

*The following scheme provides the legal cover for award of support in line with the General Block Exemption Regulation. The scheme does not provide any additional funding or budget*

## **Welsh Local Government Capital Investment Aid & Employment Aid Scheme**



**State aid reference no: SA.60356**

**1. Member State**

United Kingdom

**2. Region**

Wales

**3. Title of aid Scheme**

Welsh Local Government Capital Investment Aid & Employment Aid Scheme

**4. UK legal basis**

Local Government Act 2000 C22 Part 1

**5. EC legal basis**

All aid provided under this Scheme will be within the limits set out in Articles 13 and 14 or 17 of Commission Regulation (EU) No 651/2014 of 17 June 2014 and amended by Commission Regulation (EU) No. 2017/1084 of 14 June 2017 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation). A full version of the Regulation can be found at:

[http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2014.187.01.0001.01.ENG](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.187.01.0001.01.ENG)

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A full version of the amending Regulation can be found at:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1084&from=EN>

Summary information relating to the Scheme has been registered with the Commission under reference **SA.60356**

## **6. Definitions**

In this Scheme, the following expressions have the same meaning attributed to them as in the General Block Exemption. For ease of reference these have been replicated (definitions are presented alphabetically):

**“Assisted Area”** means any of the regions in Wales designated as a 107 (3) (a) or 107 (3) (c) area as identified in the UK Regional Aid Map 2014-2020 (SA.38113 (2014/N)). Further information can be found at Annex 1.

**“Coal”** means high-grade, medium-grade and low-grade category A and B coal within the meaning of the international codification system for coal established by the United Nations Economic Commission for Europe and clarified in the Council decision of 10 December 2010 on State aid to facilitate the closure of uncompetitive coal mines

**“Date of granting the aid”** means the date when the legal right to receive the aid is conferred on the beneficiary under the applicable national legal regime

**“Fisheries and aquaculture sector”** as covered by Regulation (EU) 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the market in fishery and aquaculture products, amending Council regulations (EC) 1184/2006 and (EC) 1224/2009 and repealing council regulation (EC) 1004/2000.

**“Initial investment”** means an investment in tangible and intangible assets related to the setting-up of a new establishment, the extension of the capacity of an existing establishment, diversification of the output of an establishment into products not previously produced in the establishment or a fundamental change in the overall production process of an exiting establishment; or an acquisition of assets belonging to an establishment that has closed or would have closed had it not been purchased, and is bought by an investor unrelated to the seller and excludes sole acquisition of the shares of an undertaking.

**“Initial investment in favour of a new economic activity”** means an investment in tangible and intangible assets related to setting up of a new establishment, or to the diversification of the activity of an establishment, under

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the condition that the new activity is not the same or a similar activity to the activity previously performed in the establishment; or acquisition of the assets belonging to an establishment that had closed or would have closed had it not been purchased, and is bought by an investor unrelated to the seller, under the condition that the new activity to be performed using the acquired assets is not the same or a similar activity to the activity performed in the establishment prior to the acquisition.

**“Intangible assets”** means assets that do not have a physical or financial embodiment such as patents, licences, know-how or other intellectual property.

**“Large enterprise”** means any enterprise that is not an SME.

**“Large investment project”** means an initial investment with eligible costs exceeding €50 million, calculated at prices and exchange rates on the date of granting the aid.

**“Net increase in the number of employees”** means a net increase in the number of employees in the establishment concerned compared with the average over a given period of time, and that any posts lost during that period must therefore be deducted and that the number of persons employed full-time, part-time and seasonal has to be considered with their annual labour unit fractions

**“Non-assisted areas”** means any of the regions in Wales not designated as an Assisted Area.

**“Primary agricultural production”** means production of products of the soil and of stock farming, listed in Annex I to the Treaty, without performing any further operation changing the nature of such products

**“The Regional Aid Map”** means the map approved by the Commission for the UK and published in accordance with paragraph 101 of the Guidelines on National Regional Aid for 2013-2020 (2006/C 54/08).

**“Regional investment”** means regional aid granted for an initial investment or an initial investment in favour of a new economic activity.

**“Relocation”** means a transfer of the same or similar activity or part thereof from an establishment in one contracting party to the EEA Agreement (initial establishment) to the establishment in which the aided investment takes place in another contracting party to the EEA Agreement (aided establishment). There is a transfer if the product or service in the initial and in the aided establishments serves at least partly the same purposes and meets the demands or needs of the same type of customers and jobs are lost in the same or similar activity in one of the initial establishments of the beneficiary in the EEA.

