

# REPORT ON THE IMPLEMENTATION OF ARTICLE 9 OF THE SGEI DECISION AND OF PARAGRAPH 62 OF THE SGEI FRAMEWORK

## 1. Description of the application of the SGEI Decision and the SGEI Framework and amount granted

Please structure this part of your report by the following sections:

- 1) Hospitals (Art. 2(1)(b))
- 2) Social services (Art. 2(1)(c))
  - a) Health and long term care
  - b) Childcare
  - c) Access to and reintegration into the labour market
  - d) Social housing
  - e) Care and social inclusion of vulnerable groups
- 3) Air or maritime links to islands (Art. 2(1)(d))
- 4) Airports and ports (Art. 2(1)(e))
- 5) Other SGEI compensation not exceeding EUR 15 million (Art. 2(1)(a))
  - a) Association Jeunesse et Sport (Youth and Sports Association)

For each of the items outlined above please provide information in the form of the following table:

- 1) Hospitals  
and
- 2) Social services
  - a. Health and long-term care

Clear and comprehensive description of how the respective services are organized in your Member State	
Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.	Article L. 6111-1 of the Public Health Code entrusts every health-care establishment with the task of providing <i>“diagnosis, surveillance and treatment of the sick and injured and of pregnant women”</i> .
Explanation of the (typical) forms of entrustment. If standardized templates for entrustments are used for a certain sector, please attach	The entrustment requires establishments to conclude a <b>multiannual objectives and means contract</b> (CPOM) with the regional health agencies, which are decentralised health authorities.

them.	<p>Health-care establishments are also subject to <b>authorisation</b> of their care activities. These authorisations are issued by the regional health agencies.</p> <p>A specimen CPOM is annexed to this report (Annex I).</p>
Explanation of the (typical) duration of the entrustment and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer than 10 years.	<p>The CPOM is concluded for a period of <b>five years</b> (Article L. 6114-1 of the Public Health Code).</p> <p>No entrustment is longer than five years.</p>
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.	-
Explanation of the (typical) compensation mechanism as regards the respective services, including the aid instrument (direct subsidy, guarantee, etc.) used and whether a methodology based on cost allocation or the net avoided cost methodology is used.	<p><b>I. <u>For medical, surgical and obstetric activities in health-care establishments</u></b>, a mixed funding system is used:</p> <ul style="list-style-type: none"> <li>- activity-based invoicing on the basis of a scale of fees for each hospital stay (T2A)</li> <li>- a grant (MIGAC) to support the provision of services of general interest and to defray costs arising from the CPOM</li> </ul> <p>There are, in other words, two compensation mechanisms:</p> <p><b>1. <u>Main funding from fees</u></b></p> <p>Fees are set on the basis of the <b>actual activity of establishments</b>, which is remunerated on the basis of average national costs for the treatment of each condition. In other words, the allocated resources are calculated on the basis of a measurement of the performed activity. The charges are set by the government.</p> <p>The Medicalisation of Information Systems Programme (PMSI) serves to categorise each patient's hospital stay within a homogeneous patient group, which either corresponds to a homogeneous group of hospital stays or is subdivided into two or more such groups.</p> <p><b>2. <u>Supplementary funding from grants or appropriations</u></b></p> <p>Supplementary funding comprises several categories of grant.</p> <ul style="list-style-type: none"> <li>- <b><i>Grants to support the provision of services of general interest and to defray costs arising from the CPOM (MIGAC grants)</i></b></li> </ul> <p>The MIGAC budget covers a set of charges associated with the provision of a public service that are difficult to quantify on a per-patient basis (preventive measures, screening) or that have to be permanently available, whatever the level of activity (constant care, the emergency medical assistance service (SAMU), mobile</p>

