



**COUNCIL OF
THE EUROPEAN UNION**

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FIN 139

NOTE

from : General Secretariat of the Council
to Budget Committee

Subject : Estimate of expenditure and revenue for the financial year 2014 for the European Council and the Council (Section II of the EU Budget)
- Explanatory memorandum

1. Introduction

1.1 In its conclusions on the Multi Annual Financial Framework (MFF) 2014-2020 on 7/8 February 2013 (doc. EUCO 37/13), the European Council underlined that *the need to consolidate public finances in short, medium and long term requires a particular effort by every public administration and its staff to improve efficiency, effectiveness and adjust to the changing economic context.*

Following this, the ECOFIN Council adopted on 12 February 2013 conclusions establishing its priorities for the EU's general budget for 2014 (doc. 5757/13). In the conclusions Council urged *the institutions to reduce or at least not to increase their administrative expenditure and to request financing only for real needs, in order to give a positive signal to EU citizens.*

- 1.2 On 7 January 2013 the Commission invited all institutions to prepare their estimates for the Draft Budget 2014 on the basis of the following guidelines:
- aim at a nominal freeze at the 2013 level of all non-salary related expenditure, and
 - reduce by 1 % the number of posts in the establishment plans, in line with the Commission's proposal to reduce institutions' staff levels by 5 % over five years.
- 1.3 In view of Post Lisbon organisation of EU summits with groups of third countries (i.e. multilateral summits), the Council agreed on its meeting on 25 and 26 October 2012 that if the Council decides to charge the GSC with the responsibility for the technical organisation of multilateral summits, the Council will ensure that adequate resources are allocated to implement the new tasks in the European Council and Council (EC/C) budgets from 2014 onwards (doc.15258/12 and 14631/1/12).
- 1.4 Following these guidelines the General Secretariat of the Council (GSC) has elaborated a proposal for a draft budget 2014 for the European Council and Council (Section II of the EU budget).

The general objective of the proposal has been not to exceed, in nominal terms, the overall level of the 2013 budget. Increases related to statutory or contractual obligations or in domains which have been considered as vital for the proper functioning of the GSC have been compensated by introducing reductions in areas where the budget implementation has been clearly below the available appropriations. Excluding the impact of the multilateral summits, the proposal meets the target of zero growth in nominal terms, leading to a reduction of the EC/C's share in the Heading 5 of the Financial Perspectives like in the period of 2005 - 2013.

As a result of this approach and taking into account the impact of EUR 6,6 million for organising the multilateral summits in 2014, the GSC proposes a draft budget 2014 of EUR 542 million. The proposal corresponds to an overall increase of 1,2 % compared to the budget 2013.

- 1.5 In conformity with the parameters received from the Commission for the elaboration of the budget 2014, a salary adjustment of 1,1 % for 2013 and 1,4 % for 2014 are incorporated in the draft budget for 2014.

Deviating from the Commission's approach, the GSC has not included the disputed salary increases of 1,7 % for 2011 or 1,6 % for 2012 in its estimates for 2014. For this issue the GSC refers to the Joint Statements of the three Institutions (EP, COM, COU) on 10 December 2012¹ stipulating that *should the Court rule in favour of the Commission and as soon as it does, to submit a draft amending budget devoted to finance, as needed, the impact of the 2011 adjustment for the institutions, including its retroactive effect on previous years and possible late interest.*

The GSC might have to come back on this issue at a later stage and underlines the importance of a coherent approach for all institutions.

- 1.6 Table 1 presents the budget proposal for 2014 by category. More detailed comments on the development of each category are set out in paragraph 2 below.

