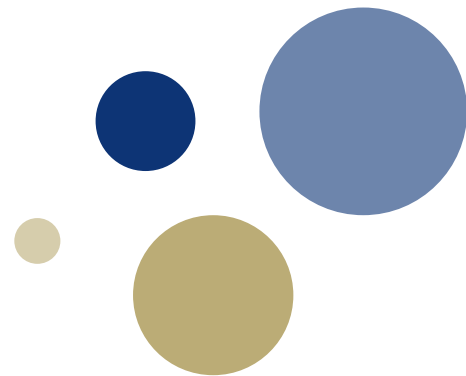




Norwegian University of  
Science and Technology



# Novelties in Horizon Europe

Potential implications for financial management for beneficiaries

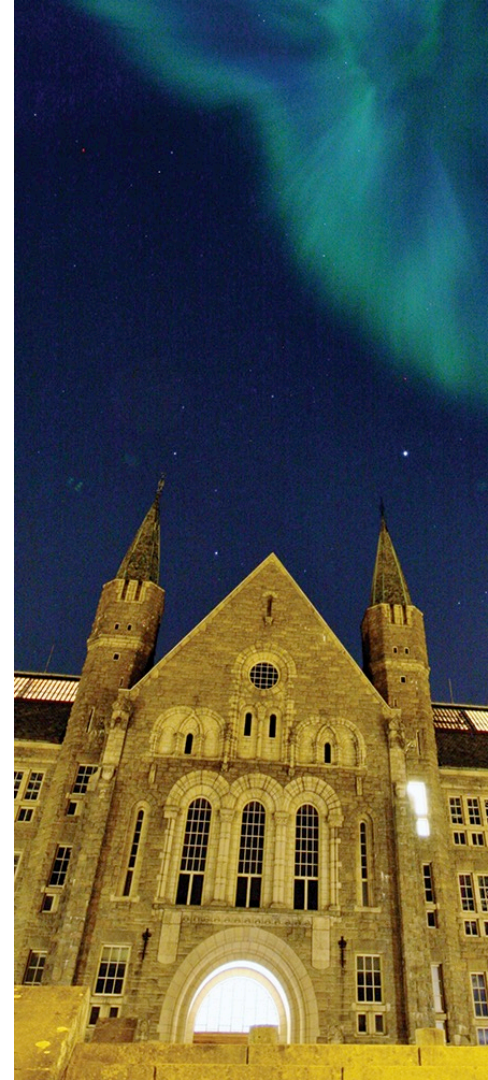
Per Inge Andresen, Senior adviser  
NTNU – Norwegian University of Science and Technology

# Agenda

- A few key facts about NTNU
- Preparing for Horizon Europe – Financial management
- Documentation of effort
- Personnel costs
- Internally invoiced goods and services
- Receipts
- CFS threshold
- Changes in terminology
- Budget table
- Financial Statement
- Harmonisation with other EU funding programmes
- Conclusions

# A few key facts about NTNU

- 8 faculties, 55 departments and NTNU University Museum
- 7401 person-years (2018)
- 42 000 students (2019)
- 7586 completed bachelor's and master's degrees (2019)
- 377 doctoral degrees (2019)
- Owned or rented facilities 734 000 m<sup>2</sup>



# Research at NTNU

- Participating in 154 Horizon 2020 projects and has 11 ERC grants
- Granted NOK 800 million from the Horizon 2020 programme so far. Goal: NOK 1 billion
- Is the institution that is awarded the most funding from the Research Council of Norway
- Host or partner for 35 major research centres (SFF, SFI, and FME)
- 394 doctoral degrees completed in 2019
- Internal initiatives to develop and recruit top researchers
- Strategic research areas and enabling technologies in 2014–2023:



