Department for Communities and Local Government

EUROPEAN UNION
Investing in Your Future
European Regional Development Fund 2007-13

ERDF National Eligibility Rules
ERDF-GN-1-002

Contents

1. PURPOSE

1.1 This document forms part of the legal basis for the implementation of projects co-financed by any of the English ERDF Operational Programmes for the 2007-2013 programme period.

1.2 Where necessary these Rules are supplemented by guidance notes giving details of how these Rules should be interpreted for the Programmes and projects. All guidance referred to within this document can be located on the DCLG website via the following hyperlinks:

http://www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/

1.3 All guidance notes will be regularly reviewed and updated as necessary and in the light of experience.

Please note it is the project sponsor's responsibility to ensure continued compliance with the National Eligibility Rules and any associated guidance, by taking account of any amendments to these documents

2. INTRODUCTION

2.1 This document sets out the National Eligibility Rules for the 2007-2013 ERDF Programmes as set out in Article 56. All projects must comply strictly with eligibility rules. Failure to do so has led to financial penalties of up to 100% of the grant. If the Commission considers that there has been systemic failure on eligibility issues, they could enforce a flat rate correction to the whole of a Programme.

2.2 To attract ERDF support, expenditure by projects must be eligible in terms of the Operational Programme (OP), the relevant EC Regulations and the National Eligibility Rules. In the past, the Commission have set out the eligibility rules but under the Regulations for 2007-2013[1], they "*shall be laid down at national level subject to the exceptions provided for in the specific Regulations for each fund*". **ERDF eligibility rules apply to all project spend included in the eligible costs, although projects can also include ineligible spend provided this is not used to match fund ERDF**.

2.3 Particular rules apply to Financial Engineering Instruments (FEIs) such as Venture Capital and Loan Funds and Urban Development Funds, as set out in Section 8 of Chapter II of Commission

[1] Article 56.4 of Council Regulation (EC) 1083/2006, as amended

Regulation (EC) 1828/2006[2]. Detailed guidance on these instruments and where the national rules for FEIs are different from the general national eligibility rules can be found in the specific FEI requirements chapter on the DCLG website.

2.4 It is important to ensure that the rules are strictly adhered to both during the project selection process and after approval. If there is any doubt, the Programme Delivery Team (PDT) and/or DCLG:PSC (Department for Communities and Local Government Policy, Strategy and Co-Ordination) should be consulted. Eligibility rules applying to other sources of match funding (for example Regional Growth Fund) cannot be used to justify departure from ERDF eligibility rules.

2.5 This document sets out who, where and what is eligible and ineligible for ERDF support. Specific requirements for State Aids, Procurement and Article 55 can be found on the DCLG website. The National ERDF Handbook provides further details on some of the more complex areas such as calculation of overheads and match funding.

2.6 These rules are **effective from the date of publication** and earlier versions of the Chapter 2 ERDF User Manual should be referred to where necessary.

3. LEGISLATIVE BACKGROUND

3.1 The following EC Regulations set out the Commission's legislative rules on programme and project eligibility:

Regulation (EC) No 1083/2006[3] (the General Regulation):

3.2 Article 56 states that:

- eligibility rules shall be laid down at national level subject to the exceptions provided for in the ERDF Regulation
- the eligible period for expenditure commences on the date of submission of the OP, or 1 January 2007, whichever is the earlier; and
- contributions in kind (CIK), depreciation costs and overheads are eligible if the national eligibility rules allow for them provided that the amount of expenditure is justified by accounting documents having equivalent probative value to an invoice, and provided that, in the case of CIK, the amount of ERDF awarded does not exceed the total eligible expenditure excluding the value of such CIK.

[2] As amended.
[3] As amended by Regulations (EC) No 1341/2008, (EC) No 284/2009, (EU) No 539/2010, (EC) No 1310/2011 and (EC) No 1311/2011.

Regulation (EC) No 1080/2006[4] (the ERDF Regulation):-

3.3 Article 7 lists the following ineligible expenditure:

- interest on debt
- purchase of land exceeding 10% of eligible expenditure (higher percentages may be permitted for environmental conservation projects)
- decommissioning of nuclear power stations
- recoverable VAT
- expenditure on housing, except for those Member States that acceded to the EU on or after 1 May 2004.

