

Streamlined Routes: Objectives, Operation and Next Steps

Introduction

1. The Department for Business, Energy and Industrial Strategy (BEIS) introduced the Subsidy Control Bill to Parliament in June 2021. It provides for a new, UK-wide subsidy control regime¹ that has been designed to reflect our strategic interests, strengthen our Union and help to drive economic growth and prosperity across the whole of the UK. This regime will enable public authorities, including the Devolved Administrations and local councils, to deliver subsidies that are tailored and bespoke for local needs and deliver government priorities such as levelling up and transitioning to a net zero economy. It will promote the effective operation of a dynamic and competitive UK market economy.
2. The Subsidy Control Bill makes provision for Streamlined Routes (or “Streamlined Subsidy Schemes” as they are referred to in the Subsidy Control Bill).² This statement sets out more detail on Streamlined Routes, building on the Government response to the consultation on “Subsidy control: Designing a new approach for the UK”³ (published June 2021) and the Subsidy Control Bill.
3. Streamlined Routes will offer public authorities a way to award subsidies more quickly. They are intended to promote confidence and legal certainty among public authorities and businesses undertaking projects that are routine and low risk or aligned to UK priorities.
4. This statement describes the objectives and intended operation of Streamlined Routes. It supplements two illustrative examples of Streamlined Routes that have been published alongside to demonstrate how Streamlined Routes would operate in practice and to invite feedback. We will then use this feedback in further developing these and other Streamlined Routes prior to implementation of the regime.
5. To ensure that Streamlined Routes work for all parts of the UK, Government officials have conducted ongoing engagement with their counterparts in the Devolved Administrations and shared the draft example illustrative Streamlined Routes and this statement with them prior to publication. The Devolved Administrations have also had the opportunity to share their views on Streamlined Routes to support their development. This engagement will continue as the Bill proceeds through Parliament and after.

¹ <https://www.gov.uk/government/collections/subsidy-control-bill>

² See clause 10(4) of the Subsidy Control Bill.

³ <https://www.gov.uk/government/consultations/subsidy-control-designing-a-new-approach-for-the-uk>

Background

6. Under the EU State aid regime subsidies could not be granted unless they were approved by the European Commission. Subsidies could be individually approved, following a notification process which typically took 6-9 months, or longer for more novel and/or contentious measures. Or they could be deemed to be pre-approved under detailed General Block Exemption Regulations (GBER). GBER was both liked by public authorities for providing clarity and legal certainty on what subsidies were allowed, and for providing an off the shelf solution, but also criticised for its level of detail, for setting hard limits on how much could be granted, and prescribing the way in which they could be granted. As the alternative was a lengthy approval process, GBER was used extensively by public authorities.
7. The Subsidy Control Bill establishes a new regime based on a clear, proportionate and transparent set of principles supported with guidance, where all subsidies are permitted, provided they comply with the principles, conditions and prohibitions. This approach provides flexibility for public authorities, letting them determine what subsidies are most appropriate for their specific circumstances
8. In the consultation published in February 2021, the Government asked: “could additional measures help ensure that lower risk subsidies are able to proceed with maximum legal certainty and minimum bureaucracy?” 91% of respondents to this question agreed that additional measures would be helpful for ensuring lower risk subsidies are able to proceed with maximum legal certainty and minimum bureaucracy. The following sections provide more detail of what Streamlined Routes are and how they will operate to deliver what stakeholders have asked for.

Overview of Streamlined Routes

9. The Subsidy Control Bill was introduced in Parliament on 30 June 2021. Clause 10 of the Bill allows the creation of Streamlined Routes.
10. As was set out in the Government response to the consultation,⁴ the Government will create Streamlined Routes as swifter routes to demonstrating compliance. These will be established for categories of subsidies at especially low risk of causing market distortions, that promote UK strategic policy objectives and which the Government judges to be compliant with the Subsidy Control regime. They will provide a process for demonstrating compliance that is simpler than the baseline method of principle-by-principle assessment. Public authorities will only need to ensure that they meet specific parameters for that Streamlined Route to award subsidies under it. They will

⁴ <https://www.gov.uk/government/consultations/subsidy-control-designing-a-new-approach-for-the-uk>
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not need to secure permission to use a Streamlined Route and there will be no approval process. This will ensure that they are able to deliver these subsidies with minimum bureaucracy and maximum certainty.

11. Use of Streamlined Routes will be voluntary. If public authorities cannot, or decide not to, use a Streamlined Route, they could still award an individual subsidy or develop their own scheme after undertaking a principle-by-principle assessment.
12. The UK Government is the only body that will be able to establish Streamlined Routes. Streamlined Routes can be considered for any categories of subsidy where they can add value for public authorities and make the assessment of compliance simpler. They will be reviewed and adjusted over time to ensure they continue to add value for public authorities and are aligned to UK strategic priorities.
13. Further guidance will be published in sufficient time ahead of publication on how public authorities can maximise the benefits of the new Subsidy Control regime to develop their own schemes.

Objectives for Streamlined Routes

14. Streamlined Routes will be designed to achieve the following objectives:
 - a. **Maximise legal certainty**, by facilitating the granting of regularly awarded subsidies which address well-recognised market failures or equity rationales for intervention.
 - b. **Minimise administrative burden**, by ensuring that they benefit multiple public authorities or recipients across the UK and are straightforward to implement.
 - c. **Minimise distortions**, by ensuring they are predominantly used to facilitate the award of subsidies at low risk of being highly distortive to domestic competition and investment.
 - d. **Promote UK policy priorities**, by ensuring they are developed for policy areas where there is UK-wide demand for the delivery of such subsidies
 - e. **Be ambitious in coverage**, in the long term, with significant scope for subsidies relating to UK wide strategic priorities to be awarded under Streamlined Routes.
15. Streamlined Routes will support UK wide priorities such as Levelling Up and transitioning to a Net Zero economy. The example illustrative Streamlined Routes reflect these priorities, based on clear policy objectives and rationale for intervention,

and will evolve in line with stakeholder feedback, evaluation and changing economic context.

