



Cabinet Office

# Guidance for General Grants

Minimum Requirement Two: Governance, Approvals & Data Capture

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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 (including the introduction). Further information and tools supporting this guidance can be found online through the [grants Centre of Excellence \(CoE\)](#). 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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## Minimum Requirement

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)**.

## Purpose

**Minimum Requirement Two:** Governance, Approvals and Data Capture is designed to ensure that government grant making organisations have a robust and proportionate governance and approvals process in place to scrutinise and approve their general grant schemes, in line with the grants functional standard and Managing Public Money.

This includes a related, proportionate approach for the development of grant scheme business cases with a value that is below the threshold for referral for scrutiny via an organisation's investment committee, and a lighter-touch approach for low value schemes with a value of less than £100,000. This is particularly important to consider throughout the design and development stage, and prior to award, to optimise value for money and minimise risk. Compliance with this minimum requirement will ensure that grants data are entered onto the GGIS, in line with the latest version of the memorandum of understanding, agreed with central departments, and in line with the [Grants Data Standard](#), to enable strategic planning and to allow government to meet its transparency commitments.

## Grants Functional Standard: Key References

Mandatory requirements are defined by the word **shall** in the grants functional standard, which can be accessed [on GOV.UK](https://www.gov.uk). The **shall** statements related to this minimum requirement have been extracted from the standard and are set out below. **Please note:** in some cases, the information has been paraphrased for conciseness - refer to the standard itself for the full text.

Area	Requirement(s)	Context	Reference	Page
<b>Governance:</b>	A governance and management framework shall be defined and established for the management of grants across government as a whole, and in government organisations, and comply with government and organisational policies and directives.	Grants governance comprises authorising, directing, empowering and overseeing the management of funding. The governance of grant making activities should be an integrated part of the organisation's overall governance arrangements.	4.1 Governance and management framework.  <i>Also refer to: HM Treasury, Accounting officer system statements.</i>	6
<b>Governance:</b>	Each organisation <b>shall</b> have a senior officer accountable for its grant funding and a defined and established governance framework which: <ul style="list-style-type: none"> <li>• complies with government and organisational policies and directives, and with the government grants functional standard;</li> <li>• defines which activity should be included and how it should be managed;</li> <li>• should be reflected in the respective accounting officer system statement;</li> <li>• should be periodically reviewed to ensure it is still valid.</li> </ul>	[As above]	4.1 Governance and management framework.  <i>Also refer to: 4.4 Roles and accountabilities.</i>	6

Area	Requirement(s)	Context	Reference	Page
<b>Governance:</b> Approvals	To facilitate governance and scrutiny, grant activity <b>shall</b> be justified and documented throughout the grant life cycle. Such evaluation should be in accordance with HM Treasury requirements (see <a href="#">Green Book</a> ). Justification may be documented either in the form of a business case or other proportionate format, which should be defined in the organisation's grant governance and management framework.	Decisions should be made, and approvals given in a timely manner, in accordance with the organisation's grant governance and management framework, financial management controls (including delegations of authority) and government policy.	4.2.2 Justification of grants.  <i>Also refer to: 5 Grant life cycle, Green Book, 4.2.1 Decision making.</i>	8
<b>Governance:</b> Approvals	If required, subsequent approval <b>shall</b> be obtained in accordance with HM Treasury, Cabinet Office policy and spend controls and GovS 006, Finance <b>shall</b> be followed.	<i>[As above]</i>	4.2.2 Justification of grants.  <i>Also refer to: 5 Grant life cycle, Cabinet Office controls, 2018, 4.2 Decision making.</i>	8
<b>Governance:</b>	GovS 006, Finance <b>shall</b> be followed, and those accountable for the management of grants <b>shall</b> comply with the following documents: <ul style="list-style-type: none"> <li>• <a href="#">Managing Public Money</a>;</li> <li>• 'Global Design Principles'.</li> </ul>	Grants governance comprises authorising, directing, empowering and overseeing the management of funding. The governance of grant making activities should be an integrated part of the organisation's overall governance arrangements.	4.1 Governance and management framework.  <i>Also refer to: GovS 006 Finance, <a href="#">Managing Public Money</a>, Global Design Principles.</i>	6

