

SECRETARY OF STATE FOR THE EUROPEAN UNION

DIRECTORATE-GENERAL FOR INTERNAL MARKET COORDINATION AND OTHER EU POLICIES

STATE AID. SERVICES OF GENERAL ECONOMIC INTEREST

2020 report (for 2018 and 2019). Report submitted pursuant to the 2012 SGEI Decision and the 2012 SGEI Framework

Every two years, a report must be submitted on the application of the Decision and Framework governing **services of general economic interest (SGEI)**, pursuant to Article 9 of the 2012 SGEI Decision (Commission Decision 2012/21/EU of 20 December 2011, OJ L 7, 11 January 2012, p. 3) and paragraph 62 of the 2012 SGEI Framework (Communication from the Commission on State aid in the form of public service compensation, OJ C 8, 11 January 2012, p. 15) on the application of Article 106(2) TFEU to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of SGEI.

Thus, pursuant to these reporting requirements and as instructed in the letter from the European Commission's DG Competition dated 29 January 2020, we hereby enclose the requested information, provided by the competent administrations.

This information is in line with the template sent by DG COMP and is included in the enclosed annexes.

Measures within the scope of the 2012 Decision (Annexes 1 to 12) and measures within the scope of the 2012 Framework (Annex 13)

The table below provides an overview of the annexes, indicating the annex number, the grantor Autonomous Community or Ministry, the type of service of general economic interest and the amounts granted in 2018 and 2019. All these measures fall within the scope of Commission Decision 2012/21/EU 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 (OJ L 7, 11 January 2012, p. 3), with the exception of the measure in Annex 13, which falls within the scope of the 2012 SGEI Framework Decision.

Summary of sections 1 and 2 of the report

We have also provided a summary table of sections 1 (Expenditure overview), 2 (Description of the application of the 2012 SGEI Decision) and 3 (Description of the application of the 2012 SGEI Framework) of the report template, listing each of the 13 annexes under the relevant heading based on the type of measure concerned.

Annex	Autonomous Community/Ministry		2018 €	2019 €
1) Compensation granted on the basis of the SGEI Decision				
1	Asturias	Hospitals (Art. 2(1)(b)) Healthcare agreements for the provision of healthcare services	67 980 000	72 320 000
2	Andalusia	Subsidies for special employment centres to integrate into the labour market people with disabilities and people at risk of social exclusion	-	838 331.91
3	Andalusia	Special employment centres and work integration undertakings	36 391 691.60	79 143 832.69
4	Catalonia	Integrated guidance, support and assistance services to integrate people with disabilities or mental health disorders (SIOAS) into the labour market	7 326 953	8 611 948
5	Catalonia	Subsidies for work integration undertakings to implement measures to improve the employment and labour integration of groups at risk of or experiencing social exclusion	7 820 053.07	10 420 588.12
6	Catalonia	Aid to help people with disabilities remain in special employment centres	77 336 130.83	97 362 082.74
7	Catalonia	Subsidies for the provision of job placement services to integrate unemployed people into the labour market, in cooperation with employment agencies	1 741 920	
8	Valencia	Subsidies to promote and facilitate labour market reintegration and the protection and social inclusion of vulnerable groups	702 093.01	1 020 544.30
9	Asturias	Social housing (Art. 2(1)(c)) Agreement entrusting VIPASA with the management of public land for social housing and the development of protected housing	2 948 000	3 050 000

10	Canary Islands	Compensation for the provision of the scheduled passenger transport service ‘Los Cristianos-La Estaca-Los Cristianos’	4 500 000	3 987 500
11	Ministry of Economic Affairs and Digital Transformation	Subsidies granted by SETELECO to offset the costs of the simultaneous and temporary broadcasting of its television channels during the process of releasing the 694-790 MHz frequency band (second digital dividend)		9 950 878.59
12	Galicia	Aid for work integration undertakings (EILs) and their partner entities and aid for special employment centres (CEEs)	13 630 000	15 640 000
13	Ministry for Ecological Transition	Production of electricity and procedure for dispatch to the electricity systems of the non-peninsular territories	1 016 000 000	1 431 000 000
TOTAL:			1 236 376 841.51	1 733 345 706.35

1. EXPENDITURE OVERVIEW

Please complete the following table:

Total SGEI government expenditure by legal basis (millions EUR)		
	2018	2019
<i>Compensation for Services of General Economic Interest (1+2)</i>		
1) Compensation granted on the basis of the SGEI Decision	220.376	302.345
2) Compensation granted on the basis of the SGEI Framework	1 016.000	1 431.000

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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

- 1) Hospitals providing medical care, including, where applicable, emergency services (Art. 2(1)(b))

Annex 1 – ASTURIAS - Hospitals. Healthcare agreements for the provision of healthcare services

- 2) Social services (Art. 2(1)(c))

- a) Health and long term care

- b) Childcare

- c) Access to and reintegration into the labour market

Annex 2 – ANDALUSIA - Subsidies for special employment centres to integrate into the labour market people with disabilities and people at risk of social exclusion

Annex 3 – ANDALUSIA - Special employment centres and work integration undertakings

Annex 4 – CATALONIA - Subsidies for work integration undertakings to implement measures to improve the employment and labour integration of groups at risk of or experiencing social exclusion

Annex 5 – CATALONIA - Aid to help people with disabilities remain in special employment centres

Annex 6 – CATALONIA - Subsidies for the provision of job placement services to integrate unemployed people into the labour market, in cooperation with employment agencies

Annex 7 – CATALONIA - Integrated guidance, support and assistance services to integrate people with disabilities or mental health disorders (SIOAS) into the labour market

Annex 8 - VALENCIA - Subsidies to promote and facilitate labour market reintegration and the protection and social inclusion of vulnerable groups

- d) Social housing

Annex 9 – ASTURIAS - Agreement entrusting VIPASA with the management of public land for social housing and the development of protected housing

- e) Care and social inclusion of vulnerable groups

- f) Other social services (if applicable)

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

Annex 10 – CANARY ISLANDS - Compensation for the provision of the scheduled passenger transport service ‘Los Cristianos-La Estaca-Los Cristianos’

- 4) Airports and ports with average annual traffic below the limit set in Art. 2(1)(e)

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

- a) Postal services
- b) Energy
- c) Waste collection
- d) Water supply
- e) Culture
- f) Financial services
- g) Other sectors (please specify)

Annex 11 - Ministry of Economic Affairs and Digital Transformation Audiovisual sector. Subsidies granted by SETELECO to offset the costs of the simultaneous and temporary broadcasting of its television channels during the process of releasing the 694-790 MHz frequency band (second digital dividend)

Annex 12 – GALICIA. Employment: Aid for work integration undertakings (EILs) and their partner entities and aid for special employment centres (CEEs)

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):

ii. Energy

Annex 13 - MINISTRY FOR ECOLOGICAL TRANSITION Production of electricity and procedure for dispatch to the electricity systems of the non-peninsular territories

Annex 1

Report from the Principality of Asturias pursuant to Article 9 of the SGEI Decision and Paragraph 62 of the SGEI Framework - Hospitals

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;*
- 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

Total SGEI government expenditure by legal basis (millions EUR)		
	2018	2019
Compensation for Services of General Economic Interest (1+2)	67.9	72.32
1) Compensation granted on the basis of the SGEI Decision	67.9	72.32
2) Compensation granted on the basis of the SGEI Framework		

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))

For each of the items 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>In the healthcare sector, the healthcare agreements that the Health Service has entered into with the following foundations are defined as SGEIs:</p> <ul style="list-style-type: none">- Fundación hospital de Jove (Jove Hospital Foundation);- Fundación Sanatorio Adaro (Adaro Sanatorium Foundation);- Fundación hospital de Aviles (Aviles Hospital Foundation);- Cruz Roja Española (Spanish Red Cross). <p>The legal basis for these arrangements is, firstly, Article 90 of Law 14/1986 of 25 April 1986, the General Health Act, which lays down that ‘Within the scope of their respective powers, public health administrations may enter into agreements for the provision of health services using external means’, and, in the Autonomous Community of Asturias, Law 7/2019 of 29 March 2019, the Health Act, Article 11(1) of which lays down that ‘The public health network in Asturias includes all publicly owned centres and those privately owned centres that have an agreement, contract or another form of integrated or shared management arrangements with the SESPA’.</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. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

Article 12 of the same law lays down that 'Asturias' public hospital network, which is part of Asturias' network of public health facilities, comprises publicly owned hospitals and privately owned hospitals run by non-profit-making institutions or foundations that enter into a special agreement to make them part of the network.

The purpose of the special agreement shall be to entrust the provision of a Service of General Economic Interest in accordance with Article 14 of the Treaty on the Functioning of the European Union. The financial aspects of the agreement must comply with European Union law on State aid in the form of public service compensation'.

The Department of Health and Healthcare Services Decision of 7 April 2003 classifies the hospitals in Asturias and lays down that:

- Jove Hospital is the hospital for Health Area V, District 1;
- The Aviles Hospital Foundation is the acute care hospital associated with San Agustín Hospital in Aviles;
- The Red Cross Hospital is the acute care hospital associated with the Cabueñes Hospital in Gijón;
- The Adaro Sanatorium is the convalescence centre for Health Area VIII.

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

Special agreements are used for this purpose. The following agreements have been concluded, with the above legislation as their legal basis:

- The Special Agreement between the Asturias Health Service and the Jove Hospital Foundation, for the provision of healthcare to the population covered by the Spanish National Health System.
- The Special Agreement between the Asturias Health Service and the Spanish Red Cross, for the provision of healthcare to the population covered by the Spanish National Health System at Gijón Hospital and the Oviedo Haemodialysis Centre.
- The Special Agreement between the Asturias Health Service and the Aviles Hospital Foundation, for the provision of healthcare to the population covered by the Spanish National Health System.
- The Special Agreement between the Asturias Health Service and the Adaro Sanatorium Foundation, for the provision of healthcare to the population covered by the Spanish National Health System.

These agreements define the time periods, the planned funding, the healthcare to be provided and the rights and duties of the parties.

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

Annual

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

The only difference between the four agreements is that the one with Jove Hospital Foundation establishes a fixed rate of compensation for the activity this hospital carries out as an alternative healthcare provider for patients from the assigned geographical area (District I of Health Area V).

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

There are no other aid instruments such as subsidies, guarantees, etc.

The form of entrustment is the agreement and all the management terms are defined therein.

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 unit prices of the services are specified in the Annexes included in the agreements (Annex V for Jove and the Adaro Sanatorium; Annex IV for the Red Cross and Avilés Hospital) on the understanding that the rates assigned to the procedures include the hospital's costs - for in-house and joint work, both healthcare-related and non-healthcare-related - for handling medical and surgical procedures with the scope set out in Royal Decree 1030/2006 of 15 September 2006 establishing the portfolio of common services of the National Health System and the procedure for its revision.

These rates are invoiced by the hospitals as compensation for the expenditure required to provide the services and carry out the procedures in each of the hospitals.

The invoices are only paid by the public administration after verifying that the invoiced activity corresponds to the activity actually carried out by the hospitals over the course of the year.

It is only for Jove Hospital that a different procedure is in place, as the compensation for the activity carried out as an alternative healthcare provider is paid in advance in twelve instalments.

All the agreements describe the monitoring and audit process for the activity delegated

to and carried out by each hospital, as well as the application of penalties for non-compliance or possible financial liability arising from the care provided by each hospital.

The rates are revised annually considering factors related both to care and the economic situation (increase in the CPI, increase in VAT, introduction of new medicines, containment of the public deficit, etc.).

However, the differences both in the size and capacity of the hospitals, as well as the complexity associated with similar tests for different purposes, result in different rates for processes and sub-processes, even within the same hospital.

Aside from the details explained above, for the agreements concluded in 2018 and 2019, there is a specific clause governing recovery of possible overcompensation. This clause sets out the following:

‘In accordance with the 2011 SGEI Decision, the amount of compensation shall not exceed what is necessary to cover the net cost incurred in discharging the public service obligations, including a reasonable profit.

To this end, a maximum profit of 5.5% may be considered ‘reasonable’, calculated using the following formula:

$$SGEI\ Profits\ (\%) = \frac{SGEI\ income - SGEI\ Costs}{SGEI\ income} \times 100$$

Typical arrangements for avoiding and repaying any overcompensation.

It should be noted that there is no possibility of overcompensation, since the only invoices paid are those corresponding to services actually carried out.

The internal inspection process for the compensation granted to these four entities is summarised below:

- The same body that has referred the patients from the Health Service to the hospitals confirms that the services requested have been performed, and a list (‘list of care provided’) is prepared on an ongoing basis, i.e. as notifications are received from the hospitals to which the patients are referred. This list includes, for each service or case, the identification details and a description of the procedure performed on each person.

- Once signed by the Health Service, this document is sent to the receiving hospital as confirmation of the treatments carried out. In turn, it serves as the basis for the receiving hospital to prepare and issue the corresponding invoice.
- Once the management unit has received the invoices, they are checked against the lists prepared ('list of care provided') to ensure that the amount, description, code and authorised rates on the invoice are correct for each procedure carried out. This is a direct manual verification carried out by the staff in the health services management unit of the Health Service.
- In parallel, the invoices are recorded, line by line, in a specific computer application for internal control purposes.
- Since Jove Hospital is an alternative healthcare provider, the Foundation issues a monthly document for one-twelfth of the expected invoicing for the entire financial year. However, each month, in addition to recording the document relating to the monthly payment, a summary is received of the activity and the total amount for the activity carried out in the month, as well as a statement of the amounts for all the procedures carried out and the people treated. The procedure for recording each line of activity is identical to the one used for the other invoices.
- Finally, each invoice is monitored within the Health Service by the body that made the referrals, and a report is prepared summarising each block of invoices, which will then move on to the accounting and payment stage.

Therefore, the Health Service continually monitors the performance of the agreements itself, keeping an up-to-date ongoing record of the following:

- a) Requests for healthcare involving external means
- b) Referred activity
- c) Completed activity
- d) Invoiced activity

A short explanation of how the **transparency requirements** are met for aid above EUR 15 million granted to undertakings that also have activities outside the scope of the SGEI (see Article 7 of the 2012 SGEI Decision) or for each type of SGEI aid covered by the Framework (paragraph 60 of the 2012 SGEI Framework). 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, or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

The agreements signed in the 2018 and 2019 financial years were published in the province's Official Gazette.

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).	
2018	2019
67.98	72.32
A: Total amount of aid granted (in millions EUR) paid by national central authorities ³	
2018	2019
B: Total amount of aid granted (in millions EUR) paid by regional authorities ⁴	
2018	2019
67.98	72.32
C: Total amount of aid granted (in millions EUR) paid by local authorities ⁵	
2018	2019
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2018	2019

² 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.

³ As stipulated in Article 9 b) of the SGEI Decision and Para. 62 b) of the SGEI Framework. Please provide a breakdown by calendar year.

⁴ As stipulated in Article 9 b) of the SGEI Decision and Para. 62 b) of the SGEI Framework. Please provide a breakdown by calendar year.

⁵ As stipulated in Article 9 b) of the SGEI Decision and Para. 62 b) of the SGEI Framework. Please provide a breakdown by calendar year.

Additional quantitative information⁶ (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)

2018	2019

3. 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.

There have been no complaints from third parties with regard to these kinds of decisions.

4. MISCELLANEOUS QUESTIONS

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:

a. drawing up an entrustment act that complies with Article 4 of the SGEI Decision;

The entrustment act is formalised when it is signed. For those signed in this financial year, the following sections are included, among others:

- The subject of the agreement
- The geographical area and the population covered
- Resources and portfolio of services
- The activity entrusted
- Commitments and objectives
- General terms of the agreement
- Patient admission system
- Financial and invoicing arrangements
- Relations and coordination with the public health network

⁶ 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.

- Monitoring committee.
- Duration, amendment and interpretation.
- Description of the compensation mechanism and parameters used for calculating, checking and revising compensation.
- Reference to the SGEI Decision of 20 December 2011.
- Determining potential overcompensation: recovery.

b. specifying the amount of compensation in line with Article 5 of the SGEI Decision;

The unit prices of the services are specified in the Annexes included in the agreements (Annex V for Jove and the Adaro Sanatorium; Annex IV for the Red Cross and Avilés Hospital) on the understanding that the rates assigned to the procedures include the hospital's costs - for in-house and joint work, both healthcare-related and non-healthcare-related - for handling medical and surgical procedures with the scope set out in Royal Decree 1030/2006 of 15 September 2006 establishing the portfolio of common services of the National Health System and the procedure for its revision.

These rates are invoiced by the hospitals as compensation for the expenditure required to provide the services and carry out the procedures in each of the hospitals.

The invoices are only paid by the public administration after verifying that the invoiced activity corresponds to the activity actually carried out by the hospitals over the course of the year.

It is only for Jove Hospital that a different procedure is in place, as the compensation for the activity carried out as an alternative healthcare provider is paid in advance in twelve instalments, and is then corrected once the special agreement is no longer in force.

All the agreements describe the monitoring and audit process for the activity delegated to and carried out by each hospital, as well as the application of penalties for non-compliance or possible financial liability arising from the care provided by each hospital.

The rates are revised annually considering factors related both to care and the economic situation (increase in the CPI, increase in VAT, introduction of new medicines, containment of the public deficit, etc.).

However, the differences both in the size and capacity of the hospitals, as well as the complexity associated with similar tests for different purposes, result in different rates for processes and sub-processes, even within the same hospital.

c. determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;

For the purposes of the 2011 SGEI Decision (Article 5), “reasonable profit” means 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. (...) The level of risk depends on the sector concerned, the type of service and the characteristics of the compensation mechanism.’

In view of the above, the following points should be noted:

- Hospital healthcare requires considerable investment in very complex and costly equipment, with a high rate of obsolescence. The cost of replacing it is sometimes higher than its historical cost, which is what is charged to the income statement using the accounting concept of depreciation. In addition, the sector is constantly growing in terms of staff, technical, technological and telematic resources, and process automation. Technological development is extremely rapid, and innovative and very expensive equipment can very quickly become outdated (external obsolescence). This makes it necessary for the entities to have sufficient funds of their own available to deal with these changes to ensure that the care provided is not affected by technological obsolescence.
- These hospitals are responding to local demand, focused on the healthcare of the population of the Autonomous Community (Asturias), where their geographical proximity to the patients allows their services and facilities to supplement the capacity of the public hospitals, thereby making it possible to ensure provision of the health services covered by the National Health System.
- Most of their sales (100% in some cases) come from a single customer, which is the Asturias Health Service. This dependence, together with the short duration of the agreements entered into (one year), means the activity is a high-risk one. Consequently, any change occurring in the National Health System or in the management and/or capacity of the public hospitals in the region will have a direct and immediate effect on the number of procedures and admissions referred to these hospitals; the more capacity there is in the public network, the less need there will be for the Public Health Service to use external hospitals to supplement its activity.

Therefore, although these are undertakings that operate in a regional market, and although it is difficult to find similar undertakings (in terms of their structure, services, quality or capacity), it seems reasonable to use the performance of other undertakings in the sector at national level as a reference, on the understanding that, with the compensation, these hospitals should not make a profit higher than the average made by undertakings in the same sector that are well-managed and have the material resources to meet the necessary service requirements (11%).

According to the report published by Antares Consulting in 2011 on the Spanish market of private for-profit clinics in Spain, the average EBITDA in 2008 and 2009 (the most up-to-date data available) was as follows:

Modelo de negocio	% EBITDA Medio (2008)	% EBITDA Medio (2009)	Diferencia
1. Hospitales concertados con el sector público	11,2%	11,8%	4,9%
2. Hospitales en régimen de concesión	2,0%	4,0%	94,2%
3. Grupo hospitalario integrado en aseguradora	11,3%	11,5%	2,6%
4. Grupo hospitalario independiente	11,0%	9,9%	-9,9%
5. Clínicas independientes	11,8%	9,3%	-21,4%
TOTAL	11,0%	10,1%	-8,4%

Fuente: Base de Datos de Antares Consulting

Key:

Business model	Average EBITDA % (2008)	Average EBITDA % (2009)	Difference
1. Hospitals with agreements with the public sector	11.2%	11.8%	4.9%
2. Hospitals under concession	2.0%	4.0%	94.2%
3. Hospital group that is part of an insurance company	11.3%	11.5%	2.6%
4. Independent hospital group	11.0%	9.9%	-9.9%
5. Independent clinics	11.8%	9.3%	-21.4%
TOTAL	11.0%	10.1%	-8.4%

Source: Antares Consulting database

Lastly, it should be noted that Jove Hospital, Adaro Sanatorium, Avilés Hospital and the Red Cross Hospital are all managed by non-profit foundations and therefore operate in the general interest.

Under Law 50/2002 of 26 December 2002 on Foundations, the assets and income of a foundation are allocated and assigned to the pursuit of its aims and objectives in the general interest.

In addition, the law provides that at least 70% of the income from the economic activity carried out and the revenue obtained from any other item, after deducting the expenditure incurred to obtain this income or revenue, must be allocated to the achievement of the foundation's objectives, with the remainder being allocated to increasing either its budget or reserves, as agreed by the Board.

For all of these reasons, we consider a profit not exceeding 5.5% to be reasonable.

d. regularly checking overcompensation as required by Article 6 of the SGEI Decision;

In accordance with the 2011 SGEI Decision, the amount of compensation must not exceed what is necessary to cover the net cost incurred in discharging the public service obligations, including a reasonable profit.

To this end, a maximum profit of 5.5% may be considered 'reasonable', calculated using the following formula:

$$SGEI \text{ Profits } (\%) = \frac{SGEI \text{ income} - SGEI \text{ Costs}}{SGEI \text{ income}} \times 100$$

Under Article 5(9) of the 2011 SGEI Decision, if the Hospital Foundation carries out activities that fall both within and outside the scope of the service of general economic interest, its internal accounts must show the costs and revenue associated with the service of general economic interest separately from those of other services, as well as the parameters for allocating costs and revenue.

Based on this information, if, once the agreement has been settled and the report and accounts referred to in Clause 11 of this agreement have been submitted, the profit obtained by the undertaking exceeds that set out in this paragraph, the hospital must repay the overcompensation to the Asturias Health Service.

Regional Government of Andalusia/ Employment Service

Annex 2

REPORT FROM THE DIRECTORATE-GENERAL FOR ACTIVE EMPLOYMENT POLICIES ON THE AID GRANTED TO SERVICES OF GENERAL ECONOMIC INTEREST, PURSUANT TO COMMISSION DECISION 2012/21/EU OF 20 DECEMBER 2011 (SGEI DECISION).

Article 9 of Commission Decision 2012/21/EU 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 (hereinafter, SGEI) requires the Member States to send the Commission a report on their application of that Decision.

Article 5(4) of Law 5/2011 of 29 March 2011 on the Social Economy classifies special employment centres and work integration undertakings as entities that provide SGEI when they are established and classified as such in the legislation that applies to them.

To fulfil its obligation, this management body is reporting on the aid granted to the work integration undertakings in Andalusia classified as entities providing SGEI, within the scope of its competence:

1. EXPENDITURE OVERVIEW

Total SGEI government expenditure by legal basis (millions EUR)		
Compensation for Services of General Economic Interest (1+2)	2018	2019
1) Compensation granted on the basis of the SGEI Decision	-	EUR 838 331.91
2) Compensation granted on the basis of the SGEI Framework	-	-

Enacted by the Order of 17 November 2018 establishing the regulatory framework for the granting of subsidies, on a non-competitive basis, to facilitate the social and labour integration of socially excluded persons through work integration undertakings in Andalusia (BOJA [Official Journal of the Government of the Autonomous Community of Andalusia] No 227 of 23 November 2018).

In the 2019 financial year, the total expenditure indicated was granted through four separate aid lines. The amounts are indicated below:

- a) Incentives to fund investment in fixed assets in order to create posts to be filled by persons experiencing social exclusion: EUR 17 557.60
- b) Incentives for hiring socially excluded persons and/or keeping them in post: EUR 358 199.52.

- c) Incentives for hiring staff with expertise in mentoring and providing support for people entering employment and/or keeping expert staff in post: EUR 446 854.79.
- d) Incentives for the procurement of technical assistance to support the viability of work integration undertakings: EUR 15 720.00.

1. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

The activities fall under the following headings:

- 1) Social services (Art. 2(1)(c))
 - a) Access to and reintegration into the labour market
 - b) Care and social inclusion of vulnerable groups

Article 4 of Law 44/2007 of 13 December 2007 laying down the rules applicable to work integration undertakings defines a 'work integration undertaking' as any commercial company or cooperative society, constituted in accordance with the law, which, having been duly recognised by the competent authorities in the Autonomous Community, carries out any economic activity involving the production of goods or provision of services, and whose corporate purpose is to help integrate into society and the labour market and to train socially excluded persons as a transition towards ordinary employment.

To that end, the work integration undertakings must provide socially excluded workers, as part of their integration pathway, with personalised assistance programmes of paid work, on-the-job training, and processes to familiarise them with the world of work and society. The undertakings must provide intervention or support services focusing on social and labour integration that help socially excluded persons to enter the mainstream labour market at a later date.

Meanwhile, the purpose of the Order of 17 November 2018 establishing the regulatory framework for the granting of subsidies, on a non-competitive basis, to facilitate the social and labour integration of socially excluded persons through work integration undertakings in Andalusia is to encourage the employment participation of socially excluded persons, by providing work and social integration pathways for them through the work integration undertakings in Andalusia.

Support is provided for creating, running and developing work integration undertakings so that they can fulfil their social function of facilitating the integration of socially excluded persons into the mainstream labour market.

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.

The services in this sector that have been defined as SGEI are those that concern the integration of socially excluded persons into the labour market with the aim of achieving their labour and social integration through work integration undertakings.

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

The entrustment is expressly set out in Article 5(4) of Law 5/2011 of 29 March 2011 on the Social Economy, as amended by Law 31/2015 of 9 September 2015, by virtue of which the work integration undertakings are classified as entities providing services of general economic interest. The provisions 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 therefore apply.

