

Comments of the
Helmholtz Association of German Research Centres
regarding

THE COST OF LARGE RESEARCH INFRASTRUCTURES

“For large infrastructures, the Commission will, based on best practices, issue guidelines on how some indirect costs can be moved to direct costs, i.e. where those costs can be directly attributed to the project”.

Statement of the European Commission at the Council "Competitiveness" meeting on 10/11 October 2012, in the framework of the Partial General Approach on the Rules for Participation in H2020

The Helmholtz Association is operating many large research infrastructures (e.g. research vessels, research planes, synchrotrons), and consequently welcomes this statement of the EC.

The Helmholtz Association would like to add the following considerations to the complex discussions on how this statement could be implemented in practice:

- In agreeing to provide the guidelines mentioned above, the Commission took on an impressive challenge:
 - improving the situation of research infrastructure in Horizon 2020 by counteracting the problems they would encounter under an overhead-flatrate
 - while respecting the financial regulation and its non-profit-regime,
 - not counteracting the overlying principle of simplification which is the whole purpose of the new cost models in H2020 in the first place,
 - and respecting the usual accounting principles of the participants.
- These different aspects are not easy to balance, but none of them should be abandoned. Notably the commitment of the European Commission to respect the usual accounting principles of the participants has to be upheld. The complexity of the issue will lead to an understandable desire to establish a positive list of costs considered to be indirect cost. Still, if a participant's accounting system correctly identifies costs which are both measurable and attributable to a project, uncertainty whether parts of it might be interpreted to be covered by a positive list of indirect cost would counteract the simplification efforts intended by the flat rate in the first place. We therefore strongly recommend not to establish a binding positive list.

As regards large Research Infrastructures, there are several issues to be taken into consideration:

- If there are to be separate rules applicable to “large RI”, it will have to be defined what “large” means. In one of the workshops, the EC suggested to make this dependant on the usual accounting principles of the participants. While we of course appreciate this thought, our accounting experts are of the opinion that accounting principles are not geared for this purpose and thus would not be the most efficient tool for differentiating between small/medium/large RI. Instead, the guidelines should specify a clear definition of “large RI” based e.g. on investment cost/cost of operation.
- A complete list of all cost items which can be important in operating a RI is close to impossible to generate, and a prioritisation of the cost will always depend on the different types of RI and is thus not possible. Just for

your information, we are attaching a list of some of the recurring cost items, for example only, and we would in fact strongly urge you not to develop a binding positive list, but rather a list of examples.

- The soundest and most precise way of considering these costs would in our view be to allow full cost accounting as an option for research organisations operating RI. This would ensure that, where high indirect costs are generated by large RI and are precisely recorded in a sound accounting system, this precision does not get lost in approximations just for EU projects.
- Should this not be possible, a use of lump sums per unit of access (hours of beam time or days of ship use) might be the best solution, since this would at least assure that the sum would be fixed before the project starts and no ex-post audits would be necessary. This would be in line with the simplification purposes of H2020. In order for such a system to be in line with the usual accounting principles, it would however have to respect the underlying cost calculation of the participants for setting the lump sum, which would certainly challenge the concept of lump sums. In any case, a very precise and participant-specific mechanism for setting the amount of the lump sum would be needed, possibly based on the mechanisms used in FP7 for calculation unit cost for Transnational access. This again would certainly challenge the current concept of lump sums, but it might still be the best of the available options.
- Needless to say, a research organisation which is capable of showing its direct project-related research infrastructure costs has of course to keep, as in FP7, the possibility to declare these as direct costs.

Some non-exhaustive examples of the myriad costs of operating a RI:

- Personnel cost for keeping the RI available (e.g. in-house specialists for maintenance/repairs/feeding the animals/ ship logistics/ ship management /instrument development etc. – for exemplary purposes you might find this presentation of the geomar technology logistics centre of interest: http://www.geomar.de/fileadmin/content/zentrum/ze/tlz/Technology_Logistics_Centre.pdf)
- Material costs (raw materials and supplies)
- Depreciation
- Internal services (e.g. energy cost)
- Cost allocation (e.g. heating, security)

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Please direct further questions and comments to:

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Brief portrait of the Helmholtz Association

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