



HORIZON 2020

H2020 PERSONNEL COSTS

The Framework Programmes timeline

2007

2014

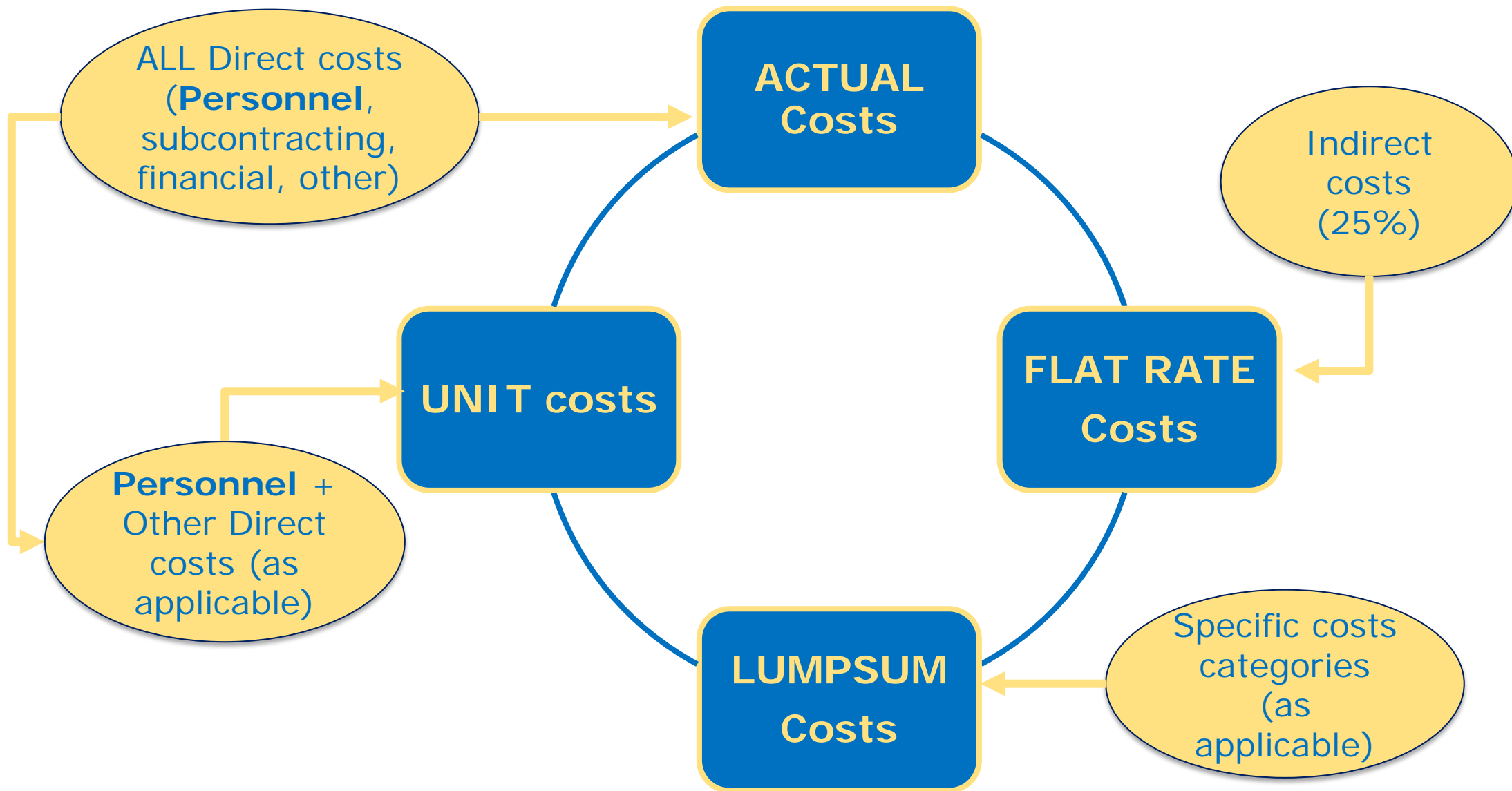
2021



Each FP brings its
brick in the wall!

