

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

(a) a description of the application of this Decision to the services falling within its scope, including in-house activities;

(b) the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;

(c) an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and

(d) any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.

Paragraph 62 of the Framework sets in principle identical reporting obligations for aid granted under the SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions £) | | |
|--|------|------|
| | 2016 | 2017 |
| Compensation for Services of General Economic Interest (1+2) | | |
| (1) Compensation granted on the basis of the SGEI Decision | | |
| (2) Compensation granted on the basis of the SGEI Decision | | |
| Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI de minimis aid ...) and the sectors in which they are used. If you consider that for the sectors listed below your Member State only grants public financing to activities that are non-economic in nature and hence would not be in scope of State aid rules we invite you to also inform us about this (by describing why the subsidized activity is non-economic). | | |

2. 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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) Other SGEI compensation not exceeding EUR 15 million (Art. 2(1)(a))
 - I. Postal services
 - II. Energy
 - III. Waste collection
 - IV. Water supply
 - V. Culture
 - VI. Financial services
 - VII. Other sectors (please specify)

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

| |
|---|
| Clear and comprehensive description of how the respective services are organised 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 |
| Capital Grants made to increase the amount of affordable housing in England. Funding awarded in England outside of greater London and distributed by the Homes and Communities Agency (HCA), and inside greater London by the Greater London Authority (GLA) on behalf of the Department of the Department for Communities and Local Government.. |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| Entrustments are made in the form of Capital Grants. |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGWI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |

Entrustments are made in two equal instalments. The first at the start of the building work known as the start on site and the second is upon practical completion of the property. The duration between payments will vary according to the build time for each project, however funding for affordable housing is tied to specified programme periods, defined in the bidding prospectus, and is unlikely to exceed those periods. Once paid, the grant remains tied to the property in perpetuity or until a recovery event occurs when the grant is either repaid to the Agency or recycled by the provider into further affordable housing delivery (defined in the RCGF Determination [here](#)).

Explanation whether (typically) **exclusive or special rights** are assigned to the undertakings.

N/A

Which **aid instruments** have been used (direct subsidies, guarantees, etc)?

Direct grant subsidies

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

Grant recipients sign a standard form of legally binding contract which sets out the conditions and arrangements for repayment of entrustments. Entrustments are awarded following an open and competitive bidding and assessment process with appropriate due diligence checks and VFM consideration. Grant recipients are granted the minimum amount of funding needed to make the building development viable. The HCA and GLA are responsible for monitoring the developments on behalf of DCLG. This includes quarterly reports and quarterly performance management meetings with providers, verifying expenditure, progress to develop new homes and monitoring the use of entrustments.

Typical **arrangements for avoiding and repaying any overcompensation.**

As above allocations for the Affordable Homes Programme are made on the basis of competitive bidding. Bids are assessed for relative value for money and include details of the costs of the scheme and the details of the capital contributions to funding the scheme (i.e. the levels of borrowing, cross subsidy from sales etc) to ensure the call on grant in the minimum necessary. Validations on the bidding system ensure that total funding, including grant, cannot exceed total costs. In the event of overpayment, grant would be repaid under relevant event (c) in the RCGF Determination linked to above,

A short explanation of the **transparency requirements** (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website) or alternatively explain if you and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

N/A – No individual grants would exceed €15m and none of the activities funded under the affordable housing programmes are outside the scope of SGEI. However we do require through our grant funding contracts that:

where the Allocated Grant (itself or if aggregated with other AHP 2015/18 Funds or funds made available under (i) any subsequent Agency capital funding programme or (ii) any Previous Programme) exceeds £3,000,000, the Grant Recipient must publish details quarterly of all expenditure in excess of £500 incurred by it in delivering Firm Schemes by such means as ensures that such details can be accessed by the general public.

| Amount of aid granted | |
|---|-----------------|
| Total amount of aid granted (in millions £). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016-17 | 2017-18 |
| Total: 649.9m | Total: 1,170.1m |
| A: Total amount of aid granted (in millions £) paid by your national central authorities¹ | |
| 2016-17 | 2017-18 |
| Total: £309.4m | Total: £533.3m |
| B: Total amount of aid granted (in millions £) paid by regional authorities² | |
| 2016-17 | 2017-18 |
| £336.5m (grant) | £636.8m (grant) |
| £....m (loan) | £....m (loan) |
| Total: £336.5m | Total: £636.8m |
| C: Total amount of aid granted (in millions £) paid by local authorities³ | |
| 2016 | 2017 |
| Total: £.....m | Total £.....m |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size and undertakings) | |
| 2016 | 2017 |
| | |

¹ This does not include the funding provided by the Department of Health for supported affordable housing which is included separately in the Department of Health SGEI return. This information is in financial year (not calendar year)

² This information has been provided by the Greater London Authority in terms of expenditure by financial year (not calendar year).

³ Information not currently available.

ANNEX Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

- (a) a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- (b) the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- (c) an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- (d) any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|--|------|------|
| | 2016 | 2017 |
| <i>Compensation for Services of General Economic Interest (1+2)</i> | £235 | £160 |
| (1) Compensation granted on the basis of the SGEI Decision | £235 | £160 |
| (2) Compensation granted on the basis of the SGEI Framework | | |
| <u>Non-compulsory:</u> If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI <i>de minimis</i> aid ...) and the sectors in which they are used. | | |

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

Not applicable for POL

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State ² |
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|--|

| |
|--|
| 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 |
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|----------------------|
| clearly as possible. |
|----------------------|

² If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

| | |
|--|-------------|
| | |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. | |
| | |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? | |
| | |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. | |
| | |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? | |
| | |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. | |
| | |
| Typical arrangements for avoiding and repaying any overcompensation . | |
| | |
| A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). | |
| | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)³ . This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |
| | |

³ As stipulated in Article 9 b) of the 2012 SGEI Decision.

| A: Total amount of aid granted (in millions EUR) paid by national central authorities⁴ | |
|--|-------------|
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities⁵ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities⁹ | |
| 2016 | 2017 |
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)⁶ | |
| 2016 | 2017 |
| | |

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

- 1) SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision (please specify the Commission decision approving each measure if applicable):
 - i. Postal services
 - ii. Energy
 - iii. Waste collection

⁴ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁵ See footnote 7.

⁹ See footnote 7.

⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

- iv. Water supply
- v. Air or maritime links to islands with average annual traffic above the limits set in Art. 2(1)(d)
- vi. Airports and ports with average annual traffic above the limit set in Art. 2(1)(e)
- vii. Culture
- viii. Financial services
- ix. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State⁷ |
|---|
| 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. |
| <p>As per Paragraph 13 of State aid decision SA38788 POL is entrusted with the following public service obligations:</p> <p>Network SGEI: To maintain a post offices network above its optimum commercial size that includes at least 11,500 post offices and meets the following minimum access criteria:</p> <ul style="list-style-type: none"> • Nationally, 99% of the UK population to be within 3 miles and 90% of the population to be within 1 mile of their nearest post office branch; • In urban areas: 99% of the total population in deprived urban areas across the UK to be within 1 mile of their nearest post office branch and 95% of the total urban population across the UK to be within 1 mile of their nearest post office branch; • In rural areas: 95 % of the total rural population across the UK to be within 3 miles of their nearest post office branch; and • In each postcode district: 95% of the population of each and every individual postcode district to be within 6 miles of their nearest post office branch (establishing a minimum level of coverage at a very local level. 2 OJ 2012, C 121/01. <p>Product SGEI: To provide the below-listed services, which POL has agreed to make best endeavours to provide to the maximal extent under contracts that have been concluded on a fully commercial basis with a range of public and private bodies, throughout the entirety of this network:</p> <ul style="list-style-type: none"> • Processing of social benefit and tax credit payments to the public; • Processing of national identity and licensing scheme applications; • Providing universal payment facilities for public utilities; |

⁷ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

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|--|
| <ul style="list-style-type: none"> • Providing access to postal services under the Mail Distribution Agreement with Royal Mail; and • Providing access to basic cash / banking facilities and UK Government savings instruments, especially for rural customers and those receiving social benefits. |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| <p>POL is entrusted with its public service obligations by an entrustment letter and a funding agreement agreed between the Department for Business, Innovation and Skills and POL.</p> <p>The entrustment letter imposes on POL the overall obligations to deliver the public service obligations, while the funding agreement describes precisely the contractual obligations of the UK Government and POL (e.g. the precise terms and conditions under which, subject to State aid clearance by the Commission, the funds are made available to POL and shall be repaid in case of overcompensation).</p> |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| 3 years |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| None |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |

| |
|---|
| Direct subsidy – provided under The Post Office Network Subsidy Scheme Order 2007 |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. |
| Net avoided cost methodology, as described in the 2012 SGEI Framework. |
| Typical arrangements for avoiding and repaying any overcompensation . |
| In the event that the aggregate amount of SGEI compensation payments made by the UK Government to POL under each individual funding agreement exceed the costs incurred by POL in providing the SGEIs entrusted to it, POL is required to repay to the UK Government, within 10 Business Days of a request from the UK Government, an amount equal to such excess. These arrangements are clearly set out in the relevant entrustment letters agreed between the Department for Business, Energy and Industrial Strategy and POL. |

A short explanation of how the **transparency requirements** (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

In its relevant notifications to the European Commission the UK Government states that it will ensure compliance with requirements set out in Paragraph 60 of the 2012 SGEI Framework regarding transparency by making publicly available the following information:

- The results of all public consultations on the public need for the SGEIs;
- The content and the duration of the entrusted SGEIs;
- The undertaking and territory concerned with/by the provision of the entrusted SGEI; and
- The amounts of SGEI compensation to be granted to POL on an annual basis.

The UK has also confirmed that it will report to the Commission on the compliance of all SGEI entrustments with the 2012 SGEI Framework at two years intervals in accordance with point 62 of the 2012 SGEI Framework.

Amount of aid granted

Total amount of aid granted (in millions EUR)⁸. This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)

| 2016 | 2017 |
|--|-------------|
| £235 | £160 |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities⁹ | |
| 2016 | 2017 |
| £235 | £160 |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁰ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities¹¹ | |
| 2016 | 2017 |

⁸ As stipulated in Paragraph 62 b) of the 2012 SGEI Framework.

⁹ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

¹⁰ See footnote 13.

¹¹ See footnote 13.

| | |
|--|-------------|
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| £235 | £160 |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹² | |
| 2016 | 2017 |
| | |

4. COMPLAINTS BY THIRD PARTIES

Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures in scope of the 2012 SGEI Decision or 2012 SGEI Framework. Please be as specific as possible in your reply and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities or the likely outcome of the court proceedings.

5. MISCELLANEOUS QUESTIONS

a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

¹² The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Framework, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;
- complying with public procurement rules in line with para 19 of the SGEI Framework;
- determining the net avoided cost as required by paras 25-27 of the SGEI Framework;
- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

- c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

ANNEX

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

(a) a description of the application of this Decision to the services falling within its scope, including in-house activities;

(b) the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;

(c) an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and

(d) any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|---|------|------|
| | 2016 | 2017 |
| Compensation for Services of General Economic Interest (1+2) | | |
| (1) Compensation granted on the basis of the SGEI Decision | | |
| (2) Compensation granted on the basis of the SGEI Framework | | |

Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI de minimis aid ...) and the sectors in which they are used.

| |
|--|
| |
|--|

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State⁵ |
|--|
| 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. |
| Support for Dundee to London Stansted Air Route |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| Tendered Contract following granting of Public Service Obligation (PSO) |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| 2 Years from 1 st July 2014 (subsequently extended to 25 th March 2017). New 2 year contract let from 26 th March 2017 |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| Restricted to a single operator |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| Direct Subsidy |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. |
| Open tender exercise |
| Typical arrangements for avoiding and repaying any overcompensation . |
| Open tender exercise to ensure best value for the market. Examination of accounts to ensure no overcompensation. |

A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

Amount of aid granted

Total amount of aid granted (in millions EUR)⁶. This includes all aid granted in your territory, including aid granted by regional and local authorities. **(A+B+C)**

| 2016 | 2017 |
|------|------|
| | |

A: Total amount of aid granted (in millions EUR) paid by national central authorities⁷

| 2016 | 2017 |
|------|------|
| | |

B: Total amount of aid granted (in millions EUR) paid by regional authorities⁸

| 2016 | 2017 |
|------|------|
| | |

C: Total amount of aid granted (in millions EUR) paid by local authorities⁹

| 2016 | 2017 |
|------------|------------|
| £1,622,532 | £1,866,345 |

| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
|--|-------------|
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰ | |
| 2016 | 2017 |
| | |

⁵ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

⁶ As stipulated in Article 9 b) of the 2012 SGEI Decision.

⁷ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁸ See footnote 7.

⁹ See footnote 7.

¹⁰ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

1) SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision

(please specify the Commission decision approving each measure if applicable):

i. Postal services

ii. Energy

iii. Waste collection

iv. Water supply

v. Air or maritime links to islands with average annual traffic above the limits set in Art. 2(1)(d)

vi. Airports and ports with average annual traffic above the limit set in Art. 2(1)(e)

vii. Culture

viii. Financial services

ix. Other sectors (please specify)

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

| |
|--|
| Clear and comprehensive description of how the respective services are organized in your Member State¹¹ |
| 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. |
| |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. |
| |

| | |
|--|-------------|
| Typical arrangements for avoiding and repaying any overcompensation. | |
| | |
| <p>A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).</p> | |
| | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)¹². This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |
| | |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³ | |
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁴ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵ | |
| 2016 | 2017 |
| | |

| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
|--|-------------|
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁶ | |
| 2016 | 2017 |
| | |

¹¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

¹² As stipulated in Paragraph 62 b) of the 2012 SGEI Framework.

¹³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

¹⁴ See footnote 13.

¹⁵ See footnote 13.

¹⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Framework, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

4. COMPLAINTS BY THIRD PARTIES

Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures in scope of the 2012 SGEI Decision or 2012 SGEI Framework. Please be as specific as possible in your reply and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities or the likely outcome of the court proceedings.

5. MISCELLANEOUS QUESTIONS

a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;
- complying with public procurement rules in line with para 19 of the SGEI Framework;
- determining the net avoided cost as required by paras 25-27 of the SGEI Framework;
- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

ANNEX

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

- (a) a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- (b) the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- (c) an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- (d) any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR <i>STERLING (£)</i>) | | |
|---|--------------------|--------------------|
| | 2016 | 2017 |
| Compensation for Services of General Economic Interest (1+2) | 151,790,755 | 192,173,873 |
| (1) Compensation granted on the basis of the SGEI Decision | 135,540 | 106,074 |
| (2) Compensation granted on the basis of the SGEI Framework | 151,155,215 | 192,067,799 |
| Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI <i>de minimis</i> aid ...) and the sectors in which they are used. | | |
| | | |

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State ⁵ |
|--|
| 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 |

⁵ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

| | |
|---|------|
| clearly as possible. | |
| LIFELINE FERRY SERVICE TO THE ISLAND OF KERRERA | |
| Explanation of the (typical) forms of entrustment. If standardized templates for entrustments are used for a certain sector, please attach them. | |
| PUBLIC SERVICE OBLIGATION / GRANT AGREEMENT | |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? | |
| 2 1/2 YEAR AGREEMENT | |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. | |
| NO | |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? | |
| GRANT PAYMENTS | |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. | |
| COMPENSATION BASED ON DIFFERENCE BETWEEN INCOME & COSTS | |
| Typical arrangements for avoiding and repaying any overcompensation. | |
| SCRUTINY OF FINANCIAL RETURNS AND OF INVOICES. | |
| A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR) ⁶ . This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |

⁶ As stipulated in Article 9 b) of the 2012 SGEI Decision.

| | |
|---|----------|
| €135,540 | €106,074 |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities⁷ | |
| 2016 | 2017 |
| €135,540 | €106,074 |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities⁸ | |
| 2016 | 2017 |
| — | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities⁹ | |
| 2016 | 2017 |
| — | — |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| N/A | N/A |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)¹⁰ | |
| 2016 | 2017 |
| — | — |

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

- 1) SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision (please specify the Commission decision approving each measure if applicable):
 - i. Postal services
 - ii. Energy
 - iii. Waste collection

⁷ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁸ See footnote 7.

⁹ See footnote 7.

¹⁰ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

- iv. Water supply
- v. Air or maritime links to islands with average annual traffic above the limits set in Art. 2(1)(d)
- vi. Airports and ports with average annual traffic above the limit set in Art. 2(1)(e)
- vii. Culture
- viii. Financial services
- ix. Other sectors (please specify)

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

| |
|--|
| Clear and comprehensive description of how the respective services are organized in your Member State¹¹ |
| 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. |
| LIFELINE FERRY SERVICES TO ISLANDS AND REMOTE ISLAND COMMUNITIES |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| PUBLIC SERVICE CONTRACTS (PSC) |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| 6-66 YEARS (0%) |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| NO |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |

¹¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.



| | |
|--|--------------|
| GRANT PAID THROUGH PSC | |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. | |
| GRANT PAID THROUGH PSC | |
| Typical arrangements for avoiding and repaying any overcompensation. | |
| STRICT CONTRACTUAL SAFEGUARDS RECONCILIATION AND CLAWBACK MECHANISM | |
| A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). | |
| PSC, AND CONTRACT VARIATIONS PUBLISHED ON TRANSPORT SCOTLAND WEBSITE | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)¹². This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |
| £151,655,215 | £192,067,799 |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³ | |
| 2016 | 2017 |
| £151,655,215 | £192,067,799 |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁴ | |
| 2016 | 2017 |
| — | — |
| C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵ | |
| 2016 | 2017 |
| — | — |

¹² As stipulated in Paragraph 62 b) of the 2012 SGEI Framework.

¹³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

¹⁴ See footnote 13.

¹⁵ See footnote 13.

| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
|---|--|
| 2016 | 2017 |
| 100% GRANTS | 100% GRANTS |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁶ | |
| 2016 | 2017 |
|  |  |

4. COMPLAINTS BY THIRD PARTIES

Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures in scope of the 2012 SGEI Decision or 2012 SGEI Framework. Please be as specific as possible in your reply and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities or the likely outcome of the court proceedings.

5. MISCELLANEOUS QUESTIONS

a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

¹⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Framework, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;
- complying with public procurement rules in line with para 19 of the SGEI Framework;
- determining the net avoided cost as required by paras 25-27 of the SGEI Framework;
- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

- c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

ANNEX

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

- (a) a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- (b) the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- (c) an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- (d) any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|---|------|------|
| | 2016 | 2017 |
| Compensation for Services of General Economic Interest (1+2) | | |
| (1) Compensation granted on the basis of the SGEI Decision | | |
| (2) Compensation granted on the basis of the SGEI Framework | | |

Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI de minimis aid ...) and the sectors in which they are used.

| |
|--|
| |
|--|

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State ⁵ |
|---|
| 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. |
| <p>The provision of airport services in remote areas. All support is to Highlands and Islands Airports Ltd (HIAL) which is wholly owned by Scottish Ministers and operates 11 airports in the Highlands and Islands of Scotland plus Dundee. Support is provided for both revenue and capital costs. The current SGEI assigned to HIAL is:</p> <ul style="list-style-type: none"> • Maintain the safe operation of the airports located at Barra, Benbecula, Campbelltown, Dundee, Islay, Inverness, Kirkwall, Stornoway, Sumburgh, Tiree and Wick John O'Groats and ensure that they remain open to all commercial air traffic for the five year period 2017 to 2022. |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| Form of entrustment is through a Framework Document. |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| 5 years. |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| No exclusive or special rights are assigned to HIAL. |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| Direct subsidies. |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. |
| The funding regime for HIAL is designed with the aim of ensuring that the costs of HIAL's operations are met over the course of a financial year. HIAL does not make a profit. Subsidy is only provided to meet the difference between HIAL's income and its |

costs with the aim that the company breaks even in any given year.

Typical arrangements for avoiding and repaying any overcompensation.

HIAL is non-profit making and is provided with subsidy to ensure that it breaks even within a given period. For each financial year HIAL is allocated a budget of 'up to' an amount based upon a projection of their net requirement to achieve a breakeven position i.e. taking account of costs and commercial revenue. HIAL is only provided with subsidy where there is a demonstrable need for it in order to achieve a breakeven position. HIAL is required to provide monthly financial returns which show revenue and expenditure to date and forecast their outturn for the financial year. Subsidy payments are made monthly based upon these returns to cover actual net costs incurred and achieve a breakeven position. This process enables regular assessment of revenue and costs and identifies potential under or over spends for the financial year. These under/over spends can then be addressed through either reducing the overall subsidy provision or through HIAL managing costs downwards (e.g. through delaying maintenance work) to ensure that a breakeven position is achieved.

This process achieves a breakeven position within a financial year and as such there is no need for a mechanism that would offset overcompensation in one year against the following year. This situation would never arise. Due to HIAL's legal status, the Scottish Government / Transport Scotland are not permitted to accrue funds from one financial year to the next in relation to HIAL's activities. All financial transactions between HIAL and the Scottish Government / Transport Scotland must be completed and accounted for within the relevant financial year.

A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

As set out in the Framework Document, HIAL is required to consult with airport users through an annual customer survey. The results of these surveys will be published on the HIAL web site.

HIAL's Annual Report and Accounts are published on the HIAL web site at:

<http://www.hial.co.uk/hial-group/about-us/annual-report-board-minutes/>

The HIAL Board meets around every six weeks and meetings take place at the airports within the HIAL network, including Sumburgh. Board meetings are usually accompanied by Board dinners where local stakeholders are invited to attend. This enables local

stakeholders to put their views on their local airport directly to the Board.

To aid transparency, HIAL is required to publish the agenda and minutes for Board meetings. These can be viewed on the HIAL web site at:

<http://www.hial.co.uk/hial-group/about-us/annual-report-board-minutes/>

Amount of aid granted

Total amount of aid granted (in millions EUR)⁶. This includes all aid granted in your territory, including aid granted by regional and local authorities. **(A+B+C)**

| 2016 | 2017 |
|-----------------------|-----------------------|
| £12,514,185 (2016-17) | £19,758,865 (2017-18) |

A: Total amount of aid granted (in millions EUR) paid by national central authorities⁷

| 2016 | 2017 |
|-----------------------|-----------------------|
| £12,514,185 (2016-17) | £19,758,865 (2017-18) |

B: Total amount of aid granted (in millions EUR) paid by regional authorities⁸

| 2016 | 2017 |
|------|------|
| | |

C: Total amount of aid granted (in millions EUR) paid by local authorities⁹

| 2016 | 2017 |
|------|------|
| | |

Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)

| 2016 | 2017 |
|------|------|
|------|------|

| | |
|--|--|
| Direct subsidy – 100% | Direct Subsidy – 100% |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰ | |
| 2016 | 2017 |
| 1 beneficiary which is a large enterprise. | 1 beneficiary which is a large enterprise. |

⁵ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

⁶ As stipulated in Article 9 b) of the 2012 SGEI Decision.

⁷ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁸ See footnote 7.

⁹ See footnote 7.

¹⁰ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

1) SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision

(please specify the Commission decision approving each measure if applicable):

i. Postal services

ii. Energy

iii. Waste collection

iv. Water supply

v. Air or maritime links to islands with average annual traffic above the limits set in Art. 2(1)(d)

vi. Airports and ports with average annual traffic above the limit set in Art. 2(1)(e)

vii. Culture

viii. Financial services

ix. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State ¹¹ |
|--|
| 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. |
| <p>The provision of airport services in remote areas, specifically Inverness and Sumburgh Airports. All support is to Highlands and Islands Airports Ltd (HIAL) which is wholly owned by Scottish Ministers and operates 11 airports in the Highlands and Islands of Scotland plus Dundee. Support is provided for both revenue and capital costs. The current SGEI assigned to HIAL is:</p> <ul style="list-style-type: none"> • Maintain the safe operation of the airports located at Barra, Benbecula, Campbeltown, Dundee, Islay, Inverness, Kirkwall, Stornoway, Sumburgh, Tiree and Wick John O'Groats and ensure that they remain open to all commercial air traffic for the five year period 2017 to 2022. |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| Form of entrustment is through a Framework Document. |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| 5 years. |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| No exclusive or special rights are assigned to HIAL. |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| Direct subsidies. |

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

The funding regime for HIAL is designed with the aim of ensuring that the costs of HIAL's operations are met over the course of a financial year. HIAL does not make a profit. Subsidy is only provided to meet the difference between HIAL's income and its costs with the aim that the company breaks even in any given year.

Typical **arrangements for avoiding and repaying any overcompensation.**

HIAL is non-profit making and is provided with subsidy to ensure that it breaks even within a given period. For each financial year HIAL is allocated a budget of 'up to' an amount based upon a projection of their net requirement to achieve a breakeven position i.e. taking account of costs and commercial revenue. HIAL is only provided with subsidy where there is a demonstrable need for it in order to achieve a breakeven position. HIAL is required to provide monthly financial returns which show revenue and expenditure to date and forecast their outturn for the financial year. Subsidy payments are made monthly based upon these returns to cover actual net costs incurred and achieve a breakeven position. This process enables regular assessment of revenue and costs and identifies potential under or over spends for the financial year. These under/over spends can then be addressed through either reducing the overall subsidy provision or through HIAL managing costs downwards (e.g. through delaying maintenance work) to ensure that a breakeven position is achieved.

This process achieves a breakeven position within a financial year and as such there is no need for a mechanism that would offset overcompensation in one year against the following year. This situation would never arise. Due to HIAL's legal status, the Scottish Government / Transport Scotland are not permitted to accrue funds from one financial year to the next in relation to HIAL's activities. All financial transactions between HIAL and the Scottish Government / Transport Scotland must be completed and accounted for within the relevant financial year.

A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

As set out in the Framework Document, HIAL is required to consult with airport users through an annual customer survey. The results of these surveys will be published on the HIAL web site.

HIAL's Annual Report and Accounts are published on the HIAL web site at:

<http://www.hial.co.uk/hial-group/about-us/annual-report-board-minutes/>

The HIAL Board meets around every six weeks and meetings take place at the airports within the HIAL network, including Sumburgh. Board meetings are usually accompanied by Board dinners where local stakeholders are invited to attend. This enables local stakeholders to put their views on their local airport directly to the Board.

To aid transparency, HIAL is required to publish the agenda and minutes for Board meetings. These can be viewed on the HIAL web site at:

<http://www.hial.co.uk/hial-group/about-us/annual-report-board-minutes/>

Amount of aid granted

Total amount of aid granted (in millions EUR)¹². This includes all aid granted in your territory, including aid granted by regional and local authorities. **(A+B+C)**

| 2016 | 2017 |
|-----------------------|----------------------|
| £12,987,891 (2016-17) | £9,708,548 (2017-18) |

A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³

| 2016 | 2017 |
|-----------------------|----------------------|
| £12,987,891 (2016-17) | £9,708,548 (2017-18) |

B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁴

| 2016 | 2017 |
|------|------|
| | |

C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵

| 2016 | 2017 |
|------|------|
| | |

Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)

| 2016 | 2017 |
|------|------|
|------|------|

| | |
|--|--|
| Direct subsidy – 100% | Direct subsidy – 100% |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁶ | |
| 2016 | 2017 |
| 1 beneficiary which is a large enterprise. | 1 beneficiary which is a large enterprise. |

¹¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

¹² As stipulated in Paragraph 62 b) of the 2012 SGEI Framework.

¹³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

¹⁴ See footnote 13.

¹⁵ See footnote 13.

¹⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Framework, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

4. COMPLAINTS BY THIRD PARTIES

Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures in scope of the 2012 SGEI Decision or 2012 SGEI Framework. Please be as specific as possible in your reply and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities or the likely outcome of the court proceedings.

5. MISCELLANEOUS QUESTIONS

a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;
- complying with public procurement rules in line with para 19 of the SGEI Framework;
- determining the net avoided cost as required by paras 25-27 of the SGEI Framework;
- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

ANNEX

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

- (a) a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- (b) the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- (c) an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- (d) any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|---|------|------|
| | 2016 | 2017 |
| Compensation for Services of General Economic Interest (1+2) | | |
| (1) Compensation granted on the basis of the SGEI Decision | | |
| (2) Compensation granted on the basis of the SGEI Framework | | |

Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI de minimis aid ...) and the sectors in which they are used.

| |
|--|
| |
|--|

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State⁵ |
|--|
| 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. |
| The provision of scheduled air services from Glasgow to Campbeltown, Tiree and Barra. |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| Tendered contract under EC Regulation No 1008/2008. |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| 4 years. |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| The air routes in question are restricted to a single operator under article 16 of EC Regulation No 1008/2008. |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| Direct subsidy. |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. |
| Direct subsidy based upon an open tender exercise. Operator is reimbursed for costs incurred plus a reasonable profit. |
| Typical arrangements for avoiding and repaying any overcompensation . |
| Open tender exercise ensures best value from the market. Operator's profit margins are calculated regularly through examination of their management accounts to ensure that profit levels are reasonable and that there is no overcompensation. |

A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

N/A.

Amount of aid granted

Total amount of aid granted (in millions EUR)⁶. This includes all aid granted in your territory, including aid granted by regional and local authorities. **(A+B+C)**

| 2016 | 2017 |
|------------|------------|
| £3,824,698 | £4,509,772 |

A: Total amount of aid granted (in millions EUR) paid by national central authorities⁷

| 2016 | 2017 |
|------------|------------|
| £3,824,698 | £4,509,772 |

B: Total amount of aid granted (in millions EUR) paid by regional authorities⁸

| 2016 | 2017 |
|------|------|
| | |

C: Total amount of aid granted (in millions EUR) paid by local authorities⁹

| 2016 | 2017 |
|------|------|
| | |

| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
|--|--|
| 2016 | 2017 |
| Direct subsidy – 100% | Direct Subsidy – 100% |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰ | |
| 2016 | 2017 |
| 1 beneficiary which is a large enterprise. | 1 beneficiary which is a large enterprise. |

⁵ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

⁶ As stipulated in Article 9 b) of the 2012 SGEI Decision.

