

Building Better Opportunities



Guide to delivering European funding

Section four: Payments, monitoring and financial claims

About this guide

This is just one section in a series of fifteen guidance documents that make up the Guide to delivering European funding (the 'Guide'). Taken as a whole, this provides all of the guidelines, tools and templates needed to manage and monitor your project.

The version of the Guide replaces any and all guidance we have previously published in relation to this funding.

For the full contents visit our website [here](#)

How to contact us

- ✓ If you are a **lead organisation** involved in delivering a project, the best way to get in touch is through **your funding officer**.
- ✓ **Other organisations** should email us at esf@biglotteryfund.org.uk

We have a Building Better Opportunities support team in place who can help with understanding European Funding requirements. You should by now have a named contact to contact directly. If you are unsure who this is, please contact your funding officer.

Summary of changes

May 2017 - Lottery logo updated.

March 2017 - Delayed quarterly update, including updated logo, merged with Annex Q to include claims detail; types of basic costs removed (4.2), three additional reporting requirements added (4.5), clarification to 4.4, 4.6 and 4.7.

September 2016 - Quarterly update, with use of National Insurance number for participant ID, updated Annex K, new Annex Q and revised annexes in Oct/Nov.

June 2016 - This version of the Guide incorporates appropriate comments gained from the consultation review in April 2016.

Any changes to the Guide will be:

- ✓ communicated on our website and on the inside page of each section

- ✓ emailed to current grant holders and highlighted in our programme e-bulletin.

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Annex A - Your payment schedule (spreadsheet)

Annex B - Progress project report

Annex D - Changes to your project form

4.1 How we will make payments

We will pay grant instalments up to three months in advance. The payments are based on your estimates of planned expenditure for that period.

You'll use a payment schedule to forecast your costs across the lifetime of the project. The costs should be broken down by quarter over each year of delivery.

As each quarter draws to a close, you'll submit a range of monitoring information to us. This will include a revised payment schedule which reflects your actual costs for the period.

If your actual costs are lower than your forecasted costs, we'll look to reduce the value of your next payment to reflect the difference between what you forecasted and what you actually spent. We'll also apply other adjustments where costs are found to be ineligible.

As you submit information to us, we'll report to the Managing Authority. They will carry out their own checks, which may result in further adjustments to future payments. Where serious issues are identified, the European Commission can 'claw back' some or all of the money paid to a project.

4.2 Scheduling payments

During the set-up of the project, we'll need you to complete a payment schedule (Annex A).

Your payment schedule is used to map out your expenditure over the lifetime of the project. It'll also tell us how much you need from us for your first payment.

You'll use a different tab to forecast your costs for each year of the project. Each year is then broken down by quarter (for example 2016 - Q3).

As the project progresses, you will complete the following:

- ✓ **Forecast (£)** - This is how much you think you'll need for each quarter of delivery. You'll provide an estimate for these amounts at the start of the project.
- ✓ **Actual (£)** - This is how much you actually spent. You'll complete this at the end of whichever quarterly period you are reporting your actual costs for.
- ✓ **Variance (£)** - This reflects any underspend, overspend, deductions or penalties. If you spent less money than you intended to, this column is used to indicate how much.
- ✓ **Variance (%)** - This calculates the percentage difference between what you said you would spend and what the actual costs were for the quarter. You will need to discuss a variance of over 10 per cent in any budget line with your funding officer.

The payment schedule will also enable you to look at a summary of the project's overall cumulative expenditure for each year of the grant. The final tab in the spreadsheet allows you to enter the payments you have received from the Fund. These figures will be pulled into the main spreadsheet so that the amount received is tracked throughout.

Types of costs

For purposes of managing your own costs, we need you to use the cost headings provided on the payment schedule and in **Section eight: Costs and expenditure**.

4.3 Making payments

➤ Your first payment

There will be an initial payment at the start of the project to cover the first three months of project activity. It will be the value of your 'Total costs (£)' for the first quarter that you have forecasted expenditure.

In some cases, the project may be starting partway through a quarterly monitoring period. Your funding officer will discuss this with you at the time to determine whether it may be possible to combine your first two quarterly payments into one.

➤ Your second payment

We'll make your second payment before we have received the monitoring information from your first quarter. Your funding officer will ask you to confirm whether your payment schedule has significantly changed since your first payment. If it has, you'll need to resubmit it before we can make your second payment.

➤ Subsequent payments

By the time we get to your third payment, we'll have reviewed all of the monitoring information from your first quarter. We may ask you to revise and resubmit this information if we identify errors, duplication or ineligible costs. This may result in adjustments to your third and subsequent payments. The process of payment, reporting and adjustment will continue throughout the lifetime of the project.