Area	Requirement(s)	Context	Reference	Page
<p><b>Grant Life Cycle:</b></p>	<p>Details of the grant <b>shall</b> be entered on to the Government Grants Information System (see 6.8) as soon as approval to develop the proposal has been given.</p> <p>A robust business case (or equivalent document), proportionate to the level of expenditure and risk <b>shall</b> be developed (see 4.2.2).</p> <p>A proportionate assessment of fraud risk <b>shall</b> be undertaken, including an assessment of mitigating actions (see 6.2).</p> <p>Once a business case has been developed, it <b>shall</b> be approved, where it meets the requirements of the organisation's governance and approvals process (see 4.2.2), and details of the approval <b>shall</b> be entered into the Government Grants Information System, in line with the requirements of the grants pipeline control process guidance.</p>	<p>The purpose of the Government Grants Information System is to facilitate the recording and reporting of grant information across government, providing accurate data to help departments to manage their grant portfolios efficiently and effectively, while helping to actively reduce the risk of fraud, through data.</p>	<p>5.2.1 Design and development</p> <p><i>Also refer to: 6.6 Document management and record keeping 6.8 Reporting and information.</i></p>	<p>13</p>
<p><b>Supporting practices:</b> Document management and record keeping</p>	<p>Information shall be retained to meet statutory and government requirements, in accordance with organisational information retention policies and legal requirements.</p>	<p>Document management and record keeping ensures necessary information, documentation, data and other records (both physical and electronic) are securely stored, distributed and retrievable when needed to support and evidence grant management practices.</p>	<p>6.6 Document management and record keeping.</p>	<p>21</p>

Area	Requirement(s)	Context	Reference	Page
<b>Supporting practices:</b> Reporting and information	Key data on government grants <b>shall</b> be recorded in the grants information system and <b>shall</b> include the following data as a minimum: <ul style="list-style-type: none"> <li>• value;</li> <li>• delivery period;</li> <li>• brief description of purpose;</li> <li>• owning department;</li> <li>• intermediary body (if any);</li> <li>• recipient name.</li> </ul>	Reporting ensures management teams and interested parties are aware of the current status and outlook regarding all aspects of government grant management, as defined in the grants functional standard.	6.8 Reporting and information.	21



## Overview

1. The grants governance process comprises authorising, directing, empowering and overseeing the management of grant funding within an organisation. This requires a framework that is fully integrated within the organisation's wider governance arrangements, including critical factors such as ensuring appropriate approvals for grant schemes and their individual awards, where applicable, via an established and empowered investment committee, which includes at least one member with grants expertise. The grants functional standard also specifies the requirement for detailed and timely document management, record keeping and reporting, in line with government standards and internal organisational guidance.
2. These requirements are needed to enable transparent and robust decision-making, to ensure accountability, to contribute to the audit trail, and to assist with other areas such as funding optimisation and ensuring value for money. A thorough governance framework should assist the senior officer responsible (SOR) and senior decision makers in organisations, to better manage risk within the organisation's tolerance levels.
3. The governance framework, document management and reporting requirements set out in the grants functional standard, are applicable throughout the grants lifecycle, and associated policies should be applied continuously, particularly at key stages such as at the point of commitment to award the grant, and as part of annual reviews. Everyone involved within the design, development and administration of government grants has a responsibility for good governance and record keeping. However, it is the SOR who is responsible for ensuring that the governance model is appropriate and decisions are made by the appropriate people with the right level of authority, proportionate to value and risk.

## Grants Governance

4. The governance process for grant-making activities should form a distinct and integrated part of an organisation's overall governance arrangements. The governance framework shall be:
  - established in compliance with government and departmental policies and directives, and with the government grants functional standard; and
  - referenced within the accounting officer's system statement (AOSS).<sup>1</sup>
5. This framework should include organisational policies for grants management, financial authority limits, decision-making roles and rules, degree of autonomy, assurance needs, reporting structures, accountabilities and responsibilities. It should also include management frameworks for undertaking the practices listed within the grants functional standard covering governance, the grants life cycle and supporting practices.

