

Towards 2030

2023 Operating Plan



Registered Charity 226686 (England & Wales).
SC037673 (Scotland).

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Preface

1. As the UK emerged from the pandemic, on the night of 23 to 24 February 2022, Russia launched a military offensive in Ukraine. The United Nations considers this attack to be a violation of the territorial integrity and sovereignty of Ukraine. It is contrary to the principles of the Charter of the United Nations¹.
2. A sharp decline in equity markets followed, the conflict pushed commodity prices higher; exacerbating already rising inflation rates. Europe has historically had a closer trading relationship with Russia than countries such as the UK and US, and most of the Eurozone's oil and natural gas imports come from Russia.
3. Many nations have imposed sanctions, including on wealthy individuals connected to the Kremlin. The list is growing every week, and because sanctions are likely to remain in place while Russia's aggressive military activities continue, energy prices are likely to remain high for the medium-term future.
4. The Bank of England (BoE) expects UK inflation to reach 11 per cent before the end of 2022, which is significantly higher than its 2 per cent target. At the end of July, inflation sat at 9.4 per cent, the highest since 1982. In August, the BoE raised interest rates by half a point to 1.75 per cent, the biggest increase since 1975. Double-digit inflation is never a positive sign and UK interest rates are very likely to go up in the coming months, to help rein in inflation.
5. Supply-chain bottlenecks are slowly unblocking, but at the same time consumers are under a growing 'cost of living' strain – paying more money for energy and food, as just two key examples. This has led to lower levels of consumer confidence, with many households tightening their purse strings.
6. In the UK, the unemployment rate is 3.8 per cent², which is close to the lowest level since 1974. This positive news is one of the few positives on a landscape of rising inflation and interest rates.
7. However, it's also worth adding a note of caution: unemployment rates are likely to rise later this year. Given the current state of the global economy, businesses are expected to review their staffing levels and cut costs where possible, especially if consumer demand for their goods and services dips as the 'cost of living' crisis deepens.
8. Growth is already slowing across the industrialised world, so the key focus will be the scale of the downturn and whether a recession can be avoided...
9. Recessions can quite often be traced back to one of three main sources: wars, energy price shocks, or an extended series of interest rate rises in 'quick' succession. 2022 provided all three of these sources simultaneously.
10. This backdrop makes it very difficult for central banks to target inflation without also having a negative impact on economic activity. It is a challenging tightrope for them to cross but getting inflation under control will be a key priority for them, as that is more important for long-term economic stability than trying to avoid a recession.

[1] UN Charter | United Nations

[2] June 2022 employment statistics | Employment in the UK - Office for National Statistics (ons.gov.uk)

Background

11. The RAF Association (the Association) has a long history of supporting the RAF community. In recent years, the Association has experienced an increase in demand for its welfare services during a period of economic instability, uncertainty and rapid change in the charitable sector. In this rapidly changing environment, the Association's trustees (the Council) have sought to ensure that the Association is fit for purpose and best placed to face the challenges of the future.
12. At the outset, it is important to clarify that the Association, a complex and multifaceted organisation, is financially stable, is delivering on its important mission and has implemented procedures to manage risk and compliance. The Association's trustees, management, employees, members and volunteers are working together to ensure that the Association continues to meet its charitable objects.
13. The Association's 'Towards 2030' document³ set out the organisation's direction of travel to 2030. This document was reviewed by Council in 2022, in the context of the pandemic, war in the Ukraine and the economic environment that the Association and the UK finds itself in. In doing this, the Council sought to ensure that the Association maintains its momentum, achieving the organisational transformation necessary to support the RAF community today and well into the future. To this end, the Council has reinforced its commitment to the strategic priority of providing lifelong support to those who serve, or have served, in 'Our Air Forces', and their dependants.
14. During this process, Council reviewed the Association's Charitable Object. The 'founding fathers' of the Association, Messrs Goodhand, Bartlett and Pearce, sought in 1929 to create a single welfare charity to support those who had served in the Royal Air Force, creating the 'Comrades of the Royal Air Force Association' in 1930. In 1953, Her Majesty The Queen conferred both Her Patronage and a Royal Charter upon the renamed 'Royal Air Forces Association'; which reaffirmed the intent of the founders in the Object of the Association:

"To promote the Welfare by charitable means of those who are serving or have served in Our Air Forces, their wives and dependants and the widows and dependants of those who died either while serving in Our Air Forces or thereafter"

15. The Object of the Association clearly defined the 'what' it was formed to do, remaining extant until, in 1995, a declarative clause was added to the Object which expanded the 'what' with the 'how' this should be achieved.

"...to promote, through the comradeship engendered by its members, the welfare by charitable means of all serving and former members of Our Air Forces, their spouses and dependants, together with the widows and widowers and dependants of those who died whilst serving or subsequently."

Comradeship (good relationships) is an important element of welfare, where it can help to build a sense of belonging and self-worth, provide an opportunity to share positive experiences and emotional support, and enable support to others. However, given the scale of need that the Association is now responding to, it is no longer possible to achieve the breadth of support needed solely through the membership itself. Council seeks to place the emphasis of all the activities of the Association on the purpose for which the Association exists i.e. "...the welfare by charitable means..." through and with the membership, supporters and employees of the Association.

[3] Published in 2019.

16. During the 2022 review process, Council also sought to reaffirm and refresh the Association's vision, mission and values, undertaking significant consultation to determine what these should be as we look to 2030:

Vision

An RAF community that is connected, empowered and resilient.

Mission

To support and enable the RAF community to meet the challenges of everyday life.

Our approach

- Help our RAF community overcome the challenges of everyday life by increasing resilience and wellbeing.
- Empower our community by giving them the tools they need to live dignified, fulfilled, and independent lives.
- Support all generations to sustain strong relationships and remain connected with the RAF.
- Recognise the unique contribution made by those of all nations who serve and have served in the RAF.

Values and standards

We strive to achieve the following:

- **Supportive**
We respond and adapt to the needs of our RAF community. We respect and value all members of our community equally. We embrace and encourage different backgrounds, perspectives and ideas. We are committed to working together to achieve shared goals.
- **Trustworthy**
We do what we say we will do. We are accountable. We are open and honest in our approach. We act with integrity. We take responsibility for reducing our environmental impact.
- **Caring**
We are friendly and welcoming. We take time to listen and are compassionate. We treat everyone with dignity, thoughtfulness and care. We protect people from harm and keep them safe.
- **Practical**
We are committed to getting the job done. We take a hands-on approach. We do whatever it takes to support those in need. We are determined in the face of challenges.
- **Professional**
We are the best we can be. We actively seek new ideas and to make positive changes. We use our resources effectively and efficiently. We rely on evidence and expertise to make our decisions.

17. The Council has adopted a thematic approach to the development and delivery of the services of the Association, this is summarised in the image below:

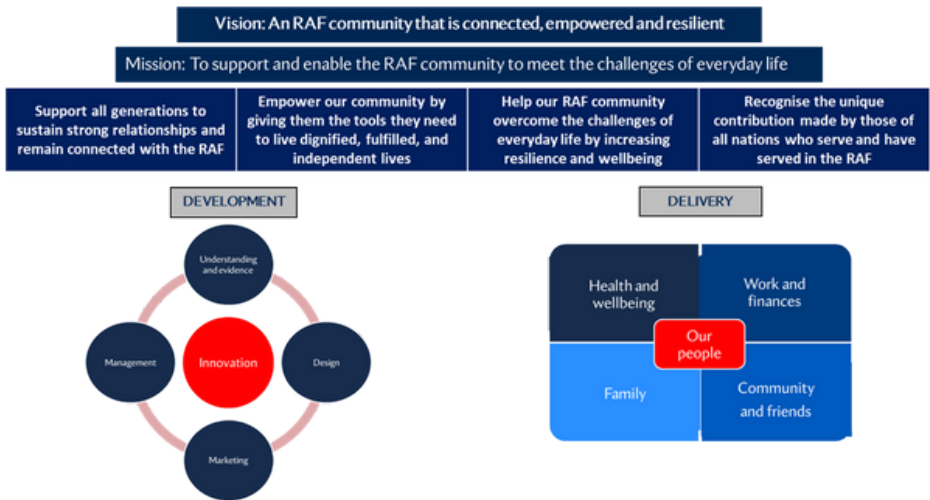


Image 1: Thematic structure of the Association's outputs

18. Recent investment in reforming, modernising and improving vital support functions have delivered organisational changes that have strengthened the Association's position within the military charity sector. However, news of this success has not yet reached the entirety of the Association's membership or stakeholders. Moreover, despite the successes, the Association continues to face the cultural challenge of much-needed growth after a sustained period of decline. Continued communication will be vital in growing the understanding and support of the Association's aims (i.e. why we exist, what we do and have to offer and how we deliver). Importantly, the Council, members and employees must continue to act quickly and decisively to maintain the momentum.
19. Membership growth and improvements in the quality and breadth of welfare support have resulted in increased 'operational' demands. These can only be met by evidence-based decision-making and rigorous governance, underpinned by high-quality volunteers and employees. The delivery of personalised welfare support to those in need through a range of member and volunteer-led services is a vital component of what we do. Sustaining and maintaining the enthusiasm of such members and volunteers is key to the continued success of the Association and any collaborative work, acknowledging that we cannot rely solely on this source of support.

