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COVER NOTE

From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 9 July 2015

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of
the European Union

No. Cion doc.: C(2015) 4625 final

Subject: COMMISSION DELEGATED REGULATION (EU) .../... of 9.7.2015 on
supplementing Regulation (EU) No 1304/2013 of the European Parliament
and of the Council on the European Social Fund, regarding the definition of
standard scales of unit costs and lump sums for reimbursement of
expenditure by the Commission to Member States

Delegations will find attached document C(2015) 4625 final.

Encl.: C(2015) 4625 final



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COMMISSION DELEGATED REGULATION (EU) .../...

of 9.7.2015

on supplementing Regulation (EU) No 1304/2013 of the European Parliament and of the Council on the European Social Fund, regarding the definition of standard scales of unit costs and lump sums for reimbursement of expenditure by the Commission to Member States

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

Simplification is high on the Commission's agenda, supported by the European Parliament and the Council. As far as the European Social Fund (ESF) is concerned, this means making its implementation simpler, safer and more geared towards outputs and results.

According to ECA reports¹ the error rate for expenditure declared under a Simplified Cost Option is close to 0. There is sound evidence that the extensive use of simplified cost options contributes to sound financial management of the ESF and reduces the risk of irregularities in operations the fund supports.

Regulation (EU) No 1304/2013 (the ESF Regulation) allows the Commission to reimburse expenditure paid by Member States using standard scales of unit costs (SSUC) and lump sums defined by the Commission. This additional option extends the simplification of financial management of the ESF to the relationship between the Commission and the Member States. It also has the following added benefits compared to the general simplified costs options set out in Article 67 of Regulation (EU) 1303/2013 (the Common Provisions Regulation — CPR):

- The only purpose of the financial audit of operations for which expenditure is reimbursed solely on the basis of Article 14(1) of the ESF Regulation shall be to verify that the conditions for reimbursement by the Commission on the basis of SSUC and lump sums have been fulfilled.
- If the SSUC or lump sum covers all the expenditure of the operation, Member States may continue to use their own accounting practices to support the operations. These accounting practices and the resulting amounts are not subject to audit by the audit authority or the Commission.

The use of SSUC and lump sums under Article 14(1) of the ESF Regulation therefore provides additional legal certainty for Member States and beneficiaries. It also further reduces the administrative burden of managing the operations the ESF supports.

To this purpose, the second subparagraph of Article 14(1) of the ESF Regulation empowers the Commission to adopt delegated acts concerning the types of operations covered, the definitions of SSUC and lump sums, their maximum amounts and the methods for adjusting them.

The definition of SSUC and lump sums set out in this regulation, their amounts and their adjustment, are based on methods submitted by Member States and assessed by the Commission, taking into account the principle of sound financial management.

To ensure fair and equal treatment, the amounts of SSUC and lump sums are set out by type of operation, category of costs, Member State and in certain cases by region. This is to reflect the specific features of operations and the disparities between and within Member States and regions.

¹ Annual Reports of the Court of Auditors on the implementation of the budget for the financial years 2011, 2012 and 2013.

The administrative burden of checking each participant's/staff member's costs justifies allocating funding on the basis of a unit cost for the staff costs and the participants' costs.

The reimbursement on the basis of SSUC or lump sums set out in this regulation is without prejudice to compliance with applicable Union law and the national law relating to its implementation, including State aid and public procurement rules.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

In line with paragraph 4 of the Common Understanding on delegated acts between the European Parliament, the Council and the European Commission, appropriate and transparent consultations, including at expert level, have been carried out on this delegated act.

The preparation of this delegated act was based on information and fair, equitable and verifiable data provided by Member States. The definition of the standard scales of unit costs and lump sums and their amounts established in this delegated act is based on methods submitted by Member States and assessed by the Commission, taking into account the different needs and specificities of regions and operations.

All parts of the delegated act were subject to consultation of experts from Member States. A first version of the delegated act was discussed at a meeting involving experts from all Member States on 18 May 2015 and a second consultation was conducted in writing on 2 June 2015. The European Parliament was informed of the consultations and also took part in the meeting.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

For the purposes of reimbursement by the Commission of expenditure to Member States on the basis of standard scales of unit costs and lump sums defined by the Commission, Article 14(1) of Regulation (EU) No 1304/2013 empowers the Commission to adopt delegated acts regarding the type of operations covered, the definition of the standard scales of unit costs and lump sums and their maximum amounts and the commonly agreed methods for adjusting them.

COMMISSION DELEGATED REGULATION (EU) .../...

of 9.7.2015

on supplementing Regulation (EU) No 1304/2013 of the European Parliament and of the Council on the European Social Fund, regarding the definition of standard scales of unit costs and lump sums for reimbursement of expenditure by the Commission to Member States

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 1304/2013 of the European Parliament and of the Council on the European Social Fund and repealing Council Regulation (EC) No 1081/2006², and in particular Article 14(1) thereof,

Whereas:

- (1) The standard scales of unit costs and lump sums for reimbursement to Member States should be established on the basis of methods submitted by Member States and assessed by the Commission, including the methods set out in Article 67(5) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council³ and Articles 14(2) and 14(3) of Regulation (EU) No 1304/2013.
- (2) Taking into account the different types of operations the European Social Fund may support, the definition and amounts of standard scales of unit costs and lump sums may have to differ by type of operation in order to reflect their specificities.
- (3) There are significant disparities between Member States and in certain cases regions within a Member State, regarding the level of costs for a type of operation. In line with the principle of sound financial management for the European Social Fund, the definition and amounts of standard scales of unit costs and lump sums established by the Commission should also reflect the specificities of each Member State and region.
- (4) In order to allow that the amounts of standard scales of unit costs reflect the level of costs actually incurred, a method is devised to adjust them.

² OJ L 347, 20.12.2013, p. 470.

³ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320)

HAS ADOPTED THIS REGULATION:

Article 1
Subject matter and scope

This Regulation establishes the standard scales of unit costs and lump sums that may be used by the Commission for reimbursing expenditure to Member States.

Article 2
Types of operations

The types of operations covered by the reimbursement on the basis of standard scales of unit costs and lump sums in accordance with Article 14 (1) of Regulation (EU) No 1304/2013 are set out in the Annexes.

Article 3
Definition of standard scales of unit costs and lumps sums and their amounts

The definition and the amounts of standard scales of unit costs and lump sums in accordance with Article 14 (1) of Regulation (EU) No 1304/2013 for each type of operations are set out in the Annexes.

Article 4
Adjustment of amounts

1. The amounts set out in the Annexes shall be adjusted in accordance with the methods set out in the Annexes.
2. The amounts adjusted in accordance with paragraph 1 shall be applied when reimbursing expenditure related to those parts of the operations which are carried out on and after the date of adjustment.

Article 5
Entry in force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 9.7.2015

For the Commission
The President
Jean-Claude JUNCKER