Subsidy Advice Unit Report on the proposed subsidy to UDX Development Company Limited

Referred by the Department for Culture, Media and Sport

12 August 2026

Subsidy Advice Unit

Part of the Competition and Markets Authority

CONTENTS

1. The Referral

1.1 On 24 June 2026, the Department for Culture, Media and Sport (DCMS) requested a report from the Subsidy Advice Unit (the SAU)[1] in relation to the proposed subsidy to UDX Development Company Limited (the Subsidy) under section 52 of the Subsidy Control Act 2022 (the Act).[2]

1.2 This report evaluates DCMS' assessment of compliance (the Assessment) of the Subsidy with the requirements of Chapters 1 and 2 of Part 2 of the Act.[3] It is based on the information and evidence included in the Assessment.

1.3 This report is provided as non-binding advice to DCMS. It does not consider whether the Subsidy should be given, or directly assess whether it complies with the subsidy control requirements.

Summary

1.4 The Assessment uses the four-step structure described in the Statutory Guidance for the United Kingdom Subsidy Control Regime (the Statutory Guidance) and as reflected in the SAU's Guidance on the operation of the subsidy control functions of the Subsidy Advice Unit (the SAU Guidance).

1.5 In our view, DCMS has considered in detail the compliance of the Subsidy with the subsidy control principles. In particular, the Assessment:

(a) demonstrates that DCMS has considered other ways of achieving its policy objective and clearly explains and evidences why a subsidy was the most appropriate option (Principle E);

(b) considers a range of potential effects on competition and investment across relevant markets, including the theme park, wider visitor attractions and supply chain sectors (Principle F); and

(c) supports its balancing exercise with quantitative and qualitative evidence, including a consideration of benefit cost ratio and wider economic impacts, when concluding that the benefits of the Subsidy outweigh its negative effects (Principle G).

[1] The SAU is part of the Competition and Markets Authority.
[2] Referral of the proposed subsidy to UDX Development Company Limited by the Department for Culture Media and Sport - GOV.UK.
[3] Chapter 1 of Part 2 of the Act requires a public authority to consider the subsidy control principles and energy and environment principles before deciding to give a subsidy. The public authority must not award the subsidy unless it is of the view that it is consistent with those principles. Chapter 2 of Part 2 of the Act prohibits the giving of certain kinds of subsidies and, in relation to certain other categories of subsidy creates a number of requirements with which public authorities must comply.

1.6 However, we have identified the following areas for improvement**.** The Assessment should more clearly explain:

(a) how the identified uncertainty constitutes imperfect information, rather than normal commercial risk, in line with the Statutory Guidance (Principle A); and

(b) how alternative subsidy amounts would affect project viability, the respective contributions to project viability of the Subsidy and the wider package of government measures, and how overcompensation will be avoided (Principle B).

1.7 We discuss these areas below, along with other issues, for consideration by DCMS in finalising its assessment.

The referred subsidy

1.8 DCMS is proposing to award a subsidy of £400 million[4] to UDX Development Company Limited (UDX)[5] in the form of a direct grant. The Subsidy will contribute to UDX's investment of over £6 billion to develop a new theme park and resort in Bedfordshire (the Project).

1.9 The Project will involve the construction of a theme park and resort destination (the Park), alongside associated infrastructure and site-wide development works. The Assessment explains that the aim is to establish a 'world class' visitor attraction in Bedford, supporting wider economic growth in the national and local economy.

1.10 The Subsidy will support capital expenditure associated with the Project, including site-wide building infrastructure, and will be paid on the opening of the theme park and resort (no earlier than April 2031). It will fund a defined set of activities and eligible expenditure, including expenditure associated with the construction, infrastructure, systems and other development works required to deliver the Project.

1.11 Grant funding arrangements will establish governance and oversight, with monitoring requirements for expenditure and delivery of funded activities. They will remain in place for approximately 20 years from signing of the grant funding agreement in 2026, so that the delivery of outcomes and realisation of benefits is taken into account in any clawback provisions.

[4] The Assessment explains that the value of the Subsidy will be multiplied by the Consumer Prices Index (CPI) annually until the grant is paid (no earlier than April 2031).
[5] UDX is the UK entity established by Universal Destinations & Experiences, a global theme park and entertainment operator within the Comcast Corporation.

1.12 DCMS is responsible for determining the objectives, design and key features of the Subsidy, while the Department for Business, Innovation, Science and Trade (BIST)[6] will deliver it via the Exceptional Regional Growth Fund (eRGF),[7] and be responsible for its monitoring and payment.