	<p>liaison teams, etc.).</p> <p>Almost two thirds<sup>1</sup> of MIGAC grants are allocated in accordance with a system of precise estimation of outlay known as <b><i>justification from the first euro</i></b> (JPE). This method serves to ensure the transparency and precision of allocations. The JPE system entails analysing the scope and justification of devolved budgets down to the last euro.</p> <p style="text-align: center;"><b>- The Regional Intervention Fund (FIR)</b></p> <p>Other appropriations can be allocated to health-care establishments for targeted and <i>ad hoc</i> support. The aim of this fund is to offer regional health agencies greater managerial flexibility across the entire range of treatment, nursing and prevention services, The regional health agencies' use of allocations from this fund is the subject of an annual balance sheet, which is set out in Annex 7 to the yearly Social Security Funding Act.</p> <p><b>II. <u>For activities in the fields of psychiatric care, after-care and rehabilitation</u></b>, funding mechanisms vary in accordance with the legal status of the establishment:</p> <p>❖ <i>Public and private non-profit establishments</i></p> <p>These are financed by means of an <b>annual operating grant</b>, which is prescribed by Article L. 174-1 of the Social Security Code. The amount of the grant and its regional breakdown are laid down by an interministerial statutory order. The appropriations are then distributed by the regional health agency on the basis of eight criteria listed in Article R. 6145-26 of the Public Health Code; these include the envisaged development of the activity of establishments, guidelines for the organisation of care services, the running costs of establishments compared with others in the region, etc.</p> <p>❖ <i>Commercial health-care establishments</i></p> <p>These are financed on the basis of a <b>per diem rate</b>. The daily rates are enshrined in law in Article L. 162-22-1 of the Social Security Code. They are set by the regional health agency in a scale of charges attached to the multiannual ends and means contract (CPOM) and are based on tasks performed and the estimated liabilities in the budget of the establishment.</p>
<b>Explanation of the (typical) arrangements for avoiding and repaying any overcompensation.</b>	<p>In general terms, the method used to set charges serves, in theory, to avoid any overcompensation, because it is based on the recognition of costs emanating from the findings of the <b>national costs study</b> (ENC), using a common set of methods. This instrument serves, in principle, to ascertain the absence of any overcompensation, since it works in such a way that the allocated amounts do not exceed the cost of the performed activity.</p>

<sup>1</sup> Figure for 2012. The aim is that all grants should be allocated by means of this system by 2015.

	<p>Since 2013, the principle of <b>rate-neutrality</b> has also served as a supplementary means of controlling the rates charged by medical, surgical and obstetric establishments. The neutral rate is applied to activities prone to extreme over- and underfunding with a view to eliminating these extremes.</p> <p>The <b>justification from the first euro</b> of MIGAC grants also helps to limit the risk of overcompensation.</p> <p>In addition, Articles L. 166-22-18 <i>et seq.</i> of the Social Security Code makes provision for an <b>invoicing-review mechanism</b>, which is intended to ensure that the services invoiced by the health-care establishments correspond to the activity that has actually been performed. In the event of non-compliance with the invoicing rules, a procedure for the recovery by the health-insurance fund of the amounts wrongly received is applied, and penalties may also be imposed by the director-general of the regional health authority.</p> <p>Nevertheless, in view of the limited nature of this legal support, it is planned to reform the system by inserting a more stringent review and reimbursement provision into the Public Health Code.</p>
<b>Amount of aid granted</b>	
<b>Total amount of aid granted. This includes all aid paid in your territory, including aid paid by regional and local authorities.</b>	<p><b>EUR 74.5 billion (amount for 2012)</b></p> <p><b>EUR 76.9 billion (estimated amount for 2013)</b></p>
<b>other quantitative information</b>	

#### **i. Difficulties with the application of the SGEI Decision or SGEI Framework**

Generally speaking, the application of the Decision is not causing any particular difficulties. It would benefit, however, from providing for a more refined methodological framework, both for distinguishing between SGEI and non-SGEI activities and for defining unreasonable profit on the basis of the origin of capital (need for a higher return on private capital).

#### **ii. Complaints by third parties**

The French Private Hospitals Federation (*Fédération de l'hospitalisation privée - FHP*) has lodged two complaints with the European Commission, which are currently being examined. The first complaint was filed by the French National Union of Private Psychiatric Clinics (UNCPsy) regarding the funding of licensed psychiatric establishments, and the second came from FHP-MCO, the medicine, surgery and obstetrics branch of the FHP, which made allegations of a more general nature about discrimination in the distribution of resources between the public and private health sectors.

