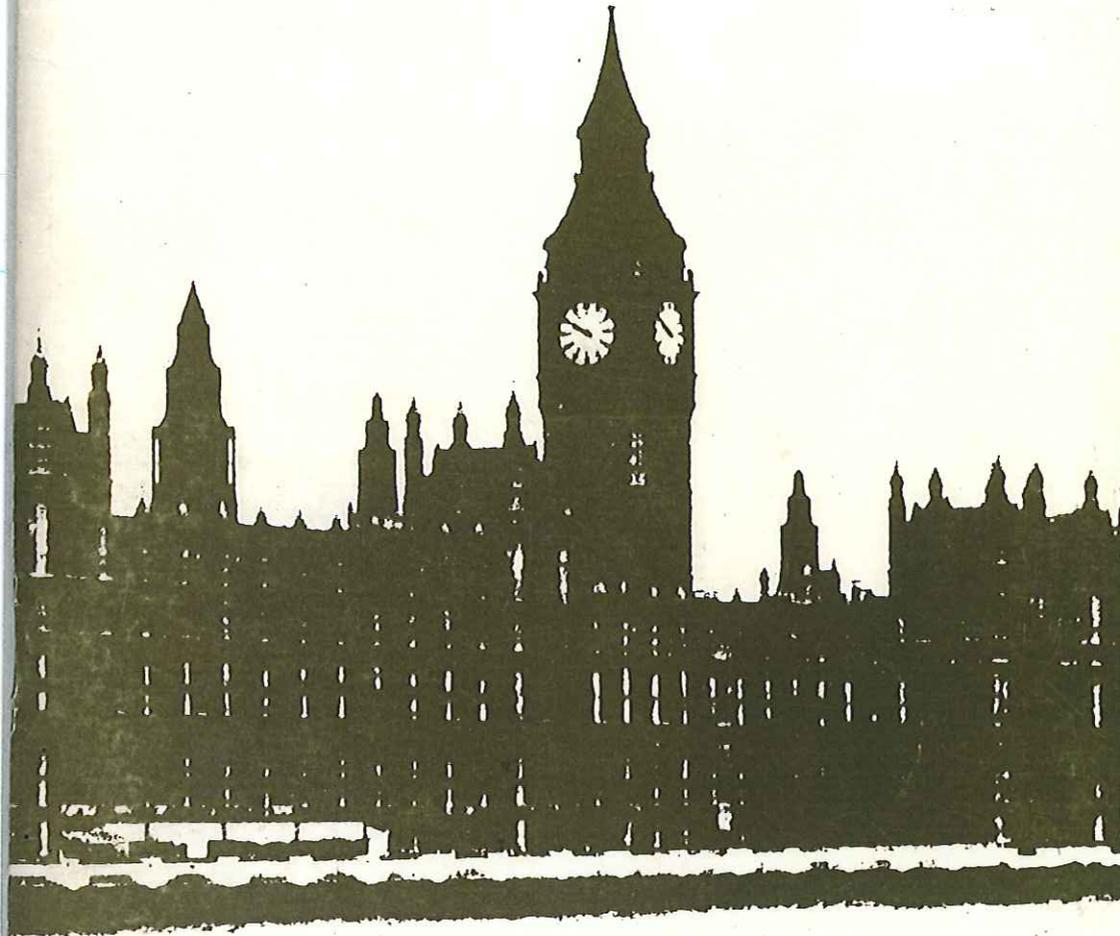




Policy Study No. 69

# Qualgos Just Grow

political bodies in voluntary clothing



CENTRE FOR POLICY STUDIES





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1985

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Members of this study group, set up by the Centre for Policy Studies under the chairmanship of Teresa Gorman, worked so closely together that it was their unanimous wish that the authorship of this study should be jointly ascribed.

They want particularly to thank Stephen Govier, Daniel Johnson and June Lait for the invaluable – and voluntary! – help which they gave at various stages of this investigation.

The authors, however, emphasise that responsibility for the facts, opinions and arguments in this study rests with them alone. *The Centre for Policy Studies never expresses a corporate view in its publications.*

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# Summary of Recommendations

## **The Funding of QUALGOs**

1. Section 137 of the Local Government Act of 1972 should be amended to forbid payment of ratepayers' money to any person or body whose objects are wholly or partly political.
2. The Department of the Environment should publish a code of practice to be observed by councils who seek to give grants to independent bodies. Chapter 7 depicts the outline of such a code. In particular every applicant for a grant should:-
  - (a) show that he represents a registered charity; and
  - (b) find at least 25 per cent of his operating costs out of sources other than ratepayers' funds.
3. The powers of the district auditor should be amended to enable him to apply to the High Court for a declaration that a *proposed* item of spending would be unlawful.

## **The Greater London Enterprise Board (GLEB)**

1. The same Section 137 should be amended to forbid councils to invest in such quasi-independent investment companies as GLEB. Investment in genuinely independent companies, or specific projects, would not be affected.
2. CIPFA\* or independent firms of accountants should review the efficiency of schemes whereby local authorities attempt to generate employment.

## **Citizens Advice Bureaux and the National Association of Citizens Advice Bureaux**

The DHSS should report annually on the operations of these bodies, with particular reference both to the funds and to the complaints which they receive.

## **Life in Islington**

1. Before decisions are taken on any request for a grant councillors should be required to declare their interests, both direct and indirect. Involvement of a close relative and the holding of an unpaid office in a kindred organization are typical examples of the latter.

\*Chartered Institute of Public Finance & Accountancy.

2. The law should be amended to forbid any full-time, paid officer of a local authority to stand for election, not just to the council for which he works at present but to *any* council whatsoever.

### **Conservatives are not immune**

Local authority grants should be allocated through a central council sub-committee. One council employee should be responsible for co-ordinating all work on grants. A file of information, with extensive cross-referencing, should be created on all bodies which are aided by a council. The system should be designed to reveal hidden, as well as overt, subsidies.

### **The role of charities and the Charity Commissioners**

1. All charities should advertise the time and place of their annual general meetings, at which they should produce their audited accounts and allow the public to ask questions.
2. Copies of these audited reports should be sent both to the Charity Commissioners and to the Inland Revenue.
3. Charities which fail to publish annual audited accounts within two years of the end of the financial year should automatically lose their privileges of relief on taxes and rates.
4. The Inland Revenue should examine a sample of the annual audited statements of charities, in order to ensure that their expenditure accords with the law and the stated objectives of the charity.

### **How councils should evaluate requests for grants**

1. Councils should not consider any request by an existing body for a grant unless it is accompanied by audited accounts covering at least the last two years, nor should they renew any grant until they have examined an up-to-date, audited account.
2. Wherever possible grants should be made on a matching basis.
3. Applications for grants should include details of the qualifications and references of the principal officers of the group.
4. No officer or member of the committee may be, or become, a paid employee of the applicant.
5. No group which participates in party politics (as defined by the Manpower Services Commission) should receive ratepayers' money.
6. Similarly, recipients of grants may not give financial or practical

assistance to the third parties who fall outside the guidelines of the Manpower Services Commission.

7. Applicants for grants should allow councillors to attend all meetings and functions of their groups.

### **Voluntary organizations**

The government should make clear, not only its disapproval of bodies which purport to be voluntary (though in fact relying largely or wholly upon subsidies from government and/or local authorities) but also its favour of organizations which are staffed by voluntary unpaid workers and funded by voluntary contributions.

# Introduction

Voluntary bodies today enjoy an aggregate annual income of almost £10 billion, a sum which is increasing fast. But the term voluntary is a misnomer. Very few of the bodies rely solely upon voluntary contributions, even fewer upon voluntary workers. More and more 'voluntary' organizations are funded entirely by local government and staffed by full-time paid officials. These organizations have been christened QUALGOs (quasi-autonomous local government organizations) to distinguish them from their big brothers QUANGOs (quasi-autonomous national government organizations) which were investigated by Phillip Holland MP in the mid-70s. Unlike QUANGOs, QUALGOs are seldom held to account for the many hundreds of millions of pounds of public money disbursed to them. Unlike QUANGOs too, who generally conduct themselves in a reasonably orthodox fashion, QUALGOs often engage in extreme left-wing activities.