Table 1: Proposal for a draft budget of the EC/C for 2014 (by category, EUR)

Category	Budget 2013	Draft Budget 2014 without MLS	MLS	Draft Budget 2014 with MLS	Change 2014/2013 with MLS	Change 2014/2013 without MLS
	1	2	3	4=2+3	5=4/1	6=2/1
Establishment plan	299.009.000	297.422.274	531.726	297.954.000	-0,4%	-0,5%
Other staff expenditure	24.793.000	24.096.000	44.000	24.140.000	-2,6%	-2,8%
Buildings	39.233.000	39.841.000	1.040.000	40.881.000	4,2%	1,5%
Computer systems	36.791.000	37.095.000	429.000	37.524.000	2,0%	0,8%
Interpreting costs	83.962.300	86.803.526	280.474	87.084.000	3,7%	3,4%
Delegations' travel expenses	19.972.000	20.302.000	-	20.302.000	1,7%	1,7%
Official Journal	5.467.000	4.967.000	-	4.967.000	-9,1%	-9,1%
Miscellaneous	18.584.000	17.321.500	4.272.500	21.594.000	16,2%	-6,8%
Reserve	2.700.000	2.700.000	-	2.700.000	0,0%	0,0%
Total (excl. acquisition)	530.511.300	530.548.300	6.597.700	537.146.000	1,3%	0,0%
Acquisition of immovable property	5.000.000	5.000.000	-	5.000.000	0,0%	0,0%
Grand total	535.511.300	535.548.300	6.597.700	542.146.000	1,2%	0,0%

MLS = Multilateral summits, see page 8

¹ Letter of the President of the European Parliament Mr Schulz to the President of the Council of the European Union Mr Christofias on 18/12/2012. Ref. EP 321636.

2. Comments by category of expenditure, excluding the Multilateral Summits

2.1 Staff (establishment plan)

The level of appropriations for the budget headings relating to the establishment plan (decrease of 0,5 %) is mainly determined by the following changes:

2.1.1 Change of the establishment plan

The GSC proposes to reduce the EC/C establishment plan by 52 posts as follows:

- 1) In line with the approach to reduce the number of posts in the establishment plan by 5 % over 5 years time, the GSC proposes as for 2013 to continue the exercise in 2014 by reducing its establishment plan by 32 posts (i.e. 1 % out of 3.153 authorised posts).
- 2) In addition, the GSC proposes to replace 10 AST posts by long term contractual agents.
- 3) As a consequence of not continuing the Service Level Agreement in 2014 dealing with classified and unclassified IT systems between the Council and the EEAS, the staff related to the management of these contracts is proposed to be transferred to the EEAS. The reduction corresponds to 10 posts (2 AD and 8 AST).

In conformity with the continuous administrative modernisation, the GSC proposes to transform 6 AST5 posts to 6 AD5 posts.

2.1.2 Salary adjustment

The Commission's estimate for the salary adjustment in 2013 is 1,1 %, which corresponds to an increase of EUR 2,6 million (full year impact). The percentage of 1,4 % foreseen for the salary increase in 2014, to be decided in December 2014 (impact from 1/7/2014 to 31/12/2014) corresponds to an increase of EUR 2,1 million.

2.1.3 Flat-rate reduction

The GSC estimates to increase the net occupation in the establishment plan by 25 posts in 2014, which corresponds to a flat-rate reduction of 6 %.

2.2 Other staff expenditure

The overall amount for other staff decreases by EUR 0,7 million. The reduction is mainly a result of abolishing the provision foreseen for contract agents of the Croatian language unit for 6 months in 2013, as they will be converted to officials occupying permanent posts in the establishment plan from 1/7/2013 onwards. It also takes into account the increase of contractual agents (10) as a result of abolishing 10 AST posts in the establishment plan.

For compensatory recruitment, which is used for absences arising from statutory rights (e.g. illnesses, maternity leave etc.), the GSC proposes to increase the number of contractual agents by 5. It should be mentioned that using contract agents is a cheaper solution than the recruitment of temporary officials.

As part of the shifting of the activities related classified and unclassified IT systems to the EEAS (ref. 2.1.1, point 3), the GSC proposes to transfer 2 Seconded National Experts to the EEAS.

2.3 Immovable property (Chapter 20)

The provision for the yearly advance payments for the Europa-Building is kept at the level of 2013 (EUR 5 million).

The budget for the functioning and maintenance of the buildings is increased by 1,5 %. This increase comes mainly from a higher need for the building security of EUR 1,1 million (item 2012) and from the contractual obligation on cleaning and maintenance EUR 0,5 million (item 2010).

On the other hand, the expenditure on different fitting-out and installation works has been reduced by EUR 0,9 million (items 2003 and 2004).

