

C transfers in the EP's budget in 2020 - response to the COVID-19 crisis

Budget implementation: adapting plans to reality

The EP's budget is drawn up during the year n-1, with the preparations in its Directorates General already starting in the last quarter of the year n-2. The budgetary procedure - first inside the EP for the institution's own budget, then for the budget of the EU as a whole in the interinstitutional part of the procedure - lasts throughout the year n-1, with an agreement usually reached during the last quarter of year n-1. For example, the preparations for the 2020 budget in the Directorates General started towards the end of 2018, with the main budgetary process taking place in 2019.

As a consequence, the plans for the budget of the year n are necessarily made so far in advance that it is not possible to take into account all elements, in particular latest developments and short-term events, that will influence the implementation of the budget during year n.¹ New needs may arise while others disappear or are less pronounced than planned. In order to adapt the budget to these realities, it may be necessary to transfer amounts between different budget lines.

The EP's budget (much like that of the other institutions) is structured with five levels, like for example for Title 1:

- TITLE 1 Persons working with the institution
- CHAPTER 1 0 - Members of the institution
- Article 1 0 0 - Salaries and allowances
- Item 1 0 0 0 - Salaries
- Sub-items 1 0 1 0 01 - Accident and sickness insurance and other social security charges: insurance against accidents (sub-times are not part of the budgetary nomenclature; not all items have sub-items. The administration introduces them for organisational reasons).

As for the other institutions, Title 1 of the EP's budget focuses on 'Persons working with the institutions' and Title 2 is concerned with buildings and equipment, including ICT; Title 3 focuses on 'Expenditure resulting from general functions carried out by the institution'. The other titles are more specific to each institution, with Title 4 related to 'Expenditure resulting from special functions carried out by the institution' and Title 5 providing funds for 'The Authority for European political parties and European political foundations and the committee of independent eminent persons'.

Depending on the location of feeder and receiver articles or items in the budget and the amount transferred, a different procedure applies (as set out in Article 29 and Article 31 of the Financial Regulation and Article

¹ Note that the Commission usually publishes an amending letter after the summer of year n-1. This letter amends the draft budget to take into account events since its publication (cf. Article 314 (2) TFEU). However, this amending letter normally does not fundamentally change the estimates, in particular for Other Institutions, including the EP.



27 of the EP's Internal Rules). Within budget items, the Secretary General authorises movements and may delegate his power to an authorising officer by delegation, normally a Director General. For transfers within articles, the President authorises the transfers ("P transfers") and notifies the Committee on Budgets (BUDG) about it. All other transfers have to be authorised by the EP's Committee on Budgets ("C transfers").

The COVID-19 pandemic had an impact on the functioning of the EP and its budget in 2020. Many budgetary transfers during 2020 are directly related to the institution's COVID-19 response, in particular as regards investments in ICT infrastructure. This briefing describes P transfers relevant to the EP's response to the crisis and analyses the C transfers, i.e. those authorised by the BUDG, from this perspective in more detail.

P transfers during 2020

In 2020, there were nine P transfers with a total volume of approximately EUR 22 000 000, corresponding to 1.1% of the EP's budget (compared to 12 P transfers in 2019 representing 1.2% of the EP's budget). As P transfers serve to shift funds at the level of budgetary articles, the spending purposes of the source article and the recipient article are normally relatively closely related to each other.

Three P transfers served to cope with COVID-19 related needs: First, P2 related to Article 3 2 4 and shifted EUR 3 110 000 to Item 3 2 4 2 (Expenditure on publication, information and participation in public events) from items 3 2 4 3 (European Parliament visitors' centres) and 3 2 4 5 (Organisation of seminars and symposia) in order to fund COVID-19 communication actions.

Second, P6 mainly took place within article 2 1 0 on Computing and telecommunications - business-as-usual operations, providing EUR 625 000 to general support for users (2 1 0 2) and EUR 2 320 898 (2 1 0 4) for investment in infrastructure and taking the money from operations (2 1 0 0), infrastructure (2 1 0 1) and management of ICT applications (2 1 0 3), taking into account the changed priorities during the crisis.

