# 2005 discharge: EC general budget, Council

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PURPOSE: presentation of the final annual accounts of the European Community for the financial year 2005 – Other institutions : Section II – Council.

CONTENT: this document sets out the amount of expenditure and the financial statement of the Council for 2005 and presents an analysis of its financial management. The available appropriations amounted to **EUR 563 million**, with an 82.6% utilisation rate for the running costs of the Institution and 98.6% if the additional advances provided to fund the LEX building are taken into account.

**Main axes of 2005 expenditure** : the implementation of the Council's budget was characterised by the following:

- problems concerning the active recruitment of staff following the 2004 enlargement;
- the continuation of its building policy;
- excessive translation costs.

**Amendments to the budget**: the difference between the budget forecasts and the implementation of the budget is due to the following:

- low rate of staff occupation (average of 86%);
- the success of a new allocation system for interpretation as well as the lack of interpreters for the new languages (general staffing problems);
- Member States failing to justify the amounts granted for delegates' travel expenses,
- delays in the SESAME project;
- delays in the establishment of security plans.

The main titles subject to a significant modification (difference of more than EUR 250 000 compared to the forecasts) are the following :

**Titre I** (Staff costs): implementation was marked by the reduction in the amounts provided for the officials' basic salaries. This saving was made through a yearly adjustment of salaries (with a gain of around EUR 5 million) and a weaker staff policy than was originally planned (under-estimation of staff caused a budget increase of EUR 15 million). To accommodate the lack of staff, the Secretary-General called on auxiliary staff notably for the linguistic services via an appropriation transfer between lines.

Other posts which were under-estimated are :

- contract agents, under-utilised by more than 30%;

- reinstallation allowances and relocation costs: these lines have been under-utilised due to the lack of personnel. In addition, translation costs have been reinforced to cover the addition work brought about by 10 new working languages (EUR 422 000 entered in the budget, which is an increase of more than 250%). On the other hand, interpretation costs have decreased by 35%.

**Title II** (Operational expenditure): this sector has been largely dominated by the Council's buildings policy which saw its budget explode with an increase of 623% (the initial amount provided for this area

was EUR 14.4 million) and the Council spent EUR 104.4 million after a transfer of appropriations and savings made on other lines. The Council's objective was to proceed with a pre-financing plan for the acquisition of the LEX building after the end of year mop-up of transfers.

One also notes the strengthening of IT systems and an important increase in costs relating to claims (costs resulting from the treatment of antidumping claims). On the other hand, interpretation and translation costs have decreased. Conference and meeting costs showed an increase of 975% (going from EUR 80 000 to EUR 860 000 after a transfer of appropriations).

**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 appears that the amounts initially set out for the special ESDP advisers has been underestimated except for the post dealing with external experts which increased the amount of the budget line by 42%. Other areas under this title were, on the other hand, subject to a lower rate of implementation such as for the security of the OP-Centre.

Lastly, this title is also characterised by the carrying over of the SESAME project from 2005 to 2006 causing a reduction of EUR 18.7 million appropriations.

**For further details concerning the Council's expenditure in 2005, please refer to the annexed detailed analysis of expenditure.**