

## 8. Performance and Monitoring

*All government grants should have **outputs agreed** and **longer-term outcomes defined**, wherever possible, to enable active performance management, including regular reviews and adjustments where deemed necessary.*

### 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 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 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. The minimum expectation for this standard is that all grants should have defined outputs and/ or longer term outcomes, which form a binding part of the grant agreement where that is possible, for example:
  - aims and objectives of the grant are clearly defined;
  - eligible expenditure terms are defined (see guidance on standard six - Grant Agreements); and
  - a performance profile/ key performance indicators (KPIs) and/ or milestones are included as part of the description of delivery.
7. Where outputs genuinely cannot be specified, for example, in the case of innovation grants where the outcomes cannot be foreseen, there should be a very clear articulation of what the grant is awarded for, the required activity and the aims and objectives - these should be linked to a rigorous monitoring regime

## Government Functional Standard for General Grants Guidance

to ensure that funding can be stopped where delivery does not match expectation.

**Note:** a performance management toolkit is available on the grants Centre of Excellence, to support the development of performance management models. The Grants Hub can be accessed here:

<https://grantshub.civilservice.gov.uk/>

Please note that you will have to register to gain access to the grants hub.

8. The process to define outputs and the associated monitoring and assurance regime should be proportionate to the value of the grant and the perceived risk:



### Performance Monitoring and Evaluation will also be proportionate

Below £100k	£100k - £5million	Above £5million
<p><b>Performance Management</b></p> <ul style="list-style-type: none"><li>• Milestones/ profile/ outputs</li><li>• Reporting requirements - financial and delivery</li><li>• Contingency arrangements - performance improvement/ termination clause</li><li>• Data Security policy</li><li>• Annual review policy - repeat awards</li></ul> <p><b>Evaluation</b></p> <ul style="list-style-type: none"><li>• Internal review of outputs/ impact</li></ul>	<p><b>Performance Management</b></p> <ul style="list-style-type: none"><li>• Independent assurance and risk assessment</li><li>• Funding claw back arrangements</li><li>• Critical success factors</li><li>• Monitoring regime</li><li>• Audit policy</li><li>• Fraud prevention strategy</li><li>• Timing determined by Dept. but min half yearly</li></ul> <p><b>Evaluation</b></p> <ul style="list-style-type: none"><li>• Peer review internal findings</li><li>• Publication of the evaluation findings/ report</li></ul>	<p><b>Performance Management</b></p> <ul style="list-style-type: none"><li>• Minimum quarterly monitoring meetings with senior managers</li><li>• Payments linked to outputs - payment triggers</li></ul> <p><b>Evaluation</b></p> <ul style="list-style-type: none"><li>• Full independent quantitative and qualitative evaluation</li><li>• Rule of thumb - 10% of budget for evaluation</li></ul>

## Performance Monitoring

9. Recommended activities for performance and financial monitoring include:

- regular financial returns such as 'statements of grant usage' which are linked to the release of future payments
- regular checkpoint meetings to discuss progress against pre-agreed schedule
- regular monitoring visits to the Grant Recipient
- peer review and impact evaluation of delivery
- supporting documentation and other evidence from the grant recipient
- a requirement for quarterly performance delivery reports and an overall annual one

## **Government Functional Standard for General Grants Guidance**

10. It will be for the Grant Authority to define the assurance and performance monitoring regime for individual grants. The details should be recorded in the Business Case and form a part of the Grant Agreement.

### **Performance Management Toolkit**

11. A performance management toolkit is available via the grants Centre of Excellence, to support the development of performance management models. The Grants Hub can be accessed here:

<https://grantshub.civilservice.gov.uk/DataSolutionLogin>

### **Value Added Tax**

12. Most government grants do not attract Value Added Tax (VAT), by virtue of not requiring 'consideration' in exchange for funding. Care must be exercised when defining outputs and outcomes to ensure that the justified requirement to define outputs and outcomes, does not become so specified and onerous to the grant that it constitutes consideration, thus potentially making the award subject to VAT.
13. The Tax Centre of Excellence (Tax CoE) has produced a short yet comprehensive guidance note on grants and VAT which goes through the key differences between grant funding and contract procurement. This document can be accessed from the Tax CoE website here:

<https://taxcentreofexcellence.uk/>