



Budget 2016

27 November 2015

Table of Contents

1	LEGAL BASIS	3
2	BACKGROUND	3
3	2015 KEY FACTS	3
4	BUDGET 2016	5
4.1	SECTION 1 (SESAR1)	5
4.1.1	Revenues (cash).....	5
4.1.2	Expenditure (cash).....	8
4.1.2.1	Overview of the contribution to the SJU Running Costs.....	8
4.1.2.2	Staff Expenditure (Title 1)	8
4.1.2.3	Administrative Expenditure (Title 2).....	10
4.1.2.4	Studies and developments carried out by the SJU (Chapter 3.1).....	11
4.1.2.5	Studies & developments carried out by the Members (Chapter 3.3).....	12
4.2	SECTION 2 (SESAR2020).....	15
4.2.1	Revenues (cash).....	15
4.2.2	Expenditure (cash).....	15
4.2.2.1	Studies and developments carried out by the SJU (Chapter 3.1).....	15
4.2.2.2	Studies & developments carried out by the Members (Chapter 3.3).....	16
5	ANNEX I (IN-KIND, SESAR1)	18
6	ANNEX II (CASH & IN-KIND, SESAR1)	18
7	ANNEX III (CASH, SESAR1 & SESAR2020)	18

1 Legal Basis

This Budget 2016 is established in accordance with Article 32.9 of the SJU Financial Rules approved by the Administrative Board on 25 June 2015¹.

2 Background

In accordance with Article 32.9 of the SJU Financial Rules *“the Executive Director shall prepare the budget for the following year (N) and submit it to the Administrative Board for adoption. The budget shall be submitted to the Administrative Board no later than 30 September of the preceding year (N-1)”*.

Furthermore, in accordance with the SJU Financial Rules, the 2016 provisional draft estimate was submitted to the European Commission at the end of January 2015 followed by the Annual Activity Report 2014. Unless otherwise specified, the amounts indicated in the present document in terms of European Union revenues are extracted from the European Commission Budget and are still subject to the approval of the Budget Authority.

On 16 June 2014, the Council of Ministers of the European Union adopted Council Regulation (EU) 721/2014 which extends the legal duration of the SJU until 2024 and entrusts the SJU with EUR 585 million from the European Union Horizon 2020 Programme to pursue the Research and Innovation (R&I) in view of delivering the necessary technologies and operational procedures to ensure the execution and completion of the European ATM Master Plan (Master Plan). In view of this extension and the establishment of the next SESAR Programme in parallel to the existing first Programme until the end of 2016, this Budget 2016 is presented in two sections:

- **Section 1 (“SESAR1”):**
Revenues, Commitments and Payments related to the current Programme and the Running Cost of the Joint Undertaking will be presented in the usual way. It should be noted that the European Union commitment revenues – up to EUR 700 million – were received by the SJU and that all funds related to the Programme have been committed towards the Members by the end of 2013.
- **Section 2 (“SESAR2020”):**
Revenues, Commitments and Payments related to the expected launch of the SESAR 2020 Programme activities from the provisional draft estimate are restated. With SESAR 1 still running, it should be noted that Section 2 is exclusive of any Running Costs. Section 3.2 of the AWP 2016 contains detailed provisions about the SESAR2020 programme, however, a revision of the Budget during the course of 2016 might be needed.

This Budget 2016 contains all the estimated revenues, expenditures and staff resources needed to be committed and paid calculated on the basis of the information available at the end of November 2015.

3 2015 Key Facts

The Annual Activity Report 2015, to be submitted to the Administrative Board before 1 July 2016 at the latest, will contain a detailed overview of the activities undertaken by the SJU in 2015. At this stage, however, the following key facts can be mentioned:

- a. The Council Regulation (EU) 721/2014 extended the SJU until 2024 in order to perform the activities established in the European ATM Master Plan. The SESAR multi-annual work programme, presenting the activities for the period 2016-2019 and a further outlook to 2021, was adopted in July 2015. This endeavour will lead to the ramp-up of SESAR 2020 projects in 2016 while the previous programme, SESAR 1, is being phased out.

¹ Ref. ADB(D) 08 -2015

- b. Following the open call for expression of interests for a renewed membership issued in July 2014, the dialogue phase with the candidate members for the SESAR 2020 programme took place during the first half of 2015 with the 19 selected candidate members for the SESAR 2020 programme. This process ended in the submission of a set of documentation to the Administrative Board in May 2015 required to launch the call for the Final Membership Applications and the first call for proposals covering wave 1 of the SESAR 2020 programme, opened respectively on 25 November and on 1 December..
- c. Also regarding the launching of SESAR 2020, the first call for research projects on SESAR Exploratory Research was published in March 2015 as an open call fully under the rules of Horizon 2020. This call required a substantial adaptation of the procedures of the SJU in order to comply with H2020 grant management processes and electronic systems. The SJU aims to sign the first ER grant agreements in December 2015.
- d. Simultaneously, during 2015, the SESAR 1 programme continued its execution phase. With Release 4 results being already available, the SJU is pursuing its delivery process with the execution of Release 5 that will constitute the last delivery cycle of SESAR 1. Whilst SESAR 1 activity will finalise in 2016, there are already a significant number of projects that will be concluded by the end of 2015.
- e. Following the formal high level launch event that took place in December 2014, the European ATM Master Plan update campaign has taken place during 2015. The update takes into consideration the results of SESAR 1, the launch of the deployment activities and the high level priorities required for the establishment of the SESAR 2020 programme. It also considers elements such as the evolution of the European ATM context, ATM performance in Europe and the effects of the economic crisis that may generate a refocus of efforts from capacity and delays towards environmental sustainability, cost-efficiency and more predictable operations, the progress of R&D, the emergence of new airspace users such as the RPAS sector and addressing the cyber security concern. The proposed final European ATM Master Plan 2015 was made available on 11 November 2015 and will be on the agenda of the December 2015 meeting of the ADB for adoption.
- f. With regard to programme reporting, the SJU receives from the Members structured quarterly reports based on effort consumption and percentage of completion. At the end of Q2 2015, the percentage of completion of the work was approximately 85% of the planned work.
- g. The assessment process of the Members' Interim Financial Statements 2014 is on-going, with 14 having been received by the end of November 2015. 12 clarification requests have been already sent out, the objective remains to finalise the IFS exercise by year end 2015 and to perform the co-financing disbursements at the end of the year or the beginning of 2016 for an estimated total amount of EUR 73,8 million;
- h. During 2015, 6 out of the 14 scheduled project audits have been executed and an additional one that was cancelled last year has been relaunched. According to the planning, all of them will be conducted by the end of 2015. The SJU has a new cascade framework contract in place for audit services with three external audit firms. The audit activity is performed solely by those firms. No material issue has been identified in the audits performed to date that would require the attention of the ADB. The first pilot performance audit is now being finalised and a second one will probably be launched before the end of the year.
- i. During 2015, the SJU put into operation the new organisational structure, with the following new positions: 1 Chief ATM, 1 Head of Corporate Quality & Planning, 1 Airport & ATC Systems Engineer, 1 Performance Analysis Expert, 1 Administrative Assistant and 1 ATM Operations Expert. In June 2015, the Administration Board authorised through the MSPP 2016-2018 the reinforcement of the legal and financial capabilities of SESAR through the recruitment of two additional contractual agents for a 2 year period in order to support the transition from SESAR 1 to SESAR 2020. The SJU published these 2 vacancies in late summer 2015.