Their techniques are so effective that it makes little difference which political party controls any given local authority, since through their network of pressure groups they can generally persuade even the most deep-dyed of Conservative councils to continue to fund their operations. Thus a right-wing administration often finds itself willy-nilly giving financial support to left-wing groups in their midst.

Nor are departments of government innocent of complicity. The Department of the Environment, the Department of Health and Social Security and the Home Office all release large funds to organizations who have been given the status of QUALGO by local authorities. Once a QUALGO is embarked on its career, it finds it easy to obtain funds for subsidising activities from a variety of rich and undemanding sources. And so it becomes ever more difficult to call a halt, even when a QUALGO's bias becomes too conspicuous for the most complaisant of officials of national or local government to stomach.

Perhaps the most disturbing aspect of the growth of QUALGOs lies in the army of workers and clients which they use to support extra-parliamentary opposition in the streets and on the picket lines. One well-documented case quoted in the Scarman Report is that of Jack Dromey, the principal organizer of agitation during the Grunwick dispute. Very similar examples have been seen during the current miners' strike. Nowadays, whenever spontaneous opposition appears to break out against a planning application, a road development, the

closing of a factory and so on, we need to ask just who are in control of the agitators? What connection do they have with the dispute? Are they themselves, or the ratepayers, paying for the agitation? Very often it will be found to be the latter, *via* a QUALGO.

Political sympathies of those who staff QUALGOs are almost invariably left-wing. The middle-class Tory lady, once so dedicated a worker for charity, has been elbowed out by ridicule, snubbing and such unacceptable demands upon her time as obligatory attendance at training class. Most QUALGOs extend a cold welcome to part-time, unpaid workers who are referred to as 'cheap labour' – a classic term of socialist contempt.

Many of those who control and run QUALGOs are in a good position to use their client groups in order to further their own political aims. For example, within days of the White Paper calling for public comment on the proposal to abolish Metropolitan authorities hundreds of protests, clearly based on briefs supplied by GLC staff, were received in Whitehall from QUALGO members and clients.

Another political use of QUALGOs lies in the influence they exert on elections in the marginal areas where they are often concentrated. This is a policy similar to the one pursued with success by the post-war Labour government when large council estates (mainly composed of socialist voters) were built in marginal constituencies. Sometimes QUALGO funds are used to further the ambitions of would-be parliamentary candidates. In 1983, for example, the GLC under the leadership of Ken Livingstone (who was seeking selection as the candidate for Brent East) provided large funds for the construction of recreational facilities for the thousands of Irishmen and Irishwomen who live in that constituency.

We suggest that much of the explanation for this sorry state of affairs lies in the skilful manipulation of the word 'voluntary'. True voluntary work is a proper source of Conservative inspiration. The present government is committed to enhancing its role as a means of halting the dropsical expansion of the Welfare State. But local authorities, through their statutory right to raise a 2p rate to spend on local organizations which masquerade as voluntary, have grossly muddied this source. The GLC has been good enough to provide us with the most conspicuous example of this abuse.

The authors of this paper ask the government to look closely at this scandal of misuse of ratepayers' money, and provide examples which it is hoped will provoke it to make such an examination.

## The funding of QUALGOs

The legitimate access of QUALGOs to huge sums of ratepayers' money must be the starting-point of our concern. Were this tap to be shut off, the bizarre and equivocal choice of beneficiaries made by some councils – particularly left-wing ones – would be a matter of relatively little moment. A conspicuous offender is, of course, the GLC. It would not so much have mattered if this body had supported 'Babes against the Bomb' with a few pennies – but the 'Babes' were given £1600. The Chile Democratico (GB) received £6902. The Gay London Police Monitoring Group was handed a handsome £17,616. The Brent Trades Council, which has nothing to do with trading, was given £35,000 for such ill-defined purposes as popular planning. Jack Dromey, one of the organizers of the pickets at Grunwick, was one of its employees. A case of popular planning?

A wildly disproportionate share of the monies which the GLC lavished on QUALGOs found its way to boroughs controlled by Labour. In 1983/4, under one means of dispensation alone, their electors received an average of £8.25 each (compared with £2.26 for less fortunate citizens in other boroughs). Brent East was particularly favoured. Politically marginal wards often did very well. Evidently politicians who can satisfy their consciences have been able to fund organizations who have repaid them with political support, including the exercise of pressure on national government for or against this policy or that.

But perhaps the GLC deserves our gratitude for revealing in such stark detail the loopholes of legislation which allow such funds to pour into the lap of QUALGOs. Appendix 1 gives a comprehensive list of the various acts which grant powers to local authorities to hand out ratepayers' money (all of which have been used by the GLC). Here are the powers given by the 1972 Local Government Act alone – which is the favourite tool of the trade:

*Section 137* permits local authorities an all-embracing power to incur expenditure which 'in their opinion is in the interests of their area or any part of it, or all or some of its inhabitants'. At present it allows spending up to the product of a rate of 2p in the pound. For the GLC this means almost £40 million a year. Under sub-section 5 of Section 137, the minister has the right to make different provision in relation to

local authorities of different descriptions. The minister *could* limit spending under this section to ½p in the pound – or even less.

*Section 142* has no such awkward restraints attached. This gives local authorities the right to incur unlimited expenditure and to publish newspapers or magazines giving information on matters 'relating to local government and to arrange lectures, conferences and exhibitions on such matters'. It includes the powers to make films too. It is through the uninhibited use of this section that the GLC planned to spend over £10 million on its campaign against government plans to abolish the GLC. Had this expenditure been on a national scale the sum would have come to a gargantuan £70 million – more money than has ever been spent over such a period on any goods or services on sale in Britain. Fortunately Westminster City Council has obtained an injunction to stop this abuse; other bodies may be encouraged to follow this lead.

*Section 145* gives local authorities the right to make payments 'for the provision of an entertainment or of facilities for dancing, theatres or other venues, the maintenance of a band or orchestra or developing and improving the knowledge, understanding and improvement of the arts'. Under this section, the GLC gave the Brent Black Music Co-op a grant of £205,398 in 1983/4.

No section of the 1972 Local Government Act stipulates or even suggests that organizations which are politically motivated should *not* be funded. Civil servants claim that it would be impossible to draft legislation prohibiting the funding of political organizations. This is absurd. On page 124 of the same act we read that there is a ban on payment of *members' expenses* for attending meetings convened by a person or body 'whose objects are wholly or partly political'. Many of the current abuses would be removed by a similar restriction applied to Section 137. Nor does any section of the 1972 Act stipulate that the giving of grants should be restricted to charities or organizations who can prove they are servicing the public good. (True, we shall show later that the status of charity does not, as things stand, preclude a body from serving political ends.)

Yet another grave weakness exists. There is no limit on the proportion of an organization's expenses which can be funded by a local authority. Many groups rely on local authorities for *all* their funding. It would greatly help to establish the good faith of an organization if it were required to raise 25 per cent of its money itself.

Councils should also make their grants conditional on matching sums being raised elsewhere.

It is virtually impossible for an opposition party in the council or an outside body to stop the abuse. The threat of surcharge to councillors has been ineffective. As long as councillors go through the motions of giving due consideration and acting reasonably they remain safe from prosecution, no matter what commonsense might suggest about many of the organizations which receive funds.

The power of the district auditor is modest – and retroactive. He can merely qualify an item in a council's accounts. He should be enabled to apply to the High Court for a declaration that a *proposed* item of spending would be unlawful.

Finally, there is little doubt that the powers granted by the various acts are being abused. Before we discuss these abuses any further, we should like to point out that many worthwhile organizations rely on local authorities for their finances. We should not like to see the legislation changed in such a way as to drive these out of business. Were this to happen, the burden of the Social Services Department would increase and many aspects of our cultural life would suffer.

