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**EUROPE & SCOTLAND**

European Social Fund

Investing in a Smart, Sustainable and Inclusive Future

# **European Social Fund Social Economy Growth Fund Round 2**

# **GUIDANCE NOTE**



Scottish Government  
Riaghaltas na h-Alba  
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## PURPOSE

The social economy plays an important role in achieving sustainable and inclusive economic growth. The Social Economy Growth Fund will support and grow the capacity of Scotland's third sector/social economy to increase and improve services for people experiencing poverty and disadvantage. The social economy includes voluntary organisations, charities and social enterprises. **The Fund is aimed at organisations established over 3 years whose primary social purpose is to tackle disadvantage, poverty and social exclusion.**

The Scottish Government is a Lead Partner delivering the Growing the Social Economy strategic intervention under the Scottish 2014-2020 ESF Programme. The Fund is supported by the European Social Fund (ESF) and Scottish Government.

## ELIGIBILITY

**The Fund is not a training/employability programme. It will not support/fund activities that duplicate Employability Pipelines, statutory or current organisational activity.** Only one application can be submitted per organisation.

Applications will be accepted from organisations that meet the eligibility criteria:

- formally constituted organisations operating on a non-profit distributing basis or have a governance structure which primarily does not allow for profit distribution
- have strong social and business objectives stated in their governing documents
- are independent of national and local government
- have a base and beneficiaries in Scotland
- have at least three people on the Board of Directors or equivalent
- are not insolvent, facing insolvency or unable to trade or operate
- established for more than 3 years
- have at least 2 years of audited financial accounts

We will not accept applications from:

- recently established organisations that are less than 3 years old
- individuals/sole traders
- organisations operating on a profit distributing basis
- organisations based outside the UK
- non-departmental public bodies
- one organisation made on behalf of another or partnerships/consortiums

In addition:

- eligible project costs must be between £100,000 and £250,000 (after deducting income generation)
- activity must be completed by 31 March 2020 and all eligible expenditure defrayed by 30 April 2020
- projects must be low/medium risk as defined by the Scottish Government's due diligence procedures for grant programme checks
- all documentation required must be fully completed and forwarded to allow full assessment of the application

Applicants must demonstrate how the 2 years maximum funding will contribute towards the [ESF Operational Programme](#) principles and indicators under Priority 2. We expect the Fund will:

- **support activities to strengthen and sustain social economy organisations**
- **grow social enterprises/sector by increasing employment**
- **develop new business models for the social economy to combat poverty and social exclusion**

Following the guiding principles of the ESF Operational Programme, organisations with a proven and positive track record of working with homeless people and/or workless, low income and/or single parent households will be prioritised. Many people in these ‘target groups’ are likely to face additional barriers, discrimination and inequalities. For example they may have a disability, long term physical and/or mental health condition, low literacy/numeracy skills, criminal record or are disadvantaged/ethnic groups.

It is essential that applicants have thoroughly considered their project prior to submission and have developed a logic model, theory of change process or equivalent framework to support their project idea. Baseline data must be retained as evidence of the impact and additionality of the project to measure and report success. For example this “before and after” could include comparisons and be demonstrated by:

- current staffing complement and new jobs created/sustained in organisation
- a new service/model developed and delivered to grow the organisation
- governance reports on new activities undertaken by the project
- a record of the number of people supported prior to and during the project
- current outputs and achievements and a record of increased numbers delivered by the project

