

GUIDANCE NOTES FOR THE COMPLETION OF EUROPEAN STRUCTURAL FUNDS GRANT APPLICATIONS (Parts One and Two) – Version 2, May 2004

Details of Amendments

Location	Description	Details
WELCOME AND INTRODUCTION		
p.2, para. 4	New text	For applicants working within the Highlands & Islands Partnership Programme references to ERDF should be taken to refer to the three Structural Funds: <ul style="list-style-type: none"> ▪ European Regional Development Fund (ERDF) ▪ European Agricultural Guidance & Guarantee Fund (Guidance Section) (EAGGF) ▪ Financial Instrument for Fisheries Guidance (FIFG).
p.2, para. 5	Revised text	Part D – European Structural Funds Expenditure Headings, which sets out eligible and non-eligible expenditure in accordance with Commission Regulation (EC) No 448/2004 of 10 March 2004.
p. 3, para 9	New text	Finally each Programme Management Executive website will have Programme-specific policy guidance for particular types of project which reflects the priorities of the relevant Programme Documents.
p. 3, para 12	Revised text	The role of the applicant is to follow this guidance and submit eligible applications that can then be considered for funding. As a general rule consultants and other third party operatives working on behalf of an applicant cannot create an application or be classed as the application owner. As appropriate the application owner should give individuals in this category edit permission.
p.4, para. 16	Revised text	In accordance with local operating practices Parts Two and Three may be combined as a single document. Please refer to individual PME website to establish the local preference.
p. 4 Application Deadline	New text	<ol style="list-style-type: none"> 1. At or before the Application Deadline <ul style="list-style-type: none"> ▪ Submit Part One (Data Capture) electronically through the system. ▪ Submit Part One (Data Capture), Part Two (Compliance) and Part Three (Justification) plus any other supporting documentation in hard copy to the relevant PME office. 2. The EUROPEAN STRUCTURAL FUNDS application should be submitted both electronically and in hard copy. Again there may be local variation on the timing of each submission. Please refer to the individual PME website to establish the local preference.

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PART A – GENERAL PRINCIPLES		
p. 6-7, para. 14-24	New text	<p>Private Sector Involvement</p> <p>14. There are three ways the private sector (and other beneficiaries) can be seen to contribute to and be involved in projects supported by European Structural Funds. In simple terms, these are as follows:</p> <p>Revenue/Receipts (Income)</p> <p>15. This is classed as contributions to the gross eligible project costs by beneficiaries of the services provided by the European Structural Funds supported project in accordance with Rule 2 of Commission Regulation (EC) N0 448/2004. This can include:</p> <ul style="list-style-type: none"> ▪ SME/beneficiary contributions to business development services provided by the European Structural Funds supported project. ▪ Tenants contributions to common services in managed business centres/workspaces etc as part of the rental agreements/service charges. ▪ Fee revenue for training courses/childcare provision etc. ▪ Ticket sales for events. ▪ Membership fees. <p>20. These contributions should be projected and declared within the FUNDING PACKAGE section of Part One under the Revenue category.</p> <p>Direct contribution</p> <p>21. In these cases, the private sector is a direct co-funder of eligible project costs agreed and confirmed prior to the European Structural Funds grant approval. This can include:</p> <ul style="list-style-type: none"> ▪ Contribution to the capital costs of a project. ▪ Contribution to the establishment of a loan and equity fund. ▪ Donations to the operating costs of a project. <p>22. These contributions are part of the overall funding package for the project and should confirmed and declared in the FUNDING PACKAGE section of Part One under the Private Match Funding category.</p> <p>Leverage</p> <p>23. Leverage is classed as expenditure by SMEs and other beneficiaries as a consequence of the European Structural Funds supported project, and tends to come in after the European Structural Funds supported project has been implemented. This can include:</p>