## Case Study: the Greater London Enterprise Board (GLEB)

The Greater London Enterprise Board, funded by the GLC, is the finest specimen of QUALGO extant. The Labour Party promised in its 1981 GLC manifesto to set up GLEB 'in order to create 10,000 new jobs a year in London'.

Because of legal difficulties GLEB could not begin operations until summer 1983. But Michael Ward, the Labour chairman of the council's Industry and Employment Committee found a way of getting round legal restrictions on the use of ratepayers' money. What was in effect a private investment company was set up with Labour councillors acting as shareholders. It was incorporated as a private company limited by a guarantee. Its relations with the GLC are governed by a 'funding agreement'. This specifies what sort of projects the company may invest in. The council's Industry and Employment Committee however does not need to approve individual investments of under £1 million. This function is performed by GLEB's board of directors, which includes Alan McGarvey, former Labour councillor in Wandsworth, and John Palmer, a soi-disant Marxist. A former *Guardian* journalist, he is responsible for GLEB's publicity.

In 1983/4 the GLC approved revenue grants to GLEB of £23,534,000 and capital loans of £14,000,000 (with the help of the powers under Section 137). Similar sums were approved for 1984/5. Thus £75 million of ratepayers' money have gone to GLEB over the past two years.

Recently GLEB purchased 28 sites from the GLC with the help of GLC mortgages worth close to £14 million. Negotiations are going on for the purchase for unspecified amounts of another 21 properties. These deals, too, will be facilitated by the GLC, though we do not yet know by how much. Commenting on this new way of endowing GLEB with public assets, John Major, the Conservative spokesman for industry and employment in the GLC said recently, 'The current Labour administration, fearful for the future and resigned to the fact that the GLC will shortly disappear, is ensuring the survival of GLEB by endowing it with substantial assets. These assets will be able to be sold to provide GLEB with cash to finance its future activities.'

Lending GLC money to GLEB to purchase property from the

GLC itself is, in effect, a transfer of assets which rightly belong to London's ratepayers to a non-elected, unaccountable private company, continued John Major.

'If a Conservative administration were to do a deal with a private company agreeing to sell to it public assets without first offering them on the open market, advancing public money to the purchasers to enable them to finance the deal and allowing them to roll up interest payment, there would, quite rightly, be hell to pay.'

11 sites, most of them in Islington, Tower Hamlets, Lambeth and Westminster, have been purchased from the GLC itself with loans from the council. None of them had been offered for sale on the open market, the deals having been conducted 'confidentially'. This is indeed tantamount to a transfer of assets which belong to London's ratepayers to an unaccountable private company. Interest on some of them will not have to be paid for the first two years.

The present GLC administration and GLEB may argue that some of the purchases were made by independent companies which are not even GLEB subsidiaries. The answer to that can be found in the confidential committee reports which recommend the advancing of mortgage money. The companies, it is there pointed out, will be structured to protect GLEB interests. GLEB's business methods do not seem to be any more straightforward than those of the private companies they deplore - in short, the unacceptable face of socialism.

An interesting legal problem faces the Department of the Environment. What will happen to GLEB's assets when the GLC is abolished? The shareholders are Labour councillors appointed by the GLC but they hold shares (for which they have paid) as private individuals. At present they appoint the directors of GLEB. Would the legal inheritors of the GLC be able to displace the present shareholders and have the right to appoint a new board of directors?

It is possible that a strange sort of municipal investment bank, endowed with close to £100 million of ratepayers' money, might survive indefinitely under the control of a handful of former Socialist councillors.

GLEB's spending does not equal the grants it receives and by 30 June 1984 the cash balance was over £4 million. By April 1986, the proposed date for the abolition of the GLC, the Enterprise Board will have accumulated substantial cash reserves. To these we must add the value of the property 'sold' to GLEB by the GLC. The income derived

from all such assets would enable it to remain in existence without touching the capital.

Labour justification for GLEB is that it creates jobs. Let us look at the record. For the year ended 31 March 1984, GLEB claims to have preserved or created 1995 jobs. The board, as we remember, was going to create 10,000 new jobs a year. And what are the 1995 jobs? No definitive list of projects exists to support the claim.

The truth is that most of the money invested by the GLC in GLEB has gone either on its administrative expenses (staff salaries alone come to over £1 million per year) or on property deals. There is at present a surplus of industrial property in London. The commercial wisdom of investing large funds in derelict industrial sites, therefore, is open to question.

What is urgently needed is a review by CIPFA or an independent accounting body of the funds extracted from the GLC under Section 137 in order to set up industrial organizations (even if they do purport to create jobs). The government's measures to encourage private investment in marginal schemes *via* the business guarantee loan scheme surely renders the direct funding by councils of job creation schemes otiose. And genuinely useful projects which propose the selling of goods or services at a profit do not find it hard to obtain funds from the banks or organizations such as the Industrial Commercial Financial Corporation (ICFC).

Local authorities would surely do better to concentrate, where funds are available, on the improvement of such essential 'infrastructures' as roads and sewers, rather than to indulge in expensive attempts to shore up failing companies or, perhaps even worse, in the creation of new enterprises on hopelessly uncommercial bases.

## Case Study: The Citizens Advice Bureaux

The case of the Citizens Advice Bureaux shows how an important and well-respected organization, with no party affiliations or bias, can be transformed into a political hybrid. CABs began their life as genuinely voluntary bodies. Their aim was to give commonsense advice to people who could not afford the fees of such professionals as solicitors, accountants and so forth. Advice was given on a wide range of problems connected with tax, insurance, housing, domestic quarrels, marriages. Often a talk with a sympathetic person was all that was required.

CABs receive their funds from both local and central government. A central body NACAB (National Association of Citizens Advice Bureaux) shares out these funds and supervises the local bureaux which, for many years, were run entirely by volunteers. NACAB, in contrast, employs paid officers – presently 98 of them in its headquarters and 127 in area offices.

Two successive Ministers for Consumer Affairs (who are responsible for the organization), Mrs Sally Oppenheim and Dr Gerard Vaughan, reported to the House of Commons that they were receiving disturbing requests from volunteers, who complained about the growing number of paid employees and the political nature of much of the advice which they were asked to dispense. After Dr Vaughan's comments in 1982 there was an outcry. Even Conservative MPs took it hard that such a respected organization should be attacked by the government. A commission was set up under Sir Douglas Lovelock. His brief was to inquire into the activities of the CABs and the massive expansion over the previous decade of NACAB. The findings of this inquiry were published as the 'Review of the National Association of Citizens Advice Bureaux' (Cmnd 9139).

According to the Lovelock Report, 'only a quarter of the NACAB grant is passed on to the CABs'. This quarter, it is true, may be said to be of direct benefit to the public. But much of the rest of the money is used for overtly political ends. ACAS\* complained that NACAB was biased against employers at industrial tribunals. The Small Landlords

\*Advisory Conciliation and Arbitration Service.

Association pointed to a range of measures taken by NACAB against landlords. NACAB has fought to preserve rent controls, demanded more council houses – and in general criticised the government's housing policy.

But the largest sums of money were reserved for the training of bureaux workers; and it is this which led to a great many complaints which were laid at Dr Vaughan's door. Candidates complained that they had been rejected on political grounds. Volunteers who were accepted complained that the training which they had been given was co-ordinated, standardized and politically biased. Yet, strangely, the Lovelock inquiry reported that 'the training given by the bureaux needs to be more standardised and centrally co-ordinated'.

We show elsewhere (Chapter 8) the pitfalls of this doctrine: such 'training' is a misnomer unless there are recognised and impartial standards by which to assess its results.

Passages in the report show how NACAB emphasised the need for more 'professional workers in the voluntary sector'. In its aims for the CAB service it stated that it wished 'to exercise a responsible influence on the development of social policies and services'. Elsewhere it added that 'new workers with careers in advice work or related fields understand the aims of the service quite differently from those older people who wanted to preserve the service's voluntary nature and independence'. Thus NACAB wished to change the nature of the organization it was set up to supervise.