## b. Childcare

Clear and comprehensive description of how the respective services are organized in your Member State	
<p><b>Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.</b></p>	<p>The SGEI definition applies to all establishments and services for the non-permanent reception of children below the age of six, which are also known as reception establishments for young children (<i>établissements d'accueil de jeunes enfants – EAJE</i>), located in French territory, including the overseas <i>départements</i>, covered by Article R. 2324-17 of the Public Health Code and holding an operating licence issued by the competent authority, that is to say the President of the General Council in the case of private managers and, in the case of public managers, the local authority, most often the mayor after consultation with the PMI Mother and Child Welfare Service. This means that nursery schools, for example, are not covered by the definition.</p> <p>We should exclude from the SGEI definition reception establishments managed directly by local authorities, which account for the majority of such facilities; in 2010, more than two thirds (69 %) of places for which the single service allowance is payable by a Family Allowances Fund were in establishments run by a local authority. The voluntary sector accounts for a quarter of places – 26 %, to be precise – which is a considerably larger share than that provided by crèche companies (4 %) or establishments directly managed by an enterprise (1 %). It should also be mentioned that 45 % of all establishments do not provide any more than 20 places.</p> <p>The EAJEs look after the health, safety, well-being and development of the children entrusted to their care. They contribute to the children's upbringing while respecting the authority of parents. They contribute to the integration of children with disabilities or chronic illnesses who are enrolled in their centres. They provide assistance to parents to enable them to reconcile their working and family lives.</p> <p>The facilities comprise:</p> <ol style="list-style-type: none"> <li>1. collective reception establishments, particularly those classed as collective crèches and day nurseries, and non-permanent childcare services provided at the homes of registered childminders, which are categorised as family reception services or family crèches;</li> <li>2. collective reception establishments run by an association of parents who help to look after the children; these are classed as</li> </ol>

	<p>parental crèches;</p> <p>3. collective reception establishments classed as kindergartens, enrolment in which is confined to children over the age of two who are not yet at school or are in part-time schooling;</p> <p>4. collective reception establishments with a maximum capacity of ten places, classed as micro-crèches.</p> <p>All of these establishments and services may take in children on a purely drop-in or seasonal basis in application of Article R. 2324-46-1 of the Public Health Code. A single establishment or service classed as multi-use day-care centre can combine family care or regular care with drop-in childcare services.</p>
<p><b>Explanation of the (typical) forms of entrustment. If standardized templates for entrustments are used for a certain sector, please attach them.</b></p>	<p>There are several forms of entrustment, which are associated with particular sources of funding.</p> <p>1. <u>Agreements concluded by Family Allowances Funds</u> EAJEs are funded by the family-services branch of the social-security system through two instruments, which are the subject of a formal agreement. In 2010, funding was provided by the Family Allowances Fund for 359 050 out of 369 267 EAJE places, or 97.2 % of all places in EAJE facilities.</p> <p><u>The single service allowance (PSU):</u></p> <p>The single service allowance can be allocated to EAJEs caring for the children below the age of six referred to in Article R. 2324-17 of the Public Health Code.</p> <p>It is governed by an agreement concluded between the Family Allowances Fund and the manager of the EAJE.</p> <p>This agreement may be regarded as an entrustment act within the meaning of the Commission Decision of 20 November 2011. In fact, the agreement, or the circular from the National Family Allowances Fund (CNAF) to which it refers, specifies all of the required indications (the content and duration of the public service obligations, the undertaking and territory concerned, etc.) with the exception of the reference to the European Commission Decision of 20 December 2011. The 2015 version of this agreement, however, will incorporate that reference. A specimen agreement is annexed to this report (Annex II).</p> <p><u>The Childhood and Youth Contract (CEJ):</u></p> <p>The Childhood and Youth Contract is a financing and performance agreement concluded between the Family Allowances Fund and a</p>

	<p>local authority, an association of local authorities or an undertaking. Its purpose is to pursue and improve policies for the development of care provision for children and young people by focusing its support on areas that are least well served in terms of the satisfaction of identified needs. It provides a PSU top-up which targets the development of service provision. A specimen contract is reproduced in Annex III.</p> <p>2. <u>Public procurement and delegated management of public services</u></p> <p>According to a CNAF study dating from July 2013, 10 % to 15 % of local authorities that operate municipal reception establishments for young children (EAJEs) have recourse to delegated management for at least one communal crèche. The report also found that 15 % to 20 % of associations of local authorities with competence in the realm of childcare also resorted to delegated management.</p> <p>This delegated management takes two forms. Territorial authorities – primarily local authorities – pay subsidies to EAJE management associations for their general operations or to reserve all or some of their childcare places. The subsidy may be granted for a short period in the form of a performance agreement.</p> <p>In a parallel development, the use of public-service delegation agreements and, to a lesser extent, public-procurement contracts for the management of crèches or the reservation of places in childcare facilities has been growing for some years.</p>
<p><b>Explanation of the (typical) duration of the entrustment and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer than 10 years.</b></p>	<p>1. <u>Agreements concluded by Family Allowances Funds</u></p> <p>The National Family Allowances Fund (CNAF) recommends that the maximum term of an agreement for the allocation of the PSU should not exceed four years. The Family Allowances Fund (CAF) may choose a shorter term, but the chosen duration is mostly four years.</p> <p>The Childhood and Youth Contract (CEJ) is concluded for four years.</p> <p>2. <u>Public procurement and delegated management of public services</u></p> <p>According to the aforementioned CNAF study of July 2013, the duration of entrustment contracts ranges from three to seven years.</p>
<p><b>Explanation whether (typically) exclusive or special rights are assigned to the undertakings.</b></p>	<p>1. <u>Agreements concluded by Family Allowances Funds</u></p> <p>The PSU may be granted to managers regardless of their legal status – public or private corporate entities such as associations, local authorities, enterprises, mutual-benefit societies, other societies, hospitals or works councils, provided that they apply the rules laid down in CNAF circular No 2014-009 of 26 March 2014. The</p>

