

DIFFERENCES IN THE HOURLY RATE CALCULATIONS FOR STAFF COSTS



Andrijana Gavran, Darko Fridl & Anđela Tadić
Agency for Regional Development of the Republic of Croatia

AGENDA

1

ABOUT US

2

MONTHLY HOURLY RATE CALCULATIONS

3

MONTHLY HOURLY RATE CALCULATIONS 1720

4

HOURLY RATE IN CONTRACT

5

WISHES FOR THE FUTURE

ARD 2014-2020

- ❑ Managing Authority for 2 Interreg IPA Programmes
- ❑ Control Body for 11 ETC Programmes



DIRECTORATE FOR FLC

1. Service for CBC Programmes

- Interreg Italy-Croatia
- Interreg Hungary-Croatia
- Interreg Slovenia-Croatia
- Interreg IPA Croatia-Bosnia and Herzegovina-Montenegro
- Interreg IPA Croatia-Serbia

2. Service for TN and IR Programmes

- Interreg Central Europe
- Interreg Mediterranean
- Interreg Danube
- Interreg ADRION
- Interreg Europe
- URBACT III

3. Service for QC and TA

- Quality Control
- TA validation
- Complaints
- Management and prevention of irregularities / frauds

HOURLY RATE CALCULATIONS

1.

- Monthly gross employment costs / number of working hours per month

2.

- Latest documented annual gross employment costs / 1 720 hours

3.

- Hourly rate in contract

DIFFERENCES IN THE HOURLY RATE CALCULATIONS



1.

**Monthly gross employment cost / number of
working hours per month**



LEGAL BASIS

COMMISSION DELEGATED REGULATION (EU) No 481/2014 under article 3, paragraph 6, point i: *“For part-time assignments under point (b) of paragraph 4, the reimbursement of staff costs shall be calculated on an hourly rate basis determined either by: (i) dividing the monthly gross employment cost by the monthly working time **fixed in the employment document expressed in hours**”.*



PROGRAMMES STATISTICS

- 5/11 of Programmes do not allow the use of method „***Monthly gross employment cost / number of working hours per month***”



PROGRAMMES NOT ALLOWING THE METHOD

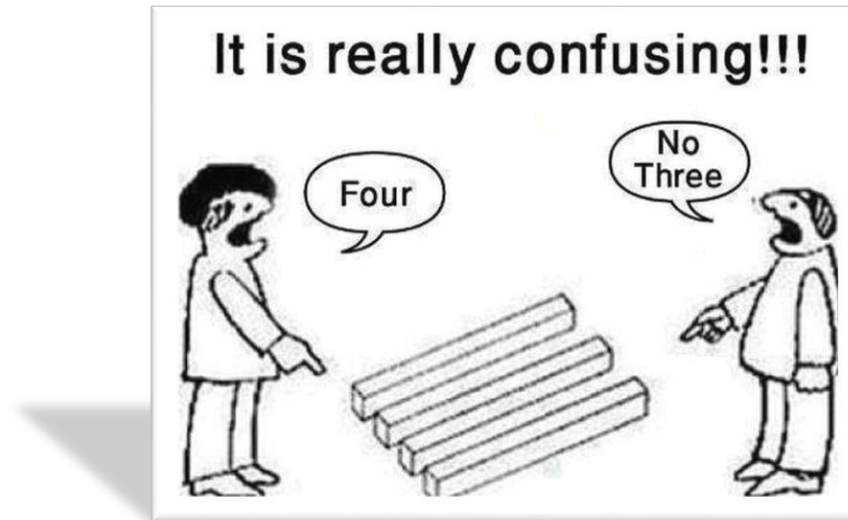
PROGRAMME

1. Interreg Italy-Croatia
2. Interreg Mediterranean
3. Interreg ADRION
4. Interreg Central Europe
5. URBACT III



PROGRAMMES ALLOWING THE METHOD (1)

- 5/11 Programmes allow the method *Monthly gross employment cost / number of working hours per month*
- Each Programme **has its own approach concerning this method**



