



Fact Sheet 2a – Staff costs in Flanders

	Valid from	Valid to
Version 3	01.07.2017	
Version 2	29.06.2015	30.06.2017
Version 1	27.04.15	28.06.2015

Core message: The Flemish authorities (Enterprise Flanders) have put in place a standard system for calculating staff costs. This system only applies to beneficiaries based in Flanders. All Flemish beneficiaries must use this system.

This Fact Sheet only applies to Flanders.
All beneficiaries in Flanders must use this Fact Sheet

On the method itself

The Standard Hourly Rate (SHR) methodology is a **simplified cost options** method developed for Flemish beneficiaries in ERDF/ETC programmes.

- In return for increased legal certainty and a reduced administrative burden, the model takes into account staff costs in a fair and reasonable way but will not necessarily cover 100% of the full staff cost
- The full real costs are no longer the basis for reporting staff costs, financial control will only address correct application of the methodology. In other words, controllers no longer have to investigate the real cost for reported staff
- Time sheets are still needed but in a simplified form as only hours worked on a project (project hours) need to be recorded. Non project hours like holidays, sick leave, team activities, training etc must not be reported upon.

The formula to calculate a Standard Hourly Rate

The formula to calculate a Standard Hourly Rate for each member of staff is the following:

$$1.2/100 * \text{monthly gross salary} = \text{hourly rate}$$

The factor of 1.2 in this formula is designed to automatically take into account:

- a fair and reasonable share of any salary costs on top of the gross salary
- eventual salary cost reductions for the employer/employee
- all non project hours like holidays, sick leave etc.



How to apply this methodology (i) Calculation of the hourly rate

To calculate their eligible hourly rate, beneficiaries have to apply the formula:

Hourly rate = $1.2/100 \times \text{monthly gross salary}$

For example:

€ 3,000 gross salary = $1.2/100 \times 3,000 = 36$ euro/hour

€ 3,500 gross salary = $1.2/100 \times 3,500 = 42$ euro/hour

€ 4,000 gross salary = $1.2/100 \times 4,000 = 48$ euro/hour

The monthly gross salary to be used is the one in the January pay slip of the calendar year in which activities are executed. Alternatively the gross monthly salary of the first full month after the employee started to work in the organisation can be used.

Only the amount referred to under the header "gross salary" must be used. No other salary costs may be included in the calculation. The 1.2 factor already takes into account such additional salary costs.

Specific case: Individuals with a part-time employment contract should use their full-time equivalent gross monthly salary as calculation basis.

In case individuals have several employment contracts, the calculation base is the total gross monthly salary of all contracts together, unless their ERDF activities are only linked to one specific employment contract.

How to apply this methodology (ii) Calculation of staff costs

Staff costs = Hours worked x Hourly rate

Time registration = only hours worked on the project need to be recorded. Non project hours and non-working time (holidays, sick leave...) cannot be reported.

Time registration is done on a monthly basis and provides a monthly overview of project hours and someone's contractual number of working hours per month. See also "Documentation to be provided when claiming staff costs" below.



Detailed rules

- Updating the standard hourly rate: The same hourly rate has to be applied throughout the whole calendar year. The hourly rate can be updated at the beginning of the following calendar year
- Maximum Limit for hourly rates: It is assumed that an individual's gross monthly salary is linked to his or her qualifications for a job. Therefore the maximum eligible hourly rate is limited to 100 EUR/hour
- Overtime: Is only eligible if compensated by extra leave or actually paid out by the employer. If beneficiaries choose to report overtime for a given month, they must prove that the hours worked as overtime were actually compensated through extra leave or paid out to the employee concerned. Eventual overtime during a given month compensated by extra leave shall be recorded as such in the time registration for that given month. Regardless whether the extra leave was actually taken up during that month. During control(s) of project expenditure sample checks will take place to check whether the extra leave was actually taken up. Extra pay in compensation of overtime must be reported in connection to the related month.
- Maximum number of working hours: reported project hours cannot exceed the number of contractual working hours per month.
- Exceptional project hours outside normal working days (weekends): can be reported according to the same logic as for other project hours; the same rules regarding overtime and the maximum number of working hours apply
- Employment on several ETC/Regional ERDF projects: staff employed on more than one ETC/Regional ERDF financed project at the same time shall keep one time registration that records and distinguishes project hours for the different projects. Non ETC/Regional ERDF project related activities must not be recorded.
- As of 1/7/2017: Staff with a monthly salary based on an hourly wage: for payment claims as of 1/7/2017 the monthly gross salary to be used as calculation basis for the standard hourly rate is calculated as follows gross hourly wage (January/first month of full employment) x 7,6 x 21,5

Documentation to be provided when claiming staff costs

- Employment contract (1x at start of project)
- Time registration signed by the employee (project staff) and the employer (manager). The time registration contains the actual hours worked on the project per month with a clear and sound description of the project activities performed. The time registration also keeps track of the contractual number of working hours per months. A model is available at www.efro.be. Beneficiaries can use their own time registration system as long as the elements contained in the model provided by the National Authority are covered.
- January pay slip for each calendar year in which the employee works on the project. For staff not employed in January, the pay slip from the first full working month.
- Proof of payment or compensation of overtime where applicable.



Particular categories of staff costs

Seconded staff (Detaching)

The salary cost of staff seconded by a third party to a beneficiary organisation in order to execute project activities is eligible in the same way as the salary costs of regular staff, provided that the beneficiary pays the salary cost itself.

Justification to be provided: The secondment contract shall be provided.

A word of caution: Secondment can by no means be used by procuring authorities to circumvent public procurement provisions.

Public authority staff

The costs of public authorities are eligible when these authorities implement a project that is additional to their core tasks. Within this framework, the salary costs of public authorities are considered eligible expenditure regardless of the fact whether this concerns new and or existing contractual or statutory government staff.

Temporary/interim employment

Temporary/interim employment is not eligible as a staff cost and should instead be reported under external experts (externe prestatie).

Staff of linked enterprises/organisations

Staff of linked enterprises/organisations can under certain conditions be reported as staff costs by a given organisation even though the employer mentioned on a payslip does not match the name of the organisation who reports the staff costs.

Conditions are:

- sufficient arguments and probative elements/documents exist and are provided that proof the link or unity;
- Flanders Innovation & Entrepreneurship (National Authority) confirms that the organisations at stake can be considered as linked enterprises/organisations or a unity; confirmations by Flanders Innovation & Entrepreneurship are always done on a case by case basis.