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**“Repayable advance”** means a loan for a project which is paid in one or more instalments and the conditions for the reimbursement of which depend upon the outcome of the project.

**“Research Infrastructure”** means facilities, resources and related services that are used by the scientific community to conduct research in their respective fields and covers scientific equipment or sets of instruments, knowledge based resources such as collections, archives or structured scientific information, enabling information and communication technology-based infrastructures such as collections, archives or structured scientific information, enabling information and communication technology-based infrastructures such as grid, computing, software, and communication, or any other entity of a unique nature essential to conduct research. Such infrastructures may be ‘single-sited’ or ‘distributed (an organised network of resources) in accordance with Article 2(a) of Council Regulation (EC) No 723/2009 of 25.6.2009 on the Community legal framework for a European Research Infrastructure Consortium (ERIC).

**“Same or similar activity”** means an activity falling under the same class (four digit numerical code) of the NACE Rev.2 statistical classification of economic activities as laid down in Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains

**“SME”** means an enterprise that falls within the criteria and parameters of the definition of micro, small and medium-sized enterprises contained in the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC), which took effect on 1 January 2005.<sup>1</sup>

**“Start of works”** means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible. Buying land and preparatory works such as obtaining permits and construction feasibility studies are not considered start of works. For take-overs ‘start of works’ means the moment of acquiring assets directly linked to the acquired establishment.

**“Steel sector”** means all activities related to the production of one or more of the following products:

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<sup>1</sup> [http://europa.eu/eur-lex/pri/en/oj/dat/2003/l\\_124/l\\_12420030520en00360041.pdf](http://europa.eu/eur-lex/pri/en/oj/dat/2003/l_124/l_12420030520en00360041.pdf)  
See also the New SME Definition User Guide and Model Declaration  
[http://ec.europa.eu/enterprise/enterprise\\_policy/sme\\_definition/sme\\_user\\_guide.pdf](http://ec.europa.eu/enterprise/enterprise_policy/sme_definition/sme_user_guide.pdf)

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- pig iron and ferro-alloys (pig iron for steelmaking, foundry and other pig iron, spiegeleisen and high-carbon ferro-manganese, not including other ferro-alloys);
- crude and semi-finished products of iron, ordinary steel or special steel (liquid steel whether or not cast into ingots, including ingots for forging semi finished products: blooms, billets and slabs: sheet bars and tinplate bars; hot rolled wide coils, with the exception of production of liquid steel for castings from small and medium-sized foundries);
- hot finished products of iron, ordinary steel or special steel (rails, sleepers, fishplates, soleplates, joists, heavy sections of 80mm and over, sheet piling, bars and sections of less than 80mm and flats of less than 150 mm, wire rod, tube rounds and squares, hot-rolled hoop and strip (including tube strip), hot-rolled sheet (coated or uncoated), plates and sheets of 3mm thickness and over, universal plates of 150mm and over, with the exception of wire and wire products, bright bars and iron castings);
- cold finished products (tinplate, terneplate, blackplate, galvanised sheets, other coated sheets, cold-rolled sheets, electrical sheets and strip for tinplate, cold-rolled plate, in coil and strip);
- tubes (all seamless steel tubes, welded steel tubes with a diameter of over 406.4mm.

**“Synthetic Fibres sector”** means extrusion/texturisation of all generic types of fibre and yarn based on polyester, polyamide, acrylic or polypropylene, irrespective of their end uses; polymerisation (including polycondensation) where it is integrated with extrusion in terms of the machinery used; or any ancillary process linked to the contemporaneous installation of extrusion/texturisation capacity by the prospective beneficiary or by another company in the group to which it belongs and which, in the specific business activity concerned, is normally integrated with such capacity in terms of the machinery used.

