



Eich cyf/Your ref
Ein cyf/Our ref

6th January 2022

Dear Huw

Thank you for your letter regarding the clarification sought by the Committee on the Legislative Consent Memorandum on the Subsidy Control Bill.

I would also take this opportunity to thank you and the Committee for your consideration of these important matters, your agreement with our position on the legislative consent of the Senedd being required for clauses 63 to 69, 70 to 75 and 80 to 92 of the Bill, and the support provided in your conclusions for amendments to the Bill to address our concerns.

In response to your specific questions:-

Recommendation 1. For the avoidance of doubt, the Ministers should clarify whether the Welsh Government believes that clauses 41 and 42 require the Senedd's consent and, accordingly, whether it is seeking the Senedd's consent for them.

Clause 41 seeks to define the financial threshold for the exemption of certain Services of Public Economic Interest (SPEI) from the subsidy regime's transparency requirements. Clause 42 seeks to empower the Secretary of State for Business, Enterprise and Industrial Strategy to amend or lower the maximum thresholds for SPEI transparency reporting and Minimal or SPEI Financial Assistance.

Whilst clauses 41 and 42 do not directly impose functions on Devolved Governments in relation to subsidies, their content will impact upon the exercising of devolved functions. For this reason, we consider that these clauses make provision with regard to devolved areas. Consequently, to provide absolute clarity the Welsh Government has today laid a Supplementary Legislative Consent Memorandum.

Additionally, it is vital that any decisions on future changes to the thresholds for SPEI and Minimal or SPEI Financial Assistance are done on the basis of mutual consent. Accordingly, we will be seeking amendments to the Bill requiring that any such decisions can only be taken on the basis of mutual consent between the four Governments in the UK.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Recommendation 2. The UK Government should publish draft regulations and guidance for both UK Parliamentarians and Members of the Senedd to consider the details of the subsidy control regime and to better understand the potential impacts of the Bill.

We are pressing, and will continue to press, for the UK Government to provide greater clarity on the future regime. Given the impact this Bill will have across a broad range of both reserved and devolved policy areas it is vital that UK Parliamentarians and Members of the Senedd are given sufficient detail on how this regime will operate in practice to better understand the potential economic and societal impact of the Bill upon Wales and the wider UK.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS

Y Gweinidog Cyllid a Llywodraeth Leol
Minister for Finance and Local Government