



Ministry
of Defence

**REVIEW OF THE
RESERVE FORCES' AND CADETS'
ASSOCIATIONS**

16 December 2014

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KEY FACTS - RFCAs

- **£130M** - RFCA expenditure for FY13/14 - funded via Grant, Grant-in-aid and regionally generated income from the Volunteer Estate.
- **38,775** - Reserve posts supported by RFCAs across the UK.
- **150,540** - UK cadets (community-based and CCF) supported by RFCAs.
- **7,804 buildings at over 2,245 sites** - maintained by RFCAs.
- **13 Regional UK Associations covering 94,060 square miles.**
- **297 Permanent RFCA Staff.**
- **486 Permanent Support Staff – Army Cadet Force.**
- **2015 Volunteer RFCA Members** - with a further 8000 covering the UK.
- **7%** - CRFCAs' overhead - staff, admin/IT, transport, support & FM costs.
- **Central Government Bodies with Crown Status** - established in accordance with RFA 96.
- **Strategic Direction for the RFCAs:**
 - Conform to the MOD Departmental Plan.
 - Give advice and assistance to the Defence Council, including advice on the use of the resources of its relevant area.

CRFCA/RFCAs also deliver the following on behalf of MOD:

- Advice & Assistance on Reserves and Cadets issues;
- Volunteer Estate and Infrastructure;
- Employer Support;
- Administrative support for Army Cadet Force and CCFs;
- Establish and Maintain Links with the Civilian Community;
- Welfare support to Reservists and support to Veterans.

EXECUTIVE SUMMARY

INTRODUCTION

1. In Jul 14, against a rapidly changing Defence landscape for reserves and cadets, VCDS directed that a review be undertaken of the Reserve Forces' and Cadets' Associations (RFCAs.) This was to ensure that robust and sustainable delivery mechanisms were in place to meet the future demands of Future Reserves 2020 (FR20) and wider change.

AIM

2. To report the findings of a Review into the RFCAs - essentially, whether the RFCAs are doing the right things, whether they are doing them in the right way, and whether their organisation and the governance of their activity is appropriate.

WIDER RFCA - RELATED REVIEWS

3. The findings of this Review will sit alongside both the High-Level Review of Cadet Forces by Lt Gen Beckett (completed Dec 14), and a joint DIO/CRFCA Volunteer Estate Review that will run into early 2015. It is anticipated that the overall analysis of the 3 Reviews will be complete and a report submitted to MOD, by ACDS RF&C staff, by 31 Mar 15.

KEY FINDINGS (Full List at Annex H)

General

- A diminishing regional Defence footprint demands a renewed emphasis on how MOD interacts with society and demonstrates its utility and efficiency at national, regional and local levels. (2.8, 3.10)
- The 5 current Service Level Agreements (SLAs) between the CRFCA and its customers, and the associated management information, all needed early improvement. MOD and the Services needed to be clearer in articulating what they sought from the RFCAs. (3.2)
- Increasing focus on the 'Whole Force' within a tight fiscal environment can only reinforce the need for, and benefit to Defence of, independent advice on Reserves and cadet activity. ALB 'independence' can, though, cause constructive tensions at times. (3.4, 3.6)
- None of the Services sought any major change to the RFCAs' current activities in delivering their 4 key tasks: Volunteer Estate; Employer Support/Engagement; Recruiting Support; Youth and Cadets. Concern was on how the RFCAs were governed in their activity. (3.8, 3.9)

Youth & Cadet Activity

- RFCAs provide external scrutiny for Reserve activity; their association with youth and cadet organisations was not similarly exploited. (3.12)

Infrastructure

- Stakeholders were unanimous in seeking appropriate MOD funding for the volunteer estate in support of Reserve Forces and Cadets. (3.13)
- The DIO VfM Review outcome may not be clear cut and full transfer of the reserve/cadet estate to the new DIO contract may also not be appropriate for DIO's contractors. (4.5)

Veterans

- RFCAs' network of employers, Authorities, OGDs and charities could be further exploited - especially in England - to assist in signposting and delivery of veterans' support as part of both Covenants. (3.17, 3.18)

RFCAs' Image and Place in Defence

- RFCAs are not well-known or understood within Defence. (4.14)

Delivering Value for Money

- Delivery of several key tri-Service outputs was being achieved within the overall Army budget, conduited on behalf of Defence, but were not identified; it was thus very hard to 'hold the RFCAs to account'. (4.1)

Governance & Financial Management

- MOD Boards & Committees Framework in place - needs reviving. (5.2)
- MOD's Financial Framework in place but needs reinforcing. (5.6)
- CRFCA's Financial Framework in place - operating appropriately. (5.9)

KEY RECOMMENDATIONS (Full List at Annex H)

- Arms Length Body (ALB) status of CRFCA and RFCAs should be maintained – providing an essential 'external' perspective of MOD's Reserve & cadet activity.
- RFCAs' network and strong local communication linkages are key assets for MOD in its regional engagement and should be further exploited.
- Opportunities for improvements in governance, financial management and internal controls should be taken forward as part of a reinvigorated approach. (Proposed outline plans are at Annexes E and F.)

- **New Task** - CRFCA should undertake an annual external assurance and scrutiny role for MOD of its cadet activities, as it already does for Reserves.
- RFCAs' agility and local knowledge should be exploited by DIO, not only in the delivery of infrastructure support, but also in assisting DIO as an 'Intelligent Advisor' in managing future estate rationalisation and improvements.
- RFCAs' "ownership" of the volunteer estate should be progressively tidied up as future estate rationalization, or other events, demand.
- **New Task** – RFCAs should provide a tri-Service input to MOD's Veterans Advisory & Pension Committees and also take a more prominent role in facilitating regional covenant activity as required.
- Improved and sustained internal communication is needed within MOD, especially the single Services, to ensure that the RFCAs' role, status and capabilities to assist in delivering Defence outputs is properly understood.

CHAPTER 1 – INTRODUCTION

1.1 This report presents the findings, conclusions and recommendations from a review of the 13 Reserve Forces' and Cadets' Associations (RFCAs) and Council of RFCAs (CRFCA), conducted Aug-Nov 14.

SCOPE

1.2 The review was charged with considering the existing RFCA construct and making recommendations as to how it could be modified and improved within existing legislative limitations. In particular, the Review was asked to consider:

- What outputs Defence requires from the RFCAs.
- Whether the RFCAs are delivering in an effective and efficient manner.
- Whether the governance of the RFCAs is appropriate.
- Whether the Council of RFCAs was fit for purpose.
- Whether the organisations were well-structured to deliver their functions.

The TORs for the Review are at Annex A.

1.3 The main elements of the Review were:

- Desk research of a large volume of policy, governance and financial data.
- Qualitative interviews and discussion groups with a wide range of interested parties. Over 100 interviews were carried out with >440 individuals; discussion groups were held, including site visits to all 13 RFCA UK Regions, and also key stakeholders.

Detail of the methodology and key stakeholders consulted is at Annex B.

APPROACH

1.4 Assisted by a DIA auditor with extensive experience of the RFCAs, the main tenet of the Review was to adopt an all-inclusive, consultative approach. The DIA auditor examined the current governance arrangements and assisted in the wider efficiency/effectiveness questions, helping to construct the future approach. Monthly updates were provided to ACDS R&C, along with individual updates to other senior stakeholders as required.

1.5 With a reporting date of early Dec 14, and the wide scope of the TORs, the initial analysis and diagnosis phase of work had to commence before all of the 13 RFCA site visits were completed. The latter visits thus also served with helping to test our analysis and the emerging options.

CHAPTER 2 – BACKGROUND

2.1. There are 13 RFCAs throughout the UK - each is a central Government body with Crown status. They are established in accordance with the provisions of the Reserve Forces Act 1996 (RFA96), Part XI and Schedule 4.

2.2 Each Association is an autonomous 'Arms Length Body' (ALB) which delivers a range of support functions to the Reserve Forces and Cadets within its region, as well as representing Defence in society. The RFCAs were formerly known as the Territorial Auxiliary and Volunteer Reserve Associations (TAVRAs) which supported Territorial Army Units. However, in 2000, their name changed to reflect their new tri-Service focus.

2.3 In essence, the RFCAs are mandated to perform two general tasks under the RFA96 that constitute their prime function in respect of land and air forces, and reserve naval and marine forces:

- a. To give advice and assistance to the Defence Council, including advice on the use of the resources of its area relevant to Defence.
- b. To conform to the MOD Departmental Plan.

As with all ALBs, the RFCAs' mixed role of delivery and providing Secretary of State for Defence with advice as required, can entail occasional tensions as well as opportunities for MOD. The 'independence' of such organizations also, of course, needs to be buttressed by sufficient accountability that public resources are used wisely.

2.4 The Defence Council, through the RFCA Regulations, has assigned to them additional specific tasks in respect of:

- a. Volunteer Estate and Infrastructure.
- b. Employer Support.
- c. Recruiting Support.
- d. Youth and Cadets.

2.5 The 13 Regional Associations comprise 2,015 unpaid volunteer members (with a further 8,000 volunteer non-members) and approximately 783 permanent staff (of which 486 are in direct support of the Army Cadet Force and other Cadet Organisations.) The regions cover every county in the UK and have a central Council providing a joint committee, which provides the strategic level interface between Defence customers and the RFCAs. The RFCAs are funded via a combination of Grant and Grant-in-aid provided from Single Service TLBs, DIO and the CTLB; total RFCA

expenditure for FY13/14 was £130M. Detail on the composition, outputs and expenditure of the RFCAs is at Annex C.

2.6 RFCA Regulations are due to be revised in 2015. Although a separate activity to this Review, it is sensible that the next version of the RFCA Regulations should be informed by any recommendations accepted from this work.

THE CHANGING RESERVES' AND CADETS' LANDSCAPE

2.7 The landscape for both reserves and cadets has changed significantly since the RFCAs were last reviewed in 2005. FR20, with the Army Reserve recruiting surge, has placed significant demands on the Reserves arena. At the same time, the Cadet Expansion Programme (CEP), the Defence Youth Engagement Review (DYER) and the potential Cadet Force 2020 (CF2020) Programme have had similar impact in the cadet arena. Whilst the RFCA construct has historically contributed significantly in support of Reserves and cadets at regional and local level, it is important that Defence has confidence that it has robust delivery mechanisms in place.

