



**Bridge2HE: A transition from H2020 to
HorizonEurope for NCPs**

PERSONNEL COSTS FOR NCPs

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Introduction



What will you get or won't get today?

Context:

- **HEU rules for personnel costs** (major costs items budgeted and declared!)
- Evolution of method for declaring personnel costs **between H2020 and HEU.**

Objectives:

- How to budget **personnel costs** properly?
- Which types of **personnel costs categories** are eligible?

Not covered today:

- H2020 personnel costs
- MSCA actions
- lump sums funding
- Unit costs



1. Personnel costs during the project preparation phase



Personnel costs in Horizon Europe

- *A major part of the budget is dedicated to personnel costs !*
- *Methodology not defined by the EC. Each entity can have its own method.*
- *When you estimate personnel costs. Try to be as accurate & realistic as you can be !*



Personnel costs in Horizon Europe

What can be covered by this category (A) in the budget?

- All people working specifically in the project
 - researchers
 - post-docs
 - PhD thesis
 - technicians, Engineers, project managers, etc.

The costs to be taken into account are employer's cost. Be careful with bonuses!

(See list of issues applicable to particular countries)



Personnel costs estimation (1)

➤ STEP 1: IDENTIFY PROJECT TEAM

Identify people involved

Check the employer of the persons

Identify needs in terms of recruited people

➤ STEP 2: FOR EACH PERSON INVOLVED IDENTIFY TIME REQUIRED TO IMPLEMENT THE PROJECT

Calculate involvement of people in terms of Person-month (PM)

➤ STEP 3: CALCULATE PM COSTS FOR EACH PERSON INVOLVED

On the basis of employer's cost & usual practices of the entity



Personnel costs estimation (2)

Personnel Type	Monthly employer's cost	Person-Month	Total
Researcher XY	7 000 €	10	70 000 €
Technician XY	2 800 €	5	14 000 €
Project manager	3 600 €	36	129 600 €
Post doc	4 000 €	24	96 000 €
total			309 600 €



2. Personnel costs categories in Horizon Europe



Personnel costs categories in Horizon Europe

A. PERSONNEL COSTS (ARTICLE 6.2 [MGA-HEU](#))

A.1 *Employees*

A.2 *Natural persons under direct contract*

A.3 *Seconded persons*

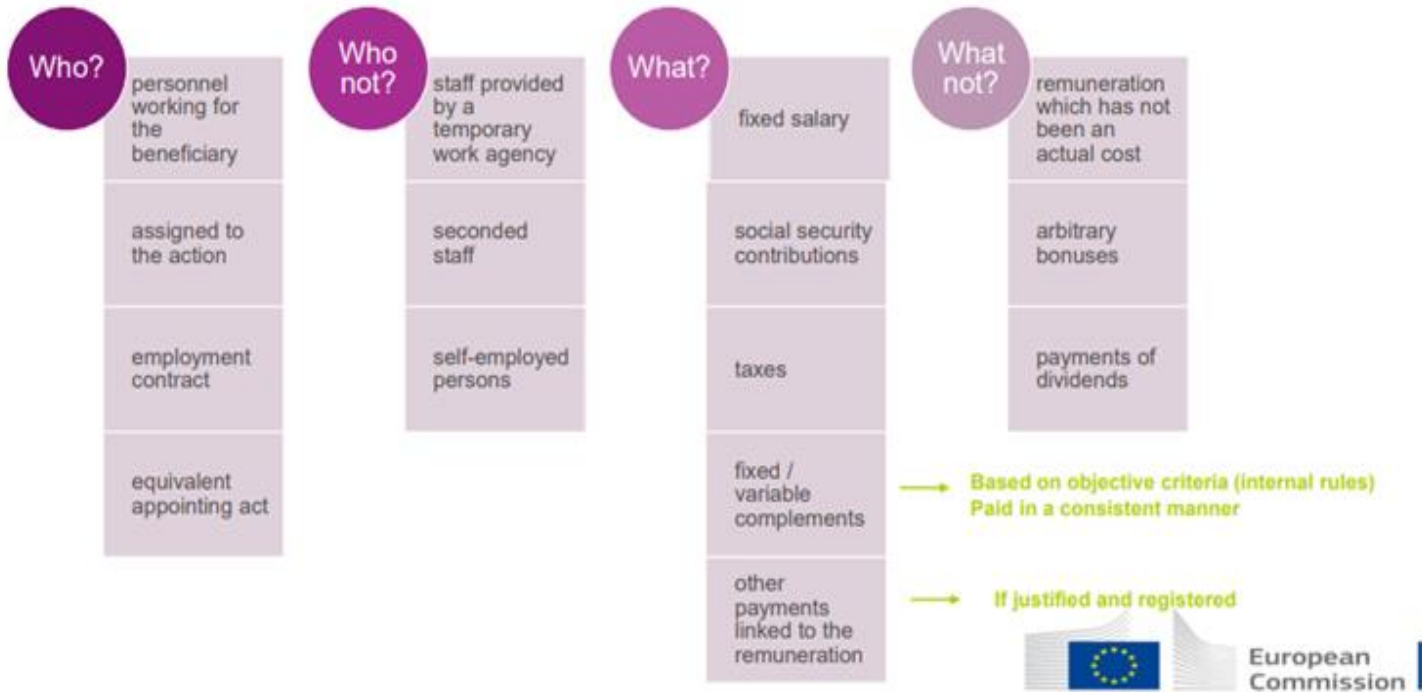
A.4 *SME owners and natural person beneficiaries*

