

EUROPEAN PARLIAMENT

2004



2009

Committee on Budgets

29.6.2006

NOTICE TO MEMBERS

Subject: Implementation of the European Parliament's 2006 Budget

Please find attached the proposal for transfer of appropriations C13- financial year 2006.

DIRECTORATE-GENERAL
FOR INTERNAL POLICIES

Mr Janusz LEWANDOWSKI
Chairman of the Committee on Budgets

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PE 376.403v02-00

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Subject: Request for transfer of appropriations C13 - financial year 2006

Dear Mr Lewandowski,

In accordance with the provisions of Articles 24 and 43 of the Financial Regulation of 25 June 2002, please find attached a request for transfer of appropriations.

I should be grateful if you would present this draft transfer to your committee, if possible at its meeting on 11-12 July 2006.

Yours sincerely,

Josep BORRELL FONTELLES

Annex: Request for transfer of appropriations C13/2006

I. DESCRIPTION

Transfer of appropriations C13/2006

from: chapter 104 "Reserve for information and communication policy" - € 1 000 000
to: sub-item 3248/03 "Expenditure on audiovisual information - Web TV" + € 1 000 000

II. STATE OF APPROPRIATIONS: according to Finics as at 28/06/2006

Initial approps. ± AB ± transfers	Commitments entered into	Payments made	Approps. available before proposed transfer	Amount of proposed transfer	Approps. available after proposed transfer
FROM					
Chapter 104 "Reserve for information and communication policy"					
20 000 000	0	0	20 000 000	1 000 000	19 000 000
TOTAL TO BE TRANSFERRED OUT				-1 000 000	
TO					
3248/03 "Expenditure on audiovisual information - Web TV"					
0	0	0	0	1 000 000	1 000 000
TOTAL TO BE TRANSFERRED IN				+ 1 000 000	

III. JUSTIFICATION

3248/03 "Expenditure on audiovisual information - Web TV" + € 1 000 000

1. This appropriation is intended to cover the expenditure relating to the Web TV activities. The newly created sub-item is part of the item 3248 "Expenditure on audiovisual information" which covers the expenditure for the operating budget of the audiovisual sector.
2. There are no appropriations on the newly created sub-item 3248/03; the credits have been put into chapter 104 "Reserve for information and communication policy".

The purpose of this proposal is to request the release of € 1 000 000 from the chapter 104 "Reserve for information and communication policy" following the positive recommendations of the Conference of Presidents and of the Bureau concerning the project outline.

Background

3. In paragraph 13 of its resolution on the draft general budget of the European Union for the financial year 2006, adopted on 17 October 2005, Parliament "reiterates its position that information and communication policy is one of Parliament's priorities and supports investment to improve communication between EU citizens and Parliament; has decided to enter EUR 20 million in an 'Information and Communication' reserve to be used for improving Parliament's communication with citizens."

In paragraph 16 of the same resolution, Parliament "considers that any proposal should provide clear information on the financial cost and the medium-term financial requirements; points out

that new projects on information and communication policy should ensure appropriate oversight arrangements involving Parliament's governing bodies and political groups."

4. In 2005, the development of a European Parliament web television channel was discussed as alternative to the establishment of a broadcast channel. On the basis of a feasibility study, a proposal was submitted to the Bureau.
5. At its meeting of 7 September 2005, the Bureau:
 - *"endorsed unanimously the conclusions of the Secretary-General's note, and in particular the proposal that the European Parliament create its own Web TV Channel;*
 - *invited the Secretary General, under the supervision of the Vice-President responsible, to begin work on the "pre-launch" phase of such a channel;*
 - *noted that this phase would serve to 'design' the Web TV Channel, formulate detailed proposals on programming and content, and undertake preliminary work in order to enable the Bureau to see what the channel would look like in prototype form and to approve its launch."*
6. The Bureau took account of the recommendation not to establish a traditional broadcast channel. It recognised that a web television channel:
 - is much more cost-effective than a traditional broadcast channel as a way of responding to the right of citizens to know what is happening in their Parliament;
 - fits much more readily with the direction of technology, in particular, the convergence of PC and television technologies and the rapid spread of broadband;
 - matches changing social patterns, with many Europeans, particularly the young, looking increasingly to the internet for news and information;
 - is oriented to the user's convenience rather than the broadcaster's, offering the viewer a wide choice of material to watch at the time and place of his or her choosing, a form of "democracy on demand";
 - is better able to deliver multiple languages; and
 - is the only effective way to reach people in third countries outside the European Union.
7. At its meeting of 16 January 2006, the Bureau:
 - *"examined and approved a progress report dated 11 January 2006 from the Secretary-General on the development of the European Parliament web television channel;*
 - *invited the Secretary-General, in cooperation with the relevant political authorities, to take all the necessary initiatives and to provide adequate resources for the creation of the prototype web TV channel in 2006 and for the launch of the channel in 2007."*

