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

| **Page** | **Clause no.** | **Clause title** | **Why we include this paragraph/clause(s)**  |
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| 2 | 3  | Grant Offer  | This is the offer by us of grant funding to be utilised to meet the agreed specified activities, deliverables, outputs or outcomes agreed following your successful application.  |
| 3-4 | 7 | 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. |
| 5 | 9 | Progress reporting | Progress reports [Annex J] must be supplied to the agreed timescale set out in 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. |
| 5 | 10 | 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.  |
| 12-13 | 12 | Disposal of assets and change of use | The grant we provide is revenue grant for running / operational costs to deliver the agreed activities. The grant will not unless explicitly stated cover the procurement or enhancement of any assets. This ensures that assets that 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.  |
| 6 | 13 | 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.  |
| 6 | 14 | 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.  |
| 7 | 15 | Financial Management | Highlights the need for good governance controls, and in particular good financial management, in the stewardship of public funds.  |
| 7 | 16 | Internal Audit | Provides assurance to us that the systems governing the grant funding are appropriate and robust. |
| 7 | 17 | Borrowing | Public funds, or the assets bought or improved by the grant, cannot be used as collateral for borrowing, guarantees etc.  |
| 8 | 18 | 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 taxpayers’ money from being misused.  |
| 8 | 19 | 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 Grant Manager. |
| 8-9 | 20 | Copyright, Intellectual Property Rights and sharing good practice | Specification of Copyright and Intellectual Property Rights are required to protect both you and us.  |
| 9 | 21 | 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. |
| 9 | 22 | 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.  |
| 9 | 23 | 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. |
| 10 | 24 | 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. |
| 10 | 25 | 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**. |
| 10 | 26 | Changes to the Department's Requirements | 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. |
| 10 | 27 | Amendment or variation or Termination of the grant | Confirms that both parties must agree any variations to the agreement in writing. It also clarifies the conditions, which may result in a termination of the agreement.  |
| 11 | 28 | 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. |
| 11 | 29 | 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. |
| 11 | 30 | Personnel | 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 work together to better manage the grant. It also ensures that any risks associated with staffing you have engaged for the period of the grant funding when the grant ceases are recognised by both parties prior to staffing changes. |
| 12 | 31 | Liability  | Clarifies our position with regard to liabilities following cessation of grant funding. |
| 12 | 32 | Conflicts of interest and financial or other irregularities. | Protects all parties from fraud, financial irregularity or reputational damage.  |
| 12 | 33 | Prevention of Fraud | This confirms the importance dfe places on the safeguarding of public funds and the minimum controls we consider necessary. |
| 13 | 36 | Recovery of grant | Specifies the treatment of any unspent grant. |
| 13 | 37 | Revision | Allows flexibility by both of us in the event of policy or directional change. |
| 14 | 39 | Transparency | Ensures compliance with the current legislation to make information available to the public. |
| 14 | 40 | 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. |