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[Department for
Business, Energy
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Guidance

Subsidy Control rules: quick guide to key requirements for public authorities

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This quick guide can help public authorities understand the UK subsidy control rules established under the Subsidy Control Act 2022 (**the Act**) and how they apply in practice.

The quick guide provides an overview of the key requirements set out in the Act. These requirements are explained in more detail in the [UK subsidy control statutory guidance](https://www.gov.uk/government/publications/uk-subsidy-control-statutory-guidance) (<https://www.gov.uk/government/publications/uk-subsidy-control-statutory-guidance>) ^[footnote 1]. The guide is not a substitute for the statutory guidance. It is a short reference document on the key aspects of the UK's subsidy control regime and its application, and provides an outline of the overall framework of the subsidy control regime, for those giving subsidies.

The quick guide should not be used in isolation when designing subsidies. Those responsible for giving subsidies should always ensure that they fully understand the subsidy control requirements and satisfy themselves that their policies or projects are compliant. In practice, this will often require officials to refer to the statutory guidance as well as to the Act itself. Public authorities should also seek their own legal advice if, and where, they are unsure of their legal obligations or the lawfulness of a proposed subsidy or scheme.

Thinking about the subsidy control requirements early on will help minimise the legal risks attaching to financial assistance. If you are a public authority, you should check your subsidy or scheme complies with the subsidy control requirements before you pay out any money or give other assistance. This helps to protect you from legal challenges, which could mean having to suspend your policy measure and recover money from recipients because it was paid out without complying with the subsidy control requirements.

Public authorities with further questions about their obligations under the Act are encouraged to contact with the BEIS subsidy control team or other specialist subsidy control teams, who can provide support and guidance on the application of the subsidy control requirements. Contact details for these teams are provided in the 'Further help' section at the end of this quick guide.

This guidance does not cover subsidies or subsidy schemes subject to article 10 of the Northern Ireland Protocol. For further information, see the [guidance on the UK's international subsidy control commitments](https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities/technical-guidance-on-the-uks-international-subsidy-control-commitments) (<https://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities/technical-guidance-on-the-uks-international-subsidy-control-commitments>).

An introduction to subsidy control

A subsidy is where a public authority provides support to an enterprise that gives them an economic advantage, meaning equivalent support could not have been obtained on commercial terms. This could include, for example, a cash payment, a loan with interest below the market rate or the free use of equipment or office space. A fuller definition of a 'subsidy' is provided in [Step 1](#) of this guide. Subsidies are administered by all levels of government in the UK, including central

government, devolved administrations, and local authorities, as well as other types of public authority.

Subsidies should be given in the public interest, to address a market failure or equity concern. For example, a subsidy could incentivise businesses to do research and development that increases economic productivity and wider prosperity, to increase the use of low-carbon technology, or to extend access to cultural or educational amenities.

However, without proper controls, subsidies can cause economic harm or distortive effects. Subsidies can give recipients an unfair advantage over their competitors or be an inefficient use of public money if they do not bring about net positive change.

To minimise these risks and increase the likelihood that subsidies achieve positive outcomes, the UK subsidy control regime regulates subsidies given in the UK to prevent any excessively distortive or harmful effects. The regime is designed to be flexible, to allow public authorities to support business growth and innovation, promoting competition and investment in the UK. Under the regime, public authorities can deliver subsidies that are tailored to local needs to deliver their strategic priorities.

This step-by-step guide is for public authorities that are considering providing support that may be classed as a subsidy. Following these steps will help ensure that any such support provided is consistent with the subsidy control requirements in the Act.

[**Step 1 – Determine whether the support is a subsidy**](#)

[**Step 2 – Check whether the subsidy or scheme needs to be assessed against the subsidy control requirements**](#)

[**Step 3 – Ensure the subsidy or scheme complies with the prohibitions and conditions**](#)

[**Step 4 – Design the subsidy to ensure compliance with the subsidy control principles**](#)

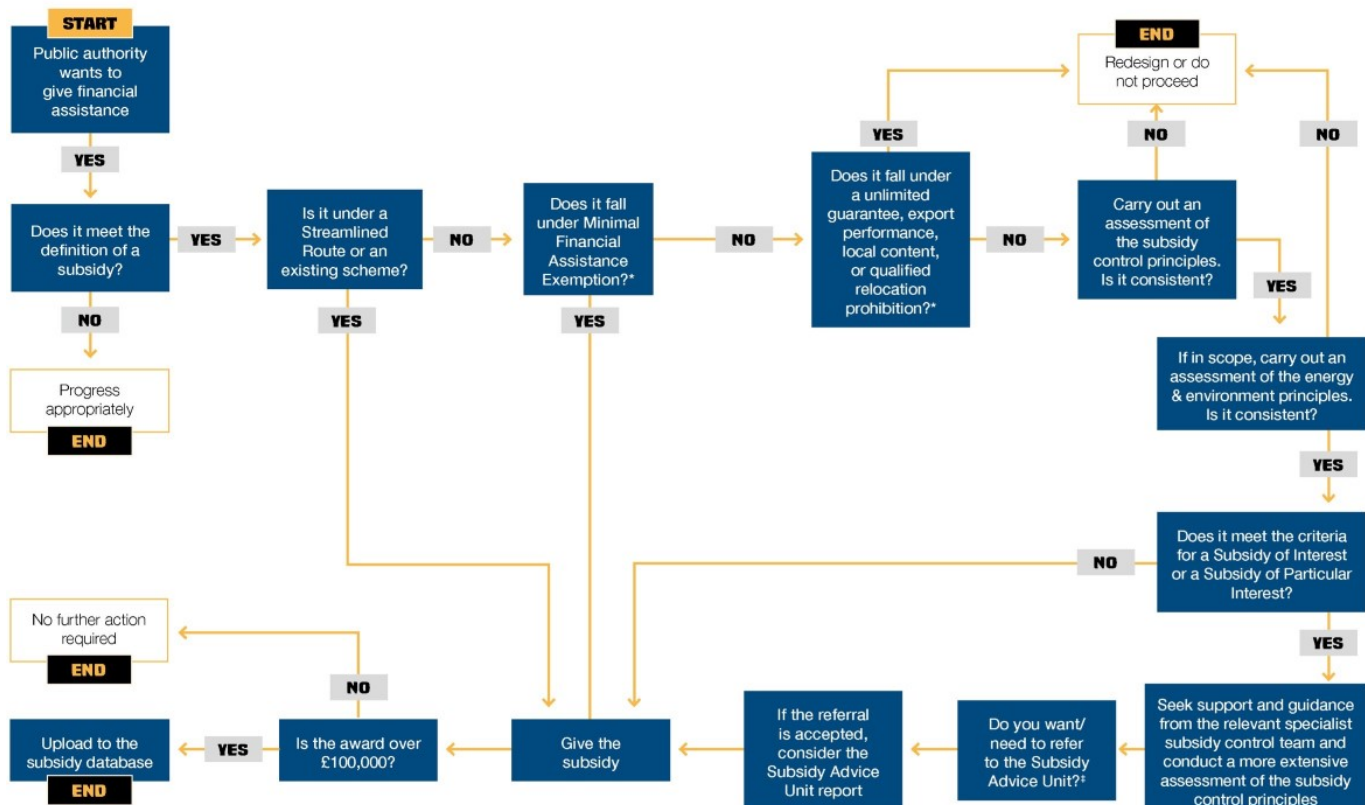
[**Step 5 – Check the criteria for subsidies or schemes of interest or particular interest, and consider referral to the Subsidy Advice Unit**](#)

