

# The European Research Council

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Unit C4**

**Personnel Costs  
Additional Remuneration  
March 2021**



**European Research Council**  
Executive Agency

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## Help You...

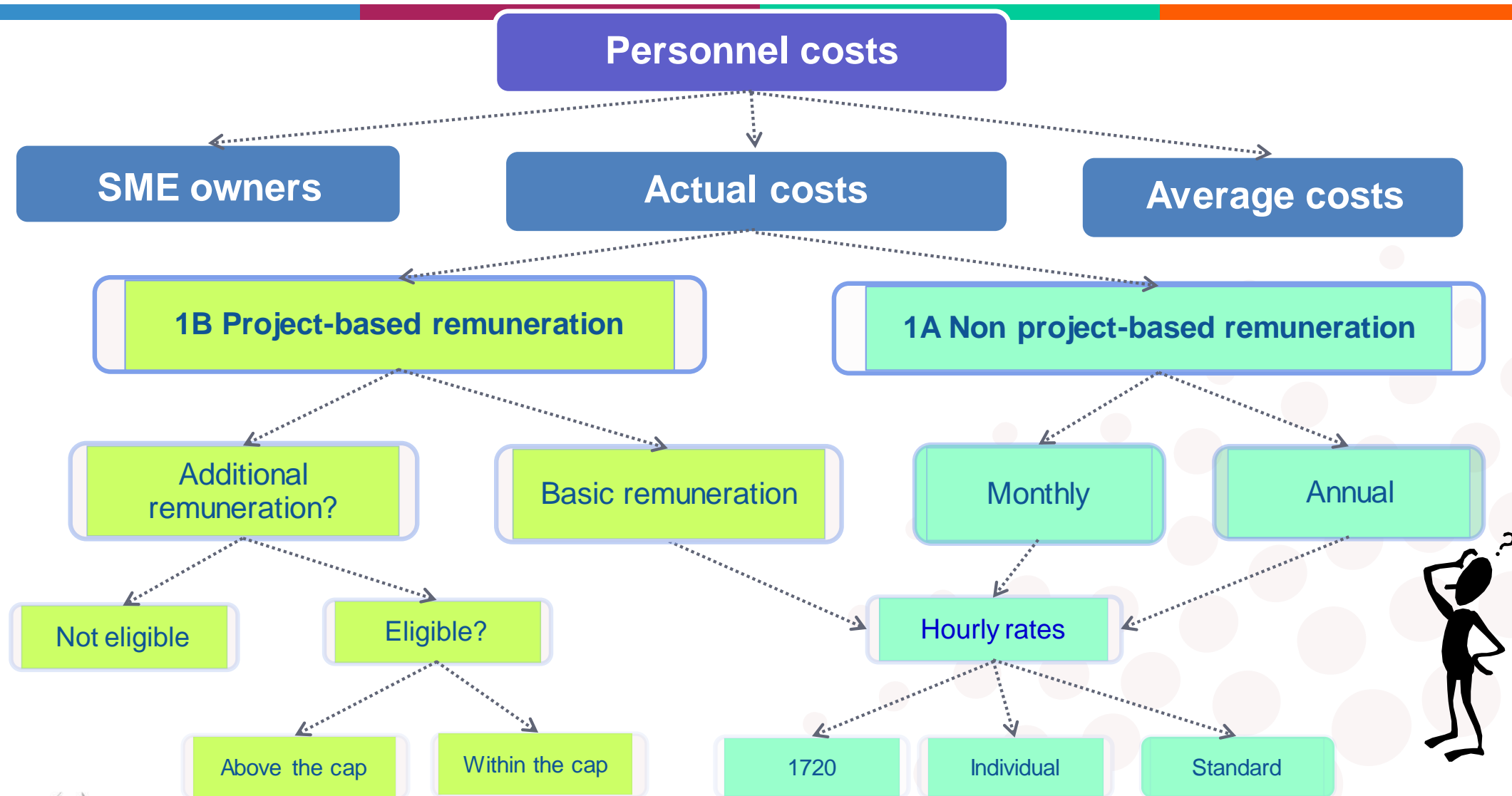
- **Better understand the concept of Additional Remuneration and how to calculate correctly**
- **Avoid Errors** – practical exercises with walkthrough Excel sheet and a Slido quiz

