

# Rural Community Led Fund - 2024/2025

## Planning for your Rural Community Led Vision

### Guidance for Local Action Groups

#### Version tracker

<b>1.0</b>	8 <sup>th</sup> June 2022	Original
<b>1.1</b>	19 <sup>th</sup> July 2022	Updated A&A and capital/revenue guidance
<b>1.2</b>	21 <sup>st</sup> July 2022	Updated milestone guidance
<b>1.3</b>	8 <sup>th</sup> August 2022	Updated allocation figure for Ayrshire
<b>1.4</b>	9 <sup>th</sup> September 2022	Updated capital allocation guidance
<b>1.5</b>	22 <sup>nd</sup> September 2022	Correction to A&A allowance based on earlier email correspondence
<b>2.0</b>	13 <sup>th</sup> April 2023	Updated document for 2023/24 CLLD delivery
<b>2.1</b>	2 <sup>nd</sup> May 2023	Updated 'wider role of LAGs' to include Rural Delivery Plan 2026 and Ag Bill 2025
<b>2.2</b>	3 <sup>rd</sup> May 2023	Amended wording on paying projects in advance of need
<b>2.3</b>	10 <sup>th</sup> May 2023	Updated wording on funding outcomes & criteria
<b>2.4</b>	21 August 2023	Updated the Capitalisation Threshold guidance and

		added additional claims guidance
2.5	26 April 2024	Reviewed for 2024/2025

## Contents

Policy Background .....	<b>Error! Bookmark not defined.</b>
Preparing your Rural Community Led Vision Plan.....	3
Section 1 - Governance and Legal Basis .....	4
Local Action Group Membership .....	4
Local Action Group Chair.....	5
Vice Chair .....	5
Agreeing on a partnership structure.....	5
Section 2 – Key Responsibilities .....	7
The Local Action Group .....	7
Accountable Body.....	7
Staffing Support - Working for the Local Action Group .....	8
Section 3 – Scope of the funding .....	11
Collaboration .....	12
Making the right choices - projects .....	13
Section 4 - Financial Arrangements .....	14
Capital Expenditure & Thresholds .....	16
Activities, Legal Expenses, Financial and Other Charges .....	19

## Preparing your Rural Community Led Vision Plan

Without the certainty of multi-annual European Funding and faced with an increasingly challenging fiscal environment, the Scottish Government is building on the need for a light touch approach to capturing individual areas' community led ambitions for 2024/25. A refreshed Community Led Vision (CLV) from each LAG area should provide the framework for delivering CLLD funding in your area during 2024/25. This should state the LAG area's wider ambitions, and build on the evaluation of previous Local Development Strategies and existing place plans.

You will also want to think about the links to the developing Agriculture & Communities Bill and wider national policy. Please refer to the separate 'CLLD policy links' document for more background information.

The associated Rural Community Led Vision (CLV) Plan should cover the proposed mechanisms and procedures through which the Local Action Group will deliver its Vision in 2024/2025 Financial Year.

The Plan must reflect the needs of those living in your LAG area(s) and be community led. It must also clearly demonstrate/detail where local priorities and grassroots activity are contributing directly to Scottish Government priorities (see **Section 3**).

The following guidance sets out the information expected within the Plan, which must be submitted to the Scottish Government Rural Communities Team **by Wednesday 19<sup>th</sup> June.**

The separately attached CLV template is a form to be used by all LAG areas which once complete will document their key objectives, governance structure and delivery requirements for the 2024/25 programme. The form aims to capture the key "must haves" in the same standardised format for all LAG areas and will be used to monitor and evaluate your progress against the conditions and outcomes set out in the indicative **Grant Award Letter** for your area.

If you wish, you may also submit relevant supplementary information alongside your completed template as an annex (e.g. local consultation reports). These additional annexes should be restricted to a maximum of 12 pages in total and cannot be used as a substitution for completing your CLV template.

## Section 1 - Governance and Legal Basis

Local Action Groups (LAGs) need to be fully established to deliver your activity in the 2024/2025 Financial Year.

The attached template asks a series of questions relating to the key responsibilities and legal basis for your Local Action Group. When outlining your procedures for delivering your Local Action Group's Community Led Vision you should consider the following;

- The operational structure of the Local Action Group and staffing structure, including as a minimum greater gender diversity and evidence of inclusion and change (e.g. greater representation of young people, or a separate youth LAG).
- The decision-making procedures, including the use and role of subgroups or advisory groups
- The membership of the Local Action Group including how members will be recruited, how long for, and what will be expected of LAG members .
- The legal structure of the Local Action Group as an entity .
- Where the Local Action Group is to be the Accountable Body, demonstrate that it fulfils the requirement of the regulations set out in your Grant Award letter in terms of its management, financial and administrative capability;
- Where an administrative and financial 'Accountable Body' is proposed, an explanation of why the organisation is suitably qualified to undertake the role (e.g. in terms of its financial stability, staffing, experience and capabilities).
- Any key responsibilities.
- The skills set represented within the Local Action Group of the different partner or delivery organisations.

