

**Report from the Czech Republic pursuant to Art. 9 of the
Decision on Services of General Economic Interest and
paragraph 62 of the Framework for Services of General Economic
Interest**

**Office for the Protection of Competition
June 2016**

Contents

Introduction	3
1. Summary of expenditure	5
2. Description of 2012 SGEI Decision use	6
2.1 Hospitals	7
2.2 Social services – Health and long-term care	13
2.3 Social services – Childcare	18
2.4 Social services – Access to and reintegration into the labour market	23
2.5 Social services – Social housing	27
2.6 Social services – Care and social inclusion of vulnerable groups	31
2.7 Social services – Other	36
2.8 Airports and ports with average annual traffic below the limit set in Art. 2(1)(e)	42
2.9 Compensation payments not exceeding EUR 15 million - ENERGY	46
2.10 Compensation payments not exceeding EUR 15 million: WASTE COLLECTION	51
2.11 Compensation payments not exceeding EUR 15 million: CULTURE	55
2.12 Compensation payments not exceeding EUR 15 million: OTHER SECTORS	60
3. Third party complaints	65
4. Various	65

Introduction

Commission Decision (2012/21/EU) of 20 December 2011 on the use of Art.106(2) of the Treaty on the Functioning of the European Union for state support in the form of a compensation payment for public service commitment, awarded to certain businesses entrusted with the provision of services of general economic interest (SGEI Decision), is used in the Czech Republic at all levels of public administration. It is used most often at the regional or local level, which is associated with ensuring the compatibility of support for these organisations, which are regional or local bodies founded or set up with the purpose of providing services of public interest for citizens within their catchment area. Since 2015 there has been a noticeable increase in support provided under the SGEI Decision in the social area, which is the result of the introduction of a unified system of social services financing in line with the SGEI Decision, across the board in the Czech Republic.

From the perspective of content, it is appropriate to clarify that the report does not contain data relating to Commission Notice - European Union **Framework** for state support in the form of a compensation payment for a public service commitment (the SGEI Framework), since in the period under scrutiny no use was made of this.

Report Structure

The Report is divided into four parts. The first of these contains an overview of the summary outlays provided in the Czech Republic under the SGEI Decision in individual years of the period under scrutiny. The second part is more extensive and contains information on the individual sectors, with each having a section devoted to it. This part is therefore divided into a total of twelve sections describing the situation in the following sectors: Hospitals (1); Social services – Health and long-term care (2); Social services – Childcare (3); Social Services – Access to and reintegration into the labour market (4); Social services – Social housing (5); Social services – Care and social inclusion of vulnerable groups (6); Social services – other (7); Airports and ports (8); and compensation payments not exceeding EUR 15 million: Energy (9); Waste collection (10); Culture (11); Other sectors (12).

As already described above, in respect of non-use of the SGEI Framework, no section has been included in this report which would be exclusive to this legislation. Nor does the Report contain data on compensation payments for air or maritime links to islands, in view of the Czech Republic's geographical location, which by definition excludes their use in this area.

The subsequent two parts summarise the very concise opinions obtained from compensation payment providers on complaints submitted to them (3) and on various questions related to the application of the SGEI Decision (4).

For all parts of the present Report, for the purposes of setting the value of support provided in euro, an exchange rate of **CZK 27 to the euro** was used.

The present Report respects the format set out in the letter from the European Commission of 16.3.2016, although at the time the European Commission letter was received the data collection process in the Czech Republic had already been running for almost a month, using the 2013 format available at the start of that process. In this context the Czech Republic would welcome the letter with the required report format no later than January of the year in which the Report to the European Commission is submitted (as was the case in 2014, when the European Commission letter was received as early as 2013). The preparation of the base tables together with across-the-board distribution for the whole of the Czech Republic, collection/verification/correction and processing of the delivered data is a very time-intensive process, which when the report format is sent late means that the deadline set for its submission in the SGEI Decision can be met only with great difficulty.

1. Summary of expenditure

Total public expenditure for services of general economic interest (in mil. EUR)		
	2014	2015
Compensation payments for SGEI (1+2)	86.1	328.3
1) Compensation Payments per SGEI Decision	86.1	328.3
2) Compensation Payments per SGEI Framework	0	0

Value of public support provided under SGEI Decision (in EUR) in individual sectors in 2014 and 2015

Sector	Value of support (in EUR)	
	2014	2015
Hospitals	44,273,236	50,840,773
Health and long-term care	1,196,627	31,472,267
Childcare	285,848	3,147,606
Access to and reintegration into the labour market	79,074	1,394,638
Social housing	26,056	503,774
Care and social inclusion of vulnerable groups	5,749,573	80,831,764
Other social services	7,308,867	109,013,129
Airports and ports	939,890	989,624
Energy	174,111	43,815
Waste Collection	369,287	-
Culture	10,213,118	13,374,138
Other sectors	15,494,673	36,673,129

2. Description of 2012 SGEI Decision use

- 2.1 Hospitals**
- 2.2 Social services – Health and long-term care**
- 2.3 Social services – Childcare**
- 2.4 Social services – Access to and reintegration into the labour market**
- 2.5 Social services – Social housing**
- 2.6 Social services – Care and social inclusion of vulnerable groups**
- 2.7 Social services – Other**
- 2.8 Airports and Ports**
- 2.9 Compensation payments not exceeding EUR 15 million: ENERGY**
- 2.10 Compensation payments not exceeding EUR 15 million: WASTE COLLECTION**
- 2.11 Compensation payments not exceeding EUR 15 million: CULTURE**
- 2.12 Compensation payments not exceeding EUR 15 million: OTHER SECTORS**

2.1 Hospitals

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Subject of services provided as SGEI:
<p>Medical emergency service (MES) for adults, children and adolescents</p> <p>Emergency services in out-patients outside MES</p> <p>Oncology register</p> <p>Occupational therapy</p> <p>Forensic medicine</p> <p>Service and coordination activities for companies founded in health care</p> <p>Provision of health care consisting of immediate acute ward and out-patient hospital care</p> <p>Health rescue services, medical emergency services, post-mortem services, preparation for extraordinary situations and crises</p> <p>Securing the activities of anti-alcohol and anti-drug sobering-up stations and dental MES</p> <p>Operation of the following departments: internal, surgical, obstetrics and gynaecology, paediatrics and neonatal, anaesthesiology-resuscitation, hospice, care beds, multidisciplinary intensive care unit, oncology, orthopaedic, urological, neurological, ENT, rehabilitation, psychiatric, medical transport service, clinical haematology and blood storage, NDP and MES, radiation oncology, skin out patients clinic.</p> <p>Securing those under the influence of alcohol and intoxicated</p> <p>In-patient health care, especially follow-up and long-term in the field of pulmonary medicine, rehabilitation, geriatrics, neurology, internal medicine and related out-patient care and laboratories, including related social services providing in-patient health care facilities</p> <p>Provision of health services and provision for children under 3 years of age not growing up in a family, including related out-patient care, social and legal protection, including children's homes/ facilities for children requiring immediate assistance</p>
(Typical) forms of entrustment:
<p>Contract</p> <p>Resolution from representative council</p> <p>Foundation charter</p>
Average duration of entrustment (in years) and proportion of entrustments for periods exceeding 10 years (in %)
<p>5.3 years</p> <p>0 % (entrustment not given for a period longer than 10 years)</p>
Exclusive or special rights:
Not given.

