

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

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

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

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

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

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

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

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

Please structure your report as follows:

The Affordable Housing Guarantee Scheme

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions £) | | | |
|---|---|-------|--------|
| | | 2018 | 2019 |
| Compensation for Services of General Economic Interest (1+2) | | | |
| (1) | C | £7.4m | £23.1m |
| Compensation granted on the basis of the SGEI Decision | | | |
| (2) | C | | |
| Compensation granted on the basis of the SGEI Framework | | | |

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 emergency services (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
 - f) Other social services (if applicable)
- 3) Air or maritime links to islands with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount of EUR 15 million (Art. 2(1)(a))
- I. Postal services
 - II. Energy
 - III. Waste collection
 - IV. Water supply
 - V. Culture
 - VI. Financial services
 - VII. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organised in your Member State |
|--|
| Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible |
| The relevant service which is defined as an SGEI is the provision of social housing. (The 2012 Decision characterises social housing as housing ‘for disadvantaged citizens or socially less advantaged groups, who due to solvency constraints are unable to obtain housing at market conditions’; homes designated as affordable housing in the UK therefore also constitute social housing.) The Affordable Housing Guarantee Scheme (AHGS) provides government guarantees of debt finance to registered providers of affordable housing in the UK, with the purpose of increasing providers’ access to debt finance and thereby increasing the amount of affordable housing in the UK. |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |

Entrustments are made in the form of a suite of financing documents between borrower, scheme provider and guarantor. More specifically, two types of guarantee certificate are provided on the scheme; borrower (downstairs) guarantees and upstairs guarantees. Delivery partner loans (accompanied by the borrower guarantee) for affordable housing constitute a form of entrustment as does any complementary AHP grant funding provided against the same units – both elements are compensation/aid and are covered by the SGEI block exemption.

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

The Entrustment is made for 12 months in the first instance, within which construction must have begun. Thereafter, the build time for individual projects does vary – however these are defined in the bidding prospectus and are unlikely to exceed 36 months. All guarantees (and therefore all compensation under the scheme) are provided over a thirty year period, corresponding with the period over which debt is borrowed.

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

N/A

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

Debt guarantees.

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

Homes England and MHCLG have robust processes in place for all stages of guarantee provision (from approval to funding to repayment of the loan, including monitoring processes throughout the lifetime of the guarantee). Homes England carries out assurance checks on each individual guarantee application to ensure the eligibility criteria set out in the Scheme Rules are met prior to recommending approval. An approval mandate letter (Acceptance Letter) is provided by MHCLG in respect of each approved loan. This mandate letter sets out a number of obligations that must be met prior to funding and includes any specific conditions of approval for each individual loan.

A borrower guarantee certificate is provided by the Secretary of State to accompany each approved loan from the delivery partner to the borrower. Ahead of providing the borrower guarantee, the delivery partner provides documentation to Homes England and certification that the obligations and conditions set out in the approval mandate letter have been met. The guarantee certificate references the loan agreement between the delivery partner and the borrower throughout.

Following the approval of a capital raising, an approval mandate letter (Gateway Approval Letter) is provided by MHCLG to the delivery partner. This mandate letter sets out the obligations that must be met prior to funding. An upstairs guarantee certificate is provided by the Secretary of State for every capital raising with funds raised via bond issuance or EIB (European Investment Bank) loan. Ahead of providing the upstairs guarantee certificate, the delivery partner provides documentation to Homes England and certification that the obligations set out in the approval mandate letter have been met. MHCLG's Department for Legal Services provide a State Aid Letter to accompany each upstairs guarantee certificate. The State Aid Letter sets out confirmation that all guarantees provided under the AHGS are lawful aid. Analysis of the scheme via a net income foregone methodology has confirmed that the overall scheme compensates to a reasonable and not excessive level.

Typical arrangements for avoiding and repaying any overcompensation.

Both the borrower guarantee and loan agreement include arrangements for repayment of the loan. The loan agreement also includes a provision for the repayment of grant where the repayment is due to an error in the original payment of Housing Association Grant which gave the borrower more Housing Association Grant than it was entitled to. The Licence agreement between MHCLG and the delivery partner also includes a provision for the repayment of any over-paid grant. To date, 2 grant repayments have been made on the scheme, but none in the reporting years.

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

The AHGS operates under the Infrastructure (Financial Assistance) Act 2012. As such an annual summary of the scheme and key metrics is presented to Parliament, the latest such return can be found here –

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/819399/Infrastructure_Financial_Assistance_ACT_2012_Report_to_Parliament_2019_print.pdf

Further information on the delivery of affordable housing (including additional units) – which this scheme contributes to – is provided annually as part of the government's national statistics -

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply>

More specifically, the tables that include statistics relating to this scheme are –

Live Table 1000 [Table 1000: additional affordable homes provided by type of scheme, England](#)

Live Table 1011 [Table 1011: additional affordable housing supply, detailed breakdown by local authority](#)

General information on the AHGS can also be found here - <https://www.gov.uk/government/publications/affordable-homes-guarantees-programme-framework>

Amount of aid granted

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

| 2018 | 2019 |
|---|---------------|
| Total: £7.4m | Total: £23.1m |
| A: Total amount of aid granted (in millions £) paid by your national central authorities | |
| 2018 | 2019 |
| Total: £7.4m | Total: £23.1m |
| B: Total amount of aid granted (in millions £) paid by regional authorities | |
| 2018 | 2019 |
| Total: | Total: |

| C: Total amount of aid granted (in millions £) paid by local authorities | |
|---|--------------|
| 2018 | 2019 |
| Total: £.....m | Total £....m |
| 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 and undertakings) | |
| 2018 | 2019 |
| | |

Please also fill out the annexed summary excel file “SGEI Decision 2018 2019” with the total amounts per section for the whole Member State (not region or local authority)

3. COMPLAINTS BY THIRD PARTIES

Please provide an overview of any complaints by third parties regarding measures in scope of the 2012 SGEI Decision or Framework

N/A

4. MISCELLANEOUS QUESTIONS

We invite you to indicate whether you have experienced difficulties in applying the 2012 SGEI Decision

N/A

We invite you to indicate whether you have experienced difficulties in applying the 2012 SGEI Framework

N/A

| SGEI Decision in your Member State | | Total amount for whole Member | |
|------------------------------------|--|-------------------------------|--------|
| | | 2018 | 2019 |
| Article 2(1)(b) | Hospitals providing medical care, including, where applicable emergency services | | |
| Article 2(1)(c) | Health and long term care | | |
| | Childcare | | |
| | Access to and reintegration into the labour market | | |
| | Access to and reintegration into the labour market | | |
| | Social housing | £7.4m | £23.1m |
| | Care and social inclusion of vulnerable groups | | |
| | Other social services | | |
| Article 2(1)(d) | Air or maritime links | | |
| Article 2(1)(e) | Airports and ports | | |

AHGS 2013

| | | | |
|---|--------------------|--|--|
| Article 2(1)(a), less than EUR 15 million per year | Postal | | |
| | Energy | | |
| | Waste collection | | |
| | Water supply | | |
| | Culture | | |
| | Financial services | | |
| | Other | | |

| SGEI Framework in your Member State | Total amount for | |
|--|------------------|------|
| | 2018 | 2019 |
| Postal | | |
| Energy | | |
| Waste collection | | |
| Water supply | | |
| Air or maritime links | | |
| Airports and ports | | |
| Culture | | |
| Financial services | | |
| Other | | |

| SGEI Decision in your Member State | | Total amount for whole Member State | |
|------------------------------------|--|-------------------------------------|------|
| | | 2018 | 2019 |
| Article 2(1)(b) | Hospitals providing medical care, including, where applicable emergency services | | |
| Article 2(1)(c) | Health and long term care | | |
| | Childcare | | |
| | Access to and reintegration into the labour market | | |
| | Access to and reintegration into the labour market | | |
| | Social housing | | |
| | Care and social inclusion of vulnerable groups | | |
| | Other social services | | |
| Article 2(1)(d) | Air or maritime links | | |
| Article 2(1)(e) | Airports and ports | | |
| | Postal | | |

