

# C and P transfers in the EP's budget in 2021 – in the wake of the COVID-19 crisis

## Budget implementation: adapting plans to reality

The European Parliament's budget for the year *n* is drawn up during the year *n*-1, with preparations in its Directorates-General starting even earlier, in the last quarter of the year *n*-2. The budgetary procedure – first within Parliament 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. For example, the preparations for the 2021 budget in the Directorates-General started towards the end of 2019, with the main budgetary process taking place in 2020.

As a consequence, the plans for the budget for the year *n* are necessarily made so far in advance that it is not possible to take into account all the elements that will influence the implementation of the budget during year *n*, in particular the latest developments and recent events<sup>1</sup>. New needs may arise while others disappear or are less pronounced than envisaged. 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 over four levels, like for example in 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<sup>2</sup>

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

<sup>1</sup> 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, normally this amending letter does not fundamentally change the estimates, in particular for 'Other Institutions', including the EP.

<sup>2</sup> For some items, the administration introduces sub-items for organisational reasons. They are not part of the budgetary nomenclature and they do not exist under all items. For example: Sub-item 1 0 1 0 01 – Accident and sickness insurance and other social security charges: insurance against accidents.



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 Articles 29 and 31 of the Financial Regulation and Article 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'). All other transfers have to be authorised by the EP's Committee on Budgets ('C transfers').

2021 saw the continued impact of the COVID-19 pandemic on the functioning of the EP and its budget. Some budgetary transfers during 2021 are directly related to the institution's COVID-19 response, e.g. to meet the needs of the Medical Service in organising the response to the pandemic. This briefing analyses the C and P transfers from this perspective in more detail.

## Transfers during 2021

During 2021, BUDG authorised 18 C transfers<sup>3</sup> between March and December 2021. The total amount transferred was EUR 106 753 497. Relative to Parliament's total budget, this amounts to 5.2%. In the pre-pandemic years 2017-2019, the volume of transfers averaged approximately 3.2%. In 2020, the year in which the COVID-19 crisis struck, C transfers reached 9% (see Table 1).

The President authorised 8 P transfers during 2021. The total amount transferred in P transfers was EUR 26 464 877, or 1.3% of the EP's budget, compared to EUR 22 004 781 in 2020, equivalent to 1.1% of the EP's budget that year.

**Table 1: Volume of C and P transfers between 2017 and 2021**

	2017	2018	2019	2020	2021
Total EP appropriations in EUR	1 909 590 000	1 950 687 373	1 996 978 262	2 038 745 000	2 063 521 135
Total amount of C transfers in EUR	57 402 860	53 533 500	76 028 316	183 933 785	106 753 497
% of EP budget transferred via C transfers	3.0	2.7	3.8	9.0	5.2
Total amount of P transfers in EUR	19 834 220	9 343 804	23 734 116	22 004 781	26 464 877
% of EP budget transferred via P transfers	1.0	0.5	1.2	1.1	1.3

Source: Author's compilation based on Report on Budgetary and Financial Management (RBFM) [2017](#), [2018](#), [2019](#), [2020](#) and [2021](#).

<sup>3</sup> Please note that transfer C11 was executed by a P transfer (P2); however, the numbering of C transfers was not changed after that and so the C transfers are numbered 1-10 and 12 to 19.

## Feeder items – which budget lines were less in demand than usual<sup>4</sup>?

The higher level of transfers in comparison to pre-pandemic years is not least due to budgetary savings related to the COVID-19 crisis: normal travel activities were only possible during parts of the year, and the EP's relevant budget lines were not fully used and so were redeployed for other purposes. Table 2 below sets out the most important feeder items (each making a net contribution of more than EUR 5 million to all C and P transfers). Together, they make up EUR 79 152 282, roughly 60% of all C and P transfers.

**Table 2: Most important feeder items for C and P transfers in 2021, in descending order**

Budget line	Description	Total amount for C and P transfers in EUR	% of initial appropriations	% of all P and C transfers
1 0 0 4	Ordinary travel expenses	20 041 000	29.7	15.0
3 0 0 0	Expenses for staff missions and duty travel between the three places of work	18 460 000	64.6	13.9
3 2 4 4	Organisation and reception of groups of visitors, Euroscola programme and invitations to opinion multipliers from third countries	16 517 980	49.8	12.4
4 2 2 0	Expenditure related to parliamentary assistance	11 418 251	5.5	8.6
2 0 0 7	Construction of buildings and fitting out of premises	6 867 031	7.1	5.2
3 2 4 3	European Parliament visitors' centres	5 848 020	18.4	4.4
<b>Total</b>	<b>Sum of all feeder items contributing more than EUR 5 000 000</b>	<b>79 152 282</b>		<b>59.4</b>

Source: RBFM 2021, Annex 3 – Implementation of appropriations during 2021 – including COVID-19 impact.

