



Ministry
of Defence

Review of the Reserve Forces' and Cadets' Associations 2019

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Foreword from Minister of State for the Armed Forces

This Review provides an important opportunity to examine the efficiency and effectiveness of the Reserve Forces' and Cadets' Associations (RFCA), thirteen organisations who play a key role in connecting Defence with the nation and supporting delivery of an outstanding Reserve and Cadet experience.

I was pleased to see that the evidence gathered by the Review confirms my belief in the RFCAs as organisations that provide real value to the sectors they support, to our local communities, and to Defence. Their functions remain relevant and valuable contributing to Defence objectives whilst building and maintaining vital links for the Defence community with the general public.

The RFCAs are trusted partners of the Ministry of Defence (MOD) and they have been instrumental in delivering a large number of Defence priorities on behalf of Government, not least the Future Reserves 2020 (FR20) white paper and the Cadet Expansion Programme (CEP). The RFCAs have a clear and significant role to play in making the Reserve and Cadet experience an increasingly rewarding way to learn key skills and contribute to the UK's security.

I fully support the recommendations the Review makes about how the RFCAs can develop their effectiveness, efficiency, and corporate governance to fully realise the latent potential. In particular, regularising the RFCAs as a single Non-Departmental Public Body (NDPB) to best deliver an increased focus on financial resilience, facilitating Reserves and Cadets skills development, renewal and modernisation of the Volunteer Estate, and spearheading innovative tri-Service engagement practices.

I was delighted to see the Review's praise for the RFCAs' passion to deliver beyond expectations. I look forward to seeing the delivery of the new RFCA NDPB and to seeing steps taken to ensure the body is fully accountable and transparent to the public.

ACDS(R&C) will develop a costed Joint Implementation Plan, including key deliverables and timetables for delivery of each recommendation, in conjunction with the single Services and RFCAs to ensure the recommendations are fully implemented and progress is monitored effectively with Ministerial oversight.

I would like to thank all those who contributed evidence to this Review through interviews, written responses, and general engagement with the Review team. I would also like to thank the Review's Challenge Panel who generously gave up their time to provide assurance of the robustness and impartiality of this Review.

Finally, I wish to particularly thank the Chairs, Chief Executives, and all staff of the CRFCA and the thirteen RFCAs who have contributed to the Review thus far, and for their continuing engagement with the modernisation programme going forward. This report should read as a testament to their excellent work in a changing Defence environment, and as a chance to unlock significant opportunities for the RFCA NDPB to further cement its place as a key partner for Defence.

The Hon Anne-Marie Trevelyan MP, Minister of State for the Armed Forces

Executive Summary

The Review of the Reserve Forces and Cadets Associations (RFCAs) was launched in January 2019 by the ACDS(R&C) in MOD on behalf of the Chief of Defence People (CDP). Following the Cabinet Office guidance on tailored Reviews, the Review examined three key areas:

1. Whether there was a continuing public need for all functions performed by the RFCAs;
2. The appropriate delivery model for the most effective body in terms of value for money and sufficient corporate governance;
3. Potential new tasks for the RFCAs to take on in the future.

As unclassified arms-length bodies (ALBs), the RFCAs fall outside of Cabinet Office guidance stipulating that departments conduct tailored reviews of ALBs classified as Non-Departmental Public Bodies (NDPB), Executive Agencies (EA) or Non-Ministerial Departments (NMD) once in the period of every fixed-term Parliament. However, under the RFCA Regulations 1.7 the Schemes of Association should be reviewed every five years and Cabinet Office advice is to follow the Tailored Review guidance for these reviews which MOD has done to ensure best practice is met.

Throughout the Review, the team conducted interviews with all 13 RFCAs, the CRFCA, and RFCA customers (up to 3*). These meetings provided illuminating insight into the RFCAs strengths, issues, and opportunities for modernisation and improvement to ensure the RFCAs are best equipped to meet future challenges.

All stakeholders interviewed agreed that the functions of the RFCAs continued to support MOD objectives and should be retained, with scope to expand their role in the future. However, there are inconsistencies in how the RFCAs operate across the regions and their relationship with the MOD needs clarifying and strengthening.

Therefore, the Review of the Reserve Forces' and Cadets' Associations 2019 (RFCA Review 2019) makes two headline strategic recommendations:

1. On the **RFCA Side** - Regularise and streamline the CRFCA and 13 RFCA ALBs into a Single Executive Non-Departmental Public Body - as part of the Armed Forces Act 2021.
2. On the **Customer Side** - ACDS(R&C) to become Single Departmental Sponsor for the RFCA NDPB to provide tri-Service direction and oversight of Governance, Strategy and Performance (in alignment with the new Defence Operating Model);

Modernising the RFCAs will deliver a more effective and efficient service for Defence customers and a more accountable, business-like approach to corporate governance. It will also address the current RFCA financial, legal, safeguarding and estate safety risks. These measures provide a firm foundation for the RFCAs to deliver additional tasks – including support to Veterans, External Engagement and investment in a Modernised and Safer Reserve and Cadet Estate able to meet future capability needs.

Chapter One: Introduction and Background

Review Aim

1.0.1 MOD is legally bound (under the RFCA Regulations) to reconstitute the RFCAs' Schemes of Association every five years, due for renewal by March 2020. The Regulations themselves also need updating and should be reviewed by December 2019. It is prudent to conduct a wider ranging review of the RFCAs as part of this renewal process to better understand their current position and role in delivery on behalf of Defence.

1.0.2 The Cabinet Office guidelines recommend sponsors conduct tailored Reviews of ALBs that are classified as Non-Departmental Public Bodies (NDPB), Executive Agencies (EA) or Non-Ministerial Departments (NMD) once in the period of every fixed-term Parliament. While it is not mandatory to apply the same process to the RFCAs (due to them being unclassified ALBs), the Review team considered it best practice to follow the Cabinet Office tailored Review process during this Review.

1.0.3 Tailored reviews have the following aims:

1. to provide robust challenge to and assurance of the continuing need for individual organisations – both their functions and form; and
2. where it is agreed that an organisation should be retained, to review:
 - a. its capacity for delivering more effectively and efficiently;
 - b. the control and governance arrangements in place.

1.0.4 The Terms of Reference for the Review as agreed by the Minister for the Armed Forces (Min(AF)) can be found at Annex B.

1.0.5 The last formal review of the RFCAs, the Paterson Review, reported in December 2014¹.

Review Process

1.1.1 As best practice, the Review team carried out the RFCA Review 2019 in line with the Cabinet Office "Guidance on Reviews of Non-Departmental Public Bodies"².

1.1.2 The Review was launched on 4th January 2019. It was carried out by a Review team led by Dr Robert Sullivan with project support from Shaun Morroll. The SRO for the Review was ACDS(R&C) (Maj Gen Ranald Munro and Maj Gen Simon Brooks-Ward).

1.1.3 The team split the Review into three phases (evidence collection, evidence analysis and collation, report production), with the content divided into four broad tranches:

¹ Review of the Reserve Forces' and Cadets' Associations 2014; https://assets.publishing.service.gov.uk/Government/uploads/system/uploads/attachment_data/file/493545/20141217-FINAL_RFCA_Review_Report_-_17_DEC_14_-_RP-O.pdf

² Tailored Reviews: Guidance on Review of Public Bodies; <https://www.gov.uk/Government/publications/tailored-Reviews-of-public-bodies-guidance>

1. Form and functions, covering:
 - a. Delivery model
 - b. Existing tasks
2. Effectiveness, covering:
 - a. Frontline delivery and performance
 - b. Potential new tasks
3. Efficiency, covering:
 - a. Corporate functions
4. Corporate governance, covering:
 - a. CRFCA/RFCA internal self-governance
 - b. MOD external governance of the RFCAs

1.1.3 A Challenge Panel was established to review and challenge both the content and the process of the Review, to ensure that it was robust and evidence-based. The Challenge Panel comprised ACDS(R&C), Tara Usher (DSOP EOS Hd) and Heather Taylor (DFinStrat-Dir).

Evidence and Stakeholder Engagement

1.2.1 The Review team identified the key stakeholders and they were interviewed individually by the Review lead.

1.2.2 The Review team visited and conducted interviews with all 13 RFCAs, the CRFCA, and the RFCAs' customers (up to 3*). The team provided regular briefings and updates to senior officials (including CDP and VCDS), key RFCA stakeholders and customers, and Ministers throughout the process. In addition, the Review team ran a number of workshops with stakeholders to gain a better insight into the evidence collected and possible recommendations for improvements to the system. Further detail on engagement will be provided throughout the report.

1.2.3 A full list of stakeholders consulted is at Annex F. Other evidence was drawn from relevant reports (referenced in this Review report) and the RFCAs own data. All the Review's conclusions and recommendations are based on an assessment of the evidence collected.

Overview of the RFCAs

1.3.1 Established as part of the Haldane Reforms in 1907 (as Territorial, Auxiliary and Volunteer Reserves' Associations) the Reserve Forces' and Cadets' Associations (RFCAs) were designed to provide local support to the Army's Territorial Force in every county. Over the following 112 years, the name has changed, the number of associations has reduced, and the RFCA purview has grown to encompass Reserves and Cadets of all three Services and key Defence outputs. Their legal status is enshrined under the Reserve Forces Act 1996 (RFA96), defining their duties as:

1. To give advice and assistance to the Defence Council in respect of the state of the Reserves for their area.
2. To conform to the Defence Plan.

1.3.2 RFA96 granted the RFCAs power to create a Joint Committee of two or more of the RFCAs as they deem necessary. Through this power, they created the Council of RFCAs (CRFCA) to provide central internal coordination and a focus to enable the associations to fulfil the requirements of their customers within resources. The RFCAs work through, but are not accountable to, the CRFCA.

1.3.3 The Council represents the RFCA collective externally and provides guidance to the CRFCA Board in the discharge of its responsibilities. The CRFCA Board, chaired by the elected Deputy Chair, comprises the CE CRFCA, Association Chairs and Vice Chair of the Executive Board (XB); it provides central direction and oversight of the key business outputs of the Associations including internal governance.

1.3.4 The XB, chaired by CE CRFCA and comprising the Association CEs, CRFCA Directors and stakeholder representation, is the principal corporate means by which CE CRFCA and each Association CE fulfil their responsibilities as Budget Holders and for oversight of the delivery of the Financial Framework and Service Level Agreements (SLAs) with customer TLBs. Through the CRFCA Board and the XB, the Council also has a role in the monitoring of the adoption of best practice in each Association to ensure efficient management and cost-effective services to Defence.

1.3.5 The Defence Council has assigned the following key duties to the RFCAs.

1. Provide a source of advice to the Defence Council and to the Single Service Chains of Command on Reserve Forces and Cadet matters, including the use of resources of its area relevant to Defence.
2. In accordance with Defence Strategy and as directed through the Service Level Agreements with DIO and the single Services, maintain, sustain and develop a cost-effective, fit for purpose Volunteer and Cadet Estate.
3. Support Defence and single Service national, regional and local plans for the development and sustainment of the Firm Base (Community Engagement) and effective relationships between the Armed Forces and local communities (Civil Engagement).
4. Develop and sustain mutually-beneficial relationships between employers (and employer stakeholders) and the MOD on military personnel matters in accordance with Defence priorities.
5. Support and sustain the Cadet Forces as directed through Service Level Agreements at the national and regional level and to assist with the wider development of youth initiatives.
6. Implement the RFCA Review 2014 as defined in the RFCA Review Workstream Definition Documents; this will be a continuing task following the 2019 Review and may also include further opportunities for RFCA.
7. Support single Service Reserves recruiting in support of and as directed by the relevant single Service recruiting organisations.
 - a. Responsibility for recruitment has since been transferred back to the single Services (sS). As such, the RFCAs do not deliver directly in terms of recruitment, outside of where recruitment may be driven through their wider engagement work.

8. Operate within Government and departmental policy and guidelines, including financial management and diversity.
9. Develop an affordable, cost efficient business plan to deliver the required Defence outputs defined in the SLAs.

1.3.6 The RFCA Regulations 2014 captures these tasks in five broad headings (six, including the recruitment task):

1. Advice and Assistance
2. Volunteer Estate and Infrastructure
3. Employer Engagement
4. Cadets and Youth
5. Establish and Maintain links with the Civilian Community

1.3.7 Flowing from this, under the CRFCA Corporate Plan, the three primary delivery pillars of support to Defence provided by the RFCAs are defined as follows:

1. Delivery and stewardship of a compliant Volunteer Estate (VE);
2. Delivery of end to end support to Defence's Cadets and Youth programme;
3. Delivery of Engagement on behalf of Defence and the chains of command through networks, covering Employer Engagement (EE) and wider community engagement.

1.3.8 These three functions form the basis of the 'temple' structure, popularised among the RFCAs (below at Figure 1.1). The three functions are ongoing year-round functions that feed into the RFCAs statutory task of providing annual independent advice to Defence via the External Scrutiny Team (EST) (as specified by the Defence Reform Act 2014) and non-statutory Cadet Health Check (CHC).

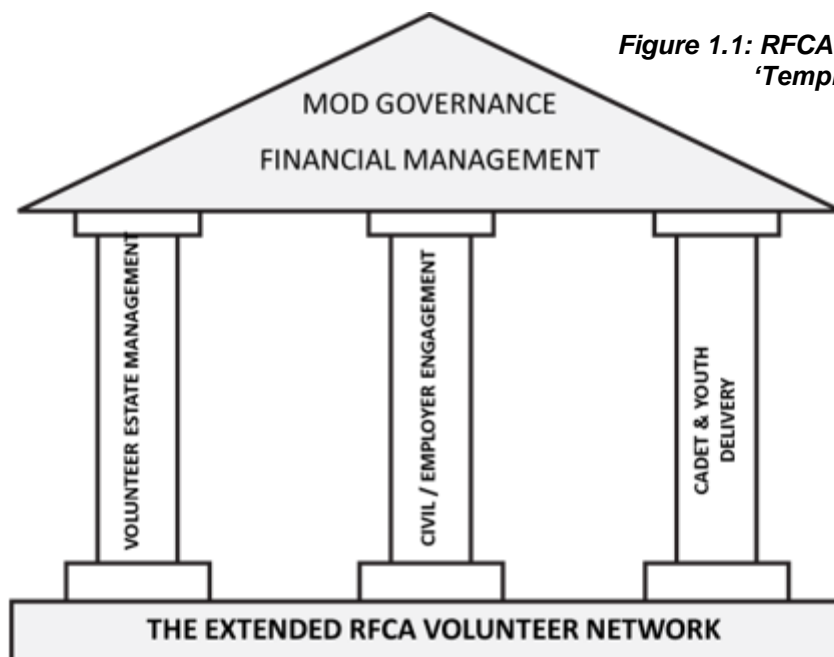


Figure 1.1: RFCA Functional 'Temple' Diagram

1.3.9 The RFCAs' regional footprint and close ties to their respective communities is seen by RFCAs customers as a key strength, with regional variance and nuance in delivery and engagement. For example, political, security and legislative factors in Northern Ireland (NI) condition the level and nature of both single Service (sS) and MOD engagement within the devolved region. These include different arrangements for work in the Employer Engagement (EE) and Youth & Cadet (Y&C) spaces, where greater sensitivity is required than in, for instance, Greater London or North of England RFCAs where more overt military branding can be leveraged.

1.3.10 Although Defence is not a devolved matter, the regional variances in the devolved administrations are reflected by the RFCAs in these areas. Political, security and legislative factors in NI condition the level and nature of both sS and MOD engagement within the devolved space. Against this background NI RFCAs delivers some outputs, on behalf of Defence, in a different manner to elsewhere and has been allocated some bespoke roles. There are also specific arrangements for RFCAs delivery in Scotland and Wales.

1.3.11 Figure 1.2 below shows the coverage of the RFCAs and the areas for which each is responsible. North West RFCAs covers the Isle of Man; Wessex RFCAs covers the Channel Islands.



Figure 1.2: RFCAs Regional Structure

Funding (Grant and Grant-in-Aid)

1.4.1 The RFCAs are funded via Grant (defined expenditure on a specific project) and Grant-in-Aid (funding in support of agreed delivery targets and over which the Department exercises less detailed control) from a number of sources. The RFCAs deliver on behalf of the Royal Naval Reserve (RNR), Royal Marines Reserve (RMR), Army Reserve (AR), the Royal Auxiliary Air Force (RAuxAF), Defence Infrastructure Organisation (DIO) and Chief of Defence People (CDP) across all of the RFCAs functions. Funding from the TLBs is funnelled through the CRFCA to the regions and supplemented with regionally generated income (RGI). The table below shows a breakdown of direct funding, revenue raised, and expenditure. Figure 1.3 shows the funding sources and amounts for the RFCAs for 2018/19, totalling £122,687,571.

TLB	Category	Income (£M)	Percentage	Description
Army	GIA	37.366	33%	CRFCA
Army	GIA	2.341	2%	Vehicles Fiscal CDEL
DIO	GIA	17.510	16%	Maintenance: 'Hard FM' tasks including Statutory/Mandatory Inspections and Tests, Planned Maintenance and Reactive Maintenance (RMR and RME)
DIO	GIA	21.053	19%	GIA Infrastructure: 'Soft FM' which includes Rent, Rates/NDR and Waste Disposal costs
DIO	Grant	12.823	11%	Revenue Projects (MNW)
DIO	Grant	11.631	10%	Capital Projects (MCW)
HOCs	Grant	3.571	3%	DRM
HOCs	Grant	0.083	0%	CRG Recruiting Support
Air	Grant	0.166	0%	RAuxAF RDEL
Air	Grant	0.200	0%	RAF RDEL (RAF Crickhowell)
Air	Grant	2.796	2%	ATC RDEL
Navy/Army/Air	Grant	2.828	3%	WISPA Projects
	GIA Total	78.270	70%	
	Grant Total	34.098	30%	
	Funding Total	112.368		

Income generated by RFCAs				
RFCA	RGI	0.317	3%	Sales of Lands and Buildings
RFCA	RGI	0.006	0%	Gains on Sales of Other Equipment
RFCA	RGI	0.150	1%	Gains on Sales of Vehicles
RFCA	RGI	0.000	0%	Employer Support Events
RFCA	RGI	1.377	13%	Rent Receipts - Land
RFCA	RGI	3.517	34%	Rent Receipts - Buildings
RFCA	RGI	0.236	2%	Bank Interest
RFCA	RGI	4.716	46%	Receipts - Misc (inclusive of NDR relief/rebates)
	RGI Total	10.319		

Funding Total	112.368	92%
RGI Total	10.319	8%
Annual Total	122.688	

Figure 1.3: RFCA Funding 2018/19

1.4.2 Figure 1.4 below shows expenditure for 2018/19. These figures are from the CRFCA, having collated information from the 13 RFCAs for the Annual Report for 2018/19. This expenditure totals £120,432,075 for 2018/19.

Area	Expenditure (£M)	Percentage	Description
Estate Delivery	6.49	5	The Staff, Administration, IT and Comms, Transport and Movement, and HR Support costs related to the delivery of the Estates function
ISLA Support	2.43	2	ISLA Support The project costs of works on Injured Servicemens' living accommodation
Cadets & Youth Support	27.00	22	The Staff, Administration, IT and Comms, and Transport and Movement costs of ACF support staff along with the ACF Consolidated and Travel grant, Band grant, RAuxAF Admin and PR grant and Recruiting Support expenditure
Engagement	4.74	4	The Staff, Administration, IT and Comms, Transport and Movement, and HR Support costs related to the delivery of Employer Engagement activities along with the costs of these EE (DRM) activities
RFCAs Overhead	11.28	9	The Staff, Administration, IT and Comms, Transport and 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
Property Management Cadets	21.36	18	The Estates Management and Capital Expenditure costs (Hard FM) attributed to the Cadets VE
Infrastructure Cadets	9.20	8	The Infrastructure costs (Soft FM) attributed to the Cadets Volunteer Estate
Property Management Reserves	23.26	19	The Estates Management and Capital Expenditure costs (Hard FM) attributed to the Reserves VE
Infrastructure Reserves	14.67	12	The Infrastructure costs (Soft FM) attributed to the Reserves VE
Total Expenditure	120.43		

Figure 1.4: RFCA Expenditure 18/19

Framework and Governance Documents

1.5.1 The RFCAs work to a number of framework and governance documents. These range from annual tactical plans to multi-year strategic frameworks. Below is a brief overview of the current landscape; the report will cover this in greater detail in Chapter 5.

1.5.2 In adhering to the Defence Plan, the RFCAs primarily deliver against the Defence Council Policy Guidance, which outlines the expected strategic objectives and work areas for four years. MOD runs and chairs a Customer Board (at 2* level) to which the CRFCA submits a Corporate Plan for the RFCAs (extant for four years,

refreshed annually) covering strategic objectives. The Corporate Plan reflects the RFCAs' statutory duties assigned by RFCA Regulations and within these duties the priorities set by the SLA owners on behalf of the Secretary of State for Defence (SofS). Regulations are made by the Defence Council under section 117 Reserve Forces Act 1996 and regulate the manner in which powers are to be exercised and duties performed by RFCAs, and specify the services and connected purposes to which money paid by the Defence Council is to be applicable.

1.5.3 The Schemes of Association provide for the continued establishment of RFCAs. They detail an RFCA's constitutional makeup and provide for the membership structure and requirements; they run for five years and were they to expire without being renewed, RFCAs would cease to have legal status.

1.5.4 The RFCAs also work to a Financial Framework and a Framework Document. The former covers the grant and grant-in-aid structures by which the RFCAs are funded; the latter covers the relationship and division of responsibilities between RFCAs, the CRFCA, and the Top Level Budget Holders (TLBs).

1.5.5 The CRFCA also produce a Business Plan which reflects the SLAs. Based on the Corporate and Business Plans, each individual RFCA creates its own annual Management Plan outlining the coming year's work and job responsibilities for key staff in the organisation. These are fed into the CRFCA, which in turn creates an annual Business Plan.

1.5.6 A full list of documents can be found at Annex G.

Customers and Departmental Sponsor

1.6.1 Grant-in-Aid (GiA) is typically provided by the departmental sponsor of an ALB. For the RFCAs, this is administered by DRes Army – £39.7m in 2018/19. DIO also provide GiA funding: £17.5m for reactive maintenance and £21.1m for soft facilities management (FM). The Customer Board (the biannual 2* oversight panel), typically led by the departmental sponsor, is chaired by ACDS(R&C), with DRes Army as vice-Chair and representation from the TLBs. This results in a somewhat unclear picture of the MOD sponsor of the RFCAs, which will be explored further in Chapter 5.

1.6.2 Whilst the Army is the largest customer, the RFCAs are tri-Service and have responsibility towards all Reserve Forces and, therefore, have all three Services as customers. Their responsibilities towards Cadet Forces are similarly devolved, although the charitable status of the Sea Cadets influences the relationship.

1.6.3 The single Services are located across the UK. For instance, the Army have Regional Points of Command (RPOCs), with Reserve and Cadet units in the regions docked in. It is through this structure that much of the RFCAs work is conducted, largely through personal relationships built up between staff and regional customers.

1.6.4 The largest tranche of RFCA GiA funding comes from Army (approximately 35%), who have the most comprehensive Reserve/Cadet footprint. RNR/RMR and RAuxAF units are generally located within respective Regular bases, which

themselves are focused around certain areas. There are some synergies in terms of RFCA boundaries matching the ten Army RPOC areas, though some RPOCs deal with more than one RFCA as Army regions fluctuate somewhat regularly.

1.6.5 Navy and Air are more dispersed and focused around the extant bases at, for instance, Portsmouth and Cranwell respectively.

1.6.6 The RFCAs' customers outline the tasks expected of the RFCAs through a number of Service Level Agreements (SLAs). The Navy SLA is owned by ACNS(Pers), with management responsibility delegated to COM Reserves. The four Naval Regional Commands (NRCs) provide inputs on Engagement. Commander Maritime Reserves coordinates inputs on Sea Cadets, including alignment with the Marine Society and Sea Cadets (MSSC).

1.6.7 The Army SLA is owned by DCGS, with management responsibility delegated to GOC Regional Command (RC). Each region of the UK has an Army Brigade or Regional Point of Command (RPOC) who are the military authority in that region. The Army has nine RPOCs together with the London District (LONDIST).

1.6.8 The Air SLA is owned by DComCap (AMP & C), with management responsibility delegated to Commander RAFAC. DACOS Reserves provides advice on the RAuxAF and the Air Officers in Scotland, Northern Ireland and Wales input on regional issues. In England the RAF Stations act as regional POCs.

1.6.9 The Employer Engagement SLA is owned by Chief of Defence People (CDP), with management responsibility delegated to RF&C Reserves Hd.

1.6.10 The DIO SLA is owned by DIO Chief Executive, with management responsibility delegated to the Regional Delivery Director.

Chapter Two: Functions and Classification

2.0.1 This chapter examines whether all the functions fulfilled by the RFCAs are still necessary, and if they are, whether the current form of the organisation as an unclassified body is the most appropriate delivery model.

MOD Policy and Priorities

2.1.1 The RFCAs work to a number of MOD policies and strategies across their functions; the primary sources are briefly outlined as follows.

2.1.2 **Defence Council Policy Guidance 2019-23.** The Defence Council, through its nominated representatives, determines the policy, resources, delegations and freedoms within which the RFCAs operate. The RFCAs are accountable to Parliament through the Defence Council on the nine strategic objectives it outlines. These strategic objectives feature in CRFCA Corporate Plans and are the foundation for all RFCA work. The following policies and documents guide each strand in greater detail.

2.1.3 **Cadet Force Strategy.** The Cadet Force 2025 Strategy (CF2025) look to bring together current MOD and sS initiatives and provide a challenging and stimulating contemporary Cadet experience that develops and inspires Young People within a safe environment. The strategy establishes a clear tri-Service vision and direction of travel for the Cadet Forces, while seeking to deliver coherence, innovation and value for money across the Cadet organisations. The strategy recognises that the critical success factor for the Cadet Forces is the continuing commitment of sufficient, high-quality adult volunteers to deliver the Cadet experience. CF2025 features nine Lines of Effort (LoE) to define this work, all of which the RFCAs work to deliver or support delivery of to varying degrees through the PSS.

- Cadet Development;
- Safety & Safeguarding;
- Career Opportunities;
- Awareness & Engagement;
- Cadet Force Adult Volunteers (CFAVs);
- Equipment & Resources;
- Governance;
- Cadet Expansion;
 - The Cadet Expansion Programme (CEP) was launched in June 2012 by the Prime Minister and Deputy Prime Minister, with an initial aim of establishing 100 new Cadet units in English state-funded secondary schools by September 2015. Following successful delivery of this target the Government has committed £50m from LIBOR fines to cover set up costs, uniforms, equipment and training to grow the total number of Cadet units in schools across the UK to 500 by 2020.
- Infrastructure.

2.1.4 Infrastructure Strategy 2015-30³. Infrastructure Strategy provides the direction to address the challenges faced by the Defence estate and infrastructure (valued at £30bn in 2015), to maximise its contribution to Defence capability, outputs, and communities in a way that is more efficient, adaptable and best value for money. Under this, the RFCAs maintain, develop, and optimise a significant tranche of the Volunteer Estate (VE), worth approximately £1bn. This is achieved against a series of strategic objectives, including:

- Support Defence outputs, responsive to changing requirements;
- Smaller, more efficient estate;
- Whole Force infrastructure;
- Safety and security;
- Commercialisation via Wider Markets Initiative and Alternative Venues.

