



Simplified Cost Options in 2014-2020

**Omnibus changes: New Potential for Uptake of
SCOs**

**Partnership Agreement Coordination Committee
Warsaw, 08/03/18**

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Key advantages

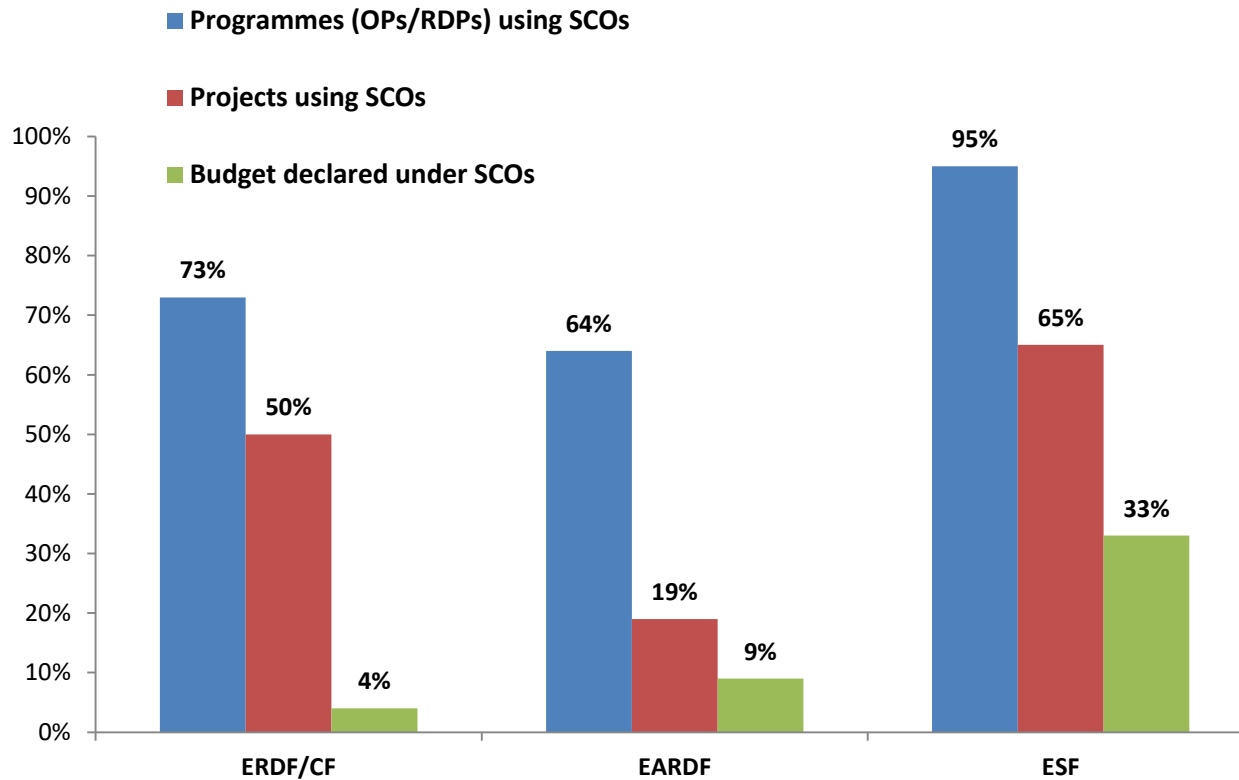
- Potentially huge benefits through reduced verification.
- Less documentation to be retained by beneficiaries.
- Fewer cost types and therefore less scope for error.
- Resources can be re-directed to outputs and results



