

Annual Report



2019/20

CHAIRMAN'S REPORT

INTRODUCTION

The team at Seathwood have had a busy year delivering to the Reserve Forces and Cadets whilst being the catalyst for Defence engagement across the Highlands.

Whilst some projects have been postponed due to the Covid-19 outbreak and its unprecedented consequences, we have continued to do the core activities that keep our estate safe. Our staff have risen to the occasion and have shown flexibility and an exemplary can-do attitude as we moved rapidly to work in different ways. We are on a firm footing to seamlessly transfer back to normality later this year.

During the report period we built our first modular cadet hut in Newport which was an extraordinarily successful venture both in cost and speed of build. Now that we have proved this concept it will become an enduring model when renewing our cadet estate and one we are sharing across all the Associations. This could not have been done without the vision and hard work of our Estates team led by Fraser Kennedy, very well done and thank you.



HRFCA Chairman Nick Dorman.

Deferring the Annual Association Meeting was unfortunate, and apart from having an excellent line-up of external speakers, there were significant matters to update you on and to discuss. Chiefly was the recent acceptance and publication by Defence of the Tailored Review of the RFCAs. It remains unclear what gains

will come from the Tailored Review and whether they will be proportional to the work required to implement. Whilst there is more narrative on this later in the report, we are currently counselling Defence to be mindful that change must add to effectiveness and value for money, and that Government should welcome empowered local expert volunteers who get stuff done.

Our budgets remain tight and we cannot do all that is needed or we would want; indeed, we are expecting further pressure as the Country pays its way out of this period of national crisis.

However, we do have a positive story to tell and much is being done across the Association; this is a demanding period for us, and we are particularly fortunate to have the experience, drive and wisdom of our Chief Executive Mark Dodson to lead our team forward.

HIGHER LEVEL CONTEXT

Covid-19 has affected all aspects of HRFCA's work and life since 23 March.

95% of our staff have been working from home, all cadet face to face training has ceased with weapons centralised and secured. Engagement with employers has switched from generating more Armed Forces Covenant signatories and Employer Recognition Scheme members to providing Employer Support to those employers who have had staff mobilised. Building work on the Estate has been suspended whilst statutory and mandatory inspections and tests continue wherever possible. In our area 55 Reservists from all three services have been mobilised, including one of our Regional Employer Engagement Directors, and Stirling Army Reserve Centre has been activated for use by the Joint Military Command headquarters. Fifty beds have been loaned from Lochgilphead Cadet Training Centre to increase the capacity at the local NHS hospital.

The Tailored Review of the RFCAs reported to the Ministry of Defence in December 2019 and in March 2020 the MOD Executive Committee accepted the report and directed a team of MOD and RFCA officials to take the report forward. The majority of recommendations relate to continuous improvement and give us no difficulty. However, the main thrust is to change the governance model of the RFCAs, proposing that the 13 RFCAs plus Council are replaced by one Non-Departmental Public Body (council) with 13 regional outstations, with key changes to the composition and selection of boards to reflect Public Appointments and Arms Length Body norms.

There is concern that, if adopted in a heavy-handed way, the measures could reduce the quality of governance and oversight, and disenfranchise both the membership and the RFCA role

as champions and protectors of the reserves and cadets. The Assistant Chief of the Defence Staff (Reserves and Cadets) assured RFCA Chairman and Chief Executives in a virtual meeting on 2 April 2020 that he and his staff were looking for the least disruptive way of changing the governance arrangements whilst preserving the unique selling points of the RFCAs.

There are some challenging timelines to be met if the changes are to be incorporated into the new Armed Forces Act, which is due to begin its passage through Parliament from September this year.

The Integrated Foreign, Defence and Security Review, initiated by the new Government in January has been suspended until 2021 but the MOD intends conducting preliminary work this year, including a Reserve Forces 2030 study led by Brig Mark Lancaster, the recently retired Min AF. It seems increasingly clear that the impact of Covid-19 on the national economy may require government departments to make significant savings going forward. Ahead of any Covid-19 consequences there is already considerable financial pressure created by the current Spending Round. The shortage of monies is exacerbated because of the resources tied up in the RN and RAF major equipment programmes. The RFCAs are somewhat protected by being part of the Home Command budget, which is not being asked to deliver large savings as its budget is largely dedicated to activities in support of the Army – the Firm Base.

