



NatureScot

Scotland's Nature Agency
Buidheann Nàdair na h-Alba



European Union



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

Natural and Cultural Heritage Fund

Eligibility Guidance

October 2020

**Maoin Dualchas Nàdair 's
Cultair**

Stiùireadh

Disclaimer

Applicants and grantees should be aware that the Natural and Cultural Heritage Fund (NCHF) eligibility criteria, guidance and application process are reviewed periodically and therefore may be subject to change. Make sure that you refer to the most up to date guidance at the time of preparing your application and pre contract documentation. This is available on: <https://www.nature.scot/professional-advice/funding/natural-and-cultural-heritage-fund-nCHF>

The rules governing the European Structural and Investment Funds (ESIF) programme are set out within the [National Rules on Eligibility of Expenditure](http://www.gov.scot/publications/esif-eligibility-expenditure/) which can be found at www.gov.scot/publications/esif-eligibility-expenditure/

The European Union and The Scottish Government reserve the right to amend these National Rules and NatureScot reserves the right to amend the published eligibility guidance in line with any changes during the period of the programme.

Decisions to fund projects were based on the availability of funding, how well the project matched the NCHF priorities, the NCHF outcomes it will be achieve and our assessment of deliverability against the National Rules and NCHF timescales.

Scottish Natural Heritage (SNH) has changed its name to NatureScot as of the 24th August 2020. At the time of publishing, this document should no longer refer to Scottish Natural Heritage (SNH) or include the original branding. We have sought to update all links however it may contain broken links to the old domain, if you have any issues accessing links from this document please contact nCHF@nature.scot

Version Control

Date	Issue	Status	Author	Authorised by
9/10/2020	1	DRAFT	EM	Annette McCabe (MA)
23/12/2021	2	Final	EM	Arthur Keller

Record of Updates

This table will be completed every time an update is made from September 2020 onwards.

Date	Page	Change

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The Natural and Cultural Heritage Fund

The European Regional Development Fund (ERDF) programme is structured around specific themes known as Strategic Interventions, administered by Lead Partners. NatureScot has been selected as Lead Partner for the Natural and Cultural Heritage Fund Strategic Intervention. Our mechanism for delivering this is the Natural and Cultural Heritage Fund – a Challenge Fund which will distribute £5m of ERDF funding to projects in the Highlands and Islands of Scotland on a competitive basis. This investment priority is predominantly for projects which will benefit the more remote and rural areas of the region.

The ERDF Operational Programme for Scotland states that the Natural and Cultural Heritage Fund Strategic Intervention will invest in the Highlands and Islands of Scotland to: provide more and better quality opportunities for visitors to enjoy natural and cultural heritage assets; encourage people to visit some of the more remote and rural areas; and create and sustain jobs, businesses and services in local communities. The purpose of the Fund is to promote and develop the outstanding natural and cultural heritage of the Highlands and Islands (hereafter referred to as 'heritage assets') in a way that conserves and protects them.

Our definition of natural and cultural heritage is as follows: *“The natural heritage includes natural habitats and wildlife, geology and landscapes. Cultural heritage includes history, language, architecture, ancient monuments, historical sites and cultural landscapes and the sectors of theatre, arts and literature. There is a close link between these two and interests often overlap. They are important locally, and on a national and international scale. They provide opportunities for the cultural and creative industries, environmental and tourism sectors.”*

Further information about the Natural and Cultural Heritage Fund can be found on our website: <https://www.nature.scot/professional-advice/funding/natural-and-cultural-heritage-fund-nchf>

We can contribute up to 70% of the eligible costs of each project which we support. The balance of funding (usually referred to as match funding) must be found by applicants from other sources, which must not include any other EU funding. We will not contribute to projects which require less than 10% of the eligible costs from us.

The Natural and Cultural Heritage Fund is now closed to new applications. This guidance is for use by grantees who have been issued with an Intention to Award letter under the Jan-April 2019 round of the NCHF or who have already signed a Delivery Contract.

General Data Protection Regulation (GDPR)

Information explaining how NatureScot uses and maintains personal data, can be found [here](#). For further information contact: NCHF@nature.scot. We can only use data about people if we also protect people's privacy and follow data protection law.