Note: All feeder items with a net contribution of more than EUR 5 000 000 to all C and P transfers taken together are included.

## Recipient items – which budget lines had to be reinforced?

In 2021, 19 different budget lines received reinforcements through C and P transfers. Table 3 below sets out these lines by total amount received in transfers and also shows how the transfers relate to the initial appropriations on the relevant budget lines. 11 of these 19 budget lines did not make any contributions to transfers themselves, but were beneficiaries of transfers from other lines. 8 budget lines both received top-ups to their initial appropriations and contributed to other transfers as feeder items, ending up with a positive line balance, i.e. as net recipient lines<sup>5</sup>.

<sup>4</sup> Please note that the detailed analysis provided in this briefing is based on the EP's budget at item level. While an analysis at sub-item level would provide more granularity, the approach chosen here gives an overview of the wider tendencies to be observed in the EP's budget in 2021.

<sup>5</sup> Please note that some additional budget lines received and contributed to transfers, ending up with a negative line balance. These have not been investigated further here as the initial appropriations were (more than) sufficient to cover the purposes of the relevant lines.

**Table 3: Analysis of C and P transfers in 2021: recipient items by net amount received**

Budget line	Description	Total EUR amount received in C and P transfers	% of initial appropriations	C and P transfer(s)
2 0 0 1	Lease payments	33 559 035	n/a	<a href="#">C19</a>
2 0 0 3	Acquisition of immovable property	23 307 230	n/a	P1, <a href="#">C19</a>
2 1 0 4	Computing and telecommunications - investment in infrastructure	12 880 786	63.3	P5, P7, <a href="#">C8</a> , <a href="#">C13</a> , <a href="#">C18</a>
1 6 5 0	Medical Service	11 940 000	631.0	<a href="#">C2</a> , <a href="#">C9</a> , <a href="#">C16</a>
3 2 4 2	Expenditure on publication, information and participation in public events	(+9 500 000 -99 000) <sup>3</sup> 9 401 000	33.1	P3, P7
1 4 0 5	Expenditure on interpretation	8 750 000	18.0	P6, <a href="#">C6</a> , <a href="#">C7</a>
1 2 0 0	Remuneration and allowances	8 300 000	1.2	<a href="#">C15</a> <sup>2</sup>
3 2 4 8	Expenditure on audiovisual information	5 089 000	29.0	P3, P8
2 1 4 0	Technical equipment and installations	(+6 070 000 -2 035 000) 4 035 000	15.2	<a href="#">C6</a> , <a href="#">C7</a> , <a href="#">C12</a> , <a href="#">C14</a> , <a href="#">C19</a>
2 0 2 8	Insurance	(+2 180 000 -4 400) 2 175 600	236.0	P2, <a href="#">C19</a>
1 4 2 0	External translation services	2 000 000	26.4	<a href="#">C10</a>
1 4 0 0	Other staff – Secretariat and political groups	(+4 759 480 -3 800 000) 959 480	1.5	P6, <a href="#">C1</a> , <a href="#">C2</a> , <a href="#">C5</a> , <a href="#">C19</a>
1 6 5 2	Expenditure for catering	(+1 080 000 -350 000) 730 000	97.3	<a href="#">C3</a> , <a href="#">C19</a>
3 2 4 1	Digital and traditional publications	(+802 000 -116 578) 685 422	13.6	P5, P7, C1, C8
2 0 2 6	Security and surveillance of buildings	(+750 000 -140 000) 610 000	3.1	<a href="#">C4</a> , <a href="#">C19</a>
1 2 0 4	Entitlements in connection with entering the service, transfer and leaving the service	(+250 000 -100 000) 150 000	5.0	<a href="#">C15</a> , <a href="#">C19</a>
2 3 9 0	EMAS activities, including promotion, and the European Parliament's carbon offsetting scheme	130 000	49.5	<a href="#">C17</a>
1 2 2 0	Allowances for staff retired or placed on leave in the interests of the service	90 000	3.5	<a href="#">C15</a>
1 0 3 1	Invalidity pensions	8 000	4.7	P4

Source: RBFM 2021, Annex 3 – Implementation of appropriations during 2021 – including COVID-19 impact.

Notes on Table 3:

<sup>1</sup> Each C transfer is described in detail in the relevant documents, the links for which can be found in the far-right column, including the feeder items and detailed justifications for the transfer. The documents for the P transfers are not publicly available, but information on these transfers is included in both Annex 2 and 3 of the RBFM for 2021.

