

## MEETING OF THE THEMATIC NETWORK ON SIMPLIFICATION

Madrid, 9-10 February 2017

### Minutes

**IN BRIEF** (text published on the Europa website)



22 Member States and representatives of the European Commission (DG EMPL) attended the network's fifth meeting in Madrid on 9-10 February 2017, hosted by the Spanish Ministry of Employment and Social Security. They were joined for the latter part of the meeting by representatives of Spain's Intermediate bodies, making it the largest meeting so far, with a total attendance of 76 people. The number of participants and, more importantly, their engagement and active participation confirm that the Thematic Network is a key forum for discussing issues and developing proposals around Simplification in ESF.

The main item of work was to review the map of 257 Simplified Cost Options (SCOs) contributed by 21 Member States. The map represents an unprecedented collection of practices developed by MA throughout Europe. These were discussed in small groups and the 37 most interesting were selected. Analytic profiles of these are now to be prepared for publication. Participants proposed items for inclusion in the profile.

The meeting heard how Simplification is being implemented in Spain.

The Commission reported on the proposed EU-level SCOs, which are making rapid progress. EU Level SCOs on Education are already in the pipeline. It seems feasible to proceed with SCOs on training for the unemployed and for the employed. More work needs to be done on breaking down that on the employment pathway into common milestones, and analysing where the bulk of the costs lie, notably in counselling.

Initial results of the survey of Member States on legal harmonisation and gold plating were presented and the remaining countries are encouraged to complete the survey. Further contributions are also expected on the survey concerning State Aid, coordinated by France.

Participants also discussed on how to link the TN with National Networks and Stakeholders and to disseminate the relevant results and outcomes achieved so far by the Network.

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SHARED FILE REPOSITORY: (Google Drive)

<https://drive.google.com/open?id=0B6vn2n4LHrcKSzRtLU1SRDVOQjA>

## ACTION POINTS



161027-28 TN SIMPL  
Paris - expense form

- send the **expenses claim form** with the original invoices and boarding passes/tickets to ESF Transnational Platform – AEIDL, 260 Chaussée Saint-Pierre, 1040 Bruxelles BELGIUM (contact point: Aleksandra KOWALSKA ([ako@aeidl.eu](mailto:ako@aeidl.eu))).



Reimbursements  
2Feb16.docx

Reimbursement rules:

- **EU Level SCOs:** remaining Member States send it the templates on Data Available as soon as possible
- **Legal harmonisation and gold plating:** remaining Member States send in template
- **State aid:** return survey (to FR) by May 2.
- **SCO Practices:** Member States submit the case study reports on the selected practices by May 10 (CZ prepares a sample template)

## NEXT MEETING:

In The Hague on 8-9 June 2017, hosted by the Dutch Ministry of Social Affairs and Employment.

Agenda and participants:



AGENDA 5TH  
Meeting Simplification



List of participants  
5th Meeting

## (DAY 1)

### 1. WELCOME BY THE HOST MEMBER STATE

**Mrs. Ruiz Castillo** stood in for Ángel Maria García Frontelo, Head of the ESF Authority for National and Regional OPs, Ministry of Employment and Social Security, Spain.

Simplification has become a priority for the 2014-20 programming period at both EU and national levels. It will reduce costs, allow us to focus on interpreting results, and give more

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legal certainty. To achieve simplification, all stakeholders need to work together, and exchange information so as to reach points of agreement. That is why we are here. I urge you to participate actively. Thanks are due to Belén Sanz and colleagues for organising the meeting.

## 2. AGENDA AND STATE OF PLAY



0. 5TH MEETING  
INTRO.pdf

**Luca Santin** presented apologies for absence from Louis Vervloet, Veerle Moens (Belgium Flanders) and Juraj Lucak (Slovakia) and introduced the agenda of the Meeting. He welcomed new members from Northern Ireland (MA), Portugal (stakeholder) and Poland (Region) as well as new representatives from MS. The network now involves 24 Member States and several regions.

## SESSION I – MAP OF SCO PRACTICES

### 3. SURVEY OF SCO PRACTICES



I.1 CZ  
Madrid\_Survey on SC

**Věra Palowská** (Ministry of Labour and Social Affairs, Czech Republic) presented the map of 257 SCO practices.

The new template agreed in Paris contains new sections for calculation method and data source. We have received 21 replies. A enormous amount of data is now available.