There was a 2.4% pay award for HRFCA staff this year, the announcement of which was delayed by 6 months due to protracted MOD civil service and union negotiations. This is the largest pay rise for 10 years and is welcome good news for our staff who have worked hard during the recent, and protracted, period of austerity within the public services.



August 2019 – The Tri-Service Pipes and Drums play before the Queen at Balmoral.



August 2019 – The Queen chats to cadets at Balmoral.



November 2019 – The Black Watch Battalion Army Cadet Force Band and Pipes and Drums in China.

CADETS

The professional support staff in the five Army Cadet Force battalions and the Wing Support Assistant for the southern part of the Air Training Corps area continue to provide an invaluable contribution to those organisations, allowing the Adult Volunteers to concentrate on delivering the cadet experience.

There were no particular surprises in funding last year, which has allowed a normal programme to be delivered.

A new initiative has seen more joint working with the HRFCA Engagement team to promote the cadet organisations to employers. Just as they do with reservists, employers can benefit from free transferrable skills developed through cadet service and they also have a chance to see cadets as first-class potential employees.

The Cadet Expansion Programme has moved into a 'sustain and deepen' phase to grow numbers in existing detachments. However, if participating schools drop out of the scheme it is possible for a new school to enter on a one for one basis. Recent talks to add Grove Academy in Broughty Ferry to replace a school in the Lowlands have been interrupted by the Covid-19 crisis, but it remains a target school for the programme. Existing detachments at Beath High School in Cowdenbeath, Harris Academy in Dundee and Viewforth Academy in Kirkcaldy are all doing well, using modern video tools to deliver lessons during lockdown.

A wider benefit of the Cadet Expansion Programme has been LIBOR funding to expand the range of cadet experience-related Scottish Vocational Qualifications available. All three cadet

organisations now have SVQs at the two-star equivalent level and work is ongoing to develop higher level SVQs as well. This is expected to be completed by the end of the forthcoming financial year, financially under-written by the RFCAs.

Support to cadet music continues to be an important service we provide, and both Pipes and Drums and Military Bands have benefitted this year through equipment, travel, event and welfare grants. Last August HRFCA again organised the Beating of Retreat by the Tri-Service Pipes and Drums for Her Majesty The Queen at Balmoral Castle. The Military Band has made great strides under the leadership of SMI Robert Cowan of The Black Watch Battalion, culminating in travelling to China to perform in the Nanchang Tattoo – a first for any cadet band.

Mindful that CEOs can face significant stress as a result of dealing with serious safeguarding incidents, we are planning to set up a pilot scheme to provide them with additional support based on other youth voluntary organisations' best practice.

Last year cadet units had to withdraw cadet drill practice rifles from all un-alarmed armouries and weapons chests following a change in security regulations. To overcome this the ATC has introduced a hub and spoke system across the UK with each hub site receiving an alarmed Benweld chest within an alarmed room. The work to deliver this is now complete. The Army have recently decided to alarm all those detachment sites that have a .22 calibre range and a contract is being set up with the 13 RFCA estate teams to deliver this over the next two years.

Much of the leadership and planning on cadet matters falls to our Deputy Chief Executive Andrew Macnaughton. His calm leadership, hard work and keen eye for detail has ensured that our cadets are very well served by HRFCA; Andrew, well done and thank you.



December 2019 – The Seanamic Group signing.

ENGAGEMENT

Since the last annual report, 29 Armed Forces Covenants have been signed and 21 Bronze, seven Silver and six Gold Employer Recognition Scheme awards have been awarded.

The number of Covenant signings was down slightly on the previous year due to periods of gapping and reorganisation within the Engagement Team who have now grown to include two full-time Regional Employer Engagement Directors. Covenant signatories continued to come from a wide range of sectors, and recent signings include Inverness Caledonian Thistle Football Club, John Clark Motor Group, BEAR Scotland, Seanamic Group, Gleneagles, The Royal Dornoch Golf Club and Isle of Harris Gin Distillery.

