



Llywodraeth Cymru
Welsh Government

[REDACTED]
ProMo-Cymru
18 Harrowby Street
Butetown
Cardiff. CF10 6GA

29th September 2014

Dear [REDACTED]

Award of Funding in relation to Children and Families Delivery Grant 2014-18
Reference: SFG CFDG 2014-18

Project Title: Informed Families

Award of Funding

- (a) We are pleased to inform you that your Application has been successful and funding of up to £1,562,392 (one million, five hundred and sixty two thousand, three hundred and ninety two pounds) ("the Funding") is awarded to you for the Purposes, as defined in Condition 4(a).
- (b) The Funding relates to the period 1 October 2014 to 31 March 2018. Each financial year's allocation must be claimed in full by the end of that financial year, otherwise any unclaimed part of the Funding will cease to be available to you. The annual allocations are set out in the following table:

2014-15	2015-16	2016-17	2017-18
£227,486	£571,340	£505,553	£258,013

- (c) If you have any queries in relation to this award of Funding or the Conditions please contact the Welsh Government Official who will be happy to assist you.

2. Statutory Authority and State Aid

- (a) This award of Funding is made on and subject to the Conditions and under the authority of the Minister for Communities and Tackling Poverty, one of the Welsh Ministers, acting pursuant to sections 60, 70 and 71(1) of the Government of Wales Act 2006 and section 14 of the Education Act 2002.

- (b) You must comply with the European Commission's State Aid Rules. This letter is an act entrusting to you responsibility for providing a Service of General Economic Interest for the purposes of Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty of the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of service of general economic interest (C(2011)9380). You must ensure that you comply with the contents of that Decision. Further details of the specific State Aid Rules applicable to the Purposes and the identification numbers of any relevant State Aid approvals are contained in Schedule 3. You are responsible for ensuring that the Purposes are delivered in line with the State Aid criteria upon which the Funding is awarded.

3. Interpreting these Conditions

Any reference in these Conditions to:

'you', 'your' is to:


ProMo-Cymru
18 Harrowby Street
Butetown
Cardiff
CF10 6GA

Company Registration Number: 1816889
Charity Number: 1094652;

'we', 'us', 'our' is to the Welsh Ministers;

'Application' is to your Application dated 23rd May 2014;

'Welsh Government Official' is to:


Welsh Government
Children Young People and Families Division
Government Buildings
Cathays Park
Cardiff
CF10 3NQ


or such other Welsh Government official as we may notify you;

‘Project Manager’ is to:

[REDACTED]
ProMo-Cymru
18 Harrowby Street
Butetown
Cardiff
CF10 6GA

[REDACTED]

or such other official as you may notify us;

‘Conditions’ is to the terms and conditions set out in this letter;

‘Schedule’ is to the schedules attached to this letter;

‘Costs Incurred’ is to the cost of goods and services you have received regardless of whether you have paid for them by the date of your claim;

‘Notification Event’ is to any of the events listed in Schedule 2;

‘State Aid Rules’ is to the rules set out in Articles 107 to 109 of the Treaty on the Functioning of the European Union (or in those Articles that may succeed Articles 107 to 109), secondary legislation such as frameworks, guidelines and block exemptions produced by the European Commission derived from Articles 107 to 109, case law of the European Courts and decisions of the European Commission regarding the application of Articles 107 to 109; and

‘any legislation’ will include all amendments to and substitutions and re-enactments of that legislation in force from time to time.

4. What you must use the Funding for

- (a) You must use the Funding solely for the purposes set out in Schedule 1 (the **“Purposes”**).
- (b) Any change to the Purposes will require our written consent which must be obtained from us in advance of implementing any change. Please note that we are not obliged to give our consent but we will consider all reasonable written requests.
- (c) You must not use any part of the Funding for: (1) party political purposes; (2) the promotion of particular secular, religious or political views; (3) gambling; (4) pornography; (5) offering sexual services; (6) purchasing capital equipment (other than as specified in the Purposes); (7) your legal fees in relation to this letter; (8) Costs Incurred or costs incurred and defrayed by you in the delivery of the Purposes prior to the period referred to in Condition 1 (b); (9) any kind of

illegal activities; or (10) any kind of activity which in our opinion could bring us into disrepute.

5. Funding Pre-Conditions

- (a) We will not pay any of the Funding to you until you have provided us with the following information and documentation:
 - (i) Documentary evidence that the signatories who have signed this letter on your behalf are duly authorised to do so.
 - (ii) Documentary evidence that you have put in place all staff and other resources detailed in the Application as required to commence the Purposes.
 - (iii) Confirmation that a signed collaboration agreement is in place between you and your partners for the delivery of the project.
- (b) Where you are required to provide information and documentation to us as evidence that you have satisfied a particular pre-condition, Condition or in support of a claim, the information and documentation must be in all respects acceptable to us. We reserve the right to reject any information and documentation which is for any reason not acceptable to us.

6. How to claim the Funding

- (a) The Funding will be paid to you quarterly in advance based on your estimated expenditure, as follows:
 - (i) The first claim will be paid as soon as we receive your acceptance to this offer of grant and relates to the period 1st October 2014 to 31st December 2014.
 - (ii) Thereafter, claim forms should be submitted by 15th of the month following the end of the previous quarter, commencing 15th January 2015 relating to claims for the period 1st January 2015 to 31st March 2015.
- (b) You must claim the Funding promptly. We reserve the right to withdraw any part of the Funding that you do not claim promptly.
- (c) You must submit your claims for payment of Funding to the Welsh Government Official.
- (d) You must use our current claim pro-forma (which is available from the Welsh Government Official) and attach;
 - i) details of your actual expenditure for the previous quarter; and
 - ii) details of your estimated expenditure for the next quarter; and

- iii) details of all surplus funding held by you at the end of the previous quarter; and
 - iv) confirmation that you are operating in all respects in accordance with your constitution; and
 - v) a quarterly progress report.
- (e) Any unspent Funding from the previous quarter will be offset against the next payment of Funding even if this results in you not receiving the total amount of Funding.
 - (f) We will aim to pay all valid claims as soon as possible and typically within 28 days of receiving all fully completed documentation.

7. Your general obligations to us

You must:

- (a) safeguard the Funding against fraud generally and, in particular, fraud on the part of your management, employees and/or suppliers and notify us immediately if you have reason to suspect that any fraud has occurred or is occurring or is likely to occur. You must also participate in such fraud prevention initiatives as we may require from time to time.
- (b) comply with all applicable laws or regulations or official directives whether derived from domestic, EU or international law.
- (c) put in place and maintain adequate insurances to cover against the risks which may arise in connection with any property or any activity undertaken in delivery of the Purposes. We reserve the right to require you to provide proof of your insurance.
- (d) co-operate fully with the Welsh Government Official and with any other employee of the Welsh Government or consultant appointed by us to monitor your use of the Funding and your compliance with these Conditions.

8. Declarations

You declare that:

- (a) you have the power to enter into and to perform the obligations set out in these Conditions and you have taken all necessary action to authorise the entry into and performance of the obligations under these Conditions.
- (b) no litigation or arbitration is current or pending or, so far as you are aware, threatened, which have or could have an adverse effect on your ability to perform and comply with any of these Conditions.

- (c) the information contained in your Application is complete, true and accurate.
- (d) you have disclosed to us all material facts or circumstances which need to be disclosed to enable us to obtain a true and correct view of your business and affairs (both current and prospective) or which ought to be provided to any person who is considering providing funding to you.

9. Notification Events and their consequences

- (a) You must notify us immediately if a Notification Event has occurred or is likely to occur but we also reserve the right to notify you where we believe a Notification Event has occurred or is likely to occur.
- (b) We will seek to discuss the Notification Event with you and to agree a course of action to be taken to address the Notification Event and in doing so we will consider both the seriousness of the Notification Event and whether or not it can be remedied.
- (c) We will be entitled to take any of the actions listed in Condition 9(d) if:
 - (i) despite our reasonable efforts we have been unable to discuss the Notification Event with you; or
 - (ii) we notify you that the Notification Event is not capable of remedy; or
 - (iii) a course of action is agreed with you but you fail to follow it, or any conditions attached to it are not met (including without limitation the timescale for such course of action); or
 - (iv) the course of action fails to remedy the Notification Event to our satisfaction.
- (d) If any of the circumstances set out in Condition 9(c) occurs we may by notice to you:
 - (i) withdraw the award of Funding; and/or
 - (ii) require you to repay all or part of the Funding immediately; and/or
 - (iii) suspend or cease all further payment of Funding; and/or
 - (iv) make all further payments of Funding subject to such conditions as we may specify; and/or
 - (v) deduct all amounts owed to us under these Conditions from any other funding that we have awarded or may award to you; and/or
 - (vi) exercise any other rights against you which we may have in respect of the Funding.

- (e) All repayments of Funding must be made to us within 28 days of the date of our demand. You must pay interest on any overdue repayments at a rate of 1.5% per annum above the Bank of England base rate from time to time or at such other rate as may be required by the State Aid Rules. Interest will accrue on a daily basis from the date the repayment is due until actual repayment of the Funding, whether before or after judgment. You must pay the interest together with the overdue repayment.

10. Monitoring Requirements

You must:

- (a) provide us with such documents, information and reports which we may reasonably require from time to time in order for us to monitor your compliance with the Conditions, including without limit:
 - (i) confirmed targets by 31st December 2014;
 - (ii) Grant Project Report and Financial Statement by 15th June annually;
 - (iii) completed Verification of Expenditure statement (Schedule 4) by 15th June annually with effect from June 2015;
 - (iv) Company Report and Accounts by 31st October annually.
- (b) meet with the Welsh Government Official and such other of our representatives as we may from time to time reasonably require;
- (c) ensure that the Project Manager (or such other person as we may agree) attends all meetings with the Welsh Government Official.

11. Audit Requirements

- (a) You must:
 - (i) maintain clear accounting records identifying all income and expenditure in relation to the Purposes;
 - (ii) without charge, permit any officer or officers of the Welsh Government, Wales Audit Office or European Commission at any reasonable time and on reasonable notice being given to you to visit your premises and/or to inspect any of your activities and/or to examine and take copies of your books of account and such other documents or records as in such officer's reasonable view may relate in any way to your use of the Funding. This undertaking is without prejudice and subject to any other statutory rights and powers exercisable by the Welsh Government, Wales Audit Office or the European Commission or any officer, servant or agent of any of the above;

- (iii) retain this letter and all original documents relating to the Funding until 21st March 2025 or we inform you in writing that it is safe to destroy them;
 - (iv) provide us with an Verification of Expenditure statement in accordance with the requirements set out in Schedule 4.
- (b) Under paragraph 17 of Schedule 8 to the Government of Wales Act 2006 the Auditor General for Wales has extensive rights of access to documents and information relating to monies provided by the Welsh Government. He and his officials have the power to require relevant persons who control or hold documents to give any assistance, information and explanation that they may require; and to require those persons to attend before them for such a purpose. The Auditor General and his staff may exercise this right at all reasonable times.

