

**Aspiring Communities Fund (ACF)
Phase 1, Round 2 – Stage 2, Rest of Scotland (LUPS) Area Only
Frequently Asked Questions**

Updated 03/12/18

Q1: What guidance should I read before applying for funding?

The Aspiring Communities Fund's Pre-application [Checklist and Guidance Note](#) should be read in full before applying to the fund. Other key guidance includes the [National Rules on Eligibility of Expenditure](#) and [State Aid Guidance](#).

Q2: What is a community-led solution?

Communities which are empowered to enable local people to take responsibility for economic, social and environmental actions will make a difference to the people living in the area. Aspiring Communities will support new or enhanced activity, that is informed by local circumstances and needs, to tackle poverty and inequality in our most deprived and fragile communities.

Q3: What is a community?

This can either be a wide cross-section of local people or those with a common interest. Irrespective of the community type the activity must be anchored in a locality where people are bound together by a shared sense of place, whether this be a village, town or neighbourhood.

Q4: Is a community of interest eligible for funding?

Yes. A community of interest, whatever its size, is a collection of people with a shared interest or passion. To be eligible for funding the activity being supported must be anchored in a locality, i.e. a community of place, whether this be in a village, town or neighbourhood. A community of interest must also demonstrate its wider strategic neighbourhood partnership links.

Q5: How can I evidence that my community is deprived and/or fragile?

Examples of data sources that you can use include [SIMD](#), the Improvement Service's [Community Planning Outcomes](#) and [Health Statistics](#). These are not the only ones, but the application does need to include current robust and reliable evidence to support the need for the project.

Q6: Are there specific groups within my community that must be targeted?

Yes. At least one of the three ESF groups of workless, low income or lone parent households must be targeted. However, we recognise that funding supports multiple outcomes for wider impact within a locality and across various groups. Therefore, the fund will support people experiencing disadvantage and/or inequality in its many forms including disabled people, those with alcohol/drug dependence, ex-offenders, homeless people, looked after children, BME communities and other communities of interest, providing this includes support for at least one of the ESF target groups referred to above.

Q7: Can the fund support capital projects?

No. Aspiring Communities is being part-funded by the European Social Fund therefore only revenue costs are eligible (primarily direct staff costs). Please refer to [the National Rules on Eligibility of Expenditure](#) for details. [The European Regional Development Fund](#) (ERDF) funds capital projects, however, this is not applicable for Aspiring Communities.

Q8: Can the fund support projects with an employability focus?

No, the fund cannot support projects that are helping individual participants into employment through pipeline activities. This is being supported through a different part (priority) of the European Social Fund and is being delivered through local authorities.

Q9: What do you mean by enhanced activity?

Activity that builds on the learning of projects and/or services already being delivered in the area with the intention of implementing new and/or transformational outcomes for people and their community.

Q10: Does my organisation have legal personality?

It is for the lead applicant to satisfy itself that it has legal personality before submitting an application for funding. Without legal personality, individuals are not separate from the business and therefore have sole unlimited personal liability for the business, its debts and contractual obligations, and any claims against it. If in doubt you should consider seeking legal advice before submitting an application.

Q11: Is my organisation eligible to apply for funding?

Whatever your governance model, applicants must satisfy themselves that they meet the pre-application eligibility checklist, and can demonstrate how their activity fits the criteria for the fund, including the ways in which the activity is community-led. The lead applicant must have legal personality. This does not preclude organisations without legal personality from being a key partner member of a consortium.

Q12: Are Community Councils eligible to apply as lead applicant?

Yes, if they meet the eligibility criteria for the fund.

Q13: Are commercial partners eligible to apply?

They can be a member of the consortium, but not the lead applicant.

Q14: Do we need to be part of a consortium to apply?

This is not essential, however, partnership working forms part of the assessment criteria. You would therefore have to demonstrate what partnership working would look like for your specific project.

Q15: Can a lead applicant submit multiple applications?

Yes, although each application will be assessed on its own merits, with reference to the scoring criteria and the project's ability to support the ESF and ACF targets.

Q16: Can an organisation be a consortium member for multiple applications?

Yes, although each application will be assessed on its own merits, with reference to the scoring criteria and the project's ability to support the ESF and ACF targets.

Q17: Can an organisation submit an application to continue an existing project which is due to conclude shortly?

