



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from :	General Secretariat of the Council
to	Budget Committee
Subject :	Estimate of expenditure and revenue for the financial year 2013 for the European Council and the Council (Section II of the EU Budget) - Explanatory memorandum

1. Introduction

1.1. The global economic and financial situation has a significant impact on public finances. Member States of the European Union are proceeding with severe cuts in the administrative expenditure in their national budgets. At several occasions the European Council was underlined that structural reforms and fiscal consolidation efforts must continue.

In this respect it is clear that the level of EU expenditure, including administration, will have to be scrutinised rigorously as well.

- 1.2. In its letter of 23 January 2012 the Commission invited all institutions to prepare their estimates for the Draft Budget 2013 on the basis of the following guidelines:
- keep the nominal increase of the administrative appropriations below the forecast inflation of 1,9 % as compared to 2012
 - 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
 - include requests for administrative resources needed to continue to phase in the accession of Croatia.
- 1.3. In conformity with these guidelines the General Secretariat of the Council (GSC) has elaborated a budget proposal for the European Council and Council (Section II of the EU budget) for 2013.

The general objective of the proposal has been not to exceed, in real terms, the overall level of the 2012 budget. In addition, the GSC proposes to fully absorb the impact of the accession of Croatia in its establishment plan (see 2.1.1.).

Increases in certain projects or contractual obligations have been compensated by introducing reductions in other domains. In addition, supplementary cuts have been introduced in areas where the recent budget implementation has been clearly below the available appropriations.

As a result of this approach, the GSC proposes a Draft Budget for 2013 of EUR 540,5 million (of which EUR 15,2 million for the European Council), corresponding to an increase of EUR 6,5 million (1,2%) compared to the 2012 budget.

- 1.4. Moreover the GSC has included estimates of expenditure for the accession of Croatia, which is planned for 1 July 2013. The estimates cover the needs for staff (for 6 months) and appropriations.

- 1.5. In conformity with the parameters received from the Commission for the elaboration of the budget 2013, a salary adjustment of 1,6 % for 2012 and 1,7 % for 2013 is incorporated in the draft budget for 2013.

Deviating from the Commission's approach, the GSC has not included the disputed salary increase of 1,7 % for 2011 in its estimates for 2013. The GSC reserves the right 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 2013 by category. More detailed comments on the development of each category is set out in paragraph 2 below.

Table 1: Proposal for draft budget of the ECC for 2013 (by category, EUR)

Category	Budget 2011	Budget 2012	Draft Budget 2013	Change 2013/2012
Establishment plan	288.302.326	294.797.000	299.009.000	1,4%
Other staff expenditure	24.586.301	23.490.000	24.793.000	5,5%
Buildings	38.255.000	36.896.000	37.602.000	1,9%
Computer systems	35.782.000	36.116.000	36.791.000	1,9%
Interpreting costs	94.722.973	86.723.000	85.962.300	-0,9%
Delegations' travel expenses	33.675.000	24.675.000	22.972.000	-6,9%
Official Journal	5.193.000	5.176.000	5.467.000	5,6%
Title III	2.536.000	-	-	-
Miscellaneous	19.210.000	19.047.000	20.215.000	6,1%
Reserve	6.000.000	2.000.000	2.700.000	35,0%
Total (excl. acquisition)	548.262.600	528.920.000	535.511.300	1,2%
Acquisition of immovable property	15.000.000	5.000.000	5.000.000	0,0%
Grand total	563.262.600	533.920.000	540.511.300	1,2%

With the proposal for 2013, the share of the ECC budget (Section II of the EU budget) in heading 5 of the financial framework (FF) will develop as presented in table 2. The table also shows the development since 2008.

Table 2: ECC budget (section II) in Heading 5 of the FP in 2008-2013 (EUR million)

	2008		2009		2010		2011		2012		2013	
	M€	change										
Heading 5	7.457	4,8%	7.603	2,0%	7.962	4,7%	8.226	3,3%	8.607	4,6%	9.181	6,7%
ECC / Council budget	595	0,2%	603	1,3%	634	5,1%	563	-11,2%	534	-5,3%	540	1,0%
Share in Heading 5	8,0%		7,9%		8,0%		6,8%		6,2%		5,9%	

2. Comments by category of expenditure

2.1. Staff (establishment plan)

The level of appropriations for the budget headings relating to the establishment plan (increase of 1,4 %) is mainly determined by the following changes:

2.1.1. Change of establishment plan

As a consequence of the accession of Croatia the GSC needs to create 46 new posts (32 ADs and 14 ASTs) in the establishment plan, specifically related to the needs of the new Member State. Given the fact that the planned accession date is 1 July 2013 only 6 months impact has been included in the budget.

