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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE
EUROPEAN PARLIAMENT**

The Commission's ex-Economat off budget bank accounts

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1. INTRODUCTION

Until the year 2000, the accounts of the staff shop (henceforth "Economat") were managed outside the budget and the accounts used were held in a private bank. The operation of the Economat was overseen by the CPRE "Commission Paritaire - Restaurants et Economats". Ordinary budget lines and the budgetary accounting systems of those years were deemed to be ill-suited to the financial management of a revenue-generating structure with daily ordering, delivery, paying and recovery operations.

Over the years, the Economat showed an operating surplus, which accrued on the bank accounts, also because, especially in the beginning when the operation was run by the administration, no rent or utilities had to be paid and some staff and administrative support were allocated to this activity for free.

In 2002, the Commission decided to change the operational set-up and, as a result of a call for tenders, the Economat was outsourced to Delhaize for a fee. When Delhaize started its operation, the Economat stock was sold to Delhaize and the revenue so generated was also put into the same bank accounts.

Since then, the amounts on the bank accounts continued to generate interest and the total amount now available is of the order of 2,7 M€.

2. THE EFFECTS OF MEASURES TAKEN IN THE CONTEXT OF THE ESTAT CRISIS

In the aftermath of the ESTAT crisis, the Commission's Accountant took the initiative in the summer of 2005, to make an inventory of all bank accounts not established by the Accountant and holding Community funds, with the objective of putting an end to this anomaly.

In this context, the Accountant decided that either the money would be transferred to the budget if the existence of the account was no longer justified, or the account would be integrated in the Commission's accounting perimeter if its continued existence was necessary.

For the ex-Economat accounts (a savings and a checking account) the situation was clear: their continued existence was no longer justified and they were thus to be closed and the sums transferred to the Community budget.

The accounts are held with FORTIS and hold the following amounts (date June 30, 2008):

- FORTIS 210-0339286-32 27,532 €
- FORTIS 047-0610357-16 2,705,824 €

for a total of 2,733,356 €. These accounts are managed jointly by OIB and DG BUDG and power of signature on these accounts is held by a number of DG BUDG officials.

3. GENERAL PRINCIPLES FOR THE USE OF THE FUNDS

Given the source of the sums on the accounts, i.e an operating surplus mainly due to an activity involving expenditure by staff and their families, DG ADMIN was asked to identify a number of projects satisfying the following conditions:

- the principle of the projects would be admitted by the budgetary commentary of existing budget lines;
- the projects would be of a social nature and benefit staff, directly or indirectly;
- the projects would allow for a one-shot investment and require no follow-up expenditure in later years, neither in budgetary nor in human resources.

4. THE SPECIFIC PROJECTS PROPOSED: DECISION PROCESS

In September 2006, DG ADMIN prepared a first list of projects, and on November 6th 2006, it asked COPAS for an opinion. COPAS discussed this request and the proposed list of projects and the opinion was delivered to DG ADMIN on May 2nd 2007. COPAS not only gave a positive or negative opinion on each of the projects, but also suggested some further projects for investigation.

On May 15th 2007, the Vice-President of the European Parliament, MEP Onesta, presented to DG ADMIN a project for a complete renovation of the EP's fitness centre and explained the contractual approach, which consisted in outsourcing the actual running of the centre to a third party, selected through a public procurement procedure, in exchange for a fee with a profit-sharing mechanism, and the proceeds were to be distributed between the participating institutions. DG ADMIN expressed its interest in principle, pending further information and sent a list of questions to Mr Onesta on June 6th 2007. On September 24th 2007, DG ADMIN received from the EP's administration further information, a partial reply to the questions and a request for clarifying its position on a potential participation. Further elements were obtained subsequently to the successful call for tenders referred to in section 5 below.

In June 2008, DG ADMIN established a final list of four projects, one of its original list, that received a positive COPAS opinion, two suggested by COPAS itself and the project with the EP. The project with the EP was presented to COPAS on June 6th, 2008 and to the CLP on June 24th.

5. THE PROJECTS: WHAT DO THEY COVER AND HOW MUCH DO THEY COST?

The four projects and the amounts planned to be allocated to them are shown in the table below.

A short description and the estimate of the amounts involved can be found in Annex 1. The list of rejected projects, with a short rationale for their rejection, can be found in Annex 2.

