



Scottish Rural  
Development  
Programme

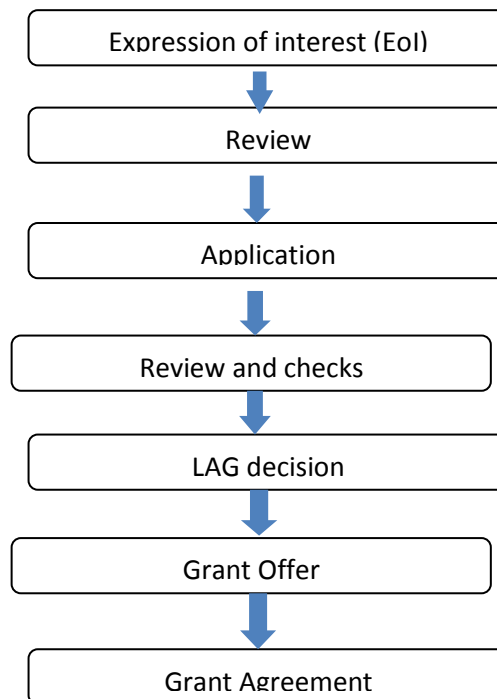
## OUTER HEBRIDES LEADER Information Sheet

### What is LEADER?

LEADER is a European Union funded Community Development Programme, which focuses on delivering a bottom-up method for supporting rural development. Support is primarily aimed at small-scale, community-driven projects that are pilot and innovative in nature. All projects must demonstrate community benefit and economic impact.

### The application process

A typical outline of the process for applying to LEADER is shown below.



### Who can apply?

Applications can be made by anyone who lives in a Local Action Group area and/or wishes to undertake an activity within the LAG area. This can include:

- Individuals, including those who are self-employed
- Community and voluntary organisations (constituted bodies such as Development Trusts)
- Micro & small enterprises (including social enterprises, charities, Community Interest Companies) - *An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons, family businesses and partnerships or associations regularly engaged in an economic activity.* A micro enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million. A small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet does not exceed EUR 10 million.
- Public bodies
- Local Action Group members

### Outer Hebrides LEADER Contact Details:

Stornoway – Comhairle nan Eilean Siar, Sandwick Road, Isle of Lewis – Tel: 01851 600501

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Before you make an application, you should submit an Expression of Interest to your Local Action Group. This lets the group consider the eligibility of your project concept and idea to check the proposal is in line with the Local Development Strategy(s) you are applying under. If you haven't completed an Expression of Interest, you should do so before you apply. An Expression of Interest form for the Outer Hebrides LEADER Programme can be accessed via [www.outerhebridesleader.co.uk](http://www.outerhebridesleader.co.uk). Once your project is received a member of the Outer Hebrides LEADER Team will assess it and respond accordingly. Should your project reach application stage you will then be provided with access to the LEADER online LARCs system in order to complete your application. You can apply for more than one grant from the Local Action Group, as long as they are for different projects.

### **Suitability for LEADER funding**

Also, think carefully about whether your idea is more appropriate for other Scottish Rural Development Programme funding schemes such as: Broadband, the Agri-Environment Climate Scheme, the Food Processing, Marketing and Co-operation scheme or the Knowledge Transfer and Innovation Fund. Detailed guidance on these schemes can be found on the [rural payments and services website](#). If you are unsure then please contact your local LEADER Team.

You should also consider how your proposal fits with other wider funding programmes, such as European Rural Development Fund (ERDF) and European Social Fund (ESF). For example, LEADER may be better suited to supporting projects that focus on aspects of employability, skills or business growth pipelines that are not already funded under ESF or ERDF. Further information on ERDF and ESF funded actions can be found on the [Scottish Government Website](#).

### **Fit with the Local Development Strategy (LDS)**

You must familiarise yourself with the Local Development Strategy as you will have to demonstrate how your project will contribute to its aims. Your application must set out how the proposal contributes to the priorities of the Local Development Strategy. Elaboration of this will be critical to Local Action Group assessment.

