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The Art of the Covenant

The Armed Forces Covenant and the Role of the
Commercial Sector

John Louth, Trevor Taylor and Lauren Twort



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Executive Summary

THIS OCCASIONAL PAPER is concerned with the Corporate Covenant, a component of the Armed Forces Covenant (AFC) which was intended to be revitalised by the Armed Forces Act 2011. This legally obliged the government to report annually on the progress of the implementation and health of the special relationship between the military and the government and the military and broader society.¹ The AFC is therefore a tripartite arrangement, founded on the premise that, in addition to the government, the nation as a whole has a moral obligation to members of the armed forces, past and present, and their families. That obligation is two-fold:

1. The armed forces community should not face disadvantage compared with other citizens in the provision of public and commercial services.
2. Special consideration is appropriate in some cases, especially for those who have given the most, such as the injured and bereaved.

The Corporate Covenant is a formal and documented pledge from a commercial organisation (or equivalent) to the armed forces community and wider society. That pledge is lodged with the Ministry of Defence (MoD) and commits the company in question to the purposes and intent of the AFC. Specifically, the company agrees to undertake certain actions and initiatives as contained within its bespoke pledge.

The authors of this paper held semi-structured interviews with senior representatives from 100 UK-registered businesses pledged to the AFC and undertook a desk-top review of the actual pledges of a further 100 businesses drawn from the MoD's list of Covenant signatories. This analysis was complemented by a broad literature review and interviews with multiple stakeholders. It was found that:

1. The armed forces are a unique and important part of UK society. People employed within them work under terms and conditions not found anywhere else in the economy. The AFC does not form part of the contract of employment and, from the perspective of the individual serviceman or servicewoman, has no legal significance in terms of employment law. The Covenant's imperatives are political, societal and moral rather than contractual. The rights and obligations it champions are not those associated with a legal contract.
2. To some degree, the AFC appears to be contributing towards improving the employment opportunities of former military personnel. The demands of military life make it an exceptional form of employment and, in addition, it is unusual in requiring a number of employees to leave the armed forces long before the notional national retirement age. As a recent document by the military charity the SSAFA (formerly known as the Soldiers, Sailors, Airmen and Families Association) makes clear, work remains to be done to

1. Ministry of Defence (MoD), 'The Armed Forces Covenant Annual Report 2015', 2015.

improve the broader employability of ex-service personnel.² Much of this resettlement agenda will need continuing, proactive support from the private sector.

3. An important part of the AFC is the MoD's responsibilities towards injured and scarred veterans. For example, payments for sufferers of post-traumatic stress disorder cannot be predicted with precision by the MoD and fall into the financial category of Annually Managed Expenditure. In this context, during the years ahead, the more support offered to veterans by the government through the MoD, the fewer funds that could be available for equipment, support contracts and staff salaries. Consequently, the private and charitable sectors might carry a larger share of the burden in caring for veterans from recent conflicts in the mid to long term. The AFC could be a trigger for businesses to provide ongoing support for veterans as a way to access the defence sector.
4. The AFC may help to ease the problem faced by the government in improving the numbers and preparedness of reservists that will be needed in order to deliver the capabilities associated with UK defence policy and the 'operationalisation' of a defence extended enterprise.
5. When businesses express a commitment to the armed forces through the AFC, there is an expectation that the MoD or another part of the government can help the company to navigate the service charities sector, in terms of making donations or offering other forms of support. Businesses sometimes express astonishment that the government is unable to articulate or prioritise preferences for support when these are offered.
6. Nine out of ten businesses signed the AFC because they wished to support the military and to demonstrate that commitment overtly. Less clear is the distinction within that statement between the desire to support the individuals of the present and past military and a wish to support UK defence capability in general, something that more focused research should address.
7. The AFC is generally viewed as an important commitment in that it is overseen at a senior level. Businesses reported that the decision to sign the AFC was taken at main board level 65% of the time and it remains discussed annually by the board in 62% of businesses to have made a pledge. Also, the commitment to the AFC is overseen by an executive director by 40% of those making a pledge.
8. A small number of companies (8%) reported that they believed the AFC to be a de facto kitemark rather than an active commitment.
9. For some signatories, the AFC was viewed as a matter of public relations and corporate publicity: almost half of the sample pool (47%) claimed to have been motivated in part by national and local media coverage. Moreover, while 61% of businesses thought that having made a pledge would be positive in the eyes of clients, only 29% judged it important to the company's brand. More than 40% thought it explicitly unimportant, while just 32% believed that it would make a positive impression on current and future staff.
10. Some 81% of businesses thought that the AFC was unimportant for sales and profits, while 19% considered it significant.
11. Only 19% of companies thought that the AFC helped to recruit and retain, while almost half (48%) felt it had no effect.

2. SSAFA, 'The New Frontline: Voices of Veterans in Need', July 2016.

12. Just over half of businesses signed the AFC because competitors had made an earlier pledge. A similar number committed to the Covenant because they believed it was expected of them by the government. This motivation was thought to be stronger among those firms doing a lot of business with the public sector, and defence in particular.
13. In 2016, the Covenant does not appear to have lost momentum: 78% of businesses stated that they would continue to engage with the government and military through the AFC. Significantly, 56% claimed that they would consider developing bespoke products and services for the armed forces alone. Conversely, 41% stated that they would not focus on specific products for military personnel and their families.
14. Just 15% of businesses felt that the Covenant had not fulfilled corporate expectations, a rewarding figure for the MoD. However, this should be balanced against other findings, including that 61% of businesses felt that they could not navigate the multiple public and private organisations that comprise the UK's defence extended enterprise. Companies which believed the pledge would activate engagement with the government to help them make investment or donations in line with bespoke corporate social responsibility agendas were disappointed that Whitehall was unable to fulfil this role. Half of the companies felt that the MoD should actively manage the broader defence portfolio, and especially assist in guiding long-term support to service charities.
15. Fewer than a third of businesses (29%) thought that the AFC was a success, while 26% disagreed.
16. Whilst perhaps contradicting the above point, lastly, the research finds that there is no consensus in the private sector on whether the AFC is doing enough for present and past military personnel and their families. Some 40% of the businesses surveyed believed that the initiative should be doing more, while 36% believed the initiative was performing as it should.

These sixteen core findings are derived from engagement with the study's sample pools and the policy and critical literature that frames the Covenant debate. This paper views them as propositions that should be tested by the government or Parliament as – by accident or design – the AFC becomes embedded deeper into the UK Whole Force.

Emerging Recommendations

The defence enterprise in the UK is a complicated portfolio of public and private actors. As well as the regular armed forces, there are numerous reservists, multiple contractors and suppliers, and at least 1,000 signatories of the Corporate Covenant and close to 3,000 charities servicing defence. Many of these, of course, are 'double counted'. One of the problems faced by analysts and decision-makers alike is a lack of data and statistical rigour when thinking of defence as encompassing many thousands of nodes or organisational components. This is complicated further by the habit of thinking of defence as a series of policy utterances rather than complex programmatic and managerial imperatives. As this Occasional Paper demonstrates, the policy may be thoughtful and considered but the debate always returns to delivery – in this sense the active management of complexity and multiple partners.

Moreover, during the authors' conversations, interviews and readings it was noticeable just how little spouses and children are mentioned and considered. There may be passing mention in the policy narrative, but dependants barely get a look in when it comes to delivery.

The authors are reluctant to offer recommendations, but perhaps the partners of the AFC – government, military and society – could consider the following:

1. The convening power of the AFC is considerable, especially in relation to the private sector's commitment to defence. A properly staffed AFC programme office, with a mix of civil servants, secondees from businesses, charities and volunteers, could be formed as a body separate from the MoD, funded by both the government and commerce.
2. The AFC is a societal imperative rather than a narrow MoD obligation. Responsibility for policy should sit with the Cabinet Office or 10 Downing Street. Responsibility for delivery and measurement of progress through rigorous data-gathering should fall to an AFC programme office. Conventional management tools such as a forward programme, issues log, risk and opportunity management plan, as well as an engagement strategy, could also fall to this body.
3. A charismatic, overtly engaged and challenging senior responsible owner for the AFC should be considered – perhaps from the younger generation of the Royal Family.

