



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. [Managing Public Money](#) and local guidance within government grant making organisations is applicable to those categories and minimum requirements may be developed in future.
- ▶ 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 grants expenditure.
- ▶ This guidance should be read in conjunction with the wider set of minimum requirements guidance documents. Further information and tools supporting this guidance can be found online through the [grants Centre of Excellence \(CoE\)](#). 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 (see paragraphs 5-8).

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## Introduction

1. Minimum standards for government general grants, including supporting guidance, were originally published on [GOV.UK](https://www.gov.uk) in December 2016. This consisted of ten individual standards covering the end-to-end general grant making process, aimed at describing minimum expectations for the design, development and administration of general grants. As government functions developed, the minimum standards were fully incorporated within a single standard - the [Government Grants Functional Standard \(GovS 015\)](#) - with supporting minimum requirements, which can be accessed on GOV.UK.
2. The minimum standards are now described as minimum requirements for general grants, as part of the Grants Functional Standard.
3. The grants functional standard is applicable to grants administered by departments and arm's length bodies (ALBs), either wholly or partly, using Exchequer funding. The grants functional standard aims to ensure that departments deliver consistency, regularity and propriety in administering government grant funding.
4. 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 for general grants;
  - an introduction to the six-step lifecycle of government grants and its interaction with the minimum requirements;
  - how this applies to public bodies;
  - support from the grants core function team and via the Centre of Excellence; and
  - a summary of additional priorities.

## The Comply or Explain Principle

5. This guidance should be approached on a **comply or explain** basis. In practice this means that the organisation developing the grant scheme will demonstrate compliance with the minimum requirements, or where that is not possible for specific elements of the requirements, record a supporting rationale providing justification for any areas of non-compliance. The rationale should be recorded in the business case, or a suitable alternative document, and approved by a person with an appropriate level of delegated authority within the organisation.
6. Whilst compliance with the minimum requirements should be seen as a priority, it is important to consider flexibility and proportionality in adhering to the minimum requirements, to avoid adopting an approach which is too rigid and could inhibit the delivery of outcomes.
7. An example of the use of this principle is in the administration of general grants under Section 31 of the Local Government Act, 2003 (S.31). In these cases, government policy on localism dictates that funding should not be ring fenced, unless explicit approval is given by the Department for Levelling Up, Housing and Communities

(DLUHC) Secretary of State. Therefore, full compliance with some elements of the minimum requirements for general grants will not be possible, such as many of the requirements under minimum requirement six, which covers grant agreements, and minimum requirement eight, which covers performance and monitoring. In these cases, the DLUHC guidance for the administration of S.31 grants should be followed - a copy of the DLUHC guidance can be found on the grants Centre of Excellence - and a case developed to provide a rationale for any elements of the minimum requirements, with which full compliance cannot be achieved. This should be recorded in the business case. For S.31 grant schemes, many elements of the minimum requirements will still be applicable, such as:

- uploading data to the Government Grants Information System (GGIS);
- complying with governance and approvals for the scheme level business case;
- undertaking a fraud risk assessment at scheme level; and
- ensuring clear guidance is provided to recipients.

8. For clarity, the grants functional standard and the functional blueprint, which describes the structure of the function in grant making organisations, remains fully applicable to these schemes.

### Local Government: Funding Simplification

9. The Department for Levelling Up, Housing and Communities (DLUHC) is developing new guidance for funding local authorities. When designing grant schemes to be allocated exclusively to local authorities, due regard shall be given to the Government's commitment to [simplify the funding landscape](#). Teams developing new grants shall consider the burden they place on local authorities by designing new competitions and whether a suitably designed allocative approach could achieve the same or better outcomes. To ensure they have considered the four principles of the funding simplification doctrine, funding organisations will need to complete a pro forma, which is available on the Centre of Excellence and from the DLUHC.

### General Grants: Minimum Requirements

10. The ten minimum requirements are listed below, with further detailed guidance for each minimum requirement published alongside this document, on GOV.UK.