Aid instruments used (direct subsidies, guarantees, etc.):

Grant
Contribution

Typical compensation mechanism and methodology used (cost allocation / net avoided cost):*Compensation mechanism:*

The compensation mechanism can be summarised briefly as a “grant payment – settlement – repayment” procedure. Several of the mechanisms used are described in greater detail below:

- Provision of the annual compensation payment takes place based on a plan calculation of individual activities. At the end of the year a final calculation for the individual activities is performed. In the event that the cost of an activity is lower than the corresponding part of the compensation payment – the beneficiary will return that part of the compensation payment equal to this difference.
- Based on the documentation provided, reimbursement is made of the difference between costs and revenues, with investment costs up to the value of depreciation, and reasonable profit at max. 5 % being allowed. The basis for decision-making on the value of a compensation payment is an analysis of the hospital department costs and benefits, which is based on the beneficiary's financial statements for the preceding calendar year.
- The compensation payment or part thereof is provided on the basis of a written application by the beneficiary and remitted by the provider to the beneficiary's bank account no later than 5 days from receipt of the application. The Recipient must submit accounts for the compensation payment by the date set by the provider. The relevant costs and revenues must be recorded, paid for and shown in the Recipient's accounting and submitted to the provider, at the latest by the date set by the provider. Using a profit and loss account and report on the organisation's activities, a compensation payment beneficiary must document the fact that all funds remitted by the provider have been used exclusively for services of general economic interest in accordance with the instrument of delegation and valid legal regulations. If the beneficiary receives a compensation payment which exceeds the difference between costs and revenues demonstrably occurring for the beneficiary in connection with the provision of a public service in accordance with the instrument of delegation, it must return the excess amount paid back to the provider.
- At present hospitals are paid four advances, which are always 20 % of the total value of the calculation of the provisional compensation payment approved by the Representative Council; an audit of business results is followed by an accounting for and approval of the final calculation by the Representative Council; under the agreed contracts, hospitals must return any excess compensation payment, that is any difference which arises between the sum of the advances provided against compensation payments and the value of the compensation payment arising from the final approved calculation.

Typical methodology used:

Cost allocation method

Arrangements for avoiding and repaying any overcompensation:

A beneficiary must submit to the provider a final accounting for the use of the compensation payment for the preceding calendar year as part of the final report on the use of financial support from the provider. A beneficiary must also return by transfer to the provider's account any unused part of the compensation payment. If a beneficiary fails to perform a financial accounting for a compensation payment for the preceding calendar year, i.e. fails to show in the manner laid down its use of the funds in accordance with the contract, these funds, or more precisely, that part where use is not demonstrated, are considered to have been used in an unauthorised manner in the sense of the provisions in Section 22 (1) and (2) of the Act on Budget Rules for Territorial Budgets. In the event that a beneficiary within 60 calendar days of the annual accounting for a public service obligation fails to return by transfer to the provider's account the unused part of a compensation payment, these funds are considered to have been retained in an unauthorised manner in the sense of the provisions in Section 22 (1) and (3) of the Act on Budget Rules for Territorial Budgets. In the event of unauthorised use/retention of an unused payment, a beneficiary must pay a levy for breach of budget discipline, in accordance with the provisions in Section 22 (4) and (5) of the Act on Budget Rules, into the budget of the provider.

The contract stipulates the obligation to maintain separate accounting records of costs and revenues, the obligation to submit accounting for a grant, and sets the deadline for returning any excess payment. For beneficiaries which are subsidised organisations the control of excess compensation payments is secured by approval of the beneficiary's financial statement under Act No 563/1991, as amended, and Decree No 220/2013, as amended.

A control once every three years, or an interim control in accordance with Act No 320/2001, on financial control in public administration, and changes to other laws, and Act No 250/2000. A beneficiary must permit the conduct of a control of all data, accounting documents and other documents needed to assess the accuracy of the calculation of a compensation payment during the provisional and final calculations. At the same time a control is performed of the final activity calculation (at the end of the accounting period) by an independent auditor.

Amount of aid granted	
Total amount of aid granted (in mill. EUR), i.e. A+B+C	
2014	2015
44.273	50.841
A: Total amount of aid granted (in mill. EUR) paid by national <i>central</i> authorities	
2014	2015
2.169	5.589
B: Total amount of aid granted (in mill. EUR) paid by <i>regional</i> authorities	
2014	2015
41.692	44.544
C: Total amount of aid granted (in mill. EUR) paid by <i>local</i> authorities	
2014	2015
0.411	0.708
Share of expenditure per aid instrument (direct subsidies, guarantees, etc.)	
2014	2015
Grants: 80.8 % Contribution: 19.2 %	Grants: 83.3 % Contribution: 16.7 %

Additional quantitative information (number of beneficiaries, average aid amount, size of the undertaking)		
No of beneficiaries		
	2014	2015
	64	77
Average aid amount (mill. EUR)		
	2014	2015
	0.692	0.660
Beneficiaries by size ¹		
	2014	2015
Small enterprise	4	6
Medium enterprise	15	13
Large enterprise	45	58

¹ **Small enterprise** – max. 50 employees and annual max turnover of EUR 10 million; **Medium enterprise** – max. 250 employees and annual max turnover of EUR 50 million; **Large enterprise** – enterprise exceeding these limits.

2.2 Social services – Health and long-term care

Clear and comprehensive description of how the respective services are organised in the Czech Republic

Subject of services provided as SGEI:

Senior citizens home – provides residential services to those with reduced independence particularly for reasons of age, whose situation requires regular help from another person. Home with a special regime – provides residential services to persons in a Senior Citizens Home and in the case of free places to citizens with reduced independence for reasons of chronic mental illness or illness of one of the forms of dementia, whose situation requires regular help from another person. The regime in a Home with a Special Regime is adapted to the needs of such persons.

Nursing care (either field or out-patient) is provided to persons who have reduced independence for reasons of age, chronic illness or disability and to families with children, whose situation requires regular help from another person. The care is provided at a defined time in the client's home and in social services facilities.

Respite care is provided in the form of residential care to persons who have reduced independence for reasons of age, chronic illness or disability who are otherwise cared for in their natural social environment.

Refuge

Day care centre

Homes for the disabled

Protected accommodation

Continuous medical and nursing care in a facility for the long-term sick, provision of comprehensive care in such facilities, social services provided in a health-care facility

Professional social counselling

Early care, social therapy workshop

Personal assistance

Follow-up care services

Social activation services for senior citizens and the disabled.

