



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 9 July 2012

12278/12

FIN 509

NOTE

from :	Presidency
to :	Permanent Representatives Committee/Council
Subject :	Budgetary procedure for 2013: Council position on the draft budget - Administrative expenditure of the institutions

I. INTRODUCTION

All administrative expenditure proposed by the institutions was examined in detail during the months of May, June and July 2012 by the Budget Committee.

The outcome of discussions is set out below.

For the European Parliament, it is suggested that, in accordance with the "gentlemen's agreement", the estimate (Section I) be approved as it stands.

II. COMMITTEE PROCEEDINGS

A. Approach taken

1. The Committee, taking note of the efforts made by the institutions in limiting the increase requested for their administrative expenditure for 2013, examined the administrative budgets on the following basis:
 - keeping under strict control the volume of the administrative expenditure of the EU institutions, in line with the approach followed by the Member States for their national civil service;
 - setting the administrative budget of each institution at the appropriate level, taking into account their specificities and real and justified needs;
 - carrying out targeted reductions for all institutions, taking into account past and current budget implementation and real needs;
 - increasing the standard flat rate abatement on salaries for some institutions and offices, taking into account their current vacancy rate;
 - not accepting the 1.7 % increase related to the 2011 salary adjustment;
 - applying the Commission's proposal to reduce staff by 1 % per year as from 2013 to all institutions, with the exception of the very small institutions (European Ombudsman and European Data Protection Supervisor) and the recently created European External Action Service;
 - not accepting the new posts requested by the European Ombudsman and the European Data Protection Supervisor;

- accepting the requested conversions, transformations, upgradings and transfers of posts, with the exception of non-obligatory transformations of posts requested by the Court of Justice;
- accepting all additional staff requests related to the Croatia enlargement.

This approach has resulted in an appropriate level of administrative expenditure ensuring a proper functioning of the institutions. A margin of EUR 782.77 million remains available under the ceiling of heading 5 of the multiannual financial framework.

2. When examining the administrative budgets, the Committee also focused on administrative expenditure linked to operational programmes and on administrative expenditure of the executive agencies. In this respect, it was decided to carry out targeted reductions on the basis of a similar approach as the one followed for the institutions.
3. As regards decentralised agencies, the Committee also applied a similar approach as for the institutions. Therefore, a 1 % reduction was retained in the contribution to Titles 1 and 2 of all agencies. As regards posts, a 1 % reduction to the establishment plan was applied for the agencies at "cruising speed". Regarding agencies in charge of new tasks, only half of the new posts requested were accepted. For agencies in the "start-up" phase, the accepted new posts were limited to 3/4 of the requests.

B. Outcome of proceedings

At the close of discussions, the state of affairs is as follows:

1. Appropriations

Below is a summary table of appropriations suggested:

SUMMARY TABLE: ADMINISTRATIVE EXPENDITURE (commitment appropriations)					
Institution	Budget 2012	DB 2013	2013/2012 %	Council position	2013/2012 %
Section I - European Parliament	1 717 868 121	1 759 391 671	+2.42%	1 759 391 671	+2.42%
Section II - European Council and Council	533 920 000	540 511 300	+1.23%	535 511 300	+0.30%
Section III - Commission	4 815 905 175	4 966 215 562	+3.12%	4 891 359 584	+1.57%
<i>Commission</i>	<i>3 024 610 808</i>	<i>3 067 723 986</i>	<i>+1.43%</i>	<i>3 024 196 151</i>	<i>-0.01%</i>
<i>OP</i>	<i>83 077 750</i>	<i>85 234 000</i>	<i>+2.60%</i>	<i>83 077 729</i>	<i>0.00%</i>
<i>OLAF</i>	<i>57 392 000</i>	<i>58 310 000</i>	<i>+1.60%</i>	<i>57 339 039</i>	<i>-0.09%</i>
<i>EPSO</i>	<i>28 228 750</i>	<i>28 709 000</i>	<i>+1.70%</i>	<i>28 228 954</i>	<i>0.00%</i>
<i>PMO</i>	<i>35 879 000</i>	<i>37 000 000</i>	<i>+3.12%</i>	<i>35 878 810</i>	<i>0.00%</i>
<i>OIB</i>	<i>69 711 000</i>	<i>70 048 000</i>	<i>+0.48%</i>	<i>69 353 698</i>	<i>-0.51%</i>
<i>OIL</i>	<i>25 266 000</i>	<i>25 404 000</i>	<i>+0.55%</i>	<i>25 081 120</i>	<i>-0.73%</i>
<i>European Schools</i>	<i>169 226 010</i>	<i>180 729 576</i>	<i>+6.80%</i>	<i>178 402 083</i>	<i>+5.42%</i>
<i>Pensions (all institutions)</i>	<i>1 322 513 857</i>	<i>1 413 057 000</i>	<i>+6.85%</i>	<i>1 389 802 000</i>	<i>+5.09%</i>
Section IV - Court of Justice of the European Union	348 335 000	377 526 000	+8.38%	348 335 000	0.00%
Section V - European Court of Auditors	142 476 614	144 709 250	+1.57%	142 475 380	0.00%
Section VI - European Economic and Social Committee	128 816 588	132 724 731	+3.03%	128 816 588	0.00%
Section VII - Committee of the Regions	86 503 483	89 049 193	+2.94%	86 503 483	0.00%
Section VIII - European Ombudsman	9 516 500	9 887 000	+3.89%	9 516 371	0.00%
Section IX - European Data Protection Supervisor	7 624 090	7 768 219	+1.89%	7 624 052	0.00%
Section X - European External Action Service	488 676 425	516 635 570	+5.72%	488 700 470	0.00%
Total without European Parliament	6 561 773 875	6 785 026 825	+3.40%	6 638 842 228	+1.17%
Total without European Parliament, European Schools and Pensions	5 070 034 008	5 191 240 249	+2.39%	5 070 638 145	+0.01%
TOTAL	8 279 641 996	8 544 418 496	+3.20%	8 398 233 899	+1.43%
<i>Margin¹</i>		<i>636 581 504</i>		<i>782 766 101</i>	

