



## **DECISION OF THE GOVERNING BOARD**

### **adopting Amendment No 1 to the Budget 2016**

N° 16/2016

THE GOVERNING BOARD OF THE SHIFT2RAIL JOINT UNDERTAKING (hereinafter the "S2R JU"),

Having regard to the Statutes annexed to Council Regulation (EU) No 642/2014 of 16 June 2014<sup>1</sup> establishing the Shift2Rail Joint Undertaking (hereinafter "the S2R Statutes"), and in particular Article 8(h) thereof;

Having regard to the Financial Rules of the Shift2Rail Joint Undertaking (hereinafter "the S2R Financial Rules") adopted by the S2R Governing Board on 11 December 2015 and applicable as from 1 January 2016;

Having regard of the Governing Board Rules of Procedure on the Written Procedure, and in particular Article 12;

Whereas:

(1) The Governing Board adopts the S2R Joint Undertaking's annual budget, as proposed by the Executive Director, including the staff establishment plan indicating the number of temporary posts by function group and by grade as well as the number of contract staff and seconded national experts expressed in full-time equivalents.

(2) Considering that the Budget 2016 was established on the basis of a linear distribution of the resources available for the running costs of the S2R Joint Undertaking, there is a need to adapt the budget to the specific needs to ensure the adequate phase in of the activities after the financial autonomy reached on 24 May 2016. The Budget 2016 Amendment 1 will recognise and balance the un-collected Payment and Commitment Appropriations on administrative expenditure due in relation to the previous budgetary years.

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<sup>1</sup> OJ L 177, 17.06.2014, p.9.

(3) The Budget 2016 Amendment 1 shall have effect on the last quarter of 2016, no changes are introduced to the S2R Joint Undertaking Staff Establishment Plan and the additional payments appropriations are scheduled to be used in the same period.

(3) Any amendment of the budget of the S2R JU shall be adopted by the same procedure as the initial budget.

HAS DECIDED AS FOLLOWS:

*Article 1*

Amendment No 1 to the Budget 2016 of the S2R JU set out in the Annexe I to this decision supported by its explanatory note (Annexe II) is adopted.

*Article 2*

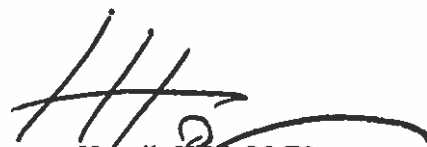
The Executive Director shall make this decision publicly available on the Shift2Rail Joint Undertaking's website.

*Article 3*

This decision shall enter into force on the day following that of its adoption.

Done at Brussels, on 12 September 2016

For the Governing Board



Henrik HØLOLEI

The Chairperson

Annex I: Shift2Rail Joint Undertaking Amendment No 1 to Annual Budget for 2016

Annex II: Explanatory Note



**Annex I**

**Shift2Rail Joint Undertaking Amendment No 1 to  
Annual Budget for 2016, consolidated with the S2R  
JU Budget adopted on 11 December 2015**

Amendment nr. 1 to Shift2Real Joint Undertaking Budget 2016

STATEMENT OF REVENUE		2015 Adopted Budget		2016 Revised Budget Draft		CA Variance		PA Variance	
Title Chapter	Heading	CA	PA	CA	PA	EUR	%	EUR	%
9	REVENUE								
9 0	CONTRIBUTIONS								
	CONTRIBUTION FROM THE EUROPEAN UNION	48,889,535	28,509,179	48,889,535	47,283,850	20,774,471	78.4%	371,455	22.9%
	Administrative Budget	1,820,687	1,820,687	1,820,687	1,992,142	20,403,016	82.0%	732,418	45.2%
	Operational Budget	45,248,848	24,888,492	45,248,848	45,291,708	732,418	45.2%	732,418	45.2%
	CONTRIBUTION FROM MEMBERS OTHER THAN THE EU	1,850,887	1,850,887	2,353,105	2,353,105	732,418	45.2%	732,418	45.2%
	Administrative Budget	1,820,687	1,820,687	2,353,105	2,353,105	732,418	45.2%	732,418	45.2%
	UN-USED APPROPRIATIONS PREVIOUS YEARS			1,009,328	887,390	1,009,328		887,390	
	Un-used appropriations previous years			1,009,328	887,390	1,009,328		887,390	
9 1 0	TOTAL REVENUE	48,490,222	28,129,846	50,231,968	50,574,145	1,741,746	3.6%	22,384,279	78.6%

