



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

Social Innovation Fund Stage 1 & 2 Applications

GUIDANCE NOTE



PURPOSE

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

Stage 1	<ul style="list-style-type: none">• develop new, innovative and creative ideas and solutions to social problems• available funding of between £30k - £50k• projects expected to last up to 6 months
Stage 2	<ul style="list-style-type: none">• 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• available funding of between £100k - £150k• projects expected to last up to 12 months
Stage 3	<ul style="list-style-type: none">• sustaining and/or 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'• available funding of between £150k - £250k to projects progressing from Stage 2• projects expected to last up to 12 months

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.

Initially, we expect most projects will apply for Stage 1 support to develop and research an idea. However, we recognise there may already be collaborations between social economy and research organisations with ideas that are ready to be tested. We will therefore consider 'direct' applications for Stage 2 provided these meet the criteria.

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

ELIGIBILITY

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

Social Economy Organisations must meet the following criteria:

- be 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
- not be insolvent, facing insolvency or be 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.

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 will follow a **Flat Rate Cost Model**. 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 full or part time. 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. Staff costs incurred through contracts are not eligible under Flat Rate Cost models. Unpaid voluntary work is also not eligible.

Indirect costs are usually 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 provide additional justification if you decide to apply +40% model for your project's indirect costs.

Direct staff costs +15%	This means that 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 salary + NI + Pension.
Direct Staff Costs +40%	This means that we can pay the direct costs of staff who are employed 100% on the project, plus an additional 40% towards indirect project costs. A Staff Cost is salary + NI + Pension.

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. You may also find the following organisations helpful:

<http://www.scottishinsight.ac.uk/>
<http://www.interface-online.org.uk/>

Please email infogrowingthesocialeconomy@gov.scot if you require further clarification or information.

As this is a new Fund we welcome your feedback and encourage you to send any comments to the mailbox. This will help us to review our processes and guidance, and make improvements.

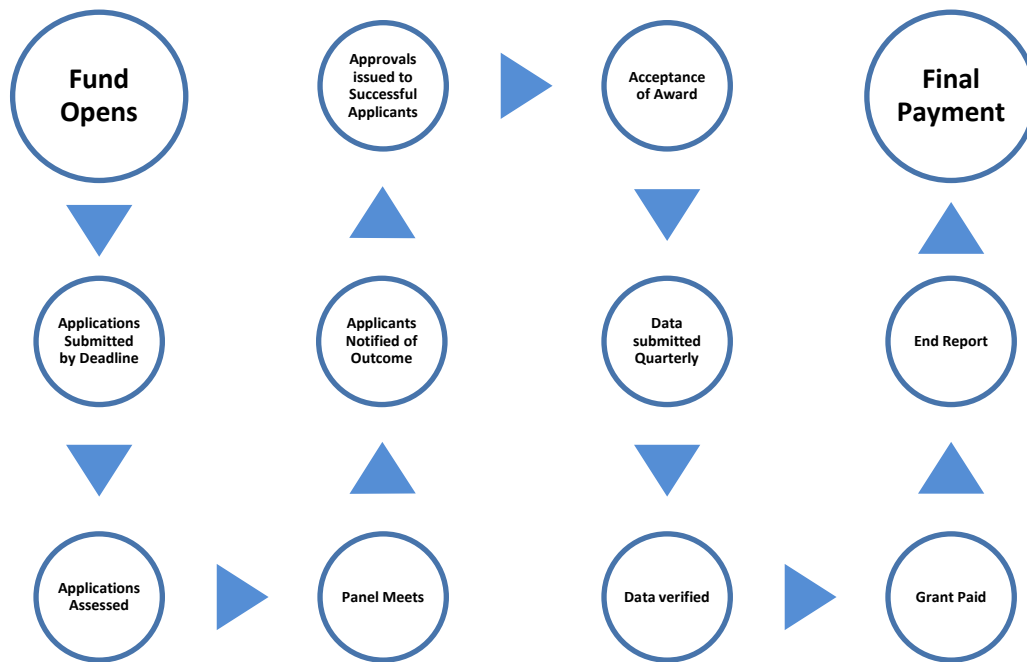
APPLICATION PROCESS

We intend to run several Funding Rounds and we will publish details of opening and closing dates of each Round on our website. The number of Funding Rounds will depend on level of demand, number of awards made and availability of funds.

Completed applications and any supporting evidence must be submitted by 5pm on the deadline to ApplicationsGrowingtheSocialEconomy@gov.scot. The Lead Applicant must send 2 certified hard copies of the application on behalf of the collaboration/partnership no later than 3 working days after the closing date.

We will assess applications to ensure they are fully completed and meet Fund criteria and eligibility. Incomplete applications or those that do not meet the Fund eligibility criteria will automatically be rejected.

The stages of the application and approval process:



All eligible applications will be considered by an independent panel. The panel will include representatives from the Third Sector, Research Organisations, Local Authorities, Enterprise Agencies and the Scottish Government. **All panel decisions are final.** Unsuccessful applicants will receive feedback and may be able to apply again to a future funding round.

