



Ministry
of Defence



Covenant Fund

Standard terms and conditions – grants over £20,000

This Grant Agreement is important. It sets out the standard legal conditions of our grant offer to you. You accept that these standard terms and conditions are not negotiable.

This is a legal document and you should ensure that you fully understand your responsibilities before accepting a grant from us.

1. Definitions

- 1.1 “You” and “your” means the organisation receiving a grant from the Covenant Fund subject to these terms and conditions.
- 1.2 “We”, “us” and “our” means the Covenant Fund and includes our employees and those acting for us.
- 1.3 “Delivery partner” means an organisation specified in the Offer Letter which will be working directly with you in delivering the Project.
- 1.4 The ‘Project’ means the activity or activities that have been agreed with us Fund and for which we are giving you the grant as set out in the Offer Letter and in Schedule 1 and in accordance with this Grant Agreement.
- 1.5 The ‘Grant Agreement’ includes and incorporates:
 - 1.5.1 these standard terms and conditions;
 - 1.5.2 the Offer Letter which sets out any additional conditions;
 - 1.5.3 Schedules 1 and 2; and
 - 1.5.4 your application form.
- 1.6 The “Funding Period” means the fixed term specified in the grant offer letter.

2. The Grant

- 2.1 You acknowledge that you are holding the grant on trust for the beneficiaries of the Project and therefore you must use the grant exclusively for the Project.
- 2.2 The amount of the grant is set out in the Offer Letter. We are not able to increase the amount of the grant. The amount of the grant may be different to the amount that you applied for.
- 2.3 You must accept our offer within four weeks of receiving it by signing and returning one copy of the Offer Letter. If you do not return the signed Offer Letter within four weeks the offer will be automatically withdrawn. The Offer Letter must be signed by someone who is authorised to sign on behalf of the organisation.
- 2.4 We will then agree with you the terms of Schedule 1 which will include the details for the delivery of the Project and Schedule 2 which will detail the payment installments. At that point we will issue you with the agreed Schedules and any additional terms and conditions we have agreed. In the unlikely event that we cannot agree the Schedules, the offer will be automatically withdrawn. The date of the Grant Agreement will be the date of our Offer letter.
- 2.5 You must tell us promptly about any changes to information you have given us, including any changes to your bank or building society details and you must make sure that the information we hold about your organisation is always true and up to date.
- 2.6 You will tell us immediately if any offer of match funding for this Project which you told us you would receive is withdrawn or reduced at any time during the Project or if additional funding is offered.
- 2.7 You must not use the grant to pay for any spending commitments you have made before the date of the Grant Agreement.
- 2.8 You must hold any unused part of the grant on trust for the beneficiaries of the Project at all times and if you spend less than the whole grant on the Project, you must return the unspent amount to us on demand.
- 2.9 If at any time we are not satisfied that you have met all the terms of our Grant Agreement, or we require extra information or documents, we will let you know and/or will request this information and we may postpone payment of the grant until we decide that the terms are met or until we receive the information we want.

3. The Project

- 3.1 You must start the Project within three months of the date of the Offer Letter.
- 3.2 You agree to deliver the Project within the time we have set you in Schedule 1.