[**Step 6 – Publish the subsidy or scheme on the subsidy database**](#)

[**Step 7 – Understand the risk of challenge**](#)

Subsidy control process map

Subsidy control process map



*Additional exemptions and prohibitions exist

‡ SAU referral is required for Subsidies of Particular Interest and voluntary for Subsidies of Interest. All referrals of Subsidies of Particular Interest will be accepted while the SAU has discretion over referrals of Subsidies of Interest.

Download an image of the subsidy control process map

(https://www.gov.uk/government/uploads/system/uploads/attachmentata/166940/subsidy_control_process_map.svg).

Step 1 – Determine whether the support is a subsidy

Public authorities must first establish whether the support (known in the Act as ‘financial assistance’) [\[footnote 2\]](#) they are proposing to provide amounts to a subsidy under the regime.

If your answer to all 4 of the following questions is ‘yes’, your assistance is a subsidy. If one or more of your answers are ‘no’, it is not a subsidy. If you are unsure, more detail is provided in the statutory guidance (see also [Further Help](#)).

1. Is the financial assistance given, directly or indirectly, from public resources by a public authority?

‘Public authority’ includes any entity which exercises functions of a public nature. This includes public authorities at any level of central, devolved, regional or local government and non-governmental bodies that are performing a public function.

‘Public resources’ include public funds that are administered by the UK government, the devolved governments, or local authorities, whether they are given directly, through public bodies (such as agencies), or through private bodies.

2. Does the financial assistance confer an economic advantage on one or more enterprises?

The recipient must be an 'enterprise': any entity engaged in an economic activity, which means offering goods and services on a market.

The financial assistance must confer an economic advantage, meaning that it is provided on favourable terms. Financial assistance will not confer an economic advantage if it could reasonably be considered to have been obtained on the same terms on the market.

3. Is the financial assistance specific? That is, has the economic advantage been provided to one (or more than one) enterprise, but not to others?

This covers financial assistance that is provided to specific beneficiaries determined on a discretionary basis by the government, as well as assistance that benefits (directly or indirectly) only enterprises in a particular sector, industry or area, or with certain characteristics.

4. Will the financial assistance have, or is it capable of having, an effect on competition or investment within the UK, or trade or investment between the UK and another country or territory?

To constitute a subsidy, the assistance must have a genuine effect that is more than incidental or hypothetical on competition or investment in the UK, or on international trade or investment.

Subsidy schemes

The subsidy control regime makes provision not only for the giving of standalone subsidies, but also for the making of subsidy schemes. A subsidy scheme is a scheme made by a public authority providing for the giving of subsidies.

If you are considering awarding several similar subsidies to different recipients for the same purpose, you can make a subsidy scheme to reduce the administrative burden. A subsidy scheme will set out rules that describe the eligibility, terms and conditions for subsidies that may be given under the scheme. Any public authority can design a scheme and then give subsidies under that scheme, provided the scheme is consistent with the subsidy control principles and other requirements in the Act.

Not all policies, programmes or projects that distribute subsidies can be considered schemes under the Act – even if they are labelled as a scheme. Some public authorities may prefer to assess compliance with the subsidy control principles [\[footnote 3\]](#) for each individual subsidy given under their programme; since the subsidies are assessed separately, the programme is not considered a subsidy scheme.

Schemes can also be created by public authorities (known as 'primary public authorities') for the use of other public authorities within the areas in which they

exercise their responsibilities – for example, the devolved governments can make schemes for the use of their local authorities.

Streamlined routes

Streamlined routes (referred to as ‘streamlined subsidy schemes’ in the Act) are a type of subsidy scheme, made by the UK government, that public authorities can use for subsidies that align with the government’s strategic priorities (such as promoting innovation). They offer pre-assessed routes for public authorities to award subsidies more quickly.

Step 2 – Check whether the subsidy or scheme need to be assessed against the subsidy control requirements

Once you have established that your proposed assistance amounts to a subsidy, you will need to consider whether the subsidy or scheme needs to comply with the subsidy control requirements, including the subsidy control principles.

