

MINUTES OF THE 309th
MEETING OF THE CENTRAL COUNCIL
THE RAF CLUB
SATURDAY 9th JULY 2011

Present:

AVM N Bairsto	Chairman	Mr G Bridgman
AM Sir Dusty Miller	President	Mr R Chandler
AVM D Whittaker	Vice-President	Mrs J Conlon
Dr B Pattison	Vice-Chairman	Mr B Darke
Mr F Barrett		Mr J Gannon
Air Cdre N Beet		Mr J Lee
Air Cdre J Bell		Mr I McEnnis
Mr R Bertram		Mr G Middleton
Mrs J Boothman		Mr B Wilkie

Apologies

ACM Sir Stephen Dalton CAS
Sgt G Evans
Wg Cdr C Goss
Mr K Stone
Sgt W Swiggs
Mr J Tisbury

In Attendance

Mrs J Easton (SG) Secretary General
Ms R Martindale (DR) Director Resources
Mr B Hartley (EA) Executive Assistant

The dedication was read by Mr Gannon.

Agenda Item 1

Apologies

1. The Chairman noted the apologies as above.

Agenda Item 2

Chairman's Opening Remarks

2. The Chairman welcomed everyone to the 309th meeting of the Council, especially Air Marshal Sir Dusty Miller attending his first meeting as President of the Association. He also welcomed Mr Jim Gannon, the new Scotland & Northern Ireland Area Representative who had replaced Mr Jim Skelton and Mr Geoff Bridgman who was deputising for Mr Tisbury. He paid tribute to Mrs Beryl Dennett Stannard, the Audit Committee Chairman, who was attending her last meeting of Council before standing down at the end of the year. The Chairman thanked her on behalf of Council for all her hard work and dedication whilst being a member and Chairman of the Audit Committee.

Agenda Item 3

Conflicts of Interest : none

Agenda Item 4

Minutes of the 308th Meeting held on the 9th April 2011

3. The minutes of the previous meeting were taken as a true record and duly signed by the Chairman.

Agenda Item 5

Matters Arising

Envoy

4. The Chairman informed the Council that the Association's logo now appeared on the front cover of the Families Federation magazine "Envoy" and thanked the Chairman of the Families Federation for her work on this matter.

Central Council – Terms of Reference

5. Mr Bertram requested that the declaration attached to the Central Council Terms of Reference be amended to include the Office of the Scottish Charity Regulator alongside the Charity Commission. **Action: SG**

Agenda Item 6

Finance

6. The DR reported that the net deficit before legacy income of £1,714k was £284k favourable to budget and £153k favourable to the same period last year. Net legacy income of £177k was received during June, bringing the total for the year to date to £742k. Legacy income is on budget but is £409k below last year. There is a legacy (from a non-member) of approximately £700k that should be received before the end of the year, and the Association can expect to receive around £2m in legacy income this year.

7. The net cost of the Homes at the end of June of £604k was £32k favourable to budget and £22k favourable to last year. Income/occupancy is favourable to last year in overall terms. However, both income and occupancy is around 6% below last year at RPH. The most noticeable improvement in occupancy over last year is at Flowerdown where 424 bed weeks have been provided, 66 more than for the same period last year. The Chairman requested that the reasons why occupancy was down at RPH be investigated and reported at the next Executive Board meeting in September. **Action: SG**

8. Costs overall were being kept within budget and only 0.5% above last year. Direct charitable costs are overspent because the cost of providing support to residents at Sussexdown has exceeded budgeted costs. The costs of £4k per month are in respect of those who were resident when the home was sold to Care South, and for whom the Association still has responsibility.

9. The net cost of Areas of £10k was £66k favourable to budget. During June, a donation of £20k was received from an individual in the Scottish Area. Year to date donations are £45k ahead of budget. Most other sources of income are adverse to budget. Subscription income of £426k is on a par with last year even though membership subscriptions increased by 6% at the beginning of the year. Actual membership numbers at the end of June were 66,324, 3.6% (2,487) below the end of June 2010. Income from Area draws is £20k adverse to budget and last year.