2.4 IT-expenditure (Article 210)

The IT budget overall increase is limited to EUR 0,3 million (0,8 %). The increase relates to an indexation of contracts for outside assistance and to a reinforcement of GSC's network defence capabilities. This increase has been almost fully compensated by reducing the resources required for IT equipment and telecommunications.

2.5 Technical equipment and installation (Article 212)

The decrease of EUR 1,1 million compared to the 2013 budget is related to the fact that the project to modernise the conference rooms by installing video walls and related technical equipment, will come to an end in 2013.

2.6 Interpretation (Item 2202)

The GSC proposes a budget of EUR 86,8 million for interpretation for 2014, which is EUR 2,8 million more compared to 2013.

The difference is explained by the fact that the on-request envelope for Croatia has been increased from 50 % in 2013 to 100 % in 2014 with an impact of EUR 1 million. The remainder relates mainly to a higher need of EUR 1,8 million for the European Council meetings.

The GSC's proposal is not based on the Commission DG Interpretation's estimate on standard rate of an i-slot² of 455 € for 2014, which includes the impact of the disputed salary increases of 2011 (1,7 %) and 2012 (1,6 %). Instead, the GSC has used the rate of 440 € for an i-slot, which is the same as in 2013.

The proposal for the interpretation breaks down as follows:

- EUR 40,1 million for general interpretation including contingencies,
- EUR 46,7 million for on-request envelopes (2.030.611 EUR/envelope).

² I-slot is a unit of calculation fixed annually by DG Interpretation of the Commission. I-slot represents the rate of half day interpretation which will be charged from the service requestor taking into account, among other things, the number of i-slots requested and whether the interpretation is provided during or outside normal working hours.

2.7 Travel expenses of delegations (item 2200)

The budget for travel envelopes has been decreased from EUR 36,8 million in 2010 to EUR 20 million in 2013. The GSC proposes not to reduce further the delegations' travel envelopes in 2014.

In line with the approach of nominal freeze, the GSC proposes to maintain the budget level of 2013 for all envelopes and increase the 50 % envelope of Croatia in 2013 to 100% in 2014 (impact 330.000 EUR).

Therefore the GSC's proposal for delegations' travel expenses is EUR 20,3 million for 2014.

2.8 Official Journal (item 2211)

Based on the estimates on the volume of documents to be published in 2014 in the Official Journal, the GSC proposes to reduce the appropriation by EUR 0,5 million to EUR 5 million.

2.9 Reserve

In the light of the ongoing negotiations with the Luxembourg authorities on the rent for the use of the new conference facilities in Luxembourg, a provision is made of EUR 0,7 million (article 100).

The contingency reserve (article 101) is maintained at the level of EUR 2,0 million. This amount could cover the financial consequences of initiatives or activities with significant budgetary impact (for instance additional activities of the European Council) taken in the course of 2014.

3. Multilateral Summits

3.1 In conformity with the Council's agreement on organisation of multilateral summits (ref. chapter 1.3), the GSC proposes EUR 6,6 million to cover the supplementary costs related to this new activity. Table 2 shows the breakdown of the supplementary costs to be covered for organising two multilateral summits in 2014.

3.2 Staff costs

Based on the estimates on the required staff for organising on average 2 multilateral summits per year, the GSC proposes to include 10 new posts (4 AD and 6 AST) in the establishment plan of the European Council and Council for 2014. The financial impact is estimated at EUR 0,5 million.

Table 2. Supplementary budget need for multilateral summits in 2014

Type of expenditure	Budget 2014
Staff (4 AD + 6 AST)	531.726
Other costs	6.065.974
<i>Medical expenditure</i>	44.000
<i>Fitting-out work on the premises</i>	600.000
<i>Building security & surveillance</i>	440.000
<i>IT</i>	429.000
<i>Furniture & technical equipment</i>	272.000
<i>Rental of vehicles (incl. limousines & armoured cars)</i>	2.011.500
<i>Interpreting costs</i>	280.474
<i>Catering</i>	770.000
<i>Protocol articles</i>	198.000
<i>Accreditation</i>	110.000
<i>Accommodation</i>	693.000
<i>Audiovisual services</i>	198.000
<i>Miscellaneous expenditure</i>	20.000
Total	6.597.700

3.3 Other costs

The other supplementary costs are calculated taking into account the GSC's experience in organising high level events.