Social rehabilitation

Social services provided in inpatient care health-care facilities

Emergency care

(Typical) forms of entrustment:

Deed of gift

Foundation charter

Written instrument of delegation approved and issued by City Council

Agreement

Contract

Official regional act

Average duration of entrustment (in years) and proportion of entrustments for periods exceeding 10 years (in %)
5.3 years 0 % (entrustment not given for a period longer than 10 years)
Exclusive or special rights:
Not given.
Aid instruments used (direct subsidies, guarantees, etc.):
Grant Contribution
Typical compensation mechanism and methodology used (cost allocation / net avoided cost):
<p><i>Compensation mechanism:</i></p> <p>Documenting actual costs</p> <p>Financial settlement, accounting for advances on compensation payment</p> <p>Advances – accounting – repayment where appropriate</p> <p><i>Typical methodology used:</i></p> <p>Cost allocation method</p>
Arrangements for avoiding and repaying any overcompensation:
<p>Interim and regular (annual) control in line with the Financial Audit Act; financial settlement in line with the Act on Budget Rules – obligation to return over-payment; possible penalty clauses</p> <p>A beneficiary charged with carrying out a public service obligation must inform the support provider that it has received funds from public budgets from another organisation.</p> <p>A beneficiary must arrange for the total value of funds received for a given service not to exceed 100 % of the net costs for this service. In case of a breach of this obligation a beneficiary must return that part of the funds corresponding to the difference between the costs for provision of the service and the funds obtained to cover the costs of the service (including income for the service).</p> <p>A beneficiary must account separately for all revenues and costs arising during the provision of a social service. A beneficiary must account transparently for its revenues and costs with a clear link to the specific social service – service identifier (e.g. sub-accounts, accounting centres, orders).</p>

Amount of aid granted	
Total amount of aid granted (in mill. EUR²), i.e. A+B+C	
2014	2015
1.197	31.472
A: Total amount of aid granted (in mill. EUR) paid by national <i>central</i> authorities	
2014	2015
0.161	0.283
B: Total amount of aid granted (in mill. EUR) paid by <i>regional</i> authorities	
2014	2015
0.336	25.884
C: Total amount of aid granted (in mill. EUR) paid by local authorities	
2014	2015
0.700	5.306
Share of expenditure per aid instrument (direct subsidies, guarantees, etc.)	
2014	2015
Grants: 90.5 % Contribution: 9.5 %	Grants: 60.5 % Contribution: 39.5 %

² Exchange rate used: 27 CZK/EUR

Additional quantitative information (number of beneficiaries, average aid amount, size of the undertaking)		
No of beneficiaries		
	2014	2015
	33	219
Average aid amount (mill. EUR)		
	2014	2015
	0.036	0.144
Beneficiaries by size³		
	2014	2015
Small enterprise	16	116
Medium enterprise	13	76
Large enterprise	4	27

³ **Small enterprise** – max. 50 employees and annual max turnover of EUR 10 million; **Medium enterprise** – max. 250 employees and annual max turnover of EUR 50 million; **Large enterprise** – enterprise exceeding these limits.

2.3 Social services – Childcare

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Subject of services provided as SGEI:
In childcare there is a wide range for the subject of services. The most widespread are in particular social services provided for children, but also for example early childcare, arrangements for the needs of those threatened with social exclusion, support for refugees and easy-access facilities for children and young people, primary prevention of child high-risk behaviour, services leading to social inclusion or to reducing the social exclusion of families, provision of personal assistance services, and social activation services for families with children.
(Typical) forms of entrustment:
Contract Contract for financial contribution to compensate the costs of a public service obligation Official regional act Written instrument of delegation
Average duration of entrustment (in years) and proportion of entrustments for periods exceeding 10 years (in %)
1.13 years 0 % (entrustment not given for a period longer than 10 years)
Exclusive or special rights:
In most cases no exclusive or special rights are contractually determined. In two cases entrustment is represented by the granting of the exclusive right to provide the relevant social service within a particular region. In one case, the provider considers it an exclusive or special right, that assets have been assigned for management by the enterprise providing SGEI.
Aid instruments used (direct subsidies, guarantees, etc.):
Grants (Direct grant, Targeted grant) Contribution (Financial contribution to personnel and operating costs of the service, Founding organisation contribution)
Typical compensation mechanism and methodology used (cost allocation / net avoided cost):
<i>Compensation mechanism:</i> In most cases the compensation mechanism was set on the basis of documenting actually incurred costs for the service in question, including the deduction of any revenues associated with the service, with reasonable profit (up to 5 %) being taken into account in some cases. In some cases there was accounting for advances against compensation payments, including possible refunds of overpayments. <i>Typical methodology used:</i> Cost allocation method

Arrangements for avoiding and repaying any overcompensation:

At most providers there is an emphasis on regular, interim controls, which are arranged for the full duration of the obligation and also arising from national legal regulations associated with financial and public administration controls. In particular, this is the Preliminary Control before grant provision (setting the compensation payment). Interim control – control on drawing down and use of a grant during the whole year. Follow-up control – control on drawing down and use of a grant during the whole year based on the accounting for the grant. Thorough monitoring of the return of any unused grant.

In addition to this, most support providers have established control regulations, which for example stipulate that a beneficiary who is assigned the performance of SGEI must advise the support provider that it has received from another organisation any non-investment funds from public budgets for basic social services activities. A beneficiary must arrange for the total value of funds received for a social service not to exceed 100 % of the total costs for the basic activities of this social service. In case of a breach of this obligation a beneficiary must return that part of the funds corresponding to the difference between the costs for provision of the service and the funds obtained to cover the costs of the service (including income for the service). A beneficiary must account separately for all revenues and costs arising during the provision of a social service. A beneficiary must account transparently for its revenues and costs with a clear link to the specific social service – service identifier (e.g. sub-accounts, accounting centres, orders). An obligation to maintain separate accounting applies to this provided social service.

If the beneficiary receives a compensation payment which exceeds the difference between costs and revenues demonstrably occurring for the beneficiary in connection with the provision of a public service in accordance with the instrument of delegation, it must return the excess amount paid.

Amount of aid granted	
Total amount of aid granted (in mill. EUR), i.e. A+B+C	
2014	2015
0.286	3.148
A: Total amount of aid granted (in mill. EUR) paid by national <i>central</i> authorities	
2014	2015
0	0

B: Total amount of aid granted (in mill. EUR) paid by <i>regional</i> authorities	
2014	2015
0.157	2.038
C: Total amount of aid granted (in mill. EUR) paid by <i>local</i> authorities	
2014	2015
0.129	1.109
Share of expenditure per aid instrument (direct subsidies, guarantees, etc.)	
2014	2015
Grants: 96.3 % Contribution: 3.70 %	Grants: 97.5 % Contribution: 2.50 %
Additional quantitative information (number of beneficiaries, average aid amount, size of the undertaking)	
No of beneficiaries	
2014	2015
54	103
Average aid amount (mill. EUR)	
2014	2015
0.005	0.031

Beneficiaries by size⁴		
	2014	2015
Small enterprise	47	92
Medium enterprise	6	8
Large enterprise	1	3

⁴ **Small enterprise** – max. 50 employees and annual max turnover of EUR 10 million; **Medium enterprise** – max. 250 employees and annual max turnover of EUR 50 million; **Large enterprise** – enterprise exceeding these limits.

