

EUROPEAN PARLIAMENT



THE SECRETARY-GENERAL

D/24355

NOTE TO MEMBERS OF THE BUREAU

Members of the Bureau are asked to authorise the forwarding to the Convention on the Future of Europe of this report from the Secretary-General on the cost of maintaining three places of work.

SUMMARY

As part of the decision concerning discharge in respect of the implementation of the budget for the 2000 financial year, the Secretary-General was instructed to provide the Convention with a detailed analysis of the cost of maintaining three places of work.

This report, which deals solely with the budgetary aspects of this issue, recalls the legal basis for the dispersion of the three places of work and emphasises, on the one hand, the problems involved in drawing up estimates without any detailed information about the specific conditions which would apply, were Parliament's activities to be concentrated in one place of work and, on the other, the existence of ancillary costs which are difficult to quantify, such as loss of working time and of efficiency.

Subject to those caveats, the annual cost of the geographical dispersion may be estimated as follows:

		EUR
Infrastructure costs	- premises	78 million
	- IT and other equipment	42 million
Staff costs	- supernumerary staff	22 million
	- mission expenses	18 million
Sundry operating costs		<u>9 million</u>
	TOTAL	169 million

After enlargement, that figure might rise to EUR 203 million.

Any concentration of activities in one place of work would entail one-off infrastructure and staff removal costs. However, those costs would probably be offset by Parliament's vacating the larger premises currently occupied. Recurring costs might also arise. They would vary considerably depending on the country selected.

1. This report has been drawn up in response to the Decision of 10 April 2002 concerning discharge in respect of the implementation of the budget for the 2000 financial year and, in particular, to paragraph 33 thereof¹, in which the European Parliament '[instructed] its Secretary-General to provide the Convention with a detailed analysis of the cost of maintaining three places of work'.
2. Any estimate of the cost of maintaining three places of work will necessarily be very approximate since no information is available about the specific conditions involved in any concentration of Parliament's activities in one single place, such as which place would be selected, what would happen to supernumerary staff, and whether it would be possible to recoup some of the previous investment in property, etc.
3. After reviewing the legal basis for the geographical dispersion of the European Parliament and the organisation of parliamentary activities, the report goes on to consider the infrastructure and staff costs which might be eliminated if Parliament had just one place of work. The report also addresses the issue of the costs involved in any concentration of the Institution and its activities in one single place.

A. THE LEGAL BASES

4. Article 289 of the EC Treaty (Treaty of Amsterdam) lays down that: *'The seat of the institutions shall be determined by common accord of the Governments of the Member States'*.
5. When it met in Edinburgh on 11 and 12 December 1992, the European Council reached agreement on the location of the seats of the institutions and of certain bodies and departments of the European Communities and of Europol. That agreement was subsequently set out in a protocol annexed to the Treaty of Amsterdam which lays down in particular:

'The European Parliament shall have its seat in Strasbourg where the 12 periods of monthly plenary sessions, including the budget session, shall be held. The periods of additional plenary sessions shall be held in Brussels. The committees of the European Parliament shall meet in Brussels. The General Secretariat of the European Parliament and its departments shall remain in Luxembourg.'

¹ 'Notes that even the variable costs of an ordinary five-day session in Strasbourg are about 33% higher than in Brussels in addition to other, much higher costs due to buildings, hotel expenses etc; admits that the decision on the meeting places of the Parliament has been laid down in the Treaty, but against the will of Parliament; instructs its Secretary-General to provide the Convention with a detailed analysis of the cost of maintaining three places of work;'

6. In its judgment of 1 October 1997 (Case C-345/95, French Republic v European Parliament), the Court of Justice of the European Communities held that:

'The decision [taken in Edinburgh] must be interpreted as defining the seat of the Parliament as the place where 12 ordinary plenary part-sessions must take place on a regular basis, including those during which the Parliament is to exercise the budgetary powers conferred upon it by the Treaty. Additional plenary part-sessions cannot therefore be scheduled for any other place of work unless the Parliament holds the 12 ordinary plenary part-sessions in Strasbourg, where it has its seat.'

and that

'... the Governments of the Member States have not, by so defining its seat, encroached upon the power of the Parliament to determine its own internal organisation, conferred by Articles 25 of the ECSC Treaty, 142 of the EC Treaty and 112 of the EAEC Treaty.'

7. On the basis of an exchange of letters, implementing procedures have been agreed with the Grand Duchy of Luxembourg which stipulate that, out of the total number of staff employed by the European Parliament (excluding political group and external office staff), at least half must be assigned to Luxembourg. Similarly, half of the new posts created as a result of enlargement must also be assigned to Luxembourg.

B. ORGANISATION OF THE ACTIVITIES OF THE EUROPEAN PARLIAMENT

8. Parliamentary activities are organised over a four-week cycle, with two weeks being set aside for meetings of parliamentary committees and delegations, followed by one week earmarked for political group meetings and one plenary part-session week. During the first three weeks, meetings are held in Brussels, with the fourth week being spent in Strasbourg.

