



MORAY COUNCIL GRANT FUNDING PROCEDURES

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1. INTRODUCTION TO THE PROCEDURES

1.1 SCOPE OF THESE PROCEDURES

1.1.1 These procedures shall be read in conjunction with the Council's financial regulations and are designed to ensure suitable financial controls are applied by officers involved in the administration of grant funding.

1.1.2 For the purposes of these procedures a grant is either:

- a payment of a specified amount or amounts **by the Council** to a third party for a purpose or purposes approved by the council, other than in return for delivery or provision of any goods, works or services or by way of a benefit payment, (section 3 below); or
- an amount awarded **to the Council** by a third party to be applied for a purpose or purposes complementary to services otherwise funded from council budgets (section 4 below).

1.2 USE OF THESE PROCEDURES

1.2.1 The procedures aim to minimise the risks to the Council in terms of its obligations:

- to secure Best Value in its use of resources;
- to meet 'Following the Public Pound' requirements; and
- in respect of external funding received, to avoid financial loss arising from failure to comply with grant conditions.

1.3 UPDATES

1.3.1 These procedures will be regularly reviewed and updated as necessary to reflect any legislative or other changes which impact on the awarding of or application for grants.

1.4 CHANGE / VERSION CONTROL

1.4.1 This document is the first version.

2. FOLLOWING THE PUBLIC POUND

2.1 The Council has adopted the principles of the COSLA / Accounts Commission "Code of Guidance on Funding External Bodies and Following the Public Pound". The Code sets out a framework for the Council's relationships with bodies through which they seek to carry out some of their functions other than on a straight-forward contractual basis.

- 2.2 The principles of the guidance apply to companies and other bodies such as trusts where such bodies are subject to Council control or influence and where they operate at arm's length. When agreeing to transfer funds to an external body the Council must be clear about its reasons for doing so and these reasons should be related to a strategy or policy of the Council.
- 2.3 In respect of any proposed transfers, the provisions of the Code shall apply, which as a minimum require:
- the purpose of the transfer to be contained in any Council decision to establish a funding relationship;
 - a written agreement between the Council and the external body;
 - details of the financial regime applicable to be specified;
 - established monitoring arrangements to ensure Council objectives are met;
 - full consideration of member and officer representation on the board of the external body;
 - any limitations to be fully specified covering such matters as financial inputs and circumstances in which any arrangements would be terminated;
 - any arrangement to be open to external audit scrutiny; and
 - any reporting / monitoring arrangements.
- 2.4 Subject to the above being proportional to the amount of grant awarded, the same provisions shall apply to the awarding of grants.

3. GRANT FUNDING AWARDS MADE FROM COUNCIL BUDGETS

- 3.1 Chief Officers, with the approval of the Chief Financial Officer, may make grant payments to external parties provided such funding can be met from within approved budgets. Where there is an element of discretion in the award of grant, or, in any event, where the proposed amount of grant exceeds £20,000 or where a grant forms part of a sequence of payments over more than two consecutive years for the same purpose, approval of the relevant service committee shall also be required.