The identified key objectives for the Outer Hebrides LEADER 2014-2020 Local Development Strategy are:

- **Promoting Renewable Energy and Efficiency**
- Supporting and Developing Rural Services and Facilities
- **Developing and Aiding new Tourism Initiatives – focusing on Natural, Archaeological, Creative, Cultural and Gaelic heritage**
- Sustaining new SME and Community Enterprise
- **Developing Crofting Related Ideas and Encouraging Diversification**
- Supporting Community Fisheries and Marine initiatives
- **Networking with LAGs in Scotland, UK and Europe**

The Outer Hebrides LEADER and EMFF 2014-2020 Local Development Strategy can be viewed on the Outer Hebrides LEADER website at <http://www.outerhebridesleader.co.uk/leader-sub-home/local-development-strategy/>

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## ELIGIBILITY

### INELIGIBLE COSTS (Costs which can't be claimed from LEADER)

- **Accounting costs**, preparation etc. of annual accounts, year-end auditing unless a condition of the grant agreement
- **Bank charges** on accounts
- **Costs of guarantees provided by a bank** or other financial institution
- **Financial charges** – e.g. charges for paying by credit card NOT standard booking fees
- Debit interest, charges for financial transactions, foreign exchange commissions and losses, and other **purely financial expenses**
- **Loan charges** – the nature and amounts of any loan charges included in the overall project costs should be brought to the attention of the Scottish Government
- **Service charges** – arising on leases and hire purchase arrangements
- **Costs resulting from the deferral of payments to creditors**
- **Costs involved in winding up a company or organisation**
- **Bad debts**, fines, financial penalties and expenses of litigation
- The **delivery of courses** will not be eligible where such courses form part of a secondary school, college or university education programme – e.g. HNCs, HNDs, Nationals, Degree etc. If you are unsure about this, please contact your local LEADER Team.
- **Expenditure invoiced or defrayed outwith the eligible project period.** (The period before the signed Offer of Grant Letter has been received back into the local LAG Office).
- **Expenditure committed to or incurred before the eligible expenditure date** contained in the offer of grant letter (e.g. contracts signed, purchase orders raised, payments made, invoices or other commitment by the applicant to pay for something whether goods, works or services)
- **Payments not supported by invoices** and/or documents proving expenditure
- **Recoverable VAT**
- **In-kind costs** cannot be claimed or paid (they are shown to help assess commitment to the project).
- **Improvements to buildings** as a requirement of changes to legislation e.g. Disability Discrimination Act.
- **Any actions already being funded by European Structural Funds** under other Programmes or European Union-funded initiatives
- **Alcohol**
- **Hire purchase**, extended credit agreements and finance leases for capital purchases
- **Purchase of Capital Assets** (LEADER will not fund land or buildings)
- **Building Repairs**
- **Volunteer time**
- **Reclaimable VAT** - *You should seek guidance and obtain written confirmation of the VAT position in relation to your proposed project. Unexpected VAT bills can add significantly to the total cost project.*
- **Statutory maternity, paternity, adoption or sick pay**
- Payments for **unfunded pensions**
- **Redundancy payments**
- **Bonus or commission payments**
- **Contingencies, miscellaneous or sundries**

*Some of these costs may be eligible if they are directly linked to the operation and are necessary for its preparation or implementation or, in the case of accounting or audit costs, if they relate to requirements by SG and must be agreed with SG prior to being claimed.*