3.4 Article 7 has subsequently been amended by Regulation (EC) No 397/2009 to allow:

- Member States to spend up to 4% of their total allocation on energy efficiency improvements and renewable energy in existing housing (Annex D contains details of the process agreed by DCLG:PSC for approving projects involving energy efficiency measures in housing);
- the use of flat rates for indirect costs, i.e. overheads, and the use of standard scales of unit cost and lump sums.

These amendments came into effect on 10 June 2009, although the change to the method for claiming costs was backdated to 1 August 2006, when the ERDF Regulation came into force

3.5 Article 7 was further amended by Regulation (EC) No 437/2010 to allow Member States that acceded to the EU before 1 May 2004 to spend up to 3% of the allocation for the OP or 2% of their total allocation on housing "within the framework of an integrated approach for marginalised communities". Expenditure allowed under this provision includes the renovation or replacement of existing housing. This amendment came into effect on 18 June 2010. Further guidance on this can be found in Annex 10 of the National ERDF Handbook.

4. THE NATIONAL ELIGIBILITY RULES

4.1 The remainder of this document sets out the National Eligibility Rules which apply to English ERDF Convergence and Regional Competitiveness Operational Programmes. Operations (i.e. projects) must comply with both the eligibility requirements of the EC Regulations referred to in section 2 above and the National Eligibility Rules before they can be approved for grant. If an approved project does not comply, financial penalties up to the total value of the grant approved may be imposed.

[4] As amended by Regulations (EC) No 397/2009 and (EU) No 437/2010.

5. NATIONAL ELIGIBILITY RULES APPLYING TO ALL ERDF EXPENDITURE

Location of project

5.1 As a general rule, activity funded through ERDF must be located within the relevant OP area. Whilst a project delivery organisation could be located outside the OP area, it must be able to demonstrate that all the outputs, results and impacts are delivered in and impact upon the OP area. Auditors would expect to see evidence that this is the case for example, records of details of businesses including their postcodes that have been assisted.

Retrospection

5.2 COCOF note COCOF_12-0050-00-EN, recently issued by the EC, confirms that the EC would not recommend retrospection as it represents a high risk area.

5.3 If A PDT and LMC, having taken COCOF guidance into account wish to support a project which includes retrospective assistance, i.e expenditure which pre-dates the date on which the project received financial approval then the project must:

- include only spend from 01 January 2007 at the earliest and have a project completion date beyond the date of approval;
- demonstrate that ERDF investment formed part of the funding assumptions (i.e. is not being used to displace other funding, and was an essential component, so that the project would not have gone ahead if the ERDF was not available)
- have a full audit trail to demonstrate that retrospective activities and associated spend are fully eligible for ERDF;
- meet the selection criteria for the OP and be subject to a rigorous ERDF Technical Appraisal;
- demonstrate value for money;
- provide evidence to identify the need for the ERDF;
- provide documented evidence that the project was running ‘at its own risk’ until the approval of ERDF funding; and
- meet all EC regulatory requirements - in particular, the audit/financial control standards set out in the General Regulation and the ERDF Regulation, procurement and state aid rules and EC publicity requirements and fit with the National Eligibility Rules.
- Respect the specific conditions of EU assistance concerning information and publicity must be respected from the day of the selection of the operation for EU assistance.

5.4 Contributions in kind (CIK) are eligible for ERDF when related to the donation of a building or land, where a clear and independent valuation can be made and an audit trail kept to demonstrate the value of the match. Annex 8 of the National ERDF Handbook sets out the circumstances when CIK may be used as match funding and the steps that should be taken to ensure that it is eligible.

6. ELIGIBILITY RULES APPLYING TO CAPITAL EXPENDITURE

6.1 There is a wide range of infrastructure provision which can receive grant and individual programmes will have specified the types of capital development permitted in a programme. There must be a clear and demonstrable link between a project and the industrial or economic development of the OP area. The project must also show that it will lead to a genuine improvement of facilities.

6.2 Where the project is being supported under a Priority Axis based upon Article 3(2)(b) of the ERDF Regulation (such as the development of regional strategic sites), neither the developer (the project applicant) nor the occupants/end users of the capital assets/infrastructure being funded need to be SMEs. It need only be shown that the project benefits the local economy, bringing land/sites back into use, creating jobs etc.