~~**A.5** *Volunteers* [not applicable to HEU]~~

~~**A.X** *Other personnel costs* [not applicable to HEU]~~



A.1 – Employees or equivalents



A.2 - Natural persons under direct contract

A.3 - Seconded persons



A.2 - *Natural persons under direct contract*

The person works under a direct contract that is not an employment contract

The person is hired under either:

- A direct contract signed between the beneficiary/affiliated entity and the natural person

(or)

- A contract signed between the beneficiary/affiliated entity and a legal entity fully owned by the natural person, the natural person being the only staff hired by the entity
- *Example: In-house consultants*



A.3 - *Seconded persons*

- Secondment means temporary transfer of an employee from a third party (the employer) to the beneficiary. The seconded personnel:
 - ✓ is still paid and employed by the third party, but works for the beneficiary
 - ✓ is at the disposal of the beneficiary and works under its control and instructions
 - ✓ work *normally* at the beneficiary's premises, although in specific cases it may be agreed otherwise in the secondment agreement
- The secondment is against payment
- The person is hired under a secondment agreement with the employer of the natural person
=> Best practice: the secondment agreement should detail the conditions (i.e. tasks, payments, duration, location, etc.)
- Secondment of staff between beneficiaries/affiliated entities is allowed
Example: Civil servant working as a professor in a public university



Eligibility conditions

A.2 - Natural persons under direct contract

A.3 - Secoded persons

- Working conditions similar to those of beneficiary's employees in terms of work organisation, tasks, working place (see usual human resources rules of the entity)
- The results of work belong to the beneficiary.
- Remuneration costs are not significantly different from beneficiary's employees personnel costs executing similar tasks.



A.4 - SME owners and natural person beneficiaries

SME owners: SME owners not remunerated by a salary resulting from an employment contract

Natural person beneficiaries: beneficiaries who are natural persons

Costs must be declared using the unit cost fixed by this [European Commission Decision](#).



3. Personnel costs during implementation / reporting phase



Last news about AMGA

- Last updated of the "bible" or financial guideline [AMGA](#) still a *pre-draft version* (version 0.2 - 30 Nov. 2021 - 185 p.)
- Which changes?
 - ❖ Update of introduction & articles 1 to 6 =common annotations for all the Union programme
 - ❖ Consistency of article 20 toward the conversion of the working time record in day-equivalents
- Major change about personnel costs:
 - ❖ **the actual personnel cost** are not calculate by year anymore, but by per reporting period (simplification...?)