<sup>2</sup> The amount actually transferred in C15 differs from that set out in the document. Between the preparation of the transfer and the vote in the BUDG Committee, the Commission had informally notified the EP that the indexation of salaries would actually be somewhat lower than envisaged (1.9% compared to 2.9%, on which the initial calculation was based), and the amount to be transferred was modified at the request of DG FINS in an [oral amendment by the rapporteur, Mr Chastel](#) (starting at 9:13), bringing it down from EUR 11 690 000 to EUR 8 390 000.

<sup>3</sup> In brackets: transfer(s) received minus contribution to transfer(s).

For line 2 1 4 0, 'Technical equipment and installations', additional appropriations of EUR 6 070 000 were requested in various transfers, mostly to facilitate interpretation under COVID-19 restrictions and to provide interpretation for the Conference on the Future of Europe. On this budget line, several projects were either cancelled, deferred or less costly than planned, with the budget line contributing EUR 2 035 000 to the end-of-year transfer, thus benefiting from a net top-up of EUR 4 035 000.

For line 1 4 0 0, 'Other staff – secretariat and political groups', additional appropriations of EUR 4 759 480 were requested for contract staff, in particular linked to the internalisation of previously externalised tasks in DG ITEC and DG PERS, as well as for new tasks and projects in DG COMM and projects related to the new Financial Management System in DG FINS (EUR 4 095 480 in C1; two further transfers for additional contract staff, see below). However, in the course of the year, savings were made on that budget line due to slower-than-planned internalisation and lower-than-expected maternity and parental leave. In two further transfers, EUR 3 800 000 were transferred out of the line, with the line balance amounting to EUR 959 480 at the end of the year.

The other lines which both received and contributed to transfers are 3 2 4 2 – 'Expenditure on publication, information and participation in public events', 2 0 2 8 – 'Insurance', 1 6 5 2 – 'Expenditure for catering', 3 2 4 1 – 'Digital and traditional publications', 2 0 2 6 – 'Security and surveillance of buildings', and 1 2 0 4 – 'Entitlements in connection with entering the service, transfer and leaving the service'.

Roughly speaking, these transfers can be classified into three types according to the needs addressed: those addressing (1) unanticipated needs related directly or indirectly to the COVID-19 pandemic, (2) other unanticipated needs and (3) financing needs related to the EP's building policy. The following sections provide more detail on each category.

## Financing needs related to COVID-19

For the EP's response to the COVID-19 pandemic, a total of EUR 32 669 016 were transferred to meet the relevant needs. Of that sum, EUR 22 999 815 were spent on needs directly related and EUR 9 669 201 on needs indirectly related to COVID-19.

In the first subcategory, needs directly related to the pandemic, the budget and staff of the EP's Medical Service were reinforced by EUR 12 012 574 in three different transfers. For testing purposes, EUR 3 840 000 were requested in a first transfer (C2), based on the daily cost of 200 tests for MEPs and staff until the end of the contract with the provider of the test centre. Further transfers were necessary to cover the period from September to December 2021 when it became clear that many more daily tests were being carried out than planned (EUR 2 100 000, C9). Another transfer was necessary to implement the Bureau decision of 27 October 2021 related to the rules governing access to the EP, extending testing to external staff and making the test centre available during weekends (EUR 6 000 000, C16). In transfer C2, EUR 360 000 were transferred to budget line 1 4 0 0 with a view to hiring six nurses to help with vaccinations in the EP. Line 1 4 0 0 both received and contributed to transfers (see previous section), with an initial amount of EUR 4 759 480 transferred and then EUR 3 800 000 donated to other lines, with only approximately 20% of the initial amount transferred remaining on the line. Therefore, in order to estimate the real additional needs of the

medical service on this line, the original amount of EUR 360 000 was reduced by approximately 80%, with EUR 72 574 as the estimated additional amount included in Table 4 below.