# Personnel Costs – Calculating Values to Report



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# H2020 - Calculating Personnel Costs

## Recap



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### ➤ 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

## Productive Hours – Recap



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### A: General case

Annual or **monthly** personnel costs

Hourly rate =

Annual productive hours or **APH/12**

Annual productive hours



**Advice**

**1720 hours**

Compulsory if 'annual workable hours' cannot be determined (through contract or law)

### Individual annual productive hours

- Formula: annual workable hours (contract, law or labour agreement) + overtime - absences

### Standard annual productive hours

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

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# H2020 - Calculating Personnel Costs

## Hourly Rate – Case 1A or 1B?



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**How do I know if I am in the general case 1A  
or in the specific case 1B (project based)?**

If your remuneration for time worked in some projects is  
different from your remuneration for your other duties:  
you are in the **specific case (1B)**

**For example:**

- **You have a supplementary employment contract for the work in the project**
- **You receive a bonus or premium for the time worked in the project**
- **Your contract fixes a specific hourly rate for work in specific projects**

# H2020 - Calculating Personnel Costs

## Additional Remuneration (Step 3)



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### Step 3

## Additional Remuneration i.e. Project Based Remuneration

# Personnel costs: *Bonuses*



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## BONUSES

**Ineligible**

- **Arbitrary bonuses**
- Bonus based on commercial targets (e.g. sales target), fund raising targets or representing profit distribution (dividends)
- Bonus applied only to EU actions

**Additional  
Remuneration**

- Triggered by specific projects and resulting in a level of remuneration higher than under national projects
- Paid for additional work or expertise
- Part of the usual remuneration practices of the entity
- Based on objective criteria established in the internal rules
-  **Eligible only for non-profit legal entities & may not be subject to budget availability**

**(also) Basic  
Remuneration**

- If not triggered by specific projects OR if triggered by projects, up to the level of remuneration paid in national projects
- Scheme authorised by law, collective agreement of contract
- Determined using objective criteria established in the internal rules



# Additional remuneration ceiling



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## Additional remuneration

Occupation	Contract	
	hired full time during the entire year	NOT hired full time during the entire year
<b>working exclusively</b> for the EU action during the entire year	<b>EUR 8 000</b>	pro-rata amount of EUR 8 000
<b>NOT</b> working exclusively for the EU action during the entire year	$\{8\,000 / \text{annual productive hours FTE}\} * \text{hours worked for the action over the year}$	



The ceiling covers the additional salary + all additional taxes, costs and social security contributions triggered by the additional salary.

# Hourly rate: CASE 1B

## Project-based Remuneration



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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**