Introduction

BUILDING ON THE broad parliamentary consensus formed during the administration of Prime Minister Tony Blair that there was a covenant of trust and responsibility between the British people and their armed forces, the Armed Forces Act of 2011 committed the government to report annually on the implementation of the Armed Forces Covenant (AFC), which was itself dependent upon different categories of action. It involved most obviously actions that the government must and should carry out, including introducing new policies, regulations and practices in various areas of national life such as education and housing. In addition, the Act would be interpreted by government as promoting the completion of voluntary written commitments by companies and local communities regarding their treatment and support for present and former members of the armed forces. It was intended that these commitments should be clear and their implementation monitored.

The AFC did not emerge from within a vacuum, but reflected a series of related pressures and earlier initiatives. The British Army had formalised the idea of a military covenant in 2000 in its Army Doctrine Publication Volume 5, 'Soldiering: the Military Covenant', which covered the soldier's duties and rights forgone, stating that:

In return [for these forgone duties and rights] British soldiers must be able always to expect fair treatment, to be valued and respected as individuals, and that they (and their families) will be sustained and rewarded by commensurate terms and conditions of service ... This mutual obligation for the Military Covenant between the nation, the Army and each individual soldier; an unbreakable common bond of identity, loyalty and responsibility which has sustained the Army and its soldiers throughout its history. It has perhaps its greatest manifestation in the annual commemoration of Armistice Day.¹

A senior member of the government told the authors that the ideas enshrined in the AFC – and the Corporate Covenant derived from it – go back to antiquity.² In his view, the almost holy obligation of a people to their fighters had always been recognised and the modern commitment to the AFC was a return to this societal norm. However, some academics contest the historical significance of a military covenant or similar statements of faith. In contrast to the reverential language of the AFC of 2011 and the supposed sacred bond between the government, people and the military, Professor Hew Strachan described the notion of an AFC as a modern and invented tradition.³ Similarly, a major comprehensive review of the military covenant in 2014

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1. British Army, 'Soldiering: The Military Covenant', Army Doctrine Publication, Vol. 5, Army Code No. 71642, February 2000.
 2. Author interview with a senior member of government, London, November 2015.
 3. Hew Strachan, quoted in an interview with Chris Bowlby, 'Returning Soldiers: What Can We Learn From History?', *BBC History Magazine*, 4 November 2009.

maintained that this supposed ancient antecedence was assumed and flawed.⁴ Notably, the idea of society's obligations to military spouses and children had not previously been mentioned.

However, since 2000, there has been a significant perception in parts of the armed forces that soldiers in particular were not being well treated by the government. This led to some discussion about whether a military 'trade union' should exist, perhaps similar to that of the Police Federation.⁵ Moreover, the increased tempo of operations from 2003, when UK forces, especially the army, became extensively involved in protracted campaigns in Iraq and Afghanistan, raised more questions about whether the government was fulfilling its part of the 'psychological contracts' that linked it with military personnel.

All organisations can be said to have psychological contracts with their employees that address their mutual values and behavioural expectations, but it is often not easy to pin down their content: 'The psychological contract has also been called a silent contract because its content is individual and subjective; it is also often unacknowledged by the parties involved'.⁶

As far as psychological contracts in defence were concerned, they might be summed up from the soldier's point of view as something like: 'as I look after the country, the government should look after me if I get into difficulty because of the special nature of my work and commitment'. Sending soldiers who had been physically and psychologically damaged in Iraq and Afghanistan to general wards in Selly Oak Hospital rather than to a specialised military facility was one instance where the government was widely seen as not living up to its obligations.⁷ While the government did move promptly to change this by providing specialist military facilities and wards within a new general hospital in Birmingham, other elements of the psychological contract remained problematic. Chief among these was the sense that shortages of military equipment were too common. Reflecting these concerns, unofficial websites for service personnel sprung up, of which ARRSE (Army Rumour Service) is probably the best known. It is within this historical context that the AFC must be situated.

Having said this, British public attitudes towards the armed forces remained very positive, even throughout the Afghan campaign. According to a survey published in 2012, the clear majority of the British public has a high or very high opinion of, and a great deal of respect for, the armed forces.⁸ Yet there has been a change over the past decade in the way that the armed forces are viewed by the British public. The public's increased awareness of the terrible injuries suffered

4. Sarah Ingham, *The Military Covenant: Its Impact on Civil–Military Relations in Britain* (Farnham: Ashgate, 2014), pp. 16–18.

5. Richard Bartle and Lindy Heineken (eds), *Military Unionism in the Post-Cold War Era: A Future Reality?* (London: Routledge, 2006).

6. Silva Kiili, 'Psychological Contracts in Military Voluntary Organisation: The Essence of Psychological Contracts', *Sojateadlane [Estonian Journal of Military Studies]* (Vol. 1, 2016), p. 41.

7. Mark Townsend and Ned Temko, 'The Fresh Agonies of Our Returning Soldiers', *The Observer*, 11 March 2007; Joe Campbell, 'Hospitals Fit for Heroes?', *BBC News*, 21 March 2007.

8. Rachael Gribble et al., 'The UK's Armed Forces: Public Support for the Troops but Not Their Missions?', in Alison Park et al. (eds), *British Social Attitudes 29*, 2012 edition (London: NatCen Social Research, 2012), pp. 138–54.

by some of the surviving personnel, and the greater respect and regret that was shown to those killed, strengthened the idea that members of the armed forces should be seen primarily as victims of civil authorities rather than warriors who knowingly put their bodies at risk in the national interest.⁹ The government and military authorities appreciated the support for the armed forces, as shown in the rise of the Help for Heroes charity and the reactions of the people of (now) Royal Wootton Bassett to the repatriation of bodies. However, it recognised that the characterisation of soldiers as victims was not a good thing for the military as an institution or soldiers as individuals as it could have an impact upon war-fighting abilities.¹⁰

Our Approach

After scrutinising the context from which the AFC emerged, and summarising the scope and ambition of the Covenant as a whole, this paper pays particular attention to the development of the Corporate Covenant – that is, the agreements and commitments made by companies.

This paper seeks to address the significance, meaning and progress of this initiative. The core research questions are:

- What is the Corporate Covenant?
- What is its purpose and how has this evolved over time?
- What effects has it had so far?
- How should it be taken forward?

The authors were keen to explore:

- The motivations of those signing a Corporate Covenant.
- Whether and where implementation of the Corporate Covenant seeks to provide opportunities for past and present members of the armed forces.
- Whether and to what extent the Corporate Covenant is privileging the military over the civilian world.
- The direct and indirect beneficiaries of Corporate Covenant commitments.

As such, it seeks to offer new material and insights and to supplement the excellent work on the monitoring of the Covenant's implementation done by the group led by Professor Hew

9. Helen McCartney, 'The Military Covenant and the Civil–Military Contract in Britain', *International Affairs* (Vol. 86, No. 2, March 2010), pp. 411–28; Helen McCartney, 'Public Views of the Armed Forces in Britain: Misperceptions and Implications in 2015', Defence-in-Depth, Defence Studies Department, King's College London; Helen McCartney, 'Hero, Victim or Villain? The Public Image of the British Soldier and its Implications for Defence Policy', *Defense and Security Analysis* (Vol. 27, No. 1, March 2011), pp. 43–54; Ben Farmer, 'Army Recruitment Could Be Hit by Charities Portraying Troops as Victims', *Daily Telegraph*, 25 December 2013; Ross McGarry and Neil Ferguson, 'Exploring Representations of the Soldier as Victim: From Northern Ireland to Iraq', in Stephen Gibson and Simon Mollan (eds), *Representations of Peace and Conflict* (London: Palgrave MacMillan, 2012).

10. Author interview with MoD senior official, London, November 2015.

Strachan. The findings of this group are published annually as an element in the government's own reports on the implementation of the AFC.¹¹

This paper makes extensive use of government documentation and has involved a survey of the broader academic literature. The authors also ran a workshop in November 2015 with representative stakeholders to seek general views on the role of the Corporate Covenant, and held a number of one-to-one meetings with representatives from government, the political parties, the military, commerce and academia. This informed 100 semi-structured interviews held with signatories of the Corporate Covenant. All interviews and discussions were conducted on condition of anonymity. Data-gathering from these interviews was concluded in June 2016. Finally, content analysis was conducted on a sample of a further 100 individual Corporate Covenant pledges.

