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COMMISSION OF THE EUROPEAN COMMUNITIES

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**AMENDING LETTER No 3
TO THE PRELIMINARY DRAFT BUDGET 2010**

**STATEMENT OF EXPENDITURE BY SECTION
Section II - Council**

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Having regard to:

- the Treaty establishing the European Community, and in particular Article 272 thereof,
- the Treaty establishing the European Atomic Energy Community, and in particular Article 177 thereof,
- the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹, as last amended by Council Regulation (EC, Euratom) No 1525/2007², and in particular Article 34 thereof,

the European Commission hereby presents to the budgetary authority the amending letter No 3 to the Preliminary Draft Budget for 2010 for the reasons set out in the explanatory memorandum.

¹ OJ L 248, 16.9.2002, p. 1.

² OJ L 343, 27.12.2006, p.9.

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STATEMENT OF EXPENDITURE BY SECTION

The statement of expenditure by section is forwarded separately via the SEI-BUD system. An English version of the expenditure by section is attached for information as a budgetary annex.

1. INTRODUCTION

- 1.1 This letter of amendment to the preliminary draft budget of the Council for the financial year 2010 presents an estimate of the appropriations needed to finance the consequences of the entry into force of the Treaty of Lisbon for the functioning of the European Council and the Council in 2010.

It is important to underline that as far as the European Council and its President are concerned, this is an initial estimate for the start up phase. The resource requirements for the European Council and its President may evolve in the future.

- 1.2 This amendment gives a provision for:

- a) The creation of the European Council as an Institution³.

The direct consequence of the creation of the European Council as an Institution is that the events to which participate the Heads of State and Government and which were organised by the Member State holding the Presidency in the past, will be organised in principle by the new Institution in the future. The cost of these events shift thus from the budget of the Member State in question to the EU-budget.

This affects in the first place the organisation of the meetings of the European Council. Until now, the available resources (building, staff) of the Council have covered, to a large extent, the activities of the European Council. The incremental costs of summits have so far been financed by the Member State ensuring the presidency and administered by the GSC⁴. On the basis of experience of previous years the incremental cost of a session of the European Council may be estimated to EUR 1,3 million. The current proposal foresees the expenditure to cover the cost of the organisation of 5 summits, which corresponds to an amount of EUR 6,5 million.

In addition, the cost of summits with third countries has until now been borne exclusively by the Member State holding the rotating Presidency. The technical estimate⁵ for these meetings, which in the future will be organised by the President of the European Council amounts to EUR 2,5 million.

Finally, since a large part of the events mentioned above will be organised in the premises of the European Council and the Council, investment in infrastructure has to be foreseen. A provision for refurbishment, technical and IT equipment, furniture and transportation means an amount of EUR 3,1 million is envisaged.

³ New article 13 of the Treaty on European Union.

⁴ The appropriations needed for the financing of the summits are treated as assigned revenue in the budget of the Council.

⁵ It should be noted that this figure is based on 2 assumptions made by the Secretariat:

- In conformity with the declaration of the European Council of 12 December 2008 (17271/08, page 13) on the transitional measures concerning the Presidency of the European Council, all activities organised during the first semester of 2010 in Spain, will be financed by the Spanish Presidency.
- Meeting organised outside of the seat of European Council and the Council will be financed by the Member State holding the Presidency.

b) The creation of the function of President of the European Council⁶

The means allowing the President to act should be foreseen in the budget for 2010. The provision should cover the emoluments of the President, the staffing of his Private Office, the security and the press service as well as mission expenditure.

The technical estimate for the function of the President for 2010 amounts to EUR 1,5 million including his travel and representation costs.

The estimate for the staffing of his Private Office and his personal security is EUR 4,5 million including remuneration (EUR 3,9 million) and mission costs (EUR 0,4 million) and other expenditure (EUR 0,2 million).

c) Increase of co-decision

As a consequence of the Treaty the volume of co-decision procedures will significantly increase. This means that it is necessary to reinforce the existing resources of the Council (e.g. preparation of legislation, Irish translation). The estimate for this reinforcement amounts to EUR 1,9 million.

d) Reserve

An amount of EUR 3,5 million is placed in a reserve since it is not possible at the moment to foresee how the activities of the European Council and its President will develop.