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		<ul style="list-style-type: none"> Investment in a site as a result of initial site servicing etc. SME expenditure in conjunction with the award of a grant scheme that forms part of a business support service. <p>24. This should be classed as an intermediate result and/or economic impact of the project and should be projected in the RESULTS section of Part One.</p>
p. 8, para. 10-14	New text	<p>Final Claim Audit Requirements</p> <p>10. It has been agreed that for all projects approved on or after 1 April 2004 where the amount detailed in the grant offer is £50,000 or more the Final Claim will require independent certification by auditors. The audit fees associated with the independent certification can be included in the eligible costs of approved projects. In cases where an increase in grant is awarded during project implementation, which exceeds the threshold, the revised value should be applied and audit fees included in the increased grant request.</p> <p>11. Certified Final Claims should be submitted by the Auditor directly to the appropriate PME with a covering letter and not via the applicant.</p> <p>12. For projects split between eligible and transition areas each approval should be treated separately. If applicants wish to have both elements of a project treated as one for audit purposes this should be agreed with the PME and Scottish Executive during the technical assessment stage.</p> <p>Programme Closure</p> <p>13. The Regulations suggest that the final declaration of expenditure by the Paying Authority (Scottish Executive) to the European Commission must be made before the end of December 2008. More recent advice from the Commission however indicates that the effective date may be 30 June 2009.</p> <p>14. Based on experience and information currently available, the critical path required for the last expenditure on projects and for the submission of (audited) final claims by auditors to the PME is as follows:</p> <p>Applicants</p> <ul style="list-style-type: none"> Final date for defraying expenditure- 31 July 2008 Final claims to auditors - 17 August 2008 Final claims to PME - 31 August 2008 <p>Programme Management Executive</p> <ul style="list-style-type: none"> Last claims to Executive - 30 September 2008

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		<p>Scottish Executive</p> <ul style="list-style-type: none"> ▪ Last claims passed for payment - 31 October 2008 ▪ Declaration with closure package to Audit - 28 February 2009 ▪ Final declaration (and closure package) to Commission - 30 June 2009
p.9, Pre-Approval Revisions to Application Forms	New text	<p>1. In order to simplify the process for all parties and ensure an appropriate audit trail is maintained the following has been agreed for responding to technical assessment, advisory group comments etc. during the decision making process:</p> <p>PART ONE (DATA CAPTURE)</p> <ul style="list-style-type: none"> ▪ All changes should be made on-line before the application is tagged as uploaded on DCS. ▪ These changes should only be made at the request of the PME. ▪ The version uploaded and then certified should be complete and correct. <p>PART TWO (COMPLIANCE) & PART THREE (JUSTIFICATION)</p> <ul style="list-style-type: none"> ▪ All changes and updates to these parts of the application will be accepted as supplementary reports with a covering letter from the applicant. ▪ For PART TWO this may be a copy of planning permission or the OJ advert. ▪ For PART THREE this may be a report directly addressing the issues/questions raised in the technical assessment and/or advisory group report. ▪ Version numbers shown on hard copy PART TWO and PART THREE will correlate to original PART ONE submitted. PMEs will manually update the version number of PART TWO, PART THREE and any supplementary documentation to correlate to the uploaded PART ONE.

PART B

STAGE 1 – SUBMITTING AN APPLICATION – PART ONE (DATA CAPTURE)

p.14, para 3.	New text	Changes to applications should only be made at the request of the PME once tagged as submitted on DCS.
p. 14 (12), para. 6	Deleted text	You may receive additional correspondence on technical assessment issues during the appraisal process.

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PART B

STAGE 2 – SUBMITTING PART TWO (COMPLIANCE) AND PART THREE (JUSTIFICATION) TO THE PME

p. 15 (13), Application Deadline	Deleted text	
p. 15, para. 1	New text	The precise order of this may vary according to local operating practices.

PART C – COMPLETING A EUROPEAN STRUCTURAL FUNDS APPLICATION FORM

p. 20, Organisation, para. 5	New text	The Offer of Grant will be issued to the designated signatory for the project application. Refer to Policy and Technical Guidance for the Submission of European Structural Fund Grant Applications for details on designated signatories.
p. 21 (19), Applicant Organisation Eligibility	Deleted text	Applicant Organisation Eligibility <ul style="list-style-type: none"> Applicant eligibility is considered in parallel with the decision-making process for projects The PME carries out an initial assessment in accordance with agreed criteria. The analysis of the assessment and recommendation on eligibility is then reported to the appropriate PIC/PManC
p. 22, para. 4	Amended text	Agency letting the main contract This should be the name of the organisation letting the contract, if this is not the organisation submitting this application provide an explanation as part of the PART THREE (JUSTIFICATION).
p. 25, para. 15	New text	Note: <ul style="list-style-type: none"> Occasionally co-funders provide their contributions to applications up front. For applications receiving any co-funding in advance (Eligible Revenue, Public Match and/or Private Match) applicants are advised to present this in the application form as a pro-rata allocation across the years. This allocation should correspond to the projected expenditure in the ELIGIBLE and NON-ELIGIBLE COSTS sections and will ensure that the appropriate level of grant is then calculated. This information will in turn be copied though to the on-line claim form and will ensure that overpayments do not occur during the claims process.
p. 25, para. 4	Amended text	For expenditure to be eligible, it must be incurred and defrayed between 1 January 2000 and 31 July 2008. This is referred to as the eligible expenditure period.

