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NOTE

From:	General Secretariat of the Council
To:	Budget Committee
Subject:	Estimate of expenditure and revenue for the financial year 2023 for the European Council and Council (Section II of the EU Budget) - Explanatory memorandum

I. INTRODUCTION

1. The budgetary procedure for the financial year 2023 will be carried out in conformity with the Inter-institutional Agreement 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 resources¹.

¹ Inter-institutional 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).

The draft Council conclusions on the budget guidelines for 2023, endorsed by the Committee of Permanent Representatives on 23 February 2022 and to be approved by the ECOFIN Council on 15 March 2022, underline that all Union institutions, bodies, offices and agencies, should maintain budgetary discipline and stress the need to budget only expenditure items considered necessary. It is recalled that the ceiling for heading 7 of the multiannual financial framework (MFF) 2021-2027² 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.

2. The general inter-institutional framework for elaborating the proposals for the draft budget (DB) 2023 has been laid down in the Commission's letters dated 2/12/2021 and 21/12/2021, where all institutions are invited to prepare their estimates based on the following guidelines:
 - include +4,3 % for the adjustment of staff remuneration as of 01/07/2022, +1,1 % as of 01/04/2023, and +2,6 % as of 01/07/2023, following the application of the exception clause for the 2020 salary adjustment which led to a temporarily suspended update,
 - aim at a stable staffing policy,
 - aim at limiting the increase for all non-salary related expenditure to a maximum of 2% compared to the 2022 level.

The Commission communicated an inflation forecast of 1,6 % for Brussels and 1,8 % for Luxembourg for the period December 2022 to December 2023.

² 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).

3. Taking into account these guidelines, the General Secretariat of the Council (GSC) has elaborated a proposal for DB 2023 estimates for the European Council and Council (Section II of the EU budget).

The general objective of the proposal has been not to exceed by more than 2 %, in nominal terms, the level of the budget 2022 for non-salary related expenditure, in strict compliance with the limit set by the Commission.

Increases related to statutory or contractual obligations, or in domains, which have been considered as essential for the proper functioning of the GSC, have been compensated, whenever possible, by prioritising and reprogramming certain activities taking into account the budget implementation in recent years.

As a result, the GSC proposes DB2023 estimates of EUR 641,9 million. This amount corresponds to an overall increase of EUR 30,4 million or 5,0 % compared to the voted budget 2022.

Salary related expenditure amounts to EUR 390,4 million, an increase of EUR 25,4 million or 7,0 %, whereas non-salary related expenditure totals EUR 251,5 million with an increase of EUR 5,0 million or 2,0 % compared to 2022.

Table 1 presents the budget proposal for 2023 by category. More detailed comments on the development of each category are set out in paragraph II below.

Table 1: Proposal for a draft budget of the EC/C for 2023 (by category, EUR)

Chapter / article / item	Category of expenditure	Budget 2022	DB 2023	Difference	Change 2023/2022
		1	2	3=2-1	4=3/1
10	Member of the Institution (President)	1.984.500	2.011.000	26.500	1,3%
11	Statutory staff (Establishment plan)	354.837.746	379.821.268	24.983.522	7,0%
12	Other staff and external services	14.662.000	15.527.000	865.000	5,9%
13	Other expenditure relating to personnel	12.231.000	12.449.000	218.000	1,8%
TITLE 1	Persons working with the Institution	383.715.246	409.808.268	26.093.021	6,8%
200, 201	Buildings	57.527.560	59.203.000	1.675.440	2,9%
210	Computer systems	48.115.000	53.073.000	4.958.000	10,3%
211	Furniture	981.000	1.051.000	70.000	7,1%
212	Technical equipment	6.891.000	3.577.000	-3.314.000	-48,1%
213	Transport	2.550.000	2.080.000	-470.000	-18,4%
2200	Travel expenses of delegations	15.505.000	15.505.000	0	0,0%
2202	Interpreting costs	80.000.000	80.000.000	0	0,0%
2201, 2203, 2204, 2205	Meetings and conferences	6.490.000	7.090.000	600.000	9,2%
2210, 2212, 2213	Information	8.291.250	9.104.000	812.750	9,8%
223	Miscellaneous	1.407.500	1.372.000	-35.500	-2,5%
TITLE 2	Buildings, equipment and operating expenditure	227.758.310	232.055.000	4.296.690	1,9%
TITLE 10	Reserve	p.m	p.m	n/a	n/a
TOTAL BUDGET		611.473.556	641.863.268	30.389.711	5,0%
	Salary related expenditure	364.994.746	390.402.268	25.407.521	7,0%
	Non-salary related expenditure	246.478.810	251.461.000	4.982.190	2,0%
TOTAL BUDGET		611.473.556	641.863.268	30.389.711	5,0%

