



**EUROPE & SCOTLAND**  
European Social Fund  
Investing in a Smart, Sustainable and Inclusive Future

# **Social Innovation Fund H&I Application**

# **GUIDANCE NOTE**



## PURPOSE

The Social Innovation Fund supports collaborative partnerships between third sector/social economy organisations and academic/research institutions to develop, test and scale up new ideas and solutions to tackle poverty and disadvantage. The Fund is designed around a three stage pipeline approach to Social Innovation.

<b>Stage 1</b>	<ul style="list-style-type: none"><li>• develop new, innovative and creative ideas to social problems</li><li>• available funding of between £30k - £50k</li><li>• projects expected to last up to 6 months</li></ul>
<b>Stage 2</b>	<ul style="list-style-type: none"><li>• test social innovation ideas/prototypes, including those who have completed Stage 1, to find out if they work in practice and identify what works/what does not and why</li><li>• available funding of between £100k - £150k</li><li>• projects will be supported for maximum 12 months</li></ul>
<b>Stage 3</b>	<ul style="list-style-type: none"><li>• scaling up and growing social innovations that work. These will be new ideas/products/services that demonstrate real positive impact and are expected to be sustainable and 'scalable'</li><li>• available funding of between £150k - £250k to projects progressing from Stage 2</li><li>• projects supported up to maximum 12 months</li></ul>

Social innovation is highly experimental and it is likely that some ideas and innovations will not work. We understand that failure is a necessary part of the social innovation process, however learning why some ideas work and others do not is really important. We want to capture as much learning as we can from the programme. We expect many (but not all) Stage 1 projects will progress to Stage 2, and some (but not all) Stage 2 projects progress to Stage 3.

The Social Innovation Fund is supported by the European Social Fund (ESF) and the Scottish Government. The Scottish Government will provide match funding 'at source' and is responsible for delivering the Fund which contributes towards the [2014–2020 ESF Programme](#).

## ELIGIBILITY (H&I)

Proposals **must include at least one social economy organisation and one academic/research institution in the collaboration**. They can also include Small & Medium Enterprises (SME's) and Public Sector organisations as partners, if appropriate.

For this Round applications:

- Are invited from collaborations that **focus on Highlands & Islands** issues, have the majority of their project activity in the eligible Programme area or are located in the Highlands & Islands.

- can cover **Stage 1 and Stage 2 activity or Stage 2 only**. Applications that include Stage 1 research and development phase must complete this element within 3 months of start date and present their recommendations to continue with the testing/piloting. We are merging Stages 1 and 2 in this Round as a pilot to inform future programming. **The maximum duration for a Highlands & Islands application is 12 months and funding is between £100k-£150k.**
- Projects can commence from 1 March 2019 but **no later than 1 April 2019** as projects should complete by end of March 2020. Those projects that are unable to start within this timeframe should not be submitted. Projects which do not start within this timeframe will have their funding withdrawn.

**Social Economy Organisations** must meet the following criteria:

- are formally constituted
- operate on a non-profit-distributing basis or have a governance structure which primarily does not allow for profit distribution
- have strong social as well as business objectives stated in their governing documents
- be independent from national and local government
- have a base and beneficiaries in Scotland
- have at least three people on the Board of Directors or equivalent
- have a bank account in the name of the organisation requiring at least two unrelated signatories
- are not insolvent, facing insolvency or unable to trade or operate
- work with key client groups of workless, low income and/or single parent households, homeless people

**Research Organisations** are defined as 'public or private higher education establishments awarding academic degrees, public or private non-profit research organisations whose primary mission is to pursue research'.

Before applying, partners must decide who will be the **Lead Applicant**. This can be any organisation involved in the partnership. The **Lead Applicant is responsible for accepting and complying with all ESF legal and funding conditions**, including financial and progress monitoring and reporting, and must be capable of undertaking these requirements. If the Lead Applicant is a Social Economy organisation, we require a **copy of the organisation's most recent annual accounts** to assess against Scottish Government due diligence.

## **COST MODELS**

The [ESF National Rules](#) on eligible expenditure stipulate the specific Cost Options that apply to all projects and programmes supported by the ESF 2014–2020 Programme.