**Table 4: Financing needs related directly and indirectly to the COVID-19 pandemic, by net amount**

Purpose	EUR amount	Budget lines	Transfers
COVID-19 test centre, tests and nurses for vaccinations	12 012 574 (12 414 480)	1 6 5 0, 1 4 0 0	<a href="#">C2</a> , <a href="#">C9</a> , <a href="#">C16</a>
Facilitating teleworking technically and financially	3 900 000	2 1 0 4, 1 2 0 0	<a href="#">C8</a> , <a href="#">C15</a>
Enabling interpretation during the crisis	6 357 241 (7 420 000)	2 1 4 0, 1 4 0 5	P6, <a href="#">C6</a> , <a href="#">C12</a> , <a href="#">C14</a>
Support to caterers	730 000 (1 080 000)	1 6 5 2	<a href="#">C3</a>
<b>Total spent on needs <u>directly</u> related to the pandemic</b>	<b>22 999 815</b>	1 2 0 0, 1 4 0 0, 1 4 0 5, 1 6 5 2, 2 1 0 4, 2 1 4 0	<b>C2, C3, C6, C8, C9, C12, C14, C15, C16</b>
Remuneration and allowances – higher needs due to lower levels of part-time work and parental leave	5 500 000	1 2 0 0	<a href="#">C15</a>
External translation services	2 000 000	1 4 2 0	<a href="#">C10</a>
Technical equipment and installations – projects that were postponed to accommodate COVID-19-related needs first	1 429 201	2 1 4 0	<a href="#">C12</a>
Security and surveillance of buildings – delay in the internalisation of security in Luxembourg due to the pandemic	610 000	2 0 2 6	<a href="#">C4</a>
EP's carbon offsetting scheme – higher prices for carbon emission certificates	130 000	2 3 9 0	<a href="#">C17</a>
<b>Total spent on needs <u>indirectly</u> related to the pandemic</b>	<b>9 669 201</b>	1 2 0 0, 1 4 2 0, 2 0 2 6, 2 1 4 0, 2 3 9 0	<b>C4, C10, C12, C15, C17</b>
<b>Total spending related to the pandemic</b>	<b>32 669 016</b>	1 2 0 0, 1 4 0 0, 1 4 0 5, 1 4 2 0, 1 6 5 0, 1 6 5 2, 2 0 2 6, 2 1 0 4, 2 1 4 0, 2 3 9 0	<b>P5, P6, C2, C3, C4, C6, C8, C9, C10, C12, C15, C16, C17</b>

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

Also in 2021, teleworking was still necessary for a large part of the year, and efforts to facilitate it continued. On the technical side, this entailed an upgrade of the licensing for Microsoft Teams (budget line 2 1 0 4, EUR 1 100 000, C8). In addition, it was decided to reimburse staff members a fixed sum to contribute to a well-functioning internet connection at home, for which a transfer of EUR 2 800 000 to the line 'Remuneration and allowances' (budget line 1 2 0 0, C15) was approved.

With COVID-19 restrictions on meetings and social-distancing measures still in place for a large part of the year, remote meetings also continued, with a need to enable remote participation and interpretation. For these purposes, EUR 6 357 241 were transferred. This included continued transfers to budget line 2 1 4 0 for the rental of mobile booths, improving the interconnection between Strasbourg and Brussels to allow for meetings to be serviced from both cities in parallel and expanding the hubs for Remote Simultaneous Interpretation (RSI) (EUR 700 000 in C6, EUR 500 000 in C14). Additional funding on the same budget line

was also needed to integrate the platform for Multilingual Remote Participation (MRP) with the RSI platform (EUR 370 000, C14) and the operating costs of the platforms (EUR 1 300 000, C14). Finally, EUR 250 000 (budget line 1 4 0 5, C6) were transferred to fund the delivery of the MRP and RSI services by coordinators and technical staff.

Line 2 1 4 0 both received and contributed to transfers (see previous section), with a total initial amount of EUR 6 070 000 transferred and then EUR 2 035 000 donated to other lines, leaving approximately two thirds of the initial amount transferred on the line. Therefore, in order to estimate the actual additional needs on this line for the COVID-19-related purposes stated in the transfers, the original amount was reduced by approximately one third, with EUR 2 107 241 as the estimated additional amount for this purpose.

As in 2020, the caterers operating the EP's canteens suffered from the restrictions linked to the pandemic. They received a financial contribution from the EP's budget up to 31 July 2021; also, solidarity meals were given out until 30 June 2021. Moreover, for the canteen in Luxembourg, the open-book contract with the current provider was continued until 31 December 2021, as no concession contract could be established by March 2021 as planned. These actions necessitated a transfer of EUR 1 080 000 (budget line 1 6 5 2, C3), while EUR 350 000 were given back via the end-of-year transfer, with a net amount of EUR 730 000 transferred.

In the second subcategory, needs indirectly related to the pandemic, a transfer of EUR 5 500 000 for budget line 1 2 0 0 'Remuneration and allowances' was necessary to cover a deficit caused by a 30% decrease in part-time staff and a decrease of 18% in parental leave in comparison to 2019, which served as the baseline year for drawing up the EP's estimates for 2021. While a direct link to the pandemic is difficult to prove, it seems possible that widespread and prolonged telework enabled part-time workers to convert daily travel time into working time, thereby reducing the need for part-time work.

The translation services were also affected – they experienced unexpectedly high translation demand in 2021, partly due to translation requests arriving in early 2021 rather than late 2020 due to the pandemic and the slower-than-usual recruitment of new internal staff, which resulted in greater use of external translation services (budget line 1 4 2 0, EUR 2 000 000, C10).