II. COMMENTS BY CATEGORY OF EXPENDITURE

1. Member of the Institution, President (Chapter 10)

The moderate change in the appropriations related to the function of the President of the European Council (+1,3 %) is mainly due to expected travel expenses.

2. Officials and temporary staff (Chapter 11)

The change of + 7% (EUR 25 million) of the level of appropriations for the budget headings relating to the establishment plan is mainly determined by the following factors:

a) Salary adjustment

The salary adjustment (+ EUR 18,6 million) reflects the Commission guidance set out under I. 2 above. The final percentage for the 2022 and 2023 adjustments will become available in December 2022 and in December 2023 respectively.

b) Improvement of occupancy rate in the establishment plan

The GSC estimates that the 2023 occupancy rate will be on average 97,5 %. This represents a decrease in the flat rate reduction of 1,5 percentage points resulting in an increase of EUR 5,9 million compared to what is budgeted for in 2022, as a consequence of more efficient recruitment procedures.

Continuing previous year's efforts to adapt staff profiles to changing job requirements, it is proposed to transform 5 AST posts into 5 AD posts and 10 AST posts into 10 SC posts.

3. Other staff and external services (Chapter 12)

The total change of 5,9 % (EUR 0,9 million) in appropriations within this chapter is mainly related to the estimated salary adjustments in 2022 and 2023 (+ EUR 0,1 million) and to the request for nine additional Full Time Equivalents (FTE) of contractual staff (+ EUR 0,6 million). The latter is justified by the need for more flexible temporary recruitment possibilities in view of the increasing legislative activity (Annex III).

The budget related to the Seconded National Experts increases by 3,0 % (+ EUR 0,04 million). As in the previous years, 22 FTE SNEs are budgeted.

4. Other expenditure relating to persons working with the institution (Chapter 13)

The budget on this Chapter increases by 1,8 % (+ EUR 0,2 million). The increase is mainly due to items 1320 (*Medical service*), 1322 (*Crèches and childcare facilities*) and 1323 (*Inter-institutional cooperation in the field of staff management*). It corresponds to increased needs in medical testing and support for high-level meetings and summits, as well as to the higher costs of childcare services provided by the Commission and charged to the Council, which are budget neutral at the level of the EU budget.

5. Buildings and associated costs (Chapter 20)

a) Buildings (Article 200)

The budget for the functioning of the buildings is increasing by 1.0 % (EUR 0,09 million). This increase is related to additional needs for building studies stemming from the environmental legislation applicable to the Council building portfolio.

b) Costs relating to buildings (Article 201)

The overall budget for the operating and maintenance costs of buildings is increased by 4,0 % (EUR 1,6 million), mainly driven by higher prices for gas and electricity (EUR 0,8 million), higher costs of maintenance services (EUR 0,7 million) and of regulatory controls (EUR 0,06 million).

6. Computer systems, equipment and furniture (Chapter 21)

a) IT expenditure (Article 210)

The budget for IT increases by 10,3 % (EUR 5,0 million), out of which EUR 2,8 million correspond to a budget-neutral transfer from article 212 ‘Technical equipment and installation’ (see also point c). A big proportion of the remaining increase is due to the additional costs related to the important investments in IT infrastructure made in response to the COVID-19 pandemic.

b) Furniture (Article 211)

The budget for rental and renewing of furniture has been increased by 7,1 % (EUR 0,07 million) compared to 2022. This increase responds to a pressing need for a renewal of largely depleted existing stocks.

c) Technical equipment and installation (Article 212)

The budget for replacing and renewing technical equipment and installations has been decreased by 48,1% (EUR 3,3 million) compared to 2022. This decrease is mainly a result of a budget neutral transfer of EUR 2,8 million to article 210 ‘IT expenditure’ in an effort to optimise and make more efficient the management of conferencing audio-visual equipment.

d) Transport (Article 213)

The budget on this article decreases by 18,4 % (EUR 0.5 million) due to lower needs for multilateral summits than in 2022.