Almost all MSs are using flat rates or standard scales of unit costs (SSUCs), whereas lump sums are rare.

On calculation methods:

- Flat rates: are usually based on historical data (max. 25% of direct costs)
- SSUCs: very various methods are used: historical data, national statistics, market research and beneficiary accounts
- Lump sums: are based on are based on a draft budget or on analysis of historical data.

### 4. SELECTION OF INTERESTING SCO PRACTICES



I.2 TX SCO  
PRACTICES\_SESSIONI

Luca had prepared a table showing 257 SCO practices sent in by 21 Member States. Participants divided into five groups to examine SCO practices from 4 or 5 countries each, and select the most interesting ones.

In principle two examples were to be chosen from each Member State; one proposed by that country itself, and one by the other members of the small group. To ensure a varied sample, groups were encouraged to select an Art. 14.1 or a lump sum.

#### Group reports back

Belén welcomed the Spanish Intermediary Bodies to the meeting.

The groups reported their selections as follows:

MS	No.	Description	Why interesting
Velázquez – FI, HR, LT, SE – Colin Byrne			
FI	3	Flat rate for indirect costs (17% ESF / 24% ERDF) Based on 2007-13 flat rate approved by EC	Approved last period and can be used in this period if nothing has changed
	7	Lump sum for small projects <€100k. Usually used for preparatory phase of a larger project, e.g. feasibility study. Drawn up on basis of draft budget and other objective information from beneficiary	It's a lump sum One-offs are hard to standardise Use of draft budget
SE	-	Hourly rate for salaries and trainee allowances + 40%. Covers 65% of Sweden's OP priority axes 1 & 2. There are <u>nine</u> hourly rates for priority axis 1.	Because of the 40% rate SE decided to combine real costs with an SCO for indirect costs. EC therefore accepted trainee allowances. Pioneers in Art. 14(1).
LT	47	Unit cost for higher education staff	Based on Erasmus+ rates for higher education, so can be applied automatically
	46	Unit cost for vocational training	Best practice as paid on successful completion, i.e. failure rate is taken into account in the historical data Proposed 14.1
UK-ni	-	Unit cost: hourly rate for all R&D staff	A pioneer in hourly rates under ERDF Based on historical data Timesheet problem: beneficiaries have to include certain minimum items of data in their timesheets
HR	-	Proposed unit cost for school assistants: hourly rate + 40%	Based on historical data
Picasso – ES, FR-Nouvelle Aquitaine, HU, IT, [BEnI] – Carolina Ibañez Villa			
ES	1 (and 2)	flat rate for financing indirect costs (Inclusión pathways; Guidance actions, counselling; social mediation services + Training actions (courses)	Good combination of flat rate & SSUC
	3 (to 7)	Standard scale of unit costs - hourly staff cost (teachers)	
IT	7	SSUC: Complex structure of DA	Based 100% on results

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		for integrated pathways, esp. job coaching.	
FR- (Nouv Aq)	8	SSUC - Support to business creation in agriculture	Ex ante role of MA: new regional authority inherited 3 OPs in 2016. Started working ex ante. Did studies so as to advise beneficiaries on options for SCOs
	9	Lump sum - support to micro-projects in the social and solidarity economy	Payment depends only on signature of employment contract.
HU	5	Flat rate for indirect costs Combines SCO with public procurement Maximum flat rate calculated from historical data, and based on legislation.	Decree sets out a list of 'soft costs' such as publicity, rent, public procurement fee, audit, project management and banking. Government sets a % ceiling for all eligible costs, e.g. <1% for public procurement fee. Base is over 1,000 past projects. All of these costs occur in all projects, so calculation table calculates the flat rate
BE-nl	10	Lump sum for preparatory phase (transnational projects)	SCO applied to transnational projects. Lump sum covers preparatory phase.
Goya – FR, PL, SI, SK – Annabelle Kargl			
FR	3 (to 5)	Off-the-shelf flat rate for indirect costs in CPR	Application via an online tool. IT system guidance
	6	Standard scale of unit costs for Youth Employment Initiative - covered by DA under art 14(1)	Art. 14.1 DA for Youth Guarantee. Unit cost for 1 young person completing a 12-month counselling programme. Long procedure, so be careful when you choose your targets. Nationally funded, so could calculate based on national legislation
PL	6	flat rate for financing indirect costs (max. 25 % of direct costs), Article 68 (1)(a) CPR	based on historical date limited list of indirect costs defined in national regulation
	10	Lump sum – determined on the basis of draft (project) budget	based on draft budget, in turn based on market research centrally defined maximum amounts
SI	2	SSUC used in combination with other costs	Does not cover whole operation, but is combined with real costs or other SCOs
	3	Lump sum based on historical data / statistical data and draft budgets	Based on historical data, statistics & draft budget
SK	3	Flat rate based on list of eligible indirect costs	Limited list of indirect costs