2.1.5 Future Reserves 2020 (FR20)⁴. Following the 2010 SDSR, the 2011 Independent Commission, and public consultation in 2012, the 2013 white paper outlined a number of key objectives aimed at increasing size and, subsequently, capability of the UK's Reserve Forces. The primary headline of this strategy was to increase the trained strength of the volunteer Reserve to 35,000, which posed myriad questions about the standard of the Volunteer Estate and Defence's ability to engage with employers. The latter led to the evolution of the Employer Engagement workstrand, building on the previous SaBRE work, to formalise and develop the relationship between Defence and industry – delivered through the RFCAs via the newly created Defence Relationship Management (DRM), working to a Service Level Agreement (SLA) with CDP and represented in the regions by Regional Employer Engagement Directors (REEDs).

Strengths

2.2.1 Stakeholders were generally very positive about delivery of the main RFCA functions whilst accepting the need for more clarity on roles, objectives and performance levels. Where the relationships work well at the regional level, a great deal is achieved and there are numerous success stories across the RFCAs' functions. There is reasonable appetite among the RFCAs and customers (up to 3*) to explore new tasks that could be taken on – subject to addressing extant issues, such as corporate governance, finance, and HR. There are particular opportunities around Reserve and Cadet estate optimisation, community engagement, and providing regional support to the new Office of Veterans' Affairs.

2.2.2 A key strength of the RFCAs is their extensive volunteer membership (numbering around 8000), bringing with it a wide breadth of expertise and community links – without which the RFCAs would unlikely have access to the information and knowledge needed to discharge the duties. This mirrors the clear passion of RFCA staff for their roles to provide a crucial and coherent voice for Reserves and Cadets across the UK. Their position as the link between Defence and the wider public, continuity of staff and expertise, and tri-Service drive enables the RFCAs to deliver across all functions, particularly community and employer engagement (the latter

³ Strategy for Defence Infrastructure 2015 to 2030; <https://www.gov.uk/Government/publications/strategy-for-defence-infrastructure-2015-to-2030>

⁴ Future Reserves 2020 (FR20); <https://www.gov.uk/Government/consultations/future-reserves-2020-consultation>

proven by the success on the Armed Forces Covenant and Employer Recognition Scheme workstrands). This is particularly valuable in cases where local knowledge and understanding may be limited in MOD customers.

2.2.3 Operating at arms-length from MOD also provides a number of benefits, particularly in their agility to react to issues on the estate. Customers universally praised the RFCAs for their ability to take on and complete maintenance, renovation, and new infrastructure projects quickly. This is supported by flexibilities on their annual finances and ability to raise roughly £10m in additional funding each year, primarily through non-domestic rate rebates and Alternative Venues (hiring out otherwise empty estate, typically to blue light services, and sharing the proceeds with the relevant unit).

2.2.4 Overall, the Review concluded that the functions of the RFCAs remain relevant and valuable. They contribute to MOD objectives whilst building and maintaining vital links for the Defence community with the general public.

Issues

2.3.1 However, a number of weaknesses in terms of corporate governance and the quality of the customer Service Level Agreements (SLAs) have been identified. There is a lack of consistency of processes and procedures across the thirteen RFCAs, presenting real issues where some regional customers are supported by multiple RFCAs. While customers recognise the importance of regional influence and variance, there is clear value in greater parity and coherence. Customers have noted the distinct lack of diversity and consequently outdated manner of business at senior strategic levels, absence of performance reporting, and clear need for non-executive directors (NEDs) with appropriate corporate competencies to bring a level of constructive challenge currently lacking due to the insular way business is conducted.

2.3.2 Key issues include Cadet safeguarding and the health and safety of the Reserve and Cadet estate due to current funding levels and accountabilities up the chain. The weak governance and reporting structures can hide regional inconsistencies in delivery and do not adequately define or mitigate the clear risk in various areas which ultimately fall back to the Permanent Secretary. Current structures inhibit resourcing concerns being transparently escalated through to the Customer Board, compounded by unclear direct correlation between SLA output and budgeted cost.

2.3.2 It is clear that the current set of SLAs are weak, and the associated risk and reporting processes do not provide sufficient transparency and accountability. While there is some good work around this (namely the Employer Engagement SLA), the other SLAs are not fit for the purpose and the governance system does very little to challenge or address the clear weaknesses.

2.3.3 Additionally, the CRFCA's lack of legal status presents a number of concerns that need to be addressed, including a lack of clarity around its ability to hold the budget for the RFCAs and to employ staff due to being a Joint Committee. This creates significant issues as all funding for RFCAs from MOD is funnelled through

CRFCA, and the Employer Engagement work is delivered (at least in part) by DRM who sit within CRFCA. It has also led to a lack of direct external audit by the National Audit Office (NAO).

2.3.4 The sponsor relationship between MOD and the RFCAs is also unclear and presents issues. The provision of grant-in-aid (GiA) is typically provided by the departmental sponsor of an ALB. For the RFCAs, this is administered by DRes Army – £39.7m in 2018/19. DIO also provide GiA funding: £17.5m for reactive maintenance and £21.1m for soft FM. Further, the Customer Board (the biannual 2* oversight panel), typically led by the departmental sponsor, is chaired by ACDS(R&C), with DRes Army as vice-chair and representation from the TLBs.

2.3.5 Evidence shows that these weaknesses, at the very least, hold back the RFCAs from reaching their full potential. Indeed, the goodwill of the RFCAs to deliver beyond their brief (for instance, adaptations to the homes of wounded and injured service personnel, or WISPA) may not be matched by commensurate resourcing and can lead to inconsistent workloads and pressure across the regions. In the case of WISPA, the cost of the adaptations is covered but the administrative cost is not – increasing the burden on stretched estates staff who typically do not have a clear sight of when, or if, WISPA will come in. As this workstrand falls outside of the already weak reporting structures, there is little recourse for RFCAs to flag up the burden this places on staff and resources. In spite of this, evidence suggests that the RFCAs deliver successfully in this area and could do more if appropriately resourced.

RFCA Function – Expert Advice to Defence Council

2.4.1 Under RFA96, RFCAs have two general duties: to give advice and assistance to the Defence Council, and to conform to the Defence Plan. For the former, the RFCAs provide annual advice through two formal means: the External Scrutiny Team (EST) report on the state of the Reserve Forces⁵ and the Health Check of the Cadet Forces.

2.4.2 The FR20 Independent Commission identified a requirement for an annual report to Secretary of State (SofS) for Defence on the overall health of the Reserve Forces. On 1 October 2014, the Defence Reform Act 2014 placed a statutory duty on the Reserve Forces' and Cadets' Associations (RFCAs) to report annually to Parliament on the state of the United Kingdom's Reserve Forces. The EST report, and the Secretary of State's (SofS) response, is placed before Parliament.

2.4.3 CRFCA also appoints a small team to conduct the Annual Health Check of Cadet Forces (CHC) to provide MOD with objective and independent advice on the overall health of the Cadet Forces, their ability to deliver MOD-endorsed outcomes, and risks to their future well-being and sustainability. It is a 'light touch', non-statutory review and a snapshot of what the team find during their visit programme. A short report is provided to Chief of Defence People (CDP) in December each year.

⁵ External Scrutiny Team Annual Report 2019; http://data.Parliament.uk/DepositedPapers/Files/DEP2019-0874/Reserve_Forces_EST_Annual_Report_2019.pdf

2.4.4 The CRFCA produces these reports using information and data from MOD and single Services, and through site visits. The reviews and recommendations complement and contribute to the MOD and sS governance processes of the Reserves and Cadets to preserve and improve the experience for both cohorts.

RFCA Function – Volunteer Estate

2.5.1 The Volunteer Estate (VE) exists to support the activities of the Volunteer Reserve and the Cadets. It comprises the Royal Naval Reserve (RNR), Royal Marine Reserve (RMR), Army Reserve (AR) and to a lesser extent, the Royal Auxiliary Air Force (RAuxAF) estate, together with the facilities used by the Army Cadet Force (ACF), the Air Training Corps (ATC) and the Combined Cadet Force (CCF) (which is attached to schools). Sea Cadets are also co-located in a number of locations, but are supported by the Marine Society & Sea Cadets (MSSC) rather than the RFCAs.

2.5.2 The VE differs from the Regular Estate in three key aspects.

- It is relatively simple in nature: comprising meeting, training and support facilities.
- It is also overtly outward facing, based in the community and therefore needs to be accessible. This is particularly true for Cadets who are, by virtue of their age, more localised than their adult counterparts in the Reserves who are able to travel greater distances to their respective base.
- The ownership and funding model were not changed when the new Defence Infrastructure System Operating Model (ISOM) was introduced on 1 Apr 18. This amplifies the confusion over roles and responsibilities.

2.5.3 The management of the Defence estate is undertaken by several different organisations. The majority is managed by the DIO, who utilise a range of contractual arrangements including; Regional and National Next Generation Estates Contract (NGEC) predominantly delivering Hard FM services; Hestia contracts delivering Soft FM services and full service (including end of life replacements) PFIs. The NGEC suite of contracts is to be replaced by Future Defence Infrastructure Services contracts from 2021.

2.5.4 Most of the Volunteer estate is not managed through these DIO contracts. Instead, the RFCAs source local contractors with a main focus on estate maintenance. The first phase of FDIS does not change this, although the option remains to bring the VE in scope should there be a VfM and operational case to do so.

2.5.5 A similarly mixed approach exists for capital projects. Some are managed by DIO. Some are managed by the individual RFCAs who typically seek to develop and maintain strong relationships with their regional customers.

2.5.6 Evidence from regional RFCA customers is overwhelmingly positive – the speed and agility with which the RFCAs can act and respond to evolving needs is a regular point of praise. There is little appetite – nor an obviously compelling operational argument – to wrap the VE more fully into NGEC/FDIS or HESTIA, or to

curtail the RFCA delivery of capital projects. The appetite is for RFCAs to have an ongoing, and increased involvement in maintaining and developing the VE.

2.5.7 Therefore, there is a compelling need to more formally and clearly set out an operating model for the maintenance of the VE that is consistent with the broader defence ISOM. This is explored further in Section 3.8.

RFCA Function – Employer Engagement

2.6.1 Following the Future Reserves 2020 (FR20) white paper in 2013, Defence sought to improve engagement and relationships with employers of Reserves as a means to improve the Reservist offer, develop Defence's interaction with business, and support recruitment. This led to the creation of Defence Relationship Management (DRM) to sit within the CRFCA to steer the RFCAs' role in employer engagement, linking into MOD via an SLA with the Employer Engagement team in the Reserve Forces & Cadets directorate (RF&C) under CDP.

2.6.2 Employer engagement work is split across national/strategic and regional accounts, with DRM handling the former and the Regional Employer Engagement Directors (REEDs) based in each RFCA handling the latter. Director DRM directs the regions to target certain employers or industries, with the respective Chief Exec of the RFCA in the region determining with the REED how best to approach this given their regional understanding and knowledge.

2.6.3 In subsequent years, DRM has developed its capabilities and the accountability structures around the function have matured. Building on the findings of a major DRM project (Project PORRIMA) that looked at how to deliver an intelligence-led EE operation most efficiently, DRM has subsequently created a model for measuring the effect of its employer engagement activity and deliverables.

2.6.4 CRFCA reports biannually to the Employer Engagement Executive Group (E3G) on RFCA/REED outputs in support of the full range of Defence People objectives. This ranges across Reserves, resettlement, spousal employment, Armed Forces Covenant (AFC) signings, and commercial disadvantage. Regionally, priorities and local strategies are set at the respective Regional Employer Engagement Board (REEB). These are chaired by a senior officer from one of the services and include sS and RFCA representation to ensure a tri-Service coordination of engagement in the area to exploit synergies and prevent duplication that may be burdensome to businesses or the public.

2.6.5 As engagement in the wider sense is better understood within Defence, there is a clear role for the RFCAs in this space. The demonstrable success of DRM and the EE programme (whether measured through Armed Forces Covenant (AFC) signings, Employer Recognition Scheme (ERS) awards, or any of the other measures of effectiveness the RFCAs assess) highlights the value the RFCAs offer Defence as a cost-effective link into society. This would also link back to the fifth key RFCA task set by the Defence Council and outlined in the RFCA Regulations 2014 to 'establish and maintain links with the civilian community'; this task is presently conducted by proxy via the three clearly defined functions discussed in this chapter.

RFCA Function – Youth & Cadets

2.7.1 Through the lines of effort defined in the CF2025, the RFCAs are involved with Cadets in a number of ways. The most direct involvement is through logistic and administrative support to Army Cadet Force (ACF) units through the Professional Support Staff (PSS). Reporting to the relevant Deputy Chief Exec of each RFCA and up to the Youth & Cadet (Y&C) Director in CRFCA, the PSS (who are required to be Cadet Force Adult Volunteers (CFAV)) currently totals almost 500 and is the primary bulk of RFCA staff. Each individual team in support of a unit typically consists of between 10-15 people focused on enabling their Cadet unit to book and access training areas, necessary weapons and ammunition, and providing safeguarding support. Each RFCA has a number of these teams in support of the various Cadet units in their region, providing a clear value added with the continuity of PSS staff in comparison with short term Army postings.

2.7.2 Following a successful trial in Highland and Lowland, the Scottish RFCAs have recently added an additional member of PSS staff and begun providing limited PSS support to the Air Training Corps (ATC) alongside their existing support to the ACF. Evidence showed interest from customers in extending this to other regions in the future.

2.7.3 The RFCAs provide no formal services to the Marine Society and Sea Cadets (MSSC), although there are some MSSC facilities on the Volunteer Estate (VE) which the RFCAs support.

2.7.4 The RFCAs also play a key role in the Cadet Expansion Programme (CEP), the joint MOD/DfE drive to increase the number of Cadet units in schools and deliver a challenging and stimulating cadet experience. Since inception, the number of cadet units parading in schools now exceeds the target of 500 set for the programme, and will exceed the risk-based overshoot figure of 510 once all new units have paraded.

The RFCAs have provided a considerable amount of support to the Cadet Expansion Programme (CEP), a cross-Government scheme to create Cadet units in schools. RFCA staff have been embedded within the Joint MOD / Department for Education Team, Regional Command, RAF Air Cadet Headquarters, the Regional Point of Command (RPOC) and their cadet training teams and well as the School Cadet Expansion Officers, who have acted as the MOD 'field force' and the key interlocutors with schools.

Collectively, the RFCAs have been pivotal in the delivery of the CEP which met its ambitious target of 500 cadet units parading in schools nearly 6 months ahead of the target date of end March 2020. The RFCAs have played a key role in the success of this scheme, demonstrated clear value added to Defence, their local communities, and cross-Government objectives.

2.7.5 RFCA involvement in the Y&C space is overseen and held accountable through the Youth & Cadet Council (chaired by MinDPV) and the 3* Youth & Cadets Steering Group (chaired by CDP). These governance meetings provide overarching

direction for Cadets, Partnership Youth and Curricular Activities, considering the nine LoE of the CF2025, activity to deliver on these areas, and risks in the system for consideration and escalation. Representation to the Y&C Council includes OGDs, Chairs of the five Cadet organisations, and CRFCA's Y&C Director to ensure a coherent tri-Service, cross-Whitehall approach to Y&C.

Requirement for RFCA Functions

2.8.1 The functions carried out by CRFCA and RFCAs are required as Defence outputs under the Defence Plan. Three of the four central functions (volunteer estate, engagement, youth & Cadets) contribute to economic growth in regional and national terms directly or indirectly. For instance, maintenance of the volunteer estate stimulates local economies through the RFCAs using local contractors and tradesmen; work on engagement (employer and community) supports relationships between Defence and employers, who in turn can take advantage of upskilled Reservist or former Cadet employees.

Recommendation 2.8a: The four core RFCA functions (Expert Advice, Volunteer Estate, Youth & Cadets, and Employer Engagement) remain necessary and the RFCA NDPB should continue to deliver a public service in support of the MOD Defence Plan and Defence Council Policy Guidance.

2.8.2 This chapter has thus far looked solely at what functions are carried out by the RFCAs without analysing the extensive evidence of where delivery has been successful, where opportunities for improvement exist, and why. This will be covered in further detail in Chapter 3. For instance, the success of the EE function is positive evidence of where delivery of a key Defence output has been developed and co-created with the RFCAs. The other functions are less coherent and have seen RFCAs take on additional tasks gradually over time, often without adaptations to SLAs (therefore further weakening accountability and risk management) or commensurate resourcing. This is most clearly seen on estates where myriad parties operate in the same space with commercial contracts in operation for some work, blurred division of labour, and RFCAs picking up work inconsistently from region to region.

2.8.3 The above reflects that, while the other functions are more complex in comparison to EE, there is clear value in a simplified, co-developed formal relationship between RFCA and customer on functional delivery, with clarified responsibilities for both sides. Evidence shows that regional customers are generally content with the output and responsiveness of the RFCAs; baselining a uniform expectation across the organisation – with regional tailoring as necessary for bespoke projects – would better formalise this relationship and encourage a more business-like approach to delivery. This will be covered in further detail in Chapter 5.

RFCA Classification – Cabinet Office ‘Three Tests’

2.9.1 Having established that the functions are required, the Review then considered how they are best delivered, whether by an ALB, central Government directly, or another model.

2.9.2 Fundamental to a body existing at arm's length from Government is whether it meets one of Cabinet Office 'Three Tests':

- Test 1: it performs a technical function which needs external expertise to be delivered – for example a function that could not be delivered in a department by civil servants, and where it would not be appropriate to recruit staff with the necessary skills to the department to undertake the function;
- Test 2: its activities need to be, and be seen to be, delivered with absolute political impartiality – for example where political involvement, or perceived involvement, could adversely affect commercial considerations, growth, or the financial markets, or could lead to criticism of partiality;
- Test 3: it needs to act independently of Ministers to establish facts and/or figures with integrity – for example in the compilation of National Statistics.

2.9.3 The Review team concluded that the work of the RFCAs passes all three tests, at least in part. The EST and CHC functions fulfil the tests, given that they need to be delivered externally of MOD as the parent department and Ministers. Conversely, there is similar estates, Cadets, and engagement expertise available within Defence; theoretically these functions could be disaggregated from the RFCAs and delivered through other means.

2.9.4 However, as explored below, the RFCAs' ability to deliver on each of the functions is underwritten by their expertise and involvement across the other three functions. Their continuity of staff, regional footprint, and corporate knowledge are major strengths - comparing favourably to analogous teams in the sS or MOD where staff typically move posts more frequently.

RFCA Classification – Alternative Delivery Models

2.10.1 As the functions are still required to support delivery of Defence outputs, the Review considered a range of alternative delivery models for the RFCAs to determine the most appropriate model, as per Cabinet Office guidance⁶. Further detail on this can be found at Annex C. The models considered were as follows:

- Maintain status quo / Do nothing
- Abolish
- Move out of central Government
- Commercial models
- Bring into central Government
- Merge with another body
- Less formal structure
- Delivery by a new Executive Agency (EA)
- Delivery by an Executive Non-Departmental Public Body (NDPB)

⁶ Tailored Reviews: Guidance on Review of Public Bodies. <https://www.gov.uk/Government/publications/tailored-Reviews-of-public-bodies-guidance>

2.10.2 Maintain status quo / Do nothing. The RFCAs are currently unclassified ALBs. In 2007, Cabinet Office advised that the RFCAs could remain unclassified. However, guidance has been updated and the Cabinet Office now outlines four possible circumstances where it may be acceptable for a public body to be unclassified⁷. The RFCAs do not meet any of these as they are a large and long-standing collection of bodies, recognised by ONS as MOD public bodies in the Accounting Officer System Statement, not undergoing significant structural change, and are not genuinely unique and unclassifiable as they pass the ‘Three Tests’ to be a NDPB. Therefore, change is necessary and the status quo cannot be maintained.

2.10.3 Abolish. This would not remove the need for the functions to be carried out, meaning new ownership would need to be sought, delivery would be put at risk (especially during transition), and it is unclear what VfM or delivery improvements could be achieved. Ongoing risks such as Cadet safeguarding, estate health and safety, and weapons storage present clear and substantial risk to life and reputation – the RFCAs experience in dealing with these risks (albeit with concerns due to resources) is crucial in managing likelihood and impact. Therefore, the RFCAs should not be abolished.

2.10.4 Move out of central Government. The functions carried out by the RFCAs are diverse and varied, having evolved over time. In order to adequately deliver all of them would necessitate separating the functions for them to be delivered by a number of external bodies or companies as no external body suitable to cover all of the functions exists. For instance, a charity model could theoretically work, at least for the Youth & Cadets function, as the delivery of Cadets is done through charities. However, there is no current equivalent for the other functions and therefore, a change to this model would require setting up new bodies and separating out the functions, risking delivery of the wider RFCA mission.

2.10.5 The close connections with local authorities suggest that some of the work could be delivered by councils, especially around youth engagement and Cadets. However, approximately 10% of the annual RFCA budget is regionally generated income (RGI), largely due to discounts on business rates payable on the volunteer estate. As local authorities cannot provide discounts to themselves, this RGI would cease, severely impacting the RFCAs ability to maintain and improve the Cadet estate (upon which the majority of the roughly £5m in annual rebates is spent).

2.10.6 The RFCAs are able to exploit synergies by combining their work across functions to deliver greater than the sum of the parts (for instance, utilising Cadet links to facilitate engagement work, tri-Service optimisation of the Reserve and Cadet estate etc.). This would likely be lost in a move to separate bodies, therefore the Review does not recommend this as an appropriate delivery model for the RFCAs.

2.10.7 Commercial model. The estates function of the RFCAs could theoretically be delivered by the private sector. However, evidence suggests that the central coordination/regional delivery and understanding of the military context is useful in

⁷ Classification of public bodies: guidance for departments.

<https://www.gov.uk/government/publications/classification-of-public-bodies-information-and-guidance>

the customer-provider (i.e. TLB and RFCA) relationship and helps agility and speed of delivery across the organisation. Additionally, there is evidence that RFCAs often 'fill in the gaps' left in DIO contracts where a large national company does not wish to work. A move to this model could risk the footprint and public visibility of Defence, as in the most remote regions, a Reserve or Cadet unit is the only contact Defence has with certain communities.

2.10.8 In terms of the Cadets and EE functions, transferring to the private sector would present significant risk to the key relationships and networks built up around the RFCA being the single POC in a region. RFCAs already run very lean teams to deliver these functions, so it is unlikely sufficient efficiencies could be found to satisfy a value for money argument. The setup costs of new bodies to replicate support provided to Cadet units would greatly outweigh any possible benefits through this model.

2.10.9 The EST and CHC functions are underpinned by the RFCAs' delivery of the other functions; moving EST/CHC out to the private sector would likely limit the effectiveness of the reporting or create additional work on information sharing between the separated delivery providers to deliver the same output. Therefore, the Review does not consider a commercial model to be appropriate for the RFCAs.

2.10.10 **Public corporation.** While the RFCAs deliver national requirements, delivery is bespoke to MOD and therefore is not analogous to other public corporation (such as the BBC). Additionally, the RFCAs and CRFCA do not 'sell' anything and therefore do not generate commercial revenue that covers 50% of their operating costs. This model is not considered appropriate for the RFCAs.

2.10.11 **Bring into central Government.** As there is no existing single team in Defence able to deliver on all RFCA functions, the functions would need to be disaggregated and redistributed, confusing oversight and increasing contact points for customers and communities. The voluntary membership and regional boards, fundamental to the RFCAs' links into their communities, would also cease to exist. Further, the statutory advice function of the RFCAs could not be brought in-house.

2.10.12 Main Building also does not have the capability, understanding, or footprint to deliver effectively across the functions, while accounting for regional variances. Indeed, there is evidence that work from Main Building can actively undermine delivery in the regions, particularly in sensitive areas such as Northern Ireland which require a more bespoke approach. The respective points of contact for each sS could potentially take on the RFCAs' work and maintain the regional link, however this risks the tri-Service nature of the RFCAs' work. Additionally, the Cadets are a non-military youth organisation and benefit from not being entirely within military purview, especially in Defence's external engagement in, for example, Northern Ireland; presenting a non-military face of Defence is crucial in areas where regional sensitivities must be considered. RFCAs are particularly attuned to such sensitivities and their substantial experience in navigating them would be lost if their functions were integrated into central Defence or the sS.

2.10.13 The key funding source of business rates discounts would cease as they cannot be provided to Government; neither could the RFCAs continue to enjoy

Northern Ireland RFCA (NI RFCA) has developed a youth outreach programme called Pathways Adventure Activities (PAA). The programme delivers youth development experiences, based on those of cadet movement, across NI to just under 60,000 young people in the year up to last December. This is delivered in tandem with a wide range of community and church groups, other youth charities, the Princes Trust, local authorities and schools.

PAA is now NI's largest single youth outreach programme, the governance of which involves Head Children NI, and is making a measurable contribution to local community and youth welfare. In addition to the Pathways programme, the NI RFCA also organises overseas visits which are opened up to members of the cadet community. In August 2018 a group of adults and cadets went on a three-city tour of Poland to Gdansk, Warsaw and Krakow, the latter culminating in a very moving and informative visit to Auschwitz and Buchenwald concentration camps.

This programme would not have been possible without the unique position RFCAs occupy at arms-length, linking Government, business, society, and the Defence volunteer cohort together to provide extraordinary opportunities for skill development, education, and fun.

3% annual budget flex or receipt of GiA. There is clear delivery and economic value added by the RFCAs leading on the four functions which would be undermined by moving to other parts of MOD. The RFCAs pass the 'Three Tests' for being a NDPB therefore this model is not considered appropriate for the RFCAs.

2.10.14 **Deliver through an existing central Government body / merge with another body.** This would require a new body to be set up as no central Government body currently exists that could take on the RFCAs' entire portfolio. Transition would present significant risk to the relationships and networks built up with key stakeholders and communities. These are fundamental to the RFCAs' work and would limit effectiveness of delivery if disrupted. Therefore, this model is not considered appropriate for the RFCAs.

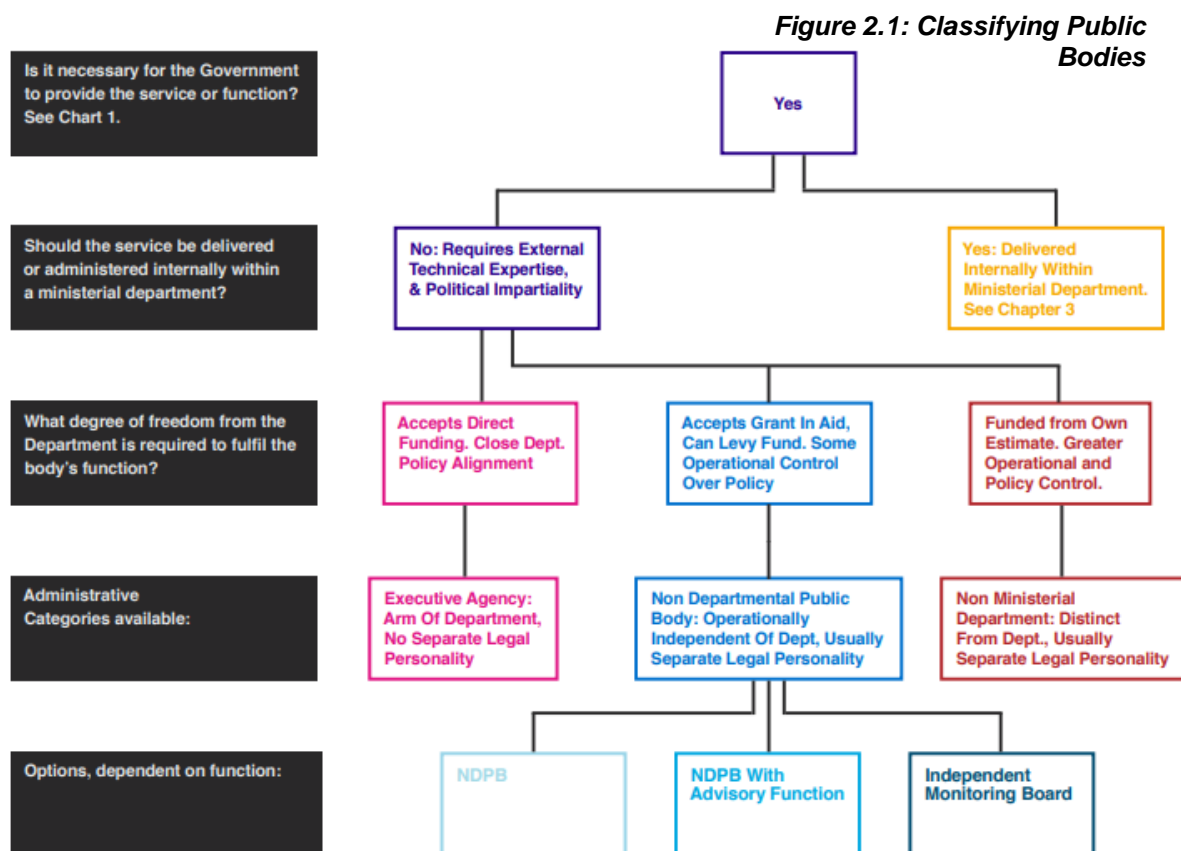
2.10.15 A temporary body (lasting less than 3 years). The RFCAs' functions are ongoing, evolving, and will continue to be required by the RFCAs or another body beyond a 3-year lifespan. Therefore, this model is not considered appropriate for the RFCAs.

