



Industrial Communities Alliance

The all-party association campaigning on behalf of local authorities in the industrial areas of England, Scotland and Wales

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Rt Hon Michael Gove MP
Secretary of State
Department for Levelling Up, Housing and Communities
2 Marsham Street
London SW1P 4DF

By email to: michael.gove@communities.gov.uk

30 March 2022

Dear Secretary of State,

Subsidy Control: omission from White Paper

I wanted to raise an important omission from the recent White Paper on Levelling Up.

As you may be aware from previous correspondence, I chair the Industrial Communities Alliance, the all-party association of local authorities in the industrial heartlands of England, Scotland and Wales. Our member authorities strongly support Levelling Up and we are keen to work with government to deliver this objective.

We've always seen the government's new regime of Subsidy Control – the replacement for EU State Aid rules – as a key tool in promoting Levelling Up. Indeed, for many decades (including before joining the EU) the UK has deployed an Assisted Area map that allows higher rates of financial support to businesses in less prosperous parts of the country.

We were therefore pleased to note that when the Subsidy Control Bill was published last June the accompanying press release said that the Bill will “*create a new system for subsidies that can enable key domestic priorities, such as levelling up economic growth across the UK*”. The very first sentence of the ministerial foreword to the proposals also talked of the ambition to “*level up opportunities for people and businesses across all corners of the UK*”. We therefore confidently expected Subsidy Control to figure prominently in the White Paper.

In fact, despite its length, the White Paper on Levelling Up makes no mention at all of the role of Subsidy Control.

At our most recent national meeting, representatives from local authorities across the country expressed concern at this omission. In particular, it has triggered worries that the government may be walking away from its commitment to use Subsidy Control – and tools such as regional investment aid and an Assisted Area map – as a means of helping to deliver Levelling Up. This would be a deeply retrograde step, especially as there is plenty of evidence that these tools deliver jobs, investment and growth in weaker local economies.

We would therefore be grateful for reassurance on this issue. Our National Secretariat has substantial expertise in this area, if that would be at all helpful to your officials.

Although I know your department led on the White Paper, I'm aware that the BEIS has been taking the lead on Subsidy Control so I'm copying this letter to the Business Secretary, Kwasi Kwarteng MP.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink that reads "Keith Cunliffe". The signature is written in a cursive, flowing style.

Cllr Keith Cunliffe
National Chair