11. MoD, 'The Armed Forces Covenant Annual Report 2015', 2015.

I. The Armed Forces Covenant

The Conservative Party included the following pledge in its 2010 election manifesto:

Our commitment to look after the Armed Forces and their families – the Military Covenant – has been allowed to fall into disrepair. This is one of the most damning failures of Gordon Brown’s government. We will restore the Military Covenant and ensure that our Armed Forces, their families and veterans are properly taken care of. To make that happen, we will:

- double the operational allowance;
- maximise rest and recuperation leave;
- ensure our servicemen and women are treated in dedicated military wards in hospital;
- change the rules so that service personnel are not locked out of the voting system by rules that Labour have introduced;
- use ‘pupil level annual school census’ data to include service children within our plans for a pupil premium in schools, ensuring they attract extra funding;
- provide university and further education scholarships for the children of servicemen and women killed while on active duty, backdated to 1990;
- pilot a mental health follow-up service for those who have left the services; and,
- review the rules governing the awarding of medals.¹

After the 2010 election and the formation of the Conservative–Liberal Democrat coalition, a commitment to the AFC was made in the Strategic Defence and Security Review of that year. Paragraph 2B3 read:

[We] will rebuild and formalise an Armed Forces Covenant. The Covenant represents a promise of fair treatment, on behalf of the nation, to ensure personnel are valued and respected as individuals and that they and their families will be sustained and rewarded by commensurate terms and conditions of service. We cannot shield the Armed Forces from the consequences of the economic circumstances we face. However, we will make progress where we can.²

There was some discussion of putting a covenant document into law and thus imposing legal obligations on both military personnel and society (since a covenant involves commitments from both sides). Instead, however, the Armed Forces Act 2011 simply obligated the government to report annually on the implementation of the AFC.

1. Conservative Party, *Invitation to Join the Government of Britain: Conservative Manifesto 2010* (London: Conservative Research Department, 2010), pp. 106–07.
2. HM Government, *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*, Cm 7948 (London: The Stationery Office, 2010), p. 29.

The AFC sets out a view of the desired relationship between the military and the government and the military and broader society.³ Thus the Covenant is a tripartite arrangement, founded on the premise that, in addition to the government, the nation as a whole has a moral obligation to members of the armed forces, past and present, and their families. That obligation is two-fold:

- The armed forces community should not face disadvantage compared with other citizens in the provision of public and commercial services.
- Special consideration is appropriate in some cases, especially for those who have given the most, such as the injured and bereaved.

The actual words of the Covenant are provided in Box 1 below.

Box 1: The Armed Forces Covenant

**An Enduring Covenant Between
The People of the United Kingdom
Her Majesty's Government**

– and –

**All those who serve or have served in the Armed Forces of the Crown
And their Families**

The first duty of Government is the defence of the realm. Our Armed Forces fulfil that responsibility on behalf of the Government, sacrificing some civilian freedoms, facing danger and, sometimes, suffering serious injury or death as a result of their duty. Families also play a vital role in supporting the operational effectiveness of our Armed Forces. In return, the whole nation has a moral obligation to the members of the Naval Service, the Army and the Royal Air Force, together with their families. They deserve our respect and support, and fair treatment.

Those who serve in the Armed Forces, whether Regular or Reserve, those who have served in the past, and their families, should face no disadvantage compared to other citizens in the provision of public and commercial services. Special consideration is appropriate in some cases, especially for those who have given most such as the injured and the bereaved.

This obligation involves the whole of society: it includes voluntary and charitable bodies, private organisations, and the actions of individuals in supporting the Armed Forces. Recognising those who have performed military duty unites the country and demonstrates the value of their contribution. This has no greater expression than in upholding this Covenant.

Source: Ministry of Defence, 'The Armed Forces Covenant', DMC00289 11/12, May 2011.

3. MoD, 'The Armed Forces Covenant Annual Report 2015'.

The Covenant exists, therefore, to redress any perceived disadvantage that members of the armed forces community may face in comparison with other members of society and to recognise sacrifices made in the course of duty. The government acknowledged its responsibility for ensuring that this moral imperative is matched by policies, practices and broader action, although it did not define exactly what that action should be. It was clear that, under the Covenant, a prominent role for the MoD – and the government more generally – was to promote the rights and appropriate treatment in the economy and wider society of current and former members of the military. The Covenant did not change the MoD's direct obligations to military people, where the central source of obligation remained the contracts of employment with uniformed personnel.

By the time of the government's 2013 annual report on the AFC, the Covenant had developed three structural elements.⁴ Perhaps a little confusingly, the first of these was the AFC itself. Activities under this banner were generated by voluntary commitments by individual private sector bodies (under the second structural element, the 'Corporate Covenant') and by local community bodies (under the third, the 'Community Covenant'). The latter were signed by local authorities and community leaders and committed signatories to encouraging activities which helped to integrate armed forces personnel and their families into local life.⁵ Once an entity had signed a Corporate or Community Covenant, the government required its registration with the MoD. This allows the organisation to use the AFC logo to demonstrate its commitment to the armed forces.

Finally, each year the government makes gold, silver and bronze awards under the Employer Recognition Scheme to those private sector organisations – and also a few public sector organisations, such as NHS trusts and local authorities – deemed to have made particular contributions to the armed forces, not least with regard to the recruitment of ex-service personnel, training and retention policies and practices, commitments to support the reservist system and other Covenant-related activities.⁶ Commitment to the Covenant, therefore, is visible, with a hierarchy of support demonstrated by whether an organisation is a gold, silver or bronze award holder.

4. MoD, 'The Armed Forces Covenant Annual Report 2013', DMC00678 13/14, December 2013.

5. MoD, '2014 Annual Report Update', December 2014, <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/397752/CovenantAnnualRreport_2014-update-4ppA4Lscreen.pdf>, accessed 19 October 2016.

6. MoD, 'Defence Employer Recognition Scheme: Guidance', <<https://www.gov.uk/government/publications/defence-employer-recognition-scheme/defence-employer-recognition-scheme>>, accessed 12 October 2016.

II. Progress Report

THE MINISTRY OF DEFENCE reports annually to Parliament on developments in the AFC, with the last document, covering 2015, released at the end of that year. In addition, MoD press releases announce new initiatives and agreements.

Emerging from these reports, and building on the agenda identified in the Conservative manifesto of 2010, the government has drawn up an extensive list of concerns and has committed to a significant number of changes, mostly related to ensuring that present and former members of the military are not disadvantaged in comparison with civilians. The Armed Forces Act 2011 requires the government to report annually on health, education, accommodation and the operation of inquests. What emerges from the reports is a range of wide-ranging legislation, regulation and public/private provision that has been put in place.

As an illustration, before 2011, armed forces personnel and their families, who are largely dependent on the NHS for their secondary healthcare, could lose their places on NHS waiting lists for treatment when they were posted from one location to another. Military personnel with British Forces Post Office (BFPO) addresses struggled with credit ratings and securing loans. Those with mobile phone contracts could not suspend them, even when they were posted overseas at short notice. Personnel posted abroad could also remain liable for council tax on their UK homes.

A lengthy list of specifics in AFC annual reports, which run to more than 100 pages, details the MoD-led initiatives being put in place to make sure that military personnel are not disadvantaged. The extended agenda associated with the Covenant is illustrated in an extract from the Executive Summary of the Annual Report for 2015 (Box 2).

Box 2: Extract from the Ministry of Defence's Armed Forces Covenant Annual Report 2015

The report includes not only the areas that we are obliged to report on by the 2011 Act (Healthcare, Education, Accommodation, and Coroner's Inquests) but all of the strands of activity that fall within the scope of the Covenant. The focus is how we holistically support all members of the Armed Forces community, and some of those highlights are set out below:

Service personnel – On the basis of single Service feedback, we have focused on tackling commercial disadvantage. We have continued helping Service personnel to get on the property ladder through the Forces Help to Buy Scheme. We've introduced a new Tenancy Loan Deposit Scheme to help Service personnel fund the cost of a deposit for private rented accommodation. We have also launched a new credit union service to allow Service personnel access to safe and affordable finance when they need

it. The Armed Forces (Service Complaints and Financial Assistance) Act 2015 was introduced earlier this year which has reformed the internal complaints process to make it shorter and more effective, and has created a new complaints Ombudsman role. Serving personnel can contact the Ombudsman independently.

