





# SCO rules in 2021-2027

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Phare RO 2005/017-553 04 03 04 02  
"Livrarea de echipamente IT pentru  
operarea sistemului SMIS pentru  
POS DRU"  
MMFES-AM POS DRU

 Unitatea Regională  
POS-DRU NE  
Nr. Inv. 211661-POS DRU  
MMFES

# Flat rates overview for grants



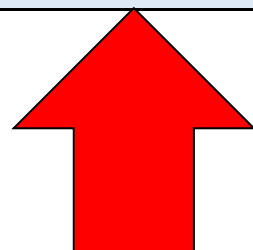
Basis	Flat-rate	Costs covered (or calculated)	Special provisions	Calculation
Direct costs	<b>Up to 7% (art 54)</b>	<b>Indirect costs</b>	7% does not need calculation	Off-the-shelf
Direct Staff Costs	Up to 15% (art 54)	<b>Indirect costs</b>	15% does not need calculation	Off-the-shelf
Direct Costs	Up to 25% (art 54)	<b>Indirect costs</b>	Requires methodology	FEV Method
Direct Costs	Roll-over 2014-2020 rate	<b>Indirect costs</b>	For similar operations	
Direct staff costs	Up to 40% (art 56)	<b>Remaining costs (all other costs other than DSC)</b>	ERDF/ESF+/JTF/home funds: Salaries/allowances paid to trainees not in flat rate + incompatible with 20% Art 55.1	Off-the-shelf
All other costs excluding direct staff costs	Up to 20% (art 55.1)	<b>Direct staff costs</b>	<b>But if costs incl PP above EU thresholds then FEV method</b>	Off-the-shelf

# Check-list



## 2.2 Office and Administrative expenditure

Criteria - Simplified Cost Option	Accepted			Comments	Index No.
	Yes	Not (fully)	N. A.		
The flat rate is equal to 15% of the Project Partner's <u>eligible</u> staff costs, in line with the Programme rules and the Grant Offer Letter.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
There is no expenditure related to the office and administrative budget line included in any other budget line (as per the Programme Manual)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		





# Determining hourly rates for direct staff costs



# Unit cost for hourly rates for Direct Staff Costs in grants (art 55.2)



Nominator	Denominator
Latest documented <b>annual</b> gross employment costs	1720 hours for persons working <b>full time</b>
Latest documented <b>annual</b> gross employment costs	Corresponding pro-rata of 1720 hours, for persons working <b>part-time</b>
Latest documented <b>monthly</b> gross employment costs	<b>Average</b> monthly working time of the person concerned

# Hourly rates

Know Your  
Hourly  
Rate



## Special provisions

total number of hours declared per person for a given year or month shall **not exceed the number of hours used for the calculation of that hourly rate** (art 55.3)

Where annual gross employment costs are not available, they may be derived from the available documented gross employment costs or from the contract for employment, **duly adjusted for a 12 month period** (art 55.4)

# Hourly rates

Know Your  
Hourly  
Rate



	Special provisions
Timesheets	<p>Staff costs related to individuals who work on part-time assignment on the operation may be calculated as <b>a fixed percentage of the gross employment costs</b>, in line with a fixed percentage of time worked on the operation per month, with <b>no obligation to establish a separate working time registration system</b>. The employer shall issue a <b>document for employees setting out that fixed percentage</b> (art 55.5)</p>



# Staff costs : determining the hourly rate

HOURS WORKED



HOURLY RATE  
EUR/hour



Methodology FEV to calculate  
average staff costs



Time records

1720 hours rule FT  
or prorata

OWN HOURS

**NB: you cannot claim more than the  
hours used in the denominator**

# Lumpsums



Period	Increase maximum level	Costs covered
2007-2013	max €50.000	Covering all or certain categories of eligible costs established in advance
2014-2020	max €100.000 of public contribution (per operation)	
2021-2027	No ceiling = no specific article ; only reference is Art 53.3	

