



Annual Report

2018/19

CHAIRMAN'S REPORT

INTRODUCTION

This has been a busy and positive year and the Association has worked determinedly to deliver its responsibilities in a climate of reducing budgets and increasing workload.

The Chief Executive and his team at Seathwood, through hard work, inventiveness and a willingness to embrace change have continued to ensure that we are an exemplar in delivering the needs of the Armed Forces and Cadets across the Highlands of Scotland.

At this year's Annual Association Meeting in Perth I reported that the Engagement and Outreach sub-committee would come into being in April and be headed up by Gp Capt Dr David Caddick.

This is the result of some 18 month's work undertaken by the HRFCA Executive Board to develop a policy and a course of action to broaden the composition of the Association's membership so it better reflects the society from which our Reserves and Cadets are drawn.

The Engagement and Outreach Committee will support the Armed Forces in progressing their own diversity and inclusion agendas, whilst assisting in opening wider areas of society to recruiting and support to the Armed Forces.

The HRFCA Membership has a key role in supporting this activity, and I would appreciate Members leaning into this through the Area Committees and assisting in identifying potential Association Members from diverse backgrounds.

This year we say goodbye to five stalwarts of the Executive Board; Colonel Jim Kinloch (Vice Chair Army), Colonel Martin Passmore (Vice Chair Cadets), Major Donald Elliot (Eastern Area Chair), Graham Struthers (Regional Employer Engagement Group Chair), and Wing Commander David Caddick, who stood down as Vice Chair Air, and was elected as the Chair of the Engagement and Outreach Committee.

HIGHER LEVEL CONTEXT

The reorganisation of RFCAs following the Paterson Report in 2014 is now complete. Within HRFCA it required one member of staff to be made redundant and a small number of others to have their job descriptions adjusted.

One key change is that our Inverness office is now an estates office headed up by a professionally qualified estates officer; the other functions that used to be discharged by the Assistant Chief Executive in Inverness have moved to the enlarged Engagement team in Dundee.

I would like to recognise and thank our Staff's patience and fortitude during this process which, due to the uncertainty of whether the change would be adequately funded, caused a degree of understandable anxiety.

We are under review again. This time it is a Tailored Review of the RFCAs who, in accordance with new rules for Arms Length Bodies, must undergo a Cabinet Office directed review once in the term of each Parliament.

Led by a senior civil servant, it will consider if we remain necessary, if we are producing good value for money and also consider if there is more we can do for Defence. It will report in November 2019 and I am confident we will be able to put a strong case and the evidence of the very real value we bring to Defence.



HRFCA Chairman Nick Dorman.

We also say goodbye to Dai John who retired in May after four years as Head of Engagement.

The Association has been fortunate to have enjoyed their significant contributions and support and I thank all of them for the considerable amount of time and energy they have given to the Highland Reserve Forces' and Cadets' Association.

Despite the fact that the Secretary of State obtained some short-term relief for Defence in the Chancellor's last Budget announcements, Defence continues to face very large efficiency targets over the next nine years or so.

The area where this most significantly impacts on us is in the maintenance of the Reserve and Cadet Estate, which I will cover later.

On a positive note, the RFCAs received a £3.2M injection of funding from Headquarters Regional Command at the end of the last financial year, which allowed the Council of RFCAs to buy out the 3% cut to this year's Grant in Aid allocation, fund the small staff redundancy programme and fund, amongst others, a proper disaster recovery backup for our IT system.

At the end of January the Secretary of State announced some amendments to the Defence Basing Strategy.

In Scotland the only two changes announced were an acceleration by two years to 2020 of the date 51 Infantry Brigade moves from Stirling and confirmation that it will move to Edinburgh, not Leuchars. And, secondly, a delay in the disposal of Redford Barracks from 2022 to 2025.

We still await details of the planned closure of Rosyth in 2022, which remains a concern for us as there are RNR, RMR, Sea and Air Cadet Units within the MOD Caledonia site.



July 2018 – Cadets from the Argyll and Sutherland Highlanders visited Strensall for their annual summer camp.



30 June 18 – Sea Cadets being inspected at Stirling Military Show.



28 April 18 – Cadets at the ACFA Beating Retreat on the Esplanade at Edinburgh Castle.

CADETS MATTERS

Over the year Cadet numbers have held up pretty well and the Sea Cadets have been successfully growing year on year. The 42% cut to the ACF operating cost budget was thankfully not repeated this year and Air Cadet funding also remains stable.