### Local Action Group Membership

You should detail the membership of the Local Action Group , expectations of Local Action Group members and any specific contributions individual members can make to the work of the Local Action Group. Any delegated approval bodies supporting (or the overall partnership itself overseeing) the delivery of your community led vision must have a membership representative of your local area.

Membership should be drawn from across the area with a reasonably balanced representation\* of the following:

- community interests and third sector organisations,
- public sector organisations;
- businesses and other private sector organisations

You should have an open and transparent selection process for LAG members, reflecting the skills and experience needed for the priorities identified in your Community Led Vision.

Avoiding any conflicts of interest is key and the preference is for a non-public body representative to act as LAG chair to maintain the community led nature of this work.

**(\*The public sector representation must not exceed 49% of the make-up)**

## Local Action Group Chair

To ensure transparency of process and separation of functions, the Chair of any decision making body/overall partnership associated with the delivery of your Community Led Vision must be completely independent (i.e. not an employee or representative) of the Accountable Body for the operational delivery of the Community Led Vision, unless the Community Led Vision partnership is a separate legal entity. The Chair of your Local Action Group should be a **local representative who resides in the area**. Where possible the Local Action Group chair should be a community representative rather than a public body or Agency representative.

The role of the Chair would be as follows:

1. Leading for the Local Action Group on strategic overview of the CLLD programme, including liaison with key delivery partners.
2. Providing mutual support and shared learning for Local Action Groups.
3. Working with Scottish Government, communities, and other decision-makers as champions of the Community Led Local Development (CLLD) approach and using knowledge of CLLD approaches / rural communities to contribute to wider discussions on future policy direction for rural Scotland.

Your Community Led Vision Plan must detail the transparent and non-discriminatory selection process and objective criteria you have used for the selection of Local Action Group members and your Chair and Vice Chair. **Each Local Action Group must have a Chair and Vice Chair.**

## Vice Chair

The Vice or deputy chair will be responsible for;

- Supporting the Chair in leading the aforementioned duties.
- Deputising for the Chair at key meetings eg with funders , training etc to ensure that there is area representation as required.

## Agreeing on a partnership structure

It is recommended that Local Action Groups have a Memorandum of Understanding (MOU) to help ensure everyone is clear about the partnership's objectives and of members' respective roles and responsibilities. If you have an existing MOU with your Accountable Body Local Authority (LA) or non LA) then these can be updated or amended for the purposes of this year's funding.

There are two approaches (below) to potential partnership structures.

### **A – nominating a Accountable Body**

Where there is no need or desire to create an additional body and/or when it is clearly advantageous to draw on the administrative capacity of an experienced partner, you may wish to nominate the experienced partner to become the “accountable body” for legal and administrative purposes. Your Accountable Body may be either your Local Authority or another anchor organisation of your choosing and you can continue to use your existing Accountable Body.

Anchor Organisations can include community social enterprises and local voluntary organisations of many different varieties, for example;

- community-led health organisations;
- community food groups;
- local community organisations of interest/identity e.g. relating to class, gender, race/ethnicity, disability, sexuality, faith/belief, age etc;
- community councils and;
- a wide range of smaller community groups and networks.

Your Accountable Body cannot be an individual.

A partnership may still decide to enjoy the best of both worlds, establishing themselves as a stand-alone body. This may be desirable should the Local Action Group wish to apply directly for non-Community Led Local Development funding.

### **B - being a Accountable Body**

A completely **new legal entity** is created that brings together local partners. This can take various forms, depending on the context (although most are non-profit companies limited by guarantee).

Where the Local Action Group is a Accountable Body you will need to demonstrate how it can fulfil the requirement of the regulations in terms of financial, management and administrative capacity.

## Section 2 – Key Responsibilities

This section describes the responsibilities of the Local Action Group, Accountable Body and coordinating staff.

### The Local Action Group

The Local Action Group is the responsible **partner** for delivery of your Community Led Vision Plan and has ultimate responsibility for the overall management and strategic direction of the CLV Plan. Decisions must be transparent and recorded, especially with reference to Local Action Group meeting minutes which should be available to SG on request.

