

## Flexibility rule<sup>1</sup>

The flexibility rule allows projects to **overspend on any budget line and work package of the approved budget by up to 20% (on project level) without needing to submit a request for approval by the MA/JS**. The overspent has to be counterbalanced through lower spending under other budget lines/ work packages.

Limitations:

- The total project budget cannot be increased.
- The total budget of a partner cannot be increased.
- The WP management cannot be increased.

Individual budget lines and work package budgets *at partner level* are not monitored as such by the programme. This means that partners can over- or underspend their budget lines or work packages provided that all their activities are implemented and that budget lines and work packages *at project level* stay within the 20% flexibility described above. Projects will have to agree internally how they apply the flexibility rule at project level. The lead partner keeps the responsibility to monitor this.

The project is still committed to carry out the project as in the approved application form in terms of objectives, activities and results. The budget flexibility rule just equips the partnership with the possibility to handle more flexibly the normal variations that occur between budget planning and actual costs for the implementation.

The programme will monitor that the 20% limit on project level is not exceeded when a project report is submitted. If it is exceeded the project report will be reverted to the lead partner to deduct the excessive amounts. The project may then still apply for a major change.

### In short:

- The lead partner monitors the application of the flexibility rule.
- Projects agree internally how to apply the flexibility rule.
- To simplify, we recommend projects to apply the flexibility rule down to partner level (e.g. to allow partners to overspend 20% on budget line / work package level, as long as this is counterbalanced by underspending in other budget lines / work packages). You can also agree on different arrangements.
- Partners remain responsible to monitor their own budget spent.

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<sup>1</sup> Note: The introduction of the flexibility rule means that there will be no longer 'minor changes' for small budget modifications. The programme will update the guidance on project modifications accordingly.