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Low Carbon Travel & Transport Challenge Fund

7. Claims process and reporting requirements



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Investing in a Smart, Sustainable and Inclusive Future

Disclaimer

Applicants should be aware that as the Low Carbon Travel and Transport Challenge Fund (LCTT Challenge Fund) is a new programme, the guidance will be reviewed as the programme evolves and therefore may be subject to change. The European Union and Scottish Ministers reserve the right to amend the National Rules and Transport Scotland reserves the right to amend the published guidance during the period of the programme.

Version Control				
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10/04/2017	V2	FINAL	EST	Transport Scotland

Background

Transport Scotland has been awarded up to £8 million by the European Regional Development Fund (ERDF) 2014-2020 programme to deliver the active travel and low carbon transport operations of the Low Carbon Travel and Transport (LCTT) programme.

As part of the ERDF programme, Transport Scotland has committed to running a LCTT Challenge Fund and has appointed Energy Saving Trust to deliver this.

About this document

This document provides an overview of the claims process and reporting requirements to be adhered to by Grantees of the LCTT Challenge Fund.

This document is one of four documents that form a suite of guidance available to Grantees. The full suite can be downloaded from [the Energy Saving Trust website](#).

- Audit and compliance guidance
- Communications and publicity guidance
- Claims process and reporting requirements
- Evaluation guidance

For any questions please contact the Energy Saving Trust LCTT Challenge Fund project team: LCTT@est.org.uk / 0131 555 8691. Energy Saving Trust has been appointed by Transport Scotland to administer the LCTT Challenge Fund on their behalf.

CONTENTS

1	Introduction	4
2	Claims process.....	4
2.1	General principles	4
2.2	Timeframes	5
2.3	Claim documentation	5
2.4	Financial year-end process	6
3	Progress reporting requirements	7
3.1	Quarterly progress report	7
3.2	Monthly update report	7
3.3	Final project report	8
4	Change process	9
4.1	Types of changes	9
4.2	Change request form	10
5	Monitoring.....	11
	Annex 1: Claims evidence checklist	12
	Annex 2: Quarterly progress report template	14
	Annex 3: Monthly update report template	18
	Annex 4: Change request form.....	19

1 Introduction

This document provides an overview for Grantees of the claims process and reporting requirements for the Low Carbon Travel and Transport (LCTT) Challenge Fund. It includes an explanation of how to complete the claim form, timeframes for claims, and checklists to support Grantees to ensure all claims are compliant. It also provides detail on reporting requirements and templates for these reports, as well as guidance on how to manage changes to projects.

2 Claims process

Claims are to be submitted to Energy Saving Trust (Challenge Fund Administrators) on a quarterly basis. Energy Saving Trust will perform compliance checks on all material before providing a consolidated claims report to Transport Scotland (Lead Partner) for final approval. All material will also be subject to audit by the Scottish Government's Managing Authority and Audit Authority and the European Court of Auditors. The checklists included in this guidance are designed to ensure all claims are compliant and ready for audit. The completed checklists may form part of the evidence base for audits.

Grantees must ensure from the outset that robust and suitable systems and processes are in place to maintain adequate audit trails and manage information efficiently and effectively. This information will not only need to be summarised and presented with the claim, but also made available for on the spot verifications and audits throughout the delivery and post completion under the retention of document requirements. For more on this see *Audit and compliance guidance*.

2.1 General principles

All preconditions stated in the Grant Offer Letter must be met prior to the first payment of ERDF grant funding.

Claims are to be submitted in arrears on a quarterly basis and only eligible expenditure defrayed (incurred and paid) by the end of that period can be included in the claim for reimbursement.

In an event where no expenditure has been defrayed during the instalment period Grantees must still submit a quarterly progress report.

Grant payments are calculated as a percentage contribution rate against the declared expenditure reported within the claim (50% for Highlands and Islands, 40% for Lowlands and Uplands).

Grantees must notify Energy Saving Trust promptly if at any time they become aware that they are unable to make a claim in accordance with the outlined timescales or in accordance with the expenditure profile.

The Grantee must ensure that all supporting documentation is kept and made available, as set out in *Audit and Compliance Guidance*.

The claim will only be processed once Energy Saving Trust and Transport Scotland are satisfied that all information is present and complete and complies with the terms and conditions of the Grant Offer Letter and the [ERDF National Rules on Eligibility of Expenditure](#).