# Hourly rate: CASE 1B

## Project-based Remuneration



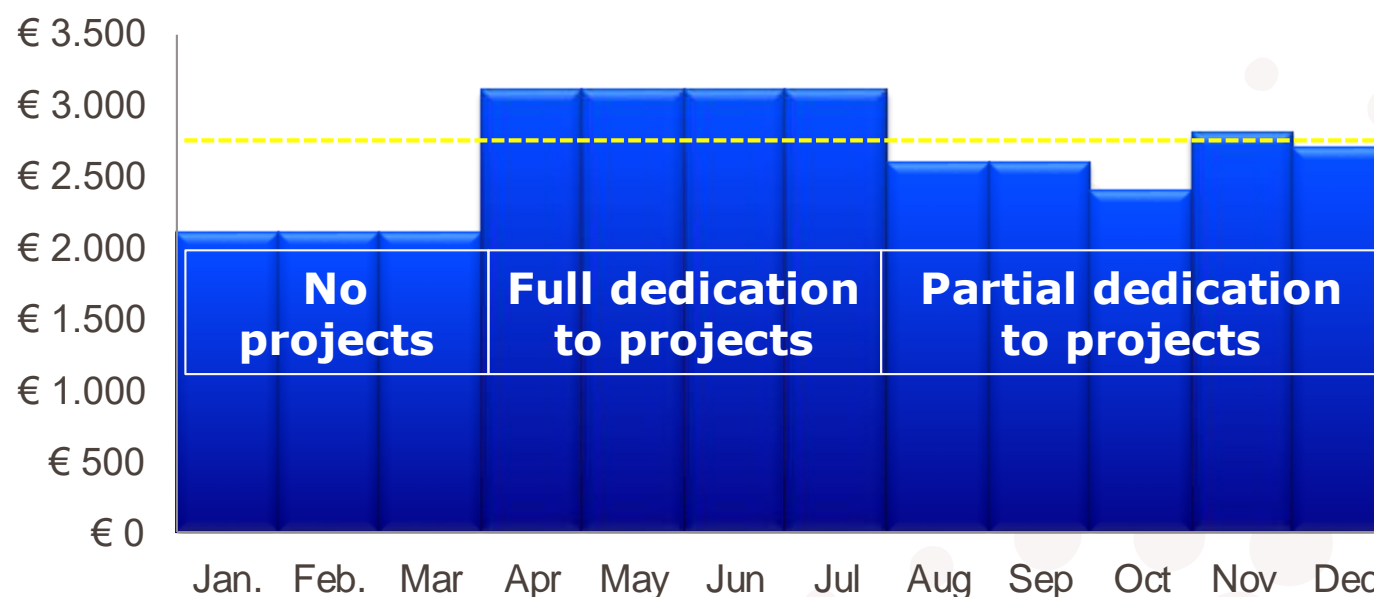
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### The remuneration of Ms R. is composed of:

*Gross annual salary fixed by contract: 24 000 EUR + family allowance fixed in the collective labour agreement: 100 EUR/month*

Besides, when she works in externally funded projects she gets an extra remuneration of 1 000 EUR per month of full dedication