**“Tangible assets”** means assets consisting of land, buildings and plant, machinery and equipment.

**“Transport sector”** means the transport of passengers by aircraft, maritime transport, road, railway and by inland waterway or freight transport for hire or reward. The ‘transport sector’ means the following activities in terms of NACE Rev.2

- (1) NACE 49: land transport and transport via pipelines, excluding NACE 49.32 taxi operation 49.42 Removal services 49.5 transport via pipeline
- (2) NACE 50: Water transport
- (3) NACE 51: Air transport, excluding NACE 51.22 Space transport

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**‘Undertaking in difficulty’** means an undertaking in respect of which at least one of the following circumstances occurs:

- (a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, ‘limited liability company’ refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU (1) and ‘share capital’ includes, where relevant, any share premium.
- (b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, ‘a company where at least some members have unlimited liability for the debt of the company’ refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.
- (c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.
- (d) Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.
- (e) In the case of an undertaking that is not an SME, where, for the past two years:
  - (1) the undertaking's book debt to equity ratio has been greater than 7,5 and
  - (2) the undertaking's EBITDA interest coverage ratio has been below 1,0.

**“wage cost”** means the total amount actually payable by the beneficiary of the aid in respect of the employment concerned comprising over a defined period of time the gross wage before tax and compulsory contributions such as social security, child care and parent care costs.

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## **7. Objective of the Scheme**

The aim of this scheme is to allow local authorities in Wales to provide support to enterprises in Wales. Aid may be awarded for the following purposes in support of investment or job creation:

- Support business and social enterprise start ups
- Supporting SME and social enterprise investment and growth
- Supporting SME and social enterprise diversification
- Supporting SME and social enterprise adaptation to changing circumstances
- Supporting the conversion of business and social enterprise premises to meet modern requirements
- Supporting the construction of new premises for economic growth

## **8. Government body authorised to implement the Scheme**

The Following local authorities are authorised to implement the scheme in line with schedule 1 and 2 of the document:

Blaenau Gwent County Borough Council, Bridgend County Borough Council, Caerphilly County Borough Council, City and County of Cardiff, Carmarthenshire County Council, Ceredigion County Council, Conwy County Borough Council, Denbighshire County Council, Flintshire County Council, Gwynedd Council, Isle of Anglesey County Council, Merthyr Tydfil County Borough Council, , Neath Port Talbot County Borough Council, Newport City Council, Pembrokeshire County Council, Powys County Council, Rhondda Cynon Taf County Borough Council, City and County of Swansea, Torfaen County Borough Council, and Vale of Glamorgan

In addition to the above the following local authorities are eligible to implement the scheme in line with schedule 2 of the document:

Monmouthshire County Council and Wrexham County Borough Council

## **9. Scope of the scheme**

The scheme will be open to all enterprises in Wales excluding those active in the following sectors

For Regional Aid (Schedule 1)

- **Coal sector**



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- **Steel sector**
- **Synthetic fibres sector**
- **Shipbuilding sector**
- **Energy generation, distribution and infrastructure**
- **Transport sector and the related infrastructure**

For Regional Aid & SME Investment Aid (Schedule 1 & 2)

- **Fisheries and aquaculture**
- **Primary agricultural production**
- **The processing and marketing of agricultural products** where (1) the amount of aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the enterprise concerned or (2) where the aid is conditional on being partly or entirely passed on to primary producers.

Where an undertaking is active in both an excluded sector and a non-excluded sector, aid may be given to fund non-excluded activities with the condition that activities in the excluded sector do not benefit from aid granted under this scheme.

In addition, aid will not be allowed in the following circumstances:

- Aid to export related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current costs linked to the export activity;
- Aid to facilitate the closure of uncompetitive coal mines, as covered by Council Decision No 2010/787;
- Where aid is subject to the obligation for the beneficiary to have its headquarters in the relevant Member State or to be predominantly established in that Member State;
- Where the granting of aid is subject to the obligation for the beneficiary to use nationally produced goods or services;
- Aid contingent upon the use of domestic over imported goods;



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- Where the aid comprised regional investment aid to a beneficiary that has closed down the same or similar activity in the European Economic Area in the two years preceding its application for regional investment aid or which, at the time of the aid application, has concrete plans to close down such activity within a period of up to two years after the initial investment for which aid is requested is completed in the area concerned;
- Where the aid measure restricts the possibility for the beneficiaries to exploit the research, development and innovation results in other Member States.

Aid may not be given where the proposed recipient is:

- Subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by the same Member State illegal and incompatible with the internal market; or
- Where aid is granted to an undertaking in difficulty (see definition)

## **10. Duration of the Scheme**

Aid under this Scheme may be granted until 31<sup>st</sup> December 2023. This scheme, registered under the General Block Exemption Regulation, will supersede the current Welsh Local Government Capital Investment Aid and Employment Aid Scheme SA.49737.