Reserves – We have changed the terms and conditions of service for Reserve personnel to provide pension contributions to the Armed Forces Pension Scheme 2015, and improved our welfare support. We have introduced a new post-nominal for Reservists to recognise their contribution and through the Corporate Covenant to make Reserve Service, and ultimately deployments, better for the individual and the employer; including greater flexibility around leave allowances to help meet training commitments.

Families – Recent survey results show a significant reduction, down five points to 43%, on the numbers of Service personnel citing the effect of Service life on a spouse's or partner's career as a reason to leave. We are focusing on spouse employment and launched a two-year Spouse Employment Support Trial on 1 October 2015. The Department for Work and Pensions (DWP) has agreed to exempt spouses or partners and children aged up to 21 returning from overseas from the three month residence requirement for claims to income-based Jobseeker's Allowance. In July 2015, the Directorate Children and Young People, working with the Department for Education, issued advice to Head Teachers in England on why term time absence may be necessary for Service children due to a parents' deployment. We are currently developing the first Armed Forces Families Strategy.

Veterans – The Department for Health and NHS England have confirmed that funding of £6 million per annum is in place to continue support for the provision of enhanced prosthetic work for Veterans. Funding through The Royal British Legion is now in place to support Veterans with Service-related hearing issues. A strong Veterans' support network continues to be provided across the Devolved Administrations. Scotland's first Veterans' commissioner has published his first two independent reports, and the Scottish Government is leading work with partners to identify how this recommendation can best be implemented.

Commercial support – Through the Covenant, we want to ensure fairness and equity of opportunity for the Armed Forces community when accessing public and commercial goods and services. The Secretary of State has therefore agreed with Royal Mail that we should work together to ensure that service providers are using the BFPO shadow postcode system. Working with key members of the financial services sector we have published guidance to help Service personnel access financial services. We have also got agreement from four major mobile phone providers to allow Service personnel and their families to put their contracts on hold when they are posted overseas.

We pledge that across Government, we will continue striving to sustain and embed a network of support for the Armed Forces community through the Armed Forces Covenant that is the best it can possibly be.

Source: Ministry of Defence, 'The Armed Forces Covenant Annual Report 2015'.

The AFC notes that 'Special consideration is appropriate in some cases, especially for those who have given most such as the injured and bereaved',¹ and it is clear that the MoD is working to ensure that wounded personnel have priority and receive the highest quality treatment from the NHS. There is special medical provision for veterans regarding prosthetics and mental issues, and '[A]ll veterans are entitled to priority access to NHS hospital care for any condition as long as it's related to their service (subject to clinical need)'.²

The MoD is in several ways also seeking to privilege the armed forces more generally within society. The Forces Help to Buy Scheme, launched on 1 April 2014, offers an interest-free loan to help service people who want to buy a home to put down a deposit.³ Reflecting confidence that a military background can be useful in the civil education domain, the Department for Education has introduced a Troops to Teachers training scheme under which suitable personnel can obtain a teaching qualification in two years.⁴ While only 20% of military personnel who have entered the programme have managed to complete it (some 28 veterans),⁵ the scheme should ease the transition to civilian life for some ex-service personnel at a time when tertiary education is expensive. Under the AFC, the government has also launched a Defence Discount Service (DDS) offering lower prices to service personnel (and defence civil servants):

The Defence Discount Service is a valuable and tangible part of the nation's recognition and appreciation of the Armed Forces Community. It is seen as an important element in developing the Armed Forces Covenant across the UK. The Defence Discount Service gives members of the Armed Forces Community discounts both online and on the high street. The Membership Card is a physical card that members of the Armed Forces Community can take into stores, restaurants and venues in order to obtain a discount.⁶

The MoD has reported that, by the end of 2015, almost 5,000 companies had signed up to the DDS.

The most prominent areas of AFC business (health, education, accommodation and military inquests) do not involve the private sector; they involve the MoD and other government departments and regional and local governmental bodies. These are matters for either inter-departmental discussions or erstwhile community covenants.

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1. MoD, 'The Armed Forces Covenant', DMC00289 11/12, May 2011, p. 1.
 2. NHS England, 'Patient Registration: Standard Operating Principles for Primary Medical Care (General Practice)', Commissioning Operations, 27 November 2015.
 3. MoD, 'Forces Help to Buy Scheme', JSHAO/03, Joint Services Housing Advice Office, 1 July 2016.
 4. Department for Education, 'Troops to Teachers', <<https://getintoteaching.education.gov.uk/explore-my-options/teacher-training-routes/specialist-training-options/troops-to-teachers>>, accessed 12 October 2016.
 5. Billy Camden, 'Troops to Teachers Scheme Questioned as Figures Show Just a Fifth of Trainees Qualified', Schools Week, 18 February 2016, <<http://schoolsweek.co.uk/troops-to-teachers-scheme-questioned-as-figures-show-just-a-fifth-of-trainees-qualified/>>, accessed 7 October 2016.
 6. Defence Discount Service, 'About the Defence Discount Service', <<https://www.defencediscountservice.co.uk/index.php?p=about>>, accessed 12 October 2016.

However, in numerous areas, the government also needs to get the private sector on board for action to be effective. For example, to help service people to buy their own homes, the backing of mortgage companies is needed to supplement the Forces Help to Buy Scheme.⁷ To date, members of the armed forces who rent out their homes during deployment have to change their residential mortgage to a buy-to-let mortgage, often incurring new product charges and an increased rate of interest. However, under new agreements with major banks and the largest building society in the UK, Nationwide, they will no longer have to change their mortgage product, saving them time and money.⁸

In the corporate sector, each committed business has a bespoke version of the Covenant pledge. The organisation is encouraged by the government to offer support and benefits in the manner most appropriate to its circumstances, market and capacity, with the standard pledge document from the government offering a range of options for the business to explore. This includes themes such as employment support to reservists, active employment of retiring armed forces personnel, specialist product provision and commitment to an annual Armed Forces Day.

During the course of the research conducted for this paper, the government undertook a rebranding exercise of the AFC and dropped the identifiers of 'Corporate' and 'Community' Covenant so that only the AFC remained as a brand.⁹ The government argued that there is no requirement for a separate commercial covenant as all businesses should have a comprehensive understanding of respective responsibilities under the AFC. However, a number of senior industrialists told the authors of this paper that a specific corporate covenant, bespoke to the individual business, was a practical focal point for initiatives and activities within the business. They added that, in many ways, it was a mistake to drop the Corporate and Community titles.¹⁰

Having said this, despite the changing of titles, the practice of how a business engages with the AFC remains the same. The company's commitment is written, recorded and publicised, pledging its support to the armed forces community in line with the goals of the AFC. The overarching scheme was launched, officially, in June 2013 with the Confederation of British Industry, British Chambers of Commerce, Business Services Association and Federation of Small Businesses all pledging support. Under the scheme, corporate entities and charities which made a pledge promised to apply the key principles of the AFC. For the purposes of this research, therefore, the authors will continue to use the term 'Corporate Covenant' in reference to a business that has pledged to support the purposes and values of the AFC.

7. MoD, 'The Armed Forces Covenant Annual Report 2015', p. 50.

8. MoD and Michael Fallon, 'Banks Offer Better Deal on Mortgages for Armed Forces Personnel', news release, 15 January 2016, <<https://www.gov.uk/government/news/banks-offer-better-deal-on-mortgages-for-armed-forces-personnel>>, accessed 19 October 2016.

9. MoD and Mark Lancaster, 'A New Look for the Armed Forces Covenant', news release, 14 January 2016, <<https://www.gov.uk/government/news/a-new-look-for-the-armed-forces-covenant>>, accessed 19 October 2016.

10. Author interviews held at RUSI in London on 28 June 2016, involving a number of senior industrialists whose organisations had made a pledge to the AFC.

In sum, the MoD has attempted to win support across government, at the local level and from businesses for the 'operationalisation' of the AFC from its modern inception in 2011. There can be little criticism of the intent. Indeed, formulating policy may be the simpler element of providing societal support to the armed forces. Managing delivery of the policy is proving to be more challenging.

