



Budget 2013

17 December 2012

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1 Legal Basis

This Budget 2013 is established in accordance with Article 27.8 of the SJU Financial Rules approved by the Administrative Board on 31 December 2010.

2 Background

In accordance with the SJU Financial Rules, the 2013 Preliminary Draft Budget was submitted to the European Commission and the Budget Authority (the European Parliament and the Council of the European Union) at the end of March 2012, together with the Annual Activity Report. The amounts indicated in the present document in terms of European Union revenue commitments and payments are extracted from the European Commission Preliminary Draft Budget and are still subject to the approval of the Budget Authority.

In accordance with Article 27.8 of the SJU Financial Rules the “*the Executive Director shall prepare the draft budget for the following year (N) and submit it to the Administrative Board for adoption. The draft budget shall be submitted to the Administrative Board no later than 30 September of the preceding year (N-1)*”.

The Draft Budget 2013 was submitted to the Administrative Board by the deadline and the Board Members provided with the SJU with their comments until Friday 14 December 2012.

The Budget 2013 contains all the estimated revenues, expenditures and staff resources needed to be committed and paid calculated on the basis of the information available at mid December 2012.

3 2012 Key Facts

At the end of 2009, the SJU management submitted to the Administrative Board, which endorsed it, a first mid-term “vision” covering the period 2010-2012 to ensure that the SESAR Programme was focused not only on the achievement of its mission but on concrete research and innovation progress, including quick wins.

The SJU vision for the period 2010 – 2012 was defined as follows:

“By 2012 we have created the change in the European ATM that demonstrates our ability to deliver benefits to the community”.

The strategic objectives together with an assessment of the expected achievement by year end 2012 are:

OBJECTIVE DESCRIPTION	EXPECTED ACHIEVEMENT RATIO at the end of 2012
<p>1. <i>Initial 4D trajectory is validated in an operational environment supported by satellite-based technology</i></p> <p>The “Initial 4D trajectory”-based operations, were tested in an operational environment as part of the Releases 1 and 2. The performance of flight trials, done in Release 1 was a world premiere. Release 2 exercises were done with real time simulations, using operational platforms. It is expected that Release 3 activities in 2013 will complete the first part of this</p>	85%

OBJECTIVE DESCRIPTION	EXPECTED ACHIEVEMENT RATIO at the end of 2012
validation cycle with additional flight tests.	
<p>2. <i>10,000 flights, including 500 military, are SESAR labelled</i></p> <p>In 2011 the number of flights, including AIRE and OPTIMI flight demonstrations, was above the 50% of the set objective of 10,000 flights. The SJU Administrative Board decided the launch of “demonstration activities” call where integrated trials during 2012 will allow the SJU to reach the target. Despite the SJU efforts, military organisations did not apply to participate in such trials.</p>	85%
<p>3. <i>80% of SESAR projects have tested their output in a real life environment</i></p> <p>In order to achieve the objective of 80% of validation exercises in real operational environment, a Validation Strategy has been established. Even though the results achieved in 2011 were not yet in line with this mid-term objective, in the execution of Release 2 exercises most of the validation exercises have been executed in real operational environment. This trend will continue in R3.</p>	100%
<p>4. <i>First SWIM pilots are in place to exchange data across at least 5 domains</i></p> <p>In 2011 a SWIM Action Plan was introduced to respond to the risks identified in the related Projects, inter alia, the lack of a legal framework for SWIM. Considering the progress achieved by year end 2011 and the results of the implementation of the action plan, SWIM has been brought back on track. However, it is unlikely that the specific mid-term objective will be met in the set timeframe.</p>	50%
<p>5. <i>The first remote tower is ready for operations</i></p> <p>In order to achieve this mid-term objective, Validation exercises for the Remote Tower have been performed as planned and have been completed during 2012. The readiness for operations relies on the regulatory approval of such operations, which outside of the scope of activity of the SJU.</p>	90%
<p>6. <i>SESAR benefits are demonstrated on city pairs connecting 8 European airports</i></p> <p>The results of AIRE and the results achieved in the demonstration activities launched and already performed until 2012 allowed meeting the objective.</p>	100%
<p>7. <i>Airspace users have signed up to the SESAR business case for time-based operations</i></p> <p>This objective has many dimensions and the business case development process is not mature yet to encompass all the different stakeholders’ perspectives. Following the mandate to the SJU to prepare a draft Common Pilot Project to support the European Commission in setting up</p>	35%

OBJECTIVE DESCRIPTION	EXPECTED ACHIEVEMENT RATIO at the end of 2012
the deployment of SESAR, the SJU is now working on developing the necessary business cases and their relative models. This work will be finalized mid-2013.	