¹ The margin for 2013 does not take into account EUR 86 million for staff contributions to the pensions scheme (footnote No 1 of the multiannual financial framework 2007-2013)

2. Staff levels

- All institutions' staff requests related to the Croatia enlargement were accepted.
- In compliance with the Commission's proposal to reduce staff by 1 % as from 2013, this reduction was also applied to the establishment plans of the Court of Justice, the European Economic and Social Committee and the Committee of the Regions.
- Neither the European Ombudsman's request for 1 new AD post, nor the European Data Protection Supervisor's request for 2 new AD posts were accepted.
- The conversions, transformations, upgradings and transfers of posts which have been accepted for each institution are set out in point 3 below.

3. Arrangements for each of the institutions

a) Section II - European Council and Council

It was agreed that an overall amount of EUR 535 511 300 would be suggested for the European Council and Council's budget, representing an increase of 0.30 % over the 2012 budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries has been maintained at 5.5 % as proposed in the draft budget.

Targeted reductions to the draft estimates of the General Secretariat of the Council were retained by applying a specific decrease to the appropriations related to travel expenses of delegations (-EUR 3 million) and interpreting costs (-EUR 2 million).

With regard to staff levels, the Committee accepted:

- the request for 46 new posts for 6 months related to the Croatia enlargement (1 AD 12, 1 AD 9, 4 AD 7, 26 AD 5, 2 AST 3 and 12 AST 1);
- the reduction of the establishment plan by 46 permanent posts (1 HC, 1 AD 14, 3 AD 13, 1 AD 12, 2 AD 10, 1 AST 11, 10 AST 7, 1 AST 6, 5 AST 5, 1 AST 3, 5 AST 2 and 15 AST 1) for 12 months as proposed in the draft budget;
- the transformations resulting from the adjustment between AD and AST grades and for career development under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto.

b) Section III - Commission

It was agreed that an overall amount of EUR 4 891 359 584 in c/a and of EUR 4 892 459 584 in p/a would be suggested for the Commission's budget (including OP, OLAF, EPSO, PMO, OIB, OIL, European Schools and pensions), representing an increase of 1.57 % in c/a and of 1.63 % in p/a over the 2012 budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries has been fixed at 3.87 % for headquarters and at 8.42 % for external delegations.

The 1.7 % increase linked to the 2011 salary adjustment was not accepted (European Schools and Pensions included).

Targeted reductions were retained by applying specific decreases to the appropriations related to recruitment costs (-EUR 0.46 million) and to IT services (-EUR 0.3 million).

