

Local Growth Streamlined Subsidy Scheme

**Presented to Parliament by the Secretary of State for Business,
Energy and Industrial Strategy pursuant to section 10 (5) of the
Subsidy Control Act 2022**

This is a Streamlined Subsidy Scheme (also known as a Streamlined Route) made by the Secretary of State under section 10 (4) of the Subsidy Control Act (2022). It may be used by any UK public authority to give certain subsidies, which meet the criteria of the Streamlined Route, without assessing them against the subsidy control principles.

Public authorities wishing to use this Streamlined Route are strongly advised to consider the accompanying Local Growth Streamlined Route Guidance, which has been created to help public authorities interpret and comply with the Streamlined Route. This guidance can be found on the Streamlined Routes Gov.uk webpage.

Public authorities who require support and guidance on using this Streamlined Route can contact the BEIS subsidy control team at: subsidycontrol@beis.gov.uk

Local Growth Streamlined Subsidy Scheme

1. Introduction and compliance with the subsidy control principles

1.1. The Secretary of State, having considered the subsidy control principles in accordance with Chapter 1 of Part 2 of the Subsidy Control Act 2022 (“the Act”) and being of the view that the subsidies given under the scheme will be consistent with those principles, makes the following subsidy scheme (“the Scheme”) as a streamlined subsidy scheme for the purposes of the Act, in accordance with section 10(4) of the Act.

1.2. The Scheme is made on 5 January 2023.

1.3. The Scheme may be used by any public authority in the United Kingdom on or after 5 January 2023 until 4 January 2029.

1.4. The Scheme is to be laid in Parliament in accordance with section 10(5) of the Act and published on the subsidy database in accordance with section 33(1)(b) of the Act.

1.5. The Scheme may be referred to as the Local Growth Streamlined Subsidy Scheme.

2. Purpose

2.1. The Scheme provides for the giving of subsidies by public authorities that fall within the following categories set out in the Schedule:

2.1.1. category 1: subsidies for small and medium-sized enterprises for business development projects,

2.1.2. category 2A: support for the employment of workers with disabilities, and

2.1.3. category 2B: support for the employment of disadvantaged workers.

2.2. Subsidies given under the Scheme must comply with paragraphs 4–8 and the relevant requirements in the Schedule.

3. General definitions

3.1. In the Scheme:

3.1.1. “access programme” means activities that are specifically targeted at persons in groups that are underrepresented in the labour market, or at disadvantaged or severely disadvantaged workers, or at any combination of the three, and designed to advertise the availability of posts in an enterprise and to recruit workers in those groups into an enterprise;

3.1.2. “the Act” means the Subsidy Control Act 2022;

3.1.3. “business development project” means the setting up of a new establishment (a place of business for the production or sale of goods or the provision of services) in addition to an existing establishment, an increase in the production capacity or production quality of an existing establishment, or the diversification of output of an existing establishment to produce new products or provide new services;

- 3.1.4. “capital expenditure” means the buying of equipment, land or buildings or the construction of buildings for the purpose of the production of the relevant goods or the provision of the relevant services; or the adaptation of equipment, land or buildings for the same purposes; or a combination of the purchase and the adaptation of equipment, land or buildings for the same purposes. For these purposes, this may include rental of equipment, land or buildings, where the subsidy covers rental costs for 3 years or less. This may also include the purchase or licensing of intangible assets such as intellectual property rights or software;
- 3.1.5. “disadvantaged worker” means an unemployed person who:
- 3.1.5.1. is over 16 years of age and under 25 years of age at the time their employment contract with the enterprise is agreed,
 - 3.1.5.2. is over 50 years of age at the time their employment contract with the enterprise is agreed,
 - 3.1.5.3. has not obtained an upper secondary educational or vocational qualification (International Standard Classification of Education 3) or is within 2 years after completing full-time education and who has not previously obtained his or her first regular paid employment,
 - 3.1.5.4. lives as a single adult with one or more dependents, or
 - 3.1.5.5. has not been in regular paid employment for 12 months or more.
- 3.1.6. “eligible costs” means those costs defined in paragraphs 3, 7 and 11 of the Schedule;
- 3.1.7. “enterprise” has the meaning given by section 7 of the Act;
- 3.1.8. “medium-sized enterprise” means an enterprise that is considered to be medium-sized, assessed by reference to the qualifying conditions set out in section 465 of the Companies Act 2006;
- 3.1.9. “operational costs for access programmes” means:

