

Standard Conditions of Grant Aid

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1. Introduction

The Conditions of Grant Aid are designed to make sure organisations are clear about the rights and responsibilities which accompany the receipt of Council funding. We must ensure that transparency and probity are key elements in all of our grant programmes. Value for money and high quality service delivery must be demonstrated by all funded groups and projects.

The way grants are monitored will be subject to consultation and further review. These changes will reflect the new climate in which the voluntary sector is now operating, at a national and a local level and developments related to Best Value. Quality assurance, measurable outputs and outcomes that can be evaluated, will demonstrate that the services we purchase for the people of our borough, are of the highest standard.

The conditions apply to all voluntary and community sector groups and non-statutory organisations in receipt of grant funding from the London Borough of Newham. They have been produced to help groups in the efficient and effective use of their grant and to address unproductive administration.

It should be noted that conditions will vary depending on the total size of grant given by the Council, and that the Standard Conditions of Grant Aid will be supplemented by additional conditions produced by service departments to reflect departmental priorities. No grant will be paid to a group until a signed agreement to abide by these Standard Conditions of Grant Aid has been received by the Council.

1.1 The Purposes of Grant Aid

The London Borough of Newham currently invests £7.5 million in voluntary sector organisations and community groups. This is a substantial investment which is made by the Council on behalf of the people of Newham because the Council recognises that the voluntary and community sector can provide important services to a range of communities in the borough. This is reflected in Newham Council's Vision which states that the Council recognises that it can:

"influence the direction and shape of the whole community to achieve its goals of regeneration and reduction of poverty. When the Council chooses between priorities, it can direct spending to where it can make the greatest impact..."

Types of services funded by the Council will change according to the priorities set by the Council in response to the needs of the Borough.

1.2 Structure of the Document

For ease of reference the SCGA are presented under the following headings:

Section 1 Introduces the document

Section 2 Outlines general conditions

Section 3 Outlines the process for payment of grant depending on size of grant

Section 4 Outlines general monitoring requirements, including financial monitoring

Section 5 Outlines the procedure in the event of breach of grant conditions

Section 6 Outlines the procedure to be followed in appealing against a cut in grant

Section 7 Contains useful guidance notes and contacts for further information

2. General Conditions

This section contains general conditions which apply to those organisations accepting an offer of grant funding. The acceptance of the offer implies acceptance of these general conditions, as follows:

- a. The organisation must have a written constitution and be non-profit-making
- b. The organisation should bring direct benefit to residents of Newham
- c. Funds granted must be used only for the purposes set out in the grant approval letter; any substantial changes must be agreed beforehand by the Council in writing
- d. Council support should be publicised on literature, buildings and vehicles, as appropriate
- e. Monitoring information must be provided as specified
- f. An Officer will be allocated to the project to provide advice and assistance
- g. Proper and appropriate financial and accounting procedures must be in place
- h. An Equal Opportunities Policy for staff, members and users must be operated
- i. Vacancies or unfilled posts must be notified to the Council immediately
- j. All legal requirements in relation to employment, insurance, health and safety, delivery of service, premises, etc must be complied with
- k. No voting member of the Management Committee shall be a paid member of staff. No paid member of staff should participate in any voting or decision making by Management Committee
- l. If the organisation owes an outstanding debt to the Council, which is unrelated to the grant, the Council will pay grant funding at a reduced or nil rate until such time as the entire debt has been cleared

The following sections contain more detailed conditions related to:

- *Payment of grant*
- *Monitoring and finance*
- *Breach of conditions and recovery of grant*
- *The appeals process*

It should be noted that there are separate published conditions for Small Grants and for further information about these, please contact the appropriate department.

3. Payment of Grant

This section details how grants will be paid to groups. Payment of grants is dependant on the acceptance of the terms in the grant approval letter and the Standard Conditions of Grant Aid, and on satisfactory progress being made in delivering the project outputs and outcomes.

Different conditions apply in the payment of grant depending on the size of the grant, as follows:

- **Type One Grants:**
Grants up to £100,000 per year
- **Type Two Grants:**
Grants of £100,00 or more per year

TYPE ONE GRANTS

Type One grants are defined as those of less than £100,000 per year.