2.4 Social services – Access to and reintegration into the labour market

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Subject of services provided as SGEI:
For Social Services – Access to and reintegration into the labour market, support is focused mainly on the following areas and facilities: social services, social rehabilitation, refuges, easy-access day centres, field programmes and therapeutic programmes.
(Typical) forms of entrustment:
Contract Foundation charter
Average duration of entrustment (in years) and proportion of entrustments for periods exceeding 10 years (in %)
1.04 years 0 % (entrustment not given for a period longer than 10 years)
Exclusive or special rights:
No exclusive or special rights are granted in this area.
Aid instruments used (direct subsidies, guarantees, etc.):
Grant (Special-purpose grant) Contribution (Founding organisation contribution)
Typical compensation mechanism and methodology used (cost allocation / net avoided cost):
<i>Compensation mechanism:</i> In most cases the compensation mechanism was set on the basis of documenting actually incurred costs for the service in question, including the deduction of any revenues associated with the service. In some cases there was accounting for advances against compensation payments, including possible refunds of overpayments. <i>Typical methodology used:</i> Cost allocation method
Arrangements for avoiding and repaying any overcompensation:
At most providers there is an emphasis on regular, interim controls, which are arranged for the full duration of the obligation and also arising from national legal regulations associated with financial and public administration controls. In particular, this is the Preliminary Control before grant provision (setting the compensation payment). Interim control – control on drawing down and use of a grant during the whole year. Follow-up control – control on drawing down and use of a grant during the whole year based on the accounting for the grant. Thorough monitoring of the return of any unused grant.

In addition to this, most support providers have established control regulations, which for example stipulate that a beneficiary who is assigned the performance of SGEI must advise the support provider that it has received from another organisation any non-investment funds from public budgets for basic social services activities. A beneficiary must arrange for the total value of funds received for a social service not to exceed 100 % of the total costs for the basic activities of this social service. In case of a breach of this obligation a beneficiary must return that part of the funds corresponding to the difference between the costs for provision of the service and the funds obtained to cover the costs of the service (including income for the service). A beneficiary submits to the provider monthly a transparent accounting of costs and revenue related to the performance of the public service, including any demonstrable loss.

Amount of aid granted	
Total amount of aid granted (in mill. EUR), i.e. A+B+C	
2014	2015
0.079	1.395
A: Total amount of aid granted (in mill. EUR) paid by national <i>central</i> authorities	
2014	2015
0	0
B: Total amount of aid granted (in mill. EUR) paid by <i>regional</i> authorities	
2014	2015
0.075	1.377
C: Total amount of aid granted (in mill. EUR) paid by <i>local</i> authorities	
2014	2015
0.004	0.017

Share of expenditure per aid instrument (direct subsidies, guarantees, etc.)		
	2014	2015
	Grants: 100 % Contribution: 0 %	Grants: 98.18 % Contribution: 1.82 %
Additional quantitative information (number of beneficiaries, average aid amount, size of the undertaking)		
No of beneficiaries		
	2014	2015
	11	42
Average aid amount (mill. EUR)		
	2014	2015
	0.007	0.033
Beneficiaries by size ⁵		
	2014	2015
Small enterprise	6	28
Medium enterprise	5	14
Large enterprise	0	0

⁵ **Small enterprise** – max. 50 employees and annual max turnover of EUR 10 million; **Medium enterprise** – max. 250 employees and annual max turnover of EUR 50 million; **Large enterprise** – enterprise exceeding these limits.

2.5 Social services - Social housing

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Subject of services provided as SGEI:
For social housing , in most cases the subject of services is specified as social services. Specifically, the service is focused on, in addition to senior citizens homes, refuges, night shelters, protect accommodation for the physically and mentally disable, and homes for mothers and children in difficulties.
(Typical) forms of entrustment:
Contract Foundation charter Official instrument
Average duration of entrustment (in years) and proportion of entrustments for periods exceeding 10 years (in %)
1.39 years 0 % (entrustment not given for a period longer than 10 years)
Exclusive or special rights:
No exclusive or special rights are granted in this area.
Aid instruments used (direct subsidies, guarantees, etc.):
Grant Contribution (Founding organisation contribution)
Typical compensation mechanism and methodology used (cost allocation / net avoided cost):
<i>Compensation mechanism:</i> In most cases the compensation mechanism was set on the basis of documenting actually incurred costs for the service in question, including the deduction of any revenues associated with the service. In some cases there was accounting for advances against compensation payments, including possible refunds of overpayments. <i>Typical methodology used:</i> Cost allocation method
Arrangements for avoiding and repaying any overcompensation:
At most providers there is an emphasis on regular, interim controls, which are arranged for the full duration of the obligation and also arising from national legal regulations associated with financial and public administration controls. In particular, this is the Preliminary Control before grant provision (setting the compensation payment). Interim control – control on drawing down and use of a grant during the whole year. Follow-up control – control on drawing down and use of a grant during the whole year based on the accounting for the grant. Thorough monitoring of the return of any unused grant. In the case of multi-source financing it is an obligation on the beneficiary to ensure that the total value of the compensation payment provided by various public authority bodies does not exceed the amount essential to cover the beneficiary's net costs arising from meeting the obligation to provide services of general economic interest, and to return any excess payment during accounting for the grant. In addition to this, most support providers have established control regulations, which for example stipulate that a beneficiary who is assigned the performance of SGEI must advise the support provider that it has received from another organisation any non-investment funds from public

budgets for basic social services activities. A beneficiary must arrange for the total value of funds received for a social service not to exceed 100 % of the total costs for the basic activities of this social service, with in some cases reasonable profit also being assumed. In case of a breach of this obligation a beneficiary must return that part of the funds corresponding to the difference between the costs for provision of the service and the funds obtained to cover the costs of the service (including income for the service). A beneficiary submits to the provider monthly a transparent accounting of costs and revenue related to the performance of the public service, including any demonstrable loss.

Amount of aid granted	
Total amount of aid granted (in mill. EUR2), i.e. A+B+C	
2014	2015
0.026	0.504
A: Total amount of aid granted (in mill. EUR) paid by national <i>central</i> authorities	
2014	2015
0	0
B: Total amount of aid granted (in mill. EUR) paid by <i>regional</i> authorities	
2014	2015
0.006	0.375

C: Total amount of aid granted (in mill. EUR) paid by <i>local</i> authorities		
	2014	2015
	0.020	0.129
Share of expenditure per aid instrument (direct subsidies, guarantees, etc.)		
	2014	2015
Grants: 50 % Contribution: 50 %		Grants: 67.74 % Contribution: 32.26 %
Additional quantitative information (number of beneficiaries, average aid amount, size of the undertaking)		
No of beneficiaries		
	2014	2015
	6	28
Average aid amount (mill. EUR)		
	2014	2015
	0.004	0.017
Beneficiaries by size⁶		
	2014	2015
Small enterprise	5	21
Medium enterprise	1	6
Large enterprise	0	1

⁶ **Small enterprise** – max. 50 employees and annual max turnover of EUR 10 million; **Medium enterprise** – max. 250 employees and annual max turnover of EUR 50 million; **Large enterprise** – enterprise exceeding these limits.