2.8 At the same time, with a diminishing regional Defence footprint and increasing interest in devolved government to the regions, there is a renewed emphasis on how MOD interacts with society as a whole and demonstrates its utility and efficiency at national, regional and local levels. The key feature of this interaction with society is sustained and intelligent relationship management by MOD with local employers and families, typically related to Reserve service and cadet activities. Of course, this contact would ideally also be delivered with an attractive and appropriately resourced estate and sufficient staff.

2.9 Given the substantial growth in Reserve numbers required by 2020, and the national emphasis on assisting youth development and their access to work in recent years, effective and coherent regional and local engagement by MOD has, arguably, never been more important. The findings of this Review, the High-Level Review of Cadet Forces by Lt Gen Beckett (completed Dec 14), and a joint DIO/CRFCA Volunteer Estate Review expecting to report in early 2015, will all provide an opportunity to set the agenda of future delivery and support by RFCAs in the years to come.

CHAPTER 3 – RFCA OUTPUTS

3.1 All of the RFCAs' customers were invited to identify any changes in the services they sought from the RFCAs, including stopping any or all of those currently provided, as well as any new tasks. They also commented upon the quality of service they received from the RFCAs and their view as to their organisation, value for money and any other areas of note – these latter issues are addressed in more detail in the next chapters.

3.2 Despite impetus to revise and update the SLAs over the past year, there was a shared view between all stakeholders, including the RFCAs and ACDS RF&C staff, that the 5 current Service Level Agreements (SLAs) (held between the CRFCA and MOD Centre, DIO, the RN, Army and the RAF), and also the associated detailed management information, remained inadequate and needed early improvement. In particular, the Army was especially keen to see far clearer outputs and resources specified in the SLAs in order to hold the RFCAs to account. It was also a shared view that MOD and the Services, in turn, needed to be much clearer in articulating what they sought from the RFCAs.

ARMS LENGTH BODY (ALB) STATUS

3.3 Whilst the RFCAs' status as ALBs is well established, dating back many years, the future need for this status was considered afresh in light of the evolving context described earlier. ALB status is used by Government where it is deemed appropriate for certain functions to be delegated without a conflict of interest. In this case, as identified in Chapter 2, the RFCAs have a mixed role of delivery and also providing Secretary of State for Defence with independent advice as required, including an annual external scrutiny report on the reserves.

3.4 In other ALB areas, especially those concerning safety and individuals' rights to further their complaints against a Department, it can be very important that an ALB is demonstrably independent. Whilst the role of the RFCAs warrants perhaps a less stark 'gap' to MOD than in these other bodies, increasing focus on the 'Whole Force' within an increasingly tight fiscal environment can only reinforce the need for, and benefit to Defence of, their independent advice on Reserves and cadet activity.

3.5 Although all the other major customers were in support of the RFCAs retaining their ALB status, part of DIO's input expressed concern that ALB status was not compatible with providing infrastructure support, especially including that for youth facilities; this was primarily due to the issue of the RFCAs' 'independence'. Whilst this issue will no doubt be covered as part of the DIO Review, we do not judge that ALB status is incompatible with delivery roles, but it will clearly be essential that the RFCAs and DIO work collaboratively going forward.

3.6 As previously noted, such independence of ALBs can occasionally entail tensions, as well as opportunities, for MOD in delivering the capability it seeks, but such tensions were viewed by senior MOD and independent

stakeholders as a 'net gain' for MOD. HMT guidelines acknowledge that ALBs will often have reasonable flexibility about their structures and working methods, with scope for innovation and customization. This thus enables a degree of latitude for ALBs in achieving the desired effects, whilst being solidly buttressed by sufficient accountability that public resources are used wisely.

3.7 If the Public Accounts Committee (PAC) decides to investigate an ALB, the accounting officers of both the ALB and its sponsor department should expect to be called as witnesses. The PAC will seek to be satisfied that the sponsor's oversight is adequate. The financial governance and internal controls for the RFCAs has seen significant progress in recent years, thanks to the joint efforts of the RFCAs, MOD finance and policy staffs and all the wider stakeholders. Chapter 5 presents further detail and recommendations for further improvement in this area.

OVERVIEW

3.8 It was clear early on that none of the single Services sought any major change to the RFCAs' current activities in delivering the 4 tasks assigned by the Defence Council: Volunteer Estate and Infrastructure; Employer Support and Engagement; Recruiting Advice and Support; and Youth and Cadets. All of the Services' policy leads, reinforced by local Commanders (Regular, Reserve and cadet) and also senior external stakeholders, were complimentary of the RFCAs' role as an enduring presence amongst the local communities, providing a credible and beneficial source of informed advice, information and support. The RFCAs' network of Local Authorities, OGD officials (health, education et al), third sector, media and industry, reinforced by a very wide range of expert (and invariably free) support from their volunteer Association Members, was seen as a key enabler in assisting the Services in their tasks.

3.9 Ironically, rather than 'what' the RFCAs were delivering, much of the early discussion was spent on 'how' the RFCAs were governed in their activity. The individual Services did identify nuances around the future levels of support they needed: including, the Army need to clarify the RFCAs' support to Reserve recruitment alongside their commercial contract with CAPITA; the RN saw potential scope for additional RFCA delivery of N1/N4 support in their Reserve establishments; and the Air Cadet Organisation saw an opportunity to seek additional support from the RFCAs. The precise details of these changes will now be articulated by the Services as part of the reinvigorated SLA review, described at Chapter 5.

REGIONAL AGENDA & COMMUNICATION

3.10 It is important that MOD considers what it wants for its 'Regional Agenda' – at one level this should include coherent communications to foster links with all parts of society; at the other, ensuring that appropriate funding is available to support the local Volunteer Estate as the 'shop window' for MOD in the community and so encouraging involvement in reserve and cadet activities.

3.11 Alongside each region's small communication staff, the growing synergy between Employer Engagement (EE)/Employer Support (ES) effort and wider communication was evident and points to a very strong, locally-informed platform for wider defence communications; a view also offered by the NEAB Chairman. Whilst some of the Regions identified the risk of 'weakening' the RFCAs' credibility with their local stakeholders if they were forced to 'push a particular MoD line', what was sought across many of the Regions was additional information from MOD, both 'key lines' and images, to provide the backdrop and context for their particular messages. Details of MOD's Top Level Messages, Press Notices and imagery have been passed to CRFCA for wider dispersal, along with an invitation from Defence Directorate of Communications to establish more formal communication linkages with all RFCAs regions.

YOUTH & CADETS

3.12 Although the RFCAs now provide an external scrutiny role for MOD's Reserve activity, their close association with the tri-Service youth and cadet organizations, both in promoting them and enabling their activities, was not being similarly exploited. It seems a natural progression, therefore, that as an ALB the RFCAs should now also provide an external assurance and scrutiny role for MOD on its youth and cadet activities going forward. It is also believed that the current statute is sufficient to enable such a task, albeit specific amendment to legislation in due course would be preferable.

INFRASTRUCTURE

3.13 Ahead of their own Review, DIO's position, as a major delivery agent, was inevitably focused differently and stressed the need to drive through estate change based upon clear single Service requirements. Whilst they felt there had been issues in the past, the Services' requirements were now perceived to be in much better detail than before. DIO was also keen to stress, in concert with all stakeholders and the RFCAs, that if the MOD is serious about investing appropriately in Reserve Forces (and Cadets) then the estate they use should be properly funded. This would have the twin benefits of cost savings and capital receipts from rationalisation and a fit-for-purpose retained estate that meets the needs of its users. They viewed that the lack of, or uncertainty about, future funding would very likely delay and inhibit decision-making and prevent maximum VfM outcomes.

3.14 The RFCAs' performance in delivering infrastructure support was cited by the Services and cadet organisations, especially locally, as a major beneficial element in enabling them to achieve what Defence sought of them. Many stakeholders were also sceptical of DIO's capability to deliver its intent of retaining the current levels of service for the Volunteer Estate by the RFCAs, if they were to replace them in this role.

3.15 DIO, in contrast, judged that the governance and scrutiny of the RFCAs (including the lack of CRFCA's 'legal' ability to direct the Regions' behaviour) was not fit-for-purpose for infrastructure issues. This was clearly based upon their perception of previous events and disputes with the RFCAs concerning

the Volunteer Estate and was again grounded in a view that their ALB 'independence' was incompatible with estate delivery roles.

3.16 Whilst this issue will be covered as part of the DIO Review, we do not judge that ALB status is incompatible with delivery roles, but it will clearly be essential for both parties to be subject to the enhanced governance approach described at Chapter 5. This should, hopefully, go some of the way to address this area of concern for DIO.

VETERANS

3.17 Many first-rate examples exist across the UK of RFCA, assisted by the DIO, delivering infrastructure support for injured service personnel on behalf of Defence. The different governmental structures, and smaller scale, existing in the Devolved Administrations facilitates very effective coordination of effort for the community and corporate covenants. Whilst there were examples of best practice, especially in the North East, the scale and complexity of the different administrative structures in England, makes it harder to optimize delivery of the community and corporate covenants.

3.18 The RFCAs' existing and extensive network of Local Authorities, OGDs and the third sector could be further exploited to support this endeavour and further assist in the signposting and delivery of veterans' support as part of the community covenant. A simple early action to assist these efforts would be for the RFCAs' to provide a tri-Service input to MOD's regional Veterans Advisory & Pension Committees and thus take a more prominent role in facilitating regional covenant activity.

CHAPTER 4 – RFCA DELIVERY & VFM

4.1 Customers' general observations of the RFCAs' current performance in their key tasks, where potential new RFCA outputs were identified, were given in Chapter 3. A lack of: detailed output-based SLAs; management information; and an established quality assurance system, makes quantitative analysis of their effectiveness and efficiency difficult. It was clear, though, that the delivery of several key tri-Service outputs was currently being achieved within the overall Army budget, passed down from Defence, but was not itemised. This led to a view that not all customers' outputs were being appropriately managed and it was thus very hard 'holding the RFCAs to account'. Additional observations on RFCA delivery are given below, along with recommendations for action.

ENGAGEMENT

4.2 The new Defence Relationship Management (DRM) structure for employer engagement and employer support instigated under FR20, delivered by the RFCAs and approaching full capability in Apr 15, was well received across the board. Key senior stakeholders, including local employer groups and the NEAB Chairman, all welcomed the new coherence DRM had brought to MOD's contact with employers. Local effort was still needed at times to communicate with the Services to avoid duplication and thus 'turning off' employers. Minor teething problems were also cited on the handling of large national employers, whose HQs were based outside of London and thus had existing personal relationships with the RFCA regional staff; these will settle.