If your proposed subsidy falls under a streamlined route or a legacy scheme, you will not need to assess compliance with the subsidy control requirements. You should also consider whether there are available exemptions that you wish to rely on, including the minimal financial assistance exemption for small subsidies. All other subsidies and schemes will need to be assessed against the subsidy control principles and other requirements.

Streamlined routes

As explained under [Step 1](#), streamlined routes are pre-assessed by the UK government as compliant with the subsidy control principles. Accordingly, if you intend to award a subsidy under one of the streamlined routes, you do not need to assess the subsidy against the principles (as this has already been done by the UK government). You must, however, ensure that the subsidy satisfies the specific streamlined route eligibility criteria, terms and conditions.

Third parties cannot challenge a subsidy given correctly under a streamlined route, but your subsidy may be challenged on the basis that it is not compliant with the route.

At the time of the subsidy control regime coming into force, there are three streamlined routes available to public authorities supporting the following UK government priorities:

- research, development and innovation
- net zero
- local growth

Refer to the [Subsidy Control regime page](https://www.gov.uk/government/collections/subsidy-control-regime) (<https://www.gov.uk/government/collections/subsidy-control-regime>) for the latest list of available streamlined routes.

Subsidies given under legacy schemes

Legacy schemes are schemes that were in existence prior the Act coming into force. Legacy schemes, and the award of subsidies under them (known as legacy subsidies), may continue indefinitely if provided for under the original terms of the scheme.

If you are awarding subsidies under a legacy scheme, you do not need to assess the scheme against the subsidy control principles or comply with the other subsidy control requirements. However, the transparency requirements (described in [Step 6](#)) will still apply to any subsidies you give under the scheme after the Act has come into force (unless your subsidy is given in relation to agriculture or fisheries [\[footnote 4\]](#) or to the audiovisual sector, in which case the transparency requirements do not apply).

Subsidies given in accordance with Regulation (EC) No 1370/2007 of the European Parliament and of the Council on public passenger transport services by rail and by road should also be considered as legacy subsidies, and are not subject to the subsidy control transparency requirements.

Further information on these provisions can be found in chapter 9 ('legacy subsidies and permitted modifications') of the statutory guidance.

Permitted modifications

If a public authority makes modifications to a subsidy that has already been given, or a subsidy scheme that has been made, this will generally be treated as a new subsidy or subsidy scheme and therefore require a new assessment against the subsidy control principles.

However, public authorities may make certain minor modifications ('permitted modifications') to a subsidy or subsidy scheme without having to complete a further assessment of the altered subsidy or scheme against the subsidy control principles or comply with the other subsidy control requirements. In summary, these are making minor administrative changes, increasing the budget of the scheme or value of the subsidy by up to 25%, or extending the length of the scheme by up to six years.

Changes to the scheme must be uploaded to the database (see transparency requirements in [Step 6](#)).

A full list of permitted modifications is provided in chapter 9 ('legacy subsidies and permitted modifications') of the statutory guidance.

Exemptions

The Act provides for exemptions from the subsidy control requirements in certain circumstances. The key exemptions for public authorities to be aware of, and to consider when designing subsidies, are those which apply to low-value subsidies and those given in emergency situations, such as natural disasters or economic emergencies.

Minimal financial assistance

Minimal financial assistance (MFA) allows public authorities to award low-value subsidies (up to £315,000) without the need to comply with the majority of the subsidy control requirements.

MFA subsidies are exempt from the substantive subsidy control requirements, meaning that subsidies given as MFA will not need to be assessed against the subsidy control principles or energy and environment principles.

However, there are two prohibitions that apply to all subsidies including MFA. These are the prohibition on giving subsidies relating to goods for export performance and the prohibition on domestic content [\[footnote 5\]](#). MFA subsidies over £100,000 are also subject to the transparency rules described in [Step 6](#).

MFA is capped at a threshold of £315,000, meaning that no individual recipient can receive more than this amount over the applicable period (3 financial years) [\[footnote 6\]](#). MFA subsidies are subject to cumulation rules, under which MFA subsidies cumulate with each other and with other subsidies that fall within the category of 'Minimal or (SPEI) financial assistance' [\[footnote 7\]](#). It also includes any aid given under the EU state aid de minimis regulations and subsidies given as small amounts of financial assistance under the UK–EU Trade and Cooperation Agreement after 31 December 2020 but before this section of the Act comes into force. This prevents enterprises being able to receive many subsidies that are individually of low value, but that cumulatively exceed the £315,000 threshold.

It is not compulsory to use the MFA exemption for small awards. If you decide not to rely on the MFA exemption for such an award, you will need to assess the subsidy against the subsidy control principles and comply with the other subsidy control requirements as would ordinarily be the case without an exemption.

When deciding whether to use the MFA exemption, public authorities should be aware that additional MFA cannot be given to a beneficiary that has already reached their MFA threshold. Consequently, it is important to note that if you give a particular subsidy as MFA, it will mean the beneficiary is limited in being able to receive further subsidies as MFA in the future.

How to give an MFA subsidy

If you are a public authority awarding a subsidy as MFA, you will need to comply with the following procedural requirements.

Before awarding the subsidy, provide the intended recipient enterprise with an 'MFA notification'. An MFA notification is a written statement that includes all of the following:

- an explanation that the public authority is proposing to give the enterprise a subsidy by way of MFA
- specifies the gross value amount of the assistance
- a request for written confirmation from the enterprise that the MFA threshold specified in section 36(1) of the Act will not be exceeded by the enterprise receiving the proposed assistance

When awarding the subsidy, provide the intended recipient enterprise with an 'MFA confirmation'. An MFA confirmation is a written statement confirming:

- that the subsidy is given as MFA
- the date on which it is given
- the gross value amount of the assistance.