Article 16 of Law 44/2007 of 13 December 2007 laying down the rules applicable to work integration undertakings provides that the public authorities, within the scope of their respective competences and in accordance with their commitments under EU law, must take action to support the creation, running and furtherance of work integration undertakings, so that they may fulfil their social function of facilitating the integration of socially excluded persons into the mainstream labour market.

Meanwhile, the Order of 17 November 2018 establishes public incentives for the integration of socially excluded persons into the labour market through work integration undertakings [...].

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 of this service to work integration undertakings will continue for as long as the law confers upon them this specific task of general economic interest, and provided that they maintain their status and registration in the special register of work integration undertakings.

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

Work integration undertakings do not have any exclusive or special rights assigned to them. However, they do receive economic benefits such as subsidies, reductions in Social Security payments and reserved contracts under Law 9/2017 of 8 November 2017 on Public Sector Contracts.

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

The aid instrument used is that of subsidies regulated by means of invitations to tender. The aid is granted on a competitive or non-competitive basis, depending on the nature of the aid granted, in all cases observing the applicable basic State legislation.

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

In general, Article 19 of Law 38/2003 of 17 November 2003, the General Law on Subsidies, and Article 4 of the Orders of 5 October 2015 approving the standard regulatory framework and standard forms of the Administration of the Government of the Autonomous Community of Andalusia for the granting of subsidies on a competitive and non-competitive basis, which form the regulatory framework for the aid granted to special employment centres, establish the main compensation mechanism for the aid and subsidies granted. They lay down that *'the amount of the subsidies granted, either in isolation or combined with other subsidies or aid from other public administrations, or from other national or international public or private entities, may not, under any circumstances, exceed the cost of the activity to be carried out by the beneficiary person or entity'*.

Specific compensation mechanisms are established for each line of aid. Generally speaking, the mechanism established to determine the financial compensation is the amount of aid itself, as this is calculated in such a way as to prevent entities from obtaining, through subsidies, an amount greater than the cost of the subsidised activity or action.

We have set out the mechanism used for each of the aid lines below:

- Incentives to fund investment in fixed assets in order to create posts to be filled by persons experiencing social exclusion.

Investment in tangible or intangible fixed assets is eligible if it is directly related to the creation of a new post filled by a socially excluded person.

The eligible amount is EUR 8 000 for each new recruitment of a socially excluded person, although the total amount of aid granted may not exceed 80% of the total cost of the investment in fixed assets made by the entity, with a ceiling of EUR 40 000.

When the person hired is female, the amount of aid is EUR 10 000, and the maximum eligible amount is EUR 50 000.

If the contract is for part-time employment, the amount of aid is reduced proportionally based on the length of the day; days that are less than 50% of an ordinary working day as set out in a collective agreement or, failing that, are less than 50% of the maximum working day laid down in law are not eligible.

- Incentives for hiring socially excluded persons and/or keeping them in post:

The aim is to encourage new recruitments, as well as to keep in post socially excluded persons hired through work integration undertakings that are recognised and registered in Andalusia.

For new recruitments, subsidies will be granted towards salary costs of socially excluded persons in employment for the first twelve months of the employment relationship. Following the initial twelve-month period, if the employment relationship is maintained, subsidies will be granted to keep the post based on the number of days worked. To be eligible, contracts must be maintained for at least 90 days. Under no circumstances are subsidies granted towards salary costs of the same socially excluded employee for a period of more than three years.

The maximum amount of the subsidy will be up to 50% of the salary costs of socially excluded persons.

In the case of newly created work integration undertakings, the amount of the annual subsidy during the first year of the contract will be 80% of salary costs for any workers hired over the course of the undertaking's first year of activity after it was recognised as a work integration undertaking.

This amount will be reduced proportionally for part-time work; under no circumstances may the length of the working day be less than 50% of an ordinary working day as set out in a collective agreement or, failing that, of the maximum working day laid down in law.

When the person hired is female, the maximum amount of aid will increase by 10%.

- Incentives for hiring staff with expertise in mentoring and providing support for people entering employment and/or keeping expert staff in post:

These subsidies are for hiring and/or keeping in post, for at least 12 months, expert staff tasked with mentoring and providing support for people in the process of entering employment.

The maximum amount of the subsidy will be: The salary costs, including all Social Security contributions for which the work integration undertaking is liable, of those persons hired for full-time work, with a ceiling of three times the annual statutory minimum wage in force at the time of the request, per person and per year (year of recruitment and/or each year in post).

This amount will be reduced proportionally for part-time work, but the length of the working day must not be less than 50% of an ordinary working day as set out in the applicable collective agreement or, failing that, of the maximum working day laid down in law.

- Incentives for the integration of socially excluded persons into the mainstream labour market

Work integration undertakings will receive subsidies for every working, socially excluded person who is on their books and in the process of entering employment, who successfully transitions into the mainstream labour market by means of a permanent contact with an ordinary company.

The aid is a fixed amount of EUR 2 000 for each socially excluded person who is on the books of the work integration undertaking and who enters the mainstream labour market with a permanent, full-time contract.

When the person hired is female, the amount of aid will increase by 25%.

- Incentives for the procurement of technical assistance to support the viability of work integration undertakings.

The aim is to subsidise technical assistance in order to facilitate and safeguard the viability of work integration undertakings, based on the following activities:

- a) Market research and technical, economic and financial viability studies.
- b) Non-mandatory accounting audits.
- c) Social audits.
- d) Costs arising from quality certifications and subsequent renewals thereof.

The amount of the subsidy will be 80% of the total cost of the activity, with the following ceilings:

- a) Up to EUR 6 000 for market studies and technical, economic and financial viability studies.
- b) Up to EUR 1 500 for non-mandatory accounting audits.
- c) Up to EUR 1 500 for social audits.
- d) Up to EUR 1 000 for costs arising from quality certifications.

Typical arrangements for avoiding and repaying any overcompensation.

The aid amount takes the form of compensation for the services provided, and may not under any circumstances exceed the cost of the service itself.

Furthermore, as indicated above, in accordance with Article 19 of Law 38/2003 of 17 November 2003, the General Law on Subsidies, and Article 4 of the Orders of 5 October 2015, the amount of the subsidies granted, either in isolation or combined with other subsidies or aid from other public administrations, or from other national or international public or private entities, may not, under any circumstances, exceed the cost of the activity to be carried out by the beneficiary person or entity.

If other aid and subsidies are also being received, and the amount of the aid granted exceeds the cost of the subsidised activity, the amount in excess of the cost of the subsidised activity will be recovered, and the corresponding late-payment interest will apply in accordance with the Law in question.

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).

Information on the aid is published in the National Subsidies Database (BDNS), in accordance with Article 20 of Law 38/2003 of 17 November 2003, the General Law on Subsidies. In addition, and more specifically, aid granted on a competitive basis is published on the website of the Employment Service of Andalusia, and can be accessed via the following link:

<https://juntadeandalucia.es/organismos/empleoformacionytrabajoautonomo/sae.html>

Amount of aid granted	
Total amount of aid granted (in millions EUR). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2018	2019
-	EUR 838 331.91
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2018	2019
-	-
B: Total amount of aid granted (in millions EUR) paid by regional authorities	
2018	2019
-	-
C: Total amount of aid granted (in millions EUR) paid by local authorities	
2018	2019
-	-
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2018	2019
-	-

DIRECTOR-GENERAL FOR ACTIVE EMPLOYMENT POLICIES

Regional Government of Andalusia/ Employment Service

Annex 3

REPORT FROM THE DIRECTORATE-GENERAL FOR ACTIVE EMPLOYMENT POLICIES ON THE AID GRANTED TO SERVICES OF GENERAL ECONOMIC INTEREST, PURSUANT TO COMMISSION DECISION 2012/21/EU OF 20 DECEMBER 2011 (SGEI DECISION).

Article 9 of Commission Decision 2012/21/EU 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 (hereinafter, SGEI) requires the Member States to send the Commission a report on their application of that Decision.

Article 5(4) of Law 5/2011 of 29 March 2011 on the Social Economy classifies special employment centres and work integration undertakings as entities that provide SGEI when they are established and classified as such in the legislation that applies to them.

To fulfil its obligation, this management body is reporting on the aid granted to the special employment centres in Andalusia classified as entities providing SGEI, within the scope of its competence:

1. EXPENDITURE OVERVIEW

Total SGEI government expenditure by legal basis (millions EUR)		
<i>Compensation for Services of General Economic Interest (1+2)</i>	2018	2019
1) Compensation granted on the basis of the SGEI Decision	EUR 36 391 691.60	EUR 79 143 832.69
2) Compensation granted on the basis of the SGEI Framework	-	-

Enacted by the Orders of 7 February 2017 establishing the regulatory framework for the granting of public subsidies intended for people with disabilities by the Employment Service of Andalusia on a competitive and non-competitive basis (BOJA [Official Journal of the Government of the Autonomous Community of Andalusia] No 106 of 9 February 2017).

In the 2018 financial year, the total expenditure indicated was granted through four separate aid lines. The amounts are indicated below:

- Aid for the creation of permanent employment for people with disabilities at special employment centres: EUR 7 341 119.53.
- Aid for the safeguarding of posts occupied by people with disabilities at special employment centres: EUR 28 809 368.83.
- Aid for the adaptation of workplaces and removal of architectural barriers at special employment centres: EUR 65 512.72.

- d) Subsidies to implement measures relating to professional activity support units, in the context of personal and social adjustment services for people with disabilities at special employment centres: EUR 175 690.52.

In the 2019 financial year, the total expenditure indicated was granted through four separate aid lines. The amounts are indicated below:

- a) Aid for the creation of permanent employment for people with disabilities at special employment centres: EUR 11 261 347.22
- b) Aid for the safeguarding of posts occupied by people with disabilities at special employment centres: EUR 67 390 520.95
- c) Aid for the adaptation of workplaces and removal of architectural barriers at special employment centres: EUR 32 881.06
- d) Subsidies to implement measures relating to professional activity support units, in the context of personal and social adjustment services for people with disabilities at special employment centres: EUR 459 083.46.

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

The activities fall under the following headings:

- 1) Social services (Art. 2(1)(c))
 - a) Access to and reintegration into the labour market
 - b) Care and social inclusion of vulnerable groups

Article 43 of the Recast General Law on the Rights of Persons with Disabilities and their Social Inclusion, approved by Royal Legislative Decree 1/2013 of 29 November 2013, defines special employment centres as those entities '*whose main purpose is to produce goods or provide services, participating regularly in market operations, with the aim of ensuring paid employment for persons with disabilities*'; they are also a means of including a greater number of persons with disabilities in the mainstream labour market. Likewise, special employment centres must provide, by means of support units, any personal and social adjustment services required by workers with disabilities, in line with their circumstances and in accordance with the requirements established by law'.

The workforce at special employment centres must comprise the highest number of workers with disabilities permitted by the nature of the production process and, in any event, workers with disabilities must account for at least 70% of the workforce. Staff without disabilities engaged in providing personal and social adjustment services are not taken into account for the purpose of this calculation.

Personal and social adjustment services are defined as those services which help workers with disabilities at special employment centres overcome the barriers, obstacles or difficulties they may experience in the process of starting a job, as well as in terms of staying on and progressing in that job. This also includes any services focusing on social and cultural inclusion and inclusion in sporting activities.

Meanwhile, the Order of 7 February 2017 establishing the regulatory framework for granting public subsidies intended for people with disabilities establishes public incentives to fund the creation of permanent employment, the safeguarding and adaptation of posts filled by people with disabilities, as well as the implementation of measures relating to professional activity support units, in the context of personal and social adjustment services for people with disabilities at special employment centres.

The general aim of the aid is to give special employment centres financial compensation for providing services of general economic interest by granting incentives for them to hire permanent staff, both on a full-time and part-time basis, and to implement measures that will help people with disabilities overcome any barriers, obstacles or difficulties they may experience in the process of starting a job, as well as in terms of staying on and progressing in that job.

The activities and services provided by special employment centres, participating regularly in market operations, with the aim of ensuring paid employment for people with disabilities, fall within the scope of the Services of General Economic Interest set out in Commission Decision 2012/21/EU of 20 December 2011.

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.
The services in this sector that have been defined as SGEI are those related to the integration of persons with disabilities into the labour market with the aim of achieving their labour and social integration through special employment centres.
Explanation of the (typical) forms of entrustment . If standardised templates for entrustments are used for a certain sector, please attach them.

The entrustment is expressly set out in Article 5(4) of Law 5/2011 of 29 March 2011 on the Social Economy, as amended by Law 31/2015 of 9 September 2015, by virtue of which special employment centres are classified as entities providing services of general economic interest. The provisions 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 therefore apply.

Furthermore, Article 44 of the Recast General Law on the Rights of Persons with Disabilities and their Social Inclusion, approved by Royal Legislative Decree 1/2013 of 29 November 2013, establishes that, in view of the particular features of special employment centres and in order for the centres to fulfil their required social function, the public authorities may, in the manner determined by law, establish financial compensation for the centres to assist with their viability, and put in place appropriate control mechanisms for that purpose.

Lastly, the Order of 7 February 2017 establishing the regulatory framework for the granting of public subsidies intended for people with disabilities on a competitive and non-competitive basis expressly sets out that the purpose of the aid lines is to grant financial compensation for the services of general economic interest provided by the special employment centres and, in so doing, to ensure their viability, by granting incentives for hiring persons with disabilities and keeping them in post.

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 of this service to special employment centres will continue for as long as the law confers upon them this specific task of general economic interest, and provided that they maintain their status and registration in the specific register for special employment centres.

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

Special employment centres do not have any exclusive or special rights assigned to them. However, they do receive economic benefits such as subsidies, reductions in Social Security payments and reserved public-sector contracts.

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

The aid instrument used is that of subsidies regulated by means of invitations to tender. The aid is granted on a competitive or non-competitive basis, depending on the nature of the aid granted, in all cases observing the applicable basic State legislation.

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

In general, Article 19 of Law 38/2003 of 17 November 2003, the General Law on Subsidies, and Article 4 of the Orders of 5 October 2015 approving the standard regulatory framework and standard forms of the Administration of the Government of the Autonomous Community of Andalusia for the granting of subsidies on a competitive and non-competitive basis, which form the regulatory framework for the aid granted to special employment centres, establish the main compensation mechanism for the aid and subsidies granted. They lay down that *'the amount of the subsidies granted, either in isolation or combined with other subsidies or aid from other public administrations, or from other national or international public or private entities, may not, under any circumstances, exceed the cost of the activity to be carried out by the beneficiary person or entity'*.

Specific compensation mechanisms are established for each line of aid. Generally speaking, the mechanism established to determine the financial compensation is the amount of aid itself, which is calculated in such a way as to prevent entities from obtaining, through subsidies, an amount greater than the cost of the subsidised activity or action. Where employment or salary costs are subsidised, the limit is generally set at the statutory minimum wage in force.

We have set out the mechanism used for each of the aid lines below:

- - Line to create permanent employment for people with disabilities:

The aid to create permanent employment for people with disabilities at special employment centres comes to EUR 12 021 for each new, full-time permanent contract or for each conversion of a fixed-term contract into a permanent contract. Where an employee is hired on a permanent, part-time contract, the aid will be reduced in proportion to the working hours, which may not be less than 18 hours a week.

Posts created with the incentive granted must be maintained for at least 1 095 days of actual work, i.e. three years. This equates to aid totalling EUR 4 007 per year, an amount that is very much below the statutory minimum wage.

- - Line to safeguard posts occupied by people with disabilities:

The amount of aid is a flat-rate amount corresponding to 50% of the statutory minimum wage for each month in which the incentivised post is filled by a worker with a disability who is working full-time. This amount of aid will be reduced proportionally when the post is filled for periods of less than one full month and when the working hours are on a part-time basis, with a minimum of 18 hours a week.

As a result, the amount of aid will never exceed the worker's wage.

- - Aid line for workplace adaptation and removal of architectural barriers at special employment centres:

Incentives are granted for workplace adaptation and personal protective equipment. The amount of aid will be the cost of the investment, with a ceiling of EUR 2 000 for each

adapted job, or an incentive for the removal of architectural barriers, the amount of which may total up to 80% of the cost of the investment, with a ceiling of EUR 30 000. As a result, the amount of aid will always be less than the total cost of the activity.

- Line of subsidies to implement measures relating to professional activity support units, in the context of personal and social adjustment services for people with disabilities at special employment centres.

Subsidies are granted towards the salary costs of staff in support units looking after persons with disabilities. The amounts are calculated based on the people receiving support, totalling EUR 1 200 a year for each employed person receiving support with the established type and degree of disability. The total amount of aid cannot exceed the salary and Social Security costs for the staff in the support units. Subsidies are granted for maximum employment periods of one year.

Typical arrangements for avoiding and repaying any overcompensation.

The aid amount takes the form of compensation for the services provided, and may not under any circumstances exceed the cost of the service itself.

Furthermore, as indicated above, in accordance with Article 19 of Law 38/2003 of 17 November 2003, the General Law on Subsidies, and Article 4 of the Orders of 5 October 2015, the amount of the subsidies granted, either in isolation or combined with other subsidies or aid from other public administrations, or from other national or international public or private entities, may not, under any circumstances, exceed the cost of the activity to be carried out by the beneficiary person or entity.

If other aid and subsidies are also being received, and the amount of the aid granted exceeds the cost of the subsidised activity, the amount in excess of the cost of the activity will be recovered, and the corresponding late-payment interest will apply in accordance with the Law in question.

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).

Information on the aid is published in the National Subsidies Database (BDNS), in accordance with Article 20 of Law 38/2003 of 17 November 2003, the General Law on Subsidies.

In addition, and more specifically, aid granted on a competitive basis is published on the website of the Employment Service of Andalusia, and can be accessed via the following link: <https://juntadeandalucia.es/organismos/empleoformacionytrabajoautonomo/sae.html>

Amount of aid granted	
Total amount of aid granted (in millions EUR). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2018	2019
EUR 36 391 691.60	EUR 79 143 832.69
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2018	2019
-	-
B: Total amount of aid granted (in millions EUR) paid by regional authorities	
2018	2019
-	-
C: Total amount of aid granted (in millions EUR) paid by local authorities	
2018	2019
-	-
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2018	2019
-	-

DIRECTOR-GENERAL FOR ACTIVE EMPLOYMENT POLICIES

Annex 4

2018-2019 REPORT SUBMITTED BY SPAIN PURSUANT TO ARTICLE 9 OF THE SGEI DECISION

1 - Identification

Member State concerned	Spain
Region	Catalonia (ES51)
Title of the measure	Integrated guidance, support and assistance services to integrate people with disabilities or mental health disorders (SIOAS) into the labour market for the years 2018 and 2019
Indicate the name and the address of the granting authority	Department of Work, Social Affairs and Families Calle Sepúlveda, 148-150 08011 Barcelona

2. Justification

The integrated guidance, support and assistance services for the integration of people with disabilities or mental health disorders for the years 2018 and 2019 fall within the scope of Commission Decision 2012/21/EU 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 (OJ L 7, 11.1.2012, p. 3) in relation to the paragraph on the care and social inclusion of vulnerable groups.

The legal basis for the integrated guidance, support and assistance services to integrate people with disabilities or mental health disorders for the years 2018 and 2019 is as follows:

Order ESS/1120/2017 of 20 November 2017 approving the rules for the granting of subsidies for the provision of integrated guidance, support and assistance services for the integration of people with disabilities or mental health disorders (Official State Gazette [BOE] No 283, 21.11.2017)

Decision TSF/1855/2018 of 26 July 2018 announcing subsidies for the year 2018 for the provision of integrated guidance, support and assistance services for the integration of people with disabilities or mental health disorders (National Subsidies Database (BDNS) ref. 410179). (Official Gazette of Catalonia (DOGC) No 7675 - 31.7.2018)

Decision TSF/1301/2019 of 9 May 2019 announcing subsidies for the year 2019 for the provision of integrated guidance, support and assistance services for the integration of people with disabilities or mental health disorders (BDNS ref. 455344, DOGC No 7876 -16.5.2019).

Article 9 of the 2012 SGEI Decision requires the Member States to submit a report on the implementation of the Decision every two years.

Article 9 of Commission Decision 2012/21/EU 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 (OJ L 7, 11.1.2012, p. 3) lays down the following:

'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 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.'

3. Public expenditure

Total public expenditure per SGEI for the category of protection and social inclusion of vulnerable groups		
Compensation for Services of General Economic Interest (1+2)	2018	2019
1) Compensation granted on the basis of the SGEI Decision	EUR 7.326953 million	EUR 8.611948 million
2) Compensation granted on the basis of the SGEI Framework		

4. Description of the services

A CLEAR AND COMPREHENSIVE DESCRIPTION OF HOW THE SERVICES FALLING WITHIN THE SCOPE OF THIS DECISION, INCLUDING INTERNAL ACTIVITIES, ARE ORGANISED.

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:

Access to employment is an unwaivable right and, at the same time, a fundamental human right. Regrettably, certain groups find it harder than others to enter the labour market. The government must therefore guarantee access to employment and reintegration into the labour market for those who need it. This means that work needs to be done to reduce the problems faced by those who experience the greatest difficulty and to build a more caring society.

It is our duty to work to resolve the problems faced by the most vulnerable, such as people with disabilities and mental illness.

The financial crisis has had a negative impact on the situation faced by people with disabilities and mental illness, and a process has therefore been set in motion with the aim of empowering people with disabilities so that they can participate fully in society as equals with the rest of the population.

The integration guidance and support services seek to place people with disabilities or mental health disorders on an equal footing with other citizens to work towards their integration.

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 (SGEI) (OJ L 7, 11.1.2012) applies to the granting of subsidies for the provision of **integrated guidance, support and assistance services for the integration of people with disabilities or mental health disorders**. These services come under the category of compensation for the provision of services of general economic interest meeting social needs (Article 2(1)(c)) as regards access to and reintegration into the labour market.

The aim of the integrated guidance, support and assistance services for the integration of people with disabilities and mental illness is to make a set of resources available to jobseekers with disabilities or mental health disorders to ensure that they are in the same position as other people, or a better position, when it comes to finding work. The services provided help jobseekers to make decisions and deal with changes to their profession, training or career plan. This improvement is part of a process that looks at the competencies of each person and compares them to those required by the labour market for each job, enabling people to identify their professional objectives.

We define competencies as the set of personal resources, abilities, skills, expertise, knowledge, preferences and interests of each person with a disability and/or mental illness. When applied to the work context, these become professional competencies. People acquire competencies in several ways: through formal and informal learning, work experience and life experience, etc.

The integration specialists providing the services support the participants in drawing up a career plan to improve their employability by developing the competencies that are needed in the world of work.

The Service aims to meet the needs of each participant with a disability and/or mental illness, and will design an appropriate pathway according to those needs.

Beneficiary entities

The beneficiary entities (listed below) operate in Catalonia and have experience of implementing measures to support unemployed job seekers with disabilities and/or mental illness to help them integrate into the labour market.

- a) Private non-profit entities with their own legal personality.
- b) Local entities, as well as entities operating under them or linked to them.

They are considered small businesses given the number of workers.

The 2018-2019 call for applications did not apply to local entities, or entities operating under them or linked to them.

Target population

The integration guidance and support service targets:

- a) people with disabilities or mental health disorders who are unemployed jobseekers registered with the Catalan Employment Service, who have a recognised degree of disability of 33% or more and have any of the following disabilities: mental, physical or sensory disability or limited intellectual ability;
- b) people with mental health disorders. A disability certificate or report from the service responsible for therapeutic follow-up is sufficient proof of eligibility.
- c) Persons entitled to a Social Security pension due to their permanent inability to perform their habitual work (*incapacidad total*) or any work (*incapacidad absoluta*), and civil service, armed forces and judiciary pensioners (*clases pasivas*) entitled to a retirement pension or disability pension due to their permanent unfitness for service or incapacity, with availability to enter the mainstream labour market, are also considered to have a degree of disability of 33% or more. In this case, sufficient proof can be furnished in the form of a certificate or decision recognising the bearer's status as a recipient of a Social Security pension on the grounds of their permanent inability to perform their habitual work or any work, or a civil service, armed forces or judiciary pension on the grounds of unfitness for work or incapacity in accordance with the provisions of Royal Decree 1414/2006 of 1 December 2006 determining the status of disabled person for the purposes of Law 51/2003 of 2 December 2003 on equal opportunities, non-discrimination and universal accessibility for people with disabilities.
- d) For the 2017 call for applications, victims of gender-based violence with one of the disabilities set out in the above paragraphs were also included.

Actions

The actions that comprise the integration guidance and support process are arranged into four blocks, with each block corresponding to a part of the process. There are several modules within each block. Each participant will take part in one or more blocks depending on their needs, and within each block they may participate in one or more modules/actions. This design means there is a wide range of possible pathways, which can be tailored to each person.

The blocks that comprise the integration guidance and support process for persons with a disability and/or mental illness are as follows:

Block 0: Key competences

World of work

Identification of cross-cutting competencies

Block 1: Employability analysis

Motivations and interests/

Labour market and jobs

Block 2: Finding a job Tools and channels

for finding a job / The selection process

Self-employment

Block 3: Training

Basic/ foundation training / Training

in new technologies

Training in social or cross-cutting skills

Technical and vocational training /

Unpaid work experience

Block 4: Relations with companies Job

scouting / Follow-up after placement

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

Award procedure

The award procedure is carried out by means of an open call for applications published in the Official Gazette of Catalonia.

After evaluating the applications submitted, the selection body puts forward the names of the undertakings that will provide the services and the amounts they will receive based on the services that each will provide. This proposal gives rise to the **award decision**.

The actual award, i.e. the legal act informing the selected undertakings that the administration has decided to entrust them with the SGEI provision, and that they are therefore entitled to compensation, and setting out the duration and the scope of the services to be provided, is formalised through the issuing of an **award decision**. Together with the **call for applications and the rules governing** the measure, this constitutes the formal **entrustment** of the SGEI.

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?

Integrated guidance, support and assistance services for the integration of people with disabilities or mental health disorders are entrusted for one year.

Defrayal of the expenditure must take place during the period of provision of the subsidised guidance, support and assistance services for the integration of people with disabilities or mental health disorders.

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

No exclusive or special rights are assigned to the undertakings providing guidance, support and assistance services for the integration of people with disabilities or mental health disorders.