- 3.1.9.1. the costs that are directly associated with advertising the availability of posts in an enterprise to persons in groups that are underrepresented in the labour market or to disadvantaged or severely disadvantaged workers,
 - 3.1.9.2. the direct costs of recruitment and onboarding of persons in groups that are underrepresented in the labour market, or disadvantaged or severely disadvantaged workers, or
 - 3.1.9.3. wage costs for those working on the access programme, for the time that they spend on work directly connected to the programme.
- 3.1.10. “a person in groups that are underrepresented in the labour market” means any person:
- 3.1.10.1. of the underrepresented gender in relation to prospective work in a sector where the gender imbalance is at least 25 percentage points higher than the average gender imbalance across all UK sectors, or
 - 3.1.10.2. in an ethnic group that has an employment rate 5 percentage points or more below the UK average;
- 3.1.11. “professional advisory costs” means the costs of purchasing any consultancy or professional business services. This excludes services that are needed for the ordinary administration of an enterprise, to ensure compliance with legal obligations (such as accountancy services to meet reporting requirements) or for tax advice;
- 3.1.12. “public authority” has the meaning under section 6(1) of the Act;
- 3.1.13. “project” means an activity or activities conducted to a method or plan with a view to achieving a specified end goal;
- 3.1.14. “project costs” means those costs incurred and paid for by the enterprise arising directly from the delivery of the specific project for which they have received a subsidy;
- 3.1.15. “project start” means when the activities directly related to the project being subsidised under the Scheme begin;

- 3.1.16. “severely disadvantaged worker” means an unemployed person who:
- 3.1.16.1. has not been in regular paid employment for 24 months,
 - 3.1.16.2. is a “disadvantaged worker” who has not been in regular paid employment for 12 months, or
 - 3.1.16.3. is a person who is part of a group with a low employment rate or high unemployment rate relative to the UK average, and is a person that the public authority considers likely to have complex support needs when adapting themselves to the working environment;
- 3.1.17. “small enterprise” means an enterprise that is considered to be small, assessed by reference to the qualifying conditions set out in section 382 of the Companies Act 2006;
- 3.1.18. “small or medium-sized enterprise” or “SME” means a small enterprise or a medium-sized enterprise;
- 3.1.19. “start-up” means a small enterprise that has registered or begun trading (whichever is the later applicable date) within the 5 years before the award of the subsidy, that has not yet distributed any profits, and is not a new enterprise formed through a merger with another enterprise;
- 3.1.20. “subsidised debt finance” means a loan, guarantee, quasi-equity or equity investment that is provided on terms that are more favourable than commercially available terms, such as lower interest rates, collateral requirements, agreed share of profits, or guarantee premiums;
- 3.1.21. “subsidy database” means the database of subsidies established under section 32 of the Act;
- 3.1.22. “training costs” means the fees of trainers and training providers, the hire of venues in which to do training, the cost of equipment used exclusively for training purposes and the wage costs of workers for the time spent in training;
- 3.1.23. “wage costs” means the gross wage payable by the beneficiary to the employee before tax. It does not include the beneficiary’s compulsory

contributions such as mandatory pension contributions and national insurance;

3.1.24. “worker with disabilities” means a person:

- 3.1.24.1. who has a disability as defined in the Equality Act 2010, or in relation to Northern Ireland, the Disability Discrimination Act 1995 (“the relevant legislation”), and
- 3.1.24.2. whose disability is likely to have a substantial negative effect on that person’s ability to perform the tasks associated with the post they are to fill.

4. General conditions

4.1. Before giving a subsidy to an enterprise under the scheme, a public authority must obtain the following information from the enterprise:

4.1.1. name and size of the enterprise;

4.1.2. description of the proposed project or activity including:

- 4.1.2.1. its location,
- 4.1.2.2. start and end date,
- 4.1.2.3. expected outcomes, and
- 4.1.2.4. anticipated costs of the project or activity before any deductions of tax or other charges, supported by relevant and contemporary documentation.

