

Sunderland Community Led Local Development Programme

Summary guidance on eligible and ineligible costs - Version 1 (1 November 2017)

European Social Fund: Eligible expenditure

<p>Direct staff costs, including</p> <ul style="list-style-type: none"> salaries, employer's national insurance and superannuation costs (either full-time or, if part-time, based on an hourly rate calculation using gross employment costs divided by 1720 hours). Staff training - only if an individual has specific needs for training that could not have been identified before the project began.
<p>Participant costs</p> <ul style="list-style-type: none"> Allowances connected with ESF project funded training, where justified and subject to value for money assessment Travel costs Childcare or dependent care
<p>Other costs</p> <ul style="list-style-type: none"> External courses
<p>Volunteer time - in exceptional circumstances, volunteer time could be considered.</p>
<p>Indirect costs are shared organisational costs, which cannot be connected directly to the project activity, such as:</p> <ul style="list-style-type: none"> Central/support staff and personnel costs - where the ESF element of their duties cannot be extracted from general duties and put on timesheets - e.g. reception, central finance Equipment (no single item can cost more than £1,000) and premises costs where these are not used wholly for ESF activity Telephone and postage costs Electricity, gas and water Insurance
<p>NB: For ESF, indirect costs can be claimed: (1) on a flat rate basis of 15% of direct eligible staff costs; or (2) using a calculation of 40% of staff costs only to calculate direct and indirect costs (not adding in any other direct costs). This means that there is not the need for a complex methodology or checking of evidence/audit trail associated with indirect costs.</p>

European Social Fund: Ineligible expenditure

The EU Regulations state the following costs are not eligible for ESF support.

In-kind contributions which comprise the provision of land, real estate, equipment
Payments for activity of a political nature
Purchase of furniture, vehicles and equipment (other than small items of equipment under £1,000)

Purchase of second hand equipment
Bank debit charges
Legal fees
Fines, financial penalties and expenses arising from litigation
Purchase of land
Purchase of real estate (i.e. buildings after construction and the land on which they are built)
Expenditure relating to venture capital loan and guarantee funds
Redundancy costs if people leave the employment of the organisation at the end of or during the life of the project.
NB: This list is not exclusive and any queries about the eligibility of costs not included in the list above should be addressed to the Accountable Body.

Further guidance on ESF eligibility and methods for calculating costs:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/591547/european_social_fund_national_eligibility_rules.pdf

European Regional Development Fund: Eligible expenditure

<p>Direct costs</p> <ul style="list-style-type: none"> • Premises costs and associated running costs which are exclusively used for the project - that is to say costs which are not shared or apportioned. • Equipment used exclusively for project purposes. • Other costs such as marketing, publicity or evaluation where these can be directly attributable and invoiced to the project. • Procured goods/services/works (used exclusively for the project) essential for the delivery of project activity. • Cost of business trips, other travel and subsistence.
<p>Direct staff costs, including:</p> <ul style="list-style-type: none"> • salaries, employer's national insurance and superannuation costs (either full-time or, if part-time, based on an hourly rate calculation using gross employment costs divided by 1720 hours).
<p>Indirect costs or 'overheads' - those costs that are linked to activity that supports delivery of a project but cannot be easily attributed to the project in terms of the actual specific cost and cannot be supported by project specific invoices or other transactions. Such costs include:</p> <ul style="list-style-type: none"> • Support/back office staff, not engaged in activity directly related to the implementation and management of the project. • Other costs which are not solely associated with the delivery of the project e.g. shared premises costs such as rent, utilities, insurance, cleaning, or IT maintenance.
<p>NB: For ERDF, indirect costs can be claimed on a flat rate basis of 15% of direct eligible staff costs. This means that there is not the need for a complex methodology or checking of evidence/audit trail associated with indirect costs.</p>

European Regional Development Fund: Ineligible expenditure

The following individual revenue costs are not eligible for ERDF support.

Notional costs, for example, where an item usually retails at £x, but the applicant

buys it cheaper but claims the difference between the price paid and £x
Payments for activity of a political nature
Provisions – i.e. money set aside to pay for future events e.g. sink funds
Contingencies and contingent liabilities
Dividends
Interest or service charges arising on debt incurred including finance leases, hire purchase and credit arrangements
Costs resulting from the deferral of payments to creditors
Costs involved in winding up a company
Payments for unfair dismissal
Compensation for loss of office
Bad debts arising from loans to employees, proprietors, partners directors, guarantors or shareholders
Payments for gifts and donations
Entertainments apart from food and non-alcoholic drink provided as part of a meeting
Statutory fines and penalties
Criminal fines and damages
Legal expenses in respect of litigation
Costs incurred by individuals in setting up and contributing towards private pension schemes, or the setting up of such schemes by organisations in receipt of ERDF
Costs incurred by organisations in relocating personnel displaced by the refurbishment or conversion of a building for ERDF use.
NB: This list is not exclusive and any queries about the eligibility of costs not included in the list above should be addressed to the Accountable Body.

Further guidance on ERDF eligibility and methods for calculating costs:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/592185/ESIF-GN-1-003_ERDF_Eligibility_Guidance_v5_a.pdf