Tendering procedure

8. With a view to meeting the deadline laid down, the administration decided to reinforce the resources available to the project. On the basis of a call for tender it appointed a web television consultant to provide expert advice on the development of the project. With the consultant's help an open call for tender for the prototype and the fully-developed version of the channel was drawn up and published on 6 May 2006.
9. The call for tender is designed to establish a framework for the web channel over a maximum total period of four years. It is divided into two lots:

- Lot 1: invites interested parties to submit offers for the architecture and design of the channel (prototype) and its fully-developed version online, including hosting and maintenance;
 - Lot 2: calls for offers for a range of material to be produced for the prototype during the trial period and then for the fully-developed version of the channel.
10. The call for tender indicates that all interested parties have until 14 July to respond. Thereafter the evaluation procedure is due to be completed in time to enable the successful tenderer(s) to begin work at the start of September. The tenderers are expected to make it possible, in conjunction with the services of the Parliament, to put in place a prototype of the web television channel by the end of the year.
11. The prototype would be viewable inside the Parliament via its intranet site and would be developed over a trial period in the early part of 2007. This trial period would provide the opportunity for the institution as a whole, with the possibility of additional input being obtained from selected external audiences, to assess over time the contents and design of the channel before a final decision is taken on whether to proceed with the online version. Subject to the decision on the prototype and the trial period, the channel could be put online on the internet during 2007.

Political oversight

12. In the course of the initial discussions on the channel, there has been some debate on the balance to be achieved between editorial independence and adequate political oversight over the production of the channel. A very wide range of different formulae can be envisaged.
13. It is now suggested to create, in addition to the Bureau and the Bureau Working Party on Information and Communication Policy, an 'advisory panel' composed of one member proposed by each political group and chaired by the Vice-President responsible for information policy. It would be the responsibility of the Bureau to define the structure and role of the advisory panel in detail.
14. At its meeting of 18 May 2006, following presentation by the Vice-President responsible for information policy of the timetable and the proposals for political oversight, the Conference of Presidents:
- *"expressed its support for the Web TV project;*
 - *took cognisance of, and welcomed, the arrangements under consideration in relation to the political oversight of Parliament's Web TV Channel, subject to final decisions of the Bureau on this matter; considered it appropriate that a representative of the non-attached members participate in the work of the proposed advisory panel, and that the panel should be able to have any recourse to external expert advice, it deemed necessary."*
15. At its meeting of 31 May 2006, the Bureau
- *"took note of the progress made in implementing the timetable that it established in January 2006 for the development of the web television project;*
 - *endorsed the planning for the further pursuit of the project and recommended to the Committee on Budgets that EUR 1 million be released from the reserve for "Information and Communication" to cover the costs of the prototype for the channel;*
 - *held an exchange of views on the role of an advisory panel to ensure political oversight of the channel;*

- *approved in principle the proposal for the establishment of an advisory panel to ensure political oversight of the channel under the authority of the Bureau, subject to the examination of a more detailed proposal to be prepared by the Secretary-General for a future meeting and to the consultation of the Conference of Presidents on the detailed proposal before taking a final decision."*

Budgetary implications

16. A prior condition for the project to proceed is the availability of the necessary appropriations. No contract can be signed with any contractor unless these appropriations are on the line, a condition which is not at present met. Hence this request to release € 1 000 000 from the reserve of € 20 000 000 set aside for "Information and Communication" in the Parliament's 2006 budget.
17. The budget volume in the tender has been set in relation to each of the two phases of the project: first, the prototype and then, the fully-fledged version of the channel, it being understood that the fully-fledged version of the channel will only come into existence if the prototype is approved:
- **Lot 1:** For phase 1 (2006) an estimated budget of € 200 000 - € 275 000 is foreseen for the development and implementation of the architecture for a system that should be useable for both the prototype and the fully-developed version of the channel.
For phase 2 (2007 - 2009) an estimated budget of € 2 100 000 is foreseen for all further tasks related to the channel going on-line on the internet and its maintenance and hosting up.
This sets an estimated budget total of € 2 375 000 over the four year lifetime of the contract.
 - **Lot 2:** For phase 1 (2006) an estimated budget of € 500 000 - € 725 000 is foreseen for the production of content for the prototype.
For phase 2 (2007 - 2009) the production of **300-700 hours** of programme content per year is estimated for the fully-fledged version of the channel and all related tasks up to the end of year 4.
18. These figures are all based on calculations of equivalent web systems outside the Parliament or on the average costs of programming for similar television programmes, such as *Parlamento*, produced by Euronews with the support of the European Parliament. They offer a range of costs, with the precise amount depending on the quality/price ratio of the different offers received by the Parliament. Therefore the € 1 million requested for release from the reserve for the prototype is an upper limit.
19. As far as the second on-line phase of the project is concerned, the amount used will depend entirely on the decisions of the institution. The contract takes the form of a framework contract where the institution has to decide how much programming and how much technical assistance it wishes to receive. It is not tied into an arrangement that will necessarily reach the figures quoted above.
20. The figures do not cover all expenditure on the channel. It has always been recognised that there will need to be a significant marketing effort to make the general public aware of the existence of the channel. The experts who prepared the report on which the choice of web television was based in the summer of last year estimated that around € 1 000 000 should be set aside for this purpose every year. It is intended to prepare an important campaign of marketing later this year, it being recognised that it would not be launched if there is no agreement on the establishment of the channel.