	<p>procedures for PMU payments to private corporate entities,</p> <p>2. <u>Public procurement and delegated management of public services</u></p> <p>Even in cases in which the manager of a crèche is entrusted with the provision of childcare services for the children of local-authority staff, the latter are under no obligation to use the crèche for their children. In other words, private corporate entities, including undertakings, do not enjoy any exclusive or special rights.</p>
<p><b>Explanation of the (typical) compensation mechanism as regards the respective services, including the aid instrument (direct subsidy, guarantee, etc.) used and whether a methodology based on cost allocation or the net avoided cost methodology is used.</b></p>	<p>1. <u>Agreements concluded by Family Allowances Funds</u>  <u>The single service allowance (PSU):</u></p> <p>The PSU corresponds to 66 % of the hourly cost price of an EAJE and is payable up to a ceiling set by the CNAF after deduction of the family contribution, which is determined on the basis of a national scale. This funding method encourages a sharper focus on the specific needs of families, in that it does not entail a minimum attendance requirement, and universal access, in that a low rate of family contribution is offset by a higher amount of PSU.</p> <p><u>The Childhood and Youth Contract (CEJ):</u></p> <p>The financing of the CEJ is subject to strict conditions, which are set out in CNAF circular No 2006-076 on the CEJ. The allowance for childhood and youth services takes the form of a capped annual lump sum expressed in euros, providing transparency for the contracting party throughout the term of the contract. The lump sum is calculated on the basis of a cost price negotiated within the limit of maximum prices set by the CNAF and funding of up to 55 % of the excess, which is subject to capping. These funding rules serve to guarantee optimum management of facilities. A fraction of the funding may be set aside to finance the development of pilot projects. While the provision of reception services must account for at least 85 % of the amount of the allowance, a maximum of 15 % may be allocated to such pilot projects.</p> <p>2. <u>Public procurement and delegated management of public services</u></p> <p>Local authorities may avail themselves of the mechanism of direct subsidies, since these are not balancing subsidies. In the framework of an entrustment, the compensation payable by the public authority must be compatible with the rules for the allocation of CAF aid.</p>
<p><b>Explanation of the (typical) arrangements for avoiding and repaying any</b></p>	<p>1. <u>The single service allowance (PSU):</u></p> <p>The CAF will conduct on-the-spot checks for the purpose of verifying</p>



<b>overcompensation.</b>	<p>that the concluded agreement is being properly implemented. If any breach is identified, a reminder and notice of infringement of the requirements laid down in the circular will be issued. Such breaches may result in the cessation of funding.</p> <p><u>2. The Childhood and Youth Contract (CEJ):</u></p> <p>The monitoring of contracts will be based on verifying that projects are being properly implemented and that the provisions of the contract concluded by the parties are being observed. Failure to honour commitments may result in the Family Allowances Fund terminating the contract.</p>
<b>Amount of aid granted</b>	
<b>Total amount of aid granted. This includes all aid paid in your territory, including aid paid by regional and local authorities.</b>	The total amount of aid granted in 2012 by local and regional authorities and social-security bodies to crèches run by private operators – associations, undertakings, mutual-benefit societies, etc. – was EUR 1.38 billion.
<b>Other quantitative information</b>	

**c. Access to and reintegration into the labour market**

<b>Clear and comprehensive description of how the respective services are organized in your Member State</b>	
<p><b>Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.</b></p>	<p><b>Regional public vocational-training services:</b></p> <p>Creation of skillseeker-support platforms, consisting in individualised route maps comprising the following services: creation and validation of a career plan, work on the prerequisites for entry into skills training and the provision of specific mediatory and support services. These types of service are designed for unskilled or low-skilled jobseekers who need to work on basic skills before they can embark on a course of formal training.</p> <p><b>Regional employment and skills contracts comprising enhanced support for young people aged 16 to 25 who have left school with no qualifications:</b></p> <ul style="list-style-type: none"> <li>- Support for a maximum period of 24 months without interruption for the purpose of devising,</li> </ul>