2.10.16 **Less formal structure.** In terms of the CRFCA and its lack of legal status, this is effectively the format the organisation currently takes. Evidence suggests that the effectiveness, corporate governance, and overall value for money could be better delivered through an alternative format. Therefore, this model is not considered appropriate for the RFCAs.

2.10.17 As noted in 2.9, the RFCAs pass the Three Tests to be an ALB. The flowchart at figure 2.1 below outlines how to determine which delivery model is most appropriate for the RFCAs.

2.10.18 Two models can be immediately discounted. The Independent Monitoring Board (IMB) model is not appropriate as IMBs are to assess welfare in prisons. Non-Ministerial Department (NMD) is not appropriate as this would require a radical transformation to how the RFCAs operate to fit the model in terms of funding, flexibility of delivery, and staffing – with limited efficiencies to justify a change on this scale.

2.10.19 The remaining delivery models of Executive Agency (EA) and Non-Departmental Public Body (NDPB) differ in terms of the funding mechanism and their autonomy from parent department.



2.10.20 **Delivery by an Executive Agency.** RFCAs are funded in large part through GiA and benefit from being able to flex 3% of their annual budget between years (following approval from DRes Army). Both would cease as an EA, impacting RFCAs flexibility around delivery. The approximately £5m annually in NDR rebates (a key RGI funding source) would also stop.

2.10.21 Creating a RFCAs EA is the opposite of what customers look for from the RFCAs. The RFCAs would have no ability to tailor to regional circumstances, breaking the model that currently functions well in Northern Ireland. Seating the RFCAs within MOD also undermines their statutory task of providing independent

advice through the EST. Crucially, the RFCAs currently pass the 'Three Tests' for being a NDPB, therefore this model is not considered appropriate for the RFCAs.

2.10.22 **Delivery by a Non-Departmental Public Body (NDPB).** The single executive NDPB model is broadly similar to the format the RFCAs currently take; instituting this model would regularise the current setup and structure, recasting the collective as a national RFCA with 1 national office and 13 regional organisations. This replicates successful approaches across Government, such as with Arts Council, and presents a number of key benefits including: preserving the regional footprint, modernisation of corporate functions, address financial and legal risks presently associated with the CRFCA, enable more with improved consistency across the regions, and strengthen support to military capability and Defence requirements through more coherent delivery across the organisation.

2.10.23 The Review considers this model as most appropriate for the RFCAs and recommends it is taken forward. The reform would require primary legislation; the next available legislative opportunity is the Armed Forces Bill due in 2020.

Recommendation 2.10a: The CRFCA and 13 RFCA ALBs should be merged into a single Executive Non-Departmental Public Body (NDPB), with a National Office and a set of Regional organisations. [Owner: RF&C] [Policy: RFA96] [Timing: Armed Forces Act 2021] [**PRIORITY**].

RFCA NDPB Considerations

2.11.1 The RFCAs are currently unclassified ALBs and require modernisation in terms of corporate governance and consistency of service provision across the organisation. This will be explored further in Chapter 5. The current resting state is not sustainable for a modern ALB; the Review team therefore recommends a change in delivery model to a single executive non-departmental public body (NDPB). As RFCAs are funded partially by GiA, staffed by crown servants, and have delivery as well as advisory functions, this is the most appropriate delivery model going forward.

2.11.2 The new body will deliver:

- a solution to the current legal concerns around finance and employment law stemming from the CRFCA's lack of legal status;
- a strengthened, unified voice for the Reserves and Cadets, facilitating the dialogue with Government;
- better optimised and utilised estate across the single Services;
- better mechanisms for the sharing of expertise and best practice – for example, around management of major projects;
- more time to focus on regional priorities, through the centralisation of back and middle office functions and the reduction of administrative responsibilities;
- improved quality of evidence on the Reserves and Cadets landscape through the pooling of multiple datasets and information sources;
- eliminating duplication to ensure the new arrangements are efficient and effective, and to ensure all available funding is directed to support Reserves and Cadets;

- establishing a system that balances autonomy and independence with crosscutting ability and flexibility, with decisions delegated to the experts best able to take them;
- a strengthened strategic approach to future challenges and a maximisation of the value and benefit from Government’s direct investment of over £112m per annum in the RFCAs;
- a greater focus and capacity to deliver on cross-cutting issues;
- more integrated engagement with employers and the community.

2.11.3 Figure 2.2 shows the possible delivery models that would address these risks to Defence, ordered by their autonomy from MOD. For the reasons given at 2.10, Bring into Central Government, Executive Agency, and NDPB are the only viable options. The Review is recommending the NDPB model as it regularises the RFCAs to ensure regularity and propriety, preserves sufficient autonomy to facilitate the flexibility that customers value, and enables continued value to be drawn from the volunteer ethos and regional networks.

2.11.4 Under current legislation, the CRFCA was not intended to be a separate legal entity. Through s116 of Reserve Forces Act 1996 (RFA96), it is a Joint Committee that is part of, and subordinate to, the Associations that have created it. As a result, legal responsibility for any financial or public liability resulting from CRFCA activity falls to CRFCA Board members personally, requiring urgent remedy. The CRFCA has no defined geographical area and therefore cannot be created as a 14th body under current legislation.

2.11.5 The CRFCA has been operating as if it were a separate organisation by holding bank accounts and employing staff – this creates significant risk. Moreover, as the CRFCA is not a separate legal entity, NAO will not conduct an external audit, impeding the ability of the MOD Principal Accounting Officer to ensure regularity and propriety on the RFCAs’ use of public funding. The NAO have previously audited individual RFCAs, however the last audit was 15 years ago and covered only 6 RFCAs.

2.11.6 Managing Public Money outlines the expected flow of executive authority for public bodies. Executive authority should flow from the public body’s Chief Executive, advised by the National Board, and can be sub-delegated as appropriate to regional delivery structures, which may themselves be advised by regional committees.

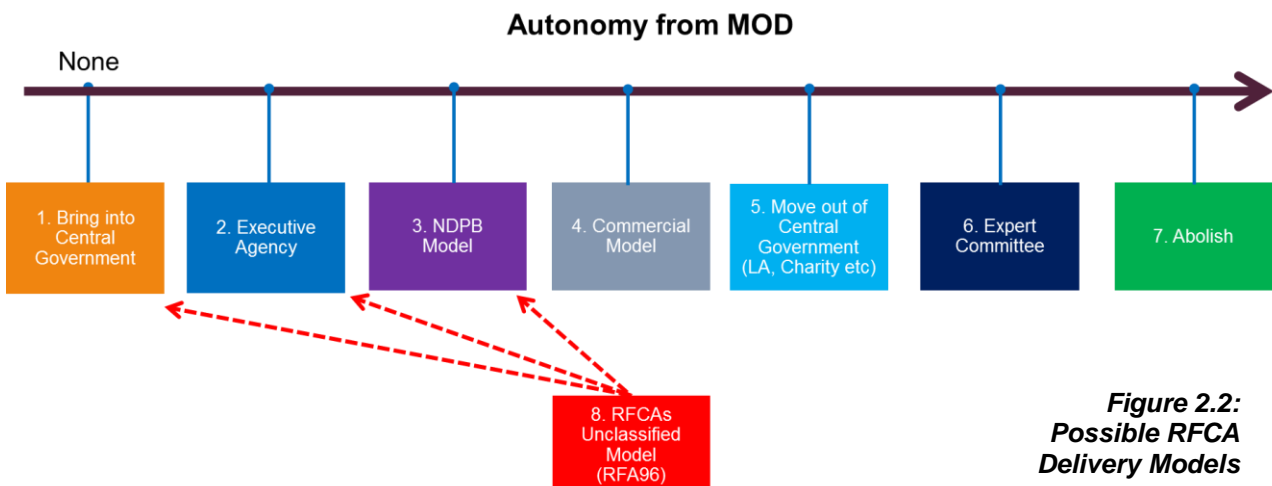


Figure 2.2:
Possible RFCA
Delivery Models

2.11.7 In its current form, RFA96 vests in the Association Voluntary Membership executive authority which, through s116, has been delegated to the CRFCA Board via Association Chairs and then sub-delegated to the CRFCA Chief Executive. As noted in the RFCA Framework Agreement 2016, this creates inevitable tension between an Association's autonomy and its application of delegation, and any directive authority vested in CRFCA Chief Executive.

2.11.8 Therefore, it is critical that the delivery model is regularised as it currently does not comply with the principles set out in Managing Public Money.

2.11.9 There is a contention that the membership networks and regional links mark the RFCAs out as sufficiently unique so as to justify remaining unclassified. These are undoubtedly strengths and, if utilised effectively within Cabinet Office guidelines on public body corporate governance, can be valuable to the RFCAs. However, active memberships and networks mark the RFCAs as sufficiently unique to MOD and therefore appropriate to be at arm's length. Memberships do not preclude classification as a NDPB, and the RFCA NDPB would not be unique in having a membership, especially given the legal and financial risks associated with being unclassified that must be addressed. Through careful co-design and implementation, there is no reason that these strengths are disrupted by classification.

2.11.10 By merging the 13 RFCAs into a single NDPB, the existing structure can be preserved and enhanced with a national office providing distinct corporate functions (e.g. HR, Finance, Commercial, Policy expertise) in support of the regional organisations which, as now, can focus on delivering on the functional outputs defined in the SLAs.

2.11.11 The model change will also modernise the RFCAs into a more business-like structure with improved consistency and baselined performance across the regions, creating a more responsive and consistent service for Defence customers. It would further strengthen support to military capability and Defence requirements on estates, Reserves, and Cadets through more coherent delivery across the organisation.

Chapter Three: RFCA Effectiveness

3.0.1 Having made the case that the RFCAs' functions are required, and that the RFCAs should be reconstituted as a single legal entity (classified as an Executive NDPB) with a national office with executive authority for delivery of the MOD's Strategic Objectives, this chapter looks at how RFCA NDPB and MOD could operate more effectively together to achieve the required outcomes and manage risk both to RFCA NDPB and MOD.

3.0.2 The Review's Terms of Reference (TORs) at Annex B outlined a number of additional tasks RFCA NDPB could take on. Evidence collected suggested that customers would support these being taken on, subject to modernisation of the organisation. The following assesses current and future viability of each of the functions listed in the TORs.

Front-Line Command Regional Support Functions

3.1.1 As noted in the previous chapter, there is limited consistency of service and delivery across the regions. Despite being listed as a strategic objective in the Defence Council Policy Guidance, there is no uniform understanding of what Community or Civil Engagement looks like for RFCAs. The guidance around this function from MOD is limited and has led to confusion between sS (primarily Army) and RFCA as to the division of responsibility on maintenance and development of the Firm Base, with no formal accountability or monitoring of RFCA activity in this space. This needs developing in order to take advantage of the clear opportunities available to Defence through the RFCAs.

Recommendation 3.1a: MOD, with input from sS, should develop a tri-Service External Engagement Strategy, including roles and responsibilities across the single Services and priorities for Community and Civil Engagement. [Owner: RF&C/sS] [Policy: Defence Engagement Strategy] [Timing: Two Years] **[REVIEW]**.

3.1.2 NI RFCA have enjoyed considerable success on Community and Civil Engagement on behalf of the sS by virtue of being better placed to manage the political sensitivities in the region. While RFCAs in England, Scotland, and Wales do not face these issues, there are lessons to be learned from the NI journey and greater links across the organisation could be leveraged to support Reserves and Cadets on a tri-Service basis.

3.1.3 This will need better understanding and clarification of Community and Civil Engagement requirements in the customer SLAs, which should flow from and be aligned to the newly developed Defence External Engagement Strategy. Doing so will allow RFCA NDPB to cost and co-create the delivery of Community and Civil Engagement, and empower DRM to direct and support the regions with their extant links through the EE function.

Recommendation 3.1b: Single Services should clarify their Community and Civil Engagement requirements and associated funding in line with Defence

Council Policy Guidance as part of their SLAs. [Owner: RF&C/sS] [Timing: One Year] [**ACTION**].

Recommendation 3.1c: The CRFCA Director DRM role should be broadened to cohere tri-Service Employer, Community and Civil Engagement across the RFCA NDPB and single Services - in alignment with new External Engagement Strategy. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

The RFCAs already deliver a range of wider external engagement, utilising their relationships with local communities and businesses. Some examples in 2018/19 include:

Local employers in East Anglia were invited to join Reservists on foreign training exercises and see them in action. 'Employers Abroad' is an exclusive, immersive experience which involved four days in the company of 'The Steelbacks', the Reserve battalion of the Royal Anglian Regiment, on Exercise ROMAN STAR in Turin, Italy.

Highlands RFCA launched ChamberFORCE in Dundee in partnership with five Chambers of Commerce to help streamline engagement between Defence and key business stakeholders. Hi RFCA also facilitated Exercise TEAM SPIRIT, in which first-year nursing students from the School of Nursing and Health Sciences of Dundee University braved wet and windy weather collaborated with 225 (Scottish) Medical Regiment at Oliver Barracks in Dundee.

In Northern Ireland, an innovative programme is currently under construction with the Department of the Economy and Invest Northern Ireland to create opportunities for Reservists, Veterans, spouses of serving personnel and senior Cadets to develop cyber capability and expertise within the UK's second largest 'Cyber Hub'.

Administration and Logistic Support of Cadets

3.2.1 The PSS for each Cadet unit supported by the RFCA regions is typically a small, skeleton staff headed by a C2 Cadet Executive Officer (CEO). Working to them is a D Cadet Quartermaster, typically a couple of Admin Officers, a Cadet Support Assistant, and a few Cadet Admin Assistants. This general structure is replicated across the country in support of around 128,000 cadets of which just over half are Army.

3.2.2 The CEO is the sole PSS member trained to provide safeguarding support, creating significant resilience risks should an incident occur during a period of leave or illness for the CEO. This highlights the severely over-stretched experience of the PSS, with other skills resilience issues throughout, and is not reported as risks back through to the central Customer Board. The national office's Cadets branch is currently resourced to only a single post, which is insufficient for the level of risk being carried on Youth & Cadets and contributes to inconsistencies across the regions in terms of support to Cadets.

Recommendation 3.2a: Review Cadets safeguarding compliance and training capability in the RFCA NDPB National Office, ensuring continued alignment with both the MOD Cadet Safeguarding Framework and the planned Army Cadet Safeguarding Cell. [Owner: RFCA NDPB/sS/RF&C] [Policy: JSP 814] [Timing: Immediate] [**PRIORITY**].

3.2.3 This is exacerbated by the mandatory requirement of all members of the PSS to be Cadet Force Adult Volunteers (CFAVs). During evidence collection, the Review team discovered an instance where burdensome special exemptions had to be sought in order to recruit a qualified candidate for a PSS role because they were an adult volunteer for the RAF Air Cadets (RAFAC), not Army. There is also evidence of RFCAs having to let PSS go as they stopped being a CFAV. Given the extensive time required to process a candidate to be a CFAV, this dramatically reduces the recruitment pool for the PSS and limits the RFCAs' access to a quality workforce.

Recommendation 3.2b: Review RFCA PSS staffing and skills levels to ensure they are adequate to take on the additional tasks being asked of them. Consider continuing requirement for PSS to be members of the CFAV given their focus on administrative and logistic support. [Owner: RFCA NDPB/Army] [Policy: JSP 814] [Timing: Immediate] [**PRIORITY**].

3.2.4 Highland and Lowland RFCAs have recently completed a successful trial of providing PSS support to Air Cadets in the region. This has resulted in a small increase in resourcing to provide for additional posts for ongoing support. In view of the successful pilot, there is potential for other RFCA regions to offer the same service and expand the extent and type of support to the ATC.

Following the closure of RAF LEUCHARS in Fife in 2015, the Air Training Corps (ATC) units based in the Central Belt and the borders of Scotland lost their parented RAF Air Station that provided them with logistic support. Lowland and Highland RFCAs stepped in and began to provide PSS support to the ATC similar to that already provided to the Army Cadet Force. The RFCAs were resourced to recruit an additional PSS member in both Glasgow & Lanarkshire Battalion ACF and Angus & Dundee Battalion ACF.

The project is known as ATC Parenting in Scotland. It is now a formal tasking in the RAF / Air Cadet SLA with CRFCA and has proved to be a successful and cost-effective solution to the RAF Air Cadets' logistic support requirements.

Recommendation 3.2c: Explore opportunities to provide PSS support to RAFAC building on approach already adopted successfully in Scotland. Include specific comparison of ACF, RAFAC and MSSC CFAV Support Operating Models to benchmark efficiency opportunities. [Owner: sS/RF&C/RFCA NDPB] [Policy: Cadet Strategy 2025] [Timing: Two Years] [**REVIEW**].

Wider Markets Initiative

3.3.1 The Wider Markets Initiative is a Government policy designed to encourage the more intensive use of public assets, such as land and buildings, as well as

people and intellectual property, by developing new, non-statutory goods and services, which can be sold on a commercial basis.

3.3.2 The RFCAs generate a substantial income through rent receipts and Wider Market Initiatives (WMIs) where they let out irreducible spare capacity inherent in estate facilities that are utilised on a part time basis under 'Alternative Venues' (e.g. for conferences or blue light services training), and other activity such as advertising hoardings and mobile telephone mast rent. They also engage with local authorities to negotiate non-domestic rate rebates and other grants, as well as managing their own non-public trust funds and undertaking fund raising. The totality of this additional income generation typically amounts to approximately £10m pa, which is then used to enhance Cadet facilities and services. A third profitable tranche of RGI is in solar panel farms and combined heat & power (CHP) projects, such as on Altcar training estate (managed by NW RFCA).

3.3.3 WMIs are largely around making further use of the Estate and infrastructure although external revenue will continue to accrue from a range of RFCA activity. In view of the strategic change programme required for the Volunteer Estate, there is a need to ensure that Estate-derived WMI is managed strictly in accordance with MOD Policy and hence the Estates director must have the responsibility and authority for these activities. Non-estate WMI can be split out and managed elsewhere if required. Priorities for WMI revenue should be directed through the corporate Business Plan at a national level; without prejudicing incentivisation there should be increased opportunity for income generated by one region to be used across RFCA boundaries for national effect.

Since 2015 North West RFCA (NW RFCA) has embraced the concept of renewable energy generation through solar panel installations at a number of Army Reserve Centre sites financed by underspend in the utilities funding stream and via the 1.1 MW solar array on a 5-acre site at Altcar Training Camp. The Altcar scheme was funded by industry; NW RFCA receive a facility fee based on the amount of electricity generated on the land RFCA provided. So far, around £60k additional income has been raised. NW RFCA receive electricity entirely from renewables when the array is energised, and at a discounted rate not beholden to volatile international energy market prices.

The next step is for a small piece of land at Altcar (former double tennis court site) which will house a 'gas peaking' containerised system. This facility will generate electricity through small, gas engine generators which respond to supply or demand in the system to smooth out the capacity shortfall. North West RFCA have taken an arms-length, risk averse approach to this initiative and will see approximately £1.85M income generated over the 25-year life of the project, regardless of the success of the project.

These are novel and intelligent approaches to commercialising existing assets, supplementing central government funding to deliver more, and contributing to cross-Government environmental targets. The flexibility of RFCA to explore avenues such as this demonstrates a clear value to Defence and wider Government, trialling avenues that could be scaled up and replicated across HMG's built assets.

3.3.4 The RFCAs' ability to leverage their "spare, irreducible capacity" is dependent on their location and supply of estate – e.g. Greater London RFCA are able to outsource this to external contractors and make significant sums of money; East Midlands run this through a 'triple-hatted' Head of Finance & HR. There may be some synergies with DRM if CRFCA took a stronger coordination role and could match national companies with regional organisations; this should be considered where appropriate, though needs managing against the concerns of some RFCAs that this would become a 'dating agency' situation. RFCAs are keen to maintain their regional influence, especially in cases where their stock would likely not appeal to the national accounts DRM manage. DRM could also assist in developing a uniform corporate branding for Alternative Venues, modernising the current relatively disparate marketing materials.

3.3.5 In terms of the Regular estate, it is questionable whether RFCAs could provide support. Whereas ownership and spare, irreducible capacity is clear on the Reserve/Cadet estate, the Regular estate would not fit within the current model. This would require detangling and more direct resource for the RFCAs to take forward comfortably.

Recommendation 3.3a: Review benefits of a specific target for the RFCA NDPB to increase WMI income, where appropriate and value for money. [Owner: Sponsor/RFCA NDPB] [Timing: Two Years] [**REVIEW**].

Recommendation 3.3b: RFCA NDPB to clarify procedures for distributing regionally generated income. A specific gain-share agreement, following MOD rules, should be incorporated within the RFCA Corporate Plan. [Owner: Sponsor/RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 3.3c: Explore whether Alternative Venues scheme could be better coordinated by the RFCA NDPB National Office. [Owner: RFCA NDPB] [Timing: Two Years] [**REVIEW**].

Recommendation 3.3d: Explore RFCA role in generating income from irreducible spare capacity on regular estate - building on success of the Alternative Venues scheme and the solar farm and CHP trials in NW RFCA. [Owner: RFCA NDPB/sS] [Timing: Two Years] [**REVIEW**].

Employment Support

3.4.1 As noted at 2.6, there exists a tension between DRM and the regions in terms of who has the authority to direct and set priorities for the REEDs. This is borne out of the fact that the REEDs are employees of the individual RFCA (therefore accountable to the Chief Exec and the RFCA's Board) but are carrying out engagement duties on behalf of DRM and priorities it outlines based on the SLA with MOD. This can lead to inconsistencies of service when DRM and individual RFCA strategy on engagement does not align.

3.4.2 This can be exacerbated in instances where the sS in the region is conducting its own employer engagement, and the 'supporter-supported' relationship between RFCA and sS has not been clearly defined or understood – especially following a

change of staff. Typically, RFCA handles engagement while the regional sS conducts support, but in practice this can be over-reliant on personal relationships between RComd and RFCA engagement staff. Clarifying and formalising the approach would negate any issues that may arise, for instance where the same employer is contacted multiple times or tri-Service opportunities are missed due to a lack of discussion between actors in the region.

Recommendation 3.4a: Clarify and codify Employer Engagement roles and responsibilities between single-Services and DRM/REEDs. [Owner: RF&C/RFCA NDPB/sS] [Timing: One Year] [**ACTION**].

3.4.3 RFCA involvement in Employer Recognition Scheme (ERS) awards is largely in guiding engaged employers through the process, educating them on Reservists and what they can offer as employees, and promoting participation in the ERS scheme as a means of engaging with Defence and improving the offer to current or prospective Reservist employees.

3.4.4 There has been significant and demonstrable success of the RFCA EE function in promoting the Armed Forces Covenant (AFC) and ERS. There are now over 4000 AFC signatories (up from 3000 in November 2018) and this is targeted to hit 5000 by spring 2020. The most recent figures for ERS Gold awards show a 96% increase in those achieving Gold standard support to Reserves from 2018.

3.4.5 There is a concern that, with current resourcing, continually stretching the target number of AFC signings and ERS awards may be detrimental of the quality of the relationships between employers and RFCA NDPB (and by extension Defence). While the RFCAs are keen to continue its success, evidence suggests that a balance needs to be struck between continually stretching targets on sheer numbers of engaged employers and the value added to Defence and the employers by that engagement.

Recommendation 3.4b: Ensure the RFCA NDPB is resourced appropriately to sustain existing ERS relationships alongside building new ones. Set KPIs appropriately. [Owner: RF&C/RFCA NDPB] [Timing: One Year] [**ACTION**].

Management of Small Training Areas

3.5.1 There is clear evidence of success where an individual RFCA has managed some part of the training estate – for instance, Altcar which is managed by North West RFCA. Other regions have suggested that there may be further RGI, cost-saving, and coherence benefits to be exploited if they had an expanded role in this area. This is something DIO should explore, with due consideration to existing contracts with Landmarc and the current inability to advertise RFCA training estate on the booking system.

Recommendation 3.5a: Review with DIO the benefits of exposing the RFCA NDPB training estate within the new Bidding and Allocation Management System (BAMS). [Owner: DIO/RFCA NDPB] [Timing: Two Years] [**REVIEW**].

Recommendation 3.5b: Review benefits of allocating 'pocket' training areas, such as Yardley Chase, Yoxter and Kinmel Camp, to RFCA NDPB to manage. [Owner: sS/DIO/RFCA NDPB] [Timing: Two Years] [**REVIEW**].

Support to Veterans

3.6.1 The RFCAs engaged with the recent Veteran's Strategy consultation, holding a workshop with MOD and some RFCA CEs covering data, public perception, employment, community, and relationships aspects. There was general support for increasing the RFCAs role in this space; evidence showed that most regions appear to be providing ad hoc support when required and working with their regional employment network to promote service leavers as a fertile employment source (leveraging links developed through the EE function).

3.6.2 Some regions are keen to increase their work with veterans and see themselves as uniquely placed to understand veterans and provide effective support. Others are concerned that this may stray away from their core functions and become a welfare support system. Support for veterans is a complex and already crowded space – myriad charitable organisations are already operating on this, and there is concern that it could potentially consume all RFCA resource if taken on formally or at least dilute the RFCA mission and capacity.

3.6.3 Lowland RFCA offered to run a trial of signposting routes into employment or higher education for service leavers, building on their existing links with the community, employers, and colleges/universities. This should be explored by

As the Armed Forces Covenant (AFC) cannot be adopted by the Devolved Government in Northern Ireland, NI RFCA's arms-length status allows it to deliver the outputs associated with the AFC in a bottom-up bespoke manner, alongside the Veterans' Support Office (VSO) to:

- find solutions for individual cases not picked up by statutory bodies or service charities*
- build relations between the MOD / Veterans sector and delivery bodies*
- oversee and train a network of Veterans Champions in respective local authorities*
- advocate and frame AFC Fund bids to build community capacity to support veterans*
- provide secretariat support to a voluntary committee of all service charities with a view to capturing ground truth and sharing best practice*
- act as the agent for the Confederation of British Service Charities Organisation (CoBSEO) in NI, reporting to the Covenant Reference Group on veterans' needs in NI*

The VSO has established an extensive local network of self-sustaining centres, embedded in the community, has overseen a record level of Covenant awards in NI, and has successfully addressed approximately 35 cases per annum (ranging from specialised medical treatment to individual welfare hardship). One of the most successful programmes is a major mental health programme across NI, delivered in tandem with OGDs and charitable initiatives.