Putting the challenge into context

Welfare

- 20. In 2020, the Association mobilised quickly to launch new COVID-19 emergency welfare services. In an impressive joint effort, we called 30,000 potentially vulnerable members of our RAF community, organised telephone friendship calls and emergency bag drops, and broadcast an interactive entertainment and education service.
- 21. More than two years on, those pandemic lockdowns are (thankfully) receding into memory. However it is becoming increasingly apparent that we, and our veteran community in particular, face a significant new threat which is just as serious.
- 22. The rising cost of living is already causing huge damage; in the period January – Sept 2022 over 2,481 people contacted us needing emergency financial support, home fuel grants, debt, bills and daily living costs. For many years, mobility issues have been the top reason people have sought help from us but today, more people are contacting us about home fuel grants.

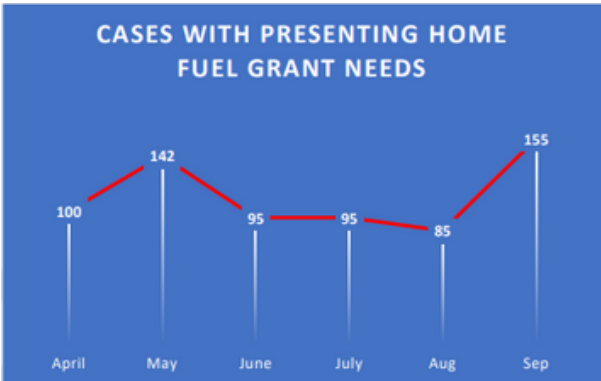


Chart 1: Home Fuel Grants (Jan - Sept 2022)

- 23. The causes are obvious: the UK State Pension increased by 3.1 per cent this year, yet inflation is likely to reach 10 per cent and energy bills have already gone up by over 50 per cent. Age UK is predicting that two million older households will not have enough income to cover their essential spending in 2022-23.
- 24. As the colder temperatures of autumn and winter approach, further increases to fuel bills take place and inflation rises ever higher, we anticipate that we will need to mount a large-scale crisis response at similar levels to our 2020 pandemic emergency response.
- 25. If we do not support them, many RAF veterans and their loved ones will be faced with making impossible choices to make ends meet – staying at home alone to save money, going hungry or turning their heating off.

- 26. 36 per cent of RAF veterans live alone (higher than the national average of 21 per cent). Reducing contact with others by staying at home to save money will result in loneliness and social isolation, damaging to both physical and mental health. Isolation can be more harmful to health than smoking fifteen cigarettes a day and can increase the chance of developing clinical dementia by 64 per cent.
- 27. Going hungry can lead to malnutrition, which affects every system in the body and always results in increased vulnerability to illness, increased complications and in very extreme cases even death.
- 28. Public Health England (PHE) have warned there is a damaging overlap between living in a cold home and poor health. This can cause or worsen serious health conditions such as heart attacks, strokes, bronchitis, and asthma. National Energy Action estimates that around 10,000 winter deaths already occur because of living in a cold home, prior to the impact of the current rising costs of heating.
- 29. To have a positive impact on our beneficiaries, it is imperative that we understand the characteristics of the people we serve. Given that there is limited data about the ‘characteristics’ of the RAF community, in 2018 we undertook a survey to further understand the demographics of the Association’s membership to inform the development of evidence-based welfare services⁴. We continue to build on this foundation with further research and insight into specific issues and the relationships between variables.

Membership

- 30. Membership of the Association peaked in the early 2000s at just over 100,000 members. In the years leading up to 2013, the recruitment of new members was not widely seen as a priority and because of this, the number of members declined dramatically by an average of 10,000 members every three years. Therefore, at the end of 2013 membership stood at just over 58,000 and in 2014 the Association refocussed on the need to recruit new members, both serving and veteran. Chart 1 shows the membership of the Association over the past twenty years:

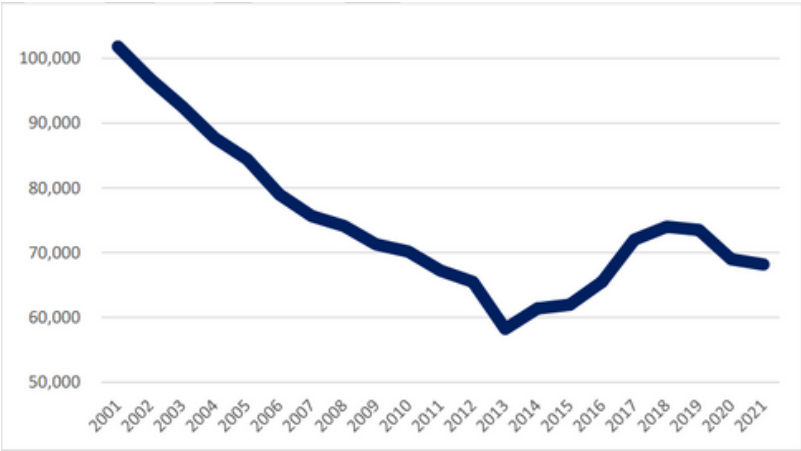


Chart 2: Membership totals by year

[4] Annex 6: Executive summary.

31. Between 2014 and the end of 2021 we recruited some 40,584 new members. Our research indicates that our charitable activity supporting the welfare of the RAF family is frequently the most important reason for new members to join the Association. The renewed focus on recruiting new members means that one in two of the Association's members have been members for less than five years⁵ 83 per cent of new members recruited renew their membership⁶. Of the 15 per cent of new members who lapse, 63 per cent are Associate Members who do not receive Air Mail. It is also worth noting that, on average; we recruit and retain three Ordinary members for every Associate member who joins the Association.
32. In 2021, our membership satisfaction survey received 2,613 responses (an increase of 28 per cent on 2020) and indicated that 83 per cent of members were satisfied with their membership (2020: 79 per cent).
33. The changed age profile of the Association means that over 40 per cent of our members⁷ are aged under 50. Chart 2 shows the current membership age profile of the Association in five-year age blocks compared to the membership at the end of 2014:

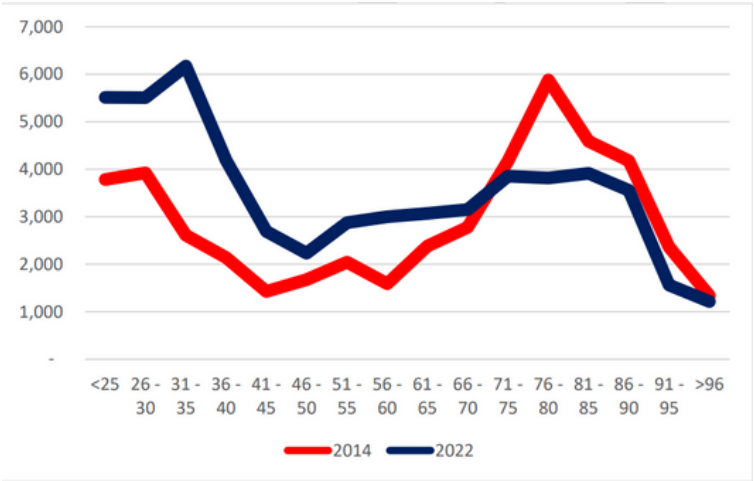


Chart 2: Membership by age – 2014 v 2022 Q3

34. At the end of 2019, the Association's membership stood at over 73,500. However the effects of the pandemic on membership numbers were significant (particularly the closure of branch clubs), resulting in a current membership figure of 67,140⁸.
35. To attract and retain new members to the Association, we will continue to develop the member stewardship journey and to communicate in a variety of different ways, demonstrating the worth of the Association from both membership and charitable perspectives. The majority of members are recruited by Association employees and through the recruitment of RAF Phase 1 trainees and serving members.

[5] Prior to 2014 membership was declining at an average of 17.2 per cent every three years.
[6] Analysis of membership data from 2016 to date. The remaining 2 per cent have either resigned, cancelled their membership or passed away.
[7] Where we have a date of birth (DOB) on file – this is statistically valid.
[8] As at 3 October 2022.

36. Maintaining and increasing the number of members of the RAF community recruited into the Association will see the overall age profile of the membership change significantly. The historical peak of members with 'National Service' profiles will reduce across the years. Historically, branch officials have come from this cohort of the membership. The loss of these members will inevitably lead to a reduction in the 'traditional' form of the branch.