In addition, the following can be mentioned:

- a. during 2012, the Programme was in its full execution phase: almost all Projects have been launched and are effective. Release 1, with its 25¹ exercises within 16 Operational Focus areas, delivered tangible results and marked a turning point in the development of the new ATM system. The Release 1 close-out Report was presented to the ADB on 3 July. As regards Release 2, 32 out of 35 exercises are expected to be completed in the 2012 reporting period, while 3 exercises are reported to 2013. Release 3 takes into account the Tiger Team recommendations, aimed at providing guidelines for rationalising the Programme. Furthermore, an amendment to Schedule 14 of the MFA was signed early 2012: it integrates the Initiation Phase results, the Change Requests and the reallocation of IBAFO I and II resources;
- b. during the period February-March 2012 a team composed of PC members has been set up to provide guidelines for rationalising the Programme. The Tiger Team's Report was presented at the PC meeting of 23 March: it contains a series of recommendations, stressing the 5 priority business needs, the link between the needs and Releases as well as efficiency measures.
- c. with regard to the Programme reporting, the SJU receives from the Members a structured quarterly reporting based on effort consumption. At the end of the second quarter 2012, the level of resources consumed is stabilizing in line with the previous two quarters;
- d. further to the call for proposals to become "Associate partners to the SJU" launched in 2011, the SJU has signed framework partnership agreements with SMEs, Research Organisations, Universities and Institutes of higher education, that are currently involved in the Programme through ad hoc Work Orders;
- e. the activities related to the European ATM Master Plan 2012 were concluded in March and the final version of the document was adopted in October 2012. Work is ongoing to review the Business View as well as some other minor elements. In addition, the Commission requested the support of the SJU in the definition of the Pilot Common Project which will be a key step in preparation for the deployment of the SESAR Solution.
- f. almost all 2012 administrative and financial objectives are considered achieved. The assessment process of the Members' Interim Financial Statements 2011 will be completed by year end 2012.. Furthermore, during 2012, 5 Members and 3 affiliates have been audited either directly by the SJU Project Audit Sector or by an external contractor. No issue reported in the Project Audit results is of such a materiality to be brought to the attention of the Administrative Board;
- g. during 2012, the SJU managed the recruitment of 1 Liaison Officer with the US, 1 Internal Auditor/Internal Audit Capability, 4 operational staff, 2 Chiefs Communication². In addition a SNE is still vacant and a Communication Associate position will be filled on 16 March 2013. The Budget is established on the assumption that all positions will be filled in by the 1 January 2013;

¹ Release 1 included originally 29 validation exercises, but 4 have been postponed to Release 2

² The first one terminated is contract before the end of the probationary period.

- h. during 2012, the SJU has disbursed EUR 75.2 million in terms of pre-financing and co-financing to different SJU Members, bringing the pre-financing cumulative amount to EUR 112 million and the co-financing to EUR 121.5 million.

4 Budget 2013

In line with the SJU's Financial Rules, 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.

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 an annex to the main Budget document (Annex I), while Annex II summarizes the total revenue and expenditure of the SJU (cash and in kind revenues and expenditures).

4.1 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) amount to EUR 290.1 million at the end of 2012 and to EUR 350.0 million from the funds of the multi-annual budget of the Trans European Networks-T (hereinafter TEN-T).

During 2013, the EU is expected to commit resources for EUR 59.9 million, all from FP7. The cumulated amount of commitment appropriations to the Joint Undertaking at the end of 2013 is at EUR 700 million corresponding to the funding needed for the Programme.

- b. In terms of payment appropriations, it is expected that the EU will contribute with additional EUR 46.6 million in terms of FP7 funds and with EUR 45.0 million as TEN-T funds. During 2012, applying the principle of rigorous cash management, the SJU limited its requests of funding to the EU at EUR 69.7 million. These amounts will be paid net of the interest that the SJU yielded on the EU funds in 2011 for a total of EUR 0.3 million and which have to be refunded to the EU.

The General Agreement between the EU and the SJU governs all the provisions related to the payment requests from the SJU to the EU, where the SJU, for a maximum period of 6 months, shall justify the use of the previous resources, the planning of the expenditure for the next 6 months as well as a detailed description of the achievements in relation to the activities of the Annual Work Plan.

