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NOTE

From:	General Secretariat of the Council
To:	Budget Committee
Subject:	Estimate of expenditure and revenue for the financial year 2024 for the European Council and Council (Section II of the EU Budget) - Explanatory memorandum

I. INTRODUCTION

1. The budgetary procedure for the financial year 2024 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 2024, endorsed by the Committee of Permanent Representatives on 22 February 2023 and to be approved by the ECOFIN Council on 14 March 2023, stress the need for all Union institutions, bodies, offices and agencies to respect and comply with all elements of the multiannual financial framework (MFF) 2021-2027² when establishing and implementing the budget for 2024, to maintain budgetary discipline and to budget only expenditure items considered necessary. It is reiterated 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.

2. The general inter-institutional framework for elaborating the proposals for the draft budget (DB) 2024 has been laid down in the Commission's letters dated 29/11/2022 and 16/12/2022, where all institutions were invited to prepare their estimates based on the following guidelines:
 - include 4,4 % for the adjustment of staff remuneration as of 01/07/2023 and 3,4 % as of 01/07/2024,
 - 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 2023 level.

The Commission communicated an inflation forecast of 3,3 % for Brussels and 3,1 % for Luxembourg for the period December 2023 to December 2024.

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 the above guidelines, the General Secretariat of the Council (GSC) has elaborated a proposal for DB 2024 estimates for the European Council and Council (Section II of the EU budget).

While giving due consideration to the limit set by the Commission as regards the increase in non-salary related expenditure, the GSC considers that its energy needs should be addressed separately, outside the 2 % ceiling set out for non-salary related expenditure. In view of the sharp increase of energy prices observed in 2022, and the resulting pressure on the availability of appropriations since then, an adequate adjustment of the provisions for energy in the budget is necessary for the GSC to be able to continue supporting the European Council and Council in fulfilling their missions.

Setting energy aside, the proposed increase in all other areas of non-salary related expenditure has been kept down to a total of 2 %. In the current economic environment, even this represents a substantial loss of purchasing power and necessitates difficult choices.

4. Increases related to statutory or contractual obligations in the current high inflationary environment, and in domains, which are considered as essential for the proper functioning of the GSC, have been compensated by prioritising, reprogramming and scaling down other activities, as well as by postponing or cancelling projects and by seeking more efficient ways to manage the budget.
5. As a result, the GSC proposes DB 2024 estimates of EUR 682,6 million. This amount corresponds to an overall increase of EUR 34,7 million or 5,4 % compared to the voted budget 2023.

Salary related expenditure amounts to EUR 420,8 million - an increase of EUR 24,1 million or 6,1 %.

Non-salary related expenditure totals EUR 261,8 million - an increase of EUR 10,6 million or 4,2 % of non-salary expenditure compared to 2023 which consists of EUR 5,1 million (or 2,0 %) in expenditure excluding energy and EUR 5,5 million (or 2,2 %) in energy costs.

6. Table 1 presents the budget proposal for 2024 by category. More detailed comments on the development of each category are set out in Section II below.

Table 1: Proposal for a draft budget of the EC/C for 2024 (by category, EUR)

