

Guidance notes for projects

Strategic Innovation Fund Round 1 Discovery Phase

Reporting project finance information

February 2022 v1.0

1. Introduction

As part of the monitoring process for the Strategic Innovation Fund (SIF) Round 1 Discovery Phase funded Projects, all Project participants are required to report on project finances to their Monitoring Officer.

[This guidance note takes all Project participants step by step through how to complete the 'Project Finances Template'.](#)

2. Cost categories

During the application process all Project participants presented their Project budget broken down into the following cost categories. They align to Network Innovation Competition (NIC) cost categories as follows:

NIC cost category	Innovate UK cost category	Description
Labour	Labour	Costs for all members of staff with a defined role on the project. Calculated by the number of days at a specific day rate.
Equipment / IT	Materials	Cost of any materials or equipment purchased specifically for the delivery of the project. Calculated by type and quantity.
Contractors	Other subcontractor costs	Costs for any subcontractors delivering a service to any of the Project Partners (including the lead) as part of Project delivery. Calculated per subcontractor.
Travel & Expenses	Travel & Subsistence costs	Costs for all travel & subsistence costs relating to project delivery. Calculated by journey type and quantity.
IPR Costs / Payments to users / Decommissioning / Other	Other costs	Any other costs relating to project delivery that can be justified. Calculated per cost type.

Please note that each Project participant has their own area for detailed costs in each of the spreadsheet tabs and therefore these cost categories should be reported on by each Project participant individually.

3. Project finance template

The Project finance template has 8 spreadsheet tabs, including this one, the expectations on what, who & when this information needs to be supplied is detailed in the following table.

Tab title	Description	Input required	Completed by whom	Completed by when
Guidance (this tab)	Guidance on completing the Project finance spreadsheet	N/A	N/A	N/A
Finance Summary	One page summary of accrued current Project finances broken down by Project participant. Figures will be used by Monitoring Officer to report on Project financials to Ofgem	Information transferred from Project Direction (Annex 1)	Lead partner	Once - prior to Project kick-off meeting
Actual Project Costs	Project finance forecasts and actuals broken down by month and Project participant	Forecasts pre-populated from proceeding tabs. Actuals need to be completed	All Project participants	Updated monthly, prior to any meetings with your Monitoring Officer
Labour Forecast	Breakdown of all forecasted labour expenditure by Project participant for project delivery	Information transferred from Project Cost Template submitted at Application stage or updated as required to cover all forecasted Project costs	Lead partner with support from Project Partners as required	Once - prior to Project kick-off meeting
Materials Forecast	Breakdown of all forecasted material expenditure by Project participant for project delivery	Information transferred from Project Cost Template submitted at Application stage or updated as required to cover all forecasted Project costs	Lead partner with support from Project Partners as required	Once - prior to Project kick-off meeting
Other Subcontractor Forecast	Breakdown of all forecasted subcontractor expenditure by Project participants for project delivery	Information transferred from Project Cost Template submitted at Application stage or updated as required to cover all forecasted Project costs	Lead partner with support from Project Partners as required	Once - prior to Project kick-off meeting
Travel & Subsistence Forecast	Breakdown of all forecasted travel & subsistence expenditure by Project participant for project delivery	Information transferred from Project Cost Template submitted at Application stage or updated as required to cover all forecasted Project costs	Lead partner with support from Project Partners as required	Once - prior to Project kick-off meeting

Other Forecast	Costs	Breakdown of all forecasted other expenditure by Project participant for project delivery	Information transferred from Project Cost Template submitted at Application stage or updated as required to cover all forecasted Project costs	Lead partner with support from Project Partners as required	Once - prior to Project kick-off meeting
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All cells coloured yellow are editable and require input, if applicable, and **all finances submitted must be ex VAT**.

All Project participants should be reporting Project costs, even if this information was not included in the original Application.

There are formulas within some cells that are locked, these automatically calculate totals and/or transfer information from one cell/ tab to another. This is to reduce the chances of input error and to help speed up the process.

If you are experiencing any difficulties with using the Project finance template, do not hesitate to contact us at SIF_Ofgem@innovateuk.ukri.org and we can talk you through the process.

4. Finance Summary tab

The information on the 'Finance Summary' tab should match the information in your Project Direction and will only require completing for the start of the project. Leave any unrequired Project Partner fields blank. If you have more than 12 Project Partners please contact us at SIF_Ofgem@innovateuk.ukri.org for a revised Project finance template.

