



**NCP Academy Meet & Exchange Workshop on  
Personnel Costs in Horizon 2020  
Brussels, 19th October 2015**

## Basic vs. Additional remuneration

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## Eligible Personnel Costs

### FP7

- **Usual remuneration practices** of the beneficiary have been respected by auditors
- Personnel costs reflects total remuneration of personnel → Hourly rate serves as a **universal control mechanism**

### H2020

#### Rules for Participation:

- Wider acceptance of usual cost accounting practices of the beneficiary
- Simplification of financial rules

#### But!

- New terminology: **basic**, **additional** and **ineligible** remuneration
- Hourly rate no longer serves as a universal control mechanism
- Individual salary components need to be **assessed individually** and classified in accordance with the new terminology.

## Czech Issue of the Personal Evaluation

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## Personal evaluation

- It is the usual practice of Czech academic institutions to use multi-component salaries.
  - Low **tariff** is usually **compensated** by a number of complements/bonuses
- Personal evaluation (osobní ohodnocení)
  - Typical salary complement
  - Rewards long-term excellent work performance of the employee
  - Often reaches 50% of tariff
  - **Specific character** (→can it be classified as mandatory complement in H2020?)
  - EC: YES!, but...

In the light of the above we conclude that:

Bonuses whose amount is set up in the *salary statement*, and thereby become an unconditional salary entitlement for the employee, can be considered as mandatory complements to the basic salary and **qualify as basic remuneration under H2020**.

Note however that, as explained in the H2020 AGA<sup>1</sup>, if the employment contract is modified to artificially increase the hourly rate for the participation in the H2020 action that increase would be treated as "additional remuneration". Therefore, if the salary statement is changed at the time of (or due to) the participation in the H2020 to increase the bonuses, such increase may qualify as additional remuneration.

## **Additional remuneration**

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## Additional remuneration

### Political message:

*Additional remuneration is a "**new option**" which will be interesting especially for "new" member states.*

### Reality:

**FP7:** Eligible bonuses could be charged in accordance with the beneficiary's usual practice; no ceilings applied

**H2020:** Eligible project bonuses subject to:

- a maximum ceiling
- a number of eligibility conditions

**Step forward for new member states? Really?**



## Additional remuneration *Impact on ERC Grants*

- ERC grants are highly prestigious → PI expects to receive **internationally competitive salary**

### Annotated MGA:

- Any salary increase triggered by the EU action will be treated as additional remuneration
  - calculated based on objective criteria, which are generally applied by the beneficiary, **regardless of the source of funding used.**
- In practice the **amount of project bonus fluctuates** (depending on rules of a particular grant provider)
- No increases of salary increases possible for PI with the **financial history** at the host institution?



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