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	6 (to 13)	art. 14.1 DA SCO + real cost	process based → more administration audit trail down to beneficiary level
Dalí – EL, IE, MT, NL – Gerard Slotema			
MT	7	67.1 unit cost. DA on wage subsidy	Complies with State Aid rules
	2	67.1 unit cost. Future DA on training	Accredited and non-accredited separately. Wage costs for unemployed are incorporated (based on minimum wage). 100% on-the-spot checks by IB to check trainees are there
EL	29	Art. 67.1b & 67.5c Unit cost for Services to people with disabilities	No DA yet €800 p.m. for 15 days at day care centre
	16	Childcare voucher	Use of vouchers as simplification measure
NL	4	Unit cost for training & coaching of prisoners, Based on historical data, per day, per prisoner Art. 14.1 DA approved December 2016	Calculation method enables doing away with timesheets Not all unemployed people are eligible for ESF support, So each half year the % eligible is calculated. Then after 2 years this % of the wages goes into the SCO.
	-	Unit cost for technical assistance: €5,690 per €100,000	First DA to cover Technical assistance
IE	2	Art. 68.1b staff salary + 15% + allowances Early school-leavers' allowance per participant. €20/day of attendance	springboard for IE in higher education paid on completion
	4	art. 67.1b unit cost on Third Level Education	agreed unit rate for students that successfully completed course
Miró – BG, CZ, EE, LV – Věra Palowská			
BG	4	SSUC for training	based on previous experience calculated according to national legislation 80% attendance is required
	3	flat rate 40% in calls for NGOs on monitoring good governance	how external staff costs are defined budget in application form
EE	18 (to 20)	Lump sums for language skills training and entrepreneurship training, and developing one for job practice schemes	is possible! draft budget must be submitted payment is all or nothing
	12	40% flat rate for childcare	easy for MA to calculate

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		facilities	easy for applicant – positive feedback -ve: how to take revenue into account?
CZ	8 (to 10)	flat rate for financing indirect costs (max. 25 % of direct costs), Article 68 (1)(a) CPR	3 ESF OPs all use same rate and same definition of direct and indirect costs all take external services into account
	14	SSUC professional training of employees - covered by DA under Art. 14(1) ESF	-ve: DA is slow to prepare +ve: legal certainty, easy to implement and evaluate high demand for this type of support
LV	2	SSUC for accommodation, transport & catering	based on national legislation
	7	SSUC for labour inspections	based on national legislation maximum rate applied

## 5. SIMPLIFICATION IN PRACTICE: THE SPANISH EXPERIENCE

### 5.1 Co-ordination at national level



**Belén Sanz** of the Ministry of Employment and Social Security set out the national coordination method. SCOs are mandatory for all indirect costs, for projects under €50,000. They are applied in the Youth Employment OP and the Social Inclusion and Social Economy OP. To manage this, UAFSE has set up a specialist simplification team. It has issued guidelines and a manual on SCOs, and publishes FAQs on its website. To establish the cost base, the operations of national organisations operations were analysed and published on the web. In 2015 a national seminar and 15 regional seminars were held.

Spain is initiating a 14.1 procedure on training for employment (cost per participant) based on historical costs.

### 5.2 Boosting SCOs in formal education and initial vocational training



**Susana Climent** of the Ministry of Education explained:

**Who** is involved? The beneficiaries are the regional governments, and the Intermediate Body is the Ministry of Education.

**What** are we simplifying? An SSUC for direct costs of teaching staff. The EU target is 15% for Spain. In 2013 the figure was 23.5%.

**Where?** In 15 regions plus Ceuta and Melilla

**When?** Starting in academic year 2014/15

**Why?** A political decision was taken to use the ESF. Technically the scope is over 80% of IBs' ESF allocation, i.e. over €600 million of ESF funds (overall costs are over €950 million). It is decisive to use SCOs, which are much less time-consuming to administer.