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<sup>1</sup> Information and guidance on Accounting Officer System Statements can be found here: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/626226/au2074\\_accounting\\_officer\\_guidance\\_2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/626226/au2074_accounting_officer_guidance_2017.pdf). Grants are referenced throughout, and in particular in the 7<sup>th</sup> Section, starting on page 13.

6. Further information on governance and management frameworks can be found in the Government Grants Management Function, functional blueprint guidance document, which is available to download from the grants [Centre of Excellence](#).

### **Business case governance**

7. The suggested governance process for business cases - to provide advice and direction as the scheme proposal develops - covers three stages of development from inception to approval, as outlined below. Departments and their grant making arms' length bodies (ALBs), where applicable, should adopt this model or an equivalent. Consideration of each area should be in proportion to the value of the grant and the perceived risk level and the process should include (but not be limited to) the points listed below:

#### **Strategic stage - idea formulation**

- definition of aims, objectives and outcomes - see [Minimum Requirement Eight: Performance and Monitoring](#);
- value for money and optimum funding levels - see [Minimum Requirement Four: Business Case Development](#);
- alternative delivery mechanisms - see [Minimum Requirement Four: Business Case Development](#), and the Grants and Alternative Funding Options guidance which can be found on the [grants Centre of Excellence \(CoE\)](#);
- competition, by default (or clear justification for direct award) - see [Minimum Requirement Five: Competition for Funding](#);
- key risks and mitigations, including fraud - see [Minimum Requirement Seven: Risk, Controls and Assurance](#); and
- referral to the Complex Grants Advice Panel (CGAP) - see [Minimum Requirement Three: CGAP](#).
- design of the approach to the impact evaluation including a decision on internal or external delivery, the development of measurable objectives and a description of reporting requirements and the identification of data sources - see [Minimum Requirement Eight: Performance and Monitoring](#).

#### **Design stage - developing the detail of the grant model**

- risk management, including due diligence and fraud risk, control, and assurance - see [Minimum Requirement Seven: Risk, Controls and Assurance](#);
- payment model and links to performance outcomes - see [Minimum Requirement Eight: Performance and Monitoring](#);
- assurance, both financial and delivery;
- grant agreement including terms and conditions and schedules - see [Minimum Requirement Six: Grant Agreements](#);
- defining eligible expenditure and expenditure that is expressly ineligible, including the prohibiting of lobbying, except where a part of the scheme's purpose; and
- design of the financial and delivery reconciliation model and proportionate arrangements for appropriate action on payment/ surplus recovery, investigation of misuse and suspected fraud, a clear description of actions related to breach of the

terms and conditions of the scheme and, where applicable, arrangements for referral to debt management - see [Minimum Requirement Nine: Annual Review and Reconciliation](#).

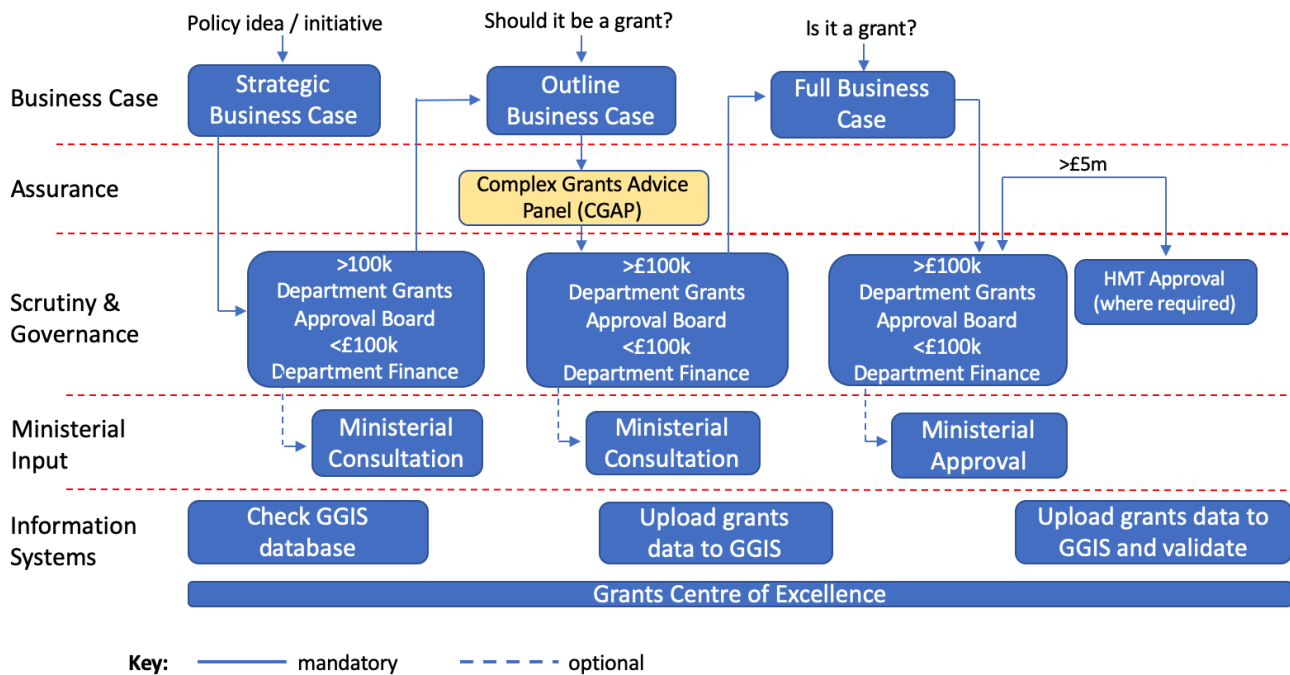
### **Final approval stage - including policy and financial approval**

