



LIFE Eligibility of Public Staff Salary Costs (the 2% Civil Servant Rule)

The 2% civil servant rule applies to public body/authority civil servant personnel working on a LIFE project. If you think the rule might apply to you and your project please read the following guide.

The Rule

The civil servant rule can be found in Article II.19.2 of the LIFE General Conditions and in section Form F1 – Direct personnel costs in the Guidelines for applicants 2014. It states:

The sum of the public bodies' contributions (as coordinating beneficiary and/or associated beneficiary) to the project budget must exceed (by at least 2%) the sum of the salary costs charged to the project for personnel who are not considered 'additional'. This will be automatically checked under Report R4 – Compliance with 2% rule when your proposal is validated by eProposal prior to submission, and also both during the selection phase and when calculating the final EU contribution at the end of the project.

The definition of 'additional' personnel costs include the costs of all personnel – permanent or temporary – of public bodies whose contracts or contract renewals:

- *start on or after the start date of the project or on or after the date of signature of the grant agreement by the Contracting Authority in case this signature takes place before the project start date, and*
- *specifically mention the LIFE project*

The examples below demonstrate how this rule might be applied to your projects' finances.

Example 1: Existing staff specifically seconded to the project

The sum of the public authority/body's own contribution (direct and indirect costs) to the project budget must be exceeded by at least 2% the sum of its total existing civil servant staff costs charged to the project.

	Project Costs (€)	Own Contribution (€)
Existing civil servant staff costs	100,000	60,380 (60%)
Other direct costs	90,700	36,280 (40%)
Indirect costs (7%)	13,349	5,340 (40%)
TOTAL	204,049	102,000 (50%)

Note: A dashed blue arrow points from the 'TOTAL' Project Costs (€204,049) to the 'TOTAL' Own Contribution (€102,000), with '102%' written next to it.

In example 1, it can be seen that the total 'own contribution' €102,000 is 2% greater than the public organisation's total project staff costs €100,000, and therefore is acceptable. This can only be achieved by reducing the level of EC contribution to personnel costs. The need to reduce the level of EC contribution occurs when personnel costs are large when compared to the other direct costs.

Example 2: Existing staff specifically seconded to the project

When the other direct costs are the biggest financial category, the 2% rule is much easier to comply with.

	Project Costs (€)	Own Contribution (€)
Existing civil servant staff costs	100,000	40,000 (40%)
Other direct costs	140,000	56,000 (40%)
Indirect costs (7%)	16,800	6,720 (40%)
TOTAL	256,800	102,720 (40%)



Example 3: Temporary staff specifically recruited to work on the project

Below is the NCP's interpretation of the rule which relates to **temporary staff** recruited to public bodies/authorities to specifically work on a LIFE project:

	Project Costs (€)	Own Contribution (€)
New staff costs	40,000	16,000 (40%)
Existing staff costs	60,000	24,000 (40%)
Other direct costs	90,700	36,280 (40%)
Indirect costs (7%)	13,349	5,340 (40%)
TOTAL	204,049	81,620 (40%)

In example 3, total personnel costs are the same as in example 1 (i.e. €100,000), but 'own contribution' required has been reduced. By recruiting temporary members of staff to work exclusively on the LIFE project (at a cost of €40,000), it means that the public body/authority now only has to contribute 2% in excess of its existing civil servant salary costs for staff already employed i.e. €60,000 + 2% = €61,200.

Important note:

The rule states that staff in question must be specifically seconded to a project and must represent an additional cost with respect to existing permanent staff. This must be reflected in staff HR records/contracts and timesheets; etc. All projects (including all project partners) may be subject to an audit, and if it's found that civil servant staff **do not** represent an additional cost, the EC may apply financial penalties e.g. withhold payments to projects, or seek repayment.

Above all please check the legal status of your organisation. If your organisation is found to be a public body/authority according to LIFE regulations, then civil servant staff working on your project are subject to this ruling. **It is your responsibility to make these necessary checks.**



Contact

If you have any questions related to this or any other LIFE related query, please email UKLIFE@jncc.gov.uk or contact us on +44(0)1733 562 626 and ask for a member of the LIFE team.

For additional information please visit: www.JNCC.gov.uk/UKLIFE