1.13 The Subsidy forms part of a wider package of measures from the UK government linked to the Project.[8] Having assessed each measure within that package against section 2 of the Act, DCMS concluded that the £400 million grant delivered through the eRGF was the only measure to constitute a subsidy under the Act. The Assessment, and therefore this report, only relates to the Subsidy, rather than the wider package of government measures.

1.14 DCMS explained that the Subsidy is a Subsidy of Particular Interest because it exceeds £25 million in value.

[6] Formerly the Department for Business and Trade (DBT).
[7] The eRGF provides support for projects in large, usually manufacturing, businesses with significant potential for generating economic growth and that create or sustain additional private sector employment.
[8] See Universal theme park to be UK's most popular tourist attraction - GOV.UK. As part of the government's total £1.3 billion investment, government will provide UDX with a grant of £438 million and the Department for Transport plans to upgrade the strategic road and rail network near the Park at an expected cost of £474 million.

2. The SAU’s Evaluation

2.1 This section sets out our evaluation of the Assessment, following the four-step structure used by UDX.

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

2.2 Under Step 1, public authorities should consider compliance of a subsidy with:

(a) Principle A: 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); and

(b) Principle E: Subsidies should be an appropriate policy instrument for achieving their specific policy objective and that objective cannot be achieved through other, less distortive, means.[9]

Policy objectives

2.3 The Assessment states that the policy objective of the Subsidy is ‘to secure the significant multi-billion pound foreign direct investment from UDX to build a world class theme park and resort in Bedfordshire’. It explains that the Subsidy is intended to capture wider benefits and positive externalities of UDX’s investment in the UK.

2.4 The Assessment explains that the Subsidy aligns with the UK government's growth mission[10] and DCMS priorities[11] by supporting private investment, which it identifies as a key lever for economic growth. It considers that securing UDX’s investment would contribute to those objectives through job creation, skills development and wider economic benefits in Bedford and the surrounding area, with benefits extending across the UK, including to creative industries.[12]

2.5 The Assessment further explains that securing investment of this scale is not guaranteed because internationally mobile capital can be invested in competing jurisdictions. It therefore considers that government intervention is required to ensure that the UK presents a sufficiently competitive offer to secure UDX's

[9] See Statutory Guidance, paragraphs 3.33–3.59 and the SAU Guidance, paragraphs 3.6–3.10 for further detail.
[10] The Assessment refers to the Plan for Change - GOV.UK and The UK's Modern Industrial Strategy.
[11] The Assessment states that DCMS priorities include growth and good jobs in every place, richer lives with opportunities for all, and a more socially cohesive society.
[12] The Assessment refers to The UK's Modern Industrial Strategy, page 14, which identifies the creative industries as one of UK government's growth-driving sectors.

proposed investment, which would represent one of the largest non-energy capital investment projects in the UK in recent years.

2.6 In our view, the Assessment clearly describes and evidences the specific policy objective of the Subsidy and how it aligns with wider UK government objectives.

Market failure

2.7 Market failures arise where market forces alone do not produce an efficient outcome. When this arises, businesses may make investments that are financially rational for themselves, but not socially desirable.[13]

2.8 The Assessment describes the following market failures:

(a) Imperfect information and high level of risk: The Assessment explains that uncertainty regarding long-term costs, revenues and future regulatory changes prevents private firms from accurately pricing the Project, thereby increasing the perceived risk associated with the investment. It states that this increased risk, combined with the substantial set-up costs of the Project, creates barriers to investment. The Assessment concludes that, if left to market forces, this would result in a sub-optimal level of investment, with the Project's positive externalities not being realised. It identifies the following aspects contributing to this risk:

(i) High cost of capital. The Assessment states that the Project requires substantial upfront capital expenditure and ongoing reinvestment, increasing investor exposure to risk. It explains that UK government support is required to reduce this risk to a level considered acceptable to UDX and its parent company.

(ii) Lagged returns. The Assessment explains that revenues will not be generated until the Park becomes operational following a lengthy construction period. It states that the delay between investment and returns increases uncertainty regarding future demand, costs and market conditions, reducing the commercial attractiveness of the Project and increasing the need for government intervention.