ENERGY



HEALTH



OCEANS



SUSTAINABILITY



NTNU  
BIOTECHNOLOGY

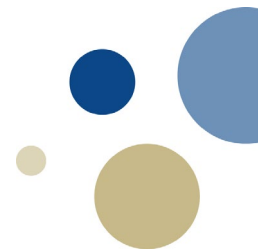


NTNU  
DIGITAL



NTNU  
NANO

# Preparing for Horizon Europe – Financial management



- We all need to prepare for Horizon Europe (HEU)
  - Be ready on time
  - Selective highlighting of key changes from H2020
  - Not a complete overview of financial rules and issues for Horizon Europe
  - No detailed guidelines published yet
  - Based on information previously communicated by the EC
  - Assuming basic knowledge of H2020 financial rules
  - Focus on potential implications for beneficiaries
- 
- Disclaimer: The initial assessments in this presentation may have to be reviewed once detailed guidelines, forms and templates have been published by the EC

# Documentation of effort

- Timesheets not required
  - But still accepted
- Monthly declaration on days worked on the project generally accepted
  - Reflecting changes in the calculation of personnel costs
- Choice to be made by beneficiaries:
  - Continue using existing time recording procedures and tools?
  - Hybrid of timesheets and monthly declarations?
    - Depending on activity/ project?
    - Depending on other organisational needs/objectives?
    - Depending on each employee's motivation?
  - Discontinue timesheets altogether?

# Personnel costs (1)

- ~~Hourly rates~~



Daily rates

- 215 day-units per year: 
$$\text{Daily rate} = \frac{\text{Annual actual personnel costs}}{215}$$

- Reported personnel costs = Daily rate x Days worked on the project

- ~~Last closed financial year~~



Calendar year

- For reporting periods ending mid-year:

*Daily rate for last months since January =*

*Personnel costs since January / (215/12×Months since January)*

Source: Stakeholder workshop: Novelties in Horizon Europe MGA (9 October 2020)

Presentation: [The Horizon Europe MGA: general overview, state of play & financial provisions](#)

# Personnel costs (2)

- Actual number of working days  $\neq$  215?
- What if actual available working days  $>$  215?
  - Report actual days  $\times$  Daily rate?
  - Example: Daily rate  $\times$  225?
- What if actual available working days  $<$  215?
  - Report actual days  $\times$  Daily rate?
  - Example: Daily rate  $\times$  205?

