

H2020 Costing Guide

All costing information is in Commercial confidence and must not be disclosed to anyone outside of STFC (except to partners in the course of building a proposal).

Introduction:

The guide is designed to provide an overview of the rules and regulations for those working within the STFC, with respect to the costing of Horizon 2020 (H2020) proposals. It should be used when completing the Bid form to producing an Estimated Budget.

This guide is not exhaustive and it is highly recommended that advice and guidance is sought from STFC support personnel and your departmental Management Accountant. Further information that is beneficial in preparing your proposal can also be obtained in the Section 11 Resources.

1. Internal Application Procedure

Approval MUST be in place prior to entering information onto the Participant Portal

- All STFC staff MUST submit draft proposal via [Bid register](#) and complete departmental Bid forms/Yellow Cards for all H2020 schemes.
 - Failure to do so could result in delays in completing legal and financial documentation, which could lead to withdrawal from the project.
- Internal Approval (based on amount to STFC):
 - Requested grant amount <£3M total or <£1M/year
 - Departmental Bid Review with Department Head/Director
 - Requested grant amount >£3M-5M total or >£1-2M/year
 - Relevant Executive Director with Director of Finance
 - Requested grant amount >£5M total or >£2M/year
 - Executive Board review with relevant Executive Director
 - Coordination will require Executive Board level approval due to potential risk and demand on resources

2. Exchange rates

- Please obtain the current rate from your departmental Management Accountant.
- All internal Bid forms and Bid registry must be completed in GBP.
- EUR's must be used when submitting the final proposal.
- EUR's must be used in all financial statements to the European Commission (EC).
- For reporting purposes, use the average of the daily rate of exchange over the reporting period.

3. Reimbursement rate¹

- The total funding requested from the EU plus receipts² cannot exceed total eligible costs for the action. In short, the grant must not produce a profit for the beneficiaries.

¹ STFC for purpose of H2020 funding is classed as a non-profit legal entity.

² Receipts include: any income generated by the action, including the sale of assets bought for the action or financial or in-kind contributions from third parties. They cannot exceed: the amount declared as eligible under the GA. Exceptions: Income generated by exploiting the results from the action (IPR); third party contribution to cover ineligible costs (e.g. currency exchange losses).

Reimbursement rates		
Research and Innovation Actions	100% of eligible costs	Up to maximum grant amount
Innovation Actions	100% of eligible costs	Up to maximum grant amount

4. General Eligible Costs

Must follow H2020 and/or internal accounting procedures

- Direct Costs must be actual costs incurred during the duration of the project, with the exceptions of costs related to producing the final report
- Unit costs can be used in specific instances where this recognised standard practise
- All eligible costs must be included in the estimated global budget annexed to the Grant Agreement (GA) and related to the implementation of the project
- They must be recorded using STFC financial systems and be verifiable
- Must follow STFC accounting and management principles
- The costs must be reasonable and ensure best value for money
- The following list provides an overview of the types of activities/items typically included in H2020 projects.

Eligible Costs		
Personnel Costs	Researcher	Personnel costs are the salaries, employers’ national insurance and superannuation contributions, taxes and other costs included in the remuneration. Costs should be calculated by multiplying the number of actual units (hours) required to carry out the work by the OTL hourly rate (See section 7 and Annex I).
	Technician	
	Admin/clerical	
Other Direct Costs	Consumables/materials	e.g. raw materials
	Capital Equipment, Computer Hardware and Software under £10,000	Based on actual usage for the project. E.g. if only used 20% of the time will only get 20% of the full cost.
	Capital Equipment, Computer Hardware and Software over £10,000	May be subjected to depreciation and based on project usage.
	Publications	E.G. Scientific /technical publications needed for project
	Use of internal facilities	If use and usage (total hours) for the action is specifically recorded and mentioned in invoice. See the facilities manager to confirm compliance.
	Access fees for research infrastructure	Unit costs for access must be listed under ‘Special Unit Costs’ and are not including in the indirect cost calculation
	Protection of Knowledge/Access rights/IP	E.g. patent fees, royalties and access fees
	Dissemination including Reports and Publications	Includes open access fees; project website; project newsletters
	Room Hire and Catering	For project related meetings/events
	Travel and Subsistence	For project related travel. Bookings and reimbursement must comply with STFC’s usual practise
	Conference/Events	To attend related scientific meetings and project meetings
	Audit Fees	Only for final payments/per beneficiary /for actual costs ≥ €325 000. ~€4000 (please see department