Design

16. Clause 10 of the Subsidy Control Bill establishes that Streamlined Routes are subsidy schemes created by a Minister of the Crown. As such BEIS, working alongside relevant Government departments, will design Streamlined Routes and ensure that they are compliant with the Subsidy Control regime. The Government will ensure that all relevant stakeholders, including the Devolved Administrations, have the opportunity to provide input to influence the design of Streamlined Routes. To ensure that all subsidies awarded under them are compliant with the subsidy control regime, Streamlined Routes will include specific eligibility criteria.
17. Streamlined Routes will therefore be considered for any categories of subsidy where they will add clarity for public authorities and make the assessment of compliance simpler. Further detail on the process for developing actual Streamlined Routes will be set out at a later date. This will include how BEIS will work with other Government departments, Devolved Administrations, other public authorities and stakeholders.

Illustrative examples of how Streamlined Routes will operate

18. Two example illustrative Streamlined Routes have been published alongside this statement to help demonstrate how Streamlined Routes would operate in practice and meet the objectives set out in paragraph 14 above. These are purely illustrative examples and we welcome feedback on them to help shape the actual Streamlined Routes, which will be developed following further stakeholder engagement and policy development.
19. The illustrative examples relate to:
 - a. **Clean Heat:** in its purely illustrative form this only covers a single category - Heat Networks. Ahead of developing an actual Streamlined Route for Clean Heat, the Government intends to broaden the scope by including further categories, to facilitate other Clean Heat technologies and approaches.
 - b. **Research, Development and Innovation:** this includes four categories: (i) Fundamental Research; (ii) Research, Development and Innovation Projects; (iii) Research Infrastructure and Process Improvement; and (iv) Business Development Services for Research, Development and Innovation. As above, ahead of developing an actual Streamlined Route for research, development and innovation, the Government would explore the case for broadening the

scope by including further categories, to facilitate other technologies and approaches.

Differences between ordinary Schemes and Streamlined Routes

20. Under the new regime, any public authority that needs to award multiple subsidies to more than one recipient for the same purpose can create, design and then grant subsidies under their own subsidy scheme. Primary public authorities have the option to set up schemes for use by other public authorities, where that is within their existing functions or powers – for example, the Welsh Government might set up a scheme that could be used by local councils in Wales.
21. Schemes offer clear benefits to both the public authority awarding the subsidy and the recipient. Most notably, assessment against the principles, prohibitions and conditions happens at the scheme level, meaning subsidies subsequently granted under the scheme do not need further individual assessment.
22. Streamlined Routes are subject to the same requirements as other schemes and also share many of the same benefits. However, there are key differences:
 - a. Subsidies awarded under Streamlined Routes are exempt from referral to the Subsidy Advice Unit as Subsidies or Schemes of Particular Interest and cannot be subject to a call-in direction by the BEIS Secretary of State.
 - b. Streamlined Routes can only be made by a UK Government Minister and must be laid before Parliament when they are made.
 - c. Streamlined Routes will be open to all public authorities, who will be able to rely on its completed compliance assessment to grant eligible subsidies. In comparison, an ordinary scheme is typically only used by the public authority that designed it (except for when a primary public authority creates a scheme for other public authorities).
23. The benefits for public authorities of using an existing Streamlined Route over setting up their own ordinary scheme or giving a standalone subsidy include:
 - a. **Reduced administrative burden.** Streamlined Routes will be ready-made and offer an optional alternative compliance mechanism for public authorities to award subsidies with minimal administrative burden.
 - b. **Simple and clear compliance.** Our intention is for Streamlined Routes to be simple and clear, with parameters that reflect and are most appropriate for the

UK context. Each Streamlined Route will be published with guidance to help both beneficiaries and public authorities determine the evidence required to satisfy the scheme's requirements.

- c. **Increased legal certainty.** Streamlined Routes will be pre-assessed as compliant with the subsidy control regime by the Government. Therefore, public authorities and businesses who use the Streamlined Routes as intended will have the confidence of knowing that they are compliant and at lower risk of challenge and recovery.
- d. **Increased access to subsidy control expertise and support.** The Government will establish Streamlined Routes, building on the input from stakeholders, including the Devolved Administrations, and will offer guidance on how to use them.

Transparency, Laying in Parliament and accessibility

- 24. The Subsidy Control Bill requires that a Streamlined Routes must be laid before Parliament. In addition, if the Streamlined Route is modified then it must be laid again.
- 25. The Streamlined Route will also be entered onto the transparency database, thereby beginning the window for challenge. As with ordinary schemes public authorities will be responsible for disclosing all subsidies above £500,000 made under Streamlined Routes on the Transparency database.
- 26. To maximise the value of Streamlined Routes, public authorities will need to know where to find them and how to use them. Therefore, as well as being laid before Parliament, Streamlined Routes will be published, with further information about them and guidance on how to use them made publicly available. Further details on this will be published in sufficient time ahead of publication.

Monitoring and Review

- 27. The Government intends for Streamlined Routes to function effectively, deliver value and help achieve strategic objectives. They will therefore be amended in response to changing UK priorities or economic developments and will be subject to periodic evaluation and review. The Government will, in sufficient time ahead of publication, release further details on how Streamlined Routes will be monitored, evaluated and updated.

28. The Government recognises that, whilst Streamlined Routes will need to be reviewed and updated as appropriate, there are benefits to public authorities and businesses from having certainty and continuity. Therefore, they will be designed from the outset to be as future proof as possible.