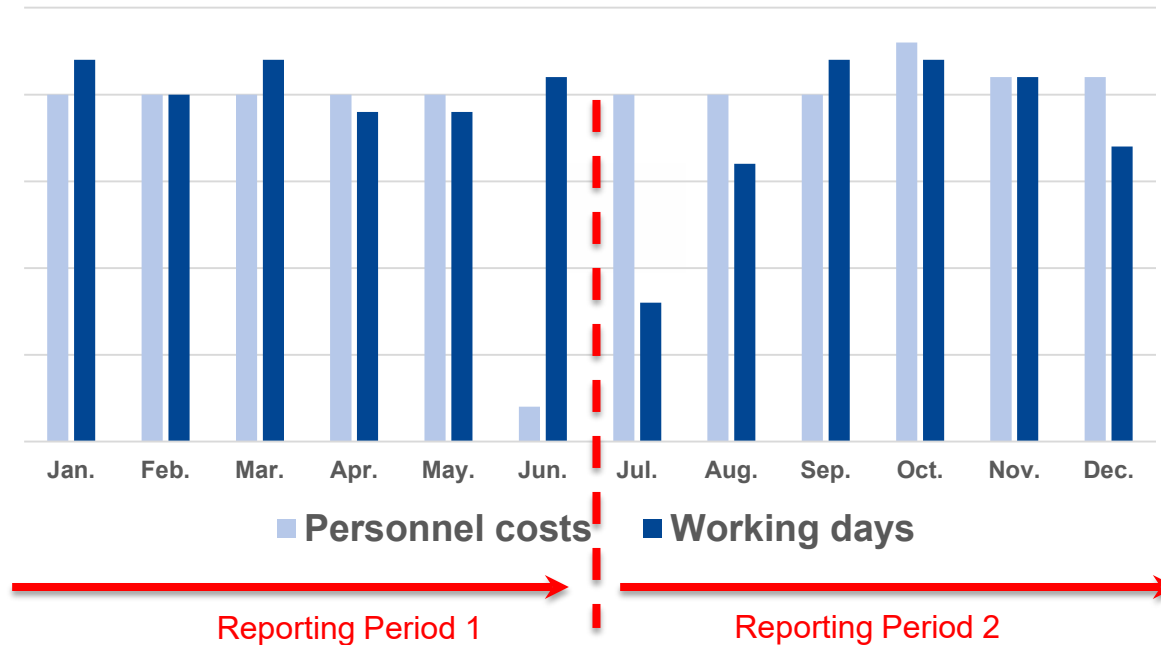


# Personnel costs (3)

- Issue for reporting period ending mid-year?
- Personnel costs may be booked in the accounts at different times than when work is done
- Timing of vacations and holidays does not necessarily match timing of incurred personnel costs in the accounts
- Example (Norway):
  - Vacations
    1. Vacation pay is earned and incurred during all months except June and paid in June
    2. Personnel costs for vacation days deducted in June
    3. Net personnel costs for June: 1 – 2 (only a minor amount)
    4. Vacations may be spent at all times of the year
  - National holidays: Paid, not worked

# Personnel costs vs. working days per month: Example

Annual timeline: Personnel costs vs. working days



# Personnel costs – Example 1

- This example reflects usual practise regarding accounting og vacation pay in Norway
- Usual practise may vary by country
- Case 1: 215 working days per year

Year	2021			2022		2023	
Date	01.01	30.06	31.12	30.06	31.12	30.06	31.12
Personnel costs (€)	50 000	70 000	50 000	70 000	50 000	70 000	
Days worked	120	95	120	95	120	95	
Daily rate	465	651	465	651	465	651	
Personnel costs/year	120 000		120 000		120 000		
Annualised daily rate	558		558		558		
Reporting period	RP1			RP2			
Reportable costs	120 000		55 814	53 023	120 000		
Reported costs	175 814			173 023			
Total actual costs				360 000			
Total reported costs				348 837			
Difference				-11 163			

# Personnel costs – Example 2

- Case 2: 225 working days per year

Year	2021			2022			2023	
Date	01.01	30.06	31.12	30.06	31.12	30.06	31.12	
Personnel costs (€)	50 000	70 000		50 000	70 000	50 000	70 000	
Days worked	125	100		125	100	125	100	
Daily rate	465	651		465	651	465	651	
Personnel costs/year	120 000			120 000			120 000	
Annualised daily rate	558			558			558	
Reporting period	RP1				RP2			
Reportable costs	125 581			58 140	55 814	125 581		
Reported costs	183 721			181 395				
<b>Total actual costs</b>				<b>360 000</b>				
<b>Total reported costs</b>				<b>365 116</b>				
<b>Difference</b>				<b>5 116</b>				

# Personnel costs – Example 3

- Case 3: 205 working days per year

Year	2021			2022		2023	
Date	01.01	30.06	31.12	30.06	31.12	30.06	31.12
<b>Personnel costs (€)</b>	50 000	70 000		50 000	70 000	50 000	70 000
<b>Days worked</b>	115	90		115	90	115	90
<b>Daily rate</b>	465	651		465	651	465	651
<b>Personnel costs/year</b>	120 000			120 000		120 000	
<b>Annualised daily rate</b>	558			558		558	
<b>Reporting period</b>	RP1			RP2			
<b>Reportable costs</b>	114 419			53 488	50 233	114 419	
<b>Reported costs</b>	167 907			164 651			
<b>Total actual costs</b>				360 000			
<b>Total reported costs</b>				332 558			
<b>Difference</b>				-27 442			

# Internally invoiced goods and services

- Higher degree of acceptance of the beneficiary's usual accounting practise
- May include actual indirect costs
  - calculated according to the beneficiary's usual accounting practise
- No addition of indirect costs using the 25% flat rate
- For many beneficiaries this will be a simplification
- If your internally invoiced unit costs do not include indirect costs as of now
  - If you want to change this, the change will have to be applied universally
  - Not just for HEU projects
- Internally invoiced unit costs can not be higher for HEU projects than for other activities

# Receipts

- In-kind contributions by 3<sup>rd</sup> parties
  - No longer to be counted as receipts if provided free of charge
- Only for-profit entities need to report receipts
- Still necessary to manage receipts in the consortium agreement
  - Although receipts will be less frequent

