

GRANT STANDING ORDERS

1. INTRODUCTION

- 1.1 The purpose of this report is to present to the Partnership Board new Grant Standing Orders to be incorporated into SEStran's governance arrangements.

2. BACKGROUND

- 2.1 As part of the work on the People and Place Plan presented elsewhere on this agenda, a need has been identified for SEStran to put in place Grant Standing Orders (GSOs) to set out the governance processes that can underpin the award of grants by the Partnership.
- 2.2 Currently, the provision of grants under the 2005 Act by SEStran is governed by the Financial Rules, which state that:

58 The Partnership Director is responsible for ensuring that each grant award complies with the corporate criteria and is subject to any such conditions as the Partnership deems appropriate to the particular award.

59 The Partnership Director is responsible for project evaluation and the monitoring and evaluation procedures adopted in each case.

60 The Partnership Director is required to contain total grants paid within budget provisions for the current year.

61 The arrangements for processing grant payments will be in accordance with procedures adopted by the City of Edinburgh Council.

- 2.3 This follows the legal power of SEStran to offer grants as set out under Section 3 of the Transport (Scotland) Act 2005:

(5) A Transport Partnership may give grants or loans to any person for any purposes that, in its opinion, contribute to the implementation of the Partnership's transport strategy.

(6) Such grants or loans may be given subject to such conditions (including conditions requiring repayment in specified circumstances) as the Transport Partnership decides.

- 2.4 The proposed GSOs will build on the 2005 Act and Financial Rules by defining what is meant by a grant and setting out clearly how grant funds and awards will be approved and by whom.

3. MAIN REPORT

- 3.1 This report provides Members with a copy of the GSOs for approval (see Appendix 1).
- 3.2 The GSOs have been developed based on those approved by City of Edinburgh Council in February 2024 and have been refined following discussions with SEStran’s solicitors and City of Edinburgh Council.
- 3.3 A draft version of the GSOs was presented to the Performance and Audit Committee on 1st March 2024. The Committee noted the GSOs and was content for them to be submitted to the Partnership Board for final approval.
- 3.4 Since then, some further amendments have been made following discussions with SEStran’s solicitors:
- General clarifications to wording and formatting to ensure that this is consistent throughout
 - Raising the limit on grant funds that do not need Board approval of assessment and eligibility criteria from £25,000 to £50,000 to align with proposed changes to the Contract Standing Orders
 - Inclusion of a new section to incorporate the award of grants to Local Authorities which focuses on partnership working and therefore has a higher level of delegation than for grants to third parties
- 3.5 The grant award governance framework is constituted by the GSOs and SEStran’s existing Financial Rules. The purpose of the GSOs is to set out clearly the requirements and responsibilities around the distribution of grant funds.
- 3.6 Once approved, the GSOs will form part of SEStran’s Governance Scheme, and will be available on the website to potential grant recipients when they make applications.
- 3.7 The approvals and delegations contained within the GSOs are summarised in the below tables:

For grants to non-Local Authorities:

Grant Funding Pot Value	Individual Grant Value	Open/ Closed round	Eligibility Criteria Approval	Assessment Process Approval	Award of grant Approval
Under £50k	Under £50k	Either	Partnership Director	Partnership Director	Partnership Director
Any	Up to £100k	Open	Board	Board	Partnership Director
Any	£100k-£1mil	Open	Board	Board	Partnership Director (on advice of a Panel)
Any	£1mil-£3mil	Open	Board	Board	P&A (on advice of a Panel)
Any	£3mil+	Open	Board	Board	Board (on advice of a Panel)

For grants to Local Authorities:

Grant Funding Pot Value	Individual Grant Value	Open/ Closed round	Eligibility Criteria Approval	Assessment Process Approval	Award of grant Approval
Any	Up to £1mil	Closed	Partnership Director	Partnership Director	Partnership Director
Any	£1mil-£3mil	Closed	Board	Board	P&A
Any	£3mil+	Closed	Board	Board	Board

3.8 As the GSOs include a provision for the Board and Performance and Audit Committee to approve grants over certain value thresholds, upon approval of these GSOs updates will be required to SEStran’s Governance Scheme to explicitly state this updated role.

4. RECOMMENDATIONS

4.1 The Partnership Board is asked to:

- Approve the Grant Standing Orders as presented at Appendix 1
- Approve subsequent changes to SEStran’s Governance Scheme committee remit sections for the Board and Performance and Audit Committee to state their roles in the approval of grants in line with the Grant Standing Orders.

Michael Melton
Programme Manager
8th March 2024

Appendix 1: Grant Standing Orders

Policy Implications	Approval of the GSOs will underpin the award of grants that will contribute to achieving our policy objectives
Financial Implications	None, the new grant standing orders put in place a robust governance framework to ensure grant funds are suitable dispersed in line with agree budget
Equalities Implications	Approval of the GSOs will underpin the award of grants that will contribute to achieving our equality objectives
Climate Change Implications	Approval of the GSOs will underpin the award of grants that will contribute to achieving our climate change objectives

SEStran Grant Standing Orders

Introduction

These Grant Standing Orders (GSOs) of the South East of Scotland Transport Partnership (“SEStran”) apply from 15th March 2024 and apply (with certain exceptions outlined below) to all grants made by or on behalf of SEStran.