ERS Silver and Gold success was significantly up on last year (2 Silvers and 1 Gold in 2018), reflecting hard work in ensuring submissions were to the highest standard. Silver award winners received their certificates from ACDS (R&C) at Edinburgh Castle, and Gold award winners received their awards in London from the Chief of the Defence Staff, General Sir Nick Carter. While Gold awards still tend to be dominated by the public sector, we were delighted to see private sector businesses in the Highlands such as Knockhill Racing Circuit and IED Training being recognised at the highest level.

The ChamberFORCE project concluded its 12 month pilot period and was successful in increasing engagement with employers by creating a 'buddy' system between Chambers of Commerce and



March 2020 – Gleneagles signed the Armed Forces Covenant.

local military units. The first ChamberSTRETCH took place during Armed Forces Week when employers from across Dundee joined with Dundee & Angus Chamber of Commerce and 225 (Scottish) Medical Regiment to enjoy a day of team building challenges in Slessor Gardens. The pilot has attracted the interest of Scottish Government Veterans Minister, Mr Graeme Dey MSP, and the Scottish Chambers of Commerce are now leading in determining how the scheme can be supported nationally. This project was the concept of our Head of Engagement, Michelle McKearnon, and her drive, imagination and enthusiasm ensured success.

It has been a busy year of events for the Engagement team, ranging from the Edinburgh Tattoo and hosting The Right Honourable Mark Lancaster MP and Mr Graeme Dey MSP along with many local employers and key stakeholders at the Stirling Show, to business breakfasts, presentation lunches and networking suppers.

On the communications side, the website has had 17,397 users, a significant number of whom were new, with 37,550 web pages viewed over that period which shows that the site is being used actively. Our Social Media platforms continue to perform well and have seen growth over the last 12 months of 10% on Facebook and 21% on Twitter.

The HRFCA Executive Board is determined to improve the diversity of its membership. The Engagement and Outreach Committee has just completed its first year in being and has set a challenging goal for 2020 to increase female membership representation to 20%.

June 2019 – Mark Lancaster MP (left) meets an Air Cadet at the Stirling Show as HRFCA Head of Engagement Michelle McKearnon looks on.



THE ESTATE



January 2020 – Refurbishment works at Strathmore Avenue.



February 2020 – The modular cadet hut installation at Newport.

We are into our ninth year of no preventative maintenance allocation with a predictable deterioration in the reserve estate in particular, and a backlog of 843 sustain tasks totalling £5.77M.

Our initial control total for reactive maintenance was £564K, an after inflation increase of 0.1%. From this we allocated nearly 30% to fund non-discretionary works arising from statutory and mandatory inspections and tests, leaving just £395K for all other reactive maintenance requests. Unsurprisingly the reactive budget effectively ran out in December but was kept going until February due to the HRFCA Board granting an extra £100K from non-domestic rate rebate for use on cadet properties only.

During the year we received certain specific injections of money from the single Services and DIO:

- We secured an additional £188K to bolster the reactive maintenance pot late in the year which allowed us to complete works such as a roof replacement at Tayforth UOTC and buy out some reactive work paid for from rate rebates.
- A £425K project to refurbish the RNR /RMR detachments in Strathmore Avenue, Dundee and the three cadet units using that site was completed in January using money from RN and the cadet parts were funded from non-domestic rate rebate.
- The Army provided £54K to deliver local infrastructure improvements at eight Army Reserve Centres.
- ATC have funded £80K for the internal and external improvements at Kirkcaldy and £50K for the range roof replacement in Forres.
- We were successful in a last-minute bid to secure £113K from Army underspend to fund seven Army Reserve Centre 'spend to save' projects.
- During the course of the year we completed the £178K 'retention positive' package of work funded by the Assistant Chief of the Defence Staff (Reserves and Cadets) at 10 Army Reserve Centres.
- HRFCA successfully bid for an Army underspend of £250K to address the water ingress issues at Gordon Barracks, Aberdeen. This has been a problem for almost every building in Gordon

Barracks due to the incorrect cement pointing used many years ago which has caused damp problems. We took advice from the Scottish Lime Centre Trust to ensure the quality of the proposed works will sufficiently rectify the problem.