6.3 There is a significant change from previous ERDF regulations in how revenue generating investments are treated. The majority of buildings supported through ERDF will generate income. Any net income such as that received from rents or entrance fees (after running costs are taken into account) will have to be deducted from the total eligible cost before the level of ERDF grant is calculated using the funding-gap method in Article 55(2) or monitored and deducted within 5 years of completion unless the project is exempt pursuant to Article 55.5 or 55.6. It is essential that the guidance on this rule (Article 55 of the General Regulation) as set out in Article 55 Requirements is followed.

6.4 Projects must define costs under the capital expenditure categories set out below for the purposes of grant claims.

- **Land acquisition**

The cost of purchasing land which is not built upon may not exceed the limit of 10% of the total eligible project costs. A higher percentage may be permitted by the managing authority for operations concerning environmental conservation.

- **Building acquisition**

The cost of acquiring a building if there is a direct link between the purchase and the objectives of the project.

- **Site investigation**

This should take account of specialist investigations required to identify contamination and recommended particular treatments.

- **Site preparation**

This should include demolition works and the general preparation of sites.

- **Building & construction**

This should include external/internal refurbishment and conversion of existing buildings, new build premises, provision of services, and landscaping.

- **Plant & machinery**

This should include tangible assets used for the purpose of providing a service for the project. If plant and machinery is subject to hire/lease purchase agreements, the capitalised value of leasing and hire purchase can be included. The purchase costs of second-hand equipment are eligible provided they meet the needs of the project and have not been purchased with ERDF grants.

If there are any mobile or portable items then an apportionment of costs should be provided separately.

- **Fees**

This should include fees and salaries for design and supervision but professional fees should not normally exceed 12.5% of the total eligible works costs. Fees include legal consultancy fees, notarial fees, and the cost of technical and financial experts, planning permissions and building regulations if they are directly linked to the ERDF operation and are necessary for its preparation or implementation. This is not eligible for local authorities as there is no real extra cost i.e. the council is paying themselves the fee. The cost of the planning staff would be eligible as staff costs in the normal way.

- **Other Capital**

Any eligible capital expenditure not covered by the categories above provided it can be clearly demonstrated that these are directly related to the delivery of the project. This could include capital expenditure for investment by means of equity, loans or guarantees through financial engineering instruments.

Examples of Eligible Capital Projects

6.5 Listed below are examples of some of the types of capital projects which are **eligible** for support under the 2007-13 round of programmes, although the list is by no means exhaustive. **Such a project must**

also be permitted under the Priority Axes of the relevant OP for it to be deemed eligible.

- Promoting clean and sustainable transport, particularly in urban areas is specifically supported in Article 5 2(d) of the ERDF Regulation.

- Small scale transport investment including bus priority measures, park and ride, bus/rail interchanges, cycle lanes and pathways, community transport schemes, and publicity and signage.

- Inclusion of small scale travel improvements with a direct linkage for people/communities to new jobs is also eligible. Where they are integral to the project, the provision of access roads to new business and/or R&D facilities supported by ERDF are also eligible.

- Major transport infrastructure can be supported under the Convergence programmes if there is provision in the OP.

- Infrastructure such as: sewerage, drainage and flood protection works associated with the provision of eligible activities such as business and R&D premises.

- Landfill waste disposal sites can receive assistance where all or part of the waste is from industry, provided that the site will ultimately be returned to open space or agricultural use after completion of tipping and remains in public ownership.

- Tourist infrastructure projects designed to attract or retain visitors from outside the area and which will sustain or generate local jobs and revenue by, for example, increasing the use and/or provision of hotel bedrooms. **Facilities which primarily serve local people are not to be encouraged and evidence of expected use by visitors from outside the area is essential, provided that the state aid position can be managed.**

- Workshop units and managed workspace can receive ERDF support where they are to be occupied by eligible companies and/or organisations.

- Brownfield land clearance and the land reclamation and associated works are eligible for ERDF grant where they are consistent with the programme. Comprehensive applications covering reclamation, site servicing and preparation for final use are preferred to separate applications covering different aspects of the work. In cases where reclaimed sites are to be sold or leased to the private sector, local authorities must certify that land will be disposed of at a market value rate for unspoiled land.

- Environmental capital works, particularly where they are linked to biodiversity and investments in NATURA 2000[5] sites can be assisted if they are part of a project contributing to the economic development of the OP area, such as improvement of town centres and other prominent sites or buildings.