This year saw another successful set of Cadet camps in Scotland and the north of England. In addition to visits by the CE and DCE, some Board members visited the camps of 1 HLDRS ACF at Otterburn, and the Sea and Marine Cadet camp at Garelochhead; all came away very impressed having witnessed the value of the Cadet Experience.

Last year we reported that the Government's Cadet Expansion Programme had almost reached its numerical target in Scotland and that we were not anticipating any further Linked Detachments in our area. However, as a result of quick work by our Engagement and Cadet and Youth staff with HQ 51 Inf Bde we managed to get Beath High School approved for the programme in the final round of approvals. This is the third in our area, joining the ACF detachment in Fife and a Sea Cadet detachment in Dundee.

All three Cadet organisations now benefit from Scottish Vocational Qualifications and we continue to develop the accreditation syllabus. Vocational qualifications were the theme

of the Tri-Service Cadet Beating Retreat at Edinburgh Castle in April where Richard Lochhead MSP, Minister for Further Education, Higher Education and Science was the principal guest. In addition, the Board of HRFCA has agreed to fund SVQ Ambassadors, to help raise awareness of the awards amongst the cadet organisations.

Cadet Piping and Music continues to be a major feather in the cap of our Cadet organisations. The Beating Retreat on the Esplanade of Edinburgh Castle gets bigger and dare I say better each year. The Tri-Service Cadets Pipes and Drums provided the music for the Royal Gun Salute at Stirling Castle and Beat Retreat on Horseguards in London. The Military Band of The Black Watch provided the musical accompaniment for the Royal Gun Salute at Stirling this year and HRFCA continues to subsidise Cadet music in all forms.

Safeguarding remains a key focus of activity with our Cadet Executive Officers providing the first line of support to the ACF volunteers. This support is only one person deep and the absence on sick leave of a CEO during his battalion's annual camp reinforced its fragility. We have been raising the issue with the Council of RFCAs and the chain of command for some time now and can now report that the Army is on the verge of introducing a centralised safeguarding casework team, similar to that of the other Cadet organisations.



28 June 18 – Wood PLC signed the Armed Forces Covenant at Edinburgh Castle.

ENGAGEMENT

Employer Engagement is a vital aspect of our wider engagement activities and remains subject to close scrutiny and direction from the Defence Relationship Management organisation in London. Notable Employer Engagement developments include:

- New Measures of Effectiveness for each of our Employer Development accounts. We recently topped the pan-RFCA league table in two of the four areas being measured.
- The remit of the Scottish Regional Employer Engagement Board has expanded to include all regional engagement activity, better reflecting the broader engagement requirements of the single Services.
- In November last year we launched the ChamberFORCE initiative, a one year pilot project designed by our Regional Employer Engagement Director Michelle McKearnon, to make the most of the networks offered by Chambers of Commerce and encourage routine liaison between Chamber members and local Reserve units. Initial results are very promising.

Changes to the Employer Recognition Scheme nomination process last year resulted in a predicted drop in submissions for silver and gold awards, however the numbers are picking up again. We were delighted to see NHS Orkney achieved gold and they were presented with their certificate by the Earl of Wessex at a ceremony in Lancaster House. Thanks to the support of the Governor, Maj Gen Mike Riddell-Webster, the silver awards

dinner again took place in Edinburgh Castle. We are currently actively engaged with over 200 employers, including the 64 on our Development Account list.

We have led or been involved with multiple civil or community engagement activities since the last Report including Exercise EXECUTIVE STRETCH, Royal Gun Salutes, Armed Forces and Reserve Days, the Stirling Military Show – where guests included the new Scottish Veterans' Minister Mr Graeme Dey MSP and Minister for the Armed Forces Mr Mark Lancaster MP, numerous ship visits and sea days, hosting at the Royal Edinburgh Military Tattoo, and Exercise MINI STRETCH, a new one-day event for employers held at HMS SCOTIA; the pace of engagement continues to expand, and is very much a good news story.

On the Media and Comms front we continue to produce a range of publications and leaflets. We maintain a very active social media and online presence via Facebook, Twitter and the website, with reach and readership ever expanding. Rather excitingly, for those of you who know what this stuff means, we had a total of 400,000 Twitter Impressions over the past 12 months!