## **11. Budget for aid under the Scheme**

Although there is no defined budget for aid under this scheme, it has been estimated that the total expenditure from 1<sup>st</sup> December 2017 – 31<sup>st</sup> December 2023 will be in the region of £10 million annually and will comprise a combination of European and domestic resources.

Should the budget for this scheme increase the Welsh Local Government Association will inform the European Commission.

## **12. Form of aid**

All aid awarded under the Scheme will be transparent and in line with criteria set out in Article 4 of the General Block Exemption Regulation. Aid may be awarded by way of:

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- Grants (capital, revenue and repayable capital);
- interest rate subsidies;
- loans;
- repayable advances; and
- guarantees.

### **13. Eligible activities to be supported under the scheme**

The scheme supports Capital investment and job creation activities. Detailed descriptions of the eligible activities that can be supported are set out in Schedules 1 and 2

#### **Schedule 1: Support for capital investment and job creation in assisted areas**

#### **Schedule 2: Support for capital investment and job creation (SMEs only) in non-assisted areas**

### **14. Incentive effect**

Aid recipients must demonstrate that the aid is required for projects to proceed by submitting a written application before work on the project activity has started. The application will as a minimum contain the following information:

- (a) Name and size;
- (b) Description of the project, including its start and end dates;
- (c) Location of the project;
- (d) List of project costs;
- (e) Form of and amount of public funding needed for the project.

### **15. Cumulation**

In determining whether the individual notification thresholds and the maximum aid intensities are respected, the total amount of public support for the activity or project shall be taken into account, regardless of whether that support is financed from local, regional, national or Community sources.

Aid provided under this Scheme will not be cumulated with other forms of aid nor with aid classed as de minimis aid in regard to the same eligible costs if the result would breach the applicable aid intensities.

A mechanism is in place as part of the application process to ensure that cumulation of aid does not exceed the maximum allowable aid intensities of the Scheme. Due diligence checks will be carried out during the awarding process.

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## **16. Monitoring and Reporting requirements**

All recipients of aid under the Scheme will be informed that aid has been provided under the Scheme, registered under SA.XXXXX pursuant to 13 & 14 or 17, of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation) and its amending Regulation Commission Regulation (EU) No 2017/1084.

Records will be kept for 10 years from the date the last award of aid under the Scheme. Records will be sufficiently detailed to establish that the conditions of the Scheme are met.

Details of any award exceeding €500,000 given under this scheme will be made publicly available via a State aid website within 6 months of granting.

An annual report on the expenditure under this Scheme will be provided to the Commission.

The Welsh Local Government Association shall provide the Commission with all the information and documentation the Commission considers necessary to monitor the application of this Regulation, within 20 days of such request from the Commission.

Contact Information:

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## **Schedule 1: Support for capital investment and job creation in assisted areas**

**A list of assisted areas in Wales can be found at annex 1.**

Beneficiary must confirm it has not carried out a relocation to the establishment in which the initial investment for which aid is requested is to take place, in the two years preceding the application for aid and give a commitment that it will not do so up to a period of two years after the initial investment for which aid is requested is completed.

### **Eligible costs**

**Aid payable in the future, including aid payable in several instalments shall be discounted to its value at the moment it is granted. The eligible costs shall be discounted to their value at the moment the aid is granted. The interest rate to be used for discounting purposes shall be the discount rate applicable at the moment the aid is granted.**

**All costs shall be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.**

**The amounts of eligible costs may be calculated in accordance with the simplified cost options set out in Regulation (EU) No 1303/2013 of the European Parliament and of the Council, provided that the operation is at least partly financed through a Union fund that allows the use of those simplified costs (including structural funds) and that the category of costs is eligible according to the relevant exemption provision.**

The costs of the project must be transparent and directly and exclusively related to the project. Aid will be given for costs relating to **initial investment** for all sized companies in designated 'a' areas and **SMEs** in designated 'c' areas. **Large companies** in designated 'c' areas can get support for **initial investment in favour of new economic activity**. The aid will be calculated either in reference to the direct investment costs in **tangible** or **intangible** assets or for estimated **wage costs** for jobs directly created by the investment project; or a combination of capital investment and wage costs.