Horizon Europe

Forms of costs (AGA p. 31/32)



Classifying workforce contracts

Is it an employment contract?

Is there one or multiple contracts?

Are working time conditions legal/contractual/flexible?

Who signed the contract (person/company)?



What about 'consultants'?

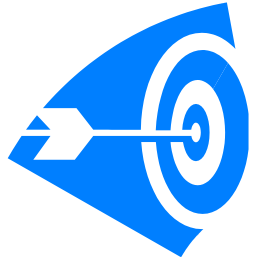
What contract under what budget category

A. Direct personnel costs		B. Direct costs of subcontracting	C. Direct costs of fin. support]	D. Other direct costs	E. Indirect costs ²
A.1 Employees (or equivalent)	A.4 SME owners without salary			D.1 Travel	
A.2 Natural persons under direct contract	A.5 Beneficiaries that are natural persons without salary			D.2 Equipment	
A.3 Seconded persons				D.3 Other goods and services	
[A.6 Personnel for providing access to research infrastructure]				[D.4 Costs of large research infrastructure]	
Actual	Unit ⁷	Unit ⁸	Actual	Actual	Flat-rate ⁹

Workforce costs

What contract under what budget category

Under personnel costs



Persons hired via an *employment contract*

(as per national law including social security contributions)

BUT ALSO:

-> **Natural persons** hired via a **direct** contract (not as employees) **IF:**

- Similar work conditions to those of an employee (e.g. work hours)
- No intermediate third party
- The beneficiary owns the result of the work (similar to employees)
- The costs are not significantly different from those of an employee

-> Employee **Seconded** by a **third party** (Annex 1!)

