

FP7 FINANCIAL ISSUES

(For the FAFB and Environment Themes)

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Jo Frost
UK Research Office (UKRO)
UK ERC and Marie Curie National Contact Points
erc-uk@bbsrc.ac.uk and mariecurie-uk@bbsrc.ac.uk

Overview of Presentation

- About the UK Research Office (UKRO)
- FP7 Project Structure
- FP7 Application, Negotiation and Implementation Process
- FP7 Finances, including:
 - Eligible Costs
 - Non-Eligible Costs
 - Indirect Costs
 - Types of Activity
 - Reimbursement Rates
 - Tips for Budgeting



UK Research Office



- Based in Brussels
- Established in 1984
- Mission to facilitate effective UK participation in EU research, innovation and HE programmes
- Staff of 14
- Sponsored by the seven UK Research Councils
- Receives subscriptions from over 140 research organisations*
- Range of services for sponsors and subscribers
- Research Council policy work
- Brussels liaison
- For more information see www.ukro.ac.uk

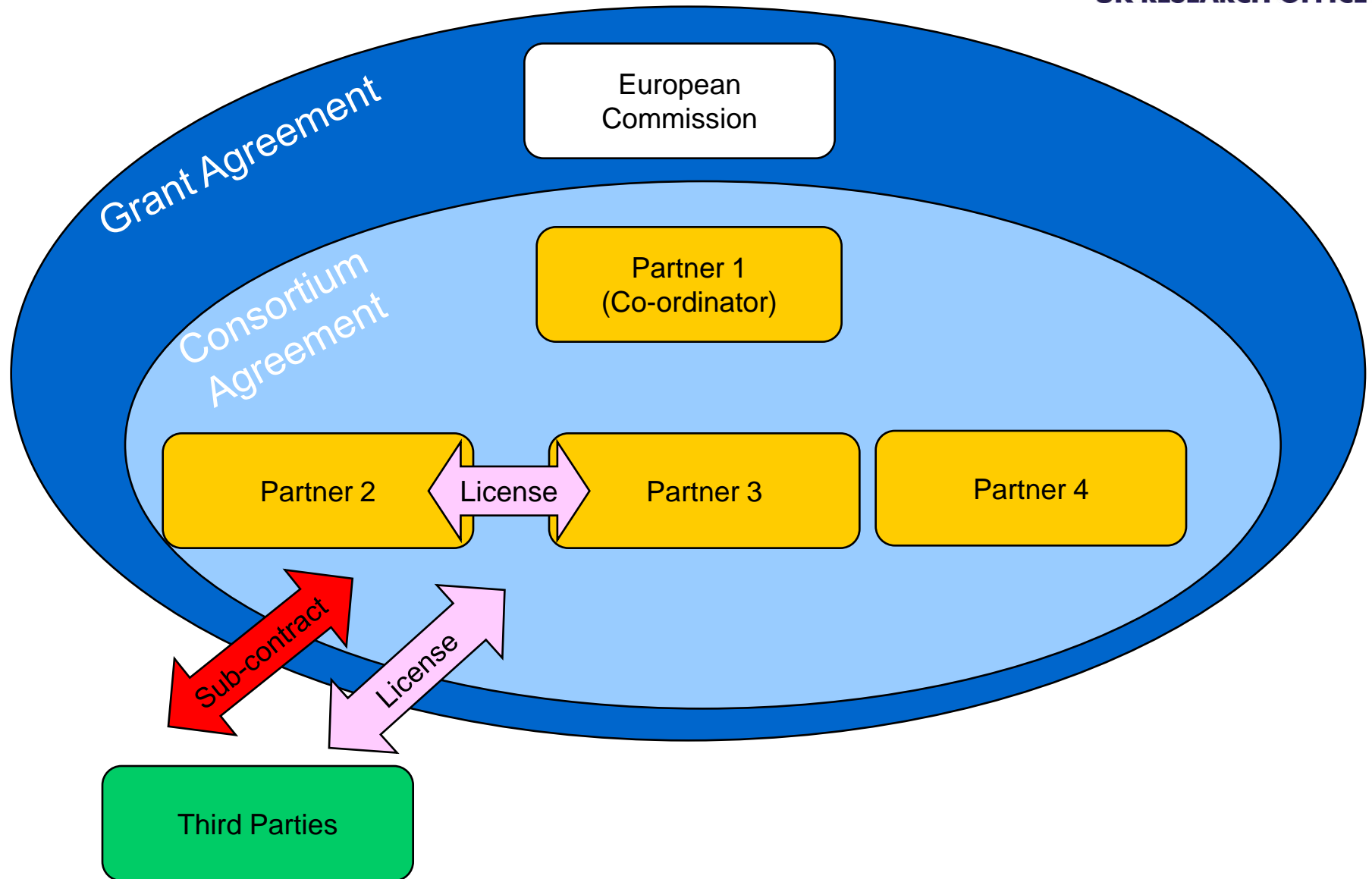


Arts & Humanities
Research Council

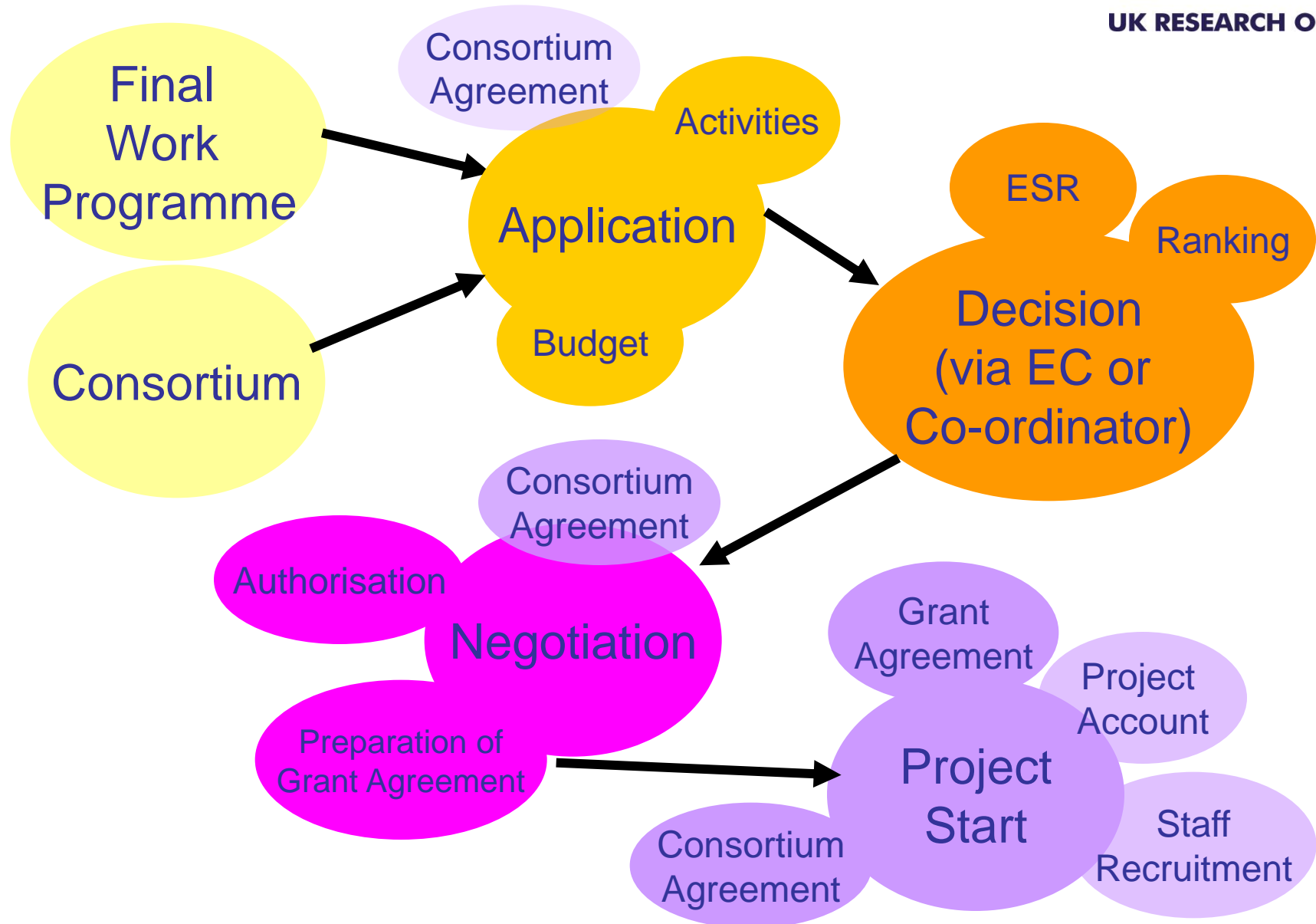


* check at http://www.ukro.ac.uk/about/our_subscribers.htm

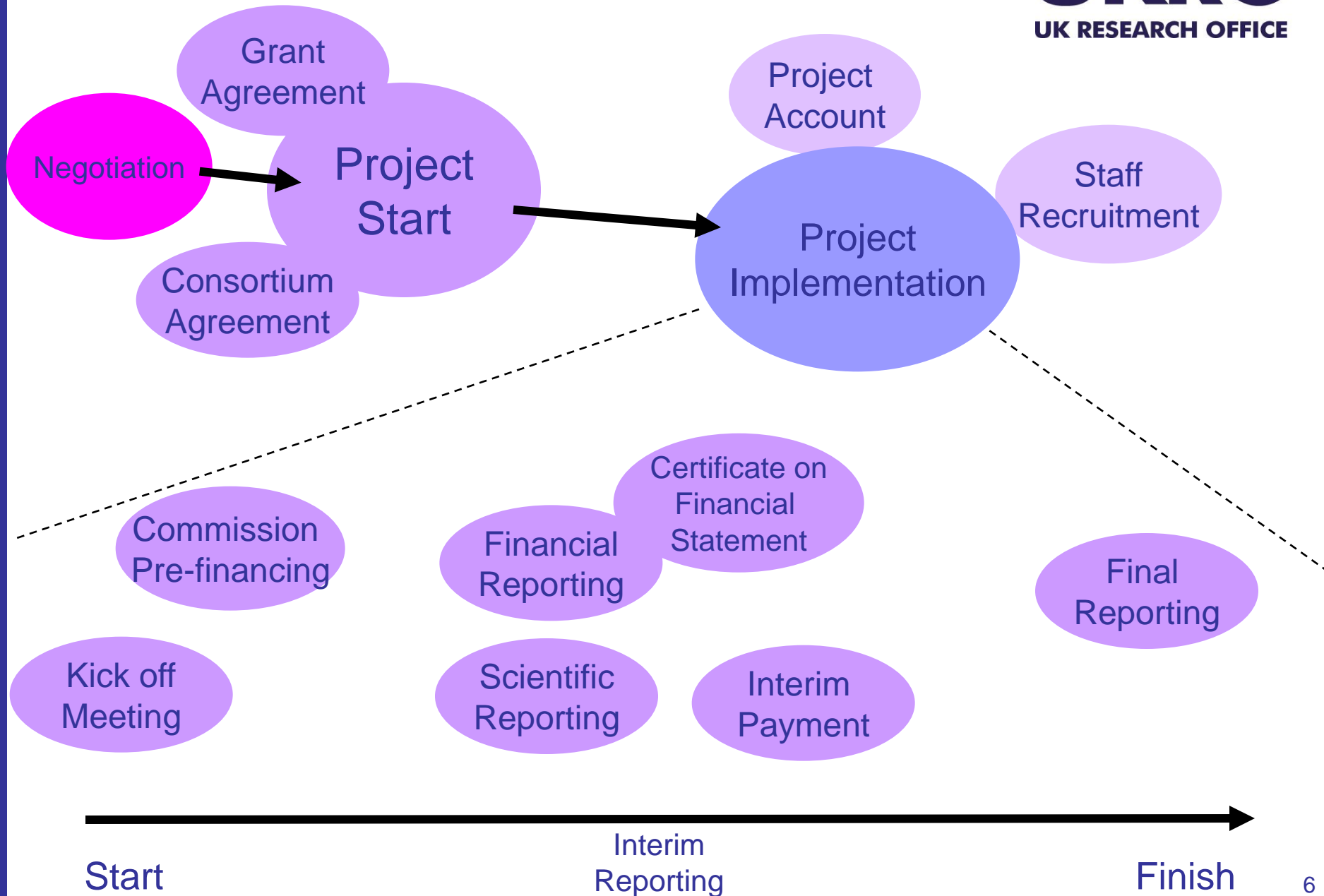
Project Structure



Application and Negotiation Process



Implementation Process



Introduction to FP7 Finances

- Co-financing principle