MR	Minimum Requirement	Description
1	<a href="#">Senior officer responsible for a grant</a>	All government grants shall have a <b>named senior officer responsible for a grant</b> with clearly defined responsibilities throughout the lifetime of the grant. <i>Note: this role is often referred to in departments as the senior responsible owner (SRO).</i>

2	<a href="#"><u>Approvals and data capture</u></a>	Departments shall ensure they have a robust <b>grants approval process</b> to approve <b>spend over £100,000</b> , and that details of all current grant schemes and awards are <b>available on the Government Grants Information System (GGIS)</b> .
3	<a href="#"><u>Complex grants advice panel</u></a>	<b>Complex government grants, including those that are high risk, novel, contentious</b> or repercussive, as well as those undergoing a step change in scope or funding, <b>should be considered for submission to the Complex Grants Advice Panel</b> for scrutiny and advice from subject experts.
4	<a href="#"><u>Business case development</u></a>	A <b>robust business case</b> , 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.
5	<a href="#"><u>Competition for funding</u></a>	Government grants should be <b>competed by default</b> ; 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.
6	<a href="#"><u>Grant agreements</u></a>	All government general grants shall be awarded through <b>robust grant agreements</b> , proportionate to the value of the grant and which reflect the Grants Functional Standard for government grants, in line with guidance in Managing Public Money. All government general grant agreements shall include terms of eligible expenditure.
7	<a href="#"><u>Risk, Controls and Assurance</u></a>	All government grants should be managed within an effective and proportionate control framework, including being subject to <b>timely and proportionate due diligence, assurance and fraud risk assessment</b> .
8	<a href="#"><u>Performance and monitoring</u></a>	All government grants should have <b>outcomes agreed</b> and <b>longer-term outcomes defined</b> , wherever possible, to enable active performance management, including regular reviews and adjustments where deemed necessary.
9	<a href="#"><u>Annual review and reconciliation</u></a>	All government grants should <b>be reviewed annually at a minimum</b> with a focus on financial reconciliation, taking into account delivery across the period, resulting in a decision to continue, discontinue or amend funding.

<b>10</b>	<b>Training</b>	All those involved in the development and administration of grant awards should <b>undertake core training in grant management</b> best practice.
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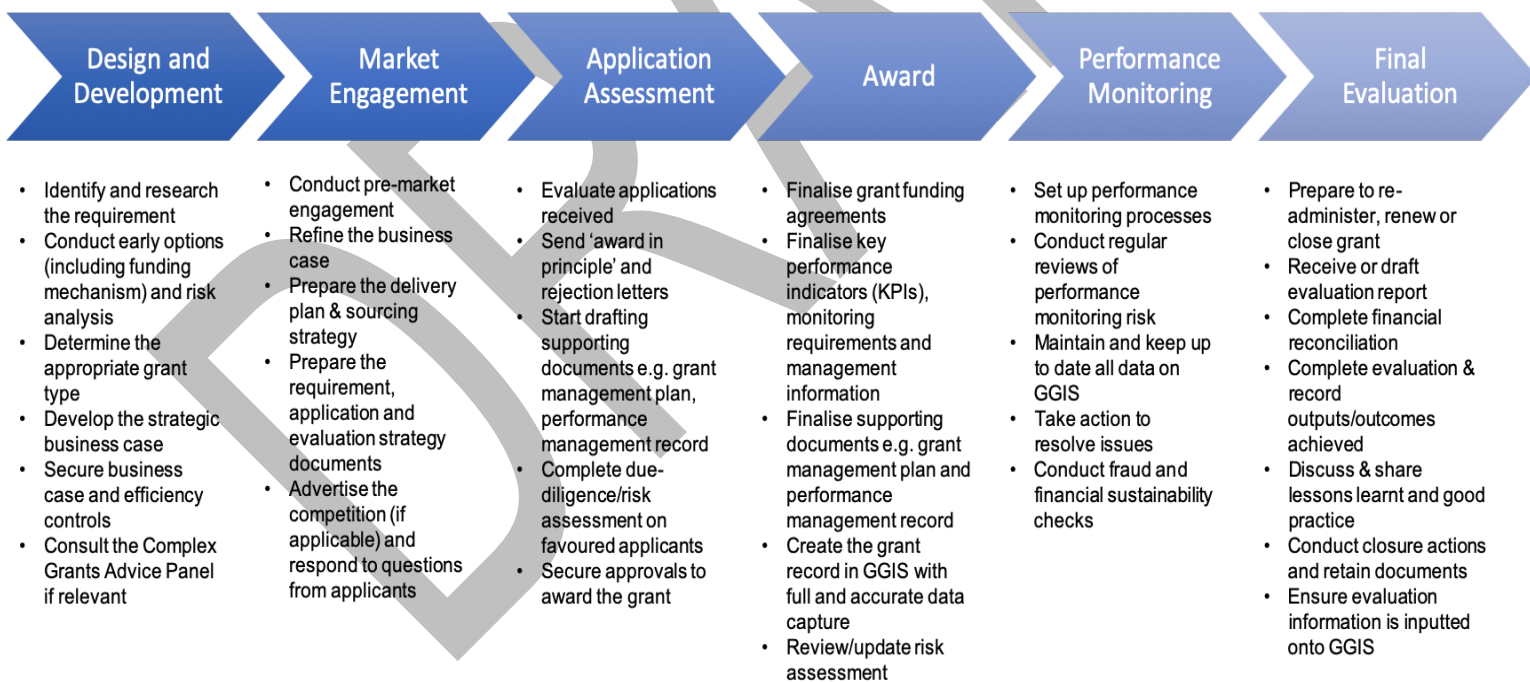
## The Lifecycle of Government General Grants

