

# ESF THEMATIC NETWORK ON SIMPLIFICATION

## REPORT ON SCO PRACTICES

(Draft for the 6<sup>th</sup> Meeting of the Thematic Network - The Hague – 8-9 June, 2017)

### References:

<b>Member State / Region</b>	<b>SLOVENIA</b>
<b>Reference number (TN's map of SCO practices)</b>	<b>n.a. (I)</b>

### Contact details:

<b>Name of the Institution</b>	Ministry of Labour, Family , Social Affairs and Equal Opportunities
<b>Address</b>	Kotnikova 28, 1000 Ljubljana
<b>Name of contact person</b>	Polona Samec
<b>Telephone</b>	+386 1 369 76 52
<b>Email</b>	polona.samec@gov.si

<b>Type of SCO reported</b> <i>(Please choose one of these types of SCO: flat rate financing, standard scale of unit costs, lump sum).</i>	<b>STANDARD SCALE OF UNIT COSTS</b>
<b>Type of activities covered by the SCO</b> <i>(Please indicate what type of activities is targeted by the SCO).</i>	<b>PROFESSIONAL TRAINING FOR THE UNEMPLOYED</b>

### A. PROJECT DESCRIPTION

<b>A1. Description of the type of operation</b> <i>(Please describe in brief what types of operations are covered by SCO)</i>
Within this program the beneficiary published a public procurement for employers. The employers, who will fulfil the conditions and measurements required, submit an application to be involved in one or more professional trainings.
In the second phase the beneficiary sends suitable workers to the selected employers. The selected employer enables 2 or 3-months professional training together with a full time mentorship on a concrete working place with the purpose of improving workers` employability and gaining professional experience. Professional training is specific, adapted to the needs and specifics of each individual worker.

<b>A2. Definition of outputs/results</b> <i>(Please give a short definition of outputs and/or results)</i>
The aim is to facilitate professional training to 4.525 unemployed persons from target groups. After the professional training it is expected that at least 20% of these persons from Western Slovenian Cohesion Region and 25% from the Eastern Slovenian Cohesion Region shall obtain job or will be employed.
<b>A3. Beneficiaries</b> <i>(please indicate the types of beneficiaries involved in the operations covered by SCO)</i>
Employment Service of Slovenia, Employers/Companies
<b>A4. Target group(s)</b> <i>(Please list target groups within projects covered by SCO)</i>
The following target groups are included in this program: <ul style="list-style-type: none"> <li>- unemployed, over 50 years old persons, registered at the Employment service for at least 3 months;</li> <li>- unemployed persons, registered at the Employment Service for 12 or more months;</li> <li>- unemployed persons with the education level below ISCED 3 and registered at the Employment Service for at least 3 months.</li> </ul>

## **B. METHODOLOGY AND CALCULATION METHOD**

<b>B.1 Methodology</b> <i>(please indicate which methodology/ies has/have been used: Fair, equitable and verifiable method / use of existing EU schemes for similar types of operation and beneficiary /Use of existing own national schemes for similar types of operations and beneficiaries / use of rates and specific methods enshrined in the regulation or in a delegated act / use of a draft budget /combination of methodologies). Please indicate if the concerned SCO has been covered by Art. 14(1) ESF)</i>
The SCO is based on combination of methods: <ul style="list-style-type: none"> <li>- a fair equitable and verifiable method, based on statistical data and other objective data (to determine minimum wage, price of medical examination and insurance)</li> <li>- method of gathering historical data from similar operation from the past (2012, 2013).</li> </ul>
<b>B.2 Calculation Methods</b> <i>(please describe how the calculations have been made)</i>
Standard scale of unit costs is a cost, that shall be refunded to employers for the execution of professional training for each included person. It is defined on the basis of EU Regulation no. 1304/2013, from 17 December 2013, with amendments, and Delegated EC Regulation no. 2015/2195, from

9. July 2015. It comprises of:

- costs for internal mentor, who offers mentorship to the person from the target group;
- costs of medical examination prior to the professional training;
- costs of insurance against accidents at work.

The SCO is defined per person, included in professional training and depends on the duration of the training (2 or 3 months).

The cost for internal mentorship is based on minimum hours of mentorship per month and minimum wage. A mentor has to ensure 30 hours of mentorship from a full working time per month (i.e. 30 hours or 17,24% of average number of hours per month). The cost is then calculated as 17,24% of the minimum wage, which adds up to 136,33 EUR per month per included person. Since it is necessary to take into account the fact, that this cost is way lower in the case of self-employed persons (only 57,00 EUR). Taking into account the frequency of both costs from the similar program in 2012/2013, the average cost for internal mentorship per month was determined as 116,48 EUR per included person.

The cost of prior medical examination is based on the market price for 34 typical groups of professions, that require the same size of examination. The base average price in 2014 was 135,85 EUR. However, as calculated from the past similar program in 2012/2013, the price for 13,5% of the individuals was lower (their profession was classified as simple, auxiliary, so the medical exam was not so extensive). Therefore, the cost was reduced for 13,5% and the final cost was calculated as  $135,85 - 18,34 = 117,51$  or rounded to 118,00 EUR.

