



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Dame Meg Hillier DBE
Public Accounts Committee
House of Commons
London
SW1A 0AA

15th March 2022

Dear Dame Meg,

SUBSIDY CONTROL BILL - COMMITMENT TO NOTIFY SELECT COMMITTEE CHAIRS OF THE USE OF A DIRECTION

Following comments from noble Lords at Committee concerning the use of confidential directions by HMT under Clause 47, I am writing to set out my commitment that HMT would confidentially notify the chairs of relevant committees of the use of a financial stability direction to disapply requirements of the Subsidy Control Bill where the publication of a direction is delayed. This commitment serves as part of a wider package to address concerns from the House of Lords at Committee Stage that the current framework of the Subsidy Control Bill lacks a suitable method for Parliamentary accountability regarding the use of directions.

This procedure would be invoked in instances in which premature public disclosure of a direction would undermine the reason for which the direction was given, requiring a delay in the publication of the direction in order to avoid this outcome. This is necessary for instances in which an intervention needs to be kept covert, and therefore publication of any direction applied to the intervention also needs to be delayed. For example, there are instances in which publication of a direction would prematurely disclose the existence of a subsidy, such as the provision of Emergency Liquidity Assistance in a form that meets the definition of a subsidy, and as such potentially further damage confidence in a firm, cause a run on the firm, and/or damage wider market confidence.

In the event of needing to delay the publication of a direction, I would intend to inform, in confidence, the Chairs of the Public Accounts Committee and Treasury Select Committee of the use of that direction in an oral briefing. This is in line with current agreed processes for disclosing contingent liabilities in instances where premature disclosure would carry a strong danger of damaging the public interest.

I would also like to reassure you that full disclosure to Parliament would be made at the earliest opportunity.

I am copying this letter to the Rt Hon Mel Stride MP, chair of the Treasury Committee, Lord Callanan, and Paul Scully MP.

with very best regards

John

JOHN GLEN