

# Fixed hourly rate for personnel costs

Interact workshop, 22/11/2021

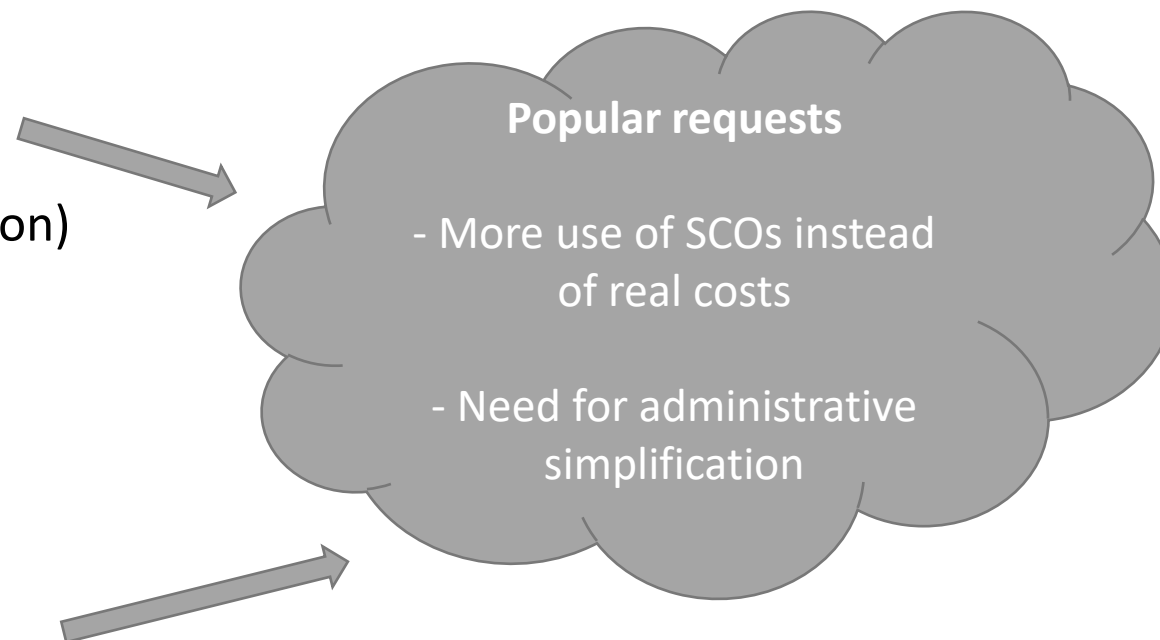
1. As is situation for Interreg V
2. To be situation for Interreg VI
  - Zoom in on personnel costs
  - Zoom out on program rules
3. Pros and cons

## 3 types of hourly rates

- 2 standard hourly rates (0.7 or 1.2% of gross monthly salary)
- Fixed hourly rate for SME owners (~ Horizon)

## Recurring issues

- Wrong calculation of hourly rate
- Wrong choice of type of hourly rate
- Little use of 0.7% rate and the fixed hourly rate



## Fixed hourly rate

- Average hourly rate, weighted by # hours worked on the project
- One rate per member state
- Annual indexation

## Burden of proof

- Proof of employment with project partner
- Declare # hours worked on the project
- Time registration

## Impact for beneficiaries

- Value-for-money, some will gain and others will lose
- Declaration phase: administrative risks  $\searrow$ , shorter verification and payment terms

	Belgium		Netherlands	
	<i>Index</i>	<i>Hourly rate</i>	<i>Index</i>	<i>Hourly rate</i>
2018-06	106,68	€ 45,94	102,85	€ 49,15
2020-10	108,47	€ 46,71	108,05	€ 51,63
2021-10	114,33	€ 49,23	112,1	€ 53,57
2022-10				
2023-10				