## **COSTS**

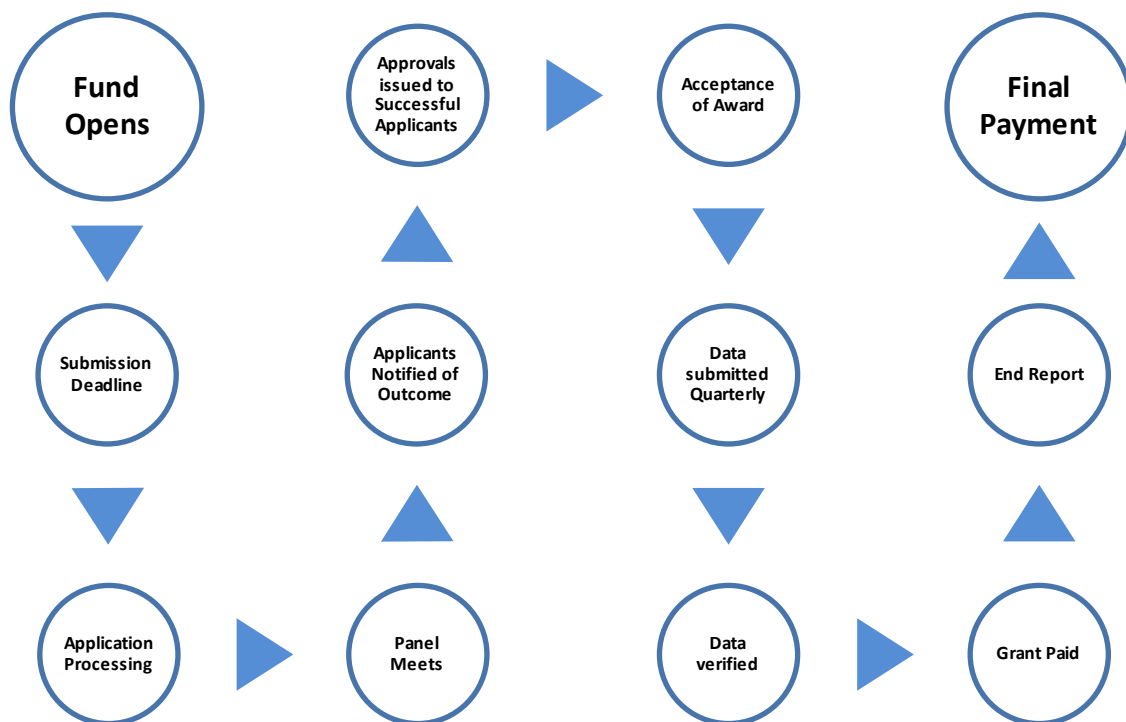
Grant awards will be a minimum of £100,000 and maximum of £250,000 (after deducting income generation) to support **actual costs of delivery** and will require a **full and verifiable audit trail**.

Prior to completing the application form you must read and understand the [ESF National Rules of Expenditure](#). Detailed explanations of ESF cost headings can be found in the National Rules under the Revenue Project Costs section. Capital costs (ERDF) are not eligible. We encourage potential applicants to email [InfoGrowingtheSocialEconomy@gov.scot](mailto:InfoGrowingtheSocialEconomy@gov.scot) if you require clarification in advance of application submission. **The ESF rules are not negotiable.**

Staff Costs are eligible for personnel directly engaged in the project for 100% of their contracted hours, whether full or part-time. Direct staff 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% on the project for the period required (minimum one month) their salary costs are eligible. Job descriptions/specifications will be required for all staff supported by successful applications prior to claiming salary costs.

## APPLICATION PROCESS

Details of opening and closing dates are published on our website and the following diagram details the process:



**It is the responsibility of the applicant to check all documentation thoroughly ensuring attachments are correct prior to submission.** Incomplete applications or those that do not meet the eligibility criteria will automatically be rejected. Applicants must ensure that they are applying to Round 2 using the correct application and guidance notes that have “Round 2” on the front cover. Applications completed on the wrong version will be rejected. If paperwork is missing and we are unable to undertake the technical assessment the project will not go forward to the panel.

All eligible applications will be considered by an independent panel. The panel will include representatives from the Third Sector, Local Authorities, Enterprise Agencies and the Scottish Government. All panel decisions are final and unsuccessful applicants will receive feedback.

We are piloting a new approach in this Round that will utilise digital technology. Applicants can “humanise” their written application which will enable the panel to have an improved understanding of proposals. We are all storytellers today on social media so we hope this new format allows people to express themselves and adds to the quality of applications.

Once the initial eligibility checks are undertaken you will be contacted with regards to providing a 1 minute video if you wish by using [Vimeo](#). You must read and adhere to Vimeo [guidelines](#) and apply the [privacy/restrictions](#).

We encourage applicants to take this opportunity to state the challenges faced, solutions proposed and make a connection with viewers. Use this platform to be creative in the video production but you must state your reasons for applying to the Fund by answering the following to support your written application:

<b>Introduction</b>	you, your organisation, your project title and location
<b>Explain what you want to do with the funding</b>	the story behind the data and how the funding will enable you to reach the proposed outcomes
<b>Who you are supporting and why</b>	highlight potential transformational change and impact the funding will have on the organisation and/or target group

## **PAYMENTS AND REPORTING**

We will provide successful applicants with detailed information on how and when to claim grant payments on receipt of the signed acceptance. Payments will be made quarterly in arrears subject to financial checks and satisfactory progress towards project aims and objectives.

All claims are subject to 100% compliance checks and we may undertake additional project monitoring visits. Applicants must ensure that they operate the project as approved and in line with the ESF National Rules and grant conditions. If we have concerns about project performance or progress, we may suggest performance improvement measures. If performance continues to be a concern we will consider withdrawing support if the project fails to meet grant conditions.