In one of its publications *Combating Poverty: Claimants and Tribunals: a report of the NACAB/EEC Tribunal Project 1976-1980* there is a report on an investigation into the attitude of its own voluntary workers to would-be claimants of social security. The report criticises their attitude and complains that 'it is rooted in the socio-economic and educational middle-class background of the volunteers themselves'. It recommends that 'more attention should be paid to recruitment so that it is less easy for workers with distorted views of claimants to become approved bureaux workers'. The middle class, probably middle-aged women, traditionally attracted to voluntary work were to be avoided.

'If an organizer is comfortable with the conservative staffing structure, then the result will be a complacent working perspective amongst the individuals.' The report adds: 'We certainly believe that there is a great source of voluntary help available in the ranks of social security claimants themselves and it is one which the service has been relatively slow to tap.'

The Lovelock Report quotes these remarks without apparently noticing their significance. At least it does not see fit to comment on the implicit political doctrine. The committee had been set up to protect the local CABs. Instead it attacked them and justified NACAB.

So it is that an organization which is still regarded by most people as neutral in party terms has been politicised by slow degrees. The original proud claim of the Citizens Advice Bureaux to be a voluntary body has become, alas, implausible.

## Life in Islington

### QUALGO cats'-cradles

*Elected members of a council ought not to be close relatives of local government officials. And councillors must make declarations of any financial interests.* These were the principal pronouncements of the Redcliffe Maude Commission which was set up in the wake of the Poulson and Dan Smith scandals and recommended a National Code of Conduct for local government. But QUALGOs were not discussed in the report at all. They had not grown to their present monstrous size. Our recent investigation of some Inner London boroughs shows clearly how QUALGOs have now eroded the code almost to extinction. Nowadays, relatives of councillors are often found sitting on the boards of QUALGOs. Frequent conflicts of interest arise, especially where applications for grants are considered. What happens when family loyalties suggest the giving of a grant, and ratepayers' purses the withholding of it? Yet there seem to be no rules which forbid one member of a family serving as an elected councillor, and another member as a paid employee of a QUALGO receiving funds from the same council. Examples can be found of councillors and council officers subsequently taking jobs with QUALGOs which they have helped to promote. There is movement in the opposite direction, too. Ex-QUALGO officers enter council employment and use their position to press for ever more funds for their previous employers. Such connections are not always made clear. None of this is contrary to the law, which demands only that direct financial interests need to be declared.

In Islington especially, a complicated family nexus between council and QUALGOs has grown up with surprising ease and complete legality. Husbands, wives, mothers and fathers-in-law, brothers and sisters serve on the council, and work in paid positions in housing associations, community service projects, and so forth. There was a case when the chairman of one committee negotiated with his own brother for staff increases, which resulted in additional expenditure of over £750,000. Whether or not such relationships influenced Islington Council in the award of this grant or that, is impossible to say. But we may reasonably ask whether laws which permit the growth at the ratepayers' expense of such a cat's-cradle of benefactors and beneficiaries do not require urgent amending.

At the very least, councillors should be obliged to declare their interests, both *direct and indirect*, before decisions are taken on any request for a grant; and it should be laid down that indirect interests extend not only to cover the holding of an office (paid or unpaid) in any organization associated with the council, but to the involvement of any close relative in such a body. Finally, the local government statutes, which were relaxed in 1973 to allow a paid council employee to stand for election to another authority, should be rescinded. Council officials and employees should be debarred from seeking election to *any* council or local authority during their employment. National government has for long operated on the basis that civil servants are politically neutral. The neutrality of paid servants of local government should be obligatory too.

### **QUALGO SLUGs (short-life user groups)**

During the 1970s, Islington, like many other Labour councils, bought up large numbers of private houses. The premises stood empty and squatters moved in. The council granted them a licence to use the properties on a short-term basis. Then these legalised squats obtained charitable status.

In July 1984 an article appeared in Islington Council's free newspaper *Focus*. Written by the former Labour councillor David Hyams (who became leader of the SDP group on the council), it was entitled 'How councils shell out for SLUGs – the short life user groups'. In this and another article David Hyams, who had certainly been in a position to know, described how Labour councillors deliberately benefited favourite groups, who were seen as a source of votes. For example, 100 flats in Charles Rowan House were handed over to a bunch of politically-aware squatters – that is, Labour supporters. 'The co-operative which ran the flats ended up owing £24,000 in rates and Charles Rowan House became a centre for heroin dealing.'

As licensees, SLUGs may let dwellings to anyone they choose and charge up to £7 a week. This income, together with any grants they receive, is entirely within the control of the directors.

Islington Community Housing (or ICH for short) is a not untypical SLUG. It was registered in 1972 as a charity to handle short-term letting of property. The constitution which it submitted to the Charity Commissioners was a borrowed document altered in ink and not even retyped – evidence of how easy it is to acquire charitable status. The accounts make interesting reading. Between 1980 and 1982

ICH's income from rents rose from £100,000 to £280,000. The accounts for these years have been lodged with the Charity Commissioners and presumably accepted by them, despite the disclaimers of the auditors who refused to sign them. In the audited report for 1980 we read that 'financial statements supporting the accounts have been lost and the auditors are unable to carry out all the auditory procedures or obtain all the information and explanation considered necessary'.

In 1980 only £8000 was spent on repairs in over 100 properties run by ICH. A similar amount was spent on running an office. In 1982 when income had gone up to £280,000, only £5000 was spent on repairs and maintenance and most of the rest on salaries. It seems reasonable to ask whether ICH is a proper organization to be given charitable status.

SLUGs wax fat on grants as well as on rents. In its Statement of Proposed Capital Expenditure covering the four years ending 31 March 1987, Islington has allocated £670,000 to them. In addition £250,000 is earmarked for SLUGs through the Department of the Environment Partnership Scheme. Another £2.5 million goes to co-operative home-steading which is also being taken over by SLUGs.

Thus it is that QUALGOs like SLUGs find themselves with a handsome income for which they are to all intents unaccountable. The rent of £7 a week, of course, is worth more than money. Anyone who pays a rent of £7 in London is likely to be grateful to his benefactors; and we cannot be blind to the political uses of gratitude. As for the people who run SLUGs, they pay themselves salaries from the money they receive in grants and collect in rents. (It may be observed that councils receive no more than 50 per cent of the rates – if they are lucky.) All told, the network of SLUGs provides an organization potentially very useful for the Labour Party – at the expense of the ratepayers. Finally, according to the Camden Ratepayers Association, five councillors in Camden live in SLUG dwellings, enjoying 100 per cent rate relief. Charity!

## Conservatives are not immune

Even Westminster City Council with its large Conservative majority is not immune from the QUALGO disease. During the late '60s and the early '70s Westminster, too, encouraged the development of QUALGOs. Few safeguards were built into the system of funding.

It became obvious by early 1983 that a thorough review of the administration of grants would be needed. Councillors questioned whether voluntary organizations which received money from the City Council should as a matter of course be given inflation-linked increases. And there were loud complaints from councillors, MPs and several residents about the political bias of some of the QUALGOs. A Grants Review Committee was set up. Its recommendations have now become council policy.

The Paddington Law Centre (law centres are archetypal QUALGOs) showed in its minutes that it was actively supporting CND. At a meeting of the management committee of another law centre (the Central London Community Law Centre) on 6 June 1983, it was pointed out that one of the workers was spending too much of his time campaigning against the government's Nationality Bill, then going through the House of Commons. The worker said there was no point in doing case work until the government had been forced to change its mind on the bill. The committee accepted this explanation and allowed him to continue to devote *all* his energies to his campaign.

