

Annual activity report

2017



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Analysis and Assessment by the Agency's Management Board

Background

Article 54(4), e) of ERA Regulation (EU) n°2016/796 and Article 47 of the Financial Regulation, applicable to the budget of the Agency, requires the Executive Director to present the Consolidated Annual Activity Report for the previous year for assessment and adoption by the Management Board by 30 June each year. The report describes the performance of the Agency, together with financial and management information for the previous financial year.

The Financial Regulation (Article 47) and the ERA Regulation (Article 51(1), a)) also require the Management Board to adopt the Consolidated Annual Activity Report and forward it by 1 July to the European Parliament, the Council, the Commission and the Court of Auditors, and to make it public.

General observations

The Management Board acknowledges the magnitude and quality of the work done at the Agency in 2017.

The Management Board notes that the executive summary gives a useful understanding for the Agency's work but the Consolidated Annual Activity Report is not appealing to the general reader. Without substantial knowledge of the work undertaken by the Agency, the results for 2017 are hard to grasp.

Having said this the board fully acknowledges the strict way the Agency explains how it intends to meet the expectations as set out in the Single Programming Document for 2017. The compliance with the KPI's defined for the Agency shows a slightly negative trend. The possible impact of the slightly decreasing trend on KPI's on the 7 strategic objectives of the Agency needs to be considered.

Observations on strategic priorities and governance

The Management Board acknowledges as key development throughout 2017 the decisions adopted as required for the implementation of the **Fourth Railway Package** both by the Management Board as by European Commission based on the recommendations of the Agency. The MB fully supports the ambitious and pro-active approach of the Agency is taken to transform the Agency for its new tasks. Given the fundamental change in the Agency's tasks from a policy making / preparation body to an operational authority responsible for authorisation and certification at European level, the Management Board decided to support the Agency by setting up a Fourth Railway Package Steering Group. This Steering Group, chaired by the Chair of the Management Board, is composed of Management Board members from Member States, NSA representatives, sector representatives and from the European Commission, and will assess and support the readiness of both the Agency and the Agency's stakeholders in the Fourth Railway Package preparation.

Throughout 2017, great progress was made on the preparatory decisions for the Fourth Railway Package. Among others, the framework for auditing Notified Bodies was adopted and the framework for the One-Stop-Shop and the policy on monitoring the performance and decision making of the National Safety Authorities.

As regards communication, the Management Board appreciates fully the regional conferences throughout 2017 on the Fourth Railway Package and the specific conferences on i.a. ERTMS. The Management Board indicates that in line with the risk register and in parallel to the conferences mentioned the **dissemination** of (on line) information on the Fourth Railway Package on line must further improved.

The Management Board recognises that also they themselves have to take an active role in supporting the Agency to fulfil its role. In this context the Management Board adopted a **strategic calendar** for the Executive Board with priorities for dialogue between the Board and the Agency. This includes i.a. the economic dimension of the added value of Agency's work, auditing, ICT and dissemination.

The Agency has a strong performance in international visibility of the Agency and in this way contributing to the strategic objectives. Working together with stakeholders on the priority of **ERTMS** continued on the basis of the ERTMS action plan and the MOU with stakeholders.

On **Railway safety**, important progress was made on development of a cooperation framework needed between the Agency and the National Safety Authorities in the context of the Fourth Railway Package. Also the adoption of Common Safety Method on Supervision was great step forward.

As for Railway **interoperability**, great progress was made with the adoption of the Acts on Vehicle Authorisation and the work on reducing national rules and replacing them where appropriate by TSI requirements.

The Board notes that progress has been made on the recommendations made in the Internal Audit Service HR audit report of 2017, and emphasises the need for continuous implementation of the remaining recommendations.

The Agency management conducted efforts to implementation of an **Integrated Management Systems** and was certified under ISO 9001 standards in July 2017. The Management Board considers this certification as signal of maturity of management of the Agency.

The Management Board appreciates the high level of **financial commitments** (100%) whereas payments (87%) are partly below the targets from the European Court of Auditors.

The Management Board notes with appreciation the continued work on complying with internal control standards including unfortunately the handling over to OLAF of one suspicion of fraud, the positive results on the Internal Audit Service and the report from the European Court of Auditors.

Conclusions and recommendations

The information provided in the Consolidated Annual Activity Report 2017 gives the Management Board sufficient assurance that the resources assigned have been used for its purpose in accordance with principles of sound financial management. In addition, the control procedures put in place give the necessary guarantees concerning the legality and regularity of the transaction underlying the accounts.

The Management Board refers to its recommendation from the Consolidated Annual Activity Report 2016 on the relevance to include key quantitative data on outcomes and customer satisfaction and suggests to further work on this in future CAARs.

The Management Board recommends the Agency management to continue its focus on the preparation of the new tasks under the Fourth Railway Package technical pillar to be fully ready by 15 June 2019. The Management Board will continue its close involvement in this with the help of the steering committee. The Management Board recognises important and valuable preparations to prepare the organisation (structure and culture) of the Agency for the Fourth Railway Package and recommends to put high priority on human resource management to acquire the needed project managers and experts as defined in the Agency.



Hinne Groot

Deputy-Chair of the Management Board

Executive Summary

It is with great pleasure that I am presenting the European Union Agency for Railways' Consolidated Annual Activity Report for 2017, a decisive year for the Agency, following the entry-into-force of the Technical Pillar of the Fourth Railway Package on 15 June 2016.

In this context, the Agency and its stakeholders have been preparing throughout 2017 for the new responsibilities, making the **Fourth Railway Package a key priority**. Key legal acts have been adopted, and a major dissemination and communication initiatives have been carried out in cooperation with the European Commission, in order to ensure positive voting by the Member States. The programme set up in 2015 for the preparation of the transition towards the Fourth Railway Package has been continued, all milestones reached according to plan.

Workshops held with the stakeholders were continued, leading to positive votes in the RISC committee on the **Practical Arrangements** for Single Safety Certificates (July 2017) and Vehicle Authorisation (November 2017). The Management Board of the Agency has adopted the Monitoring Schemes both for Notified Bodies and for National Safety Authorities, and it also approved the functional and technical specifications of the One-Stop Shop (September 2017).

In order to further intensify the **dissemination and communication initiatives**, in the first half of 2017, the Agency, together with the Directorate-General for Mobility and Transport (DG MOVE), organised six conferences on the Single European Rail Area (SERA Regional Conferences plus SERA Convention), promoting the Technical Pillar of the Fourth Railway Package with the Stakeholders in the Member States. As this approach, i.e. explaining the plans and proposals to the stakeholders in the Member States, has been a true success story and was very well received, the Agency will most probably repeat the exercise in early 2019.

In terms of ERTMS, the highlight has been the public announcement of the action plan "Delivering Effective and Interoperable ERTMS – the Way Ahead" over the Agency's CCRCC conference in Valenciennes in November.

Additional communication activities of the Agency were complemented during 2017 by the systematic use of social media, in particular Twitter, for communicating key messages to its stakeholders and to the outside world.

In addition to the preparation of the Fourth Railway Package implementation and the role of the Agency as the System Authority for ERTMS, significant progress has been achieved in all areas of the programming document, building upon the work performed in previous years. The **Rules Reduction programme** and **Safety Occurrence Reporting** are among the highlights. A further emphasis has been placed on promoting a European Safety Culture for rail.

During 2017, a **new approach for decision making** (the "3 little pigs" principle) was introduced and rolled out in the Agency. In addition, we have made progress in measuring the **economic and societal impacts** of its activities ("fast track benefit/cost (B/C)). The **Competence Management** workstream in the Fourth Railway Package Programme has resulted in shortlists of Agency staff qualified for roles in Vehicle Authorisation and Safety Certification.

In terms of **international relations and the involvement of stakeholders**, the Agency supported the Commission in developing the trade relationship with Japan, as well as providing assistance for its relationship with OTIF, helping OTIF both to update their rules in line with the Technical Pillar of the Fourth Railway Package, and also under the initiative "Interoperability beyond the EU", to help them develop a framework for management of operations and safety management that mirrors the EU, which, in turn, may be adopted and mutually recognised by OTIF members.

Cooperation with external stakeholders from the sector was extensive, beside the regular meetings of the networks (National Safety Authorities, National Investigation Bodies, Representative Bodies) there were bilateral meetings and public events, such as the annual event organised by the Group of Representative Bodies in June. Every European Train Control System (ETCS) supplier in the Association of the European Rail Industry (UNIFE) and all Railway members of the ERTMS Stakeholders Platform signed individual Letters of Intent with the Agency in 2017 to confirm their commitment to the objectives of the ERTMS Memorandum of Understanding signed in 2016. 2017 saw continued the good cooperation with the Innovation and Networks Executive Agency (INEA), notably in evaluation of proposals under Interoperability priority and in follow up of ERTMS projects. Also, cooperation with Shift²Rail was continued, in particular for seeking alignment of the high level Key Performance Indicators and for providing data available at the Agency. A Memorandum of Understanding with the Gulf Cooperation Council (GCC) was signed in December 2017.

Further to the agreement signed in 2016 with the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) on the **EuroMed Transport rail Project** (EUMedRail), the dissemination activities of the European railway framework to a number of countries in Eastern Europe, North Africa, and the Middle East were also launched in 2017. A kick-off was held in Brussels in September 2017

In 2017, the Agency was actively involved in the preparatory analysis for the launching of the **Women in Transport Platform**. Later in the year, the Agency adhered to the Platform and signed the Declaration to ensure equal opportunities for women and men in the transport sector. The Agency is committed to further engage in this Platform via more specific actions.

Progress against the **Single Programming Document** (SPD) is followed up through monthly reporting in the Agency's Management, in bilateral meeting with the Director-General of DG MOVE, and through quarterly monitoring and reporting of all outputs in the annual work programme of the SPD. Part I of this report provides additional detail in terms of the Agency's key achievements.

A **new structure of the SPD** has been proposed as of 2019, based on the Plan-Do-Check-Act structure, also clearly identifying those tasks that will be fee-financed as of June 2019. The first draft of SPD 2019 was prepared accordingly and a consultation workshop with the Management Board was organised in November. This new framework also introduces the concept of agility, which will be a necessity once the Agency, under its new mandate, will receive applications for Vehicle Authorisations and Safety Certifications by 16 June 2019, to which the Agency needs to respond within legal deadlines (normally four months).

Of all the outputs identified in the annual work programme 2017, 67% were fully achieved (75% in 2016), 18% partially (15% in 2016), 15% not (10% in 2016) and 12% were not applicable (4% in 2016). As for the 12 organisational KPIs, 45.5% were fully achieved (75% in 2016), 45.5% partially (25% in 2016), 9% not achieved (0% in 2016) and 8% were not applicable (0% in 2016). The monitoring is being improved by having stricter controls throughout the process. As the work programme for 2017 was drafted prior to the entry-into-force of the Fourth Railway Package, some outputs were not achieved due to the unpredictability at the time and due to re-prioritisation after June 2016. The quarterly monitoring exercise of the achievements measured against the targets at output level in the SPD identified any red flags and issues which could become critical. These outputs were discussed at the Agency's Management Team level in order to mitigate the risk and to set corrective actions. The outputs which were partially or not achieved, have a justification in the detailed table in each Activity of this report.

The Agency has repeatedly proposed consecutive versions of implementing rules for the **language arrangements** of the Agency during 2017. However, the Management Board has so far been unable to unanimously adopt them. As a consequence, the Agency incurs extra costs and delays, e.g. during recruitment. The Agency will record all these extra costs and report regularly to the Management Board.

According to its founding regulation, the Agency needs to conclude a **headquarters agreement** with France, our host Member State. Numerous contacts with the French authorities so far have not resulted in the signing of such an agreement. The Agency will continue its effort in order to finally fulfil this obligation from the Agency Regulation (Article 71).

The **organisation of the Agency** has been kept stable in 2017 as a full re-organisation is foreseen in 2018 in light of the new mandates for the Fourth Railway Package. According to the “One Agency” approach, cross-unit cooperation has been strengthened as well as information to and communication with the entire staff. The Agency had organised a team building for the entire staff in May 2017, fostering cross-unit cooperation and preparing the mindset for the changes to come for the Agency. Significant work is ongoing in regard to planning, prioritisation and reporting on activities in the Agency which is a key enabler for efficient budget and resource allocation and use. With the new framework, consistent activity based budgeting (ABB) has been introduced in the Agency and applied to in the preparation of SPD 2018 and 2019. A key issue in regard to staff planning and management has been the uncertain situation with regard to the Establishment Plan for 2017 and beyond. While clearly the new tasks following from the Fourth Railway Package will require additional resources, the current Commission Communication of 2013 does not yet include all these extra activities. With support by DG MOVE, the budget for 2017 could be secured.

The backbone for Agency operations is its **Integrated Management System (IMS)**. On the basis of the updated IMS process architecture, key procedures have been successfully implemented. The Agency was certified against ISO 9001 standard for the quality management system in July 2017, resulting into a formal and independent acknowledgement that the Agency is focused on enhancing customer satisfaction and achieve continual improvement of its performance.

In terms of the **resource management**, the Agency conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards. The Agency implemented 92% of its establishment plan (98.5% in 2016) and continues to improve its efficiency and financial performance. This is reflected throughout this report, not least in the continuing high budget commitment and payment rates. The BREXIT referendum in June 2016 has caused considerable disturbance amongst the Agency staff, as some key personnel in the Agency are from the UK. The staff has been re-assured, and the message highlighted that rail does connect people, and not separate them. Intensive exchange with the UK rail sector has confirmed their interest in staying in the “European system”.

As for **internal control effectiveness**, the Agency has assessed the effectiveness of its key Internal Control Systems during the reporting year 2017. The 16 Internal Control Standards were integrated into the Agency’s Integrated Management System and were assessed as being effectively implemented. Furthermore, the Agency has taken measures to further improve the efficiency of its Internal Controls in the areas of objectives and performance indicators, internal audit and quality capability, as reported in part III. In addition, the Agency has systematically examined the available control results and indicators as well as the observations and recommendations issued by European Commission’s Internal Audit Service and the European Court of Auditors. These elements have been assessed to determine their impact on the management’s assurance about the achievement of control objectives. Please refer to Part II for further details.

The 2016 discharge was granted by the budgetary authority while the 2017 final accounts have been given the Statement of Assurance without reservation by the Court of Auditors.

In conclusion, the management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. I, in my capacity as Authorising Officer (by delegation), has signed the Declaration of Assurance.

Josef Doppelbauer
Executive Director



Introduction

The objective of the European Union Agency for Railways is to contribute, on technical matters, to the implementation of the European Union legislation aimed at:

- improving the competitive position of the railway sector by enhancing the level of interoperability of railway systems,
- developing a common approach to safety on the European railway system, in order to contribute to creating a European railway area without frontiers and guaranteeing a high level of safety.

Our mission is *"to make the railway system work better for society"*. To achieve this, the Agency carries out its activities, by implementing its policy:

1. Stakeholder Focus

- We all are committed to offer excellent products and services to our stakeholders. This is to meet their needs and expectations in order to enhance their level of satisfaction.
- For that, we all strive to encourage permanent cooperation with our stakeholders. We look for a common understanding of priorities and the building of consensus solutions through our independent and transparent position based on facts.

2. Ethical Values Commitment

- In striving to gain our stakeholders' confidence, we all act with professionalism, impartiality, objectivity, independence, transparency and proportionality. We all show respect for others and believe in progress through diversity.

3. Legal Compliance

- As a European Union Agency, we all act according to the law and apply the rules and procedures laid down in applicable legislation and regulations.

4. Staff involvement and development

- People are our most valuable resource. We commit to maintain a fair and open culture and a spirit of cooperation with the staff and recognise the need to provide good working conditions. When necessary, this includes making available the resources to develop their competence and skills.

5. Everybody's Commitment to Quality

- We are all committed to quality principles and responsible for complying with all the applicable requirements for delivering value to our stakeholders.
- All managers at the Agency are responsible for taking the lead, setting objectives and demonstrating their commitment to Quality.

6. Continuous Improvement

- It is our objective to continually improve the effectiveness of our Integrated Management System as well as our processes. By doing so, we all will be able to meet our challenges successfully and proactively.

7. Business Continuity

- Our success relies on the preservation of our business critical activities. These ensure our continued efficient operation in a manner which maintains adequate standards of service provision to our stakeholders.

8. Information Governance

- We all ensure the availability of information preserving its confidentiality and integrity.

9. A Culture of Sustainability

- We all act in a responsible and sustainable manner.

The Agency also works in a wider framework of the European Commission White Paper on transport and its policy objectives for railways:

- Improving competitiveness of rail with other modes in order to increase the market share of the safest and most environment-friendly mode of transport
- Spending public money more efficiently on public rail transport services
- Opening domestic rail passenger transport to competition
- Encouraging market entry by reducing administrative and technical barriers and ensuring non – discrimination through a better governance of the infrastructure

A subset of these objectives is the creation of a “Single European railway area” through improved technical interoperability and a common approach to safety on the EU railway system. In the mid-term, this has led the Agency to the definition of four strategic operational -activities for improved functioning of the railway system, complemented by a horizontal activity:

A Harmonised Approach to Safety

Removing technical barriers

A single European train control and communication system (ERTMS)

A simplified access for customers

Evaluation, management and resources

Railway actors will benefit in the first place from the Agency’s work on harmonized conditions for the development of a Single European railway area: through easier operation, simplified vehicle and network subsystem authorisation, opening of the market for railway products and services, harmonised control/command systems and easier access to and exchange of information. The harmonisation of environmental management – such as noise – contributes, both in a positive effect for the EU Citizens, and in the removal of unequal operating boundary conditions in EU Member States. All these harmonised conditions aim to improve the competitive position of the railway sector.

This harmonised framework strongly supports an easier market entry for railway undertakings (both new to the sector and/or new to a particular Member State) and enhanced competition between them. Additionally, through the competition between manufacturers, an easier access to rolling stock for these railway undertakings is possible and the market for the supply of railway products and services is opened to the benefit of all actors. Such enhanced competition leads finally, as demonstrated by the positive examples in the different EU Member States that have made good progress in the implementation of the framework, to the benefits of an open, shared system for the end EU railway customers: more transport choices, better quality of services, easier cross-border services, enhanced travel information, simplified system access, reduced prices.

As a logical next step, complementing the Agency’s current and future work, the Fourth Railway Package entrusts the Agency with the tasks of issuing European-wide Safety Cer-

tificates for Railway Undertakings, and authorisations for vehicles and ERTMS subsystems. This would further lower the administrative barriers that will remain after the Second and Third Railway Packages have been fully and properly implemented.

Following a prototype prioritisation scheme, based on an early assessment, which was deployed in 2016 for all projects in order to be able to prioritise and plan the workload and the resources, and to set deadlines, the Agency will make proposals for the (re-) prioritisation and (re)scheduling of projects, which, after agreement, become part of the Ongoing change management process of the work programme.

In this context, the Agency developed a set of strategic objectives:

- Europe becoming the world leader in railway safety
- Promoting rail transport to enhance its market share
- Improving the efficiency and coherence of the railway legal framework
- Optimising the Agency's capabilities
- Transparency, monitoring and evaluation
- Improve economic efficiency and societal benefits in railways
- Fostering the Agency's reputation in the world

Achievement of the Agency's KPIs 2017

	Key Performance Indicators 2017	Activity	Achievement
1	90% achievement of all outputs using financial and human resource planning 2017	The Agency	67% fully achieved 18% partially achieved Stricter measures in place in terms of monitoring and reporting
2	95% timely delivery of issuing reports, advice and opinions	The Agency	Yes - globally met requirements agreed with the customers
3	Successful implementation of the initial activities after entry-into-force of the Fourth Railway Package, delivery of the first mock-up version of the Information and Communication System implementing the One-Stop Shop	The Agency	Yes All milestones met
4	95% implementation of the establishment plan	Evaluations, Management and Resources	Partially (92%) ERA faced a slightly more than normal staff turn-over due to staff retiring and staff resigning. Another factor was that -due to the unpredictability and lack of stability for the profiles needed for the 4 RP at the beginning of 2017- some vacancies were not filled by the end of 2017 although a multi-field selection procedure was already ongoing
5	100% delivery of the priority countries (PC) programme to key milestones 2017 and to programme follow-up activities in 2018 to contribute to the improved safety performance of those countries	Harmonised Approach to Safety	Partially - Latvia PC: draft report Nov 2017, Advice delivered end Feb 2018 Slovakia PC: Closing meeting Dec 2017, Advice planned to be delivered in April 2018. Key principles of follow-up activities established, letters sent to MS. For 2017, programme of dissemination was planned. Requests made by some priority countries and contacts with them were made, but no feedback from them. In addition, project officer in charge of this task was asked by Management to work for OSJD (in interop unit)
6	30% of eligible railway actors registered to use Safety Alerts IT tool (SAIT)	Harmonised Approach to Safety	No - to date, 180 users are registered to the SAIT IT tool
7	Assistance to MS and progress monitoring on the "cleaning-up" of national technical and safety rules	Removing Technical Barriers	Yes
8	Effective operation of the ERTMS Stakeholder Platform	A Single European Train Control and Comms System	Yes
9	More than 80% of Railway Indicators measured	Evaluations, Management and Resources	Was not applicable in 2017

	Key Performance Indicators 2017	Activity	Achievement
10	Documenting processes and procedures, and internal audit reports 100% in line with the roadmaps, programmes and timetables	Evaluations, Management and Resources	Partially Re-prioritisation in light of 4RP and change of Quality Officer
11	Carry-over of <10% of payment appropriations for Title 1, <20% for Title 2, and <30% for Title 3	Evaluations, Management and Resources	Partially Achieved for T1 (99%), not for titles 2 (76%) and 3 (68%)
12	95% of ICT services disruption recovered within the recovery targets defined in the Business Continuity Plan	Evaluations, Management and Resources	Yes



Part I — Key achievements of 2017 per activity



Part I —

Key achievements of 2017 per activity

The Agency's activities aim to achieve the following 4 strategic priorities for the railway system:

- A Harmonised Approach to Safety
- Removing Technical Barriers
- A Single EU Train Control and Communication System
- A Simplified Access for Customers

Shifting traffic from other modes of transport to rail requires, among other measures, a much more competitive EU railway system, enabling rail finally to deploy its advantages in environmental protection and energy efficiency.