4 Budget 2016

In line with the SJU's Financial Rules, the budget consists of the statements of revenue and expenditure, together with the staff establishment plan and in addition to a summary-schedule of payments due in subsequent years.

The document is presented in accordance with the SJU Financial Rules. In this respect, the revenue and expenditure related to the in kind contributions of the SJU Members are reported in annexes to the main Budget document (Annex I), while Annex II summarises the total revenue and expenditure of the SJU (cash and in kind revenues and expenditures). An additional Annex III is included to provide a consolidated view of the SESAR1 and SESAR2020 Programmes. However, this is only for information purposes and only related to cash revenues and expenditures.

4.1 Section 1 (SESAR1)

4.1.1 Revenues (cash)

The revenues of the SJU come from contributions from its Members and other revenues.

European Union (Title 1)

- a. The cumulative commitment appropriations from the funds of the 7th Framework Programme for Research and Development (hereinafter FP7) amounted to EUR 350.0 million and to EUR 350.0 million from the funds of the multi-annual budget of the Trans-European Transport Networks (hereinafter TEN-T) at the end of 2013 respectively. Consequently, there are no more revenue commitments foreseen.
- b. In terms of payment appropriations, the SJU has received during 2015 already EUR 42.2 million from the EU (EUR 33.0 million from FP7 and EUR 9.2 million from TEN-T; Additional amounts of EUR 10.8 million from FP7 and EUR 29.8 million from TEN-T were requested in November 2015). For 2016, applying the principle of rigorous cash management, it is expected that the SJU will require maximum additional EUR 52.5 million in terms of FP7 funds and EUR 22.5 million as TEN-T funds. These amounts are considerably lower than the initial estimates communicated to the EC in January 2015 and mainly due to the fact that by now all final payments to SJU Members related to the closure of the SESAR1 programme are expected to take place in 2017 only (with the R&D activities running until the end of 2016, please refer also to section 4.1.2.5.).

The General Agreement between the EU and the SJU governs all the provisions related to the payment requests from the SJU to the EU².

The commitments and payments appropriations of the EU are subject to the approval of the EU Budget 2016 by the European Parliament and the Council of the European Union, which is expected before year-end 2015, while any EFTA contribution, part of the FP7 funds, is subject to the approval of the EFTA States.

The following table gives an overview of Revenues from the EU, both in terms of maximum commitments and actual payments received or estimated to be received. With regard to the EU contribution to the SJU Running Expenditure (Title 1 and 2), which is limited to EUR 35 million, please refer to section 4.1.2.1.

² Following the extension of the SJU until 2024, a new General Agreement was signed between the SJU and the European Commission on 19 December 2014, accommodating H2020 provisions and aligning and simplifying the reporting requirements to existing reporting obligations from the SJU Regulation and Financial Rules.

Revenue Commitments	2007 - 2014 <i>Total</i>	2015 <i>budget</i>	2016 <i>budget</i>	2017 <i>estimate</i>	2007 - 2016 <i>Total</i>
FP7	350,0	0,0	0,0	n/a	350,0
TEN-T	350,0	0,0	0,0	n/a	350,0
Total	700,0	0,0	0,0		700,0

Revenue Payment received	2007 - 2014 <i>Total</i>	2015 <i>budget</i>	2016 <i>budget</i>	2017 <i>estimate</i>	2007 - 2017 <i>Total</i>
FP7	188,4	43,8	52,5	47,8	332,5
TEN-T	251,2	39,0	22,5	19,9	332,5
Total	439,6	82,8	75,0	67,7	665,1

It should also be noted that -based on current Programme Forecasts and subject to the final actual costs incurred at the end of the SESAR1 Programme- the EU Contribution is currently estimated to be 5-10% lower than the maximum of EUR 700 million. The final actual costs incurred will not be known before the administrative and financial closure of the Programme in 2017, however, an updated and more reliable estimate should be possible towards the end of 2016.

Eurocontrol (Title 2)

- a. For the year 2016, remaining revenue-commitments related to total expected EUROCONTROL cash contributions to SESAR1 are necessary for an amount of EUR 21,3 million:
 - EUR 17.5 million for WP 11, WP E, Military-, Professional Staff Associations and Airspace Users for in order to cover the maximum ceiling of EUR 68.0 million³,
 - EUR 1.0 million cash to co-finance WPs 7,13,16 and C,
 - EUR 1.0 million related to the IT and administrative support provided to the SJU for 2016,
 - EUR 1.8 million remaining cash to contribute to the SJU Running Costs⁴.
- b. In terms of payments, the SJU is expected to receive and recognise as cash contribution related to 2015 from EUROCONTROL an amount of EUR 14.4 million:
 - EUR 1.0 million cash to co-finance WPs 7,13,16 and C,
 - EUR 4.7 million for WP 11,

³ The expected share of 2016 related costs for these contracts is EUR 6.2 million for WP11, EUR 3.8 million for WPE and EUR 4.6 million for Military-, Professional Staff Associations and Airspace Users.