With regard to staff levels, the Committee accepted:

- the request for 95 new permanent posts (82 AD 5, 8 AST 3 and 5 AST 1) for 3 months related to the Croatia enlargement;
- the reduction of the Commission's establishment plan by 173 permanent or temporary posts (37 AD 14, 18 AD 13, 4 AD 12, 4 AD 11, 4 AD 10, 3 AD 9, 4 AD 8, 4 AD 7, 5 AD 6, 8 AD 5, 6 AST 11, 9 AST 10, 7 AST 9, 29 AST 8, 17 AST 7, 13 AST 6 and 1 AST 5), as proposed in the draft budget;
- the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- the transformation of 209 AST 6 posts into 209 AD 5 posts in the Commission's establishment plan in the context of the adjustment of structure and grades;
- the conversion of appropriations into 50 posts (19 AD 5, 5 AST 6, 12 AST 5, 10 AST 4, 1 AST 3 and 3 AST 2) in the Commission's establishment plan;
- the conversion of 14 AST posts (2 AST 7, 5 AST 5 and 7 AST 4) in the Commission's establishment plan into appropriations for contract agents;
- the technical adjustments of posts (exchanges and transfers) between the establishment plans of the Commission and the Offices.

Publications Office (OP)

It was agreed that an overall amount of EUR 83 077 729 would be suggested for OP's budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries has been fixed at 5.82 %.

The 1.7 % increase linked to the 2011 salary adjustment was not accepted.

A targeted reduction was also retained by applying a specific decrease to IT appropriations (-EUR 0.35 million).

With regard to staff levels, the Committee accepted:

- the request for 3 new permanent AD 5 posts for 6 months related to the Croatia enlargement;
- the reduction of the OP's establishment plan by 7 permanent AST 2 posts for 12 months, as proposed in the draft budget;
- the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- the conversion of appropriations into 8 AD 5 posts in the OP's establishment plan;
- the technical adjustment of posts (exchanges and transfers) between the establishment plans of the Commission and the OP.

European Anti-Fraud Office (OLAF)

It was agreed that an overall amount of EUR 57 339 039 would be suggested for OLAF's budget, representing a small decrease of 0.09 % in comparison with the 2012 budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries has been fixed at 6.04 %.

The 1.7 % increase linked to the 2011 salary adjustment was not accepted.

With regard to staff levels, the Committee accepted:

- the request for 2 new permanent AD 5 posts for 3 months related to the Croatia enlargement;
- the reduction of OLAF's establishment plan by 4 temporary posts (2 AD 8, 1 AST 6 and 1 AST 5) for 12 months, as proposed in the draft budget;
- the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- the transformation of 2 temporary AD 9 posts into 2 permanent AD 9 posts;
- the transfers of posts between the establishment plans of the Commission and OLAF.

European Personnel Selection Office (EPSO)

It was agreed that an overall amount of EUR 28 228 954 would be suggested for EPSO's budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries has been fixed at 3.33 %.

The 1.7 % increase linked to the 2011 salary adjustment was not accepted.

A targeted reduction was also retained by applying a specific decrease to appropriations related to interinstitutional competitions (-EUR 0.05 million).

With regard to staff levels, the Committee accepted:

- the request for 2 new permanent posts (1 AD 5 and 1 AST 1) for 3 months related to the Croatia enlargement;
- the reduction of EPSO's establishment plant by 1 permanent AST 1 post for 12 months, as proposed in the draft budget;
- the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- the transformation of 2 AST 6 posts into 2 AD 5 posts proposed in the context of the adjustment of structure and grades;
- the technical adjustments of posts (exchanges and transfers) between the establishment plans of the Commission and EPSO as requested.

Office for Administration and Payment of Individual Entitlements (PMO)

It was agreed that an overall amount of EUR 35 878 810 would be suggested for PMO's budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries has been fixed at 3.55 %.

The 1.7 % increase linked to the 2011 salary adjustment was not accepted.

A targeted reduction was also retained by applying a specific decrease to IT appropriations (-EUR 0.26 million).

With regard to staff levels, the Budget Committee accepted:

- the request for 2 new permanent AD 5 posts for 3 months related to the Croatia enlargement;
- the reduction of PMO's establishment plan by 1 permanent AD 5 post for 12 months, as proposed in the draft budget;
- the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- the conversion of 5 AST posts (3 AST 3 and 2 AST 2) in PMO's establishment plan into appropriations for contract agents;
- the technical adjustments of posts (exchanges and transfers) between the establishment plans of the Commission and PMO as requested.

Office for Infrastructure and Logistics in Brussels (OIB)

It was agreed that an overall amount of EUR 69 353 698 would be suggested for OIB's budget, representing a decrease of 0.51 % in comparison with the 2012 budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries has been fixed at 2.11 %.

The 1.7 % increase linked to the 2011 salary adjustment was not accepted.