STATEMENT OF EXPENDITURE		2015 Adopted Budget		2016 Revised Budget Draft		CA Variance		PA Variance	
Title Chapter	Heading	CA	PA	CA	PA	EUR	%	EUR	%
1	STAFF EXPENDITURE								
1 1	STAFF IN ACTIVE EMPLOYMENT	1,048,656	1,048,656	1,050,000	1,050,000	1,144	0.1%	1,144	0.1%
	Temporary Agents	439,102	439,102	350,000	350,000	(89,102)	(20.3%)	(89,102)	(20.3%)
	Contract Agents and Interim Staff	609,754	609,754	700,000	700,000	90,246	14.8%	90,246	14.8%
1 3	MISSION COSTS	91,812	91,812	90,000	90,000	(1,812)	(2.0%)	(1,812)	(2.0%)
1 5	TRAINING	33,931	33,931	20,000	20,000	(13,931)	(41.1%)	(13,931)	(41.1%)
1 9	OTHER STAFF EXPENDITURE	79,328	79,328	130,000	183,558	50,671	63.9%	104,229	131.4%
	TITLE 1 TOTAL	1,253,528	1,253,528	1,290,000	1,343,558	36,072	2.9%	89,830	7.1%

2	ADMINISTRATIVE EXPENDITURE								
2 0	RENTAL OF BUILDINGS AND ASSOCIATED COSTS	357,270	357,270	320,000	320,000	(37,270)	(10.4%)	(37,270)	(10.4%)
2 1	IT EXPENDITURE AND TECHNICAL FACILITIES	139,720	139,720	400,000	443,699	263,280	192.6%	303,979	224.5%
2 2	MOVABLE PROPERTY AND ASSOCIATED COSTS	32,833	32,833	39,000	84,040	5,007	15.4%	51,107	155.2%
2 3	CURRENT ADMINISTRATIVE EXPENDITURE	55,846	55,846	55,000	57,044	(846)	(1.5%)	1,198	2.0%
2 4	POSTAGE AND TELECOMMUNICATIONS	24,949	24,949	25,000	25,000	51	0.2%	51	0.2%
2 5	ADMINISTRATIVE BOARD EXPENDITURE	89,816	89,816	80,000	83,737	(9,816)	(10.9%)	(8,079)	(8.9%)
2 6	ADMINISTRATIVE SUPPORT SERVICES	424,133	424,133	450,000	450,000	25,867	6.1%	25,867	6.1%
2 7	PR AND EVENTS	444,092	444,092	242,000	323,710	(202,092)	(45.5%)	(120,382)	(27.1%)
2 9	OTHER INFRASTRUCTURE AND OPERATING EXPENDITURE	421,647	421,647	400,000	419,759	(21,647)	(5.1%)	(2,888)	(0.7%)
	TITLE 2 TOTAL	1,887,448	1,887,448	2,019,000	2,305,959	22,551	1.1%	218,913	11.6%
	TOTAL ADMINISTRATIVE EXPENDITURE (Title 1 and Title 2)	3,241,374	3,241,374	3,309,000	3,649,517	60,626	1.9%	308,143	9.5%

3	OPERATIONAL EXPENDITURE								
3 0	OPERATIONAL EXPENDITURE	45,248,848	24,888,492	44,100,000	45,291,508	(1,148,848)	(2.5%)	20,403,016	82.0%
	TITLE 3 TOTAL	45,248,848	24,888,492	44,100,000	45,291,508	(1,148,848)	(2.5%)	20,403,016	82.0%

