



Ministry
of Defence

Air Command Secretariat
Spitfire Block
Headquarters Air Command
Royal Air Force
High Wycombe
Buckinghamshire
HP14 4UE

Ref: FOI2022/11818

[REDACTED]
[REDACTED]

14 November 2022

Dear [REDACTED],

Thank you for your e-mail of 16 October 2022 requesting the following information:

"Please can you provide me with any information relating to the changes of how non-public money is to be managed at a Squadron/Wing level. This is to include any emails/meeting minutes. I am specifically looking for all communication to/from the committee that was created in 2021 (Ref: FOI2021/13527) and any minutes of any meetings of that committee. Given in Dec 2021 no meeting had taken place yet; I am only looking for information that has been created since Dec 2021. I will pre-empt that you may respond with something about the civilian pillar being a separate organisation etc etc therefore you don't hold the information. However all members of that committee will be communicating using @rafac.mod.gov.uk emails and/or RAFAC Sharepoint so the information that I am requesting will likely be held within RAFAC systems."

I am treating your correspondence as a request for information under the Freedom of Information Act 2000 (FOIA)

A search for the information has now been completed, and I can confirm that information in scope of your request is held.

Please find information relating to the Charitable Status Review Working Group, including minutes of meetings, at Annex A.

I can advise that some of the information in scope of your request falls entirely within the scope of the exemption provided for at Sections 40 (Personal Data) of the FOIA and has been redacted. Section 40(2) has been applied to some of the information in order to protect personal information as governed by the Data Protection Act 2018. Section 40(2) requires the Department to conduct a balancing exercise, this exercise involves balancing the rights and interests of individuals against the legitimate interests in disclosure, this is not the same as carrying out the public interest test associated with certain exemptions in FOIA. The balancing exercise is carried out in order to decide whether the exemption in section 40(2) is engaged. In particular, there is no assumption of disclosure in the legitimate interests test, as there is with qualified exemptions. The outcome of the

balancing exercise lay in withholding the third-party personal data identified in the attached information.

Under Section 16 of FOIA (advice and assistance), it may be useful for you to know that it was originally intended for the committee to meet monthly. However, the committee did not meet in February or May.

If you have any queries regarding the content of this letter, please contact this office in the first instance.

If you are not satisfied with this response or wish to complain about any aspect of the handling of your request, then you should contact me in the first instance at the address above. If informal resolution is not possible and you are still dissatisfied then you may apply for an independent internal review by contacting the Information Rights Compliance team, Ground Floor, MOD Main Building, Whitehall, SW1A 2HB (e-mail CIO-FOI-IR@mod.uk). Please note that any request for an internal review must be made within 40 working days of the date on which the attempt to reach informal resolution has come to an end.

If you remain dissatisfied following an internal review, you may take your complaint to the Information Commissioner under the provisions of Section 50 of the Freedom of Information Act. Please note that the Information Commissioner will not normally investigate your case until the MOD internal process has been completed. The Information Commissioner can be contacted at: Information Commissioner's office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF. Further details of the role and powers of the Information Commissioner can be found on the Commissioner's website at <https://ico.org.uk/>

Yours sincerely

Air Command Secretariat

Enc.

Annex A – Information relating to the Charitable Status Review Working Group.

20211214 - RECORD OF DECISIONS FROM THE VIRTUAL INAUGURAL MEETING OF THE WORKING GROUP (WG) TO REVIEW THE CHARITABLE STATUS OF RAFAC WINGS AND SQUADRONS HELD ON TEAMS AT 1900 ON TUE 14 DEC 21 -

De-classified

Present	Appointment	Role
S40	WG Chair	S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
Apologies		
S40		S40

Item/Subject	Action
<p>Item 1 – Introductory Remarks</p> <p>1. The Chair stated that there have already been spurious claims, in the public domain, regarding the demise of the ATC GPF. He reminded the meeting that the discussions of the WG should remain De-classified until the final report is issued Jun 22.</p>	All
<p>Item 2 – The Commandant’s Letter dated 02 Jul 21</p> <p>2. The thrust of the Commandant’s letter dated 02 Jul 21 was discussed. It was agreed that during the deliberations of the WG that we should be mindful of the need to consolidate the current structure of funds at squadron and wing level. This would reduce the number of trustees required throughout the RAFAC. There are also past issues concerning fraud, poor investment decisions, and ill-advised purchasing of assets and services which we need to be mindful of in any new structure.</p>	All
<p>Item 3 – The purpose of the review</p> <p>3. There were no actions/decisions from Item 3.</p>	
<p>Item 4 – The task of the WG</p> <p>4. The task of the WG was agreed as follows:</p> <ul style="list-style-type: none"> a. Review the current process and the number of Charities within RAFAC. b. Establish a baseline minimum number of Registered Charities required to administer all non-public funds of both wings and squadrons within RAFAC. c. Prepare a working model of how such a system will operate. d. Identify a wing/collection of squadrons to operate a trial of the above model. e. Examine the model to see what potential costs may be incurred to administer it. 	All

<p>f. Identify a monitoring programme which will ensure that the model can be easily adjusted.</p>	
<p>Item 5 – Allocation of responsibilities within the WG</p> <p>5. The following actions were agreed to be completed, and shared by email, before the next meeting:</p> <p>a. The Chair is to ascertain which wings currently hold Registered Charity status.</p> <p>b. Chair S40 Wg agreed to share S40 thoughts on a Hub and Spoke approach to managing funds at squadron and wing level.</p> <p>c. Chair S40 Wg agreed to share the current electronic model, and details of the software, that he uses to manage his wing fund.</p> <p>d. Chair S40 Wg and Treasurer S40 agree to top and tail their current restructuring of funds paper and share it.</p> <p>e. Regnl Comdt S40 agreed to ask the local Youth Forum how charities such as the Scouts and Guides are managed.</p> <p>f. The Chair is to ascertain how the Army Cadet Force charity is structured and managed.</p>	<p>Chair</p> <p>S40</p> <p>S40 Wg</p> <p>Chair S40</p> <p>Wg/Treasurer S40</p> <p>Rgnl Comdt S40</p> <p>Chair</p>
<p>Item 6 – Any other business</p> <p>6. OC S40 Sqn stated that proactive squadron committees may feel that they would lose their autonomy by any proposal to consolidate funds at squadron/wing level. It was agreed that changes to the current structure of the RAFAC charitable structure would most likely need a hearts and minds approach to reassure the Civilian Pillar of any new procedures/structure. However, it should be noted that any future restructuring of funds must still allow squadrons to raise funds independently. Their money must be ringfenced in any future consolidated fund and income from Gift Aid should remain the same.</p>	<p>All</p>
<p>Item 7 – Date of the next meeting</p> <p>7. The next meeting of the WG will be held virtually on Teams at 1900 on Tue 18 Jan 22.</p>	<p>All</p>

S40

WG Chair

S40

Distribution:

Action:

All members of the WG

Information:

S40

S40 WING – SHARED THOUGHTS

As requested, these are the discussions we have been having in S40, as it was evident that multiple S40 units (ie both Sqns and DFs) were struggling with Civ Comm viability.