- 3.3 If you want to enter into an agreement with any third party with a view to commercial exploitation of the Project or anything relating to it, you must contact us to obtain our prior written consent. Our consent may be subject to conditions, including conditions requiring the repayment of all or part of the grant.
- 3.4 If you are required by us to enter into a partnership agreement with another organisation or organisations acting as a Delivery partner in order to deliver the Project then you will submit the proposed “Delivery partner partnership agreement” to us for our approval and understand that you cannot start the Project until you have a signed Delivery partner partnership agreement in place. The Delivery partner partnership agreement must ensure that you are named as the accountable body for delivering the Project. You should ensure that your Delivery partner(s) act at all times in accordance with these terms and conditions of grant, so far as applicable to their role on delivering the Project, and in the event of conflict between the terms of the Delivery partner partnership agreement and these terms and conditions of grant, then these terms and conditions of grant must take precedence.
- 3.5 You must maintain adequate insurance at all times. This includes employee and public liability insurance. If any assets have been funded by the grant then you will keep them safely and in good repair and condition and will make sure you have adequate insurance cover for all of them. If the asset is damaged, destroyed or stolen, you must tell us in writing and you must repair or replace it as soon as reasonably practical.
- 3.6 You agree to comply with all laws regulating the way you operate, the work you carry out, the staff you employ or the goods you buy. You will ensure that you have an equal opportunities policy in place at all times, to help you comply with all relevant laws and good practice whilst the Grant Agreement remains in force. You will obtain any planning permission and all approvals, copyright and other consents and licences required by law or by us. This includes but without limitation compliance with all employment legislation, equality legislation, health and safety requirements, data security and all other relevant legal or regulatory approvals necessary for the Project to be delivered.
- 3.7 If your Project involves work with children, young people or vulnerable adults (“vulnerable people”), you will take all reasonable steps to ensure their safety. You will obtain the written agreement from the legal carer or guardian before having any direct contact with any vulnerable people. You will have and carry out an appropriate written policy and have a set of procedures in place at all times to safeguard vulnerable people, which will include procedures to check backgrounds and disclosures of all employees, volunteers, trustees or contractors who will supervise, care for or otherwise have significant direct contact with vulnerable people with the Disclosure and Barring Service.

4. Information, marketing and publicity

- 4.1 You must follow our branding and publicity guidelines at all times if practical and appropriate. You will acknowledge the Armed Forces Covenant and the Covenant Fund by following the guidelines we will provide. You should feature the required logos on all information, marketing and publicity materials including digital media relating to the Project. You should also incorporate verbal and written acknowledgment of our support into your communications.
- 4.2 You hereby give us permission to use, in our sole discretion and as we think fit, any materials produced for or by the Project. You hereby grant us a non-exclusive, worldwide, royalty free perpetual license to reproduce part or all of your Project or related documents as we may reasonably require for marketing, publicity, research and evaluation and reporting purposes.

5. Payment of the grant

- 5.1 Subject to satisfactory receipt of any information required from time to time, we agrees to pay you the total grant in such installments as shown in Schedule 2.
- 5.2 We will pay the grant by way of installments agreed in Schedule 2 by bank transfer (BACS) into a UK-based bank account or building society account in your name, which requires the signatures of at least two authorised people for every withdrawal. You will not use ATM's or debit cards to make cash withdrawals or payments from this account for any purchases in relation to this Project. You will not pay for items funded by the grant above £100 with cash payments and this will be evidenced in the receipts. You will not pay through internet transactions for any purchases in relation to the Project without our prior approval.
- 5.3 You understand and accept that we will not increase the grant if you spend more than the total grant shown in Schedule 2.
- 5.4 We will not be liable for any losses or costs (including, but not only, bank charges) if we do not make grant payments on the dates agreed in Schedule 2. Payments agreed in Schedule 2 will be dependent upon the timely submission of, and our approval of, the information required under Schedule 1. If you do not do submit satisfactory information to us, the grant payments agreed in Schedule 2 may be suspended.
- 5.5 You will show the grant and related expenditure in its annual accounts under the description of "Covenant Fund Funding" as a restricted fund. If you have more than one restricted fund, it will include a note to the accounts identifying each restricted fund separately. If you have more than one grant from us, you will record each grant separately in the notes to the accounts. You will identify unspent funds and assets in respect of the grant separately in your accounting records and acknowledge our grant in your annual report and accounts.

6. VAT

- 6.1 You acknowledge that the grant is not consideration for any taxable supply for VAT purposes. You acknowledge that our obligation does not extend to paying you any amounts in respect of VAT in addition to the grant.
- 6.2 If you are registered for VAT, or subsequently become liable to register for VAT, you must keep proper and up to date records and you must make those records available to us and give us copies when requested.
- 6.3 If we have agreed to fund any or all of the VAT costs associated with your Project and you subsequently recover any VAT, you must pay us back immediately any of the VAT that has been paid for with the grant.

