



H2020 Proposal Development Budgeting

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H2020 funding rates

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

Indirect Costs
25% flat rate of eligible costs



Outline

- Questions to ask yourself before you start
- The most common types of eligible personnel costs
 - Financial and legal implications for each.
- Resources and research related expenses
 - Staff
 - Research related expenses
- Contract vs. subcontract
- Internal facilities and other internal costs
- Additional Questions
- Summary
- Budget categories
- Resources and Contacts
- For Coordinators



Questions to ask yourself before you start

- Do you really want to be involved in the project from a scientific point of view?
- Is it aligned with STFC and or department aims and objectives?
- Do you understand what the call requires?
 - attend information sessions, talk to colleagues, utilise specialist support, read the guides.
- Do you have clear expectations from the coordinator as to what they expect you to deliver and when?
- What skills are needed to address the call specifics you have been asked to focus on?
 - List skill of possible team members and match with the call requirements.
 - Look for gaps in the skill set.
- What research related resources are required?
 - List all the resources that are available and match with the resources needed to undertake the work you have been asked to do.
 - Look for gaps.
- If in-house resources/facilities are needed ,e.g. machine shop, will they have the resources, or is an external provider required?
- If you need to use an external supplier, what will you need them to do exactly?
 - Difference between a subcontract and a contract



Resources: Skills vs Staff

- Staff
 - What Skills are required and do we have the appropriate staff?

	COMS design	Sensor Testing	Chip construction	Data handling
Barbra T	X			
Dave W				X
Jill G		(has the skills but is too busy)		
?			X	



The most common types of eligible personnel costs*

Personnel Category	Description of Category	Financial Rules	Included in Indirect Cost calculation	Time Recording
Employee	- Includes permanent, temporary or fixed term employment contracts	Beneficiaries' normal salary rate, based on the employees' qualifications and experiences.	Yes	Actual time spent on the project must be recorded in OTL.
Natural persons hired by the STFC other than an employment contract	- e.g. sole trader, self-employed person, freelancer, independent consultant	Costs are not significantly different from an employee performing similar tasks.	Yes	Actual time spent on the project must be recorded in OTL (in our current OTL set up this maybe problematic).
Subcontract	- Purchase of service e.g. use of agency staff, personal service company - Considered to be a Third party	- Best value for money. - Work is described in the Grant Agreement - Charge commercial rate and include VAT.	No	No time recorded by the beneficiary.

❖ If you have not included subcontracting in your original budget, and as such it is not included in the budget in the Grant Agreement (GA), any costs that fit into this category occurring during the project duration will be deemed **ineligible****.

*For a full list see the H2020 Factsheet *Types of personnel costs eligible under H2020*.

** In exceptional circumstance it may be possible to amend the GA to allow subcontracting. This requires EC Project Officer approval and it is not guaranteed.



Eligible personnel con't

- Linked Third party*

	Does work on the action	Provides resources or services	What is eligible	Must be indicated in the Grant Agreement	Included in Indirect costs calculation	Selection	Responsible for financial reporting
Linked third party	Yes	No	Costs related to implementation of the project. Must follow the same rules as the beneficiaries.	Yes but do not sign up to the grant agreement.	Yes	Must be affiliated or have a legal link	Yes

There must a clear advantage to being a linked third party.

*For a full list of third party categories see the H2020 Factsheet *H2020 Third Parties*.



Research related research expenses

- Research Related Expenses*

Item	Description
Consumables/materials	e.g. raw materials
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.
Dissemination, Publications, Protection of Knowledge/Access rights/IP	Includes open access fees; project website; project newsletters' Scientific /technical publications needed for project, patent fees, royalties and access fees
Room Hire, Catering, Conference/Events	For project related meetings/events or to attend related scientific conferences
Travel and Subsistence	For project related travel. Bookings and reimbursement must comply with STFC's usual practise
Audit Fees	Only for final payments/per beneficiary /for actual costs \geq €325 000. ~€4000
Gender Training	Training on gender issues which include gender dimension in research methodology , and personnel. Can include the costs for organising the training as well as costs to attend training offered off site.
Non-deductible VAT	VAT which cannot be reclaimed from HMRC.

*For a full list of eligible 'direct costs' see the *H2020 Funding Guide*.



