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NOTE

From:	Ladislav Hamran, President of Eurojust
To:	Jeppe Tranholm-Mikkelsen, Secretary General, General Secretariat of the Council of the European Union
Subject:	College Decision 2020-21 adopting the Eurojust draft single programming document for the period 2021-2023

Delegations will find in the Annex (+ ADD 1, ADD 2, ADD 3, ADD 4) the College Decision 2020-21 adopting the Eurojust draft single programming document for the period 2021-2023, with accompanying documents, as submitted by Eurojust in accordance with Article 32(1) of the Eurojust Financial Regulation.

ANNEX

EUROJUST

Annex II

General Guidelines to Draft Budget 2021

General Guidelines to Draft Budget 2021

Budget, Finance and Planning Unit

28 January 2020

Version adopted by the Management Board

Table of Contents

1. Introduction

1.1. Purpose

The aim of these general guidelines is to elaborate Eurojust's estimate of its revenue and expenditure for 2021 (Draft Budget / DB 2021), by highlighting its components and changes from previous year(s).

As per Article 32 of the Eurojust Financial Regulation, this estimate shall be part of Eurojust's draft Single Programming Document (SPD) to be adopted by the College as Management Board (MB) and sent by 31 January 2020 to the Commission, the European Parliament and the Council. This shall include the present underlying guidelines as well as:

- An estimate of revenues broken down by title;
- An estimate of expenditures (commitment and payment appropriations) per title and chapter;
- A quarterly estimate of cash payments and receipts; and
- A draft Establishment Plan (EP) setting the temporary and contract staff covered by the DB request.

1.2. Process

Eurojust established its DB 2021 estimate in line with the Eurojust Regulation (EJR)[1], its Financial Regulation[2] and its Activity Based Budgeting (ABB) methodology.

This comprises the resources needed to implement the Annual Work Programme (AWP) 2021, also part of the SPD 2021-2023, and is based on a proposal by the Administrative Director reviewed by the Management Board in two readings[3]. This proposal consolidates the activity and resource plans of all organisational units prepared to reflect the 2021 organisational activities, objectives and workload assumptions[4].

Annex II provides an overview of Eurojust's planning process and the main stages in preparing the DB 2021 request, whereas Annex III presents the adopted workload assumptions for 2021.

1.3. Baseline for comparison

For its 2nd reading, Eurojust's DB 2021 estimate uses the adopted 2020 budget as comparison baseline, in order to highlight the most significant budgetary developments and priority areas.

2. Executive Summary

Eurojust's DB 2021 estimate amounts to **€ 45 050 856** and contributes to Eurojust's Multi-Annual Strategic Objectives (MASOs) 2019-2021 by allocating the **71% of human and financial resources to Eurojust's core operational areas** under MASO 1 – Casework. The DB 2021 aims to **reinforce the agency's human resources in support of the ever-increasing operational workload**, including new requests for 10 temporary and 8 contract staff as well as 3 additional Seconded National Experts (SNEs).

[1] Refer to Art. 60-61
[2] Refer to Art. 32-38 (Title III - Establishment and structure of the budget)
[3] On 12 November 2019 and 28 January 2020
[4] As adopted by the MB on 4 June 2019

The DB 2021 estimate is broken down per title as shown below:

Title	2021 (€)	2020 (€)	Change (€)
1 – Staff expenditure	25 218 442	22 792 331	2 426 111
2 – Infrastructure and operating expenditure	7 530 853	7 582 841	-51 988
3 – Operational expenditure	12 301 561	11 324 828	976 733
4 – Operational projects expenditure	p.m.	p.m.	p.m.
Total	**45 050 856**	**41 700 000**	**3 350 856**

Further to "marginal" increases of € 58 K in a number of areas, the **net increase of € 3.4 M** (8%) is primarily due to estimated increases in:

- Title 1 related to statutory remuneration adjustments of existing temporary/contract staff (↑ € 734 K), remuneration of new temporary/ contract staff (↑ € 1 524 K), as well as interim staff (↑ € 90 K), HR administrative assistance (↑ € 36 K) and European School subsidy (↑ € 12 K);
- Title 2 related to indexation of building rent (↑ € 70 K) and vehicle services due to a change from ownership to lease model (↑ € 18 K); and
- Title 3 related to coordination meetings/centres (↑ € 214 K), EJR requirements to translate through the EU Translation Centre (CdT) an extended set of operational (↑ € 208 K) and corporate (↑ € 176 K) documents and to provide a compensation to the Member State of Eurojust's President (€ 189 K), as well as existing (↑ € 44 K) and new SNEs (↑ € 200 K).