➤ Your final payment

We will withhold 5% of the total grant award as a retention payment. This is to ensure that all of the monitoring information we need to close the grant has been provided. The retention payment will be taken from your final grant instalment. Once we receive satisfactory final monitoring information, we will pay the 5% retained.

4.4 Making adjustments

Adjustments cover a range of eventualities which can be broadly divided into four categories.

➤ Underspend

This is where the actual costs in one quarter are lower than you forecast in your payment schedule. If this happens we'll discuss it with you and reduce the value of your next payment by this amount.

➤ Overspend

This is where your actual costs for a period are higher than the related payment from us. If this happens, we'll discuss the reasons with you so that we can understand whether the overspend was due to simply underestimating your likely costs or because there is a more significant issue relating to the costs of the project.

➤ Deductions

This is where we discover that some of your costs are ineligible and we may need to make deductions from payments due to you. For example:

- ✓ you've not been able to provide evidence of certain costs, such as evidence of defrayal, staff timesheets or receipts covering all items of expenditure, or
- ✓ your staff recruitment is unsatisfactory because you have not made reference to ESF in your job adverts, or the correct logo has not been used, or
- ✓ expenditure on other forms of publicity, such as websites or written documents, does not conform to our logo requirements, or delivery sites not meeting publicity requirements, or
- ✓ other forms of evidence relating to the delivery of the project have not been retained.

How we make these deductions will depend on the extent and seriousness of the issue. In most cases, we'll give you the opportunity to provide any incomplete information before making a deduction.

Usually, we'll recover the funding spent on ineligible items by reducing the value of your next payment.

➤ Penalties

We reserve the right to hold back all or a proportion of your next payment as a 'penalty' whilst you get your project back on track. A good example is where the performance against your targets is below expectations for a consistent period (see **Section five: Targets and project outcomes**).

We may also withhold or temporarily reduce payments if correct documentation is not retained or submitted

4.5 What you'll report to us each quarter

At the end of each quarter, you'll send us a number of documents that constitute your performance monitoring and financial claim.

1. an **updated payment schedule (Annex A)**, showing the latest actuals and any re-forecasts
2. a **project progress report (Annex B)**
3. a **target and project outcome schedule (Annex E)** showing the latest actuals and any re-forecasts (see **Section five: Targets and project outcomes**)
4. your **participant monitoring spreadsheet (Annex L)**, which reports the outputs and results for the individuals you have engaged during that quarter (see **Section six: Participants**)
5. your **financial monitoring spreadsheet (Annex O)**, which reports your costs and evidence of expenditure during that quarter (see **Section eight: Costs and expenditure**).
6. a **staff list for all project staff** including whether full or part time, rates of pay, pay calculations (relating to 1720 method calculations), start date on project and delivery partner (if applicable).

7. an **up to date partner list, including VAT status**.
8. a **project change form (Annex D)** if you plan to make any changes - these must be discussed with your funding officer. This should include line by line explanations for each entry to changes in participant and budget forecasts.

Additional monitoring for London projects

- ✓ Annually you will need to submit an Employability Performance Rating assessment

Timetable for submitting information

The Department for Works and Pensions (DWP) are responsible for administering this European Funding in England. They will monitor the Fund and have set the overall timetable within which BIG must submit information gathered from your project. To meet these requirements the following timetable has been established:

- ✓ The reporting year is divided into four periods: Quarter 1 (January to March); Quarter 2 (April to June); Quarter 3 (July to September) and Quarter 4 (October to December).
- ✓ You will need to submit all information for the quarter by 12:00 PM 14 calendar days after the end of that reporting period, we may amend this timetable in future. You may submit your information sooner if it is ready.
- ✓ We will review the information you have submitted and test it against supporting evidence for assurance you are adhering to the programme guidelines.
- ✓ The Fund will then report to DWP.
- ✓ You may receive an Article 125 On The Spot compliance check from DWP

The document submission dates are set out on the next page.