10. Total costs are within budget. The main underspends are on T&S and the cost of some Area Conferences.

11. The net cost of CHQ is £1,368k, £122k favourable to budget and £112k favourable to last year.

12. Donations were ahead of budget by £44k but as previously stated the 2010 Christmas mailing income was all received in 2011. The results for the Spring mailing were on budget

at the end of June and income was still being received. Other income of £214k was £114k below budget but ahead of last year. Some of this was related to Blades activity and is partially offset by direct charitable cost savings. The budget assumed that a donation from the Cosford Airshow would be received in June but the monies are still awaited. The financial results for the Blades project were that the net deficit to date of £194k was £10k favourable to budget with shortfalls on income being offset by under spend on costs.

13. Cash balances at the end of June were £4.3m. The net assets of the Association have reduced from £20.8m at the end of December 2010 to £19.8m at the end of June 2011, because the Association operates at a deficit in the early part of the year prior to the receipt of monies from the Wings Appeal from September onwards.

14. The Trustees were asked to note that half way through the year, the income was £1.75m and the target for the year end was £6.3m. The Association had spent £3.7m in costs against a budget for the year of £8.3m. The majority of income was normally received during the latter part of the year and this was always going to be a risk until it was received.

15. In response to a question from Mr Barrett concerning the effect on income of inclement weather at airshows, DR explained that Shoreham donated £120k to the Association despite very poor weather in 2010. The Chairman asked that the potential effects of inclement weather be factored into future budgets.

16. In response to a question from Dr Pattison, DR confirmed that the rights fee for the Blades was paid on a monthly basis.

17. In response to a question from Air Cdre Beet concerning legacy income, DR confirmed that the budget estimate was for a total of £1.5m in 2011. In recent years the budgeted total had been exceeded, so whilst £1.5 might be a conservative estimate, it was designed to support the strategy set by the Trustees that the dependency on legacy income be reduced to £1m annually over the next 2 years.

18. In response to a question from Mr Barrett concerning the reduction of the pension deficit, the Chairmen of Central Council and the Audit Committee confirmed that the planned gradual reduction was adopted following professional guidance.

19. In conclusion the DR stated that she would be preparing an impact statement on the reduction of costs within the Association. The Chairman supported this action and requested that the first version be ready for the next Executive Board. **Action: DR**

Agenda Item 7

Strategy

Audit Report

20. The SG explained that although the report was presented at the last meeting, it was not discussed due to Trustee training. The Chairman of the Audit Committee informed the Council that Audit Committee reports were produced twice a year in order to update Trustees on the Audit activities and to relay any concerns or observations on the Association's business. The Trustees agreed the recommendations as follows:

- a. To note the report by the Audit Committee.
- b. They had previously noted the Audit Report for the year ending 31 December 2010.
- c. They had approved the Letter of Representation from Trustees to the Auditors.
- d. To update the Register of Trustee's interests and ensure that this is reviewed annually.
- e. Consider the establishment of designated funds to reduce the potential risk of exposure of the general fund.

21. In response to a question from Mr Darke concerning the Heritage Fund, the DR stated that the fund was a designated fund and had been used to help Branches over the last year. The Chairman of the Audit Committee confirmed that the DR and the Executive Board were administering the fund appropriately.

Risk Register

22. The Chairman thanked staff for a very comprehensive Risk register. The Chairman of the Audit Committee stated that her Committee had studied the register and had made some recommendations to the CHQ Executive in order that the document complied more fully with Charity Commission guidance. The Chairman asked that the document be closely aligned to the strategic objectives of the Association so that the Trustees are aware of the big issues and risks, whilst empowering the staff to deal with the smaller issues. The Chairman invited individual Trustees to email the SG with any further comments on the Risk Register. **Action: All Trustees**

Governance of the RAF Association

23. The paper from the SG had been written following facilitated discussions at the meeting of Council in April 2011. The paper highlighted key issues raised by the Trustees, and offered some proposals on how to take matters forward.