We will use the information you provide to us on the Natural and Cultural Heritage Fund Application form and supporting documents when we assess your application, and to keep accurate records of our work. To do this, we will need to discuss aspects of your application with the partners who help us assess applications and with our Performance Management Board who advise on the applications we should support. This will include the personal contact details provided by you on the application form. If you do not want us to pass your personal details to others, please let us know: NCHF@nature.scot

Eligibility

Grantees are responsible for all aspects of implementation, monitoring and reporting on projects, including:

- submission of accurate information as part of the application;
- acceptance of grant, including any standard or special conditions;
- delivery of the approved project including cash-flow management, submission of claims, monitoring and reporting progress, monitoring and verification visits in line with the grant offer and any associated legal contract; and
- the retention of projects documentation for the prescribed period to 2030 - including records confirming that any procurement complied with the Regulations and maintaining a full audit trail vouching expenditure incurred and defrayed.

Who can apply to the Natural and Cultural Heritage Fund?

The following types of organisations are eligible for Natural and Cultural Heritage Fund funding:

Public Sector - This group includes Central Government and Non-Departmental Public Bodies; local authorities; Scottish Enterprise; Highlands and Islands Enterprise; Visit Scotland; Historic Environment Scotland; Bòrd na Gàidhlig; NatureScot and further and higher education institutions.

Voluntary or Charitable Organisations¹ - This group includes: registered/recognised charities, trusts, co-operatives and "not for profit" organisations; organisations that directly or indirectly receive over 50% of core funding (excluding European Funds) from the public sector, or from levies raised by Industrial Training Organisations for training purposes.

The Natural and Cultural Heritage Fund is not suitable, however, for organisations entirely run by volunteers due to the stringent audit and compliance requirements of ERDF. This

¹ Please note that in certain circumstances, voluntary or charitable organisations may require a 'sponsor' to vouch for the applicant, accept contingent liability for the grant and to ensure proper implementation, reporting and accounting in line with the National Rules.

is because of the higher risk that there will be a lack of continuity and adherence to audit and record keeping requirements through to 2030, as required by the EU.

Private sector or commercial organisations cannot apply for ERDF funding so are not eligible for the Natural and Cultural Heritage Fund. In this context, private sector or commercial refers to organisations established and operating for profit where these profits accrue to shareholders, partners or sole traders. This definition includes companies acting in the public interest (e.g. privatised former public utilities, private companies such as Abellio and Network Rail).

Partnerships can apply provided they are legally constituted and there is no private sector or commercial involvement. The partnership must be capable of handling all transactions, payments and audit requirements. If your application will be coming from a partnership, please contact the Natural and Cultural Heritage Fund team to discuss eligibility at an early stage.

Grantee organisations need to be able to demonstrate that they have sufficient capacity (skills, expertise and relevant experience) to deliver and manage the project and have sufficient cash flow to support any delay in receiving Natural and Cultural Heritage Fund payments.

Grantee organisations need to:

- have a bank account
- be legally constituted
- have managed European funds successfully in the past OR be able to show in other ways that they have the capacity to manage the finances and complexity of large scale projects.

Eligible Projects

Natural and Cultural Heritage Fund projects must demonstrate beneficial impacts such as creating and/or sustaining jobs, businesses and services for visitors in local communities. Projects must also demonstrate how they will improve the quality of visitor experience. Priority will be given to projects which benefit more remote and rural areas.

Projects must demonstrate how they will deliver the fund outcomes, how they add value and be new or innovative. Projects can take place on any type of publicly accessible land or digital platform. Private spaces such as privately managed estates, gardens or schools where access by the general public is restricted are not eligible for inclusion.

We fund around 14 projects from within the Highlands and Islands transition area as defined by ERDF http://ec.europa.eu/regional_policy/images/map/eligible2014/uk.pdf. A detailed [map](#) is available on our website.

With the exception of digital projects, applicant organisations must demonstrate that they have appropriate control over the land where the projects will take place. They will need to confirm that they either own the site or, if the land is not owned, demonstrate that they

have a lease which gives the legal right to undertake the project and to manage and maintain it to 2030 (the auditable period of the Natural and Cultural Heritage Fund Strategic Intervention).