- 3.2 In awarding grant payments, a Chief Officer shall make such conditions as are appropriate and proportionate in terms of being able to demonstrate that public funds are being applied for the purposes intended, which conditions to include acknowledgement by the grantee in appropriate publicity of the Council's contribution.
- 3.3 All payments of grants should be authorised in accordance with the Council's Authorisation Policy. A Budget Manager, as authorising officer, shall be responsible for ensuring that there is adequate evidence that the grant claim fulfils agreed criteria; that all items on a grant claim are eligible; that individual items on the claim agree to the back-up documentation supplied; that the documentation is complete; that the claim has been signed by the grantee or an appropriate person on the grantee's behalf, and that the grant falls due to be paid or claimed by virtue of a trigger in the relevant grant conditions.
- 3.4 Where a trigger to pay grant relies on professional judgement (eg the completion of a construction project to a suitable standard) then evidence must include confirmation from a suitably qualified person, in a form to be determined in advance. The level of confirmation shall be proportionate to the amount of grant payable.
- 3.5 Where the conditions of grant require the grantee to provide evidence of costs incurred, the grantee shall furnish to the council a report on expenditure supported as appropriate by invoices sufficient to allow for the Council's Auditors to verify that the grant conditions have been complied with in full.
- 3.6 The minimum evidence acceptable for a grant awarded by Council for the purchase of specific goods, services or works shall be an invoice or invoices or payroll evidence of payment of staff, as appropriate for the expenditure in question. The amounts requested for payment shall agree to the evidence submitted.
- 3.7 Where the grant award to a third party is to be applied to the purchase of goods, services or works instructed by the grantee, grant payments will be made to the grantee and not directly to the supplier or contractor. Any contractual relationship in such circumstances shall be between the grantee and the relevant supplier or contractor.
- 3.8 Where an approval to pay grant is for a guarantee against loss for example underwriting an event to be run by a local voluntary body, payment shall not be made without submission to the Council of sufficient accounting evidence that a loss has been incurred, in the form of a set of the most recently available examined or audited accounts showing to the Chief Financial Officer's satisfaction that the grantee is unable to cover the loss from their own resources.
- 3.9 No grants of any type will be paid in advance of payment to be grant funded being made by the grantee unless by approval of the Chief Financial Officer prior to the payment being released or by specific committee approval. If

committee approval to make payment in advance is being sought then the Chief Financial Officer shall be a consultee to the report.

4. GRANT FUNDING SOURCED FROM THIRD PARTIES

4.1 Appropriate approvals must be in place before formal applications for grant funding are made.

4.2 Officers are encouraged to seek to maximise external funding to support committee approved projects, works and services delivered by the Council thereby reducing the burden on Council budgets

4.3 The relevant Chief Officer for the service must ensure that the project or purpose for which the grant is being sought has already received Committee approval or that it sits within the delegated authority in terms of service provision. No application should be made that will result in increased budgetary costs for the Council that have not been approved as part of the project/proposal at Committee. Prior to submitting applications Chief Officers should consider impacts on support services such as legal, finance, human resources and audit and consult with the relevant Heads of Service or CMT prior to making an application to ensure the workloads can be supported.

4.4 Where external grant funding is received, it shall be the responsibility of the relevant Chief Officer of the service securing the funding to ensure that all conditions of grant are applied in full.

4.5 All grant applications which require the provision of cost estimates for goods, works or services that the grant will fund, either wholly or in part, shall be prepared in consultation with the Chief Financial Officer.

4.5 Where the Council secures external funding to be administered by the council as lead partner on behalf of a consortium of interests, the relevant Chief Officer in consultation with the Chief Financial Officer shall develop heads of agreement that will form the basis of the arrangement between the parties concerned.

4.6 Where grant funding applied for by, and awarded to, the Council is to be transferred to a third party then the conditions of grant under which the transfer is approved shall require the grantee to indemnify the Council in the event all or part of the expenditure incurred is assessed as ineligible by the provider of the grant funding.

4.7 Claims for grant shall be made timeously to minimise the risk posed to the Council of grant awarding bodies disallowing items claimed by maximising the time during which dispute resolutions could take place. If claims are delayed for any reason the officer dealing with the claim shall report accordingly to their Head of Service, detailing the reasons for the delay, and explaining how the risks to the council arising therefrom may be mitigated.

APPENDIX 1

PAYMENTS TO THIRD PARTIES

Grant payments should be contrasted with the other main forms of payments to third parties: payments under contracts and payment of benefits. The characteristics of the three forms of payment are set out below for guidance.

Type of Payment	Characteristics
Contract	Payments for goods, services or works where the Council gains a tangible benefit by way of consumables or fixed assets or has an agreed service delivered on its behalf. Governed by procurement procedures. The Council will have redress under statute if goods are faulty, works or services not delivered to the specified standard.
Grant	Generally no direct benefit accruing to the Council, although grants would generally be awarded to support activities which contribute towards council priorities. Depending on terms and conditions grant may be repayable in certain circumstances but much less control over output / outcome than under contract.
Benefits	No direct benefit accruing to Council – payments are made under benefit schemes, generally assessed on means or other form of entitlement. Awarded after application and assessment.