This funding round is for organisations which were successful at Stage 1 and now seeking to move their project forward to Stage 2. It is not open to new applicants. Aspiring Communities can only fund new or enhanced services. You would therefore need to demonstrate how you are enhancing your service, building on lessons learned, and what the enhanced element of that service would be. We would expect to see a clear distinction between the original project and the enhanced project that you are seeking funding for.

Q18: Does the Lead Applicant need to come from the community that the application is focused on?

Not necessarily. However, all lead applicants must meet the pre-application eligibility checklist criteria. The location of the Lead Applicant's office is secondary (although if the lead applicant does not have a base in Scotland then it is ineligible). Instead, the key factors to bear in mind are the ability of the lead applicant to (i) put communities first, involving local people in the development and design of the project, (ii) work collaboratively, and in partnership with local partners and delivery organisations, and (iii) evidence that the proposal fits with local plans, reflecting national priorities.

Q19: If the Lead Applicant is looking to one of its consortium members to deliver the project, is a Service Level Agreement with the Lead Applicant acceptable?

It is for the lead applicant and all other consortium members to agree and formalise the necessary arrangements, also understanding the EU compliance requirements, so that there is no ambiguity regarding respective roles and responsibilities. Our guidance suggests a memorandum of understanding or similar. Whilst the Scottish Government will maintain regular contact with the Lead Applicant as the project progresses it will not be for the Scottish Government to mediate with a consortium should there be any emerging issues that have not been considered by the consortium when formalising the memorandum or similar partnership agreement.

Q20: Is the Lead Applicant responsible for budget management and ensuring delivery of the agreed project milestones and outcomes?

The lead applicant is responsible for budget management and progress reporting, as it will be in receipt of the grant. A memorandum of understanding or similar can be used to agree respective roles and responsibilities for each of the consortium members. This could include the support provided for the lead applicant in managing the budget and other associated administration.

Q21: Should there be an equal distribution of the grant to all consortium members?

The lead applicant will receive the Aspiring Communities grant. The lead applicant will be the one who manages these funds, whilst recognising that some of the staff posts may be working for consortium members other than the lead applicant. When submitting a grant claim for direct staff costs (cost category (i) in Q22 below) the Lead Applicant must also provide the Scottish Government with evidence of the costs being claimed as well as bank evidence of payment being made to staff and partners.

Q22: What is the flat rate model?

The flat rate cost model is being used for the Aspiring Communities Fund, as explained in the guidance. The only two relevant cost categories are (i) salary costs for those staff directly employed and paid through the organisation's payroll who will work between 40% and 100% of their time on delivery of approved ESF activity for a minimum of one month, and (ii) all other eligible costs that directly support delivery of the activity, calculated either as 15% or 40% uplift against the direct staff costs. For example, if the total direct staff cost is £100,000 then the additional sum available for the other costs is either £15,000 or £40,000 resulting in a total project cost of either £115,000 or £140,000. To be clear, salary payments will be proportionate to the % of time spent on delivering ACF activity.

Q23: Must the direct staff work 100% of their time on the Aspiring Communities project?

Direct staff (category (i) cost as explained in Q22) can be employed full-time or part-time by the lead applicant or any of the other consortium members. These staff don't have to be in place for the full duration of the project (but a minimum of 1 month) as long as their role is justified and they work a minimum of 40% of their contracted hours on the project for the period

they are required. Official ACF timesheets must be completed for those staff working less than 100% of their time on ACF activity. For all staff who are employed to deliver the ACF project you will need to evidence this by a job description, secondment terms and conditions, or a contract letter from HR confirming that the staff member is solely involved in Structural Funds activity during the periods for which the ACF grant is being requested.

Q24: What about staff that don't spend a minimum of 40% of their time on the Aspiring Communities project?

Staff costs associated with individuals that are not dedicating at least 40% of their time to the project, but are essential to its delivery, are expected to be covered through the +15% or +40% uplift calculation.

Q25: What factors should I consider before deciding whether to use the +15% or +40% uplift model?

The decision on whether to apply for other project costs at +15% or +40% uplift of the direct staff costs depends on which of the percentages best supports your project activity. If the +40% model is chosen you must provide justification in the application, including details of what will make up those other project costs, e.g. events, travel & subsistence, other staff time (for staff that are dedicating less than 40% of their time to the project, but essential to its delivery).

Q26: Does the Lead Applicant have to employ all of the direct staff that are delivering the project?

No. Any member, or combination of members, of the consortium can employ the direct staff.

