



# SCOTTISH INNOVATIVE ACTIONS PROGRAMME

## GUIDANCE NOTES FOR NOTIFICATION OF CHANGES TO APPROVED PROJECTS



PROJECT PART-FINANCED  
BY THE EUROPEAN UNION

Europe and Scotland  
Making it **work together**

## INTRODUCTION

1. The **CHANGE PROCESS** refers to any alterations to **approved** projects.
2. **Changes must be notified as soon as you become aware of them to allow the Innovative Actions Programme Management Team sufficient time to process the request, which may require referral to the Programme's Steering Group.**
3. The purpose of this guidance is to set out the process for notifying these changes to the Programme Management Team. The guidance should be used together with the template for notifying changes that can be accessed from the Innovative Actions website at [www.scottishinnovativeactions.co.uk](http://www.scottishinnovativeactions.co.uk).
4. This guidance is in three parts:
  - **PART A** – The Principles of the Change Process.
  - **PART B** – The Change Process.
  - **PART C** - Additional Guidance on Revisions to Project Expenditure.
5. Changes can no longer be actioned through the claim form and failure to notify changes as detailed in this guidance may delay the claims processing.

## **PART A THE PRINCIPLES OF THE CHANGE PROCESS**

1. There are five key change categories that may need to be notified and actioned during the life of a project:
  - Financial – costs and funding package.
  - Performance forecasts – output, results and beneficiary profiles.
  - Implementation timescale.
  - Contacts – project and finance.
  - Bank account details
2. The sections below set out the principles for each change category.

### **Financial (Costs and Funding Package)**

3. Financial changes are primarily related to the costs of the project and/or the composition of the funding package.
4. It is accepted that both **increases** and **decreases** to the bottom line cost of the project and the funding package must be notified and actioned in order to ensure that the appropriate levels of grant are paid. Please refer to Part C - Additional Guidance on Revisions to Project Expenditure for details.
5. The **redistribution** of costs within a project and no change to the bottom line cost and/or approved grant should be notified and actioned if it exceeds the 10% (ERDF) threshold and will also effect a significant change to the approved project. The following represent significant changes:
  - Requesting the inclusion of additional cost headings.
  - Changes to the method of delivery and/or content of the project.
  - Changes to the performance targets (outputs and results).
  - Changes in the balance between delivery and administration of the project.
  - For ERDF revenue projects changes **within** the Staffing Generic Heading in excess of the 10% threshold which alter the balance between delivery and administration of the project in favour of administration.

### **Performance Forecasts (Outputs, Results and Beneficiary Profiles)**

6. It is recognised that revising the performance forecasts within a project is particularly time consuming for both partners and Programme Management Team. The general view is that this should be kept to a minimum as part of the Change Process.
7. The general rule is that the performance forecasts should not require modification and that the final reconciliation should take place at final claim.
8. However, the Programme Management Team qualitative checks will monitor the actual performance being reported in individual claims. If this significantly deviates from the forecast this will be investigated.

9. The exceptions to this generalisation are:
- Changes associated with decreased and increased cost notifications if this reflects a change in the scale of the project.<sup>1</sup>
  - Slippage in the implementation schedule for a project that will result in performance targets moving between calendar years.
  - Methodological errors identified in the original forecasting.

**Implementation Timescale**

10. Changes to the implementation timescale should be notified and actioned if they result in the expenditure profile and/or performance forecasts move between calendar years.

**Contacts**

11. Changes to both the project contact and finance contact must be notified and actioned.

**Bank Accounts**

12. Changes to bank accounts should be notified and actioned.

---

<sup>1</sup> Please refer to the Programme Management Team to confirm whether or not increased grant requests are available.

## **PART B THE CHANGE PROCESS**

1. The following sections detail the **CHANGE PROCESS** based on the principles outlined in Part A above.

### **Notification Template**

2. The Change Process uses a standard Word template that:
  - The partner uses to notify the changes and make justification.
  - The Programme Management Team uses to check and make recommendation on the action to be taken.
  - The Managing Body accepts as the formal record of the change.
3. For the notification of changes to **Contacts** and **Bank Accounts** applicants should complete the notification template as appropriate.
4. For the notification of changes to the **Implementation Timescale** which do not affect the expenditure profile and/or performance targets the template is sufficient.
5. For both changes to **Contacts** and the **Implementation Timescale** the Programme Management Team will acknowledge the notification and confirm that it has been actioned.

### **Revised Applications**

6. For **Financial** and **Performance Forecasts** it is essential that the changes are notified in a reliable and robust format, which should accompany the notification template.
7. Partners should update the relevant pages of the approved application and complete the notification template. This should then be submitted to the Programme Management Team in hard copy and/or by e-mail.
8. The Programme Management Team will then update the project file.
9. It should be noted:
  - Increased grant requests will require a full certified application form before a revised offer of grant is issued.
  - Revised Offers of Grant will only be required for increases in grant and costs.
  - Decreases in grant will include reference to the reduction in grant in the letter confirming that the change has been actioned.

10. The table below summaries the roles and responsibilities of partners and the Managing Body (SEP Ltd) in the **Change Process**.