# Mandatory use SCO in grants



- **2014 - 2020:** SCO mandatory projects  $\leq 50\,000$  € ESF/public support but not if State Aid (art 14.4 ESF)
- **2021 - 2027:** SCO mandatory if ERDF/ESF+/JTF and AMIF/ISF/BMVI projects  $\leq 200\,000$  € total cost unless State Aid
- **MA/PMC can exempt R&I projects** (art 53.2 CPR)
- **Operations fully procured may be implemented with the use of SCOs**

# State Aid and SCO



## **If State Aid (art 107 TFEU) you must comply with SA:**

- Categories of costs covered by SCO must be eligible under both ESI and SA rules
- Maximum aid intensities of SA must be respected
- Compliance with SA should be checked when SCO method is established

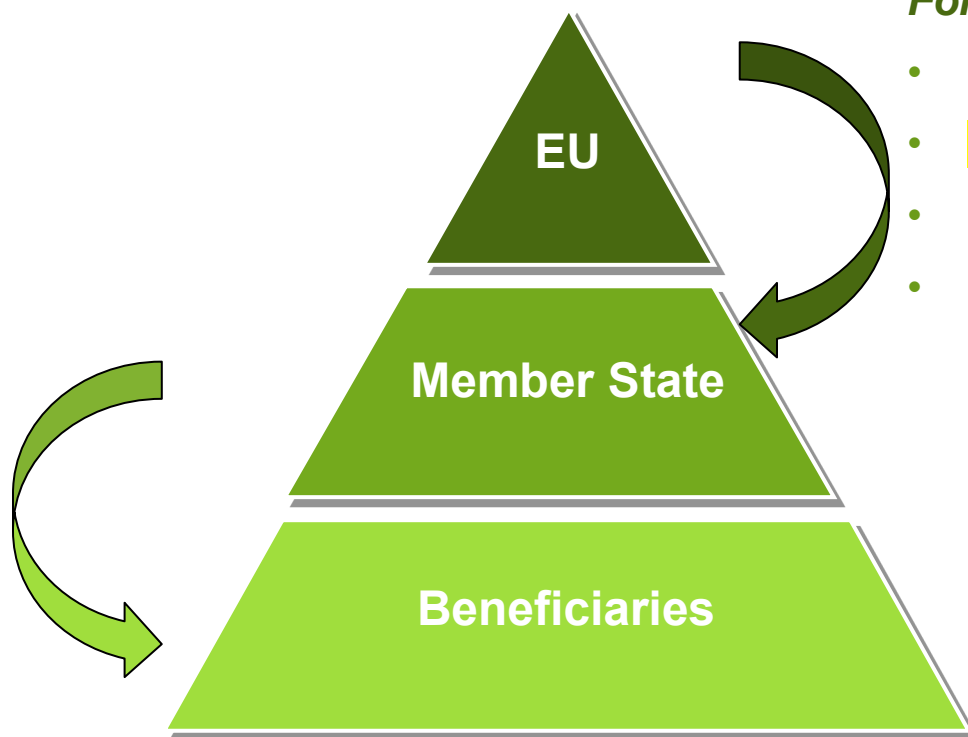


# SCO Methodologies for grants (art 53.3)

- FEV method based on statistical data/expert judgment, verified historic data, accounting practices of individual beneficiaries
- Draft budgets case by case where TC not exceeding EUR 200 000
- EU policies or national schemes in similar operations (requirement of “similar beneficiaries” waived)
- Off-the-shelf solutions



# Structure of SCO/ in the new CPR: Level 1 and 2



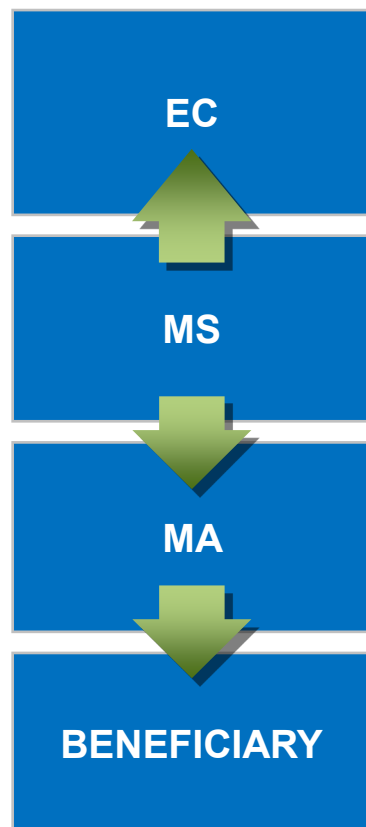
## *Forms of EU contribution to programmes:*