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

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.

Compensation mechanism:

Maximum amount of the compensation

The maximum eligible amounts per person/year and per group for each activity are as follows:

	Actions	Maximum amounts/group		
		Eligible cost	Type of expenditure	Maximum amount per year/group
MEASURE IMPLEMENTED BY ENTITY (a)	WORK PREPARATION ACTIVITIES	Direct expenditure on staff carrying out the activity	Direct expenditure on employment coaching staff	EUR 32 000.00

	JOB SCOUTING ACTIVITIES		Direct expenditure on staff carrying out job scouting activities	EUR 16 000.00
	IT LITERACY ACTIVITIES		Direct expenditure on staff teaching IT literacy	EUR 4 000.00
	TECHNICAL/VOCATIONAL TRAINING ACTIVITIES, if applicable		Direct expenditure on staff providing technical/vocational training*	EUR 8 000.00
		Other costs of the activity	Other direct costs/ Indirect costs	25% of direct staff costs incurred
SUBCONTRACTED ACTIVITY, if applicable b)	Actions	Eligible cost		Maximum amount per year/group
	IT LITERACY ACTIVITIES	Expenditure on provision of IT literacy activities		EUR 5 000.00
	TECHNICAL/VOCATIONAL TRAINING ACTIVITIES	Expenditure on provision of technical/vocational training activities**		EUR 10 000.00

These amounts will be multiplied by the number of employment coaches.

With regard to the technical and vocational training costs, the maximum eligible amount will be EUR 10 000.00 for one employment coach, with a maximum amount of EUR 20 000.00 for two or more groups receiving support.

As a general rule, one employment coach will manage at least one group of 30 people with disabilities or mental health disorders. As an exception to this rule, when support is provided for people with disabilities or mental health disorders who have particular difficulty entering the labour market, the minimum number will be 10.

The total remuneration costs and employer Social Security contributions, under all headings, will be subsidised for the staff implementing the actions in line with the legal and regulatory standards set out in the collective agreement applicable to private non-profit entities.

In any event, the final remuneration received by the worker cannot be less than the minimum amount provided for in the applicable collective agreement.

The remuneration of the employment coach is for the provision of services on a full-time basis for each contract type.

Expenditure covered by the aid

Period

Any expenditure that is allocated to the implementation of the activities, on the grounds that it relates directly to the nature of those activities, carried out during the implementation period of the measure and actually paid by the beneficiary before financial supporting documents are submitted.

Documentary evidence:

Expenditure must be supported by paid invoices or accounting documents of equivalent evidential value. The original documents are marked with a stamp, showing the subsidy for which evidence is provided, the ESF co-financing, where appropriate, and the amount or percentage charged. Supporting documents for expenditure on staff on the payroll of the beneficiary entity charged on the basis of hours worked and cost/hour (payslips and Social Security contribution documents) and e-invoices are not stamped.

Eligible expenditure

Subsidies will be granted towards the direct costs incurred by the beneficiary entity to hire staff whose duties are employment coaching, job scouting, IT literacy and technical and vocational training activities, and who provide integrated guidance, support and assistance services for the integration of people with disabilities or mental health disorders, in addition to the costs of external technical and vocational training and IT literacy training, as well as other direct and indirect costs relating to the purpose of the subsidy.

Direct costs

A) Direct eligible staff costs, i.e. in-house staff costs.

The gross remuneration costs, as agreed with the undertaking or established in a collective agreement, of the staff who carry out employment coaching tasks, teach the IT literacy module, provide the technical and vocational training and carry out job scouting activities, incurred within the implementation period and actually paid before the end of the expenditure justification period. This item includes the following wage payments: the basic salary, length-of-service increments, special expertise increments or other activity-based increments and bonuses.

The non-wage payments agreed with the undertaking or established in a collective agreement for distance and transport bonuses, paid by the undertaking to workers to reduce or cover the cost of their travel to their usual place of work.

The worker's social contributions and taxes and the undertaking's Social Security contributions.

As regards costs relating to social contributions, the amount of any discounts or reductions associated with the payment of this contribution must be deducted in order to calculate the eligible amount.

The cost/hour corresponding to the hours actually worked will be charged.

B) Other eligible direct expenditure

1. The cost of the insurance policy for participants.
2. The cost of the spaces and technical and computer equipment needed to carry out the action.
3. The cost of consumables and teaching materials participants need to use.
4. The cost of sending invitations to attend via registered mail to potential participants (people receiving the guaranteed minimum income), where applicable.
5. Participants' travel to the beneficiary entity, to the place where the eligible measures are carried out and/or to the undertaking where the placement takes place; work-related travel expenses and allowances of the job scouts, or of IT literacy teachers where they cover more than one place of activity, as well as the work-related travel expenses of staff working as employment coaches.
6. Communication accessibility expenditure as part of the expenditure on technical and vocational training and IT literacy training.
7. The costs of the material used and of renting equipment to correctly deliver the technical and vocational training and IT literacy training.

Indirect costs

1. Support staff: the undertaking's wage costs and Social Security costs for coordination staff and administrative staff.
2. General indirect costs: electricity, gas, water, telephones, office equipment and cleaning and maintenance, as well as other similar costs, when these are incurred and actually paid for in the period between the start date of the actions and the deadline for submitting the supporting accounts.

The other direct and indirect costs will be 25% of the direct staff costs.

Subcontracting costs in connection with the recruitment of IT literacy and technical and vocational training staff, the material used to deliver the training, and communication accessibility costs.

Ineligible costs

- a) The employment and Social Security costs of a worker while that worker is off work, whether as a result of common illness or accident, occupational illness or a workplace accident, or maternity or paternity. In any event, expenditure pertaining to the person substituting them will be eligible, but not expenditure pertaining to the person who is off work.
- b) Benefits in kind, subsistence expenses, as well as non-wage payments other than those mentioned above.
- c) The purchase or development of IT applications, where they are treated as an investment for accounting purposes.
- d) Allowances and salaries paid to participants in ESF operations.
- e) Any other general expenditure that is not specifically listed as eligible expenditure.
- f) Any other type of expenditure that is not considered to be chargeable on account of its nature or relationship to the subsidised programme.

Typical arrangements for avoiding and repaying any overcompensation.

The measures contain provisions to prevent overcompensation. Approximately 80% of the subsidy is disbursed in advance, while the remaining 20% is disbursed after checks have been carried out on the eligible costs. It is possible to recover the aid when there is overcompensation by means of a withdrawal decision and the corresponding repayment, or to offset against outstanding amounts granted under other calls for applications for other services or programmes.

Review It is possible to review subsidies that have already been granted and amend the award decision where there are changes to the conditions or where other aid is obtained simultaneously. Any change to the conditions that were taken into account when granting the subsidies and, in any event, simultaneously obtaining additional subsidies other than those permitted in the relevant rules, may result in the award decision being amended, in accordance with the rules governing the subsidy.

Withdrawal If, in the course of carrying out checks, the awarding body, or, as part of an audit procedure, the General Audit Office, detect any ground for revoking the aid granted, it will launch the relevant withdrawal procedure, and the beneficiary entity must reimburse the unduly received funds. If there are any grounds for considering that an infringement has occurred, disciplinary proceedings will be launched.

If, when carrying out checks, the General Audit Office finds that the party subject to the audit is attempting to hinder, delay, or impede its intervention, it must propose to the competent body that withdrawal and disciplinary proceedings be launched.

Grounds for withdrawing aid. The grounds for completely or partially withdrawing aid are as follows:

- a) Total or partial failure to fulfil the objective, complete the activity or project, or pursue the action for which the subsidy was awarded.
- b) Total or partial failure to supply supporting evidence in accordance with the rules set out in this Order.
- c) Obtaining the subsidy by providing false information with regard to the conditions required or concealing grounds for exclusion.
- d) Failure on the part of a beneficiary, be they a person or an entity, to comply with the requirements imposed by the administration or to fulfil the commitments entered into when the subsidy was granted, provided that this affects the manner in which the objectives are to be met, the activity carried out, the project implemented or the behaviour adopted which forms the basis for, or relates to, the granting of the subsidy.
- e) Failure on the part of a beneficiary, be they a person or an entity, to fulfil the conditions imposed by the administration or the commitments entered into when the subsidy was granted, other than those set out above, including obstruction of audits or reluctance to allow them in such a way that hinders verification of the use of the funds received, achievement of the objective, the existence and regularity of the subsidised activities, or the simultaneous receipt of subsidies, aid, revenue or resources for the same purpose, received from any administration or public or private body, be it a national, European Union or international body.

f) Resistance, excuses, obstruction or refusal to undergo the financial verification and audit activities provided for in Articles 14 and 15 of Law 38/2003 of 17 November 2003, the General Law on Subsidies, as well as failure to comply with accounting, registration and document retention obligations, where this makes it impossible to verify the use of the funds received, achievement of the objective, the existence and regularity of the subsidised activities, or the simultaneous receipt of subsidies, aid, revenue or resources for the same purpose, received from any administration or public or private body, be it a national, European Union or international body.

g) Obtaining a total amount of subsidies which, either alone or in combination with subsidies from other public or private agencies, whether national or international, exceeds the cost of the activity entrusted to the beneficiary person or agency.

h) The adoption, pursuant to Articles 107 to 109 of the Treaty on the Functioning of the European Union, of a decision setting out grounds for recovery.

i) The failure to fulfil any other obligation set out in the applicable rules, such as failure to achieve a minimum percentage of workplace integration and/or failure to provide services for a minimum number of participants.

Partial failure to fulfil the requirements or obligations incumbent upon beneficiary entities, incorrect performance of the activities as brought to light during administrative or on-the-spot checks on the subsidised measures, as well as the submission of evidence for an amount lower than that initially granted, will entail the launch of a procedure to partially withdraw the subsidies granted and/or a procedure to partially recover from the beneficiary entity the amounts paid (advances) with the relevant interest.

The adjustment criteria and formulas used to calculate the amounts to be paid to the beneficiary entity or, where applicable, to be recovered owing to failure to meet the conditions, are as follows:

- 1) If, for a certain period of time, the beneficiary entity does not have subsidised employment coaches available to perform their role, this will entail the partial withdrawal of the subsidy granted as set out below: the subsidised part of the employment coach's remuneration for the period from the day following the date on which they finished working until the start date of the new employment coach or the date the subsidised service ends, and the proportional part of the other eligible direct and indirect costs.
- 2) If, when the service ends, the minimum number of participants for which the subsidy was granted have not used the service, the subsidy will be reduced as follows: With regard to the number of people who have used the service when it ends in relation to the expected number of service users set out in the award decision and/or approval of a recalculation, a 10% decrease is accepted without any financial reduction being applied.

If a figure with decimals is obtained after applying the above percentage, it will be necessary to round the figure until a whole number is obtained. To that end, only the first decimal will be taken into account (e.g.: 32.4 = 32; 45.8 = 46).

The percentage reduction of the subsidy will be established on the basis of the difference between the number of participants set out in the award decision and the average number of participants using the service during the period covered by the subsidy.

Formula: $100 - \{(\text{number of service users in award decision} / \text{average number of service users}) \times 100\}$ Ranges:

Result from applying the formula	Reduction of the subsidy
From 0.00% to 10%	0%
From 10.01% to 20%	10%
From 20.01% to 30%	20%
From 30.01% to 40%	30%
From 40.01% to 50%	40%
From 50.01% to 60%	50%

- 3) In the event that, once six months have elapsed since the end of the service provision, the entity has not managed to place 20% of participants with a mainstream company, the subsidy granted will be reduced as follows:

Formula: $(\text{number of people placed with a company} \times 100) / \text{number of people covered by subsidy}$ - Ranges:

% placed	Percentage subsidy reduction of
15% or more	10%
0 to 14%	15%

If a figure with decimals is obtained after applying the above percentage, it will be necessary to round the figure until a whole number is obtained. To that end, only the first decimal will be taken into account (e.g.: 32.4 = 32; 45.50 = 46).

- 4) If no unpaid work placements are planned, 5% of the amount awarded will be withdrawn.
- 5) If the employment coach spends less than 70% of their hours working directly with participants, the subsidy will be reduced as set out below:

Percentage spent on direct activities	Percentage reduction of subsidy
From 69% to 50%	10%
Less than 50%	20%

6) Once the supporting documentation for the subsidised actions has been provided and the expenditure reviewed, the awarding body will recalculate the subsidy and may reduce the amount initially awarded in line with the activities carried out and the costs incurred.

7) In the event of simultaneous instances of non-compliance, the reduction applied will be the highest amount, which will include the lower amount.

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).

Not applicable. No undertakings have been granted aid of EUR 15 million or more.

Amount of aid granted

a) THE TOTAL AMOUNT OF AID GRANTED IN ACCORDANCE WITH THIS DECISION, WITH A BREAKDOWN BY THE ECONOMIC SECTOR OF THE BENEFICIARIES

A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2018	2019

B: Total amount of aid granted (in millions EUR) paid by regional authorities	
2018	2019

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C: Total amount of aid granted (in millions EUR) paid by local authorities	
2018	2019

D: Share of expenditure per aid instrument (direct subsidy, guarantees, etc.) (if available)	
2018	2019

Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)	
2018	2019

b) 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

There is no record to date of any complaints having been received from third parties with regard to potential competition, as the people served are people with disabilities who have particular difficulties in terms of entering employment. This is not an attractive field for private companies working in employment intermediation, which is one of the services offered.

Barcelona, August 2020 –

The Director-General

Annex 5

REPORT SUBMITTED BY SPAIN PURSUANT TO ARTICLE 9 OF THE 2012 SGEI DECISION

1 - Identification

Member State concerned	Spain
Region	Catalonia (ES51)
Title of the measure	Subsidies for work integration undertakings to implement measures to improve the employment and labour integration of groups at risk of or experiencing social exclusion (2018 and 2019).
Indicate the name and the address of the granting authority	Department of Work, Social Affairs and Families Directorate-General for the Social Economy, the Voluntary Sector and Cooperatives, Calle Sepúlveda, 148-150 08011 Barcelona

2. Justification

Work integration undertakings combine business logic with methodologies that make it possible for socially excluded people to enter the labour market. These undertakings carry out economic activities with the aim of reintegrating vulnerable groups (people experiencing social exclusion or at serious risk of exclusion) into the labour market, thereby facilitating their social inclusion. In this respect, the activities of the work integration undertakings constitute a service of general [economic] interest (SGEI) and the subsidies for the years 2018 and 2019 (Lines 1, 2, 3 and 4) intended for work integration undertakings fall within the scope of Commission Decision 2012/21/EU 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 (OJ L 7, 11.1.2012, p. 3) with regard to the paragraph on the care and social inclusion of vulnerable groups.

The regulatory framework for subsidies for work integration undertakings to implement measures to improve the employment and labour integration of groups at risk of or experiencing social exclusion is as follows:

For the year 2018:

ORDER TSF/235/2017 of 13 October 2017 approving the rules for granting subsidies to work integration undertakings to carry out activities to improve the employment and labour integration of groups at risk of or experiencing social exclusion (Official Gazette of Catalonia (DOGC) No 7477 – 19.10.2017).

DECISION TSF/1862/2018 of 25 July 2018 opening the call for applications for the year 2018 for the granting of subsidies to work integration undertakings to carry out activities to improve the employment and labour integration of groups at risk of or experiencing social exclusion (DOGC No 7677 – 2.8.2018).

For the year 2019:

ORDER TSF/235/2017 of 13 October 2017 approving the rules for granting subsidies to work integration undertakings to carry out activities to improve the employment and labour integration of groups at risk of or experiencing social exclusion (DOGC No 7477 – 19.10.2017).

DECISION TSF/1766/2019 of 17 June 2019 opening the call for applications for the year 2019 for the granting of subsidies to work integration undertakings to carry out activities to improve the employment and labour integration of groups at risk of or experiencing social exclusion (DOGC No 7908 – 2.7.2019).

Article 9 of the 2012 SGEI Decision establishes that the Member States must submit a report on the implementation of this Decision every two years.

Article 9 of Commission Decision 2012/21/EU 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 (OJ L 7, 11.1.2012, p. 3) sets out the following:

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;*
- 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.'*

3. Public expenditure

Total public expenditure by SGEI for the function of care and social inclusion of vulnerable groups, and of access to and reintegration into the labour market		
Compensation for Services of General Economic Interest (1+2)	2018	2019
1) Compensation granted on the basis of the SGEI Decision	EUR 7 820 053.07	EUR 10 420 588.12
2) Compensation granted on the basis of the SGEI Framework		

4. Description of the services

- a) A CLEAR AND COMPREHENSIVE DESCRIPTION OF HOW THE SERVICES FALLING WITHIN THE SCOPE OF THIS DECISION ARE ORGANISED.

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:

Please list the contents of the services entrusted as SGEI:

The principal objective of the aid proposed is to grant funds to undertakings that specialise in assisting people experiencing exclusion or at risk of social exclusion (ensuring protection and inclusion of vulnerable people). As a result, they will acquire the competences needed for them to re-enter the mainstream labour market. The measure fundamentally consists of two lines of action:

- Line 1 - Aid for the recruitment of staff who are specialised in giving support or assistance to vulnerable people during the integration process (e.g. subsidies to cover the wage costs of specialist staff who provide support during the integration process).
- Line 2 - Aid to encourage the employment of vulnerable people by the beneficiary undertakings (partial subsidising of wage costs).

As was the case in 2017, in 2018 and 2019 a further two secondary aid lines were granted, forming a kind of bonus associated with the costs entailed by securing employment for socially excluded persons; both could be considered 'reasonable profit' as allowed under the Decision in addition to the granting of compensation to cover the SGEI costs. These two lines are fully linked to lines 1 and 2, which are the main and fundamental lines, and represent just 2.8% of the total amount granted in 2018 and 2019 to integration undertakings. They go some way towards rewarding some of the integration undertakings that excelled in achieving the objective of employing people from vulnerable groups and achieving their integration into the mainstream labour market:

- Line 3: financial bonus for work integration undertakings that achieve a greater increase in the employment of socially excluded people compared to the immediately preceding call.
- Line 4: financial bonus for work integration undertakings that successfully integrate socially excluded people into the mainstream labour market, in accordance with quality criteria.

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 (SGEI) (OJ L 7, 11.1.2012), applies to the granting of subsidies to work integration undertakings to carry out activities to improve the employment and integration into the labour market of at-risk or socially excluded groups. This comes under the category of compensation for the provision of services of general economic interest meeting social needs (Article 2(1)(c)) as regards access to and reintegration into the labour market.

Actions

Line 1 supports improvement in the vocational qualifications and employability of workers following an integration pathway by recruiting specialist staff to support these workers (by seeking employment opportunities in businesses and supporting and training people entering employment in order to facilitate their access to the mainstream labour market).

Line 2 provides incentives for the hiring of people at risk of social exclusion by the work integration undertakings (covering part of the cost of hiring these workers following an integration pathway).

Line 3 provides a stimulus for work integration undertakings that have been able to create more employment over the same period in two consecutive calls; the months covered by line 2 subsidies in each call are compared for the purpose of calculating this increase.

Line 4 compensates work integration undertakings that, in accordance with quality criteria, successfully integrate people experiencing social exclusion into the mainstream labour market whom they have supported during the integration process in their undertaking. This seeks to compensate the loss of human capital for the work integration undertaking, since, once trained, the person moves to the mainstream undertaking.

For the year 2018:

- the implementation period for line 1 ran from 1 July 2018 to 30 June 2019;
- the implementation period for line 2 ran from 1 October 2017 to 30 September 2018;
- for the granting of aid line 3, similar implementation periods for line 2 from 2017 and 2018 are compared (see the 'Award procedure' section below);
- the implementation period for line 4 ran from 1 October 2017 to 31 March 2018, and includes all persons integrated into the mainstream market during this period.

For the year 2019:

- the implementation period for line 1 ran from 1 July 2019 to 30 June 2020;
- the implementation period for line 2 ran from 1 October 2018 to 30 September 2019;
- for the granting of aid line 3, similar implementation periods for line 2 from 2018 and 2019 are compared (see the 'Award procedure' section below);
- the implementation period for line 4 ran from 1 April 2018 to 31 March 2019, and includes all persons that entered the mainstream market during this period.

Beneficiary entities

Work integration undertakings classed as such in accordance with Law 27/2002 of 20 December 2002 on legislative measures to regulate social and employment integration undertakings that are registered in Catalonia's administrative register of work integration undertakings (Decree 277/2003 of 4 November 2003).

Target population

- a) Persons covered by Law 14/2017 of 20 July 2017 on the guaranteed minimum income (GMI) (DOGC No 7418 of 24.7.2017) (formerly Law 10/1997 of 3 July 1997 on the basic guaranteed income – DOGC No 2435 of 17.7.1997).
- b) People with physical, mental or sensory disabilities or with mental illnesses who can prove that they are at risk of social exclusion, and who have a real possibility of entering the labour market.
- c) Young people (aged over 18 and under 30) from child protection institutions or who are at risk of exclusion, provided that they have proof of their risk of exclusion.
- d) People with drug or alcohol addiction problems who, in the opinion of their therapeutic team, have successfully come through the detoxification and withdrawal phases, provided that no more than 12 months have passed between the end of the abovementioned treatment and the start of the integration process.
- e) Inmates in prisons whose status allows them access to employment as well as people on conditional release and former prisoners, provided that they are employed within 18 months of their release from prison.

- f) People who may not be able to access the guaranteed minimum income (GMI) (formerly 'basic guaranteed income'), but who are, in the opinion of the competent social services, at risk of exclusion.
- g) Long-term unemployed people older than 45, provided that they have proof of their risk of exclusion.

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

The award procedure is carried out by means of an open call for applications published in the Official Gazette of Catalonia. This publication includes the **call for applications** and the **relevant rules**, which govern all fundamental aspects such as: the purpose of the measure, requirements for being selected as a provider undertaking, criteria for entrustment, period of provision of the SGEI, amount of compensation, forms of supporting documentation, reasons for withdrawal to avoid overcompensation, overall budget and deadline for submitting applications.

After evaluating the applications submitted, the selection body proposes a list of which undertakings will carry out the services and the amounts they will receive based on the services that each will provide. This proposal gives rise to the **award decision**.

The actual award, i.e. the legal act informing the selected undertakings that the administration has decided to entrust them with the SGEI provision, and that they are therefore entitled to compensation, and setting out the duration and the scope of the services to be provided, is formalised through the issuing of an **award decision**. Together with the **call for applications** and the **rules** for the measure, this constitutes the formal **entrustment** of the SGEI.

We have enclosed the award decisions for the subsidies for work integration undertakings to implement measures to improve the employment and labour integration of groups at risk of or experiencing social exclusion (2018 and 2019 financial years).

Aid line	2018 financial year	2019 financial year
L1	EUR 2 091 867.36	EUR 2 185 144.46
L2	EUR 5 507 996.83	EUR 7 940 013.51
L3	EUR 176 188.88	EUR 229 430.15
L4	EUR 44 000.00	EUR 66 000.00

2018 call (detail of allocations per aid line):

Line 1:

Available funding: EUR 2 200 000.00

Funding awarded: EUR 2 091 867.36

Aid was granted for the hiring of 106 expert staff.

In total, 55 applications were received for line 1, of which 54 were approved

(one entity's grant application was rejected as it was not registered in Catalonia's administrative register of work integration undertakings). Of the 54 applications approved, 39 obtained the grant they requested,

and 15 received a smaller grant than requested (either because they had requested an amount greater than the ceiling amounts in the Order setting out the applicable rules, the employment dates of the expert staff did not correspond to the period requested, the number of technical staff requested did not correspond to the group receiving support, or because the expenditure declared by the undertaking was less than the requested amount).

Line 2:

Available funding: EUR 5 500 000.00

Funding awarded: EUR 5 507 996.83 (EUR 7 996.83 was transferred from other aid lines where the total available funding had not been used).

Number of FTE months covered by grants = 9 362.57

Final amount of the recruitment incentive - EUR 588.72/month (which is the maximum amount that could be granted in 2018).

In total, 55 applications were received for line 2, of which 54 were approved (one entity's grant application was rejected as it was not registered in Catalonia's administrative register of work integration undertakings).

Line 3:

Available funding: EUR 250 000.00

Funding awarded: EUR 176 188.88

Of the 30 work integration undertakings requesting funding, one was ineligible as it did not receive a grant under line 2 in 2017.

Across the 29 undertakings, recruitments increased by an average of 13.82% compared to 2017. 15 of the 29 undertakings received aid under line 3 as their recruitment figures were above the average.

Line 4:

Available funding: EUR 250 000.00

Funding awarded: EUR 44 000.00

Of the 23 applications submitted, aid was granted to 14 undertakings for supporting the transition into the ordinary labour market of 22 workers from socially excluded groups.

2019 call (detail of allocations per aid line):

Line 1:

Available funding: EUR 2 400 000.00

Funding awarded: EUR 2 185 144.46

Aid was granted for the hiring of 107 expert staff.

The requests submitted by 57 work integration undertakings were approved. Of the 57 applications approved, 43 obtained the grant they requested, and 14 received a smaller grant than requested (either because they had requested an amount greater than the ceiling amounts in the Order setting out the applicable rules, the employment dates of the expert staff did not correspond to the period requested, the number of technical staff requested did not correspond to the group receiving support, or because the expenditure declared by the undertaking was less than the requested amount).

Line 2:

Available funding: EUR 7 725 000.00

Funding awarded: EUR 7 940 013.51

In 2019, aid from line 2 was awarded to 54 undertakings that requested it.

The 54 undertakings requested a total of 11 614.61 months, meaning that there was not enough

funding available to grant the maximum possible amount for that module, which stood at EUR 720.00/month in 2019. As for the other lines, not all of the available funding was used, and the leftover amount from lines 1, 3 and 4 was transferred to line 2 (a total amount of EUR 251 454.29), meaning that EUR 7 976 454.29 was ultimately available under line 2 (EUR 7 896 454.29 for 2019 and EUR 80 000.00 for 2020).

Number of FTE months covered by grants = 11 112.55

Final amount of the recruitment incentive = EUR 715.20/month (slightly below EUR 720/month, which is the ceiling amount for 2019).