⁴ In accordance with Schedule 2 Article 1.4. (a) i) c. of the Membership agreement between Eurocontrol and the SJU. The amount is an estimate and subject to the final actual Running Costs expected to be known during 2017. Please refer also to section 4.1.2.1.

- EUR 4.6 million for WP E,
- EUR 3.1 million related to Military, Professional Staff Associations and Airspace Users,
- EUR 1.0 million related to the IT and administrative support provided to the SJU.

Revenue Commitments	2007 - 2014 <u>Total</u>	2015 <u>budget</u>	2016 <u>budget</u>	2017 <u>Estimate</u>	2007 - 2017 <u>Total</u>
Cash	106,8	20,6	21,3	n/a	148,7

Revenue Payment received	2007 - 2014 <u>Total</u>	2.015,0 <u>budget</u>	2016 <u>budget</u>	2017 <u>Estimate</u>	2007 - 2017 <u>Total</u>
Cash	97,0	18,0	14,4	16,2	145,6

It should be noted that -based on current Programme Forecasts and subject to the final actual costs incurred at the end of the SESAR1 Programme- the Cash Contribution from EUROCONTROL is currently estimated to be 10-15% lower than the initial maximum of EUR 165 million. The total revenue-commitments of EUR 148.7 million accumulated since 2007 will be sufficient to cover all Payments expected to be received by the end of 2017. The final actual costs incurred will not be known before the administrative and financial closure of the Programme in 2017, however, an updated and more reliable estimate should be possible towards the end of 2016.

With regard to EUROCONTROL's contribution to the SJU Running Expenditure (Title 1 and 2), which is limited to EUR 35 million, please refer to section 4.1.2.1.

Other Members (Title 3)

In terms of revenue-commitments, a remaining amount of EUR 2.3 million is needed to reach the maximum ceiling of EUR 27.8 million Cash Contributions from Other Members, corresponding to 5% of the Members' Net In-kind Contributions (as foreseen in the amendment 4 of Schedule 14 MFA). However, as will be explained in Section 4.1.2.1, the total SJU Running Costs are expected to be lower than 5% of all Members' Contributions. In terms of Payments, it is therefore suggested not to foresee any further cash payments by the Other Members in 2016 until the final balancing exercise with the administrative and financial closure of the Programme in 2017.

Other revenues (Title 4)

Other revenues include EUR 0.1 million for interests expected to be yielded on the cash contributions paid to the SJU. Moreover, an amount of EUR 3.2 million is included in this line as additional revenue-commitment stemming from De-commitments of unused funds from closed operational contracts from 2015 or earlier.

4.1.2 Expenditure (cash)

4.1.2.1 Overview of the contribution to the SJU Running Costs

Commitments	Actual 2007-2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Budget 2015	Budget 2016	Total 2007 - 2016	
Title 1	3,2	4,0	5,0	5,4	5,3	5,6	6,2	6,0	6,2	46,8	
Title 2	1,5	3,9	3,0	3,1	2,9	3,1	3,2	3,3	3,3	27,3	
Total	4,7	7,9	8,0	8,5	8,2	8,7	9,4	9,3	9,5	74,1	
Funded with											
EU	FP7	4,0	5,5	-	-	2,2	4,1	3,7	2,4	5,4	27,3
	TEN-T	-	-	-	-	-	-	-	-	-	-
	Total	4,0	5,5	-	-	2,2	4,1	3,7	2,4	5,4	27,3
Eurocontrol		0,7	2,4	8,0	5,8	1,1	1,2	1,2	1,0	2,8	24,3
Other Members		-	-	-	2,7	4,9	3,4	4,4	5,9	1,3	22,6
Total		4,7	7,9	8,0	8,5	8,2	9,4	9,3	9,5	74,1	

With the last Budget Commitments of EUR 9.5 million in 2016, the total Running Costs would amount to EUR 74.1 million, considerably lower than the agreed 5% on all Members' maximum Contributions. With the current Programme Forecasts for the SESAR1 Programme, the total Commitments of EUR 74.1 million for Running Costs would represent 4.1%. In addition, it is possible that the actual costs incurred and paid by 2017 will prove to be still lower than the above shown maximum Commitments, however, this will not be known before the full administrative and financial closure of the SESAR1 Programme. An updated and more reliable estimate should be possible towards the end of 2016.

4.1.2.2 Staff Expenditure (Title 1)

This title includes the expenditure related to the SJU personnel in the broad sense of the term, covering the SJU staff under EU Staff Regulations (temporary and contractual agents, respectively chapters 1.1 and 1.2), the staff seconded to the SJU by its Members (chapter 1.3) and SNEs (chapter 1.4) together with the associated costs (missions, training, etc. – chapters 1.5 and 1.6).

Human Resources	2014		2015	2016
	Authorised under the EU Budget	actually filled as of 31/12/2014	Authorised under the EU Budget	Budget Request
Establishment plan posts : AD	33	30	33	33
Establishment plan posts : AST	6	5	6	6
Establishment plan posts : AST/SC				
Total Establishment plan posts	39	35	39	39
Contract Agents				2
Seconded National Experts	3	1	3	3
TOTAL STAFF	42	36	42	44

In accordance with the Multi-Annual Staff Policy Plan, the staff establishment plan 2016 of the SJU includes 39 posts:

Function group and grade	2014				2015		2016			
	Authorised under the EU Budget		Filled as of 31/12/2014		Authorised under the EU Budget		Request of the Agency		Budget Request	
	Permanent posts	Temporary posts	Permanent posts	Temporary posts	Permanent posts	Temporary posts	Permanent posts	Temporary posts	Permanent posts	Temporary posts
AD 16										
AD 15										
AD 14		1		1		1		1		1
AD 13										
AD 12		4		4		4		4		4
AD 11										
AD 10		5		4		5		5		5
AD 9										
AD 8		5		4		5		5		5
AD 7		4		4		4		4		4
AD 6		4		4		4		4		4
AD 5		10		9		10		10		10
AD TOTAL		33		30		33		33		33
AST 11										
AST 10										
AST 9										
AST 8										
AST 7		1		1		1		1		1
AST 6										
AST 5		1		1		1		1		1
AST 4										
AST 3		2		2		2		2		2
AST 2										
AST 1		2		1		2		2		2
AST TOTAL		6		5		6		6		6
AST/SC 6										
AST/SC 5										
AST/SC 4										
AST/SC 3										
AST/SC 2										
AST/SC 1										
AST/SC TOTAL										

Function group and grade	2014				2015		2016			
	Authorised under the EU Budget		Filled as of 31/12/2014		Authorised under the EU Budget		Request of the Agency		Budget Request	
	Permanent posts	Temporary posts	Permanent posts	Temporary posts	Permanent posts	Temporary posts	Permanent posts	Temporary posts	Permanent posts	Temporary posts
TOTAL		39		35		39		39		39
GRAND TOTAL	39		35		39		39		39	

The Budget 2016 is estimated based on the assumption that the 39 positions will be fully occupied during the year.