⁷ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁸ See footnote 7.

⁹ See footnote 7.

¹⁰ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

1) SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision

(please specify the Commission decision approving each measure if applicable):

i. Postal services

ii. Energy

iii. Waste collection

iv. Water supply

v. Air or maritime links to islands with average annual traffic above the limits set in Art. 2(1)(d)

vi. Airports and ports with average annual traffic above the limit set in Art. 2(1)(e)

vii. Culture

viii. Financial services

ix. Other sectors (please specify)

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

| |
|--|
| Clear and comprehensive description of how the respective services are organized in your Member State¹¹ |
| 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. |
| |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. |
| |

Typical **arrangements for avoiding and repaying any overcompensation.**

A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

Amount of aid granted

Total amount of aid granted (in millions EUR)¹². This includes all aid granted in your territory, including aid granted by regional and local authorities. **(A+B+C)**

| 2016 | 2017 |
|---|------|
| | |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³ | |
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁴ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵ | |
| 2016 | 2017 |
| | |

| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
|--|-------------|
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁶ | |
| 2016 | 2017 |
| | |

¹¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

¹² As stipulated in Paragraph 62 b) of the 2012 SGEI Framework.

¹³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

¹⁴ See footnote 13.

¹⁵ See footnote 13.

¹⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Framework, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

4. COMPLAINTS BY THIRD PARTIES

Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures in scope of the 2012 SGEI Decision or 2012 SGEI Framework. Please be as specific as possible in your reply and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities or the likely outcome of the court proceedings.

5. MISCELLANEOUS QUESTIONS

a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;
- complying with public procurement rules in line with para 19 of the SGEI Framework;
- determining the net avoided cost as required by paras 25-27 of the SGEI Framework;
- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

ANNEX

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

(a) a description of the application of this Decision to the services falling within its scope, including in-house activities;

(b) the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;

(c) an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and

(d) any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|--|---------------------|-----------------|
| | 2016 | 2017 |
| <i>Compensation for Services of General Economic Interest (1+2)</i> | | |
| (1) Compensation granted on the basis of the SGEI Decision | £ 422,334.12 | £170,763 |
| (2) Compensation granted on the basis of the SGEI Framework | | |

| |
|--|
| <p>Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI <i>de minimis</i> aid ...) and the sectors in which they are used.</p> |
| |

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State ¹ |
|---|
| 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. |
| <p>Financial Inclusion services have been identified as SGEI and the work that credit unions carry out in relation to this aspect of financial inclusion activity is treated as SGEI.</p> <p>The funding given to credit unions under SGEI enable the provision of basic affordable financial products and services. These products are designed according to the specific requirements (simple, transparent and low cost) to people defined as financially excluded and the funding allows credit unions to carry out this service.</p> <p>In order for the Welsh Government and credit unions to fulfil their mutual objectives, the welsh Government considers it necessary to provide financial support to cover some or all of the specific costs associated with the services of general economic interest.</p> |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| <p>The entrustments are provided as written agreements. They have been issued to all credit unions receiving funding for this purpose and entrust to the Service Provider (Credit Unions) responsibility for providing a service of general economic interest.</p> <p>A grant award letter detailing the act of entrustment is provided at Doc 1.</p> |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| <p>The entrustments that were in place during 2016 with credit unions came into effect on 1 April 2014 and remained in force until 31 March 2017.</p> <p>For the funding in place from March 2017 agreements were provided as a letter entrusting credit unions to their responsibility for providing a Service of General Economic Interest.</p> |

¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

| | |
|--|-----------------|
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. | |
| Welsh Government access to affordable credit funded projects are delivered exclusively by Credit Unions. | |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? | |
| Funding under these Agreements is limited to that actually required by credit unions to perform the public service obligations imposed by the Agreements i.e. what is necessary to cover the net costs exclusively linked to the public service obligation imposed. Regular checks are carried out to ensure that compensation paid to the Service Provider does not lead to overcompensation. | |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. | |
| Funding is awarded in arrears based upon the cost of carrying out a particular activity. | |
| Typical arrangements for avoiding and repaying any overcompensation. | |
| Funding under these Agreements is limited to that actually required by credit unions to perform the public service obligations imposed by the Agreements i.e. what is necessary to cover the net costs exclusively linked to the public service obligation imposed. Regular checks are carried out to ensure that compensation paid to the Service Provider does not lead to overcompensation. | |
| A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). | |
| Support provided currently does not exceed the €15 million limit. | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)². This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |
| £422,334.12 | £170,763 |

² As stipulated in Article 9 b) of the 2012 SGEI Decision.

| A: Total amount of aid granted (in millions EUR) paid by national central authorities³ | |
|---|-----------------|
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities⁴ | |
| 2016 | 2017 |
| £422,334.12 | £170,763 |
| C: Total amount of aid granted (in millions EUR) paid by local authorities⁵ | |
| 2016 | 2017 |
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ⁶ | |
| 2014 | 2015 |
| | |

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

- 1) SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision (please specify the Commission decision approving each measure if applicable):
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply

³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁴ See footnote 3.

⁵ See footnote 3.

⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

- v. Air or maritime links to islands with average annual traffic above the limits set in Art. 2(1)(d)
- vi. Airports and ports with average annual traffic above the limit set in Art. 2(1)(e)
- vii. Culture
- viii. Financial services
- ix. Other sectors (please specify)

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

| |
|--|
| Clear and comprehensive description of how the respective services are organized in your Member State⁷ |
| 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. |
| |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| |

⁷ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

| | |
|--|-------------|
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. | |
| | |
| Typical arrangements for avoiding and repaying any overcompensation. | |
| | |
| A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). | |
| | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)⁸. This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |
| | |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities⁹ | |
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁰ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities¹¹ | |
| 2016 | 2017 |
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |

⁸ As stipulated in Paragraph 62 b) of the 2012 SGEI Framework.

⁹ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

¹⁰ See footnote 9.

¹¹ See footnote 9.

| | |
|--|-------------|
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹² | |
| 2016 | 2017 |
| | |

4. COMPLAINTS BY THIRD PARTIES

Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures in scope of the 2012 SGEI Decision or 2012 SGEI Framework. Please be as specific as possible in your reply and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities or the likely outcome of the court proceedings.

5. MISCELLANEOUS QUESTIONS

a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;
- complying with public procurement rules in line with para 19 of the SGEI Framework;

¹² The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Framework, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

- determining the net avoided cost as required by paras 25-27 of the SGEI Framework;
- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

- c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

ANNEX Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

- (a) a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- (b) the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- (c) an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- (d) any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|--|-------|-------|
| | 2016 | 2017 |
| <i>Compensation for Services of General Economic Interest (I+2)</i> | 0.030 | 0.196 |
| (1) Compensation granted on the basis of the SGEI Decision | 0.030 | 0.196 |
| (2) Compensation granted on the basis of the SGEI Framework | | |
| <u>Non-compulsory:</u> If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI <i>de minimis</i> aid ...) and the sectors in which they are used. | | |

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State² |
|---|
| 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. |
| Social Housing has been defined as SGEI. State aid has been granted to Flintshire's wholly owned company North East Wales Homes (NEW Homes) in the form of a |

² If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

| |
|--|
| loan interest rate to support the development of social housing. This housing will be offered to people who have been failed by the housing market on Flintshire CC's Affordable Housing Register who will pay up to 90% of market rent. |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| See attached entrustment pdf |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| Currently only a short term development loan has been issued for the period of the new build programme (spanning 3 calendar years). Once the build is complete a 45 year annuity will be issued. |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| See attached entrustment pdf |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| Aid has been issued in the form of a lower than market rate loan interest rate. |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. |
| The net avoided costs methodology has been used. |
| Typical arrangements for avoiding and repaying any overcompensation. |
| Monitoring of costs and funding gap continues during the build programme. Interest rates and Euro rates are also monitored. Flintshire County Council will continue to review on an annual basis. |
| A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). |
| n/a |
| Amount of aid granted |

| | |
|--|--------------|
| Total amount of aid granted (in millions EUR)³. This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |
| 0.030 | 0.196 |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities⁴ | |
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities⁵ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities⁹ | |
| 2016 | 2017 |
| 0.030 | 0.196 |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ⁶ | |
| 2016 | 2017 |
| | |

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

³ As stipulated in Article 9 b) of the 2012 SGEI Decision.

⁴ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁵ See footnote 7.

⁹ See footnote 7.

⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

- 1) SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision (please specify the Commission decision approving each measure if applicable): i. Postal services
- ii. Energy
- iii. Waste collection
- iv. Water supply
- v. Air or maritime links to islands with average annual traffic above the limits set in Art. 2(1)(d) vi. Airports and ports with average annual traffic above the limit set in Art. 2(1)(e) vii. Culture viii. Financial services ix. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State⁷ |
|--|
| 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. |
| |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |

⁷ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

| | |
|--|-------------|
| | |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. | |
| | |
| Typical arrangements for avoiding and repaying any overcompensation. | |
| | |
| A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). | |
| | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)⁸. This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |
| | |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities⁹ | |
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁰ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities¹¹ | |
| 2016 | 2017 |

⁸ As stipulated in Paragraph 62 b) of the 2012 SGEI Framework.

⁹ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

¹⁰ See footnote 13.

¹¹ See footnote 13.

| | |
|--|-------------|
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹² | |
| 2016 | 2017 |
| | |

4. COMPLAINTS BY THIRD PARTIES

Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures in scope of the 2012 SGEI Decision or 2012 SGEI Framework. Please be as specific as possible in your reply and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities or the likely outcome of the court proceedings.

5. MISCELLANEOUS QUESTIONS

a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

¹² The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Framework, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;
- complying with public procurement rules in line with para 19 of the SGEI Framework;
- determining the net avoided cost as required by paras 25-27 of the SGEI Framework;
- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

- c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

ANNEX

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

- a) *a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- b) *the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- c) *an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- d) *any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|---|-------------|-----------|
| Compensation for Services of General Economic Interest (1+2) | 2016 | 2017 |
| (1) Compensation granted on the basis of the SGEI Decision | €113,507.31 | €3,532.11 |
| (2) Compensation granted on the basis of the SGEI Framework | | |

Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI *de minimis* aid ...) and the sectors in which they are used.

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State¹ |
|---|
| 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. |
| A six month Alcohol Related Brain Damage Pilot for the assessment and early stage treatment of people with a diagnosis of ARBD in Wales. |

¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

In March 2014, Alcohol Concern Cymru published a report 'All in the Mind' looking at the range of conditions that are grouped under the umbrella of alcohol-related brain damage or impairment (ARBD or ARBI). The report noted that specialist provision is scarce in Wales, with a privately owned unit in Colwyn Bay but that there are no similar facilities in South Wales, with a number of people with ARBD placed in specialist accommodation in England. Dyfrig House in Cardiff work with the adjacent Glan Yr Afon Hospital to provide treatment for ARBD, but this is low threshold cognitive impairment treatment – not fully developed Korsakoff Syndrome.

In response, the Welsh Government commissioned Public Health Wales to produce an evidence based profile on the scale of, and services in place for, individuals with alcohol related brain damage in Wales and recommendations for further action.

After examining the publications by Alcohol Concern Cymru - 'All in the Mind', Royal College of Psychiatrists (RCPsych) 'CR185 report' and Public Health Wales (PHW) 'Evidence – based profile of alcohol related brain damage in Wales', members of an ARBD task and finish group continued its research by meeting Professor Ken Wilson of Liverpool University and front line staff of ARBD clinics in Liverpool and Scotland.

The aims and outcomes of the pilot were:

- Treat six people with ARBD in a residential setting over a six month period, regularly monitoring their progress, and individual outcomes.
- Test in practise a co-ordinated Multi Agency Team which epitomises a co-production approach to treatment, centrally involving the patient and their family.
- Provide the opportunity to develop new models of NeuroPsychological assessment
- Provide evidence of best practise in the assessment and treatment of ARBD patients and support for their families, informing the work of Welsh Government's newly established Working Group on ARBD.
- Contribute to the raising of awareness in Wales of ARBD.
- Help inform future decisions as to the suitability of Brynawel as a Wales or regional resource for the treatment of ARBD.
- Help determine actual level of demand for such provision
- Clarify pathways to treatment and funding.

Explanation of the (typical) **forms of entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them.

The Act of entrustment was provided as a written agreement, issued to the organisation in receipt of the grant.

A copy of the entrustment is attached for information

Average duration of the entrustment (in years) and the proportion of entrustments that are **longer than 10 years** (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?

| | |
|--|-------------|
| The entrustment came into effect from 1st March 2016 continued in force until 28th February 2017. The agreement terminated automatically without notice on 28th February 2017 as set out in the entrustment. | |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. | |
| The ARBD Pilot scheme was part of a proposal from Brynawel Rehabilitation Centre in South Wales. | |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? | |
| Direct grant | |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. | |
| The proposal submitted included estimated costs, audited accounts and objectives and outcomes. Welsh Government compensation supported was for 50% of the amount of compensation, in this case up to £117,362 to cover 50% of the costs for the period 1 March 2016 to 28th February 2017 (up to £30,000 in 2015/16 and the remainder of funding up to the total award of £117,362 in 2016/17) | |
| Typical arrangements for avoiding and repaying any overcompensation. | |
| Regular monitoring of the pilot by both the Welsh Government ARBD Pilot working group and Public Health Wales evaluation over the pilot period. If any overcompensation was paid or identified the recipient was required to repay accordingly as set out in the entrustment. | |
| A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). | |
| Support provided did not exceed the 15 million euro limit. | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)². This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |
| €113,507.31 | €3,532.11 |

² As stipulated in Article 9 b) of the 2012 SGEI Decision.

| A: Total amount of aid granted (in millions EUR) paid by national central authorities³ | |
|--|-------------|
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities⁴ | |
| 2016 | 2017 |
| €113,507.31 | €3,532.11 |
| C: Total amount of aid granted (in millions EUR) paid by local authorities⁵ | |
| 2016 | 2017 |
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)⁶ | |
| 2016 | 2017 |
| | |

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

- 1) SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision (please specify the Commission decision approving each measure if applicable):
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Air or maritime links to islands with average annual traffic above the limits set in Art. 2(1)(d)

³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁴ See footnote 3.

⁵ See footnote 3.

⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

- vi. Airports and ports with average annual traffic above the limit set in Art. 2(1)(e)
- vii. Culture
- viii. Financial services
- ix. Other sectors (please specify)

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

| |
|--|
| Clear and comprehensive description of how the respective services are organized in your Member State⁷ |
| 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. |
| |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. |
| |
| Typical arrangements for avoiding and repaying any overcompensation . |
| |
| A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant |

⁷ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

Amount of aid granted

Total amount of aid granted (in millions EUR)⁸. This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)

| 2016 | 2017 |
|---|------|
| | |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities⁹ | |
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁰ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities¹¹ | |
| 2016 | 2017 |
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)¹² | |
| 2016 | 2017 |
| | |

4. COMPLAINTS BY THIRD PARTIES

⁸ As stipulated in Paragraph 62 b) of the 2012 SGEI Framework.

⁹ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

¹⁰ See footnote 9.

¹¹ See footnote 9.

¹² The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Framework, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures in scope of the 2012 SGEI Decision or 2012 SGEI Framework. Please be as specific as possible in your reply and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities or the likely outcome of the court proceedings.

5. MISCELLANEOUS QUESTIONS

- a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

- b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;
- complying with public procurement rules in line with para 19 of the SGEI Framework;
- determining the net avoided cost as required by paras 25-27 of the SGEI Framework;
- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

- c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

ANNEX - DOWRY

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

- a) *a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- b) *the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- c) *an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- d) *any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|---|-------|-------|
| Compensation for Services of General Economic Interest (1+2) | 2016 | 2017 |
| (1) Compensation granted on the basis of the SGEI Decision | 56.27 | 56.27 |
| (2) Compensation granted on the basis of the SGEI Framework | 0 | 0 |

Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI *de minimis* aid ...) and the sectors in which they are used.

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State¹ |
|---|
| 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. |
| Welsh Government considers funding in relation to the provision and maintenance of affordable housing to be defined as a Service of General Economic Interest. |

¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

The SGEI includes:

1. Building new affordable housing to Development Quality Requirements (DQR)

2. Maintaining new and existing affordable housing available for rent

'Affordable Housing' means housing provided to those whose needs are not met by the open market. Affordable housing includes:

- **social rented housing** - provided by local authorities and registered social landlords where rent levels have regard to the Welsh Government's guideline rents and benchmark rents; and
- **intermediate housing** - where prices or rents are above those of social rented housing but below market housing prices or rents. This can include intermediate market rent and low cost home ownership/equity sharing schemes

Dowry is a capital grant paid to 10 Large Scale Voluntary Transfer Registered Social Landlords (LSVTs) who have received housing stock transferred from Local Authorities. Dowry must be used to meet the Welsh Housing Quality Standard by 31st December 2020 and maintain it thereafter.

Explanation of the (typical) **forms of entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them.

Attached – Doc 2

Average duration of the entrustment (in years) and the proportion of entrustments that are **longer than 10 years** (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?

N/A

Explanation whether (typically) **exclusive or special rights** are assigned to the undertakings.

N/A

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)?

Direct Subsidies

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

£43.8m is allocated annually in total to 10 LSVTs. Grant was paid to the Local Authority at the point of transfer of their housing stock and fixed at the same cash level going forward. It is calculated for each organisation by applying different weightings to a range of dwelling archetypes to reflect the differing costs of maintain them. Archetype information is provided by LHAs and allocations are calculated by Welsh Government's Knowledge and Analytical Services (KAS).

Typical **arrangements for avoiding and repaying any overcompensation**.

The recipient of funding must monitor the level of compensation received on each scheme against the costs incurred in delivering the scheme using a Welsh Government model. The model will be submitted to Welsh Government officials. On an annual basis Welsh Government officials will select a sample of schemes for post completion audit to ensure the information submitted is accurate.

In the event that the amount of compensation exceeds the amount needed (such that there is over-compensation for the purposes of the SGEI Decision), the recipient of funding must repay that amount of excess funding to the Welsh Ministers.

All repayments of compensation must be made to the Welsh Ministers in accordance with Condition 9(e) of the Award of Compensation.

Where the overcompensation does not exceed 10% of the annual average compensation, it can be carried forward to the next period and deducted from the amount of compensation payable in respect of that period.

A short explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

Amount of aid granted

Total amount of aid granted (in millions EUR)². This includes all aid granted in your territory, including aid granted by regional and local authorities. **(A+B+C)**

| 2016 | 2017 |
|--|--------|
| 56.27 | 56.27 |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities³ | |
| 2016 | 2017 |
| £4.38m | £4.38m |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities⁴ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities⁵ | |
| 2016 | 2017 |
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |

² As stipulated in Article 9 b) of the 2012 SGEI Decision.

³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁴ See footnote 3.

⁵ See footnote 3.

| | |
|---|--------------------------|
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ⁶ | |
| 2016 | 2017 |
| 10 beneficiaries | 10 beneficiaries |
| EURO 5.6m average | EURO 5.2m average |

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

- 1) SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision (please specify the Commission decision approving each measure if applicable):
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Air or maritime links to islands with average annual traffic above the limits set in Art. 2(1)(d)
 - vi. Airports and ports with average annual traffic above the limit set in Art. 2(1)(e)
 - vii. Culture
 - viii. Financial services
 - ix. Other sectors (please specify)

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

| |
|--|
| Clear and comprehensive description of how the respective services are organized in your Member State⁷ |
|--|

⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

⁷ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

| | |
|--|------|
| 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. | |
| N/A | |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. | |
| | |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? | |
| | |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. | |
| | |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? | |
| | |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. | |
| | |
| Typical arrangements for avoiding and repaying any overcompensation . | |
| | |
| A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). | |
| | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)⁸. This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |
| | |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities⁹ | |

⁸ As stipulated in Paragraph 62 b) of the 2012 SGEI Framework.

⁹ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

| 2016 | 2017 |
|--|------|
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁰ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities¹¹ | |
| 2016 | 2017 |
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹² | |
| 2016 | 2017 |
| | |

4. COMPLAINTS BY THIRD PARTIES

There are no significant complaints.

5. MISCELLANEOUS QUESTIONS

- a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:
 - There are no issues.
- b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

N/A

¹⁰ See footnote 9.

¹¹ See footnote 9.

¹² The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Framework, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

- c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

No other comments.

ANNEX- ICF

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

- a) *a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- b) *the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- c) *an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- d) *any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|---|------|------|
| Compensation for Services of General Economic Interest (1+2) | 2016 | 2017 |
| (1) Compensation granted on the basis of the SGEI Decision | 3.9 | 3.49 |
| (2) Compensation granted on the basis of the SGEI Framework | 0 | 0 |

Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI *de minimis* aid ...) and the sectors in which they are used.

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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

- 1) Hospitals (Art. 2(1)(b))
- 2) Social services (Art. 2(1)I)
 - 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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)I
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State¹ |
|---|
| 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. |
| Welsh Government considers funding in relation to the provision and maintenance of affordable housing to be defined as a Service of General Economic Interest. |

¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

The SGEI includes:

1. Building new affordable housing to Development Quality Requirements (DQR)
 2. Maintaining new and existing affordable housing available for rent
- 'Affordable Housing' means housing provided to those whose needs are not met by the open market. Affordable housing includes:
- **social rented housing** - provided by local authorities and registered social landlords where rent levels have regard to the Welsh Government's guideline rents and benchmark rents; and
 - **intermediate housing** - where prices or rents are above those of social rented housing but below market housing prices or rents. This can include intermediate market rent and low cost home ownership/equity sharing schemes

This scheme covers Extra Care, Sheltered Housing and Supported Housing/ Living Schemes.

Explanation of the (typical) **forms of entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them.

See Doc 2

Average duration of the entrustment (in years) and the proportion of entrustments that are **longer than 10 years** (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?

5 years

Explanation whether (typically) **exclusive or special rights** are assigned to the undertakings.

N/A

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)?

Direct Subsidy

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

Capital grant paid in arrears based on a range of intervention rates

Typical **arrangements for avoiding and repaying any overcompensation**.

The recipient of funding must monitor the level of compensation received on each scheme against the costs incurred in delivering the scheme using a Welsh Government model. The model will be submitted to Welsh Government officials. On an annual basis Welsh Government officials will select a sample of schemes for post completion audit to ensure the information submitted is accurate.

In the event that the amount of compensation exceeds the amount needed (such that there is over-compensation for the purposes of the SGEI Decision), the recipient of funding must repay that amount of excess funding to the Welsh Ministers.

All repayments of compensation must be made to the Welsh Ministers in accordance with Condition 9(e) of the Award of Compensation.

Where the overcompensation does not exceed 10% of the annual average compensation, it can be carried forward to the next period and deducted from the amount of compensation payable in respect of that period.

A short explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

Amount of aid granted

Total amount of aid granted (in millions EUR)². This includes all aid granted in your territory, including aid granted by regional and local authorities. **(A+B+C)**

| 2016 | 2017 |
|--|------|
| 3.9 | 3.49 |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities³ | |
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities⁴ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities⁵ | |
| 2016 | 2017 |
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)⁶ | |

² As stipulated in Article 9 b) of the 2012 SGEI Decision.

³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁴ See footnote 3.

⁵ See footnote 3.

⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

| 2016 | 2017 |
|------------------------|------------------------|
| 8 projects | 10 projects |
| Average aid: Euro 489k | Average aid: Euro 349k |

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

None

4. COMPLAINTS BY THIRD PARTIES

None

5. MISCELLANEOUS QUESTIONS

- a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

None

- b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

None

- c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

ANNEX – LAND FOR HOUSING

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

- a) *a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- b) *the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- c) *an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- d) *any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

5. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|---|-------|-------|
| Compensation for Services of General Economic Interest (1+2) | 2016 | 2017 |
| (1) Compensation granted on the basis of the SGEI Decision | 1.322 | 1.180 |
| (2) Compensation granted on the basis of the SGEI Framework | 0 | 0 |

Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI *de minimis* aid ...) and the sectors in which they are used.

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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

- 1) Hospitals (Art. 2(1)(b))
- 2) Social services (Art. 2(1)I)
 - 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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)I
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State¹ |
|---|
| 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. |
| Welsh Government considers funding in relation to the provision and maintenance of affordable housing to be defined as a Service of General Economic Interest. |

¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

The SGEI includes:

1. Building new affordable housing to Development Quality Requirements (DQR)

2. Maintaining new and existing affordable housing available for rent

'Affordable Housing' means housing provided to those whose needs are not met by the open market. Affordable housing includes:

- **social rented housing** - provided by local authorities and registered social landlords where rent levels have regard to the Welsh Government's guideline rents and benchmark rents; and
- **intermediate housing** - where prices or rents are above those of social rented housing but below market housing prices or rents. This can include intermediate market rent and low cost home ownership/equity sharing schemes

Land for Housing is loans provided to Housing Associations for the purposes of acquiring land for housing development for affordable housing.

Explanation of the (typical) **forms of entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them.

See Doc 2

Average duration of the entrustment (in years) and the proportion of entrustments that are **longer than 10 years** (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?

5 Years

Explanation whether (typically) **exclusive or special rights** are assigned to the undertakings.

N/A

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)?

Loans

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

Via a bidding process. Maximum loan award of £3,000,000 per land site / application. Loan for housing land acquisition cost only (i.e. no on-costs, valuation fee, etc). 0% interest for affordable housing units developed. As many sites have an element of market housing not known at acquisition stage, a commercial interest rate for these units is charged.

Typical **arrangements for avoiding and repaying any overcompensation**.

The recipient of funding must monitor the level of compensation received on each scheme against the costs incurred in delivering the scheme using a Welsh Government model. The model will be submitted to Welsh Government officials. On an annual basis Welsh Government officials will select a sample of schemes for post completion audit to ensure the information submitted is accurate.

In the event that the amount of compensation exceeds the amount needed (such that there is over-compensation for the purposes of the SGEI Decision), the recipient of funding must repay that amount of excess funding to the Welsh Ministers.

All repayments of compensation must be made to the Welsh Ministers in accordance with Condition 9(e) of the Award of Compensation.

Where the overcompensation does not exceed 10% of the annual average compensation, it can be carried forward to the next period and deducted from the amount of compensation payable in respect of that period.

A short explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

Amount of aid granted

Total amount of aid granted (in millions EUR)². This includes all aid granted in your territory, including aid granted by regional and local authorities. **(A+B+C)**

| 2016 | 2017 |
|--|-------|
| 1.322 | 1.180 |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities³ | |
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities⁴ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities⁵ | |
| 2016 | 2017 |
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |

² As stipulated in Article 9 b) of the 2012 SGEI Decision.

³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁴ See footnote 3.

⁵ See footnote 3.

| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ⁶ | |
|---|----------------------------|
| 2016 | 2017 |
| 13 | 14 |
| Average Amount Euro 101,726 | Average Amount Euro 84,264 |

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

None

4. COMPLAINTS BY THIRD PARTIES

None

5. MISCELLANEOUS QUESTIONS

- a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

None

- b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

None

- c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

ANNEX

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

- a) *a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- b) *the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- c) *an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- d) *any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|---|------|------|
| <i>Compensation for Services of General Economic Interest (1+2)</i> | 2016 | 2017 |
| (1) Compensation granted on the basis of the SGEI Decision | 77.6 | 77.6 |
| (2) Compensation granted on the basis of the SGEI Framework | 0 | 0 |

Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI *de minimis* aid ...) and the sectors in which they are used.

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State¹ |
|---|
| 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. |
| Welsh Government considers funding in relation to the provision and maintenance of affordable housing to be defined as a Service of General Economic Interest. |

¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

The SGEI includes:

1. Building new affordable housing to Development Quality Requirements (DQR)

2. Maintaining new and existing affordable housing available for rent

'Affordable Housing' means housing provided to those whose needs are not met by the open market. Affordable housing includes:

- **social rented housing** - provided by local authorities and registered social landlords where rent levels have regard to the Welsh Government's guideline rents and benchmark rents; and
- **intermediate housing** - where prices or rents are above those of social rented housing but below market housing prices or rents. This can include intermediate market rent and low cost home ownership/equity sharing schemes

Major Repairs Allowance is a capital grant paid to the 11 Local Housing Authorities (LHAs) who have retained their housing stock. MRA must be used to meet the Welsh Housing Quality Standard by 31st December 2020 and maintain it thereafter.

Explanation of the (typical) **forms of entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them.

Attached – Doc 1

Average duration of the entrustment (in years) and the proportion of entrustments that are **longer than 10 years** (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?

N/A

Explanation whether (typically) **exclusive or special rights** are assigned to the undertakings.

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)?

Direct Subsidy

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

£60.4m is allocated annually in total to the 11 Local Housing Authorities (LHA). This is allocated on the basis of a calculation provided by Welsh Government's Knowledge and Analytical Services (KAS) department. This is based on the number of properties each LHA holds under a range of dwelling archetypes.

Typical **arrangements for avoiding and repaying any overcompensation**.

The recipient of funding must monitor the level of compensation received on each scheme against the costs incurred in delivering the scheme using a Welsh Government model. The model will be submitted to Welsh Government officials. On an annual basis Welsh Government officials will select a sample of schemes for post completion audit to ensure the information submitted is accurate.

In the event that the amount of compensation exceeds the amount needed (such that there is over-compensation for the purposes of the SGEI Decision), the recipient of funding must repay that amount of excess funding to the Welsh Ministers.

All repayments of compensation must be made to the Welsh Ministers in accordance with Condition 9(e) of the Award of Compensation.

Where the overcompensation does not exceed 10% of the annual average compensation, it can be carried forward to the next period and deducted from the amount of compensation payable in respect of that period.

A short explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

Amount of aid granted

Total amount of aid granted (in millions EUR)². This includes all aid granted in your territory, including aid granted by regional and local authorities. **(A+B+C)**

| 2016 | 2017 |
|--|------|
| 77.6 | 77.6 |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities³ | |
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities⁴ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities⁵ | |
| 2016 | 2017 |
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |

² As stipulated in Article 9 b) of the 2012 SGEI Decision.