4.2. A public authority may not give a subsidy for a project or activity that has started unless:

- 4.2.1. it has provided written authorisation to the enterprise that the project or activity can be started before the subsidy is given, and
- 4.2.2. it is of the view the project or activity would not be viable unless it starts before the subsidy is given, or
- 4.2.3. it is of the view the scope of the project or activity is being widened or the project or activity is being accelerated.

- 4.3. A public authority must award subsidies using objective and transparent selection criteria that are available to potential recipients in advance of giving the subsidy.
- 4.4. All eligible costs must be incurred directly as a result of the project or activity.
- 4.5. All eligible costs should be limited to those strictly necessary for the project or activity, and in respect of projects, limited to the time period of the project.
- 4.6. A public authority may not give a subsidy under the Scheme that would, but for section 30(1) of the Act, be subject to any of the prohibitions and other requirements contained in sections 15–29 of the Act.

5. Subsidy type and valuation of the subsidy

- 5.1. Subsidies under the Scheme may be given in any form of financial assistance.
- 5.2. For the purposes of any paragraph in the Scheme that contains a financial amount, the following will apply:
 - 5.2.1. if a subsidy is provided in cash, the gross cash amount given is to be used in determining the amount of the subsidy;
 - 5.2.2. if a subsidy is provided otherwise than in cash, the amount of the subsidy given is to be determined by reference to the gross cash equivalent of the subsidy.
- 5.3. The gross cash amount and gross cash equivalent amount are to be determined in accordance with the Subsidy Control (Gross Cash Amount or Gross Cash Equivalent) Regulations 2022.

6. Transparency

- 6.1. A public authority must meet the transparency requirements set out in Chapter 3 of Part 2 of the Act and upload any subsidy given under the Scheme to the subsidy database where required by the Act.

7. Cumulation

- 7.1. When applying the subsidy ratios and maximum award amounts set out in the specific categories under the Schedule, a public authority must take into account the cumulative amount of subsidies received by the enterprise for each particular project or activity, whether given under the Scheme or otherwise. A subsidy given under the Scheme which falls below the subsidy ratios or maximum award amounts must not cause the subsidy ratios or maximum award amounts to be exceeded on a cumulative basis.
- 7.2. An existing subsidy must be cumulated with the proposed subsidy if the subsidy meets all of the following conditions and was given:
- 7.2.1. to the same enterprise by any public authority,
 - 7.2.2. for the same project or activity as defined under the relevant categories of the Schedule,
 - 7.2.3. for the same or substantially the same specific purposes as set out under the relevant categories of the Schedule, and
 - 7.2.4. within the last 3 financial years (that is, the last 2 complete financial years, running from 1 April to 31 March, and the lapsed part of the current financial year).
- 7.3. Where a project or activity's completion date extends beyond the period of 3 years, the maximum award amounts and subsidy ratios set out in the specific categories under the Schedule apply to the lifespan of the project; a new cumulation period does not start after 3 years.
- 7.4. The subsidy ratios or maximum award amounts may not be circumvented by artificially splitting up a single project into several constituent projects with similar characteristics or objectives.

8. Misuse of subsidies

- 8.1. A public authority should ensure that any subsidy given under the Scheme is given subject to a condition allowing the authority to recover the whole or part of the subsidy amount to the extent that the subsidy is used for a purpose other than the purpose for which it was given.

Schedule

Category 1: Support to SMEs for Business Development Projects

1. Scope

- 1.1. A subsidy may be given under this category for a business development project in the UK (a “project” for the purposes of this category) undertaken by a small or medium-sized enterprise, including a start-up.

2. Enterprise eligibility

- 2.1. To be eligible to receive a subsidy under this category, an enterprise:
 - 2.1.1. must be a small or medium-sized enterprise, including start-ups, and
 - 2.1.2. must not be listed on any stock exchange at the time of the subsidy award.

3. Eligible costs

- 3.1. Subsidies may only be awarded under this category for the following costs of a project:
 - 3.1.1. the capital expenditure required for the project;
 - 3.1.2. the wage costs of extra employment directly created by the project;
 - 3.1.3. training costs directly related to the project;
 - 3.1.4. professional advisory costs directly related to the project.

