



European Union
European Social Fund
Investing in jobs and skills

2007-2013 Action Note

Reference Number: 088/13
Date Issued: 12 July 2013
Review date: 31 December 2015

Revision to CFO Administration Costs – From January 2013

Who

CFOs; Managing Authority teams, London Intermediate Body, European Secretariat Government of Gibraltar, ESF teams.

What

This Action Note increases the maximum percentage CFOs may claim as administration costs for delivering ESF programmes from 5% to 10% from January 2013.

Cleared

Ian Chapman

Head of the ESF Managing Authority

Background

Co-Financing Organisations (CFOs) Administration costs

1. Administration costs are available at the level of the Co-financing plan and are designed to enable CFOs to ensure that their ESF activity is delivered in an effective and efficient manner. All administration costs must be based on actual costs and must always be supported by evidence of these costs – either staff costs or other costs.
2. ESF Division have reviewed the level of administration costs that may currently be claimed by CFOs following changes arising from recent audit findings relating to the use of Technical Assistance. The amount of administrative costs that can be claimed will now increase from 5% to a maximum of 10%. This will be a maximum of 10% of the total costs (ESF plus match) and will become available from costs incurred from January 2013. Changes have also been made to what can be claimed as eligible administrative expenditure. Additional elements have been included under the 'operations' heading below.
3. Administration costs can relate to the additional ESF related work on matching activity as well as ESF supported activity within the Priority level project.

Eligible Activities

4. CFOs cannot make a claim for ESF for preparing the Co-financing Plan but all the activities below are eligible for support:

Contracting

- Consulting and publicity events for the Co-financing Plan and prospectus and tendering document
- Preparing the Co-financing prospectus and tendering document
- Handling tenders from providers
- Appraising and selecting providers
- Negotiations after tenders have been received
- Financial appraisal
- Appraising contract quality with providers

Operations

- Developing and implementing policy, systems and processes for:
 - Managing contracts
 - Information management **including IT systems**
 - **Innovative activity to support ESF delivery**
 - Monitoring the performance of providers
 - Monitoring the quality of providers
 - Auditing providers **including retention and collation of evidence**
 - Evaluating **and researching** projects
 - **Publicising the projects**
 - Preparing claims for ESF support
 - Preparing and submitting ESF monitoring returns
 - Attending monitoring **and committee** meetings
 - Financial management
 - Training on ESF systems and processes

The activities in bold above have been added or expanded since guidance was originally issued.

CFO's who wish to make claims in respect of the activities in bold must first contact the Managing Authority to confirm the activity is eligible.

5. The claim for administration costs must be supported by evidence that the activity has taken place (for example staff time sheets or invoices for non staff activity) and that the amount claimed is both reasonable and represents proper value for money. The claim must be based on actual costs (salary and other costs) plus any eligible overheads. Other costs must be supported by relevant documentation such as invoices.
6. If CFOs intend to include eligible overheads in their claims they must agree with the Managing Authority which overheads will be included and the basis on which they will be calculated before the first claim is made under the revised funding system introduced by this Action Note. The claim can be evidenced in the following ways:
 - staff employed wholly or for a specific part of their duty on ESF related activity need to have a letter of appointment and job description that clearly states starting and finishing dates (if appropriate) and makes clear that they will be

wholly employed on ESF-related activity; or,

- Staff who also do work that is not related to ESF must record their time spent on ESF on a time sheet, diary, recording system etc.
7. Any overhead expenditure included must be based on real costs, be related to the implementation of ESF and be allocated on a fair and equitable basis.
 8. Records of either staff time or invoices relating to other costs (that is non staff) need only be kept at the Co-financing Plan level rather than the priority level. However, claims for payment cannot be made at the plan level, and so the administration costs will need to be apportioned between priorities for claim purposes. The method of apportionment does not need to be complex (for example, the number of contracts for each priority might be a good factor to use) but it needs to be agreed by the managing authority beforehand.

Action

All CFOs should note the above and be aware that they may, from 1 January 2013, claim eligible and properly evidenced Administration Costs at the new rate introduced by this Action Note.

Contact

Steve Briggs

Managing Authority

0114 294 8441

steve.briggs@dwp.gsi.gov.uk