One of the suggestions regarding Civ Comm Structure that came from the Chairman of our largest & most active Squadron is detailed below:

- **Multi-unit civcoms.** *The second suggestion concerned the varying health of civcoms across various units as a consequence of COVID19 and our geography. Many are struggling to survive independently, and some of these are in relatively close proximity to each other. There will doubtless be resistance to the idea but given the parlous state of so many S40 units we need to try something different. An option would be to identify where we have challenged 'clusters' of struggling units (in the meeting I referred to a couple of examples of such clusters - in S40) and consider whether we should have multi-unit civcoms. There would be a temptation to opt straight for a hub and spoke model using the Sqn and DFs system, but I think this should be examined on a case-by-case basis rather than simplistically opting straight for that model. Overall pros and cons might be:*
 - **Benefits:** *easier to recruit enough civcom members from several units than from one; is now more feasible by use of Teams and electronic banking; shares the load for the smaller units; enables these units to keep the doors open for their cdt's (the reason we are all here).*
 - **Issues:** *resistance to change because of concerns about change, and especially about impact on unit identity and autonomy; challenges meeting OSCR regs; do the RAFAC regs support the proposed approach or would they increase the admin burden, in which case do those regs need to adapt too.*

In discussion with my own Treasurer, off-line, we felt that we could take this even further by having the Wing as the main Hub and Registered Charity with all of our Squadrons being satellites, and maybe having a mini hub-satellite set up in areas that are really struggling. e.g,

Main Hub (Wing) <----- > Satellite (Larger Sqn) <----- Secondary satellite (smaller units/DFs)

We had been considering running a spreadsheet/workbook setup, with each "satellite" having its own w/s feeding into the Wing s/s. However, after our discussions last night(14 Dec 21) it would appear that the accounting software that S40 is using in S40, (Xero), could potentially provide a much simpler financial management process.

Obviously, this was high level thinking for the specific challenges facing our own Wing, i.e., 15,733 square miles of territory with 25 Sqns, 4 DFs (S40 based). We haven't yet drilled down into detail regarding who would be trustees, who could authorise payments etc. and whether this would be suitable for Wings with a greater number of Squadrons, and with a different set of Charity Rules would need to be investigated.

The Working Party now has a much wider remit, and supersedes what we may have been considering for S40, so I am simply sharing our thoughts to date.

Proposal Paper for a Pilot Reorganisation of Civilian Committees

1 Background

The RAFAC civilian committee structure has been in operation without any significant changes since the formation of the organisation. However, a number of factors have changed since the inception including:

- a. The buildings are now maintained and refurbished/renewed by RFCA's with funding from RAFAC, this has removed one of the original purposes of the committees which was to find a building.
- b. The requirement to appoint a squadron commander has in effect been removed and the need to sign the extension paperwork for squadron commanders has also ceased.
- c. The raising and managing of non-public funds remains and this varies as to the effectiveness depending upon the committee.

2 Challenges

There are a number of Squadrons within RAFAC that do not have an effective committee and some have no committee, which has meant the Wing Chair and Treasurer are in effect the Squadron committee adding to their increasing workload.

Attracting 'volunteers' to join committees has been a continuing struggle and despite efforts to encourage parents to get involved the response has been low, this can be demoralising for the existing members and the staff of the squadrons.

3 Options

- a. We could choose to end the civilian committee role within the RAFAC and have no committees, similar to the ACF. The challenges with this would be: (i) Who holds the non-public funds and (ii) The ability to seek funding from the range of charitable and other funding bodies becomes more limited.
- b. We could leave the situation as it is with all of the challenges of recruiting committee members and what we do when there is no committee in place. This would continue to require some significant staff and volunteer time to maintain.
- c. We could move to a more rationalised process without the need for each Squadron to have a committee and remove the control of the non-public funds to a more streamlined system.

4 Recommended Way Forward

- a. Each Squadron would no longer have a charitable body responsible for managing and raising non-public funds. They may choose to have a 'Parents and Friends Group' which would be able to assist with events and provide the local knowledge.

NB. Members of this group would not have unsupervised access to Cadets nor responsibility for control of funds.

b. Each Squadron would appoint/elect a representative to sit on a Sector Committee, this committee would be accountable for locally raised non- public funds to support both the Squadron and Sector activities.

NB. Non-public funds would be ringfenced to each Squadron.

c. The Chair of each Sector would sit on the Wing committee who would also appoint a Chair and Treasurer. They would be responsible for the control of all Wing non-public funds and provide oversight and support to the sector committees.

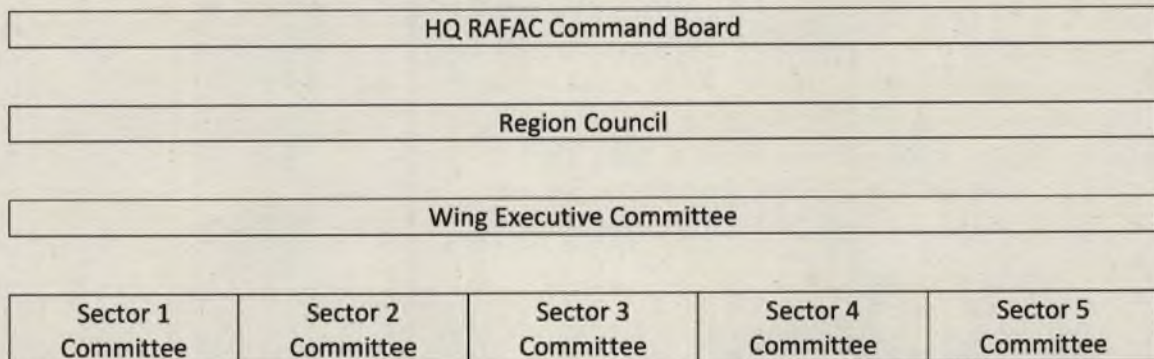
NB. All members of the Sector and Wing committees would be deemed to be a trustee and would be required to undergo such checks as are necessary to meet legal and RAFAC requirements.

This proposal still enables the civilian pillar to exert influence and this would not change the 3 pillar system of CFAV, Civ Comm and Chaplains. It will hopefully strengthen it.

This proposal will we suspect not receive universal approval as a few committees will not wish to relinquish their current control and roles. It maybe that this proposal will have to be phased in and trialled within a small number of sectors prior to fully implementing it.

NB. Examination / amendment of the current policies and procedures would be required.

Possible Structure Chart



S40
S40

January 2022

20220120- RECORD OF DECISIONS FROM THE VIRTUAL MEETING OF THE WORKING GROUP (WG) TO REVIEW THE CHARITABLE STATUS OF RAFAC WINGS AND SQUADRONS HELD ON TEAMS AT 1900 ON TUE 18 JAN 22 - De-classified

Present	Appointment	Role
S40	Chair	S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
Apologies		
S40		S40
S40		S40
S40		S40

Item/Subject	Action
<p>Item 1 – Introductory Remarks</p> <p>1. The Chair thanked everyone for their attendance and their contributions to the WG. He reminded the meeting that the discussions of the WG should remain De-classified until the final report is issued Jun 22.</p>	All
<p>Item 2 – Record of the Decisions from the last meeting Tue 14 Dec 21</p> <p>2. There were no actions from Item 2.</p>	All
<p>Item 3 – Matters Arising from the last meeting</p> <p>3. The Chair was able to confirm that all the Regional GPFs are registered charities; however, very few of the Wing GPFs are registered charities.</p> <p>4. Chair S40 Wg shared their thoughts on a Hub and Spoke approach to managing funds at wing and squadron level.</p> <p>5. Chair S40 Wg shared their current electronic model and details of the Xero software used. This software can be used with any of the major banks.</p> <p>6. Chair S40 Wg and Treasurer S40 presented their paper for a pilot reorganisation of Civilian Committees.</p> <p>7. The Chair presented a link to the the Army Cadet Charitable Trust.</p> <p>8. Regnl Comdt S40 stated by email that he had contacted their local YUF and hoped that an update on how local youth organisations managed their charities would be available before the next meeting.</p>	Regnl Comdt S40
<p>Item 4 – The task of the WG</p> <p>9. The task of the WG is as follows:</p> <ul style="list-style-type: none"> a. Review the current process and the number of Charities within RAFAC. b. Establish a baseline minimum number of Registered Charities required to administer all non-public funds of both wings and squadrons within RAFAC. c. Prepare a working model of how such a system will operate. 	All

