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cc PC

10 DOWNING STREET

From the Private Secretary

3 December 1984

VSO: Administrative Costs and Overheads

Thank you for your letter of 26 November.

The Prime Minister has commented that the unit cost of £5,000 for a volunteer is ridiculous.

C D Powell

Miss Eleanor Fuller
Overseas Development Administration

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Telephone 01-213 5409

ask ②

Prime Minister

CDP
27/xi

From the Minister

C D Powell Esq
10 Downing Street
LONDON SW1

26 November 1984

*£5000 per volunteer
is ridiculous*

*ms
ms*

Dear Charles,

VSO : ADMINISTRATIVE COSTS AND OVERHEADS

Thank you for your letter of 1 November about VSO's headquarters and administrative costs.

We have made a detailed scrutiny of these costs as requested in your letter, although I should add that the general monitoring and control of VSO's administrative costs is a continuous function of our financial relationship with the Society. Each year they are required to submit a breakdown of their proposed programme expenditure, including detailed information on their administrative overheads. Our concern to keep these costs to a minimum has been reflected in policy decisions to withhold financial support for additions to the Belgrave Square complement both in 1983/4 and 1984/5, and to encourage VSO to concentrate on expanding existing programmes rather than new country initiatives which increase administration costs.

The task of VSO headquarters is to turn 30,000 general enquiries a year from people interested in volunteering into 600 volunteer postings. In addition they arrange and run over 60 pre-departure briefing and training courses a year. Their functions also include liaison with the 26 field offices in the 43 countries in which they operate; and they are responsible for liaison with UK based local groups, for press and information work and for financial control of their total income of over £5.5 million. Beyond that they have to undertake a significant fund raising task which, under the terms of our grant, requires them to raise over £0.5 million this year.

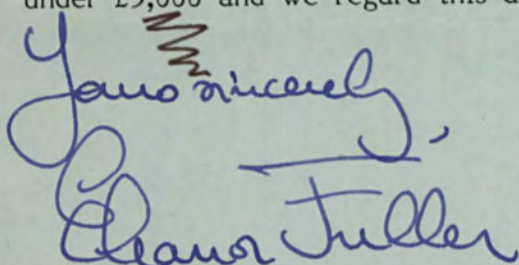
Salaries and pay scales are linked to those of the Civil Service, as are pay increases. There is a total complement of 91 at Belgrave Square and some 42 staff overseas in their field offices. Of this total only 21 are graded higher than Executive Officer in the Civil Service: the Director is paid on the scale £16,229-£21,834, equivalent to Senior Principal.

VSO are able to keep their overheads low at Belgrave Square because of their charitable status. They pay rent at just over £3 per square foot which compares with the commercial rate of £26 per square foot for Eland House. They are also able to take advantage of substantial rate concessions.

/The Minister



The Minister is conscious of the need to keep the administrative costs of VSO down to the minimum consistent with the maintenance of quality and of adequate control over the resources for which the Society is responsible. The annual budgeting exercise enables us to keep a very close watch on this aspect of their operations. We are satisfied that, given the range of functions handled by VSO - from project identification, recruitment, briefing, posting, in-country administration and programme monitoring to fund raising and information - and the nature and scale of their operations at home and abroad, their staffing levels and administrative costs are reasonable. The unit cost of a volunteer is under £5,000 and we regard this as exceptional value for money.

Yours sincerely,
A handwritten signature in blue ink that reads "Eleanor Fuller". The signature is written in a cursive style with a large initial "E".

(Eleanor Fuller)
Private Secretary

OVERSEAS AID: Policy P44



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