Social Investment Business

Subsidy Information and Guidance

What is subsidy?

- A subsidy is where a public authority – for example central, devolved, or local government – provides support to an enterprise that gives them an economic advantage, meaning equivalent support could not have been obtained on commercial terms. This can take the form of a grant, a tax break, a loan, guarantee or equity investment on favourable terms, or the use of facilities below market price, amongst other kinds of support.

The purpose of the subsidy control regime?

- The purpose of the subsidy control regime is to prevent public authorities from giving financial advantages to enterprises in a way that could distort competition.[i]

The UK subsidy control regime

- Having left the European Union, the UK is no longer subject to EU State aid rules. The UK's new subsidy control regime came into force on 4th January 2023. Subsidy in the UK is now covered by the Subsidy Control Act 2022, and comprises Minimal Financial Assistance under that Act.

Why are we asking you about subsidy?

- The fund that you have applied to provides support that is deemed to be subsidy. We therefore need to make sure we comply with the requirements of the subsidy control regime and our funders/ supporters.
- There is currently no public database of subsidy. We therefore need to ask you for the details of any previous subsidies that you have received in the current and previous two "**fiscal years**" to make sure our funding is compliant.

Guidance when providing the total previous subsidy figure:

- If you have received support from a public body (either directly or indirectly) you should have been informed in writing by the provider of the basis of the subsidy at the time the subsidy was granted e.g. in the offer documents. **You will need to check your offer documents to see if any subsidy awarded falls within the below Relevant Subsidies.**
- If you have previously been informed of the amount of any subsidy received in Euros (€), this should be converted to Pound Sterling (£) at a conversion rate of €1 = £0.85.

- The types of "**relevant subsidies**" that need to be taken into account are set out below:

    i. **De minimis aid** granted (i) prior to the UK exiting the EU on 31 December 2020; and/or (ii) after that date by virtue of the Northern Ireland Protocol;

    ii. **Small amounts of financial Assistance** granted under Article 364(4) or under Article 365(3) of the Trade and Cooperation Agreement as incorporated into UK Law by the European Union (Future Relationships) Act 2020 in the period from 1 January 2021 to the coming into force of the Subsidy Control Act i.e. 4th January 2023, and

    iii. **Minimal Financial Assistance** or **SPEI Financial Assistance** granted under the Subsidy Control Act from 4th January 2023."

- *Note: Subsidy granted under the government guarantee schemes Coronavirus Business Interruption Loan Scheme (CBILS), Coronavirus Large Business Interruption Loan Scheme (CLBILS), Recovery Loan Scheme (RLS) 1 and 2 (i.e. offered prior to 30th June 2022) does not need to be taken into account as these were aid measures under the Temporary Framework. Bounce Back Loan Scheme (BBLS) aid that was granted under the Temporary Framework can be excluded. However, BBLS aid that was given in reliance on the de minimis regime would need to be factored in.*

- "**Current fiscal year**" = the time elapsed in the fiscal year in which the relevant subsidy is given together with the two previous fiscal years preceding that year.

- "**Fiscal year**" = a period of 12 months ending with 31 March.

---

[i] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1117122/uk-subsidy-control-statutory-guidance.pdf