In terms of cost variability, similarly to prior years, a relatively small part of the DB 2021 (30%) relates to variable elements that could be adjusted with risks and impact on Eurojust's objectives.

At € 45.1 M, the DB 2021 is in **line with Eurojust's Multi-annual Financial Framework (MFF) 2021-2027 proposal** and the specific workload assumptions underpinning this. However, it is to be noted that the **2019 operational workload metrics (cases, coordination meetings and centres) significantly exceeded the 2019 budget assumptions** and already approach those used for the DB 2021 proposal. This attests to the fact that the estimates used for the MFF proposal were reasonable and modest. Notwithstanding this, the 2021-2023 multi-annual projections in terms of workload assumptions and resources presented in the SPD have not been revised upwards; they remain consistent with the MFF 2021-2027 proposal made by Eurojust to the Commission in the total amount of € 362 M for the MFF period.

In order to remain aligned with Eurojust's MFF proposal and offset the EJR costs not factored in it, the DB 2021 does not include the financial resources projected for a number of areas, including notably JIT grants. Totalling **€ 1.1 M**, these shortfalls do **not** comprise efficiency gains but set constraints to the implementation of the AWP 2021. Eurojust envisages to cover these shortfalls, to the extent possible, through Denmark's financial contribution in 2021 and subject to a reassessment of the organisational needs and priorities at that time.

Whilst the MFF 2021-2027 negotiations continue in 2020, Eurojust's DB 2021 estimate is € 12.1 M above Commission's current MFF proposal for 2021 (€ 33 M). This deviation continues the trends of the previous MFF period in which the Commission and the budgetary authority supported Eurojust's budget and post requests in excess of the original programming in (partial) recognition of the agency's structural deficits and operational work growth.

3. Budget Overview and Evolution

Eurojust's **DB 2021** estimate amounts to **€ 45 050 856**, reflecting a total **increase of € 3.4 M** (8%) over the 2020 budget. This section provides an overview of the DB 2021 and its evolution compared to previous years from different perspectives.

3.1. Budget title overview

The DB 2021 continues the trend of 2019-2020 in **reinforcing operational expenditures (Title 3) through efficiency gains and other higher impact reductions** identified in infrastructure and operating expenditures (Title 2).

The increase in staff expenditure (Title 1) reflects the obligatory annual adjustments and a reinforced EP with 10 temporary and 8 contract new staff requests directly or indirectly linked to the growth of Eurojust's operational workload.

Title	2021 (€)	2020 (€)	Change (€)
1 – Staff expenditure	25 218 442	22 792 331	2 426 111
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3 – Operational expenditure	12 301 561	11 324 828	976 733
4 – Operational projects expenditure	p.m.	p.m.	p.m.
Total	**45 050 856**	**41 700 000**	**3 350 856**