³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁴ See footnote 3.

⁵ See footnote 3.

| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ⁶ | |
|---|---------------------|
| 2016 | 2017 |
| 11 beneficiaries | 11 beneficiaries |
| Average - Euro 7m | Average - Euro 6.5m |

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

None

4. COMPLAINTS BY THIRD PARTIES

There are no significant complaints.

5. MISCELLANEOUS QUESTIONS

- a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

None.

- b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

None

- c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

N/A

⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

ANNEX – Social Housing Grant

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

- a) *a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- b) *the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- c) *an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- d) *any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|---|---------|---------|
| Compensation for Services of General Economic Interest (1+2) | 2016 | 2017 |
| (1) Compensation granted on the basis of the SGEI Decision | 141,684 | 114,649 |
| (2) Compensation granted on the basis of the SGEI Framework | | |

Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI *de minimis* aid ...) and the sectors in which they are used.

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State¹ |
|---|
| 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. |
| Welsh Government considers funding in relation to the provision and maintenance of affordable housing to be defined as a Service of General Economic Interest. |

¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

The SGEI includes:

1. Building new affordable housing to Development Quality Requirements (DQR)
 2. Maintaining new and existing affordable housing available for rent
- 'Affordable Housing' means housing provided to those whose needs are not met by the open market. Affordable housing includes:
- **social rented housing** - provided by local authorities and registered social landlords where rent levels have regard to the Welsh Government's guideline rents and benchmark rents; and
 - **intermediate housing** - where prices or rents are above those of social rented housing but below market housing prices or rents. This can include intermediate market rent and low cost home ownership/equity sharing schemes

The Social Housing grant funds new developments for social and intermediate housing.

Explanation of the (typical) **forms of entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them.

See Doc 2

Average duration of the entrustment (in years) and the proportion of entrustments that are **longer than 10 years** (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?

5 years

Explanation whether (typically) **exclusive or special rights** are assigned to the undertakings.

N/A

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)?

Direct Subsidies

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

Based on a complex formula. Costs are capped at a acceptable level.

Typical **arrangements for avoiding and repaying any overcompensation**.

The recipient of funding must monitor the level of compensation received on each scheme against the costs incurred in delivering the scheme using a Welsh Government model. The model will be submitted to Welsh Government officials. On an annual basis Welsh Government officials will select a sample of schemes for post completion audit to ensure the information submitted is accurate.

In the event that the amount of compensation exceeds the amount needed (such that there is over-compensation for the purposes of the SGEI Decision), the recipient of funding must repay that amount of excess funding to the Welsh Ministers.

All repayments of compensation must be made to the Welsh Ministers in accordance with Condition 9(e) of the Award of Compensation.

Where the overcompensation does not exceed 10% of the annual average compensation, it can be carried forward to the next period and deducted from the amount of compensation payable in respect of that period.

A short explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

Amount of aid granted

Total amount of aid granted (in millions EUR)². This includes all aid granted in your territory, including aid granted by regional and local authorities. **(A+B+C)**

| 2016 | 2017 |
|---------|---------|
| 141,684 | 114,649 |

A: Total amount of aid granted (in millions EUR) paid by national central authorities³

| 2016 | 2017 |
|------|------|
| | |

B: Total amount of aid granted (in millions EUR) paid by regional authorities⁴

| 2016 | 2017 |
|------|------|
| | |

C: Total amount of aid granted (in millions EUR) paid by local authorities⁵

| 2016 | 2017 |
|------|------|
| | |

Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)

| 2016 | 2017 |
|------|------|
| | |

Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)⁶

² As stipulated in Article 9 b) of the 2012 SGEI Decision.

³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁴ See footnote 3.

⁵ See footnote 3.

⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

| 2016 | 2017 |
|--------------------------|--------------------------|
| 26 beneficiaries | 27 beneficiaries |
| Average Aid: Euro 5,449m | Average Aid: Euro 4,246m |

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

None

4. COMPLAINTS BY THIRD PARTIES

None

5. MISCELLANEOUS QUESTIONS

- a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

None

- b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

None

- c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

ANNEX

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

(a) a description of the application of this Decision to the services falling within its scope, including in-house activities;

(b) the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;

(c) an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and

(d) any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|--|------|------|
| | 2016 | 2017 |
| Compensation for Services of General Economic Interest (1+2) | | |
| (1) Compensation granted on the basis of the SGEI Decision | | |
| (2) Compensation granted on the basis of the SGEI Framework | | |

Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI *de minimis* aid ...) and the sectors in which they are used.

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State⁵ |
|--|
| 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 |

⁵ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

| |
|--|
| clearly as possible. |
| <p>The Children and Families Delivery Grant (CFDG) was a grant scheme open to third sector organisations to fund projects which supported the Welsh Government's Children, Young People and Families Programmes and the Tackling Poverty Agenda. One grant was awarded in each of 5 Strategic Priority areas identified for the grant scheme. Projects were Wales wide or had the capacity to expand to be Wales wide and were delivery focussed. The grant aimed to support families in practical, measurable ways, with particular emphasis on building family resilience and capacity to become less reliant on ongoing interventions. The grant scheme ran for three and a half years from 1 October 2014 to 30 September 2017.</p> <p>The scheme was complementary, and added value, to the programmes managed by the Welsh Government's Children Young People and Families Division and the Childcare, Play and Early Years Division and responded to five specific priority areas:</p> <ul style="list-style-type: none"> • Childcare: Increasing access to affordable, high-quality childcare across Wales • Play: Increasing opportunities for children in Wales to play • Informed: Ensuring families are appropriately informed about financial and practical support available to them • Engaged: Engaging with 'seldom heard' families and support their accessing the programmes, support and services available to them • Policy and strategic development: Support for policy and strategic development in relation to children, young people and families. Increasing the systemic opportunities for children and young people to participate in decisions that affect them and have their voices heard. |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| The entrustments were provided as written agreements. They were issued to all 3 rd sector organisations in receipt of grants and entrusted to the Service Provider (grant recipient) responsibility for providing a service of general economic interest. An example of entrustments is attached. |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| The entrustments came into effect on 1 October 2014 and remained in force until 31 September 2017 . |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| CFDG was delivered by 3 rd sector organisations selected through an open competitive grant application process. |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| Direct grant. |

| | |
|--|-------------|
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. | |
| Grant applicants were required to submit an itemised and costed budget in advance of the grant award and support was then granted on a cost allocation basis. | |
| Typical arrangements for avoiding and repaying any overcompensation . | |
| As noted, grant applicants were required to submit an itemised and costed budget in advance of the grant award before being assigned a Welsh Government account manager to oversee expenditure. Quarterly claims /Reports were submitted and recipients were then subject to regular checks, annual audits and an end of funding evaluation. Where overcompensation was identified recipients were required to repay accordingly. | |
| A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). | |
| Support provided via CFDG did not exceed the €15 million limit. | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)⁶. This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |

⁶ As stipulated in Article 9 b) of the 2012 SGEI Decision.

| | |
|--|-----------------------------------|
| £3,393,586 – 2016-17 financial year | £1,651,341 2017-18 financial year |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities⁷ | |
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities⁸ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities⁹ | |
| 2016 | 2017 |
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰ | |
| 2016 | 2017 |
| | |

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

- 1) SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision (please specify the Commission decision approving each measure if applicable):
 - i. Postal services
 - ii. Energy
 - iii. Waste collection

⁷ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁸ See footnote 7.

⁹ See footnote 7.

¹⁰ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

- iv. Water supply
- v. Air or maritime links to islands with average annual traffic above the limits set in Art. 2(1)(d)
- vi. Airports and ports with average annual traffic above the limit set in Art. 2(1)(e)
- vii. Culture
- viii. Financial services
- ix. Other sectors (please specify)

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

| |
|--|
| Clear and comprehensive description of how the respective services are organized in your Member State¹¹ |
| 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. |
| |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |

¹¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

| | |
|--|-------------|
| | |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. | |
| | |
| Typical arrangements for avoiding and repaying any overcompensation. | |
| | |
| A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). | |
| | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)¹². This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |
| | |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³ | |
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁴ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵ | |
| 2016 | 2017 |
| | |

¹² As stipulated in Paragraph 62 b) of the 2012 SGEI Framework.

¹³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

¹⁴ See footnote 13.

¹⁵ See footnote 13.

| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
|--|-------------|
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁶ | |
| 2016 | 2017 |
| | |

4. COMPLAINTS BY THIRD PARTIES

Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures in scope of the 2012 SGEI Decision or 2012 SGEI Framework. Please be as specific as possible in your reply and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities or the likely outcome of the court proceedings.

5. MISCELLANEOUS QUESTIONS

a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

¹⁶The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Framework, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;
- complying with public procurement rules in line with para 19 of the SGEI Framework;
- determining the net avoided cost as required by paras 25-27 of the SGEI Framework;
- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

- c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

THIS AGREEMENT is made on March 2016

BETWEEN

- (1) The Welsh Ministers; and
- (2) Brynawel House Alcohol and Drug Rehabilitation Centre, [REDACTED], Llanharan, [REDACTED] registered charity number 1113952, (the 'Service Provider')

BACKGROUND

- (A) In pursuance of their functions under section 1 of the National Health Service (Wales) Act 2006 and section 60 of the Government of Wales Act 2006, the Welsh Ministers wish to fund the Service Provider to provide certain services of general economic interest, being [a pilot service for the assessment and early stage treatment of people with a diagnosis of alcohol related brain damage].
- (B) In April 2014, the Service Provider was approached by Welsh practitioners about the lack of support services that provide specialist care for patients with alcohol-related brain damage (ARBD). In response, they agreed to establish a task and finish group to research the subject area further. This culminated in a proposal from the Service Provider to pilot a service for the assessment and early stage treatment of people with a diagnosis of ARBD.
- (C) This Agreement is an act entrusting the Service Provider to provide service of general economic interest for the purposes of the Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on Functioning of the European Union to State aid in the form of public service compensation (2012/21/EU).
- (D) The purpose of this Agreement is to enable the provision of a pilot service for the assessment of early stage treatment of people with a diagnosis of alcohol related brain damage.
- (E) The Service Provider is a registered charity which provides residential and day substance misuse services for adults. There is evidence of a need for services to support and treat persons with ARBD.
- (F) In order for the Service Provider to operate on the basis of principles and under conditions which enable them to fulfil their missions, financial support from the Welsh Ministers to cover some of the specific costs associated with the services of general economic interest is necessary.
- (G) To ensure the proportionality of the funding provided by the Welsh Ministers to the Service Provider, the Welsh Ministers funding under this Agreement is limited to that actually required to perform the public service obligations imposed by this Agreement i.e. what is necessary to cover the net costs exclusively linked to the public service obligation imposed. The Welsh Ministers will check regularly that the compensation paid to the Service

THE WELSH MINISTERS

and

Brynawel House Alcohol and Drug Rehabilitation Centre

AGREEMENT RELATING TO THE PROVISION OF A PILOT SERVICE FOR THE ASSESSMENT AND EARLY STAGE TREATMENT OF ALCOHOL RELATED BRAIN DAMAGE (A SERVICE OF GENERAL ECONOMIC INTEREST)

1

2


Provider does not lead to overcompensation. Consequently the benefit of this Agreement will accrue directly and exclusively to those persons with ARBD who require treatment for their conditions.

- (H) The Welsh Ministers enter into this Agreement in pursuance of their functions under section 1 of the National Health Service (Wales) Act 2006 and section 60 of the Government of Wales Act 2006.
- (I) The Service Provider is willing to provide services as set out below in this Agreement and its schedules.

It is agreed as follows:

1. Interpretation

- 1.1. In this Agreement unless the context otherwise requires:

| | |
|-----------------------|---|
| "Agreement" | means: (i) this agreement (ii) the Schedules; |
| "Application" | means the agreed proposal to Welsh Government seeking financial support from the Service Provider dated 3 rd December 2015 |
| "Compensation" | means the funding payable in respect of the Services to be provided in accordance with the terms and conditions contained in the Agreement; and will be the sum [up to £117,362]; |
| "Notification Event" | means any of the events listed in Schedule 3; |
| "the Project Manager" |  means the services of general economic interest more particularly described in Part A of Schedule 1; |
| "Services" | means the rules set out in Articles 107 to 109 of the Treaty on the Functioning of |

"the State Aid Rules"

the European Union (or in those Articles which may succeed Articles 107 to 109), secondary legislation such as frameworks, guidelines and block exemptions produced by the European Commission derived from Articles 107 to 109, case law of the European Courts and decisions of the European Commission regarding the application of Articles 107 to 109.

2. Duration

- 2.1 This Agreement shall commence on 1st March 2016 and shall continue in force until 28th February 2017.
- 2.2 The Agreement shall terminate automatically without notice on 28th February 2017 unless the Welsh Ministers and the Service Provider agree to a further extension.

3. Services of General Economic Interest

- 3.1. The Service Provider agrees to provide the Services on the terms and conditions set out in this Agreement.

4. Performance of the Services

- 4.1. The Service Provider shall use the Compensation solely for the purpose of providing the Services.
- 4.2. The Service Provider shall perform the Services in a manner which will achieve the targets set out in Part B of Schedule 1 as amended from time to time by agreement (the "Targets").
- 4.3. Any change to the Services or Targets will require the Welsh Ministers written consent which must be obtained in advance of implementing any changes. The Welsh Ministers are not obliged to give their consent but shall consider all reasonable written requests.
- 4.4. The Service Provider shall comply with the reasonable directions issued from time to time by the Welsh Ministers in respect of the Services and matters related to the Services.
- 4.5. The Service Provider must not use any part of the Compensation for: (1) party political purposes; (2) the promotion of particular secular, religious or political views; (3) gambling; (4) pornography; (5) offering sexual services; (6) purchasing capital equipment (other than as specified in the services); (7) its legal fees in relation to this Agreement; or (8) any kind of illegal activities.

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5. Compensation Pre-Conditions

- 5.1. Compensation will not be paid to the Service Provider until the Service Provider has provided the Welsh Ministers documentary evidence that the signatories who have signed this Agreement on behalf of the Service provider are duly authorised to do so.
- 5.2. The documentary evidence must be in all respects acceptable to the Welsh Ministers and the Welsh Ministers reserve the right to reject documentation which they do not consider to be acceptable.

6. Service Provider's General Obligations

- 6.1. The Service Provider shall provide the Services in compliance with all applicable legal requirements (including, without limitation, the Data Protection Act 1998) and in compliance with the requirements of any consent, licence, approval, authority or similar act of which the Service Provider is or should from time to time be aware.
- 6.2. The Service Provider must put in place and maintain adequate insurances to cover against the risks which may arise in connection with any property or any activity undertaken in deliver of the Services. The Welsh Ministers reserve the right to require the Service Provider to provide proof of its insurance.
- 6.3. The Service Provider shall adhere at all times to all requirements of best practice applicable to the provision of the Services.
- 6.4. Where the Service Provider provides services and carries out activities falling both inside and outside the scope of the Services, the Service Provider shall ensure that its internal accounts show separately the costs and receipts associated with the Services and those of other services, as well as the parameters for allocation of costs and revenues.
- 6.5. The Service Provider shall safeguard the performance of this Agreement against fraud generally and, in particular, fraud on the part of its management, employees and/or suppliers.
- 6.6. The Service Provider shall notify the Welsh Ministers immediately if it has reason to suspect that any fraud has occurred or is occurring or is likely to occur.

7. Compensation and Payment

- 7.1. The Welsh Ministers shall pay the Compensation to the Service Provider quarterly in arrears as detailed in payment profile set out in Schedule 2.
- 7.2. The Service Provider must claim the Compensation by submitting an invoice for payment to ~~the Service Provider~~ Substance

10. Declarations

- 10.1 The Service Provider declares that:
 - 10.1.1 it has the power to enter into and to perform the obligations set out in the Agreement and that it has taken all necessary action to authorise the entry into and performance of the obligations under the Agreement;
 - 10.1.2 no litigation or arbitration is current or pending or, so far as the Service Provider is aware, threatened, which has or could have an adverse effect on its ability to perform and comply with the Agreement;
 - 10.1.3 the information contained in the Application is complete, true and accurate;
 - 10.1.4 it has disclosed to the Welsh Ministers all material facts or circumstances which need to be disclosed to enable the Welsh Ministers to obtain a true and correct view of the business and affairs (both current and prospective) of the Service Provider which ought to be provided to any person who is considering providing funding to you;
 - 10.1.5 it has discussed and agreed the Targets with the Welsh Ministers and the Service Provider is confident that they are realistic and achievable.

11. Termination

- 11.1 The Welsh Ministers may by notice in writing withhold payments or terminate this Agreement with immediate effect if the Service Provider or any of its staff:
 - 11.1.1 commits any which in the opinion of the Welsh Ministers is an act of gross misconduct; or
 - 11.1.2 is reasonably suspected of acting fraudulently, including without limitation, providing information which is incorrect or misleading to an extent considered misleading by the Welsh Ministers; or

Misuse Policy and Finance Branch, Welsh Government, Rhydycar, Merthyr Tydfil, CF48 1UZ.

- 7.3 Any unspent Compensation from the previous quarter will be offset against the next payment of Compensation even if this results in the Service Provider not receiving the total amount of the Compensation.
- 7.4 Where the Service Provider has received Compensation in excess of the costs incurred by it in relation to the Service, the Service Provider must repay to the Welsh Ministers the value of excess Compensation together with any compound interest calculated in accordance with Commission Regulation (EC) No 794/2004 of 21 April 2004.
- 7.5 The Welsh Ministers may require the repayment of any Compensation or revenue generated from the provision of the Services on demand to the extent that:
 - 7.5.1 the Welsh Ministers are required to do so as a result of a decision by the European Commission or as a result of any obligation under European Community law, or
 - 7.5.2 if in the opinion of the Welsh Ministers the repayment is necessary to ensure that the assistance given under this Agreement taken together with any other assistance which has been or is likely to be received towards the Services is compatible with the EC State aid rules, or
 - 7.5.3 the Compensation is applied for purposes other than the costs arising from the provision of the Services.

8. State aid

- 8.1 The Service Provider must ensure that it complies with the State Aid Rules. The Compensation payable under this Agreement is provided in accordance with Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of service of general economic interest (2012/21/EC). The Service Provider shall ensure that it complies with the contents of that Decision.

9. Accounts and Audit

- 9.1 The Service Provider shall maintain clear accounting records identifying all income and expenditure in relation to the Services.
- 9.2 Where the Service Provider carries out activities falling both inside and outside the scope of the Services detailed in Part A of Schedule 1, the Service Provider must ensure that their internal accounts show separately the costs and receipts associated with the Services and those other services, as well as the parameters for allocation of costs and revenues.

11.1.3 is guilty of any conduct which in the opinion of the Welsh Ministers brings or is liable to bring the Welsh Ministers into disrepute; or

11.1.4 fails to perform an obligation under this Agreement having been requested to do so at least twice by the Welsh Ministers.

11.2 Neither party shall be in breach of this Agreement by reason of any delay in performance or non-performance of any of its obligations under this Agreement to the extent that such delay or non-performance is due to circumstances beyond its reasonable control.

11.3 The Welsh Ministers may by notice in writing terminate this Agreement with immediate effect if:

11.3.1 the Service Provider passes a resolution that it be wound up, or a court makes an order that the Service Provider be wound up, in either case otherwise than for the purposes of reconstruction or amalgamation, or circumstances arise which would enable a court to make such an order or the Service Provider is unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986; or

11.3.2 a receiver, manager, administrator or administrative receiver is appointed to the Service Provider, or over all or part of the property which from time to time be comprised in the property and undertaking of it, or circumstances arise which would entitle a court or a creditor to appoint such a receiver, manager, administrator or administrative receiver.

11.4 A Party may terminate this Agreement by giving to the other not less than three months written notice.

11.5 Any termination shall be without prejudice to any accrued rights or liabilities which either party may have against the other.

12. Notification Events and their consequences

12.1 The Service Provider must notify the Welsh Ministers immediately if a Notification Event has occurred or is likely to occur but the Welsh Ministers also reserve the right to notify the Service Provider where they believe a Notification Event has occurred or is likely to occur.

12.2 The Welsh Ministers will seek to discuss the Notification Event with the Service Provider and to agree a course of action to be taken to address the Notification Event and in doing so will consider both the seriousness of the Notification Event and whether or not it can be remedied.

12.3 The Welsh Ministers will be entitled to take any of the actions listed in Condition 12.4 if:

- 12.3.1 despite the reasonable efforts of the Welsh Minister, they have been unable to discuss the Notification Event with the Service Provider, or
- 12.3.2 the Welsh Minister notify the Service Provider that the Notification Event is not capable of remedy, or
- 12.3.3 a course of action is agreed with the Service Provider but they fail to follow it, or any conditions attached to it are not met (including without limitation the timescale for such course of action), or
- 12.3.4 the course of action fails to remedy the Notification Event to the satisfaction of the Welsh Ministers.
- 12.4 If any of the circumstances set out in clause 12.3 occurs the Welsh Ministers may by notice:
- 12.4.1 withdraw the payment of Compensation; and/or
- 12.4.2 require the Service Provider to repay all or part of the Compensation immediately; and/or
- 12.4.3 suspend or cease all further payment of Compensation; and/or
- 12.4.4 make all further payments of Compensation subject to such conditions as the Welsh Ministers may specify; and/or
- 12.4.5 deduct all amounts owed to the Welsh Ministers under the Agreement from any other funding that the Welsh Ministers have awarded or may award to the Service Provider; and/or
- 12.4.6 exercise any other rights against the Service Provider which the Welsh Ministers may have in respect of the Compensation.
- 12.5 All repayments of Compensation must be made to the Welsh Ministers within 28 days of the date of the Welsh Ministers' demand. The Service Provider must pay interest on any overdue repayments at a rate of 1.5% per annum above the Bank of England base rate from time to time or at such other rate as may be required by the State Aid Rules. Interest will accrue on a daily basis from the date the repayment is due until actual repayment of the Funding, whether before or after judgment. The Service Provider must pay the interest together with the overdue repayment.

13. Data Sharing

- 13.1 The Welsh Ministers shall be entitled at any time to require the Service Provider to provide it with a copy of all information held by the Service Provider that relates to the beneficiaries of the Services, save where the Service Provider is prevented from doing so by any legal or regulatory requirement.

14. Warranties

- 14.1 The Service Provider represents and warrants to the Welsh Ministers that:

- 14.1.1 this Agreement constitutes legal, valid and binding obligations of the Service Provider;

- 14.1.2 the Service Provider has not taken any corporate or other action nor, to its knowledge or the knowledge of its officers, partners or principal (as applicable), have any steps been taken or legal proceedings been started for the winding-up, dissolution or for the appointment of a receiver or administrative receiver, or an administrator, trustee or similar officer of it or of any or all of its assets; and

- 14.1.3 in entering into this Agreement and in performing its obligations under this Agreement it is and will be at all times acting in accordance with its rules.

- 14.2 The representations and warranties set out in clause 14.1 shall be deemed to be repeated by the Service Provider on each day during the subsistence of the Agreement as though made on each such day with reference to the facts and circumstances then existing on such day.

15. Assignment and Subcontracting

- 15.1 The Service Provider shall not:

- 15.1.1 assign or transfer all or any of its rights, benefits, obligations or duties, or

- 15.1.2 subcontract any or all of its rights, benefits, obligations or duties under this Agreement.

16. Monitoring Requirements

- 16.1. The Service Provider must:

- 16.1.1 provide the Welsh Ministers with such documents, information and reports which they may reasonably require from time to time in order for the Welsh Ministers to monitor compliance with the Agreement by the Service Provider;

- 16.1.2 meet with the Welsh Ministers' officials and such other representatives of the Welsh Ministers as reasonably required from time to time;

- 16.1.2 attend and provide regular updates on the progress of the pilot to meetings of the Welsh Government's ARBD Working Group as reasonably required;

- 16.1.3 ensure that the Project Manager (or such other persons as has been agreed by the Welsh Ministers) attends all meetings with the Welsh Ministers' officials.

- 16.2 The Welsh Ministers shall review the Compensation on a quarterly basis through assessment of quarterly monitoring reports supplied by the Service Provider.

- 16.3 The Welsh Minister shall undertake an annual progress review for a period of five years following payment of the Compensation. The annual review may include a monitoring visit by the Welsh Ministers' officials.

17. Liabilities

- 17.1 The Service Provider agrees that it shall be solely responsible for the performance of the Services and shall indemnify and keep indemnified the Welsh Ministers and their employees, servants, agents or sub-contractor from and against any and all actions, claims, costs, losses (including consequential loss, economic loss and loss of profit, revenue and goodwill), damages, demands, expenses (including legal costs and expenses on a solicitors own client basis) charges and other liabilities of whatsoever nature and howsoever arising as a result of or in connection with this Agreement or the termination of this Agreement for whatsoever reason including but not limited to:

- 17.1.1 death or personal injury; and/or

- 17.1.2 loss of or damage to any property; and/or

- 17.1.3 financial loss arising from any advice given or omitted to be given by the Service Provider; and/or

- 17.1.4 any claim made against the Welsh Ministers by a third party arising out of or in connection with any of the Services provided by the Service Provider to the extent that such claim arises out of the breach, negligent performance or failure or delay in the performance of this Agreement by the Service Provider; and/or

- 17.1.5 any other loss which is caused directly or indirectly by any act or omission of the Service Provider in relation to the provision of the Services.

- 17.2 Clause 17.1 shall not apply to the extent that the Service Provider is able to demonstrate that such death or personal injury, loss or damage was caused or contributed to by the Welsh Ministers' negligence or default in relation to Welsh Ministers' functions.

- 17.3 The Welsh Ministers acknowledge that the Service Provider owes contractual obligations to third parties that are not party to this Agreement. The Welsh Ministers accept no responsibility whatsoever for any failure by the Service Provider to perform the third party obligations and the Service Provider shall indemnify the Welsh Ministers for any liabilities, claims, proceedings, demands, losses, costs and expenses suffered or incurred by the Welsh Ministers directly or indirectly arising as a result of or in

- connection with any failure by the Service Provider to perform the third party obligations either in full or at all.

18. Access to Information

- 18.1 The Service Provider acknowledges that the Welsh Ministers are subject to the requirements of the Code of Practice on Public Access to Information published by the Welsh Government, the Freedom of Information Act 2000, and the Environmental Information Regulations 2004.

- 18.2 The Service Provider acknowledges that the Welsh Ministers shall be responsible for determining in their absolute discretion whether:

- 18.2.1 to disclose any information which it has obtained under or in connection with this Agreement to the extent that the Welsh Ministers are required to disclose such information to a person making a disclosure request under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004; and/or

- 18.2.2 any information is exempt from disclosure under the Code of Practice on Public Access to Information published by the Welsh Assembly Government, the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.

- 18.3 The provisions of this clause 18 shall apply during the continuance of this Agreement and indefinitely after its expiry or termination.

19. Buying Goods and Services

- 19.1 The Service Provider must buy all goods and services required for the provision of the Services in a competitive and sustainable way so as to demonstrate that it has achieved best value in the use of public funds.

20. Fees

- 20.1 Any fees or costs of whatsoever nature incurred by the Service Provider in connection with this Agreement shall be borne solely by the Service Provider.

21. Equality of Opportunity

- 21.1 The Service Provider shall prepare and apply a policy of equality of opportunity as employers, users of volunteers, and as providers of services, regardless of race, gender/gender identification, sexual orientation, religion and belief, age or as far as is practicable, any disability.

22. Welsh Language

- 22.1 Where the Services include or relate to the provision of services or written materials (including signage and information published online) in Wales, they must be provided in Welsh and English, unless it would be unreasonable or disproportionate to do so. Guidance about providing service and written materials in Welsh can be obtained from the Welsh Language Commissioner on 0845 6033 221 or by visiting www.comisiynydddygwraeg.org.

23. Welsh Ministers' Functions

- 23.1 The Service Provider acknowledges that the Welsh Ministers have a range of functions which will continue to accrue and be amended and that decisions in relation to each such functions are obliged to be taken in light of all relevant, and to the exclusion of all irrelevant, considerations. The Service Provider agrees that nothing contained or implied in, or arising under or in connection with this Agreement will in any way prejudice, fetter or affect the functions of the Welsh Ministers or any of them nor obliged the Welsh Ministers or any of them to exercise, or refrain from exercising, any of their functions in any particular way.

24. Notices

- 24.1 Where notice is required to be given under the Agreement the notice must be in writing (this does not include email but may include a letter attached to an email) and must prominently display the following heading:

"Notice in relation to the Provision of a Pilot Service for the Assessment and Early Stage Treatment for Alcohol Related Brain Damage"

- 24.2 The address and contact details for the purposes of service notice under the Agreement are:

The Service Provider: the Project Manager at the address state in clause 1.

The Welsh Ministers:



- 24.3 A notice shall be deemed to have been duly served as follows:

Prepaid first class post: on the second working day after the date of posting.

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SCHEDULE 1

PART A

THE SERVICES

The Service Provider agrees to:

Pilot a service over a 12 month period for the assessment and early stage treatment of people with a diagnosis of Alcohol Related Brain Damage. The pilot will:

- Treat six people with ARBD in a residential setting over a 12 month period, regularly monitoring their progress, and individual outcomes.
- Develop a co-ordinated Multi-Agency Team approach to treatment, centrally involving the patient and their family.
- Monitor and capture information about how the programme is performing.

PART B

SERVICE TARGETS

- Establishment of an ARBD Steering Group meeting by 31st March 2016.
- Quarterly update reports to be provided to ARBD Working Group Meetings.
- 6 ARBD clients to be recruited to the pilot by no later than 31st August 2016
- An evaluation report to be submitted within 3 months of the pilot's cessation (By 31st May 2017)

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By hand:

upon delivery to the address or the next working day if after 4pm or on a weekend or public holiday.