Land purchase is not eligible except in exceptional cases where the purchase is a small element of a wider natural and cultural heritage project and you can demonstrate that it is essential to the delivery of the project's outcomes. Please discuss any potential land purchase with your support officer.

What is eligible for Natural and Cultural Heritage Funding?

Projects eligible for funding must be able to show how they will improve the experience visitors have of the heritage assets of the region, how they will create and/or sustain jobs and how they will fully meet the requirements set out in the [National Rules](#).

Increases in employment are an indicator for the Fund, and therefore for the projects we will support. This will be measured by jobs (full time equivalent posts) created and/or sustained directly and/or indirectly within tourism and related sectors. The Office of National Statistics [Business Register and Employment Survey \(BRES\)](#) publish employee and employment estimates and are regarded as the official source of employee and employment estimates. Our Managing Authority use Scottish Government statistics for Sustainable Tourism. The following link has a breakdown by local authority area; <https://www.gov.scot/publications/tourism-scotland-economic-contribution-sector/pages/4/>. This link outlines the definition of 'Sustainable Tourism' and the associated SIC codes. <https://www.gov.scot/publications/tourism-scotland-economic-contribution-sector/pages/7/>. The respective data tables can be found here: <https://www.gov.scot/publications/scottish-annual-business-statistics-2018/> (Scottish Annual Business Statistics, SABS).

Projects funded under the Natural and Cultural Heritage Fund must:

- ensure the benefits are evident by describing the measurable short and long term impacts in section 3 of the application form - questions 3.4 and 3.6;
- demonstrate how they complement wider local and regional development plans and strategies in terms of environmental, economic, cultural and social impacts;
- contribute to a need identified through local and regional plans, policies and strategies; appropriate master plans, and/ or; community consultation; and
- demonstrate how they are new, add value and are additional.

Funding supports projects which demonstrate how well they deliver on at least one of the following outcomes

Outcome 1: Heritage assets are more accessible and better promoted: Awareness of the distinctive heritage assets of the region is increased, making them more accessible and better understood in ways which are consistent with their sensitive management and sustainable use.

Outcome 2: The quality of visitor experience to the heritage assets is enhanced: The quality of the experience and products on offer to visitors to the region are enhanced

through the provision of good quality, accessible facilities and/or information relating to heritage assets, in ways which fill gaps in provision, disperse benefits and encourage or attract visitors to discover and explore responsibly.

Outcome 3: New products, services and jobs based on heritage assets are sustained and/or created: New products or services based on the region's natural and cultural assets are developed, creating and/or maintaining jobs, helping to sustain local populations and benefitting local communities. Projects should contribute to sustainable social and economic growth based on sustainable environmental management and productive economic use of natural and cultural heritage assets.

Outcome 4: There is co-ordinated promotion and interpretation of heritage assets across the region: Aspects of the distinctive natural and/or cultural heritage of the region (such as Gaelic and the region's music or textiles) are promoted through innovative digital interpretation projects and interpretative media. This should be done in ways which protect the natural and/or cultural heritage assets being promoted, improve accessibility and information for visitors and expand visitor markets.

ERDF is outcomes orientated, and therefore it is not possible to be 100% specific about which activities will be eligible. However, **Appendix 1 sets out some examples of eligible and ineligible activities.**

Timescales for projects delivery

All successful NCHF grantees have now been issued with Intention to Award letters. Procured contracts can be awarded by applicants once the Intention to Award letter has been received, but any works undertaken prior to the contract with NatureScot being agreed and signed by both parties are at the applicant's risk.

Only works incurred and defrayed within the approved lifetime of the project can be claimed for.² Where a project is awarded funding, some pre-contract costs such as design costs may be eligible. Please note that costs for feasibility studies are not eligible.

In response to delays caused by COVID-19 restrictions of 2020, the Managing Authority has agreed to extend the final deadline of ERDF funded operations until 31 December 2023. It is important to note that this is the absolute end date for the programme and that all financial claims must be submitted and paid by this date. To allow this to happen, all NCHF projects must have a physical end date of no later than 30 June 2023.

