service Family Federations and the Service charities were particularly encouraged by the opportunity to meet the co-chairs of the Board, and Rt Hon Tobias Ellwood MP, Parliamentary Under-Secretary of State, Ministry of Defence (MoD), before the Board’s first meeting which allowed them to

20 Ministry of Defence, *Armed Forces Covenant Annual Report 2017*, 18 December 2017, p 73

21 *“Defence Secretary launches first ever Veterans Strategy and new cross-Government Veterans Unit”*, Ministry of Defence press release, 26 April 2018

22 Ministry of Defence, *Armed Forces Covenant Annual Report 2017*, 18 December 2017, p 17

23 [Q2](#)

24 [Q2](#)

suggest issues that the Board should consider. There will be similar meetings before future meetings of the Board. The Service Families Federations described this as a level of access that had not been given to them previously.<sup>25</sup>

### **Wider Covenant governance structure and devolved administrations**

15. Service charities were keen to emphasise to us that it was important to see the Veterans Board as sitting at the top of a pyramid with other bodies—such as the Covenant Reference Group and the Service Charities Partnership Board—beneath it.<sup>26</sup> COBSEO hoped that the Covenant Reference Group would remain the principal focus for dialogue between the third sector, Government and the devolved administrations in respect of the delivery of the Covenant, with the Service Charities Partnership Board remaining the focus for the wider engagement of charities with the MoD.<sup>27</sup> They had also been encouraged by the Minister’s active engagement with Service charities in these bodies and more widely.

16. We have been struck by the number of bodies, and complex relationships, involved at the various levels of Covenant governance.<sup>28</sup> A key concern is the interaction of the Veterans Board and other levels of the governance structure with the devolved administrations, which have different bodies and mechanisms for implementation of the Covenant.<sup>29</sup> The Minister agreed that this was a major challenge.<sup>30</sup>

17. The devolved administrations are represented on many of the Covenant committees. Helen Helliwell, Head of Service Personnel Support, Ministry of Defence, confirmed that senior civil servants sit on the Covenant Reference Group, as well as the National Panel for Grant Funding, to ensure funds are distributed across all areas of the UK.<sup>31</sup> The terms of reference of the Veterans Board say that it is “to work closely with the devolved administrations to mutually support the delivery of the Covenant across the whole of the United Kingdom”, and the senior officials from the devolved administrations on the Covenant Reference Group were invited to the Veterans Board.<sup>32</sup> Since our evidence session, the MoD has clarified that the Scottish and Welsh Governments, alongside the Territorial Offices, have been invited to attend both of the Covenant and Veterans Board meetings to date, at Ministerial level. Due to the ongoing political situation in Northern Ireland there is also an open invitation to the Head of the Northern Ireland Civil Service to represent the Government there, alongside the Northern Ireland Office. The lead Welsh Government Minister (originally the late Carl Sargeant and subsequently Alun Davies AM) attended both meetings. The lead Scottish Government Minister, Keith Brown MSP, has been unable to attend as has the Head of the Northern Ireland Civil Service.

18. The Scottish model for implementation of the Covenant was well regarded by our witnesses from Service charities, and seen as one from which lessons could be learnt by other parts of the UK. However, they considered the representation and status of devolved administrations on the Veterans Board to be a political matter for parliamentarians to

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25 [Q2](#) and [Q65](#)

26 [Q65](#) (Lieutenant General Sir Andrew Gregory)

27 Ministry of Defence, *Armed Forces Covenant Annual Report 2017*, 18 December 2017, p 17

28 Ministry of Defence ([AFC0001](#)) outlines the governance structure of the Armed Forces Covenant and also includes the membership, Terms of Reference and other information regarding several of the bodies involved.

29 For examples, see [Qq66–69](#) and [Qq120–124](#)

30 [Q113](#)

31 [Q120](#)

32 Ministry of Defence ([AFC0001](#)) and [Q114](#) and [Q120](#)

resolve.<sup>33</sup> Whilst acknowledging the challenge of the current lack of an administration in Northern Ireland, the Minister wished to see greater co-ordination with the devolved administrations.<sup>34</sup>

19. We welcome the creation of the new Veterans Board, even though it does not have formal Cabinet Sub-Committee status. We are pleased to note the Minister's commitment to meet the single Service Families Federations, Service charities and other interested bodies prior to each meeting of the Board. It is vital that access to Ministers and Departments is maintained for all those implementing the Covenant, so that those outside Government can highlight concerns over the delivery and implementation of the Covenant. We note that the Board will meet twice a year, despite our predecessors having recommended that it should meet four times a year.

20. *The status of the Veterans Board and the frequency of its meetings should be kept under review: the momentum of Covenant implementation must not be lost because of a lack of strategic direction and involvement from the highest levels of Government. In its response to our report the Government should set out how it intends to measure the effectiveness of the Board.*

21. We were pleased to hear that the Government wishes to engage and co-ordinate more closely with the devolved administrations on Covenant matters. We believe that it would be a positive step for the devolved administrations to have full-member representation on the Board. This would provide an opportunity for best practice from every area of the UK to be shared and adopted, leading to better coordination and delivery of the Covenant across the country.

22. *In response to our report the Government should set out how it will take forward the involvement of the devolved administrations at all levels of the structures charged with the implementation of the Covenant.*

### **Lead Departmental Ministers**

23. As mentioned in paragraph 13, one of the key outcomes of the Veterans Board's first meeting was that relevant Departments were asked to appoint a lead Minister for Covenant and veterans' issues and all Departments were asked to identify new ways of measuring the effectiveness of the Government's implementation of the Covenant. This is intended to strengthen accountability within Government on Covenant issues.

24. The single Service Families Federations and witnesses from the Service charities welcomed the appointment of lead Departmental Ministers which should help bring focus to the Board's work in driving forward delivery of the Covenant.<sup>35</sup> However, giving evidence in January 2018, three months after the announcement, all were concerned that no list of these Ministers had been produced.<sup>36</sup> Mr Ellwood was also unable to provide the information.<sup>37</sup> It was only after a specific request from us, following the Ministerial evidence session, that a list was provided which is published on our website.<sup>38</sup> Given the

33 [Qq66–69](#)

34 [Q114](#)

35 [Q3](#) and [Q65](#)

36 [Q3](#) and [Q65](#)

37 [Qq127–128](#)

38 Ministry of Defence ([AFC0001](#))

concerns raised with us regarding the involvement of the devolved administrations with the Veterans Board, it is appropriate the Secretaries of State for Northern Ireland, Scotland and Wales are the lead Ministers in their Departments. However, the list of the lead Departmental Ministers still does not appear to be included on the relevant Government websites.

**25. We welcome the Veterans Board’s initiative in appointing lead Ministers for Covenant and veterans’ issues in each relevant Government Department. We see these roles as giving greater focus and momentum to each Department’s implementation of the Covenant. However, we are concerned at the apparent delay in making these appointments and that it took a request from us to secure a list of these Ministers and to make it publicly available. This information is vital to all those—whether inside or outside Government—involved in implementing and delivering the Covenant, as it enables them to raise concerns with the appropriate person in more timely and efficient manner and it should also ensure greater cross-Government coordination. This information should be included in future editions of the Covenant Annual Report and should also appear on each Government Department’s website and other relevant websites.**

### **Monitoring Covenant delivery**

26. Each Covenant Annual Report includes, as an annex, a table which lists all of the commitments that were made for the first time in that year’s report, as well as those that were recorded as “to be completed” in previous reports.<sup>39</sup> There are concerns that the MoD and other Departments are simply marking their own homework when assessing the fulfilment of these commitments. This matter was also highlighted by our predecessors in their report on the 2016 Covenant Report which recommended that an independent assessment of progress should be published as an annex to the Covenant Annual Report.<sup>40</sup> The Government’s response was that an independent assessment of progress towards Covenant commitments was already provided by the leading Service charities and the single Service Family Federations through their unedited assessments published each year in the Covenant Annual Report. In addition, this was underpinned by the Covenant Commitments Plan which is reviewed quarterly by the Cabinet Office-chaired Covenant Reference Group.<sup>41</sup>

27. These concerns persist: for example, the 2014 Covenant Annual Report promised that: “Defence Statistics will publish the first report on the causes of deaths amongst veterans of the Iraq and Afghanistan conflicts in 2015–16”.<sup>42</sup> The 2016 Annual Report Annex stated that this commitment was “at risk of not being delivered” due to “unforeseen resource constraints” delaying progress and a “risk in identifying the funding line for the flagging of the cohort and the receiving of notifications”.<sup>43</sup> In oral evidence on the 2016 Annual Report, the then Minister explained that the scale of the task—which involved linking around half a million Service records to medical records—was a challenge and that the

39 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, Annex A, p 83

40 Defence Committee, Ninth Report of Session 2016–17, [Armed Forces Covenant Annual Report 2016](#), HC 492, para 24

41 Defence Committee, Second Special Report of Session 2017–19, [Armed Forces Covenant Annual Report 2016: Government Response to the Committees Ninth Report of Session 2016–17](#), HC 310

42 Ministry of Defence, [Armed Forces Covenant Annual Report 2014](#), 16 December 2014, p. 24

43 Ministry of Defence, [Armed Forces Covenant Annual Report 2016](#), 15 December 2016, Annex A, p 78

process could start only when the necessary funding was in place.<sup>44</sup> In supplementary written evidence, the MoD added that, once that funding had been secured, the report would be published within nine months.<sup>45</sup> In their report, our predecessors acknowledged that this commitment was a significant undertaking but warned that it was a Covenant pledge which should not be undermined merely by a lack of resources. They called upon the Government to commit to funding this work. Our predecessors expected the 2017 Annual Report to demonstrate that significant progress had been made in this area.<sup>46</sup>

28. In its response, the Government noted the Committee's comments and pledged to provide an update in the 2017 Annual Report.<sup>47</sup> However, although the commitment was now listed in that report as being "on target for delivery", no explanation was given for the change in status and there was no information about how the commitment was being resourced—with the Annex merely stating that funding was still being sought.<sup>48</sup>

29. Given the lack of progress, we explored ways in which a more effective regime could be established for the monitoring of Covenant commitments, particularly given the Veterans Board's priority for Departments to identify new ways of measuring the effectiveness of the Government's implementation of the Covenant.<sup>49</sup> Our witnesses were keen to highlight their role as External Members of the Covenant Reference Group, and their unedited observations in the Covenant Annual Report, as a way of challenging the Government on Covenant implementation.<sup>50</sup> They agreed that this matter needed further consideration, but they pointed to the difficulty of identifying appropriate output measures.<sup>51</sup> One suggestion was that an independent body, such as the Forces in Mind Trust, should undertake an independent external study, funded from the Covenant Fund, into how delivery of the Covenant was assessed and monitored.<sup>52</sup> An alternative suggestion in a recent paper by the Royal United Services Institute was the establishment, at arm's length from the MoD, of an Armed Forces Covenant Programme Office.<sup>53</sup>

30. The Minister was frustrated by the limitations within the MoD and across Whitehall "to make sure that things get done".<sup>54</sup> He added:

The model that we have, not only in working with the charitable sector, is that we require other Whitehall Departments to recognise their duty under

44 Defence Committee, Ninth Report of Session 2016–17, [Armed Forces Covenant Annual Report 2016](#), HC 492, [Qq38–41](#)

45 Defence Committee, Ninth Report of Session 2016–17, [Armed Forces Covenant Annual Report 2016](#), HC 492, Ministry of Defence ([AFC0001](#))

46 Defence Committee, Ninth Report of Session 2016–17, [Armed Forces Covenant Annual Report 2016](#), HC 492, para 39

47 Defence Committee, Second Special Report of Session 2017–19, [Armed Forces Covenant Annual Report 2016: Government Response to the Committees Ninth Report of Session 2016–17](#), HC 310

48 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, Annex A, p 84

49 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 73; see also Ministry of Defence ([AFC0001](#)) for some examples of the new statistics and measurements being considered for inclusion in the next Covenant Annual Report.

50 [Qq9–10](#) and [Q76](#)

51 [Qq5–7](#), [Q9](#), [Qq74–76](#)

52 The Covenant Fund of £10 million per annum makes grants to support members of the Armed Forces community. From April 2018, the fund has been managed by the independent Armed Forces Covenant Fund Trust.

