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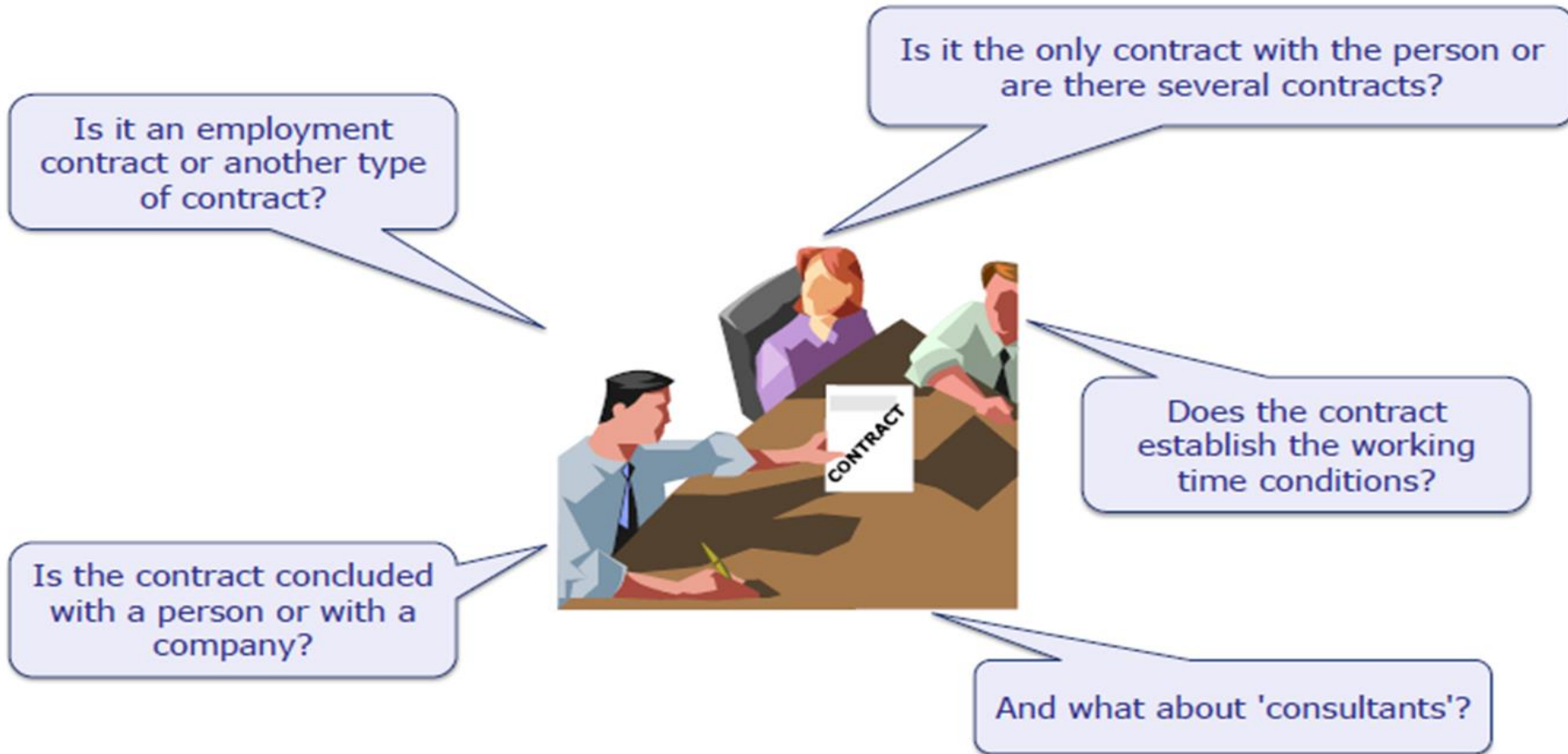
Personnel Costs: Work Force Contracts & Special Cases

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Types of Contracts vs. Forms of Costs ???