Line 3:

Available funding: EUR 250 000.00

Funding awarded: EUR 229 430.15.

Of the 33 work integration undertakings requesting funding, one was ineligible as it did not receive a grant under line 2 in 2018.

Across the 32 undertakings, recruitments increased by an average of 28.93% compared to 2018. Of the 32 undertakings, 14 received aid under line 3 as their recruitment figures were above the average.

Line 4:

Available funding: EUR 125 000.00.

Funding awarded: EUR 66 000.00

Of the 24 applications submitted, aid was granted to 15 undertakings for supporting the transition into the ordinary labour market of 33 workers from socially excluded groups.

Award procedure

For all lines, the aid is awarded using a non-competitive procedure.

Exceptionally, in accordance with Article 22(1) of Law 38/2003 of 17 November 2003, the General Law on Subsidies, and in order to ensure the aid can reach all registered work integration undertakings that apply for it, the aid will be apportioned on a pro-rata basis, with prior review of the application documents and the award conditions.

Once the application documents and award conditions have been reviewed, the apportionment procedure will be carried out.

If, for lines 1, 3 and 4, the maximum available amount is lower than the total amount applied for, the maximum amounts set out in the relevant call will be reduced in order to be able to subsidise all the work integration undertakings included in the Register that applied for aid.

For line 2, the final amount for the recruitment incentive is calculated on the basis of the applications received, and is a single amount for all beneficiary work integration undertakings. The amount of this incentive falls within a range set for each call, meaning that the maximum amount available for this line can be adapted on the basis of the total FTE months requested.

The initial distribution of the available ceiling amounts for each line can be modified in accordance with the requirements of each line. Specifically, if there is funding left over from other aid lines, priority will first be given to line 2, then line 1, then line 4 and, lastly to line 3.

Line 1:

To grant the aid from line 1, once the specialist support staff have been hired, checks must be carried out on recruitments of persons following an integration pathway that took place before the call was published (time periods and number of people), and this is checked against the annex containing the list of workers following integration pathways to whom support will be provided by the specialist staff hired. This aid may only be granted if, before 1 December of the year covered by the ongoing call, the specialist staff and at least two people following integration pathways are recruited.

Line 2:

To grant the aid from line 2, checks are carried out on recruitments of persons following an integration pathway that took place before the call was published (time periods and number of people), and this information is used to calculate the FTE months for this first period. The FTE months are calculated by taking the number of months of employment and multiplying it by the number of weekly working hours completed divided by the work integration undertaking's ordinary working week.

For line 2, the final amount of the recruitment incentive is determined once the application deadline has passed and in line with the applications received; the amount will be within the range set out in the relevant call for applications. This is a single value for all beneficiary undertakings and is indicated in the award decision.

Line 3:

In order to grant aid under line 3, the applications under line 2 must first be assessed, since aid under line 3 is based on a comparison of the FTE months for which aid was granted under line 2 in the ongoing call and in the immediately preceding call. The aid will be granted if, for a given undertaking, the increase in months for which aid was granted under line 2 between the two calls exceeds the average increase observed across all undertakings requesting aid. Each call for applications specifies the periods to be taken into account when determining the average increase in employment.

Line 4:

The procedure for granting aid under line 4 involves checking all the requirements set out in point 4.4 of the Order setting out the applicable rules (recruitment in the mainstream labour market must take place no later than three months after the person following an integration pathway ended their employment at the work integration undertaking, and the contract with the mainstream company must be for a least six months and for 50% of what is considered to be a full working day).

The procedure for granting the aid is handled by the Head of the Subdirectorate-General for Work in Diversity. This aid is processed once the work integration undertaking has submitted a request. Checks are made on the periods and days of employment and to ensure that all the requirements are met. It is not necessary to compare or rank the applications, since all registered work integration undertakings are entitled to this aid. A committee is formed comprising the Head of the Subdirectorate-General for Work in Diversity, the Head of the Labour Integration Programme Service or the Head of the Integration Programme Section.

The Committee must draw up a report detailing the outcome of the review, in accordance with the requirements set out in the relevant rules.

Once the file and report issued by the committee have been examined, the Head of the Subdirectorate-General for Work in Diversity submits the draft decision to the Head of the Directorate-General for the Social Economy, the Voluntary Sector, Cooperatives and Self-Employment, who issues the relevant duly reasoned decision, and a

hearing procedure is held; the hearing can be dispensed with where no facts, statements or evidence, other than those submitted by the parties, are submitted or taken into consideration in the proceedings.

For the year 2018:

For line 2, the final amount of the incentive is determined once the application deadline has passed and in line with the applications received; the amount will be within the range set out in the call for applications.

- a) During the entire implementation period, the employment incentive stood at between EUR 250/month as the lower limit and 80% of the monthly amount of the statutory minimum wage for 2018 (EUR 588.72/month) as the upper limit, provided that the employment was on a full-time basis.
- b) If the working hours are not full time, a multiplication factor is applied; this factor is obtained by taking the weekly working hours completed and dividing them by the undertaking's ordinary working week.
- c) The final amount to be granted as the employment incentive is determined based on the applications received for the entire call for applications. This is a single value for all beneficiary undertakings and is indicated in the award decision.

For line 3, the reference point is the months of full-time work covered by line 2 in the 2017 and 2018 calls, and for the periods set out below:

- a) For the 2017 call for applications, the FTE months covered by the subsidy from 1 February to 30 June 2017 were taken into account.
- b) For the 2018 call for applications, the FTE months covered by the subsidy from 1 February to 30 June 2018 were taken into account.

For the year 2019:

For line 2, the final amount of the incentive is determined once the application deadline has passed and in line with the applications received; the amount will be within the range set out in the call for applications.

- a) During the entire implementation period, the employment incentive stood at between EUR 250/month as the lower limit and 80% of the monthly amount of the statutory minimum wage for 2019 (EUR 720.00/month) as the upper limit, provided that the employment was on a full-time basis.
- b) If the working hours are not full time, a multiplication factor is applied; this factor is obtained by taking the weekly working hours completed and dividing them by the undertaking's ordinary working week.
- c) The final amount to be granted as the employment incentive is determined based on the applications received for the entire call for applications. This is a single value for all beneficiary undertakings and is indicated in the award decision.

For line 3, the reference point is the months of full-time work covered by line 2 in the 2018 and 2019 calls, and for the periods set out below:

- a) For the 2018 call for applications, the FTE months covered by the subsidy from 1 October 2017 to 30 June 2018 were taken into account.
- b) For the 2019 call for applications, the FTE months covered by the subsidy from 1 October 2018 to 30 June 2019 were taken into account.

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

Subsidies for work integration undertakings to implement measures to improve the employment and labour integration of groups at risk of or experiencing social exclusion are granted for a period of **one year**.

Defrayal of the expenditure must take place during the period subsidised for each aid line.

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

No exclusive or special rights are assigned to the integration undertakings that provide the following services:

- guidance, support and assistance for the integration of people experiencing or at serious risk of social exclusion;
- employment of people experiencing or at serious risk of social exclusion.

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

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.

Compensation mechanism:

Maximum amount of compensation (2018 and 2019):

Line 1:

The maximum number of support specialists that can be subsidised is as follows:

- If the work integration undertaking provides evidence of support provision for a group of two to seven people for the entire period subsidised, it can apply for one integration or production support specialist, according to the needs of the entity.
- If the work integration undertaking provides evidence of support provision for a group of eight to 29 people for the entire period subsidised, it can apply for a subsidy for two specialists: one integration support specialist and one production support specialist.
- Where the work integration undertaking can provide evidence of support provision for a group of 30 or more people for the entire period subsidised, it can apply for a subsidy for a third specialist, who may be an integration support specialist or a production support specialist.

The maximum amounts that can be subsidised are as follows:

Depending on the support group taken on by the specialist, the maximum amounts to be subsidised will be as follows:

Eligible cost	Support group taken on by the specialist	Maximum eligible amount for 12 months
Integration support specialist	From 8 to 29 workers	EUR 25 000.00
	From 2 to 7 workers	EUR 17 000.00
Production support specialist	From 8 to 29 workers	EUR 21 000.00
	From 2 to 7 workers	EUR 14 000.00

The maximum eligible cost for the third integration support specialist for groups of more than 29 workers will be EUR 25 000.

The maximum eligible cost for the third production support specialist for groups of more than 29 workers will be EUR 21 000.

The group of workers following an integration pathway and receiving support must be maintained at the average figure for the period for which the application was made. The maximum grant amounts are for 12 months and for full-time employment contracts, and will be reduced proportionally if the number of working hours is lower or the period for which the application was made is shorter.

In any event, the final remuneration received by the worker cannot be less than the minimum amount provided for in the applicable collective agreement. These subsidies will be reduced proportionally if the specialists are employed on a part-time basis or on the basis of the working hours the integration and/or production support specialists spend on the programme.

Line 2:

The actions from line 2 are subsidised for a minimum period of three continuous months of employment.

In general, the employment of a person following an integration pathway may be subsidised in subsequent calls for applications, up to a maximum and cumulative total of 36 months over the course of a three-year period (which is the maximum amount of time an integration pathway can last). An integration pathway begins when the worker is employed for the first time by the work integration undertaking, regardless of the contract duration and working hours, and it ends a maximum of three years later. Where three years have elapsed since the date of first employment, the work integration undertaking may not apply for more months of aid even if it has not used up the 36-month allocation.

For an integration pathway to be considered as part of one and the same process, no more than six months may elapse between employment periods. If, under exceptional circumstances, this six-month period is exceeded, a new certificate of exclusion must be provided.

If a worker has been unable to complete their integration pathway at the initial work integration undertaking, they will have the option of continuing the process at another work integration undertaking. The maximum limit is kept at 36 months of subsidy over the course of the three years from when the worker following an integration pathway was employed by the initial work integration undertaking.

Exceptionally and as a one-off occurrence, work integration undertakings may apply for aid from line 2 to employ a person following an integration pathway who was previously employed by a work integration undertaking. In such a case where a new integration process must begin, it will be necessary for at least three years to have elapsed since the previous three-year period of eligible employment ended, and for social services to confirm both the situation of social exclusion and the need to start a new integration process at a work integration undertaking. The aid will be for a maximum of 18 months over the course of one-and-a-half years starting from the date of this latest recruitment giving rise to the new eligible period.

To calculate the amount of the subsidy, and in accordance with Article 67(1)(b) of Regulation (EU) 1303/2013, which establishes a system for justifying expenditure based on a standard scale of unit costs, one module is used as an employment incentive, and this is situated within a range.

The amount of aid granted depends on the amount set for the employment incentive module, the multiplication factor and the number of months of employment:

$$\text{Aid (line 2)} = \text{Module amount} \times \frac{\text{Weekly working hours completed}}{\text{Ordinary weekly working hours at the work integration undertaking}} \times \text{number of months of employment} /$$

For line 2, the system for justifying expenditure is based on an established module and does not require paid invoices or accounting documents of equivalent evidential value to be submitted.

The aid intensity will never exceed 100% of the eligible costs.

Line 3:

The purpose of line 3 is to grant aid to those work integration undertakings that achieve a greater increase in the employment of people from the target groups following an integration pathway. This aid is only granted to work integration undertakings that are able to achieve an above-average increase in the number of FTE months of employment for people following an integration pathway compared to the average increase for all work integration undertakings.

To be eligible to receive this aid under line 3, the reference used is the number of FTE months covered by the aid from line 2, comparing two consecutive calls for applications (the current call and the immediately preceding call), and calculating any increase that has taken place. The aid will only be granted to those with an increase above the average figure for all the requesting entities. Work integration undertakings may not access this aid if they have not applied for aid from line 2 of the current call for applications and/or of the immediately preceding call.

The maximum value of the base amount for calculating the aid is EUR 2 000 for each above-average percentage point increase in the number of months of employment for people following integration pathways (in order to grant the aid from line 3, the increase in the number of months of FTE employment must be equal to or greater

than 0.25). Aid from line 3 for a given undertaking must not exceed 10% of the amount it receives under line 2 of the same call.

Line 4:

The purpose of the action under line 4 is to grant aid to work integration undertakings that successfully integrate workers who have been following an integration pathway at their undertaking to compensate for the loss of human capital when these workers move into the mainstream labour market. The mainstream labour market undertaking that employs the worker must not have shares in the work integration undertaking from which the worker is sent.

This aid is only granted for the integration of workers for whom the work integration undertaking had previously applied for aid from line 2.

To be eligible for this aid, no more than three months must have elapsed since the person following an integration pathway ended their employment relationship with the work integration undertaking and started to work for the undertaking in the mainstream labour market. Employment at the mainstream undertaking must be guaranteed for at least six months and the working hours must not be less than 50% of the working hours considered full time for the employer undertaking.

The maximum value of the base amount for calculating the aid from line 4 is EUR 2 000 for each person integrated into a mainstream labour market undertaking, in accordance with the requirements set out in the paragraph immediately above.

Expenditure covered by the aid

Period

Any expenditure that is allocated to the implementation of the activities, on the grounds that it relates directly to the nature of those activities, carried out during the implementation period for the measure and actually paid by the beneficiary before financial supporting documents are submitted.

Documentary evidence:

For line 1, expenditure claimed must be supported by paid invoices or accounting documents of equivalent evidential value. The original documents are marked with a stamp, showing the subsidy for which evidence is provided, the ESF co-financing, where appropriate, and the amount or percentage charged.

For line 2, the system for justifying expenditure is based on an established module and does not require paid invoices or accounting documents of equivalent evidential value to be submitted.

For lines 3 and 4, paid invoices or accounting documents of equivalent evidential value need not be submitted.

Eligible expenditure for line 1:

Eligible expenditure for the activity from line 1 as regulated by this Order is any expenditure that is allocated to the implementation of the activities, on the grounds that it relates directly to the nature of those activities, carried out during the implementation period for the measure and actually paid by the beneficiary before financial supporting documents are submitted, without prejudice to the provisions of point 11.2.3 of the Order setting out the applicable rules.

All these expenses must be supported by pay slips, Social Security contribution documents or accounting documents of equivalent evidential value.

For the purposes of the Order setting out the applicable rules, in accordance with Order ESS/1924/2016 of 13 December 2016

determining the eligible expenditure for the European Social Fund during the 2014-2020 programming period (Official State Gazette No 307 of 21.12.2016), expenditure directly related to staff is considered eligible expenditure as per Article 5(a) of the abovementioned Order:

- a) the gross remuneration agreed with the undertaking or established in a collective agreement. This includes the following wage payments: the basic salary, length-of-service increments, special expertise increments or other activity-based increments, bonuses, production bonuses, overtime and residence allowances;
- b) non-wage payments agreed with the undertaking or established in a collective agreement for distance and travel allowances, paid by the undertaking to workers to reduce or cover the cost of their travel to their usual place of work;
- c) compensation for termination of the service provided, as regulated by Article 49(1)(c) of the recast Workers' Statute approved by Royal Legislative Decree 2/2015 of 23 October 2015, provided that the service is linked to the operation co-financed by the ESF;
- d) the worker's social contributions and taxes and the undertaking's Social Security contributions.

As regards costs relating to social contributions, the amount corresponding to any discounts or reductions that may be associated with the payment of this contribution must be deducted in order to calculate the eligible amount.

Ineligible expenditure for line 1:

For the purposes of this Order, the following are considered ineligible costs, in accordance with Article 5(b) of Order ESS/1924/2016 of 13 December 2016, referred to above:

- a) labour and Social Security costs resulting from a worker being off work, whether through common illness or accident, occupational illness or accident, or maternity or paternity. In any event, costs pertaining to the person substituting them will be eligible, but not those pertaining to the person who is off work;
- b) the wage payment corresponding to profit sharing;
- c) benefits in kind, expenses for travel, board and lodging, as well as non-wage payments other than those referred to in paragraph (a) of Article 5(5)(1);
- d) allowances and salaries paid to participants in ESF operations;
- e) any other general expenditure that is not specifically listed as eligible expenditure;
- f) any other type of expenditure that is not considered to be chargeable on account of its nature or relationship to the subsidised programme.

If a specialist is off work while the programme is being implemented, the entity is obliged to notify the managing body of this within one month of the specialist stopping work.

The entity must report the arrival of the new employee and fulfil the requirement set out in paragraphs (d) and (e) of point 5.4 of the Order setting out the applicable rules with regard to the person employed as specialist staff.

For line 1, supporting evidence must be provided in the form of an account statement along with proof of expenditure.

For this line, once the activity has ended, the beneficiary entity must submit an account statement providing evidence of the performance of the subsidised activities, the expenditure arising from the activities and the correct use of the funding received.

The account statement for the activities under line 1 must include the following documents:

- Technical report providing evidence of the activity (assessment report for the subsidised activity, and the follow-up and evaluation reports for the workers following an integration pathway who received support throughout the entire subsidised period).
- Financial report providing evidence of the cost of the activities carried out. The financial supporting documents to be submitted for line 1 are as follows:
 - a) A categorised list of expenses for all eligible expenditure deriving from the implementation of the action.
 - b) Formal declaration of tax payments with regard to amounts withheld as workers' income tax accounted for as expenditure.
 - c) A detailed list of other income or subsidies that have funded the subsidised activity, showing the amount and its origin.
 - d) A monthly overview of hours spent on each task by the undertaking's own staff.
 - e) Salary slips for the relevant period, duly accounted for, together with receipts proving the bank payment.
 - f) TC1 and TC2 forms for Social Security payments, issued during the relevant period and duly accounted for, together with receipts proving the bank payment.

Expenditure must be evidenced by pay slips, Social Security contribution documents and other documents of equivalent evidential value with legal force for commercial or administrative purposes. Expenditure must be disbursed before the financial supporting documents are submitted. If the undertaking receiving the subsidy has been issued with a deferral approval decision by the competent body and is up to date with payments for this deferral on the date of review, the expenditure is deemed to have been disbursed.

Line 2:

With regard to activity under line 2, evidence must be provided using a system of modules. Statements of expenses are not required for this aid line, nor are any other documents to prove payment of expenditure.

When submitting a request for this aid, the beneficiary entities must provide:

- Financial report detailing the persons employed and the months requested.
- A follow-up and evaluation report for each worker following an integration pathway.

The financial report and the follow-up and evaluation reports are already required supporting documents for this aid line. To complete the process of justifying expenditure, currently the only requirement is for beneficiary entities to provide up-to-date information on any income and grants also used to finance the subsidised activity, or for them to provide a declaration stating that they have not received any income or grants.

Line 3:

Given that aid under line 3 is granted directly in relation to the months covered by grants under line 2, and given that no additional documents are required for this aid to be granted, when the supporting documents for line 2 are submitted at the time of application, evidence is also considered to have been provided for line 3.

Line 4:

For activities under line 4, at the time the aid is granted, beneficiary entities have already provided all the documents necessary for compliance with the granting requirements to be checked.

Typical arrangements for avoiding and repaying any overcompensation.

For 2018 and 2019:

Line 1:

For work integration undertakings that have already begun actions before the call for applications was published, the subsidy is paid by means of an advance payment of 80% of the amount granted following the award decision, and no guarantee is required.

The payment of the remaining 20% must be processed once the subsidised activity has been duly justified.

The advance must be processed once the Head of the Directorate-General for Social Economy, the Voluntary Sector, Cooperatives and Self-Employment has approved the release of the payment.

For work integration undertakings that have not started the activities before the call for applications was published, the Head of the Subdirectorate-General for Work in Diversity must approve the start of activity communication submitted by the beneficiary entity before the advance is paid.

Line 2:

For activities under line 2, the payment must be made as follows:

- a) For recruitments where it has been possible to check all the award and evidential requirements, 100% of the amount awarded will be granted at the time of the decision.
- b) For recruitments where it is necessary to carry out post-award checks to ensure the person has remained in employment for at least three continuous months, the payment of the subsidy is processed following the award decision through an advance payment of 80% of the amount awarded, for which no guarantee is required. The payment of the remaining 20% will be processed once the abovementioned check has been carried out.

In the 2018 call for applications, for contracts which began after 1 July 2018, payment was made by means of an advance payment of 80% of the amount awarded following the award decision (for employment beginning before 1 July 2018, the whole amount awarded was paid).

In the 2019 call for applications, for contracts which began after 1 July 2019, payment was made by means of an advance payment of 80% of the amount awarded following the award decision (for employment beginning before 1 July 2019, the whole amount awarded was paid).

The payment of 100% of the portion justified when the decision is issued and of the 80% advance for other recruitments must be processed once the Head of the Directorate-General for Social Economy, the Voluntary Sector, Cooperatives and Self-Employment has approved the release of the payment.

Lines 3 and 4:

For these aid lines, given that, at the time of issuing a decision, all the checks and calculations required will already have been carried out to ensure fulfilment of all the award and expenditure justification requirements, the payment of the entire amount awarded may be released.

Payment of 100% of the amount granted must be processed following the award decision, when the Head of the Directorate-General for Social Economy, the Voluntary Sector, Cooperatives and Self-Employment has approved the release of the payment.

Payments relating to all the aid lines covered by this Order must be processed in accordance with the liquidity, availability and programming criteria of the Treasury of the Regional Government of Catalonia and the conditions set out in the award decision.

Prior to the recognition of obligations, the awarding body must check whether the beneficiary entity is up to date with tax and Social Security payments. By signing the grant application, the beneficiary entity gives their authorisation for these checks to be carried out.

The **checks** made by the competent body on the eligible actions can be one of two types:

a) Administrative checks.

The purpose of these checks is to ensure that statements justifying expenses submitted by the beneficiary entities are supported by the supporting documentation (invoices, pay slips, bank statements, etc.).

b) On-the-spot checks.

The purpose of these checks is to ensure that the subsidised measure was actually carried out or that the beneficiary fulfilled its obligations.

The on-the-spot checks can be carried out, where appropriate, while the subsidised measure is being implemented.

Review:

It is possible to review subsidies that have already been granted and amend the award decision where there are changes to the conditions or where other aid is obtained simultaneously.

Pursuant to Article 19(4) of Law 38/2003 of 17 November 2003, the General Law on Subsidies, any change to the conditions that were taken into account when granting the subsidies and, in any event, simultaneously receiving additional subsidies other than those permitted in the relevant rules, may result in the award decision being amended, in accordance with the rules governing the subsidy.

The beneficiary must propose to the awarding body any changes to the use of the subsidy, where the purpose is the same. In such an event, the change must be expressly authorised by the awarding body, in accordance with Article 95(e) of Legislative Decree 3/2002 of 24 December 2002 approving the Recast Catalan Public Finance Law.

Withdrawal:

The grounds for withdrawal are those set out in Articles 92 bis, 99 and 100 of Legislative Decree 3/2002 of 24 December 2002 approving the Recast Catalan Public Finance Law, and Article 37 of Law 38/2003 of 17 November 2003, the General Law on Subsidies.

If, in the course of carrying out checks, the competent body, or, as part of an audit procedure, the General Audit Office, detect any grounds for withdrawing the aid granted, it must launch the relevant procedure, in accordance with the provisions of Chapter 9, Section 4 of the Catalan Public Finance Law; or if it observes any grounds for considering there has been an infringement, it must begin disciplinary proceedings, in accordance with the provisions of Chapter 9, Section 5 of the Catalan Public Finance Law and Law 38/2003 of 17 November 2003,

the General Law on Subsidies. Similarly, if, during its audit, the General Audit Office encounters any conduct by the party subject to the checks that is designed to hinder, delay or impede its work, it must propose to the competent body that withdrawal and disciplinary proceedings be launched.

The grounds for completely or partially **withdrawing aid** are as follows:

- a) Total or partial failure to fulfil the objective, complete the activity or project, or pursue the action for which the subsidy was awarded.
- b) Total or partial failure to supply supporting evidence, in accordance with the rules set out in the applicable Order.
- c) Obtaining the subsidy by providing false information with regard to the conditions required or concealing grounds for exclusion.
- d) Failure on the part of a beneficiary, be they a person or an entity, to comply with the requirements imposed by the administration or to fulfil the commitments entered into when the subsidy was granted, provided that this affects the manner in which the objectives must be met, the activity carried out, the project implemented or the behaviour adopted which forms the basis for, or relates to, the granting of the subsidy.
- e) Failure on the part of a beneficiary, be they a person or an entity, to fulfil the conditions imposed by the administration or the commitments entered into when the subsidy was granted, other than those set out above, including obstruction of audits or reluctance to allow them in such a way that hinders verification of the use of the funds received, achievement of the objective, the existence and regularity of the subsidised activities, or the simultaneous receipt of subsidies, aid, revenue or resources for the same purpose, received from any administration or public or private body, be it a national, European Union or international body.
- f) Resistance, excuses, obstruction or refusal to undergo the financial verification and audit activities provided for in Articles 14 and 15 of Law 38/2003 of 17 November 2003, the General Law on Subsidies, as well as failure to comply with accounting, registration and document retention obligations, where this makes it impossible to verify the use of the funds received, achievement of the objective, the existence and regularity of the subsidised activities, or the simultaneous receipt of subsidies, aid, revenue or resources for the same purpose, received from any administration or public or private body, be it a national, European Union or international body.
- g) Obtaining a total amount of subsidies which, either alone or in combination with subsidies from other public or private agencies, whether national or international, exceeds the cost of the activity entrusted to the beneficiary person or agency.
- h) The adoption, pursuant to Articles 107 to 109 of the Treaty on the Functioning of the European Union, of a decision setting out grounds for recovery.

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).

In accordance with Article 18 of Law 38/2003 of 17 November 2003, the General Law on Subsidies, and Article 94(6) of the recast Catalan Public Finance Law, if the amount of an individual subsidy is equal to or greater than EUR 3 000, it has to be published in the Official Gazette of the Government of Catalonia and, from 2015

onwards, also on the electronic bulletin board of the Catalan Regional Government (all award decisions are published on the electronic bulletin board, irrespective of the amount of the award, although they remain online only for a while: <https://tauler.seu.cat/inici.do?idens=1>)

In order to comply with the transparency requirements of Law 38/2003, all individual subsidies over EUR 3 000 are published in the Official Gazette of the Government of Catalonia, and that publication is permanent: http://dogc.gencat.cat/es/index.html?newLang=es_ES&language=es_ES

To fulfil the publicity and transparency requirements for all of Spain, and in accordance with Article 7(1) of Royal Decree 130/2019, the [National Subsidies Database](#) (BDNS) is used as the national system for publicising subsidies and public aid, and fulfils the publicity and transparency requirements for subsidies and public aid granted, and, in line with the same Decree, also for State aid and de minimis aid at national level, in accordance with provisions of EU law.

