



Cabinet Office

Guidance for General Grants

Introduction

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Important note

- ▶ This guidance applies only to general grants made by departments and their arm's length bodies (ALBs) using exchequer funding. It does not apply to formula grants or grant in aid, although guidance for the latter grant will be developed in the future. 'Managing Public Money' and local guidance within organisations will continue to apply until then.
- ▶ Organisations' primary concern when administering grants is to have due regard to the 'Grants Functional Standard' (GovS 015) and the key documents referred to within it, including '[Managing Public Money](#)'. Nothing in this guidance is intended to contradict or supersede these. Furthermore, this guidance is not intended to be an additional spending control - departments retain accountability for decisions on all grant expenditure.
- ▶ This guidance should be read in conjunction with the wider set of 'Minimum Requirements' guidance documents (including this Introduction). Further information about how to apply this guidance can be found in the following document: '**Grant Scheme Readiness: a guide to designing and developing a new government grant scheme**', available online through the '[Grants Centre of Excellence \(GCOE\)](#)'. Further references and resources are highlighted throughout. It should also be read alongside organisations' internal guidance, where available, which will provide the departmental policy context.
- ▶ This guidance should be approached on a 'comply or explain' basis. It is important to consider flexibility and proportionality in adhering to the minimum requirements. As such there may be some specific instances where the requirements may not be met in full. In these instances, appropriate justification should be recorded within the business case or equivalent approval documents.

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Introduction

1. Minimum Standards for government general grants (and supporting guidance) were originally published on gov.uk in December 2016. This consisted of ten *minimum standards* covering the end-to-end general grant making process. As a result of changes to the management of government functions, these have been fully incorporated within the Government Grants Functional Standard (GovS 015), which can be accessed [here on gov.uk](#). This describes how the function operates across government grant making organisations. The *minimum standards* are now described as *minimum requirements* of the general grants process, as part of the wider grants functional standard.
2. The Grants Functional Standard is applicable to general grants made by departments and Arm's Length Bodies (ALBs), either wholly or partly, using Exchequer funding. The Standard aims to ensure that departments deliver consistency, regularity and propriety in administering government grant funding.
3. This document serves as an introduction to the suite of guidance supporting the ten minimum requirements, and should also be read in conjunction with the Grants Functional Standard. This document provides an overview of:
 - the minimum requirements;
 - an introduction to the six-stage lifecycle of government grants and its interaction with the minimum requirements;
 - how this applies to public bodies;
 - support from the Grants Centre of Excellence; and
 - a list of additional priorities.

General Grants: Minimum Requirements

4. The ten minimum requirements are listed below, with further detailed guidance for each minimum requirement hosted alongside this document, on gov.uk.

[MR01. Senior officer responsible for a grant](#)

All government grants shall have a **named senior officer responsible for a grant** with clearly defined responsibilities throughout lifetime of the grant. *Note: this role is often referred to in departments as the senior responsible owner (SRO).*

[MR02. Approvals and data capture](#)

Departments shall ensure they have a robust **grants approval process** to approve **spend over £100,000**, and that details of all current grant schemes and awards are **available on the Government Grants Information System (GGIS)**.

MR03. New grants advice panel

New government grants, including those that are high risk and 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.

MR04. Business case development

A **robust business case**, proportionate to the level of expenditure and risk, shall be developed for all government grants. This should be scrutinised and approved in stages, as part of grants approval process, in line with the guidance in **Managing Public Money**.

MR05. Competition for funding

Government grants should be **competed by default**; exceptions may be approved where competition would not be appropriate. Detailed supporting evidence for any direct award decision should be provided in the approved business case.

MR06. Grant agreements

All government grants shall be awarded through **robust grant agreements**, proportionate to the value of the grant and which reflect the Functional Standard for government grants, in line with guidance in Managing Public Money. All government grant agreements shall include terms of eligible expenditure.

MR07. Risk, Controls and Assurance

All government grants should be managed within an effective and proportionate control framework, including being subject to **timely and proportionate due diligence**, assurance and **fraud risk assessment**.

MR08. 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.

