

SHIFT2RAIL JOINT UNDERTAKING

DECISION

N° 4/2014

THE GOVERNING BOARD OF THE SHIFT2RAIL JOINT UNDERTAKING,

Having regard to Council Regulation (EU) No 642/2014 of 16 June 2014 establishing the Shift2Rail Joint Undertaking (hereinafter "S2R Regulation"),

Having regard to the Statutes annexed to the Council Regulation (EU) No 642/2014 on the S2R JU (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 30 July.

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) The S2R JU establishes and implements its budget in accordance with the budgetary principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management, which requires effective and efficient internal control, and transparency.

In its ordinary meeting of 15 October 2014, has adopted the following decision:

Article 1

The annual budgets for 2014 and 2015 and the respective staff establishment plans set out in the Annex of this decision are hereby adopted

Done at Brussels, 15 October 2014


João AGUIAR MACHADO
The Chairperson

2014 / 2015 STAFF ESTABLISHMENT PLAN OF THE S2R JOINT UNDERTAKING

For 2014 and 2015, the S2R Staff will be recruited as follows:

Staff population		2014*	2015**	
Establishment plan posts	Officials	AD		
		AST		
		AST/SC		
	TA	AD 14	1	1
		AD 9	1	2
		AD 8		1
		AST		
		AST/SC		
Total		2	4	
External Personnel	CA GFIV	2	5	
	CA GF III	1	3	
	CA GF II	1	2	
	CA GFI			
	Total CA	4	10	
	SNE			
	<i>Structural service providers</i>			
TOTAL		6	14	
	<i>External staff for occasional replacement</i>			

* Staff population in voted EU Budget

** Staff population in Draft EU Budget

2014 / 2015 BUDGETS FOR THE S2R JOINT UNDERTAKING

TOTAL BUDGET

STATEMENT OF REVENUE

all figures in Euro

	Commitment Appropriations			Payment Appropriations		
	2013	2014	2015	2013	2014	2015
1. European Union Contribution		494.400	46.686.378		494.400	46.434.785
1.1 Contribution to operational expenditures		0	45.334.167		0	45.082.573
1.2 Contribution to administrative expenditure		494.400	1.352.212		494.400	1.352.212
2 Contribution from S2R Members		494.400	1.352.212		494.400	1.352.212
2.1 Contribution to administrative expenditures		494.400	1.352.212		494.400	1.352.212
3 Other revenues		0	0		0	0
TOTAL REVENUE		988.800	48.038.590		988.800	47.786.996

STATEMENT OF EXPENDITURE

all figures in Euro

	Commitment Appropriations			Payment Appropriations		
	2013	2014	2015	2013	2014	2015
1. Staff expenditure		186.400	861.013		186.400	861.013
1.1 Staff expenditures as per establishment plan		60.000	440.000		60.000	440.000
1.2 External personnel		52.000	360.000		52.000	360.000
1.3 Training		0	0		0	0
1.4 Mission expenses		12.000	42.000		12.000	42.000
1.5 Other staff expenditure (recruitment, etc.)		62.400	19.013		62.400	19.013
2. Administrative expenditure		802.400	1.843.410		802.400	1.843.410
2.1 Rental of buildings and associated costs		50.000	295.000		50.000	295.000
2.2 Movable property and associated costs		150.000	558.410		150.000	558.410
2.3 Information and communication technology		100.000	401.000		100.000	401.000
2.4 Postage and telecommunication		0	1.000		0	1.000
2.5 Current administrative expenditure		12.000	30.000		12.000	30.000
2.6 Communication		255.000	100.000		255.000	100.000
2.7 Formal and other meetings		35.000	80.000		35.000	80.000
2.8 Expert contracts and meetings		0	178.000		0	178.000
2.9 Administrative support services		200.400	200.000		200.400	200.000
3. Operational expenditure		0	45.334.167		0	45.082.573
3.1 Support to the JU Research and Innovation activities		0	45.334.167		0	45.082.573
TOTAL EXPENDITURE		988.800	48.038.590		988.800	47.786.996
FORESEEN BALANCE OF BUDGET		0	0		0	0

The level EU contribution is subject to the adoption by the Budgetary Authority of the 2015 budget as proposed by the Commission.

SHIFT2RAIL JOINT UNDERTAKING

EXPLANATORY NOTE TO THE 2014 / 2015 BUDGETS

October 2014

Legal Basis

- The Shift2Rail Joint Undertaking (S2R JU) was set up by Council Regulation (EU) No 642/2014 of 16 June 2014 (S2R Regulation).
- The budget of the S2R JU is established in accordance with the S2R Financial Rules approved by the Governing Board on 30 July 2014 and in particular Articles 3, 14 and 15 thereof.