HRFCA are currently project managing the £4.3M provision of the new Army Reserve Centre in Bruce House, Dunfermline which has eventually cleared all scrutiny stages and is awaiting final sign off by Army HQ. Unfortunately sign off has been delayed due to Covid-19 until later this summer.

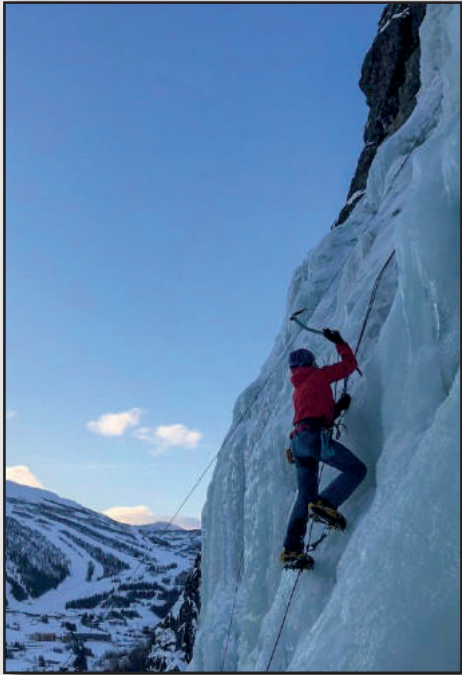
14 ACF and ATC Cadet huts have been refurbished this year using non domestic rate rebate, totalling circa £384K.

The first of our modular cadet huts has been installed in Newport with the second at Bo'ness under way. Installation of the five sections, which are manufactured off site, takes four to eight hours to complete and thereby reduces the time from demolition to occupation from 34 to 8 weeks. Planning for the final two replacement huts at Banff and Mastrick is under way for the coming financial year.

It is planned to complete refurbishment on a further 21 ATC and ACF cadet sites this coming year. These refurbishments are the last phase of the cadet refurbishment programme which commenced in 2018 and was scheduled to conclude in 2022, and will allow us to move on to planning the larger scale improvements required in some cadet training centres. At this stage it is too early to judge what impact Covid-19 will have on these plans, but fortunately the NDR funding can be carried forward.

The Highland Cadet Forces Trust has had a steady year, and on the retirement of The Lord Lyon as Chairman this year, I am pleased to advise that The Earl of Dalhousie has agreed to be the second Chairman of the Trust. On behalf of the Trustees I would like to acknowledge and thank Dr Joe Morrow for his leadership, focussed hard work and influence which made a pivotal impact in launching and sustaining the Charity.

The Charity has received backing from several Reserve and Cadet Units, but there is always more to do in support of our cadets, particularly in deprived areas. I would appreciate the Members' help by being advocates for the Trust and its good work.