PROGRAMMES ALLOWING THE METHOD (2)

| PROGRAMME | CALCULATION |
|--|--|
| Interreg Slovenia-Croatia | Number of working hours per month (variable) |
| Interreg Hungary-Croatia | Number of working hours per month (variable) |
| Interreg Croatia-Serbia | Total number of hours per month (variable) |
| Interreg Croatia-Bosnia and Herzegovina-Montenegro | Total number of hours per month (variable) |
| Interreg Danube | 176 (fixed) |



EXAMPLE (1)

| | |
|------------------------------------|-------------|
| Monthly salary costs for June 2018 | 5000 € |
| Total working hours | 152 |
| Public holidays | 16 |
| Employee's working hours | 80 |
| Hourly rate | XX € |



EXAMPLE (2)

| PROGRAMME | CALCULATION RATE |
|--|------------------|
| Interreg Slovenia-Croatia | 62 € |
| Interreg Hungary-Croatia | 62 € |
| Interreg Croatia-Serbia | 29,76 € |
| Interreg Croatia-Bosnia and Herzegovina-Montenegro | 29,76 € |
| Interreg Danube | 28,41 € |



UNIQUE APPROACH OF INTERREG EUROPE

- For the 1st, 2nd and 3rd CfP the method was allowed
- Partners had to use a special calculation when using the method
- For 4th CfP the method is **not allowed**



EXAMPLE

| | 1/ STARTING POINT | |
|---|---|-----------|
| A | Total monthly salary costs (gross salary and employer's social contributions) | €5,000 |
| | 2/ CALCULATION OF HOURLY RATE | |
| B | Number of working hours per working day according to the employment contract (weekly working hours divided by 5 working days) | 8 hours |
| C | July 2014: number of workable days (any public/bank holidays* are to be subtracted) | 22 days |
| D | Number of workable hours in July 2014 ($B * C$) | 176 hours |
| E | Number of annual holidays (days) as per the employment contract | 30 days |
| F | Number of monthly holidays (days) as per the employment contract ($E / 12$ months) | 2.5 days |
| G | Number of monthly holidays (hours) as per the employment contract ($B * F$) | 20 hours |
| H | Monthly working time, excluding holidays ($D - G$) | 156 hours |
| | 3/ HOURLY RATE | |
| I | Hourly rate for July 2014 (A / H) | €32.05 |

2.

**Latest documented annual
gross employment costs /
1720 hours**



LEGAL BASIS

COMMISSION DELEGATED REGULATION (EU) No 481/2014 under article 3, paragraph 6, point ii: *“For part-time assignments under point (b) of paragraph 4, the reimbursement of staff costs shall be calculated on an hourly rate basis determined either by: (ii) dividing the latest documented annual gross employment cost by 1 720 hours in accordance with Article 68(2) of Regulation (EU) No 1303/2013.*