In the past 10 years, the Agency has consistently worked towards this goal, characterised by

- complementing further the work done up to now ("make it work")
- in parallel, preparing the Agency and the railway stakeholder environment for the Agency's new functions of EU wide safety certification and vehicle and type authorisation, foreseen in the Technical Pillar of the Fourth Railway Package.
- supporting the Commission vision of a European railway system that is a world leader in railway safety

Regarding its different activities, the Agency therefore needed

- to further develop a common approach to Safety in the EU railway system, based on a common Safety Culture with a focus on learning, improvement and prevention, as an essential base for the successful EU wide introduction of the Safety Management System regime and hence for the efficient harmonised processes leading to Safety Certification. The Agency will work in partnership with all stakeholders to promote and establish an environment where the actors have trust in the functioning of the system, backed by an enhanced monitoring of the real underlying problems and barriers and by a focused approach on where to act in light of the evidence gathered.

This work all feeds into the preparation together with the stakeholders, essentially the NSAs, in view of delivering a Single Safety Certificate in cooperation between the Agency, NSAs and actors from the entry into force of the Fourth Railway Package onwards. This cooperation will be tested in a shadow running even before taking over the new functions.

- to continue to support the removal of technical barriers, to help the actors implement and apply the scope extended TSIs and to complete the cleaning up of National Rules and the harmonisation of the vehicle authorisation processes in the different EU Member States taking account of the changes to the process foreseen in the Fourth Railway Package. The Agency will learn from the return of experience of the application of TSIs and use this learning, combined with a holistic and systematic economic scrutiny as part of the revision of the TSI system, to ensure maximum added value.

- to complete the implementation of the railway registers and their rationalisation to reduce administrative burdens and undue costs for the Member States and stakeholders.
- to develop tools necessary to improve further quality and trust among the actors, such as an accreditation and recognition scheme for Notified Bodies.
- to prepare for the functions of the Fourth Railway Package, in cooperation with all stakeholders participating in learning cases, assisting the commission in the developments of a the common processes and documentation for the new regime and to prepare the One-Stop-Shop database, including all supporting aids, complemented by shadow running as for the Safety Certificates.
- to secure the success of ERTMS by applying strong ERTMS version management and a strengthened system authority role to prevent any diversification of the Single EU Train Control and Command system. In addition, the Agency will increase its role in the checking of European ERTMS infrastructure projects compliance with the specifications, and to also establish, in collaboration with all stakeholders and concerned actors, an optimised coordination of ERTMS development and deployment to ensure a single transparent, stable, affordable, and interoperable ERTMS system throughout Europe. The Agency will be the natural place to bring forward, together with all actors, the ERTMS breakthrough programme, facilitating a platform for the relevant stakeholders.
- to continue, in the field of simplified access for customers, the development and change management of the different Telematics TSIs, of the TSI for accessibility for persons with reduced mobility and of the registers and inventory of assets foreseen to provide information for customers to ease their access to the railway system.

All these activities are accompanied by an enhanced monitoring to identify where the Agency is to act specifically to improve its actions, and by a continued full focus on dissemination, training and communication among the stakeholders to explain and fully implement EU framework for the railway system.

In parallel and in all our activities we have been seeking to further improve the relations with our stakeholders to enhance the atmosphere of mutual trust and develop even more fruitful cooperation, establishing the Agency as the heart of the Single European Railway Area and as the natural partner for all railway actors to work together to improve the shared railway system.

The Agency also continued to establish its role in the world with respect to similar entities drafting technical and safety regulation, setting guidelines for standards and research with the objective of seeking the best way of cooperating with other world regions and bodies involved in railway technical and safety regulation to help improve the competitive position of the rail sector.

Internally, the Agency gained further efficiency through the full implementation of the Integrated Management System with the necessary IT support in the processes to be able to focus more on our core business and output for the sector. As a continuation from 2015, the Agency developed further internal processes necessary as a prerequisite for implementing the Fourth Railway Package such as management and traceability of working documents, competency profiles, prioritisation of the Agency projects and activities, establishing a scheme for managing fees and charges, and establishing the required governance (e. g. appeal boards) etc.



1.1. A harmonised approach to safety

1.1.1. Activity 1 – A harmonised approach to safety – overview

The Agency Regulation identifies the need for a harmonised approach to safety that, supports the Commission vision of a European railway system that leads the world on safety performance. Over recent years the legislative framework to support safety has been progressively developed and the Fourth Railway Package will adapt the framework to further support the development of a single safety area. The legislative framework is an essential element but is not enough. Safety has to be delivered on the ground in a harmonised way and that can only be achieved if there is a shared vision of safety, and cultures that are positive about safety. Underpinning this safety culture there need to be processes for monitoring safety performance and safety maturity. Without prejudice to the rules of confidentiality relating to investigations, there will need to be greater transparency in the sharing of information so that lessons learnt can be shared and each actor can take the responsibility for the part of safety that is theirs. Railway safety is not isolated from other parts of the system or from society and the factors that act as barriers to safety harmonisation and safety improvements need to be understood. The Agency is part of a team of National Safety Authorities (NSAs), National Investigation Bodies (NIBs), Railway companies, and Ministries that will need to work collaboratively to deliver safety.

The key activity area Safety Occurrence Reporting covers two distinct aspects:

- a system for issuing alerts for technical defects across the EU. This multilingual tool was developed and launched in a 6 month timeframe and represents a first for the European rail sector and a very short timescale for development of the system;
- a longer term project to establish a system of gathering safety management data to allow better management of risk. In 2016 we ran three comprehensive consultations covering taxonomy, legislative aspects and phasing of the system.

The requirements in the Fourth Railway Package already show the need for cooperation agreements in the fields of safety certification and authorisation for placing on the market of vehicles but in fact all of the safety initiatives are necessarily delivered through partnership and collaboration.

In the area of railway safety, the Agency has prepared a shift of emphasis towards stronger consideration of Human Factors and on establishing a positive Safety Culture. The Agency's vision was presented over the International Railway Safety Council meeting in October. An agreement on related activities was signed with Eurocontrol.

In addition to working closely with its stakeholders and other actors of the railway sector, the Agency continued developing and implementing the Single Safety Certificate programme, broaden the scope of the Monitoring Matrix.

1.1.2. Activity 1 – A harmonised approach to safety – achievements

Objective 1 - Preparing for the Single Safety Certificate					
Main outputs/actions	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Delivery of the part of the 4RP programme related to the Single Safety Certificate as presented to the Board and to the EC TF for the Fourth Railway package Cooperation arrangement framework between NSAs and the Agency for delivering Single Safety Certificate (target mid 2017).	Milestones from the 4RP programme achieved.	First draft of business needs for one stop shop (Single Safety Certificate)-Feb 2017. Workshops with stakeholders on Practical Arrangements and OSS Specifications. Completion of first phase of learning cases on Safety Certification.	All milestones achieved	Yes	Simpler, harmonised system for railway safety certification.
Single Safety Certificate delivery process.	Status of process		Process approved by Management team	Yes	
Business needs for the OSS development (Single Safety Certificate part).	Status of business needs documentation		Fully completed	Yes	
The Agency Application guide for Single Safety Certificate (target may 2017).	Status of guide		Cleared for publication by June 2017	Partially - Set of Agency guidance supporting the implementation of the 4RP with regard to safety certification/ authorisation is now available on the Extranet	
Learning cases on Safety Certification with selected NSAs.	Status of learning cases programme		Programme fully developed, cases cover full range and agreed with NSAs	Partially – Focus was placed on VA learning cases (one selected with EPSF; and one proposed by EBA); global approach for SSC learning cases to be established by beginning of 2018	
Revision of the Common Safety Methods on Conformity Assessment (Commission Regulations n°1158/2010/EU and 1169/2010/EU).	CSM recommendation status	Project progress on time. Delivery of the draft recommendation before consultation	Complete by May 2017	Yes	Common approach to assessment of safety certificate applications.
Revision of the Common Safety Method on Supervision (Commission Regulation n°1077/2012/EU).	CSM recommendation status	Progress according to project plan. Delivery of the draft recommendation before consultation	Complete by May 2017	Yes	Common approach to supervision by NSAs and cooperation between NSAs and the Agency, consistency for sector. Convergence of NSA maturity levels.
Development of a framework for a pool of NSA experts in line with the implementation of the 4RP.	Status of pool of framework contract.	Participation to NSA Sub-group on cooperation.	Agreed by December 2017	Yes	Common approach to assessment of safety certificate applications. Ability to deliver in time and quality the Single Safety Certificates from 2018 and onwards. Closer Agency/NSA collaboration.

Objective 1 - Preparing for the Single Safety Certificate				
Main outputs/actions	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017
Recommendation issued on the Revision of Commission Regulation (EC) No 653/2007 for the development and adoption of common templates and forms. Agreed by RISC.	Outcome of RISC vote	Delivery of a proposal to EC on the Practical arrangements for delivery of the Single Safety certificate (EC Implementing Act) to EC.	Positive opinion	Not applicable - No revision of the Commission Regulation (EC) No 653/2007 was due since the new regulation "Commission Implementing Act on Practical Arrangements for safety certification" includes the specification of the common templates and forms (related to SSC)
				Clearer, simpler process for safety certification.
Objective 2 - Learning for better Safety				
Main outputs/actions	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017
Support the development of a system for NIB peer review.	Status of peer review programme	NIB's started to establish a peer review system.	System operational	Partially - the system was not operational but the NIBs had established a steering committee and developed a basic scheme, identified funding and planned a series of pilots for 2018 (first one currently underway)
Support for the NSA/NIB/Human Factors Networks, the ECM certification bodies, CSM RA recognised assessment bodies, Freight Focus group and Joint Network Secretariat. Cooperation of ECMs: new procedure for development of RFU and CQ remote (without meetings).	Engagement levels	3 NSA network meeting + 3 NIB network meeting + 2 HF Network meetings + 3 meetings of Freight focus Group + 3 meetings of cooperation of ECM certification bodies + 3 meetings of JNS.	Meeting records show broader engagement from those attending, low rate of outstanding actions, increased sense of ownership. HF Network deliverables on safety culture and automation according to plan.	Partially - Each NSA meeting is co-chaired with volunteer NSA & HoU Safety. Each NIB meeting is chaired by NIB representative Not applicable - The activity was relying on the work done by external experts, which was not delivered. The team in charge of the network recognised the low effectiveness of the network and decided to reorganise its functioning. Partially - 2 JNS meetings: 12 June, 31 July 1 CSM RA recognised assessment bodies 21 September 2017 1 ECM Certification bodies meeting 28 June 2017 Partially - 3 Recommendation for use (RFU) accepted
			3 NSA network meetings and 3 NIB network meetings, 1 meeting of cooperation of ECM certification bodies, 3 meetings of JNS. Cooperation of ECM certification bodies: New procedure operational	Greater consistency of approach by National bodies and sector.

Objective 2 - Learning for better Safety				
Main outputs/actions	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017
Definition and evaluation of a system allowing sharing of data and information on reported occurrences in Member States. Including the sharing of safety alerts. Impact assessment on proposed system. Project review: decisions on project scope and existing or new systems. Review project and plan development of system specifications, supporting guidance and IT developments. Close study on innovative data collection and analysis methods for rail.	Level of Commitment of stakeholders to a Common Occurrence Reporting system. Availability and reliability of temporary Safety alert system.	Temporary Safety alert system implemented. Study launched on innovative data collection and analysis methods for rail. Suite of policy papers supported by workshops and consultations.	Consensus achieved on a system for safety management data sharing with Representative bodies and NSAs and, if appropriate, a mandate for a CSM to support Common Occurrence Reporting proposed	Yes
				The Agency, NSAs, RUs, IMs and NIBs can consult occurrence reports to enhance risk based decision-making at all levels.
Objective 3 - Monitoring Safety performance				
Main outputs/actions	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017
NSA Cross-audits.	Final audit reports to programme deadlines.	Completion: Lithuania, Slovak Republic, Latvia & France.	Program cancelled. Replaced by NSA monitoring (see below)	Not applicable
NIB Assessments.	Assessment reports to programme deadlines.	Completion of assessments of Lithuania, Latvia & Slovak Republic.	Program cancelled. Replaced by peer review (see above)	Not applicable
Collection, management and analysis of safety statistics	Report status.	2016 Safety Performance Report, Sheets; Thematic reports.	Safety overview published of 2015 data. CSI collection campaign of 2016 data. Annual assessment of achievements of Safety Targets. Support to Eurostat, European Commission and Parliament to achieve alignment of CSI/CS1 legislation with Regulation (EC) No 91/2003 of the European Parliament and of the Council of 16 December 2002 on rail transport statistics.	Yes
Mandate and recommendation for the revision of CSM for CS1s. Review of CSM taking into account revised Railway Safety Directive, priority countries programme and state of the art of Safety performance measurement.	Mandate status	Priority Countries assessment programme completed	New mandate for revision of CSM issued to Agency and recommendation delivered	Yes
				Better measurement of Safety performance driving better Safety decision making.

Objective 3 - Monitoring Safety performance				
Main outputs/actions	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017
Advice to the Commission on Railway Safety for 6 Priority Countries.	Advice delivered to timescales, support provided.	Completion: Croatia, Romania, Estonia In progress: Slovak Republic, Latvia, Lithuania. Program management: Review the evaluation processes for developing the advice after the three first priority countries.	Completion: Slovak Republic, Latvia, Lithuania Implementation of IMS procedures for monitoring of follow-up of improvement plans issued by Priority Countries. Issue a report to EC by end 2017 on improvements undertaken by the Priority Countries.	Partially - Advice Latvia provided to HoU in 2017. Advice Slovak Republic on draft as closing meeting could only be organised on 20 December 2017 Partially - Still in draft as EC addressed letters to Priority Countries only in summer 2017 and no relevant return from MS. No - No return from MS
Functioning system for registration of safety certificates, licences and ECM data.	Number of valid and accessible records in the database.	Upgraded versions published	Review of ERADIS functionality and user satisfaction to improve data quality and output	Yes Published and accurate information supports an open, European rail sector, including NSA cross border supervision and assessment.
"Monitoring of the performance and decision-making of national safety authorities" (NSA audit according to the Agency Reg. Art. 31). Audit protocols and programme established.	Status of audit programme	Review Pilot and address identified issues. Implement revised concept. Policy, working methods, procedures and Practical Arrangements approved by the Management board.	Operational: Implementation of IMS procedure and audits of 9 NSAs	Not applicable - Decision 161 of the Agency's Management Board on 27/11/2017 therefore implementation postponed to 2018 (is in SPD 2018)
Pool of experts established.				Not applicable - Decision 161 of the Agency's Management Board on 27/11/2017 therefore implementation postponed to 2018 (is in SPD 2018)
Training programme set up				Not applicable - Decision 161 of the Agency's Management Board on 27/11/2017 therefore implementation postponed to 2018 (is in SPD 2018)

Objective 4 - Improving Safety performance				
Main outputs/actions	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017
Promoting a positive safety culture to ensure a high level of safety without increasing the regulatory burden on the sector, through a communication programme, specific requirements for NSAs and rail actors, targeted projects to promote Just Culture and reporting.	Support for Agency / sector initiatives, including PRIME twinning programme	Project plan published and communicated. Inclusion of Safety Culture in revised CSMs. Planning and initiation of project with Eurocontrol working with national prosecutors.	Communication plan of activities on Safety Culture, including Agency event for stakeholders and internal training and awareness events Eurocontrol programme to support Just culture, working with national prosecutors Guidance on CSMs (SP and CA) to include Safety Culture and Human Factors	No - Agency event "Declaration signing" is postponed to 2018. Communication plan and activities is ongoing Yes Yes

Objective 4 - Improving Safety performance					
Main outputs/actions	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Targeted dissemination on SMS issues identified by the Matrix results and Sector feedback.	Number of dissemination events	Quick review of the Matrix assessments carried out to date. The results as an input in the development of a broad dissemination programme based on practical case studies.	1 or more for each Priority Country	No - No specific request from MS, only requests related to other projects (mainly 4RP) outside the scope of Priority Countries programme Yes	
Organising/Attending workshops. Support to the Commission on railway matters in relation with third party organisations (OSJD, OTIF, and UNECE) and Dangerous Goods.	Level of support provided. Status of Dangerous Goods Guide	Participation to meetings organised by commission or OTIF. Around 10/ year and 3 workshops organised on Transport of dangerous goods management - Establishment of the Agency Transport of Dangerous Goods extranet.	Run a pilot comprehensive training programme in HU Participation to meetings organised by commission or OTIF. Around 10/ year 3 workshops organised on Transport of dangerous goods management Publication of guide Technical mission in USA and Canada to promote the guide Set up of working group to manage requests for modification of TSIs and CSMs in relation to TDG	Yes Yes No Partially - Basic principles presented internally early January 2018	Greater harmonisation across Member States, beyond EU borders. Greater harmonisation of approach across modes for dangerous goods.
Support for implementation of CSM Risk Assessment and CSM on monitoring. Provision of training and guidance.	% of bodies trained.	CSM Risk Assessment (assessment bodies art 14(2) of 402/2013): 1 session training for accreditation and recognition bodies.	Proposal for a more comprehensive risk assessment training module developed for wider range of stakeholders	Partially - Need to establish possible sources of funding	Clearer, more robust application of CSM Risk Assessment and CSM on monitoring.
Development of scheme for peer review of assessment bodies including procedures, requirements and assessment criteria (article 14(1) of Regulation 402/2013).	Provision of guidance.	CSM Risk Assessment: Guidance: Development of a guideline to support CSM RA (design targets and assessment bodies).	Issue guide on practical application of CSM RA in the framework of VA.	Yes	
Implementation of new IPA programme. Delivery of programme of IPA 2 contract. Provision of a final report to EC.	Provision of a scheme.	Initiation: development of scheme for peer review of assessment bodies including procedures, requirements and assessment criteria (article 14(1) of Regulation 402/2013).	Scheme for peer review approved and made publicly available	No - Decision of ERA to request the opinion of the Management Board Chair following opinion of ERA legal service	
	% of programme delivered	Delivery of programme of IPA 2 contract year one.	100%	Yes	Better and quicker implementation of the EU railway approach and legislation within countries on the way to accession.

Objective 5 - Managing Maintenance risks					
Main outputs/actions	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Development of the recommendation. Delivery of the full impact assessment.	Status of ECM regulation amendment.	Get revised mandate. Policy paper for issues raised by NSAs.	70% complete Issue draft recommendation for public consultation and organise public consultation (planned end of consultation = end January 2018).	Yes Yes	Greater Harmonisation of Rolling Stock Maintenance.
Safety Critical components (4RP - article 17 of Agency Regulation - article 28 of Recast Safety Directive).	Report status	Draft Agency report on requirements to define the safety critical components, traceability, marking and maintenance.	Completion of the Agency report.	Yes	Greater Harmonisation of Rolling Stock Maintenance.



1.2. Removing technical barriers

1.2.1. Activity 2 – Removing technical barriers – overview

The application of the scope-extended TSIs which entered into force in 2015, reduced the need of national rules to TSI open points, specific cases not fully described in the TSI, and legacy interfaces (such as Class B Control command and signalling (CCS)). On this basis, in 2017 the Agency facilitated and monitored the Member States' "cleaning up" of their national rules, including operational rules (type 3 safety rules) and rules on competencies (type 5 safety rules). The Agency also worked in the field of classification of the remaining national rules to facilitate their cross-acceptance. These activities were supported and reinforced with adequate dissemination and communication.

The rules reduction programme encompasses four objectives, whose results in 2017 can be summarized as follows:

- National rules in addition to TSIs for vehicle authorization: "clean" rules published for six Member States, ERA assessment ongoing for 14 Member States, and work in progress in 7 Member States; it is foreseen that this project will be closed by mid-2018;
- National rules under Safety Directive: bilateral meetings held with 14 Member States in order to give input for the development of OPE TSI (currently under revision);
- National rules for fixed installations: works started, draft guidelines, bilateral contacts with six Member States;
- Transition from RDD and NOTIF-IT to SRD: SRD processes specifications completed, use case specifications first iteration completed. Contractor started the development of architecture, design, system-wide requirements document and delivered the first iteration.

The Agency continued to facilitate and monitor the implementation of the scope-extended TSIs, closing the remaining open points in TSIs and updating and further developing the TSIs as required by the Fourth Railway Package.

Having in place European vehicle authorisation and single safety certificates will be a key enabler for the Single European Rail Area (SERA). The process improvement and cost reduction foreseen by these processes, together with shorter approval times and reduced uncertainties will contribute significantly to the competitiveness of rail. In order to facilitate the transition it is necessary to establish early interaction with potential applicants and to prepare for Learning Cases and the Shadow Running phase. Therefore, in June 2017 a “liaison office” has been established at the Agency, acting as a single point of contact. More than 20 concrete proposals have been received of projects likely to become concrete Vehicle Authorisation and Safety Certification cases for the Agency in mid-2019.

In the framework of the Rail Standardisation Coordination Platform for Europe (RASCOP), the Agency has liaised closely with OTIF, with CEN and CENELEC, and with ETSI, where it sits as a member, co-leading the dedicated Working Group for the evolution of railway radio.

In order to increase the trust in the work performed by NoBos, the Agency further supported the implementation of the scheme for accreditation and recognition and starting the monitoring of NoBos. The Agency also continued working on templates for the EC certificates and EC declarations of verification.

