
Subsidy control: Streamlined routes

The impact of streamlined routes on public authorities' choices

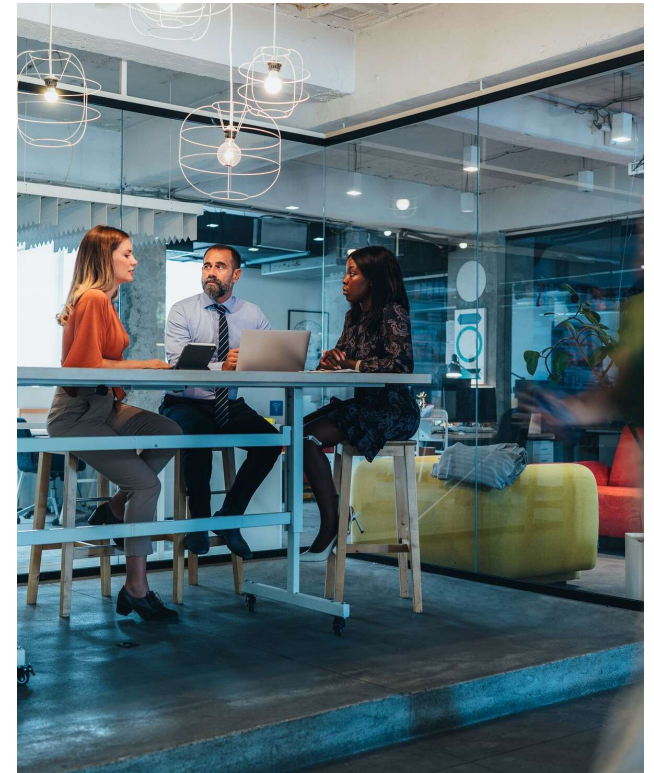
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What we will cover today

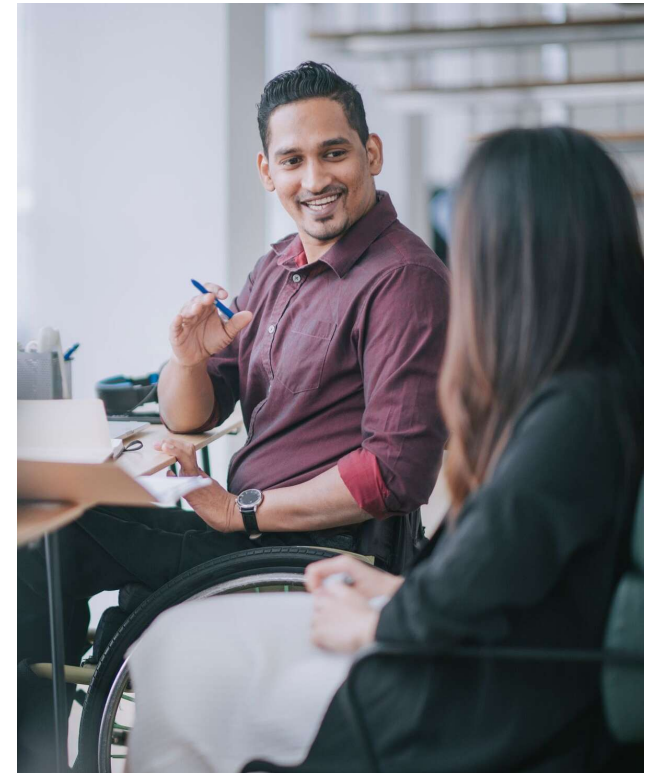
- What are streamlined routes and why do they exist?
- Summary of routes
- Benefits, issues and limitations
- How they are being used
- Key takeaways and Q&A



Streamlined routes

The concept

- Created under **Section 10** of the Subsidy Control Act 2022.
- Provide a **pre-approved basis** for granting specified categories of subsidies.
- Where a subsidy is given in accordance with a streamlined route, it is treated as **compliant with the subsidy control principles** — no bespoke assessment needed.
- Granting authorities must still **verify eligibility** against the route's specific conditions.



The streamlined routes at a glance

Route	Purpose
Arts and Culture	Support for the cultural ecosystem, development and delivery of activities and improving accessibility
Community and Regeneration	Supports community infrastructure and growth through investment in brownfield sites
Research, Development and Innovation (RDI)	Funding RDI activities
Energy Usage	Improving energy efficiency, funding heat networks and supporting green skills training
Local Growth	Supporting SME BD projects and disadvantaged workers or those with disabilities
Housing	Supporting housing development, including social/affordable

