

Notes on the draft revised budget 2020

Background

We live in unprecedented times, and this is also true for the implementation of the EGP budget 2020. The Covid pandemic starting in Europe in early 2020 had an immediate impact on our operations, and particularly so as a considerable part of our activity plan used to be delivered through physical meetings of people across Europe. Hopes for an easing of restrictions after the summer were dashed by the second wave of the pandemic. As a consequence, we have had to develop new ways of working and deliver our activities in extreme conditions for most of the year. This has been a challenge for all involved and particularly for the EGP staff, who have in addition to these already challenging circumstances implemented a necessary and previously agreed restructure of the office organigramme. They have managed both in a very professional way.

As a result and after several financial scenarios developed since before the summer, which have all been shredded by developments except for the most pessimistic scenario which was very close to what is presented now, there are two considerable changes to the budget adopted in Tampere in November 2019:

- 1) Decreasing the budget lines most affected by the Covid crisis: category 4 (Meetings and representation) by 1.110.500 EUR and category 5 (Information and publications) by 283.000 EUR.
- 2) Increasing the salary costs (category 1, 1.1) by 106.000 EUR.

The enormous underspend overall also has implications for the budget 2021. For these reasons, a revised budget 2020 is submitted to Council for adoption at this late stage in the year.

Outcome

With the development described above, we now expect a surplus of nearly 1,5 million EUR in our accounts 2020. Our proposal is to carry over to 2021 the amount of 1.338.725 EUR and to put 130.000 EUR into the Operational Reserve (which is one of our 6 funds). These 130.000 EUR would be dissolved again in 2021 to have enough own resources to finance the necessary own contribution of 10% for the carry-over (see table *Development of Funds 2017-2024*, the last page of the budget document). This would enable us to still benefit from the maximum EP grant in 2020.

Technical notes

(1) Budget line 1.1. and 1.2, salaries and employer's contribution:

Following discussions with staff, the Committee has decided to end the recent practice of annual bonus payments (which are very heavily taxed in Belgium) and replace it with a system of permanent salary increase (which is still taxed but less so than a bonus). This is in line with advice/recommendations from the Directorate General FINANCE of the European Parliament regarding appropriate/adequate levels of staff pay in European political parties (EUPPs) somewhere between Belgian national salary levels and the EU institutions.

(2) Budget line 1.1.2, salaries temporary staff:

Only one staff member was hired temporarily this year: for the Covid recovery campaign ("Green Recovery Tour").

(3) Budget line 1.5.3, honorary fees:

One new member of the team could only be employed in Belgium after the necessary conditions were met. Prior to that she worked from her home country on a consultancy basis.

(4) Category 2: Infrastructure and operating costs

The considerable underspend in this category is also a consequence of the pandemic. There were lower consumption charges for the office (electricity, water etc.) and less equipment, furniture and small supplies were bought than would normally have been the case after the move (see also 2021 budget).

In budget line 2.6.1, only the Spring Council resolutions were translated.

(5) Budget line 3.2, Research:

Research related to the Climate Neutrality Campaign.

(6) 4.1.2 and 4.1.3, Council meetings:

The Spring Council took place as an online-only meeting. This had to be organised from scratch with very little notice. Whilst we had originally hoped to have a hybrid Council in Warsaw and online, the pandemic development means it will be online again. But compared to spring, plans to enhance the online character of the Council have been developed to make the experience even better.

(7) Budget line 4.1.5, political priority projects:

Expenditure for the Covid Recovery Campaign and the Climate Neutrality Campaign are booked under this budget line (except for the research as the Committee specifically decided to develop this activity, see note 5 above).

(8) Budget line 5.2, CO2 compensation:

In their latest information request from October 2020 regarding the Accounts 2019, DG FINS has questioned the reimbursability of such a CO2 compensation, considering it a voluntary donation to a third party. We propose to put this budget line to zero as long as this issue hasn't been resolved with the European Parliament. But be assured: whilst the budget line is at 0, we have not given up on the principle and will find ways to still do a CO2 compensation in some way!

(9) Budget line 4.6.1 has been turned into 4.1.13.

(10) Budget line 4.6.2 has been turned into 4.1.14.

(11) Budget line B.1, Provisions:

We suggest putting 130.000 EUR into the Operational Reserve (see Outcome above).

(12) Budget line B.5.1, Other:

This includes invoices related to 2019

(13) Budget line B.5.2 and D.4.4, Invoiced costs:

Mainly payback from the tax authorities on paid employer's contribution.

(14) Budget line D.1.3, Carry-over to year N+1:

We suggest carrying over to 2021 this amount (see Outcome above).

(15) Budget line D.2, Membership fees:

The slightly reduced amount of 468.328 EUR takes into account the small reductions to member parties granted by the Committee due to exceptional circumstances. Overall the new membership fee structure is working well – thank you to the member parties!

(16) Budget line D.4.5, Other:

Includes paybacks and reimbursement from third parties.

Ute Michel, Treasurer

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