

Email response to the Competition and Market Authority (CMA) [consultation on the approach proposed by the Subsidy Advice Unit \(SAU\) in undertaking its monitoring function as set out in section 65 of the Subsidy Control Act 2022.](#)

Responding organisation: Department of Farming and Rural Affairs (Subsidy Control Team)

1. **EFFECTIVENESS OF THE ACT: Do you agree with the SAU's proposed scope for monitoring the effectiveness of the operation the Act? If not, what should be changed and why?**

- The proposed scope to assess whether the Act is working as intended looks to be sound.
- The SAU referral reports are helpful with regards to the level of detail they contain and helps to set expectations for what's expected of departments when they're submitting a referral (which Defra hasn't completed yet but will do soon). However, it could be improved if the SAU decisions and recommendations were stronger in their wording to help determine whether the scheme in question is potentially in breach of the SC Act. While we fully understand that it's the departments responsibility to ensure that schemes are well designed and compliant with Subsidy Control Act, it would be useful to have the backing of an SAU referral as regulator to support our recommendation to policies team regarding Subsidy Control matters.
- Regarding point 3.3 it would be helpful if the MFA limits could be increased and if streamlined routes are expanded and easier to access.

2. **EFFECTIVENESS OF THE ACT: Do you agree with the methodology and evidence proposed? If not, what should be done or used?**

- The methodology and evidence to support the analysis looks to be sound. As mentioned above, we would be happy to be involved in the stakeholder surveys as part of this exercise.
- Per 3.5 (d) It would be helpful to know which 3rd party literature reviews the SAU will be as part of this process and whether there is anything that can be shared more widely.
- Regarding the Subsidy Database, the uploading and level of detail seems reasonable for the scheme level data requirements. However, as a department that makes numerous awards of £100k+, the data requirements are quite onerous for this. It would be helpful to know whether these thresholds and time limits for upload could be looked at to (a) increase the minimum award threshold to £500k and (b) whether the period could be extended from 3 months from the award date to 1 year to allow the department more time to upload and to align with financial year-end (which in turn will make Subsidy Control Transparency reporting far easier).

3. **COMPETITION & INVESTMENT: Do you think the proposed evidence and sources identified are appropriate to meet the scope of the review? If not, what other evidence and sources should be considered and why?**

- Again, the methodology would seem sound. Per point 4.4. in the consultation, it would be interesting to hear about any schemes which have been abandoned as a result of the Act and whether these findings can be shared (i.e. a case study for a 'bad' subsidy).
- Regarding paragraph 4.6 and the sources of information, you may wish to cross-check the data contained on the Subsidy Control database with the schemes logged on the Government Grant Information System (GGIS) which captures very similar data and could be

used to look for similarities and/or possible opportunities for cross-subsidisation/double funding (and whether there are any potential data gaps in the SC database).

4. **COMPETITION & INVESTMENT: Are there particular factors that should be considered as part of the proposed case studies?**

- No further comment regarding this and again, it will be interesting to receive feedback on the findings of the case studies selected.