The commitments and payments appropriations of the EU are subject to the approval of the EU Draft Budget 2013 by the European Parliament and the Council of the European Union, , while the EFTA contribution, part of the FP7 funds, is subject to the approval of the EFTA States.

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 4.2.1.

Revenue Commitments	2008 - 2011 <u>Total</u>	2012 <u>rev bdg II</u>	2008 - 2012 <u>Total</u>	2013 <u>budget</u>	2008 - 2013 <u>Total</u>	2014 -2016 <u>budget</u>	2008 - 2016 <u>Total</u>
FP7	229,99	60,12	290,12	59,88	350,00	0,00	350,00
TEN-T	300,00	50,00	350,00	0,00	350,00	0,00	350,00
Total	529,99	110,12	640,12	59,88	700,00	0,00	700,00

Revenue Payment received	2008 - 2011 <u>Total</u>	2012 <u>rev bdg II</u>	2008 - 2012 <u>Total</u>	2013 <u>budget</u>	2008 - 2013 <u>Total</u>	2014 -2016 <u>budget</u>	2008 - 2016 <u>Total</u>
FP7	69,55	34,89	104,44	46,63	151,07	198,93	350,00
TEN-T	128,00	34,83	162,83	45,00	207,83	142,17	350,00
Total	197,55	69,71	267,27	91,63	358,90	341,10	700,00

Eurocontrol (Title 2)

- a. During 2013, EUROCONTROL is expected to contribute to the SJU for an estimated value of EUR 12.8 million:
- EUR 1.5 million for WP 11,
 - EUR 4.9 million for WP E,
 - EUR 5.2 million related to Military, Professional Staff Associations and Airspace Users,
 - EUR 1.1 million related to the IT and administrative support provided to the SJU,
 - EUR 0.1 million related to one secondment.

Revenue Commitments	2008 - 2011 <u>Total</u>	2012 <u>rev bdg II</u>	2008 - 2012 <u>Total</u>	2013 <u>budget</u>	2008 - 2013 <u>Total</u>	2014 -2016 <u>budget</u>	2008 - 2016 <u>Total</u>
Cash	55,55	41,46	97,00	12,79	109,79	55,21	165,00
In Kind	130,19	74,81	204,99	75,50	280,49	217,91	498,40
Total	185,73	116,26	301,99	88,29	390,28	273,12	663,40

To be recognized (accruals - recognition)

Cash	13,75	0,00	13,75	0,00	13,75	(13,75)	0,00
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Revenue Payment received	2008 - 2011 <u>Total</u>	2012 <u>rev bdg II</u>	2008 - 2012 <u>Total</u>	2013 <u>budget</u>	2008 - 2013 <u>Total</u>	2014 -2016 <u>budget</u>	2008 - 2016 <u>Total</u>
Cash	41,79	41,46	83,25	12,79	96,04	68,96	165,00

Other Members (Title 3)

The other Members have to pay the annual instalment of the cash contribution, for a total of EUR 4.2 million, corresponding to 1/7th of 5% of the Members' net in-kind contributions related to IBAFO I and II. The difference compared to the previous year is due to the inclusion in the Budget 2012 of the estimated delayed payments of cash contributions related to 2011.

Other revenues (Title 4)

The other revenues include interests yielded by the cash contributions paid to the SJU, net of the amount of interests matured on the EU contributions that has to be paid back to the Commission (see section 4.1.b above).

4.2 Expenditure (cash)

4.2.1 Overview of the contribution to the SJU Running Costs

Running Expend Commitments	Actual 2007-2008	Actual 2009	Actual 2010	Actual 2011	Rev Bdg II 2012	Budget 2013	Total 2007 - 2013
Title 1	3,2	4,0	5,0	5,4	5,6	6,0	29,1
Title 2	1,5	3,9	3,0	3,1	3,2	3,3	18,1
Total	4,7	7,9	8,0	8,5	8,8	9,2	47,2

Funded with

EU	FP7	4,0	6,0	-	2,0	2,8	0,4	15,3
	TEN-T	-	-	-	-	-	-	-
	Total	4,0	6,0	-	2,0	2,8	0,4	15,3
Eurocontrol		0,7	1,9	8,0	2,0	1,1	1,2	14,9
Other Members		-	-	-	4,5	4,9	7,6	17,0
Total		4,7	7,9	8,0	8,5	8,8	9,2	47,2

4.2.2 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, contingencies, etc – chapters 1.5 and 1.6).

In accordance with the Multi-Annual Staff Policy Plan, the staff establishment plan 2013 of the SJU includes 39 posts.