<p>d. Identify a wing/collection of squadrons to operate a trial of the above model.</p> <p>e. Examine the model to see what potential costs may be incurred to administer it.</p> <p>f. Identify a monitoring programme which will ensure that the model can be easily adjusted.</p>	
<p>Item 5 – Shared Information – Follow on actions required</p> <p>10. The following actions were agreed to be carried out before the next meeting:</p> <p>a. The Chair is to gain more information on how the Army Cadet Charitable Trust operates at both national and local levels. Who handles any money at local detachments? How do they safeguard restricted and local funds? Do they have registered local or regional charities?</p> <p>b. Chair S40 Wg agreed to speak to a local ACF commandant to ascertain how they operate any cash flow at local detachments and their involvement with the Army Cadet Force Charitable Trust.</p> <p>c. Chair S40 Wg and Treasurer S40 agreed to subject S40 Wg and S40 Wg to a trial, which would follow the parameters of their proposed paper – Pilot Reorganisation of Civilian Committees. Workshops to discuss the proposed trial could be held centrally in S40. The Chair would be willing to attend to give support if required.</p> <p>d. Chair S40 Wg agreed to be on hand to assist with their electronic model and the use of Xero software.</p> <p>e. The Chair is to forward the feedback from S40 Wg Civilian Committee Jan 22 to Chair S40 Wg and Treasurer S40, so that they can take account of their concerns before they start their trial with their Wgs.</p>	<p>Chair</p> <p>Chair S40 Wg</p> <p>Chair S40 Wg/ Treasurer S40</p> <p>Chair S40 Wg</p> <p>Chair</p>
<p>Item 6 – Any other business</p> <p>11. WG Reports. The Chair is required to submit an interim assessment of the findings of the WG to the F&GP meeting, which will be held Mar 22. The Chair is to submit a final report to HQ RAFAC no later than 30 Jun 22.</p> <p>12. Cost of any future accounting system for wings and squadrons. There could be a financial cost involved in any future banking/accounting system for wings and squadrons; however, we must be mindful of the current loss of money from our funds through fraud. The cost can be justified to mitigate the risk of fraud.</p> <p>13. Current units with registered charity status. We need to give some thought as to how we will manage units that are currently registered charities in any future charitable structure.</p> <p>14. Gift Aid and the 'Ringfencing' of squadron/restricted funds. Gift aid on restricted funds is applied back to that fund; therefore, it would go back to the sqn. Please see the attached link for more details: S40</p>	<p>Chair</p> <p>All</p> <p>All</p> <p>All</p>

S40 [Redacted]	
Item 7 – Date of the next meeting 15. The next meeting of the WG is to be held virtually on Teams at 1900 on Tue 01 Mar 22.	All

S40 [Redacted]

WG Chair

S40 [Redacted]

Distribution:

Action:

All members of the WG

Information:

S40 [Redacted]

Feedback from S40 Civilian Committee January 2022

General Comments.

1. Committees generally work well and such radical change is unnecessary. Tighten up checks/auditing of those individual squadrons who do not meet standards and rebuild committees who have insufficient trustees rather than scrap the whole system.
2. Moves to change the existing structure are unlikely to be welcomed by the majority of CFAVs. Volunteers are already leaving the ATC and this has the potential to exacerbate the losses.
3. Losing trustees would lose the independent voice within cadets and potentially the squadron's community links.
4. Some squadrons have charitable status in their own right – how will they be affected?
5. More squadrons may choose not to be managed under any new proposed structure - they would be free to apply for individual charitable status and thereby maintain independence from centralised management.

Finance Issues.

6. Centralising the management of funds – who would do this? Unlikely to find volunteers to take on such a big role. Existing wing staff do not have the spare capacity to take on additional responsibilities. The alternative would be to have paid staff – is this a good use of funds that could be better spent on cadets and cadet activities?
7. Civilian committees oversee the management of non-public funds which is more than just managing a bank account – this includes applying for grants and gift aid, handling welfare issues, management of inventories and dealing with cash.
8. Both grants and gift aid are essential, significant funding streams that enable squadrons to provide the best possible cadet experience
 - a) Grants will be difficult to successfully apply for – they require banks statements and grant applications are rarely successful where it appears funds are plentiful (this would be the case if all funds were held in one account)
 - b) Squadrons requires a unique bank account in order to claim gift aid (could not be part of a generic account)
9. Subscriptions are currently reconciled by squadrons via the OC and treasurer. This task would be unwieldy and difficult with one person responsible for the correct reconciliation of subscriptions from large numbers of cadets, having to liaise with OCs across numerous squadrons.
10. Practicalities of day to day running of squadrons – maintenance of petty cash, banking of cash. How will this be managed?
11. Squadrons currently manage any cadets with funding difficulties (welfare issues) - how would this be managed? (issues with confidentiality)
12. Who would be responsible for the management of assets registers/inventories? How would this be done?

20220307- RECORD OF DECISIONS FROM THE VIRTUAL MEETING OF THE WORKING GROUP (WG) TO REVIEW THE CHARITABLE STATUS OF RAFAC WINGS AND SQUADRONS HELD ON TEAMS AT 1900 ON TUE 01 MAR 22 - De-classified

Present	Appointment	Role
S40	Chair	S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
Apologies		
S40		S40
S40		S40

Item/Subject	Action
<p>Item 1 – Introductory Remarks</p> <p>1. The Chair thanked everyone for their attendance and their contributions to the WG. He reminded the meeting that the discussions of the WG should remain De-classified until the final report is issued Jun 22.</p>	All
<p>Item 2 – Record of the Decisions from the last meeting Tue 18 Jan 22</p> <p>2. There were no actions from Item 2.</p>	All
<p>Item 3 – Matters Arising from the last meeting</p> <p>3. Regnl Comdt S40 stated by email that he had contacted their local YUF and hoped that an update on how local youth organisations managed their charities would be available before the next meeting.</p>	Regnl Comdt S40
<p>Item 4 – Shared Information – Update:</p> <p>4. The Chair gave an account of how the ACF operated their finances in Scotland:</p> <ul style="list-style-type: none"> a. Detachments and Battalions are not registered as charities. b. The Battalion holds all monies centrally. c. The Battalion bank account is managed by the Cadet Executive Officer (Wg Ex O equivalent). d. There are no cadet subs; however, Detachments are authorised to implement local subs to assist with the purchase of items for the Detachment. This money is 'Ring Fenced' in the Battalion bank account. e. Detachments are authorised to fund raise in the local community, once again, this money is 'Ring Fenced' in the Battalion bank account. d. All monies from Detachments are passed electronically to the Battalion bank account by the Detachment. e. Any gifts of money to the Detachment would be held 'Ring Fenced' in the Battalion bank account. f. The Army Cadet Charitable Trust is a registered charity and is 	All

<p>independently managed by 12 trustees. They are based in London; furthermore, they have an excellent web site, which I would ask all WG members to look at.</p> <p>5. Chair S40 Wg and Treasurer S40 gave details of their proposed trial with a Sector in S40 Wg and a Sector in S40 Wg. They agreed to:</p> <ul style="list-style-type: none"> a. Share their presentation given to their local Chain of Command with all members of the Working Group. b. Advise the Working Group of any costs involved with their proposed centralised management of the Sector/Wing bank account. c. Share feedback from the local Chain of Command. <p>6. Chair S40 Wg agreed to speak to a local ACF Battalion Commander/RFCA to ascertain how the ACF manage their finances in London.</p> <p>7. The Chair agreed to ascertain the progress of Working Group 2, which is being undertaken by the trustees of the ATC GPF</p>	<p>All</p> <p>Chair S40 Wg/Treasurer S40</p> <p>Chair S40 Wg</p> <p>Chair</p>
<p>Item 5 – Any other business</p> <p>8. It was suggested that there was a level of discontent within the Corps regarding the focus and purpose of both Working Groups. Reference was made to relevant posts on the Air Cadet Central web site. The Chair agreed to:</p> <ul style="list-style-type: none"> a. Look at the relevant posts on Air Cadet Central. b. Discuss the matter with the S40 at the next meeting of the CCC (14 Mar 22). c. Ascertain if there is a need for a message from HQ RAFAC, which would alleviate fears of: <ul style="list-style-type: none"> (1) the loss of sqn assets and money being held centrally in a Sector or Wg property book/bank account. (2) extra work and responsibilities being transferred to CFAVs or permanent staff. 	<p>Chair</p>
<p>Item 6 Date of the next meeting</p> <p>9. The next meeting of the Working Group will be held virtually on Teams at 1900 on Tue 05 Apr 22.</p>	<p>All</p>