## Distribution of declarations w/certified expenditure

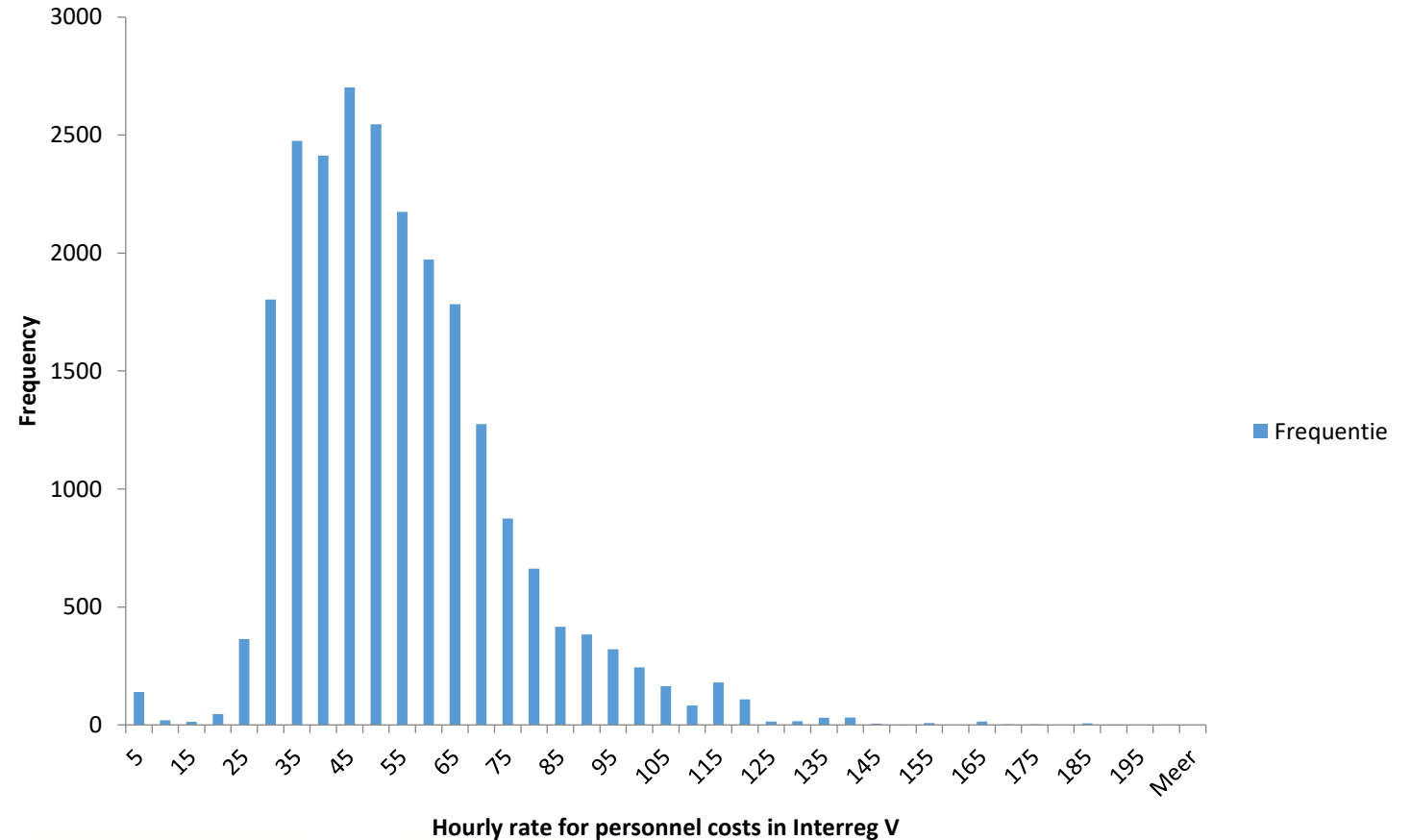
In scope:


- >20.000 declarations with certified expenditure
- $\pm$  100 mln euros TEC
- $\pm$  2 mln registered hours

Out of scope

- Ineligible expenses
- Irregularities
- Declarations which are partly accepted/rejected (= administrative ease)