YOUTH & CADETS

4.3 There is scope for the RFCAs to provide a more active coordinating role amongst cadet bodies, certainly locally and perhaps nationally, to the mutual benefit of all involved. In particular, potential was identified by most of the regions for the existing RFCA support staff for the ACF to absorb some regional support roles for the Air Cadet Organisation (ACO). Clearly, this will depend upon local circumstances, not least geography and the numbers of different sites and cadets involved, as well as the resource available. This opportunity is very timely, as the ACO seek additional support due to increasing parenting difficulties as the RAF basing footprint diminishes in some regions. A trial of RFCA providing A1 and A4 support to the ACO in Scotland on such a basis has been very successful so far and points to a wider opportunity for both parties in assisting both ACF and ATC Headquarter staffs.

INFRASTRUCTURE

4.4 As previously reported, customers were very supportive of the RFCAs' performance in infrastructure support, with them describing a service that delivered early, agile and tangible effect in support of FR20 and youth activity. There was almost universal acceptance by stakeholders that the Defence estate should be seen and managed as a whole, but clear prioritisation and 'protection' of the importance of the reserve and cadet estate was viewed by

all as crucial if Defence is to achieve its objectives under FR20 and for youth. As part of this, the RFCAs' "ownership" of the Volunteer Estate was not viewed as being a show-stopper for future maintenance solutions and any Land Register details should be progressively addressed as future estate rationalisation or other events demand.

4.5 Engagement with senior DIO staff indicated it was possible the outcome of the DIO VfM Review would not be clear cut and that the full transfer of the Reserve/cadet estate to the new DIO contract may also not be appropriate for DIO's contractors. This was expected to be especially relevant for those sites separated from the regular estate and widely dispersed. There thus might be an appropriate risk balance that can be achieved with 'good enough' value for money between DIO and the RFCAs in a combined delivery role. The RFCAs have also commenced work towards gaining ISO 9001 for all its management processes, including estate management. Whilst this will apparently take about 2 years to achieve, RFCA also expect to deliver a consistent infrastructure service, based on a common process, as a key improvement.

4.6 The joint CRFCA/DIO Review will clearly need to consider the costs and relative value for money of all the available delivery options. As a part of this, we also anticipate that it will identify the key obligations on all parties, whatever approach is recommended. Without second-guessing the outcome of this work, we judge that CRFCA and the RFCAs should continue to be an integral part of MOD infrastructure management and support, where shown to be VfM, using their extensive local knowledge and stakeholder network. RFCAs' agility and local knowledge should be exploited by DIO, not only in the delivery of infrastructure support, but also in assisting DIO as an 'Intelligent Advisor' in managing the future estate, exploiting spare capacity, rationalisation and improvements. Finally, the ability of RFCAs to apply local pressure with LAs to maximise rate rebates and generate income, should continue to be exploited and incentivized.

ORGANISATION

4.7 Annex C shows the geographical spread of the 13 RFCA Regions and details of the resource (£130M in FY 13/14) expended upon the RFCAs' core outputs.

4.8 The geographic scale of almost all the UK regions, and the number and dispersed nature of the Reserve and cadet sites therein, means that there are physical limitations on the regional staff's ability to undertake their core outputs of engagement and infrastructure support. Equally, the increasingly diverse and complex ethnic/religious mix across many of the regions, typically covering 3 or more counties, demands a high level of personal engagement and effort by RFCA staff and often falls outside normal working hours. Delivery in the Devolved Administrations also brings additional aspects that need sensitively to be managed by the 4 RFCA Regions involved in achieving defence's interests.

4.9 Although time precluded a detailed analysis of options to reduce the number of regions, we judge that to amalgamate the regions further would

lead to an inevitable degradation in MOD's engagement with society and RFCAs' other key outputs. Whilst some savings could be made in headcount, these would be limited by the likely need for additional 'RFCA outposts' – equally, we judge that the option to reduce the grading of the regional posts leaving a single Chief Executive, probably at CRFCA, would not realize any meaningful salary savings compared to the risk to outputs.

4.10 The organization at each region was based upon the recommendations of the 2005 Review and, aside from minor differences in job teams, was uniform - with an average of less than 22 core RFCA staff and 37 ACF Professional Support Staff per region. Again, time and manpower resource limitations precluded any detailed process mapping or manpower utilization reviews, but it was clear that all teams were 'running hot', accepting the additional burden that 3 RFCA-related Reviews was creating. The RFCAs intend conducting a review of structures during 2016 as part of their on-going Campaign Plan, taking account of the outputs of this and other studies and the exercise to rationalise their SLAs against costed outputs.

VOLUNTEERS

4.11 The major contribution made to all regions by their volunteer membership (an average of 155 per regional Association) is a unique characteristic of the RFCAs. Alongside a further 8000 in youth and cadet work, they are unpaid volunteers, often busy in their own professions and spheres; yet the range and significance of their impact, and integration into society, was evidenced by many examples where they had enabled Defence outcomes to be achieved and without cost to MOD for their contribution. Appropriate recognition by MOD is thus essential. Much of this volunteer activity remains unsighted by the wider Defence community, potentially contributing to the misconceptions about RFCAs and their role.

4.12 What also initially appears as a reasonably heavy range of committees and structures does seem to work by providing the fora (both standing and ad hoc) and the space for a very wide range of 'Defence supporters' to engage and support the delivery of RFCA outputs. None of the regions sought significant changes to their existing rules or powers (Schemes of Association) and the balance of military to civilian members also appeared reasonable and to work. Inevitably, the ethnicity and gender mix of the Associations struggled to reflect the regional society from which they were drawn. Concerted efforts were being made in those regions comprising especially large and diverse ethnic groups, typically based around the cities.

4.13 In accordance with the requirements outlined in the RFCA Regulations 2009, the individual RFCA Schemes of Association (SoA) are required to be reviewed every 5 years and endorsed by the Defence Council. As the current SoA for each of the 13 RFCAs are due to expire on 31 Mar 15, CRFCA was asked to co-ordinate a revision of the existing 13 SoA, outlining any changes required together with a detailed explanation of the required change, noting that any changes must fall within the parameters set out in RFA 96, Schedule 4. The revised SoA were then to be passed to RF&C staffs by the end of Dec 14 to allow time for Defence Council approval to be sought and the new SoA come into force from 1 Apr 15.

RFCA IMAGE

4.14 Whilst local customers were very positive about the support received from the RFCAs and valued their local knowledge and network, an 'image problem' for the RFCAs was apparent with those more remote from this activity. We judge that this is mostly born of previous RFCA 'independence' issues as well as a number of (negative) perceptions relating to RFCA terms and conditions of service. Based upon the perceptions identified in the 2005 RFCA Review, things are clearly improving, though, as time passes. The reality remains that the RFCAs are not well-known or understood within Defence. Improved and ongoing internal communication is needed to continue to promote the organisations and so exploit their capabilities at regional level.

4.15 Routine 'top down' and 'bottom up' communication needs to be re-established between the RFCAs and their principal customers. Clear high-level messaging, built on a renewed trust born from more rigorous customer-supplier review meetings with the RFCAs, is needed to ensure that the RFCAs' role, status and capabilities to assist in delivering Defence outputs, as 'part of the team', is properly communicated. This is needed not only for designate Commanders and those entering regional staff roles, but to all parts of the organization.

STAFF COMPOSITION/TERMS & CONDITIONS

4.16 The negative self-image identified and reported by the RFCAs in their 2005 Review chimed with some of the negative perceptions we encountered in some quarters during this work. Of the average of 22 core RFCA staff in today's regions, typically only 3 or 4 are ex-military, with the remainder invariably comprising professionally qualified financiers, chartered surveyors and media/communications staff.

4.17 Whilst the quality of the staff, their morale and sense of purpose were invariably high, when pressed, many expressed private concerns about RFCA salary levels (based on MOD Civil Service (MOD CS) rates) against what they viewed as a high and increasing workload. Several regions also expressed concern about the retention of the professionally qualified estates staff, in particular, given the pull of the external market. The outcome of the CRFCA/DIO Review will thus need to be handled carefully to reduce the risk of avoidable staff losses.

4.18 Alerted by the negative perceptions offered by some of the RFCA staff terms and conditions of service, we briefly examined RFCA pay scales, pension rights and vehicle provision to see if they were out of kilter with MOD Civil Servants. As previously mentioned, we found that pay scales equated to comparable MOD CS rates, with equal pay restraint, but that no recent job evaluation had been conducted to check that the post gradings reflected today's tasks. It would thus be sensible for this to be conducted, in concert with DRes Army staff, once the RFCAs' future tasks, and any changes necessary to the current establishment, are known.

4.19 In 2010, the Government asked Lord Hutton of Furness to chair the Independent Public Service Pensions Commission (IPSPC) with a view to reform public service pension schemes, to ensure that they are affordable, sustainable and fair. The IPSPC made its final report on Mar 11 and recommended changes to all public service pensions. The Government set out its preferred scheme design for public service pension schemes in the HM Treasury paper 'Public service pensions: good pensions that last' in Nov 11. The recommendations in the IPSPC Report were taken forward and have been used in the design of future public sector pension schemes.

4.20 The Council of RFCA Pension is currently analogous to the Civil Service Pension Scheme. The proposed reform of the RFCA Pension, required by Lord Hutton, closely follows that of the new 2015 Civil Service Pension Scheme. CRFCA are working with HRD Strategy staff, as the MoD lead with Cabinet Office, to reform the RFCA Pension on this basis from Aug 17.

4.21 There was a clear history of debate between the RFCAs and the Army as to achieving the best value for money in enabling travel for RFCA members, some of whom are driving over 30K miles pa, as a part of their role. Options included use of the Phoenix contract, locally negotiated 'all in' packages with local suppliers and use of the Defence procurement contracts. The DIA audit of 2011 identified that policy was unclear. We were advised that the opportunity for a joint trial to test the Phoenix contract against RFCAs' options remains stalled until the end of this year's planning round. The different options should be the subject of a future business case appraisal to identify a clear way ahead.

ALTERNATIVE PROVISION

4.22 Against a backdrop of a move to corporate shared services across Government, we considered the scope for alternative provision options of the core RFCA outputs. Personal relationships, sustained at local level, lie at the heart of the RFCAs' role in providing the bulk of MOD's societal engagement and local advocacy on behalf of its Reserve and Regular Forces and cadets. Aside from the perceived conflict of interest that a commercial partner or 'management insert' might unfairly attract, we judged that the current independence of the RFCAs as ALBs, with staff as Crown Servants having the necessary background and an enduring local position, were key requirements for those undertaking such duties.