For Catalonia (Region ES51), there is also a [Catalan Register of Subsidies and Aid](#) (RAISC), which was created by Law 5/2017 of 28 March 2017, on tax, administrative, financial and public sector measures. The Register fulfils the requirement to actively publish details of subsidies set out in Law 19/2014 of 29 December 2014 on transparency, access to public information and good governance. The RAISC sends information to the BDNS. The aim of the RAISC is to distribute information on subsidies from the:

- Regional Government of Catalonia and the public entities in which it holds majority shareholdings, directly or indirectly, as well as consortia reporting to the Regional Government.
- Entities which are part of local government and the public entities in which they hold majority shareholdings, directly or indirectly, as well as local consortia.

Currently, the RAISC holds information on calls for applications and awards that have been registered in the RAISC by public-sector entities in Catalonia since 2016.

b) THE TOTAL AMOUNT OF AID GRANTED IN ACCORDANCE WITH THIS DECISION, WITH A BREAKDOWN BY THE ECONOMIC SECTOR OF THE BENEFICIARIES

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

2018	2019

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

2018	2019
EUR 7 820 053.07 (EUR 7.82 million)	EUR 10 420 588.12 (EUR 10.42 million)

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

2018	2019

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

(direct subsidy, guarantees, etc.) (if available)

2018	2019
100% subsidy	100% subsidy

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

2018	2019

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

There is no record to date of any complaints having been received from third parties with regard to potential competition. We believe this is essentially due to the fact that the amount of aid granted is too small to make it worthwhile for other types of undertaking to employ socially excluded people with major integration difficulties and to have to maintain a specialised support structure for them, with the extra costs all that would entail.

Furthermore, the work integration undertakings are SMEs that occupy a niche in the service sector left to them by larger businesses, so they do not constitute any form of competition for those businesses.

Barcelona, 20 July 2020

Digitally
signed by
Elisabet
Parés
David
Deputy Director-General for Work in Diversity

Annex 6

2018-2019 REPORT SUBMITTED BY SPAIN PURSUANT TO ARTICLE 9 OF THE SGEI DECISION

1 - Identification

Member State	Spain
Region	Catalonia (ES51)
Title of the measure	Aid to help people with disabilities remain in special employment centres
Indicate the name and the address of the granting authority	Department of Work, Social Affairs and Families, Calle Sepúlveda, 148-150, 08011 Barcelona

2. Justification

Article 9 of the 2012 SGEI Decision establishes that the Member States must submit a report on the implementation of the Decision every two years.

Article 9 of Commission Decision 2012/21/EU 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 (OJ L 7, 11.1.2012, p. 3) sets out the following:

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 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.'

3. Rules and calls for applications covered in this SGEI report

The rules applicable to the subsidies and the calls for applications covered in this report are those set out in the table below.

Year	Rules (Orders) and Calls for applications (Decisions) partially or fully within the scope of the Commission Decision of 20 December 2011 issued by the Protected Work, Employment and Autonomy Section of the Department for Work, Social Affairs and Families
2018	ORDER TSF/91/2017 of 15 May 2017 approving the rules for granting subsidies to special employment centres. (Programme 2)
	DECISION TSF/764/2018 of 16 April 2018 launching the call for applications for 2018 for the granting of subsidies to special employment centres.
	DECISION TSF/1386/2018 of 22 June 2018 increasing the maximum amount of the call for applications for 2018 for the granting of subsidies from Programmes 1 and 2 to special employment centres.
	ORDER TSF/223/2017 of 28 September 2017 approving the rules for granting aid under two aid lines to support the employment of workers with specific disabilities at special employment centres.
	DECISION TSF/1946/2018 of 1 August 2018 launching the call for applications for 2018 for the granting of aid under two aid lines to support the employment of workers with specific disabilities at special employment centres.
2019	ORDER TSF/91/2017 of 15 May 2017 approving the rules for granting subsidies to special employment centres. (Programme 2)
	DECISION TSF/461/2019 of 22 February 2019 launching the call for applications for 2019 for the granting of subsidies to promote the labour integration of persons with a degree of disability of 33% or more employed in special employment centres.
	DECISION TSF/461/2019 of 22 February 2019 launching the call for applications for 2019 for the granting of subsidies for activities to support professional activity in the context of personal and social adjustment services for people with disabilities facing particular difficulties who are employed at special employment centres.
	DECISION TSF/2001/2019 of 15 July 2019 increasing the maximum amount approved by Decision TSF/461/2019 of 22 February 2019 launching the call for applications for 2019 for the granting of subsidies to promote the labour integration of persons with a degree of disability of 33% or more employed in special employment centres.
	DECISION TSF/2225/2019 of 1 August 2019 allocating additional funding for the grants set out in DECISION TSF/461/2019 of 22 February 2019 launching the call for applications for 2019 for the granting of subsidies to promote the labour integration of persons with a degree of disability of 33% or more employed in special employment centres.
	ORDER TSF/223/2017 of 28 September 2017 approving the rules for granting aid under two aid lines to support the employment of workers with specific disabilities at special employment centres.
	DECISION TSF/2594/2019 of 7 October 2019 launching the call for applications for 2019 for the granting of the subsidies set out in Order TSF/223/2017 of 28 September 2017 approving the rules for granting aid under two aid lines to support the employment of workers with specific disabilities at special employment centres, as amended by ORDER TSF/174/2019 of 13 September 2019.
	DECISION TSF/3527/2019 of 17 December 2019 increasing, for 2019 and on an exceptional basis, the subsidies for the safeguarding of posts occupied by certain groups of people with disabilities employed at special employment centres as set out in DECISION TSF/461/2019 of 22 February 2019 launching the call for applications for 2019 for the granting of subsidies to promote the labour integration of persons with a degree of disability of 33% or more employed in special employment centres.

4. Public expenditure

Total SGEI government expenditure by legal basis (millions EUR).		
Compensation for Services of General Economic Interest (1+2)	2018	2019
Compensation granted on the basis of the SGEI Decision	77 336 130.83	97 362 082.74
Compensation granted on the basis of the SGEI Framework		

4.1. Public expenditure for each call (EUR million)

DECISION TSF/764/2018 and DECISION TSF/1386/2018	
	2018
Total SGEI government expenditure by legal basis (millions EUR).	
Compensation for Services of General Economic Interest (1+2)	
1) Compensation granted on the basis of the SGEI Decision	47 859 941.29
Compensation granted on the basis of the SGEI Framework	

DECISION TSF/1946/2018	2018
Total SGEI government expenditure by legal basis (millions EUR).	
Compensation for Services of General Economic Interest (1+2)	
1) Compensation granted on the basis of the SGEI Decision	29 476 189.54
Compensation granted on the basis of the SGEI Framework	
DECISION TSF/461/2017, DECISION TSF/462/2017, DECISION TSF/2001/2019, DECISION TSF/2225/2019, and DECISION TSF/3527/2019	2019
Total SGEI government expenditure by legal basis (millions EUR).	
Compensation for Services of General Economic Interest (1+2)	
1) Compensation granted on the basis of the SGEI Decision	68 151 251.62
Compensation granted on the basis of the SGEI Framework	
DECISION TSF/2594/2019	2019
Total SGEI government expenditure by legal basis (millions EUR).	
Compensation for Services of General Economic Interest (1+2)	
1) Compensation granted on the basis of the SGEI Decision	29 210 831.12
Compensation granted on the basis of the SGEI Framework	

5. Description of the services

A) A CLEAR AND COMPREHENSIVE DESCRIPTION OF HOW THE SERVICES FALLING WITHIN THE SCOPE OF THIS DECISION, INCLUDING INTERNAL ACTIVITIES, ARE ORGANISED.

Clear and comprehensive description of how the respective services are organised in your Member State
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The rules regulating the subsidies are established by means of Orders from the Regional Minister for Work, Social Affairs and Families, and are published in the Official Gazette of the Regional Government of Catalonia (DOGC). The specific calls for subsidy applications are published each year.

Beneficiary entities

Beneficiary entities can be entities that own special employment centres and any special employment centres that have their own legal personality and permanent establishment in Catalonia and are registered in the Catalan Regional Government's Register of Special Employment Centres.

The main purpose of special employment centres is to produce goods or provide services and participate regularly in market operations. The aim of these centres is to provide paid employment for people with disabilities, while at the same time helping as many of them as possible to enter mainstream employment.

The activity of special employment centres is carried out by a workforce of whom at least 70% are people with disabilities, and constitutes a service of general interest.

Target population

The end recipients of the subsidies from this programme are people with disabilities employed by special employment centres.

Eligible actions

The eligible expenditure is the wage costs in the financial year of each call for posts occupied by a person with disabilities who is employed on a full-time or part-time basis and who is registered with Social Security.

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

The award procedure is carried out by means of a call for applications published in the Official Gazette of Catalonia.

The subsidies are awarded directly or via a non-competitive procedure, depending on the call for applications, which lays down different measures for distributing the subsidy.

The grant is formalised by issuing an award decision which, together with the call for applications and the relevant rules, constitutes the formal entrustment of the SGEI.

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 same undertakings may be granted subsidies over the course of several years based on the workers that they employ. These workers face two problems when it comes to entering the labour market: a) finding work in a mainstream company, given that available data points to a lack of workers from this group in the mainstream market, and b) in special employment centres, as the centres must address the impact of the economic activity carried out by workers with disabilities who have particular difficulties, as this affects the overall productivity of the company.

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

The beneficiary entities are special employment centres, as explained in the beneficiary entity point, not just one entity exclusively.

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

The instruments used are 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 costs covered by the subsidy are the total or partial wage costs, with a maximum amount that depends on the basic amount of the specific subsidy.

Supporting evidence for staff costs must be provided by submitting payslips and Social Security General Fund contribution documents, along with documentation proving payment (worker's direct debit or entry on the bank statement). Some rules also require employment contracts and/or registration with Social Security.

The eligible period depends on the call for applications and may be all the monthly wages for the current year or for part of the year.

Typical arrangements for avoiding and repaying any overcompensation.

Review/amendment of the decision. The granting body has the power to review the aid granted and amend the award decision or agreement if the conditions taken into account for granting the subsidy change or in the event that other aid or subsidies are received at the same time.

Withdrawal (the rule set out in Order TSF/31/2017 is given as an example):

Point 8. Grounds and procedure for withdrawal

8.1 Once the procedure required by law has been carried out, the granting body shall withdraw, in full or in part, the subsidies granted, with the beneficiary being obliged to repay the amount received and to pay any applicable late payment interest, in accordance with Article 100(2) of the Catalan Public Finance Law, approved by Legislative Decree 3/2002 of 24 December 2002, amended by Law 5/2017 on tax, administrative, financial and public sector measures, and Law 38/2003 of 17 November 2003, the General Law on Subsidies.

8.2 The following are also grounds for withdrawal:

- a) Obtaining the subsidy by providing false information with regard to the conditions required or concealing grounds for exclusion.
- b) Partial or total failure to fulfil the objective for which the subsidy is granted, as set out in this Order.
- c) Total or partial failure to supply supporting evidence, in accordance with Article 30 of Law 38/2003 of 17 November 2003, the General Law on Subsidies.

d) Failure to implement the required dissemination measures set out in Article 18(4) of Law 38/2003 of 17 November 2003, the General Law on Subsidies.

e) Failure to comply with the requirements set out in Articles 32(1), 32(3) and 36(a) of Law 1/1998 of 7 January 1998 on language policy.

f) Resistance, excuses, obstruction or refusal to undergo the financial verification and audit activities provided for in Articles 14 and 15 of Law 38/2003 of 17 November 2003, the General Law on Subsidies, as well as failure to comply with accounting, registration and document retention obligations, where this makes it impossible to verify the use of the funds received, the achievement of the objective or the existence and regularity of the subsidised activities; or simultaneous receipt of subsidies, aid, revenue or resources for the same purpose, received from any administration or public or private body.

g) Failure on the part of a beneficiary to comply with the requirements imposed by the administration or to fulfil the commitments entered into when the subsidy was granted, provided that this affects or relates to the manner of achieving the objective for which the subsidy was granted.

h) Failure to fulfil the requirements imposed by the administration on beneficiaries or the commitments entered into by beneficiaries for the granting of the subsidy, other than those above, where this makes it impossible to verify the use of the funds received.

(e) Failure to fulfil the obligations established in the Seventh Additional Provision of Law 5/2008, where the beneficiaries of the subsidy are undertakings with staff of at least 25 people, to indicate the means they use to prevent and detect cases of sexual and gender-based harassment and to intervene in their employment centres.

(j) Failure to comply with any of the requirements described in point 5 constitutes grounds for withdrawing the subsidy, without prejudice to other potential consequences provided for by the legislation currently in force.

8.3 If, as a result of any of the verification and audit activities, evidence is found of any of the grounds for withdrawal referred to above, the withdrawal procedure shall be initiated, in accordance with the provisions of Articles 98 and 100 the recast Catalan Public Finance Law, approved by Legislative Decree 3/2002 of 24 December 2002.

8.4 The decision to initiate the aforementioned procedure shall be notified to the entity in order for it to submit, within 10 days, any arguments it considers necessary or any evidence it deems appropriate.

8.5 Subsequently, and immediately before the draft decision is drawn up, the entity shall be granted the relevant hearing procedure in order for it to submit as evidence and present any documents and supporting material that it deems appropriate, within a period of 10 days.

The hearing can be dispensed with where no facts, statements or evidence, other than those submitted by the entity concerned, appear in the procedure or are taken into consideration in the decision.

8.6 Once the period referred to above has elapsed, the body that granted the subsidy, on a proposal from the body conducting the procedure, shall issue the relevant decision and demand full or partial reimbursement of the sums unduly received, with any interest where applicable.

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).

Not applicable. No undertaking has been granted aid equal to or greater than EUR 15 000 000.00.

b) THE TOTAL AMOUNT OF AID GRANTED IN ACCORDANCE WITH THIS DECISION, WITH A BREAKDOWN BY THE ECONOMIC SECTOR OF THE BENEFICIARIES

A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2018	2019
47.8	68.1

B: Total amount of aid granted (in millions EUR) paid by regional authorities	
2018	2019
29.4	29.2

C: Total amount of aid granted (in millions EUR) paid by local authorities	
2018	2019

D: Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2018	2019

Additional quantitative information	(e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)
2018	2019
16 333 workers, 203 special employment centres	15 820 workers, 200 special employment centres

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

There is no record to date of any complaints having been received from third parties with regard to potential competition, as the people served are people with disabilities who have particular difficulties in terms of entering employment. This is not an attractive field for private companies working in employment intermediation, which is one of the services offered.

Barcelona, 30 August 2020

Deputy Director-General for Work in Diversity

Elisabet Parés i David

Generalitat de Catalunya (Regional Government of Catalonia)

SOC - Catalan Employment Service

Annex 7

**REPORT SUBMITTED BY SPAIN PURSUANT TO ARTICLE 9 OF THE 2012
SGEI DECISION**

IDENTIFICATION

Member State concerned	Spain
Region	ES 51 Catalonia
Title of the measure	Subsidies for the provision of job placement services to integrate unemployed people into the labour market, in cooperation with employment agencies (for the year 2018)
Indicate the name and the address of the granting authority	Catalan Public Employment Service, Carrer de Llull, 297–307 08019 Barcelona

1. EXPENDITURE OVERVIEW

Total SGEI government expenditure for the category of access to and reintegration into the labour market	
Compensation for Services of General Economic Interest (1+2)	2018
1) Compensation granted on the basis of the SGEI Decision	EUR 1 741 920
2) Compensation granted on the basis of the SGEI Framework	

Note on the expenditure:

2018. The total aid granted was **EUR 3 499 920**, of which an advance of **EUR 1 741 920** (expenditure charged) has been paid. The remainder will be paid once supporting documents have been received, in line with the extent to which the action has been carried out as required.

2019. No calls were held.

2. Description of the application of the 2012 SGEI Decision

Clear and comprehensive description of how the respective services are organized

in your Member State

Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the **contents of the services entrusted as SGEI as clearly as possible:**

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 (SGEI) (OJ L 7, 11.1.2012) applies to Order TSF/310/2016 of 17 November 2016 approving the rules for granting subsidies for the **provision of job placement services to integrate unemployed people into the labour market**, in cooperation with employment agencies (hereinafter, the Rules), as set out in its preamble.

The purpose of the Rules is to regulate the granting of subsidies in the employment agencies that act as collaborating entities, within the framework of Royal Decree 1796/2010 of 30 December 2010 governing employment agencies and Royal Decree-Law 8/2014 of 4 July 2014 approving urgent measures for growth, competitiveness and efficiency, in order to provide job placement services for unemployed people registered with the employment offices of the Catalan Public Employment Service.

The subsidies are divided into two lines:

- Line 1: Subsidies to carry out the actions set out in the programme with unemployed people registered with the Catalan Public Employment Service as unemployed jobseekers, who are referred by employment offices.
- Line 2: Subsidies restricted to the employment agencies that meet the specific requirements to be eligible for aid under line 2 to carry out the actions set out in the programme with people with disabilities and/or mental illness.

The planned measures and requirements for the recipients are set out below.

The service that is used to implement the programme of provision of job placement services to integrate unemployed people into the labour market falls under the category of **compensation for the provision of services of general economic interest meeting social needs as regards access to and reintegration into the labour market**.

Access to employment is an unwaivable right and, at the same time, a fundamental human right. **Certain groups find it harder than others to enter the world of work and their integration must be therefore be guaranteed by facilitating access to and reintegration into the labour market for those people who have difficulties integrating.** Work needs to be done to reduce the problems faced by those who experience the greatest difficulty and to build a more caring society.

The financial crisis and the social situation of the last few years have had a negative impact on the lives of people who have lost their jobs or who were looking for work. A process has therefore been set in motion to help secure employment for those following this programme and integrate them into the labour market. The idea is that the agencies will work exclusively and intensively to ensure that the participants enter the labour market with a view to complementing the work of the Catalan Public Employment Service's employment offices in the area of labour intermediation.

The programme of job placement services to integrate unemployed people into the labour market, in cooperation with employment agencies, seeks to place people who are out of work and looking for new employment, as well as people with disabilities, on an equal footing with the rest of the public to work towards their integration. The aim is to provide people with employment that is appropriate for them and to provide the undertakings with workers whose professional profile is in line with their requirements and needs.

In the Service implementing the subsidised programme of measures, the entities will focus on finding work for and integrating the people participating. For this reason, the planned measures are mainly focused on **looking for vacancies that are suitable for the people participating, putting candidates forward and ensuring follow-up, and preparing them for job interviews.** The Service seeks to meet the needs of each participant and, in line with those needs, to act as an intermediary and facilitate integration.

Beneficiary entities

The beneficiary entities are employment agencies that have employment centres in Catalonia. The beneficiaries must be employment agencies on 18 October 2018.

They must also fulfil the specific and general requirements set out in points 3 and 4 of the relevant rules. They must observe the general and specific obligations set out in points 9 and 10 of the those rules.

It should be noted that the Service includes an aid line (line 2) for agencies that

carry out labour intermediation activities exclusively with people with disabilities and/or mental illness or agencies that have participated in the integrated guidance, support and assistance services to integrate people with disabilities and/or mental illness into the labour market in the same financial year as the call and the immediately preceding call.

Target population

The **Service implemented through this programme is for unemployed people registered with the Catalan Public Employment Service as unemployed jobseekers** who are referred by employment offices. Each call for applications establishes the age and length of unemployment requirements that must be met by the people referred by the employment offices, and the amount of the subsidies is determined on that basis.

With regard to **line 1**, people will be identified by the employment offices (from those who are unemployed and registered with the Catalan Public Employment Service as unemployed jobseekers); in the case of **line 2**, the participants:

- a) **must be part of the beneficiary employment agency's pool of jobseekers;**
- b) **must have a recognised degree of disability of 33% or more and have any of the following disabilities: intellectual, physical, sensory or mental illness (regarding mental illness, a report from the service responsible for therapeutic follow-up is sufficient evidence).**
- c) **An individual's status as a person with disabilities must be recorded on their job application on the date of the initial interview,** with the exception of people with mental illness.

Actions

Labour intermediation measures are implemented through this Service; the aim is to help find people employment that is appropriate for them and provide the undertakings with workers whose professional profile is in line with their requirements and needs. Specifically, the measures to be implemented are:

- a) **Job scouting activities to identify vacancies in companies** that will receive the applications from candidates assigned to the employment agency.

Actions to assess professional profiles, abilities and knowledge and professional qualifications with regard to the requirements and nature of the vacancies identified as a result of job scouting activities.

- c) **Measures to follow up on the applications put forward by the employment agency with the undertakings and the candidates, to check the outcome of the referrals** and to make improvements in future referrals.
- d) **Interview preparation for job interviews** resulting from applications put forward by the employment agency.
- e) **Measures to improve the outcome of the job placement services** to enhance services provided for jobseekers.

'Assignment' activities are mandatory, these being defined as the intermediation activities that the employment agency must carry out with the jobseeker. Assignment means inclusion of the jobseeker in the labour integration programme implemented by an employment agency, so they may benefit from the agency's services. In other words, the Public Employment Service assigns an unemployed person so that they may benefit from the intermediation services provided by a specific employment agency. All assigned participants will benefit from a series of services, consisting of the following:

- **Initial interview.** All participating jobseekers must first have an initial interview, where the agency assesses the professional profiles, abilities and knowledge and the professional qualifications of the jobseekers; the interview is also used to agree on and explain to the individual jobseekers the activities to be carried out and the measures that will be implemented with a view to their entering employment.
- **Measures to improve the outcome of the job placement services.** Participating jobseekers must carry out at least one activity lasting at least three hours in order to improve their employment prospects. The specific content of this activity must be as determined in the relevant management instruction, which will be published on the website of the Catalan Public Employment Service, coinciding with the publication of each call for applications.
- **Availability check.** Prior to forwarding a candidate's application, the beneficiary employment agency must check the person's availability with regard to the proposed vacancy.

Beneficiary entities may also undertake the following activities:

• **Preparing job interviews.** If, as a result of forwarding a candidate's application, the candidate is required to attend an interview with the undertaking, the agency can carry out specific activities with the candidate to prepare them for the job interview.

• **Face-to-face follow-up.** Over the duration of the programme, it is a good idea for the beneficiary employment agency to carry out any face-to-face follow-up it considers necessary with the participant.

Likewise, beneficiary employment agencies can carry out any other measures they deem necessary to improve employability and secure employment, which is the objective they have been entrusted with.

In addition, the **beneficiary employment agencies that work with people with disabilities and/or mental illness (line 2) must carry out:**

• **Measures to inform and advise companies and raise their awareness with the aim of them being inclusive employers..**

• **Measures to assess the minimum adaptation requirements of the job in question.**

• **Follow-up measures** involving interviews with the selected workers and staff from the company, with the aim of monitoring the integration process and resolving potential difficulties should any arise.

The measures must comply with the other conditions outlined in point 5 of the Order setting out the applicable rules.

The expected outcome of the aforementioned measures is that a proportion of the people assigned to the employment agency's programme will secure employment. An unemployed and assigned person is considered to **be integrated into the labour market where, as a result of the intermediation measures undertaken by the agency, they have signed an employment contract and maintained this employment relationship, or another employment relationship, for a period equivalent to at least six months on a full-time basis over an eight-month period, which must be within the implementation period set out in the call for applications.** For the purposes of these Rules, this period will be calculated as 180 days in a 240-day period.

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

Award procedure

The award procedure is carried out by means of an **open call for applications published in the Official Gazette of Catalonia**. This publication includes the **call for applications and the relevant rules**, which are the **regulations governing all fundamental aspects such as the purpose of the measure, requirements for being selected as a provider undertaking, criteria for entrustment, period for provision of the SGEI, amount of the compensation, forms of supporting evidence, reasons for withdrawal, overall budget and deadline for submitting applications**.

Order **TSF/310/2016** of 17 November 2016 approving the rules for granting subsidies for the provision of job placement services to integrate unemployed people into the labour market, in cooperation with employment agencies is relevant in this regard.

Link: http://dogc.gencat.cat/es/pdogc_canals_interns/pdogc_resultats_fitxa/?action=fitxa&mode=single&documentId=765380&language=es_ES

In connection with these Rules, Decision TSF/2697/2018 of 8 November 2018 was issued, launching the call for applications for 2018 for the provision of job placement services to integrate unemployed people into the labour market, in cooperation with employment agencies (ref. BDNS 423758).

After evaluating the applications submitted, the selection body proposes a list of undertakings that will perform the service.

The actual award, i.e. the legal act informing the undertakings that the administration has decided to entrust them with the SGEI provision, and that they are therefore entitled to compensation, and setting out the duration and the scope of the services to be provided, is formalised through the issuing of an award decision. Together with the call for applications and the relevant rules, this constitutes the formal entrustment.

Criteria for granting the subsidies under line 1

The Catalan Public Employment Service allocates the people to be assigned to the agencies and the planned job placements for each regional area.

The regional areas are determined by the Catalan Public Employment Service based on the applications submitted by the employment agencies that meet the relevant requirements, and based on the jobseekers who will benefit from the services established by this Order and who are in the Catalan Public Employment Service's databases, in order to achieve the highest level of regional coverage and provide a service that is as close as possible to the jobseekers.

Assignments are distributed among the applicant entities by distributing jobseekers across the applicant entities in each regional area, in accordance with the minimum number of assignments per entity set out in the call for applications. If, in its application, the employment agency has given a maximum number of jobseekers that it can receive, this will be taken into account.

Criteria for granting the subsidies under line 2

The subsidies for the job placement services are granted once the file is complete, taking into account the budgetary constraints established by the relevant Order and the existing budget items.

The maximum amount that will be granted to an entity is 15% of the planned budget for this line.