**Article 2(1)(a), less
then EUR 15 million
per year**

| | | |
|--------------------|--|--|
| Energy | | |
| Waste collection | | |
| Water supply | | |
| Culture | | |
| Financial services | | |
| Other | | |

| SGEI Framework in your Member State | Total amount for whole Member State | |
|-------------------------------------|-------------------------------------|----------|
| | 2018 | 2019 |
| Postal | € 206,00 | € 126,00 |
| Energy | | |
| Waste collection | | |
| Water supply | | |
| Air or maritime links | | |
| Airports and ports | | |
| Culture | | |
| Financial services | | |
| Other | | |

| | <u>Subsidy</u> | <u>Investment Spend</u> | |
|-------------------|----------------|-------------------------|---|
| Jan - Mar 18 | 17,5 | 17,5 | £70m for both subsidy and investment spend in 17/18 |
| Apr - Dec 18 | 45 | 126 | £60m subsidy and £168m investment spend in 18/19 |
| | 62,5 | 143,5 | This is pro-rated for 2018. |
| 2018 Total | 206 | | |
| | | | |
| Jan - Mar 19 | 15 | 42 | £60m subsidy and £168m investment spend in 18/19 |
| Apr - Dec 19 | 37,5 | 31,5 | £50m subsidy and £42m investment spend in 19/20 |
| | 52,5 | 73,5 | This is pro-rated for 2019 |
| 2019 Total | 126 | | |

EUROPEAN COMMISSION Competition DG

The Director General

Brussels, 29.01.2020 DG COMP/F3/BB/ER/tt*D- 2020/006890

Subject: Services of General Economic Interest: report to be submitted following the 2012 SGEI Decision and the 2012 SGEI Framework

Your Excellency,

I would like to draw your attention to the reporting obligations as set out in Article 9 of the 2012 SGEI Decision¹ and paragraph 62 of the 2012 SGEI Framework². The next report by Member States is due by 30 June 2020.

In order to assist you with the preparation of the reporting, we have prepared guidance for the format of your reports, which is attached as annex to this letter. I would very much appreciate if you could follow this guidance as this will ensure the comparability of the reports and greatly facilitate the Commission's analysis and evaluation tasks. Please do not hesitate to provide any additional information, if you wish to do so.

I would also like to draw your attention to the SGEI Communication³, which provides further clarification, inter alia on the concept of a SGEI and of manifest error. This guidance can help you to ensure that the services you report can qualify as genuine SGEI. In addition, you can consult the replies to the frequently asked questions on the application of State aid rules to SGEIs that are available on the Commission's website.⁴

If your authorities have experienced any difficulties in applying the 2012 SGEI Decision or the 2012 SGEI Framework I would greatly appreciate your feedback on this (see in particular section 5 of the annex to this letter). Furthermore, I draw your attention to the fact that even if your Member State has not granted State aid on the basis of the 2012 SGEI Decision or 2012 SGEI Framework it would be very useful if you could indicate which other instruments your authorities use to ensure the provision of SGEI (see also section 1 of the annex).

Finally, please note that in line with our previous practice, the report submitted by your authorities will be published in its entirety on DG Competition's website. If your authorities consider that the report contains confidential information, please clearly indicate this, and submit a non-confidential version which can be published.

If your authorities have any questions, they can of course contact my services. The officials in charge are Mr. Bob Bulthuis (Bob.BULTHUIS@ec.europa.eu – Tel. +32 2 29 96301) and Mr. Tsanko Tsankov (Tsanko.TSANKOV@ec.europa.eu – Tel. +32 2 29 52190).

Yours faithfully,

E-SIGNED Johannes LAITENBERGER

Annex: Guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI Framework

¹ 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.

² Communication from the Commission – European Union framework for State aid in the form of public service compensation (2011), OJ C 8, 11.1.2012, p. 15.

³ Communication from the Commission on the application of the European Union State aid rules to compensation granted for the provision of services of general economic interest, OJ C 8, 11.1.2012, p. 4.

⁴ See the Commission staff working document 'Guide on the application of the EU rules on state aid, public procurement and the internal market to services of general economic interest, and in particular to social services of general interest' (see: http://ec.europa.eu/competition/state_aid/overview/public_services_en.html#package).

HE Tim Barrow

Ambassador Extraordinary and Plenipotentiary

Permanent Representation of the United Kingdom

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ANNEX

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

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

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

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

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

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

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

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

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

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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

- 1) Hospitals (Art. 2(1)(b))
- 2) Social services (Art. 2(1)(c))
 - a) Health and long term care
 - b) Childcare
 - c) Access to and reintegration into the labour market
 - d) Social housing
 - e) Care and social inclusion of vulnerable groups
- 3) Air or maritime links to islands with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| |
|--|
| Clear and comprehensive description of how the respective services are organized in your Member State⁵ |
| Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible. |
| Support for Credit Unions in Glasgow |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| Through a bidding process under the Council's Social Enterprise Fund (SEF) or Integrated Grants Fund (IGF) |
| 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? |
| Typically on an annual basis – none longer than 10 years |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| Non Exclusive |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| Direct Grant (including waiver of non domestic rates |
| 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 set out in the conditions of grant |
| Typical arrangements for avoiding and repaying any overcompensation . |
| Through SEF/IGF Monitoring Systems |

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 authorities⁷

| 2018 | 2018 |
|------|------|
| | |

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

| 2018 | 2019 |
|------|------|
| | |

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

| 2018 | 2019 |
|--------------------|--------------------|
| 2018/19 - £297,872 | 2019/20 - £280,508 |

| Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available) | |
|--|----------------------------|
| 2018 | 2019 |
| 100% Direct subsidy | 100% Direct Subsidy |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰ | |
| 2018 | 2019 |
| 26 Credit Unions supported | 26 Credit Unions supported |

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

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

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

⁸ See footnote 7.

⁹ See footnote 7.

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

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

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

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

i. Postal services

ii. Energy

iii. Waste collection

iv. Water supply

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

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

vii. Culture

viii. Financial services

ix. Other sectors (please specify)

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

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

| | |
|---|-------------|
| Typical arrangements for avoiding and repaying any overcompensation. | |
| | |
| A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). | |
| | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)¹². This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2018 | 2019 |
| | |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³ | |
| 2018 | 2019 |
| | |
| 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 |
| | |

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

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

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

¹⁴ See footnote 13.

¹⁵ See footnote 13.

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

4. COMPLAINTS BY THIRD PARTIES

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

5. MISCELLANEOUS QUESTIONS

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

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

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

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

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

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

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

| SGEI Decision in your Member State | | Total amount for whole Member State | |
|--|--|-------------------------------------|----------|
| | | 2018 | 2019 |
| Article 2(1)(b) | Hospitals providing medical care, including, where applicable emergency services | | |
| Article 2(1)(c) | Health and long term care | | |
| | Childcare | | |
| | Access to and reintegration into the labour market | | |
| | Access to and reintegration into the labour market | | |
| | Social housing | | |
| | Care and social inclusion of vulnerable groups | | |
| | Other social services | | |
| Article 2(1)(d) | Air or maritime links | | |
| Article 2(1)(e) | Airports and ports | | |
| Article 2(1)(a), less then EUR 15 million per year | Postal | | |
| | Energy | | |
| | Waste collection | | |
| | Water supply | | |
| | Culture | | |
| | Financial services | | |
| | Other | | |
| | | £297.872 | £280.508 |

| SGEI Framework in your Member State | Total amount for whole Member State | |
|-------------------------------------|-------------------------------------|------|
| | 2018 | 2019 |
| Postal | | |
| Energy | | |
| Waste collection | | |
| Water supply | | |
| Air or maritime links | | |
| Airports and ports | | |
| Culture | | |
| Financial services | | |
| Other | | |



EUROPEAN COMMISSION
Competition DG

The Director General

Brussels, 29.01.2020
DG COMP/F3/BB/ER/tt*D- 2020/006890

Subject: Services of General Economic Interest: report to be submitted following the 2012 SGEI Decision and the 2012 SGEI Framework

Your Excellency,

I would like to draw your attention to the reporting obligations as set out in Article 9 of the 2012 SGEI Decision¹ and paragraph 62 of the 2012 SGEI Framework². The next report by Member States is due by 30 June 2020.