STEP 1. On the 'Finance Summary' tab fill in:

- Application Number (as detailed in your Project Direction; section 1 'Project Details', Application No.)
- Project Title (as detailed in your Project Direction; section 1 'Project Details', Project Title.)
- Lead Partner Name (name of lead licensee in your Project Direction)
- Project Partner Names (as listed in Table 1 in your Project Direction)
- Project Start Date (as detailed in your Project Direction; section 1 'Project Details', Project Start Date.)
- Project End Date (as detailed in your Project Direction; section 1 'Project Details', Project End Date.)
- Total Project Costs (as detailed in your Project Direction; Annex 1 'Project finances', Total project costs)
- Project Contribution (%) (as detailed in your Project Direction; Annex 1 'Project finances', Project contribution (%))
- Project Contribution (£) (as detailed in your Project Direction; Annex 1 'Project finances', Project contribution (£))
- Total SIF funding required (as detailed in your Project Direction; Annex 1 'Project finances', Total SIF funding required)
- Reporting Month – select the appropriate reporting month from the dropdown list
- Version – use for version control should you need to resubmit finances at any time

The 'Lead Partner Name', 'Project Partner names' and 'Project start date' will now be pre-populated throughout the rest of the spreadsheet.

The Strategic Innovation Fund has been set up to maximise value to consumers, so if you or your Project Partners expend more than was originally forecast on Project delivery this will be reflected in the 'Finance Summary' tab under 'Total Project spend to date'. **This also applies to any Project Partners who reported nil or £1 Project costs in the Application.**

Do not update the 'Total Project costs' or 'Project contribution' cells, these should always reflect what has been agreed in the Project Direction.

All other cells on this tab are locked and will carry forward and accrue Project spending up to and including the reporting month. **The 'Project Totals' in line 21** will be used by your Monitoring Officer to assess and report to Ofgem your Project finances. Any overall project variations between -10 to -20% should be explained and discussed with your Monitoring Officer. Any overall project variations greater than -20% will be flagged to Ofgem as a concern.

5. Labour forecast tab

The information in the 'Labour forecast tab' should be based on the information provided in your Project Cost template that was submitted with your Application, providing a forecast of labour costs for each Project participant by individual/ role type working on the project.

This process has been simplified, using day rates and quantity of days to be worked on the Project per month to provide total labour costs.

STEP 2. On the 'Labour forecast' tab for each Project participant fill in:

- **Role within Project (as detailed in your Application Project Cost template)**
- **Day Rate (as detailed in your Application Project Cost template)**
- **Number of days per month (as detailed in your Application Project Cost template, split as appropriate over the delivery months)**

The 'Total labour costs' will be automatically calculated for each Project participant and will be pre-populated on the 'Actual project costs' tab.

6. Materials forecast tab

The information in the 'Materials forecast tab' should be based on the information provided in your Project Cost template that was submitted with your Application, providing a forecast of material costs for each Project participant by item purchased for the project.

STEP 3. On the 'Materials forecasts' tab for each Project participant fill in:

- **Item (as detailed in your Application Project Cost template)**
- **Unit Cost (as detailed in your Application Project Cost template)**
- **Quantity per month (as detailed in your Application Project Cost template, split as appropriate over the delivery months)**

The 'Total materials costs' will be automatically calculated for each Project participant and will be pre-populated on the 'Actual project costs' tab.

7. Other subcontractor forecast tab

The information in the 'Other subcontractor forecast' tab should be based on the information provided in your Project Cost template that was submitted with your Application, providing a forecast of other subcontractor costs for each Project participant (i.e. any other subcontractors that have not been listed as Project Partners on the Finance Summary).

STEP 4. On the 'Other subcontractor forecast' tab for each Project Partner fill in:

- **Subcontractor name (as detailed in your Application Project Cost template)**
- **Postcode (as detailed in your Application Project Cost template)**
- **Description of role in project & deliverables (as detailed in your Application Project Cost template)**
- **Monthly cost (as detailed in your Application Project Cost template, split as appropriate over the delivery months)**

The 'Total other subcontractor cost' will be automatically calculated for each Project participant and will be pre-populated on the 'Actual project costs' tab.

8. Travel and subsistence forecast tab

The information in the 'Travel and subsistence forecast' tab should be based on the information provided in your Project Cost template that was submitted with your Application, providing a forecast of all travel and subsistence costs for the progression of the project, for each Project participant. Please note that travel costs must be for economy travel only.