At the end of November 2015, 1 TA positions is still vacant; it is expected that the recruitment process will be completed before the end of the first half of 2016.

The 2016 expenditure for staff is estimated at EUR 6.2 million. The staff costs have been determined considering appropriate increase of the index or steps in accordance with the Staff Regulations.

The increase of EUR 0.13 million in Budget Line 1.2 compared to the original Budget 2015 is due to the temporary employment of two Contract Agents for 2016 and 2017 to help covering the increased need for resources while running two Programmes in parallel (please refer to the MSPP 2016-2018 for more details).

Concerning reclassification of TAs and CAs, the first exercise took place at the end of 2014 following the adoption of the appropriate implementing rules by the Commission Services. In line with the Multi-Annual Staff Policy Plan 2016-2018 and the Provisional Draft Budget 2016, the 2015 annual reclassification exercise was initiated in October 2015.

With regard to the expenditure for missions (chapter 1.5 - EUR 0.5 million), the SJU adopted a policy to reduce the costs of the missions giving preference to web-conferencing and to video conferencing.

The "Other Staff Expenditure" (chapter 1.6 – EUR 0.2 million) includes the estimated expenditure for training and seminars (EUR 0.09 million), recruitment and related expenditure together with the European Commission PMO service fees (EUR 0.11 million).

4.1.2.3 Administrative Expenditure (Title 2)

The administrative expenditure, core to the support of the smooth running of the Programme and to ensure compliance with the EU regulations, is estimated at EUR 3.3 million, at the level of the Budget 2015.

The main differences concern:

- Chapter 2.1 – EUR 0,03 million increase to accommodate yearly indexation related to rental costs of the SJU premises;
- In order to maintain the overall Administrative Expenditure unchanged, Movable Property Costs and Current Administrative Expenditure - Chapters 2.2 and 2.6 - have been revised and reduced where possible (e.g. fewer costs related to furniture after some refurbishment in 2015).

With regard to the PR activities, over the course of 2016 the SJU Communications Sector will conduct the following PR activities in accordance with the Communication Strategy Plan adopted by the ADB in December 2014:

- Organisation of SJU presence at global ATM events, developing communications material for distribution;
- Organisation of a global SWIM Demonstration in order to demonstrate interoperability capabilities with SWIM partners from across the globe;

- Organisation of joint communication and outreach activities with the Deployment Manager and SESAR members at key events, such as at the 2017 World ATM Congress;
- Graphic design and publication of digital and printed communications material, including videos and animations, targeting specific ATM stakeholders;
- Further SESAR Solutions events following the positive experience of the previous years and to encourage wider take up of the solution;
- A specific event dedicated to the closure of the SESAR 1 in order to showcase the achievements of the first SESAR Programme and secure commitment to the SESAR 2020 Programme.

For the purpose of supporting the SESAR 1 closure event in 2016, EUR 0.07 million has been added to the PR Budget Line compared to the Budget 2015, while nevertheless maintaining the total costs of the Title 2 steady.

With regard to the IT Expenditure and Technical Facilities (chapter 2.7), it consists of the following elements:

- *through Eurocontrol as contribution "in cash"*
 - o the hosting of the IT services by an external provider, EUR 0.25 million;
 - o on site assistance, EUR 0.17 million;
 - o licenses, EUR 0.06 million;
 - o project management system (development, maintenance and coordination), EUR 0.42 million
 - o hardware EUR 0.14 million;
- *directly contracted by the SJU*
 - o ABAC, EUR 0.07 million;
 - o Website and others, EUR 0.16 million.

4.1.2.4 Studies and developments carried out by the SJU (Chapter 3.1)

The amounts of EUR 26.7 million in terms of commitments and EUR 38.0 million in terms of payments (related to new commitments and, to the larger extent, to commitments carried forward from previous years) estimated for 2016 include the activities listed below, compared to those budgeted in 2015:

Million EUR	<u>BUDGET 2015</u>	<u>BUDGET 2016</u>	
	<i>Commitment Appropriations</i>	<i>Commitment Appropriations</i>	<i>Payment Appropriations</i>
ACAS	0,3		0,3
Ad hoc studies (in complement to the core working programme)	0,8	0,1	0,4
Airport Expertise (ACI)		0,2	0,2
Associates of the SJU			1,0
ATMPP Strategic Performance Partnership		0,1	0,1
Cyber Security		0,0	0,0
Datalink VDL (**)			1,7
Definition Phase RPAS (**)			0,7
Demonstration Activities (call 2012)			0,8
Demonstration Activities (call 2013)			

			1,5
Demonstration Activities (call 2014)			10,0
DMS/Technical support for SESAR2020 (**)			0,1
Independent Experts	0,3	0,5	0,7
Industrial Support		5,0	5,0
NSA Advisory Group			0,1
Programme Support	1,0	1,0	1,4
Programme Audit Services	0,2	1,5	0,8
Programme Legal Services	0,1	0,1	0,1
Programme Strategy Advice	0,8	0,8	0,8
Scientific Committee	0,1		0,1
Airspace Users (*)	3,5	10,9	2,5
Military and Professional Staff Associations (*)	0,6	0,4	0,6
WP11 (*)	8,7		4,7
WPE (*)	4,7	6,1	4,6
Total	21,0	26,7	38,0

(*) In accordance with the SJU/Eurocontrol agreements, these are considered Eurocontrol cash contribution.