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## ELIGIBLE COSTS

- **Purchasing equipment, fixtures and fittings** linked to the eligible project activity
- **Improving land**, for example landscaping works, playgrounds etc.
- **Altering, refurbishing or extending** a building you already own or lease
- **Constructing** a new building or facility
- **Professional Fees** (architects, engineers, consultants etc.), planning permission/building warrants etc. are restricted to a maximum of 20% of the overall project costs. Where the project does not include any capital costs then support for any professional fees may be funded to a maximum of 100%.
- **Projects Involving Staffing & Premises** - For all staff costs, you must be able to demonstrate that the pay and grading of the post has been determined appropriately. For example, benchmarking against similar posts within the organisation or more widely for type of job concerned.
- **Direct Staff Costs** - Staff costs are eligible to be paid through the project, whether full or part-time. Staff may be either existing organisational staff who are administering/supervising the project or taking on a specific role in the project or new staff recruited specifically for the project. All staff costs should be included gross (i.e. inclusive of NIC, pension, etc.)
- **Recruiting new staff** - Recruitment costs are only eligible during the approved project period. Recruitment costs may include advertising for the vacancy. Interview travel costs, panel member expenses or other reasonable and appropriate costs as detailed in the travel and subsistence section in section 8.5 are also eligible. For new recruitments, the following evidence must be provided: copy of the advertisement and details of where the post was advertised; summary of the short listing process; summary of the interview process; details of selected candidate.
- **Existing staff new post** - If it is a new post which you wish to fill with a reappointment of an existing staff member in line with national employment legislation, this must be explained in the funding application form. Where you have an existing policy regarding reappointment/redeployment of staff, this should be provided as part of the explanation. The Local Action Group will review the justification provided on a case by case basis with the preference being for all new posts to go through an open and transparent recruitment process. Where an existing member of staff is transferred to a new post the employing agency must provide: evidence that their existing post is finishing; evidence that the person has the relevant skills for the post and is the most suitable applicant if more than one internal applicant is eligible; details of the selected candidate.
- **Staff Travel and Subsistence** – this must be directly related to the project.
- **Personal protective equipment** required for the safe conduct of activities. Where appropriate equipment should be retained by the organisation and not provided to individuals.
- **Consultancy Fees and Contractors' Charges** - Costs for work undertaken by a consultant or sub-contractor (including staff supplied through temp agencies) are eligible. You will be asked to justify their use and reasonableness of costs as part of the project application. See also see professional fees in Section 7.
- **Premises costs** – This should include actual cost of rent, rates, heat, light, telephone and internet charges, cleaning and servicer charges associated with the premises.
- **Leasing Premises** - Leasing is eligible for support. Details and justification for this approach must be included in the application form and will be considered on an individual project basis. Leasing costs should not exceed the original value of the item.
- **Project Evaluation Fees** - Costs of independent evaluations will be eligible if the work is essential to the project and/or a condition of the Grant Agreement.

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- **Insurance** - Insurance of buildings, contents and for public liability are eligible provided it can be clearly demonstrated that these directly relate to the delivery of the project and are **additional** to existing organisational costs. Professional indemnity is also eligible provided it is essential to the delivery of the project and **additional** to standard provision that organisations or/ individuals could be expected to hold. **In circumstances where the organisation has in place internal 'charging' arrangements for staff then these are considered to be eligible where they can be evidenced. For example, annual fees per head for the use of all services.**
- **Publicity** – this may include costs related to appropriate and proportionate aspects of marketing specific to the project on, for example, design and production of publicity materials, development and delivery of events and campaigns.
- **Marketing Non-recoverable VAT** - VAT charged on buying goods, services or transactions that you are not able to reclaim from the HM Revenue and Customs is eligible.
- **Software, stationery, teaching materials, postage, photocopying consumables** and other costs **where it can be clearly demonstrated that costs are reasonable and directly relate to the delivery of the project.** All project costs must be accurate and included in the application form.
- **Volunteer Expenses** - Volunteer expenses must be detailed in the funding application form and will be considered on a case by case basis by the Local Action Group.
- **Second hand equipment** –The purchase of second hand equipment is allowed under the following conditions: the seller of the equipment must provide a declaration stating its origin, and confirm that at no point during the previous seven years has it been purchased with the aid of national or European grants; the price of the equipment must not exceed its market value and must be less than the cost of similar new equipment. The equipment must have the technical characteristics necessary for the operation and comply with applicable norms and standards.

## LEADER GRANT INTERVENTION RATES

The Outer LEADER Local Action Group, who manage the local programme, will offer a grant intervention rate of:

- **Community groups, charities, public bodies etc** - up to 50% of your total eligible LEADER project costs, up to a maximum of £125,000.
- **Businesses** – up to 30% of your total eligible LEADER project costs, up to a maximum of £100,000
- **Co-operation projects** (actively working with other LAG areas and countries) can attract aid of:
  - up to 70% for business applications (maximum £100,000) of the eligible LEADER costs and;
  - up to 90% for community applications (maximum £125,000) of the eligible LEADER costs.

The LEADER officer will advise on this. These amounts can be increased in exceptional circumstances.

Furthermore state aid rules may apply and this may limit how much you can claim, depending on what other public funding you have received. Unless the project is classed as State Aid, as per Article 61 and 65 of the European Regulations 1303/2013 any net profit that is directly generated by

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the LEADER funded project before the final claim could result in a decrease in your approved LEADER grant.

The minimum grant is £1000; therefore the minimum project costs required would be £2000.

However please note, depending on circumstances, that it is at the discretion of the Local Action Group to offer a decreased amount of aid if the project is approved. To find out more about state aid, visit [www.gov.uk/state-aid](http://www.gov.uk/state-aid).