At the same time the GSC proposes to reduce its establishment plan in the following way:

- 1) In line with the approach to reduce the number of post in the establishment plan by 5 % over 5 years time, the GSC proposes to reduce its establishment plan by 31 posts (i.e. 1 % out of 3.153 authorised posts).
- 2) In addition, the GSC proposes to replace 15 posts by long term contractual agents (function group I).

The Euro Summit of 26 October 2011 decided to appoint a permanent, Brussels based, President of the EURO-working group. Therefore a post needs to be foreseen in the establishment plan. In this context, the GSC proposes to transform one vacant HC-post into an AD 16 post.

As a consequence of the internal reorganisations within the GSC it is proposed, as part of the 5% operation, to reduce the establishment plan with 1 AD16 post.

In conformity with the continuous administrative modernisation the GSC proposes to transfer 15 AST5 posts to AD5 posts, which is a budgetary neutral operation.

2.1.2. Salary adjustment

The Commission's estimate for the salary adjustment in 2012 is 1,6 %, which corresponds to an increase of EUR 3,7 million (full year impact). The percentage (1,7 %) foreseen for the salary increase in 2013, to be decided in December 2013 (impact from 1/7/2013 to 31/12/2013) corresponds to an increase of EUR 2,5 million.

2.1.3. Flat-rate reduction

The GSC estimates to increase the net occupation in the establishment plan by 30 posts in 2013, which makes it possible to reduce the flat-rate reduction to 5,5 %.

2.2. Other staff expenditure

The overall amount for contract agents increases by EUR 1,8 million. This increase is explained by following facts.

The category "other staff expenditure" includes a provision for 46 contract agents for the Croatian language unit for 6 months. As from 1 July 2013 this staff will be converted into the establishment plan posts.

The GSC proposes to increase the provision for long term contract agents with 15 to 122 in total. Long term contract agents are used for projects and tasks where it is not necessary to employ permanent staff.

For compensatory recruitment, which is used to fill short term gaps (e.g. illnesses, maternity leave etc.) the GSC proposes to maintain the scheme at the level of 2012 (55 contract agents). It should be mentioned that using contract agents is a cheaper solution than the recruitment of temporary officials.

2.3. Immovable property (Chapter 20)

The provision for the yearly advance payments for the Europa-Building is kept at the level of 2012 (EUR 5 million). According to the Belgian authorities the delivery of the building would take place in 2014.

The budget for the functioning and maintenance of the buildings is increased by 1,9 %. This increase comes mainly from the contractual obligations on cleaning and maintenance EUR 1 million (item 2010) and from the building security EUR 0,5 million (item 2012).

On the other hand, the expenditure on different fitting-out and installation works has been reduced by EUR 0,8 million (items 2003 and 2004).

2.4. IT-expenditure (Article 210)

The IT-budget increase is limited to EUR 675.000 (1,9 %). The increase is mainly a result of the renewal and replacement of certain IT equipment and software in the GSC (item 2100). This investment has been compensated by reducing the resources required as outside assistance (item 2101) in various projects and activities.

2.5. Technical equipment and installation (Article 212)

The decrease of EUR 1,3 million compared to the 2012 budget is related to the fact that the project to modernise the conference rooms will come to an end in 2013.

2.6. Interpretation (Item 2202)

The GSC proposes a budget of EUR 86 million for interpretation, including a provision of EUR 2 million for the accession of Croatia. The amounts for the general interpretation, European Council and for contingencies are proposed to be kept at the level of 2012, whereas the appropriations for the so called on-request interpretation will be reduced by 10 %.

This proposal is based on following arguments:

The annual spending in interpretation has varied between 60-75 % of the available appropriations over the past few years. On average this has corresponded to a yearly under consumption of almost EUR 30 million. The main part of the under spending has been related to the "on-request" envelopes which counts for 55-75 % of the overall unused amount.

In view of the most recent developments it is possible that the volume of general interpretation, i.e. interpretation provided for the meetings of European Council and Council may increase.