12. Third Party Obligations

- (a) Nothing in the Conditions imposes any liability on us in respect of any liability incurred by you to any third party (including, without limit, employees and contractors).
- (b) You must indemnify us against any liabilities, claims, proceedings, demands, losses, costs and expenses suffered or incurred by us directly or indirectly arising as a result of or in connection with any failure by you to perform fully or in part any obligation you may have to a third party.

13. Intellectual Property Rights & Publicity

- (a) Nothing in these Conditions transfers to us any rights in any intellectual property created by you as a result of the Purposes.
- (b) You must acknowledge our support on all publicity, press releases and marketing material produced in relation to the Purposes. Such acknowledgement must be in a form approved by us and must comply with the Welsh Government's branding guidelines.
- (c) You must provide the Welsh Government Official with a copy of all material listed in Condition 13(b) for our approval before any such material is published and you may not publish such material without our prior written approval. We will endeavour to respond to all written requests for approval within 10 working days.
- (d) You agree that from the date of this letter until 5 years from the date of the final payment of Funding we may include details about your organisation and business, the Funding and the Purposes in Welsh Government promotional materials and you further agree to co-operate with our reasonable requests to achieve the production of such materials.

14. Access to Information

- (a) You acknowledge that we are subject to the requirements of the Code of Practice on Access to Information published by the Welsh Government (the “Code”), the Freedom of Information Act 2000 (the “FOIA”), the Environmental Information Regulations 2004 (the “EIR”) and the Data Protection Act 1998 (the “DPA”).
- (b) You acknowledge that we are responsible for determining in our absolute discretion whether:
 - (i) to disclose any information which we have obtained under or in connection with the Funding to the extent that we are required to disclose such information to a person making a disclosure request under the FOIA or the EIR; and/or
 - (ii) any information is exempt from disclosure under the Code, the FOIA or the EIR.

15. Buying Goods and Services

If you decide to buy any goods and/or services to deliver the Purposes, they must be purchased in a competitive and sustainable way so as to demonstrate that you have achieved best value in the use of public funds.

16. Giving Notice

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

***“Notice in relation to the Children and Families Delivery Grant
2014-18 Reference: SFG CFDG 2014-18”.***

- (b) The address and contact details for the purposes of serving notice under these Conditions are as follows:

You: the Project Manager at the address stated in Condition 3.

Us: the Welsh Government Official at the address stated in Condition 3.

- (c) A notice will be deemed to have been properly given as follows:

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

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

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

17. Equal Opportunities

You must apply a policy of equal opportunities as employers, as users of volunteers, and as providers of services, regardless of race, gender/gender identification, sexual orientation, religion and belief, age or any disability.

18. Welsh Language

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

19. Sustainability

Your use of the Funding must (where reasonably practicable) meet the Welsh Government's current agenda for sustainable development and the environment.

20. Welsh Ministers' Functions

You acknowledge that the Welsh Ministers have a range of functions which will continue to accrue and be amended and that decisions in relation to each such function are obliged to be taken in the light of all relevant and to the exclusion of all irrelevant considerations. You agree that nothing contained or implied in, or arising under or in connection with, these Conditions will in any way prejudice, fetter or affect the functions of the Welsh Ministers or any of them nor oblige the Welsh Ministers or any of them to exercise, or refrain from exercising, any of their functions in any particular way.

21. General

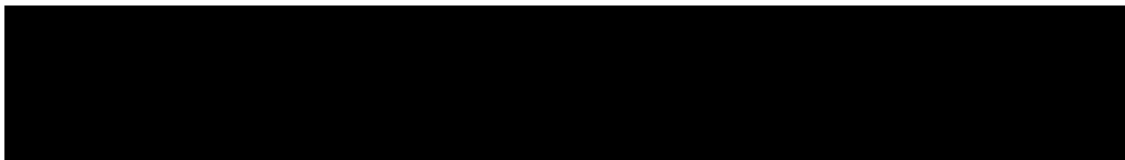
- (a) If at any time any of these Conditions is deemed to be, or becomes, invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.
- (b) No failure or delay on our part to exercise any power, right or remedy under these Conditions will operate as a waiver of any such power, right or remedy or preclude its further exercise or the exercise of any other power, right or remedy. The powers, rights or remedies hereby provided are cumulative and not exclusive of any powers, rights or remedies provided by law.
- (c) Any amendment or variation to these Conditions must be in writing and signed by us and you in the same manner as this letter.

- (d) You may not assign or otherwise dispose of in any way your rights, benefits, obligations or duties under these Conditions.
- (e) Conditions 7, 9, 11, 13, 14, and 21(e) and such other Conditions which by implication need to continue in force beyond the final payment of Funding, will so continue in full force and effect.
- (f) The award of the Funding is to you alone and no one else is entitled to make any claim in respect of the Funding or seek to rely on or enforce any of these Conditions.
- (g) These Conditions are to be governed by and construed in accordance with the laws of Wales and England as applied in Wales and the parties hereto submit to the exclusive jurisdiction of the courts of Wales and England.

22. How to accept this offer of Funding

- (a) To accept this award of Funding you must sign and return a copy of this letter to the Welsh Government Official. None of the Funding will be paid to you until we have received your signed letter.
- (b) We must receive your signed letter within 28 days of the date of this letter, or this award of Funding will automatically be withdrawn.

Yours sincerely



SCHEDULE 1

The Purposes

The purpose of the Funding is to support ProMo Cymru to deliver the **Informed Families** project, as a **Service of General Economic Interest**. The project is an all-Wales bilingual online information and communications solution for families, placing how the families prefer to receive and give information at the heart of the service. The model has built-in capacity to work at a local, regional and national level. It provides access via multiple platforms to ensure families most in need of financial and practical support have reliable access to information, regardless of location, socio-economic circumstances or digital literacy.

A national communications hub will be developed and adopted to provide locally targeted information. This will allow the model access and connect information locally, regionally and nationally.

Informed Families will create a single point of contact for families to access a suite of digital communication applications and accessible helpline support and allows families to be engaged in the process. 'Face to face' workers will be provided with information tools they will use in situ with families to provide them with current information.

Cardiff County Council and their partners will pilot the model. Learning from this pilot will be disseminated to other Local Authorities. A coherent link will be made with the range of family support programs managed by the Children, Young People and Families Division.

Annual breakdown of anticipated eligible expenditure

2014-2018				
Expenditure Area	2014-15	2015-16	2016-17	2017-18
Staff costs	84,186	237,740	249,153	125,813
Apprenticeships	8,000	22,000	20,000	10,000
Recruitment	6,000	0	0	0
Web development /app	40,000	117,000	62,000	31,000
Helpline	0	40,900	36,400	17,200
Staff training	0	5,000	0	0
Staff travel	3,300	10,200	9,000	4,500
Evaluation/monitoring	0	10,000	10,000	10,000
Contribution to overheads	15,000	30,000	30,000	15,000
Finance & HR	12,000	24,000	24,000	12,000
Strategic management	20,000	40,000	40,000	20,000
Partner engagement and development	20,000	10,000	0	0
Branding comms campaign	19,000	24,500	25,000	12,500
TOTAL	227,486	571,340	505,553	258,013

SCHEDULE 2

Notification Events

The Notification Events referred to in Condition 9 are listed below:

1. repayment of any part of the Funding is required under European Law (whether under State Aid Rules or otherwise);
2. you fail to comply with any of the Conditions;
3. you fail to achieve any or all of the Targets, agreed by 31st December 2014;
4. we have made an overpayment of Funding to you;
5. any declaration made in Condition 8 is incorrect in any respect or, if repeated at any time with reference to the facts and circumstances then existing, would be incorrect;
6. any petition is presented or resolution passed or other action taken for your bankruptcy or winding-up or a petition is presented for an administration order against you;
7. a receiver or an administrative receiver is appointed in respect of you or in respect of all or any part of your assets;
8. a moratorium in respect of all or any of your debts or a composition or an agreement with your creditors is agreed, applied for, ordered or declared;
9. you are unable, or admit in writing your inability, to pay your debts as they fall due;
10. any distress, execution, attachment or other process affects any of your assets;
11. a statutory demand is issued against you;
12. you cease, or threaten to cease, to carry on all or a substantial part of your business;
13. there is a change in your constitution, status, control or ownership and/or your external auditors resign;
14. there is a change in your shareholders, directors, trustees or partners;
15. any event occurs or circumstances arise which in our opinion gives reasonable grounds for believing that you may not, or may be unable, to perform or comply with any of your obligations under these Conditions.

SCHEDULE 3

State Aid

1. This letter is an act entrusting to you responsibility for providing a Service of General Economic Interest for the purposes of Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty of the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of service of general economic interest (C(2011)9380). You must ensure that you comply with the contents of that Decision.

Purpose

2. You must use the Funding solely for the purposes set out in Schedule 1.
3. Where you carry out activities falling both inside and outside the scope of that detailed in Schedule 1, you must ensure that your internal accounts show separately the costs and receipts associated with the Purposes set out in Schedule 1 and those of other services, as well as the parameters for allocation of costs and revenues.

Funding

4. The funding payable to you has been calculated having regards to the difference between the net cost for you of operating with the public service obligation and the net cost or profit for you operating without the public service obligation. You need to ensure that you have documentation that can demonstrate this.
5. Reasonable profit has been calculated using the rate of return on capital that would be required by a typical undertaking considering whether or not to provide the service of general economic interest for the whole period of entrustment, taking into account the level of risk. You need to ensure that you have documentation that can demonstrate this.

Review

6. An annual review will take place which will be arranged and conducted by your Account Manager.

Repayment

7. Where you have received funding in excess of the costs incurred by you in relation to the Purposes, you must repay the value of excess funding to us on demand, together with compound interest calculated in accordance with Commission Regulation(EC) No 794/2004 of 21 April 2004.
8. If the period of funding is extended at the end of the initial period and the excess funding paid to you does not exceed the total costs incurred by you by 10%, we may permit you to carry that overpayment of funding forward to the next year.

The amount carried forward shall be set off the amount due to you for any future funding period.

Records

9. You must keep all records, documents and information relating to this Funding until 21st March 2025, or longer if we inform you otherwise.