**How?** Setting the rules: formal agreements with beneficiaries (i.e. regional education ministries).

Who does what? **Beneficiaries** establish the SSUCs (since teachers' salaries differ across the regions) and define the audit trail. The **IB**'s role is to give support, provide the methodology to establish the SSUCs, supervise and validate. Preparing the SCO was based on analysing MAs' intentions for 2012, the previous experience of Andalusia and Galicia, and the Commission's guidelines and support.

**Capacity building** for beneficiaries consisted of early guidelines (for instance Regulation 480 established Article 25 on audit trails); tools (for instance on calculation methods); support by telephone, e-mail and face to face; and a working group.

The **results** are that:

On the bright side: so far verified are €46 million total cost, with only €5,300 of irregularities. The Ma is now verifying a further €60 million of 2015/4/15 and 2015/16 claims.

On the dark side: there was uncertainty at the beginning: we had regulations and guidelines, but did not know how audit was going to work. There is not much national law on SCOs. We needed to comply with national as well as EU rules. We wrote to the auditors for clarification and established that the unit cost should be per taught hour, with an audit trail showing these. So we do not look at salaries etc. The big issue is how to count the teaching hours. Some beneficiaries used timesheets – which is not really a simplification – while others used online monitoring of teaching hours. There is a need to simplify indicators!

We take 3 headcounts each year, in October, mid-year and in June. These result in 3 payments of 50%, 30% and 20% respectively. Beneficiaries are advised to make sure that calculations are correct, and recorded, since the ministry double-checks them. The MA can take a sample from every school. If one fails, it does a 100% check. It is carrying out a quality check on verification.

### 5.3 SCOs in operations selected by Spanish MA directly

  
I.5 TN Simplification -  
SCO on operations (E

**Salvador Barras** of UAFSE said that these SCOs are a collaboration between Ministry, MA and beneficiaries. They apply to the call of 28 June 2015 call for the YEI, social inclusion and social economy programmes. They apply to 24 action lines and 27 operations. The use of SCOs is mandatory, but with 2 exceptions: if the EC rules exclude it, or if the MA authorises actual costs.

There were 4 challenges:

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1. Defining direct staff cost;
2. Understanding art. 68.1.b of regulation 1303/2013 and art. 14.2 of regulation 1304/2013: the provision that a fixed rate can be applied without the MS doing a calculation seemed to be an invitation to inflate cost;
3. Defining projects contained in an action. Projects implemented by 3<sup>rd</sup> sector organisations with no financial muscle;
4. Many beneficiaries had been IBs in 2007-13, and were used to actual costs, so the flat rate had to be calculated down to the last cent. The MA therefore broke down budgets and built flat rates and SSUCs. It took 3 weeks per beneficiary. The result is that there is a different set of rules for each beneficiary.

## 6. HOW TO PRESENT THE PRACTICES

Luca led a discussion on the information to be presented about SCOs.

Each MS will prepared 1 report for each (1-2) selected practices.

The template is envisaged as being less than 3 pages long, prepared in Word.

Its audience is the outside world: MAs, IBs, stakeholders.

The following suggestions regarding content were made:

- Contact details (i.e. who could be contacted for more information on the practice)
- Short project description including: logic, outputs and target group
- Description of the Calculation method
- Links with other EU (e.g. Erasmus +) or national schemes
- Whether applying for 14.1
- How SCO worked: implementation rules and conditions, how can beneficiaries use it?
- Audit trail and auditor's opinion (also including eventual ex ante assessment)
- Impact, added value (both for MA and Beneficiaries), stakeholder reaction
- Specific issues faced within calculation and implementation (e.g. High Workload, Difficulties in coordinating stakeholders, State Aid, Public Procurement, National Laws, Revenues...)
- lessons learned and pointers; any unforeseen practical implications that have emerged
- annexes or links to online documents: guidance for MAs and beneficiaries, complete methodology, calculation methods, audit trail, documents submitted to the Commission, legal acts (in original language) etc.

The template would not include the monetary value of the SCOs, although they can be good as an example. In some cases this would be a table.