2.6 Social services – Care and social inclusion of vulnerable groups

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Subject of services provided as SGEI:
<p>Refuges; daily services centres; social activation services for families with children</p> <p>Day-care centres; contact centres; (telephone) crisis aid; easy access facilities for children and young people; professional social counselling; respite services; care services; social activation services for senior citizens and the disabled; easy-access day centres; night shelters; support for independent living; social activation services for families with children; social therapeutic workshops; field programmes, social rehabilitation</p> <p>Daily services centres, personal assistance, sheltered housing</p> <p>Homes with special regime; homes for the disabled; senior citizens' homes, half-way houses</p> <p>Hippotherapy and paravoltage for the disabled</p> <p>Intervention centre; therapeutic community services focused on those with addictive substances dependency (anti-drug social services)</p> <p>Counselling associated with child rearing. Provision of services focused on developing parents' and children's creative abilities, maintaining a work orientation for parents on maternity/paternity leave and strengthening their self-confidence through training courses geared to their employability, strengthening women's maternal role and supporting families as a functional unit.</p> <p>Provision of anti-drug services in prison</p> <p>Prevention of the spread of sexually transmitted diseases, with a focus on vulnerable groups</p> <p>Guiding and reading services</p> <p>Early care</p> <p>Senior transport – concessionary travel for senior citizens and the disabled.</p> <p>Crisis care</p>
(Typical) forms of entrustment:
<p>Contract</p> <p>Official instrument supplement by contract</p> <p>Resolution</p>
Average duration of entrustment (in years) and proportion of entrustments for periods exceeding 10 years (in %)
<p>1.1 years</p> <p>0 % (entrustment not given for a period longer than 10 years)</p>
Exclusive or special rights:
Not given.

Aid instruments used (direct subsidies, guarantees, etc.):
Gift Grant Contribution
Typical compensation mechanism and methodology used (cost allocation / net avoided cost):
<p><i>Compensation mechanism:</i></p> <p>In short, the compensation mechanism includes the provision of a compensation payment in the form of an advance – accounting – and refund as appropriate.</p> <p>The accounting mechanism is two-phase. In the first phase the expected compensation payment is established based on data on costs and revenues for the service from the preceding accounting period, adjusted for the anticipated costs and revenues (including other public funds) of the service for the upcoming period. The data base may be data from the KISSOS application, input to the system by social services providers on the basis of a unified methodology.</p> <p>In the second phase the authorised service provider demonstrates and documents an annual accounting of all costs and revenues arising from provision of the service and in the event of over-compensation the service provider must return any excess payment to the support provider.</p> <p><i>Typical methodology used:</i></p> <p>Cost allocation method</p>
Arrangements for avoiding and repaying any overcompensation:
<p>Submission of accounting and annual control to verify efficiency and effectiveness of funds provided</p> <p>Preliminary (setting compensation payment), interim (control on the drawing down and use of funds during the whole year) and follow-up control (per accounting) in line with Act No 320/2001 and Act No 250/2000. Thorough monitoring of the return of any unused grant/over-compensation.</p> <p>Contract contains the obligation to provide cooperation in the conduct of control activities, unauthorised use of a compensation payment or retention of funds is a breach of budget discipline, to be pursued in line with Act No 250/2000.</p> <p>A beneficiary must advise if it has received funds from public budgets from another organisation.</p> <p>A beneficiary must account separately for all revenues and costs arising during the provision of a social service. A beneficiary must account transparently for its revenues and costs with a clear link to the specific social service – service identifier (e.g. sub-accounts, accounting centres, orders).</p>

Amount of aid granted	
Total amount of aid granted (in mill. EUR⁷), i.e. A+B+C	
2014	2015
5.750	80.832
A: Total amount of aid granted (in mill. EUR) paid by national <i>central</i> authorities	
2014	2015
0	0
B: Total amount of aid granted (in mill. EUR) paid by <i>regional</i> authorities	
2014	2015
5.732	79.512
C: Total amount of aid granted (in mill. EUR) paid by <i>local</i> authorities	
2014	2015
0.018	1.320
Share of expenditure per aid instrument (direct subsidies, guarantees, etc.)	
2014	2015
Grants: 100 %	Grants: 88.9 % Contribution: 11.1 % Gift: 0.0006 %

⁷ Exchange rate used: 27 CZK/EUR

Additional quantitative information (number of beneficiaries, average aid amount, size of the undertaking)		
No of beneficiaries		
	2014	2015
	50	478
Average aid amount (mill. EUR)		
	2014	2015
	0.115	0.169
Beneficiaries by size ⁸		
	2014	2015
Small enterprise	26	290
Medium enterprise	24	93
Large enterprise	0	95

⁸ **Small enterprise** – max. 50 employees and annual max turnover of EUR 10 million; **Medium enterprise** – max. 250 employees and annual max turnover of EUR 50 million; **Large enterprise** – enterprise exceeding these limits.

2.7 Social services - Other

Clear and comprehensive description of how the respective services are organised in the Czech Republic

Subject of services provided as SGEI:
<p>Refuges; daily services centres; day-care centres; homes for the disabled; senior citizens homes; homes with special regime; half-way houses; sheltered housing</p> <p>Intervention centres; contact centres; crisis help</p> <p>Follow-up services</p> <p>Easy-access day centres;</p> <p>Easy access facilities for children and young people;</p> <p>Night shelters</p> <p>Professional social counselling</p> <p>Respite services</p> <p>Personal assistance</p> <p>Care service</p> <p>Support for independent living</p> <p>Provision of social and nursing care to those with reduced independence for reasons of disability, chronic illness or addictive substances dependency, whose situation requires regular help from another person.</p> <p>Provision of out-patient services for disabled citizens</p> <p>Provision of accommodation services/overnight accommodation for the homeless</p> <p>Provision of rehabilitative and teaching care for handicapped children</p> <p>Guiding and reading services</p> <p>Early care</p> <p>Social rehabilitation</p> <p>Social activation services for families with children;</p> <p>Social activation services for senior citizens and the disabled.</p> <p>Social therapeutic workshops</p> <p>Crisis care</p> <p>Field programmes</p> <p>Weekly care centres</p> <p>Loan of compensatory, rehabilitation and health aids</p> <p>Arranging club activities for senior citizens and the disabled</p> <p>Arranging care for children up to three years of age in a daily regime</p> <p>Arranging transport for social services users</p>
(Typical) forms of entrustment:
<p>Contract</p> <p>Agreement</p> <p>Decision</p> <p>Official instrument</p> <p>Foundation charter</p>