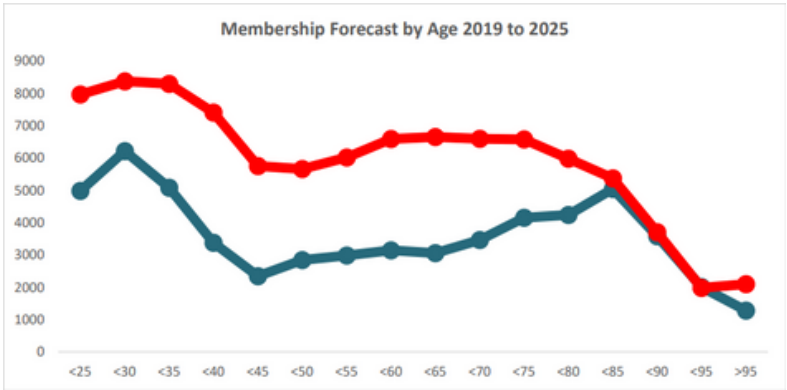


Chart 3: Membership by age forecast to 2025 – based upon 2018 recruitment and retention rates

37. New branches formed in recent years have predominantly been virtual (non-geographic) branches rather than 'traditional' branches based on a specific locale or the use of a building – a trend we expect to continue. Council recognises that the membership is not a homogenous body, it is one made up of various segments and personas, all of whom have different and unique interests and needs. Although the RAF operates under a single cap badge, within it are various sub-groups (driven by factors such as professions, aircraft, interests etc) with whom which members may wish to be associated, rather than an outpost which just happens to be where they live.
38. The vision of the Association is of a vibrant welfare and membership association that is relevant and attractive to all members of the wider RAF community, from air cadets and new recruits, to the oldest veteran. Membership recruitment must be a constant and high priority goal, to ensure a growing membership base that will continue to support the Association's essential long-term welfare aims.

Branches and branch clubs

39. In many respects, the branches are the Association's lifeblood. They are an important component in the link between organisation's management and its members. They are central to the welfare, comradeship and aims of the Association; playing an important role in the invaluable caseworker and befriender network, as well as raising much-needed funds for the Association's welfare work. The direct welfare support provided by the network of Honorary Welfare Officers (HWOs) is central to the welfare effort, providing a unique and extremely valuable service to veterans and their families in their home environment.
40. However we must also recognise that only circa five per cent of the membership (at most) is actively involved in branches with up to a further 15 per cent passively so. The remaining 80 per cent are either members of branches who take no part in their activities or not members of branches at all. Thought therefore needs to be given as to how to enfranchise that 80 per cent of the overall membership. 'One Member, One Vote' is one approach to this.

41. The 'traditional' branch network is shrinking; at the beginning of 2020 there was a network of 302 branches, this has declined to 258 at the end of Q 2022 (a 15 per cent decline in the number of branches). Many of the closing branches have either amalgamated with other branches or become Registered Members Groups; there are now 45 RMGs at Q2 2022.
42. Demographics and current societal trends tend to suggest that the long-term survival of our 'traditional' branches is in some doubt. The approach and activities of many of our branches and branch clubs are out of step with the desires and aspirations of today's younger generations (those aged below 55). We need to recognise that clubs and club-based activities appear to be on the wane in current society, where people tend to seek their enjoyment either individually or with friends and families. Communication between branches and their members is also challenging in 2021, 46 per cent of members reported that they had received no contact from their branch. On the other hand, we are seeing the creation of new virtual branches, and the emergence of 'super branches' that are in effect becoming regional centres for membership (Glasgow and Grimsby and Cleethorpes, for example).
43. Meanwhile, our branch officials face an increasing burden as we seek to work with them to ensure that each branch charity is compliant with the requirements of charity law, the Governance Handbook, the Code of Conduct, the legislative requirements of running 'commercial property', GDPR, etc. Significant work to support branches and branch clubs has begun, but we should not underestimate the difficulties and significant effort that will be required to achieve and maintain compliance. At the end of Q2 2022, 15 per cent of branches had not yet advised who their committee (trustees) are, 16 per cent had not submitted their annual accounts and 18 per cent had not had their accounts independently examined or produced a short (trustee) report on the activities of the branch in 2021.
44. Following the Council's 2018 review of all branch club properties it is also clear that, in the majority of cases, little attention has been given to either the maintenance of the fabric of the buildings or the sustainability of the branch club itself. In many cases the branch club dominates the branch (without whom the branch club cannot continue), leading to a loss of the comradeship expected from the use of charitable assets. In some cases, we have seen a complete divergence from the Association, with some clubs in effect operating as a stand-alone social club, having little or no consideration for the governance of the Association, nor its ethos as a member-led welfare charity supporting the RAF community. If the branch club network as we know it today is to survive in any form, the operation, management, and control of the current branch club network will need to be reviewed, with Council implementing measures that protect the long-term branch and branch club structure.
45. The overall sustainability of the traditional branch network therefore needs careful consideration, given the number of branches where the active membership has dwindled to a handful of members, or who are struggling to fill key roles and form a committee. While the Association's membership has grown and seen a reduction in the age profile, the average age of branch officials has changed little and remains the older demographic. Branches that have not generated succession plans which encourage and nurture members to take on the future responsibility of running the branch are at high risk of failing in the near term. Consequently, the Council remains concerned about the number of branches closing and the gradual erosion of the network over time.

50. While members of the Council are acutely aware of the challenges facing our branches, they also recognise their legal duties as trustees of a large charity, which requires them to ensure proper governance across all parts of the Association. Good governance flows from a shared ethos or culture, as well as from systems, structures and policies. The Association's strategic plan focuses on important organisational values, but the Council has recognised that there are values of conduct and behaviour, which should build on the Nolan Principles of Public Office and guide everything we do, reflecting stakeholder and public expectations. Council takes the lead in establishing and promoting values and good behaviour at all levels in the Association and has recently developed a new Code of Conduct, which applies to all members of the Association. Through their own behaviour, members of Council and the management team demonstrate that they are focusing on their responsibilities to the Association and its stakeholders.
51. Having considered the Association's circumstances, Council has implemented several key governance criteria (adopting best practice guidelines wherever possible) to deliver a governance structure that meets both the Association's and various regulators' needs. These criteria include (not in order of priority):
- A clearly identifiable governing body (the Council) which is genuinely in control of decision-making and properly understands and accepts full responsibility for the strategy and activities of the Association.
 - Members who inform, promote and reflect the purpose, mission, vision, values and strategic direction of the Association.
 - Governance that allows the Association to make timely decisions and respond to change – empowering management while ensuring the Council retains effective oversight in line with its responsibilities as trustees of the Association. This means that the relationship between the Council and management is complementary, and the structures and delegations underpin the rationale of partnership and teamwork, with the Council maintaining oversight over management.
 - A Council which (in addition to the relevant representation) includes individuals with the aptitude, experience and inclination to address the business and commercial imperatives that face the Association as an organisation that delivers a broad range of welfare services, holds a significant property and investment portfolio, and has an annual turnover of some £14+ million.
 - A way of engaging with and harnessing the talent of accomplished individuals who can make useful contributions but do not have the time, inclination or aptitude to be a trustee.
 - Agreed delegations and terms of reference. The responsibilities of Council must be preserved, but the functions and deliberations of the specialist committees need not be duplicated at Council level.
52. In addition to being the UK's largest single-service military charity (and the second largest member-led military charity) with diverse operations, the Association has many commercial and business imperatives. By this, we mean that, while the Association is not a profit-generating business, it must generate sufficient income (surplus) to build financial reserves and deliver our important charitable aims. Therefore, although we are not a 'business', we still require commercial and business thinking in many areas of our operations.
53. Like many other organisations, in the post-pandemic era the Association has faced financial and organisational difficulties. This is likely to continue as external and internal landscapes evolve. The Association implemented a challenging plan to focus on its core services. However, as external influences affect the Association, the Council will face a continuing challenge in setting priorities and balancing demands to satisfy short-term imperatives against finding the resources required to achieve longer-term solutions.

54. There remains a concern that the business and governance skills required to manage a large and complex charity (which must adapt to meet the needs of its members and beneficiaries while meeting all relevant legislation/regulation) are not adequately represented on Council and its committees. Understandably, the focus of the membership is on membership-related issues; however, given that the majority of the Association's trustees are elected from the membership, this can lead to underrepresentation of broader skills and experience on the Council. Many charities with a fully elected board have had to address similar issues, recognising that a simple election process cannot be relied on to deliver the right mix of skills and experience. We believe that there is a continuing need to balance election and selection to ensure that the Council meets both the requirements of charity law and the imperative to have the right blend of business/governance skills and experience on Council and its committees.
55. The prioritisation agreed by Council (see para 77 below) sets out the first stage in the process of understanding and identifying a multi-year operational programme to deliver the 2030 strategic objectives. Inherent in such a plan is the need to manage the expectations of members, beneficiaries and stakeholders, emphasising that it is simply not possible to deliver the ambitious agenda the Council has set within 12 or 24 months. Instead, the programme must be planned on a multi-year basis.
56. To achieve the successful delivery of our vision and mission to serve our members and beneficiaries in the best way possible, we recognise that the Association needs to continue to adapt and change – something it must do without losing the core focus of what it does and why it does it. The Single Charity and One Member, One Vote (OMOV) resolutions from Conference 2018 are clear examples of this intent. Fortunately, and despite the impact of the pandemic, the invasion of Ukraine and the wider economic environment, progress made over the last eight years has established a strong, vibrant foundation on which to build.
57. Key elements in achieving this ambition include:
- A defined need in the market and a critical mass of people seeking our services.
 - Increased evidence-based decision making.
 - A credible range of products that are appropriate to the needs of the people who seek our help, and a sophisticated process for engaging prospective RAF community members and managing them through their interactions with the Association.
 - A clear understanding of our role within the military and wider charity sector and recognition of the importance of working closely with other charities and delivery partners, such as the RAFBF.
 - A growing evidence trail that enables us to demonstrate the impact of our activities.
 - Passionate and committed members, volunteers and employees who live the values of the Association and are able to deliver on what it promises.
 - Robust medium-term financial planning which identifies the future levels of resources required to sustain growth.
 - A thematic framework for providing structure and clarity to our actions.
 - Provision of an integrated information environment (data, information technology (IT), websites and social media) and Business Intelligence (BI) to support all operational themes.
58. Following the work undertaken to produce the 2015-2018 annual operating plans and budgets, Council determined that several strategic priorities should be established providing:
- Clarity of focus.
 - Improved strategy setting and operational planning.
 - A culture of collaboration and teamwork across the Association.
 - Enhanced leadership.
 - An improved experience for members, volunteers and beneficiaries.
 - More effective communications activity.
 - Minimisation of bureaucracy and simplification of governance.