	<p>formalising, contractualising, monitoring and regulating an individualised route map, leading the young person towards qualification and employability, employment and in-work support</p> <ul style="list-style-type: none"> <li>- Accommodation and subsistence: benefits paid on request during the support period to all young people undergoing training in a centre or on company premises</li> <li>- Enhanced support is provided in collaboration with the various local institutional players monitoring the young person</li> </ul> <p><b>Support for promoters of projects for the creation or takeover of businesses in the context of a return to work in cases where such promoters cannot access the advisory services or funding that are available on the market:</b></p> <ul style="list-style-type: none"> <li>- Reception, guidance and support of prospective project promoters</li> <li>- Preparation and establishment of a financial plan, including, where necessary, assistance in sourcing funds or interest-free loans to act as a lever for the acquisition of public and private funding (microloans)</li> <li>- Technical and financial support after the start-up or takeover</li> </ul>
<b>Explanation of the (typical) forms of entrustment. If standardized templates for entrustments are used for a certain sector, please attach them.</b>	<p>The legal basis for entrustments is always deliberation on the part of the local or regional authority, which then concludes agreements with training bodies. These bodies are selected in several ways:</p> <ul style="list-style-type: none"> <li>- following a competitive tendering process;</li> <li>- in the framework of a call for expressions of interest or a call for project proposals.</li> </ul> <p>The entrustment is formalised by means of an annual or multiannual ends and means contract, which constitutes an entrustment in the European sense.</p>
<b>Explanation of the (typical) duration of the entrustment and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer than 10 years.</b>	<p>In general, multiannual agreements are concluded for a term of five years.</p> <p>There is no recorded case of any entrustment longer than ten years.</p>
<b>Explanation whether (typically) exclusive or special rights are assigned</b>	

<b>to the undertakings.</b>	
<b>Explanation of the (typical) compensation mechanism as regards the respective services, including the aid instrument (direct subsidy, guarantee, etc.) used and whether a methodology based on cost allocation or the net avoided cost methodology is used.</b>	<p>The aid instrument used for this type of SGEI is the direct subsidy.</p> <p>Several methods are used to determine the amount of the subsidy:</p> <ul style="list-style-type: none"> <li>- a subsidy calculated annually in accordance with a cost-allocation method on the basis of draft budgets presented by operators</li> <li>- a subsidy calculated on the basis of lump sums, such as a flat rate for an individual course of skills training, which are laid down in the agreement and determined on the basis of the expenditure and receipts pertaining to the SGEI; the amount of the subsidy will correspond to the flat rate multiplied by the expected number of consumption units (e.g. number of programmed training courses).</li> </ul>
<b>Explanation of the (typical) arrangements for avoiding and repaying any overcompensation.</b>	<p>The agreements include a number of provisions that serve to verify the absence of any overcompensation:</p> <ul style="list-style-type: none"> <li>- requirement to maintain separate accounts in cases where the entrusted party engages in activities other than SGEI provision</li> <li>- annual submission of a balance sheet and operating report, modelled on the obligation to submit these documents that is laid down in contracts for the delegated management of public services</li> <li>- scope for the local or regional authority to carry out checks at any stage in the implementation of the agreement.</li> </ul> <p>The agreements also contain provisions enabling local or regional authorities to recover any overcompensation by means of:</p> <ul style="list-style-type: none"> <li>- reimbursement clauses, or</li> <li>- adjustment to the subsidy for the next financial year.</li> </ul>
<b>Amount of aid granted</b>	
<b>Total amount of aid granted. This includes all aid paid in your territory, including aid paid by regional and local authorities.</b>	<p>In 2012: EUR 29 766 108  In 2013: EUR 32 091 909  In 2014: EUR 21 231 542 (for the first half-year)</p> <p>(Some regional authorities communicated non-exhaustive amounts)</p>
<b>Other quantitative information</b>	

