



# HOUSE OF COMMONS

The Rt Hon Kwasi Kwarteng MP  
Secretary of State at BEIS  
1 Victoria Street  
London  
SW1H 0ET  
United Kingdom



**John Penrose MP**

Friday 20<sup>th</sup> August 2021

*Dear Kwasi,*

We are writing to support your ambition of using the Subsidy Control Bill to make "the UK a world leader in subsidy transparency" and to agree with you that transparency "will provide subsidy data for improving subsidy design across the UK". In fact we would go further: we believe that high levels of subsidy transparency will provide vital protections against any potential attempted abuse of our subsidy regime in future, either by directing taxpayers' cash to commercially-hopeless political favourites, or simply through fraud and error in the new subsidy-making processes. A highly-transparent approach will help by improving public trust in the honesty and legitimacy of the system, as well as making Britain's post-Brexit economy more productive and efficient.

Our concern is that the Bill currently exempts any individual subsidy under £500,000 from being declared under the new transparency rules – an increase from the existing rules which we have inherited from the EU, which say that anything above €500,000 must be published. So the initial draft of the Bill will make our new subsidy regime less transparent, not more, in direct contradiction of the principles which you have rightly laid out already.

Our solution is a small Government amendment to Section 33(2)(c) of the Bill so that all awards above £500 are published instead. This would not only deliver much better transparency, but reduce red tape costs and bureaucratic burdens too: the current version of the Bill rightly attempts to catch multiple subsidies by imposing a cumulative total for transparency and de minimis declarations, but the way the Bill is currently drafted will require every organisation applying for grants or anything that might contain an element of subsidy to collate, analyse and maintain a continuous register, potentially across multiple sites and operating units, forever.

The simpler, cheaper, more robust and efficient alternative is to ask the public bodies which are granting the subsidies to publish everything above £500 rather than any higher number, and within 30 days rather than 6 months. This would let any public authority confirm quickly, cheaply and in advance whether any new subsidy would cross a cumulative threshold for a particular applicant or not, and ensure any organisation getting multiple awards will be immediately and clearly revealed for wider public scrutiny too. This would make it easier for



## HOUSE OF COMMONS

businesses to challenge unlawful subsidies and give taxpayers the opportunity to track how their money is used.

Finally, we believe that a £500 transparency threshold creates an opportunity for post-Brexit Britain to show international leadership by creating a world-class transparent subsidy regime which few other countries can match at present. We hope you will agree this is an opportunity which we should not miss, and will be willing to meet us to discuss a potential Government Amendment to the Bill to achieve these aims.

We look forward to hearing from you.

Yours sincerely,

John Penrose, MP for Weston Super Mare

Anna Powell-Smith, Director, Centre for Public Data

Duncan Hames, Director of Policy and Programmes, Transparency International UK

Maurice Frankel, Director, Campaign for Freedom of Information

Robert Colvile, Director, Centre for Policy Studies

Susan Hawley, Executive Director, Spotlight on Corruption

Matthew Lesh, Head of Research, Adam Smith Institute

James Roberts, Political Director, TaxPayers' Alliance