With regard to staff levels, the Committee accepted:

- the request for 4 new permanent posts (2 AD 5 and 2 AST 3) for 3 months related to the Croatia enlargement;
- the reduction of OIB's establishment plan by 4 permanent AST posts (2 AST 4 and 2 AST 3) for 12 months, as proposed in the draft budget;
- the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- the transformation of 3 AST 6 posts into 3 AD 5 posts proposed in the context of the adjustment of structure and grades;
- the conversion of 17 AST posts (7 AST 7, 5 AST 6, 4 AST 5 and 1 AST 2) in OIB's establishment plan into appropriations for contract agents;
- the technical adjustments of posts (exchanges and transfers) between the establishment plans of the Commission and OIB as requested.

Office for Infrastructure and Logistics in Luxembourg (OIL)

It was agreed that an overall amount of EUR 25 081 120 would be suggested for OIL's budget, representing a decrease of 0.73 % in comparison with the 2012 budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries has been fixed at 4.35 %.

The 1.7 % increase linked to the 2011 salary adjustment was not accepted.

With regard to staff levels, the Committee accepted:

- the request for 1 new permanent AST 3 post for 3 months related to the Croatia enlargement;
- the reduction of OIL's establishment plan by 1 permanent AST 4 post for 12 months, as proposed in the draft budget;
- the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- the conversion of 7 AST posts (1 AST 6, 3 AST 5 and 3 AST 4) in OIL's establishment plan into appropriations for contract agents;
- the technical adjustments of posts (exchanges and transfers) between the establishment plans of the Commission and OIL as requested.

c) **Section IV - Court of Justice of the European Union**

It was agreed that an overall amount of EUR 348 335 000 would be suggested for the Court of Justice's budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries was fixed at 4.0 %.

Appropriations requested in the context of the reform of the Statute of the Court of Justice (appointment of additional judges for the General Court) were not accepted (-EUR 15.7 million).

Targeted reductions were retained by applying specific decreases to appropriations related to the members of the institution (-EUR 0.98 million), external services in the linguistic field (freelance translation) (-EUR 1.45 million), cleaning/maintenance and energy consumption (-EUR 1.98 million), the lease-purchase of the Annexes buildings (-EUR 2.02 million) and IT securisation (-EUR 0.6 million).

With regard to staff levels, the Committee accepted the request for 52 new permanent posts (1 AD 12, 30 AD 7, 5 AD 5, 10 AST 3 and 6 AST 1) and 11 new temporary posts (1 AD 14, 2 AD 12, 2 AD 11, 1 AD 10, 1 AD 5, 1 AST 7, 2 AST 5 and 1 AST 4) for 6 months related to the Croatia enlargement.

In compliance with the Commission's proposal to reduce staff by 1 % as from 2013, the Committee also applied this reduction to the Court's establishment plan (-20 permanent AST 1 posts) (-EUR 0.84 million).

The Committee accepted the transformations for career development under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto.

However, the Committee rejected the transformation of 4 permanent AST 3 posts into 4 permanent AD 5 posts, 3 permanent AST 1 posts into 3 permanent AST 3 posts and 27 temporary AST 4 posts into 27 temporary AD 5 posts (-EUR 0.32 million).

d) Section V - European Court of Auditors

It was agreed that an overall amount of EUR 142 475 380 would be suggested for the Court of Auditors' budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries was fixed at 2.0 %.

The 1.7 % increase linked to the 2011 salary adjustment was not accepted.

With regard to staff levels, the Committee accepted:

- the request for 9 new permanent posts (2 AD 9, 6 AD 5 and 1 AST 1) and 4 new temporary posts (1 AD 14, 1 AD 10, 1 AST 7 and 1 AST 4) for 6 months related to the Croatia enlargement;
- the reduction of the Court's establishment plan by 9 permanent posts (2 AD 5, 5 AST 3 and 2 AST 1) for 12 months, as proposed in the draft budget;
- the transformations for career development under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto.

e) **Section VI - European Economic and Social Committee**

It was agreed that an overall amount of EUR 128 816 588 would be suggested for the European Economic and Social Committee's budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries was fixed at 6.5 %.

The 1.7 % increase linked to the 2011 salary adjustment was not accepted.

Targeted reductions were retained by applying a specific decrease to appropriations related to members and delegates (-EUR 0.01 million), supplementary services for translation (-EUR 0.04 million), provisional appropriations (-EUR 0.22 million), buildings and associated costs (-EUR 0.23 million), data processing, equipment and furniture (-EUR 0.05 million), operational activities (-EUR 0.50 million) and communication, publications and acquisition of documentation (-EUR 0.16 million).