d. Social housing

Clear and comprehensive description of how the respective services are organized in your Member State	
<p><b>Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.</b></p>	<p>Article L. 411-2 of the Construction and Housing Code defines the scope of SGEIs in social housing as follows:</p> <ul style="list-style-type: none"> <li>- the construction, acquisition, improvement, management and assignment of rented dwellings <b>for capped rents</b> when they are intended for the use of <b>persons whose income is below the ceilings set by the administrative authority</b> for the letting of dwellings which are covered by one of the agreements referred to in Article L. 351-2 of the Construction and Housing Code and <b>access to which is subject to means testing; services of general interest</b>, however, also include the aforementioned operations for the benefit of persons of middle income whose resources do not exceed the ceilings set in Book III, Title IX, provided that the dwellings let to this group of persons represent fewer than 10 % of the social rented dwellings within the meaning of Article L. 302-5 of the said Code that are held by the body in question;</li> <li>- operations for the purchase of property intended for <b>persons whose income is below the ceiling set by the administrative authority</b> for the allocation of rented housing which is covered by one of the agreements referred to in Article L. 351-2 of the Construction and Housing Code and <b>access to which is subject to means testing; services of general interest</b>, however, include the aforementioned operations for the benefit of persons of middle income whose resources do not exceed the ceilings set in Book III, Title IX, up to a limit of 25 % of the dwellings sold by the body in question, provided that all of the operations are accompanied by guarantees for the purchaser governed by conditions laid down in a decree</li> </ul>

	<p>enacted by the Council of State;</p> <ul style="list-style-type: none"> <li>- the management or the acquisition with a view to resale, with the agreement of the mayor of the municipality of location and of the representative of the French Government in the <i>département</i>, of dwellings located in <b>condominiums affected by major operating difficulties or covered by a rescue plan</b> drawn up in accordance with Article L. 615-1 of the Code or by a programmed operation for the improvement of the housing environment within the meaning of Article L. 303-1 of the Code and, for a maximum period of ten years from the initial assignment, the management of condominiums resulting from the assignment of the rented dwellings referred to in the ninth indent of Article L. 411.2 of the Code, in so far as the selling body remains an owner of dwellings;</li> <li>- accessory services to the aforementioned operations.</li> </ul>
<p><b>Explanation of the (typical) forms of entrustment. If standardized templates for entrustments are used for a certain sector, please attach them.</b></p>	<p>The services of general interest entrusted to the operators of social housing are assigned by means of an official act of the public authorities. Once the operators have obtained official approval, which enables them to engage in the provision of social housing services of general interest, the main elements of their entrustment are those which are explicitly indicated in Article L. 411.2 of the Construction and Housing Code, to which are added other articles of the Code, particularly those defining the rules for the allocation of housing by which administrators of social housing are bound, as well as the agreements on individualised housing assistance (APL), which specify the nature of the entrustment for each programme.</p> <p>The Housing Promotion and Anti-Exclusion Act of 25 March 2009 (Statute No 2009-323) makes the conclusion of a social-utility agreement compulsory for all social landlords and semi-public companies, prescribing financial penalties for bodies refusing to engage in the formulation of such an agreement or seriously defaulting on its obligations under such an agreement. Besides provisions relating to the body's property and investment policy, including sales, this agreement includes specifications for social housing management and commitments relating to service quality, which serve to translate the aims of national housing policy into</p>

	<p>asset-related and social objectives, particularly as regards the enforceable right to housing as well as housing allocation and matching supply to demand in the realm of social housing.</p> <p>The provisions include performance indicators on the basis of which bodies undertake to meet quantified targets, particularly as regards the improvement of housing stock. These indicators are defined on the basis of the strategic asset plan prescribed by the Act. This plan is based on a multi-factor analysis of property assets, focusing particularly on their quality and appeal, as well as on the financial capacity of the housing body.</p> <p>The formulation of this plan requires providers of low-rent housing to have a strategic, forward-looking vision for the development of demand-driven supply and for their short-term and long-term improvement and maintenance programmes for their housing stock.</p> <p>The indicators associated with the commitment to maintain and improve existing assets are expressed as follows in the agreements:</p> <ul style="list-style-type: none"> <li>• annual amount of investment in euros per dwelling (rehabilitation work on housing stock and replacement of components)</li> <li>• annual amount of operating expenditure in euros per dwelling (maintenance expenses, covering routine maintenance and major upgrades)</li> <li>• number of buildings for which energy performance certificates are obtained within the first 18 months of the agreement</li> <li>• percentage of buildings renovated in sensitive urban areas and outside sensitive urban areas.</li> </ul> <p>Besides its ability to house sections of the population who cannot find accommodation on the private market, providers of low-rent housing are developing a quality policy that serves to ensure that their clients are housed in clean and hygienic conditions.</p> <p>Semi-public housing companies are subject to the same requirements as low-rent housing bodies.</p>
<p><b>Explanation of the (typical) duration of the entrustment and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer</b></p>	<p>The entrustment has no time limit, and the entrusted body is required to comply with the provisions of the Construction and Housing Code. Since the existence of this entrustment influences the ability to provide SGEIs in the realm of social housing and consequently holds the key to state allowances, its duration systematically exceeds ten years. This excess is also warranted by the high volume of</p>