Third, P9 also increased item 2 1 0 2, i.e. general support for users of ICT, by EUR 83 000 and item 2 1 0 4, investment in infrastructure for ICT, by EUR 1 119 883, taking the money from items 2 1 0 1, 2 1 0 2, 2 1 0 3 and 2 1 0 5 (investment in projects)²

C transfers during 2020

During 2020, BUDG authorised 12 C transfers between May and December 2020. The total amount transferred was EUR 183 933 785. Relative to the EP's total budget, this is more than double the volume of transfers in comparison to 2019 and triple the volume in comparison to 2017 and 2018 (see Table 1).

Table 1: Volume of C transfers between 2017 and 2020

	2017	2018	2019	2020
Total EP appropriations in EUR	1 909 590 000	1 950 687 373	1 996 978 262	2 038 745 000
Total amount of C transfers in EUR	57 402 860	53 533 500	76 028 316	183 933 785
% of EP budget transferred via C transfers	3	2.7	3.8	9

Source: Author's compilation based on Report on Budgetary and Financial Management [2017](#), [2018](#), [2019](#) and [2020](#).

² cf. Report on Budgetary and Financial Management [2020](#), p. 9 and p. 12 (Annex 2 - Overview of P transfers during the financial year 2020).

Feeder items - which budget lines were less in demand than usual?³

The high level of transfers is not least due to budgetary savings related to the COVID-19 crisis: as it led to the closure of borders and the cancellation of most travel activities, the EP's relevant budget lines were not fully used and redeployed for other purposes. Table 2 below sets out the most important feeder items (contributing more than EUR 5 000 000 to all C transfers). Together, they make up EUR 145 428 867 or approximately 80% of all C transfers.

Table 2: Most important feeder items for C transfers in 2020 according to amount in descending order

Budget line	Description	Total amount for C transfers in EUR	% of all C transfers
1 0 0 4	Ordinary travel expenses	30 935 336	16.8
1 2 0 0	Remuneration and allowances	24 410 000	13.3
4 2 2 0	Expenditure related to parliamentary assistance	23 107 534	12.6
3 0 0 0	Expenses for staff missions and duty travel between the three places of work	21 760 324	11.8
1 4 0 5	Expenditure on interpretation	10 326 000	5.6
3 2 4 4	Organisation and reception of groups of visitors, Euroscola programme and invitations to opinion multipliers from third countries	7 702 500	4.2
1 4 0 0	Other staff — Secretariat and political groups	6 100 000	3.3
3 2 4 3	European Parliament visitor centres	5 600 000	3.0
2 1 4 0	Technical equipment and installations	5 186 173	2.8
10 1	Contingency Reserve	5 151 000	2.8
1 0 2 0	Transitional allowances	5 150 000	2.8
Total	Sum of all feeder items contributing more than EUR 5 000 000	145 428 867	79.1

Note: all feeder items contributing more than EUR 5 000 000 to all C transfers taken together are included.

Source: Author's compilation based on Report on Budgetary and Financial Management [2020](#).

Savings on travel costs, more precisely Members' ordinary travel expenses (1 0 0 4), staff missions and duty travel between the three places of work (3 0 0 0) as well as expenditure on interpretation (1 4 0 5 - among other things, travel costs for freelance interpreters), taken together contributed EUR 63 021 660 to C transfers, slightly more than one third of all C transfers.

Visits to the EP itself (3 2 4 4) or its visitors centres (3 2 4 3 - this includes the Parliamentarium, the Europe Experiences and the House of European History) also could not take place due to the travel restrictions in place, leading to savings of EUR 13 302 500 (7.2% of all C transfers).

The budget line for 'Remuneration and allowances' (1 2 0 0) alone contributed EUR 24 410 000 to the C transfers. For 2020, an increase of remuneration and allowances of 3.1% had been projected; however, as the GDP decreased due to the pandemic, the adaptation of remuneration and allowances only amounted to 0.7%, thus leading to considerable savings on this budget line. In part, this is also the reason for savings on budget line 1 4 0 0 on 'Other staff - Secretariat and political groups'.