7. Operating expenditure (Chapter 22)

a) Travel expenses of delegations (Item 2200)

The budget for the travel expenses of delegations remains unchanged compared to 2022.

b) Interpretation (Item 2202)

The overall budget for interpretation remains unchanged compared to 2022, given past implementation rate and implementation of the technical envelope as foreseen in the decision 54/2018. However, the on-request language envelopes have been adjusted with an increase of 4,2%.

The proposal for the interpretation breaks down as follows:

- EUR 32,8 million for general interpretation including contingencies,
- EUR 47,2 million for on-request envelopes (EUR 2,05 million/envelope).

c) Meetings and conferences (Items 2201, 2203, 2204, 2205)

The budget for meetings and conferences, i.e. catering and related administrative expenditure, has been increased by 9,2 % (EUR 0,6 million) compared to 2022 to cover meeting needs based on pre-pandemic levels.

d) Information (Article 221)

The increase of 9,8 % (EUR 0,8 million) is mainly linked to increased needs in audio-visual and digital activities, as a consequence of requests from stakeholders.

e) Miscellaneous expenses (Article 223)

The budget on this article decreases by 2,5 % (EUR 0,04 million). The decrease is related to slightly lower legal expenses.

8. More detailed information is provided in the annexes:

Annex I: Estimate of Revenue and Expenditure for the financial year 2023

Annex II: Establishment plan 2023

Annex III: Evolution of number of and expenditure on 'external staff'

Estimate of Revenue and Expenditure
For the financial year 2023
Section II - European Council and Council

Item	Description	Outturn 2021	Budget 2022	DB 2023	% 2023/2022
TITLE 1 - Persons working with the Institution					
1000	Basic salary	347.195	375.000	395.000	5%
1001	Entitlements related to the post held	70.894	76.500	81.000	6%
1002	Entitlements related to the personal circumstances	22.255	30.000	38.000	27%
1003	Social security cover	13.134	17.000	19.000	12%
1004	Other management expenditure	1.005.659	1.276.000	1.478.000	16%
100	Remuneration and other entitlements	1.459.137	1.774.500	2.011.000	13%
1010	Transitory allowance	169.719	210.000	0	-100%
101	Termination of service	169.719	210.000	0	-100%
Total Chapter 10 - Members of the Institution		1.628.857	1.984.500	2.011.000,00	1%
1100	Basic salaries	256.799.045	265.970.746	281.830.268	6%
1101	Entitlements under the Staff Regulations related to the post held	1.467.753	1.772.000	1.807.000	2%
1102	Entitlements under the Staff Regulations related to the personal circumstances of the staff member	64.985.182	66.778.000	71.057.000	6%
1103	Social security cover	10.334.298	10.947.000	11.646.000	6%
1104	Salary weightings	109.191	151.000	151.000	0%
1105	Overtime	847.327	1.285.000	1.258.000	-2%
1106	Entitlements under the Staff Regulations related to entering the service, transfer and leaving the service	1.795.000	1.895.000	1.985.000	5%
1107	Annual adjustment of the remuneration	0	4.026.000	7.854.000	95%
110	Remuneration and other entitlements	336.337.795	352.824.746	377.588.268	7%
1110	Allowances in the event of retirement in the interests of the service	1.596.983	2.013.000	2.233.000	11%
111	Termination of service	1.596.983	2.013.000	2.233.000	11%
Total Chapter 11 - Officials and temporary staff		337.934.778	354.837.746	379.821.268	7%
1200	Other staff	10.669.102	11.842.000	12.397.000	5%
1201	National experts on secondment	1.079.388	1.281.000	1.318.000	3%
1202	Traineeships	709.717	797.000	825.000	4%
1203	External services	167.343	347.000	322.000	-7%
1204	Supplementary services for the translation service	213.152	250.000	406.000	62%
1207	Annual adjustment of the remuneration	0	145.000	259.000	79%
120	Other staff and external services	12.838.700	14.662.000	15.527.000	6%
Total Chapter 12 - Other staff and external services		12.838.700	14.662.000	15.527.000	6%
1300	Miscellaneous expenditure on recruitment	153.488	158.000	158.000	0%
1301	Further training	2.344.369	2.561.000	2.518.000	-2%
130	Expenditure relating to staff management	2.497.857	2.719.000	2.676.000	-2%
1310	Special assistance grants	4.526	25.000	25.000	0%
1311	Social contacts between members of staff	51.688	131.000	133.000	2%
1312	Supplementary aid for the disabled	205.470	250.000	250.000	0%
1313	Other welfare expenditure	71.600	72.000	74.000	3%
131	Measures to assist the institution's staff	333.283	478.000	482.000	1%
1320	Medical service	375.147	464.000	720.000	56%
1322	Crèches and childcare facilities	2.605.000	2.775.000	2.956.000	7%
1323	Interinstitutional cooperation in the field of staff management	897.962	1.055.000	1.260.000	19%
132	Activities relating to all persons working with the Institution	3.878.109	4.294.000	4.936.000	15%
1331	Mission expenses of the Council Secretariat	1.307.302	3.240.000	2.855.000	-12%
1332	Travel expenses of staff related to the European Council	1.101.678	1.500.000	1.500.000	0%
133	Missions	2.408.980	4.740.000	4.355.000	-8%
Total Chapter 13 - Other expenditure relating to persons working with the institution		9.118.230	12.231.000	12.449.000	2%
TOTAL TITLE 1		361.520.566	383.715.246	409.808.268	6,8%

