



**LOCAL INVESTMENT
IN FUTURE TALENT**



LIFT

Local Investment in Future Talent

A rural skills and employability funding programme for Norfolk and North Suffolk

FACT SHEET

State Aid: General Block Exemption Regulation for LIFT Projects

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State Aid: General Block Exemption Regulation for LIFT Projects

All aid provided under this Scheme will be within the limits set out in Articles 4 and 31 of Commission Regulation (EU) No 651/2014 of 17 June 2014 and amended by Commission Regulation (EU) No. 2017/1084 of 14 June 2017 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation). A full version of the Regulation can be found at:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>

A full version of the amending Regulation can be found at:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1084&from=EN>

The promotion of training and the recruitment/employment of disadvantaged workers and of workers with disabilities constitutes a central objective of the economic and social policies of the Union and its Member States.

Training usually generates positive externalities for society as a whole, since it increases the pool of skilled workers from which other firms may draw, improves the competitiveness of the Union industry and plays an important role in the Union employment strategy. Aid to promote training should therefore be exempted from the notification requirement under certain conditions. In the light of the particular handicaps which SMEs face and the higher relative costs that they must bear when they invest in training, the intensities of aid exempted by this Regulation should be increased for SMEs. Furthermore, the intensities of aid exempted by this Regulation should be increased if the training is given to disadvantaged workers or to workers with disabilities. The characteristics of training in the maritime transport sector justify a specific approach for that sector.

Certain categories of disadvantaged workers and workers with disabilities still experience particular difficulties in entering and remaining in the labour market. For this reason, public authorities may apply measures providing incentives to undertakings to increase the levels of employment of these categories of workers, in particular of young people. As employment costs form part of the normal operating costs of any undertaking aid for the employment of disadvantaged workers and of workers with disabilities should have a positive effect on employment levels of those categories of workers and should not merely enable undertakings to reduce costs which they would otherwise have to bear. Consequently, such aid should be exempted from the notification requirement when it is likely to assist those categories of workers in entering or re-entering and remaining in the job market. As set out in the

Communication from the Commission to The European Parliament, the Council, the European Economic And Social Committee and the Committee Of The Regions — European Disability Strategy 2010-2020: A Renewed Commitment to a Barrier-Free Europe (1) the core elements of the EU disability strategy, combine anti-discrimination, equal opportunities and active inclusion measures and reflect the United Nations Convention on the Rights of Persons with Disabilities to which the EU and the majority of the Member States are a party. This Regulation should refer to aid for workers with disabilities in the sense of Article 1 of the Convention.

CHAPTER I

COMMON PROVISIONS

Article 1

Scope

(e) training aid;

(f) recruitment and employment aid for disadvantaged workers and workers with disabilities;

Article 2

Definitions

“Date of granting the aid” means the date when the legal right to receive the aid is conferred on the beneficiary under the applicable national legal regime

“Disadvantaged worker” means any person who:

- has not been in regular paid employment for the previous 6 months; or
- is between 15 and 24 years of age; or
- has not attained an upper secondary educational or vocational qualification (International Standard Classification of Education 3) or is within two years after completing full-time education and who has not previously obtained his or her first regular paid employment; or
- is over the age of 50 years; or
- lives as a single adult with one or more dependents; or
- works in a sector or profession in a Member State where the gender imbalance is at least 25% higher than the average gender imbalance across all economic sectors in that Member State, and belongs to that underrepresented gender group; or

- is a member of an ethnic minority within a Member State and who requires development of his or her linguistic, vocational training or work experience profile to enhance prospects of gaining access to stable employment;

'Severely Disadvantaged Worker' means any person who:

- has not been in regular paid employment for at least 24 months; or
- has not been in regular paid employment for at least 12 months and belongs to one of the categories (b) to (g) mentioned under the definition of 'Disadvantaged Worker'.

"Worker with disabilities" means any person:

recognised as a worker with disabilities under national law; or

- has long-term physical, mental, intellectual or sensory impairment(s) which, in interaction with various barriers, may hinder their full and effective participation in a work environment on an equal basis with other workers.

'sheltered employment' means employment in an undertaking where at least 30 % of workers are workers with disabilities;

"Large enterprise" means any enterprise that is not an SME

"Repayable advance" means a loan for a project which is paid in one or more instalments and the conditions for the reimbursement of which depend upon the outcome of the project.

"SME" means undertakings fulfilling the criteria set out in Annex 1 of Commission Regulation 651/2014

"Undertaking in difficulty" means an undertaking in respect of which at least one of the following circumstances occurs:

(a) In the case of a limited liability company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its subscribed share capital has disappeared as a result of accumulated losses. This is the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital. For the purposes of this provision, "limited liability company" refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU34 and "share capital" includes, where relevant, any share premium.

(b) In the case of a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three years or, for the purposes of eligibility for risk finance aid, an SME within 7 years from its first commercial sale that qualifies for risk finance investments following due diligence by the selected financial intermediary), where more than half of its capital

as shown in the company accounts has disappeared as a result of accumulated losses. For the purposes of this provision, "a company where at least some members have unlimited liability for the debt of the company" refers in particular to the types of company mentioned in Annex II of Directive 2013/34/EU.

(c) Where the undertaking is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors.

Article 6

Incentive effect

Aid shall be considered to have an incentive effect if the beneficiary has submitted a written application for the aid before work on the project or activity starts. The application for the aid shall contain at least the following information:

- (a) Name and size of the undertaking;
- (b) Description of the project, including its start and end dates;
- (c) Location of the project;
- (d) List of project costs;
- (e) Form of and amount of public funding needed for the project.