SCHEDULE 4
Verification of Expenditure for Children and Families Delivery Grant
2014-18. Reference: Play CFDG 2014-18
ProMo-Cymru

Amount received in FY 201 /201	£	Amount spent in FY 201 /201	£
Please insert year		Please insert year	
Total underspend / overspend (Amount received minus Amount spent)			

Signature

Position

Full Name

Date

The completed statement should be signed and returned by e-mail, before 15th June annually, to: familysupportclaims@wales.gsi.gov.uk

TWO SIGNATORIES ARE REQUIRED

We hereby accept the award of Funding of the **Children and Families Delivery Grant 2014-18, Reference: SFG CFDG 2014-18** and the Conditions relating to the Funding

An authorised signatory of **ProMo-Cymru** Signature

Name

Job Title

Date

An authorised signatory of **ProMo-Cymru** Signature

Name

Job Title

Date

THE WELSH MINISTERS

and

Brecon and District Credit Union Ltd

**AGREEMENT RELATING TO THE PROVISION OF
ACCESS TO BASIC FINANCIAL PRODUCTS
(A SERVICE OF GENERAL ECONOMIC INTEREST)**

THIS AGREEMENT is made on 7th April 2014

BETWEEN

- (1) The Welsh Ministers; and
- (2) The Brecon and District Credit Union Ltd ('Service Provider')

BACKGROUND

- (A) In pursuance of their functions under section 126 of the Housing Grants, Construction and Regeneration Act 1996 and section 60 of the Government of Wales Act 2006, the Welsh Ministers wish to fund the Service Provider to provide certain services of general economic interest, being access to basic financial products.
- (B) The Welsh Government is committed to tackling poverty and financial exclusion where it persists in communities across Wales. Access to simple and transparent financial products, including loans at affordable rates of interest are considered as important interventions to help fulfil these objectives. Credit unions are key service providers in their communities for responsible and ethical lending. Thus, the Welsh Ministers are committed to supporting the movement in Wales to achieve financial viability and long term sustainability to further help people who otherwise would be financially excluded to have access to financial basic financial products.
- (C) This Agreement is an act entrusting to the Service Provider responsibility for providing a service of general economic interest for the purposes of the Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest (C (2011) 9380).
- (D) The purpose of this Agreement is to enable the provision of basic affordable financial products and services. These products, which may include loans, budgeting accounts, rent accounts will be designed according to the specific requirements (simple, transparent and low cost) to people defined as financially excluded.
- (E) The Service Provider currently operates as a self-financing credit union.
- (F) In order for the Welsh Ministers and credit unions to fulfil their mutual objectives, the Welsh Ministers consider it necessary to provide financial support to cover some or all of the specific costs associated with the services of general economic interest.

- (G) To ensure the proportionality of the funding provided by the Welsh Ministers to the Service Provider, the Welsh Ministers funding under this Agreement is limited to that actually required to perform the public service obligations imposed by this Agreement i.e. what is necessary to cover the net costs exclusively linked to the public service obligation imposed. The Welsh Ministers will check regularly that the Compensation paid to the Service Provider does not lead to overcompensation. Consequently the benefit of this Agreement will accrue directly and exclusively to those who are financially excluded.
- (H) Financial inclusion is in line with the policy of the European Union. The development of the social economy (as part of which credit unions are expressly mentioned) is also a priority for the structural funds in the period 20014-2020. The Commission Communication concerning the Structural Funds and their coordination with the Cohesion Fund states that there should be active support for the creation and development of organisations such as credit unions and that such organisations will generally require continuing assistance for some time. Further, due to the local nature of credit unions and their operation, any effect on trade will be limited and not contrary to the interests of the Community.
- (I) The Service Provider is willing to provide services as set out below in this Agreement and its schedules.

It is agreed as follows:

1. Interpretation

1.1. In this Agreement unless the context otherwise requires:

“Agreement”	means: (i) this agreement (ii) the Schedules;
“Audit and Accounting Requirements”	means the requirements set out in Schedule 3;
“Compensation”	means the funding payable as specified in clause 7 as compensation for the Services to be provided in accordance with the terms and conditions contained in the Agreement.

“Eligible Costs”	means the costs set out in Part B of Schedule 2;
“financial year”	means the twelve months ending with 30 September unless otherwise specified;
“Services”	means the credit union services of general economic interest more particularly described in Part A of Schedule 1.
Service Provider	means Brecon and District Credit Union Ltd

1.2. The headings to the clauses are for convenience only and have no legal effect.

1.3. References to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions from time to time and shall include references to any provisions of which they are re-enactments (whether with or without modification).

1.4. References to clauses and the Schedules are references to clauses of, and the Schedules to, this Agreement.

1.5. References to the masculine gender shall include the feminine and neuter and references to the singular shall include the plural and vice versa.

1.6 Each of the Schedules has effect as if set out in this Agreement.

2. Duration

2.1 This Agreement shall come into effect on 1 April 2014 and (unless terminated or extended under the provisions of this Agreement) shall remain in force until **31 March 2017**. (“the Initial Term”).

2.2 The Initial Term may be extended by agreement.

3. Services of General Economic Interest

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

4. Performance of the Services

4.1. The Services shall be provided to people who satisfy the criteria of the common bond of the Service Provider, as determined in accordance with section 1(2)(b) of the Credit Unions Act 1979.

4.2. The Service Provider shall perform the Services in a manner which will achieve the targets set out in Part B of Schedule 1 as amended from time to time by agreement.

4.3. The Service Provider shall comply with the reasonable directions issued from time to time by the Welsh Ministers in respect of the Services and matters related to the Services.

5. Service Provider's General Obligations

5.1. The Service Provider shall provide the Services in compliance with all applicable legal requirements (including, without limitation, the Data Protection Act 1998) and in compliance with the requirements of any consent, licence, approval, authority or similar act of which the Service Provider is or should from time to time be aware.

5.2. The Service Provider shall adhere at all times to all requirements of best practice applicable to the provision of the Services.

5.3. Where the Service Provider provides services and carries out activities falling both inside and outside the scope of that detailed in Part A of Schedule 1, the Service Provider shall ensure that its internal accounts show separately the costs and receipts associated with the Services detailed in Part A of Schedule 1 and those of other services, as well as the parameters for allocation of costs and revenues.

5.4. The Service Provider shall take necessary steps to protect against fraud. The Service Provider shall notify the Welsh Ministers immediately if it has

reason to suspect that any fraud has occurred or is occurring or is likely to occur.

6. Compensation and Payment

6.1. The Welsh Ministers shall pay the Compensation to the Service Provider on the terms set out in Part A of Schedule 2.

6.2. The Compensation shall be applied by the Service Provider solely towards the Eligible Costs of the provision of the Services as provided in Part B of Schedule 2.

6.3. The total amount of State aid received under this agreement is a sum not exceeding £45,597.35 for the period April 2014 to March 2017.

6.4. The amount of cash funding to be available to the Service Provider shall be a sum not exceeding:

for the period April 2014 to March 2015 – £21,615.50
for the period April 2015 – March 2016 – £14,394.92
for the period April 2016 – March 2017 - £9,586.93

6.5 The number of financially excluded members reported to the Welsh Government for the purpose of monitoring the activities of this project must be solely as a result of the funding received from the Welsh Government.

7. Repayment of overcompensation

7.1 Subject to clause 7.4, the costs referred to in Part B of Schedule 2 shall be reduced by all revenue received by the Service Provider in the previous quarter as a result of the provision of the Services.

7.2 Notwithstanding any other provision of this Agreement except clauses 8.4 and 8.5, the Service Provider shall repay to the Welsh Ministers the value of

$$£(A + B) - £C$$

where: A is the total Compensation actually paid to the Service Provider under this Agreement;

B is the total revenue generated from the provision of the Services less the amount calculated in accordance with sub-clause 7.3; and

C is the total costs which have actually been incurred by the Service Provider in connection with the Eligible Costs of providing the Services

as at the last day of the Initial Term (whenever it occurs) and (if applicable) as at the last day of the extended term of this Agreement.

7.3 Payment of the amount due in accordance with clauses 7.1 and 7.2 shall be made on demand by the Welsh Ministers together with compound interest calculated in accordance with Commission Regulation (EC) No 794/2004 of 21 April 2004.

7.4 The Service Provider may retain the same proportion of the revenue received by it in the previous quarter as a result of the provision of the Services as the proportion of its own capital which it applied during the same period towards the provision of the Services.

7.5 If the Initial term has been extended and at the end of the Initial Term $£(A + B)$ does not exceed $£C$ by more than 10% of C, the Welsh Ministers may permit the Service Provider to carry forward the over compensation to the next year. Such amount carried forward shall be set off the amount due to the Service Provider for the performance of the Services in the following quarter and the costs listed in Part B of Schedule 2 shall be amended accordingly.

7.6 The Welsh Ministers may require the repayment of any Compensation or revenue generated from the provision of the Services on demand to the extent that:

- 7.6.1 the Welsh Ministers are required to do so as a result of a decision by the European Commission or as a result of any obligation under European Union law, or
- 7.6.2 if in the opinion of the Welsh Ministers the repayment is necessary to ensure that the assistance given under this Agreement taken together with any other assistance which has been or is likely to be received towards the Services is compatible with the EC State aid rules, or
- 7.6.3 the Compensation is applied for purposes other than the Eligible Costs arising from the provision of the Services.

8. State aid

- 8.1 The Service Provider must ensure that it complies with State aid rules. The Compensation payable under this Agreement is provided in accordance with Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest (C (2011) 9380). . The Service Provider shall ensure that it complies with the contents of this Decision.
- 8.2 If any part or all of the Compensation paid to the Service Provider is unlawful State aid, the Welsh Ministers shall be entitled to recover from the Service Provider such State aid in full on demand together with compound interest calculated in accordance with Commission Regulation (EC) No 794/2004 of 21 April 2004.

9. Accounts and Audit

- 9.1 The Service Provider shall comply with the Audit and Accounting Requirements set out in schedule 3.
- 9.2 The Service Provider shall permit the Welsh Ministers and the Auditor General for Wales and their staff to carry out such financial audits as either of them may consider appropriate from time to time. The Service Provider shall provide the Welsh Ministers and the Auditor General for Wales or their staff with such information as they may reasonably require for the purpose of such audits.