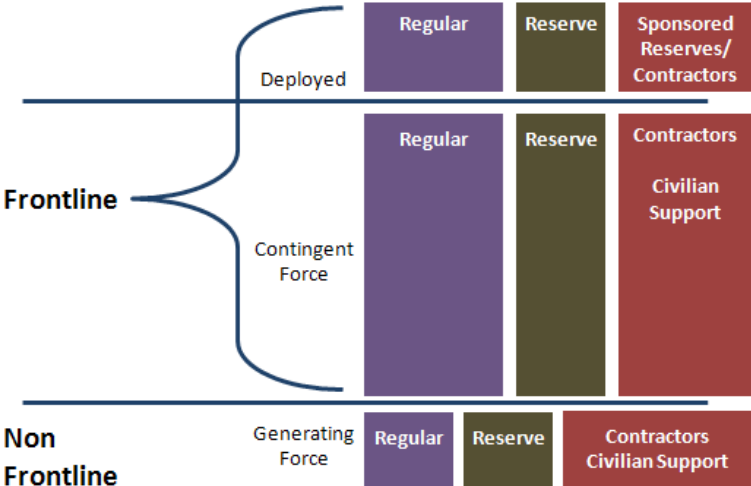
III. The Whole Force, Service Charities and the Covenant

The Whole Force

THE LAYMAN’S COMMONSENSE view is still that military operations are undertaken and supported by military personnel, so that when an operation is undertaken by the UK it involves people from one or more of the Royal Navy, the Royal Marines, the British Army and the Royal Air Force. Military campaigns are seen as being conducted by men (and increasingly women) in uniform, proudly displaying the flag of their nation. In the authors’ discussions, there was less awareness among the public and – more intriguingly – MPs of the place in military operations of individuals working in the defence industries, those people in overalls marked with the logo of their corporation.¹

The Whole Force Concept is the label applied to the UK’s reform of its operational military capability (see Figure 1). The capability went from one that was solely composed of a volunteer, professional army, navy and air force into one that is a partnered arrangement of regular military, regular reserves, volunteer reserves, sponsored reserves, MoD civilians and private sector contractors. The latter can be employed under ‘standing’ contracts and ‘responsive’ contracts to deliver elements of military capabilities.²

Figure 1: The Whole Force Concept Mix



Source: Ministry of Defence (2011)

1. In the semi-structured interviews and facilitated discussions, only a small number of the MPs who participated thought that private sector businesses played a limited and minor role on operations, such as those being conducted in Afghanistan since the ‘surge’ of 2006.
2. Standing contracts are those already pre-positioned between the MoD and the contractor, while responsive contracts refer to those established to meet newly identified requirements.

The Whole Force Concept has a close relationship with the AFC and, in particular, the Corporate Covenant itself. This is because the MoD's capacity to generate the force elements to which it has committed in the 2010 and 2015 Strategic Defence and Security Reviews (SDSRs) now heavily depends on its capacity to attract and retain a larger number of reservists and, when needed, to mobilise them. For most reservists this would require extraction from their peacetime civilian employment. In straightforward terms, people are more likely to become reservists and be available for service if their employer is supportive and policies exist in the workplace to enable their reservist service.

There are at least three categories of reservists. The first comprises former full-time military people who, for a period after their retirement, retain an obligation to return to service in the event of national need. The second are Sponsored Reserves who undertake a specific role for a particular employer and, in the event of an operational need, can put on uniform and do the same job but under the command of the military. An oft-cited example of Sponsored Reserves is the civilian drivers of the MoD's Heavy Equipment Transports owned by Fastrak under a private finance initiative. Finally, there are the part-time soldiers who work in a range of occupations but opt to devote numerous weekends and two weeks or more a year to train in a wide number of military roles. They may even be able to take up roles of three months to a year as full-time military. These are known as Standard Volunteer Reservists.³

It is reasonable to ask to what extent the AFC and its associated commitments contribute to managing the Whole Force and the generation of defence capabilities. To date, it appears that no specific data are maintained by the MoD to map Corporate Covenant commitments to the generation of personnel for the Whole Force.

Service Charities Sector

There is a vast service charities sector in the UK. Although this sector is conceptually beyond the reach of the Whole Force, it is part of a defence extended enterprise. Service charities cater to the needs of a community of some 6.5 million people in the UK, including almost 200,000 serving personnel and over 270,000 dependants. There are 2.8 million ex-service personnel with some 3 million dependants.⁴ According to Ana Pozo and Catherine Walker:

These charities are there to supplement the infrastructure of support provided by the Ministry of Defence (MOD) and other public services. In this regard, the MOD has the primary responsibility for the health, wellbeing and welfare of Service personnel during their service and also helps Service leavers with their transition into civilian life up to a point. After that, the provision of support hands over to mainstream public services (such as the NHS) and private providers (for jobs and housing, for instance).⁵

3. armedforces.co.uk, 'Reserve Forces: Types of Reservist and Manpower Strength', <<http://www.armedforces.co.uk/army/listings/l0070.html>>, accessed 19 October 2016.

4. Ana Pozo and Catherine Walker, 'UK Armed Forces Charities: An Overview and Analysis', *Directory of Social Change*, 2014, pp. 16–17.

5. *Ibid.*

It is reported that there are 1,818 registered service charities in England and Wales, 419 in Scotland and 25 in Northern Ireland. Almost 20% of these provide welfare support to military and ex-military personnel, valued at £174.4 million per annum.⁶

Some of these charities are well established, most obviously the Royal British Legion, whereas Help for Heroes is relatively new and grew rapidly when the campaigns in Iraq and Afghanistan generated significant numbers of wounded and psychologically traumatised personnel. The range of charities' functions include helping:

- Serving personnel and their families to access governmental and charitable services.
- Retiring service personnel to find meaningful civilian work.
- Wounded and psychologically traumatised ex-service personnel to adjust to life outside the military.
- Retired military who, for one reason or another, struggle to adjust to civilian life.
- Ageing ex-service personnel who need special care in their old age, especially when they suffer from trauma sustained when in the military.

All these are functions for which the private citizen might expect the MoD to bear some considerable responsibility and provide elements to the agenda of the AFC. After all, with regard to equipment, the MoD now recognises the disposal phase as a formal element in its acquisition cycle for equipment, the last word in the CADMID (Concept, Assessment, Development, Manufacture, In-Service and Disposal) cycle. It might reasonably be argued that it should take considerable care also with the final phases of its people's association with defence and their health and wellbeing thereafter.

In this study's research, some private sector respondents reported that, especially where no prior involvement with the military was the norm, motivation for signing the AFC revolved, in part, around a desire to provide funds or know-how for this broader, charities-led support. There was some surprise that the governmental custodians of the AFC – those responsible for supporting the initiative within the MoD – were unable to give advice about which charities to prioritise or to express preferences for support.

The research found that when businesses express their commitment to defence through the Covenant they do so, in part, in the expectation that the MoD – or possibly some other arm of government such as the Cabinet Office – will help them to navigate the service charities sector, especially when it comes to making donations or offering other support to charities. This is not a function undertaken by the MoD, though organisations such as the Confederation of Service Charities (Cobseo) do offer some advice. Nonetheless, there is a sense that the government could be more proactive in setting priorities for sector support both from and to service charities.

For the service charities sector, estimated annual income generated is almost £900 million per annum, which is equivalent to about 2.5% of the annual defence budget. Moreover, the financial

6. *Ibid.* At 2012 prices.

resources of this sector are heavily concentrated in a relatively small number of charities, so that in 2012 the leading 122 service charities (out of 2,237) benefited from 84% of the total sector income.⁷ The ongoing health and development of this sector is significant to a variety of constituents and beneficiaries. It seems sensible that this element of the UK defence family should be considered when notions of the AFC are debated and assessed, but this appears to be seldom the case based upon the authors' review of the content of AFC annual reports. Yet, significantly, when business owners, directors and managers commit their organisations to supporting UK defence organisations and people they often seem to be doing so in the belief that they are also supporting the service charities sector as well.

When senior commercial personnel commit to the AFC, it is in the context of this extensive defence environment, so that while the focus may be on the woman or man in uniform, the providers of critical services and support come from this broad ecosystem. So, for a majority of respondents, a commitment to the serviceman or woman is a commitment to the wider charitable sector enwrapping and supporting them.