- MS support to beneficiaries (real costs or SCO)
- **SSUC, LS, FR (art 94): use Appendix 1 Annex V**
- FNLC (art 95) : use Appendix 2 Annex V
- EU level SCO: art 94.4

## *Forms of support by MS to beneficiaries :*

- **Grants: real costs, SSUC, LS, FR, combination (art 52-56)**
- Grants: FNLC (must be covered by art 95)
- Grants under conditions: art 57

# SCO : How does Appendix 1 work ?



- EC approves Programmes & Appendix 1 Annex V (art 94) or Appendix 2 (art 95) – MS specific
- EC checks & pays MS the rate set for by Appendix 1

- MS develops FEV methodology & proposes Appendix 1 to EC
- At Programme approval or amendment later
- **upfront AA assessment for Appendix 1** Annex V (AA assessment not needed for Appendix 2 FNLC)

- MA uses CPR art 53 (real costs, SSUC, LS, % or combination)
- MA checks delivery by beneficiary (**limitation of scope of MV/audits**)

- Beneficiary gets paid same SCO which set between EC and MS (**or different/less**) - **YOU ARE FREE TO CHOOSE**

# Appendix 1 Annex V

## A. Summary of the main elements

Priority	Fund	Specific objective	Category of region	Estimated proportion of the total financial allocation within the priority to which the SCO will be applied in %	Type(s) of operation covered		Indicator triggering reimbursement		Unit of measurement for the indicator triggering reimbursement	Type of SCO (standard scale of unit costs, lump sums or flat rates)	Amount (in EUR) or percentage (in case of flat rates) of the SCO
					Code <sup>1</sup>	Description	Code <sup>2</sup>	Description			



B. Details by type of operation (to be completed for every type of operation)

Did the managing authority receive support from an external company to set out the simplified costs below?

If so, please specify which external company: Yes/No – Name of external company

1. Description of the operation type including the timeline for implementation <sup>1</sup>	
2. Specific objective(s)	
3. Indicator triggering reimbursement <sup>2</sup>	
4. Unit of measurement for the indicator triggering reimbursement	
5. Standard scale of unit cost, lump sum or flat rate	
6. Amount per unit of measurement or percentage (for flat rates) of the SCO	

7. Categories of costs covered by the unit cost, lump sum or flat rate

8. Do these categories of costs cover all eligible expenditure for the operation? (Y/N)

9. Adjustment(s) method<sup>1</sup>

10. Verification of the achievement of the units

- describe what document(s)/system will be used to verify the achievement of the units delivered
- describe what will be checked and by whom during management verifications
- describe what arrangements will be made to collect and store relevant data/documents

11. Possible perverse incentives, mitigating measures <sup>1</sup> and the estimated level of risk (high/medium/low)	
12. Total amount (national and Union) expected to be reimbursed by the Commission on this basis	

C. Calculation of the standard scale of unit costs, lump sums or flat rates

1. Source of data used to calculate the standard scale of unit costs, lump sums or flat rates (who produced, collected and recorded the data; where the data are stored; cut-off dates; validation, etc.).

2. Please specify why the proposed method and calculation based on Article 94(2) is relevant to the type of operation.

3. Please specify how the calculations were made, in particular including any assumptions made in terms of quality or quantities. Where relevant, statistical evidence and benchmarks should be used and, if requested, provided in a format that is usable by the Commission.

4. Please explain how you have ensured that only eligible expenditure was included in the calculation of the standard scale of unit cost, lump sum or flat rate.