The Social Innovation Fund follows a **Flat Rate Cost Model** as it is a challenge fund. The flat rate direct staff cost model includes staff who work 100% on the delivery of

Structural Funds activity, for a minimum of 1 month. Staff can be employed on a full or part time basis and must be on payroll to supply the supporting financial evidence required for ESF audit. They do not need to be in place for the full duration of a project, as long as their role is justified and they work 100% of their time on the project for the period they are required. Please ensure you have read and understood the cost model which is detailed on our [website](#). **Costs incurred through contractors are not eligible under the Flat Rate Cost model. Unpaid voluntary work is also not eligible.**

**Indirect costs** are costs which are not or cannot be connected directly and exclusively to an individual activity of the entity in question. Indirect costs include administrative expenses relating to a project, where it is difficult to determine the exact amount attributable to a specific activity or item - for example premises, management time, recruitment expenses, telephone, water or electricity charges.

Please check carefully the rules on staff costs and apply the appropriate **+15%** or **+40%** model to your project. You will need to clearly explain which one of the following cost models you have selected and provide justification.

<b>Direct staff costs +15%</b>	We can pay the direct costs of staff who are employed 100% on the project, plus an additional 15% towards indirect project costs. A Staff Cost is <b>salary + NI + Pension</b> . This model is suitable for projects with a high number of staff required to deliver project objectives.
<b>Direct Staff Costs +40%</b>	As per direct staff cost +15% but applying +40% towards indirect project costs. This model would be appropriate for a project where staff are covering a large geographical area with high travel and subsistence or there are numerous expenditure items relating to operating the project e.g venue hire, adhoc management/senior academics time.

## SUPPORT FOR APPLICANTS

You can find details of organisations that support Scotland's Social Economy [here](#). The [Third Sector Research Forum](#) has information and tools to encourage social economy and research organisations to collaborate.

Please email [infogrowingthesocialeconomy@gov.scot](mailto:infogrowingthesocialeconomy@gov.scot) if you require clarification or information on the Fund Application or Guidance Note.

## APPLICATION PROCESS

Completed applications and supporting evidence must be submitted by **12 noon** on the deadline date to [ApplicationsGrowingtheSocialEconomy@gov.scot](mailto:ApplicationsGrowingtheSocialEconomy@gov.scot). The Lead Applicant **must send 2 certified hard copies of the application** (no supporting



may suggest performance improvement measures. If performance continues to be a concern, we will withdraw grant support.

Only **Direct Costs** are subject to audit. Supporting evidence for Staff Costs includes:

- Payroll/salary slips
- Payroll Analysis Reports for Employers NI/Pension costs
- Documentation evidencing staff spend 100% of their time on the project e.g. job descriptions and letters of appointment
- Bacs reports confirming salary payments
- Bank statements for defrayal

We will not ask for evidence to support the **indirect costs** associated with your project. Full details on Direct and Indirect Costs are available in the [ESF National Rules](#).

On project completion we will ask you to provide additional information in your final claim. We expect this to be a report **produced by the academic partner** to support the final progress report on:

- the difference your project/idea has made
- lessons learned, what has worked well and what could have been done differently
- what you are going to do as a result of the project e.g. recommendations to scale up in stage 3

We may contact you for more information after final claim payment. For example, we may ask you to contribute to case studies and participate/provide information for promotional and publicity events.

## **PUBLICITY REQUIREMENTS**

As a Lead Partner, we have a Communications Plan to ensure the information about the Social Innovation Fund from our applicants reaches our target audiences, including Ministers, policymakers and the public. If successful it is your responsibility to ensure all publicity material complies with [Publicity Guidance](#) to acknowledge ESF support. We recommend that a marketing strategy is put in place and encourage applicants to retain a portfolio of evidence for future audit purposes.

You must use the correct [logos](#) on all promotional, marketing and materials associated with the project. Evidence of publicity will be required as part of project monitoring in the claims processing. The list is not exhaustive but examples include:

- Press releases on websites, newspapers and social media
- Newsletters, reports and job descriptions
- events and presentations

You should also acknowledge the Scottish Government and any other match funders in all associated project materials.

## **DOCUMENT RETENTION**

The European Commission requires successful applicants to retain all evidence associated with their project securely. Evidence should be checked for completeness and be accessible for audit as per [Document Retention Guidance](#).