The relevant conditions are as follows:

### **Direct Investment costs**

#### **Tangible and Intangible assets**

All aid granted under this scheme will be subject to the following conditions:

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:

- a. the investment is maintained in the assisted area for at least 5 years (at least 3 years for SMEs) after the whole investment has been completed (this shall not prevent the replacement of plant or equipment that has become outdated or broken within this period, but the economic activity will be retained in the area concerned for the minimum period);
- b. assets acquired must be new (apart from SMEs and the acquisition of an establishment);
- c. In the case of an acquisition of the assets of an establishment as an initial investment and initial investment in favour of new economic activity, only the costs of buying those assets from third parties unrelated to the buyer will be taken into consideration (except where a member of the family of the original owner or an employee takes over a small enterprise). The transaction shall take place under market conditions. If the assets received aid prior to their purchase, the costs of those assets shall be deducted from the eligible costs related to the acquisition of an establishment. The acquisition of shares does not constitute an initial investment.
- d. assets under lease are only eligible where:
  - (i) for land and buildings, the lease must continue for at least 5 years after the expected date of completion of the investment project for large undertakings or 3 years in the case of SMEs;
  - (ii) for plant and machinery, the lease must take the form of financial leasing and must contain an obligation for the beneficiary of the aid to purchase the asset upon expiry of the term of the lease.
- e. For aid granted to large undertakings for a fundamental change in the production process – eligible costs must exceed the depreciation of the assets linked to the activity to be modernised in the course of the preceding 3 fiscal years;
- f. Aid granted for a diversification of an existing establishment the eligible costs must exceed by at least 200% the book value of the assets that are reused, as registered in the fiscal year preceding the **start of works**.

#### **Additional conditions for Intangible assets**

- a. the assets must be used exclusively in the enterprise receiving the aid;
- b. the assets must be amortizable;
- c. the assets must be purchased under market conditions from third parties unrelated to the buyer;
- d. assets must be included in the assets of the undertaking receiving aid for at least 5 years (at least 3 years for SMEs); and
- e. Large companies - Intangible asset costs are eligible up to a limit of 50% of the total eligible costs for the initial investment.

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### **Wage costs**

In order to be considered an eligible cost for the purpose of this scheme, employment must be directly created by an investment project, calculated over a period of 2 years and fulfil the following conditions:

For funding to undertakings in all areas:

- a. The investment project leads to a **net increase in the number of employees** in the establishment concerned, compared with the average over the previous 12 months (any jobs lost should be deducted from the created number of jobs during that period);
- b. Each post is filled or created within 3 years of the completion of the works;
- c. Each job created shall be maintained for a minimum 5 years from the date the post was first filled (3 years for SMEs).

### **Regional Aid for Research Infrastructure**

Regional aid for research infrastructures will only be granted under this scheme under the condition that the aided infrastructure gives transparent and non-discriminatory access to all.

### **Aid intensities**

The aid intensity shall not exceed the following percentages of the eligible costs:

	<b>Small</b>	<b>Medium</b>	<b>Large</b>
<b>107(3)(a) areas</b>	45%	35%	25%
<b>107(3)(c) areas</b>	30%	20%	10%

The following aid intensities apply to large investment projects i.e. where project costs are €100m or more. The SME bonus will not apply to large investment projects.

	<b>Small</b>	<b>Medium</b>	<b>Large</b>
<b>107(3)(a) areas</b>	25%*	25%*	25%*
<b>107(3)(c) areas</b>	10%*	10%*	10%*

**\*These thresholds are subject to the adjusted aid ceiling as set out below.**

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### **Large investment projects**

Investment aid awarded to companies in assisted areas for **large investment projects** is subject to an adjusted aid ceiling on the basis of the scale set out below:

Eligible Expenditure	Adjusted aid ceiling
Up to €50M	No reduction – 100% of aid ceiling
For the part between €50m and €100m	50% of aid ceiling

Any initial investment started by the same beneficiary (at group level) within a period of 3 years from the date of **start of works** on another aided investment in the same level 3 NUTS region will be considered to be part of a single investment project. Where the single investment project is a large investment project the total aid amount for the single investment projects will not exceed the adjusted aid amount for large investment projects.

The aid beneficiary must provide a financial contribution of at least 25% of the eligible costs, either through its own resources or by external financing, in a form, which is free of any public support.