(**) In accordance with ADB(D)05-2014 of 26 June 2014.

The AWP 2016 will provide the necessary details with regard to the main studies and developments listed here above, the following are some key points:

- Out of the total EUR 26.7 million commitments, EUR 17.5 million relate to contracts managed by Eurocontrol on behalf of the SJU (as detailed in section 4.1.1. for Eurocontrol Contributions)
- EUR 5.0 million relate to a final extension of the Industrial Support contract to cover the closure of SESAR 1 and as presented to the Administrative Board on 25 June 2015;
- EUR 1.5 million of new commitments are necessary to anticipate the remaining three years of ex-post Programme Audit in accordance with the SJU Audit strategy⁵.

4.1.2.5 Studies & developments carried out by the Members (Chapter 3.3)

By the end of 2013, all Members' commitments were recorded by the SJU, taking into account the results of the Reallocation and BAFO III processes. In terms of payments, on the other hand, EUR 41.9 million are expected to be paid as Co-Financing during 2016. While the actual Cost Claims to be received in

⁵ The SJU has to perform a number of activities to ensure the correct financial closure of the SESAR-1 programme, in accordance with the applicable regulations and decisions of the Administrative Board. Though the payments related to these subcontracted services will occur after 2016, the budget will nevertheless be committed in 2016 as part of the SESAR 1 due to the nature of the activities.

2016 are expected to be higher, the net amount cashed out to the members should be considerably lower due to the clearing of previous Pre-Financing payments for those projects and Members where the maximum cash ceilings are reached. The actual net amount to be paid to the Members during 2016 will therefore be closely monitored and a revised budget for this Budget Line will be presented if necessary and subject to the availability of additional funds from EU revenues.

In this respect it should also be noted, that a considerable amount of final payments to the Members will take place in 2017. As stated under the section 4.1.1. for Revenues above, the Programme Forecast is currently estimated to be 5-10% lower than the maximum Co-Financing to Members (EUR 556.1 million as per amendment 4 of the MFA). Currently final payments of EUR 65-80 million are estimated for 2017 once the Final Financial Statements of each Member will have been received and fully assessed. In accordance with the principle of strict cash management, the SJU will introduce these funds only in the 2017 Budget as Payment Appropriations for the completion of SESAR 1 payments and request it from the European Commission accordingly only in early 2017.

The Annual Work Programme 2016 will detail the research and development activities which will still be carried out in 2016 under SESAR 1.

Budget 2016 (Section 1 - SESAR1)

STATEMENT OF REVENUE

<i>all figures in Euro</i>		Programme estimates Sep '09	Commitment Appropriations			Payment Appropriations		
<u>Title / Chapter</u>	Year 2014		Revised Budget 2015*	Budget 2016	Year 2014	Revised Budget 2015*	Budget 2016	
1. European Union Contribution	700.000.000				94.753.384	82.800.000	75.000.000	
1.1 7th Research and Dev. Framework Programme	350.000.000				41.008.643	43.800.000	52.500.000	
1.2 Tran-European Network Programme	350.000.000				53.744.741	39.000.000	22.500.000	
2. Contribution from Eurocontrol	165.000.000	3.236.920	20.558.736	21.283.264	14.279.914	18.018.148	14.384.605	
2.1 contribution in cash	165.000.000	3.236.920	20.558.736	21.283.264	14.279.914	18.018.148	14.384.605	
3. Contributions from Other Members	30.774.983	4.246.362	4.246.361	2.345.919	4.246.362	4.246.361		
3.1 contribution in cash	30.774.983	4.246.362	4.246.361	2.345.919	4.246.362	4.246.361		
4. Other Revenue		21.649	100.000	3.347.346	(37.077)	100.000	100.000	
4.1 Revenue From Interests Yielded		21.649	100.000	100.000	66.713	100.000	100.000	
4.2 Revenue From Taxes Recovered								
4.3 Programme revenues from non Members				3.247.346				
4.4 Exceptional Revenues - Decommittments					19.980			
4.5 Interest to be returned to the EU					(123.770)			
Budget Outturn previous year		20.074.906	14.533.412	9.208.735	5.523.016	21.436.603		
TOTAL REVENUE	895.774.983	27.579.837	39.438.509	36.185.264	118.765.599	126.601.112	89.484.605	

STATEMENT OF EXPENDITURE

<i>all figures in Euro</i>		Programme estimates Sep '09	Commitment Appropriations			Payment Appropriations		
<u>Title / Chapter</u>	Year 2014		Revised Budget 2015*	Budget 2016	Year 2014	Revised Budget 2015*	Budget 2016	
1. Staff Expenditure	55.000.000	6.181.609	5.980.000	6.191.500	5.146.061	5.980.000	6.191.500	
1.1. Staff Expenditure As Per Staff Establish. Plan	50.000.000	4.100.000	4.320.000	4.436.500	3.412.698	4.320.000	4.436.500	
1.2. Contract Agents, Interim Staff		550.000	620.000	690.000	436.433	620.000	690.000	
1.3. Secondments From Members	5.000.000	690.000	165.000	170.000	858.930	165.000	170.000	
1.4. Seconded National Experts		180.000	180.000	200.000	69.181	180.000	200.000	
1.5. Mission Costs		500.000	500.000	500.000	273.112	500.000	500.000	
1.6. Other Staff Expenditure		161.609	195.000	195.000	95.707	195.000	195.000	
2. Administrative Expenditure	45.774.983	3.187.216	3.258.500	3.308.500	2.474.909	3.258.500	3.308.500	
2.1. Rental Of Buildings And Associated Costs		931.716	950.000	978.500	804.682	950.000	978.500	
2.2. Movable Property And Associated Costs		54.000	128.000	100.000	14.158	128.000	100.000	
2.3. Pr And Events		394.500	330.000	400.000	403.940	330.000	400.000	
2.4. Postage And Telecommunications		141.000	175.000	195.000	93.724	175.000	195.000	
2.5. Administrative Board Expenditure		20.000	20.000	20.000	4.205	20.000	20.000	
2.6. Current Administrative Expenditure		311.000	291.000	250.000	117.341	291.000	250.000	
2.7. It Expenditure And Technical Facilities		1.290.000	1.270.000	1.271.000	1.012.513	1.270.000	1.271.000	
2.8. Administrative Support Services		45.000	94.000	94.000	24.346	94.000	94.000	
3. Operating Expenditure	795.000.000	3.677.600	20.991.274	26.685.264	89.708.026	117.362.612	79.984.605	
3.1. Studies/Development Conducted By The SJU	179.500.345	3.677.600	20.991.274	26.685.264	24.119.075	49.219.222	38.026.072	
3.2. Studies/Development Conducted By EUROCONTROL								
3.3. Studies/Development Conducted By The Members	615.499.655				65.588.951	68.143.390	41.958.533	
TOTAL EXPENDITURE	895.774.983	13.046.425	30.229.774	36.185.264	97.328.996	126.601.112	89.484.605	
BALANCE OF BUDGET OUTTURN		14.533.412	9.208.735		21.436.603			

