

Management of the 7th Framework Programme

Governing Council

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Proposed agreements on the management of the 7th Framework Programme of the Rovira i Virgili University

Introduction

On 22 December 2006, the European Parliament passed the regulation that will be applied in the 7th Framework Programme (7FP), the European Commission's main tool for funding research, technological development and innovation during the period 2007–2013.

The new management feature is that the additional cost funding model was replaced by the full cost model for public institutions. The characteristics of the full cost model for the various programmes are the following:

1. Cooperation Programme
 - a. Collaborative research projects, networks of excellence and research to the benefit of SMEs:
 - i. Funding of 75% of eligible costs.
 - ii. Core staff included in eligible costs.
 - iii. Indirect costs: 60% of eligible costs for projects awarded up to 2009 (inclusive)
 - b. Coordination and support
 - i. Funding of 100% of eligible costs
 - ii. Core staff included in eligible costs.
 - iii. Indirect costs: 60% of eligible costs
2. Ideas Programme
 - i. Funding of 100% of eligible costs
 - ii. Core staff included in eligible costs
 - iii. Indirect costs: 20% of eligible costs
3. People programme
 - i. Funding of 100% of eligible costs
 - ii. Indirect costs: in general, 10% of eligible costs
4. Capacity Programme: see Cooperation Programme

The regulation, then, does away with the **additional cost** model and replaces it with an **eligible cost reimbursement** model. This new model envisages that public institutions can receive up to 75% of eligible costs for R&D projects. This form of funding introduces the concept of co-financing (25%) by public institutions.

The funding of 75% of the eligible costs is specific to R&D projects. Other sorts of costs may be subsidized at different percentages depending on the general regulation and every specific call: for example, management costs are 100% subsidized (audits, coordination, etc.). Demonstration costs can be subsidized up to 50%.

Within **eligible costs** a distinction is made between **direct costs** (identifiable and wholly or partially attributable to the project) and **indirect costs** (necessary for the execution of the project but not directly attributable to it).

The following costs can be considered to be eligible for 25% co-financing by the public institution:

1. The cost of the institution's core staff that are taking part in the project (this is a direct eligible cost).
2. Funding of R&D activities from other sources.
3. Funding from any other resources made available.

When the declared cost of core staff exceeds the minimum amount of co-financing for the R&D project, the R&D project will have a positive balance, which will be known as **resources made available**.

As far as inventoriable material is concerned (infrastructure), the 7FP still regard the depreciation of the equipment used to be an eligible cost for the project. It should be calculated using the current depreciation regulation for each institution.

1. Quantification of indirect costs

The 7FP enables indirect costs to be calculated in two ways:

- a) Actual cost.
- b) Flat rate: 60% of the direct cost up to 2009 (inclusive). This may change as from 2010 but it can never be below 40%.

The following points should be borne in mind:

1. The actual cost can only be calculated using an analytical accounting system.
2. Those institutions that choose the flat-rate system can change to the actual-cost system, but those that choose the actual-cost system cannot change to the flat-rate system.
3. To be able to calculate the indirect costs and actual costs, the allocation system must be auditable

At present the URV's accounting system does not allow indirect costs to be identified and allocated. Work is currently under way to implement cost calculation systems and it would be useful in the future to have a system that calculates actual costs so that it can be compared to the 60% flat-rate system.

2. Work hours and cost of core staff

The table below lists the working hours (based on the royal decree on the working hours of teaching staff) and the cost of the core staff (mean for each academic rank of the monthly salaries for December 2006) that can be charged as a direct cost for core staff: publicly-contracted and university-contracted

teaching and research staff, administrative and service staff of the Scientific Service (SRCT) and research support staff (PSR):

Rank	Cost	Hours/week	Max. research time
Publicly-contracted teaching and research staff			
University professor	68.539,10	37.5	63%
Tenured university lecturer	48.550,97	37.5	63%
University school professor	51.599,44	37.5	63%
Tenured university school lecturer (non-doctor)	41.833,17	37.5	45%
Tenured university school lecturer (doctor)	38.988,45	37.5	63%
University professor (part time + hospital) ⁽¹⁾	41.453,83	37.5	63%
Tenured university lecturer (part time + hospital) ⁽¹⁾	22.413,69	37.5	63%
Tenured university school lecturer (part time + hospital) (non-doctor) ⁽¹⁾	17.643,95	37.5	45%
Tenured university school lecturer (part time + hospital) (doctor) ⁽¹⁾	17.643,95	37.5	63%
University-contracted teaching and research staff			
Tenure-track 2 lecturer	46.986,29	37.5	63%
Tenure-track 1 lecturer	41.266,69	37.5	63%
Temporary lecturer (non-doctor)	35.079,57	37.5	45%
Temporary lecturer (non-doctor)	38.782,60	37.5	63%
Assistant lecturer	-	37.5	50-100% ⁽²⁾
Assistant lecturer (doctor)	-	37.5	90%
Postdoctoral researcher	25.327,78	37.5	100%
Researcher	37.991,48	37.5	100%
Research director	45.026,81	37.5	100%
Trainee researcher	17.459,22	37.5	50-100% ⁽²⁾
University-contracted administrative and service staff			
Group I	38.537,39	35	100%
Group II	33.553,40	35	100%
Group III	29.365,61	35	100%

