

Welsh Local Government Support for Employment (Disadvantaged/Disabled Workers) Scheme



State aid reference no:

1. **Member State**

United Kingdom

2. **Region**

Wales

3. **Title of Aid Scheme**

Welsh Local Government Support for Employment (Disadvantaged/Disabled Workers) Scheme

4. **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 40, 41 or 42 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 X62/2010.

6. **Objective of the scheme**

The aim of the scheme is to allow the Welsh local authorities to provide incentives to Welsh businesses to recruit and retain disadvantaged and disabled

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

workers through the provision of wage subsidies and support for additional costs related to the employment of disabled workers.

The scheme will help to address the difficulties faced by certain categories of disabled or disadvantage workers in entering the labour market. The overall aim of the scheme is to support the re entry of disadvantaged and disabled workers into the job market and to help boost employment levels.

7. 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

8. Scope of the scheme

The Scheme will be open to all enterprises (SMEs and large companies) throughout Wales excluding those in the coal² sector.

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

² enterprises 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

- “a firm in difficulty” within the meaning of Chapter 2 of the Community guidelines on State aid for rescuing and restructuring firms in difficulty (OJC 244, 1.10.2004)

9. Date and period of the Scheme

Support under this Scheme may be granted until 31st December 2013.

10. Budget for aid under the Scheme

Welsh local authorities, at its discretion, will grant fund projects from its annual budgets under this legal framework. The maximum allocation of funds under this scheme over the period January 2010 to 31 December 2013 has been estimated at £1.5 million and will comprise a combination of domestic resources and European structural funds.

11. Form of aid

All aid awarded under the Scheme will be transparent and in line with criteria set out in Articles 41 & 42 of the General Block Exemption Regulation. Aid may be awarded by way of:

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

12. Eligible activities to be supported under the Scheme

The Scheme supports costs for recruiting and employing disadvantaged and disabled workers and is available to all companies in Wales subject to the restrictions set out in section 9 of this document. Detailed descriptions of the eligible activities that can be supported are set out in schedules 1 and 2.

Schedule 1: support for disadvantaged and severely disadvantaged workers

Schedule 2: support for disabled workers

Each schedule provides details of the eligible costs³, the relevant aid intensities and maximum amount of support that can be awarded under the Scheme.

13. Incentive effect

³ Eligible costs must be transparent and directly and exclusively related to the project being funded

Aid recipients must demonstrate that the aid is required for projects to proceed.

Where aid is awarded for the recruitment of disadvantaged workers or for the employment of disabled workers, the supported organisation must demonstrate that the aid will lead to a net increase in the number of disadvantaged / disabled workers employed.

Where aid is awarded to compensate for the costs of employing disabled workers, the supported organisation must demonstrate that the costs are additional to those which would have otherwise been incurred if employing workers who are not disabled.

14. 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, national or Community sources.

Aid provided under this Scheme for the recruitment of disadvantaged workers will not be cumulated with other forms of aid nor with aid classed as de minimis aid⁴ in regard to the same eligible costs if the result would breach the aid intensities set out above.

Aid in favour of disabled workers may be cumulated with other forms of aid exempted under GBER in relation to the same eligible costs, up to a maximum of 100% of the eligible costs over any period for which the workers concerned are employed.

15. Monitoring and reporting requirements

All recipients of aid under the scheme will be informed that aid has been provided under the Scheme, registered under X pursuant to Articles 40, 41 or 42 of Commission Regulation (EC) No 800/2008 (General Block Exemption Regulation).

Records will be kept for 10 years from the date the last aid award provided under the Scheme is given. Records will be sufficiently detailed to establish that the conditions of the scheme are met, to include confirmation of categorisation of worker (disadvantaged/disabled) and eligibility of supported costs.

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

⁴ 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

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Schedule 1: Support for the recruitment and employment of disadvantaged and severely disadvantaged workers

This schedule sets out the objective of the aid, details of the eligible costs, the relevant aid intensities and the maximum amount of support that can be awarded under the scheme before direct notification to the Commission is required.

1. Objective of the aid

This measure is aimed at encouraging companies in Wales to recruit and employ disadvantaged and severely disadvantaged workers through the provision of a wage subsidy.

