

Grant Funding Agreement Terms & Conditions - Explanatory notes for Grant Recipients

Page	Clause no.	Clause title	Why you should include this paragraph/clause(s)
2	3	Grant Offer	This is the offer by us of grant funding to be utilised to meet the agreed specified outcomes.
2	6	VAT and Eligible Expenditure	Specifies the correct application of VAT to the grant funds and other related expenditure. If you are VAT registered, and able to reclaim input VAT, the costs that are claimed within the grant must be net of VAT. If you are not able to reclaim VAT your claims should be gross of VAT.
3	7	Progress reporting	Progress reports must be supplied to the timescale set out in Annex J of the Grant Offer Letter. You have a duty to inform us as soon as you are aware of any possible difficulties that may have a negative impact on your obligations under the Grant Funding Agreement.
4	8	Income, Fees and Charges	You must tell us of any money that you receive in relation to the grant funded activity and deliverables to avoid duplicate funding and allow an assessment as to whether this needs to be taken into account when calculating further funding.
4	10	Disposal of assets and change of use	Ensures that assets which have been bought or improved with public funds are used only for the intended purpose and would not provide an unintended windfall to you. If we agree

			to the disposal, or change of use of the asset, the proceeds (or the proportion of the proceeds equivalent to the contribution from the grant) will be public funds and must be returned to us.
4	11	Procurement requirements, Value for money and State-Aid	There are both National and European regulations that must be observed by both you and us when spending public money, This outlines the requirements under those regulations and refers to further guidance.
5	12	Forecasts of expenditure in the forthcoming financial year	You must provide the expenditure forecast (including details specified) to us for grants spanning more than one financial year. The forecast must be provided in the timescale specified in the Grant Offer Letter in order for us to prioritise expenditure and confirm the future years funding.
5	13	Financial Management	Highlights the need for good governance controls, and in particular good financial management, in the stewardship of public funds.
5	14	Internal Audit	Provides assurance to us that the systems governing the grant funding are appropriate and robust.
5	15	Borrowing	Public funds, or the assets bought or improved by the grant, cannot be used as collateral for borrowing, guarantees etc.
6	16	Losses, Gifts and Special payments	There are restrictions on the use of public funds for special payments or gifts. Similarly, there are restrictions on writing off debts or liabilities in relation to grant funded activity as it

			may not be value for money or reflect good stewardship of public funds. In some cases HM Treasury approval must be obtained prior to transactions of this kind taking place. By requiring you to seek our approval this enables the appropriate clearances to be obtained and protects tax payers' money from being misused.
6	17	Spending Controls - Publicity, Marketing and Advertising	New Government rules restrict the use of public funds for advertising, marketing, communications and consultancy. Expenditure in these areas must follow a government approval process. These restrictions apply to grant funding. In some cases, where it is clear that a grant activity will include this type of spend, our Grant Manager may have followed the clearance process prior to awarding the grant. If this is the case the 'prior written consent' should be specifically given in the Grant Offer Letter. If the Grant Offer Letter does not specify approval then you must obtain it separately from the our Grant Manager.
6	18	Copyright, Intellectual Property Rights and sharing good practice	Specification of Copyright and Intellectual Property Rights are required to protect both you and us.
7	19	Third Party Software and other IPR	The section on Third Party software and other IPR is required to protect us and to ensure that you have obtained the necessary approval before using third party licenses.
7	20	Insurance	Receiving more than 50% of your funding from the public purse can be one of the many controls which influence the classification of your organisation. By informing us we can

			then consider the overall position of control. Should a public sector classification occur it is possible that certain commercial insurances would no longer be required.
7	21	Accounts	You must submit your financial statements of accounts showing grant funds provided by us. This provides additional assurance to us on the use of the grant funding and will be corroborated against payment records.
7	22	Annual Certification of Expenditure Arrangements	Stipulates the requirement for an independent verification certificate from your [external] auditors/accountants stating that the grant has been spent for its intended purposes. It provides assurance on the use of public funds.
8	23	Exit Plan	Ensures a smooth process for closure or transfer of responsibility at the end of the grant funding. It should result in any risks, as a result of the funding ceasing, being identified and managed throughout the funding period. An example is provided to assist in exit plan development – see Annex I .
8	24	Changes to the Department's Requirements	It is possible that Departmental priorities may change from time to time. This may affect a particular grant funded activity. This clause contains our commitment to inform you if this should happen, and your commitment to try to accommodate those changes where possible and within the scope of the agreement.
8	25	Amendment or	Confirms that any variations to the agreement must be

		variation or Termination of the grant	agreed in writing by both parties. It also clarifies the conditions which may result in a termination of the agreement.
8	26	Transfer of Responsibility on Expiry or Termination of the grant	Ensures smooth and orderly termination or transfer of the grant funded activity in exceptional circumstances.
8	27	Consequences of Termination and Support for Transfer of Responsibility	Ensures that you do not suffer a loss for costs which have been genuinely incurred as part of the grant funded activity. It also ensures that termination costs are minimised and managed appropriately and any unnecessary costs are avoided.
9	28	Staffing	Changes to the staffing levels from those notified in the original bid have the potential to affect the funding available for other elements of the funded activity. By requiring you to obtain approval we can better manage the grant. It also ensures that any risks associated with staffing when the grant ceases are recognised by both parties prior to staffing changes.
9	29	Liability	Clarifies our position with regard to liabilities following cessation of grant funding.
9	30	Conflicts of interest and financial or other irregularities.	Protects all parties from fraud, financial irregularity or reputational damage.

9	33	Recovery of grant	Specifies the treatment of any unspent grant. .
10	34	Revision	Allows flexibility by both of us in the event of policy or directional change.
10	36	Transparency	Ensures compliance with the current legislation to make information available to the general public.
10	37	Interpretation and Resolution of Disputes	Specifies the processes and procedures to resolve any difficulties or disputes arising from any area covered by the grant funding agreement.