### **Prior Notification:**

Aid awarded under this scheme for large investment projects in assisted areas will be granted up to the maximum set out in the table below per enterprise per investment project. Thresholds are calculated using the formula set for adjusted aid amount set out in Article 2. Any award of aid in excess of these amounts will require direct notification to the European Commission before aid can be awarded.

<b>107 (3)(a) areas</b>	<b>107 (3) (c) areas</b>
€18,750,000	€7,500,000

### **European Territorial Cooperation projects**

Where initial investment is linked to European territorial cooperation projects covered by Regulation (EU) No. 1299/2013, the aid intensity of the area in which the initial investment is located shall apply to all beneficiaries participating in the project. If the initial investment is located in two or more assisted areas, the maximum aid intensity shall be the one applicable in the assisted area where the highest amount of eligible costs is incurred. In assisted areas eligible for aid under Article 107(3)(c) of the Treaty, this provision shall apply to large undertakings only if the initial investment concerns a new economic activity.



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## **Schedule 2: Support for capital investment and job creation (SMEs only) in non-assisted areas**

Please note definitions of the terms in bold can be found in section 6 of the main document.

### **Eligible costs**

Aid payable in the future, including aid payable in several instalments shall be discounted to its value at the moment it is granted. The eligible costs shall be discounted to their value at the moment the aid is granted. The interest rate to be used for discounting purposes shall be the discount rate applicable at the moment the aid is granted.

All costs shall be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.

The amounts of eligible costs may be calculated in accordance with the simplified cost options set out in Regulation (EU) No 1303/2013 of the European Parliament and of the Council, provided that the operation is at least partly financed through a Union fund that allows the use of those simplified costs (including structural funds) and that the category of costs is eligible according to the relevant exemption provision.

The costs of the project must be transparent and directly and exclusively related to the project. Aid will be given for costs relating to an investment in **tangible** and/or **intangible** assets relating to the setting-up of a new establishment, the extension of an existing establishment, diversification of the output of an establishment into new additional products or a fundamental change in the overall production process of an existing establishment, or the acquisition of assets belonging to an establishment where it has closed down or would have closed had it not been purchased and assets are purchased from third parties unrelated to the buyer (unless the takeover is by a family member or former employee) and the transaction is done under market conditions.

Support can also be given for **wage costs** or a combination of capital investment and **wage costs**. Wage costs will be calculated over a period of 2 years.

### **Additional conditions for Intangible assets**

- a. the assets must be used exclusively in the establishment receiving the aid;

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- b. the assets must be amortizable;
- c. the assets must be purchased under market conditions from third parties unrelated to the buyer; and
- d. assets must be included in the assets of the undertaking for at least 3 years.

### **Wage costs**

In order to be considered an eligible cost for the purpose of this scheme, employment must be directly created by an investment project, calculated over a period of 2 years and fulfil the following conditions:

For funding to companies in all areas:

- a. there must be a **net increase in the number of employees** in the establishment concerned, compared with the average over the previous 12 months;
- b. employment is created within 3 years of the completion of the investment;
- c. employment created must be maintained for 3 years from the date the post was first filled.

### **Aid intensities**

**For the purpose of calculating aid intensities and eligible costs, all figures used shall be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.**

The aid intensity shall not exceed the following percentages of the eligible costs:

Small	Medium
20% of eligible costs	10% of eligible costs

### **Prior Notification**

Aid awarded under this scheme to **SMEs** in **non-assisted** areas will be granted up to a maximum of €7.5m per enterprise, per investment project. Any award of aid in excess of this amount will require direct notification to the European Commission before aid can be awarded.

*The following scheme provides the legal cover for award of support in line with the General Block Exemption Regulation. The scheme does not provide any additional funding or budget*