The timescales for completion of projects are:

- Project works must be completed by no later than **30 June 2023**;
- All grants from us must be claimed by no later than **31 August 2023**;
- Annual reporting on outcomes and results will be required until at least 2023. Reporting requirements beyond this will be agreed with each individual project;

² National Rules Section 4.1.2

- The auditable period is until 31 December **2030** and grantees must keep detailed records, suitable for local, national and EU audits until then.

The dates above are absolute end dates and in practice we would like all projects to finish as far in advance of these dates as possible. End dates for individual projects are agreed with each grantee prior to signing of contracts.

Ineligible items

Only items eligible for ERDF will be funded by NatureScot. Where a project includes one or more ineligible item, this will be removed from the project costs and the grant award amended accordingly. If a grantee wishes to proceed with the ineligible items as part of their overall programme of work, these must be fully funded from elsewhere (i.e. with no ERDF contribution).

If significant levels (>10%) of ineligible expenditure are identified in an application, it is likely to be rejected.

Scale of eligible projects

Individual projects should be of a scale and level of ambition to have a significant impact and achieve long term, transformational change. Our monitoring and reporting will look at projects over a longer timeframe after delivery (to 2030) to see how well the expected results have been delivered.

To ensure projects are of the required scale, NatureScot has determined the following minimum amounts we will award:

- a minimum ERDF grant of £250,000. As the maximum intervention rate is 70%, this means that total project eligible costs must be a minimum of £360,000.
- The minimum intervention rate is 10% - i.e. we will not fund projects where our contribution is only a small proportion of the total.

The overall amount of funding available for NCHF is £8.9m of ERDF funding.

There is no minimum or maximum geographic size for a project. The Fund seeks to fund projects which will have a significant impact.

Projects can include those that cover more than one location, provided there is a clear rationale for how the project meets our criteria and delivers our outcomes.

If your project's budget is likely to change during delivery please let your Project and Funding Officer know at the earliest opportunity as there may be implications for your grant, particularly if it is likely to fall below the minimum level for funding.

Project Costs and Match funding

ERDF funding is funding of last resort. The Natural and Cultural Heritage Fund is therefore a 'gap' fund. This means that if you reduce the size of your project once it is

underway or if your costs reduce (e.g. after work is tendered), you may not be able to draw down the full amount of money we have awarded. Also, if after approval you receive additional funding from elsewhere for the activities supported by ERDF this could lead to a corresponding reduction in the ERDF contribution.

The intervention rate for Natural and Cultural Heritage Fund funding is up to 70%. The Natural and Cultural Heritage Fund contribution should be the minimum amount required to allow your project to proceed.

The following sources of match funding are NOT eligible:

- European Funding of any kind;
- Corporate, commercial and private sector match funding (i.e. contributions from companies that have shareholders who are paid out dividends etc. on profits or receive direct personal benefits);
- In-kind contributions; and
- Other NatureScot funding.

Amongst others, your organisation's own funds, Lottery funding and the Scottish Government's Rural Tourism Infrastructure Fund are acceptable as match funding. Advice regarding other potential funding sources can be found on the NatureScot Website: www.nature.scot

At the stage of submitting an application, the likely source of match funding must be identified but does not need to be confirmed. However, applications with confirmed match funding or who can show they have match funding in place or there is a high likelihood of match funding being awarded will score more highly for that element of our assessment. It should be noted that overly complex match funding packages will be treated with caution. If your application is successful, formal confirmation of match funding must be provided before our contract with you is signed.

It is of course acceptable for applicant organisations to provide match funding themselves. However if there is a shortfall in the funding package at application stage, it is not acceptable for the applicant organisation to say that they will underwrite this in the event that other funding to plug the gap cannot be found. This is because if your organisation has the means to underwrite the shortfall, the case for ERDF funding being funding of last resort for the project is weakened and the applicant would risk the ERDF contribution towards to the project being reduced by the amount the applicant organisation were able to underwrite

Any revenue funding generated by the project will be deducted from the projects eligible costs and the grant reduced accordingly. The timeframe for this is for the duration of the project and prescribed period three years from the project completion or 15 February 2025, whichever is the earlier.