We recommend that you retain all your documentation beyond the 3 years from **final Programme payment**. To comply with this we will formally notify applicants of the date records can be destroyed.

## **STATE AID**

Applicants must check that their project has been considered against State Aid and complies with [Inclusive Growth](#). Applications will be assessed against the 4 [test questions](#). We will look for the most suitable route to support approved projects to ensure State Aid requirements are met – thresholds may be applied if necessary.

We will ask you to declare de minimis aid received in the last 3 fiscal years prior to the application. If you have received de minimis aid before, it will be highlighted in all grant offer letters from funders.

## **DATA PROTECTION, GDPR, FREEDOM OF INFORMATION & THE ENVIRONMENTAL INFORMATION REGULATIONS**

Applicants should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002, the Environmental Information (Scotland) Regulations 2004 and General Data Protection Regulation of 25 May 2018.

Please therefore note that information provided, including personal information, will be held, published and disclosed in accordance with this legislation. When submitting an application, please let us know if there are any parts of it which would prejudice your commercial or other interests if they were made public. The Scottish Government as data controller will comply with all legal obligations and those required of the European Social Fund.

## **EQUALITY AND ENVIRONMENTAL LEGISLATION**

All organisations submitting an application to the Social Innovation Fund must satisfy themselves that they are compliant with relevant equalities and environmental legislation, including the requirement for Strategic Environmental Assessments (SEA) under the Environmental Assessment (Scotland) Act 2005.

Further information on equalities legislation can be obtained from the [Equalities and Human Rights Commission](#) and guidance on relevant [environmental legislation](#) from the Scottish Government. We may require proof from you that you have considered your obligations as required under legislation.

## **APPLICATION SUBMISSION**

There is **no extension** to the closing date. Applications received after the deadline will automatically be rejected. Please do not leave your submission until the last day, few hours or minutes prior to the deadline.

Please save the application as the **Project Title** and e-mail this and supporting documents to [ApplicationsGrowingtheSocialEconomy@gov.scot](mailto:ApplicationsGrowingtheSocialEconomy@gov.scot) **by 12 noon** on the deadline day. The **Project Title** must be in the subject heading of the email. We will acknowledge your email submission.

Please send **two** hard copies of your original certified application form, preferably signed in blue ink, no later than 3 working days after the deadline to:

**Michelle Kerr**  
**The Scottish Government**  
**Social Justice & Regeneration Division**  
**Longman House**  
**28 Longman Road**  
**INVERNESS**  
**IV1 1RY**

## Application Form – Help Notes

Please complete the application form accurately following these Notes. Any errors or missing information may lead to delays in processing your application and prevent submission to the assessment panel. Guidance on completion of the form:

- Do not alter the application form length, text boxes are a guide, one page of information should be sufficient to answer each question
- Answers should be drafted in a Word document to ensure they do not exceed the maximum word count for each question and also spell checked
- Use Arial and minimum font size 11
- Yes/No boxes to be double clicked, in the pop up box under Default Value select “checked” then OK.

On page 1 insert the **Lead Applicant** organisation name. This is the organisation that the grant will be offered to if successful. Insert a brief **Project Title** that describes the project accurately.

### **1: Details of the Collaboration**

Please tell us about the organisations that are involved in your project. You must have **at least one social economy organisation and one research organisation** involved in the partnership. Other partners can be included for example SMEs and/or public sector organisations. **All partners must provide written confirmation, on headed notepaper, of their involvement in and commitment to the project.** The Lead Applicant is responsible for submitting all supporting documentation.

Please complete the Social Economy Organisation details fully.

#### ***Social Economy Organisation***

Provide details about your organisational status.

#### ***Incorporated Body***

Please state Yes or No.

#### ***Organisation Type***

Please complete with details e.g. Scottish Charitable Incorporated Organisation, Private Company Limited by Guarantee, Community Interest Company.

#### ***Registered Company Number***

Please confirm your number.

#### ***Registered Scottish Charity Number***

Please confirm your number.

#### ***When was your organisation established?***

Please confirm the month and year the organisation was established.