Why this evolution with H2020?

- EC goal: simplify personnel costs calculation (for actual costs projects), while reducing possibilities of errors.
- HEU:
 - ❖ A single ceiling of 215 days / year for the staff members declaring time in HEU projects
 - ❖ Monthly declaration ; template proposed by the Commission (in day-equivalent) if no usual recording system in place
 - ❖ 3 ways of converting hours in days (if you record time in hours)
 - ❖ One calculation per periodic reporting **NEW** *Make sure our clients are aware about this change!*



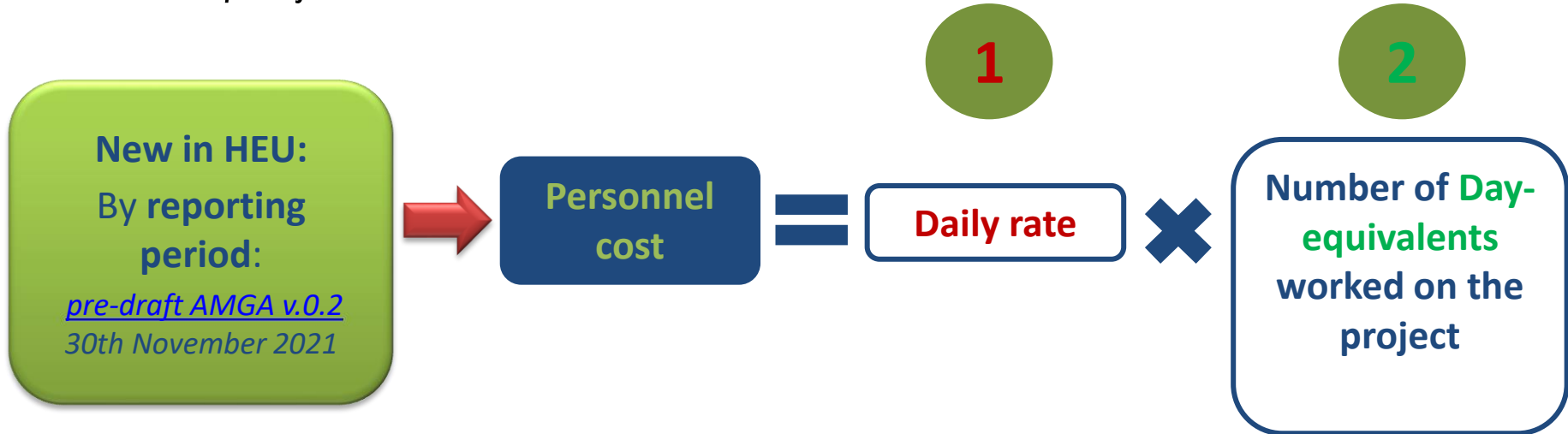
Type of personnel costs

- Actual costs (the most common form)
- Average costs (unit cost)
 - For beneficiaries declaring personnel costs as units in accordance with their usual cost accounting practices (excluding any ineligible costs and costs included in other categories)
 - Only for beneficiaries who consistently calculate average rates as part of their cost accounting system (not on an ad-hoc basis)



Personnel costs: a unique formula

Based on a daily rate for each personnel to then justify time spent on the project => convert time into € !



Step 1: find the eligible remuneration (1/7)

No change with H2020 !

Participant should use the amount of eligible personnel costs (in line with article 6.2.A MGA-HEU + cf. annotations p. 33 [AMGA v0.2](#)) :

- ❖ composed by basic remuneration + general complements
- ❖ = total cost incurred by the employer
- Each element of this total costs should respect the cost eligibility rules of HEU: incurred during the project duration, with a direct link to the action... (See article 6.1.a), with national law, the employment contract etc.