10 per cent of the final Grant payment shall be retained and will not be released for payment until the Grantee has provided a Final Project Report to be submitted by the Grantee within 30 days following completion of the Project.

2.2 Timeframes

Claims are to be produced in arrears, reporting on a predefined period of actual activity referred to as the 'claim instalment period'.

The claim instalment periods for the LCTT Challenge Fund are as follows:

Claim instalment period 1	Date project plan and financial plan signed off – 30 September 2017
Claim instalment period 2	1 October 2017 – 31 December 2017
Claim instalment period 3	1 January 2018 – 31 March 2018
Claim instalment period 4	1 April 2018 – 30 June 2018
Claim instalment period 5	1 July 2018 – 30 September 2018
Claim instalment period 6	1 October 2018 – 31 December 2018

Claims are to be submitted within 20 working days, at the latest, following the end of the claim instalment period. Grant payment will normally be met within 40 working days from receipt of a complete claim.

2.3 Claim documentation

Claims must include:

- Completed claim form
- Appropriate supporting evidence.

Claims must be emailed to LCTT@est.org.uk within 20 days following the end of the claim instalment period. The claim form must be submitted both as an excel document and as a PDF that has been signed and scanned by the project owner. Supporting evidence documents should be clearly titled to match the descriptions provided in the claim form.

2.3.1 Claim form

The claim form is an excel document that can be downloaded from [the Energy Saving Trust website](#).

The layout of this form must not be amended or changed in any way except for inserting additional lines / rows within the table. When new lines are inserted into the table please ensure that the formulae calculating the sub total and total values are updated and correct.

When describing the item for which funding is being claimed, it is important that the item has a clear description. The description must be detailed enough to allow the reader to consider its validity. In most instances, a one-word description such as “construction” or “marketing” or the use of an acronym without further explanation will not be sufficient. In addition, items of expenditure repeated from claim to claim will also require complete descriptions each time they are claimed. Grantees cannot rely on descriptions used in earlier claims to inform later claims. Depending on the item claimed, it will often be appropriate to include names, dates, reasons/purpose of expenditure to help clarify the need to spend the money.

Please note that:

- All expenditure to be claimed for must fall within the agreed scope of the project activities and within the agreed expenditure categories defined in the Financial Plan.
- All expenditure must conform to all respects of the eligibility criteria as set out in the National Rules.
- All apportionment methodologies for shared costs must be agreed in writing before these can be included within the grant claim.
- All expenditure declared within the claim must be defrayed by the end date of the claim instalment period.

2.3.2 Supporting evidence

Supporting evidence is required to support each item of expenditure being claimed for. Details of appropriate supporting evidence are provided in Annex 1.

2.4 Financial year-end process

To allow the Scottish Government to accurately accrue expenditure at the end of the financial year Grantees will need to provide an estimate of the expenditure that will be claimed for Claim instalment period 3 (1 January 2018 – 31 March 2018).

Grantees must provide this estimate to Energy Saving Trust by 10 March 2018.

3 Progress reporting requirements

3.1 Quarterly progress report

A narrative report providing a clear description of the projects' progress, both physically and financially, and how it is performing in terms of its stated purpose is required with every claim.

The quarterly progress report for each claim should provide details of the progress achieved during the claim instalment period following on from the last claim submission.

The report should provide focus on specific areas of compliance contained within the Grant Offer Letter covering at least the following topic areas:

- Physical progress
- Financial performance
- Planned activity for the calendar year
- Targets
- Emerging risks and mitigation strategies
- Publicity and communications
- Match funding
- Contracted milestones

It is expected that Grantees will have in place a risk management strategy and maintain a risk register throughout the life of the project. The project risk register will inform the content of the quarterly reports.

A template for the quarterly progress report is contained in Annex 2.

This template should be completed and mailed to LCTT@est.org.uk within 20 days following the end of the claim instalment period (see section 2.2).

3.2 Monthly update report

In addition to the quarterly progress report, Grantees are required to provide Energy Saving Trust with a monthly update report.

This update should provide brief details on activities undertaken during the month, any emerging/materialising risks, as well as a description of how the project is tracking against the submitted project plan.

A template for the monthly progress report is contained in Annex 3.

This template should be completed and mailed to LCTT@est.org.uk by the 5th day of the following month (i.e. the monthly update report for September 2017 should be submitted by 5 October 2017).

