

Community Led Local Development

Guidance Note: Calculating salaries and hourly rates

Help with calculating rates for both ESF and ERDF





CLLD Calculating salaries and hourly rates

Introduction

As part of your CLLD project costs you may need to claim back the salaries for people delivering the project. These claims will consist of salary, along with any employer National Insurance and employer pension contributions. To do this there are some calculations the funder requires you to use to ensure there is a fair approach to everyone delivering programmes funded by the European Union.

Firstly identify the funding stream you are using (ERDF or ESF), then whether the staff involved are full or part time employees, finally whether they are working all of their contracted hours on the project or just some of them. Once you have this information, use the table below to identify the relevant section of the guidance to go to. That section will give you the calculation you need to use to work out what you will be able to claim back. Remember that in most cases the employee will also need to fill in a timesheet to show what they were doing for the hours you are claiming. There is also a section at the end that tells you what you will need to evidence any claims you make.

	ERDF	ESF
Full time contract – all hours on CLLD delivery	Section 1	Section 1
Part time contract – all hours on CLLD delivery	Section 1	Section 1
Full time contract – variable hours on CLLD delivery	Section 2	Section 2
Part time contract – variable hours on CLLD delivery	Section 3	Section 4
Full time contract – fixed percentage of hours on CLLD delivery	Section 5	Section 5
Part time contract – fixed percentage of hours on CLLD delivery	Section 5	Section 5

Section 1

ERDF Full or part time employees working all of their contracted hours on your CLLD project, and

ESF Full or part time employees working all of their contracted hours on your CLLD project

For these employees there is no need to calculate an hourly rate or for them to complete a timesheet, their job description and contract of employment will confirm that they have been employed solely to work on your CLLD project. The



claim you make to CLLD will match their salary, employer NI and employer pension contributions as they appear on the employee's payslip.

Section 2

ERDF Full time employees who work a variable amount of their contracted hours on your CLLD project, and ESF Full time employees who work a variable amount of their contracted hours on your CLLD project

If you have an employee who is on a full time contract (whatever that may be for their organisation 37, 37.5, 40 hours per week etc) but they are going to work a variable number of hours per week on your CLLD project then you will need to do an hourly rate calculation to work how much you can claim back for them. To do this you would use the following information:

- That person's **actual** salary as it appears on their contract of employment,
- The annual employer's National Insurance contribution for that salary as it appears on the HMRC NI calculator. Use this link to get the information - <http://nicecalculator.hmrc.gov.uk/Class1NICs1.aspx>
- The annual employer's pension contribution for that salary as calculated from your organisation's pension provision.

If you add these three figures together and then divide the total by 1720 you will get the hourly rate you can claim from CLLD. Here's an example we put together:

Full time annual salary	21,146.52
Employers NI from HMRC calculator	1,785.72
Employers pension (9% contribution)	<u>1,903.19</u>
Total annual costs	£24,835.43

Hourly rate calculation $£24,835.43 \div 1720 = £14.44$

For this employee you can claim £14.44 per hour for any time they spend working on your CLLD project. The hours claimed for will need to be detailed on a timesheet (see example at the end of this guidance note).

Section 3

ERDF part time employees who work a variable amount of their contracted hours on your CLLD project

If you have an employee who is on a part time contract and will be working a variable number of their hours on your CLLD project you will need to do an hourly rate calculation to work out how much you can claim back for them. To do this you would use the following information:

- The person's **actual** salary as it appears in their contract of employment

Guidance Note - Calculating salaries and hourly rates v2



- The annual employer's National Insurance contribution for that salary as it appears on the HMRC NI calculator. Use this link to get the information - <http://nicecalculator.hmrc.gov.uk/Class1NICs1.aspx>
- The annual employer's pension contribution for that salary as calculated from your organisation's pension provision.

It you add these three figures together and then divide the total by a **pro rata** equivalent of 1720 you will get the hourly rate you can claim from CLLD. So for an employee on a 0.5 FTE contract you would divide the total by 860 and for someone on a 0.4 FTE contract you would divide the total by 688 etc. Here's an example we put together for someone working on a 0.5FTE contract:

Part time annual salary	10,573.26
Employers NI from HMRC calculator	296.64
Employers pension (9% contribution)	<u>951.59</u>
Total annual costs	£11,821.49

Hourly rate calculation $£11,821.49 \div 860 = £13.75$
← (1720 x 0.5FTE = 860)

For this employee you can claim £13.75 per hour for any time they spend working on your CLLD project. The hours claimed for will need to be detailed on a timesheet (see example at the end of this guidance note).

Section 4

ESF part time employees who work a variable amount of their contracted hours on your CLLD project

If you have an employee who is on a part time contract and will be working a variable number of hours on your CLLD project you will need to do an hourly rate calculation to work out how much you can claim back for them. To do this you would use the following information:

- That person's full time equivalent (FTE) salary (the amount you would pay someone in your organisation for carrying out that role on a full time basis). You may be able to evidence this by using your organisation's graded pay structure.
- The annual employer's National Insurance contribution for the FTE salary as obtained from the HMRC NI calculator. Use this link to get the information - <http://nicecalculator.hmrc.gov.uk/Class1NICs1.aspx>
- The annual employer's pension contributions for the FTE salary as calculated from your organisation's pension provision.

