

# Horizon Europe – A legal and financial overview

**Chris Young**

Horizon Europe UK Legal and Financial National Contact Point

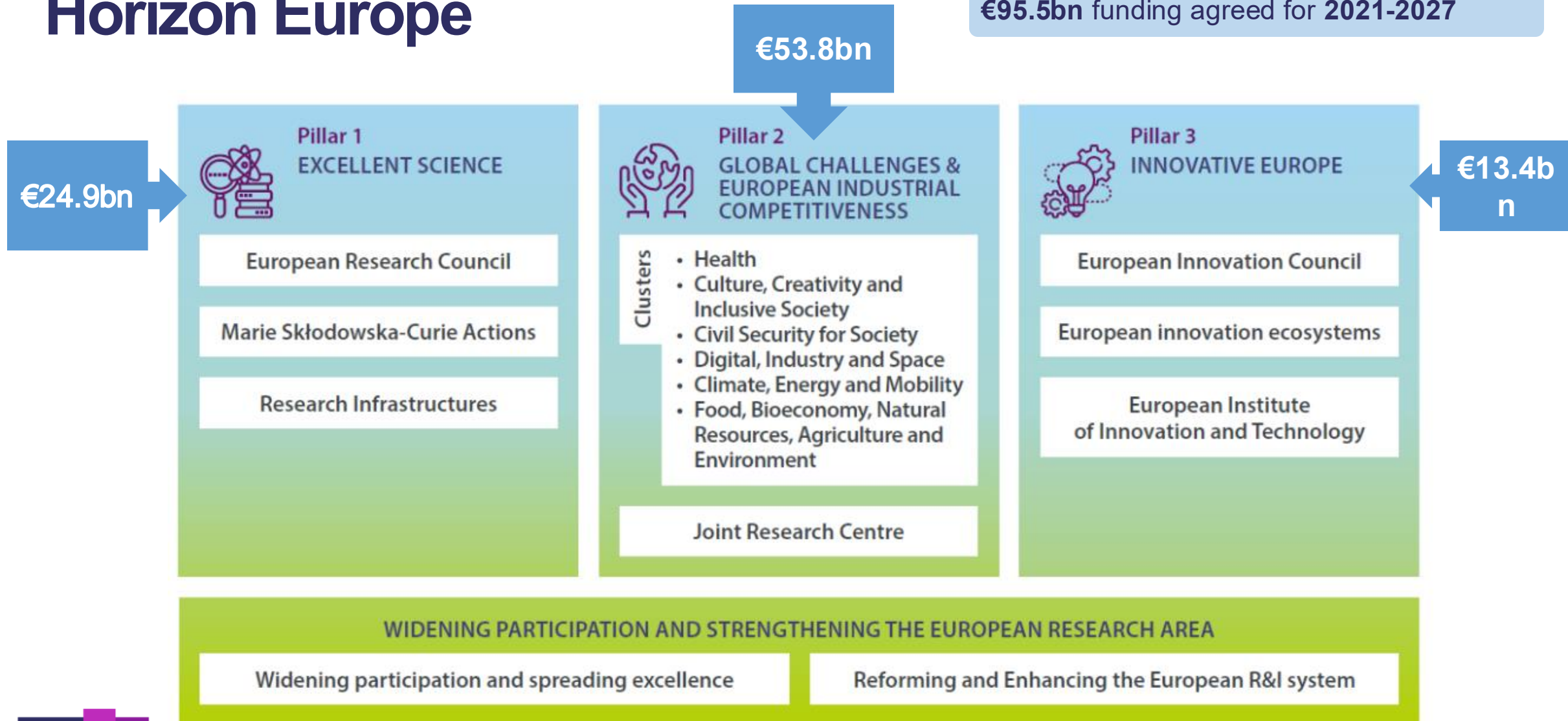
[christopher.young@iuk.ukri.org](mailto:christopher.young@iuk.ukri.org)

14<sup>th</sup> May 2025



# Horizon Europe

€95.5bn funding agreed for 2021-2027



# Horizon Europe funding rates

Type of Action	Reimbursement rate
Research and Innovation Action (RIA)	100% of eligible direct costs for all project participants
Innovation Action (IA)	100% of eligible direct costs for all not-for-profit project participants
	60% or 70% (varies by Topic) of eligible direct costs for all for-profit project participants
Coordination and Support Action (CSA)	100% of eligible direct costs for all project participants