Chapter / article / item	Category of expenditure	Budget 2023	DB 2024	Difference	Change 2024/2023
		1	2	3=2-1	4=3/1
10	Member of the Institution (President)	2.019.000	2.575.000	556.000	27,5%
11	Statutory staff (Establishment plan)	386.034.757	409.748.234	23.713.477	6,1%
12	Other staff and external services	15.601.000	15.893.000	292.000	1,9%
13	Other expenditure relating to personnel	12.449.000	12.790.000	341.000	2,7%
TITLE 1	Persons working with the Institution	416.103.757	441.006.234	24.902.477	6,0%
200, 201	Buildings (including energy)	59.203.000	65.457.000	6.254.000	10,6%
210	Computer systems	52.823.000	53.994.000	1.171.000	2,2%
211	Furniture	1.051.000	1.091.000	40.000	3,8%
212	Technical equipment	3.577.000	3.253.000	-324.000	-9,1%
213	Transport	2.080.000	2.174.000	94.000	4,5%
2200	Travel expenses of delegations	15.505.000	15.505.000	0	0,0%
2202	Interpreting costs	80.000.000	81.600.000	1.600.000	2,0%
2201, 2203, 2204, 2205	Meetings and conferences	7.090.000	7.531.000	441.000	6,2%
2210, 2212, 2213	Information	9.104.000	9.633.000	529.000	5,8%
223	Miscellaneous	1.372.000	1.387.000	15.000	1,1%
TITLE 2	Buildings, equipment and operating expenditure	231.805.000	241.625.000	9.820.000	4,2%
TITLE 10	Reserve	p.m	p.m	n/a	n/a
TOTAL BUDGET		647.908.757	682.631.234	34.722.477	5,4%
	Salary related expenditure	396.659.757	420.785.234	24.125.477	6,1%
	Non-salary related expenditure	251.249.000	261.846.000	10.597.000	4,2%
TOTAL BUDGET		647.908.757	682.631.234	34.722.477	5,4%

II. COMMENTS BY CATEGORY OF EXPENDITURE

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

The increase of the appropriations related to the function of the President of the European Council (PEC) (28 %) is mainly due to travel expenses in view of the continuing intense international activity following the war of aggression of Russia against Ukraine.

2. Officials and temporary staff (Chapter 11)

The change of 6 % (EUR 23,7 million) in 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 16,7 million) reflects the Commission guidance set out in Section 1.2 above. The final percentage for the 2023 and 2024 adjustments will become available in December 2023 and in December 2024 respectively.

b) Improvement of occupancy rate in the establishment plan

The GSC estimates that the 2024 occupancy rate will be 98 % on average. This represents a decrease in the flat-rate reduction of 0,5 percentage points resulting in an increase of EUR 2,1 million compared to what is budgeted for in 2023, as a consequence of more efficient recruitment procedures.

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

3. Other staff and external services (Chapter 12)

The total change of 2 % (EUR 0,3 million) in appropriations within this chapter is mainly related to the estimated salary adjustments in 2023 and 2024 (EUR 0,06 million) and to the request for four additional Full Time Equivalents (FTE) of contractual staff (EUR 0,4 million). The latter is linked to the need to ensure more flexible recruitment possibilities, e.g. for compensating temporary leave (Annex III).

The budget related to the Seconded National Experts (SNE) increases by 8 % (EUR 0,1 million) to cover expenses for the indexation of allowances, linked to the level of indexation of salaries of officials. As in 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 3 % (EUR 0,3 million). The increase is mainly due to items 1322 (*Crèches and childcare facilities*), 1323 (*Inter-institutional cooperation in the field of staff management*) and 1332 (*Travel expenses of staff related to the European Council*). The increase corresponds to the higher costs of childcare services, as well as other services linked to staff management, provided by the Commission, and charged to the Council, which are budget neutral at the level of the EU budget. It results also from the expected travel expenses of staff accompanying the PEC (see Section II.1 above).

5. Buildings and associated costs (Chapter 20)

a) Buildings (Article 200)

The budget for the functioning of the buildings is reduced by -12 % (-EUR 1,6 million), due to scaling down of the number of building projects planned for 2024. This scaling down has been necessary to compensate for the inflationary pressure, which, together with indexation of the labour-intensive services, is having a significant impact on the overall building costs.

b) Costs relating to buildings (Article 201)

The overall budget for the operating and maintenance costs of buildings is increased by 17 % (EUR 7,9 million), driven on one hand by higher prices for gas and electricity (EUR 5,5 million) and on the other hand by higher costs of maintenance, cleaning, surveillance, and safety services (EUR 2,4 million).