Type One Grants will be paid to the organisation in two equal instalments upon receipt by the Council of the information contained in the list below.

Please note the difference in accounting requirements - organisations having income of more than £25,000 must submit audited accounts; whilst organisations with an income of £25,000 or less may submit accounts that have been independently examined.

First Instalment

This will normally be claimed at the beginning of April and MUST be claimed by the end of June. It will equate to half of the total grant and will be processed upon receipt by the Council of:

- signed agreement to comply with the Standard Conditions of Grant Aid
- formal request for the release of grant, signed by an appropriate officer of the organisation
- report of the previous six month's activities and outputs, if in receipt of funding from London Borough of Newham during the previous year
- projected activities, and clearly stated and timetabled projected outputs for the full year
- projected income and expenditure budget for the full year (headings used to correlate to those used the grant application)

Second Instalment

This will normally be paid in October (or at an earlier date agreed with the Lead Officer should the project be completed and final payment be required) and will equate to one half of the total grant, upon receipt by the Council of:

- formal request for the release of grant, signed by an appropriate officer of the organisation
- report of activities and outputs to date with details of any significant changes to those projected
- previous years' annual accounts, if not already submitted
- details of any substantial deviation from projected budget submitted with the first instalment request
- previous years' annual accounts to be forwarded as soon as they have been drawn up but within six months of the end of the financial year, at the latest

TYPE TWO GRANTS

Type Two Grants are defined as those of £100,000 or more per year

Grants will normally be paid to the organisation in four equal instalments upon receipt by the Council of the information contained in the list below.

First Quarter

This will normally be claimed at the beginning of April and **MUST** be claimed by the end of June. It will equate to one quarter of the total grant and will be processed upon receipt by the Council of:

- signed agreement to comply with the Standard Conditions of Grant Aid
- formal request for the release of grant, signed by an appropriate officer of the organisation
- report of the previous six month's activities and outputs, if in receipt of funding from London Borough of Newham during the previous year
- projected activities, and clearly stated and timetabled projected outputs for the full year
- latest audited annual accounts (previous years' audited annual accounts to be forwarded as soon as they have been drawn up but within six months of the end of the financial year at the latest)
- projected income and expenditure budget for the full year (headings used to correlate to those used in the grant application)

Second Quarter

This will normally be claimed at the beginning of July and will be processed upon receipt by the Council of:

- formal request for the release of grant, signed by an appropriate officer of the organisation
- report of activities and outputs to date with details of any significant changes to those projected
- details of any substantial deviation from the projected budget submitted in the first quarter

Third Quarter

This will normally be claimed at the beginning of October and will be processed upon receipt by the Council of:

- formal request for the release of grant, signed by an appropriate officer of the organisation
- report of activities and outputs to date with details of any significant changes to those projected
- previous years' annual accounts, if not already submitted
- details of any substantial deviation from the projected budget submitted in the first quarter

Fourth Quarter

This will normally be claimed at the beginning of January and will be processed upon receipt by the Council of:

- formal request for the release of grant, signed by an appropriate officer of the organisation
- report of activities and outputs to date with details of any significant changes to those projected
- Actual income and expenditure accounts for the first three quarters, plus a projected budget for the fourth quarter
- details of any substantial deviation from the projected budget submitted in the first quarter

4. Monitoring

This section provides an overview of the type of monitoring information all organisations in receipt of grant funding will be expected to record. The Council will undertake monitoring visits during the course of the year to check on the organisation's service outputs, financial controls, and systems.

The purpose of monitoring is to ensure that the organisation:

- is meeting its project objectives
- is reaching the target groups
- has undertaken the activities for which funding has been granted
- is meeting any performance or Quality Assurance measures agreed

This section is presented under:
general monitoring requirements
financial monitoring

4.1 General Monitoring Requirements

The following general principles apply:

- information about users of each service must be recorded in line with the Equal Opportunities Policy. This must be collated and kept in an accessible format
- there must be a process for receiving feedback from service users about the quality of service provided and for amending the service in the light of such feedback
- information about activities must be forwarded to the Council as required for release of grant, as specified in the Payment of Grant section
- all monitoring information must be made available to Council Officers upon request
- additional department conditions may also apply - please see your offer letter