3.3 Final project report

On completion of the Project, the Grantee will be required to submit a report to the Scottish Ministers summarising the outcomes and performance of the Project. Such a report shall include such statistical, financial and other information relating to the impact of the Project. This report should be submitted within 30 days following completion of the Project.

Separately, the Grantee will be required to monitor and evaluate the Project to evidence its outputs and outcomes and will be expected to report on this on an annual basis for a 3 year period following 31 December 2018.

More information on project evaluation can be found in the *Evaluation guidance*.

4 Change process

From time to time Grantees may need to alter or adapt the project based on issues arising during monitoring, or due to changing circumstances. For example, money may need to be moved from one expenditure category to another, or changes may need to be made to the overall expenditure profile of the project, or to the sequence or timeframes in the project plan.

Grantees should inform Energy Saving Trust of any changes made in the monthly update reports. However, if the change is material it is essential that Grantees inform Energy Saving Trust and get our approval before implementing the change.

4.1 Types of changes

Change type	Example causes
Time <ul style="list-style-type: none"> • Timescale change • Schedule / timing of payments 	<ul style="list-style-type: none"> • Order works undertaken in • Delays caused by: weather, complying with legislation unforeseen construction challenges, or delays with electricity supply upgrades
Cost <ul style="list-style-type: none"> • Interim claims • Final / total amount claimed 	<ul style="list-style-type: none"> • Changes to match funding package • Increase or decrease to overall cost • Changes to the cost of individual elements but no change to overall cost • Difference between estimated cost in application and the final procured cost
Deliverables <ul style="list-style-type: none"> • Indicators • Measures 	<ul style="list-style-type: none"> • Revisions to output or results indicators based on improved or new datasets • Non-compliance (intentional and unintentional)
Changes to External Drivers	<ul style="list-style-type: none"> • PESTLE (Political, Economic, Social, Technological, Legal and Environmental influences from outside that may affect delivery of the project)

4.1.1 Non material change

Provided that the outcomes remain unaffected, non-material changes can include the following:

- Non-cost changes.
- Revising costs downwards.
- A change that involves moving costs between expenditure categories if the impact will change any single expenditure category by less than 5 per cent (this does not apply if the change is more than £5,000);

4.1.2 Material change

Examples of material changes include:

- Change of project ownership, control or final beneficiaries;
- Change to the nature or purpose of the Project;
- A change that involves moving costs between expenditure categories if the impact will change any single expenditure category by more than 5 per cent (this does not apply if the change is less than £5,000);
- Change in the agreed expenditure for fees, management, administration or purchase of land;
- Any change to the project as a whole requiring a significant change to the forecast profile of expenditure;
- Any change to match funding contributions or sources;
- Change to quantifiable targets;
- Any change to the expected physical or financial completion dates;
- If irregularities or fraud are detected or suspected.

Please note that this list is not exhaustive, if unsure please always check with Energy Saving Trust first.

As long as the changes are reasonable, the project is still delivering eligible activity and it still represents value for money, obtaining approval for changes should not be a problem. However, if Grantees go ahead and make a change without getting prior agreement, there is no guarantee that a “retrospective” change will be agreed, and this could result in the loss of some, or even the entire, ERDF grant.

Please note that in the following three circumstances, the material changes are substantial and therefore prohibited:

- The change would have had an impact on who the Grantee would have awarded an original contract to. If, during the contract period, changes are made that would have encouraged other tenderers to participate, or it would have been possible for the Grantee to accept another tender, then the changes are to be considered substantive and are not allowed;
- The change significantly expands a contract quantitatively and qualitatively to include elements that were not initially provided for at the time of tender;
- Changes make a difference to the economic balance in favour of the private party in a way that was not specified in the original terms.

4.2 Change request form

A change request form is provided in Annex 4. This form should be submitted to Energy Saving Trust as soon as the Grantee is aware of the change.

Change requests will be considered in the context of potential impacts on the project, the project’s risks, and the aims of the LCTT programme. Changes can be approved, rejected, deferred or more information may be requested. Depending on the nature of the change, the Grantee either will receive an email confirmation from Energy Saving Trust, or if necessary an agreed amendment to the Grant Offer Letter will be made and signed by the Grantee and Transport Scotland.

5 Monitoring

The information provided to Energy Saving Trust in the quarterly claims, quarterly progress reports and monthly update reports will be used to track the projects' expenditure and progress towards milestones against forecasts.