In close cooperation with NSAs and sector, the Agency also continued supporting the implementation of the European scheme for train driver certification based on the Train Drivers Directive (TDD). In this context, the Agency submitted to the Commission a technical advice, proposing Practical Arrangements for applying Commission Directive 2016/882/EU on language competence derogations for train drivers. The preparation of the envisaged revision of the TDD was an ongoing activity of the Commission in 2017. The Agency accompanied this process and contributed whenever requested by the Commission.

1.2.2. Activity 2 – Removing technical barriers – achievements

Objective 6 - Preparing for Vehicle Authorisation under the Fourth Railway Package					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Proposal for Implementing Acts on Vehicle Authorisation	Status of the proposal for implementing act relative to the 4RP programme plan	Agreement with the Commission supported by stakeholders on the structure and core content of Implementing Acts for Vehicle Authorisation	All programme plan milestones achieved	Yes	Simplified process for vehicle authorisation
Recruitment plan for the staff required to carry out Vehicle Authorisation	Recruitment plan progress	Specification of the number and competency of staff based on the Practical Arrangements for Vehicle Authorisation	Recruitments according to the recruitment plan and budget adopted by the Board	Partially – Contract Agents finalised; Temporary Agents ongoing	Adequate resources in place
Preparing templates for EC declaration of verification	Templates available	Draft templates available	Final templates available	Yes	Facilitating authorisation process
Objective 7 - Removing technical barriers					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Loc&Pas TSI	Delivery of intermediate report	Closure of open points linked to ENE, INF and CCS TSI	Intermediate report on the TSI revision to include elements from the 4RP	Not applicable - In accordance with new target specified in EC Request based on Delegated Decision (EU) 2017/1474	Replacement of national rules by TSI requirements, where applicable
WAG TSI	Delivery of intermediate report	Final recommendation on revision of WAG TSI to close open points	Intermediate report on the TSI revision to include elements from the 4RP	Not applicable - In accordance with new target specified in EC Request based on Delegated Decision (EU) 2017/1474	Replacement of national rules by TSI requirements, where applicable
SRT TSI	Delivery of intermediate report	Programme TSI SRT revision	Intermediate report on the TSI revision to include elements from the 4RP	Not applicable - In accordance with new target specified in EC Request based on Delegated Decision (EU) 2017/1474	Replacement of national rules by TSI requirements, where applicable
Noise TSI	Delivery of draft recommendation	Technical Opinion/Advice for Noise following EC Communication taking into account possible mandatory application for existing RST. Programme for Noise TSI revision	Draft recommendation to revise Noise TSI	Not applicable - In accordance with new target specified in EC Request based on Delegated Decision (EU) 2017/1474	Simplified requirements for vehicle authorisation and operation
ENE TSI	Delivery of intermediate report and ex-post evaluation report	Open point closed	Intermediate report on the TSI revision to include elements from the 4RP. Ex-Post evaluation report	Not applicable - The revision started in 2017 Q4. Yes	Replacement of national rules by TSI requirements, where applicable

Objective 7 - Removing technical barriers					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
INF TSI	Delivery of intermediate report and ex-post evaluation report	5 additional open points closed	Intermediate report on the TSI revision to include elements from the 4RP. Ex-Post Evaluation report	Not applicable - The revision started in 2017 Q4. Yes	Replacement of national rules by TSI requirements, where applicable
PRM TSI	Completion of revision work	Revision launched	Intermediate report revision PRM TSI available	Partially - Instead of the intermediate report, a final recommendation on the IoA has been issued (first part of the revision work). The second part of the revision work started in Autumn 2017. Therefore no intermediate report was needed.	PRM updated, IoA specified
TSI application guides	% planned revision of application guides delivered	Ongoing	80 % planned revision completed	Yes	TSIs correctly implemented
Support to INEA	number of INEA calls supported by the Agency	Ongoing	Agreed support in the year completed by the Agency	Yes	Efficient and effective allocation of EU funds
Cleaning-up of national technical and safety rules	Deliverables	Remaining technical rules for vehicle authorisation on top of RST TSIs available in RDD	Remaining technical rules for ERTMS and GSM-R on top of TSIs (on-board) available in RDD OPE TSI Appendix B developed Report on type 6 national safety rules	Yes Yes Yes	Substitution of national rules by TSI requirements
Cooperation with European Standardisation Bodies (CEN/CENELEC/ETSI)	% of needs for Request for Standards (RfS) addressed	Issuing RfS as needed e.g. to close open points in TSIs. Revised MoU between the European Union Agency for Railways and CEN/CENELEC/ETSI	Issuing RfS as needed e.g. to close open points in TSIs Address by emission of RfS at least 80% of the needs raised by stakeholders in the year	Yes Yes	Adequate coverage of interoperability issues by EU standards
Cooperation with ISO/IEC	Liaison agreed	ISO Liaison A agreed	IEC Liaison A agreed	No –MoU or other types of liaison may be needed depending on the international strategy	Better involvement of the Agency on international standardisation
Cooperation with OTIF	alignment EU/OTIF rules achieved	Alignment TSI /UTP Ongoing Alignment of OTIF legislation with the 4RP	Alignment TSI /UTP Ongoing Alignment of OTIF legislation with the 4RP	Yes Yes	Promotion and use of EU railway regulation outside EU (extending interoperability beyond the EU)
Cooperation with OSJD		Ongoing	Ongoing	Yes	Promotion and use of EU railway regulation outside EU (extending interoperability beyond the EU)

Objective 7 - Removing technical barriers					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Support to the Commission to set up international agreements to facilitate rail transport at EC borders, including ENI programme.	% of ENI project delivered	On demand for general support; ENI agreement signed.	On demand for general support: For ENI 100% of planned activities for 2017 delivered.	Not applicable	Promotion and use of EU railway regulation outside EU (extending interoperability and safety beyond the EU)
The Agency taking active role in assisting RFC in removal of technical barriers, especially in implementing ERTMS with priority to 2020/2022 corridors	Number of Agency contributions	Agency attendance to RFC meeting on demand	Agency attendance to RFC meeting on demand	Yes	Removal of national rules; constructive suggestions to TSI WP
Objective 8 - Removing operational barriers					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
OPE TSI	Delivery of final draft recommendation	Draft recommendation for OPE TSI revision, including 50 % of new Appendix B and draft revised appendix C	Final draft recommendation for OPE TSI revision	Yes	Replacement of national operational rules by TSI requirements, where applicable
Developing examination scheme for Driver Licence	WP/deliverable	WP for Developing examination scheme for Driver Licence launched (activity to be coordinated with TDD revision to ensure efficiency and effectiveness)	Draft recommendation for Examination scheme for Driver Licence	Not applicable – could be replaced by contribution to the draft ToR for tender of opinion for TDD, pending the mandate of DG MOVE	Recommendation and accompanying report for amending the TDD
Objective 9 - Ensuring efficient and effective conformity assessment					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Accreditation/recognition scheme for NoBos and AsBos	Recommendations/reports delivered	Accreditation/recognition scheme agreed with EC and MS	Accreditation scheme follow-up implementation and update	Yes	Increased NoBos work quality and trust
Monitoring the quality of works performed by NoBos	Recommendations/reports delivered	Target scheme to support EC in NOBOs monitoring agreed with EC and MS	Implementation of the monitoring scheme First steps towards NoBos audits and inspections	Yes	Increased NoBos work quality and trust
Participation in NB-Rail strategy, plenary and subgroup meetings	relevant meetings attended	Ongoing	Ongoing	Yes	Increased NoBos work quality and trust
Preparing templates for EC certificates	Templates available	Draft templates available	Final templates available	Yes	Facilitating application for authorisation



1.3. A Single EU train control and communication system

1.3.1. Activity 3 – A single EU train control and communication system – overview

The European Railway Traffic Management System (ERTMS) is an important industrial project for Europe and a major step for an interoperable railway system and the progressive establishment of an open market in the sector. ERTMS is a cornerstone of a more efficient and performant railway system. The Agency is the system authority for the ERTMS specifications.

2017 saw the Agency improving the framework for the long term, regular management of the specifications implemented in 2016, with a comprehensive timetable to ensure error correction when critical issues are identified, and to deliver on cost/value-added game changers (ATO, L3, braking curves, IP communication, satellite positioning). The harmonised specifications alone does not deliver the full set of benefits expected from ERTMS. It is necessary to ensure their coordinated applications, also by promoting best practices and proven approaches with engineering rules and operational concepts, achieving cost effective verification and authorisation, and having pro-active discussions with the rail sector (for instance in the context of developing the key principles of ATO). The Stakeholders Platform is instrumental to enable those objectives, in parallel with the progressive implementation of the Fourth Railway Package roles of the Agency in vehicle authorisation and trackside ERTMS approval. The Agency has been increasing direct contact and seeking feedback from real implementations, preparing for the shadow running. The Agency has been applying de facto the principles of the Fourth Railway Package approval to trackside projects.

The Agency also cooperated with DG Move leveraging on the cost/value-added of the ERTMS Deployment Manager, in particular focusing on the compliance of trackside ERTMS implementations, and providing support to the INEA Executive Agency regarding projects for which an application for Community financial aid has been submitted.

The Agency further investigated the threats and opportunities, and developed requirements for cyber-security related to safety critical software and communication systems. A joint activity on cyber-security has been started in 2017 with EASA and EMSA, with the planned involvement of ENISA.

Finally, the Agency prepared the definition of the future communication system for decision in 2018, and provided technical support to the ERTMS Coordinator in its work and initiatives, such as the deployment of ERTMS along the Core Network Corridors.

1.3.2. Activity 3 – A single EU train control and communication system – achievements

Objective 10 - Increasing the Agency's role in the checking of ERTMS projects compliance with the specifications, on-board and trackside				
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Expected outcome
Procedure for the ERTMS trackside approval process Definition of pool of expert/framework contract		New Task	Terms of reference defined	Yes No – based on the results of the learning cases, it was decided to launch a call for external experts (different from the Pool of Experts for SSC and VA)
Ad-hoc application of the approval process to selected projects	Number of projects assessed	New Task	1	Yes Harmonized implementation of ERTMS fostering SERA

Objective 11 - Ensuring interoperable and stable ERTMS				
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Expected outcome
Integration of priority game changers (ATO, L3, braking curves, satellite positioning)	Formalization of project(s)	New Task	ATO documents published	Partially – S ² R ATO documents require extensive review; publication postponed to Q1 2018
Publication of CR solutions on ETCS + GSMR as output of the CCM process	Number of CR		Technical Opinion on error corrections	Yes Ensuring compliance of ERTMS products on the market
Ad hoc meeting NoBo WG	Number of meetings		3	Yes Ensuring compliance of ERTMS products on the market
Cyber-security – SWOT analysis and identification of feasible/necessary measures for ERTMS and the future			Cyber-security requirements related to ETCS and GSM-R - report	No – Cyber-security to be aligned with overall ERA security strategy
Stakeholder Platform fully functional		Platform operational		Yes Preserve interoperability and standardisation with improved resilience against security hazards
ERTMS Conference CCRCC			CCRCC Conference organised	Yes Ensuring quality of ERTMS products and systems

Objective 12 - Establishing and improving communication backbone for railways				
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Expected outcome
Catalogue of feasible options		Results of studies on migration and spectrum re-use	Final definition	No - Spectrum decision by DG Connect and RSC postponed to June 2018; need for additional consultation
Migration strategy options				Yes Allowing EU railways to prepare for technological/business evolution



1.4. A Simplified access for customers

1.4.1. Activity 4 – A simplified access for customers – overview

The functional and technical specifications for the One-Shop-Stop have been adopted by the Agency's Management Board in 2017. This release of the One-Shop-Stop will be used in shadow running as of mid-2018. The business needs for the vehicle authorisation part of the One-Shop-Stop database has been developed in 2016 with particular attention on the requirement to include an "early warning" system to identify at an early stage the needs for coordination between decisions to be taken by national safety authorities and the Agency in the case of different applications requesting similar authorisations.

Further progress has been made regarding accessibility by all stakeholders / customers of the railway system information, including rules and data related to its operation. This will eventually result in enhanced performance and usability of the railway system, as well as the potential creation of new business opportunities.

Railway Undertakings need to check the administrative status of their vehicles and the compatibility of their trains with the different routes. The following interoperability registers facilitate this task by making the relevant infrastructure- and vehicle-related data available:

- Register of Infrastructure (RINF, expected to be completed by 2019)
- European Vehicle Register (EVR)
- European Register of Authorised Types of Vehicles (ERATV)
- Vehicle Keeper Marking Register (VKMR)

In 2017 the Agency, acting as an authority maintaining railway registers and databases, continued working on their maintenance, development and continuous improvement and supported the Member States and stakeholders in their implementation and use. Beyond this, the Agency in close collaboration with the stakeholders, worked on the consolidation of the vehicle-related registers into an integrated system also taking into account the provisions of the Fourth Railway Package.

From another perspective, in order to improve access of stations and trains for Persons with Reduced Mobility (PRM), the Inventory of Assets, i.e. a tool for informing the public and monitoring progress of PRM TSI implementation, has been specified.

In the field of telematic applications, the deployment of harmonised protocols and processes for exchanging information between railway actors will enable RUs and IMs to permanently locate freight trains and exchange documents related to the carried goods. The deployment of similar harmonised protocols and processes will allow the issue by travel agents of seamless tickets covering several RUs in several countries and the exchange of additional traveling information between stakeholders / customers according to the European Rail Passengers' Rights Regulation. Above deployment of those harmonised protocols and processes will be done in a multimodal environment where special attention will be paid to aspects such as information exchange towards emergency systems in freight or connection to other modes of transport in passenger transport. To this extent, the Agency continued to monitor the implementation of above harmonised protocols / processes and issue implementation progress report to the European Commission. In addition, focus was placed on dissemination activities vis-à-vis the RUs, IMs and other impacted actors in form of regional workshops.

Moreover, in order to ensure the TSI compliant deployment of the Telematics Subsystems, the Agency checked, upon request, the level of compliance of the developed IT applications against:

- the interfaces as described in the Technical Documents listed in the Appendices of the TAP and TAF TSIs
- the processes as described in chapter 4 of the TAP and TAF TSIs.

1.4.2. Activity 4 – A simplified access for customers – achievements

Objective 13 - Preparing a One-Stop-Shop (OSS) for certification and authorisation under the Fourth Railway Package					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Functional and technical specifications of OSS, adopted by MB OSS in production for shadow running	Specifications submitted to and adopted by the Board	First sets of specifications Mock-up	Specifications covering 100% of the essential functionalities of the OSS, to be adopted by the Management Board	Yes Partially – Business requirements for VA to be finalised early 2018 rather than late 2017	Tool ready for shadow running
Definition of the vehicle authorisation requirements for the OSS		Development of the specification based on the evolution of the Practical Arrangements defined in the proposals for the Implementing Acts	Finalisation and implementation of the specification for use in shadow running	Partially – Business requirements for VA to be finalised early 2018 rather than late 2017	Definition of the vehicle authorisation requirements for the OSS

Objective 14 - Facilitating users' access to relevant data					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
RINF	% completed, Monitoring reports issued	30% of RINF database completed	Improved completeness of database Revision of RINF decision taking into account feedback from users Report on monitoring and implementation of RINF issued	Yes Yes Partially - previously planned to be sent in November 2017, but to be delivered in Q2 2018 because of postponement of RINF decision	Availability of reliable information concerning railway fixed installations
Vehicle-related registers (ECVR, ERATV, ERADIS, VKMR, EVR)	Issuing recommendation	Draft recommendation on amendments of vehicle-related Registers submitted to EC	Recommendation for EVR Specifications	Yes	EVR fully operational in 2021
PRM inventory of assets (IoA)	Completion of specifications	Detailed IoA specifications IT development 1st phase	IoA specifications included in draft revised PRM TSI	Yes	Availability to the public of information of PRM TSI implementation
Single Rules Database	Completion of specifications	Specification process started	Specifications completed and development process started	Yes	Transparency of rules
TAF TSI	% deliverables available	Implementation reports Recommendation for new baseline issued to EC Compliance report on developed IT applications	TAF TSI updated and implemented	Yes	Availability of relevant and reliable information for freight operation
TAP TSI	% deliverables available	Implementation reports Draft recommendation for new baseline Closing of open points inter-mediate report issued to EC Compliance report on developed IT applications	TAP TSI updated and implemented	Yes	Availability of relevant and reliable information for passenger operation



1.5. Evaluation, management and resources

1.5.1. Activity 5 – Evaluation, management and resources – overview

The horizontal activities supporting the Executive Director and the Agency are strategy and business planning and reporting, the Integrated Management System (IMS), deployment of the communications strategy, and providing legal advice. This activity also covers areas such as human resources, procurement, finance, accounting, ICT and facilities. In addition, there are the transversal tasks of economic evaluations (including early assessments and impact assessment, monitoring of railway indicators and comprehensive policy evaluations), international relations management, railway research coordination (in particular the provision of support for Shift²Rail), establishing common understandings, stakeholder management (e.g. the networks of Representative Bodies, NSAs, NIBs) and the preparation of the implementation of the Fourth Railway Package.

In the framework of the Fourth Railway Package, in addition to the projects already described in the previous activities, the Agency developed other projects which also need to be finalised to enable it to deliver its tasks from the Fourth Railway Package. These projects are related to the Cooperation Agreements, Fees and Charges, Board of Appeal, and Competence management.

As a result of the ongoing work of IEC on electrical equipment and systems for railways and following the creation of an ISO committee on railway standards, railway specifications are becoming global documents in increasing number.

Innovation will be vital for the survival of rail as a transport mode. To this end, the Agency has strongly liaised with the Shift²Rail Joint Undertaking, but also actively followed the development of satellite-based applications in rail, in cooperation with GSA. On the basis of the Strategic Vision of the Agency (as published on the Agency web site in January 2016), a number of new initiatives have been started, including a strategy for Next Generation Control Command Systems, a strategy on International Relations and Standards (adopted by the Management Board in January 2017), a programme on “Facilitation of Combined Transport”, and a programme on “Agency Information Management (AIM)”, a strategy on

removing operational barriers following the Rastatt incident, all based on the methodology for strategy development introduced in 2016.

The procedure for Programme, Project and Service (PPS) Management was further developed in 2017, the list of Agency projects has been established and consolidated. The tool is since July 2017 available also to report working hours and generate periodic reports on projects.

The Agency has made progress in measuring the economic and societal impacts of its activities and presented its fast track B/C approach to the Executive Board in December. A new approach for decision making (3 LP), based on the “problem-objectives-options-impacts” analysis, has been rolled out and applied both at strategic level and at the level of advices, opinions, and proposed changes to TSIs.

To take account of this and to reflect the status of the TSIs, CSMs and other Agency outputs, with their equivalents around the world, the Agency further developed and promoted its international relations strategy. This was done through appropriate partnership agreements with relevant organisations (e.g. OTIF, ISO, and IEC) “partner” Agencies.

Stakeholder relations was further developed using the networks envisaged by Article 38 of the draft Agency regulations.

1.5.2. Activity 5 – Evaluation, management and resources – achievements

Objective 15 - Ensuring the coordination of the Fourth Railway Package implementation					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Cooperation arrangement framework adopted by the MB	Board or EC adoption or approval	According to programme plan	80% (final proposal to the MB by Feb 2018) Supporting processes in place for the shadow running phase	Yes Yes	Agency ready to perform shadow running
Agreeing on a Seat Agreement	Signed Seat Agreement	NT	Signed Seat Agreement (depending on the decision of the host state)	No – no agreement yet with the French Authorities	Conclusion of the seat agreement as required by the Agency Regulation Art.71
Apportionment of fees and charges adopted by the MB		According to programme plan	100%	Yes	Agency ready to perform shadow running
Establishment of the pool of experts		According to programme plan	100%	Yes	Agency ready to perform shadow running
Proposal to the EC on the rules and procedures for the BoA	Board or EC adoption or approval	According to programme plan	100%	Yes	All inputs for establishing the BoA available
Conflict of interest for members of the BoA adopted by the MB	Board or EC adoption or approval	According to programme plan	100%	Yes	All inputs for establishing the BoA available

Objective 16 - Ensuring a prioritised portfolio of the Agency activities					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Early assessment for all new objectives/ outputs in the activities	% of new objectives/ outputs covered by an early assessment report	100%	100%	Not applicable - Not envisaged as a deliverable by the Strategic planning procedure (Dec 2016). Aspect covered by the fast track B/C starting 2018	Agency focusing on those objectives/outputs with the highest cost/added-value for the railway sector
Impact assessments for selected outputs	Number of impact assessments per Agency activity (distinguishing between light and full impact assessments)	According to the Work Programme 2016	According to the Work Programme 2017	Yes	To facilitate the decision-making focusing on those outputs with the highest added value for the railway sector
Ex-post evaluations for selected areas	% of ex-post evaluations	100%	100%	Yes	To facilitate the decision-making focusing on those with the highest added value for the railway sector

Objective 17 - Monitoring, evaluating and reporting on the performance and outcomes/impacts of the Agency's activities				
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017
Issuing a railway system report, including the railway indicators	% published in line with the roadmap	New Task (previously interoperability report and safety report)	100%	Not applicable – RSR is published biennially in even years
				Expected outcome
				To ensure transparency on the situation in order to identify progress and areas for improvement
Objective 18 - Ensuring efficient and effective communication				
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017
Further implementation of the communication strategy	% satisfaction in line with the roadmap		100%	Partially - Revised communication strategy and plan in light of the 4RP
Communication/dissemination plan 2017	% delivered		100%	Partially - Revised communication strategy and plan in light of the 4RP
				Expected outcome
				A better outreach of the Agency's activities and deliverables.
Objective 19 - Ensuring the implementation of the Agency's Integrated Management System (IMS)				
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017
Documenting and implementing processes and procedures, and continuously reviewing related improvements	% in line with the relevant roadmaps, programmes and timetables	100%	100%	Partially – re-prioritisation in light of 4RP and change of Quality Officer
				Expected outcome
				Agency as a reliable and trustworthy business partner for all stakeholders
Objective 20 - Ensuring legality of Agency's activities				
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017
Legal advice and opinions	% legal advice and opinions delivered in time according to the process or procedure	100%	100%	Yes
				Expected outcome
				Ensuring compliance of the Agency's activities with the relevant legal frameworks at national and European level
Objective 21 - Ensuring that railway research is aligned with the objectives of the European Commission for the creation of the SERA				
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017
Assisting the Shift ² Rail Joint Undertaking and other entities involved in research projects	Agency's interest in the research projects identified		Full implementation of the research strategy	Partially – Implementation of the research strategy approved early 2018 (Preparation and development done in 2017)
				Expected outcome
				Shift ² Rail main documents aligned with the objectives of the EC for the creation of the SERA in a balanced way taking account of stakeholders' needs

Objective 21 - Ensuring that railway research is aligned with the objectives of the European Commission for the creation of the SERA					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Contribution to the Shift ² Rail Master Plan, Multi Annual Action Plan & Annual Work Plan.		Classification of Shift ² Rail research projects according to Agency's Interest	100% of Shift ² Rail projects classified	Yes	Shift ² Rail main documents aligned with the objectives of the EC for the creation of the SERA in a balanced way taking account of stakeholders' needs
Providing specific expertise for the evaluation of the submissions to Shift ² Rail.	% of requests answered by the Agency for specific expertise in the evaluation of submissions to Shift ² Rail	100%	Follow up of research projects of high interest for the Agency 100%	Partially – Shortage of staff	Shift ² Rail main documents aligned with the objectives of the EC for the creation of the SERA in a balanced way taking account of stakeholders' needs.

