



SOSE AGRICULTURE, FOOD & DRINK SUBSIDY SCHEME

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Region	South of Scotland – Scottish Borders & Dumfries and Galloway
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Subsidy type	Grant, loan, equity, or guarantee
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1. Introduction

1.1 Purpose of this scheme

South of Scotland Enterprise (SOSE) was established by the Scottish Government in recognition of the unique circumstances of the South of Scotland, and the need for a fresh approach to drive inclusive growth across the area. This scheme provides support for growers and producers within the agriculture, horticulture and forestry sectors and the processing of food products that fall within the WTO Agreement on Agriculture. This also includes seaweed whether naturally harvested or farmed.

1.2 Duration

The scheme takes effect from 12 September 2022 with an anticipated end date of 31 December 2026.

1.3 Legal Basis for the scheme

This scheme is designed to comply with the UK Government guidance on complying with the UK's international obligations on subsidy control as issued from time to time. In all cases a proposed subsidy will have been assessed to meet the definition of a "subsidy" and awards shall be compatible with the Agreement on Agriculture which the UK has signed up to as part of its membership of the World Trade Organisation. The criteria and limitations of the scheme are designed to limit the effects of permitted subsidies to fall within a safe harbour (of effects) such that it is possible to award subsidies with a reduced risk of challenge under the WTO rules.

The scheme may be modified or replaced prior after December 2022 once further UK legislation on subsidy control within the UK comes into effect.

SOSE implements this scheme under our powers conferred by the South of Scotland Enterprise Act 2019.

1.4 Types of subsidy

SOSE has powers to offer grant, loan, equity, and guarantees. Applicants must state the amount and type of assistance requested at application stage, however, the final decision on the amount and form of any subsidy award will remain at SOSE's discretion, informed by our strategic priorities and choices (more at 1.8) and the outcome of due diligence.

1.5 Geographic scope

The scheme applies to awards made by SOSE to beneficiaries based, or with an operating presence, in the SOSE area and whose activity has, or could have, an effect on trade or investment with competitors in:

- third countries covered by Free Trade Agreements
- any member of the World Trade Organisation (WTO) that is not covered by a free trade agreement concerning these land use sectors (including the EU)
- **Northern Ireland.** If SOSE subsidies were to genuinely affect trade in goods (not services) between Northern Ireland and the EU, then The Northern Ireland Protocol to the EU Withdrawal Agreement applies. The Protocol aims to avoid having border checks on goods crossing the Northern Ireland – Eire border by applying EU State aid rules (and other trade rules) on both sides. This includes the Undertaking in Difficulty assessment (see definition 12). However, in the case of agriculture and fisheries trade there are certain levels of subsidy below which the protocol (and therefore State

rules) does not apply. SOSE is under an obligation to consult Northern Ireland's Department of Agriculture, Environment and Rural Affairs (DAERA) for their advice about any proposed subsidy that could be affected by the protocol.

1.6 Eligible beneficiaries and sectors

Subsidy under this scheme is open to all types of commercial entity (regardless of their legal or profit-distributing status) engaged in the provision of goods or services affecting trade within the UK and the rest of the world in all sectors involving plant or animal production from the land and the processing of food products produced from the land, other than those specified in 1.7. N.B. seaweed, whether harvested from natural resources or produced through seaweed farming falls within this scheme.

1.7 Sectors and support NOT covered by this scheme

- Fishing, aquaculture and fish processing sectors.
- Wood processing is not covered in this scheme but may be assisted under SOSE's Economic Development Subsidy scheme (SEDSS).
- Sea salt production, including edible salt for culinary purposes, is classed as a mineral, and is not covered here but may be assisted under SOSE's Economic Development Subsidy scheme (SEDSS)
- Prohibited subsidies i.e. –
 - Export performance - subsidy must not be used to fund the direct operating costs of exports i.e., staff, materials or other revenue costs tied to the export performance of goods or services
 - Domestic content - SOSE will not place an obligation on beneficiaries to favour UK suppliers and goods as a condition of the funding
 - Unlimited state guarantees where the amount or duration is not limited
 - That have the effect of providing price support to producers
 - Support linked to the type or volume of production. This means that a subsidy award cannot be conditional on production
- Certain subsidy limitations and conditions apply to rescue and restructuring of ailing or insolvent applicants and at least for the initial period of this scheme they will be dealt separately as ad hoc cases outside of this scheme.

1.8 Scheme Objectives

Successful applicants should be able to demonstrate the following **SOSE Criteria**. These should be assessed through an appropriate level of due diligence according to the value of the ask and risk profile of the project.

- The outcomes will contribute to SOSE's strategic objectives and Operating Plan priorities.
- The project will deliver commercial benefits to the applicant enterprise and to the SOSE area and take into consideration assessment of the market and displacement effects and mitigations.
- The project would not be able to proceed at all, or not at the same scale, quality, or speed without public assistance (additionality)
- The applicant has the capacity to implement the project effectively to enhance its future competitiveness
- The applicant is financially viable at the time of application and is unlikely to become insolvent or be at risk of going out of business in the short to medium term.

1.9 Intensity levels and cumulation (aggregation of different subsidy awards)

- The maximum subsidy intensity (percentage intervention level) applies to the combined subsidy value of all forms of public support towards the same eligible project costs. This might include other UK public funders or EU funding and where a mix of grant and subsidised loan is being considered.
- The subsidy value of loans is awarded based on the gross grant equivalent i.e. not the nominal value of the loan but a calculation of the level of subsidy it contains compared to a commercial loan.
- Subsidy under this scheme may be offered alongside other categories of subsidy under this Scheme, up to the maximum for each measure, provided they concern different eligible costs.
- Where different measures are being combined in the same project e.g. Regional Investment and Training, the total subsidy shall not exceed the maximum subsidy amount for the measure that has the highest permitted limit.

1.10 Publication of subsidy awards for transparency

SOSE is required to publicise all financial awards, regardless of the value, on its website. In addition, SOSE is required to publish subsidy awards exceeding £100,000 under this scheme on the UK Subsidy Control Transparency Database to provide summary information to any interested party.

Support measures

Subsidy measures are listed below. Some are only relevant for primary producers (land users), some concern processors and marketers of land products whether or not they are also a primary producer. Applicability of a measure is defined in the eligibility criteria for each measure.

Measure 1: Unlimited free or Subsidised business Services

Products or services funded by SOSE which are available to any interested enterprises in the primary production, processing or marketing of land products and seaweed products, and which do not involve cash grants to beneficiaries, do not have specific limits and they do not count towards cumulated ceilings. Under the WTO Agreement on Agriculture these actions are deemed to have minimal effects on competition and are classified as "Green Box General Services" measures which do not come under AoA subsidy control commitments.

Eligible Activities:

Events funded or subsidised by SOSE where beneficiaries do not receive a cash grant. Examples would be information webinars or meetings, networking events, demonstrations, promotion of good practices of collaboration and of innovation.

Eligibility shall not be linked to an obligation to produce specific products or to provide products to consumers at reduced prices or non-market prices.

Subsidy Limits.

There are no limits on the level of benefit an enterprise may receive by benefiting from these services.

Measure 2: Minimal Subsidy

This is a de minimis type of subsidy awarded to an individual enterprise where any kind of activity can be supported within the limits and conditions below.

Eligible enterprises and activities

All types of enterprise within the scope of this scheme of any size – Small, Medium or Large.

Eligible costs

Any type of costs can be considered; capital or revenue.

Types of assistance

Grant, loan, equity or guarantees.

Eligibility Conditions

The applicant must provide a declaration of previous support in the last 3 years i.e. de minimis aid awarded under the EU Regulations prior to 1 January 2021 and any awards after that date that were given as minimal subsidy or de minimis type support by SOSE and any other public bodies.

Subsidy Limits

The maximum intervention level is up to 100% of eligible costs.

Subsidy limits to an enterprise (at group level) shall be capped during a three-year period. The cumulation period includes the current fiscal year (fiscal year = the accounting financial year of the enterprise) and the two previous fiscal years. Cumulation for this measure only requires this type of subsidy/State aid to be included and no other assistance should be taken into account for this calculation.

Agriculture, Food and Drink Minimal subsidy ceilings over 3 consecutive years	
Primary Producers	£40,000
Food & Drink producers	£315,000

Measure 3: Capital Investment on Agricultural Holdings

This subsidy is used to provide financial assistance for commercial activity within agricultural holdings or on horticulture and forestry land. It is aimed at capital investments.

Eligible enterprises and activities

1. SMEs active in primary agriculture, forestry and horticulture are eligible.
2. Investments carried out by one or more beneficiaries concerning a tangible asset or intangible asset.
3. Investments pursuing at least one of the following objectives:
 - a) the improvement of the overall performance and sustainability of the agricultural holding, in particular through a reduction of production costs or the improvement and re-deployment of production.
 - b) the improvement of the natural environment, hygiene conditions or animal welfare standards, provided that the investment concerned goes beyond standards in force.
 - c) the creation and improvement of infrastructure related to the development, adaptation and modernisation of agriculture including access to farmland, land consolidation and improvement, the supply and saving of energy and water.
 - d) the achievement of agri-environmental-climate objectives, including the biodiversity conservation status of species and habitat as well as enhancing the public amenity value of high value nature habitats, as long as investments are non-productive.
 - e) the restoration of production potential damaged by natural disasters, adverse climatic events which can be assimilated to natural disasters, animal diseases and plant pests and the prevention of damages caused by those events.
4. Investment linked to the production at farm-level of biofuels or of energy from renewable sources, provided that such production does not exceed the average annual consumption of fuels or energy of the given farm.