S40

WG Chair

S40

Distribution:

Action:

All members of the WG

Information:

S40

<p>b. Chair S40 Wg agreed to share the presentation that will be delivered to S40 Wg.</p> <p>c. Chair S40 Wg agreed to:</p> <ol style="list-style-type: none"> (1) initiate a trial with one squadron in his Wing utilising Xero software. (2) make an appointment to discuss the trial with his Wing accountant and, if appropriate, invite him to our next meeting. (3) approach Xero to advise them of our trial and ascertain if they would be willing to give us any administrative or financial support, in the future, if our trial expands to our 35 Wings. <p>8. After discussion it was agreed that:</p> <ol style="list-style-type: none"> a. The current trials were to be seen as a first stepping stone to a much needed radical change to our charitable structure. b. We should not discount the formation of a centralised RAFAC Charitable Trust with paid support staff, at a future date. c. A clear strategy for the Civilian Pillar needs to be written. This strategy should include an update of terms of reference and detail a clear working interface between the permanent staff and the Uniform Pillar. d. Formal training for trustees needs to be given. e. We must continue to have an open WG dialogue. 	<p>Chair S40 Wg</p> <p>Chair S40 Wg</p> <p>All</p>
<p>Item 6 Date of the next meeting</p> <p>9. The next meeting of the WG will be held virtually on Teams at 1900 on Tue 07 Jun 22.</p>	<p>All</p>

S40

WG Chair

S40

Distribution:

Action:

All members of the WG

Information:

S40

20220608- RECORD OF DECISIONS FROM THE VIRTUAL MEETING OF THE WORKING GROUP (WG) TO REVIEW THE CHARITABLE STATUS OF RAFAC WINGS AND SQUADRONS HELD ON TEAMS AT 1900 ON TUE 07 JUN 22 - De-classified

Present	Appointment	Role
S40	Chair	S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
S40		S40
Apologies		
S40		S40
S40		S40

Item/Subject	Action
<p>Item 1 – Introductory Remarks</p> <p>1. The Chair thanked everyone for their attendance and their contributions to the WG. He reminded the meeting that the discussions of the WG should remain De-classified until the final report is issued 28 Jun 22.</p>	All
<p>Item 2 – Record of the Decisions from the last meeting Tue 05 Apr 22</p> <p>2. There were no actions from Item 2.</p>	All
<p>Item 3 – Matters Arising from the last meeting Tue 05 Apr 22</p> <p>3. There were no actions from Item 3.</p>	
<p>Item 4 – Shared Information – Update:</p> <p>4. Chair S40 Wg and Treasurer S40 gave an update on the progress of their trial with a sector in S40 Wg and S40 Wg as follows:</p> <p>a. S40 Wg. S40 has spent considerable time populating his spreadsheet. Five of the sqns in the sector are satisfactory but one is still work-in-progress.</p> <p>b. S40 Wg. S40 is also progressing well with one sector in S40 Wg but one sqn has not responded. S40 gave examples of uncovering some bad cash handling procedures.</p> <p>5. Proposed letter regarding the objectives of the WG. The Chair confirmed that a letter, to alleviate the fears of the loss of squadron assets being held centrally in Sector or Wing bank accounts/property books, was drafted by the S40. However, the issue of this letter, through the Chain-of-Command, has stalled. The Chair agreed to hasten the S40</p> <p>6. Report from the Chair S40 Wg. The Chair thanked S40 for his excellent report regarding his progress with Xero software. Unfortunately, he was not able to attend the meeting. His report is enclosed and was discussed further at Para 7 below.</p>	<p>All</p> <p>All</p> <p>Chair</p> <p>All</p>

<p>Item 5 – Any other business</p> <p>7. Discussions. After discussions the following actions were agreed:</p> <p>a. Wg Trials. Chair S40 Wg and Treasurer S40 would continue to progress with their trial at S40 Wg and S40 Wg.</p> <p>b. Chair S40 Wg and Treasurer S40. The Chair S40 Wg and the Treasurer S40 agreed to meet and produce a short sharp progress report on their trial to date. The report is to include positive and negative comments and any recommendations for the future. This report is to be with the Chair by COP Mon 13 Jun 22.</p> <p>c. Report from the Chair S40 Wg. The report from the Chair of S40 Wg was well received; however, it generated questions, which could not be answered at the meeting. Members of the WG who have question regarding the report are to pass them by email to the Chair S40 Wg with a copy to all members of the WG. The Chair S40 Wg is asked to return the answers to all members of the WG by COP Mon 13 Jun 22.</p> <p>d. Proposed letter regarding the objectives of the WG. The Chair is to hasten the S40 regarding the letter discussed at Para 5 above (Note: The S40 is on leave until 22 Jun 22).</p> <p>e. Report for the F&GP Committee Meeting 28 Jun 22. After receiving the actions from Para7b and 7c above, the Chair is to write a report for the F&GP Committee Meeting, which will be held at HQ RAFAC 28 Jun 22.</p>	<p>Chair S40 Wg Treasurer S40 Chair S40 Wg Treasurer S40</p> <p>All</p> <p>Chair S40 Wg</p> <p>Chair</p> <p>Chair</p>
<p>Item 6 Date of the next meeting</p> <p>8. If required, the next meeting of the WG will be held virtually on Teams at 1900 on either Tue 14 Jun or Tue 21 Jun 22.</p>	<p>All</p>

S40

WG Chair
S40

Enclosure:

1. S40 Wg Report for the Meeting of the WG – 07 Jun 22.

Distribution:

Action:

All members of the WG

Information:

S40

Present Situation for Sqns without Civ Comms

The civ comm is asked to make the Wg Chair & Wg Treasurer signatories to the account before the committee folds. They now manage the sqn funds and respond to the requests for funding by the OC.

The sqn money handler and OC receive bank statements showing SO payments. The sqn money handler continues to deposit any cash subs and collates Gift aid forms and presents to Wg Treasurer.

The Wg Treasurer presents monthly reports detailing how supported sqn funds are managed to the Wing Exec.

This places a heavy responsibility on the Wing Chair & Treasurer and the mounting workload is considerable. The process places a further demand on volunteer Wg Trustees.

Do we have any supporting national documents to agree with this process?

Recent Wing AGM

The Wing Form 61 was presented to the meeting using the report format generated by Xero. The layout is in effect a version of the Form 60. Agreement was made at the meeting for any participating sqns to have their financial data added to xero. The explanation given for this was to assist Wing to manage sqn accounts should problems arise or committees dissolve. Surprisingly the Chairs and Treasurers present were happy to do this. No mention of our Charitable Report was made.

Post AGM we have now placed a sqn bank account into our Xero system. The sqn account is listed alongside several Wing accounts.

This allows 1. The Sqn bank account to have a live feed into Xero. All balances and statements are available. Transactions can be made in and out. A nominated sqn trustee can have viewer only access.

2. Keeps existing sqn bank name on account and existing signatories with the addition of the Wg Chair & Wg Treasurer.

3. The Sqn bank account continues to operate in the usual way by sqn civ comm trustees using cheque book or internet. All wing collected DD's and payments via quarterly invoice will continue to be collected through xero.

Sqn will have access to the Wing Soldo Card account which permits OC or Trustees to have pre-approved card access to funds for camps/payments etc. This can be instantly monitored by live feed and every transaction is directly communicated to the Wing Treasurer by mobile. The card can be speedily stopped or topped up by the wing Treasurer.