Plus a flat rate for indirect costs of 25%

Note: Joint Undertakings (Institutionalised Partnerships) - see topic details

# The Proposal

All proposals are submitted electronically via the Topic (competition) webpage on the [Funding and Tenders Portal](#)

- Part A – administrative information completed online
- Part B – technical proposal template downloaded from the Portal, completed and then uploaded as PDF
  - Section 1 – Excellence
  - Section 2 – Impact
  - Section 3 – Implementation

## Research and Innovation Action (RIA) and Innovation Actions (IA)

- Part B - Technical proposal is maximum 45 pages
- ## Coordination and Support Action (CSA)
- Part B - Technical proposal is maximum 30 pages

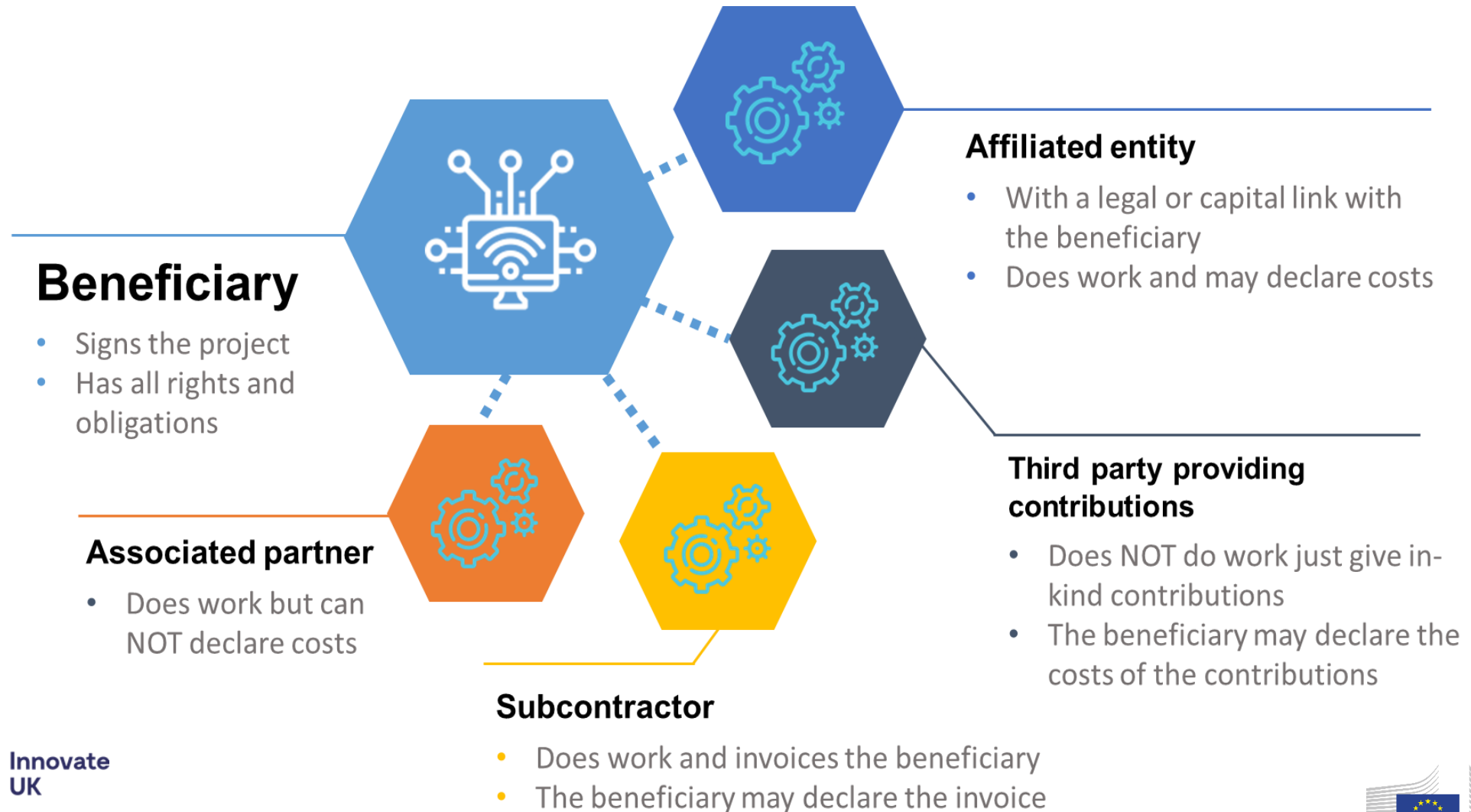
} Usually, but check as some IA topics say 'up to 70 pages' and some RIA topics say 'up to 60 pages'