1. Explanatory Note – What are Grants?

1.1. Grants are financial contributions to a third party which contribute towards the Regional Transport Strategy.

1.2. Properly constituted grants will not normally be subject to the procurement rules. Further guidance can be found in the Scottish Public Finance Manual, however the following characteristics will help determine whether a grant is the suitable funding route or whether it should be treated as a Public Contract and be subject to normal procurement rules:

1.2.1. Grants are financial contributions to a third party and tend to be an offer to a third party of funds or a financial contribution for a discretionary project or objective which contribute towards the Regional Transport Strategy. The grant should not be for services which SEStran receives.

1.2.2. Grant funding will normally be given subject to desired outcomes being met but SEStran will not normally receive services itself.

1.2.3. SEStran is providing funding to support activities that will contribute towards the Regional Transport Strategy and where the grant recipient does not have sufficient resources to deliver those activities on a self-sustaining basis itself.

1.2.4. In contrast, Public Contracts are normally a request by SEStran for a specific requirement or service with no discretionary objective for which an agreed price is paid.

1.3. There is no financial threshold above which a grant becomes a contract but if the investment is significant this may reflect a significant need in which case greater control and/or a more defined specification may be advisable.

1.4. References to ‘Public Contract’ in this paragraph 1 means a contract which is subject to the Procurement Reform (Scotland) Act 2014, the Public Contracts (Scotland) Regulations 2015, the Utilities Contracts (Scotland) Regulations 2016, the Concessions Contracts (Scotland) Regulations 2016 or the Procurement (Scotland) Regulations 2016.

2. General Principles and Application

2.1. Grants are subject to the requirements to secure Best Value (as defined in the Local Government in Scotland Act 2003).

2.2. Grant funding is for objectives which contribute towards the Regional Transport Strategy.

- 2.3. SEStran is committed to ensuring grant funding is outcome driven, accessible and transparent, supporting projects that meet the needs of the region.
 - 2.4. Subject to Board approval, SEStran may use arms-length bodies or other appropriate organisations or community networks to carry out grant disbursement activities on its behalf. SEStran should have an agreement in place with such bodies that sets out the nature of the relationship, the form of accountability, how the assessment panel will be constituted, how the organisation or network is funded or will be funded, and details of the activities they will engage in. Such bodies will be subject to the standards set out in these Grant Standing Orders unless expressly agreed by the Partnership Board.
 - 2.5. All grant arrangements must comply with the requirements of the Subsidy Control Act 2022. At the outset of any grant process the relevant Partnership Director shall ensure that the Subsidy Control Act 2022 is considered and appropriate advice sought. The specific grant agreement must contain provisions ensuring both SEStran's and the recipient's compliance with the requirements of the Subsidy Control Act 2022 as applicable to the grant.
 - 2.6. For each grant fund, the Partnership Director shall appoint a named officer to oversee the process, manage any issues with individual recipients and ensure outcomes are achieved and managed. The process and management required shall be proportionate to the amount of grant funding.
 - 2.7. Prior to award, all grants paid should have specific grant agreements in place which should be suitable and proportionate to the level of funding and reflect the activities and outcomes to be delivered.
 - 2.8. Sections 3 and 4 will not apply to grants to Local Authorities, which are covered under section 6.
3. Eligibility and Assessment Criteria for Grant Funds (for grants to non-Local Authorities)
 - 3.1. The overarching eligibility criteria and the overarching assessment criteria:
 - 3.1.1. For each grant fund under £50,000 shall be approved in advance by the Partnership Director
 - 3.1.2. For each grant fund in excess of £50,000 shall be developed by the Partnership Director and approved in advance by the Partnership Board.
 - 3.2. Changes to the eligibility or assessment criteria, process and the amount of the grant fund may be approved by the Partnership Director where the total annual fund or the amount by which the total annual fund is to change is less than or equal to £50,000. Any other changes to the eligibility criteria, process and the amount of the grant fund shall be approved by the Partnership Board.

3.3. Grant funds where the total annual fund value is less than or equal to £50,000 shall be either open or closed as determined by the Partnership Director.
Grant funds where the total annual fund value exceeds £50,000 per annum shall be open to all eligible applicants (as agreed under 3.1.2).

3.4. In certain circumstances, a restricted process i.e. restricted to existing grant recipients may be appropriate but must be agreed by the Board in advance.

3.5. Notwithstanding 3.3-3.4, where grant funding is from a source other than SEStran (such as the Scottish Government) then this requirement to be open to all eligible applicants shall still apply but be subject to any requirements of the funding body or third party as appropriate that may stipulate restrictions on eligibility. The Partnership Director may approve any changes to the eligibility criteria, process or the amount of the fund to take account of these third party requirements, reporting back to the Board as appropriate.