In order to assist you with the preparation of the reporting, we have prepared guidance for the format of your reports, which is attached as annex to this letter. I would very much appreciate if you could follow this guidance as this will ensure the comparability of the reports and greatly facilitate the Commission's analysis and evaluation tasks. Please do not hesitate to provide any additional information, if you wish to do so.

I would also like to draw your attention to the SGEI Communication³, which provides further clarification, inter alia on the concept of a SGEI and of manifest error. This guidance can help you to ensure that the services you report can qualify as genuine SGEI. In addition, you can

¹ 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.

² Communication from the Commission – European Union framework for State aid in the form of public service compensation (2011), OJ C 8, 11.1.2012, p. 15.

³ Communication from the Commission on the application of the European Union State aid rules to compensation granted for the provision of services of general economic interest, OJ C 8, 11.1.2012, p. 4.

HE Tim Barrow
Ambassador Extraordinary and Plenipotentiary
Permanent Representation of the United Kingdom
Avenue d'Auderghem 10/Oudergemslaan 10
1040 Bruxelles/Brussel

consult the replies to the frequently asked questions on the application of State aid rules to SGEIs that are available on the Commission's website.⁴

If your authorities have experienced any difficulties in applying the 2012 SGEI Decision or the 2012 SGEI Framework I would greatly appreciate your feedback on this (see in particular section 5 of the annex to this letter).

Finally, please note that in line with our previous practice, the report submitted by your authorities will be published in its entirety on DG Competition's website. If your authorities consider that the report contains confidential information, please clearly indicate this, and submit a non-confidential version which can be published.

If your authorities have any questions, they can of course contact my services. The officials in charge are Mr. Bob Bulthuis (Bob.BULTHUIS@ec.europa.eu – Tel. +32 2 29 96301), Mr. Tsanko Tsankov (Tsanko.TSANKOV@ec.europa.eu – Tel. +32 2 29 52190) and Ms. Evelyne Rikkers (Evelyne.RIKKERS@ec.europa.eu – Tel. +32 229 84134).

Yours faithfully,

E-SIGNED
Olivier Guersent

Annex: Guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI Framework

⁴ See the Commission staff working document 'Guide on the application of the EU rules on state aid, public procurement and the internal market to services of general economic interest, and in particular to social services of general interest' (see: http://ec.europa.eu/competition/state_aid/overview/public_services_en.html#package).

ANNEX

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

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

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

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

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

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

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

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

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|--|------------------|------------------|
| | 2018 | 2019 |
| <i>Total compensation for Services of General Economic Interest (1+2)</i> | | |
| (1) Total compensation granted on the basis of the SGEI Decision | £538.537 million | £654.578 million |
| (2) Total compensation granted on the basis of the SGEI Framework | | |

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))

- 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
 - f) Other social services (if applicable)
- 3) Air or maritime links to islands with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - a) Postal services
 - b) Energy
 - c) Waste collection
 - d) Water supply
 - e) Culture
 - f) Financial services
 - g) Other sectors (please specify)

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

| Section (for example 1, hospitals or 2b, childcare) |
|--|
| 2d, Social housing |
| Clear and comprehensive description of how the respective services are organized in your Member State⁵ |
| Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as |

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

| | |
|--|-------------|
| clearly as possible. | |
| Grant provision to Councils and Registered Social Landlords for the delivery of affordable housing. | |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. | |
| Grant agreement. Standard template of offer of grant attached under separate cover. | |
| 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 grant enables the Grantee to carry out a specific project, so time is limited to the completion of the project. | |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. | |
| | |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? | |
| Grant subsidies. | |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. | |
| | |
| Typical arrangements for avoiding and repaying any overcompensation . | |
| Grant payments are not paid in advance of need. | |
| 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 |

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

| | |
|---|---|
| | |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities⁷ | |
| 2018 | 2019 |
| £538.537million (pounds sterling) | £654.578 million (pounds sterling) |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities⁸ | |
| 2018 | 2019 |
| | |
| 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 |
| | |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)¹⁰ | |
| 2018 | 2019 |
| 169 beneficiaries - average aid £3.187m (Pounds sterling) | 169 beneficiaries - average aid £3.873m (Pounds sterling) |

Please also fill out the annexed summary excel file “SGEI Decision 2018 2019” with the total amounts per section for the whole Member State (not per region, local authority or municipality).

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

SGEI compensation exceeding EUR 15 million, falling outside the SGEI Decision (please specify the Commission decision approving each measure if applicable):

- i. Postal services

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

⁸ See footnote 7.

⁹ See footnote 7.

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

- 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:

| |
|---|
| Section (for example iii. Waste collection or viii. Financial services) |
| |
| Clear and comprehensive description of how the respective services are organized in your Member State¹¹ |
| Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible. |
| |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| |

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.

| | |
|--|-------------|
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? | |
| | |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. | |
| | |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? | |
| | |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. | |
| | |
| Typical arrangements for avoiding and repaying any overcompensation . | |
| | |
| A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). | |
| | |
| Amount of aid granted | |
| Total amount of aid granted (in millions EUR)¹². This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2018 | 2019 |
| | |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³ | |
| 2018 | 2019 |
| | |

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

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

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

Please also fill out the annexed summary excel file “SGEI Framework 2018 2019” with the total amounts per section for the whole Member State (not per region, local authority or municipality).

4. COMPLAINTS BY THIRD PARTIES

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

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

5. MISCELLANEOUS QUESTIONS

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.

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

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

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

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

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

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

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

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

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

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

T: *[To be inserted]*
E: *[To be inserted]*@gov.scot

[Contact and address details to be inserted]

Your ref: *[To be inserted]*
Our ref: *[To be inserted]*

[Insert date]

Dear *[To be inserted]*

OFFER OF GRANT FOR *[To be inserted]*

HARP REFERENCE NUMBER: *[To be inserted]*

The Scottish Ministers, in exercise of their powers under sections 1 and 2 of the Housing (Scotland) Act 1988, hereby offer to give to *[insert name of grant recipient]* (“the Grantee”) a grant of up to *[insert amount]* STERLING, payable over the Financial Year/s *20xx to 20xx*, in connection with *[insert a brief description of the project]*, which is more particularly described in Part 1 of **SCHEDULE 1** (“the Project”) and is subject to the following terms and conditions:

1. Definitions and Interpretation

- 1.1. In these Conditions, the words and expressions set out in **SCHEDULE 3** shall have the meanings ascribed to them in that Schedule.
- 1.2. In these Conditions, unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders.
- 1.3. The headings in these Conditions are for convenience only and shall not be read as forming part of the Conditions or be taken into account in their interpretation.
- 1.4. Except as otherwise provided in these Conditions, any reference to a clause, paragraph, sub-paragraph or schedule shall be a reference to a clause, paragraph, sub-paragraph or schedule of these Conditions. The schedules are intended to be contractual in nature. They form part of the Agreement and should be construed accordingly.

[Insert correct office address]
www.gov.scot



- 1.5. This Agreement shall not be varied except by an instrument in writing signed by both parties.