<p><b>than 10 years.</b></p>	<p>investments made by social-housing bodies.</p> <p>Accordingly, the duration of public-service obligations is not limited, since the Construction and Housing Code prescribes that ‘On the date on which an agreement provided for by Article L. 351-2 and relating to dwellings belonging to a low-rent housing body ceases to have effect, all of the provisions of this Book shall be applicable to those dwellings’. In particular, landlords must continue to apply the rules relating to resource ceilings and to allocations.</p> <p>Moreover, the transfer of such dwellings, besides being extremely tightly regulated by Articles L. 443-7 <i>et seq.</i> of the Construction and Housing Code, does not extinguish the public-service obligations attached to the dwellings (Articles L. 411-3 and L. 411-4).</p>
<p><b>Explanation whether (typically) exclusive or special rights are assigned to the undertakings.</b></p>	<p>Only entrusted undertakings may provide SGEIs in the realm of social housing and so benefit from state aid.</p>
<p><b>Explanation of the (typical) compensation mechanism as regards the respective services, including the aid instrument (direct subsidy, guarantee, etc.) used and whether a methodology based on cost allocation or the net avoided cost methodology is used.</b></p>	<p>The decision to grant funding for an operation enables operators to obtain preferential funding from the Caisse des dépôts et consignations (Deposits and Consignments Fund) on the basis of a loan agreement in which reference is made to the social nature of the financed housing.</p> <p>It also gives them the opportunity to benefit from tax allowances, details of which are enshrined in legislative instruments.</p> <p>Lastly, budgetary subsidies are the subject of funding decisions which accompany the agreement on individualised housing allowance (APL) but are distinct from that allowance. The latter falls under the general funding rules established by the Regulation for the government and by deliberations for the regional and local authorities. The national reference amounts of assistance are updated annually to reflect changing needs as well as changes in available budgetary resources.</p> <p>In practice, the distribution of the allocated volume of assistance depends on the financial capacities of the various contributors, chiefly central government and the regional and local authorities. For the government, at the national level, the compensation parameters are set on</p>

	<p>the basis of the national reference amounts, which depend on the levels of the imposed social constraints in the form of rent and income ceilings.</p>
<p><b>Explanation of the (typical) arrangements for avoiding and repaying any overcompensation.</b></p>	<p>The public authorities possess wide powers of scrutiny and sanction over low-rent housing bodies: prior approval, including the definition of a geographical area of responsibility; participation of local authorities – often in the chair – on the administrative board of Public Housing Offices – public-sector low-rent housing bodies; supervisory power over the Interministerial Inspectorate of Social Housing (MILOS), including the authority to impose financial penalties, and supervisory authority over the Prefect. In the event of serious wrongdoing, the administrative authority may withdraw the approval of a housing body and even dissolve it.</p> <p>Funding decisions taken by the administration are subject to prior analysis of the likely financial balance of operations. This analysis serves to set a target rent-to-subsidy ratio in relation to the capped scale for the operations that are easier to keep in balance and to keep watch on the general financial well-being of the body in the event of a loss-making operation.</p> <p>Low-rent housing bodies, and social-housing operations in general, are subject to <i>post hoc</i> auditing by MILOS, which verifies the propriety and quality of their management. They are also subject to monitoring by prefects and local authorities.</p> <p>In addition, compliance with APL agreements may be subject to verification by the decentralised departments of the ministry responsible for housing, which can result in individual bodies losing their APL entitlement, and by the tax authorities, which may lead to the recovery of fiscal assistance.</p> <p>Article L. 353-11 of the Construction and Housing Code lays down that '<i>Verification of implementation of the agreements defined in this chapter shall be carried out by the administration</i>'. The bodies referred to in Article L. 351-8 of the Code – organisations responsible for the management of family allowances – are required to provide the administration with all of the information required for this verification. In each model agreement, an article dealing with verification stipulates that '<i>At any</i></p>



