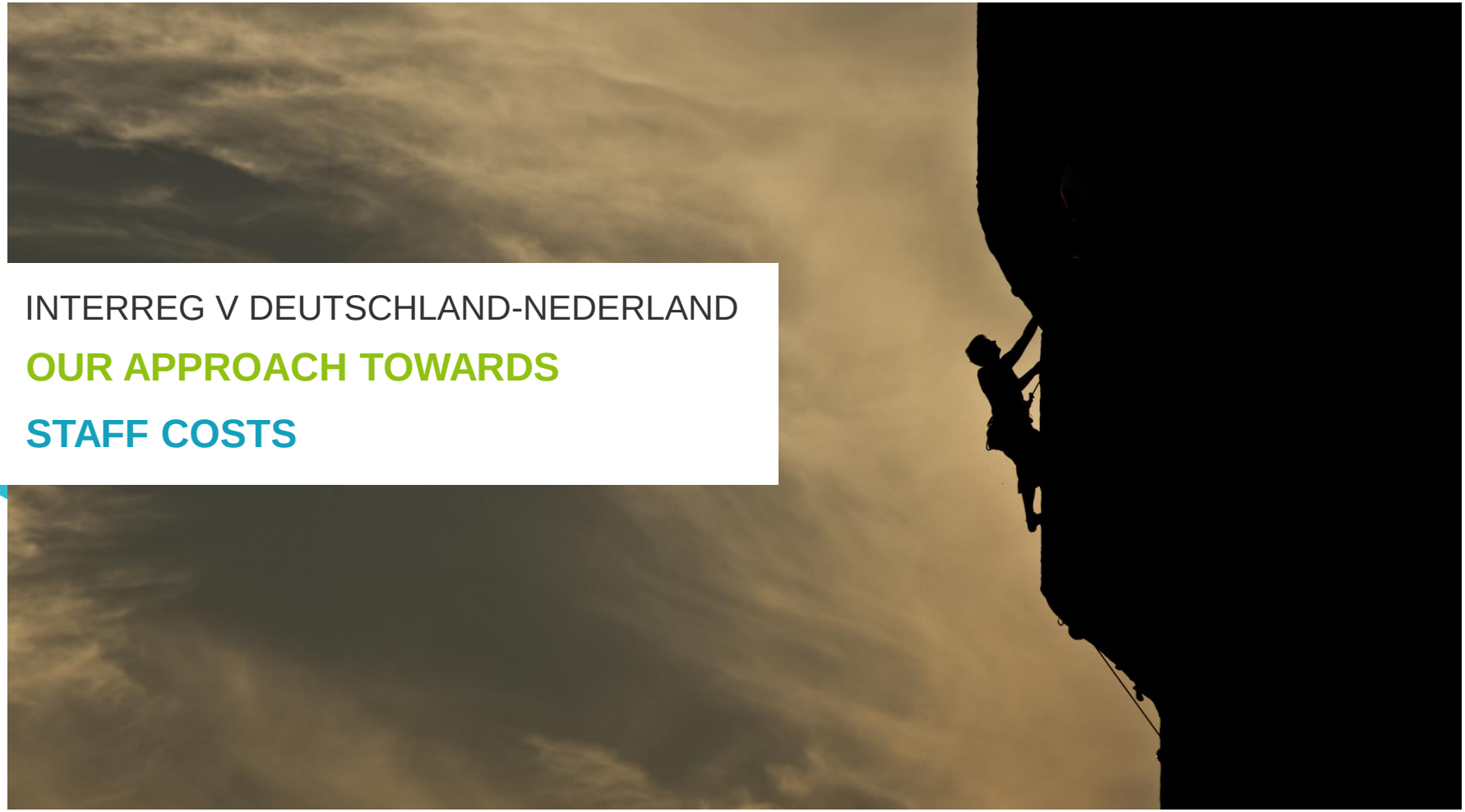

INTERREG V DEUTSCHLAND-NEDERLAND

OUR APPROACH TOWARDS

STAFF COSTS

INTERREG Deutschland Nederland

Europäische Union
Europese Unie

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FRANKFURT, 30 AUGUST 2018

STAFF COSTS IN INTERREG V DE-NL
OUR APPROACH IN A NUTSHELL

1. INTERREG V A Programme Germany – The Netherlands

2. Why do we use simplified cost options for staff costs?

3. How did we calculate them?

4. What is our approach?

5. What lessons did we learn?

INTERREG

DEUTSCHLAND-NEDERLAND

FACTS AND FIGURES

- *€ 222 Mln. ERDF Budget*
- *€ 440 Mln. total investment expected*
- *2 Programme Priorities:*
  - *65% Innovation (IP 1b and 4f)*
  - *35% Cohesion (IP 11b)*
- *First projects started in autumn 2015*
- *Current status:*
  - *Ca. 120 projects approved*
  - *Ca. 80 % of ERDF budget committed to projects*

SIMPLIFIED COST OPTIONS FOR STAFF
WHY?

Why did we decide to use them?

+ *Situation in previous programming period: real costs, but different categories and maximum rates per category*
  - → *Complicated calculations for everyone*
  - → *High risk of errors and miscalculations*
  - → *Many supporting documents for controls needed*

+ *In the preparatory phase of the programming period 2014 – 2020: clear political demand for simplification (mainstream programmes as well as INTERREG) → programme partnership decided to make life easier for the projects and the programme authorities*

+ *Staff costs were and are the biggest type of expenses in the programme (approx. 80%)*

SIMPLIFIED COST OPTIONS FOR STAFF
WHY?

What was our goal?

+ *Simplification*
+ *Seperation of individual salaries from refundable costs*
+ *Coverage of gross wage costs and employers´ costs*

How did we get there?

In preperation of the 2014-2020 period the programme partners formed a small group representing all parties as a preparatory group. This committee decided to determine the flat rates on the basis of a statistical approach

SIMPLIFIED COST OPTIONS FOR STAFF CALCULATION

The partners decided to determine flat rates for staff on the basis of a representative statistical analysis

+ *Dataset: 326 project partners, which had declared more than 5000,00 EUR staff costs between 01/01/2007 and 31/12/2011*

+ *Sample: 25% of the dataset or 83 project partners that were representative for beneficiaries in the programme*

+ *The staff was categorised into „performance groups“, for each sampled partner we categorised two employees*
  => Sample: 211 employees and 1755 work hours per year on average