Eligible Costs

- a) the costs for the construction, acquisition, including leasing, or improvement of immovable property, with land only being eligible to an extent not exceeding 10% of the total eligible costs of the operation concerned.
- b) the purchase or lease purchase of machinery and equipment up to the market value of the asset.

- c) the general costs linked to the expenditure referred to in points (a) and (b), such as architect, engineer and consultation fees, fees relating to advice on environmental and economic sustainability, including feasibility studies; feasibility studies shall remain eligible expenditure even where, based on their results, no expenditure under points (a) and (b) is incurred.
- d) the acquisition or development of computer software and the acquisition of patents, licences, copyrights and trademarks.
- e) expenses for non-productive investments linked to the objectives referred to in paragraph (d).
- f) in the case of irrigation, the costs for investments that fulfil the following conditions:
 - i. a river basin management plan must be in place. Water metering enabling measurement of water use at the level of the supported investment must be in place or must be put in place as part of the investment.
 - ii. the investment must lead to a reduction of previous water use of at least 25%.

However, as regards investments affecting bodies of ground or surface water whose status has been identified as less than good in the relevant river basin management plan for reasons related to water quantity as well as investments resulting in a net increase of the irrigated area affecting a given body of ground- or surface water shall not be eligible for subsidy under this measure.

The conditions of point (f)(i) and (ii) above shall not apply to an investment in an existing installation which affects only energy efficiency or to an investment in the creation of a reservoir or to an investment in the use of recycled water which does not affect a body of ground- or surface water.

- g) In the case of investments aimed at the restoration of agricultural production potential damaged by natural disasters, adverse climatic events which can be assimilated to natural disasters, animal diseases or plant pests, the eligible costs may include the costs incurred for restoring the agricultural production potential up to the level it was at before the occurrence of those events
- h) In the case of investments aimed at the prevention of damages caused by natural disasters, adverse climatic events which can be assimilated to natural disasters, animal diseases or plant pests, the eligible costs may include the costs of specific preventive actions.
- i) In the case of irrigation, subsidy shall be paid only in a basin district in which a contribution by the different water users to the recovery of the costs of water services by the agricultural sector is required, having regard here appropriate, to the social, environmental, and economic effects of the recovery as well as the geographic and climatic conditions of the region or regions affected.

Ineligible expenditure and restrictions on eligible expenditure

Subsidy shall not be granted in respect of the following:

- a) Working capital costs.
- b) the purchase of production rights, payment entitlements and annual plants.
- c) the planting of annual plants.
- d) drainage works.
- e) investments to comply with regulatory standards, with exception of subsidy granted to young farmers within 24 months from the date of their setting-up.

- f) the purchase of animals, with exception of subsidy granted for investments pursuant to paragraph (e) above.
- g) Costs, other than those referred to in (a) and (b) above connected with leasing contracts, such as lessor's margin, interest refinancing costs, overheads and insurance charges shall not be considered to be eligible costs.

Subsidy limits

Type of subsidy	All SMEs
Capital investments under this measure	40%
The intervention level can be increased by up to 20% for the following: <ul style="list-style-type: none"> a) young farmers, or farmers who have set up during the five years preceding the date of application for subsidy. b) collective investments, such as storage facilities which are used by a group of farmers or facilities to prepare the agricultural products before marketing, and integrated projects covering several measures including those linked to a merger of producer organisations. c) investments in areas facing natural and other specific constraints. d) investments for the improvement of the natural environment, hygiene conditions or animal welfare standards, as referred to in (b); in this case the increased rate as provided for in this paragraph shall only apply to the additional costs necessary to obtain a level exceeding the UK standards in force and not leading to an increase in production capacity. 	60%
Investments related to preventative measures, referred to in eligible activities paragraph 3(e) have a maximum intensity of 80 %, however, this may be increased up to 100% if the investment is carried out collectively by more than one beneficiary.	80-100%
Non-productive investments referred to in the environmental objectives in the eligible activities paragraph 3(d) and investments for the restoration of production potential referred to in paragraph 3(e)	100%

The maximum subsidy per project per applicant under this measure is £500,000.

Types of assistance

Grant, loan, equity, guarantees.

Additional eligibility conditions

1. Biofuels - Where the investment is made for the production of biofuels, the production capacity of the production facilities shall be no more than the equivalent to the annual average transport fuel consumption of the agricultural holding and the produced biofuel shall not be sold on the market.
2. Energy generation - Where the investment is made for the production of thermal energy and electricity from renewable sources on agricultural holdings, the production facilities shall serve only the beneficiary's own energy needs and their production capacity shall be no more than the equivalent to the combined average annual energy consumption of thermal energy and electricity on the agricultural holding, including the farm household.

3. The selling of electricity into the grid - shall only be allowed as far as the annual self-consumption limit is respected.
4. Where the investment is carried out by more beneficiaries with the purpose to serve their own biofuel and energy needs - the annual average consumption shall be accumulated to the amount equivalent to the average annual consumption of all beneficiaries.
5. Investments in renewable energy infrastructure (see definition at Annex 1, no 18) that consume or produce energy shall comply with minimum standards for energy efficiency, where such standards exist at national level.
6. Investments in installations, the primary purpose of which is electricity production from biomass - shall be contingent upon complying with UK and Scottish regulations that are applicable. These may include that a minimum percentage of heat energy is utilised in the holding, and the maximum proportions of cereals and other starch rich crops, sugars and oil crops used for bioenergy production, including biofuels, for different types of installations. Subsidy to bioenergy investment projects shall be limited to bioenergy meeting any applicable UK sustainability criteria.
7. For investment requiring an environmental impact assessment the subsidy shall be subject to the condition that such assessment shall have been carried out and the development consent shall have been granted for the investment project concerned before the date of granting the individual subsidy.

Measure 4: Regional Investment for Processing & Marketing of Agricultural Products

This subsidy is for financial assistance to commercial enterprises for capital investments for their own use.

Eligible enterprises

Those processing and marketing agricultural products.

Eligible activities are:

- Initial investment in new economic activity (large firms)
 - an investment in tangible and intangible assets related to the setting up of a new establishment, or to the diversification of the activity of an establishment, under the condition that the new activity is not the same or a similar activity to the activity previously performed in the establishment; or
 - the acquisition of the assets belonging to an establishment that has closed or would have closed had it not been purchased and is bought by an investor unrelated to the seller, under the condition that the new activity to be performed using the acquired assets is not the same or a similar activity to the activity performed in the establishment prior to the acquisition.
- For large firms a "new establishment" shall concern new economic activity (refer to Annex 2, No. 23 for the definition of new economic activity). Note that "establishment" in the context of initial investment is understood as a production unit and not a legal entity.
- The beneficiary (at group level) shall confirm that it has not carried out a relocation of the same or similar activity from a part of the European Economic Area (EEA) to the proposed new operation in the SOSE area in the 2 years preceding its application for regional investment subsidy. The applicant shall give a commitment not to carry out such a transfer for a period of

2 years after the initial investment for which the subsidy is requested is completed. For definition of 'same or similar' see definition No. 22 in Annex 2. A "transfer" is deemed to have taken place if the product or service in the initial and in the subsidised establishment serves at least partly the same purpose and meets the demands or needs of the same types of customers and jobs are lost in the "same or similar" activity in one of the initial establishments of the beneficiary in the EEA.

- Initial investment (SMEs only) in tangible assets related to the setting up of a new establishment (refer to Annex 2 No. 21 for definition of "initial investment").
- Acquisition by an SME of assets belonging to an establishment that has closed or would have closed had it not been purchased and is bought by an investor unrelated to the seller. Note that "establishment" in the context of initial investment is understood as a production unit and not a legal entity.
- The extension of an existing establishment by SMEs only
- The diversification of the output of an establishment into new additional products, under the condition that the new activity is not the same or a similar activity to the activity (SMEs & large firms)
- The fundamental change in the overall process of an existing establishment (SMEs only)
- The acquisition of the capital assets directly linked to an establishment which has closed or would have closed had it not been purchased, and the assets are bought by an independent investor (SMEs & large firms)
- In the case of business succession of a small enterprise in favour of family of the original owner(s) or in favour of former employees, the condition that the assets shall be bought by an independent investor shall be waived

Eligible Costs (one or more of the following)

- Tangible assets – land, buildings, equipment, including professional fees and similar costs arising out of tangible assets which are recorded on the balance sheet
- Equipment purchased by large firms shall be new. Where second hand equipment is purchased by SMEs it shall be purchased at market prices which should be objectively verified
- Costs related to the lease of tangible assets may be considered under the following conditions:
 - a) for land and buildings, the lease must continue for at least five years after the expected date of completion of the investment project for large undertakings or three years in the case of SMEs
 - b) for plant or machinery, the lease must take the form of financial leasing and must contain an obligation for the beneficiary of the subsidy to purchase the asset upon expiry of the term of the lease.
- For subsidy for the diversification of an existing establishment, the eligible costs must exceed by at least 200% the book value of the assets that are reused, as registered in the fiscal year preceding the start of works.
- Intangible assets, up to 100% of eligible costs for SMEs and not exceeding 50% of eligible costs for large firms.