The Pimlico Neighbourhood Aid Centre (PNAC) was set up to provide social services and advice in a 'deprived' area of London. By 1982 PNAC had begun to organize demonstrations against 'The Cuts' (i.e. the economies Westminster City Council was trying to make in its expenditure). For example, on one occasion council proceedings were severely disrupted during a debate about the closure of a laundry in Porchester Baths which was subsidised by ratepayers to the tune of £3 a wash. PNAC's free newspaper *SWOP* constantly urged local people to demonstrate against local policy decisions. The walls of its office in the back of a council-owned shop were covered with political posters which supported the Claimants' Union, CND, the Chilean rebellion, Che Guevara and other such causes. A councillor who complained was told that staff were free to display what they chose.

Throughout 1982 PNAC organized opposition to the council's plans to modernise a council estate in an adjacent ward, and to a

planning application for office development on a large commercial site in Victoria Street. A questionnaire went out to the tenants of a nearby Peabody estate. This urged them 'to make their views known to the council'. (A copy of this tendentious questionnaire is shown in Appendix 2. It is interesting that left-wing organizations hate office developments, though offices provide more jobs per square foot than any other form of industrial or commercial development.) Westminster City Council has now withdrawn its support from PNAC but the grant was replaced by one from the GLC. PNAC is now part of a Community Action Area designated by the GLC as in need of special support. It also receives funds from central government via programmes such as Urban Aid and Job Creation.

Like many other 'voluntary' bodies in Westminster, PNAC was affiliated to Voluntary Action Westminster (VAW). This describes itself as an umbrella body whose main purpose is the provision of services to other 'voluntary' organizations. It is part of a second tier of QUALGOs which provides no direct service to the public. According to its own account the most important aspect of its work is 'the development of new activities to meet the many gaps in social provisions in the community'. In other words, it is there to prime the QUALGO pump. It also organizes opposition to the council's attempts to control expenditure.

In 1982, VAW had a budget of £570,000. £50,000 came from Westminster City Council; the rest from the Manpower Services Commission, ILEA, GLC, and from central government funds via Urban Aid. Some of this was used to manage two large employment training projects funded by the MSC. But VAW also provided help to other QUALGOs in the shape of office and printing equipment, a newsletter, help with grant applications and advice on obtaining charitable status. True, the Grants Review Committee recommended that VAW's grant be withdrawn. But since there are so many sponsoring agencies, VAW is still alive, well and organizing opposition not only to WCC policies but also to government plans to abolish the GLC and other Metropolitan authorities.

The Grants Review Committee looked at the behaviour of other boroughs when applications for grants came in from the so-called voluntary sector. It became obvious that everywhere the decision on each grant application was influenced by the QUALGOs themselves. They had organized themselves into an effective lobby which uses data

supplied by the National Council for Voluntary Organizations (NCVO).

In the light of a previous review, set up on the instigation of VAW in 1982 to give guidelines to would-be QUALGOs seeking grants, the Grants Review Committee decided that the council in the past had relied too much on advice from the 'voluntary' sector itself. It did not seem proper that future beneficiaries should themselves suggest policies on grants. They considered whether the criteria determining which grants are awarded should be published. The committee eventually decided not to make these criteria too inflexible by insisting on too many details, but did publish a list of basic requirements (see Appendix 3).

One of its other recommendations was that instead of allocating grants through three committees - Social Services, Housing and General Purpose - there should be one central sub-committee. Thus services and resources would not be duplicated.

A council employee was appointed to co-ordinate all the work on grants. In this way QUALGOs, would-be QUALGOs and other interested parties would know from whom to seek information on grants, activities, etc.

A word processor was installed and a file of information created on all bodies which are aided by the council. This file includes a brief description of the services offered by each organization, its catchment area, the section of the community served, brief financial details and the amount received in grants from the City Council and elsewhere. There is extensive cross-referencing between the different files. This system should prove valuable when discussing policy options. Indeed, it has already produced results. An organization which had received a grant from the Social Services Committee was found also to have received assistance from another body which had applied for funds to the Housing Committee. The connection had not before been discovered.

The new system also shows which organizations receive 'hidden subsidies' in the form of payment for telephone and electricity bills, premises offered at peppercorn rents, the use of council's internal postage, council vehicles and use of officers' time.

We repeat that we are not in favour of the abolition of assistance to deserving organizations. For example, although no financial grant is made by Westminster City Council to the RSPCA, it does provide premises at a peppercorn rent for use as a cat refuge. Who will object

to that? But in another case, the Marylands Community Association received large premises and two residential flats from the City Council at a rental of £50 per annum. In the Central London area where the rental of premises can be worth anything from £20,000 to £200,000 a year, a subsidy of this level is questionable.

## The role of charities and the Charity Commissioners

An important factor in the growth of the QUALGO network is the degree of strictness with which applications for charitable status are scrutinised by the Charity Commissioners. Local authorities often prefer to invest in charitable organizations rather than make their own more costly provisions. The reason, apart from simple economics, is that most leading charities are well-administered enterprises. They are stringently audited and the results of their efforts are seen to benefit the community. They are respected and trusted by the public far more than the official welfare agencies.

Government aid to charities is very considerable despite the fact that voluntary donations are huge. According to the Charities Aid Foundation (Charity Statistics 1982/3), government departments increased their grants to the voluntary sector by about 100 per cent in real terms between 1977 and 1982, to £130 million a year. Over the same period government-funded QUANGOs such as the Manpower Services Commission increased their contribution from £28 million to £100 million. The DHSS, a major provider of funds, tries to monitor how those funds are used. But some other government departments do not even bother. It is intolerable that the haphazard way in which grants are made by central and local government often underwrites inefficient bodies who are unable to raise any significant *private* donations.

### The advantages of charitable status

Charities enjoy many tax privileges. They are exempt from capital transfer tax on lifetime gifts and legacies. They pay no income tax, corporation tax or capital gains tax. Donations under deed of covenant when 'grossed up' produce about 50 per cent more than the sum subscribed, through the recovery of tax paid by the donor. Charities pay little or no rates on buildings they occupy and often only a peppercorn rent to the local authorities.

Charitable status, moreover, gives a voluntary body a *prima facie* warrant of respectability. The precise number of registered charities is not known. The Charity Commissioners accept that at any time 25 per cent or more of all charities are deemed 'deleted' (i.e. no longer

functioning). In 1983, when Baroness Faithful introduced into the House of Lords the Parochial Charities (Neighbourhood Trusts) Bill, 140,000 registered charities were reported by the Commissioners. Of these between a quarter and a third were parish charities. 10,000 new charities had been registered between 1980 and 1983. Voices have been raised in and out of parliament about the lack of accountability of medium-sized and smaller charities. It has been revealed that the Charity Commission does not in fact necessarily receive all their annual reports and accounts. In *Public Accountability and Regulation of Charities* (the Spastics Society, December 1983), Tim Yeo MP states that 75 per cent of all charities have not filed any accounts with the Commission during the last five years. Some have not filed accounts since their incorporation. Amongst these are some endowment charities which are thus in breach of the Charities Act.

### **Attaining charitable status**

As long as applicants can satisfy the Charity Commissioners that their aims are purely charitable, the process of registration seems little more than a formality. The stated aims must be the relief of poverty, or the advancement of education, or the advancement of religion, or some other benefit to the community.

At the time of registration, all new charities are made aware of the requirement that accounts should be submitted to the Charity Commissioners at least once every five years, but in the majority of cases this requirement is completely ignored. Indeed, the Chief Charity Commissioner has admitted publicly that his staff do not have the time or expertise properly to examine the accounts which are submitted, let alone chase those that are outstanding.

It is true that the Inland Revenue stipulates that copies of annual accounts be filed with them. And apparently tax reliefs and refunds to certain organizations have been withheld because these copies had not been received. But these cases are exceptional. Most charities successfully evade close scrutiny.