2. Eligible costs

The eligible costs under the Scheme are as follows:

- Disadvantaged workers – wage costs over a maximum period of 12 months following recruitment;
- Severely Disadvantaged workers – wage costs over a maximum period of 24 months following recruitment.

Specific Eligibility criteria

To qualify for support under the scheme the following criteria apply:

- Where the recruitment does not represent a net increase, compared with the average over the previous 12 months, in the number of employees in the undertaking concerned, the post or posts shall have fallen vacant following voluntary departure, disability, retirement on the grounds of age, voluntary reduction of working time or lawful dismissal for misconduct and not as a result of redundancy;
- Except in cases of lawful dismissal for misconduct the worker shall be entitled to continuous employment for a minimum period consistent with the national legislation concerned or any collective agreement governing employment contracts.

3. Aid intensities applicable

The following aid intensity will apply for all organisations:

Wage costs for disadvantaged/severely disadvantaged workers	50%
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4. Individual notification thresholds

The maximum support that can be provided to any one organisation under this Scheme is **€5m**. Any grant awarded to an individual organisation exceeding this level will need to be notified directly to the Commission.

5. Definitions

“Disadvantaged worker” means any person who:

- has not been in regular paid employment for the previous 6 months;
- has not attained an upper secondary educational or vocational qualification (A level or equivalent);
- is over the age of 50;
- lives as a single adult with one or more dependents;
- works in a sector or profession where the gender imbalance is at least 25% higher than the average gender imbalance across all sectors and belongs to that underrepresented gender group; or
- is a member of an ethnic minority who requires development of his or her linguistic, vocational training or work experience profile to enhance prospects of gaining stable employment.

“Severely disadvantaged worker” means any person who has been unemployed for 24 months or more.

“wage cost” means the total amount actually payable by the beneficiary of the aid in respect of the employment concerned comprising the gross wage, compulsory contributions and child care and parent costs.

Schedule 2: Support for the employment of disabled workers

This schedule sets out the objective of the aid, details of the eligible costs, the relevant aid intensities and the maximum amount of support that can be awarded under the scheme before direct notification to the Commission is required.

1. Objective of the aid

This measure is aimed at encouraging companies in Wales to employ disabled workers through the provision of a wage subsidy and support to compensate for the extra costs of employing disabled workers.

2. Eligible costs

The eligible costs under the Scheme are as follows:

Wage subsidy for the employment of disabled workers:

The wage costs over any given period during which the disabled worker is being employed .

Additional costs of employing disabled workers

Costs incurred by the organisation which are additional to those which would have been incurred if employing workers who are not disabled over the period which the worker concerned is employed. Specific eligible costs are:

- costs of adapting premises
- costs of employing staff for the time spent solely on the assistance of the disabled workers
- costs of adapting or acquiring equipment, or acquiring and validating software for use by disabled workers, including adapted or assistive technology facilities, which are additional to those which the beneficiary would have incurred if employing workers who are not disabled;
- sheltered employment – costs of constructing, installing or expanding the establishment concerned, and any costs of administration and transport which result directly from the employment of disabled workers

Specific eligibility criteria

To qualify for support under the scheme the following criteria apply:

- Where the recruitment does not represent a net increase, compared with the average over the previous 12 months, in the number of

employees in the undertaking concerned, the post or posts shall have fallen vacant following voluntary departure, disability, retirement on the grounds of age, voluntary reduction of working time or lawful dismissal for misconduct and not as a result of redundancy;

- Except in cases of lawful dismissal for misconduct the worker shall be entitled to continuous employment for a minimum period consistent with the national legislation concerned or any collective agreement governing employment contracts.

3. **Aid intensities applicable**

The following aid intensities will apply:

Wage costs for disabled workers	75%
Additional costs of employing disabled workers	100%

4. **Individual notification thresholds**

The maximum support that can be provided to any one organisation under this Scheme is identified in the table below. Any grant awarded to an individual organisation exceeding this level will need to be notified directly to the Commission.

Wage costs for disabled workers	€10m
Additional costs of employing disabled workers	€10m

5. **Definitions**

Disabled worker” means any person:

- recognised as disabled under national law; or
- having a recognised limitation which results from physical, mental or psychological impairment.

“wage cost” means the total amount actually payable by the beneficiary in respect of the employment concerned comprising gross wage, compulsory contributions and child care and parent costs.

“sheltered employment” means employment in an undertaking where at least 50% of workers are disabled.