 - Main principle: usually based on reimbursement of costs
 - direct and indirect costs
 - But
 - sometimes lump sums or flat rates in certain funding schemes
- No need for hard cash own contribution
- No profit
- No commercialisation activities
- Based on reimbursement of eligible costs
- Different project types/funding limits/funding rates

Eligible Costs: principles

- Costs are eligible if:
 - Actual
 - Incurred by the beneficiary during the project
 - Determined according to usual accounting and management principles
 - Used solely for project objectives*
 - Consistent with principles of economy, efficiency and effectiveness
 - Recorded in accounts
 - Exclusive of non-eligible costs
 - Average personnel costs may be used if usual practice and if certified by independent auditors and approved by Commission

* Replaces the FP6 provision of 'necessary'

Non-eligible Costs

- Identifiable indirect taxes including VAT
- Duties: the amount assessed on an imported or (less often) exported item
- Interest owed
- Provisions for possible future losses or charges
- exchange losses, cost related to return on capital
- costs declared or incurred, or reimbursed in respect of another *Community project* (avoiding double funding)
- debt and debt service charges, excessive or reckless expenditure

- Salaries of people being trained (under training activities category)
- Subcontracting of management activities
- ...

Definitions

- **Direct costs** - Direct costs are all those eligible costs which can be attributed directly to the project and are identified by the beneficiary as such, in accordance with its accounting principles and its usual internal rules.
- **Indirect Costs** - Indirect costs are all those eligible costs which cannot be identified by the beneficiary as being directly attributed to the project, but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project.

Indirect Costs

Choice of method used:

- has to be made at **Institutional level**
- and **used in all FP7 areas** - except Marie Curie Actions and ERC

Method	Indirect Cost Rate	Who can use this method?
Flat Rate	60%	Available to universities, non-profit public bodies, secondary and HE establishments, and SMEs which are unable to identify with certainty their real indirect costs
Standard Flat Rate	20%	Available to all
Real Indirect Costs	Rate and basis determined by organisation	Available to all
Simplified Method	Rate and basis determined by organisation	Available if unable to calculate project level indirect costs. May be certified independently and accepted by Commission

Exceptions

- International Cooperation Partner Country (ICPC) can use methods above or choose a lump sum instead to cover direct and indirect costs
- Co-ordination and Support Actions (CSAs) - maximum of 7% for indirect costs
- European Research Council (ERC)
- Marie Curie Actions

Types of Activity: Co-operation and Capacities

Refer to guidance for each project (e.g. Guide for Applicants)

- 1) **RTD activities:** directly aimed at creating new knowledge, new technology, and products, including scientific coordination.
- 2) **Demonstration activities:** designed to prove the viability of new technologies that offer a potential economic advantage, but which cannot be commercialised directly (e.g. testing of products such as prototypes).
- 3) **'Other' activities:** dissemination, networking, co-ordination, intellectual property, socio-economic impact studies, feasibility studies for commercial exploitation, support?
- 4) **Management activities:** overall legal, ethical, admin. and financial management, pass on Commission funds, keep project records and accounts, review project reports and tasks, monitor beneficiaries, project manager, run competitive calls... any other management activities foreseen by the annexes, *except coordination of research and technological development activities*
- 5) **Training activities:** costs of providing training, including salary costs, but not the salary costs of those being trained