Monitoring and Claims Submission Timetable

	Quarter dates		Claim Submission deadlines		Projects to be on standby from date claim is submitted to date below to submit evidence	
2016	Start	End	Day of submission	Deadline	Deadline day	Deadline
Q1	01/01/2016	31/03/2016	Thu	14/04/2016		
Q2	01/04/2016	30/06/2016	Thu	14/07/2016		
Q3	01/07/2016	30/09/2016	Fri	14/10/2016		
Q4	01/10/2016	31/12/2016	Sat	14/01/2017	Mon	06/02/2017
2017						
Q1	01/01/2017	31/03/2017	Fri	14/04/2017	Mon	08/05/2017
Q2	01/04/2017	30/06/2017	Fri	14/07/2017	Mon	07/08/2017
Q3	01/07/2017	30/09/2017	Sat	14/10/2017	Mon	06/11/2017
Q4	01/10/2017	31/12/2017	Sun	14/01/2018	Tue	06/02/2018
2018						
Q1	01/01/2018	31/03/2018	Sat	14/04/2018	Mon	07/05/2018
Q2	01/04/2018	30/06/2018	Sat	14/07/2018	Mon	06/08/2018
Q3	01/07/2018	30/09/2018	Sun	14/10/2018	Tue	06/11/2018
Q4	01/10/2018	31/12/2018	Mon	14/01/2019	Wed	06/02/2019
2019						
Q1	01/01/2019	31/03/2019	Sun	14/04/2019	Tue	07/05/2019
Q2	01/04/2019	30/06/2019	Sun	14/07/2019	Tue	06/08/2019
Q3	01/07/2019	30/09/2019	Mon	14/10/2019	Wed	06/11/2019
Q4	01/10/2019	31/12/2019	Tue	14/01/2020	Thu	06/02/2020

How to submit information

Your funding officer will set up a shared folder using our secure file transfer service Kiteworks, an account will then be created for you allowing you to save information directly in the folder. You will receive an e-mail from Kiteworks to finalise setting up your account. All information must be transferred this way to meet the data protection and security requirements associated with the ESF programme. E-mail must never be used for sending project information or evidence to your funding officer.

Missing the submission deadline

Should you miss the deadline for submission without prior agreement from your Funding Officer, your claim information will not be processed and there is the possibility that you will not receive your next payment until it is submitted, or receive reduced payments and we may reduce your grant. You may be able to re-submit the claims information in the following quarter at our discretion.

4.6 What we'll do with your information

We'll review the information you sent us to check that:

- ✓ the project is on track and any problems or challenges are being addressed
- ✓ you have recorded the outputs and results correctly
- ✓ you are performing in line with the target schedule
- ✓ you are progressing towards your project outcomes
- ✓ you have provided a list of all your costs and retained the evidence to prove this expenditure
- ✓ your payment schedule reflects the actual costs incurred and you have made any appropriate adjustments to your payments
- ✓ you are producing publicity following our guidelines
- ✓ you are acting on your plans and policies for implementing the cross-cutting themes.

We will ask you to send us:

- ✓ electronic copies of some of your participant files so that we can check that the people benefiting from the project are eligible to receive support and that records match the data provided in the participant spreadsheet
- ✓ electronic copies of your evidence of expenditure so that we can check that your records are complete and all of the costs are eligible and funding has been defrayed
- ✓ examples of your publicity
- ✓ examples of how you're implementing the cross-cutting themes across the project.

Preliminary checks

Preliminary checks will confirm all the required information has been received. We'll do a sense check of transactions for ineligible costs and to identify any basic issues with the data provided. You will need to have someone available immediately to work with your funding officer on any queries arising who can amend any issues with your documents.

Participant Evidence Checks

The evidence that you provide to us about a participant must prove that the participant is eligible to engage with the project and that funding has been spent helping the participant to achieve a result (or progress towards achieving it). The evidence should be of a quality which is clear and readable - poor unreadable scans of documents are not acceptable, nor are those that cut off parts of the document or, for a single page document, offer only half of it on one page with the second half on another page. Also we need to see all the pages of a support document, not just one page, as the other pages may offer insight and information that we need to know. Another common error is to shade a tick box rather than using a tick - if this document is scanned it is difficult to see which box has been selected because the difference between shading and non shading on a scan is minimal.

You must ensure that any forms and evidence submitted to us has gone through your check procedure - this is particularly important if you are submitting evidence prepared by other partners. Make sure that simple errors, such as wrong names, mismatched addresses and not ticking all the boxes that should have been ticked, are picked up and corrected **before** you submit the evidence to us. An error will mean that the piece of evidence is rejected. We have tried to help with the identification of errors on spreadsheets, messages in Annex L against the appropriate lines will alert you to a problem where data has been incorrectly entered by putting. You must check and correct these lines **before** you submit the spreadsheet to us or we will reject and remove the participant from your claim. It is your responsibility as the lead

partner to check that your claim is completely correct and the mechanism that you use to carry out the check procedure must be robust enough to achieve this.