### **Political activity**

It is perfectly legitimate for charities to lobby Members of Parliament, the government and opposition to further ends which are proper to them. But lobbying must remain apolitical. A good example of legitimate lobbying is the campaign to absolve charities from VAT. There is, however, evidence of other, less acceptable, political activity

by some charities. On 4 January 1984, the *Daily Telegraph* reported that the International Voluntary Service, a registered charity which receives government aid of £200,000 annually, had helped to set up 'peace camps' in Great Britain. Research by the Coalition for Peace through Security, which specialises in campaigning against the Peace Movement, shows that among other activities the IVS has:-

1. set up a work camp to 'landscape' the Peace Protest camp at Faslane Submarine Base;
2. organized a Peace Protest camp in Glasgow;
3. organized a 'Peace Weekend' in London with films and 'non-violence' training; and
4. organized a 'Practical Peacemaking Weekend' in Birmingham, again with 'non-violence' training.

These disclosures prompted two MPs, Richard Holt and Edward Leigh, to demand from the Home Secretary an investigation into the activities of government-sponsored charities.

### **Accountability**

It is clear that the Charity Commissioners have neither the resources nor the manpower to supervise properly the activities of registered charities. Some would say they have not the resolve. This laxity allows mischief and improper use of public money. Any attempt to prevent political abuse of charitable funds is bound to provoke cries of outrage from political activists who have benefited from this state of affairs. This should not deter the government from taking necessary action where there is proven violation of trust.

At the very least it must be made clear that charities ought to produce and publicly display annual accounts and reports, and to arrange open annual general meetings. The Inland Revenue has the machinery and expertise to check these accounts. It seems only fitting that charities who do not submit annual returns to the Inland Revenue should lose their fiscal privileges. The returns could be reviewed by existing computers. There would be no need to recruit more staff.

## How councils should evaluate requests for grants

QUALGOs run by paid staff are very easy to set up but because of political opposition extremely difficult to close down. Grants should, therefore, be limited in size and be given for only one or two years. At the end of an agreed period they should be reviewed.

Organizations should be obliged to set down their objectives in writing. Frequent checks should be made on their activity. Some support from the community should come before any grant from the council is considered. We suggest that at least 25 per cent of an organization's funds should be raised by direct public contribution. If funds cannot be raised directly because the organization's beneficiaries are poor, they should at least be expected to contribute their time on a genuinely voluntary and unpaid basis.

Another way to ensure that there is support for an applicant from within any community is to insist that grants are on something akin to a matching basis – i.e. for every £1000 of grant at least £250 (or preferably £1000!) Organizations which are already in existence and have a good record of community support should have priority when grants are awarded. 'Counselling' centres for needy groups ought not themselves to be political action groups.

If a group has charitable status, one can assume that it has already had at least a measure of vetting. Worthwhile groups can be advised on how to obtain this status. (But a charitable status by itself cannot, we have shown elsewhere, at present be taken as a cast-iron guarantee of worthiness.)

Properly audited accounts for the two preceding years should be submitted with the grant application and annually thereafter.

There may often be identifiable and measurable advantages in sub-contracting a statutory obligation to a genuinely voluntary body such as Age Concern or the WRVS, although councils should do this only after checks have been made to see whether the private commercial sector can provide the same service even more cheaply and efficiently.

Councils should ask *inter alia*:-

- whether there is a genuine need for the activities or service, from the point of view of the intended beneficiaries?

- how much effort and commitment has been put into the proposed activity prior to the request?
- what are the credentials of the individual applicants? Will staff be paid? (If so, *their* political neutrality should be established, too.)
- what alternatives to the service already exist?
- how will the premises and facilities be used? (QUALGOs should not be allowed to loan facilities or funds to other QUALGOs.)

Party politics should be totally excluded from QUALGO activities and any breach of this rule should lead to their closure. The political neutrality clause which is contained in the agreement between the Manpower Services Commission and the projects which it funds serves as a good model. Among the conditions it lists are:-

- projects must not involve political activity or have political objectives;
- no proposal will be accepted if the scheme might be regarded as serving political purposes or as undertaking activities likely to bring the Commission and the programme into public controversy or discredit;
- schemes should not be funded which provide support for or encourage:-
  - (i) any action to be undertaken in support of a political party
  - (ii) the organization of or participation in marches or demonstrations of any kind or the use of scheme premises for these purposes
  - (iii) any action to be undertaken to intervene in industrial disputes
  - (iv) the undertaking of printing or distribution of posters, leaflets, booklets, etc., in connection with the above activities.

It must be observed however that these conditions have not been wholly efficacious. Sometimes it is difficult to prove that it is money received directly from the Manpower Services Commission which has been used for political purposes. For instance, Pimlico Neighbourhood Aid Centre told Westminster City Council that its newspaper *SWOP* was funded by advertisers like the CND and claimed that its political bias was therefore legitimate.

It is a reasonable assumption that if the actual applicant himself or herself is or has been actively involved in politics (including trade union activity) the organization is very unlikely to remain apolitical.

Grant aid to voluntary bodies is far from being necessarily

desirable. In a great many cases public money is wasted. Too often grants lead to the drying up of genuine voluntary support. Therefore aid should be given with great circumspection. Finally, councils should maintain detailed, cross-referenced records (preferably on computers) on all those grants which have been given by them to voluntary bodies, which should be available for inspection at all times.

## How voluntary organizations can be used to save public expenditure

The virtues of the genuine volunteer will bear recounting. They include dedication, enthusiasm, an openness to new ideas, a scorn of demarcation, an independence of judgement, a willingness to work long hours and to put service to others ahead of self-interest. The tendency of misnamed voluntary bodies to drive out these true volunteers and hire paid professionals threatens the exercise of these admirable virtues, to the diminishment of us all.

The many advantages which flow from the use of properly-called voluntary organizations relate also to their scale, the quality of their service and their flexibility. Staffing an organization with part-time busy men and women ensures that no service is expanded beyond what is necessary. No careers are at stake; no empires need to be built; no one's promotion is in the balance. If work is found to be unwanted it can be stopped. No one need be made unemployed or redundant.

Volunteers will often be found able and willing to spare more of their time than an over-worked employee. When calling at the homes of the elderly or handicapped, volunteers can and do stop to talk, to listen, to explain and to reassure. For example, they post letters, telephone electricity boards, let dogs out and match knitting wool. And they bring help and comfort to people who would hesitate to call out a doctor, nurse or other paid professional for minor services.

The flexibility of voluntary help is not the least of its advantages. It can be expanded or contracted according to need. In an emergency the requisite number of helpers can be summoned quickly from a rota.

Yet there are those who call into question the use of volunteers. They talk of the necessity for training, the impropriety of using cheap labour, its 'class bias' and so on. Their objections must be answered and shown to be false.

June Lait, co-author of *Can Social Work Survive?* (Maurice Temple-Smith, 1980) has exposed the dubious nature of claims that training in voluntary work can confer any academic or professional status. Some training may indeed be desirable but since there is no coherent body of knowledge by which to assess results, the 'qualifications' which are gained are suspect, to say the least. They do however create a paradise

for the pretentious, offering them an opportunity to turn away helpful and intelligent laymen on the grounds that they are not 'trained'.

The argument that volunteers should not be used because they are 'cheap labour' – the suggestion, indeed, that such labour is to be despised – itself deserves a contemptuous rebuttal. Often where economies have to be made it is only because voluntary bodies are glad to give their time and labour that auxiliary services continue to be performed (and performed well).

There is no doubt that genuinely voluntary bodies deserve the high esteem which nearly all of us have for them. Examples abound. The RNLI\* shows how a charity entirely supported by voluntary contributions, which has always declined to ask government for funds, need not founder. Excellently managed, with books subject to stringent annual audit, it leaves the public in no doubt that their voluntary contributions are well spent.

What is important is to ask how large a grant from public funds charities *should* be free to accept without losing the independence which they are properly anxious to preserve. Various answers are possible.

One might be the setting up of a severer limit than at present on the amount of such public funds available to them – with the consequent risk, however, that many organizations would then have to spend more of their precious time raising money from private sources rather than doing the practical work to which they have dedicated themselves.