- Wage costs - two years of estimated wage costs of net additional employment created directly by the investment project. Net additional jobs are additional jobs created by comparison with the number of jobs present in the previous 12 months before the investment began (on the basis of FTE jobs). Any jobs lost during the first three years on the same site as the project must be deducted from those created, to arrive at the net additional number of jobs created. Jobs to be counted are those created in the first three years following completion of the investment. The wage cost is the gross wage paid to the employee before tax plus compulsory social security charges.
- Acquisition of an existing establishment only the costs of buying the assets from third parties unrelated to the buyer shall be taken into consideration, except in the case of business succession (see last sentence in this paragraph). The transaction shall take place under market conditions. If State aid or subsidy has already been granted for the acquisition of assets prior to their purchase, the costs of those assets shall be deducted from the eligible costs related to the acquisition of an establishment. Where a member of the family of the original owner, or an employee, takes over a small enterprise, the condition that the assets be bought from third parties unrelated to the buyer shall be waived.
- The acquisition of shares does not constitute initial investment.
- Additional investment costs to upgrade existing assets. The additional costs of upgraded assets are those costs in excess of the cost of replacement on a like for like basis.
- Subsidy may be calculated based on assets only, wages only or a combination of the two, but see subsidy limits section below.

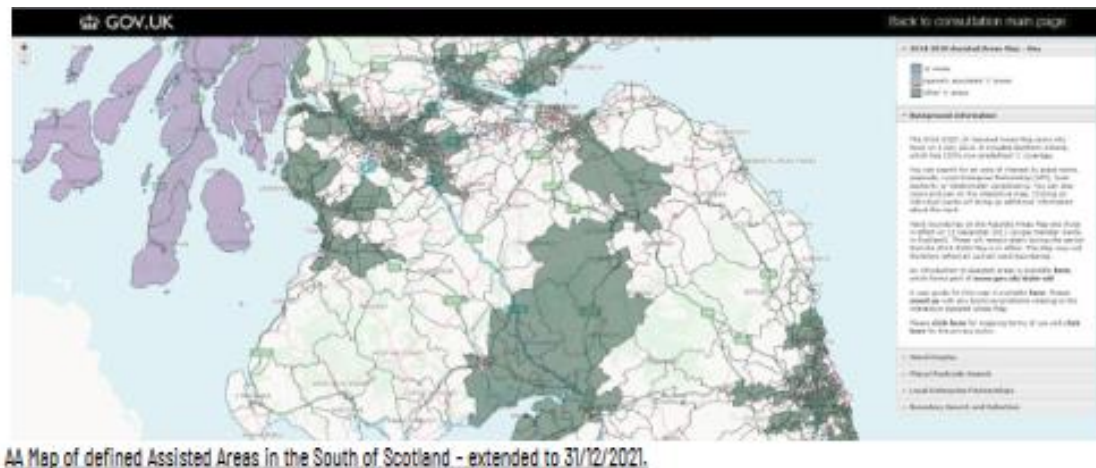
Types of assistance

Grant, loan, equity, guarantees

Additional eligibility conditions

- a) Subsidy provided for tangible assets that are sold or moved out with the assisted area shall be repaid (in full) if the sale or transfer takes place within the following periods: For large firms, within 5 years of the completion of the investment. For SMEs, within 3 years from the completion of the investment.
- b) When wage costs are used as the eligible costs, the employment created shall be maintained during a minimum of 5 years for large firms and 3 years for SMEs.
- c) Intangible assets shall be used exclusively in the establishment being assisted by the undertaking receiving the subsidy.
- d) Intangible assets shall be those that are regarded as amortizable assets in the formal accounts of the beneficiary.
- e) Intangible assets must be purchased from unrelated third parties under market conditions,
- f) Intangible assets shall be included in the assets of the beneficiary, for at least 5 years for large firms and for at least 3 years for SMEs.
- g) The project must not have commenced expenditure on implementation before an application for assistance towards the project has been submitted to SOSE.
- h) For SMEs new or second-hand assets shall be purchased at market prices
- i) For large firms, equipment purchases shall be new.

Assisted/Disadvantaged Areas Map



Map of Disadvantaged/ Assisted Areas in the SOSE region – adoption extended to 31/12/2022.

The basis for SOSE's Regional Investment subsidy ceilings is the UK Assisted Areas (AA) Map, which provides limits in line with EU subsidies and in proportion to the relative economic disadvantage suffered by regions. Its objective is to allow subsidies enabling initial investments in assets that facilitate growth by subsidy levels that do not unduly distort trade with other regions.

The UK AA is the same as applied under EU State Subsidy 2014-2020, which was extended to 31/12/2021 by the EU in 2020 and by the UK government for use in the UK's post BREXIT Subsidy Control arrangements.

Until UK Government has defined new Disadvantaged Areas, SOSE will continue to treat the green area as Assisted Areas.

This map and the associated subsidy ceilings only apply to subsidies under this measure; they do not apply to any other measure in this scheme.

Subsidy limits

The table below gives the maximum subsidy levels in grant/grant equivalent as a percentage of the total value of eligible costs in the project whether or not the grant is paid out against all of the eligible costs. The calculation of subsidy limits may be based on assets only, wages only or a combination of the two provided that the resulting subsidy does not exceed the most favourable amount from the calculation based on either wages or assets.

Project location	Small	Medium	Large
Non-predefined Article 107(3)c Assisted Area (shaded green in above picture – check postcode of project activity)	35%	25%	15%

Private sector financing (including own funds and borrowing from the private sector) must be at least 25% of eligible costs, meaning that any combination of public funding by way of grants, loans and equity shall not exceed 75% of eligible project costs.

Scheme subsidy ceiling

The ceiling on the subsidy amount for this measure is the same as the new EU Regional Aid Guidelines (January 2022) in terms of the Adjusted Subsidy Amount formula.

Large projects (costs over €50m) - reduced subsidy ceilings apply to the part of the project costs which exceed €50m (see definition Annex 2 No. 24), requiring calculation of the “Adjusted Subsidy Amount” (below and Annex No. 25) and taking account of other aided or subsidised initial investments (Annex 2 No. 21) that would count as a “Single Investment Project”.

Specific definitions

- **Single Investment Project** - any initial investment started by the same beneficiary (at group level) within a period of three years from the date of the start of works on another aided or subsidised investment in the same level three region of the Nomenclature of Territorial Units for statistics (NUTS 3) shall be considered part of a single investment project. The NUTS areas for the SOSE area are:
 - UKM32 - Dumfries and Galloway
 - UKM24 - Scottish Borders

Where the single investment project is a large investment project (costs over £42.5m), the total subsidy amount for the single investment project shall not exceed the “adjusted subsidy amount”.

- **Adjusted subsidy amount** the maximum permissible subsidy for a large investment project should be calculated according to the following formula:

$$\text{Maximum subsidy amount} = R \times (A + 0.5 \times B + 0.34 \times C)$$

where: R is the maximum subsidy intensity applicable in the area concerned, excluding the increased subsidy intensity for SMEs. A is the initial £42.5 million of eligible costs, B is the part of eligible costs between £42.5 million and £85 million, and C is the part of eligible costs above £85 million.

Measure 5: Consultancy support for SMEs

For the use of external consultants

Eligible enterprises

Small and Medium sized Enterprises only.

Eligible activities

Subsidy towards purchase of consultancy to improve or develop their business.

Geographic eligibility

The investment must be within the South of Scotland.

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy Limits

The subsidy in grant or grant equivalence terms shall not exceed 50% of eligible costs up to a maximum of £2m per project.

Eligible Costs

The eligible costs shall be the costs of services provided by external consultants

Types of Assistance

Grant, loan, or access to subsidised state funded consultants.

Conditions attaching to the Subsidy

Services purchased from consultants shall not be a continuous or periodic activity nor relate to the beneficiary's usual operating costs, such as routine tax consultancy services, regular legal service, advertising, or payroll services.

Measure 6: Trade fair support for Food & Drink producers

For attendance at trade fairs

Eligible enterprises

Small and Medium sized Enterprises only.

Eligible activities

Subsidy to enable participation in trade fairs (including repeat participations).

Geographic eligibility

The investment must be within South of Scotland.

Sectoral eligibility

Under this scheme this measure is only available for Food and Drink producers.

Primary Agriculture producers do not have access to trade fair support except under their Minimal Financial Assistance allowance.

Subsidy Limits

The subsidy in grant or grant equivalence terms shall not exceed 50% of eligible costs, up to a maximum of £2m per enterprise per year.

Eligible Costs

The eligible costs shall be the costs incurred for renting, setting up and running the stand for the participation of an undertaking in any particular fair or exhibition.

Types of Assistance

Grant, loan, or access to subsidised state funded trade fairs.

Measure 7: Primary agricultural producers' participation in quality schemes

This subsidy is intended to be used for schemes rather than ad hoc cases, and there is a special condition that the assistance "shall be accessible to all eligible undertakings in the area concerned, based on objectively defined conditions".

Eligible enterprises

Small and Medium sized Enterprises.

Eligible activities

The following may be assisted:

1. new participation in quality schemes by producers of agricultural products
2. compulsory control measures in relation to the quality schemes undertaken pursuant to national legislation by or on behalf of the competent authority
3. preparation of applications for entering a quality scheme.