53 Royal United Services Institute for Defence and Security Studies, Occasional Paper, [The Home Front—The Future Accommodation Model for the UK Armed Forces: Obligations and Choices for Service Personnel and Families](#), May 2018, p 32

54 [Q111](#)

the Armed Forces Covenant. Culturally, that is something that is taking time to change. We are seeing that change take place, but in some cases it is frustratingly slow and it is something we need to work on. We need to see greater accountability across Whitehall. We need to ensure that we co-ordinate efforts. We must also ensure clarity of direction of strategy, and that absolutely requires us to have evidence-based policies and methods to measure that performance.<sup>55</sup>

31. The Covenant Annual Report is cross-Governmental, with all relevant Departments contributing. One suggestion for improving the accountability and transparency of the implementation and delivery of the Covenant would be for each relevant Department to also include a section in their Annual Reports and Accounts on how they were adhering to, and implementing their responsibilities under, the Covenant. The Minister welcomed this idea.<sup>56</sup>

32. **While we acknowledge the role of the External Members of the Covenant Reference Group in challenging the Government’s implementation of the Covenant pledges, we are concerned that the perception persists that the MoD and other Government Departments are ‘marking their own homework’ when assessing their effectiveness in the delivery of Covenant pledges. There is a risk that this could undermine confidence in the Government’s implementation of the Covenant. There is also a danger that this problem will become more acute as additional measures and statistics are included in future lists of Covenant commitments. We also note concerns about the difficulty of identifying ways of measuring outcomes and outputs. A priority for the Veterans Board should be the introduction of measures and statistics that assess the impact of the Covenant in ensuring that progress is being made in removing disadvantage for serving personnel, families and veterans.**

33. *We repeat our predecessor Committee’s recommendation that an independent assessment should be made of progress towards Covenant commitments. This work should also include the development of ways of measuring impact, outputs and outcomes as well as inputs. The measures used by the devolved administrations in their different systems and the establishment of an independent Armed Forces Covenant Programme Office should also be taken into consideration. We acknowledge this would be a major study and therefore recommend that the Government should consult the Forces in Mind Trust and other appropriate organisations to establish the best way to take this project forward. Consideration should also be given to funding this work from the Covenant Fund.*

34. **We also note the Minister’s frustration at the limitations in the MoD and across Whitehall “to make sure that things get done”. We agree with the Minister that a cultural change is needed and that faster progress is urgently required. Ministers and their Private Offices should be raising issues directly and speedily with their opposite numbers in other Departments, and, as a priority, the Veterans Board must develop the appropriate mechanisms to hold Government Departments to account within their areas of responsibility. As a first step in focusing each Department’s work on the Covenant and veterans issues, we recommend that relevant Government Departments should include a section in their Annual Reports and Accounts on how they have discharged**

55 [Q111](#)

56 [Qq129–131](#)

*their responsibilities in these matters. This should specifically include an examination of progress by Departments in encouraging their supply chain to sign Covenant pledges and make commitments on the employment of veterans and Reservists.*

35. *We also recommend that, in addition to a lead Departmental Minister, Departments should nominate one of their external board members as a champion for the Covenant with responsibility for monitoring the Department's delivery and implementation of Covenant pledges. They should also be responsible for the Department's input into the table of commitments and the measurement of how these are progressing in the Covenant Annual Report.*

## Veterans Strategy

36. As a key part of delivering a coordinated approach to the Covenant, the 2017 Annual Report included a commitment to produce an evidence-based cross-Government Veterans Strategy.<sup>57</sup> Following the second meeting of the Veterans Board in April 2018, the MoD announced the commissioning of work on the Strategy together with the creation of a Veterans Unit, with input from across Government Departments, to champion the changing needs of the ex-Service community and to ensure action is taken to meet those needs.<sup>58</sup> These initiatives are part of the Government's response to the expected generational shift, over the next decade, of the veterans community from that of the Second World War and conscripted generation to the younger, all professional cohort, each of which has very differing needs. The MoD reported that engagement on the Strategy with stakeholders, and the veterans community, was underway and that the Secretary of State had identified several key pinch-points which affected a small but significant number of veterans (debt, housing, social isolation, mental and physical wellbeing, and public perception) which were to be prioritised. The lead Departmental Ministers (discussed in paragraphs 23–25 above) were intended to “help ensure the Veterans Strategy is implemented across Government”.

37. According to the MoD press release in April announcing work on the Strategy, it was expected to be released in Autumn 2018.<sup>59</sup> This contrasted with the MoD's written evidence, received in May, which stated that, although “the development of the strategy has started, due to the number and range of stakeholders the Department wished to consult, it would take some time to pull together”. Although we were offered an update by the end of 2018, publication was anticipated “no later than the first quarter of 2019”.<sup>60</sup>

38. **We welcome the commitment to the development of a comprehensive cross-Government Veterans Strategy and the planned establishment of a Veterans Unit. We acknowledge that it is appropriate to hold a wide-ranging consultation as part of the Strategy's development, but in its response to our report the Government should clarify whether the Strategy will be published in Autumn 2018 or will slip into 2019.**

57 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 5, 7 and 12

58 [“Defence Secretary launches first ever Veterans Strategy and new cross-Government Veterans Unit”](#), Ministry of Defence press release, 26 April 2018

59 [“Defence Secretary launches first ever Veterans Strategy and new cross-Government Veterans Unit”](#), Ministry of Defence press release, 26 April 2018

60 Ministry of Defence ([AFC0001](#))

## Informing the Veterans Strategy

39. A key part of the Veterans Strategy initiative is the identification of the location of veterans and their specific needs. The capture of this data is being taken forward by:

- *the Veterans Gateway*: announced in November 2016 and formally launched in June 2017, the Gateway—a Covenant-funded initiative managed by a Royal British Legion-led consortium—is intended to provide a focal point and a single point of contact for veterans and their families to access services which meet their needs.<sup>61</sup>
- *the ‘Map of Need’ project*: funded by a Covenant Fund grant, this project will help build a full picture of the needs of the Armed Forces community (including families and Reservists). The development of the Map of Need is an iterative process, which will create a more detailed picture as new data-sets are added and data are revisited, at reasonable intervals, to show the changing situation. By late 2018, the MoD expect to have a more detailed understanding which will be used to inform the strategic approach;<sup>62</sup> and
- *the inclusion of a veterans question in future censuses*: in October 2017, the Office for National Statistics, announced that it would recommend to Parliament the inclusion of an Armed Forces question in the 2021 census. This, along with the National Records of Scotland’s testing of a question on its veterans community, is intended to help collect richer information on veterans in the longer term.<sup>63</sup> However, as the collection of veterans’ addresses in this way could put them at risk of attack in their own homes, such data must be held and protected by a high level of security.

40. In addition to the initiatives above a new ‘Veterans ID’ will be introduced to ensure that veterans can be easily identified when accessing support. Veterans will retain their Veterans ID card, as a form of identification, when they leave the Armed Forces. In addition, it is also planned by the early 2020s, to include a veterans marker on the driving licences of veterans residing in England, Scotland and Wales.<sup>64</sup>

41. Service charities were supportive of the development of a Veterans Strategy and the initiatives to inform it. COBSEO saw the development of the Veterans Strategy as a key task for the Veterans Board and regarded it as a “demonstrable step in clarifying responsibility for the delivery of the Covenant at the heart of Government”.<sup>65</sup> COBSEO were prepared to provide support in its drafting and development and argued that a key element of the Strategy should be targets which the Government—not just the Ministry of Defence—would be required to meet.<sup>66</sup> There should also be a mechanism for imposing those targets, although they acknowledged that this would be difficult.<sup>67</sup>

61 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 5, 7 and 12

62 Ministry of Defence ([AFC0001](#))

63 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 7

64 Ministry of Defence ([AFC0001](#)); see also [“Veterans to retain military ID, allowing easier access to services”](#), Ministry of Defence press release, 7 June 2018

65 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 18

66 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 18; [Q74](#)

67 [Q74](#)

42. The Royal British Legion regarded the Veterans Gateway as “a positive example of cross-sector collaboration in partnership with Government”,<sup>68</sup> and Charles Byrne, its Director General, told us:

It has been running for eight months. As you know, there are another 16 months of the pilot to run. So far, the Veterans Gateway has answered about 4,000 direct inquiries. That would be telephone calls, emails, webchat-type inquiries; and in addition to that there have been about 170,000 web-based inquiries. To give that a relative measure, the number of phone calls that the Veterans Gateway has handled is about 5% of the volume of the calls that the British Legion’s contact centre has handled.<sup>69</sup>

Mr Byrne did not regard the Gateway as simply replicating the services provided by the Service charities but as providing a point of first contact when someone was unsure to whom to turn. Those wanting a specific charity would contact them directly.<sup>70</sup>

43. General (Retd) Sir John McColl, Chairman of COBSEO, thought the need for a Gateway was demonstrated by the confusion among veterans when seeking to access support.<sup>71</sup> As the number of people using the Gateway and its salience and reputation grew, he hoped to see a significant reduction in the number of veterans helplines. The Minister questioned whether a total of more than 450 veterans charities was too many.<sup>72</sup> He wondered if some mergers would help ensure that veterans knew who to approach for assistance. The Royal British Legion told us that they had commissioned Ulster University to provide an independent evaluation of the value for money and the impact of the Veterans Gateway by the end of 2018.<sup>73</sup>

**44. The information provided by the ‘Map of Need’, the veterans question in future censuses, and the nature of enquiries to the Veterans Gateway will be essential for developing the Veterans Strategy. We also welcome the intention to introduce the new Veterans ID. We expect the Government to provide us with regular updates on these initiatives, as well as with assurances that sensitive data about the home addresses of veterans will be held safely and securely.**

**45. It is important that the Veterans Gateway does not simply duplicate the services already provided by Service charities. Nor should it become the norm for Service charities, which are involved in operating the Gateway, routinely to refer enquiries—made via the Gateway—to their own services. *In its response to our report the Government should set out the measures it has put in place to ensure that this does not happen. The Government should also devise Key Performance Indicators (KPIs) for the Gateway and commit to publishing performance against them in the Covenant Annual Report. The KPIs should take into account the outcomes of Ulster University’s independent evaluation of the value for money and the impact of the Veterans Gateway.***

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68 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 20

69 [Q84](#)

70 [Q85](#)

71 [Q85](#)

72 [Q179](#)

73 [Q84](#); Further information on the independent evaluation of the Veterans Gateway can be found on the [Ulster University website](#) (accessed 12 June 2018).

### *War widows and widowers as part of the veterans community*

46. A particular area of concern in the development of a Veterans Strategy is the apparent lack of recognition and inclusion of war widows and widowers as part of the veterans community. In the 2017 Covenant Annual Report, COBSEO noted that some progress had been achieved in this area, but there was much that still needed to be done to ensure widows were treated equally and fairly.<sup>74</sup> There was the potential for them to be ‘forgotten’, if there were neither a current member of the Armed Forces nor a veteran in the family. As a consequence, the War Widows Association was still having to campaign for the recognition of this cohort as part of the veterans community. Problems arising from social isolation, mental health and access to social care were also becoming more obvious and, according to COBSEO, would only increase in this cohort. They argued that war widows and widowers should therefore be given a higher profile in the initiatives to be taken forward.<sup>75</sup>

47. Mary Moreland, Chair of the War Widows Association, emphasised that war widows and widowers had been “a very neglected cohort for a very long time”. This was the first time that the Covenant Annual Report had even mentioned the phrase “war widow” and recognised them as an important element of the veterans community.<sup>76</sup> She considered that although the Covenant was a “very good” concept, the public, and parts of the Government, needed to be educated that when veterans were no longer alive their dependents were not regarded as war widows. The popular concept of a “war widow or widower” was an “older lady” when, in reality, someone might have been widowed at 24 in a recent conflict and still be a young person. Mrs Moreland told us that that part of the problem was a misunderstanding of the definition of the term “war widow”:

... It is this image that that has to involve someone killed in action, but it is not; it is caused or hastened by service.

[ ... ]

So it is that education: that a war widow is not First World War or Second World War; there is more to being a war widow and to being in that cohort than just someone getting killed in action.<sup>77</sup>

48. The Minister, Mr Ellwood, agreed that this was an area that needed more attention, as it was sometimes forgotten that when a Serviceman or woman died serving their country, the person left behind might have been part of that Armed Forces community as well.<sup>78</sup> He was pleased that the War Widows Association had the opportunity to represent its views, and make representations, as an external member of the Covenant Reference Group.

49. There are two current issues of particular concern to the War Widows Association. The first is that a War Widows’ Pension paid under the War Pension Scheme is perceived, in the Association’s opinion incorrectly, as a benefit rather than compensation. The Association argues that compensation is not normally considered or included when

74 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 18

75 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 18

76 [Q75](#) and [Q86](#)

77 [Q87](#)

78 [Qq184-185](#)

calculating a means-tested, income-based conditions benefit, and that—when defined correctly as compensation—the War Widows’ Pension should be disregarded from inclusion in any future benefit entitlement calculations.

50. The second area of concern is around the reinstatement of the War Widows’ Pension to those widows who had their War Widows’ Pension withdrawn on remarriage or cohabitation, and who did not fall within the announcement (made by the Prime Minister on 8 November 2014) that the Government would end the practice of withdrawing on remarriage or cohabitation ‘non-attributable’ widows’ pensions from the Armed Forces Pension Scheme 1975. There would also be a change to allow all those in receipt of a War Widows’ Pension on or after 1 April 2015 to retain it for life. This decision, welcomed by many, left a small number (200–300) of war widows who lost their pension when they remarried, for example, and then did not qualify to have it reinstated because this happened before the reinstatement qualification date. However, if they were now to divorce their current husbands, they would have the pensions reinstated—and then could remarry their former husbands without losing the reinstated pensions.

51. Mr Ellwood told us that the Secretary of State for Defence was aware of, and considering, both of these issues.<sup>79</sup> In its written evidence, the Government acknowledged “the strength of feeling about differences in survivor benefits”.<sup>80</sup> Therefore officials had prepared an options paper, taking account of the legal and financial constraints, which was now being considered by MoD Ministers to identify a way to progress these issues.

**52. We were concerned to hear that war widows and widowers believe that they are at risk of being forgotten and that they have been very neglected for a long time. We were disappointed to learn from the War Widows Association that this was the first time that the Covenant Annual Report had mentioned the term “war widow” and recognised them as an important cohort. *While we acknowledge that the Minister recognised that more attention was needed to the requirements of war widows and widowers, the MoD must take urgent action to ensure that they are fully recognised as members of the veterans community and fully covered by the Covenant. An important first step will be the inclusion of war widows and widowers as an integral part of the Veterans Strategy. It is also crucial for the MoD to identify ways of educating the public to realise that war widows include young people as well as old, and people of both genders.***

**53. As part of ensuring that war widows and widowers are fully incorporated into the veterans community, the Government should urgently address the concerns raised with us that a War Widow’s Pension is incorrectly perceived as a benefit, rather than compensation, and the potential negative impact this might have when a widow is assessed for an income-based benefit. The Government must also urgently address the absurd anomaly where a war widower or widow, who lost his or her pension upon cohabitation or remarriage, and did not get it reinstated because it was before the reinstatement date, could however get it restored by temporarily splitting up and then reuniting with the former spouse or partner.**

79 [Qq243–245](#)

80 [Ministry of Defence \(AFC0001\)](#)

### ***The balance between veterans and current Service personnel and their families***

54. Given the number of initiatives on behalf of veterans in the 2017 Annual Report, there is a danger of creating a perception that the Covenant is too veteran-orientated. The single Service Family Federations had encountered this—particularly in their dealings with local authorities, which they thought might be due, in part, to their statutory obligations to veterans and also because veterans are more easily identifiable than dispersed Service family communities.<sup>81</sup> The Federations were also concerned that there was cynicism about the Covenant among Service personnel and their families, who believed that it had not made a huge difference.<sup>82</sup> Witnesses attributed this partly to a lack of communication about, and awareness of, the Covenant. Service personnel had heard of—and, indeed, used—many schemes covered by the Covenant (such as Forces Help to Buy), but did not relate them to the Covenant.<sup>83</sup> Most of the time, it was also the case that the majority of Service personnel and their families “do not need the Covenant”.

