



Simplified Cost Options in 2014-2020

Omnibus changes: New Potential for Uptake of SCOs

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Overview of the presentation

1. Benefits of using SCOs
2. Survey on the use & intended use of SCOs: Key conclusions
3. Overview of Omnibus changes
4. Next steps



1. Why use SCOs ?



Key advantages

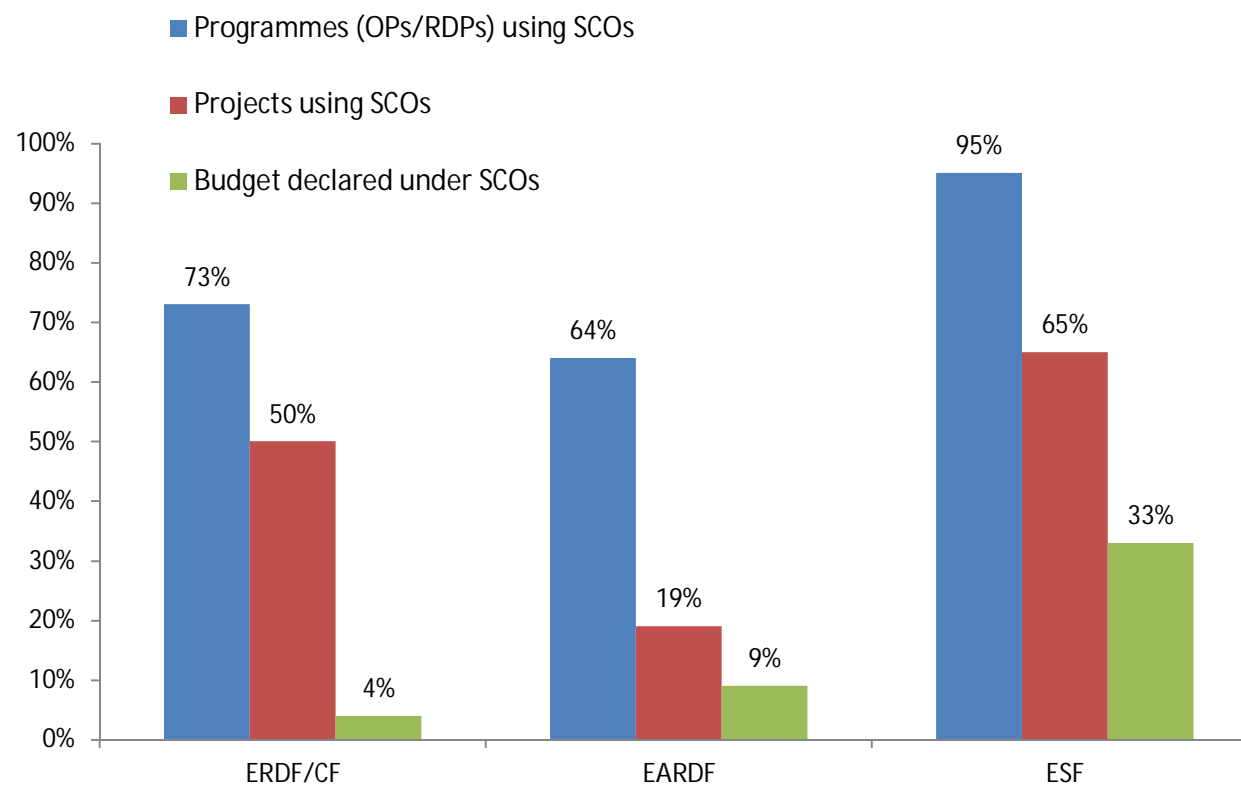
- Potentially huge benefits through reduced verification.
- Less documentation to be retained by beneficiaries.
- Fewer cost types and therefore less scope for error.
- Resources can be re-directed to outputs and results