The Local Action Group will monitor the progress of their Community Led Vision Plan by submission of Interim grant evaluation reports to the Scottish Government along with their claims, providing details of monitoring being carried out within this time period updating on progress met. The value of the Local Action Group comes from its role in bringing local people together to generate ideas and co-produce projects which would not otherwise have happened - or would have been much more difficult to develop had Local Action Group not been there.

The Local Action Group needs to be representative of the Community Led Vision's communities and groups as well as being transparent and accountable, both to local people and to its funders.

### Accountable Body

The Accountable Body (AB) will have delegated responsibility for administering CLLD finances under the terms of a simplified agreement with the Scottish Government via a Grant Award.

Where the Accountable Body is separate to the Local Action Group, they will be responsible to them for supporting the delivery of CLLD funding in 2023/2024 Financial Year and supporting successful implementation of their Community Led Vision Plan. It will employ staff and will work for and report to the LAG as defined activity.

The Accountable Body being financially accountable is also able to and actively encouraged along the principles and understanding of rural communities/CLLD to make payment in advance of need for project claims either as a regular occurrence or on an adhoc basis as they deem fit.

Where the Accountable Body is a Local Authority (LA), we would encourage the alignment of this work with complimentary LA functions – e.g. other similar funding programmes, delivery of existing place plans, community wealth building activity etc. However, this dedicated CLLD/Local Action Group staffing resource is not to be used for wider Local Authority duties. We will require timesheets to evidence that the time spent by staff on CLLD work aligns with the Admin & Animation funding provided to the Local Authority to carry out this work. This will be a key focus of any Scottish Government visits.

Clarity about respective roles and responsibilities is essential to ensure that the relationship between the Accountable Body and the Local Action Group endures. Critically, the Local

Action Group needs to understand that it has a role to play in working with the Accountable Body to ensure sound financial management of the CLLD funding programme. The Local Action Group and Accountable Body should demonstrate how they will work together on issues such as staffing, accommodation, or Travel & Subsistence from the outset. This should be captured in your attached Community Led Vision template and you may also wish to consider implementation of a Memorandum of Understanding (MOU) to provide clarity around roles & responsibilities/expectations between the Local Action Group and the Accountable Body.

## **Staffing Support - Working for the Local Action Group**

The needs of the Local Action Group should determine staffing requirements and Local Action Group areas have the option of using either a maximum of **£57,142.86** for staffing per area, or **15%** of their total allocation depending on which figure is larger/best suits their staffing needs. However, Local Action Groups are welcome to use their revenue allocation to source additional freelance support where needed – this must be sourced from outside the Accountable Body where the Accountable Body is a local authority.

As a minimum it is suggested that areas should aim for a coordinator & a staff support member working on animation, liaising with project applicants & processing of claims. This may not always equate to 2 full time members of staff and will be dependent on area coverage, local demand for funding, allocation amount etc. Areas should also ensure that there is staff cover during long term absences, and should provide Scottish Government with a point of contact.

Where an area feels they require additional staffing support beyond the maximums described above, we will work with them on a case by case basis to review requests for an increased staffing allowance.

Accountable Bodies are able to contribute to admin costs to meet the requirements of the Community Led Vision (CLV) in their area, especially when the CLV is implemented in tandem with other local work - i.e. place based plans.

Local Action Groups will need to demonstrate that their staff are sufficiently experienced and qualified to ensure the effective implementation of their Community Led Vision. Local Action Groups will not need to ensure that there is capacity to administer European Maritime and Fisheries Fund (EMFF) as this is now supported through Marine Scotland and UK Government.



## Example duties and responsibilities of CLLD support staff

Ultimately the decisions on how you deliver **Administration & Animation<sup>1</sup> (A&A)** for your area will lie with the Local Action Group – the LAGs should procure the tools they need to achieve the outcomes that have been set and agreed. This will mean that we may need to continue to provide guidance on a case by case basis, but in general costs relating to the following activity can be associated with A&A, in addition to costs associated with activity outlined in the Community Led Vision (CLV) guidance document;

- Direct staff costs – only actual staff costs can be included in claims. Where staff are only working part time on CLLD activity this should be evidenced via timesheets.
- Staff travel – if directly related to the implementation of your CLV
- Costs of premises - the actual cost of rent, rates, utilities and telephone / internet associated with the premises can be claimed where it can be clearly demonstrated these are directly related to the operation of the LAG and are additional to the resources already currently available to Local Authorities. If non-CLLD work is carried out from the premises, the costs should be apportioned with only the CLLD amount being claimed.
- Insurance of buildings, contents and for public liability are eligible provided it can be clearly demonstrated that these directly relate to the running of the LAG and are additional to the resources already currently available to Local Authorities. The same apportionment approach should be applied for these costs.
- Other eligible Local Action Group costs - this may include software, stationery, teaching materials, postage, photocopying
- consumables and other reasonable costs, where it can be clearly demonstrated that these are directly related and essential to the delivery of the Local Action Group and are additional to the resources already currently available to Local Authorities.