**Ms R. would be in the specific case 1B!** (her remuneration is project-based)

# CASE 1B: (Step 1)

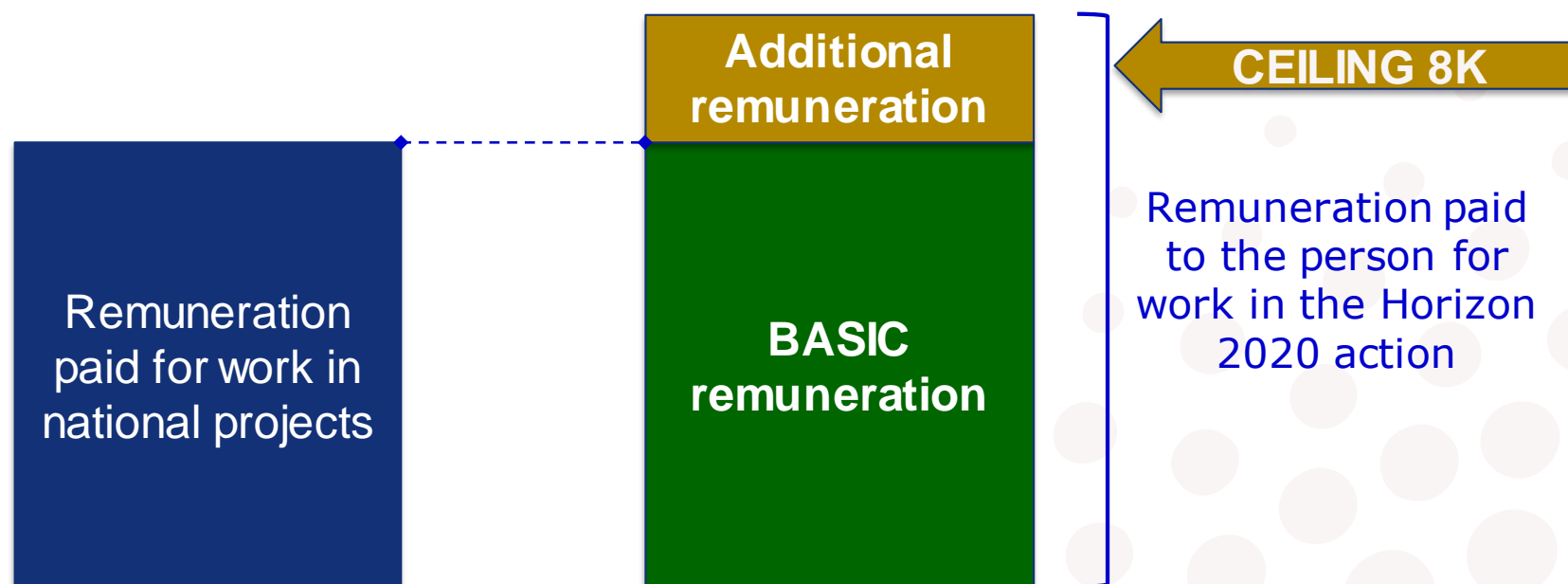


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## What is additional remuneration?

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.



Additional remuneration may only be eligible for non-profit legal entities

OK Projects under national schemes + co-financed by EU & managed by MS

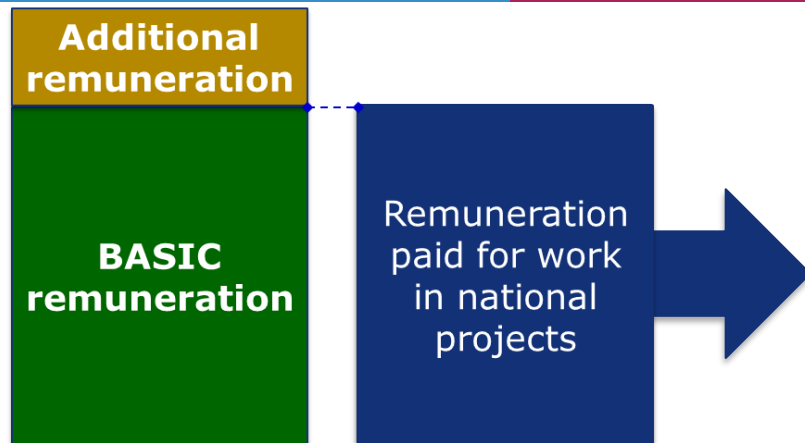
~~✗~~ Projects from EU programs directly managed by the EC

# CASE 1B: (Step 1)



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## What is considered as remuneration paid for work in national projects?

- ➡ Remuneration set out in national law or internal rules for work in national projects (it must have been paid at least once before the submission of the proposal to any employee of the entity)

**Only if** there is no applicable national law or internal rules:

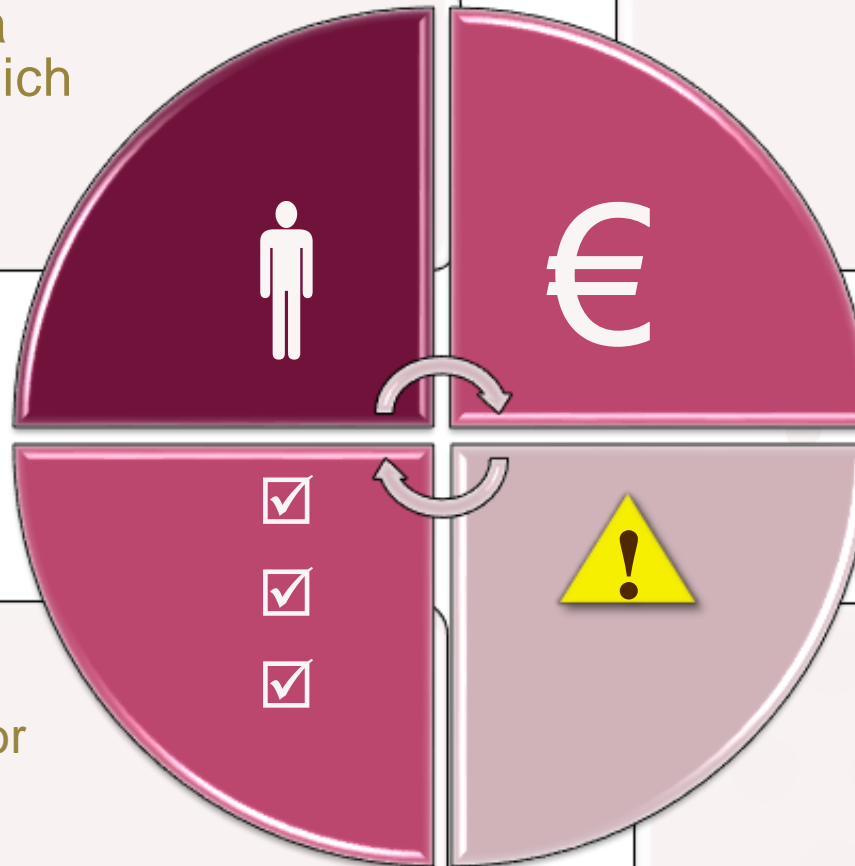
- ➡ Average of the salary of the person the previous year (excluding remuneration and time for work in H2020 actions)