The cost calculation is based on the average estimate of 90 delegations to attend a summit.

The high costs are related to special requirements in security measures in the Council premises and in special transportation, inter alia limousines and armoured vehicles. Important costs will also be born by services/protocol amenities and accommodation.

**Estimate of Revenue and Expenditure
For the financial year 2014
Section II - European Council and Council**

Item	Description	Outturn 2012	Budget 2013	Draft Budget 2014	of which MLS	% 2013/ 2014
TITLE 1 - Persons working with the Institution						
1000	Basic salary	304.221	316.000	316.000		0%
1001	Entitlements related to the post held	62.650	65.000	65.000		0%
1002	Entitlements related to the personal circumstances	8.131	20.000	20.000		0%
1003	Social security cover	11.877	13.000	13.000		0%
1004	Other management expenditure	378.681	675.000	675.000		0%
1006	Entitlements related to entering, transfer and leaving the service	p.m.	p.m.	77.000		n/a
100	Remuneration and other entitlements	765.559	1.089.000	1.166.000		7%
1010	Pensions	p.m.	p.m.	15.000		n/a
101	Termination of service	p.m.	p.m.	15.000		n/a
1020	Provisional appropriation for changes in the entitlements	p.m.	49.000	49.000		0%
102	Provisional appropriation	p.m.	49.000	49.000		0%
Total Chapter 10 - Members of the Institution		765.559	1.138.000	1.230.000		8%
1100	Basic salaries	211.616.174	221.770.000	222.528.000	531.726	0%
1101	Entitlements under the Staff Regulations related to the post held	1.937.144	2.141.000	2.067.000		-3%
1102	Entitlements under the Staff Regulations related to the personal circumstances of the staff member	54.770.834	58.072.000	57.372.000		-1%
1103	Social security cover	8.788.420	9.713.000	9.276.000		-4%
1104	Salary weightings	67.976	50.000	50.000		0%
1105	Overtime	1.538.692	1.700.000	1.605.000		-6%
1106	Entitlements under the Staff Regulations related to entering the service, transfer and leaving the service	2.226.661	3.050.000	2.991.000		-2%
110	Remuneration and other entitlements	280.945.901	296.496.000	295.889.000	531.726	0%
1110	Allowances in the event of retirement in the interests of the service	303.473	424.000	200.000		-53%
1111	Allowances for staff whose service is terminated	236.508	258.000	74.000		-71%
1112	Entitlements of the former Secretaries-General	362.301	542.000	531.000		-2%
111	Termination of service	902.282	1.224.000	805.000		-34%
1120	Provisional appropriation (officials and temporary staff)	p.m.	2.513.000	2.065.000		-18%
1121	Provisional appropriation (retired staff and special arrangements)	p.m.	11.000	6.000		-45%
112	Provisional appropriation	p.m.	2.524.000	2.071.000		-18%
Total Chapter 11 - Officials and temporary staff		281.848.183	300.244.000	298.765.000	531.726	0%
1200	Other staff	6.952.902	9.536.000	9.022.000		-5%
1201	National experts on secondment	860.728	1.148.000	963.000		-16%
1202	Traineeships	558.463	464.000	583.000		26%
1203	Outside services	2.009.592	2.343.000	2.306.000		-2%
1204	Supplementary services for the translation service	p.m.	145.000	175.000		21%
120	Other staff and outside services	10.381.685	13.636.000	13.049.000		-4%
122	Provisional appropriation	p.m.	127.000	86.000		-32%
Total Chapter 12 - Other staff and outside services		10.381.685	13.763.000	13.135.000		-5%
1300	Miscellaneous expenditure on recruitment	150.250	166.000	166.000		0%
1301	Further training	1.703.964	1.925.000	1.930.000		0%
130	Expenditure relating to staff management	1.854.214	2.091.000	2.096.000		0%
1310	Special assistance grants	26.866	30.000	30.000		0%
1311	Social contacts between members of staff	106.480	119.000	117.000		-2%
1312	Supplementary aid for the disabled	42.046	115.000	139.000		21%
1313	Other welfare expenditure	75.600	66.000	66.000		0%
131	Measures to assist the institution's staff	250.992	330.000	352.000		7%
1320	Medical service	399.458	431.000	475.000	44.000	10%
1321	Restaurants and canteens	1.031.872	p.m.	p.m.		n/a
1322	Crèches and childcare facilities	1.629.000	2.014.000	2.250.000		12%
132	Activities relating to all persons working with the Institution	3.060.330	2.445.000	2.725.000	44.000	11%
1331	Mission expenses of the Council secretariat	2.712.267	3.191.000	3.191.000		0%
1332	Travel expenses of staff related to the European Council	533.265	600.000	600.000		0%
133	Missions	3.245.532	3.791.000	3.791.000		0%
Total Chapter 13 - Other expenditure relating to persons working with the institution		8.411.068	8.657.000	8.964.000	44.000	4%
TOTAL TITLE 1 - Persons working with the institution		301.406.495	323.802.000	322.094.000	575.726	-1%