55. While accepting it was right that the Covenant had a focus on the veterans community and that no deliberate attempt was being made to focus solely upon veterans, the single Service Families Federations thought that the agenda in various Covenant committees could be very veterans-heavy. Although this was not a criticism, they had asked the Secretary of State to take this matter to the Veterans Board in order to remind it that the Covenant is also there for serving personnel. The Minister told us that while some Covenant initiatives, such as the Veterans Gateway, were obviously aimed at veterans, it was vital that serving personnel were also looked after appropriately.<sup>84</sup>

**56. The Government must ensure that the Covenant does not become too focused on veterans to the detriment of current Service personnel and their families. We request that the Government set out the measures it will take to ensure that the Covenant is balanced between the needs of veterans and serving personnel and their families, which should include a greater emphasis on increasing awareness of the relevance of the Covenant within current Service personnel and their families.**

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81 [Qq31–32](#)

82 [Q33](#)

83 [Q34](#)

84 [Q178](#)

### 3 Covenant Funding

57. There are various funding arrangements available for the implementation and delivery of the Covenant.<sup>85</sup> Our inquiry concentrated on LIBOR funding, including particularly the findings of the National Audit Office’s (NAO) September 2017 report into the management of the LIBOR Fund,<sup>86</sup> and the new arrangements for the management and administration of the Covenant Fund.

#### **LIBOR Funding**

58. An international investigation by financial regulators in 2012 revealed that several banks in the US and the EU were manipulating the London Interbank Offered Rate (LIBOR)—a benchmark interest rate for inter-bank loans—for profit. The Government announced in 2012 that all proceeds of the fines imposed on the banks would “go to the benefit of the public”. This included a commitment that the LIBOR fines would be used to support the Armed Forces through the introduction of the £35 million, Armed Forces Covenant Grant Scheme. At that stage, the Government did not know how much the Financial Conduct Authority (FCA) would collect in LIBOR fines, as the investigation was ongoing. UK regulators fined eight banks a total of £688 million. In 2015 an additional £284 million fine for manipulating foreign exchange markets was added to the LIBOR Fund, bringing the total amount allocated to the fund to £973 million.<sup>87</sup>

59. Following concerns raised in Parliament and the media about the use and transparency of LIBOR funds, the NAO undertook an investigation into the management of the LIBOR Fund and reported in September 2017.<sup>88</sup> The NAO report set out how the fund had been allocated within Government and how it had distributed this money. Our analysis of the figures in the NAO report found that 71% (£666 million) of the £933 million fund committed at the time had been given to Armed Forces-related and veterans-related projects. The MoD expects to have released all LIBOR funding, including the £40 million that had yet to be committed. The NAO’s key findings on the Government’s management of the LIBOR funding were:

- *Of the £933 million committed to the fund, £141 million has yet to be distributed but will support the Covenant Fund.* The Covenant Fund is a scheme that will make grants up to £10 million per year in perpetuity and is currently funded by the LIBOR Fund.
- *Not all grants from the LIBOR Fund had terms and conditions attached to them as standard until the Autumn Statement 2015.* Between October 2012, when the first HM Treasury LIBOR (HMT LIBOR) grant was awarded, up to and including the Summer Budget in July 2015, 67 grants totalling £272 million were made by HM Treasury and other Departments from the HMT LIBOR scheme on behalf of the Chancellor; £196 million of the £272 million grants were given out without any terms and conditions attached, of which HM Treasury stated that £139 million did not require them.

85 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, pp 55–59

86 National Audit Office, [Investigation into the management of the LIBOR Fund](#), 8 September 2017, HC 306

87 National Audit Office, [Investigation into the management of the LIBOR Fund](#), 8 September 2017, HC 306, p 5

88 National Audit Office, [Investigation into the management of the LIBOR Fund](#), 8 September 2017, HC 306

- *HM Treasury and the MoD cannot yet confirm that charities spent all grants as intended.* HMT commissioned the MoD in January 2017 to carry out a retrospective review of all grants awarded since 2012 in order to seek assurance on how the grants were spent and to provide information for future monitoring. The Departments hold differing levels of information on grants depending on when they were paid and from what scheme. The MoD is currently gathering information from grant holders for 236 of the 729 grants.<sup>89</sup>
- *The Government cannot yet demonstrate the impact the LIBOR grant fund has had as it has not been evaluating the impact of the grant schemes on the charity sector.* However, it has committed to completing an external evaluation in 2018 once it has completed the retrospective review in December 2017. By this time, more than 80% of the grant fund will have been awarded.
- *The MoD is now using a grant from the LIBOR Fund for a project to help understand the needs of the Armed Forces community.* This will inform the distribution of the £141m in the Covenant grant scheme.

60. While acknowledging the concerns expressed in the NAO's report, our witnesses (some of whom had received LIBOR funding) were keen to emphasise that the LIBOR funding had achieved positive outcomes for veterans and current Service personnel and thought that some of the criticism of the effectiveness of the way the fund had been used was unfair.<sup>90</sup> General McColl of COBSEO told us:

... I am not here to defend or deny the findings of the NAO report, which seems to me to be a very reasonable and pragmatic report ...

Not all of that money has gone to defence, of course, and not all of it has gone to the third sector within defence, but that which has made a significant impact on people's lives for the better.<sup>91</sup>

61. Similarly, Rt Hon Tobias Ellwood MP, Parliamentary Under-Secretary of State, MoD, did not agree that LIBOR funding had been wasted:

... These grants are going to some incredible charities that work very hard indeed, and to give the impression that somehow this money has been wasted paints a false picture of what is going on. When you have very small charities with just a handful of people, it is difficult to assess accurately whether or not the money is well spent. That has been expressed in the National Audit Office's report. When you look at some of the bigger charities that you have invited to speak here that did the work that has been done, they themselves are held to account as to how that money has been spent through the Charities Commission and so forth. I would say that since the 2012 LIBOR funding, this has provided exceptional service—some of the best in the world—to those who have served and indeed to their families and partners.<sup>92</sup>

89 For the other 493 grants, the Departments believe the monitoring requirements already built into the schemes under which the grants were given are sufficient to complete the review.

90 [Qq12-24](#) and [Qq77-79](#)

91 [Q77](#)

92 [Q149](#)

62. Our witnesses were also keen to emphasise that since 2015 a more rigorous regime for allocating funds and monitoring the way they were then spent had existed.<sup>93</sup> However, there were also concerns that the application process was now too complex, for example the application form consisted of over 80 pages.<sup>94</sup>

63. In addition to the matters in the NAO's report, concerns have also been raised in Parliament and the media that LIBOR funds are being used for projects that should be funded by the main MoD core budget.<sup>95</sup> In response to these concerns, the Minister told the House that:

It is important to understand that LIBOR grants are there for additional facilities. The MoD has a responsibility to provide core activities. Obviously, there is a grey area between a core activity and an additional facility.<sup>96</sup>

64. In a written answer, the Minister clarified the differences between MoD core activities and additional facilities:

The Ministry of Defence (MoD) is clear that LIBOR funding should not be used to fund Departmental core responsibilities. The funding application form explicitly states that funds cannot be used to top-up existing grants and aids from Government Departments or for projects, activities or services that the State has a legal obligation to provide. The use of LIBOR fines to support additional facilities and programmes over and above the core activities, support, and infrastructure provided by the MoD is entirely consistent with the scope of the LIBOR fund.<sup>97</sup>

65. As part of the response to the concerns regarding the use and monitoring of LIBOR funds, and as mentioned in paragraph 59 above, the Treasury commissioned the MoD in January 2017 to carry out a retrospective review of all grants awarded since 2012 to seek assurance on how the grants were spent and provide information for future monitoring. This review was expected to be completed by December 2017.<sup>98</sup> The Government made a commitment that the review would be followed by an external evaluation, in order to:

- Analyse the geographical and thematic spend of LIBOR grants; and
- Identify possible activities and impact delivered by grant holders.<sup>99</sup>

66. Helen Helliwell, MoD, told us that review had been delayed and that it would not come out until later in 2018. This in turn meant a subsequent delay in the external evaluation.<sup>100</sup> In its follow-up written evidence the MoD clarified:

In accordance with grant making best practice, HMT (utilising experienced grant making professionals from within the MoD's Armed Forces Covenant

93 [Qq12–24](#) and [Qq77–79](#)

94 [Qq25–28](#); [Q83](#) and [Qq152–153](#)

95 For example see HC Deb, 5 March 2018, [col 12](#)

96 HC Deb, 5 March 2018, [col 12](#)

97 PQ [1313 4](#), 6 March 2018

98 National Audit Office, [Investigation into the management of the LIBOR Fund](#), 8 September 2017, HC 306, para 3.6–3.11

99 National Audit Office, [Investigation into the management of the LIBOR Fund](#), 8 September 2017, HC 306, para 3.16–3.17

100 [Q151](#)

Team) is conducting a review of all grant commitments made from LIBOR fines. This includes grants which have been completed and those still ongoing (note: many of the grants are multi-year and further tranche payments are dependent on an annual review). The review will be completed in Summer 2018 and will be scrutinised by both the National Audit Office and Public Accounts Committee. On completion of the review (2018/2019), a further impact study will commence to examine the impact that LIBOR funds have had; the results of this review will also be made public. With the exception of the £10 million per annum Covenant Fund grant, all LIBOR funds will be expended by 2021.<sup>101</sup>

**67. We acknowledge that LIBOR funding has delivered positive results for veterans and current Service personnel and their families. We are pleased to hear that since 2015 a more rigorous system has been in place to ensure effective monitoring of projects funded under the scheme, although we note concerns that the application process is now too complicated. *The MoD should look at ways of simplifying the process while maintaining robust safeguards.***

**68. We are concerned by the NAO's findings that the Treasury and the MoD cannot yet confirm that charities spent all LIBOR grants as intended. While we acknowledge that the Government is undertaking a retrospective review of 236 projects, it is disappointing that this review, originally due to report in December 2017, has yet to be completed. This delay is unacceptable and has resulted in heightened concerns around the use of LIBOR funding for Covenant projects. *The Department must set out clearly in its response to our report what progress has been made. We expect early sight of the Review. The response to this report should also set out what options, including legal, are available to the Department to recover grants that have not been used as intended. The MoD and Treasury must also set out in detail what measures are in place to monitor any future grants. Grants should not be made without terms and conditions that provide for monitoring the project's delivery and achievements. The Government must take steps to ensure that there is no further delay to the promised external evaluation of the use LIBOR funds.***

**69. We are also concerned by suggestions that LIBOR funds have been used for core MoD activities. We note the Minister's statement that the use of LIBOR fines to support additional facilities and programmes over and above the core activities, support, and infrastructure provided by the MoD is entirely consistent with the scope of the LIBOR fund. *In response to our report, the MoD should provide information on the additional facilities and programmes that have been funded from LIBOR. We will be asking the Comptroller and Auditor General for a review of these grants.***

### **Future administration of the Covenant Fund**

**70. According to the 2017 Covenant Annual Report, the £10 million per annum Covenant Fund continued to support projects and programmes of work across the UK with new awards and through its ongoing monitoring and management of grants committed in previous years.<sup>102</sup> It also stated that organisations had been able to apply for grants at any time throughout the year and get a quicker decision than previously.**

101 Ministry of Defence ([AFC0001](#))

102 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 55

71. From 1 April 2018, responsibility for the Covenant Fund was transferred to the Armed Forces Covenant Fund Trust Limited, governed by the Corporate Trustee.<sup>103</sup> As a charity registered with the Charity Commission, it can use its funding only for charitable purposes in accordance with the spirit of the Armed Forces Covenant. It can do so, in particular (but not exclusively), by providing charitable assistance and support to those who serve in the Armed Forces, whether Regulars or Reservists, and those who have served in the past, their families, dependants and carers.

72. The grant-making experts in the Covenant Fund team at the MoD were transferred to the new Independent Trust “to give it much more independence and to do much more exciting grant-making in the future”.<sup>104</sup> Under the previous arrangements, part of the annual £10 million had been used to fund the administrative staff costs of the Covenant Fund.<sup>105</sup> This continued following the establishment of the Trust, but the MoD saw the new Trust having freedoms which had been unavailable within the MoD—for example, the ability to bring in temporary staff at short notice when there were a large number of grants to process. Helen Helliwell added:

We will have a new IT system which allows a lot of automation of the grant process, which is difficult on MoD computer systems. We would be able to do things like micro-grants, which we are about to announce, in celebration of the First World War commemorations—up to 5,000 grants. That would be incredibly difficult for the MoD to process in terms of procurement, whereas the automated grant system will just be able to do that for us. It enables us to operate much more flexibly and efficiently in using that £10 million. By having that micro-grants system—it is a much more innovative way of funding. We are a bit constrained in how we do that in the Ministry of Defence at the moment.<sup>106</sup>

73. Given that the new Trust would be located in new premises and have a new IT system, we were keen to establish whether a larger proportion of the Fund was likely to be used for running costs rather than for grants. The MoD told us that the current salaries for staff running the in-house Covenant Fund team and supporting the administration of the LIBOR team and Aged Veterans Fund team had been no more than £300,000 per annum for the last three years while the premises, IT, finance and HR support had been contributed by the MoD.<sup>107</sup> The new Trust was limited to a maximum of £500,000 per annum on salaries, premises, IT, and other support costs, and details of these costs will be published annually on the Charity Commission website.<sup>108</sup> This meant that a maximum of 5% of the annual Covenant Fund would be spent on administration; the MoD thought this compared favourably to national benchmarks and would enable the new charity to be more efficient and innovative in its grant giving. The MoD also clarified that the funding of £10 million per annum would be provided by the MoD from the ring-fenced LIBOR funds by means of a grant-in-aid agreement.