	<p><i>time, the landlord, at the request of the representative of the state in the département, shall provide all of the information and all of the documents required for the full discharge of this duty of verification’.</i></p> <p>The frequency of verification has also been prescribed. Checks may be carried out at the time of initial occupation, on the third anniversary of initial occupation to ensure that a new lease has not been concluded and that the owner has not repossessed the dwelling, in the form of periodical surveys or of the OPS survey of social housing occupancy, which reviews the social mix, or else by the MILOS inspectorate. The latter carries out general assessments of the management of housing bodies at regular intervals.</p> <p>Furthermore, bodies responsible for social housing are required to submit their accounts to the administration. This submission comprises the regulatory statements, including financial statements, namely the balance sheet and the operating account. The Public Housing Offices that are required to publish their accounts are subject to audit by the regional audit courts, which audit their accounts every year and grant discharge to the public accountant of the Office. Low-rent housing providers constituted as joint-stock companies and those Public Housing Offices which are subject to the accounting rules laid down by the Commercial Code must have their accounts certified by an auditor, regardless of the size of their budget.</p> <p>The penalties for non-compliance with the terms of the agreements are laid down in the agreements themselves. These penalties take various forms: criminal sanctions, fiscal penalties, financial penalties or termination of the agreement. The list of these administrative sanctions expressly includes the repayment of subsidies in the event of overcompensation.</p>
<b>Amount of aid granted</b>	
<b>Total amount of aid granted. This includes all aid paid in your territory, including aid paid by regional and local authorities.</b>	The total amount of aid granted to social-housing bodies is estimated at EUR 6 billion for 2012 and EUR 6.6 billion for 2013; the figures for 2013 have not been finalised.
<b>Other quantitative information</b>	The reason for the increase in aid is that the target number of social dwellings has been rising.

e. Care and social inclusion of vulnerable groups: see tables a, c and d above.

**3) Air or maritime links to islands (Art. 2(1)(d))**

Neither air nor maritime links within national territory fall within the scope of the SGEI Decision.

**4) Airports and ports (Art. 2(1)(e))**

Neither air nor maritime links within national territory fall within the scope of the SGEI Decision.

**5) Other SGEI compensation not exceeding EUR 15 million (Art. 2(1)(a))**

**a. Youth and sport**

<b>Clear and comprehensive description of how the respective services are organized in your Member State</b>	
<b>Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.</b>	An association engaging, on <u>its own</u> initiative, in the provision of a service of general interest recognised as such by the public authority (a definition used by the Council of State in its <i>Municipality of Aix-en-Provence</i> judgment)
<b>Explanation of the (typical) forms of entrustment. If standardized templates for entrustments are used for a certain sector, please attach them.</b>	Administrative Order for the allocation of a subsidy or the conclusion of a targeted agreement; every subsidy exceeding EUR 23 000 is the subject of an agreement.
<b>Explanation of the (typical) duration of the entrustment and the range of durations of the entrustments. Please also specify the proportion of entrustments that are longer than 10 years.</b>	One year or, in the case of a multiannual agreement, two or more years.

<b>Explanation whether (typically) exclusive or special rights are assigned to the undertakings.</b>	No exclusive or special rights are assigned.
<b>Explanation of the (typical) compensation mechanism as regards the respective services, including the aid instrument (direct subsidy, guarantee, etc.) used and whether a methodology based on cost allocation or the net avoided cost methodology is used.</b>	A direct subsidy in the form of a contribution designed to defray some of the costs arising from the service provided by the non-profit organisation (prior examination of the budget, management report, repayment obligation in the event of non-provision or partial provision of the service, auditing of accounts and certification by an auditor if the body receives subsidies exceeding EUR 153 000 in any year).
<b>Explanation of the (typical) arrangements for avoiding and repaying any overcompensation.</b>	Repayment order issued.
<b>Amount of aid granted</b>	
<b>Total amount of aid granted. This includes all aid paid in your territory, including aid paid by regional and local authorities.</b>	<p>In 2012, a total of 5 298 associations received subsidies totalling EUR 63 159 000 in the form of government appropriations under budgetary programme No 63 – Youth and the voluntary sector.</p> <p>The budgetary documentation for 2013 is currently being compiled. A roughly similar number of associations were subsidised.</p>
<b>Other quantitative information.</b>	In 2012, subsidies exceeding EUR 150 000 went to 58 associations, which were therefore liable to exceed the <i>de minimis</i> ceiling for SGEIs. The average amount paid to these 58 associations was EUR 347 000, the largest subsidy being the allocation of EUR 2 811 530 to the Youth Information and Documentation Centre in Paris.

#### i. Miscellaneous

Most associations (non-profit organisations) operate in a non-competitive sector with the aim of satisfying social and welfare needs (social services of general interest) that are not met by the market.