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p. 26, para. 6	New text	With the exception of site acquisition and pre-contract fees, no costs are eligible to be incurred prior to the PIC/PManC decision date. These screens should allow the inclusion of eligible site acquisition and pre-contract fees in advance of the project start date. If this is not case please account for such costs in the year that the project is due to start in the first instance and adjustments will be made through the claims process.
p. 26 (24)	Deleted text	The drop-down list for NON ELIGIBLE COSTS includes all the ELIGIBLE COSTS to allow applicants to indicate eligible type expenditure in non-eligible areas and/or to facilitate the calculation of modulated intervention rates as appropriate.
p. 27 (25), para 4.	Deleted text	In addition, PART THREE (JUSTIFICATION) must be accompanied by confirmation of the status of the match funding from a designated authorised signatory of the individual organisations.
p. 28, para. 19,	Revised text	Contributions in-kind Detailed guidance on the eligibility of contributions in kind is provided in Rule 1, paragraph 1.7, of the Commission Regulation (EC) No 448/2004 of 10 March 2004.
p. 29, Output & Results, para. 2	New text	Select the appropriate outputs and results from the drop-down list for both of these sections. If in doubt please contact the PME to agree the most appropriate outputs and results before submitting the application. Remember to include an entry for the number of beneficiaries applicable against each of the outputs and results included and that beneficiaries may be counted more than once.
p.32, Certification, para. 3	Revised text	The certification section must be completed in full and signed by the designated authorised signatory of the applicant organisation. The hard copy certified PART ONE (DATA CAPTURE) should show the status as uploaded.
p. 33 para. 5 and 6	New text	5. As a general rule PART ONE (DATA CAPTURE) should not be uploaded and certified until all outstanding issues have been resolved and the form updated accordingly. In this case the certification should be sufficient to confirm that all co-funding is in place and third party evidence is not required. Remember that the applicant is certifying that all the co-funding is confirmed. The amount shown in the certification section should be the full funding package less the ERDF/ESF requested. 6. However, if PART ONE (DATA CAPTURE) is uploaded and certified before all outstanding issues have been resolved and the form has not been updated then supplementary confirmation of the resolution of any outstanding issues should be provided by the applicant before an Offer of Grant is issued.
p. 33, para. 8	Revised text	Please refer to additional guidance certification of application forms included in the Policy and Technical Guidance for the Submission of European Structural Fund Grant Applications.

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PART TWO - COMPLIANCE		
p. 35, Public Procurement	New text	This section will not be relevant for most Objective 3 applicants unless projects involve larger sub-contractual arrangements where the total costs of the contract may exceed EC thresholds. Where contracts exceed the limits they should be advertised in the Official Journal.
p. 35, para. 3	Revised text	Contracts with total costs in excess of the EC thresholds must be advertised in the ECs Official Journal. Thresholds vary according to the type of contract and are revised biennially. The current thresholds can be viewed on the Scottish Executive website www.scotland.gov.uk/procurement
p. 36, Company Training Schemes	New text	<p>Company Training Schemes (ESF)</p> <p>1. For projects delivering training targeted at companies rather than individuals there could be specific State Aid implications. Please refer to the PME and consider the following when completing the form:</p> <p><i>Does the project involve any State Aids?</i></p> <ul style="list-style-type: none"> ▪ If your project does not involve State Aids or you are applying the “de minimis” tick NO and move on to the next question. ▪ If your project does involve State Aids, and you wish to use the Scottish Executive block exemption referred to in the Core Guidance (or another block exemption), tick YES and complete the following sections. <p><i>Amount of aid</i></p> <ul style="list-style-type: none"> ▪ If the project is providing training to SMEs, this should normally be 70% of the total cost of providing the training (trainer's fees, materials etc) included in your application (the other 30% should be paid by the companies). For larger, enterprises, this should be 50%. <p><i>Is the aid approved?</i></p> <ul style="list-style-type: none"> ▪ If you are using the Scottish Executive exemption tick YES. However, at present, we do not have an approval number, so just state “to be advised by Scottish Exec”. ▪ If you are using any other exemption (Scottish Enterprise, Local Authority etc) tick YES and enter the appropriate approval number, date etc.

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PART D – EXPENDITURE HEADINGS

p. 40, para. 1	Revised text	The Commission Regulation (EC) No 448/2004 of 10 March 2004 lays down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards eligibility of expenditure of operations co-financed by the European Structural Funds. This reference document applies to the period 2000-2006 and is referred to as “The Rules”.
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