10. Termination

- 10.1 The Welsh Ministers may by notice in writing withhold payments or terminate this Agreement with immediate effect if the Service Provider or any of its staff:

- 10.1.1 commits any act which in the opinion of the Welsh Ministers is an act of gross misconduct; or
 - 10.1.2 is reasonably suspected of acting fraudulently, which may include, providing information which is incorrect or misleading to an extent considered misleading by the Welsh Ministers; or
 - 10.1.3 is guilty of any conduct which in the opinion of the Welsh Ministers brings or is liable to bring the Welsh Ministers into disrepute; or
 - 10.1.4 fails to perform an obligation under this Agreement having been requested to do so at least twice by the Welsh Ministers.
- 10.2 Neither party shall be in breach of this Agreement by reason of any delay in performance or non-performance of any of its obligations under this Agreement to the extent that such delay or non-performance is due to circumstances beyond its reasonable control.
- 10.3 The Welsh Ministers may by notice in writing terminate this Agreement with immediate effect if:
- 10.3.1 the Service Provider passes a resolution that it be wound up, or a court makes an order that the Service Provider be wound up, in either case otherwise than for the purposes of reconstruction or amalgamation, or circumstances arise which would enable a court to make such an order or the Service Provider is unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986; or
 - 10.3.2 a receiver, manager, administrator or administrative receiver is appointed to the Service Provider, or over all or part of the property which from time to time be comprised in the property and undertaking of it, or circumstances arise which would entitle a court or a creditor to appoint such a receiver, manager, administrator or administrative receiver.
- 10.4 A Party may terminate this Agreement by giving to the other not less than three months written notice.
- 10.5 Any termination shall be without prejudice to any accrued rights or liabilities which either party may have against the other.

11. Data Sharing

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

12. Warranties

- 12.1 The Service Provider represents and warrants to the Welsh Ministers that:
- 12.1.1 this Agreement constitutes legal, valid and binding obligations of the Service Provider;
 - 12.1.2 the Service Provider has not taken any corporate or other action nor, to its knowledge or the knowledge of its officers, partners or principal (as applicable), have any steps been taken or legal proceedings been started for the winding-up, dissolution or for the appointment of a receiver or administrative receiver, or an administrator, trustee or similar officer of it or of any or all of its assets; and
 - 12.1.3 in entering into this Agreement and in performing its obligations under this Agreement it is and will be at all times acting in accordance with its Rules.
- 12.2 The representations and warranties set out in clause 12.1 shall be deemed to be repeated by the Service Provider on each day during the subsistence of the Agreement as though made on each such day with reference to the facts and circumstances then existing on such day.

13. Assignment and Sub contracting

- 13.1. The Service Provider shall not:

- 13.1.1 assign or transfer all or any of its rights, benefits, obligations or duties, or
- 13.1.2 subcontract any or all of its rights, benefits, obligations or duties under this Agreement.

14. Reporting Requirements

14.1. The Service Provider shall comply with the reporting requirements described in Part A of Schedule 2.

15. Liabilities

- 15.1 The Service Provider agrees that it shall be solely responsible for the performance of the Services and shall indemnify and keep indemnified the Welsh Ministers and their employees, servants, agents or sub-contractor from and against any and all actions, claims, costs, losses (including consequential loss, economic loss and loss of profit, revenue and goodwill), damages, demands, expenses (including legal costs and expenses on a solicitors own client basis) charges and other liabilities of whatsoever nature and howsoever arising as a result of or in connection with this Agreement or the termination of this Agreement for whatsoever reason including but not limited to:
- 15.1.1 death or personal injury; and/or
 - 15.1.2 loss of or damage to any property; and/or
 - 15.1.3 financial loss arising from any advice given or omitted to be given by the Service Provider; and/or
 - 15.1.4 any claim made against the Welsh Ministers by a third party arising out of or in connection with any of the Services provided by the Service Provider to the extent that such claim arises out of the breach, negligent performance or failure or delay in the performance of this Agreement by the Service Provider; and/or
 - 15.1.5 any other loss which is caused directly or indirectly by any act or omission of the Service Provider in relation to the provision of the Services.
- 15.2 Clause 15.1 shall not apply to the extent that the Service Provider is able to demonstrate that such death or personal injury, loss or damage was caused or contributed to by the Welsh Ministers' negligence or default in relation to Welsh Ministers' functions.
- 15.3 The Welsh Ministers acknowledge that the Service Provider owes contractual obligations to third parties that are not party to this Agreement. The Welsh Ministers accept no responsibility whatsoever for any failure by the Service Provider to perform the third party obligations and the Service Provider shall indemnify the Welsh Ministers for any liabilities, claims, proceedings, demands, losses, costs and expenses suffered or incurred by the Welsh Ministers directly or indirectly arising as a result of or in connection with any failure by the Service Provider to perform the third party obligations either in full or at all.

16. Freedom of Information

- 16.1 The Service Provider acknowledges that the Welsh Ministers are subject to the requirements of the Code of Practice on Public Access to Information published by the Welsh Government, the Freedom of Information Act 2000, and the Environmental Information Regulations 2004.
- 16.2 The Service Provider acknowledges that the Welsh Ministers shall be responsible for determining in their absolute discretion whether:
- 16.2.1 to disclose any information which it has obtained under or in connection with this Agreement to the extent that the Welsh Ministers are required to disclose such information to a person making a disclosure request under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004; and/or
 - 16.2.2 any information is exempt from disclosure under the Code of Practice on Public Access to Information published by the Welsh Assembly Government, the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.
- 16.3 The provisions of this clause 18 shall apply during the continuance of this Agreement and indefinitely after its expiry or termination.

17. Fees

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

18. Equality of Opportunity

- 18.1 The Service Provider shall prepare and apply a policy of equality of opportunity as employers, users of volunteers, and as providers of services, regardless of race, gender/gender identification, sexual orientation, religion and belief, age or as far as is practicable, any disability. A copy of the policy shall be provided to the Welsh Ministers on request.
- 18.2 The Service Provider must seek to achieve such equality and diversity targets as are agreed in writing with the Welsh Ministers (or in the absence of agreement, as reasonably directed by the Welsh Ministers).

19. Welsh Language

- 19.1. The Service Provider shall ensure that it meets the linguistic needs of its members for whom the Services are to be provided. In particular, the Service Provider shall ensure that Services are delivered in Welsh and English.

20. Board Meetings

- 20.1 The Service Provider must inform the Welsh Ministers of all proposed board meetings of the Service Provider's directors.
- 20.2 The Service Provider must permit a representative of the Welsh Ministers to attend such meetings (in full or in part) if so requested.

21. Research and Evaluation

- 21.1 The Service Provider shall provide the Welsh Ministers and/or their agents with all information necessary to enable the Welsh Ministers to undertake an evaluation of the Agreement and the provision of the Services.
- 21.2 The Welsh Ministers reserve the right to request the Service Provider to co-operate with them in carrying out research and evaluation in respect of the Agreement and the Services to be provided under that Agreement. The Service Provider must comply with all reasonable requests.
- 21.3. The findings of the research and evaluation studies will not identify individual participants, and will not identify the arrangements made by this Agreement without the Welsh Ministers' consent.

22. Publicity

- 22.1 The Service Provider must comply with the information and publicity guidelines published from time to time by the Welsh Government and/or specified by the Welsh Ministers.
- 22.2 The names, images and logos identifying the Welsh Government are proprietary marks belonging to the Welsh Ministers. The Service Provider must not use such names, images or logos in any advertising, promotional literature or other materials without the prior written consent of the Welsh Ministers.
- 22.3 The Service Provider must assist the Welsh Ministers whenever and however reasonably required in order to enable the Welsh Ministers to ensure that information and publicity requirements referred to in paragraphs 22.1 and 22.2 are complied with.

- 22.4 Upon written request by the Welsh Ministers, the Service Provider agrees to provide the Welsh Government with photographs (as defined in the Copyright, Designs and Patents Act 1988) (contents and style to be defined by the Welsh Ministers) relating to the projects to enable the Welsh Ministers to compile a library of such photographs and hereby grants to the Welsh Ministers and irrevocable licence to use all such photographs in publicity material from time to time. The entire copyright in the photographs shall be retained by the Service Provider.

23. Notices

- 23.1 All notices shall be made in writing and sent to the Service Provider at the address stated at the beginning of this Agreement and to the Welsh Ministers as indicated in the following sub-clause.
- 23.2 Any notice for the Welsh Ministers shall be served by hand or first class post and marked for the attention of the Welsh Ministers whose address for service is c/o the Director of Legal Services, Crown Buildings, Cathays Park, Cardiff, CF10 3NQ (or such other person notified by the Welsh Ministers to the Service Provider).
- 23.3 A notice shall be deemed duly served on the day of delivery if sent by hand or 48 hours after posting provided that the notice is sent postage prepaid and the envelope is correctly addressed in accordance with this clause provided always that if the day of deemed delivery is not a business day (meaning a day on which the major clearing banks are open for the full range of banking transactions in Cardiff but excluding Saturdays, Sundays and public bank holidays in Wales) then the next business day shall be the deemed day of delivery.

24. General

- 24.1 Any waiver of any breach of, or default under, any of the terms of this Agreement by the Welsh Ministers shall not be deemed a waiver of any subsequent breach or default and shall in no way affect the other terms of this Agreement.
- 24.2 For the avoidance of doubt clauses 6 (Compensation and Payment), 7 (Repayment of Over-compensation), 9 (Accounts and Audit), 10 (Termination), 12 (Warranties), 13 (Assignment and Subcontracting), 14 (Reporting Requirements), 21 (Research and Evaluation) and 24 (General) will survive termination of this Agreement and shall remain in full force and effect notwithstanding expiry or termination of this Agreement.
- 24.3 If any provision or part of any provision of this Agreement is found by a court or other competent authority to be void or unenforceable, such provision or part of a provision shall be deleted from this Agreement and the remaining provisions or parts of the provision shall continue in full force and effect.

24.4 This Agreement is the entire agreement between the Welsh Ministers and the Service Provider in respect of the Services and shall only be amended or varied in writing signed by each party.

24.5 Save as may be expressly provided in this Agreement, no term of this Agreement shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by a third party.

25. Governing Law and Jurisdiction

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

SCHEDULE 1

PART A

THE SERVICES

The Service Provider agrees to:

- Provide access to basic financial products, for example loans, budgeting accounts or rent accounts, that are simple, transparent and low cost to people who are considered to be financially excluded using the definition provided by the Welsh Government.
- Offer support and advice to people considered to be financially excluded about money management and affordable credit.
- Signpost to accredited advice providers as necessary

PART B

SERVICE TARGETS

During the term of this Agreement, the Service Provider will offer the services described in Part A to not less than:

240 people not previously members of the credit union and who are considered as being financially excluded.

SCHEDULE 2

PART A

COMPENSATION AND REPORTING

1. The Compensation shall be payable in quarterly parts in arrears following receipt of –
 - 1.1 a claim for payment from the Service Provider which may be submitted on or any time after the last day of each quarter; and
 - 1.2 such other documentation as may be reasonably required from time to time by the Welsh Ministers.
2. Each claim for payment will set out, in such detail as the Welsh Ministers may reasonably require -
 - 2.1 the actual expenditure defrayed during the quarter;
 - 2.2 best estimates of expenditure to the end of the term of the Agreement.