The enterprise must keep a record of this information for at least three years beginning on the date on which the subsidy was given.

You can only award the subsidy when you have received confirmation from the recipient enterprise that the MFA threshold will not be exceeded by the enterprise receiving the proposed assistance.

Public authorities can satisfy these requirements as part of the standard communications between the authority and an enterprise before a subsidy is given, for example using email or automated online processes or forms. An example of text that could be used as part of an MFA notification letter is included in chapter 7 ('minimal and SPEI financial assistance') of the statutory guidance.

Services of public economic interest assistance

A similar exemption to MFA is available for subsidies for services of public economic interest, known as 'services of public economic interest assistance' (SPEIA). These subsidies can be given up to the higher threshold of £725,000 without having to comply with the majority of the subsidy control requirements. Further information about SPEIA can be found in chapter 7 ('minimal and SPEI financial assistance') of the statutory guidance.

General exemptions: emergencies

Subsidies given to compensate for the damage caused by natural disasters or other exceptional circumstances (such as rare and unforeseeable events like a pandemic) are not subject to the subsidy control requirements. A public authority may only rely on this exemption if the Secretary of State has published a notice declaring that it applies in respect of a particular natural disaster or occurrence.

Subsidies given in response to a national or global economic emergency are subject to subsidy control requirements but are exempt from the prohibitions and certain other restrictions [\[footnote 8\]](#). Economic emergencies will typically entail sudden and severe disruption to global economic trading relationships, or cause systems risks to critical national economic or financial infrastructure. An exemption

on this ground may only be relied upon where a notice is published by the Secretary of State declaring that it applies in respect of that emergency.

Public authorities seeking to rely on either of the emergencies exemptions should contact the BEIS subsidy control team (see the 'Further help' section below) to discuss whether the exemption applies and to seek a notice from the Secretary of State.

Other exemptions

There are other circumstances in which the subsidy control requirements do not apply, such as the Bank of England's monetary policy activities or subsidies given to safeguard national security. These other exemptions will not be relevant to most public authorities giving subsidies, however, for further information you can refer to chapter 8 ('other exemptions') of the statutory guidance.

Step 3 – Ensure the subsidy or scheme complies with the prohibitions and conditions

The subsidy control regime prohibits some categories of subsidy outright (prohibitions) and imposes other requirements (conditions) in relation to the giving of certain other subsidies.

When designing a subsidy or subsidy scheme, you will need to consider the prohibitions and conditions and how they might apply to the support you intend to provide. With respect to schemes, a scheme is prohibited to the extent that it provides for the giving of a prohibited subsidy. Before making a scheme, you should ensure that the eligibility criteria, terms and conditions of the scheme do not allow you to award a prohibited subsidy.

The categories of subsidy that are prohibited outright under the Act.

Unlimited guarantees

Any subsidy that would guarantee an unlimited amount of liabilities or debts, or that would guarantee a finite amount of liabilities or debts but over an indefinite period, is prohibited.

Export performance

A subsidy that is contingent upon export performance relating to goods or services is prohibited^{[\[footnote 9\]](#)}. In practice this means that public authorities cannot make the award of a subsidy contingent on a recipient agreeing to increase its level of exports to customers abroad. A public authority is free to award subsidies to recipients that export during the course of their ordinary business.

Use of domestic goods or services

Subsidies that are contingent on the use of domestically produced goods or services, often known as ‘local content’ subsidies, are prohibited [\[footnote 10\]](#). Goods are considered domestic if they originate in the UK [\[footnote 11\]](#). In practice this means that public authorities cannot make the award of a subsidy contingent on a recipient agreeing to buy or hire a percentage or amount of their business inputs (or staff) from within the UK. A subsidy recipient that (after being awarded a subsidy) independently decides to increase the level or percentage of UK goods or services is not considered to be caught by the local content prohibition.

The following categories of subsidy may be given, provided they are designed to meet (and the public authority can demonstrate that they meet) certain conditions.

Relocation of activities

A subsidy that contains a condition requiring an enterprise to relocate all or part of its economic activities from one part of the UK to another, where the relocation would not occur without the subsidy is prohibited [\[footnote 12\]](#). However, this prohibition does not apply if a public authority can demonstrate that the effect of the subsidy will be to reduce social or economic disadvantage, in the local area and across the UK, and the subsidy is designed to bring about a change in the size, scope or nature of the existing economic activities of the enterprise. Relocation subsidies of more than £1 million will also be subsidies of particular interest, and must be referred to the **Subsidy Advice Unit (SAU)** (see [step 5](#)) before they are granted; all other relocation subsidies below £1 million will be subsidies of interest. Further information on relocation subsidies can be found in chapter 5 (‘prohibitions and other requirements’) of the statutory guidance.

Services of public economic interest (SPEI)

These are essential services (such as postal services) provided to the public that, without subsidy support, would not be supplied in an appropriate way or may not be supplied at all by the market. A public authority intending to provide a subsidy to an enterprise for the provision of SPEI must comply with certain substantive and procedural requirements to provide the SPEI subsidy. These include applying the subsidy control principles and satisfying itself that the subsidy is: limited to what is necessary to deliver the service; transparent; regularly reviewed; and that the duty to include information in the subsidy database is satisfied.

Rescue and restructure

The Act also prohibits rescuing or restructuring subsidies to ailing or insolvent enterprises unless certain requirements are met. Details of these requirements can be found in chapter 5 (‘prohibitions and other requirements’) of the statutory guidance.

Further categories of subsidy that are prohibited unless certain conditions are satisfied include: subsidies for insurers that provide export credit insurance, subsidies for air carriers for the operation of routes, and subsidies or schemes subject to mandatory referral [\[footnote 13\]](#). Further information on the conditions applying to such subsidies can be found in chapter 5 (‘prohibitions and other requirements’) of the statutory guidance.