The following staff related costs are **NOT eligible**:

- staff not directly attributable to project delivery
- payments for unfunded pensions
- bonus or commission payments
- expenditure defrayed out with the CLLD programme period.
- gifts
- costs that are a statutory requirement, and reclaimable by the accountable body, i.e. statutory maternity / paternity pay, statutory sick pay

Job Titles may change to reflect the duties carried out within individual areas which as previously outlined will vary. The list below gives an example of the key tasks CLLD support staff will be expected to administer, broken down into 'Administration' and 'Animation'.

---

<sup>1</sup> As an approach to community organization, animation involves the activation of people to take responsibility for their own affairs, with the aim of achieving their own, self-defined ends. *Moxley DP, Jacobs DR. The role of animation as a program development strategy. Adm Soc Work. 1995;19(1):1-13.*

## **Administration**

- Direct Staff Costs – including gross pay, employer’s national insurance and superannuation contributions.
- Travel and Subsistence – travel costs relating to project activity.
- Office running service costs – rent, rates, utilities, telephone/internet, electricity, and gas where these costs are not already covered by your Accountable Body (AB) if your AB is a Local Authority.
- Insurance – Insurance of buildings, contents, public liability.
- Office running material costs – including software, hardware, stationery, postage, photocopying.
- Monitoring & Evaluation – as a minimum staff must ensure that interim and final grant evaluation reports are submitted in accordance with the set deadlines.

## **Animation**

- Piloting new approaches to Monitoring & Evaluation in the 2024/2025 Financial Year building on last year’s test of change work, and working with SG and other partners to develop future delivery options including a replacement LARCs system, Expression Of Interest process etc, use of Social Value Engine or equivalent.
- Working closely with Scottish Government staff to share relevant intel, and supporting Scottish Government staff to conduct ‘outcome visits’ as part of the financial and risk assurance conditions of your grant.
- Completing and submitting grant claim forms and the relevant evidence (invoices, receipts etc.) to Scottish Government no later than the deadlines set in your Offer of Grant (OOG) letter.
- Following your own local audit and due diligence requirements, as well as the requirements set out in your Grant Award Letter.
- Supporting administration of LAG meetings.
- Supporting Local Action Groups to recruit or update their membership where required.
- Working with the Local Action Group and other community groups to foster new partnerships.
- Supporting Local Action Groups in securing match funding and linking in with other funding opportunities for community groups.
- Development of the CLLD network locally, regionally and nationally.
- Supporting Local Action Groups in their understanding of Scottish Government national priorities.
- Organising and hosting local capacity building events – training workshops, peer to peer networking etc. The Scottish Rural Network (SRN) may be able to support this activity dependent on resource and timeframes.
- Work with SRN to actively promote projects through identification of potential case studies and sharing of content and other relevant materials and learning through social media channels and relevant websites.
- Publications – newsletters, leaflets, dedicated publications, photo shoots, plaques/signage, and press.

- Stakeholder Engagement.

**Use of funding for Animation has no restriction or percentage applied to it but the public procurement rules must apply as defined by your Lead Partner.**

## **Section 3 – Scope of the funding**

We recognise that the end goal for each Local Action Group area may look different depending on their starting point, and we are willing to work flexibly with Local Action Groups, staff and Accountable Bodies to achieve their aspirations for their area.

A total of £10.9m from the £12.2m Community Led Local Development (CLLD) budget will be allocated to the 20 Local Action Group areas. £6.9m of this amount is a statutory requirement and will be issued via individual grant letters as an initial tranche. The remaining £4m will be allocated as a top up to all areas pending the outcome of the financial approval process.

It is proposed that the remaining £5.3m of the £12.2m budget will be allocated as follows, also pending the outcome of the financial approval process;

- £800k to be delivered as an in-house collaboration challenge fund, which will welcome bids from Local Action Groups (LAGs) and wider existing Scottish Government (SG) partners. Bids must be submitted in partnership with or supported by at least one relevant LAG.
- £250k towards an independent evaluation of CLLD and the future strategic role of the LAG network. This amount will support an evaluation of the Scottish Rural network and Scottish Rural Action.
- £250k to support the continuation of existing Youth Local Action Groups (YLAGs).