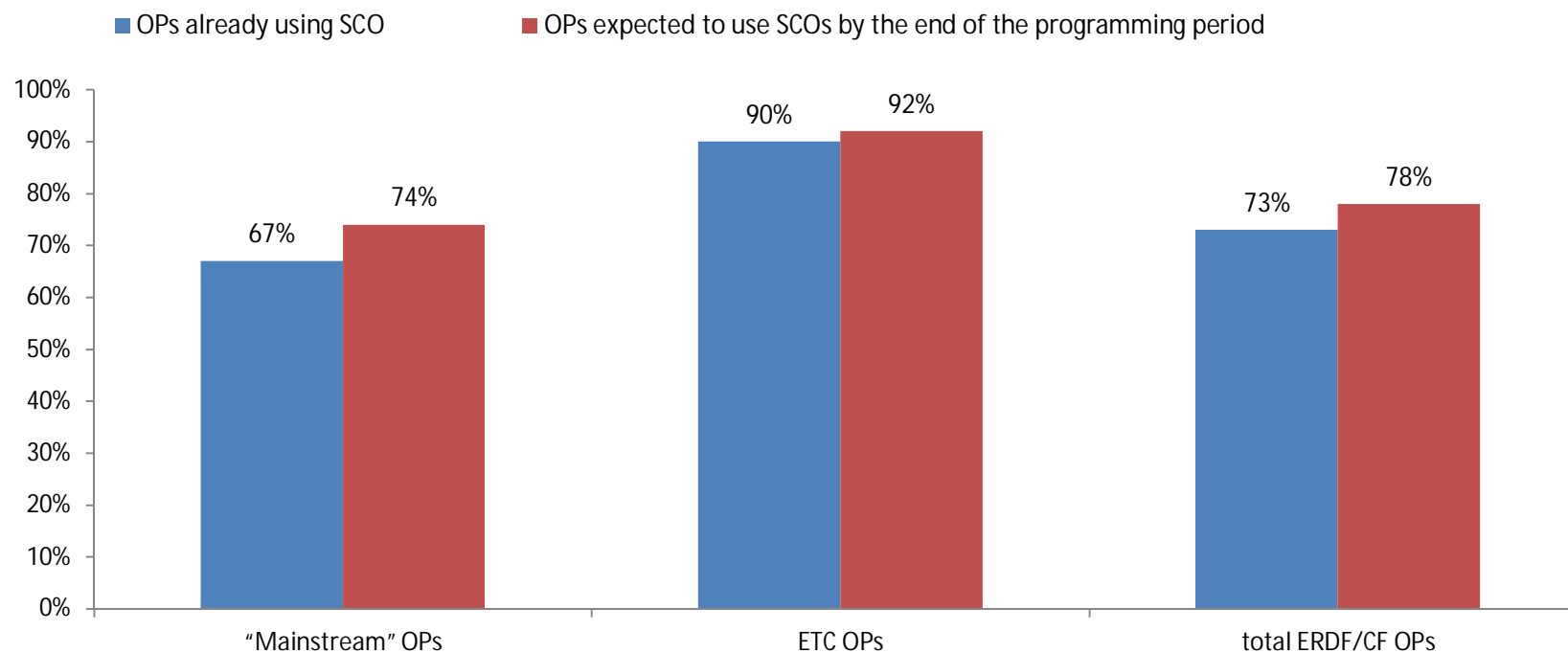
Key conclusions of the survey on the current & intended use of SCOs