The reporting will take the form of a transaction list showing defrayed expenditure and income evidenced by certified copies of invoices, timesheets etc. This will be required on a quarterly basis.
3. Each claim for payment shall be made to the Welsh Government.
4. Payment will be made to the Service Provider within 30 days of receipt of a complete and correct claim form. Payment will not be made until all the information required has been received by the Welsh Government.
5. The Service Provider shall provide the Welsh Ministers (with reports (in such form and substance as the Welsh Ministers shall require (a format has been provided to the Service Provider at Annex A and Annex B)) on a quarterly basis including without limitation a report detailing the Services performed during the preceding quarter.
6. The Service Provider shall provide to the Welsh Ministers a quarterly report which records the Service Provider's performance against the targets in Part B of Schedule 1.
7. The Service Provider shall submit statutory accounts and Annual Financial Conduct Authority (FCA) returns and Quarterly FSA returns. Copies of these statutory accounts and (FSA returns must also be made available to the Welsh Ministers within or immediately after the relevant reporting deadline (i.e. 7 months for the annual items and one month for the quarterly items).

8. Each quarterly report must provide a detailed statement on the Service Provider's progress to achieving the Level specified in clause 18 (Equality of Opportunity).
9. The Service Provider must notify the Welsh Government at the earliest time if it believes any documentation will be submitted after the reporting deadline.
10. The Welsh Ministers reserve the right to request further information to supplement the reports referred to in paragraphs 5 to 6 and/or to request reports on a more frequent basis, if they so require. The Service Provider is required to comply with all such reasonable requests.
11. The Service Provider must immediately notify the Welsh Government of any matters relating to the Service Provider of which the Welsh Ministers would reasonably expect to receive notice. Such matters would include:
 - 11.1 anything that has happened or is expected to happen which could have a significant impact on the Service Provider's reputation;
 - 11.2 anything that has happened or is expected to happen which could affect the Service Provider's ability to continue to provide adequate services to its customers, and which could result in a serious detriment to a customer of the Service Provider;
 - 11.3 anything that has happened or is expected to happen to do with the Service Provider which could result in serious financial consequences to the financial system or to other firms (including other credit unions);
 - 11.4 If there are any civil, criminal or disciplinary proceedings against the Service Provider;
 - 11.5 If there have been any significant events such as fraud, errors and other irregularities;
 - 11.6 If an event has put into question the Service Provider's honesty, integrity and reputation;
 - 11.7 If there is any question about the financial soundness of the Service Provider.

PART B (To be completed by the credit union and returned with the acceptance of offer)

COSTS

Compensation shall be applied to the costs listed in the first column of the table below in amounts up to the following:

[

Eligible expenditure heading	Projected net annual cost £

SCHEDULE 3

AUDIT AND ACCOUNTING REQUIREMENTS

1. The Service Provider is required to submit to the Welsh Government by no later than **30 October** immediately following the end of the financial year in which the grant was paid:
 - a. Certificate of Annual Expenditure relating to the Services in such form as the Welsh Ministers may from time to time require on the use of the grant for the financial year;
 - b. an outturn of expenditure confirming the sum claimed by way of Compensation during the previous financial year and stating that the Compensation was spent in accordance with the terms of this Agreement, signed by the chief financial officer.
 - c. a signed declaration that no further claim for Compensation in respect of expenditure in the relevant financial year will be made to the Welsh Ministers and no additional assistance for the Services has been received or promised from an institution of the European Union, a government department, a local authority, or any other partially or wholly public financial body or charitable fund.
2. The Service Provider shall ensure that its auditor submits to the Welsh Government by no later than **31 March** following the end of the financial year, one of the following: -
 - a. when satisfied that the terms of this Agreement have been complied with, a Certificate of Annual Expenditure form confirming that the entries stated and the Compensation has been claimed, spent and repaid in accordance with the terms of this Agreement;
 - b. when satisfied that the terms of this Agreement have been complied with but that the sum claimed is incorrect, a certified amended figure in accordance with the terms of this Agreement;
 - c. when not fully satisfied that the terms of this Agreement have been complied with or that there is doubt regarding the admissibility of the

sums claimed, a certified claim subject to qualifications in an accompanying letter.

3. The Service Provider shall show separately in its annual accounts the costs and receipts associated with the Services and those of any other costs and receipts.
4. All accounts shall clearly identify all funding given by the Welsh Ministers, and any grants received from an institution of the European Union, a Government Department, a local authority, or any other partially or wholly publicly funded body or charitable fund, during that financial year.
5. If the accounts do not isolate the funding given by the Welsh Ministers, the Service Provider shall provide an income and expenditure account certified by the finance officer confirming the level of funding given by the Welsh Ministers and its expenditure.
6. The Service Provider must comply with any reasonable deadlines that the Welsh Ministers set regarding requests for information that the Welsh Ministers make, in whatever form, regarding the progress of the provision of the Services.
7. The Welsh Ministers, the Welsh Government's Corporate Governance and Assurance Division, the Auditor General for Wales, the European Commission and the European Court of Auditors or their agents or representatives have the right at any time (on reasonable notice) to:
 - a. require such further information including documents or other items relating to the provision of the Services as they think fit;
 - b. request and be provided with original documents or other information relating to the provision of the Services;
 - c. be provided by the Service Provider with copies of such documents or other information as may be required; and

- d. carry out on-the-spot audits of the Service Provider's provision of the Services.
- 8. The Service Provider must co-operate with all such reasonable requests for documents or other information relating to the provision of the Services.
- 9. The Service Provider acknowledges that the European Anti-Fraud Office shall have access to the information/documents referred to above.
- 10. If so requested by the Welsh Ministers the Service Provider will submit copies of annual audited accounts within 6 months of the end of its financial year. The notes to the accounts must specifically itemise Compensation receipts.

Declaration of agreement between the Welsh Ministers and the Service Provider for the provision of services of general economic interest for the period April 2014 to March 2017.

Signed by

Name

Under the authority of the Minister for Communities and Tackling Poverty (one of the Welsh Ministers).

Signed by

Name Director
(please print)

By and on behalf of
Brecon and District Credit Union Ltd

Date

Signed by

Name Director
(please print)

By and on behalf of
Brecon and District Credit Union Ltd

Date

Annex A

Please can you supply the following information for the Q1 April – June 2014. Please subsequently rename and update the information for quarters: July – Sept; Oct-Dec; and Jan-March.

Accessibility

Day	Opening hours (main office)
Monday	
Tuesday	
Wednesday	
Thursday	
Friday	
Saturday	

High level summary - cumulative

(To be updated at the start of every quarter)

Current membership	
Number of financially excluded members who have accessed your services since April 2014 (cumulative)	

Growth since the start of the funding 1st April 2014

Brecon and District Credit Union		Change during this quarter (+/-)	Cumulative(since April 1 st 2014)
Total membership			
Number of financially excluded people accessing financial			

services		
Number of loans to financially excluded members		
Value of loans to financially excluded members		
Number of new primary / secondary school links that were not previously linked to the Credit Union		
Number of Junior Savers Accounts opened		
Number of Budgeting Accounts opened		
Number of Rent Accounts opened		

Referrals

Number of referrals made to advice providers		
Number of referrals to the Credit Union received from advice providers		
Number of referrals to the Discretionary Assistance Fund		

Additional information

Please amend quarters as necessary:

April - June		
Have you adopted or are improving equality strategies and monitoring systems	Yes	No
April – June	Increased	Lost
Have you created/lost jobs (number)		
April – June	Present number	Lost or Plus
Number of Directors (number & Changes)		
April – June	Present number	Loss or plus

Staff (Number and Changes)		
April – June	Present number	Loss or plus
Volunteers (number & Changes)		
April – June	Present number	Loss or plus
Increase in number of collection points		
April – June	Total	Change
Credit union shares (total and in quarter change)		

Completed Annex A and B forms, in addition to FCA CQ Quarterly Reports must be sent back to the Credit Union team, Welsh Government by the **15th of the month following the end of quarter** to the following address:

Credit Union Team

Welsh Government

Rhydycar Business Park

Merthyr Tydfil

CF48 1UZ

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

Subsidised Air Services

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

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

calculated regularly through examination of their management accounts to ensure there is no overcompensation.	
A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in you 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). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2014	2015
£2,443,625	£2,632,183
A: Total amount of aid granted (in millions EUR) paid by national central authorities	
2014	2015
£2,443,625	£2,632,183
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)	
2014	2015
1 beneficiary which is a large enterprise.	1 beneficiary which is a large enterprise.

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

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

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

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

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

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

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

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

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

Total SGEI government expenditure by legal basis (millions £)		
	2014	2015
Compensation for Services of General Economic Interest (1+2)		
(1) Compensation granted on the basis of the SGEI Decision		
(2) Compensation granted on the basis of the SGEI Decision		
Non-compulsory: If your Member State has not granted State aid for the provision of SGEI in certain sectors on the basis of the SGEI Decision or the SGEI Framework, information regarding other instruments to ensure the provision of those services would be very useful. If available, please provide a brief description of these instruments (e.g. direct aid to users, compensation complying with all four Altmark criteria, SGEI de minimis aid ...) and the sectors in which they are used. If you consider that for the sectors listed below your Member State only grants public financing to activities that are non-economic in nature and hence would not be in scope of State aid rules we invite you to also inform us about this (by describing why the subsidized activity is non-economic).		

2. DESCRIPTION OF THE APPLICATION OF THE SGEI DECISION AND THE SGEI FRAMEWORK AND AMOUNT GRANTED

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

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

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

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

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

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

N/A

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

Direct grant subsidies.

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

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

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

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

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

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

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

Amount of aid granted	
Total amount of aid granted (in millions £). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2014	2015
Total: £951.88m	Total: £598.24m
A: Total amount of aid granted (in millions £) paid by your national central authorities¹	
2014	2015
Total: £505.44m	Total: £461.14m
B: Total amount of aid granted (in millions £) paid by regional authorities²	
2014-15	2015-16
£381m (grant) £8.7m (loan)	£74.06m (grant) £12.05m (loan)
Total: £389.7m	Total: £86.11m
C: Total amount of aid granted (in millions £) paid by local authorities³	
2014	2015
Total: £56.74m	Total: £50.99m
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size and undertakings)	
2014	2015

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

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

³ This does not include the funding provided by the Department of Health for supported affordable housing which is included separately in the Department of Health SGEI return.

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)		
	2014	2015
Compensation for Services of General Economic Interest (1+2)		
(1) Compensation granted on the basis of the SGEI Decision	£11.1m	£13.6m
(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. If you consider that for the sectors listed below your Member State only grants public financing to activities that are non-economic in nature and hence would not be in scope of State aid rules we invite you to also inform us about this (by describing why the subsidized activity is non-economic).