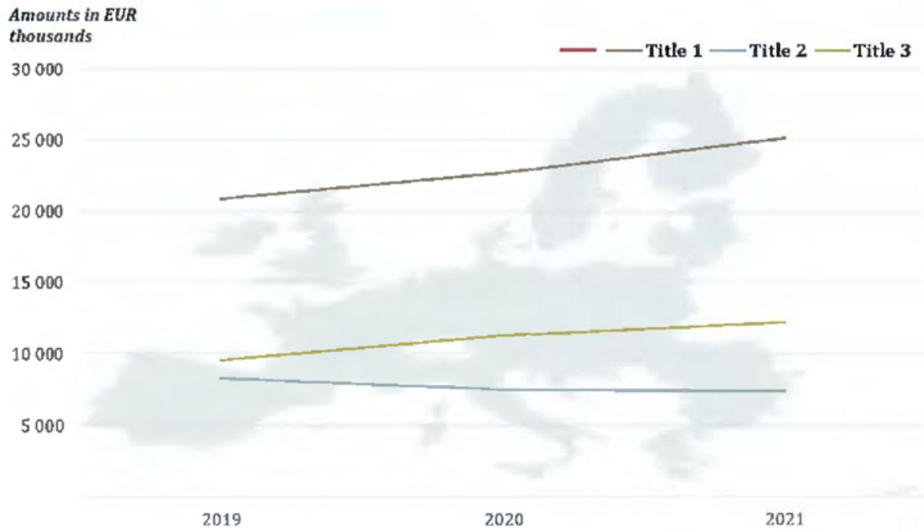

Figure 1 – Evolution of Eurojust budget per title in 2019-2021

3.2. Activity Based Budget overview

Eurojust's **DB 2021** estimate continues the trend of prior years in reinforcing Eurojust's key operational work areas and activities, with **71% of human and financial (non-staff) resources allocated to MASO 1 – Casework**. More than half of these resources are temporary/contract staff and SNEs directly (31%) or indirectly (22%) supporting MASO 1 – Casework.

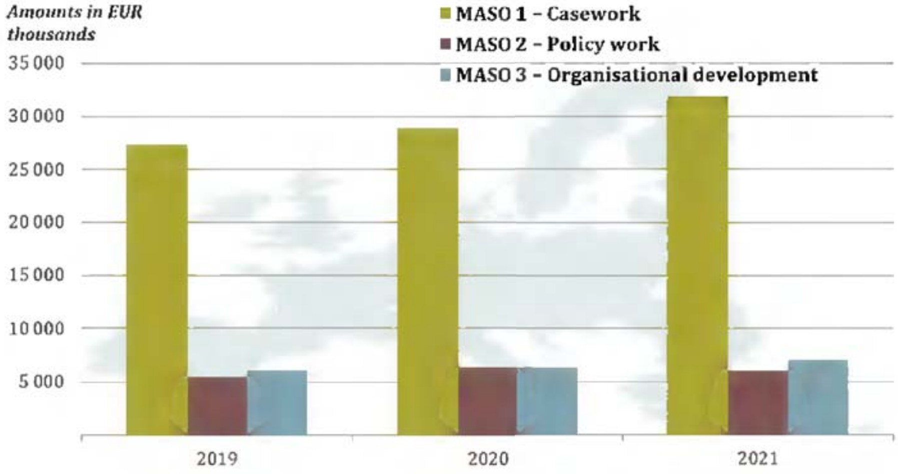

Figure 2 – Evolution of Eurojust budget per MASO 2019-2021

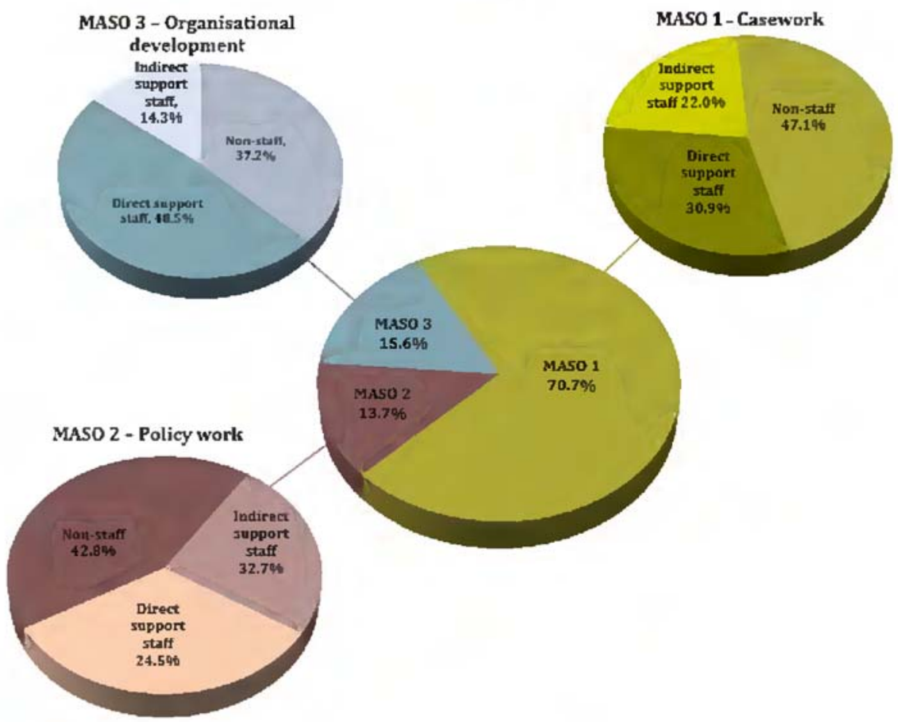

Figure 3 – Allocation of DB 2021 staff and non-staff resources to MASO 2019-2021

Moreover, the largest part of MASO 1 resources support the Objectives to the Annual Activities (OAAs) under Strategic Action Area (SAA) 1.a "Provide quick and qualitative support to competent authorities":