As Lead Partner we will verify and remove irregular expenditure and/or activities prior to authorising grant payments. If fraud or fraudulent activity is discovered as part of our compliance checks we will follow Scottish Government procedures.

All financial evidence from invoices/receipts through to bank statements for each transaction must be retained to support claims. Any match funding and income generation must also be reported. In addition, you should keep all documentation associated with the project such as approved application, grant offer letter, claim forms, monitoring reports and correspondence.

At the end of your project we require an evaluation report as part of your final grant payment. We will ask you to tell us about:

- the difference your project has made and the outcomes achieved
- any lessons learned, what has worked well and 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 project completion to contribute towards case studies, social media and to participate/provide information for promotional and publicity events.

## **PUBLICITY**

Successful applicants must ensure that project marketing and publicity complies with [ESF 2014-2020 Publicity Requirements](#) to acknowledge ESF support. The correct [ESF logos](#) must be applied on all marketing, publicity materials and any publications associated with the project. A portfolio of evidence must be retained to evidence publicity for audit purposes. You should also acknowledge the Scottish Government and any other funders. The document list is not exhaustive and should include:

- job adverts and descriptions and all project related documentation
- press releases on websites, newspapers and social media
- newsletters and reports
- events and presentations

As Lead Partner we have a Communications document to ensure information about our Programmes reach our target audiences including potential applicants. We will promote and publicise the Growing the Social Economy Programme and individual projects supported as part of our Lead Partner requirements.

## **STATE AID**

Applicants must initially assess their proposed project against the 4 test questions and explain why it does/does not meet State Aid requirements. We will also assess each application against the [4 test questions](#) to ensure compliance with State Aid rules.

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

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](#).

## DOCUMENT RETENTION

The European Commission requires successful applicants to retain all evidence associated with their project securely. It is the responsibility of the applicant to ensure all evidence is checked for completeness and is 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.

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

You 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 & ENVIRONMENTAL LEGISLATION

All organisations submitting an application to the Social Economy Growth 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

Please save the application as the **Project Title** and **email by 12 noon on the deadline** day to [ApplicationsGrowingtheSocialEconomy@gov.scot](mailto:ApplicationsGrowingtheSocialEconomy@gov.scot) along with the financial annex, memo and articles and a copy of your most recent audited annual accounts. The **Project Title** should be the subject heading of the email. An automatic email acknowledgement will confirm that your submission has been received.

Please send 2 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 Education, Communities & Justice  
Housing and Social Justice Directorate  
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:

- the correct Round 2 application form and annexes to be completed and submitted
- do not alter the application form, text boxes are a guide to the level of information required and spaces can be deleted to keep page numbers to a minimum
- answers should be drafted in a Word document to ensure the text does not exceed the stated maximum word count and spell checked
- review your answers ensuring they are clear and concise with no acronyms
- recommend using Arial and minimum font size 11
- yes/no boxes to be double clicked, in pop up box under Default Value select “checked” then OK.

Insert the **Organisation Name** and a brief **Project Title** on page 1.

### **Section 1: Applicant Details**

#### **Name of organisation**

Please provide the full name of your organisation

#### **Applicant Legal Status**

Insert details of legal status which is required for verification before any funding award can be made.

#### **Incorporated Body**

State Yes or No. If NO is ticked the application cannot proceed.

#### **Organisation Type**

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

#### **Registered Company Number & Registered Scottish Charity Number**

Please insert these numbers.

#### **If your organisation is a subsidiary of or affiliated to a parent company, please provide details?**

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

#### **Establishment date of your organisation.**

Please confirm the month and year the organisation was established.

#### **Organisation has UK bank account, published accounts and control over expenditure**

Please confirm Yes or No.

#### **VAT Registration Number**

Please provide your VAT Registration Number.

### **Is your organisation able to reclaim all VAT**

Please state Yes or No. Organisations not registered for VAT can include the non-recoverable VAT element within their eligible project costs. Organisations registered for VAT which can recover all VAT should not include VAT within their eligible project costs. If an organisation has a partial VAT exemption then include non-recoverable VAT as part of the eligible costs. Please provide evidence from either HMRC or your accountant on the VAT status.

### **Contact details for correspondence**

Please ensure the contact details are entered correctly.

