Lessons Learnt:
Managing the ERDF Project Process

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Summary

- ERDF supported innovation – University of Leicester
- SME interaction
- Managing the project process
- Mitigating risk in your project
- Lessons learnt – informing the future
So, What’s it all About?

- Fitting with the Operational Programme priority objectives;
- Delivering agreed outputs and results that match the OP objectives;
- Contributing to cross cutting themes;
- Contributing to equalities;
- Compliance with state aid, procurement and publicity requirement;

- PA1 – Increasing Productivity Through Innovation
- East Midlands
- Originally, G-STEP was in collaboration with Prospect Leicestershire and East Midlands Development Agency as well as ERDF.
- IRSA is University of Leicester and ERD only.
University of Leicester and ERDF supported Innovation

• Two major projects

• **G-STEP 1** - 4 years £1.8 million
• G-STEP = GMES -(global monitoring for environment and security)
  Space Technology Exchange Partnership

• **IRSA** – 2 years £950K
• IRSA – Innovation through the Research Support Accelerator
University of Leicester and ERDF supported Innovation

• G-STEP was designed to help with space related innovation. Over 4 years the area of expertise moved into spatial and geographical data manipulation – Big Data.
G-STEP – Helping Business to Access Earth Observation Data
What Does G-STEP Do?

Earth Observation

Complex Data - Collection and Manipulation

Collaboration with EM SME’s to develop novel products and services
University of Leicester and ERDF supported Innovation

- IRSA was designed to access the unique selling points of a university – academics, graduates and research. IRSA enables longer collaborative research projects with graduates able to enrol for a post graduate qualification.
IRSA – Helping Business to Access Research

Collaboration between an SME, post graduate and two University Academics on a 12 month research based project.
...AND THAT, IN A NUTSHELL, IS HOW THIS PROGRAM WORKS.
... AND THAT, IN A NUTSHELL, IS HOW THIS PROGRAM WORKS.
Initially, the area of operation in the UK was the East Midlands for both G-STEP and IRSA – reducing the number of SMEs that could be counted in terms of ERDF outputs.

ERDF Regions 2007 – 2013 Programme
Engagement in Practice – Identify SMEs

- Attend minimum 100 events
  - Contact 1000 companies

- Minimum 2 events
  - 150 delegates/event

- Minimum 10 events
  - 20 delegates/event

- Minimum 25 SME’s

**General market** penetration by attendance at a large number and diverse range of East Midlands Knowledge Exchange and business facing events.

**Market concentration** by delivery of large knowledge exchange events

**Market segmentation** by delivery of sector specific knowledge exchange events – Business Breakfasts.

**Bespoke and niche interaction** with EM SME’s – collaboration and project development. One to one.
Lessons Learnt – Contract

1. Writing the contract – you have to do what it says in the contract. Be realistic in what you are claiming you can do.

2. Can you do this activity without ERDF or EU/SIF money? Would you do it without this funding pot? If intervention rate is 40%, you may be able to carry out a slimmed down version of the activity without being constrained by EU rules.

3. Keep your proposed collaboration profile and area of intervention as broad as possible whilst still adhering to the terms of the contract process.

4. Budget profiles – staff costs are always more than anticipated – the administration load, particularly if you have not run an ERDF-based project before, is high and takes time out of delivery. You need to budget for a dedicated project manager.
Lessons Learnt – Contract – Risks

1. How will the outputs and results support the delivery of the project’s objectives and address the issues that you have identified? Do the outputs match Programme requirements?

2. Ensure that outputs and results are achievable. Do not be tempted to over-inflate the outputs as a device to obtain the funding.

3. Gross Value Added (GVA) - can only claim GVA from year 2 onwards.

4. What resources, knowledge, expertise and skills do you and any delivery partners have to deliver the project?

5. How much will each output cost? How does this compare to local and national norms?

6. ERDF is paid three months in arrears. Can you manage up to 6 months before the first payment.

7. Start of projects are often delayed – how will this impact capital build or match funding.
Meeting ERDF Obligations – 
Minimising Risk – SMEs

1. If your project is niche or specialised, you may not have enough sector specific SMEs in your region to complete agreed outputs. Think outside the box to increase collaborations.

2. Check SME criteria and check again. Use more than one company website. Check for subsidiaries, groups and holding companies. Check ownership!

3. Check if your SME has recently had grants or assistance. They may be extremely close to de minimis limits. Or they may have had assistance across several state aid articles making your compliance difficult.