The quality schemes must comply with one of the following:

- a) Quality schemes for agricultural products (including farm certification schemes) that are recognised by in the UK.
- b) Quality schemes for agricultural products (including farm certification schemes) that are recognised by the UK or Scottish Government as complying with the following criteria:
 - i. the specificity of the final product produced under such quality schemes must be derived from a clear obligation to guarantee: – specific product characteristics, or – specific farming or production methods, or – the quality of the final product that goes significantly beyond the commercial commodity standards as regards public, animal or plant health, animal welfare or environmental protection.
 - ii. the quality scheme must be open to all producers.
 - iii. the quality scheme must involve binding final product specifications and compliance with those specifications must be verified by public authorities or by an independent inspection body.
 - iv. the quality scheme must be transparent and assure complete traceability of agricultural products.

- c) voluntary agricultural product certification schemes recognised by UK authorities as meeting the requirements for best practice for voluntary certification schemes for agricultural products and foodstuffs.

Eligible costs

The following categories of subsidy to producers of agricultural products shall be eligible for this subsidy:

- a) costs of new participation in quality schemes.
- b) costs for compulsory control measures in relation to the quality schemes undertaken pursuant to national legislation by or on behalf of the competent authority.
- c) costs of market research activities, product conception and design and for preparation of applications for the recognition of quality schemes.

Geographic eligibility

No geographic restrictions.

Subsidy limits and special conditions

- a) The subsidy for new participation in quality schemes shall be granted to producers of agricultural products in the form of an annual incentive payment, the level of which shall be determined according to the level of the fixed costs arising from participation in the quality schemes.
- b) The subsidy for participation and control measures shall not be granted towards the cost of controls undertaken by the beneficiary itself.
- c) The subsidy for participation in quality schemes shall be granted for a maximum period of five years and shall be limited to the £2,500 per beneficiary per year.
- d) The subsidy shall be accessible to all those eligible undertakings in the area concerned, based on objectively defined conditions.
- e) The subsidy for control measures and preparatory work as in in eligible costs a) and b) above shall be paid to the body responsible for control measures, the research provider, or the consultancy provider.
- f) The subsidy for control measures and preparatory costs in eligible costs a) and b) shall be limited to 100% of the real costs incurred.

Types of assistance

Grant and loan

Measure 8: Start-up of new, small producers and start-up of small innovative producers

Measure 8.1 Start-up of new small producers

Eligibility of undertakings

Eligible undertakings shall be Small Enterprises up to five years following their registration which fulfil the following conditions:

- It has not taken over the activity of another enterprise,

- It has not yet distributed profits
- It has not been formed through a merger unless the date of registration of the older enterprise in the merger would be less than 5 years from the date the subsidy will be actually granted.

For eligible undertakings that are not subject to registration the five years eligibility period may be considered to start from the moment when the enterprise either starts its economic activity or is liable to tax for its economic activity.

Eligible activity

Subsidy is for the start-up costs of newly created small enterprises.

Types of assistance

- a) grants, equity or quasi equity investment, and interest rate and guarantee premium reductions.
- b) loans with interest rates which do not conform with market conditions.
- c) guarantees with premiums which do not conform to market conditions.

Geographic eligibility

All of the SOSE area.

Sectoral eligibility

Producers of processed food and drink products are eligible. N.B. primary producers of agricultural products are **ineligible**.

Subsidy limits

The limits depend on the form of assistance (grants, loans, or guarantees). A beneficiary can receive support through a mix of the instruments (forms of assistance referred to above) provided that the proportion of the amount granted through one subsidy instrument, calculated on the basis of the maximum subsidy amount allowed for that instrument, is taken into account in order to determine the residual proportion of the maximum subsidy amount allowed for the other instruments forming part of such a mixed instrument.

Note that the loans or guarantees may be charged for at rates less than market rates, and there is no difference in the amounts that can be offered even if the rates charged for the loan or guarantee are zero. The Subsidy limits have been calculated on the assumption of zero charges, therefore this practice would be quite legitimate if SOSE considered it appropriate for the project.

For grants the limit is £600,000 and is the cumulative amount of all subsidy awards under this measure i.e. more than one grant can be offered while the beneficiary remains eligible, as long as the total doesn't breach the ceiling.

For different periods of loans and guarantees the ceilings are in the table below.

Limits for Start-up of new small producers		
Type Subsidy	Subsidy limit	Comment (all per undertaking)
Grant	£600,000	Grant or grant equivalent for phased release grants
Loan	£3,000,000 £2,500,000 £2,142,857 £1,875,000 £1,666,667 £1,500,000	Loan term 1-5 years Loan term 6 years Loan term 7 years Loan term 8 years Loan term 9 years Loan term 10 years
Guarantees	£2,250,000 £2,500,000 £2,812,500 £3,214,286 £3,750,000 £4,500,000	Guarantee lasting 10 years Guarantee lasting 9 years Guarantee lasting 8 years Guarantee lasting 7 years Guarantee lasting 6 years Guarantee lasting 5 years

Measure 8.2 Start-up of new small innovative producers

Eligibility of undertaking

In addition to the eligibility criteria and activity above, an *innovative* enterprise means an enterprise:

- that can demonstrate, by means of an evaluation carried out by an external expert that it will in the foreseeable future develop products, services or processes which are new or substantially improved compared to the state of the art in its industry, and which carry a risk of technological or industrial failure, or
- the research and development costs of which represent at least 10% of its total operating costs in at least one of the three years preceding the granting of the subsidy or, in the case of a start-up enterprise without any financial history, in the audit of its current fiscal period, as certified by an external auditor.

Limits for start-up of new small innovative producers		
Type Subsidy	Subsidy limit	Comment (all per undertaking)
Grant	£1,200,000	Grant or grant equivalent for phased release grants
Loan	£6,000,000 £5,000,000 £4,285,714 £3,750,000 £3,333,334 £3,000,000	Loan term 1-5 years Loan term 6 years Loan term 7 years Loan term 8 years Loan term 9 years Loan term 10 years
Guarantees	£4,500,000 £5,000,000 £5,625,000 £6,428,572 £7,500,000	Guarantee lasting 10 years Guarantee lasting 9 years Guarantee lasting 8 years Guarantee lasting 7 years Guarantee lasting 6 years

Limits for start-up of new small innovative producers		
Type Subsidy	Subsidy limit	Comment (all per undertaking)
	£9,000,000	Guarantee lasting 5 years

Research, Development, and Innovation (R&D&I)

This section covering Measures 9 through to 16 concerns support for R&D&I projects undertaken by commercial enterprises and provided to one or more specific producers. For general research carried out for the wider benefit of the agricultural or rural community, and where no direct payments will be given to producers or processors, the assistance may be considered non-subsidy or fall within measure 1 of this scheme.

Measure 9: Fundamental research

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.

See below for subsidy criteria.

Measure 10: Industrial research

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.

See below for subsidy criteria.

Measure 11: Experimental development

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.

See below for subsidy criteria.

Measure 12: Feasibility studies

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.

See below for subsidy criteria.

R&D&I Measures 9 to 12 (research projects and feasibility studies): Subsidy Criteria

Eligible sectors and enterprises

Both Primary Producers and Food and Drink producers are eligible. Large firms and SMEs may be assisted.

Eligible costs

The eligible costs of research and development projects shall be allocated to a specific category of research and development and shall be the following:

- a) personnel costs: researchers, technicians and other supporting staff to the extent employed on the project
- b) costs of instruments and equipment to the extent and for the period used for the project. Where such instruments and equipment are not used for their full life for the project, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible
- c) costs for of buildings and land, to the extent and for the duration period used for the project. With regard to buildings, only the depreciation costs corresponding to the life of the project, as calculated on the basis of generally accepted accounting principles are considered as eligible. For land, costs of commercial transfer or actually incurred capital costs are eligible
- d) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions, as well as costs of consultancy and equivalent services used exclusively for the project
- e) additional overheads and other operating expenses, including costs of materials, supplies, and similar products, incurred directly as a result of the project

The eligible costs for feasibility studies shall be the costs of the study.

Types of assistance

Grant, equity, or loan.

Geographic eligibility

All of the SOSE area.

Conditions attaching to the subsidy

Note that there is no condition preventing the sale of the R&D results outside the company or region.

Subsidy limits

Type of Research	Small	Medium	Large
Fundamental research	100%	100%	100%
Industrial research	70%	60%	50%
Experimental development	45%	35%	25%
Feasibility studies	70%	60%	50%

The subsidy intensities for industrial research and experimental development may be increased 15%, up to a cap of 80% if one of the following conditions is fulfilled:

Either:

- a) the project involves effective collaboration:
 - (i) between undertakings among which at least one is an SME, or is carried out in at least two States, and no single undertaking bears more than 70% of the eligible costs, or
 - (ii) between an undertaking and one or more research and knowledge-dissemination organisations, where the latter bear at least 10% of the eligible costs and have the right to publish their own research results.

or:

- b) the results of the project are widely disseminated through conferences, publication, open access repositories, or free or open-source software.

The maximum rates including supplements would thus be:

Type of Research	Small	Medium	Large
Industrial research	80%	75%	50%
Experimental development	60%	50%	40%

The amount of subsidy is also restricted to the following levels under this scheme.

