#HorizonEU

**THE EU
RESEARCH & INNOVATION
PROGRAMME**

2021 – 2027

**PERSONNEL
UNIT COST**

AVAILABLE FROM 1 MAY 2024

European Commission

Research and
Innovation

Unit costs – why do we use them?

Simpler and less error-prone forms of funding

- Funding based on reimbursement of actual costs remains complex and error-prone
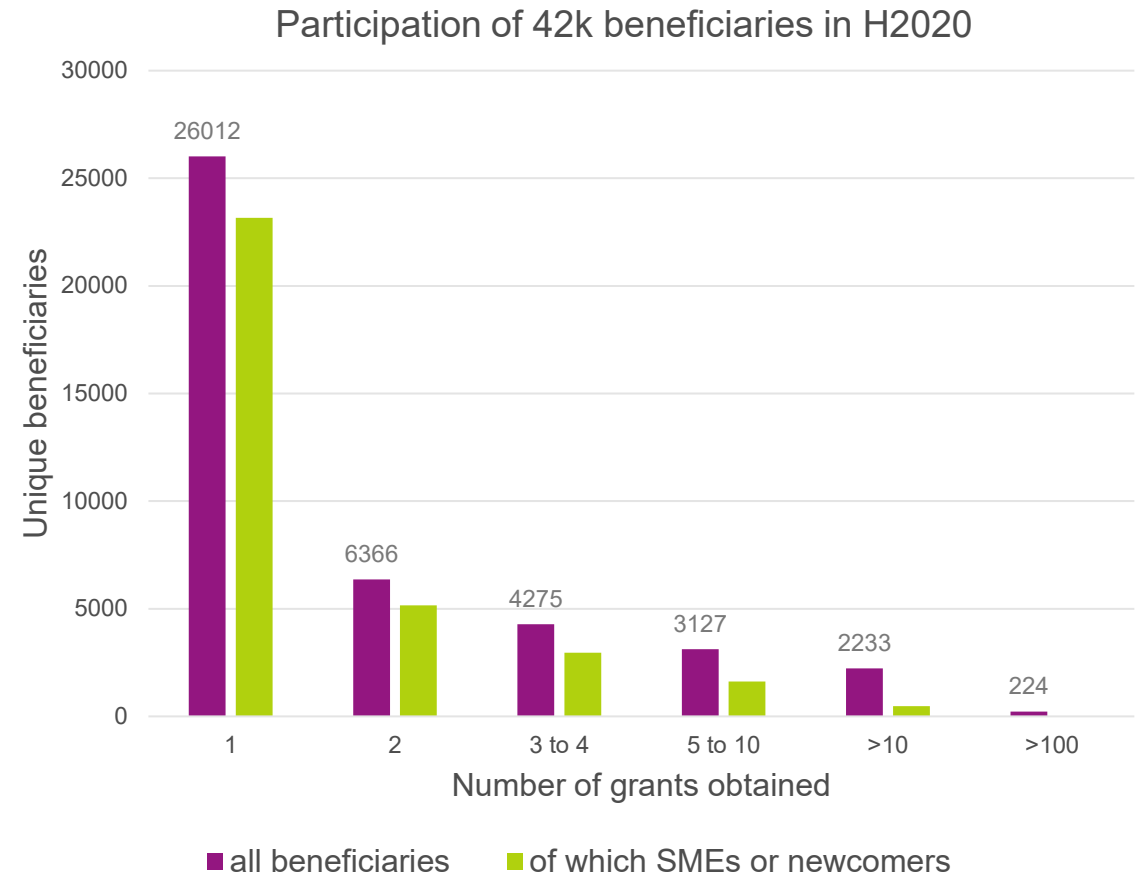
Reducing the financial error rate

- There is wide agreement that the error rate in the R&I programme must be reduced

- Vast majority of beneficiaries have only 1 or 2 grants per programme, and most of them are SMEs or newcomers with little or no previous experience

- Beneficiaries with limited experience are more likely to make errors. Unit costs are much easier to use, helping them **avoid errors**.

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Simpler funding means easier access to the Programme

Easier access to the programme

- Very small share of beneficiaries have more than 100 grants:

  - Large entities

  - Dedicated staff and procedures to deal with actual costs

- Vast majority of beneficiaries have only 1 or 2 grants per programme

  - Most of them are SMEs or newcomers

  - Little or no previous experience

Participation of 42k beneficiaries in H2020

Chart: Unique beneficiaries (y-axis) vs Number of grants obtained (x-axis)

Number of grants obtained	all beneficiaries
1	26012
2	6366
3 to 4	4275
5 to 10	3127
>10	2233
>100	224

Legend: ■ all beneficiaries ■ of which SMEs or newcomers

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Why to introduce a personnel unit cost?

