

H2020 – Calculating Personnel Costs



European Research Council

Established by the European Commission

Calculating Personnel Costs in 4 Simple Steps

H2020 - Calculating Personnel Costs



European Research Council

Established by the European Commission

➤ Step 1

Identify the hours worked for the Action

➤ Step 2

Calculate the Hourly Rate: Personnel Costs / Productive Hours

➤ *(Step 3)*

(Identify/calculate any additional remuneration)

➤ Step 4

Step 1 x Step 2 + *(Step 3)* = Personnel Costs to declare

H2020 – Calculating Personnel Costs Time Records/Declarations (Step 1)



European Research Council

Established by the European Commission

Why?

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

Part of the Personnel Costs Calculation

✓ *Hourly Rate x Hours Spent on the Action*



Time Records - minimum requirements



✓ Recommend for ERC a short description of the tasks undertaken (don't have Action Tasks or WP's)

Declarations for Exclusive Work on the Action

H2020 - Calculating Personnel Costs

Time Records (Step 1)



European Research Council

Established by the European Commission

Only charge hours actually worked on the action!



You cannot declare:

- Budgeted time
- Estimated time
- % contractual time allocation



Hours declared must be supported by reliable records!

H2020 – Calculating Personnel Costs

Time Records Hands-on Exercise



European Research Council

Established by the European Commission

Objective

Group Exercise to identify at least 5 errors in the projected timesheets

Reporting Period = 1/11/2018 – 28/2/2019 with timesheets presented for the last 4 months of the period

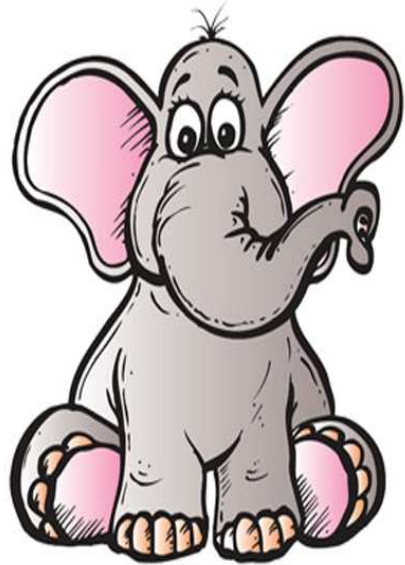
H2020 – Calculating Personnel Costs

Time Records Missing/Unreliable (Step 1)



European Research Council

Established by the European Commission



Alternative Evidence

Not an "option" and can create BIG Problems

Only exceptionally accepted if it can be proven that the number of hours worked on the action provide similar assurance as time-records

3 Criteria to be fulfilled to assess Credibility:

1. Clear identification of the person concerned
2. Clear link to the project under scrutiny
3. Possibility to quantify time spent on project-related tasks.

H2020 – Calculating Personnel Costs

Alternative Evidence vs. Timesheets



European Research Council

Established by the European Commission

Examples of possible alternative evidence (non-exhaustive list):

- travel documents (electronic flight ticket, hotel invoice, etc.)
- agenda and minutes of meeting
- attendance lists
- working papers
- laboratory log books
- professional/personal diaries
- documents related to presentations
- scientific publications
- correspondence such as letters, notes, memos, emails, etc.

NOT RECOMMENDED

H2020 - Calculating Personnel Costs

Hourly Rate (Step 2)



European Research Council

Established by the European Commission

A: General case (Actual)

Hourly rate =

Annual personnel costs

Annual productive hours

NEW July 2016

Hourly rate =

Monthly personnel costs

Annual productive hours/12

Personnel Costs Include:

✓ *Salaries (basic remuneration), Social security contributions (employers' + employees' part) & taxes/other costs included in the remuneration (in line with employment contract/national law)*

➤ Do not include:

✗ *Any ineligible item (article 6.5), costs included on other cost categories e.g. indirect costs & any part that qualifies as Additional Remuneration*

H2020 - Calculating Personnel Costs

Hourly Rate (Step 2)