This perspective is offered from within many of the boardrooms of those businesses that have committed to the AFC. The difficulty is that these supporters find it almost impossible to navigate the multiple forces and factors of government, military, private sector and charitable bodies that comprise UK defence. This is despite the best efforts of the Covenant team in the MoD and the excellent work being undertaken by organisations such as Cobseo. The inability to navigate this complexity helps to explain the perceptions held by businesses in relation to the AFC, which is the subject of the next chapter.

7. *Ibid.*, p. 104.

IV. The Corporate Perspective on the Corporate Covenant

THIS CHAPTER EXAMINES the views of a number of businesses that have pledged to the AFC. For this report, 100 organisations, large and small, were engaged through semi-structured interviews and discussions, sometimes in groups, more often as one-to-one discussions between the authors and an informant. Broad issues were identified and codified. A number of propositions relating to the Covenant were put to respondents and their insights recorded. The authors were careful to harvest views from both large organisations and small, and those working within the MoD's supply chains and others in non-defence sectors. A summary of company information, without revealing individual businesses, is presented in the Annex.

As part of the research, businesses were asked about their motivation for signing a Covenant agreement, giving them the option to choose one, two or more options from a range of potential motivations. Without getting into debates about whether the drive to maximise profit is the dominant or even sole concern of the modern corporation, we anticipated that businesses would at least be sensitive to the potential commercial advantages and risks associated with their Corporate Covenant commitments.

Some 90% of businesses said that they signed the AFC because they wished to support the military and demonstrate their commitment. As a number of informants put it, expressing support was the 'right thing to do'. No company disagreed with this suggested intent, while 10% responded neutrally. Less clear is the distinction between the desire to support the military personnel of the present, the past or both, and a wish to support UK defence capability in general.

Interestingly, responses to questions posed as part of the research indicate that the Corporate Covenant is generally viewed as an important commitment in that it is overseen at a senior level: businesses reported that the decision to sign the AFC was taken at main board level 65% of the time and it remains discussed annually by the board within 62% of the businesses. Also, in 40% of the businesses surveyed an executive director oversees the commitment to the AFC. Only a small number of respondents (8%) reported that they believed the AFC to be a de facto kitemark rather than an active commitment.

However, other questions reveal a less straightforward picture. For some businesses it was significantly a matter of publicity: almost half of the research's sample pool (47%) claimed to have been motivated in part by national and local media coverage. Moreover, while 61% of businesses thought that their having made a pledge would be viewed positively by clients, only 29% judged it important to the company's brand. More than 40% thought it unimportant, while just 32% believed that it would make a positive impression on current and future staff. Apparently most companies are not in the Covenant for any financial benefits: 81% of businesses thought

that the AFC was unimportant for sales and profits, while only 19% considered it significant. Only 19% of companies thought that the AFC helped to recruit and retain, while almost half (48%) felt it had no effect.

Additionally, just over half (51%) of businesses made their pledges, informants believed, because competitors had already done so. This should not be surprising: private sector management commonly feels secure in copying the behaviour of peers and competitors.

A similar number committed their businesses to the Covenant because they believed it was expected of them by government: this motivation might be thought stronger in those firms doing a lot of business with the public sector, and defence in particular. Thus a range of secondary drivers beyond the wish to support the military is apparent.

In 2016, the Covenant does not appear to have lost its momentum: 78% of businesses stated that they would continue to engage with the government and military through the AFC and, importantly, 56% claimed that they would consider developing bespoke products and services for the armed forces. Conversely, 41% stated that they would not focus on specific products for military personnel and their families.

Just 15% of businesses felt that the Covenant had not fulfilled corporate expectations, a rewarding figure for the MoD.

However, this should not disguise the research's other findings, particularly that 61% of businesses felt that they could not navigate the multiple public and private organisations that comprise the UK defence extended enterprise. Companies which believed the pledge would activate engagement from government to help them make investment and donations in line with bespoke corporate social responsibility agendas were disappointed that the government was unable to fulfil this role. Half the companies felt that the MoD should assist in navigating defence service providers, especially the charities.

It was striking that only 29% of businesses thought that the AFC was already a success, 26% disagreed and 45% neither agreed nor disagreed. Lastly, there is no consensus on whether the AFC is doing enough for present and past military personnel and their families. While 40% of businesses believe that the AFC initiative should be doing more, 36% feel the initiative is doing enough. The detailed data are provided in Table 1 (below) along with the specific question or topic that prompted the response.

Table 1: Corporate Motivations and Assessments of the Corporate Covenant

Question	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
I signed the Armed Forces Covenant (AFC) because I want to support the armed forces.	16%	74%	10%	0%	0%
The decision to sign the AFC was taken at board level.	26%	39%	0%	35%	0%
The impact of our commitment to the armed forces through the Covenant is discussed at board level at least annually.	24%	38%	9%	29%	0%
An executive director has responsibility for overseeing our commitment to the AFC.	15%	25%	34%	14%	12%
We regard the AFC as a kitemark rather than a commitment.	0%	8%	15%	13%	64%
I signed the AFC in part because of national and local media coverage.	0%	47%	31%	22%	0%
I signed the AFC in part to make a good impression on my clients.	3%	58%	24%	13%	2%
Our commitment to the AFC is important to our brand.	25%	4%	28%	27%	16%
I signed the AFC in part to make a good impression on current and future staff.	1%	31%	35%	20%	13%
The AFC is important for sales and profit.	4%	15%	0%	56%	25%
The AFC helps me recruit and retain.	0%	19%	33%	29%	19%
I signed the AFC in part because my competitors signed.	19%	32%	22%	21%	6%
I signed the AFC because I thought it was expected by the government.	18%	33%	26%	23%	0%
We will continue to engage through the AFC.	41%	37%	22%	0%	0%
We will consider developing bespoke products and services for the armed forces.	10%	46%	3%	20%	21%
The AFC has not fulfilled our corporate expectations.	1%	14%	2%	45%	38%
I want to support the armed forces more but I cannot navigate the myriad public and private organisations that comprise the UK defence environment.	29%	32%	22%	13%	4%
We need the MoD to assist in navigating the various defence service providers – charities and state.	19%	31%	36%	14%	0%
I view the AFC as a success.	9%	20%	45%	14%	12%
The AFC should be doing more for our armed forces.	14%	26%	24%	23%	13%

V. Emerging Findings: The Commitments of the Defence Industrial Sector and the Wider Commercial World

HAVING LOOKED AT the motivations and assessments of the Corporate Covenant system, this paper now seeks to analyse the nature of the commitments being made given that, within a rather open-ended template, each firm defines its own commitments.

By the summer of 2016 there were more than 1,000 individual Corporate Covenant pledges,¹ too great a number to be studied in the time available. Therefore, the authors opted to select a random group of 100 listed in the MoD's alphabetical list of signatories, a different sample from the 100 businesses featured in Chapter IV.² The written Covenant commitments themselves do not reveal the size of firms or the sector(s) of business in which they are engaged. The conclusions from this exercise should therefore be seen as avenues for further investigations rather than definitive results.

By considering the text of the pledges, with each group, the research sought to explore:

- To what extent the company's commitments were clearly targeted at benefits for the individual service person or retired ex-service person.
- To what extent a company's commitments made equal treatment available to the military person (as compared with the wider public) or whether there was an apparent stress on privileging the serving or retired military personnel.
- To what extent the company's commitments would be reasonably expected to lead to direct commercial advantage through generating increased sales or a stronger labour force and so on.
- To what extent the company's commitments were directly linked to helping the MoD meet its targets for recruiting and training reservists.

1. This figure relates also to a number of non-private sector organisations that have pledged to the AFC.

2. Our basic effort to achieve randomness involved examining the third, fifth, seventh and tenth firms under each letter in the MoD's alphabetical list of signatories. We adjusted for those letters of the alphabet with four or fewer entries by including all the organisations in that category (this was the case for the letters X, Y and Z). Where web links to view the relevant agreement did not work we counted the same number from the bottom rather than the top (for example, if we could not access the third down in the letter A we then opted to choose the third from the bottom instead). As Q had six companies listed, we used the third and fifth as a sample, but the overall sample required one more so the first company from Q was also used.

Commitment to the Military and Veterans

In general, companies were concerned about strengthening their support for serving personnel and veterans. Thirty-two organisations stated their support for the employment of veterans both old and young without elaborating on relevant policies or future initiatives. This is a declaration of intent implying their support for equal opportunity for ex-service people, but little more than that. Just fourteen organisations that stated explicitly they would recognise military skills and qualifications when recruiting.