No plenary part-session is held in August during the parliamentary recess. However, a second part-session is usually held in Strasbourg in late September or early October. When Parliament is in session in Strasbourg, political group meetings and any parliamentary committee meetings convened to address urgent problems are also held in Strasbourg. Six times a year, an additional short plenary part-session is held in Brussels, during a week set aside for parliamentary committee meetings.

9. Most of Parliament's permanent staff are based in Luxembourg. Apart from the bulk of the most senior officials (grades A 1 and A 2), it is above all the 'back-office' services, those which have no direct contact with parliamentary activities, which are located there. Most of the services responsible for giving direct assistance to Members are based in Brussels, as are the staff of the political groups and a large number of Members' personal assistants. On the other hand, only very few staff members are assigned to Strasbourg. They are employed principally in Parliament's Information Office and in the services responsible for the supervision of the premises.

C. COSTS ARISING FROM GEOGRAPHICAL DISPERSION

Infrastructure

10. With a view to meeting requirements relating to parliamentary meetings and to offices for Members, staff and support services, building complexes have had to be constructed in the three places of work, some of which duplicate each other.
11. For example, the conference rooms in Brussels and Strasbourg are not used simultaneously. The same applies to Members' offices. A very large number of officials of the European Parliament and of the political groups have a permanent office in Luxembourg, plus a temporary office in one or even both of the other places of work. Alternating the organisation of parliamentary activities between Brussels and Strasbourg also requires twice the amount of infrastructure and of IT, simultaneous interpretation, telecommunications and technical equipment, as well as of general amenities.
12. Concentration of parliamentary activities in one single place of work would, therefore, render redundant:
 - one Chamber
 - 21 large conference rooms (seating between 100 and 350 persons) and 13 small conference rooms (seating between 20 and 60 persons) with interpreters' booths and 13 small conference rooms without interpreters' booths
 - 2 650 offices
 - the corresponding technical areas and general amenities

i.e. a total surface area of about 300 000 m², the rent¹ for which amounts annually to EUR 60 million, to which must be added another EUR 18 million in ancillary costs (water, gas, electricity, insurance, maintenance of technical installations, security), i.e. a total of EUR 78 million.

Given the policy pursued by Parliament with regard to early payment of sums outstanding in respect of property, the actual cost in 2003 will amount to no more than EUR 38 million).

13. In addition to rent and ancillary costs, infrastructure costs also include substantial amounts payable by the lessee with regard to technical equipment and to the fitting-out and furnishing of premises. Bearing in mind the amortisation schedule, the annual cost of the areas referred to above may be estimated at EUR 42 million. i.e. about half the annual expenditure to that end, which involves items such as:

¹ Parliament owns its premises in Brussels (book value EUR 826.7 million), holds a long lease conferring a right in rem and including an option to purchase on its premises in Strasbourg (EUR 329.9 million already paid) and currently rents its premises in Luxembourg. In order to provide a basis for data comparison, the annual property cost is estimated in this report on the basis of a rental value, with option to purchase for EUR 1 after 20 years, of EUR 200 per square metre.

- Information and telecommunications networks, servers, PCs, aerials, television sets, sound relay units, telephones, fax machines, etc.
- Security: CCTV, badge control terminals, baggage inspection equipment, metal detectors, radio equipment for security staff, etc.
- Simultaneous interpretation equipment
- Studios and equipment for recording and broadcasting television images
- Print-shops and phototypesetting workshops
- Catering facilities.

Members

14. The amount involved in the reimbursement of Members' direct expenses varies only slightly depending on the place of work. However, the modes of transport available to Members for travel to the various places of work differ considerably and give rise to indirect costs connected with the length of the journey and the frequency of flights. Notwithstanding, the loss of efficiency occasioned by travelling time - for themselves, their staff and even for the people wishing to meet them - by having to maintain two sets of filing systems and by the regular moving of archives, etc. from one place of work to another is, without doubt, more costly.

Staff

15. In his report on the estimates of expenditure of the European Parliament for 2003, the Secretary-General identified, in the services in which staff are required to travel frequently between the three places of work, a total of 257 posts which could be abolished if Parliament had just one place of work. The reduction would principally affect staff employed as drivers, building superintendents, and managers of premises and supplies. The possible saving is estimated at EUR 16.7 million.

If we take into account the working time lost because of the travelling time involved in those services, and others, a further 60 posts could theoretically be abolished, with a consequent saving of EUR 3.9 million (see point 19 below).

Finally, we must bear in mind the support staff (part-session auxiliaries) recruited for part-sessions and committee meetings, in respect of whom the cost connected with geographical dispersion is estimated at EUR 1.2 million.

16. The total annual wage and salary bill arising from the employment of supernumerary staff is therefore estimated at EUR 22 million. A reduction of 317 in the number of staff employed would result in an annual reduction in infrastructure costs of EUR 7.2 million in rent, ancillary costs and equipment costs. That amount is incorporated in the figures given in point 12 above.

17. One other important budget item concerns mission expenses for staff travelling between the three places of work. The total cost of mission expenses is EUR 18 million.