74. Ms Helliwell told us that a review would be undertaken by Anglia Ruskin University to develop an Outcomes Framework to be used by Covenant Fund grant holders to show

103 Ministry of Defence ([AFC0001](#))

104 [Q150](#); Ministry of Defence ([AFC0001](#))

105 [Q167](#)

106 [Q167](#)

107 Ministry of Defence ([AFC0001](#))

108 Ministry of Defence ([AFC0001](#))

the impact that their grants were having; in a way which could be aggregated upwards to show the impact collectively across a range of grants. The tools developed may also have wider relevance for other projects.<sup>109</sup>

**75. It is a positive step that the Covenant Fund will be governed as an independent trust. However, the MoD must ensure that appropriate safeguards are in place to ensure that the smallest possible proportion of the £10 million annual Covenant Fund will be taken up by the running of the fund. In response to our report, the MoD should clarify whether the Trust's agreement to limit its spending on running costs to £500,000 per annum is on a voluntary basis, or whether it is part of the Trust's legal status as a registered charity. *The MoD should also set out what safeguards it has in place to prevent an unexpected increase in the Trust's running costs—for example, due to property repairs—having a detrimental impact in the funding available for Covenant grants. We welcome the initiation of the study by Anglia Ruskin University to develop an Outcomes Framework to be used by Covenant Fund grant holders to show the impact that their grants were having and ask the MoD to keep us informed of the study's progress.***

## 4 Accommodation

76. The Armed Forces Continuous Attitude Survey 2018 found that 78% of Service personnel lived in Service accommodation during the working week.<sup>110</sup> This is split between 40% of personnel in Single Living Accommodation (SLA) and 32% in Service Family Accommodation (SFA) during the working week; the remaining 6% are, for example, on board a ship or submarine. The survey found that, satisfaction with the overall standard of Service accommodation had fallen from 58% in 2015 to 51% in 2018. In their observations in the 2017 Covenant Annual Report, the single Service Families Federations reported that accommodation matters continued to generate the highest number of concerns reported to them.<sup>111</sup>

### Performance of CarillionAmey

77. The management of Service Family Accommodation is the responsibility of the Defence Infrastructure Organisation (DIO) within the MoD which manages around 50,000 family homes in the UK. However, many of these responsibilities are discharged through private contractors. The National Housing Prime (NHP) Contractor with responsibility for maintaining Service Family Accommodation and administering the charging system for that accommodation is CarillionAmey.

78. In the 2016 Covenant Annual Report, the single Service Families Federations were forthright in their criticism of the company's performance in the provision and maintenance of Service accommodation.<sup>112</sup> The National Audit Office, the Public Accounts Committee and the Armed Forces Pay Review Body have also criticised CarillionAmey.<sup>113</sup> This led, in part, to the intervention of Ministers in early 2016 and the subsequent adoption of an Improvement Plan with CarillionAmey. The Improvement Plan required service levels to be measured against new key performance indicators (KPIs) with a deadline of May 2016. There was evidence of some improvements in performance following the adoption of the Plan. A January 2017 update by the NAO found that, there had been an improvement against the KPIs on response times, with agreed levels of service being met across all of the main indicators. However, performance across a number of the KPIs appeared to then deteriorate again. By September 2016, targets across three of the main indicators were no longer being met and complaints had returned to pre-Improvement Plan levels.<sup>114</sup> The deterioration in performance was confirmed by the Armed Forces Pay Review Body in its 2017 Report.<sup>115</sup>

79. In the 2017 Covenant Annual Report, the single Service Families Federations reported that there had been some progress made in the performance of CarillionAmey,

110 Ministry of Defence, [UK Armed Forces Continuous Attitude Survey Results 2018](#), 24 May 2018, p 19

111 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 14

112 Ministry of Defence, [Armed Forces Covenant Annual Report 2016](#), 15 December 2016, p 14

113 See Public Accounts Committee Ninth Report of Session 2016–17, [Service Family Accommodation](#), HC 77; National Audit Office, [Service Family Accommodation](#), Memorandum prepared for the Public Accounts Committee, June 2016; National Audit Office, [Service Family Accommodation update](#), Memorandum prepared for the Public Accounts Committee, January 2017; and Armed Forces Pay Review Body, [Forty Sixth Report 2017](#), Cm 9437, 28 March 2017

114 National Audit Office, [Service Family Accommodation update](#), Memorandum prepared for the Public Accounts Committee, January 2017

115 Armed Forces Pay Review Body, [Forty Sixth Report 2017](#), Cm 9437, 28 March 2017, p xiv and paras 1.14, 4.7 and 5.5

although there was still room for improvement in some areas, such as in follow-on works and communications.<sup>116</sup> The company's introduction of Customer Engagement meetings was commended, as families had long voiced their frustrations about not having face-to-face contact with the team responsible for Service Family Accommodation.<sup>117</sup>

80. In January 2018, it was announced that Carillion, one of the parent companies in the CarillionAmey joint venture partnership for Service accommodation, was entering into immediate compulsory liquidation. In a statement on 15 January, Amey confirmed that under the terms of the joint ventures' arrangements they would continue to provide the services in the contract and the company was committed to ensuring a continuity of service to the DIO and the MoD.<sup>118</sup> On 16 January, the single Service Families Federations noted that they had already received assurances from Amey and the DIO on the future delivery of services under these contracts.<sup>119</sup> However, they remained highly critical of the original CarillionAmey contract. Anna Wright, Director, Naval Families Federation, told us:

It was a very cheap contract. It was £180 million less than the previous contract. That says it all really, doesn't it? It was a short contract. It was a cheap contract. They bid too low, the Government did not pay enough and families suffered as a result.<sup>120</sup>

81. The Minister accepted that improvements needed to be made, arguing that the renegotiation and review of some of these contracts in 2021 would provide an opportunity to learn from the mistakes and errors made in the past.<sup>121</sup>

82. In the months since the collapse of Carillion, in regular updates to us, each of the Federations noted that it had not seen an undue increase in the number of maintenance issues in respect of SFA since Amey took over the contract. However, they did raise concerns that some sub-contractors were now demanding to be paid up-front. It was also suggested that in some cases Amey had requested payment for work for which Carillion had already been paid. The MoD told us that the Department had not paid any money directly to Carillion for the contract. Payments were, and would continue to be made to the project bank account operated by the DIO and the CarillionAmey Joint Venture (JV). The JV authorised payments from that account to their own bank account and from that account made payments to sub-contractors, suppliers and Carillion.<sup>122</sup>

83. In May 2018, Graham Dalton, Chief Executive of the DIO, told the Public Accounts Committee that the contract targets had either being achieved or slightly exceeded. Although the DIO was working with Amey to achieve better performance, he did not have any enforcement measures that he could impose on them.<sup>123</sup>

#### **84. The performance of CarillionAmey, the Ministry of Defence and the Defence Infrastructure Organisation (DIO) in managing Service accommodation has been**

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116 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 14

117 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 14–15

118 ["Statement about CarillionAmey"](#), Amey press release, 15 January 2018

119 [Qq47–50](#)

120 [Q52](#)

121 [Qq191–192](#)

122 Ministry of Defence ([AFC0001](#))

123 Oral evidence taken before the Public Accounts Committee, *Annington Homes: Armed Forces families*, HC 974, [Q102](#)

lamentable. It is clear that the National Housing Prime contract was ‘not fit for purpose’ in terms of its budget and Key Performance Indicators. It is unacceptable that this has meant that there are no enforcement measures that can be imposed on CarillionAmey, as they have met the minimum standards set out in the contract (which were woefully low). Concerns over the maintenance of Service accommodation pre-date the CarillionAmey contract and it is obvious that the MoD and the DIO have not learned the necessary lessons. The culture within the MoD and DIO must change to ensure that this failure is not repeated. The DIO’s plan to examine different strategies for future contracts, including using more than one provider, is a welcome first step.

85. *In response to our report the MoD should set out detailed plans on how it will learn lessons from this appalling story and how it will apply them to future contracts—including how the DIO plans to take forward its plan for a different strategy. Plans for this new strategy should be accelerated as a matter of urgency, as the current level of service provided to Service personnel and their families, as confirmed by the Armed Forces Continuous Attitude Survey, is simply unacceptable and should no longer be tolerated. Failure to improve the maintenance of Service accommodation will have a major adverse impact on recruitment and retention in the Armed Forces.*

### The Ministry of Defence’s agreement with Annington Property Limited

86. Another major concern in respect of Service accommodation is the MoD’s contract with Annington Property Limited (Annington). In 1996 the MoD sold 999-year leases on approximately 55,000 housing units that it wished to retain on its married quarters estate (the Annington Estate), as well as over 2,000 surplus properties.<sup>124</sup> It then rented them back on 200-year leases from Annington. The number of leases initially totalled 770. The MoD can terminate the agreement in whole or part (for each of the leases) by giving six months’ notice to surrender the leases and settling any dilapidations claims. The MoD has surrendered some leases since 1996, leaving it with 39,000 housing units across 551 leases.

87. In its January 2018 report on the MoD’s arrangement with Annington, the NAO made recommendations to the MoD and the Treasury and expressed the following serious concerns:

- *The MoD went ahead with the deal in 1996 despite assessing that it would be cheaper to retain ownership.*
- *It has so far lost out on between £2.2 billion and £4.2 billion by selling the houses rather than retaining them.* Although the scale of rising house prices could not have been foreseen at the time of the deal, the NAO considered that the MoD had been too cautious in assuming that house prices would rise only by 1% per year (excluding inflation) when agreeing the deal.
- *The MoD has not properly managed the risks and responsibilities that it retained—including maintenance and disposal of surplus property—nor has it worked with Annington to generate greater value from the properties.*

124 National Audit Office, [Ministry of Defence’s arrangement with Annington Property Limited](#), January 2018, HC 762, p 4

- *The MoD could be paying significantly more each year once the existing agreement on rental costs ends in 2021.* The MoD currently benefits from an existing rental adjustment of 58% compared to market value. The MoD considers that there are factors which will continue to justify this level of adjustment. Annington, however, believes that rents will rise after 2021. If there were no adjustment, that would cost the MoD an additional £250 million a year assuming no change to the properties.
- *The MoD has started to prepare for formal site-by-site reviews but faces a significant challenge to collect the information it needs within the timetable for negotiations and has not yet begun contingency planning.* The MoD will also already have started negotiations before it decides on whether or when to roll out the Future Accommodation Model.<sup>125</sup>

88. The Secretary of State for Defence told us he would not defend a bad decision.<sup>126</sup> A dedicated team has been set up within the MoD to take forward the renegotiations with Annington, due in 2021, and Helen Helliwell emphasised that the MoD needed to learn lessons to ensure that the best outcome was achieved.<sup>127</sup> We were particularly alarmed by the NAO's findings that if the MoD failed in the negotiations to secure continued rental adjustments then the Department might face an increase in annual rental costs of between £84 million and £250 million. The MoD confirmed that no contingency currently existed and that the matter was being considered as part of the current Modernising Defence Programme given the potentially serious implications for the defence budget.<sup>128</sup>

89. Another area of concern for us was how the negotiations might impact on the introduction of the MoD's controversial new Future Accommodation Model (FAM),<sup>129</sup> particularly as pilot schemes, lasting about three years, were due to begin in 2018.<sup>130</sup> It was disappointing that in their oral evidence the MoD was unable to give us any detail on this matter.<sup>131</sup> Following the session the Department clarified that:

Officials are working closely with wider Defence initiatives and maintain regular checks on the progress of the Annington Homes renegotiation. The speed at which FAM is rolled out will be re-assessed after the pilot. However, any impact of the Annington Homes negotiation will need to be factored into the final assessment of FAM and its wider roll-out in 2021.<sup>132</sup>

90. During evidence to the Public Accounts Committee on the Annington contract, David Goldstone, the MoD's Chief Operating Officer, gave an update on how the FAM might be impacted by the negotiations:

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125 National Audit Office, [Ministry of Defence's arrangement with Annington Property Limited](#), January 2018, HC 762

126 Oral evidence taken before the Defence Committee on 21 February 2018, *Departmental Priorities*, [Qq90–94](#)

127 [Q203](#)

128 [Qq203–204](#)

129 See concerns from the single Service Families Associations: Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 15, and also Royal United Services Institute for Defence and Security Studies, Occasional Paper, *The Home Front—The Future Accommodation Model for the UK Armed Forces: Obligations and Choices for Service Personnel and Families*, May 2018, which also expressed concerns, and made specific recommendations, for the Future Accommodation Model.

130 [Qq208–211](#) and oral evidence taken before the Public Accounts Committee, *Annington Homes: Armed Forces families*, HC 974, [Q149](#)

131 [Qq208–211](#)

132 Ministry of Defence ([AFC0001](#))

... we will have the negotiation with Annington in the way that we have discussed, and that will have an outcome and we will have an ongoing view about the level of discount on market rents. That may well inform what happens. If it moves in a certain direction, it may be that the benefits and value-for-money case for FAM are increased—or not. That work will inform how we take forward FAM, rather than FAM having to be resolved beforehand. We don't feel that that is a constraint to either taking forward the negotiation with Annington or progressing with pilots on the future accommodation model. We will have the negotiation on the estate as it is. FAM is only being piloted. There is uncertainty about how that goes forward, and there are a lot of consequences in respect of the accommodation offer and the financial issues that will be worked through before there is a firm decision.<sup>133</sup>

91. We were also concerned about the level of the MoD's preparedness for, and the resource implications, of a potential a site-by-site review from 2021 if the MoD and Annington negotiations are unsuccessful.<sup>134</sup> Mr Goldstone told the Public Accounts Committee that the Department had established beacon property values and had all the condition information for the properties.<sup>135</sup> This was sufficient information for an "in principle discussion" with Annington to explore ways of reaching a future settlement so as to avoid the need for the site-by-site examination from 2021. If a site-by-site review were necessary, the Department would need additional resources; but, as this would not take place until 2021, the MoD had time to plan.