PAYMENTS AND REPORTING

We will include detailed information about how and when to make a claim in your funding offer letter. Payments will be subject to satisfactory performance and financial checks. We will agree payment milestones and expect you to report progress towards these milestones. Incomplete, incorrect or late claims and evidence will result in delays in processing payments. Claims must be submitted timeously to enable us to collate data from all applicants so we can report overall programme progress and budget spend as scheduled with the Managing Authority.

All payments will be subject to 100% compliance checks against what has been approved in your application. We may undertake additional project monitoring before we make the final payment. If we have concerns about project performance or progress, we may suggest performance improvement measures. If performance continues to be a concern, we may have to withdraw grant support.

Only **Direct Costs** are subject to audit, supporting evidence includes for example:

- Payroll/salary slips
- 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

We will not ask for evidence to support the **indirect costs** associated with your project. Full details about 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 short 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

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 our programmes reaches our target audiences, including applicant organisations. All publicity materials must comply with [Publicity Guidance](#) to acknowledge ESF support and we will retain a portfolio for audit purposes.

If your application is successful, you will need to ensure any marketing or publicity about your project follows this guidance. 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. The list is not exhaustive, examples of activities include:

- Press releases on websites, newspapers and social media
- newsletters and reports
- 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

To ensure compliance with State Aid each application submitted will be assessed against the 4 [test questions](#).

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.

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. More information is available on State Aid for [Inclusive Growth](#).

DATA PROTECTION, FREEDOM OF INFORMATION & THE ENVIRONMENTAL INFORMATION REGULATIONS

Applicants to the Social Innovation Fund 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 the Data Protection Act 1998.

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. However, given our obligations, please note we cannot guarantee confidentiality.

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 will be no extensions to the closing date. Applications received after the deadline will automatically be rejected.

Please save the application as the **Project Title** and e-mail by 5pm on the deadline to ApplicationsGrowingtheSocialEconomy@gov.scot. 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:

**The Scottish Government
DG Communities
EHRTS Division
Longman House
28 Longman Road
INVERNESS
IV1 1RY**

Application Form Stages 1 & 2 – 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 submission to the assessment panel. Guidance on completion of the form:

- Do not alter the application form length, text boxes are a guide to the level of information required
- Answers should be drafted in a Word document to ensure they do not exceed the maximum word count for each question and 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 and a brief **Project Title**.

1: Details of all organisations involved in the project

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. 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 these to support the application.

Social Economy Organisation

Please complete the Social Economy Organisation details fully.

Organisational Status

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.

2: About your project/idea

Proposed Start and End Dates of the Project

Insert the start date of the project. The start date should not be earlier than 1 April 2017. Expenditure incurred prior to the start date of the project is ineligible and cannot be claimed.

Please insert the project end date ensuring that the project duration is aligned to the stage of the application.

Have you received Social Innovation Fund Stage 1 support?

This question is for Stage 2 only. Please tick the appropriate box.

The maximum word count for the following questions is 500 words each:

STAGE 1

Tell us about the social problem you want to solve/address and the idea you want to research and develop

- Describe the social problem/issue identified that you intend to address.
- Explain how you identified the theme/issue, where the idea originated from and how your partnership agreed that this new idea was appropriate to research and develop.
- Is the idea aligned with national/local policies?
- Have there been discussions or information gathered to support your idea and is there a strong evidence of need?

STAGE 1

Who will benefit from your idea (beneficiaries) and how will you involve them in the project?

- Clearly state the groups/individuals that will benefit from your idea e.g. lone parents, low income households, workless and homeless.
- Also include any specific barriers e.g. geographical isolation with beneficiaries limited access to services, transport, and childcare.
- Describe the process of engaging with beneficiaries to develop your idea and how this adds value to the success of the project.

STAGE 1

Tell us how you plan to research and develop your idea and measure success?

- Describe the arrangements in place to develop your idea and how you will monitor progress.
- State the anticipated results of the project and how will you evaluate the learning from this.
- How will you measure success and know if the idea has the potential to develop further?

STAGE's 1 & 2

Describe the collaboration / partnership arrangements in place.

- Describe the roles and responsibilities of the individuals/organisations involved and the skills/experience they bring to the partnership.
- Explain how partners will work collaboratively.
- How will these arrangements contribute to achieving the aims and objectives of the project?

STAGE's 1 & 2

How will you demonstrate committed to and promotion of Equal Opportunities, Social Inclusion and Environmental Sustainability?

- Tell us how each theme is promoted within your organisations to adhere to Equal Opportunities and Environmental legislation.
- Have you considered the protected characteristics of The Equality Act 2010 in your project?
- How will you incorporate Horizontal Themes into the design and delivery of your project?
- How will Horizontal Themes be monitored and details retained for case study requirements.

