2004 discharge: EC general budget, Economic and Social Committee ESC

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PURPOSE : presentation of the final annual accounts of the European Community for the financial year 2004 – Other institutions : Section VI – Economic and Social Committee.

CONTENT : this document sets out the amount of expenditure and the financial statement of the Economic and Social Committee (ESC) for 2004 and presents an analysis of its financial management. The available appropriations set out in the Court's 2004 budget amounted to EUR 103 million, with an 88,5% utilisation rate.

Main axes of 2004 expenditure : budget implementation of the ESC can be characterised by the following :

- Changes brought about by the enlargement process: the recruitment of 95 new advisors;
- Costs relating to the move from the ESC's seat to Belliard;
- The implementation of the new Staff Regulations and the new Financial Regulation.

On a political level, the activities of the ESC were set out by its President and confirmed at the Plenary in January 2004 and, on the other hand, the ESC Secretariat's 2003-2005 development plan which appeared in the 2004 Work Programme. The budget expenditure entered in this context to implement these priorities aimed, in particular to:

1. optimise the consultative role of the ESC with the European Parliament, the Council and the Commission by increasing cooperation;
2. improving the credibility of the ESC as an institutional representative of civil society;
3. strengthening the role of the ESC in the debate on the future of Europe;
4. development of the Committee's internal structures.

It should be noted that the mid-term review of the ESC's development plan showed that the actions carried out (or in the process of being carried out) were generally positive. Furthermore, most of the objectives set out in the 2004 Work Programme had been achieved.

The main issues of the ESC's budget implementation can be summarised as follows:

Title I (Staff costs) : this budget heading is mainly highlighted by the delays in recruitment of enlargement related staff. As a consequence, the budget implementation showed less significant expenditure for the following items :

- travel costs and mission costs,…

- costs for ESC special advisors and overtime,
- costs relating to the payment of officials from the new Member States,
- staff training costs,
- interpretation costs.

Title II (Operational expenditure) : the main issue under this heading was the Institution's change of address on 01.09.2004 which had a considerable impact on the budget. On the 31.12.2004, the ESC and

the Committee of the Regions had joint long-term leases on 3 buildings : Montoyer 92, Belliard 99-101 and Belliard 68. On 12 May 2004, a new long-term lease was signed by the ESC and the Committee of the Regions for the "Trèves 74" building. Given that the lease (27 years) shall take effect in February 2005, part of the ESC (40% of the value of EUR 22 million) shall be included in the balance sheet for 2005.

Other expenses related to :

- lower than expected rental costs,
- security costs for the Belliard 68 and 99-100 building which were lower than expected (certain contracts were not concluded),
- various equipment costs were lower than expected,
- reduced costs for the dissemination of information. As a consequence, this budget line shall be reduced in 2006.

Lastly, it should be noted that there was a clear under-utilisation of expenditure planned for the removal given that a more favourable proposition had been made (EUR 700.000 foreseen but less than EUR 300.000 was actually spent).

DETAILED SYNTHESIS OF 2004 EXPENDITURE: this detailed synthesis analyses the breakdown of the Economic and Social Committee 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 2004 : **EUR 102.709.246;**
- Appropriations committed amounted to EUR 90.955.257,89, an **88,56%** utilisation rate ;
- Appropriations paid amounted to EUR 83.319.550,16;
- Appropriations carried over from 2003 to 2004 : EUR 5.752.544,89.

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

- I : Institutional costs (Members and active staff) : EUR 62,5 million;
- II : Operational costs (buildings and materials) : EUR 28,5 million.