Regional Growth Fund

Catalyst for Growth

CATALYST FOR GROWTH

DETAILED PROGRAMME GUIDANCE

Introduction

The Catalyst for Growth Regional Growth Fund (RGF) Programme's objectives are to create and safeguard jobs through business development and growth. The key priorities are to support the expansion, modernisation and diversification of businesses within the chemical sector across the North West.

This document should be read in conjunction with the RGF Detailed Programme Guidance document which provides detailed information in relation to eligibility and the State Aid Regulations under which the programme will operate.

Focus of Activities

Subject to State Aid regulations (influenced by company size / status and location), investment from the Catalyst for Growth RGF Programme can be used to contribute to the following activity:

- **capital expenditure** for new premises, expansion or adaptation,
- purchase of plant and machinery; Infrastructure
- associated costs for expansion such as investment in new technologies, systems and software
- associated **training**
- and/or aspects of experimental research and development to create new applications or prototypes

This document should be read in conjunction with the Summary Guidance - Eligible Activities and Investment Levels document. It provides further detailed information relating to the areas of activity and state aid rules under which the Catalyst for Growth RGF Programme will operate.

A glossary of definitions of terms used within this document and the can be found at Annex A.

Legal Requirements

The criteria for the Regional Growth Fund must meet with the European State Aid law provisions set out in the General Block Exemption Regulation ((Regulation EC) 800/2008) and Treasury Green Book guidance designed to promote the efficient and proper use of public resources.

Any scheme must:
- Demonstrate the legal base for the operation;
- Meet European restrictions on the provision of state aid;
- Provide sustainable benefits for the sub-regional and regional economies; and
- Not conflict with the sectoral restrictions that are derived directly from EC State Aid rules or flow from the national restrictions.

Legal base

Powers to support businesses using Regional Growth Fund are provided by section 7 of the Industrial Development Act 1982. Section 7(1) of the Act provides for financial assistance to be given on a discretionary basis in order to provide, maintain or safeguard employment in the programme's geographical area. Offers of assistance in England are subject to the consent of HM Treasury (HMT).

The Regional Growth Fund programme will be delivered within the parameters of the Department for Business, Innovation and Skills (BIS) for grants. Potential recipients of Regional Growth Fund should note that all elements of the scheme are provided at the discretion of the Programme Board.

European State Aid rules relating to the Regional Growth Fund

The Commission has been informed that the Regional Growth Fund will provide aid under a number of block exemptions: those which are the focus of the Catalyst for Growth programme are listed below:

- **Regional Aid* (Articles 13/14)** **] Priority focus for CfG**
- **Investment Aid to SMEs (Article 17)*** **]**
- Experimental development (Article 25.2c)
- Aid for technical feasibility studies (Article 25.2d)

and associated with the above,
- Training Aid (Article 31)

EC State Aid rules provide that Regional Growth Fund may not be used to:

- provide 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;
- provide aid contingent upon the use of domestic over imported goods.

A summary table of the eligibility criteria, allowable expenditure and levels of aid permissible under each of the State Aid Block Exemptions can be found in the RGF Eligible Activities and Investment Criteria document. A detailed summary of each of the block exemptions can be found at Annexes E to H.

Please note, applications for grant support through the Catalyst for Growth RGF programme will be assessed on a case by case basis in the context of the overall programme outputs and investment ratios. The appraisal and amount of grant awarded will ensure that the overall programme maintains its approved private:public funding investment ratio of 4:1 and that it will create at least 350 new jobs and safeguard 100 jobs. As a result, maximum grant levels allowable through the state aid block exemptions are not guaranteed to be awarded for every case assessed.

There is a maximum grant level of £500,000.

Companies in receipt of Enhanced Capital Allowances through the Enterprise Zone are not eligible for Regional Growth Fund.

EC Sectoral Restrictions

Whilst the Regional Growth Fund may be used to support businesses in most sectors of the economy the Catalyst for Growth Programme is focused on supporting the North West's chemical sector and related Industries. A broad view of the 'chemicals sector' will be taken, as it is such a diverse industry, so specific sub-sectors will *not* be targeted as the barriers to growth are widely applicable. Industry stakeholders (such as UKTI and Chemicals NW) will be involved in the governance of the programme to ensure that RGF grants are disbursed reflecting their priorities.

However for information, State Aid rules mean that RGF cannot be used to provide aid that favours undertakings active in:

- the fisheries and aquaculture sectors, as 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 and any other subsequent amendments

- whilst aid for research and development in the fishery and aquaculture sectors can be compatible with the internal market within the meaning of Article 107 (3) of the treaty and can be exempted from notification requirement of Article 108(3) of the treaty, subject to conditions in Article 30 of the GBER regulations applicable as at 1st July 2014, this is beyond the scope of the Catalyst for Growth Programme;

- the primary production of agricultural products (as defined in Annex A); 1 EC State Aid rules specify that business support schemes such as GBI may not be restricted to specific types of economic activity within the manufacturing or service sectors. Tourism activities are not considered as being targeted at specific sectors.

- the processing and marketing of agricultural products (as defined in Annex A), in the following cases:

- when the amount of the 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 undertakings concerned, or
- when the aid is conditional on being partly or entirely passed on to primary producers;
- the coal sector as defined in Annex A;
- the steel sector as defined in Annex A;
- the shipbuilding sector as defined in Annex A;
- the synthetic fibres sector as defined in Annex A.

In the road transport sector, most general State aid rules apply (including the de minimis regulation, although there are a number of exceptions (e.g. transport equipment is in general not eligible for aid; aid for the acquisition of road freight transport vehicles is excluded from the de minimis regulation and the de minimis ceiling is decreased to EUR 100 000 for the road transport sector). Sector-specific State aid rules apply in the other transport sectors (rail, air, inland waterways and maritime transport).

Other Sectoral Restrictions

The following areas are ineligible for investment:

- Applications made by the retail sector for retail activities
- Applications involving hospital or medical services and residential care
- Applications for projects in the defence sector
- Projects by schools or colleges
- Projects involving the manufacture of tobacco related products

Firms in difficulties

Regional Growth Fund Grant cannot be used to support undertakings or firms in difficulty (see Annex A) and full assessment at investment proposal stage will be undertaken to determine the applicant's financial standing.

Cumulation

Regional Growth Fund may be cumulated with any other aid granted under an EC notified scheme (for example training aid and aid for research and development i.e. experimental R&D) as long as those aid measures concern *different* identifiable eligible costs.

