

## Culture and Tourism Challenge Fund Guidance

### Introduction

The Culture and Tourism Challenge Fund provides capital support for high-quality, deliverable culture and tourism projects that contribute to regional economic growth and improved visitor experiences across the Tay Cities Region (TCR).

This guidance is designed to support applicants in completing the Expression of Interest (EOI) form. The EOI stage is intended to be proportionate, but you must demonstrate that your project is well-developed, strategically aligned and deliverable.

### What the Challenge Fund Supports

The Challenge Fund is intended to support capital projects that:

- Deliver world-class culture or tourism experiences
- Invest in creative, cultural, heritage or tourism infrastructure
- Grow the visitor economy
- Create or safeguard sustainable jobs
- Contribute to inclusive growth and a just transition to net zero

Projects must deliver clear regional benefits and align with CTIP spending objectives.

### Funding Parameters

- Capital funding only (see [Appendix A](#) for a list of eligible capital expenditure)
- Minimum grant: £750,000
- Maximum grant: £2,000,000. Exceptions may be considered. Applicants must discuss with Programme Owners if they intend to seek an award greater than £2m – contact [cultureandtourism@taycities.co.uk](mailto:cultureandtourism@taycities.co.uk).
- Maximum intervention rate: 50% of eligible capital costs
- Minimum 50% match funding required

Applicants must demonstrate a credible route to securing match funding at EOI stage. Match funding must be confirmed prior to full approval.

### Who Can Apply

Applications are welcomed from:

- Local authorities
- Charities and third sector organisations
- Community organisations
- Private sector organisations / businesses
- Other appropriately constituted bodies

## **Geographical Eligibility**

To be eligible for funding, applicants must be based within the Tay Cities Region (TCR) local authority areas. These are:

- Angus Council
- Dundee City Council
- Perth & Kinross Council
- Fife Council (partially - see below)

Fife eligibility: Only organisations located within the TCR-eligible areas of Fife can apply. As Fife is part of two City Region Deals, not all areas are covered under Tay Cities Region funding. Applicants in Fife must ensure their project is based within the eligible TCR boundary. Please refer to [this map](#) to confirm which areas of Fife are eligible under Tay Cities Region.

## **Timeline**

The indicative timetable for the Challenge Fund is as follows:

- Expression of Interest launch: 22 June 2026 (open for four weeks)
- Deadline for EOIs: 17 July
- EOI assessment: July-August 2026
- Invitation to Stage 2: September 2026
- Development of Business Cases: September – November 2026
- Assessment and approvals by Thematic Board: late 2026 to early 2027
- Approval by Management Group / Joint Committee: March 2027
- Grant awards: Spring 2027
- Projects delivered by March 2029

## **The Two-Stage Application Process**

### **Stage 1 - Expression of Interest (EOI)**

The EOI stage enables the programme to assess strategic fit, impact and deliverability before requesting full business cases.

EOIs are assessed against:

- Strategic fit
- Programme impact
- Deliverability
- Value for money

Mandatory gateway checks include match funding credibility and subsidy control.

## Stage 2 - Full Application

- Projects invited to Stage 2 will be required to submit a green book compliant business case:  
£750k–£2m projects: proportionate Business Justification Case (BJC)
- Over £2m projects: Outline Business Case (OBC) then Full Business Case (FBC)

### **Data protection and privacy**

Any personal data provided as part of your application will be processed in line with applicable data protection legislation. This information will be used solely for the purposes of administering the CTIP Challenge Fund, including assessment, due diligence and monitoring of funded projects. For full details on how your data will be used, stored and your rights in relation to it, please refer to our [Privacy Statement](#).

### **Completing the Expression of Interest (EOI) Form**

The Expression of Interest (EOI) form is designed to capture key information about your proposed project in a clear and proportionate way. At this stage, you are not required to submit a full business case, but you must provide enough detail to demonstrate that your project is well-developed, deliverable within the timeframe and aligned with the objectives of the Challenge Fund.

### **Next steps**

Following submission, Expressions of Interest will be assessed against programme criteria including strategic fit, impact, deliverability and value for money. Assessment will be undertaken by a panel comprising representatives from across the Tay Cities Region, ensuring a balanced and consistent approach to decision-making.

Projects that are successful at this stage will be invited to progress to Stage 2.

At Stage 2, applicants will be required to submit a business case, providing more detailed information on costs, delivery, funding, risks and impacts to support final investment decisions.

### **Useful links**

The following resources may support applicants in developing their proposals and understanding key policy and regulatory requirements.

#### Regional and strategic context

- [Tay Cities Region Deal](#) (overview and documents)
- [Tay Cities Region Deal Agreement](#) (full deal document)
- [Tay Cities Prospectus for Regional Growth](#)
- [Tay Cities Regional Tourism Strategy](#)

#### National tourism and economic strategy

- [Scotland Outlook 2030 - National Tourism Strategy](#)
- [Scottish Government - Tourism and Events Policy](#)

#### Subsidy Control

- [UK Government Subsidy Control guidance](#)
- [Subsidy Control: A Guide for Beneficiaries](#)

#### Equalities and Fair Work

- [Equality Impact Assessment guidance](#)
- [Fair Work overview \(Scottish Government\)](#)
- [Fair Work First guidance](#)

#### Net zero and environmental sustainability

- [Scottish Government Climate Change and Net Zero policy](#)
- [Scotland's Climate Change Plan \(Net Zero delivery\)](#)

## Appendix A - Capital Eligible Expenditure

This document provides guidance on what is considered eligible capital expenditure within Tay Cities Region Deal. It is not intended to be prescriptive.