11. The accepted lifecycle 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 detail on sub-processes. The lifecycle and process for grant-in-aid is covered in detail within the grants functional standard.

12. The six-step lifecycle is designed to be applicable to all general grant schemes, across varying policy objectives, and is enabled by:

- departments' individual governance models;
- the capacity and capability of grants administration teams; and
- the 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.

### Lifecycle overview



### Lifecycle steps for Government General Grants

	Steps	Description
1	<b>Design and Development</b>	During the design and development step policy proposals are considered, external consultation can be sought (more information on

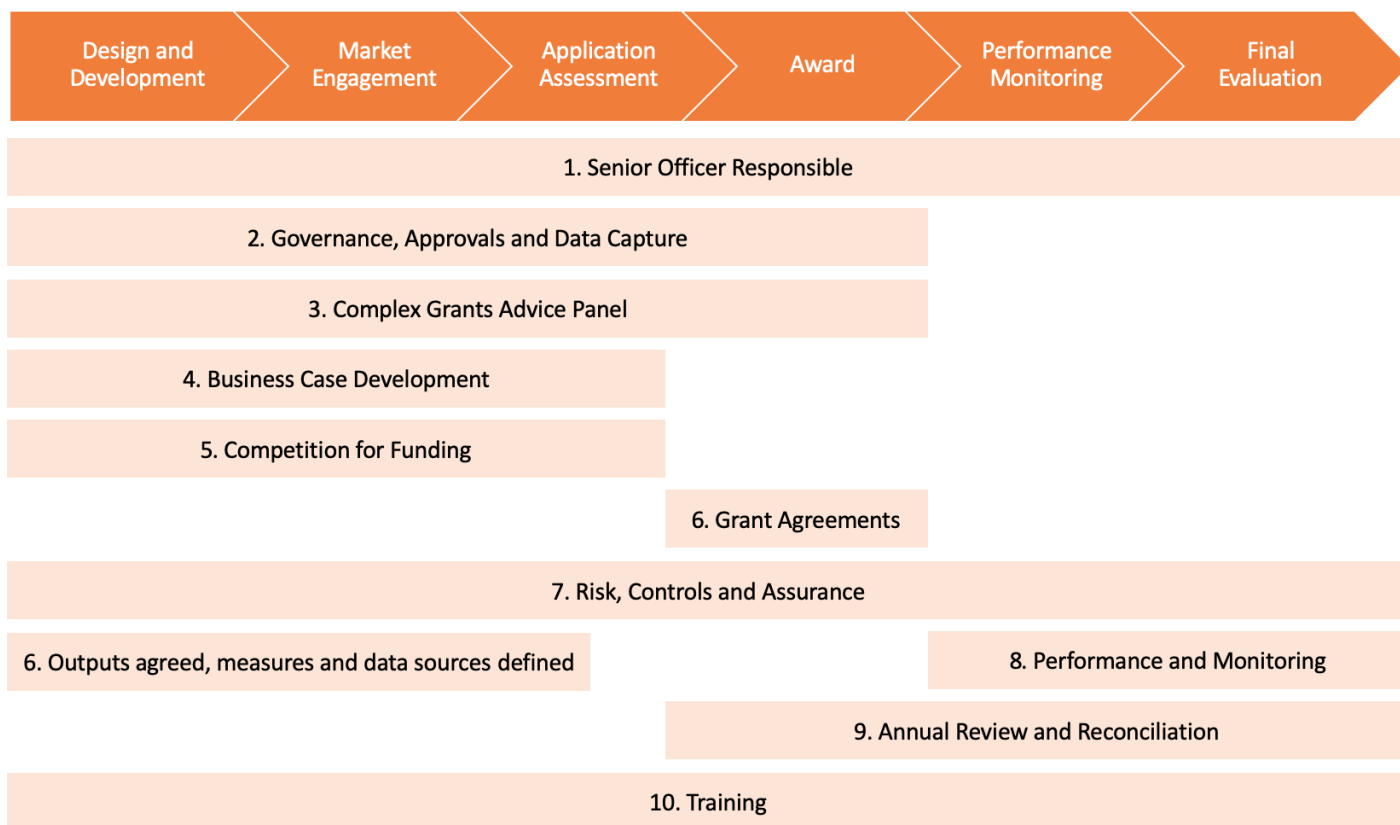
		<p>early market engagement is in <a href="#">Minimum Requirement Two - Approvals and Data Capture</a>), and the strategic business case for a grant is developed and approved. This will include an assessment of whether a grant is the appropriate delivery mechanism for the policy objectives. This initial stage requires a critical assessment of whether the proposal should progress, based on a rigorous consideration of value for money and risk. When grant schemes are well designed from the very beginning, with input from appropriate subject matter experts such as policy, finance, commercial and legal, value for money can be achieved and the potential for losses through fraud and error can be mitigated, throughout the grant lifecycle.</p>
<p>2</p>	<p><b>Market Engagement</b></p>	<p>This step of the lifecycle serves to identify a potential pool of applicants, as well as ensuring that the grant is publicised and the opportunity is made available to appropriate, interested organisations. This leads to healthy and appropriate competition for funding, 