General guidelines for the 2015 budget - Section III

2014/2004(BUD) - 05/02/2014 - Document attached to the procedure

By way of preparation of the budget guidelines for 2015 to be established by the Council, the Budget Committee considered a set of draft Council conclusions, on the basis of a proposal from the Presidency.

The main conclusions of these guidelines may be summarised as follows:

Budgetary discipline: the Council underlines that the budget 2015 will be the second one in the new programming period. It emphasised the need to maintain budgetary discipline at all levels. Although there are some signs of optimism regarding the economic outlook during the years ahead, **the budgetary procedure for 2015 will still take place in the context of considerable budget constraints** in many Member States. The Council, while recalling the principle of solidarity, considers that the EU budget should take into account the current economic situation and also provide resources contributing to mitigate its negative effects, notably by seeking to boost growth, promote employment and create new jobs. A balance between fiscal consolidation and investments should be found in order to boost growth and reach specific policy objectives in 2014 and 2015 relating to youth employment, research, ERASMUS in particular for apprenticeships and Micro, Small and Medium-sized Enterprises.

A realistic budget: the Council reiterates the need for a realistic budget respecting the principle of sound financial management. As regards commitment and payment appropriations, their level should be kept under strict control taking into account real needs. The appropriations included in the draft budget have to reflect genuine needs, taking into account outstanding commitments, future needs, payment profiles, past implementation and absorption capacities.

The Council is concerned about the volume of the outstanding commitments (RAL EUR 221.6 billion). The Council urges the Commission to carefully monitor these amounts and to settle or decommit them in a timely manner and in line with the relevant rules.

Specific issues: on a more technical level, the Council calls for:

- more comprehensive budgetary documents outlining performance information, including the results achieved, the justification for the level of appropriations requested, and on the added value of EU activities;
- interinstitutional cooperation during the budgetary procedure to allow for a smooth budgetary procedure and the establishment of the budget 2015;
- the need to preserve the annual character of the budgetary procedure.

Administrative expenditure: the Council calls for the rationalization of EU's administrative expenditure. Therefore, it urges the institutions to **reduce or freeze their administrative expenditure as much as possible** and to request financing only for justified needs. It recalls the agreement, as stated in Point 27 of the IIA, to progressively reduce by 5% the staff in all institutions, bodies and agencies between 2013 and 2017. In this context, the Council invites all institutions, agencies and other bodies to appropriately report on the evolution of their staffing reductions. Likewise, the Council invites the Commission to monitor the implementation of the 5% target.

Agencies: once again, the Council regrets that the recurrent over-budgeting for some agencies has led to unjustified carry-overs. It reiterates the importance of keeping their funding under firm control and

limiting it only to justified needs. The Council urges the Commission, when establishing its draft budget for 2015, to continue taking into account unused appropriations and excessive accumulated cash-balances, in order to bring down their annual surpluses. It also urges the Commission to carefully check, and if necessary revise, the requests for funds and posts proposed by the agencies taking into account past implementation and recruitment problems as well as the 5 % staff reduction target. The Council expects the Commission to continue providing the European Parliament and the Council with a comprehensive picture concerning agencies, including their building policy, together with the draft budget for 2015. An interinstitutional working group is being set up, for the purpose of a closer and more permanent scrutiny on the development of decentralised agencies.

In conclusion, the Council reiterates the great importance it attaches to these guidelines and expects them to be duly taken into account when preparing the draft budget 2015. These guidelines will be forwarded to the European Parliament and the Commission, as well as to the other institutions.