4.23 Whilst elements of the RFCAs' work supporting youth and cadets might be deemed suitable for exposure to the market, this would need to be considered as part of a wider strategic decision on MOD's future support of cadets. Pending any such decision, and against the need for ever improved safeguarding, training, and recruitment/retention of cadets and Adult volunteers cited in Lt Gen Beckett's Report, the scope for any potential internal MOD efficiencies should be exploited. In the meantime, the potential opportunity for RFCA Permanent Support Staff to broaden their remit to include the ACO, and Sea Cadets where appropriate, has been identified and should be progressed.

4.24 The RFCAs' future involvement in infrastructure support will be decided following the submission of the CRFCA/DIO Review next Spring – options for removing and/or outsourcing management will potentially comprise part of the analysis. If a closer link with DIO is directed, greater centralisation of infrastructure and HSW effort might be possible within CRFCA, leaving delegated delivery (and less local administration) to the regions. We noted that the CRFCA is already engaged in examining areas for potential rationalisation and/or increased output. As part of this, they intend to run internal reviews against functional delivery during FY 15/16 in line with their own transition plan based upon the recommendations of this and the other 2 Reviews. They also stated their acceptance of the need to offer value for money solutions for the continued delivery of the Reserve/cadet elements of the Defence estate.

INTERNAL RATIONALISATION

4.25 The remaining elements of RFCA cost fall largely to the HR and finance functions in support of the core RFCA outputs. Given the current scale of these costs (£2.9M), we estimate that the small scale of any estimated savings in back office functions (using high-end industry benchmarks), might amount to the cost of 1-2 staff per region. We believe that any potential efficiencies would be better achieved, and at lower risk, through RFCA internal efficiency measures. Essentially, we viewed the scope to do more within the same resource as fitting better the needs of Defence and RFCAs' customers.

4.26 Candidates for internal efficiency savings under such an approach might include the centralisation of some routine HR & finance functions (e.g. bill payment) to CRFCA, although this might well require a small increase in staff in London. Nevertheless, any reduction to the small numbers of finance staff in each region (typically 2) could well leave the regions unacceptably exposed in exercising the necessary internal financial governance assurance. Equally, the HR staff we met were few in number and were invariably handling difficult and contentious performance-related casework that demanded support on employment law issues. The prospect for centralisation of such HR advice and services might realize some savings across the regions, but would again need still to ensure that local management have easily accessible support given the nature of such cases. Finally, there might be scope for rationalizing external audit provision for the RFCA annual accounts; however, the need for auditors to have sufficient local knowledge of each region's business, demands an enduring relationship with their finance staff.

4.27 The CRFCA is already engaged in examining areas for potential rationalisation or increased output. They intend to run internal reviews against functional delivery during the FY 15/16, in line with their own transition plan based on the recommendations of this and other reviews and also their acceptance of the need to offer value for money solution for the continued delivery of the Reserve Element of the Defence Estate.

4.28 In sum, our assessment, supported by senior Army finance staff and almost all stakeholders, is that the RFCAs do present appropriate value for money to Defence and demonstrate the agility and ability to 'get things done'.

The RFCAs should be charged with exploiting the potential opportunities for efficiency savings as part of their response to the outcome of the various Reviews once their future tasks are confirmed. We believe that these potential efficiencies would be better achieved, and at lower risk, through internal RFCA efficiency measures than outsourcing.

CRFCA

4.29 CRFCA was providing good interaction with MOD and other key stakeholders on behalf of the 13 Regions. Whilst inevitable tensions will occasionally arise around the freedom of regional delegations and the need for management information responses to external demands, their lack of 'legal status' was not an issue. Their status should, though, be addressed when the next legislative change opportunity presents.

4.30 CRFCA was leading an on-going and, so far, very successful change programme to instil stronger internal governance and financial management controls within the whole organisation. (Chapter 5 indicates that the governance problems rest more with aspects of MOD's SLA management.) They were also committed to gaining ISO 9001 to bring better quality management and the sharing of best practice across all the regions.

4.31 Whilst stretched, CRFCA was creating a collegiate approach to deliver corporate effect from the RFCAs that was clearly working well across many fronts. This constructive approach will be increasingly important for the RFCAs and MOD in the face of future fiscal pressures.

CHAPTER 5 – RFCA GOVERNANCE

INTRODUCTION

5.1 DIA was asked to provide assistance with a fact-based assessment of the RFCA governance in place. Their work focussed on the key elements of governance, on the basis of a good practice approach¹ i.e. establishing evidence to prove (or not) that an adequate framework was in place. The key findings are given below, with further detail at Annex D. The areas reviewed have been categorised as:

- **Boards and Committees** – structure and effectiveness.
- **Risk Management** – evidence of risk identification, evaluation and reporting.
- **Financial Governance** – to primarily cover Grant/Grant in Aid, and Regionally Generated Income (RGI).
- **Internal Control** – to identify whether key business processes are documented and control frameworks are evident.
- **Reporting** – internally within RFCA construct and externally to MOD stakeholders.

BOARDS AND COMMITTEES

5.2 There was a sound hierarchical framework of governance boards and committees although these were not all operating as defined, particularly in respect of the MOD/Council RFCA (CRFCA) relationship. The top level Ministerial Board no longer met and bi-lateral meetings between CRFCA and the TLBs were not held routinely or as intended in accordance with Service Level Agreements. Some improvement in top level governance was required.

5.3 There were no independent Non-Executive Board Members on the CRFCA Board or CRFCA Audit and Risk Assurance Committee (CRFCA ARAC). As part of further work in CRFCA, DIA was undertaking a review of the CRFCA ARAC structure where this would be addressed.

RISK MANAGEMENT

5.4 There was no CRFCA Risk Management Strategy or Risk Plan. Risks to Business Plan delivery are discussed at the CB. There was evidence CRFCA, and RFCA, had identified, assessed and recorded risks, and assigned risk owners. Further work was required to develop risk reporting to include the current status of risks, rather than just recording inherent and final mitigated risk values across Council and all the regions.

5.5 Key risks in the CRFCA top level risk register were mainly focussed on continuing management of the Volunteer Estate, both from a continuance of activity and also from a funding basis.

¹ HMT and Cabinet Office Corporate Governance in Central Government Departments Code of Good Practice 2011

FINANCIAL GOVERNANCE

5.6 There was a robust framework of policies, directions and guidance relating to the financial governance and management of publicly funded grants in aid and grants. There was some MOD monitoring of expenditure reported, and agreement of the figures presented in the Annual Accounts. This had improved over recent years. There remained opportunities for MOD to provide greater challenge over the use of funds it provides.

5.7 Underpinned by HMT *Managing Public Money*, MOD had issued a RFCA Grant and Grant in Aid Financial Framework in Sep 13. This was supported by PUS's appointment of CE CRFCA as Accounting Officer and CE CRFCA's letter of financial delegation from GOC Support Command.

5.8 CRFCA and the RFCAs had issued further guidance and instruction on the management of funds, including the use of income generated through wider markets activity and rebates of Non-Domestic Rates, in the RFCA Financial Standing Instructions (RFCA FSIs) and regional RFCA Administrative Instructions. The effectiveness of, and compliance with, financial controls was not tested in this review. Testing of the financial governance arrangements and controls would be expected to form part of the DIA programme of grant in aid audits on behalf of MOD, or the CRFCA audit programme for FY 15/16 and FY 16/17 under development.

INTERNAL CONTROL AND MANAGEMENT INFORMATION

5.9 A framework of internal controls had been established through: RFCA FSIs; RFCA Personnel Instructions 2010; Council Standing Administrative Instructions (CSAIs); Letters of Authority and Delegation; and access and authority permissions on Symphony, the management information, estates management and accounting system. These were supplemented by regional RFCA Administrative Instructions that included requirements for management checks and authorisations. The framework design was considered adequate but was not tested for effectiveness.

5.10 As Accounting Officer, CE CRFCA had provided a Statement of Internal Control in the Annual Report as required.

5.11 Army TLB had held a planning round meeting with CRFCA in Jan 14 to agree the CRFCA Annual Budgeting Cycle element for FY 14/15 and the Supplementary process for 2014. There was evidence of formal scrutiny of the funding requirement by Army HQ and Support Command, and anecdotal evidence of scrutiny and challenge of the monthly drawdown requests.

5.12 DIO grant in aid covered the Soft FM elements of running costs for the Volunteer and some of the Cadet estate. The DIO grant funded maintenance, minor new works, and some Capital spend. There was no formal scrutiny of the annual funding requirement. The monthly drawdown of funds was approved by DIO before release and this was supported by some evidence of challenge.

5.13 CFO CRFCA provided a quarterly return of total spend to date, by MOD Resource Account Code (RAC) for input to the MOD financial planning and budgeting software. This enabled Army TLB to incorporate RFCA spend

into the accounts throughout the year in readiness for preparation and presentation of the MOD Resource Accounts.

REPORTING AND STAKEHOLDER RELATIONSHIPS

5.14 CRFCA and the RFCAs had no formal strategy or plan for engaging with stakeholders. There was, however, evidence of an extensive framework of meetings, both internal to RFCA and external with MOD and other bodies, that illustrated RFCA engagement with their stakeholder community. Due to the large volume of meetings held or attended, RFCA effectiveness has not been tested either through review of minutes or attendance to observe behaviours.

CONCLUSION

5.15 Overall, a framework for governance and management of RFCAs was in place and had been designed to provide an adequate level of control. Although effectiveness of the framework was not fully tested, opportunities for improvements in governance, financial and risk management, and operation of internal controls were evident and will be taken forward as part of a reinvigorated approach agreed with the Centre and the Services.

FUTURE RFCA AUDIT

5.16 As MOD's Internal Audit department, DIA will periodically undertake risk based audit reviews of the management and control of Grants and Grants in Aid paid to CRFCA. These reviews will assess MOD and CRFCA governance and control arrangements for the proper management of Grants and Grants in Aid, including Service Level Agreements.

5.17 Additionally, DIA was expected to be contracted under a Service Level Agreement to provide the Internal Audit Service for CRFCA until 31 Mar 17. Work is currently in hand to develop the RFCA Audit Universe and draft an outline Audit Plan for approval by the CE CRFCA and Chair of the CRFCA Audit and Risk Assurance Committee. These audits will focus on the CRFCA and RFCA internal risk management and the control frameworks supporting RFCA business and business processes.