By email attachment:

upon transmission or the next working day if after 4pm or on a weekend or public holiday.

25. General

- 25.1 Any waiver of any breach of, or default under, any of the terms of this Agreement by the Welsh Ministers shall not be deemed a waiver of any subsequent breach or default and shall in no way affect the other terms of this Agreement.
- 25.2 For the avoidance of doubt clauses 7 (Compensation and Payment), 9 (Accounts and Audit), 11 (Termination), 14 (Warranties), 15 (Assignment and Subcontracting), 16 (Monitoring Requirements), and 25 (General) will survive termination of this Agreement and shall remain in full force and effect notwithstanding expiry or termination of this Agreement.
- 25.3 If any provision or part of any provision of this Agreement is found by a court or other competent authority to be void or unenforceable, amendments to this Agreement may be made by the addition or deletion of wording as appropriate to remove the invalid part or provision but otherwise retain the provision and the other provisions of this Agreement to the maximum effect permissible under the applicable law.
- 25.4 This Agreement and the Application is the entire agreement between the Welsh Ministers and the Service Provider in respect of the Services and shall only be amended or varied in writing signed by each party.
- 25.5 Save as may be expressly provided in this Agreement, no term of this Agreement shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by a third party.

26. Governing Law and Jurisdiction

- 26.1 This Agreement shall be governed by and construed in all respects in accordance with the laws of England and Wales and the parties agree to submit to the exclusive jurisdiction of the courts of England and Wales.

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SCHEDULE 2

Payment Profile

| Invoice | Amount of Invoice | Earliest date for submission of invoice | Last date for invoice |
|---------|---------------------------------------|---|-----------------------------|
| 1 | Up to £30,000 | 21 st March 2016 | 31 st March 2016 |
| 2 | Up to £30,000 | 31 July 2016 | 31 August 2016 |
| 3 | Balance up to total award of £117,362 | 28 February 2017 | 31 March 2017 |

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**SCHEDULE 3
Notification Events**

1. Repayment of any part of the Compensation is required under European Law (whether under State Aid Rules or otherwise);
2. The Service Provider fail to comply with any of the terms of the Agreement;
3. The Service Provider fails to achieve any or all of the Targets;
4. The Welsh Ministers have made an overpayment of Compensation to the Service Provider;
5. Any declaration made in clause 10 is incorrect in any respect or, if repeated at any time with reference to the facts and circumstances then existing, would be incorrect;
6. Any petition is presented or resolution passed or other action taken for the bankruptcy or winding-up of the Service Provider or a petition is presented for an administration order against the Service Provider;
7. A receiver or an administrative receiver is appointed in respect of the Service Provider or in respect of all or any part of the assets of the Service Provider;
8. A moratorium in respect of all or any of the debts of the Service Provider or a composition or an agreement with the creditors of the Service Provider is agreed, applied for, ordered or declared;
9. The Service Provider is unable, or admit in writing their inability, to pay their debts as they fall due;
10. Any distress, execution, attachment or other process affects any of the assets of the Service Provider;
11. A statutory demand is issued against the Service Provider;
12. The Service Provider ceases, or threaten to cease, to carry on all or a substantial part of its business;
13. There is a change in the Service Provider's constitution, status, control or ownership and/or the Service Provider's external auditors resign;
14. There is a change in the Service Provider's shareholders, directors, trustees or partners;
15. Any event occurs or circumstances arise which in the opinion of the Welsh Ministers gives reasonable grounds for believing that the Service Provider may not, or may be unable, to perform or comply with any of its obligations under the Agreement.

Declaration of agreement between the Welsh Ministers and the – for the provision of services of general economic interest for the period March 2016 to February 2017.

Signed by

Name

Under the authority of the Deputy Minister for Health and Social Services (one of the Welsh Ministers).

Signed by

Name Director
(please print)

By and on behalf of Brynawel House Alcohol and Drug Rehabilitation Centre

Date



dated 31st March 2017

Flintshire County Council

and

North East Wales Homes Limited

Entrustment Deed

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trowers & hamlins

This Entrustment Deed is made the day of 2017

Between

- (1) Flintshire County Council (the Council); and
- (2) North East Wales Homes Limited a company incorporated in England and Wales under company number 08977141 whose registered office is at County Hall, Mold, Flintshire CH7 6NB (the Company)

Background

- (A) The Council has previously entrusted the Company to own and operate certain homes in Flintshire and let those homes to families and individuals in Flintshire who are failed by market housing. This entrustment is contained in a 'Relationship Agreement' entered into by the Council and the Company.
- (B) It is the intention of the Council and the Company that the Company's entrustment shall be expanded to reflect its objective of providing an increased number of homes (which are affordable) to people failed by market housing. This Deed of Entrustment incorporates this change.
- (C) Due to a shortage of supply of traditional council and housing association homes a number of people failed by market housing are unlikely to secure council or housing association accommodation under traditional social housing allocation policies.
- (D) The Council intends, from time to time, to provide financial assistance to the Company to enable it acquire and/or develop homes to be let of sub-market rents to people failed by market housing and as a consequence this Deed entrusts and tasks the Company to make available those homes at affordable rents for 45 years.
- (E) The Council and the Company shall ensure that public resources used for this endeavour shall comply with 'State Aid Law' including that set out in the Treaty of the Functioning of the European Union and the European Commission's Decision of 20 December 2011 on Services for the General Economic Interest.
- (F) This Deed together with the relevant Financial Instruments constitute (within the meaning of the European Commission's Decision) an entrustment from the Council to the Company to provide to families and residents affordable homes for rent.

It is hereby Agreed as follows:

1 Interpretation

1.1 In this (including the Appendices), unless the context otherwise requires, the following words and expressions have the following meanings:

Affordable Rent means in relation to an Affordable Rented Home a rent which is equal to or less than 90% of the relevant Market Rent;

Affordable Rented Home means a home owned by the Company which is available to let to an Eligible Person at an Affordable Rent;

Assured Shorthold Tenancy shall have the meaning given to it in section 19A of the Housing Act 1988;

Authorised Disposal means either of:

- (a) a Disposal for which the Council has given its prior written consent; and
- (b) any Disposal made by a Mortgagee pursuant to its power of sale or other remedies under the terms of its mortgage or charge (and including a Disposal by a receiver or administrative receiver appointed by such Mortgagee) provided in all cases that the Mortgagee shall have first complied with the Mortgagee's Duty

Disposal or **Disposing** means any transfer of the freehold of the Relevant Homes or any grant of a lease of them;

Eligible Persons means people who are failed by the market in rented accommodation and are in the Company's reasonable opinion unlikely to be eligible or otherwise have a low priority for social housing provided by the Council and/or other registered housing providers;

Financial Instrument means a funding agreement (whether grant loan or other) under which the Council provides non-market funding and/or other aid to the Company to enable it to build acquire refurbish or lease Affordable Rented Homes;

Income Threshold means a gross household income of:

- (a) minimum of £15,000 per annum for a person or a sum that may be agreed with the Council from time to time;
- (b) such other gross household incomes which may from time to time be specified by the Council (acting reasonably) as the maximum gross household income criteria for a person to be eligible for being housed by the Company;

A deposit will be required equivalent of one month's rent, plus one month's rent in advance. A holding fee of £195 will be required to secure the tenancy. This will be deducted from the deposit when the property is ready to move in.

Market Economy Loan means a loan or investment made by the Council to the Company which is made on market terms and otherwise complies with the requirements of the European Union's Market Economy Investor (Lender) Principle;

Market Home means a dwelling which is sold or let (as the case may be) at respectively the prevailing open market premium or rent;

Market Rent means the open market which is charged for a similar residential property (situated in or near the same location) having the same number of bedrooms and of a similar condition to the relevant Affordable Rented Home which is calculated by a method:

- (a) approved by the Welsh Ministers, Council or other Relevant Authority; or
- (b) in default of (a) a method otherwise recognised by the Royal Institute of Chartered Surveyors;

Mortgagee means any person, bank, building society, security trustee, other financial institution the Council or any other Relevant Authority who from time to time has a mortgage or legal charge over the Relevant Homes or any part thereof to secure any monies from time to time owed by the Company;

Mortgagee's Duty has the meaning given in clause 17;

Penyffordd Homes means those homes which are subject to the Relationship Agreement;

Private Rented Homes means a home owned by the Company which is available to let to a member of the public at a rent which is higher than the Affordable Rent;

Public Service Obligation means the Company's obligation to provide homes to Eligible Persons at an Affordable Rent as is set out in more detail in clause 4.1;

Records means all books and other materials relating to the finances of the Company which are required by the Company to enable it to carry on its business including without limitation all accounting and VAT records, Financial Instruments, Market Economy Loans;

Relationship Agreement means the entrustment and agreement titled 'Relationship Agreement' which entrusted the Company in relation to 10 homes in Penyffordd (CH4 0LJ) and was entered into by the Council and the Company on 19th June 2014;

Relevant Authority means any legal person authorised by law to exercise a relevant function including any local regional national or supra-national authority or agency, inspectorate, the Welsh Ministers, ministry, official or public or statutory person of the Government of either Wales or the European Union;

Relevant Decision means the Commission Decision of 20 December 2011 on the application of Article 106(2) of TFEU to State Aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest (EU reference 2012/21/EU);

Relevant Homes are:

- (c) those Affordable Rented Homes set out in Appendix 1;
- (d) the Penyffordd Homes;
- (e) such other homes as the Council and the Company may (from time to time) agree in writing shall qualify as Affordable Rented Homes;

Relevant Rent means the Affordable Rent set for each Relevant Home as set out in schedules 1 and 2;

Rent Scheme is the method for calculating the Relevant Rents to be charged for each Relevant Home more particularly set out in Appendix 2;

State Aid means (as the case may be):

- (f) any aid granted by a Member State of the European Union or through the resources of such Member State in any form whatsoever which

distorts or threatens to distort competition by favouring a particular undertaking or the production of certain goods, in so far as such aid affects trade between European Union Member States;

- (g) any aid benefit or advantage (which includes but is not limited to assets, taxes, interest rates, funds and land) granted by or through a public sector body which is subject to any Welsh Competition Requirement;

State Aid Law means (as the case may be):

- (a) the law relating to State Aid under Articles 107 and 108 of the TFEU including the relevant treaties, laws, directives, decisions, regulations and court judgements of the European Union;
- (b) a Welsh Competition Requirement;

TFEU means the Treaty of the Functioning of the European Union;

VAT means Value Added Tax;

Welsh Competition Requirement means any Statutory Requirement which:

- (c) is in force and/or in effect and/or applies in Wales on or after the date the United Kingdom ceases to be a Member State of the European Union; and
- (d) which regulates any aid funding assets or advantage granted or directed by a public sector body to the extent that the same has the ability to threaten to or actually distort either competition or an economic market in Wales and/or the United Kingdom and/or in any part of the European Economic Area and/or in any other country or countries (as the case may be);

- 1.2 All references in this Deed to treaties statutes or any statutory provision or decisions of the European Commission shall be construed as including references to any modification, consolidation replacement or re-enactment (whether before or after today's date) of the same for the time being in force.
- 1.3 Except where the context otherwise requires, words denoting the singular include the plural and vice versa; words denoting any gender include all genders; and words denoting persons include partnerships, unincorporated associations and corporations and vice versa.
- 1.4 Unless otherwise stated, a reference to a Clause is a reference to a Clause of this Entrustment Deed.
- 1.5 Clause headings are for ease of reference only and do not affect the construction of this Entrustment Deed.
- 1.6 The Appendices form part of this Deed and shall have the same force and effect as if expressly set out in the body of this Entrustment Deed.

PHL 127231375.2

NGR 318456

PHL 127231375.2

NGR 31824.6

2 Duration

- 2.1 Subject to Clause 10 the term of this Deed shall be 45 (forty five) years from the date of this Entrustment Deed.

3 Consideration

- 3.1 In consideration of payment of the sum of £10 by the Company to the Council and the compliance by the Company with its obligations in this Deed the Council entrusts and tasks the Company to provide homes at affordable rents for families and individuals and subject to the terms of this Deed and in consideration of the same the Council shall consider providing the Company with support to discharge that obligation.

4 Public Service Obligation

- 4.1 The Company shall subject to it being given support through a Financial Instrument make the Relevant Homes available to Eligible Persons at no more than Affordable Rents.
- 4.2 Further to clause 4.1 the Company may acquire such homes by constructing, re-furbishing purchasing or leasing them.
- 4.3 The Council and the Company acknowledge that due to the distortion in the housing market Eligible Persons may not necessarily be able to afford to rent homes at an Affordable Rent in Flintshire.

5 Affordable Homes Lettings Criteria

- 5.1 The Company shall be solely responsible for undertaking the letting of the Relevant Homes.
- 5.2 The Company shall let the Relevant Homes in accordance with the following criteria:
 - 5.2.1 persons who may be offered a tenancy of a Relevant Home shall be:
 - (a) an Eligible Person;
 - (b) whose gross household income does not exceed the relevant Income Threshold;
 - (c) who has evidenced to the Company's reasonable satisfaction that they meet the criteria under Clause 5.2.1 (a) and (b) and the applicable criteria under Clause 5.2.2;
 - 5.2.2 subject to a Local Lettings Policy being agreed with the Council from time to time.
- 5.3 The Company shall report to the Council on a [quarterly] basis on:
 - (a) the number of lettings of Relevant Homes which the Company has made in the previous quarter.

- (b) confirmation that such lettings have been made to Eligible Persons whose household income does not exceed the relevant Income Threshold;
- (c) the number of Eligible Persons in each of the categories set out in clause 5.2.2 (a) to (f);
- (d) information required under the Rent Scheme (Appendix 2);
- (e) such other matters as the Council may reasonably request.

6 Compensation and State Aid Compliance

- 6.1 The Council may from time to time provide financial support to the Company for the purpose of the Company building, acquiring, refurbishing leasing or operating the Relevant Homes.
- 6.2 Any financial support provided to the Company by the Council shall be given under a Financial Instrument and that financial support and the relevant Financial Instrument shall comply with the legal requirements of the Relevant Decision including Article 5 (Compensation), Article 6 (Overcompensation) and Article 7 (Transparency).
- 6.3 The Company shall assist the Council monitor compliance with the Relevant Decision and it shall promptly provide the Council with information which the Council reasonably requires to undertake that monitoring.
- 6.4 The Company shall promptly co-operate with the Council, the Welsh Ministers and the European Commission in connection with establishing and evidencing that public funding and support given to the Company is compliant with State Aid requirements arising from the TFEU.
- 6.5 The Company shall account separately for income and costs which arise from the Relevant Homes and it shall also:
 - 6.5.1 only apply monies given under a Financial Instrument to the Relevant Homes and proper ancillary costs;
 - 6.5.2 in accordance with proper UK accounting practice apportion its cost and income between the Relevant Homes and other activities it undertakes.
- 6.6 The Company shall retain its Records for a period of 10 years after the expiry or earlier termination of this Entrustment Deed.
- 6.7 The Council may also review this Entrustment Deed, at any time prior to or following the withdrawal of the United Kingdom from the European Union, to ensure that the provisions of the Agreement comply with any Welsh Competition Requirements which may be applicable to it or the parties and to ensure that no Incompatible State Aid has or is likely to arise.
- 6.8 If as a result of any review undertaken in accordance with clause 6.7 it is found that:
 - 6.8.1 a Welsh Competition Requirement applies or will apply to this Deed of Entrustment, then

- 17.2 Any Disposal made by a Mortgagee shall not be an Authorised Disposal unless the Mortgagee shall have first complied with the provisions of clause 17.3 (the "Mortgagee's Duty").
- 17.3 The Mortgagee shall notify the Council in writing of its intention to exercise the power of sale under its mortgage or charge and shall first use its reasonable endeavours to make a Disposal in the exercise of such power of sale at the Council's written election to either: the Council; an entity owned by the Council; a Registered Provider; or other legal person which the Council selects (a "Nominated Purchaser") for a consideration which shall not be less than the monies outstanding apportioned to and secured on the Relevant Homes (the Council being entitled to elect for these purposes by service of notice in writing on the Mortgagee within two months of the Mortgagee notifying the Council in writing of its intention to exercise its power of sale) and shall allow such Nominated Purchaser a period of 4 months from the date of the Council's notice under this clause to complete the Disposal.
- 17.4 For the avoidance of doubt, if following the Mortgagee having given notice to the Council under clause 17.3, the Council either fails to give notice to the Mortgagee nominating a Nominated Purchaser within the said period of two months specified in clause 17.3 or the Council having given such notice the Nominated Purchaser fails to complete the Disposal within the said period of 4 months specified in clause 17.3 any Disposal made thereafter by the Mortgagee in exercise of its said power of sale shall be an Authorised Disposal.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Council
The common seal of
Flinthshire County Council
was affixed in the presence of



FLINT 127231375 2

13

NGR 31824 6

Chair

Chief Officer (Governance) Legal Services
Manager

Company

Executed as a deed by

North East Wales Homes Limited

acting by

FLINT 127231375 2

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NGR 31824 6

Appendix 1

The Relevant Homes

The Relevant Homes in the Walks are:

Scheme name: FLINT

Location: FLINT

Contract start date: 3 May 2016

Contract completion date: April 2018

Number of NEWH properties: 62

| Phase | Provisional date for completion | Percentage of Market Rent to be applied | Property size | Block | Plot no | Size | |
|-------|---------------------------------|---|---------------|----------------------|---------|------|-------|
| 1 | | July 2017 | 90% | 3 bed 5 person house | 15 | 37 | 85sqm |
| | | | 90% | 2 bed 4 person house | | 38 | 69sqm |
| | | | 90% | 2 bed 4 person house | 16 | 39 | 69sqm |
| | | | 90% | 3 bed 5 person house | | 40 | 85sqm |
| | | | 90% | 2 bed 4 person house | | 41 | 69sqm |
| | | | 90% | 2 bed 4 person house | 17 | 42 | 69sqm |
| | | | 90% | 3 bed 5 person house | | 43 | 85sqm |
| | | | 90% | 2 bed apartment | 18 | 67 | 59sqm |
| | | | 90% | 1 bed apartment | 18 | 70 | 45sqm |
| | | | | | | | |
| 2 | | October 2017 | 90% | | | 71 | 57sqm |
| | | | 90% | | | 72 | |
| | | | 90% | | | 73 | |
| | | | 90% | 1 bed apartment | | 74 | 80sqm |
| | | | 90% | 2 bed apartment | | 75 | 45sqm |
| | | | 90% | | | 76 | |
| | | | 90% | | | 77 | 57sqm |
| | | | 90% | | | 78 | |
| | | | 90% | | | 79 | |
| | | | 90% | 2 bed apartment | | 80 | |
| | | | 90% | 2 bed apartment | | 81 | 80sqm |
| | | | 90% | 1 bed apartment | | 82 | 45sqm |
| | | | 90% | 1 bed apartment | | 83 | |
| | | | 90% | 2 bed apartment | | 84 | 57sqm |
| | | | | | | 85 | |
| | | | | | | 86 | |

6.8.2 the Council and the Company shall amend this Agreement to the extent necessary to ensure that the provisions of this Agreement are compatible with any applicable Welsh Competition Requirement;

7 **Market Activity**

7.1 The Council and the Company acknowledge that the Company may also engage in the provision of Market Homes but nothing in this agreement shall oblige the Council to do so;

7.2 If the Council elects to provide funding to the Company for the purpose of Market Homes it shall only do so through a Market Economy Loan;

7.3 The Company shall determine the criteria (if any) it chooses to apply to the letting or sale of any Market Home;

8 **Form and duration of Tenancies**

8.1 The Company shall let the Relevant Homes and any Market Home (which may be let) under Assured Shorthold Tenancies or if it becomes legally impossible to grant such a tenancy then a form of tenancy which is comparable to it;

8.2 The Relevant Homes shall be let on an assured short hold tenancy. This will be on an initial 6 month fixed term basis. Following this initial period, it will become 'periodic' and roll from month to month. A rent review clause sets out when and by how much NEW Homes can increase the rent;

8.3 The Company;

8.3.1 may renew a tenancy of a Relevant Home providing that at the date of such renewal the tenant meets the criteria set out in clause 5.2.1;

8.3.2 may offer a tenant who fails to meet the criteria set out in clause 5.2.1 a tenancy of a Market Home;

8.4 The Company shall from time to time determine the duration of its tenancies for the Market Homes;

9 **Relevant Rents**

9.1 The Company shall:

9.1.1 on the initial letting of a Relevant Home to a new tenant charge that tenant no more than the Relevant Rent as calculated in accordance with paragraphs 1.1 and 1.3 (as the case may be) of the Rent Scheme (Appendix 2);

9.1.2 thereafter unless the parties agree otherwise the Company may only adjust the Relevant Rent in accordance with the Rent Scheme (Appendix 2).

10 **Complete agreement**

This Entrustment Deed and the provisions contained in it together with the relevant Financial Instrument constitute the entire agreement between the parties and may only be varied or modified in writing by agreement under the seals of the parties;

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NDR 21524.6

or to such other addresses as either party may from time to time notify to the other in accordance with the provisions of this Clause;

15 **General provisions**

15.1 In relation to the Penryffordd Homes (only):

15.1.1 the Relationship Agreement shall continue and its provisions shall apply to the Penryffordd Homes;

15.1.2 the provisions of this Deed of Entrustment shall also apply to the Penryffordd Homes;

15.1.3 if there is a conflict between the Relationship Agreement and this Deed of Entrustment then the relevant provisions of the Relationship Agreement shall apply;

15.2 This Deed shall be binding on and endure for the benefit of each party's successors and assigns;

15.3 The failure to exercise or delay in exercising a right or remedy under this Deed shall not constitute a waiver of the right or remedy or a waiver of any other rights or remedies and no single or partial exercise of any right or remedy under this Deed shall prevent any further exercise of the right or remedy or exercise of any other right or remedy;

15.4 No announcement relating to the subject matter of this Deed or any matter ancillary thereto or any of the provisions set out in this Deed shall be made by either party without the prior written approval of the other save where the announcement is required by law or any regulation it shall be made by a party after consultation with the other party and taking into account the reasonable requirements of the other party;

15.5 This Deed shall be governed by and interpreted in accordance with the laws of Wales and the parties hereby submit to the non-exclusive jurisdiction of the High Court of Justice in England and Wales;

15.6 If any term or provision in this Deed shall in whole or in part be held to any extent to be illegal or unenforceable under any enactment or rule of law, that term or provision or part shall to that extent be deemed not to form part of this Deed and the enforceability of the remainder of this Deed shall not be affected;

15.7 This Deed may be executed in any number of counterparts each of which when executed by one or more parties shall constitute an original but all of which shall constitute one and the same document;

16 **Disputes**

16.1 In the event of a dispute between the parties over the provisions and/or operation of this Deed then either party may notify the other party of such a dispute and the parties shall co-operate to seek to resolve it;

16.2 If the parties are unable to resolve such a dispute within 14 days of the notification referred to in clause 16.1 then either party may refer the matter to an expert and the following provisions shall apply;

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11 **Review and Termination**

11.1 The Council and the Company shall review at least annually this Deed and any Financial Instruments to establish their compliance with the Relevant Decision and State Aid Law;

11.2 If either the Council or the Company become aware that this Deed and/or any Financial Instrument is not or has ceased to be compliant with the Relevant Decision and/or State Aid Law then they shall co-operate to make the necessary amendments to those agreements to ensure that they do comply;

11.3 The Council may terminate this Deed by serving a written termination notice on the Company and subject to Clause 10.4 this Deed shall terminate on the date falling 6 months after the date the Council served the same written notice;

11.4 If this Deed is terminated or expires its provisions (and the parties' respective obligations) shall continue to apply in respect of those Relevant Homes in existence at the date of termination until such time as all of the Financial Instruments have expired or have been terminated;

12 **Rights of third parties**

Save where otherwise expressly or impliedly stated no express third party right and no purported third party right is conferred by this Deed or any contract, deed or instrument entered into under or in connection herewith pursuant to the Contracts (Rights of Third Parties) Act 1999;

13 **Declarations**

Nothing in this Deed shall prejudice or affect the Council's rights powers duties and obligations in the exercise of its functions as a local authority and the rights powers duties and obligations of the Council under all public and private statutes bye-laws orders regulations and statutory instruments may be as fully and effectually exercised as if the Council had not been a party to this Entrustment Deed;

14 **Notices**

Any notice to be given hereunder shall be in writing and shall be sufficiently served if delivered by hand and receipted for by the recipient or sent by the Recorded Delivery Service addressed in the case of:

the Council to:

Flintshire County Council

Attention: Chief Officer (Governance) Legal Services Manager

the Company to:

North East Wales Home

Attention: the Company Secretary

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16.2.1 the expert shall be appointed by the company and the Council jointly or failing such joint appointment appointed the President (or other acting senior officer) for the time being of the Chartered Institute of Housing at the request of either party ("the Expert");

16.2.2 the Expert is to act as an expert and not an arbitrator;

16.2.3 the Expert may in his reasonable discretion adopt such procedures to assist with the conduct of the determination as he considers just or appropriate, including (to the extent he considers necessary) instructing professional advisers to assist him in reaching his decision;

16.2.4 each party shall with reasonable promptness supply each other with all information and give each other access to all documentation and personnel as each party reasonably requires to make a submission;

16.2.5 each party shall provide (or procure that others provide) the Expert with such assistance and documents as the Expert reasonably requires for the purposes of reaching a decision;

16.2.6 the fees and expenses of the Expert including the cost of his nomination are to be borne equally by the parties or as he otherwise directs;

16.2.7 the parties are to bear their own costs relating to the determination of the issue by the Expert or as he otherwise directs;

16.2.8 the determination of the Expert is to be conclusive and bind the parties save in the case of manifest error;

16.2.9 if the Expert shall relinquish his appointment or die or if it shall become apparent that for any reason he will be unable to complete his duties under this Deed then either party may apply to the President (or other acting senior officer) of the Chartered Institute Housing for a substitute to be appointed in his place;

17 **Restriction on Title and Mortgagees in Possession**

17.1 The Company shall promptly after the date of this Entrustment Deed register a restriction on the title(s) which apply to the Relevant Homes the wording of which shall be approved by the Council (such approval not to be unreasonably withheld nor delayed). The terms of the restriction should refer to:

17.1.1 this Entrustment Deed;

17.1.2 the requirement that for a period of 45 years from the date of this Entrustment Deed the Relevant Homes are subject to Relevant Rents and to the other provisions of this Entrustment Deed;

17.1.3 that the Company is prohibited from either dealing in or otherwise disposing of its interests in the Relevant Homes unless the Council gives its prior written consent;

17.1.4 reference to the Mortgagee's Duty and the Authorised Disposal requirements set out in this clause 17;

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NDR 21524.6

| | | | | | | |
|---|---------------|-----|----------------------|----|----|-------|
| | | 90% | 2 bed apartment | | 87 | 80sqm |
| | | 90% | 1 bed apartment | | 89 | 45sqm |
| | | 90% | 2 bed apartment | | 90 | 57sqm |
| | | 90% | 2 bed apartment | | 92 | 80sqm |
| 3 | November 2017 | 90% | 2 bed 4 person house | 4 | 16 | 69sqm |
| | | 90% | 3 bed 5 person house | | 17 | 85sqm |
| | | 90% | 2 bed 4 person house | 5 | 21 | 69sqm |
| | | 90% | 3 bed 5 person house | | 22 | 85sqm |
| | | 90% | 3 bed 5 person house | 6 | 23 | 85sqm |
| | | 90% | 2 bed 4 person house | 7 | 13 | 69sqm |
| | | 90% | 3 bed 5 person house | | 14 | 85sqm |
| | | 90% | 3 bed 5 person house | | 15 | 85sqm |
| 4 | February 2018 | 90% | 3 bed 5 person house | 2 | 01 | 85sqm |
| | | 90% | 2 bed 4 person house | | 02 | 69sqm |
| | | 90% | 3 bed 5 person house | | 03 | 85sqm |
| | | 90% | 3 bed 5 person house | | 04 | 85sqm |
| | | 90% | 2 bed 4 person house | 3 | 05 | 69sqm |
| | | 90% | 3 bed 5 person house | | 07 | 85sqm |
| | | 90% | 3 bed 5 person house | | 08 | 85sqm |
| | | 90% | 3 bed 5 person house | | 09 | 85sqm |
| 5 | April 2018 | 90% | 3 bed 5 person house | 10 | 54 | 85sqm |
| | | 90% | 2 bed 4 person house | | 55 | 69sqm |
| | | 90% | 3 bed 5 person house | | 56 | 85sqm |
| | | 90% | 3 bed 5 person house | | 57 | 85sqm |
| | | 90% | 3 bed 5 person house | | 58 | 85sqm |
| | | 90% | 3 bed 5 person house | 9 | 59 | 85sqm |
| | | 90% | 2 bed 4 person house | | 60 | 69sqm |
| | | 90% | 2 bed 4 person house | | 61 | 69sqm |
| | | 90% | 3 bed 5 person house | | 62 | 85sqm |
| | | 90% | 3 bed 5 person house | 11 | 49 | 85sqm |
| | | 90% | 2 bed 4 person house | 11 | 50 | 69sqm |

PSEC 120191092_2

11

PVM 31824 6

| | | | | | | |
|--|--|-----|----------------------|--|----|-------|
| | | 90% | 2 bed 4 person house | | 51 | 69sqm |
| | | 90% | 3 bed 5 person house | | 52 | 85sqm |
| | | 90% | 3 bed 5 person house | | 53 | 85sqm |

PSEC 120191093_2

16

PVM 21824 6

| | | | | |
|--|-----------------|----|----|-------|
| | 2 bed apartment | 10 | 67 | 57sqm |
| | | | 70 | |

Together with such other homes as the Council and the Company confirm in writing from time to time to be Relevant Homes.