Costs you can be reimbursed for (...but which you might not expect)

Financial responsibility up to each participant:

- Choice of staff resources (can incl. PhD Students)
- Limited use of technical consultants
- Patents – filing and searches
- Employing a project manager
- Dissemination (website, publication fees...)
- Travel outside Europe
- Equipment (under certain conditions)
- Studies on socio-economic impact
- Feasibility studies for spin-offs

Maximum reimbursement rates (for FP7 Co-operation Programme)

	FP7 – Industry	FP7 – Public Bodies, Universities, SMEs, etc.
RTD	50%	75%
Demonstration	50%	50%
Other*	100%	100%

* Co-ordination and Support Actions, Training, Management

Example - Reimbursement of Costs: for a University on Indirect Cost Flat Rate of 60%

Case study with direct costs of:

- **RTD Costs** = €100,000
- **Demonstration Costs** = €100,000
- **Management Costs:** = €10,000

Calculate the indirect costs:

- **RTD:** €100,000 x 0.6
= €60,000
- **Demo:** €100,000 x 0.6
= €60,000
- **Mgt:** €10,000 x 0.6
= €6,000

Reimbursement as follows:

RTD: 75% of (direct + indirect RTD costs) = 75% of (€100,000 + €60,000) = €120,000

Demo: 50% of (€100,000 + €60,000) = €80,000

Mgt: 100% of (€10,000 + €6,000) = €16,000

Note that any subcontract costs must be taken out of the direct costs to calculate the correct indirect costs.

Total to be reimbursed = € 216,000

Tips for Budgeting in Proposals

- Discuss budget early
 - **Costs of activities discussed first**
 - **Share of costs amongst consortium**
 - **Procedure for changing this share if necessary**
 - **Keep in mind limits imposed by Commission**
- Researchers and Administrations should both be involved
- Guidelines on Finances, Negotiation and Reporting...

Further Information and Support

Jo Frost

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UK ERC and Marie Curie National Contact Points

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UKRO's Services

'Core' subscriber services	Open to non-subscribers
Query service	(Majority of) training courses and information events
Annual briefing visits (for UK subscribers)	Annual Conference
E-mail updates (& searchable database) ims.ukro.ac.uk	Marie Curie Actions UK National Contact Point
Subscriber website www.ukro.ac.uk/subscriber_services	European Research Council UK National Contact Point
Meeting room in Brussels	British Council <i>European RTD Insight</i> publication

Important links to the Participant Portal

UK Legal and Finance National Contact Point

Contact via help@fp7uk.co.uk or tel (uk no) 0300 321 4357

Participant Portal:

<http://ec.europa.eu/research/participants/portal>

Login to access the Participant Portal services:

<http://ec.europa.eu/research/participants/portal/appmanager/participants/portal/login/>

Creation of an ECAS account to log into the Participant Portal:

<https://webgate.ec.europa.eu/aida/selfreg>

Technical helpdesk of the Participant Portal:

DIGIT-EFP7-SUPPORT@ec.europa.eu

Further Information

- EPSS Helpdesk
 - E-mail: support@epss-fp7.org
 - Tel: +32 2 233 3760
- IPR helpdesk Website
 - www.ipr-helpdesk.org
- European Commission FP7 Ethics Website
 - http://cordis.europa.eu/fp7/ethics_en

Key documents

Call Fiche (specific)	Focus
Work Programme (usually annual)	
Guide for Applicants (call and funding scheme specific)	Submission
Electronic Proposal Submission Service (EPSS) Guide	
Rules on Submission and Evaluation	Background
Model Grant Agreement, Model Consortium Agreements, Consortium Agreement check list	
Financial, Negotiation, Intellectual Property Rights Certification and Reporting Guidelines	
FP7 Rules of Participation	
FP7 and Specific Programme Text	