Regional Growth Fund shall not be cumulated with any other aid exempted under the General Block Exemption Regulation or de minimis aid fulfilling the conditions laid down in Commission Regulation (EC) No 1998/2006 (as amended by Decision of the EEA Joint Committee No 27/2007 and any other subsequent amendments) on the application of Article 87 and 88 of the Treaty to the minimis aid or with other Community funding in relation to the same - partly or fully overlapping - eligible costs if such cumulation would result in exceeding the highest aid intensity or aid amount applicable to this aid under the General Block Exemption Regulation.

Incentive effect

It is a requirement of EC State Aid law that Regional Growth Fund may only be awarded when it produces an incentive effect. The Regional Growth Fund is considered to have an incentive effect if it enables the beneficiary to carry out activities or projects which would not have been carried out as such in the absence of the aid.

Regional Growth Fund will also be considered to give an incentive effect if, in the absence of the aid, the investment project would not have been carried out in the Catalyst for Growth area.

Regional Growth Fund may only be awarded if it has an incentive effect. It shall be considered to have an incentive effect if, before work on the project has begun, the Programme Team has verified that documentation prepared by the beneficiary establishes one or more of the following criteria:

- material increase in the size of the project due to the aid;
- a material increase in the scope of the project due to the aid;

- a material increase in the total amount spent by the beneficiary on the project due to the aid (i.e. scale);
- a material increase in the speed of completion of the project concerned; or
- that the project would not have been carried out in the Catalyst for Growth operating area in the absence of the aid.

Investment Conditions

Viability

The company undertaking the investment project must be viable and the project must have a good chance of being self-sustaining by the completion of the investment.

Additionality

The applicant must be able to demonstrate convincingly that Regional Growth Fund assistance is necessary for the project to go ahead at all or whether its quality, scale, timing or location (or any combination of these factors) would justify the provision of assistance.

Expenditure associated with tangible and intangible assets

In order to be considered eligible costs for the purposes of Regional Growth Fund tangible or intangible assets must be purchased from third parties under market conditions, without the acquirer being in a position to exercise control, within the meaning of Article 3 of Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (the EC merger Regulation, see Annex A), on the seller or vice versa. Self built assets, or tangible assets acquired from other companies within the same group are considered to fulfil the conditions of this paragraph if the assets are independently valued.

The investment must be maintained in the recipient region for at least three years if in an SME (at least five years for a large Company) after the whole investment has been completed. This shall not prevent the replacement of plant or equipment that has become out-dated due to rapid technological change, provided that the economic activity is retained in the region for the minimum period.

In order to be considered eligible costs for the purposes of Regional Growth Fund, intangible assets shall fulfil the following additional conditions:

a) they must be used exclusively in the establishment receiving the aid; and
b) they must be regarded as amortisable assets.

Expenditure on the purchase of transport equipment (movable assets) is not eligible for Regional Growth Fund support.

Applicants who are successful in receiving Regional Growth Fund investment will be required to secure value for money through their procurement processes. As part of the process, applicants will be expected to provide evidence that they have secured quotes for work, machinery and other major items purchased as part of the project.

Expenditure associated with job creation

In order to be considered an eligible cost for the purposes of Regional Growth Fund, employment must be directly created by an investment project and fulfil the following conditions:

- employment shall be created within three years of completion of the investment;
- the investment project shall lead to a net increase in the number of employees in the establishment concerned, compared with the average over the previous twelve months;
- the employment created shall be maintained for up to five years in the case of a large enterprise or up to three years in the case of SMEs.

Please also note:

- Projects which are likely to create over-capacity and/or displace jobs from another area elsewhere in the UK do not qualify for aid.
- Relocation projects will only qualify for support where the relocation involves a significant increase in net employment
- Where aid is calculated on the basis of wage costs, EC State Aid rules specify that the job creation associated with the project must occur within three years of project completion and each job must be maintained for a minimum period of five years in the case of employment by a large company and three years in the case of employment by a SME.

Temporary construction jobs for projects relating to either mining or construction are not eligible unless the jobs can be sustained for the 3 year period.

Further requirements relating to seasonal jobs, home-working and tele-working can be found at Annex D.

Aid intensity for projects with investment and employment

The thresholds under state aid regulations shall apply to the intensity of the aid calculated as a percentage of the investment's eligible tangible and intangible costs.

Acquisition of an establishment

In the case of acquisition of an establishment, only the costs of buying assets from third parties shall be taken into consideration, and only where the transaction has taken place under market conditions, without the acquirer being in a position to exercise control (see Annex A) on the seller, or vice versa. Where the acquisition is accompanied by other investment, the costs relating to the latter shall be added to the cost of the purchase.

Costs related to the acquisition of assets under lease, other than land and buildings, shall only be taken into consideration if the lease takes the form of financial leasing and contains an obligation to purchase the asset at the expiry of the term of the lease.

Except in the case of SMEs and takeovers, the assets acquired shall be new. In the case of takeovers, assets for the acquisition of which aid has already been granted prior to the purchase shall be deducted.

Where the asset is land and/or buildings that have not been acquired but leased, previously granted state aid does not have to be deducted for the expired part of the period over which the lease was capitalised for the purpose of calculating eligible expenditure.

No prior start

If work on a project **has started** then it is ineligible for financial support. An application for investment must be submitted and an offer made before work on the project is started. "Start of work" means either the start of construction work or the first legally binding commitment to order equipment, excluding preliminary feasibility studies, whichever is earlier.

Calculating gross grant equivalent aid intensity

For the purposes of calculating aid intensity, all figures used shall be taken before any deduction of tax or other charge.

Aid payable in several instalments shall be discounted to its value at the moment of granting. The interest rate to be used for discounting purposes shall be the reference rate applicable at the time of grant.

Policy restrictions

The Catalyst for Growth Regional Growth Fund is a discretionary programme. Sections 7 and 8 of the Industrial Development Act 1982 do not provide automatic qualifying criteria. In order for a project to be eligible for grant it must comply with the Regional Growth Fund Grant criteria in addition to the EC State Aid rules.

An assessment of the overall quality of the project will be undertaken to ensure a basis for judging the level of assistance that will deliver value for money for the programme. In principle, the higher the quality of the project the more assistance can be offered (according to need). The quality factors that should be considered include:

- the number of jobs created or safeguarded;
- the salaries and skill levels of these jobs;
- the value of research and development and training, and
- the amount of productivity improvement.

Support can be awarded to companies, partnerships or sole traders. A "company" can include all legal vehicles for carrying on business (including partnerships, limited liability partnerships, sole traders and companies registered in other jurisdictions as well as limited liability companies registered in Great Britain) unless the context dictates otherwise.