- recording of response(s) to advice and recommendations from the CGAP, with particular attention paid to red rated recommendations related to mandatory referrals - see [Minimum Requirement Three: CGAP](#);
- finalising the business case – see [Minimum Requirement Four: Business Case Development](#); and
- obtaining formal approval for the investment via the organisation’s investment committee, or via someone with appropriate delegated financial authority for lower value cases, which fall below the investment committee’s threshold, and maintaining a record of the process, including uploading the details to the Government Grants Information System (GGIS) in line with the grants pipeline control: supporting process guidance, available on the grants Centre of Excellence – see paragraphs 11-14.

### **Business case governance model**

8. The governance model below is illustrative, providing a description of the process a grant should follow before final approval. From the establishment of a business case at the strategic stage, the grant flows through the process with approval at key decision points, either through formal meetings, such as with the organisation’s investment committee, or via a less formal, virtual process for lower value schemes. The specific model within organisations will be tailored to the organisation’s governance framework.

**Business case governance model (illustrative only)**



**Challenge panels**

9. A challenge panel is a model used by a number of organisations to scrutinise the design of new schemes and to inform the review of existing grant schemes, to ensure the delivery model and mechanism remains current, appropriate and are effective. Challenge panels are comprised of individuals within a grant making organisation, who have expertise related to the design, approval and administration of government grants. The panel’s role is to review grant schemes within the organisation’s portfolio of grants, in a particular business area, taking account of established good practice and guidance, including the grants functional standard and minimum requirements. Departments are strongly encouraged to convene challenge panels, based on the Ministry of Justice’ model. Support for establishing and running challenge panels is available through the [grants Centre of Excellence \(CoE\)](#).

10. Departments may find it helpful to use challenge panels as part of their business case development process for grant scheme proposals.

**Approvals**

11. Decisions on approval should be taken in a timely manner, in line with the organisation’s governance process, management framework, financial management controls and wider government policy. Decisions should be taken by individuals or committees - including formal investment committees - with the appropriate delegated authority, and according to each scheme’s complexity and level of risk. Decisions should take full account of the information provided in the business case and should be in line with the requirements set out in the process guidance for the grants pipeline control framework, which is available on the [grants Centre of Excellence \(CoE\)](#). For

schemes with a value of £20 million or more, details of the approval should be added to the GGIS, once the approval process is complete - missing approvals data will be raised with the organisation's Senior Functional Lead, via a monthly report, so the issue can be rectified. This is a requirement of the grants pipeline control, for level-one schemes (value of £20m plus).

12. While decisions may be made throughout the grant lifecycle, it is expected that key approvals will take place prior to making significant commitments, such as deploying resources or awarding funding, especially when there is an exposure to risk. For example, a decision should be made on the approval of the business case (or other justification) - prior going to market.
13. Decisions on approvals should be based on accurate, up-to-date information, with input from functional experts, such as policy, finance, commercial, legal and counter-fraud, as appropriate, and should be justified and recorded in the business case or an equivalent document.
14. When considering business justification, reference should be made to the [HM Treasury guidance: The Green Book](#).