Short project description	Estimated amount
Support towards the integration of handicapped children into the day-care facilities	100,000

Upgrade of the facilities at Overijse	500,000
Infrastructure for well-being at work	600,000
Contribution to the EP's Fitness Centre	1,500,000
Total	2,700,000

All four projects are in the area of social expenditure for staff. As regards the fitness centre, not only is physical fitness an essential component of staff's well-being, but the revenue-sharing mechanism, briefly explained in Annex 1, will generate assigned revenue to the social actions budget line on an annual basis thereby increasing the resources available for this activity.

The project with the EP represents some risks, related to the commercial viability of the project and the hypotheses of the business case. Although these are risks that mainly the contractor must bear, the profit-sharing mechanism will yield results only in proportion to the commercial success. For the moment, the assurance in this respect consists in the fact that an important player in this field, selected after a tendering procedure, has agreed to sign a contract with the EP. At no time, neither during the building and equipping phase, nor during the actual running, will the Commission have any direct responsibility. In fact, the Commission and the European Parliament will sign an administrative agreement setting out the totality of the Commission's rights (access conditions for staff identical to the conditions for EP staff and the profit-sharing scheme) and obligations (transfer of funds).

6. FINALISING THE BANK ACCOUNT CLEANING OPERATION

The approval of the approach and of the four projects determines the use of these appropriations, which constitute assigned revenue pursuant to Article 18 §1 (e) of the Financial Regulation.

7. CONCLUSION

The Commission:

- approves the use of the accrued profits of the ex-Economat for projects related to social actions in favour of staff;
- approves the four projects as listed above;
- approves the estimated sums to be allocated to each of the four projects, leaving detailed implementation mechanisms and final adjustments to the competent authorising officer;
- instructs DG ADMIN, in collaboration with the Legal Service, to negotiate an administrative agreement with the European Parliament for the Commission's participation in the EP's Fitness Centre project.

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The projects

8. SUPPORT TOWARDS THE INTEGRATION OF CHILDREN WITH DISABILITIES INTO THE DAY-CARE FACILITIES

8.1. Description

Day-care facilities welcome children with particular needs on a regular basis.

Under particular needs, different forms of disabilities are meant: behavioural difficulties as well as different forms of mental and physical disabilities. However, the decision to accept or not a child with disabilities will depend on several factors and each situation will be evaluated on a case-by-case basis together with the paediatrician, the educational psychologists, the administration of the day-care facilities and the parents. The final decision will be taken on a case-by-case basis and take into account the child's own needs, the needs of the group of children with whom it will be in the day-care facilities, the internal resources and infrastructure and the essential partnership with external specialised teams.

In the case of a positive decision, the situation is regularly evaluated and a re-orientation of the child towards a more appropriate structure might be taken if all the parties involved estimate the day-care facility does no longer adequately care for the child's needs.

Appropriate training of the educational teams and adapted material are both necessary to effectively welcome children with special needs.

8.2. Estimation of the amount and indicative calendar

Item	Cost (€)
Equipment and toys	20,000
Special training for 195 staff members and related material (books, videos, etc.)	80,000
Total	100,000

The items of equipment and the training can both be ordered in 2008 as framework contracts exist.

8.3. Budget line

Income: 590

Expenditure: 26.01.50.04 - Interinstitutional cooperation in the social sphere

Authorising department: DG ADMIN

9. IMPROVEMENT OF THE SPORTS AND LEISURE FACILITIES IN OVERIJSE

9.1. Description

The staff of the European institutions and their families are keen to make better use of the Interinstitutional Outdoor Sports Centre at Overijse. The Staff Committee has re-emphasised this during the 'Etats Généraux' for Social Policy held in June 2008. It is proposed to replace the existing sports and football pitch with a new generation multi-sports synthetic pitch and to equip the site so that it can be used in all weather, at all times and in all seasons, and thereby stimulate the in- and outdoor use of the Centre by the staff's families as well as by groups of colleagues, leisure circles and pensioners.

Finally, special attention will be given to access and seating facilities, as well as to sanitary installations suited to people with a handicap.

9.2. Estimation of the amount and indicative calendar

The cost has been estimated by the technical services of OIB at 500,000 €. Due to the time needed to obtain local permits and authorisations, the amounts can only be used in the 2009 – 2010 timeframe.

