

PROVISIONAL DRAFT ESTIMATE OF REVENUE AND EXPENDITURE 2015

AND UNDERLYING GENERAL GUIDELINES

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Background

This provisional draft estimate of revenue and expenditure sets out the financial framework for ETF activities in 2015. It has been drawn up with reference to the human and financial resources foreseen in the ETF's Mid-Term Perspective (MTP) 2014-2017.

Once approved by the Governing Board, this provisional draft estimate of revenue and expenditure will be submitted to the European Commission with no additional written procedure by 31 January 2014. It will then be used by the Commission services as a starting point for the 2015 budgetary procedure. The final draft estimate will be forwarded to the Commission by 31 March 2014 in accordance with Article 16.1 of the ETF's founding Regulation¹.

Underlying guidelines for the provisional draft estimate of revenue and expenditure 2015

In 2015, the ETF will be focusing on the second year objectives of the Mid-Term Perspective (MTP) for the 2014-17 period, which is being developed within the framework of the ETF 2014-20 Strategy.

The ETF has three strategic objectives for the period 2014-17:

- Reinforce evidence-based VET policy analysis
- Modernise VET systems in a lifelong learning perspective
- Increase the relevance of VET provision in respect of labour market, economic and social cohesion.

These goals will be pursued over the next four years by implementing multi-annual strategic objectives. These objectives will be further detailed in four-year multi-annual work programmes as well as annual work programmes, which will detail the specific projects, the distribution of resources and the results expected in the form of corporate outputs and outcomes and the indicators to measure the level of achievement². The ETF defines different levels in the value chain of results: outputs (products or deliverables stemming from projects), outcomes (the effects of the outputs on their intended beneficiaries, assessed either by use or satisfaction level) and impact (the long-term effect, measured in terms of the contribution to human capital development).

¹ Regulation (EC) No 1339/2008 of the European Parliament and of the Council of 16 December 2008 establishing a European Training Foundation (recast) (OJ L354 of 31/12/2008, p. 82)

² The ETF will use indicators and targets used in EU policy processes or agreed with other International organisations and donors as much as possible.

Implications for the 2015 estimate of provisional draft estimate of revenue and expenditure

The provisional draft estimate of revenue and expenditure for 2015 builds on the experience of budgetary execution in 2013 and on the 2014 budget assumptions and follows the ETF's proposal for 2015 in the context of the MTP for the period 2014-2017

This provisional draft estimate is based on the following assumptions:

- The ETF will focus its operational resources above all on achieving its expected mission and fulfilling its requirements in the countries in the Pre-accession and Neighbourhood regions (South and East), as well as in Central Asia. In particular, the ETF plans to increase its investment in supporting evidence-informed policy making in the partner countries and to support the external dimension of EU policies in human capital development, as agreed in the ETF mid-term perspective for the period 2014-17.
- Since the adoption of its recast mandate in 2008, the ETF has been striving to reduce the number of staff in central administrative functions while at the same time maximising the number of experts it deploys. Following the major reorganisation of its central administration in 2010-11, which resulted in a reduction in the percentage of staff working in selected central administrative functions from 33% to 22%, the 2014-17 period will be one of consolidation and incremental improvement in order to absorb a 5% reduction of its staff without impact on the ETF's delivery of its core business activities. Any further staff cuts decided by the budget authority will mean a corresponding reduction in the ETF's expertise capacity.
- While the ETF can commit itself to reducing its statutory staff by 5% over the 2013-2018 period (from 96 to 91), its ability to reduce its establishment plan without compromising the efficiency and effectiveness of the organisation and without terminating contracts is dependent on the voluntary departure of non-core administrative and support staff occupying temporary agent posts. No temporary agents in this category will reach retirement age in the next five years, and turnover in this staff category is historically low.
- The proposed staffing for 2015 is in line with the ETF Mid-Term Perspective 2014-17.
- Additional ancillary staff (Contract Agents) may be financed from earmarked revenue corresponding to the new activities undertaken by the ETF.
- The budget for staffing and infrastructure (Titles 1 and 2) is at strict survival levels and accommodates expected increases in staff expenditure owing to backdated salary adjustments, promotions, step increases and a higher post-occupancy rate. Any budgetary decrease will be made at the expense of Title 3. Any reduction in Title 3 will be effected via efficiency gains on operational expenditure (in particular more effective use of missions and events) and should not affect the impact of ETF's activities.
- As regards the direct support to operational activities under Title 3, Chapter 31, the ETF will follow the trend outlined in the MTP 2014-17. This means an investment of some 25% for the Enlargement region (candidate countries and potential candidates), a slight increase in Neighbourhood regions (23% Neighbourhood-South and 21% for Neighbourhood-East, totalling 34% compared to 32.5% in the previous mid-term perspective), and 11% for activities in Central Asia. As in previous years, 14% of Chapter 31 will be invested in Thematic Expertise Development and 6% in evidence-based policy making.
- The ETF will also continue to deploy its planning, evaluation, monitoring, audit and process development activities to the level of 7.5% of Chapter 31 as established above.

As a centre of expertise, the ETF's most valuable asset is its staff; so capacity development will be addressed through a consolidation of the human resources strategy, reinforced in 2011-13. The ETF will also develop partnership and communication strategies with different stakeholders and partners, as defined in the ETF Framework for action on stakeholder cooperation and its communication strategy for the 2014-20 period.

The ETF will continue to develop a comprehensive and structured risk management process to support management decision making, including proportional and cost effective choices, and provide relevant information for establishing appropriate and proportionate risk control measures.

The proposed distribution of expenditure across the three main budget titles (staff, infrastructure and direct project costs) can be found in annex. In addition, any earmarked expenditure will be added to the budget at a later stage to integrate other funds managed by the ETF (such as the Italian Trust Fund, and other projects that the ETF could implement in the name of the Commission or Member States).

ANNEX

Financial resources

ETF subvention	Appropriations		
	Budget 2013 (Amending 1)	Draft Budget 2014	Planned Budget 2015
Title 1	13 528 000	13 448 000	14 429 000
Title 2	1 553 000	1 713 000	1 713 000
Title 3	5 062 000	4 982 500	4 965 000
TOTAL EXPENDITURE	20 143 530	20 143 500	21 107 000

Staffing

Contract type	2013 Posts (target occupancy)	2014 target occupancy	2015 target occupancy
Temporary agents	96	94	94
Contract agents	39	39	40
Local agents	2	2	2
Total Statutory staff	137	135	136
Seconded National Experts	0	0	0
Total human resources	137	135	136