		management accountant for exact amount.)
	Gender Training	Training on gender issues , which include gender dimension in research methodology (Gender Innovation), and personnel. Can include the costs for organising the training as well as costs to attend training offered off site.
	Contracts	Contracts to purchase goods, works or services. Concerns the purchasing, by the STFC, of goods, works or services that are needed for the execution of, but not the implementation of (see subcontracting), the action task itself. It does not need to be indicated in the Grant Agreement (GA).
	Sub-contracting	Concerned with implementation of action task and must be included in GA.
	Linked Third parties	You may use this option only if it is foreseen in your GA. Please contact Legal and Commercial.
	Non-deductible VAT	The VAT payable by a purchaser that is not deductible from the purchasers' own VAT liability
Indirect Costs	25% flat rate of eligible costs	Excluding subcontracting costs, access to large facilities and minus the cost of in-kind contributions.

5. General Ineligible Costs

- The following are defined by the EC as non-eligible costs and must not be charged.

Ineligible Costs	
Any cost that does not meet the general and specific eligibility criteria	See above list, or contact your departmental Management Accountant
Costs relating to drafting the consortium agreement prior to signing	Updates to the consortium agreement may be eligible
Costs incurred in preparing, submitting and negotiating the proposal	
Travel costs prior to the action starting	
Recruitment costs	Except for European Research Council (ERC) Grants
Redundancy payments or provisions for potential redundancy payments	
Interest owed	
Doubtful debts	
Currency exchange losses	
Bank costs for transfers from the EC	
Costs related to return on capital or return generated by an investment	
Debt and debt service charges	
Costs incurred or reimbursed on another project	Avoid double funding
Excessive or reckless expenditure	
Deductible VAT	VAT that is recoverable under the national 'VAT

	system'
Provisions for possible future losses, debts or write-offs	
Costs incurred during the suspension of the implementation of the action	
Costs declared under another EU, Euratom, or National funding body	
Cost categories explicitly excluded in the work programme/call	See annexes for call specific details.
Overtime	As personnel Costs are based on the actual time spent on the project (See section 7 and Annex I)

6. VAT Status³

- An eligible cost , except for VAT paid by STFC on GPC purchases
- VAT should be included in overall costing
- To ensure that all VAT costs incurred by STFC are fully non-deductible, the VAT status for Horizon 2020 projects should generally be set to ‘Non-recoverable Charged Gross’, on the Bid form and Oracle project setup.

7. Budget Categories

7.1. Direct Personnel Costs

- Personnel costs are the salaries, employers’ national insurance and superannuation contributions, taxes and other costs included in the remuneration.
- They do not include overtime premium.
- STFC uses the Standard Annual Productive Hours methodology for reimbursement of personnel costs with standard Oracle Time and Labour (OTL) Band Average rates as a ‘unit cost’.
- Costs should be calculated by multiplying the number of actual units (hours) needed to carry out the work by the value per unit (OTL Band Rate; Annex 1)
- Cost will be automatically calculated in the Bid form

Productive time	
Standard productive time per year	1591hrs

For example, a Researcher Band D has annual salary costs of £44,146 or £27.75/hr. He/she will devote 25% of their time to the project (1591hrs is equal to 100%) or 398hrs over the course of the project. Their personnel cost are 398hrs£27.75/hr = £11,044.50*

7.2. Other Direct Costs

- Generally STFC will be seeking to recover actual costs under this heading, rather than unit costs.
- If the good or service is based on unit costs please see your departmental Management Accountant
- See list of eligible costs (section 5)

³ If in the event that there is a commercial benefit or outcome to the action, it may be appropriate to use an alternative VAT status. Please consult with your departmental Management Accountant.

