

## COUNCIL FOR ECONOMIC RENEWAL

### UPDATE PAPER

#### Assisted Areas Map 2014-2020

#### Introduction

1. The Welsh Government is working with the UK Government to review the 'c' areas in East Wales on the Assisted Areas Map ('the Map'). The current Assisted Areas are designated according to the Treaty of the Functioning of the European Union, Articles 107(3) (a) and (c).
2. The Map will be drawn up in accordance with the 2014-2020 Regional Aid Guidelines which were revised earlier this year.
3. The 'a' areas are designated by the European Commission. This Consultation concerns 'c' areas in East Wales where, in consultation with the UK Government, changes could be made.
4. The Consultation document is available from the Department of Business Innovation and Skills (BIS) website. It sets out the Consultation principles and metrics which will influence the types of areas which may qualify to be included.
5. Stage 1 of the Assisted Areas Map Consultation is running until 30 September 2013. This initial stage is looking for suggestions for coverage from Local Authorities and other interested parties and will consider the principles and local intelligence which will contribute towards the preparation of a draft Map to be consulted upon in Stage 2. BIS is responsible for the consultation timetable and details are awaited for the Stage 2 schedule.
6. Local Authorities as the main stakeholders are requested to contribute local intelligence about economic potential and need in their areas. The Consultation encourages a collaborative approach.
7. Returns should be made to BIS and the Welsh Government in accordance with the reply details set out in the documentation.

#### Background

8. Regional Aid is allowed under the State Aid rules to promote cohesion and convergence between parts of the European Union. The purpose of Regional Aid is to promote the economic development of certain disadvantaged areas within the European Union.
9. Assisted Area status determines the amount of certain types of State Aid that can be awarded to enterprises in economically disadvantaged locations. In particular, it determines the level of support that can be provided for capital investment in disadvantaged areas, so called regional aid.

10. West Wales and the Valleys as an 'a' area (also known as 'Tier 1') makes it eligible for higher levels of assistance permitted by the Regional Aid Guidelines. All parts of East Wales designated as 'c' areas (or 'Tier 2') areas currently have this status through their adjacency to the 'a' areas and are eligible for lower levels of Regional Aid.
11. A map showing current Assisted Areas is attached which shows the current 'c' areas comprising certain wards in the following counties: Flintshire, south west Powys, Cardiff and Newport.

### **Update**

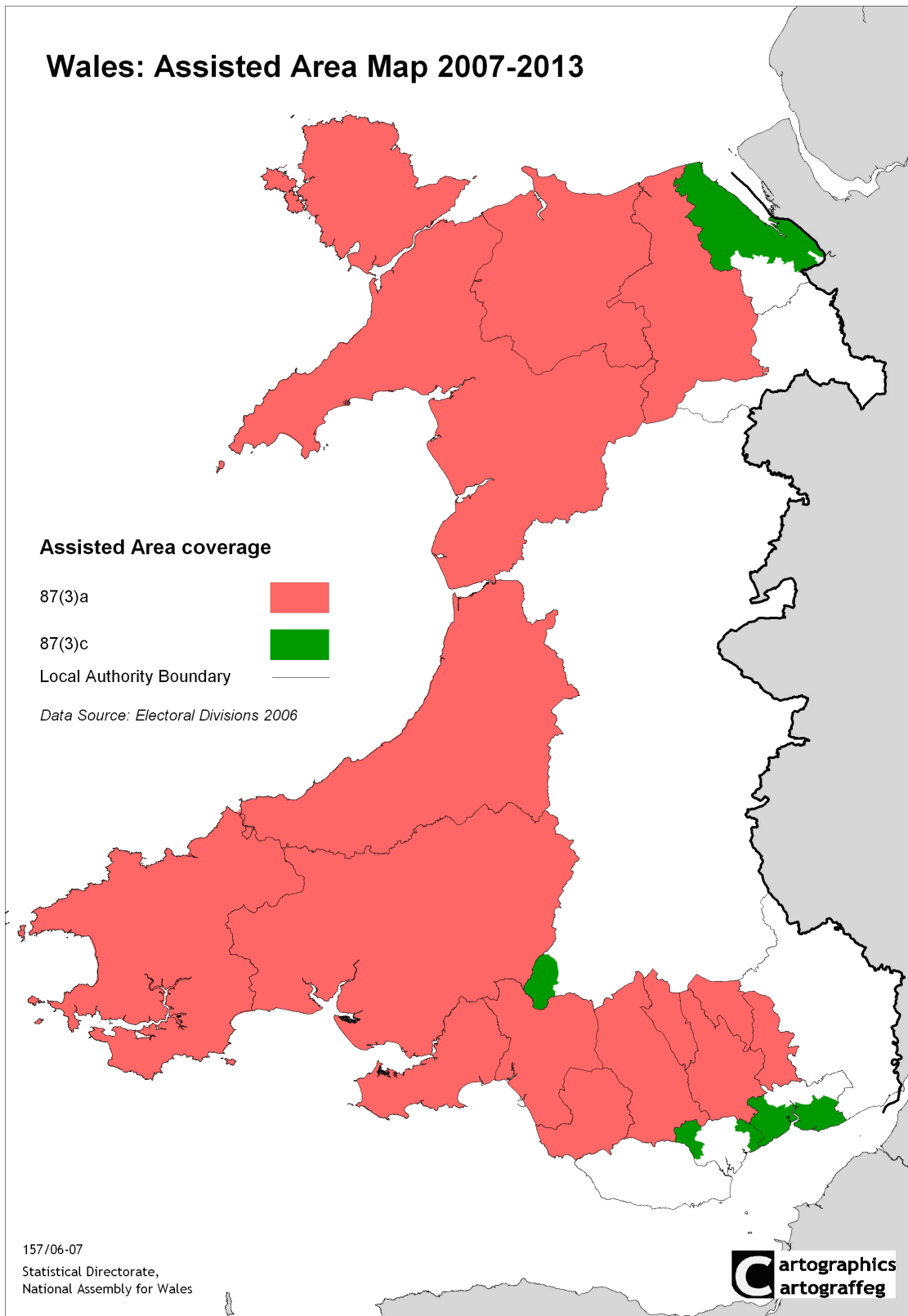
12. Regional aid is one of the tools we use alongside other State Aid frameworks and economic development policies to support jobs, growth and wealth in the Welsh economy.
13. Changes to the Guidelines mean that there has been an increase to the UK population that can be covered by the Assisted Areas from 23.9 per cent to 27 per cent.
14. The population coverage for 'c' areas in Wales will need to be used optimally where it has the best economic potential to generate jobs and growth, having regard to local, regional and national economic priorities such as Enterprise Zones.
15. Regional Aid will continue to be available for large companies throughout the assisted areas but will be limited to 'initial investments' that create new economic activities in the 'c' areas or for diversification of existing establishments into new products or process innovations.

### **Timescale**

16. Following Stage 1, the evidence will be reviewed and the Welsh Government will develop a preferred Map for the Stage 2 Consultation.
17. Where appropriate, it is envisaged that the Welsh Government will discuss the evidence with stakeholders that submitted Stage 1 evidence.
18. Ultimately, the Map will need to be signed off by the Welsh Ministers and the UK Government before it is submitted to Europe.
19. The new Guidelines and Map will apply from 1 July 2014 so it is important that businesses are aware of the changes.

### **Annex**

20. The 2007-13 Map



© Crown copyright 2006. All rights reserved. National Assembly for Wales. Licence Number: 100017916