* subject to ADB approval

In the above and the following Budget tables and Annexes "Year 2014" refers to the final actual amounts recorded in the Final Annual Accounts of 1 July 2013.

4.2 Section 2 (SESAR2020)

4.2.1 Revenues (cash)

In 2015, the European Union is contributing with EUR 51.5 million in terms of Horizon 2020 resources which constitute the basis to launch the Programme 2020 (following the initial contribution of EUR 20.6 million in 2014 for Exploratory Research)⁶. The process to establish the new SESAR2020 Partnership is on-going and it is expected that the activities will be launched during 2016. The in kind contributions of the new SESAR2020 Members are expected to phase in during 2016 as well. For 2016, the EU is expected to contribute with EUR 61.6 million to be used for commitments (including EUR 1.6 million EFTA contributions). However, in order to secure continued operations and a smooth transition from SESAR 1 to SESAR 2020, the 2016 contributions from the EU are reserved in this Budget to be entirely used for non-Member related activities (as further detailed in the next section on Expenditures). In terms of payments, on the other hand, maximum EUR 56.5 million total cash shall actually be received from the EU in 2016.

4.2.2 Expenditure (cash)

4.2.2.1 Studies and developments carried out by the SJU (Chapter 3.1)

The following table breaks down the required EUR 61.6 million commitments for the launch of non-Members related multi-annual studies, research-, demonstration- and support activities in connection to the SESAR 2020 Programme. In terms of payments, maximum EUR 24.2 million are expected to be needed during 2016 only:

Million EUR	<i>Commitments carried forward from previous years</i>	BUDGET 2016	
		Commitment Appropriations	Payment Appropriations
Exploratory Research (Core ATM)	20,6	8,6	9,3
Exploratory Research (RPAS)		9,0	4,5
Very Large Demonstration Activities (Wave 1)		18,0	6,0
Industrial Support		15,0	2,5
Airspace Users		6,0	1,0
Professional Staff Associations		2,0	-
Airports Expertise		0,8	-
Ad hoc studies (in complement to the core working programme)		2,2	0,9
Total	20,6	61,6	24,2

Section 3.3 and 3.4 of the draft AWP 2016 provides the necessary details with regard to the studies and developments listed here above, but the following key points should be noted:

- The first open call for *Exploratory Research Activities (Core ATM)* under Horizon 2020 for EUR 20.6 million was launched during 2015 and activities are expected to be kicked-off in early 2016. A second call for EUR 8.6 million is expected to be launched towards the end of 2016. EUR 9.3 million for total payments during 2016 are foreseen. In addition, a first call for *RPAS-related Exploratory Research Activities* shall be launched towards the end of 2016 as well for a total of EUR 9.0 million;

⁶ Both amounts include EFTA contributions.

- Wave 1 of non-Members related VLD Very Large Scale Demonstration Activities for EUR 18.0 million shall be launched in the second half of 2016, first payments in 2016 are not expected to exceed EUR 6.0 million;
- A call for Industrial Support related to SESAR 2020 only shall be launched for a maximum total of EUR 15.0, first payments in 2016 are not expected to exceed EUR 2.5 million;
- Calls for Airspace Users, Professional Staff Associations and Airports Expertise shall be launched during the first half of 2016 for a total of EUR 8.8 million, with payments expected for a maximum of EUR 1.0 million;
- The Launch of other studies (such as Datalink, 1030/1090 modelling etc.) for EUR 2.2 million and EUR 0.9 million for payments is foreseen for 2016 as well.

4.2.2.2 Studies & developments carried out by the Members (Chapter 3.3)

As explained above, in this Budget no more Commitment Appropriations can be made available to allocate to the next Wave of Members-related activities, given the constraints of the EU contribution to SESAR 2020 for 2016.

In terms of payments, a maximum of EUR 32.3 million can be allocated to Pre-Financing for the Kick-off of the Members' activities related to the SESAR2020 Programme.

Budget 2016 (Section 2 - SESAR2020)

STATEMENT OF REVENUE

all figures in Euro

<u>Title / Chapter</u>	Commitment Appropriations			Payment Appropriations		
	Year 2014	Revised Budget 2015*	Budget 2016	Year 2014	Revised Budget 2015*	Budget 2016
1. European Union Contribution	20.600.000	51.470.000	61.638.000		10.300.000	56.501.500
1.1 7th Research and Dev. Framework Programme						
1.2 Tran-European Network Programme						
1.3 Horizon 2020 Programme	20.600.000	51.470.000	61.638.000		10.300.000	56.501.500
TOTAL REVENUE	20.600.000	51.470.000	61.638.000		10.300.000	56.501.500

STATEMENT OF EXPENDITURE

all figures in Euro

<u>Title / Chapter</u>	Commitment Appropriations			Payment Appropriations		
	Year 2014	Revised Budget 2015*	Budget 2016	Year 2014	Revised Budget 2015*	Budget 2016
3. Operating Expenditure	20.600.000	51.470.000	61.638.000		10.300.000	56.501.500
3.1. Studies/Development Conducted By The SJU	20.600.000		61.638.000		10.300.000	24.200.000
3.2. Studies/Development Conducted By EUROCONTROL						
3.3. Studies/Development Conducted By The Members		51.470.000				32.301.500
TOTAL EXPENDITURE	20.600.000	51.470.000	61.638.000		10.300.000	56.501.500
BALANCE OF BUDGET OUTTURN						

* subject to ADB approval

5 Annex I (in-kind, SESAR1)

Annex I contains the amounts of estimated in-kind contributions to be committed during 2016 in relation to the SESAR1 Programme.