### **Section 2: About your Organisation**

#### **Please describe the current activities delivered by your organisation and how these are supported. (max 500 words)**

Please include details about your organisation and the activities you currently provide such as:

- aims and objectives of your organisation highlighting achievements, purpose and mission
- services/projects you currently deliver, the location of the services and/or geographical coverage of support available
- the target groups you work with
- how the activities are currently supported/funded
- any Scottish Government awards, EU or other grants you currently receive

#### **Please demonstrate that there are robust systems and suitably experienced staff in place to manage the project and comply with ESF requirements. (max 500 words)**

We must ensure that the organisation is able to manage the project and has capacity to comply with all the requirements of the grant award. Insert governance details relating to:

- the systems/staff/processes in place to ensure management, performance and financial monitoring is reported accurately and on time
- track record and experience of delivering similar services, support and/or products to the target groups
- previous experience of delivering/managing an ESF project

#### **How many staff do you employ?**

Please insert the number of staff currently employed in your organisation. Split this into full-time, part-time and volunteers.

#### **Does your organisation have an Equality & Diversity and Environmental Policy?**

Please tick the appropriate boxes.

### **Section 3 – Project description and objectives**

#### **Please state the proposed start and end dates of your project**

Insert the start date of the project. This should not be earlier than **1 April 2018**. Please note that any expenditure incurred prior to the start date of the project is ineligible and cannot be claimed. The end date of the proposed activity can be no later than **31 March 2020**. Please note that if any technical points are not addressed timeously this may result in a reduced project timescale.

#### **In which Local Authority area(s) will your project take place?**

Please tick all that apply.

#### **Please tell us about your proposal and all planned activity. (max 800 words)**

Please complete this section outlining:

- what you plan to do and why to grow your organisation enabling solutions to tackle poverty and increase inclusion
- how improved social outcomes will be delivered for people who experience poverty and disadvantage e.g. how this increases income/skills and addresses deep rooted and underlying issues
- the potential transformational and positive changes your project will have on individuals/target groups, the organisation and the community
- the demand for the project – e.g. how target groups were identified, what barriers they experience, evidence and data used and discussions with local authorities and other organisations in developing your proposal
- the specific location where the activity or services will be delivered

#### **Please describe your project rationale and strategic fit. (max 500 words)**

Describe how your project aligns with the aims of the Growing the Social Economy programme and ESF Operational Programme to tackle poverty and inequality and promote social inclusion. In addition please include:

- how your project contributes towards national policies such as Fairer Scotland Action Plan, Social Enterprise Action Plan, Shifting the Curve and other [strategies](#)
- any local plans and priorities that the project will work towards achieving

#### **Please tell us about your project's objectives and outcomes. (max 500 words)**

We expect investment from this Fund to help create sustainable employment and improve capacity to deliver services to the most hard to reach groups. Describe the difference your project will make and how you will know if it has been successful e.g. by using a framework, gathering feedback/survey results and producing case studies. You should also provide evidence to address the following:

- what are the key outcomes you will measure and the expected timescales for achieving them
- number of staff recruited to fill new posts

The key outcomes and expected timescales should use the SMART criteria:

<b>Specific</b>	outcomes clearly set out what you want to deliver
<b>Measurable</b>	outcomes are defined in such a way that you can provide objective evidence of their completion
<b>Achievable</b>	outcomes are capable of delivery
<b>Realistic</b>	outcomes are defined by what you intend to deliver rather than how you will deliver them
<b>Time-based</b>	outcomes have agreed dates for their delivery

**Please describe the ‘added value’ of your project, and explain why ESF grant assistance is needed to enable it to proceed. (max 500 words)**

You should provide evidence to address the following:

- describe how the project will improve or add to your current activity and align with/or complement other projects to plug gaps
- describe how the project will improve or add to existing services available in a locality or community
- what other sources of finance were explored

**How will you ensure your project addresses the Horizontal Themes of Equal Opportunities, Environmental Sustainability and Social Inclusion? (max 500 words)**

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 them into their proposal.

Monitoring Horizontal Themes to ensure they have been considered and embedded within supported projects is a European Social Fund requirement. Successful projects may also be used as case studies to comply with European Commission requirements. Please tell us:

- how Horizontal Themes are promoted in your organisation
- how you will ensure each Horizontal Theme is considered in the design and delivery of your project
- how you will take account of the [Protected Characteristics](#)

Examples of Horizontal Themes are:

<b>Equal Opportunities</b>	EO policies, staff training, childcare vouchers, supporting and encouraging flexible working, ensuring premises are accessible, providing adapted equipment, ensuring publication materials are available in different formats, demonstrating there is no discrimination (protected characteristics).
<b>Environmental Sustainability</b>	Environmental policies, sourcing goods and services locally, reducing waste, recycling, using public transport where possible, promoting walking/cycling initiatives, ensuring where possible premises are energy efficient, maximising technology i.e. video conferencing and online materials
<b>Social Inclusion</b>	Accessibility e.g. services provided in an area of high deprivation or to remote rural areas, use of community/friendly premises, support and services are inclusive irrespective of barriers, activities recognise the needs of and are tailored to individuals/target group/area requirements, providing information in different languages/formats, communication is clear and appropriate for the audience.