Planning process

59. The Operating Plan is the result of a continuous, rolling planning and consultation process that first began in 2015, and includes:

- Council-led strategy workshops involving trustees, Area Council representatives, members and key employees.
- Planning work by specialist Council committees.
- Detailed modelling undertaken by employees.
- Consultation with the RAF, delivery partners and other external stakeholders.
- Council-led oversight of progress in achieving strategic objectives, with adjustments made to the plan as and when necessary.

60. A first draft of the latest iteration of the plan was presented for the Council to scrutinise at its September 2022 meeting. Council committees (supported by the Senior Management Team (SMT)) reviewed feedback and undertook further refinement, together with preparing a budget and performance measures, which were then considered and approved by the Council at its November 2022 meeting.

2030 Strategic priorities

61. The following strategic priorities for 2030 were developed and agreed by the Council:

- Consolidate the Association's position as a leading provider of welfare services to the RAF family to improve the lives of beneficiaries.
- Sustain our membership.
- Champion the interests of our members and beneficiaries and the military charity sector as a whole.
- Maintain and grow income levels in a diverse and sustainable manner to meet service needs and ensure financial stability for the charity.
- Remain an organisation recognised for excellence, achievement, and responsibility.

These are not listed in any order of priority and are of equal importance.

62. The delivery of these priorities continues to demand:

- An improved understanding of and insight into what our members, beneficiaries, volunteers, donors, and supporters need and want.
- A sustained campaign to generate more membership and income.
- A fresh approach to efficiency and effectiveness.
- Improvements in the speed and quality of decision-making.
- A 'customer-centric' approach to the application of IT and technology.
- Compliance with legislation and regulation.
- Co-production and collaboration (AFCFT, MOD, OVA, and other Associations).
- Planning for the long-term (sustainability).

63. The Association will:

- Provide charitable services to the RAF community that include advice, guidance and welfare support, with our Honorary Welfare Officers (HWOs), caseworkers and other welfare volunteers at its heart.
- Lead the support to the RAF community where we are best placed to deliver and look to partner with or signpost to other organisations where they are better able to meet beneficiaries' needs.
- Extend our reach into RAF stations and units so that we can better support and engage with more serving members.
- Gather feedback from our members and beneficiaries to measure the effectiveness of our actions and services and to inform future delivery.
- Innovate in ways to reach members of the RAF community that are in need, as well as the people and networks that support them, ensuring they are aware of our services and how to access them.
- Support the maintenance of the branch network to assist wellbeing, comradeship, fundraising and public visibility.
- Encourage and facilitate the creation of virtual branches (VB).
- Develop and enhance linkages with the RAF Air Cadets at national, area and branch levels.
- Explore new ways to generate income.
- Invest in developing our brand, providing evidence-based information to raise awareness of the key issues affecting the RAF community.

64. Council also recognises that there are several 12+ month priorities for the RAF community which will need the support of the Association (alluded to above):

- Cost of living crisis – how we support the RAF community?
- Service delivery and support in the context of an increasing financially difficult environment.
- Continuing to invest in fundraising and marketing to increase / maintain our fiscal position.
- Continuing to build trust, brand awareness and engagement in the Association.
- Building upon our partnership with the RAF to sustain current and explore new opportunities.
- Supporting our members, beneficiaries, supporters and employees.
- Understanding our impact.

Environmental, social and guidance (ESG)

65. It is now more critical than ever that organisations take responsibility for their surrounding environment and society – the Association is no exception. Council is engaged in understanding how the environment and sustainability can be supported by the Association – Environmental. Through understanding the social impact of the Association in its membership and the RAF community the Association can achieve the – Social element of ESG. These with effective governance of the Association are the principles that sit at the heart of ESG.
66. The charitable purpose of the Association, in offering a public benefit (and causing no harm to the environment) have a head start in developing and achieving an ESG agenda.

What are the benefits for engaging in ESG?

67. With awareness of the climate crisis and societal shortfalls at an all-time high, engaging in ESG now could help the Association in the long term by:
- Demonstrating value and responsibility to funders.
 - Contributing to requirements for bid proposals.
 - Helping attract the best talent and retention of staff.
 - Providing partnership opportunities with corporates who want to engage with sustainable and responsible charities.
 - Driving improvements in operational efficiencies.
 - Building understanding of wider stakeholder needs.
68. A beneficial side effect of implementing ESG initiatives are the substantial cost-efficiencies. For example, resource efficiencies, such as re-using and recycling initiatives, energy efficiency and accessing government schemes to promote ESG factors and adopting new energy sources. Organisations globally are also under heavier scrutiny than ever before. Anyone with access to a computer or a phone can research the charities they interact with. If practices that fall below society's expectations, including but not limited to improper waste disposal, poor engagement with diversity and inclusion or overly inflated remuneration, are discovered people can and will readily move on — and potentially share damaging performance information on social media channels which can expose the Association to reputational damage.
69. There are over 22 ESG reporting standards available. In RSM's 2021 survey, The Real Economy found that middle market businesses were using a wide spread of standards, with many businesses using more than one metric. However, the Council has identified that the United Nations Sustainable Development Goals will be a useful place to start to review how the Association start to communicate their ESG performance and demonstrate their commitment to sustainable practices.



Equality, Diversity, and Inclusion (EDI)

70. How the Association engages, and address EDI is key to it helping deliver public benefit. It is Principle 6 within the Charity Governance Code and by addressing EDI it helps the Council make better decisions as well as staying closer to those it serves. Charities with a strong culture and EDI principles help create a people-first employee experience culture, adding to their total value.
71. From an ESG perspective, there is a continued focus on how charities are transparent and communicate with their workforce. In addition, employees are an important stakeholder group. If the Association has transparency on processes, policies and pay it extends the benefits to other protected characteristics like ethnicity.

Gender Pay Gap (GDP)

72. From 2017, any employer who has a headcount of 250 or more on their 'snapshot date' must comply with regulations on gender pay gap reporting. This requires employers to report and publish specific figures about their gender pay gap each year. There are two sets of regulations, one covering most public authorities and the other covering private, voluntary and all other public authority employers. The Association (as opposed to the Group) does not meet this threshold, however, Council is committed to having a GDP report each year.

Financial overview

73. The Association will be operating to a finite financial plan, described in the Medium-Term Financial Plan (MTFP) which looks out to 2027. Working within these budgetary constraints while maintaining our ambition to increase outcomes (particularly in the areas of membership and welfare), the Council has had to prioritise tasks and planned outcomes, considering the required output/performance/outcome, the timescale in which it needs to be achieved and the related cost implications. To this end, the delivery of planned outcomes will be phased across the period 2023 – 2027.
74. The MTFP shows the impact of decisions made by the Council to invest in several areas of the Association and the timescales within which these investments will come to fruition. These factors have been included when constructing the 2023 budget. Some of these decisions, which seek to ensure long-term growth in our income streams, mean that the expenditure for the Association in 2023 is capped at £12.2M (Group £16.6M), generating an operational deficit of £2.3M (Group £2.0M).
75. Post-2027, Council will need to determine overall priorities for any surplus generated – i.e. the strategic operational spend to meet the charitable objects of the Association.

Strategic risks

76. Council keeps the strategic risks faced by the Association under regular review. In addition to business as usual (BAU), Conference has asked Council to review and make recommendation on two resolutions, which have the potential to change the way in which the Association governs itself:

One Member, One Vote (OMOV):

77. A resolution from the Wales, Midlands and Southwest Area Council and the Northern Area Council proposed:

“This Conference resolves that Council should undertake a study into the feasibility, whereby, all members of the Association have the right to vote on Association elections and resolutions, through a plebiscite (a direct vote) of all of the membership. Reporting back its findings, along with any details of any proposed changes (if appropriate) to the Association’s governance documents and administrative structure to effect the findings, to Annual Conference 2019.”

78. Attendance at Annual Conference has steadily declined since a peak of 58 per cent of branches attending Conference in 2000; this has fallen to 31 per cent¹⁰. This decline is more significant when analysing the actual number of branches attending; 335 attended in 2000 with only 119 attending in 2017, some 35 per cent of the year 2000 attendance.
79. The resolution seeks to examine if the traditional method of amending the governance documents and guiding the direction of the Association remains valid or whether individual members should be consulted on any proposed changes. If the membership decides to proceed with OMOV this will add to the overall work of the Association in 2023 and beyond.