Nominations for elections to Central Council 2012

24. In previous years, nominees have been encouraged to show evidence of:

- Experience relevant to the Association
- Experience gained in a business, commercial or professional capacity
- An understanding of financial matters
- Knowledge of marketing, law, fundraising, care for the elderly, or social services.

25. It was recommended that **for 2012** the Association set out:

- A clear steer from Central Council that those appointed to Trustee positions need to understand and work to promote the agreed strategic objectives of the RAF Association (which would be listed).
- A brief explanation of the work that is documented here, so that nominees understand the context of change management in which they may take up their post.
- That work will be required between formal meetings to take forward actions agreed by the Council.
- That the work of Central Council cannot be effective in the future unless all Trustees are on email and are prepared to exploit electronic communication.
- That, given the challenges facing the Association, trustees must be financially literate and bring to the table demonstrable skills in one or more of the following fields:
 - Communications/Media/Marketing
 - Finance and Fundraising
 - Business management
 - Healthcare/Welfare
 - That nominations are welcomed from those currently under-represented on the Central Council.

26. It was recommended that **at Conference 2012**, the Association introduce proposals for amending the Association's trustee structure. Depending on the speed of change agreed by the current Council, this could include:

- A proposal for a smaller Central Council (number and composition to be agreed)
- The abolition of the Executive Board (on the basis that the Council could now fulfil that role)

- The introduction of an age limit for trustees (75 is common in many charities)
- The introduction of limits to the length of tenure as a trustee (e.g. an initial term of 3 years, extendable by 2 years, after which the trustee must step down).
- Staged replacement of trustees to ensure continuity.
- Given a smaller and leaner Central Council, consider the possibility of an Advisory Council which meets annually, to retain a formal link with RAF Board, RAFBF, Air Cadets, etc.

27. It was also proposed to initiate discussion on how to configure Area structures (Area Councils, Area Offices and staffing)

- In order to support the Trustees
- To enhance two-way communication between the Trustees and the membership
- To achieve a sustainable and affordable staffing structure as the business model for the Association changes over time
- Preparation for this work to commence with a meeting between the Chairman of Central Council and the Area Chairmen in August 2011.

28. The Chairman stated that change management was always a difficult issue but it had to be faced. The Association had faced a similar challenge some years ago and had adapted successfully to meet those needs. Now was the time to look at Central Council and Executive Board structures. The Association, although financially stable, faced a crisis over Membership and it needed to ensure that it had the right governance structures in place for the future, rather than being shaped by events. The Association would need individuals as Trustees who had the skills and attributes to deliver the proposals set out above.

29. The Council had a full discussion and expressed opinions both for and against the proposals. In the course of the discussion, it was clarified that, once elected, Trustees were expected to exercise leadership and judgement as individuals. Whilst it was always important to listen carefully to the membership, Trustees needed no direct mandate from their electorate. The Chairman thanked the Trustees for their contributions and as a result two actions were agreed upon:

- The letter sent to all Branches in September seeking their nominations to Central Council for 2012-14 will be re-written as discussed, listing the requirements as 'highly desirable' rather than essential, and the draft sent to all Trustees for their comment prior to its distribution. **Action: SG**
- That the Chairman forms a small committee of Trustees to take forward the governance discussions. **Action: Chairman**

30. The President suggested that a Lead Member for communication would be required, especially on this particular issue, and the Vice-Chairman was nominated.

Action: Vice-Chairman

Strategic Objectives

31. The Council was briefed by the SG on the progress on the Strategic Objectives. The paper was presented in tabular form with a traffic light system to indicate how much progress had been made within each section so far. Mr Middleton requested that a list of acronyms be produced to assist Trustees with the reading of the document.