Average duration of entrustment (in years) and proportion of entrustments for periods exceeding 10 years (in %)
2.38 years 0 % (entrustment not given for a period longer than 10 years)
Exclusive or special rights:
Not given.
Aid instruments used (direct subsidies, guarantees, etc.):
Grant Contribution
Typical compensation mechanism and methodology used (cost allocation / net avoided cost):
<p><i>Compensation mechanism:</i></p> <p>The financing of certain social services is multi-source, with all sources being subsequently calculated for the overall compensation payment, which is paid to the service provider from public resources to secure the availability of the service in question. A compensation payment is set as the total value of funds from public budgets needed by the service to secure the availability of service provision (to cover its operating needs) in addition to funds generated by its own activities. If the provider receives funds which exceed the set amount of the calculated maximum compensation payment, it must return the excess amount to the account of the financial support provider – as stated in the contract.</p> <p>Financial support – up to the value of net costs to secure the service provision – is as a rule paid out in instalments, with an obligation to account for these in the first half of the following calendar year; the beneficiary must return any over-payment as part of the accounting.</p> <p><i>Typical methodology used:</i></p> <p>Cost allocation method</p>
Arrangements for avoiding and repaying any overcompensation:
<p>Documentation of the financial settlement of the grant by the beneficiary; a preliminary control before grant provision (approval of the financial plan and financial statements), interim control (control of drawdown and use of the grant over the whole year), follow-up control (control of drawdown and use of the grant over the whole year per grant accounting) in line with Act No 320/2001 and Act No 250/2000; thorough monitoring of the return of any unused grants/excess payments.</p> <p>A beneficiary charged with carrying out a public service obligation must that it has received non-investment funds from public budgets from another organisation. A beneficiary must arrange for the total value of funds received for a social service not to exceed 100 % of the total costs for the basic activities of this social service. In case of a breach of this obligation a beneficiary must return that part of the funds corresponding to the difference between the costs for provision of the</p>

service and the funds obtained to cover the costs of the service (including income for the service). A beneficiary must account separately for all revenues and costs arising during the provision of a social service. A beneficiary must account transparently for its revenues and costs with a clear link to the specific social service – service identifier (e.g. sub-accounts, accounting centres, orders).

Amount of aid granted	
Total amount of aid granted (in mill. EUR⁹), i.e. A+B+C	
2014	2015
7.309	109.013
A: Total amount of aid granted (in mill. EUR) paid by national <i>central</i> authorities	
2014	2015
0	0
B: Total amount of aid granted (in mill. EUR) paid by <i>regional</i> authorities	
2014	2015
5.872	103.576
C: Total amount of aid granted (in mill. EUR) paid by <i>local</i> authorities	
2014	2015
1.437	5.438
Share of expenditure per aid instrument (direct subsidies, guarantees, etc.)	
2014	2015
Grants: 40.1 % Contribution: 59.9 %	Grants: 88.8 % Contribution: 11.2 %

⁹ Exchange rate used: 27 CZK/EUR

Additional quantitative information (number of beneficiaries, average aid amount, size of the undertaking)		
No of beneficiaries		
	2014	2015
	124	932
Average aid amount (mill. EUR)		
	2014	2015
	0.059	0.117
Beneficiaries by size¹⁰		
	2014	2015
Small enterprise	85	576
Medium enterprise	38	349
Large enterprise	1	7

¹⁰ **Small enterprise** – max. 50 employees and annual max turnover of EUR 10 million; **Medium enterprise** – max. 250 employees and annual max turnover of EUR 50 million; **Large enterprise** – enterprise exceeding these limits.

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

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Subject of services provided as SGEI:
Airport operations
(Typical) forms of entrustment:
Resolution
Average duration of entrustment (in years) and proportion of entrustments for periods exceeding 10 years (in %)
5.38 years
0 % (entrustment not given for a period longer than 10 years)
Exclusive or special rights:
Not given.
Aid instruments used (direct subsidies, guarantees, etc.):
Grant
Typical compensation mechanism and methodology used (cost allocation / net avoided cost):
<p><i>Compensation mechanism:</i></p> <p>Implemented using indicators for the calculation, control and evaluation of payments (selected company indicators); beneficiary submits an accounting at the end of the year; any excess payment is returned.</p> <p><i>Typical methodology used:</i></p> <p>Cost allocation method</p>
Arrangements for avoiding and repaying any overcompensation:
Covered by the contract: selected company indicators (calculation submitted for the subsequent and then for the preceding periods); accounting submitted at the end of the period - any excess payment is returned.

Amount of aid granted	
Total amount of aid granted (in mill. EUR¹¹), i.e. A+B+C	
2014	2015
0.940	0.990
A: Total amount of aid granted (in mill. EUR) paid by national <i>central</i> authorities	
2014	2015
0	0
B: Total amount of aid granted (in mill. EUR) paid by <i>regional</i> authorities	
2014	2015
0.495	0.545
C: Total amount of aid granted (in mill. EUR) paid by <i>local</i> authorities	
2014	2015
0.444	0.444
Share of expenditure per aid instrument (direct subsidies, guarantees, etc.)	
2014	2015
Grants: 100 %	Grants: 100 %

¹¹ Exchange rate used: 27 CZK/EUR

Additional quantitative information (number of beneficiaries, average aid amount, size of the undertaking)		
No of beneficiaries		
	2014	2015
	2	2
Average aid amount (mill. EUR)		
	2014	2015
	0.470	0.495
Beneficiaries by size¹²		
	2014	2015
Small enterprise	2	2
Medium enterprise	-	-
Large enterprise	-	-

¹² **Small enterprise** – max. 50 employees and annual max turnover of EUR 10 million; **Medium enterprise** – max. 250 employees and annual max turnover of EUR 50 million; **Large enterprise** – enterprise exceeding these limits.

**2.9 Compensation payments not exceeding EUR 15 million:
ENERGY**

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Subject of services provided as SGEI:
<p>Consulting activities and energy counselling leading to improved energy efficiency and self-sufficiency.</p> <p>Promotion and publication of examples of best practice.</p> <p>Analytical and conceptual work. Initiation and preparation of energy projects.</p> <p>Support for the establishment of energy management in the regions, cities and municipalities.</p> <p>International collaboration on the preparation and promotion of energy counselling and projects.</p>
(Typical) forms of entrustment:
Contract
Average duration of entrustment (in years) and proportion of entrustments for periods exceeding 10 years (in %)
6 years
0 % (entrustment not given for a period longer than 10 years)
Exclusive or special rights:
Not given.
Aid instruments used (direct subsidies, guarantees, etc.):
Grant
Typical compensation mechanism and methodology used (cost allocation / net avoided cost):
<p><i>Compensation mechanism:</i></p> <p>The value of the compensation payment is established each year in special contracts. Under these contracts the beneficiary presents an annual accounting by 28.2. of the following year. The maximum amount is the difference between costs and revenues. A beneficiary must submit annually a report on the provision of services implemented under the public service obligation.</p> <p><i>Typical methodology used:</i></p> <p>Cost allocation method</p>

Arrangements for avoiding and repaying any overcompensation:
Submission of accounting by 28.2. of the following calendar year. Submission of a report on the provision of services implemented under the public service obligation. Controls of the compensation payment are incorporated into the on-the-spot controls plan – the control is performed by the grant provider.