- Infrastructure projects for R&D, training and business development where not covered above, are also eligible for support within the terms of the Programme.

6.6. The following are **ineligible** for ERDF support:

- Major transport infrastructure, such as airports, railways, bridges or major roads are ineligible in Competitiveness programmes.

- Provision of local social welfare facilities eg hospitals, nursing homes, fire stations, sports facilities, parks, public libraries.

- Child-minding facilities including day nurseries (unless directly related to the objectives of the OP)

- Mobile infrastructure such as buses, boats and other vehicles cannot be funded with ERDF because of the possibility that the asset will be removed from the OP area and difficulties in ensuring that it will be used solely for the project.

6.7 Note also that the following activities are not normally eligible:

- Retail facilities. The general principle is that support for retail facilities will not assist economic development and that improved performance for one facility is regarded as displacing similar activity elsewhere.

- Coastal protection, soil conservation and infrastructures; all with an exclusively agricultural bias, reforestation and prevention of forest fires, insofar as such infrastructures can be financed under EAFRD.

[5] Natura 2000 is the European Union-wide network of protected areas, recognised as 'sites of Community importance' under the EC Habitats Directive (Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora). The Natura 2000 network includes two types of designated areas: Special Areas of Conservation (SAC) and Special Protection Areas (SPA). SACs are designated under the EC Habitats Directive and SPAs are classified under the EC Wild Birds Directive (Council Directive 79/409/EEC on the conservation of wild birds).

- That proportion of public expenditure incurred in land acquisition not directly linked to productive investment or investment in infrastructure.

- Building and renovation of housing, except for energy efficiency improvements and renewable energy. The National ERDF Handbook advises on how this will be implemented in accordance with Regulation (EC) No 397/2009.

- Major infrastructure in private sector ports, on the grounds that port developments and port operations should not need public subsidy. Furthermore, it could distort competition between ports. Subsidy tends to spread the problems caused by excess capacity and can be damaging to otherwise healthy neighbouring ports.

- Major electronic telecommunications infrastructure, such as the provision of broadband, except in Convergence and Phasing-in areas. However, provided the relevant OP allows it, some limited infrastructure may be allowed to provide connectivity to existing networks. An example of when this can be eligible is set out below:

  In order for SMEs to gain access to the internet, they need to connect to core networks that ultimately connect to the national and international locations where applications ultimately reside. There will be a point where services are delivered to and from the core network (the 'motorway'), known as a 'Point of Presence' (PoP) ('motorway junction'). In order that SMEs gain access to Next Generation Access (NGA) or 'superfast broadband', it is essential that the technology connects them to core PoPs. This 'last mile' from the SME premises to the PoP is the area where ERDF can intervene and fund the essential costs.

- Stand alone car parks are not eligible for ERDF. Providing car parking may be eligible if it is part of a larger project for development of a site or premises. The number of parking spaces should be based on the standards agreed by the local planning authority. If there are more spaces than set out in the standard they will not be eligible for ERDF unless it can be evidenced that they are required.

7. NATIONAL ELIGIBILITY RULES APPLYING TO REVENUE PROJECTS

7.1 ERDF Revenue expenditure categories are set out below and projects must define costs under the following expenditure categories for the purposes of grant claims. Article 55 as noted in section 6.3 also applies to revenue expenditure.

- **Salaries**

This should include staffing costs for personnel directly engaged on the project. The costs should include taxable benefits, National Insurance and Superannuation contributions.

- **Overheads**

This should include general administration costs associated with the direct delivery of the project, office equipment with an asset life of less than a year, expendable supplies, and other costs that are essential to the effective implementation of the project.

Leasing charges should exclude interest and service charges and must not duplicate capital costs.

- **Premises**

This should include rent, rates, heat, light and service charges associated with the premises where it can be clearly demonstrated that these are incurred by the organisation solely for the ERDF project. Where premises are shared the amount charged to the ERDF project should be apportioned accordingly.

- **Fees**

This should include any work done by an independent consultant if the work was essential to the project and the costs were reasonable. Costs of independent project evaluations can be included if the work is essential to the project and/or a condition of grant. In both cases there should not be any double counting of fees under capital expenditure. Accounting and audit costs can be claimed if they relate to requirements imposed by the Managing Authority. The cost of guarantees provided by a bank or other financial institution to the extent to which the guarantees are required by National or community legislation can be included but fines, financial penalties and expenditure on legal disputes shall not be included. Bank transaction costs are eligible but not debt interest.