Another answer would be to tie the size of the grant to an assessment of the value of the service rendered. Specific contracts could be drawn up between the voluntary body and the statutory authority. A good example of this is the WRVSt.

The WRVS receives grant aid for its administrative costs from the Home Office, with which it fields 200,000 members and helpers and a fleet of vehicles, and mans over 1000 offices, all with genuine volunteers. Its services include the provision of day and residential clubs, work in hospitals, old people's homes, courts and prisons, the delivery of millions of meals, and transport for the infirm and disabled. It has a 24-hour emergency service with experienced members always on call. Operational costs (food, petrol, etc.) are often paid for by the public or private bodies which request the service. Recipients of the

\*Royal National Lifeboat Institute.

†Women's Royal Voluntary Service.

service sometimes contribute, too. Where profits are made they are given back to the project concerned – for example, profits from court canteens are used to finance help for offenders and their families. And last year £1.25 million was given in the form of gifts to NHS hospitals.

Detailed accounts of the WRVS can be scrutinized at all times. They show how costs are kept to a minimum by the use of unpaid help. In many cases not even expenses are claimed. For example, a recent count in Kent showed that among 7689 WRVS members and helpers only 18 received a grant, averaging £315 per annum.

It may be objected that there is no consumer control over services offered by voluntary bodies. That is true. But at least if they raise money from private sources they need to satisfy their donors that the money is well spent; whereas if this money comes from the bounty of public funds they are likely, all too often, to grow to see themselves as self-appointed guardians of public need without any necessity to justify themselves and their work to those they serve.

Of course a granting authority must scrupulously assess the need and value of every service. But when a bona fide voluntary body offers the cheapest and most effective means of providing it, then that voluntary body should be given the job. Successful charities which do sell their services to the public sector at competitive rates (and thereby help to support themselves) include deservedly famous bodies who provide sheltered accommodation for the orphaned, the elderly and the handicapped, like Dr Barnardo's and the Spastics Society.

In this study we have offered certain guidelines for decisions on grant applications. If they were followed, waste and abuse of privilege would be reduced. And we also wish that the role of those bodies which are voluntary in fact as well as in name should be enhanced. Indeed, the government itself ought to take the lead in praising and encouraging *their* work. It should at all times give them due credit for the financial savings which they bring to pass – whether these are used for tax cuts or for diversion of monies to new purposes. Even more important, it should hold them up for the source of inspiration, in fields other than economic, which to most of us they are.

*Appendix 1*

# **Powers under which local authorities give grants to voluntary and other organizations**

## **A Contribution Powers**

*Power*

\*S.59

(General Powers)

Act 1947

*Brief Description*

Power to contribute to the funds of any body such as London County Council providing a public service by means of cultural activities.

S.4

London Government

(Records) Act 1962

Power to contribute towards the expenses of any person in looking after records of local interest to which the public have access or to any person doing with records under his control anything the council has power to do (i.e. anything necessary or expedient for enabling adequate use to be made of the records such as provision for enabling persons to inspect and copy the records, the preparation of indexes or guides, or summaries, the holding of exhibitions of the records or the delivery of explanatory lectures).

\*S.119(3) Housing Act  
1957 (applied by Section  
21 London Government  
Act 1963)

To make grants or loans or to guarantee loans to housing associations registered with the Housing Corporation under the Housing Act 1974.

S.3

Local Authorities (Land)  
Act 1963 (as amended)

Power to enable the council to make advances to enable a person to:

- (a) acquire any land; or
- (b) erect a building or carry out works on land if to do so would be for the benefit or improvement of Greater London.

N.B. Such advances must not exceed nine-tenths of the value of the land (in (b) above

after the erection of the building or execution of the works), must be secured by mortgage of the land in favour of the council, and must be repaid with interest at not less than a statutory rate.

\*S47(4)  
Local Government  
Act 1963

Power to make contributions to any voluntary organization whose object or primary object is to promote the welfare of children by diminishing the need for children to be received into or to bring them before a juvenile court.

S.73  
Local Government  
Act 1963

Power to enter into agreements with any person approved by the Secretary of State for the Environment for the purpose of giving publicity to the amenities and advantages of Greater London and to make reasonable contributions towards the expenses incurred by such persons in giving effect to any such agreement.

London Government  
Act 1963, Sch.2,  
paragraph 16 (b) & (e)

(a) Contributions towards the cost of preserving, maintaining and managing any building or place of historical or architectural interest.

(b) Contributions towards the provision, erection and maintenance of any work of art in any place within Greater London.

S.1  
Public Libraries and  
Museums Act 1964

Power to contribute towards the expenses incurred by any person in providing and/or maintaining a museum or art gallery or in providing advisory or other services for the benefit of a museum or art gallery.

\*S.56(2)  
Transport Act 1968

Power to make payments towards expenditure appearing to the council to be of a capital nature incurred or to be incurred for the purpose of the provision, improvement

or development of any facilities for public passenger transport if it appears to the council that those facilities are or will be of benefit to Greater London.

S.138  
Transport Act 1968

Power to enter into arrangements with the LTE where the LTE grant, or arrange with someone else that that someone grant, such travel concessions as may be provided for by the arrangements. (This power has been used to enable LTE to assist others, e.g. the blind, the disabled and pensioners.)

\*S.65  
Health Services and  
Public Health Act 1968

Power to assist by way of grant or loan a voluntary organization the activities of which consist in or include the provision of or promotion of the provision of a service similar to certain services ('relevant services') provided by local authorities or the giving of advice on the manner in which those services or similar ones can best be provided.

Relevant services are those provided under the following relevant enactments:

- (i) Part II and IV of the Children and Young Persons Act 1933
- (ii) Part III of the National Assistance Act 1948
- (iii) Section 3 of the Disabled Persons (Employment) Act 1958. (The Children Act 1958 has been repealed by the Foster Children Act 1980.)
- (iv) S.9 of the Mental Health Act 1959
- (v) S.10 of the Mental Health Act 1959 so as it relates to cases mentioned in paragraph (9) of that section
- (vi) The Children and Young Persons Act 1963, except Part II & Section 56
- (vii) The 1968 Act itself

- (viii) S.7(4) of the Family Law Reform Act 1969
- (ix) The Children and Young Persons Act 1969
- (x) S.43 of the Matrimonial Cases Act 1973
- (xi) The Children Act 1975
- (xii) Adoption Act 1976
- (xiii) The Child Care Act 1980
- (xiv) The National Health Service Act 1977
- (xv) S.9 of the Domestic Proceedings and Magistrates Courts Act 1978.

S.136  
Local Government  
Act 1972

Power for two or more authorities to make arrangements for defraying any expenditure incurred by one of them in exercising functions exercisable by both or all of them. (This power has been used to defray borough council's expenditure in making grants to voluntary groups.)

\*S.137(1)  
Local Government  
Act 1972

Power to incur expenditure which in the opinion of the council is in the interests of Greater London or any part of it or all or some of its inhabitants, provided that no expenditure shall be incurred for a purpose for which the council is, either unconditionally or subject to any limitation or to the satisfaction of any condition, authorised or required to make any payment or by virtue of any other enactment. N.B. S.137(2A) provides that the power under S.137(1) includes a power to incur expenditure in giving financial assistance to persons carrying on commercial or industrial undertaking and S.137(2B) provides that financial assistance under sub-section (2A) may be given by lending or guarantee by making grants.

\*S.137(3)  
Local Government  
Act 1972

Power, subject to the provisions of the section, to incur expenditure on contributions to any of the following funds:

- (a) the funds of any charitable body in furtherance of its work in the United Kingdom; or
- (b) the funds of any body which provides any public service in the United Kingdom otherwise than for the purpose of gain; or
- (c) any fund which is raised in connection with a particular event affecting persons resident in the United Kingdom on behalf of whom a public appeal for contributions has been made by the Lord Mayor of London or the chairman of a principal council or by a committee of which the Lord Mayor of London or the chairman of a principal council is a member.