4	UN-USED APPROPRIATIONS NOT REQUIRED IN CURRENT YEAR								
4 0	ADMINISTRATIVE BUDGET			1,683,120	1,683,120	1,683,120		1,683,120	
4 1	OPERATIONAL BUDGET			1,148,848	1,148,848	1,148,848		1,148,848	
	TITLE 4 TOTAL			2,831,968	2,831,968	2,831,968		2,831,968	
	TOTAL EXPENDITURE	48,490,222	28,129,846	50,231,968	50,574,145	1,741,746	3.6%	22,384,279	78.6%
	BUDGET OUTTURN								



## **Annex II**

# **Shift2Rail Joint Undertaking Amendment No 1 to Annual Budget for 2016, Explanatory Note for the Amendment**

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## **EXPLANATORY INFORMATION**

The Governing Board of Shift2Rail Joint Undertaking (S2R) adopted the Budget 2016 in its meeting of 11 December 2015.

Taking into consideration that S2R has reached its financial autonomy on 24 May 2016 and to ensure expected revenues and expenses are duly covered in the 2016 budget appropriations, the following amendment is hereby proposed.

## **REVENUE**

### **Contribution from the European Union towards Administrative Expenditure (Chapter 9.0.0)**

S2R has been under the financial management of the Union in financial years 2014 and 2015. During this period it has also been subject to the General Financial Regulation applicable to the Commission budgetary lines where the funds have been located.

These budgetary lines have been so called differentiated lines under the operational expenditure of the Union. The consumed commitment appropriations related to these lines in given year correspond to the total value of the legal commitments that S2R has entered. However, the consumed Payment Appropriations for the given year cover only the payments executed within that year and do not take into account any un-paid amounts falling due. As a result, the un-paid amounts after year-end are to be compensated from the budget of future years.

In order to ensure that S2R can meet its payment obligations coming from the previous years, the Budget 2016 Amendment No 1 shall include the difference between Payment Appropriations (PA) and Commitment Appropriations (CA) related to previous years (2014 and 2015). As a consequence, S2R shall collect the necessary funds from the Union not yet made available to S2R for 2014 and 2015.

### **Contribution from the European Union towards Operational Expenditure (Chapter (9.0.1)**

The Contributions from the Union to the S2R Budget are increased in terms of Payment Credits to ensure that S2R can meet its payments obligations in term of pre-financing related to the grants awarded in 2016. These amounts were already available within the Commission budget but not yet transferred to S2R. The relative recovery order has been issued in parallel to this Budget Amendment decision.

### **Contribution from the Members other than the EU (hereinafter the “Industry Members”) of S2R towards Administrative Expenditure (Chapter 9.0.2)**

The contributions from the S2R Industry Members are increased from the initially adopted budget by EUR 732 418 on both CA and PA. This amount consist of

- EUR 267 595 in relation to the budget year 2014, bringing the contribution from Union and the Industry towards administrative expenditure to an equal level;
- EUR 338 053 in relation to the not yet invoiced part of the budget year 2015. In 2015, S2R has issued debit notes to its Industry members with a total value of EUR 1 014 159. The total contribution from the Industry members as per adopted budget 2015 had been set to EUR 1 352 212; and

- EUR 126 770 related to the amount received from an Industry Member in 2016, against a 2015 debit note. The recovery order for this amount will be addressed to the European Union.

### **Un-used Appropriations previous years (9.3.0)**

In order to ensure compliance with Article 16 of the S2R Statutes<sup>2</sup>, on a yearly basis S2R shall request respectively the Union and the Industry Members to contribute equally to its administrative costs. In order to match the appropriations made available by the Union, a total amount of EUR 1 009 328 in Commitment Appropriations and EUR 887 390 un-used Appropriation from previous years are activated in Budget 2016 Amendment 1.