If the applications from employment agencies that meet the requirements set out in this Order exceed the planned budget for this line, the amounts granted, and consequently the planned measures, will be reduced proportionally.

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?

Job placement services to integrate unemployed people into the labour market **are entrusted for one year**. Specifically, for 2018 the period for implementing the measures ran from 8 November 2018 to 31 December 2019.

Defrayal of the expenditure must take place during the period of provision of the subsidised job placement services to integrate unemployed people into the labour market.

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

No exclusive or special rights are assigned to the undertakings that carry out job placement services to integrate unemployed people into the labour market.

Which aid instruments have been used (direct subsidies, guarantees, etc.)?
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.
<p><u>COMPENSATION MECHANISMS</u></p> <p>The amounts of the subsidies are determined based on the group of people assigned to the cooperating entities. Each call for applications establishes the target groups under each of the aid lines and the relevant amounts, distinguishing between two items: assignment to the programme and labour integration (the group covered by the 2018 call for applications is outlined in more detail below).</p> <p>These amounts are subject to the ceilings set out in the relevant Order. In turn, these ceilings are in line with those that are established by the State Public Employment Service in the ‘Specific administrative clauses and technical specifications for the conclusion, by means of an open procedure, of a framework cooperation agreement between employment agencies and public employment services to integrate unemployed people into the labour market’, and which are in force when the relevant Order is published; compliance with these ceiling amounts is mandatory for the Autonomous Communities.</p> <p>Assignments (the number of programme participants who benefit from the employment agency’s intermediation activities) are only eligible if carried out and reported using GALILEU, the Catalan Public Employment Service Information System, and using the Common Telematic Space (ETC), in accordance with points 5.2 and 30 of the relevant Order.</p> <p>An unemployed person is considered to be integrated into the labour market when, as a result of the intermediation measures undertaken by the agency, they have signed an employment contract and maintained this employment relationship, or another employment relationship, for a period equivalent to at least six months on a full-time basis over an eight-month period, which must be within the implementation period set out in the call for applications.</p> <p>For the purposes of these Rules, this period will be calculated as 180 days in a 240-day period.</p> <p>In the 2018 call, aid lines 1 and 2 had the same target group.</p>

Groups LINE 1 and LINE 2	Employment agencies 2018				
	Group 2018	Line 1		Line 2	
		Price - Assignment	Price - Integration	Price - Assignment	Price - Integration
a	Persons aged 31 to 60 who have been registered as unemployed for more than 12 months without interruption	EUR 250	EUR 1 000	EUR 330	EUR 1 500

For **line 1**, the amount of **assignment compensation** is calculated based on the **number of people from the groups defined** for each call for applications **who are assigned by the Catalan Public Employment Service to the beneficiary entity**, and who are placed into uniform groups in line with the amounts indicated in each call for applications. The amount of **labour integration compensation** is calculated considering the **overall integration forecast** for the persons assigned by the Catalan Public Employment Service to the beneficiary entity as set out in each call for applications (25% in 2018).

For **line 2**, the amount of **compensation for assignment and integration** is calculated **based on the anticipated maximum number of people with disabilities and/or mental illness requested from its own pool** by the entity.

The amount of compensation for these headings has been calculated for the amount and the anticipated maximum number of participants; it is subsequently adjusted when supporting evidence is provided, based on the group receiving support and the integration outcomes obtained.

Furthermore, to determine the amounts of the subsidies and to pay out under the assignment and integration headings, the other conditions outlined in points 7, 22 and 23 of the relevant Order must be met.

EXPENDITURE COVERED BY THE AID

Annexes 3, 4 and 5 to the relevant Order outline the documentation the technical financial report must contain, the eligible expenditure and the criteria for charging expenditure. The following points are worth noting:

Duration Eligible expenditure is any expenditure that is allocated to the implementation of the activities, and which relates directly to the nature of those activities, carried out **during the implementation period of the measure, as set out in the call for applications, and actually paid by the beneficiary entity** before financial supporting documents are submitted.

Documentary evidence All expenditure claimed must be supported by paid invoices or accounting documents of equivalent evidential value. In any event, evidence must be provided to show that the expenditure has been paid out by the subsidised entity and the expenditure must relate, in the case of general expenditure, to the employment centres expressly authorised to carry out the activities (as listed in the award decision).

In the absence of an electronic management system, and to allow checks to be carried out on the subsidies, the beneficiary entity must stamp the original proof of expenditure documents, such that it is possible to identify which subsidy it has been charged to and the amount and the percentage it represents of the total amount of subsidised expenditure, indicating the separate accounting code.

Eligible expenditure

a) Direct costs (costs that are indisputably related to the subsidised operations where the link to those activities can be clearly demonstrated).

- Employment costs for specialist staff at each employment centre: costs corresponding to total remuneration and employer Social Security contributions for all headings, in line with the legal and regulatory standards set out in the applicable collective agreement, or in accordance with the rules that apply to government bodies for civil servant and non-civil servant staff. The eligible amount corresponds to the working hours spent on the project, so these costs must be presented duly broken down by hours spent on the activity and allocated to that budget heading.
- Printing costs, photocopies and consumables and teaching material directly chargeable to the activity.

b) Indirect costs (those without a direct link to an eligible project activity but which are necessary for the activity to be carried out; this includes both the costs that are chargeable to various activities carried out by the beneficiary entity, as well as those that, while necessary to implement the action, are not chargeable to a specific activity).

- Costs of support staff to manage and implement the measures. Administrative staff, as well as coordination, managerial and management staff are all considered support staff.
- Rental costs for the premises where the activities with the participants take place, as authorised in the award decision.
- Hire of furniture and/or IT equipment for participants and specialist staff.

- Supply of electricity, water, fuel for heating (if not included in the rent).
- Communications (telephone, post).
- Cleaning.
- Security and surveillance.

The sum of the duly justified indirect expenses may not exceed 20% of the correctly justified total subsidised amount.

Ineligible costs

- Debit interest on bank accounts.
- Interest and administrative and criminal penalties.
- Costs of legal and court proceedings.
- Recoverable value-added tax.
- Other taxes. Indirect taxes are not considered eligible expenditure where they may be recovered, nor are personal taxes on the beneficiary's income.
- Purchase of furniture, equipment, vehicles, infrastructure, real estate and land, whether new or second-hand purchases. The depreciation of these assets may only be subsidised where they meet the requirements established for depreciation.
- Charges for financial transactions.
- Foreign exchange fees and losses and other purely financial expenses, such as fees for holding a bank account or transfer fees.
- Wage and Social Security costs resulting from a worker being off work, whether as a result of common illness or accident, occupational illness or accident, or maternity or paternity. In any event, expenditure pertaining to the person substituting them will be eligible, but not expenditure pertaining to the person who is off work.
- Overtime, benefit payments, payments in kind; unused leave; allowances, transport bonus,

travel expenses; compensation for death and the relevant transfers; compensation for suspension, dismissal, termination or contract termination; marriage allowances.

- Wage supplements or bonuses (length of service, special know-how, position-related increments, company performance-related increments, quantity- and quality-related increments) will not be eligible, except where these are set out in the collective agreement or in the worker's contract.
- Costs relating to mobile phones where the contract is not taken out in the subsidised entity's name; mobile top-up cards, or the costs of both mobile and fixed telephony at the same point of activity (this is considered unnecessary for implementing the subsidised action).
- Costs related to fulfilling the requirements for receiving the subsidy.
- Professional association fees.
- Expenditure charged that has been supported by invoices that do not meet the applicable legal requirements.
- Any other type of expenditure that the Catalan Public Employment Service does not consider to be chargeable on account of its nature or relationship to the subsidised programme.

Typical arrangements for avoiding and repaying any overcompensation

The measures contain provisions to prevent overcompensation. To that end, at the time of the award, an **advance will be paid covering 100% of the amount awarded for assignments** (number of people assigned to benefit from the intermediation actions). When supporting evidence for the actions carried out is provided, the remaining amount corresponding to the number of people who find work will be paid out. The amount of compensation is adjusted, so that the agency is paid only for the number of people it actually supported and found work for.

Verification of the actions. The Catalan Public Employment Service will carry out two kinds of checks on the eligible actions:

- (a) Administrative checks: to verify the implementation of the actions and ensure that the relevant supporting documentation is provided, and make sure that supporting evidence is provided for the declarations justifying expenditure submitted by the beneficiary entities.

(b) On-the-spot checks: to ensure that the subsidised action is actually being carried out and/or that the beneficiary entities are fulfilling their obligations.

Checks on the actions implemented must also comply with the specifications set out in point 31 of the relevant Order.

Checks on eligible actions. The Catalan Public Employment Service will carry out specific checks if complaints are received or if there are signs of fraud or irregularities in the implementation of the financed activity. Beneficiary entities must undergo any checks that the Catalan Public Employment Service considers necessary as well as checks carried out by the competent bodies at regional, State and EU level.

Review It is possible to review subsidies that have already been granted and amend the award decision where there are changes to the conditions or where other aid is obtained simultaneously. Any change to the conditions that were taken into account when granting the subsidies and, in any event, simultaneously obtaining additional subsidies other than those permitted in the relevant rules, may result in the award decision being amended, in accordance with the rules governing the subsidy.

The actions covered by the relevant Order will be considered circumstances that affect the award conditions if they affect any of the established requirements for obtaining the subsidies or if they affect, without prior permission being given, the facilities used for or the location of the action, or if they involve the simultaneous receipt of other subsidies.

The beneficiary entity is required to propose to the awarding body any change that, while having the same purpose, may affect the use of the subsidy. If applicable, this must be expressly authorised by the awarding body.

Withdrawal If, in the course of carrying out checks, the Catalan Public Employment Service, or, as part of an audit procedure, the General Audit Office, detect any grounds for revoking the aid granted, they will launch the relevant withdrawal procedure. If there are any grounds for considering that an infringement has occurred, they must begin disciplinary proceedings. If, when carrying out checks, the General Audit Office finds that the party subject to the audit is attempting to hinder, delay or impede its intervention, it must make a proposal to the competent body that withdrawal and disciplinary proceedings be launched.

The grounds for withdrawal are those set out in Articles 90 bis, 92 bis and 99 of Legislative Decree 3/2002 of 24 December 2002 approving the Recast Catalan Public Finance Law,

and Article 37 of Law 38/2003 of 17 November 2003, the General Law on Subsidies. Failure to comply with the requirements set out in points 3 and 4 of the relevant Order, or making false statements with regard to those requirements, are grounds for withdrawing the aid.

Partial failure to fulfil the requirements or obligations incumbent upon beneficiary entities, incorrect performance of the activities as brought to light during administrative or on-the-spot checks on the subsidised measures, as well as the submission of evidence for an amount lower than that initially granted, will entail the launch of a procedure to partially withdraw the subsidies granted and may lead to a reduction in the amount due to be paid and/or partial recovery from the beneficiary entity of amounts paid (advances) with the relevant late payment interest. If the number of assignment actions or employment placements is less than the number set out in the decision, an amount of aid will be withdrawn corresponding to the actions not carried out.

Once the supporting documentation for the subsidised actions has been provided and the expenditure reviewed, the **Catalan Public Employment Service may reduce the amount initially awarded in line with the activities carried out and the actual expenditure.**

The other conditions established in point 33 of the relevant Order must also be observed.

Waiver. Beneficiary entities may totally or partially waive their entitlement to the subsidies granted, only for justified reasons and if stated expressly in a reasoned submission sent to the competent decision-making body; to this end, the body that granted the subsidy will issue the relevant decision. The beneficiary entities must repay the amount unduly received plus the relevant late payment interest.

If the total amount of justified expenditure is less than the amount granted, the beneficiary entity can expressly waive its right to receive the part of the subsidy that was received unduly. To that end, the body that granted the subsidy will issue the relevant decision.

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).

In order to fulfil the publicity and transparency requirements for all of Spain,

and in accordance with Article 7(1) of Royal Decree 130/2019, the [National Subsidies Database \(BDNS\)](#) is used as the national system for publicising subsidies and public aid, and fulfils the publicity and transparency requirements for subsidies and public aid granted, and, in line with the same Decree, also for State aid and de minimis aid at national level, in accordance with provisions of EU law.

For Catalonia (Region ES51), there is also a [Catalan Register of Subsidies and Aid](#) (RAISC), which was created by Law 5/2017 of 28 March 2017, on tax, administrative, financial and public sector measures. The Register fulfils the requirement to actively publish details of subsidies set out in Law 19/2014 of 29 December 2014 on transparency, access to public information and good governance. The RAISC sends information to the BDNS.

The aim of the RAISC is to distribute information on subsidies from the:

- Regional Government of Catalonia and the public entities in which it holds majority shareholdings, directly or indirectly, as well as consortia reporting to the Regional Government.
- Entities which are part of local government and the public entities in which they hold majority shareholdings, directly or indirectly, as well as local consortia.

Currently, the RAISC holds information on calls for applications and awards that have been registered in the RAISC by public-sector entities in Catalonia since 2016.

Amount of aid granted

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

2018

EUR 1 741 920

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

2018

0 EUR

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

2018
<p>The sum of EUR 1 741 920 was paid out by the regional authorities, since the granting body is the Catalan Public Employment Service.</p> <p>The funds come from the State Public Employment Service, which is the funding entity.</p>
C: Total amount of aid granted (in millions EUR) paid by local authorities
2018
0 EUR
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)
2018
All expenditure (EUR 1 741 920) was disbursed in the form of subsidies.
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)
2018
<p>Number of entities with grants: 82</p> <p>Number of entities with grants (by type):</p> <ul style="list-style-type: none"> • Other entities operating under local corporations: 4 • Local authorities: 5 • Undertakings: 42 • Non-profit entities: 16 • Foundations: 15
<p>Note on the expenditure:</p> <p>2018. The total aid granted was EUR 3 499 920, of which an advance of EUR 1 741 920 (expenditure charged) has been paid. The remainder will be paid once supporting documents have been received, in line with the extent to which the action has been carried out as required.</p>

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

Not applicable.

4. COMPLAINTS BY THIRD PARTIES

There is no record to date of any complaints having been received from third parties with regard to the measures within the scope of the 2012 SGEI Decision.

5. MISCELLANEOUS QUESTIONS

To date, the application of the 2012 SGEI Decision has not led to any problems for the Spanish authorities with regard to 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 of the SGEI Decision, or carrying out regular checks on overcompensation as required by Article 6 of the SGEI Decision.

Digitally signed by Jesús Quiroga Martínez

Deputy Director-General for Employment and Regional Affairs

Annex 8

2018/2019 REPORT FROM LABORA - THE VALENCIAN EMPLOYMENT AND TRAINING SERVICE ON SGEI AID

1. EXPENDITURE OVERVIEW

Total public expenditure on SGEI for the category of labour market reintegration and the protection and social inclusion of vulnerable groups

	2018	2019
1) Total compensation granted on the basis of the SGEI Decision	EUR 702 093.01	EUR 1 020 544.30
2) Total compensation granted on the basis of the SGEI Framework		
Total compensation for Services of General Economic Interest (1+2)		

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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.

Article 2(9) of the Spanish Constitution, the supreme law of the Spanish legal system, requires the public authorities to enable all citizens to participate in the country's political, economic, cultural and social life. Thus, the legislature must consider the need to establish appropriate channels to facilitate this participation, especially for people who, for various reasons, face difficulties or experience social exclusion.

People who are at a particular disadvantage, or who are marginalised or excluded, find it especially difficult to access the labour market, owing to social or economic difficulties or gaps in their education or professional qualifications. As a result, it is difficult for them to engage in work, which is a right and duty of all citizens, as enshrined in Article 35 of the Constitution; they may feel demotivated, they may not be aware of, or they may have abandoned, basic social and work-related norms, they may not have a basic level of education or they may not be able to adapt to career changes.

This is where Spain's so-called 'Work integration undertakings' come in. They are a special type of social undertaking that helps people facing deprivation or who are socially excluded to find work, as a means of facilitating social inclusion and participation in society, with the very specific ultimate aim of enabling them to enter the mainstream labour market.

The initial legal basis for these arrangements in the Autonomous Community of Valencia is found in Law 1/2007 of 5 February 2007 of the Autonomous Community of Valencia laying down rules governing work integration undertakings to promote social inclusion in the Autonomous Community of Valencia (Official Gazette of the Autonomous Community of Valencia (DOCV) No 5447 of 9 February 2007). This was followed by the publication at national level of Law 44/2007 of 13 December 2007 governing the rules applicable to work integration undertakings (Official State Gazette No 299 of 14 December 2007).

To implement Law 1/2007, Decree 81/2009 of 12 June 2009 of the Government of the Autonomous Community of Valencia was published laying down implementing rules for the recognition, registration and development of work integration undertakings in the Autonomous Community of Valencia (DOCV No 6036 of 16 June 2009). To implement Law 44/2007, Royal Decree 49/2010 of 22 January 2010 was published, creating the Ministry of Labour and Immigration's Administrative Register of Work Integration Undertakings (Official State Gazette No 29 of 3 February 2010).

While these rules govern the work integration undertakings and their recognition and registration, public service compensation is governed by the publication of an order announcing the aid and the corresponding annual calls for application, namely:

- Order 20/2018 of 14 November 2018 of the Regional Ministry for the Sustainable Economy, Productive Sectors, Trade and Labour establishing the regulatory framework for subsidies to facilitate the social and labour integration of workers experiencing or at risk of social exclusion in work integration undertakings and mainstream undertakings (DOGV No 8425 of 16 November 2018).
- Corrigendum to Order 20/2018 of 14 November 2018 of the Regional Ministry for the Sustainable Economy, Productive Sectors, Trade and Labour establishing the regulatory framework for subsidies to facilitate the social and labour integration of workers experiencing or at risk of social exclusion in work integration undertakings and mainstream undertakings (DOGV No 8550 of 17 May 2019).
- Decision of 29 November 2018 of the Director-General of the Valencian Employment and Training Service launching the call for applications for 2018 for subsidies to facilitate the social and labour integration of workers experiencing or at risk of social exclusion in work integration undertakings (DOGV No 8347 of 4 December 2018).
- Decision of 28 December 2018 of the Director-General of the Valencian Employment and Training Service launching the call for applications for 2019 for subsidies to facilitate the social and labour integration of workers experiencing or at risk of social exclusion in work integration undertakings (DOGV No 8465 of 16 January 2019).

A wide range of people can find themselves in this situation, even more so in a globalised society such as ours. People using these services may belong to any of the groups set out below, provided that they can supply evidence of their social exclusion in the form of a report from the competent social services:

a) Persons receiving the basic guaranteed income, or any other benefit of the same or of

a similar nature, depending on the name used in the relevant Autonomous Community, as well as members of the household receiving those benefit payments.

b) People who cannot access the benefits referred to in the paragraph above, for any of the following reasons:

1. - failure to fulfil the required residency or registration period, or the requisite period for the formation of the unit receiving the benefit;
2. - having exhausted the maximum period established by law for receiving the benefit.

c) Young people (aged over 18 and under 30) from child protection institutions.

d) Persons with substance abuse issues or other addictions who are following a rehabilitation or social reintegration programme.

e) Inmates in prisons whose status allows them access to employment and whose employment relationship does not fall within the scope of the special employment relationship covered by Article 1 of Royal Decree 782/2001 of 6 July 2001, as well as parolees and former prisoners.

f) Juvenile prisoners included in the scope of Organic Law 5/2000 of 12 January 2000 on the criminal responsibility of minors, whose situation allows them to access employment and whose employment relationship does not fall within the scope of the special employment relationship referred to in Article 53(4) of the implementing rules for the abovementioned Law, approved by Royal Decree 1774/2004 of 30 July 2004, as well as juvenile prisoners who are on probation and former prisoners.

g) People from alternative accommodation centres authorised by the Autonomous Communities and the cities of Ceuta and Melilla.

h) People from prevention and social integration services authorised by the Autonomous Communities.

Work integration undertakings are commercial companies or cooperative societies, constituted in accordance with the law, and are run by, and have at least 51% of their share capital owned by, one or several non-profit bodies, including those governed by public law, non-profit associations and foundations whose corporate purpose is to facilitate the social integration of people facing particularly high levels of exclusion. They must be duly recognised by the competent authorities in the Autonomous Community, and must carry out an economic activity involving the production of goods or provision of services. Their corporate purpose must be to help integrate into society and the labour market and to train socially excluded persons as a transition towards ordinary employment.

Irrespective of the employment relationship, at least 30% of their workforce in the first three years of activity must comprise workers following an integration pathway, of whom there must be at least two. From the fourth year onwards, this proportion must be 50%.

The work integration undertaking must ensure that workers at risk of social exclusion follow an integration pathway that includes the intervention and support measures that are deemed to be most appropriate for each worker. This pathway must comprise a set of services, activities, guidance and mentoring sessions, personalised assistance programmes of paid work, on-the-job training, and processes to familiarise them with the world of work and society. The aim of all these activities is to address or resolve specific problems caused by the socially excluded person's situation that may hinder the person's integration pathway in the work integration undertaking, with the ultimate aim of enabling them to enter the mainstream labour market.

Work integration undertakings are non-profit bodies and, despite the fact that they are commercial companies or cooperative societies, they must use at least 80% of their revenue or available surplus in each financial year to improve or expand their production or integration infrastructure.

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** (OJ L 7, 11.1.2012), includes 'Access to and reintegration into the labour market' and 'Care and social inclusion of vulnerable groups' among the categories of aid to which the Decision can apply. If the conditions set out in the Decision are met, prior notification is not required.

Meanwhile, Article 3 of Law 31/2015 of 9 September 2015 amending and updating the rules on self-employment and adopting measures to develop and promote self-employment and the Social Economy (Official State Gazette No 217 of 10 September) amended Law 5/2011 of 29 March 2011 on the Social Economy, and declared Special Employment Centres and work integration undertakings to be **entities that provide services of general economic interest** (Official State Gazette No 76 of 30 March 2011).

As a result, the Regional Ministry for the Sustainable Economy, Productive Sectors, Trade and Labour published Order 20/2018 of 14 November 2018 establishing the regulatory framework for subsidies to facilitate the social and labour integration of workers experiencing or at risk of social exclusion in work integration undertakings and mainstream undertakings (DOGV No 8425 of 16 November 2018). This Order is implemented on an annual basis by means of the corresponding annual calls for applications and reads as follows:

a) Purpose

The purpose of this Order is threefold:

1. **To establish a programme of subsidies to promote and facilitate the reintegration into the labour market and the protection and social inclusion of vulnerable groups** (social and labour integration of persons experiencing or at risk of social exclusion) in work integration undertakings, prior to their entering mainstream employment on a permanent basis.
2. **To entrust to work integration undertakings** that operate in the Autonomous Community of Valencia and which, having been granted permanent recognition by LABORA (the Valencian Employment and Training Service), employ persons experiencing or at risk of social exclusion

the performance of the service focusing on the labour market reintegration and the protection and social inclusion of vulnerable groups (persons experiencing social exclusion or at serious risk of exclusion) as a service of general economic interest (SGEI), in accordance with the Commission Decision of 20 December 2011.

3. Lay down the operational requirements and obligations for the service of general economic interest consisting of the labour market reintegration and social inclusion of vulnerable groups (persons experiencing social exclusion or at serious risk of exclusion) entrusted to the work integration undertakings.

b) Beneficiary entities

Those work integration undertakings that operate in the Autonomous Community of Valencia and which, having been granted permanent recognition by LABORA (the Valencian Employment and Training Service), employ persons experiencing or at risk of social exclusion.

c) Type of compensation or subsidies

1. Subsidies for creating or safeguarding posts for socially excluded persons or people at risk of social exclusion.

2. Subsidy to finance the wage and Social Security costs for specialist staff providing social and employment support.

3. Subsidy to finance the wage and Social Security costs for specialist staff providing support for the productive activity.

4. Subsidy to cover the cost of setting up a work integration undertaking, i.e. the expenditure incurred and paid out in the corresponding financial year, and which may be used from the date on which permanent recognition is granted, and for the first three years of operations.

5. Subsidy to create new posts linked to a fixed investment.

6. Subsidy for the management of work integration undertakings.

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

The award procedure for the subsidies begins when the Head of the LABORA Directorate-General (the Valencian Employment and Training Service) issues a call for applications, which is published in the National Subsidies Database and the Official Gazette of the Autonomous Community of Valencia.

Once the applications have been received, the Head of the LABORA Subdirectorates-General (the Valencian Employment and Training Service) with responsibility for employment matters oversees the procedure.

Once the applications have been assessed, the body overseeing the procedure will issue a report, stating that the beneficiary entities fulfil all of the award criteria.

After an initial assessment, the files will be sent to the Evaluation Committee which will issue a report detailing the outcome of the evaluation.

The Evaluation Committee comprises the following members:

- Chairperson: the Head of the LABORA Subdirectorate-General (the Valencian Employment and Training Service) with responsibility for employment matters or another civil servant appointed as his or her replacement, and whose position in the hierarchy must be Head of Department or higher.

- Secretary: the Head of Department with responsibility for sheltered employment matters or another civil servant appointed as his or her replacement.

Member: a civil servant from the department responsible for sheltered employment matters, who will be appointed by the Head of Department.

Efforts are made to ensure a gender balance in the Committee.

The body overseeing the procedure will draw up the draft decision based on the information in the file and the report from the Committee.

Decisions on the applications received are issued by the Head of the LABORA Directorate-General, or the body to which he or she has delegated this power. This power is currently delegated to the Directorate-General for Employment and Training.

The subsidies are awarded on a competitive basis; the only factors taken into consideration are the time and date of submission of the application and the other documents required in the call for applications.

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 services to facilitate the reintegration into the labour market and the protection and social inclusion of vulnerable groups (social and labour integration of persons experiencing or at risk of social exclusion) in work integration undertakings, prior to their entering mainstream employment on a permanent basis, are entrusted on an **annual basis**.

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

No exclusive or special rights are assigned to the integration undertakings

that provide services to facilitate labour market reintegration and the protection and social inclusion of vulnerable groups.

However, the Fourth Additional Provision of Law 9/2017 of 8 November 2017 on Public Sector Contracts, which transposes into Spanish law Directives 2014/23/EU and 2014/24/EU of the European Parliament and of the Council of 26 February 2014, lays down that the public authorities will earmark a minimum percentage of award procedures for certain contracts or lots for work integration undertakings.

