



Department
for Business
Innovation & Skills

**AN INTRODUCTION TO ASSISTED
AREAS**

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An Introduction to Assisted Areas

1. This document introduces what Assisted Area status can offer under the 2014-2020 state aid framework and the different types of Assisted Area shown on the 2014-2020 UK Map: www.ukassistedareamap.com

What does Assisted Area status offer?

2. Assisted areas are recognised in European state aid rules as being less economically advantaged places that would benefit from additional support for development. As a result, financial support from Government is permitted to undertakings, typically businesses, for new investments in these areas. Being located in an Assisted Area does not confer any right to financial assistance; rather, it allows the public sector to provide certain types of assistance if it wishes. Key types of support available are outlined below and further information on state aid in the UK is available at: www.gov.uk/state-aid

Regional Aid

3. Regional aid is a state aid exemption under which aid can be granted in certain circumstances as a proportion of the costs needed for a new commercial project. It can be used to support either capital investment or the wage costs of new additional employees. Regional aid is not a programme or a pot of money and schemes offering it often combine its use with that of other forms of state aid.
4. In the UK, the main examples of schemes offering regional aid are:
 - Regional Growth Fund - operates in England and supports projects and programmes that are using private sector investment to create economic growth and sustainable employment.
 - Regional Selective Assistance - primary Scottish scheme offering regional aid. Can provide funding for investment projects that will create or safeguard jobs in Scotland. Administered by Highlands & Islands Enterprise and Scottish Enterprise
 - Welsh Government Business Finance - offers discretionary financial support to eligible businesses in key business sectors and certain strategically important projects outside these. It helps fund capital investment, job creation, research, development & innovation and certain eligible revenue projects throughout Wales.
 - Selective Financial Assistance - provides support for investment in Northern Ireland by indigenous and foreign owned companies that create, maintain or safeguard employment. The scheme aims to achieve higher levels of business growth, leading to long-term high quality employment.

5. Regional aid can be given to SMEs in 'a' and 'c' areas and to large companies in 'a' areas for investment in: a new establishment; expansion or diversification of existing establishments; or for fundamental changes in the processes carried out at an establishment.
6. Regional aid can be given to large companies in 'c' areas for investment in: a new establishment or diversification of an existing establishment into a new economic activity (at 4-digit NACE code level). A new establishment should be fully functional, autonomous and self-standing. It can be carrying out the same activity as the company's other establishments in the area, providing it is self-standing. However, expansion or modification of the product range of an existing establishment is only eligible if the company is not carrying out the new activity (defined at 4-digit NACE code level) either at the establishment or at any others owned by that company in the assisted area zone (the contiguous Assisted Area).
7. However awards must be notified either: if the company has or has plans to close down similar establishments elsewhere in the EU; or if the total regional aid given to a company's group for projects in a single local authority area in the previous 3 years is more than £6million in 'c' areas and £14.5million in 'a' areas.

Other forms of State Aid specific to Assisted Areas

8. The European Commission's 2014-2020 Environmental and Energy aid guidelines and General Block Exemption Regulations (GBER) set out other benefits specific to Assisted Areas. These are available from http://ec.europa.eu/competition/state_aid/modernisation/index_en.html
9. Increased aid intensity is available for energy and environmental investments in assisted areas. In an assisted area, investments in green technologies, research, development & innovation, or encouraging a low carbon economy, can receive higher levels of aid through a regional bonus.
10. Urban development aid is also available in assisted areas as set out in the GBER. These are projects co-financed by EU Structural and Investment Funds, which lever private sector investment to support the implementation of integrated and sustainable urban development.

Tax Allowances

11. Certain tax allowances are only available in Assisted Areas:
 - Business Premises Renovation Allowance (BPRA), administered by HMRC, gives an incentive to bring derelict or unused properties back into use, by giving an initial allowance of 100 per cent for expenditure on converting or renovating unused business premises.
 - The Enhanced Capital Allowances permitted at some Enterprise Zones.

Types of Assisted Area

12. There are three types of assisted area on the UK 2014-2020 Assisted Areas Map. These are 'a' areas, predefined 'c' areas (sparsely populated areas – only in Scotland) and non-predefined 'c' areas as set out in the table below:

| Type of Area | Maximum Aid Intensity (GGE)* Small Firms e.g. <50 employees | Maximum Aid Intensity (GGE)* Medium Firms e.g. 50 to 250 employees | Maximum Aid Intensity (GGE)* Large Firms e.g. >250 employees | Proposed for inclusion on the Map by: | Criteria for inclusion on the Map |
|------------------------------|---|--|--|---------------------------------------|--|
| 'a' area | 45% | 35% | 25% | European Commission | GDP per capita below 75% of the EU average |
| sparsely populated 'c' areas | 35% | 25% | 15% | European Commission | Population density below 12.5 persons per sq. km |
| other 'c' areas | 30% | 20% | 10% | UK Government | As set out in BIS consultation documents** |

*GGE = Gross Grant Equivalent, i.e. the discounted value of the aid as a percentage of the discounted value of the eligible costs. Aid intensities are subject to other constraints set out in UK and EU rules to maximise return for government and taxpayers