The Draft Budget 2013 is estimated based on the assumption that the 39 positions will be fully occupied during the all year.

SJU STAFF	Draft Budget 2013					
	GRADE	TA	CA	SEC	ENDs	Total
Executive Director	AD14	1				1
Deputy ED Administration and Finance	AD12	1				1
Chief Technology and Innovation	AD12	1				1
Chief Strategies and International Relations	AD12	1				1
Chief Regulatory Affairs	AD12	1				1
Chief Corporate Communication	AD10	1				1
Chief Economics and Environment	AD10	1				1
Advisor to the Executive Director	AD10	1				1
Senior Advisor for Military Affairs	AD10	1				1
Head Legal affairs and contracts sector	n/a			1		1
Head of Finance and Budget sector	AD8	1				1
Deputy ED Operations & Programme	n/a			1		1
Hd ATM Systems	AD8	1				1
Systems Engineer	AD8	1				1
Liaison Officer	AD10	1				1
Legal & contract Adviser	AD7	1				1
Finance and administration Officer	AD7	1				1
Environment Officer	AD7	1				1
Hd Validation/Verification	AD7			1		1
ATM Expert	AD6	1				1
Advisor Validation / Verification	n/a			1		1
ATM Expert	AD6	1				1
Financial Officer	AD6	1				1
ATM Systems Engineer	n/a			1		1
Communication Associate	AD5	1				1
Economist	AD5	1				1
HR Legal Officer	n/a		1			1
Project Auditor	AD5	1				1
Advisor DAF	n/a		1			1
Internal Auditor	AD5	1				1
Senior Programme Management & Quality Expert	n/a			1		1
Programme Management & Quality Expert	n/a			1		1
ATM Programme Expert	n/a			1		1
Human resources Officer	AST7	1				1
Financial accountant	AST5	1				1
Administrative Assistant	AST3	1				1
Legal Officer	n/a		1			1
Secretary - Programme Director	AST1	1				1
Secretary to the executive Director	AST1	1				1
TOTAL		28	3	8		39

SJU STAFF	Draft Budget 2013					
	GRADE	TA	CA	SEC	ENDs	Total
END					1	1
Expert Conops & Validation					1	1
END					1	1
Advisor Institutionnal Affairs					1	1
TOTAL					3	3

Here above the details of the positions and the different contract types for each position.

At the end of 2012, 2 positions are vacant: the position of Communication Associate for which the recruitment is completed and the person will start on 16 March 2013 and one END position for which the recruitment is expected to be finalized in January 2013. The 2013 staff expenditure is estimated at EUR 6.0 million. The staff costs have been determined considering an overall increase of the index of maximum 1.7%. The increase of the staff expenditure in 2013 compared to 2012 is mostly due to the unexpected vacant positions during large part of 2012.

The SJU management will permanently assess the organisation structure of the SJU to ensure that the resources made available provide reasonable assurance with regard to the sound financial and technical management of the organisation.

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 in the future, once installed, to video conferencing. It should be noted that the total cost for mission in 2012 is estimated at the same level of the Budget 2013, considering the fact that remaining 2011 appropriations were used to pay mission costs.

The "Other Staff Expenditure" (chapter 1.6 – EUR 0.16 million) includes the estimated expenditure for training and seminars (EUR 0.1 million), recruitment and related expenditure together with the PMO service fees (EUR 0.06 million).

4.2.3 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, just below the Budget 2012.

The main differences concern:

- Chapter 2.1 – the increase in the premises related expenditure is due to the overall increase of the building security due to some issues detected, the increase of charges for the building maintenance and the index;
- Chapter 2.4 – the increase of the costs is due to the need to upgrade the capacity of the lines in order to ensure adequate response time to the hosting services. At this stage the budget includes an estimate to upgrade the lines up to 100 MB, but this will be subject to an appropriate analysis to determine the exact needs in terms of capacity;
- In order to maintain the overall Administrative Expenditure unchanged, the IT Expenditure – Chapter 2.7 has been revised and reduced of 10%.

With regard to the PR activities, in accordance with the PR strategic plan approved by the ADB in 2009, the following will be realized during 2013:

- strong presence at the World ATM Congress in Madrid: booth, conferences & educational programmes for stakeholders. This represents around 40% of the communication budget;
- on-going web improvements for better information dissemination;

- publication of key official reports & brochures: annual report, environment report, SESAR brochure, SESAR magazines, SESAR release etc;
- informative campaign towards passengers (leaflet, video-clip)
- multimedia material (educational animations, video-clip).