³ Please note that the detailed analysis provided in this briefing is based on the item level of the EP's budget. While an analysis at sub-item level would provide more granularity, the approach chosen here gives an impression of the bigger tendencies to be observed in the EP's budget in 2020.

Additionally, there was also less recruitment of contract agents, e.g. by the political groups and DG INLO (to internalise maintenance services) and to replace colleagues on maternity leave, leading to savings of EUR 6 100 000. Taken together, both these budget lines contributed 16.6% to the C transfers.

Expenditure related to parliamentary assistance (4 2 2 0) was also lower than planned, e.g. for local assistants, and there was less travel of assistants. In addition, the exchange rates were more favourable than anticipated, resulting in savings of EUR 23 107 534, accounting for 12.6% of the C transfers.

Recipient items - which budget lines had to be reinforced?

During 2020, three different types of transfers during 2020 can be distinguished. First, seven transfers intended to deal with unanticipated needs related directly or indirectly to the COVID-19 pandemic, with a total volume of EUR 40 402 661. Second, four transfers met other unanticipated needs, with a total volume of EUR 5.28 million. Thirdly, a final transfer took place at the end of the the calendar year, using up any remaining uncommitted appropriations in order to finance the EP's building policy, with a total volume of EUR 138 251 124 (see Table 3 below).

Table 3: Analysis of C transfers in 2020: needs financed - recipient items

Needs COVID-19 related?	Transfer	Specific purpose	Amount (EUR)	% of all C transfers
Yes	C1	Solidarity assistance IT and video-conferencing capacity	11 073 000	6
Yes	C3	IT equipment and new MS Windows service model	5 761 336	3.1
Yes	C4	IT-related expenditure	6 277 900	3.4
Yes	C6	Medical service (COVID-19 testing facility)	990 000	0.5
Yes	C7	IT-related expenditure	6 841 000	3.7
Yes	C8	Building maintenance (cleaning, replacement of locks)	2 185 000	1.2
Yes	C10	IT-related expenditure	7 274 425	4
COVID-19 related transfers	7 out of 12 C-transfers	COVID-19 related needs	40 402 661	22
No	C2	Computing and telecommunications (FMS maintenance contract)	1 800 000	1
No	C5	Staffing of five committee secretariats	850 000	0,5
No	C9	Legal costs and damages	1 930 000	1
No	C11	External translations	700 000	0.4
Transfers related to other needs	4 out of 12 C transfers	Other needs	5 280 000	2.9
End-of-year transfer	C12	Buildings policy	138 251 124	75.1
Total	C1-C12	All purposes	183 933 785	100

Source: Author's compilation based on the justifications of the transfers and the EP's Reports on Budgetary and Financial Management [2020](#).

Note: Each transfer is described in detail in the document linked here, including the feeder items and detailed justifications for the transfer.

IT-related transfers

Among the transfers most closely related to the COVID-19 crisis, many concern ICT expenditure (C1, C3, C4, C7 and C10). They increased various items under article 2 1 0 - Computing and telecommunications and item 2 1 4 0, technical equipment and installations. Not all of these were intended to directly meet COVID-19 related needs - in some instances, they served to restore financial resources that had been depleted in order to deal with the crisis and had to be topped up in the course of 2020 to tackle standard tasks and projects that pre-dated the crisis. Also, it is important to note that transfers are not equivalent to total spending - in contrast, these were top-ups to ICT related budget lines, so total ICT-related spending, also in relation to COVID-19, was significantly higher. Table 4 provides an overview of all ICT related budget lines reinforced via C transfers.