Type of Subsidy	Subsidy ceiling under the scheme	Comment
R&D - Fundamental Research	£40m grant	Per project per undertaking
	£60m repayable advance	Repayment = advance plus interest at EU discount rate
	€80m grant	If part of an EU funded project or implemented by a joint undertaking
R&D - Industrial Research	£20m grant	Per project per undertaking
	£30m repayable advance	Repayment = advance plus interest at EU discount rate
	€40m	If part of an EU funded project or implemented by a joint undertaking
R&D - Experimental Development	£15m grant	Per project per undertaking
	£22.5m repayable advance	Repayment = advance plus interest at EU discount rate
	€30m	If part of an EU funded project or implemented by a joint undertaking
Feasibility studies for R&D	£7.5m	Per study

Measure 13: Investment in research infrastructures

Eligible activities

Subsidy for construction or upgrade of research infrastructures that perform economic activities

Eligible enterprises

Small, Medium and Large enterprises.

Eligible costs

The eligible costs shall be the investment costs in intangible and tangible assets.

Types of assistance

Grant, equity, or loan

Conditions attaching to the subsidy

Where a research infrastructure pursues both economic and non-economic activities, the financing, costs, and revenues of each type of activity shall be accounted for separately on the basis of consistently applied and objectively justifiable cost accounting principles.

The price charged for the operation or use of the infrastructure shall correspond to a market price.

Access to the infrastructure shall be open to several users and be granted on a transparent and non-discriminatory basis. Undertakings which have financed at least 10% of the investment costs of the infrastructure may be granted preferential access under more favourable conditions. In order to avoid overcompensation, such access shall be proportional to the undertaking's contribution to the investment costs and these conditions shall be made publicly available.

Where a research infrastructure receives public funding for both economic and non-economic activities, SOSE shall put in place a monitoring and claw-back mechanism in order to ensure that the applicable subsidy intensity is not exceeded as a result of an increase in the share of economic activities compared to the situation envisaged at the time of awarding the subsidy

Geographic eligibility

All of the SOSE area.

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy limits

The subsidy intensity in terms of grant or grant equivalent shall not exceed 50% of the eligible costs. Subsidy amounts may not exceed £20m per infrastructure under this scheme.

Measure 14: Support for innovation clusters

Eligible activities

Subsidy for the setting up, marketing and operating of innovation clusters

Eligible enterprises

The legal entity operating the innovation cluster (cluster organisation). They may be Small, Medium or Large enterprises.

Eligible costs

The eligible costs for the construction or upgrading of an innovation cluster shall be the tangible and intangible assets.

The eligible costs of operating subsidy for innovation clusters shall be the personnel and administrative costs (including overhead costs) relating to:

- a) animation of the cluster to facilitate collaboration, information sharing and the provision or channelling of specialised and customised business support services.
- b) marketing of the cluster to increase participation of new undertakings or organisations and to increase visibility.
- c) management of the cluster's facilities; organisation of training programmes, workshops, and conferences to support knowledge sharing and networking and transnational cooperation.
- d) investment costs in construction or upgrade of innovation clusters, including both tangible and intangible assets. This precludes assisting a property developer via this measure unless the property developer also becomes the cluster operator.

Type of assistance

Grant or loan to the legal entity operating the innovation cluster (cluster organisation). Operating subsidy may be granted for the operation of innovation clusters. It shall not exceed ten years.

Geographic eligibility

All of the SOSE area.

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy limits

The Subsidy intensities in terms of grant or grant equivalence are as follows:

Type of subsidy	All firms
Investment subsidy for innovation clusters	55%
Operating subsidy for innovation clusters	50%

Subsidy amounts are capped at £7.5 per cluster.

Conditions attached to the subsidy

Access to the cluster's premises, facilities and activities shall be open to several users and be granted on a transparent and non-discriminatory basis. Undertakings which have financed at least 10% of the investment costs of the innovation cluster may be granted preferential access under more favourable conditions. In order to avoid overcompensation, such access shall be proportional to the undertaking's contribution to the investment costs and these conditions shall be made publicly available.

The fees charged for using the cluster's facilities and for participating in the cluster's activities shall correspond to the market price or reflect their costs.

Measure 15: Innovation support for SMEs

Eligible activities

Subsidy for the revenue costs of innovation for SMEs

Eligible enterprises

Small or medium enterprises only

Eligible costs

The eligible costs shall be the following:

- a) costs for obtaining, validating, and defending patents and other intangible assets.
- b) costs for secondment of highly qualified personnel from a research and knowledge-dissemination organisation or a large enterprise, working on research, development, and innovation activities in a newly created function within the beneficiary and not replacing other personnel.
- c) costs for innovation advisory and support services.

Type of assistance

Grant or loan

Geographic eligibility

All of the SOSE area.

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy limits

The subsidy intensity in terms of grant or grant equivalence shall not exceed 50% of the eligible costs. In the particular case of subsidy for innovation advisory and support services the subsidy intensity can be increased up to 100% of the eligible costs provided that the total amount of subsidy for innovation advisory and support services does not exceed £200,000 per undertaking within the current fiscal year and two preceding financial years. Note that despite the similarity between this and Minimal Financial Assistance (MFA), this type of subsidy does not count towards the MFA allowance of £315,000.

The amount per subsidy is capped at £5m.

Measure 16: Process and organisation innovation

Eligible activities

Revenue costs for process and organisational innovation.

Eligible enterprises

Subsidy to large undertakings shall only be eligible if they effectively collaborate with SMEs in the subsidised activity and the collaborating SMEs incur at least 30% of the total eligible costs. SMEs may be assisted independently of large firms.

Eligible costs

The eligible costs shall be the following:

- a) personnel costs.
- b) costs of instruments, equipment, buildings, and land to the extent and for the period used for the project.
- c) costs of contractual research, knowledge and patents bought or licensed from outside sources at arm's length conditions.

- d) additional overheads and other operating costs, including costs of materials, supplies, and similar products, incurred directly as a result of the project.

Types of assistance

Grants or loans

Geographic eligibility

All of the SOSE area.

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy limits

The subsidy intensities in terms of grant or grant equivalence shall not exceed the following % of the eligible costs:

Type of subsidy	Small	Medium	Large
Process and organisation innovation	50%	50%	15%

Subsidies are capped at £7.5m per applicant per project under this scheme.

People Measures

Measure 17: Training support

Eligible activities

This subsidy covers the costs of training for companies. It will often include in-house or external training identified by the applicant as part of the company training plan. SOSE sometimes finances training programmes or events and invites firms to send employees for training, which may be free of charge or charged for at a subsidised price. Where the beneficiaries are commercial undertakings operating in markets that are likely to involve trade between States of the WTO, then this will classify as a subsidy. Longer learning programmes should be covered using this measure; for short or more general events, measure 1 of this scheme may be appropriate.

Subsidy shall not be granted for training which undertakings carry out to comply with national mandatory standards on training. Note that support for further education and apprenticeships are not classified as subsidy.

Eligible enterprises

SMEs and large firms

Eligible costs

The eligible costs shall be the following:

- a) trainers' personnel costs (wages plus National Insurance), 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, accommodation costs, 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.).

- c) costs of advisory services linked to the training project.
- d) trainees' personnel costs (wages plus National Insurance) and general indirect costs (administrative costs, rent, overheads) for the hours during which the trainees participate in the training

Types of assistance

Grant or loan

Geographic eligibility

All of the SOSE area.

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy limits

The Subsidy intensity in terms of grant or grant equivalence shall not exceed the following % of eligible costs:

	Small	Medium	Large
Training grant	70%	60%	50%
If training given to workers with disabilities or disadvantaged workers	70%	70%	60%

The total amount of subsidy is capped at £2m per project.

Measure 18: Recruitment of disadvantaged workers

Eligible activities:

Subsidy schemes to support the recruitment of disadvantaged workers in the form of wage subsidies. A '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 years of age; or
- c) has not attained an upper secondary educational or vocational qualification (International Standard Classification of Education 3) or is within two years after 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 dependents; or
- f) works in a sector or profession in the UK where the gender imbalance is at least 25 % higher than the average gender imbalance across all economic sectors in the UK and belongs to that underrepresented gender group; or
- g) is a member of an ethnic minority and who requires development of his or her linguistic, vocational training or work experience profile to enhance prospects of gaining access to stable employment.

Eligible enterprises

SMEs and large firms

Geographic eligibility

All of the SOSE area

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy limits

The subsidy intensity in terms of grant or grant equivalence shall not exceed 50% of eligible costs, capped at £5m per enterprise per year.

Eligible costs

Eligible costs shall be 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 shall be the wage costs over a maximum period of 24 months following recruitment.

A '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 paid employment for at least 12 months and belongs to one of the categories (b) to (g) mentioned under the definition of 'disadvantaged worker'.

Types of assistance

Grant or loan.

Conditions attaching to the subsidy

Where the recruitment does not represent a net increase, compared with the average over the previous twelve months, in the number of employees in the undertaking concerned, the post or posts shall have fallen vacant following voluntary departure, disability, retirement on grounds of age, voluntary reduction of working time or lawful dismissal for misconduct and not as a result of redundancy.

Except in the case of lawful dismissal for misconduct, the disadvantaged workers shall be entitled to continuous employment for a minimum period consistent with the national legislation concerned or any collective agreements governing employment contracts.

If the period of employment is shorter than 12 months, or 24 months in the case of severely disadvantaged workers, the subsidy shall be reduced pro rata.

Measure 19: Employment of workers with disabilities.