4. Subsidy ratios and maximum award amounts

- 4.1. A subsidy given under this category:
 - 4.1.1. must not exceed the specified maximum award amount and maximum subsidy ratios, and
 - 4.1.2. must be capped at either the maximum award amount or the maximum subsidy ratio, whichever is lower.

- 4.2. Where a subsidy takes the form of a grant, the maximum award to a single enterprise for a single project or combination of projects is £400,000.
- 4.3. Where a subsidy takes the form of subsidised debt finance, the maximum award to a single enterprise for a single project or combination of projects is £600,000 gross cash equivalent.
- 4.4. The maximum subsidy ratios for projects under this category are:
 - 4.4.1. 95% of the eligible costs of a project for small enterprises that are start-ups;
 - 4.4.2. 25% of the eligible costs of a project for small enterprises;
 - 4.4.3. 15% of the eligible costs of a project for medium-sized enterprises.

5. Further conditions

- 5.1. A subsidy may only be given under the Scheme in the form of subsidised debt finance if the public authority is of the view that:
 - 5.1.1. there is no reasonable prospect of the beneficiary obtaining similar debt finance from a commercial provider, or
 - 5.1.2. that the form or amount of commercially available debt finance, or the costs of obtaining and servicing this, would lead the beneficiary to reduce the scope of the project, to deliver it more slowly or to spend less on it.
- 5.2. A subsidy may only be given under the Scheme in the form of a grant if the public authority is of the view that the provision of an alternative form of subsidy would lead the beneficiary to reduce the scope of the project, to deliver it more slowly, or to spend significantly less on it.
- 5.3. The beneficiary must commit to carrying out and maintaining the project for at least 3 years after the date of the subsidy award.
- 5.4. An enterprise in receipt of a subsidy for wage costs must commit to creating and filling the posts within 1 year of the date of the subsidy award, and to retaining the posts for 3 years after the date of the subsidy award.
- 5.5. Training costs may include the basic training costs for new employees recruited to fill posts directly created by the project.

Category 2A: Support for the Employment of Workers with Disabilities

6. Scope

6.1. A subsidy may be awarded to any enterprise under this category for eligible costs related to the employment of workers with disabilities.

7. Eligible costs

7.1. Subsidies may only be awarded under this category for the following costs:

7.1.1. The wage costs of workers with disabilities, on an ongoing basis;

7.1.2. The following additional costs to an enterprise of employing workers with disabilities:

7.1.2.1. the costs of adapting premises and equipment for use by workers with disabilities;

7.1.2.2. the costs of acquiring and licensing adaptive technologies and adaptive software for the exclusive use of workers with disabilities;

7.1.2.3. the costs of transporting workers with disabilities to and from the workplace;

7.1.2.4. the wage costs of other workers for time that they spend exclusively on assisting workers with disabilities, and the training costs of training those staff to assist workers with disabilities;

7.1.2.5. the wage costs of a worker with disabilities for the time they spend on rehabilitation;

7.1.2.6. where the enterprise provides sheltered employment, the costs of constructing, installing or modernising the production units of the enterprise concerned, and any costs of administration and transport, provided that such costs result directly from the employment of workers with disabilities.

7.2. The costs in paragraphs 7.1.1 and 7.1.2 must be additional to any costs the enterprise is required to incur to comply with legal obligations that

apply when employing a person with a disability under the relevant legislation.

8. Subsidy ratios and maximum award amounts

8.1. A subsidy given under this category:

8.1.1. must not exceed the specified maximum award amount and maximum subsidy ratios, and

8.1.2. must be capped at either the maximum award amount or the maximum subsidy ratio, whichever is lower.

8.2. The maximum award amount to a single enterprise in a single year for any combination of the eligible costs under this category is £5 million.

8.3. The maximum subsidy ratios for activities under this category are:

8.3.1. 75% of the wage costs of employing workers with disabilities;

8.3.2. 100% of the additional costs of to an enterprise of employing workers with disabilities.

9. Further conditions

9.1. An enterprise in receipt of a subsidy for wage costs must commit to creating and filling the posts within 6 months of the date of the subsidy award, or another period agreed between the public authority and enterprise. The enterprise must commit to retaining the worker with disabilities for a defined minimum period.