***Is the applicant organisation a local branch of a national charity, a subsidiary or affiliated to a parent company?***

Please insert Yes or No. If YES please provide details of the parent company.

**Research/Academic Details**

Please provide details of the research/academic organisation that will be involved in the project.

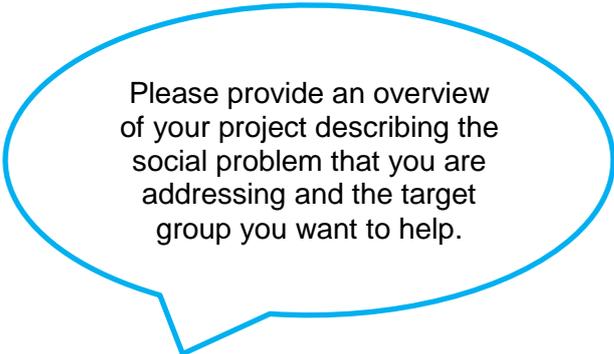
**Other Organisations**

Please detail any other partners involved in this Stage of the project. Please copy and paste the table to include more partner organisations if required.

**2: Your Project**

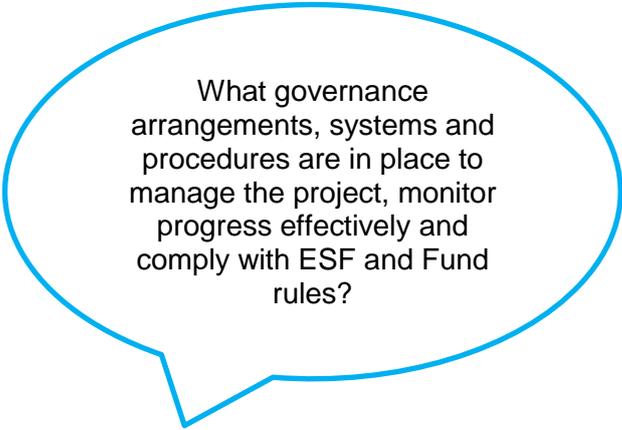
***Proposed Start and End Dates of the Project***

Insert the start date of the project. Expenditure incurred prior to the start date of the project is ineligible and cannot be claimed. Please ensure that the project timescale is within the eligible period (highlighted on page 2) and does not exceed 12 months in duration.



Please provide an overview of your project describing the social problem that you are addressing and the target group you want to help.

- A brief opening statement for the project is requested - **no more than 250 words**. To be used in Ministerial briefings and requests for information from policy areas etc.
- State the social issue you are addressing and target group focussed on, where the idea originated from, the partners, geographic area operating in and anticipated project outcomes and results.



What governance arrangements, systems and procedures are in place to manage the project, monitor progress effectively and comply with ESF and Fund rules?

- Describe the governance arrangements for the collaboration, is there a formal contract or partnership agreement?
- Why was the organisation selected as lead applicant responsible for legal requirements of monitoring, compliance and financial/performance reporting?
- Do you have safeguarding policies in place to protect vulnerable groups (if necessary for target group)?
- What consideration has been given to State Aid, Intellectual Property Rights, GDPR, competition or displacement for any products, services or materials developed?

Tell us about the idea you want to research, test and pilot. What need will it meet, how has it been developed and who will benefit?

How do you plan to test/pilot your idea and how will you know if it has been successful and could be scaled up?

Describe the collaboration/partnership arrangements in place. Include the roles and responsibilities of staff and how end beneficiaries will be involved in the project?

How will you demonstrate commitment to Horizontal Themes within your project, and ensure these are embedded and monitored?

Please explain how the project will progress to Stage 3. Include how the results will be disseminated and ESF/SG support publicised?

- Explain where the idea originated from and how it aligns with local/national policies and strategies.
- State if there has been discussions or information gathered as evidence to support the project.
- Who are the target group, individuals and communities that will benefit from the project e.g. lone parents, low income households, homeless.
- Include any other barriers in addition to the social issue e.g. geographical isolation and loneliness, accessibility to services.
- If Stage 1 activity is included explain how the idea will be developed in the first 3 months.
  