**92. The Annington Homes agreement is a disastrous failure and has exposed the Department to considerable risk. This agreement is yet another example from which the MoD and the DIO, and wider Government—especially the Treasury—must learn lessons and they must do so quickly. The Modernising Defence Programme must address the potential implications for the core MoD budget. *In its response to our report, the Government must explain how it will ensure that such a signally bad deal will not occur again. The Government should set out in its response the contingency measures it is considering, or which are already in place, to lessen the impact on future rents. It should also include updates on the Future Accommodation Model pilot schemes and on how the wider project may be affected by the future MoD and Annington Homes negotiations. We expect six-monthly progress reports on these matters.***

## Combined Accommodation Assessment Scheme

93. The Combined Accommodation Assessment Scheme (CAAS) is a new system of rental charging for Service accommodation which was introduced on 1 April 2016 following property surveys to determine the allocation of new rental charge bandings. Those surveys resulted in 81% of properties being subject to a higher rental charge. In their observations on the 2016 Covenant Annual Report, the single Service Families Federations stated that although they supported the principle of the CAAS, its introduction had been marred

133 Oral evidence taken before the Public Accounts Committee, *Annington Homes: Armed Forces families*, HC 974, [Q152](#)

134 Oral evidence taken before the Defence Committee on 21 February 2018, *Departmental Priorities*, [Qq91](#)

135 Oral evidence taken before the Public Accounts Committee, *Annington Homes: Armed Forces families*, HC 974, [Q126](#)

by both poor communication and a complex appeal process to challenge rent increases.<sup>136</sup> The Armed Forces Pay Review Body (AFPRB) agreed, reporting that Service personnel had received little advice or communication on how they could challenge the new rental banding allocations.<sup>137</sup> Our predecessor Committee was not surprised that confidence in the system was low, given the inconsistent banding of properties and the complex appeals process.<sup>138</sup> They recommended that the MoD should establish an independent arbitration process and ensure that information needed for appeals was readily available.<sup>139</sup> In its response, the Government accepted some of these criticisms and set out several initiatives that it had implemented to resolve these issues, such as the CAAS assessment summary sheet.<sup>140</sup> The MoD also initiated further work to improve the system.

94. Despite the Department's initiatives, the single Service Families Federations again reported in the Covenant Annual Report 2017 on the deep unpopularity of the CAAS, with many Service personnel feeling that significant rises in charges were often neither adequately explained nor justified.<sup>141</sup> This sense of frustration was further compounded by poor communication and a complex challenge/appeal process. The Federations noted the CAAS Working Group's intention to simplify the system, but remain concerned by the negative effect of CAAS. In oral evidence to us, the Federations highlighted that they had been assured that the additional revenue from the rent increases would be reinvested, but they had not seen this confirmed in practice.<sup>142</sup>

95. In response to these concerns the MoD gave us information on the transitional arrangements, which had been implemented when the scheme was introduced, to protect Service personnel and their families from sharp rent increases, due to the extent of the under-grading of properties and undercharging of rents.<sup>143</sup> This spread larger rent increases over several years and set a maximum cap for the increase in any single year to one CAAS charging band.

96. Since the introduction of CAAS, work had continued on refining and improving the system, for example, by clarifying the policy so it was easier to understand, by providing clearer and more detailed responses to Challenge and Appeals, and by changes to the threshold for broadband provision in Service accommodation. The Department also emphasised the work of the CAAS Continuous Improvement Working Group, whose aim was to improve the delivery of CAAS and to develop recommendations for potential changes to policy.<sup>144</sup>

**97. We are concerned that confidence in the Combined Accommodation Assessment Scheme remains low and that communication about the scheme remains poor. We support the establishment of a working group to look at ways of simplifying the scheme and request a further update on its progress from the MoD in its response to our report.**

136 Ministry of Defence, [Armed Forces Covenant Annual Report 2016](#), 15 December 2016, p 14

137 Armed Forces Pay Review Body, [Forty Sixth Report 2017](#), Cm 9437, 28 March 2017, paras 4.5–4.12

138 Defence Committee, Ninth Report of Session 2016–17, [Armed Forces Covenant Annual Report 2016](#), HC 492, para 58

139 Defence Committee, Ninth Report of Session 2016–17, [Armed Forces Covenant Annual Report 2016](#), HC 492, para 59

140 Defence Committee, Second Special Report of Session 2017–19, [Armed Forces Covenant Annual Report 2016: Government Response to the Committees Ninth Report of Session 2016–17](#), HC 310

141 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 15

142 [Q54](#)

143 Ministry of Defence ([AFC0001](#))

144 Ministry of Defence ([AFC0001](#))

## Single Living Accommodation

98. The 2018 Armed Forces Continuous Attitude Survey saw a further decline in the overall satisfaction with Single Living Accommodation (SLA) (at 49% compared with 55% in 2012).<sup>145</sup> The survey broke this down as follows:

- Value for money: 64% in 2012 to 56% in 2018;
- Response to request for maintenance/repair: 39% in 2012 to 26% in 2018; and
- Quality of maintenance and repair: 39% in 2012 to 28% in 2018.

99. In their comments on the 2017 Covenant Annual Report, the single Service Families Federations said that:

We continue to hear about the poor state of infrastructure in units, including Single Living Accommodation (SLA), and the concomitant adverse effect on morale and feeling valued. The MoD now needs to address this urgently as the condition of SLA is an area of real concern for those personnel still living in poor quality and badly maintained accommodation.<sup>146</sup>

100. The 2017 Annual Report also included a commitment to establish a Single Living Accommodation management information system by 2019 to provide information on the condition of the estate and inform key investment decisions.<sup>147</sup> However, Group Captain (Retd) Bill Mahon, Director, RAF Families Federation, was not sure how this would assist in resolving problems, beyond helping identify where SLA was located and how much of such accommodation was being used or vacant.<sup>148</sup>

101. The MoD agreed that the 22,000 new SLA dwellings put in place when the SLA project started in 2004 were now getting to that age at which they would need attention.<sup>149</sup> The MoD added that the new FAM would allow greater flexibility, so individuals could make a choice about whether they wanted to use single living accommodation, or to go off base and rent or own a property.

**102. We are disappointed that the condition of Single Living Accommodation (SLA) remains of such concern and we note the warning we heard in evidence of the potential impact on recruitment and retention. We are further concerned to hear that issues are now arising regarding the condition of more modern SLA accommodation. We also believe that the MoD should make clear whether it believes the companies are fulfilling their contractual requirements.**

**103. *The MoD needs to develop a robust plan to improve SLA. Our witnesses were unsure of how the introduction of a SLA Management Information System would help improve the standards of SLA. In response to our report, the MoD must set out why it believes this information system, which has been in the pipeline for a considerable number of years, will help improve SLA. If the MoD cannot demonstrate this, then consideration should be given to abandoning its development.***

145 Ministry of Defence, [UK Armed Forces Continuous Attitude Survey Results 2018](#), 24 May 2018, p 19

146 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 15

147 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, Annex A, p 85

148 [Q55](#)

149 [Q201](#)

## Performance of the Defence Infrastructure Organisation

104. Overall, the Defence Infrastructure Organisation (DIO) is a woefully underperforming part of the Ministry of Defence, and is known almost universally throughout the Department as ‘DI NO’—in light of its often negative and uninspiring attitude. For years, Service personnel and their families have had to put up with very poor maintenance standards, which would simply not be tolerated in the Local Government / Housing Association sector. This disrespect of Armed Forces personnel and their families is increasingly one of the reasons why people leave the Services. Ministers must urgently grip this dysfunctional organisation and lay out an action plan for radical improvement, to convince Service personnel that they and their families are indeed valued and that their housing needs will be cared for appropriately in the future.

## 5 Armed Forces Pay

105. The Armed Forces Continuous Attitude Survey 2018 cited satisfaction with the basic rate of pay and Recruitment and Retention Pay (RRP) as being at their lowest recorded levels.<sup>150</sup> Only 31% of all personnel were satisfied with the basic rate of pay and 20% with RRP.

106. The Armed Forces' Pay Review Body (AFPRB) recommended in March 2017 that the MoD should continue to increase pay by 1% across the board for 2017–18.<sup>151</sup> This was in line with the cap placed on most public-sector workforces since 2013.<sup>152</sup> The AFPRB, however, also found that:

... if the private sector continues to recover and if inflation continues its upward trajectory, we could foresee recruitment becoming more challenging and morale being adversely impacted.<sup>153</sup>

The Review Body found evidence that for some skills, in particular engineering, the adverse impact was already real.<sup>154</sup>

107. In her letter of 21 September 2017 to the Chairman of the Armed Forces Pay Review Body, setting out the parameters for the annual review of Armed Forces' pay, the Chief Secretary to the Treasury, Rt Hon Elizabeth Truss MP, indicated that there might now be some flexibility for pay review bodies to move away from the 1% cap from 2018–19.<sup>155</sup> However, she also warned that the 2018–19 annual pay round marked a shift to a “Single Fiscal Event” in the Autumn. This would delay the submission of Departmental evidence to pay review bodies—which would lead to a delay, from the usual date of 1 April, in the implementation of new pay rates.

108. In evidence to us in October 2017, the then Secretary of State for Defence, Sir Michael Fallon MP, welcomed the new flexibility that the pay review bodies were being given to recognise certain areas of skill shortage and move above the previous 1% cap. He argued that flexibility would enable the pay review body to look specifically at what needed to be done to improve either recruitment or retention in those areas. However, he also cautioned that the Chancellor had been clear that any pay increases would be borne by the Defence budget.<sup>156</sup>

109. The delay in introducing the new rates was confirmed by Rt Hon Gavin Williamson MP, Secretary of State for Defence, in his letter of 7 December 2017 to the Chairman of the AFPRB which stated that the MoD would be submitting its evidence to the review body in the coming weeks and that the Secretary of State would give oral evidence early in 2018.<sup>157</sup>

150 Ministry of Defence, *UK Armed Forces Continuous Attitude Survey Results 2018*, 24 May 2018, p 7

151 Armed Forces' Pay Review Body, *Forty-Sixth Report 2017*, Cm 9437, 28 March 2017, p xi

152 Commons Library Briefing, *Public Sector Pay*, CBP 8037, 3 May 2018, p 3

153 Armed Forces' Pay Review Body (March 2017), *Forty-Sixth Report 2017*, Cm 9437, 28 March 2017, para 5.2

154 Armed Forces' Pay Review Body (March 2017), *Forty-Sixth Report 2017*, Cm 9437, 28 March 2017, p xv and para 5.3

155 Letter from the Chief Secretary to the Treasury to the Chairman of the Armed Forces Pay Review Body, dated [21 September 2017](#)

156 Oral evidence taken before the Defence Committee on 25 October 2017, Work of the Department 2017, [Q13](#)

157 Letter from the Secretary of State for Defence to the Chairman of the Armed Forces Pay Review Body, dated [7 December 2017](#)

The Secretary of State added that Armed Forces personnel had been informed of the delay which the Department would try to keep to a minimum and that pay awards would be backdated to 1 April 2018.

110. In evidence to the Public Accounts Committee on 5 June 2018, the MoD Permanent Secretary confirmed that the AFPRB's recommendations were being considered by the Secretary of State and discussions were ongoing with the Cabinet Office and the Treasury.<sup>158</sup> Lieutenant General Richard Nugee, Chief of Defence People, said that the negotiations on this year's award were more complex than normal, as there was a possibility that the award might be above 1%, but he hoped for an announcement by the end of June 2018.

**111. We welcome the Government's signal that there is some flexibility for Departments to move away from the public sector pay cap of 1%, although we note that no additional funding will be made available to the MoD for increases above this level for Service personnel. The pay cap has had a negative impact on the morale of, and recruitment to and retention in, the Armed Forces. The MoD must ensure that these factors are taken into account when determining the pay award. An award limited to 1% would be very disappointing, and risk further undermining morale and increasing the negative effect of pay restraint on recruitment and retention.**

**112. We are also concerned that the move to announcing budgets in November may mean that it is difficult to implement awards recommended by the Armed Forces Pay Review Body and agreed by the MoD on the 1 April each year. The Treasury, the MoD and the Armed Forces Pay Review Body should make every effort to implement awards on time.**

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158 Oral evidence taken before the Public Accounts Committee on 4 June 2018 on Skills shortages in the Armed Forces, HC 1027, [Qq1-3](#)

## 6 Healthcare

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### Priority Access to NHS Medical Treatment

113. The Government announced in November 2007 that priority access to NHS medical treatment would be extended to all veterans whose injuries or ill health were attributable to their military service (before this the priority applied only to those in receipt of War Pensions).<sup>159</sup> Guidance was issued to GPs that they should make it clear in referrals to secondary care for conditions related to military service that the patient was a veteran and should be considered for priority treatment over other patients of equal clinical need.