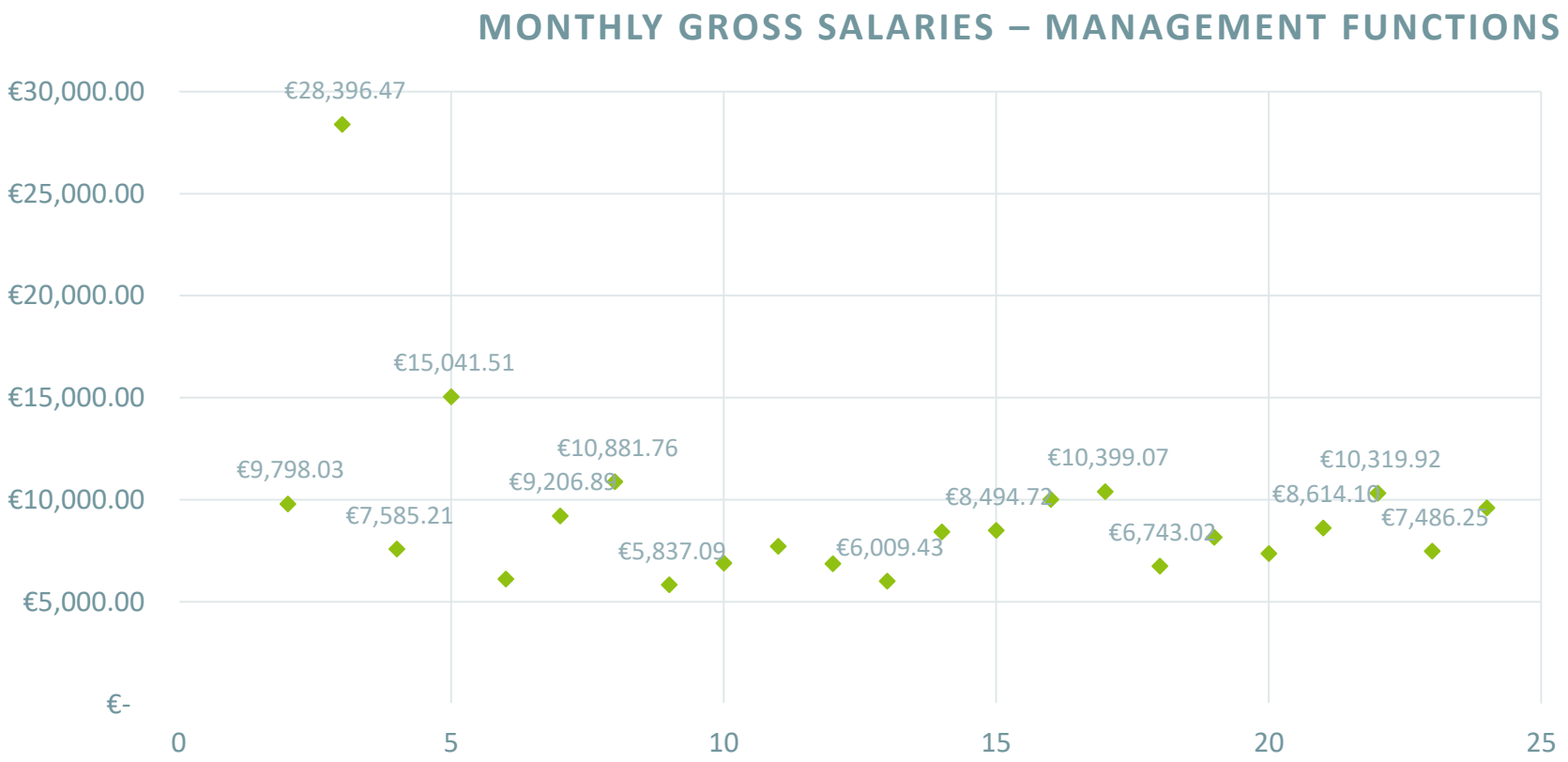
SIMPLIFIED COST OPTIONS FOR STAFF CALCULATION (II)

Results

Staff with management Functions Later Performance Group 1	11.3%
Academic staff Later Performance Group 2	27.4%
„Higher“ operative staff Later Performance Group 3	42.9%
Operative personnel Later Performance Group 4	14.6%
Semi-skilled staff Later Performance Group 5	4.7%

SIMPLIFIED COST OPTIONS FOR STAFF CALCULATION (III)

The analysis showed a raw categorisation of staff types and wages



SIMPLIFIED COST OPTIONS FOR STAFF CALCULATION (IV)

+ *Then we needed to calculate a flat rate for each category*

+ *In order to get representative results, we had to eliminate extreme variations*

+ *Some definitions for performance groups had to be formulated more precisly:*
    - *Classification of academic staff with no work experience in relation to staff that received vocational training*
    - *Classification of student assistants*

SIMPLIFIED COST OPTIONS FOR STAFF
OUR APPROACH IN A NUTSHELL (I)

	Definition	Flat rate per Hour	Flat rate per month
Group 1	Management, planning and supervisory functions on a general level. Usual requirement is a university degree	68,00 €	9.350,00 €
Group 2	Management, planning and supervisory functions with regards to a specific area. Usual requirement is a commercial training or a university degree	51,00 €	7.012,00 €
Group 3	Staff with complex and multifaceted tasks that require vocational training and work experience or a university degree and little work experience	36,00 €	4.950,00 €
Group 4	Staff with complex tasks that necessitate vocational training	28,00 €	3.850,00 €
Group 5	Staff with dominantly easy tasks that do not require a formal education but specific knowledge	15,00 €	2.062,00 €

SIMPLIFIED COST OPTIONS FOR STAFF
OUR APPROACH IN A NUTSHELL (II)

+ Standard hourly (or monthly) rates, max. 1650 hours

+ Project staff are assigned to one category according to their role in the project, this determines the hourly/monthly rate

+ The Flatrate comprises:

- *Gross wage costs*
- *Bonuses if applicable*
- *Employer contributions*

+ An adjustment of the flatrate is subject to the decision of the monitoring committee. No adjustments so far: no yearly indexation