STEP 5. On the 'travel and subsistence forecast' tab for each Project Partner fill in:

- **Purpose of journey or description of subsistence cost (as detailed in your Application Project Cost template)**
- **Monthly cost (as detailed in your Application Project Cost template, split as appropriate over the delivery months)**

The 'Total travel and subsistence cost' will be automatically calculated for each Project participant and will be pre-populated on the 'Actual project costs' tab.

9. Other costs forecast tab

The information in the 'Other costs forecast' tab should be based on the information provided in your Project Cost template that was submitted with your Application, providing a forecast of all other Project costs for each Project participant, that are not covered by the other cost categories.

STEP 6. On the 'other costs forecasts' tab for each Project Partner fill in:

- **Description and justification of the cost (as detailed in your Application Project Cost template)**
- **Monthly cost (as detailed in your Application Project Cost template, split as appropriate over the delivery months)**

The 'Total other cost' will be automatically calculated for each Project participant and will be pre-populated on the 'Actual project costs' tab.

10. Actual project costs tab

This tab will be pre-populated with all the monthly forecast figures for each Project participant from the preceding cost category tabs. When the 'Total forecasted' 'Total Project costs' and 'SIF funding required' equal the Project participant's 'Total Project costs' and 'Total SIF Offer' on the 'Finance Summary' tab, **TRUE** will appear in column R next to each Project participants information, confirming that the forecasted costs in the preceding cost category tabs are correct and equal the information in the Project Direction.

The monthly period dates will be pre-populated based on the 'Project start date' in the 'Finance Summary' tab. If any months are not required leave these blank when reporting.

As the Project progresses all Project participants will need to complete their actual costs incurred by cost category. As detailed in section 4, if at anytime the 'Total actual spend' exceeds the 'Total Project Costs' in the 'Finance Summary', this will be reflected under 'Total Project spend to date'. **Do not update the 'Total Project costs' or 'Project contribution' cells in the 'Finance Summary', these should always reflect what has been agreed in the Project Direction.**

STEP 7. On the 'Actual project costs' tab each Project Partner must fill in:

- Labour costs (actual for each month)
- Material costs (actual for each month)
- Other subcontractor costs (actual for each month)
- Travel and subsistence costs (actual for each month)
- Other costs (actual for each month)

The 'Total actual spend' and 'SIF funding required' will be automatically calculated for each Project participant and will feed into the 'Finance Summary' tab, updating the 'Total Project spend to date', 'Total SIF required to date' and 'Variance in SIF required', as well as **the 'Project Totals' on line 21**. The calculation behind how many months are included in this accrued figure is dictated by the 'Reporting Month' selected.

11. Pre-project start

In preparation for the kick-off meeting with your Monitoring Officer, please provide an accurate forecast of expenditure for the project by completing steps 1-6. Please ensure 'Month 1' has been selected as the 'Reporting Month' in the 'Finance Summary' tab.

As per the [SIF Governance Document](#), a change in the allocation of SIF Funding to the cost categories and/or an overspend in the Project budget set out in the SIF Project Direction are not considered to be Material Changes.

Revisions in any of the forecasted Project costs can be made from the original Application, as long as the amount of 'Total SIF funding required' per Project participant (as detailed in the 'Finance Summary' tab), matches what is stated in the Project Direction. Please update the detailed breakdown of expenditure within each cost category for each Project participant.

If a lead Partner wishes to reallocate funding between Project Partners and/or add/ remove a Project Partner, then the Project Direction Change Request process must be followed and discussed at the earliest opportunity with your Monitoring Officer.

12. Financial reporting

Before every scheduled monitoring meeting with the Monitoring Officer the 'Reporting month' and 'Version' in the 'Finance Summary' tab must be updated on the Project finance spreadsheet, and all Project participants will need to complete step 7, providing an up to date report of Project expenditure to date.

On the 'Finance Summary' tab, please ensure that the 'Project Totals' 'Total SIF required to date' does not exceed what is stated in your Project Direction.

If the 'Project Totals' 'Variance in SIF required' exceeds -10% the lead Partner will need to provide a justification as to the variance and advise how this will be reduced for the following reporting period.

If the 'Project Totals' 'Variance in SIF required' exceeds -20% the lead Partner will need to **alert their Monitoring Officer immediately, even between reporting periods**, to advise on any additional risks relating to the underspend and any potential impacts to Project milestones, outputs and impacts. As well as details of the plan in place to mitigate these risks and bring spending in line with forecast.