** To assist in developing the 2014-2020 Map, BIS conducted a two stage consultation process between 31 July 2014 and 7 February 2014. The consultation documents are available at www.gov.uk/government/consultations/assisted-areas-map-2014-to-2020-stage-2

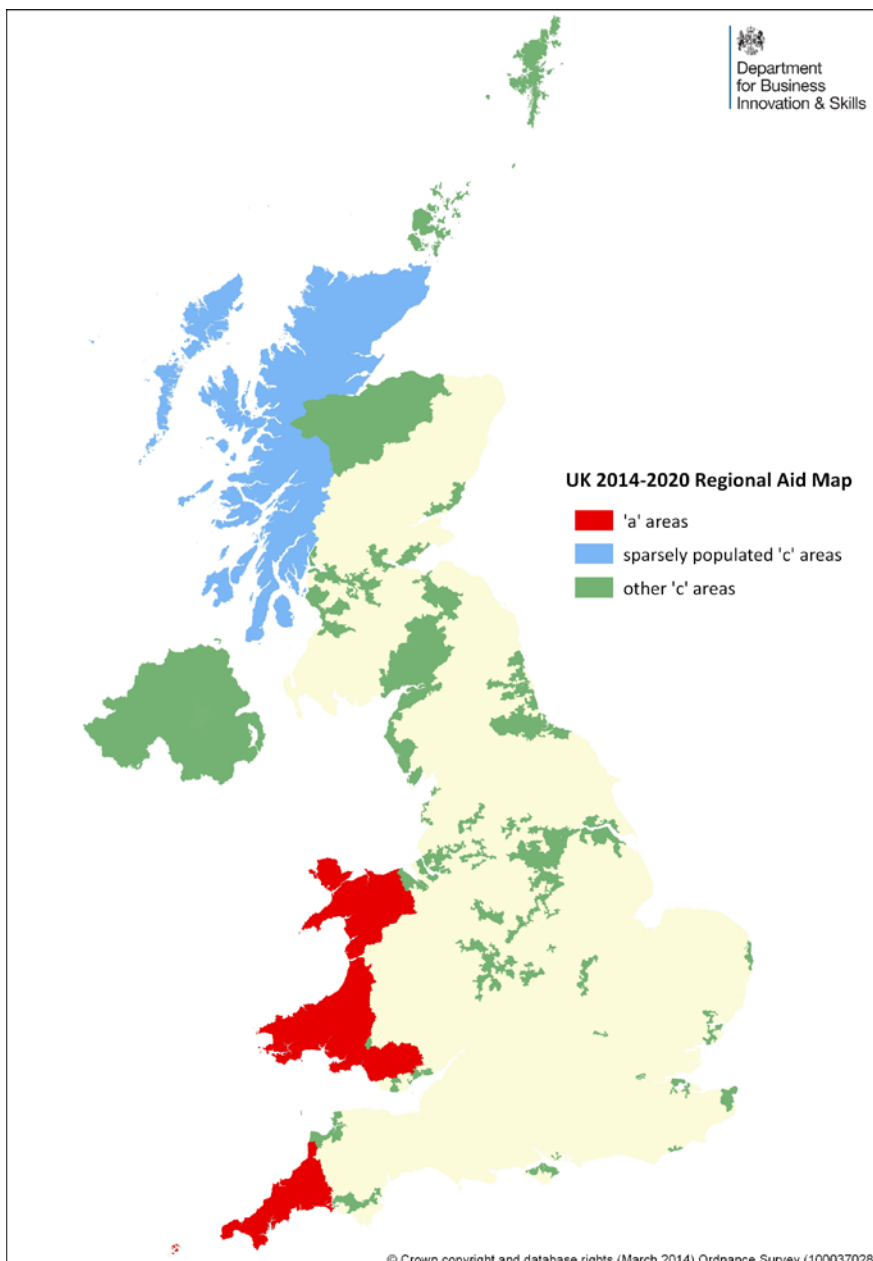
Boundary Issues

13. In most cases it will be clear which ward a building or site is located in and therefore whether it has Assisted Area status. However, on occasion, at the boundary of an Assisted Area, it may be more difficult to discern whether an undertaking is eligible for regional aid. In these cases, the awarding body will make a decision based on the facts of the case. They may consider, for example:

- Is the entrance to the building or site within an Assisted Area shown on www.ukassistedareamap.com?
- Is the majority of the building or site within an Assisted Area shown on www.ukassistedareamap.com?

14. The site's addressing information may also offer some evidence e.g. if a building's business rates are paid to a certain council, that could evidence location in a particular ward.
15. In terms of Building Premises Renovation Allowance (BPRA), if a qualifying building is situated partly in an Assisted Area and partly outside and HMRC can make a just and reasonable apportionment of the qualifying expenditure to find the part attributable to the part in the Assisted Area, only that part of the expenditure qualifies for BPRA. For example, if a qualifying building is situated on the boundary of an Assisted Area so that one third is in the Area and two thirds is outside it, only one third of the qualifying expenditure qualifies for BPRA.

UK 2014-2020 Assisted Areas Map



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