



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 6 July 2009

11621/09

FIN 237

NOTE

from: Permanent Representatives Committee
to: Council

Subject: Budgetary procedure for 2010 - Establishment of 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 and June 2009.

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 in general by the institutions in limiting the increase requested for their administrative expenditure for 2010, examined the administrative budgets on the following basis:
 - establishing the global increase of the EU administrative expenditure at a level near the inflation rate;
 - 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 under certain budgetary lines for all the institutions, taking into account the 2008 budget outturn and real needs;
 - increasing the standard flat rate abatement on salaries for most of the institutions, taking into account their current vacancy rate;
 - insisting on the need to fill all vacant posts. A draft declaration No. 3 on *recruitment in relation with the 2004 and 2007 enlargement* is recorded in Annex 1 to document 11620/09;
 - not accepting any new post requested by the institutions for new activities;
 - accepting requested conversions, transformations and upgradings;
 - excluding expenditure related to the implementation of the Treaty of Lisbon.

This approach has resulted in a margin of EUR 276.15 million available under the ceiling of heading 5 of the financial framework, which is deemed sufficient to respect the requirements of the IIA and in the interest of sound financial management.

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, in particular on the basis of the 2008 budget outturn.
3. As regards decentralised agencies, the Committee applied the same criteria as for the institutions. Therefore, no new posts were accepted, except for new agencies foreseen in 2010 and Frontex.
4. A thorough examination of the building policy of the institutions was also done. In this context, a draft declaration No. 4 on *building policy of EU Institutions and bodies* is recorded in Annex 1 to document 11620/09.

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 adopted:

SUMMARY TABLE: ADMINISTRATIVE EXPENDITURE					
	Budget 2009	Rectified PDB 2010	2010/2009 %	DB 2010	2010/2009 %
Section I - Parliament	1 529 970 930	1 590 012 726	+3.92	1 590 012 726	+3.92
Section II - Council	602 852 000	615 152 000	+2.04	610 052 000	+1.19
Section III - Commission					
Commission	3 278 219 000	3 297 961 000	+0.60	3 284 032 600	+0.18
OPOCE	80 466 000	83 182 000	+3.38	82 644 000	+2.71
OLAF	57 851 000	57 145 000	-1.22	57 145 000	-1.22
EPSO	27 150 000	30 993 000	+14.15	30 434 000	+12.10
PMO	33 992 000	33 728 000	-0.78	33 728 000	-0.78
OIB	61 359 000	67 343 000	+9.75	67 343 000	+9.75
OIL	24 108 000	24 430 000	+1.34	24 430 000	+1.34
European Schools	148 541 807	154 212 044	+3.82	154 212 044	+3.82
Pensions	1 135 090 000	1 192 789 000	+5.08	1 192 789 000	+5.08
Total Section III	4 846 776 807	4 941 783 044	+1.96	4 926 757 644	+1.65
Section IV - Court of Justice	314 954 433	329 240 000	+4.54	322 869 003	+2.51
Section V - Court of Auditors	187 644 296	151 146 000	-19.45	146 292 216	-22.04
Section VI - European Economic and Social Committee	120 710 809	124 744 413	+3.34	122 284 695	+1.30
Section VII - Committee of the Regions	76 451 720	82 398 133	+7.78	77 986 675	+2.01
Section VIII - European Ombudsman	8 906 880	9 543 000	+7.14	8 907 275	0.00
Section IX - European Data-Protection Supervisor	6 663 026	7 383 361	+10.81	6 684 351	+0.32
Total other institutions	2 848 154 094	2 909 619 633	+2.16	2 885 088 941	+1.30
TOTAL HEADING 5	7 694 930 901	7 851 402 677	+2.03	7 811 846 585	+1.52
Financial framework		8 088 000 000			
<i>Available margin</i>		<i>236 597 323</i>		<i>276 153 415</i>	

2. Staff levels

- All the institutions' requests for new posts were not accepted.
- The conversions, transformations and upgradings of posts which have been accepted for each institution are set out in part 3 of this document.

3. Arrangements for each of the institutions

a) Section II – Council

It was agreed that an overall amount of EUR 610 052 000 would be suggested for the Council's budget, representing an increase of 1.19% over the 2009 budget.

The standard flat rate abatement on salaries has been maintained at 7% as proposed in the PDB, taking into account the current vacancy rate.

Targeted reductions were retained by applying a specific decrease to appropriations related to outside assistance for the operation and development of computer systems, cleaning and maintenance, publications in the Official Journal, purchase and replacement of technical equipment and installations, mission expenses and allowances of national experts seconded in connection with the ESDP/CFSP, as well as to the remuneration of other staff (contract agents).