1

Appendix 2

The Rent Scheme

Definitions

Indexed means a sum is multiplied by:

$$\text{Index A} \div \text{Index B}$$

Where Index A is the value of CPI published in the [September] prior to the relevant calculation date and Index B is the value of CPI published in the [September] twelve months prior to that September used for the relevant Index A.

CPI means the Consumer Prices Index (All Items) as published by the Office for National Statistics, from time to time, or failing such publication, such other index as the parties may agree, or as determined in accordance with Clause 16 (Disputes) to most closely resemble such index.

18 Initial Relevant Rents and subsequent increases

18.1 Unless the Council agrees otherwise the Company shall charge tenants of the Relevant Homes an initial Relevant Rent calculated as a proportion of the Market Rent specified for that Relevant Home in Column B of the table set out in Appendix 1.

18.2 Thereafter unless the Council agrees otherwise the Company may only increase the Relevant Rent in April in each year and by no more than the Relevant Rent Indexed plus 1.3% of the rent which subsisted immediately before it was Indexed;

18.3 When re-letting a Relevant Home to a new tenant the Company shall apply the calculation in 2.1 to determine the first Relevant Rent to be charged to that tenant.

19 The Company may charge lower rents

19.1 Nothing in this Appendix shall prevent the Company from charging rents for the Relevant Homes which are less than those which would apply if calculated under paragraph 1 (above).

20 Evidence to support the calculation of the Market Rent

20.1 The Company shall provide the Council each year notice of rents it charges on the Rented Homes (including for lets to new tenants a methodology of how it has determined the Market Rent including providing the Council with independent evidence which support its determination).

² The month used may vary depending on the likely completion date for the units – however the same month should be used in both parts of the definition.
³ The months used may vary depending on the likely completion of the units – however the same month should be used in both parts of the definition.

20.2 If at any time the Council disagrees with the Company's determination of the Market Rent or the rents the Company charges tenants of the Relevant Homes it shall be entitled to refer the matter for resolution under clause 16 of this Entrustment Deed.

21 **Change of Law**

21.1 If there is any change in law relating to rent which may set for affordable housing (being similar to the Relevant Homes) after the date of this Deed and such change in law affects the Rent Scheme then the Company may propose a relevant variation relating to the Rent Scheme though the Council shall not be obliged to agree to any such variation unless (and only to the extent that) the relevant change in law would render a rent set under the Rent Scheme unlawful.



Llywodraeth Cymru
Welsh Government

29th September 2014

Dear XXXX

Award of Funding in relation to Children and Families Delivery Grant 2014-18
Reference: XXXX

Project Title: XXXX

Award of Funding

- (a) We are pleased to inform you that your Application has been successful and funding of up to XXXX ("the Funding") is awarded to you for the Purposes, as defined in Condition 4(a).
- (b) The Funding relates to the period 1 October 2014 to 31 March 2018. Each financial year's allocation must be claimed in full by the end of that financial year, otherwise any unclaimed part of the Funding will cease to be available to you. The annual allocations are set out in the following table:

| 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|----------|----------|----------|----------|
| £227,486 | £571,340 | £505,553 | £258,013 |

- (c) If you have any queries in relation to this award of Funding or the Conditions please contact the Welsh Government Official who will be happy to assist you.

2. Statutory Authority and State Aid

- (a) This award of Funding is made on and subject to the Conditions and under the authority of the Minister for Communities and Tackling Poverty, one of the Welsh Ministers, acting pursuant to sections 60, 70 and 71(1) of the Government of Wales Act 2006 and section 14 of the Education Act 2002.
- (b) You must comply with the European Commission's State Aid Rules. This letter is an act entrusting to you responsibility for providing a Service of General Economic Interest for the purposes of Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty of the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of service of

general economic interest (C(2011)9380). You must ensure that you comply with the contents of that Decision. Further details of the specific State Aid Rules applicable to the Purposes and the identification numbers of any relevant State Aid approvals are contained in Schedule 3. You are responsible for ensuring that the Purposes are delivered in line with the State Aid criteria upon which the Funding is awarded.

3. Interpreting these Conditions

Any reference in these Conditions to:

'you', 'your' is to:

Company Registration Number: 1816889
Charity Number: 1094652;

'we', 'us', 'our' is to the Welsh Ministers;

'Application' is to your Application dated 23rd May 2014;

'Welsh Government Official' is to:

or such other Welsh Government official as we may notify you;

'Project Manager' is to:

or such other official as you may notify us;

'Conditions' is to the terms and conditions set out in this letter;

'Schedule' is to the schedules attached to this letter;

'Costs Incurred' is to the cost of goods and services you have received regardless of whether you have paid for them by the date of your claim;

'Notification Event' is to any of the events listed in Schedule 2;

'State Aid Rules' is to the rules set out in Articles 107 to 109 of the Treaty on the Functioning of the European Union (or in those Articles that may succeed Articles 107 to 109), secondary legislation such as frameworks, guidelines and block exemptions produced by the European Commission derived from Articles 107 to 109, case law of the European Courts and decisions of the European Commission regarding the application of Articles 107 to 109; and

‘any legislation’ will include all amendments to and substitutions and re-enactments of that legislation in force from time to time.

4. What you must use the Funding for

- (a) You must use the Funding solely for the purposes set out in Schedule 1 (the **“Purposes”**).
- (b) Any change to the Purposes will require our written consent which must be obtained from us in advance of implementing any change. Please note that we are not obliged to give our consent but we will consider all reasonable written requests.
- (c) You must not use any part of the Funding for: (1) party political purposes; (2) the promotion of particular secular, religious or political views; (3) gambling; (4) pornography; (5) offering sexual services; (6) purchasing capital equipment (other than as specified in the Purposes); (7) your legal fees in relation to this letter; (8) Costs Incurred or costs incurred and defrayed by you in the delivery of the Purposes prior to the period referred to in Condition 1 (b); (9) any kind of illegal activities; or (10) any kind of activity which in our opinion could bring us into disrepute.

5. Funding Pre-Conditions

- (a) We will not pay any of the Funding to you until you have provided us with the following information and documentation:
 - (i) Documentary evidence that the signatories who have signed this letter on your behalf are duly authorised to do so.
 - (ii) Documentary evidence that you have put in place all staff and other resources detailed in the Application as required to commence the Purposes.
 - (iii) Confirmation that a signed collaboration agreement is in place between you and your partners for the delivery of the project.
- (b) Where you are required to provide information and documentation to us as evidence that you have satisfied a particular pre-condition, Condition or in support of a claim, the information and documentation must be in all respects acceptable to us. We reserve the right to reject any information and documentation which is for any reason not acceptable to us.

6. How to claim the Funding

- (a) The Funding will be paid to you quarterly in advance based on your estimated expenditure, as follows:

- (i) The first claim will be paid as soon as we receive your acceptance to this offer of grant and relates to the period 1st October 2014 to 31st December 2014.
 - (ii) Thereafter, claim forms should be submitted by 15th of the month following the end of the previous quarter, commencing 15th January 2015 relating to claims for the period 1st January 2015 to 31st March 2015.
- (b) You must claim the Funding promptly. We reserve the right to withdraw any part of the Funding that you do not claim promptly.
- (c) You must submit your claims for payment of Funding to the Welsh Government Official.
- (d) You must use our current claim pro-forma (which is available from the Welsh Government Official) and attach;
 - i) details of your actual expenditure for the previous quarter; and
 - ii) details of your estimated expenditure for the next quarter; and
 - iii) details of all surplus funding held by you at the end of the previous quarter; and
 - iv) confirmation that you are operating in all respects in accordance with your constitution; and
 - v) a quarterly progress report.
- (e) Any unspent Funding from the previous quarter will be offset against the next payment of Funding even if this results in you not receiving the total amount of Funding.
- (f) We will aim to pay all valid claims as soon as possible and typically within 28 days of receiving all fully completed documentation.

7. Your general obligations to us

You must:

- (a) safeguard the Funding against fraud generally and, in particular, fraud on the part of your management, employees and/or suppliers and notify us immediately if you have reason to suspect that any fraud has occurred or is occurring or is likely to occur. You must also participate in such fraud prevention initiatives as we may require from time to time.
- (b) comply with all applicable laws or regulations or official directives whether derived from domestic, EU or international law.

- (c) put in place and maintain adequate insurances to cover against the risks which may arise in connection with any property or any activity undertaken in delivery of the Purposes. We reserve the right to require you to provide proof of your insurance.
- (d) co-operate fully with the Welsh Government Official and with any other employee of the Welsh Government or consultant appointed by us to monitor your use of the Funding and your compliance with these Conditions.

8. Declarations

You declare that:

- (a) you have the power to enter into and to perform the obligations set out in these Conditions and you have taken all necessary action to authorise the entry into and performance of the obligations under these Conditions.
- (b) no litigation or arbitration is current or pending or, so far as you are aware, threatened, which have or could have an adverse effect on your ability to perform and comply with any of these Conditions.
- (c) the information contained in your Application is complete, true and accurate.
- (d) you have disclosed to us all material facts or circumstances which need to be disclosed to enable us to obtain a true and correct view of your business and affairs (both current and prospective) or which ought to be provided to any person who is considering providing funding to you.

9. Notification Events and their consequences

- (a) You must notify us immediately if a Notification Event has occurred or is likely to occur but we also reserve the right to notify you where we believe a Notification Event has occurred or is likely to occur.
- (b) We will seek to discuss the Notification Event with you and to agree a course of action to be taken to address the Notification Event and in doing so we will consider both the seriousness of the Notification Event and whether or not it can be remedied.
- (c) We will be entitled to take any of the actions listed in Condition 9(d) if:
 - (i) despite our reasonable efforts we have been unable to discuss the Notification Event with you; or
 - (ii) we notify you that the Notification Event is not capable of remedy; or
 - (iii) a course of action is agreed with you but you fail to follow it, or any conditions attached to it are not met (including without limitation the timescale for such course of action); or

- (iv) the course of action fails to remedy the Notification Event to our satisfaction.
- (d) If any of the circumstances set out in Condition 9(c) occurs we may by notice to you:
 - (i) withdraw the award of Funding; and/or
 - (ii) require you to repay all or part of the Funding immediately; and/or
 - (iii) suspend or cease all further payment of Funding; and/or
 - (iv) make all further payments of Funding subject to such conditions as we may specify; and/or
 - (v) deduct all amounts owed to us under these Conditions from any other funding that we have awarded or may award to you; and/or
 - (vi) exercise any other rights against you which we may have in respect of the Funding.
- (e) All repayments of Funding must be made to us within 28 days of the date of our demand. You must pay interest on any overdue repayments at a rate of 1.5% per annum above the Bank of England base rate from time to time or at such other rate as may be required by the State Aid Rules. Interest will accrue on a daily basis from the date the repayment is due until actual repayment of the Funding, whether before or after judgment. You must pay the interest together with the overdue repayment.

10. Monitoring Requirements

You must:

- (a) provide us with such documents, information and reports which we may reasonably require from time to time in order for us to monitor your compliance with the Conditions, including without limit:
 - (i) confirmed targets by 31st December 2014;
 - (ii) Grant Project Report and Financial Statement by 15th June annually;
 - (iii) completed Verification of Expenditure statement (Schedule 4) by 15th June annually with effect from June 2015;
 - (iv) Company Report and Accounts by 31st October annually.
- (b) meet with the Welsh Government Official and such other of our representatives as we may from time to time reasonably require;

- (c) ensure that the Project Manager (or such other person as we may agree) attends all meetings with the Welsh Government Official.

11. Audit Requirements

- (a) You must:
 - (i) maintain clear accounting records identifying all income and expenditure in relation to the Purposes;
 - (ii) without charge, permit any officer or officers of the Welsh Government, Wales Audit Office or European Commission at any reasonable time and on reasonable notice being given to you to visit your premises and/or to inspect any of your activities and/or to examine and take copies of your books of account and such other documents or records as in such officer's reasonable view may relate in any way to your use of the Funding. This undertaking is without prejudice and subject to any other statutory rights and powers exercisable by the Welsh Government, Wales Audit Office or the European Commission or any officer, servant or agent of any of the above;
 - (iii) retain this letter and all original documents relating to the Funding until 21st March 2025 or we inform you in writing that it is safe to destroy them;
 - (iv) provide us with an Verification of Expenditure statement in accordance with the requirements set out in Schedule 4.
- (b) Under paragraph 17 of Schedule 8 to the Government of Wales Act 2006 the Auditor General for Wales has extensive rights of access to documents and information relating to monies provided by the Welsh Government. He and his officials have the power to require relevant persons who control or hold documents to give any assistance, information and explanation that they may require; and to require those persons to attend before them for such a purpose. The Auditor General and his staff may exercise this right at all reasonable times.

12. Third Party Obligations

- (a) Nothing in the Conditions imposes any liability on us in respect of any liability incurred by you to any third party (including, without limit, employees and contractors).
- (b) You must indemnify us against any liabilities, claims, proceedings, demands, losses, costs and expenses suffered or incurred by us directly or indirectly arising as a result of or in connection with any failure by you to perform fully or in part any obligation you may have to a third party.

13. Intellectual Property Rights & Publicity

- (a) Nothing in these Conditions transfers to us any rights in any intellectual property created by you as a result of the Purposes.
- (b) You must acknowledge our support on all publicity, press releases and marketing material produced in relation to the Purposes. Such acknowledgement must be in a form approved by us and must comply with the Welsh Government's branding guidelines.
- (c) You must provide the Welsh Government Official with a copy of all material listed in Condition 13(b) for our approval before any such material is published and you may not publish such material without our prior written approval. We will endeavour to respond to all written requests for approval within 10 working days.
- (d) You agree that from the date of this letter until 5 years from the date of the final payment of Funding we may include details about your organisation and business, the Funding and the Purposes in Welsh Government promotional materials and you further agree to co-operate with our reasonable requests to achieve the production of such materials.

14. Access to Information

- (a) You acknowledge that we are subject to the requirements of the Code of Practice on Access to Information published by the Welsh Government (the "Code"), the Freedom of Information Act 2000 (the "FOIA"), the Environmental Information Regulations 2004 (the "EIR") and the Data Protection Act 1998 (the "DPA").
- (b) You acknowledge that we are responsible for determining in our absolute discretion whether:
 - (i) to disclose any information which we have obtained under or in connection with the Funding to the extent that we are required to disclose such information to a person making a disclosure request under the FOIA or the EIR; and/or
 - (ii) any information is exempt from disclosure under the Code, the FOIA or the EIR.

15. Buying Goods and Services

If you decide to buy any goods and/or services to deliver the Purposes, they must be purchased in a competitive and sustainable way so as to demonstrate that you have achieved best value in the use of public funds.

16. Giving Notice

- (a) Where notice is required to be given under these Conditions it must be in writing (this does not include email but may include a letter attached to an email) and must prominently display the following heading:

***“Notice in relation to the Children and Families Delivery Grant
2014-18 Reference: SFG CFDG 2014-18”.***

- (b) The address and contact details for the purposes of serving notice under these Conditions are as follows:

You: the Project Manager at the address stated in Condition 3.

Us: the Welsh Government Official at the address stated in Condition 3.

- (c) A notice will be deemed to have been properly given as follows:

Prepaid first class post: on the second working day after the date of posting.

By hand: upon delivery to the address or the next working day if after 4pm or on a weekend or public holiday.

By email attachment: upon transmission or the next working day if after 4pm or on a weekend or public holiday.

17. Equal Opportunities

You must apply a policy of equal opportunities as employers, as users of volunteers, and as providers of services, regardless of race, gender/gender identification, sexual orientation, religion and belief, age or any disability.

18. Welsh Language

Where the Purposes include or relate to the provision of services or written materials (including signage and information published online) in Wales, they must be provided in Welsh and English, unless it would be unreasonable or disproportionate to do so. Guidance about providing services and written materials in Welsh can be obtained from the Welsh Language Commissioner on 0845 6033 221 or by visiting www.comisiynyddygyymraeg.org.

19. Sustainability

Your use of the Funding must (where reasonably practicable) meet the Welsh Government's current agenda for sustainable development and the environment.

20. Welsh Ministers' Functions

You acknowledge that the Welsh Ministers have a range of functions which will continue to accrue and be amended and that decisions in relation to each such

function are obliged to be taken in the light of all relevant and to the exclusion of all irrelevant considerations. You agree that nothing contained or implied in, or arising under or in connection with, these Conditions will in any way prejudice, fetter or affect the functions of the Welsh Ministers or any of them nor oblige the Welsh Ministers or any of them to exercise, or refrain from exercising, any of their functions in any particular way.

21. General

- (a) If at any time any of these Conditions is deemed to be, or becomes, invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.
- (b) No failure or delay on our part to exercise any power, right or remedy under these Conditions will operate as a waiver of any such power, right or remedy or preclude its further exercise or the exercise of any other power, right or remedy. The powers, rights or remedies hereby provided are cumulative and not exclusive of any powers, rights or remedies provided by law.
- (c) Any amendment or variation to these Conditions must be in writing and signed by us and you in the same manner as this letter.
- (d) You may not assign or otherwise dispose of in any way your rights, benefits, obligations or duties under these Conditions.
- (e) Conditions 7, 9, 11, 13, 14, and 21(e) and such other Conditions which by implication need to continue in force beyond the final payment of Funding, will so continue in full force and effect.
- (f) The award of the Funding is to you alone and no one else is entitled to make any claim in respect of the Funding or seek to rely on or enforce any of these Conditions.
- (g) These Conditions are to be governed by and construed in accordance with the laws of Wales and England as applied in Wales and the parties hereto submit to the exclusive jurisdiction of the courts of Wales and England.

22. How to accept this offer of Funding

- (a) To accept this award of Funding you must sign and return a copy of this letter to the Welsh Government Official. None of the Funding will be paid to you until we have received your signed letter.
- (b) We must receive your signed letter within 28 days of the date of this letter, or this award of Funding will automatically be withdrawn.

Yours sincerely

Signed by XXXX
under authority of the Minister for Communities and Tackling Poverty,
one of the Welsh Ministers.

SCHEDULE 1

The Purposes

The purpose of the Funding is to support ProMo Cymru to deliver the **Informed Families** project, as a **Service of General Economic Interest**. The project is an all-Wales bilingual online information and communications solution for families, placing how the families prefer to receive and give information at the heart of the service. The model has built-in capacity to work at a local, regional and national level. It provides access via multiple platforms to ensure families most in need of financial and practical support have reliable access to information, regardless of location, socio-economic circumstances or digital literacy.

A national communications hub will be developed and adopted to provide locally targeted information. This will allow the model access and connect information locally, regionally and nationally.

Informed Families will create a single point of contact for families to access a suite of digital communication applications and accessible helpline support and allows families to be engaged in the process. 'Face to face' workers will be provided with information tools they will use in situ with families to provide them with current information.

Cardiff County Council and their partners will pilot the model. Learning from this pilot will be disseminated to other Local Authorities. A coherent link will be made with the range of family support programs managed by the Children, Young People and Families Division.

Annual breakdown of anticipated eligible expenditure

| 2014-2018 | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|
| Expenditure Area | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
| Staff costs | 84,186 | 237,740 | 249,153 | 125,813 |
| Apprenticeships | 8,000 | 22,000 | 20,000 | 10,000 |
| Recruitment | 6,000 | 0 | 0 | 0 |
| Web development /app | 40,000 | 117,000 | 62,000 | 31,000 |
| Helpline | 0 | 40,900 | 36,400 | 17,200 |
| Staff training | 0 | 5,000 | 0 | 0 |
| Staff travel | 3,300 | 10,200 | 9,000 | 4,500 |
| Evaluation/monitoring | 0 | 10,000 | 10,000 | 10,000 |
| Contribution to overheads | 15,000 | 30,000 | 30,000 | 15,000 |
| Finance & HR | 12,000 | 24,000 | 24,000 | 12,000 |
| Strategic management | 20,000 | 40,000 | 40,000 | 20,000 |
| Partner engagement and development | 20,000 | 10,000 | 0 | 0 |
| Branding comms campaign | 19,000 | 24,500 | 25,000 | 12,500 |
| TOTAL | 227,486 | 571,340 | 505,553 | 258,013 |

SCHEDULE 2

Notification Events

The Notification Events referred to in Condition 9 are listed below:

1. repayment of any part of the Funding is required under European Law (whether under State Aid Rules or otherwise);
2. you fail to comply with any of the Conditions;
3. you fail to achieve any or all of the Targets, agreed by 31st December 2014;
4. we have made an overpayment of Funding to you;
5. any declaration made in Condition 8 is incorrect in any respect or, if repeated at any time with reference to the facts and circumstances then existing, would be incorrect;
6. any petition is presented or resolution passed or other action taken for your bankruptcy or winding-up or a petition is presented for an administration order against you;
7. a receiver or an administrative receiver is appointed in respect of you or in respect of all or any part of your assets;
8. a moratorium in respect of all or any of your debts or a composition or an agreement with your creditors is agreed, applied for, ordered or declared;
9. you are unable, or admit in writing your inability, to pay your debts as they fall due;
10. any distress, execution, attachment or other process affects any of your assets;
11. a statutory demand is issued against you;
12. you cease, or threaten to cease, to carry on all or a substantial part of your business;
13. there is a change in your constitution, status, control or ownership and/or your external auditors resign;
14. there is a change in your shareholders, directors, trustees or partners;
15. any event occurs or circumstances arise which in our opinion gives reasonable grounds for believing that you may not, or may be unable, to perform or comply with any of your obligations under these Conditions.

SCHEDULE 3

State Aid

1. This letter is an act entrusting to you responsibility for providing a Service of General Economic Interest for the purposes of Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty of the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of service of general economic interest (C(2011)9380). You must ensure that you comply with the contents of that Decision.

Purpose

2. You must use the Funding solely for the purposes set out in Schedule 1.
3. Where you carry out activities falling both inside and outside the scope of that detailed in Schedule 1, you must ensure that your internal accounts show separately the costs and receipts associated with the Purposes set out in Schedule 1 and those of other services, as well as the parameters for allocation of costs and revenues.

Funding

4. The funding payable to you has been calculated having regards to the difference between the net cost for you of operating with the public service obligation and the net cost or profit for you operating without the public service obligation. You need to ensure that you have documentation that can demonstrate this.
5. Reasonable profit has been calculated using the rate of return on capital that would be required by a typical undertaking considering whether or not to provide the service of general economic interest for the whole period of entrustment, taking into account the level of risk. You need to ensure that you have documentation that can demonstrate this.

Review

6. An annual review will take place which will be arranged and conducted by your Account Manager.

Repayment

7. Where you have received funding in excess of the costs incurred by you in relation to the Purposes, you must repay the value of excess funding to us on demand, together with compound interest calculated in accordance with Commission Regulation(EC) No 794/2004 of 21 April 2004.
8. If the period of funding is extended at the end of the initial period and the excess funding paid to you does not exceed the total costs incurred by you by 10%, we may permit you to carry that overpayment of funding forward to the next year.

The amount carried forward shall be set off the amount due to you for any future funding period.

Records

9. You must keep all records, documents and information relating to this Funding until 21st March 2025, or longer if we inform you otherwise.

SCHEDULE 4
Verification of Expenditure for Children and Families Delivery Grant
2014-18. Reference XXXX

| | | | |
|--|---|--|---|
| Amount received in FY 201 /201 Please insert year | £ | Amount spent in FY 201 /201 Please insert year | £ |
| Total underspend / overspend (Amount received minus Amount spent) | | | |

Signature

Position

Full Name

Date

The completed statement should be signed and returned by e-mail, before 15th June annually, to: familysupportclaims@wales.gsi.gov.uk

TWO SIGNATORIES ARE REQUIRED

We hereby accept the award of Funding of the **Children and Families Delivery Grant 2014-18, Reference: XXX** and the Conditions relating to the Funding

An authorised signatory of **ProMo-Cymru** Signature

Name

Job Title

Date

An authorised signatory of **ProMo-Cymru** Signature

Name

Job Title

Date



Llywodraeth Cymru
Welsh Government

NAME
ADDRESS

DATE

Ref: SGEI Act of Entrustment in relation to the provision and maintenance of affordable housing.

This letter confirms that the Cabinet Secretary for Communities and Children entrusts **XXXX** with the provision and maintenance of social and intermediate housing (affordable housing) as services of general economic interest (SGEI) in accordance with European Commission Decision 2012/21/EU (the “SGEI Decision”).

SGEI Coverage

The SGEI includes:

1. Building new affordable housing to Development Quality Requirements (DQR)
2. Maintaining new and existing affordable housing available for rent
3. Upgrading all existing affordable housing available for rent to Welsh Housing Quality Standards (WHQS)

‘Affordable Housing’ means housing provided to those whose needs are not met by the open market. Affordable housing includes:

- **social rented housing** - provided by local authorities and registered social landlords where rent levels have regard to the Welsh Government’s guideline rents and benchmark rents; and
- **intermediate housing** - where prices or rents are above those of social rented housing but below market housing prices or rents. This can include intermediate market rent and low cost home ownership/equity sharing schemes.

Innovative Finance
Homes & Places
Welsh Government
Cathays Park 2
Cardiff
CF10 3NQ

Tel: 029 2037 0516
Email: Innovative.Finance@wales.gsi.gov.uk

The status of the SGEI shall not apply to any other activities which may be entered into by **XXXX** The entrustment is given under the SGEI Decision (<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:007:0003:0010:EN:PDF>) The duration of the entrustment will be for five years (01/05/2017 to 01/05/2022 inclusive) and will be for services in Wales only.

Compensation Calculation

The amount of compensation offered shall not exceed what is necessary to cover the net cost incurred by **XXXX** in providing the services set out above, including a reasonable profit. **XXXX** net cost will be calculated as the difference between the costs incurred and revenue generated in performing the SGEI, using the methodology contained in Article 5 of the SGEI Decision.

The costs that will be used to calculate the net cost of the service will be:

- a) All the costs related to the provision of the SGEI
- b) Costs linked with investments, particularly infrastructure, that are necessary to deliver the SGEI.

Less the revenue earned from the SGEI.

Providers are able to make a reasonable profit which will be calculated using the EC published swap rate applicable for the length of the entrustment plus 100 base points (1%). The latest swap rate can be found on the Commission's website:

http://ec.europa.eu/competition/state_aid/legislation/swap_rates_en.html

The compensation offered will be calculated as follows:

Major Repairs Allowance: an amount per property towards the costs of ensuring properties meet the Welsh Housing Quality Standards by 2020. The amount paid is calculated by Welsh Government's Knowledge and Analytical Services (KAS) division.

XXXX: a proportion of the costs associated with the organisation's expenditure on specified affordable housing schemes.

XXXX: a revenue contribution towards the costs of developing and maintaining affordable housing.

XXXX: a proportion of the capital costs associated with each approved scheme.

Ad-hoc funding requests: calculated based on scheme costs when submitted.

In total the amount will not exceed the cost of delivering the SGEI less any revenue made.

Cost Benchmarking

Scheme costs submitted for grants are compared to the relevant Acceptable Cost Guidance (ACG). Schemes with costs exceeding ACG are only approved if high acquisition and/or works costs are justified in the light of local conditions and housing need; schemes costing more than 120% of ACG will generally not be funded. ACG costs will be reviewed annually and adjusted based on the Building Cost Information Service (BCIS) index.

Repayment of Overcompensation

XXXX will submit applications as necessary to the relevant Homes & Places teams, for approval. It will also provide information as required to enable Welsh Government to monitor the level of compensation received. The monitoring process and information

required will be notified under separate cover. In the event that the amount of compensation exceeds the amount needed (such that there is over-compensation for the purposes of the SGEI Decision), **XXXX** will be required to repay that amount of excess funding to the Welsh Government.

All repayments of Funding must be made to us within 28 days of the date of our demand. You must pay interest on any overdue repayments at a rate of 1.5% per annum above the Bank of England Bank Rate or at such other rate as may be required by the State Aid Rules. Interest will accrue on a daily basis from the date the repayment is due until actual repayment of the Funding, whether before or after judgment. You must pay the interest together with the overdue repayment. Details of how to repay the funding will be included in the demand.

Where the overcompensation does not exceed 10% of the annual average compensation, it will be carried forward to the next period and deducted from the amount of compensation payable in respect of that period.

Please sign the enclosed copy of this letter to confirm that **XXXX** understands and agrees the content of this letter.

Please return the signed copy of this letter to the Welsh Government at the above address marked for the attention of XXXX.

Yours sincerely,

Signed by

Ian Williams, Deputy Director, Homes & Places

Under authority of,

The Cabinet Secretary for Communities and Children, one of the Welsh Ministers

(i) Name _____

(please print)

Signed _____

(Director/Company Secretary)

For and on behalf of XXXX

Company Registration Number _____

Date _____

AND

(ii) Name _____

(please print)

Signed _____

(Director)

For and on behalf of XXXX

Company Registration Number _____

Date _____

ANNEX

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

- (a) a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- (b) the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- (c) an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- (d) any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|---|----------|----------|
| | 2016 | 2017 |
| Compensation for Services of General Economic Interest (1+2) | | |
| (1) Compensation granted on the basis of the SGEI Decision | £327.766 | £438.741 |
| (2) Compensation granted on the basis of the SGEI Framework | | |

Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI de minimis aid ...) and the sectors in which they are used.

| |
|--|
| |
|--|

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| |
|--|
| Clear and comprehensive description of how the respective services are organized in your Member State⁵ |
| 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. |
| Social Housing |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| Grant offer letters |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| No longer than 10 years |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| None |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| Loans, guarantees and subsidies |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. |
| Each grant type is set in benchmarks within each category. |
| Typical arrangements for avoiding and repaying any overcompensation. |
| Post completion review |

A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

On Scottish Government website all aid measures are published.