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

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 compensation mechanism is subsidies as regulated by Order 20/2018 and for which certain amounts are updated in the annual calls.

a) Subsidies for creating or safeguarding posts for socially excluded persons or people at risk of social exclusion.

These subsidies are used to partially fund the wage costs of workers experiencing or at risk of social exclusion, for a minimum period of six months and a maximum period of three years.

The subsidy will consist of an amount equivalent to a percentage of the statutory minimum wage in force in the financial year of the call for applications, including the proportional amount of any bonuses, to be determined in each call, with the maximum amount being 100% of the statutory minimum wage, to create or safeguard a post for a full-time worker for one calendar year, provided that this employment relationship is linked to a personalised integration pathway.

In order to be eligible, the worker must be employed for a minimum of six months and with working hours equating to at least half of the ordinary full-time working hours at the work integration undertaking. The aid will be proportionate to the contract duration and working hours.

The eligible amount of the statutory minimum wage for the 2018 and 2019 financial years was 75% (i.e. EUR 7 726.95 and EUR 9 450 respectively) for each worker at risk of exclusion hired on a full-time basis for one year.

b) Subsidy to finance the wage and Social Security costs for specialist staff providing social and employment support.

The subsidy is used to finance the wage and Social Security costs for specialist staff providing

social and employment support to staff experiencing or at risk of social exclusion, by developing personalised integration pathways lasting up to three years, as well as the subsequent follow-up of staff placed in mainstream companies over a maximum period of six months.

The amount of the subsidy for each member of specialist staff providing social and employment support is set out in each annual call as an amount per worker receiving support through an integration pathway. The subsidy may not exceed 3.5 times the statutory minimum wage, including the proportional amount of any bonuses.

In 2018, the maximum annual amount for each worker experiencing or at risk of social exclusion was EUR 3 090 and in 2019 it was EUR 3 500 i.e. up to EUR 30 900 or EUR 35 000, respectively, for each member of specialist staff providing social and employment support hired on a full-time basis for one year who supports 10 workers at risk of exclusion.

Given that the integration services have to be provided for each worker experiencing or at risk of social exclusion irrespective of their working hours (which must always be more than 50% of the usual working hours at the work integration undertaking), the amount of aid will not take this figure into account, but rather the employment periods. As a result, the subsidy will be reduced proportionally if the social and labour integration services have not been provided throughout the entire eligible period.

For costs pertaining to the staff providing social and employment support to be eligible, they must provide the services as set out below:

- Between 1 and 5 workers experiencing or at risk of social exclusion: at least one member of specialist staff working 50% of the usual working hours at the work integration undertaking.
- Between 6 and 10 workers experiencing or at risk of social exclusion: at least one member of specialist staff working 100% of the usual working hours at the work integration undertaking.

When the number of workers experiencing or at risk of social exclusion does not correspond to the requirements set out above, the provision of social and employment support services by the specialist support staff must be proportionate to the number of those workers.

The subsidy will be used to finance the wage and Social Security costs for the minimum number of specialist staff providing social and employment support required in accordance with the ratios set out above.

Under no circumstances may the amount of aid exceed 100% of the actual cost.

c) Subsidy to finance the wage and Social Security costs for specialist staff providing support for the productive activity.

The subsidy is used to help hire or keep in post specialist staff providing support for the productive activity in work integration undertakings and who are tasked with overseeing the productive activity and providing training in the tasks carried out by the staff experiencing or at risk of social exclusion.

The amount of the subsidy for each member of specialist staff providing support for the productive activity is set out in each annual call as an amount per worker receiving support. The subsidy may not exceed twice the statutory minimum wage, including the proportional amount of any bonuses.

In 2018, the maximum annual amount for each worker experiencing or at risk of social exclusion was EUR 2 060 and in 2019 it was EUR 2 500 i.e. up to EUR 10 300 or EUR 12 500, respectively, for each member of specialist staff providing support for the productive activity hired on a full-time basis who supports five workers at risk of social exclusion.

Given that the support for the productive activity has to be provided for each worker experiencing or at risk of social exclusion, the amount of aid will take into account the working hours or employment periods of those workers. As a result, the subsidy will be reduced proportionally if the support for the productive activity has not been provided for the entire eligible period or on a full-time basis.

For costs pertaining to support for the productive activity to be eligible, the support must be provided in line with the minimum ratios set out below:

- Between 1 and 5 workers experiencing or at risk of social exclusion: at least one person providing support for the productive activity for 100% of the usual working hours at the work integration undertaking.
- Between 6 and 10 workers experiencing or at risk of social exclusion: at least two people providing support for the productive activity for 100% of the usual working hours at the work integration undertaking. When the number of workers experiencing or at risk of social exclusion does not correspond to the requirements set out above, the provision of support for the productive activity must be proportionate to the number of those workers.

The subsidy will be used to finance the wage and Social Security costs for the minimum number of staff providing support for the productive activity required in accordance with the ratios set out in paragraph 3 of this Article.

Under no circumstances may the amount of aid exceed 100% of the actual cost.

d) Subsidy to cover the cost of setting up a work integration undertaking, i.e. the expenditure incurred and paid out in the corresponding financial year, and which may be used from the date on which permanent recognition is granted, and for the first three years of operations.

The subsidy is to cover the cost of setting up a work integration undertaking, i.e. the expenditure incurred and paid out in the corresponding financial year, and which may be used from the date on which permanent recognition is granted, and for the first three years of operations.

The eligible costs covered by the subsidy are:

a) Viability, organisation, marketing and diagnostic studies and other studies of a similar nature. The studies must have the following characteristics:

a.1) The aim of the studies must be to foster growth and encourage the sustainability of the undertaking and the safeguarding or expansion of the number of posts.

a.2) The conclusions must contain specific proposals for actions with a guide to how these could be implemented, and they must focus on one of the following objectives: restructuring the economic activity, improving competitiveness or improving the professional skills of the workers.

b) Audits and financial reports.

c) Cost of training.

The eligible services must be provided by undertakings or natural persons from outside the undertaking that can guarantee professional solvency, and may not be provided by persons who are partners or associates or who are directly related to the work integration undertaking receiving the aid or to one of its partner entities.

The amount of the subsidy for each of these headings will consist of a subsidy of up to 50% of the cost of the service provided, although the total amount of aid must not exceed EUR 500 per year for each person employed who is experiencing or at risk of social exclusion.

Indirect taxes will not be considered eligible expenditure if they may be subject to recovery or offsetting.

e) Subsidy to create new posts linked to a fixed investment.

This subsidy consists of the payment of an amount, set out in each call for applications, for each post created for persons experiencing or at risk of social exclusion; it is capped at 90% of the total eligible investment, and evidence must be provided to prove that 100% of the investment was made.

In both financial years, the amount for each post created was up to EUR 12 000.

This subsidy may be compatible with the subsidy for creating or safeguarding posts for socially excluded persons or people at risk of social exclusion.

It is used to help finance fixed investments provided that these investments are linked to the creation of new posts for persons experiencing or at risk of social exclusion. The new posts created must lead to an increase in the number of persons following an integration pathway. Posts will count as newly created posts if they were not subsidised previously and if they were made official in the financial year of the call for applications and if their creation is linked to the investment for which the aid is requested.

The following are considered fixed investments:

a) Purchase and refurbishment of premises used exclusively to carry out the work integration undertaking's activity.

b) Office furniture and equipment. Items of furniture, desks, filing cabinets, shelving, display cases, chairs, tables, projectors, photocopiers, etc.

c) Vehicles required for the activity and used exclusively for that purpose.

d) Machinery and tools. This machinery includes all of the machines or equipment used for the extraction, production or processing of the products or for the provision of the services that constitute the undertaking's activity. It includes transport equipment used indoors to move people, animals, materials and good inside the factories, workshops, etc., without going outdoors. Tools include all items or instruments that can be used individually or together with machinery, including moulds or templates.

e) Information processing equipment. IT equipment: Computers, printers, scanners, external hard drives, multifunctional equipment, etc. Other electronic equipment: Electronic scales, presence monitoring systems, etc.

f) IT applications: The amount paid to acquire ownership of or access rights to IT programs, the cost of producing any IT programs developed, or the cost of developing web pages, provided that they are designed to be used over several financial years. In all cases, investment in IT applications must be linked to posts created at the work integration undertaking.

In any event, with the exception of property, goods that may be eligible for subsidies must not be second hand.

Any indirect taxes related to the payment of costs covered by the subsidy are not eligible.

Any investments financed using leasing or other similar legal arrangements will not be considered investments in fixed assets if they do not give the requesting entity full ownership or initial ownership of the investment.

f) Subsidy for the management of work integration undertakings.

The subsidy for the management of work integration undertakings is designed to facilitate the employment of managers who can ensure the technical, economic or financial viability of work integration undertakings with five or more posts for persons following an integration pathway.

The subsidy will be for a percentage of the statutory minimum wage, to be set out in each call for applications, capped at 50% of the statutory minimum wage, and concerns the employment of a manager throughout the eligible period. With regard to part-time employment, the maximum amount received will be proportionate to the amount of time actually worked in relation to the usual full-time working hours.

In 2018, the maximum eligible amount was EUR 5 151 per year, and in 2019 it was EUR 6 300.

Managers should carry out the following tasks:

1. Planning, organising, managing and overseeing the various operations and departments of the undertaking, covering all aspects (marketing, sales, production, personnel, etc.).
2. Planning the strategy to attract clients, coordinating customer care and evaluating customer satisfaction.
3. Designing and presenting projects to access external financial resources for the work integration undertaking.
4. Supervise the tasks assigned to staff in the employment centre and coordinate follow-up of objectives, facilitating participation by all members of staff assigned to the organisation, taking into account the training and employment pathways of those following an integration pathway.
5. Planning, managing and overseeing the condition and proper functioning of the employment centres' premises and equipment.
6. Managing and overseeing the workplace risk prevention plan.
7. Designing and planning the ongoing training policy and the retraining of all staff, and encouraging interpersonal relationships in the team.
8. Acting as an external representative of the undertaking within its field of activity.
9. Establishing contact with undertakings and organisations related to the professional field of the undertaking in order to promote the undertaking's activities and to encourage synergies that may facilitate the social and labour integration of those who have completed an integration pathway.

Typical arrangements for avoiding and repaying any overcompensation

In 2018, aid was paid out on the basis of proof of expenditure.

However, for the 2019 financial year, aid payments were made using a system of advance payments in two instalments, each equating to 50% of the total amount. The first payment was made once the subsidy was awarded and the remainder was paid out at the start of the second half of the calendar year, also as an advance payment, and subject to the beneficiary providing evidence relating to the payment for the previous six-month period. The amount paid out was reduced if, for the first six-month period, supporting evidence was provided for a lesser amount than the amount of subsidy paid out.

Supporting evidence for the advance for the last six months of the year was submitted at the start of

the following budgetary period. Payment of the subsidy due in that period was subject to proper supporting evidence being provided for the advance payments made in the previous period.

Overcompensation is recovered in one of two ways:

1. For subsidies awarded but not paid out, the subsidy will be released for payment based on the supporting evidence actually provided by the entity to which the public service is entrusted, and the amount for which supporting evidence was not provided will be deducted from the amount awarded.
2. If subsidies have been awarded and paid out, any compensation for which satisfactory supporting evidence has not been provided will be recovered by means of recovery procedures and penalty proceedings, if applicable.

Furthermore, national law governs the procedures for declaring an award decision invalid or null and void, in which case the awarding body will launch an ex officio review or, if applicable, will declare the declaration that the decision is invalid or null and void to have a harmful effect and will subsequently contest it, bearing in mind that a judicial or administrative declaration that the decision is invalid or null and void will require the amounts received to be returned.

Grounds for recovery

Public service compensation paid to work integration undertakings may be subject to recovery, in line with the grounds and procedures set out in Article 36 et seq. of Law 38/2003 of 17 November 2003 and in accordance with Articles 91 to 93 of Royal Decree 887/2006 of 21 July 2006 with regard to Article 172 of Law 1/2015 of 6 February 2015.

Full and partial recovery

Full or partial recovery will be effected depending on the circumstances, as set out below:

a) Full recovery of the subsidy awarded. Examples:

1. Failure to comply with the general or specific obligations imposed on the beneficiary entities in the relevant Order.
2. Failure to provide documentary evidence of performance of the personalised social and labour integration pathways covered by the Order.
3. Failure on the part of the specialist staff to provide social and employment support for integration staff for a period of more than three months.

b) Partial recovery applying the proportionality criterion. Examples:

1. Failure to replace specialist staff providing social and employment support and support for the productive activity within the timeframe set out in Articles 25 and 30 of the Order, which may lead to the withdrawal of the aid granted for the remainder of the financial year and the recovery of that aid, if applicable.
2. Reductions in working time, leave on the grounds of temporary unfitness for work, maternity and paternity leave, and end of contract leave for persons experiencing or at risk of social exclusion where this occurs earlier than initially planned, and where absent persons are not replaced.

3. Failure to fulfil the requirement to maintain the integration post created, the workforce of integration staff or investments, where this corresponds to the subsidy to create new posts linked to a fixed investment.

Penalty proceedings

The provisions set out above will apply without prejudice to any possible classification of the facts as an administrative infringement and the resulting launch of penalty proceedings, pursuant to Article 52 et seq. of Law 38/2003, and Article 173 et seq. of Law 1/2015, with regard to the provisions of Article 19 bis of the Recast Law on Infringements and Penalties in the Social Order approved by Royal Legislative Decree 5/2000 of 4 August 2000 (Official State Gazette No 189 of 8 August 2000).

Failure to comply with the transparency obligations set out in Law 2/2015 of 2 April 2015, and pursuant to Article 35 thereof, could lead to the full or partial recovery of the subsidy granted, following penalty proceedings in accordance with the provisions of Chapter III of that same law.

Furthermore, and in addition to the administrative checks carried out by the management body pursuant to Order 20/2018 of the Regional Ministry for the Sustainable Economy, Productive Sectors, Trade and Labour, the annual calls, Law 38/2003 of 17 November 2003, the General Law on Subsidies, Royal Decree 887/2006 of 21 July 2006 approving the rules of application of Law 38/2003, Law 39/2015 of 1 October 2015 on the Common Administrative Procedure of Public Administrations, the Recast Law on Infringements and Penalties in the Social Order approved by Royal Legislative Decree 5/2000 of 4 August 2000, and other applicable rules, work integration undertakings are required to undergo financial checks carried out by the General Audit Office as provided for in Article 113 et seq. of Law 1/2015 of 6 February 2015, and in Article 44 et seq. of Law 38/2003 of 18 November 2003.

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).

Not applicable.

3. 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).

2018	2019

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

2018	2019

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

2018	2019
EUR 702 093.01	EUR 1 020 544.30

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

2018	2019

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

2018	2019
100% subsidy	100% subsidy

Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)¹⁰

2018	2019
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Seven work integration undertakings were entrusted with the service to reintegrate workers at risk of social exclusion:

- Two micro-sized undertakings (with fewer than 10 workers);
- Four small undertakings (between 11 and 50 workers);
- One medium-sized undertaking (more than 50 workers).

Seven work integration undertakings were entrusted with the service to reintegrate workers at risk of social exclusion:

- Two micro-sized undertakings (with fewer than 10 workers);
- Five small undertakings (between 11 and 50 workers).

<p>In total, 77 workers experiencing or at risk of social exclusion were following personalised integration pathways and working at these seven undertakings in 2018.</p> <p>The economic activities carried out by the seven undertakings are as follows:</p> <ul style="list-style-type: none"> • 1 - Waste collection, treatment and disposal; • 1 - Ceramic work using <i>trencadís</i> (mosaic pieces)/ full services for buildings and other premises/ gardening; • 3 - Collection, sorting, recycling and sales of second-hand clothing; • 1 - Textile and accessories industry; • 1 - Cleaning services, building maintenance, domestic service, home help service/ sustainable catering. <p>The average amount of aid per integration undertaking was EUR 9 118.09.</p>	<p>In total, 75 workers experiencing or at risk of social exclusion were following personalised integration pathways and working at these seven undertakings in 2019.</p> <p>The economic activities carried out by the seven undertakings are as follows:</p> <ul style="list-style-type: none"> • 1 - Waste collection, treatment and disposal; • 1 - Ceramic work using <i>trencadís</i> (mosaic pieces)/ full services for buildings and other premises/ gardening; • 3 - Collection, sorting, recycling and sales of second-hand clothing; • 1 - Textile and accessories industry; • 1 - Cleaning services, building maintenance, domestic service, home help service/ sustainable catering. <p>The average amount of aid per integration undertaking was EUR 13 607.26, which is significantly higher than in 2018. This is due to the fact that part of the wage costs for workers at risk of social exclusion in 2018 was financed under another aid programme. Furthermore, Order 20/2018 introduced new eligible headings, but these could not be requested in 2018, owing to the late publication of the Order.</p>
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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 reported.

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.

No problems were experienced with the **award decision**, which was enacted by means of Order 20/2018 of 14 November 2018 of the Regional Ministry for the Sustainable Economy, Productive Sectors, Trade and Labour establishing the regulatory framework for subsidies to facilitate the social and labour integration of workers experiencing or at risk of social exclusion in work integration undertakings and mainstream undertakings. This was preceded by Law 31/2015 of 9 September 2015 amending and updating the rules on self-employment and adopting measures to develop and promote self-employment and the Social Economy (Official State Gazette No 217 of 10 September 2015), which declared work integration undertakings to be entities that provide services of general economic interest.

Specifying the amount of compensation in line with Article 5 of the SGEI Decision:

Under no circumstances may the amount of compensation exceed the net cost of the public service. Calculating the amount of compensation has not caused any difficulties, since annual caps on the compensation are set out in the Order. In any event, they are subject to a second cap, meaning that they cannot exceed 100% of the actual cost of the service, as explained in the section on the compensation mechanism.

Determining the reasonable profit level in line with Article 5 of the SGEI Decision:

The work integration undertakings entrusted with the provision of the service to facilitate the reintegration of vulnerable people experiencing or at risk of social exclusion are non-profit entities. As a result, no 'reasonable profit' has been determined, beyond the satisfaction of helping achieve the objectives for which they were created.

Regularly checking overcompensation as required by Article 6 of the SGEI Decision.

As referred to above, overcompensation can only occur in the event of a failure to supply sufficient supporting evidence, in which case the amount of compensation would be reduced or recovery would ensue, depending on whether or not the aid had been paid out in advance. It could also lead to the launch of penalty proceedings, if the necessary requirements were met, or a procedure to declare the award decision invalid or null and void, as set out in Law 38/2003 with regard to Law 39/2015 on the Common Administrative Procedure of Public Administrations.

Generally speaking, no instances of non-compliance or irregularities worth mentioning have been detected.

Other issues not covered in the previous questions

b. If you wish, you may make any additional observations below regarding the application of the SGEI Decision and the SGEI Framework.

It should be noted that, as a result of the activities carried out by the work integration undertakings, seven workers following an integration pathway were placed with mainstream undertakings in 2018; in 2019, this figure was five. By 'placed' we mean that workers who had completed their integration pathway at the work integration undertaking were hired in the three months following their time at the work integration undertaking and that this contractual relationship with the mainstream undertaking lasted at least six months.

DIRECTOR-GENERAL FOR EMPLOYMENT AND TRAINING

Signed by Rocio Briones Morales on
11/05/2020 12:58:51

Annex 9

**Report from the Principality of Asturias pursuant to Article 9 of the
SGEI Decision and Paragraph 62 of the SGEI Framework - Housing**

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;*
- 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

Total SGEI government expenditure by legal basis (millions EUR)		
	2018	2019
Compensation for Services of General Economic Interest (1+2)	2.948	3.05
1) Compensation granted on the basis of the SGEI Decision	2.948	3.05
2) Compensation granted on the basis of the SGEI Framework		

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:

2) *Social services (Art. 2(1)(c))*

d) Social housing

Please provide information using the table below:

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>The corporate purpose of 'Viviendas del Principado de Asturias [Asturias Housing], S.A' (VIPASA) is as follows:</p> <ul style="list-style-type: none"><i>a) Managing the portfolio of public-development subsidised housing in the Principality of Asturias, and carrying out the property management tasks entrusted to it;</i><i>b) Managing the Principality of Asturias' Public Land for Social Housing Fund, regulated by Decree 84/89 of 27 July 1989;</i><i>c) Amortisation and disposal of properties belonging to the Principality of Asturias.</i><i>d) The activities within the scope of the corporate purpose may be carried out indirectly, in full or in part, through ownership of shares or shareholdings in undertakings with an identical or similar purpose, or in undertakings whose activities complement the above objectives.</i><i>e) Developing protected housing and managing programmes led by the administration of Asturias designed to facilitate access to housing.</i><i>f) Purchasing property assets of all kinds for residential use, and managing, especially renting out, those assets and, where applicable, disposing of them.</i>
Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them.
Viviendas del Principado de Asturias S.A. (VIPASA) was created in 1991, by legal mandate

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. Since cases falling under the SGEI Framework will be limited in number, the Commission expects a detailed description of each concrete measure.

pursuant to the Third Additional Provision of Law 7/1990 of the Principality of Asturias of 29 December 1990, on the General Budget for 1991. The General Budget of the Principality of Asturias provides for two named transfers to the undertaking, one to cover operating costs and the other for capital costs relating to maintenance and repairs to the social housing.

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

The entrustment is for one year.

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

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

By means of named transfers, laid down each year in the relevant General Budget laws of Asturias.

Explain the 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.

The mechanism set out in the Second Additional Provision of the Recast Economic and Budgetary Regime, approved by Legislative Decree 2/1998 Of 25 June 1998:

1. Current transfers made to public bodies and entities subject to private accounting rules and to public undertakings to finance their operating budgets shall only be for the amount required to balance their profit and loss account. The settlement of the transfer shall be remitted to the General Audit Office of the Principality of Asturias within fifteen days of its annual accounts being approved.

A short explanation of how the **transparency requirements** are met for aid above EUR 15 million granted to undertakings that also have activities outside the scope of the SGEI (see Article 7 of the 2012 SGEI Decision) or for each type of SGEI aid covered by the Framework (paragraph 60 of the 2012 SGEI Framework). 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, or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

An audit is carried out annually by independent auditors. These audits are subject to approval by the General Shareholders' Meeting and registered in the commercial register. The undertaking's annual accounts are made widely and publicly available on the Business Transparency Portal online at: www.vipasa.info.

In addition, since it is a public-sector body within the Autonomous Community, it is also audited by the Court of Auditors of Asturias, which issues various reports, either specific or sector-based, on its activities and operations: <http://www.sindicastur.es>.

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).

2018	2019
EUR 2.948 million	EUR 3.05 million
A: Total amount of aid granted (in millions EUR) paid by national central authorities³	
2018	2019

² 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.

³ As stipulated in Article 9(b) of the SGEI Decision and Para. 62(b) of the SGEI Framework. Please provide a breakdown by calendar year.

B: Total amount of aid granted (in millions EUR) paid by regional authorities⁴	
2018	2019
EUR 2.948 million	EUR 3.05 million
C: Total amount of aid granted (in millions EUR) paid by local authorities⁵	
2018	2019
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2018	2019
Additional quantitative information⁶ (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)	
2018	2019
The undertaking managed a public building stock of 12 524 buildings, has an average workforce of 39 staff and a healthy balance of EUR 73.513 million.	The undertaking managed a public building stock of 12 433 buildings, has an average workforce of 41 staff and a healthy balance of EUR 72.017 million.

⁴ As stipulated in Article 9(b) of the SGEI Decision and Para. 62(b) of the SGEI Framework. Please provide a breakdown by calendar year.

⁵ As stipulated in Article 9(b) of the SGEI Decision and Para. 62(b) of the SGEI Framework. Please provide a breakdown by calendar year.

⁶ The Commission would welcome data that you might have on aid granted under the SGEI Decision and the SGEI Framework, for example number of beneficiaries per sector, average amount of aid, amount per aid instrument (direct subsidy, guarantee, etc.), size of the undertakings, etc. Should such other quantitative information data not be readily available in a 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. 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.

4. MISCELLANEOUS QUESTIONS

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:

- a. drawing up an entrustment act that complies with Article 4 of the SGEI Decision;
- b. specifying the amount of compensation in line with Article 5 of the SGEI Decision;
- c. determining the reasonable profit level in line with Article 5(5)-(8) of the SGEI Decision;
- d. 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.

Digitally signed by FERMIN BRAVO LASTRA - 10865765J

FERMIN BRAVO LASTRA - 10865765J



Annex 10

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

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

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;

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)		
	2018	2019
Compensation for Services of General Economic Interest (1+2)	EUR 4 500 000.00	EUR 3 987 500.00
1) Compensation granted on the basis of the SGEI Decision		
2) Compensation granted on the basis of the SGEI Framework	EUR 4 500 000.00	EUR 3 987 500.00
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 below the limits set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic below the limit set in Art. 2(1)(e)
- 5) 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 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.

Explanation of the (typical) forms of entrustment . If standardised 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) ⁶ . This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2018	2019
A: Total amount of aid granted (in millions EUR) paid by national central authorities ⁷ .	
2018	2019
B: Total amount of aid granted (in millions EUR) paid by regional authorities ⁸	
2018	2019
2018	2019
Share of expenditure per aid instrument (direct subsidy, guarantees, etc.) (if available)	

2018	2019
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰	
2018	2019

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

Please structure this part of your report by the following sections, e.g.:

- 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.
<p>Maritime transport:</p> <p>By means of Departmental Order No 455 of 21 October 2013 of the Regional Minister for Public Works, Transport and Territorial Policy the contract was awarded for the scheduled inter-island maritime cabotage route in Annex II to Decree 9/2009 of 27 January 2009 implementing the special arrangements for providing scheduled maritime transport services, called the 'Santa Cruz de Tenerife/Los Cristianos-La Estaca-Los Cristianos/Santa Cruz de Tenerife' route (Official Gazette of the Canary Islands (BOC) No 110 of 10 June 2009), declaring it a public service obligation and requiring a prior authorisation procedure for the scheduled inter-island maritime cabotage route called 'Route 1 Los Cristianos-La Estaca-Los Cristianos'. The formal notice of the conclusion of the contract was published in BOC No 236 of 9 December 2013.</p> <p>http://www.gobiernodecanarias.org/boc/2013/236/016.html</p>

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

A special administrative contract was put out to tender and published in the OJEU on 7 August 2013, the BOC on 3 August 2013 and the Official State Gazette on 19 August 2013, and the contractor profile was published on 7 August. The contract was awarded by means of the aforementioned Departmental Order No 455 of 21 October 2013 of the Regional Minister for Public Works, Transport and Territorial Policy.