Thirty-three organisations listed their collaboration with the Career Transition Partnership (CTP) as the main component of their strategy to support ex-service people in their future career prospects. The CTP is a partnering agreement between the MoD and a private sector provider that is charged with assisting service personnel with their transition from military to civil employment at the end of their service engagement. It works with Defence Relationship Management, which is the principal point of contact linking employers with the department.³

The military privilege element was clear in relation to the notion of special prices for military personnel and veterans. We identified 33 organisations that offered discounts with some aligned to the DDS; one organisation offered a case-by-case discount of its services specifically to veteran-owned businesses.

Company commitments also extended to the families of service people. There were examples of four nationwide organisations that offered to relocate spouses or partners within the company to accommodate a change in residence due to the demands of their partner's occupation. We identified 81 companies that would 'endeavour to offer a degree of flexibility' when considering requests for leave before, during or after a partner's deployment, and seven extended this pledge to special leave for a bereavement or injury. Three companies offered flexible and adaptable working conditions to enable quality time to be spent with the family. In one school they gave priority to the sons of members of the UK armed forces who wish to board and who qualify for MoD financial assistance with boarding fees.

Those organisations that used their own business practices as vehicles to support the integration of ex-service people have taken the following approaches:

- Six organisations stated that they would run seminars to help service leavers make informed choices as they move from military to civilian life, including career advice, mentoring, classes on interview preparation and CV writing.
- A service charity offered grants to fund academic qualifications, vocational training courses and employment opportunities.
- Three organisations endeavoured to offer work experience and job shadowing opportunities for service leavers.
- Two organisations agreed to train and develop ex-service people.

3. Defence Relationship Management, 'About DRM', <<https://www.gov.uk/government/groups/defence-relationship-management>>, accessed 19 October 2016.

A few companies showed greater explicit commitment to ensuring military personnel had a fair chance of employment in their workforce:

- Four organisations stated that they would provide guaranteed interview opportunities for those who met the selection criteria for relevant vacancies. One company agreed to interview any disabled applicant who met the minimum criteria for a vacancy, to include a pledge to wounded veterans.
- One organisation created a military veterans' network within the company.
- One organisation created an internal working group responsible for ensuring that its working practices do not disadvantage any member of the armed forces community. The role of the group is to enhance working practices to benefit ex-service people.

All the organisations declared:

[Company name] recognises the value serving personnel, reservists, veterans and military families bring to our business.

Five companies in the sample elaborated on this statement in reference to the commercial advantage and specialised skillset of ex-service personnel:

C3IA is a company founded by ex-forces personnel. Our success is testament to the value that serving personnel, reservists, veterans and military families bring to our business and to the market in which we do business. This history underpins our commitment to the Armed Forces Community – C3IA Solutions.⁴

We will establish links with the Career Transition Partnership in order to attract ex-military talent to Finning UK. We will support the employment of veterans by advertising relevant roles through the CTP and providing interview opportunities for those that meet the selection criteria for relevant vacancies. We will also work with specialist armed forces recruiters (eg Forces Recruitment Services) so that the ex-military talent pool can be tapped into effectively – Finning UK.⁵

We know that people are our greatest asset. Jacobs has a proven successful relationship working with HM Forces, both through delivering results on behalf of the Armed Forces, and through developing and deploying the unique skills of veterans and reservists within the company. We recognise the value serving personnel, reservists, veterans and military families bring to our business – Jacobs Engineering UK.⁶

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4. C3IA Solutions, 'Armed Forces Covenant', April 2016, <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/523879/C3IA_Solutions_Armed_Forces_Covenant_20160401.pdf>, accessed 13 October 2016.
 5. Finning UK, 'The Armed Forces Corporate Covenant', May 2014, <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/499982/Finning_Corporate_Covenant.pdf>, accessed 13 October 2016.
 6. Jacobs Engineering UK, 'The Armed Forces Corporate Covenant', August 2015, <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/456433/Jacobs_20150818.pdf>, accessed 13 October 2016.

Supporting the employment of ex-regular Service personnel and in particular those whose engineering skills and Service training enable them to rapidly integrate and progress to our mutual benefit ... Being willing to employ serving reservist personnel for the skills they possess – James Troop & Company.⁷

Working closely with Defence Relationship Management to develop a mutually beneficial strategic relationship between Veolia and the Armed Forces community – Veolia.⁸

The commercial advantage for companies that are a part of the Corporate Covenant may come through an improved company image, especially if they are conducting business with the armed forces. Those companies that benefit from ex-service personnel in terms of a qualified workforce are often those that require particular skills that are in decline in the civilian workforce, such as engineering skills. Therefore, the commercial advantage for a majority of businesses might not necessarily come through supporting the armed forces community or absorbing the skills of ex-service people, but through an improved company image via national and local media coverage that offers the ability to attract and/or retain clients, to recruit staff or simply to follow what competitors are doing.

Reservists

The commitment shown by companies towards employees who choose to become reservists is detailed in each signed agreement. Addressing the reservist agenda is a compulsory element of the Corporate Covenant, reflecting its significance for the government. Through a sample of 100 companies that have signed up to the Corporate Covenant, this paper can review the different approaches adopted:

- Only nine companies had no mention of supporting employees who choose to become members of the Reserve Forces, and by implication had no declared policy to accommodate their training or deployment. They did not respond to the reservists' section of the Corporate Covenant Agenda.
- In all, 91 companies committed to accommodating employee training and deployment in some capacity. A clear majority – 69 enterprises – stated they would support their employees by accommodating their training and deployment, but they did not elaborate on this commitment.
- Just 22 companies elaborated on what supporting reservists meant in terms of the allocation of paid and unpaid days as well as an assurance that their job would be there on their return from deployment. Of the 100 organisations:
 - Two agreed to review each person on a case-by-case basis.
 - Two offered flexible working conditions.

7. James Troop & Company Ltd, 'The Armed Forces Corporate Covenant', June 2015, <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/435183/James_Troop_Company_Corporate_Covenant_20150609.pdf>, accessed 13 October 2016.

8. Veolia, 'The Armed Forces Corporate Covenant', December 2015, <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/483355/Veolia_Corporate_Covenant_20151203.pdf>, accessed 13 October 2016.

- o Five agreed some type of reservist policy within their HR policy.
- o Three allowed unpaid leave for training.
- o Eight offered paid leave in support of a reservist's training commitments (which differed between companies and ranged between five and fifteen days).
- o Two provided access to specialist knowledge, skills and experience in order to assist reservists in their Reserve Forces role.

Some companies, such as Serco, provided a detailed account of their current reservist numbers and their ambitions for the future.⁹

While the offerings of Covenant signatories make it easier for reservists to undertake their part-time roles, they are also of crucial importance to the MoD. The ministry is relying on increased reservist numbers and capabilities to deliver the military strength required to meet the needs of UK defence policy and, as discussed earlier, to populate the Whole Force.

9. Serco Group, 'The Armed Forces Corporate Covenant', August 2013, para. 2.1, <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/335941/Serco_Corporate_Covenant.pdf>, accessed 13 October 2016.

