

DECISION

**authorising the use of unit costs for eligible personnel costs for actions implemented by
Eurostat**

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

Having regard to Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics¹, and in particular Articles 5 and 13 thereof,

Having regard to Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union² (hereinafter referred to as Financial Regulation), and in particular Articles 125 and 181 thereof,

Whereas:

(1) The amended financial rules applicable to the general budget of the Union require to remove bottlenecks in implementation by increasing flexibility, to simplify delivery for the stakeholders and the services, to focus more on results, and to improve accessibility, transparency and accountability.

(2) The use of unit costs and the method for calculating them aim at simplifying the reimbursement of personnel costs and significantly decreases the workload for both, beneficiaries and the Commission (Eurostat). To keep the number of unit costs at a reasonable level, while taking due account of the costs actually incurred, unit costs have to be calculated at the level of pay grades based on official national salary grids (or assimilated) for the public service.

(3) The use of unit costs was introduced for Eurostat's actions by Commission Decision C(2014)6332 of 11 September 2014, authorising the use of reimbursement of unit costs under the European Statistical Programme.

(4) Eurostat has positive experience using unit costs, therefore it is proposed to keep using them in actions managed by Eurostat under the Single Market Programme³ and other programmes and to further simplify their application.

THE FOLLOWING HAS BEEN DECIDED:

Sole Article

The use of eligible personnel costs declared by recipients of Union funds on the basis of unit costs is authorised for the reasons and under the conditions set out in the Annex for:

i) actions implemented by Eurostat under the Single Market Programme;

¹ OJ L 87, 31.3.2009, p. 164.

² Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p.1).

³ Proposal for Regulation (EU) of the European Parliament and of the Council establishing the Programme for single market, competitiveness of enterprises, including small and medium-sized enterprises, and European statistics and repealing Regulations (EU) No 99/2013, (EU) No 1287/2013, (EU) No 254/2014, (EU) No 258/2014, (EU) No 652/2014 and (EU) 2017/826.

ii) actions financed by appropriations the implementation of which is co-delegated or sub-delegated to Eurostat by other Directorates-General under other programmes concerning the development, production and dissemination of European statistics according to Regulation (EC) No 223/2009.

This Decision is subject to the final adoption by the legislative authority and entry into force without significant modifications of the proposal for a Regulation of the European Parliament and of the Council establishing the Single Market Programme and any other programme under which ESTAT will implement statistical actions.

Done at Luxembourg,

Ms KOTZEVA Mariana
Director-General
DG Eurostat

Annex

1. Form of Union contribution and categories of costs covered

Recipients of Union funds shall declare eligible direct personnel costs⁴ based on time exclusively by using unit costs.

Other categories of eligible costs, including direct personnel costs based on deliverables, shall be reimbursed on the basis of eligible costs actually incurred.

The amounts of the unit costs to be used by the beneficiaries shall be calculated in accordance with point 3.

2. Justification

The use of unit costs under the European Statistical Programme 2013-2017⁵, extended to 2020⁶, has shown a number of advantages. It considerably simplified, streamlined and reduced the time needed for the financial management of projects, both at Commission (Eurostat) as well as beneficiary level and thus making Eurostat's actions more attractive. It also contributed to the reduction of the risk of error.

The use of unit costs was not only more cost-effective and economically sound: it significantly shortened the time needed to calculate grant amounts and accelerated payment procedures.

This approach provided simplification for grant beneficiaries, as they did not need to calculate the actual daily rate of eligible personnel costs anymore. It presented less administrative burden for the contracting authority for checking at the submission and payment stage and it facilitated productivity gains. It simplified ex-post analysis and further reduced the risk of error.

For these reasons, it has been decided to keep the methodology for the calculation of unit costs used under the European Statistical Programme 2013-2017, extended to 2020, and to apply it to Eurostat's actions post 2020, managed under the Single Market Programme and other programmes.