1.3 In summary, the GSC proposes to increase the budget for 2010 by an overall amount of EUR 23,5 million and an increase of the establishment plan with 60 posts.

Compared to the preliminary draft budget established in April 2009, the proposal would lead to a budget of section II of EUR 638,652 million (increase compared to original PDB 2010 by 3,8 %).

1.4 The fixed costs for the functioning of the European Council (buildings, operational expenditure, and staff) have always been provided for under section II of the budget of the European Union. According to article 235.4 of the TFEU⁷ this approach will be maintained. The incremental cost of the creation of the European Council as an institution will be added to the existing resources.

These additional resources will be presented in section II of the general budget, entitled "*Council and European Council*"⁸.

⁶ New article 15 of the Treaty on European Union.

⁷ "The European Council shall be assisted by the General Secretariat of the Council".

⁸ "Article 316 of the TFEU allows this interpretation: "The expenditure of the European Parliament, the European Council and the Council, the Commission and the Court of Justice shall be set out in separate parts of the budget, without prejudice to special arrangements for certain common items of expenditure".

2. PRESENTATION OF EXPENDITURE BY NATURE

2.1 Members of the institution (chapter 10)

The provisional appropriation includes appropriations of ca 1,5 m€ destined to cover:

- the salary and other entitlements of the President of the European Council in his first year of the entry into service⁹,
- a provision for the President's travel and representation costs.

2.2 Increase of the establishment plan 2010 (chapter 11)

The GSC proposes an increase of the establishment plan related to the entry into force of the Treaty. It is proposed that 22 new posts¹⁰ are created to constitute the basis for the future cabinet of the President of the European Council. These posts include:

- Head of Private Office,
- Deputy Head of Private Office,
- 6 administrators for the Private Office,
- 2 press officers,
- 12 assistants

In addition, 10 additional security agents are foreseen for the personal protection of the President.

Finally, the GSC proposes to reinforce other GSC's services, notably: DGF (Press/Communication), DGA2 (Protocol/Conferences/Infrastructures), DG H (JAI), as well as Department for General Political Questions by a total of 28 officials.

The result of the above mentioned modifications of the establishment plan is an increase of the budgetary appropriations by EUR 5,8 million.

2.3 Other staff expenditure (chapter 12 and 13)

The provisional appropriations include appropriations of EUR 0,4 million destined to finance mission expenditures related to travel of the direct collaborators of the President¹¹, as well media coverage of the meetings and organised events (EUR 0,2 million). A provision of EUR 0,2 million is foreseen for medical expenses.

⁹ Regulation no 422/67/EEC of 25 July 1967 modified by regulation no 1292/2004 of the Council of 30/4/2004

¹⁰ The President of the EP currently has a Private Office of 37 posts, the president of the Commission of 33.

¹¹ The provision for the President mission expenditure is foreseen under chapter 10 and amounts to EUR 0,9 million.

2.4 Immovable property (chapter 20)

An amount of EUR 2,4 million is foreseen to cover incremental building related costs needed for the organisation of the European Council notably security and cleaning services¹².

2.5 IT, equipments and furniture (chapter 21)

The GSC foresees appropriations of ca 2,6 m€ for additional spending in the area of IT, purchase, renting and maintenance of equipment and means of transportation. These appropriations should cover the need for:

- the adaptation of the existing infrastructure,
- the incremental costs of organisation of the European Council summits (telephone lines, communication equipment),
- media coverage of the events organised by the European Council,
- purchase and maintenance of armoured vehicle for the President.

2.6 Operating expenditure (chapter 22)

The GSC foresees that EUR 6,9 million will be necessary to cover the operating expenditure related to the organisation of summits, and conferences with third countries and other meetings in the framework of activities of the European Council and its President.

2.7 Reserve

A significant reserve of EUR 3,5 million is foreseen. This relatively high amount is necessary since it is not possible at this stage to foresee exactly how the activities of the European Council and its President will develop.

¹² This amount is based on the experience from previous events.