FINANCE

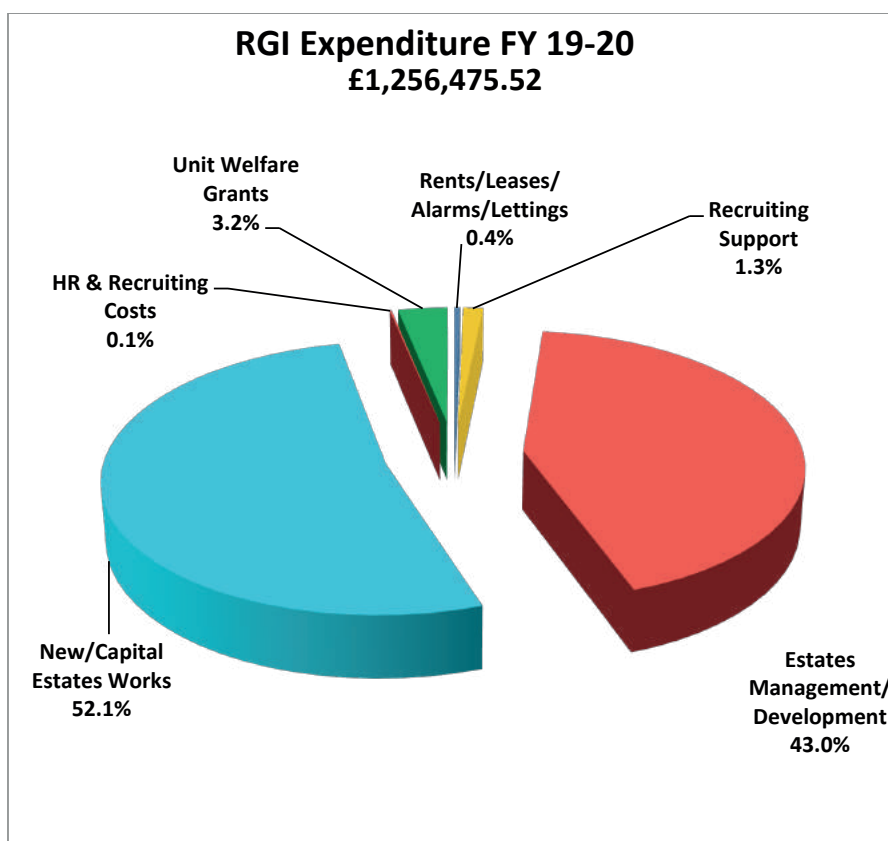
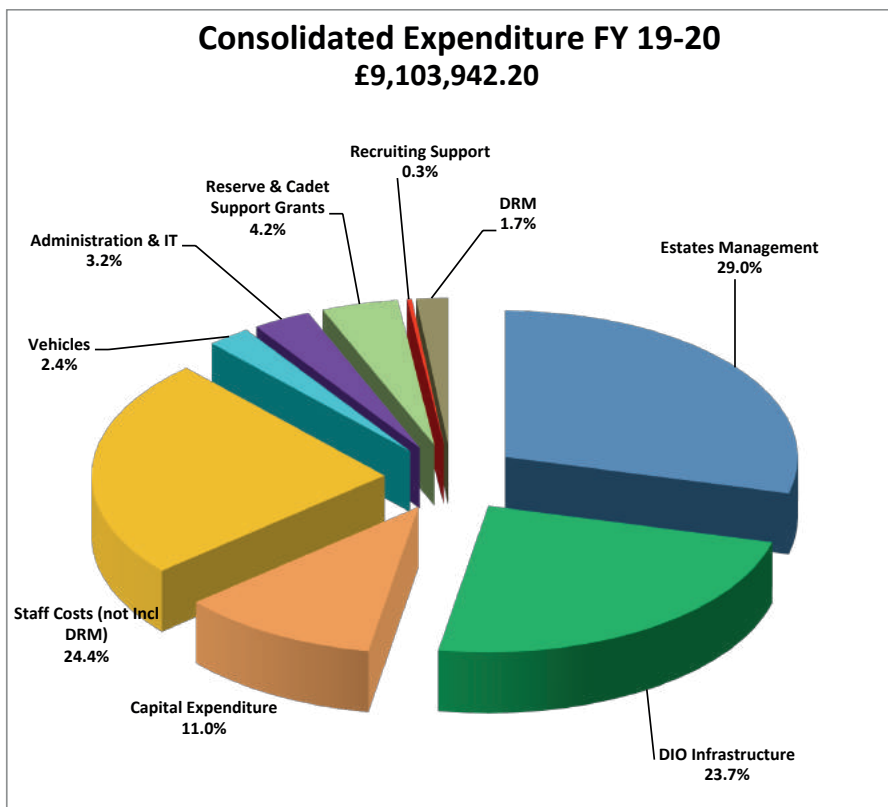
Our accounts were externally audited in April and presented to the Executive Board in late May.

Details are contained in the pie charts and enclosed income and expenditure summary sheets.

The consolidated account sheet for FY 19/20 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 £8.197M, an increase of £984K on the previous year.

Our regionally generated income amounted to £1.183M, with all less £242K coming from rate rebates on cadet properties. The Association disbursed £42.2K of welfare Grants from RGI, £16.6K to cadet units and £25.6K to reserve units, the main categories of expenditure being Adventure Training (£17.6K), Welfare facilities or equipment (£12.5K) and Battlefield Tours/Exchange Projects (£12.1K).



