ECONOMIC DEVELOPMENT & PLANNING POLICY DEVELOPMENT
COMMITTEE

23 JANUARY 2014

2014-2020 ASSISTED AREAS MAP: CONSULTATION

CONSULTATION FROM DEPARTMENT FOR BUSINESS, INNOVATION & SKILLS (BIS)

1. Purpose of Report

1.1 To seek the views of the Committee on the proposed Assisted Areas Map 2014-2020, to enable the Cabinet Leader for Economic Development and Planning to agree the Council's formal response to the current consultation from BIS.

2. Background

2.1 Assisted Area status allows small businesses and large enterprises in less economically advanced locations to benefit from additional levels of financial support under EU Regional Aid Guidelines. This support, within prescribed limits, can be offered to businesses to help them expand or innovate.

2.2 The current Assisted Areas Map, which became effective on 1 January 2007 excludes all wards within Cannock Chase District. Prior to that the Assisted Areas Map 2000-2007 identified Norton Canes ward as the sole eligible area within the District. Consequently, local businesses have been unable to access certain grant regimes for a number of years. The securing of Assisted Area Status, albeit for a small number of wards, would be a positive step and enable some of our local businesses to operate on a "more level playing field" than at present.

3. The Proposed Assisted Areas Map 2014-2020

3.1 When the Government launched its initial consultation on the new Assisted Areas Map in July 2013, it indicated that the outcome should be supportive of its ambition to rebalance the economy. It also sought to recognise the needs of existing businesses as well as the opportunity to encourage new business development.

3.2 The initial consultation also set out a series of common principles within which the designation of eligible areas would be considered. These included:-

- Increased use of locally provided intelligence.
• Understanding the geography of local economic opportunity and the scope to use this to address the needs of economically disadvantaged communities.

• Recognising the role of capital investment which is well suited to investing in manufacturing and its potential in rebalancing the local economy.

• Identifying a range of indicators to assess suitability for Assisted Area Status.

3.3 However, the Regional Aid Guidelines (RAG) which had already been agreed by the European Union before the consultation started had also established criteria which the Government would need to observe in the production of the Assisted Areas Map. The most significant was the requirement for Assisted Areas to have a minimum contiguous population of 100,000 people. This meant that wards within Cannock Chase District could only become Assisted Areas by forming a “bridgehead” linking to other wards, probably in the West Midlands conurbation. However, the RAG also stated that the maximum proportion of the UK population covered by the Assisted Areas would be 27.05%, compared to 23.9% covered in the 2007-2013 map. This raised the prospect that it might be possible to secure Assisted Area Status for part of the District, albeit it would rely upon a similar designation for wards immediately adjoining such as Brownhills in Walsall.

3.4 The consultation recommended that local authorities should work with their respective Local Enterprise Partnerships (LEPs) to make the case for Assisted Area Status.

3.5 As a consequence of the above officers engaged with both the Greater Birmingham & Solihull (GBS) LEP and the Stoke and Staffordshire (SS) LEP to prepare a proposal which would make the case for the inclusion of at least two wards in Cannock Chase District in the draft Assisted Areas Map using the following indicators:

• Employment Rates
• Skills
• Working Age Benefits
• Jobs in Manufacturing

3.6 On the basis of the above it appeared that there was a good case for the inclusion of Cannock South and Norton Canes. Accordingly, these two wards were included in the Council’s submission to both the local LEPs who were asked to support their inclusion in their formal responses to BIS. The LEPs were also asked to consider including other wards within the District if they held statistical evidence which could justify their inclusion, subject to the population criteria identified in the RAG.
3.7 The GBSLEP were unable to include the Cannock Chase wards within their submission to BIS because there was no opportunity to link to eligible wards in Lichfield and Birmingham districts. However, the SSLEP included the two Cannock Chase wards in their submission to BIS and also listed Cannock East as one of ten “next highest priority” wards.

3.8 In December 2013 BIS issued the draft Assisted Areas Map and the Government’s response to the initial consultation. The draft Assisted Areas Map which has now been issued for consultation ending on 7 February 2014, includes Cannock South, Norton Canes and also Cannock East, which is an extremely positive position to have reached.

3.9 As noted above, Assisted Area Status allows businesses to access certain forms of financial support which can help them to expand, diversify or innovate. Since the advent of the LEPs the main example of such assistance is Regional Growth Fund (RGF) which can be used to support proposals which increase employment levels and raise productivity. In addition, the Enhanced Capital Allowances permitted at some Enterprise Zones, for example i54 in South Staffordshire, are reliant upon Assisted Area Status.

3.10 Regardless of which form of assistance is accessed through the eligibility afforded by Assisted Area Status, there is a limit to the level of financial support that can be given from the public purse by virtue of State Aid Regulations. Accordingly, the “intervention rate” within the current eligible wards is 15%, but when the new Map becomes operational on 1 July 2014, this rate will be limited to no more than 10%. Therefore, whilst the inclusion of Cannock East, Cannock South and Norton Canes in the Assisted Areas is to be warmly welcomed, it is unlikely to generate large numbers of enquiries from businesses in the three wards. Most interest is likely to be forthcoming from those businesses who are already considering major investment at their premises, which could include some of the District’s larger employers.

4. **Recommendation**

4.1 As a consequence of the above it is recommended that the Council should support the inclusion of the three wards within Cannock Chase District in the draft Assisted Areas Map and acknowledge the role of the SSLEP in achieving this positive position.