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

a) IT expenditure (Article 210)

The increase of the budget for IT is limited to 2 % (EUR 4,0 million).

b) Furniture (Article 211)

The budget for rental and renewing of furniture is increasing slightly (4 % or EUR 0,04 million) compared to 2023. This increase aims at maintaining a minimum level of stock renewal in the context of rising prices.

c) Technical equipment and installation (Article 212)

The budget for replacing and renewing technical equipment and installations has been reduced by -9 % (-EUR 0,3 million) compared to 2023. This decrease is an effort to compensate for increases in other areas where outside factors such as inflation and high prices make it impossible to remain within the 2 % increase limit.

d) Transport (Article 213)

The budget on this article increases by 5 % (EUR 0,1 million) due to transportation for multilateral summits in Brussels.

7. Operating expenditure (Chapter 22)

a) Travel expenses of delegations (Item 2200)

The budget for the travel expenses of delegations remains unchanged compared to 2023.

b) Interpretation (Item 2202)

The increase by 2 % (EUR 1,6 million) is explained by the evolution of the price of SCIC services. The announced increase for 2024 is 3,9 %.

The proposal for the interpretation breaks down as follows:

- EUR 34,4 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 6 % (EUR 0,4 million) compared to 2023 to cover some additional needs for multilateral summits.

d) Information (Article 221)

The increase of 6 % (EUR 0,5 million) is linked to enhanced needs in audio-visual activities following requests from stakeholders (Council presidencies, PEC). The GSC's Communication service has compensated this increase with an equivalent decrease in the budget lines related to the purchase and replacement of technical equipment (Article 212).

e) Miscellaneous expenses (Article 223)

The budget on this article increases by 1 % (EUR 0,015 million) due to slightly higher insurance costs.

