

# NEWS RELEASE

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## **University Spin-Out Companies are Eligible for European Support Thanks to Objective 1 Programme**

The South Yorkshire Objective 1 Programme has negotiated a dispensation with the European Commission to allow it to classify companies that are spun-out from university research as small or medium-sized enterprises (SMEs).

Business support for companies funded by Europe is, in the main, restricted to organisations classified as SMEs with limits on turnover and numbers of employees. Companies that are developed by Universities from their research activity are not usually classified as SMEs because Universities usually retain majority ownership of the new companies.

Considerable work behind the scenes by the Programme Directorate has seen the European Commission issue a dispensation that will allow Objective 1 funded activity in South Yorkshire such as the South Yorkshire Investment Fund and the Business Link run High Growth Start-up Programme to support these businesses.

“This is good news for South Yorkshire. The intellectual property developed in our two universities is an important engine of regeneration and the existing European rules were restricting the contribution that these companies could make to the South Yorkshire renaissance. This dispensation will allow us to support business ideas with potential to innovate and grow from our Universities” said Sylvia Yates, Programme Director, Objective 1.

Ends

### **Notes for Editors:**

The Objective 1 Programme in South Yorkshire is a £1.8 billion investment programme that draws on over £700 million from the European Union’s Structural Funds that are provided to help Europe’s poorest areas regenerate their economies and create jobs. South Yorkshire is one of those poorest areas with fewer businesses and fewer and less well-paid jobs than other European regions.

South Yorkshire was designated as an Objective 1 area, which is the highest category of European support, at the Berlin Summit in 1999 along with Merseyside, Cornwall and the Scillies and West Wales and the Valleys. The Objective 1

Programme in South Yorkshire was launched in July 2000 and runs until the end of 2006.

To date the Programme has committed over £350 million of European money to over 320 projects in South Yorkshire. Objective 1 funds are supporting the development of new businesses, helping businesses to innovate and grow, supporting the development of skills and training, supporting social enterprises, supporting the economic development of deprived communities in South Yorkshire, helping to bring forward the development of sites and premises for increased economic activity and helping to tackle both financial and transport bottlenecks that inhibit economic growth.

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