European regulation Article 61 is clear that, as is the case with NCHF, where net revenue cannot be determined in advance, the net revenue generated within three years of the completion of an operation (project) - or by the deadline for the submission of documents (by the MA) for programme closure (15 February 2025), whichever is the earlier, should be taken into account (recovered). Projects will be 'operational' and will have run for a

period of three years before the 15 February 2025 deadline for the MA to submit the final report.

Eligible Cost Models

Full details of ERDF cost models can be found in the [National Rules](#). (See Section 2 and 3 for full details of these cost models and their practical application). Please note that for the Natural and Cultural Heritage Fund only two cost models may be used:

1. Direct Staff Cost + 15% Flat Rate;
2. Procurement.

Projects can use one of, or a combination of, these two cost models.

Only works incurred and defrayed within the approved lifetime of the project will be eligible.³

Grant payments are paid quarterly in arrears following submission of the quarterly grant claim form and supporting reporting documents. Applicants must be able to demonstrate that they will be able to manage cash flow in the period between money being spent and a claim being submitted, processed and paid.

Direct Staff Cost + 15% Flat Rate

The Fund can support the costs of staff directly involved in delivery of the project, provided that they spend 40% or more of their contracted time on the project in each period for which a claim for a post is made. Time spent on the project will need to be evidenced by using timesheets supplied to us by the Scottish Government, with the exception of staff who spend 100% of their contracted time on the project for whom timesheets are not required. This is explained in the National Rules.

Staff costs attract an additional 15% Flat Rate as a contribution to Indirect Costs generated by the project (see examples below). This is over and above Direct Costs (Salary, Superannuation, National Insurance).

Example:

Heading	£'s
Eligible Staff Costs	20,000
15% Flat Rate	3,000
Total	23,000
H&I Grant (70%) =	16,100

³ National Rules, Section 4.1.2

Examples of Indirect Costs which the 15% Flat Rate is intended to contribute towards include:

- Administrative Expenses;
- Premises Costs;
- Management Costs;
- Recruitment Expenses;
- Cleaning;
- Utilities;
- Mobile Phones;
- Volunteer Expenses;
- Staff Travel & Subsistence.

When you submit a claim for Staff costs you will be required to submit the following as evidence with your claim form:

- Finance System Report showing payroll transactions costed to the assigned project code;
- Payroll Record for the post concerned;
- Payslip;
- Payroll BACS Report which contains the staff member's Net Pay for that period;
- Bank Statement which show the Total of the Payroll BACS leaving the Grantee's bank account;
- Timesheets (supplied to us by the Scottish Government and available for download on our Grantee Resources webpage).

Procurement

Information regarding procurement can be found in the [National Rules](#), Section 1.8.

All items purchased for use in the project must be procured following the applicant's own procurement policy and should be supported with a full audit trail for the appropriate procedure.

When submitting a claim for items purchased through procurement you will need to supply the following as evidence with your claim form:

- Finance System Report showing procured transactions costed to the assigned project code;
- Supplier Record from the Payables Ledger;
- Copy of all procurement records relating to the transaction – should align to the Application. Please use the Scottish Government's Procurement Checklist if applicable;
- An Invoice showing Net, VAT and Total, Invoice Dates etc and Description of Goods / Services provided;
- Supplier BACS Report which contains the particular Supplier being paid;
- Bank Statement which show the Total of the Supplier BACS leaving the Grantee's bank account;

- A completed Managing Authority Procurement Checklist.

Grantees must ensure they comply with the requirements of ERDF funding, meeting the European Union Directives, Scottish public sector legislation and the regulatory framework and any internal procedures and policy regarding procurement in force at the time of tender. As such, they are required to follow procurement principles (Open or Restricted tender or suitable Framework Agreement) for all elements of the work including the provision of works, materials and/or services. Procured contracts below the EU thresholds must adhere to the principles of the Treaty of Rome, ensuring that they are advertised and are fairly and equally treated.

Using another public body to do the work is acceptable as long as the competition was held in a fair and open manner. Similarly, delivery of elements by the grantee is acceptable as long as all work is again tendered in a fair and open manner using fully costed market rates. However, please note that internal invoicing is not acceptable.