Objective 22 - Support to the dissemination to the EU acquis					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Programme of actions based on the Agency International Relations Strategy to be agreed with DG MOVE and Management Board in 2017.	Work plan agreed with DG MOVE & stakeholders	Contribution to the DG MOVE draft strategy on international relations 6 non-EU railway regulators participated at the 1 st meeting of the platform of rail Agencies	Agency strategy on international relations (based on the DG MOVE strategy) agreed Establish a work programme to implement the strategy	Yes Yes	Agency strategy implementation Removal of technical barriers to trade
Portfolio of Agency position on issues requiring common understanding	Number of issues solved vs Number of issues planned / identified	7 fiches agreed	Establish and implement the procedure and service relating to the common understandings	Partially Procedure established but work postponed pending completion and agreement on the Implementing Act on Vehicle Authorisation	"One position" within and from the Agency Harmonised implementation of interoperability and safety within the EU.

Objective 23 - Ensuring sound management of the Agency's human and financial resources, ICT services and facilities					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Number of selection procedures planned and carried out in a year	% implementation of the establishment plan X months as an average length of a selection procedure		95% 3 months	Partially – 92% ERA faced a slightly more than normal staff turn-over due to staff retiring and staff resigning. Another factor was that -due to the unpredictability and lack of stability for the profiles needed for the 4 RP at the beginning of 2017- some vacancies were not filled by the end of 2017 although a multi-field selection procedure was already ongoing ^{3.5}	Full use of the available and planned human resources

Objective 23 - Ensuring sound management of the Agency's human and financial resources, ICT services and facilities					
Main outputs/actions/deliverables	Indicator	Achieved in 2016/New task	Target in 2017	Achievement in 2017	Expected outcome
Average number of training days per staff member (formal training and language courses)	Min. average number of training days per staff member		8	Not applicable - European Commission is now focusing on staff individual training needs which varies from one year to the next and from one person to the next, there are no longer a fixed number of training days per staff per year at the Commission	Continuous improvement of staff skills and knowledge
Annual budget executed as planned	% of the annual appropriations committed % carry-over of payment appropriations % of execution of C8 payment appropriations		95%	Yes	Efficient use of financial resources
Secured ICT environment	Number of security incidents causing loss of data, business disruption or public embarrassment		<10% for T1; <20% for T2; <30% for T3 95%	Partially - Achieved for T1 (99%); not for titles 2 (76%) and 3 (68%); carry-over of 13% Yes	
			0 incidents	Yes	Secure working environment

Part II — Management



Part II — Management

Assurance is an objective examination of evidence to assess the effectiveness of risk management, control and governance processes. This examination is carried out by management, who monitors the functioning of the Internal Control Systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Executive Director. The reliability of the information supporting the assurance is based on:

- the financial management reports on the implementation of the budget appropriations
- the reports of the ex-post control
- the annual procurement report
- the report on the validation of the local systems
- the follow-up of the recommendations reported by the Internal Audit Service (IAS) and by the European Court of Auditors (ECA)
- periodic review of the functioning of the IMS system
- the reports on non-conformities;
- the results of the risk management exercise.

This chapter reports the control results and other relevant elements that support the management's assurance on the achievement of the internal control objectives.



2.1. Management Board

2.1.1. Management Board

With the entry into force of the Agency's new Regulation (Regulation (EU) 2016/796 of the European Parliament and of the Council of 11 May 2016 on the European Union Agency for Railways and repealing Regulation (EC) No 881/2004) on 15 June 2016, the Administrative Board was substituted by the Management Board.

The Management Board is the main governing body of the Agency. Its mission is to effectively ensure that the Agency accomplishes its functions and that it is vested with the necessary powers for this, including establishing the work programme and budget. Consequently, it plays a fundamental role in Agency structure for steering the work of the organisation as a whole.

The Board, under the Chairmanship of Mrs. Clio Liégeois (elected in June 2017) and Vice-Chairmanship of Mr. Hinne Groot, is composed of four representatives from the European Commission and one from each of the Member States. Representatives of Norway and Iceland participate as members without voting rights along with six representatives from the railway sector who represent railway undertakings, infrastructure managers, the railway supply industry, worker unions, passengers and freight customers.

As a continuation from previous years, the Board continued to follow closely the evolution of the legislative proposal for the Fourth Railway Package, and their impact to the Agency's work and organisation.

Highlights in 2017 include:

- active engagement in the preparation of the series of SERA conferences, as well as in assisting the preparation for the Fourth Railway Package in general
- the approval by the Management Board of the Functional and Technical Specification of the One-Stop-Shop
- the adoption of the monitoring schemes for Notified Bodies and for National Safety Authorities
- the Agency's code of good administrative behaviour (adopted by the Management Board in January 2018), containing in particular all measures preventing conflicts of interest, it is a comprehensive update of the procedures already in place

The Board unfortunately has failed so far on agreeing to a linguistic regime for the Agency.

The Agency's Management has, beside the Board meetings and Executive Board meetings, regular meetings with the Chair, the Vice-Chair of the Management Board, and the Vice-Chair of the Executive Board. In addition, there are regular informal contacts with Board members, in particular with the chairs.

The agreement made in 2012 to have a communication and dissemination plan for the Agency was successfully adopted in 2015 and further deployed in the course of 2016 and 2017. The Board emphasised the importance of having an integrated management quality plan and adopted a conflict of interest policy for its members.

This year again, during the consultation process for the preparation of the Work Programme (Programming Document) 2018, a workshop was organised in January 2017 for the Board members and all the sector representatives who contributed to the on-going constructive exchange and wider engagement of the stakeholders concerned.

In addition, the Single Programming Document 2017 structure was aligned with the one from 2016 and in line with the Guided Principles across Agencies for a Single Programming Document. As of 2016, the Agency's 5 activities are cascaded down in objectives and outputs.

2.1.2. Summary of decisions of the Management Board

41st meeting – 31 January 2017

THE AGENCY MANAGEMENT BOARD:

- › *DECISION n°148 of the Management Board of the European Union Agency for Railways on the Statement of Estimates 2018*
- › *Decision 149 of the Management Board of the European Union Agency for Railways adopting an Impact Assessment Methodology*
- › *DECISION n°150 of the Management Board of the European Union Agency for Railways adopting the Communication Plan for 2017*
- › *DECISION n°151 of the Management Board of the European Union Agency for Railways adopting amendment appointment ED reporting officers*

42nd meeting – 27 June 2017

THE AGENCY MANAGEMENT BOARD:

- › *DECISION n°154 of the Management Board of the European Union Agency for Railways adopting an Opinion on the Annual Accounts 2016*
- › *DECISION n°155 of the Management Board of the European Union Agency for Railways adopting the Annual Activity Report 2016*
- › *DECISION n°156 of the Management Board of the European Union Agency for Railways adopting the provisions on auditing notified conformity assessment bodies in the framework of Article 34 § 3 of Regulation (EU) 2016/796*

43th meeting – 26 September 2017

THE AGENCY MANAGEMENT BOARD:

- › *DECISION n°157 of the Management Board of the European Union Agency for Railways amending the Rules of Procedure of the Executive Board*
- › *DECISION n°158 of the Management Board of the European Union Agency for Railways adopting Rules for the prevention and management of conflicts of interest in respect of the members of the Board(s) of Appeal of the European Union Agency for Railways*
- › *DECISION n°159 of the Management Board of the European Union Agency for Railways adopting the technical and functional specifications for the establishment of the One-Stop Shop (OSS)*

44th meeting – 29 November 2017

THE AGENCY MANAGEMENT BOARD:

- › *DECISION n°161 of the Management Board of the European Union Agency for Railways adopting the policy on monitoring the performance and decision-making of National Safety Authorities (NSAs)*
- › *DECISION n°162 of the Management Board of the European Union Agency for Railways adopting rules for the prevention and management of conflicts of interest in respect of the members of the Management Board of the European Union Agency for Railways*
- › *DECISION n°163 of the Management Board of the European Union Agency for Railways adopting the Single Programming Document (SPD) 2018*
- › *DECISION n°164 of the Management Board of the European Union Agency for Railways adopting the budget and establishment plan 2018*

In addition, the Management Board adopted by written procedure:

- › DECISION n° 152 of the Management Board of the European Union Agency for Railways on the opt-out from the application by analogy of Commission Decisions C(2016) 3288 of 15.06.2016, C(2016) 3827, C(2016) 3828, C(2016) 3855 of 24.06.2016 and C(2016) 3214
- › DECISION n°153 of the MB of the Agency on the adoption by analogy of Commission Decision C(2016) 7270 of 17.11.2016 amending Decision C(2013) 8985 of 16.12.2013 laying down general provisions for implementing Article 43 of the Staff Regulations
- › DECISION n°160 of the MB of the EU Agency for Railways on the adoption by analogy of Com Dec C(2017) 5323 of 27.9.2017 on the general provisions for implementing Articles 11-13 of Annex VII to the SR -mission expenses- and on authorised travel

2.1.3. Executive Board

With the entry into force of the Agency's new Regulation (Regulation (EU) 2016/796 of the European Parliament and of the Council of 11 May 2016 on the European Union Agency for Railways and repealing Regulation (EC) No 881/2004) on 15 June 2016, the Sub-Committee was substituted by the Executive Board.

The Executive Board is composed of the Chairperson of the Management Board who also acts as the Chair of the Executive Board, one representative from the Commission and four other members from the Management Board. The members of the Executive Board are appointed by the Management Board on the basis of their relevant competence and experience.

The Executive Board's main function is to assist the Management Board, in particular, by preparing the decisions to be adopted by it, to ensure an adequate follow up to the findings and recommendations after investigations and the various internal or external audits. It also supports and advises the Executive Director on the implementation of the Management Board decisions, with a view to reinforcing supervision of administrative and budgetary management. Where necessary, on grounds of urgency, it can take certain provisional decisions on behalf of the Management Board, in particular on administrative and budgetary matters, subject to a mandate received from the Management Board.

In addition, in 2017, it supervised the efforts of the management to deal with the budgetary issues and especially to improve the budget implementation by respecting the principle of annuality, to ensure an appropriate execution of the budget and to follow up the Internal Audit Service recommendations and the Court of Auditor's observations.

The Executive Board also followed closely the key performance indicators which have been included in the Programming Document 2017, activity-based budgeting, and impact assessment of the activities and tasks of the Agency as well as the integrated management systems, the communications strategy and quality plan.

Together with the Management Board, the Executive Board ensured adequate follow-up to the findings and recommendations stemming from investigations by OLAF and the various internal or external audit reports and evaluations, including by means of appropriate actions taken by the Executive Director.

The Executive Board reflect in the course of 2017 on its role which was presented to the Management Board. The full text can be found in Annex VIII.

The Executive Board met 6 times in 2017.

2.2. Major Events

2017 marked a crucial year for the preparation of the Agency and its stakeholders for the new responsibilities under the Technical Pillar of the Fourth Railway Package, having made the following activities a priority throughout the year:

- › adoption of key legal acts
- › dissemination and communication activities such as the SERA conferences and convention across Europe, workshops on the Practical Arrangements for Single Safety Certification and Vehicle Authorisation, the Agency CCRCC conference “Delivering effective and interoperable ERTMS – the way ahead”
- › adoption of the monitoring schemes for NSAs and NoBos
- › adoption of the functional and technical specifications for the One-Stop-Shop
- › establishment of a liaison office

In addition to the activities under the Fourth Railway Package, the Agency also obtained its ISO 9001:2015 certificate, and a new approach for decision-making was rolled out in the organisation as well as the concept of Common Positions.

In terms of international relations, an MoU was signed with the Gulf Cooperation Council and an agreement with DG NEAR on EUMedRail. The Agency further continued its strong liaisons with the Commission, European standardisation organisations, OTIF, UIC, Shift²Rail Joint Undertaking, GSA, amongst others.

2.3. Budgetary and financial management

2.3.1. Revenue

The Budgetary Authority (the European Parliament and the Council) approved the initial 2017 Agency budget of € 30 732 000, including the Commission's subsidy for € 29 643 000, assigned revenue for € 357 000 and the EFTA contribution for € 732 000. All together the total C1 revenue received in 2017 was € 30 732 000.

In addition the Agency received in 2017 “C4 fund source assigned revenues” for an amount of € 88 147 coming from different sources:

- › BL 1100: € 46 344 paid for by ESMA in the frame of the Service Level Agreement between ESMA and ERA for the provision of accounting services;
- › BL 1178: € 29 889 reimbursed by Commission services as a regularization of previous advance paid;
- › BL 2020: € 1 033 Reimbursed by Société civile immobilière Grand Hainault for “Water Gaz electricity charges” and Ateliers numériques as a result of the settlement of the rental agreement;
- › BL 2100: € 10 881 paid for by Bechtel AG for liquidated damages for late delivery;

The Agency had “2017 C5 fund source assigned revenues” coming from the carry-over of the 2016 C4 fund source assigned revenues in 2016:

- › BL 1178: € 20 540 reimbursed by Centre de la petite enfance (reduction of the Agency contribution);
- › BL 1300: € 1 031 reimbursement of a mission;
- › BL 2100: € 884 paid for by Bechtel AG for liquidated damages for late delivery of purchased items;
- › BL 3110: € 12 077 paid for by Completel SAS for compensation of services not delivered;

The Agency received from DG NEAR:

- › € 910 000 for EUMEDRAIL at the beginning of 2017 covering the period 2017-2018
- › € 200 000 for IPA at the end of 2017 covering the period 2018-2019

These appropriations were inscribed as RO-fund source given the multi-annual nature of the action⁽¹⁾.

2.3.2. Expenditure

In 2017, the budget execution target for commitments 100% (target 95%) was achieved. For payments (87% execution rate) the target of 90% was not achieved. The main reason why the target has not been reached is that in order to reach the 95% commitment rate, some commitments were made at the very end in the year for services rendered and paid in the following year.

€599 out of the total subsidy of € 30 732 000 was not committed. As regards the payments, the Agency used 87.3 % of the total appropriations. The 12.7 % that are carried over to 2018 mainly concern operational expenditure (Title 3). In addition, 96.6 % of the appropriations carried over from 2016 (C8 credits) have been executed.

With regard to the original procurement plan, approved by the Administrative Board as part of the Programming Document 2017 and which serves as the Agency's financing decision, it had to be modified throughout the year in order to meet the operational requirements:

- › *Each SERA conference was subject to a specific request, eventually managed via a multiplication of low-value contracts, which is not compliant with public procurement rules. In order to mitigate this risk in the future, the Agency will launch a single call for tenders to contract a company specialised in the organisation of events.*
- › *Cancellation of 3 planned calls for tenders: Multi-modal comparative studies, Legal ad-hoc assistance, Legal services related to the Santiago train crash.*
- › *Insufficient planning for "Online communication services" and "Internal Communication".*
- › *Following an amendment to the procurement plan in SPD 2017 for "Sculptures & Awards", the procedure was not launched.*
- › *An unexpected open procedure had to be launched following the bankruptcy of one of the contractors (Maison Legrand). In addition, a negotiated procedure (exception) had to be launched following an early termination of contract for the security services. This end of contract being linked to the contractor's breaches of performance.*
- › *"ERAIL training REP" has been cancelled.*

2.3.3. Financial KPIs

Commitments using the appropriations for 2017 budget year (C1 Commitments): the minimum level of commitments set by the European Commission in its yearly budget circular is 95 % of the total appropriations.

For Title 1, the rate is 100 %; for Title 2 is 100 % and for Title 3 is 99 % (see Annex II – Table 2.1). With an average of 99.9 %, the C1 Commitments target per title has been achieved.

Payments using the appropriations for 2017 budget year (C1 Payments): in line with the recommendation of the Court of Auditors, the minimum level of payment the Agency wants to reach is 90% for Title 1, 80% for Title 2 and 70 % for Title 3 compared to the total appropriations.

For Title 1, the rate is 99 %; for Title 2 is 76 % and for Title 3 is 68 % (see Annex II – Table 2.1). The average is 87 % for payments, only the target for Title 1 was achieved.

⁽¹⁾ These amounts were not included in the ERA budget (mentioned as p.m.)

Payments using the appropriations for 2016 budget year carried-over to 2017 (C8 payments): the minimum level of payments set by the European Commission in its yearly budget circular is 95 % of the total appropriations carried over. The global payment rate is 96.6 % (see Annex II – Table 2.2).

2.3.4. Budget transfers

During the budget year 2017, 31 credit operations have been initiated. These credit operations were validated by the Executive Director within each Title and in compliance with Article 27.1(b) of the Agency Financial Regulation (appropriations transferred from one chapter to another and from one article to another). Therefore, the total appropriations per Title at the end of the year were equal to the voted budget.

2.4. Human resources management

2.4.1. Major HR events

Resources

On 31 December 2017, the Agency employed 128 temporary agents (TA), 34 contract agents (CA) and 2 seconded national experts (SNE). A breakdown of resources per activity is provided in Annex V.

Re-organisation

The Executive Director did not undertake any major re-organisations during 2017.

New Staff Regulations/Internal policies/Decisions

Following the entry into force on 1 January 2014 of the revised Staff Regulations of Officials and the Conditions of Employment of Other Servants (CEOS) of the European Union, the Agency adopted the following Decisions:

- › Decision on the appointment of the Agency's Joint Reclassification Committee 2017
- › *Reclassification of Contract Agents to a higher grade ERA-ED-1467-2017*
- › *Reclassification of Temporary Agents to a higher grade ERA-ED-1466-2017*
- › *Decision on temporary redeployment of Oana Gherghinescu to the post of Head of the Economic Evaluation Sector ad interim in the CME Unit - ERA ED DEC 1458 2017*
- › *Decision on temporary redeployment of Antonio D'Agostino to the post of Head of Safety, Strategy and Performance Sector ad interim in the Safety Unit - ERA ED DEC 1417 2017*
- › *Decision on the re-assignment in the interest of service of Salvatore Ricotta to the post of Head of Unit Resources & Support - ERA ED DEC 1389 2017*
- › *Decision on the full-time redeployment of Olivier Piron to the post of Administrator - ERA ED DEC 1391 2017*
- › *Decision on the part time redeployment of Ignacio Ballester to the post of Program Manager for Learning Cases 4 RP - ERA ED DEC 1383 2017*
- › *Decision on the Reclassification of the CA to a higher grade - Corrigendum - ERA ED DEC 1364 2017*
- › *Decision on the Reclassification of Temporary Agents to a higher grade - ERA ED 1336 2017*

2.4.2. Results of the 2017 job screening exercise

Article 29(3) of the Agency Financial Regulation sets out the obligation for the Agency to carry out an annual benchmarking exercise, and more specifically a job screening focusing on the efficiency of internal resources. The Agency conducted its fourth job screening exercise in 2017 in line with the methodology for agencies job screening.

The purpose of the job screening is:

- › To identify any scope for reducing staffing levels in administrative support and coordination functions; and
- › To facilitate the reallocation of resources from overhead to operational frontline activities

All jobs inside the Agency received one screening value:

- › “Operational” – serving frontline activities and directly implementing the mandate of the Agency
- › “Administrative support and coordination” – ensure support to the operational functions, such as HR, IT, Facilities
- › “Neutral” - same as above in the areas of Finance and Control

Compared to 2016, the percentage of staff assigned to administrative tasks remained around the same level of 18%.

The percentage of staff assigned to operational tasks slightly decreased by nearly 0.5%.

The percentage of staff in neutral positions (finance, procurement, accounting, quality) remained at similar level (around 12%).

When the exercise is more mature the methodology will be further revised and developed by the European Commission and the Agencies in order to comprise the full benchmarking exercise tailored to the Agencies’ specificities.

The detailed results of the exercise are presented in Annex IV.

2.5. Assessment by management

Implementation of the budget

The 2017 budget was subject to close and regular monitoring to ensure optimal and sound management of the Agency’s financial resources.

The level of commitment execution reached 100 % of the available appropriations, i.e. 99 % in 2016.

As regards the payment appropriations, the Agency used 87 % of the committed appropriations. The indicative ceilings used by the Court of Auditors to assess the budget execution at the level of the carry-overs are 10 % for Title 1, 20 % for Title 2 and 30 % for Title 3. These targets were only reached for Title 1.

As regards Article 77 of the Agency Financial Regulation on the time limits, 95.18 % of all 2017 payments other than mass payments for missions, experts and interviews have been paid within time limit. The target of 95 % was therefore achieved.

