



Department for  
Business, Energy  
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House of Lords  
London  
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My Lords,

I am writing to you both in response to the questions you raised during the final Committee session for the Subsidy Control Bill on 9 February. This letter will set out the specifics around recruitment in the Competition and Markets Authority (CMA) that were requested by Lord German, and Lord Purvis's question regarding the number of new posts that will be created within the CMA to establish the new Subsidy Advice Unit (SAU). I shall also be writing to Lord Purvis regarding regulatory provisions under the UKIM Act, however I will do so in a separate letter.

### **CMA recruitment**

In response to Lord German's questions with respect to the preparations the CMA are making in anticipation of taking on their new subsidy control functions, I am afraid I cannot offer much more detail than my noble friend Baroness Bloomfield set out during Committee on Wednesday.

The new Subsidy Advice Unit will play a vital role under the new regime, particularly with respect to Subsidies and Schemes of Particular Interest, which cannot be awarded until they have completed the mandatory referral process. Therefore, it is crucial the new unit is operational from day one of the new regime coming into force.

In terms of how the roles within the new unit will differ from the existing work of the CMA, I would reiterate that the CMA was chosen as the home for the new Subsidy Advice Unit because of its experience in protecting competition. The specific role to be fulfilled by the SAU is unprecedented in the United Kingdom, but I am confident the CMA is the right body to deliver these new statutory functions, and that the skills of their existing staff, and those they will be able to recruit, will be more than equal to the task.

I do not have any more information to share about the number of posts that the CMA considers necessary for the SAU to be operational on day one of the new regime, nor a breakdown of specific roles recruited to date, as these are internal matters for the CMA. What I can say is that my officials are working closely with their counterparts at the CMA

on the implementation of the new unit, and that good progress is being made towards this goal.

### **New posts to be created for the Subsidy Advice Unit**

In response to Lord Purvis's question on the figures used in the Impact Assessment for SAU resourcing, I can provide further clarification.

The Impact Assessment set out a range of initial estimates for the fiscal costs of running the SAU. The estimates set out covered the headcount that may be required, in terms of full-time equivalent posts (FTE), to deliver:

- the *minimum* that the independent body required to function in order to fulfil the UK's international obligations as set out in the Trade and Cooperation Agreement with the EU (estimated to be 3 FTE); and,
- the SAU as set out in the Bill, in *addition* to our international obligations, (estimated as a range from 12 to 33 FTE, with a central estimate of 19 FTE).

Therefore, the Impact Assessment estimated the total SAU headcount as a range from 15 to 36 FTE, with a central estimate of 22 FTE, representing annual costs to government of £1.4m to £2.9m per year in salary and non-salary costs combined.

These initial estimates were produced by comparing the SAU's expected duties with similar independent bodies and using historical data under State aid to estimate the SAU's future caseload. This analysis was then used to produce individual estimates for the headcount required to fulfil the SAU's two core functions – producing advisory reports on individual cases and monitoring the overall functioning of the regime.

However, given the inherent uncertainty at the time of producing the Impact Assessment, it also set out a contingency of 30%, above the aforementioned figures, anticipating that the CMA may later determine that the SAU will face greater costs than these initial estimates - in terms of headcount, external expertise or for other operational reasons.

As the Impact Assessment set out, the exact headcount and therefore costs for the SAU will be determined by the CMA closer to the point the regime comes into effect. The figures included in the Impact Assessment were not intended to anticipate or inform future government decisions on funding.

The recently quoted figure, 50 posts, is the CMA's latest internal estimate of the approximate number of staff required to run the SAU and is aligned with the 'High' headcount estimate and contingency figure published in the Impact Assessment. We will work closely with the CMA as the regime moves closer to implementation to ensure the SAU has the appropriate resource needed to fulfill its new functions.

I hope this additional information provides you both with the clarity you were seeking, and I look forward to further debates on the Bill as it progresses through the House. I will also be placing a copy of this letter in the Libraries of the House.

Yours sincerely,

A handwritten signature in blue ink, reading "Martin Callanan". The signature is fluid and cursive, with the first name "Martin" and the last name "Callanan" clearly distinguishable.

**Lord Callanan**

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