Action: SG

32. The Chairman requested that Membership be re-categorised as 'red'. This was the single most important challenge for the Association. In seeking to recruit current serving personnel, the SG advised that there was regular contact with RAF Community Support to ensure that the Association could continue to assist those on RAF stations and on deployment.

33. Mr Lee was concerned that the Association should explore every relevant publication to maximise advertisement for membership. The SG agreed and would continue to balance the level of expenditure with the expected return.

34. Air Cdre Beet thanked the team for their current work on the paper as it gave a helpful update on progress made so far. To make it clearer he would wish to see an 'action' column added so that those responsible for progress could be identified. **Action: SG**

35. SG informed the Council that the Working Group on the long term strategy for the homes had now visited every jointly funded Home, as well as Princess Marina House. The group under the chairmanship of David Whittaker were now putting together their report ready for the next meeting of the Executive in September. Following the meeting in September, consultation would take place between the RAF Association and the Benevolent Fund so that the report could be finalised. **Action: SG / Chairman, Homes Working Group**

36. Air Cdre Bell requested that once the report had been finalised it should be circulated to members of the Council. **Action: SG**

37. The Chairman requested that by late August, the report from the working group and data being received from the RBL and other sources must be ready. It should contain a range of options for consideration by the Executive Board in September 2011. **Action: SG**

38. In response to a question from Dr Pattison on the reputational survey to be conducted in September, SG stated that it would be linked to the Charity Brand Index and was aimed at the general public.

Agenda Item 8

Lead Member Reports

39. The Council noted the reports from the Lead Members on Welfare, Club and Annual Conference with the following additions:

Clubs

40. Mr Lee informed the Council that the Dumfries Club would remain open following a meeting attended by 126 members who wished to continue supporting the club.

41. The Arizona Group Ltd, which was undertaking consultancy on the viability of clubs, had produced four comprehensive reports which included a SWOT analyses and recommendations which would now be acted upon by the Area Directors. In connection with this consultancy, the SG notified the Council that the South East and Eastern Area Council was reviewing the accounts of a Branch with a local Club.

Annual Conference

42. Dr Pattison noted the positive feedback about Eastbourne as a conference venue. Council Members would be employed more fully as hosts at the social gatherings in 2012. Renovation work at the Blackpool Winter Gardens had improved facilities for the 2012 Conference.

43. Air Cdr Beet suggested that the 2012 programme contain a brief on the RAFALO Conference held the day before, and it was agreed that RAF personnel recently returned from operations be included amongst the guest speakers.

44. The Chairman believed that it was imperative to encourage more branches to attend Annual Conference. Some Council Members believed that by removing postal voting and returning to voting at Annual Conference more Branches would attend.

Welfare

45. Mr Bertram, commenting on his recent visit to CHQ, believed that more Trustees should take up the opportunity to visit the Headquarters and/or Area Offices and see the work of the staff. This was a view shared by the SG who stated that staff are always appreciative of Trustees who take the trouble to visit them and see the work they carry out on their behalf.

Agenda Item 9

Status of Branches

46. The paper was noted by the Council. Mr Middleton requested that further information be forwarded on the rules concerning the formation of RMGs. **Action: SG**

Agenda Item 10

Any Other Business

Northern Area Annual Conference

47. In accordance with Area Regulation 4, the Northern Area Council had requested approval to hold their Annual Conference on 14-15 April 2012. This was approved by Council.

Action: Northern Area Director

48. Council received and noted five information papers on the following subjects:

- Membership
- Fundraising
- Families Federation
- Welfare
- 2012 Meeting Dates

RAFA Housing Meeting

49. Mrs Boothman suggested that the vacancies at Dowding Sheltered Housing be advertised in Airmail.

Action: SG

50. In response to a question from Mr Bertram concerning the Central Council meeting to be held in Leicester in April, the Chairman stated that there was no accommodation at the RAF Club for the weekend of the 21 April.

Agenda Item 11

Date of Next Meeting

1000, 19 November 2011 at the RAF Club.

**N Bairsto
Chairman**