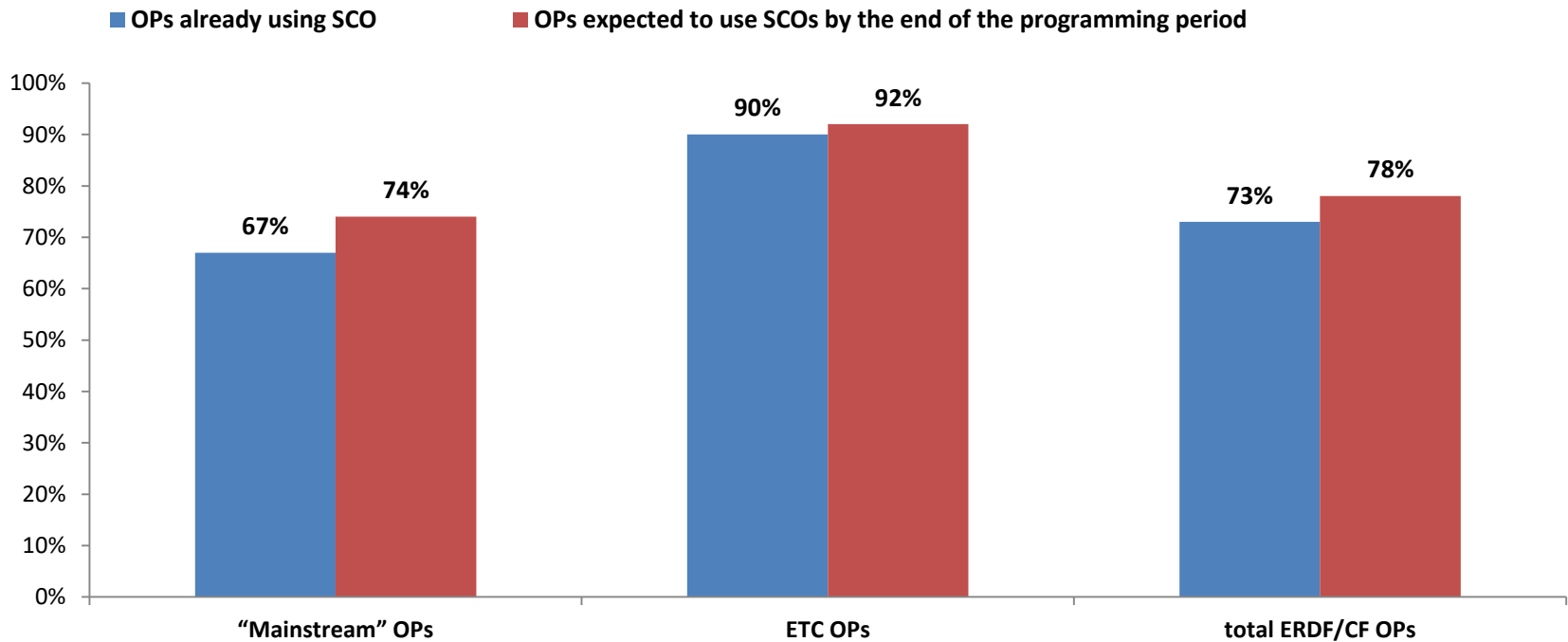
Key conclusions of the survey on the current & intended use of SCOs

- study launched in July 2017
- replies from 27 Member States, covering 208 of 295 OPs and 77% of the total ERDF-CF budget