Item	Description	Outturn 2012	Budget 2013	Draft Budget 2014	of which MLS	% 2013/ 2014
TITLE 2 - Buildings, equipment and operating expenditure						
2000	Rent	1.527.297	1.631.000	1.692.000		4%
2001	Annual lease payments	p.m.	p.m.	p.m.		n/a
2002	Acquisition of immovable property	15.000.000	5.000.000	5.000.000		0%
2003	Fitting-out and installation work	9.478.257	7.860.000	7.660.000	600.000	-3%
2004	Work to make premises secure	778.230	490.000	410.000		-16%
2005	Expenditure preliminary to the acquisition, construction and fitting-out of buildings	539.628	470.000	440.000		-6%
200	Buildings	27.323.412	15.451.000	15.202.000	600.000	-2%
210	Cleaning and maintenance	12.330.690	13.823.000	14.324.000		4%
2101	Water, gas, electricity and heating	3.728.976	4.405.000	4.163.000		-5%
2102	Building security and surveillance	9.895.735	9.906.000	11.455.000	440.000	16%
2103	Insurance	195.605	210.000	250.000		19%
2104	Other expenditure relating to buildings	432.009	438.000	487.000		11%
201	Costs relating to buildings	26.583.014	28.782.000	30.679.000	440.000	7%
Total Chapter 20 - Buildings and associated costs		53.906.426	44.233.000	45.881.000	1.040.000	4%
2100	Acquisition of equipment and software	8.795.827	9.759.000	9.032.000	429.000	-7%
2101	Outside assistance for the operation and develop. of computer systems	18.612.853	17.895.000	20.135.000		13%
2102	Servicing and maintenance of equipment and software	5.191.643	5.131.000	5.214.000		2%
2103	Telecommunications	3.387.176	4.006.000	3.143.000		-22%
210	Computer systems and telecommunications	35.987.499	36.791.000	37.524.000	429.000	2%
211	Furniture	806.545	930.000	825.000	55.000	-11%
2120	Purchase and replacement of technical equipment and installations	3.039.475	2.445.000	1.727.000	122.000	-29%
2121	Outside assistance for the operation and development of technical equipment and installations	64.025	60.000	70.000	10.000	17%
2122	Rental, servicing, maintenance and repair of technical equipment and installations	744.283	1.065.000	861.000	85.000	-19%
212	Technical equipment and installations	3.847.782	3.570.000	2.658.000	217.000	-26%
213	Transport	508.823	918.000	2.880.000	2.011.500	214%
Total Chapter 21 - Computer systems, equipment and furniture		41.150.649	42.209.000	43.887.000	2.712.500	4%
2200	Travel expenses of delegations	5.425.528	19.972.000	20.302.000		2%
2201	Miscellaneous travel expenses	284.104	445.000	456.000		2%
2202	Interpreting costs	73.648.026	83.962.300	87.084.000	280.474	4%
2203	Representation expenses	2.137.953	2.351.000	3.317.000	968.000	41%
2204	Miscellaneous expenditure on internal meetings	2.787.218	3.717.000	3.679.000		-1%
2205	Organisation of conferences, congresses and meetings	172.461	1.320.000	1.853.000	803.000	40%
220	Meetings and conferences	84.455.290	111.767.300	116.691.000	2.051.474	4%
2210	Documentation and library expenditure	840.232	1.232.000	1.261.000		2%
2211	Official Journal	4.306.791	5.467.000	4.967.000		-9%
2212	General publications	287.331	455.000	455.000		0%
2213	Information and public events	1.735.062	1.978.000	2.273.000	198.000	15%
221	Information	7.169.417	9.132.000	8.956.000	198.000	-2%
2230	Office supplies	312.428	530.000	537.000	10.000	1%
2231	Postal charges	79.977	110.000	90.000		-18%
2232	Expenditure on studies, surveys and consultations	33.000	45.000	45.000		0%
2233	Interinstitutional cooperation	p.m.	p.m.	p.m.		n/a
2234	Removals	p.m.	20.000	20.000		0%
2235	Financial charges	10.180	10.000	10.000		0%
2236	Legal expenses and costs, damages and compensation	1.189.990	700.000	1.000.000		43%
2237	Other operating expenditure	208.456	253.000	235.000	10.000	-7%
223	Miscellaneous expenses	1.834.030	1.668.000	1.937.000	20.000	16%
Total Chapter 22 - Operating expenditure		93.458.737	122.567.300	127.584.000	2.269.474	4%
TOTAL TITLE 2 - Buildings, equipment and operating expenditure		188.515.812	209.009.300	217.352.000	6.021.974	4%
TITLE 10 - Other expenditure						
10 0	Provisional appropriations	p.m.	700.000	700.000		0%
10 1	Contingency reserve	p.m.	2.000.000	2.000.000		0%
TOTAL TITLE 10 - Other expenditure		p.m.	2.700.000	2.700.000		0%
TOTAL BUDGET		489.922.307	535.511.300	542.146.000	6.597.700	1%