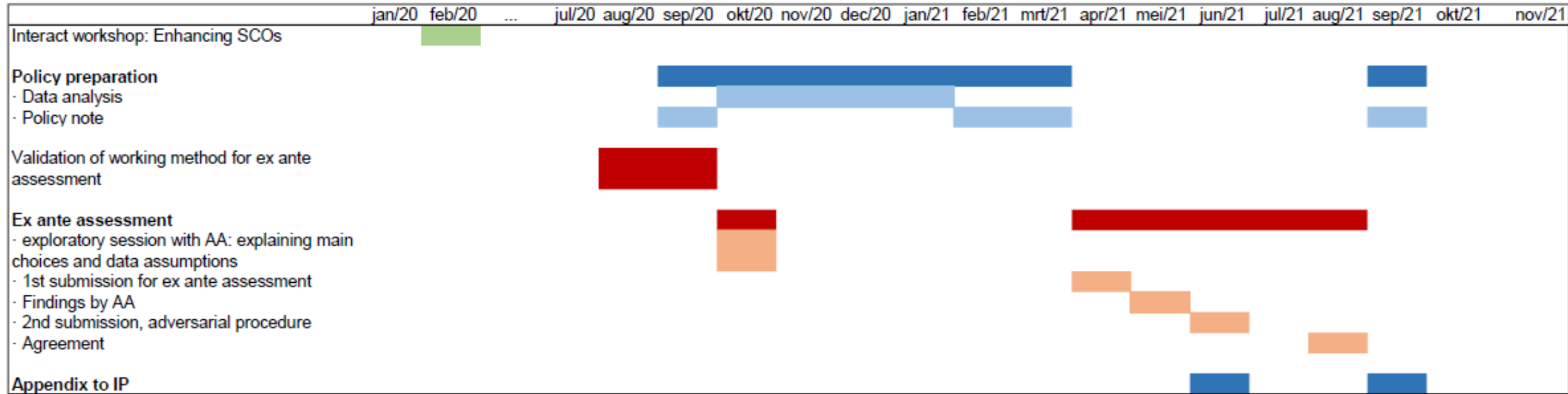
Update foreseen at the end of Interreg V



	A	B	C	D	E
1					
2					
3	<b>eurostat</b>				
4					
5					
6	<b>HICP (2015 = 100) - monthly data (index) [PRC_HICP_MIDX_custom_610079]</b>				
7	<a href="#">Open product page</a>	<a href="#">Open in Data Browser</a>			
8	Description: -				
9					
10	Last update of data:		23/02/2021 11:00		
11	Last change of data structure:		23/02/2021 11:00		
12					
13	<b>Institutional source(s)</b>				
14	Eurostat				
15					
16	<b>Contents</b>	<b>Unit of measure</b>	<b>Time frequency</b>	<b>Classification of individual consumption by purpose (COICOP)</b>	
17	<a href="#">Sheet 1</a>	Index, 2015=100	Monthly	All-items HICP	
18					
19					

# Process of development

7/10



## #1 Mostly labour costs

- **Fixed hourly rate (PC)**
- External costs: 40% flat rate
- No real costs, burden of proof ↓

## #2 Middle way

- **Fixed hourly rate (PC)**
  - 15% flat rate for overhead
  - 1.5% flat rate for T&A
- External costs = real costs, hence burden of proof ↑

## #3 Mostly investments

- **20% flat rate (PC)**
  - 15% flat rate overhead
  - 1.5% t rate T&A
- External costs = real costs, hence burden of proof ↑



## PROS

- Taking into account requests for more use of SCOs and admin. simplification
- **Close match between actual personnel costs and the fixed rate for a majority of beneficiaries**
  - Relevant difference: member state level
  - Keep track w/ actual costs by yearly indexation
- Combination with 40% flat rate
  - Radical simplification
  - Burden of proof ↓
- Shorter payment terms

## CONS

- **Feedback from beneficiaries: a silent majority of ‘winners’ vs. highly vocal ‘losers’**
- ‘Losers’ of this policy change say that “The fixed rate is too low.” But:
  - Real costs vary strongly per individual, but much less across organizations
  - Need for dialogue with stakeholders towards the launch of Interreg VI! Ongoing process.

## **Bart Van Ballaert**

### **Team Europe**

Advisor managementautoriteit  
Interreg Belgium – The Netherlands

e-mail: [bart.vanballaert@provincieantwerpen.be](mailto:bart.vanballaert@provincieantwerpen.be)