114. Nevertheless, the Royal British Legion in its comments on the 2016 Covenant Annual Report, identified lack of awareness amongst healthcare professionals of veteran priority treatment as a continuing problem.<sup>160</sup> In its comments on the 2017 Annual Report, the Legion stated that it had worked closely with the NHS in England and in Wales to identify problems with the delivery of the policy of priority treatment and how it could be improved.<sup>161</sup> The Legion welcomed the progress outlined in the Annual Report, but noted that there were still challenges to be addressed. In oral evidence to us, the Legion explained that “the issues lie in the delivery of the services that are available” which could be difficult to navigate, and that the provision of services is different in England (and there are differences within England) and the devolved administrations.<sup>162</sup> The MoD said they had established an access and equity group to examine the issue of differences in accessing treatment. Helen Helliwell said that although delivery might not be the same, access should be the same across the devolved administrations.<sup>163</sup>

115. The single Service Families Federations were pleased that Armed Forces and Veterans issues were now part of the national curriculum for GPs, and will be tested in their Royal College of General Practitioners membership examination. This, they saw as an extremely positive development.<sup>164</sup>

116. In contrast, the Scottish Veterans Commissioner, in a recent report, called for a rethink of veterans’ priority treatment.<sup>165</sup> While recognising the political and public support for veterans receiving ‘special treatment’ he argued that “the concept is flawed, often misunderstood and occasionally ignored by a number of health professionals and veterans—whether unwittingly or, in some cases, quite deliberately”. He added:

These views have been emboldened in recent months by feedback received from many individuals and organisations. This has reinforced the fundamental point that care within the NHS is based on clinical

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159 *“Government to boost Veterans healthcare”*, Ministry of Defence press release item, 23 November 2007

160 Ministry of Defence, *Armed Forces Covenant Annual Report 2016*, 15 December 2016, p 19

161 Ministry of Defence, *Armed Forces Covenant Annual Report 2017*, 18 December 2017, p 20

162 [Q88](#)

163 [Q216](#)

164 Ministry of Defence, *Armed Forces Covenant Annual Report 2017*, 18 December 2017, p 13

165 Scottish Veterans Commissioner, *Veterans’ Health and Wellbeing—A Distinctive Scottish Approach*, April 2018, pp 9–10

need and not on the background, occupation or category of a patient. As a consequence, the promise of priority treatment for veterans is a largely meaningless concept that rarely has any direct impact on individuals.<sup>166</sup>

He believed the emphasis on waiting list times should be replaced by a greater focus upon the principles of excellence, and upon accessible and sustainable treatment for all veterans.

**117. While we recognise the progress made, we are concerned to hear about continuing difficulties in veterans receiving priority access to NHS medical treatment, when their injuries or ill-health are attributable to their military service. We call on the Government, in partnership with the devolved administrations, to instigate a specific study as a priority to examine and tackle the inconsistencies in how veterans receive priority treatment. Part of the study should consider enhancing the role of local Covenant champions in ensuring that local health care providers are aware of, and implement, this right for veterans. We also note the recent call of the Scottish Veterans Commissioner for a rethink of priority treatment for veterans. In undertaking this reform, however, it is important that any changes are considered within the context of the entire UK, so as not to increase current inconsistencies.**

## Mental Health

118. In this section we comment briefly on the provision of mental health treatment to veterans and Service personnel. This topic will be covered in more detail when we complete our separate inquiry into these matters.<sup>167</sup>

119. In 2017, NHS England launched the Transition, Intervention and Liaison Service. The 2017 Covenant Annual Report says that the service increases access to mental health services and treatment options, “doubling the size of the current regional bespoke mental healthcare for veterans in England”.<sup>168</sup> It provides support for the general and complex mental health needs of Veterans and, for the first time, serving personnel preparing to leave the Armed Forces can also access NHS care and treatment for mental health conditions, providing continuity when it is most needed. In England, most veterans use mainstream NHS mental health services. These are expanding through the national Improving Access to Psychological Therapies (IAPT) programme that now has a duty to record Veteran status. In April 2017, this duty was extended to all mental health services.

120. Spending on mental health for the general population in England has increased to a record £11.4 billion in 2016–17, with a further investment planned of £1 billion every year by 2020–21.<sup>169</sup> NHS England spends £6.4 million per annum on additional bespoke services for Veterans. NHS England has commissioned pilots of its Liaison and Diversion programme which aims to enhance means of identification and to improve care options for serving personnel and Veterans in the criminal justice system and to enhance the services provided to their families.

166 Scottish Veterans Commissioner, *Veterans’ Health and Wellbeing—A Distinctive Scottish Approach*, April 2018, pp 9–10

167 For further information see the Defence Committee’s inquiry page: [Armed Forces and veterans mental health](#).

168 Ministry of Defence, *Armed Forces Covenant Annual Report 2017*, 18 December 2017, p 25

169 Ministry of Defence, *Armed Forces Covenant Annual Report 2017*, 18 December 2017, p 26

121. The 2017 Covenant Annual Report states “healthcare priorities in Scotland in 2017 included funding the provision of specialist mental health services for Veterans resident in Scotland at £1.2 million per year to 2018 in partnership with NHS Scotland and Combat Stress”.<sup>170</sup>

122. Alongside the Wales’ National Action Plan, there are a number of schemes under way in Wales aimed at addressing the mental health needs of Veterans.<sup>171</sup> A new partnership between Veterans NHS Wales and Change Step is helping Veterans in Wales access crucial mental health treatment and support. Two highly skilled Veteran peer mentors are working alongside specialist psychological therapists to support veterans who need treatment related to experiences during their time in service, or in adjusting to civilian life. The Welsh mental health charity, Hafal, is leading the Wales-wide Forces for Change programme which encourages Armed Forces and blue light Veterans to reach out to fellow Veterans who are experiencing mental health problems. Their goal is to support them in accessing the services needed to recover and to hear their ideas about how those services could be improved. At the end of the campaign, recommendations will be made on developing and improving services across Wales.

123. In Northern Ireland, Defence Medical Services provides mental health treatment for Service personnel and those in transition to civilian life.<sup>172</sup> Outpatient services are primarily supplied via military Departments of Community Mental Health. Inpatient care is provided by the Health Service, contracted by the MoD.

124. As part of their observations on the 2017 Covenant Annual Report, the single Service Families Federations stated:

We would like to recognise formally the activity, support and engagement offered by the Armed Forces Commissioning Managers within NHS England, which has been outstanding; they continue to assist many families in need of advice and help. We also welcome the Defence People Mental Health and Wellbeing Strategy and we are pleased to note that Mental Health is at the forefront of the Health Agenda. We look forward to seeing the new services implemented over the coming months.<sup>173</sup>

### **Mental Health helplines**

125. During our inquiry, a campaign was underway for the Government to provide a 24-hour mental health helpline for serving personnel. A 24/7 helpline for veterans, provided by Combat Stress, was already in existence which had clinicians available to provide assistance to callers. However, it was not clear whether this was also available to personnel who were still serving. In addition, campaigners did not believe it should be left to the ‘third-sector’ to provide this service. On 25 February 2018, the Secretary of State for Defence launched a new 24/7 Military Mental Health Helpline.<sup>174</sup> He pledged an extra £2 million per year for mental health services for the next decade in addition to the £20 million already spent each year and added:

170 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 26

171 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 27

172 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 27

173 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 13

174 [“Defence Secretary shows commitment to Armed Forces mental health with over £220-million funding and new helpline”](#), Ministry of Defence press release, 25 Feb 2018

I will personally be working with all the Service chiefs to make sure there isn't a single person in the forces who doesn't know where to turn in times of trouble.

**126. We are pleased to hear of the progress being made in mental health provision but acknowledge that disparities still exist across the UK. We call on the Government and the devolved administrations to ensure that best practice is shared and that services across all the different parts of the UK are of a comparably and consistently high standard.**

**127. We note the establishment in February 2018 of the new 24/7 Mental Health Helpline for serving personnel and their families. In response to our report, the MoD should set out how it will measure its effectiveness and ensure that it does not simply replicate the existing Combat Stress helpline. We expect to receive data on the number of calls received and actions taken in response to calls to both helplines.**

### **Inspections of MoD Defence Medical facilities**

128. COBSEO told us of their concerns that the Covenant Annual Report 2017 contained no mention of “the pressures that the MoD-owned Departments of Community Mental Health (DCMH) in the UK are under, and what this means in terms of the reduced access to mental health services for serving personnel in the UK”.<sup>175</sup> For example, they understood that in Catterick the local advice was that low-risk Service personnel should be referred in the first instance to welfare agencies (including SSAFA) in order to ease DCMH waiting list pressures.

129. The Report stated that Defence Medical Services had agreed with the Care Quality Commission (CQC) a programme of inspections of Defence Medical Treatment Facilities in order to provide external scrutiny and assurance of the quality of medical care being delivered to Service personnel.<sup>176</sup> 13 Medical and Dental Centres had been inspected in the first quarter of the 2017–18 financial year. Inspections of Regional Rehabilitation Units and Departments of Community Mental Health were due to start before the end of the year. Defence inspection reports were being published on the CQC website in a similar manner to NHS inspection reports. Where the CQC identified areas for improvement, covering governance, staffing and infrastructure, the Surgeon General was committed to addressing its recommendations.

130. The MoD provided further details of the Care Quality Commission (CQC) inspections of Defence Primary Healthcare (DPHC) which began in April 2017.<sup>177</sup> To date there had been 57 inspections with 40 reports published on the CQC website.<sup>178</sup> These reports related to 21 Medical Centres, 17 Dental Centres, one Regional Rehabilitation Unit (RRU) and one DCMH. All 17 of the Dental Centres inspected had been awarded a pass, although the CQC noted a significant number of infrastructure issues. The RAF Cosford RRU passed in all areas. The RAF Brize Norton DCMH was graded as ‘Requires Improvement’.

<sup>175</sup> Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 19

<sup>176</sup> Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, pp 23–24

<sup>177</sup> Ministry of Defence ([AFC0001](#))

<sup>178</sup> Ministry of Defence ([AFC0001](#)); see also [Care Quality Commission: Defence Medical Services](#) (accessed on 20 June 2018)

131. The outcomes of the CQC inspections of Medical Centres had been variable. Four Medical Centres have been graded as ‘Outstanding’, with several areas of notable practice. Six Medical Centres have been graded as ‘Good’, and 10 as ‘Requires Improvement’. One Medical Centre, RAF Scampton, had been graded as ‘Inadequate’. Corrective measures had been put in place and a follow-up report after a re-inspection in February was published in April 2018. The CQC has already produced summaries of issues identified, according to the Key Lines of Enquiry, and aimed to produce an annual report at the end of the first year of inspections in June 2018.<sup>179</sup>

**132. We welcome the Care Quality Commission’s inspection programme of Defence Medical Treatment Facilities, including MoD Departments of Community Mental Health, and the fact that their inspection reports are publicly available. We look forward to seeing the Annual Report on the inspections. *In response to our report, the MoD should set out what work is planned to draw together any thematic concerns identified by the individual inspections that apply across the treatment facilities so that necessary improvements can be made.***

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179 Ministry of Defence ([AFC0001](#)); The 5 Key Lines of Enquiry (KLOE) are: Are services safe? Are services effective? Are services caring? Are services responsive? Are services well-led?

## 7 Education

### Service Pupil Premium

133. In their observations on the Covenant Annual Report 2017, the single Service Families Federations welcomed reassurances that the Service Pupil Premium (SPP), an England-only fund, would not be affected by the wider reform of school funding.<sup>180</sup> However, the Federations noted that for some time now it had stood at £300 per pupil per year and that an increase would be welcome. The Federations would also welcome an extension of SPP to include under-5s, to support transitional childcare arrangements, and for all children in compulsory education, including those aged 16–18 years. Anna Wright, from the Naval Families Federation, told us that while they would like to see the SPP increased, their priority would be for it to be extended to early years and up to 18 years, because there were gaps at either end in terms of pastoral support.<sup>181</sup>

134. The single Service Family Federations also warned that more work needed to be undertaken to inform schools on the appropriate use of the SPP to support Service children and to ensure that it was not combined with the main Pupil Premium funding.<sup>182</sup>

**135. *We call on the Government to review the Service Pupil Premium for England, with particular reference to whether it should be increased and whether its range should be extended to under-5s and to all Service children, including those aged 16–18 years across the UK. We also call upon the Government to provide target guidance to help schools use the Service Pupil Premium appropriately.***

### MoD Education Support Fund

136. The single Service Families Federations were also concerned that the MoD Education Support Fund (ESF) was scheduled to close. They saw the ESF as a vital resource for schools, especially for those wishing to provide targeted support for Service children which could not be funded through the Service Pupil Premium.<sup>183</sup> Anna Wright suggested that the ESF could be continued by the use of LIBOR funding.<sup>184</sup> In oral evidence, the MoD confirmed that the ESF was currently being assessed as part of the financial planning round this year.<sup>185</sup> The ESF was mainly designed for rebasing and was used to fund the return of UK Armed Forces from Germany and other big relocations. After the evidence session, the MoD confirmed that the ESF was always scheduled to close at the end of 2017–18, once the majority of the drawdown from Germany had concluded.<sup>186</sup> However, a further relocation, mainly in Wiltshire, of 3,600 personnel from Germany is expected in 2019 for which the MoD had made a substantial payment to Wiltshire Council to fund a new school and to provide additional school and pre-school places in readiness for the increase in pupils.<sup>187</sup> In addition to the challenges of the relocation from Germany, there was also the Defence Estate Rationalisation strategy, covering a total of 91 sites currently

180 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 14

181 [Q39](#)

182 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 14; [Q40](#)

183 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 14

184 [Q12](#)

185 [Q213](#)

186 Ministry of Defence ([AFC0001](#))

187 Ministry of Defence ([AFC0001](#))

part of the Defence Estate which would be disposed of by 2040.<sup>188</sup> In December 2016, it had been estimated that the number of military and civilian staff currently based at sites identified for disposal totalled 26,860 personnel (21,967 military, 4,893 civilian).<sup>189</sup> A key part of planning for these changes would be keeping families informed and liaison with local authorities and other public bodies to ensure that the appropriate infrastructure was in place.

**137. We are concerned that the MoD's Education Support Fund (ESF) has closed. The Minister confirmed that the ESF was mainly used to fund large relocations such as the return of Service personnel from Germany. Given both the further return of Service personnel from Germany, currently planned for 2019, and the continuing defence rationalisation plan, the closure of the ESF would appear to be short-sighted. *In response to our report, the MoD should set out how the services currently funded by ESF will be provided in future.***

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188 HC Deb, 7 November 2016, [col. 1286](#); Ministry of Defence, [A Better Defence Estate](#), November 2016

189 [PQ 55968](#) [on Military Bases: Staff], 7 December 2016

## 8 The Covenant in Business and the Community Covenant

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### The Covenant in Business

138. The Covenant in Business (also known as the Corporate Covenant) is a voluntary pledge from businesses and other organisations that wish to demonstrate their support for the Armed Forces community. In December 2017, the number of organisations that had signed a Corporate Covenant reached 2,000. Each organisation is encouraged to offer support in a way most appropriate to their situation and capacity, with the pledge document including a variety of options. These include employment support for veterans, Reservists, Service spouses and partners, as well as support for cadet units, Armed Forces Day, and discounts for the Armed Forces community. There is also an opportunity for companies and charitable organisations to add their own commitments based on local circumstances.

