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# Welsh Local Government Support for Training Scheme



## State aid reference no: SA.60372

1. **Member State**

United Kingdom

2. **Region**

Wales

3. **Title of aid Scheme**

Welsh Local Government Support for Training 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 4 and 31 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:O.J.L\\_.2014.187.01.0001.01.ENG](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:O.J.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.60372**.

## **6. Definitions**

In this Scheme, the following expressions have the same meaning attributed to them as in the General Block Exemption Regulation. For ease of reference they have been replicated below. (Definitions are presented in alphabetical order):

**“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

**“Disadvantaged worker”** means any person who:

- has not been in regular paid employment for the previous 6 months; or
- is between 15 and 24 years of age; or
- has not attained an upper secondary educational or vocational qualification (International Standard Classification of Education 3) or is within two years after completing full-time education and who has not previously obtained his or her first regular paid employment; or
- is over the age of 50 years; or
- lives as a single adult with one or more dependents; or
- works in a sector or profession in a Member State where the gender imbalance is at least 25% higher than the average gender imbalance across all economic sectors in that Member State, and belongs to that underrepresented gender group; or
- is a member of an ethnic minority within a Member State and who requires development of his or her linguistic, vocational training or work experience profile to enhance prospects of gaining access to stable employment;

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

**“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.

**“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,

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small and medium-sized enterprises (2003/361/EC), which took effect on 1 January 2005 <sup>2</sup>

**‘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.

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<sup>2</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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**Worker with disabilities”** means any person:

- recognised as a worker with disabilities under national law; or
- has long-term physical, mental, intellectual or sensory impairment(s) which, in interaction with various barriers, may hinder their full and effective participation in a work environment on an equal basis with other workers.

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

The objective of the scheme is to allow local authorities in Wales to provide support to enterprises in Wales to actively encourage them to invest in training.

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

The following local authorities are authorised to implement the scheme.

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, Monmouthshire County 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, Vale of Glamorgan Council and Wrexham County Borough Council

## **9. Scope of the Scheme**

The Scheme will be open to all enterprises in Wales.

Aid will not be allowed to the following sector:

**The processing and marketing of agricultural products** when (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) 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 the scheme.

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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 aid is subject to the obligation for the beneficiaries to use nationally produced goods and services;
- Aid contingent upon the use of domestic over imported goods;
- 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 order for the recovery of aid which has been declared by the Commission to be illegal and incompatible with the common market; or
- An undertaking in difficulty.

## **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 Training Support Scheme SA.49790.

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

The budget over the scheme period has been estimated at £21 million (£7 million per annum) of which approximately £15 million will be funded from structural funds (European Social Funds).

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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 5 of the General Block Exemption Regulation. Aid may be awarded as follows:

- grants;
- interest rate subsidies;
- loans; and
- repayable advances.

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

The Scheme will allow public support to be provided for training activity. Detailed descriptions of the eligible activities that can be supported are set out in Schedules 1 and 2

**Schedule 1: activity supported on a no State aid basis**

**Schedule 2: activity where support is classed as State aid**

## **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 of the undertaking receiving the aid;
- (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.

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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.

## **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 Article 31 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: activity supported on a no State aid basis**

Some training activity undertaken by Welsh local government is not considered to be State aid. This is generally because the activity is not considered to be economic.

The types of activity considered not subject to the State aid rules are:

- General education up to and including higher education;
- Initial training schemes such as modern apprenticeships and day release schemes;
- Traineeships for unemployed people in enterprises;
- Provision of basic skills (basic literacy and numeracy skills and basic IT literacy) to employees; and
- Aid targeted at employees for training unconnected with their work place.



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## **Schedule 2: activity where support is classed as State aid**

### **Eligible costs**

Support can be provided for the provision of training.

The costs of the project must be transparent and directly and exclusively related to the project. The relevant eligible costs are as follows:

- trainers' personnel costs, for the hours during which the trainers participate in the training;
- trainers' and trainees' operating costs directly relating to the training project such as travel expenses, accommodation costs, materials and supplies directly related to the project, depreciation of tools and equipment, to the extent that they are used exclusively for the training project;
- costs of advisory services linked to the training project;
- trainees' personnel costs and general indirect costs (administrative costs, rent, overheads) for the hours during which the trainees participate in the training.

### **Aid intensities**

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

	<b>Small enterprise</b>	<b>Medium enterprise</b>	<b>Large enterprise</b>
Basic aid intensities	70%	60%	50%
+ 10% uplift for disabled/ disadvantaged workers	70% (maximum allowable)	70%	60%

### **Maritime transport sector**

100% aid intensity where the following conditions are met:

- (a) The trainees are not active members of the crew but are supernumerary on board; and
- (b) The training is carried out on board of ships entered in Union registers.

Aid awarded under this Scheme will be granted up to a maximum of €2m per training project. Any award of aid in excess of this amount will require direct notification to the European Commission.