Projects **must** demonstrate that they advance **inclusion, equality and diversity**. They must also align with the [United Nations Sustainable Development Goals](#), the [Scottish National Performance Framework](#) and Scottish Government's current spending priorities which include;

First Minister's Policy Prospectus - [1] Note that the policy prospectus may change depending on the preferences of the new First Minister, John Swinney. Please visit the [gov.scot](http://gov.scot) website for the most recent updates.

The overarching funding outcomes remain aligned to previous LEADER and Community Led Local Development delivery, current EU LEADER outcomes and our own national priorities. Rural Communities should be supported to deliver against these priorities within the context of their own local opportunities and challenges, and should include actions to;

- Support rural groups and organisations to build connections with the LAG network and the business sector to make positive changes within their communities.

- Establish an approach to learning and evaluating delivery to inform future activity and provide evidence and input as requested to Scottish Government evaluations.

**Please refer to the ‘CLLD – policy context’ document issued as a separate document for more information.**

## Collaboration

In addition Local Action Groups **must evidence how they are working in collaboration** with one or more other Local Action Group areas, or other local or national partners. This includes being involved in a collaboration project but not leading it.

The overarching outcome of this funding will be to continue to improve rural community groups’ ability to successfully apply for wider funding sources through collaborative working. Meaningful collaboration can take time but if successful allows for;

- the pooling of rural community resources and expertise, and reducing duplication of efforts;
- a broader reach and more comprehensive approach to addressing community needs, and;
- leveraging existing networks and connections to improve access to funding opportunities

This funding aims to:

- Continue to build the capacity of rural grassroots groups and other key stakeholders to lead & participate in collaborative projects.
- Continue to build and deepen the connection between rural grassroots groups and the Scottish Rural & Islands Parliament, the Scottish Rural & Islands Youth Parliament, the new Rural Delivery Plan and the National Islands Plan.

This proposal builds on the £900k invested in 2023/24 to support collaboration between Community Led Local Development and rural stakeholders on specific policy priorities, which delivered a range of partnership projects across Rural and Island Scotland including;

- £14.9k to deliver a range of training programmes in the Tyne Esk area, aimed at enhancing the capabilities, resources and resilience of Tyne Esk community groups so that they can become more self-reliant in building new partnerships.
- £16.9k to develop and support a regional network of food and drink businesses in the Forth Valley area.
- £25k to establish a social enterprise in each rural community of the Rural Perth & Kinross area, which would enable rural care services to be delivered in partnership with other local community development trusts.
- £124k to pilot a regional, place-based training programme in Moray and rural Perthshire, aimed at building regional capacity for supporting business impact and accountability aligned with delivering net zero, fair work, and a wellbeing economy.

This fund will welcome bids from participating Local Action Groups (LAGs) and wider Scottish Government partners. Where bids are submitted from outside the Local Action Group network they must be in partnership with or endorsed by at least one relevant Local Action Group.

## **Making the right choices - projects**

The Local Action Group must set out in their Community Led Vision (CLV) selection procedures which are non-discriminatory and transparent, along with the decision-making process to be employed. This should clearly identify the sequence of events, the people involved at each stage, and it should ensure an adequate separation of responsibilities between the different elements in the process. Local Action Groups will set out how applications can be decided either in writing or in person.

Your project decision making, conflict of interest declarations or your appeals process should be updated in accordance with the guidance for this year's funding.

Partnerships can assess individual projects and provide greater support to those that make a particular contribution to your Community Led Vision, are potentially more innovative or favour particularly disadvantaged groups. This approach gives Local Action Groups the flexibility to discuss the budgets presented by project applicants and to decide whether they fund all or part of a project and/or break the project into stages or parts.

In the Community Led Vision (CLV) the Local Action Group **must set out:**

- Selection criteria which reflect the extent to which projects contribute to your CLV and your area.
- The procedures to be applied for projects that are led by the partnership itself. (Local Action Groups are permitted to fund their own projects, where the partnership itself is the project promoter.)
- Where the Local Action Group delegates any decision-making (recommendations of approvals) to a sub-group, their operation must be set out with clear terms of reference and operating procedures, e.g. themed (enterprise, collaboration, young people, rural, poverty)

### **Appeals**

In the Community Led Vision Plan the Local Action Group must include a clear and simple procedure for any appeals regarding the results of the selection process. The use of a flow diagram is a useful way of representing this clearly, or you may wish to use your Accountable Body's existing appeals procedure.