However, the volume of interpretation for meetings which are financed from the on-request envelopes has been estimated to remain at the current level. This would imply that there would still be a considerable under-spending of the envelopes in 2013, which can be translated in a reduction of the on-request envelopes with 10 % compared to the envelopes of 2012 in prices 2013.

2.7. Travel expenses of delegations (item 2200)

The implementation of the budget for delegations' travel envelopes has been significantly low since the beginning of the regime of envelopes. The annual spending, based on Member States' declarations, has been around 60 % of the overall amount available.

It should be noted that the annual amount available for the delegations' travel envelopes is more than the budget appropriation for that purpose. In conformity with Decision 111/07, the GSC transfers 66 % of the unused amounts on "on-request" interpreting to delegations' travel envelopes. Since 2008, this supplementary amount has been on average EUR 13 million per year.

Due to the continuous and important under-spending of the budget for delegations' travel envelopes it is proposed to reduce the amount by EUR 1,7 million compared to the 2012 budget. The proposal of EUR 23 million for the travel envelopes for the 2013 budget is still an increase compared to the implementation of the 2011 budget (EUR 21,5 million), and includes a provision for Croatia.

2.8. Official Journal (item 2211)

The budget provision for the Official Journal is increased by 6 % compared to the amount foreseen in the budget 2012. The main reason for this increase is the need for supplementary appropriations to finalise the *acquis communautaire* in the Croatian language before the planned accession of Croatia on 1 July 2013.

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 (chapter 100) .

The contingency reserve (chapter 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 2013.

**Estimate of Revenue and Expenditure
For the financial year 2013
Section II - European Council and Council**

Item	Description	Outturn 2011	Budget 2012	Draft Budget 2013	% 2012/2013
TITLE 1 - Persons working with the Institution					
1000	Basic salary	304.450	311.000	316.000	2%
1001	Entitlements related to the post held	62.673	67.000	65.000	-3%
1002	Entitlements related to the personal circumstances	8.135	20.000	20.000	0%
1003	Social security cover	12.504	20.000	13.000	-35%
1004	Other management expenditure	247.350	910.000	675.000	-26%
1006	Entitlements related to entering, transfer and leaving the service	p.m.	77.000	p.m.	n/a
100	Remuneration and other entitlements	635.111	1.405.000	1.089.000	-22%
1010	Pensions	p.m.	p.m.	p.m.	n/a
101	Termination of service	p.m.	p.m.	p.m.	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		635.111	1.454.000	1.138.000	-22%
1100	Basic salaries	209.291.313	219.068.000	221.770.000	1%
1101	Entitlements under the Staff Regulations related to the post held	2.172.484	2.573.000	2.141.000	-17%
1102	Entitlements under the Staff Regulations related to the personal circumstances of the staff member	54.779.310	57.434.000	58.072.000	1%
1103	Social security cover	9.065.121	9.602.000	9.713.000	1%
1104	Salary weightings	46.804	30.000	50.000	67%
1105	Overtime	1.656.666	1.633.000	1.700.000	4%
1106	Entitlements under the Staff Regulations related to entering the service, transfer and leaving the service	2.201.336	3.140.000	3.050.000	-3%
110	Remuneration and other entitlements	279.213.034	293.480.000	296.496.000	1%
1110	Allowances in the event of retirement in the interests of the service	307.194	321.000	424.000	32%
1111	Allowances for staff whose service is terminated	325.464	282.000	258.000	-9%
1112	Entitlements of the former Secretaries-General	433.885	387.000	542.000	40%
111	Termination of service	1.066.543	990.000	1.224.000	24%
1120	Provisional appropriation (officials and temporary staff)	p.m.	1.317.000	2.513.000	91%
1121	Provisional appropriation (retired staff and special arrangements)	p.m.	5.000	11.000	120%
112	Provisional appropriation	p.m.	1.322.000	2.524.000	91%
Total Chapter 11 - Officials and temporary staff		280.279.577	295.792.000	300.244.000	2%