8. More detailed information is provided in the annexes:

Annex I: Estimate of Revenue and Expenditure for the financial year 2024

Annex II: Establishment plan 2024

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

**Estimate of Revenue and Expenditure
For the financial year 2024
Section II - European Council and Council**

Item	Description	Outturn 2022	Budget 2023	DB 2024	% 2024/2023
TITLE 1 - Persons working with the Institution					
1000	Basic salary	366.948	400.000	415.000	4%
1001	Entitlements related to the post held	74.928	82.000	90.000	10%
1002	Entitlements related to the personal circumstances	24.593	39.000	43.000	10%
1003	Social security cover	13.970	20.000	22.000	10%
1004	Other management expenditure	1.757.639	1.478.000	1.985.000	34%
1006	Entitlements related to entering, transfer and leaving the service	0	0	0	
1007	Annual adjustment of the remuneration	0	0	0	
100	Remuneration and other entitlements	2.238.078	2.019.000	2.555.000	27%
1010	Transitory allowance	0	0	20.000	-
101	Termination of service	0	0	20.000	-
Total Chapter 10 - Members of the Institution		2.238.078	2.019.000	2.575.000	28%
1100	Basic salaries	273.821.558	288.855.757	305.603.234	6%
1101	Entitlements under the Staff Regulations related to the post held	1.405.910	1.831.000	1.866.000	2%
1102	Entitlements under the Staff Regulations related to the personal circumstances of the staff member	68.935.317	72.824.000	77.279.000	6%
1103	Social security cover	11.095.755	11.934.000	12.377.000	4%
1104	Salary weightings	68.250	153.000	153.000	0%
1105	Overtime	967.362	1.290.000	1.290.000	0%
1106	Entitlements under the Staff Regulations related to entering the service, transfer and leaving the service	2.260.000	1.985.000	2.075.000	5%
1107	Annual adjustment of the remuneration	0	4.899.000	6.775.000	38%
110	Remuneration and other entitlements	358.554.151	383.771.757	407.418.234	6%
1110	Allowances in the event of retirement in the interests of the staff	1.921.471	2.263.000	2.330.000	3%
1112	Entitlements of the former Secretaries-General	0	0	0	
111	Termination of service	1.921.471	2.263.000	2.330.000	3%
Total Chapter 11 - Officials and temporary staff		360.475.622	386.034.757	409.748.234	6%
1200	Other staff	11.372.215	12.554.000	12.928.000	3%
1201	National experts on secondment	1.052.986	1.334.000	1.439.000	8%
1202	Traineeships	754.531	825.000	860.000	4%
1203	External services	226.724	322.000	326.000	1%
1204	Supplementary services for the translation service	159.723	406.000	125.000	-69%
1207	Annual adjustment of the remuneration	0	160.000	215.000	34%
120	Other staff and external services	13.566.179	15.601.000	15.893.000	2%
Total Chapter 12 - Other staff and external services		13.566.179	15.601.000	15.893.000	2%
1300	Miscellaneous expenditure on recruitment	103.907	158.000	161.000	2%
1301	Further training	2.158.055	2.518.000	2.214.000	-12%
130	Expenditure relating to staff management	2.261.962	2.676.000	2.375.000	-11%
1310	Special assistance grants	10.795	25.000	25.000	0%
1311	Social contacts between members of staff	49.000	133.000	138.000	4%
1312	Supplementary aid for the disabled	190.596	250.000	248.000	-1%
1313	Other welfare expenditure	36.600	74.000	75.000	1%
131	Measures to assist the institution's staff	286.991	482.000	486.000	1%
1320	Medical service	380.203	720.000	598.000	-17%
1322	Crèches and childcare facilities	2.775.000	2.956.000	3.259.000	10%
1323	Interinstitutional cooperation in the field of staff management	875.773	1.260.000	1.460.000	16%
132	Activities relating to all persons working with the institution	4.030.976	4.936.000	5.317.000	8%
1331	Mission expenses of the Council Secretariat	2.694.847	2.855.000	2.912.000	2%
1332	Travel expenses of staff related to the European Council	1.800.000	1.500.000	1.700.000	13%
133	Missions	4.494.847	4.355.000	4.612.000	6%
Total Chapter 13 - Other expenditure relating to persons working with the institution		11.074.775	12.449.000	12.790.000	3%
TOTAL TITLE 1		387.354.655	416.103.757	441.006.234	6,0%

Estimate of Revenue and Expenditure
For the financial year 2024
Section II - European Council and Council