Legality and regularity

Depending on the risk level of the transaction, the Agency has two workflows: one complete workflow model for high-risk transactions and one light workflow model for low-risk transactions (amount < € 1 000). These differentiated workflows apply only to payments. An ex-ante financial verification is processed for high-risk transactions while in the simplified, low-risk workflow, and the financial verifying agent has been removed (in case there is no ex-ante verification carried out by a separate person, the authorising officer plays also the role of verifying agent) and an ex-post control for this particular expenditure is carried out.

Accordingly, in 2017 ex-post controls continued to be carried out using the same methodology as in the past: sampling, detailed findings and reports with recommendations.

The results of the controls were positive and no issue about legality or regularity of the transactions was reported.

A simplified Annual Activity Report has been signed by all Delegated Authorising Officers (AODs) who have to formally endorse the responsibility of the financial transactions validated in the course of 2017 and to declare any conflict and/or fraud of which they might be aware. The simplified AAR is integrated in the AAR of the Executive Director. In addition to that, the Court of Auditors who yearly checks the legality and regularity of transactions has so far not found any transactions not respecting these principles.

Validation of the accounting system

An update on the validation of the accounting system has been made in 2017 as a result of the implementation of a paperless workflow for a number of financial processes (reimbursement of missions, salary payment, and reimbursement of candidates and recovery orders).

Procurement procedures

Apart from some cancelled or postponed procedures (see point 2.3.2), all procurement procedures foreseen in the Programming Document 2017 were launched and finalised.

Registration of exceptions and non-compliance events

In accordance with ERA management standard 9, each deviation from an established process or procedure is documented, justified and approved at the appropriate management level. They are then registered in the Non-conformity register. In line with Agency procedures, corrective and/or preventive actions are established when repetitive exceptions events or a critical hazard to any process performance arise. Actions are recorded and reviewed in order to identify trends. In view encouraging the staff members to register non-financial nonconformities and increase the responsibilities of the AODs (i.e. Head of Units) the procedure has been revised.

29 exceptions and 7 non-compliance events were registered during 2017. This represents an increase in comparison to the 2016 reporting year (12 and 13). The financial impact on the Agency budget was very low. None of the event was considered to have a negative impact on giving reasonable assurance.

Nevertheless, the following main areas of concern were identified:

- › staff going on mission without prior authorisation;
- › provision of services/goods were not planned in advance (due to workload, shortage of staff) and therefore (due to business continuity reasons), the procurement rules were not strictly followed (e.g. negotiated procedure with a single tender was used instead of negotiated procedure with at least three candidates);
- › the Agency is engaging in contracts where its general terms and conditions cannot be imposed (e.g. contractors in monopolistic position). This may lead to situations where the Agency has a limited margin of manoeuvres in case of a poor execution of the contract and, as a consequence, it is forced to deviate from its financial rules. Although anticipated, the recurrence of these events cannot be prevented;
- › signature of legal commitment without prior budgetary commitments;
- › events related to non-financial rules/procedures (i.e. handling medical certificates, managing carry-overs of annual leaves, project management). As a consequence, more awareness raising events is to be organised.

The analysis was included in the annual assessment of the functioning of the internal control system (i.e. Internal Management System (IMS)) review at the beginning of 2018. Consequently, awareness actions to staff are to be implemented in the concerned areas.

Regarding exceptions and non-compliance events of financial nature, training courses on procurement and contract management became a recurrent event.

Fraud prevention and detection

The Agency continued the implementation of the action plan defined in the Agency Antifraud Strategy:

The Management Board has adopted the Framework of Good Administrative Behaviour (FGAB) which encompasses the Agency's Code of Conduct (structured on the backbone of the Code of Good Administrative Behaviour developed by the European Ombudsman) and three annexes:

- › Framework on Impartiality and Independence
- › Framework on gifts and hospitality
- › Guidelines for staff on the use of Social Media

The practical implementation of the FGAB including the internal procedures, templates, guidelines and appropriate training will be implemented in 2018.

In parallel, the Agency has implemented:

- › training activities
 - › on antifraud: four sessions were organised in 2017; the rate of participation was around 34 % while the overall participation since it has started in 2016 has reached 50%⁽²⁾
 - › on ethics: four sessions were organised in 2017; the rate of participation was around 33% while the overall participation since it has started in 2015 has reached 62%⁽³⁾
- › enhance data and document security: in the framework of the Integrated Management System, the Agency continued to implement the Information Security Management System designed to enhance the protection of the information assets;
- › fraud risk assessment: the Agency has included the fraud risk assessment in the regular Agency risk assessment: the Agency fraud risk register has been reviewed during 2017. No additional risks have been identified. The mitigating measures are implemented in the framework of the Antifraud strategy.

During the reporting year, one cases of suspicion of fraud was transmitted by the Agency to OLAF for investigation. As a result, OLAF has formally opened an investigation.

Indicator	Result 2016	Result 2017	Variance analysis/comments
Cases referred to OLAF	0	1	1

2.6. Budget implementation tasks entrusted to other services and entities

This item is not applicable to the Agency as there are no crossed sub-delegations.

⁽²⁾ The rate of turnover of staff may influence the result.

⁽³⁾ idem

2.7. Assessment of audit results during the reporting year and follow up of audit recommendations

2.7.1. Internal Audit Service (IAS)

Results from IAS audits during the reporting year

In line with the 2017 IAS audit plan, IAS carried out an audit on Human Resources and competency management. Based on the findings, IAS issued:

- › one critical recommendation on reclassification/promotion;
- › four very important recommendations on organisational structure, staff allocation - competency framework, selection and recruitment procedures and performance appraisal;
- › two important recommendations on HR strategy and reporting and learning and development.

The Agency accepted all recommendations and developed an action plan agreed by IAS. The final target date for implementation of all actions addressing the recommendations is end of 2018⁽⁴⁾.

It should be noted that IAS has closed two recommendations regarding the above-mentioned audit, namely the critical recommendation on reclassification/promotion and the very important recommendation on selection and recruitment.

Follow-up of audit recommendations from previous years

During 2017, IAS also closed the final important recommendation from the audit on Stakeholder Relationship Management and External Communication with emphasis on Safety.

The Agency currently has five open recommendations from IAS.

2.7.2. European Court of Auditors (ECA)

In its report on the annual accounts of the European Union Agency for Railways for the financial year 2017, the European Court of Auditors expressed the following opinions:

Opinion on the reliability of the accounts

In the Court's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as at 31 December 2017 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and the regularity of the transactions underlying the accounts

In the Court's opinion, the transactions underlying the annual accounts of the Agency for the financial year which ended 31 December 2017, are legal and regular in all material respects.

2.7.3. Internal Audit Capabilities

Following an in-depth cost/benefit analysis, the Agency's management decided in 2012 not to have an Internal Audit Capability but to rely on the IAS for this activity. It was also decided to set up an internal control coordinator function aiming at better supporting the Executive Director in implementing risk management and in assessing the internal control system, including evaluating the Internal Control Standards, its effective integration into

⁽⁴⁾ One action addressing the very important recommendation on organisational structure as well as one action addressing the important recommendation on learning and development are scheduled to be completed in the first quarter of 2019.

the IMS and the support in implementing the relevant audit. For this aim, the function of the internal control coordinator (ICC) has replaced the one of internal auditor (IA) at the Agency. The current ICC started in March 2014.

2.8. Follow up of observations from the Discharge Authority

In April 2018, the Discharge Authority granted discharge to the Agency's Executive Director for the implementation of the 2016 budget.

In its resolution, the Discharge Authority has made several observations for which a follow-up has been ensured by the Agency:

1) Follow-up of 2014 and 2015 discharges:

- › *missing a seat agreement with the host state and reduction of costs by centralising the Agency's operations into one location; the Discharge Authority acknowledges that the Agency has no power to decide on the centralisation of all the Agency's operation into one location*
- › *a draft seat agreement between the Host Member State and the Agency is currently under review*

2) Staff policy on gender imbalance:

- › *the Agency is applying a policy of non-discrimination with regards to its recruitment policy as well as in all the steps of the staff member career*
- › *the Agency is founding member of the "Women in transport – EU Platform for change" which role is to strengthen women's employment and equal opportunities for women and men in the transport sector*

3) Prevention and management of conflict of interests, transparency and democracy:

- › *Conflict of interest policy for the members of the Management Board:*
 - › *Publication of CVs and declaration of interests of the Management Board as well as revision of the related policy on Col*
 - › *The Agency has published all the declaration of interests and CVs on the website*
- › *Decision on whistleblowing:*
 - › *The Discharge Authority acknowledges that the Agency is waiting the model decision from the Commission in order to adopt its own decision on whistleblowing*
 - › *A European Commission model decision will be adopted by the end of 2018*

4) Main achievements: The Discharge Authority regrets that the Agency does not use the input indicators to further improve the Key Performance Indicators

5) Internal controls: The Discharge Authority expects the Agency to ensure complete implementation of the ERA management standards by 2017

- › *the ERA management standards are in place*

6) Internal controls: The Agency will adopt remedial actions in order to reach the 95 % target for the execution of payment within the set deadline of 30 days

- › *the target has been reached in 2017 (see point 2.5)*

Part III — Assessment of the effectiveness of the Integrated Management System, including the Internal Control Systems



Part III — Assessment of the effectiveness of the Integrated Management System, including the Internal Control Systems ⁽⁵⁾

The Agency has implemented an Integrated Management system (IMS) based on requirements specified in the internal control standards and the international quality standard ISO 9001:2015. The Agency received the ISO certification in 2017.

The Agency's Administrative Board has adopted the ERA management standards in April 2016 ⁽⁶⁾. Compliance with these standards is a compulsory requirement, also in light of the Agency's financial management ⁽⁷⁾.

The Agency has put in place the organisational structure and the ERA management standards relevant to the achievement of the activities, projects and control objectives, in accordance with the standards and having due regard to the risks associated with the environment in which it operates.

3.1. Risk Management

Risk assessment

Risks are assessed and reported both at inherent and residual level. Assessing the risks at inherent level facilitates the understanding of the very nature of the activity/objective at stake and clarifies better what exactly are the controls surrounding the particular area. The residual level of risks is used to determine the risk response and additional mitigating measures if needed.

The Agency continued to monitor the effectiveness of the action plans designed to mitigate the risks identified in the Programming Document 2017. The following critical and significant risks have been identified and reported in the Programming Document 2017:

⁽⁵⁾ As of April 2015 and the Decision 116/2015 of the AB

⁽⁶⁾ Decision 116/2015 of the AB - ERA management standards

⁽⁷⁾ The Agency is in the process of revising the ERA management standards to reflect the requirements of the Internal control Framework of the European Commission as defined in the (2017)2373 Communication to the Commission from Commissioner Oettinger, Revision of Internal Control Framework. The revision will include minor changes to the wording of the standards to align with the terminology used in the revised standard as well as measures to ensure the implementation. The Agency will report on the implementation in the next CAAR.

1. Stakeholder alignment and mobilisation

Actions taken: the action plan has been reflected in the Agency communication plan adopted by the Board in January 2017. Mechanisms for stakeholder evaluation have been developed; an IT tool for managing relations with external stakeholders has been set up. Several communication events have been organised to promote the Fourth Railway Package. Some actions are in delay but will be implemented in the course of 2018 (e.g. re-launch of the website). In parallel the communication plan has been restructured to better reflect the strategic priorities of the Agency.

2. Inconsistent and late transposition of the Fourth Railway Package in Member States:

Actions taken: the Agency has defined a collaborative work (i.e. MoUs signed) with the volunteering NSAs for Vehicle Authorisation and Single Safety Certification in the learning case phase. It has also identified a list of real case project for preparation for the new tasks. Agency staff is already involved in these projects.

3. Secondary legislation watered down by the Member States

Actions taken: the risk has been closed because the mitigating measures have addressed this risk and led to the adoption of Practical Arrangements regarding Vehicle Authorisations and Single Safety Certifications. Upstream, the Agency has initiated and implemented a communication campaign to promote the adoption of the implementing acts for the Fourth Railway Package. Thus the risk level has been reduced to an acceptable level.

4. Ethics and Fraud: insufficient awareness on ethical conduct

Actions taken: see point 2.5

5. Inadequate competence and ineffective allocation of staff

Actions taken: the risk level has been downgraded and the risk is no longer considered to be relevant at corporate level. The gap assessment concerning the internal and external Human Resources needs to perform the new tasks has been performed; nonetheless the risk continues to be monitored at project level within the Agency.

6. Ineffective ICT support system

Actions taken: an ICT strategy has been put in place to address the risk. In parallel, the Agency has implemented measures regarding information security governance.

7. Delays in the development of the One-Stop-Shop

Actions taken: the technical and functional specifications for the One-Stop-Shop have been approved by the Board. Nevertheless, the residual risk level remains significant.

8. Delay in reduction of national rules

Actions taken: the Agency has started developing the Single Rules Database (SRD) which will provide and extend the functionality of the two existing National Rule Systems. The purpose of the SRD is to simplify the updates of national rules and to raise the visibility of the national rules and facilitate the cleaning-up of these rules.

9. Security requirements may create new barriers in Interoperability

Actions taken: a draft strategy regarding security (including mapping of all areas of interoperability that may be affected by security issues) has been presented to the Agency's Management in December 2017. The strategy will be revised in the course of 2018.

10. Obsolescence of ERTMS change

Actions taken: the target date for the analysis of possible alternative IT tools that can replace the current IT tool used for the change control management process has been extended to end of 2018.

11. Agency planning and prioritisation

Actions taken: the target date for the development and implementation of a crisis management procedure has been extended to the end of 2018.

12. Ineffective contribution to innovation in the railway sector

Actions taken: the risk level has been downgraded and the risk is no longer considered to be relevant at corporate level. The mitigating measures planned to be implemented have been assessed as effective. Nonetheless the risk will continue to be monitored at programme level within the Agency.

13. Loss of interoperability after GSM-R

Actions taken: the target dates for the implementation of the mitigating measures are set between 2018 and 2022.

14. Inappropriate data management

Actions taken: in view of implementing an effective and consistent management of external data, the Agency is in the process to develop an Agency Information Management strategy (AIM). All the Agency's information will be defined into specific assets maps. The mitigating actions have been established with a long-term perspective. It is planned to have an Agency Information Management by 2020 with the first milestones to be completed by 2019.

15. Authorisation and certification workload

Actions taken: the risk is closed because an evaluation of potential Vehicle Authorisation applications and Single Safety Certification requests to be potentially received by the Agency has been done; the information will be used to ensure the adequate number of resources to manage the new tasks.

16. Lost opportunity to influence global standardisation in railway

Actions taken: the Agency has set up an international strategy and continued to actively assist the Commission on railway related international relations, to promote the recognition of Agency type and Vehicle Authorisation and Single Safety Certification outside the EU, to promote the EU acquis in the Mediterranean countries (i.e. via the EUMedrail project).

17. Unjustified carry-overs higher than acceptable levels of the Court of Auditors

Actions taken: the carry-overs of payment appropriations for 2016 were below the indicative ceilings used by the Court of Auditors to assess the budget execution. However, the risk will continue to be scrutinised at corporate level.

18. Incoherent message on Safety Culture

Actions taken: the risk level has been downgraded and the risk is no longer considered to be relevant at corporate level. The mitigating measures planned to be implemented have been assessed as effective. Nonetheless, the risk will continue to be monitored at programme level within the Agency.

19. Agency not ISO certified as planned by June 2017

Actions taken: the Agency has been certified in June 2017; the contingency plan was no longer necessary. Hence, the risk has been closed.

20. Strategic alignment of the railway sector in ERTMS

Actions taken: the Agency has signed an MoU with the European Commission and the European railway sector. An action plan is in the process of being implemented in 2018.

It should be noted that none of the risks had materialised during the reporting year.

In line with ERA management standard 5 and the internal procedure, the Agency conducted the yearly risk assessment exercise. The risks were identified and assessed at unit

level covering all areas and activities of the Agency. The key risks were escalated at management level. A high level review was organised during which the most significant and critical risks have been validated and risk owners and mitigating actions have been determined. The exercise took into account the implementation of the action plans related to the risks already identified in the Programming Document 2017. The revised risks were streamlined and included in the Programming Document for 2018.

In addition, the risks regarding the *'ineffective ICT support system'* and *'lost opportunity to influence global standardisation'* have been reviewed and evolved into *'corporate cybersecurity risk'* and *'EU's railway acquis undermined as global reference for standardisation and regulation'* respectively. The Risk Register was published in the Work Programme 2018. The implementation of the action plans and the risks will be monitored throughout 2018 and reviewed under the IMS reviews. The actions/milestones of long-term actions with a target date of implementation end of 2018 will be reported in the Consolidated Annual Activity Report for 2018.

The Agency's Management also gave consideration to the risk of fraud when carrying out the risk assessment. The description of the risks have been streamlined and clarified. No additional risks have been identified in comparison to the first exercise carried out in 2015 and no new mitigating measures are considered necessary. The residual risks are not critical or significant and thus it is not necessary to report them in the Annual Activity Report.

Data protection

The Agency continued in 2017 with the implementation of the actions necessary to attain the set targets for reaching personal data protection compliance. A number of actors, mainly the Data Protection Officer (DPO), the Data Controllers (DCs) and the Data Protection Coordinators (DPCs) were actively involved and contributed to the progress made towards data protection compliance. The fifth European Data Protection Supervisor general monitoring exercise ("Survey 2015") relating to the implementation of the Regulation (EC) 45/2001 within EU institutions and bodies has been an excellent opportunity for the Agency to further check internally the status of its implementation in terms of processing operations notified, personal data transfers, privacy by design, general security policy and personal data deletion procedures. The aim for the Agency is to become compliant on data protection rules by ensuring that the personal data of the Agency staff as well as those third parties managed by the Agency are lawfully, adequately, proportionately and properly processed in line with Regulation (EC) 45/2001.

Additional information on data protection can be found in Annex VII.

3.2. Compliance with ERA management standards

In 2017 the Agency continued to implement the internal controls standards with which it did not fully comply as mentioned in the Consolidated Annual Activity Report 2016 (see table below).

In line with ERA management standard 16⁽⁸⁾, the Agency's Management assessed the adequacy of the design and effectiveness of the implementation of the ERA management standards as part of the Agency Management system review.

The methodology used for assessing the effectiveness of the Integrated Management System took into account:

- the progress with implementing the actions necessary to reach the requirements of the management standards assessed in 2016;
- the progress with implementing Agency's priority projects decided by the Management in 2017;
- the opinion of the Quality Coordinators (responsible for implementing the IMS in their respective unit);
- a desk review of the implementation of ECA/IAS audit recommendations, the Agency's procedures, management reports, risk register, Non-conformity register.

The assessment pointed out some areas where improvements can be made regarding as well compliance and effectiveness. All identified areas for improvement/actions are already addressed or will be addressed under the Integrated Management System of the Agency (see table below).



⁽⁸⁾ See ERA management standards

ERA Management Standard	Actions implemented in 2017	Actions planned in 2018
ERA MS 1 Mission and values	No further action needed to ensure compliance	Not applicable
ERA MS 2 Leadership and commitment	No further action needed to ensure compliance	Not applicable
ERA MS 3 - Ethical and organisational values	Implementation of the action plan of the Antifraud strategy in line with the agreed deadlines –deadline 12/2017	See section 2.5
ERA MS 4 - Objectives, strategic planning and reporting	1.Establish a dashboard to monitor the processes' effectiveness and the achievement of the Agency objectives based on MS project –deadline 06/2017 2.In house training on MS project; start business planning in MS project –end 2017	1. The action is in delay –revised target date S2018 2. Closed New actions: 3. Reformulation of the objectives, outputs and KPIs, defining SMART outputs & RACER KPIs for SPD2019. 4. Define reporting requirements at appropriate supervisory level
ERA MS 5 - Business Continuity	Implement Business impact assessment at operational level –deadline 06/2017	The action is further postponed due to the Agency's reorganisation –revised target date end 2018
ERA MS 6 – Risk management	No further action needed to ensure compliance	Not applicable
ERA MS 7 – Management supervision	No further action needed to ensure compliance	Not applicable
ERA MS 8 - Stakeholder relation management	Reviewing and improving the internal communication methods.	The action has been postponed for 2018.
ERA MS 9 - Process management	Further development of processes and procedures in line with IMS of the Agency according to the Agency road map and the objective of to achieve ISO certification: Procedure on dissemination of railway activities; External stakeholder management procedure Change control management procedure Control of external documents procedure	The actions planned in 2017 have been completed. To continuously improve the system in place, in 2018 it is planned to simplify several IMS procedures regarding governance, project management, data and knowledge management, monitoring of IMS
ERA MS 10 – Human resources management	Develop a functional review –deadline end 2017 Competence management system: Identification of the gap between the competencies available in-house vs. competencies required; development role description -ERTMS trackside role – deadline 03/2017	See section 2.7.1 on the action plan addressing the recommendation from IAS audit on HR and Competency management
ERA MS 11 -Infrastructure management	No further action needed to ensure compliance	Not applicable
ERA MS 12 – Accounting, finance and procurement management	No further action needed to ensure compliance	Not applicable
ERA MS 13 - Data and information management	No further action needed to ensure compliance	See section 3.2 - risk 14 on data management
ERA MS 14 Evaluation of activities	No further action needed to ensure compliance	Not applicable
ERA MS 15 Audits	No further action needed to ensure compliance	Not applicable
ERA MS 16 Integrated management system assessment and improvement	No further action needed to ensure compliance	Not applicable

Actions plans to ensure adequate implementation of the prioritised ERA MS has been developed and monitored throughout 2017.

As part of the measurement, analysis and improvement process and in view of evaluating the compatibility and alignment of the Integrated Management System with ERA management standards, quality audits are carried out on an annual basis, complementing those carried out by the IAS. In line with the 2017 audit programme, the scope of the audits was all the Agency's activities, taking a sample of the outputs included in the Single Programming Document 2017. The observations made do not entail a significant weakness to the whole audited process. The actions required to solve the issues identified will be implemented in 2018. Any issues which were identified, will be addressed in the course of 2018.