The following measures will be used to monitor the progress of LCTT Challenge Fund projects and compliance with the requirements of the fund. Grantees' performance will be assessed against the following measures:

Measure	Description	Outcome sought
Claims submitted on time.	The % of eligible claims submitted on time to Energy Saving Trust.	Applicants submit claims per the agreed timeline.
Claims returned.	The % of claims that have to be returned by Energy Saving Trust due to inaccuracy or incompleteness.	No claims returned.
Transaction audit check.	The number of transactions that fail an audit and compliance check.	100% compliance.
Eligible spend against budget.	The % of eligible costs incurred to date against budget.	Actual defrayed expenditure is in line with budget.
Quarterly progress reports submitted on time.	The % of quarterly progress reports by Grantee submitted by deadline.	100% submitted on time. Quarterly progress reports should be submitted throughout the project whether or not milestones have been achieved or expenditure has been incurred.
Monthly update reports submitted on time.	The % of monthly update reports by Grantee submitted by deadline.	100% submitted on time. Monthly update reports should be submitted throughout the project whether or not milestones have been achieved or expenditure has been incurred.

Annex 1: Claims evidence checklist

Check	Yes / No	Type of Evidence	Comments
Land Acquisition		Independent Land Valuation Purchase Details / Payment	See National Rules section 4.1.1
Site Investigation/Decontamination		Specialist Report Consultant Invoices Environmental Impact Assessment	See National Rules section 4.1.2
Site Preparation/Building and Construction		Tender Report - Project QS Valuation Applications - Project QS Valuation Reports Payments - Bank Statements Waste Disposal Documentation Invoices Bank Statements	See National Rules section 4.1.2
Equipment/Fixtures and fittings		Asset Register Invoices Bank Statements Management Accounts Receipts	See National Rules section 4.1.6, 4.1.7 and 4.1.8
Marketing costs		Invoices Bank statements	See National Rules section 4.1.9
Staff Costs		Payroll records Payslips BACS Bank Statements Management Accounts Ledger Transactions 100% Dedicated to Operation	See National Rules section 4.2.1
Revenue / Income Followed Grant Offer Letter conditions?		Sources of Revenue / Income Sale of Project Assets Sale of Products / Services Management Accounts Bank Statements	

<p>Publicity Has the project fulfilled its commitment to publicise the EU contribution to this Operation as stated in the Grant Offer Letter?</p>		<p>Plaques on Buildings Logos on Stationery, Website Logos on Advertising & Promotional Material such as Brochures, Flyers, Billboards Funding Acknowledged in Press Briefing</p>	<p>See <i>Communications and publicity guidance</i>.</p>
<p>Procurement Where applicable, are public procurement, EU procurement rules and regulations being followed, including the Treaty of Rome Principles?</p>		<p>Written Procurement Policy Tender File for a Competitive Tender (EOI, Work Specification, Selection Criteria, Proposals, Evaluation Report) OJEU Notice for EU Level Tender Written Quotes Received Local Advertisements</p>	<p>See <i>Procurement Guidance</i> document.</p>

Annex 2: Quarterly progress report template

A word version of this template can be downloaded from [the Energy Saving Trust website](#).

Project ref no.:				
Name of organisation:				
Project name:				
Reporting period:				
Project summary:				
<p>Provide a summary of the project and its key objectives. <i>E.g. The [name of project] will construct an active travel hub. The project aims to:</i></p> <ul style="list-style-type: none"> • <i>Provide the local community with access to alternative travel modes</i> • <i>Will increase confidence in commuters to travel actively by offering appropriate training, etc.</i> 				
Physical progress:				
<p>Describe the actual activities undertaken in the claim instalment period. This should relate back to the scope of activities outlined in the application and Grant Offer Letter. If there have been any delays or issues encountered in the period these should also be outlined with information on how the project is dealing with these issues.</p>				
Milestones:				
<p>In this section Grantees will report on the planned / forecasted achievement of the milestones outlined in the Grant Offer Letter as well as confirming actual achievement. This should be set out in the format within the delivery report as follows:</p>				
<i>Milestone</i>	<i>Contracted achievement date</i>	<i>Forecasted achievement date</i>	<i>Date achieved</i>	<i>Notes</i>