CHAPTER 6 – NEXT STEPS

INTRODUCTION

6.1 Following receipt of the CRFCA/DIO Review in Spring 2015, RF&C staff will complete their combined analysis of all 3 inputs and present options for VCDS' consideration. Whatever the outcome and determination of the future scope of RFCAs' tasks, there is much preparatory work that can be started to facilitate sustained improvement in a number of governance areas. The most significant of these will be the SLAs that provide the basis for much of the subsequent activity. A proposed plan is at Annex E.

TIMELINES FOR SLA CHANGE

6.2 The primary vehicle for TLBs to articulate the tasks RFCAs were required to undertake, and the performance standards to be achieved, was the SLA.

6.3 SLAs were in place for MOD Centre, DIO, RN, Army and the RAF but, as noted earlier, were universally accepted as being unsatisfactory. Work was ongoing between TLBs and CRFCA, to revise SLAs ahead of the new financial planning round, whilst the Review was being conducted, and was due to conclude in Jan 15.

6.4 The current TLB and CRFCA review of SLAs was intended to bring some improvements to clarity and quality. Although both the RF&C Relationship Management and DIO Estates SLAs had a MOD-wide perspective, there was not an overarching SLA to cover other tri-Service or MOD-wide activities.

6.5 It is suggested that the SLA review in 2015, in support of the FY16/17 planning round, should:

- Include development of a pan-MOD SLA for all those activities and tasks, not covered by the DIO Estates or RF&C Relationship Management SLAs, that are required by more than one of the TLBs;
- Develop an approach to output costing within CRFCA to attribute percentages of costs/effort to TLBs to determine how support to the TLBs is being delivered, both for statutory and discretionary activity; and benchmark to test performance;
- Determine lead TLBs for key activities to facilitate monitoring of performance and development of future SLAs – Army currently has the lead for finance and personnel matters, DIO is lead for estates and facilities management; and

- Develop revised TLB SLAs with relevant and measurable KPIs, and with formal processes for monitoring performance throughout the year.

6.6 All such development should be undertaken in a consultative manner with all TLBs, CRFCA, and other parties as necessary, being actively involved with the target date for completion and formal agreement of the SLAs being no later than Dec 15. The single Services will, clearly, also need to ensure coherence between their inputs on reserves and cadets.

REVIVING GOVERNANCE

6.7 Re-establishing an effective battle rhythm for MOD's governance of the RFCAs is another 'quick win' that should also facilitate the SLA actions recommended above and enable coherent outcomes. Clearly, staff resource levels for all parties demand that meetings are kept to a minimum, but the structure and cycle of quarterly performance reviews, proposed at Annexes E and F, should act as the basis of the new approach. ACDS RF&C staff will also consider the use of a Reserves Executive Committee meeting in summer 15 to re-launch the revived RFCA governance approach.

ANNEX A - TERMS OF REFERENCE

Annex A to 20140717-RF&C-243

17 Jul 14

TORs FOR REVIEW OF RFCAs

Progressive implementation of the 2013 Defence White Paper on reserves *Reserves in the Future Force 2020 – Valuable and Valued* will significantly change reserve roles, use, conditions and the proposition for reservists, their families and their employers. The MOD-sponsored cadet forces meanwhile continue to change and develop, especially as a result of the schools Cadet Expansion Programme and the Defence Youth Engagement Review. Against this background it is essential to ensure that our RFCAs continue to provide Defence with appropriate advice, support and services in an effective and efficient manner.

This review must therefore investigate what it is that Defence requires; question whether RFCAs are doing the right things; interrogate whether they are doing them in the right way; and propose any change to outputs, the process, structure or staffing that would better meet Defence needs.

SCOPE

The scope is the 13 RFCAs and the CRFCAs. It should include DRM in principle, but note that this has only just been established and is working towards full operating capability in 2015. It does not include consideration of volunteer estate management which will be the subject of a joint DIO / RFCa review in the second half of 2014.

AIM

To review the RFCAs to ensure that Defence requirements are appropriately established, resourced and delivered.

QUESTIONS TO BE ADDRESSED

- What outputs does Defence require from the RFCAs?
 - Are some functions unnecessary and could be stopped?
 - Are there alternative providers that could better deliver functions?
 - Are there additional functions that RFCAs could perform that would add value?
 - Is Defence clear in its articulation of what it needs the RFCAs to do?
- Are RFCAs delivering in an effective and efficient manner?
 - What are the key functions and resources expended on each?
 - How is the quality and efficiency of service measured?
 - How well are functions performed against the user need?
 - How efficiently are resources used?
 - Do RFCAs represent value for money for Defence?
 - Does the volunteer membership (as opposed to salaried staff) add value?
 - Should the volunteer membership be expanded? (linkage to Quinquennial Review)

- Is the governance of RFCAs appropriate?
 - What are the major risks which RFCAs run?
 - Are there appropriate risk management and control processes?
 - How well does the governance of individual RFCAs work?
 - Is their status clear?
 - Does the Customer Board hold RFCAs to account effectively?
 - Are the Service Level Agreements (SLA) fit for purpose?

- Is the Council of RFCAs fit for purpose?
 - Is the relationship between CRFCA and individual RFCAs appropriate?
 - How does the CRFCA status [as a joint committee] affect governance?
 - Does the CRFCA effectively manage the interface with Defence – customers and non-customers (eg thro' attendance at command groups)?
 - Does CRFCA deliver the central services (eg DRM / SaBRE) effectively?

- Are the organisations well-structured to deliver their functions?
 - Are individual RFCAs organised effectively?
 - Is the CRFCAs organised effectively?
 - Do the RFCAs have access to appropriately skilled and motivated staff?
 - Would alternative Schemes of Association add value? (linkage to Quinquennial Review and note that any changes would require primary legislation change (RFA 96).

ASSUMPTIONS

- No primary legislative changes in the short term (next 5 years).
- FR20 targets will be met by 2018.
- Cadet Expansion Programme will be complete by 2016 (initial 100 units) and DYER activity will not place any greater burden on RFCAs than exists currently.
- Demands of devolved administration may constrain some operating aspirations.

GOVERNANCE

- The review shall report to the REC.
- The FR20 PB would note the review activity and provide comment where appropriate.
- Routine engagement through ACDS (RC), Hd Cap Cad and RF&C Cap branch staffs.
- Administrative support to be provided by CRFCA and RF&C Cap branch.

METHODOLOGY

Wide internal and external stakeholder consultation to include:

- SofS.

- VCDS.
- CDP.
- ACDS (RC).
- Chairman NEAB.
- CRFCA – CE, COS, Chairman, Directors: Engagement, Estate, Youth and Cadets.
- RFCAs – CE and chairmen.
- Lord Lieutenants.
- sS reserves and cadets focal points.
- GOC Sp Comd and selected Brigade Commanders.
- MSSC and ACO.
- Army Resources Director.
- DIO/CRFCA Jt Volunteer Estate Study staffs.
- DYER and Schools Cadet Expansion Teams.
- Cabinet Office.
- Other relevant stakeholders (HQ DIO, Hd RF&C, et al).

DELIVERABLES

- Brief interim reports monthly (by first of each month) to ACDS(RC).
- Review Report (Stage 1) to ACDS (RC) by 1 Dec 14 containing conclusions and specific recommendations with implications for outline costs, benefits and organisational or process change.
- Review Report (Stage 2) to ACDS(RC) by 31 Mar 15, being a revision to the Stage 1 report including the implications of the joint DIO / RFCA review of the volunteer estate.

ANNEX B - METHODOLOGY

Assisted by a DIA auditor, with extensive experience of the RFCAs, the main tenet of the Review was to adopt an all-inclusive, consultative approach. The DIA auditor examined the current governance arrangements and assisted in the wider efficiency/effectiveness questions, helping to construct the future approach. The Review combined a detailed examination of the relevant policy, financial data and governance documentation, with comprehensive consultation of all stakeholders to embrace the differing perspectives.

In particular, the Review sought to identify opportunities for improvement in the strategic governance of the RFCAs. Where possible, these improvements were configured with a pragmatic approach to delivering best value for money.

Methods

1. Analysing and evaluating data - cost and management from RFCA, MOD and cross-government sources.
2. Benchmarking - where possible, we compared RFCA data with other available comparators as well as indicative industry efficiency savings information.
3. Reviewing Key Documents - RFCA, MOD, DIA and cross-Government.
4. Staff Interviews and Discussions - RFCA, CRFCA and Volunteer Association Members. (>250 individuals consulted.)
5. Stakeholder Interviews and Discussions – Cabinet Office; MOD policy staffs; D Res ARMY; DIO; Army Infra staff; Royal Navy, Army and RAF reserves and cadets policy staffs; Chairman NEAB; local regional commanders – regular and reserve; local employer representatives. (>190 individuals consulted.)

REVIEW TEAM

Air Vice-Marshal Ross Paterson CB OBE (formerly Chief Executive SPVA)

Defence Internal Audit Staff

Acknowledgements - We should like to thank all those who assisted us so helpfully in the undertaking of this Review.

The views expressed in the Review are those of the team.

ANNEX C - RFCA CORE DATA

ADMINISTRATIVE AREAS OF RESERVE FORCES' AND CADETS' ASSOCIATIONS



DUTIES ASSIGNED TO THE RESERVE FORCES' & CADETS' ASSOCIATIONS

1. RFA 96, Part XI s112 mandates two general duties for the RFCAs:
 - a. To give advice and assistance to the Defence Council, including advice on the use of the resources of its area relevant to Defence.
 - b. To conform to the MOD Departmental Plan.
2. To meet the requirements of proffering advice and rendering assistance, each RFCA will undertake to:
 - a. Maintain an active membership, with appointments made in accordance with the Schemes of Association.
 - b. Provide facilities for the discharge of the business of the Association through committees and meetings accessible to members.
 - c. Provide financial and material assistance within budget allocations and mandated outputs for any activity or requirement of those forces or any other Defence purpose, where requested.
 - d. Collate and to report the considered views on matters affecting the Volunteer Reserve Forces and Cadet organisations in its region to the Services' headquarters and to the Defence Council, where appropriate.
 - e. Contribute to requests for nationally co-ordinated advice and assistance.
3. To conform to the MOD Departmental Plan, each Association will expect to:
 - a. Receive guidance concerning Defence policy for the Volunteer Reserve Forces and Cadet organisations together with notification of any proposed changes.
 - b. Receive from the Services' Headquarters, as necessary, the management plans, which affect its area of responsibility.
 - c. Maintain a working relationship with the Defence Council, output owners and the Services' chains of command.
 - d. Disseminate details of the plans that affect its area of responsibility having proper regard to the safeguarding of official information.
4. Both of the general duties identified above require a detailed understanding of the respective regions and of current and proposed activities of regular, reserve and cadet units within them. They also require the RFCAs to assist the Chains of Command in their relationships within the respective communities, over and above RFCAs' work with local communities, as an enabling task in support of assigned tasks.
5. In addition to the mandated duties above, the Defence Council has assigned to the RFCAs specific duties in respect of the Volunteer Reserve Forces and the Cadet organisations. These are listed under broad headings (not in priority order):

- a. Volunteer Estate and Infrastructure.
- b. Employer Support (including management of DRM/SaBRE).
- c. Recruiting Support.
- d. Cadets and Youth.
- e. Establish and Maintain Links with the Civilian Community. Although not a general duty laid down in RFA96, the task of establishing and maintaining links with the civilian community underpins all the RFCAs' key outputs. The Associations' continuity and position in the local community is used to:
 - i. Ensure links exist with local authorities and the civilian community, including employers, in order to maintain support for the armed forces and Service cadet organisations.
 - ii. Promote Defence issues to civic bodies and the community at large.
 - iii. Support other government departments (OGDs) and civic bodies, including the Scottish Parliament, Welsh Assembly Government, the Northern Ireland Assembly and the Regional Development Agencies (RDAs).

