



Rialtas na hÉireann
Government of Ireland

PMC 17 June 2019 - Agenda Item 7

Update on Use of SCOs in PEIL

1. Member States are encouraged by the Commission to adopt Simplified Cost Options (SCOs) as the basis for payment applications. The use of SCOs has many advantages such as:
 - Tracing of every euro to supporting documentation is no longer required
 - Reduced administrative burden
 - More focus on the achievement of policy objectives and outputs
 - Reduced error rates from audits
2. As outlined at the 6th PMC, more extensive use of SCOs within the PEIL is being pursued. The overall allocation for the PEIL is €1.157bn. From the outset of the OP, with the use of the flat rates on direct salary costs and the original unit cost models for Springboard and ICT Skills, the value of SCOs was estimated at **20%**.

Payment Applications made in November 2018

3. The SCO element of the payment applications made last year amounts to **€45.6m** or **21%** of the value of the applications and **4%** of the overall OP value. This amount reflects the value of the flat-rate of 15% or 40% applied to the direct salary costs included in the payment applications.

ETB Training for the Unemployed/CTCs

4. Having successfully submitted a proposal for an SSUC under article 14.1 of the ESF Regulation, Delegated Regulation (EU) 2018/1127 provides for SSUCs for the ETB Training for the Unemployed and CTC activities. The first payment application for these activities will be submitted to the Commission this month. The estimated value of these claims are **€170m**.

Social Inclusion and Community Activation Programme (SCIAP II)

5. The CA submitted a SSUC proposal for this activity on 8th May which is based on the annual cost of a SICAP worker comprising gross salary, employers' PRSI, employers' pension (if applicable) plus 40% flat rate overhead less any revenue received. Each annual SICAP worker represents a PI employee who is funded exclusively by SICAP, working exclusively on the SICAP programme and working at least 0.5 of a full-time equivalent (FTE) in the year. The annual cost per SICAP worker (SSUC) as per the DA 14.1 submission is €69,912 per FTE and this figure will be adjusted in line with movements in the CPI from 2018. The methodology and the calculation of the cost per worker were reviewed by the Audit Authority who found it satisfactory. There has been some engagement with the Commission providing clarification on a number of issues. It is anticipated that the DA 14.1 will be in force by the end of the year which will allow the CA to submit payment applications in respect of SICAP from Q1 2020.

Technical Assistance

6. The PEIL OP provides an allocation of €20m in respect of Technical Assistance (TA). The MA conducted an exercise to establish TA expenditure across the cascade for 2018, which indicated total expenditure of €3.77m. On the basis of this expenditure, the TA costs for the 7 year period would

amount to €26.4m. Accordingly the MA submitted an Article 14.1 DA proposal to the Commission on 10th May based on each new unit of €100,000 of total eligible expenditure included in an ESF payment application to the EU Commission attracting a lump sum of €2,182 in respect of TA. The methodology was reviewed and approved by the AA. The proposed lump sum took account of the payment applications of €220m already submitted. In response to queries from the Commission, the MA has clarified that assuming payment applications for €170m are submitted by end June, the lump sum amount should be increased to **€2,700** (€2,679.5) per €100,000 capped at €20m.

Estimated SCO value in Payment Applications to end June 2019

7. Assuming payment applications of €170m to be certified, the total value of payment applications certified under the PEIL by end June will be €390m. The SCO element of these payment applications will amount to some **€216.5m** or **55%** of the value of the applications and **19%** of the overall OP value. The MA will report the SCO amounts to the Commission in the AIR report.

Garda Youth Diversion Programme (GYDP)

8. The GYDP programme has been allocated €75m under the PEIL for the period 2014 -2020. The CA met with the Department of Justice and Equality (DJE) to discuss the requirements needed for an Article 14.1 DA. It is intended that the SSUC will be based on an average yearly salary cost per GYDP worker. An exercise is being conducted on the 2015 salary data and work patterns to calculate the full-time equivalent (FTE) workers and this will form the basis for the calculation of the SSUC.