4. For Universities – Check which Departments they have engaged with in the past 5 year.

5. Care with not-for-profit entitles – they still need a ‘trading arm’.

6. Care with company activity – there are lists of non-eligible activity e.g. retail and banking.
Meeting ERDF Obligations –
Minimising Risk – Operation 1

1. Administration is heavy, determine your essential core paperwork before any engagement. Get multiple signed copies.

2. Get your core paperwork sorted early in any collaboration. Everything needs to be wet signed by a senior company member.

3. Avoid starting activity post consultation until the paperwork is signed. If the company wants your help, they will sign.

4. A Gantt chart timeline of the agreed activity, with designated work packages and deliverables, clarifies expected activity for longer projects.

5. Signed MOUs for HEI engagement do not need to be full organisational collaboration agreements BUT if the expectation is for significant novel outcomes (aka IP), this is essential.

6. For longer projects, consider Prince2 style management. This falls into line with ERDF management.
Sometimes you will feel like this.
Being able to do this is useful
And sometimes you will feel like this.
1. Put together a set of desk instructions for dealing with collaborations and claims. List each essential step for each process. Check any admin assistance follows these guidelines.

2. Have a check list for each collaboration and record each completed stage.

3. Keep ALL paperwork. Company files should have all the collaboration documents, agreements etc. Claim files should have all the evidence and justification for spend.

4. A CRM is also useful to demonstrate the start, middle and end of collaborations and the activity undertaken. Start early and update regularly. Documents essential for ERDF justification can then be listed with dates.

5. Scan everything (!!) and archive as you go along.

6. Collaborations should have end of engagement reports to check the company is happy with the assistance and you have completed all your ERDF requirements.
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<td>Document retention (detailing how and for how long project files will be kept)</td>
<td>*Originals wherever possible or copies signed as copy of the original (see 1.1)</td>
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<tr>
<td>Minutes of meetings/reports:</td>
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<tr>
<td>Minutes of all meetings relating to the project</td>
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<td>Management accounts</td>
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<td>Financial reports</td>
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<td>VAT registration details</td>
<td>*Originals wherever possible or copies signed as copy of the original (see 1.1)</td>
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<td>Evidence of cost centres / cost codes</td>
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<td>Original invoices &amp; receipts</td>
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<td>Equipment/Machinery etc:</td>
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<td>All press cuttings/articles/brochures/flyers relating to the project</td>
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<td>Beneficiary feedback / evaluation forms</td>
<td>Pictures of billboards (if applicable)</td>
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<td>Monitoring spreadsheets</td>
<td>Stationary with Logoos</td>
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<td>MI / Activity reports</td>
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<td>Survey reports</td>
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<td>Letters from SME’s detailing employment/sales</td>
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<td>Before &amp; after photographs for environmental enhancements, land serviced</td>
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<td>Procurement:</td>
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<td>Procurement policy</td>
<td>De minimis – details of any public financial assistance received in the past 3 years</td>
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<td>Tenders</td>
<td>Details of aid received</td>
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<tr>
<td>Quotes</td>
<td>Details of Block Exemptions /specially approved schemes</td>
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<tr>
<td>OJEU notices (if applicable)</td>
<td>Letters to Beneficiaries confirming aid type &amp; amount received from the project</td>
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<tr>
<td>Cross Cutting Themes:</td>
<td></td>
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<tr>
<td>Details of themes covered i.e. Environmental Sustainability, Green Travel Plan, Sustainable Procurement Plan, Sustainable Buildings Policy, Equality &amp; Diversity, Equal Opportunities policy</td>
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</tbody>
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If there is any doubt as to what to keep or for how long, seek advice.
Archive Everything

FUTURE ARCHAEOLOGY

OUR BEST GUESS IS THAT IT WAS SOME SORT OF LATE 20TH CENTURY PRISON...
Lessons Learnt – Delivering 1

1. As Business/Project Manager be prepared to deliver outputs – promised assistance can evaporate once the euphoria of getting the contract has evaporated. Key staff may leave.

2. Ensure you have sufficient SMEs or a sufficiently wide engagement skill set in your ERDF approved region to achieve your outputs.

3. Projects take time to get up and running. Be prepared to work hard to catch up should your start date be delayed. You need to aim for your maximum outputs to ensure you hit profile.

4. Design workshops to fulfil outputs – 2 days consultation for engagement is 6 hours, so two 3 hour workshops. Events do not count as they are simply disseminating not engaging.

5. If in doubt on the overall cost of a purchase, carry out a procurement exercise. Keep a Procurement Register and folder of original quotes (scan/email).