BACKGROUND

6. The RFCAs are established by law² and their antecedents back to 1908 and the Haldane Reforms. The Reserve Forces Act 1996 (RFA 96) provides the legal framework for the RFCAs today.

7. There are 13 RFCAs, the map shows their geographical boundaries which align largely with county boundaries.

8. There is also a Council of RFCAs (CRFCA), which is a Joint Committee constituted under RFA96 s116. Under s116, the 13 RFCAs have delegated authority to the CRFCA to act on its collegiate behalf. However, as a joint committee the CRFCA is not yet a legally constituted body in its own right.

RFCA COMPOSITION

9. Membership of the RFCAs is authorized under Schedule 4 of RFA 96 which outlines the provision of Schemes for the constitution of associations. The Scheme for each Association sets out how many members each Association may have; this is routinely reviewed within the RFCA quinquennial review³.

10. Membership of a RFCA is voluntary. Members fall into one of the 4 categories below:

- a. **Ex-Officio Members:** RNR, TA, R Aux Air Force, ACF and ATC, Unit and Sub Unit Commanders.

² RFA 96 Part XI s110 permits the establishment of Territorial, Auxiliary and Volunteer Reserve Associations.

³ The next quinquennial review is preparing new Schemes of Association for each RFCA, to be in place for Apr 15.

- b. **Selected Military, Naval and Air Members:** Usually (but not always) Regular or Reserve personnel, with a continuing interest in Reserve and Cadets.
- c. **Representative members:** Each Area Committee includes representatives from Local Government, Universities, Employers, employees and all three Cadet Organisations.
- d. **Co-opted Members:** CoS of units with their HQ outside the area.

11. Each RFCA has a President and Vice-President normally chosen from HM Lord Lieutenants for the area in which the Association is established. The Chairman of each RFCA is elected by the membership. It is this voluntary element of the RFCAs which is in effect 'independent' and is in a position to provide independent advice. This advice can be closely aligned to that provided by a Non-Departmental Public Body (NDPB).

12. RFA 96 s114 also empowers the Chairmen of Associations to appoint paid staff to undertake the duties MoD assigns them. The paid staffs are MOD-funded and have Crown Servant Status. HQ Army are responsible for approving the appointments of the 13 RFCA Chief Executives; the RFCAs have authority to appoint all other staff up to the MoD equivalent grade of C1.

13. In Oct 07, the Cabinet Office categorized the RFCAs as Central Government Bodies with Crown Status⁴. As there are 2 distinct elements to the RFCAs, the voluntary membership and the salaried staff, the Cabinet Office in categorizing the RFCAs state that the RFCAs are not a NDPB as they have a closer relationship to MOD than that of an NDPB. They are seen as Arms Length Bodies (ALBs).

PROPERTY

14. The Volunteer Estate comprises MoD owned land/property and land/property owned by the RFCAs that has either been left to or held in trust by the RFCAs. However, MoD funds the facilities management of the Volunteer Estate (VE) that the RFCAs manage on behalf of MoD.

15. Historically, LF funded the facility management and DIO funded infrastructure, but in Apr 13 DIO assumed responsibility for all VE funding to the RFCAs. The RFCA Regulations 2009 currently omit Part 4 on Estates that provide the overarching MoD regulations on the management, maintenance of the Estate and Regionally Generated Income (RGI) accrued from use of spare capacity.

FUNDING

16. RFA 96 s 114 enables MoD to provide funds to the RFCAs to meet the necessary expenditure of an Association. For FY14/15 MoD provided £115.5M in the form of Grant and Grant-in-Aid to the RFCAs. The expenditure of these sums are regulated via 5 Service Level Agreements (SLAs) MoD places with the CRFCA:

- e. Navy: provide support on operations, for facilities management, support to Naval Cadet Forces and youth initiatives and community engagement
- f. Land Forces: For advice and services to support the TA, Cadets, community engagement, estate and personnel

⁴ Cabinet Office Propriety & Ethics Team direction DTG 041322 dated October 2007.

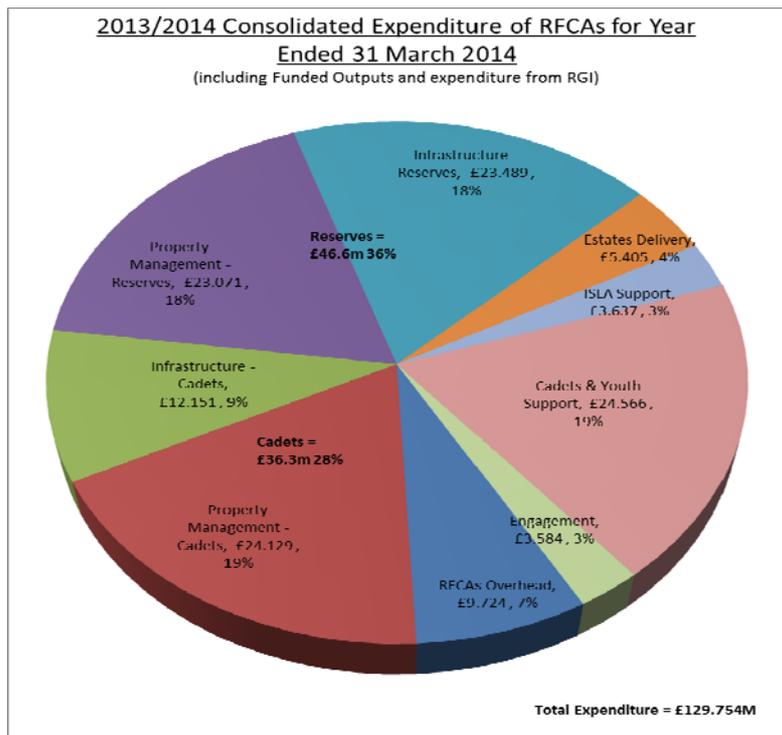
- g. Air: For advice and support on operations and infrastructure
- h. DIO: For Infrastructure (inc. health and Safety requirements)
- i. Employer Support: For National and Regional Support to Employers and Reservists for Training and Mobilisation issues and raising awareness with UK PLC on the benefits of employing a Reservist

GOVERNANCE

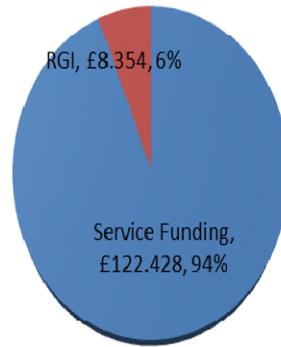
17. RFA 96 s117 make provision for the RFCA Regulations to be made, therefore they are classified as secondary legislation. In addition to RFA 96 and the RFCA Regulations 2009, MoD provides a governance structure to ensure the requirements and expenditure effectively managed and audited. The CRFCA Customer Board is chaired by ACDS R&C and meets bi-annually. The CRFCA CB sets the Strategic Direction for the RFCAs on behalf of the Defence council.

18. Army Resources Director (as Vice-Chair to the CRFCA CB) is the Senior Financial Officer for the RFCAs and issues the RFCA Financial Framework that the RFCAs are required to comply with for the expenditure of public money. PUS has also appointed CE CRFCA as the Accounting Officer for the RFCAs.

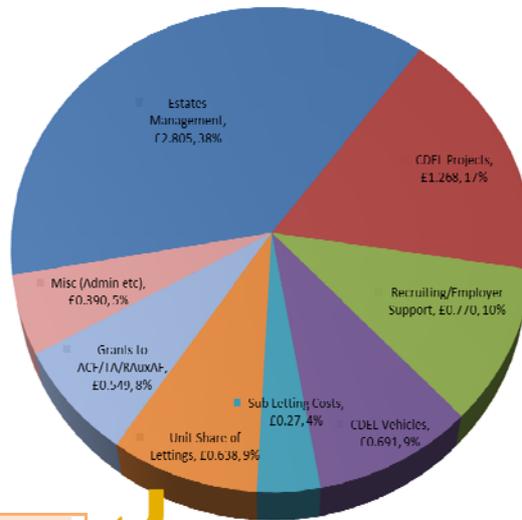
FY2013/14 Accounts - Consolidated Expenditure of RFCAs



2013/2014 Income Breakdown



2013/14 RGI Spend Breakdown



Unit Share of Lettings

ACF	£122K
ARC/UOTC	£471K
RMR/RNR	£25K
ATC	£17K
CCF	£3K

**Note: RGI figures have been adjusted to take into account actual vehicle sales rather than the gains and losses as recognised in the accounts.*

Graph Expenditure Area	What this covers in the Accounts
Property Management Reserves	The Estates Management and Capital Expenditure costs (Hard FM) attributed to the Reserves Volunteer Estate
Infrastructure Reserves	The Infrastructure costs (Soft FM) attributed to the Reserves Volunteer Estate
Property Management Cadets	The Estates Management and Capital Expenditure costs (Hard FM) attributed to the Cadets Volunteer Estate
Infrastructure Cadets	The Infrastructure costs (Soft FM) attributed to the Cadets Volunteer Estate
ISLA Support	The project costs of works on injured servicemen's living accommodation (detailed in the account as Payments to Welfare Association)
Estates Delivery	The Staff, Administration, IT & Comms, Transport & Movement and HR Support costs related to the delivery of the above five estates related delivery areas
Cadets & Youth	The Staff, Administration, IT & Comms and Transport & Movement costs of ACF support staff along with the ACF Consolidated & Travel grant, Band grant, RAuxAF Admin & PR grant and Recruiting Support expenditure.
Engagement	The Staff, Administration, IT & Comms, Transport & Movement and HR Support costs related to the delivery of Employer Support activities along with the costs of these Employer Support (SaBRE) activities.
RFCAs Overhead	The Staff, Administration, IT & Comms, Transport & Movement and HR Support costs related to the delivery of RFCA outputs (including the admin costs of CRFCA - CRFCA Payment) along with the Hard and Soft FM costs of RFCA offices/buildings.

