

SIMPLIFIED COST OPTIONS IN LEADER/CLLD

The following guidance material¹ describes in more detail some aspects of using SCOs in LEADER/CLLD. It is conceived as “hands-on” material to help actors of the LEADER/CLLD delivery chain to discuss this topic at the national or regional level. It is complementary to the general guidance on SCOs developed by the European Commission².

The information is organised in the following way:

- **Part 1. Introduction: using SCOs under LEADER/CLLD**
- Part 2. Planning for SCOs in the RDP and calculating lump sums and flat rates
- Part 3. Using lump sums under preparatory support
- Part 4. Applying flat rates to running and animation costs
- Part 5. Calculating running and animation costs using an “off the shelf” flat rate (indirect costs as up to 15% of staff costs) combined with a simplified method of establishing direct staff costs

Part 1: Introduction

Simplifying the delivery of LEADER/CLLD is an important priority for many Managing Authorities, Local Action Groups and other delivery actors. One of the key methods is the use of Simplified Cost Options (SCOs). SCOs not only help **reduce administrative burden** linked with the checking of financial documents, but also **reduce error rates** and contribute to a stronger focus on **achieving results**.

The Common Provisions Regulation of ESI Funds (Regulation 1303/2013) envisages three basic types of SCOs:

- **standard scales of unit costs** (Art. 67 (b) of the CPR: a fixed amount established for a specified “unit cost”, such as for instance cost of training per 1 participant, cost of organising 1 meeting, cost of employing 1 person etc.)
- **lump sums** (Art. 67 (c) of the CPR: a fixed amount is established for a certain type of result, for instance carrying out a study or developing a local strategy)
- **flat rate financing** (Art. 67 (d) of the CPR: some type of costs are calculated as a fixed percentage of another type of costs, e.g. indirect costs of a LAG as a percentage of personnel costs).

In all three types, the main point is that the amount of grant is not based on the actual costs incurred by the beneficiary, but by a certain **demonstrated output or result achieved**: the relevant authority (Managing Authority, Paying Agency or Intermediate Body) needs only to check the achievement of the results and not the financial documents of the beneficiary.

In the case of LEADER (Measure 19 of the Rural Development Programmes, RDPs), SCOs can in principle be used in all the four sub-measures, i.e.:

¹ The material is based on examples provided by Managing Authorities and on discussion held during a [workshop organised on 19 January 2016](#) organised by the ENRD Contact Point together with the European Commission.

² http://ec.europa.eu/regional_policy/sources/thefunds/fin_inst/pdf/simpl_cost_en.pdf

- preparatory support (sub-measure 19.1),
- implementation of operations under local development strategies (sub-measure 19.2),
- cooperation activities (sub-measure 19.3),
- running costs and animation (sub-measure 19.4).

However, some types of SCOs are more suitable for certain sub-measures. The following table gives several such examples:

	M 19.1	M 19.2	M 19.3	M 19.4
standard scales of unit costs		✓	✓	✓
lump sums	✓		✓ (preparation of cooperation projects)	
flat rate financing		✓		✓

Each Managing Authority must consider which types of SCOs are most appropriate to use in a given context. It should also remember that:

- SCOs must be envisaged in the RDP (the MA must present the calculation method, verified by an independent body). If necessary and provided that the principles of the method are included and certified in the RDP, the actual calculations can be developed at a later moment though always before the call for proposals is launched.
- SCOs must be compatible with national legislation and with the State Aid rules.

According to a study carried out by the ENRD Contact Point in February 2016, 35 Managing Authorities are planning to use (or already using) SCOs under LEADER (most often in M 19.4)³.

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The information is organised in the following way:

- Part 2 contains the basic principles of calculating lump sums and flat rates and a reminder of the information which needs to be provided in the RDP;
- Part 3 describes in more details how lump sums can be used under preparatory support;
- Part 4 provides information how flat rates can be applied to running and animation costs;
- Part 5 shows a specific case of calculating running and animation costs using an “off the shelf” flat rate (indirect costs as up to 15% of staff costs) combined with a simplified method of establishing direct staff costs.

Parts 3, 4 and 5 are illustrated with examples from Member State practice.

³ Questionnaire on LEADER implementation sent in January 2016 to all national and regional Managing Authorities, 75 responses received. 34 RDPs do not envisage the use of SCOs. The distribution between sub-measures is as follows: 11 MAs plan to use (or are using) SCOs in M 19.1, 17 in M 19.2, 16 in M 19.3 and 35 in M 19.4.

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⁵ http://ec.europa.eu/regional_policy/sources/thefunds/fin_inst/pdf/simpl_cost_en.pdf