# Eligibility criteria explained

Stated in the [General Annexes](#)

- **Any legal entity**, regardless of its place of establishment ... **is eligible to participate ...**  
*(although exceptions/restrictions may apply in specific topics)*
- To be **eligible for funding**, applicants must be established in:
  - Member States of the European Union;
  - Overseas Countries and Territories (OCTs) linked to the Member States;
  - Eligible non-EU countries:
    - **Countries associated to Horizon Europe (UK)**
    - Low- and middle-income countries
  - Legal entities in countries not listed above will be eligible for funding **if**:
    - provided for in the **specific call conditions**; or
    - **participation is considered essential for implementing the action**

# How can I participate in the grant agreement?



# Proposal Evaluation

- Carried out by independent experts – you and your colleagues [should register](#) as potential evaluators. You won't be allowed to evaluate your own competition but if called upon elsewhere it will give valuable insight.
- Maximum score of 15 points available, 5 for each of section:
  - Excellence
  - Impact
  - Quality and efficiency of the proposal
- Evaluation forms have now been published:
  - [RIA/IA](#) Standard Evaluation Form
  - [CSA](#) Standard Evaluation Form
- Standard slide deck briefing for all evaluators has been [published](#) so you can see what they are instructed to do

# The process post evaluation

- Once the celebrations are over, all entities sign the Declaration of Honour
- Preparation for Grant Agreement signature proceeds – to be completed max 8 mths post submission deadline – changes from ESR
- Signature of Grant Agreement by Commission and Coordinator (accession of all other parties)
- Signature of Consortium Agreement – all participating organisations
- Project begins – funding provided by EU as determined by the Grant Agreement terms
- Pre-financing paid to coordinator (up-front payment)



# What is the grant agreement and why do I need it?

The grant agreement is the contractual document signed with a 'granting authority' (e.g. the Commission or one of its executive agencies) defining



## YOUR RIGHTS

e.g.:

- **To receive EU funding**, under the terms and conditions defined in the grant agreement, to help you to accomplish your project
- **To own the results** of the project that you have generated
- **To ask for amendments** of the grant agreement (if something needs to be changed)



## YOUR OBLIGATIONS

e.g.:

- **To Implement the project** as planned in the description of the action (Annex 1 to the grant agreement)
- **Submit reports** at the time and for the periods defined in the grant agreement
- **Display the EU emblem and reference to Horizon Europe funding** (e.g. information material, equipment funded by the grant, major results);



## HOW MUCH MONEY YOU CAN GET

Overall, the granting authority can never pay

- **more than the maximum grant amount fixed in the grant agreement.**
- **But it may pay less; e.g. if the project costs at the end are less than budgeted**

# What are the type of costs?



## PERSONNEL COSTS

- ❖ Cost of **the time worked for the project** by:
  - **A.1** Employees
  - **A.2** Natural person under direct contract
  - **A.3** Seconded person
  - **A.4** SME owners and natural person beneficiaries



## SUBCONTRACTING COSTS

- ❖ You **contract another entity to do part of the work allocated to you** in the description of the action



## PURCHASE COSTS

- ❖ **Travel and subsistence costs** for trips necessary for the project
- ❖ **Equipment** used for the project. In most cases, only depreciation costs are eligible (but exceptions exist)
- ❖ **Other goods, works and services**



## OTHER COST CATEGORIES

*e.g.*

- ❖ **Financial support to third parties**
- ❖ **Internal invoices**  
Cost charged internally from one department to another of the same beneficiary; but only if you have a defined cost accounting method



## INDIRECT COSTS

- ❖ **25% flat rate** applied on most of the other budget categories. When reporting, the IT system will calculate this automatically!

# What are the categories of personnel?

(Art 6.2.A Horizon Europe MGA)

## A.1 EMPLOYEES (OR EQUIVALENT)

- ❖ For your personnel working under an **employment contract** (or **equivalent appointing act**, e.g. for civil servants) and assigned to the action.