Personnel costs:

- represent approximately **two thirds of the budget** in a project;

- make up the largest single **source of financial errors** in Horizon 2020.

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Why to introduce a personnel unit costs?

Despite the simplifications in place in Horizon Europe, we still have:

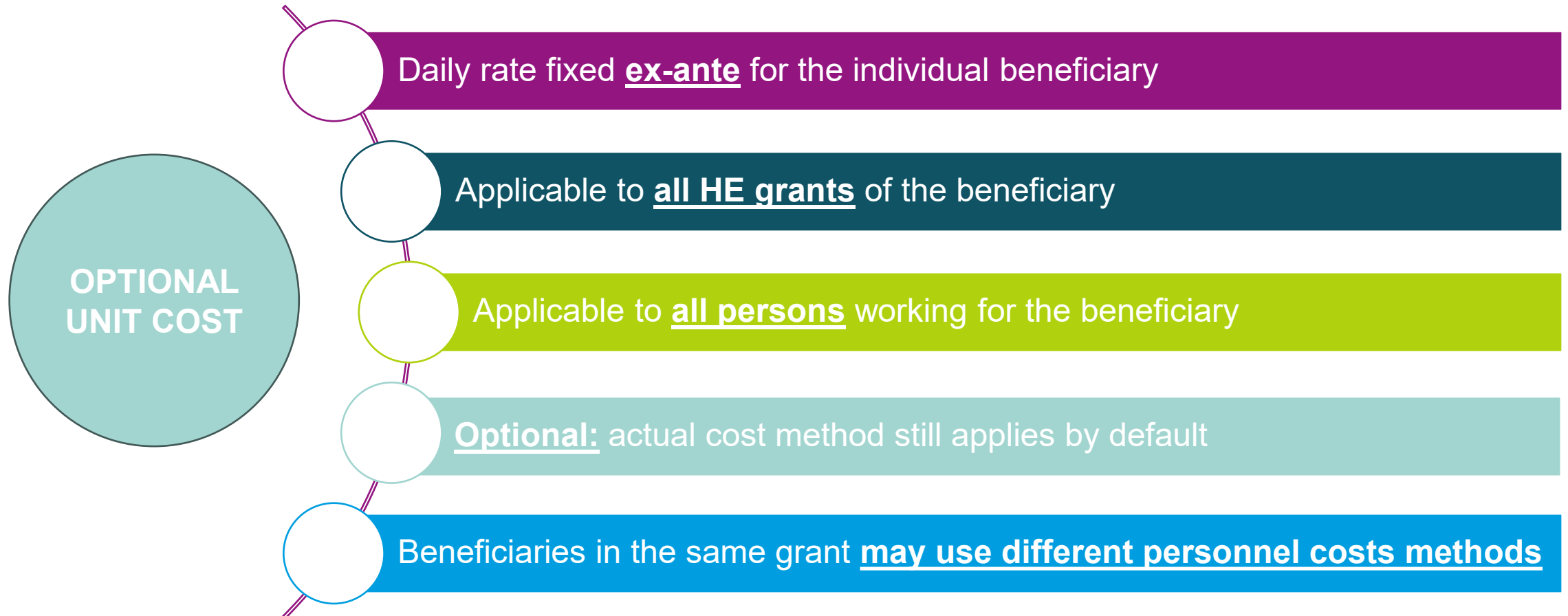Different calculations for employees, SME owners, consultants…