This total amount consists of

- EUR 121 938 from the S2R Administrative budget 2015 made available by the Union (only in CA),
- EUR 887 390 from the contribution collected from the Industry Members towards the Administrative budget 2015.

EUR 310 000 under this chapter relates to the Expert Evaluators. This amount is included to the S2R Budget but will be managed by the REA Services.

## **EXPENDITURE**

### **Staff Expenditure (Title 1)**

S2R has amended its Budget to align it to the estimated staff costs taking into consideration ongoing recruitments, vacancies, etc.:

- Chapter 1.1.0: the estimated cost for 2016 is lower than the initial Budget 2016 due to fact that the position of the Head of Finance and Admin was covered by Commission Staff for large part of the year and its recruitment will be finalised by 1 October 2016.
- Chapter 1.1.1: In order to reinforce the support to the Programme activities – considering also the vacant Head of Finance and Admin position – with the objective to have the Programme up and running, S2R will make use of interim staff (1 legal assistant and 1 or 2 programme assistants). This chapter will consequently increase of EUR 90 000 absorbed by the corresponding reduction in Chapter 1.1.0. In accordance with S2R Regulation, the S2R intends to make use of Commission’s Blue Book Traineeship mechanism. A draft decision in this respect is submitted to the Governing Board.
- Chapter 1.9: the Other Staff Expenditure has been amended to correctly reflect the overall costs associated to the S2R staff, after autonomy, including the new Service Level Agreements introduced by the HR Commission Services. This chapter has also been previously used to cover the interim staff expenditure, now correctly reflected in Chapter 1.1.1. Payment Appropriations have been increased to allow S2R make payments towards legal obligations entered in 2015.

Overall, Title 1 increases of EUR 36 000, 2.9% versus the initial budget.

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<sup>2</sup> *“The administrative costs of the S2R JU ... shall be covered through financial contributions divided equally on an annual basis between the Union and the members of the S2R JU other than the Union ...”.*



## **Administrative Expenditure (Title 2)**

Some adjustments introduced on the specific Chapters are established on the basis of the revised information compared to the data available at the moment of the establishment of the initial Budget. Nevertheless, the following shall be noted:

- Chapter 2.1: the increase of EUR 263 K is due to the estimated impact of the acquisition/development by S2R of the collaboration tool to support the Programme Activities till 2024. The call for tender will be launched by the end of July, taking into consideration the specific need expressed by the Industry Members and of S2R. Consequently at this stage, an amount of around EUR 300 000 has been foreseen in this Chapter on top of the one-off (set up of S2R) and recurrent ICT costs. In this respect, it should be noted that S2R is working to ensure access to all framework contracts made available at Institutional level as well as the shared JUs contracts. An ICT strategy shall be developed by mid-2017.
- Chapter 2.2: the increase is due to the one-off investments needed to refurbish the S2R premises.
- Chapter 2.6: includes the costs related to the independent experts needed for the evaluation of the S2R calls and it has been re-adjusted in this respect. EUR 310 000 of the total amount in both commitment and payment appropriations will be managed by REA services on behalf of the JU.
- Chapter 2.7: the PR and Events costs have been readjusted to reflect the expected activities till year end. S2R is also working to ensure the possibility to transform its website as hosting platform for the communication activities of the Members' Projects so that to maximize the overall resources available in this respect.

Overall, Title 2 is estimated to increase of 1.1%, taking into consideration the additional investment in ICT largely reabsorbed in terms of PR and Events (it should be noted that the new Communication Officer will not join S2R before October 2016).

## **Operational expenditure (Title 3)**

The Payment Appropriation towards that Operational Expenditure has been increased by EUR 20 403 016 to allow S2R to ensure the pre-financing payments related to the grants awarded in 2016.

## **Title 4 Un-used Appropriations not required in current year**

As already explained, this Title 4 details the un-used appropriations not required in the current year and will be carried over to the next year in accordance with S2R Financial Rules.