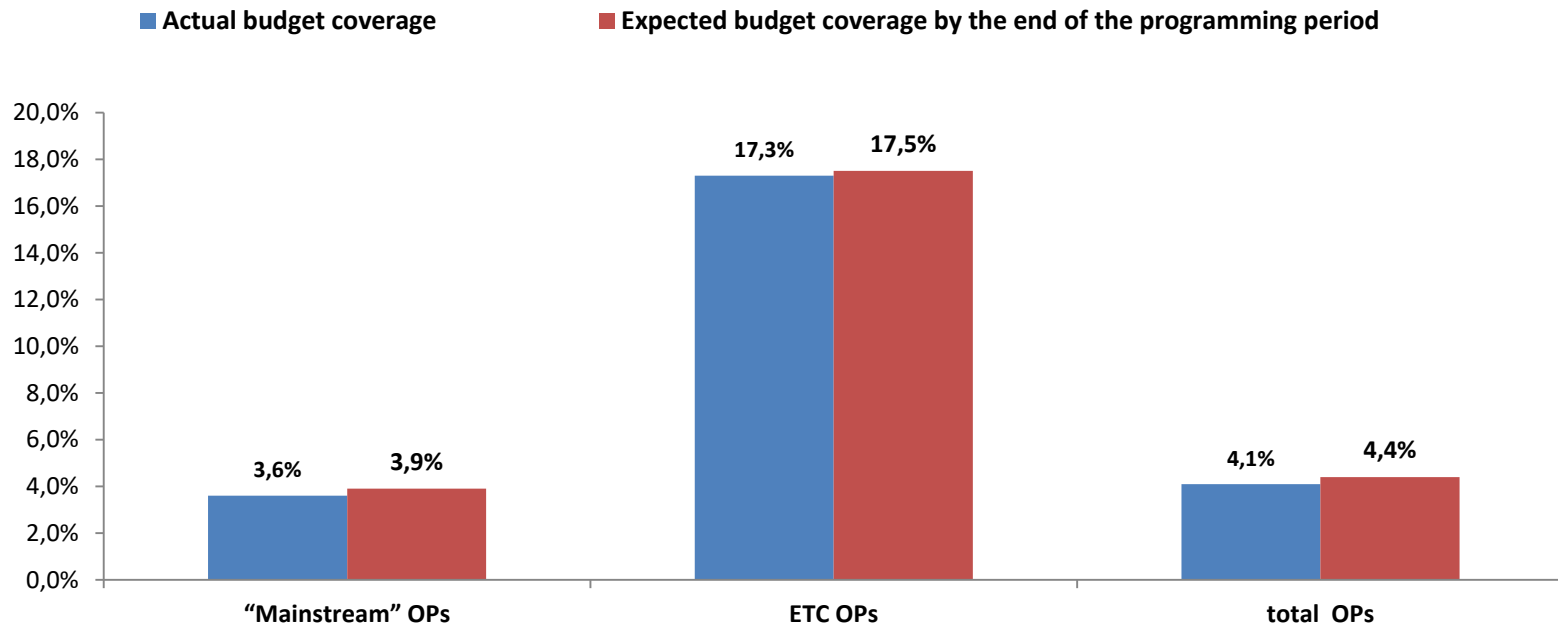
The uptake of SCOs at ESIF level



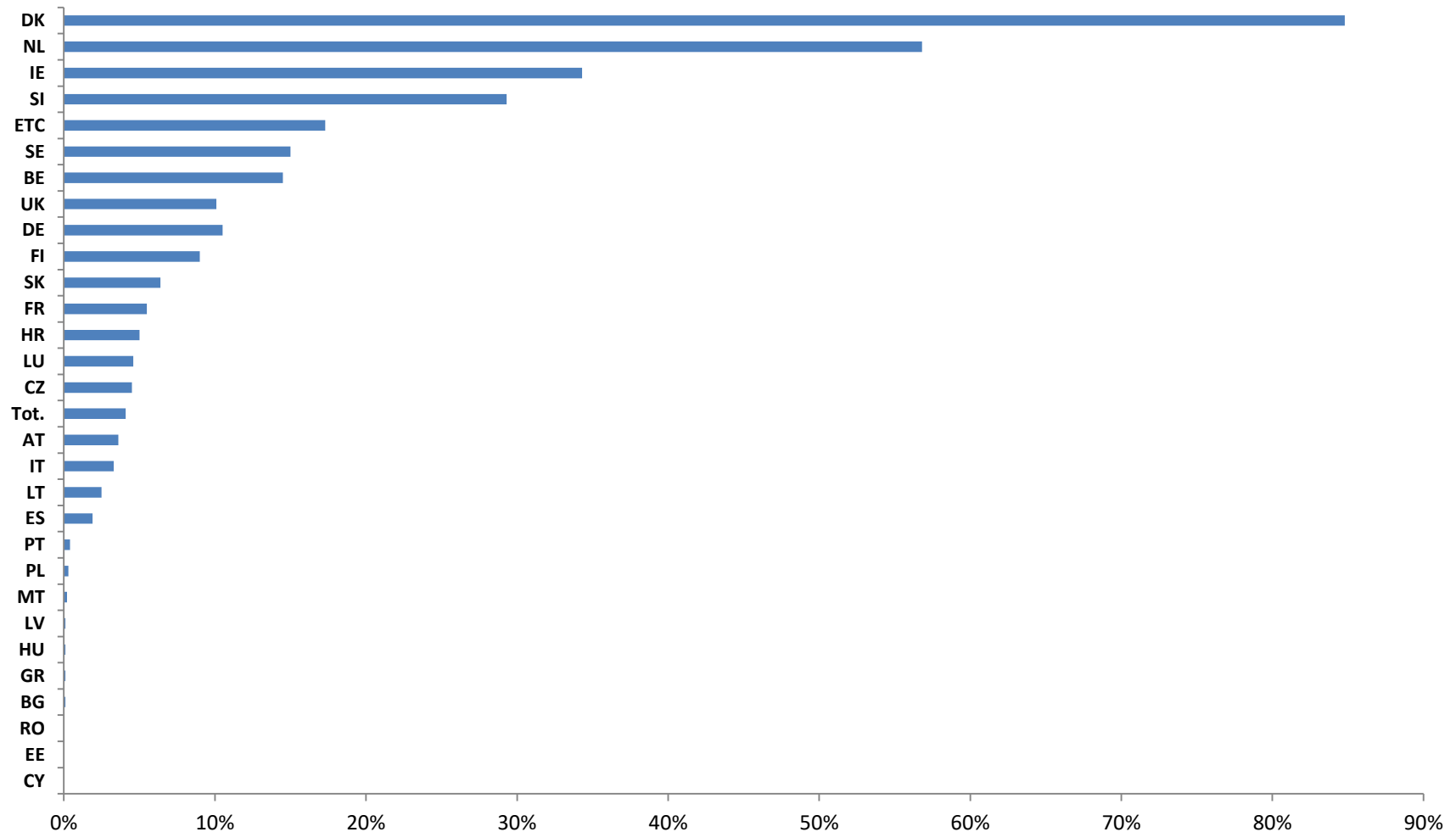
Number of ERDF/CF OPs using SCOs by the end of the programming period



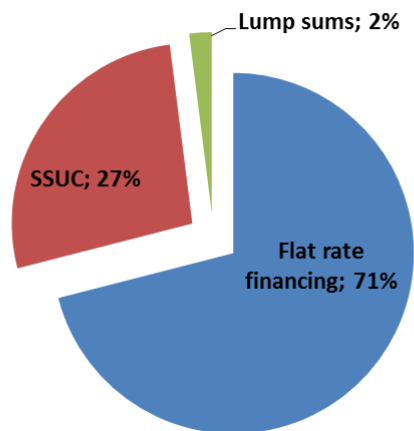
Budget covered by SCOs



SCO budget coverage varies greatly by Member State (ERDF/CF)



Flat rate is the most used type of SCO in ERDF/CF



- Almost all OPs use flat rates (including both "mainstream" and ETC programmes)

- Almost half of flat rate payments are done under "indirect costs up to 15% of direct staff cost"