⁽¹⁾ The hours that hospital lecturers have to spend on European R&D projects will be agreed on by the URV and the corresponding hospital.

⁽²⁾ The number of working hours will depend on the importance of the project for the thesis.

Clarifications:

1. ICREA researchers: Costs can be reimbursed. They must be regarded as third parties.
2. Coordination: project management expenses, including URV staff expenses
3. Administrative and research staff of the SRCT: Include possible number of working hours in the R&D project proposal.

3. Overheads

The overhead will be calculated as 20% of the direct costs of the actual expenditures. The overheads on European projects will be distributed in accordance with the current regulations

URV Solidària	URV–Research	URV–Management	URV–Departments
1%	9%	6%	4%

4. Resources made available

The amount of cofinance and the resources released from the project will be calculated using the following model (based on a project that requires an expenditure of €100,000).

Summary – Budget evaluation

	Eligible costs	Actual expenditure	7FP finance (75% eligible costs)
Core staff	33,333		25,000
Contracted staff/ implementation costs	100,000	100,000	75,000
Direct costs (DC)	133,333	100,000	100,000
Indirect costs (IC = 60% DC)	80,000		60,000
Total (DC+IC)	213,333		160,000
URV overhead (20% DC)		20,000	
Total actual expenditure		120,000	

Resources made available (RMA) = 7FP finance – Total actual expenditure = 160,000 – 120,000 = 40,000
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Since the EU only finances 75%, to recover €100,000 one needs to be able to justify at least €133,000 eligible costs. The overhead of 20% will still be calculated on the basis of the direct cost of the R&D project (in our example, a project of €100,000 amounts to €120,000 because of the €20,000 overhead).

The resources made available that are budgeted for, then, are:

160,000 €
 - 120,000 €
40,000 €

The resources made available will be distributed in the following way:

URV Solidaria	URV–Research	URV–Management	URV–Group
1%	33%	33%	33%

The resources made available will remain part of the project's budget and can be used as eligible expenses until the project ends and the audit has been done, when they will be distributed as mentioned above.

The quantity of the URV-Group resources that is to be used as economic remuneration for project staff will be distributed as controlled premiums and will comply with the legislation in force governing the remuneration and working hours of university staff.

If the resources made available have been generated by the PAS of the SRCT, they must be used to the benefit of the SRCT.

If the project is not economically viable (it makes a loss), the URV will reject the proposal.

The expense budget of the project is calculated using the tax bases. Although VAT is an expense of the project (although not eligible), it is assumed by the URV and is not deducted from the project.

5. Budget control, working hours and justification of projects

The URV uses the SGR and its European project managers to provide teaching and research staff with support in drawing up 7FP proposals on issues pertaining to:

1. Budget
2. Working hours of the research/technical team
3. Justification

5.1. Budget

The SGR will help researchers to design and draw up proposals, and ensure their economic viability. If the teaching and research staff do not avail themselves of this support, they must present their proposals to the SGR two weeks before the deadline so that they can be revised in accordance with the regulations in force.

In both cases, the SGR will draw up a proposal form that will contain the following data:

1. General details
2. Research/technical team (including number of working hours)
3. Economic aspect
4. Viability report

If the proposal is accepted, the SGR will ensure that the definitive budget is viable and will ask the legal representative of the URV for his/her signature. The URV will not provide institutional support for those projects that do not have the mandatory report on economic viability.

5.2. Working hours of the research/technical team

In order to claim for the cost of the core staff, the working hours of all the people taking part in the project must be recorded.

A computer tool needs to be developed that can record not only the time individuals spend on the project but also the time they spend on research in each period. The resulting proportion enables the cost to be claimed back from the UE.

The research group is responsible for ensuring that the information stored in the time record is up to date and reliable.

The SGR is responsible for designing the computer application required to record the working hours

5.3. Justification

A report also needs to be written so that it can easily be seen at any time how much has been spent and how many hours have been worked on each project. In this way, it can be ensured that things are going according to plan and that the amount of cofinancing really responds to the actual needs of the project. The units involved are: SGR (Research) and SRE (Accounts) and SRI (IT).