[10] Average attendance over the period 2013 - 2017.

A single charity structure:

80. A resolution from the Northern Area Council and the South East & Eastern Area Council proposed:

“This Conference resolves that Council examines and reviews the continued individual charity registration of branches vis-à-vis branches becoming legally part of the Association, under a single charity registration, consulting with Regulators as appropriate. Reporting back its findings, along with any details of any proposed changes (if appropriate) to the Association’s governance documents and administrative structure to effect the findings, to Annual Conference 2019.”

81. This resolution recognised (see paragraph 43 above) that the regulatory burden for charities (branches) is significant, due to a range of new/enhanced legislation/regulation, while there is also a proliferation of regulatory bodies. Alongside this, there is a recognition that public loss of confidence in the charity sector, due to the actions of a small number of charities, will continue to drive increased regulation that will further add to the legal demands placed upon those willing volunteers who run our branches. Examples of this are the Fundraising Regulator, the repercussions of the Grenfell Tower disaster, the collapse of Kids Company, and the wider safeguarding issues highlighted by Oxfam and Presidents’ Club.
82. Branches and clubs are “unincorporated”. This means that any liability that exceeds the value of their assets, not covered by insurance, is the personal responsibility of the branch committee members (i.e. the charity’s trustees). In contrast, the Association is an incorporated body (incorporated by the Royal Charter), which offers better protection to trustees from personal liability. Should this resolution be approved, such responsibilities will transfer to the Association trustees (i.e. the Council), allowing branch committees to concentrate on delivery of charitable activities at a local level.
83. Another advantage of a “single charity” structure is that it would allow for economies of scale: central support for local activity. Moving the business relationships (e.g. with suppliers, tenants and so on) to larger single organisation, with specialist staff and significant back-office support, would help to maximise income and manage risk. For example, group purchasing for bar stock in clubs could generate better deals with savings. Legal contracts and procurement processes would be standardised and dealt with centrally, removing the need for each local branch to take legal advice on individual contracts, audit, etc. Such a structure may be particularly appealing to branches, which are struggling to recruit trustees (committee members).
84. In 2019, the Association is perceived by the public at large to be a single organisation. As such, any failure in a local branch or branch club (e.g. for non-compliance with charity law) could have a reputational risk for the Association and all other branches. Merging into a single charity would better reflect this inter-dependency and could make it easier to ensure compliance and manage risk. The current planning timescale indicates a report to Conference 2022, with any resolutions etc. being put to Conference 2023 for a phased implementation process through 2024 – 2026, all subject to Conference approval.

Property management:

85. A further strategic risk emerged in 2017 when branch properties were reviewed following the Grenfell Tower disaster. Before the review, neither HQ nor the branches themselves had a full understanding of the condition and compliance of the branch properties. The Council commissioned a full survey of all branch properties to identify what, if any, issues existed. The review process has included Fire Risk Assessments (FRAs), building surveys, and checks for compliance with gas and other safety checks. The building surveys highlighted a need for asbestos surveys and Council has agreed that these must be routinely carried out as well.

86. This work has identified that many branch/club properties were failing in a number of areas of compliance (including fire safety, electrical safety, gas safety, building regulations, tenancy agreements, employment law), all of which carry significant risk for the branches (as individual charities) of fines, sanctions, and possible closure by regulators, with commensurate risks to the Association's reputation. As such, a remedial programme identified what works branches must carry out. Council has allocated significant resources to support branches in completing this programme.

In addition, the Council has identified the following strategic risks:

External environment:

87. **External environment:**

As described earlier, the economic environment within which the Association is operating is extremely difficult. Annex 1 contains a PESTLE analysis of the wider position as at Q2 2022.

88. **Changing Government policy**

The government's austerity programme, other legislative activity e.g. General Data Protection Regulation (GDPR), BREXIT etc. may result in reduced public spending and a rise in inflation. The people most affected are likely to be the most vulnerable in society, some of whom will be our members and beneficiaries.

89. **Devolution**

Set to continue in England, Wales, Scotland and Northern Ireland with more public services (particularly health and social care) being transferred to local or regional government. This is likely to lead to further reductions in the provision of social services and a disconnect from the NHS.

Regulatory compliance:

90. **Regulatory and legislative changes**

The Charity Commission's enhanced powers, the revised Charity Governance Code and the growing number of regulatory regimes will require behavioural changes and greater care to ensure compliance.

91. **Fundraising regulatory regime**

The Fundraising Regulator has increased levels of regulation and the government has reserved powers to increase them further should sector standards not improve. This has affected the Association's fundraising resource capacity.

92. **Governance and compliance**

The Association needs appropriate knowledge and skills at all levels to manage the increased level of regulation.

Operational capability:

93. **Cybersecurity**

The Association processes increasing amounts of Information and is therefore highly dependent upon information systems and consequentially vulnerable to cyber-attack and ransomware.

94. **RAFA Kidz**

The Association's response to the RAF's well documented need (annual CAN report) for improved, accessible and affordable childcare led to the creation of RAFA Kidz, which commenced operations in July 2019 with a single nursery at RAF Odiham, expanded through the pandemic to five nurseries on RAF Brize Norton, RAF Cranwell, RAF Digby and RAF Leeming. The provision of childcare has increased the visibility of the Association on these stations, expanded our footprint and provided further reasons for serving personnel to join the Association.

95. **People issues**

Sector skills shortages, planned increases in the minimum wage, the cost of the growing number of levies on businesses and the likely increase in the requirement to fund regulators e.g. apprenticeship levy, pension levy, Fundraising Regulator, Charity Commission (CC), Office of the Scottish Charity Regulator (OSCR), Charity Commission of Northern Ireland (CCNI), etc. the economic downturn will affect the Association's employee base. The performance of our volunteers (vital to the ongoing success of the Association) relies on high-quality recruitment, training and management.

96. **Business continuity**

Loss of access to or the use of Association offices or key third-party suppliers will lead to a loss of stakeholder confidence and an inability to deliver the charitable objects of the Association.

Financial sustainability:

97. **Pension deficit**

The Association's closed final salary pension scheme has an annual contribution cost of c.£100k, plus operating costs. As of 1 January 2022 (when the last valuation was undertaken) the solvency and neutral estimate results indicate that on a reference basis the scheme is 98 per cent funded and, on a self-sufficiency, basis is 93 per cent funded. Continued funding at c.£100k p.a. should bring the scheme to a fully funded position by 31 December 2025.

98. **Income growth and diversification**

The Association is seeking to obtain a share of a decreasing pot of funding. We will need to innovate, collaborate and seize new opportunities, and make hard decisions about where best to allocate our resources.

99. **Continued investment of reserves**

Council has committed to the rejuvenation of the Association through investment in its membership and welfare activities. It has also invested in income generation, which has yet to achieve sustainable, diverse growth. If forecast income levels are not achieved, a deficit cannot be sustained long-term.

100. **Cash flow**

Managing the ability of the Association to meet its liabilities is an ongoing challenge, balancing the growth in 'non-liquid' assets with the ability to sustain the liquidity of the Association through the period of transition.

Annex 1: PESTLE analysis

“PESTLE” Analysis – Royal Air Forces Association Strategy Planning

Introduction

PESTLE stands for Political, Economic, Social, Technological, Legal and Environmental factors. A PESTLE analysis helps gain a macro picture of the external environment affecting an organisation, allowing it to understand better the issues and long-term trends that might impact its activities and influence strategic decision-making. An organisation cannot change these external factors but must react to them, by understanding them, it is possible to minimise risks while maximising opportunities.

A PESTLE analysis can be used to set potential scenarios which, combined with the analysis, are useful in guiding strategic decision-making and business planning. In this way, trustees and the senior management team are provided with contextual information that could affect the organisation's direction of travel, and that helps validate existing offerings / services. The documents can also help prioritise activities to accomplish specific objectives (including decisions about additional evidence-based research), and to assist with understanding the need for any change, together with the issues that need particular focus to make change successful.

Each of the factors are given a short description below:

POLITICAL - about how, and to what degree, governments and politics intervene in the economy and aspects of business (including in the charity sector); includes the geo-political environment, government policy, political stability, tax policy, labour law, environmental law, education system, infrastructure and health regulations.

ECONOMIC - about the economy's performance; includes economic growth, inflation rates, interest rates, debt (both national and personal), disposable income of consumers and unemployment rates (all of which have an impact, direct or indirect, on the Association's income and what services we can offer).

SOCIAL - demographic characteristics, norms, customs and values; includes population trends, income distribution, career attitudes, safety emphasis, health consciousness, lifestyle attitudes and cultural barriers.

TECHNOLOGICAL - innovations in technology that may affect our operations favourably or unfavourably; includes the level of innovation, automation, R&D, disruptive technological changes and the amount of technological awareness with the organisation.

LEGAL - may have some overlap with political factors; range of laws impact how we do business (e.g. charity, employment, discrimination, data protection, fundraising and health and safety laws – with any failure in compliance potentially having a significant reputational impact).