- Very few OPs use all three types of SCO

Type of operations and costs



Research and development

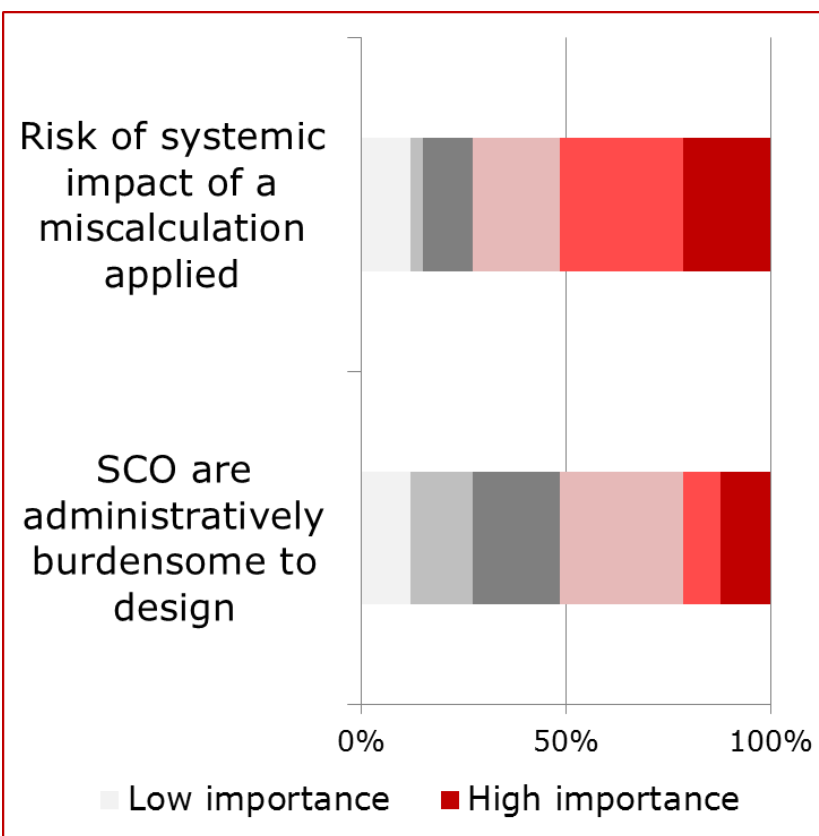


Business development

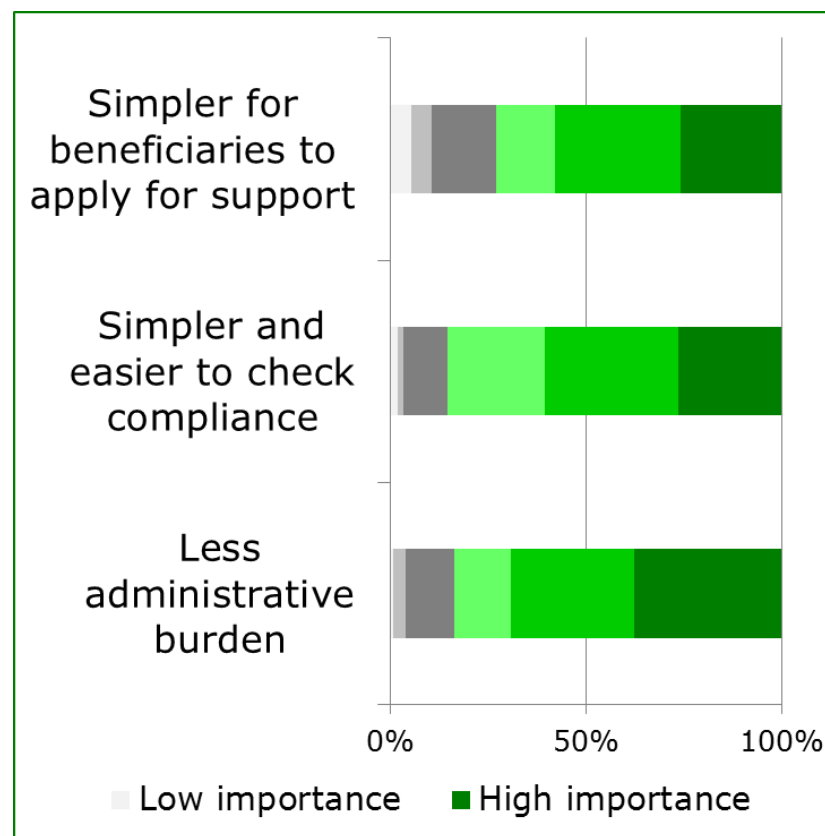


Technical assistance

Key reasons for not using SCOs



Key reasons for using SCOs



PL results of the survey

- 21 OPs (out of 21) covered: SCOs uptake is **very limited** and expected to very slightly increase.
- Some **0.3% of the ERDF budget** is expected to be declared under SCOs over the programing period amounting to € 173 880 000 (0.3% under existing SCOs amounting to € 165 380 000).
- The SCOs put in place concern ERDF and are mainly **flat-rate for indirect costs**.

PL results of the survey

- Two MAs declared their intension to design new SCOs for the 2014 – 2020 or introduce the use of off-the-shelf flat rates.
- **33% of the OPs** intend to use additional financing simplification measures following Omnibus. 19% would use additional off-the-shelf flat rates.
- Limited number of respondents provided figures for fully publicly procured operations; → the weight of fully publicly procured operations is underestimated.
- Reasons for not using SCOs have not been provided (*except for Technical Assistance – CF and Infrastructure and Environment - ERDF/CF where they indicate SCOs not being suitable for the programme*).



Omnibus Regulation:

A greater potential for SCOs



Type of SCOs/Forms of support

- **Lump sums:** removal of the upper limit (Art. 67(1)(c) CPR)
- **Introduction of a new form for grants and repayable assistance:** financing based on the fulfilment of conditions related to progress in implementation or the achievement of objectives of programmes - to be defined in **delegated acts**.
Audit shall exclusively aim at verifying that the conditions for reimbursement have been fulfilled.

Methodologies for establishing SCOs

- The fair, equitable and verifiable calculation method may also be based on an **expert judgement** (Art. 67(5)(a)(i) CPR)