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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

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

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

Clear and comprehensive description of how the respective services are organized in your Member State ⁵
Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.
<p>5(vi) Financial Services.</p> <p>On 6 July 2010, the European Commission approved the State Aid support for the establishment and year of operation of the UK's National Employment Savings Trust (NEST) as compatible with the internal market under Article 106(2).</p> <p>Under the UK pension reform, employers have a duty to automatically enrol workers into a pension vehicle. Automatic enrolment commenced in July 2010. At 31 March 2016 over 86,000 employers have automatically enrolled 2.9million workers. NEST has over 3 million members.</p> <p>NEST has been entrusted with a s Service of General Economic Interest to admit any worker automatically enrolled by their employer, even if the cost of administering the account is greater than the revenue derived from charges.</p>
Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them.
<p>The NEST Pension Scheme, introduced by the Pensions Act 2008 and the NEST Order 2010 contains an overall description of the services. The UK authorities defined the public service obligation in the legally binding Order, rules and subsidiary documentation under which NEST operates. The NEST Order obliges the scheme trustees to accept the eligible employees of all UK employers who select the scheme to fulfil their employer duty.</p>
Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?
The NEST scheme operates on a not for profit basis. The Loan Agreement allows the

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.

period of the loan to vary depending on NEST's actual operation. The repayment period of the scheme was originally estimated to be to between 20 and 27 years. NEST Corporation provides detailed monthly reports to the Ministry. These include all the necessary information to enable the Ministry to understand and monitor NEST Corporation's actual costs and revenues against the draw down and repayment schedules set out by the financial model. The Services of General Economic Interest are entrusted to NEST Corporation pursuant to the NEST Order 2010 laid before the UK Parliament under section 67 of the Pensions Act 2008. The Loan Agreement defines the financial parameters and makes provisions for the payment, review and control of aid amounts. The amount of compensation granted to NEST depends on the numbers and types of scheme members.

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

The UK does provide the NEST scheme with any special or exclusive rights.

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

NEST benefits from a subsidised loan from Government to fill the costs and funding gap faced by NEST. Instead of paying commercial rates on the loan, NEST pays the interest corresponding to the government's own cost of borrowing.

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

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

The UK undertakes sensitivity analysis, based on the number of members, scheme costs and incomes levels of members in order to identify the possible range of compensation. The scenarios don not result in over compensation as the amount of aid provides moves in line with that required to support the scheme in full filling its public service obligation. The monitoring and management provided to the Ministry also allows for steps to be taken if it were considered that over-compensation had in fact occurred.

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)	
2014	2015
A: Total amount of aid granted (in millions EUR) paid by national central authorities⁷	
2014	2015
£11.1m	£13.6m
B: Total amount of aid granted (in millions EUR) paid by regional authorities⁸	
2014	2015
C: Total amount of aid granted (in millions EUR) paid by local authorities⁹	
2014	2015
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰	
2014	2015

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.
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.

<p>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?</p>	
<p>Explanation whether (typically) exclusive or special rights are assigned to the undertakings.</p>	
<p>Which aid instruments have been used (direct subsidies, guarantees, etc.)?</p>	
<p>Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.</p>	
<p>Typical arrangements for avoiding and repaying any overcompensation.</p>	
<p>A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).</p>	
<p>Amount of aid granted</p>	
<p>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)</p>	
2014	2015
<p>A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³</p>	
2014	2015

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	
2014	2015
C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵	
2014	2015
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁶	
2014	2015

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;

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.

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

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

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

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

- carrying out a public consultation in line with paragraph 14 of the SGEI Framework;

- complying with public procurement rules in line with para 19 of the SGEI Framework;

- determining the net avoided cost as required by paras 25-27 of the SGEI Framework;

- determining the reasonable profit level in line with paras 33-38 of the SGEI Framework;

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

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

ANNEX

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

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

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

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

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

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

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

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

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

Total SGEI government expenditure by legal basis (millions EUR)		
	2014	2015
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. If you consider that for the sectors listed below your Member State only grants public financing to activities that are non-economic in nature and hence would not be in scope of State aid rules we invite you to also inform us about this (by describing why the subsidized activity is non-economic).

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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

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

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

Clear and comprehensive description of how the respective services are organized in your Member State ⁵
Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.
Social Services - social housing and care and social inclusion of vulnerable groups.
Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them.
Funding agreement entered into in 2014 relating to the development of a site situated at Surrey Road, Chandlers Ford, Eastleigh, Hampshire, SO53 3FQ by construction of 70 self contained units specifically designed to meet the need of people over the age of 55 years with vulnerabilities; such units to be made available as socially rented or shared ownership units.
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?
10 years
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.
Aid granted relates to development of specific site.
Which aid instruments have been used (direct subsidies, guarantees, etc.)?
Funding Agreement providing for aid to be granted by instalments.

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.

Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.	
Based upon costings supplied by grant recipient which were subject to assessment by Hampshire County Council.	
Typical arrangements for avoiding and repaying any overcompensation.	
Funding agreement provides for repayment of aid provided in full if breach of funding agreement prior to completion of development. Following completion of development if there is breach of funding agreement e.g. property no longer used for intended purpose, Hampshire County Council entitled to require repayment of aid provided on a reducing scale over the period of 10 years.	
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)	
2014	2015
A: Total amount of aid granted (in millions EUR) paid by national central authorities⁷	
2014	2015
B: Total amount of aid granted (in millions EUR) paid by regional authorities⁸	
2014	2015

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.

C: Total amount of aid granted (in millions EUR) paid by local authorities⁹	
2014	2015
	1212553 by Hampshire County Council in respect of social services development at Eastleigh Hampshire
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰	
2014	2015

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

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

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.

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 .

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.

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)

2014	2015
A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³	
2014	2015
B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁴	
2014	2015
C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵	
2014	2015
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁶	

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

2014	2015

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.

in your Member State, they can of course be presented in a more aggregated and/or estimated way. In that case please indicate that estimations have been used as well as the type of aggregation made.

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

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 £)		
	2014	2015
<i>Compensation for Services of General Economic Interest (1+2)</i>	£5.2m	0
(1) Compensation granted on the basis of the SGEI Decision	£5.2m	0
(2) Compensation granted on the basis of the SGEI Framework	0	0

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

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

For the period 2014/2015, Northern Ireland reports SGEI expenditure under:

- 1) 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

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.
Health and Social Care Services are provided by the Voluntary and Community Sector on a local and regional basis throughout Northern Ireland responding to the wide myriad of health and social care needs to all the people across the area. The capital funding of £5.2m allocated during the period 2014/15 has been directed to those providing End of Life/Palliative care and care to those living

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.

with a learning disability and their families.
Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them.
In line with SGEI requirements the capital funding for infrastructure has been delivered through Acts of Entrustment specifying the remit of the funding; legislative cover; general/financial and monitoring conditions; State Aid adherence etc (copies attached to this return for information).
Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?
Both Acts of Entrustment have a restricted period imposed of 10 years post project completion.
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.
No exclusive or special rights have been assigned to the undertakings receiving funding.
Which aid instruments have been used (direct subsidies, guarantees, etc.)?
Direct capital grant for infrastructure projects.
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.
A methodology based on cost allocation has been used to determine level of compensation. The compensation formed an overall package of funding supported by other public; commercial; private and philanthropic funding streams.
Typical arrangements for avoiding and repaying any overcompensation .
Assessment of the each undertaking's funding and services per annum was used to satisfy the Department that there is no overcompensation (with funding for each undertaking not exceeding EUR15m per annum). Default conditions are laid out within the Acts of Entrustment allowing for the repayment to the Department the full amount of financial Assistance made to each undertaking. As the Department responsible for providing the SGEI aid, the Department of Health ensures has arrangements in place to ensure ongoing monitoring, so that potential for overcompensation can be identified promptly.
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 £)⁶. This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2014	2015
5.2m (£)	
A: Total amount of aid granted (in millions £) paid by national central authorities⁷	
2014	2015
5.2m (£)	0
B: Total amount of aid granted (in millions £) paid by regional authorities⁸	
2014	2015
C: Total amount of aid granted (in millions £) paid by local authorities⁹	
2014	2015
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015

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

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

⁸ See footnote 7.

⁹ See footnote 7.

Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰	
2014	2015

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

Northern Ireland submits a nil return in respect of SGEI Expenditure under auspices of the SGEI Framework for the period 2014/15.

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

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.

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?	
N/A	
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.	
N/A	
Which aid instruments have been used (direct subsidies, guarantees, etc.)?	
N/A	
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.	
N/A	
Typical arrangements for avoiding and repaying any overcompensation .	
N/A	
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).	
N/A	
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)	
2014	2015
Nil	Nil
A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³	
2014	2015
N/A	N/A

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	
2014	2015
N/A	N/A
C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵	
2014	2015
N/A	N/A
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
N/A	N/A
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁶	
2014	2015
N/A	N/A

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.

Northern Ireland has not received any complaints by third parties regarding measures in the scope of the 2012 SGEI Decision or 2012 SGEI Framework.

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.

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.

Northern Ireland has no comments to make in this regard.

- 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.

Not applicable. Northern Ireland has not administered aid under the auspices of the 2012 SGEI Framework.

- 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.

Potential aid providers struggle to understand the concept of an SGEI, and to understand when the Altmark criteria are met (and therefore that it is safe to assume no State aid is present). This problem is made worse by the fact that the requirements of the SGEI Decision closely resemble the Altmark criteria.

Northern Ireland would find it helpful if the Commission could provide case studies or examples, or highlight specific Commission Decisions that would help Member States to decide whether or not the Altmark criteria have been met.

ANNEX

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

1. EXPENDITURE OVERVIEW

Please complete the following table:

Total SGEI government expenditure by legal basis (millions EUR)		
	2014	2015
<i>Compensation for Services of General Economic Interest (1+2)</i>		
(1) Compensation granted on the basis of the SGEI Decision	1,483,339	578,307
(2) Compensation granted on the basis of the SGEI Framework	0	0

The total SGEI Government expenditure supports access to and integration into the labour market which includes a range of support measures which create labour market opportunities, prepare individuals and support progressions into the labour market. In house delivery offers pre employment training, work experience, accredited qualifications and practical support to prepare and secure employment.