- **Other Revenue**

Any eligible revenue expenditure not covered in the categories above provided it can be clearly demonstrated that these are directly related to the delivery of the project. This could include depreciation, amortisation and impairment of assets that have not been purchased with the help of national or Community grant. Documents showing how depreciation costs have been calculated must be kept for audit purposes. Any expenditure related to marketing and publicity should also be included here.

Eligibility of general revenue costs

7.2 The following are examples of **eligible** revenue costs;

Staff Costs

7.3 Only those staff related costs detailed below can be included in the eligible costs of a project although there are several methodologies for calculating these costs;

- The full actual pay cost including employer's national insurance and superannuation costs for those engaged exclusively on the delivery of the project or a proportion of it reflecting the time actually expended on the qualifying project. Actual staff costs should be apportioned to the project according to activity using a clear and fair methodology.

- Travel and subsistence costs that relate solely to the ERDF project.

- Sick leave and/or maternity payments if they are written into an employment contract. Staff working not wholly on ERDF need to be able to demonstrate a regular pattern of work. The costs of employing a temporary replacement for an employee away on maternity or long term sick leave are also eligible for ERDF.

- Costs of staff training necessary to the delivery of the ERDF project. Although note that it is expected that all organisations who submit an application for ERDF grant are in a position to deliver the approved activities. Staff training costs can only therefore be included where it is identified that an individual has specific training needs necessary to the delivery of the ERDF project that could not be identified before the project began.

- Taxable benefits which form part of the contractual terms and conditions of staff engaged in the delivery of ERDF projects. Examples include - bonus payments, childcare payments and company cars. These should be set out clearly in the initial application for grant. They should be proportionate to the role and responsibilities by an individual in the delivery of the project and should figure in the costings approved in the project approval process.

- Redundancy payments may be eligible where they were included in the initial application for ERDF investment and they are proportionate to the time spent by that employee on the ERDF project. i.e. if a staff member has ten years service and has been employed on the project for 3 years then 30% of the redundancy costs would be an eligible cost. If a staff member spends part of their time working on the project the costs must be further apportioned to reflect this i.e. a staff member has 10 years service and has worked on the project for 3 years. The staff member spent 50% of their time working on the project during the 3 year period. The eligible redundancy cost would therefore be 30% (3 years out of 10) multiplied by 50% (50% of their time) = 15%. Furthermore if staff are employed on a 2nd project, provided this continuation project follows on from an original application and involves the same activity, then the whole period covered by the two ERDF projects can count towards any redundancy payment. Note that the Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002 (SI 2002 No. 2034) give fixed-term employees the right not to be treated less favourably than a comparable permanent employee. In cases of doubt, the PDT should refer to DCLG:PSC.

The following are **ineligible;**

- Non-taxable bonus payments or other non-taxable benefits

- Exceptional or extraordinary provision for pension rights.

Indirect Costs

7.4 The rules applying to indirect costs are based on the principle that costs attributed to ERDF projects must be directly related to the delivery of the project. However, following the change in the ERDF Regulations a flat rate methodology can be applied for indirect overhead costs which includes premises, service and administration overheads. There are however several methodologies for calculating these costs.

7.5 To aid with project design, detailed guidance on the calculation of overheads is given in the National ERDF Handbook.

Depreciation

7.6 The cost of depreciation of assets used in ERDF projects is eligible expenditure provided that:

- the asset was not purchased or improved as part of a previous ERDF funded project

- the cost of depreciation is not already being met from other sources; and

- depreciation is calculated in accordance with the accounting rules that apply to the sector.

Hire and lease of premises and equipment

7.7 The cost of hire or leasing (including non recoverable VAT) is eligible expenditure but only in respect of the usage that relates directly to the delivery of the ERDF project. Rents charged for ERDF funded premises must be charged at the prevailing market rate unless state aid allows otherwise.

7.8 Interest or service charges arising on debt incurred including finance leases, hire purchase and credit arrangements cannot however be included in the costs, which are therefore restricted to payments based on the alternative cost of purchasing the asset outright.

Consumables

7.9 The cost of consumables that are used in delivering the project can be included as eligible expenditure. Consumables should be clearly itemised and the cost should be included in the application for grant.