In case of doubts

- Items in payslips are *in principle* eligible (part of basic remuneration)
 - Consult the AMGA + *list of issues applicable to particular countries*
- ⇒ *Be careful! Project-based remuneration is a specific method which should NOT be used for bonuses.*



Step 1: Calculate the daily rate

Once per reporting period for each person working on the project

Daily rate =
$$\frac{\text{actual personnel costs during the months within the reporting period}}{\text{maximum declarable day-equivalents}}$$

maximum declarable day-equivalents ← $\{((215 / 12) \text{ multiplied by the number of months within the reporting period}) \text{ multiplied by the working time factor}\}$



Step 2: record time spent on projects

- ❖ Option 1: digital or paper recording system (i.e. time sheets)
- ❖ Option 2: signature of a monthly declaration indicating the number of days spent on the project ([model available](#))

⇒ *Be careful !! No possibility to avoid time recording for people working exclusively on the project anymore.*



Monthly declaration template *proposed* by the EC

This template
is not
mandatory!



Project: [insert number] — [insert acronym] — [insert call identifier]

EU Grants: Time declaration: V1.0 – 25.08.2021

EU GRANTS DECLARATION OF DAYS WORKED ON A PROJECT			YEAR:	
Project acronym:		Project number:		
Participant name:				
Name of the person:		Type of personnel: <small>(employee/ natural person under direct contract/ seconded/ other)</small>		
Month	Days worked In the action <small>(e.g.15, 7,5, 0,5)</small>	Work Packages worked on <small>(e.g. WP2;WP5)</small>	Date and signature of the person	Name, date and signature of the supervisor
January			Signature: / /20XX	Name: Signature: / /20XX
February			Signature: / /20XX	Name: Signature: / /20XX
March			Signature: / /20XX	Name: Signature: / /20XX



Step 3: calculation of the day-equivalents

Day-equivalents

⚠ Up to a declarable maximum of:
 $\{((215 / 12)$
multiplied by the number of months within the reporting period) multiplied by the working time factor}

Sum of the days worked in the action

Recorded in the beneficiary's reliable time-recording system or in the monthly declaration of days worked on a project

Within the limit of 215 days per year



Step 3: how to convert hours in day-equivalent? (1/3)

2. Comment calculer vos coûts de personnel sous HEU

Step 2 : déterminer l'équivalent-jour (2/3)

Equivalent-jour
(arrondi à la
demi-journée la
plus proche)

$$\frac{\text{Nombre d'heures travaillées sur l'action}}{\text{Nombre d'heures d'un équivalent-jour}}$$

Selon 3 modalités calcul
(cf. planche suivante)



Direct personnel costs: how to convert hours in day-equivalents?

If you record the time worked in hours rather than in days... you can use one of the 3 conversion methods proposed in Article 20 of the MGA.

- Fixed conversion basis 1 **day-equivalent** = 8 hours
- Average number of hours the person must work per day according to the employment contract

