

## 3. New Grants Advice Panel

*New government grants, including those that are high risk and / or novel and contentious, as well as those undergoing a step change in scope or funding, should be considered for submission to the New Grants Advice Panel for scrutiny and advice from subject experts.*

### Managing Public Money:

1. Departments' primary concern when administering grants is to have due regard to the guidance set out in Managing Public Money; nothing in this document is intended to contradict or override that guidance.
2. This functional standard is not intended to be an additional spending control; departments retain accountability for decisions on all grant expenditure.

### Important note on scope:

3. This functional standard applies only to **general grants** made by departments and their Arm's Length Bodies (ALBs) using Exchequer funding.
4. It does not apply to **formula grants** or **Grant-in-Aid**.
5. The term 'general grants' is broadly defined below, to assist identification:  
**General Grants:** grants made by departments or their grant making ALBs to outside bodies to reimburse expenditure on agreed items or functions, and often paid only on statutory conditions. These are the grants, which are most closely related in administration to contract procurement, whilst remaining legally distinct.

### What?

6. This Standard is about ensuring that suitable grants are referred to the New Grants Advice Panel (NGAP) for consideration, at the appropriate time. The decision as to which grants to refer rests with the department, taking into account the guidance in this note. Please note that whilst departments are encouraged to incorporate NGAP advice into their grant management decisions, the recommendations are not mandatory, however, details of the referral and a response to the advice should be included in the business case.

### What is the New Grants Advice Panel (NGAP)?

7. The NGAP is a cross-government expert panel coordinated by the Grants Management Function in the Cabinet Office, Fraud, Error, Debt and Grants team. The Panel meet every two months and its terms of reference support the delivery of three objectives to:
  - reduce the cost of administering grants;

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- improve the effectiveness of grant funding; and
  - reduce losses from fraud and error.
8. The Panel's particular focus is to increase the scrutiny of government grant spend, where that is defined as higher risk (see Standard Seven - Due Diligence and Fraud Risk for more information on the risk fields). Insights from the Panel also help to inform the Grants Centre of Excellence.
9. This standard is in line with a mandate issued by the 'Efficiency and Reform' Cabinet (sub-committee) in 2014.

## **Background**

10. In 2014, the 'Efficiency and Reform' Cabinet (sub-committee) agreed that departments would inform the Cabinet Office Grants Management Function of any planned new grant schemes as early as possible. Information on new schemes is collected by the Government Grants Information System (GGIS), which provides scheme level data on government grants.
11. With experts from across government, able to advise on each stage of the policy process, and supplemented by those with specific expertise in, for example, law, propriety and ethics or the Voluntary, Community and Social Enterprise (VCSE) sector, NGAP provides advice and challenge on a range of issues. The panel is able to suggest links to other new or existing grant programmes and it sometimes recommends that alternative funding models such as loans or contract procurement be explored. Panel members frequently advise on procurement related issues, such as appropriate governance within a scheme's delivery chain and provides expert advice on a range of specific issues including fraud and error risks and State Aid.
12. While departments are obliged to provide this information for cases that they choose to refer to the panel, they are not obliged to accept the advice provided by the panel. However, the breadth of the cross-government panel's expertise allows for the provision of advice that may not be available within any single department.
13. All advice provided by the panel must be recorded as part of the Business Case process, together with a response to the advice and any action taken. The response can then be assessed through the departmental governance process and at the final sign-off by finance.

## **Aims and Objectives of NGAP**

- to enable scrutiny and challenge in relation to the implementation and delivery of the Functional Standard for Government General Grants and its processes;
- to provide advice and challenge in reference to new, high-risk grants planned across government;
- to improve the strategic oversight of government grants, alongside the GGIS; and
- to increase value for money and eliminate inappropriate practice.

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### Scope

14. The scope of the NGAP includes new government grants over £100k that are high risk and/ or novel and contentious. This specifically includes all high value/ high risk grants; those which are undergoing a step change increase in funding or scope; any other grants which departments would like to be assessed; and any grants the Cabinet Office Grants Management Function deem high-risk.
15. Departmental participation in NGAP will be monitored by the Cabinet Office Grants Management Function, through the GGIS, with new grants, identified as high-risk, being selected for review by the panel if necessary.

### Collecting information for the panel and dealing with advice

#### When should I refer a grant to NGAP?

16. Grants, which fit the description outlined under the '**Scope**' heading above, should be referred to NGAP as early as possible in the development cycle, preferably at the policy development stage, prior to the final decision being made to use a grant mechanism. This will ensure that the panel members have the best opportunity to inform the development of the policy.

#### Who is responsible for the referral?

17. Departments are responsible for referring appropriate grants to NGAP - the grants team in Cabinet Office will issue a reminder prior to each NGAP meeting. A field is available in the GGIS, to enable departments to indicate that they would like to refer to NGAP, at the point a new policy or grant is entered on the system. Where a department marks a grant as 'high risk' on the GGIS, but decides not to refer that grant to NGAP for advice, the reason for that decision should be captured in the business case.

#### Do the panel members need to see the business case?

18. In short the answer is no. Data to inform panel meetings is collected via the New Grants Advice Panel referral template and the GGIS. Potential new grants must be entered onto the GGIS as early as possible in the strategic policy development stage, to ensure that appropriate grants are reviewed by the panel at the right time. Departments should record any issues or questions they would like the NGAP panel to consider, when the grant is entered on to the GGIS and selected for NGAP referral.

#### Do I need to attend the NGAP meeting?

19. Departments are encouraged to attend NGAP meetings and take part in the discussion. The Senior Responsible Owner (SRO) for the grant, or another suitable individual, may be asked to present the detail of the grant to the panel, however, this is not compulsory.

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### **What happens after the panel meeting?**

20. Panel members will review the information provided and offer advice as appropriate. Advice provided by panel members will be recorded on the GGIS and circulated to attendees via a minute of the meeting, to be reviewed and taken into account by the grant owner – this will happen within 3 working days following the panel meeting.

### **Do I have to accept the advice of the panel?**

21. No, however, where advice is provided and not accepted, a response should be recorded, providing brief reasons, as part of the business case or in another appropriate place. This will ensure transparency and help departments demonstrate how NGAP advice is taken into account. Consideration of the response to any advice provided by the NGAP should form part of the final sign-off for grants, which have been through the panel.

### **Is the NGAP a new spending control?**

22. No, the panel is advisory only.

### **Issues that NGAP frequently offers advice on include whether:**

- there are potential links with other grant schemes across government;
- loans, contract procurement or alternative funding vehicles/ mechanisms could provide better value for money than a grant;
- there is appropriate governance within the scheme's delivery chain to ensure strong delivery of objectives;
- it appears that the proposed scheme could be at particular risk of fraud and error;
- blended finance, leveraging or other co-financing options could be considered to improve value for money and/ or reduce the cost of the scheme to government;
- the funding value allocated to the scheme is likely to be optimal to achieve the policy objectives; and
- there appear to be any potential state aid issues with the proposed grant scheme.

### **State Aid**

The BEIS State Aid panel are represented on NGAP.