2. Purposes of the Grant

- 2.1. The Grant is made to enable the Grantee to carry out the Project.
- 2.2. The Grant shall only be used for the purposes of the Project and for no other purpose whatsoever.
- 2.3. In delivering the Project, the Grantee shall follow published Scottish Government guidance on the operation of the Affordable Housing Supply Programme, which may be updated from time to time.
- 2.4. No part of the Grant shall be used to fund any activity or material which is party political in intention, use, or presentation or appears to be designed to affect support for a political party.
- 2.5. The main objectives/ expected outcomes of the Grant are:

[For social rented units, insert the following]

- The social rented Units specified in Part 1 of **SCHEDULE 1** will be let or available for letting under a Scottish Secure Tenancy or Short Scottish Secure Tenancy.

[For mid-market rented units, insert the appropriate condition below (depending on whether the grantee is an RSL or an RSL subsidiary)]

- The mid-market rented Units specified in Part 1 of **SCHEDULE 1** will be leased to *[insert name of RSL subsidiary]* and will be let or available for letting at an Intermediate Rent under a Private Residential Tenancy.

Or

- The mid-market rented Units specified in Part 1 of **SCHEDULE 1** will be let or available for letting at an Intermediate Rent under a Private Residential Tenancy.

[For shared equity units, insert the following]

- The shared equity Units specified in Part 1 of **SCHEDULE 1** will be marketed and administered in accordance with relevant current guidance.
- Without the prior written consent of the Scottish Ministers, the Grantee will not sell or otherwise dispose of the shared equity Units referred to in Part 1 of **SCHEDULE 1**, or any part thereof, otherwise than as part of a shared equity scheme.

[Insert correct office address]

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2.6. The targets/ milestones against which progress in achieving the objectives/ expected outcomes shall be monitored are:

- When accepting this offer, the Grantee shall confirm to the Scottish Ministers in writing (a) the date upon which the Project is expected to start on site and (b) the Project's estimated date of completion.
- The Grantee will also notify the Scottish Ministers in writing of the actual date of works commencement on site within seven days of this taking place.

2.7. The eligible costs for which the Grant can be claimed are acquisition, works costs, professional fees, development costs, and Value Added Tax (subject to clause 2.8 below).

2.8. The eligible costs exclude any Value Added Tax (VAT) reclaimable by the Grantee.

2.9. In delivering the above Units, the Grantee should consider steps that might promote fair working practices, including payment of the living wage as this relates to the Grantee's areas of responsibility. In addition, the Grantee must make people who are working on the Project aware of the United Nations Convention on the Rights of the Child and children's rights.

3. Payment of Grant

3.1. The Grant shall be paid by the Scottish Ministers to the Grantee in accordance with the terms of **SCHEDULE 1** attached.

3.2. The Grantee shall within three months following the end of each Financial Year in respect of which the Grant has been paid submit to the Scottish Ministers a statement of compliance with the Conditions of the Grant using the form of words provided in **SCHEDULE 2**. The statement shall be signed by the Grantee's Director of Finance, Head of Internal Audit, or appropriate Chief Officer.

[The text in square brackets at the end of clause 3.3 should be removed if the grant is being awarded to a local authority to deliver council housing.]

3.3. In the event that the amount of the Grant paid by the Scottish Ministers to the Grantee at any point in time is found to exceed the amount of the expenses reasonably and properly incurred by the Grantee in connection with the Project, the Grantee shall repay to the Scottish Ministers the amount of such excess within 14 days of receiving a written demand for it from or on behalf of the Scottish Ministers. [In the event that the Grantee fails to pay such amount within the 14 day period, the Scottish Ministers shall be entitled to interest on the sum at the rate of two per cent per annum above the Bank of England base lending rate prevailing at the time of the written demand from the date of the written demand until payment in full of both the sum and the interest.]

3.4. The Scottish Ministers shall not be bound to pay to the Grantee, and the Grantee shall have no claim against the Scottish Ministers in respect of, any instalment of the Grant which has not been claimed by the Grantee by 31 March of the applicable Financial Year as set out in **SCHEDULE 1**, unless otherwise agreed in writing by the Scottish Ministers.

[Insert correct office address]

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4. Inspection and Information

- 4.1. The Grantee shall provide a monthly profile of Project expenditure for the duration of the Project. Any change to the profile or to the overall costs of the Project, together with reasons for any such changes, should be immediately notified to the Scottish Ministers.
- 4.2. Revisions to targets/ milestones against which progress in achieving objectives/ outcomes are monitored shall be subject to the written agreement of the Scottish Ministers.
- 4.3. As soon as all of the homes in the Project have been certified as complete by the Project architect/ supervising officer and have been approved by the Local Authority for occupation, the Grantee shall (a) notify the Scottish Ministers and (b) forward a copy of the completion certificate to the Scottish Ministers.
- 4.4. The Grantee shall also provide any other information that the Scottish Ministers may reasonably require to satisfy themselves that the Project is consistent with the Agreement. The Grantee shall provide the Scottish Ministers with prompt access to any information they reasonably require to ensure compliance with these Conditions.
- 4.5. The Grantee shall keep and maintain, for a period of six years after the expenditure occurs, adequate and proper records and books of account recording all receipts and expenditure of monies paid to it by the Scottish Ministers by way of the Grant. The Grantee shall afford the Scottish Ministers, their representatives, the Auditor General for Scotland, his/ her representatives and such other persons as the Scottish Ministers may reasonably specify from time to time, such access to those records and books of account as may be required by them at any reasonable time in response to a written request for such access from the person seeking it. The Grantee shall provide such reasonable assistance and explanation as the person carrying out the inspection may from time to time require.
- 4.6. The Grantee must have robust safeguarding policies in place to protect vulnerable groups. The Grantee must also have in place clear processes which must be followed if it becomes aware of specific incidents, including referral to the relevant authorities where necessary. The Grantee must report all and any cases of suspected abuse or malpractice relating to anyone involved in delivery of the Project to the Scottish Ministers and the relevant authorities immediately. The Grantee must, upon request from the Scottish Ministers, provide copies of the safeguarding policies and procedures referred to in this clause.
- 4.7. In the event of the Grantee becoming aware of or suspecting:
 - any irregular or fraudulent activity in relation to the Grant or Project, or any part of either of them; and/ or
 - any safeguarding incident by or in respect of any person involved in the Project,

the Grantee shall immediately notify the Scottish Ministers of such activity or incident and provide such other information as the Scottish Ministers may reasonably require in relation to the impact on the Project and the use of the Grant. In so notifying the Scottish Ministers, the Grantee must also confirm that such irregular or fraudulent activity or safeguarding incident has been referred to the relevant regulatory or other authorities as appropriate, in line with any statutory duty. For the avoidance of doubt, in this Agreement,

a "safeguarding incident" includes any incident of abuse or mistreatment of any vulnerable person.

- 4.8. The Grantee shall immediately inform the Scottish Ministers of any change in its constitution, for example, but not limited to, a change in status from one type of body corporate to another.

5. Acquisition Grant

- 5.1 Where part of the Grant is to be applied towards the purchase of the Subjects the Grantee will obtain vacant possession to the Subjects (unless otherwise agreed by the Scottish Ministers) and obtain delivery of a valid and marketable title to the Subjects and all necessary access thereto with clear searches in the property and personal registers for the prescriptive periods and in the Charges Register and Company File where necessary. The Grantee will confirm this to the Scottish Ministers through HARP within 14 days after payment of the Grant by the Scottish Ministers. If for any reason settlement of the purchase transaction is delayed after receipt of the Grant, the Grantee's solicitors shall place the purchase price in an interest bearing account. The Grant and any interest earned thereon will be immediately repaid to the Scottish Ministers if settlement does not take place within 14 days after payment of the Grant by the Scottish Ministers.
- 5.2 It is an essential Condition of this offer that there are no burdens, conditions, restrictions or servitudes affecting the Subjects which would adversely affect their development for the purpose proposed.