Our three area committees held well attended meetings at RAF Lossiemouth, Arbroath and Stirling Army Reserve Centres last autumn, introducing some added variety: the Northern meeting included a Station tour and visit to 2622 Sqn RAuxAF, the Eastern meeting provided a Light Gun and fire control simulator demonstrations courtesy of 212 Battery, and the Southern meeting focused on diversity with insightful and relevant briefings, including from the Royal Navy's outreach team.

21 November 2018 – The ChamberFORCE initiative was launched at Dundee City Chambers by the city's Lord Provost Ian Borthwick (pictured centre), beside HRFCA Chief Executive Brigadier Mark Dodson.



THE ESTATE



Works at Kilsyth ACF hut (from left) during and after completion; and with happy Cadets in their new home in June 2018.

We have worked through an eighth year with no preventative maintenance allocation from DIO.

Our reactive maintenance allocation has reduced from £765K three years ago to £548K now. We remain fully funded to conduct Statutory and Mandatory Inspections and Tests (SMIT), but this year found ourselves using 27.5% of the reactive maintenance allocation to rectify issues arising from SMIT. We are directed to only repair work that impacts on wind and watertight, health and safety, security, or operational outputs. Any other work joins a backlog of 843 tasks totalling £5.46M to be completed when funds become available.

On a more positive note, towards the end of the financial year we received £400K from the Royal Navy to carry out refurbishment works to the units at Strathmore Avenue, Dundee and Gordon Barracks, Aberdeen. In December we received an additional £174K from DIO to clear some of the unfunded reactive maintenance and works arising from statutory inspections and this ensured we had sufficient reactive funds to see us through to the end of the financial year; we would have run out in January otherwise.

The Army had a slightly better funded Local Infrastructure Improvements Fund this year and £42K was spent on small projects at seven Army Reserve Centres. In March, two weeks before the end of the financial year, we received approval to spend £178.5K from Chief of Defence People's budget for recruitment and retention related works for 11 Army Reserve Centres which will be delivered in the coming period. We also received direct funding from other sources for two small

projects: £15K from LIBOR to create a new drying room in Dingwall Cadet Training Centre and £50K from Sandhurst for betterment works for Aberdeen UOTC in Gordon Barracks.

The positive story continues to be our ability to reclaim and then reinvest non domestic rate rebate on Cadet properties back into the Cadet estate. This year the estates team have completed 19 refurbishment projects at locations across the Highlands at a cost of £534K. A further £100K was held back to pay for reactive tasks on the Cadet estate once normal funds had run out, which they did in November until the additional DIO funding arrived in December.

I reported last year that we had funded work to have a low cost, modular build, drop in Spooner Cadet hut replacement designed. The programme is currently out to tender for two sites in Newport and Bo'ness and, depending on the success of these two, we have scheduled Banff to be replaced later in the year and Mastrick in 2020.

In February the Board endorsed an outline programme for rate rebate funded work on the Cadet estate for this coming FY which sees us spending up to £1.05M on the three Spooner hut replacements, £430K on a further 18 ACF hut improvements, and £81K on three ATC hut improvements, with a further £100K held back to deal with reactive maintenance shortfalls.

We inch towards the rebuild of Bruce House in Dunfermline. The tender documents were returned in late April and we hope for a Main Gate Business Case submission in July 2019 – a slippage of six months. Despite this we continue to receive assurance that the funding for this important £4.4M project will be made available.



November 2018 – The external refurbishment of Rosyth ACF before, during and after the works.





FINANCE

Our accounts were externally audited in April and presented to the Executive Board in early June.

The consolidated account and balance sheets are enclosed. Of note, the figures show we have carried forward a larger sum of NDR rebate than normal because of the deferral of the Newport and Bo'ness replacement hut projects.

The consolidated account sheet for FY 18/19 is shown on the opposite page. Income from our stakeholders (MOD for employer support, DIO for estates management and the three Services for Reserve and Cadet administration and certain estate projects) totalled £7.213M, an increase of £92K on the previous year.

Our Regionally Generated Income amounted to £977K, with all less £101K coming from rate rebates on Cadet properties.

The general breakdown for consolidated expenditure and RGI expenditure is shown on the pie charts below.

