

This presentation is from the LIFE Application Writing
Workshop held in Bristol on 24th May 2017.

If you would like to see more presentations from this event
or if you would like more information on LIFE
please see JNCC's LIFE webpages at:

jncc.defra.gov.uk/UKLIFE

Experiences of LIFE bids and claims General principles and lessons learned

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Natural Resources Wales



When should I involve finance?

- **As soon as possible – at the bid writing stage**
- **The earlier finance are involved the better the costings**
- **Important Reading!**
 - Grant Agreement
 - Financial and Administrative Guidelines
- **Think about procurement rules**



Building a successful budget

Budget Headings

- Personnel
- Travel
- External Assistance
- Infrastructure
- Equipment
- Purchase of Land
- Consumables
- Other costs



Building a successful budget

Personnel

- Build in all staff who are directly involved in the project
 - Must only include costs which would only occur as a direct result of project activity
 - All staff whether full time or part time **MUST** be officially seconded to the project. (contract letter)
- You will need to specify how many days each person will spend on each action throughout the life of the project (be sure to build in enough staff time)
- Staff costs are calculated as:

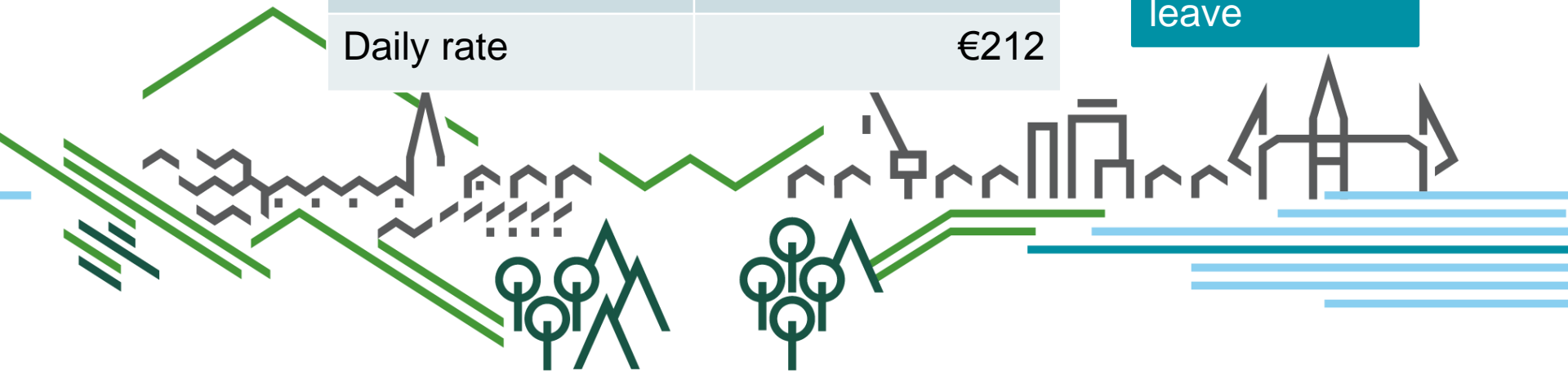


Building a successful budget

Daily Rate	€
Basic	€35,000
Pension	€8,000
NI	€4,000
Total	€47,000
Divided by number of days	221
Daily rate	€212

Remember to adjust for salary rises!

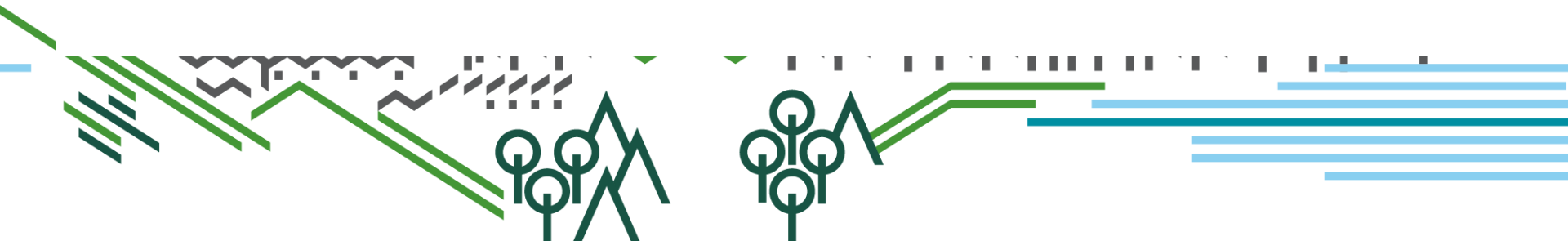
Contracted days less annual and statutory leave



