

EXPLANATORY MEMORANDUM TO

THE HOUSING STREAMLINED SUBSIDY SCHEME

1. Introduction

- 1.1 This Explanatory Memorandum has been prepared by the Department for Business and Trade and is laid before Parliament by Command of His Majesty.
- 1.2 This memorandum contains information for the Secondary Legislation Scrutiny Committee.

2. Declaration

- 2.1 Kate Dearden MP, Minister for Employment Rights and Consumer Protection at the Department for Business and Trade confirms that this Explanatory Memorandum meets the required standard.
- 2.2 Tessa Robins, Deputy Director for Subsidy Control, at the Department for Business and Trade confirms that this Explanatory Memorandum meets the required standard.

3. Contact

- 3.1 Dominic Scott at the Department for Business and Trade can be contacted by email at the following address with any queries regarding the scheme: subsidycontrol@businessandtrade.gov.uk Alternatively, the Department can be contacted by telephone: 020 4551 0011.

Part One: Explanation, and context, of the Scheme

4. Overview of the Scheme

What does the scheme do?

- 4.1 Referred to as 'streamlined subsidy schemes' in the Subsidy Control Act 2022 ("the Act"), streamlined routes are a particular type of subsidy scheme, made by government for the benefit of public authorities. These allow public authorities to award specific types of subsidies without conducting their own assessment against the subsidy control principles. Provided that subsidies are awarded in accordance with the terms of the streamlined route, they are deemed compliant with the UK's subsidy control regime and cannot be challenged on subsidy control grounds.
- 4.2 The Housing Streamlined Route has been created to award routine housing subsidies quickly and with far less administrative burden, by using a pre-assessed, compliant scheme framework. It allows public authorities to give subsidies which address viability gaps in proposed or ongoing housing developments, provided they fall within the terms of the scheme. This route therefore aims to unblock stalled sites and accelerate delivery, supporting the Government's target of 1.5 million new homes and ensuring more housing is delivered than the market would provide alone.

Where does the scheme extend to, and apply?

- 4.3 The extent of this scheme is the United Kingdom.
- 4.4 The territorial application of this scheme (that is, where the scheme produces a practical effect) is the United Kingdom.

5. Policy Context

What is being done and why?

- 5.1 The Act provides the framework for a UK-wide subsidy control regime. This regime enables public authorities, including devolved governments and local authorities, to deliver subsidies that are tailored for local needs and to deliver government priorities.
- 5.2 A key characteristic of the United Kingdom's subsidy control regime is that public authorities are empowered to design their own subsidies and subsidy schemes. This enables them to tailor both the form and value of subsidies to best achieve their intended policy outcomes. A subsidy scheme is a set of rules that describes the eligibility, terms, and conditions for any number of possible subsidies to be given under the scheme for a similar purpose.
- 5.3 Public authorities should evaluate their proposed subsidy or scheme against the subsidy control principles set out in the Act. This assessment should be proportionate to the potential risk of the subsidy distorting competition or investment within the UK, or affecting trade or investment with international partners.
- 5.4 A proportionate approach whereby public authorities assess subsidies and ensure compliance with the Act should not be onerous. It should draw on the same types of analysis and evidence that a public authority would typically use to justify the use of public funds. However, in certain cases, it is appropriate to simplify the process further and reduce the compliance burden.
- 5.5 To support this, the government has developed Streamlined Routes (referred to as streamlined subsidy schemes in the Act, and as Schemes in the route documentation). These allow public authorities to award specific types of subsidies without conducting their own assessment against the principles. The government has established clear terms for using this route, which must be followed. Provided that subsidies are awarded in accordance with these terms, they are deemed compliant and cannot be legally challenged on subsidy control grounds.
- 5.6 Public authorities may use streamlined routes to give subsidies, but they are not required to do so. It remains open to them to design their own schemes outside of the route, with their own terms and conditions, provided these are compliant with the Act. The route therefore does not constrain public authorities.
- 5.7 Housing is a key government priority, and has been identified, through the consultation on ['Refining the UK subsidy control regime'](#) which was conducted between November 2024 and January 2025, as a policy area that would benefit from a streamlined route. It is vital that people living in the UK have access to housing, to allow them to contribute to the overall success of the

nation. However, for a myriad of complex reasons, housing undersupply both limits availability and worsens affordability for many people across the UK, preventing people from fulfilling their full potential. Across the country there are housing undersupply issues in various forms, with many housing projects having become unviable in recent years (including ongoing projects) amid rising material and labour costs.