Step 4 – Design subsidy to ensure compliance with the subsidy control principles

The subsidy control principles

Under the Act all subsidies and subsidy schemes are permitted where a public authority considers that they are consistent with the subsidy control principles and other conditions unless they are specifically prohibited (see [Step 3](#)).

If you are a public authority designing a subsidy, or subsidy scheme, you should carefully consider the subsidy control principles as part of the subsidy design process and assess the subsidy or scheme for compliance with those principles. You must not give a subsidy, or make a scheme, unless you reach the view that it is consistent with the subsidy control principles.

The 7 principles that public authorities must consider when giving a subsidy or making a scheme are as follows.

Principle A

Common interest – subsidies should pursue a specific policy objective in order to remedy an identified market failure or address an equity rationale (such as local or regional disadvantage, social difficulties or distributional concerns).

Principle B

Proportionate and necessary – subsidies should be proportionate to their specific policy objective and limited to what is necessary to achieve it.

Principle C

Designed to change economic behaviour of beneficiary – subsidies should be designed to bring about a change of economic behaviour of the beneficiary. That change, in relation to a subsidy, should be conducive to achieving its specific policy objective, and something that would not happen without the subsidy.

Principle D

Costs that would be funded anyway – subsidies should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy.

Principle E

Least distortive means of achieving policy objective – subsidies should be an appropriate policy instrument for achieving their specific policy objective and that objective cannot be achieved through other, less distortive, means.

Principle F

Competition and investment within the UK – subsidies should be designed to achieve their specific policy objective while minimising any negative effects on competition and investment within the UK.

Principle G

Beneficial effects should outweigh any negative effects – subsidies' beneficial effects (in terms of achieving their specific policy objective) should outweigh any negative effects, including in particular negative effects on competition and investment within the UK, and on international trade and investment.

If a public authority is designing a new subsidy or subsidy scheme that meets the criteria for a subsidy or scheme of interest (SSoI) or a subsidy or scheme of particular interest (SSoPI), they are advised to also follow the steps set out in annex 2 of the statutory guidance when making their assessment against the subsidy control principles. Annex 2 describes additional in-depth assessments for SSoIs and SSoPIs that public authorities can use to ensure that the subsidy or scheme is consistent with the principles, such as providing more extensive analysis on the potential distortive impacts of a subsidy and how to minimise potential distortions.

Assessment for subsidy schemes

If you are a public authority designing a new subsidy scheme, you will need to ensure that any subsidy given under the scheme would comply with the subsidy control requirements. This will allow you to give subsidies under the scheme without delay in future.

The steps required to assess a subsidy scheme are similar to the steps required when assessing the individual subsidy. This assessment should focus on the 'edge cases' – in other words, the subsidies that could reasonably be given under the terms of that new scheme that have the highest risk of not complying with the principles.

If a subsidy falls under an existing scheme, including a streamlined route, then there is no need to carry out a separate assessment. A principles assessment will only need to be carried out once, at the scheme level; subsidies awarded under the terms of a scheme are then judged to be compliant with the principles.

The assessment framework

To assist public authorities in designing subsidies and subsidy schemes that are consistent with the subsidy control principles, the statutory guidance provides a four-part assessment framework to help public authorities ensure that a subsidy is consistent with these principles [\[footnote 14\]](#). Public authorities are advised to follow the following 4 steps.

Assessment framework step 1: Identifying the policy objective, ensuring it addresses a market failure or equity concern, and determining whether a

subsidy is the right tool to use [\[footnote 15\]](#). Public authorities may only give a subsidy to pursue a specific policy objective that remedies a market failure or addresses an equity concern (redistributing resources between different groups or areas more fairly), or both. As such, a public authority should in its assessment provide details of the specific policy objective it is trying to achieve (i.e. its purpose); establish the existence of a market failure, equity concern, or both; and demonstrate how the subsidy will help to remedy it. It should then set out why a subsidy is the most appropriate way for achieving the policy objective and why other means are not deemed appropriate.

Assessment framework step 2: Ensuring that the subsidy is designed to create the right incentives for the beneficiary and bring about a change [\[footnote 16\]](#). Public authorities should first assess what would happen in the absence of the subsidy (in other words, determining the baseline for assessing change). They will then need to show how the subsidy will lead to a change in the economic behaviour of the beneficiary (and therefore brings about something that would not have occurred without the subsidy) which assists with achieving the policy objective. Where possible and reasonable, public authorities will need to design schemes in such a way as to exclude any groups of beneficiaries where it can be reasonably determined in advance that there is unlikely to be additional benefits that wouldn't have otherwise happened in the absence of the subsidy.

Assessment framework step 3: Considering the distortive impacts the subsidy may have and keeping them as low as possible [\[footnote 17\]](#). Public authorities should demonstrate how the subsidy is proportionate and has been designed to minimise any negative effects on competition and investment within the United Kingdom while allowing it to meet the policy objective. This should include details of how the public authority has considered the following subsidy characteristics (where relevant):

- the nature of the instrument
- the breadth of beneficiaries and the selection process
- the size of the subsidy
- the timespan over which the subsidy is given
- the nature of the costs being covered
- the performance criteria
- ringfencing
- monitoring and evaluation

Assessment framework step 4: Carrying out the balancing exercise whereby the public authority must establish that the benefits of the subsidy outweigh its potential negative effects [\[footnote 18\]](#). This will involve the public authority assessing the subsidy's expected benefits (as they relate to the policy objective) and its anticipated negative effects, including in particular, negative effects on competition and investment within the UK, and international trade and investment. This assessment may involve both quantitative and qualitative elements.