Table 4: Reinforced budget lines related to ICT expenditure

Budget line	Description	Initial appropriations	Transfer in EUR	% increase	C transfer
2 1 0 1	Computing and telecommunications - business-as-usual operations - Infrastructure	25 409 000	350 000	1.4	C4
2 1 0 2	Computing and telecommunications -- business-as-usual operations - general support for users	12 870 000	3 174 425	24.7	C1, C10
2 1 0 3	Computing and telecommunications - - business-as-usual operations - Management of ICT applications	26 840 000	1 800 000	6.7	C4
2 1 0 4	Computing and telecommunications - Investment in infrastructure	15 487 000	18 655 336	120.5	C1, C3, C4, C10
2 1 0 5	Computing and telecommunications - Investment in projects	25 981 000	3 566 900	13.7	C1, C3, C4, C7, C10
2 1 4 0	Technical equipment and installations	27 923 500	7 680 000	27.5	C1, C7
Total	Items 2 1 0 1-2 1 0 5, 2 1 4 0	106 587 000	35 227 661	33.1	C1, C3, C4, C7, C10

Source: Author's compilation and calculations based on the documents accompanying the transfers.

Table 5 classifies the transfers according to purpose. The biggest single purpose of the transfers was to accelerate the roll-out of hybrids to MEPs and staff, with a total amount of EUR 8 401 336 (under item 2 1 0 4). This process was planned already before the crisis, but was supposed to be spread across several years.

Table 5: COVID-19 related transfers for ICT expenditure by purpose

Purpose	Amount in EUR	Budget lines	C transfers
Hybrid devices	8 401 336	2 1 0 4	C1, C3
Adaptation of the EP's ICT infrastructure to institution-wide teleworking	5 624 000	2 1 0 4, 2 1 0 5	C1, C4, C10
Enabling remote meetings and voting procedures, including installations in meeting rooms and interpretation booths	11 133 000	2 1 0 4, 2 1 0 5, 2 1 4 0	C1, C4, C7, C10
IT support for users	2 415 325	2 1 0 2, 2 1 0 5	C1, C4, C10
COVID-19 related transfers to ICT expenditure	19 911 661	2 1 0 2, 2 1 0 4, 2 1 0 5, 2 1 4 0	C1, C3, C4, C10

Source: Author's compilation based on the detailed descriptions of the purposes of the relevant transfers.

Note: While the author is not an ICT specialist, she has used her best judgment to classify the expenditure in broad categories of purpose and identify their link to the COVID-19 response based on the justification provided in relation to the transfers.

Another important task related to the crisis was the adaptation of the EP's overall ICT infrastructure to unprecedented levels of teleworking, including missions in relation to increased cyber threat. For this purpose, EUR 5 414 000 were transferred to budget line 2 1 0 4 and EUR 210 000 to budget line 2 1 0 5, EUR 5 624 000 in total. Enabling remote meetings, both in terms of ICT needs and infrastructure in the meeting rooms, and voting procedures required transfers to the amount of EUR 11 133 000, out of which EUR 7 680 000 to budget line 2 1 4 0, EUR 2 972 000 to budget line 2 1 0 4 and EUR 481 000 to budget line 2 1 0 5. For providing relevant IT support to users, another EUR 2 415 325 were transferred, EUR 2 307 425 to item 2 1 0 4 and EUR 107 900 to item 2 1 0 5. In total, EUR 19 911 661 were transferred to meet crisis-related ICT needs.

Financing COVID-19 related needs outside of the ICT domain

In addition to ICT-related needs, transfer C1 also increased item 1 6 5 2, expenditure for catering, by EUR 2 000 000 in order to provide practical assistance to the local authorities in the three places of work. Concretely, the money was intended to provide, per day, 1 000 meals in Brussels and 500 meals in Luxembourg and Strasburg respectively to healthcare workers and people in need.

Table 6 : Reinforced budget lines related to the EP's crisis response outside ICT

Budget line	Description	Initial appropriations	Transfer in EUR	% increase	C transfer
1 6 5 2	Expenditure for catering	800 000	2 000 000	250	C1
1 6 5 0	Medical service	1 820 000	990 000	54.4	C6
2 0 2 2	Building maintenance, upkeep, operation and cleaning	64 180 000	2 185 000	3.4	C8

Source: Author's compilation based on the documents accompanying the transfers.