Defence for viability, in conjunction with the newly founded Office for Veterans' Affairs (which currently operates only in England and Wales).

Recommendation 3.6a: MOD should investigate the potential for the RFCA NDPB to act as a local focal point for the new Office for Veterans' Affairs (in England and Wales). Possible LO RFCA trial sign-posting 'pathways' to employment through Higher Education building on NI RFCA experience. [Owner: RF&C/RFCA NDPB] [Policy: Veterans Strategy] [Timing: Immediate] **[PRIORITY]**.

Injured Serviceman's Living Accommodation Support

3.7.1 This function is an example of the 'can do' attitude of the RFCAs. Many regions are already operating in this space, despite not being resourced for the administrative burden it places on the Estates staff. RFCAs have suggested they would be keen to expand this work if it was directly resourced for both the building work and the additional administration involved. There also needs to be a more consistent and coherent supply of work across the regions, as some are more heavily burdened than others due to this additional 'free good' falling outside of the usual reporting and budgeting routes.

Recommendation 3.7a: MOD to review whether ISLA projects could be delegated to RFCA NDPB and how best to ensure appropriate notice, resourcing and funding is provided. [Owner: RF&C/DIO/RFCA NDPB] [Timing: Two Years] **[REVIEW]**.

Volunteer Estate Modernisation

3.8.1 The Infrastructure Strategy 2015-30 (IS) found that the size of the Defence estate has not reduced in line with reductions to the Armed Forces over recent decades, so is now larger than it needs to be. The VE is similarly poorly optimised, with the increase in Reserve size under FR20 not matched by investment in infrastructure – either to maintain, rationalise, or new builds. The IS noted 43% of

West Midland RFCA (WM RFCA) completed the £1.2M construction of a stand-alone Cadet building on the Cobridge, Stoke on Trent, Army Reserve Centre site in March 2019 to time, cost and specification. This consolidated three Stoke-on-Trent Cadet units and enabled the establishment of 388 (City of Stoke-on-Trent) Sqn ATC.

WM RFCA installed solar panels which generate enough electricity to be self-sufficient, an IT/Wi-Fi Network with modern interactive instructional facilities to accommodate over 120 Cadets, and a 25M four lane tube range with state-of-the-art CCTV target system to assist training. The end result went beyond the original expectation and culminated in a first-class facility in the centre of a deprived Cobridge community, contributing to the local economy.

This project clearly showcases the value RFCA adds as a result of its regional links and understanding, bringing together separate units and Services in an optimised, world class facility that improves the experience for all involved.

built Defence assets are more than 50 years old, maintenance and modernisation costs are high with significant unfunded lifecycle replacement liabilities.

3.8.2 The CRFCA UK Reserves External Scrutiny Team Report 2018 advised that the Reserve estate is too large, underutilised and requires optimisation – running at approximately 7000 buildings across around 2000 sites. They welcomed the decision to re-allocate the funding for the estate from the DIO to the sS as this will bring the actual customer closer to the deliverer. An example of this is the formation of the Navy Command Volunteer Infrastructure Group, which is tasked with developing an Estate strategy and will work closely with the relevant RFCA regions to implement it.

3.8.3 Greater London RFCA recently worked with external consultants on Project STRATTON, through which the RFCA provided data it had on the VE in Greater London. The consultants analysed this, compiling a comprehensive picture of the current standard of the estate, the footprint, and possible optimisation options. The report offered a number of optimisation options based on various scenarios, such as aggressive rationalisation if ignoring limitations on Cadet travel. The Review team considers this an excellent starting point from which RFCA NDPB should look at its entire portfolio to create a 'state of the estate' to create a baseline for Defence, in conjunction with RFCA NDPB, sS, and DIO to develop an optimisation plan.

3.8.4 The VE has been subject to limited rationalisation since SDR 1998, meaning some now populous areas have very few Reserve Centres, whilst others have too many. Unit locations may not maximise potential links into specific civilian skills and industry partnering. Similarly, they are not located to meet any stated requirement for societal connection, support to civil authorities or closer integration with the Regular Forces. Efforts to rationalise the estate have been complicated by a lack of clear requirement from the single Services, unwillingness to make decisions at all levels, and a lack of accurate management information about the sites.

3.8.5 Compounding this is a lack of understanding across Defence, sS, and RFCA as to the legal ownership of the VE. Some regions claim the RFCAs owns 80% of VE infrastructure, though this could not be substantiated. This fundamental question needs addressing as an urgent priority to enable Defence to create a fit for purpose, deliverable VE optimisation strategy.

Recommendation 3.8a: Building on Project STRATTON, the RFCA NDPB should baseline its entire estate portfolio. [Owner: DIO/RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 3.8b: MOD should complete an audit of the legal ownership of the Volunteer Estate. [Owner: RF&C/sS/RFCA] [Timing: Immediate] [**PRIORITY**].

Recommendation 3.8c: In collaboration with single Services and the DIO, the RFCA NDPB should produce a 'State of the Volunteer Estate' report in sync with, and to be a part of, the State of the Estate report (due in 2020). [Owner: DIO/RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

3.8.6 As noted at 2.3, the current crop of SLAs and governance around them is not fit for purpose. This presents substantial risks around the health & safety of the VE. DIO currently has its own SLA, which sets out the RFCAs' obligations across health

As the only RNR unit in Wales, HMS CAMBRIA is key to Naval and Marine recruitment. FR20 prompted the RN to move HMS CAMBRIA from the isolated Sully Point to Cardiff in order to enhance recruiting, retention and engagement in Cardiff and Wales as a whole. As the local RN estate output infrastructure provider, RFCA for Wales led an options study in 2013, considering 32 sites with a site at the entrance to Associated British Ports (ABP) deemed most suitable.

The build of the new £11m 3-storey, 4-floor 4000m² building has progressed successfully at pace – the RFCA's contractor is due to complete the construction in budget and on time by February 2020, with maritime units moving into the building in late spring and an official opening planned for early autumn. The move to Cardiff had been mooted for over 15 years and, at present pace, delivered by RFCA for Wales in around 12 months from the first shovel in the ground.

The new Reserve Centre will bring together 300 RNR Reservists from HMS CAMBRIA, the University Royal Naval Unit from Sully Point, and the Welsh RMR detachment, giving the Navy a clear and coherent presence in Wales' capital – something that has been absent for 40 years since the original move to Sully Point. Once opened, RFCA for Wales and RN will be able to exploit extensive recruitment, engagement, and RGI opportunities; the additional revenue supporting the building's running costs in a clear invest-to-save for Defence.

& safety, legislation, and compliance. In practice, the SLA is largely ignored by the regions in favour of direct discussions with the regional customers.

3.8.7 As the SLAs are reworked and brought up to standard, DIO S&P would like to see only single Service SLAs – with them choosing exemption to use RFCAs to provide estates services rather than contracting via DIO. It is anticipated that RFCA NDPB would agree Command Infrastructure Development Plans (CIDP) with each of its sS customers.

3.8.8 Stronger governance structures, via the new Sponsor Board (replacing and expanding on the Customer Board) and closer links to relevant bodies across Defence (such as FMC Infra), would support RFCA NDPB by ensuring appropriate resourcing and enable regions to ensure health & safety standards, maintenance and improvement KPIs, and intelligent optimisation of the VE to be achieved. In this area, RFCA NDPB can build on the extensive existing regional understanding and estates experience to deliver an 'invest to save' programme and sustainably deliver a properly maintained modern, safe, and legally compliant estate.

3.8.9 This should be developed into a 10-Year Costed Estates Plan, aligning with MOD policy and One Public Estate, to give clear direction to RFCA NDPB and ensure VfM. Currently a 10-Year Plan does exist, however this is uncosted and therefore not resourced. Instituting the appropriate governance and reporting

structures throughout the system will allow RFCA NDPB regional organisations to identify key opportunities to be exploited as part of the Estates Plan determined at the Sponsor Board.

Recommendation 3.8d: The management of the Volunteer Estate and the respective roles and responsibilities of RFCA NDPB and DIO should follow the principles of the ISOM. This should position RFCA NDPB as the Delivery Agent (supported where appropriate by DIO), set requirements by sS, with funding and strategic direction from the Sponsor Board. [Owner: sS/DIO/RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 3.8e: As part of the estates SLA, the RFCA NDPB should agree specific Volunteer Estate KPIs, aligned with the DIO Corporate KPIs and QPRR Dashboard. These should include: Safety & Compliance, Long Term Sustainability, 'Whole Force' Optimisation, Efficiency & Innovation, Greening Government, and Asset Management & Information. Estates risks, including lack of funding for preventative maintenance, should be recorded in the RFCA Corporate Risk Register. [Owner: sS/DIO/RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 3.8f: The RFCA NDPB in collaboration with sS should produce a 10-Year Costed Plan for the Volunteer Estate, including Disposals, Preventative Maintenance and new Capital Works, with a view to improving Health & Safety and optimising long-term value for money. Distribution of gain-share funding should be designed to optimise the whole RFCA estate portfolio. [Owner: sS/RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 3.8g: The RFCA NDPB should develop a clear procedure for authorising estates disposals. [Owner: Sponsor/RFCA NDPB/DIO] [Timing: One Year] [**ACTION**].

Chapter Four: Efficiency

4.0.1 The Cabinet Office guidance on efficiencies for NDPBs includes a number of headings and suggested measures. This chapter includes detail on each of the headings although in a number of cases the specific supporting measures are not directly relevant.

4.0.2 The Review looked at three types of benefit:

- Type A – cash releasing or cash generative benefits: (e.g. an increase in charging or better debt recovery). These benefits should be reflected in immediate cashable savings.
- Type B – efficiencies or improvements in outcomes: (greater use of shared services, release of resources to front-line activity). These benefits should result in increased productivity/other improved performance outcomes of which some will be cashable in the short-medium term.
- Type C – wider benefits (for example, improved governance, transparency, accountability, or staff engagement)

4.0.3 The Review found that the RFCAs deliver a great deal on tight resources, proving strong value for money. However, this is a result of focusing resource on delivery meaning that professional support functions expected of a modern ALB are inadequately resourced, hindering consistency across the regions of standard policies and procedures. The lack of benchmarking across the organisation and 'balanced scorecard' style approach including corporate efficiency compounds areas of concern. This chapter will outline where the successes of the future RFCA NDPB could be better supported, and potential HR and financial issues can be more effectively managed, with improved corporate functions.

Shared Support Staff

4.1.1 RFCA regions typically do not have internal human resources (HR) expertise. Where a region does, it is a part-time commitment of a member of staff contracted primarily on another function (for instance, Finance or Y&C). External HR consultants are brought in to provide HR support, however this is usually when an issue has arisen.

4.1.2 The DIA Structures Audit found that insufficient clarification is provided by RFCAs on the grades and qualifications required for finance, estates and HR posts. Evidence collected showed inconsistent approaches across the regions to staff having industry recognised qualifications. This is compounded by the grade capping in place, limiting the salaries available to potential recruits. As a result, regions either support staff in gaining the necessary qualification who then move on due to restricted promotion prospects within the region, or rely on employing retired military officers who may be willing to work for a lower base salary as their income is supplemented with a military pension. Remuneration will be further explored in Chapter 5.

4.1.3 A central hub within the national office, linked into central Defence, should be created to manage organisational-wide HR, finance, and estates processes and ensure RFCA NDPB is following latest policy and guidance. This would not necessarily reduce the need for staff in the regional organisations. It would instead supplement and support the existing regional structures to provide more cohesive and unified structures and policies across the organisation, instituting proper functional expertise throughout the NDPB. This would cohere baseline standards and procedures, which can then be held to account through relevant corporate KPIs.

Recommendation 4.1a: In line with the Modernising Defence Programme, the Operating Model for the new RFCA NDPB should include strengthened functional leadership (Finance, HR, Commercial) to cohere cross-cutting functions and improve effectiveness, efficiency, safety and safeguarding. [Owner: RF&C/RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 4.1b: RF&C should agree an appropriate efficiency KPI as part of the RFCA Corporate Plan, unpacked across the 13 RFCA Regional organisations. [Owner: RF&C/RFCA NDPB] [Timing: One Year] [**ACTION**].

To reduce bureaucratic burden and risk on Detachment Commanders around the management of non-public funds, a pilot is to take place within East Anglia RFCA into using a system called Parent Pay. The scheme will be run and managed by the Professional Support Staff (PSS) and will mean that parents can pay such items as subscriptions and annual camp fees direct to a County account without typically large amounts of cash being collected, managed, and accounted for by Detachment Commanders.

The pilot hopes to eliminate the risk of cash being held and reduce administrative burdens wherever possible for Cadet units. This echoes work done in local schools and demonstrates where the close regional RFCA / unit links and intelligent sharing of services can identify and work to address long-standing issues.

Commercial Capability

4.2.1 The Review found a number of ways RFCA NDPB could improve its commercial capability, especially on the WMI and Alternative Venues work. The RFCAs are currently looking to further professionalise their work by bringing in four professionally qualified Commercial Officers. A clearer link into MOD Head of Profession should be agreed, with the appropriate specific delegation from the centre to RFCA NDPB to develop capability, value-for-money efficiency, and address concerns raised by DIA around vehicle management.

4.2.2 RFCA NDPB should look to build on the Project REVIVE estates initiative, which aimed to close the gap between RFCA NDPB processes and those of Next Generation Estate Contracts (NGEC) suppliers, such as CarillionAmey and Landmarc. This improved the conformity and consistency of RFCA customer experience to be better placed to face the challenges of the Future Defence Infrastructure Strategy (FDIS), while maintaining their links with regional SMEs. In

future, RFCA should utilise the links back into Defence to develop and harmonise their procurement practices in this space.

Recommendation 4.2a: The RFCA NDPB should agree specific delegation from MOD Commercial, ensuring commercial processes reflect functional best practice. [Owner: Sponsor/RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 4.2b: The RFCA NDPB should explore opportunities to 'spearhead', on behalf of the single Services, new commercial approaches ahead of rollout across the regular estate. [Owner: sS/RFCA NDPB] [Timing: Two Years] [**REVIEW**].

Recommendation 4.2c: DIA should assess the new RFCA Vehicle Management to ensure issues raised in the previous audit have been addressed and to ensure compliance with MOD Policy. [Owner: Sponsor/RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 4.2d: MOD should establish a RFCA KPI to capture the diversity of contract awards to SME suppliers across the UK. [Owner: RF&C/RFCA NDPB] [Timing: One Year] [**ACTION**].

Strategic Communications

4.3.1 A Communications Strategy was recently produced by DRM for the RFCAs to use, cohering the messaging and branding of the organisation. However, communications remain inconsistent. Websites and promotional booklets list tasks, such as Welfare, that the Associations claim to offer, but have not been directed by the Defence Council. This lack of clarity means there is a risk of duplication of effort and lack of consistency.

4.3.2 Further, there is no single brand image projected by the regions – each region has its own logo and naming structure. There is indeed value in the regional links, culture, and history that are called out by the logos. However, in some cases, this obscures a clear sign of what the organisation is and what its role is. As a result, evidence suggests that the RFCAs – even within Defence – are little known about and largely misunderstood. A single brand image with regional tailoring would help RFCA NDPB customers to understand the organisation and additionally provide a vehicle for the national strategy to be delivered consistently across regions.

4.3.3 The Communications Strategy should institute a strong link between RFCA NDPB, sS, and DDC. This will enable improved cohesion across Defence in messaging, with RFCA able to leverage their regional links and understanding to tailor engagement. The continuity of the RFCAs and their staff is a particular strength, offering corporate memory and sensitivity as necessary when sS and MOD staff change posts more regularly. Improved internal and external RFCA NDPB communication methods and capability is required to make best use of this – linking Defence and the public through RFCA NDPB's engagement capacity.

Recommendation 4.3a: A RFCA Communications Action Plan should be developed to promote RFCA activity and key messages to a wider audience

(both internal and external). A common RFCA brand image should be designed for all marketing activity alongside regional branding. A more coordinated approach to Social Media messaging should be agreed with DDC and TLBs - building on the DRM capability. [Owner: Sponsor/RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 4.3b: The RFCA NDPB should produce an Induction Pack for new Board and Regional Council members setting out the corporate governance expectations of a Modern ALB. This should be supplemented by regular updates to keep skills and knowledge up-to-date. Induction should also be provided for RFCA Directors and Regional Customers. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

Finance Function

4.4.1 Managing Public Money states that it is good practice for all public sector organisations to have a professional Finance Director with a seat on the Board and at a level equivalent to other Board Members⁸. As noted above, some regional finance directors are not professional qualified (e.g. CIMA or CIPFA), and regional and national boards do not have non-executive finance directors (qualified or unqualified) to provide finance advice to the board. When considered alongside the lack of benchmarking and corporate efficiency dashboarding, it is unclear what waste, fraud, and financial malpractice processes are in place and followed. This needs addressing and the appropriately qualified expertise brought onto boards.

4.4.2 The Review found that the ABC screening process and Balance of Investment (BOI) for Grant-in-Aid (GiA) to cover RFCA operating costs and functional delivery is conducted bilaterally with Army only. There is also evidence that these processes are not directly related to the Service Level Agreements (SLAs) which, in some cases, are not referred to in the regions in favour of direct RFCA-customer negotiations. Given the tri-Service nature of RFCA delivery, the financial processes should be conducted on the same basis at the Sponsor Board to facilitate transparency, appropriately resourced SLAs, and coherent strategic, multi-year direction.

Recommendation 4.4a: MOD should explore the benefits of agreeing five-year RFCA budgets, paid annually, in line with best practice in Highways England and the NHS Trusts for example. [Owner: Sponsor] [Timing: Two Years] [**REVIEW**].

Recommendation 4.4b: MOD should conduct the ABC Screening and BOI processes for the RFCA NDPB as part of the Sponsor Board to ensure a coherent, tri-Service approach. [Owner: Sponsor] [Timing: Immediate] [**PRIORITY**].

Workforce

⁸ Managing Public Money; <https://www.gov.uk/Government/publications/managing-public-money>

4.5.1 The RFCA Regulations 2014 stipulate that DRes Army is responsible for CRFCA and RFCA membership appointments and personnel matters. The Regulations also say that the RFCA Staff Regulations are to set out the main conditions of service under which all employees of the CRFCA and RFCAs are employed. These are to be prepared with the approval of DRes Army and adopted by each Association. Through this means, the terms and conditions of employment for CRFCA and RFCA staff are analogous to MOD Civil Servants of similar grade, except where otherwise agreed with MOD.

4.5.2 The Review considered the size and cost of the CRFCA/RFCA workforce, numbering approximately 800 across the UK. Despite evidence that the regions run relatively skeleton structures for much of their functions, this is a significant workforce presenting major concerns given the lack of recognised professional HR function throughout the RFCAs. As noted above, many regions are resorting to contracting in employment law expertise.

4.5.3 A corporate People Strategy should be developed for the organisation, reflecting MOD Civilian HR policy which is currently inconsistently applied. This strategy should include creation of a corporate HR IT system, addressing the inefficient and inconsistent manual processes currently in place. An Annual Staff Survey and associated KPIs should also be put in place.

4.5.4 This would assist RFCA NDPB in the recruitment and retention issues it presently faces, such as DRM experiencing approximately 40% staff churn. There are no statistics for other parts of the organisation, but evidence suggests retired military staff stay in senior or management posts for a number of years, while younger staff get their professional qualifications through working at an RFCA and leave within 12-18 months due to a lack of career progression or promotion prospects. The strategy should enable RFCA NDPB and Sponsor Board to consider and determine the size of the body's workforce required in terms of FTE and cost for the following functional categories – Commercial, Communications, Digital, Finance, Human Resources, Internal Audit, Legal, Project delivery – with HR qualified experts brought in to sit on boards and in the regions to develop recruitment and retention campaigns to improve resilience.

Recommendation 4.5a: RFCA NDPB should develop a comprehensive People Strategy, with a supporting Workforce Plan, in alignment with the MOD functional framework and Civil Service strategy. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 4.5b: MOD Civilian HR should review the RFCA Staff Regulations to ensure Terms and Conditions of employment are analogous to MOD civil servants of similar grade, except where otherwise agreed with MOD. [Owner: Sponsor/MOD HRD] [Timing: Immediate] [**PRIORITY**].

Recommendation 4.5c: The RFCA NDPB should regularly review, benchmark and compare its national and regional staffing structures to ensure it has the right number of staffs employed in the right areas and that the costs of these staff are appropriate. [Owner: RFCA NDPB] [Timing: Two Years] [**REVIEW**].

Recommendation 4.5d: The RFCA NDPB should introduce a staff engagement exercise to get feedback and include this as a Corporate KPI. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

Digital & IT

4.6.1 A key issue facing the RFCAs is the lack of connectivity to MODNET. This prevents the RFCAs from seeing the latest DINs and JSPs to keep up to date on Defence policy and guidance. Work is ongoing to enable access to key policy and guidance, which will be crucial as part of developing clearer links between RFCA NDPB and central Defence.

4.6.2 The Review also looked at the potential to derive savings from shifting current services to digital channels and transforming transactional services in accordance with the Digital Service Standard. There are clear efficiencies to be realised by improving use of digital services throughout the organisation. Where a linked digital system is in use, significant success and value for money can be achieved. For instance, CRFCA has retendered the contract for their overall IT system, resulting in a move to another supplier and potential savings over of the life of the contract.

4.6.3 Lessons can be learned from this to exploit possible synergies and efficiencies across Defence, RFCA NDPB, and TLBs. For example, adopting Salesforce universally on the engagement function with unified measures of effectiveness; the current Symphony IT system used for RFCA finance has clear limitations compared with modern systems and is not linked in to Central Pay & Finance (CP&F). Performance reporting would improve as a result of unifying the IT systems, enabling better visibility and accountability of delivery across finance, HR, estates optimisation / health & safety, Cadets safeguarding, and employer engagement.

Recommendation 4.6a: Cost benefit analysis should be completed for providing full connectivity between Project Haldane and MODNET IT systems - including JSPs/DINs (Policy & Guidance), CP&F (finance, commercial), JAMES (Logistics) and JPA (PSS/CFAV recruitment). [Owner: Sponsor/RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 4.6b: The RFCA NDPB should modernise its Finance & Estates system (Symphony) and IT system (Haldane2) to better support flexible working, performance reporting and partnership with MOD Customers. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 4.6c: The RFCA NDPB should adopt a more consistent approach to Asset Management, including connectivity with the DIO Information Management System (IMS), to prioritise disposals and investment and focus on through-life value for money. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 4.6d: Synergies and efficiencies between RFCA NDPB and single Service engagement networks should be exploited by unifying

CRM systems - ideally adopting Salesforce universally. [Owner: RF&C/sS/RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 4.6e: The RFCA NDPB should extend the DRM Data Analysis & Insights capability to cadets and estates functions to provide more independent, evidence-based input to the EST and Cadet Health-Check reports. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

Property

4.7.1 The Review found some evidence to suggest that once the RFCAs and MOD customers have a better understanding of their estate and future capability requirements across all their functions they should review their regional footprint to optimise the RFCAs' corporate estate. However, it was not clear what structure would be particularly beneficial given the continually evolving boundaries of sS regional structures. This possibility should be kept under consideration as part of future reviews.

Recommendation 4.7a: MOD should review, as part of subsequent Tailored Reviews, the footprint of RFCA Regional organisations with a view to further improving efficiency and effectiveness, including strengthened Civic/Community Engagement. [Owner: Sponsor/RFCA NDPB] [Timing: Five Years] [**REVIEW**].

Chapter Five: Corporate Governance

5.0.1 Corporate governance is the way in which organisations are directed, controlled and led. It defines relationships and the distribution of rights and responsibilities among those who work with and in the organisation, determines the rules and procedures through which the organisation's objectives are set, and provides the means of attaining those objectives and monitoring performance. Importantly, it defines where accountability lies throughout the organisation.

5.0.2 Strong corporate governance is central to the effective operation of all public bodies. As a minimum, the existing controls, processes and safeguards should be regularly assessed against the principles and policies set out in the relevant code of good corporate governance. As part of the Review, the CRFCA, in conjunction with the regions, completed a detailed self-assessment of its own model and practices against the Principles of Good Corporate Governance as set out in Cabinet Office Guidance⁹. The Review team's assessment of the corporate governance structures can be found at Annex D.

5.0.3 The process required the RFCAs to identify any areas of non-compliance with the principles and explain why an alternative approach had been adopted and how this approach contributed to good corporate governance. This is known as the 'comply or explain' approach, the standard approach to governance in the UK. Key findings and recommendations are summarised below.

RFCA Ministerial Board

5.1.1 The RFCA Regulations 2014 list two key strategic governance forums – the CRFCA Ministerial Board (CRFCA MinB) and the RFCA Customer Board – with terms of reference for each board. The terms of reference (TORs) for each are out of date, listing posts that no longer exist and functions that are conducted elsewhere. These Regulations will be repealed and replaced by the AFB20 creating the new RFCA NDPB, allowing new TORs to be created that provide the accountability and capability to deliver the functions of the boards. A new RFCA Sponsor Board (RFCA SB), reforming and expanding on the Customer Board's role, is discussed in other relevant sections of this report.

5.1.2 The CRFCA MinB's stated purpose is "to enable Min(Res), on behalf of Defence Council, to be kept informed on matters affecting the Volunteer Reserve and Cadet Forces". As above, the TORs require updating, not least because the referred Min(Res) post no longer exists. However, more pressing is the fact that the CRFCA MinB has been in abeyance since November 2014 as a result of the FR20 work. Upon creation of the new NDPB, RFCA NDPB will be subject to additional obligations such as FOI, Public Records Act, and public appointments regulations which all come within Ministerial remit. As such, the Review recommends that MOD considers whether the CRFCA MinB should reconvene as the RFCA Ministerial Board (RFCA MinB) to ensure Min(AF) is kept aware of ongoing matters to report to

⁹ Corporate governance code for central Government departments 2017; <https://www.gov.uk/Government/publications/corporate-governance-code-for-central-Government-departments-2017>

SofS if necessary, to provide strategic direction, and approve senior appointments as appropriate.

Recommendation 5.1a: MOD should review whether the previous RFCA Ministerial Board should be re-established to keep ministers better informed on cross-cutting issues affecting the Reserves & Cadets, scrutinize RFCAs contribution to Defence Plan Objectives, and commission work to ensure RFCAs are supported properly to meet future needs of Defence. [Owner: ACDS(R&C)/sS] [Timing: Immediate] [**PRIORITY**].

MOD Departmental Sponsor

5.2.1 Key to corporate governance of public bodies is the departmental sponsor. The responsible Minister and sponsoring department should exercise appropriate scrutiny and oversight of their arms-length bodies. There should be a sponsor team within the department that provides appropriate oversight and scrutiny of, and support and assistance to, the public body. The departmental board should establish appropriate systems and processes to ensure that there are effective arrangements in place for governance, risk management and internal control in the public body. Senior officials from the sponsoring department may as appropriate attend board and/or committee meetings to provide policy and corporate functional support.