- 5.8 This Streamlined Route has been designed to allow public authorities to deliver subsidies for two types of housing project more easily. Firstly, sites which deliver exclusively social and affordable housing – public authorities can fund a variety of costs to address a viability gap that would otherwise prevent a housing development from being progressed. Secondly, any tenure mix sites, which may include social and affordable housing, market-rate housing, and potentially a range of other land uses (e.g., office space, commercial retail etc.). The list of eligible costs is similar for both Strands, as set out in the scheme document. The maximum that can be awarded to a single enterprise for a single housing project under this streamlined route is £75 million.

What was the previous policy, how is this different?

- 5.9 Previously, public authorities had to design and assess their own standalone subsidies or subsidy schemes against the subsidy control principles to deliver subsidies in these areas. The Housing Streamlined Route will support public authorities in expediting this process when delivering subsidies in this policy area, removing the need to consider the subsidy control principles where their subsidy would fit under the terms and conditions set out in the streamlined route.

6. Legislative and Legal Context

How has the law changed?

- 6.1 The Housing Route does not change any laws. The streamlined route expedites the awarding of subsidies in particular policy areas, where the subsidies meet the terms and conditions of the streamlined route.

Why was this approach taken?

- 6.2 The law has not been changed. The Department felt that a streamlined route was the most appropriate means of expediting subsidy giving in this area, since it allows the Department to carry out the scheme design and principles assessment (see paragraph 4.1 above) for the use of others, without the duplication and inefficiency of each public authority having to create its own subsidy scheme should it wish to award multiple subsidies relating to housing.

7. Consultation

Summary of consultation outcome and methodology

- 7.1 In November 2024, the Department for Business and Trade carried out a public consultation on creating new streamlined routes, particular on arts and culture, and community regeneration.

- 7.2 The consultation can be viewed at:
<https://www.gov.uk/government/consultations/refining-the-uk-subsidy-control-regime>.
- 7.3 Of the 28 responses which provided specific suggestions for new streamlined routes, 9 suggested housing, housebuilding and/or social housing (equating to 32% of responses). Many of those responses described the processes of navigating subsidy control for housing as administratively heavy, slow, and poorly matched to the practicalities of delivering affordable and social homes. In light of the government's target of 1.5 million new homes and an examination of existing subsidies and schemes in this area, the Department decided to proceed with designing a housing streamlined route.
- 8. Applicable Guidance**
- 8.1 Guidance on the route is included at Annex A and upon laying will be made publicly available at: <https://www.gov.uk/government/publications/subsidy-control-act-2022-streamlined-routes>.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

- 9.1 A full Impact Assessment has not been prepared for this scheme because of the low level of impact per business.

Impact on businesses, charities and voluntary bodies

- 9.2 It is not anticipated that this scheme will have any material impact on businesses, charities or voluntary bodies, because the scheme is designed to support public authorities expediate their internal processes.
- 9.3 The scheme does not impact small or micro businesses.
- 9.4 The impact on the public sector is likely to be positive, reducing the administrative requirements for public authorities to complete subsidy control principles assessments for routine interventions in the housing policy area.

10. Monitoring and review

What is the approach to monitoring and reviewing this scheme?

- 10.1 The approach to monitoring this scheme will be via the UK Transparency Database (<https://searchforuksubsidies.beis.gov.uk>), where all subsidies given under the Housing Streamlined Route over £100,000 must be recorded. This will establish usage of the streamlined route by public authorities across the UK. The streamlined route will expire after 6 years, and the government will consider renewing the route at this point based on the impact it has had during this period.
- 10.2 Under section 65 of the Subsidy Control Act 2022, the Competition and Markets Authority ('CMA') will produce regular reports on the functioning of the subsidy control regime. The CMA is required to publish a monitoring report within 3 years after implementation of the regime, with the first report due in 2026, and at regular intervals thereafter.
- 10.3 The scheme does not include a statutory review clause.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 As the scheme is subject to negative procedure and does not amend primary legislation no statement is required.

13. The Relevant European Union Acts

13.1 This scheme is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 (“relevant European Union Acts”).