5. Assessment of the audit authority(ies) of the calculation methodology and amounts and the arrangements to ensure the verification, quality, collection and storage of data.



- [https://ec.europa.eu/regional\\_policy/en/policy/how/improving-investment/simplified-cost-options/](https://ec.europa.eu/regional_policy/en/policy/how/improving-investment/simplified-cost-options/)
- **Spain mainly uses flat-rates in R&D&I**
- **But not so many SSUC**

# EU level SCO ERDF



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL  
REGIONAL AND URBAN POLICY  
Better implementation, Closure and Programme Implementation III  
**Better implementation and Closure**

Ref. Ares(2021)2757308 - 26/04/2021

**European Commission**

**Call for tenders REGIO/2021/OP/0009**

**Study to develop EU level Simplified Cost Options (SCOs)  
and other EU level results – based tools in the  
programming period 2021-2027**

**(2020CE16BAT166)**

**Open procedure**

**TENDER SPECIFICATIONS**

## 2) Research & Innovation activities

Research and Innovation is necessary for countries and regions to become/remain competitive by increasing companies' productivity, accessing new, higher added-value markets and ultimately leading to sustainable employment creation in a context of fierce global competition. Europe needs a strong and creative human resource base, mobile across countries and sectors, with the right skills to innovate and to convert knowledge and ideas into products and services for economic and social benefit. In this respect, enhancing research and innovation capacities is key to promoting a 'Smarter Europe' as it allows to develop and transfer new skills, knowledge and innovation and, thus, to realise full potential of Europe's intellectual capital across all sectors and regions.

The contractor **shall establish the appropriate SCO (unit cost, lump sum or flat rate) as well as the relating indicators and audit trail** for the following actions/interventions:

- i. **Knowledge/technology transfer activities of SMEs** by promoting knowledge-exchange opportunities through mobility of researchers.  
  
Categories of costs include all costs of the actions/interventions such as: staff costs for researchers, allowances, research costs (different according to target groups and whether research is experimental or non-experimental, overheads, research/training costs).
- ii. **Innovation vouchers for SMEs for Research & Development implementation** in innovative start-up projects in environmental technology or digital products.  
  
Categories of costs include all costs of the actions/interventions such as: costs of scientific and technical equipment and materials, staff costs (researchers, engineers, technicians, support staff), project management costs.
- iii. **Research Development & Innovation research projects** focusing on collaboration between SMEs and public/private research institutions.

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Categories of costs include all costs of the actions/interventions such as: costs of scientific and technical equipment and materials, staff costs (researchers, engineers, technicians, support staff), project management costs.
- iii. **Research Development & Innovation research projects** focusing on collaboration between SMEs and public/private research institutions.

Categories of costs include all costs of the actions/interventions such as staff costs (researchers & technical support staff), travel costs for business trips of researchers, project management costs, publicity costs, indirect costs for research projects.

The above categories of costs are not exhaustive and are only intended to provide examples of what may be envisaged.

# 2014-2020: Completing ESF courses (Art 14.1 Belgium ESF)

## Conditions for reimbursement of expenditure on the basis of standard scales of unit costs to Belgium

### 1. Definition of standard scales of unit costs

Type of operations	Indicators name	Category of costs	Measurement unit for the indicators	Amounts (in EUR)
1. Individual vocational training (IBO) supported under priority axis 1 (investment priority 8.1) or priority axis 3 (investment priority 9.1) of ESF operational programme (2014BE05SFOP002)	Participants successfully completing the individual vocational training (IBO)	All categories of eligible costs for the business process of IBO	Number of participants with one (or more) individual vocational training(s) (registered with a unique contract number in the IBO online application), that is: <ul style="list-style-type: none"> <li>— coupled with an IBO guidance (registered with a unique serial number in the MLP-client file), and</li> <li>— of which the individual vocational training has ended (as was registered in the IBO online application) in the calendar year, and</li> <li>— of which the person has been working (as an employee and/or an independent worker) at a given moment within the period of three months starting at the end of the (last finished) individual vocational training.</li> </ul>	1 439,55 <sup>(1)</sup>
2. VDAB vocational training (VT) supported under priority axis 1 (investment priority 8.1) or priority axis 3 (investment priority 9.1) of ESF operational programme (2014BE05SFOP002)	Participants successfully completing the vocational training	All categories of eligible costs for the business process of VDAB vocational training (VT)	Number of participants with one (or more) vocational training(s) (registered with a unique serial number in the MLP client file), and: <ul style="list-style-type: none"> <li>— of which the vocational training was ended (and registered in the MLP client file) in the calendar year, and</li> <li>— of which the participant is working according to Dimona and RSVZ files (as an employee and/or an independent worker) at a given moment within the period of three months starting after the end of the (last ended) training <sup>(2)</sup></li> </ul>	8 465,80 <sup>(1)</sup>