5.2.2 Best practice is for there to be a single departmental sponsor for transparency of funding routes and accountability. The Review found there are multiple sources of GiA for the RFCAs. One significant tranche is controlled by DRes Army (£39.7m in 2018/19), who is also responsible for approving CRFCA Chair and Chief Executive appointments. However, DIO also provide GiA funding (£38.5m in 2018/19) for reactive maintenance and soft FM. Further complicating matters, the RFCA CB (the biannual 2* oversight panel), typically led by the departmental sponsor, is chaired by ACDS(R&C), with representation from the TLBs and DRes(Army) as Vice-Chair. This has led to a confused accountability picture with no clear line of sight through the system.

5.2.3 The key functions of a departmental sponsor in relation to the RFCAs (and future RFCA NDPB) are as follows:

- Provide tri-Service strategic policy direction;
- Budget holder for RFCA GiA, delegated directly to RFCA NDPB CE in alignment with costed SLAs;
- Produce and update the RFCA Framework Document;
- Endorse the RFCA Corporate Plan, including strategic and financial objectives and KPIs, prior to its approval by the Responsible Minister;
- Monitor the RFCA performance and risks against its KPIs as Chair of the RFCA Customer Board;
- Engage with the RFCA Board on the overall RFCA corporate performance;
- Be assured that senior appointments in the RFCAs are appropriate.

5.2.4 Best placed to deliver these functions is ACDS(R&C). As Chair of the Customer Board, ACDS(R&C) is able to lead the tri-Service strategic discussions to

provide policy direction across all RFCA functions. To reinforce this position, budget responsibility for GiA should be transferred to ACDS(R&C). This will require a specialised team to be stood up in RF&C to provide policy and administrative support, able to lean into the Directorate of Sponsorship and Organisational Policy (DSOP) for technical expertise as required.

5.2.5 The Customer Board should be replaced by a Sponsor Board (SB) with responsibility for setting strategic direction for RFCA NDPB (aligned to the Defence Plan), determining and approving annual budgets based on TLB SLAs, and advising the Ministerial Board. The SB should be supported and advised by three functional committees covering Estates (lead by Army as lead command for the Reserve & Cadet estate), Engagement, and Y&C. These committees should be based on the success seen with the E3G and hold RFCA NDPB to account against functional delivery of SLA outputs – judged on evidence collected by TLBs through their own accountability processes for their SLAs. The Sponsor Board should be staffed by the departmental sponsor, 2*/1* TLB representation, RFCA NDPB Chief Exec, and MOD SMEs from DSOP, HR, Finance, FMC Infra etc. as appropriate. Overall funding responsibility should sit ultimately with ACDS(R&C) as Departmental Sponsor to ensure tri-Service coherence and enable strategic balance of investment decisions to be taken across the RFCA NDPB's work; following this point, sub-delegation of funding to the functional sub-committees could be considered if there proves value in doing so.

Recommendation 5.2a: ACDS(R&C) should become Single Departmental Sponsor, working closely with DSOP, to oversee delivery against the targets in the RFCA Corporate Plan and Customer SLAs (or CIDPs) and to ensure RFCA Corporate Governance reflects best practice. The role should be resourced appropriately based on advice from DSOP EOS/UKGI. [Owner: ACDS(R&C)/Chair RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.2b: RFCA NDPB GIA funding and budget responsibility should be transferred from DRes (Army) and DIO RD to the Departmental Sponsor, to be distributed according to Sponsor Board priorities and SLAs. The Sponsor Board and DCDS MilCap should consider how funding could then be sub-delegated to the functional sub-committees, while ensuring tri-Service coherence and alignment with Departmental strategic objectives and practice. This should be reviewed at Final Operating Capability [Owner: Sponsor Board/DCDS Mil Cap] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.2c: The DIO SLA should become a tri-Service Estates SLA, with responsibility transferred to Army Regional Command acting as 'Lead Command' for the tri-Service Reserves and Cadets estate. The role should be resourced appropriately, building on the arrangements established under the Defence Training Estate Model, and second line assurance should be provided by the DIO. Delivery against the SLA should be held accountable by the Estates governance mechanism, up to the Sponsor Board. [Owner: Sponsor/sS/DIO] [Timing: Immediate] [**PRIORITY**].

SLAs and Performance Reporting

5.3.1 Each RFCA Customer (Navy, Army, Air, DIO, EE) holds a Service Level Agreement (SLA) with the RFCAs to outline what each customer expects to be delivered each year. These are written by each customer and agreed with CRFCA on behalf of the regions, via the RFCA CB, and should flow directly from the strategic delivery objectives in the Defence Council Policy Guidance. As noted in 4.4, the SLAs should be fully costed to facilitate the ABC screening process, and the RFCAs held accountable against them through the various governance structures in the system.

5.3.2 However, the Review found that most of the SLAs are not fit for purpose, failing to clearly specify quantifiable KPIs or quality controls, and lacking effective metrics or methods of measuring delivery. As a result, there is evidence that the SLAs are effectively ignored in the regions as inter-personal relationships between RFCA staff and, for example, the RPOCs take precedence. Consequently, there is anecdotal evidence of inconsistent delivery, however the formal reporting against the SLAs does not enable this feedback to travel back through the system – meaning successes, risks, and resource pressures are not flagged and cannot be addressed with no benchmarking or trend analysis possible.

5.3.3 The EE SLA is in a much healthier state, with clearly specified deliverables and routes to measure RFCA delivery against them. The RFCA CB's relative weakness in assessing performance – for instance, there are no dashboards or risk registers presented at the biannual meeting – has led to a separate governance meeting (the E3G) that meets twice a year to provide effective oversight over the Employer Engagement function. There are numerous lessons to learn from the development journey RF&C and DRM went on to co-create the SLA which should be applied across the other four – a key first step would be clearly identifying 2* SLA ownership in customers. The Review team held a series of workshops with sS to help develop the SLAs, formalise the relationship between RFCA NDPB and customer, and enable both parties to have informed budget and delivery conversations going forward.

Recommendation 5.3a: The Defence Plan should direct MOD TLB Command Plans to set out how the RFCA NDPB contributes to strategic objectives. Command Plans should also identify the 3* ownership of RFCA SLAs and outline arrangements for ensuring effective oversight and control. [Owner: Sponsor/RF&C/sS], [Policy: Defence Plan], [Timing: One Year] **[ACTION]**.

Recommendation 5.3b: The five TLB RFCA SLAs should be costed and follow a common template - focusing on the strategic objectives and measurable KPIs and aligned with the Defence Council Policy Guidance (building on best practice in the EE SLA). Performance should be un-packed across the 13 RFCA Regional organisations to enable effective benchmarking. [Owner: Sponsor/RFCA NDPB] [Timing: Immediate] **[PRIORITY]**.

Recommendation 5.3c: RFCA SLAs should utilize customer satisfaction surveys as part of KPIs - building on best practice from the EE SLA. Survey questions should be co-designed with customers. [Owner: Sponsor/sS/RFCA NDPB] [Timing: One Year] [**ACTION**].

5.3.4 The RFCAs are not specifically mentioned in TLB Command Plans and it is difficult to assess the relative priority of the objectives they contribute to or their role in delivery; important factors when assessing the level of MOD funding that should be made available to the RFCAs rather than other core MOD objectives. Indeed, the ABC screening and BOI process for RFCA is currently done bilaterally between CRFCA CE and GOC RComd and it is unclear how the agreed funding correlates to expected delivery given the weakness of the SLAs. Reworking and strengthening the SLAs will enable the RFCA SB to take on this function, creating greater transparency in the system and allow the RFCA SB, as strategic oversight and sponsorship body, to assess and determine priorities to flex funding as required to manage the more clearly defined and understood risks.

5.3.5 The Review team felt that the MOD should also agree a small number of key performance targets with RFCA NDPB to measure the effectiveness of the Grant-in-Aid funding but also to measure whether agreed strategic objectives are being met and whether the relationship between the Departmental Sponsor and RFCA NDPB is working effectively. This is a particular weakness of the current set of SLAs, due to the departmental sponsor issue, in that there are no corporate KPIs to manage the efficiency and efficacy of the RFCAs themselves. Standardising the five SLAs against best practice and improving the effectiveness of the RFCA CB will enable a single SLA to be written, with customer annexes relating to delivery and overarching corporate targets agreed by the collective on issues such as VfM, diversity, and HR. This would improve efficiency across the organisation and facilitate a balanced scorecard approach for better oversight. sS would need to institute and develop their own accountability structures to ensure their SLAs are being delivered against – clearly identifying costs against outputs would facilitate these processes.

Recommendation 5.3d: The Sponsor Board should be chaired by the Departmental Sponsor - driving improvements to RFCA Performance & Risk reporting and enabling the RFCA NDPB to be held to account by customers effectively. [Owner: Sponsor] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.3e: The RFCA NDPB Performance Dashboard should include distinct 'enabling functions' and 'customer output' sections (eg Balanced Scorecard). Enabling Function KPIs should include finance, workforce, change, efficiency, communications and diversity. [Owner: Sponsor] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.3f: Single Service SLAs should be standardised against best practice. They should then be integrated into a single tri-Service SLA with single Service Annexes to improve efficiency and effectiveness. [Owner: Sponsor/sS] [Timing: Two Years] [**ACTION**].

Value for Money

5.4.1 Public bodies must comply with all statutory and administrative requirements on the use of public funds, including the principles and policies set out in the HMT publication *Managing Public Money*¹⁰ (MPM). There should be a single framework document in place which sets out clearly the aims, objectives and functions of the body and the respective roles and responsibilities of the minister, the sponsoring department and the body. This should follow the template set out in MPM and should be published.

5.4.2 The CE of the CRFCA is the accounting officer for the RFCAs, as confirmed by letter of designation from MOD Perm Sec. This is then sub-delegated to the CE of each RFCA to be the accounting officer at that level. However, this process needs improving. There are instances where letters are simply emails, and others where delegation has not been confirmed and staff are working off delegations from 2015. Additionally, there needs to be clearer alignment between financial delegation and expected outputs.

5.4.3 Given the lack of detailed output-based SLAs and performance reporting, quantitative analysis of the RFCAs' value for money is difficult at all levels. Creating a Framework Document that follows DSOP best practice would help address this, and RFCA NDPB should engage with the Grant-In-Aid Centre of Excellence in Central Finance and Cabinet Office. Performance should be benchmarked across the regions, using the SLAs and Financial Framework to do so. This will identify efficiencies, opportunities for improvement, and help highlight where regions are performing beyond expectations.

Recommendation 5.4a: A new RFCA NDPB Framework Document should be agreed with the Departmental Sponsor based on the standard DSOP ALB Template. This should replace the RFCA Regulations, RFCA Constitution, Grant and Grant-in-Aid Financial Framework, Schemes of Associations and Corporate Approach documents. [Owner: Sponsor/RFCA NDPB], [Policy: RFCA Framework], [Timing: Immediate] **[PRIORITY]**.

Health & Safety

5.5.1 A key challenge the RFCAs have faced in recent years in the Cadet space is agreeing the ownership of a 'Head of Establishment' (HoE) role for multi-occupancy sites with more than one Service has proved. This is primarily a tension between Army and the RFCAs wherein both sides assert the other should hold responsibility for the HoE due their respective roles of directly providing training and administrative/logistical support. CRFCA and RComd have been engaging and anticipate this to be captured in future SLAs. This is a long running issue and needs resolving in order to mitigate the substantial health & safety and safeguarding compliance and reporting risks.

Recommendation 5.5a: Clarify roles and responsibilities and legal ownership for 'Head of Establishment' role, identifying who the HoEs are and whether

¹⁰ *Managing Public Money*; <https://www.gov.uk/Government/publications/managing-public-money>

they are actually in a position to discharge their responsibilities. [Owner: sS/RFCA NDPB] [Policy: JSP 375/DSA01.2] [Timing: Immediate] [**PRIORITY**].

5.5.2 The H&S of the VE presents significant legal, financial, health, and reputational risk to Defence. The weakness of the SLAs does not sufficiently outline the statutory and maintenance obligations of the RFCAs in order for this to be costed appropriately. As noted above, the reporting structures also do not enable risk registers to be populated and flowed back through the system, documenting 'near misses' and particular concerns where risk to life may potentially exist. RFCA NDPB should develop a comprehensive and detailed safety management plan, linked into the appropriate teams in MOD and sS. This should be held accountable through dashboarding and risk registering to be escalated up to the RFCA CB if required.

Recommendation 5.5b: RFCA NDPB to review its arrangements for a Safety & Environmental Management System (SEMS) against the Defence requirements in DSA01.2 Chapter 2 to ensure that a health and safety management system and suitable procedures are in place to enable effective reporting, investigation and management of health and safety incidents and near misses. Risks to be reported as part of RFCA Performance Dashboard [Owner: Sponsor/RFCA NDPB] [Policy: DSA01.2/JSP 375] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.5c: MOD Defence Safety Authority, on behalf of D HS&EP, to complete an independent review of RFCA NDPB SEMS to provide assurance of the suitability and effectiveness of the health and safety management system and procedures in place. [Owner: Sponsor/DSA] [Policy: DSA01.2/JSP 375] [Timing: Two Years] [**REVIEW**].

Public Appointments

5.6.1 Currently appointments to the CRFCA and RFCAs are made in a variety of ways and evidence suggests that some processes are only compliant with the 'spirit' of government public appointments policy, and this is only on occasion.

5.6.2 For instance, the selection of the Chair of the Board (set out in RFCA Regulations 2014, specifically paras 1.9, 2.15, 2.16 and Annex B of the Regulations) is currently done from the extant pool of RFCA Chairs, as opposed to trying to draw from the widest possible pool of candidates. RFCA Chairs are currently almost entirely ex-military (principally Army) with no overall tenure limits. Chairmen of the Association are elected by those Members present and voting at its Annual Meeting. The Regulations stipulate that each regional RFCA Chair is appointed for one year at a time, with re-election or the selection of a successor forming part of the business at the Association's Annual Meeting. However, the Review did not find evidence this was followed.

5.6.3 The Minister responsible for a public body will normally appoint the Chair and all non-executive board members of the body and be able to remove individuals whose performance or conduct is unsatisfactory. The Minister should meet the Chair on an appropriately regular basis, and the sponsor department is responsible for assessing the performance of the Chair.

5.6.4 The public body's Board provides strategic leadership, direction, support and guidance. The Board, and its sub-committees, should have an appropriate balance of skills, experience, independence and knowledge. Board members should be drawn from a wide range of diverse backgrounds. There should be an annual evaluation of the performance and effectiveness of the board and its committees, and of the chair and individual board members.

5.6.5 As the RFCA's are regularised into a single NDPB, the following roles in the new structure should be public appointments:

- Independent Chair of the Board of the RFCA NDPB
- Any functional non-executive directors on the Board (e.g. HR, Finance, Estates, Cadets)
- 13 independent regional Chairs of the organisations/sub-committees that sit under the overarching Board
- All independent non-executive directors who are appointed to the regional sub-committees.

5.6.6 Appointments to these roles must be made by Ministers or their delegated representative in a fair, open and transparent manner. The posts should be advertised on the Cabinet Office Public Appointments website. There would be merit in the RFCA NDPB being listed in the Public Appointments Order in Council so the appointments are covered by the Governance Code on Public Appointments and regulated by the Commissioner for Public Appointments. This will help to ensure the best people, from the widest possible pool of candidates are appointed to the roles. The Single Departmental Sponsor, working with the Public Appointments Team in DSOP, will engage with Cabinet Office and the Commissioner for Public Appointments (CPA) to achieve this.

5.6.7 Work should be done in preparation to ensure that in future these public appointments are made in line with any statutory requirements and with the Governance Code on Public Appointments. Evidence suggests that in the past a barrier to attracting diverse candidates and candidates with the necessary professional expertise such as HR and Finance, has been a perceived restriction on remuneration and expenses – RFCA NDPB could consider offering remuneration in order to bring in the required professional competencies if recruitment is proving challenging.

5.6.8 The current tenure for the appointments also needs to be reviewed as appointing new regional Chairs every year, as per current practice, is inefficient. These, and other ancillary matters related to the appointments, should be reviewed by the Single Departmental Sponsor, working closely with the DSOP Public Appointments and Enabling Organisations Sponsorship Teams to ensure they fit with government policy.

Recommendation 5.6a: Secretary of State should appoint the independent Chair of the National Board of the RFCA NDPB, any functional non-executive directors (NEDs) on the National Board, 13 independent regional Chairs of the organisations/sub-committees that sit under the overarching National Board and all independent non-executive directors (NEDs) who are appointed to the

regional sub-committees. The appointments should be made in accordance with government public appointments policy. Consideration will be given to adding the single NDPB to the Public Appointments Order in Council. [Owner: Sponsor/RFCA NDPB] [Timing: As vacancies arise] **[PRIORITY]**.

Recommendation 5.6b: The Ministerial appointment of the 13 RFCA Regional Council Chairs should be made by the Secretary of State or their delegated representative government public appointment policy. [Owner: Sponsor/RFCA NDPB] [Timing: As vacancies arise] **[PRIORITY]**.

Recommendation 5.6c: The RFCA CE should be appointed by the RFCA Board Chair, with approval by the Secretary of State. The Permanent Secretary should also be consulted. Regional Directors should report to the RFCA CE with Regional Council Chairs consulted formally on their performance [Owner: Sponsor/RFCA NDPB] [Timing: As vacancies arise] **[PRIORITY]**.

Recommendation 5.6d: The public appointment roles should be advertised on the Cabinet Office Public Appointments website. Consideration should be given to remunerating RFCA Board and Regional Council members to attract applicants with a diverse mix of military and professional knowledge, skills and experience.] [Owner: Sponsor/DSOP /RFCA NDPB], [Timing: As vacancies arise] **[PRIORITY]**.

Recommendation 5.6e: Fully independent Non-Executive Directors, with professional functional leadership expertise, should be appointed to the RFCA Board and Regional Councils in line with Cabinet Office best practice. [Owner: Sponsor/RFCA NDPB] [Timing: As vacancies arise] **[PRIORITY]**.

Recommendation 5.6f: The RFCA NDPB Board Chair should conduct a formal and rigorous annual evaluation of the board's performance and that of its sub-committees, including a Skills and Diversity Audit to identify gaps and inform recruitment. [Owner: RFCA NDPB] [Timing: One Year] **[ACTION]**.

Recommendation 5.6g: The wider RFCA membership should be retained in an advisory 'associate' capacity. A review should be conducted to determine the appropriate membership quorum and representation to best support RFCA Functions. [Owner: RFCA NDPB] [Timing: Two Years] **[REVIEW]**.

Council Authority

5.7.1 The Review found that there appeared to be a disconnect between the CRFCA and the RFCAs in the regions, particularly between DRM and the REEDs in terms of the former's ability to direct delivery against the EE SLA. This was due to two primary reasons: lack of council authority due to the CRFCA being a Joint Committee that the regions could theoretically wind up, and that the regional Chairs were in practice the main customer of each RFCA, with various roles and responsibilities through the organisation poorly defined.

5.7.2 The first concern would be dealt with through the creation of the RFCA NDPB. The latter will require a reworking of the regional board structures and the location of executive authority, to be outlined in the revised RFCA NDPB Framework Document. The regional boards should be recast as regional councils, with expertise from the voluntary membership brought in to provide tactical advice on a non-executive basis as to how to deliver against the strategic executive direction from the national office, with reference to the SLAs.

5.7.3 As part of clearly defined roles and responsibilities, there should be a formally designated Accounting Officer for RFCA, typically the Chief Executive. This is currently somewhat unclear and should be clarified through a letter of designation from MOD Permanent Secretary. The Accounting Officer should lead an effective national executive board which has collective responsibility for the overall performance and success of national and regional RFCA delivery.

Recommendation 5.7a: The revised RFCA NDPB Framework Document, Corporate Plan and CE Letters of Delegation should set out clearly the roles and responsibilities of the National/Regional Directors and Regional Council Chairs. [Owner: Sponsor/RFCA NDPB], [Policy: RFCA Framework], [Timing: One Year] **[ACTION]**.

Transparency and Governance

5.8.1 As unclassified arms-length bodies, the responsibility for Freedom of Information (FOI) requests is presently unclear as the RFCAs are not listed as a Public Authority under Schedule 1 of the FOI Act and there have been no orders under Section 4(1) or Section 5 to add them. However, various governance documents and reports, such as the RFCA Regulations and the Annual Reports, do indicate compliance with FOIA. In practice, the RFCAs (via the CRFCA) send release requests to MOD to respond to. Upon classification as a NDPB, the RFCA NDPB will be formally registered as a Public Authority. This will also make RFCA NDPB subject to the Public Records Acts 1958 and 1967. RFCA should conduct preliminary work now to ensure they have the functional capacity to discharge their duties under these Acts.

Recommendation 5.8a: The RFCA NDPB should be formally registered as a Public Authority under Schedule 1 of the Freedom of Information Act and be subject to the Public Records Acts of 1958 and 1967. [Owner: Sponsor] [Timing: Immediate] **[PRIORITY]**.

5.8.2 The Review found that the regional and national boards are of an appropriate size and meet on a regular basis, for instance quarterly for the CRFCA Executive Board. All meetings have appropriate and formal agendas and are minuted. However, the Review also found that agendas and minutes are not routinely published on publicly accessible websites, and there is little evidence justifying this.

5.8.3 RFCA NDPB should make an explicit commitment to openness in all its activities and proactively publish performance data. Agendas and minutes of board meetings should be made publicly available, possibly with redactions if appropriate. Spending data should also be made available as the organisation is in receipt of

public funding. RFCA should consider holding open board meetings or an annual open meeting.

Recommendation 5.8b: RFCA Corporate Reports and Minutes of Boards should be brought together and made available on a single public website. [Owner: RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

5.8.4 CRFCA produces an annual Review document, which is placed before Parliament, and covers performance information, delivered outputs, and detailed accounts. RFCA NDPB should continue to publish this report, in accordance with HM Treasury guidance, on a timely basis to provide an objective, balanced, and understandable detailing of RFCA delivery, successes, and opportunities for improvement.

Complaints Process

5.9.1 The CRFCA Staff Handbook outlines the procedures RFCA staff should follow if they wish to make a complaint or notify managers of bullying or harassment. These have been recently refreshed and sent to the regions to be put in place. However, the Review found evidence that these procedures are not well enforced at the grassroots level, need strengthening, and for staff to feel they have appropriate recourse to have their concerns heard. An annual Staff Survey should be put in place to track and monitor staff satisfaction and ensure concerns can be addressed.

5.9.2 There is also no whistleblowing procedure for staff with concerns to follow, which requires rectifying urgently. RFCA NDPB should work with MOD HR function to develop complaints and whistleblowing procedures, with transparent performance reporting through the system as issues are raised.

Recommendation 5.9a: The RFCA NDPB should introduce a clear process for handling complaints, including at a grass-roots level, with performance reported through the RFCA Performance Dashboard. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

Diversity and Inclusion

5.10.1 The Review found there is extremely limited gender or BAME diversity across the organisation. While there has been a push to improve diversity within the organisation, there remains an overwhelming majority of retired, male military (typically Army) personnel on boards and in senior management positions. There is evidence that non-military and female staff feel their promotion prospects are severely limited as senior posts were entirely the preserve of ex-military, male officers.

5.10.2 The regional councils are drawn from the voluntary membership, which is constituted through the respective Schemes of Association. The councils need to be representative of and influential in the wider community to which they belong, with the voluntary membership geared to enable this.

5.10.3 As part of the modernisation of the SLAs and corporate governance structures, specific diversity KPIs, aligned to MOD and wider Government ambitions, should be included with regional benchmarking across the thirteen. This should be part of developing and following a RFCA NDPB Diversity Action Plan to ensure greater representative of the communities in which the regions work. There is a journey for RFCA to travel in this space, so initial focus should be on the positive trends toward more accurate representation.

Recommendation 5.10a: MOD should conduct an independent RFCA NDPB Diversity Review, with a view to producing a RFCA Diversity & Inclusion Action Plan. A Diversity & Inclusion KPI should be included within the RFCA Corporate Plan in alignment with the Government's ambition that by 2022, 50% of all public appointees are female and 14% of all public appointments made are from ethnic minorities. [Owner: Sponsor/RFCA NDPB], [Policy: RFCA Framework], [Timing: Two Years] [**REVIEW**].

Recommendation 5.10b: Diversity statistics, unpacked across the RFCA NDPB Regional organisations, should be published as part of the RFCA Annual Report. [Owner: Sponsor/RFCA NDPB], [Policy: RFCA AR], [Timing: One Year] [**ACTION**].

Audit and Risk

5.11.1 The CRFCA has an Audit, Risk, & Assurance Committee that meets three times a year, usually just before the Executive Board where regional CEs and customers meet to discuss the business of the organisation. However, the risk reporting and audit discussion at the key meetings with stakeholders is extremely limited. While the CRFCA and RFCAs may indeed have working and effective arrangements, there is little evidence to prove and document this at these meetings.

5.11.2 RFCA NDPB must take further steps to ensure that effective systems of risk management and internal audit functions are established as part of the systems of internal control. There must also be clear rules in place governing the claiming of expenses by staff, with effective systems in place to ensure compliance. The ARAC should have a representative from the departmental sponsor and take on responsibility for the independent Review of the systems of internal control and of the external audit process, ensuring that effective anti-fraud measures in place and followed appropriately. RFCA NDPB should also proactively publish information on expenses claimed by board members and senior staff.

Recommendation 5.11a: The RFCA NDPB should develop a Fraud Action Plan, aligned with MOD/Cabinet Office best practice, and report as part of Customer Board Performance Dashboard. [Owner: Sponsor/RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 5.11b: The Departmental Sponsor should be represented on the RFCA NDPB Audit & Risk Committee. Audit recommendations and advice should be followed-up effectively and reported to the Customer Board. [Owner: Sponsor/RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.11c: The RFCA NDPB Corporate Risk Register should be compiled based on the underlying Regional organisation Risk Registers. [Owner: RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

5.11.3 Each region has a formally constituted Audit Committee, chaired by a Trustee, with formal Terms of Reference and regular meetings with set agendas and documented minutes. Assurance that the regional organisations and national office have been effective in undertaking their audit and assurance obligations is given through the Annual Governance Statement and other declarations in the Annual Report and Accounts which are laid before Parliament.

5.11.4 However, there is currently no direct external audit of the RFCA collective by the National Audit Office (NAO). Instead, the RFCAs' accounts are indirectly audited as part of a wider MOD departmental audit. Additionally, Defence Internal Audit (DIA) have recently looked into only very specific areas of RFCA business, invariably returning a 'limited assurance' rating. There is evidence that little work has been done to improve assurance following these narrow audits. As RFCA becomes a NDPB, appropriate processes should be implemented by RFCA NDPB and MOD to ensure full external audits can take place and there are mechanisms to hold RFCA NDPB to account for enacting the findings.

Recommendation 5.11d: Arrangements should be put in place to establish full external audit of the RFCA NDPB by the DIA and NAO. This should cover the full DIA Audit Universe: corporate governance, performance monitoring, accountability, risk reporting, Boards composition, End-End Processes, Information Management, Corporate Communications, Finance, People, and Commercial [Owner: Sponsor] [Timing: Immediate] [**PRIORITY**].

Staff Remuneration

5.12.1 As noted in Chapter 4, there are clear issues for the RFCAs on recruitment and retention due to career prospects and staff pay. RFCA TACOS are analogous to MOD Civil Service, matching job role and salary to bands, topping out at SCS Pay Band 2 for CRFCA CE and Band B1 for CRFCA Chief of Staff. In the RFCAs, CEs are B2 grade, capping the respective functional heads and their teams. This keeps salary overheads low, but severely restricts the RFCAs from hiring and retaining civilian candidates who could earn significantly more elsewhere and do not have a military pension to 'top up' their earnings. The extremely limited progression opportunities compound this, resulting in examples such as the 40% churn in DRM.