Background

The budget consists of the statements of revenue and expenditure, together with the staff establishment plan as well as a summary of the schedule of payments due in the subsequent years.

It gives a complete image of the presently foreseen activities during the relevant year. It contains all incomes and expenditures in line with good accounting principles and reflects clearly the sources of income and the allocation of expenditures.

Until it reaches financial autonomy, the budget of the S2R JU will be executed by the Executive Director ad Interim of the S2R JU and the European Commission in accordance with Article 19 of the S2R Regulation.

Without prejudice to the principle of annuality, as the JU has just been established on 7 July 2014, it is proposed to adopt the 2014 and 2015 budgets in the same document.

The amounts indicated in the 2014 and 2015 budgets are in line with the initial estimations by the European Commission of the budgetary needs of the S2R JU during the start-up phase.

The proposed amounts reflect the gradual start-up of the activities of the S2R JU with the first recruitment of staff foreseen in November 2014, the expansion of the JU staff in 2015 and the gradual start-up of the JU operational activities in 2015 (contribution to indirect actions).

Budget structure

In accordance with Article 3 of the S2R Financial Rules, the S2R JU budget should consist of:

- (a) the revenue of the S2R JU, comprising:
 - i) its Members' financial contribution to the administrative costs;
 - ii) the Union financial contribution to the operational costs;
 - iii) revenue assigned to specific items of expenditure;
 - iv) any revenue generated by the S2R JU;
- (b) the expenditure of the S2R JU, including administrative expenditure.

Hence, the S2R JU budget is structured as follows:

Statement of revenue:

The revenues of the JU budget divided as follows:

1. European Union Contribution

- 1.1 Contribution to operational expenditures
- 1.2 Contribution to administrative expenditure

2 Contribution from S2R Members

- 2.1 Contribution to operational expenditures

3 Other revenues

Statement of expenditure:

The commitment and the payment appropriations made available for the financial year in question, divided as follows:

1. Staff expenditure

- 1.1. Staff expenditures as per establishment plan
- 1.2 External personnel
- 1.3 Training
- 1.4 Mission expenses
- 1.5 Other staff expenditure (recruitment, etc.)

2. Administrative expenditure

- 2.1 Rental of buildings and associated costs
- 2.2 Movable property and associated costs
- 2.3 Information and communication technology
- 2.4 Postage and telecommunication
- 2.5 Current administrative expenditure
- 2.6 Communication
- 2.7 Formal and other meetings
- 2.8 Expert contracts and meetings
- 2.9 Administrative support services

3. Operational expenditure

- 3.1 Support to the JU Research and Innovation activities

Details of the income budget

EU and Third-Countries Contributions:

The first and second chapters relate to the contributions from the European Union and the EFTA contributions to the S2R JU:

- The European Union contribution to the 2014 budget of the S2R JU is in line with the EU budget adopted for 2014 and consists solely in income to cover support expenditures (staff and administrative / infrastructure costs). The EU contribution to the 2015 budget correspond to the amounts which have been requested in the draft EU budget, which will be adopted by the EU budgetary authority in the autumn 2015. The level EU contribution is subject to the adoption by the Budgetary Authority of the 2015 budget as proposed by the Commission.
- The EFTA contributions for 2014 and 2015 have been calculated in accordance with percentage contribution of EFTA countries, i.e. 3% in 2014 and 2.94% in 2015.
- There is no income foreseen in 2014 to cover the operational activities of the S2R JU (contribution to indirect actions by JU members), which will only gradually occur as from 2015.
- In accordance to the S2R Regulation (Article 3(1b)), the amount of EUR 52.000.000 earmarked under the Horizon 2020 Transport Work Programme 2014-2015 will only be transferred to Shift2Rail, once the JU achieves its operational and financial autonomy, which is currently foreseen in April-May 2015.

Contributions from S2R Members other than the Union:

The third chapter relates to the Members contributions to the S2R JU.

- The contributions from S2R Members other than the Union have been estimated in accordance with Article 16 of the S2R Statutes, which clearly states that the *"administrative costs of the S2R Joint Undertaking shall not exceed EUR 27 000 000, and shall be covered through financial contributions divided equally on an annual basis between the Union and the members of the S2R Joint Undertaking other than the Union, other than research centres and universities."*

According to the S2R Regulation, the S2R Members other than the Union will also contribute to the realisation of the S2R research and innovation activities through in-kind contributions consisting of the costs of the members other than the Union and their affiliated entities in implementing indirect actions less the contribution of the S2R Joint Undertaking and any other Union contribution to those costs. These in-kind contributions do not appear in the S2R budget.