MR09. Annual review and reconciliation

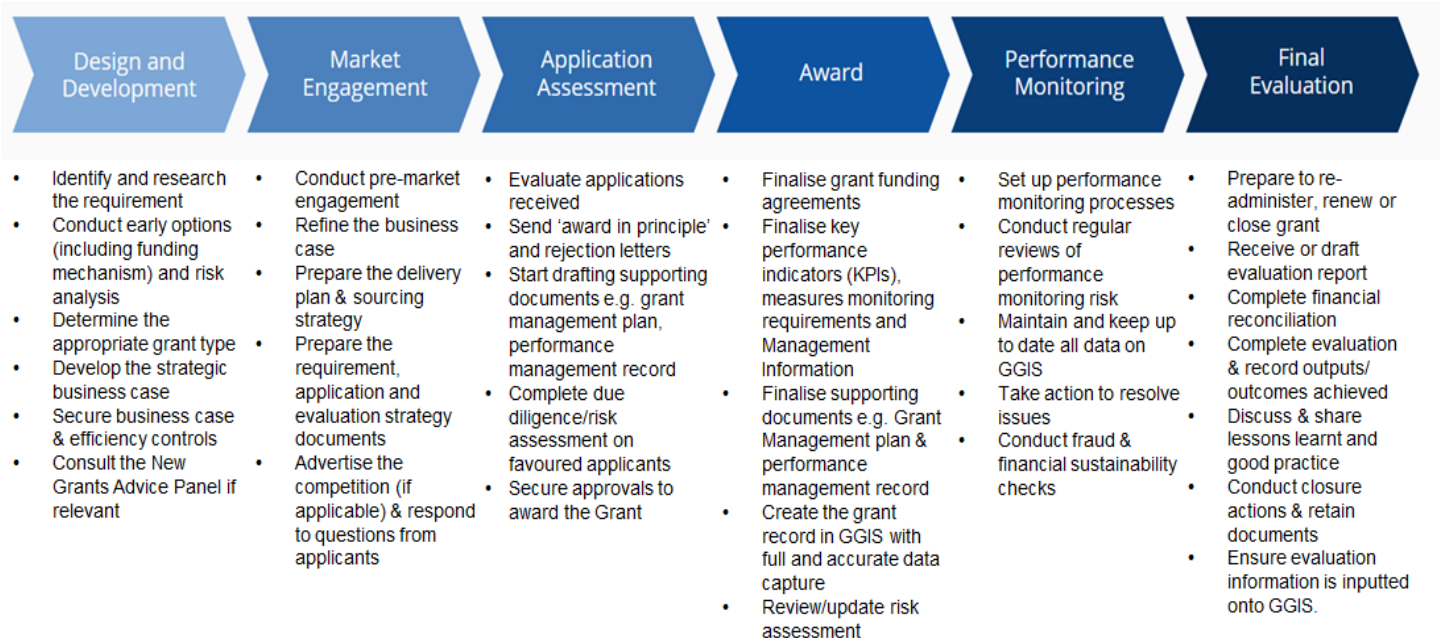
All government grants should **be reviewed annually at a minimum** with a focus on financial reconciliation, taking into account delivery across the period, resulting in a decision to continue, discontinue or amend funding.

MR10. Training

All those involved in the development and administration of grant awards should **undertake core training in grant management** best practice.

Government Grants Lifecycle for General Grants

5. The accepted lifecycle framework through which general grants are managed consists of six main steps - from design and development to final evaluation. These steps are outlined below, with some further information on sub-processes. The lifecycle and process for grant in aid is covered in detail within the grants functional standard.
6. The six-step lifecycle is designed to be applicable to all general grants, despite significantly varying policy objectives for individual schemes across government, and is enabled by:
 - departments' individual governance models;
 - the capacity and capability of grant administration teams; and
 - use of technology and insight from data sources such as the Government Grants Information System (GGIS) and any relevant documentation available from the Grants Centre of Excellence.



Step 1 - Design and Development:

7. During the design and development stage, policy proposals are received, external consultation can be sought (more information on early market engagement is in ['Minimum Requirement Two - Approvals and Data Capture'](#)), and the strategic business case for a grant is developed and signed off. This initial stage requires grant-makers to critically assess whether the proposal should progress based on a rigorous assessment of value for money and risk. When grant schemes are set up well from the very beginning, with input from experts from policy, finance, commercial, legal, etc., value for money can be achieved and the potential for fraud and loss throughout the rest of the grant making process is reduced.

Step 2 - Market Engagement:

8. This stage of grant making process serves to support the development of an active pool of applicants, as well as ensuring that the grant is publicised and the opportunity made available to the right potential recipients. This leads to healthy and appropriate competition for funding and delivering cost effective outcomes. The benefits of appropriate competition have been clearly proven to outweigh the costs of competition and should be supported throughout the grant making process. If a grant requires significant collaboration or market creation, consider the use of a challenge fund to drive appropriate engagement (more detail on challenge funds is in [Minimum Requirement Five - Competition for Funding](#)).