Estimate of Revenue and Expenditure
For the financial year 2023
Section II - European Council and Council

Item	Description	Outturn 2021	Budget 2022	DB 2023	% 2023/2022
TITLE 2 - Buildings, equipment and operating expenditure					
2000	Rent	1.321.993	457.000	444.000	-3%
2003	Fitting-out and installation work	10.242.357	10.351.000	10.171.000	-2%
2004	Work to make premises secure	1.437.971	2.107.000	2.142.000	2%
2005	Expenditure preliminary to the acquisition, construction and fitting-out of buildings	752.969	835.700	1.083.000	30%
200	Buildings	13.755.291	13.750.700	13.840.000	1%
2010	Cleaning and maintenance	17.045.094	18.335.000	19.036.000	4%
2011	Water, gas, electricity and heating	4.274.000	5.492.000	6.302.000	15%
2012	Building security and surveillance	18.006.668	18.757.860	18.758.000	0%
2013	Insurance	580.843	610.000	622.000	2%
2014	Other expenditure relating to buildings	576.349	582.000	645.000	11%
201	Costs relating to buildings	40.482.954	43.776.860	45.363.000	4%
Total Chapter 20 - Buildings and associated costs		54.238.245	57.527.560	59.203.000	3%
2100	Acquisition of equipment and software	17.325.144	12.285.716	14.085.000	15%
2101	Outside assistance for the operation and develop. of computer systems	31.221.619	27.509.685	29.376.000	7%
2102	Servicing and maintenance of equipment and software	6.199.738	6.964.599	8.117.000	17%
2103	Telecommunications	2.283.930	1.355.000	1.495.000	10%
210	Computer systems and telecommunications	57.030.431	48.115.000	53.073.000	10%
211	Furniture	926.209	981.000	1.051.000	7%
2120	Purchase and replacement of technical equipment and installations	4.293.372	3.769.000	2.150.000	-43%
2121	Outside assistance for the operation and development of technical equipment and installations	41.845	100.000	100.000	0%
2122	Rental, servicing, maintenance and repair of technical equipment and installations	1.824.186	3.022.000	1.327.000	-56%
212	Technical equipment and installations	6.159.402	6.891.000	3.577.000	-48%
213	Transport	1.367.115	2.550.000	2.080.000	-18%
Total Chapter 21 - Computer systems, equipment and furniture		65.483.158	58.537.000	59.781.000	2%
2200	Travel expenses of delegations	10.150.204	15.505.000	15.505.000	0%
2201	Miscellaneous travel expenses	182.596	550.000	500.000	-9%
2202	Interpreting costs	19.784.532	80.000.000	80.000.000	0%
2203	Representation expenses	120.805	180.000	195.000	8%
2204	Miscellaneous expenditure on internal meetings	2.800.984	4.635.000	5.305.000	14%
2205	Organisation of conferences, congresses and meetings	373.075	1.125.000	1.090.000	-3%
220	Meetings and conferences	33.412.196	101.995.000	102.595.000,00	1%
2210	Documentation and library expenditure	2.624.909	2.825.000	2.885.000	2%
2212	General publications	309.601	308.000	268.000	-13%
2213	Information and public events	4.595.211	5.158.250	5.951.000	15%
221	Information	7.529.721	8.291.250	9.104.000	10%
2230	Office supplies	364.477	374.000	398.000	6%
2231	Postal charges	50.000	50.000	35.000	-30%
2232	Expenditure on studies, surveys and consultations	0	45.000	45.000	0%
2234	Removals	0	33.000	33.000	0%
2235	Financial charges	10.000	20.000	20.000	0%
2236	Legal expenses and costs, damages and compensation	178.207	600.000	550.000	-8%
2237	Other operating expenditure	204.297	285.500	291.000	2%
223	Miscellaneous expenses	806.981	1.407.500	1.372.000	-3%
Total Chapter 22 - Operating expenditure		41.748.897	111.693.750	113.071.000	8%
TOTAL TITLE 2		161.470.300	227.758.310	232.055.000	1,9%
TOTAL BUDGET		522.990.866	611.473.556	641.863.268	5,0%