Three cases:

- ✓ Employees with a fixed salary
- ✓ Employees whose remuneration increases when working in projects (**'project-based remuneration'**)
- ✓ Employees of a beneficiary whose usual cost accounting practice is to calculate average personnel costs (**'average personnel costs'**)

## A.2 PERSONS UNDER DIRECT CONTRACT & A.3 SECONDED PERSONS AGAINST PAYMENT

- ❖ A.2 Costs for natural persons working under a **direct contract other than an employment contract** (e.g. in-house consultants)
- ❖ A.3 costs for seconded persons **by a third party against payment.**
  - i. *work under conditions similar to those of an employee*
  - ii. *the result of the work belongs to the beneficiary*

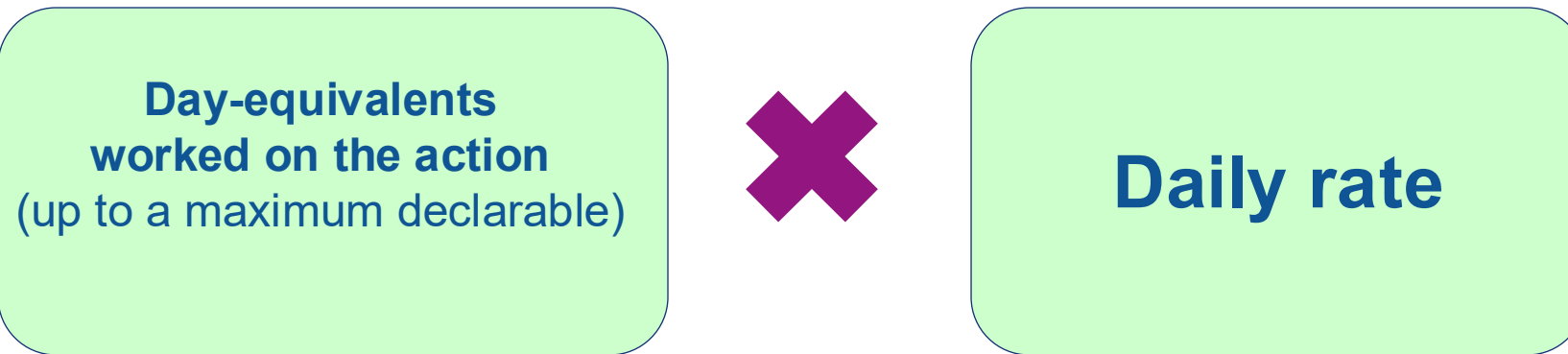
## A.4 SME OWNERS AND NATURAL PERSON BENEFICIARIES

- ❖ Costs for SME owners (i.e. **owners** of beneficiaries that are small and medium-sized enterprises **not receiving a salary**) or
- ❖ Costs for **natural person beneficiaries** (i.e. beneficiaries that are **natural persons not receiving a salary**)

# How to calculate your personnel costs?

Category A.1 – case 1 Employees with a fixed salary

## Corporate formula



## Basic principles

- *Commission-wide formula (valid across EU programmes)*
- *Single calculation for the reporting period*
- *Per person who worked in the action*
- *Single formula to cover most situations encountered by beneficiaries*
- *Maximum declarable days: pro-rata of 215 days*

# Daily rate calculation

## When?

- **per calendar year** (from January to December)
- except for the months running from the end of the last calendar year until the end of the reporting period. For those months, you must calculate **a separate partial daily rate as follows:**

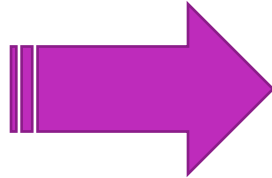
*{actual **personnel costs** of the person incurred over those months*

*divided by*

*{215 / 12 (months) x number of months from the January until the end of the reporting period}}*