In relation to the European Statistical Programme, the Single Market Programme (2021-2027) has a broader application. Not only it brings together activities financed under predecessor programmes, whereunder the European Statistical Programme, it also includes new initiatives which aim to improve the functioning of the internal market. It provides for continuity of the various previous actions while streamlining and exploiting synergies between them and the new activities.

The Single Market Programme establishes the financial framework for providing high-quality, comparable and reliable European statistics to underpin the design, monitoring and evaluation

⁴ Direct personnel costs are costs that are directly linked to the implementation of the action and can, therefore, be attributed to it directly. They must not include any indirect costs. Indirect personnel costs are costs not directly linked to the action implementation, e.g. support costs (costs of staff employed in internal support departments).

⁵ Regulation (EU) No 99/2013 of the European Parliament and of the Council of 15 January 2013 on the European Statistical Programme 2013-2017 (OJ L 39, 9.2.2013, p.12).

⁶ Regulation (EU) 2017/1951 of the European Parliament and of the Council of 25 October 2017 amending Regulation (EU) No 99/2013 on the European statistical programme 2013-17, by extending it to 2020 (OJ L 284, 31.10.2017, p. 1).

of all the Union policies. In this regard, it replaces the predecessor European Statistical Programme.

The new programme consists in similar activities implemented by the same beneficiaries, almost exclusively national statistical institutes and other national authorities mentioned in Article 5 of Regulation (EC) No 223/2009, which have equivalent costs structures. Since Eurostat will continue funding those activities, it is essential to maintain the same level of simplification for Eurostat actions under the Single Market Programme.

It must be noted that while it undoubtedly contributes to the delivery of internal market policies, European statistics have a much wider scope than the internal market, as they serve all policies of the Union. In that respect, in addition to its own budget, Eurostat receives co-delegated and sub-delegated credits from other DGs and it thus conducts activities under other programmes. Since actions managed by Eurostat under other programmes are substantially similar and implemented by same beneficiaries, it is equally essential to maintain the same level of simplification for those actions.

In addition to unit costs introduced by the Commission Decision C(2014)6332 of 11 September 2014, the present decision introduces a further simplification: only national statistical institutes are obliged to submit a unit cost grid and declaration. Other national authorities designated by a Member State in accordance with Article 5 of Regulation (EC) No 223/2009 may use the unit cost grid submitted by the national statistical institute of the same Member State.

2.1. Nature of the supported actions

Solid empirical data and statistics are essential to measure the progress and to evaluate the efficiency of the Union's policies and programmes. These objectives are achieved through close and coordinated cooperation within the European Statistical System (ESS) between the Union statistical authority, which is the Commission (Eurostat), and the national statistical institutes and other national authorities designated by the Member States. The needs for European statistics for the purpose of evidence-based decision-making are weighted against the resources needed at Union and national level to provide the required statistics, and also against the response burden and the respondents' associated costs, paying particular attention to cost-effectiveness.

The Single Market Programme brings together activities financed under predecessor programmes and it provides a framework for financing those actions. Among other things, the fields subject to the programme and the objectives of the actions concern the development, production and dissemination of European statistics.

This decision concerns grant actions for the development, production and dissemination of European statistics within the meaning of Article 13 of Regulation (EC) No 223/2009.

2.2. Risks of irregularities and fraud and costs of control

Risks of irregularities and fraud

Eurostat's grant beneficiaries are almost exclusively public or semi-public bodies as identified in the basic act. They are mostly recurrent and dispose of reliable accounting systems. Their activities are subject to potential external controls by national auditors.

Based on the results of ex-ante and ex-post controls carried out so far, as well as on the characteristics of the targeted population (public or semi-public bodies) the risk of irregularities and fraud in managing the grants is assessed as low.

Concerning unit costs, the data submitted by the potential beneficiaries are based on official national salary grids (or assimilated) for the public service. These are accessible and auditable at any time. A declaration, signed by an authorised person of the beneficiary's administration, is to be provided stating that the submitted unit costs have been established in line with the harmonised method set out in section 3.