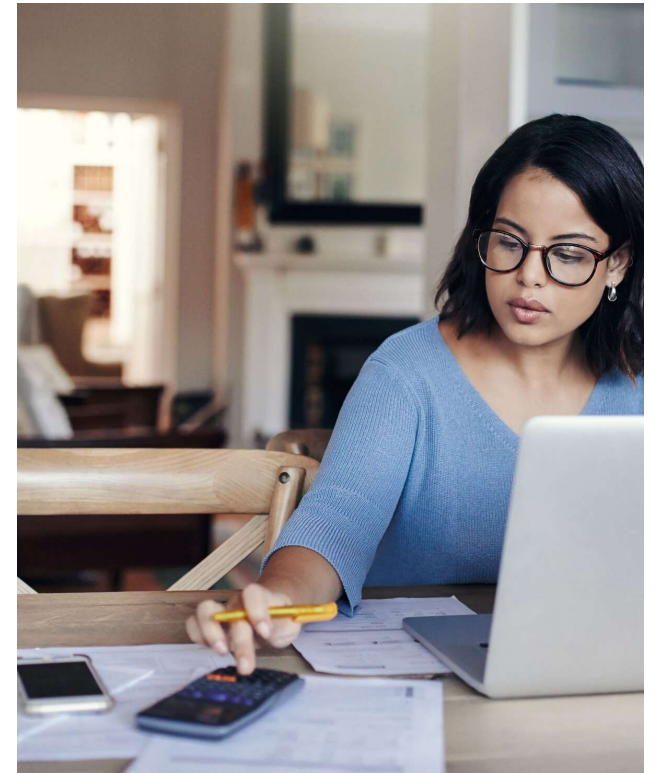
Benefits of streamlined routes

- Provide significant protection against challenge
- Include clear, objective criteria (usually)
- Expanded scope significantly with recent additions
- Input sought from certain stakeholders, aligning the routes with the larger programmes



Current issues with streamlined routes

- Requirements are often complex, potentially leading to false sense of security
- Occasionally sacrifice clarity for flexibility:
 - *“profits should not be abnormal in the sense that they are in excess of a level that a rational investor would require”* – Green Heat Networks
 - Calculation approach to viability gaps under housing and regen routes
 - *“Subsidies may be provided to housing projects provided that the viability gap is not attributable, whether directly or indirectly, to any act, omission, default or negligence of the beneficiary.”*



Limitations

- A few oddities:
 - For some routes cumulation for thresholds only includes other subsidies under the route, for others it includes all subsidies
 - The requirements for the pre-subsidy statement from the recipient vary – some routes state it must be in writing, others do not. Again, some require the pre-subsidy information to be kept up to date throughout the project and others do not.
 - A variety of approaches to whether activity can commence before the subsidy or what ‘activity’ consists of
 - Certain routes include required terms / mechanisms for contract documents
 - Combines suggestions / good practice with ‘hard-edged’ criteria

What goes wrong

Failure to cumulate correctly

Preconditions considered too late

Mischaracterisation of activities

Established funding programmes not aligning with new routes

Technical restrictions overlooked

Failure to obtain pre-subsidy information

Late or missing database entries

How are they being used?

Central Government

- Seeing limited use for larger programmes but often still relying on tailored schemes established before the streamlined routes were released

NDPB / ALBs / agencies

- Seeing more use where those bodies have been consulted in creation of the streamlined routes.
- Where bodies have a narrow focus, they are more familiar with the streamlined routes and can apply them with minimal changes to processes
- Definite appetite to avoid subsidy principle AOCs

Sub - central

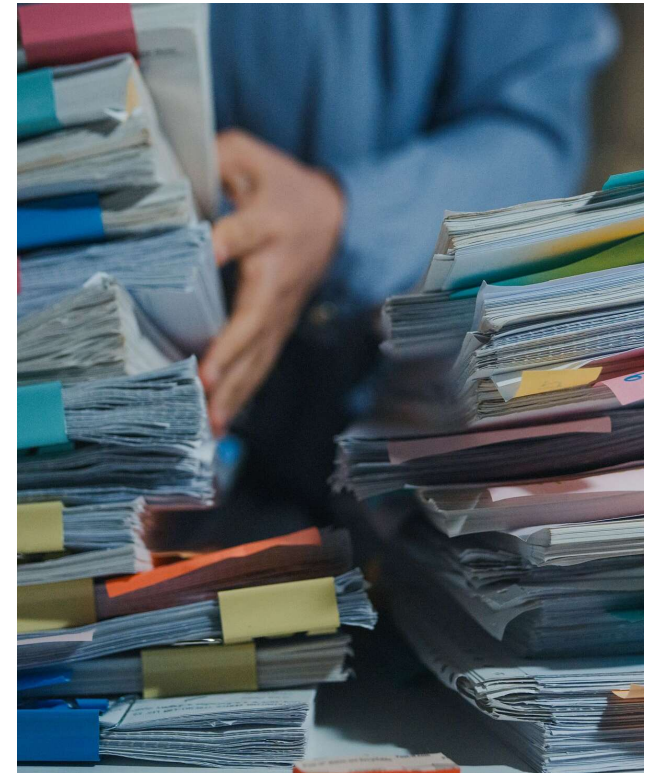
- Limited awareness but given resourcing issues, routes are welcomed as alternative to AOCs
- Often fund a broader range of activities/projects so projects less likely to fit squarely within narrower streamlined routes
- Complexity / restrictions sometimes off-putting where a light-touch AOC would suffice.

Impact on no-subsidy decisions and public authority choices

- Not seeing a material impact on no-subsidy decisions. Possibly on some edge cases but clients were generally addressing or removing subsidies rather than taking a view
- Currently a small impact on authority decisions, likely to increase over time. Expecting:
 - Fewer bespoke subsidy schemes
 - Fewer repeated subsidy principle AOCs
 - Certain funding programmes being aligned with streamlined routes, although will slowly change as funding cycles refresh
- Use of streamlined routes requires advance planning – difficult to apply retrospectively when subsidy control is an afterthought

Key takeaways

- More routes always helpful – still not as broad as GBER
- GBER also has more consistent common rules, but often less flexibility.
- Reads as a less sophisticated version of GBER but with ‘good practice’ elements incorporated
- Some combination of very specific requirements with areas of flexibility. Early routes were too narrow and specific, but justification presumably that subsidy principles available as a fallback
- More recent routes are broader but possibly swing too far in the drive to pursue policy priorities (e.g. housing). This might lead to overly generous routes and unintended consequences.
- Too early to assess the impact of the newer routes





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