**Please state how European Social Fund and Scottish Government support will be acknowledged. (max 250 words)**

Applicants must acknowledge the funding support received in line with [ESF 2014-2020 Publicity Requirements](#). Please detail your action plan to maximise awareness of ESF and SG support to:

- those that will benefit directly from the project
- those within your organisation, your board and other stakeholders
- the wider community and public

**Please explain how you will sustain the project activity beyond the end of the funding period. (max 250 words)**

Applicants should describe how they will sustain the project after the grant period. This should include resourcing and options for continued funding and project development to ensure there is a legacy from the ESF grant awarded.

#### **Section 4 – Financial Information**

You must read and be familiar with [ESF National Rules](#) before you complete the financial annex and application tables. Please note that the figures are for the calendar year.

The Scottish Government will provide match funding at source up to 50% in the Highlands & Islands and 60% in the Lowlands & Uplands of the total eligible costs of all successful applications. This means that applicants do not need to identify match funding in order to apply. We can only support ESF eligible costs that are directly related to your project activity.

**Please complete the Financial Annex.**

Insert all eligible project costs and include any income generated by the project or match funding received for the project in the spreadsheet. Please ensure that the formulas are not amended as these enable the costs across and down to match.

Insert the year that the planned expenditure relates to. Detailed explanations of all ESF cost headings can be found in the National Rules and includes:

- Direct Staff Salaries
- Staff Travel & Subsistence
- Consultancy & Contractor Charges
- Premises (where these are truly additional)
- Insurance
- Marketing (must acknowledge ESF)
- Depreciation of Equipment (equipment schedule required for review)
- Leasing (costs will be referred to Managing Authority for approval)
- Vehicle & related costs
- Other Eligible Project Costs (these must be justified and approved in advance)
- Project Income

Please also refer to non-eligible costs section to ensure none are included. All costs must be 100% applicable to the project. As noted earlier, **the Social Economy Growth Fund is not a training and employability programme.**

Under Cost Heading insert what the cost is for e.g. job title of the staff post, project travel, depreciation of equipment, consultancy, marketing etc.

For staff costs please insert the annual gross salary plus employers NI and pension contributions as an overall cost. No other additional payments should be included. Please double check the total figure against each year and the overall total matches the Total Column figures in the Expenditure table.

**Please complete the expenditure table detailing the financial information.**

Within the application please complete the expenditure with the figures from the financial annex:

- a) **total eligible costs of the project** – this is the amount of grant funding you are applying for from the Social Economy Growth Fund
- b) **total ineligible costs** – this is all the other costs related to the project that are not eligible under ESF rules
- c) **total project costs** – this is the total value of the project (eligible project costs + non-eligible costs)

**Please provide details of all other funding providers for your project.**

If applicable please detail all other sources of funding for your project including your own organisation. Insert the relevant year(s), value of the contribution, the name of the funder and the date funding was confirmed and if this contributes towards eligible or non-eligible costs. We will request a copy of grant awards if the application is approved to ensure there is no duplication of funds/outcomes. If there is no match funding please leave this table blank.

There may be other non-eligible costs associated with your project that are funded by someone else and these funders and costs supported should be clearly identified.

Match funding excludes the Scottish Government's element as part of the grant requested.

**Please provide details of income generation.**

If applicable please complete with details of income generated as a result of your project. If there is no income generation please leave this table blank. Please note income is netted off against total eligible project costs prior to the calculation of grant.

**Please provide figures from your latest approved annual accounts.**

Complete the table with information required. The most recent audited/approved annual accounts must be submitted with your application.

**Have you considered the 4 State Aid test questions?**

Please answer the 4 state aid questions with Yes/No and if it is 'Yes' explain the reason for your answer.

- Is the aid from a member state or through state resources?
- Does it confer a selective economic advantage on an undertaking?
- Does it have the potential to distort competition?
- Is it likely to affect intra-community trade?

**Have you received any de minimis aid in the last 3 fiscal years?**

Please tick the appropriate box. If you have received de minimis aid 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 applicant to check and declare any aid received ensuring it does not exceed the maximum aid level.

## **Section 5 - Declaration**

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

Once completed please refer to the Checklist as a guide prior to submission.