Activity planned for next period:						
Provide an outline of the key activities that are planned for the next claim instalment period including any key dates or events. If there is any future major activity that is planned beyond the next instalment period this should also be covered.						
<i>Task name/ detail</i>	<i>Previous forecast date</i>	<i>Current forecast date</i>	<i>RAG</i>			
<i>RAG description key (related to planned activities)</i>						
R	Delivery is significantly behind schedule; significant under/over-spend is likely; no plans in place to address problems.					
A	Problems identified with delivery and/or resourcing but a plan is in place to address these					
G	Project running on time, to budget and is on track to meet all milestones. Any potential problems are being monitored and managed					
B	Milestone completed on time					
W	Task complete					
Risks in this period:						
Risks should be taken from the project's risk register.						
<i>Date identified</i>	<i>Risk description</i>	<i>RAG/ score</i>	<i>Mitigation strategy</i>			
<i>RAG description key (from risk register)</i>						
5	Almost certain	5	10	15	20	25
4	Likely	4	8	12	16	20
3	Possible	3	6	9	12	15
2	Unlikely	2	4	6	8	10
1	Rare	1	2	3	4	5
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5

Budget/Financial management:

Report on the performance in terms of actual expenditure against the profiled values contained in the Funding Agreement. Comments should also include future forecast and whether the project is still on track and to budget. Any expenditure slippage should be explained and justified with plans outlined on how the slippage will be addressed. Any potential overspend in cost categories or request to re-profile expenditure should be flagged up here.

<i>Total budget</i>		<i>Total budget defrayed (to date)</i>		<i>Total ERDF funds claimed (to date)</i>	
£		£		£	
<i>Expenditure category</i>	<i>Forecast (at time of Grant Offer Letter)</i>	<i>Actual (to date)</i>		<i>Remaining (to date)</i>	
£	£	£		£	
£	£	£		£	
£	£	£		£	
£	£	£		£	
£	£	£		£	
£	£	£		£	
£	£	£		£	
£	£	£		£	
£	£	£		£	
£	£	£		£	

Match funding:

Grantees will need to report on the funding received during the claim instalment period as well as the cumulative values received to date. This should be broken down by named funder. Any potential changes to the funding package should also be referred to.

<i>Match funder</i>	<i>Match funding received this claim period</i>	<i>Cumulative total to date</i>	<i>Contracted value</i>
	£	£	£
	£	£	£
	£	£	£
	£	£	£
	£	£	£
	£	£	£
	£	£	£
	£	£	£

Targets:	
Grantees will need to report on the actual achievement of targets and future forecast in comparison with the profile outlined within the funding agreement. Identify any specific issues encountered relating to measuring or evidencing the targets or take up of assistance from businesses. If there is any slippage, outline what remedial measures are being put in place to bring things back on track.	
<i>Main achievements this period</i>	
<i>Future forecast</i>	
<i>Issues identified</i>	
Publicity and communications:	
Report on any publicity activity that has taken place during the claim instalment period. This may include publicity material, leaflets, banners or stationery and any press releases, newspaper articles or publicity events.	

Annex 3: Monthly update report template

Email this table to LCTT@est.org.uk by the 5th day of the following month.

A word version of this template can be downloaded from the Energy Saving Trust website.

Project ref no.:						
Name of organisation:						
Project name:						
Reporting month:						
Progress:	Detail progress during the reporting month, <i>e.g. project manager hired, tenders issued for construction contract, planning permission confirmed etc.</i>					
Risks:	Detail any emerging or materialising risks. Note mitigation strategy where appropriate.					
Progress against project plan:	Detail project's overall progress against project plan, reporting any slippages or issues.					
Output log:	Description of activity	Date completed	Location	Type of activity	Number	Units
	<i>e.g. Handing out leaflets</i>	<i>28/04/2018</i>	<i>Dundee Train Station</i>	<i>Outreach</i>	<i>438</i>	<i>leaflets</i>

Annex 4: Change request form

A word version of this template can be downloaded from [the Energy Saving Trust website](#).

Project ref no.:	
Name of organisation:	
Project name:	
Date:	
Change type:	
<input type="checkbox"/> Time <input type="checkbox"/> Cost <input type="checkbox"/> Deliverables <input type="checkbox"/> External driver	
Describe the change being requested:	
Describe the reason for the change:	
Describe all alternatives considered:	
Describe risks to be considered for this change:	
Describe resources and costs needed to implement this change:	
<i>To be completed by Energy Saving Trust</i>	
<input type="checkbox"/> Approve <input type="checkbox"/> Reject <input type="checkbox"/> Defer	
<i>Justification of decision:</i>	
<i>Date approved:</i>	



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For more information about the Low Carbon Travel & Transport Challenge Fund,
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