Costs of control

It is expected that unit costs will continue to have a positive impact on the level of errors and on the cost of controls carried out.

As concerns the risk of error, the use of unit costs considerably contributes to reducing the main source of errors (audit trail and declaration of actual costs incurred for personnel costs).

Eurostat's multi-annual control strategy foresees control programmes that are based on an annual risk assessment. Unit costs will further contribute to limit the risk of noncompliance to less than 2%.

Controls on the correct application of the method to calculate unit costs (including cost components and accurate figures) are integrated into control programmes based on an annual risk assessment.

Controls on declared unit costs for personnel on transaction level focus on time registration and the correct allocation of staff to the pay grades. Controls at the level of individual salary information (e.g. pay slips) are no longer be required.

2.3. Justification on why an output or result-based approach is not possible or appropriate

Eurostat grants concern for instance surveys, modernisation or improvement and harmonisation of methodology. For some actions, e.g. surveys, it is possible to define output or result-based simplified costs options. However, the subjects of the grants differ significantly. For other actions, expected results cannot sufficiently be defined in advance, because the output is different, depending on the subjects of actions.

The unit costs authorised by this decision are based on the time spent by the personnel of the beneficiary. Since the activities on which the personnel might be working cannot be defined in advance, time-based unit costs allow flexibility to cover all types of work by the personnel on an action. For this reason, it is neither appropriate nor possible to define ex-ante the output or result based unit costs contributions.

3. Method to determine, update and application of the amount of the Union contribution in the form of unit costs

3.1 Unit costs for average daily personnel costs

Unit costs are to be understood as average daily rates for direct personnel costs that are established per pay grade of the beneficiary's pay grid. They are calculated on the basis of historical payroll data and thus refer to personnel costs actually incurred by the beneficiary

during a defined reference year. The payroll data used for the calculation of unit costs have to be auditable and reconcilable with the beneficiary's accounting data of the same year. The reference year is to be understood as the year for which the beneficiary can provide the latest annual accounts.

Unit costs are established as average daily rates for each pay grade of the beneficiary's salary grid. A salary grid is the range of pay, which usually presents in form of scales the remuneration paid for working at a certain level or a certain grade of an organisation. The pay grades, for which unit costs are calculated have to be consistent with the structure of the salary grid. The pay grade is defined as the level of the salary grid that comprises typically levels for seniority but also levels of responsibility, functions etc. within this grade.

The breakdown of the entire staff into pay grades should correspond to the structure of the salary grid usually applied by the beneficiary in accordance with national legal provisions for the public service or, where applicable, to that for assimilated entities.

Since different salary grids are usually applied for the remuneration of civil servants working as officials, and for those working under employment contracts, separate grids should be provided for:

a) officials (permanent and temporary) and b) contractual staff (working under a temporary or unlimited duration employment contract). Costs for natural persons hired under direct contracts (non-permanent staff) can be taken into account only, if costs under such contracts can be assimilated to personnel costs of the two mentioned categories of civil servants.

To calculate the unit costs per pay grade, the harmonised method described below is to be applied.

3.2 Calculation of average daily personnel costs per pay grade

The average daily rates for each pay grade is calculated on the basis of the total annual direct personnel costs incurred by the beneficiary during the reference year for the entire staff of the given pay grade. For the calculation, the beneficiary extracts from the payroll system for each pay grade the annual individual salary data of staff belonging to this grade on the day ending the accounting period of the reference year. The total annual direct personnel costs are divided by the staff employed during the reference year, expressed in full-time equivalents, belonging to the respective pay grade and by 215 annual working days.

$$\text{average daily rate per pay grade} = \frac{\text{Total annual direct personnel costs per pay grade}}{\text{Average FTE per pay grade during reference period} * 215 \text{ working days}}$$

Where information on FTE is not available, the calculation may be based on the (total) number of staff.