Eligible activities

Subsidy for the employment of workers with disabilities in the form of wage subsidies. A '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.

Eligible enterprises

SMEs and large firms

Geographic eligibility

All of SOSE area

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy limits

The subsidy intensity in terms of grant or grant equivalence shall not exceed 75% of eligible costs, capped at £10m per undertaking per year.

Eligible costs

Eligible costs shall be the wage costs over any given period during which the worker with disabilities is employed.

Types of Assistance

Grant or loan.

Conditions attaching to the Subsidy

Where the recruitment does not represent a net increase, compared with the average over the previous twelve months, in the number of employees in the undertaking concerned, the post or posts shall have fallen vacant following voluntary departure, disabilities, retirement on grounds of age, voluntary reduction of working time or lawful dismissal for misconduct and not as a result of redundancy.

Except in the case of lawful dismissal for misconduct, the workers with disabilities shall be entitled to continuous employment for a minimum period consistent with the national legislation concerned or any collective agreements which are legally binding for the undertaking and governing employment contracts.

Measure 20: Added costs to employ workers with disabilities

Eligible activities

The assistance provided shall consist of measures to compensate for the additional costs of employing workers with disabilities.

Eligible enterprises

SMEs and large firms

Geographic eligibility

All of the SOSE area

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy limits

The subsidy intensity in terms of grant or grant equivalent shall not exceed 100% of eligible costs, capped at £10m per undertaking per year.

Eligible costs

- 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.

Types of assistance

Grant or loan

Measure 21: Costs of assistance to disadvantaged workers

Eligible activities

The assistance provided shall consist of measures to support the disadvantaged worker's autonomy and adaptation to the work environment, in accompanying the worker in social and administrative procedures, facilitation of communication with the entrepreneur and managing conflicts.

Eligible enterprises

SMEs and large firms

Geographic eligibility

All of the SOSE area

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy limits

The Subsidy intensity in terms of grant or grant equivalent shall not exceed 50% of eligible costs, capped at £5m per undertaking per year.

Eligible costs

- a) employing staff solely for times spent on the assistance of the disadvantaged workers over a maximum period of 12 months following recruitment of as disadvantaged worker or over a maximum period of 24 months following recruitment of a severely disadvantaged worker.
- b) Training such staff to assist disadvantaged workers.

Types of assistance

Grant or loan

Measures for Achieving Net Zero targets

This section supports our Just Transition to net zero and green jobs priorities by assisting carbon reduction and other environmental measures.

Measure 22: Support for energy efficiency measures

Eligible activities

Subsidy to support investments to achieve energy efficiency.

Geographic eligibility

All of the SOSE area.

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy limits

The subsidy intensity in terms of grant or grant equivalence shall not exceed the following % of eligible costs:

Type of subsidy	Small	Medium	Large
Support for energy efficiency measures	55%	45%	35%

Subsidy amounts may not exceed £15m under this measure.

Eligible costs

The eligible costs shall be the extra investment costs necessary to achieve the higher level of energy efficiency. They shall be determined as follows:

- a) where the costs of investing in energy efficiency can be identified in the total investment cost as a separate investment, this energy efficiency-related cost shall constitute the eligible costs.
- b) in all other cases, the costs of investing in energy efficiency are identified by reference to a similar, less energy efficient investment that would have been credibly carried out without the subsidy. The difference between the costs of both investments identifies the energy efficiency-related cost and constitutes the eligible costs. The costs not directly linked to the achievement of a higher level of energy efficiency shall not be eligible.

Types of Assistance

Grant or loan.

Conditions attaching to subsidy

Subsidy shall not be granted under this measure where improvements are undertaken to ensure that undertakings comply with environmental standards already adopted, even if they are not yet in force.

Measure 23: Capital investment in energy from renewable sources

Eligible activities

To enable the beneficiary to install power plant or heating facilities to produce energy from renewable energy sources; subsidy is for the additional costs of investment from renewable sources versus less environmentally friendly sources as shown in (a), (b) and (c) under Eligible Costs.

Investment subsidy for the production of biofuels shall eligible only to the extent that the subsidised investments are used for the production of sustainable bio-fuels other than food-based biofuels. However, investment subsidy to convert existing food-based bio-fuel plants into advanced bio-fuel plants shall be permitted provided that the food-based production would be reduced commensurate to the new capacity.

Subsidy shall not be granted for biofuels which are subject to a supply or blending obligation.

The investment subsidy shall be granted to new installations only.

Geographic eligibility

All of SOSE area

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Eligible Costs

The eligible costs shall be the extra investment costs necessary to promote the production of energy from renewable sources. They shall be determined as follows:

- a) where the costs of investing in the production of energy from renewable sources can be identified in the total investment cost as a separate investment, for instance as a readily identifiable add-on component to a pre-existing facility, this renewable energy-related cost shall constitute the eligible costs.
- b) where the costs of investing in the production of energy from renewable sources can be identified by reference to a similar, less environmentally friendly investment that would have been credibly carried out without the subsidy, this difference between the costs of both investments identifies the renewable energy-related cost and constitutes the eligible costs.
- c) for certain small installations where a less environmentally, friendly investment cannot be established as plants of a limited size do not exist, the total investment costs to achieve a higher level of environmental protection shall constitute the eligible costs. The costs not directly linked to the achievement of a higher level of environmental protection shall not be eligible.

Types of assistance

Grant or loan.

Conditions attaching to the subsidy

No subsidy shall be granted or paid out after the installation started operations and subsidy shall be independent from the output.

Subsidy limits

The table below gives the maximum subsidy levels in Grant / grant equivalence as % of eligible costs:

Type of subsidy	Small	Medium	Large
For projects where eligible costs are calculated on basis of (a) or (b) above	70%	60%	50%
For projects where eligible costs are calculated on basis of (c) above	55%	45%	35%

Where subsidy is granted in a competitive bidding process on the basis of clear, transparent, and non-discriminatory criteria, the subsidy intensity may reach 100% of the eligible costs. Such a bidding process shall be non-discriminatory and provide for the participation of all interested undertakings. The budget related to the bidding process shall be a binding constraint in the sense that not all participants can receive subsidy and the subsidy shall be granted on the basis of the initial bid submitted by the bidder, therefore excluding subsequent negotiations.

Subsidy amounts are capped at £15m.

Measure 24: Support for environmental studies

Eligible activities

Subsidy for environmental studies, including energy audits, directly linked to environmental actions referred to in this scheme.

Geographic eligibility

All of SOSE area

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy limits

The subsidy intensity in terms of grant or grant equivalence shall not exceed the following:

Type of subsidy	Small	Medium	Large
Environmental studies	70%	60%	50%

Subsidy amounts are capped at £15m under this measure.

Eligible Costs

Costs of the studies.

Subsidy shall not be granted to large enterprises for energy audits.

Types of Assistance

Grant or loan.

Measure 25: Remediation of contaminated sites

Eligible activities

The objective is to bring contaminated land, brown-field land and derelict land back into productive use by addressing the detrimental effects of previous usage. This is related to pollution and contamination only and not a derelict structure. The investment shall lead to the repair of the environmental damage, including damage to the quality of the soil or of surface water or groundwater.

Geographic eligibility

All of SOSE area.

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy limits

The maximum subsidy level in grant or grant equivalence is 100% of eligible costs. Subsidy amounts are capped at £20m under this measure.

Eligible Costs

The eligible costs shall be the costs incurred for the remediation work, less the increase in the value of the land. All expenditure incurred by an undertaking in remediating its site, whether or not such expenditure can be shown as a fixed asset on its balance sheet, may be considered as eligible investment.

Evaluations of the increase in value of the land resulting from remediation shall be carried out by an independent expert.

Types of Assistance

Grant or loan.

Conditions attaching to the subsidy

Where the legal or physical person liable for the environmental damage is identified, that person must finance the remediation in accordance with the 'polluter pays' principle, and no subsidy shall be granted. Where the person liable under the applicable law is not identified or cannot be made to bear the costs, the person responsible for the remediation or decontamination work may receive subsidy.

Measure 26: Waste recycling and re-utilisation

Eligible activities

- The investment subsidy shall be granted to a firm for the recycling and re-utilisation of waste generated by other undertakings.
- The recycled or re-used materials treated would otherwise be disposed of or be treated in a less environmentally friendly manner. Subsidy to waste recovery operations other than recycling is not eligible under this Measure.
- The subsidy shall not indirectly relieve the polluters from a burden that should be borne by them in law, or from a burden that should be considered a normal company cost.
- The investment shall not merely increase demand for the materials to be recycled without increasing collection of those materials.
- The investment shall go beyond the state of the art.

- Subsidy for investments relating to the recycling and re-utilisation of the beneficiary's own waste shall not be eligible under this Measure.

Geographic eligibility

All of the SOSE area.

Sectoral eligibility

Both Primary Producers and Food and Drink producers are eligible.

Subsidy limits

The table below gives the maximum subsidy levels in Grant / grant equivalence as % of eligible costs:

Type of subsidy	Small	Medium	Large
For waste recycling and re-utilisation projects	60%	50%	40%

Subsidy amounts are capped at £15m per undertaking per project under this measure.

Eligible Costs

The eligible costs shall be the extra investment costs necessary to realise an investment leading to better or more efficient recycling or re-use activities compared to a conventional process of re-use and recycling activities with the same capacity that would be constructed in the absence the subsidy.