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 scheme requires significant collaboration or market creation, consider the use of a challenge fund to drive appropriate engagement (more detail on challenge funds is in <a href="#">Minimum Requirement Five - Competition for Funding</a>). The market engagement step includes the mandatory requirement to advertise general grant schemes via <a href="#">Find A Grant</a>.</p>
<p>3</p>	<p><b>Application Assessment</b></p>	<p>Pre-award, funding organisations will review grant applications, and undertake initial due diligence checks to inform award decisions (more information is in <a href="#">Minimum Requirement Seven - Risk Controls and Assurance</a>). 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 of practice. An effective assessment model will help result in awards being made to appropriate recipients. The assessment will also enable the identification of higher-risk awards, so steps can be taken to manage the risk appropriately, for example, through financial and delivery monitoring, reporting and validation, at appropriate intervals across the delivery period.</p>
<p>4</p>	<p><b>Award</b></p>	<p>The award stage is critical because the grant agreement and delivery assessment measures 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 for the intended purpose and all expenditure is within defined eligible categories. Performance and financial monitoring and validation requirements and responsibilities, including legal expectations, should be outlined clearly in the grant agreement, including setting clear breach terms, including consequences, to provide the tools for effective grant management. The grant agreement should provide the mechanism, through setting and agreeing clear expectations at the outset, to hold the grant recipient to account for the delivery of milestones and</p>