(iii) Domestic risk barriers for international capital. The Assessment explains that, as a US-based investor developing its first theme park in Europe, UDX faces risks arising from the structural and cultural differences between the UK and European markets and those in the United States. It states that the need to establish new supply chains, cultural and legal differences, high construction costs and reliance on

[13] Statutory Guidance, paragraphs 3.36–3.51.

supporting infrastructure increase uncertainty and the risks associated with the investment. The Assessment states that, absent government support to alleviate these risks, private funding will not materialise. It therefore considers that imperfect information and unmitigated risk may result in a lack of finance for the Project, preventing the benefits associated with the investment from being realised.

(b) Positive externalities: The Assessment states that the investment would generate significant positive externalities, including skills and knowledge spillovers, as well as wider economic and social benefits associated with additional visitor[14] expenditure outside the Park, job creation, reduced economic inactivity, and benefits to Bedford and the surrounding area.[15] The Assessment explains that these benefits cannot be captured by UDX through transactions with consumers and are therefore not reflected in its investment decision. The Assessment states that because these wider benefits cannot be monetised by investors, market forces would lead to underinvestment and under provision compared with what is socially optimal. It concludes that the Subsidy would address this market failure by compensating UDX for the positive externalities generated and mitigating unquantifiable risks, enabling delivery of the Park at full scale rather than the counterfactual of no investment.

2.9 In our view, in relation to positive externalities, the Assessment clearly explains that the Project would generate wider spillover benefits that cannot be fully captured by UDX. However, it could further explain how these positive effects lead to an insufficient level of investment in, or provision of, large-scale visitor attractions, in line with the Statutory Guidance. DCMS could also consider whether some of the wider economic and social benefits associated with the Project (see paragraph 2.8(b)) could be better framed as an equity rationale.[16]

2.10 In addition, while the Assessment clearly explains the nature of the risks that may hinder investment in the Project, to the extent that DCMS wishes to rely on imperfect information as a market failure, it should more clearly explain, in line with the Statutory Guidance,[17] how the uncertainty identified constitutes imperfect information, rather than normal commercial risk. In particular, it should explain what information is unavailable to market participants, and how this hinders investment in the Project.

[14] The Assessment explains that this includes both additional international visitors and UK residents who are expected to choose the Park instead of travelling abroad.
[15] The Assessment refers to commissioned analysis and other supporting evidence, including academic literature and examples from comparable visitor attractions, to support its assessment of the positive externalities associated with the investment.
[16] We note that, as set out in paragraphs 3.33 and 3.34 of the Statutory Guidance it is for public authorities to decide whether to include an equity objective, market failure or both depending on what is most relevant to the subsidy.
[17] Statutory Guidance, paragraph 3.49.

Appropriateness

2.11 Public authorities must determine whether a subsidy is the most appropriate instrument for achieving the policy objective. As part of this, they should consider other ways of addressing the market failure or equity issue.[18]

2.12 The Assessment explains that DCMS has considered the following means to achieve the policy objective: regulation and planning support, direct provision, commercial loan, equity investment and existing government initiatives.[19] The Assessment explains why these alternatives would either not achieve the policy objective or would do so less effectively than the Subsidy.

2.13 In our view, the Assessment demonstrates that DCMS has considered other ways of achieving its policy objective and clearly explains and evidences why a subsidy was the most appropriate option.

Step 2: Ensuring that the subsidy is designed to create the right incentives for the beneficiary and bring about a change

2.14 Under Step 2, public authorities should consider compliance of a subsidy with:

(a) Principle C: Subsidies should be designed to bring about a change of economic behaviour of the beneficiary. That change should be something that would not happen without the subsidy and be conducive to achieving its specific policy objective; and

(b) Principle D: Subsidies should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy.[20]

Counterfactual

2.15 In assessing the counterfactual, public authorities should consider what would likely happen in the future – over both the long and short term – if no subsidy were awarded (the 'do nothing' scenario).[21]

2.16 The Assessment sets out a counterfactual scenario where, in the absence of the Subsidy, UDX would not proceed with the investment in the UK or elsewhere in Europe. It identifies four reasons for this: the high level of risk associated with the substantial upfront capital required; the internationally mobile nature of UDX's investment capital; the fact that UDX would not take into account the Project's positive externalities in its investment decision; and the past precedent of UDX

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[18] Statutory Guidance, paragraphs 3.57–3.59.
[19] For example, the Assessment considered existing government initiatives aimed at increasing tourism, supporting the creative industries and skills development, and promoting regional growth and investment.
[20] See Statutory Guidance, paragraphs 3.60–3.74 and the SAU Guidance, paragraphs 3.11–3.13 for further detail.
[21] Statutory Guidance, paragraphs 3.63–3.65.

withdrawing from projects in other countries where expected returns were insufficient.