Classifying workforce contracts



Labour Contracts vs. Budget category/ Form of Cost

What contract under what budget category

A. Direct personnel costs		B. Direct costs of subcontracting	C. Direct costs of fin. support	D. Other direct costs	E. Indirect costs ²
A.1 Employees (or equivalent)	A.4 SME owners without salary			D.1 Travel	
A.2 Natural persons under direct contract	A.5 Beneficiaries that are natural persons without salary			D.2 Equipment	
A.3 Seconded persons				D.3 Other goods and services	
[A.6 Personnel for providing access to research infrastructure]				[D.4 Costs of large research infrastructure]	
Actual	Unit ⁷	Unit ⁸	Actual	Actual	Flat-rate ⁹

Workforce costs

Direct Personnel costs - Types of Costs & Criteria to Decide

What contract under what budget category

What workforce contracts can you declare under personnel costs?



Standard case: persons hired by the beneficiary via an *employment contract*

(qualified as such under national law; and for whom the hiring entity pays social security contributions)

Other cases:

- Employees of a third party seconded to the beneficiary (must be set in Annex 1!)
- Natural persons hired directly via a contract other than an employment contract **if**:
 - They work under hierarchical dependence within the beneficiary structure and (in general) work at the beneficiary's premises
 - The result of the work belongs to the beneficiary
 - The costs are similar than those of an employee of the beneficiary with similar tasks

What contract under what budget category

What you can **NOT** declare under personnel costs?

- ❌ Contracts with companies (e.g. temporary work agencies) to provide staff
- ❌ Natural persons (e.g. consultants) not fulfilling any of the conditions mentioned in the previous slide.
e.g. working autonomously on the tasks assigned to them
- ❌ Natural persons (e.g. consultants) paid *for deliverables* rather than for *working time*



In the cases above the costs may be eligible under 'Other goods and services' or under 'Subcontracting' but never as personnel costs

Personnel as Subcontracts in Practice

➡ Shall have been mentioned in **section 4.2** of the **Annex I** - DoA:

If not explicitly mentioned, please consult FCH for prior agreement on the costs & treatment – or you risk costs to be declared ineligible !

During GAP (Grant Agreement Preparation before signing the Grants), we asked via the Coordinators to identify for each subcontracting:

- **Tasks** to be carried out by subcontractor - *example: certification of a new unit/product*
- Estimation of **cost** for each subcontract - *indicative based on market prices at the time*
- **Need** for subcontracting – *partner lacking the expertise & value for money*
- How will Subcontractor be **selected** (*Best value-for-money & No conflict of interest*)
- In case of **existing framework contract** or sub-contracts, please indicate name of subcontractor and be ready to show the Competitively awarded FW contract if requested.

➡ The estimated costs must also be identified **in Annex II** (Budget Overview) to the GA.

Workforce Contracts as ODC

Contracts for Purchase of Goods / **Services** / Works



Shall have been mentioned in **section 3.4** of the Annex I – DoA

If not explicitly mentioned please consult with FCH to avoid risk of cost ineligible !

During GAP partners planning to contract for **services** were asked to specify :

- **Nature** of the purchase – what services purchased?
- Estimation of **cost** ?
- How the supplier will be **selected** (‘best value-for-money’ principle; absence of conflict of interest; extra conditions for contracts higher than 125.000 euros)



Estimated costs to be included in **Annex II** (Budget Overview) to the GA.

Third Parties Contributing In-kind in Practice



In **section 4.2** of the Annex I - DoA:

During GAP, partners planning to use TP in-kind contribution were asked to specify :

- (**Nature** of the in-kind contribution – e.g. **seconded staff**)
- **Identity of the third party** that will contribute in-kind – UNI M to SME X
- **Estimation of the costs** budgeted for the in-kind contribution and type of contribution (personnel : seconded, working in the premises?, use of lab etc).
- If the beneficiary will reimburse (partially or completely) the third party – to ensure

 Estimated costs must be identified in **Annex II** (Budget Overview) to GA.

Special Cases of Personnel-related Costs (as per AMGA page 51)

- Teleworking - sub-contractors or personnel? **Yes*** Criteria: usual practice, hours
- Benefits in kind - company car, lunch vouchers - **Yes***
- Recruitment Costs - **No** , IC
- Remuneration of Students-Yes if Art.6 conditions met= **Yes***
- Academic Fees - waived study fee in exchange for remuneration, **Yes ***
- Parental Leave - Salaries and Social Security during PL-**Yes***
- Costs related to Public Officials - **Yes***, + In-kind contribution by govt.
- Supplementary contracts - **Yes *** if usual practise and authorised by national law - Basic v.s. additional remuneration

* **Yes*** = **Yes** if Art. 6 conditions on costs eligibility met