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DECISION authorising the use of unit costs for personnel costs for actions under the Horizon Europe and Euratom Programmes 2021-2025 and 2026-2027

HISTORY OF CHANGES		
Version	**Publication date**	**Changes**
1.0	15.01.2024	▪ Initial version.
2.0	xx.xx.2026	▪ Legal references updated, with addition of legal basis for the European Atomic Energy Community's (Euratom) research and training programme for the period from 1 January 2026 to 31 December 2027 (the Euratom programme), in practice extending the predecessor 2021–2025 Euratom programme

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Treaty establishing the European Atomic Energy Community,

Having regard to Regulation 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation laying down its rules for participation and dissemination and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013[1], and in particular Articles 6 and 21 thereof,

Having regard to Council Regulation 2021/765 of 10 May 2021 establishing the Research and Training Programme of the European Atomic Energy Community for the period 2021-2025 complementing Horizon Europe – the Framework Programme for Research and Innovation and repealing Regulation (Euratom) 2018/1563[2], and in particular Article 6 thereof,

Having regard to Council Regulation (Euratom) 2025/1304 of 23 June 2025 establishing the Research and Training Programme of the European Atomic Energy Community for the period 2026-2027 complementing Horizon Europe – the Framework Programme for Research and Innovation and repealing Regulation (Euratom) 2021/765[3], and in particular Articles 6 thereof,

Having regard to Regulation (EU, Euratom) No 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union[4], and in particular Articles 125 and 184 thereof,

Whereas:

(1) Unit costs considerably simplify the administrative procedures, consequently leading to a decrease of the workload for the granting authority and for the beneficiaries, and reduce the risk of errors,

(2) Personnel costs represent the largest share of the eligible costs in the majority of actions under the Horizon Europe and Euratom programmes. Therefore, simplifying the manner in which they are reimbursed can help to achieve the overall simplification objective,

(3) Given the wide range of actions implemented under the Horizon Europe and Euratom programmes, as well as the range of beneficiaries and staff involved in implementing actions, maximum simplification can be achieved by allowing a single unit cost for each individual beneficiary, based on the average value for its total personnel costs per annual work units in the last full financial year,

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[1] OJ L 170, 12.5.2021, p. 1.

[2] OJ L 167 I, 12.05.2021, p. 81.

[3] OJ L, 2025/1304, 3.7.2025.

[4] Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast) (OJ L, 2024/2509, 26.9.2024)..

(4) Given that the implementation of a single unit cost for personnel costs entails significant changes in IT systems supporting eGrants, the request to use the unit cost can be introduced only as from 1 May 2024, providing the necessary time for the appropriate preparation of its implementation.

THE FOLLOWING HAS BEEN DECIDED:

Sole Article

The use of eligible costs declared by recipients of Union funds on the basis of unit costs for personnel costs is authorised for all actions under the Horizon Europe and Euratom programmes 2021-2025 and 2026-2027 where actual personnel costs are eligble, for the reasons and under the conditions set out in the Annex. The new unit costs shall apply only following the approval of the unit cost requests submitted as of 1 May 2024.

Done at Brussels,

Marc LEMAITRE

Director-General of DG R&I

Annex

1. Form of Union contribution and categories of costs covered

Without prejudice to other decisions authorising the use of unit costs in the Horizon Europe or Euratom programmes, personnel costs may be declared on the basis of either:

(a) unit costs calculated in accordance with their historical data ('personnel unit cost'), or

(b) a combination of eligible costs actually incurred, average personnel costs and SME owner unit costs.

If the beneficiary wishes to declare personnel costs using unit costs calculated in accordance with its historical data, it must submit a unit cost request through the Funding & Tenders Portal as of 1 May 2024.

Once the request is approved, the beneficiary shall use the unit cost in all its Horizon Europe and Euratom proposals submitted after the approval date of the unit cost. In addition, the beneficiary may use the unit cost in proposals already submitted, provided that they will be awarded after the approval date of the unit cost and that the consortium and the granting authority agree on the adapted budget (if adaptations are needed).

Grant agreements already awarded or signed at the approval date cannot be amended to introduce the unit cost.

The beneficiary may revert back to actual costs (option b) once. Such change may be justified, for example, if the implementation of the selected option did not deliver the envisaged simplification to the beneficiary. The change back to actual costs will be valid only for future grants (ongoing grants are not impacted).

A beneficiary that has reverted back to actual costs will not be allowed to request again the use of the personnel unit cost option for the rest of the duration of the Horizon Europe and Euratom programmes.

The personnel unit cost shall be calculated in accordance with point 3.

2. Justification

2.1. Nature of the supported actions

The European Commission is committed to implementing simplification measures to make Horizon Europe and Euratom Programmes more attractive and more accessible to beneficiaries.