7. You agree that

- 7.1 You must meet any special or additional conditions which may have been agreed between us in writing from time to time and which will be deemed incorporated into this Grant Agreement.
- 7.2 You must ensure that all current and future members of your governing body, or if you are a statutory body the executive team responsible for delivering the Project, receive a copy of this Grant Agreement while it remains in force and will ensure that the receipt of this grant and the delivery of the Project are within the scope of your constitution and if asked by us you will provide a legal opinion from your solicitors confirming this.
- 7.4 You must tell us in advance if you want to make any significant changes to your legal status, to the Project or to the name of the Project being delivered under this Grant Agreement. We will not unreasonably withhold its consent to any such changes.
- 7.5 You must write to us as soon as possible if any legal claims are made or threatened against you and/or which would adversely affect the Project during the period of the grant (including any claims made against members of your governing body or staff).
- 7.6 You must tell us in writing as soon as possible of any investigation concerning you, your trustees, directors, employees or volunteers carried out by the Police, Charity Commission, the Office of the Scottish Charity Regulator, the Charity Commission for Northern Ireland, HM Revenue & Customs or any other regulatory body.
- 7.7 You must us immediately of any proposed changes that may threaten your solvency and inform us immediately if you are proposing to enter into any arrangement with any creditors.
- 7.8 You will inform us immediately in writing of anything that significantly delays, threatens or makes unlikely the Project's completion, including any delay or difficulty in fulfilling your obligations to work with others as specified in the Offer Letter.

8. Monitoring

- 8.1 You understand and accept that we will monitor the progress of the Project and require you to complete all the activities specified in Schedule 1 on time.
- 8.2 To enable this, you will need to send us all such information as we may in our sole discretion reasonably request from time to time. This includes the information, without limitation, set out in Schedule 1, and copies of all or any other relevant documentation about your financial details and operational systems and processes and any other information which we may deem relevant to our understanding of how the Project is being delivered and the funding used. If we ask, you must give us, or any person nominated by us, or the National Audit Office access to all records relating to the Project or subsequent profit made by the Project upon demand, including (but not limited to) accounts and any other financial records, VAT and any other tax records. We can ask for access to these records for up to seven years after the Project has finished.
- 8.3 You will be available for meetings with us, as may be reasonably requested, relating to the Project.
- 8.4 You will provide us with a full report on the Project within three months of completing it, using our end of grant report form which we will send to you. We understand that the grant is finished only after we have completed this report to your satisfaction and you have received to your satisfaction the evidence of expenditure you have requested for the period of the Grant Agreement.

9. Conditions relating to assets or services purchased with the grant

- 9.1 If any part of the grant is to buy or build, refurbish, extend or alter buildings or land then you will comply with the terms of the standard capital grant conditions attached to the Offer Letter or any other conditions which we have required of you.
- 9.2 If any part of the grant is used to buy any assets, such as buildings, vehicles, computer equipment or intellectual property or a series of related assets or services or a series of services costing more than £10,000, you will put out the order to competitive tender. If the grant is being used to purchase assets or services over the amount determined from time to time by OJEU, you will follow the OJEU regulations. If any part of the grant is to buy an asset or a series of assets which have an economic life of five years or more, regardless of cost you will keep all receipts and invoices for us to look at. If there are good reasons why you cannot tender, you will obtain our written agreement beforehand. You will comply with all anti-bribery and anti-corruption legislation.
- 9.3 You will not sell, give away or borrow against any assets, such as buildings, vehicles or intellectual property, bought with the grant during the period of their economic life without first receiving our written consent. As the grant comes

from public funds, you understand and accept that if we do provide written consent we may require that the sale is at full market value and/or subject to conditions requiring you to repay all or part of the money you receive.

- 9.4 You understand that we will monitor assets bought with the grant amounting to over £100,000 for a period of up to ten years after the grant has ended unless varied by any capital conditions, which for the avoidance of doubt, will take precedence. If the assets were purchased for less than £100,000 we will monitor the assets for a period of five years or while the Grant Agreement remains in force, whichever is the shorter. You will supply us with information that we ask for and will allow us to inspect the assets for that period.
- 9.5 During the grant monitoring period, you will provide an annual statement that the grant funded assets are still in use and insured by you.