In the light of the preliminary results of the assessment of the compliance and effectiveness of the internal control against the ERA management standards, it can be considered that the Agency's control system as a whole works as intended and adequately mitigates the main risks to the achievement of the Agency's objectives. The Agency has been certified against ISO 9001 standard for its Integrated Management System in July 2017. This is a formal and independent acknowledgement that the Agency is focused on enhancing customer satisfaction and achieve continual improvement of its performance.



Part IV — Management assurance



Part IV —

Management assurance

This section reviews the assessment of the elements reported in Parts 2 and 3 and draw conclusions supporting of the declaration of assurance and namely, whether it should be qualified with reservations.

4.1. Review of the elements supporting assurance

The information reported in Parts II and III stems from the:

- assurance given by the Agency management;
- results of the Integrated Management System review;
- results of the Commission's services and Court of Auditors' audits and implementation of the measures to address weaknesses identified;
- reporting on exceptions and preventive/corrective actions implemented;
- mitigated actions implemented following the annual risk assessment exercise.

The materiality criterion used for drawing a reservation is an assessment of whether more than 2% of the payments of the Activity-Based concerned is erroneous. Ex-post controls conducted for financial transactions assessed with low level of risks (i.e. payments for missions staff and experts attending working parties) detected an overall error rate lower than the control objective of 2%. The financial impact represents 0,2 % of the Agency payments made during 2017.

From the information available from ex-ante controls conducted in the area of financial transactions assessed with high level of risks (i.e. salaries and allowances), there were no significant issues that would need to be raised in this report. This approach results in an adequate coverage of the Agency budget and provides sufficient guarantees of the completeness and reliability of the information reported.

This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Executive Director of the Agency.

Concerning the overall state of the Integrated Management System, management has reasonable assurance that, generally, the Agency has suitable controls in place that are working as intended, risks are being mitigated and/or monitored and improvements and reinforcements are being made. No systematic weakness came to the attention of management that would have an impact on the declaration of assurance; neither were elements identified that could seriously damage the reputation of the Agency.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented.

The Agency has systematically examined the available control results and indicators as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives.

4.2. Reservations

On the basis of the information and the materiality criteria provided above, no reservation is needed.

I, the undersigned, Executive Director of the European Union Agency for Railways,

In my capacity as authorising officer,

Declare that the information contained in this report gives a true and fair view.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgment and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the Agency.

Valenciennes,

(signature)

Josef DOPPELBAUER

Annexes



Annexes

Annex I – Business statistics

KPIs	2015 (11)	2016 (12)	2017 (12)
Achieved	73%	75%	45.5%
Partially achieved	18%	25%	45.5%
Not achieved	9%	0%	9%

Outputs	2015	2016	2017
Achieved	80%	75%	67%
Partially achieved	15%	15%	18%
Not achieved	5%	10%	15%

Annex II – Statistics on financial management and annual accounts

1. Financial statements

1.1 Balance sheet (assets, liabilities)

	Note	31/12/2017	31/12/2016
A. NON CURRENT ASSETS			
Intangible assets	3.5.2.1	2,096,448.82	1,400,949.56
Property, plant and equipment	3.5.2.2	1,904,392.50	2,117,890.00
Land and buildings		2,471.00	3,031.00
Plant and equipment		14,435.00	15,045.00
Computer hardware		1,684,697.00	1,836,004.00
Furniture and vehicles		90,816.00	91,505.00
Other fixtures and fittings		111,973.50	172,305.00
Non-current receivables	3.5.2.3	31,898.00	35,831.37
TOTAL NON-CURRENT ASSETS		4,032,739.32	3,554,670.93
B. CURRENT ASSETS			
Pre-financing	3.5.2.4	587,910.58	78,810.72
Pre-financing with consolidated entities		587,910.58	78,810.72
Exchange receivables and recoverables	3.5.2.5	65,669.19	127,727.24
Current receivables		22,000.00	0.00
Sundry receivables		25,486.38	27,483.94
Current receivables with consolidated entities		0.00	0.00
Other receivables		0.00	0.00
Accrued income with consolidated entities		18,182.81	12,996.50
Deferred charges		0.00	87,246.80
Non - exchange receivables and recoverables	3.5.2.6	371,313.72	90,481.40
Current receivables Member States		371,313.72	90,481.40
Other receivables		0.00	0.00
Cash and cash equivalents	3.5.2.7	4,562,520.14	2,440,027.30
TOTAL CURRENT ASSETS		5,587,413.63	2,737,046.66
TOTAL ASSETS		9,620,152.95	6,291,717.59
	Note	31/12/2017	31/12/2016
A. NET ASSETS			
Accumulated surplus/deficit	3.5.2.8	4,522,588.21	4,327,156.81
Economic result of the year-profit+/-loss-		2,642,377.64	195,431.40
B. NON CURRENT LIABILITIES		0.00	0.00
Pension and other employee benefits		0.00	0.00
Provisions for risks and liabilities		0.00	0.00
TOTAL NON-CURRENT LIABILITIES (A+B)		7,164,965.85	4,522,588.21
C. CURRENT LIABILITIES			
Provisions for risks and liabilities	3.5.2.9	0.00	0.00
Accounts payable	3.5.2.10	1,205,650.55	535,523.54
Current payables		66,885.12	16,979.87
Sundry payables		2,658.06	328.90
Accounts payable with consolidated EC entities		1,136,107.37	518,214.77
Prefinancing received from consolidated EC entities		1,066,587.09	518,214.77
Other accounts payable against consolidated EC entities		69,520.28	0.00
Accrued charges and deferred income	3.5.2.11	1,249,536.55	1,233,605.84
Accrued charges		1,010,418.33	1,128,812.88
Deferred income		0.00	0.00
Other passive accruals & deferrals		0.00	0.00
Deferrals and accruals with consolidated EC entities		239,118.22	104,792.96
TOTAL CURRENT LIABILITIES		2,455,187.10	1,769,129.38
TOTAL LIABILITIES		9,620,152.95	6,291,717.59

1.2 Statement of financial performance

STATEMENT OF FINANCIAL PERFORMANCE	Note	31/12/2017	31/12/2016
Subsidy received	3.5.3.1	30,915,412.91	27,177,664.23
Title 1&2		21,122,200.00	20,259,479.00
Title 3		9,609,800.00	7,136,400.00
Part of Phare Funds subsidy used in current year		137,501.42	160,000.00
Part of EUMEDRAIL pre-financing used in current year		126,633.19	0.00
To be reimbursed (Budget outturn)		-80,721.70	-378,214.77
Revenue from adjustment/provisions		0.00	0.00
NON-EXCHANGE REVENUES	3.5.3.1	30,915,412.91	27,177,664.23
Fixed Assets related income		0.00	-374.89
Exchange rate differences gains		382.12	1,263.02
Bank interest		0.00	143.33
Income from other exchange operations (3rd parties)		33,914.36	21,004.99
Income from consolidated EU entities		81,419.03	66,409.62
EXCHANGE REVENUES	3.5.3.1	115,715.51	88,446.07
TOTAL REVENUES		31,031,128.42	27,266,110.30
Operational expenses	3.5.3.3	6,767,157.88	5,688,897.03
Staff and Pension costs	3.5.3.2	17,853,576.11	17,249,577.38
Finance costs		106.13	0.00
Finance costs		24.43	0.00
Other financial expenses		81.70	0.00
Other expenses		3,767,910.66	4,132,204.49
Property, plant and equipment related expenses	3.5.3.2	2,540,476.58	2,425,899.18
Other Expenses	3.5.3.2	1,224,740.25	1,703,453.82
Exchange rate differences losses		2,693.83	2,851.49
TOTAL EXPENSES		28,388,750.78	27,070,678.90
SURPLUS (DEFICIT) FROM ORDINARY ACTIVITIES		2,642,377.64	195,431.40
ECONOMIC RESULT OF THE YEAR		2,642,377.64	195,431.40



1.3 Statement of changes in net assets

Capital	Reserves		Accumulated Surplus / Deficit	Economic result of the year	Capital (total)
	Fair value reserve	Other reserves			
Balance as of 31 December 2016	0.00	0.00	4,327,156.81	195,431.40	4,522,588.21
Changes in accounting policies	0.00	0.00	0.00	0.00	0.00
Balance as of 1 January 2017 (if restated)	0.00	0.00	4,327,156.81	195,431.40	4,522,588.21
Allocation of the Economic Result of Previous Year	0.00	0.00	195,431.40	-195,431.40	0.00
Economic result of the year	0.00	0.00	0.00	2,642,377.64	2,642,377.64
Balance as of 31 December 2017	0.00	0.00	4,522,588.21	2,642,377.64	7,164,965.85

1.4 Cash flow statement

	2017	2016
Cash Flows from ordinary activities		
Economic result of the year	2,642,377.64	195,431.40
Operating activities		
Amortization (intangible fixed assets) +	366,869.94	466,224.43
Depreciation (tangible fixed assets) +	864,814.38	666,513.11
Increase/(decrease) in Provisions for risks and liabilities	0.00	0.00
Increase/(decrease) in Value reduction for doubtful debts	0.00	0.00
(Increase)/decrease in Stock	0.00	0.00
(Increase)/decrease in Long term Pre-financing	0.00	0.00
(Increase)/decrease in Short term Pre-financing	-509,099.86	-78,810.72
(Increase)/decrease in Long term Receivables	3,933.37	-3,933.37
(Increase)/decrease in Short term Receivables	62,058.05	-94,269.67
(Increase)/decrease in Receivables related to consolidated EC entities	-280,832.32	36,966.79
Increase/(decrease) in Other Long term liabilities	0.00	0.00
Increase/(decrease) in Accounts payable	68,165.12	-3,924.26
Increase/(decrease) in Liabilities related to consolidated EC entities	617,892.60	160,867.32
(Gains)/losses on sale of Property, plant and equipment	0.00	0.00
Extraordinary items	0.00	0.00
Net cash Flow from operating activities	3,836,178.92	1,345,065.03
Cash Flows from investing activities		
Purchase of tangible and intangible fixed assets (-)	-1,714,697.08	-1,718,690.62
Proceeds from tangible and intangible fixed assets (+)	1,011.00	331.00
Net cash flow from investing activities	-1,713,686.08	-1,718,359.62
Net increase/(decrease) in cash and cash equivalents	2,122,492.84	-373,294.59
Cash and cash equivalents at the beginning of the period	2,440,027.30	2,813,321.89
Cash and cash equivalents at the end of the period	4,562,520.14	2,440,027.30

2. Implementation of the budget 2017

2.1 Budget implementation 2017

Fund Source: C1							
	Chapter	Final appropriations (1)	Committed (2)	% Committed = (2) / (1)	Balance not committed = (1) - (2)	Total Paid (3)	% Paid = (3) / (1)
11	Staff in active employment	17,844,179.54	17,844,179.54	100.00%	0.00	17,763,367.66	99.55%
13	Missions and travel	93,000.00	93,000.00	100.00%	0.00	90,136.07	96.92%
14	Socio-medical infrastructure	240,403.06	240,403.06	100.00%	0.00	154,172.43	64.13%
15	Staff exchange between the ERA and the public sector	149,000.00	149,000.00	100.00%	0.00	148,532.81	99.69%
17	Entertainment and representation exp.	2,879.85	2,879.85	100.00%	0.00	2,879.85	100.00%
	Title I	18,329,462.45	18,329,462.45	100.00%	0.00	18,159,088.82	99.07%
20	Investments in immovable property, rental of buildings and associated cost	1,387,482.25	1,387,482.25	100.00%	0.00	1,221,140.15	88.01%
21	Data processing	952,281.33	952,281.33	100.00%	0.00	512,737.49	53.84%
22	Movable property and associated costs	104,289.29	104,289.29	100.00%	0.00	57,313.72	54.96%
23	Current administrative expenditure	122,716.30	122,716.30	100.00%	0.00	112,576.22	91.74%
24	Post and telecommunications	149,156.57	149,156.57	100.00%	0.00	147,735.06	99.05%
	Title II	2,715,925.74	2,715,925.74	100.00%	0.00	2,051,502.64	75.54%
30	Operational Activities directly linked to the Reg. n°881/2004	7,772,711.31	7,772,112.41	99.99%	598.90	5,202,290.23	66.93%
31	Operational expenditures	1,913,900.50	1,913,900.50	100.00%	0.00	1,415,331.12	73.95%
	Title III	9,686,611.81	9,686,012.91	99.99%	598.90	6,617,621.35	68.32%
	Total Budget	30,732,000.00	30,731,401.10	100.00%	598.90	26,828,212.81	87.30%

2.2 Appropriations carried over 2016/2017

Fund Source: C8					
	Chapter	Amount carried over 2016/2017	Payments made	Balance not paid at the end of the year 2017	% of Balance
11	Staff in active employment	47,430.84	43,360.37	4,070.47	8.58%
13	Missions and travel	9,838.02	8,639.45	1,198.57	12.18%
14	Socio-medical infrastructure	80,114.76	71,582.30	8,532.46	10.65%
	Title I	137,383.62	123,582.12	13,801.50	10.05%
20	Investments in immovable property, rental of buildings and associated cost	175,315.12	172,276.91	3,038.21	1.73%
21	Data processing	113,538.46	112,604.49	933.97	0.82%
22	Movable property and associated costs	25,540.30	24,620.49	919.81	3.60%
23	Current administrative expenditure	23,257.75	16,360.23	6,897.52	29.66%
24	Post and telecommunications	14,972.32	9,479.35	5,492.97	36.69%
	Title II	352,623.95	335,341.47	17,282.48	4.90%
30	Operational Activities directly linked to the Regulation n°881/2004	609,201.76	570,812.50	38,389.26	6.30%
31	Operational expenditures	946,931.91	946,931.91	0.00	0.00%
	Title III	1,556,133.67	1,517,744.41	38,389.26	2.47%
	Grand total	2,046,141.24	1,976,668.00	69,473.24	3.40%

2.3 Use of appropriations 2017

Fund Source: C1						
	Chapter	Budget adopted	Transfers	Budget after transfers and amendments (1)	Committed (2)	% Committed = (2) / (1)
11	Staff in active employment	17,727,200.00	116,979.54	17,844,179.54	17,844,179.54	100.00%
13	Missions and travel	140,000.00	-47,000.00	93,000.00	93,000.00	100.00%
14	Socio-medical infrastructure	340,000.00	-99,596.94	240,403.06	240,403.06	100.00%
15	Staff exchange between the ERA and the public sector	160,000.00	-11,000.00	149,000.00	149,000.00	100.00%
17	Entertainment and representation expenses	5,000.00	-2,120.15	2,879.85	2,879.85	100.00%
	Title I	18,372,200.00	-42,737.55	18,329,462.45	18,329,462.45	100.00%
20	Investments in immovable property, rental of buildings and associated cost	1,350,000.00	37,482.25	1,387,482.25	1,387,482.25	100.00%
21	Data processing	700,000.00	252,281.33	952,281.33	952,281.33	100.00%
22	Movable property and associated costs	295,000.00	-190,710.71	104,289.29	104,289.29	100.00%
23	Current administrative expenditure	220,000.00	-97,283.70	122,716.30	122,716.30	100.00%
24	Post and telecommunications	185,000.00	-35,843.43	149,156.57	149,156.57	100.00%
	Title II	2,750,000.00	-34,074.26	2,715,925.74	2,715,925.74	100.00%
30	Operational Activities directly linked to the Regulation n°881/2004	7,530,000.00	242,711.31	7,772,711.31	7,772,112.41	99.99%
31	Operational expenditures	2,079,800.00	-165,899.50	1,913,900.50	1,913,900.50	100.00%
	Title III	9,609,800.00	76,811.81	9,686,611.81	9,686,012.91	99.99%
	Total Budget	30,732,000.00	0.00	30,732,000.00	30,731,401.10	100.00%

2.4 Appropriations carried over 2017/2018

	Chapter	Amount carried over 2017/2018	% Amount carried over 2017/2018
11	Staff in active employment	80,811.88	0.45%
13	Missions and travel	2,863.93	3.08%
14	Socio-medical infrastructure	86,230.63	35.87%
15	Seconded national experts	467.19	0.31%
	Title I	170,373.63	0.93%
20	Investments in immovable property, rental of buildings and associated cost	166,342.10	11.99%
21	Data processing	439,543.84	46.16%
22	Movable property and associated costs	46,975.57	45.04%
23	Current administrative expenditure	10,140.08	8.26%
24	Post and telecommunications	1,421.51	0.95%
	Title II	664,423.10	24.46%
30	Operational Activities directly linked to the Regulation n°881/2004	2,569,822.18	33.06%
31	Operational expenditures	498,569.38	26.05%
	Title III	3,068,391.56	31.68%
	Total Budget	3,903,188.29	12.70%

To the total amount of € 3 903 188,29 of carried-over C1 credits, € 25 032,68 of committed but unused C4-credits, € 12 258,28 committed but unused C5-credits and € 117 635,65 of committed but unused R0-credits have to be added bringing the total appropriations to be carried to € 4 058 114,90.

2.5 Budget outturn

	2017	2016
Revenue		
Commission subsidy DG MOVE	30,732,000.00	27,395,879.00
Phare funds from Commission	1,110,000.00	300,000.00
Fee income	0.00	0.00
Other revenue	88,147.08	88,711.65
Total revenue (a)	31,930,147.08	27,784,590.65
Expenditure		
Personnel expenses – Budget Title I		
Payments	18,221,209.52	17,604,620.27
Automatic carry-overs	206,057.15	158,955.12
Administrative expenses – Budget Title II		
Payments	2,051,502.64	2,260,959.05
Automatic carry-overs	676,337.46	353,508.14
Operational expenses – Budget Title III		
Payments	6,870,624.24	5,616,249.89
Automatic carry-overs	4,066,027.21	1,708,849.29
Total expenditure (b)	32,091,758.22	27,703,141.76
Outturn for the financial year (a-b)	-161,611.14	81,448.89
Cancellation of unused carry-overs	64,812.54	111,020.96
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	179,832.01	187,333.39
Exchange differences for the year	-2,311.71	-1,588.47
Balance carried over from year N-1	378,214.77	357,347.45
Positive balance from year N-1 reimbursed in year N to the Commission	-378,214.77	-357,347.45
Balance of the outturn account for the financial year	80,721.70	378,214.77

2.6 Economic outturn

	2017	2016
Economic result (+ for surplus and - for deficit) of the consolidation reporting package	2,642,377.64	195,431.40
Adjustment for accrual items (items not in the budgetary result but included in the economic result)		
Adjustments for Accrual Cut-off (reversal 31.12.N-1)	-1,233,605.84	-1,071,943.27
Adjustments for Accrual Cut-off (cut- off 31.12.N)	1,308,815.09	1,233,605.84
Amount from liaison account with Commission booked in the economic revenue	0.00	0.00
Unpaid invoices at year end but booked in charges (class 6)	74,312.36	15,584.54
Depreciation of intangible and tangible assets (1)	1,231,866.30	1,132,693.66
Provisions (1)	0.00	0.00
Value reductions (1)	0.00	0.00
Recovery Orders issued in 2017 in class 7 and not yet cashed	-40,182.81	-12,996.50
Prefinancing given in previous year and cleared in the year	0.00	0.00
Prefinancing received in previous year and cleared in the year	0.00	0.00
Payments made from carry over of payment appropriations	1,976,668.00	2,343,982.92
Other *)	-437,575.90	-205,267.16
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)		
Asset acquisitions (less unpaid amounts)	-1,677,759.46	-1,861,852.23
New pre-financing paid in the year 2017 and remaining open as at 31.12.2017	0.00	0.00
New pre-financing received in the year 2017 and remaining open as at 31.12.2017	926,587.09	518,214.77
Budgetary recovery orders issued before 2017 and cashed in the year	12,996.50	13,719.00
Budgetary recovery orders issued in 2017 on balance sheet accounts (not 7 or 6 accounts) and cashed	0.00	0.00
Capital payments on financial leasing (they are budgetary payments but not in the economic result)	0.00	0.00
Payment appropriations carried over to 2018	-4,948,421.82	-2,221,312.55
Cancellation of unused carried over payment appropriations from previous year	64,812.54	111,020.96
Adjustment for carry-over from the previous year of appropriations available at 31.12 arising from assigned revenue	179,832.01	187,333.39
Payments for pensions (they are budgetary payments but booked against provisions)	0.00	0.00
Payments for stocks of leave and supplementary hours (they are budgetary payments but booked against provisions)	0.00	0.00
Other **)	0.00	0.00
Budget outturn for the year	80,721.70	378,214.77

2.7 Negotiated procedures

Contracts ≤ € 15 000 Contracts ≥ € 60 000

- Count: 8
- Total Amount: 295.200€

2.8 Summary of procedures

(Excluding real estate contracts and contracts ≤ €15 000)