6. Work to inspection ‘audit’ standards at all times.
“You busy?”
Monitoring Visits and Audits

“The word ‘audit’ comes from ‘auditory’ which means ‘to hear bad news coming’.”
Audits, PEV, PAV, Article 16

• Project Engagement Visit
• Progress and Verification (old Article 13)
• Article 16

• Get all your ducks in a row before the visit.
But try and aim for this!
PAV – Progress and Verification Visit

• In advance of the visit, completion of a form (PAV Record ERDF Form 4-003) which lists all the required documents the contract manager needs to see on the visit. The form is currently 20 pages.

• Compile all the ERDF compliant material (fully labelled) into one area and set it out the day before. Ensure all financial areas are covered and appointments made to visit finance and payroll.

• The Contract Manager will want to see a selection of the output evidence - collate all of this and ensure there is plenty. If not have a good reasons why not.

• If recommendations are not cleared then claims may be delayed, or later in the project requests for extension or more funding could be compromised.
“It’s safe to come out - the auditors have gone.”
Review the monitoring data? Why bother? We're going fine.

Remember M&E information is useful only if it is used!
Lessons learnt – Non Negotiable - Marketing

1. MUST have the ERDF logo on everything and MUST be the same size as other logos.

2. The ERDF logo MUST meet minimum size and have a white space around it which is the same size and the ‘EU’ part.

3. Keep copy sent for publication to prove you put the logo on – some newspapers will cut images. Print Screen web pages.

4. Include ‘part funded by…’ in every marketing dialogue.

5. Plaque or notice on the outside of the building, or able to be seen outside the building indicating this is part funded by the ERDF.

6. Invite funder to large events.
Lessons learnt – Non Negotiable - Finance

1. Must have receipt evidence for every spend.
2. Must evidence defrayal for all spend.
3. Must be able to justify all spend.
4. Must reference the project for all match funding on time sheeted hours.
5. Avoid double counting of match hours – ask busy contributors to complete a combined hours timesheet for all their different project commitments, and extract your specific project from that.
6. Currently, everything over £500 (including VAT) must be procured. Three written quotes or evidence of three quotes. Must have same specification for the item –difficult with some items.
7. Make sure your organisation knows EU SIF/ERDF rules – department purchasing may be different and the holder of the authority may change your order.
8. Claim all relevant project costs promptly.
Managing Closure

- Plan closure – you need a timetable, everything takes longer than expected, particularly if you still have outputs and results that need collating.

- Finance ends on you contracted project end date – but final claim happens after that date. Your organisation should try and retain the project manager for at least one month post closure.

- Depending on your organisation, other than salaries, other spend may have to be curtailed up to 2 months before project end to ensure all cost can be defrayed in time.

- Plan how you will archive all the documents and where you will store them. For the current programme these need to be around until 2025.

- Post end results such as jobs created and GVA will still need to be recorded. As with start up, desk instructions for collecting and dealing with this material would be wise.
Informing the Future

1. What you write in the proposal is what you have to do – be very careful how you constrain your activity. It needs to be ‘additive’ but if it’s very novel you will struggle to get started and build a cohort of interested companies.

2. Aim for as broad an area of intervention as possible.

3. Be prepared for the administration – it becomes routine but needs great attention to detail. You need an administrator who doesn’t cut corners and is prepared to work to ‘audit’ level.

4. As Business Manager, be prepared to deliver the whole project from engagement to output. In large organisations, the project becomes old very quickly and promised support can evaporate or take too long.

5. Be honest with SMEs and colleagues (and graduates!) about what will be expected. Explain that requirements may change as the project continues, but that you will give as much notice as you can.

7. Love your team! You cannot do this without them.
And it's not quite as bad as this – even if it seems like it at the time!

“THERE'S A BUNCH OF LITTLE WENDY'S AT THE BACK OF THE CASE..."
Now you deserve one of these – but don’t forget, ERDF won’t pay for it!
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http://www2.le.ac.uk/business/collaborations/irsa
GeoData: New Business; New Markets; New Customers

• IRSA Event 12th March 2015.

• [https://irsa-2015-geodata.eventbrite.co.uk](https://irsa-2015-geodata.eventbrite.co.uk)

• IRSA is partnering up with Google, the University of Aberdeen, GDG Leicester and GeoConnexion to deliver Business focused guidance on how to use spatial data and hands on data processing to SMEs in the East Midlands. INCLUDING a Google led step-by-step data processing workshop.