4. Advantages. Allows access by Wing Trustees should Sqn Civ Comms fold. All sqn banking details are in one place for easy management. F60's can continue to be produced in xero format and stored on the system for external audit.

5. Should civ comms continue to reduce, the xero managers can operate multiple sqn accounts to reduce financial disruption to sqns. The workload for managers is already considerable and a part time paid staff member will eventually be needed at Wing or Region level.

Accountants View

Agreed with incorporating sqn accounts into Xero. He thought all added accounts should be labelled with Wing name eg S40 Wing 1234 sqn account. He suggested all sqns should change to the same bank account. He advised consultation with a solicitor and to seek the views of the organisations legal team. I am not convinced that he fully understands the nature of our organisation or the existence/workings of excepted charities etc. He appears baffled by the wording of our ACP's and my connection with the end of year accounts of 33 other units.

Xero

I contacted Xero to seek advice about a national trial. The many responses were by email and confusing. The best way forward may be to consult a larger national Accountancy firm for advice.

Sector Civ Comms

At the AGM several smaller civ comms suggested possible mergers. Clearly smaller civ comms are worried by difficulties in recruiting members. They appear to want to work together for survival.

We have now set up a trial cluster of 3 sqns in a sector to have one committee. We have not met yet or agreed how the joint committee will operate. I indicated that sqns will keep their own funds but clearly a guidance document needs creating by the Corps. I am working on a temporary document for my Wing and welcome any suggestions.



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See Distribution

20 Jun 22

**MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE
OF THE AIR CADET COUNCIL HELD IN THE RAFAC COMMAND &
LEADERSHIP SCHOOL AND VIA MS TEAMS – 28 JUN 22**

1. The meeting of the Finance and General Purposes Committee of the Air Cadet Council will take place at **1300hrs on Tuesday 28 Jun 22** in the RAFAC Command & Leadership School, RAF Cranwell and via MS Teams.
2. Please find attached the agenda items for your consideration and if you require any further information, please do not hesitate to contact me.

Original signed

S40 [REDACTED]
[REDACTED] RAFAC

Enclosure:

1. Agenda.



Distribution:

Comdt RAFAC

S40



Copy for information:

S40



Out of Scope

h. ATC Charitable Structure.

Out of Scope

j. Burden of Administration.

S40

Out of Scope

S40

Out of Scope

Out of Scope

Out of Scope

Out of Scope

h. **ATC Charitable Structure - Review (ROD F&GP 18/21)** Members of the Committee have been reviewing the complexity of managing circa 950 separate charities who all have a broadly common objective. A review of the current structure and alternatives if they are more appropriate is underway, along with a

trial central wg hub for sqn and wg funds. The S40 will update the committee of the latest position.

Does the F&GP Committee have any comments?

Out of Scope

j. **Burden of Administration – Review (ROD F&GP 19/21)** Following on from the previous agenda items the Committee will wish to discuss how any updates may affect the administration of all the ATC charities including the ATC GPF.

Does the F&GP Committee have any comments?

Out of Scope

Out of Scope

Out of Scope

Out of Scope

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Out of Scope

20220626-THE REVIEW OF THE CHARITABLE STATUS OF RAFAC WINGS AND SQUADRONS – THE WORKING GROUP’S REPORT FOR THE MEETING OF THE FINACE AND GENERAL PURPOSE COMMITTEE – 28 JUN 22 – De-classified

1. Background. At the F&GP meeting held on 08 Nov 21, it was agreed that a review of the charitable structure of the RAFAC should be undertaken. The purpose of the review is to identify the most efficient way of managing the non-public finances of the RAFAC. I was asked to Chair the Working Group (WG) assigned to look at procedures for wings and squadrons. My Terms of Reference are listed at Enclosure 1. The first meeting of the WG was held 14 Dec 21 and the last on 07 Jun 22. Throughout this period, we have had valuable assistance and counsel from HQ RAFAC (S40).

2. Current Charitable Structure of the RAFAC. The current charitable structure of the RAFAC comprises over 930 charities. Each charity is managed by a Civilian Welfare Committee (CWC) and trustees. This structure is now unwieldy and is no longer fit for purpose. It is extremely difficult to recruit CWC members; indeed, many squadron funds are being managed by their wing. The current structure is also open to fraud, poor investment decisions and ill-advised procurement of equipment and services. The WG agreed that their priority was to identify how we could reduce the number of charities in the RAFAC at wing and squadron level; thus, creating a structure that is manageable, affordable and capable of reducing the human stress within CWCs at wings and squadrons.

3. Progress of the WG. Before we decided how to manage the tasks of the WG we looked at how similar youth organisation operate. The Army Cadet Force has an interesting financial and charitable structure. They operate as follows:

- a. Detachments and Battalions are not registered as charities.
- b. The Battalion holds all monies centrally.
- c. The Battalion bank account is managed by the Cadet Executive Officer (Wg Ex O equivalent).
- d. There are no cadet subs; however, Detachments are authorised to implement local subs to assist with the purchase of items for the Detachment. This money is 'Ring Fenced' in the Battalion bank account.
- e. Detachments are authorised to fund raise in the local community, once again, this money is 'Ring Fenced' in the Battalion bank account.
- d. All monies from Detachments are passed electronically to the Battalion bank account by the Detachment.
- e. Any gifts of money to the Detachment would be held 'Ring Fenced' in the Battalion bank account.
- f. The Army Cadet Charitable Trust is a registered charity and is independently managed by 12 trustees. They are based in London; furthermore, they have an excellent web site, which I would ask all addressees to look at.

4. The WG felt that to follow the ACF example was, at present, well outside our remit but the modus operandi of the ACF should not be discounted.

5. We then decided that we should look at managing squadron finances centrally, within the wing GPF. S40 Wg and S40 Wg agreed to start a trial within a sector of 5 squadrons. This trial was initiated Apr 22. The principle of the trial has been well received by most of their CFAVs. The presentation delivered by Chair S40 Wg and Treasurer S40 to their CFAVs, prior to the start of the trial, is at Enclosure 2. During the deliberations of the WG we established that S40 Wing were using Xero software to manage their wing bank account. Chair S40 Wing agreed to share his experience of operating with this software and electronic ways of working. His initial report is at Enclosure 3. He has now managed to migrate one squadron account into the wing account as a trial. Worthy of note; this software costs £60/month to operate and they pay their accountant £600/year. If these trials are successful, there is a realistic possibility that we could reduce our charities to 6 Regional charities with 34 wing charities. This will also reduce the vast number of trustees required at squadron level. However, this will take time and, in some areas, a 'Hearts and Minds' approach will be required, as there will be objections to change. It is extremely likely that a wing treasurer would have to be employed on a part-time basis. There will, therefore, be a cost to manage each charity, which will have to be borne by the charity - there will be many individuals who will find this difficult to accept.

6. **The Civilian Pillar.** Throughout the discussions and deliberations of the WG, members constantly stated that the Civilian Pillar was the 'Cinderella' of the RAFAC. Undervalued, overworked and, at times, excluded. A clear strategy for the Civilian Pillar needs to be written. This strategy should include an update of Terms of Reference and should detail a clear working interface between the Civilian Pillar, the Uniform Pillar and the permanent staff. Formal training for trustees is required, this must include the legal responsibilities of a trustee, remembering that there may be differences in the devolved nations of the UK.

7. **Scaremongering.** It was brought to our notice that Air Cadet Central were aware of our WG and many superfluous and derogatory comments were being made. There were fears that squadrons would lose their autonomy by any proposal to consolidate funds at wing level. It was suggested by the WG that a letter should be issued by HQRAFAC, through the Chain-of-Command to assure both the CFAVs and the CWCs that there was no intention of stealing squadron assets. We were keen to point out that current and future squadron assets would be 'Ring Fenced' in any proposed centralised accounting system. Unfortunately, the issue of this letter stalled and we are still aware of concerns at squadron level.