139. The 2017 Covenant Annual Report stated that “a major focus for 2018 will be an independent review of the Covenant in Business, commissioned and funded by the Forces in Mind Trust, supported by the Ministry of Defence (MoD), to identify and promote the best practice from across the full spectrum of major corporations through to small and medium enterprises and encompassing the private, public and third sectors”.<sup>190</sup> The MoD will also, in consultation with business, introduce key performance indicators for the Covenant in Business.<sup>191</sup>

140. Lieutenant General (Retd) Sir Andrew Gregory, Controller, SSAFA, commented that the Covenant in Business worked well when there was genuine engagement by a company in looking at how it could achieve the aims of their pledge in terms of how they were supporting Service personnel and families, how they were supporting and encouraging Reservists, how they were supporting the transition process for Service leavers, and how they were supporting military charities. The challenge was to ensure “it doesn’t just become something they can put on their letterhead and use without delivering”.<sup>192</sup>

141. Witnesses agreed that Service charities and Government Departments could apply pressure to their supply chains and partners to engage in the Covenant and suggested that this should be taken up by the Covenant lead Minister in each Department.<sup>193</sup> Rt Hon Tobias Ellwood MP, Parliamentary Under-Secretary of State for Defence, MoD, was keen to explore whether a requirement could be applied to Government suppliers that they should employ a set quota of veterans before they could be considered for Government contracts.<sup>194</sup> The Minister understood that such a system existed in the United States, where the Department of Defense required 7.5% of any supplier’s workforce to be from the veterans’ community. At present, EU legislation was interpreted by the Department as

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190 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 61

191 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 11

192 [Q100](#)

193 [Q103](#)

194 [Q119](#) and [Q228](#)

preventing the UK from introducing such a requirement although this would change after the UK left the EU.<sup>195</sup> A first step might be making it clear that the Government would like companies or businesses to declare the number of Reservists they have on their books.<sup>196</sup>

142. In respect of the Minister's use of the US as an example to be considered by the UK, it should be noted that the US quota does not include all veterans. The US system sets an annual 'protected veteran' hiring benchmark, not one of mandatory recruitment. A 'protected veteran' includes only disabled veterans and recently separated veterans (i.e. still within the three-year period beginning from the date of discharge or release from active duty).

**143. We fully support the Government's work to ensure that businesses support the Covenant. However, the Government must ensure that businesses, particularly its own suppliers, do not regard this as simply a way of enhancing their public image. We look forward to the outcomes of the timely independent review of the Covenant in Business, commissioned and funded by the Forces in Mind Trust.**

**144. We also support the Minister's suggestion that companies should include information about their support for the Covenant in their Annual Reports and the Government should proactively promote this idea amongst businesses. We recommend that the Forces in Mind Trust be asked to consider this as part of its independent review of the Covenant in Business.**

**145. We fully support the proposal that one of the factors in a company being awarded a Government contract should be demonstrable support for the Covenant, for example with a minimum 2.5% of the workforce being veterans.**

## Community Covenant

146. The Community Covenant encourages local communities to support the Armed Forces community in their area and promote public understanding and awareness of the issues affecting the Armed Forces community. Every local authority in England, Scotland and Wales has signed a Community Covenant, as have four local authorities in Northern Ireland.<sup>197</sup> Community Covenants may differ significantly, with the nature of the support offered determined by both the need and the capacity of the local authority.

147. The Local Government Association and the Forces in Mind Trust commissioned research into how the Covenant was being delivered at a local level and presented a report in August 2016.<sup>198</sup> One of the key areas they examined was the core infrastructure that local authorities needed to put in place to successfully implement the Covenant. A range of practice was discovered across local authorities, including:

- appointing councillors as champions and having an officer as a point of contact, although most of these had other roles within the local authority;

195 [Q119](#); Ministry of Defence ([AFC0001](#))

196 [Q228](#)

197 Armed Forces Covenant website, [Who has signed the Covenant](#) (accessed 20 June 2018)

198 Forces in Mind Trust/Local Government Association, [Our Community, Our Covenant: Improving the delivery of local Covenant pledges](#), August 2016

- only about a quarter of councils had an active web page and almost 30% did not have a specific web-page to provide information to the Armed Forces community; and
- similarly, not all councils met the requirements in respect of core infrastructure in relation to an action plan. Around a half of local authorities had an action plan in place, but only one in five said their action plan was in place and very active.<sup>199</sup>

148. In early 2017, the MoD introduced the local grants programme to enable various initiatives promoting the integration of military and civilian communities, as well as programmes to assist Veterans with the development of life skills to ease transition.<sup>200</sup>

149. A Forces in Mind Trust and MoD-led Action Group has been created to take forward the recommendations of last year's *Our Community, our Covenant* report. One of the key recommendations of the report was to introduce guidance for local authorities to ensure consistent delivery against Covenant obligations. The MoD has published the new guidance, which includes annexes covering regional variations. The Covenant Annual Report 2017 says "the Government will continue to drive delivery of the recommendations of the *Our Community, Our Covenant* report via the newly formed Action Group".<sup>201</sup>

150. In March 2017, almost £3.5 million of Covenant funding was committed to 23 'clusters' of local authorities across England, Scotland and Wales.<sup>202</sup> The awards were made to bids prioritising strengthening local government delivery of the Covenant and encouraging development of best practice in delivery to Armed Forces families in the community. Resource will be used to train front-line staff and build sustainable working between the various organisations which engage with, or aim to engage with, serving personnel, Veterans and their families.

151. Further initiatives include asking the Veterans Board to consider a cross-Government and Service charities communication campaign to provide some consistent messaging about veterans and why they are a positive asset in both the community and employment.<sup>203</sup> The Minister added that it was important to ensure best practice was shared.<sup>204</sup>

**152. The encouragement of local community engagement with, and knowledge of, the Covenant is vital to ensuring that veterans and serving personnel are not disadvantaged because of their service. It was therefore alarming to hear about disparities in local authorities' delivery of, and engagement with, the Covenant. *In response to our report, the Government should set out how it intends to address such disparities. This should include an update on the Forces in Mind Trust and MoD-led Action Group's work on taking forward the recommendations of the "Our Community, Our Covenant" report and also the effectiveness of the local grants programme in promoting the integration of military and civilian communities and in implementing programmes to assist veterans with the development of life-skills to ease transition.***

199 Forces in Mind Trust/Local Government Association, [Our Community, Our Covenant: Improving the delivery of local Covenant pledges](#), August 2016, pp 18–19

200 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 10

201 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 12

202 Ministry of Defence, [Armed Forces Covenant Annual Report 2017](#), 18 December 2017, p 10

203 [Q231](#)

204 [Q233](#)

# Conclusions and recommendations

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## The Armed Forces Covenant at the centre of Government

1. We welcome the creation of the new Veterans Board, even though it does not have formal Cabinet Sub-Committee status. We are pleased to note the Minister's commitment to meet the single Service Families Federations, Service charities and other interested bodies prior to each meeting of the Board. It is vital that access to Ministers and Departments is maintained for all those implementing the Covenant, so that those outside Government can highlight concerns over the delivery and implementation of the Covenant. We note that the Board will meet twice a year, despite our predecessors having recommended that it should meet four times a year. (Paragraph 19)
2. *The status of the Veterans Board and the frequency of its meetings should be kept under review: the momentum of Covenant implementation must not be lost because of a lack of strategic direction and involvement from the highest levels of Government. In its response to our report the Government should set out how it intends to measure the effectiveness of the Board.* (Paragraph 20)
3. We were pleased to hear that the Government wishes to engage and co-ordinate more closely with the devolved administrations on Covenant matters. We believe that it would be a positive step for the devolved administrations to have full-member representation on the Board. This would provide an opportunity for best practice from every area of the UK to be shared and adopted, leading to better coordination and delivery of the Covenant across the country. (Paragraph 21)
4. *In response to our report the Government should set out how it will take forward the involvement of the devolved administrations at all levels of the structures charged with the implementation of the Covenant.* (Paragraph 22)
5. We welcome the Veterans Board's initiative in appointing lead Ministers for Covenant and veterans' issues in each relevant Government Department. We see these roles as giving greater focus and momentum to each Department's implementation of the Covenant. However, we are concerned at the apparent delay in making these appointments and that it took a request from us to secure a list of these Ministers and to make it publicly available. This information is vital to all those—whether inside or outside Government—involved in implementing and delivering the Covenant, as it enables them to raise concerns with the appropriate person in more timely and efficient manner and it should also ensure greater cross-Government coordination. *This information should be included in future editions of the Covenant Annual Report and should also appear on each Government Department's website and other relevant websites.* (Paragraph 25)
6. While we acknowledge the role of the External Members of the Covenant Reference Group in challenging the Government's implementation of the Covenant pledges, we are concerned that the perception persists that the MoD and other Government Departments are 'marking their own homework' when assessing their effectiveness in the delivery of Covenant pledges. There is a risk that this could undermine

confidence in the Government's implementation of the Covenant. There is also a danger that this problem will become more acute as additional measures and statistics are included in future lists of Covenant commitments. We also note concerns about the difficulty of identifying ways of measuring outcomes and outputs. A priority for the Veterans Board should be the introduction of measures and statistics that assess the impact of the Covenant in ensuring that progress is being made in removing disadvantage for serving personnel, families and veterans. (Paragraph 32)

7. *We repeat our predecessor Committee's recommendation that an independent assessment should be made of progress towards Covenant commitments. This work should also include the development of ways of measuring impact, outputs and outcomes as well as inputs. The measures used by the devolved administrations in their different systems and the establishment of an independent Armed Forces Covenant Programme Office should also be taken into consideration. We acknowledge this would be a major study and therefore recommend that the Government should consult the Forces in Mind Trust and other appropriate organisations to establish the best way to take this project forward. Consideration should also be given to funding this work from the Covenant Fund.* (Paragraph 33)
8. We also note the Minister's frustration at the limitations in the MoD and across Whitehall "to make sure that things get done". We agree with the Minister that a cultural change is needed and that faster progress is urgently required. *Ministers and their Private Offices should be raising issues directly and speedily with their opposite numbers in other Departments, and, as a priority, the Veterans Board must develop the appropriate mechanisms to hold Government Departments to account within their areas of responsibility. As a first step in focusing each Department's work on the Covenant and veterans issues, we recommend that relevant Government Departments should include a section in their Annual Reports and Accounts on how they have discharged their responsibilities in these matters. This should specifically include an examination of progress by Departments in encouraging their supply chain to sign Covenant pledges and make commitments on the employment of veterans and Reservists.* (Paragraph 34)
9. *We also recommend that, in addition to a lead Departmental Minister, Departments should nominate one of their external board members as a champion for the Covenant with responsibility for monitoring the Department's delivery and implementation of Covenant pledges. They should also be responsible for the Department's input into the table of commitments and the measurement of how these are progressing in the Covenant Annual Report.* (Paragraph 35)
10. We welcome the commitment to the development of a comprehensive cross-Government Veterans Strategy and the planned establishment of a Veterans Unit. *We acknowledge that it is appropriate to hold a wide-ranging consultation as part of the Strategy's development, but in its response to our report the Government should clarify whether the Strategy will be published in Autumn 2018 or will slip into 2019.* (Paragraph 38)
11. The information provided by the 'Map of Need', the veterans question in future censuses, and the nature of enquiries to the Veterans Gateway will be essential for developing the Veterans Strategy. We also welcome the intention to introduce the

new Veterans ID. *We expect the Government to provide us with regular updates on these initiatives, as well as with assurances that sensitive data about the home addresses of veterans will be held safely and securely.* (Paragraph 44)

12. It is important that the Veterans Gateway does not simply duplicate the services already provided by Service charities. Nor should it become the norm for Service charities, which are involved in operating the Gateway, routinely to refer enquiries—made via the Gateway—to their own services. In its response to our report the Government should set out the measures it has put in place to ensure that this does not happen. *The Government should also devise Key Performance Indicators (KPIs) for the Gateway and commit to publishing performance against them in the Covenant Annual Report. The KPIs should take into account the outcomes of Ulster University’s independent evaluation of the value for money and the impact of the Veterans Gateway.* (Paragraph 45)
13. We were concerned to hear that war widows and widowers believe that they are at risk of being forgotten and that they have been very neglected for a long time. We were disappointed to learn from the War Widows Association that this was the first time that the Covenant Annual Report had mentioned the term “war widow” and recognised them as an important cohort. *While we acknowledge that the Minister recognised that more attention was needed to the requirements of war widows and widowers, the MoD must take urgent action to ensure that they are fully recognised as members of the veterans community and fully covered by the Covenant. An important first step will be the inclusion of war widows and widowers as an integral part of the Veterans Strategy. It is also crucial for the MoD to identify ways of educating the public to realise that war widows include young people as well as old, and people of both genders.* (Paragraph 52)
14. As part of ensuring that war widows and widowers are fully incorporated into the veterans community, the Government should urgently address the concerns raised with us that a War Widow’s Pension is incorrectly perceived as a benefit, rather than compensation, and the potential negative impact this might have when a widow is assessed for an income-based benefit. The Government must also urgently address the absurd anomaly where a war widower or widow, who lost his or her pension upon cohabitation or remarriage, and did not get it reinstated because it was before the reinstatement date, could however get it restored by temporarily splitting up and then reuniting with the former spouse or partner. (Paragraph 53)
15. The Government must ensure that the Covenant does not become too focused on veterans to the detriment of current Service personnel and their families. (Paragraph 56)
16. *We request that the Government set out the measures it will take to ensure that the Covenant is balanced between the needs of veterans and serving personnel and their families, which should include a greater emphasis on increasing awareness of the relevance of the Covenant within current Service personnel and their families.* (Paragraph 56)