What contract under what budget category

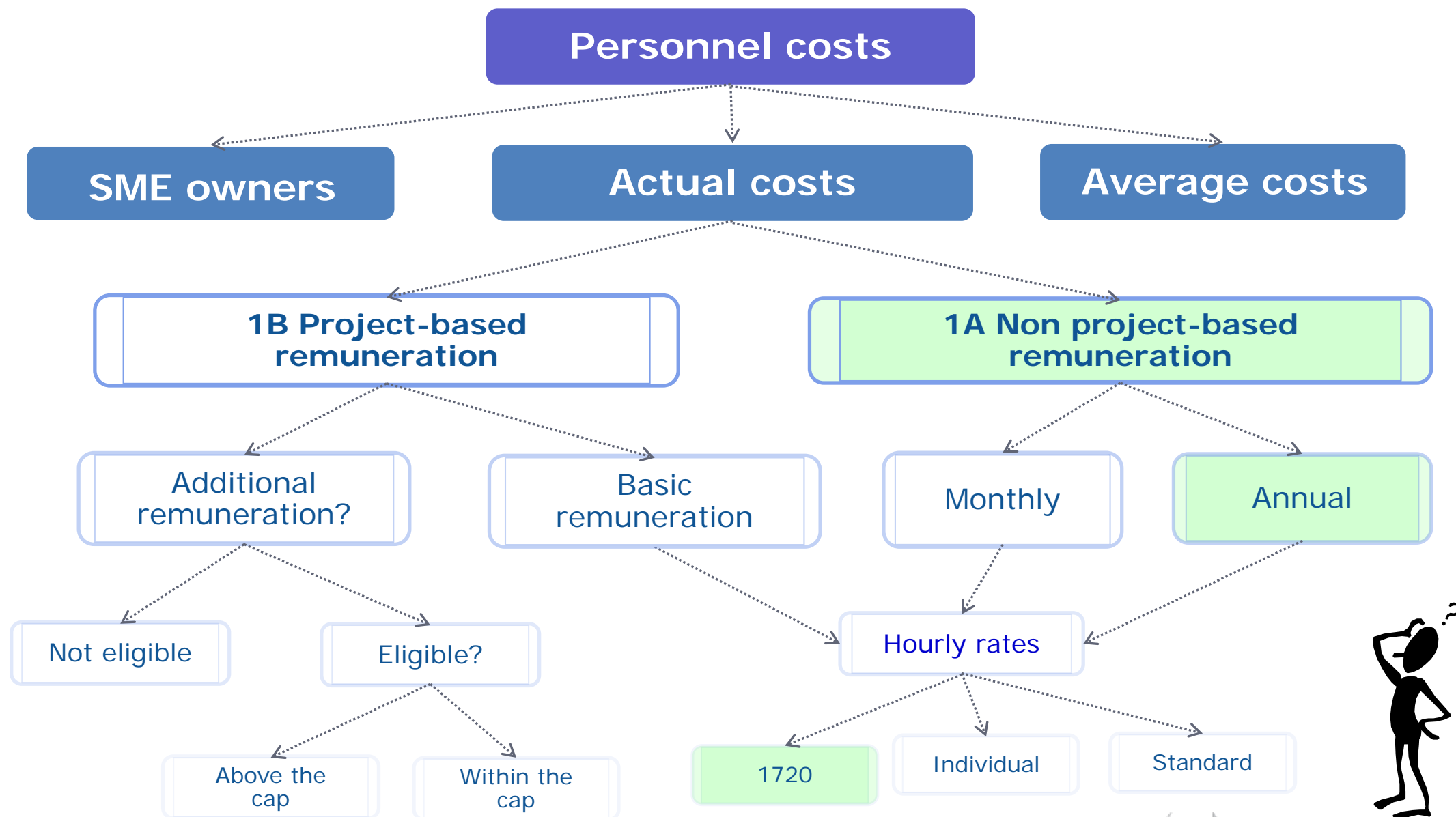
NOT under personnel costs

- ❌ Contracts via **intermediate companies** (temp agencies)
- ❌ Natural persons who don't fulfil **all** the required **conditions**
e.g. not working like employees in the premises of the beneficiary
- ❌ Natural persons paid for **deliverables** rather than for *working time* (subcontracting)



In principle, budget category 'Other goods and services' or 'Subcontracting'

Personnel costs: calculating values to report



Personnel costs: Basic methodology



**Hours
worked**



Hourly rate
EUR/hour



**Additional
remuneration**



**Time records
and/or
Declaration on
exclusive work**



**Formula for actual
costs**



**project-based
remunerations**

Hours actually worked on the action can be charged



In other words:

Hours declared must be supported by reliable records and documentation (Art.18)



NOT eligible:

- Budgeted time (what you indicated for the budget)
- Estimated time (e.g. person 'guessing' at the end of the year)
- Time allocation (e.g. x % of the contractual time of the person)



Time records: supporting documents

Exclusive Work or NOT

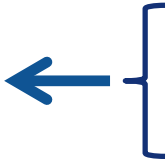
↳ Exclusive work on the H2020 action during an uninterrupted period of at least one **full calendar month**

Exclusive Work	Records	Conditions (full details in the AGA)
YES	Declaration	<ul style="list-style-type: none">→ One per person and per reporting period→ For an uninterrupted period (a month at least) of exclusive work
NO	Time records	<ul style="list-style-type: none">→ dated and signed at least monthly (employee and supervisor)→ minimum conditions and information needed cf the AGA (art. 18.1.2)

Declaration for persons working exclusively on the action:

On the portal: reference documents/reporting templates

- ☐ the whole reporting period
- ☐ from/...../.....³ until/...../.....⁴
(This period must cover at least one full natural month)⁵



EU GRANT'S DECLARATION ON EXCLUSIVE WORK FOR THE ACTION		Reporting period number:	(insert RP number (see DDM/YYYY) & DDM/YYYY)
Project name (acronym):		Project number:	
Participant name:			
Name of the person:		Type of personnel (see Art 6.2.4 MCA):	

We hereby declare that (insert name of person)..... has worked exclusively for the above-mentioned project during (chose one below):

- ☐ the whole reporting period
- ☐ from/...../..... until/...../..... (This period must cover at least one full calendar month)

⚠ Please don't forget that you must keep time-sheets for any time worked on the project outside this declaration.

