

cc 501/9/

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Mr Hindley

WOMENS ROYAL VOLUNTARY SERVICE

1. The Voluntary Services Unit is responsible for 3 grants - in-aid¹ to the WRVS. They are:-

- B2(1) - Running costs of the service - £1,420,000 net
- B2(2)1 - WRVS Premises Limited - acquisition of office premises and furniture and equipment (capital costs) £205,000
- B2(2)2 - WRVS Premises Limited - rental and maintenance of premises (current costs) £1,025,000

The sum of these 3 grants shown which are for 1978/9 (revised) is £2,650,000.

2. In addition the WRVS have 4 organisations which are not covered by grant-in-aid, namely 3 Housing Associations and the WRVS Trustees Limited. The latter can accept property and cash legacies and use them for the furtherance of WRVS activities, but do not normally engage in fund raising. VSU receive no account of the money etc that it does accrue nor the manner in which it is expended.

3. You will be aware that there is no statutory basis for the organisation. It was founded following an announcement by the then Home Secretary on 16 June 1938. There is no written constitution but there is an advisory council drawn from 74 different organisations. The chairman is appointed by the Secretary of State.

CONTROLS

4. The degree of 'control' exercised by VSU over WRVS expenditure is limited. There was, in June 1972, formal approval for a salaried staff of 280 divided into 3 salary bands (flag 1). This approval accorded with earlier correspondence of 1968 and 1969 which required notification of the numbers of staff in each of the 3 agreed salary bands as part of the annual estimates, and prior submission of proposals for significant changes in numbers or salary scales (flag 2)

5. In spite of this agreement there is no sign of any submission apart from a single collective figure which appears on each year's estimate. It currently stands at 1,016 staff which is, incidentally, a reduction of 29 compared to the position in September 1977. Their salary structure, subsistence, travelling rates and conditions of service are not known to VSU.

6. There was also a ceiling imposed on the number of vehicles in 1969 which is apparently still operative. The figure is 215 vehicles and although the estimate of 28 September 1978 shows 217, the explanation for a £25,000 increase in expenditure for 1978/9 is "additional vehicles required". VSU has no record of the way in which these vehicles are employed nor if this continues to be the most economic form of transport. (The vehicles for "meals on wheels" are, according to the auditors report, provided by local authorities who also pay running costs, maintenance and insurance.

Note 1. The rules for grant-in-aid are in Section B51-68 of "Government Accounting". They include provision for audit by E and A Department; exemption from the repayment of unspent balances; and specific identification in estimates. Para B68 states "A grant-in-aid reflects Parliament's agreement to surrender in some degree its control over the spending of money it has granted. The PAC therefore has a close and continuing interest in the nature of the control applied by the Executive. The control envisaged aims at ensuring prudent management of grant-in-aid moneys from the view of the taxpayer, while leaving a reasonable degree of freedom to the bodies concerned."

All of these relate to DHSS functions. (In addition, WRVS do have their housing activities, their emergency services and provide canteens etc at prisons and courts.) In 1972 DHSS approved a grant of £30,000 over 3 years towards play group activities. During these 3 years the scope of this programme was widened to become the WRVS Young Families Department, and from 31 March 1977 it was agreed that VSU should fund the activity. This certainly made the situation tidier but there are arguments in logic that the transfer should have been in the other direction. Tradition, however, has forbidden the development of these arguments and both WRVS and DHSS wish to maintain the status quo.

CONCLUSION

12. There has been an understandable failure in the past to grasp this well defended nettle. However, there are sufficient gaps in VSU's knowledge and control of WRVS affairs to make us look exceedingly foolish in front of any enquiry. The grant-in-aid is now nearly £3 million and its payment is supported solely on 1½ sheets of paper containing very flimsy and superficial information. I suggest that there is a need for a much more detailed examination of WRVS affairs so that we can ensure 'the prudent management of grant-in-aid from the view of the taxpayer'. I see no reason why this should interfere with the 'reasonable degree of freedom' which WRVS can expect.

13. I suggest that a paper on the above lines should be sent to Treasury and their support obtained for a management review of WRVS affairs. In view of their past interest shown in para 10 above I do not believe that they will be opposed to this proposition.

? As above.

DPA

A F Davies

11/10/78

LATER NOTE

I was today rung by E and A who believe that there may have been a failure to certify WRVS accounts. Both HO Audit and E and A audit appear to believe that the other is providing the certification.

WRVS GRANT PAYMENTSAPPENDIX 1

YEAR	VOTE B2(1) <u>Running Costs of Service</u>	B2(2)1 <u>Acquisition of Premises</u>	B2(2)2 <u>Rental and Maintenance</u>
1971/2	500,000	100,000	429,000
1972/3	570,000	100,000	450,000
1973/4	630,000	90,000	550,000
1974/5	875,000	90,000	685,000
1975/6	1,071,000	114,500	845,000
1976/7	1,165,000	160,000	900,000
1977/8	1,280,000	200,000	975,000
1978/9 Estimate	1,420,000	205,000	1,025,000
1979/80 Estimate	1,492,000	215,000	1,050,000
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9 Year Total	9,003,000	1,274,500	6,909,000
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