Building a successful budget

Personnel Costs

- Remember! Personnel costs only eligible within the project term
- 2% Rule for public bodies– WATCH OUT!
- You must ensure that your total contribution to the project is at least 102% of the salary costs of the existing staff redeployed to the project.



2% Rule - Illustration

Existing Staff	A	420,000			
Travel		50,000			
External Assistance		430,000			
Equipment		100,000			
Total Costs		1,000,000			



2% Rule - Illustration

Existing Staff	A	420,000			
Travel		50,000			
External Assistance		430,000			
Equipment		100,000	Own Contribution (40%)	B	400,000
Total Costs		1,000,000			



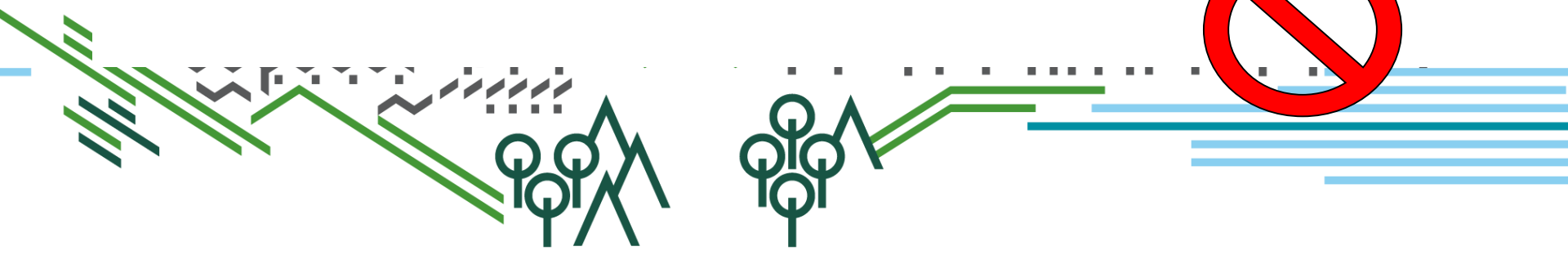
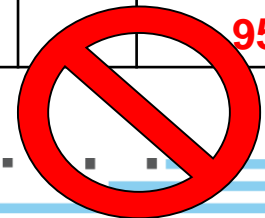
2% Rule - Illustration

Existing Staff	A	420,000			
Travel		50,000			
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Equipment		100,000	Own Contribution (40%)	B	400,000
Total Costs		1,000,000	Existing Staff	A	420,000



2% Rule - Illustration

Existing Staff	A	420,000			
Travel		50,000			
External Assistance		430,000			
Equipment		100,000	Own Contribution (40%)	B	400,000
Total Costs		1,000,000	Existing Staff	A	420,000
			B/A =		95%



2% Rule - Illustration

Temporary Staff		40,000				
Existing Staff	A	380,000				
Travel		50,000				
External Assistance		430,000				
Equipment		100,000		Own Contribution (40%)	B	400,000
Total Costs		1,000,000				



2% Rule - Illustration

Temporary Staff		40,000				
Existing Staff	A	380,000				
Travel		50,000				
External Assistance		430,000				
Equipment		100,000		Own Contribution (40%)	B	400,000
Total Costs		1,000,000		Existing Staff	A	380,000



2% Rule - Illustration

Temporary Staff		40,000			
Existing Staff	A	380,000			
Travel		50,000			
External Assistance		430,000			
Equipment		100,000	Own Contribution (40%)	B	400,000
Total Costs		1,000,000	Existing Staff	A	380,000
			B/A =		105%



Building a successful budget

Travel

- Budget for travel costs – think about the most **economical** and **environmentally friendly** forms of travel when budgeting
- Information required includes:
 - Purpose of travel
 - Destination
 - Frequency
 - Duration
 - Number of people travelling
- Use internal subsistence rates

Include this information in the “**explanation of assumptions**” section in eProposal!
Abbreviations are not enough!