You will be advised which participants have been selected for checking and will need to transfer their supporting evidence via secure file transfer. You will need to transfer the complete participant file including:

- ✓ participant entry form
- ✓ evidence of participant eligibility including any supporting contextual information
- ✓ needs assessment and plan of activities
- ✓ participant progress form detailing activities and interventions to date
- ✓ proof of attendance at activities and interventions such as registration sheets
- ✓ evidence of how the activity or intervention addressed an identified need for each attending participant, for example a post activity survey form where the participant details what he/she gained from the activity and how that gain will be used in progressing towards achieving a result
- ✓ exit form (where participant has left)
- ✓ evidence of any results achieved as outlined in the exit form
- ✓ evidence of expenses and incentives that have been paid

The following details will be reviewed:

- ✓ check the participant data on the spreadsheet against the participant file - does this match and all information is recorded correctly?
- ✓ check the eligibility of the participant - is there evidence that the participant has the right to live and work in the UK
- ✓ check the eligibility of the participant - is the participant eligible for the individual project outline

- ✓ where preferred evidence has not been available, check the hierarchy has been followed and there's robust justification to explain the acceptance of an alternative and an explanation of the efforts made to obtain the preferred evidence
- ✓ does the participant file show that they have taken part in eligible project activities? (To be eligible a participant must have taken part in activities and not just have completed the initial engagement process).
- ✓ check for supporting evidence of any results being claimed against the participant

Financial Transactions Evidence Checks

You will be advised which financial transactions have been selected for checking and the evidence will need to be transferred via Kiteworks. Details of evidence requirements vary by transaction type and are explained in Section Six of the Guide.

The following checks will be covered (not exhaustive):

- ✓ check the primary evidence of expenditure (e.g. invoice or timesheets) against the financial monitoring spreadsheet - is all information recorded accurately or is there a satisfactory explanation for any variation?
- ✓ check the primary evidence of expenditure for Eligibility - has the funding been spent on eligible items under BBO?
- ✓ check the secondary evidence of expenditure (e.g. event sign in sheet or job descriptions) - does this confirm that funding has been spent on an eligible project activity?
- ✓ check that expenditure in claim has actually been defrayed back to bank statement level
- ✓ check that indirect costs have been claimed in line with guidance (i.e. they are 15% of direct staff costs)

Submission of supporting evidence

Following submission of your claim you will need to have someone available who can work with your funding officer to provide the supporting evidence for the transaction and participant data up to the date outlined in the table. You need to ensure this person has access to the Kiteworks folders set up by your funding officer.

All evidence needs to be held electronically and transferred to Kiteworks within 24 hours of being requested.

Tip - You should consider how you work with partners to collect evidence, and the resource that will be required to manage it, perhaps consider collecting it on a rolling basis or more frequently for ease.

Amount of evidence that will be requested

The financial evidence requirements are set out in Section Eight of the Guide and the participant evidence requirements are set out earlier in this document with finer detail in Section Six of the Guide. You should note that these outline the minimum requirements and your funding officer may request additional evidence if clarification is required.

Naming convention for evidence files

We need to easily be able to identify the supporting evidence files for transactions and participants, if we are unable to do this those lines may be rejected from your claim. Electronic files submitted for evidence should follow the convention outlined here.

Transaction evidence should be prefixed with F(finance evidence), Mx (the month sheet the transaction appears on, 1,2 or 3) then Rxxx (the row the transaction appears on). For example, prefix FM3R12 would be a piece of evidence for the transaction on the row 12 of the month 3 sheet of Annex O.

Participant evidence should be prefixed with P(participant evidence) then Rx (the row the participant appears on. For example, prefix PR20 would be a piece of evidence for the participant on row 20 of Annex L.

Outcome of monitoring and claims review

Following the review of your claims submission and monitoring information your funding officer will provide feedback to you on any issues that have been identified such as ineligible lines and those lacking sufficient evidence that have to be removed from your claim. We may also require you to update Annex A (payment schedule) and Annex E (targets and outcomes) with up to date figures following any adjustments resulting from the claims checking process.

Your funding officer will discuss any options to re-submit missing or poor evidence and any corrective actions arising from the checks that have been carried out.

We may reject all or part of your claim if

- ✓ we aren't satisfied with the supporting evidence provided
- ✓ we find ineligible items or costs in your claim
- ✓ our testing reveals a high rate of non-compliance

Tip - Read the latest BBO programme hints and tips for supporting evidence, ensure your partners also read it and subscribe to the BBO newsletter.