Transfer C6 served to finance the COVID-19 testing facility in Brussels and the PCR tests themselves from October to December 2020, reinforcing the Medical service budget line (1 6 5 0) by EUR 990 000.

With transfer C8, increased cleaning in the buildings (EUR 1 334 000), the installation of thermal scanners (EUR 250 000) and the Samusocial project of sheltering vulnerable women in the KOHL building was financed (EUR 200 000). Additionally, a change of locks for MEPs' offices following the implementation of preventative measures in relation to the thefts on the EP's premises was financed from this transfer (EUR 401 000).

Financing other unanticipated needs

In 2020, there were four C transfers necessary to meet unforeseen needs not related to COVID-19 (see overview in Table 3). They amounted to EUR 5.28 million in total, i.e. approximately 0,28% of the overall EP budget and 2.9% of the total amount of all C transfers.

Transfer C2 increased budget line 2 1 0 3 "Computing and telecommunications - business-as-usual operations - management of ICT operations" by EUR 1 800 000. The amount served to cover costs related to evolutive and corrective maintenance for the Financial Management System (FMS) and WebContracts for the period from October 2020 to January 2021 and a new tracking devices project. When the needs for 2020 were initially estimated the end of 2018, FMS was still under development and it was not possible to estimate the needs for maintenance with total accuracy. The transfer was in part financed from budget line 1 0 3 0 "Retirement pensions (PEAM)", with EUR 268 000, as the pensions paid to former Italian MEPs were lowered following new Italian legislation pertaining to the pension rights of national MPs. EUR 1 532 000

was taken from budget line 4 0 2 0 "Funding of European political parties", as the prefinancing approved at the end of 2019 was at EUR 41 834 942, leaving approximately that amount available.

Table 7 : Reinforced budget lines unrelated to the EP's crisis response

Budget line	Description	Initial appropriations	Transfer in EUR	% increase	C transfer
2 1 0 3	Computing and telecommunications - business-as-usual operations - management of ICT operations	26 840 000	1 800 000	6.7	C2
1 4 0 0	Other staff - secretariat and political groups	63 063 000	850 000	1.3	C5
2 3 2 0	Legal costs and damages	1 370 000	1 930 000	141	C9
1 4 2 0	External translation services	8 216 000	700 000	8.5	C11

Source: Author's compilation based on the documents accompanying the transfers.

With transfer C5, EUR 850 000 were transferred to budget line 1 4 0 0 "Other staff - secretariat and political groups", the amount being taken from budget line 3 0 0 0 "Expenses for staff missions and duty travel between the three places of work". In June 2020, the EP decided to set up five new bodies, namely three temporary committees, one of inquiry and one subcommittee. In order to staff these committees, the recruitment of 19 contract agents of function group IV and 14 contract agents of function group II was necessary.

EUR 1 930 000 were transferred to budget line 2 3 2 0 "Legal costs and damages" in transfer C9. The EP had been condemned to pay EUR 2 394 760 to 47 complainants by the Conseil de Prud'hommes in Strasbourg. These complainants had been employed by the EP as "session auxiliaries". When this category of staff was abolished in 2004 and after a transitional period, the same staff was employed by a temporary employment company from 1 January 2007 and until 2013 (since 2014, the EP employs the staff directly as contract agents). For the 2007-2013 period, some of them lodged a complaint with the Conseil de Prud'hommes in Strasbourg, stating that recourse to temporary work was illegal under French law. The Conseil de Prud'hommes passed its judgement on the case in 2020 and the damages had to be paid independent of whether an appeal was lodged or not. The transfer was financed from budget line 1 2 0 0 "Remuneration and allowances".

Transfer C11 served to finance "external translation services" (budget line 1 4 2 0) for EUR 700 000. External translation services are necessary to provide translations also during the highest peaks of activity. The money came from the remuneration surplus, due to lower indexation than foreseen (budget line 1 2 0 0 "Remuneration and allowances").