Project-based / non-project based remuneration

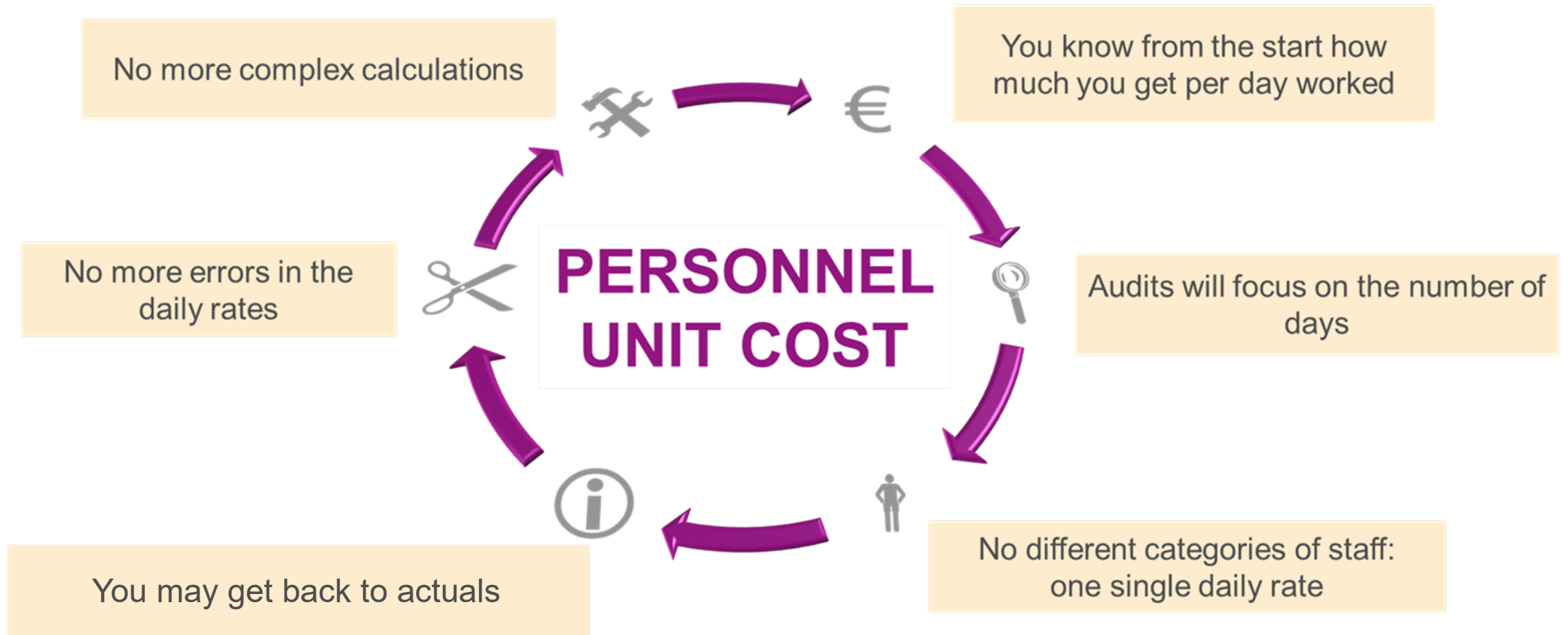No more *last closed financial year*, but a new single rate per reporting period

Specific conditions for eligibility of bonuses

Part-time employees, parental leave, etc…

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The new personnel unit cost – key features:

OPTIONAL UNIT COST

Daily rate fixed **ex-ante** for the individual beneficiary

Applicable to **all HE grants** of the beneficiary

Applicable to **all persons** working for the beneficiary

Optional: actual cost method still applies by default

Beneficiaries in the same grant **may use different personnel costs methods**

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What advantages would the personnel unit costs bring?

No more complex calculations

You know from the start how much you get per day worked

No more errors in the daily rates

PERSONNEL UNIT COST

Audits will focus on the number of days

You may get back to actuals

No different categories of staff: one single daily rate

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Daily rate calculation

Calculated in accordance with the beneficiary's historical data

Daily rate

$$\frac{\text{Total staff costs* of the beneficiary in the last closed full financial year}}{\text{Annual work units** in the last closed full financial year}} \,/\, 215 \text{ days}$$

'Staff costs'* = Costs recorded in accordance with the accounting standards applicable in the country where the beneficiary is established and reported under the heading staff costs in the statutory accounts of the beneficiary

'Annual work units' ** = Definition under Article 5 of the Annex to the Commission Recommendation 2003/361/EC of 6 May 2003

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Specific characteristics

Ex-ante validation

- Beneficiary (LEAR) must submit an **audit certificate** proving the two figures (total staff expenditure and number of staff)

- A **cap** will apply to prevent unrepresentative results from the daily rate formula

    - {EUR 9 618 multiplied by the corresponding country-specific correction coefficient* divided by 18 days}

- Possibility to **update** the daily rate every 2 years for new grants (ongoing grant agreements cannot be amended)

The coefficient is the one for unit costs for Doctoral Networks under MSCA

Audit certificate

During GAP:

- Submitted by the LEAR through a dedicated **Participant task in F&T Portal**

- Provided by an auditor*, following the **template** available for download in the F&T Portal

- Based on the Beneficiaries' records on personnel costs and work units for the last closed full financial year

* Qualified approved external auditor according to Directive 2006/43/EC (public bodies: by a competent independent public officer)

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After validation of the daily rate

After the approval date, the unit cost:

➤ **Must** be used in **all** HE and Euratom proposals submitted after the approval date;

➤ **May** be used in proposals already submitted, **if:**

1. awarded after the approval date of the unit cost and
2. the consortium and the granting authority agree on the adapted budget (if needed).