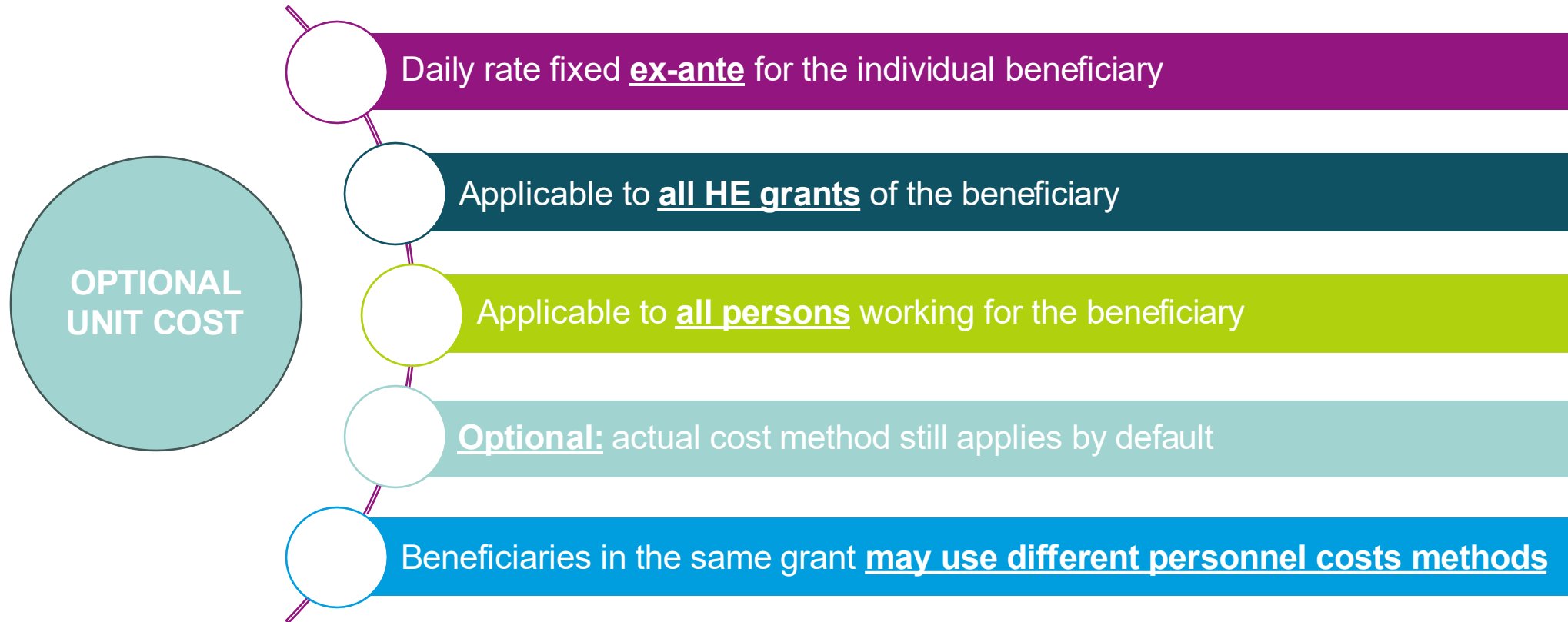
# Days worked – record keeping

Days worked

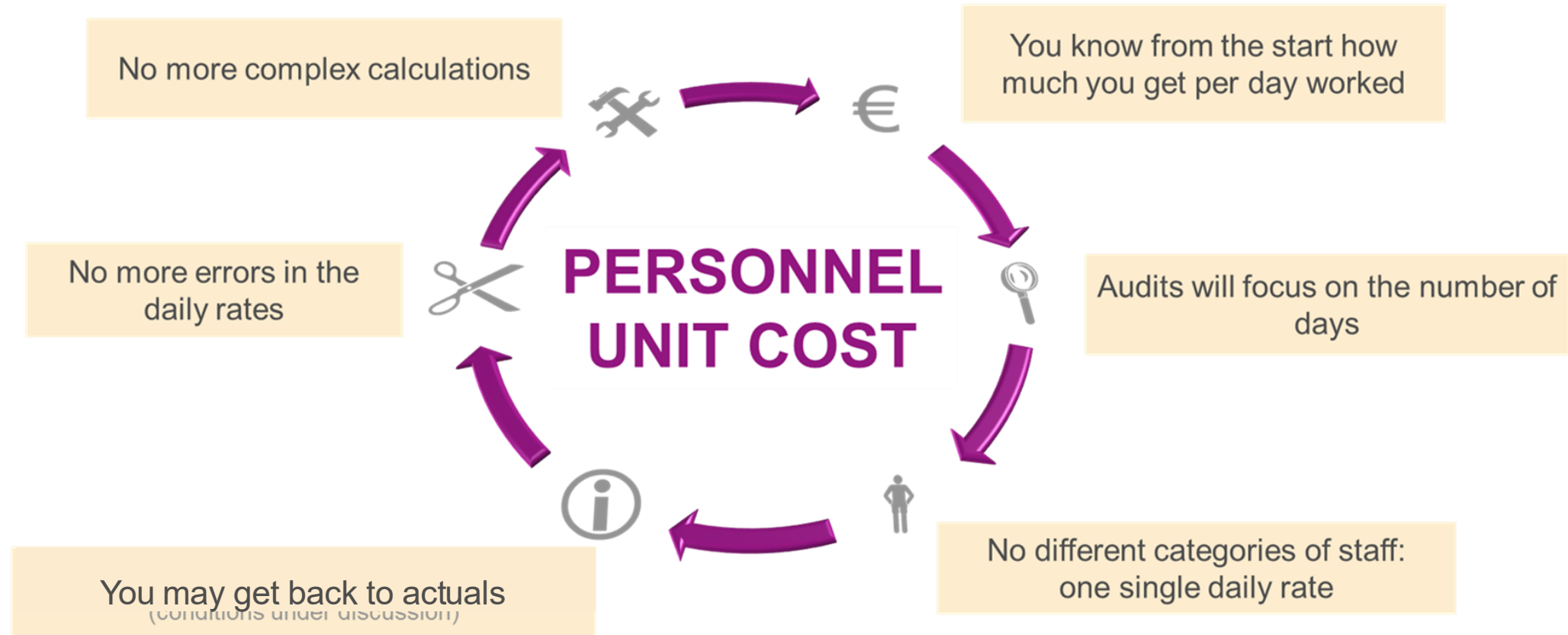


- use reliable **time records** (i.e. time-sheets) either on paper or in a computer-based time recording system.
- **Or**
- sign a **monthly declaration on days spent for the action** (template available).

# NEW - Personnel Unit Costs – key features:



# What advantages would the personnel unit costs bring?





# Daily rate calculation

Calculated in accordance with the beneficiary's historical data

## Daily rate

$$\frac{\text{Total staff costs* of the beneficiary in the last closed full financial year}}{\text{Annual work units** in the last closed full financial year}} / 215 \text{ days}$$

**'Staff costs'\*** = Costs recorded in accordance with the accounting standards applicable in the country where the beneficiary is established and reported under the heading staff costs in the statutory accounts of the beneficiary

**'Annual work units' \*\*** = Definition under Article 5 of the Annex to the Commission Recommendation 2003/361/EC of 6 May 2003

## Subcontracting v Purchases (of goods, works and services)

Subcontracts	Purchases
Subcontracts concern the implementation of 'action tasks' described in Annex 1.	Purchases concern any other contracting cost (travel, equipment, goods, works and services) that are necessary for the beneficiaries to implement the work (can range from big equipment to petty goods) but do not constitute by themselves an action task described in Annex 1.