# CASE 1B: (Step 1)

## What do the internal rules have to say? Objective Criteria:

- **Who** can get the extra remuneration (e.g. which person/s or staff categories)?

- **How much** extra money will they get?



- **What** has to happen for them to get the extra remuneration?

- It can **NOT** apply only to EU actions!

# CASE 1B: (Step 1)

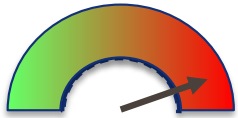


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## What if the internal rules say...

- The director may decide an extra payment for any member of staff participating in projects*



There would not be any objective condition and the extra remuneration would not be eligible at all

- Any researcher participating in projects receiving external funds will get an extra remuneration of 20 % of its salary*



If the extra remuneration is the same regardless of the number of hours worked in the project, it would have to be divided by all the hours worked by the person (project and non-project) to calculate the eligible part.

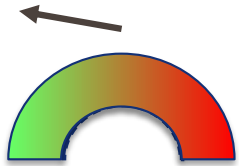
# CASE 1B: (Step 1)



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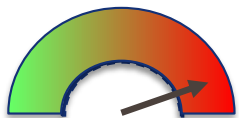
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- Any professor participating in a research project receiving external funds will get 10 € extra per hour worked in the project*



✓ We know who will get how much when

- We do not have internal rules for the bonuses but we always pay the same bonuses in the same circumstances.*



If you actually do so, write it down in your internal rules !



# Example (I): Identification of additional remuneration



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The remuneration of Ms T. is composed of:

- Annual basic salary: 18 000 €
- + Fixed annual complement for seniority: 3 500 €
- + Variable complements depending on her participation in research projects. Those variable complements are paid based on the internal rules of the entity.

In 2016 she worked 860 hours in the Horizon 2020 action and she received 12 900 € extra for this work.

The beneficiary uses 1720 as annual productive hours and calculates annual hourly rates.

**Is any part of her salary 'additional remuneration'?**

**If so, how much?**

# Example (I): Identification of additional remuneration



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## .... It depends on:

- What the internal rules say
- What the entity has paid in past for work in national projects

## Example:

- The internal rules say that employees working in externally-funded research projects **may get up to 2 500 € extra** per month of full dedication
- Due to budgetary restrictions, **the maximum paid** by the entity as extra to any person **is 1 433 €** per month of full dedication

# Example (I): Identification of additional remuneration



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## Additional remuneration =

Hourly rate of the person for work in the H2020 action (*action reference*)

**minus** Hourly rate paid for national projects (*national reference*)

	Fix salary		Project bonus	
<i>Action reference</i>	$((18\,000 + 3\,500)/1720)$	+	$(12\,900 / 860)$	
	12,5	+	15	= <b>27,5 €</b>

<i>National reference</i>	$((18\,000 + 3\,500)/1720)$	+	$(1\,433 / (1720/12))$	
	12,5	+	10	= <b>22,5 €</b>