## Conflicts of interest

The control of the decision-making process by existing local and/or dominant sectors or interests is a real risk for all locally based projects. However, at the same time, this poses a dilemma for local partnerships, as the most active and dynamic members of the community are also often the ones with the most ideas and resources for projects and their exclusion can deprive the partnership of energy and leadership.

The general rule, therefore, is that all partners should declare their interest in projects and should not participate in decisions that concern them directly. Conflict of Interest Declarations **must** be recorded and submitted to Scottish Government along with your final grant claim form. These should be recorded on Local Action Group minutes and be made available as required.

In your Community Led Vision the Local Action Group **must describe their procedures for avoiding conflicts of interest**, including a register of Local Action Groups members' interests to document the nature of any link between the members of the selection committee and any project or applicant. As a general rule we would expect decision making to be done on a representative basis (one vote per organisation) or an individual basis (the member is not associated with an organisation).

## Section 4 - Financial Arrangements

Please find a table below summarising the indicative allocations to individual Local Action Group Areas from Tranche 1 of the 2024/25 CLLD funding programme:

LAG Area	Indicative 2024/2025 allocation (6.7m)	Indicative 2024/2025 allocation as %
Aberdeenshire N&S	£578,651.48	8.70%
Angus	£186,226.40	2.80%
Argyll & Islands	£421,985.83	6.35%
Ayrshire	£519,631.68	7.81%
Cairngorms	£258,582.50	3.89%
Dumfries and Galloway	£464,015.21	6.98%
Fife	£261,702.28	3.94%
Forth Valley and Lomond	£341,087.29	5.13%
Greater Renfrewshire	£150,347.90	2.26%
Highland	£1,009,599.39	15.18%
Kelvin Valley and Falkirk	£130,069.29	1.96%
Lanarkshire	£264,309.66	3.97%
Moray	£255,807.96	3.85%
Orkney	£213,011.30	3.20%
Outer Hebrides	£219,077.44	3.29%
Rural Perth and Kinross	£457,250.05	6.88%

Scottish Borders	£354,482.62	5.33%
Shetland	£222,329.78	3.34%
Tyne Esk	£118,025.80	1.77%
West Lothian		1.82

This initial tranche of funding is set at **£6.9m**, which is the amount needed to satisfy the legal requirements of the Agriculture (Retained EU Law and Data) (Scotland) Act 2020 (i.e. to enable the continued operation of current CAP schemes and policies” from 1 January 2021, which includes a requirement for at least 5% of the Pillar 2 budget to be allocated to LEADER (aka Community Led Local Development (CLLD)).

The 2024-25 Scottish Budget is fully allocated and is expected to face significant in-year challenges. The Scottish Government must take a prudent approach to developing grant letters for 2024-25 to help minimise spend and maximise potential efficiencies and reform. As such, the remainder of the £12.2m indicative budget is subject to additional fiscal controls that all 2024/25 Scottish Government expenditure must follow and we will provide an update to all CLLD stakeholders once we have completed this process.

The allocations above have been calculated based on an adaptation of the approach taken forward for the 2022-23 allocations, which includes updated indicators representing rural socio-economic need. These figures also reflect the evidence of funding demand per area during the 2023/24 programme.

Once the non-statutory portion of the CLLD budget has been approved, we will work with Local Action Group areas and the James Hutton Institute to produce further indicative allocations. There will be an opportunity for Local Action Groups to provide input to these allocations at the appropriate time.

Good grant management is essential. Any organisation receiving Scottish Government funding is expected to report regularly on the delivery of grant objectives and to fully comply with grant monitoring requirements.

Where required, we will work with individual areas to create a tailored approach to issuing your allocation to manage the risk of underspend this year.

Area specific allocations will be awarded via an Offer of Grant. Your Grant Offer Letter will detail the total amount of funding awarded with a breakdown of the amount of capital and revenue funding available, as well as your staffing support allocation from **1<sup>st</sup> April 2024 onwards**.

The total Grant of up to your allocated amount shall be payable by the Scottish Ministers to the Grantee in arrears on receipt of a completed Grant claim form as set out in your Grant Offer Letter, which should be submitted together with the associated monitoring information set out in paragraph 4.1 of the Offer of Grant.

The costs for all projects and funding activity must be ‘committed’ by **31st October 2024** i.e. you should have a clear idea of your projected budget spend for the year. Where areas have a projected underspend of more than 10% at that time we will support them to either reduce this figure, or reallocate the funds as needed.