9.2. Where support is given for the wage costs of a worker with disabilities, this must be in proportion to the extent of the impact that the disability has on the person's ability to do the tasks associated with the post they are to fill.

9.3. Where a subsidy has been provided for the wage costs and additional costs of the same worker or workers for 3 consecutive years, the public authority should review the case before awarding a further period of subsidy.

Category 2B: Support for the employment of disadvantaged workers

10. Scope and enterprise eligibility

10.1. A subsidy may be awarded under this category to any enterprise:

10.1.1. for a portion of the operational costs of access programmes to increase participation by persons in groups that are underrepresented in the labour market, disadvantaged workers, severely disadvantaged workers, or a combination of the three; and

10.1.2. for a portion of the wage costs and additional costs of employing disadvantaged and severely disadvantaged workers.

11. Eligible costs

11.1. Eligible costs may include the:

11.1.1. operational costs of access programmes to recruit persons in groups underrepresented in the labour market, disadvantaged workers, severely disadvantaged workers, or a combination of the three,

11.1.2. wage costs for the employment of disadvantaged workers for 12 months from their first day of employment,

11.1.3. wage costs for the employment of severely disadvantaged workers for 24 months from their first day of employment,

11.1.4. wage costs for support workers for time that they spend exclusively in assisting disadvantaged or severely disadvantaged workers, and

11.1.5. the costs of training support workers to assist disadvantaged or severely disadvantaged workers.

12. Subsidy ratios and maximum award amounts

12.1. A subsidy given under this category:

12.1.1. must not exceed the specified maximum award amount and maximum subsidy ratios, and

12.1.2. must be capped at either the maximum award amount or the maximum subsidy ratio, whichever is lower.

- 12.2. The maximum award to a single enterprise for the operational costs of access programmes is £500,000.
- 12.3. The maximum award to a single enterprise for the wage costs of employing disadvantaged or severely disadvantaged workers, and for support workers, is £5 million.
- 12.4. The maximum subsidy ratios for activities under this category are:
- 12.4.1. 50% of the operational costs of access programmes;
 - 12.4.2. 15% of the wage costs for the employment of disadvantaged workers;
 - 12.4.3. 30% of the wage costs for the employment of severely disadvantaged workers;
 - 12.4.4. 75% of the eligible wage costs and training costs of support workers.

13. Cumulation

- 13.1. Subsidies for the operational costs of access programmes do not need to be cumulated with other costs in this category.
- 13.2. All subsidies to the same enterprise for the wage costs of employing disadvantaged and severely disadvantaged workers, and of support workers, must be cumulated together. No combination of these costs may exceed the limit in paragraph 12.3, above.

14. Further conditions

- 14.1. An enterprise in receipt of a subsidy for an access programme must commit to:
- 14.1.1. initiating the access programme within 6 months after the date of the subsidy award,
 - 14.1.2. notifying the public authority when the access programme has ended, and
 - 14.1.3. reporting to the public authority on the outcomes of the programme.

- 14.2. An enterprise in receipt of a subsidy for wage costs must commit to:
- 14.2.1. creating and filling the posts within 6 months of the date of the subsidy award,
 - 14.2.2. retaining the posts for 3 years after the date of the subsidy award,
 - 14.2.3. notifying the public authority when the anticipated number of workers have been recruited, and
 - 14.2.4. reporting to the public authority 3 years after the date of the subsidy award, or at any other interval required by the public authority, informing them of the employment status of those workers within the enterprise.
- 14.3. When calculating the proportion of wage costs for disadvantaged and severely disadvantaged workers that may be given as a subsidy, the wage is to be calculated by reference to the salary of other workers in the enterprise in posts comparable to the posts that the disadvantaged or severely disadvantaged workers are to fill.
- 14.4. Subsidy for the wage costs of support workers may only be given for the time that they spend on the following activities:
- 14.4.1. supporting a disadvantaged or severely disadvantaged worker's autonomy and adaptation to the work environment;
 - 14.4.2. accompanying the worker in social and administrative procedures;
 - 14.4.3. facilitation of communication with the employer and the mediation of disputes between the enterprise and the worker.



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