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**To:** Economic Development Cabinet Committee - 20 September 2013

**Subject:** Assisted Areas Review

**Future Pathway  
of Paper:** Economic Development Cabinet Committee - 3 December 2013

**Electoral  
Division:** Thanet and Dover

**Classification:** Unrestricted

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## Summary

At present, Thanet and part of Dover is designated as an 'Assisted Area', meaning that higher levels of public sector assistance can be provided to businesses (for example through schemes such as Expansion East Kent) than would otherwise be permitted.

Only a limited number of places are designated as Assisted Areas, and the map is reviewed every seven years. The Government recently launched the first phase of consultation on the new map for the period 2014-20.

The consultation provides an opportunity to retain Assisted Area designation for Thanet and Dover. Based on the likely criteria, it is also possible that part of Medway and Swale could secure additional designation.

This paper sets out the current value of Assisted Area designation to Kent, explains the consultation process and outlines KCC's proposed response. The Cabinet Committee is recommended to consider the report and to endorse efforts by KCC with partners to retain Assisted Area designation in Thanet and Dover and to secure additional designation in Medway and Swale.

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## 1. Introduction

- 1.1. The rules governing the amount and nature of state aid that can be provided to industry are determined at European level and are strictly enforced. However, within the rules, some areas considered to be in need of additional support are designated as 'Assisted Areas', enabling national and local government to offer higher levels of grant assistance to business. In practical terms, this means that:
- Within Assisted Areas, public investment aid can be provided to large companies (whereas there is a general ban on assistance to large businesses elsewhere);
  - Small and medium businesses can benefit from a higher amount of assistance as a proportion of total project cost than would otherwise be permitted.

- 1.2. It should be noted that **Assisted Area designation does not itself bring any extra money**. Rather, it means that where local or national government grant support to business already exists (such as through TIGER or Expansion East Kent), it can be used more flexibly.
- 1.3. There is a ceiling imposed by the European Commission on the proportion of the UK population that may be within an Assisted Area. Consequently, there is a limit on the number of places that are covered by the designation. Most of these are in the North of England, Scotland and Wales, with Thanet and Dover currently the only places in Kent (and the wider South East) to benefit, although other parts of the county have had partial coverage in the past.

## **2. The review of Assisted Areas**

- 2.1. The map of Assisted Areas is reviewed every seven years. A review is now underway, so that a revised map comes into force in mid-2014.
- 2.2. The map is ultimately approved by the European Commission and the process of designating specific Assisted Areas has to conform to a number of requirements set at European level. However, the review is mostly a matter for the UK Government, which has wide discretion on the areas that it can designate, provided that:
  - Combined, Assisted Area coverage does not exceed a maximum coverage of 27% of the UK population; and
  - Each Assisted Area must contain a **minimum contiguous population** of 100,000.
- 2.3. Within the new map, the proportion of the UK population that can be covered by Assisted Area designation is somewhat higher than it is at present, so there is a realistic prospect that some additional areas can be designated.

## **3. The consultation process**

- 3.1. The Government has now launched a consultation on a new Assisted Areas map. This will take place in two stages:
  - Firstly, consultation on the **criteria** to be used in determining Assisted Areas and on **initial proposals** for places to be included on the map. This phase of the consultation has started;
  - Secondly, consultation on a **proposed map**. This phase will take place towards the end of the year
- 3.2. The first phase of the consultation has a deadline of **30 September**. Local Enterprise Partnerships are particularly asked to respond, although we can also respond as a County Council.

## **4. Opportunities for Kent**

- 4.1. In order to be viable, any proposed Assisted Area needs to have a contiguous population of 100,000, meet a number of needs-based criteria (likely to be based on

unemployment levels, out of work benefit claimants and manufacturing employment), and provide evidence of local opportunity, such as employment sites and funding schemes which could take advantage of Assisted Area designation. Few areas are likely to receive Assisted Area designation in the South, and the likely criteria exclude most places in Kent – however, there are two locations which can make a strong case.

- 4.2. Firstly, **Thanet and the Sandwich, Eastry and Whitfield** wards of Dover already have Assisted Area designation, covering Discovery Park Enterprise Zone and the employment sites at Thanet Central Island. This is proving important in enabling Expansion East Kent funds to be used most effectively, and the Government has indicated that the existing map is likely to be a material consideration in drawing up the new one. With Thanet and Dover District Councils, KCC has prepared a business case for the retention of Assisted Area designation, which is attached as Annex 1.
- 4.3. Secondly, the **'Medway-Swale arc'** also appears likely to meet Government's criteria. This area covers the western part of Swale along the A249 Corridor, as well as the Isle of Grain and the main employment areas in Rochester, Chatham and Gillingham. Work is underway with Swale Borough Council and Medway Council to set out a detailed business case.

## **5. Proposed response**

- 5.1. Based on the business cases being developed, it is proposed that Kent County Council responds to the consultation setting out the case for the retention of Assisted Area status in Thanet and Dover, and the designation of a new Assisted Area in part of Medway and Swale. As well as responding in our own right, it will be important to also ensure that these priorities are reflected in the response being developed by the South East Local Enterprise Partnership.

## **6. Recommendations**

- 6.1. The Cabinet Committee is recommended to:
  - a) Consider the contents of this report; and
  - b) Endorse efforts being made to retain Assisted Area designation in Thanet and Dover with additional designation in Medway and Swale, and to reflect this in KCC's consultation response.

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### **Annexes**

Annex 1: East Kent Assisted Area; Business case for retaining Assisted Area designation

#### **Support documents**

Consultation on the map of Assisted Areas 2014-20

<https://www.gov.uk/government/consultations/assisted-areas-map-2014-to-2020>

Analysis of anticipated criteria and potential geographical coverage (available on request)