The impact of the proposed investment on existing businesses will be considered during the assessment of any application for investment.

Application and Appraisal Process

In order to access project-development support through the Catalyst for Growth RGF programme, applicants have the option to complete and submit an Expression of Interest form to the Programme Delivery Team. Upon receipt of an Expression of Interest, eligibility will be checked by the Programme Delivery team and the submission forwarded to our project Partner C-Tech Innovation Ltd and an appointment arranged. If the project is potentially eligible for grant funding a full application form must be submitted by those wanting to access the grant by the set deadline (see webpage for dates). This must be completed for all levels of investment projects.

Once an application is received this will be reviewed by the Programme Delivery Team who undertakes an initial assessment and identifies if further information is required to ensure that a full appraisal can be undertaken or the application improved upon.

Once submitted to the Programme, the application will be appraised before it is submitted to the Investment Panel for a decision. The Investment Panel and Programme Board will be responsible for making decisions on grants.

An appraisal report will be submitted to the Board or Panel, providing comprehensive evidence that due diligence has been carried out on the project. Additional information and/or independent checks will be carried out as necessary, to verify the information provided by the applicant on their Application Form.

Each application will be considered against the eligibility criteria and scored appropriately. It will initially be reviewed against the level of new jobs to be created; the investment being made by the applicant; wider value for money indicators and the projected timescale and delivery of the project. The assessment will also take into account the company's due diligence information including its trading position, financial/accounts, cash-flow and projections, track record, assets and liabilities, as well as the proposed business case. It will ensure that the project is compliant with State Aid Regulations, including whether the applicant has received State Aid in the past.

A key consideration will be the additionality and viability of the project. The appraisal and approval process will establish if assistance is necessary for the project to go ahead and will review the quality of scheme, scale, timing and its location. Eligible Projects seeking £100,000 or more grant, may be required to make a presentation to the Investment Panel.

A decision to approve, defer or reject will be made. The decision of the Board and/or Panel will be final.

An offer letter will be sent to successful applicants that clearly set out the conditions of the offer and a meeting will be held to ensure that the implications of accepting the fund is fully understood and acknowledged.

Annex A – Definitions

For the purpose of these Guidelines the following definitions shall apply:

a) ``control'' has the meaning set out in Article 3 of Council Regulation (EC) No 139/2004. Specifically, control shall be constituted by rights, contracts or any other means which, either separately or in combination and having regard to considerations of fact or law involved, confer the possibility of exercising decisive influence on an undertaking, in particular by:

- ownership or the right to use all or part of the assets of an undertaking;
- rights or contracts which confer decisive influence on the composition, voting or decisions of the organs of an undertaking;

Control is acquired by persons or undertakings which:

- are holders of the rights or entitled to rights under the contracts concerned; or
- while not being holders of such rights or entitled to rights under such contracts, have the power to exercise the rights deriving there from;

b) ``tangible assets'' means assets relating to land, buildings and plant, machinery and equipment;

c) ``intangible assets'' means assets entailed in by transfer of technology by the acquisition of patent rights, licences, know-how or unpatented technical knowledge;

d) "firm in difficulty" means a firm that fulfils the following conditions:

i. in the case of a limited liability company, where more than half of its registered capital has disappeared and more than one quarter of that capital has been lost over the preceding 12 months;
ii. in the case of a company where at least some members have unlimited liability for the debt of the company, where more than half of its capital as shown in the company accounts has disappeared and more than one quarter of that capital has been lost over the preceding 12 months; or
iii. whatever the type of company concerned, where it fulfils the criteria under domestic law for being the subject of collective insolvency proceedings;

e) ``large investment project'' means an investment in capital assets with eligible costs above €50m, calculated at prices and exchange rates on the date when the aid is granted;

f) ``number of employees'' means the number of annual labour units (ALU) (full time equivalent (FTE) staff), namely the number of persons employed full time in one year, part-time and seasonal work being ALU fractions;

g) ``job creation'' means a net increase in the number of employees directly concerned with the activity to which the investment relates, including employment created following an increase in the utilisation rate of the capacity created by the investment. The net increase is the increase in employment compared to the average number of employees over the previous 12 months. For the purposes of RGF jobs created should be sustained for at least <u>three years</u> following investment.

<u>h) 'jobs safeguarded' means</u> a job which the grant recipient has confirmed in writing would <u>be lost within 12 months</u> from the date which the Beneficiary would first receive funds under

a Beneficiary Agreement and confirmation that the post/s would not have been safeguarded without the provision of such funds. In addition to the creation of new jobs, the safeguarding of existing positions within beneficiary businesses is also fundamental to the programme. In order to be considered an eligible cost for the purposes of the Regional Growth Fund, the safeguarding of jobs must be directly attributable to a qualifying investment project.

i) ``small and medium-sized enterprises'' or ``SME'' means undertakings fulfilling the criteria laid down in Annex B at the time that the grant is offered;

j) ``large enterprises'' means undertakings not fulfilling the criteria laid down in Annex B;

k) ``project completion'' is not defined in EC State Aid law. For the purposes of the Catalyst for Growth RGF it is taken to mean the date three years after the final job output has been created.

l) ``transport sector'' is not defined in EC State Aid law. For the purposes of RGF it is taken to mean transport operators or carriers (bus operators, train operators, airlines, ship owners and operators, etc.) and transport network providers (e.g. rail networks, ports and airports). The transport sector includes road haulage (though as a liberated sector it is excluded from benefiting from most forms of State Aid). For the purposes of State Aid the transport sector does not include own transport, for example, where a supermarket carries its own goods by road in its own vehicles. It does not include freight forwarders, who merely organise shipments and warehouse goods, and it does not include vehicle, aircraft, rolling stock, ship, etc. manufacturers;

m) ``start of work'' means either the start of construction work or the first legally binding commitment to order equipment, excluding preliminary feasibility studies, whichever is earlier;

n) ``agricultural product'' means:

i. the products listed in Annex I of the Treaty, except fishery and aquaculture products covered by Regulation (EC) No1379/2013;
ii. products falling under Council Note codes 4502, 4503 and 4504 (cork products);
iii. products intended to imitate or substitute milk and milk products, as referred to in Council Regulation (EEC) No 1234/2007;

Annex I of the Treaty is reproduced in Annex C.