With regard to staff levels, the Committee accepted the request for 10 new permanent posts (8 AD 5, 1 AST 3 and 1 AST 1) for 12 months related to the Croatia enlargement.

In compliance with the Commission's proposal to reduce staff by 1 % as from 2013, this reduction was also applied to the European Economic and Social Committee's establishment plan (-4 permanent AD 5 posts and -3 permanent AST 1 posts) (-EUR 0.41 million).

The Committee also accepted:

- the transformations for career development under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- the transformation of 1 permanent AST 9 post into 1 permanent AD 9 post, 2 permanent AST 8 posts into 2 permanent AD 8 posts and 1 permanent AST 5 post into 1 permanent AD 5 post.

f) Section VII - Committee of the Regions

It was agreed that an overall amount of EUR 86 503 483 would be suggested for the Committee of the Regions' budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries was fixed at 7.9 %, as proposed in the draft budget.

The 1.7 % increase linked to the 2011 salary adjustment was not accepted.

Targeted reductions were retained by applying a specific decrease to appropriations related to travel and subsistence allowances (-EUR 0.16 million), provisional appropriations (-EUR 0.16 million), interpreting services (-EUR 0.14 million), buildings and associated costs (-EUR 0.22 million) and data processing, equipment and furniture (-EUR 0.03 million).

With regard to staff levels, the Budget Committee accepted the request for 6 new permanent AD 5 posts for 6 months related to the Croatia enlargement.

In compliance with the Commission's proposal to reduce staff by 1 % as from 2013, this reduction was also applied to the Committee of the Regions' establishment plan (-3 permanent AD 5 posts and -2 permanent AST 1 posts) (-EUR 0.30 million).

The Committee also accepted the transformations for career development under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto.

g) Section VIII - European Ombudsman

It was agreed that an overall amount of EUR 9 516 371 would be suggested for the Ombudsman's budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries was fixed at 5 %.

The 1.7 % increase linked to the 2011 salary adjustment was not accepted.

Targeted reductions were retained by applying specific decreases to appropriations related to buildings and associated costs (-EUR 0.04 million) and current administrative expenditure (-EUR 0.02 million).

With regard to staff levels, the Committee accepted the transformations for career development under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto.

However, the Budget Committee rejected the creation of 1 new permanent AD 6 post.

h) Section IX - European Data Protection Supervisor

It was agreed that an overall amount of EUR 7 624 052 would be suggested for the European Data Protection Supervisor's budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries has been maintained at 1.1 %, as proposed in the draft budget.

The 1.7% increase linked to the 2011 salary adjustment was not accepted.

A targeted reduction was also retained by applying a specific decrease to appropriations related to equipment and supplies (-EUR 0.02 million).

With regard to staff levels, the Committee accepted the transformations for career development under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto.

However, it rejected the request for 2 new permanent posts (1 AD 9 and 1 AD 6) for 3 months (-EUR 0.06 million).

i) Section X - European External Action Service

It was agreed that an overall amount of EUR 488 700 470 would be suggested for the European External Action Service's budget.

Taking into account the current vacancy rate, the standard flat rate abatement on salaries has been maintained at 6.2 % for headquarters, as proposed in the draft budget, and was fixed at 8 % for delegations.

The 1.7 % increase linked to the 2011 salary adjustment was not accepted.

Due to under-implementation, only half of the increase requested for contract staff was accepted (-EUR 1.70 million).

Targeted reductions were retained by applying specific decreases to appropriations related to buildings and associated costs (-EUR 3.36 million), computer systems, equipment and furniture (-EUR 2.40 million) and other operating expenditure at headquarters (-EUR 0.5 million).

As regards delegations, following the acceptance of only part of the requested increase in remuneration and entitlements of statutory and external staff (-EUR 10.03 million), a corresponding decrease was applied to appropriations related to buildings and associated costs (-EUR 5.48 million).

With regard to staff levels, the Committee accepted:

- the transformation of 10 permanent AD 13 posts into 10 permanent AD 14 posts, 5 permanent AST 8 posts into 5 permanent AD 8 posts and 5 permanent AST 5 posts into 5 permanent AD 5 posts;
- the reclassification of 2 temporary AD posts (1 AD 14 and 1 AD 13) into 2 permanent AD posts and 1 temporary AST 8 post into 1 permanent AST 8 post.

III. CONCLUSION

The Budget Committee suggests that the Permanent Representatives Committee confirm the outcome of its proceedings as set out in this document and advise the Council to adopt it.