Contract vs. Subcontract

Is included in the 25% overhead calculation

Is not included in the 25% overhead calculation

<p>Article 10</p> <p>Contracts to purchase goods, works or services</p>	<p>Article 13</p> <p>Subcontracts</p>
<p>These contracts do not cover the implementation of action tasks, but they are necessary to implement action tasks by beneficiaries.</p>	<p>Subcontracts concern the implementation of action tasks; they imply the implementation of specific tasks which are part of the action and are described in Annex 1.</p>
<p>Do not have to be indicated in Annex 1.</p>	<p>Must be indicated in Annex 1.</p>
<p>The price for these contracts will be declared as 'other direct costs' — column D in Annex 2 — in the financial statement; they will be taken into account for the application of the flat-rate for indirect costs.</p>	<p>The price for the subcontracts will be declared as 'direct costs of subcontracting' — column B in Annex 2 — in the financial statement; they will not be taken into account for the application of the flat-rate for indirect costs.</p>

From the Annotated Grant Agreement:

- **contracts:** Contract for a computer; contract for an audit certificate on the financial statements; contract for the translation of documents; contract for the publication of brochures; contract for the creation of a website that enables action's beneficiaries to work together (if creating the website is not an action task);
- **subcontracts:** Contract for (parts of) the research or innovation tasks mentioned in Annex 1.



Subcontract vs. contract con't

Contract



Subcontract



❖ When in doubt ask.



Internal facilities/internal costs

- Internal recharges such as catering, taxi's, reprographics etc.
 - Only if it can be directly attributed to the project, and there is a clear auditable trail.
 - Included as a 'direct cost'.
- Internal facilities costs are based on the actual cost associated with and directly linked with the project.
 - Possible eligible items include:
 - personnel cost of administrative; support staff, maintenance and repair contracts (including calibrating and testing), consumables, materials, spare parts, and facility management contracts including security fees, insurance costs, quality control and certification, upgrading to national and/or EU quality.
 - If you can directly attribute these costs to the specific H2020 project, they are included as a 'direct cost'.

Access Costs- It is a specific cost categories for providing trans-national access to research infrastructure. Reimbursed by unit costs or lump sum costs.



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Additional Questions

- Ask your coordinator:
 - How many trips they expect each beneficiary to take and how many individuals from each beneficiary would be expected attend each meeting?
 - As part of the management section the coordinators will need to work out approximately how many project related meetings there will be as well as where and when they will be held.
 - Will they allocate a specified amount for travel?
 - Often coordinators will specify how much money is available for each partner for travel and subsistence.
 - How do they intend to distribute the budget?
 - Often coordinator and the partners will agree on a specific split of the budget.
 - Others coordinators will base it on the actual costs and then adjust as needed to bring inline with the expected EC contribution.
- Are there any potential IP related issues?
 - Of so will they arise at the proposal discussion stage, during the project or at the end?
 - Worth having a quick chat with Legal & Commercial or Innovations about this as it may be that you need an NDA to cover the proposal development stage, or specific amendments to the consortium agreement that could influence your involvement in the project.



Summary

- Make sure you fully understand what you are being asked to do.
 - Has this been confirmed by the coordinator?
- What is the best way for you to be involved given what you are being asked to do?
- Make sure you have clearly identified the skills and resources needed.
- Are there potential IP issues?

❖ **When in doubt ask.**

- To ensure cost eligibility during project implementation*:
 - Ensure all costs are directly attributed to the implementation of the project.
 - Ensure all costs were included in the original budget, and subsequently the Grant Agreement).
 - Ensure correct documentation is kept including timesheets, invoices, receipts and boarding passes.

*For full details see the H2020 Factsheet *Claiming Expenses*.



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Budget Categories

A. Direct personnel costs	B. Other direct costs	C. Direct cost of subcontracting	D. Cost of Providing financial support to Third party	E. cost of in-kind contributions not used on beneficiary's premises	F. Indirect costs (25%) [(A+B-E)*0.25]	G. Special Unit Costs	Subtotal [A+B+C+D+F+G]	Max. EU Contribution (100%)
A.1 STFC employees	research related expenses such as consumables, audit fees, etc.					e.g. transnational access costs		
A.2 Natural persons hired by the STFC other than an employment contract								



Why getting the original budget correct is important

Budget example:

- Comparison between the max EC contribution and the cost to the department/STFC



For Coordinators

- We have specific templates to help you bring together details from the consortium.
- Make sure you have a good spread of partners across the EU.
 - Rule of thumb: no more than 40% of the total funding can go to any one member state or associated country.
- Think about who the key stakeholders are and the different ways you can include them to help maximise impact.
- Gender distribution across the members of the consortium is important.
 - In the advent that 2 proposals score the same, gender will be the deciding factor.
- Make sure all components of the proposal explicitly fit together.
 - Eg. Research Objective 1, is address by Research Task/Method 1. this directly leads to Research Output 1 and Impact 1.
- The easier it is for the reviewers to find the information, the more likely you will get a point for it.



Resources and Contacts

Support Services

- Branwen Hide EU Research Support Officer
- Katie Ward EU Programme Support Officer
- Denise Small SCD Project manager
- Gillian Carr Legal and Commercial Manager
- Colin Bird Licencing manager
- Department management accountant

Resources

- H2020 Costing Guides available on the bid register
- H2020 Bid form available on the bid register
- H2020 Factsheets available from Branwen
- 2016/2017 Work Programme available from Katie or the participants portal