⚠️ Grants already awarded/signed cannot be amended to introduce the unit cost.

Reverting back to actual costs

Possibility to revert back to actual costs **once** (e.g., if it did not deliver the envisaged simplification):

- Actual costs will apply to **future grants** (ongoing grants are not impacted).

- Beneficiary is **not allowed** to request the use of personnel unit cost again for the rest of the HE programme.

Withdrawal of the unit cost

- If incorrect data, **concealed or misrepresented information**, the responsible service may withdraw the unit cost
  - for ongoing grants,
  - future grants, and
  - closed grants that are still auditable.

- If a check, review or audit finds that the actual costs are recurrently and **significantly lower** than the unit cost, the RAO may decide to withdraw the unit cost
  - for future grants.

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Personnel Unit Cost Wizard

- Calculate the personnel unit cost for your organisation **without any commitment**
- Available in the **F&T Portal** on the landing page for personnel unit costs
- Opportunity to share **your opinion** about personnel unit costs

How to request it?

Expression of interest

Validation

Two scenarios:

(1) LEAR expresses interest in using personnel unit cost in Participant Register (at any time)

(2) PACO/FSIGN* completes the personnel unit cost field during GAP

Proposal in GAP →

Participant Task for **LEAR** to submit audit certificate

Formal request

→ Validation of the daily rate by REA

Based on audit certificate

* Participant Contact ("PACO") or the Financial Signatory ("FSIGN")

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| ‹ | Organisation Data | Legal Information | Authorised users / LEAR | Bank Accounts | Financial capacity | Messages | Documents | SME | Additi | › |

Accreditations ③ | **Affiliations** | **Exemptions** | **Special cost methods**

Special cost methods

Choose Cost Method

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Special cost methods

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Choose your personnel costs method - Horizon Europe

✕

ⓘ Click for Euratom info

Calculating your personnel costs in a grant can be done using two methods. The default option is to use actual personnel costs. The second option is to use personnel unit costs, which can be applied only on request. If you request personnel unit costs and your request is approved, you will use one daily rate for personnel costs in all your grants.

In practical terms - you can use the Horizon Europe Unit Cost Wizard to calculate the personnel unit cost that would apply to your organisation.The use of the wizard does not commit you in any way but allows you to assess if the unit cost would be beneficial for your organisation. Once you have made your decision, please select the appropriate button below.

Before you can use personnel unit costs you must provide an audit certificate showing your organisation's (1) total annual staff costs and (2) total number of staff (full-time equivalents). You can download the template for this certificate.

For more details, please consult the decision on personnel unit costs.

Continue to use actual personnel costs | **Start to use personnel unit costs**

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Upload Unit Cost for Personnel certificate

Documents

+ Add document

Please upload a document

Enter the data required in the boxes below, exactly as they appear in the signed certificate. Based on your input, the tool calculates the corresponding daily rate for personnel for your organisation.

Annual work units

Total staff costs of the beneficiary in last closed financial year

Is the signed certificate based on records that had been subject to a statutory audit?   ○ Yes   ○ No

Change cost method   Cancel   **Calculate**

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Supporting documents

×

Select files *

⬆

Choose files

Document type

Cost Method Supporting Document

✖ Close   ⬆ Upload

Change cost method   Cancel   Calculate

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Need help?

Upload Unit Cost for Personnel certificate

Documents   + Add document

You have uploaded: **Signed_Auditor_Certificate.pdf**

Enter the data required in the boxes below, exactly as they appear in the signed certificate. Based on your input, the tool calculates the corresponding daily rate for personnel for your organisation.

Annual work units	10
Total staff costs of the beneficiary in last closed financial year	10,000,000
Is the signed certificate based on records that had been subject to a statutory audit?	○ Yes ● No

Change cost method   Cancel   Calculate

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Useful links

- Decision authorising the use of unit costs for personnel costs for actions under the HE and Euratom Programmes

  o https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/unit-cost-decision-personnel-costs_horizon-euratom_en.pdf

- Personnel Unit Cost – Landing Page on EU Funding & Tenders Portal

  o https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/programmes/horizon/personnel-unit-costs/overview

- Personnel Unit Cost Wizard

  o https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/programmes/horizon/personnel-unit-costs/unit-cost-wizar

- Personnel Unit Cost Audit Certificate – Template

  o https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/temp-form/lev/personnel-unit-cost-audit-certificate_en.docx

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Thank you!

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http://ec.europa.eu/horizon-europe