# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Subsidy Control (information-gathering powers) regulations**  |
| **DATE**  | **09 November 2022** |
| **BY** | **Rebecca Evans MS, Minister for Finance and Local Government** |

This Written Statement updates Members on the development of regulations relating to the Subsidy Control Act 2022. On 21 July 2022 the Department for Business, Energy and Industrial Strategy (BEIS) contacted the devolved governments to alert them to their intention to lay regulations to amend the UK Internal Market Act (“UKIMA”) as it applies to the Subsidy Control Act and remove the duty upon the Competition and Markets Authority (CMA) and the Secretary of State BEIS to consult the devolved governments with regards to statements of policy. At the same time, BEIS shared a draft copy of the ‘[Subsidy Control (Information-Gathering Powers) Regulations](https://www.legislation.gov.uk/uksi/2022/1152/contents/made)’.

There had been no mention of these draft regulations or intention to draft such regulations at any level meeting leading up to this date. I had no knowledge these were being worked on by BEIS and therefore no opportunity to input into the drafting or policy behind the regulations.

The draft regulations allow that the UKIMA will remain drafted as it is currently from a textual standpoint, with no changes made to the Act itself, only an implied textual amendment. This amendment will have the effect of removing the statutory requirement to consult with the relevant devolved government, putting this more at the discretion of the Secretary of State in relation to penalties (s43(8) UKIMA) and the CMA in relation to preparing a statement of policy (s42(9) UKIMA) in circumstances where these provisions apply to subsidy control.

I have considered the need to lay a statutory instrument consent memorandum and have determined that this draft regulation does not engage either Standing Orders 30A or 30B.

Nevertheless, I consider that the regulations, as drafted, will have the effect of removing the duty to consult the devolved governments with regards to statements of policy in circumstances where these provisions apply to subsidy control. This will negatively impact upon the Welsh Ministers devolved competence in relation to economic development and are in essence a reduction in powers of oversight for the Welsh Ministers in regards the continuing running and practical application of the UK’s subsidy control regime.

The removal of this obligation to consult is another example of the current UK Government’s unacceptable attack on devolution, stripping away necessary safeguards which aim to ensure a whole-UK approach to the regulation of subsidies which, in turn, risks damage to the economic prosperity of Wales.

Further, section 67 of the UKIM Act (the enabling power for these draft regulations) was one of the provisions subject to the Legislative Consent Motion (LCM) where the Senedd refused consent. I therefore felt it appropriate to bring this matter to the attention of the Senedd.