Item	Description	Outturn 2011	Budget 2012	Draft Budget 2013	% 2012/2013
1200	Other staff	6.649.510	7.752.000	9.536.000	23%
1201	National experts on secondment	1.030.842	1.187.000	1.148.000	-3%
1202	Traineeships	540.038	565.000	464.000	-18%
1203	Outside services	2.045.824	2.069.000	2.343.000	13%
1204	Supplementary services for the translation service	p.m.	177.000	145.000	-18%
120	Other staff and outside services	10.266.213	11.750.000	13.636.000	16%
122	Provisional appropriation	p.m.	51.000	127.000	149%
Total Chapter 12 - Other staff and outside services		10.266.213	11.801.000	13.763.000	17%
1300	Miscellaneous expenditure on recruitment	137.129	152.000	166.000	9%
1301	Further training	1.589.384	1.683.000	1.925.000	14%
130	Expenditure relating to staff management	1.726.513	1.835.000	2.091.000	14%
1310	Special assistance grants	16.949	40.000	30.000	-25%
1311	Social contacts between members of staff	135.090	119.000	119.000	0%
1312	Supplementary aid for the disabled	87.895	69.000	115.000	67%
1313	Other welfare expenditure	65.600	66.000	66.000	0%
131	Measures to assist the institution's staff	305.534	294.000	330.000	12%
1320	Medical service	356.422	431.000	431.000	0%
1321	Restaurants and canteens	980.940	1.115.000	p.m.	n/a
1322	Crèches and childcare facilities	1.901.267	1.749.000	2.014.000	15%
132	Activities relating to all persons working with the Inst.	3.238.629	3.295.000	2.445.000	-26%
1331	Mission expenses of the Council secretariat	2.659.089	3.216.000	3.191.000	-1%
1332	Travel expenses of staff related to the European Council	395.000	600.000	600.000	0%
133	Missions	3.054.089	3.816.000	3.791.000	-1%
Total Chapter 13 - Other expenditure relating to persons working with the institution		8.324.765	9.240.000	8.657.000	-6%
TOTAL TITLE 1 - Persons working with the institution		299.505.666	318.287.000	323.802.000	2%

Item	Description	Outturn 2011	Budget 2012	Draft Budget 2013	% 2012/2013
TITLE 2 - Buildings, equipment and operating expenditure					
2000	Rent	1.048.635	1.607.000	1.631.000	1%
2001	Annual lease payments	p.m.	p.m.	p.m.	n/a
2002	Acquisition of immovable property	25.000.000	5.000.000	5.000.000	0%
2003	Fitting-out and installation work	1.909.192	8.030.000	7.860.000	-2%
2004	Work to make premises secure	427.118	1.110.000	490.000	-56%
2005	Expenditure preliminary to the acquisition, construction and fitting-out of buildings	436.300	485.000	470.000	-3%
200	Buildings	28.821.244	16.232.000	15.451.000	-5%
2010	Cleaning and maintenance	16.337.684	12.861.000	13.823.000	7%
2011	Water, gas, electricity and heating	3.976.013	4.232.000	4.405.000	4%
2012	Building security and surveillance	8.787.931	9.412.000	9.906.000	5%
2013	Insurance	210.077	211.000	210.000	0%
2014	Other expenditure relating to buildings	405.811	555.000	438.000	-21%
201	Costs relating to buildings	29.717.515	27.271.000	28.782.000	6%
Total Chapter 20 - Buildings and associated costs		58.538.759	43.503.000	44.233.000	2%
2100	Acquisition of equipment and software	11.168.742	7.969.000	9.759.000	22%
2101	Outside assistance for the operation and develop. of computer systems	17.255.352	19.032.000	17.895.000	-6%
2102	Servicing and maintenance of equipment and software	3.604.705	4.891.000	5.131.000	5%
2103	Telecommunications	3.687.944	4.224.000	4.006.000	-5%
210	Computer systems and telecommunications	35.716.743	36.116.000	36.791.000	2%
211	Furniture	595.831	946.000	930.000	-2%
2120	Purchase and replacement of technical equipment and installations	2.251.292	4.243.000	2.445.000	-42%
2121	Outside assistance for the operation and development of technical equipment and installations	42.788	60.000	60.000	0%
2122	Rental, servicing, maintenance and repair of technical equipment and installations	585.824	580.000	1.065.000	84%
212	Technical equipment and installations	2.879.904	4.883.000	3.570.000	-27%
213	Transport	466.782	744.000	918.000	23%
Total Chapter 21 - Computer systems, equipment and furniture		39.659.259	42.689.000	42.209.000	-1%