With regard to staff levels, the Committee:

- approved the transformations for career development under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- accepted the appropriations requested to employ 38 new external contract staff;
- accepted the conversion of 15 AST posts into 15 AD posts proposed in the context of the adjustment of structure and grades.

b) Section III - Commission

It was agreed that an overall amount of EUR 4 926 757 644 would be suggested for the Commission's budget (including the OPOCE, OLAF, EPSO (with EAS), PMO, OIB, OIL, European Schools and pensions), representing an increase of 1.65% over the 2009 budget.

The standard flat rate abatement on salaries was fixed at 2.75% for the central services and at 8.1% for external delegations, taking into account the current vacancy rate.

Targeted reductions were retained by applying a specific decrease to administrative appropriations related to recruitment, information technology services, Official Journal, as well as to appropriations requested for mobility.

With regard to staff levels, the Committee:

- approved the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- accepted the conversion of 18 AST posts in the Commission's establishment plan into appropriations;
- accepted the conversion of 204 AST posts into 204 AD posts in the Commission's establishment plan in the context of the adjustment of structure and grades;
- approved the technical adjustments of posts (exchanges and transfers) between the establishment plan of the Commission and the Offices as requested;
- accepted the PDB requests with regard to staff levels for the Joint Research Centre and for Research - Direct and Indirect Actions financed under sub-heading 1a, including transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto, as well as the conversion of 10 AST posts into 10 AD posts proposed in the context of the adjustment of structure and grades.

ANNEX I - Publications Office (OPOCE)

It was agreed that an overall amount of EUR 82 644 000 would be suggested for the OPOCE's budget, representing an increase of 2.71% over the 2009 budget.

The standard flat rate abatement on salaries was fixed at 6.07%, taking into account the current vacancy rate.

Targeted reductions were retained by applying a specific decrease to administrative appropriations related to legal databases.

With regard to staff levels, the Committee:

- approved the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- accepted the conversion of 3 AST posts into 3 AD posts proposed in the context of the adjustment of structure and grades.

ANNEX II - European Anti-Fraud Office (OLAF)

It was agreed that an overall amount of EUR 57 145 000 would be suggested for the OLAF's budget, representing a decrease of 1.22 % in comparison with the 2009 budget.

The standard flat rate abatement on salaries was maintained at 5.25% as proposed in the PDB, taking into account the current vacancy rate.

With regard to staff levels, the Committee:

- approved the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- accepted the conversion of 12 temporary AD 11 posts into permanent posts;
- accepted the conversion of 9 AST posts into 9 AD posts proposed in the context of the adjustment of structure and grades.

ANNEX III - European Personnel Selection Office (EPSO)

It was agreed that an overall amount of EUR 30 434 000 would be suggested for the EPSO's budget, representing an increase of 12.10% over the 2009 budget.

The standard flat rate abatement on salaries was fixed at 8.7% taking into account the current vacancy rate.

Targeted reductions were retained by applying a specific decrease to administrative appropriations related to furniture.

With regard to staff levels, the Committee:

- approved the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- accepted the transfer of 1 AST post to the Commission's establishment plan.

ANNEX IV - Office for Administration and Payment of Individual Entitlements (PMO)

It was agreed that an overall amount of EUR 33 728 000 would be suggested for the PMO's budget, representing a decrease of 0.78% in comparison with the 2009 budget.

With regard to staff levels, the Committee:

- approved the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;

- accepted the conversion of 10 AST posts into appropriations;
- accepted the conversion of 4 AST posts into 4 AD posts proposed in the context of the adjustment of structure and grades.

ANNEX V - Infrastructure and Logistics Office Brussels (OIB)

It was agreed that an overall amount of EUR 67 343 000 would be suggested for the OIB's budget, representing an increase of 9.75% over the 2009 budget.

With regard to staff levels, the Committee:

- approved the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- accepted the conversion of 14 AST posts into appropriations;
- accepted the transfer of 38 posts from the Commission's establishment plan (5 AD and 33 AST).

ANNEX VI - Infrastructure and Logistics Office Luxembourg (OIL)

It was agreed that an overall amount of EUR 24 430 000 would be suggested for the OIL's budget, representing an increase of 1.34% over the 2009 budget.

The standard flat rate abatement on salaries was maintained at 1.5% as proposed in the PDB, taking into account the current vacancy rate.

With regard to staff levels, the Committee:

- approved the transformations for career development requested under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- accepted the conversion of 6 AST posts into appropriations;
- accepted the conversion of 1 AST post into 1 AD post proposed in the context of the adjustment of structure and grades.

c) Section IV - Court of Justice

It was agreed that an overall amount of EUR 322 869 003 would be suggested for the Court of Justice's budget, representing an increase of 2.51% over the 2009 budget.