Personnel costs are an essential element of costs in actions under Horizon Europe and Euratom Programmes. Measures contributing to facilitating their declaration are key to significantly decrease beneficiaries' administrative workload, as well as to prevent financial errors. Where appropriate, the declaration of personnel costs should be simplified to the greatest extent possible.

The use of unit costs has proven to be appropriate to ensure simplification in the declaration of costs. Given the range of actions implemented under the Horizon Europe and Euratom programmes, as well as the types of beneficiaries and staff involved in implementing them, maximum simplification can be achieved by allowing a single unit cost for each individual beneficiary. Moreover, the way in which staff is grouped depends not only on national specificities but also and foremost on managerial decisions at the level of the individual

entity. There is no standard categorisation of staff among EU grant beneficiaries. Further granularity of the unit cost, for example applying unit cost calculations per staff category, might further fine-tune the value of the unit costs compared with the actual values of each indiviual staff member. However, it would:

- undo the simplification impact aimed at,
- make the calculation and ex-ante verification of the unit costs extremely cumbersome, as detailed payroll and human resources records of each individual entity would be needed,
- introduce a new source of errors, linked to the risk of the beneficiary not applying the unit cost of the right staff category to the individual staff member.

The declaration of direct personnel costs on the basis of unit costs may be used in all actions under Horizon Europe and the Euratom programmes where actual personnel costs are eligble.

2.2. Risks of irregularities and fraud and costs of control

Extending the offer to use unit costs to declare direct personnel costs is necessary to make a major step towards simplification and error avoidance. The use of a unit cost to calculate direct personnel costs will reduce the risk of irregularities because the beneficiary will declare only one amount for all staff which will be calculated on the basis of its own verifiable historical data.

Moreover, the use of these unit costs is considered appropriate because any residual risk of irregularity or fraud is mitigated through the control procedures put in place. Firstly, the requested unit costs must be accompanied by a certified audit statement. The audit certificate must be drawn up using the template published on the Funding & Tenders Portal, cover the annual personnel costs and work units, and fulfil the following conditions:

(a) be provided by a qualified approved external auditor which is independent and complies with Directive 2006/43/EC (or for public bodies: by a competent independent public officer)

(b) the verification must be carried out according to the highest professional standards and confirm compliance with the applicable rules for the calculation of the unit cost.

In addition, the following measures will be applied by the responsible service in order to check compliance and minimise the risks of incorrect cost statements:

- the beneficiary will use a wizard to calculate the requested unit cost and the request will be supported by an audit certificate on the annual personnel costs and work units, in line with the applicable rules
- the responsible service will verify, before approval, that the figures entered in the wizard by the beneficiary are those certified by the audit certificate; on a limited risk-sample basis it will also verify that the figures in the audit certificate match those in the statutory annual accounts and/or other official documents upon which the audit certificate was delivered; in case of doubt, the granting authority may – at any moment – trigger ex-post checks, reviews, audits to the CAS or investigations to OLAF regarding the correctness of the data used for the calculation of the unit cost; apart from these checks on the correctness of the data used, the amount of the unit cost will in principle not be challenged subsequently, unless the beneficiary has concealed or misrepresented information for the purpose of the approval; if the responsible service

finds incorrect data, concealed or misrepresented information, for example on the basis of an audit report, it may decide to withdraw the unit cost (with effect for ongoing and future grants and closed grants that are still auditable)

- moreover, if a check, review, audit or investigation (including checks under Article 25.3 of the Horizon Europe General Model Grant Agreement) establishes that the actual costs of the beneficiary are recurrently and significantly lower than the unit cost, the responsible service may decide to withdraw the unit cost (with effect for future grants)
- finally, the use of the unit cost will be subject to the standard checks, reviews, audits or investigations under Article 25 of the Horizon Europe General Model Grant Agreement (e.g. correctness of the number of units charged; misuse of the unit cost, etc)

Lastly, the costs of these controls are considered to be low and appropriate for the use of these unit costs in view of the simplification that will be achieved through their use.

2.3. Justification on why an output or result-based approach is not possible or appropriate

The purpose of this Decision is to authorise the use and define amounts of unit costs for personnel costs, which by their nature are input-based. It is not possible to define in advance an output or result for every action for which these unit costs could be declared. Therefore, it is neither possible nor appropriate to base the unit costs in this Decision on outputs or results.

3. Method to determine and update the unit cost

Calculation

The personnel unit cost shall be based on:

- the total expenditure of the beneficiary for all its staff (not only personnel working on research and innovation actions) and
- the number of staff of the beneficiary in annual work units (AWU), i.e. the number of persons who worked full-time in the last full financial year as defined in Article 5 of the Annex to Commission Recommendation concerning the definition of micro, small and medium-sized enterprises[5]. The work of persons who have not worked the full year, the work of those who have worked part-time, regardless of duration, and the work of seasonal workers are counted as fractions of AWU.