Item	Description	Outturn 2011	Budget 2012	Draft Budget 2013	% 2012/2013
2200	Travel expenses of delegations	21.482.591	24.675.000	22.972.000	-7%
2201	Miscellaneous travel expenses	287.000	420.000	445.000	6%
2202	Interpreting costs	71.789.816	86.723.000	85.962.300	-1%
2203	Representation expenses	1.750.946	2.000.000	2.351.000	18%
2204	Miscellaneous expenditure on internal meetings	2.498.714	3.024.000	3.717.000	23%
2205	Organisation of conferences, congresses and meetings	173.722	800.000	1.320.000	65%
220	Meetings and conferences	97.982.790	117.642.000	116.767.300	-1%
2210	Documentation and library expenditure	815.819	513.000	1.232.000	140%
2211	Official Journal	4.618.000	5.176.000	5.467.000	6%
2212	General publications	535.496	610.000	455.000	-25%
2213	Information and public events	1.176.536	1.753.000	1.978.000	13%
221	Information	7.145.851	8.052.000	9.132.000	13%
2230	Office supplies	514.750	657.000	530.000	-19%
2231	Postal charges	93.656	145.000	110.000	-24%
2232	Expenditure on studies, surveys and consultations	55.000	40.000	45.000	13%
2233	Interinstitutional cooperation	p.m.	p.m.	p.m.	n/a
2234	Removals	1.311	10.000	20.000	100%
2235	Financial charges	12.400	20.000	10.000	-50%
2236	Legal expenses and costs, damages and compensation	650.000	600.000	700.000	17%
2237	Other operating expenditure	200.593	275.000	253.000	-8%
223	Miscellaneous expenses	1.527.710	1.747.000	1.668.000	-5%
Total Chapter 22 - Operating expenditure		106.656.351	127.441.000	127.567.300	0%
TOTAL TITLE 2 - Buildings, equipment and operating expenditure		204.854.369	213.633.000	214.009.300	0%
TITLE 3 - Expenditure arising out of the institution's performance of its specific missions					
<i>TOTAL TITLE 3 - Expenditure arising out of the institution's performance of its specific missions</i>		<i>2.481.969</i>	<i>-</i>	<i>-</i>	<i>n/a</i>
TITLE 10 - Other expenditure					
10 0	Provisional appropriations	p.m.	p.m.	700.000	n/a
10 1	Contingency reserve	p.m.	2.000.000	2.000.000	0%
TOTAL TITLE 10 - Other expenditure		p.m.	2.000.000	2.700.000	35%
TOTAL BUDGET		506.842.003	533.920.000	540.511.300	1%

ESTABLISHMENT PLAN 2013

Section II - European Council and Council

Category and grade	Budget 2012			Category and grade	Draft budget 2013		
	Permanent posts	Temporary posts			Permanent posts	Temporary posts	
		President EC	Others			President EC	Others
HC	2	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	104 ³⁾	2	1	AD 14	126 ⁴⁾	2	1
AD 13	185	3	0	AD 13	193	3	0
AD 12	173	2	2	AD 12	158	2	2
AD 11	128	0	0	AD 11	108	0	0
AD 10	76	3	0	AD 10	80	3	0
AD 9	101	1	0	AD 9	107	1	0
AD 8	105	0	0	AD 8	122	0	0
AD 7	168	1	0	AD 7	189	1	0
AD 6	154	3	0	AD 6	133	3	0
AD 5	117	0	0	AD 5	135	0	0
Sub-total	1352	17	3	Sub-total	1392	17	3
AST 11	31	2	0	AST 11	36	2	0
AST 10	34	1	0	AST 10	35	1	0
AST 9	67	0	0	AST 9	70	0	0
AST 8	97	1	0	AST 8	107	1	0
AST 7	317	2	0	AST 7	308	2	0
AST 6	224	2	0	AST 6	218	2	0
AST 5	191	3	0	AST 5	186	3	0
AST 4	186	1	0	AST 4	197	1	0
AST 3	203	3	0	AST 3	229	3	0
AST 2	205	1	0	AST 2	218	1	0
AST 1	208	0	0	AST 1	120	0	0
Sub-total	1763	16	0	Sub-total	1724	16	0
Total	3117	33	3	Total	3117	33	3
Overall total	3153			Overall total	3153		

- 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.