The pandemic caused delays in many areas and sometimes brought about a need for spending in certain areas, while other projects had to wait. This was the case for certain technical equipment and installations in Strasbourg, Luxembourg, Brussels and Bazoches, concerning video cameras and the implementation or modernisation of conference and audio-visual equipment (budget line 2 1 4 0, EUR 2 150 000, C12). Their installation had been postponed to ensure interpretation under social distancing measures, which took priority. As line 2 1 4 0 also returned some money initially transferred (see table 3 above), the additional needs for this purpose are estimated at EUR 1 429 201 (i.e. approximately two thirds of the initial sum allocated).

In order to ensure fire safety services for the EP's premises in Luxembourg (budget line 2 0 2 6), additional appropriations of EUR 1 350 000 were needed. DG SAFE was able to mobilise EUR 600 000 internally, so only EUR 750 000 were transferred, with EUR 140 000 given back via the end-of-year transfer, leaving a net amount of EUR 610 000 (C4). The internalisation of the security services in Luxembourg was planned for 1 April 2021, but was postponed to 1 January 2022 due to the pandemic, thus necessitating external services. Several other factors also played a role, such as the delay in moving out of Tower A, the unforeseen increase in the Luxembourgish salary index of 5.9% and the size of the Adenauer building necessitating the reinforcement of fire safety agents.

Finally, an increase in appropriations of EUR 130 000 was necessary to finance the EP's carbon offsetting scheme (budget line 2 3 9 0) as prices of carbon certificates increased significantly in the wake of the pandemic.

## Financing other needs

Outside the EP's response to the COVID-19 pandemic and its building policy, a total of EUR 35 381 850 were transferred to meet other needs. Of this sum, more than EUR 25 000 000 were necessary to finance expenditure related to the Conference on the Future of Europe and to invest in various aspects of the EP's IT services.

**Table 5: Financing other needs, by net amount**

Purpose	EUR amount	Budget lines	Transfers
Conference on the Future of Europe – total	12 915 190	3 2 4 2, 1 4 0 5, 2 1 4 0	P3, <a href="#">C7</a>
<i>Conference on the Future of Europe: reinforcing communication actions and media grants</i>	7 916 632	3 2 4 2	P3
<i>Conference on the Future of Europe: making interpretation possible</i>	4 998 558	1 4 0 5, 2 1 4 0	<a href="#">C7</a>
IT – total	12 582 786	2 1 0 4, 3 2 4 1	P5, P7, <a href="#">C8</a> , <a href="#">C13</a> , <a href="#">C18</a>
<i>IT – hardware</i>	4 555 000	2 1 0 4	<a href="#">C8</a> , <a href="#">C13</a> , <a href="#">C18</a> , P7
<i>IT – improving the EP's cyber security</i>	3 892 000	2 1 0 4	<a href="#">C8</a> , <a href="#">C13</a>
<i>IT – data centre</i>	2 851 000	2 1 0 4	<a href="#">C8</a> , <a href="#">C13</a> , <a href="#">C18</a> , P7
<i>IT – software</i>	1 284 786	2 1 0 4, 3 2 4 1	P5, P7, <a href="#">C8</a>
Audiovisual infrastructure and equipment in Brussels and Strasbourg	5 030 000	3 2 4 8	P3
Multi-risk insurance	2 175 600	2 0 2 8	P2
Next Generation EU: innovative products and communication actions	1 484 368	3 2 4 2	P3
MEPs and staff – total	1 134 906	1 0 3 1, 1 2 0 4, 1 2 2 0, 1 4 0 0,	<a href="#">C1</a> , <a href="#">C5</a> , P4, P8, <a href="#">C15</a> , <a href="#">C19</a>
<i>Hiring staff, in particular internalisation of hitherto externalised services</i>	886 906	1 4 0 0	<a href="#">C1</a> , <a href="#">C5</a>
<i>Entitlements in connection with entering the service, transfer and leaving the service</i>	150 000	1 2 0 4	<a href="#">C19</a>
<i>Allowances for staff retired or placed on leave in the interests of the service</i>	90 000	1 2 2 0	<a href="#">C15</a>
<i>Invalidity pensions (PEAM)</i>	8 000	1 0 3 1	P4
New audio platform for the production and broadcasting of audio products in 24 languages	59 000	3 2 4 8	P8
<b>Total spent on other needs</b>	<b>35 381 850</b>	1031, 1 2 0 4, 1 2 2 0, 1 4 0 0, 1 4 0 5, 2 1 0 4, 2028, 2 1 4 0, 3 2 4 1, 3 2 4 2, 3 2 4 8	<b>C1, C5, C7, C8, C13, C15, C18, C19, P2, P3, P4, P5, P7, P8</b>

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

In order to facilitate communication on and interpretation for the Conference on the Future of Europe (CoFoE), almost EUR 13 million were transferred. Of this amount, around EUR 8 million were used for communication actions around the CoFoE. The EP planned its own digital campaign, including social media, and surveys, for around EUR 5 million, with the money to be committed by the end of 2021 and to be used in 2022. For media grants to co-finance media actions by press agencies and digital media focused on the CoFoE, another EUR 3 million was requested (as budget line 3 2 4 2 also contributed to a transfer, the amounts requested – EUR 5 million and EUR 3 million respectively – were reduced by 1.1% each to reflect the net amount transferred into the line).