DESCRIPTION OF ACTIVITIES CARRIED OUT FOR PROJECT DURING THE COVERED PERIOD	
Work package number	Activities

SIGNATURES

For the participant (supervisor):

Name:
Date:
Signature:

Person:


Date:
Signature:



Only one declaration can be made per reporting period for each person



Do keep time records

- Check the AGA:
 - Art.18.1.2 lists 6 elements considered a minimum requirement
-  - Time-sheets need corroboration
 - Records of annual leave and other leaves and work-related travel

Common errors during audits:

- Inconsistency with HR records
- Time sheets not properly dated or signed
- Time charged on different projects > Productive hours (double funding!)
- Poor or limited information captured

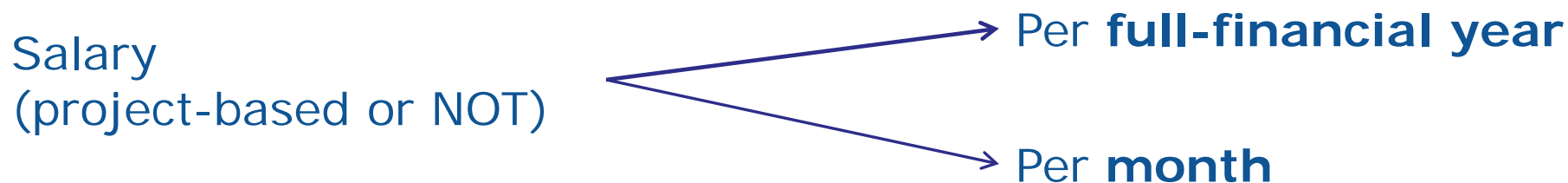
SME owner without a salary

- Fixed hourly rate (unit cost) determined in the grant

Average personnel costs

- Average hourly rate (unit cost) calculate in accordance with the beneficiary's practices

Actual costs



Personnel costs: hourly rate

SME owner or natural person without a salary


Costs are based on the unit cost set in Commission Decision C(2013) 8197 and in Annexes 2 and 2a of the GA

In SYGMA :

Monthly living allowance for experienced
researchers under the IF actions

143

× Country correction coefficient

 **Remuneration** by dividends, service contracts between the company and the owner, etc. are **not a salary**

Personnel costs: hourly rate

Average personnel costs

Usual cost accounting practice, **subject to:**

- ↪ A consistent application of the methodology, based on objective criteria, regardless of the source of funding
- ↪ An hourly rate based on actual personnel costs (accounts) less ineligible cost or costs included in other budget categories
- ↪ Annual productive hours stemming from one of the options detailed in the Grant Agreement.

Personnel costs: hourly rate

Actual costs

1A - General case: the salary is NOT project-based

$$\text{Hourly rate} = \frac{\text{Total personnel costs}}{\text{Total productive hours}}$$

1B - Specific case: project-based remuneration

$$\text{Hourly rate} = \frac{\text{Personnel costs for the H2020 action}}{\text{Hours worked for the H2020 action}}$$



Subject to the provisions on
additional remuneration

Hourly rate: CASE 1A (remuneration is not project-based)

$$\text{Hourly rate} = \frac{\text{Personnel costs}}{\text{Productive hours}}$$

Annual hourly rate

Hourly rates calculated per full financial year

$$\frac{\text{Annual personnel costs}}{\text{Annual productive hours}}$$

Monthly hourly rate

Hourly rates calculated per month

$$\frac{\text{Monthly personnel costs}}{\text{Monthly productive hours}}$$

Two options ★

★ **One outcome**

Hourly rate: CASE 1A (remuneration is not project-based)

$$\text{Hourly rate} = \frac{\text{Personnel costs}}{\text{Productive hours}}$$

Eligible personnel costs

- ✓ **Salaries + Social security** contributions (employers' and employees')
- ✓ Taxes and **other costs** included in the remuneration, which arise from national **law** or the employment **contract** (country guidance)
- ✗ Ineligible items listed in article 6.5
- ✗ Costs included in other budget categories (e.g. indirect costs)

