2016 budget: guidelines, Section III - Commission

2015/2008(BUD) - 17/02/2015

The Council adopted conclusions setting its priorities for the 2016 EU budget. The conclusions emphasised the need to maintain budgetary discipline at all levels, given that budgetary constraints remain in many Member States. They called for a balance to be struck between fiscal consolidation and investments to boost growth. Such a balance could be achieved through the prioritisation of objectives and the allocation of resources to measures that contribute the most to those aims.

From the Council's point of view, commitments and payments should be kept under strict control, taking into account real needs. At the same time, the payments level in the 2016 budget should notably reflect the commitments made during the previous programming period 2007-2013 and the expected needs for programmes relating to the period 2014-2020.

General terms: the Council underlined that the budget for 2016 should play a key role in the development and delivery of the Union's objectives and priorities and especially in the progressive roll out of new programmes and actions. The Council emphasised the need to maintain budgetary discipline at all levels. It noted 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, as well as enhancing effective EU cohesion and increasing competitiveness.

The budget 2016 should provide the necessary resources to respect commitments already made and to implement the Union's 2016 policy priorities, taking into account a still high level of unpaid applications at the end of 2014.

According to estimates, the level of unpaid payment applications amounted to EUR 24.7 billion at the end of 2014, whereas it amounted to EUR 23.4 billion at the end of 2013.

Budget 2016: key elements:

Realistic budget: the Council reiterated the need for a realistic budget respecting the principle of sound financial management. The level of both commitment and payment appropriations should be kept under strict control and be based on real needs. The level of payment appropriations should be adequate and has to reflect the payment profiles of the programmes, including the commitments made during the previous programming period 2007-2013 and the expected needs for the period 2014-2020.

The Council emphasised that the budget for 2016 and corrective budgetary tools shall strictly respect the relevant ceilings in accordance with the multiannual financial framework (MFF) Regulation for the period 2014-2020. Moreover, it stressed the need to leave sufficient margins under the ceilings in order to be able to deal with unforeseen circumstances.

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. In this respect, the Council asked the Commission to deliver, together with its draft budget and during the whole budgetary process, timely, precise and transparent information on the underlying assumptions and budgetary figures.

- Revenue: the Council encouraged the Commission to deliver reliable and accurate forecasts on own resources, including all sources of revenue. In this context the Council called on the Commission to

undertake appropriate measures in order to avoid unexpected calls for additional contributions from the Member States, especially when the impact on national budgets could be high.

In this regard, corrective budgetary tools, such as amending budgets, should be kept to the strict minimum and in line with the Financial Regulation. However, if corrective measures prove to be necessary, the Council reaffirms its commitment to take a position on a potential draft amending budget as soon as possible.

- RAL: the Council noted the decrease of the volume of the outstanding commitments (RAL) and called on the Commission to carefully monitor these amounts. According to the Commission, the level of RAL amounted to EUR 189 billion at the end of 2014 whereas it amounted to EUR 221.8 billion at the end of 2013. While taking note of its decrease, the Council called on the Commission to settle or decommit them in a timely manner and in line with the relevant rules. The Council invited the Commission to develop the appropriate tools to monitor the evolution of the RAL by heading and by programme on a yearly basis.

- Interinstitutional cooperation during the budgetary procedure: the Council encouraged all institutions to collaborate efficiently and constructively, allowing for a smooth budgetary procedure and the establishment of the budget for 2016 within the deadlines set by the Treaty. It stressed the need to preserve the annual character of the budgetary procedure and to avoid discussions on issues not directly linked to the annual budget negotiations.

- Administrative expenditure: the Council urged all institutions, bodies and agencies to reduce or freeze their administrative expenditure as much as possible and to request financing only for justified needs. It recalled 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 invited all institutions, bodies and agencies to appropriately report on the evolution of their staffing reductions, including contract staff.

- Decentralised agencies: the Council recalled that over-budgeting has often led to a substantial and unjustified level of carry-overs. It reiterated the importance of keeping their funding under firm control and limiting it only to substantiated needs. The Council called on the Commission, when establishing its draft budget for 2016, to continue taking into account unused appropriations and excessive accumulated cash-balances in order to bring down their annual surpluses. It also urged the Commission to carefully check, and if necessary revise, the requests for funds and posts proposed by the agencies taking into account past implementation as well as the compliance with 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 2016. In this context, the Council took note of the establishment of the interinstitutional working group aiming at closer and more permanent scrutiny on the development of decentralised agencies.

Conclusions: the Council considered that the EU budget should provide resources contributing to mitigate the negative effects of the current economic and social situation, notably by leveraging productive investments and providing the appropriate resources to boost growth and employment. It underlined that an accurate and accountable use of Union resources is one of the essential elements to reinforce the trust of EU citizens.

The Council underlined that a timely, transparent and accurate assessment of needs based on comprehensive budgetary information is an essential tool to reach this objective.

Moreover, the Council reiterated the great importance it attaches to these guidelines and expects them to be duly taken into account when preparing the draft budget 2016. These guidelines will be forwarded to the European Parliament and the Commission, as well as to the other institutions.