S.138(1)(b)  
Local Government  
Act 1972

Power to make grants or loans in respect of action taken which is calculated to avert alleviate or eradicate in Greater London or among its inhabitants the effects or potential effects of an emergency or disaster.

S.144(1)  
Local Government  
Act 1972

(a) To encourage persons by advertisement or otherwise to visit London for recreation or health purposes or to hold conferences, trade fairs and exhibitions or to improve any existing facilities for those purposes.

S.144(2)  
Local Government  
Act 1972

Power to contribute to an organization approved by the Secretary of State for the Environment and established for the purpose of encouraging people to visit the United Kingdom or any part of it.

\*S.145  
Local Government  
Act 1972

Power to do or arrange for the doing or contribute expenses of doing anything necessary or expedient for the provision of

	an entertainment or of facilities for dancing, the provision of theatres or other premises suitable for entertainment or dancing, the maintenance of a band or orchestra or developing and improving the knowledge, understanding and practice of the arts and the crafts which service the arts.
S.45 Housing Act 1974	Power to give assistance to the carrying out of works for the improvement of amenities in any GLC declared housing action area.
S.S(1) Road Traffic Act 1974	Power to contribute towards the cost of measures designed to promote road safety.
*S.19(3) Local Government (Miscellaneous Provisions) Act 1976	Power to contribute towards the expenses of a voluntary organization in providing recreational facilities which the council would be empowered to provide under sub-section (1) of that section.
*S.13 Housing (Homeless Persons) Act 1977	Power to give assistance by way of grant or loan to a voluntary organization concerned with homelessness or matters related to homelessness. Grant must be made subject to conditions specified in the section.
S.1 Inner Urban Areas Act 1978	Power to lend to enable land to be acquired or developed if such acquisition or works would benefit a designated district.
S.3	Power to make loans and/or grants towards the cost of establishing common ownership and co-operative enterprises which would benefit a designated district.
S.5	Power to make loans and/or grants for environmental works in a GLC improvement area if such work would benefit the area.

- S.6 Power to make grants for the conversion, improvement, extension or modification of industrial or commercial buildings in a GLC improvement area.
- S.9 Power to lend for site preparation works in a special area which would benefit the area. Interest for the first two years may be waived.
- S.10 Power to make a grant towards the rent payable under a lease of an industrial or commercial building in a special area, if taking the lease would benefit the area.
- S.11 Power to make a grant towards the interest payable by a small firm on a loan to enable the firm to acquire land or carry out works in a special area, if the acquisition or works would benefit the area.
- S.45 Ancient Monuments and Archaeological Areas Act 1979 Power to contribute towards the cost of archaeological investment of land in or in the vicinity of Greater London.
- S.24 Ancient Monuments and Archaeological Areas Act 1979 To contribute towards the cost of the preservation, maintenance or management of any ancient monument in or in the vicinity of Greater London.
- B Assistance under S.111 of the Local Government Act 1972 (power to do anything calculated to facilitate, or which is conducive or incidental to, the discharge of any of the functions of the council) given by reference to the following powers of the council**
- Power Brief Description*
- \*S.4 London County Council (General Powers) Act 1947 Power to provide concert halls, entertainment rooms, reading rooms, pavilions and bandstands.
- N.B. S.5 of that Act relevant in connection with the provision of council powers.

- \*S. National Parks and Access to the Countryside Act 1949 Power to make arrangements to enable land which is derelict, neglected or unsightly to be brought into use or improved in appearance, including arrangements for the work to be carried out by someone other than the council.
- S.32 London County Council (General Powers) Act 1951 Power to make payments for (inter alia) the provision of public entertainments.
- \*S71 London Government Act 1972 Duty to establish an organization for the purposes of conducting, or assisting in the conducting of, investigations into, and the collecting of information relating to, any matters concerning Greater London or any part thereof and making or assisting in the making of, arrangements whereby any such information and the results of any such investigations are made available to any authority concerned with local government in Greater London, any government department or the public.
- S.7 Ministry of Housing and Local Government Provisional Confirmation (Greater London Parks and Open Spaces) Act 1967 Power to provide and maintain in any open space a wide variety of facilities for public recreation.
- \*S142(1) Local Government Act 1972 Power to make or assist in the making of arrangements to enable the public on application to obtain information about the services provided in London or any part of it by the council, other local authorities, government departments or charitable or voluntary organizations and other information as to local government matters affecting Greater London.

\*S.142(2)  
Local Government  
Act 1972

Power to:

- (a) arrange for the publication within Greater London of information relating to local government
- (b) arrange for the delivery of lectures, addresses, or for holding discussions on such matters
- (c) arrange for the display of pictures, cinema films, models or the holding of exhibitions on such matters
- (d) prepare, join in, or contribute to the cost of preparation of pictures, films, etc. (as per (c)).

S.44(1)

Power to encourage persons to hold trade fairs, conferences or exhibitions in Greater London or to provide or improve facilities for such conferences, trade fairs or exhibitions.

S.45  
Local Government  
(Miscellaneous  
Provisions)  
Act 1982

Power to make arrangements with the Manpower Services Commission or the Secretary of State under the Employment and Training Act 1973.

### Note

This is not an exhaustive list. The powers which are relied upon most frequently are marked with an asterisk.  
Powers used in the education field have not been included but these too are extensive.

Appendix 2

# PNAC questionnaire about office development in Old Pye Street

Hallo, we are from PNAC on Charlwood Street. We're concerned about plans for an office development on the corner site. We'd like to ask you a few questions.

1. Did you know that the Crown Commission have applied to Westmister Council for planning permission to build an office on the corner of Old Pye Street and Abbey Orchard? YES/NO
2. Do you think that this office will worsen your living conditions through:
  - Increase in the number of cars in the area? YES/NO
  - Pollution and noises from central heating systems? YES/NO
  - Loss of light from high towers? YES/NO
  - Loss of privacy? YES/NO
  - Any other effects? .....
3. Do you think this office development will be to your benefit in any way? YES/NO  
If yes, then what? .....
4. Would you prefer this site to be used for any other purpose than offices? For instance:
  - Housing
  - Open Space
  - Shops
  - Light Industry
  - Hotels
  - Social Facilities
  - Other .....
5. If offices do go ahead, should the developers be required by the council to include some facility of benefit to the local residential community? YES/NO  
If so, what facilities? .....

Name .....

Address .....

.....

## A list of requirements published by Westminster City Council for grant-aided organizations

### Conditions

An organization receiving financial assistance from Westminster City Council is required to comply with the following conditions. The organization must:-

1. seek where possible to raise funds other than from the local authority and maximise self-help and voluntary effort;
2. conduct its affairs (both general and financial) to the satisfaction of the council;
3. keep records showing how it has used the financial assistance given to it by the council;
4. provide the council as requested with documents and reports on its activities;
5. provide the council with a copy of the organization's constitution, details of the membership of any committee of management indicating whether members are appointed or elected, and a copy of the organization's latest annual report;
6. have its accounts audited to the council's satisfaction. Grant may not be paid for year three until the audited accounts for year one have been received (e.g. 1982/3 accounts for 1984/5 grant);
7. recognise that financial assistance given by the council in one year does not entitle the organization automatically to receive funding from the council in subsequent years;
8. advise the council immediately in writing of any changes affecting the organization's finances and activities, including notifying them of any grant awarded by other bodies;
9. be able to demonstrate that it has adequate expertise to carry out the activities it proposes;
10. be seen to be politically neutral and not engage in party political activity. Activities which show a party political bias or involve party political propaganda will not therefore be approved for financial assistance;

11. be prepared to co-operate with any other grant-aided organization or department of the council providing similar services; and
12. be willing to seek registration as a charitable organization, friendly society or limited company as appropriate.

# Bibliography

- 1 *How to get money from the GLC and other left-wing authorities.* 1984. Aims of Industry.
- 2 *Government Grants: a guide for voluntary organisations.* 1983. NCVO.
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- 5 *The Qualgo Complex.* 1984. Adam Smith Institute.