- Describe your approach to testing/piloting the idea explaining how it will be structured e.g. project plan.
- Describe the proposed activities and monitoring mechanism in place to ensure the project keeps on track to achieve its aims.
- In addition to the academic report will any other papers or documents be produced?
- How will success be measured in terms of social/community impact and transformational change?
  
- Describe the roles and responsibilities of the individuals/organisations involved in the project and the skills/experience they bring to the partnership.
- Explain how partners will work collaboratively.
- Describe the process of recruiting/engaging with end beneficiaries to test/pilot the idea. Explain how their contribution adds value to the design of the service/prototype?
  
- How will the 3 themes be promoted and meet Equal Opportunities and Environmental legislation?
- How will the protected characteristics of The Equality Act 2010 be considered?
- How will you incorporate Horizontal Themes into the design and delivery of your project?
- How will the Horizontal Themes be monitored and information produced for case study requirements?
  
- What are the measurable outcomes and how will the recommendations be reviewed to inform a Stage 3 proposal?
- How will you share the lessons learned of what worked, what did not and why?
- State how you will acknowledge ESF and SG support following the ESF Publicity Requirements?

## Horizontal Themes

The three ESF Horizontal Themes are at the centre of EU, UK and Scottish Government policy priorities:

- Equality between Men & Women
- Equal Opportunities & Non Discrimination
- Sustainable Development

Applicants must demonstrate how they have considered and integrated these themes into their Stage 3 proposal. Demonstrating how Horizontal Themes are considered, addressed and promoted is a requirement in the 2014–2020 ESF Programme. **We will use examples from projects as case studies showcasing good practice to comply with European Commission requirements.**

### **3: Finance**

Applications can apply for funding of between £100k - £150k.

#### ***Please detail the Project Costs***

In the Financial Annex please insert the employer organisation and the job title of all eligible individuals who will be working **100% on project activity**. Include **the number of months** that they will spend on the project and the **gross salary cost including Employers NI and pension for each individual**. Bonus payments, first aid/health & safety additional payments etc cannot be included in the calculation of salary costs.

For the direct costs of staff that work 100% on the project **an additional 15% or 40% towards indirect project costs must be selected**. Please insert the correct percentage selecting one model only for all staff. Staff do not need to be in place for the full duration of the project, however any staff member you claim for must be employed on the project for a minimum of one month. Please refer to the table on Page 4. Activity must be aligned to the payroll period and documented on the staff record. **The figures provided in the application must match the Financial Annex.**

#### ***Please provide justification for the Cost Model selected.***

Please describe why you are applying the Flat Rate +15% or +40% for your project clearly explaining the reasons why you are selecting the model and the type of costs to be supported.

Indirect costs are those related to project activity and delivery, for example:

- Additional staff required to support/deliver the project (those not employed 100% on project activity)
- Travel and Subsistence
- Hosting events, workshops or seminars e.g. hire of venues, catering, advertising and publicity
- Any costs, including travel and childcare, that enables beneficiaries to participate

### ***Income***

If you anticipate generating income during the project this must be estimated and included in the financial breakdown. Income is deducted from the grant required and will be monitored and reported throughout the project duration. Any donations or crowdfunding generated directly by the project must be declared as income.

### ***Match Funding***

Please tick the appropriate box. If Yes please complete the table with details of the funding source and confirmation dates for match funding that will support **eligible project costs**.

It is not a requirement for applicants to source or provide a match funding contribution. It is not assessed as part of the panel appraisal process. **The Scottish Government will provide match funding of the eligible project costs only.**

### ***Have you or any of the partners in your proposal received de minimis aid in the last 3 fiscal years?***

Please tick the appropriate box. If No please insert *not applicable* into table below.

If Yes please provide details of the funding and the value received over the last 3 fiscal years. The Regulation allows aid of up to €200,000 to an individual recipient from all public sources awarded under the de minimis rule. If you have received de minimis aid this will be notified clearly in your grant offer letter from the public body. Aid under an approved scheme does not affect de minimis aid if it is granted for different activities/support. **It is the responsibility of the lead applicant to check and declare any aid received ensuring it does not exceed the maximum aid level.**

## **4: Declaration**

Please complete the declaration fully with the designated signatory details of the **lead applicant organisation**. It must be signed by Chief Executive/Director/Principal level or equivalent that has the authority to certify a grant funding application of this value.