Amount of aid granted	
Total amount of aid granted (in mill. EUR¹³), i.e. A+B+C	
2014	2015
0.174	0.044
A: Total amount of aid granted (in mill. EUR) paid by national <i>central</i> authorities	
2014	2015
0	0
B: Total amount of aid granted (in mill. EUR) paid by <i>regional</i> authorities	
2014	2015
0.174	0.044
C: Total amount of aid granted (in mill. EUR) paid by <i>local</i> authorities	
2014	2015
0	0
Share of expenditure per aid instrument (direct subsidies, guarantees, etc.)	
2014	2015
Grants: 100 %	Grants: 100 %

¹³ Exchange rate used: 27 CZK/EUR

Additional quantitative information (number of beneficiaries, average aid amount, size of the undertaking)		
No of beneficiaries		
	2014	2015
	1	1
Average aid amount (mill. EUR)		
	2014	2015
	0.174	0.044
Beneficiaries by size¹⁴		
	2014	2015
Small enterprise	1	1
Medium enterprise	-	-
Large enterprise	-	-

¹⁴ **Small enterprise** – max. 50 employees and annual max turnover of EUR 10 million; **Medium enterprise** – max. 250 employees and annual max turnover of EUR 50 million; **Large enterprise** – enterprise exceeding these limits.

**2.10 Compensation payments not exceeding
EUR 15 million: WASTE COLLECTION**

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Subject of services provided as SGEI:
Municipal waste disposal
(Typical) forms of entrustment:
Contract
Average duration of entrustment (in years) and proportion of entrustments for periods exceeding 10 years (in %)
1 year 0 % (entrustment not given for a period longer than 10 years)
Exclusive or special rights:
Not given.
Aid instruments used (direct subsidies, guarantees, etc.):
Grant
Typical compensation mechanism and methodology used (cost allocation / net avoided cost):
<p><i>Compensation mechanism:</i></p> <p>The public budget covers all authorised costs including reasonable profit up the value of the indicator in the support provider's budget.</p> <p><i>Typical methodology used:</i></p> <p>Cost allocation method</p>
Arrangements for avoiding and repaying any overcompensation:
Submission of accounting and annual control to verify efficiency and effectiveness of funds provided.

Amount of aid granted	
Total amount of aid granted (in mill. EUR¹⁵), i.e. A+B+C	
2014	2015
0.369	0
A: Total amount of aid granted (in mill. EUR) paid by national <i>central</i> authorities	
2014	2015
0	0
B: Total amount of aid granted (in mill. EUR) paid by <i>regional</i> authorities	
2014	2015
0	0
C: Total amount of aid granted (in mill. EUR) paid by <i>local</i> authorities	
2014	2015
0.369	0
Share of expenditure per aid instrument (direct subsidies, guarantees, etc.)	
2014	2015
Grants: 100 %	-

¹⁵ Exchange rate used: 27 CZK/EUR

Additional quantitative information (number of beneficiaries, average aid amount, size of the undertaking)		
No of beneficiaries		
	2014	2015
	1	0
Average aid amount (mill. EUR)		
	2014	2015
	0.369	0
Beneficiaries by size ¹⁶		
	2014	2015
Small enterprise	1	
Medium enterprise		
Large enterprise		

¹⁶ **Small enterprise** – max. 50 employees and annual max turnover of EUR 10 million; **Medium enterprise** – max. 250 employees and annual max turnover of EUR 50 million; **Large enterprise** – enterprise exceeding these limits.

**2.11 Compensation payments not exceeding EUR 15 million:
CULTURE**

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Subject of services provided as SGEI:
In culture support is provided mainly to operate cultural facilities, such as theatres, musical institutions and houses of culture. Support is also directed at musical, theatrical, musical theatre and dance presentations, concerts and other cultural and educational events for the public, development and production of theatre performances, the organisation of cultural and artistic festivals, creation of educational broadcasts and for extra-curricular activities for children and young people.
(Typical) forms of entrustment:
Contract Official instrument
Average duration of entrustment (in years) and proportion of entrustments for periods exceeding 10 years (in %)
5.44 years 0 % (entrustment not given for a period longer than 10 years)
Exclusive or special rights:
For the most part no exclusive or special rights are granted in this area. In two cases the provider considers the assignment of property for management to be an exclusive right.
Aid instruments used (direct subsidies, guarantees, etc.):
Grant Contribution (Founding organisation contribution)
Typical compensation mechanism and methodology used (cost allocation / net avoided cost):
<i>Compensation mechanism:</i> In most cases the compensation mechanism was set on the basis of documenting actually incurred costs for the service in question, including the deduction of any revenues associated with the service. <i>Typical methodology used:</i> Cost allocation method

Arrangements for avoiding and repaying any overcompensation:

At most providers there is an emphasis on regular, on-going controls, which are arranged for the full duration of the obligation and also arising from national legal regulations associated with financial and public administration controls. In particular, this is the Preliminary Control before grant provision (setting the compensation payment). Interim control – control on drawing down and use of a grant during the whole year. Follow-up control – control on drawing down and use of a grant during the whole year based on the accounting for the grant. Thorough monitoring of the return of any unused grant.

In the case of multi-source financing it is an obligation on the beneficiary to ensure that the total value of the compensation payment provided by various public authority bodies does not exceed the amount essential to cover the beneficiary's net costs arising from meeting the obligation to provide services of general economic interest, and to return any excess payment during accounting for the grant.

In addition to this, most support providers have established control regulations, which for example stipulate that a beneficiary who is assigned the performance of SGEI must advise the support provider that it has received from another organisation any non-investment funds from public budgets for basic social services activities. A beneficiary must arrange for the total value of funds received for a social service not to exceed 100 % of the total costs for the basic activities of this social service. In case of a breach of this obligation a beneficiary must return that part of the funds corresponding to the difference between the costs for provision of the service and the funds obtained to cover the costs of the service (including income for the service). A beneficiary submits to the provider monthly a transparent accounting of costs and revenue related to the performance of the public service, including any demonstrable loss.

Amount of aid granted	
Total amount of aid granted (in mill. EUR), i.e. A+B+C	
2014	2015
10.213	13.374
A: Total amount of aid granted (in mill. EUR) paid by national <i>central</i> authorities	
2014	2015
0	0

B: Total amount of aid granted (in mill. EUR) paid by <i>regional</i> authorities	
2014	2015
3.926	3.654
C: Total amount of aid granted (in mill. EUR) paid by <i>local</i> authorities	
2014	2015
6.287	9.720

Share of expenditure per aid instrument (direct subsidies, guarantees, etc.)	
2014	2015
Grants: 71.43 % Contribution: 28.57 %	Grants: 61.90 % Contribution: 38.10 %

Additional quantitative information (number of beneficiaries, average aid amount, size of the undertaking)	
No of beneficiaries	
2014	2015
21	21
Average Value of Support	
2014	2015
0.486	0.637

Beneficiaries by size¹⁷		
	2014	2015
Small enterprise	19	19
Medium enterprise	2	2
Large enterprise	0	0

¹⁷ **Small enterprise** – max. 50 employees and annual max turnover of EUR 10 million; **Medium enterprise** – max. 250 employees and annual max turnover of EUR 50 million; **Large enterprise** – enterprise exceeding these limits.

