On 1 July 2014, the latest map of UK Assisted Areas was formally approved by the European Commission (EC). It will apply from 1 July 2014 until 31 December 2020.

Assisted Areas are provided for in European Union (EU) State Aid rules as less economically advantaged places that would benefit from additional support for economic development. The public sector is permitted to provide certain types of assistance to businesses and to some other types of undertakings located in an Assisted Area.

In the regional aid State Aid exemption, 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. It is not a separate programme or a distinct funding stream. Schemes which offer regional aid often combine it with other forms of State Aid.
Currently in the UK the main types of schemes which offer regional aid are:

- The Regional Growth Fund (RGF), which operates in England (see related briefings)
- Regional Selective Assistance, a primary Scottish scheme under the Regional Aid Guidelines, administered by Highlands and Islands Enterprise and Scottish Enterprise; grants may be given in conjunction with support under other aid frameworks, for example R&D or skills training
- Welsh Government Business Finance, offering discretionary financial support to eligible businesses in key business sectors and certain strategically important projects; it helps fund capital investment, job creation, research, development, and innovation and certain eligible revenue projects throughout Wales
- Selective Financial Assistance, providing support for investment in Northern Ireland by indigenous and foreign owned companies that creates, maintains or safeguards employment.

Assisted Areas status can also offer certain tax allowances:

- Business Premises Renovation Allowance (BPRA) which 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 in a disadvantaged area
- The Enhanced Capital Allowances permitted in some Enterprise Zones are reliant on Assisted Area status.

The European Commission’s 2014-20 Environmental and Energy aid guidelines and General Block Exemption Regulations (GBER) set out other benefits specific to Assisted Areas. These are available here.

Increased aid intensity is available for energy and environmental investments in Assisted Areas. Investments in green technologies, research, development and innovation, or encouraging a low carbon economy, can receive higher levels of aid through a regional bonus.

Urban development aid is also available in Assisted Areas. 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.

It is pointed out that many business support schemes provide other forms of assistance but do not depend on Assisted Area status. Such funding is aimed at issues not affected by geography.

The Government carried out a two-stage consultation on updating the Assisted Areas Map for 2014-20. The Stage 1 consultation started in July 2013, and closed in September 2013, and consulted on draft principles for defining the areas that should
be included in the draft map. The Stage 2 consultation was launched in December 2013 and closed in February 2014, and consulted on the draft Map.

The map was developed in conjunction with the Welsh Government and the Scottish Government. It was announced in 2013 that Northern Ireland should continue to benefit from 100 per cent coverage for the medium term.

In its response to the consultation, the government pointed out that EC guidelines and the economic conditions underlying the Assisted Areas map had changed significantly since the preparation of the 2007-13 map. It was stated that the government was seeking to refresh the map and not simply to add coverage to those places that already have it.

The consultation responses came from a wide range of stakeholders, including LEPs, local authorities, businesses and development agencies. Respondents, it is stated, helped identify those locations best placed to make an important contribution not only to their local economy, but also to UK growth.

Types of Assisted Area

There are three types of assisted area in the UK for 2014-20. These are ‘a’ areas, predefined ‘c’ areas (sparsely populated areas, only in Scotland) and non-predefined ‘c’ areas. More information is set out in the table below.

Copies of the Assisted Area Maps can be found on the BIS consultation website here. There are several versions of the map, one of which is interactive and searchable. There are also spreadsheet lists of the wards covered by Assisted Area status organised by local authority area. The applicable ward boundaries will be set out and fixed in an Assisted Areas Order, which will be brought into force shortly. These boundaries, based on a ward boundaries map for 2011, will then remain for the time period covered by the Map.

Cornwall and Isles of Scilly, and West Wales and the Valleys qualify as ‘a’ areas on the grounds of having a GDP per capita of less than 75 per cent of the EU average.

Caithness & Sutherland and Ross & Cromarty, Lochaber, Skye & Lochalsh, Arran & Cumbrae and Argyll & Bute and Eilean Siar are predefined as ‘c’ areas under the Regional Aid Guidelines on grounds of being sparsely populated, with a population density below 12.5 persons per square kilometre.
POLICY BRIEFING

<table>
<thead>
<tr>
<th>Type of area</th>
<th>Maximum aid intensity (GGE)*</th>
<th>Maximum aid intensity (GGE)*</th>
<th>Maximum aid intensity (GGE)*</th>
<th>Proposed for inclusion on the Map by</th>
<th>Criteria for inclusion on the Map</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Small Firms (&lt;50 employees)</td>
<td>Small Firms (50-250 employees)</td>
<td>Large Firms (&gt;250 employees)</td>
<td>European Commission</td>
<td>GDPR per capita below 75% of the EU average</td>
</tr>
<tr>
<td>a' area</td>
<td>45%</td>
<td>35%</td>
<td>25%</td>
<td>European Commission</td>
<td>Population density below 12.5 persons per sq. km</td>
</tr>
<tr>
<td>Sparsely populated 'c' areas</td>
<td>35%</td>
<td>25%</td>
<td>15%</td>
<td>European Commission</td>
<td>As set out in BIS consultation documents</td>
</tr>
<tr>
<td>Other 'c' areas</td>
<td>30%</td>
<td>20%</td>
<td>10%</td>
<td>UK Government</td>
<td>As set out in BIS consultation documents</td>
</tr>
</tbody>
</table>

*GGE = Gross Grant Equivalent, the discounted value of 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.

Regional Aid Guidelines

The new Regional Aid Guidelines (RAG) were issued in June 2013 by the EC. The RAG is one part of a wider package of State Aid frameworks. All of these State Aid frameworks are being reviewed by the EC through a State Aid Modernisation programme. The modernisation programme aims to promote a more efficient use of public resources, ensuring that aid is well-designed and targeted, and fosters sustainable, smart, and inclusive growth.

The new RAG will apply from 1 July 2014 to 2020. In line with the wider State Aid Modernisation process, the current RAG was kept in force by the EC for a further six months and expired on 30 June 2014.

Under the new RAG, the maximum proportion of the UK population covered by the Assisted Areas will be 27.05 per cent compared to 23.9 per cent covered on the 2007-2013 Map.

The RAG provides for a mid-term review and the EC will determine in June 2016 whether there will be any changes to ‘a’ areas, and if so ‘c’ coverage could be adjusted accordingly. Member States may then amend up to 50 per cent of their adjusted ‘c’ coverage.
Contact details for those seeking more information is available on the BIS consultation website. Wards covered by Assisted Area status are present in all regions, including the south east (especially Kent and Essex, and parts of the south coast), the East of England (Great Yarmouth and Lowestoft), and London (the London Thames Gateway). They are a valuable addition to the resources available for local economic development.

Related Briefings

[Structured and Investment Fund Strategies in England: Preliminary Guidance for Local Enterprise Partnerships](#)

[The Development and Delivery of European Structural and Investment Funds Strategies: Supplementary Guidance for LEPs](#)

[Industrial Strategy: Update](#)

[Regional policy for smart growth and SME support](#)

[Regional Growth Fund – NAO Report](#)

[Local Enterprise Partnerships: new LGiU essential guide](#)

[The State of LEPs](#)

[Promoting Economic Growth Locally: PAC Report](#)

[Emerging models for leadership and governance of local economic development](#)

For more information about this, or any other LGiU member briefing, please contact Janet Sillett, Briefings Manager, on janet.sillett@lgiu.org.uk