Please refer to the Scottish Government websites for further guidance on procurement:

1. [Public Procurement Guidance for Practitioners](#)
2. [Public Procurement Scotland](#)
3. [Procurement Journey Routes](#)

Changes to Eligibility Guidance

Please note that the European Union and The Scottish Government reserve the right to amend the National Rules and NatureScot reserves the right to amend the published eligibility guidelines during the period of the programme.

Decisions to fund projects will be based on the availability of funding, how well the project matches the Natural and Cultural Heritage Fund priorities and its contribution to outcomes as part of the overall Natural and Cultural Heritage Strategic Intervention.

Grantee responsibilities

- Ensure that all targets are realistic and appropriate;
- Monitor and evaluate the performance of the Project;
- Complete our quarterly reporting and claim forms promptly;
- Put processes in place to ensure all reported outcomes are accurate and can be evidenced appropriately;
- Establish systems for the retention of all appropriate documentation;
- Monitor, report and audit financial information;
- Maintain either a separate accounting system or an adequate accounting code for all transactions relating to a Project;
- Verify and provide clear evidence for actual expenditure i.e. Direct Staff costs or Procurement models;
- Establish reliable systems for the retention and retrieval of all appropriate documentation, for the auditable life of the Project.
- Be available for audit if requested by NatureScot, the Scottish Government or the European Commission.

Appendix 1 – Potentially eligible activities

ERDF is outcomes led so there is no definitive list of activities which are or are not eligible. We've outlined below the types of projects and activities that are considered potentially eligible and ineligible for funding under the NCHF.

Note that eligibility will be context specific and based on contribution to outcomes and therefore it is only possible to provide comprehensive guidance. These lists should therefore not be seen as exhaustive.

Activities and actions that **are eligible** include the following examples :

- Investment in infrastructure supporting the sustainable use of natural and cultural heritage assets such as visitor centres, interpretative facilities and improved accessibility.
- Digital interpretation projects and interpretive media that promote and protect the natural and cultural heritage and provide local economic and social benefits. This could include augmented reality and virtual reality digital applications for mobile devices, games and other innovative approaches which provoke interest and motivate visitors to discover and explore more.
- Improving the accessibility, interpretation and quality of sustainable development opportunities based on the region's heritage such as improved physical access, on-site signage or facilities and installations that will improve visitors experience and their awareness or understanding of nature and/or culture.
- Promoting and developing the unique and distinctive natural and cultural heritage (such as Gaelic and the region's musical heritage) and resources of the region. These activities should not be generic marketing campaigns but focussed clearly on natural and/or cultural heritage to encourage new visitors and expand markets; such as improved virtual or digital pre visit information about unique and distinctive assets as well as on the ground physical hubs
- Projects to develop new products or services to groups of enterprises and sectors based on the region's heritage assets, particularly for the tourism sector such as awareness raising, skills development as part of a scheme to connect like for like businesses with better insight to local nature and culture to improve host skills and co-ordinate an improvement to the visitor's host offering. This could be with a particular focus on local stories, music, language and traditions as well as physical geography and information about unique and distinctive assets on the ground or in local tradition.

Activities we will **not** fund

This list is intended as a point of easy reference. Definitive guidance is within the National Rules:

- Staff posts that are less than 40% dedicated to ERDF programmes;
- Any commercial activities or private business development projects
- Retail and café space
- Formal sports
- Maintenance of existing buildings

- Activities unrelated to the natural or cultural heritage of the region
- Projects that displace existing business
- Dedicated promotion of a single private individual business over or groups of related businesses
- Generic marketing campaigns or generic regional marketing campaigns
- Applicants that don't have the right to do the projects such as without landowner's permission or lack of other consents
- Routine maintenance of existing facilities
- Projects on Scheduled Ancient Monuments without permission from Historic Environment Scotland
- Projects on protected sites without prior approval of relevant organisations
- Projects which are the statutory duty or responsibility of other organisations
- Foreign travel and conferences for skills development or generic promotional campaigns
- Feasibility research studies or the gathering of evidence to understand the need for the project
- Promotions not based on natural or cultural heritage
- Academic research
- Habitat monitoring
- General motorised transport projects
- Costs relating to Community Asset Transfers (other eligible project costs out with the community asset transfer will still be eligible.)
- Festivals
- Civic sculpture
- Vehicles and purchase of moveable infrastructure, such as motor vehicles, ferries,