Types of Assistance

Grant or loan.

Annex 1 Products covered by the scheme

The scheme applies to subsidies on products listed in the WTO Agreement on Agriculture Annex 1.

The technical definition of agricultural products is covered in chapters 1 to 24 (excluding fish and fish products Chapter 3) plus the additional products listed at the end of the table below from the World Customs Organisations Harmonised System (HS Nomenclature 2017).

Each of the numbered lines below is a chapter in the HS, the blue references in the right-hand column give the HS code and a link to the relevant chapter of the HS giving sub-divisions of the chapter. All products coming under the codes below chapter level are included in the SOSE scheme and the WTO Agreement on Agriculture.

An alternative route to look up and search for products and to find out which chapter they come under can be found through this [WTO link](#).

Abbreviations and symbols	ABBREV-2017E
General Rules for the interpretation of the Harmonized System.	0001-2017E GIR
SECTION I LIVE ANIMALS; ANIMAL PRODUCTS	
1. Live animals	0101-2017E
2. Meat and edible meat offal	0102-2017E
3. Fish and crustaceans, molluscs and other aquatic invertebrates (EXCLUDED)	0103-2017E
4. Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	0104-2017E
5. Products of animal origin, not elsewhere specified or included	0105-2017E
SECTION II VEGETABLE PRODUCTS	
Section Note	0200-2017E
6. Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0206-2017E
7. Edible vegetables and certain roots and tubers	0207-2017E
8. Edible fruit and nuts; peel of citrus fruit or melons	0208-2017E
9. Coffee, tea, maté and spices	0209-2017E
10. Cereals	0210-2017E
11. Products of the milling industry; malt; starches; inulin; wheat gluten	0211-2017E
12. Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	0212-2017E
13. Lac; gums, resins and other vegetable saps and extracts	0213-2017E
14. Vegetable plaiting materials; vegetable products not elsewhere specified or included	0214-2017E
SECTION III ANIMAL OR VEGETABLE FATS AND OILS AND THEIR CLEAVAGE PRODUCTS; PREPARED EDIBLE FATS; ANIMAL OR VEGETABLE WAXES	
15. Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	0315-2017E

SECTION IV PREPARED FOODSTUFFS; BEVERAGES, SPIRITS AND VINEGAR; TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES	
Section Note	0400-2017E
16. Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	0416-2017E
17. Sugars and sugar confectionery	0417-2017E
18. Cocoa and cocoa preparations	0418-2017E
19. Preparations of cereals, flour, starch or milk; pastrycooks' products	0419-2017E
20. Preparations of vegetables, fruit, nuts or other parts of plants	0420-2017E
21. Miscellaneous edible preparations	0421-2017E
22. Beverages, spirits and vinegar	0422-2017E
23. Residues and waste from the food industries; prepared animal fodder	0423-2017E
24. Tobacco and manufactured tobacco substitutes	0424-2017E
ADDITIONAL AoA PRODUCTS OUTSIDE CHAPTERS 1-24	
N.B. The product descriptions in round brackets are not necessarily exhaustive. HS Code 2905.43 (mannitol) HS Code 2905.44 (sorbitol) HS Heading 33.01 (essential oils) HS Headings 35.01 to 35.05 (albuminoidal substances, modified starches, glues) HS Code 3809.10 (finishing agents) HS Code 3823.60 (sorbitol n.e.p.) HS Headings 41.01 to 41.03 (hides and skins) HS Heading 43.01 (raw furskins) HS Headings 50.01 to 50.03 (raw silk and silk waste) HS Headings 51.01 to 51.03 (wool and animal hair) HS Headings 52.01 to 52.03 (raw cotton, waste and cotton carded or combed) HS Heading 53.01 (raw flax) HS Heading 53.02 (raw hemp)	

[Source for Annex 1: Extracted from AoA annex 1 plus list of codes from HS Nomenclature 2017 edition (WCO)]

Annex 2 Specific Definitions

This scheme closely resembles our former ABER scheme (Agricultural Block Exemption Scheme) and GBER scheme (General Block Exemption scheme) based on the EU Regulations of the same names and adopts some of the terminology used in those schemes. However, please note that the EU Regulations do not apply to this scheme. For the avoidance of any doubt, the definitions contained within Article 2 of the ABER and GBER do not apply to this scheme.

Within this scheme guidance we may refer to “beneficiaries”, “undertakings”, “companies” or “enterprise” when referring to clients receiving subsidy. Each of these terms are equivalent.

1. **“enterprise”** means an entity or a group of entities constituting a single economic entity, regardless of its legal status, that is engaged in an economic activity by offering goods or services on a market. If a group of companies, partnership or joint venture concerned in the economic activity are acting together and share the risks and rewards they form part of the single economic entity. However, if they are operating through a supply agreement or service contract which has been competitively tendered the supplier is not considered part of the single economic entity.
2. **“small and medium-sized enterprises’ or ‘SMEs’** means the size classification of an enterprise (at group level if the applicant is part of a group) according to the Companies Act 2006. This is measured on the data from the applicant’s latest approved annual accounts for two consecutive years.;

Enterprise category	Headcount: Annual full-time equivalents (FTEs)	Annual Turnover	↔	Annual balance sheet total
Medium-sized	<250	≤ £36 million		≤ £18 million
Small	<50	≤ £10.2 million		≤ £5.1 million

The fundamental measure is if more than 250 FTE staff, it is automatically a large enterprise

Only one or other of turnover or balance sheet data need be used and one can be exceeded

3. **“large enterprises’** means undertakings not fulfilling the criteria for an SME according to the Companies Act 2006;
4. **‘subsidy’** the WTO Agreement in Agriculture (AoA) does not provide a definition of “subsidy”, but does refer to “Domestic Support”, whose control is the aim of the AoA. Domestic support is defined in the AoA as “shall include both budgetary outlays and revenue foregone by governments or their agents”. This equates to Grant and Grant Equivalence for SOSE purposes.
5. **‘individual subsidy’** means awards of subsidy to individual beneficiaries on the basis of a registered subsidy scheme.
6. **‘subsidy scheme’** means a scheme registered with the UK Government
7. **‘ad hoc subsidy’** means subsidy not granted on the basis of a subsidy scheme
8. **‘date of granting of the subsidy’** means the date when the legal right to receive the subsidy is conferred on the beneficiary under the applicable national legal regime.
9. **‘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 on the outcome of the project.

10. **“grant”** normally means a cash award towards a project but can also take the form of the value of support given free of charge or subsidised services.
11. **‘gross grant equivalent’** means the amount of the subsidy if it had been provided in the form of a grant to the beneficiary before any deduction of tax or other charge.
12. **‘undertaking in difficulty’** means an undertaking (see “economic actor” definition above) 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 three years or, for the purposes of eligibility for risk finance aid or subsidy, 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’ is a public company limited by shares or guarantee or private companies limited by shares or guarantee
 - 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 three years or, for the purposes of eligibility for risk finance aid or subsidy, 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 partnerships, limited partnerships, unlimited companies¹.
 - 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 or subsidy and has not yet reimbursed the loan or terminated the guarantee or has received restructuring aid or subsidy and is still subject to a restructuring plan.
 - e) In the case of large firms (undertakings that are not SMEs), where, for the past two years:
 - i. the undertaking's book debt to equity ratio has been greater than 7,5 and
 - ii. the undertaking's EBITDA value is less than the cost of interest.
13. **‘guarantee’** in the context of this scheme means a written commitment to assume responsibility for all or part of a third party's newly originated loan transactions such as debt or lease instruments, as well as quasi-equity instruments.
14. **‘first commercial sale’** means the first sale by a company on a product or service market, excluding limited sales to test the market.
15. **‘loan’** means an agreement which obliges the lender to make available to the borrower an agreed amount of money for an agreed period of time and under which the borrower is obliged to repay the amount within the agreed period. It may take the form of a loan, or another funding instrument, including a lease, which provides the lender with a predominant component of minimum yield. The refinancing of existing loans shall not be an eligible loan.

¹ As defined in Annex 2 of the EU Directive 2013/34

Definitions applying capital investment measures

16. **'agricultural holding'** means a unit comprising of land, premises and facilities used for primary agricultural production;
17. **'primary agricultural production'** means the production of products of the soil and of stock farming, listed in Annex I, without performing any further operation changing the nature of such products;
18. **'energy infrastructure'** means any physical equipment or facility which is located within the UK or linking the UK to one or more third countries and falling under the following categories:
 - a) concerning electricity:
 - (i) infrastructure for transmission,
 - (ii) infrastructure for distribution,
 - (iii) electricity storage, defined as facilities used for storing electricity on a permanent or temporary basis in above-ground or underground infrastructure or geological sites, provided they are directly connected to high-voltage transmission lines designed for a voltage of 110 kV or more.
 - (iv) any equipment or installation essential for the systems defined in points (i) to (iii) to operate safely, securely and efficiently, including protection, monitoring and control systems at all voltage levels and substations; and (v) smart grids, defined as any equipment, line, cable or installation, both at transmission and low and medium voltage distribution level, aiming at two-way digital communication, real-time or close to real time, interactive and intelligent monitoring and management of electricity generation, transmission, distribution and consumption within an electricity network in view of developing a network efficiently integrating the behaviour and actions of all users connected to it – generators, consumers and those that do both – in order to ensure an economically efficient, sustainable electricity system with low losses and high quality and security of supply and safety;
 - b) concerning gas:
 - (i) transmission and distribution pipelines for the transport of natural gas and biogas that form part of a network, excluding high-pressure pipelines used for upstream distribution of natural gas.
 - (ii) underground storage facilities connected to the high-pressure gas pipelines mentioned in point (i).
 - (iii) reception, storage and regasification or decompression facilities for liquefied natural gas ('LNG') or compressed natural gas ('CNG'); and (iv) any equipment or installation essential for the system to operate safely, securely and efficiently or to enable bi-directional capacity, including compressor stations.
 - c) concerning oil:
 - (i) pipelines used to transport crude oil.
 - (ii) pumping stations and storage facilities necessary for the operation of crude oil pipelines; and
 - (iii) any equipment or installation essential for the system in question to operate properly, securely and efficiently, including protection, monitoring and control systems and reverse-flow devices.
 - d) concerning CO₂: networks of pipelines, including associated booster stations, for the transport of CO₂ to storage sites, with the aim to inject the CO₂ in suitable underground geological formations for permanent storage.
19. **'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 is considered as marketing of agricultural products if it takes place in separate premises reserved for that purpose;

20. **'regional investment'** means subsidy granted for an initial investment or an initial investment in favour of a new economic activity.