Second-hand equipment

7.10 The purchase cost of second-hand equipment is eligible providing:

- The equipment has not been originally purchased as part of a previous ERDF funded project.

- The price paid does not exceed its market value.

- Whilst it is unlikely that commercially available second-hand equipment has been bought using public money, grant applicants should obtain a declaration from the supplier confirming that they did not receive ERDF grant to purchase the equipment in the first place. If a grant was used to purchase the equipment, none of the cost of purchase is eligible for ERDF.

Value Added Tax

7.11 VAT that derives directly from the project and which is not recoverable is eligible but precise rules are complex and if there is any doubt advice should be sought from HMRC or an appropriately qualified firm of professional tax accountants.

.

Eligibility of businesses for ERDF support

7.12 Eligible businesses will primarily be SMEs in line with the Commission definition, although the Regulations do allow for large companies to be supported if this is identified in the regional programme. Similarly start ups and in some instances individuals, such as potential entrepreneurs, can be supported. State Aid and other EC regimes must also be respected alongside ERDF rules.

Revenue costs ineligible for ERDF support

7.13 The following individual revenue costs are **ineligible** for ERDF support:

- notional costs, for example, where an item usually retails at £x, but the applicant buys it cheaper but claims the difference between the price paid and £x
- payments for activity of a political nature
- provisions – ie money set aside to pay for future events eg sink funds
- contingencies and contingent liabilities
- dividends
- interest or service charges arising on debt incurred including finance leases, hire purchase, mortgages and credit arrangements
- costs resulting from the deferral of payments to creditors
- costs involved in winding up a company
- payments for unfair dismissal
- compensation for loss of office
- bad debts arising from loans to employees, proprietors, partners directors, guarantors or shareholders
- payments for gifts and donations
- entertainments apart from food and non alcoholic drink provided as part of a meeting
- statutory fines and penalties
- criminal fines and damages
- legal expenses in respect of litigation

- costs incurred by individuals in setting up and contributing towards private pension schemes, or the setting up of such schemes by organisations in receipt of ERDF

- costs incurred by organisations in relocating personnel displaced by the refurbishment or conversion of a building for ERDF use.

NB This list is not exclusive and any queries about the eligibility of costs not included in the list above should be addressed to the PDT.

Lost opportunity costs

7.14 Lost opportunity costs are the costs that an organisation notionally incurs by using an asset for an ERDF project that could otherwise have been sold or rented for profit. These notional costs are not eligible for ERDF support. For example, many organisations rent or hire out rooms on a commercial basis. Notional rent or hire of the room cannot be included as an eligible cost. The costs of the room overheads such as electricity or rent actually paid are eligible for ERDF, providing the applicant can show that they have claimed only the costs of the overheads while they were actually using the room. Another example of ineligible lost opportunity costs is the income that a university would normally make by charging for use of laboratory facilities or specialised equipment but that they have forgone by offering the facility at reduced or no cost.

Business ineligible for ERDF support

7.15 There are a number of sectors in which businesses should not be supported with ERDF due to the existence of particular State Aid and other regimes, or because Aid would distort competition. Companies covered by EC Sectoral restrictions are subject to specific rules, dependant on the State Aid regime under which they are being supported. The demarcation requirements of the ERDF programmes also restrict some sectors which are otherwise supported through the EAFRD or EFF.

7.16 The following are **ineligible** for ERDF support;

- fishery and aquaculture sectors which are supported through EFF

- primary production, processing and marketing of agricultural products, which is supported through EAFRD

- the coal, steel and shipbuilding sectors (excluded by the General Block Exemption EC 800/2008)

- the synthetic fibres sector (excluded by the General Block Exemption EC 800/2008). Further explanation of the meaning of synthetic fibres sector can be found on the European Commission website at http://ec.europa.eu/competition/state_aid/legislation/archive_docs/96c94_en.html - Code on Aid to the Synthetic Fibres Industry (1996, subsequently extended.)

- Establishments providing generalised (school age) education should not be supported as this is a statutory duty on local authorities.

- Banking and insurance companies should not be supported, as their activities are non productive and support to one institution is likely to lead to displacement of jobs, except as a deliverer of services or match funding, for example as members of a VCLF consortium. This would include insurance brokers who act as intermediaries and 'sell' insurance policies to businesses or individuals.