4. Assessment Process and Award of Grants (for grants to non-Local Authorities)

4.1. For grants where the total annual fund value is equal to or less than £50,000:

4.1.1. Applications shall be assessed and evaluated against the agreed assessment criteria

4.1.2. Grant awards shall be delegated to the Partnership Director for approval (within the agreed annual budget) based on the outcome of this assessment and reported to the Board for noting at its next meeting

4.2. For grants where the total annual fund value is greater than £50,000 and the individual grant value does not exceed £100,000:

4.2.1. Applications shall be assessed and evaluated by at least 2 SEStran officers against the agreed assessment criteria

4.2.2. Grant awards shall be delegated to the Partnership Director for approval (within the agreed annual budget) based on the outcome of this assessment and reported to the Board for noting at its next meeting

4.3. For grants of £100,000 up to £1million:

4.3.1. Applications shall be assessed and evaluated by at least 2 SEStran officers against the agreed assessment criteria

4.3.2. A panel will be formed, chaired by the Partnership Director, to review the assessments in line with the agreed criteria

4.3.3. Grant awards shall be delegated to the Partnership Director for approval (within the agreed annual budget) based on the advice of the panel and reported to the Board for noting at its next meeting

4.4. For grants of £1million up to £3million:

- 4.4.1. Applications shall be assessed and evaluated by at least 2 SEStran officers against the agreed assessment criteria
- 4.4.2. A panel will be formed, chaired by the Partnership Director, to review the assessments in line with the agreed criteria
- 4.4.3. Grant awards shall be delegated to the Performance and Audit Committee) for approval (within the agreed annual budget) based on the advice of the panel and reported to the Board for noting at its next meeting

4.5. For grants over £3million:

- 4.5.1. Applications shall be assessed and evaluated by at least 2 SEStran officers against the agreed assessment criteria
- 4.5.2. A panel will be formed, chaired by the Partnership Director, to review the assessments in line with the agreed criteria
- 4.5.3. Grant awards shall be shall be reported to the Partnership Board for approval based on the advice of the panel

4.6. If an agreed grant varies such as it passes one of the above thresholds, approval must be sought in line with the relevant thresholds above prior to issuing any grant variation.

5. Funding and Sustainability

- 5.1. SEStran will not normally provide grant funding of more than 95% of an organisation's turnover in the year the grant is given
- 5.2. Prior to any award of a grant exceeding £25,000 the financial sustainability of the applicant organisation shall be assessed.

6. Grants to Local Authorities

- 6.1. SEStran will work in partnership with Local Authorities with respect to grant awards to them.
- 6.2. Grant funds designated for Local Authorities will be closed to all other applicants.
- 6.3. For grant funds to Local Authorities where awards will not exceed £1million:
 - 6.3.1. The overarching eligibility criteria and the overarching assessment criteria for such grant funds shall be approved by the Partnership Director having been developed in partnership with Local Authorities
 - 6.3.2. Grant awards shall be delegated to the Partnership Director for approval (within the agreed annual budget), and reported to the Board for noting at its next meeting

- 6.4. For grant funds to Local Authorities where awards will range from £1million up to £3million:
- 6.4.1. The overarching eligibility criteria and the overarching assessment criteria for such grants shall be developed by the Partnership Director and approved in advance by the Partnership Board having been developed in partnership with Local Authorities
 - 6.4.2. Grant awards shall be delegated to the Performance and Audit Committee for approval (within the agreed annual budget), and reported to the Board for noting at its next meeting
- 6.5. For grant funds to Local Authorities where awards will exceed £3million:
- 6.5.1. The overarching eligibility criteria and the overarching assessment criteria for such grants shall be developed by the Partnership Director and approved in advance by the Partnership Board having been developed in partnership with Local Authorities
 - 6.5.2. Grant awards shall be reported to the Partnership Board for approval
- 6.6. If an agreed grant varies such as it passes one of the above thresholds, approval must be sought in line with 10.4.1 or 10.5.1 prior to issuing any grant variation.

7. Derogation from Process

- 7.1. In the event that a change is required to the eligibility criteria or assessment process set out above which cannot (for reasons of urgency) wait until the next meeting of the Partnership Board, the Partnership Director in consultation with the Chairperson may agree to approve the change.
- 7.2. With reference to delegations to the Partnership Director, where the prescribed authority is not available and approval is required urgently, the grant award may be approved by their nominated depute or other senior officer(s).
- 7.3. In such instances where paragraph 7.1. or 7.2 are relied upon, all decisions and approvals must be reported to the Board at its next meeting.

8. Review of Grant Standing Orders

- 8.1. These Grant Standing Orders shall be reviewed every 2 years.

Appendix – Delegation Summaries

For grants to non-Local Authorities:

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