



Council of the  
European Union

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**COVER NOTE**

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From:	Ms Kristalina GEORGIEVA, Vice-president of the European Commission
date of receipt:	7 June 2016
To:	Mr Jeroen DIJSSELBLOEM, President of the Council of the European Union

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Subject:	Proposal for transfer of appropriations No DEC 10/2016 within Section III - Commission - of the general budget for 2016
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Delegations will find attached Commission document DEC 10/2016.

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Encl.: DEC 10/2016



BRUSSELS, 02/06/2016

GENERAL BUDGET - 2016  
SECTION III - COMMISSION TITLES: 26, 40

TRANSFER OF APPROPRIATIONS N° DEC 10/2016

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**FROM**

**CHAPTER** - 4001 Reserves for administrative expenditure

ARTICLE - 40 01 40 Administrative reserve

Non-Diff

-3 426 739,00

**TO**

**CHAPTER** - 2601 Administrative expenditure of the `Commission's administration`  
policy area

ARTICLE - 26 01 70 European Schools

ITEM - 26 01 70 22 Frankfurt am Main (DE)

Non-Diff

3 426 739,00

## Introductory Information

The European Schools are official educational establishments set up jointly by the governments of the Member States of the European Union and the European Community (Convention defining the Statute of the European Schools (OJ L 212, 17.8.1994, p. 3)). They are intended, primarily, for children of staff of the European institutions.

The Board of Governors of the European Schools, constituted by the delegations of the Member States, a representative of the European Patent Office and the Commission representative for the institutions of the European Union (EU) establishes, in terms of revenue and expenditure, the draft budget of the different schools prepared by the respective management boards, and that of the Office of the Secretary-General of the Board of Governors.

Expenditure of the schools includes the salaries of all staff, running costs and equipment costs.

The schools' revenue comes from:

- contributions from the Member States in the form of national component of salaries for seconded teaching staff;
- contributions from organisations with which the Board of Governors has concluded an agreement;
- school fees paid by parents who do not benefit from free education for their children;
- levies on salaries of teachers;
- miscellaneous receipts and the carryover of any surplus from the previous year.

The contribution included in the EU budget is intended to balance the difference between planned expenditure and the schools' revenue. Even if it appears in the Commission Section of the budget, this is an interinstitutional contribution in the sense that it covers children of EU staff (children of members of the institutions, officials, temporary/contract staff, any decentralised European body created by the institutions, etc.), considered as 'category I' pupils.

Furthermore, the EU contribution covers other pupils who, by decision of the Board of Governors of the European Schools, are also considered as category I. This includes children of staff of other bodies with separate budgets such as the European Central Bank or the European Investment Bank.

The Commission considers that bodies with legal personality and budget separate from the EU budget should bear the costs of schooling the children of their staff. Consequently, it has put in place a financial contribution system in order to obtain financing from these bodies.

In early 2014, the Commission signed a Memorandum of Understanding with the European Union Intellectual Property Office (formerly known as the Office for Harmonisation in the Internal Market). The latter will cover part of the 2016 EU contribution to the European School in Alicante for an amount estimated approximately at EUR 3 800 000.

In December 2015, contribution agreements have been concluded between the European Investment Bank (EIB), the European Investment Fund (EIF), the European Stability Mechanism (ESM), the European Schools and the European Commission for a financial contribution from the EIB, EIF and ESM to the expenditure of schools in Luxembourg. The contribution of these bodies will be paid directly to the schools (around EUR 4 800 000 for 2016) and it is deducted from the balancing contribution paid by the EU.

Negotiations are ongoing with the European Central Bank (ECB) and the European Insurance and Occupational Pensions Authority (EIOPA) for a financial contribution from the ECB and the EIOPA to cover expenditure of the school in Frankfurt which serves mostly children of staff working for the two organisations (2016/2017 school year: 93 % of pupils in category I (1 116/1 196) and 77 % of the total number of pupils (1 116/1 453)).

In the 2016 budget, the Commission requested part of the appropriations corresponding to the EU contribution to the financing of the school in Frankfurt to be placed in the administrative reserve (article 40 01 40). Indeed, at the time of the presentation of the draft budget 2016, the services responsible for the negotiation with the ECB and the EIOPA considered that an agreement would be possible during the year 2016 and the appropriations in the reserve should be mobilised only in case the negotiations would not lead to an agreement in 2016.

Even though the negotiations seem to evolve positively, an arrangement between the parties will not be concluded before the end of the year and therefore a contribution from the ECB and the EIOPA is not expected in 2016.

The Financial Regulation applicable to the budget of the European Schools provides that payments representing ten twelfths of the EU contribution should be made by July 15th at the latest. As the appropriation placed in reserve represents around 40% of the EU contribution, the reinforcement of the budget line of the school in Frankfurt is necessary to provide budgetary cover for the payments due.

The Commission therefore requests the transfer of EUR 3 426 739 from the reserve (budget article 40 01 40) to budget item 26 01 70 22 (School in Frankfurt am Main).

## I. DECREASE

### I.1

#### a) Heading

**40 01 40 - Administrative reserve**

#### b) Figure at 18/05/2016

	<b>Non-Diff</b>
1A Appropriation in budget (Initial Budget + AB)	3 426 739,00
1B Appropriation in budget (EFTA)	0,00
2 Transfers	0,00
3 Final appropriation for the year (1A+1B+2)	3 426 739,00
4 Utilisation of final appropriation	0,00
<b>5 Amount not used/available (3-4)</b>	<b>3 426 739,00</b>
<b>6 Requirements up to year-end</b>	<b>0,00</b>
<b>7 Proposed decrease</b>	<b>3 426 739,00</b>
8 Decrease as percentage of appropriation in budget (7/1A)	100,00 %
9 Decrease, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a

#### c) Receipts arising from recovery (carried over from previous year)

	<b>Non-Diff</b>
1 Appropriations available at start of the year	0,00
2 Appropriations available on 18/05/2016	0,00
3 Rate of utilisation [(1-2)/1]	n/a

#### d) Detailed grounds for the transfer

Please see Introductory Information.

## **II. INCREASE**

### **II.1**

#### **a) Heading**

**26 01 70 22 - Frankfurt am Main (DE)**

#### **b) Figure at 18/05/2016**

	<b>Non-Diff</b>
1A Appropriation in budget (Initial Budget + AB)	5 272 904,00
1B Appropriation in budget (EFTA)	0,00
2 Transfers	0,00
3 Final appropriation for the year (1A+1B+2)	5 272 904,00
4 Utilisation of final appropriation	5 272 904,00
<b>5 Amount not used/available (3-4)</b>	<b>0,00</b>
<b>6 Requirements up to year-end</b>	<b>3 426 739,00</b>
<b>7 Proposed increase</b>	<b>3 426 739,00</b>
8 Increase as percentage of appropriation in budget (7/1A)	64,99 %
9 Increase, as a percentage of the final appropriation for the year, in the sum of transfers referred to in Article 26(1)(b) of the Financial Regulation, calculated in accordance with Article 14 of the Rules of Application	n/a

#### **c) Receipts arising from recovery (carried over from previous year)**

	<b>Non-Diff</b>
1 Appropriations available at start of the year	0,00
2 Appropriations available on 18/05/2016	0,00
3 Rate of utilisation [(1-2)/1]	n/a

#### **d) Detailed grounds for the transfer**

Please see Introductory Information.