Step 3 - Application assessment:

9. Pre-award, departments will review grant applications, and due diligence checks (more information is in [Minimum Requirement Seven - Due Diligence and Fraud Risk](#)) will inform award decisions. Weaknesses in the application assessment may result in a significant risk of fraud and loss to departments. At this stage in the process, the development of a formal pre-qualification questionnaire (PQQ) should be considered, which can be used to test against an exhaustive list of risk indicators and will help to ensure consistency in practice. An effective assessment model will help result in awards being made to appropriate recipients. The assessment will also enable the identification of riskier awards, so steps can be taken to manage that risk appropriately, throughout the grant-lifecycle.

Step 4 - Award:

10. The award stage is critical because the grant agreement and performance measures, which will govern delivery, are agreed between both parties – these should be based on the work done at the Business Case stage and should ensure above all that the grant is used as intended. Performance monitoring requirements and responsibilities, including legal expectations, should be outlined clearly in the grant agreement to provide the tools for effective grant management, for example, providing the facility, through setting and agreeing clear expectations at the outset, to hold the grant recipient to account for the delivery of the intended outputs.

Step 5 - Performance Monitoring:

11. Throughout the performance monitoring stage, regular reviews of agreed performance measures and expenditure shall be conducted, in line with the terms of the grant agreement, and action taken to address any concerns identified. By actively monitoring delivery, departments can detect fraud, track that grants will achieve their intended outputs, and provide assurance that expenditure is within the eligible expenditure terms outlined in the grant agreement.

Step 6 - Final Evaluation:

12. At the end of a grant's life, an evaluation of delivery should be undertaken and lessons learnt disseminated.

Minimum Requirements across the General Grants Lifecycle

13. There is a clear link between the ten minimum requirements and the six steps of the grants lifecycle, which is important for grant makers to consider throughout management of their grant(s). The following diagram shows how these align:



Accountabilities and responsibilities

14. The development of a grant scheme involves a number of people across various professions, depending on the complexity. It may not always be clear where accountabilities and responsibilities lie, for specific elements or tasks that are present within the grants lifecycle and the minimum requirements. The matrix below provides a broad overview of key roles in the management of general grants, and provides an illustration of where accountability and responsibility might rest.

Tasks	Roles					
	SOR	Finance	Commercial	Policy/ALB	Legal	Audit
GGIS*	A	I	I	R	I	I
Policy Development	A	A	C	R	C	I
NGAP: Referral / Advice	A	I	I	R	I	I
Business Case	A	A	C	R	C	I
Grant Agreement	A	A	R	R	C	C
Monitoring / Assurance	A	A	C	R	I	C
Reporting	A	I	I	R	I	I
Evaluation	A	C	I	R	I	I

* This refers to the input of information to the system.

Key:	R = Responsible	A = Accountable	C = Consulted	I = Informed
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Application of the Standard and minimum requirements to Arm's Length Bodies (ALBs)

15. Some departments have ALBs and other types of public bodies that carry out activities on their behalf. Usually departments will have an agreed Framework Document or Memorandum of Understanding with each ALB that sets-out the nature of the relationship, the form of accountability, how the ALB is funded, and details of the activities the ALB will engage in. If an ALB or public body is awarding general grants that are themselves drawn from Exchequer funding, then the Functional Standard shall apply.
16. Departments are responsible for making sure that, where applicable, the general grants administered via ALBs, using Exchequer funding, are consistent with the functional standard for government general grants.
17. For more information on what constitutes an ALB (and other forms of public body) please review the guidance on classification of public bodies that can be found here: <https://www.gov.uk/government/publications/classification-of-public-bodies-information-and-guidance>
18. The annual Cabinet Office publication that lists the current ALBs can be accessed via gov.uk. The most recent version can be found here (under the section on public bodies reports): <https://www.gov.uk/government/collections/public-bodies>
19. Another (though less regularly updated) list that also includes other forms of public bodies can be found here: <https://www.gov.uk/government/organisations>

The Government Grants Centre of Excellence (CoE)

"The launch of the Grants Centre of Excellence marks a step forward as we seek to reduce risk and improve the effectiveness of grant funding across government. The CoE can help build the capability we need to manage grants effectively across government, supported by our financial leaders."

What is the Centre of Excellence?

20. The Centre of Excellence (CoE) provides public servants involved in the development of government grants, with access to support, best practice guidance, products, toolkits and training via the Government Grants Academy. The CoE's content is reviewed regularly and is developed in partnership with departments and ALBs, to ensure a good fit with local policy and practice. The CoE is accessible to public servants, via the Grants Hub, which can be found here: <https://grantshub.civilservice.gov.uk/DataSolutionLogin>

Key benefits:

- **providing a focal point for departments on central policy:** in improving grant award and administration – delivering the Government’s ambition to increase efficiency, improve effectiveness and reduce losses from fraud and error;
- **improving effectiveness:** supporting the raising of standards across government;
- **building resilience:** sharing access to best practice across departmental boundaries;
- **efficiencies:** in the use of government resources;
- **coordinate and focus activity:** the development of supporting products, provision of expert advice and sharing of best practice – seeking input from and reaching a wider audience; and
- **integrated and effective working:** between finance, policy and commercial colleagues to ensure a rigorous approach, which maximises value for money.