2.12 Compensation payments not exceeding EUR 15 million: OTHER SECTORS

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Subject of services provided as SGEI:
<p>Enterprise development Agriculture development Support for the intensity, quality and speed of the spread of innovation and technology transfer into business practice in a given region, with emphasis on progressive high-tech technology. Support for research and development in the management of support for innovation of a regional nature Support for engineering Support for enterprise Road maintenance Health care – first responder (mountain services) Zoo operations Service provision in environmental education, training and public awareness Technical advisor activities in public transport Spa services Provision of sports ground services to the public Covered swimming pools – arranging and providing sport and recreation services to the public Physical education and support Swimming pool – provision of services to the public Accounting services School and student catering Swimming pool administration and operations Cemetery administration Municipal services provision Provision of public library and information services Administration and operations of sports grounds and sports facilities Provision of leisure-time education for children and young people Provision of elementary artistic education in individual artistic fields City cleansing, green spaces management, waste collection Support for social dialogue Education Support for research and development, collaboration with HK University, business incubator for sports facilities management Botanic gardens Tourism Enterprise and management counselling</p>
(Typical) forms of entrustment:
<p>Contract Decision Official instrument Resolution</p>

Average duration of entrustment (in years) and proportion of entrustments for periods exceeding 10 years (in %)
4.58 years 0 % (entrustment not given for a period longer than 10 years)
Exclusive or special rights:
Not given.
Aid instruments used (direct subsidies, guarantees, etc.):
Dotace
Contribution
Typical compensation mechanism and methodology used (cost allocation / net avoided cost):
<p><i>Compensation mechanism:</i></p> <p>The value of a compensation payment in grant form shall not exceed the value of net costs incurred in providing the services defined in the entrustment. Net costs will be calculated as the difference between the costs demonstrably arising to the beneficiary in connection with delivery of the public service obligation services and acknowledged by the support provider, and any demonstrable revenues from such services. A preliminary estimate of the compensation payment is set within the scope of the achieved performance units and updated values for the contribution per unit for each calendar year.</p> <p>The compensation payment in grant form is provided as an advance. The compensation payment also takes into account investment costs up to the value of depreciation, and reasonable profit at max. 5 %. The Recipient must submit accounts for the compensation payment by the date set by the provider. The relevant costs and revenues must be recorded, paid for and shown in the Recipient's accounting and submitted to the provider, at the latest by the date set by the provider. Using a profit and loss account and report on the organisation's activities, a compensation payment beneficiary must document the fact that all funds remitted by the provider have been used exclusively for services of general economic interest in accordance with the instrument of delegation and valid legal regulations. In the event that the beneficiary receives other public funds in connection with the provision of public service obligation service, of whatever kind, the compensation payment will be reduced by the value of these. Any loss from services provided is as a rule first covered by any profit from other activities operated by the beneficiary.</p> <p><i>Typical methodology used:</i></p> <p>Cost allocation method</p>
Arrangements for avoiding and repaying any overcompensation:
<p>A detailed discussion takes place on the itemised budget of the payment beneficiary; interim control on the business management of the payment beneficiary; obligation to maintain separate accounting for activities which have the nature of a public service, and business (supplementary) activities, so that at all times during the entrustment it is clear that the compensation payment has been used solely and exclusively for a service of general economic interest; performance of public authority controls under national legislation (in particular, Act No 320/2001, on financial control in public administration, and a change to other laws, as amended); obligation to submit a final report; obligation to perform an audit focused on contract compliance; if the beneficiary receives a compensation payment which exceeds the difference between costs and revenues demonstrably occurring for the beneficiary in connection with the provision of a public service in accordance with the instrument of delegation, it must return the excess amount paid.</p>

Amount of aid granted	
Total amount of aid granted (in mill. EUR¹⁸), i.e. A+B+C	
2014	2015
15.495	36.673
A: Total amount of aid granted (in mill. EUR) paid by national <i>central</i> authorities	
2014	2015
0	0.691
B: Total amount of aid granted (in mill. EUR) paid by <i>regional</i> authorities	
2014	2015
5.259	20.138
C: Total amount of aid granted (in mill. EUR) paid by <i>local</i> authorities	
2014	2015
10.235	15.844
Share of expenditure per aid instrument (direct subsidies, guarantees, etc.)	
2014	2015
Grants: 95.0 % Contribution: 5.0 %	Grants: 91.6 % Contribution: 8.4 %

¹⁸ Exchange rate used: 27 CZK/EUR

Additional quantitative information (number of beneficiaries, average aid amount, size of the undertaking)		
No of beneficiaries		
	2014	2015
	37	37
Average aid amount (mill. EUR)		
	2014	2015
	0.419	0.991
Beneficiaries by size		
	2014	2015
Small enterprise	30	26
Medium enterprise	7	9
Large enterprise	0	2

¹⁹ **Small enterprise** – max. 50 employees and annual max turnover of EUR 10 million; **Medium enterprise** – max. 250 employees and annual max turnover of EUR 50 million; **Large enterprise** – enterprise exceeding these limits.

3. Third party complaints

In the period under scrutiny the Czech authorities have registered only one complaint, relating to the financing of public hospitals in the Hradec Králové region, which was assessed by the European Commission in proceedings for alleged illegal public aid (case SA.37432 – the proceedings were closed with a ruling that no public aid had been provided).

4. Various

In a number of cases, support providers state generally significant problems in applying the SGEI Decision, for services which fall into the system of multi-source financing (particularly in social services).

In one case, during the introduction of a service of general economic interest (road maintenance), the support provider came up against a problem with value added tax (VAT). Specifically, the question arose of whether VAT is applicable to the compensation payment. For this reason the analogy was used of the application of VAT to public services in passenger transport, for which the Czech General Financial Directorate does not consider compensation as being subject to tax under the provisions of the VAT Act. A query was raised at the Tax Office and then with the Ministry of Finance, which concurred in considering compensation offered for payment as provision of services, and therefore subject to tax under the VAT Act. In the opinion of the support provider these are different approaches, where the discrepancy could be resolved directly in the SGEI Decision, in a similar way as in Council Regulation No 1370/2007 of 23 October 2007 on public passenger transport services by rail and by road.

Problems have also occurred with determining whether the financing in question is the subject of an amendment to the SGEI Decision and whether it is an authorised financing instrument; there are also problems with assigning the “Support for social dialogue” sector to the relevant services category, and finally with setting the support value for services which take more than one form, where for each of these forms the calculation is performed in a different manner, for example the respite service has both residential and field forms, with the residential form being calculated on the basis of costs per bed, but the field form on the basis of the number of primary care staff.

The assessment of possible breaches of economic competition is problematic in border areas.

Where payment is made to an employers' and entrepreneurs' association, or an employers' and business federation, defining the size of the enterprise is problematic.