Horizon Europe: Legal and Finance Webinar

9th February 2021
Introduction to Horizon Europe (Update)

- European budget approved
- EU–UK Trade and Cooperation Agreement signed
- Horizon Europe regulations still to be signed
- Association agreements still to be signed
- Work programmes still to be published
• Continuation of 3 pillar approach

• Move to Global Challenges and Introduction of R&I Missions

• Introduction of the European Innovation Council

• New Mission Approach
Horizon Europe -
UK Association and changes from H2020

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H2020 & HEu
• UK will Associate to the Horizon Europe programme that will run from 2021 to 2027, subject to:
  o finalisation of the Horizon Europe Programme regulations
  o adoption of protocols
  o Formal association to the programme

• UK should be able to participate in the first work programme and calls from April

• UK aims to continue participation in Euratom; ITER (Int. Thermonuclear Experimental Reactor), Copernicus, EU Satellite Surveillance & Tracking (SST)
Business As Usual?

➢ Yes:
  o UK entities will have equivalent rights to entities from Member States
  o Will be able to access funding from all parts of the programme, including ERC, MSCA, JRC, Art 185/187 partnerships
  o Can lead consortia and influence key collaborative projects
  o Can participate and benefit from programme top-ups for co-funded programmes e.g. Eurostars successor

➢ BUT
  o UK has opted out of European Innovation Council Fund (equity part)
  o EC has right to focus some initiatives on Member States only (exceptional and justified cases only)

Note: No impact on H2020 actions
The HEu grant agreement

New ‘corporate’ MGA, mandatory for all EU funding programmes

- **Harmonisation & standardisation**
  - Harmonise the contractual models and guidance for all post-2020 programmes
  - Build on the standardisation of post-2020 basic acts

- **Consistent interpretation**
  - Use the same terminology across programmes
  - Ensure uniform and consistent interpretation of rules
  - Allow equal treatment of beneficiaries
  - Create synergies between programmes

- **Integration of Programme specificities**
  - Specific options and
  - Specific annex 5 for ‘special rules’
The HEu grant agreement

• More user-friendly structure
• Project datasheet
• Articles grouped into chapters
• Common terminology
  o Linked third parties (Art 14 H2020) now **Affiliated entities**
  o International partner (Art 14a H2020) now **Associated partner**
• Increased use of simplified forms of grants where appropriate (building on the H2020 lump sum pilot)
• Overall:
  o Continuity and improved clarity
  o Broader acceptance of usual cost accounting practices
  o Simplification
Personnel costs – new approach

- Discontinuation of the different formulas (annual and monthly) and options for productive hours (entailing difficult and error prone calculations)
- No more ‘last closed financial year’ rule
- Instead, use of a single corporate daily rate and calendar year approach

Personnel costs = Daily rate \times Days worked in the project
Personnel costs – Daily rate & days worked

\[ \text{Daily rate} \times \text{Days worked} = \text{actual annual personnel costs for the person} \]

- \text{use reliable time records (i.e. time-sheets) either on paper or in a computer-based time recording system.}

Or

- \text{sign a monthly declaration on days spent for the action (template under development).}
Personnel costs – Time recording system in hours
Conversion to day-equivalent – 3 options

1. A conversion based on the average number of **hours that the person must work per working day according to her/his contract.**

   *Example:* if the contract says that the person must work 37.5 hours per week distributed in 5 working days, a day-equivalent for the person is 7.5 hours (37.5 / 5). In the same example, if the person works 50% part-time, the day-equivalent would be 3.75 hours (18.75 / 5).

2. A conversion based on the **usual standard annual productive hours** of the beneficiary, if it is at least 90% of the workable time (i.e. continuity with H2020)

   *Example:*
   
   \[
   \begin{align*}
   \text{Standard annual productive hours of the beneficiary} &= 1600 \\
   \text{Standard annual workable hours of the beneficiary} &= 1720 \\
   1720 \times 90\% &= 1548 < 1600 \\
   1600 / 215 &= 7.44 \text{ hours} = 1 \text{ day-equivalent}
   \end{align*}
   \]

3. A conversion based on a fixed number of hours (e.g. for beneficiaries with no reference in their contracts nor standard annual productive hours):

   **1 day-equivalent = 8 hours**
Internally invoiced goods & services

- Costs for goods and services which are produced or provided within the organisation directly for the action and which are valued on the basis of its usual cost accounting practices
- Wider reliance on beneficiary’s usual cost accounting practices for the unit cost calculation
- No application of the 25% flat-rate on top of the unit cost, but
- Possibility to accept actual indirect costs allocated via beneficiary’s usual key drivers
HEu application process

- Overall application process is unchanged
- UK entities count towards minimum consortium numbers
- UK can still coordinate projects
- Funding rates unchanged (some partnerships appear to have 60% for IAs)
- Updated proposal template
- Some changes to financial rules
Proposal template

- RIA/IA - 45 pages (10 pages for first stage of 2-stage)
- CSA – 30 pages
- Cofund – 70 pages
- ERC, MSCA, EIC – page limits set by sub-programmes
- Guidelines on pages per Section
- Gender equality plan (Mandatory for public bodies, research organisations or higher education establishments)
- Researchers listed in part-A
- Separate budget table for ‘Other’ costs
- Security issues table
Evaluation

• Continuity, based on H2020 process – ‘Excellence, Impact, Quality of Implementation’
• Special arrangements for the parts of the Programme where it is important to establish a consistent portfolio of projects, (i.e. EIC, missions)
• Assess the quality of applicants under ‘implementation’, rather than as a separate assessment of operational capacity
• Less focus on management structures and processes
• Possible pilots – ‘blind’ evaluations (first stage), re-calibration of the scoring system, simpler first-stage evaluation, redress/rebuttal...
Reporting

- Certificate on financial statements (CFS)
  - Threshold increased to €430k (but based on all costs)
  - Increased to €725k for beneficiaries with a ‘low-risk’ evaluation after a System & Process Audit
- In-kind contributions – now declared under the relevant cost category (no separate treatment as in Art. 11 & 12 of H2020)
- Exploitation:
  - ‘Results ownership list’ in last periodic report
  - If no exploitation within one year, interested parties should be sought via the Horizon Results Platform
  - Continued reporting on progress after end of project
Other considerations for UK proposers

• Presenting UK beneficiaries in proposals – exploitation of results, EU benefit...

• Data management/GDPR issues:
  o International transfer of personal data?
  o UK undergoing ‘adequacy’ assessment
  o 4-6 month ‘bridge’
  o ico.org.uk/KeepDataFlowing

• Staff mobility – Global Talent Visa, local working regulations in EU...

• Movement of project equipment – costs, customs clearance, timescales?
Contact

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• Horizon Europe dedicated website
  http://ec.europa.eu/horizon-europe

• Scottish EU Funding Portal
  https://www.funding-portal.scot/