<b>Partners</b>	<ul style="list-style-type: none"><li>▪ Complete Change Notification Template.</li><li>▪ Revise approved application form.</li><li>▪ Submit hard copy and/or electronic versions of both to Programme Management Team with covering letter.</li></ul>
<b>Programme Management Team</b>	<ul style="list-style-type: none"><li>▪ Check and process Change Notification as appropriate.</li><li>▪ Request certified hard copy application forms for increased grant requests as appropriate.</li><li>▪ Issue revised Offer of Grant as appropriate.</li><li>▪ Issue letter confirming that change has been actioned.</li><li>▪ Forward paperwork to Managing Body.</li></ul>
<b>Managing Body</b>	<ul style="list-style-type: none"><li>▪ Acknowledge receipt of Change Notification to Programme Management Team.</li><li>▪ Ensure that Paying Body is aware of any changes that may affect the level of grant payments.</li></ul>

## **PART C REVISIONS TO PROJECT EXPENDITURE**

### **Notification of the Redistribution of Grant (Costs)**

1. There are three categories of cost redistribution within a project:
  - Alterations to expenditure over time, such as, changes to the timescale for implementation of a project and/or a request to change the completion date.
  - Variations between the cost headings as approved and actual expenditure, and no change to the total cost of the project.
  - Additional works that can be implemented as a result of other cost savings within the original bottom-line approval. In this category the additional works must represent added value to the approved project.

### **Notification of Reduction in Grant**

2. Projects with a reduction in grant requirement must be notified as soon as it becomes evident. Full justification for the underspend will be required. If necessary, such projects may be required to be reconsidered by the Programme Management Team and the Steering Group.
3. There are two stages in a project's life when an indicative underspend must be notified to the Programme Management Team:
  - Before the works contract is awarded in cases where the tender process has resulted in bids significantly below the cost estimates detailed in the approved application.
  - Before the submission of the final claim at the conclusion of the project.

### **Requests for Increased Grant**

4. Consideration of requests for increased grant will be at the discretion of the Programme Management Team and the Steering Group.
5. In those exceptional circumstances where justification can be provided for an increased grant, requests should be notified as soon as possible and will be referred to the first available Steering Group Meeting or by written procedure as appropriate. Revised offers of grant will be issued to the applicant as appropriate once the change is agreed.
6. Requests can only be considered if there is sufficient grant available.
7. Projects requesting an increase in grant fall into two categories:
  - Those which, as a result of the tender process, identify that the cost of the project has been underestimated, and where all the tenders come in significantly above the budget allocated. In such cases a request for increased grant should be made in parallel with securing any other additional co-financing. In addition, the contract **should not** be formally let until the Programme Management Team has been informed, the increase approved and a revised offer of grant issued.
  - Those which incur additional and/or increased costs **during** the implementation of the project due to justifiable unforeseen circumstances. In these cases, a reassessment of the project costs should be carried out and the Programme Management Team notified.

- 
8. Applicants should notify the request for increased costs by using the standard notification template which can be accessed from the Innovative Actions website or from the Programme Management Team and a revised application form as detailed in Part B of this guidance. The justification for the request should detail why the need for increased grant has occurred and the impact the increase would have on the original approval (including differences in costs, funding, outcomes, timescales).
  
  9. Requests for increased grant will be assessed in the first instance by the Programme Management Team who will take account of:
    - The relative priority and score awarded to the project by the Appraisal Sub Group.
    - Any request for increased grant, which is not sufficiently justified, should not be considered.
    - Any additional outcomes and results which will be achieved by an increased grant award.
    - In some cases, organisations, which can demonstrate that the additional grant will have a significant impact on their financial viability, may be given a higher priority.
    - If the increase appears to raise other issues about the project in terms of overall performance and/or material change to that originally approved it may be referred to the Steering Group for their view.

### **Assessing Justifiable Increases in Project Costs**

#### ***CAPITAL PROJECTS***

10. **Pre-Contract Letting** - This refers to increases in costs identified by the tender process and before the contract is formally let:
  - Additional requirements/specialist materials for listed buildings, conservation areas, etc.
  - Unusual ground conditions affecting the costs of site preparation and/or servicing.
  
11. **During Contract Implementation** - This refers to genuine increases, which are over and above the contingencies allowance:
  - Increases due to unforeseen and/or unknown ground conditions, which were not evident by preparatory site investigations. It may necessary to provide a copy of the original site investigation to justify this increase.
  - Additional costs as a result of “acts of god” such as fire and flood which are not covered by insurance.
  - Additional costs due to contractor liquidation.
  - Clarification of Provisional Sums relating to security measures and services which can be justified by an independent sub-contractors report.
  - Additional costs due to additional works and/or specialist materials identified as essential to a listed building as a result of special conditions imposed by Historic Scotland and/or the Planning Authority during the implementation of the project.

**12. Increases which cannot be supported**

- Increases reflecting a lack of appropriate preparation by the applicant.
- Increases that fall within the contingencies allowance for the project
- Increases as a result of an increase in specification in the project, which materially alters the nature of the originally approved works.
- Increases which suggest that all the necessary consultation was not concluded prior to the original approval of the project, such as planning requirements and special consents from Historic Scotland, Scottish Natural Heritage, etc.

***REVENUE PROJECTS***

13. Increased costs for revenue projects, which can show that, for unforeseen reasons, a longer implementation period is necessary. These should be explained in detail and may be referred to Steering Group for consideration.