ANNEX D - RFCA GOVERNANCE – DIA FINDINGS

Structure and Effectiveness – Boards and Committees

MOD

A framework was in place but not was operating fully as only the Customer Board met at the top level. Bi-lateral meetings between CRFCA Secretariat and TLBs were not held routinely to discuss outputs and performance. Regional RFCA Chairs attended the relevant Army Brigade meetings but it was unclear how performance was monitored or reported at these.

A MOD/CRFCA Governance Framework was defined but was not operating as originally designed. The top level Ministerial Board no longer met although it was still referred to in both the current (2009) and revised (2014) RFCA Regulations. RFCA Regulations did not properly reflect the Customer Board operation with regard to frequency of meetings or Board membership.

The Customer Board reviewed performance at year end through review of the CRFCA Annual Report and Accounts. RFCA Regulations, the RFCA Financial Framework and the Service Level Agreements all acknowledged that in year monitoring of performance was expected to be conducted through bi-lateral meetings between CRFCA and the TLBs. Bi-lateral meetings between CRFCA and the Army, Air Force, DIO and HOCs representatives had been held to discuss development of SLAs. There had been no bi-lateral meetings with Navy.

Regional Association Chief Executives attended their regional Brigade Command Boards. Minutes/Records of Decisions of meetings indicated that updates on key issues were provided although there was no specific measurement against KPIs or budget allocations.

CRFCA

A sound governance framework was in place. Some minor weaknesses in operation were evident.

The CRFCA governance framework was well defined, but detailed Terms of Reference differentiating the roles, responsibilities and exclusions of the Council and Council Board did not exist. There was no evidence of a Board Operating Framework to define how the Board should operate or interact with its sub-committees.

Council Board membership comprised the Chairmen of the 13 regional RFCA Boards. There was no evidence of designation of roles within the Board, excepting the Chair. Pen pictures in the Annual Report indicated a range of knowledge and experience within the Board relevant to operation of the business. As the Chair and all members of the Board were men, the Board was not representative of the diversity present within the Reserve

Forces. There was no evidence the Board undertook any formal assessment its own performance.

The Audit Committee had clear Terms of Reference; membership comprised a Chair and four members. The Chair and the other committee members held positions on regional RFCA Boards, although none had an executive position on the Council Board. This did not reflect current good practice as there was no wholly independent Non Executive Board Member (NEBM). The structure and membership of the Audit Committee was under review as part of succession planning for the end of tenure of the current Chair.

RFCA

An adequate governance framework was in place but its effectiveness was not tested.

The 13 regional Association frameworks were defined in Schemes of Association (SoA). These were common in format but had minor differences in content reflecting necessary regional variations. Membership of the regional Associations was defined in the SoA. There were minor variances in the number of members in an Association but these again reflected regional requirements.

Schemes of Association were subject to formal review every 5 years. The next review was due to report for April 2015, and action had already been undertaken to initiate it. It was noted that the SoA review was undertaken internally by RFCAs and did not appear to have formal external input or comment.

As autonomous bodies, each regional RFCA had established its own governance framework of Board and sub-committees. Each had a formal Association Board with sub-committees for finance, estates and personnel as a minimum. Each regional RFCA had established Terms of Reference for its Board and sub-committees. Minutes of meetings obtained indicated that Boards and committees met regularly although the effectiveness of the framework beyond this was not tested.

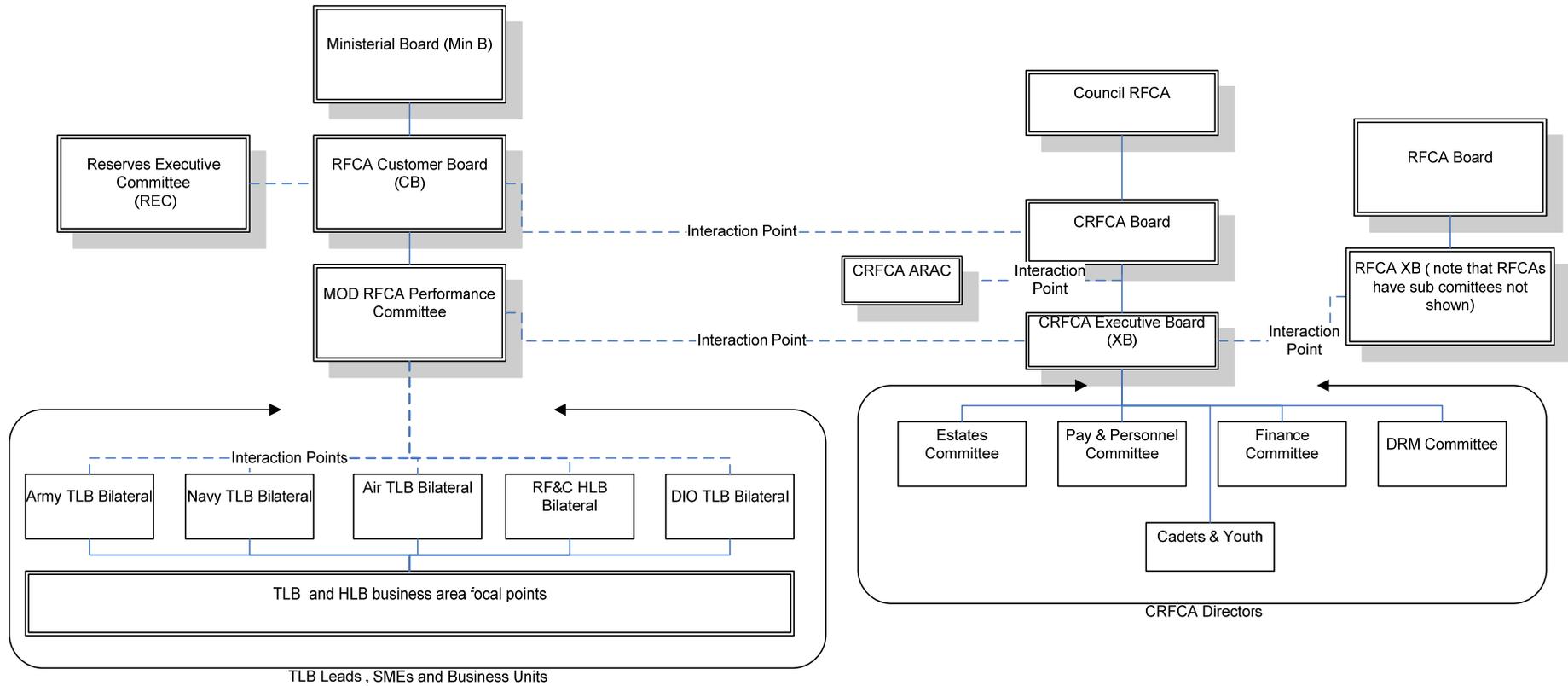
ANNEX E - RFCA SLA DEVELOPMENT PLAN

MOD/CRFCA Service Level Agreement Re-development

ID	Service Level Agreement Development	2015												2016												2017												2018			
		Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
1	Review RFCA Review Findings	█																																							
2	TLBs deconstruct and redefine SLA requirements	█																																							
3	TLBs draft new SLAs	█																																							
4	RF&C/TLBs bilaterals with CRFCA													█																											
5	SLAs Agreed and signed by TLB Owners & CE CRFCA													█																											
6	CRFCA Business Plan Prepared													█																											
7	CRFCA Business Plan noted by CB													█																											
8	Financial Planning ABC 18 and FY 2016/17													█																											
9	Version 1 SLAs Active																									█															
10	TLBs review 2017/18 SLA tasking requirement and SLA SLA bilaterals with CRFCA and mid point performance review (3 and 4 above)																									█															
11	Version 2 SLA Agreed																									█															
12	CRFCA Business Plan & Financial Planning (6-8 above)																									█															
13	Version 2 SLA Active																									█															
14	TLBs review 2018/19 SLA tasking requirement and SLA SLA bilaterals with CRFCA and mid point performance review (10 above)																																					█			
15	Version 3 SLA Agreed																																					█			
16	CRFCA Business Plan & Financial Planning (as 12 above))																																					█			
17	SLA Version 3 active																																					█			

ANNEX F – RFCA FUTURE GOVERNANCE PLAN

MOD – COUNCIL RFCA (CRFCA) AND RFCA GOVERNANCE STRUCTURE



MOD AND CRFCA REGULAR MEETINGS BATTLE RHYTHM - PROPOSED

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

MOD Lead - CRFCA attend

Min B - currently in abeyance (REC use TBD)												
Customer Board (MOD lead)												
Reserves Executive Committee (MOD Lead)												

Joint MOD/CRFCA

MOD/CRFCA 1/4ly Performance Reviews												
MOD/CRFCA SLA Planning Bilaterals												
MOD /CRFCA Financial Scrutiny & Planning												

CRFCA Lead - MOD attend

Council RFCA												
CRFCA Board												
CRFCA Exec Board												
CRFCA Audit Committee*												

* dates of ARAC as planned for 2015 – future timings to be reviewed

ANNEX G – REFERENCES

HM Treasury – Managing Public Money – HMSO – Jul 13
Cabinet Office – Corporate Governance in Central Government Departments: Code of Good Practice 2011 – Jul 11
Cabinet Office Advisory NDPBs: Corporate Governance Arrangements – Dec 12
National Audit Office – Corporate Governance in Central Government Departments: Code of Good Practice 2011 – Compliance Check List – Mar 12