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 0.2 million;
 - o on site assistance, EUR 0.2 million;
 - o licenses, EUR 0.2 million;
 - o project management system (development, maintenance and coordination), EUR 0.5 million
 - o hardware EUR 0.05 million;
- *directly contracted by the SJU*
 - o ABAC, EUR 0.1 million;
 - o Website, EUR 0.1 million.

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

The amount of EUR 29.8 million (EUR 31.8 million in terms of payments) estimated for 2013 includes the activities listed below, compared to those budgeted in 2012:

The AWP 2013 will provide the necessary details with regard to the studies and developments listed here above.

	Commitment Appropriations	Commitment Appropriations	Payment Appropriations
EUR Million	Budget 2012	Budget 2013	
Airport Expertise (ACI)		0,3	0,3
Airspace Users (*)	1,0	4,2	4,2
Associates of the SJU	-	3,0	1,5
Demonstration Activities (call 2012)	10,0		4,5
Demonstration Activities (call 2013)		10,0	0,0
Independent Experts	0,4	0,3	0,3
Industrial Support	-	1,6	10,0
NSA Advisory Group	-	0,2	0,2
Programme Support (Audit, Legal, Programme)	2,0	1,7	1,9
Scientific Committee	0,1		0,1
ATMPP Strategic Performance Partnership	0,1	0,1	0,1
Security Study	1,0		0,0
Ad hoc studies in complement to the core working programme	-	1,0	1,3
WP11 (*)	3,7	1,5	1,5
WPE (*)	5,1	4,9	4,9
Military and Professional Staff Associations (*)	0,5	1,0	1,0

	Commitment Appropriations	Commitment Appropriations	Payment Appropriations
EUR Million	Budget 2012	Budget 2013	
Total	23,9	29,8	31,8

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

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

Taking into considerations the resources available in terms of commitments at the end of 2012, the SJU is in the position to provide an additional commitment to the Members for the realization of the Programme for the maximum amount of EUR 37.9 million. This amount will be allocated to each Member based on their total contribution resulting from the award of the Programme activities as result of IBAFO I and II proportionally. The Annual Work Programme 2013 details the research and development activities which will be carried out in 2013.

With regard to the Members, at the date of 18 December 2012 which does not include the Members' commitments for 2012, the amount of the commitments is as follows:

	In Kind	MAX Co-Fin	%	Committed co-fin
AENA	72.818.158	36.409.075	50,0%	26.704.520
DFS	72.569.128	35.967.490	49,6%	25.647.501
DSNA	67.365.593	33.681.509	50,0%	24.403.282
ENAV	71.351.459	35.477.474	49,7%	26.580.215
NATS	70.849.381	35.424.690	50,0%	26.043.547
NORACON	64.688.317	32.344.158	50,0%	23.528.833
SEAC	16.765.612	8.382.806	50,0%	6.348.548
FREQUENTIS	31.319.532	15.659.766	50,0%	12.777.447
INDRA	135.588.777	67.794.385	50,0%	48.444.881
NATMIG	39.912.335	19.922.120	49,9%	14.707.535
SELEX	102.328.972	51.164.486	50,0%	37.759.842
THALES	255.423.195	127.711.598	50,0%	93.913.337
AIRBUS	108.828.779	54.414.389	50,0%	40.675.557
ALENIA	38.616.296	19.308.148	50,0%	14.300.641
HONEYWELL	40.686.776	20.311.613	49,9%	15.341.536
Sub Total	1.189.112.310	593.973.707	50,0%	437.177.221

In front of a total amount of commitments of EUR 437.2 million the total co-financing and pre-financing paid to the Members for the activities performed is of EUR 233.7 million.

5 Annex I

Annex I contains the amounts of estimated in-kind contributions to be committed during 2013.

With regard to EUROCONTROL, the amount of EUR 75.5 million refers to the specific resources dedicated to the Programme, of which EUR 2.2 million for the Programme Support Office staff.

With regard to the other Members, the amount of EUR 37.9 million reflects the commitment in terms of in-kind contributions to be realized during 2013 and future years.

With regard to Chapter 4.3 “Programme revenues from non Members”, this chapter is created to include any possible Programme-related contributions in kind from non Members exceeding the co-financing made available by the SJU.

6 Annex II

Annex II contains the total amounts of cash and in-kind contributions and related costs to be committed during 2013. This annex provides the ADB with the full revenues and costs of the Programme, for the full period as well as for 2012 and 2013.