5.12.2 Given the levels of risk carried by the RFCAs in terms of Cadet safeguarding and estate H&S, MOD should consider a formal job evaluation and JEGS assessment to determine whether the level of responsibility is being appropriately remunerated – when discounting military pension 'top up'. Where posts require specific qualifications (e.g. HR, Finance, or Estates etc.) Defence should consider whether an additional skills payment is appropriate to offer. This would preserve the broad parity with MOD Civil Servants and open RFCA NDPB recruitment up to a wider pool of candidates who will be stay in post longer.

Recommendation 5.12a: MOD should arrange a formal JEGs/JESP assessment across the full grade range of the RFCA NDPB. The RFCA staff retention KPI should be closely monitored to identify specific skill-sets where a specific Recruitment & Retention Allowance may be justified. [Owner: Sponsor/RFCA NDPB] [Timing: One Year] [**ACTION**].

Chapter Six: Next Steps

Implementation

6.1.1 Through the course of collecting evidence, the Review team assessed progress that had been made on implementing the recommendations from the RFCA Review 2014, conducted by AVM Ross Patterson. The Review found that, while some recommendations had been implemented, others had not been progressed and there had been insufficient follow-up. There was no additional resource made available to implement the proposed changes and no reporting against the recommendations back to the RFCA CB or to Ministers.

6.1.2 For instance, the RFCA Review 2014 recommended that a formal grading review be conducted. Other recommendations related to CRFCA's lack of 'legal status', improving the SLAs, reworking strategic communications (including links to internal MOD comms), and the lack of independent Non-Executive Board Members on the CRFCA Board. None of these recommendations have been actioned and remain issues to be addressed in this Review.

6.1.3 To enable implementation and greater accountability of the 2019 Review, the Review team has proposed a high-level outline plan (attached at Annex E). This plan should be developed and fleshed out by RF&C and CRFCA to give a clear direction of travel over the next two years.

Recommendation 6.1a: A costed and resourced Joint Implementation Plan for the agreed RFCA Review recommendations should be agreed between RF&C and the CRFCA. The Joint Implementation Plan should include key deliverables and a timetable for delivery of each recommendation. An annual update on RFCA Review implementation should be provided to Ministers. [Owner: RF&C/CRFCA] [Timing: Immediate] [**PRIORITY**].

6.1.4 Work strands should be developed to take forward transitional planning with key areas to include:

- Staff & external stakeholder communications;
- Organisational design;
- HR & recruitment, including staff transition arrangements;
- Governance & Board / senior appointment approvals;
- Legal;
- Financial planning.

6.1.5 The current RF&C team is not currently resourced to deliver the changes. A dedicated, suitably skilled Sponsor & Change team must be established at pace to support and monitor implementation; these posts are fundamental to the successful implementation of the Review, the proposed 'Digital Optimisation of Reserves Talent' Initiative, and coordinating RF&C input to the People and Digital Transformation Programmes. The first responsibility for the RF&C team will be the Armed Forces Bill in 2020-21, to provide the primary legislation required to create the RFCA NDPB.

6.1.6 The current CRFCA Executive team is not adequately resourced to implement the RFCA Review 2019 Recommendations. A strengthened functional leadership capability and a dedicated PMO must be established to meet the RFCA NDPB initial operating capability (IOC). Once appointed the National Office Executive Team should work with Regional organisations to finalise the RFCA NDPB Operating Model and implement any additional organisational changes to achieve full operating capability (FOC). The CRFCA team will need to manage the implementation of that change on the RFCA side, bringing in the required corporate functional expertise for the daily running of the organisation and relevant NEDs to the Board.

Recommendation 6.1b: Dedicated Change/PMO Teams should be established within RF&C and the CRFCA to implement the Review Recommendations. [Owner: RF&C/CRFCA] [Timing: Immediate] [**PRIORITY**].

6.1.7 There will be transitional administrative costs associated with modernising the RFCAs. It is difficult to estimate the exact cost, as this will depend on the final organisational design of RFCA NDPB. This design should be developed by RF&C and CRFCA as part of producing the Joint Implementation Plan, and will enable more detailed costs and benefits to be quantified. However, the Review team expect that the upfront investment in the RFCA NDPB will be recouped in the medium-term through improved commercialisation of the Reserves & Cadets estate.

6.1.8 The timings for transition are subject to Parliament and legislative timetables. It is anticipated that specialist advice will also be sought to manage and develop the approach to particular work strands, for example further legal advice. Other costs will be identified as part of development of the transition plan. RFCA will be set up to adhere to the Principles of Good Corporate Governance. As a classified NDPB, RFCA will come under the remit of Cabinet Office Tailored Reviews in the next Parliament, with formal Tailored Reviews every five years.

6.1.9 Broadly speaking, the Review anticipates that the main reform (i.e. creating the new RFCA NDPB and instituting the appropriate corporate functions in the national office) can be completed by 2022, with the national office reaching full operating capability by this point. The regional organisations can then follow, supported by the revamped national office and taking advantage of the more developed links into MOD – particularly DSOP EOS. FOC for the entire RFCA NDPB should be achieved by 2023, with clear transition plans in place for any reforms still in train.

6.1.10 The process will require monitoring by the RFCA CB and Ministers at the strategic level, with any risks identified at desk level escalated as appropriate. The RFCA CB should agree the new Framework Document with the CRFCA in the course of the new NDPB being created, allowing a new RFCA Corporate Plan and 10-year Strategy to be formulated.

Recommendation 6.1c: CDP should consider establishing within the People Transformation Portfolio a professional Sponsor Team to oversee all its ALBs - including the Armed Forces Covenant Trust, Veterans Advisory and Pensions Committees, Commonwealth War Graves commission, NAAFI and RFCAs. [Owner: CDP] [Timing: 2 Years] [**REVIEW**].

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Annexes

A: Recommendations

2.8 Requirement for RFCA Functions

Recommendation 2.8a: The four core RFCA functions (Expert Advice, Volunteer Estate, Youth & Cadets, and Employer Engagement) remain necessary and the RFCA NDPB should continue to deliver a public service in support of the MOD Defence Plan and Defence Council Policy Guidance.

2.10 RFCA Classification – Alternative Delivery Models

Recommendation 2.10a: The CRFCA and 13 RFCA ALBs should be merged into a single Executive Non-Departmental Public Body (NDPB), with a National Office and a set of Regional organisations. [Owner: RF&C] [Policy: RFA96] [Timing: Armed Forces Act 2021] [**PRIORITY**].

3.1 Front-Line Command Regional Support

Recommendation 3.1a: MOD, with input from sS, should develop a tri-Service External Engagement Strategy, including roles and responsibilities across the single Services and priorities for Community and Civil Engagement. [Owner: RF&C/sS] [Policy: Defence Engagement Strategy] [Timing: Two Years] [**REVIEW**].

Recommendation 3.1b: Single Services should clarify their Community and Civil Engagement requirements and associated funding in line with Defence Council Policy Guidance as part of their SLAs. [Owner: RF&C/sS] [Timing: One Year] [**ACTION**].

Recommendation 3.1c: The CRFCA Director DRM role should be broadened to cohere tri-Service Employer, Community and Civil Engagement across the RFCA NDPB and single Services - in alignment with new External Engagement Strategy. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

3.2 Administration and Logistic Support of Cadets

Recommendation 3.2a: Review Cadets safeguarding compliance and training capability in the RFCA NDPB National Office, ensuring continued alignment with both the MOD Cadet Safeguarding Framework and the planned Army Cadet Safeguarding Cell. [Owner: RFCA NDPB/sS/RF&C] [Policy: JSP 814] [Timing: Immediate] [**PRIORITY**].

Recommendation 3.2b: Review RFCA PSS staffing and skills levels to ensure they are adequate to take on the additional tasks being asked of them. Consider continuing requirement for PSS to be members of the CFAV given their focus on administrative and logistic support. [Owner: RFCA NDPB/Army] [Policy: JSP 814] [Timing: Immediate] [**PRIORITY**].

Recommendation 3.2c: Explore opportunities to provide PSS support to RAFAC building on approach already adopted successfully in Scotland. Include specific comparison of ACF, RAFAC and MSSC CFAV Support Operating Models to benchmark efficiency opportunities. [Owner: sS/RF&C/RFCA NDPB] [Policy: Cadet Strategy 2025] [Timing: Two Years] [**REVIEW**].

3.3 Wider Markets Initiative

Recommendation 3.3a: Review benefits of a specific target for the RFCA NDPB to increase WMI income, where appropriate and value for money. [Owner: Sponsor/RFCA NDPB] [Timing: Two Years] [**REVIEW**].

Recommendation 3.3b: RFCA NDPB to clarify procedures for distributing regionally generated income. A specific gain-share agreement, following MOD rules, should be incorporated within the RFCA Corporate Plan. [Owner: Sponsor/RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 3.3c: Explore whether Alternative Venues scheme could be better coordinated by the RFCA NDPB National Office. [Owner: RFCA NDPB] [Timing: Two Years] [**REVIEW**].

Recommendation 3.3d: Explore RFCA role in generating income from irreducible spare capacity on regular estate - building on success of the Alternative Venues scheme and the solar farm and CHP trials in NW RFCA. [Owner: RFCA NDPB/sS] [Timing: Two Years] [**REVIEW**].

3.4 Employment Support

Recommendation 3.4a: Clarify and codify Employer Engagement roles and responsibilities between single-Services and DRM/REEDs. [Owner: RF&C/RFCA NDPB/sS] [Timing: One Year] [**ACTION**].

Recommendation 3.4b: Ensure the RFCA NDPB is resourced appropriately to sustain existing ERS relationships alongside building new ones. Set KPIs appropriately. [Owner: RF&C/RFCA NDPB] [Timing: One Year] [**ACTION**].

3.5 Management of Small Training Areas

Recommendation 3.5a: Review with DIO the benefits of exposing the RFCA NDPB training estate within the new Bidding and Allocation Management System (BAMS). [Owner: DIO/RFCA NDPB] [Timing: Two Years] [**REVIEW**].

Recommendation 3.5b: Review benefits of allocating 'pocket' training areas, such as Yardley Chase, Yoxter and Kinmel Camp, to RFCA NDPB to manage. [Owner: sS/DIO/RFCA NDPB] [Timing: Two Years] [**REVIEW**].

3.6 Support to Veterans

Recommendation 3.6a: MOD should investigate the potential for the RFCA NDPB to act as a local focal point for the new Office for Veterans' Affairs (in England and

Wales). Possible LO RFCA trial sign-posting 'pathways' to employment through Higher Education building on NI RFCA experience. [Owner: RF&C/RFCA NDPB] [Policy: Veterans Strategy] [Timing: Immediate] [**PRIORITY**].

3.7 Injured Serviceman's Living Accommodation Support

Recommendation 3.7a: MOD to review whether ISLA projects could be delegated to RFCA NDPB and how best to ensure appropriate notice, resourcing and funding is provided. [Owner: RF&C/DIO/RFCA NDPB] [Timing: Two Years] [**REVIEW**].

3.8 Volunteer Estate Modernisation

Recommendation 3.8a: Building on Project STRATTON, the RFCA NDPB should baseline its entire estate portfolio. [Owner: DIO/RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 3.8b: MOD should complete an audit of the legal ownership of the Volunteer Estate. [Owner: RF&C/sS/RFCA] [Timing: Immediate] [**PRIORITY**].

Recommendation 3.8c: In collaboration with single Services and the DIO, the RFCA NDPB should produce a 'State of the Volunteer Estate' report in sync with, and to be a part of, the State of the Estate report (due in 2020). [Owner: DIO/RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 3.8d: The management of the Volunteer Estate and the respective roles and responsibilities of RFCA NDPB and DIO should follow the principles of the ISOM. This should position RFCA NDPB as the Delivery Agent (supported where appropriate by DIO), set requirements by sS, with funding and strategic direction from the Sponsor Board. [Owner: sS/DIO/RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 3.8e: As part of the estates SLA, the RFCA NDPB should agree specific Volunteer Estate KPIs, aligned with the DIO Corporate KPIs and QPRR Dashboard. These should include: Safety & Compliance, Long Term Sustainability, 'Whole Force' Optimisation, Efficiency & Innovation, Greening Government, and Asset Management & Information. Estates risks, including lack of funding for preventative maintenance, should be recorded in the RFCA Corporate Risk Register. [Owner: sS/DIO/RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 3.8f: The RFCA NDPB in collaboration with sS should produce a 10-Year Costed Plan for the Volunteer Estate, including Disposals, Preventative Maintenance and new Capital Works, with a view to improving Health & Safety and optimising long-term value for money. Distribution of gain-share funding should be designed to optimise the whole RFCA estate portfolio. [Owner: sS/RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 3.8g: The RFCA NDPB should develop a clear procedure for authorising estates disposals. [Owner: Sponsor/RFCA NDPB/DIO] [Timing: One Year] [**ACTION**].

4.1 Shared Support Staff

Recommendation 4.1a: In line with the Modernising Defence Programme, the Operating Model for the new RFCA NDPB should include strengthened functional leadership (Finance, HR, Commercial) to cohere cross-cutting functions and improve effectiveness, efficiency, safety and safeguarding. [Owner: RF&C/RFCA NDPB] [Timing: Immediate] **[PRIORITY]**.

Recommendation 4.1b: RF&C should agree an appropriate efficiency KPI as part of the RFCA Corporate Plan, unpacked across the 13 RFCA Regional organisations. [Owner: RF&C/RFCA NDPB] [Timing: One Year] **[ACTION]**.

4.2 Commercial Capability

Recommendation 4.2a: The RFCA NDPB should agree specific delegation from MOD Commercial, ensuring commercial processes reflect functional best practice. [Owner: Sponsor/RFCA NDPB] [Timing: Immediate] **[PRIORITY]**.

Recommendation 4.2b: The RFCA NDPB should explore opportunities to 'spearhead', on behalf of the single Services, new commercial approaches ahead of rollout across the regular estate. [Owner: sS/RFCA NDPB] [Timing: Two Years] **[REVIEW]**.

Recommendation 4.2c: DIA should assess the new RFCA Vehicle Management to ensure issues raised in the previous audit have been addressed and to ensure compliance with MOD Policy. [Owner: Sponsor/RFCA NDPB] [Timing: Immediate] **[PRIORITY]**.

Recommendation 4.2d: MOD should establish a RFCA KPI to capture the diversity of contract awards to SME suppliers across the UK. [Owner: RF&C/RFCA NDPB] [Timing: One Year] **[ACTION]**.

4.3 Strategic Communications

Recommendation 4.3a: A RFCA Communications Action Plan should be developed to promote RFCA activity and key messages to a wider audience (both internal and external). A common RFCA brand image should be designed for all marketing activity alongside regional branding. A more coordinated approach to Social Media messaging should be agreed with DDC and TLBs - building on the DRM capability. [Owner: Sponsor/RFCA NDPB] [Timing: One Year] **[ACTION]**.

Recommendation 4.3b: The RFCA NDPB should produce an Induction Pack for new Board and Regional Council members setting out the corporate governance expectations of a Modern ALB. This should be supplemented by regular updates to keep skills and knowledge up-to-date. Induction should also be provided for RFCA Directors and Regional Customers. [Owner: RFCA NDPB] [Timing: One Year] **[ACTION]**.

4.4 Finance Function

Recommendation 4.4a: MOD should explore the benefits of agreeing five-year RFCA budgets, paid annually, in line with best practice in Highways England and the NHS Trusts for example. [Owner: Sponsor] [Timing: Two Years] [**REVIEW**].

Recommendation 4.4b: MOD should conduct the ABC Screening and BOI processes for the RFCA NDPB as part of the Sponsor Board to ensure a coherent, tri-Service approach. [Owner: Sponsor] [Timing: Immediate] [**PRIORITY**].

4.5 Workforce

Recommendation 4.5a: RFCA NDPB should develop a comprehensive People Strategy, with a supporting Workforce Plan, in alignment with the MOD functional framework and Civil Service strategy. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 4.5b: MOD Civilian HR should review the RFCA Staff Regulations to ensure Terms and Conditions of employment are analogous to MOD civil servants of similar grade, except where otherwise agreed with MOD. [Owner: Sponsor/MOD HRD] [Timing: Immediate] [**PRIORITY**].

Recommendation 4.5c: The RFCA NDPB should regularly review, benchmark and compare its national and regional staffing structures to ensure it has the right number of staffs employed in the right areas and that the costs of these staff are appropriate. [Owner: RFCA NDPB] [Timing: Two Years] [**REVIEW**].

Recommendation 4.5d: The RFCA NDPB should introduce a staff engagement exercise to get feedback and include this as a Corporate KPI. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

4.6 Digital & IT

Recommendation 4.6a: Cost benefit analysis should be completed for providing full connectivity between Project Haldane and MODNET IT systems - including JSPs/DINs (Policy & Guidance), CP&F (finance, commercial), JAMES (Logistics) and JPA (PSS/CFAV recruitment). [Owner: Sponsor/RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 4.6b: The RFCA NDPB should modernise its Finance & Estates system (Symphony) and IT system (Haldane2) to better support flexible working, performance reporting and partnership with MOD Customers. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 4.6c: The RFCA NDPB should adopt a more consistent approach to Asset Management, including connectivity with the DIO Information Management System (IMS), to prioritise disposals and investment and focus on through-life value for money. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 4.6d: Synergies and efficiencies between RFCA NDPB and single Service engagement networks should be exploited by unifying CRM systems - ideally adopting Salesforce universally. [Owner: RF&C/sS/RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 4.6e: The RFCA NDPB should extend the DRM Data Analysis & Insights capability to cadets and estates functions to provide more independent, evidence-based input to the EST and Cadet Health-Check reports. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

4.7 Property

Recommendation 4.7a: MOD should review, as part of subsequent Tailored Reviews, the footprint of RFCA Regional organisations with a view to further improving efficiency and effectiveness, including strengthened Civic/Community Engagement. [Owner: Sponsor/RFCA NDPB] [Timing: Five Years] [**REVIEW**].

5.1 Ministerial Board

Recommendation 5.1a: MOD should review whether the previous RFCA Ministerial Board should be re-established to keep ministers better informed on cross-cutting issues affecting the Reserves & Cadets, scrutinize RFCAs contribution to Defence Plan Objectives, and commission work to ensure RFCAs are supported properly to meet future needs of Defence. [Owner: ACDS(R&C)/sS] [Timing: Immediate] [**PRIORITY**].

5.2 MOD Departmental Sponsor

Recommendation 5.2a: ACDS(R&C) should become Single Departmental Sponsor, working closely with DSOP, to oversee delivery against the targets in the RFCA Corporate Plan and Customer SLAs (or CIDPs) and to ensure RFCA Corporate Governance reflects best practice. The role should be resourced appropriately based on advice from DSOP EOS/UKGI. [Owner: ACDS(R&C)/Chair RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.2b: RFCA NDPB GIA funding and budget responsibility should be transferred from DRes (Army) and DIO RD to the Departmental Sponsor, to be distributed according to Sponsor Board priorities and SLAs. The Sponsor Board and DCDS MilCap should consider how funding could then be sub-delegated to the functional sub-committees, while ensuring tri-Service coherence and alignment with Departmental strategic objectives and practice. This should be reviewed at Final Operating Capability [Owner: Sponsor Board/DCDS Mil Cap] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.2c: The DIO SLA should become a tri-Service Estates SLA, with responsibility transferred to Army Regional Command acting as 'Lead Command' for the tri-Service Reserves and Cadets estate. The role should be resourced appropriately, building on the arrangements established under the Defence Training Estate Model, and second line assurance should be provided by the DIO. Delivery against the SLA should be held accountable by the Estates

governance mechanism, up to the Sponsor Board. [Owner: Sponsor/sS/DIO] [Timing: Immediate] [**PRIORITY**].

5.3 SLAs and Performance Reporting

Recommendation 5.3a: The Defence Plan should direct MOD TLB Command Plans to set out how the RFCA NDPB contributes to strategic objectives. Command Plans should also identify the 3* ownership of RFCA SLAs and outline arrangements for ensuring effective oversight and control. [Owner: Sponsor/RF&C/sS], [Policy: Defence Plan], [Timing: One Year] [**ACTION**].

Recommendation 5.3b: The five TLB RFCA SLAs should be costed and follow a common template - focusing on the strategic objectives and measurable KPIs and aligned with the Defence Council Policy Guidance (building on best practice in the EE SLA). Performance should be un-packed across the 13 RFCA Regional organisations to enable effective benchmarking. [Owner: Sponsor/RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.3c: RFCA SLAs should utilize customer satisfaction surveys as part of KPIs - building on best practice from the EE SLA. Survey questions should be co-designed with customers. [Owner: Sponsor/sS/RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 5.3d: The Sponsor Board should be chaired by the Departmental Sponsor - driving improvements to RFCA Performance & Risk reporting and enabling the RFCA NDPB to be held to account by customers effectively. [Owner: Sponsor] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.3e: The RFCA NDPB Performance Dashboard should include distinct 'enabling functions' and 'customer output' sections (eg Balanced Scorecard). Enabling Function KPIs should include finance, workforce, change, efficiency, communications and diversity. [Owner: Sponsor] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.3f: Single Service SLAs should be standardised against best practice. They should then be integrated into a single tri-Service SLA with single Service Annexes to improve efficiency and effectiveness. [Owner: Sponsor/sS] [Timing: Two Years] [**ACTION**].

5.4 Value for Money

Recommendation 5.4a: A new RFCA NDPB Framework Document should be agreed with the Departmental Sponsor based on the standard DSOP ALB Template. This should replace the RFCA Regulations, RFCA Constitution, Grant and Grant-in-Aid Financial Framework, Schemes of Associations and Corporate Approach documents. [Owner: Sponsor/RFCA NDPB], [Policy: RFCA Framework], [Timing: Immediate] [**PRIORITY**].

5.5 Health & Safety

Recommendation 5.5a: Clarify roles and responsibilities and legal ownership for 'Head of Establishment' role, identifying who the HoEs are and whether they are actually in a position to discharge their responsibilities. [Owner: sS/RFCA NDPB] [Policy: JSP 375/DSA01.2] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.5b: RFCA NDPB to review its arrangements for a Safety & Environmental Management System (SEMS) against the Defence requirements in DSA01.2 Chapter 2 to ensure that a health and safety management system and suitable procedures are in place to enable effective reporting, investigation and management of health and safety incidents and near misses. Risks to be reported as part of RFCA Performance Dashboard [Owner: Sponsor/RFCA NDPB] [Policy: DSA01.2/JSP 375] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.5c: MOD Defence Safety Authority, on behalf of D HS&EP, to complete an independent review of RFCA NDPB SEMS to provide assurance of the suitability and effectiveness of the health and safety management system and procedures in place. [Owner: Sponsor/DSA] [Policy: DSA01.2/JSP 375] [Timing: Two Years] [**REVIEW**].

5.6 Public Appointments

Recommendation 5.6a: Secretary of State should appoint the independent Chair of the National Board of the RFCA NDPB, any functional non-executive directors (NEDs) on the National Board, 13 independent regional Chairs of the organisations/sub-committees that sit under the overarching National Board and all independent non-executive directors (NEDs) who are appointed to the regional sub-committees. The appointments should be made in accordance with government public appointments policy. Consideration will be given to adding the single NDPB to the Public Appointments Order in Council. [Owner: Sponsor/RFCA NDPB] [Timing: As vacancies arise] [**PRIORITY**].

Recommendation 5.6b: The Ministerial appointment of the 13 RFCA Regional Council Chairs should be made by the Secretary of State or their delegated representative government public appointment policy. [Owner: Sponsor/RFCA NDPB] [Timing: As vacancies arise] [**PRIORITY**].

Recommendation 5.6c: The RFCA CE should be appointed by the RFCA Board Chair, with approval by the Secretary of State. The Permanent Secretary should also be consulted. Regional Directors should report to the RFCA CE with Regional Council Chairs consulted formally on their performance [Owner: Sponsor/RFCA NDPB] [Timing: As vacancies arise] [**PRIORITY**].

Recommendation 5.6d: The public appointment roles should be advertised on the Cabinet Office Public Appointments website. Consideration should be given to remunerating RFCA Board and Regional Council members to attract applicants with a diverse mix of military and professional knowledge, skills and experience.] [Owner: Sponsor/DSOP /RFCA NDPB], [Timing: As vacancies arise] [**PRIORITY**].

Recommendation 5.6e: Fully independent Non-Executive Directors, with professional functional leadership expertise, should be appointed to the RFCA Board and Regional Councils in line with Cabinet Office best practice. [Owner: Sponsor/RFCA NDPB] [Timing: As vacancies arise] [**PRIORITY**].

Recommendation 5.6f: The RFCA NDPB Board Chair should conduct a formal and rigorous annual evaluation of the board's performance and that of its sub-committees, including a Skills and Diversity Audit to identify gaps and inform recruitment. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

Recommendation 5.6g: The wider RFCA membership should be retained in an advisory 'associate' capacity. A review should be conducted to determine the appropriate membership quorum and representation to best support RFCA Functions. [Owner: RFCA NDPB] [Timing: Two Years] [**REVIEW**].

5.7 Council Authority

Recommendation 5.7a: The revised RFCA NDPB Framework Document, Corporate Plan and CE Letters of Delegation should set out clearly the roles and responsibilities of the National/Regional Directors and Regional Council Chairs. [Owner: Sponsor/RFCA NDPB], [Policy: RFCA Framework], [Timing: One Year] [**ACTION**].

5.8 Transparency and Governance

Recommendation 5.8a: The RFCA NDPB should be formally registered as a Public Authority under Schedule 1 of the Freedom of Information Act and be subject to the Public Records Acts of 1958 and 1967. [Owner: Sponsor] [Timing: Immediate] [**PRIORITY**].

Recommendation 5.8b: RFCA Corporate Reports and Minutes of Boards should be brought together and made available on a single public website. [Owner: RFCA NDPB] [Timing: Immediate] [**PRIORITY**].

5.9 Complaints Process

Recommendation 5.9a: The RFCA NDPB should introduce a clear process for handling complaints, including at a grass-roots level, with performance reported through the RFCA Performance Dashboard. [Owner: RFCA NDPB] [Timing: One Year] [**ACTION**].

5.10 Diversity and Inclusion

Recommendation 5.10a: MOD should conduct an independent RFCA NDPB Diversity Review, with a view to producing a RFCA Diversity & Inclusion Action Plan. A Diversity & Inclusion KPI should be included within the RFCA Corporate Plan in alignment with the Government's ambition that by 2022, 50% of all public appointees are female and 14% of all public appointments made are from ethnic minorities.

[Owner: Sponsor/RFCA NDPB], [Policy: RFCA Framework], [Timing: Two Years] [REVIEW].

Recommendation 5.10b: Diversity statistics, unpacked across the RFCA NDPB Regional organisations, should be published as part of the RFCA Annual Report. [Owner: Sponsor/RFCA NDPB], [Policy: RFCA AR], [Timing: One Year] [ACTION].

5.11 Audit and Risk

Recommendation 5.11a: The RFCA NDPB should develop a Fraud Action Plan, aligned with MOD/Cabinet Office best practice, and report as part of Customer Board Performance Dashboard. [Owner: Sponsor/RFCA NDPB] [Timing: One Year] [ACTION].

Recommendation 5.11b: The Departmental Sponsor should be represented on the RFCA NDPB Audit & Risk Committee. Audit recommendations and advice should be followed-up effectively and reported to the Customer Board. [Owner: Sponsor/RFCA NDPB] [Timing: Immediate] [PRIORITY].