<http://www.gov.scot/Topics/Built-Environment/Housing/investment/ahip>

Amount of aid granted

Total amount of aid granted (in millions EUR)⁶. This includes all aid granted in your territory, including aid granted by regional and local authorities. **(A+B+C)**

| 2016 | 2017 |
|-------------|-------------|
| £327.766 | £438.741 |

A: Total amount of aid granted (in millions EUR) paid by national central authorities⁷

| 2016 | 2017 |
|-------------|-------------|
| | |

B: Total amount of aid granted (in millions EUR) paid by regional authorities⁸

| 2016 | 2017 |
|-------------|-------------|
| | |

C: Total amount of aid granted (in millions EUR) paid by local authorities⁹

| 2016 | 2017 |
|-------------|-------------|
|-------------|-------------|

| | |
|--|------------------------------------|
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰ | |
| 2016 | 2017 |
| Average per beneficiary £1.971m | Average per beneficiary £2.399m |
| Maximum number/amount 116/£18.237m | Maximum number/amount 124/£28.798m |

⁵ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

⁶ As stipulated in Article 9 b) of the 2012 SGEI Decision.

⁷ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

⁸ See footnote 7.

⁹ See footnote 7.

¹⁰ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

1) SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision

(please specify the Commission decision approving each measure if applicable):

i. Postal services

ii. Energy

iii. Waste collection

iv. Water supply

v. Air or maritime links to islands with average annual traffic above the limits set in Art. 2(1)(d)

vi. Airports and ports with average annual traffic above the limit set in Art. 2(1)(e)

vii. Culture

viii. Financial services

ix. Other sectors (please specify)

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

| |
|--|
| Clear and comprehensive description of how the respective services are organized in your Member State¹¹ |
| 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. |
| |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. |
| |

| | |
|--|-------------|
| Typical arrangements for avoiding and repaying any overcompensation. | |
| | |
| <p>A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).</p> | |
| | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)¹². This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |
| | |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³ | |
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁴ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵ | |
| 2016 | 2017 |
| | |

| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
|--|-------------|
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁶ | |
| 2016 | 2017 |
| | |

¹¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

¹² As stipulated in Paragraph 62 b) of the 2012 SGEI Framework.

¹³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

¹⁴ See footnote 13.

¹⁵ See footnote 13.

¹⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Framework, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

4. COMPLAINTS BY THIRD PARTIES

Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures in scope of the 2012 SGEI Decision or 2012 SGEI Framework. Please be as specific as possible in your reply and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities or the likely outcome of the court proceedings.

5. MISCELLANEOUS QUESTIONS

a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;
- complying with public procurement rules in line with para 19 of the SGEI Framework;
- determining the net avoided cost as required by paras 25-27 of the SGEI Framework;
- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.

THE WELSH MINISTERS

and

XXXX

**AGREEMENT RELATING TO THE PROVISION OF
ACCESS TO BASIC FINANCIAL PRODUCTS
(A SERVICE OF GENERAL ECONOMIC INTEREST)**

THIS AGREEMENT is made on 7th April 2014

BETWEEN

(1) The Welsh Ministers; and

(2) xxxx ('Service Provider')

BACKGROUND

- (A) In pursuance of their functions under section 126 of the Housing Grants, Construction and Regeneration Act 1996 and section 60 of the Government of Wales Act 2006, the Welsh Ministers wish to fund the Service Provider to provide certain services of general economic interest, being access to basic financial products.
- (B) The Welsh Government is committed to tackling poverty and financial exclusion where it persists in communities across Wales. Access to simple and transparent financial products, including loans at affordable rates of interest are considered as important interventions to help fulfil these objectives. Credit unions are key service providers in their communities for responsible and ethical lending. Thus, the Welsh Ministers are committed to supporting the movement in Wales to achieve financial viability and long term sustainability to further help people who otherwise would be financially excluded to have access to financial basic financial products.
- (C) This Agreement is an act entrusting to the Service Provider responsibility for providing a service of general economic interest for the purposes of the Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest (C (2011) 9380).
- (D) The purpose of this Agreement is to enable the provision of basic affordable financial products and services. These products, which may include loans, budgeting accounts, rent accounts will be designed according to the specific requirements (simple, transparent and low cost) to people defined as financially excluded.
- (E) The Service Provider currently operates as a self-financing credit union.
- (F) In order for the Welsh Ministers and credit unions to fulfil their mutual objectives, the Welsh Ministers consider it necessary to provide financial support to cover some or all of the specific costs associated with the services of general economic interest.

- (G) To ensure the proportionality of the funding provided by the Welsh Ministers to the Service Provider, the Welsh Ministers funding under this Agreement is limited to that actually required to perform the public service obligations imposed by this Agreement i.e. what is necessary to cover the net costs exclusively linked to the public service obligation imposed. The Welsh Ministers will check regularly that the Compensation paid to the Service Provider does not lead to overcompensation. Consequently the benefit of this Agreement will accrue directly and exclusively to those who are financially excluded.
- (H) Financial inclusion is in line with the policy of the European Union. The development of the social economy (as part of which credit unions are expressly mentioned) is also a priority for the structural funds in the period 20014-2020. The Commission Communication concerning the Structural Funds and their coordination with the Cohesion Fund states that there should be active support for the creation and development of organisations such as credit unions and that such organisations will generally require continuing assistance for some time. Further, due to the local nature of credit unions and their operation, any effect on trade will be limited and not contrary to the interests of the Community.
- (I) The Service Provider is willing to provide services as set out below in this Agreement and its schedules.

It is agreed as follows:

1. Interpretation

1.1. In this Agreement unless the context otherwise requires:

| | |
|-------------------------------------|--|
| “Agreement” | means: (i) this agreement (ii) the Schedules; |
| “Audit and Accounting Requirements” | means the requirements set out in Schedule 3; |
| “Compensation” | means the funding payable as specified in clause 7 as compensation for the Services to be provided in accordance with the terms and conditions contained in the Agreement. |

| | |
|------------------|---|
| “Eligible Costs” | means the costs set out in Part B of Schedule 2; |
| “financial year” | means the twelve months ending with 30 September unless otherwise specified; |
| “Services” | means the credit union services of general economic interest more particularly described in Part A of Schedule 1. |
| Service Provider | means xxxx |

1.2. The headings to the clauses are for convenience only and have no legal effect.

1.3. References to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions from time to time and shall include references to any provisions of which they are re-enactments (whether with or without modification).

1.4. References to clauses and the Schedules are references to clauses of, and the Schedules to, this Agreement.

1.5. References to the masculine gender shall include the feminine and neuter and references to the singular shall include the plural and vice versa.

1.6 Each of the Schedules has effect as if set out in this Agreement.

2. Duration

2.1 This Agreement shall come into effect on 1 April 2014 and (unless terminated or extended under the provisions of this Agreement) shall remain in force until **31 March 2017**. (“the Initial Term”).

2.2 The Initial Term may be extended by agreement.

3. Services of General Economic Interest

3.1. The Service Provider agrees to provide the Services on the terms and conditions set out in this Agreement.

4. Performance of the Services

4.1. The Services shall be provided to people who satisfy the criteria of the common bond of the Service Provider, as determined in accordance with section 1(2)(b) of the Credit Unions Act 1979.

4.2. The Service Provider shall perform the Services in a manner which will achieve the targets set out in Part B of Schedule 1 as amended from time to time by agreement.

4.3. The Service Provider shall comply with the reasonable directions issued from time to time by the Welsh Ministers in respect of the Services and matters related to the Services.

5. Service Provider's General Obligations

5.1. The Service Provider shall provide the Services in compliance with all applicable legal requirements (including, without limitation, the Data Protection Act 1998) and in compliance with the requirements of any consent, licence, approval, authority or similar act of which the Service Provider is or should from time to time be aware.

5.2. The Service Provider shall adhere at all times to all requirements of best practice applicable to the provision of the Services.

5.3. Where the Service Provider provides services and carries out activities falling both inside and outside the scope of that detailed in Part A of Schedule 1, the Service Provider shall ensure that its internal accounts show separately the costs and receipts associated with the Services detailed in Part A of Schedule 1 and those of other services, as well as the parameters for allocation of costs and revenues.

5.4. The Service Provider shall take necessary steps to protect against fraud. The Service Provider shall notify the Welsh Ministers immediately if it has reason to suspect that any fraud has occurred or is occurring or is likely to occur.

6. Compensation and Payment

6.1. The Welsh Ministers shall pay the Compensation to the Service Provider on the terms set out in Part A of Schedule 2.

6.2. The Compensation shall be applied by the Service Provider solely towards the Eligible Costs of the provision of the Services as provided in Part B of Schedule 2.

6.3. The total amount of State aid received under this agreement is a sum not exceeding £45,597.35 for the period April 2014 to March 2017.

6.4. The amount of cash funding to be available to the Service Provider shall be a sum not exceeding:

for the period April 2014 to March 2015 – £21,615.50
for the period April 2015 – March 2016 – £14,394.92
for the period April 2016 – March 2017 - £9,586.93

6.5 The number of financially excluded members reported to the Welsh Government for the purpose of monitoring the activities of this project must be solely as a result of the funding received from the Welsh Government.

7. Repayment of overcompensation

7.1 Subject to clause 7.4, the costs referred to in Part B of Schedule 2 shall be reduced by all revenue received by the Service Provider in the previous quarter as a result of the provision of the Services.

7.2 Notwithstanding any other provision of this Agreement except clauses 8.4 and 8.5, the Service Provider shall repay to the Welsh Ministers the value of

$$£(A + B) - £C$$

where: A is the total Compensation actually paid to the Service Provider under this Agreement;

B is the total revenue generated from the provision of the Services less the amount calculated in accordance with sub-clause 7.3; and

C is the total costs which have actually been incurred by the Service Provider in connection with the Eligible Costs of providing the Services

as at the last day of the Initial Term (whenever it occurs) and (if applicable) as at the last day of the extended term of this Agreement.

7.3 Payment of the amount due in accordance with clauses 7.1 and 7.2 shall be made on demand by the Welsh Ministers together with compound interest calculated in accordance with Commission Regulation (EC) No 794/2004 of 21 April 2004.

7.4 The Service Provider may retain the same proportion of the revenue received by it in the previous quarter as a result of the provision of the Services as the proportion of its own capital which it applied during the same period towards the provision of the Services.

7.5 If the Initial term has been extended and at the end of the Initial Term $£(A + B)$ does not exceed $£C$ by more than 10% of C, the Welsh Ministers may permit the Service Provider to carry forward the over compensation to the next year. Such amount carried forward shall be set off the amount due to the Service Provider for the performance of the Services in the following quarter and the costs listed in Part B of Schedule 2 shall be amended accordingly.

7.6 The Welsh Ministers may require the repayment of any Compensation or revenue generated from the provision of the Services on demand to the extent that:

7.6.1 the Welsh Ministers are required to do so as a result of a decision by the European Commission or as a result of any obligation under European Union law, or

- 7.6.2 if in the opinion of the Welsh Ministers the repayment is necessary to ensure that the assistance given under this Agreement taken together with any other assistance which has been or is likely to be received towards the Services is compatible with the EC State aid rules, or
- 7.6.3 the Compensation is applied for purposes other than the Eligible Costs arising from the provision of the Services.

8. State aid

- 8.1 The Service Provider must ensure that it complies with State aid rules. The Compensation payable under this Agreement is provided in accordance with Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest (C (2011) 9380). . The Service Provider shall ensure that it complies with the contents of this Decision.
- 8.2 If any part or all of the Compensation paid to the Service Provider is unlawful State aid, the Welsh Ministers shall be entitled to recover from the Service Provider such State aid in full on demand together with compound interest calculated in accordance with Commission Regulation (EC) No 794/2004 of 21 April 2004.

9. Accounts and Audit

- 9.1 The Service Provider shall comply with the Audit and Accounting Requirements set out in schedule 3.
- 9.2 The Service Provider shall permit the Welsh Ministers and the Auditor General for Wales and their staff to carry out such financial audits as either of them may consider appropriate from time to time. The Service Provider shall provide the Welsh Ministers and the Auditor General for Wales or their staff with such information as they may reasonably require for the purpose of such audits.

10. Termination

- 10.1 The Welsh Ministers may by notice in writing withhold payments or terminate this Agreement with immediate effect if the Service Provider or any of its staff:
 - 10.1.1 commits any act which in the opinion of the Welsh Ministers is an act of gross misconduct; or

- 10.1.2 is reasonably suspected of acting fraudulently, which may include, providing information which is incorrect or misleading to an extent considered misleading by the Welsh Ministers; or
 - 10.1.3 is guilty of any conduct which in the opinion of the Welsh Ministers brings or is liable to bring the Welsh Ministers into disrepute; or
 - 10.1.4 fails to perform an obligation under this Agreement having been requested to do so at least twice by the Welsh Ministers.
- 10.2 Neither party shall be in breach of this Agreement by reason of any delay in performance or non-performance of any of its obligations under this Agreement to the extent that such delay or non-performance is due to circumstances beyond its reasonable control.
- 10.3 The Welsh Ministers may by notice in writing terminate this Agreement with immediate effect if:
 - 10.3.1 the Service Provider passes a resolution that it be wound up, or a court makes an order that the Service Provider be wound up, in either case otherwise than for the purposes of reconstruction or amalgamation, or circumstances arise which would enable a court to make such an order or the Service Provider is unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986; or
 - 10.3.2 a receiver, manager, administrator or administrative receiver is appointed to the Service Provider, or over all or part of the property which from time to time be comprised in the property and undertaking of it, or circumstances arise which would entitle a court or a creditor to appoint such a receiver, manager, administrator or administrative receiver.
- 10.4 A Party may terminate this Agreement by giving to the other not less than three months written notice.
- 10.5 Any termination shall be without prejudice to any accrued rights or liabilities which either party may have against the other.

11. Data Sharing

- 11.1. The Welsh Ministers shall be entitled at any time to require the Service Provider to provide it with a copy of all information held by the Service Provider that relates to the beneficiaries of the Services, save where the Service Provider is prevented from doing so by any legal or regulatory requirement.

12. Warranties

- 12.1 The Service Provider represents and warrants to the Welsh Ministers that:
- 12.1.1 this Agreement constitutes legal, valid and binding obligations of the Service Provider;
 - 12.1.2 the Service Provider has not taken any corporate or other action nor, to its knowledge or the knowledge of its officers, partners or principal (as applicable), have any steps been taken or legal proceedings been started for the winding-up, dissolution or for the appointment of a receiver or administrative receiver, or an administrator, trustee or similar officer of it or of any or all of its assets; and
 - 12.1.3 in entering into this Agreement and in performing its obligations under this Agreement it is and will be at all times acting in accordance with its Rules.
- 12.2 The representations and warranties set out in clause 12.1 shall be deemed to be repeated by the Service Provider on each day during the subsistence of the Agreement as though made on each such day with reference to the facts and circumstances then existing on such day.

13. Assignment and Sub contracting

- 13.1. The Service Provider shall not:

- 13.1.1 assign or transfer all or any of its rights, benefits, obligations or duties,
or
- 13.1.2 subcontract any or all of its rights, benefits, obligations or duties under this Agreement.

14. Reporting Requirements

14.1. The Service Provider shall comply with the reporting requirements described in Part A of Schedule 2.

15. Liabilities

- 15.1 The Service Provider agrees that it shall be solely responsible for the performance of the Services and shall indemnify and keep indemnified the Welsh Ministers and their employees, servants, agents or sub-contractor from and against any and all actions, claims, costs, losses (including consequential loss, economic loss and loss of profit, revenue and goodwill), damages, demands, expenses (including legal costs and expenses on a solicitors own client basis) charges and other liabilities of whatsoever nature and howsoever arising as a result of or in connection with this Agreement or the termination of this Agreement for whatsoever reason including but not limited to:
- 15.1.1 death or personal injury; and/or
 - 15.1.2 loss of or damage to any property; and/or
 - 15.1.3 financial loss arising from any advice given or omitted to be given by the Service Provider; and/or
 - 15.1.4 any claim made against the Welsh Ministers by a third party arising out of or in connection with any of the Services provided by the Service Provider to the extent that such claim arises out of the breach, negligent performance or failure or delay in the performance of this Agreement by the Service Provider; and/or
 - 15.1.5 any other loss which is caused directly or indirectly by any act or omission of the Service Provider in relation to the provision of the Services.
- 15.2 Clause 15.1 shall not apply to the extent that the Service Provider is able to demonstrate that such death or personal injury, loss or damage was caused or contributed to by the Welsh Ministers' negligence or default in relation to Welsh Ministers' functions.
- 15.3 The Welsh Ministers acknowledge that the Service Provider owes contractual obligations to third parties that are not party to this Agreement. The Welsh Ministers accept no responsibility whatsoever for any failure by the Service Provider to perform the third party obligations and the Service Provider shall indemnify the Welsh Ministers for any liabilities, claims, proceedings, demands, losses, costs and expenses suffered or incurred by the Welsh Ministers directly or indirectly arising as a result of or in connection with any failure by the Service Provider to perform the third party obligations either in full or at all.

16. Freedom of Information

- 16.1 The Service Provider acknowledges that the Welsh Ministers are subject to the requirements of the Code of Practice on Public Access to Information published by the Welsh Government, the Freedom of Information Act 2000, and the Environmental Information Regulations 2004.
- 16.2 The Service Provider acknowledges that the Welsh Ministers shall be responsible for determining in their absolute discretion whether:
 - 16.2.1 to disclose any information which it has obtained under or in connection with this Agreement to the extent that the Welsh Ministers are required to disclose such information to a person making a disclosure request under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004; and/or
 - 16.2.2 any information is exempt from disclosure under the Code of Practice on Public Access to Information published by the Welsh Assembly Government, the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.
- 16.3 The provisions of this clause 18 shall apply during the continuance of this Agreement and indefinitely after its expiry or termination.

17. Fees

- 17.1. Any fees or costs of whatsoever nature incurred by the Service Provider in connection with this Agreement shall be borne solely by the Service Provider.

18. Equality of Opportunity

- 18.1 The Service Provider shall prepare and apply a policy of equality of opportunity as employers, users of volunteers, and as providers of services, regardless of race, gender/gender identification, sexual orientation, religion and belief, age or as far as is practicable, any disability. A copy of the policy shall be provided to the Welsh Ministers on request.
- 18.2 The Service Provider must seek to achieve such equality and diversity targets as are agreed in writing with the Welsh Ministers (or in the absence of agreement, as reasonably directed by the Welsh Ministers).

19. Welsh Language

- 19.1. The Service Provider shall ensure that it meets the linguistic needs of its members for whom the Services are to be provided. In particular, the Service Provider shall ensure that Services are delivered in Welsh and English.

20. Board Meetings

- 20.1 The Service Provider must inform the Welsh Ministers of all proposed board meetings of the Service Provider's directors.
- 20.2 The Service Provider must permit a representative of the Welsh Ministers to attend such meetings (in full or in part) if so requested.

21. Research and Evaluation

- 21.1 The Service Provider shall provide the Welsh Ministers and/or their agents with all information necessary to enable the Welsh Ministers to undertake an evaluation of the Agreement and the provision of the Services.
- 21.2 The Welsh Ministers reserve the right to request the Service Provider to co-operate with them in carrying out research and evaluation in respect of the Agreement and the Services to be provided under that Agreement. The Service Provider must comply with all reasonable requests.
- 21.3. The findings of the research and evaluation studies will not identify individual participants, and will not identify the arrangements made by this Agreement without the Welsh Ministers' consent.

22. Publicity

- 22.1 The Service Provider must comply with the information and publicity guidelines published from time to time by the Welsh Government and/or specified by the Welsh Ministers.
- 22.2 The names, images and logos identifying the Welsh Government are proprietary marks belonging to the Welsh Ministers. The Service Provider must not use such names, images or logos in any advertising, promotional literature or other materials without the prior written consent of the Welsh Ministers.
- 22.3 The Service Provider must assist the Welsh Ministers whenever and however reasonably required in order to enable the Welsh Ministers to ensure that information and publicity requirements referred to in paragraphs 22.1 and 22.2 are complied with.
- 22.4 Upon written request by the Welsh Ministers, the Service Provider agrees to provide the Welsh Government with photographs (as defined in the Copyright, Designs and Patents Act 1988) (contents and style to be defined

by the Welsh Ministers) relating to the projects to enable the Welsh Ministers to compile a library of such photographs and hereby grants to the Welsh Ministers and irrevocable licence to use all such photographs in publicity material from time to time. The entire copyright in the photographs shall be retained by the Service Provider.

23. Notices

- 23.1 All notices shall be made in writing and sent to the Service Provider at the address stated at the beginning of this Agreement and to the Welsh Ministers as indicated in the following sub-clause.
- 23.2 Any notice for the Welsh Ministers shall be served by hand or first class post and marked for the attention of the Welsh Ministers whose address for service is c/o the Director of Legal Services, Crown Buildings, Cathays Park, Cardiff, CF10 3NQ (or such other person notified by the Welsh Ministers to the Service Provider).
- 23.3 A notice shall be deemed duly served on the day of delivery if sent by hand or 48 hours after posting provided that the notice is sent postage prepaid and the envelope is correctly addressed in accordance with this clause provided always that if the day of deemed delivery is not a business day (meaning a day on which the major clearing banks are open for the full range of banking transactions in Cardiff but excluding Saturdays, Sundays and public bank holidays in Wales) then the next business day shall be the deemed day of delivery.

24. General

- 24.1 Any waiver of any breach of, or default under, any of the terms of this Agreement by the Welsh Ministers shall not be deemed a waiver of any subsequent breach or default and shall in no way affect the other terms of this Agreement.
- 24.2 For the avoidance of doubt clauses 6 (Compensation and Payment), 7 (Repayment of Over-compensation), 9 (Accounts and Audit), 10 (Termination), 12 (Warranties), 13 (Assignment and Subcontracting), 14 (Reporting Requirements), 21 (Research and Evaluation) and 24 (General) will survive termination of this Agreement and shall remain in full force and effect notwithstanding expiry or termination of this Agreement.
- 24.3 If any provision or part of any provision of this Agreement is found by a court or other competent authority to be void or unenforceable, such provision or part of a provision shall be deleted from this Agreement and the remaining provisions or parts of the provision shall continue in full force and effect.
- 24.4 This Agreement is the entire agreement between the Welsh Ministers and the Service Provider in respect of the Services and shall only be amended or varied in writing signed by each party.

24.5 Save as may be expressly provided in this Agreement, no term of this Agreement shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by a third party.

25. Governing Law and Jurisdiction

25.1 This Agreement shall be governed by and construed in all respects in accordance with the laws of England and Wales and the parties agree to submit to the exclusive jurisdiction of the courts of England and Wales.

SCHEDULE 1

PART A

THE SERVICES

The Service Provider agrees to:

- Provide access to basic financial products, for example loans, budgeting accounts or rent accounts, that are simple, transparent and low cost to people who are considered to be financially excluded using the definition provided by the Welsh Government.
- Offer support and advice to people considered to be financially excluded about money management and affordable credit.
- Signpost to accredited advice providers as necessary

PART B

SERVICE TARGETS

During the term of this Agreement, the Service Provider will offer the services described in Part A to not less than:

240 people not previously members of the credit union and who are considered as being financially excluded.

SCHEDULE 2

PART A

COMPENSATION AND REPORTING

1. The Compensation shall be payable in quarterly parts in arrears following receipt of –
 - 1.1 a claim for payment from the Service Provider which may be submitted on or any time after the last day of each quarter; and
 - 1.2 such other documentation as may be reasonably required from time to time by the Welsh Ministers.
2. Each claim for payment will set out, in such detail as the Welsh Ministers may reasonably require -
 - 2.1 the actual expenditure defrayed during the quarter;
 - 2.2 best estimates of expenditure to the end of the term of the Agreement.

The reporting will take the form of a transaction list showing defrayed expenditure and income evidenced by certified copies of invoices, timesheets etc. This will be required on a quarterly basis.
3. Each claim for payment shall be made to the Welsh Government.
4. Payment will be made to the Service Provider within 30 days of receipt of a complete and correct claim form. Payment will not be made until all the information required has been received by the Welsh Government.
5. The Service Provider shall provide the Welsh Ministers (with reports (in such form and substance as the Welsh Ministers shall require (a format has been provided to the Service Provider at Annex A and Annex B)) on a quarterly basis including without limitation a report detailing the Services performed during the preceding quarter.
6. The Service Provider shall provide to the Welsh Ministers a quarterly report which records the Service Provider's performance against the targets in Part B of Schedule 1.
7. The Service Provider shall submit statutory accounts and Annual Financial Conduct Authority (FCA) returns and Quarterly FSA returns. Copies of these statutory accounts and (FSA returns must also be made available to the Welsh Ministers within or immediately after the relevant reporting deadline (i.e. 7 months for the annual items and one month for the quarterly items).

8. Each quarterly report must provide a detailed statement on the Service Provider's progress to achieving the Level specified in clause 18 (Equality of Opportunity).
9. The Service Provider must notify the Welsh Government at the earliest time if it believes any documentation will be submitted after the reporting deadline.
10. The Welsh Ministers reserve the right to request further information to supplement the reports referred to in paragraphs 5 to 6 and/or to request reports on a more frequent basis, if they so require. The Service Provider is required to comply with all such reasonable requests.
11. The Service Provider must immediately notify the Welsh Government of any matters relating to the Service Provider of which the Welsh Ministers would reasonably expect to receive notice. Such matters would include:
 - 11.1 anything that has happened or is expected to happen which could have a significant impact on the Service Provider's reputation;
 - 11.2 anything that has happened or is expected to happen which could affect the Service Provider's ability to continue to provide adequate services to its customers, and which could result in a serious detriment to a customer of the Service Provider;
 - 11.3 anything that has happened or is expected to happen to do with the Service Provider which could result in serious financial consequences to the financial system or to other firms (including other credit unions);
 - 11.4 If there are any civil, criminal or disciplinary proceedings against the Service Provider;
 - 11.5 If there have been any significant events such as fraud, errors and other irregularities;
 - 11.6 If an event has put into question the Service Provider's honesty, integrity and reputation;
 - 11.7 If there is any question about the financial soundness of the Service Provider.

PART B (To be completed by the credit union and returned with the acceptance of offer)

COSTS

Compensation shall be applied to the costs listed in the first column of the table below in amounts up to the following:

| Eligible expenditure heading | Projected net annual cost £ |
|------------------------------|--------------------------------|
| | |
| | |
| | |
| | |
| | |
| | |
| | |

SCHEDULE 3

AUDIT AND ACCOUNTING REQUIREMENTS

1. The Service Provider is required to submit to the Welsh Government by no later than **30 October** immediately following the end of the financial year in which the grant was paid:
 - a. Certificate of Annual Expenditure relating to the Services in such form as the Welsh Ministers may from time to time require on the use of the grant for the financial year;
 - b. an outturn of expenditure confirming the sum claimed by way of Compensation during the previous financial year and stating that the Compensation was spent in accordance with the terms of this Agreement, signed by the chief financial officer.
 - c. a signed declaration that no further claim for Compensation in respect of expenditure in the relevant financial year will be made to the Welsh Ministers and no additional assistance for the Services has been received or promised from an institution of the European Union, a government department, a local authority, or any other partially or wholly public financial body or charitable fund.
2. The Service Provider shall ensure that its auditor submits to the Welsh Government by no later than **31 March** following the end of the financial year, one of the following: -
 - a. when satisfied that the terms of this Agreement have been complied with, a Certificate of Annual Expenditure form confirming that the entries stated and the Compensation has been claimed, spent and repaid in accordance with the terms of this Agreement;
 - b. when satisfied that the terms of this Agreement have been complied with but that the sum claimed is incorrect, a certified amended figure in accordance with the terms of this Agreement;
 - c. when not fully satisfied that the terms of this Agreement have been complied with or that there is doubt regarding the admissibility of the

sums claimed, a certified claim subject to qualifications in an accompanying letter.

3. The Service Provider shall show separately in its annual accounts the costs and receipts associated with the Services and those of any other costs and receipts.
4. All accounts shall clearly identify all funding given by the Welsh Ministers, and any grants received from an institution of the European Union, a Government Department, a local authority, or any other partially or wholly publicly funded body or charitable fund, during that financial year.
5. If the accounts do not isolate the funding given by the Welsh Ministers, the Service Provider shall provide an income and expenditure account certified by the finance officer confirming the level of funding given by the Welsh Ministers and its expenditure.
6. The Service Provider must comply with any reasonable deadlines that the Welsh Ministers set regarding requests for information that the Welsh Ministers make, in whatever form, regarding the progress of the provision of the Services.
7. The Welsh Ministers, the Welsh Government's Corporate Governance and Assurance Division, the Auditor General for Wales, the European Commission and the European Court of Auditors or their agents or representatives have the right at any time (on reasonable notice) to:
 - a. require such further information including documents or other items relating to the provision of the Services as they think fit;
 - b. request and be provided with original documents or other information relating to the provision of the Services;
 - c. be provided by the Service Provider with copies of such documents or other information as may be required; and

- d. carry out on-the-spot audits of the Service Provider's provision of the Services.
- 8. The Service Provider must co-operate with all such reasonable requests for documents or other information relating to the provision of the Services.
- 9. The Service Provider acknowledges that the European Anti-Fraud Office shall have access to the information/documents referred to above.
- 10. If so requested by the Welsh Ministers the Service Provider will submit copies of annual audited accounts within 6 months of the end of its financial year. The notes to the accounts must specifically itemise Compensation receipts.

Declaration of agreement between the Welsh Ministers and the Service Provider for the provision of services of general economic interest for the period April 2014 to March 2017.

Signed by

Name

Under the authority of the Minister for Communities and Tackling Poverty (one of the Welsh Ministers).

Signed by

Name Director
(please print)

By and on behalf of
xxxx

Date

Signed by

Name Director
(please print)

By and on behalf of
xxxx

Date

Annex A

Please can you supply the following information for the Q1 April – June 2014. Please subsequently rename and update the information for quarters: July – Sept; Oct-Dec; and Jan-March.