- 50.12% to OAA 1.1.1, covering activities related to direct support to casework, coordination meetings/centres, JIT grants, national workshops etc.,
- 5.51% to OAA 1.1.2, covering activities related to other casework analysis products, other Eurojust meetings etc.; and
- 8.28% to OAA 1.1.3, covering activities related to ICT operational projects, computer infrastructure for National Desks etc.

3.3. Cost categorisation

Further to the zero-based review of the 2020 budget[5], Eurojust classifies all its Budget Line (BL) cost elements as:

- "Fixed" that are dictated by contractual values or historical costs and are required to assure business continuity and meet legal obligations, incl. costs related to existing temporary/contract staff and SNEs, ICT infrastructure maintenance, building maintenance, utilities etc.; and
- "Variable" that can be possibly controlled by redesigning services or adjusting their levels, incl. number of new posts, number and reimbursement of coordination meetings/centres, JIT grants, ICT projects, library etc.

Similarly to prior years, a relatively small part of the DB 2021 (30%) relates to variable elements which could be adjusted with risks and impact on achieving the organisational objectives.

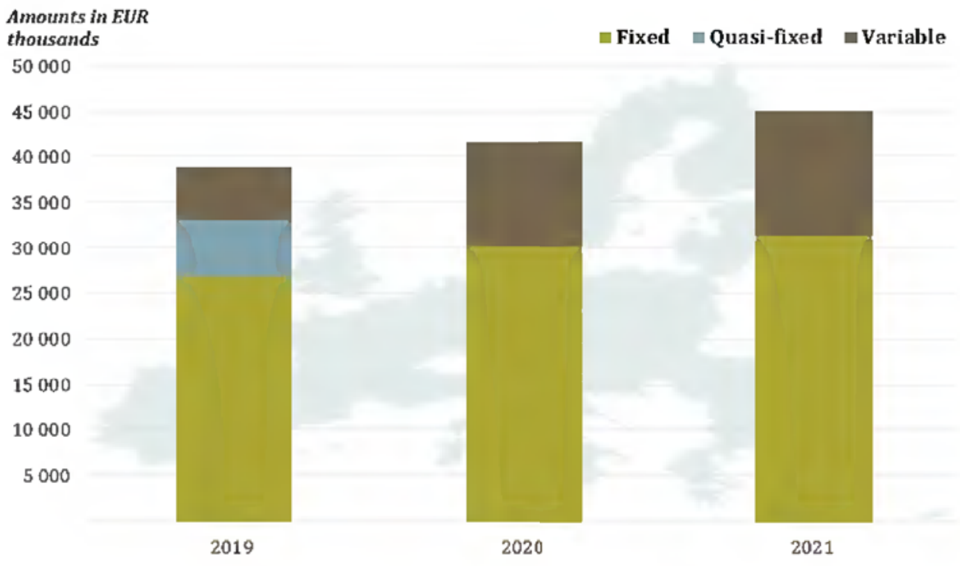

Figure 4 – Evolution of Eurojust budget per cost category in 2018-2021[6]

[5] Conducted in 2018 as part of Eurojust's DB 2020 request preparations

[6] A significant amount is classified as "quasi-fixed" (i.e. containing both "fixed" and "variable" elements) in 2019 in the absence of a zero-based budget review for that year.

4. Areas with Budget Changes

The **increase of € 3.4 M** (8%) over the 2020 budget is the net result of "significant" and "marginal" increases in a number of areas, offset by reductions in other areas.