8. **Conclusion.** The WG has met monthly on Teams since 14 Dec 21. Most of these meetings have lasted over 2 hours and have involved considerable time and effort by all members of the WG. To reduce the number of RAFAC charities from 930 to a more manageable structure is a daunting task, which we all agree is necessary. We looked at similar youth organisations in our local communities to see if there were any ideas that we could capitalise on. The ACF financial and charitable

structure is interesting, progressive and appears to be fit for purpose but we felt that to follow their example, at present, was outside remit of the WG. However, the modus operandi of the ACF should not be discounted for the future. The electronic ways of working demonstrated by the Chair S40 Wing, using Xero software and Soldo Cards charged with cash for authorised cadet activities, was well received by all members of the WG. The trials in S40 Wing and S40 Wing to operate a central account within a sector have been well received; however, it will be months before we can assess and evaluate the results and cost of these trials. At this stage these wings are not using Xero software; however, the plan is to expand the trial to use Xero software. These trials should be seen as a first stepping stone to a much needed radical change to our charitable structure. The morale of the Civilian Pillar of the RAFAC is poor. There is considerable stress at squadron and wing level, with many wing chairs and treasurers looking after the accounts of squadrons with no CWC. We were advised that squadrons found it difficult to recruit CWC members with the calibre to diligently carry out the role of trustee. There should be more opportunities available to educate CWC members regarding their responsibilities and the different roles within the CWC. To reduce scaremongering and rumour control, there needs to be a conduit to reassure all members of the RAFAC.

9. **Recommendations.** The following recommendations are tabled for discussion:

- a. The WG should continue to monitor the trials within S40 Wing and S40 Wing.
- b. Further use of Xero software and Soldo cards should be developed and incorporated into the wing trials (at 9a above), remembering that the software costs £60/month to operate and there is a charge for each Soldo card.
- c. As new procedures are approved, there needs to be a timely update of AP1919 and ACPs.
- d. An updated strategy for the Civilian Pillar should be written. This should include an update of the terms of reference for CWC members and trustees. It should also detail a clear working interface between the Civilian Pillar, the Uniform Pillar and the permanent staff.
- e. Formal training should be developed for CWC members and trustees. Training for trustees must include the legal responsibilities of trustees.
- f. Squadrons should be reassured by the Chain-of-Command, that there is no intention of stealing squadron assets. Current and future squadron assets would be 'Ring Fenced' in any proposed centralised accounting system.
- g. Consideration should be given to the formation of a centralised RAFAC Charitable Trust with paid support staff. This would allow us to dismantle the current Civilian Pillar and 930 charities.

S40

Enclosures:

1. Working Group Terms of Reference.
2. S40 Presentation - RAFAC Civilian Committee Review.
3. S40 Wing – Electronic Ways of Working using Xero Software and Soldo Cards.

ToR's for Review Group on Charitable Status of Wings & Squadrons within RAFAC

1. Background.
 - a. The current Charitable Status of Wings & Squadrons as holders of Charity Exception Order holders was set up in 1941. An internal review of that status in September 2020 concluded that it was very likely any future review of this status by the Charities Commissioners would withdraw the Charity Exception Orders as there was no longer any legal justification for them in that none of the principal beneficiaries are members of the armed Forces.
 - b. Whilst accepting that many of the approximately 930 Excepted Charities within RAFAC do exceptional work, with the decline in numbers of people wishing to become CWC members & trustees of Excepted Charities, the Commandant has expressed concerns regarding the large number of these within RAFAC & the functionality & management of them. To this end the Finance & General Purposes Committee of the Air Cadet Council has decided to conduct a review of the Charity Structure of RAFAC Wings & Squadrons. A parallel review of the Aims & Objectives and also the management of the General Purposes Fund itself will be undertaken by the Independent Trustees of the Fund.
2. Purpose.
 - a. The purpose of the review is to identify the most efficient way of managing the non-public finances of RAFAC & to combine this with a means of reducing both the number of Charities involved & the consequent number of Trustees needed to manage them.
 - b. It is expected that the Group will take into account the advances in electronic accounting & online banking to facilitate paragraph a.
3. Task.
 - a. Review the current process & number of Charities within RAFAC.
 - b. Establish a baseline minimum number of Registered Charities required to administer all the non-public funds of both Wings & squadrons within RAFAC.
 - c. Prepare a working model of how such a system will operate.
 - d. Identify a Wing/collection of Squadrons to operate a trial of this model.
 - e. Examine the model to see what potential costs may be incurred to administer it on a daily basis.
 - f. Identify a monitoring programme to ensure that the model can be adjusted in the event of need.
4. Group.
 - a. The Group will consist of a maximum of 12 people drawn from a vertical slice of RAFAC & will commence by 15th December 2021.
 - b. The majority will be CWC members at various levels & the Group will be chaired by a Regional Chairperson.
 - c. Legal advice will be available from S40 .
5. Reporting.
 - a. The Group will produce an interim assessment for the F & GP Meeting in March 2022, followed by a report no later than 30 June 2022

RAFAC Civilian Committee Review

Consolidation of the RAFAC Civilian Committee pillar in line with the
RAFAC Astra GPF review proposals

Civilian Committees - Background

- Civilian Committee structure established in 1941 to enact formation of Air Training Corps
- Currently Civilian Committees have no formal responsibilities other than the management of Squadron and Wing non-public funds and the small number of public funds that may be passed through Squadron and Wing accounts
- To maintain financial viability, every Squadron (900+) and every Wing (35) is required to have a Civilian Committee

Civilian Committees - structure

- All Civilian Committee members are volunteers
- Committee members do not receive remuneration other than the Wing chairman for travelling expenses
- Civilian Committee members are required to declare themselves as “trustees” of the Squadron and Wing non-public funds
- Squadrons and Wings have Excepted Charity status
- Compliance with Charity Commission rules has created the need for the formation of “Squadron Associations”, internal documentation, monitoring processes and personal commitment

Squadron and Wing Civilian Committees – The Bigger Picture

- 900+ Squadron committees, 35 Wing committees
- 1000+ separate bank accounts
 - Average **250** annual transactions through each bank account
 - Average combined annual income of typical Wing **£480k**
 - Average combined annual expenditure of typical Wing **£460k**
 - Average combined account account balance of typical Wing **£380k**
 - All civilian committee members/trustees required to be recorded on Squadron Management System and to be eDBS approved with the principal committee members at Wing level BPSS compliant
- Estimated Corps “trustees” at Squadron and Wing level **5000**

Civilian Committees – The Financial Picture

- Estimated “wealth” of the Corps in non-public funds at Squadron and Wing level:
 - Annual income: **£16.8M**
 - Annual expenditure: **£16.1M**
 - Estimated balance held in Wing and Squadron accounts: **£13.3M**
- But,
 - No universally accepted finance management process at Squadron or Wing level
 - No central on-line method of managing Squadron or Wing accounts

Civilian Committees - Challenges

- “Volunteers” for civilian committees difficult to recruit
- High level of churn of civilian committee members – particularly those recruited from the parents of cadets
- Coverage of civilian committees “patchy” at squadron level placing burden on Wing committees to ensure financial compliance
- Financial management at squadron level is of variable effectiveness and heavily dependent on skillsets of committee members

Principles of the evolution of the Civilian Committees - stage 1 evolution trial

- Concentrate the management of several squadron accounts into a “Group Committee” either by geographical sector or incorporation of squadrons with limited committee functionality
- Initially, squadron accounts will remain open but principal signatories/account holders will be concentrated at the Group Committee
- Charitable and other donations to individual squadrons will be ring-fenced within Group financial processes
- The Group will be registered as a charity in its own right

Civilian Committees – evolution trial practicalities

- Grouped squadrons will produce an estimate of annual expenditure to the Group Committee
- Squadrons in the Group will apply to the Group Committee for expenditure
- Expenditure at Squadron level will be authorised by the Group Committee and managed through issue of top-up type Debit Card
- Incidental expenses at Squadron level are inevitable but will be limited to an agreed amount and reimbursed by Group committee
- Cheque and cash payments by cadets to squadrons are equally inevitable. Squadron staff will be issued a suitably modified cash/cheque handling certificate and a procedure to deposit these to the squadron bank account

Civilian Committee evolution trial - and beyond

- Need to measure effectiveness of evolution trial
 - It may answer some current challenges but could it be further developed?
 - What metrics will be used to judge the effectiveness of the trial?
 - How and Who will monitor the trial?
- ACP300, ACP10 and ACP11 to be amended to include Group Committee processes
- Accts Form 60 to be reviewed to cover Group Committee financial processes
- On-line (Bader Sharepoint?) non-public accounts package and process to be developed
- Additional workload of Group Committee members must be an essential consideration of the trial

Wing Accountant

We use an independent accountant to sign off the F61. He asks to see income and expenditure folders containing invoices and reimbursement documents. He checks twelve months bank statements and selects random payments and invoices for explanation etc. He suggested use of Xero because of volume of transactions and increasing complexity of accounts. He compared us to a small business.