o) ``processing of agricultural products'' means any operation on an agricultural product resulting in a product which is also an agricultural product, except on-farm activities necessary for preparing an animal or plant product for the first sale;

p) ``marketing of agricultural products'' means holding or display with a view to sale, offering for sale, delivery or any other manner of placing on the market, except the first sale by a primary producer to resellers or processors and any activity preparing a product for such first sale; a sale by a primary producer to final consumers shall be considered as marketing if it takes place in separate premises reserved for that purpose;

q) `coal sector'' means undertakings which carry out an activity in connection with coal production where 'coal' is defined as high-grade, medium-grade and low-grade category A and B coal within the meaning of the international codification system for coal laid down by the United Nations Economic Commission for Europe;

r) “shipbuilding sector’ means any undertaking which is involved in the building, repair or conversion of ships where ‘shipbuilding’ means the building, in the Community, of self-propelled seagoing commercial vessels;

s) ``synthetic fibres sector’’ means:

i. extrusion/texturisation of all generic types of fibre and yarn based on polyester, polyamide, acrylic or polypropylene, irrespective of their end uses; or
ii. polymerisation (including polycondensation) where it is integrated with extrusion in terms of the machinery used; or
iii. any ancillary process linked to the contemporaneous installation of extrusion/texturisation capacity by the prospective beneficiary or by another company in the group to which it belongs and which, in the specific business activity concerned, is normally integrated with such capacity in terms of the machinery used;

t) `` newly created small enterprise” means a small enterprise which has been created less than five years ago (see footnote 77 to the EC National Regional Aid Guidelines (2006/C 54/08));

u) ``steel sector’’ means all activities related to the production of one or more of the following products:

i. pig iron and ferro-alloys: pig iron for steelmaking, foundry and other pig iron, spiegeleisen and high-carbon ferro-manganese, not including other ferro-alloys;
ii. crude and semi finished products of iron, ordinary steel or special steel: liquid steel cast or not cast into ingots, including ingots for forging semi-finished products: blooms, billets and slabs; sheet bars and tinplate bars; hot-rolled wide coils, with the exception of production of liquid steel for castings from small and medium-sized foundries;
iii. hot finished products of iron, ordinary steel or special steel: rails, sleepers, fishplates, soleplates, joists, heavy sections 80 mm and over, sheet piling, bars and sections of less than 80 mm and flats of less than 150 mm, wire rod, tube rounds and squares, hot-rolled hoop and strip (including tube strip), hot-rolled sheet (coated or uncoated), plates and sheets of 3 mm thickness and over, universal plates of 150 mm and over, with the exception of wire and wire products, bright bars and iron castings;
iv. cold finished products: tinplate, terneplate, blackplate, galvanized sheets, other coated sheets, cold-rolled sheets, electrical sheets and strip for tinplate, cold-rolled plate, in coil and in strip;
v. tubes: all seamless steel tubes, welded steel tubes with a diameter of over 406.4 mm.

DEFINITIONS FOR AID FOR RESEARCH AND DEVELOPMENT AND INNOVATION – *Extract from GBER Regulation, Article 2, page 35-37, applicable from 1st July 2014*

83. 'research and knowledge-dissemination organisation' means an entity (such as universities or research institutes, technology transfer agencies, innovation intermediaries, research-oriented physical or virtual collaborative entities), irrespective of its legal status (organised under public or private law) or way of financing, whose primary goal is to independently conduct fundamental research, industrial research or experimental development or to widely disseminate the results of such activities by way of teaching, publication or knowledge transfer. Where such entity also pursues economic activities the financing, the costs and the revenues of those economic activities must be accounted for separately. Undertakings that can exert a decisive influence upon such an entity, in the quality of, for example, shareholders or members, may not enjoy preferential access to the results generated by it;

84. 'fundamental research' means experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any direct commercial application or use in view; ***N.B this is outside of the scope covered by the Catalyst for Growth Programme***

85. 'industrial research' means the planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or for bringing about a significant improvement in existing products, processes or services. It comprises the creation of components parts of complex systems, and may include the construction of prototypes in a laboratory environment or in an environment with simulated interfaces to existing systems as well as of pilot lines, when necessary for the industrial research and notably for generic technology validation; ***N.B this is outside of the scope covered by the Catalyst for Growth Programme***

86. 'experimental development' means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services;

Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions where the primary objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes.

Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements;

87. 'feasibility study' means the evaluation and analysis of the potential of a project,
which aims at supporting the process of decision-making by objectively and rationally uncovering its strengths and weaknesses, opportunities and threats, as well as identifying the resources required to carry it through and ultimately its prospects for success; ***N.B this is potentially outside of the scope covered by the Catalyst for Growth Programme unless this directly leads to jobs creation;***

88. 'personnel costs' means the costs of researchers, technicians and other supporting staff to the extent employed on the relevant project or activity;

89. 'arm's length' means that the conditions of the transaction between the contracting parties do not differ from those which would be stipulated between independent enterprises and contain no element of collusion. Any transaction that results from an open, transparent and non-discriminatory procedure is considered as meeting the arm's length principle;

90. 'effective collaboration' means collaboration between at least two independent parties to exchange knowledge or technology, or to achieve a common objective based on the division of labour where the parties jointly define the scope of the collaborative project, contribute to its implementation and share its risks, as well as its results. One or several parties may bear the full costs of the project and thus relieve other parties of its financial risks. Contract research and provision of research services are not considered forms of collaboration.

91. 'research infrastructure' means facilities, resources and related services that are used by the scientific community to conduct research in their respective fields and covers scientific equipment or sets of instruments, knowledge-based resources such as collections, archives or structured scientific information, enabling information and communication technology-based infrastructures such as grid, computing, software and communication, or any other entity of a unique nature essential to conduct research. Such infrastructures may be 'single-sited' or 'distributed' (an organised network of resources) in accordance with Article 2(a) of Council Regulation (EC) N° 723/2009 of 25.6.2009 on the Community legal framework for a European Research Infrastructure Consortium (ERIC)[37]; ***For the purposes of the Catalyst for Growth Project, all activities and costs must be located in the North West of England area to be eligible. Costs outside of this region will need to be excluded***

92. 'innovation clusters' means structures or organised groups of independent parties (such as innovative start-ups, small, medium and large enterprises, as well as research and knowledge dissemination organisations, non-for-profit organisations and other related economic actors) designed to stimulate innovative activity by promoting, sharing of facilities and exchange of knowledge and expertise and by contributing effectively to knowledge transfer, networking, information dissemination and collaboration among the undertakings and other organisations in the cluster;

93. 'highly qualified personnel' means staff having a tertiary education degree and at least 5 years of relevant professional experience which may also include doctoral training;