Regarding interpretation for the CoFoE, reinforcement totalled around EUR 5 million. This included EUR 2 775 000 to hire conference interpreters for nine two-day events and EUR 1 725 000 to provide technical and organisational support for CoFoE events (budget line 1 4 0 5). In addition, EUR 750 000 were requested for the necessary technical infrastructure and maintenance support related to interpretation for CoFoE events (budget line 2 1 4 0). As this budget line also donated money to a transfer, this amount was reduced by around one third to provide an estimate of the amount actually needed, arriving at approximately EUR 500 000.

Regarding IT, a total of EUR 12 582 786 was transferred to line 2 1 0 4 and line 3 2 4 1. Four different purposes for IT-related transfers can be distinguished. First, budget line 2 1 0 4 was reinforced several times to finance hardware at a cost of EUR 4 555 000. Transfers of EUR 2 755 000 were intended to replace obsolete individual IT equipment. EUR 900 000 each were requested for new servers to support the Systems, Applications & Products in Data Processing software package (SAP) and for networking equipment for various rooms in Brussels, Strasbourg and Bazoches.

Second, in the domain of cyber security, a total of EUR 3 892 000 was requested to reinforce budget line 2 1 0 4. This included EUR 460 000 for offline backup capabilities (C8), EUR 3 000 000 to ensure resilience in an IT infrastructure that includes both on-site and cloud-based components with updated, increased and adapted back-up solutions, and EUR 432 000 for a special mission on cybersecurity to be carried out by the interinstitutional cybersecurity body CERT-EU in accordance with a service-level agreement with the Commission (C13). This mission includes: a description of the threat landscape; an explanation of the policies, processes and measures needed to prevent attacks; recommendations on how to respond to a successful attack (EUR 196 000); and an exercise to identify and exploit vulnerabilities and help improve defensive capabilities, strategies and countermeasures (EUR 236 000).

Third, for the (new tier IV) data centre, EUR 661 000 were transferred to buy CISCO laboratory equipment (EUR 400 000) and relevant CISCO consultancy services (EUR 261 000). In addition, EUR 1 900 000 were requested for the acquisition of switches for the new data centre, amounting to a subtotal of EUR 2 561 000<sup>6</sup>. In addition, EUR 290 000 were needed to upgrade the storage capacity of the existing data centre in Luxembourg, with a total of EUR 2 851 000 requested for data centre purposes.

Fourth, regarding software, EUR 52 000 were requested for a detailed analysis of the requirements for the EP's monitoring platform, an Availability Dashboard of various ITEC services. A further EUR 172 000 were necessary for projects linked to the 'e-Portal campaigns', including 'e-Tutoring of MEPs'. EUR 300 000 were requested for improving the accessibility, structure, interoperability and reusability of Parliament data stored in various applications; a further EUR 330 000 were intended to expand the data catalogue application and awareness raising in that regard (budget line 3 2 4 1). A technical transfer to pay for the annual licensing fees for HERMES amounted to EUR 430 786 (money already available for that purpose was transferred into the most adequate budget line). In total, EUR 1 284 786 were transferred for software.

<sup>6</sup> The C8 transfer document mentions additional needs of EUR 12 500 000 that were not yet budgeted for. According to a written reply by DG ITEC to the rapporteur, this is a cost estimate that will be re-calculated after a market prospection to determine the exact location of the new data centre, with a reinforcement request for the relevant budget line to be presented during 2022.

Audiovisual infrastructure and equipment in Brussels and Strasbourg had to be modernised. In total, EUR 5 030 000 were transferred to budget line 3 2 4 8 for this purpose.

In order to finance a new multi-risk insurance contract, budget line 2 0 2 8 was topped up with EUR 2 175 600. A new contract had to be put in place in 2021, with a premium to be paid in advance for a 12-month rolling period. Compared to the previous contract, the insurance premiums have increased considerably as there are now new regulatory requirements and conditions are no longer adapted to 'prestige clients' such as the EP.

Budget line 3 2 4 2 was reinforced with approximately EUR 1.5 million in order to finance innovative products and communication actions around Next Generation EU. This included the setting up of a dedicated webpage on the Recovery and Resilience Facility (RRF) and events on the implementation of the RRF in the Member States. Furthermore, brand response services were to be funded for working on the evolution of together.eu and other elements of the EP's online presence. The possibility of a documentary show to be offered for distribution to Netflix or other online streaming platforms is also to be explored.