Accessibility

| Day | Opening hours (main office) |
|-----------|-----------------------------|
| Monday | |
| Tuesday | |
| Wednesday | |
| Thursday | |
| Friday | |
| Saturday | |

High level summary - cumulative

(To be updated at the start of every quarter)

| | |
|---|--|
| Current membership | |
| Number of financially excluded members who have accessed your services since April 2014 (cumulative) | |

Growth since the start of the funding 1st April 2014

| xxxx | | Change during this quarter (+/-) | Cumulative(since April 1 st 2014) |
|------------------|--|----------------------------------|--|
| Total membership | | | |

| | | |
|--|--|--|
| Number of financially excluded people accessing financial services | | |
| Number of loans to financially excluded members | | |
| Value of loans to financially excluded members | | |
| Number of new primary / secondary school links that were not previously linked to the Credit Union | | |
| Number of Junior Savers Accounts opened | | |
| Number of Budgeting Accounts opened | | |
| Number of Rent Accounts opened | | |

Referrals

| | | |
|--|--|--|
| Number of referrals made to advice providers | | |
| Number of referrals to the Credit Union received from advice providers | | |
| Number of referrals to the Discretionary Assistance Fund | | |

Additional information

Please amend quarters as necessary:

| | | |
|--|----------------|--------------|
| April - June | | |
| Have you adopted or are improving equality strategies and monitoring systems | Yes | No |
| April – June | Increased | Lost |
| Have you created/lost jobs (number) | | |
| April – June | Present number | Lost or Plus |
| Number of Directors (number & Changes) | | |

| | | |
|---|----------------|--------------|
| April – June | Present number | Loss or plus |
| Staff (Number and Changes) | | |
| April – June | Present number | Loss or plus |
| Volunteers (number & Changes) | | |
| April – June | Present number | Loss or plus |
| Increase in number of collection points | | |
| April – June | Total | Change |
| Credit union shares (total and in quarter change) | | |

Completed Annex A and B forms, in addition to FCA CQ Quarterly Reports must be sent back to the Credit Union team, Welsh Government by the **15th of the month following the end of quarter** to the following address:

Credit Union Team

Welsh Government

Rhydycar Business Park

Merthyr Tydfil

CF48 1UZ

ANNEX

Services of General Economic Interest: guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI framework

The reporting obligations are set out in the Article 9 of the 2012 SGEI Decision:

Each Member State shall submit a report on the implementation of this Decision to the Commission every 2 years. The reports shall provide a detailed overview of the application of this Decision for the different categories of services referred to in Article 2(1), including:

- a) *a description of the application of this Decision to the services falling within its scope, including in-house activities;*
- b) *the total amount of aid granted in accordance with this Decision, with a breakdown by the economic sector of the beneficiaries;*
- c) *an indication of whether, for a particular type of service, the application of this Decision has given rise to difficulties or complaints by third parties; and*
- d) *any other information concerning the application of this Decision required by the Commission and to be specified in due time before the report is to be submitted.*

Paragraph 62 of the 2012 SGEI Framework sets in principle identical reporting obligations for aid granted under the 2012 SGEI Framework.

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|---|--------|--------|
| Compensation for Services of General Economic Interest (1+2) | 2016 | 2017 |
| (1) Compensation granted on the basis of the SGEI Decision | 10.896 | 14.600 |
| (2) Compensation granted on the basis of the SGEI Framework | | |

Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI *de minimis* aid ...) and the sectors in which they are used.

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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 with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State¹ |
|---|
| 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. |
| Communities for Work (CfW) has a significant role to play in ensuring we deliver on the Welsh Government commitment to work with all protected groups to counter discrimination and ensure opportunities for all. |

¹ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial.

CfW targets the most deprived communities, providing intensive mentoring and support to both engage participants and address the complex barriers to employment experienced by those furthest from the labour market. CfW delivers within the most deprived areas of Wales and is making a real difference in supporting people into employment, frequently in areas which face significant challenges.

The CfW programme is jointly funded by the European Social Fund (ESF) and Welsh Government, working in partnership with the Department for Work and Pensions (DWP). It targets those who are economically inactive and long-term unemployed people, focusing on two separate groups - those aged 25 and over; and those 16-24 year olds who are NEET. It works with those furthest away from the labour market who live in the most deprived communities of Wales.

CfW is being delivered in partnership with Local Authorities, the Third Sector and Jobcentre Plus. CfW will provide £70.5m up until December 2020. The programme aims to provide employment support to around 47,000 people and help almost 10,000 of those into employment by December 2020.

The SGEI Act of Entrustment was utilised to award compensation for delivery of CfW mentoring and triage services by the Local Authorities and Third Sector organisations.

Explanation of the (typical) **forms of entrustment**. If standardized templates for entrustments are used for a certain sector, please attach them.

The entrustments are provided as written agreements. They have been issued to 18 Local Authorities and one Third Sector organisation in receipt of compensation for delivery of services and entrust to the Service Provider responsibility for providing a service in the general economic interest.

A blank original template is attached.

Average duration of the entrustment (in years) and the proportion of entrustments that are **longer than 10 years** (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?

All SGEI act of Entrustments are 5 years or less - average period April 2016 to December 2020

Explanation whether (typically) **exclusive or special rights** are assigned to the undertakings.

Not sure what this is?

Which **aid instruments** have been used (direct subsidies, guarantees, etc.)?

Compensation

Typical **compensation mechanism** as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.

Compensation is awarded on actual costs claimed by the local authorities on a quarterly basis.
The Third Sector organisation has payment in advance arrangements in place but these payments are reconciled to actual expenditure on a quarterly basis.
CfW account managers and finance and compliance teams carefully monitor all claims.

Typical **arrangements for avoiding and repaying any overcompensation**.

Section 8 of the Act of Entrustment stipulates

8. Compensation Pre-Conditions

(a) We will not pay any of the Compensation to you until you have provided us with the following information and documentation:

(i) documentary evidence that the signatories who have signed this letter on your behalf are duly authorised to do so;

(ii) documentary evidence that you have put in place all staff and other resources detailed in your Submission for Costs as required to commence the Services;

(iii) any other documents – use separate number for each document.

(b) Where you are required to provide information and documentation to us as evidence that you have satisfied a particular pre-condition, Condition or in support of a claim, the information and documentation must be in all respects acceptable to us. We reserve the right to reject any information and documentation which is for any reason not acceptable to us

And

Section 13 - Re- Payment of Over Compensation

(a) Where amounts are due to be repaid to the European Commission and late pay by you results in the European Commission applying interest on the over amounts in accordance with Article 147 of Regulation EU 1303/2013, we reserve right to pass on this interest charge to you.

(b) Notwithstanding any other provision of this Agreement, the LDB shall repay to the Welsh Ministers the value of

$$\pounds(A + B) - \pounds C$$

Where:

A is the total Compensation actually paid to the LDB under this Agreement;

B is the total revenue generated from the provision of the Services less the amount calculated in accordance with sub-clause 13(c); and

C is the total costs which have actually been incurred by the Service Provider in connection with the Eligible Costs of providing the Services as at the last day of the Initial Term (whenever it occurs) and (if applicable) as at the last day of the extended term of this Agreement.

(c) payment of the amount due in accordance with clause 13(b) shall be made on demand by the Welsh Ministers together with compound interest calculated in accordance with Commission Regulation (EC) No 794/2004 of 21 April 2004.

A short explanation of how the **transparency requirements** (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

N/A

Amount of aid granted

Total amount of aid granted (in millions EUR)². This includes all aid granted in your territory, including aid granted by regional and local authorities. **(A+B+C)**

| 2016 | 2017 |
|--|--------|
| 10.896 | 14.600 |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities³ | |
| 2016 | 2017 |
| 10.896 | 14.600 |

² As stipulated in Article 9 b) of the 2012 SGEI Decision.

³ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

| B: Total amount of aid granted (in millions EUR) paid by regional authorities⁴ | |
|--|-------------|
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities⁵ | |
| 2016 | 2017 |
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)⁶ | |
| 2016 | 2017 |
| | |

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

- 1) SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision (please specify the Commission decision approving each measure if applicable):
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Air or maritime links to islands with average annual traffic above the limits set in Art. 2(1)(d)
 - vi. Airports and ports with average annual traffic above the limit set in Art. 2(1)(e)
 - vii. Culture
 - viii. Financial services
 - ix. Other sectors (please specify)

⁴ See footnote 3.

⁵ See footnote 3.

⁶ The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Decision, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

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

| |
|--|
| Clear and comprehensive description of how the respective services are organized in your Member State⁷ |
| 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. |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. |
| Typical arrangements for avoiding and repaying any overcompensation . |
| A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). |

⁷ If in a certain sector only a small number of individual SGEIs exist in your Member State, we appreciate a detailed description of those services. If a large number of services are entrusted in a specific sector in your Member State (for example because the competence lies with regional or local authorities), individual details of the entrustments would be disproportionate, but a clear and concise general description of the way the sector is organised including the common features of the individual entrustments remains crucial. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

| | |
|---|------|
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)⁸. This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2016 | 2017 |
| | |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities⁹ | |
| 2016 | 2017 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁰ | |
| 2016 | 2017 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities¹¹ | |
| 2016 | 2017 |
| | |
| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
| 2016 | 2017 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)¹² | |
| 2016 | 2017 |
| | |

4. COMPLAINTS BY THIRD PARTIES

Please provide an overview of complaints by third parties, in particular litigation before national courts, regarding measures in scope of the 2012 SGEI Decision or 2012 SGEI Framework. Please be as specific as possible in your reply and include the sector for which you have received the complaints, the contents of the complaints and the possible follow-up by your authorities or the likely outcome of the court proceedings.

NONE RECEIVED

⁸ As stipulated in Paragraph 62 b) of the 2012 SGEI Framework.

⁹ If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

¹⁰ See footnote 9.

¹¹ See footnote 9.

¹² The Commission would welcome any data that you might have on aid granted under the 2012 SGEI Framework, for example the number of beneficiaries per sector, average amount of aid, amount per aid instrument, size of the undertakings, etc. Should such other quantitative information data not be readily available in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

5. MISCELLANEOUS QUESTIONS

a. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Decision and ask you to in particular consider the following issues:

- drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- regularly checking overcompensation as required by Article 6 of the SGEI Decision;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

b. We kindly invite you to indicate whether your authorities have experienced difficulties in applying the 2012 SGEI Framework and ask you to in particular consider the following issues:

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;
- complying with public procurement rules in line with para 19 of the SGEI Framework;
- determining the net avoided cost as required by paras 25-27 of the SGEI Framework;
- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

Please be as specific as possible in your reply, include relevant examples and, if applicable, the sector for which the difficulties are (most) relevant.

c. If you have any other comments on the application of the SGEI Decision and the SGEI Framework on issues other than the ones covered in the previous questions please feel free to provide them within your report.



Communities For Work/ Cymunedau am Waith
Welsh Government/Llywodraeth Cymru
Rhydycar/Rhyd-y-car
Merthyr Tydfil/Merthyr Tudful
CF48 1UZ

Name and address

xx XXXX2015

Dear NAME,

Ref: XXXXXX Lead Delivery Body Communities for Work SGEI Entrustment
In relation to xxxxxxxx

Background

Welsh Government, co-sponsored by the Department for Work and Pensions (DWP), has secured European Social Fund (ESF) funding to deliver Communities for Work.

Communities for Work will support Priority 3: Youth Employment Attainment, Specific Objective 01 for East Wales (EW) and West Wales and the Valleys (WWV): To reduce the number of 16-24 year olds who are Not in Education Employment or Training (NEET).

Communities for Work will also support Priority 1: Tackling Poverty through Sustainable Employment, Specific Objective 01 in East Wales (EW) and Specific Objective 02 in West Wales and the Valleys (WWV): To increase the employability of Economically Inactive and Long Term Unemployed people aged 25 and over, who have complex barriers to employment.

This will build on the success of the Welsh Government's Communities First (CF) and Lift programmes, DWP's Want to Work project and the Parent Employment Adviser initiative working within CF Cluster areas*

*Communities First Cluster maps, postcode look ups and contacts can be found on:

<http://gov.wales/topics/people-and-communities/communities/communitiesfirst/clusters/?lang=en>

Communities for Work Specialist Employment Advisers and Mentors will identify and engage NEETS, long term unemployed and economically inactive



customers. They will provide support, encouragement, motivation and confidence, promoting training and employment opportunities as part of the individual's journey to secure sustainable employment and, in the long term, lift them out of poverty.

There will be no compulsion on individuals to participate and the Programme aims to be additional and complimentary to existing DWP and CF provision.

1. Award of Compensation

- (a) We are pleased to inform you following your "Submission for Costs" to deliver Communities for Work services Compensation of up to £xxxxxxx (xxxxxx for Priority 1 and £xxxxxxxx (xxxxxxxxxx for the Services, as defined in Condition 7(a) and Schedule 1.
- (b) The Compensation relates to the period xxxxxx to 31st March 2018 and must be claimed in full, in accordance with Schedule 4, otherwise any unclaimed part of the Compensation will cease to be available to you.
- (c) If you have any queries in relation to the Compensation or the Conditions please contact the named Welsh Government Official who will be happy to assist you.

2. Statutory Authority and State Aid

- (a) This award of Compensation is made on and subject to the Conditions and under the authority of the Minister for Communities and Tackling Poverty, one of the Welsh Ministers, acting pursuant to sections 60, 70 and 71(1) of the Government of Wales Act 2006 and section 14 of the Education Act 2002.
- (b) You must comply with the European Commission's State Aid Rules. This letter is an act entrusting to you responsibility for providing a Service of General Economic Interest for the purposes of Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty of the Functioning of the European Union to State Aid in the form of public service compensation granted to certain undertakings entrusted with the operation of service of general economic interest (C (2011)9380). You must ensure that you comply with the contents of that Decision.
<http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32012D0021>
- (c) Further details of the specific State Aid Rules applicable to the Services and the identification numbers of any relevant State Aid approvals are contained in Schedule 5. You are responsible for ensuring that the Services are delivered in line with the State Aid criteria upon which the Compensation is awarded.
- (d) You must comply with the Structural Funds Regulations. The Conditions have been prepared so that they reflect, so far as possible, your responsibilities under the Structural Funds Regulations. However, you are responsible for ensuring that the Programme is delivered in accordance with the Structural

Funds Regulations. Links to the full texts of the Structural Funds Regulations are available on the following website:
http://ec.europa.eu/regional_policy/information/legislation/index_en.cfm

3. Interpreting these Conditions

Any reference in these Conditions to:

'You', 'your' is to xxxxxxxxxx

'We', 'us', 'our' is to the Welsh Ministers. However, for the purposes of Conditions 13, 14, 15, 17, 18(a) Schedule 3 and Schedule 6 references to "we" and "us" include reference to the Welsh European Funding Office (WEFO) which is responsible for payment of ESF funding and monitoring, research and evaluation of such funding and other European Structural Funds

'Application' is to your application dated xxxxxxxx2015

'Welsh Government Official' is to:

NAME

Communities For Work/ Cymunedau am Waith
Welsh Government/Llywodraeth Cymru
Rhydycar/Rhyd-y-car
Merthyr Tydfil/Merthyr Tudful
CF48 1UZ

Tel/Ffon:

Email: -----@wales.gsi.gov.uk

E-bost: -----@wales.gsi.gov.uk

Email:C4W@wales.gsi.gov.uk

or such other Welsh Government official as we may notify you;

'Project Manager' is to:

Tel: -----

Email: -----

'Any Legislation' will include all amendments to and substitutions and re-enactments of that legislation in force from time to time.

'Compensation Claims Profile' is to the profile set out in Schedule 4;

‘The Conditions’ is to all of the terms and conditions set out in this Act of Entrustment;

‘Eligible Expenditure’ means actual costs incurred and paid out by you or any third party delegated by you that qualify for reimbursement from the Structural Funds together with, where applicable, Match Funding in-kind and depreciation. Eligible Expenditure will be determined in accordance with the document issued by WEFO entitled ‘WEFO Expenditure Eligibility Rules and conditions for support from the European Structural Funds 2014-2020’ as updated, amended or replaced at the relevant time. Alternatively, Simplified Costs (flat-rates, unit costs, lump sums) are also Eligible Expenditure, where approved by the WEFO in advance. Please refer to the defined term for ‘Simplified Costs’.

‘Indirect Costs’ means all eligible expenditure that does not qualify as direct costs i.e. costs which cannot be linked directly to the implementation of the Programme and/ or where it is difficult to attribute the precise value of such costs. Where indirect costs are reimbursed on the basis of a flat-rate percentage (Simplified Costs), the percentage will be established in advance and cannot be changed during or after the implementation of the Programme. Schedule 7 contains details of the agreed flat rate percentage for Indirect Costs for the Programme.

‘Lead Delivery Body (LDB)’ - Each Cluster is managed by a Lead Delivery Body (LDB) which is responsible for ensuring that the programme is well-managed, that funding is used to deliver the agreed outcomes and that communities are fully involved.

‘Notification Event’ is to all and any of the events listed in Schedule 3;

‘Principles of Sound Financial Management’ – means ensuring that all activities and related Eligible Expenditure must demonstrate value for money by adhering to the principles of economy, efficiency and effectiveness;

‘Schedule’ is to the schedules attached to this letter;

‘Simplified Costs’ means Eligible Expenditure calculated using standard unit costs, flat-rates and/ or lump sums, and not therefore, calculated using the actual costs incurred and paid out. The use of Simplified Costs in this programme is only permitted as outlined in Schedule 7.

<http://wefo.gov.wales/publications/guidanceandpublications14-20/general/simplifiedcosts/?lang=en>

‘State Aid Rules’ is to the rules set out in Articles 107 to 109 of the Treaty on the Functioning of the European Union (or in those Articles that may succeed Articles 107 to 109), secondary legislation such as frameworks, guidelines and block exemptions produced by the European Commission derived from Articles 107 to 109, case law of the European Courts and decisions of the European Commission regarding the application of Articles 107 to 109;

‘Submission for Costs’ is to your submission for Compensation for delivering the Communities for Work service dated ****/**/2015;**

The headings to the clauses are for convenience only and have no legal effect.

References to the statutory provisions shall, where context so admits or requires, be construed as including references to the corresponding provisions of any earlier statute (whether repealed or not) directly or indirectly amended, consolidated, extended or provisions of any subsequent statute directly or indirectly amending, consolidating, extending or replacing such provision, and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute.

References to clauses and Schedules are references to clauses of and the schedules to this Act of Entrustment.

4. Duration

- (a) This Act of Entrustment shall commence on **XX XXX XXXX**.
- (b) This Act of Entrustment shall continue in force for an initial term to 31 March 2018 and may be renewed at the end of the initial term, as the Welsh Ministers may specify by giving notice to the LDB in writing.
- (c) This Act of Entrustment shall terminate automatically without notice on the expiry of the initial term unless notice to renew is given before that date under the provisions of sub-clause 4(b) This Act of Entrustment shall terminate automatically without notice on the expiry of any renewed term.

5. Administrative Arrangements

The Welsh Ministers have on **XX XXXXX XXXX** entered into an agreement with the LDB for the delivery of services which relate to this Act of Entrustment. Further details regarding the role of the LDB are provided in Schedule 1.

6. Services of General Economic Interest

The LDB agrees to provide the services within the Conditions. The LDB may delegate as much of the work involved in providing the services as it sees fit but, in this event, the LDB will retain full and absolute responsibility for ensuring that the services are provided within the Conditions. Any such delegation to a third party will not in any way effect, reduce or negate the responsibilities of the LDB and the LDB will be treated under the terms of this Act of Entrustment in the same way as if it had not delegated the task of providing the service.

7. Compensation and Payment

- (a) You must claim the Compensation solely for the purposes of fulfilling your obligations as set out in Schedule 1 (the “**Services**”).
- (b) You must achieve the targets and outcomes set out in Schedule 2 (the “**Targets**”).
- (c) Any change to the Services or Targets will require our written consent which must be obtained from us in advance of implementing any change. Please note that we are not obliged to give our consent but we will consider all reasonable written requests received following the Change Request process at Schedule 8.
- (d) You must not use any part of the Compensation for: (1) party political purposes; (2) the promotion of particular secular, religious or political views; (3) gambling; (4) pornography; (5) offering sexual services; (6) purchasing capital equipment (other than as specified in the Services); (7) your legal fees in relation to this letter; (8) Costs Incurred or Costs Incurred and defrayed by you in the delivery of the Services prior to the period referred to in Condition 1 (b); (9) any kind of illegal activities; or (10) any kind of activity which in our opinion could bring us into disrepute.
- (e) The award of Compensation will only be paid in respect of Eligible Expenditure incurred and paid out, other than Simplified Costs, approved by the Welsh European Funding Office and outlined at Schedule 8

8. Compensation Pre-Conditions

- (a) We will not pay any of the Compensation to you until you have provided us with the following information and documentation:
 - (i) documentary evidence that the signatories who have signed this letter on your behalf are duly authorised to do so;
 - (ii) documentary evidence that you have put in place all staff and other resources detailed in your Submission for Costs as required to commence the Services;
 - (iii) any other documents – use separate number for each document.
- (b) Where you are required to provide information and documentation to us as evidence that you have satisfied a particular pre-condition, Condition or in support of a claim, the information and documentation must be in all respects acceptable to us. We reserve the right to reject any information and documentation which is for any reason not acceptable to us.

9. How to claim the Compensation - Schedule 4

- (a) The Compensation will be paid to you quarterly in arrears based on Eligible Expenditure incurred and paid out by you in the delivery of the Programme.
- (b) You must claim the Compensation in accordance with the dates set out in the Payment Profile (Schedule 4). You must claim the Compensation promptly. We reserve the right to withdraw any part of the Compensation that you do not claim promptly.
- (c) You must submit your claims for payment of Compensation to the Welsh Government Official in accordance with the guidance at Schedule 4.
- (d) You must use our current claim pro-forma (which is available from the Welsh Government Official) and attach the following information and documentation to each claim:
 - i) confirmation that you are operating in all respects in accordance with your constitution; and
 - ii) the Communities for Work quarterly progress report.
- (e) We will aim to pay all valid claims as soon as possible and typically within 28 days of receiving all fully completed documentation.

10. Your general obligations to us

You must:

- (a) Safeguard the Compensation against fraud generally and, in particular, fraud on the part of your management, employees and/or suppliers and notify us immediately if you have reason to suspect that any fraud has occurred or is occurring or is likely to occur. You must also participate in such fraud prevention initiatives as we may require from time to time.
- (b) Comply with all applicable laws or regulations or official directives whether derived from domestic, EU or international law.
- (c) Put in place and maintain adequate insurances to cover against the risks which may arise in connection with any property or any activity undertaken in delivery of the Services. We reserve the right to require you to provide proof of your insurance. We reserve the right to withhold Compensation if we are not satisfied that you have adequate insurance in place. We reserve the right to determine what is to be considered adequate insurance.
- (d) Co-operate fully with the Welsh Government Official and with any other employee of the Welsh Government or consultant appointed by us to monitor your use of the Compensation and your compliance with the Conditions.

11. Declarations

You declare that:

- (a) You have the power to enter into and to perform the obligations set out in the Conditions and you have taken all necessary action to authorise the entry into and performance of the obligations under the Conditions.
- (b) No litigation or arbitration is current or pending or, so far as you are aware, threatened, which have or could have an adverse effect on your ability to perform and comply with any of the Conditions.
- (c) The information contained in your submission of costs is complete, true and accurate.
- (d) You have disclosed to us all material facts or circumstances which need to be disclosed to enable us to obtain a true and correct view of your business and affairs (both current and prospective) or which ought to be provided to any person who is considering providing funding to you.
- (e) You have discussed and agreed the Targets with us and you are confident that they are realistic and achievable.
- (f) The Project Manager is fully aware of the requirements, including but not limited to, technical and accounting requirements involved in implementing the Programme on your behalf.
- (g) You have the necessary systems, including but not limited to technical and accounting systems, in place to enable you to fully comply with the Conditions.
- (h) You shall take appropriate steps to ensure that neither you nor any of your personnel are placed in a position where there is or may be an actual conflict, or a potential conflict, between you and/ or your personnel's pecuniary and/ or personal interests and your obligations set out in the Conditions. You will disclose to us in writing full particulars of any such conflict of interest which may arise as soon as possible after becoming aware of it.

12. Notification Events and their consequences

- (a) You must notify us immediately if a Notification Event has occurred or is likely to occur but we also reserve the right to notify you where we believe a Notification Event has occurred or is likely to occur.
- (b) We will seek to discuss the Notification Event with you and to agree a course of action to be taken to address the Notification Event and in doing so we will consider both the seriousness of the Notification Event and whether or not it can be remedied.
- (c) We will be entitled to take any of the actions listed in Condition 12(d) if:

- (i) despite our reasonable efforts we have been unable to discuss the Notification Event with you; or
 - (ii) we notify you that the Notification Event is not capable of remedy; or
 - (iii) a course of action is agreed with you but you fail to follow it, or any conditions attached to it are not met (including without limitation the timescale for such course of action); or
 - (iv) the course of action fails to remedy the Notification Event to our satisfaction.
- (d) If any of the circumstances set out in Schedule 3 occurs we may by notice to you:
- (i) withdraw the Compensation; and/or
 - (ii) require you to repay all or part of the Compensation immediately; and/or
 - (iii) suspend or cease all further payment of Compensation; and/or
 - (iv) make all further payments of Compensation subject to such conditions as we may specify; and/or
 - (v) deduct all amounts owed to us under the Conditions from any other compensation that we have approved or may approve to you; and/or
 - (vi) exercise any other rights against you which we may have in respect of the Compensation.

13. Repayment of Over Compensation

- (a) Where amounts are due to be repaid to the European Commission and late payment by you results in the European Commission applying interest on the overdue amounts in accordance with Article 147 of Regulation EU 1303/2013, we reserve the right to pass on this interest charge to you.
- (b) Notwithstanding any other provision of this Agreement, the LDB shall repay to the Welsh Ministers the value of

$$£(A + B) - £C$$

Where:

A is the total Compensation actually paid to the LDB under this Agreement;

- B** is the total revenue generated from the provision of the Services less the amount calculated in accordance with sub-clause 13(c); and
 - C** is the total costs which have actually been incurred by the Service Provider in connection with the Eligible Costs of providing the Services as at the last day of the Initial Term (whenever it occurs) and (if applicable) as at the last day of the extended term of this Agreement.
- (c) payment of the amount due in accordance with clause 13(b) shall be made on demand by the Welsh Ministers together with compound interest calculated in accordance with Commission Regulation (EC) No 794/2004 of 21 April 2004.

14. Monitoring Requirements – Schedule 6

Schedule 6 contains a summary of the general monitoring responsibilities and responsibilities of the Welsh Ministers relating to the audit, verification and investigations of the Structural Funds.

You must:

- (a) provide to us, within 7 days of request such documents, information and reports which we may reasonably require from time to time in order for us to monitor your compliance with the Conditions including without limit:
 - (i) participant evidence folders
 - (ii) expenditure evidence
- (b) meet with the Welsh Government Official and such other of our representatives as we may from time to time reasonably require including without limit::
 - (i) regular quarterly review meetings
 - (ii) inception meeting within 3 months of start date
 - (iii) ad-hoc meetings to discuss issues or risks identified
 - (iv) meetings with WEFO teams such as payments, etc to provide clarification, etc.
- (c) ensure that the Project Manager (or such other person as we may agree) attends all meetings with the Welsh Government Official.

15. Audit Requirements

You must:

- (a) In accordance with Article 125(4)(b) of Regulation (EU) No 1303/ 2013, maintain either a separate accounting system or an adequate accounting code for all financial transactions relating to the Programme, in order to facilitate the verification of expenditure by the European Union and national authorities. All payments must be supported by appropriate documentation; appropriate documentation includes, but is not limited to, receipted invoices, bank statements and organisational ledgers. WEFO's document entitled, 'WEFO Expenditure Eligibility Rules and conditions for support from the European Structural Funds 2014-2020', as updated, amended or replaced at the relevant time, sets out the full audit trail and documentation requirements.
- (b) Where you are managing or implementing activities that contribute to more than one specific objective, you must ensure that you maintain separate audit trails and documentation for each specific objective.
- (c) Where the LDB provides services and carries out activities falling both inside and outside the scope of that detailed in Part A of Schedule 1, the LDB shall ensure that its internal accounts show separately the costs and receipts associated with the Services detailed in Part A of Schedule 1 and those of other services, as well as the parameters for allocation of costs and revenues.
- (d) Without charge, permit any officer or officers of the Welsh Government, Wales Audit Office, European Commission, European Court of Auditors or European Anti Fraud Office at any reasonable time and on reasonable notice being given to you to visit your premises and/or to inspect any of your activities and/or to examine and take copies of your books of account and such other documents or records as in such officer's reasonable view may relate in any way to your use of the Funding. This undertaking is without prejudice and subject to any other statutory rights and powers exercisable by the Welsh Government, Wales Audit Office, the European Commission, European Court of Auditors or European Anti Fraud Office or any officer, servant or agent of any of the above;
- (e) Retain this letter and all original documents relating to the funding until we inform you in writing that it is safe to destroy them;
- (f) Under paragraph 17 of Schedule 8 to the Government of Wales Act 2006 the Auditor General for Wales has extensive rights of access to documents and information relating to monies provided by the Welsh Government. He and his officials have the power to require relevant persons who control or hold documents to give any assistance, information and explanation that they may require; and to require those persons to attend before them for such a purpose. The Auditor General and his staff may exercise this right at all reasonable times.

16. Third Party Obligations

- (a) Nothing in the Conditions imposes any liability on us in respect of any liability incurred by you to any third party (including, without limit, employees and contractors).
- (b) You must indemnify us against any liabilities, claims, proceedings, demands, losses, costs and expenses suffered or incurred by us directly or indirectly arising as a result of or in connection with any failure by you to perform fully or in part any obligation you may have to a third party.

