

1.	Meeting:	Cabinet
2.	Date:	18th September 2013
3.	Title:	Review of Assisted Areas
4.	Directorate:	Environment and Development Services

5. Summary

The government is reviewing the UK's *assisted areas* (AA) map in response to the European Commission's 2014-20 regional aid guidelines, which were issued in June.

The guidelines set out the rules for how, when, where and to whom regional aid (a form of state aid) can be granted.

Local enterprise partnership (LEP) areas, including Sheffield city region, are asked to identify a contiguous map of priority wards covering a total population of 80% of current AA coverage (based on 2007-13 maps). We are also able to make the case for retaining 100% coverage, but as population has increased since the 2007-13 maps were agreed, this would still involve a loss of coverage. All Rotherham wards are covered in the 2007-13 map (see appendix), which gives us wider coverage than most of the other districts in the city region (only Doncaster also have full coverage).

This report provides a brief rationale for identifying those wards that Rotherham could be most prepared to lose from its current coverage in order to contribute to any required overall reduction for the city region, although a strong case will be made to retain the current "100%" coverage.

6. Recommendations

That Cabinet:

1. Approve the report and the recommended wards to retain assisted area status and those wards which may lose the status.
2. Agree that, within the overall city region consultation response, the case should be made for Rotherham and the city region to retain maximum coverage

7. Proposals and Details

Background

The *assisted area* (AA) map defines where, under European Union (EU) state aid rules, regional aid can be given to undertakings (typically businesses) to create or protect jobs. Large businesses (over 250 employees) are eligible for assistance only in AAs, whilst small and medium sized enterprises (SMEs) can be given greater financial assistance in AAs than elsewhere. Examples of schemes that draw heavily on the AA map include the regional growth fund and some of the financial incentives associated with enterprise zones.

The AA map defines where the government can spend money on supporting investment (not to be confused with eligibility for EU funding, which is driven by different rules). AA status does not guarantee funding and does not affect the amount of funding regions receive from EU structural and investment funds.

Rotherham has benefited from assisted area status for a number of years in various forms, from fixed capital grants via regional selective assistance and grant for business investment schemes to – more recently - the Regional Growth Fund. We have also benefited from three enterprise zones since 1983. All have played a part in attracting new businesses to the area and helping existing businesses to expand.

Some examples of investment made in Rotherham that would not have gone ahead without the benefit of AA status are:

- *Toyoda Gosei* – Japanese automotive parts manufacturer moved in to the borough with the help of a government grant. The project cost in excess of £30 million and they now employ 480 people.
- *Ventura (now Capita)* - contract call centre operator moved into the Dearne Valley enterprise zone, initially creating 1,900 jobs, but received both financial and practical assistance to expand and now employ around 5,000 people.
- *Advanced Manufacturing Park* – a number of organisations on the AMP have benefitted from financial assistance, both directly from the government and also through Yorkshire Forward, including Rolls-Royce and the University of Sheffield.
- *Beatson Clark* - recently gained a £1.7 million regional growth fund award to enable them to invest in a new furnace etc. as part of a £12 million project. The company would have been seriously considering closure without this assistance.
- *Enterprise Zones (EZs)* – the incentives associated with EZs rely on state aid / AA status and Rotherham has benefited significantly, from the first zone at Parkgate/Barbot Hall /Retail World, through Dearne Valley, which now employs around 10,000 people, to the current EZ sites at the AMP and Templeborough. These and other EZ sites across the city region are generating high interest from potential occupiers.

Consultation

Government are consulting on a number of elements that will inform the 2014-2020 AA map, which cover the period from 1st July 2014 to 31st December 2020. The consultation is made up of two stages:

- Stage 1 (deadline 30th September 2013) - this focuses on principles, indicators, local economic intelligence and priorities for coverage
- Stage 2 (winter 2013/14) - building on stage 1, this will be a consultation on a draft of the revised AA map

LEPs, through the Sheffield city region executive team in our case, have been asked to coordinate the response to stage one, working with local authorities and drawing on consultation/evidence that is informing the city region's emerging economic strategy/growth plan