9.3. Budget line

Income: 590

Expenditure: 26.01.22.03 - Expenditure related to buildings in Brussels

Authorising department: OIB

10. INFRASTRUCTURE FOR WELL-BEING AT WORK

10.1. Description

The staff of the Commission, and in particular the Leisure Circles, would like to have the use of 2 multi-purpose rooms in the basement of the VM2 building, which also houses the Foyer. The space was previously used mainly for archives and requires extensive renovation. It would be possible to create one large room of 290 m² which would be used mainly for cardio activities, which require a lot of space, and a smaller room of 100 m² for smaller group activities. There would also be showers and changing rooms. Currently, many of our Leisure Groups have to rent space in the private sector or in communes. The availability of these multi-purpose rooms would also have a positive effect on the use of the Foyer, and would fit within the Commission policy for well-being at work.

10.2. Estimation of the amount and indicative calendar

The cost has been estimated by the technical services of OIB at 600,000 €.

10.3. Budget line

Income: 590

Expenditure: 26.01.22.03 - Expenditure related to buildings in Brussels

Authorising department: OIB

11. CONTRIBUTION TO THE EP'S FITNESS CENTRE

11.1. Description

The objective of the global project is to renovate and extend the existing "gym and fitness" space (1375 m²) of the European Parliament by adding an "aquatic and relax" space (925 m²) to it, equip it and let it be run by an outside contractor in exchange for:

- the payment of a fixed fee (set at 300,000 € in the call for tenders);
- a share of windfall profits (ranging from 10% on profits between 100,000 and 200,000 € to 50% on profits above 500,000 €);
- identical access and subscription conditions for the Commission's staff as those enjoyed by the EP's staff.

The Commission would, through the transfer of a part of the ex-Economat funds to the EP's operational budget, participate in the building and equipment expenditure.

As a result of this participation, a *pro rata* share of the revenue thus generated would be entered into the Commission's administrative budget as assigned revenue on the "social activities" budget line and contribute to further spending on social objectives.

11.2. Estimation of the amount and indicative calendar

The amount is determined by a political decision on the level of participation. The proposed amount of 1,500,000 € corresponds to around 30% of the estimated cost of the project, as approved by the Bureau of the EP.

The contractor for the running of the Centre has been selected through a call for tenders and the call for tenders for the renovation works has been launched, with a view to finalise the works before the end of 2009.

The amount itself, however, could well be transferred to the EP already in 2008, dependent on the date the administrative arrangement will be signed.

11.3. Budget line

Income: 590

Expenditure:

- For the contribution to the EP: 26.01.50.04 - Interinstitutional cooperation in the social sphere
- For the annual assigned revenue: 26.01.50.04 - Interinstitutional cooperation in the social sphere

Authorising department: DG ADMIN

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The rejected projects

12. A COMMISSION FITNESS CENTRE

The amounts available are insufficient to transform an existing space and equip it to turn it into a commercially viable Fitness Centre. As this true for the total sum, it is even more so for a part of it, since other projects had to be selected as well.

13. THE REFURBISHMENT OF CAFETERIAS AND RESTAURANTS

The staff representatives argued that this expenditure was to be covered by the normal budgetary resources of OIB and their argument was accepted.

14. THE INSTALLATION OF SHOWERS FOR COMMUTING BIKERS

The staff representatives argued that this expenditure was to be covered by the normal budgetary resources of OIB and their argument was accepted.

15. THE OPENING OF LOCAL EMPLOYMENT AGENCIES IN THE MAIN COMMISSION BUILDINGS

These LEA distribute the Titres-services / Dienstencheques, through which household services can be legally bought, instead of on the black or grey market.

Such an agency needs space, amenities and staff and therefore has follow-up costs, violating one of the criteria, viz. one-shot investment without follow-up expenditure.

16. PURCHASING THE ETTERBEEK HOSPITAL

The hospital would, once acquired, be transformed into multi-purpose centre, housing a home for the elderly and disabled, a nursery, a day-care centre and offer meeting space to the leisure groups.

The running of such a centre would obviously require a considerable annual expenditure, violating one of the criteria, viz. one-shot investment without follow-up expenditure.

17. RESERVATION OF PLACES FOR ADULT DEPENDENTS WITH DISABILITIES

Through a grant-like contribution to either individual institutes or to the responsible agencies in Brussels and in the three communities (Flemish, French and German), active or retired EU staff would have had a form of priority for its adult dependents with disabilities.

Although initially promising, the scheme could eventually not be carried through, essentially because of the reluctance of the Belgian authorities concerned to accept the Commission's proposal.