4.1. Significant increases

The net increase over the 2020 budget reflects "significant" increases[7] in the amount of **€ 3 513 595.**

Title 1 "significant" increases	**€ 2.4 M**
1. Existing temporary/contract staff costs The costs for the 207 temporary staff and 16 FTE of contract staff authorised in the 2020 budget/EP will increase as per the statutory remuneration adjustments. In line with Eurojust's average salary methodology that still results in more modest estimates compared to the one applied by the Commission services[8], these have been calculated: • Using as starting basis the current actual salaries and estimates for 2020; • Applying the approved assumptions for the vacancy rate (2%), the indexation (0.8%) and the correction coefficient adjustment (2%); and • Including expected step changes and any possible reclassifications in 2020-2021.	**€ 734 K** **(↑ 3%)**
2. New temporary/contract staff The DB 2021 funds a reinforced EP to support the unprecedented growth in the agency's operational work. The respective costs for 10 additional temporary staff posts and 8 additional FTE of contract staff are estimated based on the salary methodology and assumptions applied for existing staff costs. The detailed justifications for these new post and FTE requests are provided in Annex VI.	**€ 1 524 K** **(new)**
3. Interim staff costs In the annual budgets of 2018-2019, Eurojust could not provide interim staff services due to the lack of a framework contract. Eurojust has recently established joint contract with the European Medicines Agency, for covering the increasing requests for short-term FTE replacements. The requested amount correspond to the annual cost of 1 FTE.	**€ 90 K** **(new)**
4. Costs for HR administrative assistance This increase relates to Eurojust's service level agreement with the Commission for the use of additional modules of Commission's ICT system for HR management (SYSPER).	**€ 36 K** **(↑ 30%)**
5. European School subsidy	**€ 12 K**

[7] "Significant" changes are considered those exceeding €10,000 of the respective BL.
[8] Using Commission's average salary figures which are the same regardless the temporary staff's grade or contract staff's function group and has typically been used by the Commission in reviewing agency budget requests, Eurojust's above estimates for the existing staff costs in 2021 would be increased by approximately € 6.4 M (29%) up to € 28 M.

The European School subsidy reflects costs that are totally outside Eurojust's control. It is estimated based on current costs, an assumed 6.5% increase on the actual number of children including a provision for future employees, the indexation adjustment for the intervening school years, and a forecast for increased registrations in the secondary school that costs approximately three times more than the primary.	(↑ 1%)
Title 2 "significant" increases	**€ 88 K**
6. Building rent This increase reflects the annual indexation foreseen in the Eurojust's building lease agreement with the host state and is linked to the estimated Consumer Price Index in the Netherlands to be confirmed in Q3 2020.	**€ 70 K** **(↑ 3%)**
7. Vehicle service costs This increase is due to the change to leasing vehicles, which is expected to bring long-term efficiencies by removing the need for high cost vehicle purchases and maintenance.	**€ 18 K** **(↑ 45%)**
Title 3 "significant" increases	**€ 1 M**
8. Coordination meeting/centre costs This increase is based on the assumption of 43 more coordination meetings (10% increase to 472) and 2 more coordination centres in 2021 as compared to 2020, and an inflationary increase of the actual average costs of Q1-Q3 2019. This is a modest estimate, not including any contingency for possible increases of contract prices despite the fact that the main framework contracts used for these costs expire in 2021.	**€ 214 K** **(↑ 8%)**
9. Existing SNE costs As for temporary and contract staff, this increase reflects the annual structural remuneration adjustments for the 21 SNEs already budgeted for 2020.	**€ 44 K** **(↑ 3%)**
10. New SNE costs These reflects the request for 3 additional SNEs to reinforce National Desks' prosecutorial experience. These practitioners from national authorities can add value by bringing their expertise in specialised areas to Eurojust, as explained in Annex VI.	**€ 200 K** **(new)**
11. Operational translation costs Due to budget constraints, in 2020 Eurojust was able to cover only part of its EJR obligation to translate a more extended set of **operational documents** using the more expensive CdT services, while maintaining current service levels concerning the type and number of documents translated in direct support of the operational work. This increase is necessary to cover in full the costs of this legal requirement and is estimated based on the 2021 CdT prices.	**€ 208 K** **(↑ 39%)**