Also suggested:

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- definitions of key terms (1 page per MS) used in the template (e.g. direct cost, indirect cost, staff costs, links to TO)

(Day 2)

## Session II – EU-level SCO and Delegated Acts

### 7. ARTICLE 14.1 – THE STORY SO FAR



II.1 COM 14.1  
overview Madrid TNC

**DG EMPL** noted that we have seen very good progress in the last two years:

- One delegated regulation + 2 amendments have been adopted, covering 9 MSs – BE, CZ, DE, FR, IT, MT, NL, SE & SK – and €2.9 billion of ESF funds.<sup>1</sup>
- a 3rd amendment is on the way to cover 10 MSs + an EU-level SCO for education. This covers additional unit costs and lump sums for CZ, IT, MT, NL & SK + provisionally AT, LT, PL & RO.

In total the delegated act will cover 14 MSs and €5-6 billion of ESF funds.

Looking at the unit costs covered in the map of practices, it seems that most unit costs are covered by article 14.1, since legal certainty is a big issue. This may be because, if MSs are going to make the effort to develop a unit cost (e.g. under article 67), then they may as well opt for article 14.1 as well because of the benefit of this legal certainty.

#### EU-level SCO in education

The methodology has been revised so the rates changed from December. The Commission looked at the Eurostat data and excluded items such as accommodation and income subsidies, leaving only salaries, material and direct costs for education. It will be adopted after April, based on 2014 figures, with an inflation update for 2016. If there are queries on the data, they should be directed to the national statistics offices, which supplied them to Eurostat.

#### Discussion

Q: Does the DA have to specify the dates of student headcounts?

A: Headcounts can be made at 3 point or 2 points if the national system works like that. The dates do not have to be the same in all schools. The SCO is based on existing practice for recording attendance. Each instalment is paid according to the most recent headcount. For example if there are 30 students in September, 28 in

<sup>1</sup> See <http://ec.europa.eu/esf/sco>

February and only 26 in June, then the payment will be  $30 \times 50\% + 28 \times 30\% + 26 \times 20\%$ . If a student is sick on the day of the headcount, show the medical certificate, or evidence that he/she attended the next day. If the person is still in education, then valid absences are permitted. Using enrolment records is okay.

Q: If an audit trail exists for 75% of total hours, can the responsible body estimate the total even though the direct costs are lower? For instance if 100 students start the course and only 80 complete.

A: Payment applications can only be on the basis of proof of participation in education in full time equivalent. Therefore, certify the SCO on the basis of the number of students starting at start of year, and again completing at year-end.

Q: How should the IB calculate this?

A: Article 14.1 refers to students who participate in an academic year, with 2-3 staged payments during the year. This way the first payment can be made for a student who participates at the start of the year but no second or third payment will be made if they drop out after, for example 6 weeks. . This ensures that at least some of the beneficiary's costs are covered for drop-outs.

Q: Can we use a DA for 2016-17?

A: The Commission works with the accounting year, not the academic year. Therefore payment claims can cover the 2016-2017 academic year, but only if the beneficiary has the correct documents to satisfy the audit trail – eg the proof of participation at 2 or 3 points during the academic year. The easiest way to certify expenditure would be to only claim after the DA comes into force (estimated Q3 2017). If a claim has previously been submitted under real costs or under Article 67, this can be withdrawn and re-submitted before the final application for an interim payment for the corresponding accounting year (ie 31 July).

Q: Do the rules for all beneficiaries have to be the same?

A: No. The Commission is not concerned with the rules applied between the MA and beneficiaries, provided that no other expenditure is claimed from the Commission for these operations. .

## 8. EU-LEVEL SCOS – SURVEY ON DATA AVAILABILITY

**Luca Santin** introduced the topic by remarking that important progresses have been made since we started to discuss about the idea of EU Level SCO, only 9 months ago. Member States were asking for SCO defined by the Commission, but the process could not start because it was very difficult to understand what data could have been available, where and on what. This network did the mapping through specific surveys and shared definitions, bringing a concrete contribution to SCO jointly defined by the Commission and the Member States. EMPL prepared two discussion papers and a draft proposal was discussed in Paris. After the last meeting of the TN we did a further survey on data available and we have already received 17 responses.

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II.2 COM  
09022017\_TN on Sim

**DG EMPL** reported on the results of the survey on data availability for EU-level SCOs, based on the 17 replies received. It covered 3 topics:

- training for the unemployed
- employment pathway
- training for employed people

The survey shows that all MSs are able to separate eligible costs, almost all have the data, and almost all certify the courses for unemployed.

