2004 discharge: EC general budget, Council

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PURPOSE : presentation of the final annual accounts of the European Community for the financial year 2004 – Other institutions : Section II – Council.

CONTENT : this document sets out the amount of expenditure and the financial statement of the Council for 2004 and presents an analysis of its financial management. The available appropriations amounted to EUR 542 million, with a 98% utilisation rate.

Main axes of 2004 expenditure : the implementation of the Council's budget was characterised by the following:

- Structural changes due to the enlargement process and the application of the new Staff Regulations from 1 May 2004;

- A significant increase in resources (budget and personnel);
- Particularly important projects (ESDP-Net, OpCentre);
- Improving financial management.

Amendments to the budget : during 2004, several budget lines were amended (more than EUR 250 000 was added to the proposed initial amount). Amending budgets and large appropriation transfers were made in order to fund these amendments. These amendments concerned:

- The acquisition of property : a 333% increase in appropriations (total : EUR 58.449 million);
- Operational expenditure : 104% increase (total : EUR 1.263 million);
- Litigation costs : 100% increase (total : EUR 800.000);
- Removal costs : 37% increase (total : EUR 19.000);
- Costs linked to the financing of special ESDP advisers: 225% increase (total : EUR 455.000).

Main Council activities in 2004 included: 76 European Council meetings; 61 COREPER 1 meetings, 67 COREPER 2 meetings 3971 Group meetings. Other significant issues concerning the implementation of the budget can be summarised as follows:

Title I (Staff costs): implementation was marked by the increased delays of placing new personnel. Consequently, EUR 19 million of appropriations were unused due to this under-occupation of manpower. On the other hand, the Council recruited auxiliary linguistic staff with a view to overcoming the staff problem. Alterations were also made to the budget headings concerning auxiliary translators some of whom eventually became officials. Other appropriations were increased, in particular, in the following sectors:

- Anti-terrorism: increased amounts were allocated to this item (+ EUR 150.000);
- Outsourced work : + EUR 190.000 EUR concerning certain legal commitments;
- Nursery costs : + EUR 215.000 EUR.

On the other hand, certain amounts relating to mission and travel expenses were largely under-utilised and were made available for other institutional needs (with an important carry-over of appropriations (EUR 753.000)) to 2005. Expenses relating to the "release" of officials taking early retirement were also made available.

Title II (Operational expenditure): this sector showed a weak implementation rate of payments (approximately 65%) caused by property investment problems. On the other hand, substantial savings were made in other areas enabling large amounts of appropriations to be released at the end of the year (roughly EUR 58,5 million via an accumulated transfer) to fund the acquisition of the LEX 2000 building (+333% compared to the initial appropriations). For this title, one also notes:

- Additional expenditure as regards building development of the Rolin and Woluwe Heights buildings,
- Additional needs for security purposes (+15%);
- The modernisation of IT systems;
- The increase in legal costs following a judgement of the Council by the Court and the Court of First Instance.

Title III (Expenditure resulting from missions carried out by the Council): the expenditure of this sector mainly concerns the European Security and Defence Policy and seconded national experts. It appeared that the amounts initially set out for the special ESDP advisers had been underestimated therefore additional appropriations of + EUR 315.000 proved to be necessary. Other areas under this Title were, on the other hand, subject to a lower rate of implementation and were either made available for other purposes (e.g.: accumulated transfers to pre-finance the LEX building), or carried over to 2005.

DETAILED SYNTHESIS OF 2004 EXPENDITURE: this detailed synthesis analyses the breakdown of the Council's expenditure for the financial year 2004. The figures mentioned can also be found in the "Final annual accounts of the European Communities - Financial year 2004 – Volume III".

Implementation rate in 2004 :

- appropriations available for the 2004 financial year: **EUR541.916.200;**
- appropriations committed amounted to EUR 531.646.564,08, a **98,1%** implementationrate;
- appropriations paid amounted to EUR 438.198.965,80;
- appropriations carried over from 2003 to 2004 : EUR 67.645.667,33.

Main budget items and use of commitment appropriations (Titles I, II and III):

- I : Institutional costs (Members and active staff) : EUR 255,38 million;
- II : Operational costs (buildings and materials) : EUR 256,74 million;
- III : Mission costs (notably, ESDP missions): EUR 19,53 million.