INCOME AND EXPENDITURE 2019/2020

RAC	INCOME Detail	£	£
REGIONALLY GENERATED INCOME			
RMB001	Rent Receipts - Land	0.00	
RMB002	Rent Receipts - Buildings	99,933.29	
TPA001	Bank Interest	21,071.37	
RNA003	Receipts - Misc	940,587.79	
	Sub Total		1,061,592.45
REGIONALLY GENERATED INCOME			
RAA000	Sale of Land & Buildings	117,802.00	
RBA001	Sale of Vehicles & Other Equip	0.00	
RLB017	Receipt - Employer Support Events	0.00	
RLB018	Receipt - Recruiting	0.00	
RAA004	Gains on Sale of Vehicles	3,712.96	
	Sub Total		121,514.96
	TOTAL INCOME		1,183,107.41

FUNDING SUMMARY			
QEA013	CRF - RFCA Grant-in-Aid	2,895,213.40	
QCA003	CRF Grants To RF and Cadets (RDEL)	8,012.06	
QFA007	CRF - Vehicles	309,592.58	
QCA099	DIO - Infrastructure	2,494,290.44	
RLB009	Defence Estates - Maintenance	1,345,679.11	
RLB016/t	Defence Estates Projects - RDEL and MNW	431,851.17	
RLB016/t	Defence Estates Projects - CDEL and MCW	346,592.91	
RLB011	DRFC (SaBRE)	158,729.88	
RLB012	Funding Sundry	124,371.27	
RNA010	Fleet	0.00	
RNC000	Fleet CDEL	0.00	
RAF001	RAF RDEL	0.00	
RAF002	RAF CDEL	0.00	
RNA011	RAuxAF	2,549.36	
RAF000	RAuxAF CDEL	0.00	
QEB007	ATC (Input)	79,911.09	
QEB008	ATC RDEL	0.00	
RNA007	ATC CDEL	0.00	
RNA012	Regionally Generated Income	0.00	
NCA003	DInfra - RDEL	0.00	
BWC080	DInfra - CDEL	0.00	
FA0001	Fixed Assets	0.00	
	TOTAL FUNDING		8,196,793.27

RAC	EXPENDITURE Detail	£	£
ESTATES MANAGEMENT			
NDA002/SMI	Statutory & Mandatory Inspections	418,013.71	
NDA002/SMT	Statutory & Mandatory Tests	0.00	
NDA002/SMW	Statutory & Mandatory Works	173,188.90	
NDA002/PMP	Planned Maintenance - Preventative	2,698.32	
NDA002/PMG	Planned Maintenance – Grounds	120,959.53	
NDA002/PML	Planned Maintenance – Life Cycle	234,013.44	
NDA002/RME	Reactive Maintenance – Emergencies	1,541.21	
NDA002/RMR	Reactive Maintenance – Routine	641,183.40	
NDA002/IW	Incidental Work	0.00	
NDA002/LC	Life Cycle Replacement	0.00	
NDA002/CG	Condition Grade Improvement	0.00	
NDA002/MNW	Injections / Projects RDEL and MNW	1,027,904.86	
NPB025	Prof Fees/Ext Assistance	20,844.23	
NEA001	Works in Aid of Disposal	0.00	
	Sub Total		2,640,347.60

CAPITAL EXPENDITURE			
BAX000	Land & Buildings	0.00	
BFN080	Purchase of Vehicles	22,476.00	
BWC000	Assets in the Course of Construction	1,000,711.10	
	Sub Total		1,023,187.10

STAFF COSTS			
LJC001	Non Ind Civ Staff Pay	1,799,505.70	
LPA001	Non Ind Civ ERNIC	169,612.09	
LJD001	Civ Ind Staff Pay	126,261.27	
LPB001	Civ Ind ERNIC	7,160.08	
LMZ001	Non PCSPS Pens Payments	229,540.50	
LKC001	Redundancy Payment	0.00	
	Sub Total		2,332,079.64

INFRASTRUCTURE			
NAA000	Heating Oil	0.00	
NAB000	Gas	289.30	
NAC000	Electricity	-39,874.90	
NAD000	Water & Sewage	642.42	
NCA010	Estate & FM Accom Stores	78,427.00	
NLA001	Energy Cons & Env Chge & Trade Waste	80,266.83	
NBA005	Rates/NDR	1,994,861.00	
NPA003	Sub -Letting Costs	4,476.17	
NBA001	Rents/Leases/Alarms/Lettings	41,264.97	
	Sub Total		2,160,352.79