The cost for insurance against accidents at work was determined on the basis of a market price, which was 6,45 EUR per month (from day 1 to day 30 of on month). We had to take into account the fact, that one individual might start his training on day 15 of one month. In order to cover a 2-month training, the employer would have to pay a 3-months insurance and in case of a 3-month training, the employer would have to pay a 4-month insurance. The final cost was calculated as:

6,45 EUR x 3 = 19,35 EUR, rounded to 19,00 EUR in case of 3-month training

6,45 EUR x 4 = 25,80 EUR, rounded to 26 EUR in case of 4-month training.

The calculation of the final SCO:

$116,48 \times 2 + 118 + 19 = 370$  EUR per person for the 2-month training

$116,48 \times 3 + 118 + 26 = 493$  EUR per person for the 3-month training.

We realise that the costs, covered by the program, is minimal and usually lower than real cost. But based on our previous experience from the same program in the past, it was assessed that the program brings a high added value to employers, so our financial means only represent an additional stimulation and are not the main reason, the employers decide to participate.

### **B.3 Data source** (please indicate the type of data used and the data source)

A combination of data sources has been used:

- statistical legislation data (minimum wage)
- market research on prices for medical examination and cost for insurance against accidents at work, and
- historical data from other similar programmes in the past (Professional training for the unemployed 2011/2012)

## **C. IMPLEMENTATION OF SCO**

*(Please describe in brief what implementation rules and conditions have been set out)*

The beneficiary published an invitation of tenders for employers. Employers have to submit an application with a detailed description of the professional training program and the exact number of individuals to attain the program. The program is afterwards assessed by the beneficiary; a contract is signed for the execution of one project. In the next phase the beneficiary sends an individual from the target group to the employer. After the completion of the professional training, the employer submits a claim for payment.

## **D. AUDIT TRAIL**

*(Please provide a brief description of the audit trail for the concerned SCO, including documents, key contents/conditions and procedures)*

After the completion of professional training, an employer shall submit a request for payment together with the following documents:

- a list of presence of a person, who attained the training, for each calendar month of training
- evidence of hours from a mentor for each calendar month of training,
- a copy of medical examination results for the included person,
- a report on successful completion of professional training, with detailed description of the skills and knowledge obtained.

The beneficiary executes 100% administrative control and verification of the documentation before the payment. The IB (Intermediary Body) executes a sample control as well as on-the-spot control.

## **E. ASSESSMENT BY THE AUDIT AUTHORITY(IES) INCLUDING EVENTUAL EX ANTE ASSESSMENT**

*(If relevant, please explain how the audit authority has been involved in preparation and assessment of the SCO).*

For the SCO in question, the methodology was prepared by the Beneficiary together with the Intermediary Body and afterwards approved by the Managing Authority. Audit authorities have no relevant role in the preparation or assessment of the methodology of SCO in Slovenia.

For the operation in question, there have been no audit assessments yet. However, in the previous Financial perspective 2007-2013, this same

program was assessed by the PA- Budget Supervision Office and Court of Audit and no irregularities were discovered.

## **F. IMPACT OR ADDED VALUE FOR THE MA, BENEFICIARIES AND OTHER STAKEHOLDERS**

*(Please explain how you have perceived impact/added value of the SCO for the MA, beneficiaries and other stakeholders).*

1. The process of submitting requests for payment by the employers has been simplified. More employers decide to submit applications, since their administrative burden has reduced and procedures of reimbursement have speeded up.
2. Beneficiaries can execute 100% control and verification much faster and reimburse the payment in much shorter period than before.
3. Verifications and controls by the IB are simplified, with only a few documents, so the procedures can be carried out in shorter period and can focus more on the results and outputs.

## **G. SPECIFIC ISSUES FACED WITHIN CALCULATION AND IMPLEMENTATION OF THE SCO**

*(Please indicate any issues/problems/challenges you have experienced when setting out or implementing the SCO, i.e. high workload, state aid, public procurement, national legislation, revenues etc.)*

Since all information was available to calculate the SCO and the SCO was determined already in the previous Financial perspective, the process was not so demanding and we only had to deal with concrete situations and questions.

In the preparation of SCO the following questions had to be solved:

- The case, when an individual takes the medical examination, employer covers the cost, but afterwards the person does not attain the training. In such case, only costs of medical examination shall be reimbursed to the employer if the results of medical examination were negative and the employer already payed the costs.
- In case where professional training was interrupted, there were two options foreseen:
  - a) If professional training was interrupted because the participant was employed by the employer in question; in such case, the employer is eligible for the costs of 2-months training, regardless of the actual duration of the training;
  - b) If professional training was interrupted due to specific reasons on the side of the participant, the employer can claim a reimbursement of the proportional part of the SCO, depending on the actual period of participation. This period, in any case, cannot be longer than 2 months.

## **H. LESSONS LEARNED AND POINTERS**

*(Please indicate any unforeseen practical implications that have emerged and any key lessons you have learned from the development and implementation of the concerned SCO practice).*

Every SCO must be developed and determined carefully, taking into account all the deviations and cases, that may occur. Calculation of SCO is very important and should be carefully and well thought.

In case of longer operations or programs, the SCO, its methodology and value should be revised and adapted to new circumstances, changed conditions or market prices.

## **I. ANNEXES OR LINKS TO ONLINE DOCUMENTS**

*(Please list documents or links to online documents like complete methodology, calculation methods, documents submitted to the Commission, guidance for MAs and beneficiaries, calls for proposals, audit trail, legal acts etc.).*