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

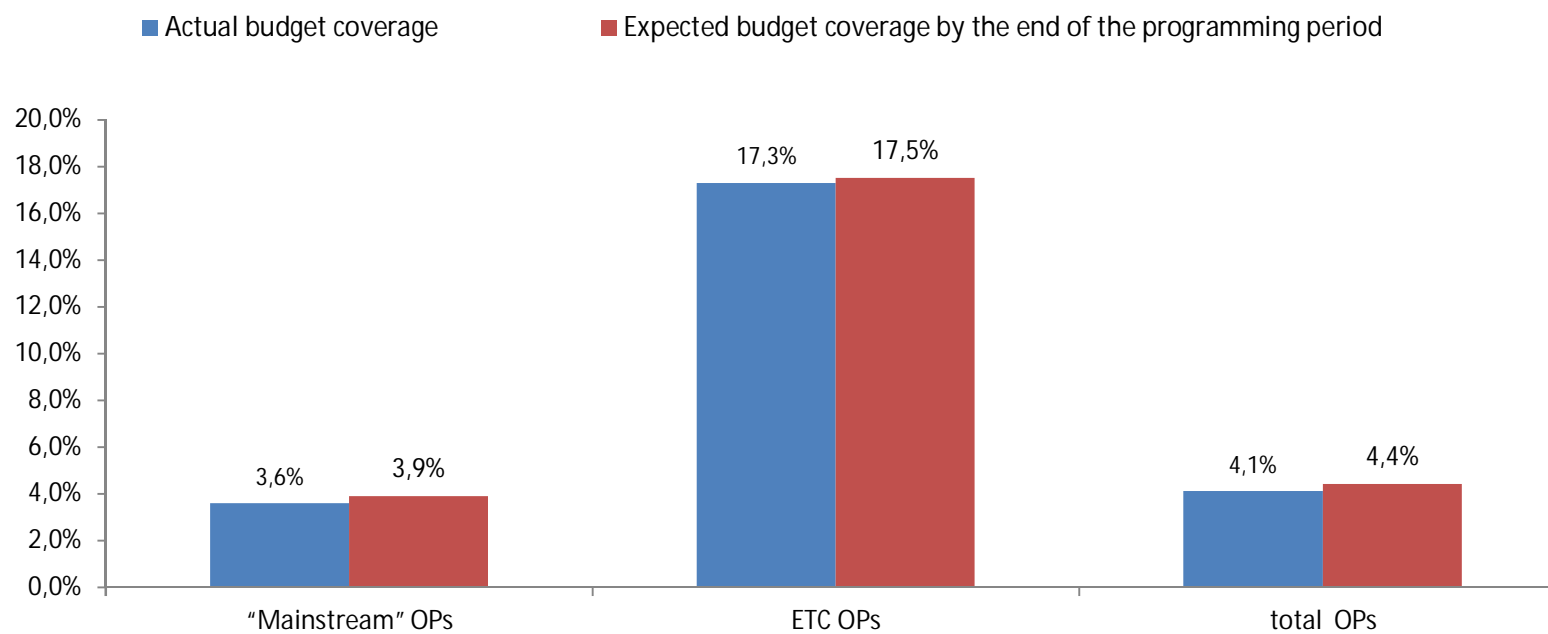
The uptake of SCOs at ESIF level



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

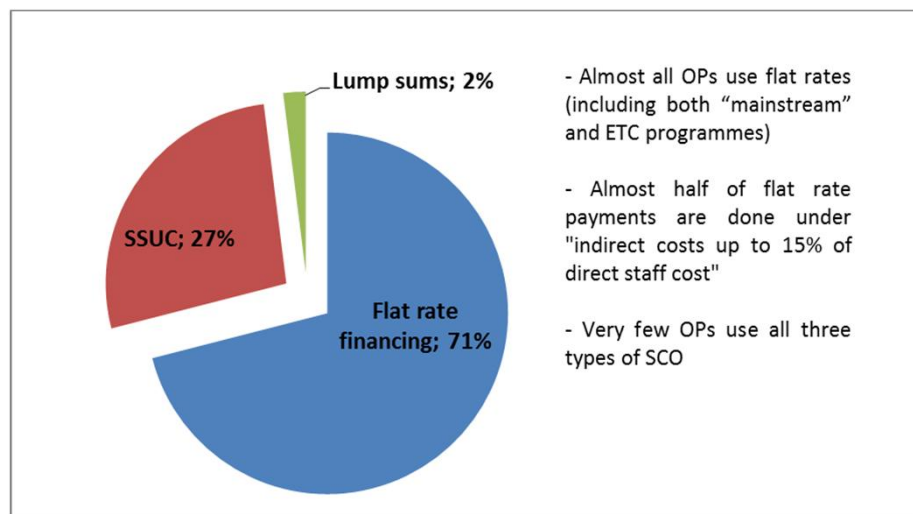


Budget covered by SCOs



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

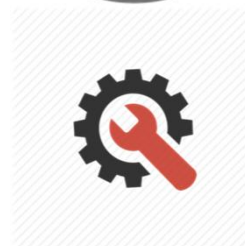
Type of operations and costs



Research and development

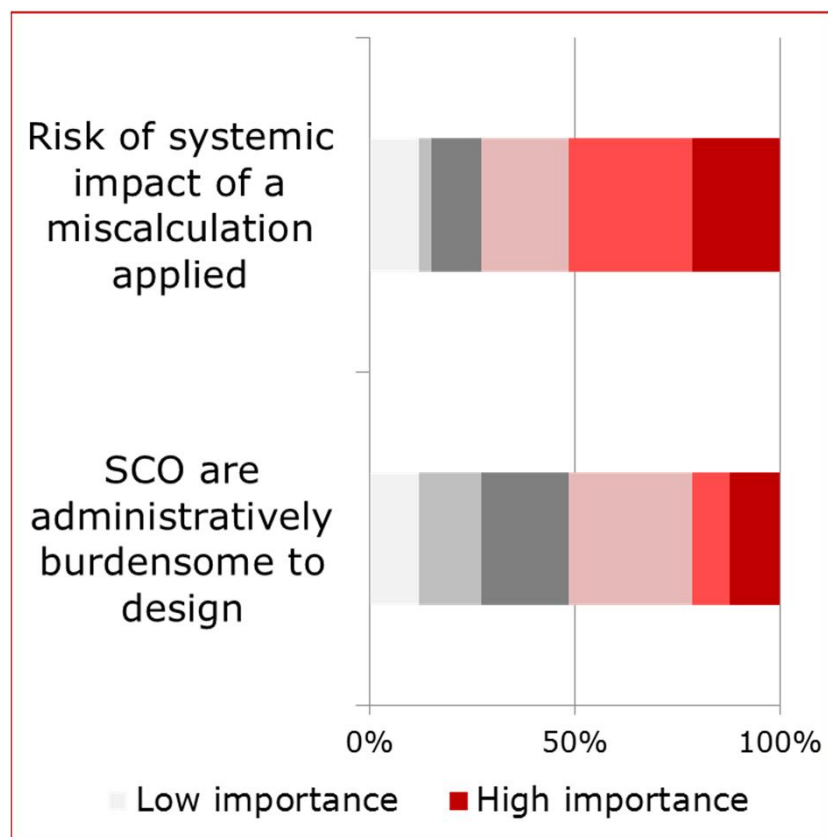


Business development

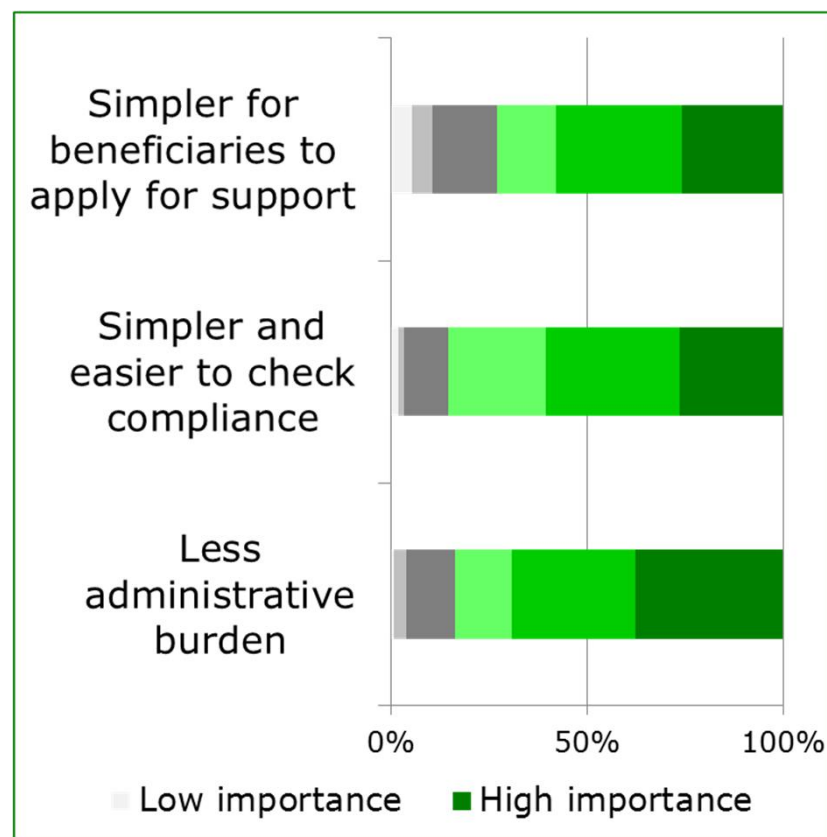


Technical assistance

Key reasons for not using SCOs



Key reasons for using SCOs



3. Overview of Omnibus changes



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 SCO

- 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 à 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



Use of SCOs and public procurement

- Art. 67(4) CPR

Excluded from the use of SCOs are: operations '*implemented exclusively through the public procurement of works, goods or services*'