## ANNEX 1

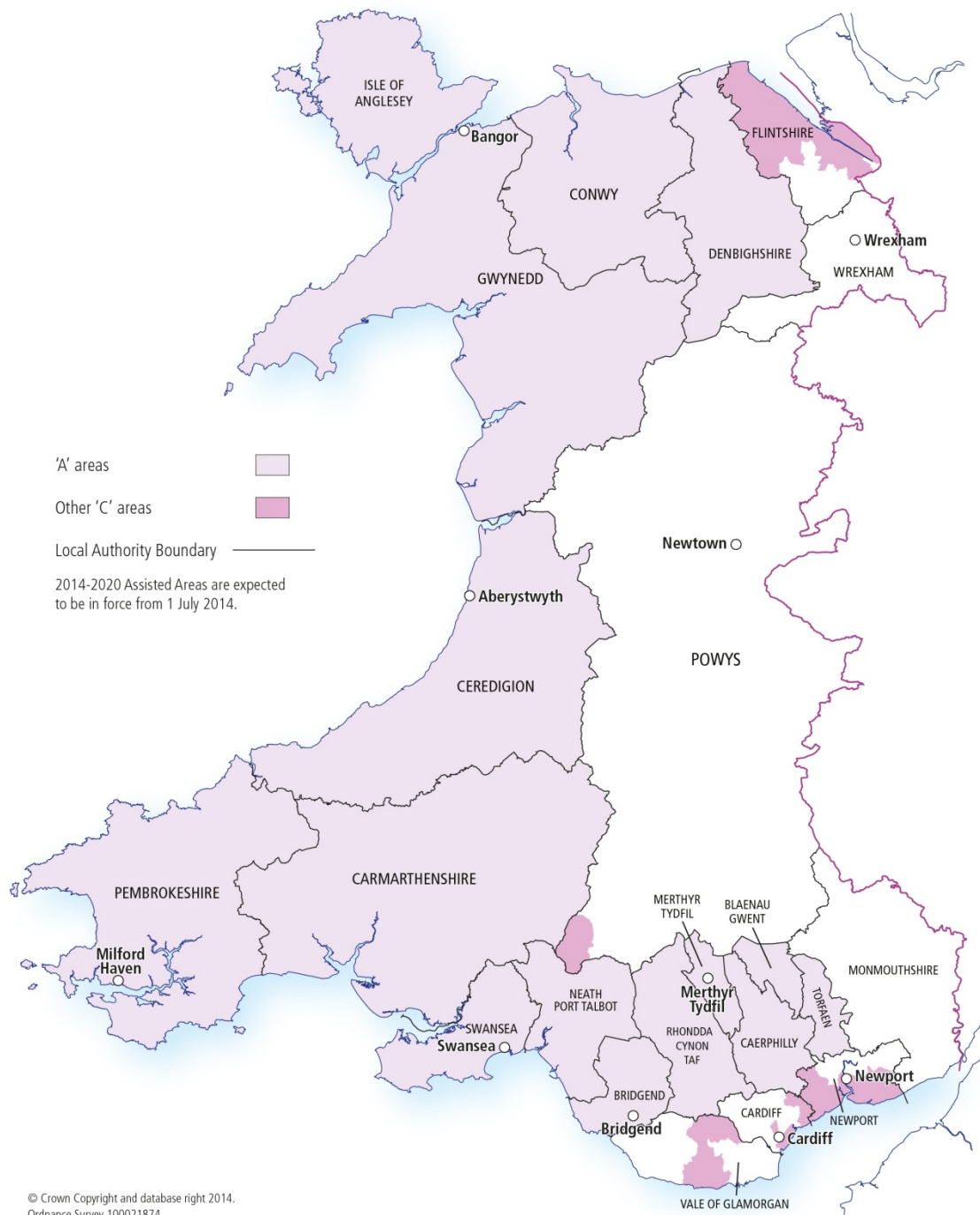
### **Assisted Areas 2014-2020**

The UK Assisted Areas for the period 2014-2020 have been determined in line with the criteria identified within the Guidelines on National Regional Aid for 2014-2020. The UK map was notified to the Commission and subsequently approved under State aid decision SA.38113 (2014/N).

In Wales, West Wales and the Valleys continue to retain full Article 107(3)(a) status eligible for the higher levels of funding. Areas of Flintshire, the Vale of Glamorgan, Cardiff, Newport and Powys have been identified as Article 107(3)(c) areas.