ENVIRONMENTAL - factors include ecological and environmental aspects such as weather, climate, environmental offsets and climate change which may impact the way we do business. Growing awareness of the potential impacts of climate change is affecting how organisations operate.

Issue	Trend	Implications for RAF community / Association
Geo-political factors	<ul style="list-style-type: none">• Geo-political scene transformed by Russia invading Ukraine.• State-on-state conflict was becoming - and continues to be - increasingly likely due to factors such as:<ul style="list-style-type: none">• Western democracies' faith that economic liberalism and associated globalisation would drive favourable global relationships has led to reduced attention being paid to defence / deterrence.• Resurgent Russia.• Increasing Chinese belligerence against West and its desire for expanded global influence - and its stated intent of bringing Taiwan back into the PRC fold.• Developed nations' desire to retain / gain technological, financial, military leadership.• 'Weaponisation' of water, food and energy supplies.• Impacts of climate change - including reduced food production (the impact of which has been magnified by war in Ukraine).• The demand for commodities essential to 'green' technologies.• Russia's actions seem to have jolted western democracies into recognising that the rules-based international order is under serious threat, requiring improved defence / deterrence. This is demonstrated by promises of increased defence spending, a new NATO Strategic Concept, strengthening of NATO commitment to Eastern Europe, expansion of NRF from 40K to 300K troops, and Sweden and Finland applying to join NATO. However...• All at risk due to national self-interests, with many governments feeling vulnerable because of looming recession / rapidly rising cost of living / food shortages resulting from pandemic and war in Ukraine. Internal problems - from national debt to public unrest - will undermine resolve to take firm stance against aggression that may not be a direct threat.• Vacuum left by US reluctance to act as "world's policeman", has been filled by the likes of China, Russia, Iran, which will bring long-term security and financial issues for Western democracies.• COVID-19 pandemic offered opportunity for global co-operation; instead, with no global leadership (which would previously have been expected from the US) and rising nationalism, pandemic was viewed as national security threat, countries competed to develop own vaccines, borders were closed.• Global institutions such as UN and WHO also struggling with weak leadership, and are undermined by national self-interests.	<ul style="list-style-type: none">• Growing international tensions, desire to protect access to essential commodities and trade routes, support to Ukraine, increased NATO commitments will all demand more of Armed Forces which, despite promised increase in UK defence spending, will be severely stretched. Likely to be increased need to support serving families separated by deployments.• Russian invasion of Ukraine and fall out from pandemic having severe economic impact with global recession highly probable, together with high inflation, leaving poorer families in financial difficulty.• Falling financial markets will cause irreparable damage to pension investments.• While Overseas members make up a small part of the Association's overall membership, must not forget all members of the RAF family who live outside the UK, and be sensitive to impact on their lives and needs of local / national politics.

Issue	Trend	Implications for RAF community / Association
Closer to home	<ul style="list-style-type: none"> • Partygate, cronyism, Ministers' indiscretions, reneging on manifesto pledges, rising inflation / cost of living combined to see Boris Johnson forced from office. • Unseemly leadership contest will dent Tories' popularity further. • HMG's response to protect economy and jobs during pandemic has driven national debt to levels not seen since WW2. This, together with 'levelling-up' and 'net zero' agendas, and likelihood of populist interventions to ease the 'cost of living crisis' (some as direct result of wild promises made during leadership race), will see greater govt involvement in the economy, with a growing public sector. • Russia's invasion of Ukraine driving demands for increased defence spending and reversal of recent / intended cuts. Armed forces likely to be increasingly stretched in near-term as politicians make additional commitments without fully funding necessary increases in personnel / equipment / capability. • Cohesiveness of the Union will come under increased pressure. • While Brexit and poor messaging from Westminster has strengthened SNP and Irish nationalist hands, the financial reality of independence likely to see opinion remain finely balanced... but similar arguments had little impact in the Brexit referendum. • HMG's poor handling of NI Protocol playing to Irish nationalist agenda – which in turn supports Scottish nationalist aspirations. • Brexit: • Despite difficult relationship between UK and Brussels (and some individual EU countries), key issues such as defence continue to be dealt with sensibly – but this could change if relations worsen. (Remains to be seen how the French reaction to the AUKUS agreement affects long-term military relationships in Europe). • True impact on trade masked by pandemic. Poor preparation (and delusional thinking?) by HMG has led to problems. Some are resolving themselves, but significant hurdles remain, not least NI Protocol which could see the whole deal unravel. • Increased paperwork and time taken to transport goods inevitably driving up cost of some household goods. In long-term, EU's trade with UK likely to reduce. • Post-Brexit plans for 'Global Britain' will lead to new international agreements / treaties, with associated 'defence diplomacy' demands place on the Military. • Despite AUKUS agreement and UK's eagerness to cement trade deal with US, UK-US relationship will meet several hurdles as UK develops new post-Brexit agreements – not helped by such things as the poor understanding among senior US politicians of the NI history and Good Friday agreement. 	<ul style="list-style-type: none"> • Charity sector / veterans unlikely to be high on Ministers' priority list, resulting in govt support / funding being harder to get – all at a time when reliance on charities increasing. • Scottish / NI politics will filter into Association business, requiring recognition of challenges faced on the ground and a coherent response. • Ex-pats could suffer difficulties accessing medical care, ergo we need to ensure not just focused on UK welfare needs. • Some UK banks closing ex-pat accounts because Brexit 'passporting' arrangements have not been agreed. As a consequence, some ex-pats may encounter financial difficulties. • May not be able to receive payments previously going through UK bank account (e.g. RAF / state pension). • May be forced to open bank accounts in country of residence. • UK disability benefits may not be 'transportable' for UK residents moving to EU countries. • The need to support "separated" serving families likely to increase as RAF personnel deployed more frequently on new NATO commitments, providing support to Ukraine and wider "defence diplomacy" initiatives - on top of current ops.

Issue	Trend	Implications for RAF community / Association
Globalisation	<ul style="list-style-type: none">• Trade will continue to be globally interconnected. However, some aspects of “globalisation” are in reverse, driven by:• Fears over global recession.• Reduced confidence in supply chains, driving shift from lowest cost, just-in-time supplies to “resilience” – which reads across to national policies, with...• Increased protectionism, reinforced by food supply, healthcare systems, energy supplies, intellectual property, etc being deemed matters of national security.• Sanctions against Russia.• Unravelling of some foreign investment in China as concerns grow about dependence on China as both a producer and market when set against China’s• Other geopolitical tensions could easily impede trade (e.g. concerns over China’s behaviour resulting in tit-for-tat restrictions; breakdown in relations between western democracies and nations willing to support Russia).• As nations look inwards, protecting own interests, with greater dependence on “home grown” products, potential impacts are:• Workforce shortages, driving salaries up.• Supply-chain bottlenecks until domestic suppliers gear up to meet demand.• Price rises for consumers.• A post-Brexit UK will be less relevant within Europe (and, therefore, in the eyes of some non-EU nations. Much will depend on UK success in carving out new trade deals and international treaties).• Lack of effectiveness of international organisations (e.g. WHO, UN, EC, IMF) to achieve global responses has seen countries do their own thing, reinforcing more inward looking policies, moving towards regional / indigenous economies.• Economic difficulties, food shortages, rising unemployment (especially youth unemployment), poverty and social inequalities could see unrest almost anywhere, turning national leaders’ attention to domestic, rather than international issues.	<ul style="list-style-type: none">• Reversals in globalisation will slow economic recovery, drive up cost of living, etc, which add further economic stress to many members of RAF family, leading to increase in mental health problems.• In longer term, shift towards indigenous produce and supply will generate employment and raise salaries – which will be good for Service leavers.

Issue	Trend	Implications for RAF community / Association
Economic recovery	<ul style="list-style-type: none"> Domestically: <ul style="list-style-type: none"> Initial surge in UK economic growth as pandemic restrictions eased and eventually lifted has slowed, with recession and period of 'stagflation' increasingly likely. Skills shortages in several employment sectors, high energy prices, blockages in supply chains, rising inflation, interest rates and taxation, and reduced investment due to low confidence across private sector, all conspiring to dampen recovery. With cost of living rising rapidly, demands for inflation-proof pay rises across private and public sectors inevitable, adding further inflationary pressures. Globally: <ul style="list-style-type: none"> Economic impact of pandemic and debilitating effects of new waves of infection will hamper economic recovery for next few years (critically so in China where zero-COVID policy is leading to lower growth). Underestimation of inflationary forces, compounded by war in Ukraine, forcing central banks to raise interest rates, driving up cost of living. Fears over inflation, rising interest rates and resulting recession causing panic across financial markets.⁴ 	<ul style="list-style-type: none"> Some beneficiaries may encounter financial difficulties with possible increase in mental health/wellbeing problems. Fundraising will continue to be challenging. Investment income vulnerable to large financial market fluctuations. Pension pots will suffer due to stock market falls.
National debt	<ul style="list-style-type: none"> Schemes to lessen impact of pandemic on businesses / workers have driven up HMG borrowing. Public sector net debt (excluding public sector banks) is around £2.5 trillion and could reach close to £3 trillion before economy back on sound footing (especially if HMG continues with current spending plans, including support to Ukraine). Rising interest rates will drive up cost of servicing debt. CPI-linked state and public sector pensions, together with HMG's promise to restore triple lock will add further pressure to debt. Public sector pay demands will be politically difficult to resist, especially if trade unions win demands and pensions rise by CPI. 	<ul style="list-style-type: none"> "Windfalls" (e.g. LIBOR) more likely to go into HMT's coffers than be distributed to charities. HMG may withdraw further from veteran support, relying even more on charities. Potential changes to tax breaks, pension relief, etc. for workers, with any gaps falling to employers. Initiatives such as a 'wealth tax' could leave people having to pay large sums based on value of property, which may be only asset they hold of value. Continuing low interest rates on savings, reducing dividends that will come with recession will hit pension pots, resulting in people burning through savings more quickly. Reduced fundraising opportunities.