Hourly rate: CASE 1A (remuneration is not project-based)

Annual productive hours

$$\text{Hourly rate} = \frac{\text{Personnel costs}}{\text{Productive hours}}$$



Annual productive hours principle: CONSISTENCY

- One option for all personnel (by category)*
- One option(s) per full financial year*

✓ Options may be changed with each financial year

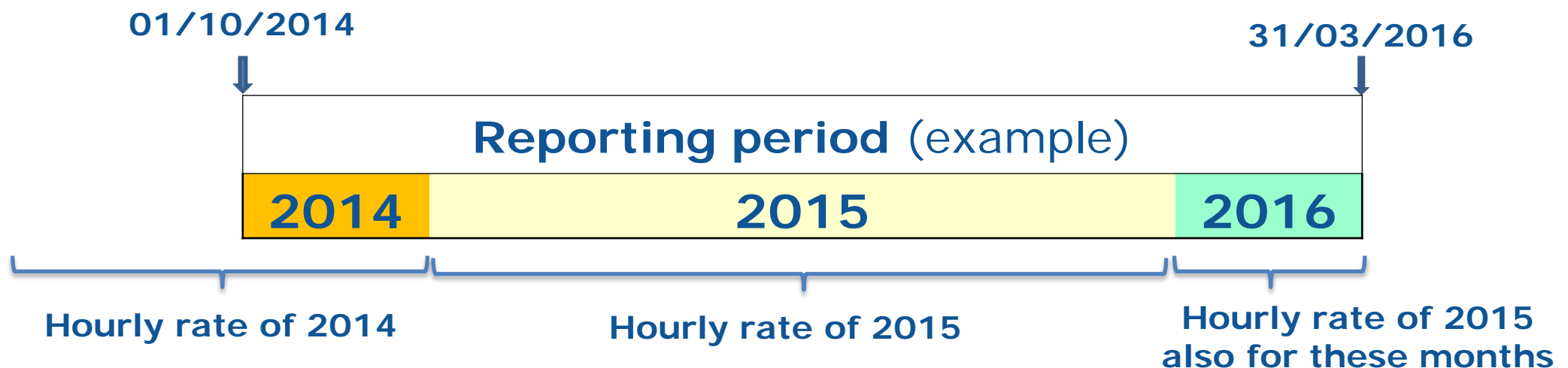
Hourly rate: CASE 1A (remuneration is NOT project-based)

Annual hourly rate specificities

$$\frac{\text{Annual personnel costs}}{\text{Annual productive hours}}$$

⚠ The annual hourly rate is calculated **per full financial year**

If the financial year is not closed at the end of the reporting period, the rate of the *last closed financial year* is to be used



Hourly rate: CASE 1A (remuneration is NOT project-based)

Monthly hourly rate specificities

$$\frac{\text{Monthly personnel costs}}{\text{Monthly productive hours}}$$

One hourly rate **per month per person**

- ✓ **Monthly productive hours** = 1/12 of the annual productive hours
 - ✓ Only options 1 (1720) and 3 (standard) are allowed. Option 2 (individual) is NOT allowed for monthly hourly rates.
- ⚠ **Thirteen salary** (and similar) included in each month "pro-rata"; not in full in the month when they are paid.
- ✓ **Time spent in parental leave** cannot be deducted from the monthly productive hours (but actual personnel costs incurred during the leave may be charged in proportion to the time the person worked for the action)

Personnel costs: double ceiling

Beneficiaries must ensure that:

- the **total number of hours declared** in EU and Euratom grants for a person for a year:

   $\sum \text{hours declared} \leq \text{total annual productive hours}$

- the **total amount of personnel costs declared** (for reimbursement as actual costs) in EU and Euratom grants for a person for a year

   $\sum \text{cost declared} \leq \text{total personnel costs for the person}$

1

Additional remuneration?