The personnel unit cost daily rate shall be calculated as follows:

{(total staff costs of the beneficiary in the last closed full financial year[6]

divided by

annual work units in the last closed full financial year)

divided by

[5] OJ L 124, 20.5.2003, p. 36–41

[6] 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. If the statutory accounts of the beneficiary are in a currency other than the euro, costs will be converted into euro at the average of the daily exchange rates published in the C series of the Official Journal of the European Union (ECB website) calculated over the corresponding financial year.

215 days}

The eligible direct personnel costs for all the beneficiary's personnel shall be determined by multiplying the unit cost (daily rate) by the number of day-equivalents worked on the action, in accordance with Article 6.2 of the Horizon Europe General Model Grant Agreement.

To prevent unrepresentative results for the value of the work, for example due to unusual organisational structures or remuneration practices, the result of the daily rate formula will be subject to a cap per country. The cap applicable to each individual country will be calculated as follows:

{EUR 9 618 multiplied by the corresponding country-specific correction coefficient[7]

divided by

18 days}

The EUR 9 618 monthly cap amount was defined using the data from all Horizon Europe grant agreements signed before June 2023, excluding unit cost and lump sum grant agreements. In total, 7 793 Horizon Europe grant agreements were retained. These grants provide funding for 1.9 million person months, and the estimated budget for 95% of these person months is below EUR 9 618. It is therefore reasonable to conclude that when the average monthly personnel costs resulting from the formula is above EUR 9 618, there is significant risk of that result not being representative of the actual costs of staff working in the EU actions. The cap will apply to those cases.

In addition, the total number of day-equivalents declared in EU grants, for a person for a calendar year, cannot be higher than 215.

The unit cost is valid for at least two years. The beneficiary may request an update to the unit cost amount, every two years after the approval date, until 31 December 2027. The change request shall follow the same rules and procedures as the initial request. The updated unit cost will apply to all the beneficiary's Horizon Europe and Euratom proposals that are invited to grant preparation after the new approval date.

Ongoing grant agreements cannot be amended to increase the unit cost.

Procedure

Beneficiaries who wish to use the unit cost can express their interest in the Funding & Tenders Portal as from 1 May 2024 and should use it in their proposals submitted through the Funding & Tenders Portal. In order to calculate the indicative unit cost amount to be used for the budgets, they can rely on the wizard available on the Portal.

When the first successful proposal reaches grant preparation, the LEAR of the beneficiary will be asked to provide an ad hoc independent audit certificate certifying the calculation parameters of the unit cost and to formally request the unit cost amount in the system.

If the request complies with the conditions, the responsible service will approve the unit cost and inform the beneficiary. If the request does not comply with the conditions, the responsible

[7] The coefficient is the one that applies for unit costs for Doctoral Networks under Marie Skłodowska-Curie actions and can be found in the MSCA work programmes under Horizon Europe. They are based on an average of the *Comparative price levels* published by Eurostat over several years.

service will reject the request and inform the beneficiary.

In case of doubts or obvious clerical errors, the responsible service may go back to the beneficiary and request clarifications and/or additional supporting documents. In case of discrepancies, the responsible service may also ask the beneficiary to update its request and adapt the requested amount.

The beneficiary may withdraw its request at any moment until it has been approved.

If the responsible service finds incorrect data, concealed or misrepresented information, it may decide to withdraw the unit cost (with effect for ongoing and future grants and closed grants that are still auditable).

If a check, review or audit finds that the actual costs of the beneficiary are recurrently and significantly lower than the unit cost, the responsible service authority may decide to withdraw the unit cost (for future grants).

4. Sound financial management, co-financing principles and absence of double funding

The methodology described in point 3 complies with the principles of sound financial management, co-financing and absence of double funding as required by the Financial Regulation.

Sound financial management is ensured by basing the unit costs on the most recent historical data based on statutory, certified or verifiable data, which should approximate the actual costs.

Co-financing of the unit cost will be taken into account ex-post by applying the funding rates mentioned in Article 34 of the Regulation establishing Horizon Europe applying also to Euratom actions at payment stage.

Reasonable compliance with the principle of absence of double funding is ensured through:

- clear identification of the category of eligible costs covered by the unit costs under this decision,
- the normal procedure for checking the absence of double funding under grants implemented by the granting authority; notably that the total number of day-equivalents declared in EU grants, for a person for a year, is not higher than 215 minus time spent on parental leave (if any). This reasonably ensures that the same working time of a person is not charged twice.