6. Confidentiality and Data Protection

- 6.1 The Grantee will respect the confidentiality of any commercially sensitive information that they have access to as a result of the Project.
- 6.2 Notwithstanding the above, the Grantee may disclose any information as required by law or judicial order. All information submitted to the Scottish Ministers may need to be disclosed and/ or published by the Scottish Ministers. Without prejudice to the foregoing generality, the Scottish Ministers may disclose information in compliance with the Freedom of Information (Scotland) Act 2002, any other law, or, as a consequence of judicial order, or order by any court or tribunal with the authority to order disclosure. Further, the Scottish Ministers may also disclose all information submitted to them to the Scottish or United Kingdom Parliament or any other department, office or agency of Her Majesty's Government in Scotland, in right of the Scottish Administration or the United Kingdom, and their servants or agents. When disclosing such information to either the Scottish Parliament or the United Kingdom Parliament it is recognised and agreed by both parties that the Scottish Ministers shall if they see fit disclose such information but are unable to impose any restriction upon the information that it provides to Members of the Scottish Parliament, or Members of the United Kingdom Parliament; such disclosure shall not be treated as a breach of this Agreement.
- 6.3 The Grantee shall ensure that all requirements of the Data Protection Laws are fulfilled in relation to the Project.
- 6.4 To comply with section 31(3) of the Public Services Reform (Scotland) Act 2010, the Scottish Ministers publish an annual statement of all payments over £25,000. In addition, in line with openness and transparency, the Scottish Government publishes a

[Insert correct office address]

www.gov.scot



monthly report of all payments over £25,000. The Grantee should note that where a payment is made in excess of £25,000 there will be disclosure (in the form of the name of the payee, the date of the payment, the subject matter and the amount of grant) in both the monthly report and the annual Public Services Reform (Scotland) Act 2010 statement.

[Clause 7 below should be deleted if grant is being awarded to deliver shared equity housing. Where this is the case, the clauses that follow should be renumbered.]

(Pre: 2018-19 used to say - Not Applicable to Shared Equity Units)

7. Disposal of Assets

7.1 The Grantee shall not, without prior written consent of the Scottish Ministers, which consent will not be unreasonably withheld, dispose of any asset funded, in part or in whole, with Grant funds. The Scottish Ministers shall be entitled to the proceeds of any disposal up to the value of the Grant. The Scottish Ministers shall also be entitled to the relevant proportion of any proceeds resulting from any provision included as a condition of sale. Recovery by the Scottish Ministers shall not be required where the value of the asset is less than £1,000.

7.2 Condition 7.1 does not apply to a disposal by way of security for a loan.

8. Publicity

8.1 The Grantee shall where reasonably practicable acknowledge in all publicity material relating to the Project the contribution of the Scottish Ministers to its costs. The Scottish Ministers may require to approve the form of such acknowledgement prior to its first publication.

8.2 The Scottish Ministers reserve the right to issue any press release or other public information about the Grant and/ or the Project.

8.3 The Grantee will ensure that a site sign board supplied by the Scottish Ministers will be displayed on the site of the Project from delivery to completion of the Project.

9. Intellectual Property Rights

The Grantee shall ensure that nothing contained in any materials produced or submitted to the Scottish Ministers by the Grantee or anyone acting on its behalf nor the reproduction of such materials shall constitute an infringement of any third party copyright or Intellectual Property Right and shall indemnify the Scottish Ministers against all actions, proceedings, claims and demands made by reason of any such infringement.

10. Default and Recovery etc. of Grant

10.1 The Scottish Ministers may re-assess, vary, make a deduction from, withhold, or require immediate repayment of the Grant or any part of it in the event that:

10.1.1 The Grantee commits a Default;

[Insert correct office address]

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- 10.1.2 The Scottish Ministers consider that any change or departure from the purposes for which the Grant was awarded warrants an alteration in the amount of the Grant;
- 10.1.3 The Grantee fails to carry out the Project;
- 10.1.4 In the Scottish Ministers' opinion, progress on the Project is not satisfactory; or
- 10.1.5 In the Scottish Ministers' opinion, the future of the Project is in jeopardy.
- 10.2 Unless otherwise formally determined by the Commission of the European Union, a Scottish Court or the European Court of Justice, this Grant is being offered to the Grantee on the basis that the Project constitutes a Service of General Economic Interest, in accordance with the EU state aid rules relevant in this regard. However, if the Grant or any part of it is determined to be illegal and incompatible state aid by the Commission of the European Union, a Scottish Court or the European Court of Justice, the Scottish Ministers shall (a) require immediate repayment of the Grant or any part of it, if directed to do so, together with interest at such rate and on such basis as may be determined from time to time by the Commission of the European Union and (b) suspend any other grant payments to the Grantee until (a) is fulfilled. In the event that this Condition 10.2 applies to the extent that the Grant is to be repaid by the Grantee in full, this Agreement will terminate upon the Scottish Ministers confirming receipt of full repayment. Where a part of the Grant is required to be repaid under Condition 10.2, then the Scottish Ministers and the Grantee will agree, acting reasonably, which aspects of the Agreement will continue to apply having regard to the amount of Grant recovered, and the obligations directly relating to that part of the Grant.

[Clause 10.3 should be removed if grant is being awarded to a local authority to deliver council housing – subsequent clauses should then be renumbered.]

10.3 The Scottish Ministers may withhold the payment of the Grant if at any time within the duration of the Agreement:

- 10.3.1 The Grantee passes a resolution that it be wound up, or a court makes an order that the Grantee be wound up, in either case otherwise than for the purposes of reconstruction or amalgamation, or circumstances arise which would enable a court to make such an order or the Grantee is unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986;
- 10.3.2 Where the Grantee is an individual, if a petition is presented for the Grantee's bankruptcy or the sequestration of his estate or a criminal bankruptcy order is made against the Grantee; or the Grantee makes any composition or arrangement with or for the benefit of creditors, or makes any conveyance or assignation for the benefit of creditors, or if an administrator or trustee is appointed to manage his affairs; or

- 10.3.3 A receiver, manager, administrator or administrative receiver is appointed to the Grantee, or over all or any part of the Grantee's property, or circumstances arise which would entitle a court or a creditor to appoint such a receiver, manager, administrator or administrative receiver.

[The text in square brackets at the end of clause 10.4 should be removed if grant is being awarded to a local authority to deliver council housing.]

- 10.4 In the event that the Grantee becomes bound to pay any sum to the Scottish Ministers in terms of clause 10.1, the Grantee shall pay the Scottish Ministers the appropriate sum within 14 days of a written demand for it being given by or on behalf of the Scottish Ministers to the Grantee. [In the event that the Grantee fails to pay the sum within the 14 day period, the Scottish Ministers shall be entitled to interest on the sum at the rate of two per cent per annum above the Bank of England base lending rate prevailing at the time of the written demand, from the date of the written demand until payment in full of both the sum and interest.]

- 10.5 Notwithstanding the provisions of this clause 10, in the event that the Grantee is in breach of any of the Conditions, the Scottish Ministers may, provided that the breach is capable of a remedy, postpone the exercise of their rights to recover any sum from the Grantee in terms of clause 10 for such period as they see fit, and may give written notice to the Grantee requiring it to remedy the breach within such period as may be specified in the notice. In the event of the Grantee failing to remedy the breach within the period specified, the Grantee shall be bound to pay the sum to the Scottish Ministers in accordance with the foregoing provisions.

[The following clause should refer to "clauses 10.1 to 10.2" if grant is being awarded to a local authority to deliver council housing.]

- 10.6 Any failure, omission or delay by the Scottish Ministers in exercising any right or remedy to which they are entitled by virtue of clauses 10.1 to 10.3 shall not be construed as a waiver of such right or remedy.

11. Assignment

The Grantee shall not be entitled to assign, sub-contract (other than for the delivery of the Project works) or otherwise transfer its rights or obligations under the Agreement without the prior written consent of the Scottish Ministers.