For financial needs relating to MEPs and staff, around EUR 1 135 000 were transferred to various budget lines. Additional appropriations for hiring contract staff (budget line 1 4 0 0) were necessary for five Directorates-General. Initially, EUR 4 399 480 were requested in total. For DG ITEC (EUR 2 853 480) and DG PERS (EUR 352 000), those transfers were necessary to enable them to hire contract agents for tasks that had previously been externalised, in line with their respective projects to that effect under the Strategic Execution Framework 2019-2021. The goal of these projects is to make the EP less dependent on external service providers and become more cost-efficient. For DG COMM, contract staff were intended to implement the Europa Experience centres, improve services for visitors in the House of European History, and reinforce the EP communication campaign capacity and the visitors strategy, in particular for the Youth Outreach Unit and the Strasbourg Conference and Visitor Services Unit (EUR 615 000). DG FINS needed EUR 275 000 for staff to speed up the processing of annual regularisations to do with parliamentary assistance and for projects related to the Financial Management System (FMS). In transfer C5, DG EPRS received EUR 304 000 to finance the staff necessary for the continued operation of the European Science Media Hub. However, as explained above, savings were made on that budget line and the final additional needs for these purposes were EUR 886 906 (estimated on the basis of the net balance of the line in comparison to the original transfer requests, with an 80% reduction in the latter).

In order to finance entitlements in connection with entering the service, transfers and leaving the service (budget line 1 2 0 4), additional appropriations of EUR 150 000 were necessary due to a higher than planned use of the line. Finally, budget line 1 2 2 0 for allowances for staff who retired or were placed on leave in the interests of the service needed a top-up of EUR 90 000 to cover the months of November and December 2021. An additional EUR 8 000 were necessary to cover invalidity pensions under the EP's provisional pension schemes for MEPs from Italy, France and Luxembourg.

In order to facilitate the production and broadcasting of audio products in the 24 official languages of the Union, DG TRAD requested EUR 59 000 for the replacement of the current audio platform with a more modern one offering new features and technical capabilities and the creation of a mobile app.

## Financing the EP's building policy

In 2021, two transfers served to finance the EP's building policy and a total amount of EUR 56 866 265 was transferred for its purposes. In transfer P1, EUR 1 300 000 were transferred to budget line 2 0 0 3 to help, together with available appropriations from assigned revenue, make a down payment of 10% towards the acquisition of the building to house the House of Europe and its Europa Experience in Dublin, for a total of EUR 42 700 000.

The main contribution to the building policy consisted of the final transfer of 2021, C19, which totalled EUR 55 816 265 and represented 52.3% of all C transfers for the year. The total amount transferred was relatively high, representing around 2.7% of the EP's budget (in comparison to 2.1% in 2017, 1.5% in 2018 and 1.6% in 2019). Compared to 2020, when the end-of-year transfer amounted to 6.8% of the overall amount of the EP's budget due to the extraordinary budgetary savings related to the COVID-19 pandemic, the 2021 end-of-year transfer has more than halved.

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 viable way. In 2021, transfers C13 to C18 were already considered 'mopping-up transfers' intended to use up the savings. As regards the final transfer of 2021, C19, EUR 33 559 035 were used to finance the construction of the Adenauer building in Luxembourg and EUR 22 007 230 were set aside for the purchase of the Trèves II building. Unrelated to the building policy, but part of the end-of-year transfer, EUR 250 000 were intended to finance entitlements related to entry into, transfer within and leaving the service (the net balance of said line amounts to EUR 150 000; discussed in the previous section – not included in the 'budget line(s) and purpose' section of Table 6 below).

**Table 6: Volume of the end-of-year transfer from a comparative perspective: 2017 to 2021**

	2017	2018	2019	2020	2021
End-of-year transfer in EUR	40 850 000	29 000 000	30 990 016	138 251 124	55 816 265
Total amount of C transfers in EUR	57 402 860	53 533 500	76 028 316	183 933 785	106 753 497
End-of-year transfer in % of all C transfers	71.2	54.2	40.8	75.2	52.3
End-of-year transfer in % of EP's budget	2.1	1.5	1.6	6.8	2.7
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 1 Lease payments Construction of the Adenauer building: EUR 33 559 035  31.4% 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	2 0 0 3 Acquisition of immovable property (TRÈVES II building) EUR 22 007 230  20.6% of all C transfers

Source: Author's compilation based on RBFM [2017](#), [2018](#), [2019](#), [2020](#) and [2021](#).

Regarding the feeder items for this substantial transfer in 2021, 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 'Members of the Institution' (EUR 14 464 000), chapter 2 0 'Buildings and associated costs' (EUR 9 564 081), chapter 4 0 'Expenditure relating to certain institutions and bodies' (EUR 7 083 000) and chapter 4 2 'Expenditure relating to parliamentary assistance' (EUR 5 947 751).