Tip - You'll find information on the evidence we expect you to keep in the [Guide to Delivering European Funding](#) as well as the [ESF programme guidance](#).

Telephone Monitoring

During the grant set up stage your funding officer will agree a timetable of monitoring calls. The frequency of these will vary, but will be at least monthly. These calls provide the opportunity to discuss

the general progress of the project. This will include but is not limited to:

- ✓ Review any previously agreed actions
- ✓ Discuss the general progress of the project
- ✓ Review the budget spend to date and whether spend is in line with the latest forecast
- ✓ Review target and outcome achievements to date and whether these are in line with the latest forecast
- ✓ Discuss any issues, concerns or problems identified by the review of budget, target and outcomes
- ✓ Cascade any information or changes in procedure
- ✓ Respond to any questions or queries raised by you
- ✓ Discuss any requested changes to the project and agree way forward
- ✓ Agree any actions for next monitoring event

Monitoring Visits

You will receive a quarterly monitoring visit unless otherwise agreed with your funding officer. The purpose of the visit is to develop a working relationship between the Fund and yourself. The following points will be considered as part of the visit:

- ✓ Check performance against your outcomes.
- ✓ Check compliance with [ESF publicity requirements](#)
- ✓ Check compliance with [ESF Data Protection requirements](#)
- ✓ Check performance against cross-cutting themes, sustainability and equalities.
- ✓ Complete any compliance checks as required

Reporting to the local LEP area sub-committee

Each quarter, we'll provide a highlight report to the LEP area sub-committee.

Reporting to the Managing Authority

Once we have a set of monitoring information that is complete, correct and eligible, we'll submit it to the Managing Authority. They will carry out their own checks which are broadly in line with our own, including visiting and auditing around nine lead organisations per quarter.

The Managing Authority may identify issues that were not picked up by lead organisations or ourselves, which may result in further adjustments being made to compensate for this. We'll do everything we can to minimise the chances of this.

Where serious issues are identified, the European Commission can 'claw back' some or all of the money which has been paid to a project. The risk of this happening can be mitigated by using the forms and templates we've provided.

Evaluating the programme

Evaluation is an important feature of Building Better Opportunities. Throughout the delivery of the project, we need organisations to collect and report information so that key learning can be used more widely to influence the planning of similar provision and future programmes.

We have appointed an independent evaluator to carry out a programme-wide evaluation of Building Better Opportunities. To help with the evaluation, we will ask some projects to participate in a sampling exercise looking at the longer term changes that have resulted from this funding. We'll also ask a number of grant holders to take part in qualitative reviews around their experiences of being involved in the programme.

The Managing Authority will carry out their own overall ESF evaluation, which projects must contribute to if asked. This will include the tracking of some participants up to six months after they've left the project. The Managing Authority will carry this out using contact information provided by lead organisations.

4.7 Changes to your project

Any changes must be discussed and agreed with us before they are implemented. You'll use the **changes to your project form (Annex D)** to tell us about any:

- ✓ changes to your primary or legally responsible contact information
- ✓ changes to your partnership, or the management structure of the project
- ✓ changes to your target schedule
- ✓ changes to your project outcomes
- ✓ changes to your project budget
- ✓ changes to the delivery of the project.

We'll need to agree these changes before you can proceed and we may need to get approval from the Managing Authority before the changes can be made.

Changes to your partners

Use this section to tell us if you want to:

- ✓ make changes to the membership of the partnership
- ✓ make changes to the role of existing partners
- ✓ replace a partner with a new organisation through a procurement process
- ✓ amend the partnership agreement.

Changes to your target schedule

Use this section to tell us if there are issues related to your target schedule.

Changes to your project outcome

Use this section to tell us if you want to:

- ✓ amend or replace one or more of your project outcomes
- ✓ change the type or number of participants or the extent to which they will benefit
- ✓ change the project activities that you will deliver to achieve your project outcomes

- ✓ revise the milestones that you will use to measure changes resulting from your project's activities.

Changes to your project budget

Use this section to tell us if you want to:

- ✓ vary your expenditure between budget headings by more than 10% from what you told us about in your stage two application
- ✓ add additional lines of expenditure to what you told us about in your stage two application
- ✓ revise your grant instalments by more than 10% of what you forecast in your payment schedule.

Changes to your delivery

Use this section to tell us if you want to change:

- ✓ the objectives, target groups or delivery areas of your project
- ✓ the delivery structure and approaches from what you told us about in your stage two application
- ✓ the nature of the activities you will be delivering because of new information.