Project application templates are available to LAGs on request, where required. Where LAGs will be issuing grants to projects/community groups you must follow your own local processes and due diligence, ensuring that this still adheres to the stipulations set out in your Grant Award Letter.

In order to facilitate the accrual of expenditure of the Grant for the financial year the LAG must advise Scottish Government in writing by 14th April 2025 the amount of the Grant actually expended up to and including **31<sup>st</sup> March 2025**. All projects/activity must complete and all claims for all costs must be submitted no later than **7<sup>th</sup> April 2025**.

Regular milestone dates will be incorporated in your grant award letter – you **must** claim any and all costs incurred at these dates using the included grant claim form. Where staff are working part time on CLLD delivery alongside wider Lead Partner duties, they must evidence their time spent on CLLD activity using timesheets which must be submitted alongside your grant claim form at the appropriate milestones. Areas that have also received an increase to their staffing budget allowance beyond the agreed maximums must also submit staff timesheets alongside their claim.

For more information please refer to your Grant Award Letter.

## Capital Expenditure & Thresholds

### Asset register

The asset register is maintained by Local Action Group areas, who have responsibility to capture assets on their register, and these will be reported to SG at the end of the financial year.

### Thresholds

The Scottish Government has set minimum limits on asset capitalisation for the core portfolios. This avoids items of immaterial value being classified as capital expenditure and assists with the management of the asset register. Any expenditure on items costing less than these values should not be treated as capital expenditure. The below values should be used as a general guideline. **Accountable Bodies may already have other thresholds in place within their individual area so it would be expected that these are followed.**

#### Core Scottish Government capitalisation thresholds (with effect from 1/4/2024)

Item	Limit per Item in Entirety inc VAT
<b>Land and Buildings</b>	
Enhancements to land, building structures and car parks eg: energy efficiency improvements, small renewables (within the threshold) and Electric Vehicle charging points.	£10,000
Enhancement to fixed plant & machinery	£5,000



Replacement of an existing sub asset in its entirety, eg: replacement of faulty solar panel in solar panel array.	No limit*
<b>Furniture, Fixtures and Fittings</b>	No limit*
<b>Artwork</b>	£5,000
<b>Vehicles</b> eg: bikes/electric bikes/accessories.	£5,000
<b>ICT, Hardware &amp; Software and Telecommunications</b>	
ICT projects	£100,000*
Single purchase/transaction	£25,000

We have provided some more specific examples below:

1. If a car is being manufactured, all of the parts which are bought to make it e.g. windscreen may be £1k each but it is the final product of the car which is recognised as the asset. Therefore, if the grant is for £10k and they use 5x £2k parts to build it then it is still an asset with a cost of £10k – they can't be individually valued with individual elements being recorded as resource as it needs to be seen as one asset.
2. A community project would like to purchase 30 bikes. The bikes invoice in total comes to around £30k but individually each bike is less than the threshold. In this case the 30 bikes together are one whole project. Therefore this scenario would need to be classed as capital spend. Although these are individual items and not being used as components to build a larger item, this would still be viewed as one project and therefore we would need to take into account the total value of the individual assets combined. If it was 1 bike for the whole project, it would be below the threshold.
3. Similar to example 2, if 30 bikes were split between two different suppliers with different invoices these would still need to be treated as a whole, the same reason as above – overall the costs for the total bikes would exceed the threshold.
4. If different assets are purchased by a project that fall within the same category (E.G transport) but are different types of items (bikes and scooters), these should also be grouped together when reviewed against the thresholds.

**If your area requires further guidance on capitalisation thresholds if there are no local processes please get in touch via the CLLD mailbox [CLLD@gov.scot](mailto:CLLD@gov.scot) All assets are reviewed on a case by case basis.**

## Claim Guidance

1. All costs defrayed by Project Applicants in the delivery of the project are submitted to the Local LAG team for payment. Costs must be supported by evidence of eligibility and defrayal.
2. The Local LAG Team will process claims submitted by Applicants. If the LAG is content to pay the claim the repayment is made by the Accountable Body (AB) using local processes.

3. ABs are reimbursed for monies defrayed through submitting their schedule 2 Claim Form by the end of the relevant milestone date.

When claims are submitted, SG will make a selection for checking. SG will use a mix of risk and random to select the claims for checking. If the required evidence isn't provided, payment will not be made until all the evidence can be verified.