In carrying out their assessment, public authorities must ensure that the depth of their analysis of a subsidy or subsidy scheme (that is, the assessment of its compliance with the subsidy control principles) is commensurate with the size and the potential distortive impact of the subsidy, or subsidies given under the scheme. Analysis can be less detailed where the subsidy is relatively low in value or is less likely to cause distortion or other adverse effects, but more detailed where the opposite is true.

Further information about how public authorities should assess their proposed subsidies and subsidy schemes against the principles can be found in chapter 3 ('subsidy design and assessment') of the statutory guidance and in the assessment template.

Energy and environment principles

Subsidies and schemes relating to energy, the environment or both must be assessed against certain additional principles relating to energy and the environment (**the E&E principles**), in addition to complying with the subsidy control principles. The E&E principles are in line with the UK's net zero commitment.

The E&E principles apply only to subsidies given and schemes made where the specific policy objective [\[footnote 19\]](#) (or one of the objectives) relates to energy, the environment, or both. For example, a subsidy to encourage innovation in renewable energy production, or to improve recycling among small businesses, must be consistent with the E&E principles.

Principles A and B apply to all subsidies in relation to energy or the environment (or both):

Principle A – aim of subsidies in relation to energy and environment

Subsidies in relation to energy and environment shall be aimed at and incentivise the beneficiary in:

- (a) delivering a secure, affordable and sustainable energy system and a well-functioning and competitive energy market, or
- (b) increasing the level of environmental protection compared to the level that would be achieved in the absence of the subsidy.

Principle B – subsidies not to relieve beneficiary from liabilities as a polluter

Subsidies in relation to energy and environment shall not relieve the beneficiary from liabilities arising from its responsibilities as a polluter under the law of England and Wales, Scotland or Northern Ireland.

Public authorities giving subsidies in the following categories must consider one or more of the subsequent principles (C to I):

- subsidies for electricity generation adequacy, renewable energy or cogeneration

- subsidies in the form of partial exemptions for energy-related taxes and levies
- subsidies that compensate electricity-intensive users for increases in electricity costs
- subsidies for decarbonisation of industrial emissions
- subsidies for improving energy efficiency of industrial activities

Information on the principles is set out in chapter 4 ('energy and environment principles') of the statutory guidance.

Step 5 – Check the criteria for subsidies or schemes of interest or particular interest and consider referral to the Subsidy Advice Unit

Public authorities when designing subsidies and subsidy schemes should consider whether their subsidy or scheme meets the definition of a subsidy or scheme of interest (SSoI) or of particular interest (SSoPI). SSoIs and SSoPIs are two distinct categories of subsidy or subsidy scheme that have been identified as having greater potential to lead to negative effects on competition or investment in the UK, or on international trade or investment.

In addition to the recommendation for public authorities to conduct a more in-depth principles assessment in respect of these categories of subsidy (see [Step 4](#)) [\[footnote 20\]](#), public authorities designing SSoIs have the option to refer and for SSoPIs are required to refer the subsidy or scheme to the Subsidy Advice Unit (SAU) for independent evaluation.

Is your subsidy or scheme an SSoI or SSoPI?

Subsidies of particular interest are subsidies that meet any of the following criteria:

- subsidies granted outside of sensitive sectors [\[footnote 21\]](#) if they are over £10 million, or if they are over £1 million and would cumulate above £10 million together with other related subsidies given within the previous 3 financial years
- subsidies granted in sensitive sectors if they are over £5 million, or if they are over £1 million and would cumulate above £5 million together with other related subsidies given within the previous 3 financial years
- restructuring subsidies
- subsidies that are explicitly conditional on relocation and meet the conditions set out for an exemption from the general prohibition in section 18 of the Act, that have a value exceeding £1 million

Subsidies of interest are subsidies that meet any of the following criteria:

- subsidies that do not meet the criteria for a subsidy of particular interest and that are between £5 million and £10 million, or that cumulate to such a value together with other subsidies given within the previous three financial years [\[footnote 22\]](#)

- rescue subsidies
- tax subsidies
- subsidies that are explicitly conditional on relocation and meet the conditions set out for an exemption from the general prohibition in section 18 of the Act, and that have a value of £1 million or below

Schemes which allow for the giving of one or more subsidy of particular interest qualify as schemes of particular interest. Schemes which allow for the giving of one or more subsidy of interest (but not of particular interest) are schemes of interest.

Referral to the Subsidy Advice Unit

Public authorities designing SSols or SSoPIs may also need to refer their subsidy assessment to the SAU for independent evaluation of the principles assessment.

Mandatory referral for an SSoPI

If a subsidy or scheme meets the definition of a SSoPI, the public authority giving the subsidy or making the scheme must refer their assessment of the subsidy or scheme to the SAU for independent evaluation before the subsidy is given or the scheme is made.

Voluntary referral for an SSol

If a subsidy or scheme meets the definition of an SSol, the public authority may choose to refer their assessment of the subsidy or scheme to the SAU for independent evaluation before the subsidy is given or the scheme is made, but the public authority is not required to do so.

In relation to the design of subsidy schemes, any referral to the SAU must take place before the scheme is made – and not when individual subsidies are awarded under the scheme.

Public authorities should be aware that the Secretary of State may direct that they request a report from the SAU in relation to any proposed subsidy or subsidy scheme [\[footnote 23\]](#).

Role of the SAU

The SAU is a unit within the Competition and Markets Authority whose role is to evaluate public authorities' own assessments in respect of SSols or SSoPIs [\[footnote 24\]](#).

The SAU must accept the referral of any SSoPI from a public authority (a mandatory request for review), where the necessary information has been provided to the SAU. However, in the case of an SSol (a voluntary request), the SAU can decide whether it will review the subsidy or scheme and will be guided by its published prioritisation principles in making this decision.

