



Llywodraeth Cymru  
Welsh Government

GUIDANCE

# **EU GBER State aid scheme: Welsh Government support for employment scheme (Disabled and disadvantaged workers)**

State aid reference no: SA.60371. The following scheme provides the legal cover for award of support inline with the General Block Exemption Regulation. The scheme does not provide any additional funding or budget.

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This scheme is only for use when awarding European Regional Development Funds (ERDF) or European Social Funds (ESF). For all other support please consult the State Aid Unit: [state.aid@gov.wales](mailto:state.aid@gov.wales)

The following scheme provides the legal cover for awards of ERDF and ESF support in line with the EU General Block Exemption Regulation ONLY. The scheme does not provide any additional funding or budget and should not be used for awards of support from other sources.

## 1. Member State

United Kingdom

## 2. Region

Wales

### **3. Title of aid scheme**

Welsh Government support for Employment Scheme (Disabled and Disadvantaged Workers)

### **4. UK legal basis**

Powers of the Welsh Ministers which allow the Welsh Government to support enterprises under the Scheme are contained in:

- the Welsh Development Agency Act 1975 (section 1) (as amended)
- the Housing Grants, Construction and Regeneration Act 1996 (section 126), and
- The Industrial Development Act 1982 (section 7).

The legislation which gives effect to EC Law in Wales is:

- the European Communities Act (1972) (section 2(1)), and
- the Government of Wales Act 2006 (section 80).

### **5. EC legal basis**

All aid provided under this scheme will be within the limits set out in Articles 32 to 35 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).

[Full version of the regulation](#) on EUR-Lex

[Full version of the amending regulation](#) on EUR-Lex

Summary information relating to the scheme has been registered with the Commission under reference SA.60371.

## **6. Definitions**

In this scheme, the following expressions have the same meaning attributed to them as in the General Block Exemption. For ease of reference these have been replicated below:

### **Date of granting of 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:

- a. has not been in regular paid employment for the previous 6 months, or
- b. is between 15 and 24 of age, or
- c. has not attained an upper secondary educational or vocational qualification (International Standard Classification of Education 3) or is within 2 years of completing full-time education and who has not previously obtained his or her first regular paid employment, or
- d. is over the age of 50 years, or
- e. lives as a single adult with one or more dependants
- f. 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 under-represented gender group, or
- g. 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.

### **Net increase in the number of employees**

Means a net increase in the number of employees in the establishment

concerned compared with the average over a given period in time, and that any posts lost during that period must therefore be deducted and that the number of persons employed full-time, part-time and seasonal has to be considered with their annual labour unit fractions.

## **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.

## **Severely disadvantaged worker**

Means any person who:

- a. has not been in regular paid employment for at least 24 months, or
- b. has not been in regular employment for at least 12 months and belongs to one of the categories (b to g) mentioned in the definition of a disadvantaged worker.

## **Sheltered employment**

Means employment in an undertaking where at least 30% of workers are workers with disabilities.

## **Small and medium-sized enterprises**

Means an enterprise that falls within the criteria and parameters of the definition of micro, small and medium-sized enterprises contained in the [Commission Recommendation of 6 May 2003](#) concerning the definition of micro, small and medium-sized enterprises (2003/361/EC), which took effect on 1 January 2005 (see also the [New SME Definition User Guide and Model Declaration](#)).

## 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 3 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/EU (37) 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 3 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.
- d. Where the undertaking has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.
- e. In the case of an undertaking that is not an SME, where, for the past 2 years:
  - i. the undertaking's book debt to equity ratio has been greater than 7,5 and
  - ii. the undertaking's EBITDA interest coverage ratio has been below 1,0.

## **Wage cost**

Means the total amount actually payable by the beneficiary of the aid in respect of the employment concerned, comprising over a defined period of time the gross wage before tax and compulsory contributions such as social security, child care and parent care costs.

## **Worker with disabilities**

Means any person who:

- a. is recognised as worker with disabilities under national law, or
- b. 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.