## **OTHER ISSUES TO CONSIDER BEFORE MAKING AN APPLICATION**

### **MATCH FUNDING**

Match Funding is the amount of funding secured from other sources in order to deliver the project. There are 2 types of match funding:

- Private match funding such as donations from trusts and personal donations
- Public match funding such as Big Lottery, local or central government, public bodies

You are responsible for checking, confirming and declaring whether your match funding is public or private. All match funding must be in the form of a direct cash contribution.

### **SECURITY OF TENURE**

Applicants applying for capital grant for a project must have security of tenure (heritable or leasehold) of the land and buildings where the capital project will take place.

Both landlords and tenants must keep capital works in place for five years following the final claim payment. E.g. if a building is to be constructed and the project takes one year to complete and claim, then the five years commences after the final claim is paid, making a total of six years commitment.

### **BUSINESS REFERENCE NUMBER (BRN)**

All applicants must be registered with Rural Payments and Inspection Division (RPID) who will issue a Business Reference number (BRN). Contact details for your local RPID office can be found at the links below along with further information about Rural Payments and applying for a BRN.

- [www.ruralpayments.org/publicsite/futures/topics/customer-services/contact/](http://www.ruralpayments.org/publicsite/futures/topics/customer-services/contact/)
- [www.ruralpayments.org/publicsite/futures/topics/your-business/business-registration/](http://www.ruralpayments.org/publicsite/futures/topics/your-business/business-registration/)

The Senior Applicant must be registered as a 'Responsible Person' or 'Business Representative' of that BRN. More than one Business Representative can be registered and a 'name change request' should be submitted to RPID to update the responsible person details.

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## PROJECT ASSESSMENT CRITERIA

The following is the criteria that your project will be assessed on:-

<b>Strategic Fit</b>	Extent to which the project aligns and delivers against the LDS and is integrated with other related activity and other EU, National and local strategies.
<b>Project Aims and Objectives</b>	The extent to which the project has shown that the aims and objectives of its actions or activities will provide a benefit or satisfy an existing or new need in the community
<b>Return on Investment</b>	Extent to which the project will deliver positive economic benefits – including leverage of funding, economic growth and rural development.
<b>Equality</b>	Extent to which the project has considered and can demonstrate a positive impact for groups identified as vulnerable to exclusion or hard to reach in the LDS (and its Equality Impact Assessment) – (e.g. young people, elderly and disabled, business community, carers often women, communities which have had little engagement with CLLD, people on low wages, ethnic minority groups.
<b>Knowledge Sharing</b>	Extent to which the project stimulates knowledge sharing between sectors and individuals.
<b>Fostering Innovation</b>	Extent to which the project is fostering novel approaches and ideas.
<b>Partnership and collaborative working</b>	Extent to which the project has identified, engaged and involved appropriate delivery partners to maximise impact and ensure broad based buy in and support to avoid duplication of effort.
<b>Legacy</b>	Extent to which the project will deliver impact/ benefit beyond the funding period.
<b>Engagement and support</b>	Extent to which the project has comprehensive stakeholder buy in, participation or ownership.
<b>Meeting a need and demand</b>	Extent to which the project is responding to evidence to need or gap in provision.
<b>Additionality</b>	Extent to which the need for LEADER investment is evidenced in terms of allowing the project to proceed and enhancing the project through the LEADER approach and investment.
<b>Organisational Competence</b>	Extent to which the right level of resources with the necessary skills and organisational capability are in place and effective.
<b>Robust delivery plans</b>	Extent to which the project plan (deliverables, times and milestones) can be relied upon.
<b>Outputs</b>	Degree of certainty that the projected outputs of the project are deliverable, measurable and achievable.
<b>Exit Strategy</b>	Extent to which there is a clear and sustainable exit strategy in place and there is no risk of grant dependency whilst ensuring the legacy remains.
<b>Displacement/Distortion</b>	Extent to which there is evidence of distortion and/ or displacement and extent to which distortion and/ or displacement will be managed.
<b>Organisational compliance</b>	Is the project compliant with all relevant rules and regulations.
<b>Local benefits/ Spin-Offs</b>	Extent to which the project provides additional benefits and positive spin offs to the community or Outer Hebrides
<b>Value for Money</b>	Extent to which the costs are reasonable,
<b>Risk Management</b>	Has the project effectively assessed all known or potential risk factors?

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