Issue	Trend	Implications for RAF community / Association
Personal debt	<ul style="list-style-type: none"> • Pandemic has left many with debts (job losses, furloughing, reduced pension income for those reliant on company dividends (which may also be reduced further due to rules on funding of company pension schemes under the Pension Schemes Act 2021), etc.). • People may have to use their home to generate funds for themselves and / or to be "bank of mum & dad". • Having tapped into any savings and being faced with unemployment, many people unlikely to start spending again. • While there are relatively large wage increases in some sectors (due in part to staff shortages), inflation around 10 per cent effectively seeing standard of living falling for most people. This comes in wake of wage stagnation over last decade that saw real wages fall by 4 per cent. • Interest rates will continue to rise, possibly to 3.5 per cent by the end of 2023 if inflation does not subside further hurting those with debts. • Rising interest rates will make it increasingly difficult for first time house buyers. • Property owners (particularly within the 'baby-boomer' cohort who have enjoyed several bouts of house price inflation) are 'asset rich' but may still be 'cash poor'. Significant elements of this 'property wealth' will eventually be inherited. However, a lengthy 'cost of living crisis' may see increase in house sales / equity release schemes to generate necessary funds. 	<ul style="list-style-type: none"> • Worst effects of financial hardship should be avoided by those beneficiaries who are serving / in paid employment or receiving a pension. Individuals most likely to face hardship are Service leavers below State Pension age and retirees with low pension income. • Some beneficiaries may be forced to sell their home, leading to an increase in demand for assisted living accommodation <p>Rising personal debt will:</p> <ul style="list-style-type: none"> • Drive increase in mental health problems. • Change needs / cohort of beneficiaries. <p>Reduced discretionary spending =</p> <ul style="list-style-type: none"> • Reduced charitable donations. • Increased importance of diversified income streams. • Long-term house price inflation may have beneficial impact on legacies in years to come.
Investments	<ul style="list-style-type: none"> • After initial financial market crash, markets recovered to pre-COVID levels, but looming global recession has seen markets drop almost as low as during the pandemic. • Situation made worse by asset prices being inflated due to various debt purchase schemes by central banks. As cheap, easy money disappears, it is inevitable that there will be a large downward readjustment in financial markets. • Market confidence will be slow to return, depending on severity of global recession, resurgence of pandemic, fallout from war in Ukraine, other geo-political upheavals, etc. 	<ul style="list-style-type: none"> • Value of investment portfolio will remain relatively volatile over coming few years, which will need to be taken into consideration if reserves needed to counter underachievement in fundraising. • Need to continue diversifying income streams - e.g. grow RAFA Kidz; increase legacy income; win RAF Welfare contract. • Must be in position to make quick investment decisions (requires timely, well-researched information, and agile decision making). • Further use of reserves will be necessary if welfare output maintained / increased to meet new demand.

Issue	Trend	Implications for RAF community / Association
Healthcare	<ul style="list-style-type: none">• COVID-19 pandemic has distorted most aspects of UK healthcare. While life has returned to some semblance of normal, new waves of infection are occurring.Vaccination programme and general herd immunity appear to be limiting the severity of infection, but there is no guarantee this will continue. As at start of Jul 22, UK infection rates and hospitalisations were rising.• NHS response to infection peaks have resulted in dramatic increase in non-COVID health issues, particularly among elderly (failure to treat cancer patients, increased number of heart-related deaths, delay to elective surgery). Backlog of patients waiting routine treatments well over 6M and rising.• Some turning to private healthcare to get necessary treatment, but this is not an option for most.• NHS struggling to recover as hospitalisation of COVID infected patients remains relatively high despite vaccination programme. New strains of virus continue to cause occasional peaks.• Situation not helped by staff suffer 'burn out', disillusioned staff moving to private sector ,and inadequate staffing of GP practices.• Access to GPs has become difficult for many, with elderly and isolated particularly vulnerable to being let down by systems such as online booking, telephone triaging, diagnoses via apps / mobile phone imagery.• Net effect is causing stress and anxiety among many.• HMG has promised significant increase in health budget; however, finding / training additional staff will take time.• Public expectation that HMG will prepare NHS (and other care services) for a similar event, driving increased public spending on health and care at expense of other govt departments. (Flip side may be HMG / NHS-led initiatives to reduce health issues such as obesity, poor diet / vitamin deficiencies, etc).• Review of response to pandemic should generate debate over alternative ways of delivering UK healthcare; however, politicising of response to pandemic, "blame game", and NHS being treated on a par with religion will impede any meaningful change.	<ul style="list-style-type: none">• Any rise in non-COVID health issues will lead to increase in welfare cases.• Changing needs / cohort of beneficiaries.• Association should encourage take up of flu and pneumonia vaccinations.• Increased spending on NHS likely to reduce further HMG financial support for health / welfare activities undertaken by charities.

Issue	Trend	Implications for RAF community / Association
COVID restrictions	<ul style="list-style-type: none"> While most COVID restrictions have been lifted, future restrictions may need to be imposed should new variants emerge that drive infection / hospitalisation rates to critical levels. However, chances of returning to a full lockdown unlikely given high cost that would do further damage to an economy that is in a parlous state. Downing Street's flouting of the rules would make it extremely difficult to impose new restrictions and, while public protest was previously limited, gaining any future public "buy-in" would be virtually impossible. 	<ul style="list-style-type: none"> Renewed restrictions would impact mental health, with increasing suicide rate, accelerated onset of dementia. Continuation of initiatives such as Project Outreach, Helpline and Bag Drop through 'Connections for Life' is a sensible move, and may need need adjusting as true impact of pandemic becomes clear over coming years. Greater need for FIT and Navigating Dementia programmes. Need for staff to adopt hybrid approach to working.
Employment	<ul style="list-style-type: none"> Predictions of mass unemployment after HMG's furlough scene wound down have proved overly pessimistic. At end of Q1 2022, UK unemployment rate at 3.8 per cent. However, job vacancies were also high, with the economic inactivity rate at 24.1 per cent - up by 1.2 per cent on pre-pandemic levels. Skills shortages and reluctance of UK nationals to undertake forms of employment previously covered by immigrant labour willing to work for relatively low wages, driving up wages while also generating shortages / bottlenecks in supply chains (e.g. fuel, agricultural produce, prepared food products), all driving up consumer costs. Some industries that attract ex-RAF personnel (e.g. civil aerospace sector, airline / travel industry, leisure/catering), have been hard hit but and have seen redundancies. Private sector investment / venture capital will follow those industries that benefit from the "new normal" (including the "green economy" - see Environmental section), creating new jobs, many of which will require new skills, which those made redundant may not have. Retraining / redeployment could offset job losses over time, albeit at additional cost that will have to be met by consumers. 	<ul style="list-style-type: none"> Former serving personnel below retirement age, and new Service leavers will be hardest hit, with some encountering financial difficulties and possible mental health problems. Supply/demand of jobs market will add to inflationary pressures with impact on disposable income.

Issue	Trend	Implications for RAF community / Association
Working practices	<ul style="list-style-type: none"> Working away from offices due to lockdown, and ease with which people have adapted to using digital communications, has accelerated move towards more home / remote working. Secondary effects could include: <ul style="list-style-type: none"> Reduced need for office space with impact on building industry and property market. People moving away from traditional work hubs, with further effect of businesses that support hubs (catering, transport, entertainment, etc) struggling to survive. Degradation in services due to many public and private sector staff working from home with limited oversight and direction. Demand for better broadband. 	<ul style="list-style-type: none"> Ever greater reliance on internet / telephone to access any service will create difficulties among members of RAF family who are not digitally aware. Need to embrace hybrid ways of working. Change in assumptions about HQ / office size / location. Need for greater investment in digital transformation. New working practices likely to bring new governance challenges.
Social cohesion	<ul style="list-style-type: none"> 'Identity' has become a dominant factor in politics, rather than 'policy outcomes' Failures among democratic governments to recognise / respond to electorates' concerns, fuelled by social media, partisan news outlets and hijacked woke agendas, have seen greater voter participation. However, because divides are along lines of identity, resolution of societal conflicts more difficult to achieve. • COVID-19 pandemic initially pulled people together, but 'cost of living crisis', growing inequality (which play to the politics of identity and drive populist themes) driving greater societal splits. • Some divides will be ripe for populist responses from HMG (e.g. divide between those of working age and those who are retired and receiving state / private pensions – see section below). 	<ul style="list-style-type: none"> More "us and them" rather than being one RAF family. People become less charitable / willing to volunteer. Reduced concern about veterans. Less interest in Armed Forces. Some older members of RAF family will find the aggressive identity politics and "woke" agendas confusing and even threatening, increasing feelings of isolation.