## **7. Objective of the scheme**

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

## **8. Government body authorised to implement the scheme**

Welsh Government

## 9. Scope of the scheme

The scheme will be open to all enterprises in Wales excluding those active in the following sector:

- The processing and marketing of agricultural products when (1) the amount of aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the enterprise concerned or (2) the aid is conditional on being partly or entirely passed on to primary producers.

Where an undertaking is active in both an excluded sector and a non-excluded sector, aid may be given to fund non-excluded activities with the condition that activities in the excluded sector do not benefit from aid granted under this scheme.

In addition, aid will not be allowed in the following circumstances:

- Aid to export related activities towards third countries or Member States, 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
- Aid to facilitate the closure of uncompetitive coal mines, as covered by Council Decision No 2010/787;
- Where aid is subject to the obligation for the beneficiary to have its headquarters in the relevant Member State or to be predominantly established in that Member State
- Where the granting of aid is subject to the obligation for the beneficiary to use nationally produced goods or services
- Aid contingent upon the use of domestic over imported goods
- Where the aid measure restricts the possibility for the beneficiaries to exploit the research, development and innovation results in other Member States.

Aid may not be given where the proposed recipient is:

- Subject to an outstanding order for the recovery of aid granted by the same Member State which has been declared by the Commission to be illegal and

- incompatible with the common market, or
- Where aid is granted to an undertaking in difficulty.

## **10. Duration of the scheme**

Aid under this scheme may be granted until 31 December 2023. This scheme, registered under the General Block Exemption Regulation, will supersede the current Welsh Assembly Government Support for Employment (Disadvantaged/ Disabled workers) Scheme (SA.49701).

## **11. Budget for aid under the scheme**

Although there is no defined budget for aid under this scheme, it has been estimated that the total expenditure from November 2017 – December 2020 will be in the region of £7 million and will comprise European structural funds.

Should the budget for this scheme increase the Welsh Government will inform the European Commission.

## **12. Form of aid**

All aid awarded under the scheme will be transparent and in line with criteria set out in Article 5 of the General Block Exemption Regulation. Aid may be awarded by way of:

- Grants (capital, revenue and repayable capital)
- interest rate subsidies
- loans
- repayable advances, and
- guarantees.

## **13. Eligible activities to be supported under the scheme**

The scheme supports aid for the employment of disabled and disadvantaged workers

- Schedule 1: Aid for the recruitment of disadvantaged workers in the form of wage subsidies
- Schedule 2: Aid for employment of workers with disabilities in the form of wage subsidies
- Schedule 3: Aid for compensating the additional costs of employing workers with disabilities
- Schedule 4: Aid for compensating the costs of assistance provided to disadvantaged workers

## **14. Incentive effect**

Aid recipients must demonstrate that the aid is required for projects to proceed by submitting a written application before work on the project activity has started. The application will as a minimum contain the following information:

- a. Name and size
- 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.

Where the support is for aid for the recruitment of disadvantaged workers in the form of wage subsidies, the incentive effect is deemed to be met as long as all the terms and conditions set out in schedule 1 are met.

Where the support is for aid for employment of workers with disabilities in the form of wage subsidies, the incentive effect is deemed to be met as long as all the terms and conditions set out in schedule 2 are met.

Where the support is for aid for compensating the additional costs of employing workers with disabilities, the incentive effect is deemed to be met as long as all the terms and conditions set out in schedule 3 are met.

## **15. 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.

Where the eligible costs relate to the employment of workers with disabilities, it may be possible to cumulate with other aid exempted under the GBER as long as such cumulation does not exceed 100% aid intensity.

## **16. Monitoring and reporting requirements**

All recipients of aid under the Scheme will be informed that aid has been provided under the scheme, registered under SA.60371 pursuant to Articles 32 to 35 of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation).

Records will be kept for 10 years from the date the last award of aid under the Scheme. Records will be sufficiently detailed to establish that the conditions of the scheme are met.

Details of any award exceeding €500,000 given under this scheme will be made publicly available via a State aid website within 6 months of granting.