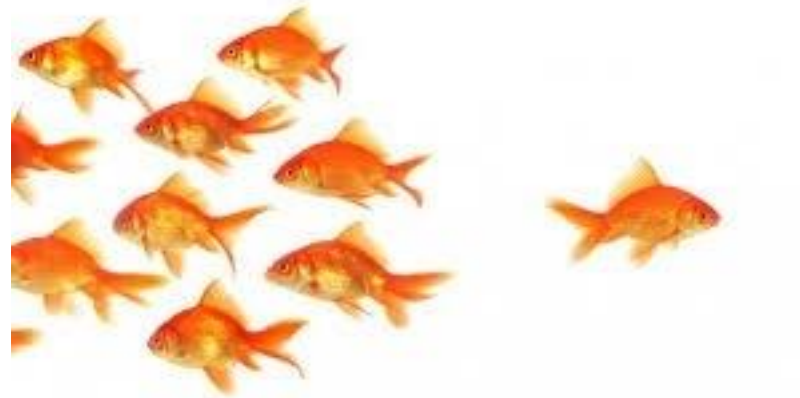


PROGRAMMES ALLOWING THE METHOD

| PROGRAMME | ✓ / ✕ |
|--|--|
| Interreg Slovenia-Croatia | ✓ / ✕ (allowed only for Croatian partners) |
| Interreg Hungary-Croatia | ✓ |
| Interreg Italy-Croatia | ✓ |
| Interreg Croatia-Serbia | ✓ |
| Interreg Croatia-Bosnia and Herzegovina-Montenegro | ✓ |
| Interreg Danube | ✓ |
| Interreg Mediterranean | ✓ |
| Interreg ADRION | ✓ |
| Interreg Central Europe | ✓ |
| Interreg Europe | ✓ / ✕ (not allowed in 4 th CfP) |
| URBACT III | ✓ |

SAME RULES, DIFFERENT APPROACHES

- Last available gross employment costs
- Possibility to change the hourly rate during project implementation
- Possibility to extrapolate



DIFFERENCE #1

| PROGRAMME | REFERENCE PERIOD |
|--|---|
| Interreg Slovenia-Croatia | The latest available data |
| Interreg Hungary-Croatia | The latest available data |
| Interreg Italy-Croatia | The latest available data from a period of 12 months preceding the starting date of the project |
| Interreg Croatia-Serbia | Last 12 months before the start of the project |
| Interreg Croatia-Bosnia and Herzegovina-Montenegro | Last 12 months before the start of the project |
| Interreg Danube | The latest available gross employment costs at the time of signature of the SC |
| Interreg Mediterranean | The latest available data for last 12 consecutive months of employment costs paid by the partner organization |
| Interreg ADRION | Last 12 consecutive months preceding the starting date of the project defined in SC |
| Interreg Central Europe | The latest documented annual gross employment costs |
| Interreg Europe | The latest available data from a period of 12 months preceding the starting date of the project defined in SC |
| URBACT III | The latest available data |

DIFFERENCE #2

| PROGRAMME | POSSIBILITY TO CHANGE THE HOURLY RATE? |
|--|--|
| Interreg Slovenia-Croatia | NO |
| Interreg Hungary-Croatia | NO |
| Interreg Italy-Croatia | YES |
| Interreg Croatia-Serbia | NO |
| Interreg Croatia-Bosnia and Herzegovina-Montenegro | NO |
| Interreg Danube | NO |
| Interreg Mediterranean | YES |
| Interreg ADRION | YES |
| Interreg Central Europe | NO |
| Interreg Europe | YES |
| URBACT III | YES |

DIFFERENCE #3

| PROGRAMME | POSSIBILITY TO USE EXTRAPOLLATION? |
|--|------------------------------------|
| Interreg Slovenia-Croatia | NO |
| Interreg Hungary-Croatia | NO |
| Interreg Italy-Croatia | YES |
| Interreg Croatia-Serbia | NO |
| Interreg Croatia-Bosnia and Herzegovina-Montenegro | NO |
| Interreg Danube | NO |
| Interreg Mediterranean | YES |
| Interreg ADRION | YES |
| Interreg Central Europe | YES |
| Interreg Europe | YES |
| URBACT III | YES |

3.