## Demonstrating Project Costs

For organisations subject to the 2012 Scottish Public Procurement Regulations, such as Local Authorities and National Park Authorities, public sector procurement rules apply for the purchase of any goods and services funded under Community Local Led Development. To check if your organisation is subject to public procurement rules contact [SPOEprocurement@scotland.gsi.gov.uk](mailto:SPOEprocurement@scotland.gsi.gov.uk)

Details about the Public Sector Procurement in Scotland can be found on:

- [www.publiccontractsscotland.gov.uk/](http://www.publiccontractsscotland.gov.uk/)
- [www.gov.scot/Topics/Government/Procurement](http://www.gov.scot/Topics/Government/Procurement)

Other organisations - you will be required to establish how you consider the costs set out in your application to be reasonable. You must comply with any specific requirements set out by your LAG, or in the absence of any such requirements, you may wish to consider various approaches to help you do this:

- tendering/multiple quotes e.g. for consultancy work or capital investments
- benchmarking – comparing costs e.g. for staff recruitment against other organisations or within the organisation
- single quotes – where an alternative is not an option or impractical – e.g. use of a local hall for an event
- price comparisons e.g. for items with a particular specification

For tenders, the selection criteria should also be included in your application, demonstrating:

- the weighting of tenders to show reasonableness of costs selected
- the successful tender has the relevant experience and expertise to carry out the work
- the financial security of the contractor appointed to carry out the work
- genuine and effective competition for the tender

Whatever approach, or approaches you adopt, you may be required to provide all documentation and evidence that demonstrates how you have arrived at the costs, and how in doing so you consider them to be reasonable.

## Ineligible Project Costs

Below are examples of costs which can't be claimed . This is a **non-exhaustive** list, if you are unsure about these please contact your local LAG team.

### Activities, Legal Expenses, Financial and Other Charges

- delivery of courses which form part of a primary or secondary school or college, or university education programme e.g. HNCs, HNDs, Nationals, Degrees etc.
- contingencies, miscellaneous or sundries
- accounting costs, preparation etc. of annual accounts and 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
- in-kind costs cannot be claimed or paid (they are shown to help assess commitment to the project)
- expenditure invoiced or defrayed out with 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 it be goods, works or services)
- payments not supported by invoices and/or documents proving expenditure
- recoverable VAT
- 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

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 Scottish Government (SG) and must be agreed with SG prior to being claimed.

## Fair Work First

**Fair Work First guidance for organisations seeking and awarding public sector grants, contracts and other funding.**

[Fair Work First Guidance: Supporting the implementation of Fair Work First in workplaces across Scotland \(www.gov.scot\)](http://www.gov.scot)

[Key considerations to take into account are:](#)

### Evidence of appropriate channels for effective workers' voice

[Although it is to be encouraged in all organisations, the collective element of voice does not have to be evidenced by organisations with fewer than 21 workers. This aligns with conditions for application for statutory union recognition and is therefore considered as a benchmark in terms of the size of workforce where collective representation would be expected. In all other cases, evidence must be provided to show that voice exists at both an individual and collective level in the organisation. The table below explains how the different channels of voice can be evidenced, the expectation being that at least one channel at both levels \(individual and collective\) is evidenced.](#)

#### Evidence of payment of the real Living Wage

Grant value	Evidence			
	Directly employed staff	Apprentices	16-17 year old workers	Contracted and agency staff
<b>Below £100k (cumulative)</b>	<ul style="list-style-type: none"> <li>Living Wage Accreditation; <u>or</u></li> <li>Self-declaration</li> </ul>	<ul style="list-style-type: none"> <li>Self-declaration</li> </ul>	<ul style="list-style-type: none"> <li>Self-declaration</li> </ul>	<ul style="list-style-type: none"> <li>Self-declaration</li> </ul>
<b>Equal to or above £100k (cumulative)</b>	<ul style="list-style-type: none"> <li>Living Wage Accreditation; <u>or</u></li> <li>Anonymised payroll; <u>or</u></li> <li>Accountant certificate</li> </ul>	<ul style="list-style-type: none"> <li>Anonymised payroll; <u>or</u></li> <li>Accountant certificate</li> </ul>	<ul style="list-style-type: none"> <li>Anonymised payroll; <u>or</u></li> <li>Accountant certificate</li> </ul>	<ul style="list-style-type: none"> <li>Anonymised copy of contract for relevant contractors/ agency workers</li> </ul>

#### Living Wage Employer Accreditation

Living Wage Employer Accreditation applies to only:

- directly employed staff aged 18 years of age and over
- those who are not apprentices

[Further supporting documents can be found here: Supporting documents - Fair Work First guidance - gov.scot \(www.gov.scot\)](http://www.gov.scot)