Reserve Forces Act 1996 Chapter 14
RFCA Regulations 2009 – 8 Dec 08
RFCA Regulations 2014 (undated final Draft)
RFCA Grant and Grant in Aid Financial Framework Vers1 Sep 13
Land Forces Service Level Agreement Edition 4 (212/13) 10 Jul 12
Flag Officer Regional Forces Service Level Agreement 2012/2013 dated 1 Apr 12
HQ Air Command Service Level Agreement dated 1 Apr 11
ACDS R&C Service Level Agreement V2.3 dated 23 Jun 14
DE Service Level Agreement – RFCA Alexander Implementation Version 0.4 dated 4 Apr 07

RFCA Constitution 2010
RFCA Schemes of Association x 13
CRFCA Corporate Plan FY14/14 – FY17/18 dated 18 Mar 14
CRFCA Business Plan – FY 14/15 dated 19 Mar 14
CRFCA Standing Administrative Instructions (CSAIs) dated 4 Apr 14
RFCA Standing Financial Instructions Version 3 – Dec 12
Symphony Access and Permissions Policy Version 4.3 - 7 Sep 07
CRFCA Annual Report and Accounts 2013/14
RFCA Annual Report & Accounts – 13/14 x13
RFCA Staff Regulations 2010
CRFCA – Internal Review – 14 Dec 05

RFCA Customer Board RODs – Sep 13 and Feb 14
CRFCA Council Minutes 21 May 14
CRFCA Board RODs 31 Jul 14
CRFCA XB RODS – Jan 14, Apr 14 and Jul 14
CRFCA Audit Committee Minutes – Jun 14, Sep 14 and Oct 14
CRFCA Top Level Risk Register – Vers 1 Apr 14 and Vers 3 Oct 14

CE CRFCA Letter of Appointment as RFCA AO – dated 11 Oct13
CE CRFCA Letter of Financial Delegation – dated 23 Oct 13
13 x RFCA CEs letters of delegation – May 13
4 x CRFCA Director Letters of Delegation – 16 Sep 14
Regional RFCA Management/Business Plan x 10
Regional RFCA Council Meeting Minutes x 1
Regional RFCA Board Meeting Minutes x 5
Regional Risk Register x 1
Bde GOC Comd Group Meeting Minutes x 3

ANNEX H – KEY FINDINGS & RECOMMENDATIONS

KEY FINDINGS

General

- The national and policy context for reserves and cadets has changed significantly since the RFCAs were last reviewed in 2005. (2.7)
- FR20, the Army Reserve recruiting surge, the Cadet Expansion Programme and the Defence Youth Engagement Review have all placed significant demands on the Reserves and Cadets arena. (2.7)
- A diminishing regional Defence footprint demands a renewed emphasis on how MOD interacts with society and demonstrates its utility and efficiency at national, regional and local levels. (2.8, 3.10)
- The key feature of this interaction with society needs to be sustained and intelligent relationship management by MOD with local employers and families, typically related to Reserve service and cadet activities, using an attractive and resourced volunteer estate. (2.8, 3.11)
- The 5 current Service Level Agreements (SLAs) between the CRFCA and its customers, and the associated management information, all needed early improvement. MOD and the Services needed to be clearer in articulating what they sought from the RFCAs. (3.2)
- Increasing focus on the 'Whole Force' within a tight fiscal environment can only reinforce the need for, and benefit to Defence of, independent advice on Reserves and cadet activity. ALB 'independence' can, of itself, cause tensions at times but should be constructive. (3.4, 3.6)
- None of the Services sought any major change to the RFCAs' current activities in delivering their 4 key tasks: Volunteer Estate; Employer Support/Engagement; Recruiting Support; Youth and Cadets. Concern was on how the RFCAs were governed in their activity. (3.8, 3.9)

Youth & Cadet Activity

- RFCAs provide external scrutiny for Reserve activity, their association with youth and cadet organisations was not similarly exploited. (3.12)
- Scope for RFCAs to provide a more active coordinating role amongst cadet bodies. (4.3)

Infrastructure

- Stakeholders were unanimous in seeking appropriate MOD funding for the volunteer estate to deliver what it seeks from Reserve Forces and Cadets. (3.13)

- Stakeholders were very supportive of RFCAs' performance in infrastructure support – providing a service that was agile, good value and delivered tangible effect for FR20 and youth activity. (3.14)
- Previous issues with the RFCAs, concerning the Volunteer Estate, had made some in DIO view that their ALB 'independence' was incompatible with estate delivery roles. (3.15)
- The ACO is keen to use RFCA for its A4 support, given the drawdown in regular RAF footprint. (4.3)
- Almost all accepted that the Defence estate should be seen and managed as a whole; the RFCAs' "ownership" of the Volunteer Estate was not viewed as being a bar for future maintenance solutions. (4.4)
- The DIO VfM Review outcome may not be clear cut and full transfer of the reserve/cadet estate to the new DIO contract may also not be appropriate for DIO's contractors. (4.5)
- Appropriate risk balance may be possible with 'good enough' VfM between DIO and the RFCAs sharing the delivery of the estate. (4.5)

Veterans

- RFCAs' network of employers, Authorities, OGDs and charities could be further exploited - especially in England - to assist in signposting and delivery of veterans' support as part of both the Covenants. (3.17, 3.18)

RFCAs' Organisation

- The RFCAs' organisation into 13 regions appears reasonable – further rationalisation would almost certainly degrade MOD's engagement with society, given the geographical size of each region. (4.9)
- The organisational structure of each RFCA region appeared appropriate and teams were judged to be 'running hot'. (4.10)
- The major contribution of the volunteer RFCA membership in helping MOD achieve its tasks remains unsighted by the wider Defence community. This potentially contributes to misconceptions about RFCAs and their role. (4.11, 4.12)

RFCAs' Image and Place in Defence

- RFCAs are not well-known or understood within Defence. (4.14)
- There is an 'image problem' for the RFCAs with some of their customers – this is born of previous issues and some "urban myths" also endure. Things are clearly improving, though, as time passes. (4.18 - 4.21)

Delivering Value for Money

- Lack of detail on previous outputs required by customers, and lack of historic output costings, makes a detailed VfM judgement difficult. (4.1)
- Delivery of several key tri-Service outputs was being achieved within the overall Army budget, given from Defence, but were not identified; it was thus very hard to 'hold the RFCAs to account'. (4.1)
- Potential for the existing RFCA support staff for the ACF to absorb regional support to the ACO. (4.3)
- Whilst wholesale commercial delivery might appear superficially attractive to some, as ALBs, the RFCAs' independence, with staff as Crown Servants having the necessary background and an enduring local position, were key requirements for those undertaking such duties. (4.22)
- Greater centralisation of infrastructure resource might be possible within CRFCA, leaving delegated delivery (and less local administration) to the regions. (4.24)

Governance

- MOD Boards & Committees Framework in place but needs reviving. (5.2)
- MOD/CRFCA Governance Framework defined but not operating as originally designed. The top level Ministerial Board no longer meets. (5.2)
- Customer Board reviewed performance at year-end through review of the CRFCA Annual Report and Accounts. No evidence that in-year monitoring of performance was effectively conducted between CRFCA and the TLBs. (5.3)

Financial Management

- MOD Framework in place but needs reinforcing. (5.6)
 - No evidence seen that detailed evaluation of annual funding requirements occurred in planning rounds, or that in-year performance was actively monitored.
 - Despite SLAs stating performance against KPIs and budgets would be monitored through quarterly meetings, there was no evidence this was done.
- CRFCA Framework in place. (5.9)
 - RFCA Financial Standing Instructions supplement the RFCA Grant and Grant in Aid Financial Framework issued by MOD and set out a clear framework of policies, rules and guidance for the management of public funds granted to the RFCAs, and for income generated from the Volunteer Estate.

- CRFCA and RFCAs had Financial Management or Accounting Boards to monitor and manage in year budgets and future financial planning.

KEY RECOMMENDATIONS

- The Arms Length Body (ALB) status of the CRFCA and RFCAs should be maintained as this enables them to provide an essential 'external' perspective for the MOD of its Reserve and cadet activity.
- CRFCA's lack of 'legal status' should be addressed when the next legislative change opportunity presents.
- A clearer 'Regional Agenda' is needed for Defence to confirm the connection of the Armed Forces with society at a regional and local level.
- RFCAs' network and strong local communication linkages are key assets for MOD in its regional engagement and should be further exploited.
- Opportunities for improvements in governance, financial and risk management, and operation of internal controls should be taken forward as part of a reinvigorated approach agreed with the Centre, DIO and the Services in the coming months. (Proposed outline plans are at Annex E and G.)
- MoD could further widen its regional engagement with society using the RFCAs' mandate to deliver engagement services as the single point of contact for regional employers on behalf of defence.
- **New Task** - CRFCA should undertake an annual external assurance and scrutiny role for MOD of its youth & cadet activities, as it already does for Reserves, as a result of DRA(14).
- CRFCA and the RFCAs should continue to be an integral part in supporting and sustaining the MOD youth and cadet forces, where shown to be VfM, using their extensive local knowledge and stakeholder network.
- RFCAs should provide an even greater coordinating role amongst cadet bodies.
- The capacity of existing RFCA ACF support staff to absorb regional support to the ACO should be examined.
- The defence estate should be seen and managed as a whole - appropriate funding and the recycling of rationalization receipts will also enable a successful start to any revised management of the volunteer estate under FR20.
- CRFCA and the RFCAs should continue to be an integral part of MoD infrastructure management and support, where shown to be VfM, using their extensive local knowledge and stakeholder network.

- RFCAs' agility and local knowledge should be exploited by DIO, not only in the delivery of infrastructure support, but also in assisting DIO as an 'Intelligent Advisor' in managing future estate rationalisation and improvements.
- The ability of RFCAs to apply local pressure with Local Authorities to maximise rate rebates should continue to be exploited & incentivized.
- RFCAs' "ownership" of the volunteer estate should be progressively tidied up as future estate rationalisation or other events demand.
- **New Task** – RFCAs should provide a tri-Service input to MOD's Veterans Advisory & Pension Committees and also take a more prominent role in facilitating regional covenant activity as required.
- Internal RFCA establishment review needed following confirmation of the scope of the RFCAs' tasks, using the outcome of this and the two other reviews, next spring.
- Any estimated savings in back office functions would be better achieved, and at lower risk, through internal RFCA efficiency measures. Candidate areas should be taken forward by CRFCA as part of any work to revise the RFCAs' establishments.
- Improved and sustained internal communication is needed within MOD, especially the single Services, to ensure that the RFCAs' role, status and capabilities to assist in delivering Defence outputs is properly understood.
 - Designate commanders, those entering regional staff roles and the broad body of HQ staff officers are the priority audience.