12. Corrupt Gifts and Payments of Commission

The Grantee shall ensure that its employees shall not breach the terms of the Bribery Act 2010 in relation to this or any other grant. The Grantee shall ensure that adequate controls are in place to prevent bribery.

13. Continuation of Conditions

With the exception of Condition 7, these Conditions shall continue to apply for a period of five years after the end of the Financial Year in which the final instalment of the Grant was paid.

14. Compliance with the Law

The Grantee shall ensure that, in relation to the Project, they and anyone acting on their behalf shall comply with the relevant law for the time being in force in Scotland.

[Insert correct office address]

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15. Governing Law

This contract is governed by the Law of Scotland and the parties hereby prorogate to the exclusive jurisdiction of the Scottish Courts.

If you wish to accept the offer of this Grant on the whole terms and conditions as set out in the letter and annexed Schedules, you should sign and date both copies of the Grant Acceptance below and return one copy of the offer of Grant and Schedules to me at *[enter official address]*. You should retain the second copy of the offer of Grant and Schedules for your own records.

Yours faithfully

[Name and job title]

[Date]

[Insert correct office address]

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GRANT ACCEPTANCE

On behalf of *[insert the name of the grant recipient]* I accept the foregoing offer of Grant by the Scottish Ministers dated *[to be inserted]* on the whole terms and conditions as set out in the letter and annexed Schedules. I confirm that *[insert the name of the grant recipient]* is solvent. I confirm that I hold the relevant signing authority.

Signed:

[Director/ Company Secretary/ Authorised Signatory]

Print Name:

Position in Organisation of Person Signing:

Date:

Place of Signing:

Signed:

[Witness]

Witness Name:

Address:

Date:

Place of Signing:

[Insert correct office address]

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This is the schedule referred to in the foregoing Offer of Grant dated *[insert date]*.

SCHEDULE 1

PART 1: THE PROJECT

1. The Project will deliver the following affordable housing Units at *[insert project location/ address]*:

- *x number, x person, x apartment Units for [social rent, mid-market rent, shared equity]*
- *x number, x person, x apartment Units for [social rent, mid-market rent, shared equity]*
- *x number, x person, x apartment Units for [social rent, mid-market rent, shared equity]*
- *etc.*

2. *x number* of the above Units will meet Section 7, Silver Level, of the 2011 Building Regulations in respect of Energy for Space Heating.

PART 2: PAYMENT OF GRANT

1. The total Grant of up to *[insert amount]* STERLING shall be payable by the Scottish Ministers to the Grantee over the Financial Year/s *[20xx to 20xx]*. The Grant for each Financial Year has been allocated as follows:

[Insert table showing grant allocation by financial year]

2. Claims and all relevant supporting information should be submitted through HARP.

3. On receipt of each claim (and any required documentation and information), the Scottish Ministers shall determine the amount of expenditure which they consider the Grantee has reasonably and properly incurred in connection with the Project having regard to that claim. The determination shall be based on the information provided by the Grantee in accordance with this Schedule. The Scottish Ministers shall use their best endeavours (but shall be under no obligation or duty) to pay the amount determined to the Grantee within 10 Business Days of receiving a claim and any required documentation and information relevant to the claim.

4. In order to facilitate the accrual of expenditure of the Grant for the relevant Financial Year the Grantee shall advise the Scottish Ministers, when requested to do so, of the amount of the Grant actually expended up to and including 31 March.

[Insert correct office address]

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This is the schedule referred to in the foregoing Offer of Grant dated *[insert date]*.

SCHEDULE 2

STATEMENT OF COMPLIANCE WITH CONDITIONS OF GRANT

[Name of project]

This is to confirm that the grant claimed by *[insert name of grant recipient]* in relation to the above project during the financial year ended 31 March *[20xx]* was properly due and was used for its intended purpose(s) in accordance with the terms and conditions of the Grant. This statement is supported by the records of *[insert name of grant recipient]*.

Signed:

Name in block capitals:

Position:

Date:

[Insert correct office address]

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INVESTOR IN PEOPLE



This is the schedule referred to in the foregoing Offer of Grant dated *[insert date]*.

SCHEDULE 3

DEFINITIONS

“Affordable Housing Supply Programme” means the programme administered by the Scottish Government to deliver social rented housing, homes for mid-market rent and homes for low cost home ownership;

“Agreement” means the agreement constituted by the Scottish Ministers’ invitation to apply for a grant, the Grantee’s application, these Conditions and the Grantee’s acceptance of these Conditions;

“Broad Rental Market Area” means an area as defined in Paragraph 4 of Schedule 3B to the Rent Officers (Housing Benefit Functions) (Scotland) Order 1997 (SI 1997/1995) as amended by the Rent Officers (Housing Benefit Functions) Amendment (No 2) Order 2008 (SI 2008/3156);

“Business Day” means any day which is not a Saturday, a Sunday or a bank or public holiday in Scotland;

“Conditions” means the grant conditions contained in this grant offer;

“Data Protection Laws” means any law, statute, subordinate legislation, regulation, order, mandatory guidance or code of practice, judgement of a relevant court of law, or directives or requirements of any regulatory body including the Data Protection Act 1998, the Data Protection Act 2018 and any statutory modification or re-enactment thereof and the GDPR;

“Default” means:

- a) Any breach of the obligations of either party under this Agreement (including, but not limited to, any breach of any undertaking or warranty given under or in terms of this Agreement);
- b) Any failure to perform or the negligent performance of any obligation under this Agreement;
- c) Any breach of any legislation; or
- d) Any negligence or negligent or fraudulent mis-statement or misappropriation of Grant, or any other default,

in all cases by either party, its employees, agents or representatives;

“Financial Year” means a period from 1 April in one year until 31 March in the next;

“Grant” means the grant offered by the Scottish Ministers to the Grantee as specified in this grant offer as varied from time to time in accordance with these Conditions;

“Grantee” means the person, organisation or body to which the Grant will be payable as specified in these Conditions. Where two or more persons, organisations or bodies are the Grantee, references to the “Grantee” are to those persons, organisations or bodies collectively and their obligations under the Agreement are undertaken jointly and severally;

[Insert correct office address]

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“**HARP**” means the Scottish Government’s Housing and Regeneration Programmes web-based system;

“**Intellectual Property Rights**” means all rights of ownership, including all copyrights and other intellectual property rights in books, leaflets and other printed and published materials in whatever form produced as part of the Project by or on behalf of the Grantee including all reports and any such published materials stored in or made available by means of an information technology system and the computer software relating thereto and all patents, trademarks, registered designs and other rights in the nature of intellectual property;

“**Intermediate Rent**” means, in relation to each property size in each Broad Rental Market Area, a rent for the Financial Year which is no more than (a) the level which is based on the figure provided in the month of November immediately prior to the commencement of the Financial Year by the Scottish Ministers as being the fiftieth percentile point of market rent levels for the property size in question in that Broad Rental Market Area, based on the data collated in respect of the previous year or (b) any other such rental level as may be considered reasonable for the property size in question in that Broad Rental Market Area which is higher than (a), provided such higher level has previously been agreed by the Scottish Ministers and the Local Authority in writing;

“**Local Authority**” means *[insert details]*, being incorporated under the Local Government etc (Scotland) Act 1994;

“**Payment**” means each of the payments specified in Schedule 1 hereto;

“**Project**” means the purpose for which the Grant has been awarded as described in the Offer of Grant, particularly Part 1 of **SCHEDULE 1**;

“**Subjects**” means the land on which the Project is to be situated; and

“**Unit**” means each unit of housing in the Project.

