



## EU Update for Lancashire

9th August 2017

Andy Churchill



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# Simplified Cost Options

- ESF and ERDF was too complicated
  - Focus on checking receipts, not on delivery
  - European Commission has changed this
- December 2013 Regulations
  - Individual receipts
  - Unit Costs
  - Lump Sums up to €100k
  - Flat Rates (ie percentages)



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# Simplif

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## Article 67

### Forms of grants and repayable assistance

1. Grants and repayable assistance may take any of the following forms:

(a) reimbursement of eligible costs actually incurred and paid, together with, where applicable, contributions in kind and depreciation;

(b) standard scales of unit costs;

(c) lump sums not exceeding EUR 100 000 of public contribution;

(d) flat-rate financing, determined by the application of a percentage to one or more defined categories of costs.

Fund-specific rules may limit the forms of grants or repayable assistance applicable to certain operations.



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Simplified

# The simplification revolution

EU countries may now opt for a much simpler way of managing ESF projects



No need to keep bus tickets any more: Simplified cost options are a proxy of real costs, which do not require detailed justifications.

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# SCO

- Lump Sum - compulsory for first stage Community Led Local Devpt
  - Guidance March 2016
- Indirect Costs - compulsory for all ESF (15%)
- Non-staff costs - optional for ESF (40%)
- Hourly rate - new calculations
  - All these in the ESF Guidance April 2016



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# Flat Rates- Indirect Costs

- Indirect Costs
  - eg shared rent, rates, photocopier, heating, cleaning
- Extra paperwork in previous programmes
- Usually had to agree a formula to apportion use
  
- Regulations say -
  - either 15% of staff costs (no justification)
  - or up to 25% of staff costs (justification for each project)



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# Flat Rates- Indirect Costs

- England says must use **15%** of staff costs
  - No justification needed
  - Automatic calculation on claim
  - No need for any receipts
  - Audit now checks staff costs, and multiplication by 0.15
- Still identify individual direct costs (receipts, defrayment)
  - Payments to participants, Travel
  - Room Hire, Childcare, Materials, etc



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# Flat Rates 40%

- Optional
- **Staff costs**
- **Plus 40%** to cover all non-staff costs (indirect + direct combined)
- No need for receipts for the 40%, no bank statements
- Much simpler, quicker claims
- Less work, easier to audit, less paperwork to keep
- More flexibility - staff costs plus an overall budget



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# Staff costs

- Three options
  - Calculate gross pay for each person
  - Calculate average pay for everyone
  - Calculate average pay for groups of people
    - trainers, managers, etc
- Then divide by 1,720 to get an hourly rate
- For the claim multiply the rate by the hours (from timesheet)
- No timesheet needed if all time is spent on the project



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# Advantages of the 40%

- No need to save receipts
  - Less work
  - Quicker, more effective audits
  - Less paperwork to keep for many years
- Allows more focus on delivery
- More flexibility - easier to adjust spend to circumstances
- Being rolled out - expecting extensive use by end of programme



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**EAFRD**

Rural Tourism  
Food Processing



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# Relaunched EAFRD

- Rural Payments Agency - keen to explain
- Good Handbook
  - <https://www.gov.uk/european-structural-investment-funds/rural-tourism-infrastructure>
- Map of rural areas
- England has -
  - Business Development
  - Food Processing
  - Rural Tourism Infrastructure



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- Map of rural areas
- **Lancashire has -**
  - 
  - **Food Processing**
  - **Rural Tourism Infrastructure**



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# EAFRD Headlines

- Handbook, with one page for each LEP
- Expression of Interest first, then full bid
- Call 25 Jan 2017, deadline 31 Jan 2018, but please bid sooner
- **Food Processing**    £1,287,478 EAFRD
  - 2 to 25 projects (minimum £50k max €1,000k)
  - 40% to 100% funding
- **Rural tourism**    £464,123 EAFRD
  - 1 to 13 projects (minimum £35k max €200k)
  - 40% to 100% funding



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# Lancashire Food Processing (page 45)

- These grants are for processing of primary agricultural and horticultural produce. Aim is to create jobs and increase productivity in the food processing sector
- Priority to projects
  - process milk or meat
  - support producers specialising in high quality, and local
  - reduce food miles
  - increase productivity, esp capital invest -tech, innov, efficient
  - new markets, new products, higher skilled jobs
- Minimum £50,000, Maximum £1m      40% from EARDF de min



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# Lancashire Rural Tourism (page 49)

- These grants are for capital investment to develop and grow tourism in rural areas
- Priority to projects
  - increase quality & capacity of existing accommodation
  - develop/expand visitor attractions for year round opening
  - new accom/attractions by diversifications/new startups
  - infrastructure eg multi-use trails walking/cycling
- Minimum £35,000, Maximum £170k for commercials
- Expects to fund 1 to 13 projects



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# Three possibilities

- Commercial, profit making
- Some income to offset costs, but will not make a profit
- Generates no income



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# Commercial, profit making

- For -
  - Small businesses, including social enterprises. Farmers wanting to diversify into tourism
- Examples
  - Tourist attractions, accommodation, retail outlets, food & drink outlets
- Up to **40%** of eligible costs from EAFRD



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# Some income, not offset costs

- For -
  - Rural businesses, including social enterprises, Farmers, Land - owners, People or groups representing rural communities, Charities, Public Bodies
- Examples
  - Small buildings for tourist information
- Up to **80%** of eligible costs from EAFRD



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# Generates no income

- For -
  - Rural businesses, including social enterprises, Farmers, Land - owners, People or groups representing rural communities, Charities, Public Bodies
- Examples
  - Free tourist attractions, for example local landmarks
- Up to **100%** of eligible costs from EAFRD



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# Thank you!



European Structural and Investment Funds Growth  
Programme for England (2014-2020)