European Research Council

Established by the European Commission

A: General case

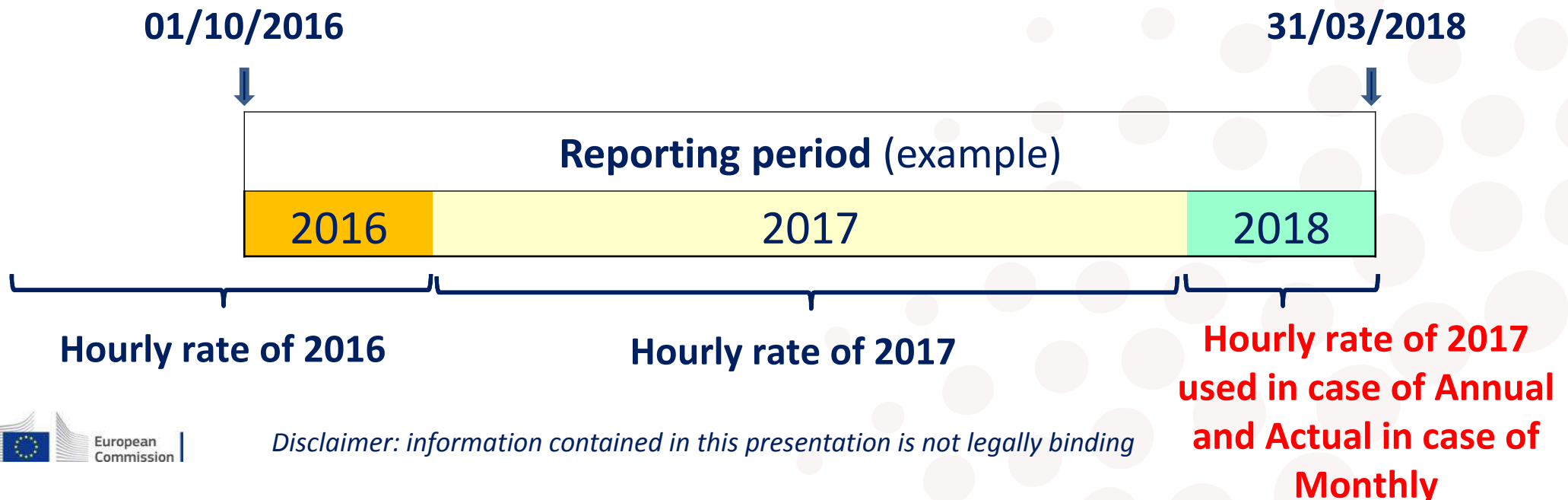
*Annual or **monthly** personnel costs*

$$\text{Hourly rate} = \frac{\text{Annual productive hours or APH}}{12}$$

The hourly rate is to be calculated per financial year



If the financial year is not closed at the time of reporting, the beneficiary must use the hourly rate of the *last closed financial year available if annual personnel costs used*. In choosing the monthly option, the actual rates for the 2018 months can be used.



H2020 - Calculating Personnel Costs

Productive Hours (Step 2)



European Research Council

Established by the European Commission

A: General case

*Annual or **monthly** personnel costs*

Hourly rate =

*Annual productive hours or **APH/12***

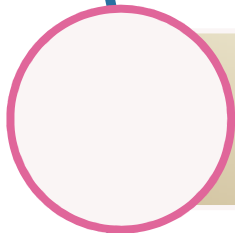
Annual productive hours



1720 hours

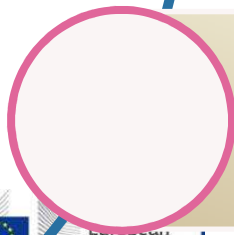


Must use this option if the employment contract does not specify the working time conditions or if the 'annual workable hours' cannot be determined



Individual annual productive hours **option not possible with Monthly HR**

- Formula: annual workable hours + overtime - absences



Standard annual productive hours

- According to the beneficiary's usual accounting practices. Minimum threshold: annual productive hours $\geq 90\%$ of the standard annual workable hours

Disclaimer: information contained in this presentation is not legally binding

H2020 - Calculating Personnel Costs

Hourly Rate (Step 2) – Points to Note



European Research Council

Established by the European Commission

- ✓ Chosen option = ALL H2020 grants + one option per financial year
- ✓ Different options for different staff categories possible (Consistent use!)
- ✓ **Monthly option** = 1720 and standard only
- ✓ **Double-ceiling Rule:**
 - ✓ Annual Action Hours **can't** be higher than the chosen annual productive hours
 - ✓ Total actual annual personnel costs **can't** be higher than those recorded in the accounts
- ✓ **13th salary** (and similar) – pro-rata in each month & not in full when paid

H2020 - Calculating Personnel Costs

Additional Remuneration (Step 3)