Hourly rate in contract



PROGRAMMES ALLOWING THE METHOD

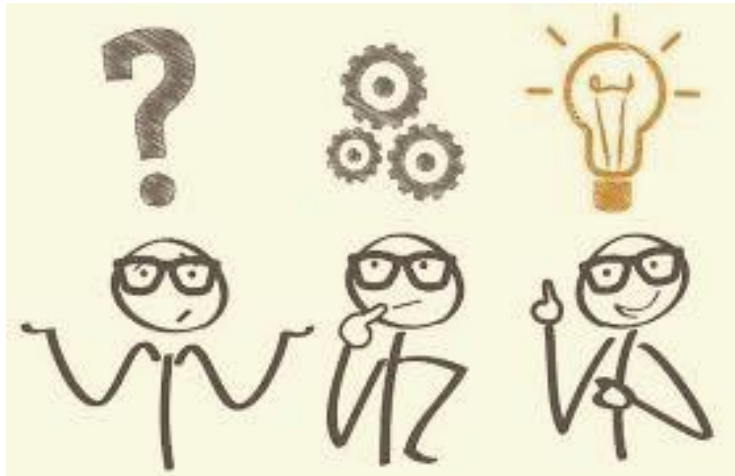
| PROGRAMME | ✓ / x |
|--|--|
| Interreg Slovenia-Croatia | x |
| Interreg Hungary-Croatia | ✓ |
| Interreg Italy-Croatia | ✓ |
| Interreg Croatia-Serbia | ✓ |
| Interreg Croatia-Bosnia and Herzegovina-Montenegro | ✓ |
| Interreg Danube | ✓ |
| Interreg Mediterranean | ✓ |
| Interreg ADRION | ✓ |
| Interreg Central Europe | ✓ |
| Interreg Europe | ✓ / x (not allowed in 4 th CfP) |
| URBACT III | x |

How do we cope with these differences?



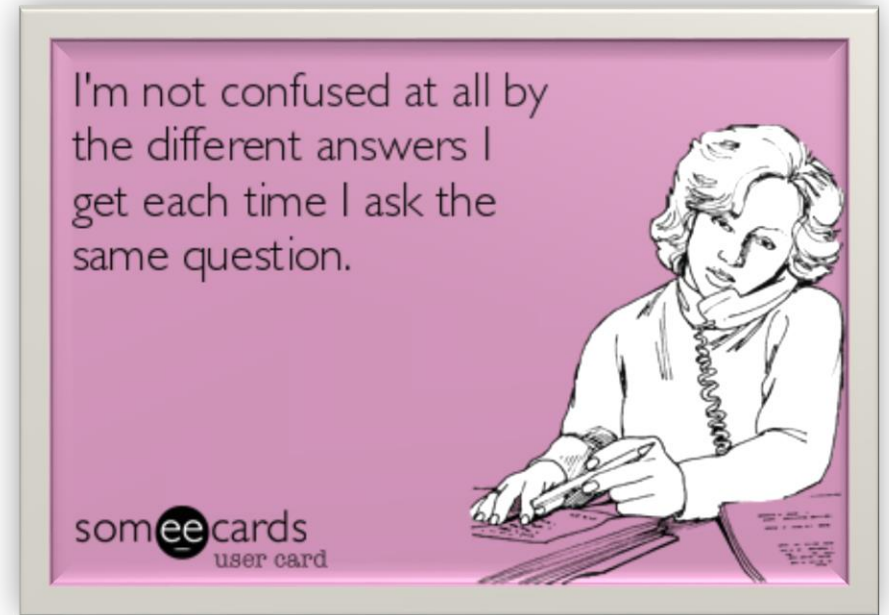
FOR CONTROLLERS...

- ✓ We have developed Important messages table which states the main differences in methods and approaches



FOR PARTNERS...

- ✓ We have developed National Control Guidelines per Programme with excel tables to be filled by the partners when reporting staff cost
- ✓ Each excel table states different approach used by the Programme
- ✓ No confusion and calculation errors



Wish(es) for the future



NEW PERIOD 2021-2027

Proposal for a **REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on specific provisions for the European territorial cooperation goal (Interreg) COM/2018/374 final**

For part-time assignments under point (b) of paragraph 4, the reimbursement of staff costs shall be calculated on an hourly rate basis determined either by:

- (a) dividing the monthly gross employment cost by the monthly working time **fixed in the employment document expressed in hours**; or
- (b) dividing the latest documented annual gross employment cost by 1 720 hours in accordance with [paragraphs 2, 3 and 4 of Article [50] of Regulation (EU) [new CPR].

(JUST) MAKE IT SIMPLE



"Sure, we could make it simpler but that would only complicate matters."

THANK YOU FOR YOUR ATTENTION!!!
ANY QUESTIONS???



Andrijana.Gavran@arr.hr
Darko.Fridl@arr.hr
Andela.Tadic@arr.hr