10. General conditions

- 10.1 If you fail to meet any term and condition of the Grant Agreement and we do not enforce one or more of our rights straight away, this does not mean that we will not do so in the future. We will give up our right to enforce this Grant Agreement only if we tell you in writing.
- 10.2 We will not be held responsible for any action you take, any action you fail to take, or for your debts or liabilities. You are fully responsible for every part of the delivery and content of the Project or for your organisation and the decisions about them. We will not be responsible to anyone else who may take, or threaten to take, proceedings against you.
- 10.3 You accept that we may share information about your grant with any parties of our choice as well as with members of the public under the Freedom of Information Act 2000. Details of the grant may be broadcast on television, on our website, in newspapers and through other media.
- 10.4 You acknowledge that the grant comes from public funds and you will not use the grant in a way that constitutes unapprovable State aid. In the event that it is deemed to be unapprovable State aid, then you will repay the entire grant immediately.
- 10.5 You may not transfer any part of the grant or this Grant Agreement or any rights under it to another organisation or individual, unless you have entered into an agreement, authorised by us in accordance with clause 3.4.
- 10.6 We may reject any future application from you to other programmes we run if you do not comply with these terms and conditions or we judge that you did not handle the grant adequately or if you failed to complete any requests for information we made to you.
- 10.7 If you have other major revenue or capital grants with us, then you are also under an obligation to keep to the terms and conditions of those Grant

Agreements. If there is any conflict between those terms and conditions and the terms and conditions of this Grant Agreement, then these terms and conditions will take precedence so far as they relate directly to the delivery of this Project

11. Breach of these terms and conditions, and suspending or repaying the grant

11.1 If you fail to meet any of these terms and conditions, we may, in our absolute discretion:

11.1.1 require you to pay back all or part of the grant (regardless of how much you may have already spent if you have not spent it in accordance with these terms and conditions); and/or

11.1.2 end this Grant Agreement immediately.

11.2 We may recover the grant in our absolute discretion, if any of the following events occurs:

11.2.1 you close down (unless it joins with, or is replaced by, another organisation that can carry out the Project and we have provided our prior written permission);

11.2.2 you make any changes to the Project with first getting our written permission;

11.2.3 you use the grant for anything other than the Project;

11.2.4 you do not follow our reasonable instructions;

11.2.5 you do not carry out the Project with reasonable care, thoroughness and competence;

11.2.6 you do not complete the Project on time;

11.2.7 you have supplied us with any information that is wrong or misleading, either by mistake or because you were trying to mislead us;

11.2.8 your solvency is threatened or if you are proposing to enter into any arrangement with any of your creditors;

11.2.9 you act illegally or negligently at any time, and we believe it has significantly affected the Project, or is likely to harm our or your reputation; and/or

11.2.10 without first getting our approval in writing, you sell or in some other way transfer the grant, your organisation or the Project to someone else.

11.3 If you have other major revenue or capital grants with us, then you are also under an obligation to keep to the terms and conditions of those Grant Agreements. If there is any conflict between those terms and conditions and the terms and conditions of this Grant Agreement, then these terms and

conditions will take precedence so far as they relate directly to the delivery of this Project

- 11.4 If you breach any of the terms of this Grant Agreement, we can choose to treat that as if you had breached the terms of any other grant agreements we have with you. This will allow us to take the same actions under those agreements that we may take under this Grant Agreement.

12. Termination of the Grant Agreement

12.1 These terms and conditions and the Grant Agreement remain in force for whichever of these is the longest time:

- for one year following the payment of the last installment of the grant;
- as long as any part of the grant remains unspent;
- the expiry of the maximum period required under the Grant Agreement for asset monitoring;
- as long as you do not carry out any of the terms and conditions of the Grant Agreement or any breach of them continues (this includes any outstanding reporting on grant expenditure or Project delivery).

13. Additional conditions

13.1 We have the right to impose additional terms and conditions on the grant if:

- You are in breach of the Grant Agreement;
- We withdraw any part of the funding for the Project;
- We judge that members of your governing body, volunteers or staff or any person or organisation closely involved in carrying out the Project act in a way that may have a detrimental effect on the Project or the reputation of the Armed Forces Covenant or the reputation of the Covenant Fund;
- If we have reasonable grounds to believe that it is necessary to protect public money; and/or
- We believe such conditions are necessary or desirable to make sure that the Project is delivered as set out in the application form or following any agreed changes.