2.17 The Assessment explains that, in the no subsidy scenario, the policy objective and wider government objectives[22] would not be achieved. It states that the UK theme park market would likely continue on its current, relatively static, trajectory and that the UK would be unlikely to see a theme park and resort of the Project's scale in the foreseeable future. It also explains that the no subsidy scenario would reduce expected benefits for the UK's creative industries and tourism sector. In particular, millions of additional international visitors from 2031 onwards would not materialise, UK tourism growth would remain below its potential, visitor economy benefits would not be realised, and thousands of jobs would not be created.

2.18 The Assessment also notes that, if UDX does not invest, this could damage the UK's reputation as a destination for large-scale private investment and increase perceptions of barriers to investment.

2.19 In our view, the Assessment clearly describes what would likely happen if the Subsidy was not awarded and why the policy objective would not be achieved in its counterfactual scenario. However, the Assessment could more clearly demonstrate why the chosen counterfactual is the most likely. To do this it could set out in more detail why, in the absence of the Subsidy, the wider package of government measures would not be sufficient to bring about the investment.

Changes in economic behaviour of the beneficiary and additionality

2.20 Subsidies must bring about something that would not have occurred without the subsidy.[23] They should not be used to finance a project or activity that the beneficiary would have undertaken in a similar form, manner, and timeframe without the subsidy ('additionality').[24]

2.21 The Assessment explains that the Subsidy will lead to a change in UDX's economic behaviour. It states that UDX will be able to overcome its investment hurdle rate with the Subsidy and choose to invest in the UK.[25] It outlines that, as a result, the Subsidy does not compensate UDX for costs it would likely have funded anyway.

2.22 The Assessment outlines that the Subsidy will realise benefits[26] that would not otherwise be achieved, including benefits to the UK economy, creative industries,

[22] See paragraphs 2.3 and 2.4.
[23] Statutory Guidance, paragraph 3.67.
[24] Statutory Guidance, paragraphs 3.66–3.70.
[25] See paragraphs 2.26 to 2.28 for further detail regarding the investment hurdle rate of the Project.
[26] See paragraph 2.47 for further detail regarding the benefits of the Subsidy identified in the Assessment.

and visitor economy, [27] as well as job creation, skills development, and knowledge spillovers.

2.23 In our view, the Assessment clearly explains how the Subsidy will change UDX's economic behaviour and that it brings about changes that would not have occurred absent the Subsidy.

Step 3: Considering the distortive impacts that the subsidy may have and keeping them as low as possible

2.24 Under Step 3, public authorities should consider compliance of a subsidy with:

(a) Principle B: Subsidies should be proportionate to their specific policy objective and limited to what is necessary to achieve it; and

(b) Principle F: Subsidies should be designed to achieve their specific policy objective while minimising any negative effects on competition or investment within the United Kingdom.[28]

Proportionality

2.25 The Assessment sets out that the size of the Subsidy was agreed through negotiations between the UK government and UDX. It explains that the Subsidy is small compared to UDX's total expected investment in the Project and to the annual operating costs that UDX will incur upon the opening of the Park.[29]

2.26 The Assessment outlines that the agreed Subsidy amount was reached from materially different starting points. In arriving at the final subsidy amount, the Assessment explains that DCMS assessed UDX's financial projections for the Project. It outlines that DCMS considered the typical internal rate of return (IRR) that UDX would expect to achieve on investments and how the Project underachieves this rate without the Subsidy and wider package of government measures. [✂].[30]

2.27 The Assessment states that UDX's modelling assumptions appeared to be systematically conservative, but within feasible ranges. In arriving at this conclusion, DCMS relied on analytical input and support from external consultants

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[27] The Assessment acknowledges that not all benefits can be considered additional because some visitors will be displaced from other UK attractions, or represent deadweight (ie international visitors who would have visited the UK anyway).
[28] See Statutory Guidance paragraphs 3.75–3.112 and the SAU Guidance, paragraphs 3.14–3.18 for further detail.
[29] The Assessment refers to paragraphs 17.14 and 17.18 of the Statutory Guidance which outlines that subsidies that are small relative to total project costs and beneficiary operating costs are less likely to have significant effects on competition and trade.
[30] The SAU has excluded from this published version of the report information which it considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [✂].

and other government departments such as BIST and UK Government Investments. The Assessment also notes that sensitivity testing by external consultants indicated that UDX could exceed its hurdle rate in certain situations, while recognising that changes in assumptions could have the opposite effect. The Assessment concludes that, overall, UDX's modelling assumptions provide a reasonable basis for its investment decisions.