Xero

Accountant set us up with a Xero account which involves our bank accounts having a live feed into Xero. Wing Chair and Treasurer have direct access with other Wing Trustees having viewing ability only. Login security involves authentication notification via mobile using a sent code.

In Xero we have created our own expanded coded categories similar to the Functional Areas and Administration items listed on the F61.

The Spend and Receive spreadsheets and bank reconciliation statements can be produced by Wing Treasurer.

All transactions have a clear narrative to explain who from and for what purpose.

Monthly account presentations are generated and can be shown directly at Wing Exec Teams meetings.

We have invoice to sqn ability for participation in Wing Camps and other activities avoiding upfront cheque or cash payments. Sqns advise of event participation and receive an invoice by email with payment taken by DD after activity.

Thinking of direct photographic invoices into Xero next for Wing purchases and how we can record a large constantly changing inventory.

Bank

Dual authorisation authority needed for all payments via text and received code.

Soldo Card

Our Soldo card is useful for named staff to use at camps or events. This card can have a fixed limit loaded and can be increased by immediate contact with Wing Treasurer. Expenditure can be monitored live on Xero by Treasurer and location and time and type of purchases noted.

GP Fund

We decided to set up Direct Debits for GP Fund payments using FastPay and included in Xero. The idea of a reduction in the admin burden was suggested nationally a few years ago. At our AGM the sending of multiple GP payment cheques to Wing was discussed and considered a waste of time. A positive vote at the AGM gave authority to proceed although it took a year for all sqns to join and complete DD mandates.

The Xero website contains useful mini videos explaining the process. Free online courses available.

Cost

We pay the accountant £600 yearly for his services which includes the Xero fee. Recommend Wings should have a supportive independent accountant. The accountant can provide invaluable assistance and advice to treasurers who may not have a financial background. The volunteer Wing Treasurer does a vital job and the Exec think accountants plus Xero provides maximum support.



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See Distribution

20 Jun 22

**MEETING OF THE TRUSTEES OF THE AIR TRAINING CORPS
GENERAL PURPOSES FUND HELD IN THE RAFAC COMMAND &
LEADERSHIP SCHOOL AND VIA MS TEAMS – 29 JUN 22**

1. This meeting of the Air Training Corps General Purposes Fund Trustees will take place at **1300hrs on Wednesday 29 Jun 22** in the RAFAC Command & Leadership School, RAF Cranwell and via MS Teams.
2. Please find attached the agenda items for your consideration and if you require any further information, please do not hesitate to contact me.

Original signed

S40
[Redacted]
RAFAC

Enclosure:

1. Agenda.



Distribution:

Comdt RAFAC
S40



MEETING OF THE TRUSTEES OF THE AIR TRAINING CORPS GENERAL
PURPOSES FUND – AGENDA 29 JUN 22

Out of Scope

f. Charitable Structure - Review. g. Burden of Administration – Review.		Comdt RAFAC Comdt RAFAC	
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Out of Scope

Out of Scope

Out of Scope

ITEM 5. REVIEW OF ATC GPF CHARITY STRUCTURE

5.1. Trustees have made an initial review of the ATC GPF Charity Structure and will discuss findings today. This item may include agenda items 8 f and h below.

Do the Trustees have a proposal to take forward?

Out of Scope

Out of Scope

f. **Charitable Structure - Review (ROD T22/21)** Members of the Committee have been reviewing the complexity of managing circa 950 separate charities who all have a broadly common objective. Discussions have been on-going to review the current structure and consider alternatives if they are more appropriate. The S40 will present the F&GP Committee's collective views and update on the review.

Do the ATC GPF Trustees have any comments?

g. **Burden of Administration – Review (ROD T23/21)** A review of the admin burden will take place for process and roles of both the welfare funds and

the ATC GPF. Trustees agreed to develop a working group to consider this aspect for the ATC GPF. The scale of the task was noted and the Comdt and S40 will advise the Trustees of the remit to help the board to undertake the review. S40 to co-ordinate the work of the Trustees; it is planned that the Working Group will hold a meeting in early 22 and update at this meeting. S40 will update the meeting of the progress so far.

Do the ATC GPF Trustees have any comments?

Out of Scope

Out of Scope

Out of Scope

Out of Scope

Out of Scope

Out of Scope

Out of Scope

Out of Scope

From: S40

 **ROYAL
AIR FORCE**
AIR CADETS
the next generation

S40

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01 October 2022

Dear Colleagues,

National Wing Chair's Conference 2022

For those of you attending this year's Conference, I am writing to confirm that there will be a significant change of emphasis within the format. Following lengthy discussions with the Corps Civilian Council, S40 & Commandant RAFAC, it was decided at the November 2021 F&GP Meeting that a root & branch review of the financial management of non-public funding within RAFAC was not just necessary, but essential.

Therefore, the purpose of this letter, its associated reports, & the Conference is to explain the work that has been carried out on your behalf by the various Wings, under the mentorship of the Charitable Status Review Working Group (WG) since last November. At the Conference you will learn more about the proposed way forward for both Squadrons & Wings, together with details of the re-structuring of the General Purposes Fund itself. You will have a significant amount of time for discussion & questions within the programme & will have the opportunity to influence the progress of these programmes of change.

I cannot disguise that we will be undergoing a massive period of change in terms of financial management of RAFAC. The systems set up in 1941 & 1960 are no longer fit for purpose and, in several cases, have allowed mismanagement & misappropriation of both Squadron & Wing funds to take place. Many of these aspects will be covered in the presentations at the Conference. It is, therefore, essential that we move forward together to ensure that future generations of Cadets & Staff can continue to enjoy the benefits of membership of RAFAC.

It may seem a trifle odd that we are asking you to be involved in the decision-making process, rather than just imposing something from "on high". I believe that changes are essential, & that it is vital that you all understand what it is necessary to change and why these changes are necessary.



I look forward to welcoming you all to Cranwell on the 15th October.

Best regards,

S40

S40

, RAFAC

Enclosures:

1. ToRs of Charitable Status Working Group.
2. Report of WG to F&GP Meeting, June 2022
3. Civilian Committee Review Presentation.
4. Programme of Conference.
5. Preliminary Joining Instructions for Conference.