[Insert correct office address]

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| SGEI Decision in your Member State | | Total amount for whole Member State | |
|--|--|-------------------------------------|------------------|
| | | 2018 | 2019 |
| Article 2(1)(b) | Hospitals providing medical care, including, where applicable emergency services | | |
| Article 2(1)(c) | Health and long term care | | |
| | Childcare | | |
| | Access to and reintegration into the labour market | | |
| | Access to and reintegration into the labour market | | |
| | Social housing | £538.537 million | £654.578 million |
| | Care and social inclusion of vulnerable groups | | |
| | Other social services | | |
| Article 2(1)(d) | Air or maritime links | | |
| Article 2(1)(e) | Airports and ports | | |
| Article 2(1)(a), less then EUR 15 million per year | Postal | | |
| | Energy | | |
| | Waste collection | | |
| | Water supply | | |
| | Culture | | |
| | Financial services | | |
| | Other | | |

| SGEI Framework in your Member State | Total amount for whole Member State | |
|-------------------------------------|-------------------------------------|------|
| | 2018 | 2019 |
| Postal | | |
| Energy | | |
| Waste collection | | |
| Water supply | | |
| Air or maritime links | | |
| Airports and ports | | |
| Culture | | |
| Financial services | | |
| Other | | |

EUROPEAN COMMISSION Competition DG

The Director General

Brussels, 29.01.2020 DG COMP/F3/BB/ER/tt*D- 2020/006890

Subject: Services of General Economic Interest: report to be submitted following the 2012 SGEI Decision and the 2012 SGEI Framework

Your Excellency,

I would like to draw your attention to the reporting obligations as set out in Article 9 of the 2012 SGEI Decision¹ and paragraph 62 of the 2012 SGEI Framework². The next report by Member States is due by 30 June 2020.

In order to assist you with the preparation of the reporting, we have prepared guidance for the format of your reports, which is attached as annex to this letter. I would very much appreciate if you could follow this guidance as this will ensure the comparability of the reports and greatly facilitate the Commission's analysis and evaluation tasks. Please do not hesitate to provide any additional information, if you wish to do so.

I would also like to draw your attention to the SGEI Communication³, which provides further clarification, inter alia on the concept of a SGEI and of manifest error. This guidance can help you to ensure that the services you report can qualify as genuine SGEI. In addition, you can consult the replies to the frequently asked questions on the application of State aid rules to SGEIs that are available on the Commission's website.⁴

If your authorities have experienced any difficulties in applying the 2012 SGEI Decision or the 2012 SGEI Framework I would greatly appreciate your feedback on this (see in particular section 5 of the annex to this letter). Furthermore, I draw your attention to the fact that even if your Member State has not granted State aid on the basis of the 2012 SGEI Decision or 2012 SGEI Framework it would be very useful if you could indicate which other instruments your authorities use to ensure the provision of SGEI (see also section 1 of the annex).

Finally, please note that in line with our previous practice, the report submitted by your authorities will be published in its entirety on DG Competition's website. If your authorities consider that the report contains confidential information, please clearly indicate this, and submit a non-confidential version which can be published.

If your authorities have any questions, they can of course contact my services. The officials in charge are Mr. Bob Bulthuis (Bob.BULTHUIS@ec.europa.eu – Tel. +32 2 29 96301) and Mr. Tsanko Tsankov (Tsanko.TSANKOV@ec.europa.eu – Tel. +32 2 29 52190).

Yours faithfully,

E-SIGNED Johannes LAITENBERGER

Annex: Guidance for report to be submitted following the 2012 SGEI Decision and the 2012 SGEI Framework

¹ 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.

² Communication from the Commission – European Union framework for State aid in the form of public service compensation (2011), OJ C 8, 11.1.2012, p. 15.

³ Communication from the Commission on the application of the European Union State aid rules to compensation granted for the provision of services of general economic interest, OJ C 8, 11.1.2012, p. 4.

⁴ See the Commission staff working document 'Guide on the application of the EU rules on state aid, public procurement and the internal market to services of general economic interest, and in particular to social services of general interest' (see: http://ec.europa.eu/competition/state_aid/overview/public_services_en.html#package).

HE Tim Barrow

Ambassador Extraordinary and Plenipotentiary

Permanent Representation of the United Kingdom

Avenue d'Auderghem 10/Oudergemslaan 10

1040 Bruxelles/Brussel

Commission européenne/Europese Commissie, 1049 Bruxelles/Brussel, BELGIQUE/BELGIË - Tel. +32 22991111 Office: MADO 9/90- Tel. direct line +32 229-85092

ANNEX

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

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

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

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

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

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

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

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

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

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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

- 1) Hospitals (Art. 2(1)(b))
- 2) Social services (Art. 2(1)(c))
 - a) Health and long term care
 - b) Childcare
 - c) Access to and reintegration into the labour market
 - d) Social housing
 - e) Care and social inclusion of vulnerable groups
- 3) Air or maritime links to islands with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| |
|---|
| Clear and comprehensive description of how the respective services are organized in your Member State⁵ |
| Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible. |
| <p>The provision of airport services in remote areas. All support is to Highlands and Islands Airports Ltd (HIAL) which is wholly owned by Scottish Ministers and operates 11 airports in the Highlands and Islands of Scotland plus Dundee. Support is provided for both revenue and capital costs. The current SGEI assigned to HIAL is:</p> <ul style="list-style-type: none"> • Maintain the safe operation of the airports located at Barra, Benbecula, Campbeltown, Dundee, Islay, Inverness, Kirkwall, Stornoway, Sumburgh, Tiree and Wick John O'Groats and ensure that they remain open to all commercial air traffic for the five year period 2017 to 2022. <p>All airports other than Inverness and Sumburgh are supported under the SGEI Decision. Inverness and Sumburgh Airports are supported under the SGEI Framework.</p> |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| Form of entrustment is through a Framework Document. |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| 5 years. |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| No exclusive or special rights are assigned to HIAL. |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| Direct subsidies. |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. |

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

Typical arrangements for avoiding and repaying any overcompensation.

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

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

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

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

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

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

The HIAL Board meets around every six weeks and meetings take place at the airports within the HIAL network, including Sumburgh. Board meetings are usually accompanied

by Board dinners where local stakeholders are invited to attend. This enables local stakeholders to put their views on their local airport directly to the Board.

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

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

Amount of aid granted

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

| 2018 | 2019 |
|--------------------------|--------------------------|
| £21,248,821.46 (2018-19) | £25,347,590.71 (2019-20) |

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

| 2018 | 2018 |
|--------------------------|--------------------------|
| £21,248,821.46 (2018-19) | £25,347,590.71 (2019-20) |

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

| 2018 | 2019 |
|------|------|
| | |

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

| | |
|--|--|
| Direct subsidy – 100% | Direct Subsidy – 100% |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰ | |
| 2018 | 2019 |
| 1 beneficiary which is a large enterprise. | 1 beneficiary which is a large enterprise. |

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

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

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

⁸ See footnote 7.

⁹ See footnote 7.

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

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

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

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

i. Postal services

ii. Energy

iii. Waste collection

iv. Water supply

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

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

vii. Culture

viii. Financial services

ix. Other sectors (please specify)

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

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

Direct subsidies.

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

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

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

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

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

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

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

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

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

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

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

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

Amount of aid granted

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

| 2018 | 2019 |
|-------------------------|--------------------------|
| £8,125,797.33 (2018-19) | £12,846,376.68 (2019-20) |

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

| 2018 | 2019 |
|-------------------------|--------------------------|
| £8,125,797.33 (2018-19) | £12,846,376.68 (2019-20) |

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 |
| Direct subsidy – 100% | Direct subsidy – 100% |
| Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁶ | |
| 2018 | 2019 |
| 1 beneficiary which is a large enterprise. | 1 beneficiary which is a large enterprise. |

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

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

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

¹⁴ See footnote 13.

¹⁵ See footnote 13.