The standard flat rate abatement on salaries was maintained at 2.5% as proposed in the PDB, taking into account the current vacancy rate.

Appropriations requested for officials and temporary staff and for other staff and external staff were decreased by 3%, given the under-implementation in previous years.

Targeted reductions were retained by applying a specific decrease to appropriations related to expenditure on information technology.

With regard to staff levels, the Committee:

- approved the transformations for career development under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;

- accepted the conversion of 4 AST posts into appropriations;
- accepted the conversion of 6 AST posts into 6 AD posts.

d) **Section V - Court of Auditors**

It was agreed that an overall amount of EUR 146 292 216 would be suggested for the Court of Auditors' budget, representing a decrease of 22.04% in comparison with the 2009 budget, which included significant amounts for exceptional expenditure.

The standard flat rate abatement on salaries was fixed at 6.3%, taking into account the current vacancy rate.

Appropriations related to the renewal of the members' mandates were adjusted in accordance with the latest available information.

Proposed additional appropriations related to studies for audits were accepted for a part while the increases in appropriations requested for training and missions, meetings and conferences, new furniture, IT tools, as well as publications including the Official Journal were not accepted.

With regard to staff levels, the Committee:

- approved the transformations for career development under Article 6 of the Staff Regulations and Articles 6, 9 and 10 of Annex XIII thereto;
- accepted the conversion of 3 temporary AST posts into appropriations;

- accepted the transformation of one AST 8 post into an AD 8 post resulting from the application of Article 47(1) of the Financial Regulation;
- rejected the request for 20 new permanent non-enlargement AD 7 posts for auditors for 4 months.

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

It was agreed that an overall amount of EUR 122 284 695 would be suggested for the European Economic and Social Committee's budget, representing an increase of 1.30% over the 2009 budget.

The standard flat rate abatement on salaries was fixed at 5.5%, taking into account the recruitment difficulties encountered.

Appropriations requested for other staff and outside services, building maintenance and renovation projects, as well as for data processing, equipment and furniture were reduced, since they were deemed to have been overestimated.

A minor targeted reduction was retained by applying a specific decrease to appropriations for other expenditure relating to persons working with the institution, given the under-implementation in the last two years.

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;

- approved the other changes (9 reclassifications) to the establishment plan;
- rejected the request for 10 additional permanent non-enlargement posts (6 AD5, 3 AST3 and 1 AST1).

f) Section VII - Committee of the Regions

It was agreed that an overall amount of EUR 77 986 675 would be suggested for the Committee of the Regions' budget, representing an increase of 2.01% over the 2009 budget.

The standard flat rate abatement on salaries was fixed at 6%, taking into account the current vacancy rate

The amount requested for appropriations related to members was reduced since travel expenses and subsistence allowances were deemed to have been overestimated.

Appropriations requested for other staff and outside services, other expenditure relating to persons working with the institution, data processing, equipment and furniture, as well as for meetings and conferences and expertise and information, were deemed to have been overestimated and were reduced accordingly.

Targeted reductions were also retained by applying a specific decrease to appropriations related to building maintenance and renovation projects, as well as by rejecting the creation of a new item intended for an interinstitutional mobility project.

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;
- rejected the request for 10 additional non-enlargement posts (5 AD5, 3 AST3 and 2 AD5T).

g) Section VIII - European Ombudsman

It was agreed that an overall amount of EUR 8 907 275 would be suggested for the Ombudsman's budget, which nearly corresponds to the 2009 budget.

Appropriations requested for officials and temporary staff were decreased by 5%, given the under-implementation in previous years.

Targeted reductions were retained by applying a specific decrease to appropriations relating to expenditure on training.

The requests for a potential change of Ombudsman were not accepted, as they were already financed in the 2009 budget.

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

h) Section IX- European Data-Protection Supervisor

It was agreed that an overall amount of EUR 6 684 351 would be suggested for the European Data-Protection Supervisor's budget, representing an increase of 0.32% over the 2009 budget.

The amount intended for salaries was reduced by not accepting the increase requested with respect to the 2009 budget, taking into account the under-implementation in the last two years.

The amounts of the increases requested by the institution for appropriations relating to traineeships and staff exchanges, services and work to be contracted out, mission expenses, travel expenses and other ancillary expenditure, further training, as well as translation and interpretation costs were reduced accordingly, taking into account the under-implementation in the last two years.

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;
- rejected the request for 4 additional permanent non-enlargement posts (2 AD5, 1 AST2 and 1 AST4).

III. CONCLUSION

The Permanent Representatives Committee suggests that the Council endorse the outcome of its proceedings as set out in this document, in the context of its first reading of the draft budget for 2010.