ESTABLISHMENT PLAN 2023
Section II - European Council and Council

Budget 2022			
Category and grade	Permanent posts	Temporary posts	
		President EC	Others
HC	1	0	0
AD 16	8	1	0
AD 15	33 ¹⁾	1	0
AD 14	140 ²⁾	2	1
AD 13	139	3	0
AD 12	193	7	0
AD 11	91	2	1
AD 10	169	2	0
AD 9	256	0	0
AD 8	161	0	0
AD 7	158	1	0
AD 6	85	1	0
AD 5	86	0	0
Sub-total AD	1519	20	2
AST 11	42	0	0
AST 10	46	0	0
AST 9	191	7	0
AST 8	103	2	0
AST 7	145	0	0
AST 6	191	0	0
AST 5	265	1	0
AST 4	188	0	0
AST 3	85	2	0
AST 2	8	1	0
AST 1	20	0	0
Sub-total AST	1284	13	0
SC 6	0	0	0
SC 5	0	0	0
SC 4	6	0	0
SC 3	16	0	0
SC 2	68	0	0
SC 1	100	0	0
Sub-total SC	190	0	0
Total	2994	33	2
Overall total	3029		

Draft budget 2023			
Category and grade	Permanent posts	Temporary posts	
		President EC	Others
HC	1	0	0
AD 16	8	1	0
AD 15	33 ³⁾	1	0
AD 14	145 ⁴⁾	2	1
AD 13	140	3	0
AD 12	208	7	1
AD 11	92	2	0
AD 10	177	2	0
AD 9	263	0	0
AD 8	161	0	0
AD 7	158	1	0
AD 6	70	1	0
AD 5	69	0	0
Sub-total AD	1524	20	2
AST 11	42	0	0
AST 10	49	0	0
AST 9	191	7	0
AST 8	88	2	0
AST 7	148	0	0
AST 6	206	0	0
AST 5	284	1	0
AST 4	180	0	0
AST 3	45	2	0
AST 2	8	1	0
AST 1	28	0	0
Sub-total AST	1269	13	0
SC 6	0	0	0
SC 5	0	0	0
SC 4	8	0	0
SC 3	16	0	0
SC 2	71	0	0
SC 1	105	0	0
Sub-total SC	200	0	0
Total	2994	33	2
Overall total	3029		

1) Including 4 agents of grade AD16 ad personam.

2) Including 7 agents of grade AD15 ad personam.

3) Including 4 agents of grade AD16 ad personam.

4) Including 7 agents of grade AD15 ad personam.

Evolution of number of and expenditure on external staff

<i>Council</i>	<i>Voted budget 2022</i>		<i>Statement of estimates 2023</i>	
Type of staff	Appropriations (EUR)	Estimated number of FTE (*) on the basis of authorised appropriations	Appropriations (EUR)	Estimated number of FTE (*) on the basis of requested appropriations
Contractual Agents	11.674.000	223	12.230.500	232
Seconded National Experts	1.281.000	22	1.318.000	22
Local Agents	0	0	0	0
Intérimaires	237.000	3	237.000	3
Parliamentary Assistants	N/A	N/A	N/A	N/A
Total	13.192.000	248	13.785.500	257

* Full-time equivalent units