94. 'innovation advisory services' means consultancy, assistance and training in the fields of knowledge transfer, acquisition, protection and exploitation of intangible assets, use of standards and regulations embedding them;

95. 'innovation support services' means the provision of office space, data banks, libraries, market research, laboratories, quality labelling, testing and certification for the purpose of developing more effective products, processes or services;

96. 'organisational innovation' means the implementation of a new organisational method in an undertaking’s business practices, workplace organisation or external relations, excluding changes that are based on organisational methods already in use in the undertaking, changes in management strategy, mergers and acquisitions, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products;

97. 'process innovation' means the implementation of a new or significantly improved production or delivery method (including significant changes in techniques, equipment or software), excluding minor changes or improvements, increases in production or service capabilities through the addition of manufacturing or logistical systems which are very similar to those already in use, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products;

98. 'secondment' means temporary employment of staff by a beneficiary with the right for the staff to return to the previous employer;

Annex B: Definition of micro, small and medium-sized enterprises

1. The definitions of micro, small and medium-sized enterprises are summarised as follows:

Category	Headcount	Turnover	or	Balance Sheet Total
Medium Sized	Fewer than 250	Not exceeding €50m		Not exceeding €43m
Small	Fewer than 50	Not exceeding €10m		Not exceeding €10m
Micro	Fewer than 10	Not exceeding €2m		Not exceeding €2m

Existing turnover / balance sheet calculations should be calculated on the basis of official exchange rates on the date of the grant of aid. These can be found at: http://ec.europa.eu/unitedkingdom/work_with_eu/rates/index_en.htm.

For the purposes of RGF an SME must be an `autonomous enterprise' within the meaning outlined in the European Commission 'new SME definition' (effective from 1/1/2005) on the date that the offer of RGF support is made. Commission Recommendation 2003/361/EC as published in the Official Journal of the European Union L 124, p. 36 of 20 May 2003 is the sole authentic basis for determining the conditions regarding qualification as an SME.

Article 1: Enterprise

An enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.

Article 2: Staff headcount and financial ceilings determining enterprise categories

1. The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding €50m, and/or an annual balance sheet total not exceeding €43m.

2. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed €10m.

3. Within the SME category, a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed €2m.

Article 3: Types of enterprise taken into consideration in calculating staff numbers and financial amounts

1. An `autonomous enterprise' is any enterprise which is not classified as a partner enterprise within the meaning of paragraph 2 or as a linked enterprise within the meaning of paragraph 3.

2. `Partner enterprises’ are all enterprises which are not classified as linked enterprises within the meaning of paragraph 3 and between which there is the following relationship: an enterprise (upstream enterprise) holds, either solely or jointly with one or more linked enterprises within the meaning of paragraph 3, 25% or more of the capital or voting rights of another enterprise (downstream enterprise).

   However, an enterprise may be ranked as autonomous, and thus as not having any partner enterprises, even if this 25 % threshold is reached or exceeded by the following investors, provided that those investors are not linked, within the meaning of paragraph 3, either individually or jointly to the enterprise in question:

a) public investment corporations, venture capital companies, individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses (`business angels’), provided the total investment of those business angels in the same enterprise is less than €1.25m;
b) universities or non-profit research centres;
c) institutional investors, including regional development funds;
d) autonomous local authorities with an annual budget of less than €10m and fewer than 5,000 inhabitants.

1. ‘Linked enterprises’ are enterprises which have any of the following relationships with each other:
a) an enterprise has a majority of the shareholders’ or members’ voting rights in another enterprise;
b) an enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
c) an enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
d) an enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders’ or members’ voting rights in that enterprise.

   There is a presumption that no dominant influence exists if the investors listed in the second subparagraph of paragraph 2 are not involving themselves directly or indirectly in the management of the enterprise in question, without prejudice to their rights as stakeholders.

   Enterprises having any of the relationships described in the first sub-paragraph through one or more other enterprises, or any one of the investors mentioned in paragraph 2, are also considered to be linked.

   Enterprises which have one or other of such relationships through a natural person or group of natural persons acting jointly are also considered linked enterprises if they engage in their activity or in part of their activity in the same relevant market or in adjacent markets.

   An ‘adjacent market’ is considered to be the market for a product or service situated directly upstream or downstream of the relevant market.

2. Except in the cases set out in paragraph 2, second subparagraph, an enterprise cannot be considered an SME if 25 % or more of the capital or voting rights are directly or indirectly controlled, jointly or individually, by one or more public bodies.

3. Enterprises may make a declaration of status as an autonomous enterprise, partner enterprise or linked enterprise, including the data regarding the ceilings set out in Article 2.

The declaration may be made even if the capital is spread in such a way that it is not possible to determine exactly by whom it is held, in which case the enterprise may declare in good faith that it can legitimately presume that it is not owned as to 25 % or more by one enterprise or jointly by enterprises linked to one another. Such declarations are made without prejudice to the checks and investigations provided for by national or Community rules.

Article 4: Data used for the staff headcount and the financial amounts and reference period

1. The data to apply to the headcount of staff and the financial amounts are those relating to the latest approved accounting period and calculated on an annual basis. They are taken into account from the date of closure of the accounts. The amount selected for the turnover is calculated excluding value added tax (VAT) and other indirect taxes.

2. Where, at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded or fallen below the headcount or financial ceilings stated in Article 2, this will not result in the loss or acquisition of the status of medium-sized, small or microenterprise unless those ceilings are exceeded over two consecutive accounting periods.

3. In the case of newly established enterprises whose accounts have not yet been approved, the data to apply is to be derived from a bona fide estimate made in the course of the financial year.

Article 5: Staff headcount

The headcount corresponds to the number of annual work units (AWU), i.e. the number of persons who worked full-time within the enterprise in question or on its behalf during the entire reference year under consideration. The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of AWU. The staff consists of:

a) employees;
b) persons working for the enterprise being subordinated to it and deemed to be employees under national law;
c) owner-managers;
d) partners engaging in a regular activity in the enterprise and benefiting from financial advantages from the enterprise.

Apprentices or students engaged in vocational training with an apprenticeship or vocational training contract are not included as staff.

The duration of maternity or parental leave is not counted.

Article 6: Establishing the data of an enterprise

1. In the case of an autonomous enterprise, the data, including the number of staff, are determined exclusively on the basis of the accounts of that enterprise.

2. The data, including the headcount, of an enterprise having partner enterprises or linked enterprises are determined on the basis of the accounts and other data of the enterprise or, where they exist, the consolidated accounts of the enterprise, or the consolidated accounts in which the enterprise is included through consolidation.

