

Part 3h – Financial procedure rules

25. UK Subsidy Control

- 25.1. The Subsidy Control Act (SCA) rules regulate financial assistance committed by the public sector (and on its behalf) to organisations that are engaged in economic activity. There are two objectives to the rules, firstly to ensure the UK is able to meet its international subsidy commitments, and secondly to regulate the impact of subsidies across the UK's internal market.
- 25.2. For the purposes of this Act, a subsidy covers financial assistance that may be given and includes:
- a) a direct transfer of funds (such as grants or loans);
 - b) a contingent transfer of funds (such as guarantees);
 - c) the forgoing of revenue that is otherwise due;
 - d) the provision of goods or services;
 - e) the purchase of goods or services
- 25.3. Where a subsidy is present, the funding may still be lawfully awarded provided certain steps are taken. There are five routes under which a subsidy (or subsidy scheme) may be awarded. These routes are:
- Minimal Financial Assistance
 - Services of Public Economic Interest and Assistance;
 - Streamlined Subsidy Schemes.
- 25.4. Minimal Financial Assistance (MFA) can be given under the SCA up to £315,000 per enterprise, may be awarded in the current and two previous financial years without the need to comply with many of the subsidy control requirements. There does remain transparency requirement for the subsidy to be published on the government's Subsidy Database.
- 25.5. MFA is an area that covers many aspects of what would previously be considered routine financial activity. For Example, the issues of leases with a discounted rent for a period of time, a cash payment in the form of a grant or other support, relief on business rates charge, a loan with interest below the market rate or free use of equipment or office space.

Control over authorisation of subsidy

Minimal Financial Assistance up to £315,000

Non-cash-based subsidies.

- 25.6. Non-cash subsidies of less than £100,000 may be approved jointly by the Director of the service, the Chief Executive, and the Section 151 officer after consultation with the Executive Member for Finance.

25.7. Non-cash subsidies of over £100,000 up to £315,000 can be approved the Executive.

25.8. Non- cash means where the subsidy is not a direct cash payment or giving on an asset to a third party. For Example, a contingent transfer of funds (such as guarantees);the forgoing of revenue that is otherwise due.

Cash based subsidies.

25.9. Cash based subsidies of less than £5,000 may be approved by the Director of the service must be approved by the Executive. Up to an annual limit of £50,000

25.10. Cash based subsidies up to £10,000 may be approved by the Director of the service must be approved by the Executive. Up to an annual limit of £250,000

25.11. Cash based subsidies up to £25,000: The Chief Executive and S151 Officer have delegated authority to approve. They must submit reports to Executive at six monthly intervals, summarising subsidies given awarded in year for all items of £25,000 or less . Up to an annual limit of £500,000

25.12. Cash based subsidies of up to £100,000 must be approved by the Executive.

25.13. Cash based subsidies of over £100,000 up to £315,000 must be approved the Council.

25.14. Cash based means where the subsidy is a direct cash payment or giving on an asset to a third party. For Example, a direct transfer of funds (such as grants or loans); the provision of goods or services; or the purchase of goods or services.

Non- Minimal Financial Assistance subsidies above £315,000

25.15. All subsidies falling outside the MFA regulations must be approved by Council unless less than £100,000, which must be approved by the Executive.