The definition of capital expenditure relates to the definition of property, plant and equipment and covers expenditure on assets with physical substance (tangible assets), that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.

Examples of directly attributable costs include:

- Construction costs specifically identified with the project
- Stamp duty where it relates to the acquisition of a specific asset as agreed in the project
- Project management costs (e.g. site manager salary) provided it relates directly to the agreed capital project
- Enhancement of an asset (e.g. refurbishment) if it improves the lifespan of the asset
- Professional fees relating to a Capital project, such as Architect, Engineer's fees. Fees for speculative or aborted projects are ineligible
- The costs of site preparation
- Initial delivery and handling costs
- Installation and assembly costs
- Costs of testing whether the asset is working properly (after deducting net proceeds from the sale of any items produced during the commissioning period)
- Specific administration and overhead costs which are incremental costs that would have been avoided only if the asset had not been constructed, e.g. the costs of a temporary office on the site of the development that would not have been incurred but for the project
- Staff costs which are specifically allocated to the project e.g. officers are supervising the work of others to secure the completion of a project according to its intended design, are allowable to the extent that they are specifically identifiable to particular projects
- Costs of making material and transport available to construction projects
- Start-up or commissioning period should be included in the cost of an asset only up to the point that the item becomes capable of operating in the manner intended by management
- Costs of dismantling and removing an item and restoring the site on which it is located should be included in the measurement of the cost of the asset, whether these obligations are incurred when the item is acquired or because of having used the asset
- Rental of property or equipment acquired for the express purpose of facilitating the capital works (e.g. portacabin accommodation, specialist equipment needed for carrying out works) All other rental costs are revenue., e.g. renting accommodation for staff while the capital works are ongoing would be deemed revenue as they relate to the operation of the building
- Broadband installation – the cost of installing the hardware for broadband and WI Fi can be capitalised. The running costs are considered revenue
- Site security – treat as revenue unless costs deemed to be protecting damage to asset under construction
- Training costs – the cost of training staff to use new equipment should be treated as revenue as they are operating costs rather than directly attributable to the asset

## Examples of Ineligible Capital Expenditure

- Costs not directly attributable to a project
- Costs of opening a new facility
- Costs of introducing a new product or service (including costs of advertising and Promotional activities)
- Costs of conducting business in a new location or with a new class of customer (including costs of staff training)
- Administration and other general overhead costs
- Non-incremental overheads should be counted, such as the costs of support services that are apportioned across the authority on a per capita basis
- Any costs from before the project start date shown in the applicant's offer letter
- Financial charges, such as bank charges and interest Vat that can be recovered
- Fines
- Training
- Salaries and running costs (with some exceptions – see capitalising staff costs below)
- Advance payments
- Contingency costs
- Bad debts
- Travel
- Cleaning materials
- Food
- Licences and extended warranties
- Payments into pension schemes
- Aborted capital schemes
- Supplier profit mark up, margin or administration charge that is added to the actual bought in costs of goods or services procured from third parties
- Dividends
- Payments for unfair dismissal
- Interest and financing charges
- Feasibility study in general should be treated as revenue expenditure as incurred before project reaches development stage (i.e. the applicant has a definite objective to acquire, construct or enhance an asset).
- Renting alternative accommodation - any incremental costs of carrying on the organisation's day to day business whilst a capital project is underway should be treated as Revenue.

Administration and other general overhead costs cannot be capitalised. However, this does not mean that all costs that are recharged to a project have to be excluded. The distinction needs to be made between overheads falling generally on an organisation and support services that might contribute directly to the successful completion of a project. The test is, again, not whether costs could have been avoided if a project had not taken place but whether they contribute directly to the relevant non-current assets.

## Appendix B

### Logic model – TCR Culture and Tourism Investment Programme

Inputs	Activities	Outputs – World Class Culture and Tourism Assets	Outcomes – Increase Visitor Economy	Impact – Economic Growth
<p>Tay Cities Region Deal Capital Funding to the value of £37 million.</p> <p>Public/private sector match funding £37 million.</p> <p>Other match funding or leverage</p>	<p>CTIP Challenge Fund</p>	<p>Creation of new tourism and culture assets</p> <p>Actual total capital expenditure</p> <p>Linkages between tourism and culture programme activity and other Tay City Deal programmes and projects</p> <p>Increased collaboration between tourism, cultural and creative communities.</p> <p>Improved understanding of regional tourism and cultural assets.</p>	<p><b><u>Improved Sector quality</u></b></p> <p>Improvements in the cultural and tourism offering in the region.</p> <p>Increase in trading income of Cultural Businesses</p> <p>Increase in visitor satisfaction, sentiment and regional profile</p> <p><b><u>Improved sector performance</u></b></p> <p>Increased visitor numbers to region and increased visitor dispersal.</p> <p>Jobs secured and created.</p> <p>Supported businesses reporting improvements in productivity and resilience</p> <p>New cultural and tourism products attracting additional UK and international markets</p> <p>Increase in domestic and</p>	<p>Net additional employment</p> <p>Jobs safeguarded</p> <p>New Jobs</p> <p>Actual Increase in overnight stays</p> <p>Actual increase in visitor satisfaction and sentiment</p> <p>Actual visitor profile</p> <p>Progress addressing the region’s inclusive growth challenges – new jobs uptake by deprived communities and PC groups.</p> <p>Actual increase in Visitors</p> <p>Actual increase in visitor spend</p> <p>Actual visitor dispersal data</p>

			<p>international visitor spend.</p> <p>Growth in number of Creative and Tech start ups</p>	
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