

E-mail

Ms A Towner
CA-OPU2
Room 313
EH

GRO-C

Min Towner 18/11/96

to note,

GRO-C

15/11/96

Our ref: VOF.624/1

From: S J Jones RMF-DPSS4

Date: 15 November 1996

Copies:

Mr Guinness CA-OPU
Mr Barratt RMF-DPSS4
Mr Dudley SC2B
Ms Corrigan CA-OPU2

**SECTION 64 GENERAL SCHEME 1997-98: PROPOSED GRANT IN EXCESS OF £100,000
TO HAEMOPHILIA SOCIETY**

22A-1) 1. Your minute and papers of 31 October refer.

2. I will deal first with the matter of additional funds which you will require if this grant is approved by Ministers. When we spoke on 12 November, you agreed that you would have to pursue the question of an increased allocation or other adjustment for CA-OPU out of the overall General Scheme budget. RMF-DPSS4's examination and approval/rejection of a proposed grant is concerned with the financial viability of an organisation and whether the use to which a grant may be put will safeguard public funds. Whether the sponsor section has a sufficient allocation or will have to seek additional funds is not connected with our action. Responsibility for arranging funding to cover any proposed grant must be arranged before your branch's expenditure submission goes to Ministers.

3. I have examined the papers. I approve in principle a core grant to the Haemophilia Society (HS) up to a maximum of £140,000 for 1997-98 only. *This approval in principle is subject to your branch's expenditure plans being approved by Ministers.*

4. I note the unusual circumstances in seeking an increase in core funding and PS(H)'s support for the work of HS. I agree that the HS's calendar accounting year figures are not always easily reconcilable with the standard financial year. Comparing figures in the forward budget estimate against the "average yearly sources of funding" on the previous page can produce different percentages from similar comparisons with the 1995 audited accounts. As part of your monitoring procedures, I suggest you ask HS for some details about the "overstatement of estimated income" mentioned in Section J and for something rather more about their fund raising plans than those given in Section E. I note the intention to rely less on grants and legacies stated in the Trustee's Report with the accounts but you should ask HS for a revised estimate for 1997-98, to be supplied before any payments begin.

Reviews of grants over £100k

5. One of the recommendations of the 1990 Home Office *Efficiency Scrutiny of Government Funding of the Voluntary Sector* was that organisations receiving grants of £100,000 or more a year should be reviewed by external consultants at least once every six years. While the Society seems unlikely to receive a grant over £100,000 for that period, you might wish to consider approaching SC2B at some stage for the Society's inclusion in the programme for reviews by RMF-IA /external consultants.

Next action

6. Your branch's expenditure submission for 1997-98 should state that Finance Division has approved the grant in principle. Please bring to your Grade 5's attention the fact that the submission should be copied both to Mr Barratt and Mr Dudley as in the Memorandum of Guidance (MoG) Annex 8.

7. Once Ministers have approved your branch's expenditure plans, please prepare the approval letter as in MoG Annex 5 and note the following:-

(1) some impending changes to the letter (and Annex 5A) require Treasury's approval and you should await an amendment to the MoG in the New Year;

(2) you should ask HS for a revised estimate of income and expenditure. Payment of the grant will be withheld until satisfactory estimates are received.

8. Please send **two** copies of the approval letter, after it has been countersigned by HS, together with the covering proforma (Annex 5A) and any completed form FB BACS, to Miss Y Fagun, RMF-DPSS4, Room G14, RH.

GRO-C

S J JONES

Room G09

RH x GRO-C