4.2 Financial Monitoring

The financial systems adopted by organisations vary but the following general conditions apply to all organisations funded by the Council:

- there must be a separate bank account in the name of the organisation
- a minimum of two signatories are required for the payment of cheques; at least one of these must be a member of the Management Committee for sums in excess of £500
- proper systems for maintaining petty cash must be in use
- the organisation must have appropriate arrangements for the payment of tax, National Insurance, Corporation Tax and any other taxes
- the organisation must have an accounting system in place to properly monitor and report on financial matters
- the organisation must produce annual accounts in accordance with the level of grant received for the project:

- organisations receiving grants of £25,000 or less per year must produce and forward to the Council annual accounts that have been subject to an independent examination
- organisations receiving grants of more than £25,000 must produce and forward to the Council audited annual accounts

5. Breach of Conditions and Recovery of Grant

It is important to realise that there may be circumstances in which the Council will consider withdrawing funding if one or more of the conditions of grant aid have not been complied with. Failure to meet the conditions of grant constitutes a breach.

It should be stressed that every effort will be made by the Council to provide assistance and support to the organisation to help it through its difficulties and the withdrawal of grant will be the option of last resort.

5.1 PROCESS

There are two stages to the process of dealing with a breach of conditions of grant:

- Stage One:

- when the Council Officer or the organisation believes that a breach of grant conditions has occurred or may occur, an informal meeting will be arranged to discuss concerns and agree a timed Action Plan

- Stage Two:

- if agreement cannot be reached informally the Council will write to the Management Committee, give details of the breach, and request a formal meeting within 28 days
- at that meeting the Council Officer will discuss the breach and suggest appropriate actions with timescales and arrangements for monitoring progress
- where an organisation is no longer functioning, the last members of the Management Committee as recorded by the organisation will be viewed as responsible for the above process

5.2 WITHDRAWAL OF GRANT

- where an organisation is or is likely to become in serious breach of grant aid conditions or has failed to meet the Action Plan milestones, the Council Officer may suspend the grant and recommend the withdrawal of funding
- where an organisation is found guilty of flytipping, flyposting or any other criminal offence, the Council will withdraw further grant funding with immediate effect
- the final decision on termination of grant rests with the appropriate Chief Officer
- the organisation and the Council will attend a meeting at which all reports, formal minutes and other relevant papers will be made available
- the meeting can:
 - clarify the issue and resolve the dispute
 - require the organisation to take a specific action, withholding funding until the action has been taken
 - reduce or withdraw the grant to a timed plan
- the decision and the reasons for the decision will be notified in writing to the organisation within 10 working days

- the procedure for appeal is set out in section 6.2

5.3 RECOVERY OF GRANT

- in circumstances where grants have been over paid reasonable steps will be taken to recover the funds e.g. 'claw back' or debt recovery

6. Appeals

The Council recognises that the withdrawal or reduction of funding can have very serious implications for an organisation and its service users.

The decision to withdraw or reduce grant funding will be made by the Chief Officer acting under delegated powers.

6.1 Exceptions

- a group which has been granted time limited funding can not appeal at the end of that time
- there is no right of appeal for unsuccessful applicants to a funding programme
- there is no appeal for organisations funded from joint funding programmes

6.2 Appeals Process

- an appeal can only be made where an organisation can show that there is substantial (2) new (3) information not available at the time of the funding decision
- the organisation must notify the Chief Executive in writing that it wishes to appeal and the grounds for the appeal within 10 working days and written notification of reduction/withdrawal of grant
- the Chief Executive (or an officer authorised by him/her) will consider the appeal and the organisation will be informed in writing whether there are sufficient grounds for the appeal to go ahead
- if the appeal is allowed to proceed funding will be granted to cover the period of appeal

6.2.1 The Appeals Panel

A Panel will be called to hear the appeal within 20 working days of the notification of the acceptance of the appeal;

- the date of the Panel will be notified to the organisation as soon as it is set
- the Panel can include elected councillors and /or officers and/or independent people
- officers will prepare a written report for the Appeals Panel and send a copy to the organisation at least 10 working days before the Panel is due to meet
- the organisation may submit a written case with supporting documents for circulation to all members of the Panel at least 5 working days before the Panel is due to meet
- at the Panel the following will happen:
 - the Chief Officer (or an officer authorised by him/her) will present a report with reasons for the withdrawal or reduction of funding

- the organisation may put their case
- only written documentation submitted before the meeting of the Panel will be allowed to be produced
- the Panel will deliberate in private but will make its decision based solely upon the material presented to it at the hearing.