21. In addition, the channel will not be able to function without a small number of staff. A precise request will be made in the context of the first reading of the budget but it will suggest between five and ten individuals, split between officials and contract staff. The group will be responsible for the commissioning of programmes, managing output and providing the necessary technical back-up for the channel to work. Day-to-day management and running of the channel will therefore be in the hands of Parliament staff.
22. On the basis of these figures it is possible to ensure that expenditure will respect the annual ceiling of € 10 million for the operating costs of the channel that has been central to the thinking of the Bureau and which serves as a clear financial benchmark, contrasting the cost of web television with traditional television channels.
23. The following table summarizes the multi-annual resource framework:

	Phase 1	Phase 2		
	2006	2007	2008	2009
Architecture, design and hosting	€ 275 000	€ 700 000	€ 700 000	€ 700 000
Contents	€ 725 000	300 - 700 hours annually		
		est. € 5 mio	est. € 7.3 mio	est. € 7.3 mio
Marketing	-	€ 1 mio	€ 1 mio	€ 1 mio
TOTAL	< € 1 mio	< € 6.7 mio	< € 9 mio	< € 9 mio
Staff Requirement	Temporary external consultant	5 - 10 new posts	-	-

The information and communication reserve

24. The information policy reserve for this year and that already foreseen for 2007 is destined to finance three major projects:
- Web TV;
 - start up costs for Visitors' Centre in D4;
 - installation of audiovisual equipment in D5.
25. In accordance with paragraph 34 of the resolution on Parliament's estimates for 2007, the Committee on Budgets will receive early September all the reports concerning the information and communication reserve with the required information. In the following, a brief outline of the two other projects to be financed by the information policy reserve is given.
26. The overall concept for the Visitors' Centre has been developed by an outside consultancy. The concept was presented and approved, subject to a number of small modifications, by the Bureau's Working Party on Information and Communication Policy at its meeting of 30 May 2006. The concept gained the approval of the full Bureau on 12 June 2006. Parliament's consultants estimate the start up investment costs of developing, realising and installing this concept at € 15.3 million (which includes a 10% contingency reserve).
27. The next steps are to launch a two-stage call for tender for the development and realisation of the project. It is envisaged that contract to be signed with what is likely to be consortium of

architects, designers, software developers, etc., will also take the form of a framework contract allowing the Parliament once again to dictate the volume and rhythm of work to be carried out.

28. The administration intends to launch the main call for tender for this project in late August early September and to sign a contract with the winning consortium by early December 2006. It is envisaged that the first part of work under this contract can be committed during the 2006 financial year. This is estimated at € 4 million with the Committee on Budgets to be asked to release this amount from the reserve in the autumn of 2006.
29. The original intention, as agreed by the Bureau, had been to install the audiovisual equipment in the D5 building prior to its handover to the Parliament by means of an avenant signed with the promoter. Such an agreement would have enabled a substantial amount of appropriations destined for this investment to be committed in 2006.
30. At its meeting of 16 January 2006, the Bureau was informed of the breakdown of negotiations with the promoter in December 2005 and the necessity for Parliament to organise itself the provision and installation of this equipment by outside firms chosen by means of open tender in accordance with the Financial Regulation. The Bureau agreed this course of action.
31. Subsequent to the Bureau meeting of 16 January 2006 negotiations have proceeded with the promoter on alterations to the building and with the preparation of calls of tender. However, the failure of the negotiations with the promoter last December, and the fact that the building will not be delivered to Parliament until early 2008, has meant inevitable delays to the project and the impossibility of committing during 2006 all appropriations which it had been planned to commit.
32. The service envisages, nevertheless, that € 4.255 million can be committed during 2006 for the advance purchase of some equipment and consultancy fees. The Committee on Budgets will be asked to release these appropriations from the reserve later this autumn.
33. The above remarks should make it clear that DG Information will not be able to utilise the full amount of € 20 million set aside in the 2006 information policy reserve. This is entirely due to the delays to D5 audiovisual project caused by the failure of negotiations with the promoter. It is estimated that only € 9.255 million can be committed: € 1 million for Web TV, € 4 million for the Visitors' Centre and € 4.255 million for the audiovisual equipment of D5.
34. All figures given above are based on the best available estimates at hand and, therefore, may change in accordance with the results of the pending call for tenders.
35. ***In the circumstances, it is proposed that € 1 000 000 be released from the specific reserve in chapter 104 "Reserve for information and communication policy", where the funds were entered for this purpose, and transferred to sub-item 3248/03 "Expenditure on audiovisual information - Web TV".***

IV. REQUEST BY DELEGATED AUTHORISING OFFICER RECEIVING TRANSFER

Francesca RATTI

Signature :

Date :