		outcomes and to enable the effective management of payments to minimise financial loss.
5	<b>Performance Monitoring</b>	Throughout the performance monitoring stage, regular reviews of agreed performance measures shall be conducted, alongside financial monitoring, in line with the terms of the grant agreement, and action taken to address any concerns identified. By actively monitoring delivery and expenditure, government grant making organisations can: monitor payments versus expenditure; detect fraud; track if the grant is on course to achieve its intended outcomes; and provide assurance that expenditure is within the defined eligible categories set-out in the grant agreement.
6	<b>Final Evaluation</b>	The evaluation model, including costs, should be developed and agreed at the design and development stage, with input from specialists such as Social Researchers, Data Analysts and Economists. The evaluation should run throughout the delivery period, and beyond, with the intention of the assessing whether the grant has achieved its defined outcomes and to assess the impact. An evaluation of delivery, which is proportionate to the scheme in terms of scope and costs, shall be undertaken for all government grant schemes, with lessons learnt captured and shared to inform future, related policy interventions across government.

### 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 the management of their grant schemes. The following diagram shows how these align across the lifecycle:



### Accountabilities and Responsibilities

14. The development of a grant scheme involves a range of people across various professions, depending on the complexity. The matrix below provides a broad overview of key roles and stakeholders in the management of general grants, and provides an illustration of where accountability and responsibility might lie.

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

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

<b>Key:</b>	R = Responsible	A = Accountable	C = Consulted	I = Informed
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## Application of the Grants Functional Standard and Minimum Requirements within grant making Arm's Length Bodies (ALBs)

15. Some departments have ALBs and other types of public bodies that carry out grant making activities on their behalf. Usually, sponsor departments will have an agreed framework document, contract or memorandum of understanding with each ALB, which sets-out the nature of the relationship, the form of accountability, how the ALB is funded, and details of the policies and activities the ALB will be engaged in. If an ALB or public body is awarding general grants that are themselves drawn from Exchequer funding, then the grants functional standard **shall** apply fully to the management and administration of those schemes.
16. Sponsor departments are responsible for making sure, where applicable, that general grant schemes administered via ALBs, using Exchequer funding, are compliant with the grants functional standard and associated minimum requirements. It is good practice to reference and link to the functional standard and minimum requirements in the framework document agreed with each ALB, as well as the grants data standard, alongside the setting of clear expectations with regards to compliance.
17. For more information on what constitutes an ALB (and other forms of public body) please review the guidance on [classification of public bodies](#).
18. The annual Cabinet Office publication that provides a list of available ALBs can be accessed via GOV.UK. The most recent version can be found under the section on [public bodies reports](#).
19. Another (though less regularly updated) list that also includes other forms of public bodies is the ['Departments, agencies and public bodies' list](#).

## The Grants Pipeline Control Framework

20. The Grants Pipeline Control Framework was introduced from April 2021 and is applicable to all Exchequer funded government grants. The aim of the control is to increase the visibility of all categories of government grants at an earlier stage, and to enable the identification of an appropriate intervention and support model for grant making organisations involved in the development of government general grant schemes.
21. The control forms part of the suite of Cabinet Office spending controls. It is intended to help the Government Grants Management Function and government grant making organisations to work together to ensure that general grants administration is compliant with the grants functional standard and associated minimum requirements. Through regular data collection via the pipeline, the control also enables the identification of high-value, high-risk, novel, contentious or repercussive schemes, to allow expert advice and support to be focused where it will make the most difference. Process guidance supporting the administration of the framework is published on the [grants Centre of Excellence \(CoE\)](#).

