



## Seminario "Opciones de Costes Simplificados e Instrumentos Financieros"

**Taller: Costes indirectos declarados a tanto alzado, costes unitarios y cantidades globales**



The European Social Fund



# Workshop





## 2007 2013: key points of SCOs

- *Optional*
- *Only for grants (no operations or projects subject to public procurement contracts)*
- *SCOs shall be calculated ex ante on a fair, equitable and verifiable basis.*
- **Simplification!** *No audit of underlying financial documents. Amounts paid considered as paid expenditure if justified by "quantities" / direct costs (flat rate).*

*=> a first step to focus more on outputs and results than inputs*



## 2007 2013 Simplification ... but

- *Initial workload: time & data required to calculate the simplified cost options*
- *Clarity of the definitions (direct or/and indirect costs for instance)*
- *Scope of the rule: not for operations / projects that are tendered*
- *Compatibility of National rules – matching Funds*
- *Legal certainty vs flexibility*
- *Speak together*





## Calculation of simplified costs (1)

*Objective: maintain the 'acquis' ...*

*fair, equitable and verifiable calculation is maintained and specified. Method based on:*

- **statistical data or other objective information; or**
- **the verified historical data of individual beneficiaries or the application of their usual cost accounting practices;**

+ *Additional possibilities to improve legal certainty and harmonisation*



## Calculation of simplified costs (2): additional possibilities

- *methods and corresponding scales of unit costs, lump sums and flat rates applicable in Union policies for a similar type of operation and beneficiary;*
- *methods and corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary;*
- *rates established by the Common General Regulation or the Fund-specific rules (no justification required);*
- *for the ESF, unit costs, lump sums and flat rates calculated on the basis of a draft budget in the case of grants not exceeding 100.000 EUR;*





## Flat-rate financing (1) General (Art 57 1 d): examples

	Category of costs to which the rate is applied	Rate	Rate used to calculate ...	Calculation method
ESF Reg	Eligible direct staff costs	Up to 40%	Remaining eligible costs of an operation	<u>No calculation</u>
ETC Reg	Direct costs other than staff costs	Up to 20%	Staff costs	<u>No calculation</u>
CPR Reg	Variable (see next slide)	Variable (see next slide)	Indirect costs	Variable (see next slide)
Your own system of flat rate (except for indirect costs)				

• **Reminder: Never compare rates directly! Compare also the categories of costs calculated with the rate, and the categories of costs to which the rate is applied.**



## Flat rate financing (2) to calculate indirect costs (Art 58 CPR)

Category of costs to which the rate is applied	Rate	Calculation method	Remark
Eligible direct costs	Up to 25%	- Fair, equitable, verifiable -MS schemes -Draft budget*	Current system with additional calculation methods
Eligible direct <u>staff</u> costs	Up to 15%	<u>No calculation</u>	Other eligible direct costs are declared in addition
Eligible direct costs	Rate applied in EU Policies	Delegated act will specify rate & method	

\* ESF, for public support < EUR 100.000





## Staff costs: annual working time

*Proposal endorsed by the Council and the EP*

*Method to calculate hourly staff costs: divide latest documented annual gross employment costs by **1720** hours.*

*👉 Still to document time spent on operations!*



## Future simplified cost options

**Indirect costs = 15% of direct staff costs**

*Direct costs = 113 772 €*

<b>1. Personnel cost</b>	<b>100 763</b>
1.1 Internal personnel – remuneration	60 895
1.2 Int. pers. - transport home/work	622
1.3 Internal personnel – travel costs	104
1.4 External personnel – remuneration	39 143
1.5 External personnel - travel costs	0
<b>2. Participants</b>	<b>0</b>
<b>3. Product develop and consumption</b>	<b>13 009</b>
3.1 Non depreciable consumption goods	9 056
3.5 Publicity	3 096
3.6 Organisation costs	857
3.7 Other costs	0