Issue	Trend	Implications for RAF community / Association
Ageing population	<ul style="list-style-type: none"> Some 18 per cent of UK population aged 65 or over. ONS estimates figure will rise to 24 per cent by 2042. Already placing massive strain on welfare system. Projections for spending on state pension, health and social care almost double over next 50 yrs. Meanwhile, ratio of pensioners to working age people rising through increased longevity and reduced immigration, forcing unpalatable / election manifesto busting decisions (e.g. removing pension triple lock (suspended for 12 months from 1 Apr 22), raising taxes (see below), greater personal funding of health and social care, allowing increased immigration). In longer-term, falling birth rate will further tilt the ratio. Even before the COVID-19 pandemic there was a "social care crisis". High number of COVID-related deaths in care homes, measures taken to help prevent spread of infection, and previous reliance on cheap / immigrant labour has driven up costs of residential and nursing care to levels unaffordable for many. (Residential / nursing care costs have risen by some 80 per cent over last 20 years, and are still rising). NIC increase from Apr 22 in part to pay for NHS backlog, but mainly to improve social care. As pension income remains exempt from NIC, policy will be seen as disproportionate hit on young, many of whom cannot afford to get on property ladder / are paying off debt from student loans. While there has been a higher ratio of COVID-related deaths amongst the elderly, Govt policies during the crisis have resulted in increased non-COVID health issues in the same cohort. 	<ul style="list-style-type: none"> Increase in number of infirm people living alone, unable to afford to live in a care home or have nursing care at home, and struggling with isolation, accessing food and medicine, with net effect of deteriorating physical and mental health. Mental / financial stress caused by increased taxes to pay for health / social care. COVID-related deaths may see spike in legacies. However... Increased cost of care could lead to reduction in amount left for donations / legacies. Possibly offset by rising property values. Likely to see rising need for assisted living accommodation. Older cohorts feel increasingly threatened by / isolated from wider society. Greater demand for befriending.

Technological

Issue	Trend	Implications for RAF community / Association
Digital transform-ations	<ul style="list-style-type: none">• Restrictions imposed during COVID-19 pandemic have accelerated trend towards more home working, which has:• Emphasised need for employees to have IT skills and personal or employer-provided portable IT equipment.• Forced employers to adopt flexible / hybrid work regimes.• Online solutions being adopted by basic activities such as banking, schooling, food purchase, doctors' appointments.• While digital currencies (e.g. Bitcoin) become increasingly mainstream, unlikely to replace traditional banks / currencies in near-term. However, cash transactions have reduced markedly and will continue to decline.• Down side is that opportunities for cybercrime have increased, requiring organisations to bolster cyber security - with associated cost.• While already at a high level, use of social media has increased. Concerns growing over malevolent use of this medium by hostile nations, terrorists, political groups, criminals, etc.	<ul style="list-style-type: none">• Increased opportunities for home working.• Reduced requirement for office space?• Staff will need mobile IT systems.• Need for staff training in IT.• Accelerate our digital transformation programme, ensuring sufficient investment in cybersecurity.• Need to be alert to social media activity that undermines Association's reputation and charitable purpose.• Assist / reassure those elements of RAF family who are not familiar with IT and therefore struggle to access money, and could be more vulnerable to scams.
Robotics / A.I.	<ul style="list-style-type: none">• Desire to future-proof against impact of future global / domestic crisis will drive businesses to increase use of automation, with potential impact on employment, particularly in lower skilled jobs. However, reduced availability of low-paid migrant workforce post Brexit, which will also drive greater investment in automation, will partially offset potential job losses.• In long run, technology has potential to bring significant improvements to productivity, driving economic growth. It could also help resolve some of the health / social care challenges.• Automation / AI increasingly adopted by organisations such as banks, food stores, medical practices, presenting challenges for those unfamiliar / uneasy with such technologies.• MoD's aims of investing in research into artificial intelligence and other battle-winning technologies, reshaping Armed Forces for the age of networked warfare, enhancing UK's position as world-leading cyber power, and enhancing space capabilities will all help generate core of highly qualified personnel who will be eminently employable outside Services.	<ul style="list-style-type: none">• Could result in job losses for some ex-RAF personnel. Flip side is that many Service leavers will be highly skilled and able to find employment in robotics / AI / space.• Elderly members of RAF family more likely to struggle with world of increasing automation / AI, potentially increasing need for programmes such as Connect and Bag Drop to be expanded under Cfl.

Issue	Trend	Implications for RAF community / Association
"Bigger" government	<ul style="list-style-type: none">• Crisis had seen greater Govt "interference" in peoples' lives; history suggests this will not reverse quickly.• Impact of schemes to protect businesses / workers likely to lead to more legislation / regulation and greater intervention / scrutiny.	<ul style="list-style-type: none">• Increased governance challenges.
Data	<ul style="list-style-type: none">• Several data sources used to assist response to pandemic; however...• Despite GDPR, concerns about who owns personal data.• Danger that boundary between state and individual will be narrowed further.• Accelerated shift to many transactions now being online (banking, medical appointments, education, shopping, etc.) has increased opportunities for cybercrime.	<ul style="list-style-type: none">• Increased governance challenges.• Higher operating costs.• Increased isolation for those who are not internet users.• Vulnerability of some cohorts of RAF family to fraud.
H&S; employment law	<ul style="list-style-type: none">• Concerns about impact of another pandemic on employment / livelihoods could drive more onerous requirements in employment / safety laws.	<ul style="list-style-type: none">• Increased governance challenges.• Employment costs rise.

Environmental

Issue	Trend	Implications for RAF community / Association
Climate change politics	<ul style="list-style-type: none"> Recognition of impact of global warming and public concerns are driving governments to invest in 'green' technologies and initiate policies that strive for widespread decarbonisation. HMG has made commitments on "net zero" - some enshrined in law. However... Decarbonisation comes at high up-front cost, which has not been fully articulated to electorates. At same time, several high energy consuming nations have commenced rundown of carbon-based energy generation without having adequate renewable energy available. Prolonged period of high fossil fuel / electricity prices with insufficient alternative sources could cause backlash, forcing governments to reverse / delay efforts to decarbonise. With war in Ukraine making such a situation inevitable, and threatening significant shortages, governments relaxing some timetables for cutting fossil fuel usage, which will ultimately make it harder to limited temperature rise. Even if world's nations collectively manage to limit temperature rise to 2oC above pre-industrial levels (as per Paris Agreement), there will be an increase in extreme weather events and migration - both of which will generate public reaction demanding governments respond. Hijacking of climate change / environmental agenda by various factions, will make decision making for HMG more difficult. 	<ul style="list-style-type: none"> Higher cost of gas and electricity and tariffs / taxes imposed to fund "net zero" will affect all members of RAF family - but the poor disproportionately more. Any energy shortages with resultant power cuts would have disproportionate impact on elderly and infirm. Association's carbon footprint will be of increasing interest to a public that is becoming more aware / concerned about climate change. If unable to prove 'eco-friendly' business practices, could lose support / funding.
Green economics	<ul style="list-style-type: none"> Financial impact of extreme weather events due to warming climate will ultimately be borne by businesses and households (defensive responses to extreme heat, forest fires, flooding, etc.; carbon taxes; higher insurance costs; repairs to properties that insurance companies will not cover). Economic migration will impose great strain on public services within countries receiving migrants requiring funding, probably through increased taxes. While cost of reaching "net zero" will be high, there will be huge opportunities for growth in green industries, with job creation. However: In many cases, new skills will be required (e.g. maintenance / repair of EVs requires different technical skills / knowledge to those of a car mechanic servicing an internal combustion engine vehicle). Without training programmes, skills shortages will impede progress towards "net zero" targets. Eventual efficiencies will reduce costs of energy. 	<ul style="list-style-type: none"> Environmental taxes (carbon tax, forms of road usage taxes (which will be needed to backfill the revenues lost from sales of petrol and diesel), air travel taxes, etc.) could drive up operating costs with adverse impact on our welfare spending. HMG initiative to move away from gas and oil boilers to other means of home heating likely to drive up household costs. Personnel in technical roles will be well qualified for employment in green industries; those in non-technical posts will need retraining. Public funding for roll out of EVs will be insufficient and, even with significant private investment, preparations will not keep pace with need. Home charging will be a necessity, but MoD / Public Sector unlikely to provide sufficient capability on bases for SFA and SLA.

Issue	Trend	Implications for RAF community / Association
Other ecological issues	<ul style="list-style-type: none">• Growing public concern over use of plastics and other environmentally damaging products unlikely to abate.• Increased working from home, with associated desire to live outside crowded cities, together with general shortage of housing, will increase demand on building in green belt and countryside with inevitable 'NIMBY' backlash.	<ul style="list-style-type: none">• Need to demonstrate "green" credentials.



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