7.3. Indirect Costs

- Charged at a flat rate of 25% of eligible direct costs, excluding subcontracting costs and minus the costs of in-kind contributions from third parties outside STFC premises.

8. Retention of Documents for Audit

- Supporting documents, proving that the eligible costs have been incurred (such as itemised receipts and boarding passes), must be retained and kept for **up to five years** (this may be extended) after payment of the balance on the project.
- The project may be liable to audit up to two years after the final payment.
- Any missing documentation may result in the cost being disallowed by audit
- Budgeted costs that do not actually fit in the eligible costs categories may result in the cost being rejected
- This possible rejection of the costs, may lead to reduction of the grant, and repayment to the EC of undue amounts which may be extended to other STFC held H2020/FP7 grants

9. Internal Cost Comparison

- Although not an EC requirement, it is recommended that a comparison should be made between the eligible costs of any Horizon 2020 proposal (that is Direct Costs plus 25% indirect) and the full economic costs (FEC) as defined by STFC.
- Proposals will not be barred from submission solely on the basis of not recovering FEC.
- This information will be used in conjunction with other factors such as the research strategy of the STFC/Department in order to determine whether or not the proposal should be pursued.
- If agreed, it will then be decided where the additional funds will be secured from.

10. Contacts

Contacts	
EU Research Support Officer	Dr Branwen Hide
European Programme Support Officer	Katie Ward

11. Resources

Resources	
STFC Horizon 2020 Staff Pages	Contains important links and documents related to H2020 funding, including the current H2020 work programmes and costing guides.
Annotated Model Grant Agreement	A user guide that aims to explain to applicants and beneficiaries the General Model Grant Agreement ('General MGA') and the different specific Model Grant Agreements ('Specific MGAs') for the Horizon 2020 Framework Programme for 2014-2020.
H2020 Reference Documents	This page includes all the H2020 reference documents including legal documents, work programmes, model grant agreements and guides for specific actions and horizontal issues
EC Finance Helpdesk	This website acts as a portal and a helpdesk for the latest H2020 financial information
IPR Helpdesk	Provides support, documentation and guidance for intellectual property rights and patent issues inquiries throughout the European Union
Evaluation Criteria	Guidance document for both for applicants and evaluating experts

Annex 1. Direct Payroll Rates

	2015/16		2016/17		2017/18	
	Annual	Hourly	Annual	Hourly	Annual	Hourly
	£	£	£	£	£	£
BAND G	87,016	54.69	88,321	55.51	89,646	56.35
BAND F	69,538	43.71	70,581	44.36	71,640	45.03
BAND E	55,779	35.06	56,616	35.58	57,465	36.12
BAND D	44,146	27.75	44,808	28.16	45,480	28.59
BAND C	33,980	21.36	34,490	21.68	35,007	22.00
BAND B	27,935	17.56	28,354	17.82	28,779	18.09
BAND A	19,450	12.23	19,742	12.41	20,038	12.59

	2018/19		2019/20		2020/21	
	Annual	Hourly	Annual	Hourly	Annual	Hourly
	£	£	£	£	£	£
BAND G	90,991	57.19	92,356	58.05	93,741	58.92
BAND F	72,714	45.70	73,805	46.39	74,912	47.08
BAND E	58,327	36.66	59,202	37.21	60,090	37.77
BAND D	46,163	29.01	46,855	29.45	47,558	29.89
BAND C	35,532	22.33	36,065	22.67	36,606	23.01
BAND B	29,211	18.36	29,649	18.64	30,094	18.92
BAND A	20,338	12.78	20,644	12.98	20,953	13.17

Overtime (hourly)	20.50
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Indexation				
Year	2015/16	2016/17	2017/18	2018/19 onwards
Pension increase	0%	0%	0%	0%
Pay increase	1.25%	1.5%	1.5%	1.5%
Total	1.25%	1.5%	1.5%	1.5% pa

Hourly Rate assumptions	
available working days	261
less statutory holidays	10.5
less holidays	30.0
less illness	5.5
total working days	215
hours per day	7.4
total hours pa	1591