



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE	Written Statement to Members of the Senedd on The Subsidy Control (Subsidies and Schemes of Interest or Particular Interest) Regulations 2022
DATE	1 November 2022
BY	Rebecca Evans MS, Minister for Finance and Local Government

This Written Statement updates Members on the development of regulations relating to the Subsidy Control Act 2022.

On 17 October 2022 the Department of Business, Energy and Industrial Strategy (BEIS) shared an update on the four Statutory Instruments accompanying the Subsidy Control Act 2022 yet to be laid before Parliament, including [‘The Subsidy Control \(Subsidies and Schemes of Interest or Particular Interest\) Regulations 2022’](#).

This final draft has not changed from the most recent draft regulations shared with Welsh Government on 22 July 2022 following the consultation process. During the consultation period I wrote to the then Parliamentary Under Secretary of State at the Department for Business, Energy and Industrial Strategy, Paul Scully MP, outlining the Welsh Government’s concerns around the lack of legal certainty arising from the process, the low value of the economic thresholds switching on the requirements and concerns around many of the characteristics of the process. None of the comments or recommendations I made have been accepted or reflected in the final regulations.

These regulations will significantly impact on the ability of public authorities in Wales to award effective and timely subsidies. The lack of clear, legally certain definitions risks the new regime becoming hindered by bureaucracy and legal challenge. The standardisation of the Subsidies of Interest and of Particular Interest thresholds (£5 million and £10 million respectively) risk an oversimplified twin-track approach that is inadequate to reflect the complexities of the UK’s economy. The £5m and £10m thresholds also compare

unfavourably with the previous EU regime, and the additional scrutiny on subsidies in sensitive sectors such as the production of metals, vehicles or energy, that are not present in the current regime, will impact significantly on Wales' economic development.

I have considered the need to lay a statutory instrument consent memorandum and have determined that this draft regulation does not engage either Standing Orders 30A or 30B. Nevertheless, I consider that the regulations, as drafted, will have a significant negative impact upon the devolved competence of economic development and areas of importance to the Welsh Economy. I therefore felt it appropriate to bring this matter to the attention of the Senedd.