- MAE'R FFURFLEN YMA HEFYD AR GAEL YN GYMRAEG -

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The new subsidy control regime set out in the Subsidy Control Act 2022, which commenced in January 2023, sets out the requirements for public authorities to consider whether the support being provided is considered a subsidy.

Applicants must complete the following questions to ascertain whether the financial assistance provided by the UKSPF for your proposed project constitutes a subsidy. The identification of a subsidy does not preclude the project from receiving UKSPF support. However, any subsidy will need to robustly demonstrate how it is compliant with the UK Subsidy Control Regime.

Please refer to [www.gov.uk/government/collections/subsidy-control-regime](https://www.gov.uk/government/collections/subsidy-control-regime) for further information.

Please ensure that you record the reasons for your explanations and retain all relevant supporting evidence and documentation. If your decision is challenged you will be required to provide a justification for your response. All documents need to kept for a period of 10 years.

All applicants must consider whether any of the UKSPF supported proposed project activities meet each of the four key characteristics which will determine if it would be considered a subsidy.

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| **Project Name** |  |
| **Lead Organisation Name** |  |

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| **Characteristics** |
| Please answer each question and provide an explanation for your response in the space provided.  |
| **Is the financial assistance (UKSPF grant) given, directly or indirectly, from public resources by a public body?** |  Yes [ ]  No [ ]  |
| Explanation: |
| **Does the financial assistance provide an economic advantage to one or more enterprise (includes the applicant organisation and potential beneficiaries)?** |  Yes [ ]  No [ ]  |
| Explanation: |
| **Is the financial assistance specific, in that it is being provided to one (or more) enterprise but not being offered to others?** |  Yes [ ]  No [ ]  |
| Explanation: |
| **Will the financial assistance have the potential to distort the market and have an effect on national and international trade, investment and competition?** |  Yes [ ]  No [ ]  |
| Explanation: |

If the response to **all four characteristics is Yes**, then it indicates that the UKSPF support for planned project activities could be considered a subsidy and you are required to complete a response to the following seven principles. This is in order that we may provide you with the award under the correct Subsidy Scheme. Please note, details of all awards over £100,000 will be uploaded to the subsidy database within 3 months of confirmation of the decision of award.

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| **Could the UKSPF funded proposed project activities be considered a subsidy?**  |  Yes [ ]  No [ ]  |

If yes, please demonstrate how the award of UKSPF financial support has been considered under each of the seven Subsidy Control principles. Please explain how your proposed project activities meet the seven principles. Please refer to any statistics, business cases, feasibility studies, market research, analysis etc. to support your responses.

**All seven questions are mandatory, and a full detailed explanation is required for each question.** Failure to complete a question or provide sufficient information may result in the rejection of your Stage 2 application.

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| **Principles** |
| **The subsidy should follow a specific objective to remedy an identified market failure or address an equity rationale such as social difficulties or distributional concerns.***(What are the aims and objectives? What is the subsidy seeking to address and achieve? What is the market failure or the common interest? Why is a subsidy required?)* |
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| **The subsidy should be proportionate to the specific objective and limited to what is necessary to achieve it.***(How large is the subsidy? Is it the correct amount or could it be smaller? What is the return on investment? Can it be ring-fenced for spend solely on the objective?)* |
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| **The subsidy should be designed to bring about a change of economic behaviour of the beneficiary in relation to the specific objective and is something that would not happen without the subsidy.***(What change will the subsidy bring about? How will it achieve the objective? What would happen without the subsidy? Who are the beneficiaries? How will the subsidy affect them?)* |
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| **The subsidy should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy.***(What costs will the subsidy fund? What costs, if any, will the beneficiary fund? Can the project proceed without the subsidy? Who would bear any costs without a subsidy e.g. businesses, consumers, participants?)* |
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| **The subsidy should be an appropriate mechanism for achieving the specific objective and that objective cannot be achieved through other, less distortive, means.***(Why is a subsidy the most appropriate form of support? What other means of support been explored and why have they been discounted?* |
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| **The subsidy should be designed to achieve the policy objective while minimising any negative effects on competition or investment within the United Kingdom.***(Will the subsidy distort the market or competition within the UK? Who and how will they be affected? What mitigation measures can be implemented to minimise any negative impacts? Will the subsidy outweigh any negative effect on trade or investment.)* |
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| **The subsidy’s beneficial effects (in terms of achieving the specific objective) should outweigh any negative effects, in particular negative effects on competition or investment within the United Kingdom, and international trade or investment.***(What are anticipated benefits? What are the negative effects? How do the pros outweigh the cons? Is there a Benefit/Cost Ratio? What are the anticipated effects within the UK and abroad?)* |
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| Position |  |
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