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| Cabinet Office logo |  |  |

**Government Grants Minimum Standards: overview**

**Managing Public Money**: departments’ primary concern when administering grants is to have regard to the guidance set out in Managing Public Money; in particular with regards to achieving value for money and assessing impact. Nothing in this document is intended to contradict or override the guidance in Managing Public Money.

These standards are not intended to be an additional spending control; departments retain accountability for decisions on all grant expenditure.

**Important note on scope**:

These minimumstandards apply only to **general grants** made by departments and their Arm’s Length Bodies (ALBs), using Exchequer funding.

They do not apply to **formula grants** or **grant-in-aid**. 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.

**Best Practice Standards**

These standards seek to promote effective grant making and have been mutually agreed with departments. John Manzoni, Chief Executive of the Civil Service, welcomes departments’ application of these minimum standards, to ensure the effectiveness of their general grant making.

The delivery of the minimum standards for government grants will be on a ‘**recommended best practice**’ basis, which means departments will:

* adopt the recommended approach as defined by the Cabinet Office in guidance; or
* clearly demonstrate how their existing approach, policies and practices will fully deliver against each particular standard, in an equally effective way.

The Cabinet Office will support departments with the introduction of these standards through a pilot in 2017. The pilot will monitor grant making policy and process, in order to help ensure the effectiveness of grant funding arrangements across government. The findings from the pilot will be shared with individual departments, and for information with the NAO and HMT. A decision with regards to the continuation of the monitoring arrangements in 2018 will be taken when a report of the pilot is available and has been assessed.

**The Standards**

1. All government grants require a **named senior responsible owner** with clearly defined responsibilities throughout lifetime of grant.
2. Departments will ensure they have a robust **grants approval process** to approve **spend over £100k**,and thatdetails of all current grant schemes and awards are **available on the Government Grants Information System (GGIS)**.
3. **New government grants, including those that are high risk, 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.
4. A **robust business case**, proportionate to the level of expenditure and risk, must be developed for all government grants. This will be scrutinised and approved in stages, as part of the grants approval process, in line with the guidance in **Managing Public Money**.
5. 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 must be provided in the approved business case.
6. All government grants must be awarded through **robust grant agreements**, proportionate to the value of the grant and which reflect the minimum standards for government grants, in line with guidance in Managing Public Money. All government grant agreements will include **terms of eligible expenditure**.
7. All government grants will be subject to **timely and proportionate due diligence** and **fraud risk assessment**.
8. All government grants will have **outputs agreed** and **longer-term outcomes defined,** wherever possible, to enable active performance management, including regular reviews and adjustments where deemed necessary.
9. All government grants will 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.
10. All those involved in the development and administration of grants **must undertake core training** in grant management best practice.

**Regularity and Propriety**: these standards are not intended to replace the role of the accounting officer in departments; rather, they are intended to support the principles set out in Managing Public Money including with regard to regularity and propriety (sections 2.4 and 3.4):

“Each departmental accounting officer should make sure that ministers in his or her department appreciate:

* the importance of operating with regularity and propriety; and
* the need for efficiency, economy, effectiveness and prudence in the administration of public resources, to secure value for public money.”

“Should a minister seek a course of action, which the accounting officer cannot reconcile with any aspect of these requirements, he or she should seek instructions in writing from the minister before proceeding.”

**Powers**

For all general grants, departments should make sure that they have identified appropriate empowering legislation covering the activity under the proposed scheme.

**Arm’s Length Bodies**

Departments are responsible for making sure that where applicable the general grants administered via Arm’s Length Bodies, using Exchequer funding, are consistent with the minimum standards for government grants.

**Government Grants Administration**: responsibility assignment matrix

The matrix below provides a high-level snapshot of job roles and key tasks for grants administration and provides an illustration of where responsibility falls.

**Key:**

|  |
| --- |
| R = Responsible |
| A = Accountable |
| C = Consulted |
| I = Informed |

|  |  |
| --- | --- |
|  | **Roles** |
| **Tasks** | SRO | 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.

**Background**

Following the publication of the reports from the PAC/ PACAC inquiries into the Kids Company grants, John Manzoni, Chief Executive of the Civil Service, commissioned a cross-government review of direct award grants. The review was run in parallel with reviews undertaken by the Department for Education and the Office for Civil Society and Innovation in the Cabinet Office. Findings from the review have drawn from the recommendations from the PAC and PACAC reports, research undertaken by the Grants Efficiency programme since October 2012, departmental reviews, and evidence gathered through deep dives with departments.

The evidence highlights the potential for **significant strategic and operational risks** at every stage of the grant making process. It very clearly demonstrates the need for improved and more accountable governance and for the introduction of clear minimum standards, to be applied across government. The findings from the Cabinet Office, cross-government review, are set out in the table below:



**Meeting the Standards**

**Self-assessment and monitoring**

Departments will be required to undertake a one-off self-assessment against the standards, in December 2016, and subject a sample of applicable grants for monitoring in the first year of implementation. The sample will be selected by the Cabinet Office and will include grants with a range of values and risk ratings. The monitoring will consider how each department’s processes meet the minimum standards, against pre-published indicators – see the ‘monitoring’ section below.

Guidance will be issued in December 2016, along with a template for the self-assessment.

**Monitoring**

The standards will be monitored in year one by the grants team in the Cabinet Office. A sample of grants will be selected by the Cabinet Office, from the Government Grants Information System (GGIS), for assessment against a pre-published set of criteria (see ‘Standards Assessment Criteria’ document), which are designed to test how departments are meeting the standards. Should irregularities be found, which were not notified as part of the self-assessment, these will be discussed with the grant owning department.

The assessment criteria are set out as part of this guidance pack in the ‘**Minimum Grant Standards Assessment Criteria**’ document.

**Government Grants Information System (GGIS)**

Details of all government general grants must be input to the GGIS at programme, scheme and award level. The key elements, which are required to be entered onto the GGIS for each grant are listed in the table below.

|  |  |  |
| --- | --- | --- |
| **Grant Programme** | **Grant Scheme** | **Grant Award** |
|  | Grant Scheme Status (Proposed or Approved) | Grant Award Name |
| Grant Programme Name | Scheme Name | Total Amount in Funding Agreement |
|  | Start Date | Total value budgeted in GBP |
|  | Scheme Value | Recipient Name |
|  | Duration | Number of Recipients |
|  | SRO Name | Grant Scheme Reference Number |
|  | Scheme Aims and Objectives | Allocation Method |
|  | Internal Grant Administrator Email | Award Start Date |
|  | Funder | Award End Date |
|  | Allocation Method/Grant Type | Recipient Address |
|  | Department referring grant to NGAP? | CCoA L5 (Code) |
|  | Specific Questions and Issues for the NGAP | Payment Frequency |
|  | Feedback from NGAP | Mode of Payment |
|  | Target Location | Monitoring details |
|  | Recipient Sector | Aim and objectives\* |
|  | Considered by the NGAP | Risk Profile (High, Medium or Low)\* |
|  | Authority Act |  |
|  | Public Funding Source |  |
|  | Capital/Resource |  |
|  | Primary Purpose |  |
|  | COFOG Level 2 |  |
|  | Risk Profile (High, Medium or Low) |  |

\* These fields are not required now and will be implemented in time for the FY17/18 data provision.

**Note**: we anticipate that we may need to make additional changes to the GGIS going forward. We will ensure that these are as light touch as possible and those departments are consulted and provided with sufficient warning.