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

The Welsh Government shall provide the Commission with all the information and documentation the Commission considers necessary to monitor the application of this Regulation, within 20 days of such request from the Commission.

Contact information:

State Aid Policy Unit  
Welsh Government  
Cathays Park  
Cardiff CF10 3NQ  
United Kingdom  
Tel: + 44 (0)3000 253568  
E-mail: [state.aid@gov.wales](mailto:state.aid@gov.wales)

## **Schedule 1: Aid for the recruitment of disadvantaged workers in the form of wage subsidies**

### **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.

The posts created should either represent a net increase in the number or employees, compared with the average over the previous 12 months or where this is not the case the post(s) 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.

The disadvantaged worker (except in the case of lawful dismissal) must be entitled to continuous employment for a minimum period consistent with the national legislation concerned or any collective agreement governing employment contracts.

For the purpose of calculating aid intensities and eligible costs, all figures used will be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.

## **Eligible costs**

The costs of the project must be transparent and directly and exclusively related to the project.

For the avoidance of doubt, applications for retrospective funding are not eligible.

The eligible costs are 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 are the wage costs over a maximum 24 month period following recruitment.

Where the period of employment is shorter than 12 months (or 24 months in the case of those classed as severely disadvantaged) the aid shall be prorated accordingly.

## **Aid intensities**

Up to 50% of eligible costs can be supported.

## **Notification threshold**

Aid awarded under this scheme to undertakings will be granted up to a maximum of €5 million per undertaking, per year under the cover of this scheme.

## **Schedule 2: Aid for employment of workers with disabilities in the form of wage subsidies**

### **Objective of the aid**

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

The posts created should either represent a net increase in the number or employees, compared with the average over the previous 12 months or where this is not the case the post(s) 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.

The worker with disabilities (except in the case of lawful dismissal) must be entitled to continuous employment for a minimum period consistent with the national legislation concerned or any collective agreement governing employment contracts.

For the purpose of calculating aid intensities and eligible costs, all figures used will be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.

### **Eligible costs**

The costs of the project must be transparent and directly and exclusively related

to the project.

For the avoidance of doubt, applications for retrospective funding are not eligible.

The eligible costs are the wage costs over the period during which the worker with disabilities is employed.

## **Aid intensities**

Up to 75% of eligible costs can be supported.

## **Notification threshold**

Aid awarded under this scheme to undertakings will be granted up to a maximum of €10 million per undertaking, per year under the cover of this scheme.

# **Schedule 3: Aid for compensating the additional costs of employing workers with disabilities**

## **Objective of the aid**

This measure is aimed at encouraging companies in Wales to recruit and employ workers with disabilities through the provision of support for the additional costs of employing workers with disabilities.

For the purpose of calculating aid intensities and eligible costs, all figures used will be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.

## **Eligible costs**

The costs of the project must be transparent and directly and exclusively related to the project.

For the avoidance of doubt, applications for retrospective funding are not eligible.

The eligible costs are:

- 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.

## **Aid intensities**

Up to 100% of eligible costs can be supported.

## **Notification threshold**

Aid awarded under this scheme to undertakings will be granted up to a maximum of €10 million per undertaking, per year under the cover of this

scheme.

## **Schedule 4: Aid for compensating the costs of assistance provided to disadvantaged workers**

### **Objective of the aid**

This measure is aimed at encouraging companies in Wales to recruit and employ disadvantaged workers through the provision of support for compensating costs provided for assisting disadvantaged workers.

For the purpose of calculating aid intensities and eligible costs, all figures used will be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary.

### **Eligible costs**

The costs of the project must be transparent and directly and exclusively related to the project.

For the avoidance of doubt, applications for retrospective funding are not eligible.

The eligible costs are:

- a. Costs for employing staff solely for the 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 the recruitment of a severely disadvantaged worker
- b. Costs of training such staff to assist disadvantaged workers.

## **Aid intensities**

Up to 50% of eligible costs can be supported.

## **Notification threshold**

Aid awarded under this scheme to undertakings will be granted up to a maximum of €5 million per undertaking, per year under the cover of this scheme.