Where PP is limited to certain categories of costs: use of SCOs is possible and may cover the entire operation.

- Agreement to amend the CPR to make this explicit:

"Where the public procurement within an operation or project forming part of an operation is limited to certain categories of costs, all the options referred to in paragraph 1 [i.e. Art. 67(1) CPR] may be applied for the whole operation or project forming a part of an operation."





ERDF Transnational Network (TN) on Simplified Cost Options (SCOs) (1)

- Survey on the use of SCOs in 2018 providing an overview of the intended use of SCOs for ESI Funds
- Need for further support to MS to help improve the use of SCOs.
- Key recommendations :
 - to promote collaboration between MAs and Audit Authorities
 - to support regular exchanges of experience and practices at EU level, also through targeted platforms and initiatives.
- ESF TN on simplification established in 2015 – positive experience





ERDF Transnational Network (TN) on Simplified Cost Options (SCOs) (2)

- Objectives :
 - § Analysis of the relevant issues, solutions and practices related to the design and implementation of SCOs
 - § Support the exchange and dissemination of best practices, as well as key recommendations and proposals emerging from the Network.
- Participation: national/regional authorities and networks involved in the design, implementation and control of SCOs within ERDF OPs.
- Methodology: physical meetings, Surveys and exchanges with TN members, Web-meetings.





Next steps

Trainings on SCOs

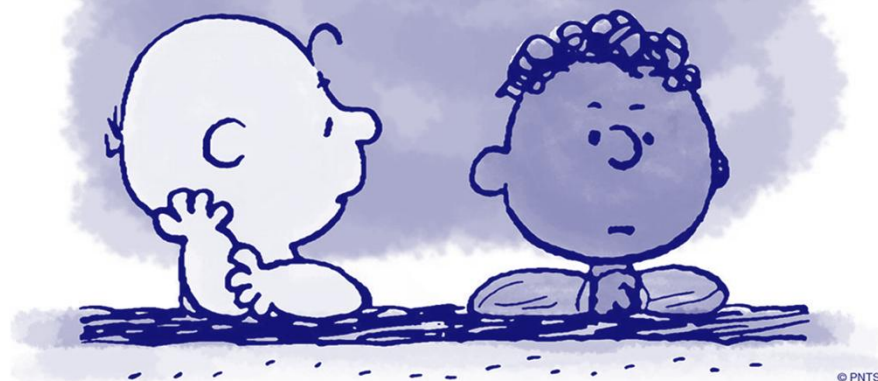
- REGIO training on SCOs for ETC by unit 02 & INTERACT 11/10/2018

Other actions

- Ongoing revision of the DA 481/2014
- Ongoing revision of the Guidance Note on SCOs in collaboration with DG EMPL
- Action plan on SCO visits to MS (road show): to promote further the use of SCOs



**Thank you
for listening**



QUESTIONS?