Recommendation 5.11c: The RFCA NDPB Corporate Risk Register should be compiled based on the underlying Regional organisation Risk Registers. [Owner: RFCA NDPB] [Timing: Immediate] [PRIORITY].

Recommendation 5.11d: Arrangements should be put in place to establish full external audit of the RFCA NDPB by the DIA and NAO. This should cover the full DIA Audit Universe: corporate governance, performance monitoring, accountability, risk reporting, Boards composition, End-End Processes, Information Management, Corporate Communications, Finance, People, and Commercial [Owner: Sponsor] [Timing: Immediate] [PRIORITY].

5.12 Staff Remuneration

Recommendation 5.12a: MOD should arrange a formal JEGs/JESP assessment across the full grade range of the RFCA NDPB. The RFCA staff retention KPI should be closely monitored to identify specific skill-sets where a specific Recruitment & Retention Allowance may be justified. [Owner: Sponsor/RFCA NDPB] [Timing: One Year] [ACTION].

6. Implementation

Recommendation 6.1a: A costed and resourced Joint Implementation Plan for the agreed RFCA Review recommendations should be agreed between RF&C and the CRFCA. The Joint Implementation Plan should include key deliverables and a timetable for delivery of each recommendation. An annual update on RFCA Review implementation should be provided to Ministers. [Owner: RF&C/CRFCA] [Timing: Immediate] [PRIORITY].

Recommendation 6.1b: Dedicated Change/PMO Teams should be established within RF&C and the CRFCA to implement the Review Recommendations. [Owner: RF&C/CRFCA] [Timing: Immediate] [PRIORITY].

Recommendation 6.1c: CDP should consider establishing within the People Transformation Portfolio a professional Sponsor Team to oversee all its ALBs - including the Armed Forces Covenant Trust, Veterans Advisory and Pensions Committees, Commonwealth War Graves commission, NAAFI and RFCAs. [Owner: CDP] [Timing: 2 Years] [**REVIEW**].

B: Terms of Reference

Background

1. **History.** Established as part of the Haldane Reforms in 1907 (as Territorial Associations) the Reserve Forces' and Cadets' Associations (RFCAs) were designed to provide local support to the Army's Territorial Force in every county. Over 100 years later, the name has changed, the number of associations has reduced and the RFCA dependency has grown to encompass reserves and cadets of all three services. The RFCAs now consist of thirteen individual associations which cover the United Kingdom. Each Association comprises a body of volunteer members drawn from local society with a professional (salaried) secretariat.
2. **Status.** The RFCAs are central government bodies with Crown status, each with its own schemes of association, drawn up by Defence Council regulations under the Reserve Forces Act 1996 (RFA 96). The RFCAs are therefore arm's-length bodies (ALB) of the MOD. Additionally, a Council of RFCAs (CRFCA) has been constituted by the thirteen individual RFCAs to provide a central coordination and a focus to enable the Associations to fulfil the requirements of their customers within resources.
3. **Duties.** The Reserve Forces Act requires the RFCAs to provide two general duties:
 - To give advice and assistance to the Defence Council in respect of the state of the Reserves for their area.
 - To conform to the Defence Plan.
4. **Tasks.** In addition to the general duties assigned, the Defence Council through the RFCAs Regulations 2014 has assigned the following tasks to the RFCAs:
 - Regionally, provide advice and support on behalf of the UK's volunteer reserve forces and cadets.
 - Work with the chains of command of the three services to deliver support to the reserves and cadets against Service Level Agreements (SLAs).
 - Establish and maintain links with the community and deliver employer engagement on behalf of defence; the latter task being conducted principally by CRFCA's (DRM).
 - Deliver the volunteer estate through the maintenance and support of reserve training centres, cadet centres and training areas within which the reserves and cadets of all three services can conduct their activities.
 - Adapt the homes of wounded, injured and sick service leavers.
 - Provide SoS and Parliament with an annual external scrutiny report on the state of the reserves.
 - Provide CDP with an annual health check report of the cadet forces.
5. **Funding.** RFCAs business is publicly funded, delivered regionally and reported upon against the range of SLAs which lay out the support provided by the RFCAs to the single services of the MOD. Last year, the collective annual expenditure of the

RFCAs was £114m.

6. **Reviews.** The RFCAs' regulations stipulate that RFCAs' schemes of association last for five years, after which they must be re-constituted. To meet this legal requirement, RFCAs' schemes of association must be reviewed before Mar 2020. The regulations themselves also need updating and should be reviewed by Dec 2019. In addition, the Cabinet Office has recently produced guidelines that recommend that sponsors conduct tailored reviews of ALBs that are classified as Non-Departmental Public Bodies (NDPB), Executive Agencies (EA) or Non-Ministerial Departments (NMD) once in the period of every fixed-term Parliament. RFCAs are currently unclassified ALBs but the Public Bodies Team have recommended that it is nevertheless good practice to apply the tailored review process to them. The last formal review of the RFCAs, the Paterson Review, reported in Dec 2014.

Aim

7. While the Department is only legally bound to reconstitute the RFCAs' schemes of association, it is prudent and useful to now also conduct a wider-ranging review for the following reasons:

Stay aligned with Cabinet Office best practice for governance of classified ALBs. Identify Defence activities that could be done more cost effectively by the RFCAs. Ensure RFCAs are delivering value for money and are fit for purpose; delivering outputs in accordance with customer Service Level Agreements.

To achieve these goals, a review will be conducted by an independent MOD civil servant, starting in January 2019, and is anticipated to last approximately 9 months.

Overarching Objectives

8. The review will:

a. **New Tasks.** Identify activities conducted across Defence that could be done by the RFCAs more effectively and/or at less cost. Areas to examine should include:

- Front-Line Command Regional Support functions. There are several staff support roles conducted by the Front-Line Commands at the regional level that might be done in a more cost-effective way by the RFCAs.
- Administration and Logistic Support of Cadets. It may be more efficient for the RFCAs to take on a greater role in the management of the cadet forces.
- Wider Markets Initiative. The RFCAs have a proven capability to generate commercial income from the volunteer estate. They may be able to conduct a similar service for the regular estate.
- Employment Support. Both CRFCA (DRM) and the Regular Forces maintain a national network of employer relationship managers. CRFCA (DRM) has already begun to branch out into new areas of engagement activity by taking on the responsibility for professional placements. There may be additional synergies and efficiencies to be found across these two networks.

- Management of Small Training Areas. RFCAs already manage several small training areas and ranges (eg Altcar Ranges). There may be efficiencies from closer partnership between the RFCAs and Landmarc.
- Shared Support Staff. It may prove more cost effective for reserve units and cadet detachments sharing joint sites to also share support, pay system, insurance, and audits staff.
- Veterans' Strategy. The RFCAs may be well placed to deliver elements of the MOD's Veterans' Strategy.
- ISLA Support. Might the RFCAs build on the close links they have built with Service welfare charities, particularly on Injured Serviceman's Living Accommodation (ISLA) projects.

b. **Management.** In parallel to considering an expanded role for the RFCAs, the review should consider ways to optimise the management of the RFCAs. The reviews examination of the management of the RFCAs should achieve the following:

- *Classification.* The RFCAs' mixed role of delivery and providing SoS with advice as required, can entail occasional tensions for MOD. Current Cabinet Office guidelines, as set out in "Classification of Public Bodies: Guidance for Departments"¹¹, are clear that unclassified public bodies should be subject to departmental review with the aim of administratively classifying them wherever possible. Should the RFCAs become classified as a NDPB, EA or NMD, then the MOD would be required to conduct a formal tailored review of the RFCAs, once every Parliament, as per the Cabinet Office Tailored Review Guidance¹².
- *Council Authority.* Confirm that the Council of RFCAs has sufficient authority. The federated nature of the RFCAs allows them to be agile and responsive at the regional level, however, it has the potential to create inefficiencies at the national level. The review should confirm whether the balance of authority between the Council and the RFCAs is optimal.
- *Value for Money.* Confirm that the RFCAs are delivering value for money. The 'independence' of the RFCAs needs to be buttressed by sufficient accountability that public resources are being used wisely.
- *Transparency and Governance.* Ensure RFCAs are sufficiently transparent and the right governance structures are in place. Review the efficiency and effectiveness of the overall CRFCA/RFCAs operating model. Explore the MOD customer SLAs and associated performance and risk management mechanisms.
- *Commercial Capability.* Explore alignment of RFCA commercial capability with MOD commercial functional strategy.
- *Diversity and Inclusion.* Increase the diversity of RFCA boards, membership and staff.
- *Audit.* Examine Defence Independent Audit process for the RFCAs to ensure they are observing MOD best practices.

¹¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/519571/Classification-of-Public_Bodies-Guidance-for-Departments.pdf

¹²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/633573/Tailored_Review_Guidance_on_public_bodies_V1.2_July_2017.pdf

- *Complaints.* Explore benefits of a bespoke complaints process, including at grass-roots level.
- *Staff Remuneration.* Confirm that any proposed increases to the responsibilities of the RFCAs are properly reflected in the remuneration packages of RFCA staff, especially considering recent changes to the armed forces' pension scheme.
- *Communications Strategy.* Explore strategic communications strategy, including corporate branding, exploitation of social media, and vision for the RFCAs to head towards over the next ten years.

Composition

9. The Review Team will comprise an **independent SCS Pay Band 1** and one **full-time C1 post**. Additional personnel may be seconded to the team to examine specific issues or opportunities as required. For example, from Defence Internal Audit, CAAS, or MoD Legal Advisers.

Reporting

10. The Review Team will report to ACDS(R&C) as SRO; with day to day reporting to RF&C Head Reserves.

Governance

11. Min(AF) will have oversight of the Review and be asked to agree the report and recommendations before publication. Cabinet Office officials will be consulted.

12. If the review recommends the RFCAs should be formally classified in line with the Cabinet Office Classification of Public Bodies; Guidance for Departments, the RF&C Team will submit a separate business case in line with Cabinet Office guidance¹³.

Challenge Panel

13. A Challenge Panel will be established to work alongside the Review Team and to provide challenge to the methodology and conclusions of the review. The Challenge Panel will meet at least three times throughout the course of the review: the planning stage; a pragmatic mid-point and towards the end of the review. The Challenge Panel will, as a minimum, consist of the SRO, RF&C Head Reserves, Head DSOP EOS, and DFinStrat-Dir.

Scope

15. The Review will draw upon the conclusions of the 2014 quinquennial review. It will also take into account the ongoing work of the People and Estates Transformation Programmes`. The review will call for evidence, undertake

¹³ <https://www.gov.uk/government/publications/the-approvals-process-for-the-creation-of-new-arms-length-bodies>

workshops and interviews, and review relevant documentation as appropriate through engagement with stakeholders.

Stakeholder engagement

16. The Review Team will engage with:
 - a. The RFCA Customer Board.
 - b. The Front Line Commands.
 - c. The 13 RFCAs and the CRFCA.
 - d. Wider stakeholders as required (in consultation with Head DSOP EOS).

Timing

17. Under the guidance of the Challenge Panel, the Review Team leader will be responsible for meeting the following deadlines:
 - a. By end February 2019
 - i. Finalise the Terms of Reference (ToR).
 - b. By mid-April 2019
 - i. Review emerging findings and recommendations.
 - c. By end July 2019
 - i. Produce preliminary findings and recommendations of alternative models and classification of RFCAs.
 - d. By end Nov 2019
 - i. Deliver a final report with accompanying costs/benefits analysis where appropriate, identifying policy implications associated with the recommendations.
18. Any changes to these milestones will be agreed with the SRO.

Resources

19. The RF&C budget will cover the full costs of the Review.
20. The Review Team will be subject to standard MOD expenditure controls.

C: Alternative Delivery Models

Model	Comments
Maintain Status Quo / Do Nothing	<p>RFCAs are currently unclassified within the Cabinet Office administrative system. Cabinet Office guidance directs that unclassified public bodies should be subject to departmental review with the aim of administratively classifying them wherever possible. There are limited circumstances in which formal classification of a public body may not be possible or desirable. These are dependent on the public body meeting the following criteria:</p> <p><u>Small and Temporary</u>: the public body is set up to address a specific concern or issue.</p> <p><u>Awaiting ONS National Accounts Classification</u>: Once ONS classification has been determined, administrative classification should follow.</p> <p><u>Awaiting Significant Structural Change</u>: the outcome of changes should be completed before formal classification is determined.</p> <p><u>Genuinely Unique & Unclassifiable</u>: there may be exceptional circumstances where entities cannot be classified into one of the main categories without adversely impacting their ability to deliver required functions.</p> <p>RFCAs functions are expected to be an enduring requirement by customers. The ONS have formally classified RFCAs as MOD Public Bodies as recorded in the Accounting Officer System Statement. RFCAs are not subject to any significant structural changes. The RFCAs functions are a good fit to the NDPB model. The Review Team's assessment is that RFCAs do not meet any of the above criteria. Additionally, the current key issues with RFCAs require significant change to the existing Unclassified Delivery Model. The Review team have consequently ruled out the 'Do Nothing' Option.</p>
Abolish	<p>The functions carried out by CRFCA and RFCAs are required as Defence outputs under the Defence Plan. Three of the four central functions (volunteer estate, engagement, youth & cadets) contribute to economic growth in regional and national terms directly or indirectly. For instance, maintenance of the volunteer estate stimulates local economies through the RFCAs using local contractors and tradesmen; work on engagement</p>

	<p>(employer and community) supports relationships between Defence and employers, who in turn can take advantage of upskilled Reservist or former Cadet employees.</p> <p>Abolition would not remove the need for the functions to be carried out, meaning new ownership would need to be sought, delivery would be put at risk (especially during transition), and it is unclear what VfM or delivery improvements could be achieved. Ongoing risks such as Cadet safeguarding, estate health and safety, and weapons storage present clear and substantial risk to life and reputation – the RFCAs experience in dealing with them (albeit with concerns due to resources) is crucial in managing likelihood and impact. The Review team have therefore ruled out this option.</p>
<p>Move out of Central Government</p>	<p>This model would necessitate separating the RFCA functions for them to be delivered by a number of external bodies or companies as there is no external body suitable to cover all of the current functions. Doing so would remove the synergies the RFCAs can exploit by combining their work across functions to deliver in a more efficient manner (for instance, utilising Cadet links to facilitate engagement work, optimising Reserve and Cadet estate etc.)</p> <p>The RFCAs engage with local government on parts of their work (primarily with Armed Forces Champions on engagement and youth & cadets when setting up new CCF units in schools), therefore the work could be delivered by councils. However, a key source of income for RFCAs is regionally generated income (RGI) – the bulk of this is made up of discounts provided by councils on business rates payable on the volunteer estate. As local authorities cannot provide discounts to themselves, this source of funding would disappear, severely impacting the RFCAs ability to maintain and improve the Cadet estate (upon which the majority of approx. £5m in annual rebates is spent. Additionally, the apolitical nature of the RFCAs (necessary in sensitive areas such as Northern Ireland) would be compromised. NEDs with Local Authority experience would be beneficial to the RFCAs.</p> <p>A charity model could theoretically work, at least for the Youth & Cadets function. For example, the Marine Society & Sea Cadets (MSSC) charity currently supports the Sea Cadets on behalf of the Royal Navy. However, there is no current equivalent charity for the other RFCA functions. Therefore, a change to this model would require setting up new bodies and separating out the functions, risking</p>

	<p>delivery and loss of coherence. This model is not recommended.</p>
<p>Commercial Model</p>	<p>The estates function of the RFCAs could theoretically be delivered by the private sector. However, evidence suggests that the central coordination/regional delivery and understanding of the military context is useful in the customer-provider (i.e. TLB and RFCA) relationship and helps agility and speed of delivery across the organisation. Additionally, there is evidence that existing DIO contracts are not well suited to a widely dispersed volunteer estate – RFCAs often ‘fill in the gaps’ left in these National Framework contracts. While there are some issues regarding quality control and assurance in terms of contracts and SLAs, this does not necessarily precipitate a wholesale move to a commercial model.</p> <p>In terms of the Cadets and EE functions, transferring to the private sector would present significant risk to the key relationships and networks built up around the RFCA being the single POC in a region. RFCAs already run very lean teams to deliver these functions, so it is unlikely sufficient efficiencies could be found to satisfy a value for money argument. The setup costs of new bodies to replicate support provided to Cadet units would greatly outweigh the benefits that may be possible through such a model.</p> <p>The EST and CHC functions are underpinned by the RFCAs’ delivery of the other functions; moving EST/CHC out to the private sector would likely limit the effectiveness of the reporting or create additional work and cost on information sharing between the separated delivery providers to deliver the same output.</p> <p>While the RFCAs do generate significant commercial income, worth approximately 10% of their annual budget, it is still outweighed by MOD Grant and GIA funding.</p> <p>Overall a purely commercial model is not appropriate for the RFCAs.</p>
<p>Bring into Central Government</p>	<p>RFCAs pass the 'Three Tests' for an NDPB, so it would not be appropriate to bring all their functions in-house. Transferring a subset of RFCA functions would risk losing the current coherence and integration benefits. This model has the same disadvantages as the EA model, but would also require the RFCA Board, Regional Councils, and Voluntary Membership to be dis-established significantly impacting regional engagement.</p>

	<p>The Royal Air Force Air Cadets (RAFAC) organisation provides in-house support to Adult Volunteers for both the Air Training Corps and RAF Sections of the Combined Cadet Force. There would be benefits in comparing the RAFAC and RFCA Operating Models to share best practice.</p>
Merge with another body	<p>The review concluded that there were no other Arm's Length Bodies (ALBs) or other government bodies that had a natural alignment with the RFCAs given their specialist combination of functions. However, closer working with established NDPBs across Government would be beneficial in terms of sharing best-practice on Corporate Governance.</p>
Less formal structure	<p>The EST and CHC functions are compatible in principle with an expert committee, however wider RFCA delivery functions are not. Additionally, RFCAs ability to provide independent advice to ministers is strongly dependent on their delivery experience for the Reserves and Cadets so separating these functions is not recommended.</p>
Delivery by a new Executive Agency (EA)	<p>As an EA, the RFCAs would no longer have the ability to flex their annual budgets between years (DRes Army has approved 3% flex on GIA). This model would bring RFCAs much closer to MOD, which is the opposite of what customers are looking for in order for RFCAs to engage more closely than them with regional communities (particularly in NI).</p> <p>This model would require RFCA staff to be migrated from Crown to Civil Servants (resulting in over 800 additional posts on the departmental headcount). An EA model is not compatible with the receipt of GIA funding. The model would make RFCAs part of the department with no separate legal personality which is incompatible with RFCAs providing independent advice through the EST and CHC.</p> <p>RFCAs pass the 'Three Tests' for an NDPB which means they fail the tests for an EA. RFCAs would have to align precisely with MOD policy, with no ability to tailor to regional circumstances, which is not what customers want. RFCAs would lose the ability to receive rate rebates or generate RGI which would impact their support to cadets significantly. The EA model offers no tangible benefits for customers and is not recommended.</p>

<p>Delivery by a Non-Departmental Public Body (NDPB)</p>	<p>The RFCA Functions pass the Cabinet Office 'Three Tests' for an NDPB:</p> <ul style="list-style-type: none"> • The combination of their Volunteer Estate, Cadets Support and Regional Engagement requires external expertise to deliver. • The continuity of their tri-Service Regional Engagement is unique. The RFCA Voluntary Membership plays a critical role in 'Connecting Defence with the Nation'. • The EST and Cadet Health-Check reports need to be delivered independently of ministers to establish facts and figures with integrity. <p>Therefore, the Review recommends this model is taken forward.</p>
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D: Good Corporate Governance Assessment

ACCOUNTABILITY				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<p>Statutory Accountability</p> <p>The public body complies with all applicable statutes and regulations, and other relevant statements of best practice.</p>	1	The public body must comply with all statutory and administrative requirements on the use of public funds. This includes the principles and policies set out in the HMT publication “Managing Public Money” and Cabinet Office/HM Treasury spending controls. The body must operate within the limits of its statutory authority and in accordance with any delegated authorities agreed with the sponsoring department.		<p>The CRFCA and RFCAs have developed their reporting ability through their Annual Report, which is now up to FREM standard and is laid before Parliament. This has been the case since the 16/17 ARAC.</p> <p>Improvement is needed to the more regular reporting through to MOD to ensure any in-year issues can be picked up and addressed in a more reliable and effective way.</p>
	2	The body should operate in line with the statutory requirements and spirit of the Freedom of Information Act 2000 (FOIA). It should have a comprehensive publication scheme. It should proactively release information that is of legitimate public interest where this is consistent with the provisions of the act.		<p>Despite being public bodies and noted on various Gov.uk sites as being subject to the FOIA, the RFCAs are not explicitly listed in Schedule 1 of the Act and no orders under Section 4(1) or Section 5 to add them.</p> <p>However, various governance documents and reports do indicate compliance with FOIA, such as the RFCA Regulations and the Annual Reports. In practice, the RFCAs (via the CRFCA) send release requests to MOD to respond to.</p> <p>This can lead to a situation whereby the expenditure of public money, and decisions taken by the RFCAs in doing so, are not available to the public.</p>

	3	The body must be compliant with data protection legislation.		<p>CRFCA have appointed an external DPO company that conducts audits of the organisation's DPA compliance and engages with the organisation on a monthly basis.</p> <p>Evidence from individual RFCAs as that they are GDPR compliant and have policies for managing personal information commensurate with the requirements of each functional area. There are processes in place for Subject Access Requests.</p> <p>The organisation needs to ensure that this is present and adhered to throughout.</p>
	4	The body should be subject to the Public Records Acts 1958 and 1967.		Once the FOI issue stated above is clarified, the RFCAs will be subject to the Public Records Acts.
<p>Accountability for Public Money</p> <p>The accounting officer of the public body is personally responsible and accountable to Parliament for the use of public money by the body and for the stewardship of Assets.</p>	1	There should be a formally designated accounting officer for the public body. This is usually the most senior official (normally the chief executive).		<p>The CE of the CRFCA is the accounting officer for the RFCAs, as confirmed by letter of designation from MOD Perm Sec.</p> <p>Regional designation is then passed to the CE of each RFCA to be the accounting officer at that level.</p> <p>However, this process of designation needs improving. There are instances where letters are simply emails, and others where delegation has not been confirmed and staff are working off delegations from 2015. Additionally, there needs to be clearer alignment between financial delegation and expected outputs.</p>

	2	<p>The role, responsibilities and accountability of the accounting officer should be clearly defined and understood. The accounting officer should have received appropriate training and induction. The body should be compliant with the requirements set out in “Managing Public Money”, relevant “Dear Accounting Officer” letters and other directions. In particular, the accounting officer of the NDPB has a responsibility to provide evidence-based assurances required by the principal accounting officer (PAO). The PAO requires these to satisfy him or herself that the accounting officer responsibilities are being appropriately discharged. This includes, without reservation, appropriate access of the PAO’s internal audit service into the NDPB.</p>		<p>CE CRFCA’s role is defined as the following in the Annual Report 18/19 (pg32):</p> <p><i>“The Chief Executive (CE CRFCA) as Accounting Officer (AO) is personally responsible for safeguarding the public funds for which he has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the CRFCA and RFCAs. In addition, he should ensure that the CRFCA and RFCAs as a whole are run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 to Managing Public Money.”</i></p> <p>The Annual Report lists the responsibilities of CE CRFCA in terms of accountability to Parliament, MOD, and the CRFCA.</p>
	3	<p>The body should establish appropriate arrangements to ensure that public funds:</p> <ul style="list-style-type: none"> - are properly safeguarded; - used economically, efficiently and effectively; - used in accordance with the statutory or other authorities that govern their use; and - deliver value for money for the Exchequer as a whole. 		<p>The following is given in the Annual Report 17/18 as regards the organisation’s control over grant-in-aid income:</p> <p><i>“General responsibility of the RFCAs’ grant-in-aid income rests with, and will be exercised by, the CRFCA Board. Whilst general responsibility for the management of the RFCAs’ funds rests with and will be exercised by the CRFCA Board, personal accountability rests with the CE CRFCA, in accordance with his letter of appointment and terms of reference. The Chairman CRFCA Board and its members share with Association Boards corporate</i></p>

				<p><i>responsibilities, and in particular ensuring that the RFCAs fulfil the aims and objectives set by the SofS.”</i></p> <p>The CRFCA has audit and pay/personnel committees that meet 2-3 times a year, usually just before the Executive Board where RFCA CEs and customers meet to discuss the business of the organisation.</p> <p>However, the risk reporting and audit discussion at the key meetings with stakeholders is extremely limited. While the CRFCA and RFCAs may indeed have working and effective arrangements, there is little evidence to show this at these meetings.</p>
	4	The body’s annual accounts should be laid before Parliament. The Comptroller and Auditor General should be the external auditor for the body.		<p>The CRFCA places its Annual Report before Parliament.</p> <p>The organisation is currently audited indirectly through the MOD figures. A direct, formal, and external audit should be conducted going forward.</p>

ROLES AND RESPONSIBILITIES

PRINCIPLE	SUPPORTING PROVISION	COMPLY	EXPLAIN
<p>Role of the Board</p> <p>The public body is led by an effective board which has Collective responsibility for the overall performance and success of the</p>	<p>1</p> <p>The board of the public body should:</p> <ul style="list-style-type: none"> • meet regularly; • retain effective control over the body; and • effectively monitor the senior management team. 		<p>The Board (chaired by CRFCA) meets three times a year.</p> <p>Each RFCA meets individually on a regular basis. Evidence suggests that reporting at this level is better constructed; this needs to flow up through the system to improve understanding and accountability.</p>

<p>body. The board provides strategic leadership, direction, support and guidance. The board – and its committees – have an appropriate balance of skills, experience, independence and knowledge.</p> <p>There is a clear division of roles and responsibilities between non-executive and executives. No one individual has unchallenged decision-making powers.</p>				<p>There are no non-executive members of the Board. To effectively monitor the organisation, the Board needs at least two non-executive members to cover finance and HR/corporate governance oversight.</p>
	2	The size of the board should be appropriate.		<p>The Board comprises various senior members of CRFCA (including the President, Chair, and CE), the Chairs of the 13 RFCAs, and 2*/1* customer reps.</p> <p>The Board needs at least two non-executive members to cover finance and HR/corporate governance oversight.</p>
	3	Board members should be drawn from a wide range of diverse backgrounds.		<p>While there has been a push to improve diversity within the organisation, there remains an overwhelming majority of retired military (largely Army) personnel on boards and in top positions.</p> <p>There is extremely limited gender or BAME diversity across the organisation.</p>
	4	The board should establish a framework of strategic control (or scheme of delegated or reserved powers). This should specify which matters are specifically reserved for the collective decision of the board. This framework must be understood by all board members and by the senior management team. It should be regularly reviewed and refreshed.		<p>Various documents exist (e.g. RFCAs Regulations, Financial Framework, CRFCA Corporate Plan, Constitution etc.) which outline roles and ownership to a certain degree.</p> <p>However, the evidence suggests the CRFCA should take on more executive authority to ensure consistency of standard and corporate compliance across the regions. Therefore, work needs to be done to bring things documents up to standard and consolidate.</p>