The following categories of aid are not required to have or shall be deemed to have an incentive effect:

- (c) aid for the recruitment of disadvantaged workers in the form of wage subsidies and aid for the employment of workers with disabilities in the form of wage subsidies, if the relevant conditions laid down in Articles 32 and 33 respectively are fulfilled,
- (d) aid compensating for the additional costs of employing workers with disabilities, if the conditions laid down in Article 34 are fulfilled;

Article 8

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, 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 aid in regard to the same eligible costs if the result would breach the applicable aid intensities.

A mechanism is in place as part of the application process to ensure that cumulation of aid does not exceed the maximum allowable aid intensities of the Scheme. Due diligence checks will be carried out during the awarding process.

Monitoring and Reporting requirements

SECTION 5

Training aid

Article 31

Training aid

1. Training aid shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.

2. Aid shall not be granted for training which undertakings carry out to comply with national mandatory standards on training.

3. The eligible costs shall be the following:

(a) trainers' personnel costs, for the hours during which the trainers participate in the training;

(b) trainers' and trainees' operating costs directly relating to the training project such as travel expenses, materials and supplies directly related to the project, depreciation of tools and equipment, to the extent that they are used exclusively for the training project. Accommodation costs are excluded except for the minimum necessary accommodation costs for trainees' who are workers with disabilities;

(c) costs of advisory services linked to the training project;

(d) trainees' personnel costs and general indirect costs (administrative costs, rent, overheads) for the hours during which the trainees participate in the training.

4. The aid intensity shall not exceed 50 % of the eligible costs. It may be increased, up to a maximum aid intensity of 70 % of the eligible costs, as follows:

(a) by 10 percentage points if the training is given to workers with disabilities or disadvantaged workers;

(b) by 10 percentage points if the aid is granted to medium-sized enterprises and by 20 percentage points if the aid is granted to small enterprises.

Some training activity is not considered to be State aid. This is generally because the activity is not considered to be economic.

The types of activity considered not subject to the State aid rules are:

General education up to and including higher education;

- Initial training schemes such as modern apprenticeships and day release schemes;
- Traineeships for unemployed people in enterprises;
- Provision of basic skills (basic literacy and numeracy skills and basic IT literacy) to employees; and
- Aid targeted at employees for training unconnected with their work place.

SECTION 6

Aid for disadvantaged workers and for workers with disabilities

Article 32

Aid for the recruitment of disadvantaged workers in the form of wage subsidies

1. Aid schemes for the recruitment of disadvantaged workers shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided the conditions laid down in this Article and in Chapter I are fulfilled.
2. Eligible costs shall be the wage costs over a maximum period of 12 months following recruitment of a disadvantaged worker. Where the worker concerned is a severely disadvantaged worker, eligible costs shall be the wage costs over a maximum period of 24 months following recruitment.
3. 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 grounds of age, voluntary reduction of working time or lawful dismissal for misconduct and not as a result of redundancy.
4. Except in the case of lawful dismissal for misconduct, the disadvantaged workers shall be entitled to continuous employment for a minimum period consistent with the national legislation concerned or any collective agreements governing employment contracts.
5. If the period of employment is shorter than 12 months, or 24 months in the case of severely disadvantaged workers, the aid shall be reduced pro rata accordingly.
6. The aid intensity shall not exceed 50 % of the eligible costs.

Article 33

Aid for the employment of workers with disabilities in the form of wage subsidies

1. Aid for the employment of workers with disabilities shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided the conditions laid down in this Article and in Chapter I are fulfilled.
2. Eligible costs shall be the wage costs over any given period during which the worker with disabilities is employed.
3. 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, disabilities, retirement on grounds of age, voluntary reduction of working time or lawful dismissal for misconduct and not as a result of redundancy.
4. Except in the case of lawful dismissal for misconduct, the workers with disabilities shall be entitled to continuous employment for a minimum period consistent with the national legislation concerned or any collective agreements which are legally binding for the undertaking and governing employment contracts.
5. The aid intensity shall not exceed 75 % of the eligible costs.

Article 34

Aid for compensating the additional costs of employing workers with disabilities

1. Aid for compensating the additional costs of employing workers with disabilities shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided the conditions laid down in this Article and in Chapter I are fulfilled.
2. The eligible costs shall be the following:
 - (a) costs of adapting the premises;
 - (b) costs of employing staff solely for time spent on the assistance of the workers with disabilities and of training such staff to assist workers with disabilities;
 - (c) costs of adapting or acquiring equipment, or acquiring and validating software for use by workers with disabilities, including adapted or assistive technology facilities, which are additional to those which the beneficiary would have incurred had it employed workers who are not workers with disabilities;
 - (d) costs directly linked to transport of workers with disabilities to the working place and for work related activities;
 - (e) wage costs for the hours spent by a worker with disabilities on rehabilitation;

(f) where the beneficiary provides sheltered employment, the costs of constructing, installing or modernising the production units of the undertaking concerned, and any costs of administration and transport, provided that such costs result directly from the employment of workers with disabilities.

3. The aid intensity shall not exceed 100 % of the eligible costs.

Article 35

Aid for compensating the costs of assistance provided to disadvantaged workers

1. Aid for compensating the costs of assistance provided to disadvantaged workers shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempt from the notification requirement of Article 108(3) of the Treaty, provided the conditions laid down in this Article and in Chapter I are fulfilled.

2. The eligible costs shall be the costs of:

(a) employing staff solely for time spent on the assistance of the disadvantaged workers over a maximum period of 12 months following recruitment of a disadvantaged worker or over a maximum period of 24 months following recruitment of a severely disadvantaged worker;

(b) of training such staff to assist disadvantaged workers.

3. The assistance provided shall consist of measures to support the disadvantaged worker's autonomy and adaptation to the work environment, in accompanying the worker in social and administrative procedures, facilitation of communication with the entrepreneur and managing conflicts.

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