The price for the subcontracts will be declared as 'Subcontracting costs' in the financial statement.	The price for these contracts will be declared in one of the 'Purchase costs' columns in the financial statement.

# Payment Schedule

- The EU grant is paid to the coordinator - instalments: pre-financing, interim payment(s) and final payment (specific in point 4.2 of the Data Sheet).
- The coordinator is responsible for administering and distributing grant.
- **Pre-financing** payment is designed to ensure a cash flow for implementing the project - amount depends on number of reporting period (60/70%).
- 5-8% is deducted from the pre-financing payment - paid into the Mutual Insurance Mechanism.
- **Interim payment(s)/final payment** - reimburse the costs declared in the relevant reporting period until the threshold of 90 percent of the maximum EU grant is reached.
- 10 percent of the EU grant (2-5 percent retention and 5-8 percent from the Mutual Insurance Mechanism) may only be disbursed at the end of the action.

# The Consortium Agreement

- Signed by all the participants in the project ie Beneficiaries, Affiliated Entities and Associated Partners
- Governs the detailed operation of the consortium eg distribution of funds, meeting frequencies/processes, removal of partners, IPR rights etc
- Operates along-side and compliments the mechanisms of the Grant Agreement
- Consortium often use DESCA model consortium agreement
- Often takes many months to negotiate so factor this into pre-project work schedule



UK Research  
and Innovation

# Thank you

Email: [ncp-rules@iuk.ukri.org](mailto:ncp-rules@iuk.ukri.org)

Newsletter Subscription: <https://eufunding.ukri.org/subscribe>



Innovate  
UK