


Government publishes response to consultation on Subsidy Control Regime

23 April 2025  Joe Tapsell Chapman

The Subsidy Control Act 2022 (the Act) has been in force since 4 January 2023. Seeking to canvass views on how to improve the Subsidy Control Regime, the Department for Business and Trade (DBT) ran a consultation on the Act from 26 November 2024 to 21 January 2025.

The two main focuses of this consultation were:

1. Amending the threshold at which subsidies are designated Subsidies and Schemes of Particular Interest (SSoPI);
2. Creation of new Streamlined Routes under which certain subsidies do not require an assessment against subsidy control principles.

On 7 April 2025, DBT released the results of this consultation.

Amending the SSoPI threshold

Currently, subsidies over £10 million (or over £1 million but which equal £10 million together with related subsidies from the previous three financial years) are designated as SSoPIs. Within sectors deemed to be sensitive, all subsidies over £5 million by the same tests are SSoPIs. All SSoPIs must be referred to the Subsidy Advice Unit (SAU), which sits within the Competition and Markets Authority. The SAU reviews the referral and publishes a non-binding report on its website.

Following the consultation, the Government will raise the threshold for when a subsidy is designated as an SSoPI in non-sensitive sectors from £10 million to £25 million. This is likely to come as a relief to public authorities looking to grant larger subsidies. Whilst of course the requirement to refer to the SAU is an important protection to ensure public authorities are complying with the Act, especially when there are large amounts of money involved, the process of a referral is time-consuming (normally taking around 3-4 months in practice) which can impact on project timescales.

Creating new streamlined routes

A Streamlined Route under the Act allows public authorities to grant a subsidy without assessing it against the subsidy control principles, provided that the subsidy complies with any conditions set out in the applicable streamlined route. These subsidies are also not subject to review by the SAU. Therefore, they provide an easier and more straightforward basis to public authorities for awarding subsidies. There are currently three Streamlined Routes:

- research, development and innovation;
- energy usage; and
- local growth.

In response to the consultation, the Government will create two new streamlined routes: one for arts and culture and another for community regeneration. Whilst we await the full detail of the types of costs/projects which will fall under these new routes, our view is that any new routes are welcomed and will make the provision of targeted subsidies much easier for public authorities.

It was expected when the first streamlined routes were introduced that Government would continue to add to them as the regime developed, but until now those additions have not been forthcoming. The Government also stated in its response that it continues to

consider further streamlined routes for high frequency low risk subsidies. It is hoped that the introduction of these two new streamlined routes might open the floodgates for more in the not too distant future.

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