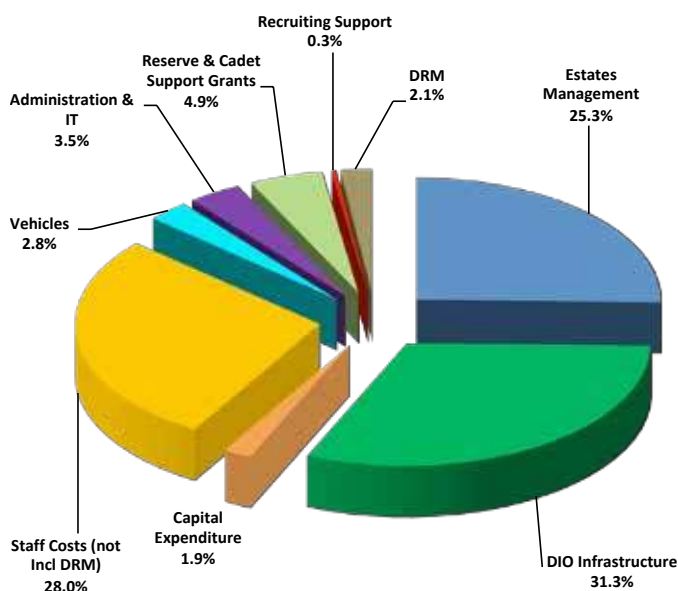
The Association disbursed £41K of Welfare Grants from RGI, £17K to Cadet units and £24K to reserve units in the last year, the main categories of expenditure being Adventure Training (£13.7K), Welfare facilities or equipment (£27.1K) and Battlefield Tours (£0.2K). Through these grants we continue to make a real difference to our Cadets and Reservists in the Highlands. We hope that the sum available for this will grow in future as plans to earn more Regionally Generated Income from the estate mature.

HRFCA Consolidated Expenditure FY 2018/19

Estates Management	2,006,816
DIO Infrastructure	2,483,505
Capital Expenditure	149,100
Staff Costs (not Incl DRM)	2,220,000
Vehicles	218,922
Administration & IT	277,159
Reserve & Cadet Support Grants	385,763
Recruiting Support	25,757
DRM	163,143
	£7,930,164

Consolidated Expenditure FY 18-19

£7,930,164.24

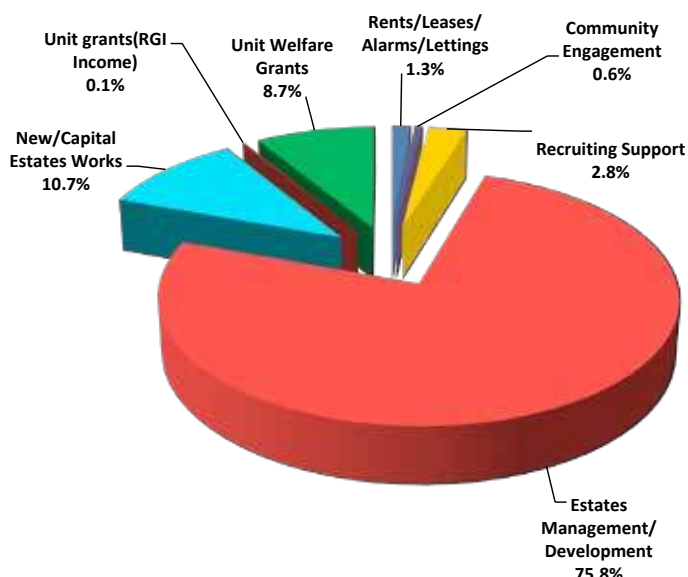


HRFCA Regionally Generated Income FY 2018/19

Rents/Leases/ Alarms/Lettings	6,311
Community Engagement	2,882
Recruiting Support	13,341
Estates Management/Development	356,002
New/Capital Estates Works	50,056
Unit grants(RGI Income)	400
Unit Welfare Grants	40,889
	£469,882