Distribution:

Action:

All Regional Chairpersons
All Wing Chairpersons
All Squadron Chairpersons

Information:

Commandant Air Cadets
S40 Air Cadets
All Regional Commandants



Wing Chair's Conference 2022

Charitable Support for RAFAC

Friday 14th October

- Arrival
- 1715 – Dinner
- 1930 – Meet & Greet – Daedalus Mess Bar/Ante-Room

Saturday 15th October

- 0900 – Welcome: S40
- 0910 – Future Aspirations; The Need for Change – S40
- 0915 – RAFAC, The Future Requirements - Commandant RAFAC
- 1000 – Transforming the GPF – S40
- 1030 – **COFFEE**
- 1045 – Charitable Structures Working Group; Update, Feedback & Reflection
- 1100 - Latest Thinking on Financial Management – Chair, S40
- 1145 – Charitable Structures and Financial Management Q & A
- 1215 – **GROUP PHOTO followed by LUNCH**
- 1250 – Allocation of Groups – led by WG members
- 1300 – Group Workshops (led by Reg Chairs, supported by a WG Member)
 - Financial systems
 - Charitable Structure
 - Roadmap & Timing
 - Communication
- 1445 – **TEA/COFFEE**
- 1500 – Group Feedback & Discussion
- 1530 – Decisions & Resolutions of Conference
- 1630 – Disperse

Timings subject to variation depending on Mess Requirements

From: S40

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Dear Colleagues,

October 2022

Many of you will have been aware, through your Wing Chairs, of the Review of the Charitable Status that has taken place over the last twelve months.

The principal outcomes of this review were discussed in detail at the recent National Chair's Conference and approved by those present. As is always the case with such reviews there is still an amount of detail to be resolved, which will be clarified over the next few months, commencing with the Finance and General Purposes Committee meeting in November.

Please be reassured that there is absolutely no intent to reduce the availability of funds to squadrons. All of us would wish to see a system that delivered charitable benefits to Cadets, a system that is fit for the 21st century and one of which we can all rightly be proud. There are many more details to be resolved and I know that there will be many more questions than we have answers for right now. But hopefully the attached FAQs will provide some context.

We should be excited that we as an organisation are moving forward into a new system of financial management which will provide the benefits of 21st century technology, greater transparency, reduce the Administration burden for Committee members and generate a simple effective and streamlined method of handling both Squadron and Wing finances.

Yours aye

S40



20221017- Proposed Changes to the RAFAC Charitable Structure - Frequently Asked Questions and Answers

1. If we moved to a wing-based Trusteeship and bank account will my Squadron's money and assets be 'Ring Fenced' for our use only?

Yes, without doubt! Whilst there is, as now a need to levy some subscription payments. There is absolutely no intention to deprive Squadrons of funding that they have worked so hard to achieve. Each Squadron would have a line in the Wing account, the money in this sub account would be for the sole use of the Squadron. Any donations, grants received, and fundraising money raised by the Squadron would be 'Ring Fenced' for their use. Units would also retain all their Squadron assets including any Squadron Owned Vehicles (SOVs).

2. How would a Wing-based Trusteeship and bank account benefit my Squadron?

Trustees and Civilian Committee Members are difficult to recruit; therefore, it would be a simpler charitable structure that preserved each Squadron sub account within the Wing account but would be operated by a smaller cohort of trustees. It would be imperative that the Squadron could deposit into and receive money from its sub account simply and quickly. The current trial is successfully using Xero software and Soldo cards. This software can pay centrally recurring bills and makes the receipt of cadet subs much easier to reconcile via the Bader Squadron Management System. A card would be held by Sqn Cdrs, which could be pre-loaded for other authorised expenditure by the Wing Treasure/Fund Manager. Each card transaction automatically generates financial reporting; thus, reducing the risk of fraud and the mismanagement of cadet funds. The system also allows appropriately identified Squadron personnel to have visibility, but not editing facilities, of their Squadron's sub account at any time. Furthermore, the combined effect of having more money in an accumulated Wing fund would secure higher rates of interest for the benefit of all Squadrons on a pro-rata basis.

3. Why do we need to change the current structure of the RAFAC?

Currently, there are over 940 charities within the RAFAC charitable structure. Most of these charities enjoy Excepted Charity status; however, the Department for Culture, Media and Sport has stated that there is no legal case for these organisations to continue as Excepted Charities. Excepted charities will have their status withdrawn by 31 March 2031, but this process will start 31 March 2025; therefore, we must be proactive and be ready for change. Squadrons constantly find difficulty recruiting Trustees and Civilian Committee members; indeed, 56% of Squadron committees are incorrectly constituted. Many of these Squadrons only have 2 or 3 Trustees/Officials. Some Squadrons rely on one person or have no Trustees at all. Many Wing treasurers are 'looking after' Squadron accounts, in addition to presenting a compliance risk this leads to unnecessary stress and

inefficiency. There is recent evidence that incorrectly constituted committees, poor governance and lack of effective oversight have resulted in incidents of fraud, mismanagement of cadet funds, inappropriate investments, and poor procurement procedures running into the hundreds of thousands of pounds and potentially much more becoming inaccessible to cadets. In addition, incidents of poor adherence to safety and safeguarding standards present grave risk of harm to cadets and the high reputation that we so rightly hold dear.

4. When was it decided to have a review of the RAFAC charitable structure?

After discussing the evidence above, the Finance and General-Purpose Committee decided at their meeting on 08 November 2021 to form a Working Group to review the charitable structure of the RAFAC at Squadron and Wing level. The structure of the working group was drawn from a cross section of volunteers and permanent staff.

5. Did the Working Group have Terms of Reference?

Yes, these ToRs were issued separately but have recently been available to Wing Chairs.

6. Did the Working Group look at the different charitable structures of other youth organisations and charities?

Yes, the working group looked at several different models and these are summarized in their report to the Finance and General-Purpose Committee 28 June 2022. Wing chairs had sight of this report prior to the National Chairs' Conference on Saturday 15 October 2022. The working group recommended that we should move in the direction of a Wing-based accounting system using appropriate software and electronic ways of working, within the banking system. This would lead to more efficiency at Squadron and Wing level and reduce the administrative burden to both the uniform and civilian pillars.

7. Will the Wing accounts be registered as charities?

Yes, the Wing accounts will be registered as charities; currently, it is anticipated that they will gain Charitable Incorporated Organisation (CIO) status. It is anticipated that Squadrons would not have to submit F60s, as this would be done by the Wing fund utilising the software.

8. Will there be a cost to operating the Wing-based accounting system?

Yes, there is a modest cost for use of suitable accounting and book keeping software. Xero is currently preferred as being cost effective. The significantly improve mechanisms of financial governance inherent within Xero would reduce losses through fraud and theft. Sharing these package costs across Sqns delivers efficiencies at costs sustainable for charities of the anticipated size. By way of

example Xero as used by S40 Wing, including some paid accountancy services, is £60 per calendar month.

9. Why can't the permanent staff manage the Wing account?

Civil Servants are no longer allowed to handle non-public money in their primary role.

10. Would Squadrons still be able to fundraise in the local community?

Squadrons know their local community better than Wing; therefore, they would be encouraged to fundraise locally. As said earlier, all contributions would be added to their Squadron sub account in the Wing bank account for their use only.

11. Is there a timeline for changing to a Wing based accounting system?

It is intended that the process, which is already in a trial stage in certain wings, will be complete by 31 March 2025. However, details of the timeline will be refined by the Finance and General-Purpose Committee at their meeting on 08 November 2022. Publication of the schedule of consultation and progress will be issued by Finance and General-Purpose Committee.

12. Why are Squadrons in Scotland and Northern Ireland not being subjected to change?

Legislation in these devolved areas of the UK require squadrons to be registered charities. These Squadrons are required by local charity laws to submit annual returns to the appropriate devolved government regulator. This means that their accounts and Trustees are subjected to external scrutiny annually. Failure to comply would lead to the Squadron losing its charitable status and possible action being taken against the Trustees. Governance in these devolved areas is deemed more than satisfactory.

13. Will my Squadron get a voice a Wing?

Yes! Any new Wing based Board of Trustees would need to be agreed with Squadrons and current associations. Current BoTs consisting of only three office holders and trustees may not be sufficient for funds of significant size.

14. What would happen if we took no action?

If no action is taken now, then all the excepted charities will lose control of their own timetable for change. Current poor governance will continue and the exposure to financial risk will remain unmitigated. Proposed changes will address these issues but will also capitalise on modern systems and processes that preserves local funds

for each Squadron, whilst adding payment simplicity, using pre charged cards issued to authorised users.