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

The SGEI Decision application supports:

- 1) Social services (Art. 2(1)(c))
 - a) Access to and reintegration into the labour market

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
<p>East Ayrshire Council's Economic Development team has a responsibility to deliver interventions which will reduce levels of unemployment in East Ayrshire. Successful in securing a range of funding this has supported the following delivery:</p> <ul style="list-style-type: none"> • Pre vocational training • Employability Fund • Modern Apprenticeships • Wage Subsidies • Accredited training • Advice, guidance and support to access and/or reintegrate into employment
<p>Explanation of the (typical) forms of entrustment. If standardized templates for entrustments are used for a certain sector, please attach them.</p> <p>Compliance paperwork in accordance with funding requirements is used and this varies across each programme of activity</p>
<p>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?</p> <p>No interventions exceed 10 years – duration varies with the maximum length of support defined defined by the Modern Apprentice framework where trade apprenticeships have a maximum duration of 4 years. Other provisions vary in duration at 13 weeks, 26 weeks and 52 weeks with other adhoc provision delivered in sessions over a timescale required to meet the desired outcome.</p>
<p>Explanation whether (typically) exclusive or special rights are assigned to the undertakings.</p> <p>N/A</p>
<p>Which aid instruments have been used (direct subsidies, guarantees, etc.)?</p> <p>Direct subsidies</p>

<p>Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.</p> <p>Actual costs</p>	
<p>Typical arrangements for avoiding and repaying any overcompensation.</p> <p>Monitoring systems would ensure expenditure is based on actual costs and audits would claim only deferred costs. A significant amount of these declared resources do include European Structural Funds which are subject to robust audit and scrutiny to ensure no over financing occurs. Other sources of funding are also subject to audit form both external and internal auditors.</p>	
<p>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).</p>	
<p>N/A – declaration under 15 million euro</p>	
<p>Amount of aid granted</p>	
<p>Total amount of aid granted (in millions EUR)¹. This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)</p>	
2014	2015
1,483,339	578,307
<p>A: Total amount of aid granted (in millions EUR) paid by national central authorities²</p>	
2014	2015
<p>B: Total amount of aid granted (in millions EUR) paid by regional authorities³</p>	

¹ As stipulated in Article 9 b) of the 2012 SGEI Decision.

² If the aid amount cannot be split between central, regional and local authorities only the total amount of aid granted for all authorities should be reported.

³ See footnote 2.

2014	2015
C: Total amount of aid granted (in millions EUR) paid by local authorities⁴	
2014	2015
614,460	571,270
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ⁵	
2014	2015

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

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

There is no SGEI compensation exceeding EUR 15 million

2) COMPLAINTS BY THIRD PARTIES

There are no complaints by third parties or any litigation before national courts, regarding measures in scope of the 2012 SGEI Decision or 2012 SGEI Framework.

4. MISCELLANEOUS QUESTIONS

a. We kindly invite you to indicate whether your authorities have no difficulties in applying the 2012 SGEI Decision and have considered 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;

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

Highlands and Islands airports Limited (HIAL)

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.
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. Support during this period was provided to HIAL as a whole and was not broken down by individual airport.
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 HIAL's Management Statement, Financial Memorandum and annual Grant letter.
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.
Not currently defined.
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

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

<p>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.</p>	
<p>Typical arrangements for avoiding and repaying any overcompensation.</p>	
<p>The grant claim regime requires HIAL to provide evidence of the need for subsidy. Their accounts are monitored to ensure that, over the course of a financial year, they break even.</p>	
<p>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 you Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).</p>	
<p>Amount of aid granted</p>	
<p>Total amount of aid granted (in millions EUR). This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)</p>	
<p>2014</p>	<p>2015</p>
<p>£31,688,000</p>	<p>£42,581,012</p>
<p>A: Total amount of aid granted (in millions EUR) paid by national central authorities</p>	
<p>2014</p>	<p>2015</p>
<p>£31,688,000</p>	<p>£42,581,012</p>
<p>Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)</p>	
<p>2014</p>	<p>2015</p>
<p>1 beneficiary which is a large enterprise.</p>	<p>1 beneficiary which is a large enterprise.</p>

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)		
	2014	2015
<i>Compensation for Services of General Economic Interest (1+2)</i>		
(1) Compensation granted on the basis of the SGEI Decision	274.265m	£371.871m
(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. If you consider that for the sectors listed below your Member State only grants public financing to activities that are non-economic in nature and hence would not be in scope of State aid rules we invite you to also inform us about this (by describing why the subsidized activity is non-economic).

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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

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

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

Clear and comprehensive description of how the respective services are organized in your Member State⁵
Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.
Social Housing
Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them.
Grant offer letters
Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?
No longer than 10 years
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.
None
Which aid instruments have been used (direct subsidies, guarantees, etc.)?
Loans, guarantees and subsidies
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.
Each grant type is set in benchmarks within each category.
Typical arrangements for avoiding and repaying any overcompensation.
Post completion review
A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website

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.

on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).

On Scottish Government website all aid measures are published.

<http://www.gov.scot/Topics/Built-Environment/Housing/investment/ahip>

Amount of aid granted

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

2014	2015
£274.265m	£371.871m

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

2014	2015

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

2014	2015

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

2014	2015

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

2014	2015

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

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

⁸ See footnote 7.

⁹ See footnote 7.

Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰	
2014	2015
Average per beneficiary £1.409m	Average per beneficiary £2.255m
Maximum number/amount 117/£16.560m	Maximum number/amount 117/£39.293m

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:

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.

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

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.

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)	
2014	2015
A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³	
2014	2015
B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁴	
2014	2015
C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵	
2014	2015
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)¹⁶	
2014	2015

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

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

¹⁴ See footnote 13.

¹⁵ See footnote 13.

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

4. COMPLAINTS BY THIRD PARTIES

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

5. MISCELLANEOUS QUESTIONS

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

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

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

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

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

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

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

ANNEX

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

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

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

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

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

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

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

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

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

Total SGEI government expenditure by legal basis (millions EUR)		
	2014	2015
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. If you consider that for the sectors listed below your Member State only grants public financing to activities that are non-economic in nature and hence would not be in scope of State aid rules we invite you to also inform us about this (by describing why the subsidized activity is non-economic).

2. DESCRIPTION OF THE APPLICATION OF THE 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.
Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them.
Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.
Which aid instruments have been used (direct subsidies, guarantees, etc.)?
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.
Typical arrangements for avoiding and repaying any overcompensation .
A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website

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.

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)	
2014	2015
A: Total amount of aid granted (in millions EUR) paid by national central authorities⁷	
2014	2015
B: Total amount of aid granted (in millions EUR) paid by regional authorities⁸	
2014	2015
C: Total amount of aid granted (in millions EUR) paid by local authorities⁹	
2014	2015
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰	
2014	2015

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.
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.
Formal grant offers subject to Council's standard terms and conditions under its

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.

Integrated Grant fund or Cooperative Development Funds
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 one year but no 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 above
Typical arrangements for avoiding and repaying any overcompensation.
Through IGF/CDF Monitoring Processes
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).
Web link to information on Glasgow City Council's Cooperative Development Funds below: https://www.glasgow.gov.uk/index.aspx?articleid=17592 And for its Integrated Grant Fund https://www.glasgow.gov.uk/index.aspx?articleid=18613 Only a proportion of the budgets allocated to these Funds are awarded to credit unions

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)	
2014	2015
A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³	
2014	2015
B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁴	
2014	2015
C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵	
2014	2015
£386,020.37	£263,700.11
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁶	
2014	2015

4. COMPLAINTS BY THIRD PARTIES

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.

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.

1. EXPENDITURE OVERVIEW

Please complete the following table:

Total SGEI government expenditure by legal basis (millions EUR)		
	2014	2015
Compensation for Services of General Economic Interest (1+2)	£351.25m	£292.50m
(1) Compensation granted on the basis of the SGEI Decision	£0	£0
(2) Compensation granted on the basis of the SGEI Framework	£351.25m	£292.50m

2. – NOT APPLICABLE FOR POL

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):

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

Clear and comprehensive description of how the respective services are organized in your Member State ¹
Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.
<p>As per Paragraph 13 of State aid decision SA38788 POL is entrusted with the following public service obligations:</p> <p>Network SGEI: To maintain a post offices network above its optimum commercial size that includes at least 11,500 post offices and meets the following minimum access criteria:</p> <ul style="list-style-type: none">• Nationally, 99% of the UK population to be within 3 miles and 90% of the population to be within 1 mile of their nearest post office branch;• In urban areas: 99% of the total population in deprived urban areas across the UK to be within 1 mile of their nearest post office branch and 95% of the total urban population across the UK to be within 1 mile of their nearest post office branch;• In rural areas: 95 % of the total rural population across the UK to be within 3 miles of their nearest post office branch; and

- In each postcode district: 95% of the population of each and every individual postcode district to be within 6 miles of their nearest post office branch (establishing a minimum level of coverage at a very local level. 2 OJ 2012, C 121/01.

Product SGEI: To provide the below-listed services, which POL has agreed to make best endeavours to provide to the maximal extent under contracts that have been concluded on a fully commercial basis with a range of public and private bodies, throughout the entirety of this network:

- Processing of social benefit and tax credit payments to the public;
- Processing of national identity and licensing scheme applications;
- Providing universal payment facilities for public utilities;
- Providing access to postal services under the Mail Distribution Agreement with Royal Mail; and
- Providing access to basic cash / banking facilities and UK Government savings instruments, especially for rural customers and those receiving social benefits.

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

POL is entrusted with its public service obligations by an entrustment letter and a funding agreement agreed between the Department for Business, Innovation and Skills and POL. The entrustment letter imposes on POL the overall obligations to deliver the public service obligations, while the funding agreement describes precisely the contractual obligations of the UK Government and POL (e.g. the precise terms and conditions under which, subject to State aid clearance by the Commission, the funds are made available to POL and shall be repaid in case of overcompensation).

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

3 years.

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

None

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

Direct subsidy – provided under The Post Office Network Subsidy Scheme Order 2007

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

Net avoided cost methodology, as described in the 2012 SGEI Framework.

Typical arrangements for avoiding and repaying any overcompensation.

In the event that the aggregate amount of SGEI compensation payments made by the UK Government to POL under each individual funding agreement exceed the costs incurred by POL in providing the SGEIs entrusted to it, POL is required to repay to the UK Government, within 10 Business Days of a request from the UK Government, an amount equal to such excess. These arrangements are clearly set out in the relevant entrustment letters agreed between the Department for Business, Innovation and Skills and POL.

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

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

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

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

Amount of aid granted

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

2014	2015
£351.25m	£292.50m
A: Total amount of aid granted (in millions EUR) paid by national central authorities³	
2014	2015
£0	£0

B: Total amount of aid granted (in millions EUR) paid by regional authoritiesⁱ	
2014	2015
£0	£0
C: Total amount of aid granted (in millions EUR) paid by local authoritiesⁱⁱ	
2014	2015
£0	£0
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
£351.25m – direct grant	£292.50m – direct grant
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ⁴	
2014	2015

1. 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.

2. 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.

N/A for POL

- 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.