Definition of components:

Total annual direct personnel costs:

Total annual direct personnel costs per person correspond to the sum of the annual basic salary and all other annual direct personnel costs incurred by the beneficiary (excluding overheads and other non-eligible costs defined below).

The amount is based on the following components:

Basic salary	
+ other statutory costs	
+ social contributions and taxes on wages	

= Total direct personnel costs	

3.3 First submission of unit costs to Eurostat

The grid of unit costs established by the beneficiary in line with the above methodology is to be transmitted to Eurostat (financial department) for information and assessment, together with a declaration that the submitted unit costs have been established in accordance with the methodology. This declaration reminding the main methodological features is to be signed by an authorised representative of the beneficiary.

3.4 Further updates

The beneficiary may update its unit costs annually, from the moment more recent annual payroll data becomes available. Updated unit cost declaration have to be submitted to Eurostat as described under item 3.3. The updates will become applicable to subsequent grant applications. They will not be applicable retroactively to already on-going signed grant agreements.

3.5 Field of application of unit costs

The main purpose of the introduction of unit costs for direct personnel costs for actions under the European Statistical Programme was the simplification of procedures and the reduction of time needed for the financial management of projects. This decision also allows the other national authorities designated by a Member State to use unit costs submitted by the national statistical institute of that Member State.

This will be dependent on the national statistical institutes submitting their unit cost grid and declaration within the first year of the application of the Single Market Programme and keep it updated.

This approach is justified because historical experience shows that the structure of the salary grid and range of unit costs of a national statistical institute is very similar (if not identical) to that of the other national authorities designated by and operating in the same Member State. Accordingly, the submitted unit costs calculated by the national statistical institute can be used by other national authorities designated by the same Member State.

To do this, the other national authority must identify the members of staff working on the project and their actual salary. The authority may then declare the unit costs from the grid submitted by the national statistical institute of the same Member State that are the closest to the actual salary of the given staff members in the unit costs.

The use of unit cost grids submitted by national statistical institutes will, on the one hand, alleviate the administrative burden for other national authorities, since they will not have to calculate their own unit costs, and, on the other hand, simplify the management of grant procedures for the Commission services, since there will be only one unit cost grid used per Member State. It should be noted that most of the other national authorities do not apply frequently for Eurostat grants (once every two or three years or even less). For this reason, other national authorities will benefit from using unit costs calculated and submitted by the national statistical institute of their Member State.

In exceptional cases, the structure of the salary grid of the national statistical institute could differ significantly from the salary grid of another national authority operating in the same Member State. If this is the case, the other national authority should submit its own unit cost grid and declaration, together with a justification. In this case, the use of the unit cost grid of the national statistical institute will not apply.

The justification provided by the other national authority will be considered during the assessment of the unit costs declaration of that authority.

4. Sound financial management and co-financing principles and absence of double financing

Co-financing principle:

The rate of co-financing is determined for each grant action in the call for proposals. It applies to all eligible direct and indirect costs, including costs calculated in accordance with the unit cost methodology, and will be applied to the declared eligible costs at payment stage.

Sound financial management is ensured by the fact that unit costs are established on the basis of the beneficiaries' latest annual payroll data, which have to be auditable and reconcilable with the beneficiary's accounting data of the same year.

Furthermore, the part of the action that is not covered by the EU contribution or third parties, will be co-financed by using exclusively the beneficiaries' own resources.

Double financing:

Actions concerning the development, production and dissemination of European statistics are very specific actions, in nature and in time.

As a general obligation and in line with applicable rules, when submitting an application, applicants are obliged to provide full and complete information on any other Union funding. Eurostat crosschecks the information provided in order to ensure the absence of double financing.

In addition, unit costs only cover eligible direct personnel costs of the new action. By assuring that other forms of Union funding do not already cover activities of the new action, the use of unit costs evidenced by time sheets guarantees the absence of double financing.

The results of past ex-ante and ex-post controls show that Eurostat beneficiaries use sufficiently developed time recording mechanisms ensuring a clear allocation of time spent on different projects.