



Council of the  
European Union

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**COVER NOTE**

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From:	Mr Günther OETTINGER, Member of the European Commission
date of receipt:	27 June 2017
To:	Mr Edward SCICLUNA, President of the Council of the European Union
Subject:	Proposal for transfer of appropriations No DEC 12/2017 within Section III - Commission - of the general budget for 2017

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Delegations will find attached Commission document DEC 12/2017.

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Encl.: DEC 12/2017



BRUSSELS, 26/06/2017

GENERAL BUDGET - 2017  
SECTION III - COMMISSION TITLES: 26, 40

TRANSFER OF APPROPRIATIONS N° DEC 12/2017

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**FROM**

**CHAPTER** - 4001 Reserves for administrative expenditure

ARTICLE - 40 01 40 Administrative reserve

Non-Diff

-4 644 253,00

**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

4 644 253,00

## 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 EU contribution included in the budget of the Commission is intended to balance the difference between planned expenditure and the schools' revenue. 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 whose budget is not within the EU budget such as the European Central Bank (ECB) or the European Investment Bank (EIB).

The Commission considers that the education of the children of staff working for these bodies constitutes an unjustified burden for heading 5 (Administration) of the EU budget, and that entities 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 temporary Memorandum of Understanding with the European Union Intellectual Property Office (EUIPO - formerly known as the Office for Harmonisation in the Internal Market) to cover part of the EU contribution to the European School in Alicante. Thanks to the commitment of all parties concerned, a new Financing Agreement will be signed mid-June 2017 in order to enable the Agency to finance the bulk of the budget of the European School of Alicante. The EUIPO contribution will be paid directly to the school and deducted from the contribution to be paid by the EU.

In December 2015, negotiations have been concluded with the EIB and the European Stability Mechanism (ESM) for a financial contribution from the EIB and the ESM to expenditure of the schools in Luxembourg.

In the 2017 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 2017, the services responsible for the negotiation with the ECB and the European Insurance and Occupational Pensions Authority (EIOPA) considered that an agreement would be possible during the year 2017 and the appropriations in the reserve should be mobilised only in case the negotiations would not lead to an agreement in 2017.

Since last year, ECB has been saying that a proposal was under examination inside the ECB and would be proposed to the Commission. The Commission has been informed by the Secretary-General of the European Schools that the option of a bilateral agreement between the ECB and the European Schools was discussed between the ECB and the Secretary-General and such proposal was waiting for the green light of the Executive Board of the ECB.

As to EIOPA, they are still rather reluctant to contribute, but it is expected that their position may change in the event of the conclusion of an agreement between the ECB and the Commission.

So, even though the negotiations seem to evolve positively with ECB, an arrangement between the parties will not be concluded in time to avoid recourse to the appropriations put in reserve.

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 4 644 253 from article 40 01 40 to budget line 26 01 70 22 (School in Frankfurt am Main).

## **I. DECREASE**

### **I.1**

#### **a) Heading**

**40 01 40 - Administrative reserve**

#### **b) Figure at 30/05/2017**

	<b>Non-Diff</b>
1 Appropriation in budget (Initial Budget + AB)	5 769 253,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	5 769 253,00
4 Utilisation of final appropriation	0,00
<b>5 Amount not used/available (3-4)</b>	<b>5 769 253,00</b>
<b>6 Requirements up to year-end</b>	<b>1 125 000,00</b>
<b>7 Proposed decrease</b>	<b>4 644 253,00</b>
8 Decrease as percentage of appropriation in budget (7/1)	80,50 %
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 30/05/2017	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 30/05/2017**

	<b>Non-Diff</b>
1 Appropriation in budget (Initial Budget + AB)	4 761 194,00
2 Transfers	0,00
3 Final appropriation for the year (1+2)	4 761 194,00
4 Utilisation of final appropriation	4 761 194,00
<b>5 Amount not used/available (3-4)</b>	<b>0,00</b>
<b>6 Requirements up to year-end</b>	<b>4 644 253,00</b>
<b>7 Proposed increase</b>	<b>4 644 253,00</b>
8 Increase as percentage of appropriation in budget (7/1)	97,54 %
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 30/05/2017	0,00
3 Rate of utilisation [(1-2)/1]	n/a

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

Please see introductory information.