

## **Science and Innovation Parks/Centres: SBF support for small businesses**

### **Background**

Under the Small Business Grant Fund (SBGF) eligible businesses in England qualify for a payment of £10,000. However businesses which are not direct ratepayers in the business rates system are not included in the scheme.

This note is to brief you on the serious implications of this for innovation locations in the UK. This also includes many of the small knowledge intensive companies that are based in our member technology incubators or innovation centres who are excluded from applying for Business Support Grant Funding as they do not directly pay business rates.

### **Introduction**

The Science Park movement has been developing in the UK for over 35 years. The UK Science Park Association (UKSPA) is a membership organisation that represents over 130 science and innovation parks in the UK and the 6000 companies that operate from these facilities.

We have been approached by our members over their serious concerns about that the current SBRR rules will have on the formation and growth of small technology based companies that are not eligible for the SBGF under the financial support that is currently offered.

Our analysis of our sector shows that, of the 6,000 companies that work across all UKSPA member locations, around 55% employ fewer than five people. In the smaller locations in membership (primarily innovation centres and technology incubators) almost 70% are companies that employ five staff or fewer. These are the companies that our members support to scale up in the future.

Their survival is critical and our members are doing all they can to ensure that they are supported.

We described in our most recent [briefing paper](#) how the impact of Covid-19 is having a considerable impact on the science and innovation sector.

### **Business Rates and start-up companies**

Many innovation centres and technology incubators are valued for business rates as a whole - operating these as individual offices with individual rating assessments would be impractical because of the way the locations operate. There is a significant churn rate of companies that reflect the reality that, often fragile, spin-out and start-up businesses face many challenges as they form and grow.

### **The scale of the problem**

The problem for those who occupy space in innovation centres or incubators is that by not having a small business rate number, they are unable to apply to the government for BSGF. This is an anomaly and very damaging to these early stage potential businesses that have high growth potential.

Many of these companies have seen their income decline dramatically in a matter of weeks and have no immediate alternative sources of income to help them survive. It is our fear that many of these companies, which in normal circumstances would be sustainable businesses, will fail.

Government must ensure our young early stage and small companies can ride out the current national crisis and who will play a crucial role as the economy recovers.

## What is happening now?

- Small companies in our members' incubators and innovation centres are already struggling with the impact of COVID-19 and are being further disadvantaged by being ineligible for the grant payment.
- There is a major flaw in the system for the Small Business Grant Fund for serviced offices and labs. The feedback that we have indicates that local authorities have no flexibility with the implementation of the fund to look at the special circumstances of companies occupying lab, office or desk space in serviced office/lab facility. Their hands are tied. We are calling on Government to deliver a more flexible approach to the operation of the scheme so that more support is provided to these companies.
- This has been recognised by a number of local authorities who have described this situation as a "loophole" in the Government's response and there is concern that these businesses are being financially disadvantaged in a significant way.

## Action required

1. SBGF should be extended to relevant companies who are ruled out of receiving this due to the "technicality" that they don't directly pay business rates and therefore can't claim SBRR.
2. The point we are stressing is that the size of the company's accommodation would, in many cases, mean these businesses would be eligible for SBRR, and therefore the SBGF. Since SBRR is just being used as a proxy for the size of the business, there needs to be a different measure applied to those businesses that do occupy accommodation, but pay an all-inclusive fee. This could be based on either the size of the space they occupy or the occupancy charge they pay.

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