Type of contract	Count
Supply	1
Services	20
Works	0
TOTAL	21

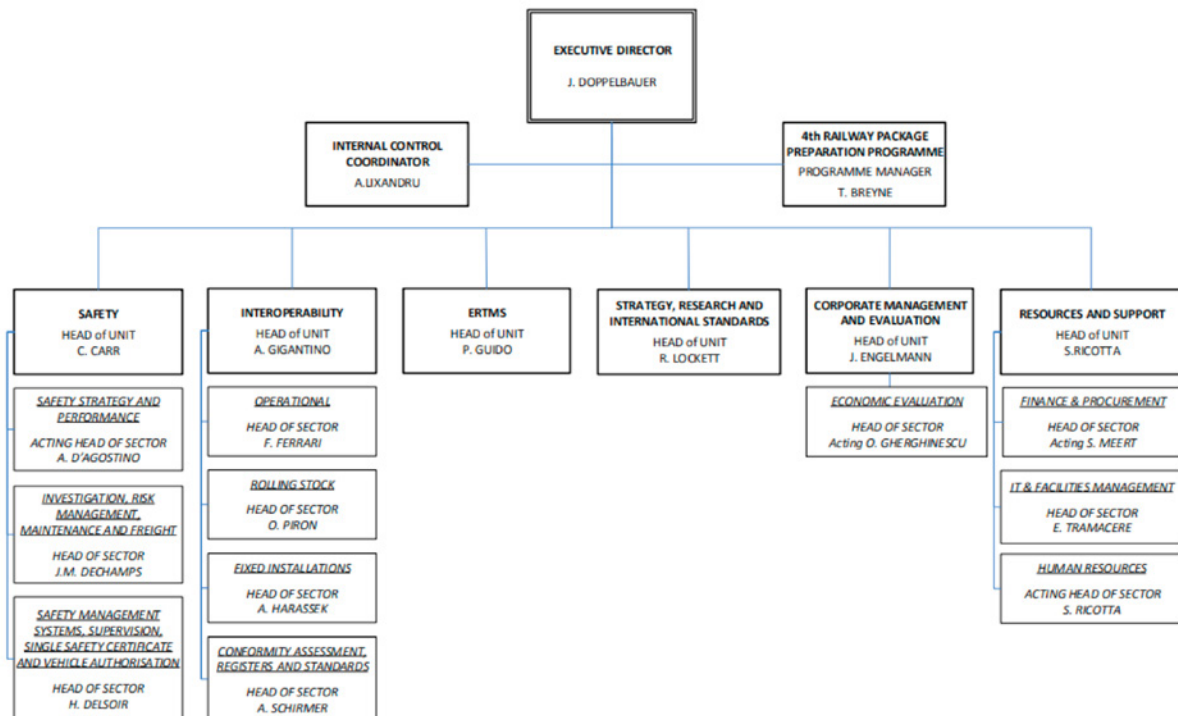
Procedures	Count	Amount (€)
Open	6	1 815 000€
Restricted	0	
Negotiated	13	642 000€
Negotiated Competing	0	
Other - Reopening of competition	2	300 000€
TOTAL	21	

2.9 Real estate contracts

Number	Contractor(s)		Type of Contract	Description	2017 rental fee (VAT excluded)	Legal Base
	Name	Address				
N/A	Communauté d'agglomération de Valenciennes Métropole	Hôpital du Hainaut, 2 Place de l'Hôpital Général BP 60227 59305 Valenciennes Cedex FRANCE	Building lease contract	Lease contract of ERA's headquarters 120 rue Lefrancq 59300 Valenciennes FRANCE	€427.266	IR – Art 126(h)

Number	Contractor(s)		Type of Contract	Description	2017 rental fee (VAT excluded)	Legal Base
	Name	Address				
N/A	Chambre de Commerce et d'Industrie de région Nord de France	229 Bd de Leeds, CS 90028, 59031 Lille Cedex FRANCE	Building lease contract	Lease contract of ERA's meeting facilities 229, Bd de Leeds CS 90028, 59031 Lille Cedex FRANCE	€108.585	IR – Art 126(h)

Annex III – Organisational chart 2017



Annex IV – Establishment plan and additional information on Human Resources management

a. Establishment plan 2017-2018

Function group and grade	2017		2018	
	Authorised under the EU Budget		Authorised under the EU Budget	
	Permanent posts	Permanent posts	Permanent posts	Temporary posts
AD 16				
AD 15				
AD 14		1		1
AD 13				
AD 12		1		2
AD 11		5		6
AD 10		18		18
AD 9		33		32
AD 8		21		22
AD 7		14		15
AD 6		10		15
AD 5				
AD TOTAL		103		111
AST 11				
AST 10				
AST 9		3		3
AST 8		5		5
AST 7		4		4
AST 6		3		3
AST 5		8		8
AST 4		9		9
AST 3		3		4
AST 2		1		1
AST 1				
AST TOTAL		36		37
AST/SC 6				
AST/SC 5				
AST/SC 4				
AST/SC 3				
AST/SC 2				
AST/SC 1				
AST/SC TOTAL				
TOTAL		135		148

b. Result of the Agency's job screening exercise

Job Type and Category	2016 (%)	2017 (%)
Administrative support and coordination	18,18	18,41
Administrative support	15,31	14,31
Coordination	2,86	4,41
Operational	70,16	69,69
Top level Operational Coordination	5,21	3,74
Programme Management & Implementation	54,06	54,10
Evaluation & impact assessment	7,24	6,26
General operational	3,65	5,59
Neutral	11,67	11,90
Finance/control	11,67	11,90
Linguistics	0,00	0,00



Annex V – Human and financial resources per activity

The following table shows the planned resources and the adopted budget for the 2017 Single Programming Document:

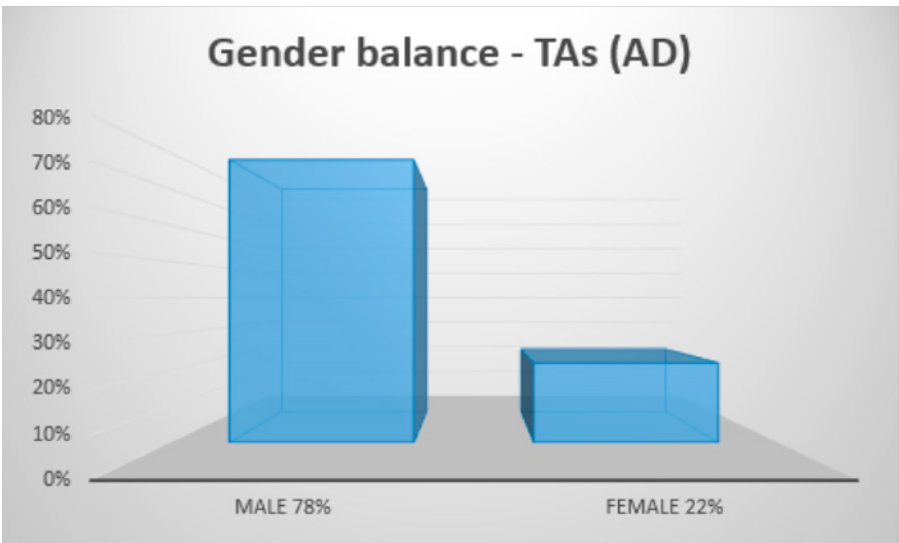
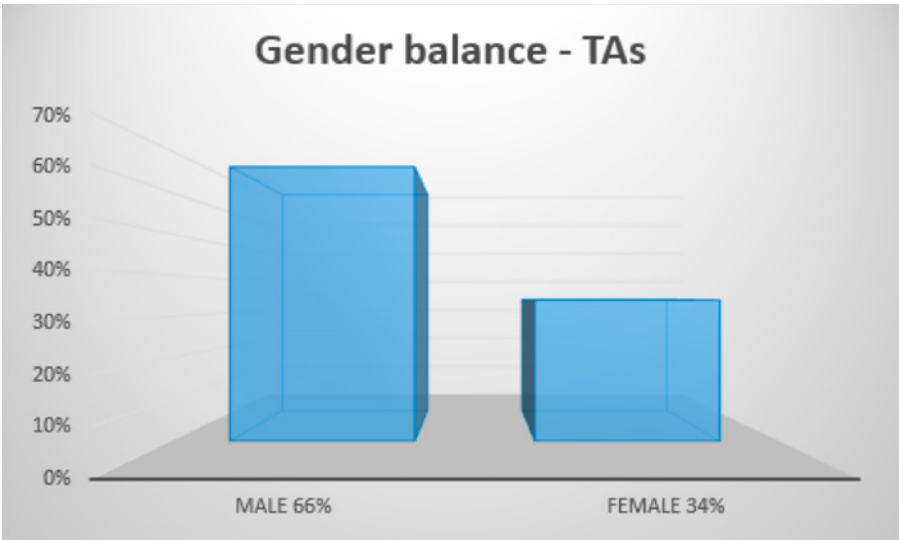
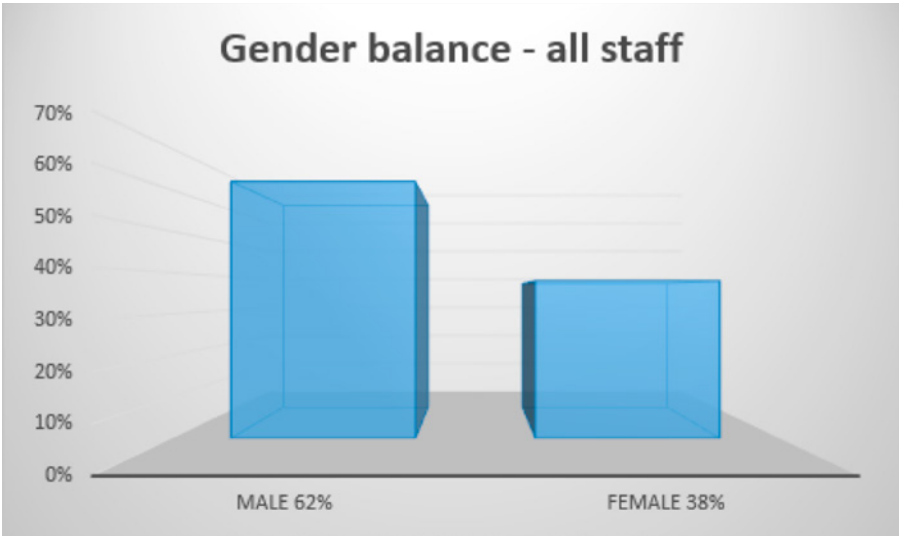
Activity	Unit Staff	DIRECT COSTS	INDIRECT COSTS		TOTAL BUDGET 2017 PER ACTIVITIES
		CHAPTER 30	CHAPTER 31	TITLE 1 & TITLE 2	
	FTE	ACTIVITIES			
Harmonized Safety Framework	45.00	1 800 000	505 897	5 137 832	7 443 730
Removing Technical Barriers	46.50	730 000	522 761	5 309 094	6 561 854
Single EU Train Control and Communication System	26.10	700 000	293 420	2 979 943	3 973 363
Simplified Access for Customers	14.90	2 250 000	167 508	1 701 193	4 118 702
Evaluation, Management and Resources	52.50	2 050 000	590 214	5 994 138	8 634 351
Grand Total	185.00	7 530 000	2 079 800	21 122 200	30 732 000
			2 079 800	21 122 200	

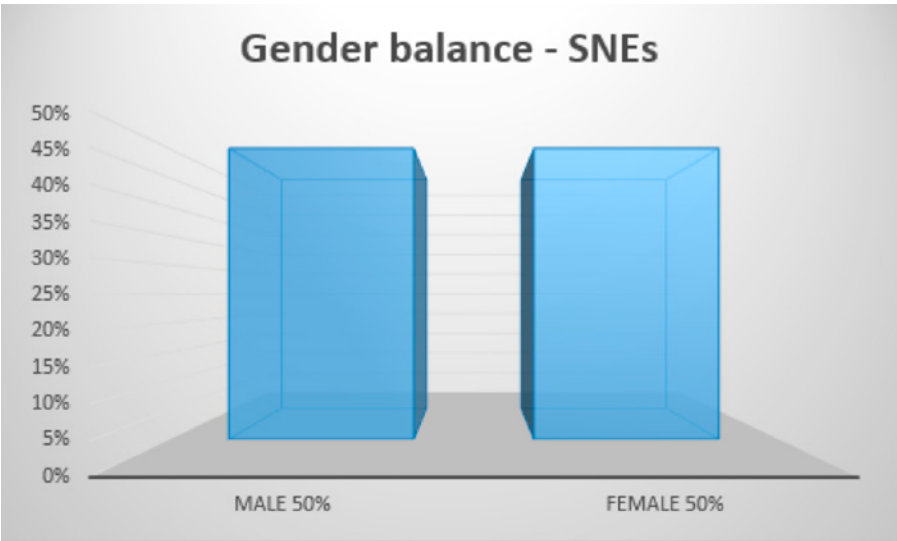
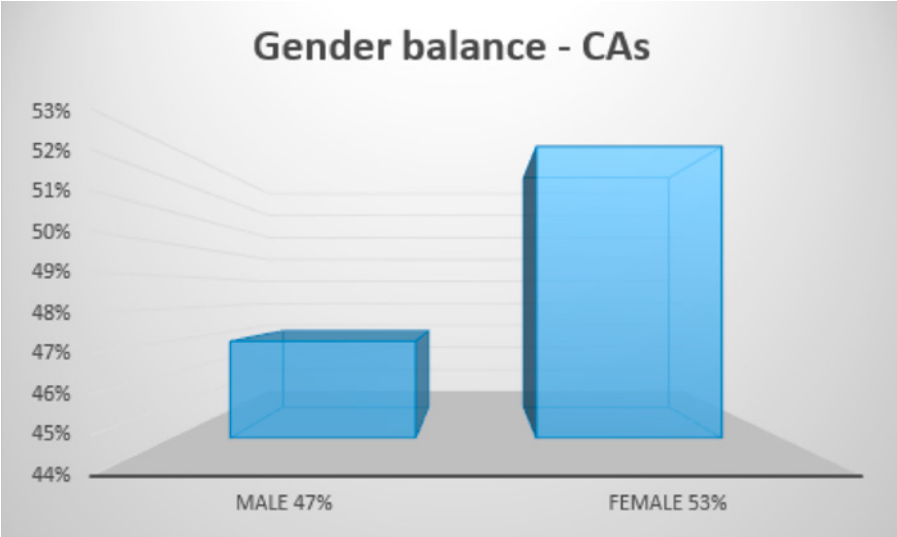
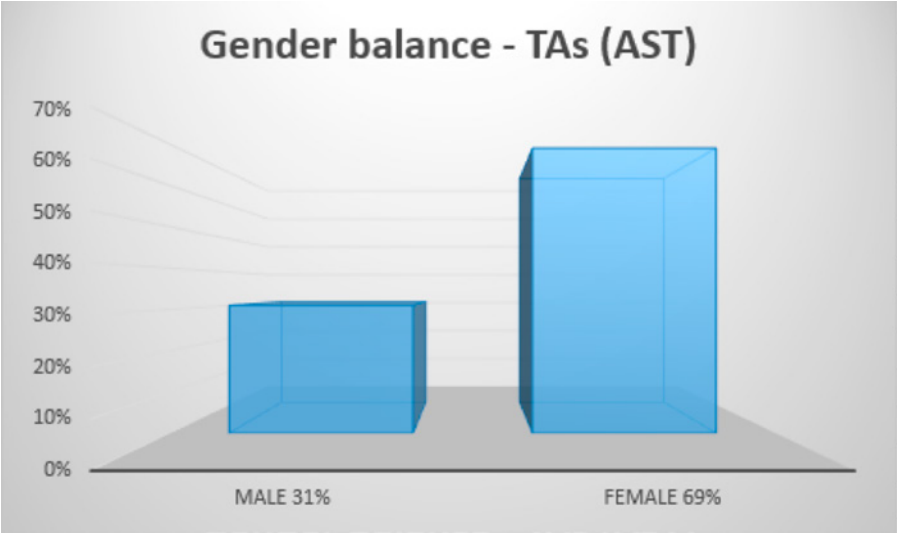
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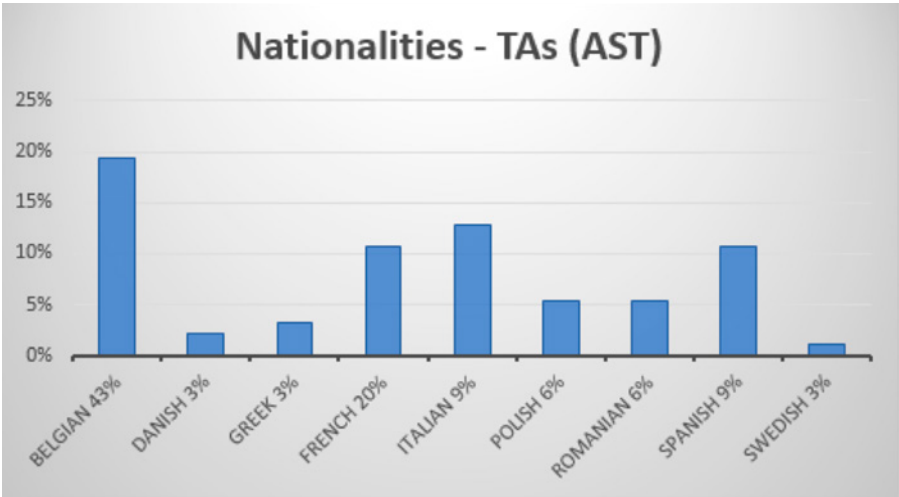
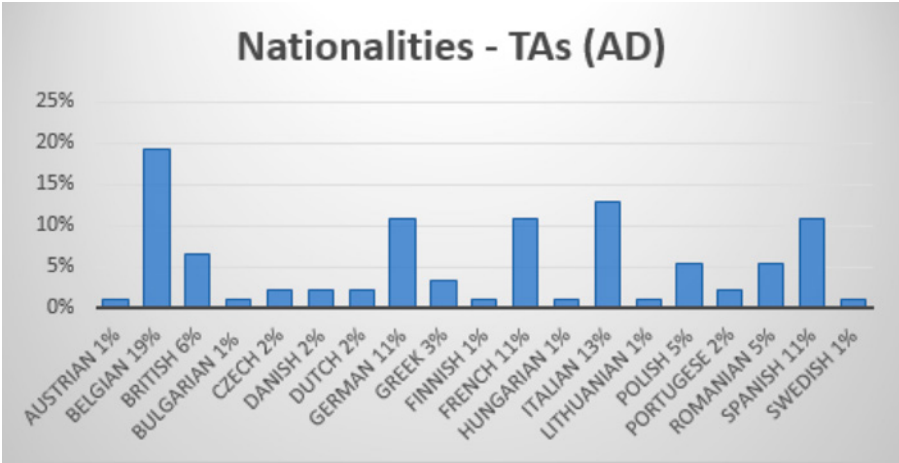
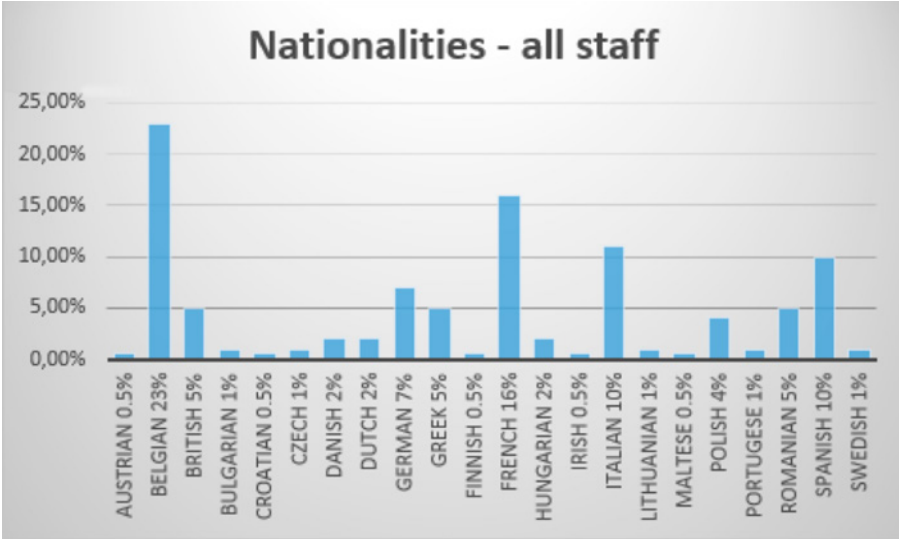
Activity	Unit Staff	DIRECT COSTS	INDIRECT COSTS		TOTAL BUDGET 2017 PER ACTIVITIES
		CHAPTER 30	CHAPTER 31	TITLE 1 & TITLE 2	
	FTE	ACTIVITIES			
Harmonized Safety Framework	41.00	2 030 905	478 475	5 261 347	7 770 727
Removing Technical Barriers	44.00	404 467	513 486	5 646 324	6 564 276
Single EU Train Control and Communication System	24.00	632 287	280 083	3 079 813	3 992 183
Simplified Access for Customers	11.00	2 882 304	128 371	1 411 581	4 422 256
Evaluation, Management and Resources	44.00	1 822 150	513 486	5 646 324	7 981 959
Grand Total	164.00	7 772 112	1 913 901	21 045 388	30 731 401

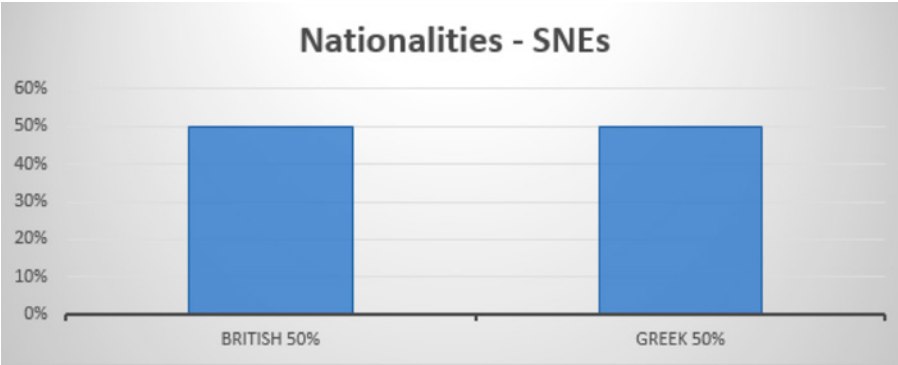
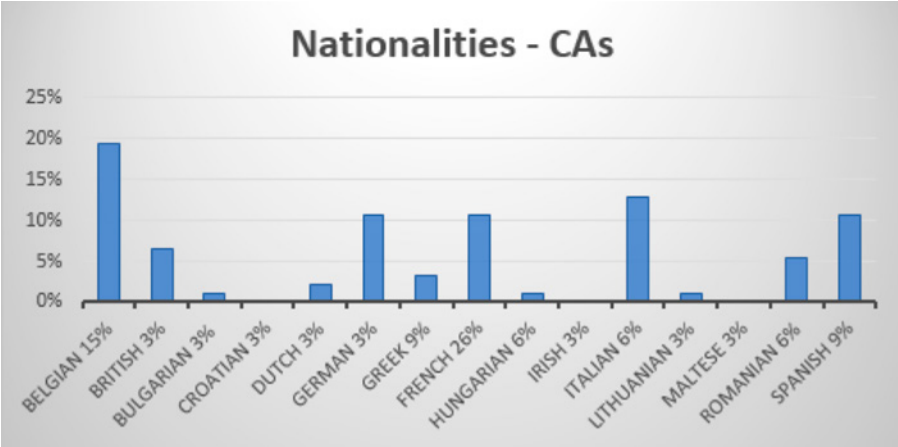
The gap between the planned FTE number (185) and the staff employed at the end of 2017 (164) resulted from the open vacancies due to natural fluctuation and vacancies which could not be filled in 2017.