Building a successful budget

External assistance

- Project activities carried out by others outside the organisation (sub-contracting)
- Subcontracting costs are limited to 35% of the total budget (Unless it can be justified)
- E.g. contract to write a report / develop software / venue hire
- In eProposal you must state how you will procure in the “procedure” column



Building a successful budget

Durable goods -equipment

- This refers to any equipment purchased by the project
- Follow internal rules – items which would be capitalised by your organisation
- Depreciation – up to 50% – follow internal rules on
- Equipment purchased by a body for / not for profit for Nature and Biodiversity projects is 100% eligible
- Subsequent use must be for conservation purposes
- You must state how you will procure in the “**procedure**” column in eProposal



Read the guidelines!



Building a successful budget

Land purchase

- Estimated cost per hectare
- Must submit a letter from competent authority or registered notary confirming that the price you have used is not above average for the type of land and location



Building a successful budget

Consumables

- Items purchase for the project that cannot be classed as durable
- Must be specifically for the project
- Must not be general supplies (i.e. printer ink, photocopies) – these are covered under overheads
- Must link the consumable to a specific action
- You must state how you will procure in the “[procedure](#)” column in eProposal



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Other costs

- Anything else that can't be slotted into the above!
- Conference fees
- Audit costs
- Translation etc



Building a successful budget

7% flat rate for overheads

- Can charge 7% of all eligible costs (excluding land purchase)
- Includes office costs, gas, electric, rent, telephone, support functions (finance) etc



Building a successful budget

A word about VAT...

- VAT is only an eligible cost if you cannot reclaim it and you need to be able to prove this
- Statement from auditor – may cost you extra!



Building a successful budget

Match funding

- Your contribution must be clean funds – no double funding!
- Coordinating and associated beneficiaries are each expected to make a financial contribution
- Staff time as match - work must be related to the project
- **Additionality** - must be able prove that the work would not have taken place if the project did not exist
- Note on employee contract to this affect
- Timesheets
- Match funding IS audited, treat as all other expenditure!



Audit proof your claims!

- Timesheets – make sure you do them! (unless 100% on project)
 - Ensure staff are entering their time in decimal form i.e. 7.75 not 7.45
 - All timesheets must mention the project code
 - Signed by employer and employee IN GOOD TIME (i.e. within 2 weeks of the month end)
- Ensure that all staff have a note on their file mentioning that they are working on the LIFE project.
- The contracts of staff employed only for the project should not start before the project starts, or end after the project end date.



Audit proof your claims!