VI. Conclusion

THIS STUDY INCORPORATED a literature review, semi-structured interviews with representatives from 100 UK-registered businesses pledged to the AFC, as illustrated in the Annex, and a desk-top review of the pledges of a further 100 businesses drawn from the MoD's list of Covenant signatories. The authors acknowledge the constraints resulting from such a sample size but, from the research, a number of clear propositions emerge that are important and require further testing and analysis:

1. The armed forces are a unique and important part of UK society. People employed within them work under terms and conditions not found anywhere else in the economy. The AFC does not form part of the contract of employment and, from the perspective of the individual serviceman or servicewoman, has no legal significance in terms of employment law. The Covenant's imperatives are political, societal and moral rather than contractual. The rights and obligations it champions are not those associated with a legal contract.
2. To some degree, the AFC appears to be contributing towards improving the employment opportunities of former military personnel. The demands of military life make it an exceptional form of employment and, in addition, it is unusual in requiring a number of employees to leave the armed forces long before the notional national retirement age. As a recent document by the military charity the SSAFA (formerly known as the Soldiers, Sailors, Airmen and Families Association) makes clear, work remains to be done to improve the broader employability of ex-service personnel.¹ Much of this resettlement agenda will need continuing, proactive support from the private sector.
3. An important part of the AFC is the MoD's responsibilities towards injured and scarred veterans. For example, payments for sufferers of post-traumatic stress disorder cannot be predicted with precision by the MoD and fall into the financial category of Annually Managed Expenditure. In this context, during the years ahead, the more support offered to veterans by the government through the MoD, the fewer funds that could be available for equipment, support contracts and staff salaries. Consequently, the private and charitable sectors might carry a larger share of the burden in caring for veterans from recent conflicts in the mid to long term. The AFC could be a trigger for businesses to provide ongoing support for veterans as a way to access the defence sector.
4. The AFC may help to ease the problem faced by the government in improving the numbers and preparedness of reservists that will be needed in order to deliver the capabilities associated with UK defence policy and the 'operationalisation' of a defence extended enterprise.
5. When businesses express a commitment to the armed forces through the AFC, there is an expectation that the MoD or another part of the government can help the company to navigate the service charities sector, in terms of making donations or offering other

1. SSAFA, 'The New Frontline: Voices of Veterans in Need', July 2016.

forms of support. Businesses sometimes express astonishment that the government is unable to articulate or prioritise preferences for support when these are offered.

6. Nine out of ten businesses signed the AFC because they wished to support the military and to demonstrate that commitment overtly. Less clear is the distinction within that statement between the desire to support the individuals of the present and past military and a wish to support UK defence capability in general, something that more focused research should address.
7. The AFC is generally viewed as an important commitment in that it is overseen at a senior level. Businesses reported that the decision to sign the AFC was taken at main board level 65% of the time and it remains discussed annually by the board in 62% of businesses to have made a pledge. Also, the commitment to the AFC is overseen by an executive director by 40% of those making a pledge.
8. A small number of companies (8%) reported that they believed the AFC to be a de facto kitemark rather than an active commitment.
9. For some signatories, the AFC was viewed as a matter of public relations and corporate publicity: almost half of the sample pool (47%) claimed to have been motivated in part by national and local media coverage. Moreover, while 61% of businesses thought that having made a pledge would be positive in the eyes of clients, only 29% judged it important to the company's brand. More than 40% thought it explicitly unimportant, while just 32% believed that it would make a positive impression on current and future staff.
10. Some 81% of businesses thought that the AFC was unimportant for sales and profits, while 19% considered it significant.
11. Only 19% of companies thought that the AFC helped to recruit and retain, while almost half (48%) felt it had no effect.
12. Just over half of businesses signed the AFC because competitors had made an earlier pledge. A similar number committed to the Covenant because they believed it was expected of them by the government. This motivation was thought to be stronger among those firms doing a lot of business with the public sector, and defence in particular.
13. In 2016, the Covenant does not appear to have lost momentum: 78% of businesses stated that they would continue to engage with the government and military through the AFC. Significantly, 56% claimed that they would consider developing bespoke products and services for the armed forces alone. Conversely, 41% stated that they would not focus on specific products for military personnel and their families.
14. Just 15% of businesses felt that the Covenant had not fulfilled corporate expectations, a rewarding figure for the MoD. However, this should be balanced against other findings, including that 61% of businesses felt that they could not navigate the multiple public and private organisations that comprise the UK's defence extended enterprise. Companies which believed the pledge would activate engagement with the government to help them make investment or donations in line with bespoke corporate social responsibility agendas were disappointed that Whitehall was unable to fulfil this role. Half of the companies felt that the MoD should actively manage the broader defence portfolio, and especially assist in guiding long-term support to service charities.
15. Fewer than a third of businesses (29%) thought that the AFC was a success, while 26% disagreed.

16. Whilst perhaps contradicting the above point, lastly, the research finds that there is no consensus in the private sector on whether the AFC is doing enough for present and past military personnel and their families. Some 40% of the businesses surveyed believed that the initiative should be doing more, while 36% believed the initiative was performing as it should.

These sixteen core findings are derived from engagement with the study's sample pools and the policy and critical literature that frames the Covenant debate. This paper views them as propositions that should be tested by the government or Parliament as – by accident or design – the AFC becomes embedded deeper into the UK Whole Force.

Emerging Recommendations

The defence enterprise in the UK is a complicated portfolio of public and private actors. As well as the regular armed forces, there are numerous reservists, multiple contractors and suppliers, and at least 1,000 signatories of the Corporate Covenant and close to 3,000 charities servicing defence. Many of these, of course, are 'double counted'. One of the problems faced by analysts and decision-makers alike is a lack of data and statistical rigour when thinking of defence as encompassing many thousands of nodes or organisational components. This is complicated further by the habit of thinking of defence as a series of policy utterances rather than complex programmatic and managerial imperatives. As this Occasional Paper demonstrates, the policy may be thoughtful and considered but the debate always returns to delivery – in this sense the active management of complexity and multiple partners.

Moreover, during the authors' conversations, interviews and readings it was noticeable just how little spouses and children are mentioned and considered. There may be passing mention in the policy narrative, but dependants barely get a look in when it comes to delivery.

The authors are reluctant to offer recommendations, but perhaps the partners of the AFC – government, military and society – could consider the following:

1. The convening power of the AFC is considerable, especially in relation to the private sector's commitment to defence. A properly staffed AFC programme office, with a mix of civil servants, secondees from businesses, charities and volunteers, could be formed as a body separate from the MoD, funded by both the government and commerce.
2. The AFC is a societal imperative rather than a narrow MoD obligation. Responsibility for policy should sit with the Cabinet Office or 10 Downing Street. Responsibility for delivery and measurement of progress through rigorous data-gathering should fall to an AFC programme office. Conventional management tools such as a forward programme, issues log, risk and opportunity management plan, as well as an engagement strategy, could also fall to this body.
3. A charismatic, overtly engaged and challenging senior responsible owner for the AFC should be considered – perhaps from the younger generation of the Royal Family.

Annex: Summary of Company Information

Company Number	Size of Company by Employee Numbers*	Direct MoD Supplier: Y/N
1	International	Y
2	International	Y
3	International	Y
4	International	Y
5	International	Y
6	International	Y
7	International	Y
8	International	Y
9	International	Y
10	10–49	Y
11	50–249	Y
12	1–9	Y
13	International	Y
14	250–500	Y
15	500	Y
16	1–9	N
17	10–49	N
18	10–49	N
19	250–500	N
20	50–249	N
21	50–249	Y
22	50–249	Y
23	250–500	N
24	50–249	N
25	50–249	N
26	50–249	N
27	10–49	N
28	International	N
29	International	Y
30	International	N
31	International	N
32	50–249	N

Company Number	Size of Company by Employee Numbers*	Direct MoD Supplier: Y/N
33	10-49	N
34	10-49	N
35	1-9	N
36	10-49	N
37	10-49	N
38	10-49	N
39	50-249	N
40	10-49	N
41	International	Y
42	10-49	N
43	50-249	N
44	International	Y
45	International	N
46	10-49	N
47	50-249	N
48	1-9	N
49	50-249	N
50	250-500	Y
51	10-49	N
52	10-49	N
53	International	Y
54	10-49	N
55	10-49	N
56	250-500	N
57	International	Y
58	10-49	N
59	10-49	N
60	International	Y
61	50-249	N
62	50-249	Y
63	10-49	N
64	50-249	N
65	50-249	N
66	10-49	N
67	1-9	N
68	10-49	N
69	50-249	N
70	10-49	N

Company Number	Size of Company by Employee Numbers*	Direct MoD Supplier: Y/N
71	10–49	N
72	International	Y
73	International	N
74	International	Y
75	50–249	N
76	International	Y
77	1–9	N
78	1–9	N
79	International	Y
80	50–249	N
81	International	N
82	10–49	N
83	50–249	N
84	10–49	N
85	10–49	N
86	10–49	N
87	50–249	Y
88	50–249	N
89	International	N
90	50–249	Y
91	International	N
92	International	Y
93	10–49	N
94	International	N
95	10–49	N
96	International	N
97	10–49	N
98	International	Y
99	10–49	N
100	1–9	N

* 'International' refers to a company that operates across different countries or is registered/headquartered in different business domains.

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