Q27: Are the costs of engaging consultants permitted?

If none of the consortium members have the required skills in-house to support specific aspects of the activity, then consultancy costs must be justified in the application form as part of Q10 (Proposed Activities). This cost must also be separately detailed as a procured cost in the financial table at Q20 of the application form. The flat rate methodology (ie +15% or +40% for indirect costs) **does not apply** for consultancy costs as the invoices from consultants would, instead, be treated as actual costs. Contracts for consultants must either be competitively tendered or procured in line with the organisation's standing orders and/or procurement policy to ensure value for money.

Q28: Does Aspiring Communities support core costs or existing activity?

The fund supports revenue costs directly associated with delivering the new or enhanced services that are being provided by the project. It does not support core costs or existing activity.

Q29: How is ACF grant payment made?

ACF funding is paid **quarterly in arrears** on receipt of a fully completed claim form and supporting evidence documenting expenditure and progress towards achieving pre-agreed milestones. Discussions around milestones form part of the detailed appraisal work for successful projects. Claim forms are attached to grant offers and detailed guidance will be issued to assist projects with completing these. Please ensure that your organisation has the resources to support 3 months of ACF costs up front before applying for funding.

Q30: Can you provide examples of ESF Ineligible Costs?

Examples are included in the [National Rules on Eligibility of Expenditure](#).

Q31: What it meant by LUPS Expenditure?

For this funding round European Social Funds are available to support eligible activity in the **Rest of Scotland (LUPS) Programme area only**. Details of the local authorities that fall within the LUPS area are provided below. Using this information you should confirm the total annual project cost associated with delivering your project in the LUPS area, and record this in the Expenditure Profile table that forms part of Q21 in the application form.

Aberdeen
Aberdeenshire
Angus
Argyll & Bute (Helensburgh and Lomonds area)
Clackmannanshire
Dumfries & Galloway
Dundee
East Ayrshire
East Dunbartonshire
East Lothian
East Renfrewshire
Edinburgh
Falkirk
Fife
Glasgow
Inverclyde
Midlothian
North Ayrshire (apart from Arran and Cumbrae)
North Lanarkshire
Perth & Kinross
Renfrewshire
Scottish Borders
South Ayrshire
South Lanarkshire
Stirling
West Dunbartonshire
West Lothian

Q32: What is match funding?

Cash contributions, over and above any approved Aspiring Communities grant, that will go towards paying the total cost associated with delivering the ACF project. This can include your own financial resources, as well as grants from other funding bodies, however, no other European funding can be classed as match in your Aspiring Communities Fund application. Costs associated with the wider delivery of a more holistic project which ACF activity forms part of is not classed as match funding and should not be included. In-kind contributions are not classed as match funding.

Q33: Does the Lead Applicant or any of the Consortium members need to provide match funding to support the project?

Not necessarily. We will consider applications with no match funding subject to the provision of a clear justification explaining why this is the case.

Q34: What is meant by the ACF Target “People benefitting from new services/support”

It is important to capture the specific number of people your service or support will directly benefit to help demonstrate the success of your project. Although we recognise that the wider community may benefit it is important that only the number of service users of the new or enhanced community service/support is recorded.

Q35: What is meant by the ACF Target “new or improved community-owned assets”?

As a revenue fund, Aspiring Communities will not support capital costs. However, the fund will support organisations to help enable the delivery of sustainable services for the benefit of the wider community. This can include (i) the creation of a new and sustainable community-led organisation to represent community interests in community planning and other decision-making that positively impacts the community, and (ii) enabling enhanced social capital by supporting a robust community-led group to take on the sustainable management (rather than ownership) of an asset for the benefit of the wider community. We will agree appropriate project-specific milestones with lead applicants of successful applications to enable progress towards this target to be evidenced.

Q36: Can I submit a draft application for feedback before the deadline?

No, we are unable to comment on draft applications.

Q37: What is the timescale for applications being approved?

We are working towards a ten week turnaround for applications once the fund closes on the 11 January 2019. However, this will depend on the volume of applications received.

Q38: When can we start our project?

You should not begin your project before you have been notified that it has been successful and have received an In Principle Approval once the Independent Assessment Panel has met. We anticipate being in a position to issue grant offers to allow projects to begin in April 2019 and expect projects to last around 15 months.

Q39: What happens if the project fails to deliver some or all of its outcomes by the end of June 2020?