# The French case: Young NEET with a positive result under “Garantie

Indicator name	Category of costs	Measurement unit for the indicator	Amounts (in EUR)
Young NEET with a positive result under “Garantie Jeunes” at the latest 12 months following the start of coaching	-allowances paid to the participant;  -activation costs incurred by the "missions locales"	Number of young NEETs who have one of the following results at the latest 12 months following the start of the coaching:  <ul style="list-style-type: none"> <li>entered vocational skills training leading to a certification, whether by:               <ul style="list-style-type: none"> <li>- entering training in lifelong learning; or</li> <li>- entering basic training;</li> </ul> </li> <li>or</li> <li>started a company; or</li> <li>found a job; or</li> <li>has spent at least 80 working days in a (paid or not) professional environment</li> </ul>	3600

# ANY QUESTIONS?

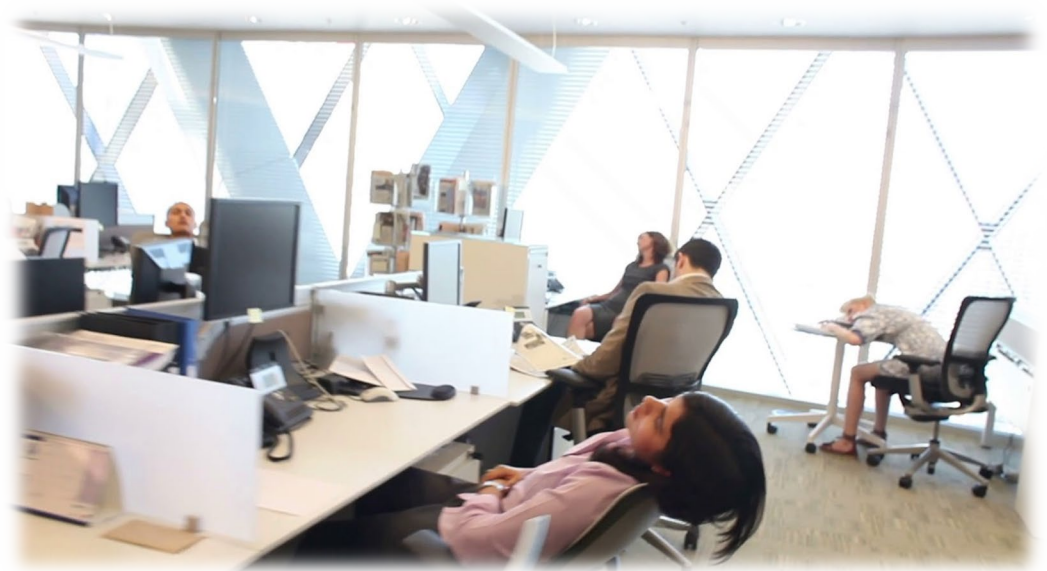
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## Exercises: SSUC case

- You approve an ESF course of 100 hours with a SSUC of 129 EUR/hour. In the course
- 50% of the hours are delivered by staff A (at least 10y professional experience) and 50% by staff B (professional experience between 5-10 years)
- The course is finally delivered by 40% of hours staff A and 60% of staff B
- What do you do on the project claim?