To the data referred to in the first subparagraph are added the data of any partner enterprise of the enterprise in question situated immediately upstream or downstream from it. Aggregation is proportional to the percentage interest in the capital or voting rights (whichever is greater). In the case of cross-holdings, the greater percentage applies.

To the data referred to in the first and second subparagraph are added 100 % of the data of any enterprise, which is linked directly or indirectly to the enterprise in question, where the data were not already included through consolidation in the accounts.

3. For the application of paragraph 2, the data of the partner enterprises of the enterprise in question are derived from their accounts and their other data, consolidated if they exist. To these are added 100 % of the data of enterprises which are linked to these partner enterprises, unless their accounts data are already included through consolidation.

   For the application of the same paragraph 2, the data of the enterprises which are linked to the enterprise in question are to be derived from their accounts and their other data, consolidated if they exist. To these are added, pro rata, the data of any possible partner enterprise of that linked enterprise, situated immediately upstream or downstream from it, unless it has already been included in the consolidated accounts with a percentage at least proportional to the percentage identified under the second subparagraph of paragraph 2.

4. Where in the consolidated accounts no staff data appear for a given enterprise, staff figures are calculated by aggregating proportionally the data from its partner enterprises and by adding the data from the enterprises to which the enterprise in question is linked.

Annex C: ``Annex I'' agricultural products

The following list contains descriptions of the agricultural products found in Annex I of the European Treaty:

- Live animals
- Meat and edible meat offal
- Fish, crustaceans and molluscs
- Dairy produce; birds' eggs; natural honey
- Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof
- Animal products not elsewhere specified or included; dead animals of Chapter 1 or Chapter 3, unfit for human consumption
- Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage
- Edible vegetables and certain roots and tubers
- Edible fruit and nuts; peel of melons or citrus fruit
- Coffee, tea and spices, excluding maté (heading No 09.03)
- Cereals
- Products of the milling industry; malt and starches; gluten; inulin
- Oil seeds and oleaginous fruit; miscellaneous grains, seeds and fruit; industrial and medical plants; straw and fodder
- Pectin
- Lard and other rendered pig fat; rendered poultry fat
- Unrendered fats of bovine cattle, sheep or goats; tallow (including 'premier jus') produced from those fats
- Lard stearin, oleostearin and tallow stearin; lard oil, oleo-oil and tallow oil, not emulsified or mixed or prepared in any way
- Fats and oil, of fish and marine mammals, whether or not refined
- Fixed vegetable oils, fluid or solid, crude, refined or purified
- Animal or vegetable fats and oils, hydrogenated, whether or not refined, but not further prepared
- Margarine, imitation lard and other prepared edible fats
- Residues resulting from the treatment of fatty substances or animal or vegetable waxes
- Preparations of meat, of fish, of crustaceans or molluscs
- Beet sugar and cane sugar, solid
- Other sugars; sugar syrups; artificial honey (whether or not mixed with natural honey); caramel
- Molasses, whether or not decolourised
- Flavoured or coloured sugars, syrups and molasses, but not including fruit juices containing added sugar in any proportion
- Cocoa beans, whole or broken, raw or roasted
- Cocoa shells, husks, skins and waste
- Preparations of vegetables, fruit or other parts of plants
- Grape must, in fermentation or with fermentation arrested otherwise than by the addition of alcohol
- Wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol
- Other fermented beverages (for example, cider, perry and mead)
- Ethyl alcohol or neutral spirits, whether or not denatured, of any strength, obtained from agricultural products listed in Annex I to the Treaty, excluding liqueurs and other spirituous beverages and compound alcoholic preparations (known as `concentrated extracts')for the manufacture of beverages
- Vinegar and substitutes for vinegar
- Residues and waste from the food industries; prepared animal fodder

- Unmanufactured tobacco, tobacco refuse
- Natural cork, unworked, crushed, granulated or ground; waste cork
- Flax, raw or processed but not spun; flax tow and waste (including pulled or garnetted rags)
- True hemp (Cannabis sativa), raw or processed but not spun; tow and waste of true hemp (including pulled or garnetted rags or ropes)

Non-“Annex I’’ products

It is not possible to provide an exclusive definition of the term “non-Annex I good’’ since it represents all goods not listed in Annex I of the Treaty of Rome i.e. those which are made by processing the agricultural products listed in the basic agricultural product Regulations. Thus it covers the vast majority of manufactured foods. As a general guide, the term can be taken to include:

- ready meals
- bakery products
- flavoured yoghurts
- frozen sweet corn
- margarine (some)
- sugar confectionery
- chocolate confectionery
- malt extract
- pasta
- breakfast cereals
- ice cream
- bread
- biscuits
- sandwiches
- snack products
- frozen desserts
- pizzas
- potato crisps
- tinned sweet corn
- peanut butter
- sauces
- soups
- mineral water
- soft drinks
- spirits
- beer

Exceptions

The following processed foods are specifically excepted from the term “non-Annex I good”:

- goods covered by the processed fruit and vegetable regime (for example, orange juice, tomato paste)
- first-stage processed products listed in the Annex I regimes (for example, cheese, jam, flour)

Annex D: Seasonal jobs, homeworking and teleworking

Seasonal jobs

Seasonal jobs may be included in offers and cost per job calculations (calculated as full-time equivalents) provided that: there is a contract of employment; the jobs are integral to the project; are specified in the company's application and the offer letter; and last for a minimum of four weeks per annum. Seasonal jobs should be subject to a ``conditions'' period of identical length to permanent full-time employment resulting from the project. Where the number of seasonal workers varies each year, the smallest number created in the relevant years should be adopted.

Homeworking and teleworking

Developments in employment policy have created full time job opportunities in the form of homeworking / teleworking.

Homeworking

There are two sorts of homeworking:

- individuals, generally highly skilled in administrative, professional and technical occupations who are contracted to do work in their homes; and
- pieceworkers who are generally self-employed individuals whose remuneration is linked to output levels. They are normally engaged in low paid, low technology and mostly manual occupations which are taken from the factory floor.

Teleworking

Teleworking is a flexible way of working which covers a wide range of work activities, all of which entail working remotely from an employer, or from a traditional place of work, for a significant proportion of work time. It may be either a full-time or part-time basis. The work often involves electronic processing of information (via a computer), and always involves using telecommunications (telephone, fax, modem and (possibly) a video conference link) to keep the remote employer and employee in contact with each other. This form of teleworking is also known as homeworking.