17. Intellectual Property Rights & Publicity

- (a) Nothing in the Conditions transfers to us any rights in any intellectual property created by you as a result of the Services.
- (b) You must acknowledge our support on all publicity, press releases and marketing material produced in relation to the Services. Such acknowledgement must be in a form approved by us and must comply with the Welsh Government's and WEFO branding guidelines.

<http://wefo.gov.wales/publications/guidanceandpublications14-20/publicity/?lang=en>

- (c) You must provide the Welsh Government Official with a copy of all material listed in Condition 17(b) for our approval before any such material is published and you may not publish such material without our prior written approval. We will endeavour to respond to all written requests for approval within 10 working days.
- (d) You agree that from the date of this letter until 5 years from the date of the final payment of Compensation we may include details about your organisation and business, the Compensation and the Services in Welsh Government promotional materials and you further agree to co-operate with our reasonable requests to achieve the production of such materials.
- (e) You must comply with the information and publicity requirements set out in Article 115 and Annex XII of Regulation 1303/2013, Commission Implementing Regulation (EU) No 821/ 2014 of 28 July 2014. In particular you must:
 - (i) inform those taking part in the Programme, including participants, businesses/ organisations/ enterprises and contractors that they are benefitting from financial support from the European Union e.g. written acknowledgement of financial support and use of logo for enrolment, attendance documents or certificates, documents awarding financial support or/ contracts to businesses and tenders.
 - (ii) display a permanent commemorative plaque (provided by us) and at least one poster (minimum size A3) at a location readily visible to the

public e.g. site entrance/ reception area, where the Programme is being delivered.

The poster template will be provided by us and must highlight:

- the name of the Programme,
 - the main objective of the Programme,
 - the amount of financial support from the EU;
 - the Structural Fund from which financial support has been awarded i.e. European Social Fund;;
 - the emblems/ logo of the European Union and the Welsh Government (provided by us)
- (iii) publish a short description of the Programme on your website (where such a website exists), including its aims and results, the financial support from the European Union, the name of the Structural Fund from which the financial support has been awarded and the emblem/ logo of the European Union and the Welsh Government. The logo (provided by us) must be in a prominent and accessible format on the homepage of your website.
- (iv) upon request by us, provide us with photographs (as defined in the Copyright, Designs and Patents Act 1988) (content, style and format to be specified by us) relating to the Programme to enable us to compile a library of photographs to be used in publicity material from time to time, the aim of which is to promote how the Programme and European Union programmes are creating benefits for the people and communities of Wales.
- (v) upon request from us, provide us with case studies which can be used in publicity material to promote the impact of the Programme and the achievements of European Union programmes.
- (vi) refer to the European Social Fund delivered through the Welsh Government prominently in the main body of press notices promoting the Programme.
- (vii) ensure that information and publicity materials are fully accessible and available to a wide and diverse audience in accordance with your duties under the Equality Act 2010 and that the standards outlined in the Welsh Language (Wales) Measure 2011 are adopted. This includes ensuring publications, websites, toolkits etc; which are supported by the Structural Funds, can be made available bilingually and in other accessible formats, where reasonable and not disproportionate to do so.

18. Data Protection

- (a) The Welsh Ministers shall be entitled at any time to require the LDB to provide it with a copy of all information held by the Clusters and service providers that relates to the beneficiaries of the services, save where the service provider is prevented from doing so by any legal or regulatory requirement
- (b) You acknowledge that we are subject to the requirements of the Code of Practice on Access to Information published by the Welsh Government (the “Code”), the Freedom of Information Act 2000 (the “FOIA”), the Environmental Information Regulations 2004 (the “EIR”) and the Data Protection Act 1998 (the “DPA”).
 - (i) You acknowledge that we are responsible for determining in our absolute discretion whether:
 - (ii) to disclose any information which we have obtained under or in connection with the Compensation to the extent that we are required to disclose such information to a person making a disclosure request under the FOIA or the EIR; and/or
- (c) Any information is exempt from disclosure under the Code, the FOIA or the EIR.
- (d) You must comply with the provisions of the DPA. You will be required to provide us with information, including personal data (as defined in the DPA 1998), about any third party participants assisted/supported by the Programme.
- (e) You must ask all participants supported by the Programme, in writing, for their consent to their personal data being passed to us or any contractor acting on behalf of us for the purposes of research and evaluation regarding financial support from the Structural Funds. In the event that a participant does not give consent for personal data to be passed to us, that participant must be refused access to the Programme.
- (f) Any personal data you provide to us in relation to the Programme will be held by us and/or WEFO, as appropriate, and processed in accordance with the requirements of the DPA 1998. We are registered as data controllers under the registration number Z7107446.
- (g) The personal data you provide to us will be held on a database and will be processed by us for the purposes of processing applications and claims for financial support from the Structural Funds and for the purposes of research and evaluation. The information provided may be shared with UK Government Departments, Welsh Government Sponsored Bodies or agencies within Wales for the purposes of audit, research, meeting statutory obligations and for the prevention and detection of fraud. Personal data will not, without consent, be made public in any way that identifies individuals. Certain data will be passed to the European Commission in compliance with Structural Funds Regulations.

- (h) Data may also be passed to Welsh Government support contractors for the purpose of resolving system problems. These contractors will not be permitted to make any other use of these data.
- (i) If any person on whom data are held wishes to request details of their personal data being held on our central database they may contact us by email at C4W@wales.gsi.gov.uk.
- (j) If you do not provide the data requested, we will withhold the Compensation.

19. Buying goods and services

You must buy all goods and services required for the Programme in a competitive and sustainable way so as to demonstrate that you have achieved best value in the use of public funds. This includes in compliance, where applicable, with the Procurement Legislation, and in accordance with the Union Principles. Specific rules and procedures are set out the WEFO's document entitled, 'WEFO Expenditure Eligibility Rules and conditions for support from the European Structural Funds 2014-2020', as updated, amended or replaced at the relevant time.

20. Giving Notice

- (a) Where notice is required to be given under the Conditions it must be in writing (this does not include email but may include a letter attached to an email) and must prominently display the following heading:

"Notice in relation to the NAME Lead Delivery Body - Communities for Work SGEI Entrustment xx xxxx 2015 – 31 March 2018

- (b) The address and contact details for the purposes of serving notice under the Conditions are as follows:

You: the Project Manager at the address stated in Condition 3.

Us: the Welsh Government Official at the address stated in Condition 3.

- (c) A notice will be deemed to have been properly given as follows:

Prepaid first class post: on the second working day after the date of posting.

By hand: upon delivery to the address or the next working day if after 4pm or on a weekend or public holiday.

By email attachment: upon transmission or the next working day if
after 4pm or on a weekend or public holiday.

21. Welsh Language

The Welsh Language (Wales) Measure 2011 (“the 2011 Measure”) makes provision for the specification of standards of conduct in relation to the Welsh language (“standards”).

Section 26 of the 2011 Measure enables the Welsh Ministers to specify standards, and section 39 enables them to provide that a standard is specifically applicable to a person by authorising the Welsh Language Commissioner (“the Commissioner”) to give a notice to that person requiring compliance with the standard (a “compliance notice”).

The Welsh Language Standards (No. 1) Regulations 2015 (“the 2015 Regulations”) specify standards in relation to the conduct of the Welsh Ministers, county and county borough councils and National Park authorities and the Commissioner has issued a compliance notice to the Welsh Ministers. The compliance notice, which may be amended by the Commissioner, sets out which standards and by when the Welsh Ministers have to comply with. A copy of the compliance notice can be found here:

The 2015 Regulations provide that, unless the compliance notice provides to the contrary, the standards that apply to an activity or service provided by Welsh Ministers apply to the activity or service undertaken by a body on the Welsh Ministers behalf.

Accordingly, **XXXX INSERT NAME xxxxxx** must comply with the Service Delivery Standards which the Welsh Ministers are for the time being required to comply with as set out in the compliance notice issued to the Welsh Ministers, the latest version of which can be accessed above

You will be required to report against compliance with the standards in the same way as for other duties and requirements of funding under this agreement.

22. Cross Cutting Themes

When carrying out the Programme, you must:

- (a) comply with WEFO guidance relating to the Cross Cutting Themes , copies of which can either be obtained from WEFO's Website or by telephoning WEFO's Helpline on 0845 010 3355;
- (b) comply with the requirements regarding or under:
 - (i) Equal Opportunities and Gender Mainstreaming and non discrimination as set out in Article 7 of Regulation 1303/2013;
 - (ii) the Welsh Governments Strategic Equality Action Plan
 - (iii) the Welsh Language (Wales) Measure 2011
 - (iv) Sustainable Development set out in Article 8 of Regulation 1303/2013, and as a central organising principle for the Welsh Government
 - (v) Tackling Poverty and Social Exclusion as set out in the EU Platform Against Poverty and Social Exclusion, Europe 2020 Flagship Initiative and the Welsh Government Tackling Poverty Action Plan.

You accept responsibility to ensure that the Cross Cutting Themes requirements are passed onto anyone else contracted to deliver the Programme and that a lead person is identified as being accountable for the Cross Cutting Themes.

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23. Welsh Ministers' Functions

You acknowledge that the Welsh Ministers have a range of functions which will continue to accrue and be amended and that decisions in relation to each such function are obliged to be taken in the light of all relevant and to the exclusion of all irrelevant considerations. You agree that nothing contained or implied in , or arising under or in connection with, the Conditions will in any way prejudice, fetter or affect the functions of the Welsh Ministers or any of them nor oblige the Welsh Ministers or any of them to exercise, or refrain from exercising, any of their functions in any particular way.

24. General

- (a) If at any time any of the Conditions is deemed to be or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.
- (b) No failure or delay on our part to exercise any power, right or remedy under the Conditions will operate as a waiver of any such power, right or remedy or preclude its further exercise or the exercise of any other power, right or remedy. The powers, rights or remedies hereby provided are cumulative and not exclusive of any powers, rights or remedies provided by law.

- (c) Any amendment or variation to the Conditions must be in writing and signed by us and you in the same manner as this letter.
- (d) You may not assign or otherwise dispose of in any way your rights, benefits, obligations or duties under the Conditions.
- (e) Conditions 10, 11 (i), 12, 13, 14, 15, 16, 17(d) 18, and 24(d) and such other Conditions which by implication need to continue in force beyond the final payment of Compensation will so continue in full force and effect.
- (f) The award of the Compensation is to you alone and no one else is entitled to make any claim in respect of the Compensation or seek to rely on or enforce any of the Conditions.
- (g) The Conditions are to be governed by and construed in accordance with the laws of Wales and England as applied in Wales and the parties hereto submit to the exclusive jurisdiction of the courts of Wales and England.

25. How to accept this offer of Compensation

- (a) To accept this award of Compensation you must sign and return a copy of this letter to the Welsh Government Official. None of the Compensation will be available until we have received your signed letter.
- (b) We must receive your signed letter within 28 days of the date of this letter, or this offer of Compensation will automatically be withdrawn.

Yours faithfully / sincerely

Signed by Michael Curties

under authority of the Minister for Communities and Tackling Poverty,
one of the Welsh Ministers.

SCHEDULE 1

Services

1. The purpose of the Compensation is to support you in providing the Services you are obliged to deliver, that is, the Communities for Work Programme within your Communities First Cluster areas.
2. Communities for Work is an ESF funded operation aiming to tackle poverty through sustainable employment. Communities for Work is a community based advisory service covering the 52 Communities First areas in building on best practices of Communities First, the Want to Work project, Parent Employer Adviser Shared Outcome Initiative and the mentor provision provided by LIFT and Jobs Growth Wales.
3. The Communities for Work programme is for those target groups* who must live in CF clusters as determined by the post code checker on StatsWales:

Postcode to LSOA to Communities First lookup, 2014

<https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Communities-First>

4. *(Include list of Clusters relevant to this Act of Entrustment)*

5. The target groups for Communities for Work are:

(a) **Priority 1**

People living within the Communities First Cluster who are:

- (i) **Economically Inactive** - defined as persons not part of the labour force (i.e. not employed or unemployed according to the WEFO definitions - <http://gov.wales/docs/wefo/publications/150522ESFpriority1povertyindicator.pdf> - and who are :
 - over 25 with low or no skills.
 - over 25 with work limiting health conditions or disability (including substance or alcohol misuse).
 - over 25 with care or childcare responsibilities.
 - over 25 from a Black Minority Ethnic (BME) group. **delete this point for WW&V*
 - males & females over 54 years old.
 - over 25 from jobless households.
- (ii) **Long-term unemployment** - defined as people out of work and who are actively looking for work (i.e. in receipt off Jobseekers Allowance <http://gov.wales/docs/wefo/publications/150522ESFpriority1povertyindicator.pdf> for 12 months or more and are:
 - over 25 with low or no skills.

- over 25 with work limiting health conditions or disability (including substance or alcohol misuse).
- over 25 from a BME group.
- over 25 from jobless households.
<http://gov.wales/docs/wefo/publications/150522ESFpriority1povertyindicator.pdf>

(b) **Priority 3**

People living in within the Communities First Cluster who are not in employment, education or training and are aged between 16 and 24 years old.

- Detailed profiles and outputs per Lead Delivery Body and Clusters are provided at Schedule 2
- Communities for Work will be delivered **as a Service of General Economic Interest** to increase and enhance existing service delivery, to engage and support those furthest from the labour market into employment, thus reducing poverty in the specified geographic areas.
- Essential to the delivery of Communities for Work, LDBs will be obliged to appoint, a dedicated team consisting of a specialist youth mentor; an adult mentor to provide the intensive support and services these participants will require; and a triage support worker to support the crucial link between the DWP Communities for Work Specialist Employment Advisers, Communities for Work Mentors, Communities First teams and other key partners, to ensure the participant receives the service they require .
- Lead Delivery Body Management Support** - ESF Finance and Compliance: Each LDB will be financially compensated to ensure all governance and compliance requirements are adhered to.
- Line Management of Mentors: By utilising the infrastructure of CF, mentors will be integrated within the CF Cluster teams. As such line management will be provided within this structure (principally through Cluster Managers) and will not be charged to the Communities for Work programme.

Job descriptions / roles and functions as agreed. (See attached)

- Cluster - Adult mentor
- Cluster - Youth mentor
- Cluster – Triage worker
- Lead Delivery Body – Finance and Compliance Function

**Please check the job titles above and add new title if different. Attach copies of the final JD's.*

SCHEDULE 2
The Targets /outputs per Cluster

Adult Mentor Priority 1 Indicators

| | | | |
|--|--------------|--------------|--------------|
| Engagements: Economically Inactive (aged 25 and over), not in education or training who have complex barriers to employment. | 15/16 | 16/17 | 17/18 |
| | 0 | 56 | 56 |
| Long-term unemployed (aged 25 and over), not in education or training who have complex barriers to employment. | 0 | 28 | 28 |
| Job Entries: Economically Inactive (aged 25 and over), not in education or training who have complex barriers to employment, entering employment including self employment upon leaving. | 0 | 8 | 8 |
| Long-term unemployed (aged 25 and over), not in education or training who have complex barriers to employment, entering employment including self employment upon leaving. | 0 | 4 | 4 |
| Job Search: Economically Inactive (aged 25 and over), not in education or training who have a complex barriers to employment, engaged in job search upon leaving | 0 | 6 | 6 |
| Training: Economically Inactive (aged 25 and over), not in education or training who have a complex barriers to employment, gaining a qualification or work relevant certification upon leaving. | 0 | 16 | 16 |
| Long-term unemployed (aged 25 and over), not in education or training who have a complex barriers to employment gaining a qualification or work relevant certification upon leaving. | 0 | 8 | 8 |
| Increasing Employment: Economically Inactive (aged 25 and over), not in education or training who have a complex barriers to employment increasing employability through completing work experience placement or volunteering opportunity. | 0 | 12 | 12 |
| Long-term unemployed (aged 25 and over), not in education or training who have a complex barriers to employment increasing employability through completing work experience placement or volunteering opportunity. | 0 | 6 | 6 |

Schedule 2

Performance Indicators per Cluster

(Youth Mentor) Priority 3 Indicators

| | | | |
|---|--------------|--------------|--------------|
| Engagements: NEET Participants enrolled onto operation | 15/16 | 16/17 | 17/18 |
| | 0 | 48 | 48 |
| Job Entries: NEET Participants entering employment upon leaving | 0 | 12 | 12 |
| Qualifications: NEET Participants gaining qualifications upon leaving | 0 | 12 | 12 |
| Education / Training: NEET Participants in education or training upon leaving | 0 | 6 | 6 |

SCHEDULE 3

Notification Events

1. You or any of your Personnel fails to adhere to the Principles of Sound Financial Management;
2. You fail to notify us immediately when you became aware (or should reasonably have become aware) of any litigation which involves or affects you in any way;
3. The Compensation, in full or in part, has not been or is not being used for the purposes of the Programme;
4. There has been a material change in the match funding, nature, scale, costs, funding, ownership or timing of the Programme;
5. You have entered into a contract with a third party in relation to the Programme before the Start Date **xxxxxx**; unless specifically agreed and confirmed in writing by us.
6. At any point between the Start Date **xxxxxx** and the expiry of five years from the final payment of the Compensation to you an Asset is used for purposes other than the purposes of the Programme and/ or you dispose of an asset in any way;
7. If it becomes apparent that the Compensation exceeds the relevant ceiling on contributions from the Structural Funds, as set out in Article 120 of Regulation 1303/ 2013;
8. There is unsatisfactory progress towards completing the Programme, including meeting the targets.
9. You have failed to take sufficient measures to investigate and resolve any irregularity of which you are aware;
10. You fail to provide information about the Programme requested by the Welsh Ministers, the European Commission or the European Court of Auditors, or any of their auditors, agents or representatives;
11. Any part of the Programme has already been paid for out of funds originating from the European Commission (other than the Compensation);
12. If the European Commission decides that any part of or all of the Compensation paid should not have been paid or if a decision of any competent court requires payment of the Compensation to be withheld, reduced, cancelled or recovered;
13. In the event that any audit check identifies circumstances whereby a full or partial repayment of Compensation is due;

14. You owe money to us or any European Community institution in respect of any other operation;
15. There is any suspicion that you and/ or any of your Personnel is/ are involved in fraudulent activity; or has/ have been involved in fraudulent activity during the lifetime of the Programme;
16. Repayment of any part of the Compensation is required under European Law (whether under State Aid Rules or otherwise);
17. You fail to comply with any of the Conditions;
18. We have made an over Compensation to you;
19. Any declaration made in Condition 11 is incorrect in any respect or, if repeated at any time with reference to the facts and circumstances then existing, would be incorrect;
20. Any petition is presented or resolution passed or other action taken for your bankruptcy or winding-up or a petition is presented for an administration order against you;
21. A receiver or an administrative receiver is appointed in respect of you or in respect of all or any part of your assets;
22. A moratorium in respect of all or any of your debts or a composition or an agreement with your creditors is agreed, applied for, ordered or declared;
23. You are unable, or admit in writing your inability, to pay your debts as they fall due;
24. Any distress, execution, attachment or other process affects any of your assets;
25. A statutory demand is issued against you;
26. You cease, or threaten to cease, to carry on all or a substantial part of your business;
27. Any event occurs or circumstances arise which in our opinion gives reasonable grounds for believing that you may not, or may be unable, to perform or comply with any of your obligations under the Conditions.

SCHEDULE 4
Claim Timetable & Compensation Claims Profiles



Priority 1 – Financial Profiles



Priority 3 – Financial Profiles

SCHEDULE 5

State Aid

This letter is an act entrusting to you responsibility for providing a Service of General Economic Interest for the purposes of Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty of the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of service of general economic interest (C(2011)9380). You must ensure that you comply with the contents of that Decision.

Purpose

You must use the Compensation solely for the Services set out in Schedule 1.

Where you carry out activities falling both inside and outside the scope of that detailed in Schedule 1, you must ensure that your internal accounts show separately the costs and receipts associated with the Services set out in Schedule 1 and those of other services, as well as the parameters for allocation of costs and revenues.

Repayment

Where you have received funding in excess of the costs incurred by you in relation to the Services, you must repay the value of excess Compensation to us on demand, together with compound interest calculated in accordance with Clause 13(c)

Records

You must keep all records, documents and information relating to this Act of Entrustment for Compensation until such time as we inform you that they are no longer required.

Schedule 6

Summary of monitoring requirements - (refer to Conditions 14 and 15 of this letter)

1. Regulation 1303/2013 sets out general provisions for financial control of the Structural Funds.
2. The general responsibilities of the managing, certifying, and audit authorities are set out in detail in the Structural Funds Regulations and the Operational Programme.
3. The following text is a summary only of the monitoring requirements of the Structural Funds Regulations and is not a substitute for Regulation 1303/2013, the Implementing Acts or the Operational Programme.
4. The general measures that the Welsh European Funding Office (WEFO) shall take in carrying out its responsibilities in accordance with the Principles of Sound Financial Management shall include but are not limited to or by the following:
 - (a) carrying out verifications to cover administrative, financial, technical and physical aspects of the Programme, as appropriate. Verifications will ensure that the expenditure declared by you is real, that the Programme has been delivered in accordance with the Conditions, that the applications for reimbursement by you are correct and that the Programme and expenditure comply with European Union and national rules. Verifications will include procedures to avoid double financing of expenditure with other European Union or national schemes, administrative checks in respect of each application for reimbursement by you and on-the-spot checks of the Programme;
 - (b) ensuring that on-the-spot verifications are carried out on a sample basis. WEFO will keep records which describe and justify the sampling method and identifying the operations selected for verification. We will review the sampling method each year;
 - (c) ensuring that you and third parties involved in the Programme maintain either a separate accounting system or an adequate accounting code for all transactions relating to the Programme;
 - (d) ensuring that audit trails comply with the requirements of Article 25 of the Commission Delegated Regulation (EU) No 480/ 2014;
 - (e) drawing up and submitting to the Commission certified statements of expenditure and applications for payment of financial support;
 - (f) certifying that the statement of expenditure is accurate, results from reliable accounting systems, is based on verifiable supporting documents, expenditure declared complies with the applicable European Union and national rules and

has been paid out in respect of the Programme in accordance with the criteria applicable to the Operational Programme;

- (g) ensuring audits are carried out on the Programme to verify expenditure declared, in accordance with Article 148 of the Common Provisions Regulation;
 - (h) preventing, detecting and correcting Irregularities and recovering amounts unduly paid together with interest on late payments where appropriate; and
 - (i) ensuring that you have adequate monitoring systems in place so that your Claim Forms in respect of the Programme only include Eligible Expenditure paid out in the periods to which the Claim Forms relate.
5. WEFO are responsible for providing assurance to the European Commission that operations have been selected in accordance with the Operational Programme and implemented in accordance with the Conditions. All expenditure declared must be in compliance with European Union and national rules and correspond to the accounting records and supporting documents held by you. In order to verify that these requirements are being met the Welsh Ministers acting through the Welsh Government's Corporate Governance and Assurance Division will audit the documentation and records held by a sample of beneficiaries from across each of the operational programmes. This sample will be selected annually, using a sampling methodology that has been agreed with the European Commission.

Schedule 7

SIMPLIFIED COSTS

1. Eligible Expenditure must be declared on the basis of Simplified Costs for the costs listed below:

INDIRECT COSTS 15% of direct staff costs

2. You must calculate the Eligible Expenditure for Indirect Costs by applying **a flat-rate of 15% to applicable direct staff costs**.
3. The legal basis of the 15% flat-rate is set out in article 68.1(b) of Regulation (EU) 1303/ 2013.
4. The percentage rate is fixed and will not change during the implementation of the Programme.
5. The full terms and conditions for applying the flat-rate, including definitions of 'applicable direct staff costs' are explained in WEFO's document called entitled 'WEFO Expenditure Eligibility Rules and conditions for support from the European Structural Funds 2014-2020' as updated, amended or replaced at the relevant time. You must familiarise yourself with these rules.
6. The flat-rate percentage is designed to cover all potential Indirect Costs and, therefore, you must not declare any additional Indirect Costs as Eligible Expenditure even if actual, paid out costs.
7. Audit, verifications and investigations may audit the accounting records of beneficiaries to obtain general information about actual costs for cost items that are reimbursed using Simplified Costs but this will only be for statistical purposes or to gather data to assess the adequacy of the Simplified Cost rates. Such audits will however have no direct consequences for beneficiaries that are audited; even if the actual costs turn out to be lower.

Records and other documentation to support the flat-rate costs

You must:

- keep detailed records and other supporting documents to prove that the costs to which the flat rate applies are eligible i.e. applicable direct staff costs fully comply with the applicable eligibility conditions set out in 'WEFO Expenditure Eligibility Rules and conditions for support from the European Structural Funds 2014-2020'.

- keep a record of the 15% calculations together with a list, of any applicable direct staff costs that were excluded when performing the 15% calculation and the reasons why.

Schedule 8

Change Request - Guidance and Proforma

Changes to your delivery profile for Communities for Work may be agreed in exceptional circumstances, but this must be agreed in advance with your relevant Account Manager. To request a change you should ask for a change request form from the Account Manager.

Please read this before completing the form:

When there is a change away from your agreed plan and activities this form will need to be completed and sent to the Welsh Government (WG)

Communities for Work team, an electronic version sent to

c4w@wales.gsi.gov.uk, with a hard signed copy to be submitted by post to:

The Account Manager, Communities for Work, Rhyd-Y-Car Business Park, Merthyr Tydfil CF48 1UZ. Changes to the agreed business plans need to be agreed by the Welsh Government and approved by WEFO in advance.

Be sure to support your change request with any documents / information relevant.

A decision will then be made whether:

- to agree with the change
- to agree with recommendations
- or reject the request for change

We will then send you a decision letter or email which you should retain alongside your original Offer Letter and Delivery Profile alongside your request for change supporting evidence.

Please note that changes undertaken without prior approval may result in delays to your claims and potential ineligible expenditure.

TWO SIGNATORIES ARE REQUIRED

We hereby accept the award of Compensation for the delivery of the **Communities for Work Programme xx xxxx** 2015 – 31 March 2018 subject to the **Conditions** set out in this Act of Entrustment.

An authorised signatory of **Lead Delivery Body** Signature

_____ Name

_____ Job Title

_____ Date

An authorised signatory of **Lead Delivery Body** Signature

_____ Name

_____ Job Title

_____ Date

SCHEDULE 3

SGEI Act of Entrustment in relation to the provision and maintenance of affordable housing funded by XXXX

This letter confirms that the Minister for Housing and Regeneration entrusts (XXXXXX) with the provision and maintenance of social and intermediate housing (affordable housing) as Services of General Economic Interest (SGEI) in accordance with European Commission Decision 2012/21/EU (the “SGEI Decision”).

SGEI coverage

The SGEI includes:

1. Building new affordable housing to Development Quality Requirements (DQR)
2. Maintaining new and existing affordable housing available for rent

‘Affordable Housing’ means housing provided to those whose needs are not met by the open market. Affordable housing includes:

- **social rented housing** - provided by local authorities and registered social landlords where rent levels have regard to the Welsh Government’s guideline rents and benchmark rents; and
- **intermediate housing** - where prices or rents are above those of social rented housing but below market housing prices or rents. This can include intermediate market rent and low cost home ownership/equity sharing schemes

The status of the SGEI shall not apply to any other activities which may be entered into by (XXXXXX). This Act of Entrustment is given under the SGEI Decision

(<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:007:0003:0010:EN:PDF>)

The duration of this Act of Entrustment will be for five years (XX/XX/XXXX to XX/XX/XXXX inclusive) and will be for the provision of services in Wales only.

Compensation calculation

The amount of compensation offered shall not exceed what is necessary to cover the net cost incurred in providing the services set out above, including a reasonable profit. The net cost will be calculated as the difference between the costs incurred and revenue generated in performing the SGEI, using the methodology contained in Article 5 of the SGEI Decision.

The costs that will be used to calculate the net cost of the service will be:

- a) All the costs related to the provision of the SGEI

- b) Costs linked with investments, particularly infrastructure, which are necessary to deliver the SGEI.

Less the revenue earned from the SGEI.

(XXXXXX) is able to make a reasonable profit which will be calculated using the EC published swap rate applicable for the length of the entrustment plus 100 base points (1%). The latest swap rate can be found on the Commission's website:

http://ec.europa.eu/competition/state_aid/legislation/swap_rates_en.html

The Housing Finance Grant (HFG) compensation will be calculated as: a proportion of the debt servicing costs associated with (XXXXXX)'s borrowing to fund HFG schemes, typically 58% for social rented housing and 25% for intermediate rental housing paid annually.

In total the amount will not exceed the cost of delivering the scheme less any revenue made.

Cost benchmarking

Scheme costs submitted for grants are compared to the relevant Acceptable Cost Guidance (ACG). Schemes with costs exceeding ACG are only approved if high acquisition and/or works costs are justified in the light of local conditions and housing need; schemes costing more than 100% of ACG will generally not be funded. ACG costs will be reviewed annually and adjusted based on the Building Cost Information Service (BCIS) index.

Repayment of overcompensation

(XXXXXX) will submit applications as necessary to the relevant Homes & Places teams, for approval. It will also provide information as required to enable Welsh Government officials to monitor the level of compensation received.

(XXXXXX) must monitor the level of compensation received on each scheme against the costs incurred in delivering the scheme using the model at **Schedule 4**. The model will be submitted to Welsh Government officials at tender stage once definite costs are known. On an annual basis Welsh Government officials will select a sample of schemes for post completion audit to ensure the information submitted is accurate.

In the event that the amount of compensation exceeds the amount needed (such that there is over-compensation for the purposes of the SGEI Decision), (XXXXXX) must repay that amount of excess funding to the Welsh Ministers.

All repayments of compensation must be made to the Welsh Ministers in accordance with Condition 9(e) of the Award of Compensation.

Where the overcompensation does not exceed 10% of the annual average compensation, it can be carried forward to the next period and deducted from the amount of compensation payable in respect of that period.