



## Labour costs

In your project administration you keep track of the number of worked hours per employee, with the associated hourly rate of this employee.

**NOTE:** In the FDOV12 / FDW12 / GWW13 tenders no system was prescribed for determining hourly rates and the number of productive hours, other than that rates may not be higher than comparable market rates. This means that agreements have been made or are being made for each project separately.

For all other projects the following applies.

### **1. Calculating Labour Hourly Rates**

According to PPP (FDOV, FDW, GWW) Policy rules, the hourly rate that partners may charge for technical assistance should be calculated based on the Labour costs plus 50% mark-up method (in Dutch: 'Loonkosten plus vaste-opslag-systematiek'<sup>1</sup>). This 50% mark-up is compensation for indirect and/or overhead costs of your organisation, such as indirect labour costs and costs for housing, office equipment etc. See paragraph 3 for Direct and Indirect Labour Costs.

This is how you calculate Labour Hourly Rates:

**Labour Hourly Rate = (direct labour costs / number of productive hours per year) \* 1.5**

Where:

- direct labour costs = gross salary - indirect labour costs
- productive hours per year to be calculated, see below; minimum 1,550 hours per FTE
- the mark-up for indirect labour costs = 50%

#### Example

€ 2,500 Gross salary  
€ 200 Vacation benefits (e.g. 8%)  
€ 150 Non-profit-dependent year-end bonuses or 13th month salary (e.g. 6%)  
€ 712 Employers contribution (pension fund, insurances, e.g. 25% of sum of above items)  
€ 3,562 Monthly wages (x 12 months = € 42,744 annual wages)

Annual wages + 50% mark-up → € 42,744 x 150% = € 64,116

Number of productive hours per year e.g. 1,566

**Labour Hourly rate** for project administration → € 64,116 / 1,566 = € 40.95

As part of the annual review process RVO.nl might require documentation proving the accuracy of the hourly rate calculation.

### **2. Calculating Productive Hours**

The number of productive hours per year influences the hourly rate. You use the number of productive hours that actually apply to the organization in question. Your accountant will assess the accuracy of this with the end-of-project audit.

See next page for an example.

<sup>1</sup> <http://www.rvo.nl/subsidies-regelingen/subsidiespelregels/subsidiabele-kosten-algemeen/loonkosten-plus-vaste-opslag-systematiek>



**Productive Hours per year**

- based on actual productive days and hours within the company / organization  
 - where productive hours per year = minimum 1.550 hours per FTE

Example

|   |                |
|---|----------------|
| Number of business days                   | 261            |
| Number of holidays on business days       | <u>7</u> -/-   |
| Number of productive days                 | 254            |
| Number of productive hours (254 x e.g. 8) | 2,032          |
| Holiday hours                             | <u>184</u> -/- |
| Average absenteeism hours (e.g. 5%)       | <u>102</u> -/- |
| <b>Productive hours per year</b>          | <b>1,746</b>   |

**3. Direct and Indirect Labour Costs**

**Direct labour costs components:**

Salary plus benefits plus pension, insurance etc., paid for by employer as part of a standard labour relationship:

- Gross salary according to the individual labour contract
- Vacation benefits
- Non-profit-dependent year-end bonuses or 13th month salary
- Employers contributions:
  - Employers contribution to (collective) employee pension funds
  - Employers legal contribution to collective employee insurances and collective health insurance
- Other employer contributions for unemployment and health benefits.

Other non-standard labour and wage costs that depend on the circumstances of individual employees are not considered to be direct labour costs. These costs are included in the mark-up for indirect labour costs.

**Indirect labour costs components:**

Costs associated with secondary/ fringe benefits like:

- jubilee / anniversary celebration ('**Ambtsjubilea**')
- employee support system (well-being and health, reducing employee risks and lost time due to absence) ('**Bedrijfshulpverlening**')
- employer's reimbursements for commuting expenses, including lease car expenses
- communication facilities
- overtime compensation
- reimbursements for nursery and childcare costs ('**Kinderopvang**')
- reimbursements for moving expenses when employee relocates in the interest of the employer (Verhuizing in dienstbelang)

Plus costs associated with emoluments : non- incidental financial benefits, such as:

- bonuses or rewards connected to employee's performance appraisals ('**Functioneringstoelagen**')
- non-profit-dependent bonuses or gratuities
- labour-market-related allowances ('**Arbeidsmarkttoelage**')

These costs cannot be presented separately or included in the gross salary as they are included in the mark-up for indirect labour costs.