When a part-session is held in Strasbourg, 1 220 officials and other servants of Parliament and of the political groups, as well as freelance interpreters, travel from Brussels to Strasbourg, as do another 525 from Luxembourg to Strasbourg. On average, 150 officials travel each month from Luxembourg to Strasbourg to serve the parliamentary bodies meeting in Brussels. In the week when an additional part-session is held as well, that number increases to 290.

On average, there are 540 missions each month between Brussels and Luxembourg and 140 between Strasbourg and Brussels or Luxembourg. They are not connected with parliamentary meetings; they involve coordination of services or work to be carried out locally.

18. The assignment of services among three places of work also gives rise to other costs which are more difficult to quantify or even not quantifiable at all. For example, the large number of journeys undertaken by staff inevitably results in a loss of working time; coordination within and between services is more difficult to organise, and the division which exists between the three places of work weakens the cohesion of the institution. Serious problems arise therefrom with regard to the planning of the institution's activities.
19. For example, the average loss of working time may be estimated at two half-days per mission between Brussels or Luxembourg and Strasbourg and at one half-day per mission between Brussels and Luxembourg. Given the number of staff sent regularly on mission, the geographical dispersion of Parliament results in a number of working hours lost equivalent to 120 full-time posts.

Many officials make up the lost time by travelling before or after normal working hours, but abolition of such missions would provide an opportunity to reduce the number of staff employed and cut a large amount of overtime and of the services provided by support staff. Given the uncertain nature of such calculations, only half of that amount has been incorporated in the figures given above.

Sundry operating costs

20. Operating costs are increased by the maintenance of three places of work. Those costs include telephone subscriptions and charges for telephone and telematics communications. The same applies to insurance cover for telephone, IT and audiovisual equipment and to office supplies and handling operations, including the fifteen lorries which ferry cupboards and tin trunks full of documents each month from Brussels or Luxembourg to Strasbourg and back again. If Parliament had just one place of work, these categories of operating costs would be roughly halved, i.e. there would be an annual saving of EUR 9 million.

Impact of enlargement of the Union

21. The forthcoming enlargement, with the accession of a further 10 countries and the addition of up to 10 more languages, will result in an increase in the number of Members (+ 17%) and, according to estimates drawn up, to a 23% increase in staff numbers. The volume of Parliament's budget will consequently increase by 20%. The costs involved in maintaining three places of work are likely to follow the same trend and result in additional costs of about EUR 34 million.

Costs charged to other budgets

22. The geographical dispersion of the European Parliament also generates costs charged to budgets other than its own. For example, when a part-session is held in Strasbourg, the following staff travel there at their employer's expense:
- several hundred personal assistants of Members employed in Brussels
 - 120-160 journalists based in Brussels
 - dozens of officials employed by the Commission, the Council and the Permanent Representations of the Member States.

D. THE COSTS INVOLVED IN A POSSIBLE CONCENTRATION OF ACTIVITIES

23. Nevertheless, concentrating the activities of the European Parliament in one place would also give rise to costs. It is every whit as difficult to estimate those costs as it was to estimate those set out above in this report. The following expenditure would be principally involved.
24. With regard to infrastructure, new buildings would have to be acquired and fitted out. Under normal circumstances, the cost thereof would be more than offset by Parliament's vacating the larger buildings currently occupied. The net saving would vary according to the place selected.
25. On the other hand, staff costs would be increased by one-off payments connected with daily subsistence allowances, resettlement allowances, reimbursement of removal expenses and the travel expenses involved in reassignment.

Such costs would vary according to the number of staff to be transferred. If staff were to be transferred to a place to which no or very few officials were assigned, those allowances might amount to as much as EUR 80 million. On the other hand, transfer to a place where a large number of officials were already working would cost no more than EUR 40 million.

26. Depending on the place selected, recurring costs might arise, such as salary weightings to protect purchasing power. That might increase the wage and salary bill by, for example, EUR 223 million if Parliament were to be based in London and by EUR 59 million if it were to move to Paris. However, it would reduce it by EUR 47 million if Parliament moved to Athens. If it were to move to Strasbourg, the recurring costs involved would be the same as for Paris. The impact would be neutral if it moved to Luxembourg, while there would be a slight reduction, of about EUR 1 million per year, if it moved to Brussels.

Account should also be taken of other recurring costs such as those connected with the accessibility of the premises and with their proximity or otherwise to the other institutions.

E. CONCLUSION

27. These figures provide a basis for estimating the annual cost arising from the geographical dispersion of the European Parliament. They break down as follows:

Infrastructure costs	-	premises	78 million
	-	IT and other equipment	42 million
Staff costs	-	supernumerary staff	22 million
	-	mission expenses	18 million
Sundry operating costs			<u>9 million</u>
		Total	169 million
Expected impact of enlargement			<u>34 million</u>
		General total	203 million

That amount, before and after enlargement, accounts for about 16% of Parliament's total budget.

28. Any concentration of the activities of the European Parliament in one place of work would engender one-off infrastructure and staff removal costs which would probably be offset by Parliament's vacating the larger buildings currently occupied. Such concentration might also result in recurring costs which would vary quite considerably, depending on the country selected.

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