Item	Description	Outturn 2022	Budget 2023	DB 2024	% 2024/2023
TITLE 2 - Buildings, equipment and operating expenditure					
2000	Rent	257.266	444.000	444.000	0%
2003	Fitting-out and installation work	9.008.388	10.171.000	8.437.000	-17%
2004	Work to make premises secure	2.970.527	2.142.000	2.126.000	-1%
2005	Expenditure preliminary to the acquisition, construction and fitting-out of buildings	309.492	1.083.000	1.210.000	12%
200	Buildings	12.545.673	13.840.000	12.217.000	-12%
2010	Cleaning and maintenance	18.369.904	19.036.000	21.141.000	11%
2011	Water, gas, electricity and heating	15.845.002	6.302.000	11.828.000	88%
2012	Building security and surveillance	17.184.996	18.758.000	19.133.000	2%
2013	Insurance	587.383	622.000	630.000	1%
2014	Other expenditure relating to buildings	442.277	645.000	508.000	-21%
201	Costs relating to buildings	52.429.562	45.363.000	53.240.000	17%
Total Chapter 20 - Buildings and associated costs		64.975.235	59.203.000	65.457.000	11%
2100	Acquisition of equipment and software	16.630.807	14.085.001	14.679.000	4%
2101	Outside assistance for the operation and develop. of computer systems	29.594.966	29.376.000	29.278.000	0%
2102	Servicing and maintenance of equipment and software	6.975.475	7.866.999	8.361.000	6%
2103	Telecommunications	1.716.305	1.495.000	1.676.000	12%
210	Computer systems and telecommunications	54.917.552	52.823.000	53.994.000	2%
211	Furniture	980.995	1.051.000	1.091.000	4%
2120	Purchase and replacement of technical equipment and installations	2.291.800	2.150.000	1.793.000	-17%
2121	Outside assistance for the operation and development of technical equipment and installations	73.537	100.000	102.000	2%
2122	Rental, servicing, maintenance and repair of technical equipment and installations	958.421	1.327.000	1.358.000	2%
212	Technical equipment and installations	3.323.758	3.577.000	3.253.000	-9%
213	Transport	2.513.248	2.080.000	2.174.000	5%
Total Chapter 21 - Computer systems, equipment and furniture		61.735.553	59.531.000	60.512.000	2%
2200	Travel expenses of delegations	5.579.200	15.505.000	15.505.000	0%
2201	Miscellaneous travel expenses	267.673	500.000	509.000	2%
2202	Interpreting costs	61.391.389	80.000.000	81.600.000	2%
2203	Representation expenses	142.772	195.000	185.000	-5%
2204	Miscellaneous expenditure on internal meetings	4.241.653	5.305.000	5.185.000	-2%
2205	Organisation of conferences, congresses and meetings	2.920.537	1.090.000	1.652.000	52%
220	Meetings and conferences	74.543.224	102.595.000	104.636.000	2%
2210	Documentation and library expenditure	2.760.606	2.885.000	2.823.000	-2%
2212	General publications	345.000	268.000	310.000	16%
2213	Information and public events	5.185.217	5.951.000	6.500.000	9%
221	Information	8.290.823	9.104.000	9.633.000	6%
2230	Office supplies	503.676	398.000	398.000	0%
2231	Postal charges	50.000	35.000	35.000	0%
2232	Expenditure on studies, surveys and consultations	15.000	45.000	45.000	0%
2234	Removals	30.478	33.000	33.000	0%
2235	Financial charges	8.000	20.000	15.000	-25%
2236	Legal expenses and costs, damages and compensation	850.000	550.000	550.000	0%
2237	Other operating expenditure	233.920	291.000	311.000	7%
223	Miscellaneous expenses	1.691.074	1.372.000	1.387.000	1%
Total Chapter 22 - Operating expenditure		84.525.121	113.071.000	115.656.000	9%
TOTAL TITLE 2		211.235.909	231.805.000	241.625.000	4,2%
TOTAL BUDGET		598.590.564	647.908.757	682.631.234	5,4%

ESTABLISHMENT PLAN 2024
Section II - European Council and Council

Budget 2023			
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	145 ²⁾	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		

Draft budget 2024			
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	214	7	1
AD 11	102	2	0
AD 10	192	2	0
AD 9	250	0	1
AD 8	150	0	0
AD 7	146	1	0
AD 6	67	1	0
AD 5	86	0	0
Sub-total AD	1533	20	3
AST 11	42	0	0
AST 10	49	0	0
AST 9	191	7	0
AST 8	88	2	0
AST 7	154	0	0
AST 6	216	0	0
AST 5	275	1	0
AST 4	160	0	0
AST 3	46	2	0
AST 2	10	1	0
AST 1	18	0	0
Sub-total AST	1249	13	0
SC 6	0	0	0
SC 5	1	0	0
SC 4	9	0	0
SC 3	21	0	0
SC 2	72	0	0
SC 1	107	0	0
Sub-total SC	210	0	0
Total	2993	33	3
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 2023</i>		<i>Statement of estimates 2024</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	12.386.000	232	12.760.000	236	
Seconded National Experts	1.334.000	22	1.439.000	22	
Local Agents	0	0	0	0	
Intérimaires	237.000	3	242.000	3	
Parliamentary Assistants	N/A	N/A	N/A	N/A	
Total	13.957.000	257	14.441.000	261	

* Full-time equivalent units