Dear Ms Hillier

Thank you for your letter of 15 March in which you referred to recent media reports regarding the use of LIBOR funds and the consequent concerns raised by Members. LIBOR funds cannot be used to fund projects which Government Departments have a statutory responsibility to provide. The 2017 application form specifically stated that ‘[LIBOR] funds cannot be used to top-up existing grants and aids from Government Departments or for projects, activities or services that the State has a legal obligation to provide’.

Turning to the specific questions raised in your letter:

1. LIBOR is subject to a transparent and objective governance process which: utilises grant making experts sub-contracted by HMT, the Charity Commission, the Government New Grants Advice Panel and input from the Devolved Governments and Other Government Departments; meets the mandated requirements of the ‘Minimum Standards for Government Grants’; and is considered ‘Best Practice’ by the Cabinet Office Grants Team. In preparation for the closure of the LIBOR grants scheme, in January 2017, HM Treasury formally commenced a review of all grants committed from LIBOR funds since its inception; the LIBOR Grants Review (LGR). This is consistent with routine grant making best practice.

2. The details of the LIBOR funded grant schemes administered by the Ministry of Defence are outlined in the NAO report¹; and details of individual grants made by HM Treasury since 2015 have been published on the gov.uk website LIBOR page². Full details

of all grants committed were shared with the NAO as part of their investigation and will also be published in the forthcoming LGR report. Each individual grant is assessed against its value for money. Additionally, the value for money of the scheme as a whole will be addressed in a further independent review into the impact of LIBOR funds across the charity sector, which will report in 2019.

3. The assessment of individual LIBOR grant applications meets the mandated requirements of the ‘Minimum Standards for Government Grants’; and is considered ‘Best Practice’ by the Cabinet Office Grants Team. All grants are subject to an end of grant review/report and multi-year grants are required to provide an annual evidenced report prior to additional funds being released.

4. The LGR will report in summer 2018. This will be shared with the NAO for submission to the Committee and will be published in due course. The NAO has been kept informed of the progress of the review since the investigation last year.

I hope this information is of help to you and to your Committee colleagues.

Yours,

Tom Scholar