# Mandatory rule: do you comply with art 53.2 CPR?

Project A	€	Reimbursement
Direct staff costs	100.000	Real costs
Indirect costs	15.000	Flat rate 15%
Other direct costs	75.000	Real costs
Total costs	190.000	

Project B	€	Reimbursement
Direct staff costs	100.000	Real costs
Indirect costs	15.000	Flat rate 15%
Other direct costs	90.000	Real costs
Total costs	205.000	

# Example from Italy

Experience foreseen by project	MV check on the reality of project	Correction in SSUC
Training exp <b>at least 10 y</b> (staff A)	Training exp above 5 but below 10 (staff B)	15%
Training exp <b>at least 10 y</b> (staff A)	Training exp below 5 y (staff C)	30%
Training exp <b>at least 5 y</b> (staff B)	Training exp below 5 (staff C)	15%

# Case: Dutch hourly staff cost calculation

- Manager X has a work week of 36 hours (which according to social partners work agreement is a full time). Gross monthly salary is €2.625 monthly.
- On top they charge flat-rate of 32% for social security and holiday allowance ( $32\% \times €2.625 = €840$ );
- total monthly gross salary becomes ( $2.625 + 840 = €3.465$ )
- and annually  $3465 \times 12 = €41.580$
- Using 1720 rule the hourly rate becomes
- $41.580 / 1.720 = €24,17/\text{hour}$



- **What is the requirement for using a flat rate for indirect costs of up to 25 % of eligible direct costs?**



# Extract Sweden: Hourly staff cost

Hourly wage group	Stockholm (SE 11) (SEK)	All regions except Stockholm (SE 12-33) (SEK)
1	237	242
2	266	263
3	307	292
4	349	324
5	433	379
6	574	535
7 A	765	765
7 B	829	647
7 C	543	444

# Hourly participant cost

Activity grant and development allowance (unit cost per hour)	(SEK)
Age	
15-19 years	17
20-24 years	33
25-29 years	51
30-44 years	55
45-69 years	68

## Exercise: irregularities and flat rates

- **An ERDF project has direct staff costs of €50 000 and makes a claim using for the 15% flat rate for indirect costs and makes a claim of €57 500**
- **Further management verifications find €9 000 worth of ineligible expenditure with direct staff costs.**
- **What corrections you need to make?**
- **What is the total amount of the irregularity?**
- **What is the consequence of this irregularity?**

# Exercise SA & SCO

- A **small company** presents an innovation project with a **total direct costs amounting to EUR 1 million**. The project includes activities falling both into the industrial research (IR) and experimental development (ED) categories.
- The project foresees that **20% of the eligible cost will be dedicated to industrial research activities and 80% to experimental development activities**.
- **QUESTION: calculate EU support using flat rates 25% for IC and complying with GBER rules (Aid intensity : 25% ED and 50% for IR; 15% bonus for dissemination + 20% bonus for small company, cap at 80%)**

# Exercise : Flat rates and GBER compliance

Small company with project worth 1 Mio EUR of direct costs  
20% IR and 80% ED

- You can support this with ERDF and complying with ED and IR and using the maximum flat rate allowed in CPR for indirect costs
- Direct costs: 1 000 000 EUR
- Indirect costs: 250 000 EUR
  - $25\% * 1\,000\,000 = 250\,000$
- Total costs: 1 250 000 EUR
- GBER Aid intensity: 60% ED (25% +15% bonus for dissemination +20% for small company) and 80% IR (50 % + 15 % bonus for dissemination + 20% bonus for small company **but CAP at 80%**)
- EU support:
  - For ED :  $60\% * 80\% * 1\,250\,000 = 600\,000$  EUR
  - For IR:  $80\% * 20\% * 1\,250\,000 = 200\,000$  EUR
  - ERDF support 800 000 EUR