With regard to EUROCONTROL, the amount of EUR 63.3 million refers to the specific resources dedicated to the Programme, of which EUR 1.5 million for the Programme Support Office staff.

6 Annex II (cash & In-kind, SESAR1)

Annex II contains the total amounts of cash and in-kind contributions and related costs to be committed during 2016 in relation to the SESAR1 Programme. This annex provides the ADB with the full revenues and costs of the programme, for the full programme period, in addition to those for 2015 and 2016.

7 Annex III (cash, SESAR1 & SESAR2020)

The new Annex III contains a consolidated version of the Budgets for Section 1 (SESAR1) and Section 2 (SESAR2020) for information purposes only.

Annex I - In-Kind Contribution & Expenditure (SESAR1)

IN-KIND CONTRIBUTION

all figures in Euro

<u>Title / Chapter</u>	Programme estimates Sep '09	Commitment Appropriations		
		Year 2014	Revised Budget 2015*	Budget 2016
1. European Union Contribution				
1.1 7th Research and Dev. Framework Programme				
1.2 Tran-European Network Programme				
2. Contribution from Eurocontrol	535.000.000	67.202.096	75.500.000	63.250.370
2.1 contribution in cash				
2.2 contribution in kind	535.000.000	67.202.096	75.500.000	63.250.370
3. Contributions from Other Members	615.499.655			
3.1 contribution in cash				
3.2 contribution in kind	615.499.655			
4. Other Revenue	53.725.363			
4.1 Revenue From Interests Yielded				
4.2 Revenue From Taxes Recovered				
4.3 Programme revenues from non Members	53.725.363			
4.4 Exceptional Revenues				
4.5 Interest to be returned to the EU				
Budget Outturn previous year				
TOTAL REVENUE	1.204.225.018	67.202.096	75.500.000	63.250.370

IN-KIND EXPENDITURE

all figures in Euro

<u>Title / Chapter</u>	Programme estimates Sep '09	Commitment Appropriations		
		Year 2014	Revised Budget 2015*	Budget 2016
1. Staff Expenditure				
1.1 Staff Expenditure As Per Staff Establish. Plan				
1.2 Contract Agents, Interim Staff				
1.3 Secondments From Members				
1.4 Seconded National Experts				
1.5 Mission Costs				
1.6 Other Staff Expenditure				
2. Administrative Expenditure				
2.1 Rental Of Buildings And Associated Costs				
2.2 Movable Property And Associated Costs				
2.3 Pr And Events				
2.4 Postage And Telecommunications				
2.5 Administrative Board Expenditure				
2.6 Current Administrative Expenditure				
2.7 It Expenditure And Technical Facilities				
2.8 Administrative Support Services				
3. Operating Expenditure	1.204.225.018	67.202.096	75.500.000	63.250.370
3.1 Studies/Development Conducted By The SJU	53.725.363			
3.2 Studies/Development Conducted By EUROCONTROL	535.000.000	67.202.096	75.500.000	63.250.370
3.3 Studies/Development Conducted By The Members	615.499.655			
TOTAL EXPENDITURE	1.204.225.018	67.202.096	75.500.000	63.250.370

BALANCE OF BUDGET OUTTURN

* subject to ADB approval

Annex II - Total (SESAR1)

REVENUE (Cash and In-Kind)

all figures in Euro

<u>Title / Chapter</u>	Programme estimates Sep '09	Commitment Appropriations		
		Year 2014	Revised Budget 2015*	Budget 2016
1. European Union Contribution	700.000.000			
1.1 7th Research and Dev. Framework Programme	350.000.000			
1.2 Tran-European Network Programme	350.000.000			
2. Contribution from Eurocontrol	700.000.000	70.439.016	96.058.736	84.533.634
2.1 contribution in cash	165.000.000	3.236.920	20.558.736	21.283.264
2.2 contribution in kind	535.000.000	67.202.096	75.500.000	63.250.370
3. Contributions from Other Members	646.274.638	4.246.362	4.246.361	2.345.919
3.1 contribution in cash	30.774.983	4.246.362	4.246.361	2.345.919
3.2 contribution in kind	615.499.655			
4. Other Revenue	53.725.363	21.649	100.000	3.347.346
4.1 Revenue From Interests Yielded		21.649	100.000	100.000
4.2 Revenue From Taxes Recovered				
4.3 Programme revenues from non Members	53.725.363			
4.4 Exceptional Revenues				3.247.346
4.5 Interest to be returned to the EU				
Budget Outturn previous year		20.074.906	14.533.412	9.208.735
TOTAL REVENUE	2.100.000.000	94.781.933	114.938.509	99.435.634

EXPENDITURE (Cash and In-Kind)

all figures in Euro

<u>Title / Chapter</u>	Programme estimates Sep '09	Commitment Appropriations		
		Year 2014	Revised Budget 2015*	Budget 2016
1. Staff Expenditure	55.000.000	6.181.609	5.980.000	6.191.500
1.1. Staff Expenditure As Per Staff Establish. Plan	50.000.000	4.100.000	4.320.000	4.436.500
1.2. Contract Agents, Interim Staff		550.000	620.000	690.000
1.3. Secondments From Members	5.000.000	690.000	165.000	170.000
1.4. Seconded National Experts		180.000	180.000	200.000
1.5. Mission Costs		500.000	500.000	500.000
1.6. Other Staff Expenditure		161.609	195.000	195.000
2. Administrative Expenditure	45.774.983	3.187.216	3.258.500	3.308.500
2.1. Rental Of Buildings And Associated Costs		931.716	950.000	978.500
2.2. Movable Property And Associated Costs		54.000	128.000	100.000
2.3. Pr And Events		394.500	330.000	400.000
2.4. Postage And Telecommunications		141.000	175.500	195.000
2.5. Administrative Board Expenditure		20.000	20.000	20.000
2.6. Current Administrative Expenditure		311.000	291.000	250.000
2.7. It Expenditure And Technical Facilities		1.290.000	1.270.000	1.271.000
2.8. Administrative Support Services		45.000	94.000	94.000
3. Operating Expenditure	1.999.225.017	70.879.696	96.491.274	89.935.634
3.1. Studies/Development Conducted By The SJU	233.225.707	3.677.600	20.991.274	26.685.264
3.2. Studies/Development Conducted By EUROCONTROL	535.000.000	67.202.096	75.500.000	63.250.370
3.3. Studies/Development Conducted By The Members	1.230.999.310			
TOTAL EXPENDITURE	2.100.000.000	80.248.521	105.729.774	99.435.634
BALANCE OF BUDGET OUTTURN		14.533.412	9.208.735	