General Costs

The following costs may be eligible as part of the delivery costs for the project:

- Procured services and consultancy fees which are essential to the project, including community engagement specialists. These will need to be selected competitively. We are keen to see applications that work in tandem with the third sector and/or encourage volunteering or skills development;
- Staff costs of people who are at least 40% dedicated to delivering eligible activity funded by the NCHF. Full or part time is acceptable. Staff costs include:
 - gross pay;
 - employer's National Insurance;
 - superannuation contributions;
- Non-recoverable VAT;
- Signage and interpretation – relevant sign and interpretation including those acknowledging the ERDF's contribution;
- Specific marketing related to the project
- Design costs or similar incurred prior to the project being awarded funding so long as they were incurred after 1 January 2014.

The following projects and activities are **not eligible** for funding under the Natural and Cultural Fund:

- Projects in based in urban areas targeting visitors to towns and cities;

- Project costs which are eligible for EU funding from other programmes;
- Anything previously funded by the EU or currently receiving EU funding;
- Although the employment of staff who are at least 40% dedicated to the NCHF programme is eligible, the following elements are not:
 - Statutory sick leave
 - Maternity, paternity, adoption and parental leave
 - Staff training
 - Redundancy payments
 - Unfunded pensions
 - First aid or key holder allowances
 - Bonus or commission payments
 - Subscriptions or memberships of trade or professional organisations
- Any expenditure defrayed outwith the eligible programme period⁴
- Recoverable VAT
- In-kind costs
- Gifts
- Accounting costs and year-end auditing
- Commercial activities including retail space and café facilities
- Works that are a condition of planning consent, planning obligations / gain or Section 75 Agreement
- Legal or statutory responsibilities
- Legal expenses
- Bank charges
- Project feasibility studies
- Purchase of vehicles (cars, boats and other moveable equipment (e.g. forklift)), equipment or furniture (NB As a grantee you can't buy and own anything afterwards)
- Purchase of IT equipment e.g. laptops, mobile phones
- CCTV

⁴ If the overall project contains ineligible work, the applicant can choose to phase projects to distinguish eligible and ineligible works.

Appendix 2 - List of supplementary guidance and templates

The following supplementary guidance will be available to potential applicants during the funding round:

Category	Document
Non-Finance	Activity plan template
	Audit and Compliance guidance
	Communications toolkit
	EqIA and Action Plan
	Monitoring and Evaluation Guidance
	Risk Management guidance
	Risk register template
Category	Document
Finance	Claims guidance
	Financial annex

Glossary

5

Approved Terminology	Definition
Added Value	The clear, tangible increase or improvement in conditions as a result of the investment e.g. additional activity or outputs, increased number of participants, overall improvements to the quality of activity, innovation, synergy with other EU funds etc.
Additional	Work that would not have been done otherwise
Activities	Work that will be funded and undertaken to deliver the agreed outputs and outcomes.
Applicant	Body submitting an application to the Fund, up to the point that their application is approved.
Application	Applicant organisation's project application submitted to the Fund comprising application form and the requested supporting documents.
Approved Purposes	What we award the funding for i.e. the activities and outputs that are approved for funding.
Assessment	The scoring exercise carried out independently by groups of three assessors.
Assessment Panel	A panel made up of three assessors who assess and score applications independently, prior to moderation.
Capital Expenditure	Eligible expenditure as per the headings in the National Rules.
Challenge Fund	A method of delivering funding support via a competitive application process. The NCHF Strategic Intervention funding is delivered in this way.
Clean funding	Match Funding that has not originated in any way from a European source or any other ineligible source.
Cost Model	A model for claiming and managing ERDF eligible expenditure. Procurement and Direct Staff + 15% flat rate cost models are the 2 models that will be used for the NCHF Fund.
Data	Numbers, words or images that have yet to be organised or analysed to answer a specific question.
Defrayed	Expenditure that has actually been paid and can be evidenced by bank statements.
Ecosystem Services	The processes by which the environment produces resources used by humans such as clean air, water, food and materials.
Eligible Activities	Activities which are allowed and may be funded under the NCHF.
Eligible Costs	Costs associated with eligible activities that may be funded under the NCHF. These will be either capital or revenue costs.
Evaluation	Assessment of the success of the Strategic Intervention and each project based on the agreed monitoring measures.
Gap Funding	The ERDF funding must be the minimum grant necessary to enable the Project to proceed once all other sources of funding have been taken into account.
Natural and Cultural Heritage Fund (NCHF)	A Challenge Fund for capital projects over £360k in value which will create or improve visitor experiences to the more remote and rural areas of the Highlands and Islands, based on the region's heritage assets. It is the external mechanism by which we will allocate funding through the NCHF SI. It is an open, competitive fund.
Natural and Cultural Heritage Strategic Intervention (NCHF SI)	NatureScot has been appointed by the Scottish Government as the Lead Partner for the Strategic Intervention, which is one of several that make up their European Regional Development Fund Programme.