### **1. Training for the unemployed:**

'Successful participation' is defined in a number of different ways, including finding job, going back to education, becoming more employable, gaining a certificate or completing a training module. There is a range from loose to rigid.

### **2. Employment pathway:**

The picture is not as good as for the other areas: only BEnl, LV, NL, SE & SK have full data, so *prima facie* an EU-level SCO looks difficult to create. But it may be possible. Five steps are in common and could be defined as milestones:

1. intake and orientation
2. skills audit
3. training
4. exit
5. job placement

To move forward we need to discuss where the real costs lie, and to clarify what defines the exit from the pathway (job, job search, education, qualification, drop-out etc.) and what the audit trail would be.

PL asked whether it would be possible to include scholarships, commuting and costs of dependent relatives, but the Commission thinks these should be outside the EU-level SCO.

### **3. Training for employed people:**

10 MSs have total cost data (the Commission's basis is 8 MSs)

As regards training for civil servants, 5 MSs (using TO11) have data. This may be insufficient to develop an EU SCO.

Calculation methods vary.

### **Next steps**

The Commission will issue an external contractor to analyse the MS data (including regional data) which will be done between May and November 2017. It asks for MS co-operation in providing data, which will mean also involving the PESs. The Commission will explain EU-level SCOs at the PES Network meeting in March. A progress update will be made to this network in June.

## Open issues

- how to deal with uncertified and unaccredited training
- different rates for people further from employment, to prevent creaming (dredging)
- trainee allowances
- is there interest in an EU-level SCO for training civil servants under TO11?
- defining the employment pathway – is counselling part of it?

## 9. DISCUSSION ON EU-LEVEL SCOS

### Training for civil servants/

BG wants to do this under TO11, and has lot of data going back 6 years. However since the operations have been redesigned every couple of years, the data is inconsistent and difficult to compile. It needs a robust methodology. It also wishes to implement this for the judiciary.

ES is interested in applying SCOs to teacher training, and was doing this in 2007-13

The Commission pointed out that teachers are also ‘people in employment’, so the two proposed EU-level SCOs could be complementary. One idea is to look at half-days completed.

### Technical Assistance

The Commission noted that Technical assistance is still on table, but it needs closure data. It proposes to define country-specific rates applicable to both ESF and ERDF and decide a lump sum to avoid need for corrections. However, the 14.1 DA can only cover the ESF. Arriving at a common approach between REGIO & EMPL will take some time. The Omnibus includes the possibility for a DA to cover the ERDF too, and EMPL will discuss this with REGIO.

MT is also interested and has data. It has a whole OP on civil servants. It was invited to send in the data.

### Employment pathway and counselling

NL pointed out that 90% of costs are internal labour costs, so maybe we can take a different approach, based on hours of counselling. The Commission understands that the bulk of the costs of the pathway, for instance the skills audit, are counselling. The 5 steps were conceived as trigger points, but the Commission acknowledges that the bulk of the costs involved are counselling.

ES asked whether the direct costs, which are relatively minor (e.g. room hire), are covered by counselling. The Commission had asked for data on what programmes the MAs are implementing and what the costs are. Only when it has this information can it define how it will pay.

### Discussion on the open issues

#### • Certification and accreditation

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The Commission stated that it needs an audit trail. The idea is to define the certificate as the evidence. Where the PES certifies completion, there is no need to accredit.

MT mentioned that usually non-certified training is shorter, less than 25 hours, where completion is easier to establish. It is based on hours of training. The Commission reiterated that the EU-level SCO is to be based not on hours, but on certification.

The survey report showed that Slovenia does not accredit, but this seems to be based on a misunderstanding, since all training for unemployed people end with a certificate issued by a private company. It was clarified at the margins of the meeting that Slovenia's trainings are certified.

- **Results orientation**

The Commission asked for opinions on whether a share of the payment could be based on results. What share, and what audit trail could be provided?

