

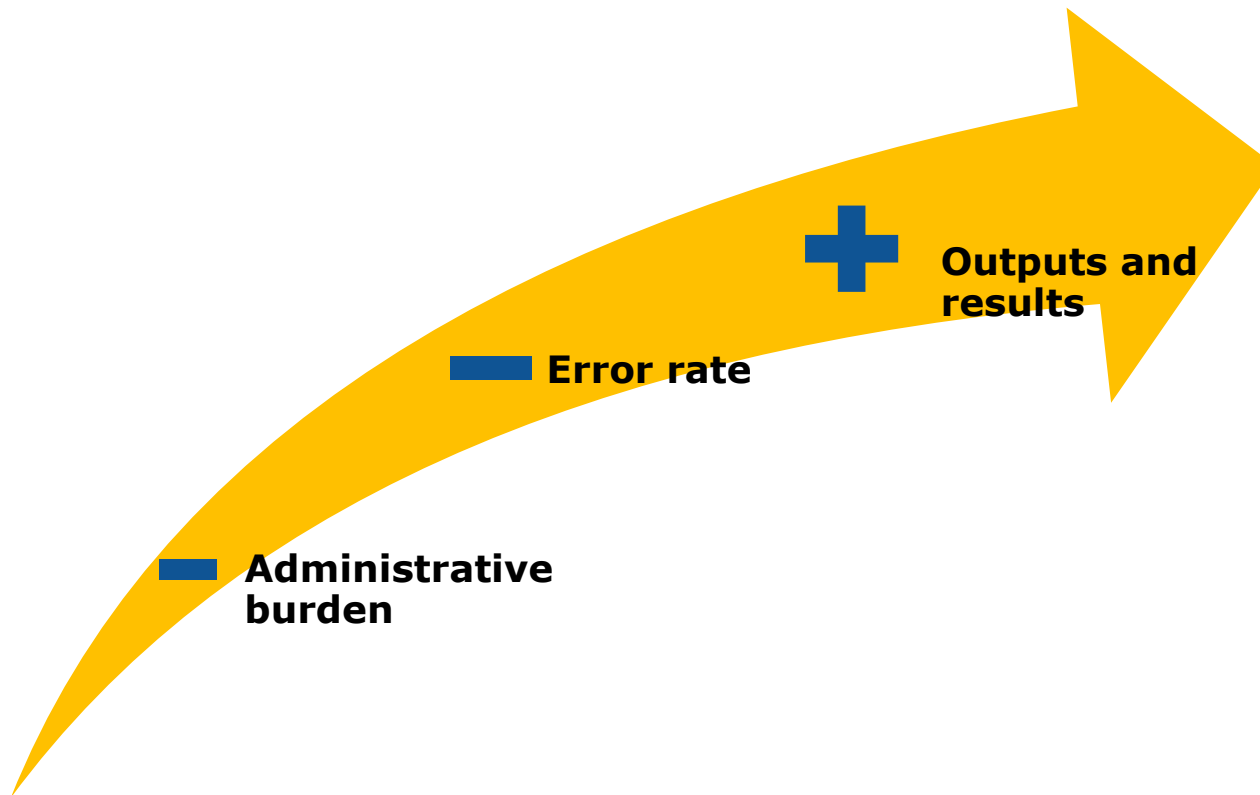


Simplified Cost Options

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Why should you use SCOs?





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Simplified Cost Options

Flat rate financing

Art.67d) CPR

Standard scales of unit costs

Art.67b) CPR

Lump sums

Art.67c) CPR



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From a real cost system...

Costs fully justified on a real costs basis

Running costs of 1 LAG

Direct costs = 6.000 €

1. Personnel cost	5.000
Internal personnel – remuneration	3.500
Int. pers. - transport home/work	200
Internal personnel – travel costs	300
External personnel – remuneration	1.000
External personnel - travel costs	0
2. Product develop and consumption	1 000
Non depreciable consumption goods	200
Publicity	150
Organisation costs	650
Other costs	0

Indirect costs = 1 000 €

Personnel costs (management)	350
Equipment and immovable goods (depreciation)	25
Internal administration, accountancy, management	120
General doc. and publicity for courses & structure	65
Office supplies	110
Telephone, post, fax	20
Taxes and insurance	150
Movable material (depreciation)	85
Immovable goods	0
External accountancy costs	75
Other costs	0

