

Welsh Local Government SME Development Scheme



State aid reference no:

1. **Member State**

United Kingdom

2. **Region**

Wales

3. **Title of aid Scheme**

Welsh Local Government SME Development 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 26 and 27 of Commission Regulation (EC) 800/2008 (General Block Exemption Regulation)¹

Summary information relating to the Scheme has been registered with the Commission under reference X100/2009.

6. **Definitions**

In this Scheme, the following expressions have the meanings assigned below:

“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 2005²

¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:214:0003:0047:EN:PDF>

² http://europa.eu/eur-lex/pri/en/oj/dat/2003/l_124/l_12420030520en00360041.pdf

“One-off consultancy” means consultancy that is not a continuous or periodic activity nor related to the SME’s usual operating costs, such as routine tax consultancy services, regular legal services or advertising.

7. Objective of the Scheme

The aim of the Scheme is to allow local authorities in Wales to provide support to SMEs in Wales to actively promote additional consultancy activity and participation in trade fairs.

Local Authorities in Wales have a key role to play in supporting SMEs, thus contributing to securing a strong SME base to ensure that the economy of Wales grows and prospers in line with other Member States. In particular local authorities support business start-ups, SME investment and growth, SME diversification, SME adaptation to changing circumstances and support the conversion of business premises to meet modern requirements.

The principles of the Scheme are in line with the guiding principles of the Commission’s State Aid Action Plan to provide less and better targeted aid.

8. Government body authorised to implement the Scheme

Local Authorities in Wales - 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 SMEs in Wales excluding those active in the following sectors:

- coal – SMEs which carry out an activity in connection with coal production where coal is defined as high, medium and low grade category A and B within the meaning of the internal codification system for coal laid down by the UN Economic Commission for Europe;

- fisheries and aquaculture - covered by Council Regulation (EC) No 104/2000 of 17 December 1999 on the common organisation of the markets in fishery and aquaculture products as amended by Regulation (EC) No 1759/2006;
- the primary production of agricultural products (as defined in the General Block Exemption Regulation); or
- 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 SME concerned or (2) the aid is conditional on being partly or entirely passed on to primary producers.

In addition, aid will not be allowed for the following activities:

- aid to export related activities, 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; or
- aid contingent upon the use of domestic over imported goods.

Aid may not be given where the proposed recipient of the aid 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
- “a firm in difficulty” within the meaning of Chapter 2 of the Community guidelines on State aid for rescuing and restructuring firms in difficulty (OJ C 244, 1.10.2004, p.2).

10. Date and period of the Scheme

Aid under this scheme may be granted until 31 December 2013.

11. 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 by way of:

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

12. Eligible costs

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

Consultancy

The costs incurred by the SME in engaging outside consultants on a one-off consultancy activity.

Participation in fairs

The costs incurred by the SME for renting, setting up and running a stand for their **first** participation in any particular fair or exhibition.

13. Aid intensities

The aid intensity shall not exceed 50% of the eligible costs.

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

14. Incentive effect

Aid recipients must demonstrate that the aid is required for projects to proceed. Funding will not be awarded where the activity has already started before an application for support is made.

15. Cumulation

In determining whether the individual notification thresholds and the maximum aid intensities are respected, the total amount of public support for the aided 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 aid³ in regard to the same eligible costs if the result would breach the aid intensities set out above.

16. Budget for aid under the Scheme

£6 million per annum

³ Aid fulfilling the conditions laid down in Commission Regulation (EC) No 1998/2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid.

17. Monitoring and reporting requirements

All recipients of aid under the Scheme will be informed that aid has been provided under the Scheme, registered under xx/xxxx, pursuant to Articles 26 and 27 of Commission Regulation (EC) No 800/2008 (General Block Exemption Regulation),.

Records will be kept for 10 years from the date of the last award of aid under the Scheme. Records will be sufficiently detailed to establish that the conditions of the Scheme are met, to include confirmation of SME status and eligibility of supported costs.

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

Contact information:

Director of Regeneration and Sustainable Development
Welsh Local Government Association
Local Government House
Drake Walk
Cardiff
UK - CF10 4LG
Tel: + 44 (0)29 2046 8600 Fax: +44 (0)29 2046 8601