* subject to ADB approval

for information purposes only

Annex III - Consolidated Budget 2016 (SESAR1 & SESAR2020)

STATEMENT OF REVENUE

all figures in Euro

Title / Chapter	Commitment Appropriations			Payment Appropriations		
	Year 2014	Revised Budget 2015*	Budget 2016	Year 2014	Revised Budget 2015*	Budget 2016
1. European Union Contribution	20.600.000	51.470.000	61.638.000	94.753.384	93.100.000	131.501.500
1.1 7th Research and Dev. Framework Programme				41.008.643	43.800.000	52.500.000
1.2 Tran-European Network Programme				53.744.741	39.000.000	22.500.000
1.3 Horizon 2020 Programme	20.600.000	51.470.000	61.638.000		10.300.000	56.501.500
2. Contribution from Eurocontrol	3.236.920	20.558.736	21.283.264	14.279.914	18.018.148	14.384.605
2.1 contribution in cash	3.236.920	20.558.736	21.283.264	14.279.914	18.018.148	14.384.605
3. Contributions from Other Members	4.246.362	4.246.361	2.345.919	4.246.362	4.246.361	
3.1 contribution in cash	4.246.362	4.246.361	2.345.919	4.246.362	4.246.361	
4. Other Revenue	21.649	100.000	3.347.346	(37.077)	100.000	100.000
4.1 Revenue From Interests Yielded	21.649	100.000	100.000	66.713	100.000	100.000
4.2 Revenue From Taxes Recovered						
4.3 Programme revenues from non Members						
4.4 Exceptional Revenues - Decommittments			3.247.346	19.980		
4.5 Interest to be returned to the EU				(123.770)		
Budget Outturn previous year	20.074.906	14.533.412	9.208.735	5.523.016	21.436.603	
TOTAL REVENUE	48.179.837	90.908.509	97.823.264	118.765.599	136.901.112	145.986.105

STATEMENT OF EXPENDITURE

all figures in Euro

Title / Chapter	Commitment Appropriations			Payment Appropriations		
	Year 2014	Revised Budget 2015*	Budget 2016	Year 2014	Revised Budget 2015*	Budget 2016
1. Staff Expenditure	6.181.609	5.980.000	6.191.500	5.146.061	5.980.000	6.191.500
1.1. Staff Expenditure As Per Staff Establish. Plan	4.100.000	4.320.000	4.436.500	3.412.698	4.320.000	4.436.500
1.2. Contract Agents, Interim Staff	550.000	620.000	690.000	436.433	620.000	690.000
1.3. Secondments From Members	690.000	165.000	170.000	858.930	165.000	170.000
1.4. Seconded National Experts	180.000	180.000	200.000	69.181	180.000	200.000
1.5. Mission Costs	500.000	500.000	500.000	273.112	500.000	500.000
1.6. Other Staff Expenditure	161.609	195.000	195.000	95.707	195.000	195.000
2. Administrative Expenditure	3.187.216	3.258.500	3.308.500	2.474.909	3.258.500	3.308.500
2.1. Rental Of Buildings And Associated Costs	931.716	950.000	978.500	804.682	950.000	978.500
2.2. Movable Property And Associated Costs	54.000	128.000	100.000	14.158	128.000	100.000
2.3. Pr And Events	394.500	330.000	400.000	403.940	330.000	400.000
2.4. Postage And Telecommunications	141.000	175.500	195.000	93.724	175.500	195.000
2.5. Administrative Board Expenditure	20.000	20.000	20.000	4.205	20.000	20.000
2.6. Current Administrative Expenditure	311.000	291.000	250.000	117.341	291.000	250.000
2.7. It Expenditure And Technical Facilities	1.290.000	1.270.000	1.271.000	1.012.513	1.270.000	1.271.000
2.8. Administrative Support Services	45.000	94.000	94.000	24.346	94.000	94.000
3. Operating Expenditure	24.277.600	72.461.274	88.323.264	89.708.026	127.662.612	136.486.105
3.1. Studies/Development Conducted By The SJU	24.277.600	20.991.274	88.323.264	24.119.075	59.519.222	62.226.072
3.2. Studies/Development Conducted By EUROCONTROL						
3.3. Studies/Development Conducted By The Members		51.470.000		65.588.951	68.143.390	74.260.033
TOTAL EXPENDITURE	33.646.425	81.699.774	97.823.264	97.328.996	136.901.112	145.986.105
BALANCE OF BUDGET OUTTURN	14.533.412	9.208.735	0	21.436.603		0

* subject to ADB approval

SESAR JOINT UNDERTAKING

Budget 2016 (SESAR1)

SUMMARY SCHEDULE OF PAYMENTS

1. Figures

	2014 Outturn		Revised Budget 2015*		Budget 2016		Difference (2016/2015)	
	C	P	CA	PA	CA	PA	CA	PA
Total Expenditures	13.046.425	97.328.996	30.229.774	126.601.112	36.185.264	89.484.605	20%	-29%

* subject to ADB approval

2. Summary Schedule of payments

Commitments	Payments								
	2015	2016	2017	2018	2019				
Pre-2015 commitments still outstanding	254.206.054	114.698.074	72.424.605	67.083.375	0				
Commitment appropriations made available again and/or carried over from 2015									
Appropriations 2015	30.229.774	11.903.038	0	18.326.736					
Appropriations 2016	36.185.264	0	17.060.000	11.186.766	7.438.498	500.000			
TOTAL		126.601.112	89.484.605	96.596.877	7.438.498	500.000			