ESTABLISHMENT PLAN 2014

Section II - European Council and Council

Category and grade	Budget 2013			Category and grade	Draft budget 2014		
	Permanent posts	Temporary posts			Permanent posts	Temporary posts	
		President EC	Others			President EC	Others
HC	1	0	0	HC	1	0	0
AD 16	8	1	0	AD 16	8	1	0
AD 15	33 1)	1	0	AD 15	33 2)	1	0
AD 14	126 3)	2	1	AD 14	146 4)	2	1
AD 13	193	3	0	AD 13	194	3	0
AD 12	158	2	2	AD 12	143	2	2
AD 11	108	0	0	AD 11	106	0	0
AD 10	80	3	0	AD 10	95	3	0
AD 9	107	1	0	AD 9	116	1	0
AD 8	122	0	0	AD 8	144	0	0
AD 7	189	1	0	AD 7	185	1	0
AD 6	133	3	0	AD 6	123	3	0
AD 5	135	0	0	AD 5	105	0	0
Sub-total	1392	17	3	Sub-total	1398	17	3
AST 11	36	2	0	AST 11	43	2	0
AST 10	35	1	0	AST 10	43	1	0
AST 9	70	0	0	AST 9	79	0	0
AST 8	107	1	0	AST 8	121	1	0
AST 7	308	2	0	AST 7	266	2	0
AST 6	218	2	0	AST 6	203	2	0
AST 5	186	3	0	AST 5	200	3	0
AST 4	197	1	0	AST 4	222	1	0
AST 3	229	3	0	AST 3	250	3	0
AST 2	218	1	0	AST 2	196	1	0
AST 1	120	0	0	AST 1	53	0	0
Sub-total	1724	16	0	Sub-total	1676	16	0
Total	3117	33	3	Total	3075	33	3
Overall total	3153			Overall total	3111		

- 1) Including 4 agents of grade AD16 ad personam.
- 2) Including 4 agents of grade AD16 ad personam.
- 3) Including 7 agents of grade AD15 ad personam.
- 4) Including 7 agents of grade AD15 ad personam.