NCHF Team	The team delivering the Strategic Intervention and managing the Challenge Fund.
Horizontal Themes	The three European Structural and Investment Fund cross-cutting principles of sustainable development, equal opportunities and social inclusion.
Information Management	The processes by which we create, capture, use and store information.
Lead Partner	NatureScot is the Lead Partner for the NCHF Strategic Intervention. The Lead Partner is responsible for delivering and managing the SI, allocating the funding to projects, coordinating claims to the Managing Authority and ensuring delivery of outputs and outcomes and monitoring and reporting of results.
Legacy	The lasting difference that the project will create for the local area and target groups.
Managing Authority	In Scotland, the Managing Authority for the 2014-2020 ERDF programme is the Scottish Government (SG) [Business Directorate, Structural Funds Division].
Match Funding	The funding required and secured from other sources in order to deliver projects. For NCHF, this will be at least 30% of eligible costs.
Metadata	Descriptive information about data.
Moderation	A step in the Selection process when assessment scores are moderated by the Assessment Panel. The Audit and Compliance Officer will collate all the moderated assessments and scores for inclusion in the paper sent to the Scrutiny Panel by the Head of Structural Funds to assist them in recommending which projects should be allocated funding from an application round.
National Rules	The rules, published by Scotland's ERDF Managing Authority, which govern the use of ERDF funding in Scotland.
Objectives	The high level description of what will be achieved by the NCHF Strategic Intervention.
Operations	Each of the ERDF Strategic Interventions is made up of one or more Operations which describe the mechanism by which funding will be dispersed, and the outcomes to be achieved. For example, a Challenge Fund such as the NCHF is an Operation.
Outcomes	Outcomes are detailed descriptions of what we want to achieve as a result of the delivery of the Projects. They are derived from the Strategic Intervention objectives and have been defined and described in detail in the Blueprint.
Output and Result Measures	The high level measures that look at delivery of the objectives across the Strategic Intervention.
Outputs	The new infrastructure (both physical and human) that arises from undertaking the activities.
Physical End Date	The date by which all activities must be complete and outputs achieved.
PMB	The Performance Management Board (PMB) meet to agree which applications will be recommended for funding. They assure due process has been followed and look at the strategic fit of applications across the Outcomes and added value within the Challenge Fund budget.
Process Measures	The measures used to track how well the Strategic Intervention and the Projects are being managed and delivered.
Result Indicators	The headline indicators (number of Projects delivering new/improved visitor infrastructure; increase in number, range and quality of sustainable tourism jobs, increases in visitor numbers ; % visitors perceptions satisfied with provision and their experience based on heritage assets).
Results	The measurable change in outcomes resulting from the implementation of the Projects.
Revenue Expenditure	Eligible expenditure as per the headings in the National Rules. Examples being staff costs.
Selection	The entire process from receipt of a valid application to acceptance by the Managing Authority through which proposed Projects are selected to be part of the NCHF and are awarded contracts.
Year	Anticipated calendar year that the cost will be incurred and defrayed.

Further information is available on our [website](#).



NatureScot

Scotland's Nature Agency
Buidheann Nàdair na h-Alba

Published: December 2020

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