2.28 The Assessment notes that DCMS's evaluation of UDX's financial position was further validated through internal government assurance processes. The Assessment explains that the Subsidy was benchmarked against other governments' support provided to other theme park operators making comparable investments and concludes that it is broadly consistent with that support.

2.29 The Assessment also sets out that alternative forms of subsidy such as a loan or equity on better than market terms were explored and outlines why these were rejected, even though they could have reduced the overall size of the Subsidy compared to a grant.

2.30 The Assessment outlines some design features of the Subsidy that DCMS consider contribute to keeping the Subsidy to the minimum necessary and proportionate to the policy objective, including:

(a) a clawback mechanism, which the Assessment explains will enable DCMS to recover funds in the event of underachievement of agreed outcomes or if the Project financially overperforms and UDX receives an excessive rate of return.

(b) the Subsidy timespan of 20 years from the signing of the Agreement in 2026. The Assessment outlines that this will enable full achievement of the outcomes and benefit realisation to be factored into the Subsidy's clawback mechanism.

(c) ongoing monitoring and evaluation of the Subsidy, in line with government grant standards. The Assessment outlines that this approach will allow for the prompt payback of Subsidy if certain conditions are not met.

2.31 In our view, the Assessment explains to some extent how the Subsidy is proportionate and limited to the minimum necessary to achieve its specific policy objective, in line with the Statutory Guidance. In particular, the Assessment provides a detailed account of how the Subsidy size was negotiated and evidence of due diligence undertaken on UDX's financials by DCMS, informed by external consultants.

2.32 However, the Assessment should:

(a) explain more clearly and in greater detail how different assumptions underlying the IRR calculation, and therefore alternative subsidy amounts, would affect the viability of the Project;

(b) clarify how clawback provisions will prevent overcompensation if there is financial outperformance during the Project's monitoring period; and

(c) more clearly distinguish between the impact on project viability of the Subsidy relative to the wider package of government measures.

Design of subsidy to minimise negative effects on competition and investment

2.33 In addition to the features set out in paragraph 2.30 (which are also relevant to this principle), the Assessment outlines some design features that aim to minimise the Subsidy's distortive effects on competition and investment. These include the following:

(a) the Subsidy will be paid in a single instalment on park opening and no earlier than 1 April 2031. The Assessment explains that, as the payment will be paid after UDX has incurred significant costs, this will aid the limitation of distortion to the market.

(b) costs are ringfenced against eligible expenditure. The Assessment explains that these are capital costs relating to the Project only and do not include ongoing operating costs that will be incurred once the Park is open.

(c) The clawback provisions (see paragraph 2.30(a)). The Assessment explains that this provision will also ensure that any distortion to competition will be kept to a minimum, by avoiding any overcompensation to UDX.

2.34 The Assessment also explains that the alternative forms of subsidy considered (see paragraph 2.29) would have been equally or more distortive than the Subsidy, while being either less effective in securing alignment with the policy objective and/or operationally inconvenient for the government.

2.35 In our view, the Assessment considers how design features of the Subsidy contribute to minimising any negative effects on competition and investment within the United Kingdom.

2.36 However, the Assessment could more clearly explain how some of the identified features will help to minimise distortions in practice (for example, by explaining that funding operating costs rather than capital costs would be more likely to impact pricing behaviour and competition).[31] In addition, as the Subsidy is

[31] See Statutory Guidance paragraphs 3.102-3.103.

awarded through the eRGF, the Assessment could consider whether there are any design features of the eRGF that help limit the distortions of the Subsidy.

Assessment of effects on competition or investment

2.37 The Assessment considers the Subsidy's effects on competition and investment in the markets in which the Project will compete, including the UK theme park and wider attractions markets, and markets forming part of the Project's supply chain, including rollercoaster manufacturing, construction, hospitality, creative industries, transportation and operational supply chain.

2.38 The Assessment identifies the UK theme park market as the most directly affected by the Subsidy. It describes the Project as a differentiated offer, reflecting its scale, IP-based content and intended market positioning, and estimates that it will displace some visitors from existing UK theme parks while also expanding overall demand by attracting additional domestic and international visitors to the UK.