This distribution partly reflects the analysis of feeder items to all C and P transfers in Table 2: the surpluses in chapter 1 0 were mainly due to the reduction in MEPs' travel. Savings in chapter 2 0 resulted from scaling down funds for assistance and project management related to the Adenauer building site and slower invoicing of building companies due to COVID-19. Chapter 4 0 contributions are due to the difference between the amount allocated by the Bureau and the amount requested by the administration at the beginning of the budgetary procedure for the funding of European political parties and European political foundations, as well as the use of assigned revenue from the previous year. The contribution from chapter 4 2 comes solely from budget line 4 2 2 0, 'Expenditure relating to parliamentary assistance', where savings could be made due to decreased travel frequency among local assistants, Members' trainees and accredited assistants, as well as favourable exchange rate fluctuations.

## Conclusion

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 of spring 2020, and given this timing, the potential impact of the pandemic on the 2021 budget could not be taken into account. Therefore, some tendencies that had already been observed for the implementation of the EP's budget in 2020 continued to play a big role in 2021 (for details on the transfers in 2020, please refer to [this briefing](#)).

Given its nature, the crisis and its global effects had an impact on the very core of the EP's business, which is in large part based on in-person meetings and travel by MEPs, all categories of staff and external visitors to the EP premises. The restrictions on both travel and in-person meetings were still in play during parts of 2021 and thus big savings were made on the corresponding budget lines, although smaller ones than in 2020.

In comparison to 2020, the overall volume of C transfers almost halved from 9% to 5.2% of the EP's budget. C and P transfers together amounted to 6.5% of the EP's budget. Of the total (net) volume of C and P transfers, around 46% helped to finance the EP's building policy, roughly 26% were dedicated to needs related directly (17%) or indirectly (7%) to the COVID-19 crisis and approximately 28% were intended for other purposes.

For building policy, EUR 138 251 124 were used in 2020 and EUR 56 866 265 in 2021. In both years, the EP used the considerable savings to set aside money for the purchase of a building (Scholl in 2020, Trèves II in 2021).

For the transfers related to the COVID-19 response, the emphasis shifted from IT-related reinforcements in 2020 (see [this briefing](#) for details) to additional allocations for the medical service. As in 2020, transfers to facilitate teleworking and interpretation also played a role in 2021, but to a lesser degree than in 2020. Also, The indirect effects of the pandemic also became visible and impacted the budget; for example, staff changed their behaviour in terms of part-time work and parental leave. Additionally, certain projects and bills were postponed or came in with delays.

Regarding transfers for other needs in 2021, these reinforcements were related to interpretation facilities for the Conference on the Future of Europe, IT expenditure for hardware, data centres, cybersecurity and

software, as well as hiring contract staff for several DGs. In 2020, non-COVID-related transfers were focused on legal costs and damages, certain ICT operations, hiring staff and external translation services.

For the budgetary year 2022, it remains to be seen whether and to what extent the COVID-19 pandemic will impact the budgetary exercise. This will depend on the evolution of the pandemic, but also on how the institution functions in a post-pandemic context. Certain challenges that arose or became more pronounced in the context of the pandemic, e.g. cybersecurity in the wake of increased teleworking and digitisation, and the need for tailored office spaces, are here to stay. Their impact will continue to unfold, including on the budget of the institution.

At the time of writing (October 2022), the BUDG Committee has already approved 15 C transfers with a total volume of EUR 44 277 400. While certain of these transfers are still related to the pandemic, e.g. to keep the pandemic-related services of the Medical Service in place and to change the procedure for the medical check-up to deal with the aftermath of the pandemic, the most important purpose of the transfers is to deal with the rising energy bills. The C transfers for this purpose alone amount to EUR 16 700 000 or almost 38% of all C transfers approved at this stage.

The rising energy costs are closely linked to Russia's ongoing war on Ukraine, and they are a strong contributing factor in rising inflation rates. These will put more even more pressure on the EP's budget, as the salaries of Members and staff are indexed regularly to keep up with inflation. In addition, the EP has put in place several activities to support Ukrainian democracy, e.g. by providing IT support to the Ukrainian Parliament.

In addition, working patterns have changed after the pandemic, with less family leave and fewer part-time requests. This change increases the statutory expenditure for salaries.

The recent developments show that even the carefully laid budgetary plans, both in the EU's Multiannual Financial Framework under Heading 7, 'European Public Administration', and the annual budgetary procedure, may need a high degree of adaptation and flexibility in order to enable the EU institutions to deal with an increasingly volatile environment.

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Print ISBN 978-92-846-9914-8 | doi: 10.2861/826291 | QA-03-22-138-EN-C  
PDF ISBN 978-92-846-9913-1 | doi: 10.2861/73511 | QA-03-22-138-EN-N