**A. Direct staff costs =**

$$60\,895 + 39\,143 = 100\,038 \text{ €}$$

**B. Indirect costs = 15% of direct staff costs**

$$= 100\,038 \times 15\% = 15\,006 \text{ €}$$

**C. Other direct costs = 13 735 €**

**TOTAL ELIGIBLE :**

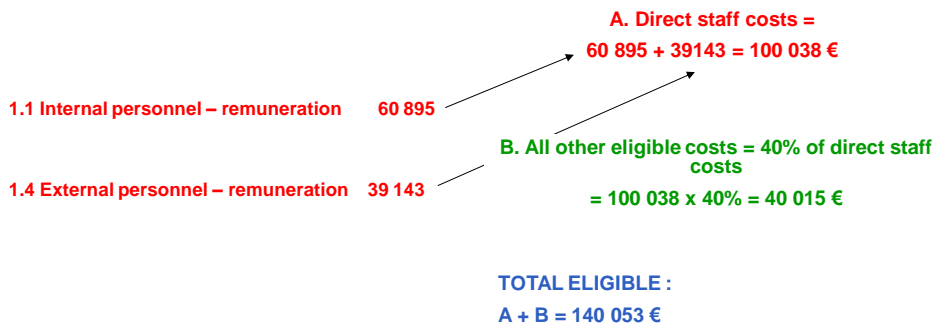
$$A + B + C = 128\,779 \text{ €}$$





## Future of the simplified cost options

all costs other than direct staff costs = 40% of direct staff costs



## Article 14.1 ESF DA: Standard scales and lump sums defined by the Commission

- *ESF only, optional, in addition to Art 57-58 Objective to re-use existing data where appropriate (Eurostat, national statistics, data from OPs...)*
- *=> MS (or even OP) specific, depending on data.*
- *Reimbursement of expenditure by the Commission on the basis of these standard scales and lump sums.*
- *Financial audit = exclusively to verify that conditions for reimbursements by the Commission on the basis of standard scales and lump sums have been fulfilled.*



## Flat rates on indirect costs: Examples

- *Different percentages based on the kind of projects (e.g. higher percentages for innovative projects, lower percentages for projects in the field of education)*
- *Different percentages based on the budget size of a project (e.g. higher percentages for projects with a lower budget and lower percentages for projects with a higher budget)*
- *Based on the type of organisation (e.g. lower percentages for governmental / educational organisations, higher percentages for non-governmental organisations)*
- *One percentage on all types of measures in one OP*
  - *for all eligible direct costs (minimum % is 7%)*
  - *for all direct staff costs (minimum % is 12%)*
- *Different percentages beneficiary by beneficiary*



## Standard scales of unit costs: examples

- *Specific amount for each participant participating in a specific training measure (in some cases amount will be paid on a result basis (part. participated in the measures with success = result based))*
- *For counselling activities (specific amount for one counselling session)*
- *Specific amount for the mobility of participants (national / transnational)*
- *Specific amount for specific parts within an ESF funded measure*





## ERDF experiences

Mitigation of outsourcing

Exceptions to scheme

Clarity of definition of direct or/and indirect costs, no overlaps

Calculation of rate: lack of « historical » data, rate not corresponding to result of calculation, inconsistent method, representativeness sample

Role of national Audit Authorities (ERDF)

Scope of rule: not for operations / projects that are tendered

National rules not compatible

Retroactivity



## ERDF good practices

Flexibility of method (definition, rate)

Mitigation of outsourcing by exclusion of these expenditures from calculation of rate

Facilitated by historical data (even national ones)

Data from final beneficiary accounts with link to relevant project

Definition of direct or/and indirect costs: clarity, transparency, exemptions







## ERDF example 1

→ Flat rate of 20% on staff costs, optional for beneficiaries

Applicable to all projects, except: TA, 100% outsourced projects, other specific defined projects

*Data:*

- **no outsourced costs taken into account**
- **Extreme rates excluded**
- **Average of 24,36%**
- **Deviation 0.03**



## ERDF example 2

→ 'SSUCC+': *SSUC for wages + SSUC for material costs + flat rate for indirect cost*

*Method applies to R&D-projects, network and cluster management projects, consulting (infra)structure projects*

- 👉 **Only COM observations, national authority approves method SSUC (and lump sums)**
- 👉 **Risk double counting material cost/indirect costs**
- 👉 **no Commission approval of SSUC → audits of calculation method still possible**



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*Thank you for your attention.  
Questions?*

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