*The following scheme provides the legal cover for award of support inline with the General Block Exemption Regulation. The scheme does not provide any additional funding or budget*

## Assisted Areas 2014-2020



*The following scheme provides the legal cover for award of support inline with the General Block Exemption Regulation. The scheme does not provide any additional funding or budget*

### **Assisted Areas 107(3)(a) local authority areas**

Blaenau Gwent County Borough Council  
Bridgend County Borough Council  
Caerphilly County Borough Council  
Carmarthenshire County Council  
Ceredigion County Council  
Conwy County Borough Council  
Denbighshire County Council  
Gwynedd Council  
Isle of Anglesey County Council  
Merthyr Tydfil County Borough Council  
Neath Port Talbot County Council  
Pembrokeshire County Council  
Rhondda Cynon Taff County Borough Council  
City and County of Swansea  
Torfaen County Borough Council

### **Assisted Areas 107(3)(c) Wards**

Wales UKL	Flintshire	W06000005	Aston ED
Wales UKL	Flintshire	W06000005	Bagillt East ED
Wales UKL	Flintshire	W06000005	Bagillt West ED
Wales UKL	Flintshire	W06000005	Broughton North East ED
Wales UKL	Flintshire	W06000005	Broughton South ED
Wales UKL	Flintshire	W06000005	Brynford ED
Wales UKL	Flintshire	W06000005	Buckley Mountain ED
Wales UKL	Flintshire	W06000005	Caerwys ED
Wales UKL	Flintshire	W06000005	Cilcain ED
Wales UKL	Flintshire	W06000005	Connah's Quay Central ED
Wales UKL	Flintshire	W06000005	Connah's Quay Golftyn ED
Wales UKL	Flintshire	W06000005	Connah's Quay South ED
Wales UKL	Flintshire	W06000005	Connah's Quay Wepre ED
Wales UKL	Flintshire	W06000005	Ewloe ED
Wales UKL	Flintshire	W06000005	Ffynnongroyw ED
Wales UKL	Flintshire	W06000005	Flint Castle ED
Wales UKL	Flintshire	W06000005	Flint Coleshill ED
Wales UKL	Flintshire	W06000005	Flint Oakenholt ED
Wales UKL	Flintshire	W06000005	Flint Trelawny ED
Wales UKL	Flintshire	W06000005	Greenfield ED
Wales UKL	Flintshire	W06000005	Gronant ED
Wales UKL	Flintshire	W06000005	Halkyn ED
Wales UKL	Flintshire	W06000005	Hawarden ED
Wales UKL	Flintshire	W06000005	Holywell Central ED
Wales UKL	Flintshire	W06000005	Holywell East ED
Wales UKL	Flintshire	W06000005	Holywell West ED

*The following scheme provides the legal cover for award of support inline with the General Block Exemption Regulation. The scheme does not provide any additional funding or budget*

Wales UKL	Flintshire	W06000005	Mancot ED
Wales UKL	Flintshire	W06000005	Mostyn ED
Wales UKL	Flintshire	W06000005	Northop Hall ED
Wales UKL	Flintshire	W06000005	Queensferry ED
Wales UKL	Flintshire	W06000005	Sealand ED
Wales UKL	Flintshire	W06000005	Shotton East ED
Wales UKL	Flintshire	W06000005	Shotton Higher ED
Wales UKL	Flintshire	W06000005	Shotton West ED
Wales UKL	Flintshire	W06000005	Trelawnyd and Gwaenysgor ED
Wales UKL	Flintshire	W06000005	Whitford ED
Wales UKL	The Vale of Glamorgan	W06000014	Peterston-super-Ely ED
Wales UKL	The Vale of Glamorgan	W06000014	Rhose ED
Wales UKL	The Vale of Glamorgan	W06000014	St. Athan ED
Wales UKL	Cardiff	W06000015	Butetown ED
Wales UKL	Cardiff	W06000015	Cathays ED
Wales UKL	Cardiff	W06000015	Splott ED
Wales UKL	Cardiff	W06000015	Pontprennau/Old St. Mellons ED
Wales UKL	Cardiff	W06000015	Trowbridge ED
Wales UKL	Newport	W06000022	Graig ED
Wales UKL	Newport	W06000022	Liswerry ED
Wales UKL	Newport	W06000022	Llanwern ED
Wales UKL	Newport	W06000022	Marshfield ED
Wales UKL	Newport	W06000022	Pillgwenlly ED
Wales UKL	Newport	W06000022	Stow Hill ED
Wales UKL	Newport	W06000022	Tredeggar Park ED
Wales UKL	Powys	W06000023	Aber-Craf ED
Wales UKL	Powys	W06000023	Cwm-Twrch ED
Wales UKL	Powys	W06000023	Ynyscedwyn ED
Wales UKL	Powys	W06000023	Ystradgynlais ED