- **Additional methodology for determining a SCO:** use of a **draft budget** on a case by case basis and agreed ex ante by the managing authority in case the public support does not exceed EUR 100.000 (Art. 67(5)(a)(bis) CPR)
- **Off the shelf SCOs:** possibility for COM to adopt **delegated acts** for the definition of standard scales of unit costs and flat rates and related methods (Art. 67(5a) CPR)

Compulsory use of SCOs for ERDF and ESF grants/repayable assistance

where the **public support does not exceed EUR 100.000** for operations not implemented exclusively through public procurement (moved from ESF Regulation) - (Art. 67(2a) CPR)

- **Does not apply** to operations for which the support constitutes **State aid**, except when the support constitutes *de minimis* aid → **applies in case of *de minimis* aid**

New flat rates

1. Calculation of direct staff costs

- Flat rate of up to 20% of the direct costs other than staff costs (from ETC Regulation) (Art.68(a)CPR).
- No need to perform a calculation to establish the applicable rate.
- Caveat: flat rate cannot be used if the direct costs of the operation include public works contracts above threshold in the public procurement directive.

2. Calculation of the remaining eligible costs (other than direct staff costs)

- flat rate of up to 40% of eligible direct staff costs (Art. 68b CPR)
- No requirement to execute any calculation to determine the applicable rate
- Cannot be applied to staff costs calculated on the basis of a flat rate.

Increased flexibility for calculation of hourly rate for staff costs

- Rules for calculating an **hourly rate for staff costs** (latest documented annual gross employment cost/1720 hours) have been **clarified** (Art. 68a(2)(3) and (4) CPR):
 - in case of part-time work: pro rata
 - Where annual gross employment costs are not available: available data or employment contract adjusted for a 12 month period may be used.
 - Number of hours declared/year cannot exceed the number of hours used for the calculation of the hourly rate

**Thank you
for listening**

QUESTIONS?