RGI Expenditure FY 18-19

£469,881.96



INCOME & EXPENDITURE 2018/19

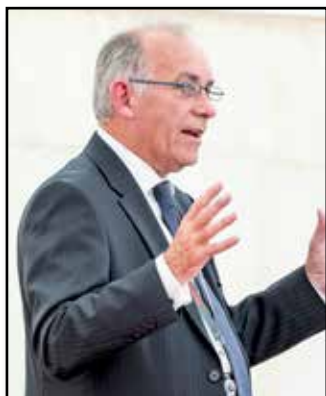
INCOME				EXPENDITURE			
RAC	Detail	£	£	RAC	Detail	£	£
REGIONALLY GENERATED INCOME				ESTATES MANAGEMENT			
RMB001	Rent Receipts - Land	0.00		NDA002/SMI	Statutory & Mandatory Inspections	332,394.10	
RMB002	Rent Receipts - Buildings	82,143.76		NDA002/SMT	Statutory & Mandatory Tests	0.00	
TPA001	Bank Interest	14,085.19		NDA002/SMW	Statutory & Mandatory Works	228,150.84	
RNA003	Receipts - Misc	875,501.64		NDA002/PMP	Planned Maintenance - Preventative	0.00	
	Sub Total		971,730.59	NDA002/PMG	Planned Maintenance – Grounds	101,183.64	
				NDA002/PML	Planned Maintenance – Life Cycle	6,219.13	
				NDA002/RME	Reactive Maintenance – Emergencie:	0.00	
REGIONALLY GENERATED INCOME				NDA002/RMR	Reactive Maintenance – Routine	758,810.33	
RAA000	Sale of Land & Buildings	0.00		NDA002/IW	Incidental Work	0.00	
RBA001	Sale of Vehicles & Other Equip	0.00		NDA002/LC	Life Cycle Replacement	0.00	
RLB017	Receipt - Employer Support Events	0.00		NDA002/CG	Condition Grade Improvement	0.00	
RLB018	Receipt - Recruiting	0.00		NDA002/MNW	Injections / Projects RDEL and MNW	389,191.28	
RAA004	Gains on Sale of Vehicles	5,609.89		NPB025	Prof Fees/Ext Assistance	190,866.36	
	Sub Total		5,609.89	NEA001	Works in Aid of Disposal	0.00	
	TOTAL INCOME		977,340.48		Sub Total		2,006,815.68
FUNDING SUMMARY				CAPITAL EXPENDITURE			
QEA013	CRF - RFCA Grant-in-Aid	2,962,640.20		BAX000	Land & Buildings	0.00	
QCA003	CRF Grants To RF and Cadets (RDEL)	4,756.77		BFN080	Purchase of Vehicles	8,999.99	
QFA007	CRF - Vehicles	-5,859.02		BWC000	Assets in the Course of Construction	149,099.80	
QCA099	DIO - Infrastructure	2,193,191.00			Sub Total		158,099.79
RLB009	Defence Estates - Maintenance	1,098,082.00		STAFF COSTS			
RLB016/R	Defence Estates Projects - RDEL and	518,108.19		LJC001	Non Ind Civ Staff Pay	1,780,901.14	
RLB016/C	Defence Estates Projects - CDEL and	99,043.58		LPA001	Non Ind Civ ERNIC	177,851.82	
RLB011	DRFC (SaBRE)	163,142.82		LJD001	Civ Ind Staff Pay	126,337.48	
RLB012	Funding Sundry	1,946.40		LPB001	Civ Ind ERNIC	6,731.85	
RNA010	Fleet	0.00		LMZ001	Non PCSPS Pens Payments	225,927.47	
RNC000	Fleet CDEL	0.00		LKC001	Redundancy Payment	7,784.00	
RAF001	RAF RDEL	0.00			Sub Total		2,325,533.76
RAF002	RAF CDEL	0.00		INFRASTRUCTURE			
RNA011	RAuxAF	7,933.94		NAA000	Heating Oil	0.00	
RAF000	RAuxAF CDEL	0.00		NAB000	Gas	539.06	
QEB007	ATC (Input)	169,060.17		NAC000	Electricity	41,229.85	
QEB008	ATC RDEL	0.00		NAD000	Water & Sewage	3,393.11	
RNA007	ATC CDEL	0.00		NCA010	Estate & FM Accom Stores	101,734.46	
RNA012	Regionally Generated Income	0.00		NLA001	Energy Cons & Env Chge & Trade Wa	272,013.53	
NCA003	DInfra - RDEL	571.18		NBA005	Rates/NDR	1,939,246.00	
BWC080	DInfra - CDEL	0.00		NPA003	Sub -Letting Costs	2,552.72	
FA0001	Fixed Assets	0.00		NBA001	Rents/Leases/Alarms/Lettings	122,796.60	
	TOTAL FUNDING		7,212,617.23		Sub Total		2,483,505.33
				IT & COMMS			
				NNA010	IT Minor Equipment HW/SW	46,531.99	
				NNA002	IT Maintenance Services & Contracts	9,903.34	
				NNA004	Line & Tel Rental	34,093.31	
					Sub Total		90,528.64
				TRANSPORT & MOVEMENT			
				PSA002	Lease of Vehicles	4,500.00	
				PVA007	Vehicle Maint	25,980.28	
				PBA001	Fuel (Non Utilities)	119.51	
				BTDO00	Depreciation	174,022.84	
				RAA005	Loss on Sales of Vehicles	7,319.40	
					Sub Total		211,942.03
				RECRUITING SUPPORT			
				NFA002	Employer Support	41,191.54	
				LBW005	Recruiting Support	25,757.21	
					Sub Total		66,948.75
				RESERVE AND CADET SUPPORT			
				QCA002	CRFCA Payment	91,237.00	
				QCA004	Payments to Welfare Assoc	571.18	
				PDA002	ACF Operating Costs	290,523.32	
				NKA002	AR Band Operating Costs	3,431.19	
				QEB025	RAuxAF Admin & PR	0.00	
					Sub Total		385,762.69
				ADMINISTRATION			
				NKA001	Office/General Administration	79,690.79	
				NGB002	Education/Training	7,724.78	
				NPB001	Professional Fees	12,970.80	
				NPA001	Legal Costs	24,446.20	
				NQA001	Insurance	1,090.51	
				PDD003	Travel & Subsistence	66,806.49	
				NJA001	Entertainment	0.00	
					Sub Total		192,729.57
				HR SUPPORT			
				LKA011	HR & Recruiting - Civilian Assoc Staff	8,298.00	
					Sub Total		8,298.00
TOTAL INCOME			8,189,957.71	TOTAL EXPENDITURE			7,930,164.24
DIFFERENCE			259,793.47				0.00