IT & COMMS			
NNA010	IT Minor Equipment HW/SW	13,913.70	
NNA002	IT Maintenance Services & Contracts	7,935.24	
NNA004	Line & Tel Rental	62,981.82	
	Sub Total		84,830.76

TRANSPORT & MOVEMENT			
PSA002	Lease of Vehicles	4,500.00	
PVA007	Vehicle Maint	26,274.50	
PBA001	Fuel (Non Utilities)	801.07	
BTDO00	Depreciation	159,469.64	
RAA005	Loss on Sales of Vehicles	4,389.33	
	Sub Total		195,434.54

RECRUITING SUPPORT			
NFA002	Employer Support	37,594.27	
LBW005	Recruiting Support	24,221.44	
	Sub Total		61,815.71

RESERVE AND CADET SUPPORT			
QCA002	CRFCA Payment	85,371.00	
QCA004	Payments to Welfare Assoc	0.00	
PDA002	ACF Operating Costs	258,652.06	
NKA002	AR Band Operating Costs	33,171.93	
QEB025	RAuxAF Admin & PR	7,157.71	
	Sub Total		384,352.70

ADMINISTRATION			
NKA001	Office/General Administration	59,629.67	
NGB002	Education/Training	9,227.09	
NPB001	Professional Fees	8,625.00	
NPA001	Legal Costs	55,360.40	
NQA001	Insurance	0.00	
PDD003	Travel & Subsistence	74,078.40	
NJA001	Entertainment	0.00	
	Sub Total		206,920.56

HR SUPPORT			
LKA011	HR & Recruiting - Civilian Assoc Staff	14,620.80	
	Sub Total		14,620.80

TOTAL INCOME	9,379,900.68
DIFFERENCE	275,958.48

TOTAL EXPENDITURE	9,103,942.20
	0.00

HIGHLAND RFCA BALANCE SHEET 2019/20

FIXED ASSETS	£	£
Investments	0.00	0.00
NON CURRENT ASSETS		
Vehicles (BFN081)	1,713,891.40	
Accumulated Depreciation (BTD001)	-804,301.16	
		909,590.24
CURRENT ASSETS		
Current Account	2,669,368.66	
Deposit Account	0.00	
Petty Cash	205.13	
Sundry Debtors	1,019,891.23	
Amounts Paid In Advance	81,277.77	
Due From MOD	0.00	
		3,770,742.79
CURRENT LIABILITIES		
Sundry Creditors	11,679.63	
Contras	0.00	
CIS Tax	0.00	
Accruals/Deferred Payments	1,113,260.26	
Advance Receipts	910,437.01	
Due to MOD	0.00	
		2,035,376.90
TOTAL ASSETS LESS CURRENT LIABILITIES		2,644,956.13
FINANCED BY		
Capital Reserves Brought Forward	760,143.67	
General Reserves Brought Forward	1,608,853.98	
Excess Income/Expenditure	275,958.48	
Suspense	0.00	
		2,644,956.13



January 2020 – Graeme Dey MSP (centre) – Scotland's Minister for Parliamentary Business and Veterans – visited HRFCA to hear all about the ChamberFORCE initiative.



June 2019 – HRFCA staff took part in ChamberSTRETCH.



June 2019 – Reservists from 225 (Scottish) Medical Regiment at Armed Forces Day in Dundee.



August 2019 – Royal Edinburgh Military Tattoo guests.

CONCLUSION

As we move to a post Covid-19 world, we will be faced with new challenges and different ways of working.

We expect stretch on both our finances and people and we will need to find capacity to focus on the Tailored Review; and on the Review I wish to stress that it is our intention to influence in order to achieve an outcome that recognises the essence of the RFCA, particularly its volunteer spirit and value of its influential and experienced membership.

There is good work being done and we are fortunate to have an excellent, well lead staff who so ably represent us with the

Services, cadets and wider society across the Highlands of Scotland; we have much to be proud of.

Thank you all for your continued guidance and support; the membership defines us, and it is the beating heart of the Highland Reserve Forces' and Cadets' Association.

Captain N R V Dorman RD RNR

Chairman

Highland Reserve Forces' and Cadets' Association



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