## Covenant Funding

17. We acknowledge that LIBOR funding has delivered positive results for veterans and current Service personnel and their families. We are pleased to hear that since 2015 a more rigorous system has been in place to ensure effective monitoring of projects funded under the scheme, although we note concerns that the application process is now too complicated. *The MoD should look at ways of simplifying the process while maintaining robust safeguards.* (Paragraph 67)
18. We are concerned by the NAO's findings that the Treasury and the MoD cannot yet confirm that charities spent all LIBOR grants as intended. While we acknowledge that the Government is undertaking a retrospective review of 236 projects, it is disappointing that this review, originally due to report in December 2017, has yet to be completed. This delay is unacceptable and has resulted in heightened concerns around the use of LIBOR funding for Covenant projects. *The Department must set out clearly in its response to our report what progress has been made. We expect early sight of the Report Review. The response to this report should also set out what options, including legal, are available to the Department to recover grants that have not been used as intended. The MoD and Treasury must also set out in detail what measures are in place to monitor any future grants. Grants should not be made without terms and conditions that provide for monitoring the project's delivery and achievements. The Government must take steps to ensure that there is no further delay to the promised external evaluation of the use LIBOR funds.* (Paragraph 68)
19. We are also concerned by suggestions that LIBOR funds have been used for core MoD activities. We note the Minister's statement that the use of LIBOR fines to support additional facilities and programmes over and above the core activities, support, and infrastructure provided by the MoD is entirely consistent with the scope of the LIBOR fund. *In response to our report, the MoD should provide information on the additional facilities and programmes that have been funded from LIBOR. We will be asking the Comptroller and Auditor General for a review of these grants.* (Paragraph 69)
20. It is a positive step that the Covenant Fund will be governed as an independent trust. However, the MoD must ensure that appropriate safeguards are in place to ensure that the smallest possible proportion of the £10 million annual Covenant Fund will be taken up by the running of the fund. In response to our report, the MoD should clarify whether the Trust's agreement to limit its spending on running costs to £500,000 per annum is on a voluntary basis, or whether it is part of the Trust's legal status as a registered charity. *The MoD should also set out what safeguards it has in place to prevent an unexpected increase in the Trust's running costs—for example, due to property repairs—having a detrimental impact in the funding available for Covenant grants. We welcome the initiation of the study by Anglia Ruskin University to develop an Outcomes Framework to be used by Covenant Fund grant holders to show the impact that their grants were having and ask the MoD to keep us informed of the study's progress.* (Paragraph 75)

## Accommodation

21. The performance of CarillionAmey, the Ministry of Defence and the Defence Infrastructure Organisation (DIO) in managing Service accommodation has been lamentable. It is clear that the National Housing Prime contract was ‘not fit for purpose’ in terms of its budget and Key Performance Indicators. It is unacceptable that this has meant that there are no enforcement measures that can be imposed on CarillionAmey, as they have met the minimum standards set out in the contract (which were woefully low). Concerns over the maintenance of Service accommodation pre-date the CarillionAmey contract and it is obvious that the MoD and the DIO have not learned the necessary lessons. The culture within the MoD and DIO must change to ensure that this failure is not repeated. The DIO’s plan to examine different strategies for future contracts, including using more than one provider, is a welcome first step. (Paragraph 84)
22. *In response to our report the MoD should set out detailed plans on how it will learn lessons from this appalling story and how it will apply them to future contracts—including how the DIO plans to take forward its plan for a different strategy. Plans for this new strategy should be accelerated as a matter of urgency, as the current level of service provided to Service personnel and their families, as confirmed by the Armed Forces Continuous Attitude Survey, is simply unacceptable and should no longer be tolerated. Failure to improve the maintenance of Service accommodation will have a major adverse impact on recruitment and retention in the Armed Forces.* (Paragraph 85)
23. The Annington Homes agreement is a disastrous failure and has exposed the Department to considerable risk. This agreement is yet another example from which the MoD and the DIO, and wider Government—especially the Treasury—must learn lessons and they must do so quickly. The Modernising Defence Programme must address the potential implications for the core MoD budget. *In its response to our report, the Government must explain how it will ensure that such a signally bad deal will not occur again. The Government should set out in its response the contingency measures it is considering, or which are already in place, to lessen the impact on future rents. It should also include updates on the Future Accommodation Model pilot schemes and on how the wider project may be affected by the future MoD and Annington Homes negotiations. We expect six-monthly progress reports on these matters.* (Paragraph 92)
24. *We are concerned that confidence in the Combined Accommodation Assessment Scheme remains low and that communication about the scheme remains poor. We support the establishment of a working group to look at ways of simplifying the scheme and request a further update on its progress from the MoD in its response to our report.* (Paragraph 97)
25. We are disappointed that the condition of Single Living Accommodation (SLA) remains of such concern and we note the warning we heard in evidence of the potential impact on recruitment and retention. We are further concerned to hear that issues are now arising regarding the condition of more modern SLA accommodation. We also believe that the MoD should make clear whether it believes the companies are fulfilling their contractual requirements. (Paragraph 102)

26. *The MoD needs to develop a robust plan to improve SLA. Our witnesses were unsure of how the introduction of a SLA Management Information System would help improve the standards of SLA. In response to our report, the MoD must set out why it believes this information system, which has been in the pipeline for a considerable number of years, will help improve SLA. If the MoD cannot demonstrate this, then consideration should be given to abandoning its development.* (Paragraph 103)
27. Overall, the Defence Infrastructure Organisation (DIO) is a woefully underperforming part of the Ministry of Defence, and is known almost universally throughout the Department as ‘DI NO’—in light of its often negative and uninspiring attitude. For years, Service personnel and their families have had to put up with very poor maintenance standards, which would simply not be tolerated in the Local Government / Housing Association sector. This disrespect of Armed Forces personnel and their families is increasingly one of the reasons why people leave the Services. Ministers must urgently grip this dysfunctional organisation and lay out an action plan for radical improvement, to convince Service personnel that they and their families are indeed valued and that their housing needs will be cared for appropriately in the future. (Paragraph 104)

### Armed Forces Pay

28. We welcome the Government’s signal that there is some flexibility for Departments to move away from the public sector pay cap of 1%, although we note that no additional funding will be made available to the MoD for increases above this level for Service personnel. The pay cap has had a negative impact on the morale of, and recruitment to and retention in, the Armed Forces. The MoD must ensure that these factors are taken into account when determining the pay award. An award limited to 1% would be very disappointing, and risk further undermining morale and increasing the negative effect of pay restraint on recruitment and retention. (Paragraph 111)
29. We are also concerned that the move to announcing budgets in November may mean that it is difficult to implement awards recommended by the Armed Forces Pay Review Body and agreed by the MoD on the 1 April each year. The Treasury, the MoD and the Armed Forces Pay Review Body should make every effort to implement awards on time. (Paragraph 112)

### Healthcare

30. While we recognise the progress made, we are concerned to hear about continuing difficulties in veterans receiving priority access to NHS medical treatment, when their injuries or ill-health are attributable to their military service. *We call on the Government, in partnership with the devolved administrations, to instigate a specific study as a priority to examine and tackle the inconsistencies in how veterans receive priority treatment. Part of the study should consider enhancing the role of local Covenant champions in ensuring that local health care providers are aware of, and implement, this right for veterans. We also note the recent call of the Scottish Veterans*

*Commissioner for a rethink of priority treatment for veterans. In undertaking this reform, however, it is important that any changes are considered within the context of the entire UK, so as not to increase current inconsistencies. (Paragraph 117)*

31. We are pleased to hear of the progress being made in mental health provision but acknowledge that disparities still exist across the UK. *We call on the Government and the devolved administrations to ensure that best practice is shared and that services across all the different parts of the UK are of a comparably and consistently high standard. (Paragraph 126)*
32. We note the establishment in February 2018 of the new 24/7 Mental Health Helpline for serving personnel and their families. *In response to our report, the MoD should set out how it will measure its effectiveness and ensure that it does not simply replicate the existing Combat Stress helpline. We expect to receive data on the number of calls received and actions taken in response to calls to both helplines. (Paragraph 127)*
33. We welcome the Care Quality Commission's inspection programme of Defence Medical Treatment Facilities, including MoD Departments of Community Mental Health, and the fact that their inspection reports are publicly available. We look forward to seeing the Annual Report on the inspections (Paragraph 132)
34. *In response to our report, the MoD should set out what work is planned to draw together any thematic concerns identified by the individual inspections that apply across the treatment facilities so that necessary improvements can be made. (Paragraph 132)*

## Education

35. *We call on the Government to review the Service Pupil Premium for England, with particular reference to whether it should be increased and whether its range should be extended to under-5s and to all Service children, including those aged 16–18 years across the UK. We also call upon the Government to provide target guidance to help schools use the Service Pupil Premium appropriately. (Paragraph 135)*
36. We are concerned that the MoD's Education Support Fund (ESF) has closed. The Minister confirmed that the ESF was mainly used to fund large relocations such as the return of Service personnel from Germany. Given both the further return of Service personnel from Germany, currently planned for 2019, and the continuing defence rationalisation plan, the closure of the ESF would appear to be short-sighted. *In response to our report, the MoD should set out how the services currently funded by ESF will be provided in future. (Paragraph 137)*

## The Covenant in Business and the Community Covenant

37. We fully support the Government's work to ensure that businesses support the Covenant. However, the Government must ensure that businesses, particularly its own suppliers, do not regard this as simply a way of enhancing their public image. We look forward to the outcomes of the timely independent review of the Covenant in Business, commissioned and funded by the Forces in Mind Trust. (Paragraph 143)

38. We also support the Minister's suggestion that companies should include information about their support for the Covenant in their Annual Reports and the Government should proactively promote this idea amongst businesses. *We recommend that the Forces in Mind Trust be asked to consider this as part of its independent review of the Covenant in Business.* (Paragraph 144)
39. We fully support the proposal that one of the factors in a company being awarded a Government contract should be demonstrable support for the Covenant, for example with a minimum 2.5% of the workforce being veterans. (Paragraph 145)
40. The encouragement of local community engagement with, and knowledge of, the Covenant is vital to ensuring that veterans and serving personnel are not disadvantaged because of their service. It was therefore alarming to hear about disparities in local authorities' delivery of, and engagement with, the Covenant. *In response to our report, the Government should set out how it intends to address such disparities. This should include an update on the Forces in Mind Trust and MoD-led Action Group's work on taking forward the recommendations of the "Our Community, Our Covenant" report and also the effectiveness of the local grants programme in promoting the integration of military and civilian communities and in implementing programmes to assist veterans with the development of life-skills to ease transition.* (Paragraph 152)

## Formal minutes

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**Tuesday 26 June 2018**

Members present:

Rt Hon Dr Julian Lewis, in the Chair

Leo Docherty	Mrs Madeleine Moon
Martin Docherty-Hughes	Gavin Robinson
Rt Hon Mr Mark Francois	Ruth Smeeth
Graham P Jones	Rt Hon John Spellar
Johnny Mercer	

Ruth Smeeth declared a non-pecuniary interest as Chair of the All-Party Parliamentary Group on the Armed Forces Covenant.

Draft Report (*Armed Forces Covenant Annual Report 2017*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 152 read and agreed to.

Summary agreed to.

*Resolved*, That the Report be the Ninth Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 3 July at 10.45am]

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Tuesday 16 January 2018

*Question number*

**Sara Baade**, Chief Executive, Army Families Federation, **Group Captain (Rtd) Bill Mahon**, Director, RAF Families Federation, and **Anna Wright**, Director, Naval Families Federation

[Q1–63](#)

**Charles Byrne**, Director General, Royal British Legion, **Lieutenant General (Rtd) Sir Andrew Gregory KBE CB**, Controller, SSAFA, **General (Rtd) Sir John McColl KCB CBE DSO**, Chairman, Cobseo, and **Mary Moreland**, Chairman, War Widows Association

[Q64–110](#)

### Tuesday 20 February 2018

**Rt Hon. Tobias Ellwood MP**, Parliamentary Under-Secretary of State and **Helen Helliwell**, Head of Service Personnel Support, Ministry of Defence

[Q111–245](#)

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

AFC numbers are generated by the evidence processing system and so may not be complete.

- 1 Ministry of Defence ([AFC0001](#))

## List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

### Session 2017–19

First Report	Gambling on 'Efficiency': Defence Acquisition and Procurement	HC 431
Second Report	Unclear for take-off? F-35 Procurement	HC 326
Third Report	Sunset for the Royal Marines? The Royal Marines and UK amphibious capability	HC 622
Fourth Report	Rash or Rational? North Korea and the threat it poses	HC 327
Fifth Report	Lost in Translation? Afghan Interpreters and Other Locally Employed Civilians	HC 572
Sixth Report	The Government's proposals for a future security partnership with the European Union	HC 594
Seventh Report	Beyond 2 per cent: A preliminary report on the Modernising Defence Programme	HC 818
Eighth Report	Indispensable allies: US, NATO and UK Defence relations	HC 387
First Special Report	SDSR 2015 and the Army	HC 311
Second Special Report	Armed Forces Covenant Annual Report 2016	HC 310
Third Special Report	Investigations into fatalities in Northern Ireland involving British military personnel: Government Response to the Committee's Seventh Report of Session 2016–17	HC 549
Fourth Special Report	Gambling on 'Efficiency': Defence Acquisition and Procurement: Government Response to the Committee's First Report	HC 846
Fifth Special Report	Unclear for take-off? F-35 Procurement: Responses to the Committee's Second Report	HC 845
Sixth Special Report	Sunset for the Royal Marines? The Royal Marines and UK amphibious capability: Government Response to the Committee's Third Report	HC 1044
Seventh Special Report	Rash or Rational? North Korea and the threat it poses: Government Response to the Committee's Fourth Report	HC 1155