21. **'initial investment'** means:

- a) an investment in tangible and intangible assets related to the setting-up of a new establishment, extension of the capacity of an existing establishment, diversification of the output of an establishment into products not previously produced in the establishment or a fundamental change in the overall production process of an existing establishment; or
- b) an acquisition of assets belonging to an establishment that has closed or would have closed had it not been purchased and is bought by an investor unrelated to the seller and excludes sole acquisition of the shares of an undertaking.

Note that "establishment" in the context of initial investment is understood as a production unit and not a legal entity. An initial investment is one subsidised by Regional Investment or SME Investment subsidy and no other measures within this or any other SOSE subsidy scheme.

22. **'the same or a similar activity'** means an activity falling under the same class (four-digit numerical code) of the NACE Rev. 2 statistical classification of economic activities as laid down in Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains.

23. **'new economic activity'** in the context of initial investment means:

- a) an investment in tangible and intangible assets related to the setting up of a new establishment, or to the diversification of the activity of an establishment, under the condition that the new activity is not the same or a similar activity to the activity previously performed in the establishment.
- b) the acquisition of the assets belonging to an establishment that has closed or would have closed had it not been purchased and is bought by an investor unrelated to the seller, under the condition that the new activity to be performed using the acquired assets is not the same or a similar activity to the activity performed in the establishment prior to the acquisition.

Note that "establishment" in the context of initial investment is understood as a production unit and not a legal entity.

24. **'large investment project'** means an initial investment with eligible costs exceeding EUR 50 million, calculated at prices and exchange rates on the date of granting the subsidy.

25. **'adjusted subsidy amount'** means the maximum permissible subsidy amount for a large investment project, calculated according to the following formula:

$$\text{Maximum subsidy amount} = R \times (A + 0.5 \times B + 0.34 \times C)$$

where: R is the maximum subsidy intensity applicable in the area concerned, excluding the increased subsidy intensity for SMEs. A is the initial €50 million of eligible costs, B is the part of eligible costs between €50 million and €100 million, and C is the part of eligible costs above €100 million.

26. **'start of works'** means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible. An investment is considered irreversible if the financial penalty of cancellation would make it financially better for the applicant to continue with the project without Subsidy then cancel the commitment. Buying land and preparatory works such as obtaining permits and conducting feasibility studies are not considered start of works except in

the case were buying land and preparatory works prior to the start of construction or legally binding commitment exceeds the private sector commitment to the project. Where these preliminary costs exceed the private sector contribution it is necessary for an application to have been submitted to satisfy SOSE's additionality considerations.

27. **'relocation'** means a transfer of the same or similar activity or part thereof from an establishment in another part of the UK or another country to an establishment in the SOSE area. There is a transfer if the product or service in the initial and establishment in the SOSE area serves at least partly the same purposes and meets the demands or needs of the same type of customers and jobs are lost in the same or similar activity in one of the initial establishments of the beneficiary.
28. **'tangible assets'** means assets consisting of land, buildings and plant, machinery and equipment.
29. **'intangible assets'** means assets that do not have a physical or financial embodiment such as patents, licences, know-how or other intellectual property.
30. **'wage cost'** means the total amount actually payable by the beneficiary of the subsidy 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, childcare, and parent care costs.
31. **'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 full-time equivalent fractions.

Definitions applying to start up and people measures.

32. **"innovative enterprise"** means an enterprise:
 - a) that can demonstrate, by means of an evaluation carried out by an external expert that it will in the foreseeable future develop products, services or processes which are new or substantially improved compared to the state of the art in its industry, and which carry a risk of technological or industrial failure, or
 - b) the research and development costs of which represent at least 10 % of its total operating costs in at least one of the three years preceding the granting of the subsidy or, in the case of a start-up enterprise without any financial history, in the audit of its current fiscal period, as certified by an external auditor.
33. **'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.
34. **'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 years of age; or
 - c) has not attained an upper secondary educational or vocational qualification (International Standard Classification of Education 3) or is within two years after 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 dependents; or
 - f) works in a sector or profession where the gender imbalance is at least 25 % higher than the average gender imbalance across all economic sectors, and belongs to that underrepresented gender group; or

- g) is a member of an ethnic minority and who requires development of his or her linguistic, vocational training or work experience profile to enhance prospects of gaining access to stable employment.
35. **'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 paid employment for at least 12 months and belongs to one of the categories (b) to (g) mentioned under the definition of 'disadvantaged worker'.
36. **'sheltered employment'** means employment in an undertaking where at least 30 % of workers are workers with disabilities.

Definitions, R&D & I measures

37. **'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.
38. **'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.
39. **'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.
40. **'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.
41. **'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.

42. **'personnel costs'** means the costs of researchers, technicians and other supporting staff to the extent employed on the relevant project or activity.
43. **'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.
44. **'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.
45. **'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)
46. **'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 through promotion, 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;
47. **'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.
48. **'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.
49. **'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.
50. **'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;
51. **'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;

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

Definitions, energy and environment measures

53. **'environmental protection'** means any action designed to remedy or prevent damage to physical surroundings or natural resources by a beneficiary's own activities, to reduce risk of such damage or to lead to a more efficient use of natural resources, including energy-saving measures and the use of renewable sources of energy.
54. **'energy efficiency'** means an amount of saved energy determined by measuring and/or estimating consumption before and after implementation of an energy-efficiency improvement measure, whilst ensuring normalisation for external conditions that affect energy consumption.
55. **'energy efficiency project'** means an investment project that increases the energy efficiency of a building.
56. **'energy efficiency fund (EEF)'** means a specialised investment vehicle set up for the purpose of investing in energy efficiency projects aimed at improving the energy efficiency of buildings in both the domestic and non-domestic sectors. EEFs are managed by an energy efficiency fund manager.
57. **'energy efficiency fund manager'** means a professional management company with a legal personality, selecting and making investments in eligible energy efficiency projects.
58. **'energy from renewable energy sources'** means energy produced by plants using only renewable energy sources, as well as the share in terms of calorific value of energy produced from renewable energy sources in hybrid plants which also use conventional energy sources. It includes renewable electricity used for filling storage systems, but excludes electricity produced as a result of storage systems.
59. **'renewable energy sources'** means the following renewable non-fossil energy sources: wind, solar, aerothermal, geothermal, hydrothermal and ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas and biogases.
60. **'biofuel'** means liquid or gaseous fuel for transport produced from biomass.
61. **'sustainable biofuel'** means a biofuel fulfilling the sustainability requirements of the UK Renewable Transport Fuel Obligation via one of the [recognised voluntary schemes](#)
62. **'food-based biofuel'** means a biofuel produced from cereal and other starch rich crops, sugars and oil crops
63. **'biomass'** means the biodegradable fraction of products, waste and residues from agriculture (including vegetal and animal substances), forestry and related industries including fisheries and aquaculture, as well as biogases and the biodegradable fraction of industrial and municipal waste.
64. **'contaminated site'** means a site where there is a confirmed presence, caused by man, of hazardous substances of such a level that they pose a significant risk to human health or the environment considering current and approved future use of the land.
65. **'polluter pays principle' or 'PPP'** means that the costs of measures to deal with pollution should be borne by the polluter who causes the pollution.
66. **'pollution'** means the damage caused by a polluter directly or indirectly damaging the environment, or by creating conditions leading to such damage to physical surroundings or natural resources.
67. **'polluter'** means someone who directly or indirectly damages the environment or who creates conditions leading to such damage.
68. **'re-use'** means any operation by which products or components that are not waste are used again for the same purpose for which they were conceived.

69. **'preparing for re-use'** means checking, cleaning or repairing recovery operations, by which products or components of products that have become waste are prepared so that they can be re-used without any other pre-processing.
70. **'recycling'** means any recovery operation by which waste materials are reprocessed into products, materials or substances whether for the original or other purposes. It includes the reprocessing of organic material but does not include energy recovery and the reprocessing into materials that are to be used as fuels or for backfilling operations.
71. **'state of the art'** means a process in which the re-use of a waste product to manufacture an end product is economically profitable normal practice.

Change Log

Section/measure	Change	Page No
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