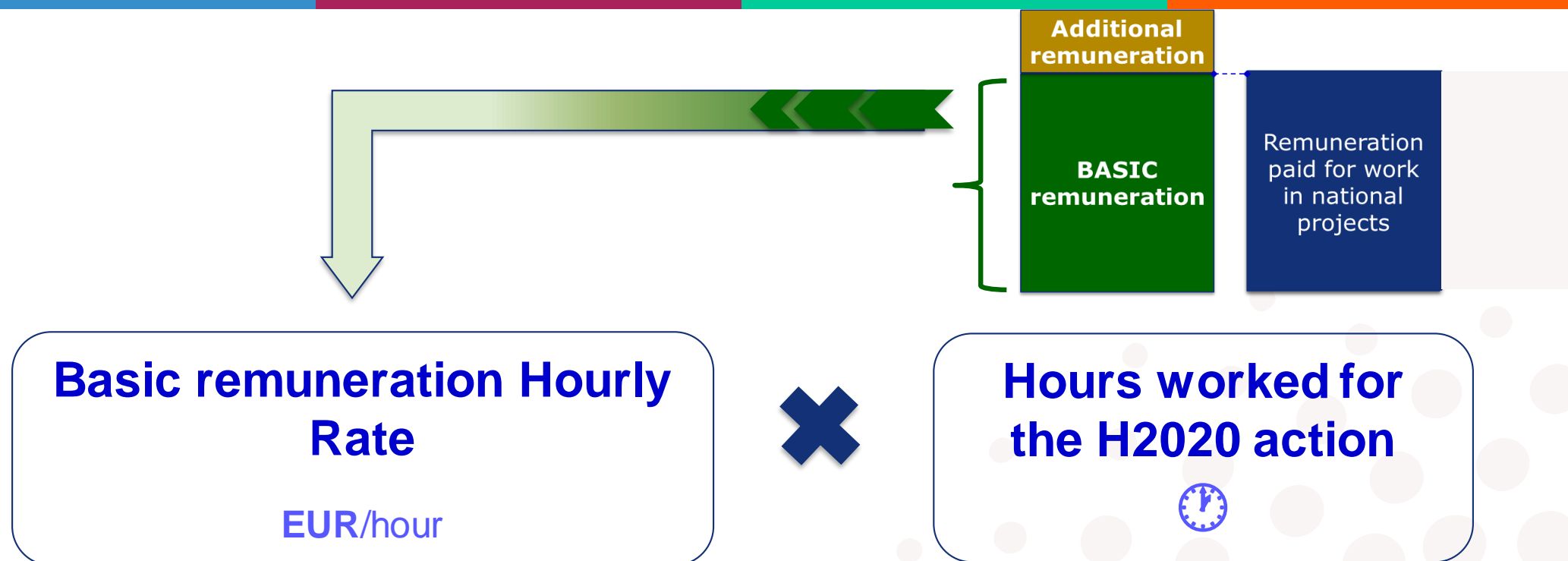
**Additional remuneration** =  $27,5 - 22,5 = 5 \text{ €/hour} \times 860 \text{ hours} = \mathbf{4\,300 \text{ €}}$

# CASE 1B: Step 2 and Step 3



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*Example (II): Calculate the 'basic' personnel costs*

**'Basic' personnel costs = 22,5 €/hour x 860 hours = 19 350 €**

# Example (III): Add eligible additional remuneration (Step 4)



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'Basic' personnel costs =  $22,5 \text{ €/hour} \times 860 \text{ hours}$  = 19 350 €

Additional remuneration =  $27,5 - 22,5 = 5 \text{ €/hour} \times 860 \text{ hours}$  = 4 300 €

LEGAL  
ENTITY

If **for-profit**: eligible additional remuneration = Ø

Personnel costs =  $19\,350 + 0 = \mathbf{19\,350 \text{ €}}$

If **non-profit**: additional remuneration eligible up to the pro-rata of the ceiling

Pro-rata =  $(8\,000 / 1720) \times 860 = 4\,000 \text{ €}$

Paid (4 300) > Pro-rata (4 000) → 300 € ineligible

Personnel costs 2016 =  $19\,350 + 4\,000 = \mathbf{23\,350 \text{ €}}$

# Personnel Costs to Declare in Financial Report

Hours worked



Hourly rate  
EUR/hour



Additional  
remuneration



**Basic Remuneration**

*\* Be attentive of double-ceiling rules*

**Additional Remuneration**