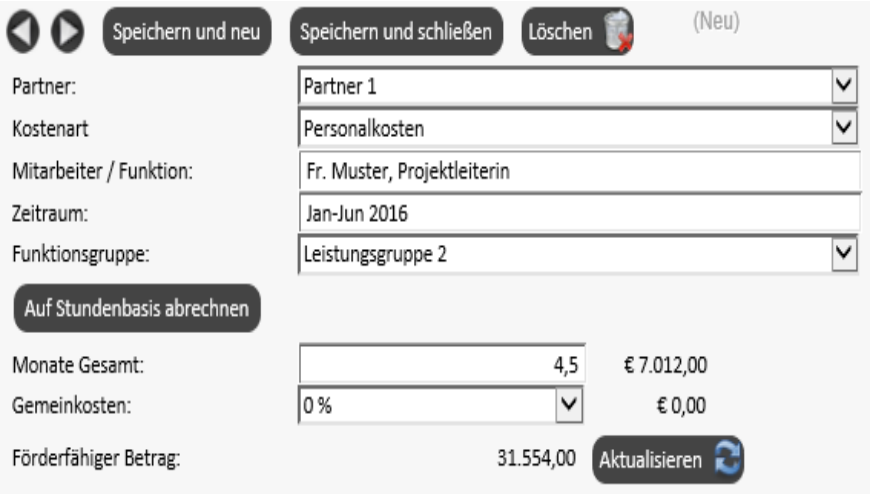
+ Declared staff costs can be topped up by a fixed percentage for overhead costs (25% (prio 1, respec. 15%, prio 2)

SIMPLIFIED COST OPTIONS FOR STAFF
OUR APPROACH IN A NUTSHELL (III)

+ Closely monitored and supported by programme bodies

+ Projects are relieved from administrative burdens → Contracts must not be presented (only in sampled cases to SLC)

+ Declaration of staff costs only through the user interface of the monitoring system



Part-time positions must be inserted manually in relation to one FTE

For example:
75% position for 4 1/2 months

*X = 4.5 months * 75% * group flatrate*

SIMPLIFIED COST OPTIONS FOR STAFF
OUR APPROACH IN A NUTSHELL (IV)

+ *Project application: Hourly/monthly rate ≠ actual wage*

+ *Declaration of costs: calculation of hours/months + signed statement (for exclusive staff) OR time sheets (only for staff working not exclusively for the project)*

+ *FLC check - Correct monthly rate and correct time (months/hrs)*

+ *Second Level Control - additionally: correspondence with contract (NOT salary)*

+ *Change of staff: Personnel not relevant, only functions. They can be carried out by different people*

+ *Specific rules for directors (max. 70% of the time is eligible)*

SIMPLIFIED COST OPTIONS FOR STAFF
LESSONS LEARNED

- *For beneficiaries*
  - *A bit more work in the application phase (assigning staff to categories, calculation of planned hours)*
  - *Much less work and documentation requirements when declaring costs*

- *For programme staff /FLC*
  - *Significantly less control effort during implementation stage*

- *Other topics*
  - *Fixed amounts for 7 years*
  - *Discussion about rates and comparison with own internal rates*
  - *Difference between functions in the company and functions in project*
  - *Working with an average rate means sometimes 'loss', sometimes 'gain'.*
  - *Only personnel with an employment contract, no hired staff*

SIMPLIFIED COST OPTIONS FOR STAFF
LESSONS LEARNED

+ *Very positive feedback from projects*

+ *Audit results for the financial years 2016 and 2017 indicate that we are on the right path*

However:

- + *in the beginning of the programme period we had to advise beneficiaries on how to use the appropriate perfomance groups*
- + *Even though there are overall positive audit results, there are singular problems*
- + *Since a contract must not be presented during the application process deviations are only visible if a project is audited*

WHAT DOES THE FUTURE HOLD?

+ *Good results so far!*
+ *It is highly probable that we will use simplified cost options for staff in the upcoming funding phase and develop the instrument further*
+ *A new calculation is to be made, but what data to use?*

THANK YOU FOR YOUR ATTENTION

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