# CFS threshold

- CFS: Certificate on the Financial Statements
- New threshold: € 430 000
  - A CFS will be required if the beneficiary's requested EU contribution (funding) is equal to or higher than this amount
  - The threshold will refer to total costs, including indirect costs
- Easier to calculate
- Easier to explain to researchers and non-financial staff
- In effect a marginal increase from H2020



# Changes in terminology

- ~~Other direct costs~~ → Purchase costs
- ~~Other goods and services~~ → Other goods, works and services

# Budget table

- General budget table for funding schemes based on reimbursement of costs
  - (as opposed to unit costs or lump sum)
- More columns added for particular cost categories
- Separate column for ERC additional funding
  - to be budgeted, monitored and reported separately

Source: Stakeholder workshop: Novelties in Horizon Europe MGA (9 October 2020)

Presentation: [The Horizon Europe MGA: general overview, state of play & financial provisions](#)

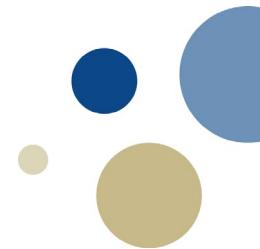
# Budget table (1)

A. Personnel costs						B. Subcontracting costs	C. Purchase costs		
A.1 Employees (or equivalent)		A.4 SME owners and natural person beneficiaries			C.1 Travel and subsistence	C.2 Equipment	C.3 Other goods, works and services		
A.2 Natural persons under direct contract									
A.3 Seconded persons									

Source: Stakeholder workshop: Novelties in Horizon Europe MGA (9 October 2020)

Presentation: [The Horizon Europe MGA: general overview, state of play & financial provisions](#)

# Budget table (2)



D. Other cost categories							
/D.1 Financial support to third parties /	/D.2 Internally invoiced goods and services /	/D.3 Trans-national access to research infrastructures /	/D.4 Virtual access to research infrastructures /	/D.5 PCP/PPI procurement costs /	D.6 European Partnership Cofund additional coordination and networking costs /	/D.7 Euratom Cofund staff mobility costs /	D.8 ERC additional funding /

Source: Stakeholder workshop: Novelties in Horizon Europe MGA (9 October 2020)

Presentation: [The Horizon Europe MGA: general overview, state of play & financial provisions](#)

# Budget table (3)

Indirect costs	Total costs	EU contribution to eligible costs			Maximum grant amount <sup>6</sup>
E. Indirect costs <sup>3</sup>		Funding rate % <sup>4</sup>	Maximum EU contribution <sup>5</sup>	Requested EU contribution	

Source: Stakeholder workshop: Novelties in Horizon Europe MGA (9 October 2020)

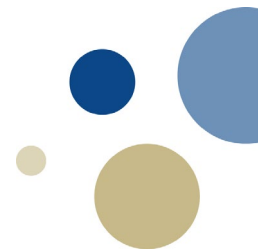
Presentation: [The Horizon Europe MGA: general overview, state of play & financial provisions](#)

# Financial Statement



- No template has been published yet
- It seems likely that the available costs categories will match the budget table

# Harmonisation with other EU funding programmes



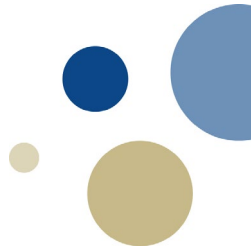
- Grant Agreement
  - One corporate Model Grant Agreement (MGA)
  - One common core part of the MGA
    - Datasheet with summary of key data
    - Time-saving simplification for beneficiaries
  - Common structure of Annexes to the MGA
- More common and standardised terminology
- More uniform guidelines and interpretation of rules
- Aims to facilitate synergies between programmes
- May simplify the task of navigating, understanding and complying with the rules of different EU programmes

# Conclusions

- Some potential simplifications in HEU (Horizon Europe)
- Changes for personnel costs
- Questions concerning net funding of personnel costs
- Navigating the rules of different EU programmes may become somewhat less demanding
- No detailed guidelines for HEU published yet
- Keep an eye on upcoming EU guidelines, communications and stakeholder events
  
- Disclaimer: The initial assessments in this presentation may have to be reviewed once detailed guidelines, forms and templates have been published by the EC



# Thank you!



# Thank you for your attention!