12. Costs for corporate communications and publications	**€ 176 K**
As above, due to budget constraints, in 2020 Eurojust was able to cover only part of its EJR obligation to translate a more extended set of **corporate documents** using the more expensive CdT services. First, the obligation to use CdT will entail higher costs for translating the Annual Report and other communication material, such as newsletters, infographics and other tools aimed to enhance Eurojust's visibility. Second, the EJR sets new requirements to translate the SPD and any working arrangements concluded with third parties. This increase is necessary to cover in full the related costs and is estimated based on the 2021 CdT prices.	**(↑32%)**
13. Member State compensation for President of the College	**€ 189 K**
Stemming from the EJR, Eurojust has the legal obligation to compensate its President's Member State in order to second another person to its national desk. This estimate is based on the average of the 3 highest national salaries among all Member States and the calculation methodology stipulated in the respective Council Implementing Decision[9].	**(new)**

4.2. Marginal increases

The DB 2021 includes a number of areas with "marginal" budget increases[10], totalling to **€ 57 632** and reflecting inflationary and indexation adjustments as well as small forecasted increases in the workload and demand for specific services. Due to the marginal impact on the DB 2021, these guidelines do not elaborate these increases and only summarise them in Annex IV.

4.3. Reductions

Compared to the 2020 budget, the DB 2021 incorporates reductions of **€ 220 371** in a number of areas and BLs listed in Annex V. The largest part, approximating **€ 137 K**, represents efficiency gains without impact on Eurojust's objectives[11].

Moreover, as elaborated in Section 6 and Annex VII, compared to the actual needs projected through Eurojust's ABB tools and processes, the DB 2021 includes reduced BL allocations in a total of **€ 1.1 M**, in order to remain aligned with Eurojust's MFF 2021-2027 proposal.

5. Establishment Plan

The **draft EP 2021** foresees an increased number of temporary and contract staff directly or indirectly linked to the growth in the operational work. In particular, it includes requests for 10 additional posts for temporary staff and 8 additional FTE of contract staff.

[9] As per Article 3 in Council Implementing Decision (EU) 2019/2251 of 19 December 2019
[10] "Marginal" changes are considered to be all those that are less than € 10 000.
[11] The respective reductions are marked with an asterisk (*) in Annex V.

The EP 2021 reflects the total posts/FTE required to implement the AWP 2021 and does **not** factor in the additional resources foreseen by the Commission as Eurojust's 2021 contribution to the EPPO[12].

Annex VI provides detailed justifications for all these requests.

6. Comparison to MFF Programming

At € 45.1 M, the DB 2021 request is **in line with Eurojust's Multi-annual Financial Framework (MFF) 2021-2027 proposal**[13] and the specific workload assumptions underpinning this[14].

However, it is to be noted that the **2019 operational workload metrics (cases, coordination meetings and centres) significantly exceeded the 2019 budget assumptions** and already approach those used for the 2021 budget proposal. This attests to the fact that the estimates used for the MFF proposal were reasonable and modest.