European Research Council

Established by the European Commission

Step 3

Additional Remuneration *(Present if required)*

H2020 - Calculating Personnel Costs

Additional Remuneration - definition

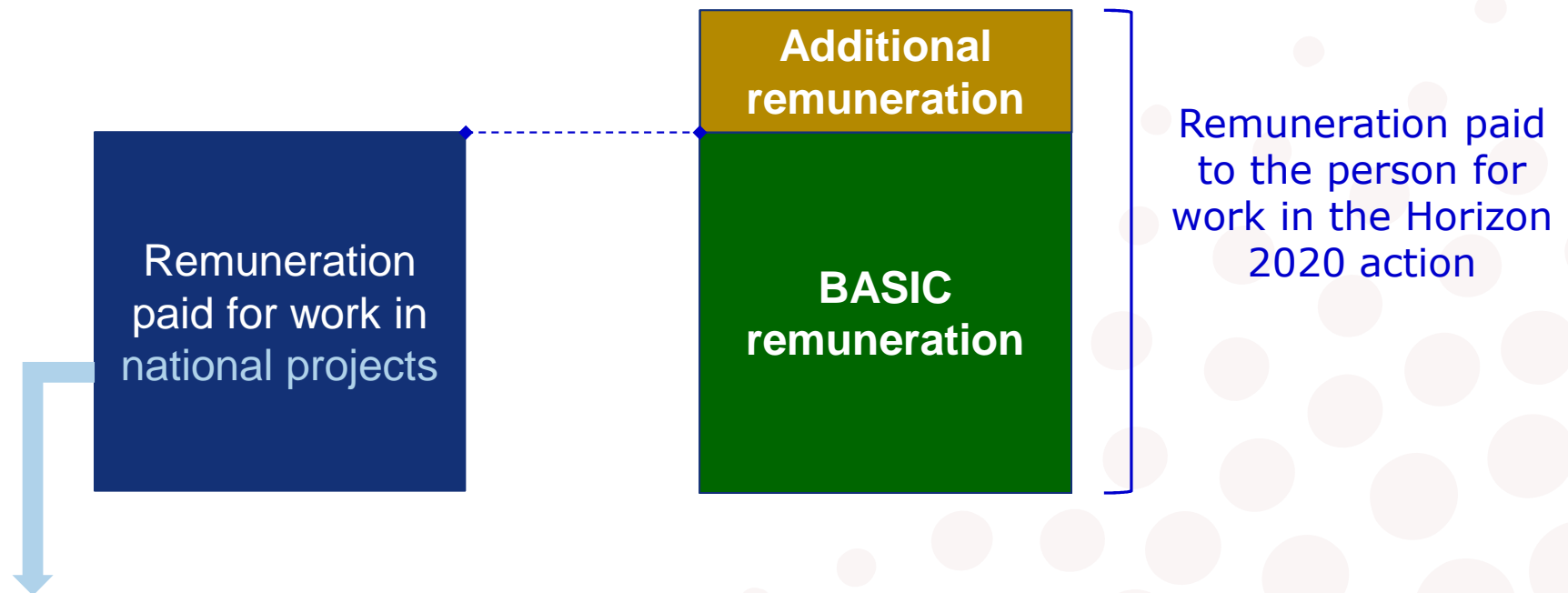


European Research Council
Established by the European Commission

NEW!
(2017)

Ceiling 8.000€/pro-rata

Article 6.2.A.1: 'Additional remuneration' means any part of the remuneration which exceeds what the person would be paid for time worked in projects funded by national schemes.



- OK Projects under national schemes + co-financed by EU & managed by MS
- ~~X~~ Projects from EU programs directly managed by the EC

H2020 - Calculating Personnel Costs

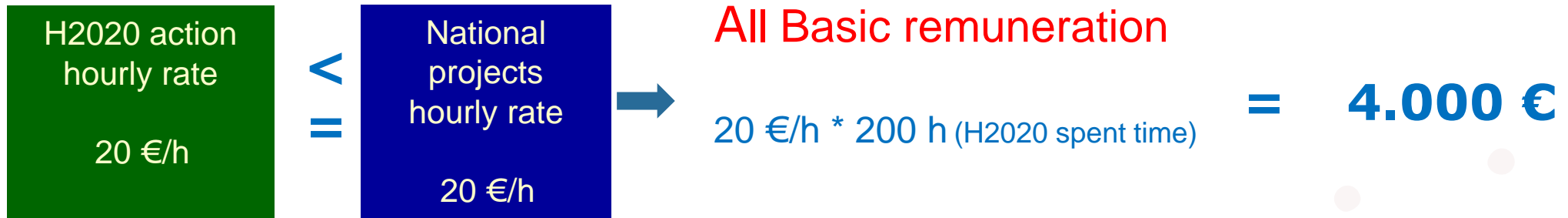
Additional Remuneration - identify



European Research Council
Established by the European Commission

Must calculate and compare two reference hourly rates

1



2



In case 1, personnel costs = 4.000 €

In case 2, personnel costs = 10.000 € ($20 \text{ €/h} * 200 + 30 \text{ €/h} * 200$)

H2020 - Calculating Personnel Costs

Personnel Costs to Declare (Step 4)



European Research Council

Established by the European Commission

Hours worked



Hourly rate

EUR/hour



Additional
remuneration



Time records

Note: the hours worked in the action can't exceed the ceiling for the total annual productive hours (pro-rate reduction for part-time work)



Formula for actual costs & specific unit costs

Non-profit legal entities with project based remuneration schemes



KEY MESSAGES



European Research Council
Established by the European Commission

- Recommend use of Declaration for 100% staff
 - ❖ even if using Timesheets
- Be aware of ALL PI's contractual engagements
- Ensure time-records reflect reality (hours & absences)
- Ensure correct project code in employment contracts
 - ❖ update with an amendment if necessary

H2020 - Calculating Personnel Costs

Personnel Costs to Declare (Step4)



European Research Council

Established by the European Commission

GOOD NEWS!

- Wizard to facilitate the calculation of H2020 **Actual** Personnel costs
 - *Unit Costs & specific cases such as Maternity Leave currently outside the scope*
- Planned **optional** use for all H2020 Actions
- The tool is available in Sygma via the FS - "Direct personnel costs declared as actual costs"
- Go ahead & experiment....

User Manual

http://ec.europa.eu/research/participants/data/ref/h2020/other/gm/reporting/guide-personnel-costs_en.pdf