2.39 The Assessment identifies Merlin Entertainments as the competitor most likely to be affected by the Project and notes that any potential displacement from wider UK attractions, including museums, heritage attractions, wildlife attractions and other visitor destinations, would only represent a low share of the overall market and may be partly offset by additional domestic and international visitors attracted by the Project.

2.40 At the international level, the Assessment identifies Disneyland Paris as the closest competitor and considers potential diversion from other European and US theme parks, while noting that the Project will represent a relatively limited share of European and global theme park markets, in the context of continued projected growth in these markets.

2.41 In supply-chain markets, the Assessment considers whether increased demand could create constraints or shortages, increase prices and/or restrict access for some competitors, but concludes that any such effects are likely to be limited relative to the size of these markets and ongoing levels of investment.

2.42 The Assessment considers barriers to entry, expansion and exit, noting that the Subsidy would lower barriers to entry for UDX, while increased demand may create opportunities for entry or expansion, particularly in hospitality, creative industries and supply chain markets. It also states that the Subsidy is not directed at preventing the exit of an existing firm and does not identify evidence that it would maintain inefficient firms in the market.

2.43 The Assessment identifies potential positive effects on competition and investment, including spillovers, agglomeration and increased incentives for innovation, while noting that these effects have not been quantified.

2.44 Finally, the Assessment highlights market characteristics that may help to minimise distortions, including the differentiated nature of UDX's offer and its unique market segment positioning in the UK theme park market; as well as unmet demand in the post-pandemic UK visitor economy and the scale and expected growth of Europe and global theme park markets.

2.45 In our view, the Assessment considers and evidences various potential effects of the Subsidy on competition and investment, in line with Annex 3 of the Statutory Guidance. In particular, the Assessment provides a detailed discussion of affected markets, competitors and potential visitor displacement effects. However, the Assessment could further consider the potential longer-term effects of the Subsidy on competition and investment, for the wider set of actual and potential competitors.[32] For example, it could discuss in more detail how the Subsidy may affect future investment incentives and competitive responses.

Step 4: Carrying out the balancing exercise

2.46 Under step 4 (Principle G), public authorities should establish that the benefits of the subsidy (in relation to the specific policy objective) outweigh its negative effects, in particular negative effects on competition or investment within the United Kingdom and on international trade or investment.[33]

2.47 The Assessment discusses the expected benefits of the Subsidy. It draws on supporting evidence to quantify the benefits arising from the investment, including visitor economy benefits,[34] support for employment, further investment, a stronger UK creative industries sector, and wider economic growth and regeneration. The Assessment also identifies a range of wider non-monetised benefits of the Subsidy, including skills development, productivity improvements, place-based benefits and increased UK soft power.

2.48 The Assessment considers a range of potential negative effects. It explains that the Subsidy may affect competition or investment within the UK visitor attractions and theme park sectors (see paragraphs 2.37 to 2.44). It also considers potential effects on international trade or investment, noting that the Project is expected to attract some visitors who would otherwise have visited competing attractions overseas, particularly other European theme parks, including Disneyland Paris (see paragraph 2.40).

2.49 The Assessment also identifies potential negative geographic and distributional effects, including environmental and transport-related impacts associated with the

[32] See Statutory Guidance paragraphs 17.54-17.59.
[33] See Statutory Guidance, paragraphs 3.113–3.121 and the SAU Guidance, paragraphs 3.19–3.21 for further detail.
[34] The Assessment explains that the visitor economy benefits comprise of the economic activity generated by visitors through spending on accommodation, hospitality, transport, retail and leisure services.

development and operation of the Project. The Assessment considers these effects to be limited relative to the scale of the anticipated benefits.

2.50 The Assessment then carries out a balancing exercise, supported by quantitative evidence drawn from DCMS' internal value for money assessment and external economic analysis commissioned to assess the Project's expected impacts. This includes quantitative analysis of the Project's expected benefits, as well as the estimated benefit-cost ratio and net present social value, and concludes that the Subsidy's benefits outweigh the negative effects.

2.51 In our view, the Assessment clearly sets out the positive effects of the Subsidy in relation to the policy objectives, its geographic impacts, as well as potential negative impacts, and conducts a balancing exercise between them in line with the Statutory Guidance. In particular, it helpfully draws on cost-benefit analysis and relevant quantitative and qualitative evidence to support the balancing exercise.

Other Requirements of the Act

2.52 DCMS confirmed that no other requirements or prohibitions set out in Chapter 2 of Part 2 of the Act apply to the Subsidy.

12 August 2026