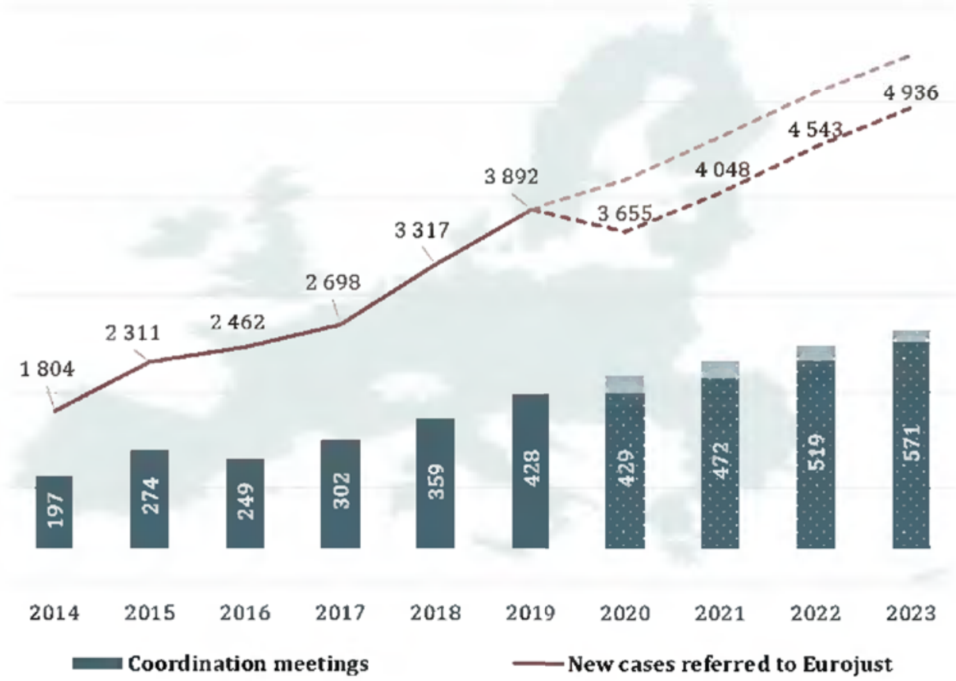

Figure 5 – Operational workload growth and future projections

Notwithstanding this, the 2021-2023 multi-annual projections in terms of workload assumptions and resources presented in the SPD have not been revised upwards; they remain consistent with Eurojust's MFF 2021-2027 proposal to the Commission in the total amount of € 362 M for the MFF period.

[12] The EPPO legislative financial statement specifies 1 AD temporary staff and 3 contract staff, as Eurojust's contribution to the EPPO for 2021.
[13] As adopted by the College and communicated to the Commission in February 2018
[14] As adopted by the MB on 4 June 2019, on the basis of the MFF workload assumptions

In order to remain aligned with Eurojust's MFF proposal and offset the EJR costs not factored in it, the DB 2021 does not include the financial resources projected[15] for a number of areas, including notably JIT grants. Listed in Annex VII and approximating **€ 1.1 M**, these shortfalls do **not** comprise efficiency gains but set constraints to the implementation of the AWP 2021. Eurojust envisages to cover these shortfalls, to the extent possible, through Denmark's financial contribution in 2021 and subject to a reassessment of the organisational needs and priorities at that time.

Whilst the MFF 2021-2027 negotiations continue in 2020, Eurojust's DB 2021 estimate is € 12.1 M above Commission's proposal (€ 33 M). This deviation continues the trends of the previous MFF period in which the Commission and the budgetary authority supported Eurojust's budget and post requests in excess of the original programming in (partial) recognition of the agency's structural deficits and operational work growth. During 2014-2020, they approved a total deviation of € 31.5 M; yet, this represented € 16 M less than Eurojust's projected needs.

These growing deviations, presented graphically below and in more detail in Annex VIII, reflect the cumulative effect of a number of factors, not considered or foreseen in neither Commission's original MFF 2014-2020 programming nor its MFF 2021-2027 proposal, and make evident the need for establishing a realistic and tenable MFF envelope to cover Eurojust's increasing budgetary needs.

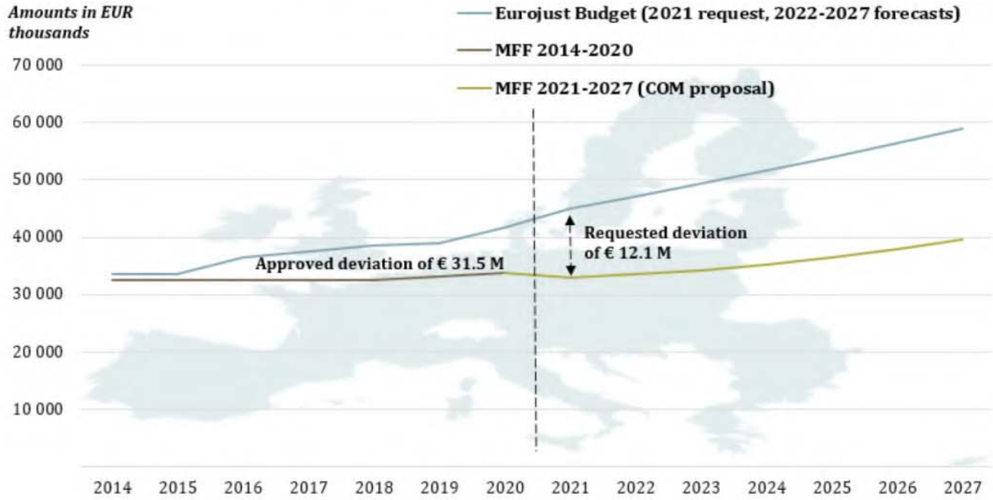

Figure 6 – Evolution of Eurojust budget deviation from MFF programming

[15] Through Eurojust's ABB methodology and tools