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European Union

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REPORT

From:	Budget Committee
To:	Permanent Representatives Committee/Council
Subject:	Council conclusions on the budget guidelines for 2023 – <i>Approval</i>

DRAFT COUNCIL CONCLUSIONS
ON THE BUDGET GUIDELINES FOR 2023

1. The Council underlines that the budget for 2023 has a key role in the development and delivery of the long-term objectives and political priorities agreed by the Union, contributing to the recovery of the European economy in the aftermath of the COVID-19 pandemic. For the third consecutive year, the budget for 2023 will be reinforced by the funds from the temporary recovery instrument, Next Generation EU (NGEU).
2. The Council stresses the need for all Union institutions, bodies, offices and agencies to respect and comply with all elements of the multiannual financial framework (MFF) 2021-2027¹ when establishing and implementing the budget for 2023.
3. The Council reiterates that the budget should be established in accordance with the budgetary principles set out in the Financial Regulation², notably the principles of unity, annuality, sound financial management and transparency.

¹ Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433I, 22.12.2020, p. 11).

² Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

4. The Council considers that the budget for 2023 should be realistic, in line with actual needs, ensure prudent budgeting and, without prejudice to the provisions of the Interinstitutional Agreement (IIA)³, leave sufficient margins under the MFF ceilings to deal with unforeseen circumstances. At the same time, the budget for 2023 should provide sufficient resources to ensure the implementation of Union programmes and to allow commitments already made under the current and previous MFF to be paid in due time, in particular since 2023 is the last year for implementing shared management commitments under the MFF 2014-2020. To this end, if necessary and in duly justified cases, after implementing all possible reallocations within the budget, adequate appropriations should be ensured through the use of available flexibilities, in order to avoid any unpaid claims submitted by the Member States. The level of outstanding commitments (RAL) should be continuously monitored.
5. The Council underlines that budgetary discipline should be maintained by all Union institutions, bodies, offices and agencies, and stresses the need to budget only expenditure items considered necessary. Furthermore, the Council points out that the additional amounts included in the budget, such as from the re-use of decommitments under Article 15(3) Financial Regulation, should be fully compliant and limited to the agreement on the MFF 2021-2027.

³ Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources (OJ L 433I, 22.12.2020, p. 28).

6. The Council takes note of the increased accuracy of Member States' forecasts⁴ and invites the Commission to consider this when estimating the level of payments in the draft budget. The Council emphasises the need for predictability of both Member States' contributions to the Union budget and payments from the Union budget to Member States, recalling that accurate budgeting avoids unwelcome challenges for national budgets. In this regard, the Council invites the Commission to provide in a transparent way accurate and reliable forecasts of all revenues, including reflows, fines and the annual amount payable by the United Kingdom in 2023 in accordance with the Withdrawal Agreement⁵, which will allow Member States to assess their expected contribution to the Union budget in a timely manner.
7. The Council underlines that corrective budgetary tools, such as amending budgets, should be kept to a justified minimum, introduced in a timely manner in order to allow for proper examination and to avoid disruptions in the functioning of Union programmes and financed primarily by redeployments. In particular, the Council invites the Commission to present revenue driven draft amending budgets separately and without delay, once the relevant information becomes available. The Council reaffirms its strong commitment to take a position on draft amending budgets as soon as possible.

⁴ As reported in point 7.2. of Accuracy of Member States' payment forecasts for 2020 of the Active monitoring and forecast of budget implementation - 2020 information note of 24 March 2021, see [Active monitoring and forecast of budget implementation 2020 | European Commission \(europa.eu\)](https://ec.europa.eu/economy_finance/active-monitoring-and-forecast-of-budget-implementation-2020_en).

⁵ Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (OJ L 29, 31.1.2020, p. 7).

8. The Council underlines that the ceiling for heading 7 of the MFF 2021-2027 is founded on the premise that all Union institutions adopt a comprehensive and targeted approach for stabilising the number of staff and reducing administrative expenditure. Any increase in staff levels not consistent with these assumptions could lead to undue pressure on heading 7 and undermine the interinstitutional balance among institutions. Consequently, the Council calls on the Commission to identify and present initiatives, where appropriate, including making use of the provisions in Article 314(1) of the Treaty on the Functioning of the European Union (TFEU). The Council also stresses the importance for each institution to provide transparent and clear justifications for any additional appropriation not in line with the MFF agreement. In addition, the Council recalls the importance of keeping the funding of decentralised agencies under firm control and of limiting it to justified needs.
9. In order for the national parliaments to have adequate time to carry out detailed scrutiny and for the Council to thoroughly prepare its position, the Council calls on the Commission to present the draft budget for 2023 as soon as possible, and at the latest, by week 23. It also encourages the Commission to continuously improve the content of its budgetary documents by making them simpler, more concise and transparent, and to ensure that the most recent data is available. The Council invites the Commission to include, in a reserve, commitment and payment appropriations foreseen for new legal acts or amendments to existing legal acts not yet adopted, in line with the provisions of the Financial Regulation.
10. In addition, the Council urges the Commission to accompany the draft budget with the complete set of applicable documents listed in Article 41 Financial Regulation. The Council calls on the Commission to guarantee full transparency and visibility of all funds under the NGEU by providing all relevant information, including summary tables on budget appropriations under the NGEU.

11. The Council invites the Commission to regularly inform Member States on the assigned revenue entered in the budget, including from the NGEU and the Trade and Cooperation Agreement with the United Kingdom⁶, and to comply with its obligations in the Financial Regulation as regards other assigned revenue allocated to certain programmes in accordance with the agreement on the MFF 2021-2027.
12. The Council stresses the importance of transparency on the financing costs of the NGEU, the management of debt and all other liabilities of the Union budget, and calls on the Commission to provide updates on the unspent funds for interest payments. In addition, the Council recalls the Commission's commitment in the framework of the 2022 budgetary procedure to ensure that the overall amount originally planned for the European Union Recovery Instrument (EURI) line in the MFF 2021-2027 is fully used for the payment of interest costs or early repayments, in keeping with the provisions of the Own Resources Decision⁷.
13. The Council encourages all institutions to collaborate efficiently and constructively, allowing for a smooth budgetary procedure and the establishment of the budget for 2023 within the deadlines set by the TFEU. Notably, the Council invites the Commission to act as honest broker during the whole budgetary procedure. In order to facilitate the conciliation process, the Council calls on the Commission to provide timely access to draft elements for joint conclusions, which should be comprehensive and contain all the relevant information (in particular on commitments and payments).

⁶ Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part, Part Five on Participation in Union programmes, Sound Financial Management and Financial Provisions and the related protocol (OJ L 444, 31.12.2020, p. 14).

⁷ Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom (OJ L 424, 15.12.2020, p. 1).

14. The Council reiterates the great importance it attaches to these guidelines and expects the Commission to duly take them into account in the preparation of the draft budget for 2023.
 15. These guidelines will be made available to the European Parliament and the Commission, as well as to the other Union institutions and bodies.
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