To be eligible for assistance, homeworking or teleworking jobs must fulfil the following criteria:

- a permanent full time contract of employment with the applicant, relating directly to the project;
- clear evidence that the appointment is an integral part of the project and that the job will be required for the life of the project;
- in the case of part-time homeworking or teleworking there must be a permanent contract of employment with the applicant, relating directly to the project of at least 15 hours a week. Two such contracts will count as the equivalent of one full time job.

Applicants will need to demonstrate that homeworking or teleworking employees are permanently domiciled in Growing the Humber. Where based at the office or in a satellite office, this will need, as usual, to be in Growing the Humber.

Homeworkers or teleworkers who move outside of an Assisted Area will automatically disqualify the applicant from any further assistance for those jobs. Where this should happen to any significant extent, monitoring officers will also need to consider the normal guidelines on claw-back.

It may be acceptable that homeworking or teleworking employees could be domiciled in another Assisted Area, but this will need to be decided on a case by case basis with particular concern for the feasibility of monitoring.

An additional clause to the offer letter should be added to enable adequate monitoring of homeworking or teleworking.

Annexe E – Regional Aid

The Guidelines cover investment aid, aid to newly created enterprises and operating aid to establishments in regions eligible for regional aid (see below).

The Guidelines do not apply to the primary production of agricultural products listed in Annex I of the Treaty. They generally apply to the processing and marketing of agricultural products. However, they do not apply to the fisheries sector nor to the coal industry.

Special rules apply to:
- transport and shipbuilding;
- no regional aid is allowed to the steel or synthetic fibres industry;
- large investment projects (see "concepts").

Key conditions

In order to be eligible for aid under the Guidelines, the project has to comply with the following key conditions:
- new assets (except for SMEs);
- maintenance of the investment in the region for a minimum period of at least 5 years (3 years for SMEs) after its completion;
- financial contribution of the beneficiary of at least 25% of the eligible costs depending on the nature of the activity/investment.

Concepts
The 2014-2020 UK Assisted Areas Map came into force on 1 July 2014. Two categories of eligible regions can be distinguished:

- *'A') regions*: These are regions where the standard of living is abnormally low or where there is serious underemployment (NUTS II regions with a GDP/cap lower than 75% of the EU average).
- *'C') regions*: These are problem areas defined on the basis of (national) indicators proposed by the Member States, subject to a maximum population coverage and some minimal conditions to prevent abuse.

The UK 2014-2020 Assisted Area Map can be found using the following link: http://www.ukassistedareasmap.com/ieindex.html.

The Catalyst for Growth Programme will operate across the five LEP areas of the North West of England**: Cheshire and Warrington, Cumbria, Greater Manchester, Lancashire and the Liverpool City Region**. Potential beneficiaries from any surrounding LEP areas will *not* be turned away, however companies based or registered outside of England cannot unfortunately be supported under the Government's RGF Programme. You can also check whether the business post code of the project location is within an assisted area by following the link: http://www.ukassistedareasmap.com/ieindex.html

Initial investment: investment in material and immaterial assets relating to the setting up of a new establishment, the extension of an existing establishment, diversification of the output of an establishment into new additional products, or a fundamental change in the overall production process of an existing establishment;

Job creation linked to the investment: net increase of jobs created within 3 years from the completion of investment.

Operating aid: Aid aimed at reducing a firm's current expenditure (e.g. salary costs, transport costs, rents).

Gross grant equivalent (GGE): the nominal value of the aid granted discounted to its value at the date of granting the aid.

Aid intensity: GGE expressed as a percentage of the total eligible project cost.

Aid for initial investment

Eligible costs: Aid for initial investment can be calculated as a percentage of the investment's value or as a percentage of the wage-cost of the jobs linked to the initial investment.

- Investment: material investment (land, buildings, plant/machinery) and a limited amount of immaterial investment (expenditure entailed by technology transfer). Expenditure on transport equipment in the transport sector is not eligible.

Maximum aid intensities

State Aid Heading	Eligible Activity Description	Maximum Amount of grant - Small	Maximum Amount of grant – Medium	Maximum Amount of grant – Large
Regional Aid (in Assisted Areas)	Costs of plant, buildings, machinery provided the Enterprise operates within the Assisted Area. Limited amount of immaterial investment (incurred as a result of technology transfer).	Up to 30%	Up to 20%	(Up to 10% in Assisted Areas)

Cumulation

Aid intensity ceilings specified in the table above apply to total aid:

- Where assistance is granted under several regional aid schemes;
- Whether the aid comes from local, regional, national or Community sources.
- Where expenditure eligible for regional aid is eligible for aid for other purposes (e.g. R&D&I), it will be subject to the most favourable ceiling under the schemes in question.

Annex E - SME Investment Aid

The definitions of SMEs are outlined in Annex B of this document. In terms of the amount of grant available through the SME Investment and Employment Aid Block Exemption, the following table outlines the eligible activities and maximum amounts of grant that can be claimed by Small and Medium sized enterprises.

State Aid Heading	Eligible Activity Description	Maximum Amount of grant - Small	Maximum Amount of grant – Medium	Maximum Amount of grant – Large
SME Investment and Employment Aid (Outside assisted area)	Investment in tangible assets (land, buildings, plant / machinery) and in intangible assets (expenditure entailed by technology transfer).	Up to 20%	Up to 10%	Not eligible for aid

Annex F – Aid for Research and Development and Innovation

Scope

The following R&D&I support is not considered to constitute State aid:

- Public financing of non-economic R&D&I activities by research organizations;
- R&D commissioned from firms by public authorities according to market conditions (open tender procedure).

Sectors for which special rules apply:

- Transport by rail, road and inland waterway
- Agriculture and fisheries: maximum aid intensity of 100% in all cases (subject to conditions).

Concepts

The Catalyst for Growth project is now primarily focusing on **Capital Investment.**

Regional /Investment Aid (GBER Articles13/14/17)
The eligible costs shall be either or both of the following:
a) the costs of investment in tangible and intangible assets;
(b) the estimated wage costs of employment directly created by the investment project, calculated over a period of two years.

In order to be considered an eligible cost for the purposes of this Article, an investment shall consist of the following:
(a) an investment in tangible and/or intangible assets relating to the setting-up of a new establishment, the extension of an existing establishment, diversification of the output of an establishment into new additional products or a fundamental change in the overall production process of an existing establishment; or

(b) the acquisition of the assets belonging to an establishment, where the following conditions are fulfilled:

– the establishment has closed or would have closed had it not been purchased;
– the assets are purchased from third parties unrelated to the buyer;
– the transaction takes place under market conditions.