No issues experienced by POL

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

ANNEX

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

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

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

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

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

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

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

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

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

Total SGEI government expenditure by legal basis (millions EUR)		
	2014	2015
<i>Compensation for Services of General Economic Interest (1+2)</i>		
(1) Compensation granted on the basis of the SGEI Decision		
(2) Compensation granted on the basis of the SGEI Framework		

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

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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

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

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

Clear and comprehensive description of how the respective services are organized in your Member State ⁵
Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.
<p>The Children and Families Delivery Grant (CFDG) is a grant open to third sector organisations to submit applications for funding for projects which support existing Children Young People and Families Division Programmes and the Tackling Poverty Agenda. One grant has been awarded in each of 5 Strategic Priority areas identified for the grant Programme. Project proposals are Wales wide or have the capacity to expand to be Wales wide and be delivery focussed. The grant will support families in practical, measurable ways, with particular emphasis on building family resilience and capacity to become less reliant on persistent interventions. The grant programme will run for three years from 1 October 2014</p> <p>The grant is complementary, adds value to the programmes managed by the Welsh Government's Children Young People and Families Division and responds to five specific priority areas:</p> <ul style="list-style-type: none"> • Childcare: Increase access to affordable, high-quality childcare across Wales • Play: Increase opportunities for children in Wales to play • Informed: Ensure families are appropriately informed about financial and practical support available to them • Engaged: Engage with 'seldom heard' families and support their accessing the programmes, support and services available to them • Policy and strategic development: Support for policy and strategic development in relation to children, young people and families. Increase the systemic opportunities for children and young people to participate in decisions that affect them and have their voices heard.
Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them.
The entrustments are provided as written agreements. They have been issued to all 3 rd sector organisations in receipt of grants and entrust to the Service Provider (grant recipient) responsibility for providing a service of general economic interest.

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

The entrustments are attached as Doc 1.	
Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?	
The entrustments currently in place with credit unions came into effect on 1 October 2014 and shall remain in force until 30 September 2017 .	
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.	
CFDG is delivered by 3 rd sector organisations selected through an open competitive grant application process.	
Which aid instruments have been used (direct subsidies, guarantees, etc.)?	
Direct grant.	
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.	
Grant applicants are required to submit an itemised and costed budget in advance of the grant award and support is then granted on a cost allocation basis.	
Typical arrangements for avoiding and repaying any overcompensation .	
Grant applicants are required to submit an itemised and costed budget in advance of the grant award before being assigned a Welsh Government account manager to oversee expenditure. Quarterly claims /Reports are submitted and recipients are then subject to regular checks, annual audits and an end of programme evaluation. Where overcompensation is identified recipients are required to repay accordingly.	
A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).	
Support provided via CFDG currently does not exceed the €15 million limit.	
Amount of aid granted	
Total amount of aid granted (in millions EUR) ⁶ . This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2014	2015

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

£558,290	£1,256,834
A: Total amount of aid granted (in millions EUR) paid by national central authorities⁷	
2014	2015
B: Total amount of aid granted (in millions EUR) paid by regional authorities⁸	
2014	2015
£558,290	£1,256,834
C: Total amount of aid granted (in millions EUR) paid by local authorities⁹	
2014	2015
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰	
2014	2015

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

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

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

⁸ See footnote 7.

⁹ See footnote 7.

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

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

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

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

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

Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.	
Typical arrangements for avoiding and repaying any overcompensation.	
A short explanation of how the transparency requirements (see Paragraph 60 of the 2012 SGEI Framework) are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).	
Amount of aid granted	
Total amount of aid granted (in millions EUR)¹². This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2014	2015
A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³	
2014	2015
B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁴	
2014	2015
C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵	
2014	2015

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

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

¹⁴ See footnote 13.

¹⁵ See footnote 13.

Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁶	
2014	2015

4. COMPLAINTS BY THIRD PARTIES

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

5. MISCELLANEOUS QUESTIONS

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

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

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

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

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

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

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

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

ANNEX

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

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

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

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

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

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

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

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

Please structure your report as follows:

1. EXPENDITURE OVERVIEW

Please complete the following table:

Total SGEI government expenditure by legal basis (millions EUR)		
	2014	2015
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. If you consider that for the sectors listed below your Member State only grants public financing to activities that are non-economic in nature and hence would not be in scope of State aid rules we invite you to also inform us about this (by describing why the subsidized activity is non-economic).

2. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI DECISION

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

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

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

Clear and comprehensive description of how the respective services are organized in your Member State ⁵
Explanation of what kind of services in the respective sector have been defined as SGEI in your Member State. Please list the contents of the services entrusted as SGEI as clearly as possible.
<p>Financial Inclusion services have been identified as SGEI.</p> <p>The Agreement is to enable the provision of basic affordable financial products and services. These products are designed according to the specific requirements (simple, transparent and low cost) to people defined as financially excluded and the agreement entrusts credit unions to carry out this service.</p> <p>In order for the Welsh Government and credit unions to fulfil their mutual objectives, the Welsh Government considers it necessary to provide financial support to cover some or all of the specific costs associated with the services of general economic interest.</p>
Explanation of the (typical) forms of entrustment . If standardized templates for entrustments are used for a certain sector, please attach them.
<p>The entrustments are provided as written agreements. They have been issued to all credit unions participating in the Project and entrust to the Service Provider (Credit Unions) responsibility for providing a service of general economic interest.</p> <p>The entrustments are attached as Doc 1.</p>
Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %) per sector. Specify in which sectors SGEI were entrusted with a duration exceeding 10 years and explain how this duration is justified?
The entrustments currently in place with credit unions came into effect on 1 April 2014 and shall remain in force until 31 March 2017 .
Explanation whether (typically) exclusive or special rights are assigned to the undertakings.
Welsh Government access to affordable credit services are delivered exclusively by Credit Unions.
Which aid instruments have been used (direct subsidies, guarantees, etc.)?

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.

Funding under these Agreements is limited to that actually required by credit unions to perform the public service obligations imposed by the Agreements i.e. what is necessary to cover the net costs exclusively linked to the public service obligation imposed. Regular checks are carried out to ensure that compensation paid to the Service Provider does not lead to overcompensation.	
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used.	
Funding is awarded in arrears based upon an expenditure compensation model.	
Typical arrangements for avoiding and repaying any overcompensation.	
Funding under these Agreements is limited to that actually required by credit unions to perform the public service obligations imposed by the Agreements i.e. what is necessary to cover the net costs exclusively linked to the public service obligation imposed. Regular checks are carried out to ensure that compensation paid to the Service Provider does not lead to overcompensation.	
A short explanation of how the transparency requirements (see Article 7 of the 2012 SGEI Decision) for the aid above 15 million euro to undertakings that also have activities outside the scope of the SGEI are being complied with. In your answer please also include some relevant examples of information published for this purpose (e.g. some links to websites or other references), indicate whether you have a central website on which you publish this information for all aid measures concerned in your Member State (and if so provide the link to this website), or alternatively explain if and how the publication takes place at the level granting the aid (e.g. central, regional or local level).	
Support provided currently does not exceed the €15 million limit.	
Amount of aid granted	
Total amount of aid granted (in millions EUR)⁶. This includes all aid granted in your territory, including aid granted by regional and local authorities. (A+B+C)	
2014	2015
£700,524	£466,532.99
A: Total amount of aid granted (in millions EUR) paid by national central authorities⁷	
2014	2015
B: Total amount of aid granted (in millions EUR) paid by regional authorities⁸	

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.

2014	2015
£558,290	£1,256,834
C: Total amount of aid granted (in millions EUR) paid by local authorities⁹	
2014	2015
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings) ¹⁰	
2014	2015

3. DESCRIPTION OF THE APPLICATION OF THE 2012 SGEI FRAMEWORK

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

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

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.

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

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.

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)	
2014	2015
A: Total amount of aid granted (in millions EUR) paid by national central authorities¹³	
2014	2015
B: Total amount of aid granted (in millions EUR) paid by regional authorities¹⁴	
2014	2015
C: Total amount of aid granted (in millions EUR) paid by local authorities¹⁵	
2014	2015
Share of expenditure per aid instrument (direct subsidy, guarantees etc.) (if available)	
2014	2015
Additional quantitative information (e.g. number of beneficiaries per sector, average aid amount, size of the undertakings)¹⁶	

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.

2014	2015

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.

Part 3 – application of the 2012 SGEI Framework

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

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	Provision of ferry services to islands and remote peninsula communities in Scotland. Specifically: - Clyde and Hebrides Ferry Services - Northern Isles Ferry Services - Gourock-Dunoon ferry service - Northern Isles lo-lo freight (to May 2014)
Explanation of the (typical) forms of entrustment.	Entrustment is through public service contracts which contain precise indications about the services to be provided by the operator and how the scope of the public service remit may be changed.
Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %).	Duration of entrustments (contracts) during the reporting period. Specifically: - Clyde & Hebrides = 6 years - Northern Isles = 5 years 9 months - Gourock-Dunoon = 6 years. - Northern Isles lo-lo freight – 6 years No current entrustment is longer than 10 years (0%)
Explanation whether (typically) exclusive or special rights are assigned to the undertakings	(typically) no
Which aid instruments have been used?	Operating grant
Typical compensation mechanism as regards the respective services and whether a methodology based on cost allocation or the net avoided cost methodology is used	The typical compensation mechanism is a monthly grant payment. Payment amounts are based on the difference between operating costs (including a reasonable profit) and revenues. Payment amounts are set at the outset of each contract following a competitive tendering exercise. Mechanisms exist within each contract for the review and amendment of payments in response to external changes in costs (e.g. fuel prices).

Typical arrangements for avoiding and repaying any overcompensation	<p>Typically each contract contains a clawback mechanism which caps the operator's return (profit) and sees the vast majority of any excess profit returned to the Government.</p> <p>The current Northern Isles contract contains a more sophisticated 'pain/gain' mechanism which has the same effect on avoiding over-compensation.</p>	
<p>A short explanation of how the transparency requirements of the Framework (see below) are being complied with</p> <p>For each SGEI compensation falling within the scope of this Communication, the Member State concerned must publish the following information on the internet or by other appropriate means:</p> <p>(a) the results of the public consultation or other appropriate instruments referred to in paragraph 14;</p> <p>(b) the content and duration of the public service obligations;</p> <p>(c) the undertaking and, where applicable, the territory concerned;</p> <p>(d) the amounts of aid granted to the undertaking on a yearly basis.</p>	<p>All the ferry contracts are published on the Scottish Government's website.</p> <p>Annual grant payments are published in the operating company accounts and through the Scottish Government's budget publications.</p>	
	2014 (£m)	2015 (£m)
Total aid granted in €m	146.4	142.2
Total aid granted by national central authorities ¹		
• Clyde and Hebrides Ferry Services	110.4	110.6
• Northern Isles Ferry Services	32.0	28.7
• Gourock-Dunoon Ferry Service	3.8	2.9
• Northern Isles lo-lo freight	0.2	0.0
Total aid granted by regional authorities	N/A	N/A
Total aid granted by local authorities	N/A	N/A
Share of expenditure per aid instrument (if available)	N/A	N/A
Additional quantitative information	N/A	N/A
	¹ Aid granted figures sourced from SEAS.	