STAGE 2

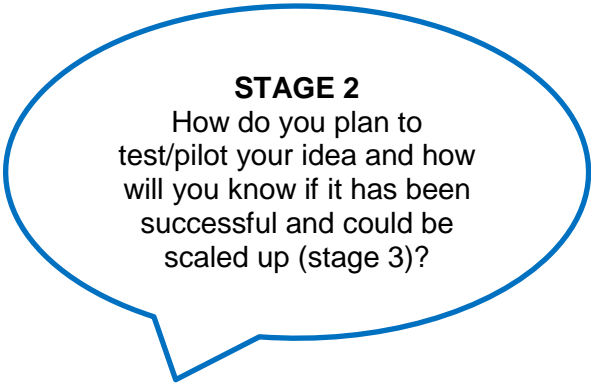
How will you involve beneficiaries in the design, testing and evaluation of your project?

- Please state the number of beneficiaries and the barriers that they will have.
- Describe the process of engaging with beneficiaries and how they will be encouraged to participate throughout the duration of the project.
- How will beneficiaries be involved in testing and feedback as part of evaluation process?

STAGE 2

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

- Provide a brief overview of the social problem and idea you wish to test.
- Direct Stage 2 applications should also include information on how the idea was developed.
- How will previous learning be used in Stage 2 to test the idea?
- Provide the location details of where the testing will take place and explain why this was chosen and what the benefit will be to individuals/communities.



- Describe your approach to testing the idea explaining how it will be structured for the duration of the project.
- Describe the monitoring mechanism in place to ensure the project is on track to achieve targets.
- Will there be an evaluation of the Stage 2 testing and how will lessons learned be reported?
- How will you know if a Stage 3 application should be submitted to scale up from the Stage 2 testing phase?

Horizontal Themes

The three ESF Horizontal Themes – Equal Opportunities, Environmental Sustainability and Social Inclusion – are at the centre of EU, UK and Scottish Government policy priorities. Applicants must demonstrate how they have considered and integrated these themes into their proposal.

Demonstrating how Horizontal Themes are considered, addressed and promoted is a requirement in the 2014–2020 ESF Programme. We may use examples from projects as case studies showcasing good practice to comply with European Commission requirements. Examples of Horizontal Themes include for example:

Equal Opportunities	EO policies, staff training on EO issues, childcare vouchers, flexible hours, accessible premises and adapted equipment, materials available in different formats and no discrimination (protected characteristics).
Environmental Sustainability	Environmental policies, local sourcing, reducing copying, recycling, use of public transport where possible, promoting walking/cycling initiatives, energy efficient premises with light sensors/solar panels/heating, increasing use of technology i.e. video conferencing/online materials/electronic filing.
Social Inclusion	Location of project in high area of deprivation or taking services to rural areas, use of community/friendly premises, support for all irrespective of barriers, activities tailored to individuals/target group/area needs, presenting information in different languages and communication is clear and appropriate for the audience.

3: Finance

Stage 1 applications can apply for funding of between £30 - £50k and Stage 2 applications £100 - £150k.

Please detail the staff costs

Please insert the employer organisation and the job title of all individuals who will be working 100% on project activity and the number of months that they will spend on the project.

Please include the salary costs, this includes employer NI and pension contribution for each individual employee. Bonus payments or first aid/health & safety additional payments etc cannot be included in the calculation of salary costs.

Under +15/+40% Column please insert the figure which is 15% or 40% of the total salary figure for each individual. In the Total Cost Column add the salary plus +15% or +40% figure together for each individual employee. Insert the Total Cost of the Project at the bottom of the Total Cost Column. For example:

Organisation	Job Title	No. of Months	Gross Salary (£)	Using +40%	Total Cost (£)
Organisation A	Employee 1	4	14,000	5,600	19,600
Organisation B	Employee 2	2	3,000	1,200	4,200
Organisation C	Employee 3	2	5,500	2,200	7,700
Total Project Cost					£31,500

Please select the most appropriate flat rate direct staff cost model +15% or +40% for your project. This means that we can pay the direct costs of staff that work 100% on the project plus an additional 15% or 40% towards indirect project costs. You must select one model only – this must be applied consistently against 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. Activity must be aligned to the payroll period and documented on the staff record.

If you have applied the +40% model above please provide justification for the higher indirect cost methodology.

If you are applying for Flat Rate +40%, you must clearly justify your reasons, and explain the indirect costs the 40% will support. Indirect costs are those related to project activity and delivery, for example:

- Additional staff required to support/deliver the project (not employed 100% on project activity)
- Travel and Subsistence (e.g. to enable travel in rural/island areas)
- Running/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 in the development, research and testing of social innovation ideas

Have you secured any other funding for your project?

The Scottish Government will provide the match funding contribution (50% Highlands & Islands and 60% Lowlands & Uplands) for the Fund, therefore the full project value is the grant request figure.

Please tick the appropriate box. If Yes please complete the table with details of the funding source.

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 by double clicking in the grey boxes to edit. The designated signatory must be at Chief Executive/Director/Principal level or equivalent that has the authority to certify a grant funding application of this value.