Where a member of the family of the original owner, or an employee, takes over a small enterprise, the condition that the assets shall be bought from third parties unrelated to the buyer shall be waived. The sole acquisition of the shares of an undertaking shall not constitute investment.

Intangible assets shall fulfil all of the following conditions:

(a) they shall be used exclusively in the establishment receiving the aid;
(b) they shall be regarded as amortizable assets;
(c) they shall be purchased under market conditions from third parties unrelated to the buyer;
(d) they shall be included in the assets of the undertaking for at least three years;

The following table summarises the maximum amount of grant that can be awarded for Experimental Development activities.

Due to the short timescales of the project **Experimental Research** that can be easily completed within the project timeframe *may* be considered but the programme is unable to fund Industrial Research as associated timescales do not align with scheme. The following outlines the type of research, development and innovation that are eligible for support:

Experimental development: The acquiring, combining, shaping and using of existing scientific, technological, business and other relevant knowledge and skills for the purpose of producing plans and arrangements or designs for new, altered or improved products, processes or services (including the creation of a commercially usable prototype or pilot projects under certain conditions).

Eligible Costs

The eligible costs for aid for R&D projects under the Catalyst for Growth programme are as follows:

- Personnel costs of staff to the extent employed on the research activity;
- Costs of instruments, equipment and land and premises to the extent and for the period used for the research project (subject to depreciation as applicable);
- Cost of contractual research, technical knowledge and patents brought or licensed from outside sources at a market price;
- Cost of external consulting and equivalent services used exclusively for the project;
- ;
- Other operating expenses incurred directly as a result of the research activity.

N.B Overheads will not be covered under the Catalyst for Growth programme

State Aid Heading	**Eligible Activity Description**	**Maximum Amount of grant - Small**	**Maximum Amount of grant – Medium**	**Maximum Amount of grant – Large**
Experimental Development	The acquiring, combining, shaping and using of existing scientific, technological, business and other relevant knowledge and skills for the purpose of producing plans and arrangements or designs for new, altered or improved products, processes or services (including the creation of a commercially usable prototype or pilot projects under certain	Up to 45%	Up to 35%	Up to 25%

	conditions). See eligible costs outlined at the end of this table.			
Experimental Development subject to collaboration	Experimental development as defined above but subject to: • collaboration between undertakings; for large undertakings: cross-border or with at least one SME or • collaboration of an undertaking with research organization	Up to 60%	Up to 50%	Up to 40%

Annex G – Training Aid

By way of exception to the general scope of the General Block Exemption Regulation (GBER), it allows training aid even for fisheries and aquaculture sectors, as well as for the primary production of agricultural products and in the coal sector.

The GBER covers all public support for training which favours one or more firms or sectors of industry by reducing costs they should normally have to bear when they want their employees to acquire new skills. It applies to training aid whether the training is provided by companies themselves or by public or private training centres.

Training

Training refers to tuition directly and principally applicable to the employee’s present or future position in the undertaking and providing qualifications which are not or only to a limited extent transferable to other undertakings or fields of work.

Additionally tuition which is not applicable only or principally to the employee’s present or future position in the undertaking, but which provides qualifications which are largely transferable to other undertakings or fields of work and thereby substantially improve the employability of the employee.

Eligible costs

- (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.

Maximum aid intensities for Training

	Training Aid
Standard Rate (inc. large companies)	Maximum 50%
Others:	
Medium Enterprises	Maximum 60%
Small Enterprises	Maximum 70%

Annex H – De Minimis

The de mimimis rule sets a threshold figure for aid below which Article 87(1) of the Treaty can be said not to apply, so that the measure need no longer be notified in advance to the Commission. The rule is based on the assumption that, in the vast majority of cases, small amounts of aid do not have an effect on trade and competition between Member States.

The de minimis rule does not apply to the undertakings active in the fishery and aquaculture sectors, in the coal sector, and in the primary production of agricultural products listed in Annex I to the Treaty.

It applies, with a certain number of additional conditions, to undertakings active in processing or marketing of agricultural products. In the transport sector, de minimis aid cannot be used for the acquisition of road freight transport vehicles. Finally, undertakings in difficulty are not covered by this Regulation.

To benefit from the de minimis rule, aid has to satisfy the following criteria:

- The ceiling for the aid covered by the de minimis rule is in general EUR 200,000 (cash grant equivalent) over any three fiscal year period. The relevant period of three years has a mobile character, so that for each new grant of de minimis, the total amount of de minimis aid granted during three consecutive fiscal years (including the then current fiscal year) needs to be determined. Information on all aid received under the de minimis regulation must be provided by the applicant as part of the application process.

- The ceiling will apply to the total of all public assistance considered to be de minimis aid. It will not affect the possibility of the recipient obtaining other State aid under schemes approved by the Commission, without prejudice to the cumulation rule described below.

- The ceiling applies to aid of all kinds, irrespective of the form it takes or the objective pursued. The only type of aid which is excluded from the benefit of the de minimis rule is export aid.

- The regulation only applies to “transparent” forms of aid which means aid for which it is possible to determine in advance the gross grant equivalent without needing to undertake a risk assessment. This implies a certain number of restrictions on certain forms of aid like, for example, guarantees. Only guarantees lower than EUR 1.5 million can be covered by the Regulation.

Cumulation

The above ceiling (EUR 200,000 of de minimis aid over a three fiscal year period) applies to the total amount of de minimis aid granted to a single company. The amount is lowered to EUR 100,000 in the road transport sector.

When granting a de minimis aid to a particular undertaking, the Member State concerned must check whether the new aid will not raise the total amount of de minimis aid received by that undertaking during the relevant three year period above the EUR 200,000 (or EUR 100,000, as applicable) ceiling.

Disclaimer

The information presented within this guidance note is understood to be accurate at the time of issue but can be subject to change without notice. Whilst every effort is made to provide accurate, up-to-date information, neither the University of Chester nor partners can be held responsible for any errors or omissions, and reserves the right to make changes to the information given.

Support for Potential Applicants

There is the opportunity to book RGF funded one-to-one sessions with our partner C-Tech Innovation, who will work with potential applicants to help identify and develop eligible project ideas that will realise real growth opportunities. To initiate this support, please request and complete an Expression of Interest form by emailing cfg.enquiries@chester.ac.uk. We will then contact you to book an appointment.

Further Information

Details of the programme, including eligibility criteria and dates of calls for applications will be available on the project website once live www.catalystforgrowth.co.uk

For enquiries about any aspect of the programme, queries or application process, please contact the central team either by email at: cfg.enquiries@chester.ac.uk or call the NwUEU office on 0161 234 8880.