# Exercise – verification and irregularities with SCO

Possible irregularity?	If you use 40% flat rate for all other costs	If you use the 15% flat rate for Indirect costs	Standard scales of unit costs	Lumpsum
Incorrect calculation of overhead costs (ratio based on the proportion of the area of the building used by the project)				
Ineligible direct staff costs (Overcharging of staff costs: no evidence to support the time charged)				
Ineligible training participants				
Absence of separate accounting identifying all expenditure related to the project				
Non-compliance with accreditation rules for training companies				
Contract award notice sent late				

# Exercise – Irregularities with SCO

Possible irregularity?	If you use 40% flat rate for all other costs	If you use the 15% flat rate for Indirect costs	Standard scales of unit costs	Lumpsum
Transport costs: Missing bus tickets				
Direct staff costs include both those internal experts and of external/outourced experts				
Failure to give evidence of ESF support to the trainees – lack of compliance to publicity				
Salaries include those of the manager of the project				
Non compliance to equal opportunities				



# Annual Gross Employment Costs

- **The Annual Gross Employment Cost calculation does not have to relate to a calendar or financial year**
- **Ex: it could be data relating to the period August 2020 to July 2021.**
- **Important is that the gross employment cost covers a full 12-month period**
- **It can be the 12-month period preceding the end of a reporting period (of the operation or programme), 12 months before the grant agreement or 12 months of the previous calendar year.**

# 1720 hours Art 55.2b

- Hourly rates derived by:
- Latest documented monthly gross employment
- (ex: 1 month of December)
- Divided Average monthly working time of employment contract

# 1720 hours Art 55.4

- where data for **a full 12-month period** is **NOT available**, you may opt for :
- Latest documented **monthly gross employment** (costs for instance if data of an employee for whom 4 months of data exists)
- Duly adjusted for a 12-month period (extrapolate it to an annual gross employment cost)
- Ex: GEC : EUR 10k for 4 months
- Extrapolate to 12 month to claim EUR 30k

## 1720 hours Art 55.5

- Fixed % of work on ERDF/ESF+ operation
- Provider C employs Mr X on a full-time basis but he works a **fixed 50% of his time each month on the ESF Project.**
  - This means that Provider C can claim 50% of Mr X's monthly gross employment costs (EUR 3000) as ESF Direct Staff Costs.
- 50% (fixed percentage of contracted hours/time spent on ESF Project) x EUR3,000 (total actual monthly gross employment costs) = **EUR1,500 (total ESF Direct Staff Costs that can be claimed)**

## 1720 hours Art 55.5

- Fixed % of work on ERDF/ESF+ operation
- ESF Provider D employs Ms Y on a **part-time basis of 30 hours per week.** Of this she works a **fixed percentage of 40%** of her time on the ESF Project.
  - Provider D can claim 40% of Ms Y's monthly gross employment costs (EUR 2000) as ESF Direct Staff Costs.
- **40% (fixed percentage of contracted hours/time spent on ESF Project) x EUR 2,000 (total actual monthly gross employment costs) = EUR 800 (total ESF Direct Staff Costs ) that can be claimed**

# SCO compliance check with SA

- **Eligibility of costs under GBER (not only the ESI funds rules)**
- **Ex: For the flat rate of 40 %, the document setting out the conditions for support should clearly state the categories of costs which are covered by the 40 %**
- **Verify maximum aid intensity**

# SCO compliance with revenue generation

- **FR option: any RVG generated during implementation not taken into account at start has to be deducted from EE**
- **SSUC/LS: art 61 RVG does not apply to operations with RVG AFTER completion**
- **SSUC/LS: RVG DURING implementation**
  - If RVG taken into account in ex-ante SSUC/LS then no action
  - If RVG NOT
  - taken into account in ex-ante SSUC/LS then deduct



# SCO choices

- **Different SCO in one operation ?**

**YES BUT ....**

- **Covering different categories of costs**
- **Used in successive phases of an operation**
- **Used in different projects of the same operation**

# SCO choices: FEV hourly rates

- **Individual rates**

- 10 people are used in a project, they would each have their own hourly rate i.e. 10 individual hourly rates agreed & claimed

**OR**

- **Group rates:**

- Calculations should not be deliberately structured in a way that the rate is **artificially inflated**. Ex: an individual on a high salary working a **small percentage of their time on the project** must not be included in the same calculation as a number of individuals on significantly lower salaries as this **would result in an artificially higher rate** for the larger proportion of staff.