As part of stage one, local authorities are asked to consider the following issues:

- *Existing coverage – how does this align to economic need, opportunity and spatial priorities? (In terms of economic need, government suggest that low employment/skills and high benefit claimant counts should be the main criteria)*
- *Where relevant, which areas would you be willing to give up and why (if any)?*
- *Where relevant, which areas would you like to see added/changed and why (if any)?*
- *How applying the 80% and 100% coverage (based on previous population coverage) impacts on economic need, opportunity and spatial priorities*

As mentioned above, all Rotherham wards are included in the current map. In order to make a proportionate contribution to achieving a city region map based on 100% of existing coverage (bearing in mind population has increased, so coverage would have to reduce), Rotherham would need to give up one ward. In order to help achieve 80% coverage, we would need to give up four or five wards.

An initial analysis has been carried out to map areas of need, in particular our eleven most deprived neighbourhoods, alongside economic opportunities (i.e. based on sites identified for development in draft *local plan* documents and existing employment clusters). Officers have also considered the need to produce a contiguous area for the city region, with no "doughnuts" (i.e. holes in the middle).

The results can be summarised as follows:

Wards to retain assisted area status

- *Boston Castle, Rawmarsh, Valley, Maltby, Dinnington, Rotherham East, Rotherham West, Holderness:* wards should be prioritised for AA status as they contain at least one of the eleven most deprived neighbourhoods and also employment or potential employment sites.
- *Hellaby, Rother Vale, Silverwood, Swinton, Wath, Brinsworth and Catcliffe, Wales:* wards should be prioritised for AA status as they contain land with development/employment potential and/or help to provide a contiguous area (and may also contain pockets of deprivation).
- *Sitwell, Wickersley:* these wards would not be priorities for AA status in terms of economic need or opportunity, but they will require AA status in order to avoid creating a "doughnut".

Wards to potentially lose assisted area status

- *Anston and Woodsetts*: ward is among our least deprived wards and has minimal potential for employment-related development (limited to North Anston Trading Estate)
- *Keppel*: ward has one pocket of deprivation (part of Kimberworth Park) and has no employment land earmarked in the draft local plan, though there may be future development opportunities linked to M1 junction 35.
- *Hooper*: ward has limited potential for employment-related development (though it does include Cortonwood employment area) and is not among our most deprived wards, though it does encompass part of the Dearne Valley, which has development plans linked to the eco vision.
- *Wingfield*: ward has widespread deprivation, including low skills levels in particular, but has very limited scope for economic development (N.B. Wingfield could only lose AA status if either Hooper or Keppel are also removed; otherwise a doughnut would be created).

Overall, Anston and Woodsetts should be regarded as our lowest priority to retain AA status, due to its relative lack of deprivation and limited employment land potential.

Keppel, Hooper and Wingfield wards should also be regarded as a lower priority in terms of retaining AA status and – collectively - would provide something close to an “80% option” for Rotherham. It is noted, however, that the case will be made at city region level to retain or even increase existing coverage based on the region’s relative economic need and growth potential.

Ideally, as part of the second phase of government consultation, a more comprehensive analysis should be carried out, building on the exercise above, to help inform any final decision on Rotherham wards.

8. Finance

The loss of assisted area status could have financial implications in relation to an area’s ability to attract investment and the associated income from business rates, although it is impossible to quantify this.

9. Risks and Uncertainties

If any Rotherham wards lose assisted area status, there is a risk that they will miss out on potential investment, reducing their and the borough’s ability to generate jobs and growth. If we agree to remove wards that have no employment land earmarked for development during the relevant period (2014-20), but may have longer term potential, there is a danger that they will not regain AA status later given that the trend is for coverage to be reduced over time.

10. Policy and Performance Agenda Implications

It will be important to use intelligence from deprivation data and the emerging local plan to ensure that we accurately identify the wards that are likely to suffer least from losing assisted area status. This will minimise the impact on performance targets and strategies relating to economic growth.

11. Background Papers and Consultation

[Government consultation documents on assisted areas](#)

Contact Name: Michael Holmes, policy officer, x54417, michael.holmes@rotherham.gov.uk