Details of the expenditure budget

Staff expenditure

The first chapter of expenditure in the budget relates to the personnel costs of the JU and any related expenditure.

A clear differentiation is made between the costs related to the staff expenditures as indicated in the establishment plan (temporary agents) and the external personnel which will be recruited by the S2R JU (contract agents).

- The appropriations made for training are intended to cover the costs of language and other training aimed at improving the skills of the staff and the overall performance and efficiency of

the S2R JU.

- The appropriation for missions is intended to cover travel expenses, daily subsistence allowances and ancillary or exceptional expenditure incurred in connection with missions by the staff of the S2R JU.
- The other staff expenditures relate to the expenditure linked for instance to insurance, representation expenses or the recruitment of staff (publication of vacancy notice, costs related to interviews, etc.).
- The amounts of the 2014 and 2015 budgets reflect the gradual recruitment of the staff of the S2R JU. This explains for instance the relatively high amounts reserved for recruitments (item 1.5) compared to the commitments for the payment of salaries (1.1 and 1.2).

Administrative expenditure

This chapter covers all the other administrative expenditures that are not directly related to the personnel, e.g. the site services (cleaning, security, switchboard maintenance, repairs), the current administrative costs (printing, copiers, translation, publications), utilities (water, electricity, telecommunications costs), building rental and associated charges, legal consultants (for example: evaluation of the in-kind contributions), insurance and all taxes not related to staff.

Specific lines are created to show the repartition of expenditures:

- Rental of buildings and associated costs: this appropriation is intended to cover the payment of the rent relating to the JU's premises and the related expenditures (e.g. guarantees, contributions in relation to the renting of the building, security and surveillance, etc.). The amounts foreseen under this appropriation for 2014 are not very high as we expect the JU to be located in Commission's premises (DG MOVE) during its start-up phase. These costs increase in 2015, when the JU will have to rent its own offices.
- Movable property and associated costs: the amount indicated here for the purchase and the maintenance of office furniture and equipment. These costs increase in 2015 in parallel to staff recruitment and when the JU will have to rent its own offices.
- Information and communication technology: this appropriation is intended to cover the costs of computer hardware and software, the purchase of licenses, IT maintenance, data base maintenance, network costs and any other IT-related costs.
- Postage and telecommunication: this appropriation is intended to cover all correspondence, postage and telecommunication costs of the S2R JU. There is no expenditure is foreseen under this item in 2014.
- Current administrative expenditure: expenditures related to the day-to-day running of the JU secretariat.
- Communication: this item covers all communication activities related to the work of the JU: e.g. organisation of events, publication of brochures, etc.
- Expenditure on formal meetings: this appropriation is intended to cover expenses for meetings of the S2R JU (including Governing Board, States Representatives Group and Scientific Committee) and where relevant the payments for Members of the States Representatives Group and Scientific Committee.
- Expert contracts and expert meetings: this appropriation is intended to cover all experts and meeting costs for evaluation and project reviews.
- Administrative support services: this item shows the costs associated to support services needed

during the start-up of the programme: e.g. costs associated to the service-level agreement that will be signed by the S2R JU: e.g. with DG BUDG for ABAC/SAP, maybe also for the delegation of the accounting officer function at least temporary, PMO for missions, salary calculations, experts, OIB for office supplies and overall supplies, HR for training and rights establishment, DS if possible for security, DIGIT for IT, s/testa (connection for ABAC and Intracomm) and in particular ICT outsourcing, but also telecoms, PC, etc.

Operational expenditure

No operational expenditure is foreseen for 2014. Operational activities of the S2R JU will only start gradually as of 2015.

Additional comments on the 2014 and 2015 budgets

Initial actions

According to Article 19 of the S2R Regulation, the Commission is responsible for the establishment and initial operation of the S2R Joint Undertaking until it has the operational capacity to implement its own budget.

Until the Executive Director takes up his duties, the Commission has designated an interim Executive Director, who may authorise all payments covered by the appropriations provided in the annual budget of the S2R Joint Undertaking once approved by the Governing Board and may conclude agreements, decisions and contracts, including staff contracts following the adoption of the S2R Joint Undertaking's staff establishment plan.

Alignment with EU budget

The 2014 and 2015 budgets of the S2R JU should reflect the amounts that have been adopted in the EU budget for 2014 and earmarked for the EU budget 2015 to be adopted in [November 2014]. The level EU contribution is subject to the adoption by the Budgetary Authority of the 2015 budget as proposed by the Commission.

Additional activities

The additional activities which will be carried out by the members of the S2R JU in accordance with Article 4(2b) of the S2R Regulation will not be reflected in the budget as they are only complementary to the JU work plan.