- **Multiple providers**

- CZ asked whether an EU-level SCO could be used with an NGO project. Its employment pathway projects are delivered by NGOs and training agencies, on which it has no data. The Commission replied that any providers can be part of a pathway but that some proof of certification or accreditation would be necessary for the audit trail and it would be problematic for some NGOs to provide this. This is why it is keen on milestones, which allow different providers to deliver different parts of the pathway. Luca added that in some places intake is assigned by law to the PES, while training might be done by an NGO. UK-ni mentioned that there will have to be some way of accounting for NEETs and the economically inactive (dredging). The Commission suggested it could look at different rates according to status of participants, and that these could be calculated in 2 different ways:
  - by using 2 different sets of data
  - by applying factors e.g. 1.5 x or 2 x the basic cost

- **Exit criterion**

EE said that is important not to define successful exit too narrowly; we need several positive outcomes. The Commission replied that if we differentiate on status, we can also differentiate on outcomes, e.g. whereas for mainstream participants it might be obtaining a job or some other outcome beyond completing the training, for disadvantaged participants it might be based on an increase in capacity. It might be similar to YEI outcomes. Retraining is also a positive outcome, for example in the case of a course in English as a Second Language. Working with the MAs, the Commission will find a balanced approach.

- **Allowances**

The big difficulty is that there are 2 separate rates for a unit cost: those that include allowances and those that do not. MAs will have to show where an allowance is included. For the unit cost, the amount of the allowance could be linked to the minimum wage. The Commission would follow national practice and arrive at an average (of differences by region, family status etc.). National legislation makes it easy.

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If you exclude allowances, and pay it on a real costs basis, then you are complicating the audit trail again. But it can be done this way.

Allowances for practical training, e.g. to visit employers, can be included in an SCO if they are paid by the school or the state, but not if paid by employer. The Commission needs data on this.

- **Dropouts**

It was asked how to calculate a claim given that there are output indicators (e.g. number of trainees) and results indicators (e.g. number of successful completions). The Commission replied that the cost of dropouts is included in the SCO rate e.g. if 100 trainees start, of whom 80 are successful, take the cost for 100 trainees and divide it by 80, as per Flemish example.

- **Average or national rates**

SI asked whether the EU-level SCOs could be based on data from only 8-10 MSs. The Commission replied that it always works with averages.

There are 2 ways to calculate rate:

- for MSs with data: their own rate
- for MSs without data: a rate extrapolated from other MSs

For civil servants' training, one possibility is to define an individual rate for each MS that implements it.

- **Timing**

The Commission noted that the trend is to move more to a performance base – payment for success not process. The quicker we work, the smoother will be the adoption by Commission. This will provide greater security for MSs on the post-2020 rules. MSs are therefore encouraged to take steps to ensure the necessary data are available (especially where they are not owned by the ministry).

## **10. NEXT STEPS ON EU-LEVEL SCOS**

Commission pointed out that more discussion now will mean data collection will be easier. As previously mentioned, the Commission will shortly engage a contractor to collect the data. The contractor is estimated to work between May and November. The Commission will circulate the contract specifications to MSs after signature of contract, so they know what to expect. Therefore MSs will have a month or two to prepare. NI and EE 'volunteered' to help show how the data could be assessed in advance of visits to other countries.

On training, both for unemployed and employed, it is already quite clear what is needed. The Commission will clarify what makes up the pathway.

## **Discussion**

**Feasibility:** EL said that it has data on training, though it needs to clarify where they are. It will have to discuss with beneficiaries what the definition of 'success' is. On the pathway it still needs to clarify a lot of things.

IE commented that it would be slow to get data from PES, but that this would be clearer once we have concrete questions. Commission said the data for the national Irish proposal for 14.1 on training could cover most of it.

**State aid:** In EL there is a state aid issue on company in-house training and sectoral training. The Commission replied that in general, most training is exempt from state aid rules, in accordance with the specific rules of the General Block Exemption Regulation. It is clear that the amount of the SCO can be used to establish the state aid intensity.

**Representativeness:** Questioned as to how many projects' data is needed to establish representativeness, the Commission asked for as many as possible, which should be extracted from the IT system. However some systems do not allow data to be extracted automatically and with 5 payment claims per operation it represents a lot of work. In some cases there is only data for PES projects. As there is no data from NGOs, the sample would not be representative. External invoices would have to be extracted one by one. CZ pointed out that the template from November focused on PES data and queried whether we also want data from NGOs and training agencies? Commission view was that this will depend to some extent on whether we agree to include NGO type training, which in turn depends on the compatibility with the audit trail.

It was confirmed that the same sampling method as used for evaluations can be used – there is no need to reinvent the wheel. However self-certifying institutions cannot be relied on.