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

4. COMPLAINTS BY THIRD PARTIES

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

5. MISCELLANEOUS QUESTIONS

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

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

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

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

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

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

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

| SGEI Decision in your Member State | | Total amount for whole Member State | |
|--|--|-------------------------------------|----------------|
| | | 2018 | 2019 |
| Article 2(1)(b) | Hospitals providing medical care, including, where applicable emergency services | | |
| Article 2(1)(c) | Health and long term care | | |
| | Childcare | | |
| | Access to and reintegration into the labour market | | |
| | Access to and reintegration into the labour market | | |
| | Social housing | | |
| | Care and social inclusion of vulnerable groups | | |
| | Other social services | | |
| Article 2(1)(d) | Air or maritime links | | |
| Article 2(1)(e) | Airports and ports | £21.248.821,46 | £25.347.590,71 |
| Article 2(1)(a), less then EUR 15 million per year | Postal | | |
| | Energy | | |
| | Waste collection | | |
| | Water supply | | |
| | Culture | | |
| | Financial services | | |
| | Other | | |

| SGEI Framework in your Member State | Total amount for whole Member State | |
|-------------------------------------|-------------------------------------|----------------|
| | 2018 | 2019 |
| Postal | | |
| Energy | | |
| Waste collection | | |
| Water supply | | |
| Air or maritime links | | |
| Airports and ports | £8.125.797,33 | £12.846.376,68 |
| Culture | | |
| Financial services | | |
| Other | | |

ANNEX

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

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

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

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

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

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

| Total SGEI government expenditure by legal basis (millions EUR) | | |
|--|--------------|--------------|
| <i>Compensation for Services of General Economic Interest (1+2)</i> | 2018 | 2019 |
| (1) Compensation granted on the basis of the SGEI Decision | 7.184 | 7.597 |
| (2) Compensation granted on the basis of the SGEI Framework | | |

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

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2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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

- 1) Hospitals (Art. 2(1)(b))
- 2) Social services (Art. 2(1)(c))
 - a) Health and long term care
 - b) Childcare
 - c) Access to and reintegration into the labour market
 - d) Social housing
 - e) Care and social inclusion of vulnerable groups
- 3) Air or maritime links to islands with average annual traffic not exceeding the limit set in Art. 2(1)(d)
- 4) Airports and ports with average annual traffic not exceeding the limit set in Art. 2(1)(e)
- 5) SGEI compensation not exceeding an annual amount EUR 15 million (Art. 2(1)(a))
 - i. Postal services
 - ii. Energy
 - iii. Waste collection
 - iv. Water supply
 - v. Culture
 - vi. Financial services
 - vii. Other sectors (please specify)

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

| Clear and comprehensive description of how the respective services are organized in your Member State¹ |
|---|
| Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible. |
| Communities for Work (CfW) has a significant role to play in ensuring we deliver on the Welsh Government commitment to work with all protected groups to counter discrimination and ensure opportunities for all. CfW targets the most deprived communities, providing intensive mentoring and |

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.

support to both engage participants and address the complex barriers to employment experienced by those furthest from the labour market. CfW delivers within the most deprived areas of Wales and is making a real difference in supporting people into employment, frequently in areas which face significant challenges.

The CfW programme is jointly funded by the European Social Fund (ESF) and Welsh Government, working in partnership with the Department for Work and Pensions (DWP). It targets those who are economically inactive and long-term unemployed people, focusing on two separate groups - those aged 25 and over; and those 16-24 year olds who are NEET. It works with those furthest away from the labour market who live in the most deprived communities of Wales.

CfW is being delivered in partnership with Local Authorities, the Third Sector and Jobcentre Plus. CfW will provide £102m up until March 2023. The programme aims to provide employment support to around 51,300 people and help almost 15,400 of those into employment by December 2020.

The SGEI Act of Entrustment was utilised to award compensation for delivery of CfW mentoring and triage services by the Local Authorities and Third Sector organisations.

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

The entrustments are provided as written agreements. They have been issued to 18 Local Authorities and one Third Sector organisation in receipt of compensation for delivery of services and entrust to the Service Provider responsibility for providing a service of general economic interest.

A blank original template(2015) is attached plus the letter of variations which have been issued when the operation was extended in 2017 and 2019



c4w - LDB - SGEI act of entrustment - origir



C4W - LDB - SGEI - Act of entrustment



Letter agreement to vary Act of Entrustment

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

All SGEI act of Entrustments are 7 years or less - average period April 2016 to December 2022

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

Not sure what this is?

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

Compensation

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

Compensation is awarded on actual costs claimed by the local authorities on a quarterly basis.
The Third Sector organisation has payment in advance arrangements in place but these payments are reconciled to actual expenditure on a quarterly basis.
CfW account managers and finance and compliance teams carefully monitor all claims.

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

Section 8 of the Act of Entrustment stipulates

8. Compensation Pre-Conditions

(a) We will not pay any of the Compensation to you until you have provided us with the following information and documentation:

(i) documentary evidence that the signatories who have signed this letter on your behalf are duly authorised to do so;

(ii) documentary evidence that you have put in place all staff and other resources detailed in your Submission for Costs as required to commence the Services;

(iii) any other documents – use separate number for each document.

(b) Where you are required to provide information and documentation to us as evidence that you have satisfied a particular pre-condition, Condition or in support of a claim, the information and documentation must be in all respects acceptable to us. We reserve the right to reject any information and documentation which is for any reason not acceptable to us

And

Section 13 - Re- Payment of Over Compensation

(a) Where amounts are due to be repaid to the European Commission and late pay by you results in the European Commission applying interest on the over amounts in accordance with Article 147 of Regulation EU 1303/2013, we reserve right to pass on this interest charge to you.

(b) Notwithstanding any other provision of this Agreement, the LDB shall

repay to the Welsh Ministers the value of

$$\pounds(A + B) - \pounds C$$

Where:

- A** is the total Compensation actually paid to the LDB under this Agreement;
- B** is the total revenue generated from the provision of the Services less the amount calculated in accordance with sub-clause 13(c); and
- C** is the total costs which have actually been incurred by the Service Provider in connection with the Eligible Costs of providing the Services as at the last day of the Initial Term (whenever it occurs) and (if applicable) as at the last day of the extended term of this Agreement.
- (c) payment of the amount due in accordance with clause 13(b) shall be made on demand by the Welsh Ministers together with compound interest calculated in accordance with Commission Regulation (EC) No 794/2004 of 21 April 2004.

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

N/A

Amount of aid granted

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

| 2018 | 2019 |
|--|-------|
| 7.184 | 7.597 |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities³ | |
| 2018 | 2019 |
| 7.184 | 7.597 |

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

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

| | |
|--|-------------|
| B: Total amount of aid granted (in millions EUR) paid by regional authorities⁴ | |
| 2018 | 2019 |
| | |
| 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 information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)⁶ | |
| 2018 | 2019 |
| | |

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

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

⁴ See footnote 3.

⁵ See footnote 3.

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

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

| |
|--|
| Clear and comprehensive description of how the respective services are organized in your Member State⁷ |
| Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible. |
| Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them. |
| Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified? |
| Explanation whether (typically) exclusive or special rights are assigned to the undertakings. |
| Which aid instruments have been used (direct subsidies, guarantees, etc.)? |
| Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used. |
| Typical arrangements for avoiding and repaying any overcompensation . |
| A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level). |

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

| Amount of aid granted | |
|---|-------------|
| Total amount of aid granted (in millions EUR)⁸. This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C) | |
| 2018 | 2019 |
| | |
| A: Total amount of aid granted (in millions EUR) paid by national central authorities⁹ | |
| 2018 | 2019 |
| | |
| B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁰ | |
| 2018 | 2019 |
| | |
| C: Total amount of aid granted (in millions EUR) paid by local authorities¹¹ | |
| 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)¹² | |
| 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.

NONE RECEIVED

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

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

¹⁰ See footnote 9.

¹¹ See footnote 9.

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

5. MISCELLANEOUS QUESTIONS

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

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

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

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

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

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

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