Additional Priorities

Code of Conduct

21. All departments are expected to demonstrate the highest standards of professional conduct and to take into consideration the public interest. Ethical behaviour plays a vital role in ensuring public trust in the grant making process and upholding the reputation of the government departments.

22. It is also important to ensure that public money is not granted to recipients that fall short of the ethical standards that departments require of them, when carrying out the activities being funded. Departments are encouraged to make the necessary checks of potential recipients to ensure they have in place processes to safeguard against any number of ethical issues that may vary depending on the nature of the grant and the activities to be funded. These may include: misuse of funds, conflicts of interest, or even ensuring that vulnerable adults and children are protected. To address this, a Code of Conduct for grant recipients has been developed and can be accessed via the link below.

23. The Code of Conduct for government grant recipients is aligned to the equivalent Code of Conduct for commercial suppliers. The code sets out the expectations in terms of ethical and professional behaviour that the Government places on grant recipients. It covers the sorts of behaviour that the government expects of a grant recipient and what a grant recipient can expect from government. Although the code itself does not have specific legal effect, it is given a legal basis within individual government grant agreements. The both the supplier code of conduct and the code of conduct for general grant recipients can be found here:

<https://www.gov.uk/government/publications/supplier-code-of-conduct>

24. The Code of Conduct for Grant Recipients is split across three key areas, each with various sub headings:

Employees / Service Users	Business Practices	Standards of Behaviour
<ul style="list-style-type: none"> • Respectful treatment • Professional behaviour • Interacting with vulnerable groups 	<ul style="list-style-type: none"> • Risk management • Continuous improvement • End-to-end delivery • Value for money • Reputation and conflicts of interest • Cyber security and confidentiality • Environmentally sustainable funding 	<ul style="list-style-type: none"> • Ethical behaviour • Counter fraud and corruption • Treatment of agents, partners, intermediaries and subcontractors • Transparency • Social responsibility

Government Commercial Function

25. It is important to understand the differences between grant funding is and contract procurement. One key consideration in deciding which model is appropriate to the delivery of a policy, is whether or not the department is purchasing a product or service, or if it is merely supporting an activity that aligns with departmental policy.
26. There are other differences that range from compliance with procurement rules through to the treatment of VAT, all of which will impact on whether grant funding or contract procurement is the best funding option. For more information refer to [Managing Public Money guidance](#) and the high level guidance note on *Grants and Alternative Funding Options*, which is located on the grants hub – these documents can be accessed here: <https://grantshub.civilservice.gov.uk/DataSolutionLogin>
27. There are many similarities between the general grant and commercial contracting processes. Commercial practice is well established, and it is recommended that grant makers in departments make links with their colleagues in the Commercial Function, to benefit from established best practice, where that can be effectively applied to grant funding models.
28. In any event, care should be exercised when considering commercial practice, to ensure that commercial models are not inappropriately applied to general grants. Below is an example of commercial guidance, which can be applied effectively to general grants:

Competition bid-rigging toolkit

The Competition and Markets Authority has created a toolkit for analysing potential bid rigging and other anti-competitive behaviour. Whilst this is designed with Commercial contracts in mind, it is of use and applicable to Grants funding, especially within competed awards. For more information follow this link:

<https://www.gov.uk/government/news/cma-launches-digital-tool-to-fight-bid-rigging>

State Aid

29. Using taxpayer-funded resources to provide assistance to one or more organisations in a way that gives an advantage over others may be state aid.
30. Giving assistance as state aid will nearly always be more time consuming and difficult than designing assistance in a way that avoids doing so. Some state aid is illegal under EU rules because it distorts competition in a way that is harmful to citizens and companies in the EU. But where it is unavoidable, state aid can be given legally by:
- using one of a set of approved EU mechanisms for state aid; and
 - by getting approval for the particular scheme from the EU Commission.

What is State Aid?

31. State aid is any advantage granted by public authorities, through state resources, on a selective basis to any organisations that could potentially distort competition and trade in the European Union (EU).
32. The definition of state aid is very broad because ‘an advantage’ can take many forms. It is anything which an undertaking (an organisation engaged in economic activity) could not get on the open market.

State Aid Guidance

33. The UK Government supports the need for effective state aid rules to prevent distortion of competition and to create an open and competitive market in the EU on which UK firms can fairly compete and grow. More information and guidance can be accessed here, including contacts to request further information and support:
<https://www.gov.uk/guidance/state-aid>.