# SCO choices: FEV hourly rates

- **Average hourly rate for groups of staff in similar posts or with similar salaries**
  - Project with 20 employees
  - 10 of them earn between EUR20-30k p.a.
  - and 10 earn EUR31-40k p.a.
  - then 2 average hourly rates can be calculated for the 2 groups of staff.
- ***To determine the number of rates to be calculated it is recommended that the salary/pay bands for the groups encompass a variance of no more than EUR10k, for example EUR25-35k p.a***

# SCO choices: FEV hourly rates

- **Project team on varying salaries where a team comprises staff on a broader range of salaries a mixed approach should be used.**
  - 1 team clerical officer paid EUR 20k
  - team of 10 advisors paid between EUR35k and EUR 45k
  - 1 senior manager paid EUR 60k.
- **For this team a group rate could be used for the advisors and individual rates would be established for the outliers, the clerical officer and senior manager**

## SCO choices: FEV hourly rates

- an average hourly rate per grade where an organisation has a grade structure with a defined salary band it would be possible to agree an hourly rate per grade (average/mean or median).
- if a salary minimum is EUR 20k and the salary maximum is EUR26k then the figure used to calculate the hourly rate would be EUR 23k, regardless of whether the documented salary scale includes a point at EUR 23k
- (d) an aggregate hourly rate covering a group where individuals cannot be identified in advance of

# SCO choices: FEV hourly rates

- **an aggregate hourly rate covering a group where individuals cannot be identified in advance of delivery where the grant recipient may draw upon a number of mentors/researchers etc. in assisting SMEs but do not know at the outset who these individuals might be as this would be informed by the needs of the beneficiary SME, a University for example may draw from a number of academics.**
- **average hourly rate of all the salaries or groups of salaries**
- **individual rates can be agreed**

# Making SCO choices on FR

- **When to opt for SCO?**
- **when you want to focus on results, when you have reliable data available, real costs difficult to verify, operations belonging to standard framework, using already existing SCO methods**



# Making SCO choices on FR

- **When is it not mandatory to use SCO?**
- **If the operations falls within State Aid**
- **When it is best to opt for 15% FRIC?**
- **When you have high proportion of other direct costs**
- **When it best to opt for 40% FRRC?**
- **When you have high proportion of Direct Staff Costs**
- **When do you go for the maximum 25% FRIC?**
- **When you have you don't want off-the-shelf and you have your own flat-rate with FEV methods**

## Exercise: 1720 hours

- An individual's total hours equate to **40% of a FTE (1.0) post**. The annual gross employment costs for the person working **0.4 of a FTE** post are **EUR 12,000**
- Work out the hourly rate by following Art 55.2 a) CPR for the conversion of the 0.4 of FTE annual gross employment costs on a pro-rata basis into the equivalent of a FTE (1.0)

# Solution A

- **Increase the current annual gross employment costs to a FTE (1.0) on a pro-rata basis and then dividing that salary by 1720 to determine the hourly rate**
- **FTE annual gross employment costs =  $(1.0 / 0.4) \times \text{EUR } 12,000$**
- **$2.5 \times \text{EUR } 12,000 = \text{EUR } 30,000$  FTE (1.0) annual gross employment costs**
- **$\text{EUR } 30,000$  divided by 1720 = EUR 17.44 (hourly rate)**

## Solution B: alternative calculation/approach

- An alternative approach (to Solution A) is to reduce the 1720 hours on a pro-rata basis (i.e. in-line with the proportion of FTE) and then divide the “non-adjusted” annual gross employment cost of the person working less than 1.0 FTE with the reduced hours to obtain an hourly rate.
- annual gross employment costs for member of project staff working 0.4 (40%) of FTE (1.0) = EUR12,000
- $0.4 \times 1720 = 688$
- EUR 12,000 divided by 688 = EUR17.44 (hourly rate)