Youthreach

9. Youthreach declarations are currently based on direct staff costs plus allowances plus 15% in accordance with Article 14.2 of Regulation 1304/2013.

Article 272 of the Omnibus Regulation (EU Reg 1026/2018) inserted a new Article 68b into the CPR which provides for a flat rate of up to 40% eligible direct staff costs (without executing any calculation to determine the rate) to cover the remaining eligible costs and provides that for operations supported by the ESF, salaries and allowances paid to participants are to be considered additional eligible costs not included in the flat rate.

The MA confirmed with the Commission that new Youthreach claims could be based on direct costs + 40% +allowances under Article 68B going forward. Accordingly the PMC's agreement is requested to amend the AIP for Youthreach under Priority 2 to allow for claims to be made on this basis with effect from 1st January 2020.

Overall Position

10. On the basis that the proposed SSUCs are approved, the Youthreach change agreed and the current allocations under the PEIL, the expenditure covered by SCOs will amount to **€681m¹** or **59%** of the overall OP value, as set out in the attached table.
11. The CA will continue to review schemes on an ongoing basis and will migrate schemes to an SSUC model where appropriate.

¹ Youthreach overhead rate will increase to 40% from 1 January 2020 resulting in a €14m increase in the declaration value.

PEIL 2014-2020	IB	AIP No.	TOTAL €m	Claim Type	SCO Value €m
ETB Training for the Unemployed	DES	ESF 1.1	336	SSUC - DA	336
Springboard	DES	ESF 1.2	55	SSUC Art 67(1)(b)	55
ICT Skills Conversion Course	DES	ESF 1.3	12	SSUC Art 67(1)(b)	12
Momentum	DES	ESF 1.4	14	Actual Costs	
Intra EU mobility	DEASP	ESF 1.5	3	Direct Staff +40%	0.77
Priority 1 Total			420		403.77
Social Inclusion and Activation Programme	DRCD	ESF 2.1	60	SSUC DA sought	60
Youthreach	DES	ESF 2.2	118	Direct Staff +15% + allowances	15.3
Garda Youth Diversion Projects	DJE	ESF 2.3	75	Direct Staff +40%	21.5
Young Persons Probation projects	DJE	ESF 2.4	12	Direct Staff +40%	3.3
Disability Project	DEASP	ESF 2.6	16	Direct Staff +40%	4.6
Integration and employment of Migrants	DJE	ESF 2.7	3	Direct Staff +40%	0.95
Tus Nua project	DJE	ESF 2.8	2	Direct Staff +40%	0.68
Gender Equality	DJE	ESF 2.9	11	Direct Staff +40%	3.1
Priority 2 Total			298		109.43
Third Level Access	DES	ESF 3.1	22	Direct Staff +40%	6.4
BTEI	DES	ESF 3.2	101	Direct Staff +40%	28.8
Adult Literacy	DES	ESF 3.3	92	Direct Staff +40%	26.1
Priority 3 Total			215		61.3
BTWEA Scheme	DEASP	ESF 4.1	5	Actual Costs	
JobsPlus Incentive Scheme	DEASP	ESF 4.2	8	Actual Costs	
Youthreach	DES	ESF 4.5	101	Direct Staff +15% + allowances	13.2
Momentum	DES	ESF 4.6	14	Actual Costs	
Community Training Centres	DES	ESF 4.8	60	SSUC - DA	60
Defence Forces Employment Support Scheme	D/Def	ESF 4.9	1	Direct Staff +40%	0.24
Youth Employment Support Scheme	DEASP	ESF 4.10	16	Actual Costs	
Priority 4 Total			204		73.44
Priority 5 Technical assistance for OP	DES	ESF 5.1	20	SSUC DA Lump sum sought	20
Total OP: Revised (29 June 2018) Cion Dec 11/03/2019			1,157		667.94