	5	The board should establish formal procedural and financial regulations to govern the conduct of its business.		<p>The CRFCA and RFCAs act within the bounds of the Financial Framework, drawn up by MOD TLBs in consultation with the organisation, which outlines the funding given to the bodies (via grant and grant-in-aid) and how this is to be spent.</p> <p>This document needs regular consideration and revision as necessary to ensure best practice and value for money. Some clarity is also needed on the possibly multiple sources of grant-in-aid funding in who the sponsor organisation is.</p> <p>A non-executive director with appropriate finance experience and qualifications must be appointed.</p>
	6	The board should establish appropriate arrangements to ensure that it has access to all such relevant information, advice and resources as is necessary to enable it to carry out its role effectively.		<p>At least two weeks before each meeting the respective secretary requests updates and papers from attendees for discussion, which are then disseminated to all attendees.</p> <p>If further information is requested in relation to a topic at a meeting, this is then expected to be provided within the timeframe agreed to at the meeting.</p> <p>However, there is limited evidence that effective or identifiable dashboarding is presented to the board or discussed in detail.</p>
	7	The board should make a senior executive responsible for ensuring that appropriate advice is given to it on all financial matters.		<p>CE CRFCA, as accounting officer, provides a report to the Board. The Pay and Personnel Committee also provides information.</p>

				Going forward, the CRFCA should ensure financial matters are covered by a senior staff member or team with the appropriate financial qualifications. Reports should then be tested by a non-executive Board member with appropriate finance experience.
	8	The board should make a senior executive responsible for ensuring that board procedures are followed and that all applicable statutes and regulations and other relevant statements of best practice are complied with.		The various sub-committees and the Chair of the Board provide information and oversight of this.
	9	The board should establish a remuneration committee to make recommendations on the remuneration of top executives. Information on senior salaries should be published. The board should ensure that the body's rules for recruitment and management of staff provide for appointment and advancement on merit.		Grades and salaries are analogous to Civil Service and are therefore set according to MOD guidelines.
				Salary information of all CEs is published in the Annual Report laid before Parliament. The Schemes of Association (SoA) are written following a quinquennial review conducted by CRFCA for the individual RFCAs which cover this and appear appropriate and fair. However, the evidence on the ground is that the senior positions (mainly CE and DCE) are effectively reserved for ex-military officers of at least Colonel rank. There is limited, if any, opportunity for advancement of either civilian staff or ex-military below a certain rank. The practice needs to match the written setup, with skills and ability recognised alongside previous

				<p>military experience. This should extend throughout the organisation and open senior positions to former heads of charities, higher education, or business where appropriate.</p>
	10	<p>The chief executive should be accountable to the board for the ultimate performance of the public body and for the implementation of the board's policies. He or she should be responsible for the day-to-day management of the body and should have line responsibility for all aspects of executive management.</p>		<p>The Chief Executive is accountable to the Board for the ultimate performance of the public body and for the implementation of the Board's policies. The Chief Executive submits a written report to the Board at each meeting which is supported by a detailed oral commentary.</p> <p>The Board has delegated the day-to-day management of the organisation to the Chief Executive.</p>
	11	<p>There should be an annual evaluation of the performance of the board and its committees – and of the chair and individual board members.</p>		<p>The CRFCA confirms that this is in place. However, it is unclear what form this takes and the effectiveness of it.</p>
<p>Role of the Chair</p> <p>The chair is responsible for leadership of the board and for ensuring its overall effectiveness.</p>	1	<p>The board should be led by a non-executive chair.</p>		<p>The Chair is currently Maj Gen Greg Smith. As Chair of the CRFCA, he is not involved in the daily business of the organisation.</p> <p>Going forward, the organisation should consider the chair of the board being someone outside of the 'military family' to provide wider experience and scrutiny. This could be industry leaders with no direct military experience, or a Reservist (serving or former) with extensive experience outside of the military.</p>

	2	<p>There should be a formal, rigorous and transparent process for the appointment of the chair. This should be compliant with the Governance Code on Public Appointments. The chair should have a clearly defined role in the appointment of non-executive board members.</p>		<p>The process for selecting the Chair of the Board is set out in RFCA Regulations, specifically paras 1.9, 2.15, 2.16 and Annex B (which also refers to RFA96).</p> <p>Evidence suggests that the organisation is on occasion compliant with the 'spirit', if not the letter, of CPA. As the body becomes an NDPB, RFCA will be listed on the Order of Council and it therefore will be expected that appointments to be fully compliant with CPA. Work should be done in preparation to ensure this is the case.</p> <p>Selection of the CRFCA Chair is currently done from the extant pool of RFCA Chairs, as opposed to trying to draw from the widest possible pool of candidates. RCFA Chairs and Chief Executives are currently almost entirely ex-military (principally Army) with no tenure limits.</p> <p>The organisation needs to do further work on reflecting the diversity of society, its recruitment processes to reach as wide a pool as possible, and involvement of Ministers throughout from advertisement to appointment. The first step is for at least senior posts to be advertised on the Cabinet Office Public Appointments website</p>
	3	<p>The duties, role and responsibilities, terms of office and remuneration of the chair should be set out clearly and formally defined in writing. Terms and conditions must be in line</p>		<p>The CRFCA Constitution outlines membership and some appointment and term rules for the Board. However, it does not include a full breakdown of duties or discuss remuneration.</p>

		with Cabinet Office guidance and with any statutory requirements.		The organisation should look to amend their Constitution when due for renewal in 2019 as appropriate to clearly define the expected code of conduct, as per the Cabinet Office guidelines.
	4	The roles of chair and chief executive should be held by different individuals.		Chair – Maj Gen (retd.) Greg Smith CE – Maj Gen (retd.) Jamie Gordon
Role of Non-Executive Board Members As part of their role, non-executive board members provide independent and constructive challenge.	1	There should be a majority of non-executive members on the board.		<p>There are currently no non-executive members on the board. The board should recruit at least two appropriately qualified and experienced non-executive board members to look at finance and HR/corporate governance.</p> <p>The bulk of the board is comprised of the respective RFCA Chairs who, whilst not involved in the daily business of either the CRFCA nor their respective RFCA are typically former MOD staff (as retired service personnel, and almost all ex-Army).</p> <p>While there is clear value in military experience being on the board, the organisation should consider bringing wider experience into these positions to diversify. This could be industry leaders with no direct military experience, or a Reservist (serving or former) with extensive experience outside of the military.</p>
	2	There should be a formal, rigorous and transparent process for the appointment of non-executive members of the board. This should be compliant with the Governance Code on Public Appointments.		

	3	The duties, role and responsibilities, terms of office and remuneration of non-executive board members should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements.		
	4	All non-executive board members must be properly independent of management.		
	5	All non-executive board members must allocate sufficient time to the board to discharge their responsibilities effectively. Details of board attendance should be published (with an accompanying narrative as appropriate).		
	6	There should be a proper induction process for new board members. This should be led by the chair. There should be regular reviews by the chair of individual members' training and development needs.		There is no induction process for Board members.

EFFECTIVE FINANCIAL MANAGEMENT				
PRINCIPLE	SUPPORTING PROVISION	COMPLY	EXPLAIN	
The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.	1	Annual Reporting		
		The body must publish on a timely basis an objective, balanced and understandable annual report. The report must comply with HM Treasury guidance.		The CRFCA produces its Annual Report in accordance with the RFCA Regulations and Financial Framework. This report has been placed in Parliament since the 16/17 iteration.
	2	Internal Controls		
		The body must have taken steps to ensure that effective systems of risk management are established as part of the systems of internal control.		While risk and issue registers in good detail at regional level, they are not uniform, and the detail is largely stripped out at national level. This reporting must be improved, and issues openly discussed with customers and MOD in order to maintain control over ongoing and arising risks.
		The body must have taken steps to ensure that an effective internal audit function is established as part of the systems of internal control. This should operate to government internal audit standards and in accordance with Cabinet Office guidance.		The CRFCA has an audit committee and commissions three audits each year from DIA. However, recent audits have typically resulted in a 'Limited Assurance' categorisation and evidence suggests that follow up by the organisation has been poor. This internal audit mechanism needs to be improved and developed, with appropriate discussion of audits, results, and the ARAC at XB, CB, and board levels to determine and carry out the necessary follow up.
	There must be appropriate financial delegations in place. These should be understood by the sponsoring department,		CRFCA CE has a letter of designation from MOD Permanent Secretary and Army HQ (as the sponsor).	

	<p>by board members, by the senior management team and by relevant staff across the body. Effective systems should be in place to ensure compliance with these delegations. These should be regularly reviewed.</p>		<p>However, letters of designation from CRFCA to the individual RFCAs have not been sent for a number of years. RFCA CEs have continued on the basis of the most recent letter (2015 in some cases), though this requires addressing.</p>
	<p>There must be effective anti-fraud and anti-corruption measures in place.</p>		<p>RFCA Financial Standing Instructions (FSIs) cover fraud reporting and prevention.</p> <p>It is unclear when DIA or an external auditor last inspected the organisation's fraud principles and how they are upheld. The FSIs are dated 2014 and are due for review. This would be an appropriate opportunity to ensure the organisation's anti-fraud/corruption measures align with the latest guidance and that there is sufficient adherence.</p>
	<p>There must be clear rules in place governing the claiming of expenses. These should be published. Effective systems should be in place to ensure compliance with these rules. The body should proactively publish information on expenses claimed by board members and senior staff.</p>		<p>RFCA Financial Standing Instructions (FSIs) cover fraud reporting and prevention.</p> <p>An improved and focused audit structure (both internal and external) is needed to ensure these standards are appropriate and upheld.</p> <p>CE salaries are published in the Annual Report, but expenses information is not published.</p>
	<p>The annual report should include a statement on the effectiveness of the body's systems of internal control.</p>		<p>This is covered in the Annual Report.</p>

	3	Audit Committee The board should establish an audit (or audit and risk) committee with responsibility for the independent review of the systems of internal control and of the external audit process.		The CRFCA has an audit committee in place. However, as noted above, the audit mechanism with DIA and TLBs needs to be improved and strengthened.
	4	External Auditors The body should have taken steps to ensure that an objective and professional relationship is maintained with the external auditors.		No external audit is currently done.

COMMUNICATIONS				
PRINCIPLE	SUPPORTING PROVISION	COMPLY	EXPLAIN	
The body is open, transparent, accountable and responsive.	1	Communications and Stakeholders		
		The public body should have identified its key stakeholders. It should establish clear and effective channels of communication with these stakeholders.		<p>The individual RFCAs, generally speaking, have good working relationship with their key stakeholders.</p> <p>However, these are reliant on good interpersonal relationships between RFCA and customer. Additional work needs doing on the SLA structure to codify the relationship to ensure the effectiveness of the RFCAs going forward.</p> <p>In addition, the CRFCA should recruit a Head of Communications to implement the Communications Strategy developed recently by DRM, develop a clearer link with DDC, and provide strategic oversight and direction for the organisation.</p>

	2	Communications with the Public		<p>Aside from the DRM arm, CRFCA does not communicate directly with the public on a regular basis. The CRFCA Annual Report does list all members and contact details for each RFCA.</p> <p>The 13 RFCAs typically have staff focused on comms, working to the Communications Strategy introduced by DRM in 2018.</p> <p>A central website should be set up and appropriate messaging channelled through it and associated social media platforms.</p>
		The public body should make an explicit commitment to openness in all its activities. It should engage and consult with the public on issues of real public interest or concern. This might be via new media. It should publish details of senior staff and board members together with appropriate contact details.		
		The body should consider holding open board meetings or an annual open meeting.		The CRFCA holds an Annual Briefing, which is open to the public, however this is not a decision taking meeting.
		The body should proactively publish agendas and minutes of board meetings.		Agendas and minutes are not routinely published, and there is little evidence justifying this. The organisation should make this information available, possibly with redactions if appropriate.
		The body should proactively publish performance data.		Performance data is not published except for that which is included in the Annual Report. The organisation should make this information available.
	In accordance with transparency best practice, bodies should consider publishing their spend data over £500. By regularly publishing such data and by opening their		Spending data is not regularly published. This information should be made available as the organisation is in receipt of public funding.	

		books for public scrutiny, bodies can demonstrate their commitment to openness and transparency and to making themselves more accountable to the public.		
		The body should establish effective correspondence handling and complaint procedures. These should make it simple for members of the public to contact the body and to make complaints. Complaints should be taken seriously. Where appropriate, complaints should be subject to investigation by the Parliamentary Ombudsman. The body should monitor and report on its performance in handling correspondence.		<p>Complaints can be made currently through the Gov.uk website.</p> <p>A central website should be set up through which complaints can be lodged and contact details can be found. This should maintain accordance with guidance and best practice on procedure.</p> <p>Complaints raised should then be discussed as a formal agenda item at XB, CB, and board level.</p>
	3	Marketing and PR		
		The public body must comply with the Government's conventions on publicity and advertising. These conventions must be understood by board members, senior managers and all staff in press, communication and marketing teams.		<p>The organisation has an overall communications strategy used directly by DRM and forms the basis for the individual RFCAs' communications strategies.</p> <p>The national office should ensure that the strategy is compliant with the latest Government conventions, is being followed at the regional level, and features in the inductions process for new members going forward.</p> <p>There is significant variation in branding and websites across the organisation. Consideration should be given to uniform approaches to standardise interaction, as far as is appropriate given the regional variance that is integral to the organisation.</p>

	Appropriate rules and restrictions must be in place limiting the use of marketing and PR consultants.		Processes are in place for the RFCAs to report into DRM on their PACC accounts. These are then, in turn, submitted formally.
	The body should put robust and effective systems in place to ensure that the public body is not, and is not perceived to be, engaging in political lobbying. This includes restrictions on board members and staff attending party conferences in a professional capacity.		The Code of Conduct for employees covers this and enshrines the apolitical nature of the RFCAs. The organisation needs to ensure and maintain that all staff are aware of their responsibilities and appropriate training is completed as required.

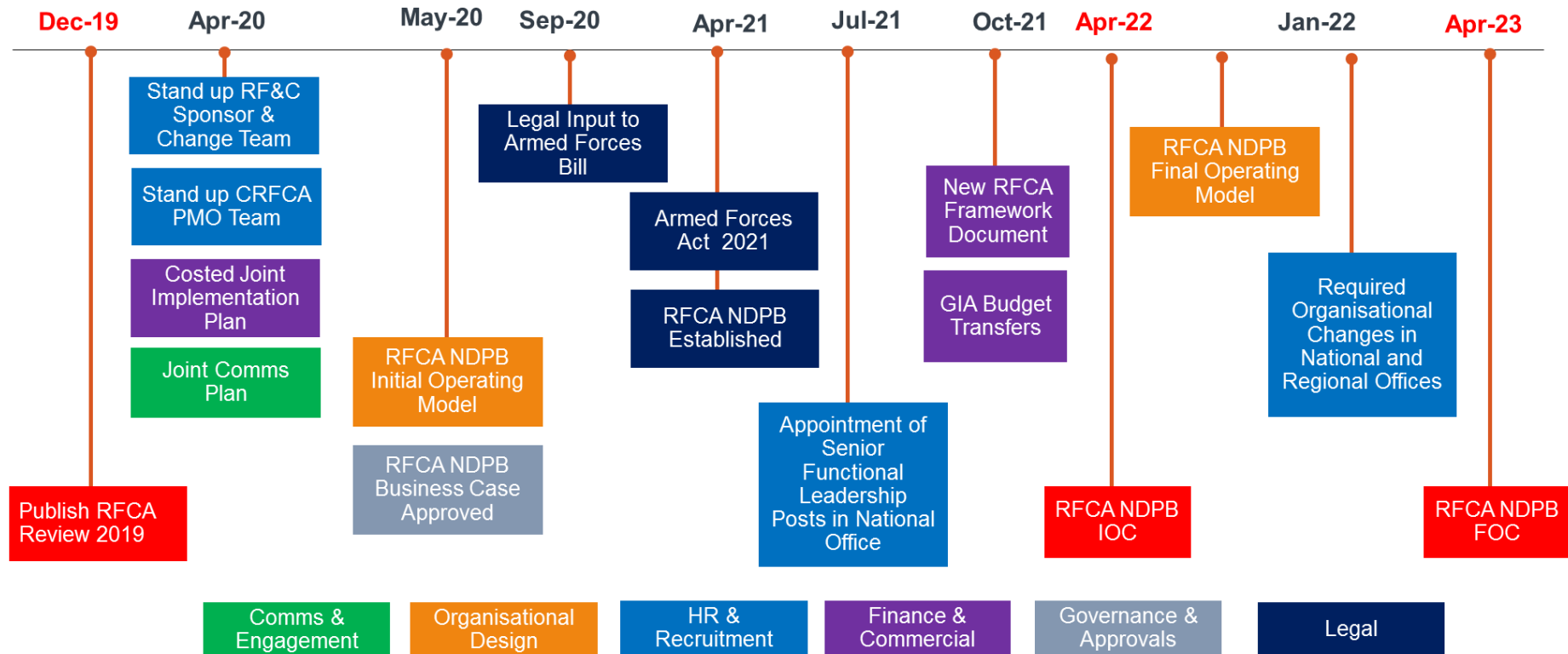
CONDUCT AND BEHAVIOUR			
PRINCIPLE	SUPPORTING PROVISION	COMPLY	EXPLAIN
The board and staff of the public body work to the highest personal and professional standards. They promote the values of the body and of good governance through their conduct and behaviour.	1		
	Conduct		
	A code of conduct must be in place setting out the standards of personal and professional behaviour expected of all board members. This should follow the Cabinet Office code. All members should be aware of the code. The code should form part of the terms and conditions of appointment.		
	A code of conduct must be in place setting out the standards of personal and		
			The newly updated Staff Regulations 2019 includes a code of conduct for RFCA staff (Annex 1J). This is modelled on the Model Code for Staff of Executive Non-Departmental Public Bodies from Cabinet Office. However, this does not appear to apply to Board members. The CRFCA Constitution outlines membership and appointment rules for the Board. However, it does not include a clear code of conduct. The organisation should look to amend their Constitution when due for renewal in 2019 as appropriate to clearly define the expected code of conduct, as per the Cabinet Office code.
			The newly updated Staff Regulations 2019 includes a code of conduct for RFCA staff (Annex 1J). This is

	<p>professional behaviour expected of all staff. This should follow the Cabinet Office code. All staff should be aware of the provisions of the code. The code should form part of the terms and conditions of employment.</p>		<p>modelled on the Model Code for Staff of Executive Non-Departmental Public Bodies from Cabinet Office.</p> <p>Terms and conditions of employment are covered throughout the full document.</p>
	<p>There are clear rules and procedures in place for managing conflicts of interest. There is a publicly available register of interests for board members and senior staff. This is regularly updated.</p>		<p>The CRFCA Staff Regulations direct that the individual RFCAs should adopt their own rules as regards conflicts of interest, stating that staff “<i>should not misuse their official position or information acquired in their official duties to further their private interests or those of others. Key members of staff, such as the Chief Executives, managers of large contracts, and staff working on contracts, should ensure that any possible conflicts of interest are identified at an early stage and that appropriate action is taken to resolve them</i>”.</p> <p>There is evidence that there is inconsistent implementation of such rules at the regional level. CRFCA should outline a clear baseline level of procedures and criteria for RFCAs to produce their rules with clear accountability mechanisms.</p> <p>While there is no bar against political activity, the Guidance Code on Public Appointments stipulates that any party-political employment, candidacy, or significant support (donations, notable speeches etc.) should be disclosed by those involved in selecting recruits and successful candidates. It is unclear whether this takes place and there is evidence of serving MPs sitting on regional RFCA boards.</p>

	<p>There are rules in place for board members and senior staff on the acceptance of appointments or employment after resignation or retirement. These are effectively enforced.</p>		<p>The Staff Regulations stipulate that “<i>RFCA Staff should continue to observe their duty of confidentiality after they have left the employment and should be aware of and abide by any rules on the acceptance of business appointments after resignation or retirement</i>”.</p> <p>This does not appear to apply to Board members and it is unclear what business appointment rules the RFCAs apply. It is the case that rules do not apply in the round to CRFCA (such as DRM staff), however the organisation should be conscious of possible changes in circumstance as it becomes an NDPB – especially for staff working in procurement and commercial areas.</p>
2	<p>Leadership</p> <p>Board members and senior staff should show leadership by conducting themselves in accordance with the highest standards of personal and professional behaviour and in line with the principles set out in respective codes of conduct.</p>		<p>The Board needs to recruit non-executive members and improved reporting throughout the system in order to effectively monitor this.</p>

E: Implementation Plan

This is the Review team's proposed high-level road map through to April 2023. This covers key milestones in the set-up of the RFCA NDPB including the Armed Forces Act, GiA transfers, and expected initial / full operating capability (IOC/FOC). The Review recommends that the implementation teams in RF&C and CRFCA undertake further work to develop the new organisation's detailed design, which will enable more detailed costs and benefits to be quantified, and flesh out the below road map.



F: Key Stakeholders

1. Reserve Forces & Cadets Associations

Interviewee	Role	Organisation
Lord Rupert de Mauley	President	CRFCA
x13	CE	RFCA
Maj Gen (retd) Greg Smith	Chair	CRFCA
Maj Gen (retd) Jamie Gordon	CE	CRFCA
Alistair Duncan	COS	CRFCA
Stuart Blissitt	Head Estates	CRFCA
Gary Bushell	Head Cadets & Youth	CRFCA
Stephen Crookbain	Head DRM (former)	CRFCA
Neil Jackson	Head DRM	CRFCA
Marc Overton	Chair	GL RFCA

2. MOD Customers

Interviewee	Role	Organisation
Maj Gen Duncan Capps	GOC RC	Army HQ
Maj Gen Richard Wardlaw	Director ABI	Army Command
James Crosfield	RD SW Head	DIO
Cdre Martin Quinn	COMMARRES	Navy Command
Cdre David Elford	NRC EE	Navy Command
Brig David Kassapian	Comd Core Training	Navy Command
Cdre Dawn McCafferty	RAFAC	Air Command
Lt Gen Nick Pope	DCGS	Army Command
Lt Gen Tyrone Urch	Comd Home Command	Army Command
Richard McKinney	Director Regional Delivery	DIO
Air Marshall Mike Wigston	CAS	Air Command
Maj Gen Gwyn Jenkins	ACNS(Pol)	Navy Command
Brig Mark Christie	DComd Cadets	Army Command
Brig Tim Seal	DComd HC	Army Command
Martin Routledge	DACOS Reserves	Air Command
Lt Gen Richard Nugee	CDP	MOD HQ
Derek Plews	Employer Engagement	RF&C
Cdre Jonathan Fry	Youth & Cadets Head	RF&C
R Adm Mike Bath	ACNS(Pers)	Navy Command
Col Andrew Szabo	RC-Infra-ACOS	Army Command
David Stephens	DRes	Army Command
Adm Nicholas Hine	2SL	Navy Command
Maj Gen Stephen Potter	Director Reserves	Army Command
RAdm William Warrender	FOST	Navy Command
AVM Warren James	AOC 22 Group	Air Command
AM Andy Turner	DCom Cap & AMP&C	Air Command

3. Others

Interviewee	Role	Organisation
AVM Ross Paterson	AOS	Air Command
Vanessa Cole	CLS	MOD HQ
Jane Stevens	FMPA	MOD HQ
Elizabeth Hamlin	DSOP EOS	MOD HQ
Caren Armstrong	DSOP EOS	MOD HQ
Ruth Alaile	Director Governance	Arts Council
Lucie Bogue	COS	DIO
Graham Dalton	CE	DIO
Fiona Phillips	Commercial Head	Army Command
Debbie Guinan	DSOP Pub Appoints	MOD HQ
Alastair Davies / Saima Mirza	Public Bodies Team	Cabinet Office
Mike Robbins	Chief Accountant	Army Command
Louise Bench	Veterans Strategy	MOD HQ
Patrick Edghill/Sheila Castro	DIA	MOD HQ
Chris Mead	DDC	MOD HQ
Maj Gen Nick Cavanagh	DSP Director	DIO
Martin Coles	CE	MSSC
Sherin Aminossehe	Director Infrastructure, FMC	MOD HQ
Sir Kenneth Olisa	Lord-Lieutenant	Greater London

G: Key References

1. Cabinet Office - Tailored Reviews: Guidance on Reviews of Public Bodies (2019)
2. Cabinet Office - Public Bodies Handbook (2016/18)
3. MOD Defence Plan (2019)
4. Defence Council Policy Guidance for the RFCAs (2019-23)
5. MOD AO System Statement (2019)
6. MOD Guide to Income Generation (2013)
7. Strategy for Defence Infrastructure 2015-2030 (2016)
8. MOD Functional Strategy (2018)
9. MOD Veterans Strategy (2018)
10. JSP 375 Management of Health & Safety in Defence Directive (2017)
11. Defence People Employer Engagement Strategy & Directive (2016)
12. Strategy for Defence Infrastructure 2015-2030 (2016)
13. JSP 814: Policy and Regulations for MOD Sponsored Cadet Forces (2019)
14. Cadet Force Strategy 2025 (2018)
15. Future Reserves 2020 Whitepaper (2015)
16. Reserve Forces Act 1996 (RFA 96), Chapter 14
17. MOD Review of the RFCAs - The Paterson Report (2014)
18. Army, Navy, Air, EE, and DIO SLAs and Command Plans (2018)
19. RFCA Grant and Grant in Aid Financial Framework (2018)
20. CE CRFCA Letter of Appointment as AO (2017)
21. CE CRFCA Letter of Financial Delegation (2018)
22. RFCA Regulations (2014)
23. RFCA Constitution (2015)
24. CRFCA Annual Report & Accounts (2017-18)
25. RFCA External Scrutiny Team Annual Report (2018)
26. Cadet Health Check Report (2018)
27. RFCA Corporate Approach (2016)
28. CRFCA Corporate Plan (2019-23)
29. CRFCA Business Plan (2019-20)
30. CRFCA Risk & Opportunity Register (2019)
31. RFCA Staff Regulations (2019)
32. RFCA Corporate Communications Strategy (2018)
33. RFCA Schemes of Association (2015)
34. RFCA Management Plans (2018)

H: Glossary

- ACDS(R&C) – Assistant Chief of Defence Staff (Reserves & Cadets)
- AFC – Armed Forces Covenant
- ALB – Arms-Length Body
- AR – Army Reserve
- ATC – Air Training Corps
- ACF – Army Cadet Force
- CCF – Combined Cadet Force
- CB – Customer Board
- CDP – Chief of Defence People
- CEP – Cadet Expansion Programme
- CF2025 – Cadet Force Strategy 2025
- CFAV – Cadet Force Adult Volunteer
- CHC – Cadet Health Check
- CO – Cabinet Office
- CP&F – Central Pay & Finance
- CPA – Commissioner for Public Appointments
- CRFCA – Council of RFCAs
- DfE – Department for Education
- DIO – Defence Infrastructure Organisation
- DRM – Defence Relationship Management
- DSOP – Directorate of Sponsorship and Organisational Policy
- E3G – Employer Engagement Executive Group
- EA – Executive Agency
- EE – Employer Engagement
- ERS – Employer Recognition Scheme
- EST – External Scrutiny Team
- FM – Facilities Management
- FR20 – Future Reserves 2020
- GiA – Grant-in-Aid
- HMT – Her Majesty’s Treasury
- Min(AF) – Minister for Armed Forces
- Min(DPV) – Minister for Defence People and Veterans
- MOD – Ministry of Defence
- MSSC – Marine Society & Sea Cadets
- NDPB – Non-Departmental Public Body
- NMD – Non-Ministerial Department
- OVA – Office for Veterans Affairs
- PSS – Professional Support Staff
- RAF – Royal Air Force
- RAFAC – RAF Air Cadets
- RAuxAF – Royal Auxiliary Air Force
- REED – Regional Employer Engagement Director
- RF&C – Reserve Forces & Cadets
- RFCA – Reserve Forces’ and Cadets’ Association
- sS – single Service(s)
- RMR – Royal Marine Reserve
- RNR – Royal Navy Reserve
- SofS – Secretary of State
- TLB – Top Level Budget
- VE – Volunteer Estate
- XB – Executive Board