## The Public Sector Equality Duty

22. In developing new grant schemes, government grant making organisations should have regard to the requirements of the Public Sector Equality Duty, which ensures that all public bodies play their part in making society fairer by tackling discrimination and providing equality of opportunity for all. A quick start guide can be found on GOV.UK: <https://www.gov.uk/government/publications/public-sector-quick-start-guide-to-the-public-sector-equality-duty>

## The Government Grants Centre of Excellence (CoE)

*"The launch of the [grants Centre of Excellence \(CoE\)](#) 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?

23. The [grants 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. The CoE's content is reviewed regularly and is developed in partnership with subject matter experts in departments and grant making ALBs, to ensure a good fit with local policy and practice. You can register for access to the CoE if you are from a government department or grant making ALB.

### Key benefits of using the Centre of Excellence:

- **providing a focal point for departments on central policy:** with a focus on improving grant award and administration, in line with general objectives to increase efficiency, improve effectiveness and reduce losses from fraud and error;
- **raising standards:** supporting appropriate and proportionate practice towards raising standards in government general grant making;
- **building resilience:** accessing best practice through seeking advice from the [Complex Grants Advice Panel](#) (CGAP) and sharing learning and other sources of evaluation across departmental boundaries;
- **increasing efficiency:** in the use of government resources through central access to guidance, supporting a consistent and proportionate approach to the design, development and administration of government general grant schemes;
- **coordinating and focusing 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 the three key professions involved in government grant making - policy, finance and commercial - to ensure a rigorous and expert approach, which maximises value for money and impact.

## Additional Priorities

### Code of Conduct

24. In the management of grant funding, all government grant making organisations 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 grants management and in upholding the reputation of government.
25. It is important to ensure that public money is not awarded to recipients that fall short of the ethical standards that departments require of them when carrying out the activities being funded. Grant making organisations are encouraged to make the necessary checks on potential recipients, to ensure they have in place processes to safeguard against ethical issues such as: misuse of funds; conflicts of interest; environmental issues; and ensuring that vulnerable adults and children are protected. To address this, a [Code of Conduct for grant recipients](#) is published on GOV.UK, to ensure transparency of expectation and responsibility.
26. The code of conduct for government grant recipients is aligned to the equivalent commercial [Code of Conduct for suppliers](#), and sets out expectations with regards to ethical and professional behaviour that the Government places on grant recipients. It covers the behaviours which government expects of grant recipients and sets out what grant recipients can expect from government regarding standards of behaviour. Although the code itself does not have specific legal effect, it is given a legal basis where it is referenced within individual government grant agreements.
27. The code of conduct for grant recipients is split across three key areas, each with various sub headings:

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

### Government Commercial Function

28. It is important to understand the differences between grant funding and contract procurement. One key consideration in deciding which mechanism is appropriate to the delivery of a policy, is whether or not the department is purchasing a product or service, or if it is supporting an activity which aligns with departmental policy for the public good. There are other differences, ranging from compliance with procurement

rules, to the treatment of VAT, all of which will impact on whether grant funding or contract procurement is the best funding option.

29. As well as differences, there are also many similarities between the general grant and commercial contracting lifecycles and processes. Commercial practice is well established, so it is recommended that grants practitioners work with their colleagues in the Commercial Function to benefit, where appropriate, from established best practice, so it can be effectively applied to general grant funding models.
30. For more information refer to [Managing Public Money](#) and the high level guidance note on **Grants and Alternative Funding Options**, which is located in the resource library under guidance on the [grants Centre for Excellence \(CoE\)](#).
31. The **General Grants or Commercial Procurement eLearning module**, which can be found on the Government Commercial College, explains the key differences between a grant and a commercial contract, including the lifecycles and administration processes. A link to the platform can be found on the [grants Centre of Excellence \(CoE\)](#) in the Grants Foundation Learning Package.
32. Care should always 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 [digital 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.

### Subsidy Control

33. It is important that senior officer responsible (SOR) for a grant scheme is aware of government guidance on subsidy control, for example:
  - [UK subsidy control rules](#) which replaced EU State Aid rules following the UK's exit from the European Union; and
  - [World Trade Organisation \(WTO\)](#) rules on subsidies.

More information can be found in [Minimum Requirement Five - Competition for Funding](#).