### Re-approvals

15. It is imperative that government grant schemes are delivered in accordance with the approval given. Should delivery requirements deviate materially from this, for example, due to a policy change, further approval should be obtained based on the new requirements. This too should be in line with the organisation's governance process, management framework, finance management control, and government policy, as described above. There should be a clear understanding within the organisation, of what level of change necessitates an application for re-approval, and this should consider holistic risk, as opposed to financial value alone.

### Document Management and Reporting

16. The grants functional standard refers to the importance of accurate document management and record keeping, in support of and to evidence grant management process and practice. This information shall be retained to meet statutory requirements, in accordance with the organisation's information management policies and legal obligations, and should be readily available during the grant scheme lifecycle.

### Reporting and GGIS

17. Departments and ALBs shall ensure that details of all grant schemes, including a forward look of proposed schemes, are uploaded to the GGIS via the bi-monthly pipeline collection, which is part of the grants pipeline control and is commissioned ahead of a triage process, used to determine an appropriate support offer for individual schemes. Grant schemes and awards shall be uploaded to the GGIS in line with the memorandum of understanding, agreed with central departments, and in compliance with the grants data standard (see paragraph 19). The GGIS provides a database of government grants data, and enables analysis and transparency through

the publication of statistics. In capturing accurate data, the GGIS can assist teams and key stakeholders in reviewing the current status and outlook regarding grant management over a range of issues such as avoiding duplication of funding between departments and to enable the joining up of related schemes across government.

18. In accordance with the Government's commitment to transparency, data from the GGIS are published annually on the [Government grants data and statistics](#) page on GOV.UK (see paragraph 24). Data are published at both the scheme and award level for the general and formula grants categories, to [the 360Giving Data Standard, which enables comparison and analysis between government and non-government grants datasets](#). Individual organisations report the status of their grants within their annual report and published accounts, in accordance with the [Finance Functional Standard GovS 006](#). Sensitive information may be withheld from the GGIS, redacted from individual records and suppressed at publication, in line with internal guidance.
19. Data capture requirements for the GGIS are set-out in the government grants data standard, and are part of a memorandum of understanding (MoU), which is agreed with each central department.<sup>2</sup>
20. Further data input to the GGIS should be drawn from the organisation's wider monitoring activities (see [Minimum Requirement Eight: Performance and Monitoring](#)) and should be verified to ensure it is accurate.
21. The GGIS is covered by a privacy notice that complies with GDPR legislation.
22. The senior officer responsible for a grant (SOR), or a person with delegated authority, should be involved in the GGIS data compliance process, to ensure that due regard is given to each area and that the details of schemes and awards are entered on to the system at an early stage, and maintained as required.
23. The GGIS can be used by departments and ALBs to inform their grant scheme design, market engagement and due diligence processes. Version 2.0 of the GGIS, launched in April 2021, provides accurate, clear and reliable information in a single database. The GGIS contains a number of interactive reports, which allow users to understand the current and historical grants landscape and plan future schemes effectively.
24. The Government Grants Management Function (GGMF) publishes statistics on all grant schemes and awards annually, departments and ALBs are encouraged to publish data earlier, where there is clear public value in doing so. This should be discussed with the Analysis & Insights team in the GGMF ahead of any publication. [Publishing Grant Data Guidance](#) states publications outside of the annual grants data publication should meet the 360Giving standard, wherever possible.

## Further Resources

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<sup>2</sup> Each department agrees a MoU with the Grants Management Function on data requirements and timing.



25. The HM-Treasury, [Consolidated Budgeting Guidance](#), sets out the standards and principles underpinning the budgeting system for use in central government and explains how to account for grants in department and national accounts.

26. In seeking to comply with this minimum requirement, and in addition to the references and resources highlighted earlier in this guidance, organisations may want to consider requesting training on using the GGIS. Organisations should also make full use of wider resources, including process guidance for the Cabinet Office grants pipeline control, available through the [grants Centre of Excellence](#).