HIGHLAND RFCA BALANCE SHEET 2018/19

FIXED ASSETS	£	£
Investments	0.00	<u>0.00</u>
NON CURRENT ASSETS		
Vehicles (BFN081)	1,394,982.23	
Accumulated Depreciation (BTD001)	-657,762.17	
		<u>737,220.06</u>
CURRENT ASSETS		
Current Account	2,756,600.99	
Deposit Account	0.00	
Petty Cash	145.41	
Sundry Debtors	396,546.70	
Amounts Paid In Advance	71,954.54	
Due From MOD	0.00	
		<u>3,225,247.64</u>
CURRENT LIABILITIES		
Sundry Creditors	13,827.67	
Contras	0.00	
CIS Tax	0.00	
Accruals/Deferred Payments	525,336.52	
Advance Receipts	1,077,229.47	
Due to MOD	0.00	
		<u>1,616,393.66</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>2,346,074.04</u></u>
FINANCED BY		
Capital Reserves Brought Forward	879,391.09	
General Reserves Brought Forward	1,206,889.48	
Excess Income/Expenditure	259,793.47	
Suspense	0.00	
		<u>2,346,074.04</u>



18 Feb 2019 – Employers visited 7 SCOTS at Barry Buddon.



Outgoing Executive Board members (clockwise, from top left) Colonel Jim Kinloch, Colonel Martin Passmore, Major Donald Elliot and Graham Struthers.



July 2018 – Cadets from 1 Highlanders visited the battlefields, memorials and cemeteries of Ypres and Vimy Ridge in Belgium and France. They are pictured at the Menin Gate.



11 October 2018 – The HRFCA Eastern Area meeting was held at 212 (Highland) Battery's Army Reserve Centre in Arbroath.

CONCLUSION

Our strategy and efforts in Outreach, Engagement and Diversity is leading the way of the other Associations and I believe that this will be a defining change for good. Against stiff financial headwind our estates team continue to deliver and our work with Cadets is making a real difference to individual's experiences, development and life chances.

Your Association is in good health and its work is acknowledged and appreciated by the Reserves and Cadets in

the Highlands. Finally I thank the Membership for its continued guidance and support.

Captain N R V Dorman RD RNR

Chairman

Highland Reserve Forces' and Cadets' Association



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