It you add these three figures together and then divide the total by 1720 you will get the hourly rate you can claim from CLLD. Here's an example we put together:



Guidance Note - Calculating salaries and hourly rates v2

Full time annual salary	19,500.00
Employers NI from HMRC calculator	1,528.44
Employers pension (9% contribution)	<u>1,903.19</u>
Total annual costs	£22,931.63

Hourly rate calculation $£22,931.63 \div 1720 = £13.33$

For this employee you can claim £13.33 per hour for any time they spend working on your CLLD project. The hours claimed for will need to be detailed on a timesheet (example at the end of this guidance note).

Section 5

ERDF Full or part time employees working a fixed percentage of their contracted hours on your CLLD project, and

ESF Full or part time employees working a fixed percentage of their contracted hours on your CLLD project

For these employees there is no need to calculate an hourly rate or for them to complete a timesheet, their job description and contract of employment will confirm that they have been employed to work a fixed number of hours per week on your CLLD project. The claim you make to CLLD will be for that fixed percentage of their salary, employer NI and employer pension contributions as they appear on the employee's payslip. For example:

Employee is on a full time contract and is contracted to work 50% of their week on CLLD and 50% on another project. Your calculation would be -

Full time monthly salary	1,666.66	CLLD = £833.33
Employers NI from HMRC calculator	128.98	CLLD = £64.49
Employers pension (9% contribution)	<u>149.99</u>	CLLD = £74.99
Total monthly claim	£1945.63	CLLD = £972.81

How do I evidence the hourly rates are correct?

When you submit your Full Application you will need to provide us with the hourly rates you have calculated, there is a spreadsheet in the application form you can use for this. At the same time you will need to evidence that the salaries used in your calculations are genuine, to do this you must send us payroll evidence going back 12 months for all staff involved in the delivery of your project. We will use the figures paid in the last month to validate the calculations you have made. Once we have agreed your hourly rates they will remain the same for the next 12 months, after this time they can be recalculated if staff have received a pay rises etc.

**How do I claim for any hours worked on delivering the project?**

For the staff working all of their contracted hours on your CLLD project there is no need for them to complete a timesheet, for all other staff a timesheet will be required. When the timesheet is completed it will need to include information of the hours worked on the project and a detailed description of what was done in that time. You will also need to breakdown the hours the person worked that were not related to project delivery. We have provided an example timesheet on the next page to show how you would record an employee who had worked for two days (15 hours) but with only 5 hours, 30 minutes (5.5 hours) being claimed from the CLLD project.

Timesheets must always be signed by the employee and their line manager.

As well as submitting timesheets for any hours you want to claim from CLLD you must also include the following documents with your claim:

- A copy of your monthly payroll report with the details of any non-project staff deleted/blacked out)
- Copies of payslips for all project staff
- A copy of your organisation's HMRC National Insurance payment run with the names of project staff included
- A copy of your organisation's pension contributions payment run with names of project staff included
- A copy of your bank statement confirming the relevant payroll, National Insurance and pension payments have been deducted
- A copy of the person's job descriptions, bearing the ESIF logo if the role is project specific (1st claim per employee only)
- A copy of the person's Contract of Employment (1st claim per employee only)
- A copy of the letter for each person informing them that their role is part/fully funded by ESIF (if this is not evident from their job description or Contract of Employment) (1st claim per employee only)

Guidance Note - Calculating salaries and hourly rates v2



Example timesheet

Cornwall Led Local Development - Project Staff Timesheet		CLLD Enabling Business Inspiring People	European Union European Structural and Investment Funds		
Project name:	Getting you back to work	Claim date:	Jul-20		
Project staff name:	Joe Bloggs	Job title:	Job Coach		

Date	Detail of project activity	Start time	End time	Total hours	CLLD Funded	Match Funded	Other EU funded work	Non project/funded work
04.07.20	Meeting at our offices with participant (NL) to review job opportunities	09:00	10:00	01:00	01:00			
04.07.20	Meeting at our offices with participant (MB) to review job opportunities	10:00	11:00	01:00	01:00			
04.07.20	Other duties	11:00	16:30	05:30				05:30
13.07.20	Meeting at our offices with participant (SC) to review job opportunities	09:00	10:00	01:00	01:00			
13.07.20	Writing up notes from meetings with participants	10:00	12:30	02:30	02:30			
13.07.20	Other duties	12:30	16:30	04:00				04:00
				00:00				
				00:00				
				00:00				
				00:00				
				00:00				
				00:00				
Total hours claimed				15:00	5:30	0:00	0:00	9:30
I confirm that the hours detailed above have contributed to the delivery of the Community Led Local Development project.								
Project staff signature:	J. Bloggs	Date:	31.07.20					
Line Manager's signature:	A.N Other	Date:	31.07.20					

If I have any questions?

Please contact your facilitator if you have any questions as they will be able to advise.