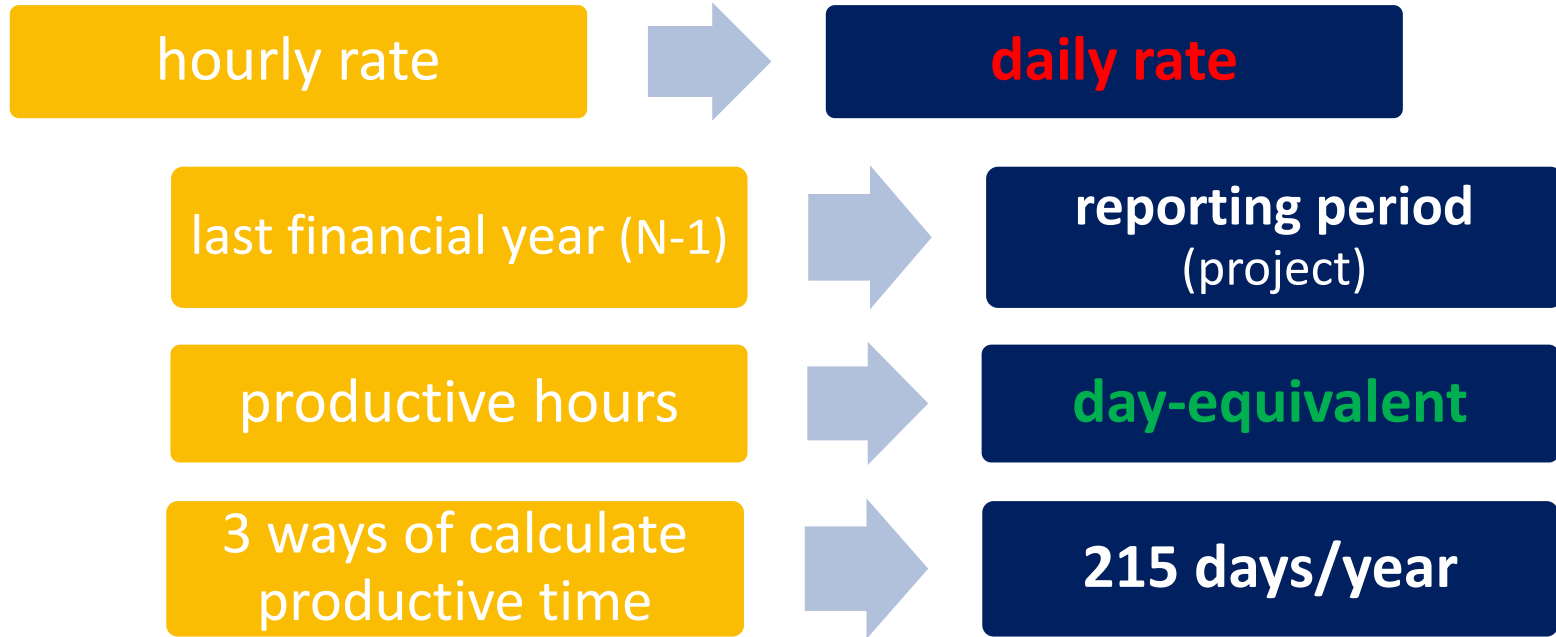
Example : full time contract 37.5 hours per week distributed in 5 working days, a day-equivalent for a person is 7.5 hours (37.5/5)

- On the basis of the beneficiary's usual cost accounting practice determining the standard number of annual productive hours of a full-time employee

{The higher (the standard number of annual productive hours of a full-time employee **OR** 90% of the standard workable hours of a full-time employee) **divided by 215 }**



In a nutshell, from H2020 to HEU



4. Resources



Legal provision about personnel costs

- Article 36.1, of the [Regulation establishing Horizon Europe](#) FPRI (article 186 of the EU Financial Regulation)
- Model Grant Agreement ([MGA-HEU](#)) and its annotations ([pre-draft AMGA v.0.2](#) 30/11/2021) :
 - ❖ Article 6.2 (*personnel costs*)
 - ❖ Article 20 (*record-keeping*)

Article 20 → draft
annotations still
work-in-progress



Reference documents

- [Implementation strategy for Horizon Europe](#) (29 April 2020)
- [EU Financial Regulation](#)
- [MGA Corporate](#) (12 June 2020)
- [MGA HEU and Euratom](#) (15 December 2021)
- MGA Corporate annotated (draft)
- [Work Programme 2021-2022 General Annexes](#)
- [Horizon Europe Programme Guide](#)



Resources dedicated to personnel costs

- [Training for NCPs: Special webinar on Horizon Europe](#) (10 December 2022)
 > Personnel costs from 2:14
- [Horizon Europe Coordinators' Day: Grant Agreement Preparation](#) (January)
- [Horizon Europe Coordinators' Day: Grant Agreement Preparation](#) (15 June)



Questions & answers session