NL suggested that we should go ahead with as many MSs as possible; where it is not possible, a national SCO would be used. The Commission agreed but noted that not all countries have centralised data like NL: for instance DE, ES, IT and PL have regions, and these specificities would have to be taken into account. There will always be a trade-off between SCO and real costs, and both the MSs and the Commission have to accept that.

**Data verification:** Data should be checked by the MA, if it has not already been checked. But for instance if the PES has been audited, then its data are acceptable.

**Disadvantaged groups:** ES asked whether the intention is to calculate unit costs for specific target groups like disabled people. The Commission answered that since the aim is to use the same method across Europe we cannot take account of every particular group. However, as discussed previously, we can consider whether to have for example 2 rates, with one for 'mainstream' training and another for training for more disadvantaged groups.

**Other areas for EU-level SCO such as accommodation and travel based on Erasmus+:** The issue was parked. Interested MSs are invited to send in ideas for later consideration.

The Commission will send out a spreadsheet showing which MSs have which tasks.

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### 11. Survey of Member States



**Jenny Hyvärinen** of the Finnish ESF & ERDF MA, reported on the state of play of the survey of Member States, noting by way of introduction that Finland has modified its OP so common definitions are important to it.

The TN survey has been under way since the autumn of 2016, and covers:

- concrete issues impeding take-up of SCOs
- solutions found
- recommendations at national and local level
- recommendations at EU level

So far 14 answers have been received – only 55% of the network. They reveal some very interesting projects, and lead to some key findings. However some points should be better described. The issues raised are:

- national legislation still demands evidence of real cost, either:
  - in some policy areas, e.g. equipment in CZ
  - regarding some administrative aspects, e.g. cofinancing in IT
- beneficiaries opt to use real costs because of uncertainty and resistance to change
- there are inconsistencies between EU and national rules (ES) or within national rules (PL)
- technical standards are not harmonised (IT)
- there is a lack of trust by auditors
- MAs cannot use their own accounting practices in a DA (SK)
- different rules on cofinancing
- unclear whether previous period rules can be used
- unclear what supporting documents are required
- need to report on double financing
- grey zone on conflict between public procurement and state aid

#### Next steps

1. receive and analyse the remaining questionnaire responses
2. clarifications
3. draft report
4. final report

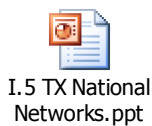
Luca noted that this theme was nominated by network members. He stressed the advisability of completing the questionnaire in detail, not just ‘ticking the boxes’, so that we can do a thorough job. Really interesting issues deserve full responses and examples.

The Commission added that we are working on this issue not to produce a report to be put on the shelf, but to remove unnecessary rules that often lead to error. It is an important part of the network's job.

## 12. State aid

**Annabelle Kargl** of the French Ministry of Work, Employment, Vocational Training and Social Dialogue explained that this questionnaire, discussed in Paris, concerns state aid in the ESF in general, not only as concerns SCOs. Only 9 responses have been received so far, and **members are asked to make a reply by the end of April**. Annabelle will send the French response as an example. Documents are in the shared folder.

## 13. Network work plan – focus on national networks



Luca noted that we now have 50 people in the network. The reasons for its success are its members' active participation, and the regular attendance, interest and support of the Commission. The network has grown from 4 to 25 Member States, of which 85% attend regularly, and 75% collaborate in all the network's tasks.

The Commission does not just attend, but works with us. Remember at the start MSs wanted separate meetings. Not we are not just talking, are but working together. The network has been presented at the Technical Working Group of the ESF Committee and has a link to the High Level working Group on Simplification.

We already involve stakeholders in the UK and Portugal, and regions in France, Poland, Spain and the UK. It was not the original plan to include regions, and it will not be easy. But why should we involve stakeholders? Because we are discussing what is happening on the ground. We are not discussing theory. We are meant to prepare a stakeholder map. Luca suggests setting up a **subgroup** to work on stakeholder involvement, rather than creating a new task. Its job would be to propose which stakeholders and how to involve them. It could organise networks, and hold a seminar a year from now.

### Follow-up actions

Several Member States expressed enthusiasm for sharing their experience, recognising that simplification is a joint responsibility between Managing Authorities which will not work unless we share.

### Next meeting

The next (6th) Meeting of the ESF Simplification TN will be held on 8-9 June 2017, in The Hague. The agenda will include a discussion with national audit authorities, to show that it can be possible and extremely useful to adopt a true partnership approach between managing authorities and audit authorities.