Once the SAU accepts a request for review of an SSol or SSoPI, it will have 30 working days [\[footnote 25\]](#) to evaluate the public authority's assessment of the subsidy or scheme against the subsidy control requirements and to publish a report. The report will contain the SAU's evaluation of the public authority's assessment and may also make recommendations on how the authority can improve the design and assessment of the subsidy or scheme concerned.

As the SAU's function is advisory only, it does not have the power to prohibit the making of any subsidy or subsidy scheme. Public authorities can decide whether to follow the advice offered by the SAU. The SAU's report will support public authorities in ensuring that their subsidy decisions are based on a sound assessments.

In the case of the mandatory referral of an SSoPI, a public authority must wait until after the SAU has published its report and an additional 5 working day cooling-off period has expired before it can give the subsidy or make the scheme. However, in the case of an SSol, a public authority can give the subsidy or make the scheme at any point throughout the process of voluntary referral to the SAU.

Details of what information you should include when making a subsidy referral request can be found in chapter 11 ('Subsidy Advice Unit referrals' of the statutory guidance. You should also refer to the SAU's published guidance on the operation of its subsidy control functions [\[footnote 26\]](#).

Step 6 – Publish the subsidy or scheme on the subsidy database

The Act imposes transparency obligations on public authorities awarding subsidies to promote accountability and enable the public to see how money is spent. Public authorities must ensure that where they are required to do so, the details of subsidies they award, or subsidy schemes they make, are uploaded to the subsidy database. This may include information of a commercially sensitive nature to the beneficiaries of subsidies or schemes.

Public authorities can upload subsidy information to the database via the manage UK subsidies portal [\[footnote 27\]](#). To register as a user of the database and for any uploading queries contact subsidydatabase@beis.gov.uk.

Which subsidies and schemes need to be uploaded to the subsidy database?

The details of all standalone subsidy awards must be uploaded (unless an exemption in part 3 of the Act applies). There is no threshold below which there is an exemption from the obligation to upload a standalone award to the subsidy database [\[footnote 28\]](#). However, any awards of MFA or SPEIA only need to be uploaded to the database where those awards exceed £100,000.

The details of all subsidy schemes must also be uploaded (unless an exemption in part 3 of the Act applies), no matter the budget. However, subsidy awards given under schemes only need to be uploaded if they exceed £100,000.

When do public authorities have to upload the subsidy information?

Subsidies and schemes must be uploaded to the subsidy database within 3 months of the public authority's confirmation of its decision to give the subsidy or make the subsidy scheme. For subsidy awards in the form of tax measures, the deadline for upload to the database is one year from the date of the tax declaration. Tax subsidy schemes must still be uploaded within 3 months.

Step 7 – Understand the risk of challenge

The Competition Appeal Tribunal (the Tribunal) has jurisdiction to review subsidy decisions made by public authorities. A subsidy decision is a decision by a public authority to give a subsidy or make a subsidy scheme.

Which decisions can be challenged?

Interested parties may apply to the Tribunal for a review of the following subsidy decisions (reviewable subsidy decisions):

- the decision to give a subsidy (a standalone subsidy not given under a scheme)
- the decision to create a subsidy scheme, including a streamlined route

A decision by a public authority to give a subsidy under a scheme (including any streamlined route) cannot be challenged because the eligibility criteria and terms and conditions of the scheme should ensure that all subsidies given under it are consistent with the principles and are not prohibited. If an interested party wishes to challenge a subsidy under a scheme, then they must challenge the scheme itself.

However, this protection only applies if a subsidy genuinely falls within the terms of the scheme or route. If it does not, then the public authority should have treated it as an individual subsidy. An interested party can challenge a subsidy given under a scheme if there are grounds to believe that the subsidy did not meet the eligibility criteria and terms and conditions of the route, and therefore that the public authority should have conducted an assessment against the principles and prohibitions before giving the subsidy.

What are the grounds of review?

When reviewing subsidy decisions, the Tribunal will apply the principles of judicial review. The tribunal will not review the merits or effectiveness of a subsidy or subsidy scheme, but only whether it was lawful.

The Tribunal may review subsidy decisions on general public law grounds, such as whether the decision was made within the public authority's powers or whether it was fair and reasonable. It may also assess whether a decision was consistent with the subsidy control requirements set out in the Act: most importantly, that the public authority had considered the relevant subsidy control principles and was of the view that the subsidy was consistent with those principles before giving the subsidy or making the scheme. The Tribunal may also determine whether the subsidy contravened any of the prohibitions.

MFA or SPEI assistance subsidies can also be reviewed by the Tribunal on general public law grounds. However, the only subsidy control grounds on which they can be challenged are that the subsidy breached the prohibitions on subsidies contingent on export performance, and on subsidies contingent on the use of domestic goods and services.

Who can bring a challenge and when?

An 'interested party' can ask the Tribunal to review a subsidy decision. An interested party is anyone whose interests may be affected by the giving of the subsidy or the making of the scheme [\[footnote 29\]](#).

Once a reviewable subsidy decision has been uploaded to the subsidy database (see [Step 7](#)), an interested party generally has **one calendar month** to apply to the Tribunal for a review of the subsidy. However, an interested party may apply to the Tribunal before the subsidy or scheme is uploaded onto the database.

An interested party also has the option to request further information about the subsidy or scheme, if they need it to confirm that their interests may be affected by the subsidy or scheme, and to establish whether there may be grounds for challenging it. An interested party must request this information within one month of the subsidy being uploaded to the transparency database. The public authority then has 28 days to provide the information. After this, the interested party has a further month to decide whether to challenge the subsidy. This does not affect the limitation period for other interested parties which remains one month after the subsidy decision has been uploaded to the subsidy database.

For more information about limitation periods, including exceptions to the one-month limitation period, see chapter 13 ('challenges and misuse of subsidies') of the statutory guidance.