The end-of-year transfer

The final transfer of 2020, C12, totalled EUR 138 251 124 in 2020 and represented 75.1% of all C transfers for 2020. Compared to the end-of-year transfers for the years 2017 to 2019, the total amount transferred was three to four times as high, representing 6.8% of the EP's budget.

The final transfers of the year serve to use up all savings on other budget lines and deploy the funds in a useful and legally possible way. In 2020, transfers C9 to C12 were already considered "mopping-up transfers" intended to use the savings. As regards the final transfer of 2020, C12, only part of it was used to finance the construction of the Adenauer building in Luxembourg. EUR 74 900 000 were set aside for the purchase of the WIERTZ (now SCHOLL) building and non-automatically carried over to 2021, as the deed was to be signed in the first months of 2021.

Table 8: The volume of the end-of-year transfer in comparative perspective: 2017 to 2020

	2017	2018	2019	2020
Ramassage transfer in EUR	40 850 000	29 000 000	30 990 016	138 251 124
Total amount of C transfers in EUR	57 402 860	53 533 500	76 028 316	183 933 785
Ramassage in % of all C transfers	71.16	54.2	40.8	75.1
Budget line(s) and purpose	2 0 0 1 Lease payments Construction of the Adenauer building	2 0 0 1 Lease payments Construction of the Adenauer building	2 0 0 1 Lease payments Construction of the Adenauer building	2 0 0 1 Lease payments Construction of the Adenauer building: EUR 63 351 124 34.4% of all C transfers
				2 0 0 3 Acquisition of immovable property (WIERTZ, now Scholl building) EUR 74 900 000 40.7% of all C transfers

Source: Author's compilation based on Report on Budgetary and Financial Management [2017](#), [2018](#), [2019](#) and [2020](#).

Regarding the feeder items for this substantial transfer in 2020, there were more than 50 budget lines from all budgetary titles were involved. The following budget chapters contributed more than EUR 5 000 000 each to this transfer: chapter 1 0 (EUR 33 333 000), chapter 3 0 (EUR 19 067 065), chapter 3 2 (EUR 18 740 675), chapter 1 2 (EUR 18 071 583), chapter 4 2 (EUR 14 629 634), chapter 1 4 (EUR 12 105 000), chapter 2 0 (EUR 5 303 000) and chapter 10 1 (EUR 5 151 000). This distribution reflects by and large the analysis of feeder items to all C transfers in Table 2: the surpluses were mainly due to the suspension of travel, both for MEPs and staff and for visitors to the EP, the lower than planned increases in remuneration and allowances and the lower expenditure for parliamentary assistance.

Conclusion

The COVID-19 pandemic has impacted the execution of the EP's budget. Due to the nature of the crisis and its global effects, it had an effect on the very core of the EP's business that is in large part based on in-presence meetings and travel by MEPs, all categories of staff and external visitors to the EP premises.

The importance of meetings and travel is also reflected in the budget. Their suspension led to unprecedented savings during the year. Similarly, the lower-than-predicted GDP growth and consequent lower raise in remuneration and allowances also had a large impact on the budget, simply by virtue of the high share these have in the budget of the EP.

The savings on these budget lines provided considerable leeway to react to specific needs arising in relation to the crisis. As demonstrated, these specific needs were mainly related to the ICT infrastructure. However,

the savings overshoot the needs considerably. Hence, the end-of-year transfer was particularly large in comparison to earlier years and, in addition to the habitual payments linked to the construction of the ADENAUER building, facilitated the acquisition of the SCHOLL building.

It is to be expected that some of the observed tendencies will also persist for the budgetary year 2021. The basis for the estimates for 2021 were the plans of the various Directorates-General laid out towards the end of 2019, and the Secretary General's draft estimates for 2021 date from February 2020. Hence, they predate the lockdowns. The potential impact of the pandemic on budget 2021 could therefore not have been considered and at the time of writing, the BUDG committee had already authorised 17 C-transfers with two further transfers under preparation.

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