You may be required to repay at least a proportion of the ESF and SG grant. The conditions of default will be included in your ACF grant offer, should your application be approved.

Q40: If we are awarded Aspiring Communities funding does this need to be spent by end of June 2020?

Yes. Current timescales do not allow for projects beyond this date.

Q41: Why is this funding round only targeting the Rest of Scotland and not Highlands and Islands too?

Uptake for the previous round in Highlands and Islands was lower than expected, therefore, another funding round opened earlier this year targeting those areas only. Stage 1 projects in H&I were encouraged to apply for Stage 2 funding at that time. The remaining Stage 1 projects in the Rest of Scotland are now invited to apply for Stage 2 funding.

Q42: Looking at the 4 tests for State Aid, it is likely that Test 4 (“The intervention is likely to affect trade between Member States”) does not apply to the vast majority of projects eligible for funding for Aspiring Communities as it is in their very nature that they are local solutions to local problems. Is there any advice available to applicants as to how to cover this in our submissions?

Where projects are limited to a distinct local community and there is no material impact on trade between member states, the fourth test is unlikely to be met and State Aid therefore would not be present. Therefore, de minimis and GBER would not apply. Applicants must clearly describe the geographic coverage of their project and we advise against making unrealistic claims about your future expansion plans, which may call into question the local nature of the project. Even if you arrive at a ‘no aid’ position, we would strongly advise you to keep a record of the decision making on file for audit purposes.

Q43: Do grants from the Aspiring Communities Fund count towards *de minimis* state aid limits?

A State Aid assessment should firstly be carried out. If all of the four tests are likely to be met then the award could be funded under the De Minimis regulation provided the applicant has not exceeded their de minimis limits. Please keep a record of every State Aid assessment for audit purposes. Each assessment/application will be considered on its own merits.

Q44: Why is State Aid an issue?

Essentially, if the Scottish Government, as funder, believes the project it is funding contains State Aid, it must award that aid in compliance with the EC's rules. The easiest way to do this is via the de minimis regulation, but using that regulation will severely limit the amount of aid that can be awarded to any given project. Funders also have the possibility of using the General Block Exemption Regulation (GBER) to provide compliant cover, but that will have limits on how much the funder can award – for example, for a £100k project the aid intensity may be 40%, meaning that the maximum public funding that can be awarded would be £40k, with the remainder coming from private sources.

Q45: Can the lead applicant, or another consortium member, appoint someone that is self-employed to help deliver the project?

The direct staff costs funded via the flat rate cost model relate to staff directly employed by the lead applicant and/or one or more of the other consortium members, where the staff work between 40% and 100% of their contracted hours on delivery of approved ESF activity for a minimum of one month. If none of the consortium members have the required specialist skills in-house to support specific aspects of the activity, then appointing a consultant with the specialist skills required is an option, with details of how this must be managed being provided in the above answer to Q27. Please note that consultant/contractor costs do not attract the 15% or 40% uplift. Please also refer to the [National Rules on Eligibility of Expenditure](#).

Q46: How do I record details of cash match funding in my application form?

The first table in Q21 asks for the total annual match funding to be confirmed for the calendar years 2019 and 2020 and financial years 2019/20 and 2020/21. This is match funding in the form of cash contributions towards the total costs of delivering the project. You must separately list each of the sources of match funding and the associated amount from each of the other funding sources in the separate match funding table that also forms part of Q21. This must also include details of whether or not each of the sources of match funding have been confirmed or not. You must also confirm whether the match funding will be used to cover ESF-eligible or ESF-ineligible project costs. No other European funding can be classed as match in your ACF application. Match funding should only be included if it relates to the direct delivery of ACF activity.

Q47: My organisation is a registered charity but does not meet Aspiring Communities Fund pre-application eligibility checklist criteria number one. Can we still apply as lead applicant?

Q10 and Q11 provide guidance regarding legal personality, which you should find helpful. If your organisation does not meet all of the eligibility criteria then you will be unable to act as lead applicant for the Aspiring Communities Fund (ACF). This does not preclude your organisation from being a key partner member of a consortium instead. However, if your organisation is in the process of obtaining legal personality, for example via registration with OSCR as a SCIO, then you might decide to submit an ACF application as lead applicant, making it clear that your compliance with eligibility criteria number one is subject to a decision from OSCR together with an indication of the likely timescale for legal personality being confirmed. This will enable the ACF assessors to consider this information as part of the appraisal process.