The Tribunal's powers to grant relief

If the Tribunal finds that a subsidy decision has not been given in compliance with the requirements of the Act or that the subsidy is prohibited, it may order remedies. These remedies reflect those available to the High Court on an application for judicial review in England and Wales and Northern Ireland, and in Scotland, to the Court of Session on an application to the supervisory jurisdiction of that Court. The Tribunal also has the power to make a recovery order, directing a public authority to reclaim a subsidy from the beneficiary.

Further help

Public authorities should refer to the statutory guidance and the assessment template, ideally at an early stage in developing any assistance, and seek support and guidance if they are in doubt [\[footnote 30\]](#).

Specialist subsidy control teams, whose contact details are provided below, can provide support and guidance on the application of the subsidy control requirements under the Act in specific cases. The scope of the guidance given by these teams will vary from case to case, depending on needs, resources and prioritisation. Public authorities should be aware that these teams may not be able to provide support in every case.

Support and guidance can only usually be given to public bodies. Private sector organisations, individuals or other recipients should seek independent legal advice. Public authorities may also want to seek their own legal advice or economic advice if, and where, they are unsure of their legal obligations or the lawfulness of a proposed subsidy or scheme.

Contacts

For support and guidance on subsidy control in all sectors except those listed below, contact the BEIS subsidy control team: subsidycontrol@beis.gov.uk

For support and guidance on how to upload a subsidy to the subsidy transparency database and making a public authority upload account: subsidydatabase@beis.gov.uk

For support and guidance on subsidy control in the agriculture, fisheries and aquaculture sectors, contact the Defra subsidy control team: nick.howard@defra.gov.uk

For support and guidance on subsidy control in relation to subsidies from the devolved governments in Scotland, Wales or Northern Ireland, contact the following:

- Scotland, Subsidy Control Division: subsidycontrol@gov.scot
- Wales, Subsidy Control Team: SubsidyControlUnit@gov.wales
- Northern Ireland, Subsidy Control Advice Unit: subsidycontrol@economy-ni.gov.uk

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1. The [Subsidy control regime](https://www.gov.uk/government/collections/subsidy-control-regime) (<https://www.gov.uk/government/collections/subsidy-control-regime>)
 2. Financial assistance is classified as a subsidy or a subsidy scheme where it satisfies all 4 'limbs', or conditions, of the 4-limb test set out in section 2 of the Act.
 3. See [Step 4](#) for the subsidy control principles.

4. More precisely, subsidies subject to the provisions of part IV or annex 2 of the WTO Agreement on Agriculture, and subsidies in relation to trade in fish and fish products.
5. The export performance and domestic content prohibitions are described in [step 3](#).
6. This period is the elapsed part of the current financial year (that is, from 1 April) and the 2 financial years immediately preceding the current financial year.
7. As defined under section 42(8) of the Act.
8. The prohibitions and restrictions imposed by sections 15 to 29 of the Act do not apply to a subsidy given in these circumstances.
9. There is an exception to this prohibition for UK Export Finance short-term export credit support.
10. There is an exception to this prohibition for subsidies provided to the audio-visual sector.
11. For guidance see the [UK government rules of origin](https://www.gov.uk/guidance/check-your-goods-meet-the-rules-of-origin) (<https://www.gov.uk/guidance/check-your-goods-meet-the-rules-of-origin>).
12. The prohibition does not apply to subsidies that require an enterprise to move within the same area (usually within a local authority area).
13. Subsidies or schemes of particular interest must be referred to the Subsidy Advice Unit before they are granted or made, respectively. See [Step 5](#) for further information.
14. Chapter 3 ('subsidy design and assessment') of the statutory guidance.
15. This step helps to ensure that the subsidy or subsidy scheme is consistent with principle A and principle E.
16. This step helps to ensure that the subsidy or subsidy scheme is consistent with principle C and principle D.
17. This step helps to ensure that the subsidy or subsidy scheme is consistent with principle B and principle F.
18. This step helps to ensure that the subsidy or subsidy scheme is consistent with principle G.
19. As required by principle A of the subsidy control principles.
20. See annex 2 of the statutory guidance on how to conduct an in-depth principles assessment.
21. A list of sensitive sectors for the purposes of the subsidy control regime is provided in chapter 10 ('subsidies and schemes of interest and subsidies and schemes of particular interest') of the statutory guidance.
22. The elapsed part of the current financial year and the 2 financial years immediately preceding the current financial year.

23. Under the Act, the Secretary of State may do so where the proposed subsidy or scheme meets the definition of an SSol, or the Secretary of State considers that there is a risk that the proposed subsidy or scheme would fail to comply with the subsidy control requirements in chapters 1 and 2 of part 2 of the Act or there is a risk of negative effects on competition or investment within the UK.
24. In addition to its referral functions, the SAU will also monitor and review the effectiveness of the operation of the Act and its impact on competition and investment within the United Kingdom.
25. This period may be extended by agreement between the SAU and the public authority or, in the case of a mandatory request for review, unilaterally by the Secretary of State.
26. [Guidance on the operation of the subsidy control functions of the Subsidy Advice unit](https://www.gov.uk/government/publications/guidance-on-the-operation-of-the-subsidy-control-functions-of-the-subsidy-advice-unit) (<https://www.gov.uk/government/publications/guidance-on-the-operation-of-the-subsidy-control-functions-of-the-subsidy-advice-unit>)
27. For detailed information about the subsidy database, refer to chapter 12 ('transparency') of the statutory guidance.
28. With the exception of standalone SPEI subsidies, which, unlike conventional standalone subsidy awards, do not have to be uploaded to the database if they do not exceed £100,000.
29. The Secretary of State is an interested party for the purposes of enforcement under the Act.
30. The statutory guidance and assessment template is available from the [Subsidy control regime](https://www.gov.uk/government/collections/subsidy-control-regime) (<https://www.gov.uk/government/collections/subsidy-control-regime>) page.

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