6.2.2 The Recommendations

The Panel will notify the Chief Officer of its recommendations as soon as practicable after the hearing. On receipt of the Panel's recommendations the Chief Officer will either:

- accept the Panel's recommendations and make a decision in accordance with them (which decision will be final); or
 - refer the matter to the Cabinet Committee
- in either event the Chief Officer will inform the organisation in writing both of the Panel's recommendations and of his/her decision
 - if the Chief Officer decides to refer the matter to the Cabinet Committee, he/she will prepare a report for the Committee which will include the recommendations made by the Panel and his/her reasons for not accepting them. A copy of this report will be sent to the organisation at least 5 working days before the Committee is due to consider it.
 - the Cabinet Committee will not consider the matter afresh but will simply decide whether the Chief Officer had adequate reasons for not accepting the Panel's recommendations. The Committee's decision on this issue will be notified to the organisation in writing and will be final
 - where the original reduction or withdrawal of funding is upheld (at whatever stage of the appeals process) the organisation will be given one month's wind down costs or a phased reduction plan effective from the date of the appeal hearing; the Chief Officer (on the recommendation of the Panel) or the Cabinet Committee may extend the wind down period
 - the organisation will provide a wind down budget and list of assets purchased with Council grant within 10 working days of being notified of the decision to reduce or withdraw funding; all assets obtained through grant aid from the Council must normally be returned to the Council or in agreement with the Council, passed to an organisation with similar objectives

6.3 Attendance at the Panel

Those entitled to attend the Panel include:

- representatives of the organisation
- the Chief Officer and/or appropriate officers from the department administering the grant
- a representative of the Council's Legal Services Division

2 "substantial" means that the information must have a significant and direct bearing on the Council's decision and its reasons for cutting or reducing the grant

3 "new" refers to information which was not available when the funding decision was taken

7. Staffing Arrangements

- 7.1 The organisation must consult the lead officer on job descriptions for all posts funded by the Council. The salary and grade will normally have to be approved by the Council.
- 7.2 The organisation's lead officer will be given an opportunity to take part in the recruitment and selection of staff for any such posts as an observer.
- 7.3 Members of the management committee are not eligible to apply for vacant posts within the organisation. Therefore management committee members having an interest in any such posts must declare their interest and resign, in writing, before the selection procedures begin.
- 7.4 Written approval is required before filling any grant aided vacant posts.
- 7.5 A written decision as to whether recruitment should be delayed as part of vacancy control measures will be sent to the organisation within 14 days of the application

8. Further Information

These Standard Conditions of Grant Aid contain general requirements for those receiving grant funding from the Council. There are many areas concerned with the efficient and fair operation of an organisation that are not covered in great detail. Those requiring further information and guidance may consult with their Council Officer or officers in the Community Development and Grants Section of Leisure Services.

Further guidance on legal requirements and/or good practice may be sought from the following:

Advisory Conciliation and Arbitration Service

Clifton House
83-117 Euston Road
London NW1 2RB
020 7396 5100

Health and Safety Executive

Information Centre
Broad Lane
Sheffield S3 7HQ
01742 892345

Commission for Racial Equality

Elliot House
10-12 Allington Street
London SW1E 5EH
020 7828 7022

London Voluntary Sector Resource Centre

356 Holloway Road
London N76PA
020 7700 8107

Equal Opportunities Commission

Overseas House
Quay Street
Manchester M3 3HN
0161 833 9244

National Council for Voluntary Organisation

8 All Saints Street
London N1 9RL
020 77136161

Newham Community Accounting Service

Durning Hall
Earlham Grove
London E7 9AB
020 8519 2244

Aston Mansfield Community Involvement Unit

Durning Hall
Earlham Grove
Forest Gate, London E7 9AB
020 8519 2244

Directory of Social Change

24 Stephenson Way
London NW1
020 7209 1015

Charities Evaluation Services

4 Coldbath Sq
London EC1
020 7713 5722