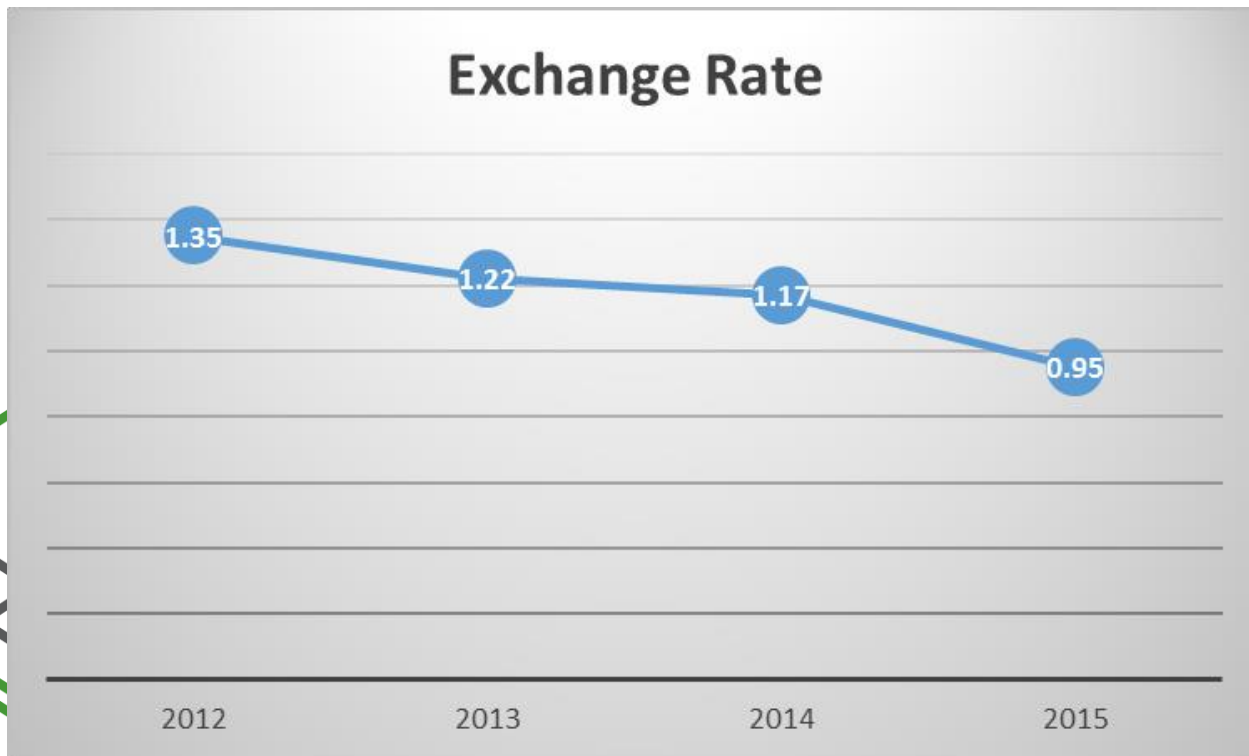
Invoices

- All invoices must include your project reference number;
 - e.g. LIFE 11 NAT/UK/385
 - Ensure that you have the controls in place to ensure that invoices are not paid without proper checks
- Keep original invoices with the project, filed sequentially and referenced ready for audit
- Costs are only eligible if they have been incurred during the life of the project and must be paid before you submit the financial report.
 - Exception – audit costs



Exchange rates

- All claims must be submitted in Euros, using the monthly accounting rate established by the Commission and published on its website
 - *Think about the currency risk, movements in the exchange rate will determine how much £ you have to spend!*



General Principles

- You may transfer a maximum of 20% between budget categories
- If you need to transfer more then you must submit a modification request
 - Try not to have more than 2 during the life of your project
 - Involves resubmitting your application with all the changes
 - Get your original budget as right as possible.



Procurement

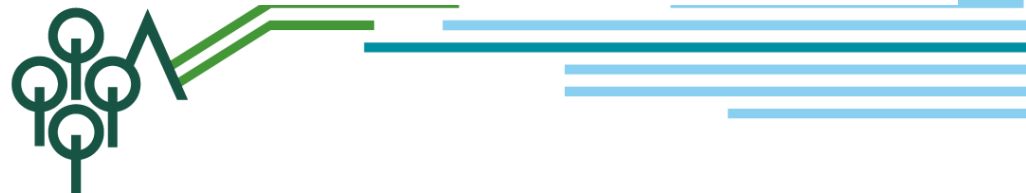
- Tendering rules:
 - Must always demonstrate value for money and best value
 - No conflict of interest
 - Demonstrate transparency and equal treatment
 - If public organisation then follow internal and EU public procurement rules (whichever is the most stringent)
 - If over €130,000 then must go out to public tender
- Keep EVERYTHING
- Specify your procurement method on the bid



Financial Recording & Claims

Payment schedules

- 2 or 3 claims throughout the life of the project, all use the financial statement.
- A pre- financing payment (a float) is paid within 30 days of the project start – the amount depends on the size and length of your project
 - 70% for projects less then 24 months and less then €300,000
 - 30% for projects over 24 month or over €300,00
- Next payment due when you have spent 100% of your initial pre-financing payment – send with a progress report.
- Important to appoint an auditor before the mid term report.



Further information

- The LIFE website's Toolkit section contains a lot of useful guidance and templates:
- http://ec.europa.eu/environment/life/toolkit/pmtools/lifeplus/financial_reporting.htm
- Or google EU LIFE and select "Toolkit"
- JNCC LIFE section
- Environment Agency template