Total costs : 6.000 + 1.000 = 7.000€

...to a calculated flat rate for indirect costs

Costs fully partly justified on a real costs basis

Running costs of 1 LAG

Direct costs = 6.000 €

1. Personnel cost	5.000
Internal personnel – remuneration	3.500
Int. pers. - transport home/work	200
Internal personnel – travel costs	300
External personnel – remuneration	1.000
External personnel - travel costs	0
2. Product develop and consumption	1 000
Non depreciable consumption goods	200
Publicity	150
Organisation costs	650
Other costs	0

Total costs : 6.000 + 1.020 = 7.020€

Indirect costs

**Analysis of historical data
(calculation method to be
justified):**

**indirect costs = 17% of direct
costs**

6.000 x 17% = 1.020€

...to a calculated flat rate for indirect costs

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Non depreciable consumption goods	200
Publicity	150
Organisation costs	650
Other costs	0

Total costs : 6.000 + 675 = 6.675€

Indirect costs

Use of article 68 (1) (b)

indirect costs = 15% of direct staff costs

4.500 x 15% = 675€



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Total costs : 6.000 + 1.000 = 7.000€

... to standard scales of unit costs

Costs fully justified on a ~~real costs~~ calculated basis

Running costs per staff

Unit cost

Running Costs of LAG: **1,000€** per person hired

Output foreseen

7 people are hired by LAG

Maximum expenditure

7 persons x 1,000€ = **7,000€**

Output achieved

1 person was finally not hired = **6 persons hired**

Expenditure declared

6 persons hired x 1,000€ = **6,000€**



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**Standard scales of
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Art.67c) CPR

From a real cost system...

Costs fully justified on a real costs basis

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Total costs : 6.000 + 1.000 = 7.000€

...to a lump sum

Costs fully justified on a ~~real costs~~-calculated basis

Running costs of 1 LAG

Output foreseen

The LAG fulfils the agreed strategy



Lump sum

Running costs are established as **7,000€**



Maximum expenditure

Running costs = **7,000€**



Output achieved

(1) The strategy is fulfilled

(2) Only a part of the strategy is fulfilled or not at all



Expenditure declared

(1) Running Costs = **7,000€**

(2) A part of the strategy or no strategy = **0€**

**Max: 100,000 EUR
public contribution !**

What are the calculation methods ?



Ex ante evaluation

Fair, Equitable and Verifiable method

Use of existing EU schemes

(for similar type of operation and beneficiary)

Use of existing own national schemes

(for similar type of operation and beneficiary)

Use of specific rates and methods from the CPR and Fund specific regulations



Ex ante evaluation

Fair, Equitable and Verifiable method

- **Statistical data or other objective information**
- **The verified historical data of individual beneficiaries**
- **The application of the usual cost accounting practices of individual beneficiaries**



Use of specific rates and methods from the CPR and Fund specific regulations

- **Article 68(1) (b) CPR:** flat rate of up to 15% of eligible direct staff costs for indirect costs
- **Article 68(2) CPR:** the hourly rate can be calculated by dividing the latest documented annual gross employment costs by 1 720 hours
- **Article 14(2) ESF:** a flat rate of up to 40% of the eligible direct staff costs to cover the remaining eligible costs
- **Article 19 ETC:** the direct staff costs can be calculated at a flat rate of up to 20% of the direct costs other than the staff costs.
- **Article 19 and 27 EAFRD**

What are the calculation methods ?



Ex ante evaluation

Fair, Equitable and Verifiable method

Use of existing EU schemes

(for similar type of operation and beneficiary)

Use of existing own national schemes

(for similar type of operation and beneficiary)

Use of specific rates and methods from the CPR and Fund specific regulations

On the basis of a draft budget (ESF, <100.000 EUR of public support)

New practice = new risks: examples

Flat rate	<ul style="list-style-type: none">✓ Inclusion of costs not foreseen in the categories of costs✓ Costs included in direct costs although they are already covered by the flat rate for indirect costs✓ Non respect of set rate
Standard scales of unit costs	<ul style="list-style-type: none">✓ Non respect of set standard scale✓ Various interpretations of the definition of outputs✓ Declared amounts do not reflect the actual outputs
Lump sums	<ul style="list-style-type: none">✓ Non delivery of the product or service (100% correction)✓ Correction if intermediary payments are not justified by final delivery



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For more information on SCOs

Please refer to:

- The Guidance on Simplified Cost Options – EGESIF_14-0017 (finalized in September 2014)
 - www.ec.europa.eu/esf/sco

And a case study:

- The implementation of SCOs in Italy with ESF 2007-2013 (to be found on the EU Bookshop website)