Annex VI – Staff composition in 2017









Annex VII – Data Protection

The 2017 has been a challenging year for Data Protection at the Agency.

One year away from the applicability of the new European Regulation on personal data protection, the Agency's commitment has focused on two fronts: continue with the implementation of the actions identified necessary to attain the set targets for reaching personal data protection compliance under the current legal framework and work on the alignment with the revised Regulation.

The Data Protection Officer, the Data Controllers and the Data Protection Coordinators, as well as other staff were actively involved and contributed to progress made towards data protection compliance.

EDPS General Monitoring Exercise

In March the Agency was called by the European Data Protection Supervisor to perform the biannual *General Monitoring* exercise, through which the EDPS monitors the general state of compliance with Regulation (EC) No 45/2001 by the EU Institutions and bodies. The exercise consists of a survey on various compliance aspects ranging from the notification in the DPO register/inventory to transfers outside the EU and collection of data for identification purposes. Furthermore, this year's exercise revolved around questions with the aim of assessing the ease of transition to the new legal framework according to the current status of compliance.

The outcome has confirmed a performance above the average by the Agency, with rates even higher than those achieved in the same exercise done in 2015.

Notification of processing operations

Throughout the year, the Agency kept on updating both the Inventory and Register of processing operations.

The Agency's Inventory includes both entries which correspond to notified processing operations as well as planned processing or already implemented, but not yet notified to the DPO. The inventory is compliant with the requirements recommended by the EDPS and includes the name of the processing operation, brief description of the processing operation as well as purposes, whether it is an Article 25 notification or Article 27 notification and name of the Controller "in practice".

Similar to the Inventory, the Agency's DPO Register is a database which contains all notifications submitted to the DPO in line with the requirements set by Art. 26 of Regulation (EC) No 45/2001.

This year, the Agency has notified to the EDPS one (1) true prior-check notification on the assessment of the results achieved by the Executive Director.

Four (4) Article 25 Regulation (EC) 45/2001 notifications were notified to the DPO register.

The Register comprises seventy-three (73) notifications of which eighteen (18) correspond to prior-check processing operations.

From the information contained in the DPO Register, compared with those included in the Inventory, it can be concluded that the majority of the processing operations have been notified to the DPO and EDPS in line with the above-mentioned Regulation.

Additional actions deemed necessary by the EDPS with regard to the processing operations notified under Article 27 of Regulation (EC) No 45/2001 in previous years have been fully implemented.

The correspondence between Inventory entries and notifications in the Register has slightly increased compared to 2016. The objective is to close the gap between the Inventory and Register in order to allow an easier migration to the new system of Records of processing operations foreseen by the proposal for the new regulation on data protection.

Preparation for the revised Regulation on Personal Data Protection

The upcoming General Data Protection Regulation, together with the equivalent rules applying to EU Institutions and bodies represent a milestone for personal data protection in the European Union.

Early this year the Agency has undertaken a process of gradual approach to the new legal framework scheduled for spring 2018.

The DPO has started to gather information on the new requirements and procedure through the DPO network, a valuable tool for collaboration with colleagues from other institutions.

The Data Protection Coordinators of all units have been specifically informed from time to time about the planned changes and the needed interventions to facilitate the transition.

Detailed information has been added to the dedicated intranet space on data protection at the Agency, available for consultation by all staff.

Furthermore, the Heads of Unit have been duly informed about the increased responsibilities towards the EU citizens and Agency's stakeholders, arising from a more rigid legal framework and based on the assessment of the risks.

Finally, all the activities and actions undertaken during the year led to the formalization of an action plan with the interventions deemed necessary to fully comply with the current rules and to approach the transition to the new legal framework. The action plan has been submitted to the Management's attention and approval.

During the year, the EDPS has submitted to EU Institutions and bodies draft guidelines regarding cloud computing, Accountability, Privacy Impact Assessment, Transparency and the DPO's role. The Agency gave its contributions on the consultations undertaken by the Supervisor regarding its new guidelines, some of which have been implemented by the end of the year.

Awareness and information activities

Info-sessions regarding the news on the applicable legislation has been organized for all staff members as well as for the management. The seminar, organized by the DPO, was an opportunity to also renew recommendations on good practices and the importance of developing a data protection culture in personal and professional life.

The dedicated intranet page with full information on data protection has been further updated with the available awareness material including training presentations given at the Agency.

Data Protection Day

Since 2006 the 28th of January is globally celebrated as the Data Protection Day, with the aim to increase awareness about the fundamental right of privacy and to the protection of personal data.

The Agency has joined for several years the celebration of this anniversary and also in 2017 has marked this day through the organization of different activities. A Data Protection Game was made available to test the global knowledge on data protection. Furthermore, a Data Protection Training Podcast was added on the basis of the training seminar which was previously given by the European Institute of Public Administration in the Agency's premises. Moreover, staff members were recommended to attend the web streaming of the lunch-time conference held by the EDPS on the topic of the impact of the Internet of Things.

Overview

The main objectives set up for 2017 have been mainly achieved.

The Agency can look forward to 2018 and the challenges ahead in particular, the transition to the new Data Protection Legal Framework. The cooperation and commitment of all the actors concerned will be required to address such challenges.

Annex VIII – Reflections on the role of the Executive Board

EB meeting 5, 08-06-2017

Reflections on the role of the Executive Board

ERA Executive Board – the future

This document is based on initial discussions between Mats Andersson, Clio Liégeois and Hinne Groot. Consultations have been made with the European Commission and the Agency Executive director. Further discussions at the Executive board meeting in April have resulted in this version. Changes are in relation to the version presented at the Executive board.

The problem

The Executive board (EB) meetings, and previously the Sub Committee (SC), have played an important role in the governance of the European Union Agency for Railways (ERA). Over the years, the SC and recently the EB have contributed in positive ways to strengthening the cooperation between the board and the Agency. Following the Administrative board reflection group created in 2011, proposals for enhanced governance of the Agency were presented in 2012 and have since been incorporated into the work of the SC and EB. Still, there are some remaining issues, addressed below, that prevent the EB in contributing to an optimal governance of the Agency. The EB has to some extent become a rehearsal act for the Management (former Administrative) board (MB) meetings. This has negatively affected the perspective and value of the meetings, the Agency's staff, the board members and finally the possibility to manage the meetings efficiently. By following the draft agenda of the MB, the EB tries to go through the MB agenda in less time. The result is:

(a) a limited discussion, but often a proof-reading exercise that has little value for all parties. The Agency has limited time to adjust any documents at this late stage, resulting in MB members, which are not members of the EB, ending up with late version changes and less possibilities to read, analyse and form positions on the content.

(b) the strategic contribution of the EB is low under this regime. The impact on MB is that most needed decision documents are approved in time, but that discussion in MB on the content remains limited also due to EB "proof reading" in advance. We have tried to introduce changes to the MB agenda by dividing it into three parts; decisions, strategy and information. This has made some improvements to the MB meetings, but the underlying support from the EB to this structure has not been changed accordingly.

(c) the EB discuss some topics at the last stage of their development (c.f. SPD and draft Statement of Estimates) without the possibility to contribute at an earlier stage from a strategic point of view.

The EB main tasks

According to Article 53 of the ERA Regulation, the EB has an assisting role to the MB in terms of preparing decisions and to follow up MB decisions. Furthermore, the EB shall follow up audit recommendations as well as assist the Executive director (ED) in the implementation of decisions by the MB with focus on supervision of administrative and budgetary matters.

The size of the MB makes it difficult to have thorough and in-depth discussions in order to provide strategic guidance to the Agency. The EB has a larger potential to contribute in this respect.

Even if the EB has no power to take decisions itself (except on grounds of urgency), and is rather an instrument following the direction of the MB, it is a means for a more efficient governance structure of the Agency. The EB should improve the decision making of the MB and enhance the governing of the Agency.

Finally, the MB's tasks have changed with the new Agency regulation in the sense that not only administrative decisions are taken but also policy decisions regarding implementation

of the 4th railway package (RP). In addition the Executive director has become accountable to the MB for all his duties (art 54.) This policy development function and control / monitor function must be further developed by the MB and the EB should support the MB in this task.

The vision

We would like to see the EB enhancing its strategic and forward-looking role with a clear ambition to assist the Agency in fulfilling its tasks including getting MB decisions taken on time with the right content and to ensure successful implementation of the 4th RP. This should be done through an efficient drafting, implementation and follow-up of the Single Programming Document (SPD) and ensuring the Agency is operating and allocating resources in accordance within the legal and financial framework of the EU. At the same time, the EB must continue to monitor and follow up how administrative and budgetary matters are implemented in the Agency. Hence, there is a balance between the past, present and future, covering both strategy and compliance, to be handled in the continued work of the EB.

In order to work towards the vision and fulfilling the main tasks, there are a number of tools to be used. These will be elaborated upon below in sections 4-8.

The Single Programming Document – SPD

A key document for the Agency and the MB is the SPD. The SPD is the basis for the work done at ERA and resources provided, and should be seen as a starting point for all governance activities. The MB has to endorse the version of the SPD to be sent to the COM, EP and Council by 31st January and decide on the SPD by 30 November each year according to Article 52 of the ERA Regulation.

The SPD is part of a rolling process, which covers a three-year span. In 2017, there is a preparatory work done for the SPD 2018, the implementation of the SPD 2017 and the follow-up of the SPD 2016 through the Consolidated Annual Activity Report. The SPD has a multi-annual and annual perspective, covering both operational and strategic issues. It also contains the Statement of Estimates, which is the foundation for the budget and available human resources. Furthermore, the Commission (and MS) has the right to ask the Agency to perform other tasks which are not included in the SPD. According to Article 43(2) of the ERA Regulation, it is very important that the MB be given the right to decide on the nature and the extent of these requests.

The EB is currently playing a vital part in the preparation of the SPD, but there is potential for a more structured work in the SPD process to support the MB in its decisions, as well as to use the SPD as a real tool to follow up the Agency's work. This following-up task is so far underdeveloped.

Therefore, the EB could also play a role:

- in the SPD's preparatory works to contribute to the preparation of a mature draft to be sent to COM, EP and Council by 31st of January together with the Statement of Estimates,
- on the follow-up of the SPD,
- on the request of modification of the SPD due to its implication on its follow-up.

Strategic calendar

As a complement to the SPD, we propose an introduction of a strategic calendar for the EB. This would be an overview of areas and issues of strategic importance with substantial impact on the resources of the Agency, which the EB should pay particular attention to in its support to the MB. The content of this calendar is for the MB to discuss and could be decided upon on an annual basis. This would improve the link between the MB and the EB and help both levels in fulfilling their duties as well as providing early guidance for the Agency.

In the scope of the transition towards implementation of the 4th RP, the EB shall focus on issues that, from a financial and administrative perspective, may have an important impact on the full implementation of the 4th RP.

An important aspect of the strategic calendar is also to agree on the output of the work done by the EB. There has to be a clear output, c.f. proposal or position, for the MB to endorse. Hence, the feedback from the EB to the MB is to be secured. Special attention should also be given to avoid including strategic issues that are already handled through other fora, c.f. RISC.

Rapporteurs for focus areas

Normally, there are few activities between EB meetings and this is an area where the EB functioning can improve. The Chairperson and Deputy-Chairpersons of the EB and MB meet with the Agency management team at a regular basis, but there are probably issues where EB members can be given a specific role in monitoring the development over time and act as *rapporteurs* to the EB and MB. The preparations of key issues could be done from an early, strategic phase and be monitored by a rapporteur to a point when the issue is ready for decision. When issues have been followed by a rapporteur, there could be a point in continuing the follow-up of the implementation of the decisions taken by the MB with the same person. The reporting format is something to be further elaborated upon and discussed within the EB and MB.

Starting from the SPD, there is potential for assigning focus areas for the EB. This can then be defined in a clearer mandate from the MB. The Strategic calendar and matters dealing with the compliance to the financial and legal framework could be other potential areas to focus on.

As EB members also have duties to fulfil in their MS, this function should be introduced at a small scale and on a voluntary basis in order to assess its benefits, before extended.

Agenda

The EB agenda is usually set in accordance with the following MB meeting in order to review the status of the underlying documents and decisions. As said above, this has a tendency of becoming a proof reading exercise as well as trying to provide substantial feedback on the content. It also becomes a very rushed exercise as the same amount of documents handled in a 6-7 hour MB meeting is pushed into a much shorter time limit (normally 3-4 hours). In order to provide for discussions of future issues as well as ensuring a good preparation of the upcoming MB meeting, this is not sufficient. We have had discussions in the predecessor to the EB, the SC, on whether this replication of the MB is necessary. The views have been diverging and we have not found a good way forward in pin pointing the issues to be addressed at the SC. The current agenda structure is not allowing for proper discussions at the EB. Below is a suggestion for an agenda template to discuss further.

EB Draft agenda template:

Opening

Adopting draft agenda

Strategic outlook

Strategic calendar

Discussions

Follow-up

Report from ED

Reports from EB Rapporteurs

Discussions

Decision preparations

Specific focus on MB decision matters in the Strategic calendar and SPD

Discussions

MB Agenda planning (future MB meetings)

MB Agenda urgencies (next MB meeting)

Closing

Action list

EB meeting agenda

Adoption of previous minutes

A direction for the future would also be to have less formal documents for the EB, saving the formal documents with explanatory notes and decision formats for the MB. That would steer the focus of the EB away from too much details, but towards principles.

In addition, it should be discussed how to properly allocate time for each topic in order to allow for an in-depth discussion. Appropriate time to review the documents for the EB and MB members must also be given in order to have a proper discussion.

Once the core principles for the EB role have been decided, the final design of the EB agenda could be decided by the EB chair in agreement with the Executive Director. A further suggestion is to strive towards having preliminary draft agendas over the coming calendar year available for the EB and MB members at an early stage. This is in line with the current planning of the MB decisions, which has been drafted by the Agency and presented to the MB, and would complement this approach.

Meeting dates

EB meetings are normally scheduled 2-3 weeks prior to the MB. This is laid down in the Rules of Procedure for the Executive board (decision 135 by MB, 23rd June, 2016). The possibility for the EB to provide feedback and for the Agency to make changes in the documents, which are to be presented to the MB, is very limited. This has over the years resulted in a number of late submissions of documents to the MB or complementary notes to already existing explanatory notes, which at times have been confusing for MB members. A review of the meeting calendar is warranted and for the EB Chair to decide in agreement with the Executive Director. Some thoughts on the schedule are given below.

MB – Standard calendar of meetings in January, June and November. For 2017 (and possibly 2018), September is added to deal with 4th RP decisions.

EB – End February, End April (MB June/Sep), Mid July (MB Sep/Nov), Early October (MB Nov/Jan), Mid December (MB Jan/Jun).

Chair/management team meetings – MB Chair and Deputy-Chairs of MB and EB. Early warning of topics to be addressed at the coming EB's. Monthly and aligned with EB meetings.

MB Workshops – complementary and on demand to strengthen MB decisions. Preferably allocated around MB meetings to avoid extra travel costs.

Risks to be managed and avoided

By engaging the EB closer with the Agency, there is an underlying risk of micromanagement, which should be avoided. The rapporteur function should be clear in having a strategic perspective and done for the good of the MB. If this can be managed well, there should be an added value of the work and no extra burden on the Agency.

Another possible risk that should be managed is the role that EB members should play in this reformed version of the EB. As there are a limited number of seats in the EB, it is important to point at that EB members should not act in the interest of their own MS, but on behalf of all MS on the MB and provide assistance and advise to the Executive Director in the best interest of the Agency. This should be made very clear towards potential EB candidates, and could also be worth mentioning in the mandate given by the MB (see point 10 below).

As issues related to the Agency are also discussed in other fora, c.f. RISC and NSA Network, attention must be paid to avoid the EB to duplicate those discussions.

By being active and working close with the Agency in trust, we can rather avoid surprises. This is even more important at these times when there is a high level of change going on. The MB has been given some very important decision-making tasks that require a lot of negotiations and considerations. Being late or not involved in this work is likely to lead to unpleasant surprises.

Changing the EB Rules of Procedure (RoP)

There is nothing in the present EB RoP that prevents an implementation of the thoughts in this note. Convening of meetings is currently indicated as at least once every three months and no less than two weeks prior to a MB meeting. Hence, meeting more often and earlier is within this scope.

Working towards an enhanced strategic focus could however benefit from a stronger mandate from the MB. This would then have to be introduced in the MB Rules of Procedure, art. 11. The current mandate only deals with provisional decision making. If the MB would like the EB to take a more strategic perspective when preparing the decisions of the MB, there is a possibility to add this to the mandate. This could focus on some principal ideas on what to focus on and how to report back to the MB.

Summary:

- We would like to give the EB an enhanced strategic role
- In order to support the MB in its decision-making and follow-up, we would like the EB to get involved at an early stage to discuss strategic directions of ERA activities and ensure compliance with legal and financial regulations
- In order to deal with this change in perspective, the EB would need a different working method with rapporteurs for focus areas and benefit from a strategic calendar
- The enhanced strategic role could be expressed in form of a more elaborated mandate from the MB together with a list of priorities and actions for the EB to follow
- Our key priority is to ensure that ERA is an well-functioning Agency, both internally and externally, and create reasonable assurance of progress in line with SPD objectives

Glossary

ABAC	The web-based accounting system developed for the Directorate-General for the Budget
AIM	Agency Information Management
ANTT	Agência Nacional de Transportes Terrestres (Brazil)
AOD	Delegated Authorising Officers
APS	Authorisation for placing in service
AWP	Annual Work Programme
CAAR	Consolidated Annual Activity Report
CAF	Common Assessment Framework
CCRCC	Control Command and Railway Communication Conference
CCS	Control-Command and Signalling subsystem
CIT	International Rail Transport Committee
COTIF	Convention Relative aux Transports Internationaux Ferroviaires
CR TSI	Conventional Rail, Technical Specification for Interoperability
CSIs	Common Safety Indicators
CSMs	Common Safety Methods
CSTs	Common Safety Targets
DMI	Driver Machine Interface
DNV	Det Norske Veritas
DREAM	Database for Railway Economic Analysis Management
EC	European Commission
ECM	Entity in charge of maintenance
ECVVR	European Centralised Virtual Vehicle Register
EMC	Electromagnetic compatibility
ENE	Energy subsystem
ERA	European Union Agency for Railways
ERADIS	ERA Database on Interoperability and Safety
ERATV	European Register of Authorised Types of Vehicles
ERTMS	European Rail Traffic Management System
ESO	European Standardisation Organisation
ETCR	European Training Centre for Railways
ETCS	European Train Control System
EU	European Union
EUMedRail	EuroMed Transport rail Project
Eurostat	The statistical office of the European Union
FFG	Freight Focus Group
FGAB	Framework of Good Administrative Behaviour
GSM-R	Global System for Mobile Communications (Railway)
HR	Human Resources
ICS	Internal Control Standards
IM	Infrastructure manager
IMS	Integrated Management System
INEA	Innovation and Networks Executive Agency

INF	Infrastructure subsystem
IOD	Interoperability Directive
IT	Information Technology
JPCR	Joint Programming Committee Rail (for EN Standards)
LOC	Locomotives and traction units
MoU	Memorandum of understanding
MS(s)	Member State(s)
NIB	National Investigation Body
NNTR	Notified National Technical Rule
NB(s)	Notified Body(ies)
NB(-)Rail	Coordination group of Notified Bodies (Rail)
NLF	National legislative framework
NoBo(s)	Notified body(ies)
NOI	Noise (TSI)
NRD	National Reference Document
NRV(s)	National Reference Value(s)
NSA(s)	National Safety Authority(ies)
NTR(s)	National technical rule(s)
NVR	National Vehicle Register
OPE	Traffic operation and management subsystem
OSJD	Organisation for Cooperation of Railways
OTIF	Organisation for International Carriage by Rail
PAS	Passenger vehicles (carriages)
PRM	Persons with reduced mobility
RAC	Risk Acceptance Criteria
RASCOP	Rail Standardisation Coordination Platform for Europe
RDD	Reference Document Database
RID	Règlement concernant le transport internationale ferroviaire des marchandises dangereuses
RISC	Railway Interoperability and Safety Committee (formerly known as the 'Article 21' committee)
RST	Rolling stock subsystem
RU	Railway undertaking
SMS	Safety Management System
SRS	System Requirements Specification
SRT	Safety in railway tunnels
TAF	Telematics application for freight services
Taiaex	Technical Assistance and Information Exchange
TAP	Telematics application for passenger services
TEN-T	Trans-European Transport Network
TSI	Technical Specification for Interoperability
UIC	International Union of Railways
UNIFE	Union des Industries Ferroviaires Européennes/ the Association of the European Rail Industry
UTP	Uniform Technical Prescriptions
VVR	Virtual Vehicle Register
WAG	Freight wagons
WG	Working Group
WP	Working Party

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