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State Aid Greffe  
DG Competition  
European Commission  
1049 Brussels

Dear Greffe,

**Services of General Economic Interest: report to be submitted following the Decision of 28 November 2005**

The UK has undertaken extensive work to establish the level of use of the SGEI Decision in the UK. Usage would appear to be low as the details below show. With the exception of some very specific public services, such as the provision of lifeline transportation, most services are procured via competitive tender. Moreover, there is no tradition of concessions in the UK.

It should however be noted that our investigation revealed high levels of misunderstanding over what is an undertaking, what is an aid in the context of public service delivery, and what an SGEI might look like. The issue arises most often in the context of quasi-public sector bodies, in the fields of transport, health, and social services that may become undertakings.

The UK authorities is committed to addressing these gaps in understanding, and is therefore undertaking a series of awareness raising activities and the provision of guidance that will enable public authorities to make intelligent judgements on the status of their services. A copy of the draft guidance is at Annex V. We have also embarked on a series of awareness raising seminars across the UK which is covering, in some detail, the concept of SGEIs and public sector interventions in the marketplace.

The information gathered has been split into two sections. The first section is a spreadsheet split into the sub-categories as detailed in article 2.1.a to 2.1.d of the Decision. This gives general statistical information on the estimated amount of aid granted for SGEI in the years 2006-2008 and in some sections 2009. The figures are a total amount of aid given in each category and the number of beneficiaries. For each section reported on there are references to attached Annexes which provide further information on the reported SGEIs.



The SGEIs reported in the UK are:

- Air links to Islands – Annex I
- Maritime links to Islands – Annex II
- Airports – Annex III
- NHS Professionals – Annex IV
- Social Housing

As noted above these are mainly in the transportation field, in more remote parts of the UK that require subsidised lifelines.

The data in the attached spreadsheet on social housing reflects information gathered in Scotland. We have not received information on the provision of social housing elsewhere in the UK, so cannot confirm whether these figures are illustrative of the whole of the UK.

In the coming years, we will be considering the status of the provision of social housing, and various bodies within the NHS are also under review.

#### Other measures

Other measures that we are aware of include services provided by the BBC (existing aid), and the Post Office (SGEI Framework).

The Scottish Executive Credit Union Development Support scheme (N244/2003) was approved in April 2005 as compatible aid under 86(2) of the EC Treaty.

Yours sincerely,

Antony Manchester

First Secretary, Competition Policy and Company Law