Identify what part of the remuneration of the employee is 'basic' and what part is 'additional'

2

Hourly rate

Calculate the hourly rate of the employee using only the 'basic remuneration'

3

Personnel costs: 'basic'

Multiply that hourly rate by the number of hours worked in the action

4

+ Additional remuneration

Calculate what part of the additional remuneration identified in Step 1 is eligible & add it to the result of Step 3

CASE 1B: FOUR STEPS TO CALCULATE THE PERSONNEL COSTS

Exercise: Calculation of personnel costs (general case)

Ms R. has worked in 2015 and 2016 for a H2020 action with a reporting period from 01/10/14 to 31/03/16.

Calculation of the personnel costs to be charged to the action:

Step 1

Calculate the hourly rate

Step 2

Identify the hours worked for the action

Step 3

Multiply the hours worked for the action by the hourly rate

Exercise: General calculation of personnel costs

$$\text{Cost} = \text{Hours worked for the action} \times \underbrace{\frac{\text{Annual personnel costs}}{\text{Annual productive hours}}}_{\text{Hourly rate}}$$

Step 1.a

Calculate the hourly rate: annual personnel costs



*With **2016 on-going** at the end of the reporting period, the applicable rate for 2016 is the **2015** one*

In 2015, Ms R. had a gross monthly salary of 2 500 EUR and the employer's social security costs are 30 %

$$\text{Annual personnel costs} = (2\,500 \times 12) + 30\% = 30\,000 + 9\,000 = 39\,000$$

Exercise: General calculation of personnel costs

$$\text{Cost} = \text{Hours worked for the action} \times \frac{\text{Annual personnel costs}}{\text{Annual productive hours}}$$

Step 1.b

Calculate the hourly rate: annual productive hours

Out of the three options in H2020 grant agreements:

- i. Fixed hours
- ii. Individual annual productive hours
- iii. Standard annual productive hours

The beneficiary applies option 1 for all its staff

Annual productive hours of Ms R. = 1720



What if Ms R. were a part time employee?

Exercise: General calculation of personnel costs

$$\text{Cost} = \text{Hours worked for the action} \times \frac{\text{Annual personnel costs}}{\text{Annual productive hours}}$$

Step 2

Identify the hours worked for the action

Ms R. worked some hours in December 2015 (time records):

DAY	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Total
Reference e.g. work package																																
WP 2		8	8	8			4	8	8	8	8				8	8	8															84

And in 2016 she signed a declaration of exclusive work in the action covering the period:

☒ from 01/01/2016³ until 15/02/2016⁴
(This period must cover at least one full natural month)⁵

Hours worked for the action in 2016 = (1720 / 12 months) x 1,5 months = 215

Exercise: General calculation of personnel costs

$$\text{Cost} = \text{Hours worked for the action} \times \frac{\text{Annual personnel costs}}{\text{Annual productive hours}}$$

Step 3 Multiply the hours worked for the action by the hourly rate

$$\text{Cost 2015} = 84 \times \frac{39\,000}{1\,720} = 84 \times 22.67 = 1\,904,28$$

⚠ With 2016 on-going, the 2015 hourly rate applies for the 2016 months of the reporting period

$$\text{Cost 2016} = 215 \times 22.67 = 4\,874.05 \text{ EUR}$$

Participant Portal

At: <http://ec.europa.eu/research/participants/portal/desktop/en/home.html>



Horizon 2020 Annotated Grant Agreement

http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf



Horizon 2020 On-line Manual

http://ec.europa.eu/research/participants/docs/h2020-funding-guide/index_en.htm



Questions? *Research Enquiry Service*

<http://ec.europa.eu/research/enquiries>



HORIZON 2020

**Thank you
for your attention!**

Find out more:

<http://ec.europa.eu/programmes/horizon2020/>