Applicable legislation: Law 12/2007 of 24 April 2007 on the management of maritime transport and Decree 9/2009 of 27 January 2009 implementing the special arrangements for providing scheduled maritime transport services.

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 contract is for four years, with provision for extension for a further two years by mutual agreement.

By means of the Order of November 2019 of the Regional Minister for Public Works and Transport, the contract was extended for one year, with the amount of the extension totalling FOUR MILLION FIVE HUNDRED THOUSAND EUROS (EUR 4 500 000.00). The Addendum to the special administrative contract for the provision of the scheduled inter-island maritime cabotage route in Annex II to Decree 9/2009 of 27 January 2009 implementing the special arrangements for providing scheduled maritime transport services, called the 'Santa Cruz de Tenerife/Los Cristianos-La Estaca-Los Cristianos/Santa Cruz de Tenerife' route, was signed on 19 November 2019.

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

This contract was awarded to CAFLAJA S.L.

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.

Payment is made following receipt of an invoice issued monthly in accordance with current legislation.

Typical arrangements for avoiding and repaying any overcompensation.

The provisions set out in the public service obligation contract and the Recast Law on Public Sector contracts, approved by Royal Legislative Decree 3/2011 of 14 November 2011.

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).

Various actions have been carried out:

a) All the information relating to the public service contract has been published on the website of the Regional Ministry of Public Works and Transport and all the information from the administrative file can be downloaded via the following link:

<http://www.gobiernodecanarias.org/copt/FEDER/Hierro.html>

b) In 2019, 277 return journeys were carried out (the contract was finalised on 19 November 2019) as well as the additional services on the abovementioned line, in accordance with the following table:

Productivity indicator	Unit	Annual forecast	Year 2019
Number of public transport services - Public service obligations	Return services	200	285 (plus additional services)

c) The shipping company has updated the signage at ticket sales points at the ports of Los Cristianos and La Estaca, as well as in the shop on the boat providing the 'Volcán de Tirajana' service.

d) The route is advertised on the shipping company website:

<https://www.navieraarmas.com/inicio>

e) An information video has been made about the route under contract, and can be viewed here:

<https://www.youtube.com/watch?v=cQAS7PECF5M>

f) The Directorate-General for Transport is working with the Financial Planning Department, the Audit Department of the Regional Ministry of Finance's Intermediary Body, and with the General Audit Office, participating as observer, on a self-assessment study of fraud risk.

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)**

2018	2019
EUR 4 500 000.00	EUR 3 987 500.00

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

2018	2019

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

2018	2019

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

2018	2019
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Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰	
2018	2019

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.

Reply: No legal issues have been raised with regard to the special public service contract.

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;

Annex 11

Services of General Economic Interest: Report pursuant to the 2012 SGEI Decision on the subsidies covered by Royal Decree 579/2019 of 11 October 2019.

1) Total expenditure on the basis of the SGEI Decision

2018..... No aid was granted.

2019 **EUR 9 950 878.59** (of the EUR 10 000 000 initially set out in Royal Decree 579/2019 of 11 October 2019)

2. Description of the application of the 2012 SGEI Decision

g) Other sectors (please specify)

Subsidies have been given to providers of public service television at State and Autonomous Community level.

The subsidies are covered by Royal Decree 579/2019 of 11 October 2019.

Clear and comprehensive description of how the respective services are organised in your Member State.

As laid down in Article 40(1) of General Law 7/2010 of 31 March 2010 on Audiovisual Media, in Spain this service is considered a service of general economic interest and its aim is to broadcast content that promotes the principles and values enshrined in the Spanish Constitution, help to foment public opinion that is pluralistic in nature, raise awareness of Spain's cultural and linguistic diversity, and disseminate knowledge and the arts, focusing especially on audiovisual culture.

In accordance with Article 40(2) of that Law, the State and the Autonomous Communities may approve the provision of public service radio and television to ensure public broadcasting of generalist or thematic channels. Unlike other countries, the release of the second digital dividend in Spain has a major impact on public service television, since a significant number of the radio frequency channels due to be used for the provision of this service, both at State and Autonomous Community level, are in the 694-790 MHz frequency band, which is impacted by the release of the second digital dividend.

As a result, and considering the importance of public service broadcasting as set out above, it is necessary to ensure that part of the Spanish population does not lose access to public service broadcasting until their receiving equipment has been adapted. This means that providers of public service television at State and Autonomous Community level must ensure the simultaneous and temporary broadcasting of their television channels in the 694-790 MHz frequency band.

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.

Within this regulatory framework, and with the aim of ensuring that part of the Spanish population does not lose access to public service broadcasting until their receiving equipment has been adapted, it was necessary to ensure the continued simultaneous and temporary broadcasting of public service television channels at State and Autonomous Community level in the aforementioned frequency band of the second digital dividend, without discrimination and ensuring a level playing field.

As a result, this simultaneous and temporary broadcasting was declared a service of general economic interest by means of Royal Decree 579/2019 of 11 October 2019, in accordance with Commission Decision 2012/21/EU of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union (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 (SGEI Decision). This Decision lays down the conditions under which the State aid in question can be considered compatible with the internal market and exempt from the notification requirements laid down in Article 108(3) TFEU.

One consequence of this simultaneous and temporary broadcasting of television channels by providers of public service television at State and Autonomous Community level is that the providers in question have to bear the costs incurred, which are in addition to their usual costs. As a result, the subsidies covered by Royal Decree 579/2019 of 11 October 2019 are justified on the grounds of their public and social interest.

The compensation is to be paid, on the one hand, to Corporación de Radio y Televisión Española, S.A, a State-owned commercial company, to which the direct management of the State-run public television service is entrusted by virtue of the Fifth Additional Provision of Law 7/2010 of 31 March 2010, and, on the other hand, to public bodies in the Autonomous Communities to which the management of the public television service in the respective Autonomous Community has been entrusted in implementation of the Law referred to above and its implementing rules.

Explanation of the forms of entrustment. If standardised templates for entrustments are used for a certain sector, please attach them.

The simultaneous and temporary broadcasting by providers of public service television at State and Autonomous Community level of the channels they broadcast in the frequencies affected by the process of releasing the 694-790 MHz frequency band (second digital dividend band) is declared a service of general economic interest in Article 1 of Royal Decree 579/2019 of 11 October 2019, in accordance with Commission Decision 2012/21/EU of 20 December 2011 on the application of Article 106(2) 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.

Thus, in Article 1(2), provision is made for the awarding of direct subsidies to providers of public service television at State and Autonomous Community level as compensation to cover part of the cost of simultaneously and temporarily broadcasting their television channels, as referred to above, in accordance with Article 22(c) and Article 28 of Law 38/2003 of 17 November 2003, the General Law on Subsidies.

As we have pointed out, the award is in the form of direct subsidies to providers of public service television at State and Autonomous Community level, the legal basis for which is Royal Decree 579/2019 of 11 October 2019, and specifically Article 2 thereof, which covers the direct award procedure.

Average duration of the entrustment (in years)

The aid covered by Royal Decree 579/2019 of 11 October 2019 is awarded once only, for simultaneous broadcasting over a period of three to six months.

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

Restrictions regarding the awarding of licences in the audiovisual sector stem from the very nature of the radio spectrum as a scarce resource that needs to be managed effectively. Its use is governed by Chapter 5, entitled 'Public Radio Spectrum', of General Law 9/2014 of 9 May 2014 on Telecommunications.

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

As stated above, the award is in the form of direct subsidies to providers of public service television at State and Autonomous Community level, and the legal basis is Royal Decree 579/2019 of 11 October 2019.

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

In the interest of efficiency, the maximum amount of subsidy has been calculated for each beneficiary in such a way as to ensure that it does not exceed what is necessary to cover the net cost of fulfilling the public service obligation i.e. the simultaneous and temporary broadcasting of their television channels.

Typical arrangements for avoiding and repaying any overcompensation.

Article 14 of Royal Decree 579/2019 of 11 October 2019 ensures that full supporting evidence is provided for the subsidies and that they are used in line with applicable law. It lays down that beneficiaries must provide proof of expenditure and payment to demonstrate that the subsidy has been used for the purpose set out in the award decision.

Invoices must give an appropriate and detailed breakdown of costs incurred by the simultaneous and temporary broadcasting in 2019 and 2020 that is covered by the subsidies. Invoices must be submitted within three months of the end date of the simultaneous and temporary broadcasting that is covered by the subsidies.

Lastly, Article 15 lays down provisions regarding the recovery of subsidies in the event that, as a result of checks on supporting documents and on the use of the subsidies, it is ascertained that the costs incurred were lower than the amount of subsidy received, or in the event of full or partial failure to comply with the conditions attached to the granting of the subsidy.

Total amount of aid granted (in millions EUR).

All the aid was granted in 2019, and entirely by the national central authorities. The total amount granted was **EUR 9 950 878.59**, which is slightly less than the figure of **EUR 10 000 000** set out in Royal Decree 579/2019 of 11 October 2019.

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

Please find below the list of providers that received aid and the respective amounts.

Entities broadcasting nationally:

- **Corporación Radio Televisión Española, S.A (State broadcaster): EUR 6 221 030.79**

Entities broadcasting in the Autonomous Communities:

- **Agencia Pública Empresarial de la Radio y Televisión de Andalucía (Andalusia): EUR 690 000.00**
- **Ente Público Radiotelevisión Canaria (Canaries): EUR 560 359.74**
- **Corporació Catalana de Mitjans Audiovisuals (Catalonia): EUR 581 113.80**
- **Ente Público Radiotelevisión de Castilla-La Mancha (Castile-La Mancha): EUR 181 598.06**
- **Corporación de Radio e Televisión de Galicia (Galicia): EUR 643 375.99**
- **Radio Televisión Madrid, S.A.U (Madrid): EUR 243 860.26**
- **Corporación Extremeña de Medios Audiovisuales (Extremadura): EUR 124 524.39**
- **Corporació Valenciana de Mitjans de Comunicació (Valencia): EUR 200 000.00**
- **Euskal Irrati Telebista (Basque Country): EUR 364 925.63**
- **Corporación Aragonesa de Radio y Televisión (Aragon): EUR 140 089.93**

3. Description of the application of the 2012 SGEI Framework

The simultaneous and temporary broadcasting by providers of public service television at State and Autonomous Community level of the channels they broadcast in the frequencies affected by the process of releasing the 694-790 MHz frequency band (second digital dividend band) is declared a service of general economic interest in Article 1(1)

of Royal Decree 579/2019 of 11 October 2019, in accordance with Commission Decision 2012/21/EU of 20 December 2011 on the application of Article 106(2) 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.

4. Complaints by third parties

At the time of writing, we are not aware of any complaints, challenges or litigation before the national courts with regard to the aid covered by Royal Decree 579/2019 of 11 October 2019.

5. Miscellaneous questions

At the time of writing, we are not aware of the national authorities having experienced any problems concerning the application of the SGEI Decision with regard to the aid covered by Royal Decree 579/2019 of 11 October 2019.

REGIONAL GOVERNMENT OF GALICIA

Regional Ministry of Finance

Directorate-General for Planning and Budget

Annex 12

ANNEX

1. EXPENDITURE OVERVIEW

Total SGEI government expenditure by legal basis (millions EUR)		
Total compensation for SGEI (1+2)	2018	2019
	13.63	15.64
1) Total SGEI Decision	13.63	15.64
2) Total SGEI Framework	0	0

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

Section 5: SGEI compensation not exceeding EUR 15 million

g) Other sectors. [Employment](#)

- Description Content of the services entrusted as SGEI:

There are two types of aid:

A. [Aid for work integration undertakings \(EILs\) and their partner entities.](#)

The aim is to promote the social and labour integration of people experiencing or at risk of social exclusion by establishing measures to support work integration undertakings with employment centres in the Autonomous Community of Galicia.

Article 5(4) of Law 5/2011 of 29 March 2011 on the Social Economy classifies work integration undertakings as entities that provide services of general economic interest.

The aid scheme to support wage costs of workers at risk of or experiencing social exclusion is within the scope of the Commission Decision of 20 December 2011 on the application of Article 106(2) 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 (SGEI) (OJ L 7, 11.1.2012).

B. [Aid for special employment centres \(CEEs\)](#)

The aim of the aid is to safeguard posts for disabled workers at centres in the Autonomous Community by partially financing the cost of their wages.

Article 5(4) of Law 5/2011 of 29 March 2011 on the Social Economy classifies CEEs as entities that provide services of general economic interest.

This aid, in the form of compensation for the provision of labour integration services for disabled persons at CEEs, is within the scope of the Commission Decision of 20 December 2011 on the application of Article 106(2) 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 (SGEI) (OJ L 7, 11.1.2012).

- Forms of entrustment: [Non-competitive award](#)
- Average duration of the entrustment: [Up to ten years](#)
- Exclusive or special rights:
- Aid instruments: [Direct subsidies](#)
- Compensation mechanism: [The criterion used to calculate the financial compensation is the statutory minimum wage in force.](#)
- Typical arrangements for avoiding and repaying any overcompensation: [Rules are laid down concerning cumulative aid and the monitoring thereof. Rules are also in place to adjust the amount of aid granted if supporting evidence is provided for a lower amount, or to withdraw aid and to require recovery in those cases set out in the call.](#)

[Monitoring, evaluation and auditing rules are in place.](#)

- Transparency requirements: [Publication in the BDNS.](#)
- Amount of aid: [EILs 2019, EUR 0.4 million](#)

[CEEs 2018, EUR 13.6 million](#)

[CEEs 2019, EUR 15.1 million](#)

- Additional quantitative information:

- * Number of beneficiaries per sector
- * Average aid amount
- * Size of the undertakings

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

4. COMPLAINTS BY THIRD PARTIES

5. MISCELLANEOUS QUESTIONS

Annex 13

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;*
- 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)		
	2018	2019
<i>Compensation for Services of General Economic Interest (1+2)</i>		
1) Compensation granted on the basis of the SGEI Decision		
2) Compensation granted on the basis of the SGEI Framework	1 016	1 431

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 below the limits set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic below the limit set in Art. 2(1)(e)
- 5) 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 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.
Explanation of the (typical) forms of entrustment . If standardised 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

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.

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
Share of expenditure per aid instrument (direct subsidy, guarantees, etc.) (if available)	
2016	2017

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.

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, e.g.:

- 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: [SA.42270 - Production of electricity and procedure for dispatch to the electricity systems of the non-peninsular territories, as a Service of General Economic Interest \(SGEI\)](#)
 - 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:

¹⁰ 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.

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.

Law No 24/2013 of 26 December 2013 on the Electricity Sector lays down that the supply of electricity in the non-peninsular territories is subject to special rules, allowing additional remuneration to be granted to cover the difference between the investment and operating costs of electricity-generation activities carried out in the electricity systems of the non-peninsular territories and the income from those activities.

These special rules establish an alternative set-up to the electricity market - the dispatch of generated electricity. All generating facilities, retailers and direct consumers must participate in the scheme if they are operating in those systems and if generating facilities are dispatched by the system operator, Red Eléctrica de España, prioritising variable costs.

Royal Decree 738/2015 of 31 July 2015 regulating the production of electricity and the procedure for dispatch to the electricity systems of the non-peninsular territories establishes an additional remuneration scheme for manageable generating facilities which is designed to cover the costs incurred by an undertaking to operate its electricity-generation activities in the non-peninsular territories where these costs cannot be covered by the sale of electricity in those territories.

Thus, the aim of remunerating the generation of electricity in the Canaries, Balearic Islands and Ceuta and Melilla (the non-peninsular territories) is to guarantee electricity supply and ensure that consumer prices are equivalent to those on the mainland electricity market.

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

To be eligible for this scheme, a favourable decision must first be issued by the Directorate-General for Energy Policy and Mines in accordance with Law 17/2013 of 29 October 2013 to guarantee supply and increase competition in the electricity systems of the Spanish islands and non-peninsular territories.

This decision is issued following a competitive procedure, which is public, and which constitutes the formal entrustment of the SGEI.

By way of exception to this general rule, in 2018, the Minister for the Green Transition was empowered to grant additional remuneration under the scheme to existing plants that needed to make additional investments to ensure compliance with EU or national law in order to continue operations and to guarantee security of supply. This award was enacted by means of Order TEC/1158/2018 of 29 October 2018 granting aid under the additional remuneration scheme to existing electricity-generation facilities in Menorca, Gran Canaria and Tenerife that need to make additional investments to ensure compliance with EU or national law in order to continue operations. (https://www.boe.es/diario_boe/txt.php?id=BOE-A-2018-15080).

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?

Remuneration under the scheme is granted for a ‘regulatory useful life’, which is 25 years for thermal plants and equipment for hydro-electric plants, and 65 years for civil engineering works at hydro-electric plants. Remuneration is granted for five years for existing generator sets where they are renewing their adherence to the scheme without making new investments. For new investments, the regulatory useful life will be set out in the decision granting the additional remuneration.

The reason behind this is that these generator sets and facilities require a high initial investment. Their long-term operational requirements are based on annual growth in demand and are justified in the compatibility decision issued before the aid is granted under the remuneration scheme.

Around 14% of the generator sets that are currently receiving aid under the remuneration scheme will end their useful life in over ten years’ time.

In addition, by means of Order TEC/1158/2018 of 29 October 2018, aid was awarded under the remuneration scheme for investment in three generator sets in Menorca, two in Gran Canaria, and two in Tenerife (https://www.boe.es/diario_boe/txt.php?id=BOE-A-2018-15080). The regulatory useful life was determined to be five years for the generator sets in Menorca, and ten years for those in the Canary Islands, the aim being to avoid short-term cost increases, while not extending the aid for this new investment over too long a period.

This timeframe, and the new scheme, will begin once an operating licence has been granted for the investment (this was not the case in 2018-2019).

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

The owners of the generator sets benefiting from the additional remuneration scheme do not have exclusive or special rights.
Which aid instruments have been used (direct subsidies, guarantees, etc.)?
<p>The additional remuneration scheme is a model designed to cover the generating costs for a standard plant that would be incurred by an efficient and well-managed undertaking when generating electricity.</p> <p>The generating costs are broken down into fixed and variable costs; the technical and financial parameters used to determine the remuneration for each standard plant are those set out in Royal Decree 738/2015 of 31 July 2015.</p> <p>As for variable costs, which cover operating costs, fuel prices and emission allowance costs are referenced to price indices on the international markets, and they are therefore reviewed on a twice-yearly or annual basis.</p> <p>Using this cost model, the final amount of compensation will be the difference between the approved generation costs and the revenue the generator sets have received as a result of the system operator <u>dispatching generated electricity</u>, in accordance with the procedure set out in Article 72 of Royal Decree 738/2015 of 31 July 2015.</p> <p>Since there is a time lag between when the approved generation costs are determined and when the generated electricity is dispatched and supplied, the National Markets and Competition Commission, the body responsible for payments in the electricity sector, makes a provisional payment of the compensation, ahead of the definitive yearly payment.</p>
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.
As indicated above, the compensation mechanism for the additional remuneration scheme is based on a calculation of appropriate costs for the generation of electricity in these specific territories, from which is deducted the revenue received by the producers from the dispatch of electricity.
Typical arrangements for avoiding and repaying any overcompensation.

As indicated above, the additional remuneration scheme is based on covering generation costs for a standard plant, encouraging technological efficiency and incentivising the ongoing improvement of facilities.

This model includes twice-yearly and annual reviews, and reviews after the six-year regulatory period, looking at the different variables that determine the costs of the generating sets. These reviews take account of various prices on the international markets, as well as technical and financial performance data for the sets, so as to ensure that the remuneration is commensurate with the activity being carried out.

In addition, various mechanisms are set out in Royal Decree 738/2015 of 31 July 2015 to prevent overcompensation.

Thus, remuneration for fixed costs is determined on the basis of plant availability, and provision is made for penalties to be applied vis-à-vis those fixed costs in the event of high levels of unavailability or for failure to execute orders to start up if requested to do so by the system operator.

With regard to variable costs relating to fuel consumption, a correction factor is applied that will recover part of the fuel payment if it is higher than fuel expenditure at the facilities, as evidenced by invoices.

Lastly, the definitive generation costs are calculated by the Directorate-General for Energy Policy and Mines, [using] the data calculated by the system operator and the National Markets and Competition Commission, following an audit of costs, and requires a favourable report from the central government administration. This procedure is considered a control mechanism to prevent 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).

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.

As stated above, the technical and financial parameters used to determine the remuneration for each standard plant are those set out in Royal Decree 738/2015 of 31 July 2015.

The reviews of these parameters, the decisions that determine prices based on international markets, and the definitive amount of compensation per undertaking are published in the Official State Gazette.

For example:

- Order TEC/1260/2019 of 26 December 2019 establishing the technical and financial parameters to be used to calculate remuneration for the generation of electricity in the non-peninsular territories under the additional remuneration scheme for the 2020-2025 regulatory period, and reviewing other technical matters (<https://www.boe.es/buscar/act.php?id=BOE-A-2019-18620>).
- Decision of 30 June 2017 of the Directorate-General for Energy Policy and Mines approving the definitive generation costs for payment and the additional cost of generation activities in the non-peninsular territories for the 2014 financial year for the generator sets owned by the Endesa Group (https://www.boe.es/diario_boe/txt.php?id=BOE-A-2017-8209).

Amount of aid granted (See additional information at the end of the section)

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)

2018	2019
1 016	1 431

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

2018	2019
1 016	1 431

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

2018	2019

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

2018	2019

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

2018	2019

Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁶	
2018	2019
<p>Over this period, 158 facilities received aid under the additional remuneration scheme in the non-peninsular territories. Almost all of them are owned by one undertaking, UNELCO and GESA, in the Canaries and the Balearics respectively, and ENDESA GENERACIÓN in Ceuta and Melilla, all of which are part of the ENDESA Group. The only exceptions are the plant owned by GORONA DEL VIENTO EL HIERRO, S.A, and one owned by COTESA (which initially belonged to COGENERACIÓN DE TENERIFE, S.A.U., taken over by CEPSA, GAS Y ELECTRICIDAD, S.A.U.), although the latter did not receive compensation in 2018 and 2019.</p> <p>As a result, the beneficiaries that have received aid under the additional remuneration scheme are UNELCO, GESA and ENDESA GENERACIÓN, which are owned by the ENDESA Group, and GORONA DEL VIENTO EL HIERRO, S.A.</p>	

¹² As stipulated in Article 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.

There have been no complaints from third parties with regard to this Service covered by the 2012 SGEI Framework.

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.

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.

In the period running from 2018 to 2019, seven plants received aid for new investments under the additional remuneration scheme in accordance with Order TEC/1158/2018 of 29 October 2018 (https://www.boe.es/diario_boe/txt.php?id=BOE-A-2018-15080). The additional remuneration scheme cannot come into effect with regard to the beneficiaries' fixed costs unless the competent authority has issued an operating licence for the investment; this was not the case in 2018-2019. As a result, the compensation received by

these beneficiaries in 2018-2019 was not affected by the previous award. There are no other relevant matters to report with regard to the previous points.

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. 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.

In accordance with the Fifteenth Additional Provision of Law 24/2013 of 26 December 2013, half of the compensation that the plants receive under the additional remuneration scheme is financed from the General State Budget, and half is financed as a cost to the electricity system.

Under Article 18 of the aforementioned Law, settlement of all the costs borne by the electricity system, which includes this compensation, takes place on a monthly basis, ahead of the definitive end-of-year payment, which will be made before 1 December of the year following the year in question. In other words, there is a time lag of 11 months between when the electricity is supplied and when the related generation costs borne by the electricity system are settled, and so provisional monthly payments are made.

The payment procedure in the non-peninsular territories is an ex-post procedure, where the generation costs depend on a number of variables that are only known once the supply has taken place. As a result, for both the part financed from the electricity system budget and the part financed under the General State Budget, there will be imbalances in the provisional payments made; these will be addressed in the definitive payment for each financial year, which is made at least two years after the supply took place. The special payment procedure for compensation for the generation of electricity in the non-peninsular territories charged to the electricity system budget is laid down in Article 72 of Royal Decree 738/2015 of 31 July 2015, whereas Royal Decree 680/2014 of 1 August 2014 lays down the budget, approval, payment and monitoring procedure for the compensation charged to the General State Budget.

In view of the above, the approved generation costs and the compensation for a given year for electricity-generation facilities located in the non-peninsular territories, financed in equal parts by the electricity system and the General State Budget, are calculated with a time lag of at least two years. And the final amount of the corresponding share to be financed by the electricity system is calculated with an 11-month time lag. As a result, in calendar year 'n', there will be provisional compensation from the General State Budget heading for the financial year in question, provisional compensation from the electricity system for year 'n' and for the previous year, 'n-1'. There could also be, from both sources of funding, adjustments for imbalances in year 'n-2' and preceding financial years.

As a result, in addition to the amounts given in the section 'Amount of aid granted', which shows the total amount of compensation from both sources in the 2018 and 2019 calendar years, we also wish to give the amounts of compensation calculated on the basis of the final settlement from the electricity system for 2018 and 2019 (corresponding to the 2017 and 2018 financial years), as an approximate indication of the final amount of compensation for the 2018 and 2019 financial years, which has not yet been determined.

Lastly, in 2018 and 2019, no final amounts of compensation for previous financial years were approved. As a result, the section entitled 'Amount of aid granted' does not include any additional amounts to be paid, if applicable, to correct imbalances in previous financial years.

	2018	2019
	Final amount 2017	Final amount 2018
Compensation for electricity generators Based on final settlement calculations (million euros)	938	1 100
